The information in this Preliminary Official Statement is not complete and may be changed. This Preliminary Official Statement is not an offer to sell the referenced 2026 Bonds and is not soliciting an offer to buy the 2026 Bonds in any state or other jurisdiction where the offer or sale is not permitted.

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 20, 2026

NEW ISSUE - BOOK ENTRY ONLY

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

In the opinion of Barnes & Thornburg LLP, Bond Counsel, interest on the 2026 Bonds is excludable from gross income for purposes of federal income tax, under existing laws as of the date of initial delivery of the 2026 Bonds and assuming continuing compliance with the requirements of federal tax law. Interest on the 2026 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the adjusted financial statement income of applicable corporations for purposes of computing the alternative minimum tax imposed on such corporations. Bond Counsel is also of the opinion that the interest on the 2026 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax, under the laws of the Commonwealth of Pennsylvania as enacted and construed on the date of initial delivery of the 2026 Bonds. See "TAX MATTERS" herein.

$32,290,000*
PHILADELPHIA AUTHORITY FOR INDUSTRIAL DEVELOPMENT
City Service Agreement Revenue Bonds
(Police Forensics Laboratory Project),
Series 2026

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

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

The 2026 Bonds. The Philadelphia Authority for Industrial Development (the "Authority") is issuing $32,290,000* aggregate principal amount of its City Service Agreement Revenue Bonds (Police Forensics Laboratory Project), Series 2026 (the "2026 Bonds").

Purpose. The 2026 Bonds are being issued to finance (i) the Police Forensics Laboratory Project, and (ii) the costs of issuance of the 2026 Bonds. See "PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS" herein.

Security. The following is qualified in all respects by the information in this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2026 BONDS" and the documents referenced under such caption. The 2026 Bonds are payable by the Authority solely from certain payments to be made by:

THE CITY OF PHILADELPHIA

(the "City"), as further described below and herein.

The 2026 Bonds are payable by the Authority solely from certain service fee payments (the "Service Fee") to be paid by The City of Philadelphia (the "City") under the Service Agreement dated as of November 1, 2026 (the "Service Agreement"), between the Authority and the City, and certain funds held under the Indenture. For more information on the Trust Estate, see "SECURITY AND SOURCES OF PAYMENT FOR THE 2026 BONDS – 2026 Bonds" herein

General. The Service Fee payable under the Service Agreement is sized to be sufficient to pay, among other things, the principal of and interest on the 2026 Bonds when due. The Service Fee is payable solely from the current revenues of the City and is subject to annual appropriation by the City. City Council is obligated by the City Charter to make appropriations from year to year to pay the Service Fee coming due under the Service Agreement. The City has covenanted in the Service Agreement and Ordinance to include in its annual operating budget and appropriate in each Fiscal Year amounts sufficient to pay all related Service Fee payments in such Fiscal Year when due. The obligation of the City to pay the Service Fee pursuant to the Service Agreement is unconditional and absolute. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2026 BONDS" herein.

Special Limited Obligations. The 2026 Bonds are special limited obligations of the Authority payable solely from the Trust Estate. The 2026 Bonds are not obligations of the City, the Commonwealth of Pennsylvania (the "Commonwealth") or any other political subdivision or agency thereof. The 2026 Bonds are not secured by the General Fund of the City, and neither the general credit of the Authority nor the credit or taxing power of the City, the Commonwealth or any other political subdivision or agency thereof is pledged to the payment of the principal of the 2026 Bonds, or the interest thereon or any premium or other costs incidental thereto. The Authority has no taxing power.

Redemption. The 2026 Bonds are subject to redemption prior to maturity, as described herein. See "THE 2026 BONDS – Redemption Provisions" herein.

Additional Obligations. The Authority has reserved the right to issue additional bonds and certain other obligations secured on a parity basis with the 2026 Bonds, under the circumstances and upon satisfaction of certain conditions described in the Ordinance and Indenture, all as described herein. See "THE 2026 BONDS – Additional Obligations" herein.

Interest Payment Dates. Interest on the 2026 Bonds is payable semiannually on each June 1 and December 1, commencing on June 1, 2027.

Tax Status. For information on the tax status of the 2026 Bonds, see the italicized language at the top of this cover page and "TAX MATTERS" herein.

Delivery Date. It is expected that the 2026 Bonds will be available for delivery to DTC on or about November 10, 2026.*

This cover page contains certain information for quick reference only. It is not a summary of the 2026 Bonds or this Official Statement. Investors must read the entire Official Statement, including the Appendices, which are an integral part hereof, to obtain information essential to the making of an informed investment decision regarding the 2026 Bonds.

The 2026 Bonds are offered when, as and if issued by the Authority and accepted by the Underwriters and subject to the approval of the legality of the issuance of the 2026 Bonds by Barnes & Thornburg LLP, Bond Counsel, Philadelphia, Pennsylvania. Certain legal matters will be passed upon for the Authority by Turner Law, P.C., Authority Counsel, Philadelphia, Pennsylvania. Certain legal matters will be passed upon for the Underwriters by their counsel, Eckert Seamans Cherin & Mellott, LLC, Philadelphia, Pennsylvania. Certain legal matters will be passed upon for the City by the City of Philadelphia Law Department. Hawkins Delafield & Wood LLP, as Disclosure Counsel to the City, will deliver an opinion to the City and the Underwriters regarding certain matters.

Raymond James **Stern Brothers**

Dated: October ___, 2026

* Preliminary, subject to change.

$32,290,000[*]
PHILADELPHIA AUTHORITY FOR INDUSTRIAL DEVELOPMENT
City Service Agreement Revenue Bonds
(Police Forensics Laboratory Project),
Series 2026

Maturity (December 1)[*]	Principal Amount[*]	Interest Rate	Price	Yield	CUSIP[†]
2027	$1,475,000				
2028	1,560,000				
2029	1,640,000				
2030	1,720,000				
2031	1,810,000				
2032	1,900,000				
2033	2,000,000				
2034	2,100,000				
2035	2,210,000				
2036	2,325,000				
2037	2,445,000				
2038	2,570,000				
2039	2,700,000				
2040	2,840,000				
2041	2,995,000				

[*] Preliminary, subject to change.

[†] CUSIP is a registered trademark of the American Bankers Association (the "ABA"). CUSIP data herein is provided by CUSIP Global Services ("CGS"), which is managed on behalf of the ABA by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. The CUSIP numbers listed above are being provided solely for the convenience of the holders of the 2026 Bonds only at the time of issuance of the 2026 Bonds, and the City, the Authority, the Trustee, and the Underwriters do not make any representation with respect to such CUSIP numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the 2026 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2026 Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of the 2026 Bonds.

THE CITY OF PHILADELPHIA, PENNSYLVANIA

MAYOR

HONORABLE CHERELLE L. PARKER

MAYOR'S CHIEF OF STAFF

Tiffany W. Thurman

MAYOR'S CABINET

Vanessa Garrett Harley, Esq. ..... Chief Deputy Mayor for Social Impact and Strategic Initiatives
Carlton Williams ..... Managing Director
Rob Dubow ..... Director of Finance
Sabrina Maynard ..... Budget Director
Monique Galloway. ..... Acting City Solicitor
Karen Fegely ..... Acting Director of Commerce
Kevin Bethel ..... Police Commissioner
Jeffrey Thompson ..... Fire Commissioner
Adam Geer ..... Chief Public Safety Director
[Vacant] ..... Director of Clean and Green Initiatives
Danielle Gardner Wright ..... Chief Integrity Officer
Kristin Bray, Esq. ..... Chief Legal Counsel
Dr. Debora Borges-Carrera ..... Chief Education Officer
Valerie Gay ..... Director of Arts and Culture
Tracy S. Borda ..... Interim Chief Executive Officer, Department of Aviation
Jazelle Jones ..... City Representative

CITY TREASURER

Jacqueline Dunn

CITY CONTROLLER

Christy Brady

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized by the City or the Underwriters to give any information or to make representations, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriters. The offering of the 2026 Bonds is made only by means of this entire Official Statement.

No Unlawful Offers or Solicitations. The information in this Preliminary Official Statement is not complete and may be changed. This Preliminary Official Statement is not an offer to sell the 2026 Bonds and is not soliciting an offer to buy the 2026 Bonds in any jurisdiction where the offer or sale is not permitted.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the 2026 Bonds described in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract or agreement among the City, the Underwriters and the purchasers or owners of any offered 2026 Bonds. This Official Statement is being provided to prospective purchasers either in bound printed form ("Original Bound Format") or in electronic format on the following websites: www.mcelweequinn.com and https://emma.msrb.org. This Official Statement may be relied upon only if it is in its Original Bound Format or if it is printed in full directly from such websites.

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

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

Estimates and Forecasts. The statements contained in this Official Statement and the Appendices hereto that are not purely historical are forward-looking statements. Such forward-looking statements can be identified, in some cases, by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "illustrate," "example," and "continue," or the singular, plural, negative or other derivations of these or other comparable terms. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to such parties on the date of this Official Statement, and the City does not assume any obligation to update any such forward-looking statements. The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in various important factors. Accordingly, actual results may vary from the projections,

forecasts and estimates contained in this Official Statement and such variations may be material, which could affect the ability to fulfill some or all of the obligations under the 2026 Bonds.

No Recommendation or Registration. The 2026 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense. The 2026 Bonds have not been registered with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, in reliance upon the exemption contained in Section 3(a)(2) of such act; and the Indenture has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions contained in such act.

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

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Summary of the Offering

This summary is subject in all respects to more complete information contained in this Official Statement and should not be considered a complete statement of the facts material to making an investment decision. The offering of the 2026 Bonds to potential investors is made only by means of the entire Official Statement, including the cover page, the inside cover pages, and the Appendices. Capitalized terms used in this summary and not otherwise defined in the front portion of this Official Statement have the meanings given to such terms in APPENDIX D.

Issuer:	The Philadelphia Authority for Industrial Development (the "Authority")
Bonds Offered:	$32,290,000* aggregate principal amount of its City Service Agreement Revenue Bonds (Police Forensics Laboratory Project), Series 2026 (the "2026 Bonds")
Interest Payment Dates:	Interest on the 2026 Bonds is payable semiannually on each June 1 and December 1, commencing on June 1, 2027.
Security and Sources of Payment:	The following is qualified in all respects by the information in this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2026 BONDS" and the documents referenced under such caption. The 2026 Bonds are payable by the Authority solely from certain service fee payments (the "Service Fee") to be paid by The City of Philadelphia (the "City") under the Service Agreement dated as of November 1, 2026 (the "Service Agreement"), between the Authority and the City, and certain funds held under the Indenture. For more information on the Trust Estate, see "SECURITY AND SOURCES OF PAYMENT FOR THE 2026 BONDS – 2026 Bonds" herein. General The Service Fee payable under the Service Agreement is sized to be sufficient to pay, among other things, the principal of and interest on the 2026 Bonds when due. The Service Fee is payable solely from the current revenues of the City and is subject to annual appropriation by the City. City Council is obligated by the City Charter to make appropriations from year to year to pay the Service Fee coming due under the Service Agreement. The City has covenanted in the Service Agreement and Ordinance to include in its annual operating budget and appropriate in each Fiscal Year amounts sufficient to pay all related Service Fee payments in such Fiscal Year when due. The obligation of the City to pay the Service Fee pursuant to the Service Agreement is unconditional and absolute. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2026 BONDS" herein. **Special Limited Obligations** **The 2026 Bonds are special limited obligations of the Authority payable solely from the Trust Estate. The 2026 Bonds are not obligations of the City, the Commonwealth of Pennsylvania (the "Commonwealth") or any other political subdivision or agency thereof. The 2026 Bonds are not secured by the General Fund of the City, and neither the general credit of the Authority nor the credit or taxing power of the City, the Commonwealth or any other political subdivision or agency thereof is pledged to the payment of the principal of the 2026 Bonds, or the interest thereon or any premium or other costs incidental thereto. The Authority has no taxing power.**
Use of Proceeds:	The 2026 Bonds are being issued to finance (i) the Police Forensics Laboratory Project, and (ii) the costs of issuance of the 2026 Bonds. See "PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS" herein.

* Preliminary, subject to change.

Redemption:	The 2026 Bonds are subject to redemption prior to maturity, as described herein. See "THE 2026 BONDS – Redemption Provisions" herein.
Authorized Denominations:	The 2026 Bonds will be issued as registered bonds in denominations of $5,000 and integral multiples thereof.
Form and Depository:	The 2026 Bonds will be delivered solely in registered form under a global book-entry system through the facilities of DTC. See APPENDIX G.
Tax Status:	For information on the tax status of the 2026 Bonds, see the italicized language at the top of the cover page of this Official Statement and "TAX MATTERS" herein.
Ratings:	Fitch "A+" (stable outlook) Moody's "A1" (positive outlook) S&P: "A+" (stable outlook) See "RATINGS" herein.

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OFFICIAL STATEMENT

Relating To

**$32,290,000*
PHILADELPHIA AUTHORITY FOR INDUSTRIAL DEVELOPMENT
City Service Agreement Revenue Bonds
(Police Forensics Laboratory Project),
Series 2026**

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover pages, and the attached Appendices, is furnished in connection with the offering by the Philadelphia Authority for Industrial Development, Philadelphia, Pennsylvania (the "Authority") of $32,290,000* aggregate principal amount of its City Service Agreement Revenue Bonds (Police Forensics Laboratory Project), Series 2026 (the "2026 Bonds"). Reference should be made to the information provided under the caption "THE 2026 BONDS" for a description of the 2026 Bonds and to APPENDIX G for a description of the book-entry system applicable thereto.

Certain factors that may affect an investment decision concerning the 2026 Bonds are described throughout this Official Statement. Prospective purchasers considering a purchase of the 2026 Bonds should read this Official Statement, including the cover page, the inside cover pages, and the Appendices, which are an integral part hereof, in its entirety. All estimates and assumptions of financial and other information are based on information currently available, are believed to be reasonable and are not to be construed as assurances of actual outcomes. All estimates of future performance or events constituting forward-looking statements may or may not be realized because of a wide variety of economic and other circumstances. Included in such forward-looking statements are numbers and other information from the adopted and proposed budgets of The City of Philadelphia (the "City"), as well as from the City's five-year financial plans. See APPENDIX A – "DISCUSSION OF FINANCIAL OPERATIONS – Current Financial Information" hereto. Accordingly, no assurance is given that any projected future results will be achieved.

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

Authorization

The 2026 Bonds are being issued pursuant to the provisions of (i) the Pennsylvania Economic Development Financing Law, Act No. 102 of the General Assembly of the Commonwealth of Pennsylvania approved August 23, 1967 (P.L. 251), as amended and supplemented (the "Act"), (ii) a resolution of the Authority adopted October 13, 2026 (the "Resolution"), and (iii) a Trust Indenture dated as of November 1, 2026 (the "Indenture") between the Authority and U.S. Bank Trust Company, National Association (the "Trustee").

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* Preliminary, subject to change.

Pursuant to an Ordinance (Bill No. 260691) of the Council of The City of Philadelphia, Pennsylvania (the "City Council"), approved by the Mayor on October 19, 2026 (the "Ordinance"), the City Council has: (i) authorized and approved the execution and delivery of a Service Agreement (as defined herein); (ii) approved the issuance by the Authority of the bonds, notes or other evidences of indebtedness in the aggregate principal amount further described therein to finance, among other things, the Police Forensics Laboratory Project (as defined herein); and (iii) authorized and approved the performance by the City of its obligation to pay in full when due the Service Fee (as defined herein) and other amounts payable under the Service Agreement.

Purpose

The 2026 Bonds are being issued to finance (i) the Police Forensics Laboratory Project, and (ii) the costs of issuance of the 2026 Bonds. See "PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS" herein.

Philadelphia Authority for Industrial Development

The Authority, a public instrumentality of the Commonwealth of Pennsylvania (the "Commonwealth") and a body corporate and politic, was created in 1967 pursuant to the Act. See "THE AUTHORITY" herein.

Security for the 2026 Bonds

The following is qualified in all respects by the information in this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2026 BONDS" and the documents referenced under such caption.

The 2026 Bonds are payable by the Authority solely from certain service fee payments (the "Service Fee") to be paid by City under the Service Agreement dated as of November 1, 2026 (the "Service Agreement"), between the Authority and the City, and certain funds held under the Indenture as part of the Trust Estate.

For more information on the Trust Estate (as defined herein), see "SECURITY AND SOURCES OF PAYMENT FOR THE 2026 BONDS" herein.

General. The Service Fee payable under the Service Agreement is sized to be sufficient to pay, among other things, the principal of and interest on the 2026 Bonds when due. The Service Fee is payable solely from the current revenues of the City and is subject to annual appropriation by the City. City Council is obligated by the City Charter (as defined herein) to make appropriations from year to year to pay the Service Fee coming due under the Service Agreement. The City has covenanted in the Service Agreement and Ordinance to include in its annual operating budget and appropriate in each Fiscal Year amounts sufficient to pay all Service Fee payments in such Fiscal Year when due. The obligation of the City to pay the Service Fee pursuant to the Service Agreement is unconditional and absolute. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2026 BONDS" herein.

Under the Indenture, the Authority has assigned and granted a security interest in, and pledged to the Trustee all of the right, title and interest of the Authority in and to the Service Agreement (except for rights reserved under such Service Agreement) and amounts held in certain funds and accounts established under the Indenture. The City has covenanted in the Ordinance to make all Service Fee payments and to pay certain other amounts due under the Service Agreement directly to the Trustee, as assignee of the

Authority, so long as any bonds or other obligations described therein are Outstanding or otherwise not paid or provided for under the Indenture. See APPENDIX D.

Special Limited Obligations. The 2026 Bonds are special limited obligations of the Authority payable solely from the Trust Estate. The 2026 Bonds are not obligations of the City, the Commonwealth or any other political subdivision or agency thereof. The 2026 Bonds are not secured by the General Fund of the City, and neither the general credit of the Authority nor the credit or taxing power of the City, the Commonwealth or any other political subdivision or agency thereof is pledged to the payment of the principal of the 2026 Bonds, or the interest thereon or any premium or other costs incidental thereto. The Authority has no taxing power.

Trustee

U.S. Bank Trust Company, National Association, is a national banking association organized and existing under the laws of the United States of America, having a corporate trust office in Philadelphia, and is serving as trustee under the Indenture. The designated corporate trust office address of the Trustee is 1735 Market Street, 43rd Floor, Mail Station EX-PA-M43P, Philadelphia, PA 19103, Attention: Global Corporate Trust.

Information Regarding The City of Philadelphia

The City's Annual Comprehensive Financial Report and other information about the City can be found on the City's website at www.phila.gov/investor (the "City's Investor Website"). The "Terms of Use" statement of the City's Investor Website, which applies to all users of the City's Investor Website, provides, among other things, that the information contained therein is provided for the convenience of the user, that the City is not obligated to update such information, and that the information may not provide all information that may be of interest to investors. The information contained on the City's Investor Website does not constitute an offer to buy or sell securities, nor is it a solicitation therefor. The information contained on the City's Investor Website is not incorporated by reference in this Official Statement and persons considering a purchase of the 2026 Bonds should rely only on information contained in this Official Statement or expressly incorporated by reference herein.

APPENDIX A provides information regarding the City, including relevant statutory provisions, financial information, litigation information, the relationship with the Pennsylvania Intergovernmental Cooperation Authority ("PICA") and the City's five-year plans. APPENDIX B contains socioeconomic and demographic information about the City. APPENDIX C contains the Annual Comprehensive Financial Report of the City for the Fiscal Year ended June 30, 2025 (the "Fiscal Year 2025 ACFR"). Certain information contained in APPENDIX A regarding the City is for periods prior to or subsequent to June 30, 2025. As a result, certain of the information in APPENDIX C is, at times, at variance with corresponding information concerning the City in APPENDIX A.

The City Controller has examined and expressed opinions on the basic financial statements of the City contained in the Fiscal Year 2025 ACFR. The City Controller has not participated in the preparation of this Official Statement nor in the preparation of the budget estimates and projections and cash flow statements and forecasts set forth in various tables contained in this Official Statement and its Appendices. Consequently, the City Controller expresses no opinion with respect to any of the data contained in this Official Statement other than what is contained in the basic financial statements of the City in the Fiscal Year 2025 ACFR.

The Authority makes no representation as to the accuracy of any information contained in, or referenced in, this Official Statement relating to the City. Because the general credit of the Authority is not

pledged to the payment of the 2026 Bonds, no financial information or operating data with respect to the Authority has been included in this Official Statement.

Miscellaneous

Brief descriptions of the Authority, the 2026 Bonds, the Service Agreement, the Ordinance, and the Indenture are included in this Official Statement. The summaries of the documents contained herein do not purport to be complete, comprehensive or definitive and are qualified in their entirety by reference to the entire text of such documents, and the description herein of the 2026 Bonds is qualified in its entirety by reference to the forms thereof and the information with respect thereto included in the aforesaid documents. All such descriptions are further qualified in their entirety by reference to laws and principles of equity relating to or affecting generally the enforcement of creditors' rights.

Copies of the Ordinance, the Resolution, the Indenture, and the Service Agreement may be obtained from the Authority and, during the initial offering period, at the principal offices of the Representative of the Underwriters (as defined herein). After delivery of the 2026 Bonds, such copies may be obtained from the Trustee at its designated corporate trust office.

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

THE AUTHORITY

The Authority is a public body corporate and politic organized and existing under and governed by the Act. The Authority is a public instrumentality of the Commonwealth created by the City pursuant to the Act for the purpose of acquiring, holding, constructing, improving, maintaining, operating, owning, financing and leasing, either in the capacity of lessor or lessee, industrial, commercial or specialized development projects, all as permitted under the Act. A Certificate of Incorporation was issued to the Authority by the Secretary of the Commonwealth on December 27, 1967. On June 4, 2024, the Authority filed a Certificate of Amendment with the Pennsylvania Department of State, evidencing the amendment of the Authority's Articles of Incorporation, extending the terms of existence of the Authority for 50 years until June 4, 2074.

Board of the Authority

The governing body of the Authority is a board consisting of up to five members appointed by the Mayor of the City. Members of the Authority's board serve at the pleasure of the Mayor. There is currently one vacancy on the board. The following persons are the present members of the board and certain of the officers of the Authority.

Name	Position
Thomas A.K. Queenan	Chairperson
David L. Hyman, Esquire	Vice Chairman
Malcolm J. Ingram, Esquire	Treasurer
Ilene S. Burak, Esquire[(1)]	Secretary
Christina Wong	Member
Lawrence McComie[(1)]	Assistant Secretary

(1) Non-members.

Financing Program of the Authority

The Authority has a number of special obligation bond and note issues outstanding and may issue others from time to time. Each such issue is payable solely from revenues derived from the project being financed, from special funds established therefor or from other financing arrangements, and is separately secured.

The Authority has acted as a conduit issuer for certain obligations from time to time. Certain of these obligations have experienced defaults, by reason of nonpayment of debt service by the party receiving financing through the Authority. However, the 2026 Bonds are payable solely from the funds pledged under the Indenture, and any other obligations issued by the Authority are payable solely from the funds specifically pledged for the payment of such other obligations. Accordingly, a default on another issue of obligations issued by the Authority (other than any obligations issued by the Authority under the Indenture) would not constitute a default on the 2026 Bonds. The Authority may from time to time enter into further transactions with other entities in connection with other projects. Such transactions will provide for the issuance of bonds or notes to be secured by separate sources of revenues or other security.

Certain Other Activities

In addition to its financing activities and as part of its economic development activities for the City, the Authority owns and manages certain industrial and commercial parks in the City. The City transferred to the Authority legal title to certain vacant land available for development in several industrial parks. The Authority also holds legal title to substantially all of the land and buildings comprising the Philadelphia Naval Business Center, which represents the largest portion of the former Philadelphia Naval Shipyard previously owned and operated by the United States Department of Defense.

The Authority's address is 1500 Market Street, Suite 3500 Centre Square West, Philadelphia, Pennsylvania 19102-2126.

Special Limited Obligations

THE 2026 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE TRUST ESTATE. THE 2026 BONDS ARE NOT OBLIGATIONS OF THE CITY, THE COMMONWEALTH OR ANY OTHER POLITICAL SUBDIVISION OR AGENCY THEREOF. THE 2026 BONDS ARE NOT SECURED BY THE GENERAL FUND OF THE CITY, AND NEITHER THE GENERAL CREDIT OF THE AUTHORITY NOR THE CREDIT OR TAXING POWER OF THE CITY, THE COMMONWEALTH OR ANY OTHER POLITICAL SUBDIVISION OR AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE 2026 BONDS, OR THE INTEREST THEREON OR ANY PREMIUM OR OTHER COSTS INCIDENTAL THERETO. THE AUTHORITY HAS NO TAXING POWER.

Limited Involvement of the Authority

THE AUTHORITY HAS NOT PREPARED OR ASSISTED IN THE PREPARATION OF THIS OFFICIAL STATEMENT. EXCEPT FOR THE STATEMENTS MADE UNDER THE HEADINGS "INTRODUCTION – PHILADELPHIA AUTHORITY FOR INDUSTRIAL DEVELOPMENT," "THE AUTHORITY" AND "NO LITIGATION – THE AUTHORITY," THE AUTHORITY IS NOT RESPONSIBLE FOR AND DOES NOT REPRESENT OR WARRANT IN ANY WAY THE ACCURACY OR COMPLETENESS OF ANY INFORMATION OR ANY STATEMENTS MADE HEREIN. ACCORDINGLY, EXCEPT AS AFORESAID, THE AUTHORITY DISCLAIMS

RESPONSIBILITY FOR THE DISCLOSURES SET FORTH HEREIN MADE IN CONNECTION WITH THIS OFFER, SALE, AND DISTRIBUTION OF THE 2026 BONDS.

THE 2026 BONDS

General

The 2026 Bonds will be dated the date of their issuance and delivery and will bear interest at the respective rates per annum and will mature, subject to prior redemption, in the amounts and on the dates set forth on the inside cover pages hereof. The 2026 Bonds are being issued as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof.

Interest on the 2026 Bonds is payable semiannually on each June 1 and December 1, commencing on June 1, 2027. Each such date is an "Interest Payment Date." Interest shall be computed on the basis of a year of 360 days, consisting of twelve 30-day months.

The principal and redemption price of each 2026 Bond will be payable at the designated corporate trust office of the Trustee or any Paying Agent upon presentation and surrender of such 2026 Bonds by the registered owners thereof. Interest on each 2026 Bond is payable by check or draft of the Trustee mailed to the person in whose name such 2026 Bond is registered (the "Registered Owner") on the registration books maintained by the Trustee (the "Register") at the close of business on the Record Date (as defined and described below) or by wire transfer to an account at a financial institution in the continental United States to the Registered Owner of at least $1,000,000 in aggregate principal amount of 2026 Bonds of the series of which such 2026 Bond is a part upon written notice provided by such Registered Owner to the Trustee not later than the Record Date for the first payment to which such election applies. The "Record Date" for the 2026 Bonds will be the fifteenth day preceding each Interest Payment Date (whether or not a business day).

If available funds are insufficient on any Interest Payment Date to pay the interest then due, such interest will cease to be payable to the Registered Owner of such 2026 Bond. If sufficient funds thereafter become available for the payment of such overdue interest, the Trustee has agreed to establish a special interest payment date on which such overdue interest shall be paid and a special record date relating thereto for determining the owners of the 2026 Bonds entitled to such payments.

The Trustee shall mail a notice of the special record date and special interest payment date for the 2026 Bonds to each Registered Owner of such 2026 Bonds at least ten (10) days prior to the special record date for such 2026 Bonds but not more than thirty (30) days prior to the special interest payment date for such 2026 Bonds.

The 2026 Bonds will be issued initially in "book entry" form only, as described in APPENDIX G.

Transfer and Exchange

The 2026 Bonds may be transferred and exchanged upon delivery thereof to the office of the Trustee, to the extent and upon the conditions set forth in the Indenture. No service charge shall be made for any exchange or transfer, but the Authority or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed.

Neither the Authority nor the Trustee is required to transfer or exchange any 2026 Bond during the fifteen (15) days immediately preceding the date of selection of the 2026 Bonds to be redeemed and ending

at the close of business on the date on which the notice of redemption is given, or to transfer or exchange any 2026 Bond selected or called for redemption in whole or in part.

No transfer or exchange of 2026 Bonds made other than as described above and in the Indenture shall be valid or effective for any purpose thereunder.

Upon the satisfaction of certain conditions in the Indenture, if any 2026 Bond is mutilated, lost, stolen or destroyed, the Authority shall execute and the Trustee shall authenticate and deliver a new 2026 Bond of like series, maturity, tenor and denomination. The Authority and the Trustee may require indemnification against any and all claims arising out of the issuance of substitute 2026 Bonds.

Redemption Provisions

Optional Redemption.* The 2026 Bonds maturing on or after December 1, 20__, are subject to redemption prior to maturity at any time on and after December 1, 20__ as a whole or in part (and if in part, in such order of maturity as directed by the City and within a maturity by lot), at the option of the Authority as directed by the City, at a redemption price of the principal amount of 2026 Bonds being redeemed, plus accrued interest to the date of redemption.

Mandatory Redemption.* The 2026 Bonds maturing on December 1, 20__ are subject to mandatory redemption in part by lot, as selected by the Trustee, on December 1 of each year as set forth below, in the respective principal amounts listed opposite each such year, at a redemption price equal to 100% of the principal amount thereof plus interest accrued to the date fixed for redemption.

Date (December 1)	Principal Amount

In the event a portion, but not all, of the 2026 Bonds maturing on December 1, 20__ is redeemed pursuant to optional redemption or purchased by the City and presented to the Trustee for cancellation, then the principal amount of any remaining mandatory sinking fund redemptions or the final maturity applicable to such 2026 Bonds shall be reduced (subject to the ability to effect future redemptions of such 2026 Bonds in authorized denominations) in such amounts as specified by the City.

Selection of 2026 Bonds for Redemption. In the event that less than all 2026 Bonds of a maturity are to be redeemed, such 2026 Bonds shall be selected for redemption by lot in such manner as the Trustee may determine, except that in the case of any 2026 Bonds of varying denominations, each 2026 Bond shall be treated as representing that number of 2026 Bonds which is obtained by dividing the face amount thereof by the smallest authorized denomination.

Notice of Redemption. The Trustee shall cause notice of any redemption of 2026 Bonds under the Indenture to be mailed by first class mail, postage prepaid (or otherwise sent in such manner in accordance with applicable requirement of DTC), to the Holders of all 2026 Bonds to be redeemed at the registered addresses appearing in the Register kept for such purpose pursuant to the Indenture, unless such notice is waived by the Holders of the 2026 Bonds to be redeemed. Each such notice shall (i) be mailed at least

* Preliminary, subject to change.

twenty (20) days prior to the redemption date, (ii) identify the 2026 Bonds (specifying the CUSIP numbers, if any, assigned to the 2026 Bonds), (iii) specify the redemption date and the redemption price, and (iv) state that on the redemption date the 2026 Bonds called for redemption will be payable at the designated corporate trust office of the Trustee or Paying Agent, that from that date interest will cease to accrue, and that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the 2026 Bonds.

Any notice of redemption mailed or sent in accordance with the requirements of the Indenture will be conclusively presumed to have been duly given, whether or not such notice is actually received by the Holders. No defect affecting any 2026 Bonds, whether in the notice of redemption or mailing thereof (including any failure to mail such notice), shall affect the validity of the redemption proceedings as to any other 2026 Bonds.

If at the time of mailing or sending of any notice of optional redemption the Authority shall not have deposited with the Trustee moneys sufficient to redeem all the 2026 Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption moneys with the Trustee on the redemption date and shall be of no effect unless such moneys are so deposited. If such moneys are not so deposited, the Trustee shall promptly notify the Holders of all 2026 Bonds called for redemption of such fact.

Additional Obligations

The Indenture provides for the issuance of additional bonds, and certain other obligations, secured, on a parity basis with the 2026 Bonds, under the circumstances and upon satisfaction of certain conditions in the Indenture.

For more information on the issuance of Additional Obligations under the Indenture and the Service Agreement, see "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE SERVICE AGREEMENT – The Indenture – Additional Obligations" in APPENDIX D hereto.

SECURITY AND SOURCES OF PAYMENT FOR THE 2026 BONDS

General

The 2026 Bonds are secured pursuant to the Indenture (and constituting a series of "Obligations" thereunder). The 2026 Bonds are special limited obligations of the Authority and, together with any Additional Obligations and Credit Facility Payment Obligations (as defined in APPENDIX D), are payable solely and exclusively from the revenues pledged under the Indenture for their payment and derived by the Authority under the Service Agreement. Pursuant to the Indenture, the Service Fee payable by the City pursuant to the Service Agreement is pledged as part of the Trust Estate, as described below.

The 2026 Bonds are not obligations of the City, the Commonwealth or any other political subdivision or agency thereof. The 2026 Bonds are not secured by the General Fund of the City, and neither the general credit of the Authority, nor the credit or taxing power of the City, the Commonwealth or any other political subdivision or agency thereof is pledged to the payment of the principal of the 2026 Bonds or interest thereon or any premium or other costs incidental thereto. The Authority has no taxing power.

City Charter

Under the City's Home Rule Charter, at 351 Pa. Code § 2.2-309 (the "City Charter"), City Council is obligated to make annual appropriations to pay amounts coming due under the Service Agreement as

provided in the Ordinance, as further described below. The City Charter permits City Council to authorize service contracts of a duration of more than one year without making appropriations therefor beyond the current year. Such contracts are valid and binding upon the City although no appropriations have been made for the ensuing years during which such agreements are to be operative, but it is the duty of City Council to make subsequent appropriations from year to year to pay amounts coming due under such contracts. The Service Agreement constitutes such a service contract.

Ordinance

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

Obligation of City to Pay Service Fee Unconditional and Absolute

The Service Agreement provides that the City is required to pay the Service Fee and additional amounts required under the Service Agreement with respect to administrative fees and expenses. The Ordinance and the Service Agreement provide that the obligation of the City to pay the Service Fee shall be absolute and unconditional and shall not be suspended, abated, reduced, abrogated, waived or diminished regardless of any cause or circumstances, including any defense, rights of setoff, recoupment or counterclaim that the City might otherwise have or assert against the Authority, the Trustee, any bondholder or any other person. The obligations of the City to make payments under the Service Agreement shall continue in full force and effect so long as any of the 2026 Bonds remain Outstanding.

Indenture

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

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

At the time of delivery of the 2026 Bonds, the Authority will, among other things, confirm its assignment of all of its rights under the Service Agreement (other than its Reserved Rights) to the Trustee.

The pledge and security interest granted to secure the Credit Facility Payment Obligations under the Indenture is subject and subordinate to the pledge and security interest granted to secure the Obligations (including the 2026 Bonds).

Service Agreement. The City has agreed in the Service Agreement to pay to the Trustee, as assignee of the Authority, the Service Fee in an amount sufficient, among other things, to pay the Annual Debt Service Requirement. Such term is defined in the Service Agreement as, with respect to each Fiscal Year, the sum of the amounts required to be paid by the Authority in such Fiscal Year for (i) the payment of principal and mandatory sinking fund redemptions of and interest on the Obligations, and (ii) the payment of any Credit Facility Payment Obligations. See "– Service Fee Payable Out of Current Revenues; Covenant to Budget and Appropriate; Not City Indebtedness" below.

The failure of the City to pay the Service Fee or any other payment required to be paid by the City under the Service Agreement when due constitutes a default under the Service Agreement. A default under the Service Agreement will not cause an acceleration of payments thereunder. See "– Remedies for Bondholders" below. *See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE SERVICE AGREEMENT" in APPENDIX D hereto.*

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

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

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

Remedies for Bondholders

The failure to pay, as the case may be, interest on, or principal or redemption price of, the 2026 Bonds when due constitutes an Event of Default under the Indenture. Upon the occurrence and continuation of such an Event of Default, the Trustee may (and, at the written direction of bondholders on the terms set forth in the Indenture, shall) declare the principal amount of the related Outstanding 2026 Bonds (together with related Outstanding parity obligations to the extent set forth in the Indenture), to be immediately due and payable.

If any Event of Default is continuing, the Trustee may (and, at the written direction of bondholders on the terms set forth in the Indenture, shall), in its own name exercise certain remedies in accordance with the terms set forth in the Indenture including: (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the related bondholders including the right to require the Authority to

enforce collection of all amounts due and payable under the Service Agreement (other than with respect to the Reserved Rights), and to require the Authority to carry out any other agreements with, or for the benefit of, the related bondholders and to perform its duties under the Act; (b) bring suit upon the Obligations then Outstanding (including the 2026 Bonds) under the Indenture; (c) by action or suit in equity require the Authority to account as if it were the trustee of an express trust for the related bondholders; and (d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the bondholders under the Indenture.

Upon the occurrence and continuance of a payment default under the Service Agreement, the Authority (or the Trustee as assignee of the Authority) may, at its option exercise one or more of certain remedies including, among other things, instituting proceedings to require the City to perform its obligations under the Service Agreement, or to enjoin violations of the Authority's rights under the Service Agreement. In no event (including an acceleration of the Authority's payment obligations under the 2026 Bonds) shall payment of the Service Fee due under the Service Agreement be accelerated.

Accordingly, although the Trustee can accelerate the Authority's payment obligations with respect to the 2026 Bonds, neither the Authority nor the Trustee is empowered to accelerate the City's obligations under the Service Agreement to make payments thereunder in amounts sufficient to pay, among other things, the principal of and interest on the 2026 Bonds upon the occurrence and continuance of an Event of Default under the Indenture.

For additional information regarding the rights of bondholders and remedies available upon the occurrence of events of default under the Indenture and the Service Agreement, as well as limitations on such rights and remedies, see APPENDIX D.

The rights and remedies of bondholders with respect to the City's and the Authority's obligations under the Service Agreement and the 2026 Bonds could be significantly limited by the provisions of Chapter 9 of the United States Bankruptcy Code ("Chapter 9"). Chapter 9 permits, under prescribed circumstances (and only after an authorization by the applicable state legislature or by a governmental office or organization empowered by state law to give such authorization), a "municipality" of a state to file a petition for relief in a bankruptcy court of the United States if it is insolvent or unable to meet its debts as they mature, and it desires to effect a plan to adjust its debt. Chapter 9 defines "municipality" as a "political subdivision or public agency or instrumentality of a State." Thus, for purposes of Chapter 9, except as may be limited by state law, each of the Authority and the City would be considered a "municipality." As a result of the commencement of a federal bankruptcy case by either the Authority or the City, bondholders could experience delays in receiving bond payments, as well as partial or total losses of their investments in the 2026 Bonds.

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

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

Regardless of any specific adverse determinations in an Authority or City bankruptcy proceeding, the existence of such a proceeding could have a materially adverse effect on the liquidity and value of the 2026 Bonds.

PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS

The City intends to use the proceeds of the 2026 Bonds to finance (i) the buildout, construction, equipping, and installation of improvements in connection with the development of a new forensics laboratory for the Philadelphia Police Department to be subleased by the Authority to, and operated by, the City at Unit 1 within the 4101 Market Street Condominium located at 4101 Market Street, Philadelphia, PA 19104 (the "Property") and related improvements, including the financing or refinancing of certain costs thereof (the "Police Forensics Laboratory Project" or "2026 Project"), and (ii) the costs of issuance of the 2026 Bonds.

The following table sets forth estimated sources and uses of funds in connection with the 2026 Bonds:

Sources of Funds	
Principal Amount	$
[Net Original Issue Premium]	
Total Sources of Funds	**$**
Uses of Funds	
Project Fund	$
Costs of Issuance[(1)]	
Total Uses of Funds	**$**

(1) Includes legal fees, Underwriters' discount, printing, rating agency fees, trustee fees, municipal advisor fees, and other expenses of the offering.

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FISCAL YEAR DEBT SERVICE REQUIREMENTS

Set forth on the following page is the schedule of estimated Fiscal Year debt service payments due on the 2026 Bonds and all outstanding General Fund-Supported Debt (as described below) in each Fiscal Year of the City ending June 30. The schedule does not include (a) debt service on PICA Bonds, if any, (b) debt service on the City's revenue bonds or notes, which include Water and Wastewater Revenue Bonds, Gas Works Revenue Bonds or notes, if any, and Airport Revenue Bonds, (c) debt service on the City's tax and revenue anticipation notes, if any, or (d) letter of credit fees. For more information on the City's outstanding debt, see "DEBT OF THE CITY" (and Tables 40-43 therein) and "OTHER FINANCING RELATED MATTERS" in APPENDIX A hereto.

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

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

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Fiscal Year Ending June 30,	Debt Service on the 2026 Bonds (A)	Current Debt Service on General Obligation Debt[1, 2] (B)	Current Debt Service on all other General Fund-Supported Debt[3, 4, 5] (C)	Aggregate Debt Service on all General Fund-Supported Debt (A+B+C)
2027		$223,302,024	$332,271,395	$555,573,419
2028		251,137,646	338,626,016	589,763,662
2029		220,104,008	373,720,477	593,824,485
2030		231,562,791	184,661,593	416,224,384
2031		232,300,837	184,655,168	416,956,005
2032		232,371,187	143,059,565	375,430,752
2033		196,332,244	143,313,003	339,645,247
2034		182,396,715	157,711,922	340,108,637
2035		168,618,029	172,517,214	341,135,243
2036		168,779,330	134,953,072	303,732,402
2037		154,672,467	134,961,148	289,633,615
2038		154,350,042	134,954,179	289,304,221
2039		135,576,553	120,962,282	256,538,835
2040		100,998,575	111,147,268	212,145,843
2041		100,999,325	111,199,623	212,198,948
2042		101,000,600	92,596,496	193,597,096
2043		70,805,613	96,899,694	167,705,306
2044		70,804,638	96,906,625	167,711,262
2045		70,804,769	70,430,211	141,234,979
2046		70,804,419	65,622,970	136,427,389
2047		38,884,613	22,497,211	61,381,824
2048		-	-	-
2049		-	-	-
TOTALS[6]		**$3,176,606,424**	**$3,223,667,131**	**$6,400,273,555**

(1) Includes both Tax-Supported Debt and Self-Supporting Debt. See "DEBT OF THE CITY – General" in APPENDIX A hereto.

(2) Assumes interest rate on hedged variable rate bonds to be the associated fixed swap rate.

(3) Includes bonds of PRA, PEA, PMA, PPA, and the Authority, secured by agreements with the City to appropriate and pay amounts sufficient to pay principal, interest, or mandatory sinking fund redemption price when due on such bonds. For capital appreciation bonds, only actual amounts payable are included.

(4) Assumes interest rate on hedged variable rate bonds to be the associated fixed swap rate, plus any fixed spread.

(5) Includes (i) sublease payments of approximately $15.2 million annually for the police headquarters renovation; and (ii) an assumption that the City issues approximately $200 million in bonds in Fiscal Year 2027 to acquire the project at an assumed interest rate of 5% over the next 20 years.

(6) Totals may not add due to rounding.

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NO LITIGATION

The Authority

There is no litigation or other legal proceeding pending in any court or threatened against the Authority seeking to restrain or enjoin the issuance, sale, execution or delivery of, or the Authority's obligations with respect to, the 2026 Bonds or contesting any proceedings of the Authority with respect to the issuance or sale thereof, or the pledge or application of any monies or security provided for the payment of the 2026 Bonds or the existence or powers of the Authority or the validity or enforceability of the Resolution, the 2026 Bonds, the Indenture, or the Service Agreement.

The City

Upon delivery of the 2026 Bonds, the City of Philadelphia Law Department (the "Law Department") shall furnish an opinion to the effect, among other things, that, except for litigation, other legal proceedings, or threats thereof which, in the opinion of the Law Department, are without merit and except as disclosed in this Official Statement (including in "LITIGATION" in APPENDIX A hereto and in Note 8 to the Fiscal Year 2025 ACFR, "Contingencies – Primary Government – Claims and Litigation" in APPENDIX C hereto), there is no litigation or other legal proceeding pending in any court or, to the best of its knowledge after inquiry within the Law Department, threatened in writing against the City, (i) seeking to restrain or enjoin the issuance, execution, delivery, or sale of the 2026 Bonds or the execution or delivery of the Indenture or the Service Agreement, or the performance of the City's obligations in relation thereto or thereunder, (ii) contesting the validity of the Ordinance, (iii) contesting the validity or enforceability of the City's obligations in relation to the 2026 Bonds or the Indenture, or under the Service Agreement, (iv) challenging the right of any City official who signs the Service Agreement or the Official Statement to hold his or her office, or (v) in which a final adverse decision can be anticipated which would reasonably be expected to materially and adversely affect the financial condition or operations of the City as a whole or the performance by the City of its obligations in relation to the 2026 Bonds or the Indenture, or under the Service Agreement.

RATINGS

Fitch Ratings, Inc., Moody's Investors Service, Inc., and S&P Global Ratings, a division of S&P Global Inc., have assigned the 2026 Bonds ratings of "A+" (stable outlook), "A1" (positive outlook), and "A+" (stable outlook), respectively. Such ratings reflect only the view of each such credit rating agency. An explanation of the significance of each of such ratings and any outlook may only be obtained from the rating agency furnishing the same.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. There is no assurance that any such credit rating will continue for any given period of time or that it will not be revised or withdrawn entirely by such credit rating agency if, in its judgment, circumstances so warrant. None of the Authority, the City, or the Underwriters has undertaken any responsibility to assure the maintenance of any rating. The City has agreed, in the Continuing Disclosure Agreement, to report actual rating changes on the 2026 Bonds. See "CONTINUING DISCLOSURE UNDERTAKING" herein and APPENDIX F hereto. Any downgrade, revision or withdrawal of a rating may have an adverse effect on the market price of or the market for the 2026 Bonds.

APPROVAL OF LEGAL MATTERS

The 2026 Bonds are offered when, as and if issued by the Authority and accepted by the Underwriters, subject to the receipt of approving opinions with respect to certain legal matters of Barnes & Thornburg LLP, Bond Counsel, Philadelphia, Pennsylvania. The proposed form of approving opinion of Bond Counsel is attached hereto as APPENDIX E. Certain legal matters will be passed upon for the Authority by Turner Law, P.C., Authority Counsel, Philadelphia, Pennsylvania. Certain legal matters will be passed upon for the Underwriters by their counsel, Eckert Seamans Cherin & Mellott, LLC, Philadelphia, Pennsylvania. Certain legal matters will be passed upon for the City by the City of Philadelphia Law Department. Hawkins Delafield & Wood LLP, as Disclosure Counsel to the City, will deliver an opinion to the City and the Underwriters regarding certain matters.

The various legal opinions to be delivered concurrently with the delivery of the 2026 Bonds express the professional judgment of the law firms rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the law firm does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

The following is a summary of the material federal and Commonwealth income tax consequences of holding and disposing of the 2026 Bonds. Such summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). It does not discuss all aspects of federal income taxation that may be relevant to investors in light of their own particular investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (including, but not limited to, dealers in securities or other persons who do not hold the 2026 Bonds as a capital asset, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the Commonwealth, it does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the 2026 Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of purchasing, holding, and disposing of the 2026 Bonds.

Federal Tax Exemption

In the opinion of Barnes & Thornburg LLP, Bond Counsel, interest on the 2026 Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the 2026 Bonds, assuming the accuracy of the certifications of the Authority and continuing compliance by the Authority with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the 2026 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the "adjusted financial statement income" of "applicable corporations" for purposes of computing the alternative minimum tax imposed on such corporations, as such quoted terms are defined in the Code.

The Code contains a number of restrictions and requirements that apply to the 2026 Bonds including, without limitation, (i) investment restrictions, (ii) requirements for periodic payments of arbitrage profits to the United States, and (iii) rules regarding the proper use of the proceeds of the 2026 Bonds and the facilities financed or refinanced with such proceeds. The Authority has covenanted to comply with all of the restrictions and requirements of the Code that must be satisfied in order for the

interest on the 2026 Bonds to be and remain excludable from the gross income of the owners thereof for federal income tax purposes (the "Tax Covenants"). Failure to comply with certain of the Tax Covenants could result in the inclusion of the interest on the 2026 Bonds in the gross income of the owners for federal income tax purposes, retroactive to the date of issuance of the 2026 Bonds or some other date.

Original Issue Discount. Certain of the 2026 Bonds may be offered at a discount ("original issue discount") equal generally to the difference between the public offering price and the principal amount. For federal income tax purposes, original issue discount on a 2026 Bond accrues periodically over the term of such 2026 Bond as interest with the same tax exemption and alternative minimum tax status as stated interest. The accrual of original issue discount increases the bondholder's tax basis in the 2026 Bond for determining taxable gain or loss upon sale or redemption prior to maturity. Bondholders should consult their tax advisers for an explanation of the accrual rules.

Original Issue Premium. Certain of the 2026 Bonds may be offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a 2026 Bond through reductions in the bondholder's tax basis for the 2026 Bond for determining taxable gain or loss upon sale or redemption prior to maturity. Amortization of premium does not create a deductible expense or loss. Bondholders should consult their tax advisers for an explanation of the amortization rules.

Information Reporting and Backup Withholding. A person making payments of tax-exempt interest to a bondholder is generally required to make an information report of the payments to the Internal Revenue Service and to perform "backup withholding" from the interest if the bondholder does not provide an IRS Form W-9 to the payor. "Backup withholding" means that the payor withholds tax from the interest payments at the backup withholding rate, currently 24%. Form W-9 sets forth the bondholder's taxpayer identification number or basis of exemption from backup withholding.

If a holder purchasing a 2026 Bond through a brokerage account has executed a Form W-9 in connection with the account, as generally can be expected, there should be no backup withholding from the interest on the 2026 Bond.

If backup withholding occurs, it does not affect the excludability of the interest on the 2026 Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

No Other Opinions. Bond Counsel expresses no opinion regarding other federal tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the 2026 Bonds.

State Tax Exemption

Bond Counsel is of the opinion that the interest on the 2026 Bonds is exempt from Commonwealth personal income tax and Commonwealth corporate net income tax, under the laws of the Commonwealth of Pennsylvania as enacted and construed on the date of delivery of the 2026 Bonds.

Bond Counsel will express no opinion regarding other state or local tax consequences arising with respect to the 2026 Bonds, including whether interest on the 2026 Bonds is exempt from taxation under the laws of any jurisdiction other than the Commonwealth of Pennsylvania.

General

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the 2026 Bonds, and Bond Counsel will not express any opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

The foregoing is only a general summary of certain provisions of the Code as enacted and in effect on the date hereof and does not purport to be complete; holders of the 2026 Bonds should consult their own tax advisors as to the effects, if any, of the Code in their particular circumstances.

See APPENDIX E hereto for the proposed Form of Approving Opinion of Bond Counsel.

UNDERWRITING

The 2026 Bonds are being purchased by the Underwriters named on the cover page of this Official Statement (the "Underwriters"), for whom Raymond James & Associates, Inc., is acting as the representative (the "Representative"), subject to certain terms and conditions set forth in a Bond Purchase Agreement between the Authority and the Representative, on behalf of the Underwriters.

The 2026 Bonds are being purchased at a purchase price of $_____, which reflects the par amount of the 2026 Bonds, plus [net original issue premium] of $_____, less an Underwriters' discount of $_____.

The 2026 Bonds are offered for sale to the public at prices set forth on the inside front cover page of this Official Statement. The 2026 Bonds may be offered and sold to certain dealers (including the Underwriters and other dealers depositing 2026 Bonds into investment trusts) at prices lower than such offering prices, and such public offering prices may be changed from time to time by the Underwriters without prior notice.

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

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

MUNICIPAL ADVISOR

PFM Financial Advisors LLC, of Philadelphia, Pennsylvania, is acting as municipal advisor (the "Municipal Advisor") to the City in connection with the issuance of the 2026 Bonds. The Municipal Advisor is a municipal advisor registered with the SEC and MSRB and has assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the 2026 Bonds. It has received and reviewed but has not independently verified information in this Official Statement for accuracy or completeness (except, as to the Municipal Advisor, the information in this section). Investors should not draw any conclusions as to the suitability of the 2026 Bonds from, or base any investment decisions upon, the fact that the Municipal Advisor has advised the City with respect to the 2026 Bonds. The Municipal Advisor's fees for this issue are contingent upon the sale and issuance of the 2026 Bonds.

The Municipal Advisor is a financial advisory and consulting organization and not an organization engaged in the business of underwriting, marketing or trading of municipal securities or any other negotiable instruments.

CONTINUING DISCLOSURE UNDERTAKING

In order to assist the Underwriters in complying with the requirements of Rule l5c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the City (i) will enter into a Continuing Disclosure Agreement with Digital Assurance Certification, L.L.C., as dissemination agent, for the benefit of the Registered Owners (as defined in such agreement) of the 2026 Bonds, to be dated the date of original delivery of and payment for the 2026 Bonds, the form of which is annexed hereto as APPENDIX F, and (ii) has provided the disclosure in the following paragraphs.

During the last five years, the City has not fully satisfied its continuing disclosure obligations to timely file annual updates to certain tables relating to its Water and Wastewater Revenue Bonds (relating to outstanding indebtedness and the capital improvement programs of the Philadelphia Water Department). Historically, annual updates of such tables have been incorporated by reference through the filing of a new official statement for a publicly offered water and wastewater bond issue. However, in 2025, the City did not publicly offer water and wastewater bonds requiring the publication of an official statement, resulting in an administrative oversight and the untimely filing of such tables. On July 24, 2026, the City supplemented its annual filing from February 25, 2026, to include such tables.

The City periodically reviews and updates its disclosure policies and procedures to assist the City in complying with its continuing disclosure undertakings.

CERTAIN RELATIONSHIPS

Barnes & Thornburg LLP, Bond Counsel, represents some of the Underwriters from time to time in matters unrelated to the issuance of the 2026 Bonds.

Eckert Seamans Cherin & Mellott, LLC, counsel to the Underwriters, provides certain legal services to the City, from time to time, unrelated to the issuance and sale of the 2026 Bonds.

MISCELLANEOUS

This Official Statement is made available only in connection with the sale of the 2026 Bonds and may not be used in whole or in part for any other purpose. This Official Statement is not to be construed as a contract or agreement between the Authority, the City, the Underwriters, and the purchasers or owners of any of the 2026 Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. No representation is made that any opinions or estimates herein will be realized. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the City since the date hereof.

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

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

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

PHILADELPHIA AUTHORITY FOR INDUSTRIAL DEVELOPMENT

By: _____
Name: Thomas A.K. Queenan
Title: Chairperson

Approved:

THE CITY OF PHILADELPHIA

By: _____
Name: Rob Dubow
Title: Director of Finance

APPENDIX A

GOVERNMENT AND FINANCIAL INFORMATION

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OVERVIEW

The City of Philadelphia (the "City" or "Philadelphia"), located along the southeastern border of the Commonwealth of Pennsylvania (the "Commonwealth" or "Pennsylvania"), is the largest city in the Commonwealth and the sixth-largest city in the United States. The City is also the center of the United States' seventh-largest metropolitan statistical area, which is an 11-county area encompassing the City, Camden, NJ, and Wilmington, DE. According to the U.S. Census data, the City increased its population by 1.58% to 1.58 million residents from 2015 to 2024.

The City benefits from its strategic geographical location, relative affordability, cultural and recreational amenities, and its growing strength in key industries. The City's economy is composed of diverse industries, with virtually all classes of industrial and commercial businesses represented, including three Fortune 500 companies. The City is a major regional business and personal services center with strengths in insurance, law, finance, healthcare, higher education, utilities, logistics, and the arts. In addition, the City is a center for health, education, research, and life science facilities with the nation's largest concentration of healthcare resources within a 100-mile radius.

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

Fiscal Health of the City

General: Beginning in 2020, when the City was faced with increased expenses related to the impact of the novel coronavirus ("COVID-19") pandemic, various federal, state, and local recovery grants became available to the City, including recovery grants under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and the American Rescue Plan Act of 2021 ("ARPA"). The CARES Act and ARPA included substantial federal relief funds for state and local governments, including the City, to address the impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses. The funds included $276 million in Coronavirus Relief Funds (via the CARES Act) and $1.395 billion in Coronavirus State and Local Fiscal Recovery Funds (via ARPA), which represented the two largest allocations made to the City. ARPA funds were obligated prior to the December 31, 2024 deadline as required by United States Treasury.

Throughout this APPENDIX A, the City outlines spending pressures and fiscal strategies to address various budgetary challenges, which are described in the Thirty-Fourth Five-Year Plan, the Fiscal Year 2026 Adopted Budget, the Fiscal Year 2027 Adopted Budget, and the Thirty-Fifth Five-Year Plan (each as defined herein), as applicable. The current estimates for Fiscal Year 2026 are derived from information included in the Thirty-Fifth Five-Year Plan (as approved on July 28, 2026). The current estimates for Fiscal Year 2026 included in the Quarterly City Managers Report for the period ending June 30, 2026, which was released on August 17, 2026 (the "FY 2026 Fourth Quarter QCMR"), are unchanged from those included in the Thirty-Fifth Five-Year Plan. As such, source references to the Thirty-Fifth Five-Year Plan have been retained for current estimates throughout this APPENDIX A, unless otherwise noted herein.

See "DISCUSSION OF FINANCIAL OPERATIONS" and Tables 1 and 2 (and the text following Table 2) for more information on the City's historical financial operations, and the City's projected General Fund balances for Fiscal Years 2026-2031.

Revenues. For Fiscal Year 2025, the City reported revenues of $6.52 billion, a $453.9 million (7.5%) increase compared to Fiscal Year 2024. For Fiscal Year 2026, the City is estimating revenues of $6.32 billion (based on the Thirty-Fifth Five-Year Plan).

For Fiscal Year 2025, the City reported increases in tax collections, resulting in tax collections of $4.41 billion, a $324.6 million (7.9%) increase compared to Fiscal Year 2024. For Fiscal Year 2026, the City is estimating tax collections of $4.59 billion (based on the Thirty-Fifth Five-Year Plan).

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

Expenses. As noted above, the City received $276 million from the CARES Act and $1.395 billion from ARPA for COVID-19-related costs. The City received in Fiscal Years 2020 and 2021 certain CARES Act funding in the amounts of $100 million in the General Fund and $176 million in the Grants Revenue Fund, respectively. Such amounts were available to be transferred periodically from the Grants Revenue Fund to the General Fund to reimburse for eligible COVID-19-related costs. In Fiscal Years 2022-2025, the City drew down on approximately $250 million, $335 million, $391 million, and $419 million, respectively, in federal COVID-19 relief funding from ARPA. Fiscal Year 2026 is the first full fiscal year without the benefit of revenue from ARPA.

Budgetary Challenges. The Thirty-Fourth Five-Year Plan and the Thirty-Fifth Five-Year Plan highlight key budgetary challenges for the City – the end of ARPA funds (as described above), a balloon payment due on pension obligation bonds in Fiscal Year 2029 (see Table 42 herein), and economic uncertainty. The City has budgeted and planned for these fiscal matters.

Federal Funding. There have been several federal executive orders and policy initiatives with respect to possible pauses to the disbursement of certain federal funds for various states, cities, and other local jurisdictions, including the City. The City is monitoring these developments to assess any impact on the potential availability of federal funding. In the Thirty-Fourth Five-Year Plan, the Fiscal Year 2026 Adopted Budget, the Fiscal Year 2027 Adopted Budget, and the Thirty-Fifth Five-Year Plan, as applicable, the City has included a Federal Funding Reserve (as defined herein), which is a budgeted reserve to help mitigate federal funding uncertainties (see "– Budgeted Reserve" herein).

The City has experienced disruptions on at least eight federal grant awards for which the City has an executed grant agreement. Three of those awards were terminated but are covered under injunctions, one rescinds unobligated funds for an infrastructure project, one rescinds unobligated funds for community-based projects, one is pending reimbursement, and two have supported activities that are being wound down.

Federal Emergency Management Agency ("FEMA"). The Department of Homeland Security, via FEMA, administers the annual $1 billion Homeland Security Grant Program ("HSGP"), which funds state, county, and local governments' response to terrorism. Specific grants within HSGP include the State Homeland Security Program ("SHSP") and the Urban Area Security Initiative ("UASI"), which Pennsylvania receives and administers through the Pennsylvania Emergency Management Authority ("PEMA"). Initially, FEMA announced its annual HSGP grant funding to all 50 states at traditional levels. However, when the funds were released, there were reductions to funding levels for certain jurisdictions based on immigration policies.

In 2025, due to the proposed cuts, ten states initiated a lawsuit to require FEMA to restore funding to original levels. The states alleged that the federal government unlawfully defied Congress' budget allocation by underfunding states with so-called "sanctuary city" policies. As an initial measure, the states

secured a temporary restraining order that stopped the proposed, modified FEMA payments to allow for the court to adjudicate the proper allocation. Pennsylvania Governor Shapiro joined the case on October 24, 2025. On December 22, 2025, the federal district court entered an order granting summary judgment in favor of the plaintiffs and ordered FEMA to restore the original funding levels. The district court further denied FEMA's request for a stay pending appeal. On January 26, 2026, FEMA filed notice that amended awards consistent with the district court's order would be issued on January 30, 2026. Although FEMA initially appealed that decision, it later withdrew that appeal. A final judgment has been issued in favor of the states. However, FEMA has not yet released required funds. The City is in close consultation with the Commonwealth on methods to enforce the court order.

The Governor has identified $18 million in regional Philadelphia UASI funds that are at risk. The City projects that roughly $5 million in direct funds to Philadelphia starting in 2027 would be at risk if the full funding is not restored. The Thirty-Fifth Five-Year Plan assumes $24 million from FEMA for eligible World Cup-related expenses.

Budget Measures. In the Fiscal Year 2026 Adopted Budget, budget priorities were centered around investments in six key areas: (i) public safety, (ii) clean and green, (iii) access to economic opportunity for all, (iv) housing, (v) education, and (vi) core support with a continued focus on the City's long-term fiscal health. The Fiscal Year 2027 Adopted Budget and the Thirty-Fifth Five-Year Plan continue to expand upon these investments and also include new investments related to economic mobility. The Fiscal Year 2027 Adopted Budget and the Thirty-Fifth Five-Year Plan include a $48 million increase to the City's contribution to the School District starting in Fiscal Year 2027. The Fiscal Year 2027 Adopted Budget also approved a modification of how the Use & Occupancy Tax is applied for cellular towers to generate an additional estimated $2.4 million annually for the School District.

General Fund Balance: As set forth in the City's audited Annual Comprehensive Financial Report for Fiscal Year 2025 (the "Fiscal Year 2025 ACFR"), the City reported that Fiscal Year 2025 ended with a cumulative adjusted year-end General Fund balance of $1.179 billion, which at 18.1% of projected revenues meets the administration's target for the General Fund balance (plus reserves) of at least 6-8% of revenues and the GFOA recommendation of at least 17% of revenues.

The audited General Fund balance for Fiscal Year 2025 is approximately $8 million lower than the unaudited balance reported in October 2025. This is attributable to a transfer of $8 million from the General Fund to the Grants Fund.

For more information on the City's historical financial operations and the City's projected General Fund balances for Fiscal Years 2026-2031, see "DISCUSSION OF FINANCIAL OPERATIONS" and Tables 1 and 2 (and the text following Table 2) herein.

Budget Stabilization Reserve Fund: In Fiscal Year 2025, $58.3 million was deposited into the Budget Stabilization Reserve Fund. In Fiscal Year 2026, $58.9 million was deposited into the Budget Stabilization Reserve Fund. Following the deposit for Fiscal Year 2026, the total in the Budget Stabilization Reserve Fund is $242.8 million (including interest earnings). Amounts deposited in the Budget Stabilization Reserve Fund are not included in cumulative adjusted year-end General Fund balances.

In the Thirty-Fifth Five-Year Plan, the City projects a payment to the Budget Stabilization Reserve Fund in Fiscal Year 2027 of $52.5 million and Fiscal Year 2028 of $54.7 million. There can be no assurance that such payment to the Budget Stabilization Reserve Fund will occur. The Thirty-Fifth Five-Year Plan does not include any projected payments to the Budget Stabilization Reserve Fund in Fiscal Years 2029-2031. The Thirty-Fifth Five-Year Plan does not include any withdrawals from the Budget Stabilization

Reserve Fund. For more information on the Budget Stabilization Reserve Fund, see "DISCUSSION OF FINANCIAL OPERATIONS – Budget Stabilization Reserve Fund" herein.

Budgeted Reserves: The Thirty-Fourth Five-Year Plan, the Fiscal Year 2026 Adopted Budget, the Fiscal Year 2027 Adopted Budget, and the Thirty-Fifth Five-Year Plan, as applicable, include budgeted reserves, certain of which are described below. These budgeted reserves are not set aside in any restricted reserve account.

Labor Reserve. The City budgets for a labor reserve for potential future labor cost increases (the "Labor Reserve"). Over the course of Fiscal Years 2026-2031, the Labor Reserve is estimated to total approximately $605.2 million. For more information on the City's labor contracts, see "EXPENDITURES OF THE CITY – Overview of City Employees" herein.

Federal Funding Reserve. The City is also budgeting for possible delays, reductions, or terminations of any federal funding available to the City as it navigates federal funding uncertainties (the "Federal Funding Reserve"). The Fiscal Year 2027 Adopted Budget includes $91.0 million in the Federal Funding Reserve.

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

Tax Revenues: Based on the data in the Fiscal Year 2025 ACFR, roughly 68% of the City's General Fund revenues came from local taxes and approximately 89% of tax revenues came from just four taxes: Wage and Earnings Taxes, Real Estate Taxes, Business Income and Receipts Taxes ("BIRT"), and Realty Transfer Taxes, with the largest portion of such tax revenues (approximately 44%) coming from the Wage and Earnings Tax (see Table 3 and "REVENUES OF THE CITY – Wage, Earnings, and Net Profits Taxes" herein). Less than 40% of the Wage and Earnings Tax is paid by non-resident workers.

Following the pandemic and as remote work arrangements continue for certain workers, the City continues to closely monitor Wage and Earnings Taxes. Of the City's workforce, commuters account for less than 40% of all Wage and Earnings Taxes. Non-resident workers are not required to pay this tax when their employer requires them to work from home outside the City. If the region experiences long-term or permanent shifts to required work-from-home policies, changes in consumer preferences, and population shifts, there may be a lasting negative impact on City finances. In the Thirty-Fifth Five-Year Plan, the City assumes the continuation of a permanent reduction in the non-resident tax base of 25% coming out of the pandemic, as a result of remote work arrangements. This 25% loss has already been sustained and is assumed throughout the Thirty-Fifth Five-Year Plan. In Fiscal Year 2025, the non-resident portion of the Wage and Earnings Taxes was approximately 13.5% of General Fund total revenue.

In Fiscal Year 2025, Wage and Earnings Tax collections increased by 5.1% over Fiscal Year 2024. In Fiscal Year 2026, Wage and Earnings Tax collections are projected to increase by 5.7% over Fiscal Year 2025. Wage and Earnings Tax collections for Fiscal Years 2022-2025, and projections for Fiscal Year 2026, exceed the amounts collected in Fiscal Year 2019 (pre-pandemic).

Additionally, the City remains unique among the nation's largest cities by population in that it imposes a tax on both net income and gross receipts, the Business Income and Receipts Tax, which generated approximately 17.0% of the City's local tax revenue in Fiscal Year 2025. For Fiscal Year 2026, the Business Income and Receipts Tax is projected to generate approximately 17.0% of the City's local tax revenue (based on the Thirty-Fifth Five-Year Plan). Under legislation enacted during the Fiscal Year 2026

budget process, the Business Income and Receipts Tax rate on gross receipts is scheduled to be reduced each tax year through 2038 and eliminated thereafter. Under that same legislation, the Business Income and Receipts Tax rate on Net Income is projected to be cut in half over that same period. For tax year 2038, the Business Income and Receipts Tax is scheduled to be 0.0 mills for gross receipts and 2.80% for net income. See "REVENUES OF THE CITY" and Table 3 and "REVENUES OF THE CITY – Business Income and Receipts Tax" and Table 5.

High Fixed Costs: The City's high fixed costs consume a significant portion of the City's budget. The largest of such costs is the City's payment to the Municipal Pension Fund. In Fiscal Year 2025, the City's contribution to the Municipal Pension Fund was approximately $864.2 million, of which the General Fund's share (including the Commonwealth contribution of $103.1 million) was $684.2 million. See Table 29. The Municipal Pension Fund is 67.7% funded on an actuarial basis (as of the July 1, 2025 Valuation (as defined herein)). See "PENSION SYSTEM" and Table 27 herein.

The School District of Philadelphia: While the School District of Philadelphia (the "School District") is an independent governmental entity, the City provides direct financial contributions to the School District. In the Fiscal Year 2025 ACFR, the City reported that its direct contribution to the School District from the General Fund was $284.1 million. In the Fiscal Year 2026 Adopted Budget, the City's direct contribution to the School District from the General Fund is $284.1 million (which is unchanged as the current estimate in the Thirty-Fifth Five-Year Plan). In the Fiscal Year 2027 Adopted Budget, the City's direct contribution to the School District from the General Fund is $332.1 million (which includes a $48 million increase in the City's contribution to the School District).

In addition to the direct financial contribution noted above, Real Estate Taxes (as defined herein) are divided into two portions – the City Real Estate Tax and the School District Real Estate Tax. For Fiscal Year 2025, the portions were 44% for the City Real Estate Tax and 56% for the School District Real Estate Tax. The City also collects the Liquor Tax, the School Income Tax, and the Use and Occupancy Tax, on behalf of the School District of Philadelphia.

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

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

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

In April 2024, the OIG released a preliminary report on these OHS budget matters. While the report did not present evidence of criminal wrongdoing or self-enrichment, it illustrated that OHS officials knowingly overspent across multiple fiscal years to meet rising service demand. In particular, OHS (i) encumbered partial amounts on contracts, (ii) paid prior year invoices with current year funds, and (iii) encumbered funds across various fiscal and calendar years, all of which obscured the full picture of

contractual costs incurred and contributed to a growing budget gap. These practices by OHS are still under review and it is possible that additional budgetary gaps may be identified.

In Fiscal Year 2024, the City addressed the aforementioned overspending by providing OHS with an additional $9.6 million through a transfer ordinance. An additional $4.7 million in prior-year overspending was covered by unspent funds from the Managing Director's Office, which has oversight responsibility for OHS.

The OIG's report included recommendations for additional financial controls and encumbrance oversight to prevent a similar situation from occurring in the future, including (i) strengthening the budget verification process, (ii) imposing stricter encumbrance rules, (iii) collecting and tracking more data from the Finance Payment Verification Unit (part of the Office of the Director of Finance) in order to intervene in a more timely manner should budgetary problems occur, (iv) evaluating the scope of the non-profit contracting exemption and the ability of OHS to contract with non-profit vendors without a competitive process, and (v) restricting the use of local funds and grant funds on a single contract. In connection with (iv), City Council passed a bill to remove the non-profit contracting exemption for OHS and a number of other departments effective in Fiscal Year 2026. The Mayor took no action on the bill and it became law on September 5, 2024. Additional legislation on the non-profit contracting exemption that modifies exceptions and provides for certain reporting and recordkeeping requirements was passed by City Council on June 12, 2025 and signed by the Mayor on June 13, 2025.

The City has also engaged an external accounting firm to supplement the OIG's work with a deeper forensic investigation. This engagement has been extended and the work is continuing. The results of this review are still pending.

Additionally, OHS has engaged a financial consultant upon receipt of the results of the investigations described above to temporarily increase capacity, implement recommendations, and train OHS staff. The City is also considering other actions to address the OIG's recommendations.

Tax Decoupling Matters and Business Income and Receipts Taxes. With the passage of PA Act 21 of 2026 into law, the City is decoupled from the federal tax provisions established under the One Big Beautiful Bill Act ("OBBBA"). This change makes Philadelphia policy consistent with that of Pennsylvania, protecting the revenue of the BIRT. The change is effective beginning with Tax Year 2025 and applies to all subsequent tax years. To the extent taxpayers filed 2025 BIRT returns following the OBBBA, rather than pursuant to the decoupled provisions, such returns will need to be amended to account for the payment of additional BIRT.

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

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THE GOVERNMENT OF THE CITY OF PHILADELPHIA

Introduction

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

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

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

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

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

History and Organization

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

Since 1952, the City has been governed under a Home Rule Charter authorized by the General Assembly pursuant to the First Class City Home Rule Act, Act of April 21, 1949, P.L. 665, Section 17, and adopted by the voters of the City (as amended and supplemented, the "City Charter"). The City Charter

provides, among other things, for the election, organization, powers and duties of the legislative branch (the "City Council") and the executive and administrative branch, as well as the basic rules governing the City's fiscal and budgetary matters, contracts, procurement, property, and records. Under Article XII of the City Charter, the School District operates as a separate and independent home rule school district. Certain other constitutional provisions and Commonwealth statutes continue to govern various aspects of the City's affairs, notwithstanding the broad grant of powers of local self-government in relation to municipal functions set forth in the First Class City Home Rule Act.

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

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

Elected and Appointed Officials

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

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

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

Under the City Charter, the Mayor's Cabinet consists of the Mayor, the Managing Director, the Director of Finance, the City Solicitor, the Chief Public Safety Director, the Director of Planning and Development, the Director of Commerce, the Director of Labor, and the City Representative. Under the City Charter, the Mayor appoints each of the foregoing, as well as the Director of Aviation. With respect

to the City Solicitor and the Chief Public Safety Director, the Mayor appoints an individual to such position, with the advice and consent of a majority of City Council.

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

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

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

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

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

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

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

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

Government Services

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

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

Local Government Agencies

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

Mayoral-Appointed or Nominated Agencies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In the Fiscal Year 2026 Adopted Budget, the City's direct contribution to the School District from the General Fund is $284.1 million (which is unchanged as the current estimate in the Thirty-Fifth Five-Year Plan). In the Fiscal Year 2027 Adopted Budget, the City's direct contribution to the School District from the General Fund is $332.1 million (which includes a $48 million increase in the City's contribution to the School District). Such amounts do not include funding from taxes levied by the School District and authorized by City Council. For more information on the City's historical contributions to the School District, see "EXPENDITURES OF THE CITY – City Payments to School District" and Table 21.

Non-Mayoral-Appointed or Nominated Agencies

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

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

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

On July 7, 2022, an amendment to the PICA Act was signed into law by the Governor, which, among other things, (i) extends the term of existence of PICA until the later of January 2, 2047 or one year after all its liabilities are met or, in the case of PICA Bonds, one year after provision for such payment shall have been made or provided for in the applicable bond indenture; (ii) continues all of the financial oversight

and reporting requirements of the PICA Act for the life of PICA (regardless of whether PICA Bonds are outstanding); (iii) permits on a limited basis during certain recurring three-year periods on a decennial basis, at the request of the City, the issuance of PICA Bonds for capital projects of the City; and (iv) continues the authorization and dedication of the PICA Tax for so long as PICA remains in existence (regardless of whether any PICA Bonds are outstanding). For more information on PICA Bonds, see "DEBT OF THE CITY – PICA Bonds." In June 2023, City Council passed, and the Mayor signed, an amendment to the PICA Tax ordinance to extend its duration in response to the continued authorization of the PICA Tax pursuant to the amendments to the PICA Act. In addition, the City and PICA approved and entered into a new intergovernmental cooperation agreement (the "2023 PICA Agreement") that reflects and implements the PICA Act as amended, and replaces the expired 1992 PICA Agreement.

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

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

Cybersecurity

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

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

infrastructure, and (iii) ongoing audit and log monitoring of systems and users. These tests are performed by both the Office of Innovation and Technology, Departments, and third parties.

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

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

Climate Change

The City's Office of Sustainability ("OOS") works with partners around the City, both public and private, to educate and prepare the City for climate change, among other things. OOS, in coordination with departments across the City, is responsible for implementing "Growing Stronger: Toward a Climate-Ready Philadelphia," the City's first climate adaptation plan, which identifies climate vulnerability and risk and outlines a variety of initiatives to prepare the City for future climate–related challenges. OOS is in the process of updating the City's Resilience Plan and a citywide stakeholder engagement process was started in 2025.

Planning for the potential impacts of climate change in the City is challenging. The City's climate is variable and projections of future conditions range significantly depending on the emissions scenarios. However, regardless of emissions scenario, the models agree on the direction of change. Climate change impacts include rising temperatures (increasing average temperatures and extreme heat in the form of heat waves); air quality issues, which are exacerbated by temperature increases and sometimes caused by wildfires outside of the City; increased heavy precipitation events (rain or snow); rising sea levels (likely ~1.25 feet by 2050 and between three to-four feet by 2100); and storm surges and extreme wind from more intense hurricanes, tropical storms, and Nor'easters.

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

The sea level rising is a particularly important risk for the City, as rising seas affect water levels in the tidal rivers and creeks bordering the City, such as the Delaware and Schuylkill Rivers and the Darby-Cobbs Creek. Higher sea levels will increase the depth and extent of flooding in and around the City from storm surges during extreme events; cause the regular tide cycle to flood low-lying areas of the City (i.e., "sunny day" flooding); raise groundwater levels, which can cause new areas to flood and impact the performance of green stormwater infrastructure and nature-based solutions; decrease the drainage capacity of the stormwater system as outfalls are under water more often; and potentially impact drinking water quality due to saltwater intrusion during periods of drought.

Philadelphia sits towards the bottom of the 13,500 square mile Delaware watershed, making it particularly vulnerable to riverine (fluvial) flooding. For example, intense rain hundreds of miles outside of the City, but still in the watershed, could lead to flooding in Philadelphia. Historically, nearly 80% of all floods experienced in the City are considered riverine flood events (as opposed to coastal or inland). Low-lying areas already experience localized flooding during heavy storm events, and both municipal infrastructure and private development exist along Philadelphia's rivers and creeks.

Because of the City's topography and its location next to tidal rivers, many City facilities and other properties are vulnerable to sea level rise, even under conservative (low) sea level rise scenarios. For example, Philadelphia International Airport (PHL) and at least a dozen other City facilities would be exposed to flooding with two feet of sea level rise, a scenario that is likely to be exceeded this century. At under two feet of sea level rise, only one City facility (Fort Mifflin) is highly vulnerable to permanent inundation (i.e., it will flood within the tidal cycle in the absence of storms), but at under four feet of sea level rise, 19 facilities are highly vulnerable and another 12 City facilities are moderately vulnerable to permanent inundation. Hundreds of additional facilities (both City and private) are highly vulnerable to both riverine flooding and the combination of sea level rise and storm surge. Many neighborhoods and City-owned assets and infrastructure are also vulnerable to inland flooding (e.g., pluvial, urban or rainfall-driven flooding), which can occur far away from water bodies and is not included in FEMA's flood maps.

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

Overall, Philadelphia is warming based on annual average temperatures and this trend is expected to continue. However, this does not mean that the City and region will not experience extreme cold events. Today, Philadelphia sees 29 fewer days below freezing than it did in the 1970s and winters are on track to be milder overall. However, even if the frequency of extreme cold events is decreasing, when they do happen, they could be more intense or more persistent due to climate change. When these events occur, as they did in January and February 2026, they can cause immense operational disruptions to water, energy, and transportation systems, as well as result in substantial costs to the City. Snow removal and salting services also greatly impact the budget of the Streets department. Melting snow can cause flooding and salt for deicing can also degrade water quality.

Financial Impact. While the financial effects of climate change are difficult to quantify, the City has developed some cost estimates related to its future fiscal impact. Climate change will increase both the risk of expensive extreme events and the regular, recurring costs of doing business, along with equally

important but less quantifiable costs to quality of life in the City. Proactive planning for climate change can help to reduce many of these costs, both public and private.

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

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

As the effects of climate change continue taking shape in the City, annual costs related thereto are expected to include a variety of increases ranging from energy and maintenance costs to the increasing costs of continuing to provide services to protective measures like a levee for flood mitigation. For example, the City expects climate change to (i) increase annual electricity costs due to increased demand for air conditioning; (ii) create additional roadway maintenance costs from precipitation, freeze-thaw cycles, and high temperatures; and (iii) increase the annual cost of operating warming centers during extreme cold events and cooling centers during heat emergencies. Helplines to advise callers about how to avoid heat stress and refer those in need of help to emergency services are also enacted during heat emergencies. A recent climate study estimated that in 30 years Philadelphia will need to use air conditioning an additional 11 days out of the year compared to 2024, increasing the City's electricity usage by 15%.

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

In 2016, OOS, along with a cross-departmental Climate Adaptation Working Group, issued *Growing Stronger: Toward a Climate-Ready Philadelphia* to (i) assess vulnerabilities and preparation opportunities for municipal government; (ii) identify low-barrier and high-impact internal actions that can be taken to reduce risks and decrease stressors on City infrastructure services; and (iii) guide proactive projects with benefits beyond municipal operations. The Office of Sustainability is actively working on an update to the City's Climate Resilience Plan and is developing climate services and tools to empower city staff to plan for the changes the City faces. The City recently launched a citywide public engagement process to support the plan, with the completion of the plan slated for 2027. Additionally, the City's All-Hazard Mitigation Plan update and the Comprehensive Plan update are both underway and will feature actions and priority investments to address climate change. In recent years, several important interagency working groups formed to ensure alignment and coordination on key climate hazards, including flood risk, excessive heat, and climate resilience.

OOS is also nearly complete with an updated citywide climate vulnerability assessment focused primarily on flooding and extreme heat that evaluates municipal vulnerability but also identifies community vulnerability and uses various indicators to identify vulnerable populations.

In addition to participating in planning efforts, City departments are implementing projects that aim to increase resilience on a broad array of climate issues. The Department of Public Property ensures that emergency generators in City-maintained facilities are well-maintained and fueled, which is intended to allow other City departments to continue providing services during emergency situations. During heat emergencies, the Department of Public Health and the Office of Emergency Management ensure communication among City agencies, deploy environmental health teams into the community, and operate cooling centers in coordination with the Philadelphia Free Library and Philadelphia Parks and Recreation. Philadelphia Parks and Recreation also developed and implements the Philly Tree Plan with the Philadelphia Tree Coalition and works with citizen scientists to identify forest restoration practices suitable for the City's changing climate. The Philadelphia Water Department has an award-winning Climate Change Adaptation Program and adopted Climate-Resilient Planning and Design Guidance in 2022; this guidance was updated in 2024.

The Philadelphia Water Department (the "Water Department") also promotes green stormwater infrastructure, such as stormwater tree trenches, stormwater basins, permeable paving, and rain gardens, as a measure to reduce combined sewer overflows, which also has a co-benefit of shaving the peak from extreme precipitation events and potentially helping with localized inland flooding.

Regarding broader development across the City, the Philadelphia City Planning Commission (the "Planning Commission") requires new facilities located in flood zones to be raised 18 inches above the Federal Emergency Management Agency base flood elevation. This local regulation goes above and beyond what is required by the federal government. This regulation and other measures taken by various departments helped Philadelphia enter FEMA's Community Rating System in April 2026. The Community Rating System is a voluntary FEMA program that recognizes and rewards communities that take action to reduce flood risk and strengthen floodplain management beyond federal minimum standards. The City entered the program at a Class 7, which provides an automatic 15 percent discount on all eligible National Flood Insurance Program (NFIP) policies throughout the city, a measure that makes flood insurance more accessible for residents throughout Philadelphia.

CITY FINANCES AND FINANCIAL PROCEDURES

Except as otherwise noted, the financial statements, tables, statistics, and other information shown below have been prepared by the Office of the Director of Finance and can be reconciled to the financial statements in the Fiscal Year 2025 ACFR and notes therein. The Fiscal Year 2025 ACFR was prepared by the Office of the Director of Finance in conformance with guidelines adopted by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants' audit guide, Audits of State and Local Government Units and audited by the City Controller under Generally Accepted Auditing Standards.

General

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

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

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

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

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

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

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

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

The City reports on the following fiduciary funds:

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

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

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

The City reports on the following major proprietary funds:

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

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

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

Current City Disclosure Practices

It is the City's practice to file its ACFR, which contains the audited combined financial statements of the City, in addition to certain other information, such as the City's bond ratings and information about upcoming debt issuances, with the Municipal Securities Rulemaking Board ("MSRB") as soon as practicable after delivery of such information. For bonds issued in calendar year 2015 and thereafter, the annual filing deadline is February 28; for bonds issued prior to calendar year 2015, the annual filing deadline is 240 days after the end of the respective Fiscal Year, being February 25. The Fiscal Year 2025 ACFR was filed with the MSRB on February 25, 2026, through the MSRB's Electronic Municipal Market Access ("EMMA") system. The Fiscal Year 2025 ACFR is attached hereto as APPENDIX C.

The City is also required by the City Charter to issue its unaudited Annual Financial Reports (as defined herein) within 120 days after the close of each Fiscal Year. The Annual Financial Report for Fiscal Year 2025 was released on October 28, 2025 (the "FY 2025 AFR (Unaudited)"). The Annual Financial Report for Fiscal Year 2026 is expected to be released on October 28, 2026 (the "FY 2026 AFR (Unaudited)"). See "DISCUSSION OF FINANCIAL OPERATIONS – Annual Financial Reports."

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

Independent Audit and Opinion of the City Controller

The City Controller has examined and expressed opinions on the basic financial statements of the City contained in the Fiscal Year 2025 ACFR. The City Controller has not participated in the preparation of this Official Statement nor in the preparation of the budget estimates and projections and cash flow statements and forecasts set forth in various tables contained in this Official Statement. Consequently, the City Controller expresses no opinion with respect to any of the data contained in this Official Statement other than what is contained in the basic financial statements of the City in the Fiscal Year 2025 ACFR.

Budgetary Accounting Practices

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

The operating funds of the City, consisting of the General Fund, twelve (12) Special Revenue Funds (County Liquid Fuels Tax, Special Gasoline Tax, Health Choices Behavioral Health, Hotel Room Rental Tax, Grants Revenue, Community Development, Car Rental Tax, Acute Care Hospital Assessment, Budget Stabilization Reserve Fund, Housing Trust, Demolition, and Transportation) and two Enterprise Funds (Water and Aviation Funds), are subject to annual operating budgets adopted by City Council. These

budgets appropriate funds for all City departments, boards and commissions by major class of expenditure within each department. Major classes are defined as: (i) personal services; (ii) purchase of services; (iii) materials and supplies; (iv) equipment; (v) contributions, indemnities, and taxes; (vi) debt service; (vii) payments to other funds; and (viii) advances and other miscellaneous payments. The appropriation amounts for each fund are supported by revenue estimates and take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. All transfers between major classes (except for materials and supplies and equipment, which are appropriated together) must have City Council approval. Appropriations that are not expended or encumbered at Fiscal Year-end are lapsed.

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

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

DISCUSSION OF FINANCIAL OPERATIONS

Principal Operations

The major financial operations of the City are conducted through the General Fund. In addition to the General Fund, operations of the City are conducted through two other major governmental funds and 20 non-major governmental funds. The City operates on a July 1 to June 30 fiscal year ("Fiscal Year") and reports on all the funds of the City, as well as its component units, in the City's ACFR. PMA's and PICA's financial statements are blended with the City's statements. The financial statements for PGW, PRA, the PPA, the School District, the Community College of Philadelphia, the Community Behavioral Health, Inc., PHA, and PAID are presented discretely.

Fund Accounting

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

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

The City maintains 23 individual governmental funds. The City's ACFRs, including the Fiscal Year 2025 ACFR, present data separately for the General Fund, Grants Revenue Fund, and Health Choices

Behavioral Health Fund, which are considered to be major funds. Data for the remaining 20 funds are combined into a single aggregated presentation.

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

Fiduciary Funds. The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for PGW's employees' retirement reserve assets. Both of these fiduciary activities are reported in the City's ACFRs, including the Fiscal Year 2025 ACFR, as separate financial statements of fiduciary net assets and changes in fiduciary net assets.

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

Budget Procedure

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

The City Charter provides that, at least 30 days before the end of the Fiscal Year, City Council must adopt by ordinance an operating budget and a capital budget for the ensuing Fiscal Year and a capital program for the six ensuing Fiscal Years. If the Mayor disapproves the bills, they must be returned to City Council with the reasons for disapproval at the first meeting thereof held not less than ten days after receipt of such bills. If the Mayor does not return the bills within the time required, they become law without the Mayor's approval. If City Council passes the bills by a vote of two-thirds of all of its members within seven days after the bills have been returned with the Mayor's disapproval, they become law without the Mayor's approval. While the City Charter requires that City Council adopt the ordinances for the operating and capital budgets at least 30 days before the end of the Fiscal Year, in practice, such ordinances are often adopted after such deadline, but before the end of such Fiscal Year. For example, the proposed Fiscal Year 2027 operating budget was submitted by the Mayor to City Council on March 12, 2026, approved by City Council on June 11, 2026, and signed by the Mayor on June 11, 2026. There is no practical consequence to adopting the budget ordinances after the deadline in the City Charter but before the end of the Fiscal Year.

The capital program is prepared by the Planning Commission staff in cooperation with the Budget Office and is voted on by the Planning Commission's members. The capital program presents the capital appropriations planned for each of the six ensuing Fiscal Years, including the estimated total cost of each project and the sources of funding (local, state, federal, and private) estimated to be required to finance each project. The capital improvement plans for the Water Department and the Department of Aviation are included in the City's capital program. The capital program is reviewed by the Mayor and transmitted to

City Council for adoption with the Mayor's recommendation thereon. The Capital Program ordinance for Fiscal Years 2027-2032 (the "Fiscal Year 2027-2032 Capital Program") was approved by City Council on June 11, 2026, and signed by the Mayor on June 11, 2026 (see Table 48).

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

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

Budget Stabilization Reserve Fund

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

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

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

such certification must be approved either by a resolution adopted by two-thirds of all of the members of City Council or an agency of the Commonwealth with responsibility for ensuring the fiscal stability of the City.

Pursuant to the adopted budget for Fiscal Year 2020, the City made an initial deposit of $34.3 million to the Budget Stabilization Reserve Fund, which was the first-ever deposit to such reserve. Pursuant to the adopted budget for Fiscal Year 2021, the City drew down on such funds and redirected them to spending.

There were no payments to the Budget Stabilization Reserve Fund in Fiscal Years 2021 or 2022. In Fiscal Year 2023, $65.1 million was deposited into the Budget Stabilization Reserve Fund. In Fiscal Year 2024, $42.3 million was deposited into the Budget Stabilization Reserve Fund. In Fiscal Year 2025, $58.3 million was deposited into the Budget Stabilization Reserve Fund. In Fiscal Year 2026, $58.9 million was deposited into the Budget Stabilization Reserve Fund. Following the deposit for Fiscal Year 2026, the total in the Budget Stabilization Reserve Fund is $242.8 million (including interest earnings). Amounts deposited in the Budget Stabilization Reserve Fund are not included in cumulative adjusted year-end General Fund balances. Other than the withdrawal in Fiscal Year 2021 (as described above), there have been no other withdrawals from the Budget Stabilization Reserve Fund.

In the Thirty-Fifth Five-Year Plan, the City projects a payment to the Budget Stabilization Reserve Fund in Fiscal Year 2027 of $52.5 million and Fiscal Year 2028 of $54.7 million. There can be no assurance that such payment to the Budget Stabilization Reserve Fund will occur. The Thirty-Fifth Five-Year Plan does not include any projected payments to the Budget Stabilization Reserve Fund in Fiscal Years 2029-2031. The Thirty-Fifth Five-Year Plan does not include any withdrawals from the Budget Stabilization Reserve Fund. The foregoing projections reflect the approval of the ballot measure amending the Budget Stabilization Reserve Fund as described above.

Annual Financial Reports

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

The City files its unaudited Annual Financial Reports with the MSRB, through the EMMA system, and they are also available on the City's investor information website. The FY 2025 AFR (Unaudited) was posted on EMMA on October 28, 2025. The FY 2026 AFR (Unaudited) is expected to be released on October 28, 2026, and, once released, will be posted on EMMA. See "CITY FINANCES AND FINANCIAL PROCEDURES – Current City Disclosure Practices."

The FY 2026 AFR (Unaudited) will include updated, unaudited information on Fiscal Year 2026, which can be expected to differ, in some manner, from the projections, estimates, and forward-looking

statements included in the FY 2026 Fourth Quarter QCMR. The accuracy of any such projections, estimates, and forward-looking statements cannot be verified until after the close of the Fiscal Year and the completion of the related audit. For more information on the City's historical financial operations and the City's projected General Fund balances for Fiscal Years 2026-2031, see "DISCUSSION OF FINANCIAL OPERATIONS" and Tables 1 and 2 (and the text following Table 2) herein.

Five-Year Plans of the City

The PICA Act requires the City to annually prepare a financial plan that includes projected revenues and expenditures of the principal operating funds of the City for five Fiscal Years consisting of the current Fiscal Year and the subsequent four Fiscal Years. Each five-year plan, which must be approved by PICA, is required, among other things, to eliminate any projected deficits, balance the Fiscal Year budgets, and provide procedures to avoid fiscal emergencies. Under the PICA Act, each five-year plan is required to be submitted at least 100 days prior to the beginning of the next Fiscal Year or on such other date as PICA may approve upon the request of the City. It is the City's practice to submit its five-year plans to PICA after City Council approves, and the Mayor signs, the operating budget ordinance for the next Fiscal Year, which is typically after the 100-day deadline. For example, the Thirty-Fifth Five-Year Plan was submitted to PICA on June 29, 2026, after City Council approved, and the Mayor signed, the Fiscal Year 2027 Adopted Budget. PICA approved the Thirty-Fifth Five-Year Plan at a meeting on July 28, 2026. See "– Current Financial Information" and the text following Table 2.

Quarterly Reporting to PICA

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

Under the 2023 PICA Agreement, a "variance" is deemed to have occurred as of the end of a reporting period if (i) a net adverse change in the fund balance of a covered fund (i.e., a principal operating fund) of more than 5% of the revenues budgeted for such fund for that Fiscal Year is reasonably projected to occur, such projection to be calculated from the beginning of the Fiscal Year for the entire Fiscal Year, or (ii) the actual net cash flows of the City for a covered fund are reasonably projected to be less than 95% of the net cash flows of the City for such covered fund for that Fiscal Year originally forecast at the time of adoption of the budget, such projection to be calculated from the beginning of the Fiscal Year for the entire Fiscal Year.

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

A failure by the City to explain or remedy a variance would, upon certification by PICA, require the Secretary of the Budget of the Commonwealth to withhold funds due to the City from the Commonwealth or any of its agencies (including, with certain exceptions, all grants, loans, entitlements and payments payable to the City by the Commonwealth, including payment of the portion of the PICA

Tax, as further described under "DEBT OF THE CITY – PICA Bonds" below, otherwise payable to the City). The City uses its Quarterly City Managers Reports to satisfy the quarterly reporting requirement to PICA. Such reports are released within 45 days following the end of the applicable quarter and the most recent versions of such reports are available on the City's Investor Website. The most recent Quarterly City Managers Report is the report for the period ending June 30, 2026 and was released on August 17, 2026 (the "FY 2026 Fourth Quarter QCMR"). The next Quarterly City Managers Report is the report for the period ending September 30, 2026, which is required to be released on November 16, 2026.

