

# Philadelphia's General Fund Budget: A Citizen's Guide

Pennsylvania  
Intergovernmental  
Cooperation  
Authority

November 2011

## Table of Contents

- Overview
  - ▶ [\*Background Information\*](#)
  - ▶ [\*Revenues and Expenditures\*](#)
  - ▶ [\*Is the Budget Balanced?\*](#)
  - ▶ [\*Expenditures by Line Item\*](#)
  - ▶ [\*Expenditures by Program Category\*](#)
  - ▶ [\*Expenditures by Class\*](#)
  - ▶ [\*Overall Revenues\*](#)
  - ▶ [\*Tax Revenues\*](#)
  - ▶ [\*Historical Trends\*](#)
- [Expenditures](#)
- [Revenues](#)
- [Historical Trends](#)
- [Personnel Levels](#)
- [Inter-City Comparisons](#)
- [Glossary and Sources](#)

## Background Information

*Philadelphia's General Fund Budget: A Citizen's Guide* is designed to help better inform the public about the City of Philadelphia's budget. The City's General Fund supports the core operations of government and is primarily financed through tax revenues. It accounts for all resources except those for which a dedicated fund has been created.

Expenditure and revenue data presented in this report are drawn from the City's *Supplemental Report of Revenues and Obligations* for fiscal years 2003 through 2010, the *Five-Year Financial Plan* for Fiscal Year 2012 through Fiscal Year 2016, as approved by the PICA Board in July 2011, and the *Quarterly City Managers Report* for the period ended September 30, 2011. Other data sources are listed in the final section of the report.

If you have any comments or questions, please contact PICA at 215-561-9160 or send us an email at [info@picapa.org](mailto:info@picapa.org).

## Revenues and Expenditures

Projected FY12 General Fund revenues:  
 \$3.446 billion<sup>1</sup>

- ▶ 33.3 percent higher than FY03
- ▶ 2.0 percent higher than FY11

Projected FY12 General Fund expenditures:  
 \$3.370 billion<sup>2</sup>

- ▶ 28.9 percent higher than FY03
- ▶ 3.9 percent higher than FY11

Regional Inflation<sup>3</sup>

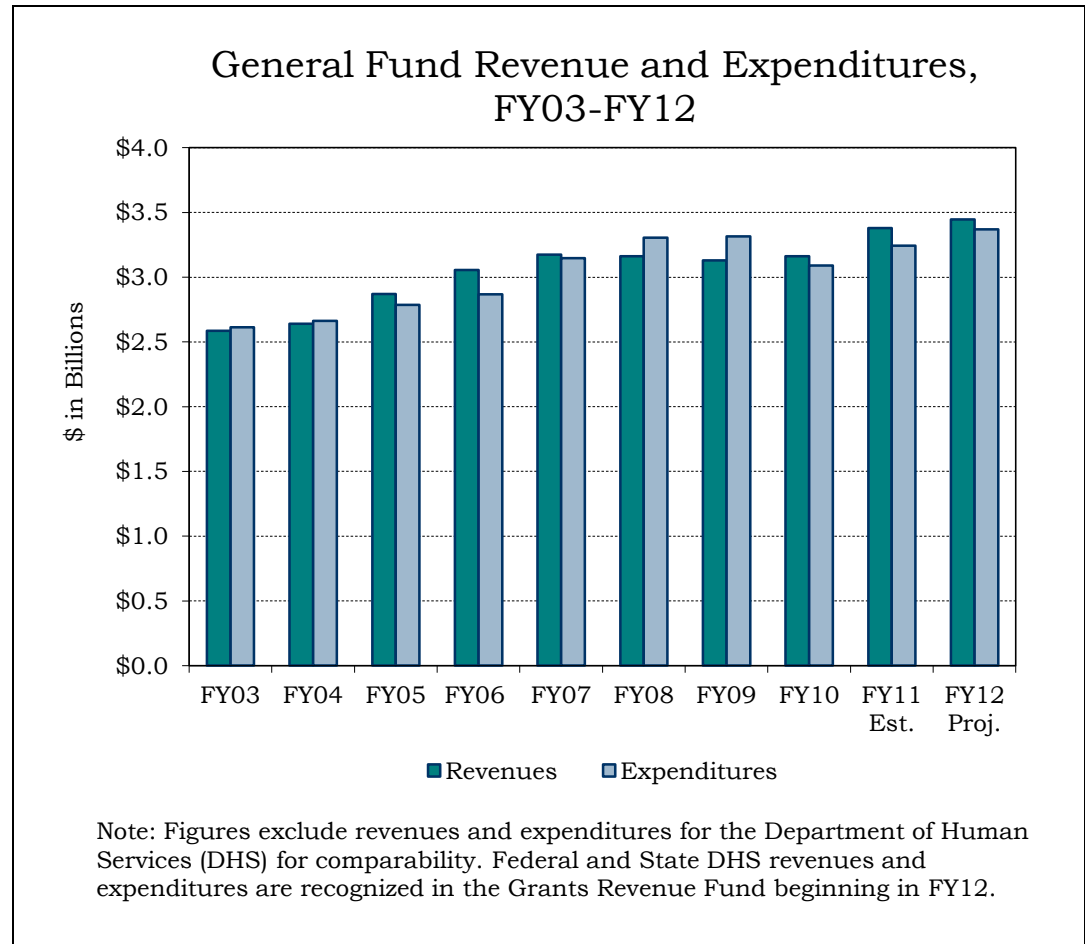
- ▶ 26.3 percent growth from FY03 through FY12
- ▶ 2.5 percent growth from FY11 through FY12

Notes:

<sup>1</sup> Excludes \$59.8 million in Department of Human Services (DHS) revenue for comparability.

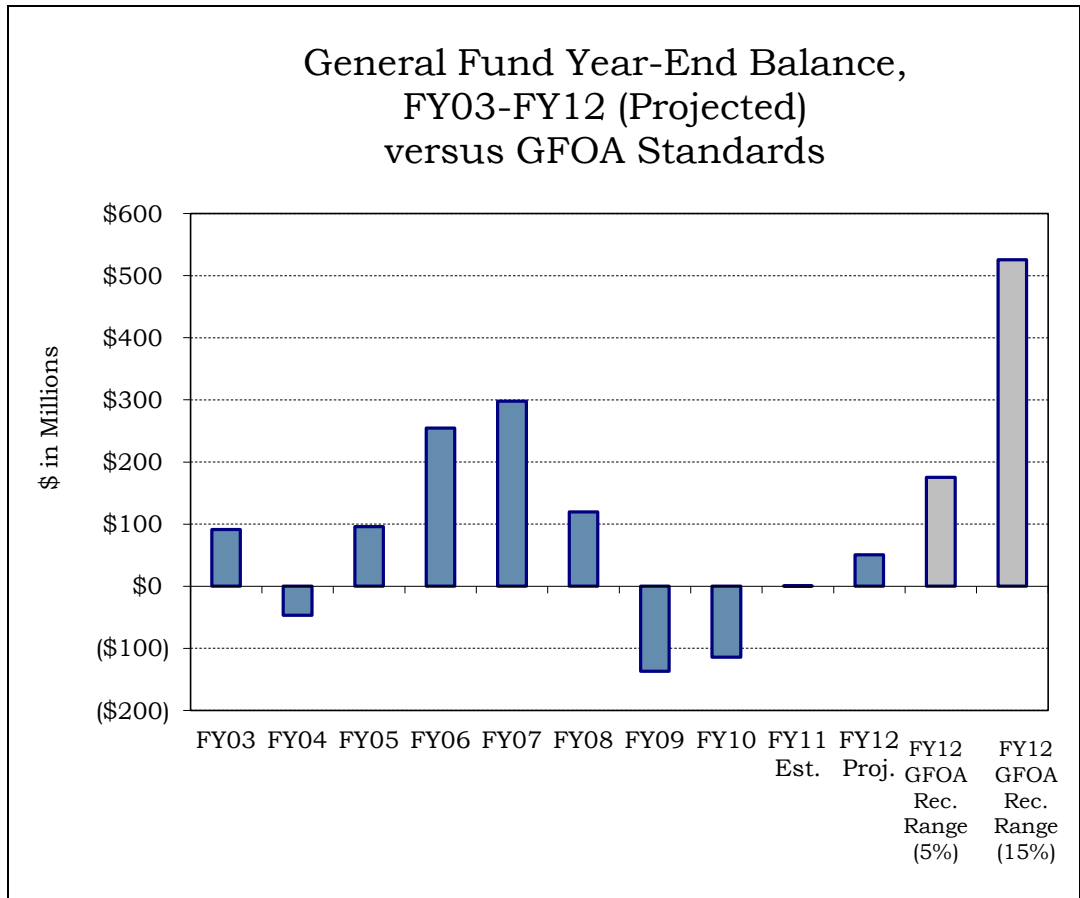
<sup>2</sup> Excludes \$111.9 million in DHS expenditures for comparability.

<sup>3</sup> As measured by the Consumer Price Index - All Urban Consumers for the Philadelphia region. FY12 estimated based on data through August.



## Is the Budget Balanced?

- ▶ The Government Finance Officers Association (GFOA) recommends that governments maintain a year-end general fund balance of at least 5 to 15 percent of operating revenues.
- ▶ City of Philadelphia year-end General Fund balance trends:
  - FY07 actual: \$297.9 million surplus (8.0% of revenues)
  - FY08 actual: \$119.5 million surplus (3.2% of revenues)
  - FY09 actual: \$137.2 million deficit (-3.8% of revenues)
  - FY10 actual: \$114.0 million deficit (-3.1% of revenues)
  - FY11 estimate: \$0.1 million surplus (0.002% of revenues)
  - FY12 projected: \$50.8 million surplus (1.4% of revenues)
- ▶ The GFOA minimum recommended FY12 fund balance for Philadelphia would range from \$175.3 to \$525.9 million.