Summary of Operations

Table 1 presents the summary of operations for the General Fund for Fiscal Years 2023-2025, budgeted amounts and current estimates for Fiscal Year 2026, and budgeted amounts for Fiscal Year 2027. For a description of the legally enacted basis on which the City's budgetary process accounts for certain transactions, see "CITY FINANCES AND FINANCIAL PROCEDURES – Budgetary Accounting Practices."

"Current Estimate," as used in the tables and text below, refers (except as otherwise indicated) to the most recently revised estimates for Fiscal Year 2026, which were released by the City on June 11, 2026, as part of the Thirty-Fifth Five-Year Plan, unless otherwise noted herein. The current estimates for Fiscal Year 2026 included in the FY 2026 Fourth Quarter QCMR are unchanged from those included in the Thirty-Fifth Five-Year Plan. As such, source references to the Thirty-Fifth Five-Year Plan have been retained for current estimates throughout this APPENDIX A, unless otherwise noted herein.

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Table 1
General Fund – Summary of Operations (Legal Basis)
Fiscal Years 2023-2025 (Actual), 2026 (Adopted Budget and Current Estimate), and 2027 (Adopted Budget)
(Amounts in Millions of USD)[1], [2]

	Actual 2023	Actual 2024	Actual 2025	Adopted Budget 2026 (June 13, 2025)	Current Estimate 2026 (June 11, 2026)	Adopted Budget 2027 (June 11, 2026)
Revenues						
Real Property Taxes	$809.6	$838.1	$903.2	$940.4	$922.1	$1,011.9
Wage and Earnings Tax	1,732.8	1,842.9	1,937.1	2,039.7	2,047.8	2,139.6
Net Profits Tax	39.0	42.6	57.4	32.3	39.1	39.2
Business Income and Receipts Tax	673.3	679.8	752.0	725.9	779.3	806.4
Sales Tax[3]	302.2	300.0	311.3	324.0	323.2	342.0
Other Taxes[4]	524.0	315.0	383.4	428.5	410.6	472.6
Philadelphia Beverage Tax[5]	73.4	69.6	68.2	64.4	71.0	72.5
Total Taxes	4,154.3	4,088.0	4,412.6	4,555.2	4,593.0	4,844.3
Locally Generated Non-Tax Revenue	415.1	456.3	466.5	410.4	460.3	435.0
Revenue from Other Governments						
Net PICA Taxes Remitted to the City[6]	674.3	705.5	761.1	769.3	762.7	796.9
Other Revenue from Other Governments[7]	422.3	359.0	389.3	456.5	426.8	435.2
Total Revenue from Other Governments	1,096.6	1,064.5	1,150.5	1,225.8	1,189.5	1,232.1
Receipts from Other City Funds	381.0[8]	454.8[8]	488.0[8]	172.1	80.9	66.2
Total Revenue	6,047.0	6,063.6	6,517.5	6,363.5	6,323.7	6,577.6
Obligations/Appropriations						
Personal Services	1,976.6	2,038.4	2,223.4	2,346.2	2,406.0	2,474.5
Purchase of Services[9]	1,207.3	1,360.4	1,451.8	1,608.2	1,578.7	1,646.0
Materials, Supplies and Equipment	167.7	189.6	165.5	177.4	171.2	175.4
Employee Benefits	1,625.0[10]	1,663.4[10]	1,625.7[10]	1,745.6[10]	1,722.9[10]	1,839.2[10]
Indemnities, Contributions, and Refunds[11]	480.8	452.5	475.0	477.0	494.3	480.8
City Debt Service[12]	190.5	189.1	195.1	231.5	199.5	232.2
Payments to Other City Funds	205.0	198.9	123.2	96.2	151.2	96.9
Advances & Miscellaneous Payments[13]	0.0	0.0	0.0	101.6[14]	15.5[14]	136.5[14]
Payment to Budget Stabilization Reserve Fund	65.1	42.3	58.3	58.9	58.9	52.5
Total Obligations/Appropriations	5,918.4	6,134.7	6,317.9	6,842.6	6,798.2	7,134.0
Operating Surplus (Deficit) for the Year	128.6	(71.2)	199.6	(479.1)	(474.5)	(556.3)
Net Adjustments – Prior Year[15]	73.8	32.5	36.6	35.5	179.8	36.5
Cumulative Fund Balance Prior Year	779.1	981.6	942.9	914.5[16]	1,179.1[16]	884.4
Cumulative Adjusted Year End Fund Balance (Deficit)	$981.6	$942.9	$1,179.1	$471.0	$884.4	$364.6

(1) Sources: For Fiscal Years 2023-2025, the City's ACFRs for such Fiscal Years. For Fiscal Year 2026, the Fiscal Year 2026 Adopted Budget and the Thirty-Fifth Five-Year Plan, as applicable. For Fiscal Year 2027, the Fiscal Year 2027 Adopted Budget.

(2) Figures may not sum due to rounding.

(3) For more information on the City Sales Tax, see "REVENUES OF THE CITY – Sales and Use Tax."

(4) Includes Amusement Tax, Realty Transfer Tax, Parking Tax, Smokeless Tobacco Tax and miscellaneous taxes. Starting in Fiscal Year 2024, Parking Tax revenues are no longer part of the General Fund. Such revenues have been reassigned to the Transportation Fund, which is accounted for as a special revenue fund.

(5) The Philadelphia Beverage Tax (as defined herein) taxes the distribution of certain beverages at 1.5 cents per ounce and became effective January 1, 2017.

(6) For a detailed breakdown of "Net PICA Taxes Remitted to the City," see Table 43. Such figures reflect revenues received by the City from the PICA Tax of 1.50%, the proceeds of which are remitted to PICA for payment of debt service on PICA Bonds (if any) and PICA expenses. After paying debt service and expenses, net proceeds from the tax are remitted to the City as Revenue from Other Governments. There are no PICA Bonds outstanding as of June 30, 2026 and no current debt service payments. See "DEBT OF THE CITY – PICA Bonds."

(7) For a detailed breakdown of "Other Revenue from Other Governments," see Table 12. "Other Revenue from Other Governments" includes state gaming revenues.

(8) In Fiscal Year 2023, the City included approximately $335 million in federal COVID-19 relief funding from ARPA. In Fiscal Year 2024 Adopted Budget, the City included approximately $391 million in federal COVID-19 relief funding from ARPA. In Fiscal Year 2025, the City included approximately $419 million in federal COVID-19 relief funding from ARPA (representing the final draw down of American Rescue Plan funds).

(9) Includes debt service on lease and service agreement financings.

(10) For Fiscal Year 2023, includes $92.1 million from Sales and Use Tax revenues for the Municipal Pension Fund. For Fiscal Year 2024, includes $90.0 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2025, includes $95.6 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2026 (Adopted Budget), assumes $102.0 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2026 (Current Estimate), assumes $101.6 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2027 (Adopted Budget), assumes $111.0 million from such tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."

(11) Includes contributions to the School District. See also Table 21 and the accompanying text herein.

(12) Includes debt service on General Obligation Debt (as defined herein) and, if issued and outstanding, interest on tax and revenue anticipation notes; excludes debt service on PICA Bonds (when issued and outstanding) and lease and service agreement financings.

(13) Advances & Miscellaneous Payments includes certain budgeted reserves for a given Fiscal Year. Any portion of such reserves that is not used to offset the applicable stated costs will increase the General Fund balance at the end of the given Fiscal Year, if not used by the City for other purposes.

(14) For Fiscal Year 2026 (Adopted Budget), includes $101.6 million in the Labor Reserve and $0.0 million in the Federal Funding Reserve. For Fiscal Year 2026 (Current Estimate), includes $15.5 million in the Labor Reserve and $0.0 million in the Federal Funding Reserve. As noted herein, any portion of the Labor Reserve or the Federal Funding Reserve that is not used to offset the applicable stated costs will increase the General Fund balance at the end of the given Fiscal Year, if not used by the City for other purposes.

(15) "Net Adjustments – Prior Year" includes the cancellation of commitments from previous Fiscal Years during the current Fiscal Year.

(16) In its Fiscal Year 2026 Adopted Budget, the City projected that Fiscal Year 2025 would end with a General Fund balance of $914.5 million. In the Fiscal Year 2025 ACFR, the City reported that Fiscal Year 2025 ended with a General Fund balance of $1.179 billion. Such number has been included as the "Prior Year Fund Balance" in the Thirty-Fifth Five-Year Plan.

Current Financial Information

Table 2 below shows General Fund balances for Fiscal Year 2025, budgeted amounts and current estimates for Fiscal Year 2026, and budgeted amounts for Fiscal Year 2027.

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

	Fiscal Year 2025 Actual[2] (June 30, 2025)	Fiscal Year 2026 Adopted Budget[2] (June 13, 2025)	Fiscal Year 2026 Current Estimate[2] (June 11, 2026)	Fiscal Year 2027 Adopted Budget[2] (June 11, 2026)
REVENUES				
Taxes	$4,412,575[3]	$4,555,182[3]	$4,592,971[3]	$4,844,302[3]
Locally Generated Non – Tax Revenues	466,483	410,440	460,334	434,983
Revenue from Other Governments	1,150,477	1,225,774	1,189,469	1,232,146
Revenues from Other Funds of City	487,953[4]	172,105	80,902	66,201
Total Revenue	**$6,517,488**	**$6,363,501**	**$6,323,676**	**$6,577,632**
OBLIGATIONS / APPROPRIATIONS				
Personal Services	$2,223,350	$2,346,195	$2,405,989	$2,474,494
Personal Services – Employee Benefits	1,625,687[5]	1,745,588[5]	1,722,866[5]	1,839,213
Purchase of Services[6]	1,451,806	1,608,223	1,578,721	1,645,979
Materials, Supplies, and Equipment	165,463	177,403	171,151	175,358
Contributions, Indemnities, and Taxes	474,999	476,983	494,333	480,844
Debt Service[7]	195,119	231,495	199,495	232,195
Payments to Other Funds	123,166	96,235	151,235	96,936
Advances & Miscellaneous Payments[8]	0	101,577[9]	15,508[9]	136,462[9]
Payment to Budget Stabilization Reserve Fund	58,291	58,860	58,860	52,484
Total Obligations / Appropriations	**$6,317,879**	**$6,842,559**	**$6,798,158**	**$7,133,965**
Operating Surplus (Deficit)	**199,607**	**(479,058)**	**(474,482)**	**(556,333)**
OPERATIONS IN RESPECT TO PRIOR FISCAL YEARS				
Net Adjustments – Prior Years[10]	$36,586	$35,500	$179,802	$36,500
Operating Surplus/(Deficit) & Prior Year Adj.	236,195	(443,558)	(294,680)	(519,833)
Prior Year Fund Balance	942,900	914,527[11]	1,179,095[11]	884,415
Year End Fund Balance	**$1,179,095**	**$470,969**	**$884,415**	**$364,582**

(1) Figures may not sum due to rounding.

(2) Sources: For Fiscal Year 2025, the Fiscal Year 2025 ACFR. For Fiscal Year 2026, the Fiscal Year 2026 Adopted Budget and the Thirty-Fifth Five-Year Plan, as applicable. For Fiscal Year 2027, the Fiscal Year 2027 Adopted Budget

(3) For Fiscal Year 2025, includes $68.2 million in revenue from such tax. For Fiscal Year 2026 Adopted Budget, assumes $64.4 million in revenue from such tax. For Fiscal Year 2026 Current Estimate, assumes $71.0 million in revenue from such tax. For Fiscal Year 2027 Adopted Budget, assumes $72.5 million in revenue from such tax. The Philadelphia Beverage Tax taxes the distribution of certain beverages at 1.5 cents per ounce and became effective January 1, 2017.

(4) For Fiscal Year 2025, the City included approximately $419 million in federal COVID-19 relief funding from ARPA (representing the final draw down of American Rescue Plan funds).

(5) For Fiscal Year 2025, includes $95.6 million from Sales and Use Tax revenues for the Municipal Pension Fund. For Fiscal Year 2026 (Adopted Budget), assumes $102.0 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2026 (Current Estimate), assumes $101.6 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2027 (Adopted Budget), assumes $111.0 million from such tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."

(6) Includes debt service on lease and service agreement financings.

(7) Includes debt service on General Obligation Debt (as defined herein) and, if issued and outstanding, interest on tax and revenue anticipation notes; excludes debt service on PICA Bonds (when issued and outstanding) and lease and service agreement financings.

(8) Advances & Miscellaneous Payments includes certain budgeted reserves for a given Fiscal Year. Any portion of such reserves that is not used to offset the applicable stated costs will increase the General Fund balance at the end of the given Fiscal Year, if not used by the City for other purposes.

(9) For Fiscal Year 2026 (Adopted Budget), includes $101.6 million in the Labor Reserve and $0.0 million in the Federal Funding Reserve. For Fiscal Year 2026 (Current Estimate), includes $15.5 million in the Labor Reserve and $0.0 million in the Federal Funding Reserve. For Fiscal Year 2027 (Adopted Budget), includes $45.5 million in the Labor Reserve and $91.0 million in the Federal Funding Reserve As noted herein, any portion of the Labor Reserve or the Federal Funding Reserve that is not used to offset the applicable stated costs will increase the General Fund balance at the end of the given Fiscal Year, if not used by the City for other purposes.

(10) "Net Adjustments – Prior Year" includes the cancellation of commitments from previous Fiscal Years during the current Fiscal Year.

(11) In its Fiscal Year 2026 Adopted Budget, the City projected that Fiscal Year 2025 would end with a General Fund balance of $914.5 million. In the Fiscal Year 2025 ACFR, the City reported that Fiscal Year 2025 ended with a General Fund balance of $1.179 billion. Such number has been included as the "Prior Year Fund Balance" in the Thirty-Fifth Five-Year Plan.

The following discussion of the Fiscal Year 2026 Adopted Budget, the Thirty-Fourth Five-Year Plan, the Fiscal Year 2027 Adopted Budget, and the Thirty-Fifth Five-Year Plan, as applicable, is based, in part, on estimates, projections, and forward-looking statements related to Fiscal Year 2026 and Fiscal Year 2027. No assurance can be given that the applicable budget estimates and forward-looking statements will be realized. The accuracy of such budget estimates and forward-looking statements cannot be verified until after the close of the given Fiscal Year and the completion of the related audits.

Fiscal Year 2026 Adopted Budget and Thirty-Fourth Five-Year Plan. The City's proposed Fiscal Year 2026 operating budget was submitted by the Mayor to City Council on March 13, 2025, along with the City's Proposed Five-Year Plan for Fiscal Years 2026-2030. On June 12, 2025, City Council approved the Fiscal Year 2026 operating budget ordinance, which was signed by the Mayor on June 13, 2025 (the "Fiscal Year 2026 Adopted Budget").

On June 30, 2025, the City submitted to PICA for approval its FY 2026-2030 Five Year Financial Plan (the "Thirty-Fourth Five-Year Plan"). PICA approved the Thirty-Fourth Five-Year Plan at a meeting on July 28, 2025.

General Fund Balance. In the Fiscal Year 2026 Adopted Budget, the City projected that Fiscal Year 2025 would end with a General Fund balance of $914.5 million. In the Fiscal Year 2025 ACFR, the City reported that Fiscal Year 2025 ended with a General Fund balance of $1.179 billion.

The audited General Fund balance for Fiscal Year 2025 is approximately $8 million lower than the unaudited balance reported in October 2025, which is attributable to a transfer of $8 million from the General Fund to the Grants Fund.

The impact of the General Fund balance as reported in the Fiscal Year 2025 ACFR, while higher than the estimate in the Fiscal Year 2026 Adopted Budget, should be viewed in the context of the overall financial position of the City in Fiscal Year 2026 and over the course of the Thirty-Fourth Five-Year Plan, including: (i) budget uncertainty at the state and federal level; (ii) changes in federal policy, which are creating uncertainty as to the availability of certain federal funding for the City; (iii) ongoing negotiations with labor unions that have expired contracts; and (iv) the end of federal support provided by ARPA (the last of related funding was obligated prior to the December 31, 2024 deadline as required by United States Treasury, as further described herein).

Fiscal Year 2026 Current Estimates. The current estimates for Fiscal Year 2026 are derived from information included in the Thirty-Fifth Five-Year Plan. The current estimates for Fiscal Year 2026 included in the FY 2026 Fourth Quarter QCMR are unchanged from those included in the Thirty-Fifth Five-Year Plan. As such, source references to the Thirty-Fifth Five-Year Plan have been retained for current estimates throughout this APPENDIX A, unless otherwise noted herein.

In the Thirty-Fifth Five-Year Plan, the City is estimating for Fiscal Year 2026 (i) $6.324 billion in General Fund revenues (compared to $6.517 billion for Fiscal Year 2025) and (ii) $6.798 billion in General Fund obligations (compared to $6.318 billion for Fiscal Year 2025), with a General Fund year-end balance (on the legally enacted basis) of approximately $884.4 million (compared to $1.179 billion for Fiscal Year 2025).

Fiscal Year 2027 Adopted Budget and Thirty-Fifth Five-Year Plan. The City's proposed Fiscal Year 2027 operating budget was submitted by the Mayor to City Council on March 12, 2026, along with the City's Proposed Five-Year Plan for Fiscal Years 2027-2031. On June 11, 2026, City Council approved the Fiscal Year 2027 operating budget ordinance, which was signed by the Mayor on June 11, 2026 (the "Fiscal Year 2027 Adopted Budget"). On June 29, 2026, the City submitted to PICA for approval its FY 2027-2031 Five Year Financial Plan (the "Thirty-Fifth Five-Year Plan"). PICA approved the Thirty-Fifth Five-Year Plan at a meeting on July 28, 2026.

PICA staff, in recommending that PICA approve the Thirty-Fifth Five-Year Plan, noted that the revenue and expenditure projections presented in such Plan were [quoting from the PICA Act] "based on reasonable and appropriate assumptions and methods of estimation . . . consistently applied."

The PICA staff report concluded that "[a]lthough PICA is confident that the [p]lan is based on reasonable and appropriate assumptions and includes year-end fund balances that are positive throughout the life of the [p]lan, certain factors were identified that may present risks to the [p]lan." In particular, the PICA staff report identified "external factors, internal policies, and operational choices [that] could unbalance the [p]lan and trigger a variance that would require the City to devise and deliver a new [p]lan for PICA approval." The key risks to the Thirty-Fifth Five-Year Plan as highlighted in the PICA staff report include:

> (i) external decisions and disruptions, such as federal funding decisions and policies, economic downturns, and financial challenges of other entities; (ii) labor needs and costs, such as maintaining adequate staffing levels, new labor contracts and awards, and pension costs; (iii) 'budget blind spots,' such as certain operating costs and incompletely scoped budgets for new initiatives, capital budget spending and repurposing, and limited oversight regarding spending on programs or services not delivered directly by the City; and (iv) navigating fiscal cliffs and unexpected budget stressors.

In addition to the foregoing risks, the PICA staff report noted positive fiscal factors regarding the financial condition of the City as it considered the Thirty-Fifth Five-Year Plan, including (a) commitment to pension plan funding; (b) deposits into the Budget Stabilization Reserve Fund; (c) decreasing operating deficits over the life of the Thirty-Fifth Five-Year Plan and operating surplus towards the end thereof; (d) stable credit ratings; and (e) maintaining the Labor Reserve.

The PICA staff report also provided certain recommendations to the City to address potential financial concerns that could impact the City's financial condition over the course of the Thirty-Fifth Five-Year Plan: (1) allocate additional reserves; (2) improve capital budget transparency; and (3) pair major initiatives with fiscal sustainability plans.

Projected General Fund Balances in the Thirty-Fifth Five-Year Plan. For Fiscal Years 2027-2031, the Thirty-Fifth Five-Year Plan projects that the City will end such Fiscal Years with General Fund balances (on the legally enacted basis) of approximately (i) $364.6 million (Fiscal Year 2027); (ii) $133.8 million (Fiscal Year 2028); (iii) $59.1 million (Fiscal Year 2029); (iv) $62.3 million (Fiscal Year 2030); and (v) $107.4 million (Fiscal Year 2031).

For Fiscal Years 2027-2031, the Thirty-Fifth Five-Year Plan projects that the City will end such Fiscal Years with combined General Fund balances plus Budget Stabilization and Federal Funding Reserves of approximately (i) $745.8 million (Fiscal Year 2027); (ii) $569.7 million (Fiscal Year 2028); (iii) $495.0 million (Fiscal Year 2029); (iv) $498.2 million (Fiscal Year 2030); and (v) $543.2 million (Fiscal Year 2031).

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

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REVENUES OF THE CITY

General

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

Major Revenue Sources

The City derives its revenues primarily from various taxes, non-tax revenues, and receipts from other governments. See Table 3 for General Fund tax revenues for Fiscal Years 2023-2025, the budgeted amounts and current estimates for Fiscal Year 2026, and the budgeted amounts for Fiscal Year 2027. The following discussion of the City's revenues does not take into account revenues in the non-debt related funds.

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

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Table 3
General Fund Tax Revenues
Fiscal Years 2023-2025 (Actual), 2026 (Adopted Budget and Current Estimate), and 2027 (Adopted Budget)
(Amounts in Millions of USD) [(1), (2), (3)]

	Actual 2023	Actual 2024	Actual 2025	Adopted Budget 2026 (June 13, 2025)	Current Estimate 2026 (June 11, 2026)	Adopted Budget 2027 (June 11, 2026)
Real Property Taxes						
Current	$780.3	$803.2	$859.3	$897.2	$877.1	$972.5
Prior	29.3	34.9	43.9	43.2	45.0	39.4
Total	$809.6	$838.1	$903.2	$940.4	$922.1	$1,011.9
Wage and Earnings Tax[4]						
Current	$1,730.1	$1,840.2	$1,930.9	$2,034.3	$2,042.4	2,134.2
Prior	2.7	2.7	6.2	5.4	5.4	5.4
Total	$1,732.8	$1,842.9	$1,937.1	$2,039.7	$2,047.8	$2,139.6
Business Taxes						
Business Income and Receipts Tax						
Current & Prior	$673.3	$679.8	$752.0	$725.9	$779.3	$806.4
Net Profits Tax						
Current	$33.9	$31.9	$49.4	$27.6	$34.4	$34.5
Prior	5.1	10.7	8.0	4.7	4.7	4.7
Subtotal Net Profits Tax	$39.0	$42.6	$57.4	$32.3	$39.1	$39.2
Total Business and Net Profits Taxes	$712.2	$722.3	$809.4	$758.2	$818.4	$845.7
Other Taxes						
Sales and Use Tax[5]	$302.2	$300.0	$311.3	$324.0	$323.2	$342.0
Amusement Tax	36.1	40.8	43.4	47.4	46.2	47.3
Realty Transfer Tax	378.8	265.6	331.5	372.7	356.4	377.3
Parking Taxes[6]	101.9	-	-	-	-	-
Other Taxes	7.1	8.6	8.6	8.3	7.9	8.1
Subtotal Other Taxes	$826.2	$615.1	$694.8	$752.4	$733.7	$774.6
Philadelphia Beverage Tax[7]	73.4	69.6	68.2	64.4	71.0	72.5
TOTAL TAXES	**$4,154.3**	**$4,088.0**	**$4,412.6**	**$4,555.2**	**$4,593.0**	**$4,844.3**

(1) Sources: For Fiscal Years 2023-2025, the City's ACFRs for such Fiscal Years. For Fiscal Year 2026, the Fiscal Year 2026 Adopted Budget and the Thirty-Fifth Five-Year Plan, as applicable. For Fiscal Year 2027, the Fiscal Year 2027 Adopted Budget.

(2) See Table 7 in the Fiscal Year 2025 ACFR for tax rates.

(3) Figures may not sum due to rounding.

(4) Does not include the PICA Tax of 1.50%, the proceeds of which are remitted to PICA for payment of debt service on PICA Bonds and PICA expenses. After paying debt service and expenses, net proceeds from the tax are remitted to the City as Revenue from Other Governments. There are no PICA Bonds outstanding as of June 30, 2026 and no current debt service payments. See "DEBT OF THE CITY – PICA Bonds" for a description of the PICA Tax.

(5) For more information on the City Sales Tax, see "– Sales and Use Tax" and Table 11.

(6) Starting in Fiscal Year 2024, Parking Tax revenues are no longer part of the General Fund. Such revenues have been reassigned to the Transportation Fund, which utilizes the Parking Tax and certain fees and grants to support transportation activities including traffic, engineering, school crossing guards, right-of-way management, public safety enforcement officers, surveys, and street lighting. The Transportation Fund is accounted for as a special revenue fund.

(7) The Philadelphia Beverage Tax taxes the distribution of certain beverages at 1.5 cents per ounce and became effective January 1, 2017.

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Wage, Earnings, and Net Profits Taxes

The largest tax revenue source (comprising approximately 45.2% of all tax revenues in Fiscal Year 2025) is the Wage, Earnings, and Net Profits Tax (the "Wage, Earnings, and Net Profits Tax"). All employed Philadelphia residents owe the Wage Tax, regardless of where they work. Non-residents who work in Philadelphia must also pay the Wage Tax. All employers located in Pennsylvania are required to register with the City of Philadelphia to remit the tax on the behalf of their employees. Philadelphia residents whose employer does not withhold and remit the Wage Tax on their behalf must pay the Earnings Tax. The Net Profits Tax is collected on the net profits from the operation of a trade, business, profession, enterprise or other activity conducted by individuals, partnerships, associations or estates and trusts within the City limits.

Table 4 sets forth the resident and non-resident Wage, Earnings, and Net Profits Tax rates for Fiscal Years 2023-2026, the annual Wage, Earnings, and Net Profits Tax receipts in Fiscal Years 2023-2025, the budgeted amount and current estimate of such receipts for Fiscal Year 2026, and the budgeted amount of such receipts for Fiscal Year 2027.

Table 4
Summary of Wage, Earnings, and Net Profits Tax Rates and Receipts
Fiscal Years 2023-2025 (Actual), 2026 (Adopted Budget and Current Estimate), and 2027 (Adopted Budget)[1]

Fiscal Year	Resident Wage, Earnings and Net Profits Tax Rates[2]	Non-Resident Wage, Earnings and Net Profits Tax Rates	Annual Wage, Earnings and Net Profits Tax Receipts (including PICA Tax) (Amounts in Millions of USD)[3]
2023	3.79%	3.44%	$2,446.1 (Actual)
2024	3.75%	3.44%	$2,601.8 (Actual)
2025	3.75%	3.44%	$2,750.3 (Actual)
2026	3.74%	3.43%	$2,841.3 (Adopted Budget) $2,849.6 (Current Estimate)
2027	3.735%	3.425%	[$2,975.8] (Adopted Budget)

(1) See Table 7 in the Fiscal Year 2025 ACFR for tax rates for Fiscal Years 2023-2025. For tax rates for Fiscal Years 2026 and 2027, see the Fiscal Year 2025 tax ordinance.
(2) Includes PICA Tax. See "DEBT OF THE CITY – PICA Bonds" for a description of the PICA Tax.
(3) Sources: For Fiscal Years 2023-2025, the City's ACFRs for the City's annual Wage, Earnings, and Net Profits Tax receipts and the City's Quarterly City Managers Reports for gross PICA Tax (see first column in Table 43). For Fiscal Year 2026, the Fiscal Year 2026 Adopted Budget and the Thirty-Fifth Five-Year Plan, as applicable. For Fiscal Year 2027, the Fiscal Year 2027 Adopted Budget.

The Thirty-Fifth Five-Year Plan includes reductions to the Wage, Earnings, and Net Profits Tax Rates for Fiscal Years 2027 to 2031 to the following levels: (i) Resident Wage, Earnings and Net Profits Tax Rates – 3.735%, 3.730%, 3.720%, 3.700%, and 3.690%, respectively, and (ii) Non-Resident Wage, Earnings and Net Profits Tax Rates – 3.425%, 3.420%, 3.410%, 3.390%, and 3.380%, respectively.

Commonwealth funding from gaming revenues is mandated by statute to be used to reduce the resident and nonresident Wage, Earnings, and Net Profits Tax rate. Gaming revenues averaged approximately $86.3 million in Fiscal Years 2018-2022. For Fiscal Year 2023, the amount of gaming revenues was $108.8 million. For Fiscal Year 2024, the amount of gaming revenues was $108.8 million. For Fiscal Year 2025, the amount of gaming revenues was $130.6 million. For Fiscal Year 2026, the budgeted amount and current estimate of gaming revenues is $150.3 million. For Fiscal Year 2027, the budgeted amount of gaming revenues is $150.3 million.

Business Income and Receipts Tax

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

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

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

BIRT Lawsuits. In August 2024, a lawsuit was filed against the City by a taxpayer challenging its BIRT liability, claiming that (i) the Revenue Commissioner's adoption of single sales factor apportionment is not statutorily authorized and (ii) the small business exemption of the first $100,000 of receipts from the BIRT violates the Uniformity Clause of the Pennsylvania Constitution because it results in different tax rates for businesses. That suit was settled, and in the Fiscal Year 2026 Adopted Budget, the City eliminated the small business exemption for Tax Year 2025 and going forward, which will increase BIRT collections and require more small businesses in the City to file a BIRT return. The City, through the Department of Commerce, has expanded certain programs that support small businesses in Fiscal Years 2026 and 2027, including free tax preparation and technical assistance programs, as well as grant programs that support retail businesses located along commercial corridors and small businesses with viable growth plans.

Another similarly situated case has been filed in Common Pleas Court, and additional refund claims are pending before the Tax Review Board. These challenges are virtually identical to the matter described in the preceding paragraph. If successful, damages from these collective actions, while difficult to assess, could approach approximately $80 million. The City is litigating the Common Pleas case and the Tax Review Board is holding the other refund claims for the outcome of that case.

Table 5 provides a summary of BIRT rates for tax years 2016-2031.

Table 5
Summary of Business Income and Receipts Tax Rates

Tax Year	Gross Receipts	Net Income
2016	1.415 mills	6.39%
2017	1.415 mills	6.35%
2018	1.415 mills	6.30%
2019	1.415 mills	6.25%
2020	1.415 mills	6.20%
2021	1.415 mills	6.20%
2022	1.415 mills	5.99%
2023	1.415 mills	5.81%
2024	1.415 mills	5.81%
2025	1.410 mills	5.71%
2026	1.395 mills	5.65%
2027	1.390 mills	5.60%
2028	1.385 mills	5.55%
2029	1.380 mills	5.50%
2030	1.255 mills	5.45%
2031	1.130 mills	5.30%

By ordinance, BIRT rates are scheduled to continue to decline each tax year through 2038. For tax year 2038, the BIRT is scheduled to be 0.0 mills for gross receipts and 2.80% for net income. With the reduction of the BIRT rate on gross receipts to 0.0 mills, the City's business tax structure will be more consistent with other jurisdictions.

Real Property Taxes

Assessment and Collection. Taxes are levied on the assessed value of all taxable residential and commercial real property located within the City's boundaries for the City and for the School District (each, a "Real Estate Tax") as assessed by the Office of Property Assessment ("OPA") and collected by the Department of Revenue for both the City and the School District. Real Estate Taxes are authorized by Commonwealth law with the millage split between the City Real Estate Tax and the School District Real Estate Tax changing over the years. Currently, the City Real Estate Tax is equal to 44% of the total authorized millage and the School District Real Estate Tax is equal to 56% of the total authorized millage. An additional 0.5% of the millage will be allocated to the School District starting in Fiscal Year 2030.

Real Estate Taxes are levied on a calendar year basis. By separate ordinances, City Council levies the City Real Estate Tax and authorizes the rate at which the Board of Education may levy the School District Real Estate Tax. City Council authorizes the Board of Education to levy all School District taxes, including the School District Real Estate Tax. Bills are sent in December for the following year, and payments are due March 31.

In tax year 2014, the OPA reassessed all properties in Philadelphia at their actual market value under the Actual Value Initiative ("AVI") in order to replace outdated values and inequities within the system. At such time, the City also implemented a Homestead Exemption of $30,000 for all primary residential owner-occupants, which has been increased several times. In Fiscal Year 2025, the Homestead Exemption increased from $80,000 to $100,000 of assessed value.

In August 2026, the City Controller released a report examining the ongoing eligibility of certain property owners who are claiming the Homestead Exemption. This report was a follow up from a similar investigation made in December 2024. The City reviewed the updated report's findings and recommendations and any potential impact on Real Estate Taxes. As before, the Department of Revenue's

findings were not consistent with those in the report. In a separate effort, the Department of Revenue formed a Real Estate Tax Assistance Enforcement unit in 2023. In Fiscal Year 2026, the City removed the Homestead Exemption from more than 12,300 properties and billed more than $30 million in additional Real Estate Tax. The City's Real Estate Tax assistance program review and enforcement efforts are ongoing.

In addition to the Homestead Exemption, the City has several other property tax relief programs for taxpayers. In particular, in Fiscal Year 2025, the City enacted the Low-Income Tax Freeze, which permits a freeze in property tax increases for low-income homeowners. Under the Low-Income Tax Freeze, the dollar amount of property taxes owed is frozen, even if the assessment value or tax rate changes. Those enrolled in the Low-Income Tax Freeze program remain enrolled so long as they meet eligibility requirements.

Previously, in December 2019, City Council also passed legislation to modify the existing 10-year property tax abatement for new construction of residential properties. The program has been adjusted to exempt 100% of the improvement value in the first year with graduated 10% annual reductions in the exemption percentage each subsequent year. The City did not make changes to the existing property tax abatement programs for commercial buildings or substantial rehabilitation of residential structures. Due to the COVID-19 pandemic, this legislation was amended to delay its effective date and applies to exemption applications beginning on or after January 1, 2022.

The Real Estate Tax rates for tax years 2022-2026 are set forth in Table 6 below:

Table 6
Real Estate Tax Rates and Allocations

Tax Year	City	School District	Total
2022	0.6317%	0.7681%	1.3998%
2023	0.6317%	0.7681%	1.3998%
2024	0.6317%	0.7681%	1.3998%
2025	0.6159%	0.7839%	1.3998%
2026	0.6159%	0.7839%	1.3998%

For Fiscal Year 2024, the actual amount of Real Estate Tax revenue for the City was $803.2 million (excluding delinquent collections). For Fiscal Year 2025, the actual amount of Real Estate Tax revenue for the City was $859.3 million (excluding delinquent collections). For Fiscal Year 2026, the budgeted amount of Real Estate Tax revenue for the City is $897.2 million (excluding delinquent collections). For Fiscal Year 2026, the current estimate of Real Estate Tax revenue for the City is $877.1 million (excluding delinquent collections). See Table 3 above.

Beginning in Fiscal Year 2030, the Real Estate Tax rates and allocations will be 0.6090% for the City (or 43.5% of Real Estate Tax revenue) and 0.7908% for the School District (or 56.5% of Real Estate Tax revenue).

For information on the process for appealing a property tax assessment, see the text before and after Table 7 below.

Table 7 shows certified property values for tax years 2026 and 2027.

Table 7
Certified Property Values for Tax Years 2026 and 2027

Tax Year 2026

Category	Market Value[1]	Exempt Assessed Value	Homestead	Taxable Assessed Value	# of Properties
Single Family Residential	$123,232,843,165	$10,348,620,866	$23,287,812,377	$89,596,569,922	464,138
Multi-Family Residential (Apartments)[2]	26,528,602,065	4,243,090,049	855,803,558	21,431,018,118	41,266
Commercial[3]	65,180,767,100	33,762,730,814	13,886,762	31,403,547,484	17,169
Non-Residential[4]	11,347,666,140	1,676,422,913	101,668,750	9,569,574,477	18,340
Vacant Land	7,204,951,601	3,751,002,689	10,910,162	3,443,536,950	42,537
Total	**$233,494,830,071**	**$53,781,867,331**	**$24,270,081,609**	**$155,444,246,951**	**583,450**

[1] Assessment data current as of April 1, 2025.
[2] Apartments were split from the previous hotels and apartments category and are now reflected as multi-family residential.
[3] Includes retail and office.
[4] Includes industrial, store with dwelling, hotels, motels, governmental, and institutional.

Tax Year 2027

Category	Market Value[1]	Exempt Assessed Value	Homestead	Taxable Assessed Value	# of Properties
Single Family Residential	$128,386,177,600	$9,814,643,511	$23,133,807,269	$95,437,726,820	464,242
Multi-Family Residential (Apartments)[2]	26,383,273,600	3,661,908,794	845,795,980	21,875,568,826	41,377
Commercial[3]	70,004,303,563	36,164,266,731	11,113,695	33,828,923,137	17,849
Non-Residential[4]	14,407,248,860	2,438,235,215	65,182,920	11,903,830,725	18,159
Vacant Land	7,762,950,200	4,082,879,220	2,825,528	3,677,245,452	43,034
Total	**$246,943,953,823**	**$56,161,933,471**	**$24,058,725,392**	**$166,723,294,960**	**584,661**

[1] Assessment data current as of April 1, 2026.
[2] Apartments were split from the previous hotels and apartments category and are now reflected as multi-family residential.
[3] Includes retail and office.
[4] Includes industrial, store with dwelling, hotels, motels, governmental, and institutional.

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

OPA certifies the market values during the prior year (i.e., for tax year 2027, OPA certified the market values on March 31, 2026). Taxpayers base their appeals on the certified market values, and therefore, the assessed values are adjusted as the appeals are finalized. Taxpayers generally are permitted, during the appeals process, to pay their property tax bills based on the certified market value of their properties from the prior assessment. For budgetary purposes, OPA provides updated assessment data to the Office of the Director of Finance each year, from which Real Estate Tax projections are made. Certified values can vary substantially from the amounts included in such data and, as such, Real Estate Tax collections can also vary from the amounts included in the City's proposed annual operating budget.

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

For tax year 2025 (as certified on May 31, 2024), OPA revised the assessed values of over 550,000 parcels throughout the City as part of its first citywide revaluation since tax year 2023. OPA retained an outside firm to conduct a ratio study on the 2025 assessments for single-family homes, which determined that OPA met (and improved on) industry standards for uniformity, equity, and accuracy. As of September 9, 2026, OPA has received approximately 20,611 FLRs, with decisions rendered for all FLRs. As of September 9, 2026, the BRT has received 13,297 appeals, with approximately 1,724 that have yet to be decided.

For tax year 2026 (as certified on March 31, 2025), the City did not conduct a citywide revaluation so that OPA could focus on reviewing FLR applications submitted for tax year 2025. As such, the City carried forward the assessed values from tax year 2025, with the exception of properties that had new construction, expiring abatements, renovations, subdivisions, consolidations, or errors in prior year assessments. As of September 9, 2026, OPA has received approximately 119 FLRs, with decisions rendered for all FLRs. As of September 9, 2026, the BRT has received 4,003 appeals, with approximately 2,348 that have yet to be decided.

For tax year 2027 (as certified on March 31, 2026), OPA revised the assessed values of over 550,000 parcels throughout the City as part of its first citywide revaluation since tax year 2025. Both OPA's internal ratio study, as well as an independent study showed that the tax year 2027 revaluation meets industry standards and continues to uphold uniformity, equity, and accuracy of property valuations citywide. OPA mailed assessment notices on June 29, 2026. Property owners will have until October 5, 2026, to file an FLR for tax year 2027. Property owners also have the option to file a BRT appeal by October 5, 2026.

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

the uniformity, accuracy, and equity of OPA's tax year 2027 assessments for single-family residential properties. The Mayor also established the Philadelphia Residential Property Assessment Task Force to examine OPA's assessment process, as well as identify best practices, develop recommendations, and create implementation frameworks. A report containing these recommendations is being finalized. OPA will continue to collaborate with the Task Force to implement OPA-related recommendations from the report.

Real Estate Tax Tables. See Table 8 below for data with respect to Real Estate Taxes levied from 2021 to 2025 and collected by the City from January 1, 2021 to June 30, 2025. See Table 9 for the assessed property values of the City's principal taxable assessed parcels in 2027. See Table 10 for the 2027 market and assessed values of the ten highest valued taxable real properties in the City, as well as the amounts and duration of Real Estate Tax abatements with respect to such properties.

Table 8
City of Philadelphia
Real Property Taxes Levied and Collected
For the Calendar Years 2021-2025
(Amounts in Millions of USD)[(1), (2), (3)]

Calendar Year	Taxes Levied Based on Original Assessment[(4)]	Taxes Levied Based on Adjusted Assessment[(5)]	Collections in the Calendar Year of Levy[(7)]	Percentage Collected in the Calendar Year of Levy	Collections in Subsequent Years[(6), (7)]	Total Collections to Date: All Years[(7)]	Percentage Collected to Date: All Years[(7)]
2021	$729.7	$713.9	$692.2	97.0%	$24.7	$716.9	100.4%
2022	$732.2	$721.9	$705.7	97.9%	$19.6	$725.3	100.6%
2023	$872.8	$835.3	$789.2	94.5%	$14.4	$803.6	96.2%
2024	$875.6	$842.3	$799.5	94.9%	$12.9	$812.4	96.5%
2025	$955.7	$923.8	$845.8	N/A	N/A	$845.8	N/A

(1) Source: Fiscal Year 2025 ACFR.
(2) Real Estate Taxes are levied by the City and the School District. While this table reflects City General Fund Real Estate Tax revenues exclusively, the School District Real Estate Tax collection rates are the same.
(3) Property owners have the option to pay Real Estate Taxes based on the prior year's assessed value while their property valuation is under appeal. The bill gets paid in full when the appeal is resolved.
(4) Taxes are levied on a calendar year basis. They are due on March 31.
(5) Adjustments include assessment appeals, the senior citizen tax discount, the low-income freeze, and the tax increment financing return of tax paid. For more information on the reassessment appeal process, see "– Real Property Taxes – Assessment and Appeals."
(6) Includes payments from capitalized interest. This capitalization occurs only after the first year of the levy on any amount that remains unpaid at that time.
(7) For calendar year 2025, the data shown reflect collections through June 30, 2025. For earlier calendar years, the data shown reflect collections through December 31 of the respective year.

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Table 9
Principal Taxable Assessed Parcels – 2027
(Amounts in Millions of USD)[1]

Taxpayer	2027 Assessment[2]	2027 Percentage of Total Assessments
EQC Nine Penn Center Prop	$370.2	0.19%
Kim Sub Cira Square LP	368.1	0.19%
Liberty Property Phila[3]	361.7	0.19%
Phila Liberty Place LP	311.5	0.16%
411 N Broad Fee Inter	286.7	0.15%
Brandywine Cira Walnut 1	282.2	0.15%
PRU 1901 Market LLC	274.5	0.14%
Sugarhouse HSP Gaming LP	266.2	0.14%
Brandywine Cira LP	261.8	0.14%
Brandywine Operating	232.7	0.12%
Total	**$3,015.7**	**1.58%**
Total Taxable Assessments[4]	**$190,782.0**	

Source: City of Philadelphia, Office of Property Assessment.

(1) Figures may not sum due to rounding.
(2) Assessment Values rounded to the nearest $100,000 and only include the largest assessed property for each taxpayer; additional properties owned by the same taxpayer are not included.
(3) Acquired by Prologis, Inc. in the first quarter of calendar year 2020.
(4) Total 2027 Taxable Assessment as of April 1, 2026.

Table 10
Ten Largest Certified Market and Assessment Values of Tax-Abated Properties
Certified Values for 2027
(Amounts in Millions of USD)[1, 2]

Location	2027 Certified Market Value	Total Assessment	Total Taxable Assessment	Total Exempt Assessment	Exempt Through Tax Year
900 Packer Ave	$458.0	$458	$91.9	$366.1	2031
1800 Arch St	$327.6	$327.6	$32.8	$294.8	2027
2201 Park Towne Pl	$281.2	$281.2	$201.7	$79.5	2028
1001 S Broad St	$197.4	$197.4	$19.7	$177.7	2034
170 S Independence W Mall	$185.6	$185.6	$156.6	$29.0	2032
1801-45 John F Kennedy Blvd	$164.8	$164.8	$159.8	$5.0	2027
200 N 16th St	$152.2	$152.2	$62.3	$89.9	2029
1112 N Hancock St Unit 1	$152.0	$152.0	$15.2	$136.8	2033
2400 Market St	$150.9	$150.9	$38.7	$112.2	2028
1134 Sansom St	$149.9	$149.9	$15.0	$134.9	2034

Source: City of Philadelphia, Office of Property Assessment.
(1) Figures may not sum due to rounding.
(2) Certified Values as of April 1, 2026.

Sales and Use Tax

Pursuant to the authorization granted by the Commonwealth under the PICA Act, the City adopted a 1% sales and use tax (the "City Sales Tax") for City general revenue purposes effective beginning in Fiscal Year 1992. It is imposed in addition to, and on the same basis as, the Commonwealth's sales and use tax. Vendors are required to pay City Sales Taxes to the Commonwealth Department of Revenue together with the Commonwealth sales and use tax. From August 1, 2009 through June 30, 2014, the City exercised additional authority to raise the rate to 2%. The State Treasurer deposits the collections of City Sales Taxes in a special fund and disburses the collections, including any investment income earned thereon, less administrative fees of the Commonwealth Department of Revenue, to the City on a monthly basis. When the PICA authorization for the second percent expired in 2014, the Commonwealth authorized and the City imposed a separate 1% sales tax effective July 1, 2024 to maintain a total rate of 2%.

In 2026, the Pennsylvania General Assembly passed Act 21 of 2026 requiring vendors that sell taxable products or services to customers in Philadelphia and Allegheny counties to collect and remit local sales taxes. In connection with the implementation of this legislation, the City estimates an increase in Sales Taxes collections of $1.4 million in Fiscal Year 2027 and $7.0 million over the course of the Thirty-Fifth Five-Year Plan.

Table 11 sets forth the City Sales Taxes collected in Fiscal Years 2023-2025, the budgeted amount and current estimate for Fiscal Year 2026, and the budgeted amount for Fiscal Year 2027.

Table 11
Summary of City Sales Tax Collections
Fiscal Years 2023-2025 (Actual), 2026 (Adopted Budget and Current Estimate), and 2027 (Adopted Budget)
(Amounts in Millions of USD)[1]

Fiscal Year	City Sales Tax Collections[2]
2023 (Actual)	$302.2
2024 (Actual)	$300.0
2025 (Actual)	$311.3
2026 (Adopted Budget)	$324.0
2026 (Current Estimate)	$323.2
2027 (Adopted Budget)	$342.0

(1) Sources: For Fiscal Years 2023-2025, the City's ACFRs for such Fiscal Years. For Fiscal Year 2026, the Fiscal Year 2026 Adopted Budget and the Thirty-Fifth Five-Year Plan, as applicable. For Fiscal Year 2027, the Fiscal Year 2027 Adopted Budget.

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

Realty Transfer Tax

Realty Transfer Taxes are collected in connection with the sale of real property in the City. The Realty Transfer Tax rate in the City is 4.578%, 3.578% of which is imposed by the City and 1% of which is charged by the Commonwealth.

In the Fiscal Year 2025 ACFR, the City reported that it collected approximately $331.5 million in revenues from the Realty Transfer Tax in Fiscal Year 2025. In the Thirty-Fifth Five-Year Plan, the City estimates that it will collect approximately $356.4 million in revenues from the Realty Transfer Tax in Fiscal Year 2026.

In Fiscal Year 2026, the City launched the Housing Opportunities Made Easy (H.O.M.E.) Plan, which will build and preserve 30,000 units of new and existing housing and otherwise support affordable housing. The H.O.M.E. Plan contemplates two phases of bond financing through PRA (the first bond issuance of $396,650,000 was completed in March 2026). Debt service on such bonds will be supported, in part, by an increase in the Realty Transfer Tax, which was effective beginning July 1, 2025. As part of the H.O.M.E. Plan, the City has amended the Development Impact Tax for affordable housing to help facilitate construction. See "– Other Taxes – Development Impact Tax" below.

Other Taxes

The City also collects a Parking Tax, an Amusement Tax, a Valet Parking Tax, an Outdoor Advertising Tax, a Smokeless Tobacco Tax, the Philadelphia Beverage Tax (see below), and other miscellaneous taxes. The Amusement Tax, the Outdoor Advertising Tax, the Smokeless Tobacco Tax, and the other miscellaneous taxes represent a relatively small percentage of the City's overall tax receipts and are not discussed in detailed herein.

Starting in Fiscal Year 2024, the Parking Tax and the Valet Parking Tax revenues are no longer part of the General Fund. As described herein, such revenues have been reassigned to the Transportation Fund.

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

The Philadelphia Beverage Tax is deposited into the General Fund, and with the additional revenue, the City has budgeted for pre-Kindergarten programs, community schools, and debt service for improvements to parks, playgrounds, recreation centers, and libraries, as contemplated by the City's Rebuild program. In the Fiscal Year 2025 ACFR, the City reported that it collected approximately $68.2 million in revenues from the Philadelphia Beverage Tax for Fiscal Year 2025. In the Thirty-Fifth Five-Year Plan, the City estimates that it will collect approximately $71.0 million in revenues from the Philadelphia Beverage Tax in Fiscal Year 2026.

Development Impact Tax. In December 2020, City Council passed the Development Impact Tax with the intent to generate funding for affordable housing, and the new tax went into effect in January 2022.

As part of the H.O.M.E. Plan, City Council approved legislation exempting certain affordable housing projects from the Development Impact Tax, which is 1%, calculated based on the cost of construction or improvement costs to build or make renovations to residential properties in the City.

Beginning in July 2025, affordable housing projects that receive a City subsidy, in the form of land acquisitions or grant support, are exempt from paying the tax.

Collection Initiatives

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

In addition to compliance efforts, the City has completed multiple technology projects, including implementation of a new tax system of record and its public-facing counterpart, the Philadelphia Tax Center, which launched in October 2022. These initiatives improve operational efficiencies, customer service and compliance, and drive enforcement efforts by providing tools previously unavailable to the City.

As a result of economic disruptions from the COVID-19 pandemic, the City modified its regular collection strategies. Throughout the pandemic, the Department of Revenue continued to send bills and notifications, but limited enforcement for affected businesses and vulnerable residents. Since 2024, all enforcement projects have resumed, including placements with collection agencies, the revocation of business licenses, and holding Sheriff Tax Sales. The City continues to evaluate and pursue long-time delinquent accounts and place liens on properties for property-based taxes and fees.

To facilitate compliance throughout the pandemic and beyond, the City launched new payment agreements for all business taxes for businesses affected by COVID-19 closures. This was in addition to the Department's existing flexible payment agreements for property tax and water fees. In this period, the Department of Revenue launched an "Offers in Compromise" program, which allows certain taxpayers to submit a request to settle their tax obligations for a payment of less than the full amount owed. Such requests are determined based on the taxpayer's current and projected financial circumstances. Most recently in 2025, the City amended its voluntary disclosure program to reduce the "lookback period" from six to three years. This change is in alignment with changes in the Commonwealth's voluntary disclosure program. Both programs are designed to bring long-time delinquent accounts into compliance.

Other Locally Generated Non-Tax Revenues

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

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Revenue from Other Governments

Table 12 presents revenues received from other governmental jurisdictions for Fiscal Years 2023-2025, the budgeted amount and current estimate for Fiscal Year 2026, and the budgeted amount for Fiscal Year 2027 and the percentage such revenues represent in the General Fund. The table does not reflect substantial amounts of revenues from other governments received by the Grants Revenue Fund, Community Development Fund, and other operating and capital funds of the City.

Table 12
Revenue from Other Governmental Jurisdictions
Fiscal Years 2023-2025 (Actual), 2026 (Adopted Budget and Current Estimate), and 2027 (Adopted Budget)
(Dollar Amounts in Millions of USD)[1], [2], [3]

Fiscal Year	Commonwealth[4]	Federal Government	Other Governments[5]	Total	Percentage of General Fund Revenues
2023 (Actual)	$252.7	$42.9	$67.6	$363.2[6]	6.0%
2024 (Actual)	$261.5	$37.9	$59.6	$359.0	5.9%
2025 (Actual)	$302.1	$27.6	$59.2	$387.9	6.0%
2026 (Adopted Budget)	$325.4	$61.2	$67.8	$454.5	7.2%
2026 (Current Estimate)	$325.0	$31.1	$70.7	$426.8	6.7%
2027 (Adopted Budget)	$338.6	$30.4	$66.2	$435.2	6.6%

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

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Revenues from City-Owned Systems

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

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

Table 13 shows the amounts transferred from the Water Fund to the General Fund for Fiscal Years 2023-2025, the budgeted amount and current estimate for Fiscal Year 2026, and the budgeted amount for Fiscal Year 2027.

Table 13
Transfers from Water Fund to General Fund (Excess Interest on Sinking Fund Reserve)
Fiscal Years 2023-2025 (Actual), 2026 (Adopted Budget and Current Estimate), and 2027 (Adopted Budget)[(1), (2)]

Fiscal Year	Amount Transferred
2023 (Actual)	$0
2024 (Actual)	$1,687,102
2025 (Actual)	$3,726,824
2026 (Adopted Budget)	$1,500,000
2026 (Current Estimate)	$1,500,000
2027 (Adopted Budget)	$1,500,000

(1) Sources: For Fiscal Years 2023-2024, the City's Supplemental Report of Revenues & Obligations for such Fiscal Years. For Fiscal Year 2025, the Fiscal Year 2025 ACFR. For Fiscal Year 2026, the Fiscal Year 2026 Adopted Budget and the Thirty-Fifth Five-Year Plan, as applicable. For Fiscal Year 2027, the Fiscal Year 2027 Adopted Budget.

(2) The Water Department's budgeted amount for such transfers is typically greater than the figure included in the City's operating budget.

The City also budgets for certain transfers from the Water Fund to the General Fund related to services performed and costs borne by the General Fund. For Fiscal Year 2022, the amount of such transfers was approximately $6.5 million. For Fiscal Year 2023, the amount of such transfers was approximately $4.6 million. For Fiscal Year 2024, the amount of such transfers was $11.8 million. For Fiscal Year 2025, the amount of such transfers was $8.1 million. For Fiscal Year 2026, the budgeted amount of such transfers is approximately $10.4 million. For Fiscal Year 2026, the current estimate of such transfers is approximately $8.7 million. For Fiscal Year 2027, the budgeted amount of such transfers is approximately $9.2 million.

PGW Annual Payments

The revenues of PGW are required to be segregated from other funds of the City. Payments for debt service on PGW bonds are made directly by PGW. PGW is required to make an annual payment of $18 million to the General Fund. The Fiscal Year 2027 Adopted Budget includes such $18 million annual payment to the General Fund from PGW for such Fiscal Year.

PGW made a payment of $18.0 million to the City in each of the City's Fiscal Years 2022-2026. The City has the right to obtain such payment from PGW in any lawful manner, including set off against payments the City would otherwise make to PGW.

At the direction of the Director of Finance and approval of City Council, PGW can increase its annual payment by an amount equal to or less than 10% (i.e., up to a $19.8 million annual payment). To the extent that PGW is directed by the Director of Finance to increase its annual payment to an amount greater than $19.8 million, PGW must first gain approval from the Pennsylvania Public Utility Commission (the "PUC").

For more information on PGW, see "THE GOVERNMENT OF THE CITY OF PHILADELPHIA – Government Services."

Philadelphia Parking Authority Revenues

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

On-street parking revenues are administered and collected, on behalf of the City, by the PPA. Pursuant to Pennsylvania law, the PPA transmits these revenues to the City, net of any actual expenses incurred in the administration of the on-street parking system in accordance with the PPA's approved budget. If such net revenues exceed a designated threshold, then any excess above that threshold is to be transmitted to the School District by PPA. The current threshold is estimated to be about $54.0 million and includes a mandatory escalator to take into account increases in revenues.

Table 14 presents payments received by the City from PPA for on-street parking and parking at certain off-street parking lots for Fiscal Years 2023-2025, the budgeted amount and current estimate for Fiscal Year 2026, and the budgeted amount for Fiscal Year 2027.

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Table 14
PPA Payments to the City
Fiscal Years 2023-2025 (Actual), 2026 (Adopted Budget and Current Estimate), and 2027 (Adopted Budget)[1], [2]
(Amounts in Millions of USD)

Fiscal Year	Payments to the City
2023 (Actual)	$48.7
2024 (Actual)	$40.3
2025 (Actual)	$40.4
2026 (Adopted Budget)	$49.5
2026 (Current Estimate)	$52.4
2027 (Adopted Budget)	$45.9

(1) Sources: For Fiscal Years 2023-2024, the City's Supplemental Report of Revenues & Obligations for such Fiscal Years. For Fiscal Year 2025, the Fiscal Year 2025 ACFR. For Fiscal Year 2026, the Fiscal Year 2026 Adopted Budget and the FY 2026 Fourth Quarter QCMR, as applicable. For Fiscal Year 2027, the Fiscal Year 2027 Adopted Budget.

(2) Table 14 shows City revenues; none of such payments is transferred to the School District.

Table 15

[Reserved]

EXPENDITURES OF THE CITY

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

Personal Services (Personnel)

As of June 30, 2026, the City employed 29,261 full-time employees, representing approximately 3.8% of employees in Philadelphia (approximately 762,938 employees, according to preliminary, non-seasonally adjusted data from the Bureau of Labor Statistics as of June 2026). Of the 29,261 full-time employees, the salaries of 22,712 were paid from the General Fund. Additional sources of funding for full-time City employees include the Grants Revenue Fund, the Water Fund, and the Aviation Fund, as well as grants and contributions from other governments. Activities funded through such grants and contributions are not undertaken if funding is not received. Table 16 sets forth the number of filled, full-time positions of the City as of the dates indicated.

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

	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026
General Fund					
Police	6,651	6,351	6,204	6,219	6,232
Fire	2,667	2,794	2,815	2,854	2,884
Courts	1,686	1,685	1,707	1,724	1,774
Prisons	1,393	1,312	1,266	1,549	1,833
Streets/Sanitation	2,072	2,068	1,495	1,652	1,812
Public Health	689	690	730	774	750
Human Services[3]	492	535	441	438	448
All Other	5,405	5,836	6,207	6,587	6,979
Total – General Fund	21,055	21,271	20,865	21,797	22,712
Other Funds	5,377	5,321	6,254	6,456	6,549
Total – All Funds	26,432	26,592	27,119	28,253	29,261

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

Overview of City Employees

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

As of July 2026, the City had 23,839 unionized employees, representing approximately 80% of the City's employees. Such employees were represented by the City's five municipal unions: (i) Fraternal Order of Police ("FOP") Lodge No. 5; (ii) International Association of Fire Fighters ("IAFF") Local 22; (iii) American Federation of State, County and Municipal Employees District Council 33 ("AFSCME DC 33"); (iv) American Federation of State, County and Municipal Employees District Council 47 ("AFSCME DC 47"); and (v) United Steelworkers Local 286 ("Steelworkers Local 286"). Table 18 describes certain aspects of the collective bargaining agreements ("CBAs") or interest arbitration awards with the City's municipal unions.

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

On December 8, 2023, the City and FOP Lodge No. 5 (Sheriff's Office and Register of Wills ("ROW")) entered into a one-year extension of the existing CBA, covering Fiscal Year 2025. It provides for (i) wage increases for Sheriffs of 4.5%; (ii) wage increases for ROW to match that of AFSCME DC 33 (i.e., 5.0%); (iii) a one-time lump sum bonus for members ($1,500 for the Sheriffs and $1,400 for ROW). For ROW, the wage increase and bonus were ratified on December 10, 2024. For FOP Lodge No. 5 (Sheriff's Office and Register of Wills), there is no new CBA in place at this time (extension expired June 30, 2025). The City and FOP Lodge No. 5 (Sheriff's Office and Register of Wills) are engaged in discussions on a new contract.

On June 17, 2024, an arbitration panel issued a one-year extension of the arbitration award for AFSCME DC 33, Local 159 Correctional Officers ("AFSCME DC 33 Local 159"), which includes a 4.5% salary increase for Fiscal Year 2025 and a $1,600 bonus. In another award, AFSCME DC 33 Local 159 received an additional 3.0% salary increase in exchange for civilianization changes (which is where the City engages non-bargaining unit personnel to perform work that has been performed by the bargaining unit). For AFSCME DC 33 Local 159, there is no new labor agreement in place at this time (extension expired June 30, 2025). The City and AFSCME DC 33 Local 159 are engaged in the interest arbitration process to arrive at a new contract.

On July 9, 2025, the City and AFSCME DC 33 reached an agreement on terms of a three-year agreement covering Fiscal Years 2026-2028. The agreement includes a 3.0% salary increase each Fiscal Year (plus the addition of a fifth step, which will provide the equivalent of a 2.0% increase over the course of the agreement (for about 80% of members)), a $1,500 bonus, and a one-month health and welfare holiday, among other things. The agreement was ratified by members on July 21, 2025. The agreement is estimated to cost the City's General Fund $115 million over five years.

On July 15, 2025, the City and certain of AFSCME DC 47's municipal unions reached a tentative agreement on terms of a three-year agreement covering Fiscal Years 2026-2028. The agreement includes annual salary increases of 2.5%, 3.0%, and 3.0%, as well as a 1.0% increase between the top two steps on the pay scale and a one-time $1,250 bonus, among other things. The agreement was ratified by members on July 25, 2025. The agreement is estimated to cost the City's General Fund $80 million over five years.

On August 15, 2025, an arbitration panel issued an arbitration award between the City and the FOP Lodge No. 5 (Police Department) covering a two-year period. The award provides for (i) wage increases of 3.0% in Fiscal Years 2026 and 2027, (ii) a one-time lump sum bonus of $3,000, (iii) additional wage increases of 1.5% in January 2026 and January 2027 in exchange for the operational flexibility to civilianize positions as needed, (iv) a 1.0% increase to all steps in the longevity schedule, starting in January 2027, in exchange for the operational flexibility to civilianize certain positions and recognition of the importance of retaining experienced police, (v) annual payments by the City of $5 million to the Joint Retiree Trust Fund, and (vi) a one-month health and welfare holiday, among other things. The award is estimated to cost the City's General Fund $343 million over five years.

On September 18, 2025, the City and Steelworkers Local 286 agreed to the terms of a multi-year contract with raises in each fiscal year: 2.5% in Fiscal Year 2026, 3.0% in Fiscal Year 2027, and 3.0% in Fiscal Year 2028. In Fiscal Year 2027, a fifth step (valued at 2.0% above the current fourth step) will be added to the pay plan. Effective sixty (60) days after ratification, each permanent full-time employee will receive a bonus of $1,250, and each part-time employee will receive a bonus of $650, paid consistent with the City's practices and policies. Such agreement was ratified by the union members on October 4, 2025.

On September 26, 2025, the City and AFSCME DC 47 Local 810 (representing professional rank and file employees at the First Judicial District) and Local 2186 (representing first-level supervisors at the First Judicial District) (the "FJD Locals") agreed to the terms of multi-year contracts with raises in each fiscal year: 2.5% in Fiscal Year 2026, 3.0% in Fiscal Year 2027, and 3.0% in Fiscal Year 2028, which were ratified by the members on October 7, 2025 (Local 2186) and October 15, 2025 (Local 810). In Fiscal Year 2027, a fifth step (valued at 2.0% above the current fourth step) will be added to the pay plan. Effective sixty (60) days after ratification, each permanent employee received a bonus of $1,250.

On June 26, 2026, the IAFF and the City received a two-year arbitration award for the period July 1, 2025, through June 30, 2027. Major award provisions include raises of 3.0% effective July 1, 2025, 1.0% effective January 1, 2026, and 3.0% July 1, 2026, a longevity increase of 1.0% effective January 1, 2026, pay adjustments for paramedics and other changes. The total cost of the award from Fiscal Year 2026

through Fiscal Year 2031 is estimated to be $202 million and is expected to be paid out of the Labor Reserve.

The costs of the labor agreements discussed above have been included in the City's five-year plans, as applicable. As noted herein, the City budgets for a Labor Reserve to account for possible labor cost increases. Over the course of Fiscal Years 2026-2031, the Labor Reserve is estimated to total approximately $605.2 million. See "DISCUSSION OF FINANCIAL OPERATIONS – Current Financial Information" herein). For arbitration awards or CBAs that have expired, the terms of the prior award or agreement remain in effect until a new award or agreement is reached.

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

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

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

Overview of Employee Benefits

The City provides various pension, life insurance, and health benefits for its employees. The benefits offered depend on the employee's union status and bargaining unit, if applicable. General Fund employee benefit expenditures for Fiscal Years 2023 through 2027 are shown in Table 17.

Table 17
General Fund Employee Benefit Expenditures
Fiscal Years 2023-2025 (Actual), 2026 (Adopted Budget and Current Estimate), and 2027 (Adopted Budget)
(Amounts in Millions of USD)[1]

	Actual 2023	Actual 2024	Actual 2025	Adopted Budget 2026	Current Estimate 2026	Adopted Budget 2027
Pension Costs[2]	$929.7[5]	$958.9[6]	$878.9[7]	$836.4[8]	$836.0[9]	$856.5[10]
Health						
Payments under City-administered plan	90.3	108.2	110.9	158.3	158.3	195.3
Payments under union-administered plans	409.5	394.0	405.8	494.9	472.6	520.6
Total Health	499.8	502.2	516.7	653.2	630.9	715.9
Federal Insurance Contributions Act (FICA) Taxes[3]	89.1	98.0	104.0	109.2	109.2	114.7
Other[4]	107.3	104.3	126.1	146.8	146.8	152.0
Total	$1,625.9	$1,663.4	$1,625.7	$1,745.6	$1,722.9	$1,839.2

(1) Sources: The City's five-year financial plans and the City's Quarterly City Managers Reports. "Payments under City-administered plan" and "Payments under union-administered plans" were provided by the City, Department of Human Resources and the Budget Office. Figures may not sum due to rounding.
(2) Includes debt service on Pension Bonds (as defined herein) and the Commonwealth contributions to the Municipal Pension Fund. See Tables 29 and 30.
(3) Includes payments of social security and Medicare taxes.
(4) Includes payments for unemployment compensation, employee disability, group life, group legal, tool allowance, and flex cash payments (and COVID-19 funeral expenses for 2023).
(5) Includes $92.1 million from City Sales Tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."
(6) Includes $90.0 million from City Sales Tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."
(7) Includes $95.6 million from City Sales Tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."
(8) Assumes $102.0 million from City Sales Tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."
(9) Assumes $101.6 million from City Sales Tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."
(10) Assumes $111.0 million from City Sales Tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."

Each of the City's five municipal unions sponsors its own health plan that provides medical, prescription, dental and optical benefits to participating employees and eligible retirees through trusts on which the City has varying degrees of minority representation. Exempt and non-represented employees, along with represented employees of the Register of Wills, certain employees represented by AFSCME DC 33, and employees represented by Steelworkers Local 286, receive health benefits through a plan sponsored and administered by the City. Each of the plans provides different benefits determined by the plan sponsor or through collective bargaining. To provide health care coverage, the City pays a negotiated monthly premium for employees covered by the union contract for AFSCME DC 33 and is self-insured for all other eligible employees. The City is also responsible for 92% of AFSCME DC 47's health care costs. Aside from AFSCME DC 33 and AFSCME DC 47, the City is responsible for the actual health care cost that is invoiced to the City's unions by their respective vendors. The actual cost can be a combination of self-insured claim expenses, premiums, ancillary services, and administrative expenses. In addition, employees who satisfy certain eligibility criteria receive five years of health benefits after their retirement. See "OTHER POST-EMPLOYMENT BENEFITS" below. Such benefits are determined and administered by the plan in which the employee participated at the time of his or her retirement. Other employee benefits may be determined by the respective CBAs, as well as City policies and Civil Service Regulations. Employees also participate in the Municipal Pension Plan. See "PENSION SYSTEM" below.

Overview of Current Labor Contract Settlements

Table 18 summarizes the current status of the contract settlements reached with the City's major labor organizations, as well as changes that have been made for non-represented employees. It also provides a brief summary of pension reforms that have occurred since 2016, as part of previous labor contract settlements. Table 18 does not include exempt employees (which as of July 2026 totaled 4,258).

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Table 18
Status of Arbitration Awards and Labor Contract Settlements

Organization	Authorized Number of Full-Time Citywide Employees Represented[1]	Status of Arbitration Award or Contract Settlement	Wage Increases	Pension Reforms[2]
FOP Lodge No. 5 (Police Department)	5,458	Two-year arbitration award issued August 15, 2025	• 3.00% in July 2025 • 1.50% in January 2026 (for civilianization) • 3.00% in July 2026 • 1.50% in January 2027 (for civilianization) • 1.00% longevity increase in January 2027	• Current employees in Plan 87 or Plan 10 pay an additional .92% of salary effective 7/1/17, increasing by an additional .92% of salary effective 7/1/18 (total increase of 1.84%). These contributions are on top of the current 5% or 6% contribution rates in effect, varies by plan membership • Employees hired on or after 7/1/17 are required to pay an additional 2.5% of salary
FOP Lodge No. 5 (Sheriff's Office and Register of Wills)	328	One-year contract extension effective July 1, 2024 *(CBA negotiations underway)*	Sheriff's Office employees: • 4.50% in Fiscal Year 2025 Register of Wills employees: • 5.00% in Fiscal Year 2025	• Tiered contribution system for current employees under which employees who have higher salaries pay a higher percent of their salaries as contributions to the pension fund • Mandatory stacked-hybrid plan for new hires under which employees receive a defined benefit pension for their first $65,000 of earnings and a defined contribution pension for earnings above $65,000 • Plan 10 is closed to new enrollment for members of Lodge 5 • DROP (as defined below) interest rate decreases from 4.5% to the lesser of half the assumed rate of return or the one-year treasury bill rate effective January 1st of each year
IAFF Local 22	2,824	Two-year arbitration award effective July 1, 2025	• 3.00% July 2025 1.00% January 2026 3.00% July 2026 1.00% longevity increase in January 2026	• Current employees in Plan 87 or Plan 10 pay an additional .92% of salary effective 7/1/17, increasing by an additional .92% of salary effective 7/1/18 (total increase of 1.84%). These contributions are on top of the current 5% or 6% contribution rates in effect; varies by plan membership • Employees hired on or after 7/1/17 are required to pay an additional 2.5% of salary
AFSCME DC 33	8,134	Three-year contract extension effective July 1, 2025	• 3.00% in Fiscal Year 2026 • 3.00% in Fiscal Year 2027 • 3.00% in Fiscal Year 2028 • Addition of a fifth step, which will provide the equivalent of a 2.00% increase over the course of the agreement (for about 80% of members)	• Tiered contribution system for current employees under which employees who have higher salaries pay a higher percent of their salaries as contributions to the pension fund • Mandatory stacked-hybrid plan for new hires under which employees receive a defined benefit pension for their first $65,000 of earnings and a defined contribution pension for earnings above $65,000 • Plan 10 is closed to new enrollment for members of DC 33 • DROP interest rate decreases from 4.5% to the lesser of half the assumed rate of return or the one-year treasury bill rate effective January 1st of each year

(1) From data provided by the Department of Labor as of July 30, 2026.
(2) "Plan 87," "Plan 10," and "Plan 16" referenced in this column are described in Table 19.

Organization	Authorized Number of Full-Time Citywide Employees Represented[1]	Status of Arbitration Award or Contract Settlement	Wage Increases	Pension Reforms[2]
AFSCME DC 33, Local 159 Correctional Officers	1,818	One-year contract extension effective July 1, 2024 *(Interest arbitration process underway)*	• 4.50% in Fiscal Year 2025 • 3.00% in March 2025 (for civilianization)	• Tiered contribution system for current employees under which employees who have higher salaries pay a higher percent of their salaries as contributions to the pension fund • Mandatory stacked-hybrid plan for new hires under which employees receive a defined benefit pension for their first $65,000 of earnings and a defined contribution pension for earnings above $65,000 • Plan 10 is closed to new enrollment for members of DC 33 • DROP interest rate decreases from 4.5% to the lesser of half the assumed rate of return or the one-year treasury bill rate effective January 1st of each year
AFSCME DC 47	4,211	Three-year contract effective July 1, 2025	• 2.50% in Fiscal Year 2026 • 3.00% in Fiscal Year 2027 • 3.00% in Fiscal Year 2028 • Additional 1.00% increase between the top two steps on the pay scale	• Tiered contribution system for current employees under which employees who have higher salaries pay a higher percent of their salaries as contributions to the pension fund (effective January 1, 2019) • Mandatory stacked-hybrid plan for new hires under which employees receive a defined benefit pension for their first $65,000 of earnings and a defined contribution pension for earnings above $65,000 (effective January 1, 2019) • Plan 10 is closed to new enrollment for members of DC 47 (effective January 1, 2019)
AFSCME DC 47 Local 810 Court Employees Local 2186 Court Employees	401	Three-year contract extension effective July 1, 2025	• 2.50% in Fiscal Year 2026 • 3.00% in Fiscal Year 2027 • 3.00% in Fiscal Year 2028 • Addition of a fifth step, which will provide the equivalent of a 2.00% increase over the course of the agreement (for about 80% of members)	• Tiered contribution system for current employees under which employees who have higher salaries pay a higher percent of their salaries as contribution to the pension fund (effective January 1, 2019) • Mandatory stacked-hybrid plan for new hires under which employees receive a defined benefit pension for their first $65,000 of earnings and a defined contribution pension for earnings above $65,000 (effective January 1, 2019) • Plan 10 is closed to new enrollment for members of DC 47 (effective January 1, 2019)
United Steelworkers, Local 286	665	Three-year contract extension effective July 1, 2025	• 2.50% in Fiscal Year 2026 • 3.00% in Fiscal Year 2027 • 3.00% in Fiscal Year 2028 • Addition of a fifth step, which will provide the equivalent of a 2.00% increase over the course of the agreement (for about 80% of members)	• Tiered contribution system for current employees under which employees who have higher salaries pay a higher percent of their salaries as contributions to the pension fund (effective January 1, 2019) • Mandatory stacked-hybrid plan for new hires under which employees receive a defined benefit pension for their first $65,000 of earnings and a defined contribution pension for earnings above $65,000 (effective January 1, 2019) • Plan 10 is closed to new enrollment for members (effective January 1, 2019)
Non-Represented Employees	1,289	Changes for non-represented employees	• 2.50% in Fiscal Year 2026 • 3.00% in Fiscal Year 2027 • 3.00% in Fiscal Year 2028	• Tiered contribution system for current employees under which employees who have higher salaries pay a higher percent of their salaries as contribution to the pension fund (effective January 1, 2019) • Mandatory stacked-hybrid plan for new hires under which employees receive a defined benefit pension for their first $65,000 of earnings and a defined contribution pension for earnings above $65,000 (effective January 1, 2019) • Previous 2011 reforms to DROP program remain in place; interest rate decreases from 4.5% to the lesser of half the assumed rate of return or the one-year treasury bill rate effective January 1st of each year

[1] From data provided by the Department of Labor as of July 30, 2026.
[2] "Plan 87," "Plan 10," and "Plan 16" referenced in this column are described in Table 19.

Certain features of the 1987 Plan ("Plan 87"), the 2010 Plan ("Plan 10"), and the 2016 Plan ("Plan 16") are summarized in Table 19. Plan 87 is solely a defined benefit plan. Plan 10 and Plan 16 are "hybrid" plans that include both defined benefit and defined contribution components. A more comprehensive summary of each plan is included as Appendix D of the July 1, 2025 Valuation (as defined herein). See "PENSION SYSTEM" below.

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

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

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

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

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

Purchase of Services

Table 20 shows the City's major purchase of services, which represents one of the major classes of expenditures from the General Fund. Table 20 shows contracted costs of the City for Fiscal Years 2023-2025, the budgeted amount and current estimate for Fiscal Year 2026, and the budgeted amount for Fiscal Year 2027.

Table 20
Purchase of Services in the General Fund
Fiscal Years 2023-2025 (Actual), 2026 (Adopted Budget and Current Estimate), and 2027 (Adopted Budget)
(Amounts in Millions of USD)[1], [7]

	Actual 2023	Actual 2024	Actual 2025	Adopted Budget 2026	Current Estimate 2026	Adopted Budget 2027
Human Services[2]	$151.0	$178.6	$175.9	$190.9	$190.1	$194.7
Public Health	64.9	70.9	64.3	70.7	$70.7	68.8
Public Property[3]	215.7	225.4	250.0	276.7	$272.5	285.6
Sanitation[4]	70.7	59.9	66.7	67.1	$67.1	69.1
First Judicial District	17.7	21.9	21.6	9.1	$9.1	9.1
Licenses & Inspections	14.2	16.4	12.3	14.2	$14.2	14.2
Homeless Services[5]	69.8	72.1	73.5	72.4	$72.4	72.7
Prisons	108.4	120.1	116.1	122.6	$122.6	130.7
All Other[6]	494.9	595.1	671.4	784.7	$760.1	801.1
Total	**$1,207.3**	**$1,360.4**	**$1,451.8**	**$1,608.2**	**$1,578.7**	**$1,646.0**

[1] Sources: For Fiscal Years 2023-2024, the City's Supplemental Report of Revenues & Obligations for such Fiscal Years. For Fiscal Year 2025, the Budget Office. For Fiscal Year 2026, the Fiscal Year 2026 Adopted Budget and the Budget Office, as applicable. For Fiscal Year 2027, the Fiscal Year 2027 Adopted Budget and the Budget Office, as applicable.
[2] Includes payments for care of dependent and delinquent children.
[3] Includes payments for SEPTA, space rentals, and utilities.
[4] Includes solid waste disposal costs; appropriated under the Streets budget category prior to Fiscal Year 2026.
[5] Includes homeless shelter and boarding home payments.
[6] Includes the Convention Center subsidy, payments for vehicle leasing, and debt service on lease and service agreement financings, among other things.
[7] Figures may not sum due to rounding.

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City Payments to School District

Table 21 presents the City's payments to the School District from the General Fund for Fiscal Years 2023-2025, the budgeted amount and current estimate for Fiscal Year 2026, and the budgeted amount for Fiscal Year 2027.

Table 21
City Payments to School District
Fiscal Years 2023-2025 (Actual), 2026 (Adopted Budget and Current Estimate), and 2027 (Adopted Budget)
(Amounts in Millions of USD)[1]

	Actual 2023	Actual 2024	Actual 2025	Adopted Budget 2026	Current Estimate 2026	Adopted Budget 2027
City Payments to School District	$270.0	$282.1	$284.1	$284.1	$284.1	$332.1

(1) Sources: For Fiscal Years 2023-2025, the City's ACFRs for such Fiscal Years. For Fiscal Year 2026, the Fiscal Year 2026 Adopted Budget and the Thirty-Fifth Five-Year Plan, as applicable. For Fiscal Year 2027, the Fiscal Year 2027 Adopted Budget.

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

City Payments to Southeastern Pennsylvania Transportation Authority (SEPTA)

SEPTA operates a public transportation system within the City and Bucks, Chester, Delaware, and Montgomery counties. SEPTA's operating budget is supported by federal, Commonwealth, and local subsidies, including payments from the City. The City does not own or manage SEPTA and SEPTA employees are not employees of the City. Table 22 presents the City's operating subsidy to SEPTA from the General Fund for Fiscal Years 2023-2025, the budgeted amount and current estimate for Fiscal Year 2026, and the budgeted amount for Fiscal Year 2027.

Table 22
City Payments to SEPTA
Fiscal Years 2023-2025 (Actual), 2026 (Adopted Budget and Current Estimate), and 2027 (Adopted Budget)
(Amounts in Millions of USD)[1], [2]

	Actual 2023	Actual 2024	Actual 2025	Adopted Budget 2026	Current Estimate 2026	Adopted Budget 2027
City Payment to SEPTA	$100.7	$109.6	$133.3	$135.0	$135.0	$135.0

(1) Sources: For Fiscal Years 2023-2025, the City's ACFRs for such Fiscal Years. For Fiscal Year 2026, the Fiscal Year 2026 Adopted Budget and the Thirty-Fifth Five-Year Plan, as applicable. For Fiscal Year 2027, the Fiscal Year 2027 Adopted Budget.

(2) The City's direct operating subsidy to SEPTA; excludes certain other payments, such as payments related to the Key Advantage and Zero Fare programs, and any capital contributions.

The City budgets for SEPTA operating subsidies each Fiscal Year to at least match the estimated corresponding operating subsidies of the Commonwealth under Act 89. The state operating subsidy is funded through the Pennsylvania Public Transportation Trust Fund as created by Act 44 of 2007, amended by Act 89 of 2013. The local match requirement is calculated to match state operating subsidies. In addition, local matching funds must be appropriated each Fiscal Year in which state funds are received in order for SEPTA to receive the full allocation of state funds. The Thirty-Fifth Five-Year Plan projects annual operating subsidy payments to SEPTA from the City will increase to approximately $166.5 million by Fiscal Year 2031.

In the spring of 2025, SEPTA announced it was facing a budget deficit in excess of $200 million, which would result in a 45% reduction in service and a fare increase of more than 21% starting in late August 2025, unless additional funding from the Commonwealth could be secured. At such time, the Commonwealth had not passed additional state funding for SEPTA and the Commonwealth remained in a budget impasse. Without access to additional resources, SEPTA began reducing service starting August 24, 2025. On August 29, 2025, a Philadelphia Common Pleas Court judge placed a temporary restraining order on any further reductions of service and fare increases. In a subsequent hearing on September 4, 2025, the judge ruled that the service reductions must be reversed but that SEPTA could proceed with the planned fare increases. In September 2025, the Pennsylvania Department of Transportation approved SEPTA's request to access approximately $390 million of capital funds to use for operational expenses in order to maintain service levels for the next two fiscal years. While this agreement does not provide a long-term solution to SEPTA funding, the service cuts have now been reversed. The fare increases of 21.5% remain in effect. There are several state-level proposals to use certain tax revenues (i.e., sale tax revenues) to fund mass transit, including SEPTA, and the City will continue to monitor such initiatives.

The City will continue to monitor SEPTA's fiscal matters, including broader funding pressures and the need for a long-term funding solution, and modifications of service levels and fares, as well as legal proceedings involving these matters.

For more information on SEPTA, see APPENDIX B – "TRANSPORTATION – Southeastern Pennsylvania Transportation Authority (SEPTA)."

City Payments to Convention Center Authority

In connection with the financing of the expansion to the Pennsylvania Convention Center and the refinancing of debt for the original Pennsylvania Convention Center construction, the Commonwealth, the City, and the Convention Center Authority entered into an operating agreement in 2010 (the "Convention Center Operating Agreement"). The Convention Center Operating Agreement provides for the operation of the Convention Center by the Convention Center Authority and includes an annual subsidy of $15,000,000 from the City to the Convention Center Authority in each Fiscal Year through Fiscal Year 2040. As authorized by ordinance, the City has agreed to pay to the Convention Center Authority on a monthly basis a percentage of hotel room taxes and hospitality promotion taxes collected during the term of the Convention Center Operating Agreement.

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PENSION SYSTEM

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

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

Overview

While the City continues to face financial challenges in meeting its pension obligations, including an unfunded actuarial liability ("UAL") of approximately $4.37 billion as of July 1, 2025, there has been a positive trend in recent Fiscal Years in the funded ratio of the Municipal Pension Plan (as described below). In Fiscal Year 2025, the City's contribution to the Municipal Pension Fund was approximately $864.2 million, of which the General Fund's share (including the Commonwealth contribution) was $684.2 million. See Table 29. With respect to the General Fund budget, the City's aggregate pension costs (consisting of payments to the Municipal Pension Fund and debt service on the Pension Bonds (as defined herein)) have ranged from a low of approximately 11.13% to a high of approximately 17.74% in Fiscal Years 2016-2025. See Table 31.

The funded ratio of the Municipal Pension Plan (i) was 76.7% on July 1, 1999 (at which time the UAL was approximately $1.4 billion), (ii) was 44.8% funded on July 1, 2016, and (iii) as a result of the steps to improve the Municipal Pension Fund listed below, was 67.7% on July 1, 2025 (at which time the UAL was approximately $4.37 billion). These metrics are the product of a number of factors, including the following:

- The City and its actuary monitor the changes in the fixed income and equity markets, the potential impact negative investment returns may have for the Municipal Pension System's assets, and the related impact on future City contributions to the Municipal Pension System. The actual investment return rate for Fiscal Year 2025 is reflected in the July 1, 2025 Valuation.

- A reduction in the assumed rate of return, from 8.75% as of July 1, 2008, to 7.25% effective July 1, 2025 (i.e., Fiscal Year 2026). The Pension Board also approved a further reduction in the assumed rate of return from 7.25% to 7.20% effective July 1, 2026 (Fiscal Year 2027). Such reduction will be effective for the July 1, 2026 actuarial valuation. Although the gradual reductions in the assumed rates of return reflected in Table 24 are considered a prudent response to market conditions and experience studies, by reducing the assumed return in the measurement of the actuarial liabilities, it serves to increase the UAL from what it otherwise would have been, as well as reduce the funded ratio.

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

- The Municipal Pension Plan is a mature system, which means the number of members making contributions to the Municipal Pension Plan is less than the number of retirees and other beneficiaries receiving payments from the Municipal Pension Plan. See Table 23. It would typically be expected that the aggregate of member contributions and the City's contributions would be less than the amount of benefits and refunds payable in most years, with the result that in such years investment income must be relied upon to meet such difference before such income can contribute to an increase in the Municipal Pension System's assets growth.

- Over the last five Fiscal Years, the aggregate of member contributions and the City's contribution has exceeded the amount of benefits and refunds payable in such Fiscal Years. This is, in part, the result of the City's adoption of the Revenue Recognition Policy or RRP, as described below. See Table 26.

- The determination by the City, commencing in Fiscal Year 2005, to fund in accordance with the "minimum municipal obligation" ("MMO"), as permitted and as defined by Pennsylvania law, in lieu of the City Funding Policy (as defined herein), resulted in the City contributing less than otherwise would have been contributed. As noted above, the City's adoption of the Revenue Recognition Policy or RRP has resulted in higher City contributions. See below, "– Funding Requirements; Funding Standards."

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

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

- Funding consistently an amount greater than the MMO. The City has adopted a Revenue Recognition Policy or RRP (as defined and described below), commencing in Fiscal Year 2018, by which sources of anticipated additional revenue that will be received by the Municipal Retirement System are specifically dedicated toward paying down the unfunded pension liability and not to reducing future costs of the City. The additional revenue is tracked and accumulated in a notional account, which is then deducted from the Actuarial Asset Value to determine the contribution under the Revenue Recognition Policy. As a result, such contribution is higher than the MMO. See Table 29.

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

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

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

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

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

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

As a result of (i) pension reforms adopting a defined benefit plan capped at $65,000 for new municipal employees, along with increased employee contributions, (ii) a portion of the sales tax dedicated to paying down the UAL, (iii) the various other reforms mentioned above, and (iv) the City making contributions in excess of MMO and in some years in excess of RRP, the funded ratio of the Municipal Pension Plan increased 22.9 percentage points from 44.8% in Fiscal Year 2016 to 67.7% in Fiscal Year 2025 while the UAL decreased $1.72 billion from $6.09 billion in Fiscal Year 2016 to $4.37 billion in Fiscal Year 2025. See Table 27. The Municipal Pension Fund had an aggregate positive cash flow, excluding investment returns, for Fiscal Years 2021-2025 (see "– Rates of Return; Asset Values; Changes in Plan Net Position – Changes in Plan Net Position" and Table 26).

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

Recent State-Level Matters

On July 12, 2026, the Commonwealth enacted Pennsylvania Act 21 of 2026 ("Act 21"), which requires the City's pension system to provide an *ad hoc* monthly cost-of-living adjustment of $75, $150, or $300, based on retirement date, to eligible retired police officers and firefighters whose benefits began before January 1, 2021, effective August 1, 2026 (qualifying prior post-retirement adjustments reduce the amount payable). Act 21 provides for Commonwealth reimbursement of the cost of amortizing over ten years the resulting increase in unfunded actuarial accrued liability, on a trailing year basis and following annual municipal certification.

Pension System; Pension Board

The City maintains two defined-benefit pension programs and a hybrid defined-benefit/defined-contribution plan, which are (i) the Municipal Pension Plan, a single employer plan, which provides benefits to police officers, firefighters, non-uniformed employees, and non-represented appointed and elected officials; (ii) a hybrid defined-benefit/defined-contribution for non-uniformed municipal employees hired after 2016; and (iii) the PGW Pension Plan, a single employer plan, which provides benefits to PGW employees. The Municipal Pension Plan is administered through nine (9) benefit plans with 21 separate contribution rates, the funding for which is accounted for on a consolidated basis by the Municipal Pension Fund. *For a summary of key aspects of Plan 87 (the defined-benefit plan), Plan 10 (a hybrid defined-benefit/defined-contribution plan), and Plan 16 (a hybrid defined-benefit/defined-contribution plan), see Table 19.*

Such benefit structures establish for their respective members different contribution levels, retirement ages, etc., but all assets are available to pay benefits to all members of the Municipal Pension Plan. The Municipal Pension Plan is a mature plan, initially established in 1915, with net investment assets that totaled approximately $9.6 billion as of June 30, 2025. The Municipal Pension Plan has 28,866 members who make contributions to the plan and provides benefits to 37,350 retirees and other beneficiaries including terminated vested members.

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

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

The City of Philadelphia Board of Pensions and Retirement (the "Pension Board") was established by the City Charter to administer "a comprehensive, fair and actuarially sound pension and retirement system covering all officers and employees of the City." The City Charter provides that the Pension Board "shall consist of the Director of Finance, who shall be its chairman, the Managing Director, the City Controller, the City Solicitor, the Personnel Director and four other persons who shall be elected to serve on the Board by the employees in the civil service in such manner as shall be determined by the Board." In addition, there is one non-voting member on the Pension Board, who is appointed by the President of City Council. An Executive Director, together with a budgeted staff of 72 personnel, administers the day-to-day activities of the retirement system, providing services to 66,216 members.

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

Membership. Table 23 shows the membership totals for the Municipal Pension Plan, as of July 1, 2025 and as compared to July 1, 2024.

Table 23
Municipal Pension Plan – Membership Totals

	July 1, 2025	July 1, 2024	% Change
Actives	28,866	27,479	5.0%
Terminated Vesteds	630	665	-5.3%
Disabled	3,755	3,730	0.7%
Retirees	22,498	22,515	-0.1%
Beneficiaries	8,516	8,615	-1.1%
Deferred Retirement Option Plan ("DROP")	1,951	2,102	-7.2%
Total City Members	66,216	65,106	1.7%
Annual Salaries	$2,313,087,031	$2,118,480,484	9.2%
Average Salary per Active Member	$80,132	$77,095	3.9%
Annual Retirement Allowances	$893,997,266	$872,374,925	2.5%
Average Retirement Allowance	$25,712	$25,025	2.7%

Source: July 1, 2025 Valuation.

As shown in Table 23, total membership in the Municipal Pension Plan increased by 1.7%, or from 65,106 to 66,216 members, from July 1, 2024 to July 1, 2025, including an increase of 5.0% in active members from 27,479 to 28,866 (who were contributing to the Municipal Pension Fund). Of the 66,216 members as of July 1, 2025, 37,350 were retirees, beneficiaries, disabled, and other members (who were withdrawing from, or not contributing to, the Municipal Pension Fund).

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

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

Certain membership information relating to the City's municipal retirement system provided by the Pension Board is set forth in Appendix A to the July 1, 2025 Actuarial Valuation Report (the "July 1, 2025 Valuation") and includes as of July 1, 2025, among other information, active and non-active member data by plan, age/service distribution for active participants and average salary for all plans, and age and benefit distributions for non-active member data.

Funding Requirements; Funding Standards

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

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

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

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

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

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

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

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

In the Fiscal Year 2025 ACFR, the City reported $95.6 million was deposited from Sales Tax revenue into the Municipal Pension Fund. For Fiscal Year 2026, the current estimate of Sales Tax revenue to be deposited into the Municipal Pension Fund is $101.6 million. For Fiscal Year 2027, the budgeted amount of Sales Tax revenue to be deposited into the Municipal Pension Fund is $111.0 million.

UAL and its Calculation

According to the July 1, 2025 Valuation, the funded ratio (the valuation of assets available for benefits to total actuarial liability) of the Municipal Pension Fund as of July 1, 2025 was 67.7% and the Municipal Pension Fund had an unfunded actuarial liability ("UAL") of $4.37 billion. The UAL is the difference between total actuarial liability ($13.54 billion as of July 1, 2025) and the actuarial value of assets ($9.17 billion as of July 1, 2025).

Key Actuarial Assumptions. In accordance with Act 205, the actuarial assumptions must be, in the judgment of both Cheiron (the independent consulting actuary for the Municipal Pension Fund) and the Pension Board, "the best available estimate of future occurrences in the case of each assumption." The assumed investment return rate used in the July 1, 2025 Valuation was 7.25% a year, net of investment

expenses, compounded annually. For the prior actuarial valuation, the assumed investment return rate was 7.30%. See Table 24 for the assumed rates of return for Fiscal Years 2016 to 2025. The 7.30% was used to establish the MMO payment for Fiscal Year 2026 and 7.25% will be used to establish the MMO payment for Fiscal Year 2027.

As noted herein, the Pension Board also approved a reduction in the assumed rate of return from 7.25% to 7.20% effective July 1, 2026 (Fiscal Year 2027). Such reduction will be effective for the July 1, 2026 actuarial valuation and used to establish the MMO payment for Fiscal Year 2028.

Other key actuarial assumptions in the July 1, 2025 Valuation include the following: (i) total annual payroll growth of 3.30%, (ii) annual administrative expenses assumed to increase 3.30% per year, (iii) to recognize the expense of the benefits payable under the Pension Adjustment Fund (as described below), actuarial liabilities were increased by 0.54%, based on the statistical average expected value of the benefits, (iv) a vested employee who terminates will elect a pension deferred to service retirement age so long as their age plus years of service at termination are greater than or equal to 55 (45 for police and fire employees in the 1967 Plan), (v) for municipal and elected members, 65% of all disabilities are ordinary and 35% are service-connected, (vi) for police and fire members, 25% of all disabilities are ordinary and 75% are service-connected, and (vii) 70% of active members and 40% of non-active members are assumed to be married with male spouses assumed to be four-years older than female spouses. For a complete description of the actuarial assumptions, including the decrement tables used (i.e., mortality, retirement, termination, and disability), see Appendix C of the July 1, 2025 Valuation.

"Smoothing Methodology". The Municipal Retirement System uses an actuarial value of assets to calculate its annual pension contribution, using an asset "smoothing method" to dampen the volatility in asset values that could occur because of fluctuations in market conditions. The Municipal Retirement System used a five-year smoothing prior to Fiscal Year 2009, and beginning with Fiscal Year 2009 began employing a ten-year smoothing. Using the ten-year smoothing methodology, investment returns in excess of or below the assumed rate are prospectively distributed in equal amounts over a ten-year period, subject to the requirement that the actuarial value of assets will be adjusted, if necessary, to ensure that the actuarial value of assets will never be less than 80% of the market value of the assets, nor greater than 120% of the market value of the assets. The actuarial value of assets as of July 1, 2025, was approximately 95.6% of the market value of the assets, as compared to 100.3% as of July 1, 2024.

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

Act 205 further requires that an experience study be conducted at least every four years, and cover the five-year period ending as of the end of the plan year preceding the plan year for which the actuarial valuation report is filed. An experience study was prepared by Cheiron in March 2026 for the period July 1, 2020 – June 30, 2025 (the "Experience Study"). The actuarial and demographic assumptions that were adopted by the Pension Board in response to such Experience Study will be effective for the July 1, 2026

Valuation. Details of the assumption changes and the experience of the Municipal Pension Plan can be found in the *City of Philadelphia Municipal Retirement System Experience Study Results for the period covering July 1, 2020 – June 30, 2025*.

Pension Adjustment Fund

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

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

The actuary determined that for the Fiscal Year ended June 30, 2025, there were "excess earnings" as defined to be credited to the PAF in the amount of a one-time transfer of $36.3 million. The Pension Board transfers to the PAF the full amount calculated by the actuary as being available in any year for transfer within six months of the Pension Board designating the amount to be transferred.

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

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

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

Rates of Return. Table 24 sets forth for the Fiscal Years 2016-2025 the market value of assets internal rate of return and actuarial value of assets internal rate of return experienced by the Municipal Pension Fund, and the assumed rate of return. The 5-year and 10-year annual average returns as of June 30, 2025, were 9.65% and 7.34% respectively, on a market value basis.

Table 24
Municipal Pension Fund
Annual Rates of Return

Year Ending June 30,	Market Value	Actuarial Value[(1)]	Assumed Rate of Return
2016	-3.2%	4.5%	7.75%
2017	13.1%	4.4%	7.70%
2018	9.0%	5.1%	7.65%
2019	5.7%	7.6%	7.60%
2020	1.5%	6.5%	7.55%
2021	28.4%	6.3%	7.50%
2022	-6.5%	7.7%	7.45%
2023	8.1%	6.5%	7.40%
2024	8.4%	6.3%	7.35%
2025	12.7%	7.0%	7.30%

Source: July 1, 2025 Valuation.

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

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Asset Values. Table 25 sets forth, as of the July 1 actuarial valuation date for the years 2016-2025, the actuarial and market values of assets in the Municipal Pension Fund and the actuarial value as a percentage of market value.

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

Actuarial Valuation Date (July 1)	Actuarial Value of Assets[(1)]	Market Value of Net Assets[(1)]	Actuarial Value as a Percentage of Market Value
2016	$4,936.0	$4,350.8	113.5%
2017	$5,108.6	$4,873.0	104.8%
2018	$5,397.4	$5,340.1	101.1%
2019	$5,852.5	$5,687.2	102.9%
2020	$6,242.7	$5,781.6	108.0%
2021	$6,633.1	$7,348.5	90.3%
2022	$7,176.1	$6,905.5	103.9%
2023	$7,979.2	$7,800.9	102.3%
2024	$8,583.2	$8,558.4	100.3%
2025	$9,166.0	$9,588.1	95.6%

Source: July 1, 2025 Valuation for Actuarial Value of Assets; 2016-2025 Actuarial Reports for Market Value of Net Assets.

(1) For purposes of this table, the Market Value of Net Assets excludes the PAF, which equaled $45.0 million as of June 30, 2025. The Actuarial Value of Assets excludes that portion of the Municipal Pension Fund that is allocated to the PAF. The actuarial values reflect a ten-year smoothing.

Changes in Plan Net Position. Table 26 sets forth, for Fiscal Years 2021-2025, the additions, including employee (member) contributions, City contributions (including contributions from the Commonwealth), investment income and miscellaneous income, and deductions, including benefit payments and administration expenses, for the Municipal Pension Fund. Debt service payments on pension funding bonds (as described below at "Annual Contributions – *Annual Debt Service Payments on the Pension Bonds*") are made from the City's General Fund, Water Operating Fund, and Aviation Operating Fund, but are not made from the Municipal Pension Fund, and therefore are not included in Table 26. In those years in which the investment income is less than anticipated, the Municipal Pension Fund may experience negative changes (total deductions greater than total additions). If unrealized gains are excluded from the calculation, resulting in a comparison of cash actually received against actual cash outlays, it could result in a negative cash flow in some Fiscal Years.

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

Employee (member) contribution amounts reflect contribution rates as a percent of pay, which for the plan year beginning July 1, 2025, vary from 6.00% to 8.50% for police and fire employees, and from 2.64% to 7.00% for municipal employees excluding elected officials. These rates include the increases for police employees effective July 1, 2017, resulting from the FOP Lodge No. 5 and IAFF Local No. 22 Labor

Contracts. Such contracts increased member contributions for current police officers in Plan 87 and Plan 10 by 0.92% effective July 1, 2017, and an additional 0.92% effective July 1, 2018. For new police officers and fire fighters hired or rehired on or after July 1, 2017, the member contribution rate is increased by 2.5% over the rate which would otherwise be in effect as of July 1, 2017. The rates also include the increases in contributions for certain municipal employees and elected officials currently in Plans 67, 87 and 87 Prime and elected officials as required by legislation. This legislation called for employees in these groups to pay an additional 0.5% of compensation from January 1, 2015 to December 31, 2015 and an additional 1.0% from January 1, 2016 onwards. New employees in these groups entering Plan 87 Municipal Prime will pay an additional 1.0% of compensation, which is included in Table 26. Finally, these rates do not include the additional tiered contributions paid by current and future municipal employees based on their level of compensation.

Table 26
Changes in Net Position of the Municipal Pension Fund
Fiscal Years 2021-2025
(Amounts in Thousands of USD)

	2021	2022	2023	2024	2025
Beginning Net Assets (Market Value)[1]	$5,782,891	$7,424,983	$6,939,834	$7,808,089	$8,566,208
Additions					
- Member Contributions	111,273	110,447	120,691	127,355	138,242
- City Contributions[2]	788,483	859,787	1,164,974	948,686	864,211
- Investment Income[3]	1,642,217	(480,676)	568,995	657,228	1,083,517
- Miscellaneous Income[4]	1,273	913	1,962	1,730	2,052
Total	$2,543,246	$490,471	$1,856,622	$1,734,999	$2,088,023
Deductions					
- Benefits and Refunds	(891,445)	(966,686)	(979,429)	(966,848)	(1,010,360)
- Administration	(9,709)	(8,933)	(8,938)	(10,033)	(10,704)
Total	($901,154)	($975,619)	($988,367)	($976,881)	($1,021,064)
Ending Net Assets (Market Value)	$7,424,983	$6,939,834	$7,808,089	$8,566,208	$9,633,166

Source: Municipal Pension Fund's audited financial statements.

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

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

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

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

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Funded Status of the Municipal Pension Fund

Tables 27 and 28 set forth, as of the July 1 actuarial valuation date for the years 2016-2025, the asset value, the actuarial liability, the UAL, the funded ratio, covered payroll and UAL, as a percentage of covered payroll for the Municipal Pension Fund on actuarial and market value bases, respectively.

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

Actuarial Valuation Date (July 1)	Actuarial Value of Assets (a)	Actuarial Liability (b)	UAL (Actuarial Value) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a % of Covered Payroll [(b-a)/c]
2016	$4,936.0	$11,024.8	$6,088.8	44.8%	$1,676.5	363.2%
2017	$5,108.6	$11,275.7	$6,167.1	45.3%	$1,744.7	353.5%
2018	$5,397.4	$11,521.0	$6,123.5	46.8%	$1,805.4	339.2%
2019	$5,852.5	$11,783.1	$5,930.6	49.7%	$1,842.6	321.9%
2020	$6,242.7	$12,038.1	$5,795.4	51.9%	$1,921.2	301.7%
2021	$6,633.1	$12,074.0	$5,441.0	54.9%	$1,886.5	288.4%
2022	$7,176.1	$12,448.4	$5,272.3	57.6%	$1,921.1	274.4%
2023	$7,979.2	$12,821.4	$4,842.2	62.2%	$1,993.0	243.0%
2024	$8,583.2	$13,133.7	$4,550.5	65.4%	$2,118.5	214.8%
2025	$9,166.0	$13,535.2	$4,369.2	67.7%	$2,313.1	188.9%

Source: July 1, 2025 Valuation.

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

Actuarial Valuation Date (July 1)	Market Value of Net Assets[(1)] (a)	Actuarial Liability (b)	UAL (Market Value) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a % of Covered Payroll [(b-a)/c]
2016	$4,350.8	$11,024.8	$6,674.0	39.5%	$1,676.5	398.1%
2017	$4,873.0	$11,275.7	$6,402.7	43.2%	$1,744.7	367.0%
2018	$5,340.1	$11,521.0	$6,180.9	46.4%	$1,805.4	342.4%
2019	$5,687.2	$11,783.1	$6,095.9	48.3%	$1,842.6	330.8%
2020	$5,781.6	$12,038.1	$6,256.5	48.0%	$1,921.2	325.7%
2021	$7,348.5	$12,074.0	$4,725.5	60.9%	$1,886.5	250.5%
2022	$6,905.5	$12,448.4	$5,542.9	55.5%	$1,921.1	288.5%
2023	$7,800.9	$12,821.4	$5,020.5	60.8%	$1,993.0	251.9%
2024	$8,558.4	$13,133.7	$4,575.3	65.2%	$2,118.5	216.0%
2025	$9,588.1	$13,535.2	$3,947.1	70.8%	$2,313.1	170.6%

Source: 2016-2025 Actuarial Valuation Reports.

(1) For purposes of this table, the Market Value of Net Assets excludes the PAF, which as of June 30, 2016 equaled $7.2 million; as of June 30, 2017 equaled $1.1 million; as of June 30, 2018 equaled $1.2 million; as of June 30, 2019 equaled $1.2 million; as June 30, 2020 equaled $1.2 million; as June 30, 2021 equaled $76.5 million; as June 30, 2022 equaled $34.3 million; as June 30, 2023 equaled $7.2 million; as June 30, 2024 equaled $7.8 million; and as June 30, 2025 equaled $45.0 million.

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Annual Contributions

Annual Municipal Pension Contributions

Table 29 shows the components of the City's annual pension contributions to the Municipal Pension Fund for the Fiscal Years 2016-2025. While Table 29 shows the last ten Fiscal Years, the City's total contribution (C) has exceeded the MMO (D) each Fiscal Year beginning in Fiscal Year 2014.

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

Fiscal Year	General Fund Contribution (A)	Commonwealth Contribution (B)	Aggregate General Fund Contribution (A+B)	Water Fund Contribution	Aviation Fund Contribution	Grants Funding and Other Funds Contribution[(1)]	Contributions from Quasi-governmental Agencies	Pension Bond Proceeds	Total Contribution (C)	MMO (D)	MMO (Deferred) Makeup Payments	% of MMO Contributed (C/D)
2016	$449.6	$62.6	$512.2	$55.1	$27.1	$34.8	$31.0	$0.0	$660.2	$595.0	-	111.0%
2017	$487.0	$68.7	$555.7	$61.0	$28.8	$33.3	$27.4	$0.0	$706.2	$629.6	-	112.2%
2018	$559.7	$72.4	$632.1	$62.7	$28.8	$32.5	$25.9	$0.0	$782.0	$661.3	-	118.3%
2019	$567.7	$74.8	$642.5	$64.7	$31.6	$33.8	$25.2	$0.0	$797.8	$668.3	-	119.4%
2020	$545.1	$82.0	$627.1	$71.6	$34.0	$14.6	$21.4	$0.0	$768.7	$675.8	-	113.7%
2021	$558.5	$81.3	$639.8	$81.2	$34.7	$12.5	$20.3	$0.0	$788.5	$673.9	-	117.0%
2022	$671.9	$79.3	$751.2	$59.0	$21.8	$12.6	$15.2	$0.0	$859.8	$678.2	-	126.8%
2023	$939.2	$84.2	$1,023.4	$57.8	$22.2	$44.4	$17.2	$0.0	$1,165.0	$664.1	-	175.4%
2024	$684.5	$94.3	$778.8	$60.8	$24.4	$63.8	$20.9	$0.0	$948.7	$671.7	-	141.2%
2025	$581.1	$103.1	$684.2	$60.5	$25.4	$72.9	$21.2	$0.0	$864.2	$652.9	-	132.4%

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

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Annual Debt Service Payments on the Pension Bonds

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

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

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

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

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

As discussed herein, the City has a balloon payment due on the Pension Bonds in Fiscal Year 2029, which is the largest payment due on such bonds, but not the final maturity. For more information on the debt service requirements for the Pension Bonds and other debt of the City, see Table 42 herein. The City has included this balloon payment in the Thirty-Fifth Five-Year Plan.

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Table 30 shows the components of the City's annual debt service payments on the Pension Bonds for the Fiscal Years 2016-2025.

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

Fiscal Year	General Fund Payment	Water Fund Payment	Aviation Fund Payment	Other Funds Payment[(1)]	Grants Funding	Total Payment
2016	$109.9	$13.7	$6.4	$0.9	$3.8	$134.7
2017	$109.5	$14.5	$6.6	$0.9	$3.3	$134.8
2018	$110.1	$14.3	$6.3	$0.9	$3.1	$134.7
2019	$109.8	$14.2	$6.6	$1.1	$3.0	$134.7
2020	$110.1	$15.7	$7.1	$1.2	$0.6	$134.7
2021[(2)]	$28.4	$4.5	$1.9	$0.3	$0.5	$35.6
2022[(2)]	$91.7	$8.5	$3.1	$0.5	$0.9	$104.7
2023	$111.0	$10.8	$4.1	$0.7	$7.5	$134.1
2024	$121.0	$12.5	$5.0	$4.6	$9.0	$152.1
2025	$121.9	$12.5	$5.1	$2.7	$9.9	$152.1

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

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

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Annual Pension Costs of the General Fund

Table 31 shows the annual pension costs of the General Fund for the Fiscal Years 2016-2025, being the sum of the General Fund Contribution to the Municipal Pension Fund (column (A) in Table 29) and the General Fund debt service payments on Pension Bonds (Table 30).

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

Fiscal Year	General Fund Pension Fund Contribution (A)[(1)]	General Fund Pension Bond Debt Service Payment (B)	Annual Pension Costs (A+B)	Total General Fund Expenditures (C)	General Fund portion of Annual Pension Costs as % of Total General Fund Expenditures (A+B)/C
2016	$449.6	$109.9	$559.5	$4,015.8	13.93%
2017	$487.0	$109.5	$596.5	$4,139.8	14.41%
2018	$559.7	$110.1	$669.8	$4,402.9	15.21%
2019	$567.7	$109.8	$677.5	$4,772.4	14.20%
2020	$545.1	$110.1	$655.2	$5,036.5	13.01%
2021	$558.5	$28.4	$586.9	$4,717.8	12.44%
2022	$671.9	$91.7	$763.6	$5,338.5	14.30%
2023	$939.2	$111.0	$1,050.2	$5,918.4	17.74%
2024	$684.5	$121.0	$805.5	$6,134.7	13.13%
2025	$581.1	$121.9	$703.0	$6,317.9	11.13%

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

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

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

Fiscal Year	Annual City Contribution	Fiscal Year Covered Employee Payroll[(1)]	ACC as % of Payroll
2016	$660,247	$1,676,549	39.38%
2017	$706,237	$1,744,728	40.48%
2018	$781,984	$1,805,400	43.31%
2019	$797,806	$1,842,555	43.30%
2020	$768,721	$1,921,217	40.01%
2021	$788,483	$1,886,512	41.80%
2022	$859,787	$1,921,142	44.75%
2023	$1,164,974	$1,993,014	58.45%
2024	$948,686	$2,118,480	44.78%
2025	$864,211	$2,313,087	37.36%

Source: Municipal Pension Fund Financial Statements, June 30, 2025.

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

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Actuarial Projections of Funded Status

Cautionary Note. The information under this subheading, "Actuarial Projections of Funded Status," was prepared by Cheiron. The table below shows a five-year projection of RRP payments, Actuarial Value of Assets, Actuarial Liability, UAL, and Funded Ratio. The charts below show projections of funded ratios and City contributions based on the RRP through Fiscal Year 2045. All projections, whether for five years or for twenty years, are subject to actual experience deviating from the underlying assumptions and methods, and that is particularly the case for the charts below for the periods beyond the projections in the five-year table. **Projections and actuarial assessments are "forward looking" statements and are based on assumptions which may not be fully realized in the future and are subject to change, including changes based on the future experience of the City's Municipal Pension Fund and Municipal Pension Plan.**

The projections are on the basis that all assumptions as reflected in the July 1, 2025 Valuation are exactly realized except as otherwise noted below and the City makes all future RRP payments on schedule as required by the RRP funding policy, and must be understood in the context of the assumptions, methods and benefits in effect as described in the July 1, 2025 Valuation. Included among such assumptions are: (i) the rates of return for the Municipal Pension Fund over the projection period will equal 7.25% in Fiscal Year 2026 and 7.20% annually thereafter, (ii) RRP contributions will be made each year, (iii) the provisions of Act 205 as amended by Act 44 will remain in force during the projection period, and (iv) the future population changes of the participants in the pension plan will follow the demographic actuarial assumptions with the active population remaining constant in the future. The actuarial assumptions reflect the changes resulting from the most recent Experience Study which will be effective for the July 1, 2026 Valuation.

The July 1, 2025 Valuation includes charts reflecting City contributions based on MMO (Baseline projection set 1), and charts reflecting the additional City contributions in accordance with the RRP (Baseline projection set 2). The charts provided below are based on the City making RRP contributions each year, which are higher than the MMO contributions required under Pennsylvania law. Using the RRP, the Municipal Retirement System is projected to be 80% funded by 2028 and 100% funded by 2032, three years earlier than under the MMO projections. By the end of the projection period, the Municipal Retirement System is expected to be funded at 129.5% compared to 118.4% when MMO contributions are made. See the July 1, 2025 Valuation for further discussion of the assumptions and methodologies used by the actuary in preparing the July 1, 2025 Valuation and the following projections, all of which should be carefully considered in reviewing the projections. The July 1, 2025 Valuation is available for review on the website of the City's Board of Pensions. The table and charts below separately set forth estimates of Sales Tax revenues that will be deposited by the City into the Municipal Pension Fund, which were provided by the City to Cheiron based on current estimates or budgeted amounts of such revenues as included in the Thirty-Fifth Five-Year Plan. Cheiron has not analyzed and makes no representation regarding the validity of the sales tax revenue assumptions and estimates provided by the City. See "REVENUES OF THE CITY – Sales and Use Tax."

Each of the tables and graphs that follow are shown in Appendix E of the July 1, 2025 Valuation and such report should be referenced regarding the underlying benefits, methods, and assumptions utilized in the production of these values.

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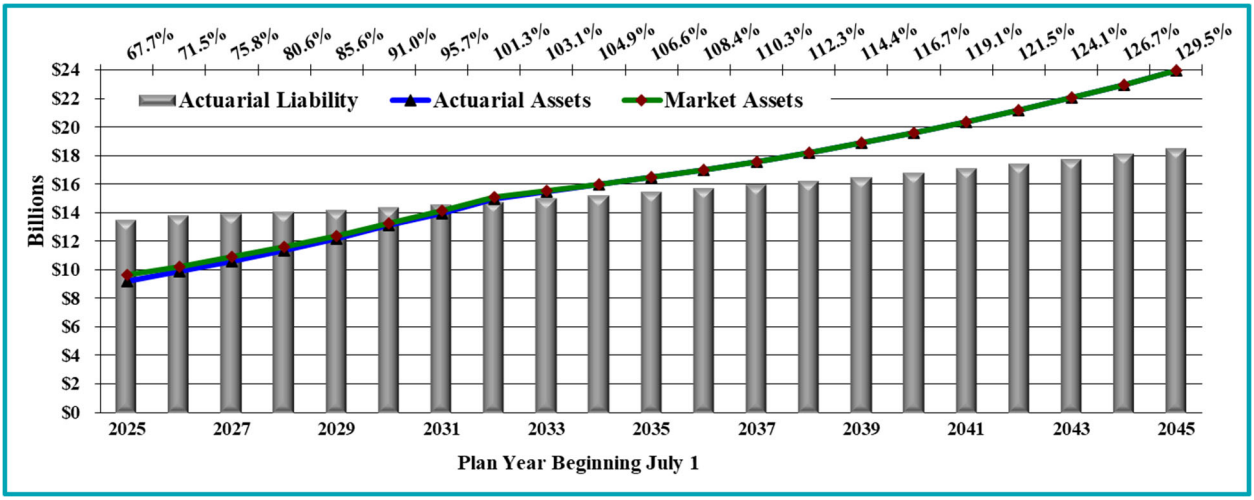
Five-Year Projection. The following chart provides dollar amounts in millions of USD.

Table E-1 ($ millions)

Fiscal Year End	RRP Contributions	Sales Tax Contributions	Actuarial Value of Assets	Actuarial Liability	Unfunded Actuarial Liability	Funded Ratio
2026	$ 759.8	$ 101.6	$ 9,166.0	$ 13,535.2	$ 4,369.2	67.7%
2027	782.1	110.3	9,880.8	13,826.4	3,945.6	71.5%
2028	792.3	118.4	10,597.0	13,972.1	3,375.1	75.8%
2029	782.9	126.6	11,361.2	14,102.2	2,740.9	80.6%
2030	767.8	134.9	12,163.3	14,215.2	2,051.9	85.6%
2031	738.4	143.3	13,106.7	14,398.3	1,291.6	91.0%

Twenty-Year Projections.*

Funded Ratio Chart based on the RRP:



* Note that lines in the graph indicating "Actuarial Assets" and "Market Assets" are both shown and follow a very similar trend line.

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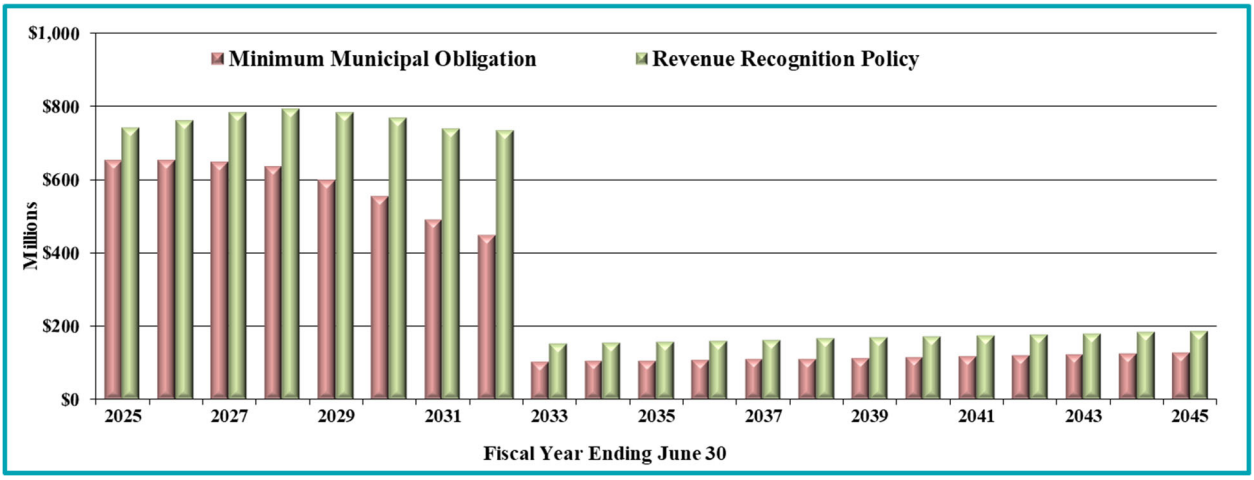
Expected City Contribution Chart based on the RRP:



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OTHER POST-EMPLOYMENT BENEFITS

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

To provide health care coverage, the City pays a negotiated monthly premium for retirees covered by the union contract for AFSCME DC 33 and is self-insured for all other eligible pre-Medicare retirees. The City is also responsible for 92% of AFSCME DC 47's health care costs. Aside from AFSCME DC 33 and AFSCME DC 47, the City is responsible for the actual health care cost that is invoiced to the City's unions by their respective vendors. The actual cost can be a combination of self-insured claim expenses, premiums, ancillary services, and administrative expenses. Eligible union represented employees receive five years of coverage through their union's health fund. The City's funding obligation for pre-Medicare retiree benefits is the same as for active employees. Union represented and non-union employees may defer their retiree health coverage until a later date.

The annual payments made by the City for OPEB for Fiscal Years 2021-2025 are shown in Table 33.

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

Fiscal Year ended June 30,	Annual OPEB Payment
2021	$97,800
2022	$118,300
2023	$101,100
2024	$103,600
2025	N/A

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

For financial reporting purposes, although the City funds OPEB on a pay-as-you-go basis, it is required to include in its financial statements (in accordance with GASB Statement No. 75) a calculation similar to that performed to calculate its pension liability. Pursuant to GASB 75, an annual required contribution is calculated which, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liability over a period not to exceed 30 years. The City's total OPEB liability reported as of June 30, 2025 of $1.61 billion, was measured as of June 30, 2024 based on an actuarial valuation as of June 30, 2024. See Note IV.3 to the Fiscal Year 2025 ACFR.

PGW PENSION PLAN

General

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

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

The City sponsors the Philadelphia Gas Works Pension Plan (the "PGW Pension Plan"), a single employer defined benefit plan, to provide pension benefits for certain current and former PGW employees and other eligible class employees of PFMC and the Gas Commission. As plan sponsor, the City, through its General Fund, could be responsible for plan liabilities if the PGW Pension Plan does not satisfy its payment obligations to PGW retirees. At June 30, 2026, the PGW Pension Plan membership total was 3,687, comprised of: (i) 2,533 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them; and (ii) 1,154 participants, of which 754 were vested and 400 were nonvested.

PGW Pension Plan

The PGW Pension Plan provides retirement benefits as well as death and disability benefits. Retirement benefits vest after five years of credited service. Retirement payments for vested employees commence: (i) at age 65 and five years of credited service; (ii) age 55 and 15 years of credited service; or (iii) without regard to age, after 30 years of credited service. For covered employees hired prior to May 21, 2011 (union employees) or prior to December 21, 2011 (non-union employees), PGW pays the entire cost of the PGW Pension Plan. Union employees hired on or after May 21, 2011 and non-union employees hired on or after December 21, 2011 have the option to participate in the PGW Pension Plan and contribute 6.0% of applicable wages or participate in a plan established in compliance with Section 401(a) of the Internal Revenue Code (defined contribution plan) and have PGW contribute 5.5% of applicable wages.

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

Benefit and contribution provisions are established by City ordinance and may be amended only as allowed by City ordinance. The pension payments are treated as an operating expense of PGW and are

included as a component of PGW's base rate. The PUC approves all items that are to be included in PGW's base rates.

Pension Costs and Funding

PGW pays an annual amount that is projected to be sufficient to cover its normal cost and an amortization of the PGW Pension Plan's UAL. Table 34 shows the normal cost, the amortization payment, and the resulting annual required contribution as of the last five actuarial valuation dates for the PGW Pension Plan. Prior to fiscal year 2016, PGW had been using a 20-year open amortization period (and the payments in Table 34 are on the basis of a 20-year open amortization). Commencing in PGW's fiscal year 2016, PGW calculated an annual required contribution on the basis of both a 20-year open amortization period and a 30-year closed amortization period and contributed the higher of the two amounts. An open amortization period is one that begins again or is recalculated at each actuarial valuation date. With a closed amortization period, the unfunded liability is amortized over a specific number of years to produce a level annual payment. Because the final amortization date is fixed, if all actuarial assumptions are achieved, the unfunded liability would decline to zero as of the final amortization date. To the extent future experience differs from the assumptions used to establish the 30-year fixed amortization payment schedule, new amortization bases attributable to a particular year's difference would be established and amortized over their own 30-year schedule. Commencing in PGW's fiscal year 2021, PGW's annual contribution is required to be at least $30 million annually unless changed by written directive of the Director of Finance. The contribution amount exceeds the suggested level of funding in the Actuarial Valuation Report (Funding) for the Plan Year July 1, 2025 – June 30, 2026 for the PGW Pension Plan and is consistent with the contribution amount in PGW's base rates (i.e., rates PGW charges for services). The $30 million annual contribution amount remains in effect.

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

Calculation of ARC for the 12-month period ended:	Normal Cost[1] (A)	Amortization Payment[1] (B)	ARC[1], [2] (A + B)	Payments to Beneficiaries[3]
7/1/2021	$7,892	$17,375	$25,267	$56,647
7/1/2022	$7,732	$17,470	$25,202	$58,502
7/1/2023	$7,754	$17,306	$25,060	$60,312
7/1/2024	$7,772	$16,256	$24,028	$60,928
7/1/2025	$8,145	$15,093	$23,238	$62,116

(1) Source: The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2025 – June 30, 2026 for the PGW Pension Plan.

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

(3) Sources: For 2021, the audited financial statements for PGW for fiscal years ended August 31, 2021 and 2020. For 2022, the audited financial statements for PGW for fiscal years ended August 31, 2022 and 2021. For 2023, the audited financial statements for PGW for fiscal years ended August 31, 2023 and 2022. For 2024, the Actuarial Valuation Report (Funding) for the Plan Year July 1, 2024 – June 30, 2025 for the PGW Pension Plan. For 2025, the Actuarial Valuation Report (Funding) for the Plan Year July 1, 2025 – June 30, 2026 for the PGW Pension Plan.

Although PGW has paid its annual required contribution each year, the market value of assets for the PGW Pension Plan is less than the actuarial accrued liability, as shown in the next table. Table 35 shows such values as of the applicable actuarial valuation dates (July 1, 2021 through July 1, 2025).

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

Actuarial Valuation Date	Market Value of Assets	Actuarial Liability	UAL (Market Value)	Funded Ratio
7/1/2021	$673,542	$792,325	$118,783	85.01%
7/1/2022	$565,748	$806,257	$240,509	70.17%
7/1/2023	$604,133	$812,231	$208,098	74.38%
7/1/2024	$654,984	$819,095	$164,111	79.96%
7/1/2025	$702,779	$839,034	$136,255	83.76%

(1) Source: The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2025 – June 30, 2026 for the PGW Pension Plan.

The current significant actuarial assumptions for the PGW Pension Plan are: (i) investment return rate of 7.00% compounded annually; (ii) salaries are assumed to increase by an amount based on years of service, see table 3 in The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2025 – June 30, 2026 for the PGW Pension Plan; and (iii) retirements that are assumed to occur at the ages detailed in The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2025 – June 30, 2026 for the PGW Pension Plan. Effective July 1, 2026, the assumed investment return rate will be reduced to 6.90% compounded annually.

The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2025 – June 30, 2026 for the PGW Pension Plan includes certain changes to the actuarial assumptions, including (i) modifications to mortality tables, turnover rates, disability rates, retirement rates, and salary scales, (ii) increases to assumed participant compensation in the final year of employment prior to retirement, and (iii) modifications to the optional payment form election percentages and the surviving spouse benefit assumptions.

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

The PGW Pension Plan actuary prepared a separate actuarial valuation report ("GASB 67 Report") for the fiscal year ending June 30, 2025, for purposes of plan reporting information under Governmental Accounting Standards Board Statement No. 67, "Financial Reporting for Pension Plans." The GASB 67 Report shows for the fiscal year ending June 30, 2025, an unfunded liability of approximately $160.3 million (rather than the approximately $136.3 million reflected in Table 35), which results in a funded ratio of 81.42%. In addition, that report provides an interest rate sensitivity, which shows that were the investment rate to be 6.00% (1% lower than the assumed investment rate of 7.00%), the unfunded liability would be approximately $252.2 million.

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Projections of Funded Status

The information under this subheading, "Projections of Funded Status," is extracted from tables prepared by Aon, as actuary to the PGW Pension Plan, which were included in their "Philadelphia Gas Works Pension Plan – Funding Alternative Funding Schedules July 1, 2025-June 30, 2026". The charts show projections, using both the current amortization method (20-year, open) and the alternative amortization method (30-year, fixed). See "– Pension Costs and Funding" above. Projections are subject to actual experience deviating from the underlying assumptions and methods. **Projections and actuarial assessments are "forward looking" statements and are based upon assumptions that may not be fully realized in the future and are subject to change, including changes based upon the future experience of the PGW Pension Plan.**

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

Actuarial Valuation Date (July 1)	Actuarial Value of Assets	Actuarial Accrued Liability	UAL (Actuarial Value)	Calculated Mid-Year Contribution[1], [2]	Funded Ratio
2025	$667,949	$839,034	$171,084	$24,051	79.61%
2026	672,585	841,571	168,986	23,850	79.92%
2027	702,662	842,337	139,676	21,249	83.42%
2028	725,058	843,492	118,433	19,439	85.96%
2029	738,626	845,160	106,534	18,541	87.39%
2030	745,597	847,617	102,019	18,331	87.96%
2031	752,895	850,511	97,616	18,080	88.52%
2032	760,751	853,897	93,146	17,827	89.09%
2033	769,206	857,931	88,725	17,524	89.66%
2034	778,130	862,367	84,237	17,193	90.23%

(1) Source: The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2025 – June 30, 2026 for the PGW Pension Plan.

(2) Pursuant to the established funding policy, PGW contributes, on a monthly basis, payments of $2.5 million to the payroll account for benefits to retirees, beneficiaries, survivors, etc. The actuary's report assumes contributions at the beginning, middle, and end of the plan year. PGW utilizes the mid-year contribution level to approximate the actual funding methodology.

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

Actuarial Valuation Date (July 1)	Actuarial Value of Assets	Actuarial Accrued Liability	UAL (Actuarial Value)	Calculated Mid-Year Contribution[1], [2]	Funded Ratio
2025	$667,949	$839,034	$171,084	$24,224	79.61%
2026	672,763	841,571	168,808	24,375	79.94%
2027	703,396	842,337	138,942	22,488	83.51%
2028	727,124	843,492	116,368	21,226	86.20%
2029	742,685	845,160	102,476	20,713	87.87%
2030	752,185	847,617	95,432	20,766	88.74%
2031	762,461	850,511	88,050	20,767	89.65%
2032	773,764	853,897	80,132	20,760	90.62%
2033	786,162	857,931	71,769	20,693	91.63%
2034	799,549	862,367	62,818	20,591	92.72%

(1) Source: The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2025 – June 30, 2026 for the PGW Pension Plan.

(2) Pursuant to the established funding policy, PGW contributes, on a monthly basis, payments of $2.5 million to the payroll account for benefits to retirees, beneficiaries, survivors, etc. The actuary's report assumes contributions at the beginning, middle, and end of the plan year. PGW utilizes the mid-year contribution level to approximate the actual funding methodology.

Additional Information

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

Further information on the PGW Pension Plan, including with respect to its membership, plan description, funding policy, actuarial assumptions and funded status is contained in the Fiscal Year 2025 ACFR.

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PGW OTHER POST-EMPLOYMENT BENEFITS

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

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

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

The current significant actuarial assumptions for the PGW OPEB Plan are: (i) investment return rate of 7.00% compounded annually; (ii) salaries assumed to increase by an amount based on years of service, and (iii) retirements assumed to occur at the ages detailed in The Actuarial Valuation Report – Retiree Health Insurance Program GASB 74 (Valuation Date: December 31, 2025).

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

In Table 39, the PGW OPEB Plan shows an unfunded liability of approximately $25.5 million, which results in a funded ratio of 95.6%. In addition, The Actuarial Valuation Report – Retiree Health Insurance Program GASB 74 report provides an interest rate sensitivity, which shows that if the investment rate were to be 6.00% (1% lower than the assumed investment rate of 7.00%), the unfunded liability would be approximately $99 million.

Table 38 provides detail of actual PGW OPEB payments for PGW Fiscal Years 2021-2025 and projected PGW OPEB payments for PGW Fiscal Years 2026-2030. **Projections and actuarial assessments are "forward looking" statements and are based upon assumptions that may not be fully realized in the future and are subject to change, including changes based upon the future experience.**

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

Calculation of OPEB Payment for the 12-month period ended:	Healthcare	Life Insurance	OPEB Trust	Total
Actual[1]				
8/31/2021	$24,655	$1,725	$18,500	$44,880
8/31/2022	$21,970	$1,778	$18,500	$42,248
8/31/2023	$24,746	$1,797	$18,500	$45,043
8/31/2024	$25,569	$1,737	$18,500	$45,806
8/31/2025	$27,455	$1,722	$18,500	$47,677
Projections[2]				
12/31/2026	$29,252	$1,700	$18,500	$49,452
12/31/2027	$31,876	$1,700	$18,500	$52,076
12/31/2028	$33,452	$1,700	$18,500	$53,652
12/31/2029[3]	$ 0	$ 0	$ 0	$ 0
12/31/2030[3]	$ 0	$ 0	$ 0	$ 0

(1) Source: PGW audited financial statements for fiscal year ended August 31, 2025.

(2) The Actuarial Valuation Report for the PGW Health and Life Insurance Plan GASB 75 Projected Costs – Discount Rate = 7.0%.

(3) The $0 years represent the point at which the OPEB plan is projected to be fully funded on actuarial basis.

Table 39 is the schedule of PGW OPEB funding progress.

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

Actuarial valuation date	Actuarial value of assets	Actuarial liability	Unfunded actuarial liability	Funded ratio
12/31/2017[1]	$180,743	$559,631	$378,888	32.3%
12/31/2018[1]	$184,455	$520,533	$336,078	35.4%
12/31/2019[1]	$245,361	$493,570	$248,209	49.7%
12/31/2020[1]	$306,079	$507,667	$201,588	60.3%
12/31/2021[1]	$365,944	$515,175	$149,231	71.0%
12/31/2022[1]	$320,635	$529,342	$208,707	60.6%
12/31/2023[1]	$393,913	$507,620	$113,707	77.6%
12/31/2024[1]	$459,847	$543,352	$ 83,505	84.6%
12/31/2025[2]	$556,383	$581,896	$ 25,513	95.6%

(1) The Actuarial Valuation Report for the PGW Health and Life Insurance Plan for Retired Employees GASB 75 Financial Disclosure Report for the Fiscal Year Ended August 31, 2025.

(2) The Actuarial Valuation Report – Retiree Health Insurance Program GASB 74.

CITY CASH MANAGEMENT AND INVESTMENT POLICIES

General Fund Cash Flow

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

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

From time to time, the City issues tax and revenue anticipation notes. Each issue was repaid when due, prior to the end of the particular Fiscal Year. The City did not issue tax and revenue anticipation notes in Fiscal Year 2025 or Fiscal Year 2026. The City does not expect to issue tax and revenue anticipation notes in Fiscal Year 2027.

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

Consolidated Cash

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

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

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

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

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

Investment Practices

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

Investment guidelines for the City are embodied in Section 19-202 of the Philadelphia Code. In furtherance of these guidelines, as well as Commonwealth and federal legislative guidelines, the Director of Finance adopted a written Investment Policy (the "Policy") that went into effect in August 1994 and was most recently revised in January 2026. The Policy supplements other legal requirements and establishes guiding principles for the overall administration and effective management of all of the City's monetary funds (except the Municipal Pension Fund, the PGW Retirement Reserve Fund, the PGW OPEB Trust and the PGW Workers' Compensation Reserve Fund).

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

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

U.S. government securities carry no limitation as to the percent of the total portfolio per issuer. U.S. agency securities are limited to no more than 33% of the total portfolio per issuer. Repurchase agreements and money market mutual funds are limited to no more than 10% of the total portfolio per issuer. Commercial paper, corporate bonds, obligations of the Commonwealth, collateralized banker's

acceptances and certificates of deposit, and collateralized mortgage obligations and pass-through securities directly issued by a U.S. agency or instrumentality are limited to no more than 3% of the total portfolio per issuer.

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

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

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

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DEBT OF THE CITY

General

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

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

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

Using the methodology and the 13.5% limitation as described above, as of October 15, 2026, the Constitutional debt limitation for Tax-Supported Debt was $21,173,606,081. The total amount of authorized debt applicable to the debt limit was $2,794,930,000, including $1,270,000,000 of authorized but unissued debt, leaving a legal debt margin of $18,378,676,000. Based on the foregoing figures, the calculation of the legal debt margin is as follows:

Table 40
General Obligation Debt Limit
as of October 15, 2026
(Amounts in Thousands of USD)

Authorized, issued and outstanding	$2,126,330
Authorized and unissued	1,270,000
Total	$2,910,310
Less: Self-Supporting Debt	($92,000)
Less: Serial bonds maturing within a year	(23,380)
Total amount of authorized debt applicable to debt limit	2,794,930
Legal debt limit	21,173,606
Legal debt margin	$18,378,676

The $21.174 billion Constitutional debt limit calculation (using the methodology described above) includes ten years of property values certified under the City's AVI program. See "REVENUES OF THE CITY – Real Property Taxes." Assuming no increase or decrease in property values used to calculate the Constitutional debt limit in Table 40, the Constitutional debt limit is estimated to be $28.343 billion by 2035. Following these increases in assessed values, the City is below the 3.0% threshold. As a result, beginning with Fiscal Year 2022, the City's bond authorizations have not required electoral consent.

The City is also empowered by statute to issue revenue bonds and, as of October 15, 2026, had outstanding $3.41 billion aggregate principal amount of Water and Wastewater Revenue Bonds ("Water and Wastewater Bonds"), $1.05 billion aggregate principal amount of Gas Works Revenue Bonds, and $1.45 billion aggregate principal amount of Airport Revenue Bonds. As of October 15, 2026, the City has also enacted ordinances authorizing the issuance of (i) up to $500 million aggregate principal amount in Airport Revenue Commercial Paper Notes for the Department of Aviation, (ii) up to $1 billion of Airport Revenue Bonds to finance capital projects for the Department of Aviation (of which approximately $491.4 million has been issued), (iii) up to $270 million of Gas Works Revenue Notes to finance working capital and capital projects for PGW, (iv) up to $300 million of Gas Works Revenue Bonds to finance capital projects for PGW, of which approximately $92.0 million has been issued, (v) up to $400 million of Water and Wastewater Commercial Paper Notes for the Philadelphia Water Department, and (vi) up to $2.9 billion of Water and Wastewater Revenue Bonds for the Philadelphia Water Department, of which approximately $1.0 billion has been issued. For information on recent and upcoming financings, see "OTHER FINANCING RELATED MATTERS – Recent and Upcoming Financings."

The PICA Bonds reached final maturity on June 15, 2023, and there are no PICA Bonds outstanding as of October 15, 2026. For more information on PICA Bonds, see "– PICA Bonds" below.

Short-Term Debt

As provided in the PICA Act, the City's tax and revenue anticipation notes are general obligations of the City but do not constitute debt of the City subject to the limitations of the Constitutional debt limit. The City did not issue tax and revenue anticipation notes in Fiscal Year 2025 or Fiscal Year 2026. The City does not expect to issue tax and revenue anticipation notes in Fiscal Year 2027. See "OTHER FINANCING RELATED MATTERS – Recent and Upcoming Financings" and "CITY CASH MANAGEMENT AND INVESTMENT POLICIES – General Fund Cash Flow."

Long-Term Debt

Table 41 presents a synopsis of the bonded debt of the City and its component units as of the date indicated. Of the total balance of the City's General Fund-Supported Debt issued and outstanding as of October 15, 2026, approximately 35% is scheduled to mature within five Fiscal Years and approximately 61% is scheduled to mature within ten Fiscal Years.

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Table 41
Bonded Debt
as of October 15, 2026
(Amounts in Thousands of USD)[1]

General Obligation Debt and PICA Bonds			
General Obligation Bonds[2]		$2,126,330	
PICA Bonds		0	
Subtotal: General Obligation Debt and PICA Bonds			**$2,126,330**
Other General Fund-Supported Debt			
Philadelphia Municipal Authority			
Juvenile Justice Center	60,195		
Public Safety Campus	50,905		
Energy Conservation	2,180		
		$113,280	
Philadelphia Authority for Industrial Development			
Pension fixed rate bonds	539,770		
Stadiums	91,230		
Cultural and Commercial Corridor	40,275		
One Parkway	3,660		
Affordable Housing	36,435		
400 N. Broad[3]	201,589		
Art Museum	7,265		
Rebuild	270,210		
		$1,190,434	
Philadelphia Redevelopment Authority			
Neighborhood Transformation Initiative	71,960		
Home Repair Program	29,585		
Neighborhood Preservation Initiative	355,210		
Housing Opportunities Made Easy	396,650		
		$853,405	
Philadelphia Energy Authority			
Streetlight Improvement Project	78,410		
Energy Conservation	28,445		
		$106,855	
Philadelphia Parking Authority		$3,555	
Subtotal: Other General Fund-Supported Debt			**$2,267,529**
Revenue Bonds			
Water Fund[4]		$3,413,637	
Aviation Fund[4]		1,454,170	
Gas Works[4]		1,049,075	
Subtotal: Revenue Bonds			**$5,916,882**
Grand Total			**$10,310,741**

(1) Unaudited; figures may not sum due to rounding.

(2) For tables setting forth a ten-year historical summary of Tax-Supported Debt of the City and the School District and the debt service requirements to maturity of the City's outstanding bonded indebtedness as of June 30, 2025, see the Fiscal Year 2025 ACFR.

(3) Includes (i) sublease payments of approximately $15.2 million annually for the police headquarters renovation; and (ii) an assumption that the City issues approximately $200 million in bonds in Fiscal Year 2027 to acquire the project at an assumed interest rate of 5% over the next 20 years.

(4) Does not include any outstanding commercial paper or short-term note issuances for the Department of Aviation, the Water Department, or PGW, as applicable.

Table 42
Annual Debt Service on General Fund-Supported Debt
(as of October 15, 2026)
(Amounts in Millions of USD)[1]

Fiscal Year	General Obligation Debt[2]			Other General Fund-Supported Debt[4], [5]			Aggregate General Fund-Supported Debt		
	Principal	Interest[3]	Total	Principal	Interest[6], [7]	Total	Principal	Interest	Total
2027	$23.38	$56.27	$79.65	$183.63	$94.22	$277.86	$207.01	$150.50	$357.51
2028	152.09	99.05	251.14	235.33	103.30	338.63	387.42	202.35	589.76
2029	127.68	92.43	220.10	289.64	84.09	373.72	417.31	176.51	593.82
2030	145.68	85.89	231.56	111.81	72.85	184.66	257.49	158.74	416.22
2031	153.60	78.70	232.30	117.14	67.52	184.66	270.74	146.22	416.96
2032	161.27	71.11	232.37	80.57	62.49	143.06	241.83	133.60	375.43
2033	132.35	63.98	196.33	84.54	58.78	143.31	216.89	122.76	339.65
2034	124.76	57.64	182.40	102.87	54.84	157.71	227.63	112.48	340.11
2035	116.98	51.64	168.62	122.26	50.26	172.52	239.24	101.90	341.14
2036	122.97	45.81	168.78	90.04	44.92	134.95	213.01	90.73	303.73
2037	114.50	40.17	154.67	94.47	40.49	134.96	208.97	80.66	289.63
2038	119.56	34.79	154.35	99.15	35.81	134.95	218.71	70.60	289.30
2039	105.91	29.67	135.58	89.95	31.02	120.96	195.86	60.68	256.54
2040	76.06	24.94	101.00	84.58	26.57	111.15	160.64	51.51	212.15
2041	79.70	21.30	101.00	88.93	22.27	111.20	168.63	43.57	212.20
2042	83.60	17.40	101.00	74.34	18.26	92.60	157.94	35.66	193.60
2043	57.32	13.49	70.81	82.51	14.39	96.90	139.83	27.88	167.71
2044	60.37	10.43	70.80	86.73	10.18	96.91	147.10	20.61	167.71
2045	63.63	7.18	70.80	64.32	6.11	70.43	127.95	13.29	141.23
2046	67.06	3.75	70.80	62.83	2.80	65.62	129.88	6.55	136.43
2047	37.89	0.99	38.88	21.94	0.56	22.50	59.83	1.56	61.38
2048	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	**$2,126.33**	**$906.63**	**$3,032.96**	**$2,267.53**	**$901.72**	**$3,169.25**	**$4,393.86**	**$1,808.35**	**$6,202.21**

(1) Does not include letter of credit fees. Figures may not sum due to rounding.
(2) Includes both Tax-Supported Debt and Self-Supporting Debt. See "– General." Does not include PICA Bonds (no PICA Bonds are currently outstanding).
(3) Assumes interest rate on hedged variable rate bonds to be the associated fixed swap rate.
(4) Includes PAID, PMA, PPA, PEA, and PRA bonds, which are secured by agreements with the City to appropriate and pay amounts sufficient to pay principal, interest, or redemption price when due on such bonds.
(5) Includes (i) sublease payments of approximately $15.2 million annually for the police headquarters renovation; and (ii) an assumption that the City issues approximately $200 million in bonds in Fiscal Year 2027 to acquire the project at an assumed interest rate of 5% over the next 20 years.
(6) Assumes interest rate on hedged variable rate bonds to be the associated fixed swap rate.
(7) Net of capitalized interest, if any.

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Other Long-Term Debt Related Obligations

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

The Hospitals Authority and the State Public School Building Authority have issued bonds on behalf of the Community College of Philadelphia (CCP). Under the Community College Act (Pa. P.L. 103, No. 31 (1985)), each community college must have a local sponsor, which for CCP is the City. As the local sponsor, the City is obligated to pay up to 50% of the annual capital expenses of CCP, which includes debt service. The remaining 50% is paid by the Commonwealth. Additionally, the City annually appropriates funds for a portion of CCP's operating costs (less tuition and less the Commonwealth's payment), as well as certain scholarship programs. The amount paid by the City in Fiscal Year 2023 was $67.1 million. The amount paid by the City in Fiscal Year 2024 was $61.0 million. The amount paid by the City in Fiscal Year 2025 was $56.0 million. The budgeted amount and current estimate for Fiscal Year 2026 is $54.0 million. The budgeted amount for Fiscal Year 2027 is $55.9 million.

PICA Bonds

PICA issued several series of bonds at the request of, or for the benefit of, the City (the "PICA Bonds"). Under the PICA Act (both before and after the recent amendments thereto), PICA no longer has authority to issue bonds to finance cash flow deficits but may refund bonds previously issued. The proceeds of the PICA Bonds were used to: (i) make grants to the City to fund its General Fund deficits, to fund all or a portion of the costs of certain City capital projects, to provide other financial assistance to the City to enhance operational productivity, and to defease certain of the City's general obligation bonds; (ii) refund other PICA Bonds; and (iii) pay costs of issuance. The PICA Bonds reached final maturity on June 15, 2023, and there are no PICA Bonds outstanding as of October 15, 2026.

The PICA Act authorizes the City to impose a tax for the sole and exclusive purposes of PICA. In connection with the adoption of the Fiscal Year 1992 budget and the execution of the PICA Agreement, as so authorized by the PICA Act, the City reduced the wage, earnings, and net profits taxes on City residents by 1.5% and enacted a new tax of 1.5% on wages, earnings, and net profits of City residents (the "PICA Tax"), which continues in effect. When outstanding, the PICA Tax secures the PICA Bonds. There are currently no PICA Bonds outstanding.

Pursuant to amendments to the PICA Act in 2022, PICA may, at the request of the City, issue bonds to finance capital projects from time to time in accordance with the timelines set forth therein. Further, the amendments to the PICA Act provide that the PICA Tax will continue to be authorized and dedicated for so long as PICA remains in existence (regardless of whether any PICA Bonds are outstanding). As amended, the PICA Act provides that PICA will remain in existence until the later of January 2, 2047 or one year after all its liabilities are met or, in the case of PICA Bonds, one year after provision for such payment shall have been made or provided for in the applicable bond indenture. In June 2023, City Council passed, and the Mayor signed, an amendment to the PICA Tax ordinance to extend its duration in response to the continued authorization of the PICA Tax pursuant to the amendments to the PICA Act. In addition, the City and PICA approved and entered into the 2023 PICA Agreement that reflects and implements the PICA Act as amended, and replaces the expired 1992 PICA Agreement.

At any time, the City is authorized to increase for its own use its various taxes, including its wage, earnings, and net profits taxes on City residents and could do so upon the expiration of the PICA Tax.

Certain taxes, such as sales, liquor, and hotel taxes, among others, cannot be increased by the City without Commonwealth approval.

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

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

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

The total amount of PICA Tax remitted by the State Treasurer to PICA (which is net of the costs of the State Treasurer in collecting the PICA Tax), PICA annual debt service and investment expenses, and net PICA tax revenue remitted to the City for Fiscal Years 2023-2025, the budgeted amounts and current estimates for Fiscal Year 2026, and the budgeted amounts for Fiscal Year 2027 are set forth in Table 43.

Table 43
Summary of PICA Tax Remitted by the State Treasurer to PICA and Net Taxes Remitted by PICA to the City (Amounts in Millions of USD)[1], [2]

Fiscal Year	PICA Tax[3]	PICA Annual Debt Service and Expenses[3]	Net taxes remitted to the City[3]
2023 (Actual)	$674.3	$0.0	$674.3
2024 (Actual)	$716.3	$10.8	$705.5
2025 (Actual)	$755.8	($5.4)	$761.1
2026 (Adopted Budget)	$769.3	$0.0	$769.3
2026 (Current Estimate)	$764.4	$1.7	$762.7
2027 (Adopted Budget)	$798.7	$1.7	$796.9

(1) Figures may not sum due to rounding.
(2) Currently, there are no PICA Bonds outstanding.
(3) Source: For Fiscal Years 2023-2025, the ACFRs for the applicable Fiscal Year. For Fiscal Year 2026, the Fiscal Year 2026 Adopted Budget and the Thirty-Fifth Five-Year Plan, as applicable. For Fiscal Year 2027, the Fiscal Year 2027 Adopted Budget.

OTHER FINANCING RELATED MATTERS

Swap Information

The City is a party to various swaps related to its outstanding General Fund-Supported Debt as detailed in Table 44.

Table 44
Summary of Swap Information
for General Fund-Supported Debt (as of September 30, 2026)

City Entity	City GO	City Lease PAID	City Lease PAID
Related Bond Series	2009B[1]	2007B-2 (Stadium)[3]	2007B-2 (Stadium)[4]
Initial Notional Amount	$313,505,000	$217,275,000	$72,400,000
Current Notional Amount	$100,000,000	$25,974,432	$8,655,568
Termination Date	8/1/2031	10/1/2030	10/1/2030
Product	Fixed Payer Swap	Fixed Payer Swap	Fixed Payer Swap
Rate Paid by Dealer	SIFMA	SIFMA	SIFMA
Rate Paid by City Entity	3.829%	3.9713%	3.9713%
Dealer	Royal Bank of Canada	JPMorgan Chase Bank, N.A.	Merrill Lynch Capital Services, Inc.
Fair Value[2]	($1,218,657)	($727,815)	($242,541)
Additional Termination Events	For Dealer: Rating change below BBB- or Baa3 For City: Rating change below BBB- or Baa3 upon insurer event (includes insurer being rated below A- or A3)	For Dealer: Rating change below BBB- or Baa3 For PAID: Rating change below BBB- or Baa3 upon insurer event (includes insurer being rated below A- or A3)	For Dealer: Rating change below BBB- or Baa3 For PAID: Rating change below BBB- or Baa3 upon insurer event (includes insurer being rated below A- or A3)

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

(2) Fair values are as of September 30, 2026, and are shown from the City's perspective and include accrued interest.

(3) On July 15, 2014, PAID terminated a portion of the swap in the amount of $41,555,000 in conjunction with the refunding of a portion of its Series 2007B bonds with the Series 2014B fixed rate bonds. PAID made a termination payment of $4,171,000 to JPMorgan. On September 11, 2019, PAID terminated a portion of the swap in the amount of $33,455,654 in conjunction with the refunding of a portion of its Series 2007B bonds with the Series 2019 fixed rate bonds. PAID made a termination payment of $6,051,000 to JPMorgan.

(4) On July 15, 2014, PAID terminated a portion of the swap in the amount of $13,840,000 in conjunction with the refunding of a portion of its Series 2007B bonds with the Series 2014B fixed rate bonds. PAID made a termination payment of $1,391,800 to Merrill Lynch. On September 11, 2019, PAID terminated a portion of the swap in the amount of $11,149,346 in conjunction with the refunding of a portion of its Series 2007B bonds with the Series 2019 fixed rate bonds. PAID made a termination payment of $1,998,000 to Merrill Lynch.

While the City is party to several interest rate swap agreements, for which there is General Fund exposure and on which the swaps currently have a negative mark against the City, the City has no obligation to post collateral on these swaps while the City's underlying ratings are investment grade.

For more information related to certain swaps entered into in connection with revenue bonds issued for PGW, the Water Department, and the Department of Aviation, see the Fiscal Year 2025 ACFR.

Swap Policy

The City has adopted a swap policy for the use of swaps, caps, floors, collars and other derivative financial products (collectively, "swaps") in conjunction with the City's debt management. The swap program managed by the City includes swaps related to the City's general obligation bonds, tax-supported service contract debt issued by related authorities, debt of the Water Department, Department of Aviation, and debt of PGW. When outstanding, swaps related to debt of PICA, the School District, and the PPA are managed by those governmental entities, respectively.

The Director of Finance has overall responsibility for entering into swaps. Day-to-day management of swaps is the responsibility of the City Treasurer, and the Executive Director of the Sinking Fund Commission is responsible for making swap payments. The Office of the City Treasurer and the Law Department coordinate their activities to ensure that all swaps that are entered into are in compliance with applicable federal, state, and local laws.

The swap policy addresses the circumstances when swaps can be used, the risks that need to be evaluated prior to entering into swaps and on an ongoing basis after swaps have been executed, the guidelines to be employed when swaps are used, and how swap counterparties will be chosen. The swap policy is used in conjunction with the City's Debt Management Policy, reviewed annually, and updated as needed.

Under the swap policy, permitted uses of swaps include: (i) managing the City's exposure to floating interest rates through interest rate swaps, caps, floors and collars; (ii) locking in fixed rates in current markets for use at a later date through the use of forward starting swaps and rate locks; (iii) reducing the cost of fixed or floating rate debt through swaps and related products to create "synthetic" fixed or floating rate debt; and (iv) managing the City's credit exposure to financial institutions and other entities through the use of offsetting swaps.

Since swaps can create exposure to the creditworthiness of financial institutions that serve as the City's counterparties on swap transactions, the City has established standards for swap counterparties. As a general rule, the City enters into transactions with counterparties whose obligations are rated in the A rated category or better from two nationally recognized rating agencies. If the counterparty's credit rating is below the double-A rating category, the swap policy requires that the City's exposure be collateralized. If a counterparty's credit is downgraded below the A category, even with collateralization, the swap policy requires a provision in the swap permitting the City to exercise a right to terminate the transaction prior to its scheduled termination date.

Letter of Credit Agreements

The City has entered into various letter of credit agreements related to its General Fund-Supported Debt as detailed in Table 45. Under the terms of such letter of credit agreements, following a purchase of the applicable bonds, the City may be required to amortize such bonds more quickly than as originally scheduled at issuance.

Table 45
Summary of Letter of Credit Agreements
for General Fund-Supported Debt
as of October 15, 2026

Variable Rate Bond Series	Amount Outstanding	Bond Maturity Date	Provider	Expiration Date	Rating Thresholds [1]
General Obligation Multi-Modal Refunding Bonds, Series 2009B	$100,000,000	August 1, 2031	Truist Bank	August 1, 2031	The long-term rating assigned by any one of the rating agencies to any unenhanced long-term parity debt of the City is (i) withdrawn or suspended for credit-related reasons or (ii) reduced below investment grade.
PAID Multi-Modal Lease Revenue Refunding Bonds, Series 2007B-2	$28,270,000	October 1, 2030	TD Bank	October 1, 2030[2]	The long-term ratings assigned by at least two of the rating agencies to any unenhanced general obligation bonds of the City is (i) withdrawn or suspended for credit-related reasons, or (ii) reduced below investment grade.

(1) The occurrence of a Rating Threshold event would result in an event of default under the reimbursement agreement with the related bank.
(2) The stated Expiration Date may be advanced at the option of the Provider to a date that is one hundred eighty days after the date the Provider gives notice of its exercise of such option (the "Option Notification Date"). Such Option Notification Date may occur between February 26, 2027 and August 26, 2027.

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Recent and Upcoming Financings

Recent Financings. The following is a list of financings that the City entered into in Fiscal Year 2026 and Fiscal Year 2027 to date.

- In August 2025, the City issued $364,760,000 in Aviation Revenue and Refunding Bonds.
- In October 2025, PAID issued $169,900,000 in City Service Agreement Revenue and Revenue Refunding Bonds for the benefit of the City as the third phase of financing for the Rebuild program and to refund certain other bonds.
- In March 2026, PRA issued $396,650,000 in City Service Agreement Revenue Bonds for the benefit of the City as the first phase of financing for the H.O.M.E. Plan.
- In June 2026, PRA issued $50,715,000 in City Service Agreement Revenue Bonds for the benefit of the City as the fourth phase of financing for the Neighborhood Preservation Initiative.
- In June 2026, PEA issued $28,445,000 in City Service Agreement Revenue Bonds for the benefit of the City to finance an Energy Conservation Improvements Project.
- In September 2026, the City issued $212,845,000 in Gas Works Revenue Refunding Bonds.
- In October 2026, the City issued $486,020,000 in General Obligation Bonds.

Upcoming Financings. In addition to the financing contemplated by this Official Statement, the following is a list of financings that the City expects to enter into during the remainder of calendar year 2026.

- The City expects to issue approximately $500,000,000 in Water and Wastewater Revenue Bonds.
- PMA expects to issue approximately $200,000,000 in City Agreement Revenue Bonds for the benefit of the City to finance the acquisition of a building for municipal use and refinance any related short-term borrowing (*long-term financing could occur in early 2027)*.

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CITY CAPITAL PROGRAM

As part of the annual budget process, the Mayor submits for approval a six-year capital program to City Council, together with the proposed operating budget. For more information on the City's budget process, see "DISCUSSION OF FINANCIAL OPERATIONS – Budget Procedure."

Certain Historical Capital Expenditures

Table 46 shows the City's historical expenditures for Fiscal Years 2022-2026 for certain capital purposes, including expenditures for projects related to transit, streets and sanitation, municipal buildings, recreation, parks, museums, and stadia, and economic and community development. This table does not include expenditures for the City's enterprise funds. The source of funds used for such expenditures are primarily general obligation bond proceeds, but also include federal, state, private, and other government funds and operating revenue. Figures in Table 46 are generated after the Fiscal Year closes and may not sum due to rounding.

Table 46
Historical Expenditures for Certain Capital Purposes
Fiscal Years 2022-2026

Purpose Category	2022	2023	2024	2025	2026
Transit	$ 7,391,397	$ 2,252,818	$ 1,403,503	$ 1,248,800	$ 3,258,793
Streets & Sanitation	49,505,218	79,721,589	94,759,334	146,339,661	147,506,530
Municipal Buildings	89,560,752	75,369,416	80,029,033	148,595,380	164,494,242
Recreation, Parks, Museums & Stadia	26,443,401	44,565,539	141,339,977	84,428,371	80,394,629
Economic & Community Development	12,952,262	15,135,822	11,408,633	49,153,420	13,412,260
Total	**$185,853,030**	**$217,045,184**	**$328,940,480**	**$429,765,632**	**$409,066,456**

Table 47 shows the City's historical expenditures for Fiscal Years 2022-2026 for certain capital purposes from general obligation bond proceeds only and the percentage of the total costs covered by such proceeds in such Fiscal Years. Figures in Table 47 are generated after the Fiscal Year closes and may not sum due to rounding.

Table 47
Historical Expenditures for Certain Capital Purposes
(General Obligation Bond Proceeds Only)
Fiscal Years 2022-2026

Purpose Category	2022	2023	2024	2025	2026
Transit	$ 7,391,397	$ 2,252,818	$ 1,403,503	$ 1,248,800	$ 3,258,793
Streets & Sanitation	20,984,230	26,035,836	38,118,666	67,590,151	57,588,418
Municipal Buildings	62,468,532	60,607,214	64,204,573	130,435,681	124,129,910
Recreation, Parks, Museums & Stadia	21,981,840	42,672,209	85,038,878	60,941,972	59,606,457
Economic & Community Development	11,301,908	12,392,809	11,040,070	43,776,880	12,119,031
Total	**$124,127,907**	**$143,960,886**	**$199,805,690**	**$303,993,484**	**$256,702,608**
Percentage of Total Costs	**67%**	**66%**	**61%**	**71%**	**63%**

Fiscal Year 2027-2032 Capital Program

The Fiscal Year 2027-2032 Capital Program contemplates a total budget of $21.52 billion (compared to $18.09 billion as budgeted in the Fiscal Year 2026-2031 Capital Program). In the Fiscal Year 2027-2032 Capital Program, approximately $10.15 billion is expected to be provided from federal, Commonwealth, and other sources and approximately $11.37 billion through City funding. For Fiscal Year 2027, the City has budgeted $7.61 billion for capital projects (compared to $7.48 billion in Fiscal Year 2026). Table 48 shows the amounts budgeted each year from various sources of funds for capital projects in the Fiscal Year 2027-2032 Capital Program.

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Table 48
Fiscal Year 2027-2032 Capital Program
(Amounts in Thousands of USD)

Funding Source	2027	2028	2029	2030	2031	2032	2027-2032
City Funds--Tax Supported							
Carried-Forward Loans	814,199	-	-	-	-	-	814,199
Operating Revenue	584,611	7,250	7,250	7,250	7,250	7,250	620,861
New Loans	284,539	255,713	251,122	250,631	234,583	239,055	1,515,643
Prefinanced Loans	-	-	-	-	-	-	-
PICA Prefinanced Loans	10,000	-	-	-	-	-	10,000
Tax Supported Subtotal	**$1,693,349**	**$262,963**	**$258,372**	**$257,881**	**$241,833**	**$246,305**	**$2,960,703**
City Funds--Self Sustaining							
Self-Sustaining Carried Forward Loans	1,673,892	-	-	-	-	-	1,673,892
Self-Sustaining Operating Revenue	246,980	138,019	144,898	152,388	161,497	160,914	1,004,696
Self-Sustaining New Loans	1,126,237	1,101,910	955,717	860,539	844,640	839,047	5,728,090
Self-Sustaining Subtotal	**$3,047,109**	**$1,239,929**	**$1,100,615**	**$1,012,927**	**$1,006,137**	**$999,961**	**$8,406,678**
Other City Funds							
Revolving Funds	55,000	55,000	32,000	32,000	32,000	22,000	228,000
Other Than City Funds							
Carried-Forward Other Government	34,859	-	-	-	-	-	34,859
Other Government Off Budget	123,250	88,529	75,829	135,206	158,215	167,189	748,218
Other Governments/Agencies	17,761	-	-	-	-	-	17,761
Carried-Forward State	421,090	-	-	-	-	-	421,090
State Off Budget	414,885	638,632	817,905	778,882	806,188	899,699	4,156,191
State	104,675	90,650	87,766	82,582	80,464	82,199	528,336
Carried-Forward Private	135,475	-	-	-	-	-	135,475
Private	90,258	24,759	19,987	17,391	17,091	11,918	181,404
Carried-Forward Federal	984,501	-	-	-	-	-	984,501
Federal Off-Budget	93,716	143,690	224,178	190,728	452,530	184,142	1,288,984
Federal	396,490	253,470	215,092	192,019	185,315	186,611	1,428,997
Other Than City Funds Subtotal	**$2,816,960**	**$1,239,730**	**$1,440,757**	**$1,396,808**	**$1,699,803**	**$1,331,758**	**$9,925,816**
TOTAL	**$7,612,418**	**$2,797,622**	**$2,831,744**	**$2,699,616**	**$2,979,773**	**$2,600,024**	**$21,521,197**

LITIGATION

Generally, judgments and settlements on claims against the City are payable from the General Fund, except for claims against the Water Department, the Department of Aviation, and PGW, which are paid out of their respective funds or revenues and only secondarily out of the General Fund.

The Act of October 5, 1980, P.L. 693, No. 142, known as the "Political Subdivision Tort Claims Act," (the "Tort Claims Act") established a $500,000 aggregate limitation on damages for injury to a person or property arising from the same cause of action or transaction or occurrence or series of causes of action, transactions or occurrences with respect to governmental units in the Commonwealth such as the City. The constitutionality of that aggregate limitation on damages was upheld by the Pennsylvania Supreme Court in *Zauflik v. Pennsbury School District*, 104 A.3d 1096 (Pa. 2014). Under Pennsylvania Rule of Civil Procedure 238, delay damages are not subject to the $500,000 limitation. The limit on damages is inapplicable to any suit against the City that does not arise under state tort law, such as claims made against the City under federal civil rights laws. The state constitutionality of the limitation on damages is again before the Pennsylvania Supreme Court in *Freilich v. SEPTA* (argued March 4, 2025; awaiting decision).

General Fund

Table 49 presents the City's aggregate losses from settlements and judgments paid out of the General Fund for Fiscal Years 2023-2026 and the current estimate for Fiscal Year 2027.

Table 49
Aggregate Losses – General and Special Litigation Claims (General Fund)
Fiscal Years 2023-2026 (Actual) and 2027 (Current Budget)
(Amounts in Millions of USD)

	Actual 2023	Actual 2024	Actual 2025	Actual 2026	Current Budget 2027
Aggregate Losses	$68.8	$61.0	$85.4	$60.9	$61.3

Sources: The City, Budget Office, Indemnity Account, Status Reports.

The budgeted amount of settlements and judgments from the General Fund for Fiscal Year 2027 is $61.3 million. This estimate is based on internal calculations using (i) the "Probable Costs" listed in its Quarterly Litigation Reports, (ii) the 3-year average cost for closed cases, and (iii) current year-to-date spending reports. Current year spending includes payments made for settled cases pursuant to payment plans over multiple years. Such payments are generally made at the start of a Fiscal Year, which can result in the current estimate being skewed higher during the early part of such Fiscal Year.

In budgeting for settlements and judgments in the annual operating budget and projecting settlements and judgments for each five-year plan, the City bases its estimates on past experience and on an analysis of estimated potential liabilities and the timing of outcomes, to the extent a proceeding is sufficiently advanced to permit a projection of the timing of a result. General and special litigation claims are budgeted separately from back-pay awards and similar settlements relating to labor disputes. Usually, some of the costs arising from labor litigation are reported as part of current payroll expenses.

In addition to routine litigation incidental to performance of the City's governmental functions and litigation arising in the ordinary course relating to contract and tort claims and alleged violations of law,

certain special litigation matters are currently being litigated and/or appealed and adverse final outcomes of such litigation could have a substantial or long-term adverse effect on the General Fund. These proceedings involve: (i) environmental-related actions and proceedings in which it has been or may be alleged that the City is liable for damages, including but not limited to property damage and bodily injury, or that the City should pay fines or penalties or the costs of response or remediation, because of the alleged generation, transport, or disposal of toxic or otherwise hazardous substances by the City, or the alleged disposal of such substances on or to City-owned property; (ii) contract disputes and other commercial litigation; (iii) union arbitrations and other employment-related litigation; (iv) potential and certified class action suits; and (v) civil rights litigation. The ultimate outcome and fiscal impact, if any, on the General Fund of the claims and proceedings described in this paragraph are not currently predictable.

In August 2024, there was a notable development in one of the City's litigation matters. The case involves a class action arising out of the conditions of confinement at the Philadelphia Department of Prisons ("PDP"). In April 2022, the City entered into a settlement agreement, which was approved by the U.S. District Court for the Eastern District of Pennsylvania and entered as a court order in July 2022. The plaintiffs in this case filed a motion requesting the court find the City in contempt because of its alleged failure to meet the provisions of the settlement agreement. In August 2024, the U.S. District Court issued the contempt order, pursuant to which the City is ordered to spend $25 million, approximately equal to the amount of unspent money from the PDP budget over each of the four years of the litigation, on specific remediation measures at the prisons as set forth in the settlement agreement. The $25 million was paid out of the City's Indemnity Account in October 2024.

For more information on City litigation, see Note IV.8 to the Fiscal Year 2025 ACFR, "Contingencies – Primary Government – Claims and Litigation." In addition, see "REVENUES OF THE CITY – Real Property Taxes" for a discussion of litigation relating to the reassessment of commercial property in tax year 2018.

Water Fund

Various claims have been asserted against the Water Department and in some cases lawsuits have been instituted. Many of these Water Department claims have been reduced to judgment or otherwise settled in a manner requiring payment by the Water Department. Table 50 presents the Water Department's aggregate losses from settlements and judgments paid out of the Water Fund for Fiscal Years 2023-2026 and the current estimate for Fiscal Year 2027. The budgeted amount for Fiscal Year 2027 is $7 million. The Water Fund is the first source of payment for any of the claims against the Water Department.

In 2026, the Pennsylvania Supreme Court, in *Borough of West Chester v. Pennsylvania State System of Higher Education*, affirmed lower court decisions that West Chester's stormwater charges were a tax, not a fee. Although it addressed a factually distinct system structure and revenue stream usage than in Philadelphia, if found to apply to Philadelphia, the case could have a significant impact on the Water Department and its annual assessment of stormwater fees. The City is evaluating potential legal strategies to mitigate disruption in water revenue collections.

Table 50
Aggregate Losses – General and Special Litigation Claims (Water Fund)
Fiscal Years 2023-2026 (Actual) and 2027 (Current Budget)
(Amounts in Millions of USD)

	Actual 2023	Actual 2024	Actual 2025	Actual 2026	Current Budget 2027
Aggregate Losses	$6.0	$6.0	$8.7	$6.3	$7.0

Sources: The City, Budget Office, Indemnity Account, Status Reports.

Aviation Fund

Various claims have been asserted against the Department of Aviation and in some cases lawsuits have been instituted. Many of these Department of Aviation claims have been reduced to judgment or otherwise settled in a manner requiring payment by the Department of Aviation. Table 51 presents the Department of Aviation's aggregate losses from settlements and judgments paid out of the Aviation Fund for Fiscal Years 2023-2026 and the current estimate for Fiscal Year 2027. The budgeted amount for Fiscal Year 2027 is $3.5 million. The Aviation Fund is the first source of payment for any of the claims against the Department of Aviation.

Table 51
Aggregate Losses – General and Special Litigation Claims (Aviation Fund)
Fiscal Years 2023-2026 (Actual) and 2027 (Current Budget)
(Amounts in Millions of USD)

	Actual 2023	Actual 2024	Actual 2025	Actual 2026	Current Budget 2027
Aggregate Losses	$1.8	$1.1	$1.8	$2.5	$3.5

Sources: The City, Budget Office, Indemnity Account, Status Reports.

Transportation Fund

Beginning in Fiscal Year 2024, the City formed the Transportation Fund, which is accounted for as a special revenue fund. Aggregate losses from settlements and judgments paid out of the Transportation Fund for Fiscal Year 2025 and the current estimate for Fiscal Year 2026 are $12.3 million and $11.7 million, respectively. The budgeted amount for Fiscal Year 2027 is $15.0 million.

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PGW

Various claims have been asserted against PGW and in some cases lawsuits have been instituted. Many of these PGW claims have been reduced to judgment or otherwise settled in a manner requiring payment by PGW. Table 52 presents PGW's settlements and judgments paid out of PGW revenues, with accompanying reserve information, in PGW Fiscal Years 2020 through 2025. PGW revenues are the first source of payment for any of the claims against PGW. PGW currently estimates approximately $3.3 million and $1 million in settlements and judgments for PGW Fiscal Years 2026 and 2027, respectively.

Table 52
Claims and Settlement Activity (PGW)
PGW Fiscal Years 2020-2025
(Amounts in Thousands of USD)

Fiscal Year (ending August 31)	Beginning of Year Reserve	Current Year Claims and Adjustments	Claims Settled	End of Year Reserve	Current Liability Amount (due within one year)
2020	$9,560	$1,973	($2,091)	$9,442	$5,435
2021	$9,442	$2,384	($1,845)	$9,981	$4,584
2022	$9,981	$808	($2,535)	$8,253	$3,917
2023	$8,253	$1,207	($2,671)	$6,789	$3,769
2024	$6,789	$5,285	($3,300)	$8,774	$3,318
2025	$8,774	$107	($1,393)	$7,488	$3,832

Sources: For fiscal years ended August 31, 2020, through August 31, 2025, PGW's audited financial statements.

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APPENDIX B

CITY SOCIOECONOMIC INFORMATION

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INTRODUCTION

The City is the sixth largest city in the nation, second largest on the East Coast, and located at the center of the United States' seventh largest metropolitan statistical area. The Philadelphia MSA (further described below) includes a substantial retail sales market, as well as a diverse network of business suppliers and complementary industries. Some of the City's top priorities include growing quality jobs, increasing educational attainment and employment skills among Philadelphians, neighborhood revitalization, promoting Philadelphia as a desirable location for business, and fostering growth.

Given the City's strategic geographical location, relative affordability, diversified economy, cultural and recreational amenities, and its growing strength in key industries, such as health care, life sciences, and higher education, among others, Philadelphia is well-positioned to attract new businesses and investment over the coming years. For more information on the fiscal strategies of the City and related challenges, see APPENDIX A – "OVERVIEW – Fiscal Health of the City."

Geography

The City has an area of approximately 134 square miles and is located along the southeastern border of the Commonwealth of Pennsylvania (the "Commonwealth"), at the confluence of the Delaware and Schuylkill Rivers. The City, highlighted in orange in Figure 1, lies at the geographical and economic center of the MSA and PMSA (described below). Philadelphia is both the largest city and the only city of the first class in the Commonwealth, and is coterminous with the County of Philadelphia.

Philadelphia Metropolitan Statistical Area (the "MSA"), highlighted in blue in Figure 1, is the eleven-county area named the Philadelphia-Camden-Wilmington metropolitan statistical area, representing an area of over 5,100 square miles with approximately 6.2 million residents.[1]

Philadelphia Primary Metropolitan Statistical Area (the "PMSA"), highlighted with bold black outlines, in Figure 1, is a five-county area within the MSA that lies in the Commonwealth and is sometimes called the Philadelphia Metropolitan Division. The counties of Bucks, Chester, Delaware, and Montgomery are referred to as the Suburban PMSA herein.

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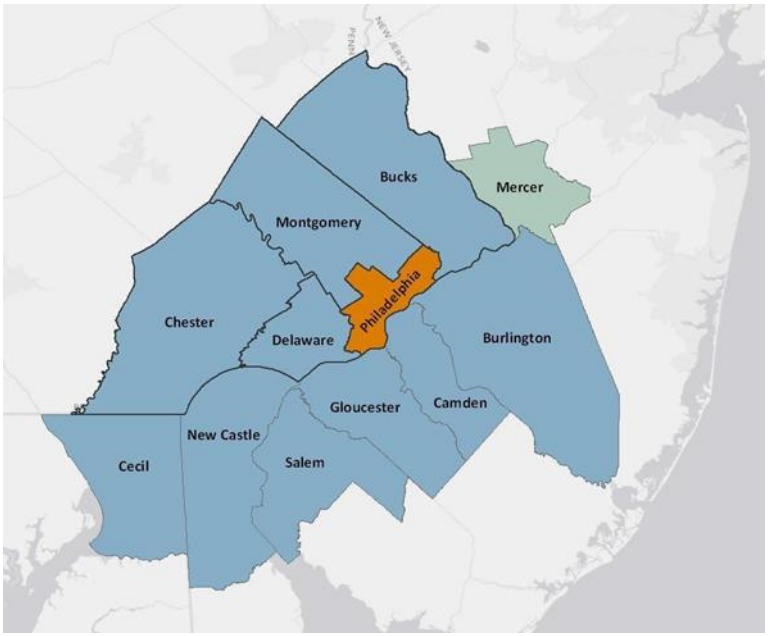
[1] Due to its close proximity and impact on the region's economy, Mercer County, New Jersey, highlighted in green in Figure 1, is included in the MSA by many regional agencies, although it is not officially part of the MSA.

Figure 1
Map of Philadelphia Region including the MSA, PMSA, and Mercer County, NJ



Source: 2009 TIGER County Shapefiles

Several key areas across the City have been instrumental to the economic and commercial development of Philadelphia over the past 25 years. In particular, concentrated development has occurred in key commercial districts such as Philadelphia's Historic District, Center City, University City, North Broad Street, Avenue of the Arts, Benjamin Franklin Parkway, and the Navy Yard. Center City is Philadelphia's central business and office region, as well as the strongest employment center within the City, with access to retail, dining, arts and culture, entertainment, and mass transportation services. Opened in 1929, the Benjamin Franklin Parkway (also called the "Parkway" or the "Museum Mile") runs from City Hall to the Philadelphia Museum of Art and serves as a central public space for art, museums, and other tourist attractions. West of Center City is University City – a hub for the health care, life sciences, and higher education sectors. East of Center City is Philadelphia's Historic District in Old City, which remains a major tourist destination year-round. The North Broad Street corridor is the City's main thoroughfare, spanning four miles from City Hall to Germantown Avenue. In South Philadelphia, the Navy Yard is a 1,200-acre former military facility that has been redeveloped into a mixed-use campus with a growing residential population and over 150 companies in office, retail, research and development (R&D), life sciences, and industrial/manufacturing sectors. Many industry observers, including the Urban Land Institute, have recognized the Navy Yard as a leading model for repurposing military and industrial assets for a diversified modern economy.

Strategic Location

Philadelphia is at the center of the third largest MSA on the East Coast, and is served by a robust transportation infrastructure, including: the Philadelphia International Airport ("PHL"), Amtrak's Northeast Corridor rail service, major interstate highway access, regional train service provided by Southeastern Pennsylvania Transportation Authority ("SEPTA") and New Jersey's PATCO (as defined herein), and the Port of Philadelphia. Due to the transportation infrastructure centered in the City, Philadelphia is accessible to regional and international markets, and is within a day's drive of 50% of the nation's population. Philadelphia's central location along the East Coast, an hour from New York City and

less than two hours from Washington, D.C. by high-speed rail, also allows for convenient access to these significant economic centers.

Population and Demographics

As the sixth largest city in the nation, Philadelphia has seen population growth over the last 15 years. While the City's population reached its nadir in 2006 with 1.45 million residents, the City has increased its population by 1.58% to 1.58 million residents from 2015 to 2024. Longer-term population growth trends have been positive. Recent, single year population estimates have shown modest decreases in City population figures. Table 1 shows population in the City, the MSA, the Commonwealth and the United States in 2015 and 2024.

Compared to the rest of the region and the state, Philadelphia's population is both younger and more diverse. In 2024, 25.9% of Philadelphia's population was comprised of those within the 25- to 39-year-old age bracket. The City's many universities, diverse employment opportunities, and relative affordability are likely reasons for Philadelphia's large population in this age bracket. This demographic group also tends to be better educated than the City's and the nation's adult population as a whole. In 2024, 52.2% of 25- to 34-year-olds in Philadelphia held a bachelor's degree or higher, while only 39.4% of 25- to 34-year-olds in the United States held a bachelor's degree or higher.

Philadelphia is also a diverse city in terms of race and ethnicity. In 2024, 39.4% of the population identified as Black or African American, 35.1% identified as white, 8% identified as Asian, and 8.6% identified as some other race. Additionally, 15.6% of the population identified as Hispanic or Latino. Table 2 shows the percentage of population within the 25-39 age group, and foreign-born and minority (non-white) residents within the City for 2015, 2022, and 2024.

Table 1
Population: City, MSA, Pennsylvania & Nation

	2015	2024	Percent Change 2015 - 2024
Philadelphia	1,555,072	1,579,706	1.6%
Philadelphia-Camden-Wilmington MSA	6,035,680	6,272,014	3.9%
Pennsylvania	12,779,559	13,018,639	1.9%
United States	316,515,021	334,922,499	5.8%

Source: U.S. Census Bureau, Population Estimates, Census 2024, Census 2015

Table 2
Population: Age 25-39, Non-White, and Foreign-Born

	2015	2022	2024	2 Year Change	Change 2015-2024
Age 25-39	24.1%	26.0%	25.9%	-0.2%	1.8%
Foreign-Born	12.7%	14.6%	15.2%	0.6%	2.5%
Minority (non-white)	58.4%	62.9%	64.9%	2.0%	6.5%

Source: 2015, 2022, and 2024 American Community Survey, 5-Year Estimates.

Family and Household Income

Table 3 shows median family income, which includes related people living together, and Table 4 shows median household income, which includes unrelated individuals living together, for Philadelphia, the MSA, the Commonwealth and the United States. Over the period 2015-2024, median family income for Philadelphia increased by 57.94% (see Table 3), while median household income increased by 61.96% over the period 2015-2024 as a result of an influx of higher income households (see Table 4).

Table 3
Median Family Income for Selected Geographical Areas, 2015-2024
(Dollar Amounts in Thousands)

Year	Philadelphia	Philadelphia-Camden-Wilmington MSA	Pennsylvania	United States	Philadelphia as a percentage of the US
2015	$46.86	$81.16	$68.16	$66.01	70.99%
2016	$48.06	$82.71	$69.96	$67.87	70.81%
2017	$50.43	$86.18	$72.69	$70.85	71.18%
2018	$53.09	$89.63	$75.48	$73.97	71.77%
2019	$55.12	$92.93	$78.52	$77.26	71.34%
2020	$58.09	$95.37	$81.00	$80.07	72.55%
2021	$61.66	$100.85	$86.14	$85.03	72.52%
2022	$67.17	$108.98	$93.69	$92.64	72.51%
2023	$71.02	$113.50	$97.34	$96.92	73.28%
2024	$74.01	$116.43	$100.26	$99.99	74.02%
Change 2015-2024	57.94%	43.46%	47.10%	51.48%	

Includes related people living together.
Source: 2015-2024 American Community Survey 5-Year Estimates.

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Table 4
Median Household Income for Selected Geographical Areas, 2015-2024
(Dollar Amounts in Thousands)

Year	Philadelphia	Philadelphia-Camden-Wilmington MSA	Pennsylvania	United States	Philadelphia as a percentage of the US
2015	$38.25	$62.51	$53.60	$53.89	70.98%
2016	$39.77	$63.95	$54.90	$55.32	71.89%
2017	$40.65	$66.29	$56.95	$57.70	70.45%
2018	$43.74	$69.47	$59.45	$60.29	72.55%
2019	$45.93	$72.34	$61.74	$62.84	73.09%
2020	$49.13	$74.83	$63.63	$64.99	75.60%
2021	$52.65	$79.07	$67.59	$69.02	76.28%
2022	$57.54	$85.55	$73.17	$75.14	76.58%
2023	$60.70	$89.27	$76.08	$78.54	77.29%
2024	$61.95	$91.29	$77.97	$80.73	76.74%
Change 2015-2024	61.96%	46.04%	45.47%	49.81%	

Includes unrelated people living together.
Source: 2015-2024 American Community Survey 5-Year Estimates.

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Cost of Living and Affordability

Philadelphia has a lower cost of living compared to other major urban areas, as shown in Table 5 below. For example, approximately $7,532 per month in Philadelphia maintains the same standard of living as $12,000 per month in New York City. Additionally, the City's Wage, Earnings, and Net Profits Tax rates have decreased in recent Fiscal Years. See "REVENUES OF THE CITY – Wages, Earnings, and Net Profits Taxes" in APPENDIX A for this Official Statement.

Table 5
Cost of Living Index, 2026
(Other cities compared to Philadelphia)

Urban Area	Cost of Living Index
New York- Manhattan	126.90
San Francisco	123.86
Seattle	114.59
Washington, D.C.	110.79
Boston	109.39
Los Angeles	103.43
Miami	100.89
Philadelphia	**100.00**
Chicago	96.45
Atlanta	95.56
Denver	95.30
Dallas	92.51
Baltimore	91.12
Pittsburgh	89.09
Austin	84.26
Average of Listed Locations	**102.28**

Source: Numbeo.com 2026.

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ECONOMIC BASE AND EMPLOYMENT

The Philadelphia Economy

The City's economy is composed of diverse industries, with virtually all classes of industrial and commercial businesses represented. The City is a major regional business and personal services center with strengths in insurance, law, finance, health, education, utilities, and the arts. Philadelphia's anchor institutions – including the City's renowned universities, hospitals, and Fortune 500 companies – play an integral role in boosting the City's quality of life and investing in the local economy. The City also provides a destination for entertainment, arts, dining and sports for residents of the suburban counties, as well as for those residents of the counties comprising the MSA plus Mercer County, New Jersey.

As shown in Table 5, the cost of living in the City is relatively moderate and affordable compared to other major metropolitan areas. The City, as the commercial center of an MSA of approximately 6.2 million people, offers its business community access to a large, diverse, and industrious labor pool. As one of the country's education centers, these businesses also enjoy access to a large pool of recent graduates from the institutions of higher education in the MSA.

Key Industries

Table 6 provides location quotients for Philadelphia's most concentrated industry sectors. Location quotients quantify how concentrated a particular industry is in a region as compared to a base reference area, usually the nation. A location quotient greater than 1.00 indicates an industry with a greater share of the local area employment than is the case in the reference area.

As shown in Table 6, compared to the nation, Philadelphia County has higher concentrations in five sectors: 1. Educational Services; 2. Arts, Entertainment, and Recreation 3. Health Care and Social Assistance; 4. Professional and Technical Services; and 5. Other Services, Except Public Administration.[2] Of these five sectors, the City has a higher concentration of employment than the Commonwealth in four sectors: Educational Services; Arts, Entertainment, and Recreation; Health Care and Social Assistance and Professional and Technical Services.

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[2] The Bureau of Labor Statistics ("BLS") defines the "Other Services" (except Public Administration) sector as establishments engaged in providing services not specifically provided for elsewhere in the BLS classification system, such as equipment and machinery repairing, promoting or administering religious activities, grant making, advocacy, providing dry cleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, and dating services.

Table 6
Ratio of Philadelphia County and Pennsylvania Industry Concentrations Compared to the United States
(sorted according to Philadelphia County to the US)

Industry	Philadelphia County to the US	Pennsylvania to the US
Educational Services	5.39	1.81
Arts, Entertainment, and Recreation	2.27	0.95
Health Care and Social Assistance	1.79	1.34
Professional and Technical Services	1.24	0.93
Other Services, Except Public Administration	1.02	1.02
Finance and Insurance	0.94	1.10
Management of Companies and Enterprises	0.93	1.45
Transportation and Warehousing	0.86	1.11

Source: Bureau of Labor Statistics – June 2025 Employment Location Quotient, Quarterly Census of Employment and Wages

The concentration of Educational Services not only provides stable support to the local economy, but also generates a steady and educated workforce, fueling the City's professional services and healthcare industries. Data from the Bureau of Labor Statistics show that in 2025, the Education and Health Services; Professional and Business Services; and Trade, Transportation and Utilities sectors collectively represented 60.6% of total employment in the City for the year. From 2015 to 2024, Philadelphia gained 101,800 private sector jobs.

In addition to the federal funding risk for the City (as described in APPENDIX A – "OVERVIEW – Fiscal Health of the City – Budgetary Challenges"), there have also been several federal executive orders and guidance with respect to possible pauses to the disbursement of certain federal funds for certain educational institutions, research and not-for-profit entities, including such institutions and entities located in the City (some of which are discussed herein). The possible loss of such federal funding could impact research programs, general staffing levels, expansion plans, and other projects at such institutions and entities.

Educational Institutions

The Philadelphia region has one of the largest concentrations of undergraduate and graduate students on the East Coast, with approximately 100 degree-granting institutions. Included among these institutions are the University of Pennsylvania, Drexel University, Temple University, Thomas Jefferson University, St. Joseph's University, LaSalle University, and the Community College of Philadelphia. Within a short drive from the city center are academic institutions including Princeton University, Villanova University, Bryn Mawr College, Haverford College, Swarthmore College, Lincoln University, and the Camden Campus of Rutgers University.

University of Pennsylvania ("Penn"). Founded in 1740, Penn, located in West Philadelphia, is the first university in the United States. Combined with its health system, Penn is the largest private sector employer in Philadelphia. Penn has also been one of the largest annual recipients of funding from the National Institutes of Health (NIH).

Penn has undergone a significant expansion in the last decade. In 2016, Penn opened Pennovation Works, a 55,000 square foot business incubator with laboratory and coworking space housing researchers, innovators, and entrepreneurs for commercialization of research discoveries. Pennovation Works is well connected to the region, Center City, and University City. Recent investments in open space trails have connected the site to the Schuylkill River with dedicated public access. The facilities are the latest piece of the university's master plan for Pennovation Works, which saw the completion of the Inventor Office Building in 2018 and Pennovation Labs in 2021. The Pennovation Works plan is part of the overall vision to revitalize the 500 acre Lower Schuylkill River district into a regional innovation district.

Penn has $1.3 billion in construction underway and $440 million more in the pipeline. The projects under construction include $772 million of new development, $388 million of reinvestment and renovations, and $133 million in projects underway by third-party developers. Recently completed projects include a $36 million expansion for the Graduate School of Education, a new $173 million Vagelos Laboratory for Energy Science and Technology, $69 million for a new Ott Center for Track and Field, $363 million to add seven floors to the Perelman School of Medicine.

Drexel University ("Drexel"). Founded in 1891, Drexel is one of Philadelphia's largest employers, and a major engine for economic development in the region. Drexel is known for its technical innovation and civic engagement. Over the last decade, Drexel has undergone significant expansion and has major plans for future development. In 2022, Drexel opened a new 460,000-square-foot, 12-story building that will bring together the College of Nursing and Health Professions, College of Medicine, and Graduate School of Biomedical Sciences and Professional Studies in University City, enhancing collaboration, research, and practice opportunities.

Temple University ("Temple"). Founded in 1884, Temple has undergone a significant transformation over the past three decades from a university with a mostly commuter-based enrollment to one in which on and near-campus housing is now in high demand. As the largest university and fourth largest employer in Philadelphia, Temple features 17 schools and colleges, nine campuses, and hundreds of degree programs. Temple continues to implement key elements of "Visualize Temple," the university's master plan by renovating its current buildings, adding new amenities, and new constructions. In 2019, Temple opened the new Charles Library, a four-story, 225,000-square-foot facility on main campus. In 2023, Temple broke ground on a 160,000-square-foot expansion and 150,000-square-foot renovation of Paley Hall. Formerly known as Paley Library, the building will become the new home of Temple's College of Public Health (CPH) upon completion. The project is budgeted at almost $130 million. In March 2024, Temple opened the Innovation Nest, which provides office, work, and collaboration spaces for start-up businesses. The facility is 8,000 square feet and provides both laboratory and office space to innovators.

Thomas Jefferson University ("Jefferson"). In 2017, Thomas Jefferson University and Philadelphia University merged to create the fourth largest university in the City. With this merger, Jefferson creates a national comprehensive university designed to deliver high-impact education and value for students in medicine, science, architecture, design, fashion, textiles, health, business, engineering, and other disciplines. In addition to ten colleges and three schools from both universities, the formation of the Philadelphia University Honors Institute and the Philadelphia University Design Institute are key components of the combined university's educational ecosystem. Jefferson has campuses in the Center City and the East Falls neighborhoods of Philadelphia, Montgomery County, Bucks County, and Atlantic County, New Jersey.

Community College of Philadelphia ("CCP" or the "College"). Founded in 1964, CCP serves over 19,000 students in associate degree and certificate programs. The College operates four campuses: its main Campus in Center City Philadelphia and three regional campuses in West Philadelphia, Northeast Philadelphia, and Northwest Philadelphia. The College offers a total of more than 100 associate degrees,

academic and proficiency certificates, and workforce programs. The College has several transfer agreements and partnerships with other higher education institutions, which assist students who seek a seamless transition to a bachelor's degree program.