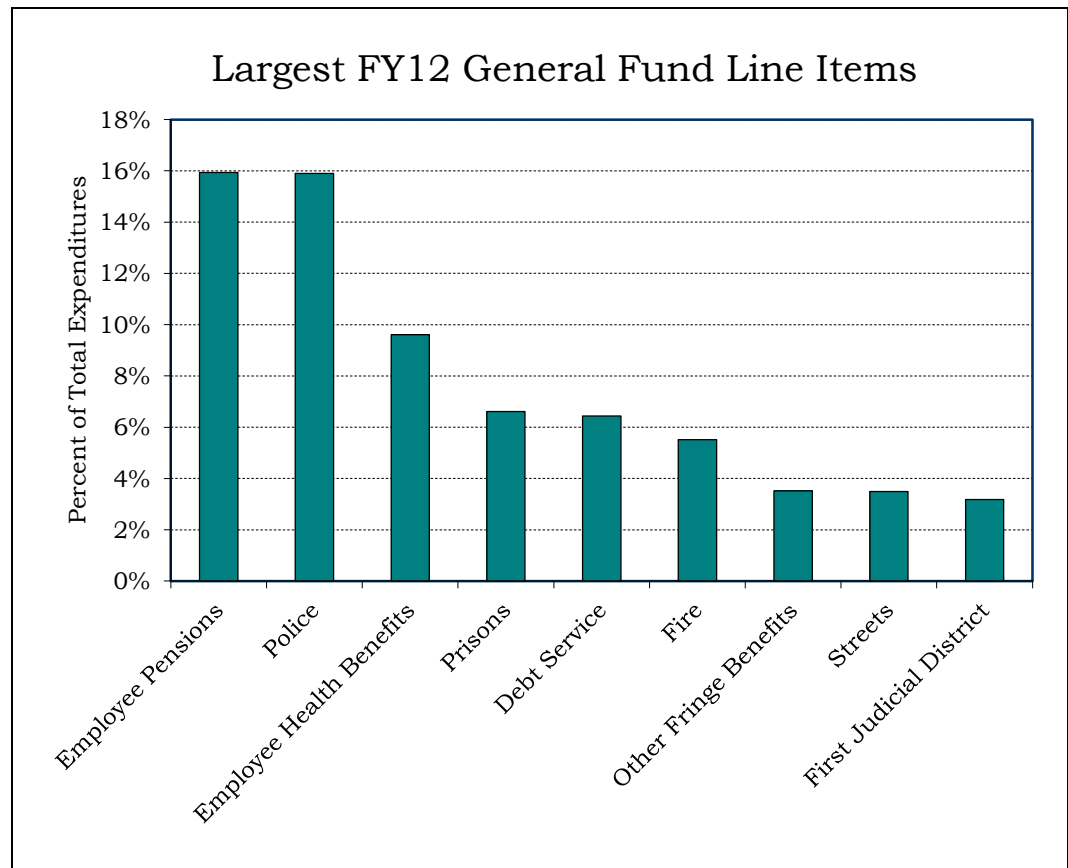


## Expenditures by Line Item

The ten largest line items in the FY12 General Fund budget account for 73.3 percent of all spending. They are:

- ▶ Employee Pensions – \$554.3 million
- ▶ Police Department – \$553.2 million
- ▶ Employee Health Benefits – \$334.3 million<sup>1</sup>
- ▶ Prisons System – \$230.2 million
- ▶ Debt Service – \$223.9 million
- ▶ Fire Department – \$192.0 million
- ▶ Employee Benefits other than Pensions and Health -- \$122.2 million
- ▶ Department of Streets – \$121.4 million
- ▶ First Judicial District – \$110.8 million
- ▶ Department of Human Services -- \$109.9 million

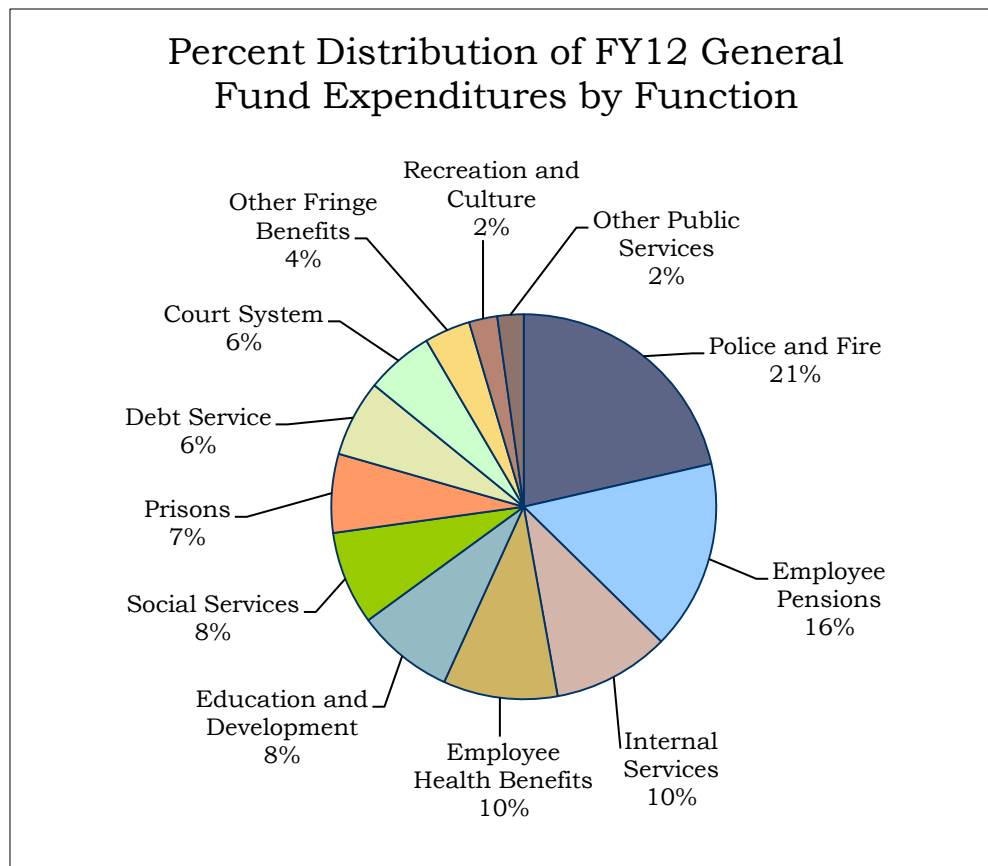
<sup>1</sup> The FY12 budgeted amount is reduced by \$11.9 million to reflect savings that are projected to be achieved through new labor contracts.



## Expenditures by Function

From a functional perspective, the largest areas of spending within the General Fund in FY12 are:

- ▶ Employee benefits: \$1,022.7 million
  - Employee pensions: \$554.3 million
  - Employee health benefits: \$334.3 million
  - Other fringe benefits: \$134.1 million
- ▶ Police and Fire: \$745.2 million
- ▶ Internal services: \$342.0 million
- ▶ Education and economic development: \$285.0 million
- ▶ Social Services: \$273.1 million
- ▶ Prisons: \$230.2 million
- ▶ Debt service: \$223.9 million
- ▶ Court system: \$198.1 million
- ▶ Recreation and culture: \$82.8 million
- ▶ Other public services: \$76.7 million

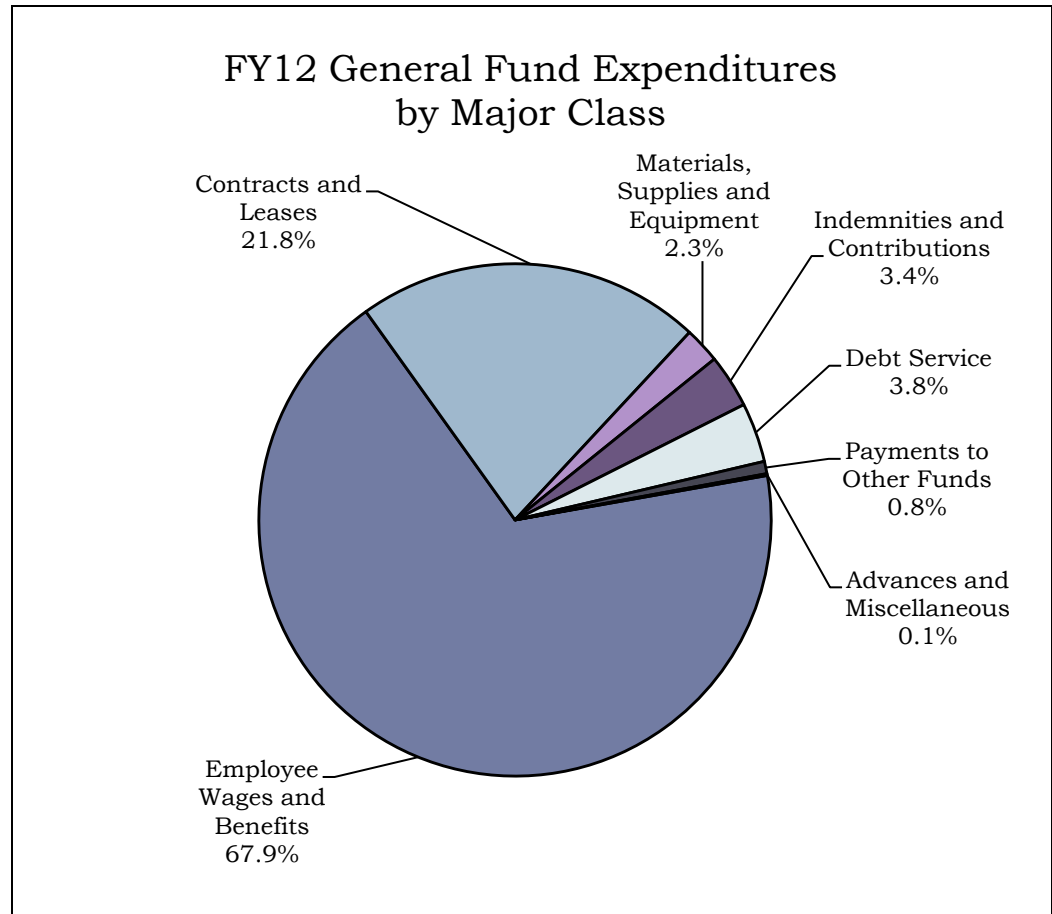


## Expenditures by Class

From an expenditure class perspective, the FY12 General Fund budget breaks down as follows:

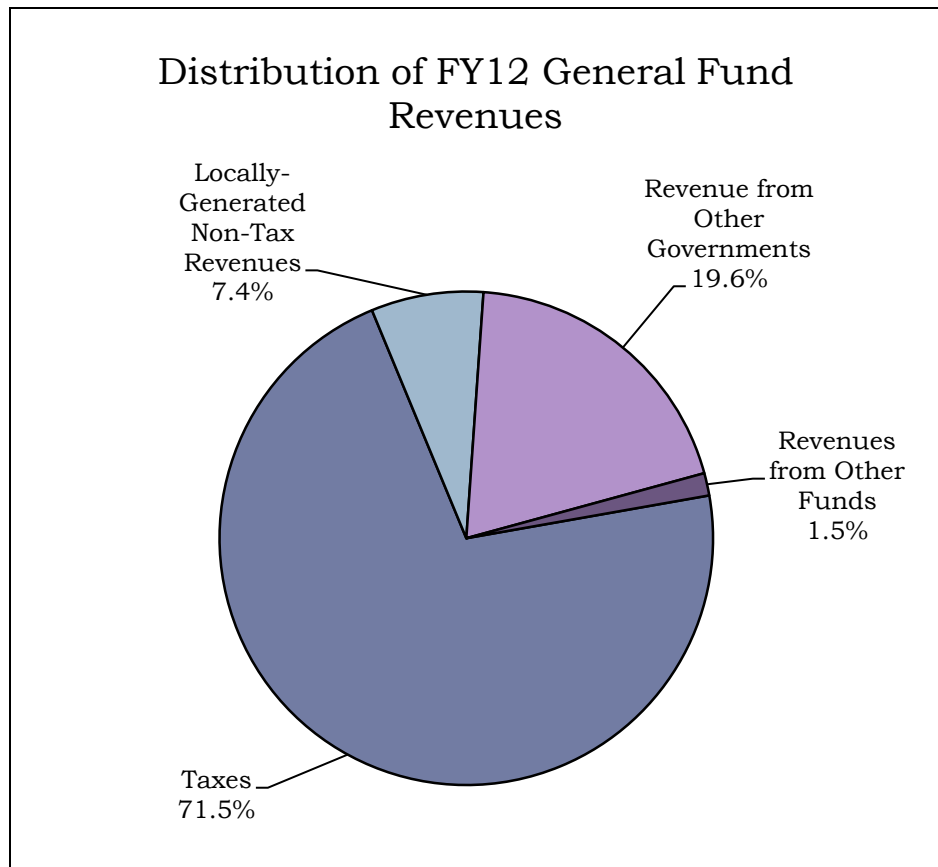
- ▶ Employee wages and benefits: \$2,362.3 million
- ▶ Contracts and leases: \$759.0 million
- ▶ Materials, supplies and equipment: \$79.0 million
- ▶ Indemnities and contributions: \$117.5 million
- ▶ Debt service: \$130.7 million<sup>1</sup>
- ▶ Payments to other funds: \$27.1 million
- ▶ Advances and miscellaneous: \$4.0 million

<sup>1</sup>Excludes long-term leases



## Revenues

- The major categories of projected FY12 General Fund revenues are as follows:
  - ▶ Taxes: \$2,507.8 million
  - ▶ Revenue from other governments: \$688.6 million
  - ▶ Locally-generated non-tax revenue: \$258.0 million
  - ▶ Revenue from other funds: \$51.5 million
- Revenue from other governments includes \$290.9 million in PICA City Account revenue, which derives from a dedicated portion of the City wage tax. If PICA City Account revenue were classified as taxes, taxes would make up \$2,798.7 million or 79.8 percent of projected FY12 General Fund revenue, and revenue from other governments would make up \$397.6 million or 11.3 percent of revenue.



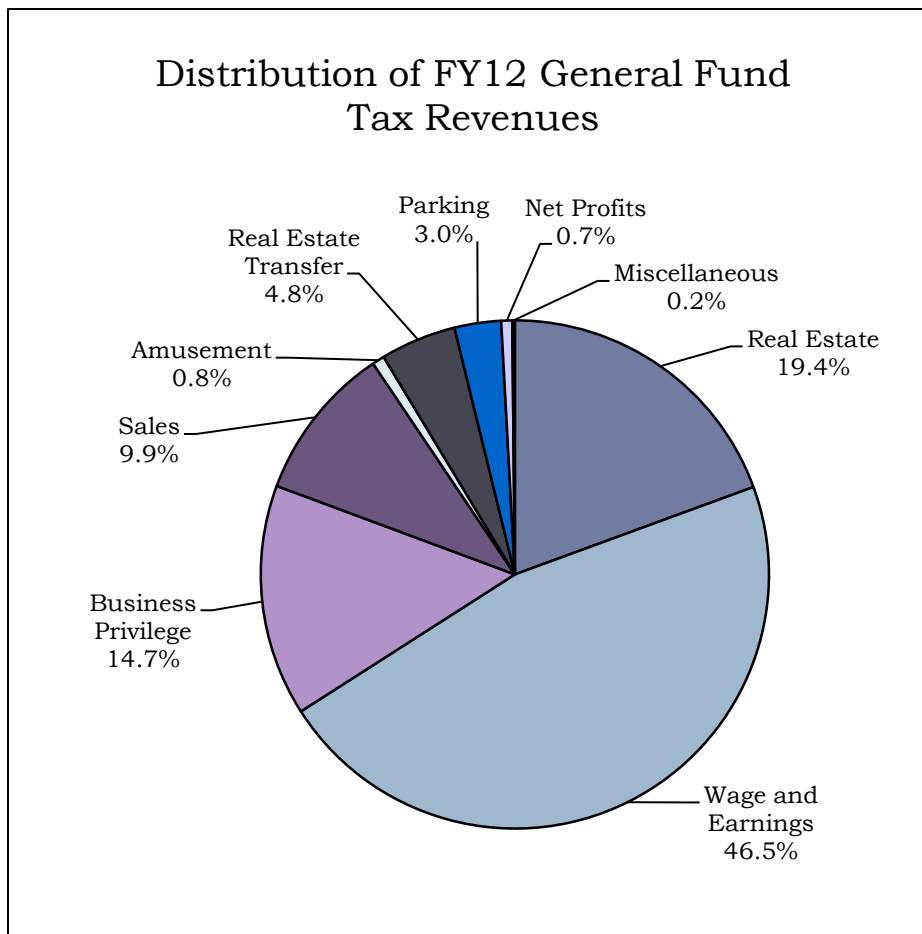
## Tax Revenues

Taxes account for \$2,507.8 million in projected FY12 General Fund revenue. They include the following:

- ▶ Wage and earnings: \$1,166.8 million<sup>1</sup>
- ▶ Real estate: \$486.7 million
- ▶ Business privilege: \$369.3 million
- ▶ Sales: \$248.6 million
- ▶ Real estate transfer: \$120.9 million
- ▶ Parking: \$74.3 million
- ▶ Net profits: \$17.5 million<sup>1</sup>
- ▶ Amusement: \$19.6 million
- ▶ Miscellaneous: \$4.1 million<sup>2</sup>

<sup>1</sup> The first 1.5 percentage points of wage, earnings, and net profits taxes paid by city residents is dedicated to repayment of PICA debt service and classified as revenue from other governments. If this revenue were classified as taxes, total FY12 wage and earnings tax revenue would be \$1,520.5 million or 53.1 percent of total tax revenue, and net profits tax revenue would be \$20.8 million, or 0.7 percent of total tax revenue.

<sup>2</sup> Includes taxes on outdoor advertising and smokeless tobacco.



## Trends Over the Past Decade

<b>City General Fund Budget Trends from FY03 to FY12</b>	
Revenues	Total General Fund revenues, including the impact of Sales and Real Estate Tax rate increases, grew at an average annual rate of 3.2 percent, compared to a regional inflation rate of 2.6 percent. <sup>1</sup>
Taxes	City-funded wage and business tax cuts were made from FY03 through FY09, and further reductions were financed by State gaming proceeds beginning in FY09. Wage and business tax reductions financed by the City have been suspended since FY10 due to the recession. Tax rates have increased in each of the past three fiscal years, including an increase in the sales tax in FY10, an increase in the City portion of the real estate tax in FY11.
Spending	Spending on employee benefits, prisons and debt service have increased as a share of the budget since FY03. Employee benefits alone increased from 20.7 percent of spending in FY03 to 30.1 percent in FY12. <sup>1</sup>
Workforce	From FY03 to FY11, the City's General Fund workforce was reduced by 2,514 positions or 10.2 percent.
Long-Term Obligations	Long-term obligations – including City and PICA debt service, long-term leases, and payments to reduce the unfunded pension liability – have increased from 15.8 percent of total (City and PICA debt service) spending in FY03 to 22.5 percent in FY12, leaving the City with less budget flexibility and reduced financial capacity to address other priorities.
Pension Costs	Pension costs increased 169 percent from FY03 to FY12, while the funded ratio of the pension fund (the ratio between assets and liabilities of the fund) decreased from 72.7 to 47 percent.
Impact of Recession	Suspension of annual cuts in the wage and business privilege taxes. Increases in City taxes on sales and real estate. Expenditure growth has been greatly reduced. From FY08 to FY12, total General Fund expenditures are projected to increase \$53.2 million, or an average annual increase of 0.4 percent. Excluding pension costs, General Fund spending is projected to decline \$70.4 million (2.4 percent) over this period, or an average annual reduction of 0.6 percent. <sup>1</sup> Stock market losses reduced the funded ratio of the pension fund.