In August 2022, the College opened a new $40 million Advanced Technology Center in West Philadelphia to offer short-term certificate and associate degree programs in the Automotive, Advanced Manufacturing, Health Care, and Transportation Technology fields. It will also serve as a hub supporting the region's small businesses and as a resource connecting the community to technology-rich spaces. The College is one of 30 community colleges in the nation to undertake a new Career Pathways model under which it has expanded its dual enrollment programs, including establishing the first Middle College in the Commonwealth, with the School District of Philadelphia. Upon completion of high school, enrolled students will receive both a high school degree and an associate degree. In 2021, the College launched the Octavius Catto Scholarship (the "Catto Scholarship"), which is a new initiative funded by the City of Philadelphia designed to make education available to students by providing funding and support for tuition and fees, costs associated with books, food, transportation, benefits, childcare, and housing. The Catto Scholarship is available to Philadelphia residents who also meet income eligibility.

The College also offers a certificate program, the City College for Municipal Employment (CCME). CCME is a workforce development initiative by the City of Philadelphia. Launched in October 2024, CCME aims to remove barriers to employment by providing education and certifications necessary for City jobs. CCME offers courses across five career pathways: Skilled Trades, Healthcare, Technology, Business & Administration, and Public Safety. Participants receive wraparound services to support their success and are eligible for financial incentives throughout their training. The program also focuses on upskilling current City employees seeking career advancement opportunities.

Saint Joseph's University ("St. Joe's"). Saint Joseph's University (also called St. Joe's) was established in 1821. It is a private Jesuit university in Philadelphia and Lower Merion, Pennsylvania. In 2022, it merged with the University of the Sciences ("USciences") another well-established Philadelphia college with an emphasis on science oriented higher education. USciences was originally founded as the Philadelphia College of Pharmacy in 1821. The combined school is now the fifth largest university in Philadelphia and serves over 9,000 students between two campuses. With the acquisition of additional academic programs, St. Joe's now offers hundreds of programs to undergraduate, graduate, and adult learners. The merger allows St. Joe's to add former USciences programs in areas such as pharmacy, neuroscience, and occupational therapy, in addition to established business and education offerings.

Hospitals and Medical Centers

The City is a center for health, education, research, and science facilities with the nation's largest concentration of healthcare resources within a 100-mile radius. Philadelphia is home to several world-class medical systems and the first FDA-approved cell and gene therapies. There are presently more than 30 hospitals, five medical schools, two dental schools, two pharmacy schools, as well as schools of optometry, podiatry, and veterinary medicine located in the city. Philadelphia is one of the largest health care and health care education centers in the world, and 80% of the nation's largest pharmaceutical companies are located in the Philadelphia area. Major research facilities are also located in the City, including those located at its universities and medical schools: Children's Hospital of Philadelphia ("CHOP"), the Hospital of the University of Pennsylvania, the Wistar Institute, Fox Chase Cancer Center, Drexel University, Temple University, and Thomas Jefferson University. Philadelphia is home to three of the nation's 73 National Cancer Institute ("NCI")-designated Comprehensive Cancer Centers: the Abramson Cancer Center (Penn Medicine), Fox Chase Cancer Center (Temple Health), and the Sydney Kimmel Cancer Center (Jefferson Health). Additionally, Philadelphia is also home to the Wistar Institute which is an NCI designated basic laboratory cancer center.

Penn Medicine University of Pennsylvania Health System ("Penn Medicine"). Penn Medicine includes Pennsylvania Hospital, the nation's first hospital and the nation's first medical school, the University of Pennsylvania School of Medicine. In addition, the Hospital of the University of Pennsylvania was established in 1874 as the nation's first teaching hospital. Penn Medicine's hospitals are consistently ranked among the top ten hospitals in the country with the combined University of Pennsylvania and Penn Presbyterian Medical Center among the top-ranked in the region by *U.S. News and World Report*. In 2021, Penn Medicine completed construction on a new 1.5 million square foot Patient Pavilion, one of the largest hospital projects in the nation and the largest capital project in Penn's history. Combined, the University of Pennsylvania and its health system is the largest private sector employer in Philadelphia. In 2024, Penn Medicine merged with Doylestown Hospital in Bucks County and the hospital is now part of the Penn Medicine system.

Children's Hospital of Philadelphia Expansion ("CHOP"). CHOP is the oldest children's hospital in the nation and one of the largest in the world. Beyond its pediatric medical care, it is known for its research and innovative medical breakthroughs. Over the past two decades, CHOP has invested billions in its expansion in Philadelphia. In late 2022, CHOP opened a new Center for Advanced Behavioral Healthcare in West Philadelphia, with 47,000 square feet dedicated to patient care, including consultation rooms, group therapy rooms, and calming areas.

Temple University Health System ("TUS"). Temple Health comprises the health, education and research activities carried out by the affiliates of Temple University Health System and the Lewis Katz School of Medicine at Temple University. TUS is one of the region's most respected academic medical centers. The 732-bed Philadelphia hospital is also the chief clinical training site for the Lewis Katz School of Medicine at Temple University. TUS is regularly ranked among the "Best Regional Hospitals" in various specialties by *U.S. News & World Report* regional rankings. A $30 million project to turn the former Cancer Treatment Center of America's Philadelphia campus into the Women & Families campus was completed in the spring of 2023.

Thomas Jefferson University and Jefferson Health ("TJUH"). TJUH is consistently at the top of the list of hospitals in Pennsylvania and the Philadelphia metro area in *U.S. News & World Report*'s annual listing of the best hospitals and specialties. Jefferson Health has recently participated in several significant mergers, integrating Magee Hospital, Kennedy Health System (located in New Jersey), the Aria Health system, and Abington Hospital into its system. In 2017, Thomas Jefferson University acquired Philadelphia University and is now the ninth largest educational institution in Philadelphia. In 2021, Einstein Healthcare Network merged with Thomas Jefferson University, creating an integrated 18-hospital health system. Einstein Healthcare Network's facilities and outpatient centers have been in existence for over 150 years.

In August 2024, TJUH and Lehigh Valley Health Network merged. The combined system is now among the top 15 not-for-profit health systems in the U.S. with 32 hospitals, more than 700 sites of care, and approximately 65,000 employees, along with a health plan and further clinical research programs.

Life Sciences

The City has capitalized on the region's assets to become a leader in life science research and development generated by the City's healthcare and educational institutions. The Greater Philadelphia region is recognized worldwide as a leader in cell therapy, gene therapy, and gene editing. More than 60 cell and gene therapy development firms have been established in the Philadelphia region and investment is at an all-time high. Approximately 80% of all major pharmaceutical and biotech companies in the U.S. have offices in Greater Philadelphia. The City has numerous research labs and over 1,200 life sciences companies. In FY 2023, such companies as well as institutions received over $1.3 billion in NIH funding.

While such funding has helped foster growth in these industries, there is no guarantee that NIH funding will continue at these levels in the future as federal policy is revised.

Several sites now foster life science incubator facilities, including the Cambridge Innovation Center (CIC); Biolabs in the Curtis Center; B+ Labs in the Cira Center; University of Pennsylvania's Pennovation Works; and Temple University's Innovation Nest (I-Nest). Developers at Wexford and Brandywine Realty Trust have several million square feet of laboratory space in various stages of development in Philadelphia. Gattuso Development Partners has developed a 520,000 square foot research facility in University City, making it the largest life sciences research and laboratory building in Philadelphia.

Over the last few years, there has been a significant geographic shift in laboratory development. Prior to 2020, lab space was almost exclusively relegated to University City and the Navy Yard. Presently, there are completed and planned developments in the Gray's Ferry, Allegheny West, Kensington, North, South, and Southwest Philadelphia neighborhoods. These developments accommodate all stages of life science company growth. With approximately 5.8 million square feet of existing life sciences inventory and 2.8 million square feet under construction, there is room for continued growth.

Technology and Innovation

With over 5,100 tech businesses, Philadelphia's Tech and Innovation industry is growing and evolving in the post pandemic world. From 2020-2021, the City's share of the nation's startups rose 1.7% according to the Brooking Institute. The City is poised to continue to expand its share of both startups and maturing tech firms as companies search for more affordable locales. Philadelphia's tech ecosystem will continue to benefit from the diffusion of firms in known traditional tech hubs. In addition to growing attraction efforts, Philadelphia's "eds and meds" along with media communications companies like Comcast/ NBC Universal have created sizable opportunities for investment in technology, robotics, defense, and automation startups.

The traditional technology industry was once centered in the Old City section of Philadelphia. However, as the industry continues to evolve, co-working and lab spaces housing emerging tech startups have gone through a geographic shift. Biotech and robotics companies such as Ghost Robotics are more likely to be found in University City, on North Broad Street, or Spring Garden sections of the City.

The City has paired with technology founders, University systems, and venture capitalists to encourage growth and investment across the tech ecosystem, which is expected to encourage participation in the industry.

Hospitality and Leisure

Prior to the pandemic, the hospitality and leisure sector historically demonstrated consistent growth, setting a record-high for room revenue generated for lodging in 2019 until contracting in 2020. The City is regularly listed as a top domestic and international destination in tourism publications and was one of only three U.S. destinations to make Condé Nast Traveler's 2021 Gold List. Tourism Economics has projected that it would take until 2023-2024 for Philadelphia's tourism and hospitality sector to fully rebound. In 2024, Visit Philadelphia and the Philadelphia Convention and Visitors Bureau (PHLCVB) hosted the Philadelphia 2024 Tourism Outlook. During this event, it was announced that nearly 43 million people visited the 5-County Philadelphia region in 2023, a 6% increase over 2022. Those visitors spent $7.6 billion in the greater Philadelphia market, and as those funds cycled through the regional economy, they generated an economic impact of $12.4 billion. Across all tourism industry Key Performance

Indicators (KPIs), year-over-year gains were achieved showing continued post-pandemic recovery, either meeting or beating 2019 benchmarks in all categories except visitation.

Philadelphia has seen an influx in hotel development in recent years, with numerous new developments recently completed or underway, including the Four Seasons, Pod Philly, LIVE Hotel & Casino, Element Hotel, Hyatt Centric, W Hotel, Guild House, and Delta Hotel. These hotels added 777 rooms, bringing the total downtown room inventory to 13,375. Additional projects are under construction, including Mainstay Suites/Ascend Hotel Collection and Comfort Inn. Proposed downtown hotels include AC Hotel by Marriott and Blue Ivy Hotel. Three downtown hotels – Rittenhouse Hotel, Four Seasons Philadelphia at the Comcast Center, and Kimpton Hotel Monaco – are rated by U.S. News and World Report as among the best in the nation.

Looking at recent statistics for Philadelphia, all key metrics show growth in the hotel industry. Hotels reached 62.3% occupancy in 2023, a 7.0% increase over 2022. Average daily rate was $202.05, a 2.0% increase over 2022. Revenue per available room was $125.95, a 9.0% increase over 2022. Hotel supply was 6.8 million room nights available, a 2.0% increase over 2022. Hotel demand was 4.25 million room nights sold, a 9.0% increase over 2022. Hotel revenue was $859 million, an 11% increase over 2022. Hotel supply and average daily rate both surpassed 2019 levels.

In recent years, Philadelphia's global tourism has also had a strong recovery with more visitors choosing to travel to the City from overseas. The top overseas markets for Philadelphia were United Kingdom, India, Germany, France, and Ireland.

In 2026, the City hosted the commemoration of the nation's 250th birthday. The City has recently hosted, or will host, several major sporting events, including six NCAA Championships, WrestleMania 40, the PGA Championship, and Major League Baseball All-Star Game. Philadelphia was one of 11 cities chosen to host the 2026 FIFA World Cup, an event that brought thousands of soccer fans and hundreds of millions of dollars in spending to the region. Philadelphia has also been a regular host of medical conferences and the Army-Navy Game, which will return in 2027.

Creative Economy

The Creative Economy is one of the most dynamic areas of economic development. The sector stimulates innovation and promotes Philadelphia cultural diversity. The creative sector includes the people and the products that make up the for-profit and nonprofit arts-related creative industries, such as visual and performing arts, graphic design, music, fashion, public relations, and architecture.

According to Econsult Solutions, Philadelphia's creative economy has become a powerful force for tourism, neighborhood renewal, and job growth. The region's arts and culture sector contributes $3.3 billion annually and has seen 38 percent employment growth since 2001. Recognized as the 6th most arts-vibrant large city, Philadelphia has strengthened its cultural presence through public-private partnerships and major institutional support. Investments along North and South Broad Street have directly supported artists, organizations, and cultural projects that fuel the city's creative vitality. These initiatives place Philadelphia in the national spotlight for the 2026 semiquincentennial, driving further investment and growth.

Philadelphia's creative economy encompasses a diverse range of sectors, including craft and fashion. A 2019 analysis by EConsult estimated that Philadelphia's craft and maker sector contributes between $60 million and $70 million annually to the city's Gross Domestic Product (GDP) and $230 million to $280 million in the broader Philadelphia Metropolitan Statistical Area (MSA). Visitors attending craft-related events generate approximately $11.8 million in direct spending within the MSA, leading to a total

economic impact of $19.2 million regionally. A statewide analysis indicates that Pennsylvania's women's clothing stores are projected to reach a market size of $2.3 billion by 2025, with 4,496 establishments employing 13,509 individuals.

Burlington Stores, a national clothing retailer, now headquartered in New Jersey, has announced plans to relocate its corporate headquarters to Schuylkill Yards in Philadelphia.

Emerging sectors within Philadelphia's creative economy, such as sustainable fashion and the circular economy (an economic model that focuses on refurbishing, recycling, and similar efforts), present potential growth opportunities.

Philadelphia has a strong foundation in arts, fashion, music/nightlife, craft/makers, film/media/digital content production, design/architecture, culinary/food innovation, and the circular economy. While challenges such as funding and space affordability remain, these sectors hold significant growth potential, positioning Philadelphia as a creative hub.

Manufacturing

The manufacturing industry has been a major contributor to Philadelphia's economy, particularly after the COVID-19 pandemic. Philadelphia's strategic location, skilled workforce, and diverse manufacturing base in various fields such as chemicals, pharmaceuticals, food and beverage, machinery, eCommerce, transportation equipment, 3D printing, and artisanal manufacturing have made it a hub for manufacturing and production. The industry has been a significant driver of job creation, innovation, and economic growth, providing employment to thousands of workers in the City and contributing significantly to the City's tax base. Additionally, Philadelphia's industrial research and development centers have been at the forefront of innovation and technological advancements in various fields, such as biotechnology, energy, and materials science. Overall, manufacturing remains a crucial industry for the growth and prosperity of Philadelphia's economy.

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Principal Private Sector Employers in the City

Table 7 lists the 20 largest private employers that are based in Philadelphia. Penn, Penn Medicine, and Thomas Jefferson University and Jefferson Health top this list.

Table 7
Largest Private Employers Based in Philadelphia
Ranked by Number of Local Employees, 2024

Employer	Local Employees
University of Pennsylvania and Health System	54,005
Thomas Jefferson University and Jefferson Health	41,960
Children's Hospital of Philadelphia	30,743
Temple University Health System	19,907
Comcast Corp	16,200
Independence Health Group	8,901
Drexel University	4,531
Deloitte	2,125
Ernst & Young LLP	1,646
Day & Zimmermann	1,485
KPMG	1,312
Rivers Casino	1,143
Burns' Family Neighborhood Markets	1,075
Janney Montgomery Scott	933
Aecom	858
Pennoni	736
La Salle University	710
American Heritage Credit Union	700
Fox Rothschild	695
Cozen O'Connor	687
Total	**190,352**

Source: Philadelphia Business Journal (Revised in October 2024)

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Office Market

The Philadelphia Central Business District (CBD) office market has shown activity reflecting trends in line with the broader national trends of recovery. Table 8 shows comparative overall fourth quarter 2025 office vacancy rates for selected office markets.

Table 8
Total Office Vacancy Rates of Selected Office Markets
Fourth Quarter 2025

Market	Vacancy Rate
Austin	27.3%
Seattle	27.2%
San Francisco	25.2%
Denver	23.5%
Detroit	23.3%
San Diego	23.2%
Dallas	21.1%
Houston	20.2%
Washington, DC	19.7%
Atlanta	19.6%
Nashville	18.9%
Chicago	18.6%
Philadelphia	**18.5%**
United States, All Markets	18.4%
Charlotte	18.2%
Phoenix	17.0%
Boston	15.5%
Los Angeles	14.9%
Miami	13.9%
Manhattan	13.6%

Source: Commercial Cafe, National Office Report December 2025

Major Projects

Over the last two decades, the City's economic development agencies and others have spurred significant economic revitalization throughout the City. Several key areas within the City have been instrumental in the economic and commercial development of Philadelphia over the past 25 years. In particular, a number of geographic areas have experienced concentrated developments: Center City, University City, Philadelphia's Historic District, Avenue of the Arts, North Broad Street, the Navy Yard, and the Benjamin Franklin Parkway. Many of these developments, such as a significant increase in Philadelphia's hotel room inventory in Center City and expansion of the Pennsylvania Convention Center, have been key to the growth of Philadelphia's leisure and hospitality sector. Others, such as those in the

Bellwether District (in South Philadelphia) and the Navy Yard, have been key to the growth of Philadelphia's manufacturing sector.

Taking advantage of the City's major waterways, the Schuylkill and the Delaware Rivers, the City is redeveloping its waterfronts to accommodate a variety of developments, including mixed-use projects, housing, parks, recreational trails, and hotels. These projects improve the quality of life for residents and enhance the visitor experience. In addition, they serve as the impetus for environmental remediation, job creation and private development of former industrial properties within the City.

Table 9
Projects Under Construction in the Key Commercial Districts

Project by Neighborhood	Project Type	Completion or Estimated Completion Year	Cost in Millions
CENTER CITY			
Chubb Headquarters, 2000 Arch Street	Office	2026	$430
Harper Square, 113-19 S. 19th Street	Retail/Residential	2027	$250
Wanamaker Building, 1300 Market Street	Retail/Residential	2028	$250
Avenue of the Arts 2.0, South Broad Street	Streetscape	2036	$150
Toll Brothers Apartments, Broad & Noble Street	Residential	2026	$150
1001 South Broad Street	Retail/Residential	2025	$500
OLD CITY			
Penn's Landing, I-95 Overcap Park	Public	2030	$430
702 Sansom St	Retail/Residential	2028	$100
The Bourse, 400 Market Street and 111 S. Independence Mall E.	Mixed	2026	$23
UNIVERSITY CITY			
30th Street Station Redesign	Public	2030	$500
The Mark, 3615 Chestnut Street	Residential	2026	$45
Roberts Children's Health Expansion	Medical	2028	$125
CHOP Schuylkill Avenue Expansion, Phase 2	Medical	2025	$600
BELLWETHER DISTRICT			
Building 1	Industrial	2025	$30
Building 2	Industrial	2025	$30
DrinkPAK	Industrial	2028	$195
OTHER NEIGHBORHOODS			
Schuylkill River Trail Expansion	Public	2026	$45
650 Fairmount Avenue	Retail/Residential	2025	$100
Franklin Square Enhancements	Public	2026	$30
1200 Normandy Place and 1225 Constitution Avenue	Residential	2026	$285
Hanwha Philly Shipyard	Industrial	2031	$5,000
5113 Frankford Avenue	Mixed	2030	$35
Piazza Alta, Phase 2	Residential	2027	$170
Wharton Piers, 1341 S. Christopher Columbus Blvd	Mixed	2029	$150
TOTAL			**$9,623**

Source: Philadelphia Department of Planning and Development.

Housing

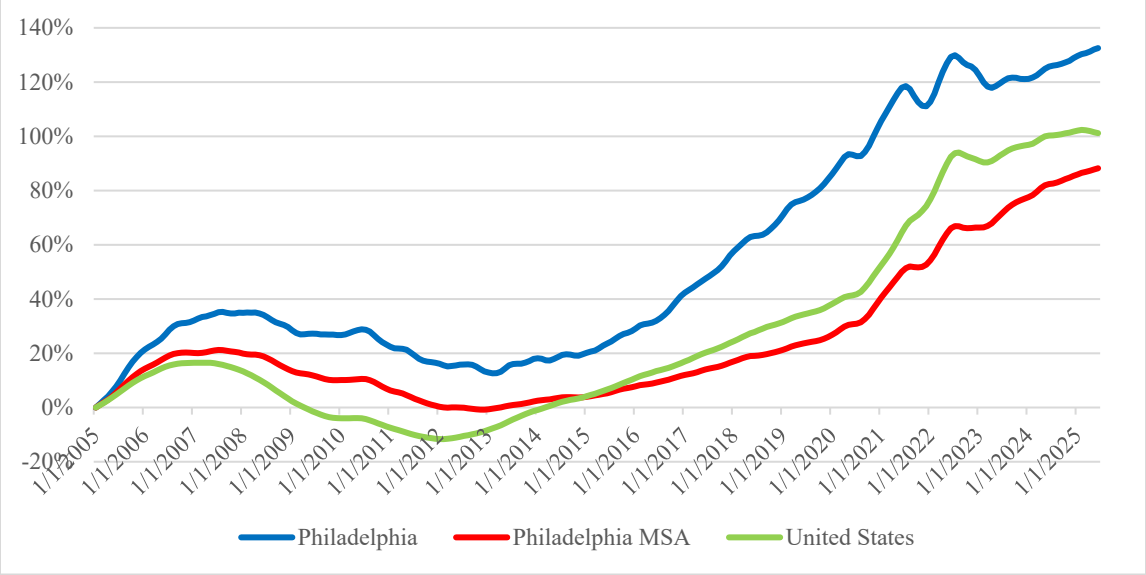
Philadelphia's housing market has undergone a significant revitalization over the last two decades. The period between the 2000 and 2010 censuses was the first where Philadelphia experienced a net population increase since the period between 1940 and 1950. The City's population growth has driven significant new construction and investment in many of its neighborhoods resulting in increases in the value of the City's housing stock. Most housing indicators for Philadelphia indicate an upward outlook, in terms of prices and construction, for the near future. Nevertheless, the City continues to face significant challenges caused by the persistent problems of poverty, crime, underperforming schools, and lack of employment opportunities in some sectors.

The total housing stock, measured by the number of units, increased by 13.9% from 2014-2024, for a total of 763,527 in 2024.[3] This increase of 93,082 units is the result of a net increase of 56,103 multifamily units (properties with five or more units), 34,390 single-family homes (properties with one to four units), and 2,589 "other" units (such as mobile homes and boats). The homeownership rate in the City in 2024 was 51.9%, which represents a decrease from 52.0% in 2014.[3] Accordingly, properties in the City have continued to command higher rents, with the median monthly rent in June 2025 equal to $1,845, representing a 22.0% increase over the prior five-year period.[4]

Home Prices

As shown in the chart below, after eight years of moderate house price deflation following the peak of the 2007 recession, Philadelphia's housing market began posting rapid increases in prices, citywide, starting in 2013. By late 2017, home values in Philadelphia recovered to their pre-recession peak and have continued to climb, increasing an additional 71% as of June 2025. The following chart uses the Home Value Index to chart changes in home values in Philadelphia, the Philadelphia region, and the U.S. as a whole over the 20-year period from January 2005 through June 2025.[5]

Percent Change in Median Nominal Home Value (Zillow Home Value Index), 2005-2025



[3] US Census Bureau, American Communities Survey, 1-Year Survey
[4] Zillow Research, ZORI Time Series
[5] Zillow Research, ZHVI Time Series

Over this entire period, Philadelphia's median home prices have been lower than that of the region or the country as a whole. However, because the rate of growth in the City's home values matched or outpaced these comparison regions and the housing market in Philadelphia retained a much greater share of its pre-recession gains, it has closed that gap. Whereas the median home value in Philadelphia was 55% that of the US in 2005, it was 63% of the national average by 2025.

Home Ownership

Home ownership in Philadelphia has been strong when compared to peer cities and national percentages. The table below illustrates the percentages of owner-occupied homes in Philadelphia and peer cities, as well as the national percentage.

Home Ownership in Philadelphia and Peer Cities

	% Owner Occupied
National	65.2%
Phoenix	57.3%
Philadelphia	**51.8%**
Baltimore	47.5%
San Diego	47.3%
Atlanta	46.4%
Chicago	46.0%
Dallas	42.4%
Houston	42.1%
Washington DC	41.5%
Los Angeles	36.0%
Boston	35.7%
New York	32.8%

Source: 2024 American Community Survey, 5-Year Estimates.

Home Construction

Home building activity in Philadelphia has also made significant progress since hitting its recessionary low in 2009. The following chart shows the number of newly constructed units being added to Philadelphia's housing stock, as represented by the number of building permits issued for such units, from 2007 through 2025.

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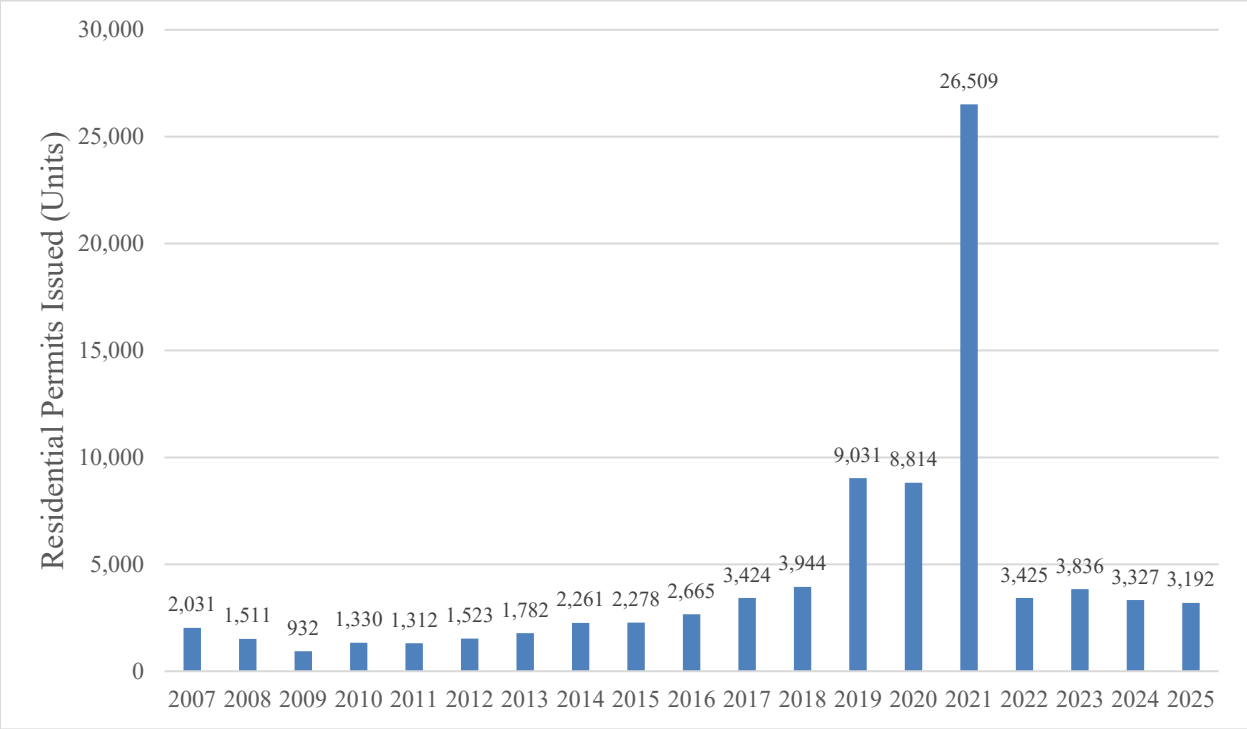
Building Permits Issued in Philadelphia, New Construction Only
(Number of Units), 2007-2025



Source: eCLIPSE and Hansen Permitting Systems

The number of building permits for new residential units issued significantly increased in 2021. The large increase coincided with changes to the City's 10-year tax abatement, which had been set to expire at the end of 2020, to be replaced by a modified version. The original abatement was extended by a year because of the pandemic. The City revised its tax-abatement program in January 2022. For more information on the current tax-abatement program, see APPENDIX A – "REVENUES OF THE CITY – Real Property Taxes."

Historically, construction of new housing units in Philadelphia was low by both absolute and relative measures, averaging only 507 units per year in the decade from 1990 through 1999. However, since 2003, permits for new construction have not been for less than 932 units in any single year, including during the nadir of the 2007 recession. Notably, these data do not include additions or substantial alterations to existing buildings, which together account for nearly a third of all new housing units in Philadelphia.

Despite rising income levels and the relative affordability of home prices in Philadelphia, the City seeks to address housing inequities that can be exacerbated as housing costs have increased faster than wages. To further increase the supply of affordable housing, the City launched the Neighborhood Preservation Initiative ("NPI") in 2021. NPI supports the production and preservation of affordable housing units, home repair and tangled title programs, eviction diversion services, and other innovative programs relating to neighborhood and small business corridor investments. In October 2021, May 2023, December 2024, and June 2026, the Philadelphia Redevelopment Authority ("PRA") issued $98,560,000, $99,455,000, $149,105,000, and $50,715,000 in City Service Agreement Revenue Bonds, respectively, to finance certain costs of the NPI program. Data on all NPI funded programs, including funds expended by program and households served, is available on the City's website through the NPI dashboard, which is

updated quarterly. NPI funds leverage federal and state Low Income Housing Tax Credit projects and local, long-term funding through the Housing Trust Fund.

In Fiscal Year 2026, the City launched the Housing Opportunities Made Easy (H.O.M.E.) Plan to build and preserve 30,000 units of new and existing housing and otherwise support affordable housing. The H.O.M.E. Plan contemplates two phases of bond financing through the PRA, totaling approximately $800 million, and seeks to leverage additional investments from external sources, including state and federal government grants, as well as private and philanthropic dollars. In addition to these investments, the H.O.M.E. Plan aims to increase operational effectiveness to allow Philadelphians and housing builders to more easily obtain permits and approvals related to new and renovated housing units. In March 2026, PRA issued $396,650,000 in City Service Agreement Bonds for the benefit of the City as the first phase of financing for the H.O.M.E. Plan.

TALENT AND HUMAN CAPITAL

Workforce Development

Higher Education

According to Campus Philly, over the last twenty years, the young adult population in Greater Philadelphia has experienced significant growth, surpassing national demographic trends and driving overall population expansion in the region. Notably, the increase in young adults with bachelor's degrees in Philadelphia has outpaced similar growth in comparable peer cities. This trend reflects the effectiveness of Greater Philadelphia's colleges and universities. The City retains 50% of the graduates of local colleges and universities. In 2023, 41.2 % of Philadelphia's population age 25+ had an Associate Degree or higher. Because the Philadelphia region has one of the largest concentrations of students and degree-granting institutions, the City consistently produces an abundant workforce of highly qualified workers for tech and life science companies.

In 2024, Philadelphia exceeded many selected peer cities in its share of students who are enrolled in an undergraduate, graduate or professional education program. Selected peer cities (as shown in Table 10) reflect characteristics consistent with Philadelphia, such as geography, socio-economic statistics, industrial legacies, or port facilities.

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Table 10

2024 Total Number of Students - Percent of Total Population of Selected Cities, Ranked by Total Number of Students Enrolled in Higher Education

	Total Number of Students Enrolled in School (all years)	Total Number of Students Enrolled in Higher Education	Percent of All Students Enrolled in Higher Education	Percent of Total Population Enrolled in Higher Education
United States	**80,089,790**	**21,415,607**	26.7%	**6.6%**
Los Angeles, CA	900,274	310,586	34.5%	8.3%
Chicago, IL	618,889	201,851	32.6%	7.7%
Houston, TX	570,384	151,926	26.6%	6.8%
San Diego, CA	345,010	142,352	41.3%	10.6%
Philadelphia, PA	**381,694**	**124,898**	**32.7%**	**8.2%**
San Antonio, TX	379,500	103,559	27.3%	7.3%
Boston, MA	180,214	100,172	55.6%	15.5%
Phoenix, AZ	401,892	99,193	24.7%	6.3%
Washington, D.C.	161,200	60,546	37.6%	9.2%
Baltimore, MD	139,104	48,347	34.8%	8.8%
Milwaukee, WI	153,824	40,552	26.4%	7.4%
Memphis, TN	149,083	32,535	21.8%	5.5%
Detroit, MI	150,781	31,140	20.7%	5.1%
Cleveland, OH	83,508	23,551	28.2%	6.6%

Source: 2024 American Community Survey, 5-Year Estimates.

Workforce Professionals Alliance ("WPA")

The WPA is a partnership of over 35 workforce development organizations committed to increasing access to career readiness programs for Philadelphians. The WPA works collaboratively amongst its members and City government to lead strategy and vision for how partners can work together to bridge programs and industries and respond to the demands of employers and residents. Through an ongoing partnership with the WPA, the City is advancing collaboration across workforce training organizations and setting standards for quality jobs to ensure success across Philadelphia's workforce ecosystem.

Fair Chance Hiring Initiative ("FCHI")

FCHI supports local businesses by referring Philadelphia job seekers returning from incarceration as well as those that are on probation or parole for open positions and providing financial incentives to businesses in the form of wage reimbursements and employment retention grants.

PHL Taking Care of Business Clean Corridors Program ("TCB")

TCB is a program that funds community-based nonprofits to sweep sidewalks and remove litter across neighborhood commercial corridors. PHL TCB invests in people and small businesses by creating employment opportunities for residents and keeping Philadelphia's neighborhood commercial corridors clean.

Career Connected Learning ("C2L-PHL")

C2L-PHL is the system of connections that is currently being built between youth-serving partners such as the School District of Philadelphia, City of Philadelphia and Philadelphia Works, among others. The premise is to embed career awareness and exposure into City schools, curriculum and programming offered to all students. C2L-PHL offers year-round work-based learning opportunities, during the summer and school year, for Philadelphia residents ages 12-24 to explore different career paths, gain hands-on experience, and develop essential skills. Paid summer and school year work and learning experiences are part of C2L-PHL. The programs under the C2L currently aim to engage roughly 10,000 students a year, and this system aims to expand programmatic opportunities to be available to any student in the School District.

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Employment

Table 11 shows non-farm payroll employment in the City over the last decade by industry sectors. In the past 10 years, growth has occurred in sectors including Information; Professional and Business Services; Education and Health Services; Leisure and Hospitality and Mining, Logging and Construction. These sectors continue to provide stability to the City's overall economy. Based on 2025 data, total employment in the City was at an all-time high.

Table 11
Philadelphia Non-Farm Payroll Employment [1,2]
(Amounts in Thousands)

Sector	2016	2017	2018	2019	2020	2021*	2022	2023	2024	2025	Change 2016-2025	% Change 2016-2025
Education and health services	207.1	214.5	222.7	227.0	217.5	218.7	227.9	238.9	250.1	259.9	52.8	25.5%
Professional and business services	88.9	90.2	92.2	95.8	90.4	92.4	96.4	99.8	98.0	98.5	9.6	10.8%
Trade, transportation, and utilities	89.7	89.2	89.7	90.3	82.1	84.6	85.4	83.0	82.1	81.6	(8.1)	-9.0%
Leisure and hospitality	70.3	72.9	74.1	76.0	47.0	54.9	68.7	73.0	74.8	75.9	5.6	8.0%
Financial activities	40.3	39.4	39.8	40.0	38.2	38.0	37.9	37.4	37.0	36.5	(3.8)	-9.4%
Manufacturing	20.4	20.2	19.9	19.4	17.3	18.2	19.1	19.3	18.8	18.7	(1.7)	-8.3%
Information	10.9	10.7	10.9	11.2	14.0	9.9	12.9	12.3	12.5	12.3	1.4	12.8%
Natural resources, mining, and construction	11.4	11.5	12.1	11.9	10.4	-	12.0	12.2	12.3	12.0	0.6	5.3%
Other services	23.3	23.3	23.9	24.1	19.9	21.4	23.3	23.8	24.3	23.9	0.6	2.6%
Private Sector Total	562.3	571.9	585.3	595.7	536.8	538.1	583.6	599.7	609.9	619.3	57.0	10.1%
Government	101.0	101.3	102.7	104.1	104.4	101.9	101.0	102.0	104.7	106.1	5.1	5.0%
Total	663.3	673.2	688.0	699.8	641.2	640.0	684.6	701.7	714.6	725.4	62.1	9.4%

Source: Bureau of Labor Statistics Quarterly Census of Employment and Wages (2016-2025), County High-Level

[1] Includes person employed within the County, without regard to residency.

[2] Due to data collection complications during the Covid-19 pandemic, employee counts for certain sectors (including natural resources, mining, and construction) were not released for 2021.

Table 12 shows percentage share of employment sectors for 2016 and 2025.

Table 12
Philadelphia Change in Share of Employment Sectors [1,2]
(Ranked by Percent Change of Share)

Sector	Share of Total Employment 2016	Share of Total Employment 2025	Change 2016-2025
Education and health services	31.2%	35.8%	4.6%
Professional and business services	13.4%	13.6%	0.2%
Government	15.2%	14.6%	-0.6%
Trade, transportation, and utilities	13.5%	11.2%	-2.3%
Leisure and hospitality	10.6%	10.5%	-0.1%
Financial activities	6.1%	5.0%	-1.0%
Manufacturing	3.1%	2.6%	-0.5%
Information	1.6%	1.7%	0.1%
Natural resources, mining, and construction	1.7%	1.7%	-0.1%
Other services	3.5%	3.3%	-0.2%
Total	100%	100%	

Source: Bureau of Labor Statistics Quarterly Census of Employment and Wages (2016-2025), County High-Level

[1] Includes person employed within the County, without regard to residency.

[2] Due to data collection complications during the Covid-19 pandemic, employee counts for certain sectors (including natural resources, mining,

Unemployment

Philadelphia has recently narrowed the gap between its unemployment levels and the national unemployment levels. As shown in Table 13, with the exception of the COVID-19 pandemic in 2020, employment gains in 2016 through 2025 resulted in a decline in Philadelphia's unemployment rate from an annual average high of 6.7% in 2016 to 5.1% in 2025.

Table 13 below shows unemployment information for Philadelphia, the MSA, the Commonwealth, and the United States.

Table 13
Unemployment Rate in Selected Geographical Areas
(Annual Average 2016-2025)

Geographical Area	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Change in rate from 2016-2025
United States	4.90	4.40	3.90	3.70	8.10	5.40	3.60	3.70	4.00	4.30	-0.6
Pennsylvania	5.40	5.00	4.50	4.50	9.10	6.60	4.40	3.80	3.40	4.00	-1.4
Philadelphia-Camden-Wilmington MSA	5.00	4.70	4.30	4.10	9.20	6.30	4.10	3.70	3.80	4.30	-0.7
Philadelphia	6.70	6.40	5.70	5.60	12.30	8.90	5.90	4.50	4.50	5.10	-1.6

Source: Local Area Unemployment Statistics, Bureau of Labor Statistics, 2025.

ECONOMIC DEVELOPMENT STRATEGIES AND IMPLEMENTATION

City of Philadelphia Economic Development Mission and Goals

The City's economic development strategy is to (i) grow quality jobs by fostering an improved business environment; (ii) increase the City's population and visitation; (iii) boost Philadelphia's competitiveness through strategic and sectoral investments; and (iv) enable inclusive growth and neighborhood revitalization. The City partners with numerous quasi-city and private agencies to accomplish these objectives.

Economic Competitiveness

In addition to Mayor Parker's vision of a safer, cleaner, and greener Philadelphia, which are part of a broader economic development strategy, the City utilizes several place-based economic development strategies to spur development in Philadelphia. These strategies include: (i) a 10-year real estate tax abatement on all new construction, as well as on improvements to existing properties (legislative changes to this program are described in APPENDIX A – "REVENUES OF THE CITY – Real Property Taxes – Assessment and Collection"); (ii) Commonwealth-designated Keystone Opportunity Zones in which eligible businesses may be exempt from all Commonwealth and local business taxes until a specified date; (iii) Commonwealth-designated Keystone Innovation Zones in which energy, defense, technology, and life-sciences companies may be eligible for saleable tax credits worth up to $100,000 annually for the first eight years of operations; (iv) tax increment financing; and (v) neighborhood revitalization investments including staffing and physical improvements to facilitate commercial corridors that are attractive places for people to work, shop, and live.

The City and its partners work to attract and retain businesses through business resources, strategic investments, and marketing. Philadelphia offers a suite of additional incentives to businesses, including, but not limited to, the Quality Jobs Grant, Job Creation Tax Credit, Fair Chance Hiring Initiative, Boost Your Business! Fund, and Philadelphia Business Lending Network Incentive Grant. The City provides financial support to a number of nonprofit partners to provide business planning, technical assistance, and access to capital.

International Business & Global Strategy

The City actively works to raise its profile in the international business community. The City hosts delegations of business leaders and officials on missions to the United States, from a high of 156 delegations in 2019, and bouncing back post pandemic to 97 in 2025. This includes high profile visits (up to Heads of State or Royal family members). The City also participated in recent years in business missions to Germany, China, Canada, Japan, Mexico, and the United Kingdom. These efforts have resulted in new business attraction leads, enhanced cooperation, support to international air route development, and strengthening of various civic and business ties.

Since the pandemic, the City has continued to engage with foreign businesses and partners to strengthen exchanges, resulting in delegations and visits for new business attraction projects (from 189 foreign businesses engaged within calendar year 2022, to around 300 in each of calendar year 2024 and 2025). In particular, primarily out of European markets, several life sciences projects came to fruition, as well as tech companies opening operations.

Sizable foreign investments into Philadelphia-based assets were realized in 2024 and 2025. These included Philly Shipyard being acquired by Hanwha (South Korea) for $100 million, with $5 billion of additional investments announced in 2025; S. Korea's LIG Nex1 and KIPE taking a controlling participation in UPenn's spinout Ghost Robotics for $240 million; Nomura's (Japan) acquisition of Macquarie's (Australia) overseas activities including operations in Philadelphia; and Bonduelle (France) selecting Philadelphia as home to its Growth Hub. Foreign companies increasingly leverage Philadelphia's assets of talent availability, academics, hospitals, approachable costs of living and doing business, and connectivity, along with City and State support.

A rebound of foreign visitors has been observed in the City. Foreign tourists have been returning to the City since 2022, catching up on domestic tourism. Although shifts have been observed (origins, size of conventions, etc.), the sector is now on par with pre-COVID visitation. This has helped rebuild international flight routes from PHL with 5 additional routes in 2024, and new key ones in 2025 (both expanded and new routes, such as Mexico City.), along with increased domestic tourism. PHL has consequently seen an increase in passengers of 9.8% over 2024, which includes a 6.5% increase for international passengers: PHL welcomed over 30 million passengers in 2024, passing the record year of 2019 (including 3.8 million foreign passengers). The City, Visit Philadelphia, PHLCVB, PHL and other partners closely collaborate on messaging and marketing efforts to support those trends, with 2026 celebrations being a key milestone and opportunity to boost Philadelphia's brand reputation. Concerns around visitation are however arising, as a result of federal policies and stances that shift the perception of the United States.

Industry Partnerships

Industry partnerships bring together multiple employers in the same industry, along with workforce development and community partners. These public-private partnerships convene to align workforce planning with the needs of employers in order to create industry-specific solutions. The Philadelphia region has several industry partnerships in the following industries: Advanced Manufacturing; Logistics, Transportation, and Distribution; Hospitality and Entertainment; Technology; and Life Sciences/Cell and Gene Therapy.

Neighborhood Revitalization

The City drives growth and neighborhood revitalization through strategic investments and place-based economic development strategies. These strategies include (i) providing direct support and investing in businesses and entrepreneurs; (ii) investing in the capacity of community organizations and business associations; and (iii) investing in physical environment and infrastructure of neighborhood commercial districts.

The Planning Commission has identified approximately 300 commercial corridors in the City. While the City's Department of Commerce supports all businesses throughout the City, there are approximately 80 corridors that are targeted for support and investment. These 80 areas are neighborhood based, pedestrian and transit oriented, and have a high density of commercial spaces (average 100 businesses in a 3-4 block area). Examples of vibrant commercial corridors include 2nd Street in Old City, 52nd Street in West Philadelphia, Main Street in Manayunk, North 5th Street in Olney, and Woodland Avenue in Southwest Philadelphia.

The City's Commerce Department employs a three-prong corridor strategy. First, it provides direct support to businesses through Business Services Managers, grant programs, and referrals to partner agencies funded to provide technical assistance, training, and lending. Commerce also supports the

Philadelphia Business Lending Network (PBLN), which simplifies the process for businesses applying for loans. This service provides access to nonprofit and for-profit lenders with one form.

Second, the City drives commercial corridor revitalization through support of local management organizations such as business improvement districts (BIDs), community development corporations (CDCs), and business associations. The City currently provides funding to 48 organizations through corridor management, a CDC Tax Credit Program, and/or CDC Economic Development Support Grants. These community-based staff help neighborhood businesses take advantage of programs and resources, as well as attract new businesses to vacant properties and storefronts. For the targeted corridors that do not have a caretaker, the Commerce Department provides Business Services Managers that perform that role and work to build local capacity so the City has a partner to support businesses. The City also provides funding to neighborhood nonprofits for acquisition and construction of commercial and mixed-use properties to remove blight and encourage commercial development.

Third, the City invests in the public environment. It supports Business Improvement Districts (BIDs) and manages the PHL Taking Care of Business (PHL TCB) Clean Corridors Program, which provides sidewalk cleaning on 131 corridors around the City. The City provides funding and design support to reimburse businesses for improvements to their storefronts, including lighting, signage, windows, and for installation of security camera systems. Lastly, the City manages streetscape improvement projects and funds other capital investments like bus shelters, Bigbelly waste control, and police cameras.

City and Quasi-City Economic Development Agencies

City of Philadelphia - Department of Commerce ("Commerce")

The mission of the Department of Commerce is to be a catalyst for economic growth in Philadelphia.

Grow Philly is the Philadelphia Department of Commerce's strategic roadmap for business and community success, with the goal to deliver excellent service to businesses, drive growth, revitalize commercial corridors, and establish Philadelphia as a premier global business destination with an impact-driven workforce system.

The Department of Commerce employs seven strategies and, under each strategy, invests in a portfolio of projects designed to maximize impact and achieve the City's goals, which are as follows:

1. Streamline the Business Experience
2. Offer Business Education & Capacity Building
3. Provide Direct Capital to Businesses
4. Proactively Attract & Retain Businesses
5. Activate Neighborhood Economic Growth
6. Advance Innovative Workforce Solutions
7. Enable Efficient & Effective Operations

City of Philadelphia - Department of Planning and Development ("DPD")

The Department of Planning and Development aligns City resources to support the development of housing and investment into communities. DPD works in collaboration with communities to promote, plan, preserve, and develop successful neighborhoods. DPD includes the Division of Housing and Community Development (DHCD); Division of Planning and Zoning (DPZ); and Division of Development Services (DS). DPD works closely with the Philadelphia Housing Development Corporation (PHDC), the City's

full-service community development nonprofit organization. DS supports developers and implements the Mixed Income Housing Bonus Program and the Mixed Income Neighborhoods Program from the zoning code. DPZ promotes community development through its boards and commissions: Philadelphia City Planning Commission (PCPC), Philadelphia Historical Commission (PHC), Philadelphia Art Commission (AC), and Zoning Board of Adjustment (ZBA). DHCD leads the City's efforts to address the ongoing national housing crisis in Philadelphia by financing and facilitating housing construction and housing renovation, improving and adapting individual homes and advancing neighborhood quality of life improvements. DHCD manages the Housing Trust Fund and creates and manages implementation of the Consolidated Plan, a federally-mandated plan and budget that must be updated yearly in order to receive federal Community Development Block Grant and other funding. DHCD will also work with the Mayor's Office of the City to carry out the City's responsibilities for implementation of the H.O.M.E. Plan, as described in "ECONOMIC BASE AND EMPLOYMENT – Housing – *Home Construction*."

Philadelphia Housing Authority ("PHA")

PHA is funded primarily by the federal government and is the largest landlord in Pennsylvania. PHA develops, acquires, leases, and operates affordable housing for City residents with limited incomes. PHA works in partnership with the City and Commonwealth governments, as well as private investors. Over 93% of PHA's annual budget is funded directly or indirectly by the U.S. Department of Housing and Urban Development, and most of the balance of PHA's budget is derived from resident rent payments. Neither PHA's funds nor its assets are available to pay City expenses, debts, or other obligations, and the City has no power to tax PHA or its property. Neither the City's funds nor its assets are subject to claims for the expenses, debts, or other obligations of PHA.

Philadelphia Housing Development Corporation ("PHDC")

PHDC is a 30-year-old, full-service community, and economic development entity with an annual program budget of more than $60 million and $23 million for operations. It works to build stronger communities by creating and preserving affordable housing, supporting economic development projects, and redeveloping vacant land and properties throughout the City.

PHDC staffs the PLB (as defined herein) and the PRA boards and functions. All land management, community investment functions, and housing improvement programs now operate under one leadership team at PHDC. PHDC's Home Improvement programs serve approximately 5,000 people annually and help to stabilize over 100 small businesses. Under a contract with the DPD, from Fiscal Years 2020 through 2022, $65.5 million in PHDC financing leveraged funding for 1,313 units at 26 developments.

PHDC also supports the Philly First Home Program, providing grants of up to $10,000 to low and middle-income first-time home buyers. To date, such program has supported over 3,700 residents in home purchases and has led to approximately $600 million in mortgages from banking institutions. PHDC is continuing to expand homeownership opportunities by leveraging the land acquired by the PLB to support private developers to build 100 new homes on these parcels. In Fiscal Year 2022, PLB disposed of 70 parcels, on which 203 housing units were built and title to 27 side yards/gardens was transferred. Such parcels also support four economic development projects.

Philadelphia Land Bank ("PLB")

As described in APPENDIX A, the PLB is an independent agency formed under the authority of City ordinance and Pennsylvania law to return vacant and tax delinquent properties to productive reuse. Established in 2013, the PLB is an institutional partner in land use. The aim of the PLB is to consolidate many of the land acquisition and disposition processes of the City under one umbrella, making it easier for

private individuals and organizations to acquire properties that otherwise contribute to neighborhood disinvestment and turn them into assets for the community in which they are located. The PLB can: (i) consolidate properties owned by multiple public agencies into single ownership to speed property transfers to new, private owners; (ii) acquire tax-delinquent properties through purchase or by bidding the City's lien interests at a tax foreclosure; (iii) with consent of the City, clear the title to those properties so new owners are not burdened by old liens; and (iv) assist in the assemblage and disposition of land for community, non-profit, and for-profit uses.

Another PLB responsibility is to develop a strategic plan for vacant land in Philadelphia. In the PLB's 2019 update to its strategic plan, certain key achievements were highlighted, including, among other things, (i) an increase in acquisitions (up from 21 in Fiscal Year 2017 to 276 in Fiscal Year 2018 and 463 through the second quarter of Fiscal Year 2019); (ii) an increase in dispositions (up from 18 properties conveyed in Fiscal Year 2017 to 78 conveyed in Fiscal Year 2018 and 132 properties conveyed through the second quarter of Fiscal Year 2019); and (iii) formalizing the process for executing license agreements.

Philadelphia Industrial Development Corporation ("PIDC")

Established as a public-private partnership in 1958 by the City and the business community, PIDC is a non-profit organization that offers flexible financing tools, a targeted portfolio of industrial and commercial real estate, and expertise to help clients invest, develop, and grow in Philadelphia. PIDC also structures and invests in public-private partnerships for key City policy areas and development priorities. Over the past 65+ years, PIDC and its affiliates have settled over 13,500 transactions, including nearly $21 billion in financing that has leveraged tens of billions of dollars of total investment and assisted in creating and retaining hundreds of thousands of jobs in Philadelphia. As of year-end 2024, PIDC managed a direct loan and third-party portfolio exceeding $522 million across 548 loans and a 135-acre publicly-controlled industrial land inventory.

PIDC continues to advance development projects in key areas across Philadelphia. PIDC remains committed to transforming 40 riverfront acres along the Lower Schuylkill River into a world-class urban campus for modern manufacturing, supporting up to one million square feet — a development project marketed as the Lower Schuylkill Innovation Campus (formerly "Lower Schuylkill Biotech Campus"). This vision stems from the City's 2010 Industrial Land and Market Strategy and the 2013 Lower Schuylkill Master Plan, which identified this corridor as an "Innovation District." Despite shifting economic conditions and capital market trends, PIDC remains dedicated to preparing the site for future development, ensuring it is shovel-ready by continuing land remediation, enhancing infrastructure, and improving connectivity with nearby communities. Future plans will consider additional innovative advanced manufacturing uses while prioritizing job creation accessible to Southwest Philadelphia residents, particularly those without college degrees.

PIDC and its developer partners continue to implement the updated Navy Yard master plan released in summer 2022, which details a comprehensive vision for the Navy Yard that incorporates development that has occurred to date, integrates and refines future development plans, and charts an innovative course for public realm, transportation, and infrastructure in the Navy Yard's next stage of growth. The plan calls for a total of over 4.3 million square feet of new construction and adaptive reuse supporting commercial and life sciences development, complemented with retail, hospitality, additional welcoming open spaces, expanded transit options, and — for the first time since the military base closure — residential units. Construction broke ground in 2023 on the $285 million Chapel Block residential project, which will include more than 600 units (including about 90 affordable workforce housing units) and bring residents to the Navy Yard for the first time in decades. This project includes a $100 million equity fund raised by Basis Investment Group.

Also, the Skill Initiative at the Navy Yard – a workforce training and development partnership between PIDC and the West Philadelphia Skills Initiative – continues to connect more Philadelphians (over 115 since the program's inception) to full-time employment.

After a $22 million reconstruction project to rebuild Broad Street at the Navy Yard, the gateway road has reopened. This project was a critical step in restoring safe, multimodal access to the Navy Yard for its 150 companies, 15,000+ employees, and thousands of annual visitors, while also advancing PIDC's $6 billion redevelopment partnership that, at full buildout, is expected to generate over 12,000 additional quality jobs over the next 20 years. The Navy Yard also welcomed new corporate partners in 2024, including bioMérieux, which opened a $125 million Molecular and Genetic Innovation Center, and Axalta, which established its new headquarters at the Navy Yard.

In 2024, PIDC played a key role supporting the development of the Bellwether District in Girard Point/Passyunk, closing on a major Welcome Fund (EB-5) loan to Hilco Redevelopment Partners. This project will help remediate and redevelop a 1,300-acre brownfield site into a logistics and life sciences hub, supporting or creating more than 1,500 jobs. PIDC remains committed to driving economic growth across Philadelphia by leveraging strategic investments, fostering real estate development, and strengthening small businesses. These efforts ensure that Philadelphia continues to attract investment, create jobs, and support thriving communities citywide.

Philadelphia Redevelopment Authority ("PRA")

In 1945, the Commonwealth enacted the Urban Renewal Law and created the PRA as the City's urban renewal agency. Today, the PRA continues its role as a key financer, project manager, leader, and expert of developing and maintaining land in the City. The PRA is one of five municipal land holding agencies. Its Real Estate Division facilitates the redevelopment of PRA assets, and it provides project management and analysis for real estate sales, acquisitions, redeveloper agreements, developer submissions, and required approvals. PHDC leads the underwriting and loan closing process for affordable housing projects within the City and works primarily with non-profit and for-profit developers as a lender.

Philadelphia Works, Inc. ("PhilaWorks")

PhilaWorks is the City of Philadelphia's designated workforce development board and a 501(c)(3) non-profit organization. PhilaWorks invests in solutions and services that support the growth of Philadelphia's economy by connecting employers to workforce talent and career seekers to employment and training opportunities. Additionally, PhilaWorks influences the public policies that support economic growth throughout the region and optimizes funding and resources to invest in solutions that build a skilled and thriving workforce.

PhilaWorks manages the City's public workforce system, PA CareerLink® Philadelphia, and a network of youth workforce providers. The system offers skills gap training/upskilling, long-term career planning, and tech talent solutions for career seekers and talent pipeline development, subsidized wage programs, and tax incentives for employers. PhilaWorks engages local career seekers through in-person and online services, via direct outreach, and through business relationships.

Rebuilding Community Infrastructure Program ("Rebuild")

The Rebuild program, using funds from the Philadelphia Beverage Tax (see "REVENUES OF THE CITY – Other Taxes"), invests hundreds of millions of dollars in Philadelphia's parks, recreation centers, and libraries. Rebuild prioritizes sites in high-need neighborhoods, as well as sites that are in extremely poor condition. This program is intended to catalyze economic development, make capital improvements

in neighborhood public and shared spaces, and build capacity and opportunities for businesses and job opportunities for local residents. In 2026, the Rebuild program will have approximately $138 million of construction underway, with 21 groundbreakings and ribbon cuttings planned. As of May 4, 2026, 72 total sites have been approved for the Rebuild Program. Of these sites, 43 have been completed, with the remaining 29 sites either in the planning and evaluation phase, engagement and design process, or construction phase. For more information on a recent Rebuild bond financing, see APPENDIX A – "DEBT OF THE CITY – Recent and Upcoming Financings."

Private and Nonprofit Economic Development Agencies

Local Chambers of Commerce ("Chambers")

The City of Philadelphia partners with multiple chambers representing the county and region. In 2021, a collective of local chambers of commerce announced a formal partnership to collaboratively facilitate entrepreneurship and growth, advocate on shared issues, and increase each member's organizational efficiency. The Greater Philadelphia Chamber of Commerce leads the region's business advocacy and business and talent attraction efforts, which include Select Greater Philadelphia.

Business Improvement Districts ("BIDs")

Since the founding of the Center City District (CCD) in 1990, BIDs have been important partners in the economic development of Philadelphia. BIDs are local organizations that are organized by property owners and businesses to cooperatively fund services within their local area. BIDs are formed when these stakeholders create a plan and secure authorization through City Council, which enables BIDs to collect a mandatory annual BID assessment from property owners in the area receiving the BID services. Philadelphia has 15 BIDs. BIDs typically provide cleaning and beautification services, and market their districts and host special events to attract shoppers to the area. BIDs are important advocates for the businesses located in their areas. BID staff are important partners to the City in making sure that neighborhood businesses are aware of local programs and other business development resources.

The Philadelphia BID Alliance, formed in 2020, is a citywide association of the15 BIDs and aligned organizations. It is a venue for sharing best practices among BID staff and advocates for BIDs and the interests of the businesses their organizations support.

Community Development Corporations ("CDCs")

Philadelphia has more than 40 non-profit CDCs that invest resources in managing a neighborhood commercial corridor. CDCs work to keep commercial areas safe, free of litter, and attractive. They strive to bring visitors and shoppers to support local economies and create opportunities for local entrepreneurs and small businesses that seek a brick-and-mortar space from which to operate. CDC staff, including the position of "commercial corridor manager" or "business district manager," are often the most visible faces working to build trust with business owners, respond to their concerns, and help them grow and succeed in business.

Philadelphia offers various grant and partnership programs to support the work of these important community partners, including the CDC Tax Credit and Economic Development Support grants, the Targeted Commercial Corridor Management Program, and partnership with the Philadelphia Association of CDCs and Local Initiatives Support Corporation (LISC) Philadelphia for capacity-building and staff training programs. The City also has a CDC Tax Credit program that allows businesses to support local CDCs in exchange for a one-to-one tax credit. Through this program and its accompanying CDC Economic

Development Support Grant, the City provides operating support to 47 community based nonprofit organizations that perform economic development activities.

Within these programs, economic development activities are defined as business support services such as assistance in navigating City business processes, accessing grants and financing, connecting to technical assistance providers, and supporting business associations, as well as undertaking planning and commercial development projects that improve access to high-quality goods and services in all neighborhoods of the City.

Visit Philadelphia

Established in 1996, Visit Philadelphia markets Philadelphia to promote leisure travel. The organization utilizes robust campaigns, media relations, advertising, websites, and social media to promote tourism. According to the Visit Philly 2024 Annual Report, of the 3.6 million hotel rooms consumed, demand was greatest among leisure visitors, who were projected to lead the Center City recovery. In 2024, the City welcomed 26.6 million visitors, marking a 3% increase from 2023. These visitors contributed $4.5 billion in spending and generated a total economic impact of $7.0 billion. The tourism sector supported 77,800 hospitality-related jobs in Philadelphia, reflecting a 6% rise from the previous year. Local tax revenues from tourism reached $417 million, an 8% increase over 2022. Hotel performance in the City also improved, with occupancy rates climbing to 66% and average daily rates reaching $199.

Philadelphia Convention & Visitors Bureau ("PHLCVB")

Established in 1941, the Philadelphia Convention and Visitors Bureau (PHLCVB) is a private, nonprofit corporation that serves as the official tourism promotion agency for the City to overseas markets, as well as the primary sales and marketing agency for the Pennsylvania Convention Center. PHLCVB also books domestic group tours. PHLCVB markets Philadelphia broadly to attract overnight visitors through innovative content such as advertising, marketing, public relations, and digital campaigns. In 2023, PHLCVB had 20 citywide events on the books – gatherings that generate 2,000 or more hotel room stays on its peak night.

The Pennsylvania Convention Center (the "Convention Center") was completed in 1993, and underwent a substantial expansion that was completed in 2011. The Convention Center offers more than 1 million square feet of flexible event space, including seven exhibit halls with 679,000 square feet of space, 82 meeting rooms, and two ballrooms. In 2024, the Pennsylvania Convention Center held 147 events with 942,977 attendees.

Pennsylvania Community Development Financial Institution Network ("PA CDFI Network")

Founded in 1997, the PA CDFI Network is a statewide collective of community development financial institutions (CDFI) that provide affordable loans and technical advisory services to companies unable to access financing through traditional channels. The network seeks to build the capacity and expand the reach of its CDFI members, individually and collectively, to serve all people and places across Pennsylvania. In order to do this, the Network educates Pennsylvania residents, businesses and legislators about the purpose and function of CDFIs in promoting community development. In 2022, local CDFIs also secured a $100 million commitment through an emerging bank-led Greater Philadelphia Financial Services Leadership Coalition to further support Philadelphia businesses. These collaborations present a promising model to create systematic supports for the City's small businesses and showcase the potential for future collaborations across the entrepreneurship ecosystem.

CDFIs are certified by the Community Development Financial Institutions Fund at the U.S. Department of the Treasury, which provides funds to CDFIs through a variety of programs.

Entrepreneurship Ecosystem

Philadelphia has a legacy of community and small business development supported by many nonprofit organizations and government-supported endeavors. The City was the original headquarters of the Opportunity Finance Network and is home to unique public-private partnerships like PIDC and Ben Franklin Technology Partners. In 2021, United Way of Greater Philadelphia and Southern New Jersey, in partnership with the City and PIDC, issued an Equitable Entrepreneurship Ecosystem Assessment and Strategy that is guiding future investments. The strategy reflects the multitude of nonprofits actively supporting entrepreneurs in Philadelphia. These organizations continue to convene and collaborate in quarterly meetings. The Business Resource Convening brings together business service nonprofit organizations to network and tackle barriers to entrepreneurship. The Philadelphia Business Lending Network also convenes private banks and nonprofit lenders that collaborate around improved access to capital.

CULTURE, TOURISM, AND AMENITIES

Museum and Attractions

Crucial to tourism is the City's robust arts and culture sector. One in three tourists who come to Center City cites museums and cultural events as the primary reason for their visit. Top attractions include Independence National Park, the Philadelphia Museum of Art, the Philadelphia Zoo, Reading Terminal Market, the Franklin Institute, Eastern State Penitentiary, and Franklin Square, among others.

Philadelphia is considered the "mural capital of the world" and provides the largest collection of public art in the U.S. The Benjamin Franklin Parkway (also called the "Parkway" or the "Museum Mile") alone comprises renowned art and cultural sites, such as Love Park, the Philadelphia Museum of Art, the Rodin Museum, the Franklin Institute, The Barnes Foundation, the Free Library of Philadelphia, the Academy of Natural Sciences, and numerous pieces of public art. In 2021, over $230 million in renovations were completed at the Philadelphia Museum of Art, opening 90,000 square feet of new public space. The Franklin Institute's space exhibit was expanded to about 7,000 square feet in 2023, with the $8 million expansion opening in November 2023. In addition, a new $70 million museum, Calder Gardens, opened in 2025. Over the next several years, the African American Museum in Philadelphia is also expected to move to a new location on the Parkway.

Organizations like the Philadelphia Museum of Art, the Kimmel Center, Pennsylvania Academy of the Fine Arts, Fringe Arts, and more than 490 smaller cultural organizations throughout the City help improve the quality of life for residents and visitors. Philadelphia's downtown arts and cultural organizations, the second largest concentration in the country, were challenged by the pandemic, but adapted with virtual programming and outdoor performances, and are now rapidly recovering. Philadelphia was recently named one of 11 cities around the world that are home to "Must-See Public Art," per Travel + Leisure's 2022 list, which cites iconic sculptures such as LOVE and Rocky, as well as the work done by Mural Arts Philadelphia and the Association for Public Art.

Sports

Another key element of Philadelphia's hospitality industry is professional sports. Philadelphia is the only city to have a professional hockey, basketball, baseball, and football team playing in a single district, the Sports Complex Special Services District, created by the City in 2000.

The Philadelphia Eagles' Super Bowl LIX victory in February 2025 significantly boosted the City's tourism and hospitality sectors. Between February 13 and 15, Center City hotels experienced a surge, selling over 11,000 additional rooms and generating approximately $4.3 million in extra revenue. Hotel occupancy rates reached 90% during this period, a notable increase compared to the same timeframe in 2024. The Super Bowl parade on February 14 attracted more than 919,000 residents, workers, and visitors to Center City, nearly doubling the typical Friday foot traffic.

Philadelphia has hosted or will host several of the world's biggest sporting events, including six NCAA Championships, as well as the PGA Championship (held within the greater metropolitan area), Major League Baseball All-Star Game, 2026 FIFA World Cup, the Penn Relays, and Big 5 Basketball (University of Pennsylvania, La Salle University, Saint Joseph's University, Temple University, Villanova University, and Drexel University (added 2023-2024)). The Army-Navy Game will return in 2027.

Within the greater metropolitan area, the Philadelphia Union of Major League Soccer play their home games (at Subaru Park in Chester, Pennsylvania, next to the Commodore Barry Bridge on the waterfront along the Delaware River).

The South Philadelphia Sports Complex houses three professional sports facilities: The Xfinity Mobile Arena opened in 1996 and is home to the Philadelphia Flyers (National Hockey League) and Philadelphia 76ers (National Basketball Association); Lincoln Financial Field opened in 2003 and is home to the Philadelphia Eagles (National Football League); and Citizens Bank Park opened in 2004 and is home to the Philadelphia Phillies (Major League Baseball). The Phillies and the Eagles are contractually obligated to play in Philadelphia until 2033 and 2034, respectively.

The Phillies and Comcast Spectacor, which owns the Philadelphia Flyers, have announced joint efforts to transform the South Philadelphia Sports Complex. The plans include two phases – (i) phase one would include upgrades to Xfinity Live!, and the addition of a mid-sized concert venue, a hotel, new retail shops, and an outdoor plaza to the South Philadelphia Sports Complex between Pattison Avenue and the Xfinity Mobile Arena, and (ii) phase two would include additional development around the Xfinity Mobile Arena, expand the outdoor plaza to Citizens Bank Park, and add another hotel, residential units, an office space, and additional restaurants, retail shops, and green space.

In 2021, Philadelphia opened The Block, the nation's first esports campus spanning 40,000 square feet. Located in Center City, The Block is also home to Localhost, a dedicated esports arena, which is accessible to the public for hourly gameplay and hosts local and national, amateur and professional esports events.

In January 2025, the Philadelphia 76ers abandoned their proposal for a $1.3 billion arena in Center City's Market East district. Instead, they announced a partnership with Comcast Spectacor to build a new arena within the South Philadelphia Sports Complex, set to replace the Xfinity Mobile Arena by 2031. This collaboration also sought and secured a WNBA team for the City, further enhancing Philadelphia's sports infrastructure. The WNBA team is expected to start play in 2030.

Music, Theater, and Dance

Considered to be one of the top theater cities in the U.S. with the oldest theater in America built in 1809, Philadelphia continues to entertain audiences centuries later with theatre, musicals, shows, orchestras and operas. Theaters and performing arts institutions include the Philadelphia Orchestra, Opera Philadelphia, Kimmel Center for Performing Arts, Walnut Street Theater, Philadelphia Ballet, Penn Live Arts, Philadelphia Theater Company, Curtis Institute of Music, Academy of Music, and more.

As aforementioned, music is key to Philadelphia's creative economy. Prominent concert venues include the Met, the Fillmore, Theater of the Living Arts (TLA), Xfinity Mobile Arena, Union Transfer, Franklin Music Hall, World Stage (formerly World Café Live), and the Pennsylvania Convention Center, in addition to numerous local music bars, clubs, coffee houses, and smaller live music venues. Philadelphia has hosted multiple annual music festivals such as Jay Z's Made in America, the Roots Picnic, the Philadelphia Folk Festival, and HiJinx.

Philadelphia Ballet broke ground in September 2022 to expand its home on North Broad Street, the Philadelphia Ballet Center for Dance. The five-story center was completed in 2026 and will feature, among other things, new rehearsal studios, administrative offices, a black box performance space, innovation and rehearsal space, new spaces for community programs and events. The transformative renovation and expansion will add 43,000 square feet to the company's existing building. The Philadelphia Ballet Center had its grand opening in September 2026.

Historic District

Key to the City's leisure and hospitality growth is the maintenance and investment in the City's extraordinary historic assets. Philadelphia has 67 National Historical Landmarks in what's called the nation's "most historic square mile." As the birthplace of the country, Philadelphia remains a major tourist destination year-round, particularly the City's Historic District in Old City, which includes various museums and cultural centers, as well as such national treasures as the Liberty Bell, Independence Hall, Carpenters' Hall, the Betsy Ross House and Elfreth's Alley, the oldest residential street in the U.S. The City continues to invest in the maintenance and expansion of the Historic District's tourist experience.

Old City is home to some of the country's oldest historical assets. Independence National Historical Park is an international destination, attracting 4.8 million visitors annually. Important culturally and economically, Old City is also home to world-class museums, theaters and art galleries. The neighborhood offers excellent hotels, a wide range of dining and nightlife establishments, independent retailers, public parks, and a diverse mix of technology, media, professional, and service organizations. Some 5,200 residents live in Old City's historic townhouses, industrial loft apartments, and new condominium properties. Old City is located within a Keystone Innovation Zone, meaning that technology, energy, and life sciences businesses may be eligible for up to $100,000 in Commonwealth tax credits.

Old City District ("OCD") is a business improvement district that promotes the area and fosters economic development locally. OCD helps companies find suitable real estate and actively promotes the sector to attract businesses. Over the last few years, technology and creative businesses have established an increasingly important presence in the area.

Retail Market

For two decades, Philadelphia has steadily diversified downtown land use creating a broad retail customer base that includes workers, tourists, regional customers and a downtown population that is the third largest in the U.S. Staple downtown shopping destinations include Rittenhouse Square, Shops at Liberty Place, University Square, and Fashion District in Market East. During the winter holidays, Center City also opens Christmas Village and the Made in Philadelphia Holiday Market.

Center City's vibrant sidewalks offer customers the ability to discover a mix of local and regional retailers and restaurants. Downtown retail has proven resilient, with vacancy declining and brokers reporting an uptick in tenant interest and leasing activity. More than 285 new retailers, restaurants and service-oriented businesses have opened in Center City since 2020, with 52 signed leases in 2024. As of

March 2025, Center City's occupancy rate was 83%, nearing the pre-pandemic level of 89%. Retail brokers have also reported continued tenant inquiries, tours, and active lease negotiations.

Market East, an important commercial area between City Hall and the City's Historic District is experiencing significant development. In late 2019, Fashion District Philadelphia (formerly the Gallery mall) opened to the public. A $420 million redevelopment project, the Fashion District is a unique retail development offering fashion, dining, entertainment, and arts and culture. The revitalization of this section of the City, also considered a major transport hub, is expected to be transformative.

Philadelphia's more than 300 commercial corridors are vibrant retail hubs in neighborhoods like Old City, the Gayborhood, Midtown Village, Fishtown, Northern Liberties, Germantown, Manayunk, Chinatown, as well as throughout Philadelphia. The City's retail market generates more than $1 billion in annual retail demand, and such figure is expected to increase as more retail space is currently under construction.

Restaurants and Nightlife

Philadelphia's restaurant and nightlife sectors have entered a defining era in 2025–2026, marked by international recognition, culinary excellence, and large-scale global events that are reshaping the City's after-dark economy (the "Nighttime Economy"). Most notably, the arrival of the Michelin Guide to Philadelphia signaled a new chapter in the City's global culinary standing. Esteemed establishments, such as Dizengoff, Her Place Supper Club, Vetri Cucina, My Loup and many more, have helped position Philadelphia as a serious international dining destination, reinforcing the City's identity as a place where independent chefs, neighborhood concepts, and globally inspired cuisine thrive side by side.

At the same time, Philadelphia is preparing to take center stage in 2026 as the nation celebrates the 250th anniversary of American independence. With marquee global events, such as the FIFA World Cup matches and the Major League Baseball All-Star Game weekend, coming to the City, the Nighttime Economy is actively coordinating with public safety, hospitality leaders, venue operators, and cultural institutions to ensure seamless activations, extended-hour programming, and welcoming experiences for residents and international visitors alike. The emphasis is not only on operational readiness, but on curated cultural moments that showcase Philadelphia's creativity, diversity, and hospitality on a global stage.

Central to this evolution is the continued expansion of the Liberty Bell Safe Certification Program ("LBSC"). What began as a pilot initiative has grown into a cornerstone of Philadelphia's Nighttime Economy. Today, nearly 50 nighttime establishments are certified, representing restaurants, lounges, clubs, and event spaces committed to enhanced safety protocols, staff training, and inclusive hospitality standards. The program is actively onboarding additional venues and is increasingly viewed as a best-practice benchmark for new operators opening businesses in Philadelphia. LBSC is becoming a staple expectation within the industry.

Building on this momentum, the Tuesday Nights Live pilot program was launched in 2025 and has been a successful initiative designed to activate hotel lobby spaces along the Market East corridor. The pilot program centered on structured live music programming that ensured artists received fair pay and livable wages, positioning hospitality venues as cultural anchors rather than passive spaces. The program strengthened foot traffic, enhanced guest experiences, and reinforced the role of hotels as active contributors to the City's cultural ecosystem. In 2026, plans are underway to expand Tuesday Nights Live beyond its pilot footprint – scaling the model to additional corridors and properties across Philadelphia's nighttime landscape.

Together, these developments reflect a City whose nighttime economy is not only expanding, but maturing – earning global acclaim, preparing for historic international moments, strengthening safety standards, and building sustainable pathways for cultural workers and businesses alike.

Casinos

Rivers Casino

Philadelphia's first casino, Rivers (formerly SugarHouse), originally opened in September 2010 and underwent a $15 million rebrand in 2019. One of Philadelphia's largest employers, Rivers Casino sits on the Delaware River waterfront offering an array of slot machines, table games and dining options. Its operations also include a multi-purpose event space with waterfront views, restaurants, live entertainment, and a parking garage.

Cordish Live! Casino

Live! Casino & Hotel Philadelphia, which opened in January 2021, is a $700 million world-class hotel, gaming, dining and entertainment destination featuring 2,000+ slot machines and 150+ live action table games, an upscale 200+ room hotel, a new 2,700-space parking garage, locally and nationally-recognized restaurants and live entertainment venues. The project is located in the heart of the Stadium District in South Philadelphia, immediately proximate to Xfinity Live!, The Cordish Companies' premier dining and entertainment district. The project creates the first comprehensive gaming, resort, entertainment, and sports destination in the United States, making it a true regional destination.

Waterfront Developments

Taking advantage of the City's geographic assets, the Schuylkill River and the Delaware River, the City is redeveloping its waterfront to accommodate a variety of developments, including mixed-use projects and housing, parks and recreational trails, and hotels. These projects improve quality of life for residents and improve the visitor experience, but also are an impetus for environmental remediation and private development of former industrial property within the City.

Delaware River Waterfront Corporation ("DRWC")

The Delaware River has historically been a center of activity, industry, and commerce, bounded at its north and south ends by active port facilities. The City adopted a Master Plan for the central Delaware River in 2011. DRWC, in partnership with the City, is a nonprofit corporation that works to transform the central Delaware River waterfront into a vibrant destination for recreational, cultural, and commercial activities. Over the last 10 years, DRWC has successfully opened four adaptive reuse park projects built on former pier structures, including the expansive Delaware River Trail in 2022 and the newly renovated Cherry Street Pier in 2018. DRWC has several development projects underway, such as Graffiti Pier, the South Wetlands Park, and the Park at Penn's Landing, which will include the creation of a cap over I-95 and connect Old City Philadelphia with the Delaware River. The proposed 11-acre, multimillion-dollar park project is in the planning stages. Construction of the park began in early 2023 and is scheduled to be completed in 2028. DRWC, the City, and the Commonwealth have also partnered to redevelop Penn's Landing, a major public space along the Delaware River waterfront. The resulting civic space will leverage investment from private sources for the redevelopment of the adjoining parcels. The City's contribution to this project is $80 million ($60 million toward the park/topside amenities and $20 million toward the Schuylkill River Trail). The project is expected to generate approximately $1.6 billion of new revenues benefiting the City, School District, and Commonwealth. Potential future development includes two parcels

that could bring 1,500 new housing units, 500 hotel rooms, and over 100,000 square feet of retail, dining, and entertainment to the waterfront.

Schuylkill River Development Corporation ("SRDC")

Redevelopment along the Schuylkill River is managed by a partnership among SRDC, the Department of Parks & Recreation, and the Department of Commerce. SRDC works with federal, Commonwealth, City, and private agencies to coordinate, plan and implement economic, recreational, environmental and cultural improvements, and tourism initiatives on the Schuylkill River. From 1992 to 2017, $70 million was invested by SRDC, the City, and partners along the tidal Schuylkill to create 3.65 miles of riverfront trails within 30 acres of premiere park space in the heart of the City, and has added amenities to the Schuylkill River Park such as floating docks, fishing piers, a composting toilet, and architectural bridge lighting. SRDC continues to work towards meeting its goal of creating and maintaining trails and green space along the tidal Schuylkill River in Philadelphia, such as the Christian to Crescent Connection. This trail section will connect neighborhoods on both sides of the Schuylkill River to a vast existing network of parks and trails, including the Schuylkill River trail, Fairmount Park, and the regional network of recreational trails and related facilities known as the Circuit. It will also provide those neighborhoods with a direct pedestrian and bicycle route to Center City's jobs and services. In addition, it will help complete Philadelphia's segment of the East Coast Greenway.

SRDC also worked with the City to extend Schuylkill Banks to 61st Street. The project included the construction of approximately 1,800 feet of trail, shoreline stabilization, constructing stormwater infiltration basins, planting approximately 125 trees, restoring approximately 1.6 acres of degraded industrial land, as well as constructing an overlook, and a fishing plaza. This project is the first phase of a larger trail extension project. Bartram's to 61st Street was completed in 2021. Bartram's Mile Fishing Pier was also rehabilitated in 2022. Work is underway on the Schuylkill Crossing at Grays Ferry and the Christian to Crescent Connector trail segment. Plans continue for the 61st Street to Passyunk trail segment, bringing the City closer to installing a trail and greenway with vital riverfront access along the entire tidal Schuylkill. Since 2005, Philadelphia has benefitted from more than $1 billion in development along the Schuylkill River, with more planned by private developers, universities, and healthcare institutions.

TRANSPORTATION

Public Transportation

General. The residents of the City and surrounding counties are served by a commuter transportation system operated by SEPTA. This system includes two subway lines, a network of buses and trolleys, and a commuter rail network joining Center City and other areas of the City to PHL (as defined herein) and to the surrounding counties. SEPTA faced an operating funding crisis in 2025, which led to service cuts and fare increases as it awaited additional investment from the Commonwealth, which approved the transfer of capital funds to fund operational costs for two years. For more information on SEPTA, see "– Southeastern Pennsylvania Transportation Authority" and APPENDIX A – "EXPENDITURES OF THE CITY – City Payments to Southeastern Pennsylvania Transportation Authority (SEPTA)."

A high-speed train line runs from southern New Jersey to Center City and is operated by the Port Authority Transit Corporation ("PATCO"), a subsidiary of the Delaware River Port Authority. PATCO brings approximately 5.8 million riders to Philadelphia per year.

New Jersey Transit operates 16 different bus routes that serve Philadelphia, as well as the Atlantic City Train Line, which terminates in Philadelphia. In Fiscal Year 2023, there were almost 3 million

passenger trips on these bus lines. There were also 500,000 passenger trips on the Atlantic City Line in the same period.

AMTRAK, SEPTA, Norfolk Southern, CSX Transportation, Conrail and the Canadian Pacific provide inter-city commuter and freight rail services connecting the City to other major cities and markets in the United States. According to Amtrak, Philadelphia's 30th Street Station is the third busiest station in the United States. Amtrak provides direct service along the Northeast corridor to destinations such as New York, Trenton, Wilmington, Baltimore, and DC, as well as service along the Keystone line to Harrisburg and Lancaster, plus several long-distance routes to other national locations.

Philadelphia's 30th Street Station is undergoing a large-scale restoration and renovation project, which is expected to enhance the station's functionality and improve the customer experience for Amtrak, SEPTA, and NJ TRANSIT customers. Improvements at the Market Street Plaza, with expanded retail offerings and other benefits to the local community, are part of the project. The project is also part of a larger development project and part of the Philadelphia 30th Street Station District Plan.

Center City, the City's downtown core, is one of the most accessible downtown areas in the nation with respect to highway transportation by virtue of Interstate 95 ("I-95"); Interstate 676 (the "Vine Street Expressway"), running east-to-west through the CBD between Interstate 76 (the "Schuylkill Expressway") and I-95; and Interstate 476 (the "Blue Route") in suburban Delaware and Montgomery Counties, which connects the Pennsylvania Turnpike and I-95 and connects to the Schuylkill Expressway, which runs to Center City. In addition, more than 100 truck lines serve the Philadelphia area.

The City is served within City limits by numerous private buses and shuttles. These buses and shuttles are operated by apartment complexes, universities, and private companies. These buses and shuttles connect Philadelphians to transit hubs, employment, and residences. A rail line reaches PHL in less than 20 minutes from the City's central business district and connects directly with the commuter rail network and the Pennsylvania Convention Center.

Philadelphia launched the Indego bike share program, sponsored by Independence Blue Cross, in April 2015. The system launched with 600 bicycles and 70 stations in central Philadelphia and the surrounding neighborhoods. Since that time, it has more than doubled in size to a network of 250+ stations spanning from East Falls to the Navy Yard, and from the Delaware River to 53rd street.

Indego ridership continues to grow. In 2024, ridership was 1.27 million, a 17% increase over 2023. This growth is an effect of the concession contract for the operations of Indego. Bicycle Transit Systems, a Philadelphia-based company, which began a 10-year agreement in January 2021, will fund significant expansion over the coming years. When complete, the system will include more than 350 stations and 3,500 bicycles with a fleet of approximately 50% electric assist bicycles. In 2024, the Indego system has expanded to over 250 stations and 2,000 bikes.

Bipartisan Infrastructure Law ("BIL") and Inflation Reduction Act ("IRA"). The federal BIL, as enacted in the Infrastructure Investment and Jobs Act ("IIJA"), provides funding for infrastructure upgrades to not only the City, but also SEPTA, PennDOT, AMTRAK, and the Port of Philadelphia. Such funding is available for federal fiscal years 2022-2026. The City estimates over $700 million in federal funding to be available through this program, in addition to approximately $180 million in State funds for infrastructure projects. The City has already been awarded over $751 million in formula and discretionary funding as of February 2025 with other agencies receiving an additional $1 billion for projects in Philadelphia. The City is currently monitoring federal funding policy decisions and any possible funding impacts related thereto. Federal funding programs have experienced increased risk of pause, cancellation, or rescission since January 2025, however the status of most grants awarded under the BIL/IIJA have remained unchanged.

The IRA, passed and signed into law in 2022, represented significant federal investments in climate, clean energy, environmental justice, and other economic initiatives. It was estimated that Philadelphia was a partner in or was eligible to access approximately $685 million in additional funding, financing, and incentives from twelve IRA programs. In 2025, the City was notified that $150 million in federal funds from the Neighborhood Access and Equity Program were rescinded from the Chinatown Stitch project to connect two sides of the Chinatown neighborhood that are divided by a highway. The project remains in the planning phase and the City will evaluate other grant funding options.

Southeastern Pennsylvania Transportation Authority

SEPTA operates facilities across the PMSA, encompassing approximately 2,200 square miles and serving approximately 4.1 million inhabitants. SEPTA operates service 24 hours a day, seven days a week, 365 days a year. A significant segment of the region relies on SEPTA for public transportation and annual SEPTA ridership totaled more than 292.9 million in Fiscal Year 2019, which dropped to 105.8 million in Fiscal Year 2021 but recovered to 198.3 million in Fiscal Year 2024.

The remaining ridership gap combined with inflation has caused a $213 million structural operating deficit, reduced from $240 million by the introduction of fiscal austerity measures. SEPTA initially planned to close the operating gap by instituting a 21.5% fare increase and reducing service by 45%. Such service cuts would have a significant effect on mobility and the economy of Philadelphia and surrounding counties. In September 2025, the Pennsylvania Department of Transportation approved SEPTA's request to access approximately $390 million of capital funds to use for operational expenses in order to maintain service levels for the following two years. While this agreement does not provide a long-term solution to SEPTA funding, the service cuts were reversed. The fare increases of 21.5% remain in effect.

SEPTA's operations are accounted for in three separate divisions: City Transit; Regional Rail; and Suburban Transit. The City Transit Division serves the City with a network of 89 subway-elevated, light rail, trackless trolley and bus routes. The Regional Rail Division serves the City and the local counties with a network of 13 commuter rail lines.

SEPTA continues to rehabilitate and replace critical infrastructure and systems, such as substations, bridges, and stations. Its long-term capital program includes (i) safety and security enhancements, (ii) modernization of communication, signal equipment, and fare collection systems, (iii) replacement of rail vehicles that have exceeded their useful life, (iv) enhancing accessibility, (v) expanding capacity to address ridership growth on applicable lines, (vi) expanding its fleet of hybrid buses, and (vii) performing vehicle overhauls to optimize vehicle performance. SEPTA's capital budget for Fiscal Year 2026 is proposed to be just under $1 billion dollars. SEPTA made significant changes in its Fiscal Year 2026 12-year capital program by revising all project scopes to have more realistic assumptions. This caused nearly $2 billion in projects to be removed from the capital plan, even as it added funds to critical programs, such as Trolley Modernization.

As part of a two-year pilot program, the City has partnered with SEPTA to provide free SEPTA passes to eligible City employees through the SEPTA Key Advantage Program. All permanent full-time, part-time and provisional City employees are eligible to participate in this program, which gives them access to travel on all modes of SEPTA transit at no cost.

For more information on SEPTA funding, see APPENDIX A – EXPENDITURES OF THE CITY – City Payments to Southeastern Pennsylvania Transportation Authority (SEPTA)."

Airport System

The airport system consists of the Philadelphia International Airport ("PHL") and Northeast Philadelphia Airport ("PNE") (collectively, the "Airport"). PHL and PNE are owned by the City of Philadelphia and operated by the Department of Aviation. The Airport serves residents and visitors from a broad geographic area that includes eleven counties within four states: Pennsylvania, New Jersey, Delaware, and Maryland. PHL serves as a primary hub in American Airlines' route system.

The Aviation Fund is an enterprise fund of the City. Enterprise funds are established by governmental units to account for services that are provided to the general public based on user charges, and they are operated in a manner similar to business-type activities. The Aviation Fund is self-supporting, using no local tax dollars to operate. The Aviation Fund uses aircraft landing fees, terminal building rentals, concession revenue and other facility charges to fund annual expenses. The Airport's capital program is funded by airport revenue bonds issued by the City, commercial paper ("CP"), federal and state grants, passenger facility charges ("PFCs"), customer facility charges ("CFCs"), and operating revenues.

PHL is classified by the Federal Aviation Administration as a large air traffic hub (enplaning 1.0% or more of the total passengers enplaned in the United States). According to data reported by Airports Council International – North America, PHL was ranked the twenty-second busiest airport in the United States with 30.9 million total passengers served in calendar year 2024. In 2025, PHL served 30.1 million passengers, which is a decrease of approximately 2.5% from 2024.

PHL has approximately 2,598 acres located partly in the southwestern section of the City and partly in the eastern section of Delaware County, about seven miles from Center City Philadelphia. The Airport's runway system consists of parallel runways, a crosswind runway, a commuter runway, and interconnecting taxiways. PHL's terminal facilities consist of seven terminal units totaling approximately 3.3 million square feet and include ticketing areas, passenger and baggage screening areas, passenger hold rooms and other amenities, baggage claim areas, a variety of food, retail and service establishments, and other support areas.

Outside of the terminal area, PHL also has the following: six active cargo facilities; various support buildings; training areas; an air traffic control tower; a fixed-base operator; corporate hangars; a fueling supply facility; two aircraft maintenance hangars; a first-class office complex; a 14-story hotel; seven rental car facilities; a cell-phone lot; employee parking lots; and five public parking garages.

PNE is located on approximately 1,118 acres situated within the City limits, ten miles northeast of Center City Philadelphia. PNE serves as a reliever airport for PHL and provides for general aviation, air taxi, corporate, and occasional military use. PNE has no scheduled commercial service.

The Airport's three-year Airport-Airline Use and Lease Agreement (the "Airline Agreement") with its signatory airlines took effect on July 1, 2023, and includes options for two one-year extensions. The Airline Agreement authorized an additional $935 million in new capital investments, bringing the total airline commitment to advance the Airport's capital development program to approximately $1.8 billion to rehabilitate and repair the Airport's existing infrastructure, which includes terminal and landside improvements, airfield improvements, security and information technology improvements, land acquisition, and ground transportation improvements, among other things.

Port of Philadelphia

The Port of Philadelphia (the "Port" or "PhilaPort") is located on the Delaware River within the City limits. The Philadelphia Regional Port Authority, recently rebranded as PhilaPort, is an independent

Commonwealth of Pennsylvania agency that manages port infrastructure. The Port's facilities are serviced by two Class I railroads (CSX and Norfolk Southern) and provide service to major eastern Canadian points, as well as Midwestern, southern and southeastern U.S. destinations. Over 1,600 local general freight trucking companies operate in the MSA.

The Port has 11 marine terminal leases and 14 deep water berths. The Port's facilities encompass four million square feet of warehousing capacity and are located in close proximity to Interstate 95 and Interstate 76.

In recent years, PhilaPort, along with the U.S. Army Corps of Engineers, completed the Delaware River Main Channel Deepening Project, a long-term project to deepen the main channel of the Delaware River from 40 to 45 feet. To take advantage of the channel deepening project, PhilaPort programmed over $750 million in capital funding to increase port capacity and competitiveness for containers, automobiles, and breakbulk cargo.

The Port has seen substantial growth in the past ten years. Calendar year 2024 saw an 8% increase in cargo handled to 7.4 million tons. During the same period, containerized cargo increased 16% to 840,751 Twenty Foot Equivalent Units (TEUs) and automobiles increased 9% to 281,819 units.

KEY CITY-RELATED SERVICES AND BUSINESSES

Municipal services provided by the City include: (i) police and fire protection; (ii) health care; (iii) certain welfare programs; (iv) construction and maintenance of local streets, highways, and bridges; (v) trash collection, disposal, and recycling; (vi) provision for recreational programs and facilities; (vii) maintenance and operation of the Water and Wastewater Systems; (viii) acquisition and maintenance of City real and personal property, including vehicles; (ix) maintenance of building codes and regulation of licenses and permits; (x) maintenance of records; (xi) collection of taxes and revenues; (xii) purchase of supplies and equipment; (xiii) construction and maintenance of the Airport System (see "TRANSPORTATION – Airport System"); and (xiv) maintenance of a prison system. Certain of these services are described in more detail below.

Water and Wastewater

The water and wastewater systems of the City are owned by the City and operated by the City's Water Department (the "Water Department"). The water and wastewater systems are referred to herein individually as the "Water System" and "Wastewater System", respectively.

The Water System service area includes the City and has one wholesale water service contract. Based on the 2024 U.S. Census Bureau estimate, the Water System served 1,573,916 individuals. As of June 30, 2025, the Water System served approximately 506,000 active customer accounts using approximately 3,200 miles of mains and approximately 25,000 fire hydrants.

The City obtains approximately 56.8% of its water from the Delaware River and the balance from the Schuylkill River. The City is authorized by the Pennsylvania Department of Environmental Protection (the "PaDEP") to withdraw up to 423 million gallons per day ("MGD") from the Delaware River and up to 258 MGD from the Schuylkill River.

Water treatment is provided by the Samuel S. Baxter Water Treatment Plant on the Delaware River and by the Belmont and Queen Lane Water Treatment Plants on the Schuylkill River. The combined rated treatment capacity of these plants under the Water Department's Partnership for Safe Water procedures is 546 MGD. The combined maximum source water withdrawal capacity from the two rivers that supply

these plants is 680 MGD. The excess source water capacity enables higher than normal withdrawal from either river should conditions limit withdrawals from one.

The Wastewater System's service area includes the City and ten wholesale wastewater service contracts. Based on the 2024 U.S. Census Bureau estimate, the Wastewater System served 1,573,916 individuals that live in the City and ten wholesale contracts.

As of June 30, 2025, the Wastewater System served approximately 541,000 accounts, including approximately 44,000 stormwater-only accounts and ten wholesale contracts with neighboring municipalities, authorities and one corporation.

The Wastewater System consists of three water pollution control plants, the Northeast, Southwest and Southeast water pollution control plants (the "WPCPs"), 23 wastewater pumping stations, approximately 3,700 miles of sewers, and a privately managed centralized biosolids handling facility. It includes approximately 1,850 miles of combined sewers, 770 miles of sanitary sewers, 760 miles of stormwater sewers, 16 miles of force mains (sanitary and storm), and 330 miles of appurtenant piping. The three WPCPs processed a combined average of 522 MGD of wastewater in Fiscal Year 2024, have a 783 MGD combined average daily design capacity and a peak capacity of 1,059 MGD.

Gas Works

The City owns the assets that comprise the Philadelphia Gas Works ("PGW" or the "Gas Works"). PGW is (i) the largest municipally-owned gas utility in the nation, (ii) responsible for the acquisition and storage of natural gas, and (iii) the sole distributer of natural gas within the limits of the City. Such limits also define the service area of PGW which, being the corporate limits of the City, is a mostly dense urban area of 143 square miles located in southeast Pennsylvania along the Delaware River and within the smallest county of the Commonwealth.

PGW is principally a gas distribution utility, with a distribution system of approximately 3,041 miles of gas mains and 476,605 service lines. In addition, PGW operates facilities for the liquefaction, storage, and vaporization of natural gas to supplement gas supply taken directly from interstate pipeline and storage companies. The principal PGW natural gas supply facilities include nine City gate stations, owned in large part by the interstate natural gas pipeline companies serving PGW, and two liquefied natural gas plants owned by the City and operated by PGW.

The City Charter provides for a Gas Commission (the "Gas Commission") to be constituted and appointed in accordance with the provisions of contracts between the City and the operator of PGW as may from time to time be in effect, or, in the absence of a contract, as may be provided by ordinance. The Gas Commission consists of the City Controller, two members appointed by City Council and two members appointed by the Mayor.