<sup>1</sup> These calculations exclude Department of Human Services revenues and expenditures to allow comparability from FY03 to FY12.

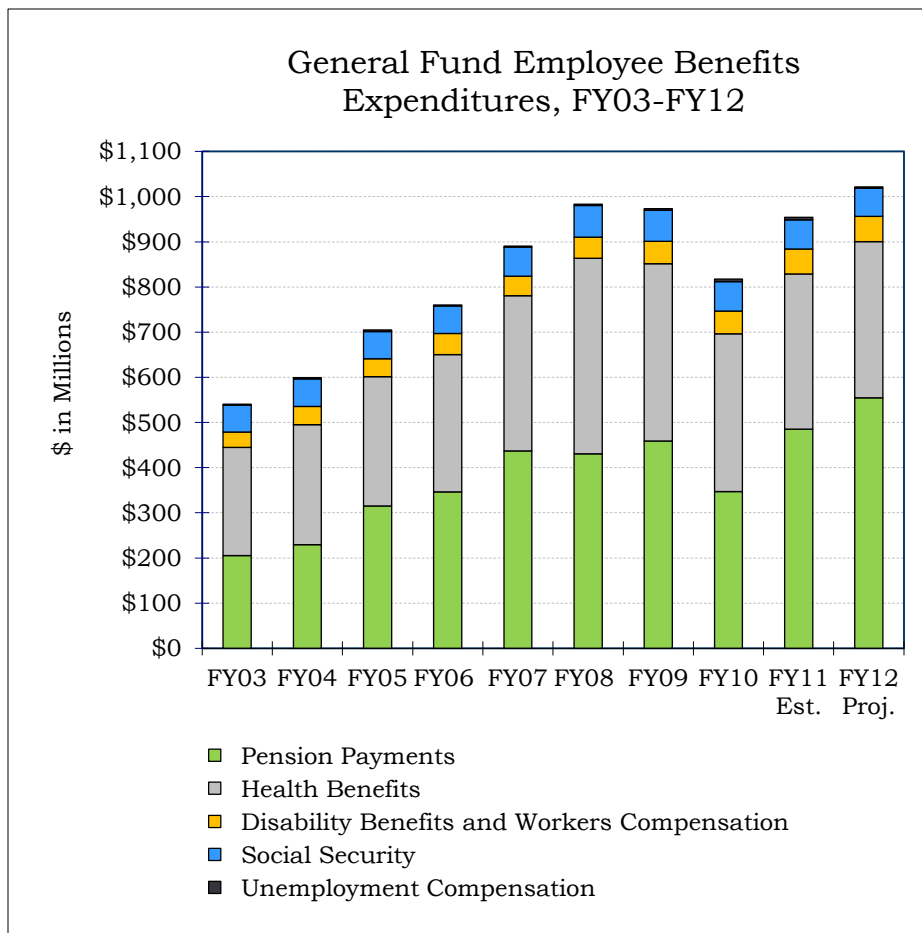
## Expenditures

- Overview
- Expenditures
  - ▶ [Employee Benefits](#)
  - ▶ [Human Services](#)
  - ▶ [Police](#)
  - ▶ [Prisons System](#)
  - ▶ [Debt Service](#)
  - ▶ [Fire](#)
  - ▶ [Public Health](#)
  - ▶ [Streets](#)
  - ▶ [Courts](#)
  - ▶ [Supportive Housing](#)
  - ▶ [Free Library](#)
  - ▶ [Parks and Recreation](#)
- Revenues
- Historical Trends
- Personnel Levels
- Inter-City Comparisons
- Glossary and Sources

## Employee Benefits

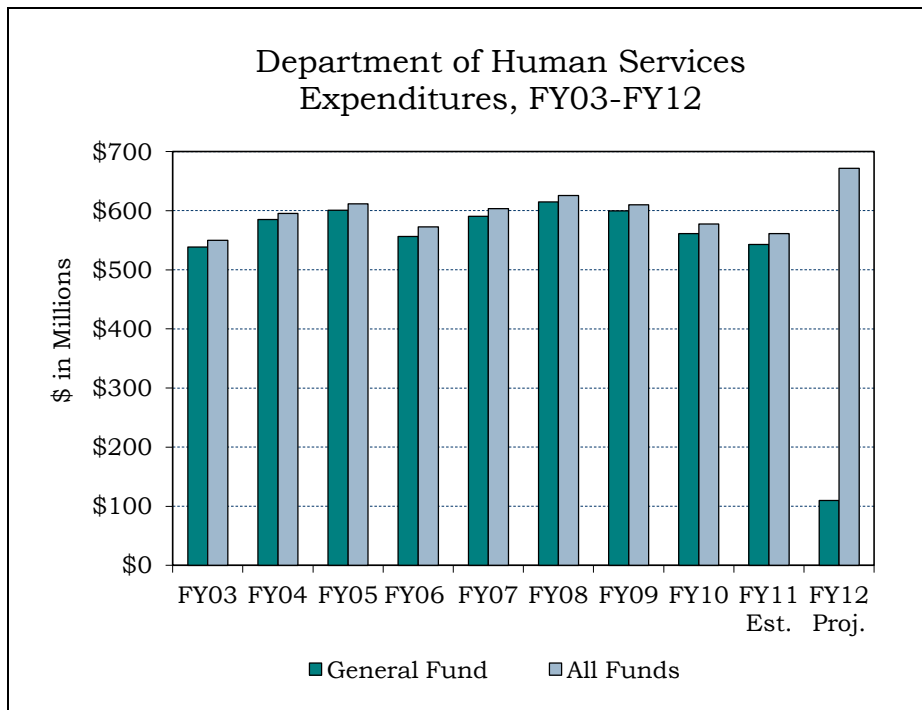
- Total General Fund employee benefit costs increased at an average annual rate of 12.7 percent from FY03 through FY08, compared to 2.4 percent for all other General Fund costs.<sup>1</sup>
- Benefit costs declined 1.0 percent in FY09 due to fewer personnel, arbitration-awarded reductions in union health care payments, and non-recurring costs related to the settlement of health payments in FY08. In FY10, costs declined an additional 14.7 percent, due to the State-authorized deferral of \$155 million in pension costs and reductions in arbitration-awarded union health payments.
- In FY11, benefits costs increased an estimated 16.5 percent, primarily due to a \$138.5 million increase in the required pension contribution. This increase reflects a lower State-authorized deferral of contributions compared to the prior year (\$80 million versus \$155 million), lower-than-expected investment returns, and a lower assumed rate of return on investments. Benefits costs are projected to increase 5.8 percent in FY12, reflecting a \$69.1 million increase in pension costs, partially offset by reductions in health care and payroll taxes.

<sup>1</sup> References to “average annual” growth rates refer to the compound annual growth rate, a measure which is defined in the Glossary on page 54.



## Human Services

- Department of Human Services (DHS) General Fund obligations increased at an average annual rate of 2.7 percent from FY03 through FY08, and declined 4.1 percent annually from FY08 through FY11.
- While overall obligations declined 11.7 percent from FY08 to FY11, the number of reports of child abuse and neglect, and the number of dependent children in placement, also declined. This indicates DHS's success at achieving its goals of child safety, permanency and well-being in a cost-effective manner.
- From FY11 to FY12, due to a shift of grant-funded expenditures to the Grants Revenue Fund, General Fund spending is projected to decline 79.7 percent, while spending in all funds is projected to increase 19.7 percent.<sup>1</sup>

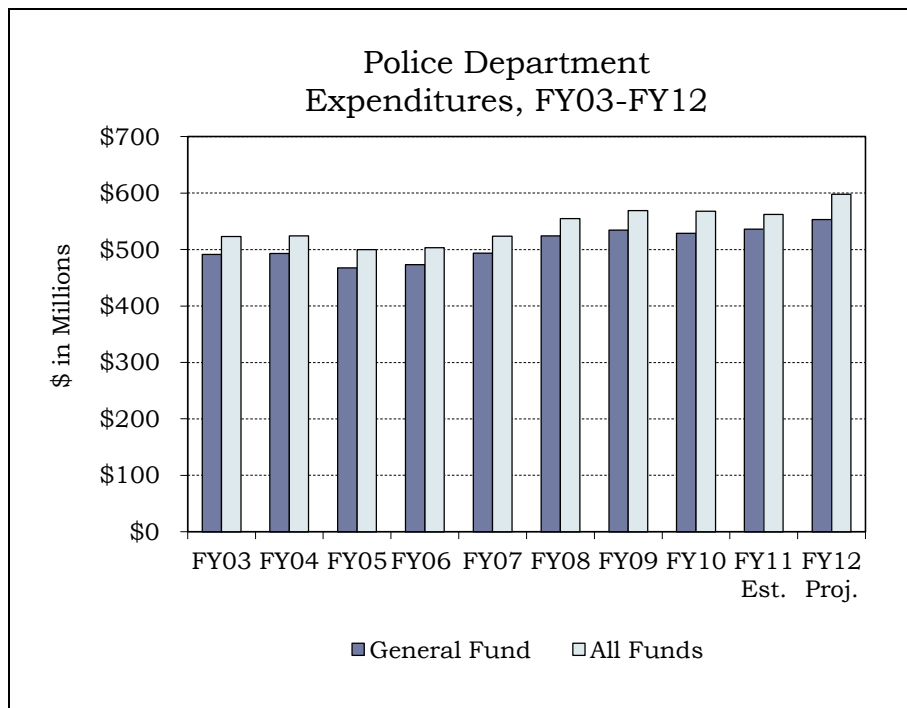


<sup>1</sup> In order to budget sufficient appropriation authority to allow for the expenditure of unanticipated grants, projected figures are likely to be higher than actual amounts. Historically, actual Grants Revenue expenditures are below budgeted figures.

<b>Performance Measures</b>	<b>FY03</b>	<b>FY04</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>
Child Abuse and Neglect Reports (Thousands)	16.0	16.8	15.8	15.3	15.9	14.2	11.5	12.4	12.4
Dependent Children in Placement	7,895	7,668	7,087	6,369	6,483	5,844	5,525	4,762	4,186
Adoptions Finalized	654	750	607	528	390	351	432	561	630

## Police

- The average annual rate of growth of spending in all funds from FY03 to FY12 is projected to be 1.5 percent. From FY08 to FY12, average annual expenditure growth is projected at 1.9 percent.
- From FY11 to FY12, General Fund spending is projected to increase 3.2 percent (\$17.0 million), reflecting a 3 percent increase in wages effective July 1, 2011, and an increase in disability pay and overtime costs. Spending in all funds is projected to increase 6.4 percent from FY11 to FY12.
- Despite a 3.9 percent increase in homicides and a 3.0 percent increase in part 1 offenses from FY10 to FY11, overall part 1 offenses in FY11 are 10.0 percent below the FY07 level. Crime in every major category except larceny has declined over this period.

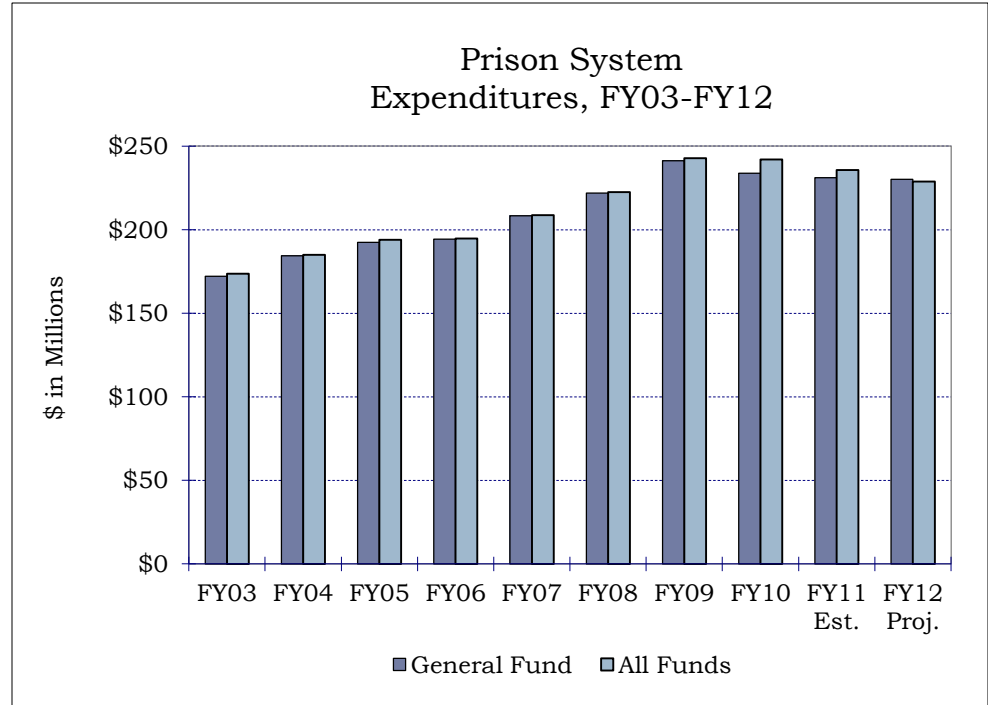


Performance Measures	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Arrests (Thousands)	66.1	68.5	67.8	69.2	73.6	75.8	77.3	85.6	75.1
Homicides	308	344	352	386	424	350	313	306	318
Part 1 Offenses (Thousands) <sup>1</sup>	81.0	83.1	81.5	83.3	85.9	82.7	79.0	75.1	77.8

<sup>1</sup> Part 1 Offenses include: homicide, rape, robbery, aggravated assault, burglary, larceny, and motor vehicle theft.

## Prisons System

- General Fund prison expenditures increased at an average annual rate of 5.8 percent from FY03 through FY09. By contrast, expenditures are projected to decrease at an average annual rate of 1.6 percent from FY09 to FY12. In FY12, General Fund prison expenditures are projected to be \$11.1 million (4.6 percent) below the FY09 peak level.
- The reduction in expenditures since FY09 reflects reductions in the average prison population. These reductions have been made possible through initiatives of the prisons, court system, and other criminal justice agencies, including more efficient court processes, expanded use of alternatives to incarceration, and programs to promote successful re-integration of prisoners into society upon release.

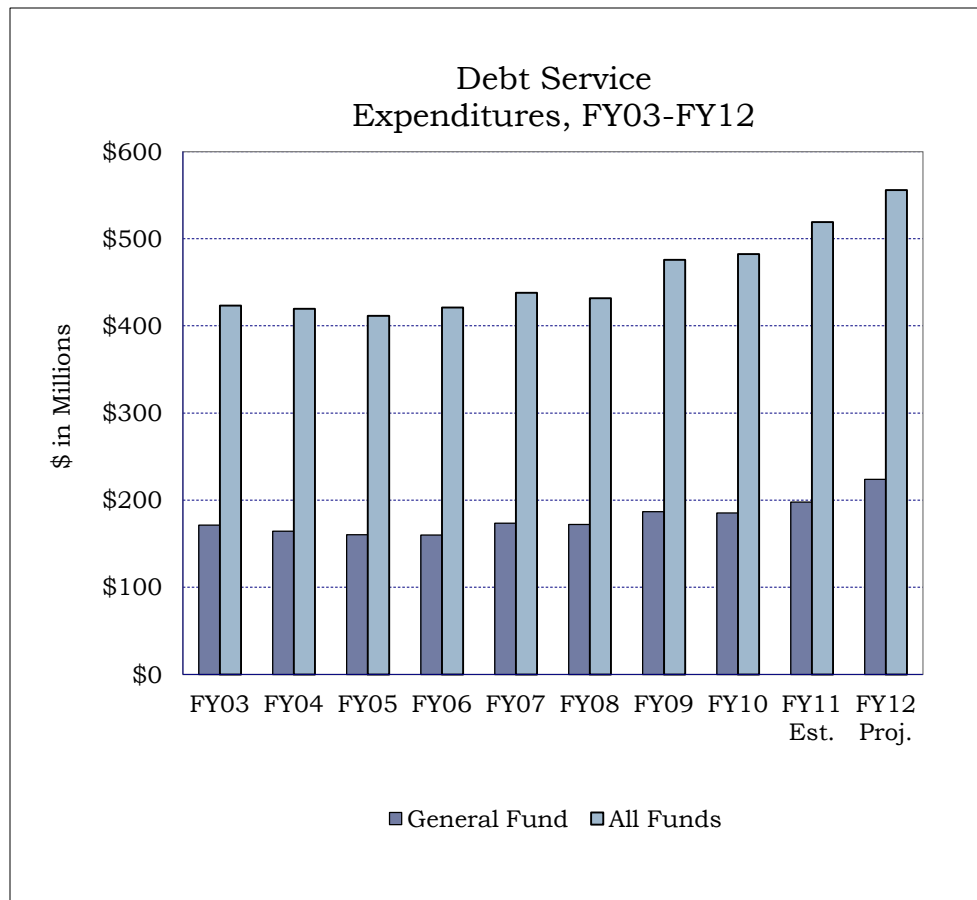


Performance Measure	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Average Daily Inmate Census	7,628	7,738	8,141	8,425	8,796	9,121	9,554	8,804	7,934