PGW's operations are managed by the Philadelphia Facilities Management Corporation ("PFMC"), a Pennsylvania non-profit corporation specifically organized to manage and operate PGW for the benefit of the City. PFMC's responsibilities are set forth in a Management Agreement between the City and PFMC dated December 29, 1972, as subsequently amended ("Management Agreement"), which delegates responsibility for PGW's operation to an executive management team provided by PFMC. Under the Management Agreement, those responsibilities that are not specifically granted to PFMC are the responsibilities of the Gas Commission, except to the extent preempted by the Pennsylvania Public Utility Commission (the "PUC") pursuant to the Pennsylvania Natural Gas Choice and Competition Act (the "Gas Choice Act"). The Gas Choice Act made PGW subject to regulation by the PUC effective July 1, 2000, and provides that choice among natural gas suppliers will be provided to PGW's customers.

For more information on PGW, see APPENDIX A – "THE GOVERNMENT OF THE CITY OF PHILADELPHIA – Government Services, "REVENUES OF THE CITY – PGW Annual Payments," "PGW PENSION PLAN," "PGW OTHER POST-EMPLOYMENT BENEFITS," and "LITIGATION – PGW."

Libraries

The Free Library of Philadelphia, the City's public library system, comprises 54 branches (with a variety of digital, computer-based services at certain locations) and an extensive online resource system.

Streets and Sanitation

The Philadelphia Streets Department (the "Streets Department") is responsible for the City's large network of streets and roadways. The City's pavement condition is considered to be in "Fair" pavement condition. In order for the City to maintain its pavement in a state of good repair, local streets should be repaved once every 20 years and arterials should be repaved once every 10 years. This requires approximately 131 miles of paving every year, but, over the years, this pavement program has accumulated a backlog. The Streets Department has invested in critical equipment replacements and implemented a strategy to address recurring state of good repair needs. The Streets Department is also emphasizing an objective, data-oriented approach towards strategically addressing roadway conditions throughout the City. New geographical information system (GIS) and global position system (GPS) technology and systems are being used, along with objective assessment tools, to rate and monitor the quality and condition of streets and roadways to prioritize paving plans. The Streets Department is responsible for the construction and maintenance of City streets, roadways, bridges and the street lighting system and management and engineering of the City's local traffic network. The streets system in Philadelphia totals 2,575 miles – 2,180 miles of City streets, 35 miles of Fairmount Park roads, and 360 miles of state highways.

The Sanitation Department, part of the City's umbrella "Clean and Green" initiative, is responsible for the ongoing collection and disposal of residential trash and recyclables, and the overall cleanliness of City streets. The Sanitation Department annually collects and disposes of over 620,000 tons of rubbish and 80,000 tons of recycling and works to combat illegal dumping.

Sustainability and Green Initiatives

Mayor Parker has committed to make Philadelphia the safest, cleanest, and greenest big city in the nation with economic opportunity for everyone. To aid in achieving this goal, the Philadelphia Energy Authority and the City's Office of Sustainability have been tasked with improving energy sustainability and affordability in the City and with educating consumers on their energy choices. Certain energy savings financings have also been undertaken by the Philadelphia Energy Authority, Philadelphia Municipal Authority, and the Philadelphia Authority for Industrial Development. The City is investing in and evaluating additional options and investing in both green and traditional infrastructure to better manage storm water reclamation and reduce pollution of the City's public waters. There has been extensive investment in creating more and better public spaces, such as Love Park in Center City, as well as green spaces along both the Delaware and Schuylkill Rivers. Finally, the City has been taking steps to further reduce automobile traffic, congestion and pollution by making Philadelphia's streets increasingly friendly to bicyclists. The City introduced its bicycle sharing system, Indego, in 2015, as further described in "Transportation."

In furtherance of sustainability and environmental issues that affect the health and wellbeing of Philadelphians, in 2022, the City launched a program to support the leadership of frontline communities in addressing environmental harms. Along with such program, the City announced the establishment of a

community resilience and environmental grant fund to affirm the City's commitment to pursuing environmental solutions and climate resilience for all Philadelphians. To protect municipal investments, in 2024, the City embedded climate resilience into the capital planning process and leveraged resilience projects across the City to ensure that climate adaptation is incorporated throughout City operations and planning. The City has also begun looking beyond risks posed to municipal government and has a Place-based Initiatives program where staff work directly with community-based organizations and other regional and state stakeholders to build resilience. The Place-based team currently works in two neighborhoods, in Eastwick where they are developing a flood resilience strategy and in Strawberry Mansion where they are working to reduce impacts from extreme heat. The Office of Sustainability is also in the process of updating its citywide resilience plan, which will include a citywide engagement process. The Office of Sustainability is updating climate projections and citywide vulnerability assessments and developing tools to better understand neighborhood-level vulnerability to climate change. Another inter-agency working group, the Flood Risk Management Task Force, focuses specifically on flood mitigation and the inter-agency Environmental Justice and Climate Resilience Committee brings together departments to coordinate on work that increases climate resilience and environmental justice.

Other planning activities are underway that will identify strategic actions and funding sources to advance resilience citywide. For example, upon its successful completion of a strategic planning process for the urban forest, Philadelphia Parks and Recreation sought grant funding and is increasing tree canopy in neighborhoods vulnerable to the effects of extreme heat since trees cool the air and reduce heat islands. Parks and Recreation and partners are also working to implement the City's Urban Agriculture Plan, which will play an important role in increasing local food production, climate resilience, and food access, while addressing issues of biodiversity loss, soil degradation, and waste. The Philadelphia Office of Emergency Management is integrating climate change and climate adaptation strategies in the update of the Hazard Mitigation Plan, which will assist with both local and statewide planning aimed at increasing community resilience. The Philadelphia City Planning Commission is also making climate change a key component of the City's Comprehensive Plan update. Through a collaborative partnership with the Philadelphia Energy Authority, Office of Sustainability, and Department of Streets, the Philly Streetlight Improvement Project is converting approximately 130,000 high pressure sodium streetlights into a network of more efficient, longer-lasting LED lights. By upgrading to higher performing streetlights with a new lighting management system, the project is expected to: (i) foster public safety improvements for pedestrians, cyclists, and motorists; (ii) reduce energy consumption and operating costs associated with such system; and (iii) benefit local businesses.

For more information on climate change in the City, see APPENDIX A – "THE GOVERNMENT OF THE CITY OF PHILADELPHIA – Climate Change."

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APPENDIX C

ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY OF PHILADELPHIA FOR THE YEAR ENDED JUNE 30, 2025

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CITY OF PHILADELPHIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2025

CITY OF PHILADELPHIA

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025

Cherelle L. Parker
Mayor

Prepared by
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City of Philadelphia
OFFICE OF THE DIRECTOR OF FINANCE
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Suite 1330, Municipal Services Bldg.
Philadelphia, Pennsylvania 19102-1693

ROB DUBOW
Director of Finance

February 25, 2026

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

I am pleased to present the City of Philadelphia's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2025. This report must be published by February 25 of every year to fulfill the continuing disclosure requirements related to the City's outstanding bonds and as outlined in SEC Rule 15c2-12.

The City's management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City Controller has issued an unmodified ("clean") opinion on the City's financial statements for the year ended June 30, 2025. The City Controller is an independently elected public official and is required by City Home Rule Charter (City Charter) section 6-401 to appoint a certified public accountant as the deputy in charge of auditing and completing an annual audit of all City accounts. This independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City of Philadelphia was founded in 1682, incorporated in 1789, and merged with the County of Philadelphia in 1854. The City occupies an area of 135 square miles of land along the Delaware River, serves a population of nearly 1.6 million and is the hub of a five-county metropolitan area including Bucks, Chester, Delaware and Montgomery Counties in Southeast Pennsylvania.

The City is governed largely under the City Charter, which was adopted by the Electors of the City of Philadelphia on April 17, 1951 and became effective on the first Monday of January 1952. However, in some matters, including the issuance of short-term and long-term debt, the City is governed by the laws of the Commonwealth of Pennsylvania.

Under the City Charter, there are two principal governmental entities in the City: (i) the City, which performs municipal and county functions; and (ii) the School District, which has boundaries coterminous with the City and responsibility for all public primary and secondary education. Under Article XII of the City Charter, the School District of Philadelphia operates as a separate and independent home rule school district. The Board of Education, which governs the District, has nine members, each of whom is appointed by the Mayor with the approval of City Council.

The Charter provides for a strong mayoral form of government with the Mayor and the seventeen members of the City Council, ten from districts and seven from the city at-large, elected every four years. Minority representation is assured by the requirement that no more than five candidates may be elected for Council-at-large by any one party or political body. The Mayor is prohibited from serving more than two consecutive terms. The District Attorney and the City Controller are elected at the mid-point of the terms of the Mayor and City Council. Pleas and Municipal Courts, consisting of Common

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

The City of Philadelphia provides a full range of services, including police and fire protection, emergency medical services, sanitation services, streets maintenance, recreational activities and cultural events, and traditional county functions such as health and human services and prisons. The City operates water and wastewater systems that service the community; and two airports: Philadelphia International Airport, which handles passengers and cargo; and Northeast Philadelphia Airport, which handles private aircraft and some cargo.

This report includes the financial statements of the primary government, as well as its component units, which are legally separate organizations in which the primary government is financially accountable. In addition, when a component unit functions as an integral part of the primary government, its financial data is blended with the primary government and treated just as though it were funds of the primary government. Otherwise, the component unit is presented discretely by the primary government. Blended component units included in this report are the Philadelphia Municipal Authority and Pennsylvania Intergovernmental Cooperation Authority; discretely presented component units included in this report are the Philadelphia Gas Works, Philadelphia Redevelopment Authority, Philadelphia Parking Authority, School District of Philadelphia, Community College of Philadelphia, Community Behavioral Health, Inc., Philadelphia Housing Authority, and the Philadelphia Authority for Industrial Development. The relationship between the City and its component units is explained further in the *Notes to the Financial Statements*.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget proposed by the Mayor and approved by City Council for the fiscal year beginning July 1st. Activities of the General Fund, City Related Special Revenue Funds and the City Capital Improvement Funds are budgeted annually. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by major class within an individual department and fund for the operating funds and by project within department and fund for the Capital Improvement Funds. The City also maintains an encumbrance accounting system for control purposes. Encumbered amounts that have not been expended at year-end are carried forward into the succeeding year but appropriations that have not been expended or encumbered at year-end are lapsed.

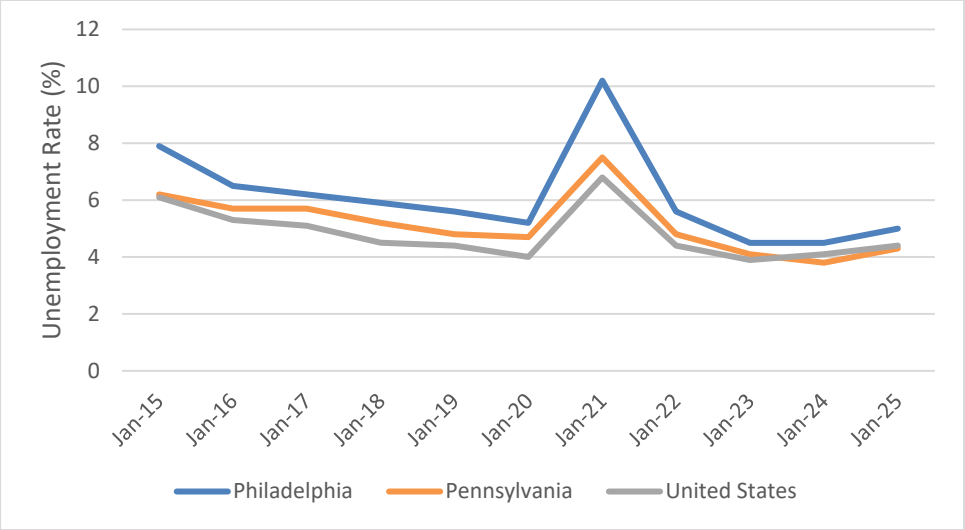
FACTORS AFFECTING ECONOMIC CONDITION

The information presented in this report is best understood in the context of the environment in which the City of Philadelphia operates. A more comprehensive analysis of these factors is available in the City's Five-Year Plan, which is presented by the Mayor each year pursuant to the Pennsylvania Intergovernmental Cooperation Authority Act and can be obtained online at www.phila.gov/finance.

Local Economy

The City benefits from its strategic geographical location, relative affordability, cultural and recreational amenities, and strength in key industries. As a hub for education and medicine, the City is home to institutions of higher education, medical and research facilities, and hospitals. The City also has a strong business and personal services economy with strengths in insurance, law, finance, and leisure and hospitality. Tourism is driven by the City's attractive historic district and array of cultural assets, including museums, theaters and entertainment venues, a vast park system, and a dynamic restaurant scene.

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



Source: US Department of Labor, Bureau of Labor Statistics

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

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

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

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

[1] *US Census Bureau*

[2] *US Bureau of Economic Analysis*

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

The City has been rated in the "A" category by all three rating agencies since 2013 and has been able to maintain and improve ratings in this category over the last eleven years. The City earned a rating upgrade from Standard & Poor's from "A" to "A+" in November 2024. As a result of these upgrades, the City now has its highest combination of ratings in more than four decades, but still has the second lowest ratings among the ten largest cities by population.

City of Philadelphia's General Obligation Bond Ratings

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

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

Adopted FY26 General Fund expenditures are projected to total $6.84 billion, a $524.7 million increase (8.3%) from FY25 actuals. As with prior years, the largest costs to the City's budget are to pay for City employees who design, manage, and implement programs and services for residents, businesses, and visitors. The single largest expenditure in the General Fund budget is compensation for employees. The pay-related cost for General Fund employees is budgeted to be $2.35 billion in FY26, a 5.5% increase over FY25's level, reflecting salary increases and new positions. Additional investments are discussed in greater detail in the major initiatives section below.

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

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

Long-term Financial Planning and Major Initiatives

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

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

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

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

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

General Fund

Year End Fund Balance (Legal Basis)

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

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

Relevant Financial Policies

PICA Act and Requirements: The Pennsylvania Intergovernmental Cooperation Authority (PICA) was created in 1991 by the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (the PICA Act) to provide financial assistance for the City of Philadelphia. Under this Act and for as long as PICA remains in place, the City is required to submit to PICA: (i) a five-year financial plan on an annual basis; and (ii) quarterly financial reports. The five-year financial plan includes projected revenues and expenditures of the principal operating funds of the City, beginning with the then-current fiscal year. Each five-year plan, which must be approved by PICA, is required to, among other things, eliminate any projected deficits, balance the fiscal year budget and provide procedures to avoid fiscal emergencies. The quarterly reports must be submitted to PICA so that PICA may determine whether the City is following the then-current five-year plan. The PICA Act was renewed in 2022 and PICA will remain in place until the later of when its bonds are retired or 2047.

Reserves: Recognizing the importance of maintaining adequate reserves, the City developed a target reserve amount of at least 6% to 8% of revenues. The GFOA recommends that general-purpose governments maintain unrestricted budgetary fund balance in the general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. At a projected $838 million for FY26 (as of the City's second Quarterly City Managers Report), the City's reserves total 13.4% of revenue. This includes a projected $509.2 million General Fund balance, $237.8 million in the Budget Stabilization Reserve Fund (the City's Rainy Day Fund), and $91 million in the Federal Funding Reserve and is above the two months of regular government spending (16.7%) recommended by the GFOA.

Wage and Business Tax Changes: The City's largest portion of tax revenue comes from the City's Wage and Earnings Tax. This tax is collected from all employees who work within the city limits but live elsewhere, as well as all residents regardless of work location. The Business Income and Receipts Tax (BIRT) is the third-largest source of General Fund revenue and is based on both gross receipts (sales) and net income (profits).

The PICA approved FY26-30 Five Year Plan includes codified reductions to both the Wage Tax and the BIRT aimed at increasing Philadelphia's competitiveness and attracting and growing businesses that will create jobs with family-sustaining wages. The City has also resumed gradual Wage Tax reductions starting in FY26 that will lower the resident rate from 3.75% in FY25 to 3.70% by FY30 and reduce the non-resident rate from 3.44% to 3.39% over the same period. Additionally, there is a codified plan to eliminate the Gross Receipts portion and reduce the Net Income portion of the BIRT component by more than half within seven years of the pension fund reaching 100% funded.

Revaluations: The Real Property Tax is levied on the taxable assessed value of all property in the city and is the second-largest source of City tax revenue. Philadelphia is unlike other cities and counties which rely more heavily on the property tax portion of their budget. Philadelphia's property tax is split between the City and the School District of Philadelphia.

For Tax Year 2026, the Office of Property Assessment (OPA) did not conduct a comprehensive revaluation, which meant the vast majority of properties in the city saw their Tax Year 2025 market value carried forward to Tax Year 2026. This decision allowed OPA staff to focus on reviewing appeals and first-level reviews from the Tax Year 2025 comprehensive revaluation which resulted in an average residential increase of 19% and roughly 12,000 appeals and over 19,000 first-level reviews filed with the Board of Revision of Taxes and OPA, respectively.

Improving the Health of the Pension Fund: The City will not attain fiscal stability until it has solidified the financial condition of the Pension Fund. To address this challenge, the City, working with municipal employees, the Pension Board, and City Council, launched a three-pronged approach to improve the health to 100% funded.

The first part of the pension reform program is a commitment to increasing the City's annual contribution to the Pension Fund. In 2014, with strong local legislative support, the State Legislature required that the City dedicate a portion of local sales tax revenue to the Fund. Although the additional sales tax revenues could be counted toward satisfying the minimum municipal obligation (MMO), the amount required under state law, the City meets its MMO independent of these revenues, so that Sales Tax dollars directed to the Fund will be over and above the MMO. Over the PICA-Approved Five Year Plan, the Sales Tax revenues due to the Pension Fund are projected to be worth about $594.8 million.

Second, as mentioned above, the City achieved pension reform with all City employees. Through a combination of collective bargaining, interest arbitration, and legislation, all City employees are contributing to pension reform. Police and firefighters are making additional contributions to the Pension Fund at varying increased rates based on date of hire. District Council 33 and 47 employees as well as employees not represented by a union are also making additional contributions based on a progressive tier structure where those with higher annual salaries pay a higher percentage rate. Newly hired members of these groups are mandatory members of a stacked hybrid plan where the defined benefit portion is capped at $65,000. Like the Sales Tax, the additional contributions are contributed above the City's required contribution to help improve the funding status of the plan more quickly. These additional assets, combined with the reduction in the growth of liabilities from the stacked hybrid plan, help improve the health of the Pension Fund over time.

Third, the Pensions Board has changed its investment strategy to reduce costs. The Board is making greater use of indexing, which lowered management fees while not sacrificing returns, and has almost entirely divested from hedge funds, as the returns did not justify the fees. Reductions in earnings assumptions allow pension funds to moderate the risk of the investments, which can also reduce the likelihood of losses. In addition, the Pension Board has gradually lowered the assumed rate of return to 7.25% from 8.75% since 2008. Partially as a result of this change in assumed rate of return, the MMO has increased in recent years. Moreover, the City follows the Revenue Recognition Policy (RRP) to finance the unfunded actuarial liability. Under the RRP, the City provides contributions to the Pension Fund that are in excess of the MMO.

Managing Health Benefit Costs: Health benefit program costs are one of the largest items in the City's budget. In order to address the challenges these costs present, the City has made cost-saving changes in the City-administered health benefit programs for exempt and non-represented employees and sought changes to its labor contracts in the area of health benefits. These changes include moving to self-insurance, increasing copays, and implementing wellness and disease management programs.

COVID-19 Recovery and Grants: The City received several large grants to support its response to, and recovery from the COVID-19 pandemic. These funding sources include Coronavirus Aid, Relief, and Economic Security (CARES) Act grants, Federal Emergency Management Agency (FEMA) Public Assistance, and American Rescue Plan Act (ARPA) relief funds. This funding allowed the City to avoid devastating cuts while making crucial investments and helping the City build a fund balance using other revenue streams. All ARPA funds were spent by the end of calendar year 2024 as required. With FY26 marking the first full fiscal year without ARPA funding, this federal backstop is no longer available to support City operations.

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

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

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

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

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

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

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

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Philadelphia for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. This was the forty-fifth consecutive year that the government has achieved this prestigious award. To be awarded a Certificate of Achievement, the government has to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current ACFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting our current ACFR to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2024. To qualify for the Distinguished Budget Presentation Award, the government's budget document has to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Office of the Director of Finance and, in particular the City's Central Accounting unit, as well as various City departments and component units. Each has my sincere appreciation for its valuable contributions.

Respectfully submitted,

SIGNATURE

Rob Dubow, Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Philadelphia
Pennsylvania

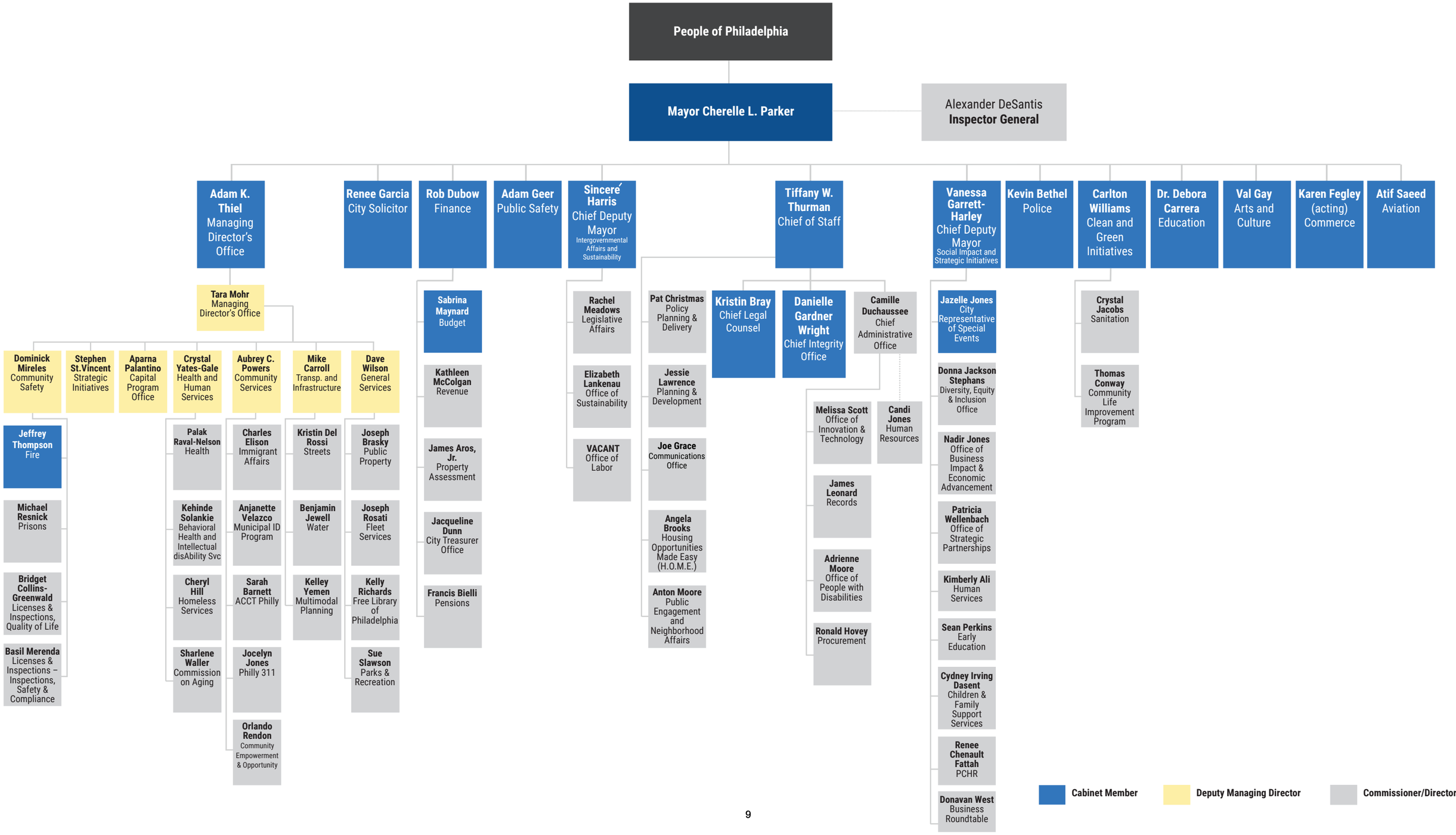
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

City of Philadelphia



Elected Officials

Mayor ..... Cherelle L. Parker

City Council

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

1st District ..... Mark Squilla
3rd District ..... Jamie Gauthier
4th District ..... Curtis Jones, Jr.
5th District ..... Jeffery Young, Jr.
6th District ..... Michael Driscoll
7th District ..... Quetcy Lozada
8th District ..... Cindy Bass
9th District ..... Anthony Phillips
10th District ..... Brian J. O'Neill
At-Large ..... Katherine Gilmore Richardson
At-Large ..... Isaiah Thomas
At-Large ..... Jim Harrity
At-Large ..... Nina Ahmad
At-Large ..... Rue Landau
At-Large ..... Kendra Brooks
At-Large ..... Nicolas O'Rourke

District Attorney ..... Lawrence S. Krasner

City Controller ..... Christy Brady

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

Register of Wills ..... John Sabatina

Sheriff ..... Rochelle Bilal

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

Appointed Cabinet Members

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

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CITY OF PHILADELPHIA

OFFICE OF THE CONTROLLER
1230 Municipal Services Building
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102-1679
(215) 686-6680 FAX (215) 686-3832

CHRISTY BRADY
City Controller

CHARLES EDACHERIL
Deputy City Controller

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Philadelphia, Pennsylvania, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Philadelphia, Pennsylvania's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Philadelphia, Pennsylvania, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

With the exception of the School District of Philadelphia, we did not audit the financial statements of the blended component units, the discretely presented component units, and the fiduciary component units listed in Note I.1, as well as the Parks and Recreation Departmental and Permanent Funds, which represent the indicated percent of total assets, net position/fund balances, and revenues as presented in the table below. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those component units and funds, are based solely on the reports of the other auditors.

	Percent Audited by Other Auditors		
	Total Assets	**Total Net Position/Fund Balances**	**Total Revenues**
Governmental Activities	6%	3%	9%
Business-Type Activities	0%	0%	0%
Aggregate Discretely Presented Component Units	58%	56%	42%
Major Funds	0%	0%	0%
Aggregate Remaining Fund Information	90%	91%	69%

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Philadelphia, Pennsylvania, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Philadelphia, Pennsylvania's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Philadelphia, Pennsylvania's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Philadelphia, Pennsylvania’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 32, and the required supplementary information other than management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit for the year ended June 30, 2025, was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Philadelphia, Pennsylvania's basic financial statements. The accompanying Other Supplementary Information for the year ended June 30, 2025, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2025, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the Other Supplementary Information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2025.

We also previously audited, in accordance with GAAS, the basic financial statements of the City of Philadelphia, Pennsylvania, as of and for the year ended June 30, 2024 (not presented herein), and have issued our report thereon dated February 24, 2025, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. The 2024 amounts included in the individual fund schedules of Budgetary Actual and Estimated Revenues and Obligations for the year ended June 30, 2024, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2024 financial statements. The information was subjected to the audit procedures applied in the audit of the 2024 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the 2024 amounts included in the individual fund schedules of Budgetary Actual and Estimated Revenues and Obligations are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2024.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the Introductory Section and Statistical Section as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

CHARLES EDACHERIL, CPA
Deputy City Controller

CHRISTY BRADY, CPA
City Controller

Philadelphia, Pennsylvania
February 25, 2026

City of Philadelphia
PENNSYLVANIA

Management's Discussion & Analysis

Our discussion and analysis of the financial performance of the City of Philadelphia (the City), Pennsylvania, provides an overview of the City's financial activities for the fiscal year ended June 30, 2025. The information presented here should be read in conjunction with additional information contained in our letter of transmittal, which can be found beginning on page 1, and the City's financial statements immediately following this discussion and analysis.

Financial Highlights

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

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

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

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

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

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

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction and overview of the City of Philadelphia's basic financial statements. The City's basic financial statements are comprised of:

- Government-wide financial statements which provide both long-term and short-term information about the City's overall financial condition.
- Fund financial statements which provide a more detailed look at major individual portions, or funds, of the City.
- Notes to the financial statements which explain some of the information contained in the financial statements and provide more detailed data.
- Other supplementary information which further explains and supports the information in the financial statements.

Government-wide financial statements. The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by a private-sector business. The two statements presented are:

The *statement of net position* which includes all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position are an indicator of the City's financial position.

The *statement of activities* presents revenues and expenses and their effect on the change in the City's net position during the current fiscal year. These changes in net position are recorded as soon as the underlying event giving rise to the change occurs, regardless of when cash is received or paid.

The government-wide financial statements of the City are reflected in three distinct categories:

1. ***Governmental activities*** are primarily supported by taxes and state and federal grants. The governmental activities include general government; economic and neighborhood development; public health, welfare and safety; cultural and recreational activities; streets, highways and sanitation; and the operational and financing activities of the City's two blended component units - the Pennsylvania Intergovernmental Cooperation Authority (PICA) and Philadelphia Municipal Authority (PMA).

2. ***Business-type activities*** are supported by user fees and charges which are intended to recover all or a significant portion of their costs. The City's water and wastewater systems, airport and industrial land bank are all included as business type activities.

   These two types of activities comprise the primary government of Philadelphia.

3. ***Component units*** are legally separate entities for which the City of Philadelphia is financially accountable or has oversight responsibility. Financial information for these component units is reported separately from the financial information presented for the primary government. The City's government-wide financial statements contain eight distinct component units, the School District of Philadelphia, Community College of Philadelphia, Community Behavioral Health, Philadelphia Gas Works, Philadelphia Parking Authority, Philadelphia Housing Authority, Philadelphia Authority for Industrial Development, and the Philadelphia Redevelopment Authority.

Fund financial statements: The fund financial statements provide detailed information about the City's most significant funds, not the City as a whole. Funds are groupings of activities that enable the City to maintain control over resources that have been segregated for particular purposes or objectives. All of the funds of the City of Philadelphia can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

1. ***Governmental funds*****:** The governmental funds are used to account for the financial activity of the City's basic services, similar to those described for the governmental activities in the government-wide financial statements. However, unlike the government-wide statements which provide a long-term focus of the City, the fund financial statements focus on a short-term view of the inflows and outflows of expendable resources, as well as on the balances of expendable resources available at the end of the fiscal year. The financial information presented for the governmental funds are useful in evaluating the City's short-term financing requirements.

   To help the readers of the financial statements better understand the relationships and differences between the long-term view of the government-wide financial statements from the short-term view of the fund financial

statements, reconciliations are presented between the fund financial statements and the government-wide statements.
The City maintains twenty-three individual governmental funds. Financial information is presented separately for the General Fund, Grants Revenue Fund and Health Choices Behavioral Health Fund, which are considered major funds. Data for the remaining twenty funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is presented in the form of combining statements in the supplementary information section of this financial report.

2. ***Proprietary funds*:** The proprietary funds are used to account for the financial activity of the City's operations for which customers are charged a user fee; they provide both a long and short-term view of financial information. The City maintains three enterprise funds which are a type of proprietary funds - the airport, water and wastewater operations, and industrial land bank. These enterprise funds are the same as the business-type activities in the government-wide financial statements, but they provide more detail and additional information, such as cash flows.

3. ***Fiduciary funds*:** The City of Philadelphia is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for the Gas Works' employees' retirement reserve assets. Both of these fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. They are not reflected in the government-wide financial statements because the assets are not available to support the City's operations.

The following chart summarizes the various components of the City's government-wide and fund financial statements, including the portion of the City government they cover, and the type of information they contain.

Summary of the City of Philadelphia's Government-wide and Fund Financial Statements

		Fund Statements		
	Government-wide Statements	**Governmental Funds**	**Proprietary Funds**	**Fiduciary Funds**
Scope	Entire city government (except fiduciary funds) and city's component units	Activities of the city that are not proprietary or fiduciary in nature, such as fire, police, refuse collection	Activities the city operates similar to private businesses. Airports, water/waste water system & the land bank.	Activities for which the city is trustee for someone else's assets, such as the employees' pension plan
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses and Changes in Net Position Statement of Cash Flows	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis/ measurement focus	Accrual accounting Economic resources	Modified accrual accounting Current financial resources	Accrual accounting Economic resources	Accrual accounting Economic resources
Type of asset, liability and deferred inflow/outflow of resources	All assets, liabilities, deferred inflow/outflow of resources, financial and capital, short and long term	Only assets expected to be used up and liabilities and deferred inflows of resources that come due during the current year or soon thereafter; no capital assets are included	All assets, liabilities, deferred inflow/outflow of resources, financial and capital, short and long term	All assets and liabilities, both short and long term; there are currently no capital assets, although there could be in the future
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Only revenues for which cash is received during the year or soon after the end of the year; only expenditures when goods or services are received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes can be found immediately following the basic financial statements.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents additional information in three separate sections: *required supplementary information, supplementary information and statistical information.*

- ***Required supplementary information*:** Certain information regarding pension plan funding progress for the City and its component units, as well as budgeted and actual revenues, expenditures and encumbrances for the

City's major governmental funds is presented in this section. This required supplementary information can be found immediately following the notes to the financial statements.

- ***Supplementary information*:** Combining statements for non-major governmental and fiduciary funds, as well as additional budgetary schedules for the City's governmental and proprietary funds are presented in this section. This supplementary information can be found immediately following the required supplementary information.

- ***Statistical information*:** Long term trend tables of financial, economic, demographic, and operating data are presented in the statistical section. This information is located immediately after the supplementary information.

Government-wide Financial Analysis

Net position: As noted earlier, net positions are useful indicators of a government's financial position. At the close of the fiscal year ended June 30, 2025, the City of Philadelphia's assets and deferred outflows exceeded its liabilities and deferred inflows by $140.0 million.

Capital assets (land, buildings, roads, bridges, and equipment), less any outstanding debt issued to acquire these assets, comprise a large portion of the City of Philadelphia's net position, at $3.2 billion. Although these capital assets assist the City in providing services to its residents, they are generally not available to fund the operations of future periods.

A portion of the City's net position, $2.6 billion, is subject to external restrictions as to how it may be used. The remaining component of net position is unrestricted. Unrestricted net position ended the fiscal year with a deficit of $5.6 billion. The governmental activities reported a negative *unrestricted net position* of $5.9 billion, and the business type activities reported an unrestricted net position surplus of $237.5 million. Any deficits will have to be funded from future revenues.

Following is a comparative summary of the City's assets, liabilities, and net position:

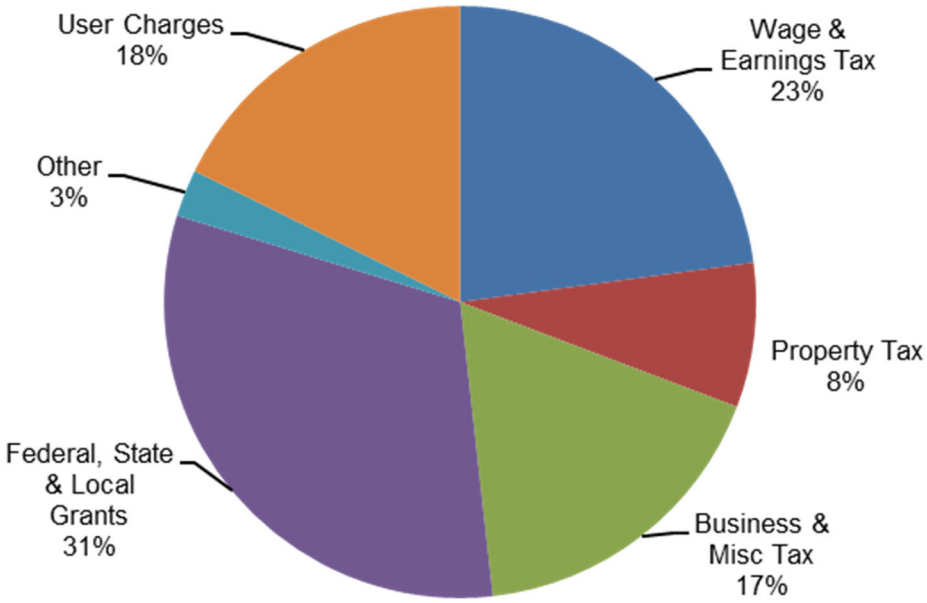
City of Philadelphia's Net Position

(millions of USD)

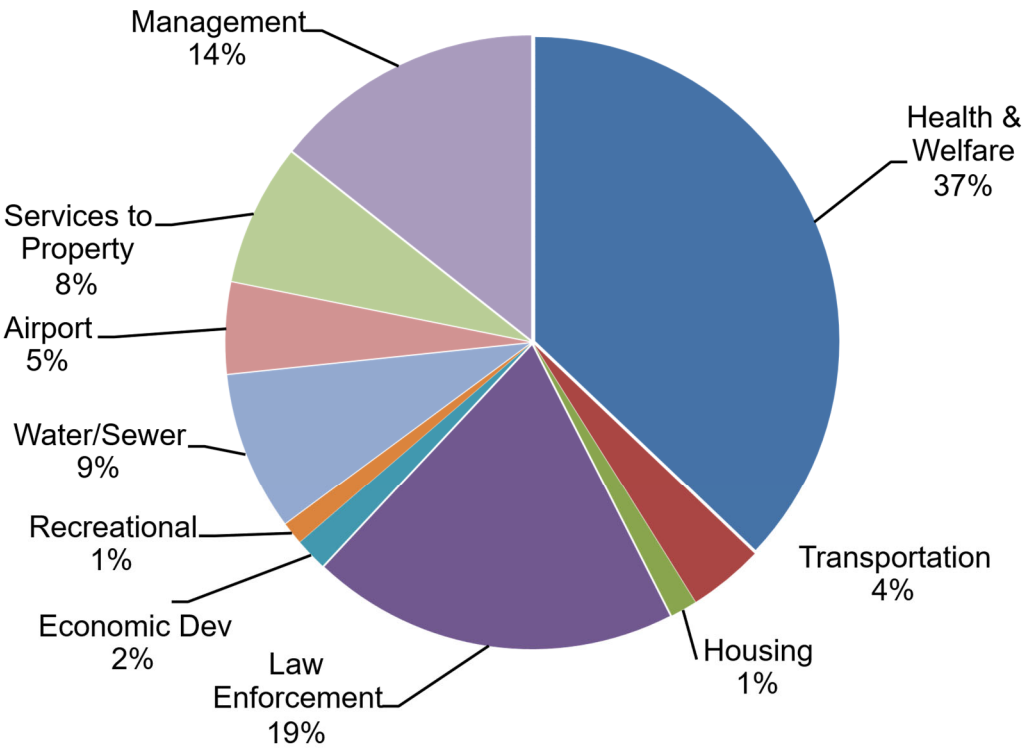
	Governmental Activities		%	Business-type Activities		%	Total Primary Government		%
	2025	2024	Change	2025	2024	Change	2025	2024	Change
Current and other assets	5,868.6	5,976.9	-1.81%	3,720.9	3,486.5	6.72%	9,589.5	9,463.4	1.33%
Capital assets	3,915.4	3,388.3	15.56%	6,296.2	5,805.5	8.45%	10,211.6	9,193.8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

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

Revenue by Source



Expenses by Function



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

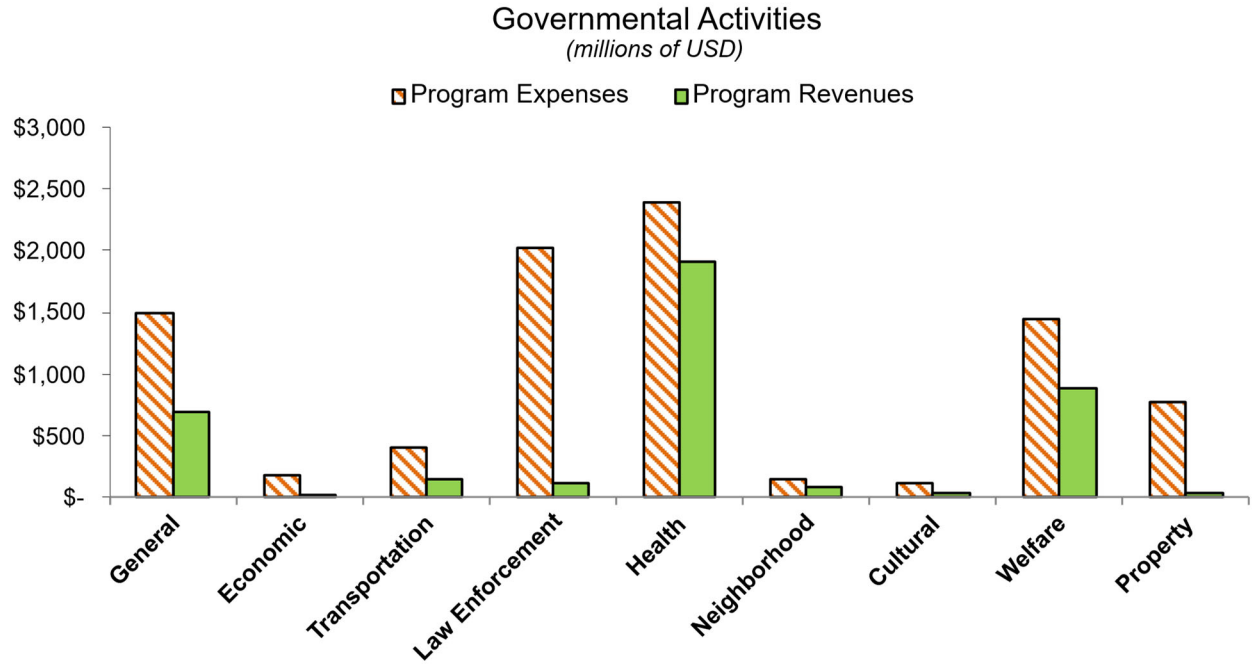
Increases (Decreases) in Revenues	
Charges for Services	$241.5
Operating Grants & Contributions	184.8
Capital Grants & Contributions	22.9
Wage & Earnings Taxes	149.5
Property Taxes	88.5
Other Taxes	320.8
Unrestricted Grants	40.0
Unrestricted Interest and Misc.	(74.7)
Total Revenues	$973.3

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

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

Governmental Activities

The governmental activities of the City resulted in a $1.1 billion increase in net position before prior period adjustments. The following chart reflects program expenses and program revenue. The difference (net cost) must be funded by Taxes, Grants & Contributions and Other revenues.



The following table summarizes the City's most significant governmental programs. Program costs, program revenues and net cost are shown in the table. The net cost shows the cost allocation by each of these functions.

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

The cost of all governmental activities this year was $8.99 billion; the amount that taxpayers paid for these programs through tax payments was $5.1 billion. The federal and state governments and other charitable organizations subsidized certain programs with grants and contributions in the amount of $3.3 billion while those who benefited from the programs paid $578.3 million through fees and charges. Unrestricted grants and contributions and other general types of revenues accounted for the balance of revenues in the amount of $470.4 million. The difference of $1.09 billion represents an increase in net position, as shown in the City of Philadelphia - Net Position table below.

The following table shows a more detailed breakdown of program costs and related revenues for both the governmental and business-type activities of the City:

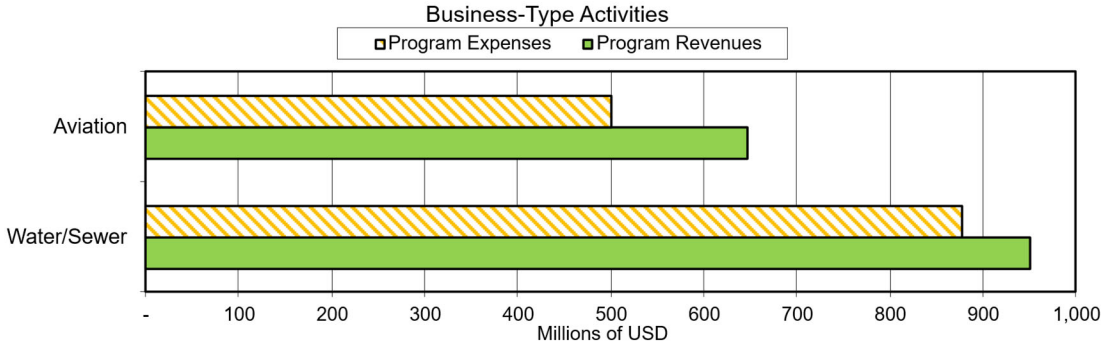
City of Philadelphia-Net Position

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

Business-type Activities

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

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



Financial Analysis of the Government's Funds

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

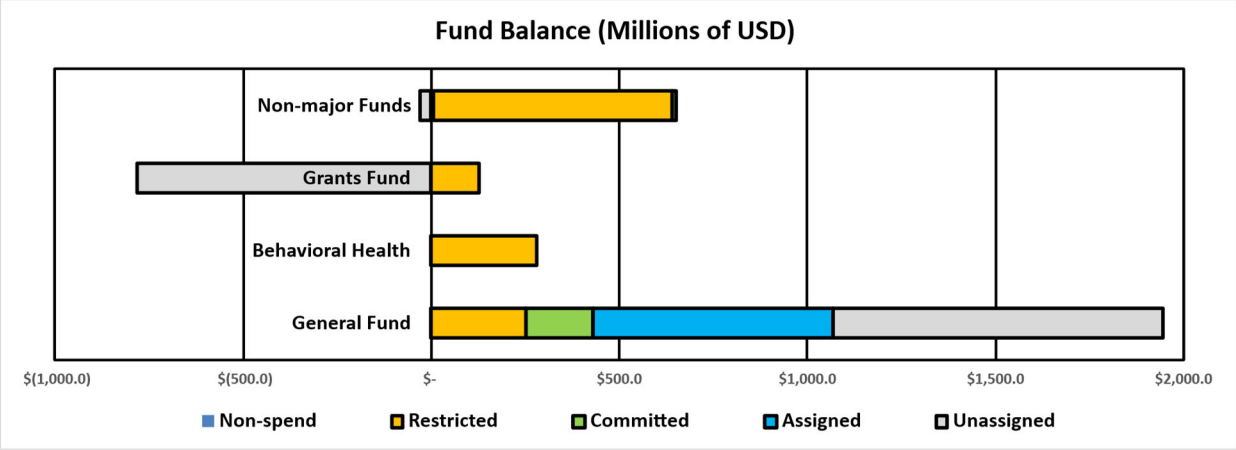
At the end of the fiscal year, the City's governmental funds reported a *combined fund balance* of $2.2 billion, an increase of $464.8 million over last year. Of the total fund balance, $6.7 million represents *non-spendable fund balance*.

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

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

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

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



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

Revenues:

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

Expenditures and Other Financing Sources (Uses):

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

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

The Grants Revenue Fund has a total fund balance deficit of $656.0 million which is comprised of a positive restricted fund balance of $51.5 million for emergency telephone system programs, a positive restricted fund balance of $74.2 million for Opioid Abatement, a positive restricted fund balance of $0.3 million for Neighborhood Revitalization Programs and a deficit unassigned fund balance of $781.9 million. Because most programs accounted for in the Grants Revenue Fund are reimbursement-based, it is not unusual for the Grants Revenue Fund to end the fiscal year with a deficit unassigned fund balance. The overall fund balance of the Grants Revenue fund experienced an increase of $29.2 million during the current fiscal year.

***Proprietary funds*:** The City's proprietary funds provide the same type of financial information found in the government-wide financial statements, but in slightly more detail. The *total net position* of the proprietary funds increased by $340.3 million during the current fiscal year. This increase is attributable to the water/wastewater system, which had an

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

The proprietary funds reported an *unrestricted net position* of $237.5 million. The table below indicates the unrestricted net position for the water and wastewater operations, the airport, and the industrial and commercial land bank operations for the current and previous fiscal years.

(millions of USD)	Unrestricted Net Position (deficit)		
	2025	2024	Change
Water and Waste Water	(219.7)	(231.1)	11.4
Aviation	318.3	213.0	105.3
Land Bank	138.9	138.5	0.4
Tot	237.5	120.4	117.1

General Fund Budgetary Highlights

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

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

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

- The unearned portion of the Business Income and Receipts Tax (BIRT prepays) of $185.3 million is received prior to being earned but has no effect on budgeted cash receipts.
- The Philadelphia Beverage Tax – Unobligated amount of $120.7 is classified as assigned in the governmental fund.
- Lease Related Activities of $3.6 million are not reported in budgetary fund balance.

The charts below illustrate:

A. The reconciliation of Total Fund Balance - Budget Basis versus GAAP (Modified Accrual)
B. The components of Fund Balance for GAAP (Modified Accrual)
C. The reconciliation of Unassigned Fund Balance – Budget Basis versus GAAP (Modified Accrual)

(Millions of USD)

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

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

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

The differences between the original budget and the final amended budget resulted primarily from a slight increase in revenue estimates and increases to appropriations. Total appropriations increased by $303.8 million from an original budget of $6.368 billion to a final amended budget of $6.671 billion. The largest increases were required to support the following activities:

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

Capital Asset and Debt Administration

***Capital assets*:** The City of Philadelphia's investment in capital assets for its governmental and business-type activities amounts to $10.2 billion, net of accumulated depreciation, at the end of the current fiscal year. These capital assets include items such as roads, runways, bridges, water and sewer mains, streets and street lighting, land, buildings, improvements, sports stadiums, vehicles, commuter trains, machinery, computers, and general office equipment. The table below shows a breakdown of the City's Capital Improvements over the past five fiscal years.

(millions of USD)

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

The following table shows the capital assets by category.

City of Philadelphia's Capital Assets-Net of Depreciation

(millions of USD)

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

More detailed information about the City's capital assets can be found in notes I.6 & III.5 to the financial statements.

Long-term debt: At year end, the City had $10.9 billion in long-term debt outstanding. Of this amount, $7.3 billion represents bonds outstanding (comprised of $2.1 billion of debt backed by the full faith and credit of the City, and $5.2 billion of debt secured solely by specific revenue sources) while $3.6 billion represents other long-term obligations.

The following schedule shows a summary of all long-term debt outstanding:

City of Philadelphia's Long Term Debt Outstanding

(millions of USD)

	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Bonds Outstanding:						
General obligation bonds	2,143.9	1,874.7	-	-	2,143.9	1,874.7
Revenue bonds	-	-	5,185.3	5,030.0	5,185.3	5,030.0
Total Bonds Outstanding	**2,143.9**	**1,874.7**	**5,185.3**	**5,030.0**	**7,329.2**	**6,904.7**
Other Long Term Obligations:						
Service agreements	1,611.9	1,644.4	-	-	1,611.9	1,644.4
Employee related obligations	953.0	933.6	83.6	79.0	1,036.6	1,012.6
Indemnities	241.9	157.8	9.1	8.3	251.0	166.1
Arbitrage	9.8	6.2	23.9	13.0	33.7	19.2
Leases	631.5	614.5	25.1	25.1	656.6	639.6
Subscriptions	27.1	3.5	-	-	27.1	3.5
Total Other Long Term Obligations	**3,475.2**	**3,360.0**	**141.7**	**125.4**	**3,616.9**	**3,485.4**
Total Long Term Debt Outstanding	**5,619.1**	**5,234.7**	**5,327.0**	**5,155.4**	**10,946.1**	**10,390.1**

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

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

The City's bonds, as rated by Moody's, Standard & Poor's and Fitch are as follows:

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

The City is subject to a statutory limitation established by the Commonwealth of Pennsylvania as to the amount of tax supported general obligation debt it may issue. The limitation is equal to 13.50% of the average assessed valuations of properties over the past ten years. As of June 30, 2025, the legal debt limit was $18.3 billion. The City has $2.7 billion of outstanding tax supported debt leaving a legal debt margin of $15.6 billion.

More detailed information about the City's debt activity can be found in note III.7 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The following factors are key factors to consider when reviewing the City of Philadelphia's budget for the 2025 fiscal year:

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

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

  The City works with its union partners to reach multi-year agreements that are fair to employees while also maintaining the City's fiscal health. As of February 2025, the City has executed multi-year contracts or received arbitration awards for five unions and is in the interest arbitration process with the remaining three. Uniformed employees bargain under Pennsylvania Act 111 of 1968, which provides for final and binding interest arbitration to resolve collective bargaining impasses. Uniformed employees are not permitted to strike under state law. Non-uniformed employees bargain under Act 195 of 1970, which allows for the right to strike over collective bargaining impasses. Certain employees, including employees of the Sheriff's Office and the Register of Wills, Correctional

Officers (represented by District Council 33), and employees of the First Judicial District (represented by District Council 47), are not permitted to strike but may proceed to interest arbitration under Act 195.

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

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

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

- *COVID19 Recovery and Grants:* The City received several large grants to support its response to, and recovery from the COVID-19 pandemic. These funding sources include Coronavirus Aid, Relief, and Economic Security (CARES) Act grants, Federal Emergency Management Agency (FEMA) Public Assistance, and American Rescue Plan Act (ARPA) relief funds. This funding allowed the City to avoid devastating cuts while making crucial investments and helping the City build a fund balance using other revenue streams. All ARPA funds were spent by the end of calendar year 2024 as required. With FY26 marking the first full fiscal year without ARPA funding, this federal backstop is no longer available to support City operations.

- *Pension Fund Challenges:* In FY26, pension costs are projected to represent 11.9% of General Fund expenditures. The significant share of costs attributed to pensions, combined with the Pension Fund's current funding status – it is now approximately 65.4% funded – make it clear that the City will not attain fiscal stability until it has solidified the financial condition of the Pension Fund. To address this challenge, the City, working with municipal employees, the Pension Board, and City Council, implemented a three-pronged approach to improve the health of the Pension Fund to 80% funded by Fiscal Year 2029 and 100% funded by Fiscal Year 2034. This approach, which involved increasing the City's annual contribution, enacting pension reforms for all city employees, and adjusting the investment strategy to reduce costs, significantly improved the health of the Pension Fund. During the period FY16 through FY25, the funding level of the Pension Fund increased from 45% to over 65.4%,

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

- *Employee Healthcare Costs*: The City will continue to work with its union partners to help address the rising costs of health insurance and promote wellness. The municipal unions each provide benefits for members through union administered Health and Welfare Funds, and the City has minority representation on those boards. Non-union employees are provided benefits through the City Administered Plan (CAP). In FY10, the City moved from a fully insured model to a self-insurance arrangement. The City also increased employee copays and instituted a disease management and wellness program with financial incentives for completing wellness activities.

Requests for information

The Annual Comprehensive Financial Report is designed to provide a general overview of the City of Philadelphia's finances for all interested parties. The City also publishes the *Supplemental Report of Revenues & Obligations* that provides a detailed look at budgetary activity at the legal level of compliance, the *Annual Report of Bonded Indebtedness* that details outstanding long-term debt and the *Schedule of Financial Assistance* that reports on grant activity. All four reports are available on the City's website, *www.phila.gov/finance*. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of the Director of Finance
Suite 1340 MSB
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102

City of Philadelphia
PENNSYLVANIA

Basic Financial Statements

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

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

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

City of Philadelphia **Exhibit II**
Statement of Activities
For the Fiscal Year Ended June 30, 2025
Amounts in thousands of USD

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

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

City of Philadelphia
Balance Sheet
Governmental Funds
June 30, 2025

Exhibit III

Amounts in thousands of USD

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

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

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

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

City of Philadelphia **Exhibit IV**

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2025

Amounts in thousands of USD

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

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

Net Change in Fund Balances - Total Governmental Funds	464,796
Amounts reported for governmental activities in the statement of activities are different because	
a. Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (793,209) exceeded depreciation (267,933),	525,276
b. Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	130,761
c. Proceeds from debt obligations and lease/subscription financing provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which the proceeds (1,233,856) exceeded repayments (917,693)	(316,163)
d. The increase in the Net Pension Liability and Total OPEB Liability reported in the statement of activities does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds	404,418
e. Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	(115,212)
Change in Net Position of governmental activities	1,093,876

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

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

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

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

City of Philadelphia **Exhibit VII**

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Fiscal Year Ended June 30, 2025

Amounts in thousands of USD

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

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

City of Philadelphia **Exhibit VIII**
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2025
Amounts in thousands of USD

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

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

City of Philadelphia **Exhibit IX**

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2025

Amounts in thousands of USD

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

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

City of Philadelphia **Exhibit X**
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2025
Amounts in thousands of USD

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

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

City of Philadelphia **Exhibit XI**

Statement of Net Position

Component Units

June 30, 2025

Amounts in thousands of USD

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

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

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

City of Philadelphia
Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2025

Exhibit XII

Amounts in thousands of USD

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

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

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

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Notes to the Financial Statements
FYE 06/30/2025

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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 GAAP, the financial statements of the City of Philadelphia include those of the primary government and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The financial statements of these component units have been included in the City's reporting entity either as blended component units or as discretely presented component units. The criteria to determine an entity as a component unit is established by GASB Statement No. 14 which has been amended by GASB Statements No. 39, No. 61, No. 80, No. 84, No. 85, No. 90, and No. 97. Certain other organizations also met the criteria for inclusion; however, they are not included in the City's financial statements because they are not significant to a fair representation of the City's reporting entity. Individual financial statements can be obtained directly from their administrative offices by writing to the addresses provided.

As used, both on the face of the financial statements and in the footnotes, the term "Primary Government" includes both City funds and Blended Component Units while the term "Component Units" includes only Discretely Presented Component Units. A Related Organization is an entity which the City appoints board members but for which the city has no significant financial responsibility.

A. BLENDED COMPONENT UNITS

Pennsylvania Intergovernmental Cooperation Authority (PICA) – 1500 Walnut St., Philadelphia, PA 19102
PICA was established by act of the Commonwealth of Pennsylvania to provide financial assistance to cities of the first class and is governed by a seven-member board, five of which have voting rights. Voting members are appointed by the Commonwealth, and the PA Budget Secretary and the Finance Director for the City serve as ex-officio non-voting members. Currently, the City of Philadelphia is the only city of the first class. The activities of PICA are reflected in the Special Revenue fund under the governmental fund types.

Philadelphia Municipal Authority (PMA) – 1515 Arch St., Philadelphia, PA 19102
PMA is governed by a five-member board appointed by the City and was established to issue tax exempt bonds for the acquisition and use of certain equipment and facilities for the City. The activities of PMA are reflected in three of the governmental fund types (Special Revenue, Debt Service and Capital Improvement).

B. DISCRETELY PRESENTED COMPONENT UNITS

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

Philadelphia Gas Works (PGW) – 800 W. Montgomery Ave., Philadelphia, PA 19122
PGW was established by the City to provide gas service to residential and commercial customers within the City of Philadelphia. The City appoints a voting majority of PGW's board and has the ability to modify or approve their budget. PGW meets the criteria for inclusion as a discretely presented component unit in accordance with GASB.

Philadelphia Housing Authority (PHA) – 2013 Ridge Ave., Philadelphia, PA 19121
PHA was established to provide low-cost housing and other social services to the residents of the City. PHA is governed by a nine-member board with all members appointed by the City. In addition, the Mayor of Philadelphia has the ability to remove a majority of PHA's board without cause during any calendar year. Since the City appoints a voting majority of PHA's board and can impose its will, due to the Mayor's ability to remove

a majority of the board at will, PHA meets the criteria for inclusion as a discretely presented component unit in accordance with GASB.

Philadelphia Redevelopment Authority (PRA) – 1234 Market St., Philadelphia, PA 19107
PRA was established to rehabilitate blighted sections of the City. It is governed by a five-member board appointed by the City and must submit its budgets to the City for review and approval. PRA's reported amounts include the financial activity of the Head House Retail Associates, L.P., which is PRA's discretely presented component unit whose fiscal year ends on December 31. PRA meets the criteria for inclusion as a discretely presented component unit in accordance with GASB.

Philadelphia Parking Authority (PPA) – 701 Market St., Philadelphia, PA 19106
PPA was established by the City to coordinate a system of parking facilities and on-street parking on behalf of the City. Its fiscal year ends on March 31. The City has guaranteed debt payments for PPA. A voting majority of PPA's governing board is not appointed by the City, however, the significance of the City's relationship with PPA is such that exclusion from the City's financial report would be misleading. PPA meets the criteria for inclusion as a discretely presented component unit in accordance with GASB.

School District of Philadelphia (SDP) – 440 N. Broad St., Philadelphia, PA 19130
SDP was established by the Educational Supplement to the Philadelphia Home Rule Charter to provide free public education for the City's residents. As of July 1, 2018, the SDP is governed by a nine-member board appointed by the Mayor and approved by City Council. Since the Mayor appoints the governing board and there exists a financial benefit/burden relationship between the SDP and the City, the SDP meets the criteria for inclusion as a discretely presented component unit in accordance with GASB.

Community College of Philadelphia (CCP) – 1700 Spring Garden St., Philadelphia, PA 19130
CCP was established by the City to provide two-year post-secondary education programs for its residents. It is governed by a Board appointed by the City and receives substantial subsidies from the City. CCP's reported amounts include the financial activity of the Community College of Philadelphia Foundation and the CCP Development, LLC, which are discretely presented component units of CCP. Since the City appoints the governing board and there exists a financial benefit/burden relationship between the CCP and the City, the CCP meets the criteria for inclusion as a discretely presented component unit in accordance with GASB.

Community Behavioral Health (CBH) – 801 Market St., Philadelphia, PA 19107
CBH is a not-for-profit organization established by the City's Department of Public Health to provide for and administer all behavioral health services required by the Commonwealth of Pennsylvania. Its board is made up of City officials and City appointees. Any decrease in funding received from the State would present a financial burden to the City if current service levels were to be maintained. CBH meets the criteria for inclusion as a discretely presented component unit in accordance with GASB.

Philadelphia Authority for Industrial Development (PAID) – 1500 Market St., Philadelphia, PA 19102
PAID was formed under the Industrial Development Authority Law to issue debt to finance eligible industrial and commercial development projects. PAID is the delegate agency responsible for administration of certain state grants and acts on the City's behalf on major development projects in the City. The City appoints a voting majority of PAID's board and is responsible for the debt service that PAID issues on the City's behalf. PAID meets the criteria for inclusion as a discretely presented component unit in accordance with GASB.

C. FIDUCIARY COMPONENT UNITS

The City reports two component units in the fiduciary statements:

- The Municipal Pension Fund accumulates resources to provide pension benefit payments to qualified employees of the City and certain quasi-governmental organizations.
- The Philadelphia Gas Works Retirement Reserve Fund accumulates resources to provide pension benefit payments to qualified employees of the Philadelphia Gas Works.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The City's *government wide* financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all the non-fiduciary activities of the primary government and its component units. *Governmental activities* which are normally supported by taxes and intergovernmental revenues are reported separately from *business type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. Interfund activity and balances have been eliminated from the statements to avoid duplication.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from services or privileges provided by a given program and (2) grants and contributions that are restricted to meeting operational or capital requirements of a program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the *government wide* financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the *fund* financial statements.

3. BASIS OF ACCOUNTING, MEASUREMENT FOCUS AND FINANCIAL STATEMENTS

A. PRIMARY GOVERNMENT

The government wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Real estate taxes are recognized as revenues in the year for which they are levied. Derived tax revenues such as wage, business income and receipts, and net profits and earnings taxes are recognized when the underlying exchange transaction has taken place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred as under accrual accounting. Debt service expenditures including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. However, those expenditures may be accrued if they are to be liquidated with available resources. General capital asset acquisition, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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

Generally, the effect of interfund activity has been eliminated from the government wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other programs of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various programs concerned.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods received, services rendered or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program specific revenues. Accordingly, general revenues include all taxes.

The City reports on the following major governmental funds:

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

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

The City reports on the following fiduciary funds:

- The Municipal Pension Fund accumulates resources to provide pension benefit payments to qualified employees of the City and certain other quasi-governmental organizations.
- The Philadelphia Gas Works Retirement Reserve Fund accumulates resources to provide pension benefit payments to qualified employees of the Philadelphia Gas Works.
- The Departmental Custodial Accounts account for funds held in custody by various City Departments.

The City reports on the following major proprietary funds:

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

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

B. COMPONENT UNITS

The component units of the City prepare their financial statements in a manner similar to that of proprietary funds, with the exception of the following:

The **SDP** prepares their financial statements in a manner similar to the City and utilizes the full range of governmental and proprietary fund types.

The financial statements of the **CCP** have been prepared in accordance with GASB Statement No. 35 - Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities.

4. DEPOSITS AND INVESTMENTS

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

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

Statutes authorize the City to invest in obligations of the U.S. Treasury, agencies, and instruments of the United States, repurchase agreements, collateralized certificates of deposit, bank acceptance or mortgage obligations, certain corporate bonds, and money market funds. The Pension Trust Fund is also authorized to invest in corporate bonds, common stocks, private markets, hedge funds, and real estate.

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

5. INVENTORIES

A. PRIMARY GOVERNMENT

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

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

B. COMPONENT UNITS

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

- **PGW** inventory consists primarily of fuel stock and gases which are stated at average cost.
- The **SDP** Food Services Fund inventories include food donated by the Federal Government which was valued at government cost or estimated value. All other food or supply inventories were valued at last unit cost and will be expensed when used.
- **PRA** inventory represents real estate held for resale and is recorded based on the estimated appraisal of values and cost basis for land inventories acquired.

6. CAPITAL ASSETS

A. PRIMARY GOVERNMENT

Capital Assets, which include property, plant, equipment, and infrastructure assets (e.g., bridges, curbs and gutters, streets and sidewalks and lighting systems), are reported in the applicable governmental or business-type activities columns in the government wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than $10,000 and an estimated useful life more than three years (except for the Aviation and Water Funds which use $10,000 for personal property and $100,000 for buildings, improvements, and infrastructure). Capital assets are recorded at cost. Costs recorded do not include interest incurred as a result of financing asset acquisition or construction. Assets acquired by gift or bequest are recorded at their acquisition price at the date of gift. Upon sale or retirement, the cost of the assets and the related accumulated depreciation, if any, are removed from the accounts. Maintenance and repair costs are charged to operations.

The City transfers Construction In Process to one or more of the major asset classes: (1) when project expenditures are equal to or have exceeded 90% of the estimated cost on new facilities (except for the Aviation and Water Funds which use “substantially complete” as their determining basis for transferring construction in process to one or more of the major asset classes), (2) when the expenditures are for existing facilities or (3) when they relate to specific identifiable items completed during the year which were part of a larger project.

Cost of construction for proprietary fund capital assets includes all direct contract costs plus overhead costs. Overhead costs include direct and indirect engineering costs and interest incurred during the construction period for projects financed with bond proceeds. Interest incurred before the end of a construction period is recognized as an expense in the period in which the cost is incurred and it is not included in the historical cost of a capital asset.

Depreciation on the capital assets for all City funds is provided on the straight-line method over their estimated useful lives: buildings and improvements - 20 to 50 years; equipment and storage facilities - 3 to 25 years; and transmission and distribution lines - 50 years. Leased and software subscription assets are amortized over the shorter length of the lease or subscription term or the useful life of the underlying asset.

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

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

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

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

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

Collections of art and historical treasures meet the definition of a capital asset and normally should be reported in the financial statements. However, the requirement for capitalization is waived for collections that meet certain criteria. The City has collections of art, historical treasures and statuary that are not capitalized as they meet all of the waiver requirements which are: (1) the collections are held solely for public exhibition, (2) the collections are protected, preserved and cared for and (3) should any items be sold, the proceeds are used only to acquire other items for the collections. Among the City's collections are historical artifacts at the Ryers Museum & Library, Loudoun Mansion, Fort Mifflin, the Johnson Collection at the Art Museum, and the Betsy Ross House. The City also has sculptures, paintings, murals, and other works of art on display on public property and buildings throughout the City.

B. COMPONENT UNITS

Depreciation on the capital assets for component units is provided on the straight-line method over their estimated useful lives: buildings and improvements - 7 to 50 years; equipment, furniture and storage facilities - 3 to 50 years; Utility and Infrastructure improvements - 10 to 30 years; and leased and software subscription assets – term of contract.

7. BONDS AND RELATED PREMIUMS, DISCOUNTS & ISSUANCE COSTS

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

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

8. INSURANCE

The City, except for the Airport and certain other properties, is self-insured for most fire and casualty losses to its structures and equipment and provides statutory workers' compensation and unemployment benefits to its employees. The City is self-insured for medical benefits provided to employees in the Fraternal Order of Police, the city-administered health plan, the International Association of Fire Fighters and District Council 47.

9. RECEIVABLES AND PAYABLES

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

Accounts receivable included in current assets consists of billed and unbilled rentals and fees, which have been earned but not collected as of June 30, 2025, and 2024. Credit balance receivables have been included in unearned revenue in the statement of net position. The allowance for doubtful accounts is management's estimate of the amount of accounts receivable which will be deemed to be uncollectible and is based upon specific identification. Unpaid accounts are referred to the City's Law Department if deemed uncollectible. Accounts are written off when recommended by the Law Department.

All trade and property receivables in the governmental-wide financial statements are shown net of allowance for uncollectible. The real estate tax receivable allowance is equal to 23.58% of outstanding real estate taxes at June 30. Property taxes are levied on a calendar year basis. The City's property taxes levied on assessed valuation as

of January 1, are due and payable on or before March 31. Taxes levied are intended to finance the fiscal year in which they become due. The City of Philadelphia and the School District of Philadelphia both impose a tax on all real estate in the city. Current real estate rates are $1.3998 on each $100 assessment: $0.6159 for the City and $0.7839 for the School District. Delinquent charges are assessed at 1.5% per month on all unpaid balances as of April 1. Real estate tax delinquents are subject to lien as of the following January 1. The City has established real estate improvement programs that abate, for limited periods, tax increases that result from higher assessments for improved properties. Certain incremental tax assessments are earmarked to repay loans from the City to developers who improve properties under Tax Increment Financing agreements.

10. DEFERRED OUTFLOWS / INFLOWS OF RESOURCES AND NET POSITION

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the City reports deferred outflows of resources in the Statement of Financial Net Position in a separate section following Assets. Similarly, the City reports deferred inflows of resources in the Statement of Net Position in a separate section following Liabilities.

Deferred Outflows of resources represent consumption of net asset that applies to a future period(s) and will not be recognized as an expenditure/expense until that time. Deferred Inflows of resources represents an acquisition of net asset that applies to future periods and will not be recognized as revenue until that time.

On the full accrual basis of accounting, the components of the deferred outflows of resources and deferred inflows of resources are as follows:

- Derivative instruments are reported for the changes in fair value.
- Deferred refunding results from the difference in the refunding of debt and its reacquisition price.
- Deferred inflows of resources are related to the City's leasing activities as a lessor.
- Deferred pension transactions are recognized as an expense or revenue in a future period.
- Deferred outflows of resources and deferred inflows of resources are related to the City's OPEB.

(Amounts in Thousands of USD)

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

(Amounts in Thousands of USD)

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

On the modified accrual statements, there were no deferred outflows, and the City has four items that are reported in the Governmental Balance Sheet as deferred inflows: Lease related, Unavailable Tax revenue, Unavailable Agency revenue, and Unavailable Governmental revenue.

(Amounts in Thousands of USD)

Deferred Inflows of Resources	General Fund	Grants Revenue Fund	Other Governmental Funds
Deferred Inflows - Leases	25,460	-	70,677
Unavailable Tax Revenue	210,910	-	475
Unavailable Agency Revenue	53,464	-	-
Unavailable Government Revenue	34,128	1,079,775	126,636
Total	323,962	1,079,775	197,788

11. COMPENSATED ABSENCES

It is the City's policy to allow employees to accumulate earned but unused vacation and sick leave benefits. Vacation is accrued when earned in the government-wide financial statements, and in the proprietary and fiduciary-fund financial statements. Sick leave is accrued in the government-wide financial statements and in the proprietary financial statements based on an estimate of future payouts.

12. CLAIMS AND JUDGMENTS

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

13. UNEARNED REVENUE

Unearned Revenue as reported in all the City's fund financial statements represents revenue received in advance with the exception of the General Fund. The General Fund reports two types of unearned revenue, Revenue Received in Advance ($5.9 million) and Business Income and Receipts Tax (BIRT) ($185.3 million).

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

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

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

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

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

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

Lease assets or subscription assets are reported with other capital assets and lease liabilities or subscription liabilities are reported with long- term debt on the statement of net position.

Lessor: The City is a lessor for various leases of land and buildings. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

15. NEW ACCOUNTING PRONOUNCEMENTS – ADOPTED

In June 2022, **GASB issued Statement No. 101, Compensated Absences**. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The adoption of this statement did not result in a material cumulative effect on beginning net position; therefore, prior period amounts have not been restated.

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

NEW ACCOUNTING PRONOUNCMENTS – TO BE ADOPTED:

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

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

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

The new standards must be adopted as follows:

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

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

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

The effect of these statements has not yet been determined.

II. LEGAL COMPLIANCE

1. BUDGETARY INFORMATION

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

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

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

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

During the year, classification adjustments and supplementary appropriations were necessary for City funds. Therefore, budgeted appropriation amounts presented are as originally passed and as amended by the City Council. Budget estimates of City related revenues are adjusted and submitted to PICA quarterly for review. Revenue estimates are presented as originally passed and as adjusted.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNTS

1. DEPOSITS AND INVESTMENTS

A. City

City Deposits

State statutes require banks to collateralize City deposits at amounts equal to or in excess of the City's balance. Such collateral is to be held by the Federal Reserve Bank or the trust department of a commercial bank other than the pledging bank. At year-end, the bank balance for City deposits was $471.9 million.

City Investments

The City has established a comprehensive investment policy that covers all funds other than the Municipal Pension Fund, Philadelphia Gas Works Retirement Reserve (PGW Pension Fund), and the Fairmount Park and Free Library Trust Funds. Those funds have separate investment policies designed to meet the long-term goals of the respective funds.

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

(Amounts in Thousands of USD)

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

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

The City's investments include all the operating, capital, debt service and debt service reserve accounts of the City's General Fund, Water Department and Aviation Department. All City investments must be in compliance with applicable provisions of the City Code and City bond resolutions, as well as the City's Investment Policy. The City's Investment Policy is meant to supplement the applicable provisions of the City Code and City bond resolutions and is reviewed and adopted by the City's Investment Committee. The City's Investment Committee consists of the Director of Finance, the City Treasurer, a representative from the Water Department, Aviation Department, and the Philadelphia Gas Works.

City Investments - Credit Risk
Credit is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The City's policy to limit credit risks is to limit the types of allowable investment, as well as the maximum percent of the portfolio for each type of investment.

The City's investment in US Government securities (48.40%) or US Government Agency obligations (6.75%) are allowable investments up to 100% of the portfolio.

The City's investment in commercial paper (16.37%) is limited to 30% of the portfolio and must be rated A1+ by S&P or P1 by Moody's Investor's Services, Inc. (Moody's) and the senior long-term debt of the issuer must not be rated lower than A by S&P or A2 by Moody's. All commercial paper investments meet the criteria.

The City's investment in corporate bonds (8.34%) is limited to 30% of the portfolio and had an S&P rating of AAA to AA or Moody's rating of Aa2 or better. All corporate investments meet the criteria.

Short Term Investment Pools are rated AAA by S&P and Aaa by Moody's Investor Services. The Short-Term Investment Pools' amortized cost-based net asset value per share/unit is the same as the value of the pool shares. Cash accounts are swept nightly and idle cash invested in money market funds (short term investment pools).

City Investments – Foreign Currency Risk
Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The City limits its foreign currency risk by investing in certificates of deposit and banker's acceptances issued or endorsed by non-domestic banks that are denominated in US dollars, providing that the banking institution has assets of not less than $100 million. At the end of the fiscal year, the City did not have any investments of that nature.

City Investments - Custodial Credit Risk
Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. To minimize custodial credit risk, the City's policy is to select custodian banks that are members of the Federal Reserve System to hold its investments. Delivery of the applicable investment documents to the City's custodian is required for all investments.

City Investments - Interest Rate Risk
Interest rate risk is the risk that an investment's value will change due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve or in any other interest rate relationship. Such changes usually affect securities inversely and can be reduced by diversifying or hedging. To limit its exposure to fair value losses from rising interest rates, the City's investment policy limits fixed income investments to maturities of no longer than two years, except in Sinking Fund Reserve Portfolios.

(Amounts in thousands of USD)

Classifications	Less than 6 months	7 to 12 months	13 to 18 months	19 to 24 months	Total
Commercial Paper	$ 884,866	$ 193,426	$ -	$ -	$ 1,078,292
U.S. Government Securities	987,125	889,993	915,215	395,694	3,188,027
U.S. Government Agency Securities	164,586	243,246	32,399	4,517	444,748
Municipal Debt	26,580	3,747	267	-	30,594
Corporate Bonds	79,579	178,988	194,517	96,448	549,532
Grand Total	$ 2,142,736	$ 1,509,400	$ 1,142,398	$ 496,659	$ 5,291,193

City Investments – Fair Value Measurement
The City measures and records its investments using fair value measurement guidelines established by GASB Statement No. 72 – *Fair Value Measurement and Application*. The statement defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of value inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

- Level 1 - Investments whose values are based on quoted prices (unadjusted) for identical assets (or liabilities) in active markets that a government can access at the measurement date.
- Level 2 - Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset (or liability), either directly or indirectly.
- Level 3 - Investments with unobservable inputs for an asset (or liability) and may require a degree of professional judgment.

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

- Commercial paper securities of $1,078.3 million are valued using quoted prices for identical securities in markets that are not active and via matrix pricing models (Level 2).
- U.S. Treasury securities of $3,188.0 million are valued using quoted prices from active markets (Level 1).
- U.S Agency securities of $444.7 million are valued using quoted prices for identical securities traded in active markets when sufficient activity exists (Level 2).
- Municipal Debt/Other securities of $30.6 million are valued using quoted prices for identical securities in markets that are not active and via matrix pricing models (Level 2).
- Corporate bond securities of $549.5 million are valued using quoted prices for similar securities in active markets and via matrix pricing models (Level 2).

The City's money market and short-term investment pools of $1,295.6 million are valued at the published amortized cost-based net asset value per share/unit for each fund. There are no limitations or restrictions on withdrawals.

The Fairmount Park Trust Fund has the following recurring fair value measurements as of June 30, 2025:

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

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

B. Blended Component Units

1) PICA

Deposits:
PICA's funds may be deposited in any bank that is insured by the Federal Deposit Insurance Corporation (FDIC). To the extent that such deposits exceed federal insurance, the depositories must deposit (with their trust department or other custodians) obligations of the United States, the Commonwealth, or any other political subdivision of the Commonwealth to eliminate the risk of uninsured funds. Under Act 72 of 1971 Session of the Pennsylvania General Assembly (Act 72), as amended, the depositories may meet this requirement by pooling appropriate securities to cover all public funds on deposit with their institution. Money market funds with a remaining maturity of one year or less are classified as cash equivalents. At June 30, 2025, PICA's cash deposits consist of $2.5 million.

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

Investments:

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

(Amounts in Thousands of USD)

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

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

Interest Rate Risk
PICA does not have a formal investment policy, other than complying with Pennsylvania statutes and trust indentures, that further limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Fair Value of Investments
PICA's investments in Money Market funds are Level 1 investments and fair value is based on active market quotes.

2) PMA

INVESTMENTS AND DEPOSITS

PMA does not have a formally adopted investment policy; however, the terms of their bond indentures limit the investments in which the trustee can deposit funds. Those limited investments include government obligations, repurchase agreements for government obligations, certificates of deposits, and other time deposit arrangements with financial institutions.

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

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

** Restricted for debt service or capital expenditures. N/A – Not applicable.*

PMA, through its trustees, invested the unexpended cash from the 2017 Juvenile Justice Center Bond Issue, the 2014 Philadelphia Municipal Authority Bond Issues, and the 2012 Energy Conservation and Direct Subsidy Bond Issues in money market funds during the year.

PMA does not have a formally adopted investment policy related to credit risk, but it generally follows the practices of the City. Investments in money market funds were not rated.

Custodial Credit Risk
PMA does not have a formal policy for custodial credit risk. However, it generally follows the practices of the City.

PMA's depository cash accounts consisted of $10.0 million on deposit with two local banks as of June 30, 2025. Amounts are insured up to $250,000 per bank by the FDIC. Deposits in excess of the FDIC limit are collateralized with securities held by the pledging financial institution's trust department or agent in PMA's name. As of June 30, 2025, PMA was not exposed to custodial credit risk.

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

Fair Value Measurement
PMA's investments qualify as Level 1 investments.

2. SECURITIES LENDING

A. GOVERNMENTAL FUNDS:

The City Treasurer is prohibited from lending or selling city-owned securities with an agreement to buy them back after a stated period of time (City of Philadelphia - Investment Policy Section VI. Investment Restrictions)

B. PENSION TRUST FUNDS

1. City Plan (Municipal Pension Fund):
   - The Board of Directors of the Municipal Pension Fund has authorized management of the Fund to participate in securities lending transactions.
2. Philadelphia Gas Works (PGW) Plan
   - The Board of Directors of the Sinking Fund Commission on behalf of Philadelphia Gas Works Retirement Reserve Fund ("PGWRR") has authorized the management of the Fund to participate in securities lending transactions.

3. AMOUNTS HELD BY FISCAL AGENT

Three of the City's component units (**PAID, PRA** and Philadelphia Energy Authority (**PEA**)) have issued debt that, in accordance with GASB Statement No. 91, is considered conduit debt. Therefore, no asset related to the bond proceeds or liability related to the bonds is shown on their respective financial statements. However, since the City, through various agreements, is responsible for the debt, the proceeds of the issuance are shown as assets of the City.

A. GOVERNMENTAL FUNDS

The General Fund consists of cash and investment balances related to the net proceeds of **PRA** Home Repair City Service Agreement Revenue Bonds Series 2018; **PRA** Neighborhood Preservation Initiative City Service Agreement Revenue Bonds Series 2021A, 2023A, & 2024A&B; **PEA** Street Lighting City Service Agreement Revenue Bonds Series 2023A&B; and **PAID** Rebuild City Service Agreement Revenue Bonds Series 2024.

4. INTERFUND RECEIVABLES AND PAYABLES

A. PRIMARY GOVERNMENT

Interfund receivable and payable balances among Primary Government funds at year-end are the result of 1) the time lag between the dates that interfund goods and services are provided, the date the transactions are recorded in the accounting system and the date payments between funds are made; 2) are short term loans to cover temporary cash deficits in funds awaiting grant reimbursements. All balances are expected to be settled during the subsequent year. Interfund receivable and payable balances within the Primary Government at year-end are as follows:

(Amounts in Thousands)

	Interfund Receivables Due to:				
	General	Non major Special Revenue	Pension Fund	Other Funds	Total
Interfund Payables Due From:					
General	$ -	$ 1,255	$ 95,634	$ 699	$ 97,588
Water & Sewer Fund	-	1,688	-	-	1,688
Non major Special Revenue Funds	24,116	2,680	-	-	26,796
Total	$ 24,116	$ 5,623	$ 95,634	$ 699	$ 126,072

B. COMPONENT UNITS

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

(Amounts in Thousands)

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

5. CAPITAL ASSET ACTIVITY

A. PRIMARY GOVERNMENT

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

(Amounts In Millions of USD)

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

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

(Amounts In Millions of USD)

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

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

(Amounts in Millions of USD)

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

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

B. DISCRETELY PRESENTED COMPONENT UNITS

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

(Amounts In Millions of USD)

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

(Amounts In Millions of USD)

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

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

6. NOTES PAYABLE

The Aviation Fund established a commercial paper (CP) program to provide funding for capital projects currently approved by airlines. CP is a short-term financing tool with a maximum maturity of 270 days and a maximum outstanding balance of $500 million, increased from $350 million. The Philadelphia International Airport's CP Program enables projects to be financed on an as-needed basis; lower the Airport's cost of borrowing, as amounts drawn can be closely matched to capital cash flow requirements; and limit negative arbitrage during the construction period for projects. Outstanding CP notes are "rolled over" until they are refunded with long-term bonds. At June 30, 2025, CP notes outstanding were $332.3 million.

The Water Fund established a CP program to provide funding for capital projects. CP is a short-term financing tool with a maximum maturity of 270 days and a maximum outstanding balance of $400 million. The Philadelphia Water Department's CP Program is primarily used to provide up-front cash for low interest federal and state reimbursement loan programs. The CP Program enables projects to be financed on an as-needed basis; lower the Department's cost of borrowing, as amounts drawn can be closely matched to capital cash flow requirements; and limit negative arbitrage during the construction period for projects. Outstanding CP notes are "rolled over" until loan reimbursements are received from federal and state programs or until they are refunded with long-term bonds. At June 30, 2025, CP notes outstanding were $59.8 million.

(Amounts In Thousands of USD)

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

Pursuant to a contract between the City and the United States Department of Housing and Urban Development (HUD), the City borrows funds through the HUD Section 108 loan program for the purpose of establishing loan

pools to finance qualifying businesses and specific development projects. These funds are placed in custodial accounts established by the Philadelphia Industrial Development Corporation (PIDC), as designee of the City, and are being administered on behalf of the City by PIDC. While the City is the primary borrower, PIDC, acting as the City's designee, makes the repayments on the City's HUD Section 108 Notes Payable. Loan repayments and investment proceeds from un-loaned funds are used to repay the Notes Payable. If there is a deficiency in these resources, the City authorizes PIDC to use Community Development Block Grant (CDBG) program income funds on hand at PIDC to repay the Notes Payable. From fiscal year 2006 through 2025, $12.8 million of CDBG program income funds had been used to repay the debt. Collateral for repayment of the HUD Section 108 loans includes future CDBG entitlements due to the City from HUD.

As of June 30, 2025, HUD had disbursed $130.0 million in loans to PIDC and the amount of outstanding HUD Section 108 Notes Payable was $38.5 million. In connection with this Notes Payable, a corresponding receivable due from PIDC has been recorded under Other Assets on the Governmental Activities Statement of Net Position.

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

(Amounts In Thousands of USD)

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

Pursuant to the provisions of the City of Philadelphia Note Ordinances, **PGW** may issue short-term notes to either support working capital requirements or pay the costs of certain capital projects and other project costs. **PGW** may issue short-term notes in a principal amount, which, together with interest, may not exceed $150.0 million outstanding to support working capital requirements. **PGW** may also issue additional short-term notes in an aggregate principal amount, which may not exceed $120.0 million outstanding at any time to pay the costs of certain capital projects and other project costs. All notes are supported by a Note Purchase and Credit Agreement and a security interest in **PGW**'s revenues. The Note Purchase and Credit Agreement supporting PGW's combined commercial paper programs set the maximum level of outstanding notes plus interest at $120.0 million in FY 2025. The commitment amount is $120.0 million under the current credit agreement. The expiration date of the credit agreement is June 16, 2026.

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

(Amounts In Thousands of USD)

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

7. DEBT PAYABLE

A. PRIMARY GOVERNMENT LONG-TERM DEBT PAYABLE

(1) Governmental Debt Payable

The City is subject to a statutory limitation established by the Commonwealth of Pennsylvania for bonded indebtedness (General Obligation Bonds) payable principally from property taxes. As of June 30, 2025, the statutory limit for the City is $18.3 billion, the General Obligation Debt, net of deductions authorized by law, is $2.7 billion; leaving a legal debt borrowing capacity of $15.6 billion. Termination Compensation costs and Worker's Compensation claims are paid by whichever governmental fund incurs them. Indemnity claims are typically paid by the General Fund. The following schedule reflects the changes in long-term liabilities for the fiscal year:

Long Term Debt Governmental Changes - Primary Government *(Amounts In Millions of USD)*

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

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

(Amounts in Millions of USD)

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

- In June 2025, the City issued $872.6 million in General Obligation Bonds Series 2025ABC. The total proceeds were $931.2 million (which includes a premium of $58.6 million). The proceeds of the bonds were used to finance certain projects in the City's capital budgets, the current refunding of certain maturities of General Obligation Bonds Series 2015A to 2021B and pay the cost of issuance related to the bonds. Interest on the bonds range from 4.460% to 5.250% and is payable on February 1 and August 1 each year until maturity in 2045. The aggregate difference in debt service between the refunding debt and the refunded debt is $25.3 million resulting in a net economic gain of $20.6 million.
- The City has General Obligation Bonds authorized and unissued at year-end of $840.4 million for Governmental Funds. The debt service through maturity for the Governmental GO Debt is as follows:

(Amounts in Millions of USD)

	City Fund		Blended Component Units	
Fiscal	General Fund		PMA	
Year	Principal	Interest	Principal	Interest
2026	122.2	70.6	6.5	5.5
2027	130.8	81.1	6.9	5.2
2028	137.6	74.6	7.2	4.9
2029	112.4	68.7	2.1	4.5
2030	129.7	63.0	6.4	4.5
2031-2035	596.0	221.7	36.7	17.6
2036-2040	419.5	100.4	39.3	8.3
2041-2045	190.6	29.4	14.7	1.6
2046-2050	31.1	0.8	-	-
Totals	1,869.9	710.3	119.8	52.1

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

(Amounts in Millions of USD)

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

(Amounts in Millions of USD)

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

(Amounts in Millions of USD)

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

Pension Service Agreement

In Fiscal 1999, **PAID** issued Pension Funding Bonds Series 1999 in the amount of $1.3 billion. These bonds were issued pursuant to the provisions of the Pennsylvania Economic Development Financing Law and the Municipal Pension Plan Funding Standard and Recovery Act (Act 205). The bonds are special and limited obligations of PAID. The City entered into a Service Agreement with PAID agreeing to make yearly payments equal to the debt service on the bonds. PAID assigned its interest in the service agreement to the parties providing the financing and in accordance with GASB Statement No. 91, PAID treats this as conduit debt and does not include conduit debt transactions in its financial statements.

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

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

Sports Stadium Financing Agreement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) Business Type Debt Payable

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

Long Term Debt Business Changes - Business Type *(Amounts In Millions of USD)*

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

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

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

(Amounts in Millions of USD)

	Interest Rates				Principal	Due Dates			
Water Fund	1.000	%	to	5.500	%	3,433.0	Fiscal	2026	to	2055
Aviation Fund	3.000	%	to	5.000	%	1,306.5	Fiscal	2026	to	2052
Total Revenue Debt Payable						4,739.5				

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

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

(Amounts in Millions of USD)

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

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

(Amounts in Millions of USD)

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

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

(Amounts in Millions of USD)

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

(3) Defeased Debt

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

	(Amounts In Millions of USD)
Governmental Funds:	
General Obligation Bonds	295.2
Enterprise Funds:	
Water Fund Revenue Bonds	101.3
	396.5

(4) Short -Term Borrowings

The City has statutory authorizations to negotiate temporary loans for periods not to extend beyond the fiscal year. The City may borrow funds to pay debt service and required pension contributions due before the receipt of the real estate taxes. The City did not borrow Tax Revenue Anticipation Notes in fiscal year 2025. In accordance with statute, there are no temporary loans outstanding at year-end.

(5) Arbitrage Liability

The City has several series of General Obligation and Revenue Bonds subject to federal arbitrage requirements. Federal tax legislation requires that the accumulated net excess of interest income on the proceeds of these issues over interest expense paid on the bonds be paid to the federal government at the end of a five-year period. At June 30, 2025, the City had an arbitrage liability of $9.8 million and $23.9 million attributable to Governmental and Business-Type Activities, respectively.

(6) Derivative Instruments

The City adopted the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The fair value balances and notional amounts of derivative instruments outstanding as of June 30, 2025, classified by type, and the changes in fair value of such derivatives are as follows:

(Amounts in thousands of USD)

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

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

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

1. *On 7/28/2009, the City terminated a portion of the swap in the amount of $213,505,000 in conjunction with the refunding of its Series 2007B bond with the Series 2009A fixed rate bonds. The City made a termination payment of $15,450,000 to RBC.*
2. *Fair values are shown from the City's perspective and include accrued interest.*

a. City of Philadelphia 2009B General Obligation Bond Swap

Objective: In December 2007, the City entered into a swap to synthetically refund all or a portion of several series of outstanding bonds. The swap structure was used as a means to increase the City's savings when compared with fixed-rate bonds at the time of issuance. The intention of the swap was to create a synthetic fixed-rate structure. On July 28, 2009, the City terminated approximately $213.5 million of the swap, fixed out the bonds related to that portion and kept the remaining portion of the swap, as well as the related bonds as variable rate bonds backed with a letter of credit. The City paid a swap termination payment of $15.5 million to Royal Bank of Canada (RBC).

Terms: The swap was originally executed with RBC, commenced on December 20, 2007, and will terminate on August 1, 2031. Under the swap, the City pays a fixed rate of 3.829% and receives the SIFMA Municipal Swap Index. The payments are based on an amortizing notional schedule (with an original notional amount of $313.5 million). The swap confirmation was amended and restated effective August 13, 2009 to reflect the principal amount of the 2009B bonds, with all other terms remaining the same. As of June 30, 2025, the swap had a notional amount of $100 million and the associated variable rate bonds had a $100 million principal amount. The bonds mature on August 1, 2031.

Fair Value: As of June 30, 2025, the swap had a negative fair value of $5.253 million. A negative value (mark-to-market) means that the City would owe a payment if the swap is terminated. The fair value reflects the effect of non-performance risk, which includes credit risk. The fair value of the swap was measured using the income approach and is categorized within Level 2 of the fair value hierarchy.

Risk: As of June 30, 2025, the City was not exposed to credit risk because the swap has a negative fair value. Should interest rates change, and the fair value of the swap become positive, the City would be exposed to counterparty credit risk in the amount of the swap's mark-to-market value. The City is exposed to traditional basis risk should the relationship between SIFMA and the bonds change; if SIFMA resets at a rate below the variable rate bond coupon payments, the synthetic interest rate on the bonds will increase.

The swap includes an additional termination event based on credit ratings. The swap may be terminated by the City if the rating of RBC falls below Baa3 or BBB- or by RBC if the rating of the City falls below Baa3 or BBB-. There are 30-day cure periods to these termination events. However, because the City's swap payments are insured by Assured Guaranty Municipal Corp. (formerly FSA), no termination event based on the City's ratings can occur as long as Assured is rated at least A3 and A-.