## Debt Service

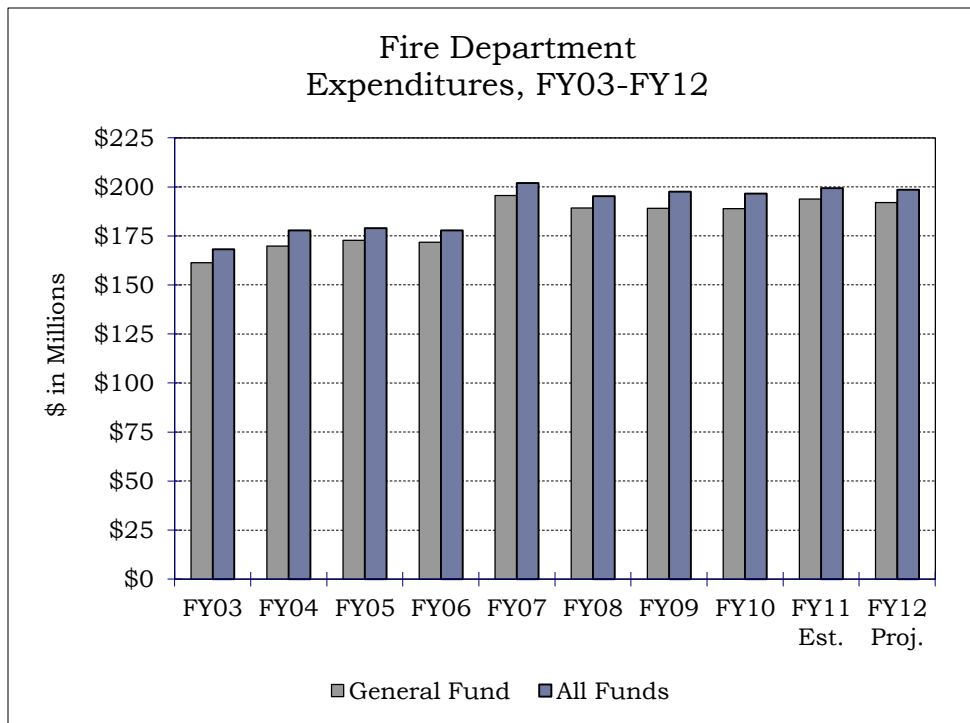
- From FY03 through FY12, the average annual growth of debt service spending is projected to be 3.1 percent. The rate of growth from FY08 through FY12 is projected at 6.5 percent.
- From FY11 to FY12, debt service expenditures are expected to increase 13.1 percent, compared to a 3.2 percent increase in overall General Fund costs.<sup>1</sup>
- From FY03 to FY12, General Fund debt service obligations are projected to increase \$52.5 million, due largely to three bond issues: \$347 million for stadiums in FY02; \$296 million for the Neighborhood Transformation Initiative in FY03 and FY06; and \$150 million for cultural corridors in FY07. Debt service associated with these three issues accounts for 25.7 percent of projected FY12 debt service expenditures.

<sup>1</sup> Due to an accounting change, Department of Human Service expenditures are excluded from the calculation of overall General Fund expenditure growth to allow comparability.



## Fire

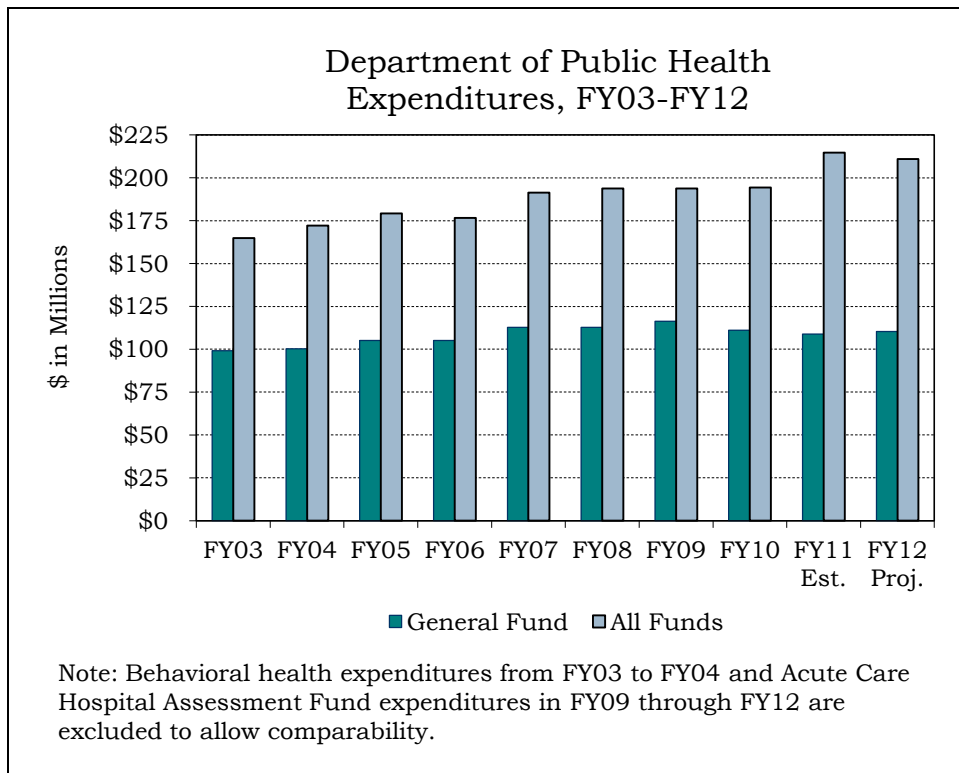
- Fire Department FY12 General Fund projected expenditures are 1.8 percent below the FY07 peak, reflecting the elimination of 5 engines and 2 ladder companies and periodic facility brown-outs.
- Emergency medical services (EMS) spending increased from 14.6 percent of total departmental costs in FY03 to an estimated 20.5 percent in FY11, reflecting fewer structural fires and increasing demand for EMS services.
- The reduction in structural fires from FY03 through FY10 was likely the result of stronger fire codes and the impact of prevention programs. The increase in the number of structural fires in FY11 primarily reflected the City's adoption of a new measurement system required by the National Fire Incident Reporting System.



Performance Measures	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Structural Fires	2,465	2,330	2,191	2,141	1,918	1,719	1,633	1,362	3,073
Fire-Related Deaths	33	40	60	50	51	35	36	32	41
Emergency Medical Services Incidents (Thousands)	195.5	200.8	206.7	209.7	216.6	215.2	217.4	222.9	227.1

## Public Health

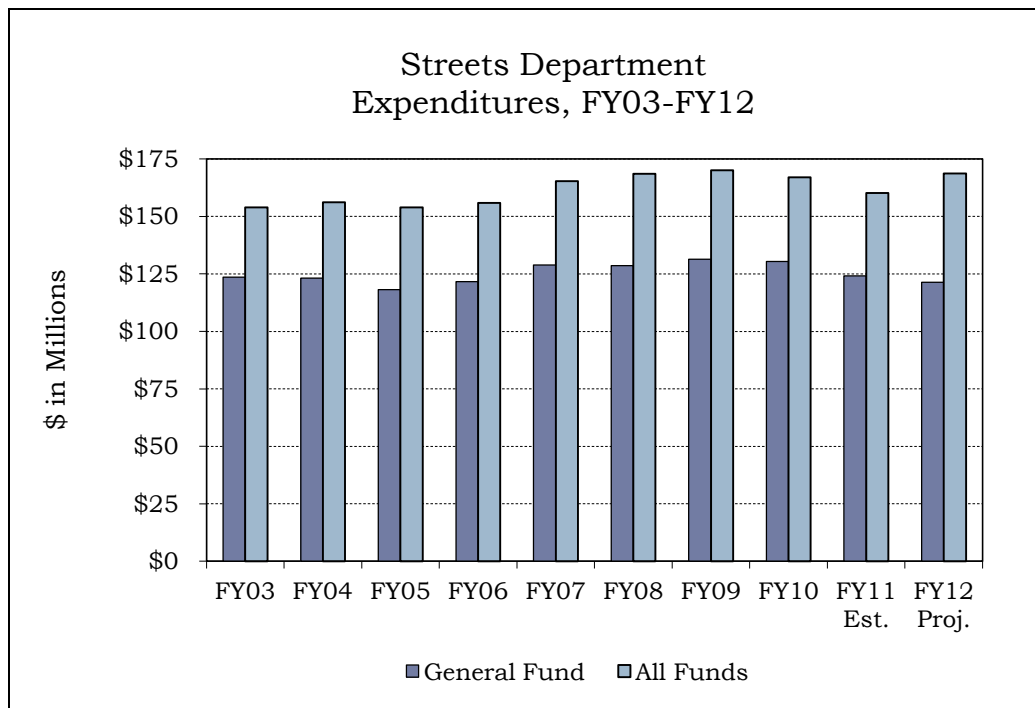
- From FY03 to FY09, General Fund expenditures in the Department of Public Health (DPH) increased at an average annual rate of 2.7 percent. From FY09 through FY11, expenditures are estimated to decline at an annual rate of 3.2 percent. FY12 expenditures are projected to increase 1.4 percent over the FY11 estimate.
- In FY12, \$71.0 million of DPH's General Fund expenditure is projected to be funded through Federal and State grants and locally-generated non-tax revenue. The remaining \$39.5 million is projected to be supported by City tax funds. Of this amount, \$23.0 million represents the cost of operating the City's District Health Centers, which provide primary health services to a largely uninsured population.
- The percent of uninsured visits to the Health Centers decreased from FY03 to FY06. Since FY06 the percentage of uninsured visits has remained roughly constant.