As of June 30, 2025, the rates were:

Term	Rates	
Interest Rate Swap		
Fixed payment to RBC under swap	Fixed	3.82900%
Variable rate payment from RBC under swap	SIFMA	-2.39586%
Net interest rate swap payments		1.43314%
Variable rate bond coupon payments	Weekly reset	2.42793%
Synthetic interest rate on bonds		3.86107%

Swap payments and associated debt: As of June 30, 2025, debt service requirements of the variable-rate debt and net swap payments for their term, assuming the above current interest rates remain the same, were as follows:

Fiscal Year Ending June 30	Variable Rate Bonds Principal	Variable Rate Bonds Interest	Interest Rate Swaps Net	Total Interest
2026	$ -	$ 2,427,930	$ 1,433,140	$ 3,861,070
2027	-	2,427,930	1,433,140	3,861,070
2028	30,535,000	2,427,930	1,433,140	3,861,070
2029	16,340,000	1,686,562	995,531	2,682,093
2030	17,010,000	1,289,838	761,356	2,051,194
2031-2035	36,115,000	1,323,950	781,491	2,105,441
Total:	$ 100,000,000	$ 11,584,140	$ 6,837,798	$ 18,421,938

b. PAID 2007B Swaps

City Entity:	City Lease PAID	City Lease PAID
Related Bond Series	2007B-2 (Stadium)[1]	2007B-2 (Stadium)[2]
Initial Notional Amount	$217,275,000	$72,400,000
Current Notional Amount	$30,550,205	$10,179,795
Termination Date	10/1/2030	10/1/2030
Product	Fixed Payer Swap	Fixed Payer Swap
Rate Paid by Dealer	SIFMA	SIFMA
Rate Paid by City Entity	3.971%	3.971%
Dealer	JPMorgan Chase Bank, N.A.	Merrill Lynch Capital Services, Inc.
Dealer Rating (M/S)	Aa2/A+	A2/A-
Fair Value [3]	($1,266,903)	($422,185)

1. *July 15, 2014, **PAID** terminated a portion of the swap in the amount of $41,555,000 in conjunction with the refunding of its Series 2007B bonds with the Series 2014B fixed rate bonds. **PAID** made a termination payment of $4,171,000 to JPMorgan. On September 11, 2019, **PAID** terminated a portion of the swap in the amount of $33,455,654 in conjunction with the refunding of a portion of its Series 2007B bonds with the Series 2019 bonds. **PAID** made a termination payment of $6,051,000 to JPMorgan.*
2. *On July 15, 2014, **PAID** terminated a portion of the swap in the amount of $13,840,000 in conjunction with the refunding of its Series 2007B bonds with the Series 2014B fixed rate bonds. **PAID** made a termination payment of $1,391,800 to Merrill Lynch. On September 11, 2019, **PAID** terminated a portion of the swap in the amount of $11,149,346 in conjunction with the refunding of a portion of its Series 2007B bonds with the Series 2019 bonds. **PAID** made a termination payment of $1,998,000 to Merrill Lynch.*
3. *Fair values are shown from the City's perspective and include accrued interest.*

Objective: In October 2007, **PAID** entered into two swaps to synthetically refund **PAID**'s outstanding Series 2001B bonds. The swap structure was used as a means to increase **PAID's** savings when compared with fixed-rate bonds at the time of issuance. The intention of the swaps was to create a synthetic fixed-rate structure.

Terms: The total original notional amount of the two swaps was $289.7 million which matched the principal amount of the 2007B bonds issued. One swap, with a notional amount of $217.3 million, was executed with JP Morgan Chase Bank. The other swap, with a notional amount of $72.4 million was executed with Merrill Lynch Capital Services, Inc. Both swaps commenced on October 25, 2007 and will terminate on October 1, 2030. Under the swaps, **PAID** pays a fixed rate of 3.9713% and receives the SIFMA Municipal Swap Index. The payments are based on an amortizing notional schedule.

In May 2014, **PAID** fully refunded the 2007B-1 bonds with the 2014A bonds, a directly purchased note. The 2014As pay interest on a LIBOR-linked index. Concurrently, the two swaps were amended such that the floating rate index on the portions allocable to the 2007B-1 bonds were converted from SIFMA to the same LIBOR-based index as the 2014A bonds. One of the LIBOR-based swaps, with a notional amount of $87.96 million, was documented under a separate trade confirmation with JP Morgan Chase Bank. The other LIBOR-based swap, with a notional amount of $29.31 million, was documented under a separate trade confirmation with Merrill Lynch Capital Services, Inc. Under the LIBOR-based swaps, **PAID** paid a fixed rate of 3.62% and 3.632% (to JPMorgan and Merrill Lynch, respectively), and received 70% of 1-month LIBOR. The payments were based on an amortizing notional schedule.

In July 2014, **PAID** refunded the 2007B-4 bonds, and terminated the allocable portions of the SIFMA-based swaps. **PAID** terminated $41.56 million of notional of the JP Morgan SIFMA-based swap and $13.84 million of notional of the Merrill Lynch SIFMA-based swap, representing the 2015-2018 maturities of each, and paid a total termination payment of $5.56 million. Costs to finance this termination payment were more than offset by refunding savings generated on the bonds, so, the City will receive positive cashflow savings from the transaction in every fiscal year that the bonds are outstanding.

In September 2019, the 2014A swaps were fully terminated in connection with the refunding of the associated bonds. **PAID** made termination payments of $14.493 million to JPM and $4.774 million to MLCS. The 2007B swaps were partially terminated with JPM in the amount of $33,455,654 in conjunction with the refunding of a portion of its Series 2007B bonds with the 2019 bonds. **PAID** made a termination payment of $6,051,000 to JPM. **PAID** terminated a portion of the swap with MLCS in the amount of $11,149,346 in conjunction with the refunding of a portion of its Series 2007B bonds with the 2019 bonds. **PAID** made a termination payment of $1,998,000 to MLCS.

As of June 30, 2025, the swaps together had a notional amount of $40.730 million which matched the principal amount of the associated variable rate bond deals. Payments under these swaps are lease rental obligations of the City.

Fair Value: As of June 30, 2025, the SIFMA-based swap with JP Morgan Chase Bank had a negative fair value of $1.267 million, and the SIFMA-based swap with Merrill Lynch Capital Services, Inc. had a negative fair value of $0.422 million. Negative values (mark-to-market) mean that the City would owe payments if the swaps are terminated. The fair values reflect the effect of non-performance risk, which includes credit risk. The fair values of the swaps were measured using the income approach and are categorized within Level 2 of the fair value hierarchy.

Risks: As of June 30, 2025, **PAID** was not exposed to counterparty credit risk because the swaps had a negative fair value. Should interest rates change and the fair value of the swaps become positive, **PAID** would be exposed to counterparty credit risk in the amount of the swaps' mark-to-market value. The City is subject to traditional basis risk on the SIFMA-based swaps should the relationship between SIFMA and the bonds change; if SIFMA resets at a rate below the variable rate bond coupon payments, the synthetic interest rate on the bonds will increase.

The swaps include an additional termination event based on credit ratings. The swaps may be terminated by **PAID** if the rating of the respective counterparty on the swaps falls below Baa3 or BBB- or by the respective counterparties if the underlying rating on the associated bonds falls below Baa3 or BBB-. There are 30-day cure periods to these termination events. The City's swap payments are insured by Assured Guaranty Municipal Corp (formerly FGIC).

As of June 30, 2025, the rates for the JPMorgan SIFMA-based swap were:

Term	Rates	
Interest Rate Swap		
Fixed payment to JP Morgan under swap	Fixed	3.97130%
Variable rate payment from JP Morgan under swap	SIFMA	-2.39586%
Net interest rate swap payments		1.57544%
Variable rate bond coupon payments	Weekly reset	2.39621%
Synthetic interest rate on bonds		3.97165%

As of June 30, 2025, the rates for the Merrill Lynch SIFMA-based swap were:

Term	Rates	
Interest Rate Swap		
Fixed payment to MLCS under swap	Fixed	3.97130%
Variable rate payment from MLCS under swap	SIFMA	-2.39586%
Net interest rate swap payments		1.57544%
Variable rate bond coupon payments	Weekly reset	2.39621%
Synthetic interest rate on bonds		3.97165%

Swap payments and associated debt: As of June 30, 2025, debt service requirements of the variable-rate debt and net swap payments for their term, assuming the above current interest rates remain the same, were as follows:

JP Morgan

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

Merrill Lynch

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

B. COMPONENT UNIT LONG-TERM DEBT PAYABLE

(1) Governmental Debt Payable

The **SDP** has debt that is classified as General Obligation debt payable. The General Obligation Bonds outstanding at year-end total $3,091.9 million in principal, with interest rates from 2.716% to 6.765% and have due dates from 2026 to 2049. The following schedule reflects the changes in long-term liabilities for the **SDP**:

LONG-TERM OBLIGATIONS (1)

(Amounts in Millions of USD)

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

Notes:

1. Long-term obligations include compensated absences, unemployment, workers' compensation and claims and judgments liabilities that are accrued to the governmental funds to which the individual fund is charged. These liabilities are then liquidated by the General Fund. In addition, OPEB Life Insurance and arbitrage liabilities are fully liquidated by the General Fund.
2. Other liabilities reported on the financial statements under long-term obligations include workers' compensation, unemployment liabilities, claims & judgments, and arbitrage liabilities.
3. IBNR is included with the Self Insurance Health Care Internal Service Fund.

The **SDP** Debt service to maturity on general obligation bonds at June 30, 2025 is summarized as follows: (Excludes debt issued through the State Public School Building Authority)

Governmental Activities

(Amounts In Thousands of USD)

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

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

Governmental Activities

(Amounts In Thousands of USD)

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

(2) Business Type Debt Payable

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

(Amounts In Thousands of USD)

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

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

(Amounts in Millions of USD)

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

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

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

* Includes only PHA debt service amounts, it does not include any amounts related to PHA discretely presented component units.

(3) Defeased Debt

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

	(Amounts In Millions)
School District of Philadelphia	$ 0.9
Total	$ 0.9

As in prior years, **SDP** defeased certain general obligation bonds by placing the proceeds of the refunding bonds in an irrevocable trust to provide for all future debt service payments on the refunded debt. As of June 30, 2025, $0.9 million of bonds outstanding are defeased and the liability has been removed from long-term liabilities related to Sale of District property.

(4) Derivative Instruments

a. PGW Interest Rate Swap Agreement

Objective – In January 2006, the City entered into a fixed rate pay or floating rate receiver interest rate swap to create a synthetic fixed rate for the Sixth Series Bonds. The interest rate swap was used to hedge interest rate risk.

Terms – The swap had an original termination date of August 1, 2031, which was subsequently amended to August 1, 2028. The swaps require the City to pay a fixed rate of 3.6745% and receive a variable rate equal to 70.0% of one month Secured Overnight Financing Rate (SOFR) plus 0.0801% until maturity.

In August 2016, the underlying variable rate bonds maturing in FY2017 through FY2023 were refunded with fixed rate bonds and the related portions of the swaps, totaling $102.7 million in notional amount, were terminated. PGW made a termination payment of $13.9 million to fund this partial termination of the swaps which is included in unamortized loss on bond refunding on the Company's balance sheet.

As of August 31, 2025, the swaps had a notional amount of $78.8 million and the associated variable rate debt had a $78.8 million principal amount, broken down by series as follows:

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

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

Fair value – As of August 31, 2025, the swaps had a combined negative fair value of approximately $1.8 million. The fair values of the interest rate swaps were estimated using the zero-coupon method and are classified as Level 2 within the fair value hierarchy. That method calculates the future net settlement payments required by the swap, assuming current forward rates are implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Risks – As of August 31, 2025, the City is not exposed to credit risk because the swaps had a negative fair value. Should interest rates change, and the fair value of the swaps become positive, the City would be exposed to credit risk in the amount of the swaps' fair value. The swaps include a termination event additional to those in the standard International Swaps and Derivatives Association, Inc. master agreement based on credit ratings. The swaps may be terminated by the City if the rating of the counterparty falls below A3 or A- (Moody's/S&P), unless the counterparty has: (i) assigned or transferred the swap to a party acceptable to the City; (ii) provided a credit support provider acceptable to the City whose obligations are pursuant to a credit support document acceptable to the City; or (iii) executed a credit support annex, in form and substance acceptable to the City, providing for the collateralization by the counterparty of its obligations under the swaps.

The swaps may be terminated by the counterparty if the rating on the City of Philadelphia Gas Works Revenue Bonds falls below Baa2 or BBB (Moody's/S&P). However, because the City's swap payments are insured by Assured Guaranty Municipal Corporation, as long as Assured Guaranty Municipal Corporation is rated at or above A2 or A (Moody's/S&P), the termination event based on the City's ratings is stayed. At the present time, the rating for Assured Guaranty Municipal Corporation is at A2/AA (Moody's/S&P).

The City is exposed to (i) basis risk, as reflected by the relationship between the rate payable on the bonds and 70.0% of one month SOFR plus 0.0801% received on the swap, and (ii) tax risk, a form of basis risk, where the City is exposed to a potential additional interest cost in the event that changes in the federal tax system or if marginal tax rates cause the rate paid on the outstanding bonds to be greater than the 70.0% of one month SOFR plus 0.0801% received on the swap.

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

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

Because the original hedging relationship was terminated when the Sixth Series Bonds were refunded by the Eighth Series Bonds in 2009, there is a difference between the interest rate swap liability and the related deferred outflows of resources. The difference is being amortized on a straight-line basis to expense over the life of the hedge. There are no collateral posting requirements associated with the swap agreements.

8. LEASES

A. CITY AS LESSEE

A lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The City leases and subleases a significant amount of nonfinancial assets such as land, buildings, equipment and infrastructure. The related obligations are presented in the amounts equal to the present value of lease payments, payable during the remaining lease term. As the lessee, a lease liability and associated lease asset is recognized on the government-wide Statement of Net Position.

The City has a variety of variable payment clauses, within its lease arrangements, which include payments dependent on indexes and rates (such as the Consumer Price Index and a market interest rates), including variable payments based on future performance and usage of the underlying asset. Components of variable payments that are fixed in substance, are included in the measurement of the lease liability presented in the table below. The City did not incur expenses related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment. As a lessee, there are currently no agreements that include sale-leaseback and lease-leaseback transactions.

The City also enters into lease arrangements with third parties in which the City is a sublessee.

As of June 30, 2025, the City had minimum principal and interest payment requirements for its leasing activities, with a remaining term more than one year, for its Governmental and Business-Type Activities as follows (in thousands):

Governmental Activities

Fiscal Year Ending June 30	Principal	Interest	Total
2026	$ 35,017	$ 17,037	$ 52,054
2027	46,225	16,053	62,278
2028	50,908	14,820	65,728
2029	52,050	13,523	65,573
2030	48,128	12,242	60,370
2031-2035	224,438	42,818	267,256
2036-2040	101,296	19,861	121,157
2041-2045	46,690	9,671	56,361
2046-2050	23,194	2,187	25,381
2051-2055	3,000	179	3,179
Total	$ 630,946	$ 148,391	$ 779,337

Business-Type Activities

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

B. CITY AS LESSOR

Additionally, as the lessor, the City leases, and subleases City-owned properties such as buildings, land, terminal concessions, and advertising space. The related receivables are presented in the Statement of Net Position for the amounts equal to the present value of lease payments expected to be received during the lease term. Revenue recognized under these lease contracts including interest during the year ended June 30, 2025 was $3.1 and $68.0 million, for the Governmental and Business-Type Activities, respectively. These amounts include variable payments not previously included in the measurement of the lease receivable.

The City's variable payments clause within its lease arrangements as the lessor, is similar to the arrangements made as lessee. The City did not incur revenue related to residual value guarantees or lease termination penalties. It also does not currently have agreements that include sale-leaseback and lease-leaseback transactions.

The following are schedules by year of minimum payments to be received under lease contracts that are included in the measurement of the lease receivable as of June 30, 2025 (in thousands):

Governmental Activities

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

Business-Type Activities

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

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

C. REGULATED LEASES

The Aviation Department does not recognize a lease receivable or a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, between airports and air carriers and other aeronautical users. Regulated leases include the following:

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

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

Hangers Ground Rentals:
The Aviation Division has entered into several agreements for aircraft maintenance facilities, cargo facilities and ramps, buildings, and land, which are regulated and whose term extends beyond June 30, 2025. Revenue recognized for these leases was $3.6 million in Fiscal Year 2025.

Other Regulated Leases:
The Aviation Division has entered into an agreement with an airline fueling consortium at PHL. As defined by GASB 87, fuel consortium agreements are considered regulated. Revenue recognized for this agreement was $2.3 million in Fiscal Year 2025.

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

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

9. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

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

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

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

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

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

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

10. DEFERRED COMPENSATION PLANS

A. PRIMARY GOVERNMENT

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code section 457. As required by the Code and Pennsylvania laws in effect at June 30, 2014, the assets of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. In accordance with GASB Statement No.32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, as amended by GASB Statement No. 84 and GASB Statement No. 97, the City does not include the assets or activity of the plan in its financial statements.

The City of Philadelphia deferred compensation plan (457 plan) is considered a defined contribution pension plan for reporting purposes. Only employees participating in Pension Plan 10 and Plan 16 are eligible for the City match; provided that any Plan 16 employees whose annual salary is greater than the Stacked Hybrid Cap of $65,000. The City will provide a match of 50% of employees' contribution up to maximum of 1.5% of the employee's annual salary. These contributions from both the employee and employer are deposited in a trust account held and administered by a third-party. The accounts are held in the name of each employee and the employee has control over how the investments are managed (which investments to choose, and when to withdraw investments). The City provides no guarantees on investment returns and has no liability to the plan beyond providing the match previously described. The employee contributions are immediately vested (no restrictions on withdraw). The employer contributions are vested after five years of credited service. If the employee separates from service prior to completion of five (5) years of Credited Service, the employee's City match will be forfeited. Any forfeitures of employer contributions are used to offset future employer contributions or plan costs. In FY 2025, the City contributed $1.7 million to the plan, net of any forfeitures.

B. COMPONENT UNITS

1) Philadelphia Gas Works (PGW) offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The Plan is available to all **PGW** employees with at least 30 days of service, permits them to defer a portion of their salary until future years. PGW provides an annual 50.0% matching contribution of applicable wages, up to a maximum of $1000, that immediately vests to the employee. PGW contributed $1.2 million in FY 2025.

2) The School District of Philadelphia (SDP) offers its employees a 403 (b) Plan and a 457 (b) Deferred Compensation Plan. Termination pay is the accrued and unpaid amounts of vacation, personal and sick leave for a resigning or retiring employee. For employees resigning or retiring during or after the calendar year in which they attain age 55, the SDP makes an automatic and mandatory employer contribution of termination pay to the Plans up to the annual contribution limits for such Plans. Under the 403(b) Plan, termination pay contributions are treated as employer contributions to a retirement plan, and the contributions are not included in employee wages nor subject to FICA. While contributions under the 457(b) Plan are considered wages for FICA purposes. Under both plans, contributions are not subject to Pennsylvania Personal Income Tax or Philadelphia Wage Tax. For that reason, the School District does not withhold those taxes.

11. FUND BALANCE POLICIES

Fund Balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. GASB Statement No. 54 provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

- Non-Spendable Fund Balance ─ Includes amounts that cannot be spent because they are either (a) not in a spendable form, or (b) legally or contractually required to be maintained intact.

- Restricted Fund Balance ─ Includes amounts for which constraints have been placed on the use of resources which are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed Fund Balance – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by an ordinance passed by Philadelphia's City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the ordinance that was employed when the funds were initially committed.

- Assigned Fund Balance ─ Includes amounts that are constrained by a government's intent to be used for a specific purpose but are neither restricted nor committed. The intent may be expressed by the Budget Director, other authorized department heads or their designees, to which the Finance Director has granted the authority to assign amounts to be used for specific purposes. There is no prescriptive action to be taken by the authorized officials in removing or modifying the constraints imposed on the use of the assigned amounts.

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

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

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

Appropriations to the Budget Stabilization Reserve shall, each year, be made in the following amounts, provided that total appropriations to the Budget Stabilization Reserve shall not exceed five percent (5%) of General Fund Appropriations:

(1) Such amounts as remain unencumbered in the Budget Stabilization Reserve from the prior fiscal year, including any investment earnings certified by the Director of Finance; plus

(2) When projected General Fund Balance for the end of the fiscal year to which the operating budget relates, without taking into account any deposits to the Budget Stabilization Reserve required by subsection , equals or exceeds three percent of General Fund appropriations for the upcoming fiscal year, an amount equal to three-quarters of one percent (.75%) of Unrestricted Local General Fund Revenues for the upcoming fiscal year; plus

(3) Such additional amounts as the Council shall authorize by ordinance, no later than at the time of passage of the annual operating budget ordinance and upon recommendation of the Mayor.

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

The Director of Finance shall allow withdrawals from the Budget Stabilization Reserve only upon (1) approval by ordinance of a transfer of appropriations from the Budget Stabilization Reserve, pursuant to Section 2-300(6) of the City Charter, and only for the purposes set forth in such transfer ordinance; and (2) either:

(1) A certification by the Director of Finance that General Fund Revenues actually received by the City during the prior fiscal year were at least one percent (1%) less than the General Fund Revenues set forth in the Mayor's estimate of receipts pursuant to Section 2-300(3) of the City Charter; or

(2) A certification by the Director of Finance that such withdrawal is necessary to avoid either a material disruption in City services or to fund emergency programs necessary to protect the health, safety or welfare of City residents; and that it would be fiscally imprudent to seek emergency appropriations pursuant to Section 2-301(a) of the City Charter. Such certification must be approved either by (1) a resolution adopted by two-thirds of all of the members of the Council, or (2) an agency of the Commonwealth with responsibility for ensuring the fiscal stability of the City.

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

Appropriations to the Budget Stabilization Reserve shall, each year, be made in the following amounts, provided that total appropriations to the Budget Stabilization Reserve shall not exceed seventeen percent of projected General Fund Revenues for end of the current fiscal year as of the first business day after February 14:

(1) Such amounts as remain unencumbered in the Budget Stabilization Reserve from the prior fiscal year, including any investment earnings certified by the Director of Finance; plus

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

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

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

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

(3) Such additional amounts as the Council shall authorize by ordinance, no later than at the time of passage of the annual operating budget ordinance and only upon recommendation of the Mayor.

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

To the extent that funds are available for expenditure in both the restricted and the other fund balance categories, except for the non-spendable category, funds shall be expended first from the restricted amounts and then from the other fund balance categories amounts excluding non-spendable. To the extent that funds are available for expenditure in these other categories, except for the non-spendable fund balance, the order of use shall be; committed balances, assigned amounts, and lastly, unassigned amounts. The table below presents a more detailed breakdown of the City's fund balances at June 30, 2025:

Amounts in Thousands

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

12. INTERFUND TRANSACTIONS

During the course of normal operations, the City has numerous transactions between funds. These transactions are recorded as transfers and are reported as other financial sources (uses) in the Governmental Funds and as transfers in the Proprietary Funds.

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

Transfers between fund types during the year were:

(Amounts in Thousands of USD)

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

13. TAX ABATEMENTS

Pursuant to GASB Statement No. 77, *Tax Abatement Disclosures,* the City is required to disclose certain information about tax abatements as defined in the Statement. For the purposes of GASB Statement No. 77, a tax abatement is a reduction in tax revenues that results from an agreement between one or more governments and an individual, or entity, in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to the economic development or otherwise benefits the City or the citizens of the City. The City has entered into such agreements. The quantitative threshold set by the City for disclosing its tax abatement programs is currently $500,000 or more. A description of each of the City's tax abatement programs where the City has promised to forgo taxes are as follows:

TAX CREDIT AGREEMENTS ENTERED INTO BY THE CITY OF PHILADELPHIA

Community Development Corporation (CDC) Tax Credit:
The Program rewards local businesses that contribute to economic development efforts as sponsors in distressed parts of the city. A sponsor will receive a tax credit of $100,000 per year against its Business Income and Receipts Tax liability for each year the sponsor contributes $100,000 in cash to a qualifying organization.

The Philadelphia Code under Chapter § 19-2604 (6) defines the implementation of the Community Development Corporation (CDC) Tax Credit. Section 501 of the Business Income and Receipts Tax regulations provides a full description of the CDC Tax Credit, including definitions of qualifying CDCs.

The CDC tax credit is available to a maximum of 42 businesses in any given tax year. The sponsor must contribute $100,000 in cash to a qualifying organization under the terms and conditions of the Business Income and Receipts Tax regulations and the contribution agreement. Contributions exceeding $100,000 will not be entitled to any additional tax credit and no tax credit will be available if contributions are less than $100,000. Sponsors must make full contribution by December 31st of each year. A sponsor must take the credit on the tax year for which the contribution is made. Any tax credit not used in the period the contribution was made may not be carried forward or carried backward. Tax credits are non-transferable and may be used only by the sponsor.

A business as a sponsor that pledges and contributes $100,000 annually to a currently non-participating qualifying organization for 10 consecutive years; obtains a tax credit of $100,000 or actual BIRT tax liability per year, whichever is lower.

Under the CDC tax credit program there are currently no provisions for recapturing the past abated tax monies.

Gross dollar amount, on an accrual basis, by which the City's tax revenues were reduced as a result of the CDC Tax Credit program for fiscal year 2025 totaled **$2,939,648.**

Job Creation Tax Credit:
The Job Creation Tax Credit rewards businesses that increase the number of jobs available in the City of Philadelphia.

The Philadelphia Code under Chapter § 19-2604 (7) defines the implementation of the Job Creation Tax Credit. A full description of the Job Creation Tax Credit can be found under Section 502 of the BIRT regulations.

A business can attain this credit if it creates 25 new jobs or increases its number of employees by at least 20% within five years of the designated start date. Program participants must commit to maintaining business operations in the City of Philadelphia for five years.

The credit amount for jobs created is 2% of annual wages paid for each new job or $5,000 per new job created, whichever is higher, subject to the maximum amount specified in the commitment agreement.

There are no provisions for recapturing this tax credit.

Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of the Job Creation Tax Credit program for fiscal year 2025 totaled **$184,929.**

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

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

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

There are no provisions for recapturing this tax credit.

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

For the above Tax Credit Agreements entered into by the City of Philadelphia;

- There were no forgone revenues received, or receivable from other governments.
- There were no other commitments, other than to reduce taxes.
- No tax abatement agreement has been disclosed individually.
- No required information has been omitted.

REAL ESTATE TAX ABATEMENT AGREEMENTS ENTERED INTO BY THE CITY OF PHILADELPHIA

- Development Abatement for New or Improved Residential Properties (State Act 175)
- Rehab Construction for Residential Properties (Ordinance 961)
- Rehab & New Construction for Commercial & Industrial Properties (Ordinance 1130)
- New Construction for Residential Properties (Ordinance 1456-A)

Specific taxes being abated are Real Estate taxes.

The purpose of these programs is to encourage new construction or rehabilitation of properties, to help revitalize communities, retain residents, attract home and business owners to the City of Philadelphia, and reduce development costs for commercial and residential projects.

To be eligible to receive these tax abatements; owners/developers rehabbing or building residential properties, and/or owners/developers rehabbing or building property to be sold or leased for commercial, industrial or business purposes that make improvements, under City issued permits, that affect the assessed value of the property.

For the State Act 175, Real Estate Taxes are abated for the first 30 months or until property is leased or sold, whichever occurs first.

For Ordinance 961, Ordinance 1130, & Ordinance 1456-A; Real Estate Taxes are abated for 10 years, beginning January 1st, after the improvement is certified by the owner.

The amount of tax abatement is determined, such as dollar amount or percentage of taxes owed, based on the change in value due to the improvements.

There are no provisions to recapture abated taxes.

Gross dollar amounts, on an accrual basis, by which the City's tax revenues were reduced as a result of the Real Estate tax abatement programs for fiscal year 2025 were:

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

For the above Real Estate Tax Agreements entered into by the City of Philadelphia;

- There were no forgone revenues received, or receivable from other governments.
- There were no other commitments other than to reduce taxes.
- No tax abatement agreement has been disclosed individually.
- No required information has been omitted.

TAX ABATEMENT AGREEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Keystone Opportunity Zone (KOZ)

For properties in the areas designated by the Pennsylvania Department of Community and Economic Development. A KOZ property is a legislatively designated parcel where little to no development has taken place. Philadelphia offers tax abatements to businesses that invest in these areas.

The specific taxes being abated are Business Income and Receipt Tax, Net Profit Tax, and Real Estate Tax.

The Philadelphia Code, Chapter § 19-3200 defines the implementation of the Keystone Opportunity Zone, Economic Development District, and Strategic Development Area Tax Credit.

To qualify for Keystone Opportunity Zone Tax Credits, a business must:

- Own or lease property in one of the designated zones; and actively conduct a trade, business, or profession in that same designated zone.
- The qualified business must receive initial certification from the Pennsylvania Department of Community and Economic Development (DCED).

Waived or reduced taxes will apply when filing the tax forms/returns listed below.

State Taxes:

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

City Taxes:

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

Abatement/credit amounts are based on the recipients' tax return filings and real estate tax valuations.

If any qualified business located within the zone has received an exemption, abatement or credit under this Chapter and subsequently relocates outside of the zone before agreement period ends; that business will refund to the City or School District, the exemptions, abatements or credits attributed in accordance to the Philadelphia Codes.

Commitments made by recipients include;

- Must be up to date on all City and State taxes and in compliance with City and State laws and regulations.
- Must file KOZ application annually.
- If presently a PA business and relocated to a KOZ, they must,
  - increase employment by 20% in the first year
  - or invest the equivalent of 10% of the previous year's gross revenues in capital improvements to the KOZ Property.
  - or enter into a lease agreement for property within a KOZ for a term at least equivalent to the duration of the KOZ property and with an aggregate payment under the lease at least equivalent to 5% of the gross revenues of that business in the immediately preceding calendar or fiscal year.

Gross dollar amounts, on accrual basis, by which the City's tax revenues were reduced as a result of the KOZ tax abatement programs for fiscal year 2025 were:

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

For the above Tax Abatement Agreements entered into by Other Governments;

- There were no forgone revenues received, or receivable from other governments.
- There were no other commitments other than to reduce taxes.
- No tax abatement agreement has been disclosed individually.
- No required information has been omitted.

The following summarizes the fiscal year 2025 tax abatement agreements, and their respective dollar totals, entered into by the City of Philadelphia and Other Governments.

Tax Credit Agreements entered into by the City of Philadelphia

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

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

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

Tax Abatement Agreements entered into by Other Governments

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

Tax Increment Financing (TIF)

The Commonwealth of Pennsylvania has approved the Tax Increment Financing Act that authorizes the taxing bodies of the City of Philadelphia (the City and School District) to create geographic areas ("TIF Districts"), where certain increases in tax revenue may be used to finance improvements in the TIF Districts. The TIF loan is usually

funded by a private lender, i.e. bank, and is paid by the incremental taxes from Real Estate, Use and Occupancy, City Sales and Business Privilege.

Philadelphia Industrial Development Corporation (PIDC), acting on behalf of Philadelphia Authority for Industrial Development (PAID), can propose any area of the City to City Council and the School District for approval as a TIF District under the terms of the Act. Any new improvements can be funded by the TIF loan.

TIF's are a financing tool that enable the City to establish a district in a blighted area, within which increases in taxes resulting from development of the district can be applied to project costs in the district or to project-related debt service.

The total gross dollar amount, on an accrual basis, by which the City's fiscal year 2025 tax revenues were redirected as result of the TIF program was **$1,010,061**.

14. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund balance sheet (Exhibit III) includes reconciliation to the Net Position of Governmental Activities. One element of that reconciliation states the "Long Term Liabilities, including bonds payable, are not reported in the funds". The details of this difference are as follows:

	(Amounts in Millions)	
Bonds Payable	$	2,143.9
Service Agreements		1,611.9
Indemnity Claims		241.9
Employee Related Obligations		953.0
Arbitrage		9.8
Leases		631.5
Subscriptions		27.1
Total Adjustment:	$	5,619.1

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

A. COMPONENT UNIT

1. PGW

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

2. PPA

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

16. NET POSITION RESTRICTED BY ENABLING LEGISLATION

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

(Amounts in Thousands of USD)

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

17. FUND DEFICITS

- The Grants Revenue fund, which is a Special Revenue Fund, has a Fund Balance Deficit at year-end of $656.0 million. The deficit was primarily caused by the recording of reimbursed costs and corresponding revenues for services provided by the Department of Human Services to the grants fund, and the delay in billing and receiving reimbursements from the state.

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

IV. OTHER INFORMATION

1. PENSION PLANS

The City maintains two single employer defined benefit plans for its employees and several of its component units. The two plans maintained by the City are the City Plan and the Philadelphia Gas Works (PGW) Plan. In addition to the City, the three other quasi-governmental agencies that participate in the City Plan are the Philadelphia Parking Authority (PPA), the Philadelphia Municipal Authority (PMA), and the Philadelphia Housing Development Corporation (PHDC).

Effective with Fiscal Year 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This statement revises existing standards for measuring and reporting pension liabilities for pension plans. GASB Statement No. 68 defines a single employer as the primary government and its component units. All three quasi-governmental agencies that participated in the City Plan were determined to be component units of the City. Therefore, the City Plan meets the definition of a single employer plan.

The note disclosures and Required Supplementary Information required by GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, are presented in the separately issued audited financial statements of the City Plan and PGW Plan. Copies of these financial statements may be obtained by contacting the Director of Finance of the City of Philadelphia.

A. PRIMARY GOVERNMENT

(1) City Plan

a. PENSION FUND DESCRIPTION

Plan Administration

The Philadelphia Board of Pensions (the Pension Board) administers the City of Philadelphia Municipal Pension Fund (the Fund), a single employer defined benefit pension plan with a defined contribution component, which provides pensions for all officers and employees of the City of Philadelphia (the City), as well as those of three quasi-governmental agencies (per applicable enabling legislation and contractual agreements). The Board was established by section 2- 308 of the 1952 Philadelphia Home Rule Charter. Its actions in administering the Retirement System are governed by Title 22 of the Philadelphia Code.

The Board consists of nine voting members - four elected by the active members within the civil service, and the City's Controller, Solicitor, Managing Director, Personnel Director, and Director of Finance, who serves as the Chair.

Plan Membership

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

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

Contributions

Per Title 22 of the Philadelphia Code, members contribute to the Fund at various rates based on bargaining unit, uniform/non-uniform/elected/exempt status, and entry date into the Fund. Beginning July 1, 2024, members contributed at one of the following rates:

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

	Municipal (1)	Elected (2)	Police	Fire
Plan 67	7.00%	N/A	6.00%	6.00%
Plan 87	3.67%	11.74%	6.84%	6.84%
Plan 87 - 50% of Aggregate Normal Cost (3)	4.45%	N/A	N/A	N/A
Plan 87 - Accelerated Vesting (4)	5.68%	13.23%	N/A	N/A
Plan 87 Prime (5)	4.67%	12.74%	7.84%	7.84%
Plan 10	2.61%	N/A	7.34%	7.34%
Plan 10 - Accelerated Vesting	3.54%	N/A	N/A	N/A
Plan 16 (6)	4.16%	N/A	N/A	N/A
Plan 16 - Accelerated Vesting (7)	4.65%	N/A	N/A	N/A

1- For the Municipal Plan 67 members who participate in the Social Security System, employee contributions are 4.75% of compensation up to the social security wage base and 7% above it.
2- The employee contribution rate is based upon the normal cost of $619,636 under plan 87 Elected, normal cost or $348,437 under Plan 87 Municpal and current annual payroll of $3,496,843.
3- This represents 50% of aggregate Normal Cost for all members in Plan Y and applies to Deputy Sheriffs hired between 1/1/2012 and 6/20/2018.
4- Member rates for Municipal Plan 87 (Y5) members eligible to vest in 5 years and Elected Officials (L8) eligible to be vested in 8 years instead of 10 years.
5- Plan 87 Prime refers to new hires who have the option to elect Plan 10 but have elected to stay in Plan 87. New hires after 7/1/2017 in Police and Fire Plan 87 Prime pay 8.50% and are not reflected above.
6- All Municipal groups (except elected officials) hired after January 1, 2019 participate in Plan 16.
7- Member rate for Municipal Plan 16 members eligible to vest in 7 years instead of 10 years.

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

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

Employer contributions are made by the City throughout each fiscal year (which ends June 30) and by three (3) quasi-governmental agencies on a quarterly basis. These contributions, determined by an annual Actuarial Valuation Report (AVR), when combined with plan member contributions, are expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Within the AVR, three contribution amounts are determined based upon three different sets of rules for determining the way the unfunded actuarial liability is funded.

The first method is defined in accordance with Act 205 and defines the Minimum Municipal Obligation (MMO), which is the City's minimum required contribution under Pennsylvania state law.

The second method is in accordance with the City's Funding Policy, which predates the Act 205 rules and calls for contributions that are greater than the MMO until the initial unfunded liability determined in 1984 is fully funded.

The third method currently followed by the City, the Revenue Recognition Policy (RRP), calls for additional revenue to be contributed each year in addition to the MMO. There are three sources of additional revenue

that will be received by the Fund: 1) a portion of the sales tax according to the State Legislation, 2) additional tiered member contributions based on salary level for all municipal employees, and 3) additional member contributions from the current and future uniform members in Plan 87.

Under all funding methods there are two components: the normal cost and the amortized unfunded actuarial liability. The actuarial unfunded liability is the amount of the unfunded actuarial liability that is paid each year based upon the given or defined amortization periods. The amortization periods are the same under the MMO and RRP, but different under City's Funding Policy.

City's Funding Policy:
The initial July 1,1985 Unfunded Actuarial Liability (UAL) was amortized over 34 years ending June 30, 2019, with payments increasing at 3.3% per year, the assumed payroll growth. All future amortization periods will follow the MMO funding policy below. Other changes in the actuarial liability are amortized in level-dollar payments as follows:

- Actuarial gains and losses – 20 years beginning July 1, 2009. Prior gains and losses were amortized over 15 years.
- Assumptions changes – 15 years beginning July 1, 2010. Prior to July 1, 2010, assumption changes were amortized over 20 years.
- Plan changes for active members – 10 years.
- Plan changes for inactive members – 1 year.
- Plan changes mandated by the State – 20 years.

In fiscal year 2025, the City and other employers' contributions of $864.2 million was more than the Actuarially Determined Employer contribution (ADEC) of $792.0 million. In the event that the City contributes less than the funding policy, an experience loss will be created which will be amortized in accordance with funding policy over a closed 20-year period.

The Schedule of Employer Contributions (based on the City's Funding Policy) is included as Required Supplementary Information (page 33) and provides a 10-year presentation of the employer contributions.

Minimum Municipal Obligation (MMO):
For the purposes of the MMO under Act 205 reflecting the fresh start amortization schedule, the July 1, 2009, UAL was "fresh started" to be amortized over 30 years ending June 30, 2039. This is a level dollar amortization of the UAL.

In fiscal year 2025, the City and other employers' contributions of $864.2 million exceeded the Minimum Municipal Obligation of $652.9 million.

The Schedule of Employer contributions (based on the MMO Funding Policy) is included as Required Supplementary Information (page 33) and provides a 10-year presentation of the employer contributions.

Revenue Recognition Policy (RRP)
Revenue Recognition Policy is similar to the MMO except that the assets used to determine the unfunded liability do not include the accumulated value of sales tax revenue, tiered member contributions from the municipal employees, and additional uniform members' contributions. These sources of income are contributed over and above the City's contribution under RRP. Therefore, under this funding method the additional revenue amounts are separately tracked and accumulated in a notional account which is then subtracted from the assets before calculating the contribution amounts due under the MMO methodology. Actuary accumulates these amounts in a notional account and deducts them from the Actuarial Asset Value before the RRP is determined. These amounts are accumulated using the market value of asset return.

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

The Schedule of Employer Contributions (based on the RRP Funding Policy) is included as Required Supplementary Information (page 33) and provides a 10-year presentation of the employer contributions.

b. BENEFITS

The Fund provides retirement, disability, and death benefits according to the provisions of Title 22 of the Philadelphia Code. These provisions prescribe retirement benefit calculations, vesting thresholds, and minimum retirement ages that vary based on bargaining unit, uniform/nonuniform status, and entry date into the System.

Nonuniform employees may retire at either age 55 with up to 80% of average final compensation (AFC) or age 60 with up to either 100% or 25% of AFC, depending on entry date into the Fund. Uniformed employees may retire at either age 45 with up to 100% of AFC or age 50 with up to either 100% or 35% of AFC, depending on entry date into the Fund. Survivorship selections may result in an actuarial reduction to the calculated benefit.

Members may qualify for service-connected disability benefits regardless of length of service. Service-connected disability benefits are equal to 70% of a member's final rate of pay and are payable immediately without an actuarial reduction. These applications require approval by the Board. Eligibility to apply for nonservice-connected disability benefits varies by bargaining unit and uniform/nonuniform status. Non-service-connected disability benefits are determined in the same manner as retirement benefits and are payable immediately.

Service-connected death benefits are payable to:

1. surviving spouse/life partner at 60% of final rate of pay plus up to 2 children under age 18 at 10% each of final rate of pay (maximum payout: 80%); or
2. if no surviving spouse/life partner, up to 3 children under age 18 at 25% each of final rate of pay (maximum payout 75%); or
3. if no surviving spouse/life partner or children under age 18, up to 2 surviving parents at 15% each of final rate of pay (maximum payout 30%).

Non-service-connected deaths are payable as a lump sum payment, unless the deceased was either vested or had reached minimum retirement age for their plan, in which case the beneficiary(ies) may instead select a lifetime monthly benefit, payable immediately with an actuarial reduction.

Pension Adjustment Fund (PAF): PAF is funded with 50% of the excess earnings that are between 1% and 6% above the actuarial assumed earnings rate. Each year within 60 days of the end of the fiscal year, by majority vote of its members, the Board of Directors of the Fund (the Board) shall consider whether sufficient funds have accumulated in the PAF to support an enhanced benefit distribution (which may include, but is not limited to, a lump sum bonus payment, monthly pension payment increases, ad-hoc cost of living adjustments, continuous cost-of-living adjustments, or some other form of increase in benefits as determined by the Board) to retirees, their beneficiaries and their survivors. As of July 1, 2024, the date of the most recent actuarial valuation, there was $7.8 million in the PAF. There was no PAF distributions during the fiscal year ended June 30, 2025.

The Fund includes a Deferred Retirement Option Plan (DROP Plan). The DROP Plan allows a participant to declare that they will retire within 4 years. During the four-year period, the City will make no further contributions for the participant. The participants would continue to work and to receive their salary; however, any increases would not be counted towards their pension benefit. During the four-year period the individual participates in the DROP Plan, their pension benefits will be paid into an escrow account in the participant's name. After the four-year period, the participant would begin to receive their pension benefits and the amount that has been accumulated in the escrow account in a lump sum payment. The balance in the DROP Plan as of June 30, 2025, is $383 million.

c. INVESTMENTS

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

The overall investment objectives and goals should be achieved by the use of a diversified portfolio, with safety of principal a primary emphasis. The portfolio policy should employ flexibility by prudent diversification into various asset classes based upon the relative expected risk-reward relationship of the asset classes and the expected correlation of their returns.

The Fund seeks an annual total rate of return of not less than 7.25% over a full market cycle. It is anticipated that this return standard should enable the Fund to meet its current actuarially assumed earnings projection of 7.25% over a market cycle. The investment return assumption was reduced by the Board from 7.30% to

7.25% from the prior fiscal year. The Fund's investment program will pursue its aforestated total rate of return by a combination of income and appreciation, relying upon neither exclusively in evaluating a prospective investment for the Fund.

All investments are made only upon recommendation of the Fund's Investment Committee and approval by a majority of the Pension Board. In order to document and communicate the objectives, restrictions, and guidelines for the Fund's investment staff and investments, a continuously updated Investment Policy Statement is maintained. The Investment Policy Statement is updated (and re-affirmed) each year at the January Board meeting. The following was the Board's approved asset allocation policy as of October 26, 2023:

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

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

Money-Weighted Rate of Return
For the year ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.12%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

d. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
Financial statements of the Fund are prepared using the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the Fund.

Method Used to Value Investments
The Fund's investments are reported at fair value. Fair value is the amount that the Fund can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller, that is, other than in a forced or liquidation sale. Fixed income securities and common and preferred stocks are generally valued based on published market prices and quotations from national security exchanges or securities pricing services. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on similar sales.

For alternative investments which include private equity, private debt, venture capital, hedge funds, and equity real estate investments where no readily ascertainable market value exists, management, in consultation with the general partner and investment advisors, has determined the fair values for the individual investments based upon the partnership's most recent available financial information. Some of the investment values provided in the report are estimates due to a lag in reporting for alternative investments.

Futures contracts, foreign exchange contracts, and options are marked-to-market daily with changes in market value recognized as part of net appreciation/depreciation in the fair value of investments. Initial margin requirements for such financial instruments are provided by investment securities pledged as collateral or by cash.

Investment expenses consist of investment manager fees and investment consultant fees related to the traditional investments only, and not those fees related to the alternative investments. Fair market values reported for the alternative investments are net of investment expenses. Unsettled investment sales are reported as Accrued Interest and Other Receivables, and unsettled investment purchases are included in Accrued Expenses and Other Liabilities.

Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on an accrual basis.

Income Taxes
The Fund qualifies under Section 401(a) of the Internal Revenue Code (IRC) and is exempt from income taxation as allowed by Section 501(a) of the IRC.

Related Parties
The City's Department of Finance provides cash receipt and cash disbursement services to the Fund. The City's Solicitor's office provides legal services to the Fund. Other administrative services are also provided by the City.

Use of Estimates in Preparing Financial Statements
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties
The Fund invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Fiduciary Net Position.

Contributions are calculated based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these statements and assumptions in the near-term would-be material to the financial statements.

Administrative Expenses
Administrative expenses of the Fund are paid for by the Fund.

e. CASH DEPOSITS, INVESTMENTS AND SECURITIES LENDING

Legal Provisions
The Fund is authorized to invest in "prudent investments," including obligations of the U.S. Treasury, agencies, and instrumentalities of the United States, corporate bonds, common stock, real estate, private market, etc. City ordinances contain provisions which preclude the Fund from investing in organizations that conduct business in certain countries and impose limitations on the amounts invested in certain types of securities.

Custodial Credit Risk
Custodial credit risk for Deposits is the risk that in the event of a bank failure, the Fund’s deposits may not be returned to them. The Fund’s cash deposits are held in two banks as of June 30, 2025. Amounts are insured up to $250,000 per bank by the Federal Deposit Insurance Corporation (FDIC). Deposits in excess of the FDIC limit are collateralized with securities held by the pledging financial institution’s trust department or agent in the Fund’s name. The Fund classifies Money Market funds held by custodian institution, Northern Trust, as cash equivalents. The Fund also classifies Treasury Bills and Commercial Papers as cash equivalent if the date of maturity is three months or less from the acquisition date.

Custodial credit risk for Investments is the risk that in the event of counter-party failure, the Fund may not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities held by the counterparty or counterparty’s trust department are uninsured and are not registered in the name of the Fund. The Fund requires that all investments be clearly marked as to ownership, and to the extent possible, be registered in the name of the Fund. Certain investments may be held by the managers in the Fund’s name. There is no formally adopted investment policy to manage custodial credit risk.

Interest Rate Risk
Interest rate risk is the largest risk faced by an investor in the fixed income market. The price of a fixed income security generally moves in the opposite direction of the change in interest rates. Securities with long maturities are highly sensitive to interest rate changes.

Duration is a measure of the approximate sensitivity of a bond's value to interest rate changes. The higher the duration, the greater the changes in fair value when interest rates change. The Fund measures interest rate risk using *segmented time distribution*, which shows the total fair value of investments maturing during a given period. There is no formally adopted investment policy to manage interest rate risk.

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

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

Concentration of Credit Risk
Concentration of credit risk is the risk of substantial loss if investments are concentrated in one issuer. As of June 30, 2025, the Fund has no single issuer that exceeds 5% of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded. There is no formal policy regarding concentration of credit risk.

Credit Risk
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The fund is subject to credit risk on $1.2 billion of directly owned fixed income securities. The Fund's directly owned rated debt investments as of June 30, 2025, were rated by Standard & Poor's, a nationally recognized statistical rating agency and are presented below using Standard and Poor's rating scale (in thousands):

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

* U.S. government agency securities explicitly guaranteed by the U.S. government are categorized here.

Foreign Currency Risk

The Fund's exposure to foreign currency risk derives from its position in foreign currency-denominated cash and investments in fixed income, equities, and derivatives. The foreign currency investment in equity securities is 39.21% of the total investment in equities. There is no formally adopted investment policy to limit foreign currency exposure. The Fund's exposure to foreign currency risk on June 30, 2025, was as follows (expressed in thousands):

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

Derivatives
The Fund may invest in derivatives as permitted by guidelines established by the Pension Board. Pursuant to such authority, the Fund may invest in foreign currency forward contracts, options, futures (S&P Fund) and swaps. No derivatives were purchased with borrowed funds.

Derivatives are generally used to provide market exposure in the equity portfolio and to hedge against foreign currency risk and changes in interest rates, improve yield and adjust the duration of the Fund's fixed income portfolio. These securities are subject to changes in value due to changes in interest rates or currency valuations. Credit risk for derivatives results from the same considerations as other counterparty risk assumed by the Fund, which is the risk that the counterparty might be unable to meet its obligations.

Derivative instruments such as swaps, options, futures, and forwards are often complex financial arrangements used by governments to manage specific risks or to make investments. By entering into these arrangements, governments receive and make payments based on market prices without actually entering into the related financial or commodity transactions. Derivative instruments associated with changing financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. Derivative instruments also can expose governments to significant risks and liabilities.

The Fund enters into a variety of financial contracts, which include options, futures, forwards and swap agreements to gain exposure to certain sectors of the equity and fixed income markets; collateralized mortgage obligations (CMOs); other forward contracts, and U.S. treasury strips. The contracts are used primarily to enhance performance and reduce the volatility of the portfolio. The Fund is exposed to credit risk in the event of non-performance by counterparties to financial instruments. The Fund generally enters into transactions only with high quality institutions. Legal risk is mitigated through selection of executing brokers and review of all documentation. The Fund is exposed to market risk, the risk that future changes in market conditions may make an instrument less valuable. Exposure to market risk is managed in accordance with risk limits set by senior management, through buying or selling instruments or entering into offsetting positions. The notional or contractual amounts of derivatives indicate the extent of the Fund's involvement in the various types and uses of derivative financial instruments and do not measure the Fund's exposure to credit or market risks and do not necessarily represent amounts exchanged by the parties. The amounts exchanged are determined by reference to the notional amounts and the other terms of the derivatives.

Derivative Instruments
The following table summarizes aggregate notional or contractual amounts for the Fund's derivative financial instruments on June 30, 2025, in addition to the fair value and change in the fair value of derivatives (in thousands):

List of Derivatives Aggregated by Investment Type

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

A Derivative Policy Statement identifies and allows common derivative investments and strategies, which are consistent with the Investment Policy Statement of the City of Philadelphia Municipal Pension Fund. The guidelines identify transaction-level and portfolio-level risk control procedures and documentation requirements. Managers are required to measure and monitor exposure to counterparty credit risk. All counterparties must have credit ratings available from nationally recognized rating institutions such as Moody, Fitch, and S&P. The details of other risks and financial instruments in which the Fund involves are described below:

Credit risk:
The Fund is exposed to credit risk on hedging derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the Fund's policy to require counterparty collateral posting provisions in its non-exchange-traded hedging derivative instruments. These terms require full collateralization of the fair value of hedging derivative instruments in asset positions (net of the effect of applicable netting arrangements) should the counterparty's credit rating fall below **AA** as issued by Fitch Ratings and Standard

& Poor's or **Aa** as issued by Moody's Investors Service. Collateral posted is to be in the form of U.S. Treasury securities held by a third-party custodian. The City has never failed to access collateral when required.

It is the Fund's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the non-defaulting party.

Swap agreements:
These derivative instruments provide for periodic payments at predetermined future dates between parties based on the change in value of underlying securities, indexes, or interest rates. Under fixed interest rate type swap arrangements, the Fund receives the fixed interest rate on certain equity or debt securities or indexes in exchange for a fixed charge. There were no fixed interest rate Swaps during 2025. On its pay-variable, received-fixed interest rate swap, as floating rate increases, the Fund's net payment on the swap increases. Alternatively, on its pay-fixed, receive-variable interest rate swap, as floating rate or the SIFMA swap index decreases, the Fund's net payment on the swap increases.

Futures contracts:
These derivative instruments are types of contracts in which the buyer agrees to purchase, and the seller agrees to make delivery of a specific financial instrument at a predetermined date and price. Gains and losses on futures contracts are settled daily based on a notional (underlying) principal value and do not involve an actual transfer of the specific instrument. Futures contracts are standardized and are traded on exchanges. The exchange assumes the risk that the counterparty will not pay and generally requires margin payments to minimize such risk. In addition, the Fund enters into short sales, sales of securities it does not presently own, to neutralize the market risk of certain equity positions. Initial margin requirements on futures contracts and collateral for short sales are provided by investment securities pledged as collateral and by cash held by various brokers. Although the Fund has the right to access individual pledged securities, it must maintain the amount pledged by substituting other securities for those accessed. The realized gain from Futures contracts was $3.8 million and is included in the net change in fair value of investments in the statement of changes in fiduciary net position.

Forward contracts:
The Fund is exposed to basis risk on its forward contracts because of a possible mismatch between the price of the asset being hedged and the price at which the forward contract is expected to settle. The realized gain from forward contracts was $3.3 million and is included in the net change in fair value of investments in the statement of changes in fiduciary net position.

Termination risk:
The Fund or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. In addition, the Fund is exposed to termination risk on its receive-fixed interest rate swap. The Fund is exposed to termination risk on its rate cap because the counterparty has the option to terminate the contract if the SIFMA swap index exceeds 12%. If at the time of termination, a hedging derivative instrument is in a liability position, the City would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

Rollover risk:
The Fund is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the Fund will be re-exposed to the risks being hedged by the hedging derivative instrument.

Fair Value Measurement
The accounting pronouncement on fair value measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The Municipal Pension Fund has the following recurring fair value measurement as of June 30, 2025 (in thousands):

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

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access. Such inputs include quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data substantially for the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table (expressed in thousands).

Investment Measured at the Net Asset Value (NAV)		Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private Market	$ 1,036,411	$ 286,647	N/A	N/A
Real Estate	399,422	110	N/A	N/A
Equity Long/Short Hedge funds	34,622	-	Quarterly	90 days' notice
Fixed Income Hedge Funds	4,670	-	Quarterly	90-120 days
Total Investments Measured at the NAV	$ 1,475,125			

1. Private Market Funds: The primary goal of these Funds is to generate returns for investors that exceed private equity industry benchmarks and are commensurate with asset class risk through the construction of a portfolio of opportunistic, highly performing private equity investments. Investments in these funds may include early-stage venture capital, later-stage growth financings, leveraged buyouts of medium and large-sized companies, mezzanine investments, PIPES and investments in companies that are being taken private. These investments can never be redeemed with the funds. Instead, the nature of the investments in this type is that

distributions are received through the liquidation of the underlying assets of the fund. If these investments were held, it is expected that the underlying assets of the fund would be liquidated over 5 to 10 years. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments. Once a buyer has been identified, the investee fund's management is required to approve of the buyer before the sale of the investments can be completed.

2. Real Estate Funds: This type includes funds that invest in U.S. and Non-U.S. commercial and residential real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. However, the individual investments that will be sold have not yet been determined. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. Once it has been determined which investments will be sold and whether those investments will be sold individually or in a group, the investments will be sold in an auction process. The investee fund's management is required to approve of the buyer before the sale of the investments can be completed. It is expected that the underlying assets of the funds will be liquidated over the next 7 to 10 years.

3. Equity Long/Short Hedge Funds: This Fund will typically hold 0-50 long positions and 10-15 short positions in U.S. common stocks. Management can shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The Fund mitigates market risk by utilizing short positions. In periods of extreme volatility, the Fund may hold a significant portion of its assets in cash. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments can be redeemed with 90 days' notice.

4. Fixed Income Hedge Funds: The primary goal of these Funds is to create alpha by sourcing proprietary opportunities, avoiding capital loss, buying securities below their intrinsic value, and selling securities above their intrinsic value. Firms look for opportunities that are currently mispriced, based on fundamentals or potentially an event that may improve the price of the holding. Investments are generally driven by fundamental, value-oriented analysis, and specific credit events. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. Investments can be redeemed with 90-120 days' notice. These Funds have been terminated but because of their structure and illiquid nature, the investments haven't been fully liquidated yet.

Securities Lending Program
The Fund, pursuant to a Securities Lending Authorization Agreement, has authorized Northern Trust to act as the Fund's agent in lending the Fund's securities to approved borrowers. Northern Trust, as agent, enters into Securities Loan Agreements with borrowers.

Securities are loaned versus collateral that may include cash; U.S. government and select OECD government debt securities; and domestic and international equities from major indices as defined specifically in the non-cash collateral guidelines within the Securities Lending Authorization Agreement. U.S. securities are loaned versus collateral valued at 102% of the market value of the securities plus any accrued interest. Non-U.S. securities are loaned versus collateral valued at 105% of the market value of the securities plus any accrued interest. Non-Cash collateral cannot be pledged or sold unless the borrower defaults.

All securities loans can be terminated on demand by either the lender or the borrower, although the average term of City of Philadelphia Board of Pensions and Retirement loans was approximately 80 days as of June 30, 2025.

Cash open collateral is invested in a short-term investment pool, the NT Coll SL Core S/T Inv Fund, which had an interest sensitivity of 24 days as of this statement date.

There were no violations of legal or contractual provisions, no borrower or lending agent default losses known to the securities lending agent.

There are no dividends or coupon payments owing on the securities lent. Securities lending earnings are credited to participating clients on approximately the fifteenth day of the following month.

Indemnification deals with the situation in which a client's securities are not returned due to the insolvency of a borrower and Northern Trust has failed to live up to its contractual responsibilities relating to the lending of those securities. Northern Trust's responsibilities include performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable

Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending.

As of June 30, 2025, the fair value of securities on loan was $464.5 million. Associated collateral totaling $478.1 million was comprised of cash which was invested in a separately managed account based upon the investment guidelines established by the Pension Fund. As of June 30, 2025, the invested cash collateral was $478.1 million and is valued at amortized cost.

f. INVESTMENT ADVISORS

The Fund utilizes investment advisors to manage long-term debt, real estate, private market, and equity portfolios. To be eligible for consideration, investments must meet criteria set forth in governing laws and regulations.

g. NET PENSION LIABILITY

The components of the net pension liability as of June 30, 2025, were as follows (in thousands):

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

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

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of June 30, 2024, and was rolled forward to June 30, 2025. June 30, 2024, actuarial valuation used the following actuarial assumptions, applied to all periods including the measurement period:

Actuarial Cost Method:	Entry Age Normal
Investment Rate of Return:	7.25% compounded annually, net of expenses
Salary Increases:	Age based salary scale separated by employee classification

- The investment return assumption was changed from 7.30% from the prior year valuation to 7.25% for the current year valuation.

- To recognize the expense of the benefits payable under the Pension Adjustment Fund, the actuarial liabilities have been increased by 0.54%. This estimate is based on the statistical average expected value of the benefits.

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

The measurement date for the net pension liability (NPL) is June 30, 2025. Measurements are based on the fair value of assets as of June 30, 2025, and the total pension liability (TPL) as of the valuation date, July 1, 2024, updated to June 30, 2025. The roll-forward procedure included the addition of service cost and interest cost offset by actual benefit payments and an adjustment to reflect changes in assumptions.

There were no changes in benefits during the year. Effective July 1, 2025, there was an assumption change, approved by the Board, reducing the expected long-term return on assets from 7.30% to 7.25% which increased the TPL by approximately $62 million.

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

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

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

Long-Term Expected Rate of Return:
The long-term expected rate of return on pension plan investments was determined using the software simulations developed by the Fund's investment consultant, Marquette Associates, in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage.

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2025, are summarized in the following table:

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

The above table reflects the expected real rate of return for each major asset class. The expected inflation rate is projected at 2.75% for the same period.

Discount Rate: The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the participating governmental entity contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods on projected benefit payment to determine the total pension liability.

Sensitivity of the Net Pension Liability: The following presents the net pension liability of the Fund, calculated using the discount rate of 7.25%, as well as what the Fund's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate (in thousands):

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

h. GUARANTEE OF BENEFITS

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

i. PARTICIPATION IN THE PENSION FUND

The trustees for the Fund are also members of the Fund and as such, are subject to the provisions of the Fund as described in the notes to these financial statements.

j. REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

Changes in Collective Net Pension Liability: The following table shows the changes in total pension liability (TPL), the plan fiduciary net position (i.e., fair value of the System assets) (FNP), and the net pension liability (NPL) during the measurement period ending on June 30, 2025.

Change in Collective Net Pension Liability

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

Employer's Proportionate Shares: GASB Statement No. 68 requires that the proportionate share for each employer be determined based upon the "employer's projected long-term contribution effort to the pension as compared to the total long-term contribution effort to all employers". In addition to the City, three governmental agencies currently participate in the system, PHDC, PPA, and PMA. The method of allocation is based on the ratio of quasi-agency contributions in proportion to total contributions by plan.

Pension Amounts by Employer: The following schedule presents the pension amounts for each participating employer: PPA, PMA, PHDC, and the City.

Schedule of Pension Amounts by Employer

(Amounts in thousands of USD)

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

Reconciliation of Net Pension Liability

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

Reconciliation of Collective Net Pension Liability to the Primary Government Net Pension Liability

(Amounts in thousands of USD)

Municipal Pension Fund	Proportionate Share of NPL	Discretely Presented Component Units	City and Blended Component Units
City	3,642,163	-	3,642,163
PPA	38,428	38,428	-
PMA	3,325	-	3,325
PHDC (1)	11,085	11,085	-
Collective Net Pension Liability	3,695,001	49,513	3,645,488
State Pension Fund			
PICA			913
City's Primary Government Net Pension Liability (Exhibit I)			3,646,401

(1) PHDC does not appear in the Component Unit Financial Statements (Exhibit XI Statement of Net Position and Exhibit XII Statement of Activities) due to immateriality.

Deferred Outflows by Employer

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

Schedule of Employer's Deferred Outflows

(Amounts in thousands of USD)

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

Deferred Inflows by Employer

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

Schedule of Employer's Deferred Inflows

(Amounts in thousands of USD)

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

Recognition of Deferred Outflows and Inflows by Employer

The following table shows the net amount of deferred outflows and inflows to be recognized by each participating employer in each of the next five years and the total thereafter.

Schedule of Employer's Recognition of Deferred Outflows and Inflows

(Amounts in thousands of USD)

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

(2) Philadelphia Gas Works (PGW) Plan

a. PLAN DESCRIPTION

The City of Philadelphia (the "City") maintains two pension systems providing benefits for its employees and several of its component units: The City's pension system includes the Municipal Pension (the "Fund") and the Gas Works Plan (the "Plan"). Each pension system is a separate Public Employee Retirement System ("PERS") with a separate oversight body and is financially independent of the other. In each case, the City is required by the Philadelphia Home Rule Charter to maintain an actuarially sound pension and retirement system.

There are no component units of the Plan. In determining its oversight responsibility, the Plan considers financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability of fiscal matters.

The Plan consists of Philadelphia Gas Works ("PGW" or the "Company"), a component unit of the City and is included in the City's Annual Comprehensive Financial Report as a fiduciary fund.

The Plan is a single employer defined benefit PERS. The Plan provides pension benefits for all eligible employees of Philadelphia Gas Works, and other eligible class employees of Philadelphia Facilities Management Corporation

(PFMC) and Philadelphia Gas Commission (PGC). The Plan is administered by the Sinking Fund Commission of the City of Philadelphia (the "Commission"). Certain administrative aspects of the Plan are delegated to PGW. The Commission acts in a fiduciary matter with regards to the assets of the Plan. The Commission was established by the City Charter and consists of the Director of Finance, the City Controller and an experienced banker or investment banker appointed by the Mayor. Alternates for these members are allowed by written authorization of the Mayor.

As of the latest available actuarial valuation (June 30, 2025), the Plan's membership consisted of:

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

The Plan is currently open to all employees of PGW.

b. BENEFITS PROVIDED

The Plan provides retirement benefits as well as death and disability benefits. Retirement benefits are vested after 5 years of credited service. Employees who retire at or after age 65 are entitled to receive an annual retirement benefit, payable monthly, in an amount equal to the greater of:

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

- 2% of total earnings received during the period of credited service plus 22.5% of the first $1,200 of such amount; applicable only to participants who were employees on or prior to March 24, 1967.

Final Average Earnings are the employees' average pay over the highest five years of the last ten years of credited service. Employees with 15 years of credited service may retire at or after age 55 and receive a reduced retirement benefit. In addition, employees with 30 years of credited service are eligible to select early retirement with no reduction in benefits.

Contributions
In December 2011, the City of Philadelphia City Council approved Bill No. 110830 "An Ordinance" effecting PGW workers hired on or after May 21, 2011. The ordinance states, in part, that employees commencing employment on or after May 21, 2011, shall become a participant in the Plan only upon completion of an irrevocable written election to participate in the Plan. Such election must be made within thirty days after their employment commencement date, or if later, thirty days after the effective date of the ordinance. All such employees who elect to participate in the Plan are deemed contributing participants.

Contributing participants (non-covered employees) in the Plan are required to make annual contributions totaling 6% of their compensation. Such contributions are made by means of periodic payroll deductions determined by the Company. Contributing participants are 100% vested in their employee contributions. All participants in the Plan, including contributing participants, have no vested interest in their accrued benefit from the Plan sponsor until they have 5 years of credited service, at which time they become 100% vested in their accrued benefit. Contributions from contributing participants for the Plan year ended June 30, 2025, totaled $2,999,850.

In addition, newly hired employees who commence employment on or after May 21, 2011, who opt out of the Plan will enter into the newly formed Philadelphia Gas Works Employees' Defined Contribution Plan, a tax qualified defined contribution plan pursuant to Section 401(a) of the Internal Revenue Code of 1986 as amended. The defined-contribution plan provides for an employer contribution equal to 5.5% of applicable wages. Assets of this plan are not a part of the City of Philadelphia Gas Works Retirement Reserve Fund and are not reported in these financial statements.

Funding Policy
The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. Level percentages of payroll employer contributions rates are determined using the Projected Unit Credit actuarial funding method. The most recent annual actuarial valuation is as of June 30, 2025, and the contribution rate as a percentage of payroll was 26.65%.

Benefit and contribution provisions are established by City ordinance and may be amended only as allowed by City ordinance. Benefits under the Plan are guaranteed by statute. In the event employer contributions are not sufficient to pay required benefits, the City's General Fund must provide any shortfall.

Investments
The Commission maintains a Statement of Investment Guidelines ("Policy") consistent with the needs of the Plan. The latest Policy was approved by the Commission at its meeting on November 25, 2019. The Policy serves as the chief communication tool of the Commission with vendors and investment managers. The Policy defines the need for the Policy, the investment goals of the Plan, the asset allocation, the investment guidelines, including prohibited investments, as well as the objectives for each manager and benchmarks for each type of investment. Additionally, it defines the necessary communication and responsibilities of each party, including the Commission, the investment managers, the custodian, and any consultants. The Policy can only be revised or changed by a vote by the Commission.

For a more complete description of the Policy, see the online version at:
http://www.phila.gov/Treasurer/Documents/PGWPP.pdf

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

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

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

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

At its quarterly meetings, the Commission, with the assistance of Marquette Associates, monitors the performance of the investment managers over various periods of time and will change a manager when the Commission deems

it necessary. Each of the managers and other vendors (except for those marked 'fund') are contracted for a period of one year, with one-year extensions at the discretion of the Commission.

c. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Method Used to Value Investments
The Plan reports investments at their fair value in the statement of fiduciary net position. Unrealized gains and losses are included in the statement of changes in fiduciary net position. Securities traded on national or international exchanges are recorded at the last reported sales price at current exchange rates.

Investment income is recognized as earned. Gains and losses on sales and exchanges are recognized on the transaction date. Net realized gains on sales amounted to $31,770,927 for the year ended June 30, 2025. Net unrealized gain for the year ended June 30, 2025, totaled $28,635,801.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Due From and To Brokers
Due from brokers represents the value of investments sold by brokers prior to year-end, for which the settlement date of the sale occurred after year end. Similarly, due to brokers represents the value of investments purchased by brokers prior to year-end, for which the settlement date of the purchase occurred after year end.

Fair Value of Financial Instruments
The carrying values of financial instruments including interest and dividends receivable, due from brokers, accounts payable, and amounts due to PGW and brokers approximate their fair market value due to the relatively short maturity of these instruments.

Investment Advisors
The Fund utilizes numerous investment advisors to manage debt and equity portfolios. The Sinking Fund Commission must approve all investment advisors.

Income Taxes
The Plan is not subject to Federal, state, or local income taxes.

Trend Information
Historical trend information related to the Plan is presented in the Required Supplementary Information section. The information is presented to enable the reader to assess the progress made by the Plan in accumulating sufficient assets to pay pension benefits as they become due.

Related Parties
The Sinking Fund Commission is the trustee of the Plan. The City of Philadelphia Department of Finance provides accounting services for the Plan. Philadelphia Gas Works makes monthly benefit payments to retirees on behalf of the Plan and incurs administrative expenses on behalf of the Plan. Benefit payments made by PGW and administrative costs incurred by PGW on behalf of the Plan amounted to $62,116,154 and $361,949, respectively for the year ended June 30, 2025.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities on June 30, 2025, and the reported amounts of revenues and expenses during the year then ended. Actual results could differ from those estimates. Significant estimates include the valuation of investments without quoted prices in an active market for identical assets and the actuarial estimates for Plan future benefit obligations.

Risks and Uncertainties
The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and those changes could materially affect the amounts reported in the statement of fiduciary net position.

Plan contributions are made, and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near-term would-be material to the financial statements.

Cash Deposits, Investments, and Securities Lending
The Plan is authorized to maintain a diversified portfolio in the following types of investments: U.S. Treasury and agency obligations, corporate debt and equity securities, and foreign debt and equity securities. City ordinances and sinking fund policies contain provisions which preclude the Plan from investing in organizations that conduct business in certain countries and industries and impose limitations on the amounts invested in certain types of securities.

Interest Rate Risk
Interest rate risk is the largest risk faced by an investor in the fixed income market. The price of a fixed income security generally moves in the opposite direction of the change in interest rates. Securities with long maturities are highly sensitive to interest rate changes. The Plan's fixed income investments are as follows:

	Total Fair Value	Below 1 Year	1 to 5 years	5 to 10 years	10 years and over
Corporate Bonds	$ 69,485,514	$ 1,570,769	$ 23,200,054	$ 32,944,715	$ 11,769,976
U.S. Govt. Treasuries	68,250,654	-	19,620,305	31,529,502	17,100,847
U.S. Govt. Agencies	67,736,270	-	120,990	674,309	66,940,971
Foreign Bonds	9,672,296	-	3,029,415	5,022,587	1,620,294
Municipal Bonds	363,912	-	124,212	-	239,700
	$ 215,508,646	$ 1,570,769	$ 46,094,976	$ 70,171,113	$ 97,671,788

Custodial Credit Risk
In the event of counter-party failure, the Plan may not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities held by the counterparty or counterparty's trust department are uninsured and are not registered in the name of the Plan. The Plan requires that all investments be clearly marked as to ownership, and to the extent possible, be registered in the name of the Plan. Certain investments may be held by the managers in the Plan's name.

Credit Risk
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Fund's rated debt investments as of June 30, 2025, were rated by Standard and Poor's ("S&P"), a nationally recognized statistical rating agency, and are presented below using S&P's rating scale:

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

Concentration of Credit Risk
Concentration of credit risk is the risk of substantial loss if investments are concentrated in one issuer. As of June 30, 2025, no single investment not guaranteed by the U.S. government exceeds 5% of the Plan's net fiduciary financial position.

Securities Lending Program
The Fund, pursuant to a Securities Lending Authorization Agreement, has authorized US Bank to act as the Fund's agent in lending the Fund's securities to approved borrowers. US Bank, as agent, enters into Securities Loan Agreements with borrowers.

During the fiscal year, US Bank lent, on behalf of the Fund, certain securities of the Fund held by US Bank as custodian and received cash collateral. US Bank does not have the ability to pledge or sell collateral securities delivered absent a borrower default. Borrowers were required to deliver collateral for each loan equal to at least 101% of the market value of the loaned securities.

Pursuant to the Securities Lending Authorization Agreement, US Bank had an obligation to indemnify the Fund in the event of default by a borrower. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year that resulted in a declaration or notice of default of the borrower.

During the fiscal year, the Fund and the borrowers maintained the right to terminate securities lending transactions upon notice. The cash collateral received on each loan was invested in a separately managed account based upon the investment guidelines established by the Fund. As of June 30, 2025, the weighted average maturity was 3 days, and the final maturity was 397 days. Because the securities lending transactions were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral received from the borrower.

On June 30, 2025, the Fund had no credit risk exposure to borrowers because all borrowers were required to deliver collateral for each loan.

As of June 30, 2025, the fair value of securities on loan was $35.3 million. Associated collateral totaling $36.3 million was comprised of cash which was invested in a separately managed account based upon the investment

guidelines established by the Pension Fund. As of June 30, 2025, the invested cash collateral was $36.3 million and is valued at amortized cost.

d. DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The accounting pronouncement on fair value measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access. Such inputs include quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair value is the amount that the Fund can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller, that is, other than in a forced or liquidation sale. Fixed income securities and common and preferred stocks are generally valued based on published market prices and quotations from national security exchanges or securities pricing services. Securities which are not traded on a national security exchange are valued by the respective fund managers or other third parties based on similar sales.

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

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

e. ADVANCE FROM THE PHILADELPHIA GAS WORKS

Payments to beneficiaries are made by PGW through its payroll system. The amount due to PGW on June 30, 2025, of $246,372 represents the cumulative excess of payments made to the retirees and administrative expenses incurred by PGW, over the sum of the Company's required contribution, and reimbursements received from the Plan. This amount will be settled in the subsequent Plan year.

f. NET PENSION LIABILITY

The components of the net pension liability of the City of Philadelphia Gas Works Retirement Reserve Fund on June 30, 2025, were as follows (dollar amounts in thousands):

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

Actuarial Assumptions
The total pension liability was determined by an actuarial valuation as of June 30, 2025, using the following actuarial assumptions:

Salary increases:	Salaries are assumed to increase by an amount based on years of service.
General inflation:	2%
Investment rate of return:	7.00%, net of pension plan investment expense, including inflation.

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

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

Long-Term Expected Rate of Return
The long-term expected rate of return on pension plan investments was determined using the software simulations developed by the Fund's investment consultant, Marquette Associates, in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

Discount Rate
The discount rate used to measure the total pension liability was 7.00% for June 30, 2025. The projection of cash flows used to determine the discount rate assumed the contributions from Plan members will be made at the current contribution rate and that contributions from PGW will be made based on the current, actuarially determined funding policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following table illustrates the impact of interest rate sensitivity on the Net Pension Liability. The net pension liability as of June 30, 2025, is calculated using the discount rate of 7.00%, as well as the Plan's net pension liability

if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate (dollar amounts in thousands):

	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
Total Pension Liability	$ 954,956	$ 863,104	$ 785,364
Plan Fiduciary Net Position	702,779	702,779	702,779
Net Pension Liability	$ 252,177	$ 160,325	$ 82,585
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.59%	81.42%	89.48%

Subsequent Events
The Plan has evaluated subsequent events occurring after the statement of fiduciary net position through the date of December 10, 2025, which is the date the financial statements were available to be issued.

Based on this evaluation, the Plan has determined that no subsequent event has occurred which requires disclosure in the financial statements.

B. DISCRETELY PRESENTED COMPONENT UNITS

(1) Philadelphia Gas Works

a. Plan Description

See Footnote IV. A. (2) Philadelphia Gas Works (PGW) Plan – a. Plan Description

b. Benefits Provided

See Footnote IV. A. (2) Philadelphia Gas Works (PGW) Plan – b. Benefits Provided

c. Employees Covered by Benefit Terms

See Footnote IV. A. (2) Philadelphia Gas Works (PGW) Plan – a. Plan Description

d. Contributions

See Footnote IV. A. (2) Philadelphia Gas Works (PGW) Plan – b. Benefits Provided - Funding Policy and Employee Contributions

e. Net Pension Liability

PGW's net pension liability as of August 31, 2025, was measured as of June 30, 2025, based on an actuarial valuation as of June 30, 2025.

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

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

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

Long-term rate of return
See Footnote IV. A. (2) Philadelphia Gas Works (PGW) Plan – f. Net Pension Liability - Long-Term Expected Rate of Return

Discount rate
See Footnote IV. A. (2) Philadelphia Gas Works (PGW) Plan – f. Net Pension Liability – Discount Rate

Sensitivity of the net pension liability to changes in the discount rate
See Footnote IV. A. (2) Philadelphia Gas Works (PGW) Plan – f. Net Pension Liability – Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Changes in net pension liability: The following table shows the changes in total pension liability (TPL), the plan fiduciary net position (FNP), and the net pension liability (NPL) as of August 31, 2025 (thousands of U.S. dollars):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at September 1, 2024	$ 841,654	$ 654,983	$ 186,671
Changes for the year:			
Service cost	9,755	-	9,755
Interest	57,461	-	57,461
Differences between expected and actual experience	6,156	-	6,156
Change of Assumptions	10,193	-	10,193
Contributions - employer	-	30,000	(30,000)
Contributions - employee	-	3,000	(3,000)
Net investment income	-	77,274	(77,274)
Benefit payments, including the refunds of employee contributions	(62,116)	(62,116)	-
Administrative expense	-	(362)	362
Net Changes	21,449	47,796	(26,347)
Balances at August 31, 2025	$ 863,103	$ 702,779	$ 160,324

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

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

Change in Collective Net Pension Liability

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

The $6.4 million reported as deferred outflows of resources related to employer contributions made after the measurement date as of June 30, 2025, will be recognized as a reduction of the total pension liability in PGW's FY 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (thousands of U.S. dollars):

Fiscal year:	
2026	$ 11,041
2027	(14,934)
2028	(10,786)
2029	(6,491)

g. Fair Value Measurements

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

h. Pension Plan's Fiduciary Net Position

Detailed information about the Pension Plan's fiduciary net position is available in the separately issued Pension Plan financial report. Requests for additional information should be addressed to Chief Investment Officer, Philadelphia Board of Pensions and Retirements, 1500 J.F.K. Blvd, 17th floor, Philadelphia, PA 19102.

(2) School District of Philadelphia

a. Plan Description

Public School Employees' Retirement System (PSERS) is a governmental cost-sharing multiple-employer defined benefit plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public-school employees, part-time hourly public-school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

b. Benefits provided:

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

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

Benefits are generally between 1% to 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

c. Contributions

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

Member Contribution Rates				
Membership Class	**Continuous Employment Since**	**Defined Benefit (DB) Contribution Rate**	**DC Contribution Rate**	**Total Contribution Rate**
T-C	Prior to July 22, 1983	5.25%	N/A	5.25% 6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 01, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 01, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.8%
T-G	On or after July 01, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 01, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 01, 2019	N/A	7.50%	7.50%

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

Employer's Contributions:
The SDP contractually required contribution rate for fiscal year ended June 30, 2025, was 32.92% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The SDP made a combined total of $458.4 million to PSERS and VOYA (the sponsor of the Defined Contribution vendor) for the year ended June 30, 2025.

Commonwealth Contributions:
The Commonwealth reimburses the School District 50 percent of the retirement cost for employees hired prior to July 1, 1994, and a percentage equal to the greater of 50 percent or the School District's market value/personal income aid ratio for employees hired after June 30, 1994. The School District's market/personal income aid ratio for Fiscal Year (school) 2024-2025 was 70.51%.

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

(a) At June 30, 2025, the SDP reported a liability of $3,471.5 million for its proportionate share of the net pension liability of which $3,420.8 million was under the Governmental Activity section of the Government-wide Statements while the remaining amount was included under the Business-type Activity (Food Services and Print Shop) section of the Government-wide Statements. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the Public-School Employees' Retirement System (System's) total pension liability as of June 30, 2023 to June 30, 2024. The SDP's proportion of the net pension liability was calculated using the employer's one-year covered payroll as it relates to the System's total one-year reported covered payroll. At June 30,

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

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

(c) At June 30, 2025, the SDP reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Dollars in Thousands)

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

Deferred outflows of resources for contributions subsequent to the measurement date was $458,375.5 thousand will be recognized as a reduction of net pension liability/collective net pension liability in the next fiscal period.

The remaining deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

(Dollars in Thousands)

Year ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows and Inflows of Resources
2026	$ (76,609.4)	$ 25,956.6	$ (50,652.8)
2027	195,463.4	(65,109.1)	$ 130,354.3
2028	64,012.7	(21,279.9)	42,732.8
2029	(17,495.4)	5,850.4	(11,645.0)
Total	$ 165,371.3	$ (54,582.0)	$ 110,789.3

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

Changes in Actuarial Assumptions:

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

- Valuation Date – June 30, 2023.
- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return - 7.00% includes inflation at 2.50%.
- Salary growth - Effective average of 4.50% comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2023 and as of June 30, 2024.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:

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

- Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

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

Investments:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	30.0%	4.8%
Private equity	12.0%	6.7%
Fixed income	33.5%	3.9%
Commodities	5.0%	2.5%
Infrastructure/MLPs	10.0%	6.4%
Real estate	9.5%	5.9%
Total	100.0%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2024.

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.54%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate:

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

e. Sensitivity of the SDP's proportionate share of the net pension to changes in the discount rate:

The following presents the net liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.00%) or 1% point higher (8.00%) than the current rate:

(Dollars in Thousands)

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of net pension liability	$ 4,573,067	$ 3,471,533	$ 2,541,365

f. Pension Plan Fiduciary Net Position:

Detailed information about PSERS' fiduciary net position is available in PSERS Annual Comprehensive Financial Report which can be found on the System's website at www.psers.pa.gov.

2. ACCUMULATED UNPAID SICK LEAVE

City and certain component unit employees are credited with varying amounts of sick leave according to type of employee and/or length of service. City employees may accumulate unused sick leave to predetermined balances. **SDP** employees have an unlimited maximum accumulation, and Gas Works' employees' sick leave is non-cumulative. Non-uniformed employees (upon retirement only) and uniformed employees (upon retirement or in case of death while on active duty) are paid varying amounts ranging from 25% to 60% of unused sick time, not to exceed predetermined amounts. Employees who separate for any reason other than indicated above, forfeit their entire sick leave.

3. OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. PRIMARY GOVERNMENT

Plan Description
The City of Philadelphia self-administers a single employer defined benefit plan that provides OPEB for all eligible retirees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The plan does not issue stand-alone financial statements, and the accounting for the plan is reported within the financial statements of the City of Philadelphia.

Benefits Provided
Medical Coverage:
The City of Philadelphia subsidizes health care for five years from the time of coverage election for eligible retirees. Retirees have option to defer their health care coverage to a later date, but the amount that the City pays for their health care is limited to the amount that the City would have paid at the date of their retirement. For retirees covered by the City-Administered plan, the City continues to provide medical insurance coverage after five years, at full cost to the retirees.

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

Funding Policy
The City's funding policy is to pay the net expected benefits for the current retirees. To provide health care coverage, the City pays a negotiated monthly premium for retirees covered by the District Council 33 union and is self-insured for all other union and non-union employees. The City's contributions are estimated to be about $80.7 million for the fiscal year ending June 30, 2025.

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

Medical Coverage:

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

Life Insurance Coverage

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

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

Actuarial assumptions and other inputs
The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Measurement Date - June 30, 2024, for reporting date June 30,2025.
Discount rate - 3.93% per annum for the valuation measured as of June 30, 2024.

Salary Increase Rate

Age	Municipal and Elected Officials	Uniformed
<20	20.00%	18.00%
20	18.00%	16.50%
25	10.00%	10.00%
30	7.00%	6.25%
35	5.75%	4.50%
40	4.50%	4.00%
45	4.25%	3.75%
50	4.00%	3.50%
55	3.75%	3.25%
60	3.50%	3.00%
65+	3.25%	2.75%

Per Person Cost Trends
The trend rates represent the annual rate of increase in employer claim payments, employer premiums (including those paid to union-sponsored plans), and retiree contributions. Trends are applied to the combined medical and prescription drug (Rx) expense for all plans.

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

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

Percent of Retirees Electing Coverage
Participation rate for medical coverage

- 85% of future retirees from Non-Represented groups are assumed to elect post-retirement medical coverage.

- 100% of future retirees from represented groups (DC 33, DC 47, Fire, and Police) are assumed to elect post-retirement medical coverage.
- 100% of DROP participants are assumed to continue in DROP for the remainder of their DROP period (maximum four years) and then retire with a medical benefit.

Participation rate for life insurance

- 95% of current and future retired firefighters who participated in the pension plan are assumed to be covered by City-provided life insurance.
- 87% of all other current and future retired pension plan participants are assumed to be covered by City-provided life insurance.

Mortality Rates

Rates of Pre-Retirement Mortality

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

Rate of Post-Retirement Mortality

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

Rate of Post-Disability Mortality

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

Change in the Total OPEB Liability

The table below shows the changes in the Total OPEB Liability (TOL), the plan fiduciary net position (i.e., the fair value of Plan assets) (FNP), and the Net OPEB Liability (NOL) during the measurement period ending on June 30, 2024.

Change in Net OPEB Liability

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

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

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

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

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

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

Changes in the discount rate affect the measurement of the TOL. Lower discount rates produce a higher TOL, and higher discount rates produce a lower TOL. The table below shows the sensitivity of the NOL to the discount rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

			(Amounts in thousands of USD)
	1/% Decrease 2.93%	**Discount Rate 3.93%**	**1/% Increase 4.93%**
Total OPEB Liability	$ 1,743,500	$ 1,610,000	$ 1,489,100
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	$ 1,743,500	$ 1,610,000	$ 1,489,100
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%

A 1% decrease in the discount rate increases the TOL and NOL by approximately 8%. A 1% increase in the discount rate decreases the TOL and NOL by approximately 8%.

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates
The following represents the total OPEB liability of the City, as well as what the City's total liability would be if it were calculated using healthcare cost trend rates that is 1% lower or 1% higher than the current discount rate:

Changes in healthcare trends affect the measurement of the TOL. Lower healthcare trends produce a lower TOL, and higher healthcare trends produce a higher TOL. The table below shows the sensitivity of the NOL to the healthcare trends.

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

(Amounts in thousands of USD)

	1/% Decrease	Healthcare Trend	1/% Increase
Total OPEB Liability	$ 1,468,700	$ 1,610,000	$ 1,774,800
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	$ 1,468,700	$ 1,610,000	$ 1,774,800
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%

A 1% decrease in the healthcare trends decreases the TOL and NOL by approximately 9%. A 1% increase in the healthcare trend rate increases the TOL and NOL by approximately 10%.

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

Calculation of OPEB Expense

(Amounts in thousands of USD)

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

At June 30, 2025, the City reported deferred outflow of resources and deferred inflow of resources related to OPEB from the following sources:

Schedule of Deferred Inflows and Outflows of Resources as of June 30, 2025 Projected Fiscal Year End June 30, 2024 Measurement Date

(Amounts in thousands of USD)

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

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

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

The subsequent contributions after the measurement date are reflected as a deferred outflow, but this is not subject to a deferred recognition period in the OPEB expense. Instead, this will be fully recognized in the OPEB expense for the Fiscal Year ending June 30, 2026.

Reconciliation of Total OPEB Liability

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

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

(Amounts in thousands of USD)

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

B. COMPONENT UNITS

1) School District of Philadelphia OPEB

The SDP recognized and recorded (1) the actuarially determined total OPEB liability for unfunded plans and (2) the net OPEB liability or, for multi-employer cost sharing plans, the entity's share of the net OPEB liability in the entity's financial statements. Currently, the **SDP** has two OPEB benefits (1) Life Insurance Benefits and (2) PSERS OPEB. The following schedule presents the aggregate of OPEB liabilities, deferred outflows and inflows of resources, and the current year OPEB expense for the **SDP** during Fiscal Year 2025:

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

Life Insurance Benefits

Plan Description:
The SDP provides up to $2,000 of life insurance coverage for retired and disabled employees. A retired employee is eligible for this benefit if covered for 10 years as an active employee and retired at age 60 with 30 years of service or age 62 with 10 years of service or 35 years of service regardless of age. Effective November 1, 2013, active employees who become disabled (total and permanent) prior to satisfying the retirement eligibility conditions for postretirement life insurance benefits are no longer eligible for postretirement benefits provided by the **SDP**. Employees who were granted disability retirement from PSERS and were approved by the insurance company providing the coverage prior to November 1, 2013, continue to be eligible for postretirement life insurance benefits. An unaudited copy of the single-employer life insurance benefit plan can be obtained by writing to the School District of Philadelphia, 440 North Broad Street, Philadelphia, PA 19130; Attention: Employee Benefits Management.

Funding Policy:
The SDP is not required by law or contractual agreement to provide funding for the life insurance benefits other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible disabled employees. Since the SDP is not prefunding these benefits, no actuarially determined contribution is determined.

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

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

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

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

The SDP's actuary determined the total OPEB Life Insurance liability for the fiscal year ending June 30, 2024, by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below and then was projected forward to the measurement date, if applicable. Covered payroll equals the annualized base pay for active members as of the valuation date.

Actuarial Methods and Assumptions:
Discount Rate: 3.65% per annum as of June 30, 2023 and 3.93% as of June 30, 2024 (Bond Buyer General Obligation 20 year-Tax Exempt Municipal Bond Index, selected by the SDP).

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

Mortality: A 50/50 blend of the headcount-weighted Pub-2010 Mortality Tables for teachers (PubT.H-2010) and general employees (PubG.H-2010), projected on a generational basis with Scale MP-2020, with employee rates before retirement and healthy retiree rates after retirement. As a generational table, it reflects mortality improvements both before and after the measurement date. This blend of standard tables published by the Society of Actuaries (SOA) was selected based on the population covered.

Termination: Withdrawal rates vary by age and years of service. Illustrative rates are shown below:

If less than 5 Years of Service		**If 5 or more Years of Service**	
Years of Service	Rate	Age	Rate
<1	24.49%	25	24.75%
1-2	25.23%	30	18.01%
2-3	16.54%	35	10.98%
3-4	14.07%	40	7.91%
4-5	10.88%	45	6.71%
		50	4.03%
		55	3.81%
		60	6.40%

Retirement: Retirement rates used as of June 30, 2024 are the rates utilized in the June 30, 2023 Actuarial Valuation for the Pennsylvania Public School Employees' Retirement System and vary by age, service, and gender. Members are eligible for early retirement at age 55 (age 57 for Class T-G members) with 25 years of service. Class T-C and T-D members are eligible for superannuation retirement at the earlier of (1) age 62 with 3 years of service, (2) age 60 with 30 years of service, or (3) any age with 35 years of service. Class T-E and T-F members are eligible for superannuation retirement at the earlier of (1) age 65 with 3 years of service or (2) any combination of age and service that totals 92 with at least 35 years of service. Class T-G members are eligible for superannuation retirement at the earlier of (1) age 67 with 3 years of service or (2) any combination of age and service that totals 97 with at least 35 years of service. Class T-H members are eligible for superannuation retirement at the earlier age of 67 with 3 years of service. For purposes of this valuation, Class DC members were assumed to have the same retirement eligibility as Class T-H members. Sample rates are shown below.

Sample Early Retirement Rates

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

Sample Superannuation Retirement Rates

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

Disability: None assumed.

Life Insurance Benefits Claimed: All life insurance benefits are assumed to be claimed upon the retiree's death, selected by the **SDP**.

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

Life Insurance Coverage while Employed: Only active employees who have life insurance coverage as of the valuation date are included in this valuation. This valuation assumes they will continue to have life insurance coverage until retirement or disability and be eligible for the postretirement life insurance coverage upon retirement or disability. Any current active employee without life insurance coverage is assumed not to elect to have life insurance coverage prior to retirement or disability.

Benefits Not Valued: The accelerated death benefit was not valued as the estimated liability impact was de minimis as only disabled retirees prior to age 65 can elect this benefit.

Special Data Adjustments: PSERS membership class was determined based on the provided date of hire with the **SDP**. Service was determined as the elapsed time from the provided date of hire with the **SDP** until the date of determination.

Actuarial Cost Method:
In accordance with GASB Statement No. 75, the Entry Age Normal cost method was used for determining service costs and the actuarial accrued liability. Costs are determined as a level percent of pay.

Changes since Prior Valuation:
The discount rate has been changed from 3.65% as of June 30, 2023, to 3.93% as of June 30, 2024, due to changes in the applicable municipal bond index.

An administrative expense load of 10% was added.

Total OPEB Life Insurance Liability

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

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

Changes in Total OPEB Life Insurance Liability:

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

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

2023-24 Measurement Period

(Amounts in thousands of USD)

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

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

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

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

(Amounts in thousands of USD)

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

$533.0 thousand reported as deferred outflows of resources related to OPEB resulting from **SDP** contributions subsequent to the measurement date will be recognized as a reduction of net OPEB liability in the next fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB Life Insurance will be recognized as a reduction in OPEB expense as follows:

(Amounts in thousands of USD)

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

PSERS Other Postemployment Benefits

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

- At June 30, 2025, the **SDP** reported a liability of $147.9 million for its proportionate share of the net OPEB liability of which $145.6 million was under the Governmental Activity section of the Government-wide Statements while the remaining amount was included under the Business-type Activity (Food Services and Print Shop) section of the Government-wide Statements. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the Public-School Employees' Retirement System (System's) total OPEB liability as of June 30, 2023 to June 30, 2024. The **SDP's** proportion of the net OPEB liability was calculated using the employer's one-year covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the **SDP's** proportion was 8.3242 percent, which was an increase of 0.2491 percent from its proportion measured as of June 30, 2024.

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

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

(Amounts in thousands of USD)

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

$8,694.0 thousand reported as deferred outflows of resources related to OPEB resulting from **SDP** contributions subsequent to the measurement date will be recognized as a reduction of net OPEB liability in the next fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

(Amounts in thousands of USD)

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

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

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

- Valuation Date – June 30, 2022
- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return from 4.21% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, which is comprised of inflation of 2.50% and 2.00% for real wage growth, and for merit or seniority increases.
- Premium Assistance reimbursement is capped at $1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
    - Eligible retirees will elect to participate Pre age 65 at 50%
    - Eligible retirees will elect to participate Post age 65 at 70%

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020:

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for fiscal year 2024.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021, was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Investments: Investments consist primarily of short-term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code, employer contribution rates for Premium Assistance are established to provide reserves in the Healthcare Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.00%	1.7%
	100.00%	

Discount Rate:
The discount rate used to measure the Total OPEB Liability was 4.21%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date.

The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.21% which represents the S&P 20-year Municipal Bond Rate at June 30, 2024, was applied to all projected benefit payments to measure the Total OPEB Liability.

Sensitivity of the System Net OPEB Liability to Change in Healthcare Cost Trend Rates
Healthcare cost trends were applied to retirees receiving less than $1,200 in annual Premium Assistance. As of June 30, 2024, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of $1,200. As of June 2024, 92,149 retirees were receiving the maximum amount allowed of $1,200 per year and 489 members were receiving less than the maximum amount allowed of $1,200 per year. The actual number of retirees receiving less than the $1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the System net OPEB liability for June 30, 2024, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if its health cost trends were 1% point lower or 1% point higher than the current rate:

(Amounts in thousands of USD)

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

Sensitivity of the SDP's Proportionate Share of Net OPEB Liability to Changes in the Discount Rate

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

(Amounts in thousands of USD)

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

OPEB Plan Fiduciary Net Position
Detailed information about PSERS' fiduciary net position is available in PSERS Annual Comprehensive Financial Report, which can be found on the System's website at www.psers.pa.gov.

Changes in Actuarial Assumptions

- The discount rate used to measure the Total OPEB Liability increased from 4.13% as of June 30, 2023 to 4.21% as of June 30, 2024.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary growth rate - decreased from 5.00% to 4.50%.
  - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
  - Mortality rates – Previously based on the RP-2014 Mortality tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

2) Philadelphia Gas Works (PGW) OPEB

Plan Description:
PGW sponsors a single employer defined benefit healthcare plan, which provides postemployment healthcare and life insurance benefits to retirees and their beneficiaries and dependents in accordance with their retiree medical program.

The OPEB Plan comprises (1) the PGW OPEB Trust (the Trust), which is used to receive, hold, and disburse assets accumulated to pay for some of the postemployment benefits other than pensions provided by PGW to its eligible retired employees and other eligible beneficiaries and (2) OPEB expenses paid for directly by PGW out of its general resources rather than through the Trust. The Trust was established for the exclusive benefit of PGW's retired employees and other eligible beneficiaries designated under the plan. Management believes that the OPEB Plan is in compliance with all applicable laws.

Benefits Provided
Medical Benefits: For pre-65 retirees, a choice of plans is offered through Independence Blue Cross, including Personal Choice, Blue Cross Blue Sheild with Major Medical, or Keystone HMOs. Employees who retired after December 1, 2001, and prior to September 1, 2007, are provided the Keystone 5 Plan at PGW's expense, and they can buy up to a more expensive plan. Employees who retire on or after September 1, 2007, and prior to September 1, 2011, are provided the Keystone 10 Plan at PGW's expense, and they can buy up to a more expensive plan. Union employees who retired after August 31, 2011, and prior to May 15, 2022, are provided the Keystone 15 at PGW's expense, and they can buy up to a more expensive plan. Union employees who retired on or after May 15, 2022, are provided the Keystone 10 Plan at PGW's expense, and they can buy up to a more expensive plan. Management employees who retired after August 31, 2011, are provided the Keystone 10 Plan as the base plan, and they can buy up to a more expensive plan. Union employees who retired between January 1, 2024 and August 31, 2024 are provided the Keystone 10 plan at PGW's expense, and they can buy up to a more expensive plan. Management employees who retire after August 31, 2011, continue to receive the Keystone 10 as the base plan and can buy up to a more expensive plan. The base plan after August 31, 2024, is Keystone 15.

Reinsurance provides specific stop-loss coverage of $0.4 million on pre-65 Medical and Prescription Drug claims.

Eligible pre-65 retirees who relocate outside of the Keystone coverage area may elect to participate in the PGW Retiree Health Reimbursement Arrangement (HRA). Under the HRA, the Keystone base plan premium-equivalent will be credited to a participant's HRA account and will be available to reimburse the participant for eligible medical insurance premiums.

Medicare eligible retirees are provided a fully insured Medicare Supplement Plan through Independence Blue Cross.

Opt-out benefits of $1,500 per year for single coverage and $3,000 per year for married coverage are available to eligible retirees. This benefit is not available to a married couple who both retired from PGW and who are eligible for Medicare benefits. Retirees can maintain prescription drug and dental coverage even if they opt out of medical coverage.

Prescription Drug Benefits: Employees who retired on or after April 15, 1976, and prior to December 1, 2001, are offered a Prescription Drug Plan that has been established specifically for retirees and is separate from the plan that is offered to active employees. The retiree Prescription plan consists of a $2 copay for generic drugs, a $2 copay for brand name drugs when no generic drugs are available, and a $15 copay for brand name drugs when generic drugs are available. There are no deductibles and no lifetime maximums. Employees who retired prior to April 15, 1976, or on or after December 1, 2001, but before September 1, 2007 have a $5 copay for generics and a $10 copay for brand drugs. Employees who retire on or after September 1, 2007, have a $5 copay for generics and a $15 copay for brand drugs.
Effective January 1, 2012, PGW moved Medicare eligible retirees into an Employee Group Waiver Plan arrangement. Covered drugs and copays remain the same. Prescription drug benefits are self-funded for all retirees.

Dental Benefits: For employees who retired after April 15, 1978, a basic dental plan is offered at no cost to the retiree. For employees who retired after June 1, 1984, an enhanced dental plan is offered. For eligible retirees who enroll in the enhanced dental plan, the retiree must pay the difference between the basic and enhanced plans. The dental plans were fully insured through August 31, 2016. Effective September 1, 2016, the dental benefits are self-funded.

Death Benefits: Nonunion employees are offered voluntary life insurance equal to two times their salary at retirement. At age 65, the life insurance benefit decreases by 5.0% per year for 15 years until the benefit equals 25.0% of the original life insurance benefit at age 65. PGW pays the cost of the first $75,000 of coverage. Retirees in this category pay $0.35 per $1,000 per month for coverage in excess of $75,000.

Union employees are offered voluntary life insurance equal to one times their salary at retirement. At retirement, the life insurance benefit decreases by 10.0% per year for 5 years until the benefit equals 50.0% of the original life insurance benefit at retirement. Retirees in this category pay $0.35 per $1,000 of coverage per month, PGW pays the balance.

Upon the death of an active employee prior to satisfying the requirements for Preretirement Spouse's Death Benefits, surviving spouses and dependents are entitled to receive 2 years of health coverage paid by PGW. Upon the death of an active employee on or after satisfying the requirements for Preretirement Spouse's Death Benefits, surviving spouses and dependents are entitled to receive health coverage for life (or for 5 years if hired on or after May 21, 2011, if Union or hired on or after December 21, 2011, if Nonunion) paid by PGW. Dependents are entitled to receive health coverage up to age 19 or age 23 for full-time students.

Contributions: The OPEB Plan pays the full cost of medical, basic dental, and prescription coverage for employees who retired prior to December 1, 2001. Employees who retire after December 1, 2001, are provided the Keystone 5, Keystone 10, or Keystone 15 plan at PGW's expense and can buy up to a more expensive plan. Retirees also contribute toward enhanced medical, dental plan and life insurance coverage as described above. PGW pays 100.0% of the cost for the prescription drug plan after drug copays.

Participants Covered
At December 31, 2024, the date of the latest actuarial valuation, the OPEB Plan's combined membership consisted of the following:

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

Contributions
Contributions to the OPEB Plan are the amounts received (additions) from PGW as sponsor of the Plan. These contributions include both amounts paid by PGW out of general resources to fund benefits on a pay-as-you-go basis, and contributions related to rate surcharges approved by the PUC in May 2010 and continued in July 2015. For the OPEB Plan year ended December 31, 2024, PGW contributed $30.5 million on a pay-as-you-go basis, $16.0 million resulting from rate surcharges, and $2.5 million of its resources.

Net OPEB Liability
PGW's net OPEB liability as of August 31, 2025, was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2024. The valuation and measurement date was December 31, 2024.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and are subject to continual revision as actual amounts are compared to past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total OPEB liability was determined using the entry age, level percent of pay actuarial method and the following actuarial assumptions used to value the postemployment medical liabilities can be categorized into the following three groups:

- *Benefit assumptions*: the initial per capita cost rates for medical coverage, and the face amount of employer-paid life insurance.
- *Demographic assumptions*: including the probabilities of retiring, dying, terminating (without a benefit), becoming disabled, recovery from disability, election (participation rates) and coverage levels. The demographic assumptions are set by prior actuary. The actuaries monitor demographic experience by decrement annually and have not observed significant gains or losses related to the demographic assumptions.
- *Economic assumptions*: the discount rate and health care cost trend rates.

Benefit Assumptions:

Per capita claims: Using actuarial standards, specifically Actuarial Standard of Practice No.6, Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions, the annual age specific per capita claims cost rate was projected at the following assumed trend rates for future years (whole U.S. dollars):

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

Life Insurance: The claims cost for life insurance is based on the actuarial present value of projected life insurance claims.

Morbidity: The below healthcare cost for prescription drug coverage and pre-65 medical coverage reflects the following changes due to increased or decreased usage as a result of aging:

Ages	Blended Medical/Rx
50-54	4.99 %
55-59	4.80
60-64	4.65
65-69	(0.99)
70-74	1.10
75-79	1.68
80-84	1.88
85+	-

Demographic Assumptions:

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

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

Salary Scale: Salary Scale is based on years of service as follows:

Years of Service	Annual Increase	Years of Service	Annual Increase
0	8.86 %	11	5.84 %
1	8.59	12	5.57
2	8.31	13	5.29
3	8.04	14	5.02
4	7.77	15	4.74
5	7.49	16	4.54
6	7.22	17	4.33
7	6.94	18	4.12
8	6.67	19	3.91
9	6.39	20 or more	3.71
10	6.12		

Retirement Rates: Retirement rates applicable once an employee is eligible for retirement benefits vary by age and service with rates as follows:

Age	Service < 30	Service > 30	Age	Service < 30	Service > 30
50	0 %	15.00 %	61	10.00 %	15.00 %
51	-	15.00	62	10.00	40.00
52	-	15.00	63	10.00	25.00
53	-	15.00	64	10.00	25.00
54	-	15.00	65	20.00	25.00
55	5.00	15.00	66	20.00	40.00
56	5.00	15.00	67	20.00	40.00
57	10.00	15.00	68	20.00	40.00
58	10.00	15.00	69	20.00	40.00
59	10.00	15.00	70+	100.00	100.00
60	10.00	15.00			

Withdrawal Rates: Turnover rates applicable before an employee is eligible for retirement benefits vary by age and service with illustrative rates as follows:

Age	Service < 1 year	1 year of service	2 years of serivce	3 years of service	4 years of service	Service > 5 years
18 - 37	25.00 %	15.00 %	12.00 %	10.00 %	7.00 %	3.00 %
38	23.00	15.00	12.00	9.00	6.60	2.80
39	21.00	15.00	12.00	8.00	6.20	2.60
40	19.00	15.00	12.00	7.00	5.80	2.40
41	17.00	15.00	12.00	6.00	5.40	2.20
42	15.00	15.00	12.00	5.00	5.00	2.00
43	14.00	14.00	10.60	4.60	4.60	3.00
44	13.00	13.00	9.20	4.20	4.20	3.00
45	12.00	12.00	7.80	3.80	3.80	3.00
46	11.00	11.00	6.40	3.40	3.40	3.00
47	10.00	10.00	5.00	3.00	3.00	3.00
48	10.00	10.00	5.00	2.80	2.80	3.00
49	10.00	10.00	5.00	2.60	2.60	3.00
50	10.00	10.00	5.00	2.40	2.40	3.00
51	10.00	10.00	5.00	2.20	2.20	3.00
52+	10.00	10.00	5.00	2.00	2.00	3.00

Participation Rate: Participation assumes 100% of future retirees who meet the eligibility requirements will participate in the postemployment welfare plans upon retirement.

Disability Rates: Disability rates vary by age with illustrative rates as follows:

Age	Males	Females	Age	Males	Females
18-27	0.03 %	0.03 %	47	0.23 %	0.33 %
28	0.03	0.04	48	0.28	0.37
29	0.03	0.04	49	0.31	0.40
30	0.03	0.04	50	0.37	0.45
31	0.03	0.06	51	0.43	0.49
32	0.03	0.06	52	0.51	0.55
33	0.03	0.07	53	0.59	0.60
34	0.03	0.07	54	0.68	0.66
35	0.04	0.08	55	0.77	0.71
36	0.04	0.09	56	0.86	0.77
37	0.06	0.10	57	0.96	0.83
38	0.07	0.11	58	1.06	0.89
39	0.08	0.13	59	1.17	0.95
40	0.09	0.14	60	1.28	1.00
41	0.10	0.17	61	1.40	1.07
42	0.11	0.19	62	1.54	1.13
43	0.13	0.21	63	1.68	1.17
44	0.16	0.25	64	1.83	1.22
45	0.18	0.27	65+	-	-
46	0.20	0.30			

Economic Assumptions:

Long-Term Rate of Return: The long-term expected rate of return on OPEB Plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB Plan investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected 10-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions). The target allocation for each major asset class as of December 31, 2024, is summarized in the following table:

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

Inflation Rate: 2.5%

Healthcare Cost Trend:

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

Discount Rate: The discount rate used for determining the total OPEB Liability is the long-term expected rate of return on plan investments of 7.0% as of December 31, 2024, which represents the long-term expected rate of return on Plan investments at the applicable measurement date.

Changes in Net OPEB Liability

(Thousands of U.S. dollars)

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the Net OPEB liability, in thousands of U.S. Dollars, of PGW at December 31, 2024, as well as what the Net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Net OPEB Liability	$ 156,076	83,505	23,865

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

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

OPEB Plan's Fiduciary Net Position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued OPEB Plan financial report. Requests for additional information should be addressed to the Administrator – PGW OPEB Trust, 800 W. Montgomery Avenue, Philadelphia, PA 19122.

OPEB Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Other Postemployment Benefits

For the year ended August 31, 2025, PGW recognized OPEB expense of $8.7 million. At August 31, 2025, PGW reported deferred outflows of resources and deferred inflow of resources related to other postemployment benefits from the following sources (thousands of U.S. dollars):

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

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

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

Fair Value Measurements

The following table sets forth by level, within the fair value hierarchy, the plan's assets at fair value as of December 31, 2024, (thousands of U.S. Dollars):

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

Mutual funds consist of open-end mutual funds that are registered with the SEC and are valued daily using quoted prices in active markets as provided by the pricing vendor for these securities (Level 1 inputs).

Fixed Income consists of corporate bonds, U.S. Government and agency securities, and mortgage/asset backed securities. The fair values of these investments are determined using third-party pricing services using quoted prices in active markets (Level 1 inputs) or prices derived from observable market inputs such as benchmark curves, broker/dealer quotes, and other industry and economic factors (Level 2 inputs).

Investment Policy
The Trust's investment policy in regard to the allocation of invested assets is defined in its Statement of Investment Guidelines (the Guidelines) developed in conjunction with the Trust's Board and its financial advisors. The long-term goals of the Guidelines are to manage the assets in a manner in the best of interest of participants, produce investment return that meets the actuarially assumed rate, and to produce consistent performance to protect against excessive volatility. There has not been any significant change in the Trust's investment policy during the reporting period.
The asset allocation strategy was as follows (as adjusted in February 2019):

	Target	Actual
Domestic equity large cap	32.5 %	35.6 %
Domestic equity small cap	12.5	13.2
Emerging market international equity	7.5	7.1
Developed market international equity	17.5	16.0
Fixed income	30.0	27.8
Cash and cash equivalents	-	0.3

Rate of Return
For the year ended December 31, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 11.76%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Credit Risk
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's.

Custodial Credit Risk
The assets of the Plan are held by the Trust.

Custodial credit risk is the risk that in the event of a bank failure, the Trust's deposits may not be returned to the Trust. The cash and cash equivalents held by the trust at December 31, 2024, were not covered by federal deposit insurance.

Custodial credit risk for investments is the risk that, in the event of a failure to a counterparty to a transaction, the value of the investment or collateral securities that are in possession of an outside party may not be recovered. Investments are exposed to custodial credit risk if the securities are uninsured, are not held in the name of the Trust, or are held by either the counterparty or the counterparty's trust department or agent but not in the Trust's name. The Trust's investments are not exposed to custodial credit risk as they are held by the Trust's custodian in the name of the Trust.

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of fixed income investments. The Trust's investment policy does not specifically address limitations on the maturities of investments.

Investment Concentration Risk
Investment concentration risk is the risk that the investment portfolio is disproportionately exposed to market changes in specific sectors or securities. As of December 31, 2024, the Trust held the following investments in excess of 5.0% of the fair value of the Trust's net position: DFA US Small Cap Fund, American Funds Europe Growth R6 Fund, Vanguard Total Stock Market Index Fund, Vanguard Total Bond Market Index Fund, Baird Core Bond Fund, Causeway Emerging Markets Fund and MainStay MacKay High Yield Fund.

4. PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

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

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

PICA bonds are payable from the proceeds of a **PICA** tax on the wages and income earned by City residents. The City has reduced the amount of wage and earnings tax that it levies on City residents by an amount equal to the **PICA** tax so that the total tax remains the same. **PICA** returns to the City any portion of the tax not required to meet their debt service and operating expenses. As of June 30, 2025, there are no outstanding **PICA** bonds. In Fiscal 2025 this transfer amounted to $761.1 million.

5. RELATED PARTY TRANSACTIONS

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

A. SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY (SEPTA)

During the year, the City provided an operating subsidy of $133.3 million to SEPTA.

B. OTHER ORGANIZATIONS

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

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

6. RISK MANAGEMENT

A. PRIMARY GOVERNMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City (except for Aviation Fund operations, the Municipal Authority and PICA) is self-insured for fire damage, casualty losses, public liability, Workers' Compensation and Unemployment Compensation. The Aviation Fund is self-insured for Workers' Compensation and Unemployment Compensation and insured through insurance carriers for other coverage. The City is self-insured for medical benefits provided to employees in the Fraternal Order of Police, its city-administered health plan, the International Association of Fire Fighters, and District Council 47.

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

At June 30, 2025 the amount of these liabilities was $622.7 million for the Primary Government. This liability is the City's best estimate based on available information. Changes in the reported liability since June 30, 2023 resulted from the following:

(Amounts in Millions of USD)

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

The City's Unemployment Compensation and Workers' Compensation coverage are provided through its General Fund. Unemployment Compensation and Workers' Compensation coverage are funded by a pro rata charge to the various funds. Payments for the year were $2.6 million for Unemployment Compensation claims and $120.9 million for Workers' Compensation claims.

The City's estimated outstanding workers' compensation liabilities are $371.8 million discounted at 4.0%. On an undiscounted basis, these liabilities total $498.5 million. These liabilities include provisions for indemnity, medical and allocated loss adjustment expense (ALAE). Excluding the ALAE, the respective liabilities for indemnity and medical payments relating to workers' compensation total $324.4 million (discounted) and $438.5 million (undiscounted).

During the last five (5) fiscal years, no claim settlements have exceeded the level of insurance coverage for operations using third party carriers. None of the City's insured losses have been settled with the purchase of annuity contracts.

B. COMPONENT UNITS

The School District is exposed to various risks related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. As previously noted, the School District is self-insured for casualty losses, public liability, Workers' Compensation, Unemployment Compensation, Weekly Indemnity (salary continuation during employee illness), and employee medical benefits.

The School District maintains property (real and personal, valuable papers and records, fine arts, vehicles on premises and property under construction) insurance to cover losses with a deductible of $0.5 million. The perils of Windstorm, Flood & Earthquake are subject to a $1.0 million deductible and a limit of $250.0 million per occurrence with certain sub-limits as specified in the policy terms. Also, certain insurance coverages including Accident, Foreign Package Excess Workers' Compensation, Student Professional Liability and Employee Performance bonds are obtained.

The School District reported the long-term portion of its risk management obligations totaling $162.2 million in the district-wide Statement of Net Position. Self-Insured Medical Benefits and Workers' Compensation coverage is funded by a pro-rata charge to the various funds while both the School District and covered employees share the cost of Weekly Indemnity and Unemployment Compensation coverage.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and when the amount of the loss can be reasonably estimated. Losses include an estimate of claims that have been incurred but not reported, the effects of specific incremental claims adjustment expenditures, salvage and subrogation, and unallocated claims adjustment expenditures.

Additionally, **PGW** and **PPA** are self-insured for various risks.

At the end of FY 2025, the amount of these liabilities totaled $178.2 million, which includes $162.2 million for **SDP**, $7.5 million for **PGW**, and $8.5 million for **PPA**. Changes in the balance of claims and liabilities during the past two (2) years are as follows:

(Amounts in Millions)

Fiscal Year	Beginning Liability	Current Year Claims and Changes In Estimates	Claim Payments	Ending Liability
2025	$ 164.9	$ 285.7	$ (272.4)	$ 178.2
2024	$ 154.4	$ 267.7	$ (257.2)	$ 164.9

7. COMMITMENTS

A. PRIMARY GOVERNMENT

Encumbrance accounting is utilized to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amounts of open encumbrances for both, the current and prior fiscal years, were as follows:

(Amounts in Thousands of USD)

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

B. COMPONENT UNITS

1) SDP

Capital Projects Fund Construction and Equipment Purchase Commitments:

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

(Amounts in Thousands of USD)

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

Operating Fund Services and Supplies Commitments:

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

(Amounts in Thousands of USD)

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

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

2) PGW

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

PGW, in the normal course of conducting business, has entered into long-term contracts for the supply of natural gas, firm transportation, and long-term firm gas storage service. PGW's cumulative obligations for demand charges for all these services are approximately $6.5 million per month in perpetuity.

PGW has entered into long-term and seasonal contracts with suppliers providing PGW with natural gas. PGW has the ability to fix the price of the purchase of natural gas with these contracts.

PGW's FY 2026 Capital Budget was approved by City Council in the amount of $185.2 million. Within this approval, funding was provided to continue the implementation of an 18-mile CIMR Program. The cost for this program in FY 2026 is expected to be $63.7 million. The total six-year cost of the CIMR Program is forecasted to be $341.6 million. In addition to the 18-mile CIMR Program, the FY 2026 Capital Budget includes funding for an accelerated CIMR Program which PGW will include in its DSIC surcharge. This incremental program in FY 2026 is expected to cost $36.2 million. The total six-year cost of this incremental program is forecasted to be $229.5 million. The FY 2026 Capital Budget also includes $5.1 million for PGW's initial implementation of Advanced Metering Infrastructure (AMI), which will replace the Automatic Meter Reading (AMR) devices. The total six-year cost of this program to replace AMR units is approximately $79.3 million.

8. CONTINGENCIES

A. PRIMARY GOVERNMENT

1) Claims and Litigation

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

Various claims have been asserted against the City and in some cases, lawsuits have been instituted. Many of these claims are reduced to judgment or otherwise settled in a manner requiring payment by the City. The aggregate estimate of loss deemed to be probable is approximately $596.5 million. Of this amount, $46.2 million is charged to the current operations of Enterprise Funds. The remaining $550.3 million pertaining to the General Fund is reflected in the Government Wide Statements.

In addition to the above, there are certain lawsuits against the City, for which a loss is reasonably possible. These lawsuits relate to General Fund and Enterprise Fund operations. The aggregate estimate of the amount of loss from these lawsuits, in which some amount of loss is reasonably possible is approximately $248.7 million from the General Fund, $3.9 million from the Water Fund, and $0.2 million from the Aviation Fund. This represents the best estimate of the entire current inventory of such litigation and pre-suits as of February 12, 2026.

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

Henderson Condemnation

In early September 2016, a Petition for the Appointment of a Board of View pursuant to the Pennsylvania Eminent Domain Code 26 Pa. C. Section 502(c) was filed in Delaware County, Pennsylvania, against the City by numerous Henderson related entities and trusts (the "Hendersons"). The Petition alleged that the City effected a de facto taking of the Hendersons properties (the "Property"), which Property is proximate to the Philadelphia International Airport and located in Tinicum Township, Delaware County. The City desired to acquire the Property for Airport purposes and had numerous discussions with representatives for the Hendersons over time.

The City filed Preliminary Objections to the Petition and there was a hearing on the Petition and the Preliminary Objections scheduled for January 2018. Prior to the hearing, the City filed its own Declaration of Taking in September 2017 and made an offer of just compensation. The City and the Hendersons then settled the foregoing matters. The City obtained possession of the Property and paid the Hendersons estimated just compensation of $54.5 million. The Hendersons' de facto taking case was dismissed with prejudice.

The Board of View, which was appointed by the Court of Common Pleas in Delaware County (the “Trial Court”), issued its Report, which was filed on October 19, 2020, awarding damages to the Hendersons in the amount of $139,120,000 as "just compensation" for the taking of the Property. The amount of $54,500,000 referenced above is to be deducted from this amount. On November 12, 2020, the City filed an appeal to the damage award to the Trial Court raising objections, as a matter of law, to the Report. The Trial Court then asked the parties to brief the issue respecting the preliminary determination of whether the Report issued by the Board was legally erroneous. On November 9, 2021, after multiple rounds of briefing, the Trial Court issued an order overruling the City’s objections. The City filed a timely notice of appeal to the Commonwealth Court, and the Hendersons filed a Motion to Quash the appeal as interlocutory. The Commonwealth Court ordered that the Motion to Quash be listed with merits of the appeal. The Trial Court has stayed the action pending disposition of the City’s appeal in the Commonwealth Court. On December 7, 2023, the Commonwealth Court issued an order granting the Hendersons’ application to quash the City’s appeal. On January 8, 2024, the City filed a petition for allowance of appeal before the Commonwealth’s Supreme Court. The Supreme Court of Pennsylvania has agreed to hear the case, and all briefs have been submitted by the parties. The City filed its brief in September of 2024. Hendersons filed their reply in October 2024, and the City filed its reply in November 2024. Oral arguments will be heard by the Court on September 11, 2025. The City is represented by outside counsel Dilworth Paxson LLP. A payout related to this matter, if any, will be coming out of the Aviation Fund and deemed a possible loss.

Fraternal Order of Police, Lodge 5 (Deplorable Conditions) v. City of Philadelphia

The FOP filed a grievance alleging that the City violated their union labor contract's human dignity clause based on the condition of all police facilities and sought extensive remedies. Following a lengthy arbitration, an interim award was issued on April 26, 2013. Pursuant to the terms of that award, the arbitrator found that the City had violated the contract but ordered only that the parties meet on a monthly basis to identify and prioritize issues, work out budgets, and work through the issues identified by the union.

In July of 2018, the FOP requested hearings before the arbitrator regarding the conditions of the police facilities, but no dates were set, and there has not been any activity on this matter since July of 2018.

Although the union has not specified its concerns, the City' s attorneys believe that the union wishes the arbitrator to force the City to significantly renovate or replace existing facilities. The City's attorneys are unable in their professional judgment to evaluate the likely cost of an unfavorable outcome but estimate that if renovations such as the union has previously sought were necessary, it could cost the City more than $8 million. City attorneys believe the probability of such an award being issued to be highly unlikely and would contest any such award vigorously through available appellate options.

James Dennis v. City of Philadelphia

Mr. Dennis has filed a suit in federal court alleging that he was wrongfully incarcerated for 25 years due to the withholding and fabrication of evidence by the Philadelphia Police Department. Mr. Dennis received a new trial after his conviction, but in 2016 pled no contest to third-degree murder rather than going to trial again. Mr. Dennis is represented by Paul Messing, an experienced civil rights attorney. This case was tried to verdict in E.D.Pa. in April 2024. While the City was dismissed on a Rule 50 motion, verdict was reached against the individual defendants. The jury awarded $10 million in compensatory damages, and $6 million in punitive damages. The case is being appealed, but should the appeal be unsuccessful the damages will exceed $8 million.

Hicks v. City of Philadelphia 22-977

Termaine Hicks was convicted of rape and spent 18 years in prison before his conviction was vacated. A complaint was filed in mid-March 2022. The case has gone through discovery and motions for summary judgement were

filed and denied. The trial is currently in process. Given the length of time Mr. Hicks spent in custody, damages, while difficult to calculate, could exceed $8 million.

Swainson v. City of Philadelphia 22-2163
Andrew Swainson was convicted of murder and spent 32 years in prison before his conviction was vacated. A complaint was filed in June 2022, and the case has proceeded through discovery. Summary judgment motions were granted in part and denied in part. Trial is scheduled to occur at the end of October 2025. Should the case proceed to trial, given the length of time Mr. Swainson spent in custody, damages, while difficult to calculate, could exceed $8 million.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3) Single Audit
The City receives significant financial assistance from numerous federal, state, and local governmental agencies in the form of grants and entitlements. The disbursement of funds received under these programs generally requires compliance with terms and conditions as specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits and relating to the City or its component units could become a liability of the General Fund or other applicable funds. In the opinion of City Officials, the only significant contingent liabilities related to matters of compliance, are the timely filing of the City's audit report, data collection form and reporting package, detailed below and the unresolved and questioned costs in the City's Schedule of Financial Assistance to be issued for the year ended June 30, 2025, which accounted for $959.3 million for all open programs as of November 30, 2025. Of this amount, $608.2 million represents unresolved costs due to the inability to obtain audit reports from sub-recipients for the year ended June 30, 2025. $350.91 million represents unresolved costs due to the inability to obtain audit reports from sub-recipients for the years ended June 30, 2024 and prior, and $0.23 million represents questioned costs related to specific compliance requirements which have yet to be resolved.

In addition to the Single Audit contingencies noted above, Uniform Guidance §200.512 requires that the audit must be completed, and the data collection form and reporting package must be submitted within, the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. The City has regularly failed to meet this filing requirement. As a result of the City's continued failure to meet this filing requirement, there is a chance that future funding could be affected.

4) HUD Section 108 Loans
As detailed in Note III. 6., collateral for repayment of the City's HUD Section 108 loans includes future Community Development Block Grant entitlements due to the City from HUD.

5) Act 148 Children and Youth and Other Major Programs

In previous fiscal years the Act 148 and all of the Children and Youth Programs reimbursed by the Commonwealth of Pennsylvania, were accounted for in the General Fund. Starting in fiscal year 2012, the reimbursable portion of this program was accounted for in the Grants Revenue Fund, and the non-reimbursable portion continues to be accounted for in the General Fund. At June 30, 2024, the Grants Revenue Fund had $486.4 million receivable for the Children and Youth Programs. In FY 2025, the Grants Revenue Fund had expenditures totaling $636.1 million and revenue totaling $577.7 million. At June 30, 2025, the Grants Revenue Fund had $548.9 million receivable for the Children and Youth Programs. Due to the nature of the programs' billing polices, the city has 24 months after the current fiscal year-end date to submit a final reimbursement request. If receivables for program costs submitted for reimbursement are subsequently deemed ineligible, such non-reimbursable costs will be charged to the General Fund.

B. COMPONENT UNITS

1) Claims and Litigation

SDP

The following information represents the opinion and disclosures of the General Counsel of the School District concerning litigation and contingencies:

Special Education and Civil Rights Claims

There are estimated five hundred seventy (570) open special education matters, including due process matters, at various stages of the administrative process against the School District, by or on behalf of students, which aggregate to a total potential liability of $4.0 million.

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

Other Matters

The School District is a party to various claims, legal actions, arbitrations, and complaints in the ordinary course of business, which aggregate to a total potential liability of $12.3 million. In the opinion of the General Counsel of the School District, it is unlikely that final judgments or compromised settlements will approach the total potential liability, however. Nevertheless, the School District annually budgets an amount that management believes is adequate, based on past experience, to provide for these claims when they become fixed and determinable in amount. More particularly, there are compromised settlements or unfavorable verdicts that are deemed probable and reasonably possible in the aggregate amounts of $1.5 million and $11.5 million, respectively, arising from personal injury and property damage claims and lawsuits.

Administrative Appeals in Pennsylvania Department of Education

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

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

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

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

PGW

PGW's material legal proceedings are as described below. PGW believes that it has valid defenses to these legal proceedings and intends to defend them vigorously. PGW records reserves for estimated losses from contingencies when information available indicates that a loss is probable and the amount of the loss, or range of loss, can be reasonably estimated. Management has assessed the following matters based on current information and made a judgment concerning their potential outcomes, considering the nature of the claim, the amount and nature of damages sought, and the probability of success. PGW is unable to predict the outcome of these legal proceedings or reasonably estimate the scope or amount of any associated costs and potential liabilities.

Philadelphia Gas Works, Petitioner v. Pennsylvania Public Utility Commission and SBG Management Services, et. al.
Respondents, Pennsylvania Supreme Court Docket No.14 EAP 2020; Pennsylvania Commonwealth Court Docket Nos. 1291 CD 2018, 1405 CD 2018 and 1404 CD 2018. These are an appeal by PGW dated October 19, 2018, from the Orders of the PUC issued (a) December 8, 2016, and the related Opinions and Orders denying reconsideration that were issued on May 18, 2018 and on August 23, 2018; (b) September 20, 2018; and (c) October 4, 2018.

Eight complaints were filed by landlords and by SBG Management Services, Inc. (collectively, SBG), the property management company that manages the day-to-day operations of certain residential properties owned by the landlords. The complaints which challenged amounts owed by SBG to PGW that, inter alia, were subject to late payment charges by PGW were divided into three groups by the Commission. The Commission's Regulations and PGW's Commission approved tariff authorizes PGW to charge interest (in the form of a late payment charge) at the rate of 1.5% per month on the overdue balance of a utility bill. In addition, if a customer does not pay for natural gas services provided by PGW, a municipal lien (which is created by operation of the Pennsylvania Municipal Claim and Tax Lien Law, 53 P.S. §§ 7101, et. seq. (MCTLL)) may be docketed with the appropriate local court. The Commission held that it lacks jurisdiction over unpaid amounts for natural gas service provided by PGW when a municipal lien is docketed under the MCTLL. Based upon that conclusion, the Commission determined that once a lien is docketed, PGW may not apply rules set forth in its Commission-approved tariff to the arrearage amount giving rise to the lien and may not show that arrearage amount on its monthly bills to nonpaying customers. The PUC assessed civil penalties in the total amount of approximately $0.1 million against PGW, ordered PGW to refund sums totaling approximately $1.0 million to the complainants, correct its practices in the assessment of late payment charges on unpaid balances, and modify the payment application sequence associated with partial payments. This would require PGW to make changes to PGW's billing system.

In response to the PUC's determination, PGW filed timely appeals with the Pennsylvania Commonwealth Court from the PUC's decision in each group of complaints. Oral argument took place on November 12, 2019.
On December 9, 2019, the Pennsylvania Commonwealth Court reversed the orders of the PUC related to amounts owed by SBG Management Services, Inc. to PGW that, inter alia, were subject to late payment charges by PGW. The Commonwealth Court found that (i) the PUC committed an error of law in holding that it lacked jurisdiction over gas charges subject to docketed liens, (ii) the PUC committed an error of law in holding that PGW could not continue to impose late fees of 1.5% per month on delinquent accounts once the City dockets a lien, and (iii) the PUC erred in imposing penalties, ordering refunds of previously imposed late fees, and directing billing changes relating to charges subject to docketed liens.

On January 8, 2020, SBG petitioned the Pennsylvania Supreme Court ("PA Supreme Court") to reverse the decision of the Commonwealth Court. On June 23, 2020, the PA Supreme Court granted SBG's petition for appeal. On December 1, 2020, the parties presented oral arguments before the PA Supreme Court. On April 29, 2021, the PA Supreme Court reversed the order of the Commonwealth Court, and held that liens filed of record under Section 7106(b) of the Municipal Claims and Tax Lien Law (53 P.S. § 7106(b)) have the effect of judgments, and accordingly accrue interest at the "lawful rate" of post-judgment interest of 6% per annum. (See 42 Pa.C.S. §8101; 41 P.S. § 202) (see https://casetext.com/case/phia-gas-works-v-pa-pub-util-commn-3).

On May 13, 2021, PGW filed an "Application for Reargument" with the PA Supreme Court. In its Application, PGW requested that the PA Supreme Court grant reargument on a number of grounds, including due to PGW's assertion that the determination of the interest rate on liens was not properly the subject of the appeal before the PA Supreme Court.

On June 15, 2021, Philadelphia Gas Works' Application for Reargument was granted in part by the PA Supreme Court. The case was remanded to the Commonwealth Court for consideration of any outstanding issues. (PGW's Application for Relief (including the request for reargument) was denied in all other respects.) On August 3, 2021, the Commonwealth Court issued an order establishing a Supplemental Briefing Schedule for the matter on remand and also fixed the questions on remand. The parties' briefs were filed in September/October of 2021. Oral argument took place on February 7, 2022, before the Commonwealth Court, and on March 16, 2022, the Commonwealth Court held that PGW II applies retroactively only to the parties of PGW II as well as other proceeding pending at the time PGW II was decided on April 28, 2021. The Commonwealth Court remanded the proceeding to the Commission for a determination of the correct amounts.

Upon remand to the Commission, PGW filed a motion to dismiss the issue related to the amounts due on docketed liens. PGW argued that the amount due on docketed liens (which are judgments according to PGW II) are outside of the Commission's jurisdiction. In response, SBG argued that it is proper for the Commission to determine how much SBG was overcharged. The motion was argued before the Administrative Law Judge (the "ALJ") on November 8, 2022. An evidentiary hearing was held on March 23, 2024. The ALJ issued an initial decision on July 26, 2024. Exceptions to the initial decision were separately filed by PGW and SBG on August 16, 2024. Replies to the Exceptions were filed on August 26, 2024.

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

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

SBG Management Services, Inc. Et Al. v. City of Philadelphia c/o Philadelphia Gas Works

In a separate, but related matter to the SBG matter described above, various and several new SBG entities filed a Praecipe for Writ of Summons against "the City of Philadelphia c/o PGW" in the Philadelphia Court of Common Pleas on April 29, 2021, and docketed a complaint on August 24, 2021. The complaint sets forth a cause of action for "recoupment" (Count I), a claim for unjust enrichment (Count II), a cause of action for fraud (Count III), and a claim for violation of the UTPCPL (Count IV). Under SBG's view of the decision of the Pennsylvania Supreme Court (PGW v. PUC, 249 A.3d 963 (Pa. 2021)) in the above-described litigation, SBG is entitled to damages based on the amounts paid by them to satisfy the judgments (docketed municipal liens) against them for unpaid gas service. In their complaint, Plaintiffs allege they have incurred hundreds of millions of dollars in damages from PGW's billing practices since at least 2004 and are seeking a refund of late payment charges paid to PGW in excess of $10.2 million, as well as other substantial (including punitive and treble) damages, interest, costs, fees and penalties based upon allegations of unjust enrichment, fraud, and unfair trade practices arising from PGW's late payment charges. PGW filed its response to the complaint in September 2021, wherein it raised objections and defenses to all the causes of action raised in the complaint. Additionally, on September 13, 2021, PGW filed Preliminary Objections with the Court. On January 20, 2022, the Court issued an order in response to PGW's Preliminary Objections, dismissing two of SBG's claims with prejudice (fraud and unfair trade practices), and dismissing a third claim (breach of contract) without prejudice, and leave to SBG to amend its complaint. SBG has subsequently filed multiple amended complaints including a Third Amended Complaint ("TAC"). The TAC asserts claims of breach of contract (Count 1) and unjust enrichment (Count II). PGW responded by filing preliminary objections to the TAC. On August 10, 2022, the Court sustained one of PGW's preliminary objections and dismissed the nine other property owners. PGW's other preliminary objections were overruled. PGW filed an answer with new matter on August 30, 2022. SBG's reply was filed on September 23, 2022. PGW has also filed a motion for summary judgement on the grounds that all or most of SBG's claims are barred by the applicable statutes of limitations. That motion was denied by the Court on September 3, 2024. Under the Court's Order entered November 25, 2025, the jury selection will be on March 27, 2026 with the trial starting on March 30, 2026.

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

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

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

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

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

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

Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement v. Philadelphia Gas Works. Docket No. C-2019-3013933

On December 19, 2019, an explosion occurred on the 1400 Block of South Eighth Street in Philadelphia that resulted in two fatalities. The Commission's Bureau of Investigation and Enforcement ("BI&E") conducted an investigation, leading to a formal complaint being filed on July 15, 2022. Following partial litigation of the matter, a settlement was reached with BI&E that resulted in no civil penalty but included the creation of Residential Methane Detector Pilot Program where PGW agreed to commit $800,000 towards the implementation. The settlement also included various other actions by PGW, such as coordination and training with the excavator community that will create some additional but unquantified expenses. The settlement was approved by the Commission on September 15, 2025.

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

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

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

9. SUBSEQUENT EVENTS

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

A. PRIMARY GOVERNMENT

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

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

B. COMPONENT UNITS

1. **PGW** Subsequent Event:

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

2. **PHA** Subsequent Events:

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

3. **SDP** Subsequent Events

   a. *Tax Revenue Anticipation Notes (TRAN)*

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

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

City of Philadelphia
PENNSYLVANIA

Required Supplementary Information

(Other than Management's Discussion and Analysis)

City of Philadelphia **Exhibit XIV**

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

Amounts in thousands of USD

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

* Refer to the notes to required supplementary information.

City of Philadelphia **Exhibit XV**

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

Amounts in thousands of USD

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

* Refer to the notes to required supplementary information.

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

Amounts in thousands of USD

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

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

	FYE 2024	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017
Total OPEB Liability								
Service Cost	$ 86,400	$ 82,200	$ 118,100	$ 110,900	$ 93,900	$ 82,400	$ 81,800	$ 89,300
Interest (includes interest on service cost)	67,500	64,300	47,900	47,500	69,200	71,900	67,900	56,100
Changes of benefit terms	41,100	-	-	-	-	-	-	-
Differences between expected and actual experience	67,100	-	(65,000)	-	18,100	-	56,800	-
Changes of assumptions	(363,000)	(15,400)	(354,300)	8,300	75,300	54,000	(147,800)	(105,600)
Benefit payments, including refunds of member contributions	(103,600)	(101,100)	(118,300)	(97,800)	(104,600)	(96,900)	(96,400)	(114,800)
Net change in total OPEB liability	(204,500.00)	30,000	(371,600)	68,900	151,900	111,400	(37,700)	(75,000)
Total OPEB liability - beginning	1,814,500	1,784,500	2,156,100	2,087,200	1,935,300	1,823,900	1,861,600	1,936,600
Total OPEB liability - ending	1,610,000	1,814,500	1,784,500	2,156,100	2,087,200	1,935,300	1,823,900	1,861,600
Plan fiduciary net position								
Contributions - employer	103,600	101,100	118,300	97,800	104,600	96,900	96,400	114,800
Benefit payments, including refunds of member contributions	(103,600)	(101,100)	(118,300)	(97,800)	(104,600)	(96,900)	(96,400)	(114,800)
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-
Net OPEB liability - ending	**$ 1,610,000**	**$ 1,814,500**	**$ 1,784,500**	**$ 2,156,100**	**$ 2,087,200**	**$ 1,935,300**	**$ 1,823,900**	**$ 1,861,600**
Covered-employee payroll	$ 2,118,500	$ 1,993,000	$ 1,921,100	$ 1,886,500	$ 1,921,200	$ 1,842,600	$ 1,805,400	$ 1,744,700
Net OPEB liability as a percentage of covered-employee payroll	76.00%	91.04%	92.89%	114.29%	108.64%	105.03%	101.02%	106.70%

Note: There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan. The schedules of changes in net OPEB liability and related ratios are intended to show information for 10 years. Additional years will be displayed as they become available.

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

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

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

Last 10 Fiscal Years
Amounts in Thousands

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

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

Last 10 Fiscal Years
Amounts in Thousands

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

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

Last 10 Fiscal Years
Amounts in Thousands

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

Notes to Schedule

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

Key Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age
Asset valuation method	Ten-year smoothed market
Amortization method	Gain/Losses are amortized over closed 20-year periods, assumption changes over 15years, benefit changes for actives over 10 year, and benefit changes for inactive members over 1 year, and plan changes mandated by state over 20 years. Under the City's Funding policy, the initial July 1, 1985 unfunded actuarial liability (UAL) is amortized over 34 years ending June 30, 2019. Future Amortization periods follow the MMO funding policy. Under the MMO Funding Policy, the July 1, 2009 unfunded actuarial liability (UAL) was "fresh started", to be amortized over 30 years, ending June 30, 2039. This is level dollar amortization of the UAL. Under the RRP Funding Policy, sales tax revenue and additional member contributions are dedicated to fund the unfunded liability instead of reducing the City's obligation such that this revenue is in addition to what the MMO would have been without these additional assets.
Discount rate	7.35%
Amortization growth rate	3.30%
Salary increases	Age based salary scale separated by employee classification
Mortality	Pub-2010(B) Mortality Tables projected from base year of 2010 to 2025 using mortality improvement scale MP-2021

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

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

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

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

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

	FYE 2025	FYE 2024	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016
Actuarially determined contribution	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 26,844	$ 28,797	$ 28,395	$ 29,260	$ 26,476
Contributions in relation to the actuarially determined contribution	30,000	30,000	30,000	30,043	29,728	29,414	28,570	29,143	27,918	21,123
Contribution deficiency/(excess)	$ -	$ -	$ -	$ (43)	$ 272	$ (2,570)	$ 227	$ (748)	$ 1,342	$ 5,353
Covered payroll	$ 112,581	$ 108,177	$ 102,709	$ 97,435	$ 97,959	$ 95,934	$ 98,454	$ 101,271	$ 94,768	$ 90,860
Contributions as a percent of covered payroll	26.65%	27.73%	29.21%	30.83%	30.35%	30.66%	29.02%	28.78%	29.46%	23.25%

Notes to Required Supplementary Information:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2025
Actuarial cost method	Projected Unit Credit
Amortization method	Contributions based on greater of 20-year level dollar open amortization method and 30-year level dollar closed amortization method.
Asset valuation method	Assets smoothed over a 5-year period
Salary increases	Varies by participant years of service
General inflation	2.00%
Investment rate of return	7.00%
Retirement age	Varies
Mortality rates	Pri-2012 mortality table projected generationally from the central year using Scale MP-2021.
Discount rate	7.00%

I. BASIS OF BUDGETING

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

The major funds presented as Required Supplementary Information are subject to annual operating budgets adopted by City Council. These budgets appropriate funds by major class of expenditure within each department. Major classes are defined as: personal services; purchase of services; materials and supplies & equipment; contributions, indemnities & taxes; debt service; payments to other funds; and advances & other miscellaneous payments. The appropriation amounts for each fund are supported by revenue estimates and take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. All transfers between major classes must have council approval.

Appropriations that are not expended or encumbered at year end are lapsed. Comparisons of budget to actual activity at the legal level of compliance are reported in the City's "Supplemental Report of Revenues & Obligations", a separately published report.

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

II. BASIS OF BUDGETING TO GAAP BASIS RECONCILIATION

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

City of Philadelphia
PENNSYLVANIA

Other Supplementary Information

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

COUNTY LIQUID FUELS TAX - Established to account for funds made available by Public Law No. 149.

SPECIAL GASOLINE TAX - Established to account for funds made available by Public Law No. 588.

HOTEL ROOM RENTAL TAX - Established to account for the tax levied to promote tourism.

COMMUNITY DEVELOPMENT - Established to account for revenues received from the Department of Housing and Urban Development, restricted to accomplishing the objectives of the CDBG Program, within specific target areas.

CAR RENTAL TAX - Established to account for the tax levied to retire new municipal stadium debt.

HOUSING TRUST - Established to account for the funds to be used under Chapter 1600 of Title 21 of the Philadelphia Code to assist low-income homeowners.

ACUTE CARE HOSPITAL ASSESSMENT - Established in FY 2009 to account for the assessment of certain net operating revenues of certain acute care hospitals.

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

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

PHILADELPHIA PRISONS - Established to operate a workshop and to provide benefits for the prison inmates.

ARBITRATION APPEALS - Established to account for certain court fees and provide funds for the arbitration board.

DEPARTMENTAL - Established to account for various activities of the Free Library and Parks and Recreation.

MUNICIPAL AUTHORITY ADMINISTRATIVE - Established to account for all financial transactions of the Municipal Authority not accounted for in other funds.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY ADMINISTRATIVE - Established to account for PICA revenues from taxes and deficit financing transactions.

NON-MAJOR GOVERNMENTAL FUNDS (Cont'd)

DEBT SERVICE FUNDS

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

CITY - Established to account for the debt service activities of the City not reflected in proprietary funds operations**.**

MUNICIPAL AUTHORITY - Established to account for the debt service activities related to the equipment and facilities financed through the Philadelphia Municipal Authority.

CAPITAL IMPROVEMENT FUNDS

Capital Improvement Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets .

CITY - Established to account for capital additions and improvements to the City's facilities and infrastructure and financed through general obligation bond issues and grants from federal, state and local agencies.

MUNICIPAL AUTHORITY - Established to account for the acquisition of vehicles and the construction of major facilities for the city.

PERMANENT FUNDS

Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.

LIBRARIES & PARKS - Established to account for trust of the Free Library and Parks and Recreation.

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

Amounts in thousands of USD

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

City of Philadelphia **Schedule I**

Combining Balance Sheet

Non-Major Governmental Funds(Continued)

June 30, 2025

Amounts in thousands of USD

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

City of Philadelphia **Schedule II**

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

Amounts in thousands of USD

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

City of Philadelphia **Schedule II**

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

Amounts in thousands of USD

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

City of Philadelphia **Schedule III**

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

Amounts in thousands of USD

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

City of Philadelphia **Schedule IV**

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

Amounts in thousands of USD

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

City of Philadelphia **Schedule V**

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

Amounts in thousands of USD

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

City of Philadelphia **Schedule VI**

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

Amounts in thousands of USD

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

City of Philadelphia **Schedule VII**

City Related Schedule of Bonded Debt Outstanding

June 30, 2025

Amounts in USD

	Date of Issuance		Issued	Fiscal 2025 Outstanding	Maturities	Interest Rates	FY 2026 Debt Service Requirements Interest	Principal
Governmental Activities								
General Obligation Bonds:								
Series 2009B (Refunding)	8/13/2009	[1]	100,000,000	100,000,000	8/2027 to 8/2031	variable	3,839,000	-
Series 2015A (Refunding)	7/8/2015		138,795,000	10,450,000	8/2025 to 8/2025	5.00	261,250	10,450,000
Series 2015B	9/30/2015		191,585,000	8,975,000	8/2025 to 8/2025	4.00 to 5.00	224,375	8,975,000
Series 2017 (Refunding)	2/2/2017		262,865,000	121,225,000	8/2025 to 8/2041	4.00 to 5.00	5,437,600	14,990,000
Series 2017A	8/2/2017		250,845,000	145,190,000	8/2025 to 8/2037	5.00	6,776,125	19,335,000
Series 2019A (Refunding)	5/14/2019		188,660,000	62,265,000	8/2025 to 8/2031	5.00	2,449,625	26,545,000
Series 2019B	8/8/2019		293,360,000	240,285,000	2/2026 to 2/2039	5.00	12,014,250	12,260,000
Series 2020A (Refunding)	1/16/2020		118,030,000	6,035,000	7/2025 to 7/2025	1.72 to 3.01	65,057	6,035,000
Series 2021A	8/11/2021		294,715,000	255,635,000	5/2026 to 5/2042	4.00 to 5.00	11,646,700	10,005,000
Series 2021B (Refunding)	8/11/2021		132,085,000	47,245,000	7/2025 to 7/2038	0.38 to 2.52	983,566	7,985,000
Series 2025A	6/18/2025		301,320,000	301,320,000	8/2033 to 8/2045	5 to 5.25	9,469,796	-
Series 2025B	6/18/2025		100,460,000	100,460,000	8/2026 to 8/2033	4.46 to 5.12	2,899,790	-
Series 2025C (Refunding)	6/18/2025		470,790,000	470,790,000	2/2026 to 8/2037	5	14,581,413	5,610,000
Total New Money Bonds			1,432,285,000	1,051,865,000			43,031,035	50,575,000
Total Refunding Bonds			1,411,225,000	818,010,000			27,617,511	71,615,000
Total General Obligation Bonds			2,843,510,000	1,869,875,000			70,648,546	122,190,000
Business Type Activities								
Revenue Bonds								
Water and Sewer Revenue Bonds:								
Series 2009B (Pennvest)	10/14/2009		31,216,779	10,600,738	7/2025 to 6/2033	2.107	210,199	1,367,773
Series 2009C (Pennvest)	10/14/2009		49,157,776	18,048,569	7/2025 to 6/2033	2.107	357,017	2,418,423
Series 2009D (Pennvest)	3/31/2010		75,744,096	27,379,229	7/2025 to 6/2033	2.107	539,184	3,918,437
Series 2010B (Pennvest)	6/17/2010		30,000,000	13,770,651	7/2025 to 6/2033	2.107	275,288	1,544,618
Series 2021A (Pennvest)	2/10/2021		43,648,745	37,822,128	2/2025 to 1/2044	1.000 to 1.727	362,771	4,097,532
Series 2021D (Pennvest)	10/21/2021		5,018,117	4,701,874	5/2025 to 4/2044	1.000 to 1.727	45,765	274,016
Series 2022D (Pennvest)	9/19/2022		59,395,395	59,395,395	10/2025 to 9/2045	1.000 to 1.727	598,523	3,977,607
Series 2022A (Pennvest)	4/14/2022		13,027,597	12,834,524	4/2026 to 3/2045	1.000 to 1.743	124,798	774,825
Series 2022B (Pennvest)	7/26/2022		32,792,726	32,102,598	2/2026 to 1/2045	1.000 to 1.743	313,404	1,665,723
Series 2022E (Pennvest)	10/12/2022		7,154,351	7,154,351	10/2025 to 9/2045	1.000 to 1.743	70,586	287,612
Series 2022F (Pennvest)	10/12/2022		6,379,333	6,379,333	10/2025 to 9/2045	1.000 to 1.743	62,910	265,355
Series 2023A (Pennvest)	6/1/2023		52,988,268	52,988,268	6/2026 to 5/2046	1.00	592,943	455,809
Series 2024A (Pennvest)	9/27/2024		16,428,136	16,428,136	7/2027 to 10/2035	1.000 to 1.743	198,728	-
Series 2024B (Pennvest)	9/27/2024		10,291,125	10,291,125	7/2027 to 10/2031	1.000 to 1.743	140,399	-
Series 2023 (WIFIA)	2/29/2024		17,064,421	17,064,421	4/2027 to 4/2046	3.59	597,906	-
Series 2014 (Refunding)	1/23/2014		93,170,000	18,490,000	7/2025 to 7/2026	3.00 to 5.00	699,000	9,020,000
Series 2015B (Refunding)	4/16/2015		141,740,000	50,190,000	7/2028 to 7/2036	4.00 to 5.00	2,446,200	-
Series 2016 (Refunding)	11/3/2016		192,680,000	96,855,000	10/2025 to 10/2035	3.00 to 5.00	3,886,888	24,030,000
Series 2017A	4/13/2017		279,865,000	207,140,000	10/2025 to 10/2052	5.00 to 5.25	10,479,875	-
Series 2017B (Refunding)	8/10/2017		174,110,000	57,865,000	11/2025 to 11/2034	5.00	2,714,250	7,160,000
Series 2018A	11/28/2018		276,935,000	226,660,000	10/2032 to 10/2053	5.00	11,333,000	-
Series 2019A (Refunding)	2/27/2019		68,335,000	15,950,000	10/2039 to 10/2040	2.83 to 4.29	684,096	-
Series 2019B	8/14/2019		250,660,000	230,980,000	11/2025 to 11/2054	5.00	11,284,000	10,600,000
Series 2020 (Refunding)	10/07/2020		127,740,000	127,740,000	10/2032 to 10/2040	5.00	6,387,000	-
Series 2020A (Refunding)	8/06/2020		201,530,000	190,465,000	11/2025 to 10/2050	5.00	9,369,375	6,155,000
Series 2020B (Refunding)	8/06/2020		95,025,000	10,675,000	11/2033 to 11/2035	0.693 to 2.434	247,550	-
Series 2021B (Refunding)	6/30/2021		368,720,000	227,540,000	7/2025 to 07/2045	0.247 to 2.926	6,477,415	260,000
Series 2021C	10/07/2021		231,930,000	223,375,000	10/2025 to 10/2051	2.75 to 5.00	9,361,500	4,610,000
Series 2022C	8/16/2022		294,810,000	272,430,000	6/2026 to 6/2052	5.00 to 5.50	14,252,250	7,930,000
Series 2023B	9/28/2023		471,080,000	464,100,000	9/2025 to 9/2053	5.00 to 5.50	23,169,625	7,340,000
Series 2023B (Refunding)	9/28/2023		93,755,000	89,805,000	9/2025 to 9/2037	5.00 to 5.50	4,351,625	5,545,000
Series 2024C	11/13/2024		300,960,000	300,960,000	9/2025 to 9/2054	5.00 to 5.25	15,321,650	4,400,000
Series 2024C (Refunding)	11/13/2024		294,820,000	294,820,000	9/2027 to 9/2054	5.00 to 5.25	14,741,000	-
Total New Money Bonds			2,556,546,864	2,252,606,339			99,692,320	55,927,729
Total Refunding Bonds			1,851,625,000	1,180,395,000			52,004,398	52,170,000
Total Water Revenue Bonds			4,408,171,864	3,433,001,339			151,696,718	108,097,729

City of Philadelphia **Schedule VII**

City Related Schedule of Bonded Debt Outstanding

June 30, 2025

Amounts in USD

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

NOTES:

[1] Assumes interest rate to be fixed swap rate on hedged variable rate bonds

City of Philadelphia **Schedule VIII**

Budgetary Comparison Schedule

Water Operating Fund

For the Fiscal Year Ended June 30, 2025

Amounts in thousands of USD

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

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

Amounts in thousands of USD

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

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

Amounts in thousands of USD

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

City of Philadelphia **Schedule XI**

Budgetary Comparison Schedule

Special Gasoline Tax Fund

For the Fiscal Year Ended June 30, 2025

Amounts in thousands of USD

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

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

Amounts in thousands of USD

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

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

Amounts in thousands of USD

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

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

Amounts in thousands of USD

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

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

Amounts in thousands of USD

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

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

Amounts in thousands of USD

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

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

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

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

Amounts in thousands of USD

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

City of Philadelphia **Schedule XIX**

Schedule of Budgetary Actual and Estimated Revenues and Obligations

General Fund *Amounts in thousands of USD*

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

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

City of Philadelphia **Schedule XIX**

Schedule of Budgetary Actual and Estimated Revenues and Obligations

General Fund *Amounts in thousands of USD*

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

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

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

City of Philadelphia **Schedule XIX**

Schedule of Budgetary Actual and Estimated Revenues and Obligations

General Fund *Amounts in thousands of USD*

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

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

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

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

City of Philadelphia **Schedule XX**

Schedule of Budgetary Actual and Estimated Revenues and Obligations

Water Operating Fund

Amounts in thousands of USD

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

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

City of Philadelphia **Schedule XXI**

Schedule of Budgetary Actual and Estimated Revenues and Obligations

Aviation Operating Fund *Amounts in thousands of USD*

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

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

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

Amounts in thousands of USD

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

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

Amounts in thousands of USD

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

City of Philadelphia **Schedule XXIV**

Budgetary Comparison Schedule

Transportation Fund

For the Fiscal Year Ended June 30, 2025

Amounts in thousands of USD

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

Statistical Section

Financial Trends

These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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

Table 1

Amounts in millions of USD

(full accrual basis of accounting)

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

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

Table 2
Amounts in millions of USD

(full accrual basis of accounting)

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

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

Table 2
Amounts in millions of USD

(full accrual basis of accounting)

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

City of Philadelphia **Table 3**
Fund Balances
Governmental Funds
For the Fiscal Years 2016 Through 2025

Amounts in millions of USD

(modified accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Non-spendable:	-	-	-	-	-	-	-	-	-	-
Restricted for:										
Central Library Project	1.7	1.7	-	-	-	-	-	-	-	-
Stadium Financing	0.6	0.6	-	-	-	-	-	-	-	-
Cultural & Commercial Corridor Project	7.4	2.7	1.5	1.2	1.1	0.9	0.9	0.4	-	-
Long Term Loan	44.8	33.1	21.8	10.8	-	6.5	3.2	0.1	0.0	0.0
Affordable Housing Project	-	-	44.3	27.3	11.0	0.0	-	-	-	-
Art Museum Project	-	-	11.4	6.3	1.8	0.4	-	-	-	-
Street Lighting Program	-	-	-	-	-	-	-	-	72.4	33.2
Rebuild Project	-	-	-	82.9	77.7	66.8	44.6	4.7	100.0	31.0
Home Repair Program	-	-	-	39.2	39.5	39.8	127.7	37.3	37.3	34.7
Neighborhood Revitalization	-	-	-	-	-	-	-	139.2	82.3	151.0
Committed to:										
General Fund	-	-	-	-	34.3	-	-	65.1	112.8	178.9
Assigned to:	78.0	128.4	127.0	322.3	-	442.7	659.0	428.6	565.3	640.0
Unassigned:	-	23.7	195.0	125.8	380.2	-	410.7	668.2	594.7	876.7
Total General Fund:	132.5	190.1	401.0	615.8	545.5	557.1	1,246.1	1,343.6	1,564.8	1,945.4
All Other Governmental Funds										
Non-spendable:										
Permanent Fund (Principal)	3.1	3.4	3.5	3.5	3.8	4.0	4.0	4.3	5.1	6.8
Restricted for:										
Behavioral Health	220.1	262.3	279.4	314.3	291.1	337.1	390.9	416.8	380.9	281.2
Neighborhood Revitalization	0.0	0.1	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3
Public Safety Emergency Phone System	40.8	31.5	31.2	34.1	33.1	35.0	36.2	38.5	48.4	51.5
Economic Development	12.3	13.7	13.9	15.2	3.1	5.8	9.1	17.0	17.3	12.8
Intergovernmental Financing	25.5	25.2	24.9	24.3	24.1	20.9	20.1	19.3	19.0	18.8
Opioid Abatement	-	-	-	-	-	-	-	14.0	19.5	74.2
Streets & Highways	37.1	46.0	57.1	59.2	63.2	59.7	72.5	70.1	64.9	108.0
Housing & Neighborhood Development	20.8	30.6	33.3	65.7	66.3	79.0	80.4	82.0	102.1	81.9
Health Services	11.2	13.4	17.4	20.6	22.7	23.3	22.1	20.9	20.2	12.6
Debt Service	81.6	72.4	62.9	54.7	16.0	13.0	11.4	0.6	0.6	0.8
Capital Improvements	133.1	24.8	161.0	88.1	278.5	112.7	308.9	377.5	237.6	366.5
Trust Purposes	10.2	10.2	9.4	10.0	9.7	9.5	14.8	14.9	15.8	18.3
Parks & Recreation	0.8	0.9	1.2	1.4	1.2	2.5	-	-	2.0	2.4
Libraries & Museums	3.0	3.3	3.1	2.5	2.5	3.0	2.0	2.5	0.8	0.8
Stadium Financing	6.4	6.0	5.8	5.0	10.5	8.4	8.3	8.5	9.1	9.9
Demolition	-	-	-	-	-	-	-	0.2	0.4	0.6
Committed to:										
Prisons	2.9	3.4	3.5	3.4	3.3	4.7	5.4	5.8	6.5	6.8
Parks & Recreation	1.7	1.3	1.1	1.4	1.5	1.5	2.0	5.9	3.9	3.2
Assigned to:										
Behavioral Health	-	-	-	-	-	-	-	-	-	-
PICA Rebate Fund	-	-	-	-	-	-	-	-	-	-
PMA	-	-	-	-	-	-	-	-	-	-
Unassigned:										
Housing & Neighborhood Dev	(5.3)	(8.4)	(8.7)	(9.3)	(16.2)	(10.0)	(19.3)	(28.3)	(25.9)	(18.3)
Grants Revenue Fund	(322.5)	(294.3)	(288.5)	(317.7)	(314.2)	(366.8)	(410.6)	(547.8)	(753.4)	(782.0)
General Mgmt & Support	-	-	-	(0.3)	(0.2)	-	-	(18.0)	(15.6)	(13.3)
Total All Other Governmental Funds	282.7	245.9	411.6	376.2	500.4	343.7	558.5	504.9	159.6	243.7

City of Philadelphia **Table 4**
Changes in Fund Balances
Governmental Funds
For the Fiscal Years 2016 Through 2025

Amounts in millions of USD

(modified accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Tax Revenue	3,632.7	3,761.3	4,112.4	4,345.2	4,359.3	4,173.5	4,936.4	5,160.6	5,120.5	5,655.6
Locally Generated Non-Tax Revenue	367.3	400.5	417.1	448.0	447.5	436.5	481.6	525.7	627.2	663.2
Revenue from Other Governments	2,245.2	2,466.1	2,440.6	2,409.2	2,552.6	2,915.2	3,320.8	3,322.8	3,132.4	3,543.8
Other Revenues	19.6	18.6	20.7	16.5	24.9	19.3	27.1	18.5	40.6	40.1
Total Revenues	6,264.8	6,646.5	6,990.8	7,218.9	7,384.3	7,544.5	8,765.9	9,027.6	8,920.7	9,902.7
Expenditures										
Current Operating:										
Economic Development	101.1	100.5	104.2	102.0	113.5	58.1	90.8	115.3	141.1	171.9
Transportation:										
Streets & Highways	105.1	98.7	108.4	139.8	137.2	132.4	131.8	169.9	175.6	200.1
Mass Transit	76.1	79.9	82.0	84.9	86.6	85.2	91.7	101.2	109.7	133.7
Judiciary and Law Enforcement:										
Police	1,162.5	1,169.7	1,237.6	1,256.9	1,306.9	1,223.1	1,316.8	1,358.6	1,327.7	1,380.6
Prisons	365.1	372.6	375.1	336.9	361.1	305.6	324.3	340.7	370.5	423.6
Courts	329.9	339.6	339.5	350.3	358.1	343.6	374.7	421.1	446.8	448.8
Conservation of Health:										
Emergency Medical Services	64.9	75.8	68.7	70.0	74.1	79.1	102.6	103.0	120.5	118.3
Health Services	1,573.1	1,608.3	1,656.5	1,646.4	1,837.3	1,983.7	2,102.1	2,171.5	2,185.3	2,305.0
Housing and Neighborhood Development	80.1	81.4	94.3	106.7	132.0	123.9	232.8	170.8	138.4	146.8
Cultural and Recreational:										
Recreation	104.8	107.1	112.3	117.9	112.8	114.2	123.9	166.4	175.1	155.4
Parks	1.5	3.4	2.9	2.7	2.2	2.5	1.4	2.1	2.8	2.4
Libraries and Museums	81.4	84.4	91.9	100.3	104.0	90.9	86.2	108.5	122.6	121.8
Improvements to General Welfare:										
Social Services	687.1	731.7	730.6	726.7	735.9	726.5	779.9	928.9	1,030.6	1,114.2
Education	134.5	134.2	134.7	213.3	263.2	294.2	297.9	331.0	342.4	338.9
Inspections and Demolitions	64.0	44.5	53.1	56.3	56.3	54.7	61.3	64.8	64.8	73.0
Service to Property:										
Sanitation	152.4	154.3	153.5	150.3	161.9	159.6	194.8	210.1	233.6	277.9
Fire	355.0	353.5	399.4	471.8	467.7	463.2	508.4	530.6	555.9	576.1
General Management and Support	686.4	718.1	789.9	810.1	929.2	1,053.8	1,077.5	1,364.6	1,242.8	1,312.8
Capital Outlay	206.1	145.5	455.7	208.0	211.0	219.9	206.8	300.5	325.7	600.2
Debt Service:										
Principal	139.5	145.0	152.6	139.7	198.0	214.0	164.9	168.9	141.5	219.2
Interest	107.5	106.2	112.7	114.2	107.4	114.4	106.5	100.5	90.8	86.4
Bond Issuance Cost	3.3	3.2	3.9	3.4	18.6	1.6	4.1	1.4	2.5	6.9
Total Expenditures	6,581.4	6,657.6	7,259.5	7,208.6	7,775.0	7,844.2	8,381.2	9,230.4	9,346.7	10,214.0
Excess of Revenues Over (Under) Expenditures	(316.6)	(11.1)	(268.7)	10.3	(390.7)	(299.7)	384.7	(202.8)	(426.0)	(311.3)
Other Financing Sources (Uses)										
Issuance of Debt	191.6	-	314.1	119.5	293.4	-	393.3	99.5	175.3	550.9
Issuance of Refunding Debt	234.2	346.1	108.3	188.7	326.2	137.0	132.1	24.6	-	539.6
Bond Issuance Premium	53.9	40.7	60.2	33.5	93.8	-	75.7	2.5	18.5	66.7
Capital Lease Proceeds	-	-	252.5	-	2.2	0.4	-	-	-	-
Payment to Refunded Bonds Escrow Agent	(259.6)	(383.5)	(123.1)	(212.5)	(305.7)	(20.0)	(130.9)	-	-	(507.1)
Subscriptions	-	-	-	-	-	-	-	-	4.4	25.7
Leases (as lessee)	-	-	-	-	-	-	0.4	62.8	37.8	51.7
Transfers In	686.3	731.4	802.5	925.5	819.7	864.2	1,160.2	1,583.8	1,595.6	1,584.5
Transfers Out	(654.7)	(702.9)	(769.2)	(885.6)	(785.0)	(827.0)	(1,111.6)	(1,526.4)	(1,529.8)	(1,535.9)
Total Other Financing Sources (Uses)	251.7	31.8	645.3	169.1	444.6	154.6	519.2	246.8	301.8	776.1
Net Change in Fund Balances	(64.9)	20.7	376.6	179.4	53.9	(145.1)	903.9	44.0	(124.2)	464.8
Debt Service as a Percentage of Non-capital Expenditures	3.9%	3.9%	3.9%	3.6%	4.0%	4.3%	3.3%	3.0%	2.6%	3.2%

City of Philadelphia
Comparative Schedule of Operations
Municipal Pension Fund
For the Fiscal Years 2016 through 2025

Table 5

Amounts in millions of USD

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Additions:										
Contributions:										
Employee Contributions	67.1	73.6	83.3	99.1	111.8	111.3	110.4	120.7	127.4	138.2
Employer's:										
City of Philadelphia	629.4	678.8	756.1	772.6	747.4	768.2	844.6	1,147.8	927.8	843.1
Quasi-Governmental Agencies	30.8	27.4	25.9	25.2	21.4	20.3	15.2	17.2	20.9	21.2
Total Employer's Contributions	660.2	706.2	782.0	797.8	768.8	788.5	859.8	1,165.0	948.7	864.3
Total Contributions	727.3	779.8	865.3	896.9	880.6	899.8	970.2	1,285.7	1,076.1	1,002.5
Interest & Dividends	101.5	108.5	127.9	132.7	130.0	127.7	175.2	195.6	235.1	262.1
Net Gain (Decline) in Fair Value of Investments	(239.8)	462.9	318.2	176.6	(38.1)	1,521.8	(646.9)	387.9	438.4	839.2
(Less) Investment Expenses	(9.1)	(8.0)	(7.5)	(7.5)	(6.7)	(7.2)	(8.9)	(14.5)	(16.3)	(17.8)
Net Securities Lending Revenue	1.9	1.8	1.8	2.2	2.1	1.2	1.0	2.1	2.1	2.1
(Less) Securities Lending Expenses	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.2)	(0.2)	(0.4)	(0.4)	(0.4)
Net Investment Income (Loss)	(145.8)	564.9	440.1	303.7	87.0	1,643.3	(479.8)	570.7	658.9	1,085.2
Miscellaneous Operating Revenue	0.1	1.8	0.2	0.1	0.1	0.2	0.1	0.3	0.0	0.3
Total Additions	581.6	1,346.5	1,305.6	1,200.7	967.7	2,543.3	490.5	1,856.7	1,735.0	2,088.0
Deductions:										
Pension Benefits	882.0	813.3	819.8	832.4	854.0	883.6	953.3	963.5	951.4	998.4
Refunds to Members	7.4	8.2	8.5	10.0	8.3	7.9	13.4	16.0	15.5	11.9
Administrative Costs	8.4	8.8	10.0	11.1	10.8	9.7	9.0	8.9	10.0	10.7
Other Operating Expenses	0.1	0.1	0.1	0.1	0.1	-	-	-	-	-
Total Deductions	897.9	830.4	838.4	853.6	873.2	901.2	975.7	988.4	976.9	1,021.0
Net Increase (Decrease)	(316.3)	516.1	467.2	347.1	94.5	1,642.1	(485.2)	868.3	758.1	1,067.0
Net Position: Adjusted Opening	4,674.3	4,358.0	4,874.1	5,341.3	5,688.4	5,782.9	7,425.0	6,939.8	7,808.1	8,566.2
Closing	4,358.0	4,874.1	5,341.3	5,688.4	5,782.9	7,425.0	6,939.8	7,808.1	8,566.2	9,633.2
Ratios:										
Pension Benefits Paid as % of Net Members Contributions	1477.39%	1243.58%	1095.99%	934.23%	825.12%	854.55%	982.78%	920.25%	850.22%	790.50%
Pension Benefits Paid as % of Closing Net Position	20.24%	16.69%	15.35%	14.63%	14.77%	11.90%	13.74%	12.34%	11.11%	10.36%
Coverage of Additions over Deductions	64.77%	162.15%	155.73%	140.66%	110.82%	282.21%	50.27%	187.85%	177.61%	204.51%
Investment Earnings as % of Pension Benefits	-16.53%	69.46%	53.68%	36.48%	10.19%	185.98%	-50.33%	59.23%	69.26%	108.69%

City of Philadelphia

Wage and Earnings Tax Taxable Income
For the Calendar Years 2015 Through 2024

Table 6

Amounts in millions of USD

	City Residents			Non-City Residents				
Year	Taxable Income	% of Total	Direct Rate [1]	Taxable Income	% of Total	Direct Rate [1]	Total Taxable Income	Total Direct Rate
2015	26,674.7	57.62%	3.91510%	19,615.7	42.38%	3.48715%	46,290.4	3.73375%
2016	28,609.5	58.69%	3.90530%	20,140.1	41.31%	3.47845%	48,749.6	3.72895%
2017	30,461.1	59.19%	3.89555%	21,005.2	40.81%	3.46975%	51,466.3	3.72177%
2018	32,170.7	59.88%	3.88580%	21,550.3	40.12%	3.46105%	53,721.0	3.71541%
2019	34,119.7	60.10%	3.87605%	22,649.7	39.90%	3.45240%	56,769.4	3.70702%
2020	34,431.6	63.67%	3.87120%	19,649.9	36.33%	3.47500%	54,081.5	3.72725%
2021	34,967.5	66.09%	3.83980%	17,944.2	33.91%	3.44810%	52,911.7	3.70696%
2022	38,895.6	63.15%	3.81490%	22,692.6	36.85%	3.44405%	61,588.2	3.67826%
2023	42,890.0	63.47%	3.77000%	24,683.6	36.53%	3.44000%	67,573.6	3.64946%
2024	45,207.4	63.72%	3.75000%	25,742.9	36.28%	3.44000%	70,950.3	3.63752%

Note:

The Wage and Earnings Tax is a tax on salaries, wages and commissions and other compensation paid to an employee who is employed by or renders services to an employer. All Philadelphia residents owe this tax regardless of where they perform services. Non-residents who perform services in Philadelphia must also pay this tax.

[1] When there is a rate change on July 1st, the direct rate is an average of the two rates involved during that calendar year.

City of Philadelphia **Table 7**

Direct and Overlapping Tax Rates

For the Ten Fiscal Years 2016 through 2025

Tax Classification	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Wage and Earnings Tax:										
[a] City Residents	3.9102%	3.9004%	3.8907%	3.8809%	3.8712%	3.8712%	3.8398%	3.7900%	3.7500%	3.7500%
Non-City Residents	3.4828%	3.4741%	3.4654%	3.4567%	3.4481%	3.5019%	3.4481%	3.4400%	3.4400%	3.4400%
Wage and Earnings Tax is a tax on salaries, wages and commissions and other compensation paid to an employee who is employed by or renders services to an employer. All Philadelphia residents owe this tax regardless of where they perform services. Non-residents who perform services in Philadelphia must also pay this tax										
[c] **Real Property: (% on Assessed Valuation)**										
City	0.632%	0.632%	0.632%	0.632%	0.632%	0.632%	0.632%	0.632%	0.632%	0.616%
School District of Philadelphia	0.768%	0.768%	0.768%	0.768%	0.768%	0.768%	0.768%	0.768%	0.768%	0.784%
Total Real Property Tax	1.400%	1.400%	1.400%	1.400%	1.400%	1.400%	1.400%	1.400%	1.400%	1.400%
[d] Assessment Ratio	167.26%	167.14%	167.14%	132.88%	125.08%	124.89%	119.13%	146.30%	132.11%	NA
Effective Tax Rate (Real Property Rate x Assessment Ratio)	2.341%	2.340%	2.340%	1.860%	1.751%	1.748%	1.668%	2.048%	1.849%	NA
The City and the School District impose a tax on all real estate in the City. Real Estate Tax bills are sent out in December and are due and payable March 31st without penalty or interest. If you pay your bill on or before the last day of February, you receive a 1% discount.										
Real Property Transfer Tax										
City	3.0%	3.1%	3.1%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
Commonwealth of Pennsylvania	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total Real Property Transfer Tax	4.0%	4.1%	4.1%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%
Realty Transfer Tax is levied on the sale or transfer of real estate located in Philadelphia. The tax also applies to the sale or transfer of an interest in a corporation or partnership that owns real estate. Certain long term leases are also subject to this tax.										
[b] **Business Income and Receipts Taxes**										
(% on Gross Receipts)	0.1415%	0.1415%	0.1415%	0.1415%	0.1415%	0.1415%	0.1415%	0.1415%	0.1415%	0.1415%
[e] (% on Net Income)	6.3900%	6.3500%	6.3000%	6.2500%	6.2000%	6.2000%	5.9900%	5.8100%	5.8100%	5.8100%
Every individual, partnership, association and corporation engaged in a business, profession or other activity for profit within the City of Philadelphia must file a BIRT Return.										
[b] **Net Profits Tax:**										
[a] City Residents	3.9004%	3.8907%	3.8809%	3.8712%	3.8712%	3.8398%	3.7900%	3.7500%	3.7500%	3.7500%
Non-City Residents	3.4741%	3.4654%	3.4567%	3.4481%	3.5019%	3.4481%	3.4400%	3.4400%	3.4400%	3.4400%
Net Profits Tax is levied on the net profits from the operation of a trade, business, profession, enterprise or other activity conducted by individuals, partnerships, associations or estates and trusts.										

City of Philadelphia **Table 7**

Direct and Overlapping Tax Rates

For the Ten Fiscal Years 2016 through 2025

Tax Classification	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sales Tax										
City	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Commonwealth of Pennsylvania	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Total Sales Tax	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Amusement Tax	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Imposed on the admission fee charged for attending any amusement in the City. Included are concerts, movies, athletic contests, night clubs and convention shows for which admission is charged.										
Parking Lot Tax	22.5%	22.5%	22.5%	22.5%	22.5%	25.0%	22.5%	22.5%	22.5%	22.5%
Parking Tax is levied on the gross receipts from all financial transactions involving the parking or storing of automobiles or other motor vehicles in outdoor or indoor parking lots and garages in the City.										
Hotel Room Rental Tax	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Rate of Tourism & Marketing Tax	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Imposed on the rental of a hotel room to accommodate paying guests. The term "hotel" includes an apartment, hotel, motel, inn, guest house, bed and breakfast or other building located within the City which is available to rent for overnight lodging or use of facility space to persons seeking temporary accommodations.										
Vehicle Rental Tax	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Imposed on any person acquiring the custody or possession of a rental vehicle in the City under a rental contract for money or other consideration.										

[a] Pursuant to an agreement with the Pennsylvania Intergovernmental Cooperation Authority (PICA), PICA's share of the Wage, Earnings and Net Profits Tax is 1.5% of City residents portion only.

[b] Rates apply to the tax year (previous calendar year) and the tax is due April 15th in the fiscal year cited.

[c] Rates apply to the tax year (current calendar year) and the tax is due March 31st in the fiscal year cited.

[d] The State Tax Equalization Board (STEB) annually determines a ratio of assessed valuation to true value for each municipality in the Commonwealth of Pennsylvania. The ratio is used for the purpose of equalizing certain state school aid distribution.

[e] 60% of the Net Income portion of the Business Income and Receipts Tax is allowed to be credited against the Net Profits Tax.

City of Philadelphia **Table 8**

Principal Wage and Earnings Tax Remitters [1]

Current Calendar Year and Nine Years Ago

Amounts in millions of USD

Remittance Range	2024 # of Remitters (Employers)	2024 Total Amount Remitted	2024 Percentage of Total Remitted	2015 # of Remitters (Employers)	2015 Total Amount Remitted	2015 Percentage of Total Remitted
Greater then $10 million	23	$747.4	28.96%	16	$435.1	25.18%
Between $1 million & $10 million	253	620.0	24.02%	169	430.6	24.91%
Between $100,000 & $1 million	2,636	696.6	26.99%	1,824	478.5	27.69%
Between $10,000 & $100,000	14,150	418.3	16.21%	9,725	287.1	16.61%
Less then $10,000	59,757	98.5	3.82%	41,601	97.0	5.61%
Total	76,819	$2,580.8	100.00%	53,335	$1,728.3	100.00%

[1] Wage & Earnings information for individual remitters is confidential

City of Philadelphia **Table 9**

Assessed Value and Estimated Value of Taxable Property

For the Calendar Years 2016 through 2025

Amounts in millions of USD

Calendar Year of Levy [1]	Assessed Value on Certification Date [3]	Less: Tax-Exempt Property [2,3]	Less: Homestead Exemption [7]	Total Taxable Assessed Value [2,3]	Adjustments between Certification Date and Billing Date [3]	Total Taxable Assessed Value on Billing Date	Total Direct Tax Rate [4]	STEB Ratio [5]	Estimated Actual Taxable Value (STEB)	Sales Ratio [6]	Estimated Actual Taxable Value (Sales)
2016	136,295	38,386	6,372	91,537	(1,369)	90,168	0.632%	167.26%	54,727	92.96%	98,469
2017	136,682	38,552	6,389	91,741	105	91,846	0.632%	167.14%	54,889	94.20%	97,390
2018	152,995	41,738	6,268	104,989	(811)	104,178	0.632%	167.14%	62,815	95.78%	109,615
2019	164,672	42,767	6,349	115,556	(3,313)	112,243	0.632%	132.88%	86,963	106.00%	109,015
2020	168,263	44,095	8,592	115,576	(1,225)	114,351	0.632%	125.08%	92,402	98.80%	116,980
2021	170,224	44,356	9,714	116,154	(641)	115,513	0.632%	124.89%	93,005	97.09%	119,635
2022	171,347	45,325	10,058	115,964	(56)	115,908	0.632%	119.13%	97,342	98.01%	118,319
2023	204,602	49,547	18,402	136,653	1,514	138,167	0.632%	146.30%	93,406	97.77%	139,770
2024	207,574	50,617	18,405	138,552	58	138,610	0.632%	132.11%	104,875	95.37%	145,278
2025	231,505	52,860	23,268	155,377	(206)	155,171	0.616%	NA	NA	NA	NA

[1] Real property tax bills are normally sent out in December and are payable by March 31 without penalty or interest.

[2] Bill #1130, approved February 8, 1978, provides relief from real estate taxes on improvements to deteriorated industrial, commercial or other business property for a period of five years. Bill #982, approved July 9, 1990, changed the exemption period from five years to three years. Bill #225, approved October 4, 2000, extended the exemption period from three years to ten years.

Bill #1456A, approved January 28, 1983, provides for a maximum three year tax abatement for owner-occupants of newly constructed residential property. Bill #226, approved September 12, 2000, extended the exemption period from three years to ten years.

Legislative Act #5020-205 as amended, approved October 11, 1984, provides for a maximum thirty month tax abatement to developers of residential property.

Bill #274, approved July 1, 1997, provides a maximum ten year tax abatement for conversion of eligible deteriorated commercial or other business property to commercial non-owner occupied residential property.

Bill #788A, approved December 30, 1998, provides a maximum twelve year tax exemption, abatement or credit of certain taxes within the geographical area designated as the Philadelphia Keystone Opportunity Zone.

[3] Source: Office of Property Assessment. Beginning in 2014:

a) the Assessed Value Certification Date was moved up to 3/31/2013; in prior years, the Certification Date occurred on or slightly before the Billing Date (in November)

b) the City re-evaluated all real property at its current market value, based upon the Actual Value Initiative (AVI).

[4] Total Direct Tax Rate is City portion only and excludes the School District portion (see statistical table #7 for breakdown).

[5] The State Tax Equalization Board (STEB) annually determines a ratio of assessed valuation to true value for each municipality in the Commonwealth of Pennsylvania. See Table 13.

[6] This ratio is compiled by the Office of Property Assessment based on sales of property during the year.

[7] The City provides for a $100,000 Homestead Exemption (amount subject to change) to all homeowners.

City of Philadelphia **Table 10**

Principal Property Tax Payers

Current Year and Nine Years Ago

Amounts in millions of USD

	2025			2016		
Taxpayer	Assessment [1]	Rank	Percentage of Total Assessments	Assessment [1]	Rank	Percentage of Total Assessments
EQC Nine Penn Center Prop.	390.5	1	0.25	232.6	2	0.24
Kim Sub Cira Square LP	370.6	2	0.24	-	-	-
Liberty Property Phila	357.6	3	0.23	-	-	-
Phila Liberty Pla E LP	310.7	4	0.20	207.7	3	0.21
1901 Market LLC	278.0	5	0.18	-	-	-
Brandywine Cira LP	260.1	6	0.17	-	-	-
NG 1500 Market St. LLC	250.7	7	0.16	265.7	1	0.27
Brandywine Operating	239.8	8	0.15	-	-	-
411 N Broad Fee Inter	235.4	9	0.15	-	-	-
Philadelphia Market	221.4	10	0.14	203.7	4	0.21
Tenet Health System Hahnem	-	-	-	192.1	5	0.20
Commerce Square Partners	-	-	-	178.2	6	0.18
Maguire Thomas Partners	-	-	-	170.1	7	0.17
NNN 1818 Market St. 37	-	-	-	170.0	8	0.17
Franklin Mills Associates	-	-	-	163.2	9	0.17
Brandywine Cira LP	-	-	-	160.7	10	0.16
	2,914.8		1.87	1,944.0		1.98
Taxable Assessments (before Homestead) [2]	178,645.1		100.00	97,909.0		100.00
Less Homestead Exemption [2]	23,267.6			0.0		
Total Taxable Assessments	155,377.5			97,909.0		

[1] Source: Office of Property Assessment.

a) 2025 Assessment as of March 2024.

b) 2016 Assessment as of March 2015.

[2] In calendar year 2014,

a) the City re-evaluated all real property at its current market value, based upon the Actual Value Initiative (AVI).

b) The City provides for a $100,000 Homestead Exemption (amount subject to change) to all homeowners.

City of Philadelphia
Real Property Tax Levied and Collected
For the Calendar Years 2016 through 2025
General Fund

Table 11

Amounts in millions of USD

Calendar Year	Taxes Levied for the Year **1	Taxes Levied Based on Adjusted Assessment **2	Collected in the Calendar Year of Levy **3	Percentage Collected in the Calendar Year of Levy **5	Collected in Subsequent Years **4	Total Collected to Date: All Years	Percentage Collected to Date: All Years **5
2016	569.9	548.3	522.5	95.3%	26.0	548.5	100.0%
2017	580.5	564.8	542.0	96.0%	24.5	566.5	100.3%
2018	658.1	626.1	590.9	94.4%	19.8	610.7	97.5%
2019	709.4	679.8	656.1	96.5%	22.0	678.1	99.7%
2020	722.7	700.0	671.5	95.9%	28.6	700.1	100.0%
2021	729.7	713.9	692.2	97.0%	24.7	716.9	100.4%
2022	732.2	721.2	705.7	97.9%	19.6	725.3	100.6%
2023	872.8	835.3	789.2	94.5%	14.4	803.6	96.2%
2024	875.6	842.3	799.5	94.9%	12.9	812.4	96.5%
2025	955.7	923.8	845.8	NA	NA	845.8	NA

**1 Taxes are levied on a calendar year basis, this column represents the initial bill. They are due on March 31st.

**2 Adjustments include assessment appeals, a 1% discount for payment in full by the end of February (for years in effect), the senior citizen tax freeze, and the tax increment financing (TIF) return of tax paid.

Starting with tax year 2021, the 1% discount is no longer in effect. It is however included for all prior years.

**3 For 2025, "collections in the calendar year of levy" does not include the full 12 months; it only includes collections through the end of June 2025.

**4 Includes payments from capitalized interest. This capitalization occurs only after the first year of the levy on any amount that remains unpaid at that time.

**5 For calendar year 2025, data is unavailable for "percentage collected in the calendar year of levy" and "percentage collected to date: all years", since collections in the calendar year does not include the full 12 months; it includes collections through the end of June 2025.

Note that all amounts in this table pertain to the General Fund only and do not include amounts levied and collected for the school district.

The collection percentages for the school district are the same as for the General Fund.

City of Philadelphia **Table 12**

Ratios of Outstanding Debt by Type

For the Fiscal Years 2016 through 2025

Amounts in millions of USD (except per capita)

	Governmental Activities							
Fiscal Year	General Obligation Bonds	Leases (2)	Subscriptions (3)	Pension Service Agreement	Sports Stadium Agreement	Neighborhood Revitalization/ Home Repair	Cultural & Commercial Corridor
2016	2,073.6	8.8	-	1,297.3	277.2	205.8	108.5
2017	1,953.1	4.4	-	1,227.0	263.6	195.8	102.2
2018	2,078.4	249.3	-	1,152.1	248.9	185.3	96.3
2019	1,927.2	244.2	-	1,072.1	234.3	213.3	90.4
2020	2,091.8	239.0	-	986.8	241.1	199.4	84.4
2021	1,950.5	233.4	-	1,025.8	221.6	185.2	78.3
2022	2,166.4	580.6	-	961.4	201.6	271.4	72.0
2023	2,016.1	611.0	2.3	873.3	181.0	351.2	65.7
2024	1,874.7	614.5	3.5	766.8	160.1	332.3	59.2
2025	2,143.8	631.5	27.1	655.7	138.7	458.5	52.5

	Governmental Activities (Continued)							
Fiscal Year	Central Library Project	Affordable Housing Preservation	Rebuild Project	Museum of Art	One Parkway	Street Lighting	School District	Total Governmental Activities
2016	6.7	-	-	-	34.9	-	29.1	4,041.9
2017	6.0	-	-	-	32.4	-	14.7	3,799.2
2018	5.3	60.2	-	11.5	30.4	-	-	4,117.7
2019	4.6	57.7	87.2	11.0	27.1	-	-	3,969.1
2020	3.8	55.1	83.5	10.6	24.0	-	-	4,019.5
2021	3.1	52.6	79.8	10.1	20.8	-	-	3,861.2
2022	2.3	49.9	75.9	9.7	17.5	-	-	4,408.7
2023	1.6	47.3	72.0	9.2	14.2	-	-	4,244.9
2024	0.8	44.6	169.2	8.7	10.8	91.9	-	4,137.1
2025	-	41.8	160.5	8.2	7.3	88.7	-	4,414.3

	Business-Type Activities				Ratios			
Fiscal Year	Water Revenue Bonds	Airport Revenue Bonds	Leases (2)	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income (1)	Population (1)	Per Capita
2016	1,967.1	1,160.9	-	3,128.0	7,169.9	9.20%	1,567,442	4,574
2017	2,152.5	1,218.5	-	3,371.0	7,170.2	8.86%	1,567,872	4,573
2018	1,993.2	1,625.4	-	3,618.6	7,736.3	8.78%	1,580,863	4,894
2019	2,175.8	1,651.1	-	3,826.9	7,796.0	8.83%	1,584,138	4,921
2020	2,360.3	1,573.9	-	3,934.2	7,953.7	8.77%	1,584,064	5,021
2021	2,500.9	1,595.5	-	4,096.4	7,957.6	8.55%	1,578,487	5,041
2022	2,684.1	1,739.0	29.0	4,452.1	8,860.8	9.24%	1,576,251	5,621
2023	2,973.6	1,664.1	27.0	4,664.7	8,909.6	10.01%	1,567,258	5,685
2024	3,442.2	1,587.8	25.1	5,055.1	9,192.2	9.59%	1,550,542	5,928
2025	3,744.0	1,441.3	25.1	5,210.4	9,624.7	9.99%	1,573,916	6,115

(1) See Table 17 for Personal Income and Population Amounts

(2) Implementation of GASB 87 in fiscal year 2022

(3) Implementation of GASB 96 in fiscal year 2023

City of Philadelphia **Table 13**

Ratios of General Bonded Debt Outstanding

For the Fiscal Years 2016 through 2025

Amounts in millions of USD (except per capita)

Fiscal Year	General Obligation Bonds	Assessed Taxable Value of Property [1]	Assessed Ratio [2]	Actual Taxable Value of Property	% of Actual Taxable Value of Property	Per Capita [3]
2016	2,073.6	91,536.5	167.26%	54,727.1	3.79%	1,322.56
2017	1,953.1	91,741.2	167.14%	54,888.8	3.56%	1,235.46
2018	2,078.4	104,988.9	167.14%	62,814.9	3.31%	1,312.01
2019	1,927.2	115,555.5	132.88%	86,962.3	2.22%	1,216.62
2020	2,091.8	115,575.8	125.08%	92,401.5	2.26%	1,325.19
2021	1,950.5	116,153.8	124.89%	93,004.9	2.10%	1,237.43
2022	2,166.4	115,963.6	119.13%	97,342.1	2.23%	1,382.29
2023	2,016.1	136,652.6	146.30%	93,405.7	2.16%	1,300.26
2024	1,874.8	138,551.5	132.11%	104,875.9	1.79%	1,191.17
2025	2,143.8	155,377.5	NA	NA	NA	NA

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statement.

[1] Source: Office of Property Assessment

[2] The State Tax Equalization Board (STEB) annually determines a ratio of assessed valuation to true value for each municipality in the Commonwealth of Pennsylvania. The ratio is used for the purpose of equalizing certain state school aid distribution.

[3] See Table 17 for Population Amounts.

City of Philadelphia
Direct and Overlapping Governmental Activities Debt
June 30, 2025

Table 14

Amounts in millions of USD

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Governmental Unit			
School District of Philadelphia	3,266.0	100.00%	3,266.0
[1] **City Direct Debt**			4,414.3
Total Direct and Overlapping Debt			7,680.3

Note:

Overlapping governments are those that coincide, in least in part, with the geographic boundries of the City. The outstanding debt of the School District of Philadelphia is supported by property taxes levied on properties within the City boundries. This schedule attempts to show the entire debt burden borne by City residents and businesses.

[1] Refer to Table 12

City of Philadelphia
Legal Debt Margin Information
For the Fiscal Years 2016 through 2025

Table 15

Amounts in Millions of USD

Legal Debt Margin Calculation for FY2025

Assessed Value	135,828.8
Debt Limit	18,336.9
[1] Debt Applicable to Limit:	
Tax Supported General Obligation Debt:	
Issued & Outstanding	1,869.9
Authorized but Unissued	840.4
Total	2,710.3
Less: Amount set aside for repayment of general obligation debt	-
Total Net Debt Applicable to Limit	2,710.3
Legal Debt Margin	15,626.6

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt Limit (notes 2 and 3)	5,454.0	6,629.5	8,001.0	9,534.0	11,052.1	12,607.9	14,163.0	16,256.5	17,133.0	18,336.9
Total Net Debt Applicable to Limit	1,841.4	1,952.0	2,051.3	2,130.8	2,228.8	2,284.5	2,316.5	2,423.1	2,532.7	2,710.3
Legal Debt Margin	3,612.6	4,677.5	5,949.7	7,403.2	8,823.3	10,323.4	11,846.5	13,833.4	14,600.3	15,626.6
Total Net Debt Applicable to the Limit as a Percent of Total Debt	33.76%	29.44%	25.64%	22.35%	20.17%	18.12%	16.36%	14.91%	14.78%	14.78%

[1] Refer to Purdon's Statutes 53 P.S. Section 15721

[2] The legal limit is based on the Pennsylvania Constittution article IX Section 12.

[3] Beginning in 2014, the Finance Department began using calendar Year assessed value to calculate the proceeding 10 year average; prior to this change, the Tax Year assessed values was used.