Performance Measures	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
District Health Center Visits (Thousands)	320.8	319.2	337.8	324.0	323.1	334.1	349.1	350.7	339.0
Percent of Visits Uninsured	60.4	54.8	51.0	50.1	51.6	51.4	51.2	49.6	49.6

## Streets

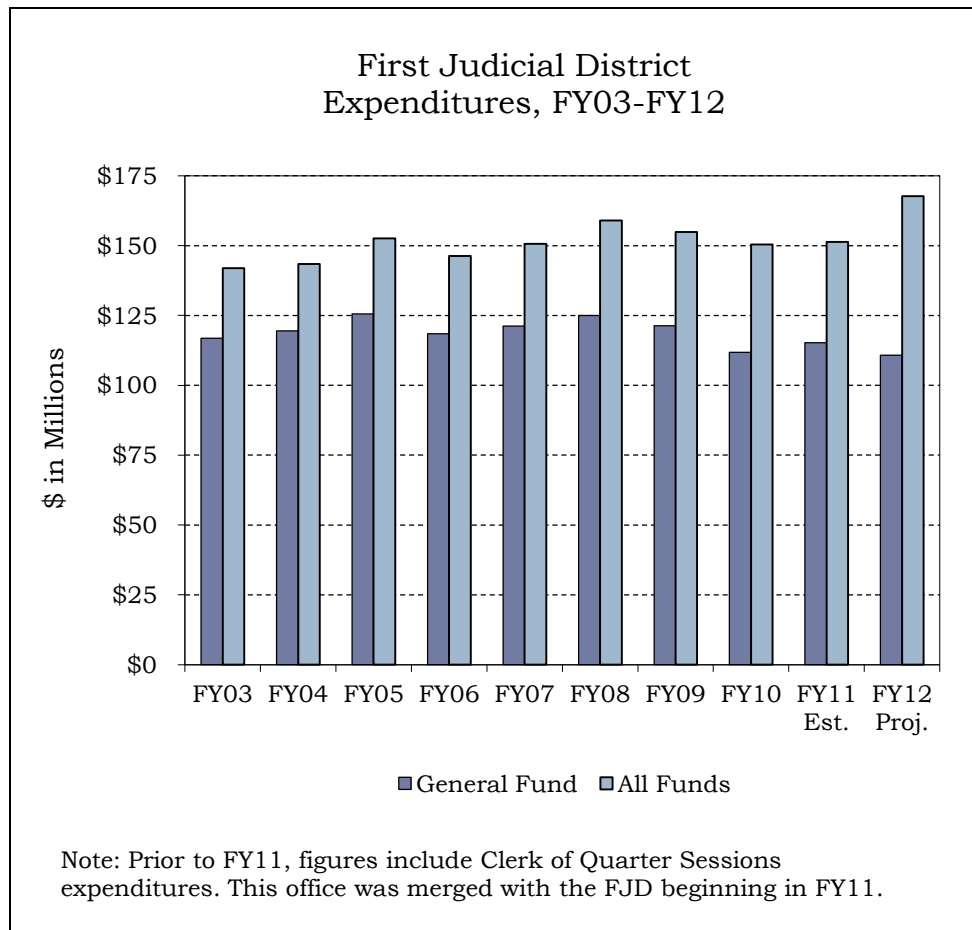
- Department of Streets expenditures, excluding indemnities costs, increased at an average annual growth rate of 1.0 percent from FY03 through FY09, but are projected to decline at an annual rate of 2.6 percent from FY09 through FY12.
- The reductions since FY09 have been made possible by reductions in the cost of waste disposal due to increased recycling and improvements in the market for recyclable materials. Projected reductions from FY09 to FY12 also reflect anticipated lower costs for snow removal.



<b>Performance Measures</b>	<b>FY03</b>	<b>FY04</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>
Refuse Disposed (Tons in Thousands)	755.3	787.7	785.1	783.0	759.6	730.2	660.9	629.6	588.4
Household Recycling Collected (Tons in Thousands)	45.7	44.3	41.0	40.6	46.4	51.4	75.1	99.4	115.0

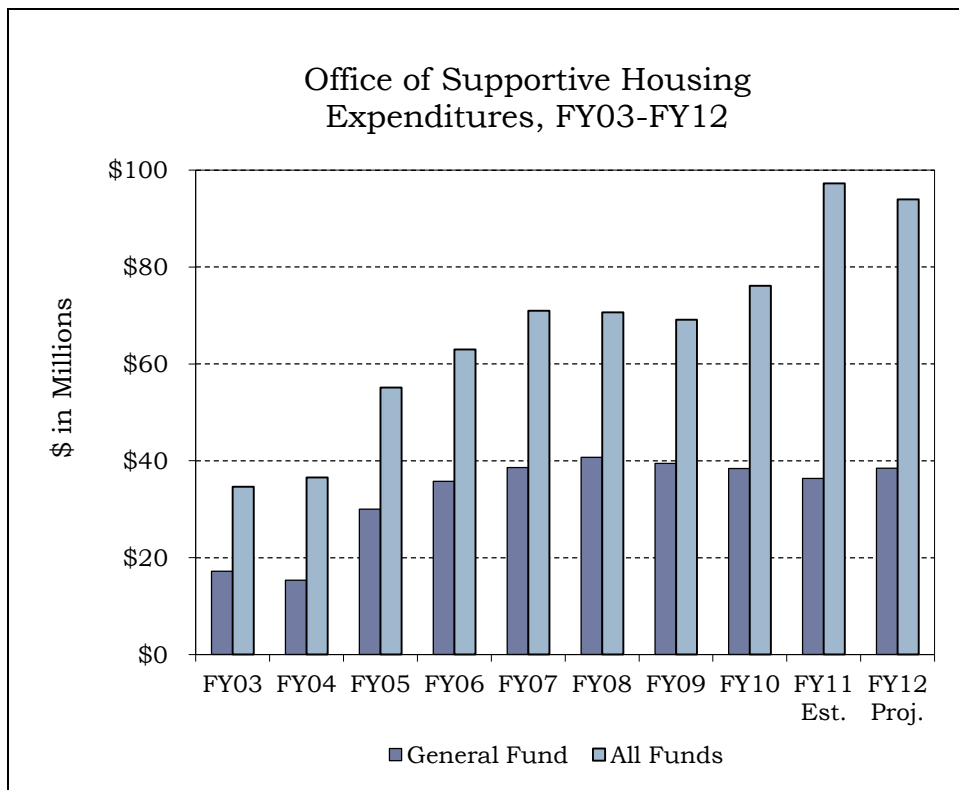
## First Judicial District

- The local court system in Philadelphia, known as the First Judicial District (FJD) of Pennsylvania, comprises the Court of Common Pleas, Municipal Court, and Traffic Court.
- Despite court rulings that the State, and not counties, should fund all local court operating expenses, the State has not taken over this funding responsibility.
- Although the City cannot directly control the FJD budget, the City's support for the court system is the result of an annual negotiation between the City and FJD based on existing agreements.
- City General Fund support for FJD fluctuated from FY02 through FY08, and declined \$13.1 million (10.5 percent) from FY08 through FY10. Funding is currently projected to decline 0.9 percent between FY10 and FY12. However, actual expenditures in FY12 should be higher than the current estimate, since under agreements with the City, FJD can increase spending consistent with the level of revenue it generates. The FY12 General Fund budget includes \$4 million in new funding for expansion of electronic monitoring.



## Supportive Housing

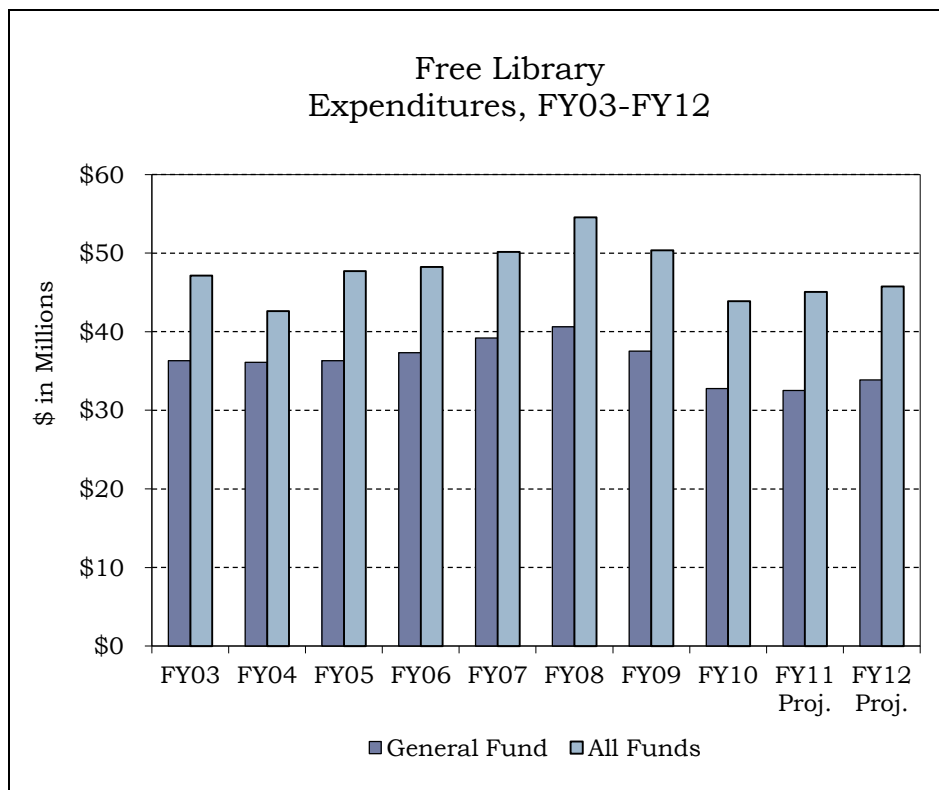
- The Office of Supportive Housing (OSH) provides emergency housing, transitional housing, and homeless prevention services, and operates the Riverview Home for the elderly and disabled.
- From FY03 through FY08, OSH General Fund expenditures increased at an average annual rate of 18.8 percent. From FY08 through FY12, expenditures are projected to decline at an annual rate of 1.4 percent.
- Despite the decline in General Fund resources in recent years, overall spending has increased by an estimated \$26.6 million from FY08 through FY11, due to a substantial increase in grant funding. However, due a projected reduction in American Recovery and Reinvestment Act (ARRA) funding for homelessness prevention programs, overall OSH expenditures are projected to decline from FY11 to FY12.