Calendar Year of assessment	Tax Year of assessment	R.E. Assessments
2015	2016	98,268,051,621
2016	2017	99,343,238,214
2017	2018	114,493,581,457
2018	2019	126,865,207,235
2019	2020	125,555,031,478
2020	2021	128,770,069,988
2021	2022	128,790,111,318
2022	2023	168,829,528,524
2023	2024	172,131,135,049
2024	2025	195,241,786,445
	Ten Year average	135,828,774,133
	Limit per art. 9	13.50%
	Legal Debt Limit	18,336,884,508

City of Philadelphia **Table 16**

Pledged Revenue Coverage

For the Fiscal Years 2016 through 2025

Amounts in millions of USD

No.		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	Water and Sewer Revenue Bonds										
1	Total Revenue and Beginning Fund Balance	-	-	-	-	-	-	-	-	-	-
1a	Total Revenue	678.9	720.6	750.1	741.6	746.7	730.5	753.6	809.1	837.7	932.0
2	Net Operating Expenses	433.0	480.3	506.2	522.4	543.7	545.1	547.2	603.8	627.5	653.7
2a	Commitments Cancelled (formally Beg. Fund Bal.)	(24.1)	(24.6)	(32.4)	(30.4)	(26.9)	(23.9)	(36.8)	(29.2)	(36.4)	(32.0)
3	Transfer To (From) Rate Stabilization Fund	(1.6)	(4.6)	(24.6)	(4.3)	(33.1)	(27.0)	15.0	(7.8)	(8.2)	4.0
4	Net Revenues	271.6	269.5	300.9	253.9	263.0	236.3	228.2	242.3	254.8	306.3
	Debt Service:										
5	Revenue Bonds Outstanding	219.3	206.1	218.4	190.9	206.2	186.2	177.0	199.3	209.7	234.8
6	Transfer to Escrow Account to Redeem Bonds	-	11.0	19.0	-	-	-	-	-	-	-
6a	Other Adjustments	(0.3)	(1.2)	(0.2)	-	0.2	0.1	-	0.5	-	-
7	Pennvest Loan	-	-	-	-	-	-	-	-	-	-
8	Total Debt Service	219.0	215.9	237.2	190.9	206.4	186.3	177.0	199.8	209.7	234.8
9	Net Revenue after Debt Service	52.6	53.6	63.7	63.0	56.6	50.0	51.2	42.5	45.1	71.5
10	Transfer to General Fund	-	-	-	-	-	-	-	-	-	-
11	Transfer to Capital Fund	21.5	22.3	34.8	24.9	26.6	27.8	29.2	30.1	31.7	34.2
12	Transfer to Residual Fund	31.1	31.3	28.9	38.1	30.0	22.2	22.0	12.4	13.4	37.3
13	Ending Fund Balance	-	-	-	-	-	-	-	-	-	-
	Debt Service Coverage:										
	Coverage A (Line 4/Line 5)	1.24	1.31	1.38	1.33	1.28	1.27	1.29	1.22	1.22	1.30
	Coverage B (Line 4/(Line 5 + Line 11))	1.13	1.13	1.19	1.18	1.13	1.10	1.11	1.06	1.06	1.14
	Airport Revenue Bonds										
1	Fund Balance	71.2	87.9	107.8	126.8	144.2	160.9	173.7	173.7	303.8	357.9
2	Project Revenues	341.2	362.0	381.7	393.4	390.2	331.8	356.0	535.6	490.0	542.6
3	Passenger Facility Charges	31.2	33.7	31.2	31.2	31.2	49.6	32.0	25.6	42.2	41.3
4	Total Fund Balance and Revenue	443.6	483.6	520.7	551.4	565.6	542.3	561.7	734.9	836.0	941.8
5	Net Operating Expenses	132.1	136.5	151.0	161.2	151.7	130.1	150.0	149.3	186.0	197.4
6	Interdepartmental Charges	106.8	116.7	116.7	121.1	123.0	109.8	103.0	117.6	114.5	126.2
7	Total Expenses	238.9	253.2	267.7	282.3	274.7	239.9	253.0	266.9	300.5	323.6
	Available for Debt Service:										
8	Revenue Bonds (Line 4-Line 5)	311.5	347.1	369.7	390.2	413.9	412.2	411.7	585.6	650.0	744.4
9	All Bonds (Line 4-Line 7)	204.7	230.4	253.0	269.1	290.9	302.4	308.7	468.0	535.5	618.2
	Debt Service:										
10	Revenue Bonds	120.6	122.6	127.8	126.0	127.9	124.3	118.0	160.4	152.9	165.3
11	General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
12	Total Debt Service	120.6	122.6	127.8	126.0	127.9	124.3	118.0	160.4	152.9	165.3
	Debt Service Coverage:										
	Revenue Bonds Only - Test "A" (Line 8/Line 10)	2.58	2.83	2.89	3.10	3.24	3.32	3.49	3.65	4.25	4.50
	Total Debt Service - Test "B" (Line 9/Line 12)	1.69	1.88	1.98	2.14	2.27	2.43	2.62	2.92	3.50	3.74

Note:

The rate covenant of the Aviation issues permit inclusion of Fund Balance at the beginning of the period with project revenues for the period to determine adequacy of coverage.

Coverage "A" requires that Net Revenues equal at least 120% of the Debt Service Requirements while Coverage "B" requires that Net Revenues equal at least 100% of the Debt Service Requirements plus Required Capital Account Transfers. Test "A" requires that Project Resources be equal to Net Operating Expenses plus 150% of Revenue Bond Debt Service for the year. Test "B" requires Project Resources be equal to Operating Expenses for the year plus all debt service requirements for the year except any General Obligation Debt Service not applicable to the project.

Amounts in the above statement have been extracted from reports submitted to the respective Fiscal Agents in accordance with the reporting requirements of the General Ordinance and Supplemental Ordinance relative to rate covenants. Water and Sewer Coverage is calculated on the modified accrual basis; Aviation Fund on the accrual basis.

Prior to FY 2015, Commitments Cancelled were included as part of Total Revenue and Beginning Fund Balance. Commitments Cancelled represent the liquidation of encumbrances. An encumbrance is an expense that is anticipated to be charged to the Water Fund. Beginning in FY 2015 these amounts were reclassified as contra-expenses and reported under Net Operating Expenses.

Prior to FY 2017, Water and Sewer Revenue Bonds Debt Service Coverage B was calculated as (Line4/(Line 8 + Line 11)).

City of Philadelphia
Demographic and Economic Statistics
For the Calendar Years 2015 through 2024

Table 17

Calendar Year	Population [1]	Personal Income [2] (thousands of USD)	Per Capita Personal Income (USD)	Unemployment Rate [3]
2015	1,567,442	77,903,831	49,701	6.9%
2016	1,567,872	80,973,410	51,645	6.8%
2017	1,580,863	88,081,991	55,718	6.2%
2018	1,584,138	88,311,658	55,747	5.5%
2019	1,584,064	90,711,866	57,265	5.5%
2020	1,578,487	93,038,320	58,941	12.4%
2021	1,576,251	95,944,257	60,869	9.2%
2022	1,567,258	88,964,392	56,764	5.4%
2023	1,550,542	95,868,345	61,829	4.2%
2024	1,573,916	96,312,500	61,193	4.5%

[1] US Department of Commerce, Bureau of Economic Analysis

[2] US Department of Commerce, Bureau of Economic Analysis

[3] US Department of Labor, Bureau of Labor Statistics

City of Philadelphia

Principal Employers

Current Calendar Year and Nine Years Ago

Table 18

Listed Alphabetically

2024	2015
Children's Hospital of Philadelphia	Children's Hospital of Philadelphia
City of Philadelphia	City of Philadelphia
Comcast Corporation	Comcast Corporation
School District of Philadelphia	Drexel University
SEPTA (Southeastern Pennsylvania Transit Authority)	School District of Philadelphia
Temple University Hospital Inc	SEPTA (Southeastern Pennsylvania Transit Authority)
Temple University	Temple University
Thomas Jefferson University Hospitals	Thomas Jefferson University Hospitals
University of Pennsylvania	University of Pennsylvania
Hospital of the University of Pennsylvania	Hospital of the University of Pennsylvania

City of Philadelphia **Table 19**

Full Time Employees by Function

For the Fiscal Years 2016 through 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities:										
Economic Development	43	39	47	69	63	40	37	53	58	73
Transportation:										
Streets & Highways	512	538	609	655	669	627	636	680	778	802
Mass Transit	12	1	1	1	2	1	3	3	2	2
Judiciary and Law Enforcement:										
Police	7,750	7,213	7,276	7,336	7,201	6,847	6,681	6,335	6,161	6,147
Prisons	2,280	2,257	2,208	2,084	1,882	1,556	1,319	1,288	1,250	1,511
Courts	3,276	3,367	3,317	3,364	3,428	3,301	3,109	3,172	3,161	3,007
Conservation of Health:										
Emergency Medical Services	534	592	416	467	533	419	414	430	432	431
Health Services	1,062	1,105	1,132	1,161	1,206	1,169	1,150	1,134	1,176	1,196
Housing and Neighborhood Development	66	67	73	71	76	75	83	90	95	89
Cultural and Recreational:										
Parks and Recreation	636	630	670	682	678	667	633	699	697	717
Libraries and Museums	666	677	659	670	688	648	619	738	819	856
Improvements to General Welfare:										
Social Services	1,779	1,837	1,860	1,804	1,827	1,765	1,755	1,683	1,819	1,817
Inspections and Demolitions	323	336	378	421	394	371	352	328	351	370
Service to Property:										
Sanitation	1,159	1,153	1,094	1,179	1,144	1,163	1,298	1,266	1,302	1,495
Fire	1,871	1,896	2,036	2,187	2,227	2,259	2,258	2,356	2,376	2,409
General Management and Support	2,601	2,749	2,744	3,164	2,911	2,749	2,760	2,956	3,359	3,710
Total Governmental Activities	24,570	24,457	24,520	25,315	24,929	23,657	23,107	23,211	23,836	24,632
Business Type Activities:										
Water and Sewer	2,358	2,481	2,519	2,217	2,498	2,428	2,403	2,421	2,468	2,551
Aviation	1,032	1,035	1,056	1,071	1,048	977	840	833	894	1,032
Total Business-Type Activities	3,390	3,516	3,575	3,288	3,546	3,405	3,243	3,254	3,362	3,583
Fiduciary Activities:										
Pension Trust	56	56	60	56	54	55	58	57	59	58
Total Primary Government	28,016	28,029	28,155	28,659	28,529	27,117	26,408	26,522	27,257	28,273

City of Philadelphia
Operating Indicators by Function
For the Fiscal Years 2016 through 2025

Table 20

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities:										
Transportation:										
Streets & Highways										
Street Resurfacing (miles)	43	56	77	95	65	42	49	51	61	103
Potholes Repaired	35,541	31,589	57,002	59,514	37,971	22,815	59,164	38,136	57,282	61,408
Judiciary and Law Enforcement:										
Police										
Arrests	55,693	46,268	45,531	42,444	40,702	30,697	27,496	28,486	24,058	36,991
Calls to 911	3,703,809	2,760,452	2,432,404	2,616,735	2,390,540	2,335,370	2,862,919	2,960,592	2,252,266	3,032,694
Prisons										
Average Inmate Population	7,685	6,925	6,158	4,815	4,190	4,709	4,396	4,421	4,690	4,151
Inmate Beds (city owned)	8,428	6,991	6,085	5,019	4,047	4,903	4,903	5,053	5,053	5,053
Conservation of Health:										
Emergency Medical Services										
Medic Unit Runs	263,754	267,266	271,450	274,659	266,090	271,494	251,501	268,332	277,195	289,088
First Responder Runs	48,965	47,456	48,797	49,526	47,864	49,321	48,440	52,890	55,526	62,057
Health										
Patient Visits	72,479	336,445	335,937	350,948	324,388	300,073	332,000	300,691	312,314	306,573
Cultural and Recreational:										
Parks										
Athletic Field Permits Issued	2,501	2,579	2,120	1,351	1,892	571	1,062	1,096	1,603	2,051
Libraries										
Items borrowed	5,926,481	5,419,516	5,293,138	6,482,481	5,207,069	4,002,577	5,241,011	4,155,752	8,235,052	7,596,045
[3] Visitors to all libraries	5,839,145	5,128,715	4,973,288	4,915,649	3,841,395	176,619	1,829,104	-	851,422	1,703,092
Visitors to library website	7,971,946	5,029,713	6,361,655	6,699,581	6,099,144	4,071,281	4,827,886	5,300,000	4,238,359	2,288,828
Improvements to General Welfare:										
Social Services										
Children Receiving Services	19,697	18,955	18,798	17,002	13,369	11,533	10,465	14,430	13,051	12,541
Children in Placement	8,463	8,782	8,731	8,230	7,125	6,355	5,730	5,112	4,445	3,974
Emergency Shelter Beds (average)	2,196	2,143	2,170	3,725	3,855	2,526	2,501	2,747	2,819	2,771
Transitional Housing Units (new placements)	517	415	284	728	374	419	404	415	322	497
Service to Property:										
Sanitation										
Refuse Collected (tons per day)	2,270	2,311	2,310	2,475	2,351	2,841	2,645	2,430	2,346	2,316
Recyclables Collected (tons per day)	425	444	404	355	327	207	242	308	311	302
Fire										
Fires Handled	6,143	5,901	6,614	7,810	7,350	3,413	7,161	8,314	8,094	8,475
Fire Marshall Investigations	1,715	2,242	2,099	1,969	1,889	1,954	1,783	2,093	1,737	1,516
Business Type Activities:										
[2] **Water and Sewer**										
Millions of gallons of treated water	84,573	82,846	81,485	80,943	78,239	84,424	84,342	85,817	85,413	89,853
Percent of time Philadelphia's drinking water met or surpassed state & federal standards	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Miles of pipeline surveyed for leakage	682	1,022	742	747	796	560	478	1,141	1,313	1,305
Water main breaks repaired	703	655	977	754	596	759	779	606	674	981
Average time to repair a water main break upon crew arrival at site (hours)	6.8	6.7	6.5	6.7	6.2	6.7	6.9	7	7	7
Percent of hydrants available	99.60%	99.60%	99.57%	99.43%	99.15%	98.91%	98.95%	99.00%	99.00%	99.00%
Number of storm drains cleaned	98,105	107,784	103,535	103,053	84,640	97,849	64,427	80,909	95,030	72,397
[1] **Aviation**										
Passengers Handled (PIA)	31,336,138	29,641,556	30,553,378	32,244,112	23,782,297	13,039,500	23,204,502	26,824,404	29,526,329	30,608,554
Air Cargo Tons (PIA)	414,891	424,009	487,086	554,606	573,499	582,469	575,274	532,198	443,541	419,720
Aircraft Movements (PIA and NPA)	456,269	434,707	427,214	455,352	385,403	287,679	380,979	392,595	421,751	447,348

[1] PIA (Philadelphia International Airport)-passenger aircraft and cargo. NPA (Northeast Philadelphia Airport)-private aircraft and cargo

[2] In prior year Annual Comprehensive Financial Report (ACFR) , Philadelphia Water Department (PWD) reported the following metrics: new connections, the number of water main breaks, average and peak daily treated water delivered, average daily water sewage treatment

[3] Hardware issues prevented fiscal year 2023 statistic from being tracked. New hardware equipment is planned for installation. The fiscal year 2024 statistic does not include the third and fourth quarters information for Parkway Central Library.

City of Philadelphia
Capital Assets Statistics by Function
For the Fiscal Years 2016 through 2025

Table 21

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities:										
Transportation:										
Streets & Highways										
[1] Total Miles of Streets	2,575	2,575	2,550	2,550	2,550	2,550	2,552	2,552	2,552	2,552
Streetlights	105,151	104,595	106,092	106,092	124,846	126,924	141,554	141,518	141,518	142,507
Judiciary and Law Enforcement:										
Police										
Stations and Other Facilities	50	48	55	55	55	58	56	57	57	58
Prisons										
Major Correctional Facilities	6	6	5	4	3	3	3	4	4	5
Conservation of Health:										
Health Services										
Health Care Centers	8	8	8	8	8	8	8	8	8	8
Cultural and Recreational:										
Recreation										
[4] Recreation Centers	164	313	313	721	717	731	738	742	747	742
[2] Athletic Venues	1,107	1,030	1,030	1,129	1,120	1,118	1,112	1,101	1,061	1,036
Parks										
Parks	209	211	211	405	409	410	414	406	393	390
Baseball/Softball Fields	404	412	404	414	411	411	410	410	400	389
Libraries										
Branch & Regional Libraries	54	54	54	54	57	57	57	54	54	54
Service to Property:										
Fire										
Stations and Other Facilities	63	69	67	73	73	73	73	73	67	65
Business Type Activities:										
Water and Sewer:										
Water System Piping (miles)	3,187	3,184	3,185	3,183	3,178	3,180	3,179	3,179	3,179	3,179
Fire Hydrants	25,398	25,419	25,419	25,234	25,020	25,192	25,142	25,142	25,150	25,121
Treated Water Storage Capacity (x 1000 gallons)	1,065,000	1,065,000	950,000	950,000	1,010,000	1,010,000	1,010,000	973,000	973,000	973,000
Sanitary Sewers (miles)	763	765	766	767	761	767	767	767	767	767
Stormwater Conduits (miles)	740	747	744	752	755	756	757	759	761	761
Sewage Treatment Capacity (x 1000 gallons)	1,044,000	1,044,000	1,044,000	1,059,000	1,059,000	1,059,000	1,059,000	1,059,000	1,059,000	1,059,000
[3] **Aviation**										
Passenger Gates (PIA)	126	126	126	126	126	126	126	126	132	126
Terminal Buildings (square footage) (PIA)	3,254,354	3,240,537	3,240,537	3,240,537	3,240,537	3,240,537	3,254,354	3,254,354	3,254,354	3,254,354
Runways (length in feet) (PIA & NPA)	43,500	43,500	43,500	43,500	45,000	45,000	45,000	45,000	45,000	45,000

[1] Street System-83% city streets, 2% park streets, 15% state highways

[2] Includes football/soccer fields, tennis, basketball and hockey courts, skating rinks and indoor and outdoor pools

[3] PIA (Philadelphia International Airport)-passenger aircraft and cargo. NPA (Northeast Philadelphia Airport)-private aircraft and cargo.

[4] Includes playgrounds and spraygrounds. The large increase in the number of recreation centers in 2019 was due to a change in classification and not reflective of the construction or purcahse of new buildings.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE AND THE SERVICE AGREEMENT

The following sets forth the definitions of certain terms used in the Indenture and Service Agreement and elsewhere in this Official Statement, and a summary of certain provisions of the Indenture and Service Agreement. Capitalized terms used herein but not defined herein shall have the meanings set forth in the forepart of this Official Statement.

These summaries should not be regarded as full statements of the legal documents themselves or of the portions summarized. For a complete statement of the provisions of the Indenture and the Service Agreement, reference should be made to those documents in their entirety, copies of which are available from the Authority, and, prior to closing, from the senior managing underwriter, and, after closing, from the Trustee (the "Trustee" within this Appendix D), at the designated corporate trust office of the Trustee.

DEFINITIONS OF CERTAIN TERMS

"**Account**" means any account authorized to be established by the Indenture.

"**Additional Obligations**" means all bonds, notes, evidences of indebtedness, lines of credit or other credit facility or liquidity facility (other than a Credit Facility), or other obligations issued under the Indenture (including all payment and reimbursement obligations in connection therewith) other than the 2026 Bonds, in each case with respect to which the City has agreed to pay the Service Fee.

"**Administrative Expenses**" means the reasonable fees and expenses of the Authority (including the Authority's closing fee with respect to the Obligations) and the Trustee and any paying agent, remarketing agent or other fiduciary or agent appointed under the Indenture, including reasonable legal fees and expenses, in connection with the funding and administration of the 2026 Project, the issuance of any Obligations, the administration of the Indenture, the performance of the Authority's obligations under the Service Agreement, or in connection with inquiring into, or enforcing the performance of, the City's obligations under the Service Agreement or the Indenture.

"**Annual Debt Service Requirement**" means, with respect to each Fiscal Year, the sum of the amounts required to be paid by the Authority in such Fiscal Year for (i) the payment of principal and mandatory sinking fund redemptions of and interest on, or any other payments with respect to, the Obligations and (ii) the payment of any Credit Facility Payment Obligations.

"**Authorized Representative of the Authority**" shall include the Chairperson, Vice Chairperson, President, Secretary, Treasurer, any Vice President, any Assistant Secretary or any Assistant Treasurer of the Authority, or any other Person designated as such in a writing signed by the Chairperson or the President of the Authority.

"**Authorized Representative of the City**" shall include the City Treasurer, the Director of Finance or any other Person designated as such in a writing signed by the City Treasurer or the Director of Finance.

"**Certified Resolution**" means one or more resolutions of the governing body of the Authority, certified by an Authorized Representative of the Authority to have been duly adopted or enacted and to be in full force and effect as of the date of certification.

"**Cost**" or "**Costs**" means all costs of the 2026 Project or additional project financed with proceeds of Obligations which the City or the Authority or either of them is authorized to incur under applicable law (including the Act, the Ordinance and any additional ordinance of the City) and includes Costs of Issuance.

"**Costs of Issuance**" means the costs of issuance of Obligations, including without limitation underwriting fees; costs of financial, legal, professional and other advice; costs related to a Credit Facility payable in connection with the issuance of such Obligations; and any other expenses as may be necessary or incident to the issuance of such Obligations.

"**Counsel**" means an attorney at law or law firm (which may include counsel to the Authority or the City) not unsatisfactory to the Trustee.

"**Credit Facility**" means any letter of credit, surety bond, insurance policy, standby bond purchase agreement, line of credit or other credit facility or liquidity facility issued or entered into for the benefit of the Holders of the Obligations of any series or any portion thereof to further secure payment of the principal of (including any mandatory sinking fund redemptions), purchase price of, if applicable, and interest on such Obligations.

"**Credit Facility Payment Obligations**" means all payment and reimbursement obligations of the Authority to a Credit Issuer in connection with any Credit Facility securing all or a portion of any series of Obligations. The Authority's obligations to pay the principal of (including any mandatory sinking fund redemptions) and interest on Obligations held by a Credit Issuer (whether by purchase, subrogation, foreclosure of a pledge of such Obligations or otherwise) shall be Payment Obligations and shall not be Credit Facility Payment Obligations. The Trustee may conclusively rely upon a certificate furnished by the applicable Credit Issuer as to amounts owing to the Credit Issuer as Payment Obligations.

"**Credit Issuer**" means each provider of a Credit Facility.

"**Event of Default**" means any of the events described under the caption "THE INDENTURE – Events of Default and Remedies under the Indenture – Events of Default Defined" and "THE SERVICE AGREEMENT – Events of Default under the Service Agreement" below.

"**Fiscal Year**" means the annual accounting year of the City, which currently begins on July 1 of each year.

"**Fund**" means any fund authorized to be established by the Indenture.

"**Government Obligations**" means direct obligations of, or obligations the timely payment of the principal of and interest on which is fully and unconditionally guaranteed by, the United States of America.

"**Holders**" or "**Holder**" (when used with respect to Obligations) means the Person in whose name any Obligation is registered pursuant to the Indenture. A Credit Issuer which owns Obligations by purchase or which is subrogated to the rights of Holders of the Obligations is a Holder of the Obligation for purposes of the Indenture.

"**Independent**" means, with respect to any Person, a Person (i) who is not a member of the Board of the Authority or an elected official of the City; (ii) who is not an officer or employee of the Authority or the City; (iii) which is not a partnership, corporation or association having a partner, director, or officer, who is a member of the Board of the Authority or an elected official of the City, or who is an officer or employee of the Authority or the City; provided, however, that the fact that such Person or entity is retained

regularly by or transacts business with the Authority or the City shall not make such Person or entity an employee of the Authority or the City.

"**Independent Certified Public Accountant**" means an Independent accounting firm which is appointed by the Authority or the City for the purpose of examining and reporting on or passing on questions relating to the financial statements of the Authority or the City, has all certifications necessary for the performance of such services and has a favorable reputation for skill and experience in performing similar services in respect of entities engaged in reasonably comparable endeavors.

"**Interest Payment Date**" shall with respect to the 2026 Bonds be as described in the front portion of the Official Statement and for any Additional Obligations be as set forth in a Supplemental Indenture providing for the issuance thereof.

"**Investment Securities**" means:

(1) Government Obligations.

(2) Any bond, debenture, note, participation certificate or other similar obligation issued by any one or combination of the following agencies: Government National Mortgage Association, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, United States Postal Service, Farmers Home Administration, the Student Loan Marketing Association and Export-Import Bank of the United States.

(3) Any bond, debenture, note, participation certificate or other similar obligation issued by the Federal National Mortgage Association to the extent such obligations are guaranteed by the Government National Mortgage Association or issued by any other Federal agency and backed by the full faith and credit of the United States of America.

(4) Deposits in interest-bearing time or demand deposits, or certificates of deposit, fully insured by the Federal Deposit Insurance Corporation, or its successors, or fully secured by any of the obligations described in paragraphs (1), (2) or (3) above to the extent not so insured.

(5) Repurchase agreements relating to, or investment agreements secured by or providing for the acquisition of and, if applicable, resale of, obligations described in paragraphs (1) or (2) above, with: (i) banks or trust companies (which may include any banking entity or depository); (ii) brokers or broker-dealers registered under the Securities Exchange Act of 1934 which are members of the Securities Investors' Protection Corporation and which are acceptable to the City; or (iii) insurance companies rated A+ or better by Best's having a net capital and surplus of at least $25,000,000; provided that any such repurchase agreement or investment agreement shall meet the following requirements: (A) the repurchase or investment agreement must be secured in the principal amount thereof by securities described in paragraphs (1) or (2) above having at all times a fair market value of at least 100% of such agreement and deposited with the Trustee or its agents as collateral therefor, (B) the Trustee shall have a perfected first security interest in such collateral securities, and (C) the collateral securities shall be owned by the pledgor free and clear of any liens or security interests other than that of the Trustee.

(6) Certificates of deposit with such banks or trust companies as described in paragraph (5)(i) above fully secured as to principal and accrued interest by obligations described in paragraphs (1) through (4) deposited with or subject to the control of the Authority or the Trustee.

(7) Money market deposit accounts of banks or trust companies having a net capital and surplus of at least $25,000,000 (which may include the Trustee or any affiliate thereof).

The authorized investments described above in paragraphs (5), (6) and (7) shall only be made if they provide for the repayment of the principal amount invested at an amount not less than that so invested. Whenever security is required as set forth in paragraphs (4) through (7), such security shall be deposited with the Trustee or other agent of the Trustee satisfactory to the Trustee and the City.

(8) Direct and general obligations of any state of the United States, for which the full faith and credit of such state is pledged, if at the time of their purchase such obligations are rated in any of the two highest rating categories by either S&P or Moody's or upon the discontinuance of either or both of such services, such other nationally recognized rating service or services, as the case may be, as shall be determined by an Authorized Representative of the City.

(9) Shares of open-end, diversified investment companies (i) registered under the Investment Company Act of 1940, (ii) investing exclusively in Investment Securities of the types described in subparagraph (1) or (2) of the definition of "Investment Securities" above, (iii) maintaining a constant net asset value per share in accordance with regulations of the Securities and Exchange Commission, and (iv) individually having aggregate net assets of not less than $10,000,000 on the date of purchase; provided that the purchase of shares of any particular investment company shall be limited to an aggregate amount of not more than 5% of the aggregate net assets of that investment company on the date of purchase.

(10) Commercial paper rated, at the time of purchase, in the highest category by S&P and Moody's.

(11) Investment agreements with, or which are guaranteed by, a financial institution or financial services company which has an unsecured, uninsured and unguaranteed obligation rated, at the time such agreement is entered into, in one of the three highest rating categories by Moody's or S&P, or is the lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation meeting such rating requirements, or is an insurance company or insurance holding company with a claims paying ability rated in one of the three highest categories, provided (i) interest is paid at least semi-annually at a fixed rate during the entire term of the agreement, consistent with interest Payment Dates, (ii) moneys invested thereunder may be withdrawn without any penalty, premium or charge upon not more than seven days' notice (provided such notice may be amended or cancelled at any time prior to the withdrawal date); (iii) the agreement is not subordinated to any other obligations of such financial institution or bank, (iv) the same guaranteed interest rate will be paid on any future deposits permitted to be made under such investment agreement, and (v) the Trustee receives an opinion of counsel that such agreement is an enforceable obligation of such financial institution.

(12) Any other investment permitted under the then-current investment policy of the City.

"**Moody's**" means Moody's Investors Service, Inc. and any successor thereto.

"**Obligation**" or "**Obligations**" means the 2026 Bonds and any Additional Obligations.

"**Outstanding**" means, with respect to the Obligations, all Obligations authenticated and delivered under the Indenture, except: (a) all Obligations theretofore cancelled or required to be cancelled under the Indenture; (b) Obligations for the payment of which provision has been made in accordance with the Indenture; and (c) Obligations in substitution for which other Obligations have been authenticated and delivered pursuant to the Indenture.

"**Paying Agent**" or "**Co-Paying Agent**" means any national banking association, bank and trust company or trust company appointed by the Authority pursuant to the Indenture.

"**Payment Date**" means a date on which a payment of principal (including any mandatory sinking fund redemptions) or interest or any other amounts with respect to any Obligations or payment of any Credit Facility Payment Obligations shall be due and payable.

"**Payment Obligations**" means the Authority's obligation to repay the Obligations.

"**Person**" means an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a limited liability company, a trust, an unincorporated organization, a governmental unit or an agency, political subdivision or instrumentality thereof, or any other group or organization of individuals.

"**Register**" and "**Registrar**" shall have the meanings specified in the Indenture.

"**Reserved Rights**" means the rights of the Authority to receive payments of Administrative Expenses and certain rights of the Authority under the Service Agreement including: certain indemnification rights of the Authority; defenses and immunities which the Authority has under the Pennsylvania Political Subdivision Tort Claims Act or the Commonwealth Agency Act; and certain limitations on the liability of the Authority providing that no provision of the Service Agreement shall give rise to a charge upon the general credit of the Authority, including without limitation in respect of general liability for repayment of the Obligations or Credit Facility Payment Obligations.

"**Revenues**" means (i) the Service Fee and all other amounts payable to the Authority by the City under the Service Agreement, and all rights to receive the same (except for payments with respect to the Reserved Rights), (ii) all moneys, investments and securities at any time and from time to time held in the Funds and Accounts including all interest earnings and gains on sales of Investment Securities on deposit in such Funds and Accounts established under the Indenture, and (iii) any other amounts appropriated by the City and paid by the City to the Authority or the Trustee and pledged by the Authority as security for the payment of Payment Obligations and Credit Facility Payment Obligations or received from any other source by the Authority or the Trustee and pledged by the Authority as security for the payment of Payment Obligations and Credit Facility Payment Obligations.

"**S&P**" means S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, a division of S&P Global Inc. and any successor thereto.

"**Service Fee**" means the service fee payable by the City to the Authority pursuant to the Service Agreement and assigned to the Trustee.

"**Supplemental Indenture**" or "indenture supplemental thereto" means any indenture amending or supplementing the Indenture which may be entered into in accordance with the provisions of the Indenture.

THE INDENTURE

Pledge of the Trust Estate

The pledge of the Trust Estate is described in the forepart of this Official Statement under "SECURITY AND SOURCES OF PAYMENT FOR THE 2026 BONDS – Indenture."

Issue of Additional Obligations

Additional Obligations may be issued upon the satisfaction of the conditions set forth in the Supplemental Indenture providing for the issuance thereof; provided that no Additional Obligation may be

issued under the Indenture unless the City executes and delivers to the Authority an amendment or supplement to the Service Agreement acknowledging the issuance of such Additional Obligations and confirming the obligations of the City to pay the Service Fee in amounts sufficient to pay the Payment Obligations with respect to such Additional Obligations. Proceeds of Additional Obligations shall be deposited as set forth in the Supplemental Indenture providing for the issuance thereof.

Project Fund

Establishment of Project Fund; Accounts within Fund. The Trustee shall establish a Project Fund for the payment of Costs of the 2026 Project (including Costs of Issuance) and shall deposit into the Project Fund the specified proceeds of the 2026 Bonds in accordance with the written directions delivered pursuant to the Indenture. Separate Accounts within the Project Fund will be established for the proceeds of each series of Obligations. All amounts deposited into the Project Fund shall be held for the security of all Outstanding Obligations and Credit Facility Payment Obligations in the order described under "Events of Default and Remedies under the Indenture – Application of Moneys in Event of Default." Additional accounts and subaccounts within the Project Fund shall be maintained by the Trustee at the written direction of an Authorized Representative of the City if the City determines that such separate account or subaccount is desirable with respect to designated portions of the 2026 Project.

Payments from Project Fund. Payments from the Project Fund established under the Indenture shall be made in respect of Costs of the 2026 Project (including Costs of Issuance) upon compliance with the requirements of the Indenture, including the submission of a requisition signed by Authorized Representatives of the Authority and the City certifying that the requisition is for obligations properly incurred, the amount requisitioned is or will become due and is unpaid, and all conditions precedent to the payment of Costs of the 2026 Project under the Service Agreement and the Indenture have been satisfied.

Revenues of the Authority, and the Application Thereof to Funds

Revenues to Be Paid Over to Trustee. The Revenues and all moneys, securities and funds held or set aside or to be held or set aside pursuant to the Indenture by the Trustee or in any Fund, Account or subaccount created by the Indenture and all other pledged property comprising the Trust Estate are pledged and a security interest is therein granted, to secure the payment of the Payment Obligations and Credit Facility Payment Obligations; provided, however, that the pledge and security interest granted in the Indenture to secure the Authority's obligation to pay Credit Facility Payment Obligations shall be subject and subordinate to the pledge and security interest therein granted to secure Payment Obligations. The pledge of the Trust Estate under the Indenture as security for the performance of all obligations of the Authority under the Indenture shall be valid and binding from the time such pledge is made. The Trust Estate shall immediately be subject to the lien of the Indenture without any physical delivery thereof or further act. The Authority shall pay or cause to be paid the Revenues directly to the Trustee. Upon receipt of any Revenues, or other amounts forming a part of the Trust Estate under the Indenture, the Trustee shall deposit the same in the appropriate Fund or Funds established under the Indenture. Except as otherwise provided in the Indenture, the Trust Estate under the Indenture shall be collected, held and applied for the equal and ratable benefit and security of all Holders of the Obligations.

Revenue Fund; Application Thereof. The Trustee shall establish a Revenue Fund, into which it shall deposit all Revenues received by it. Amounts on deposit in the Revenue Fund shall be transferred, on each Payment Date, first, to the Debt Service Fund, to the extent (if any) needed to increase the amount in the Debt Service Fund so that it equals the Payment Obligations then due on such Payment Date, and second, into the Subordinated Payment Obligations Fund, the amount of any Credit Facility Payment Obligations due on such Payment Date.

Debt Service Fund, Application Thereof. The Trustee shall establish and maintain a Debt Service Fund with separate Accounts therein for the 2026 Bonds and for such series of Additional Obligations as may be specified pursuant to a Supplemental Indenture. Moneys on deposit in the Debt Service Fund shall be applied on each Payment Date as follows:

(a) to the payment, when due, of interest on all Outstanding Obligations (including accrued interest due upon redemption); and

(b) to the payment, when due, of the principal of Obligations then payable at maturity or mandatory sinking fund redemption (but, except as otherwise provided in the Indenture, only upon surrender of such Obligations), subject to reduction by the principal amount of Obligations of the same series, maturity and interest rate purchased by the Authority and surrendered to the Trustee for cancellation or purchased for cancellation by the Trustee as described in subparagraph (c) below.

(c) during the 12-month period preceding each principal maturity or mandatory sinking fund redemption date, the Trustee shall, at the written request of the Authority, accept the purchase of Obligations of the series, maturity and interest rate becoming due or subject to mandatory redemption on such date from funds in the Debt Service Fund; provided, however, that no such purchase shall be made unless the purchase price does not exceed 100% of the principal amount of the Obligations so to be purchased plus accrued interest.

Payments from the Debt Service Fund shall be made ratably (to the extent payable on the same date) by the Trustee according to amounts due in respect of each Obligation without preference of one Obligation over another.

Subordinated Payment Obligations Fund; Application Thereof. The Trustee shall establish a Subordinated Payment Obligations Fund into which the Trustee shall deposit for each series of Obligations amounts required to be deposited therein with respect to any Credit Facility Payment Obligations. The Trustee shall withdraw from the Subordinated Payment Obligations Fund on each Payment Date the amount of any Credit Facility Payment Obligations due on such date and shall cause the same to be paid to the applicable Credit Issuer. Payments from the Subordinated Payment Obligations Fund shall be made ratably (to the extent payable on the same date) by the Trustee according to the amounts due in respect of each Credit Facility Payment Obligation without priority or preference of one Credit Facility Payment Obligation over another.

Procedure When Funds Are Sufficient to Pay All Obligations. If at any time the amounts held by the Trustee in the Funds established under the Indenture are sufficient to pay principal of and interest on all Obligations then Outstanding to maturity or prior redemption, together with any amounts due the Trustee, the Trustee shall so notify the Authority and the City and, if so directed by the City, the Trustee shall apply the amounts in the Funds to the payment of the aforesaid Obligations to effect a defeasance of the Obligations in accordance with the Indenture.

Moneys to Be Held for All Holders of the Obligations, With Certain Exceptions. Until applied as provided in the Indenture, moneys and investments held in all Funds and Accounts established and held under the lien of the Indenture shall be held in trust for the benefit of the holders of all Outstanding Obligations and each Credit Issuer, except that: (a) on and after the date on which the interest on and principal (including any mandatory sinking fund redemptions) of any particular Obligation or Obligations is due and payable from the Debt Service Fund, the unexpended balance of the amount deposited or reserved in such Fund for the making of such payments shall, to the extent necessary therefor, be held for the benefit of the Holder of the Obligations or Holders of the Obligations entitled thereto; and (b) the rights of any Holders of the Obligations with respect to principal or interest payments extended beyond their due dates

pursuant to the Indenture shall be subordinate to the rights of Holders of the Obligations with respect to payments not so extended.

Security for and Investment or Deposit of Funds

Deposits and Security Therefor. All moneys received by the Trustee under the Indenture for deposit in any Fund or Account established thereunder shall be considered trust funds, shall not be subject to lien or attachment and shall, except as hereinafter described, be deposited in the trust department of the Trustee, until or unless invested or deposited as provided in the provisions of the Indenture described under "Investment or Deposit of Funds" below. All deposits in the trust department of the Trustee (whether or not original deposits under the Indenture) shall be secured as provided by law for such trust deposits. If at any time the trust department of the Trustee is unwilling to accept such deposits or unable to secure them as provided above, the Trustee may at the direction of an Authorized Representative of the City, deposit such moneys with any other depository which is authorized to receive them and which is able to secure them as described above.

Investment or Deposit of Funds. Moneys on deposit in the Funds established pursuant to the Indenture shall be invested and reinvested by the Trustee at the direction of an Authorized Representative of the City. All investments shall constitute Investment Securities and shall mature, or be subject to repurchase, withdrawal without penalty or redemption at the option of the holder on or before the dates on which the amounts invested are reasonably expected to be needed for the purposes of the Indenture.

The principal of the Investment Securities and the earnings thereon, including interest, income and net profits received in respect thereof, shall be applied upon receipt as follows: (i) earnings on the Revenue Fund, the Settlement Fund, the Project Fund and the Debt Service Fund shall in each case be retained in such Fund or Account; and (ii) whenever any other transfer or payment is required to be made from any particular Fund, such transfer or payment shall be made from such combination of maturing principal, redemption or repurchase prices, liquidation proceeds and withdrawals of principal as the Authority at the direction of the City deems appropriate for such purpose, after taking into account such factors as future transfers or payments from the Fund or Account in question, the reinvestment opportunities for maturing principal, the current yield on any Investment Securities to be redeemed, withdrawn or sold, and any penalties, gains or losses to be realized upon any such redemption, withdrawal or sale.

The Trustee shall not be accountable for any depreciation in the value of the Investment Securities or any losses incurred upon any authorized disposition thereof. The Trustee shall not be responsible for monitoring the ongoing ratings of Investment Securities.

Valuation of Funds. The Trustee shall value the assets in each of the Funds or Account established under the Indenture as of June 30 of each year, or more frequently at the direction of the City or the Authority, at their amortized cost, not including accrued interest, after taking into account all transfers or payments then required to be made from each Fund or Account. As soon as practicable after each such date of valuation, the Trustee shall furnish to the Authority and the City a report of the status of each Fund or Account as of such date. In computing the assets of any Fund or Account, investments, not including accrued interest thereon, shall be deemed a part thereof, subject to the provisions of the Indenture.

Covenants of Authority

The covenants of the Authority under the Indenture include:

Payment of Obligations. The Authority shall promptly pay the interest on and the principal and redemption price of Obligations, but only out of the Trust Estate.

Corporate Existence and Maintenance of Powers. The Authority shall (a) maintain its corporate existence, (b) maintain its power to perform its obligations under the Indenture, and (c) maintain the Service Agreement in full force and effect.

Compliance with Service Agreement. The Authority covenants and agrees that (i) it shall comply with all applicable provisions of the Service Agreement, as if contained in the Indenture; (ii) it shall enforce against the City the obligations of the City under the Service Agreement, including, without limitation, the obligation to pay the Service Fee when due; (iii) it shall cause a true and correct copy of the Service Agreement to be filed with the Trustee, and a true and correct copy of any amendment to the Service Agreement to be filed with the Trustee; and (iv) it shall furnish to the Trustee such documents, certificates and reports as it may be required under the terms of the Service Agreement to deliver to the City from time to time, whether or not otherwise specifically required under the Indenture.

Extension of Time for Payment. The Authority shall not directly or indirectly extend or assent to the extension of the time for payment of the principal of or interest on any Obligations and shall not directly or indirectly be a party to or approve any arrangement therefor. Notwithstanding the foregoing, the Holder of any Obligation may extend the time for payment of the principal of or interest on such Obligation; provided, however, that upon the occurrence of an Event of Default, funds available under the Indenture for the payment of the principal of and interest on the Obligations shall not be applied to any payment so extended until all principal and interest payments which have not been extended have first been paid in full.

Further Assurances; Additional Revenues. The Authority shall not enter into any contract or take any action by which the rights under the Indenture of the Trustee or the Holders of the Obligations or Credit Issuers may be impaired and shall, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of the Indenture and each Supplemental Indenture and for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee the Trust Estate. If at any time the Authority receives any Revenues which are not assigned to the Trustee, it shall promptly pay the same to the Trustee for deposit in the Revenue Fund and, at the request of the Trustee, shall execute and deliver an assignment of its right, title and interest in and to future income or payments of the same type to the Trustee to be held as part of Revenues and file or record such assignment as may be appropriate to perfect the security interest created by the Indenture.

Creation of Liens. The Authority shall not issue any bonds, notes, debentures or other evidences of indebtedness of a similar nature, other than the Obligations and Credit Facility Payment Obligations, payable out of or secured by a pledge or assignment of the Trust Estate and shall not create or cause to be created any lien or charge on the Trust Estate.

Events of Default and Remedies under the Indenture

Events of Default Defined. Each of the following shall be an Event of Default under the Indenture:

(i) if payment of any installment of interest on the Obligations is not made when it becomes due and payable; or if payment of the principal of any Obligation is not made when it becomes due and payable at maturity or mandatory sinking fund redemption; or

(ii) if the Authority defaults in the due and punctual performance of any other covenant in the Obligations or in the Indenture and such default continues for sixty (60) days after written notice requiring the same to be remedied shall have been given to the Authority and the City by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of any Credit Issuer or the Holders of not less than 25% in principal amount of Obligations then Outstanding provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by

their nature cannot reasonably be done, taken or remedied, as the case may be, within such sixty (60)-day period, no Event of Default shall be deemed to have occurred or exist if and so long as the Authority or the City shall commence such performance within such sixty (60)-day period and shall diligently and continuously prosecute the same to completion and provides the Trustee with a certification to that effect; or

(iii) if the City fails to pay the Service Fee at the times and in the amounts required under the Service Agreement and any grace period with respect to such failure under the Service Agreement shall have lapsed; or

(iv) if the Authority fails to comply with the Act.

The Trustee shall notify the Authority, the City, each Credit Issuer and all Holders of the Obligations in accordance with the provisions of the Indenture of the occurrence of any Event of Default.

The Service Agreement provides that an acceleration of the Authority's payment obligations with respect to the Obligations or with respect to any Credit Facility Payment Obligation shall not cause an acceleration of the payment of the Service Fee thereunder.

Acceleration and Annulment Thereof. If any Event of Default described under paragraphs (i) or (ii) of the caption "Events of Default Defined" above has occurred and is continuing, the Trustee may, and at the written direction of the Holders of a majority in principal amount of the Obligations then Outstanding the Trustee shall, by notice in writing to the Authority, declare the principal of all Obligations then Outstanding to be immediately due and payable, and upon such declaration the said principal, together with interest accrued thereon, shall become due and payable immediately at the place of payment provided therein, anything in the Indenture or in the Obligations to the contrary notwithstanding; provided, however, that no such declaration shall be made, if the Authority or the City cures such Event of Default prior to the date of the declaration.

If after the principal of the Obligations has been so declared to be due and payable, all arrears of principal and interest upon the Obligations are paid by the Authority, and the Authority also performs all other things in respect to which the Authority may have been in default under the Indenture and pays the reasonable charges of the Trustee and the Holders of the Obligations, including reasonable attorney's fees, then, and in every such case, the Trustee may annul such declaration and its consequences and such annulment shall be binding upon the Trustee and upon all Holders of Obligations issued under the Indenture; but no such annulment shall extend to or affect any subsequent default or impair any right or remedy consequent thereon.

Legal Proceedings by Trustee. If any Event of Default has occurred and is continuing, the Trustee in its discretion may, and upon the written request of the Holders of a majority in principal amount of the Obligations then Outstanding and receipt of indemnity to its satisfaction shall, in its own name: (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Holders of the Obligations including the right to require the Authority to enforce collection of all amounts due and payable under the Service Agreement (other than with respect to the Reserved Rights) and to require the Authority to carry out any other agreements with, or for the benefit of, the Holders of the Obligations and to perform its duties under the Act; (b) bring suit upon the Obligations; (c) by action or suit in equity require the Authority to account as if it were the trustee of an express trust for the Holders of the Obligations; (d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Obligations and the Credit Issuers; and (e) exercise any or all other rights and remedies provided for by the Act or any other law.

Discontinuance of Proceedings by Trustee. If any proceeding taken by the Trustee on account of any default is discontinued or is determined adversely to the Trustee, then the Authority, the Trustee, the Credit Issuers and the Holders of the Obligations shall be restored to their former positions and rights under the Indenture as though no such proceeding had been taken.

Holders of the Obligations May Direct Proceedings. The Holders of a majority in principal amount of the Obligations then Outstanding under the Indenture shall have the right to direct the method and place of conducting all remedial proceedings by the Trustee under the Indenture, provided such directions shall not be otherwise than in accordance with law or the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Holders of the Obligations not parties to such direction.

Limitations on Actions by Holders of the Obligations. No Holder of the Obligations shall have any right to pursue any remedy under the Indenture unless (a) the Trustee shall have been given written notice of an Event of Default, (b) the Holders of at least a majority in principal amount of the Obligations then Outstanding shall have requested the Trustee, in writing, to exercise the powers granted as described above or to pursue such remedy in its or their name or names, (c) the Trustee shall have been offered indemnity and security satisfactory to it against fees, costs, expenses and liabilities, including reasonable attorneys' fees, and (d) the Trustee shall have failed to comply with such request within a reasonable time.

Trustee May Enforce Rights Without Possession of Obligations. All rights under the Indenture and the Obligations may be enforced by the Trustee without the possession of any Obligations or the production thereof at the trial or other proceedings relative thereto, and any proceeding instituted by the Trustee shall be brought in its name for the ratable benefit of the Holders of the Obligations.

Remedies Not Exclusive. Except as limited under certain provisions of the Indenture, no remedy conferred in the Indenture is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute, including, without limitation, all remedies given under the Act.

Delays and Omissions Not To Impair Rights. No delay or omission in respect of exercising any right or power accruing upon any default shall impair such right or power or be a waiver of such default, and every remedy given by the Indenture may be exercised from time to time and as often as may be deemed expedient.

Application of Moneys in Event of Default. Subject to the provisions of the Indenture described above under the caption "Revenues of the Authority, and the Application Thereof to Funds – Moneys to be Held for All Holders of the Obligations, With Certain Exceptions" any moneys on deposit in any Fund or Account established under the Indenture and any moneys received by the Trustee under the provisions of the Indenture described under the caption "Events of Default and Remedies under the Indenture" shall be applied after the occurrence of an Event of Default under the Indenture,

First: To the payment of the costs of the Trustee, including counsel fees, any disbursements of the Trustee with interest thereon and its reasonable compensation and the creation of a reasonable reserve for anticipated fees, costs and expenses;

Second: Subject to the provisions of the Indenture permitting the Holders of Obligations to extend the time for payment of the principal of or interest on Obligations, to the payment of all interest on Outstanding Obligations then due or, if the amount available is insufficient for such purpose, to the payment of interest ratably in accordance with the amount due in respect of each Obligation;

Third: Subject to the provisions of the Indenture permitting the Holders of Obligations to extend the time for payment of the principal of or interest on Obligations, to the payment of the outstanding principal amount of all Obligations or, if the amount available for the payment of principal is insufficient for such purpose, to the payment of principal ratably in accordance with the amount due in respect of each Obligation;

Fourth: To the payment to any Credit Issuer of any Credit Facility Payment Obligation then due or, if the amount available is insufficient for such purpose, to the payment of Credit Facility Payment Obligations ratably in accordance with the amount due in respect of each Credit Facility Payment Obligation; and

Fifth: To the payment to any accrued and unpaid Administrative Expenses due under the Service Agreement.

The surplus, if any, shall be paid to the City or the Person lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Trustee's Right to Receiver; Compliance with Act. As provided by the Act, the Trustee shall be entitled as of right to the appointment of a receiver if an Event of Default under the Indenture shall have occurred and be continuing; and the Trustee, the Credit Issuers, the Holders of the Obligations and any receiver so appointed shall have such rights and powers and be subject to such limitations and restrictions as are contained in the Act.

Trustee and Holders of the Obligations Entitled to All Remedies Under Act. It is the purpose of the Indenture to provide such remedies to the Trustee and Holders of the Obligations as may be lawfully granted under the provisions of the Act; but should any remedy granted in the Indenture be held unlawful, the Trustee, and the Holders of the Obligations shall nevertheless be entitled to every other remedy provided by the Act. It is further intended that, insofar as lawfully possible, the provisions of the Indenture described above under the caption "Events of Default and Remedies under the Indenture" shall apply to and be binding upon the trustee or receiver appointed under the Act.

Direction of Remedies by a Credit Issuer. Except as otherwise specifically provided in the provisions of the Indenture described above under the caption "Events of Default and Remedies under the Indenture," each Credit Issuer issuing a Credit Facility securing a series of Obligations shall have the right to direct the Trustee in the exercise of remedies under the provisions of the Indenture described above under the caption "Events of Default and Remedies under the Indenture" (including, without limitation, the declaration of the acceleration of the maturity of such Obligations or any annulment of such declaration) on behalf of and in lieu of the Holders of the Outstanding Obligations of such series that are entitled to the benefit of the Credit Facility issued by it so long as the Credit Issuer shall not be in default of its payment obligations under the Credit Facility issued by it and provided that the Credit Facility issued by it remains in full force and effect.

The Trustee

Notice of Default; Right to Investigate. The Trustee shall give written notice to all Holders of the Obligations and to each Credit Issuer by first class mail of each Event of Default known to the Trustee within ninety (90) days (thirty (30) days in the case of notices to the Credit Issuers) after a responsible officer of the Trustee obtains actual knowledge of such Event of Default; provided that, except in the case of a default in payment of principal, redemption price or interest, the Trustee may withhold such notice to the Holders of the Obligations (but not to any Credit Issuer) so long as it in good faith determines that such withholding is in the interest of the Holders of the Obligations. The Trustee shall not be deemed to have

notice of any Event of Default unless it has actual knowledge of such Event of Default or it has been notified in writing of such Event of Default by the Authority or by the holders of at least a majority in principal amount of the Obligations then Outstanding or any Credit Issuer. The Trustee may, however, at any time require of the Authority full information as to the performance of any covenant under the Indenture; and if information satisfactory to it is not forthcoming, the Trustee may make or cause to be made, at the expense of the Authority, an investigation into the affairs of the Authority related to the Indenture. The Trustee shall have no responsibility to determine compliance by the Authority or the City with the Service Agreement except as expressly set forth in the Indenture.

Obligation to Act on Defaults. The Trustee shall be under no obligation to take any action in respect of any default or otherwise, except a default with respect to the payment of principal or interest as the same shall become due and payable upon maturity or mandatory sinking fund redemption, unless it is requested in writing to do so by the Holders of at least a majority in principal amount of the Obligations then Outstanding and, if in its opinion such action may tend to involve expense or liability, unless it is also furnished with indemnity and security satisfactory to it.

Trustee May Deal in Obligations. The Trustee may in good faith buy, sell, own, hold and deal in any of the Obligations and may join in any action which any Holders of the Obligations may be entitled to take with like effect as if the Trustee were not a party to the Indenture. The Trustee may also engage in or be interested in financial or other transactions with the Authority; provided that such transactions are not in conflict with its duties under the Indenture.

Resignation of Trustee. The Trustee may resign and be discharged of the trusts created by the Indenture by written resignation filed with the Secretary of the Authority not less than sixty (60) days before the date when such resignation is intended to take effect; provided that notice of any such resignation shall be mailed by the resigning Trustee to the Holders of all Outstanding Obligations at their registered addresses and each Credit Issuer not less than thirty (30) days prior to the intended effective date of the resignation, and that no resignation shall take effect until a successor Trustee has been appointed and has accepted such appointment. In case at any time the Trustee shall resign and no appointment of a successor Trustee shall be made pursuant to the provisions of the Indenture prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the retiring Trustee or any Holder of the Obligations may forthwith apply to a court of competent jurisdiction for the appointment of a successor Trustee. Such court may thereupon (after such notice, if any, as it may deem proper and prescribe), appoint a successor Trustee.

Removal of Trustee. Any Trustee under the Indenture may be removed upon thirty (30) days' notice at any time by an instrument appointing a successor to the Trustee so removed, executed by the Authority at the written direction of the City (if no Event of Default under the Indenture has occurred and is continuing) or otherwise executed by the Holders of a majority in principal amount of the Obligations then Outstanding and filed with the Trustee, the Authority and each Credit Issuer. Any such removal shall be effective on the date on which a successor Trustee has been appointed and has accepted such appointment. Notice of any such removal shall be mailed promptly by the Authority to the Holders of all Outstanding Obligations at their registered addresses.

Appointment of Successor Trustee. If the Trustee or any successor trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, the Authority at the written direction of the City shall appoint a successor and shall mail or cause to be mailed notice of such appointment. If the Authority fails to make such appointment within thirty (30) days, the appointment may be made by the Holders of a majority in principal amount of the Obligations then Outstanding. Notice of any such appointment shall be mailed promptly by the successor Trustee to the Holders of all Outstanding Obligations at their registered addresses.

Qualification of Successor. A successor trustee shall be a national bank with trust powers, a banking association with trust powers, or a bank and trust company or a trust company organized under the laws of the Commonwealth, in each case having a combined net capital and surplus of at least $50,000,000 (or the obligations and liabilities of which are irrevocably and unconditionally guaranteed by an affiliated company having a combined net capital and surplus of at least $50,000,000).

Amendments and Supplements to the Indenture

Amendments and Supplements without the Consent of the Holders of the Obligations. The Indenture may be amended or supplemented from time to time, without the consent of the Holders of the Obligations, but with the consent of the City by a Supplemental Indenture authorized by a Certified Resolution of the Authority filed with the Trustee, for one or more of the following purposes: (a) to add additional covenants of the Authority or to surrender any right or power conferred in the Indenture upon the Authority; (b) to cure any ambiguity or to cure any defect in the Indenture in such manner as shall not be inconsistent with the provisions thereof; (c) to modify, supplement, alter or amend the provisions of the Indenture in such manner as may be requested by a securities rating service in order to obtain a securities rating or ratings for any Obligations or to maintain or improve any such rating or ratings previously obtained; (d) to modify, supplement, alter or amend the provisions of the Indenture in such manner as may be necessary or appropriate to conform the provisions of the Indenture to the provisions of the Service Agreement as it may be amended from time to time; (e) to set forth such matters (not inconsistent with the provisions of the Indenture) as may be necessary or appropriate in connection with the issuance of any series of Obligations; or (f) to make such other changes in the Indenture as the Authority deems appropriate; provided that the provision described in the foregoing clause (f) shall not permit amendments or supplements to be made which materially adversely affect the security of the Indenture or the rights of Holders of the Obligations under the Indenture.

Amendments with the Consent of the Holders of the Obligations. The Indenture may be amended from time to time, with the consent of the City, by a Supplemental Indenture approved by the Holders of at least a majority in aggregate principal amount of the Obligations then Outstanding; provided, that (a) no amendment shall be made which adversely affects the rights of some but less than all series of Obligations without the consent of the Holders of at least a majority of the then Outstanding Obligations so affected, and (b) no amendment which alters the interest rates on or principal amounts of any Obligations, the maturities, mandatory redemption provisions or Interest Payment Dates of any Obligations or the provisions of the Indenture described under the caption "Amendments and Supplements to the Indenture" may be made without the consent of the Holders of all Outstanding Obligations adversely affected thereby.

A Credit Issuer of a Credit Facility securing a series of Obligations shall have the right to consent to amendments on behalf of and in lieu of the Holders of the Obligations of such Series (except with respect to the matters referred to in the proviso of the immediately preceding paragraph), so long as such Credit Issuer shall not be in default of its obligations under such Credit Facility and provided the Credit Facility remains in full force and effect.

Trustee Authorized to Join in Amendments and Supplements; Reliance on Counsel. The Trustee is authorized to join with the Authority in the execution and delivery of any Supplemental Indenture or amendment permitted by the Indenture and in so doing shall be fully protected by an opinion of Counsel, which the Trustee may require, that such Supplemental Indenture or amendment is so permitted and has been duly authorized by the Authority and that all things necessary to make it a valid and binding agreement have been done.

Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to the provisions of the Indenture, the Indenture shall be and be deemed to be modified and amended in

accordance therewith and the respective rights, limitation of rights, obligations, duties and immunities under the Indenture of the Trustee, the Authority and the Holders of Obligations issued under the Indenture shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to the applicable provisions of the Supplemental Indenture so executed.

Amendments to Service Agreement. The Authority may amend or supplement the Service Agreement in connection with the issuance of Additional Obligations and to make such changes therein as may be deemed appropriate by the Authority and the City; provided, however, that the approval by the Holders of at least a majority in aggregate principal amount of the Obligations then Outstanding shall be required for any amendment or supplement to the Service Agreement that would materially adversely affect the security of the Service Agreement or of the Indenture or the rights of Holders of the Obligations under the Indenture; and provided further, that the Authority shall not amend or supplement the Service Agreement in any manner which would adversely affect the validity or enforceability of the Service Agreement.

A Credit Issuer of a Credit Facility securing a series of Obligations shall have the right to consent to amendments of the Service Agreement on behalf of and in lieu of the Owners of the Obligations of such Series, so long as such Credit Issuer shall not be in default of its obligations under such Credit Facility and provided such Credit Facility remains in full force and effect.

The Trustee may require that the Authority provide an opinion of Counsel that such amendment or supplement to the Service Agreement is permitted by the Indenture and by the Service Agreement and that all things necessary to make it a valid and binding agreement have been done, and the Trustee shall be fully protected in relying on such opinion.

Defeasance

Defeasance. When all interest on and principal or redemption price (as the case may be) of, all Obligations issued under the Indenture have been paid, or there shall have been deposited with the Trustee an amount, evidenced by moneys or "escrowed obligations" (as defined below) the principal of and interest on which, when due, will provide sufficient moneys to fully pay the Obligations at the maturity date (including any mandatory sinking fund redemptions) or date fixed for redemption thereof, as well as all other sums payable under the Indenture by the Authority and all Credit Facility Payment Obligations have been paid or provided for, the right, title and interest of the Trustee shall thereupon cease and the Trustee, on demand of the Authority, shall release the Indenture and all Supplemental Indentures and shall execute such documents to evidence such release as may be reasonably required by the Authority and shall turn over to the Authority or to such person, body or authority as may be entitled to receive the same all balances remaining in any funds under the Indenture. For the purposes of the Indenture, "escrowed obligations" means the following, but only to the extent they are Investment Securities at the time of delivery to the Trustee: (a) Government Obligations; (b) rights to receive the principal of or the interest on Government Obligations through (i) direct ownership, as evidenced by physical possession of such Government Obligations or unmatured interest coupons thereof or by registration as to ownership thereof on the books of the issuer or its duly authorized paying agent or transfer agent, or (ii) purchase of certificates or other instruments evidencing an undivided ownership interest in payments of the principal of or interest on Government Obligations; (c) debt obligations of any state or political subdivision thereof or any agency or instrumentality of such a state or political subdivision, provided that (i) the principal of and interest on such obligations are secured by and payable from amounts received (without reinvestment) in respect of the principal of and interest on non-callable Government Obligations, and (ii) such debt obligations are rated "AAA" by S&P, if S&P has assigned a rating to the Obligations, and "Aaa" by Moody's, if Moody's has assigned a rating to the Obligations (or, upon the discontinuation of both of the foregoing rating services,

by such other nationally recognized rating service or services as may be acceptable to the Authority and the Trustee).

In the event the Authority deposits "escrowed obligations" with the Trustee as provided in the Indenture, the lien of the Indenture shall not be defeased unless the Trustee shall have received a report of an Independent Certified Public Accountant or Independent nationally recognized financial consultant verifying the sufficiency of such "escrowed obligations" for the purposes of the defeasance provisions of the Indenture.

Deposit of Funds for Payment of Obligations. If the Authority deposits with the Trustee moneys or "escrowed obligations" (as described above) the principal of and interest on which, when due, are sufficient to pay the principal or redemption price of any particular Obligation or Obligations becoming due, either at maturity (including any mandatory sinking fund redemptions) or by call for redemption or otherwise, together with all interest accruing thereon to the due date, interest on the Obligation or Obligations shall cease to accrue on the due date and all liability of the Authority with respect to such Obligation or Obligations shall likewise cease, except as described in the paragraph below; provided that if such Obligations are to be redeemed prior to maturity thereof, there shall have been taken all action necessary to call such Obligations for redemption and notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made for the giving of such notice. Thereafter such Obligation or Obligations shall be deemed not to be Outstanding under the Indenture and the Holder or Holders of such Obligation or Obligations shall be restricted exclusively to the funds so deposited for any claim of whatsoever nature with respect to such Obligation or Obligations, and the Trustee shall hold such funds in trust for such Holder or Holders.

Moneys deposited with the Trustee pursuant to the Indenture which remain unclaimed six (6) years after the date payment thereof becomes due shall, at the direction of the Authority or the City, if the Authority is not at the time to the knowledge of the Trustee in default with respect to any covenant in the Indenture or the Obligations contained, be paid to the Authority for and on account of the City; and the Holders of the Obligations for which the deposit was made shall thereafter be limited to a claim against the Authority; provided, however, that before making any such payment to the Authority, the Trustee shall, at the expense of the Authority, give notice to Holders of such Obligations by first class mail stating that moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty (30) days after the date of mailing of such notice, the balance of such moneys then unclaimed will be paid to the Authority.

Miscellaneous Provisions

Limitations on Recourse. No personal recourse shall be had for any claim based on the Indenture or the Obligations or any Credit Facility against any member, officer or employee, past, present or future, of the Authority or of any successor body as such, either directly or through the Authority or any such successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise. The Obligations and the Credit Facility Payment Obligations are payable solely from the Trust Estate held under the Indenture for such purpose.

References to the Credit Issuer. References to any Credit Issuer in the Indenture or in any Supplemental Indenture shall be deemed inapplicable at any time that (A)(i) no Credit Facility issued by such Credit Issuer is in effect with respect to Obligations and (ii) no amount is owing to such Credit Issuer by the Authority or (B) such Credit Issuer is in default of its payment obligations under the Credit Facility issued by it.

THE SERVICE AGREEMENT

Additional Obligations

Upon the written request of the Director of Finance of the City, the Authority may issue Additional Obligations to refund Outstanding Obligations and to finance Costs of the Project (as defined in the Service Agreement), including amounts necessary for Costs of Issuance of such Additional Obligations, costs of credit or liquidity enhancement, and other amounts necessary to effect any refunding and may also incur Credit Facility Payment Obligations. In connection with the issuance of Additional Obligations and any incurrence of Credit Facility Payment Obligations, the Authority and the City shall enter into an appropriate supplement to the Service Agreement, subject to the provisions of the Ordinance.

Service Fee

In consideration of the undertakings by the Authority under the Service Agreement with respect to the 2026 Project, the City agrees to pay as a Service Fee in each Fiscal Year directly to the Trustee, as the assignee of the Authority, the following sums:

(a) The Annual Debt Service Requirement for such Fiscal Year, payable as follows:

(i) on the business day immediately preceding the date such amount is required to be paid to the Holders of the Obligations, the amount which is equal to the principal or redemption price of the Obligations becoming due on such principal maturity or mandatory redemption date, subject to credit for other available funds in the manner provided in the Indenture;

(ii) on the business day immediately preceding each Interest Payment Date, the amount which is equal to interest on the Obligations becoming due on such Interest Payment Date, subject to credit for other available funds in the manner provided in the Indenture;

(iii) on the business day immediately preceding the date such amount is required to be paid to the Holders of the Obligations, any other payment due to the Holders of the Obligations becoming due on such date, subject to credit for other available funds in the manner provided in the Indenture; and

(iv) on or before the dates specified in any Credit Facility, the amounts which are equal to any Credit Facility Payment Obligations becoming due on such dates, subject to credit for other available funds in the manner provided in the Indenture.

(b) Notwithstanding any other provision of the Service Agreement, an acceleration of the Authority's payment obligations with respect to the Obligations or any Credit Facility Payment Obligation shall not cause an acceleration of the payment of the Service Fee.

(c) In lieu of the portion of the payments due under (a)(i) as described above, the City, or at its written direction, the Trustee, may purchase for cancellation Obligations of the series and maturity next becoming due at maturity or upon mandatory sinking fund redemption, subject to the applicable requirements set forth in the Indenture.

The Service Fee shall be payable only out of the current revenues of the City, and the City agrees to provide for the payment of the Service Fee and include the same in its annual operating budget for each Fiscal Year. If the current revenues are insufficient to pay the total Service Fee in any Fiscal Year as the same becomes due and payable, the City covenants to include amounts not so paid in its operating budget for the ensuing Fiscal Year in order to provide sufficient current revenues to pay in each ensuing year such balance due in addition to the amount of Service Fee due for such ensuing year.

The City covenants to make appropriations in each of its Fiscal Years in such amounts as shall be required in order to make all Service Fee payments due and payable under the Service Agreement in each of the City's Fiscal Years.

No Set-Off

The obligation of the City to make the payments required under the Service Agreement shall be absolute and unconditional. The City will pay without suspension, abatement, reduction, abrogation, waiver or diminution all payments required thereunder regardless of any cause or circumstance whatsoever, which may then exist or may thereafter arise, including, without limitation, any defense, setoff, recoupment or counterclaim which the City may have or assert against the Authority, the Trustee, any Holder of the Obligations, any Credit Issuer or any other person.

City to Perform Certain Covenants under Indenture

The City acknowledges that it has received an executed copy of the Indenture, and that it is familiar with its provisions, and agrees to be bound to the fullest extent permitted by law to all provisions thereof directly or indirectly relating to it, and that, in consideration of the service of the Authority rendered to the City under the Service Agreement, it will take all such actions as are required of it under the Indenture to preserve and protect the rights of the Trustee, the Holders of the Obligations and Credit Issuers thereunder and that it will not take or effect any action which would cause a default thereunder or impair such rights. The City assumes and agrees to perform all of the covenants and other obligations of the Authority under the Indenture, excepting only any approvals or consents required to be given by the Authority thereunder, and those covenants contained in the Indenture which are not within the control of the City.

Provisions Related to Tax-Exemption

Each of the City and the Authority covenants that it, with respect to any Obligations which are initially issued with the expectation that the interest thereon will be federally tax-exempt: (i) will neither make nor instruct the Trustee to make any investment or other use of the proceeds of the Obligations, the interest on which is intended to be excludable from gross income of the Holders thereof, which would cause such Obligations to be "arbitrage bonds" (as defined in Section 148(a) of the Code); (ii) will comply with the requirements of the Code throughout the term of such Obligations so that the interest on such Obligations shall be excludable from gross income for federal income tax purposes; and (iii) will not apply the proceeds of such Obligations in such a manner as would result in the loss of the exclusion of interest on such Obligations from gross income of the Holders for federal tax purposes. The City further covenants that it will calculate and pay directly to the United States the amount of arbitrage rebate with respect to any such Obligation payable to the United States Treasury under the Code. The Authority agrees to cooperate with the City's undertaking to comply with the arbitrage rebate rules.

Events of Default under the Service Agreement

Each of the following shall constitute an Event of Default under the Service Agreement: (a) the failure of the City to make any payment to the Trustee of the Service Fee due; (b) the failure of the City to

make any other payment or to perform any other covenant, condition or agreement in the Service Agreement on its part to be performed; and (c) if the City proposes or makes an assignment for the benefit of creditors or a composition agreement with all or a material part of its creditors, or a trustee, receiver, executor, conservator, liquidator, sequestrator or other judicial representative, similar or dissimilar, is appointed for the City or any of its assets or revenues, or there is commenced any proceeding in liquidation, bankruptcy, reorganization, arrangement of debts, debtor rehabilitation, creditor adjustment or insolvency, state or federal, by or against the City and if such is not vacated, dismissed or stayed on appeal within 60 days (provided that any such assignment, agreement, appointment or proceeding commenced under the First Class City Revenue Bond Act or the Municipal Utility Inventory and Receivables Financing Act, and/or any acceleration of the payment obligations in respect of any bonds, notes or other evidence of indebtedness issued under either aforementioned act, shall not be an Event of Default under the Service Agreement).

Notice of Defaults; Opportunity to Cure Such Defaults

No default described under clause (b) of the preceding paragraph shall constitute an Event of Default under the Service Agreement until actual notice of such default by registered or certified mail shall be given to the City by the Authority or the Trustee and the City shall have had thirty (30) days after receipt of such notice to correct the default and shall not have corrected it; provided, however, if the default cannot be corrected within such 30 (thirty)-day period, it shall not constitute an Event of Default under the Service Agreement if corrective action is instituted by the City within the period and diligently pursued until the default is corrected.

Remedies

If any Event of Default under the Service Agreement shall occur and be continuing, the Authority (or the Trustee as assignee of the Authority) may at its option exercise any one or more of the following remedies: (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Authority, and require the City to perform its duties and obligations under the Service Agreement; (b) by action or suit in equity require the City to account as if it were the trustee of an express trust for the Authority; or (c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Authority.

In no event (including an acceleration of the Authority's payment obligations under the Obligations or with respect to any Credit Facility Payment Obligation) shall the due dates for payments of the Service Fee be accelerated.

Termination

The Service Agreement shall terminate on such date as the principal of and interest on, and any other payments due with respect to, all Obligations and all other amounts required under the Indenture to be paid and all other expenses payable by the City under the Service Agreement shall have been paid (or provision for such payment shall have been made as provided in the Indenture) and all other conditions of the Service Agreement and the Indenture shall have been fully satisfied.

Amendments and Supplements to the Service Agreement

The City and the Authority may enter into any written amendments or supplements to the Service Agreement as shall not adversely affect the rights of or the security of the Holders of the Obligations, only for the following purposes: (i) to cure any ambiguity, defect, or inconsistency or omission therein or in any amendment or supplement thereto; (ii) to grant to or confer upon the Authority or the Trustee any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon the

Authority or the Trustee; (iii) to reflect a change in applicable law; (iv) as appropriate in connection with the issuance of Additional Obligations; or (v) to provide terms not inconsistent with the Indenture or the Service Agreement; provided, however, that the Service Agreement as so amended or supplemented shall provide at least the same security for Holders of the Obligations as the Service Agreement in its original form.

All other amendments must be approved by the Trustee and, to the extent required by the Indenture, by the Holders of the Obligations, in the manner as is set forth in the Indenture.

Any amendment or supplement to the Service Agreement (other than an amendment or supplement described in clauses (i) through (v) above under this caption) shall be approved by ordinance of the City Council and a copy of any such amendment or supplement, together with a copy of such ordinance, certified by the Clerk of the City Council, shall be filed with the Trustee.

APPENDIX E

PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL

November __, 2026

The City of Philadelphia, Pennsylvania
1401 John F. Kennedy Boulevard
MSB-Room 1330
Philadelphia, PA 19102

U.S. Bank Trust Company, National Association
1735 Market Street, 42nd Floor
Philadelphia, PA 19103

Philadelphia Authority for Industrial Development
1500 Market Street
Suite 3500 West
Philadelphia, PA 19102

Raymond James & Associates, Inc., as Representative
320 Park Avenue, 12th Floor
New York, NY 10022

Re: $_____ Philadelphia Authority for Industrial Development City Service Agreement Revenue Bonds (Police Forensics Laboratory Project), Series 2026

We have served as Bond Counsel to Philadelphia Authority for Industrial Development (the "Authority") in connection with the issuance of $_____ aggregate principal amount of its City Service Agreement Revenue Bonds (Police Forensics Laboratory Project), Series 2026 (the "2026 Bonds"). The 2026 Bonds are being issued under and pursuant to the Pennsylvania Economic Development Financing Law, Act No. 102 of the General Assembly of the Commonwealth of Pennsylvania approved August 23, 1967 (P.L. 251), as amended and supplemented (the "Act"), a Trust Indenture dated as of November 1, 2026 (the "Indenture"), between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), and pursuant to a resolution of the Authority adopted on October 13, 2026 authorizing the issuance of the 2026 Bonds (the "Resolution").

The 2026 Bonds will bear interest at fixed rates and will be issued only as fully registered bonds in denominations of $5,000 and any integral multiples of $5,000 in excess thereof. The 2026 Bonds are subject to redemption as described in the Indenture.

The proceeds of the 2026 Bonds will be used to finance (a) the buildout, construction, equipping, and installation of improvements in connection with the development of a new forensics laboratory for the Philadelphia Police Department to be subleased by the Authority to, and operated by, the City, and related improvements, including the financing or refinancing of certain costs thereof, and (b) the costs of issuance of the 2026 Bonds (collectively, the "2026 Project").

Pursuant to a Service Agreement dated as of November 1, 2026 (the "Service Agreement") between the Authority and the City, the City is required to pay to the Trustee, as assignee of the Authority, service fee payments sufficient to pay, among other things, debt service on the 2026 Bonds when due and payable. Under the Indenture, the Authority has assigned to, and granted to the Trustee, a security interest in, all of the right, title and interest of the Authority in and to, among other things, such service fee payments.

The City Council of the City by Ordinance (Bill No. 260691), adopted on October 15, 2026, and approved by the Mayor on October 19, 2026 (the "Ordinance"), authorized and approved, among other things, the execution and delivery of the Service Agreement and approved the issuance by the Authority of Obligations (as defined in the Ordinance), which Obligations include the 2026 Bonds, for the purposes further described in the Ordinance.

We have examined the proceedings relating to the authorization and issuance of the 2026 Bonds, including, among other things: (a) the Act, and the Articles of Incorporation, as amended, and By-Laws of the Authority; (b) a certified copy of the Resolution; (c) executed counterparts of the Indenture and the Service Agreement; (d) a certified copy of the Ordinance; (e) the opinion of Turner Law, P.C., Counsel to the Authority, and the opinion of Monique Galloway, Acting City Solicitor, each dated the date hereof and on each of which we have relied; (f) various certificates executed by the Authority, the City and the Trustee including certificates as to the authentication and delivery of the 2026 Bonds and a certificate with regard to Sections 103 and 141 through 150 of the Internal Revenue Code of 1986 (the "Code") with respect to the 2026 Bonds; (g) the Form 8038-G of the Authority with respect to the 2026 Bonds; and (h) such other constitutional and statutory provisions and such other agreements, resolutions, certificates, instruments and documents as we have deemed necessary or appropriate in order to enable us to render the opinions set forth herein. We have also examined a fully executed and authenticated 2026 Bond, and we assume all other 2026 Bonds are in such respective forms and are similarly executed and authenticated.

In rendering our opinion, we have assumed the accuracy of, and have not undertaken to verify by investigation the factual matters set forth in such agreements, resolutions, certificates, instruments, and other documents which are referred to above and have relied on the covenants, warranties and representations made by the Authority, the Trustee and the City in such certificates and in the Indenture, the Service Agreement and other financing documents, and no inference as to our knowledge of the existence or absence of those facts should be drawn from our representation of the Authority.

In addition, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity with originals of all documents submitted to us as copies and the authenticity of certificates of public officials. We have also assumed that the Indenture has been duly authorized by the Trustee and is a legally binding obligation of, and enforceable in accordance with its terms against, the Trustee.

From our examination of the foregoing and such other items as we deem relevant, we are of the opinion that:

1. The Authority is validly existing under the Act and has the power to issue the 2026 Bonds for the purpose of financing the 2026 Project.

2. The 2026 Bonds have been duly authorized, executed and delivered by the Authority, are entitled to the benefit and security of the Indenture, and are valid and binding special limited obligations of the Authority, payable as to principal, interest and all other obligations thereunder solely from, and enforceable only against, the revenues and receipts derived from the Trust Estate (as defined in the Indenture and which includes the Revenues described therein), except as such enforcement may be limited by laws relating to bankruptcy, insolvency, reorganization, receivership, arrangement, moratorium and other laws affecting creditors' rights, by equitable principles, whether considered at law or in equity, and by the exercise of judicial discretion in appropriate cases.

3. The Authority has the power to enter into the Indenture and the Service Agreement, each of which has been duly authorized, executed and delivered by the Authority, and which are enforceable against the Authority in accordance with their respective terms, except as such enforcement may be limited by laws relating to bankruptcy, insolvency, reorganization, receivership, arrangement, moratorium and other laws affecting creditors' rights, by equitable principles, whether at law or in equity, and by the exercise of judicial discretion in appropriate cases.

4. The City has the power to enter into the Service Agreement, which has been duly authorized, executed and delivered by the City, and which is enforceable against the City in accordance with its terms, except as such enforcement may be limited by laws relating to bankruptcy, insolvency, reorganization, receivership, arrangement, moratorium and other laws affecting creditors' rights, by equitable principles, whether at law or in equity, and by the exercise of judicial discretion in appropriate cases.

5. Interest on the 2026 Bonds [(including original issue discount)] is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date hereof, assuming the accuracy of the certifications of the Authority and the City and continuing compliance by the Authority and the City with the requirements of the Code. Interest on the 2026 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account in determining the adjusted financial statement income of applicable corporations, as provided in the Code, for purposes of computing the alternative minimum tax imposed on such corporations.

6. Under the laws of the Commonwealth of Pennsylvania as presently enacted and construed, interest on the 2026 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. Bond Counsel expresses no opinion regarding other state or local tax consequences arising with respect to the 2026 Bonds, including whether interest on the 2026 Bonds is exempt from taxation under the laws of any jurisdiction other than the Commonwealth of Pennsylvania.

We express no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2026 Bonds.

We express no opinion herein on the adequacy, completeness or accuracy of any official statement, placement memorandum or other disclosure document pertaining to the offering of the 2026 Bonds. We also express no opinion as to the validity or enforceability of any provision which purports to require that provisions of an agreement may be amended or waived only in writing or as to the availability of specific performance or other equitable relief.

We call to your attention that the 2026 Bonds do not pledge the general credit or taxing power of the Commonwealth or any political subdivision, agency or instrumentality of the Commonwealth, nor shall the Commonwealth or any political subdivision, agency or instrumentality thereof be liable for the payment of the principal of or interest on the 2026 Bonds (other than the Authority, to the limited extent described herein).

This opinion is limited to the laws of the United States and the Commonwealth as in effect on the date hereof, and we express no opinion with respect to the laws of any other state or jurisdiction.

This opinion is limited to the matters expressly stated herein. No implied opinions are to be inferred to extend this opinion beyond the matters expressly stated herein. This opinion is expressed as of the date hereof, and we express no opinion as to any matter not set forth in the numbered paragraphs herein. We do not assume any obligation to update or supplement this opinion to reflect, or to otherwise advise you of,

any facts or circumstances which may hereafter come to our attention or any changes in facts, circumstances or law which may hereafter occur. This opinion is rendered solely for your benefit and may be relied upon by you solely in connection with the issuance of the 2026 Bonds and may not be relied upon by you for any other purpose, or by any other person for any purpose, in each case without our written consent.

Very truly yours,

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") dated as of November ___, 2026, is entered into by and between The City of Philadelphia, Pennsylvania ("City") and Digital Assurance Certification, L.L.C., as dissemination agent ("Dissemination Agent"), in connection with the issuance and sale by the Philadelphia Authority for Industrial Development (the "Authority") of its $32,290,000* aggregate principal amount City Service Agreement Revenue Bonds (Police Forensics Laboratory Project), Series 2026 (the "Bonds"). Capitalized terms used in this Agreement which are not otherwise defined herein shall have the meanings given to such terms in the Official Statement or the Indenture, as applicable.

The Bonds are being issued in accordance with the provisions of (i) the Act, (ii) the Resolution, (iii) the Ordinance, and (iv) the Indenture.

In consideration of the mutual covenants, promises and agreements contained herein and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I

The Undertaking

Section 1.1. Purpose. This Agreement is being executed and delivered by the City solely to assist the Underwriters in complying with subsection (b)(5) of the Rule.

Section 1.2. Annual Financial Information. (a) Commencing with the Fiscal Year ending June 30, 2026, the Disclosure Representative shall deliver to the Dissemination Agent no later than February 28, 2027, and no later than each succeeding February 28 thereafter, Annual Financial Information with respect to each Fiscal Year of the City. The Dissemination Agent shall promptly upon receipt thereof file the Annual Financial Information with EMMA (as defined herein).

(b) The Dissemination Agent shall provide, in a timely manner, notice of any failure of the City to provide the Annual Financial Information by the date specified in subsection (a) hereof.

Section 1.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the date required by Section 1.2(a) hereof, the Disclosure Representative shall provide Audited Financial Statements, when and if available, to the Dissemination Agent. The Dissemination Agent shall promptly upon receipt thereof file such Audited Financial Statements with EMMA.

Section 1.4. Notice Events. (a) If a Notice Event occurs, the Disclosure Representative shall provide through the Dissemination Agent, in a timely manner not in excess of ten (10) business days after the occurrence of such Notice Event, notice of such Notice Event to EMMA.

(b) Any notice of a defeasance of the Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

* Preliminary, subject to change.

(c) Each Notice Event notice relating to the Bonds shall include the CUSIP numbers of the Bonds to which such Notice Event notice relates or, if the Notice Event notice relates to all bond issues of the City including the Bonds, such Notice Event notice need only include the CUSIP number of the City.

(d) The Dissemination Agent shall promptly advise the City whenever, in the course of performing its duties as Dissemination Agent under this Agreement, the Dissemination Agent has actual notice of an occurrence which, if material, would require the City to provide notice of a Notice Event hereunder; provided, however, that the failure of the Dissemination Agent so to advise the City shall not constitute a breach by the Dissemination Agent of any of its duties and responsibilities under this Agreement.

Section 1.5. Additional Information. Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of Notice Event hereunder, in addition to that which is required by this Agreement. If the City chooses to do so, the City shall have no obligation under this Agreement to update such additional information or include it in any future Annual Financial Information or notice of a Notice Event hereunder.

Section 1.6. Additional Disclosure Obligations. The City acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended, may apply to the City and that, under some circumstances, compliance with this Agreement without additional disclosures or other action may not fully discharge all duties and obligations of the City under such laws.

ARTICLE II

Operating Rules

Section 2.1. Reference to Other Filed Documents. It shall be sufficient for purposes of Section 1.2 hereof if the City provides Annual Financial Information by specific reference to documents (i) available to the public on the MSRB Internet Web site (currently, www.emma.msrb.org) or (ii) filed with the SEC. The provisions of this Section shall not apply to notices of Notice Events pursuant to Section 1.4 hereof.

Section 2.2. Submission of Information. Annual Financial Information may be set forth or provided in one document or a set of documents, and at one time or in part from time to time.

Section 2.3. Dissemination Agent. The City has designated the Dissemination Agent as its agent to act on its behalf in providing or filing notices, documents and information as required of the City under this Agreement. The City may revoke or modify such designation. Upon any revocation of such designation, the City shall comply with its obligation to provide or file notices, documents and information as required under this Agreement or may designate another agent to act on its behalf.

Section 2.4. Transmission of Notices, Documents and Information. (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB's Electronic Municipal Markets Access ("EMMA") system, the current Internet Web address of which is www.emma.msrb.org.

(b) All notices, documents and information provided on EMMA shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 2.5. Fiscal Year. (a) The City's current Fiscal Year begins July 1 and ends June 30, and the City shall promptly file a notification on EMMA, through the Dissemination Agent, of each change in its Fiscal Year.

(b) Annual Financial Information shall be provided at least annually notwithstanding any Fiscal Year longer than 12 calendar months.

ARTICLE III

Effective Date, Termination, Amendment and Enforcement

Section 3.1. Effective Date; Termination. (a) This Agreement shall be effective upon the issuance of the Bonds.

(b) The City's and the Dissemination Agent's obligations under this Agreement shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds.

Section 3.2. Amendment. (a) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied:

(1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the City or the type of business conducted thereby,

(2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances,

(3) the City shall have delivered to the Dissemination Agent an opinion of Counsel, addressed to the City and the Dissemination Agent, to the same effect as set forth in clause (2) above,

(4) either (i) the City shall have delivered to the Dissemination Agent an opinion of Counsel or a determination by an entity, in each case unaffiliated with the City (such as bond counsel or the Dissemination Agent), addressed to the City and the Dissemination Agent, to the effect that the amendment does not materially impair the interests of the holders of the Bonds, or

(ii) the holders of the Bonds consent to the amendment to this Agreement pursuant to the same procedures as are required for amendments to the related Indenture with consent of holders of Bonds pursuant to such indenture as in effect at the time of the amendment, and

(5) the Disclosure Representative shall have delivered copies of such opinion(s) and amendment to the Dissemination Agent. Such amendment shall be promptly filed by the Dissemination Agent on EMMA and sent to each Registered Owner.

(b) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement which is applicable to this Agreement, (2) the City shall have delivered to the Dissemination Agent an opinion of Counsel, addressed to the City and the Dissemination Agent, to the effect that performance by the City and the Dissemination Agent under this Agreement as so amended will not result in a violation of the Rule and (3) the Disclosure Representative shall have delivered copies of such opinion and amendment to the Dissemination Agent. Such amendment shall be promptly filed by the Dissemination Agent on EMMA and sent to each Registered Owner.

(c) This Agreement may be amended by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) the City shall have delivered to the Dissemination Agent an opinion of Counsel, addressed to the City and the Dissemination Agent, to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of Staff, of the SEC, and (2) the Disclosure Representative shall have delivered copies of such opinion and amendment to the Dissemination Agent. Such amendment shall be promptly filed by the Dissemination Agent on EMMA and sent to each Registered Owner.

(d) To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(e) If an amendment is made pursuant to Section 3.2(a) hereof to the accounting principles to be followed by the City in preparing its financial statements, the Annual Financial Information for the Fiscal Year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Agreement shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Bonds, except that beneficial owners of Bonds shall be third-party beneficiaries of this Agreement. The provisions of this Agreement shall create no rights in any person or entity except as provided in this subsection (a) and in subsection (b) of this Section.

(b) The obligations of the City to comply with the provisions of this Agreement shall be enforceable by any holder of outstanding Bonds. The holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the City's obligations under this Agreement. In consideration of the third-party beneficiary status of beneficial owners of Bonds pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be holders of Bonds for purposes of this subsection (b).

(c) Any failure by the City or the Dissemination Agent to perform in accordance with this Agreement shall not constitute a default or an Event of Default under the Indenture and the rights and remedies provided by the Indenture upon the occurrence of a default or an Event of Default shall not apply to any such failure

(d) This Agreement shall be construed and interpreted in accordance with the laws of the Commonwealth, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the Commonwealth; provided, however, that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

ARTICLE IV

Definitions

Section 4.1. Definitions. The following terms used in this Agreement shall have the following respective meanings:

(1) "Annual Financial Information" means, collectively, (i) the City's Annual Comprehensive Financial Report ("ACFR"), which contains the Audited Financial Statements, (ii) to the extent such information is not contained in the ACFR, the financial information or operating data with respect to the City, substantially similar to the types of information set forth in Tables 1-52 in APPENDIX A attached to the Official Statement (with the exception of Tables 19, 36, 37, and 48), and (iii) the information regarding amendments to this Agreement required pursuant to Sections 3.2(d) and (e) of this Agreement. As set forth in clause (i) above, Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

Annual Financial Information shall be delivered at least annually pursuant to Section 1.2(a) hereof. In connection with Section 4.1(1), it is the City's intention to satisfy all or a portion of the obligations set forth therein by submitting to EMMA (A) its ACFR and (B) to the extent not otherwise updated in the ACFR, (1) an APPENDIX A that includes annual updates to the tables specified in clause (ii) above, or (2) if the City does not have such an APPENDIX A prepared, annual updates to the Tables specified in clause (ii) above. If at any time the City deletes, for purposes of a then-current APPENDIX A, certain financial information or operating data from APPENDIX A as attached to the Official Statement that is included in one of the tables specified above, such deleted information will be submitted separately from the updated APPENDIX A.

The descriptions contained in Section 4.1(1)(ii) hereof of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in each affected Annual Financial Information filing in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(2) "Audited Financial Statements" means the annual financial statements, if any, of the City, audited by such auditor as shall then be required or permitted by Commonwealth law or the City Charter. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that pursuant to Sections 3.2(a) and (e) hereof, the City may from time to time, if required by federal or Commonwealth legal requirements, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 3.2(a) hereof shall include a reference to the specific federal or Commonwealth law or regulation describing such accounting principles, or other description thereof.

(3) "City Charter" means the Home Rule Charter authorized by the General Assembly in the First Class City Home Rule Act (Act of April 21, 1949, P.L. 665, Section 17) and adopted by the voters of the City, as amended and supplemented.

(4) "Commonwealth" means the Commonwealth of Pennsylvania.

(5) "Counsel" means any nationally recognized bond counsel or counsel expert in federal securities laws.

(6) "Disclosure Representative" means the Director of Finance of the City, the City Treasurer or such other official or employee of the City as the Director of Finance or the City Treasurer shall designate in writing to the Dissemination Agent.

(7) "Financial Obligation" means "financial obligation" as such term is defined in the Rule.

(8) "GAAP" means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties and responsibilities of either of them.

(9) "MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

(10) "Notice Event" means any of the following events with respect to the Bonds, whether relating to the City or otherwise:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) modifications to rights of Bondholders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the City;

(xiii) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(xv) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(11) "Official Statement" means the Official Statement dated October ___, 2026 of the City relating to the Bonds.

(12) "Registered Owner" or "Registered Owners" means the person or persons in whose name a Bond is registered on the books of the Authority maintained by the Trustee in accordance with the Indenture. For so long as the Bonds shall be registered in the name of the Securities Depository or its nominee, the term "Registered Owner" or "Registered Owners" also means and includes, for the purposes of this Agreement, the owners of book-entry credits in the Bonds evidencing an interest in the Bonds; provided, however, that the Dissemination Agent shall have no obligation to provide notice hereunder to owners of book-entry credits in the Bonds except those who have filed their names and addresses with the Dissemination Agent for the purposes of receiving notices or giving direction under this Agreement.

(13) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

(14) "SEC" means the United States Securities and Exchange Commission.

(15) "Securities Depository" shall mean The Depository Trust Company, New York, New York, or its nominee, Cede & Co., or any successor thereto appointed pursuant to the Indenture.

(16) "Unaudited Financial Statements" means the same as Audited Financial Statements, except that they shall not have been audited.

(17) "Underwriters" means the financial institutions named on the cover of the Official Statement.

ARTICLE V

Miscellaneous

Section 5.1. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties under the Agreement as are specifically set forth in this Agreement, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct in the performance of its duties hereunder. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 5.2. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, THE CITY OF PHILADELPHIA, PENNSYLVANIA, has caused this Agreement to be executed by the Director of Finance and DIGITAL ASSURANCE CERTIFICATION, L.L.C., as Dissemination Agent, has caused this Agreement to be executed by one of its authorized officers, all as of the day and year first above written.

THE CITY OF PHILADELPHIA, PENNSYLVANIA

By:_____
Name: Rob Dubow
Title: Director of Finance

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Dissemination Agent

By:_____
Name:
Title:

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

General

The information set forth herein concerning The Depository Trust Company, New York, New York ("DTC") and the book-entry system described below has been extracted from materials provided by DTC for such purpose, is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Authority, the City, the Trustee, or the Underwriters. The websites referenced below are included for reference only and the information contained therein is not incorporated by reference in this Official Statement.

DTC will act as securities depository for the 2026 Bonds under a book-entry system with no physical distribution of the 2026 Bonds made to the public. The 2026 Bonds will initially be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the 2026 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2026 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2026 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2026 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership

interests in the 2026 Bonds, except in the event that use of the book-entry system for the 2026 Bonds is discontinued.

To facilitate subsequent transfers, all 2026 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2026 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2026 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2026 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2026 Bonds, such as redemptions, defaults and proposed amendments to the bond documents. For example, Beneficial Owners of 2026 Bonds may wish to ascertain that the nominee holding the 2026 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2026 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity of the 2026 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2026 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal and redemption price of, and interest on, the 2026 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct and Indirect Participants and not of DTC (or its nominee), the Authority, the City or any Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and redemption price of, and interest on, the 2026 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

THE AUTHORITY, THE CITY, THE TRUSTEE, AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO ITS PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO BENEFICIAL OWNERS OF THE 2026 BONDS (A) PAYMENTS OF PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE 2026 BONDS, OR (B) CONFIRMATION OF OWNERSHIP INTERESTS IN THE 2026 BONDS, OR (C) REDEMPTION OR OTHER NOTICES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH ITS PARTICIPANTS ARE ON FILE WITH DTC.

NONE OF THE AUTHORITY, THE CITY, THE TRUSTEE, OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR: (A) SENDING TRANSACTION STATEMENTS; (B) MAINTAINING, SUPERVISING OR REVIEWING THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (C) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY DTC PARTICIPANT, OR BY ANY DTC PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE 2026 BONDS; (D) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY DTC PARTICIPANT, OR BY ANY DTC PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OF ANY NOTICE (INCLUDING NOTICE OF REDEMPTION) OR OTHER COMMUNICATION WHICH IS REQUIRED TO BE GIVEN TO HOLDERS OR OWNERS OF THE 2026 BONDS; (E) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF 2026 BONDS; OR (F) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE 2026 BONDS.

Discontinuation of Book-Entry Only System

DTC may discontinue providing its services as depository with respect to the 2026 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2026 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2026 Bond certificates will be printed and delivered.

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