Performance Measures	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Single Persons in Emergency Housing	8,682	8,794	9,190	9,828	8,934	8,566	8,114	7,835	7,441
Persons in Families in Emergency Housing	NA	NA	4,675	4,972	5,115	5,125	5,221	5,491	5,485

## Free Library

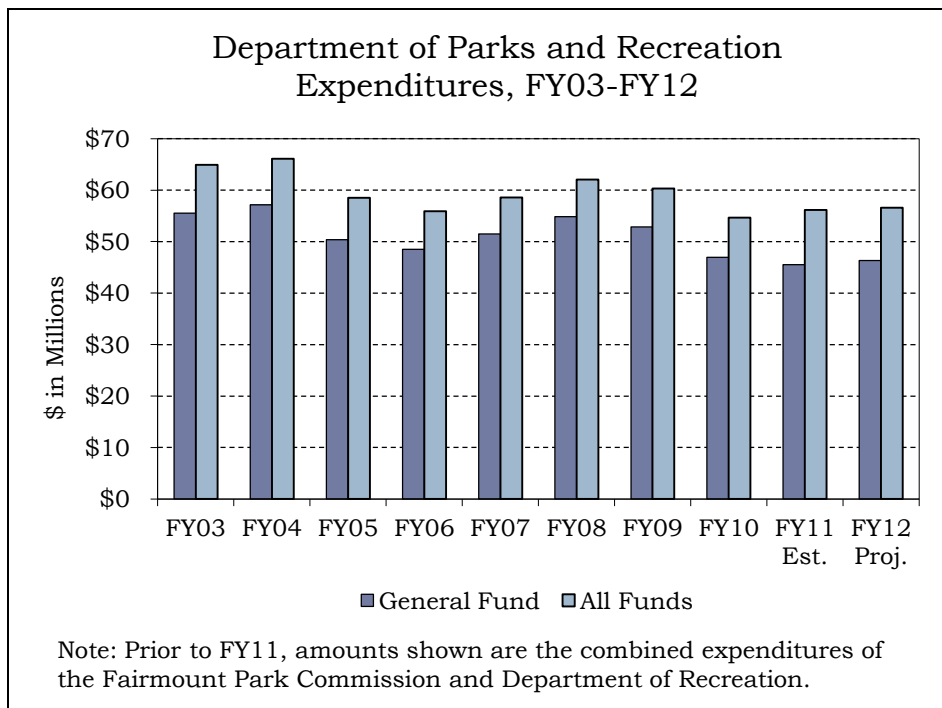
- The Free Library of Philadelphia operates 54 sites across the city, including the central library, three regional branches, 49 neighborhood libraries, and the Library for the Blind and Physically Handicapped. The Library also provides administrative support to the Mayor's Commission on Literacy.
- General Fund expenditures for the Library increased at an average annual rate of 2.3 percent from FY03 to FY08, and declined 19.3 percent (\$7.9 million) from FY08 through FY10. From FY10 through FY12, expenditures are projected to increase 3.4 percent (\$1.1 million).
- In FY12, the General Fund contribution to the Free Library is projected to be 6.7 percent (\$2.4 million) below the FY03 level. In all operating funds, FY12 expenditures are projected at \$45.7 million, 3.0 percent (\$1.4 million) below FY03. This decline does not account for the impact of inflation.



Performance Measures	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Hours of Service (Thousands)	110.9	107.9	96.1	103.1	110.0	110.2	112.4	93.4	100.0
Number of Visitors (Millions)	6.44	6.22	5.52	6.11	6.42	6.65	6.40	5.62	6.07

## Parks and Recreation

- The Department of Parks and Recreation maintains 9,200 acres of park land and offers programs at 149 recreation centers across the city. The Department was formed in July 2010 as a result of the merger of the Fairmount Park Commission and Department of Recreation.
- General Fund and total expenditures have generally declined over the past decade. General Fund expenditures are projected to decline at an annual rate of 2.0 percent from FY03 to FY12, while expenditures in all operating funds are projected to decline at an annual rate of 1.5 percent over the same period. These figures are unadjusted for inflation.
- From FY11 to FY12, General Fund expenditures are projected to increase \$0.8 million, due to increased funding for personnel and contributions to other organizations through the Recreation Activities Fund.



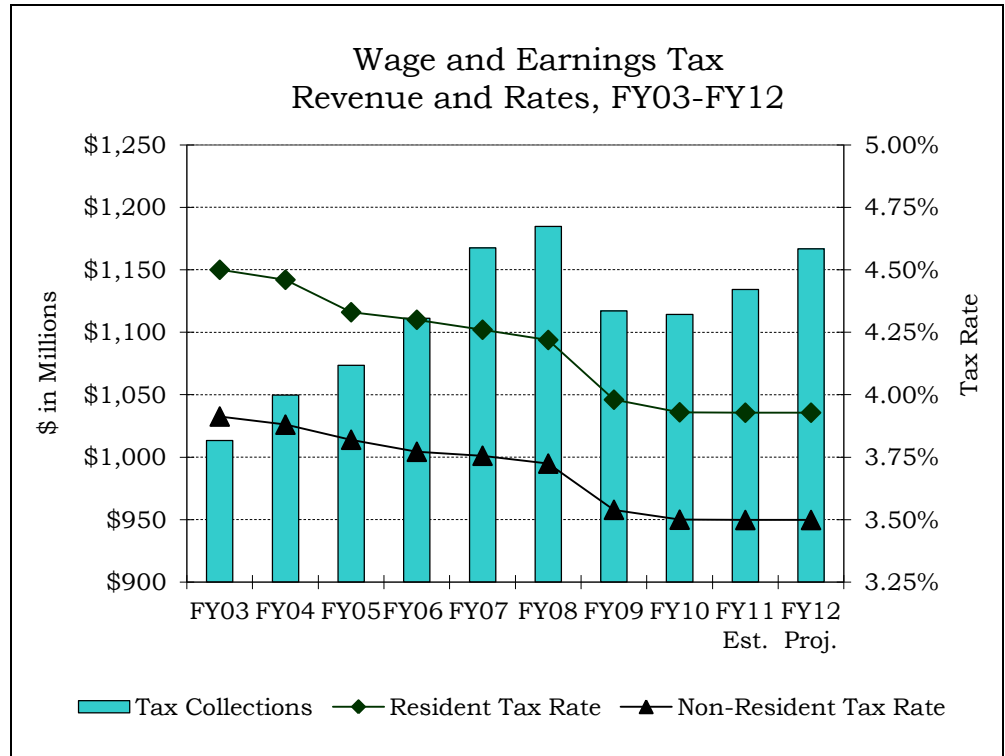
<b>Performance Measures</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>
Persons Registered for Departmental Programs (Thousands)	218.6	250.0	283.0	271.9
Site Visits (Thousands)	2,258	2,390	2,914	2,823
Acres of Field or Park Land Mowed (Thousands)	40.7	39.6	39.7	37.5

## Revenues

- Overview
- Expenditures
- Revenues
  - ▶ [Wage and Earnings Tax](#)
  - ▶ [Real Estate Tax](#)
  - ▶ [Business Privilege Tax](#)
  - ▶ [Sales Tax](#)
  - ▶ [Real Estate Transfer Tax](#)
  - ▶ [Parking Tax](#)
  - ▶ [Amusement Tax](#)
  - ▶ [Locally-Generated Non-Tax Revenue](#)
  - ▶ [Revenue from Other Governments](#)
  - ▶ [PICA City Account](#)
  - ▶ [Revenue from Other Funds](#)
- Historical Trends
- Personnel Levels
- Inter-City Comparisons
- Glossary and Sources

## Wage and Earnings Tax

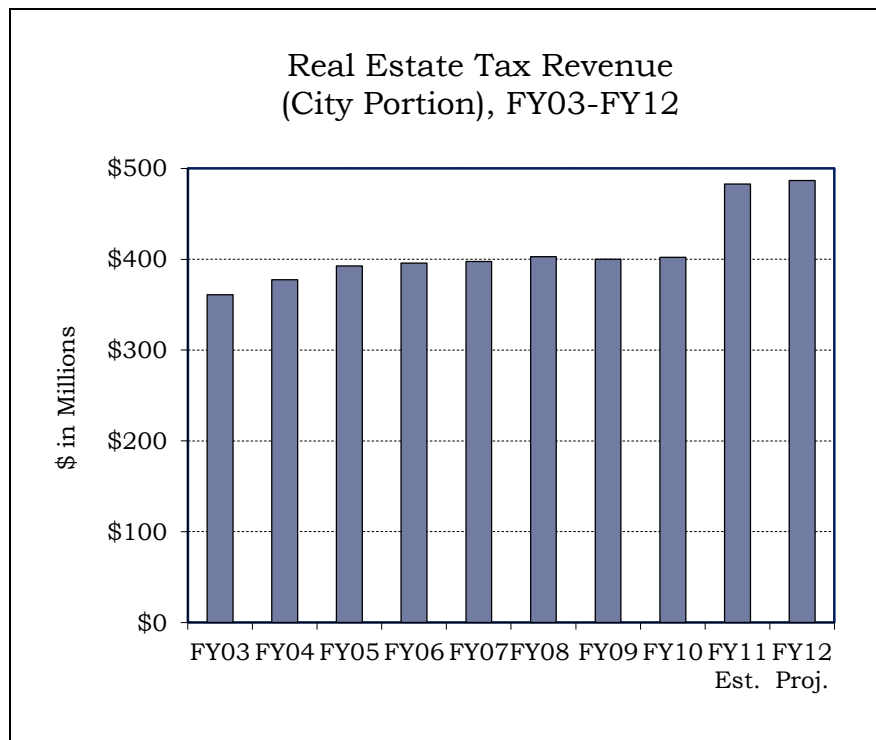
- Wage and earnings taxes make up 33.3 percent of projected FY12 revenues (41.6 percent if the PICA City Account is included). The tax base is salaries, wages, and other employee compensation. City residents pay the tax on all compensation regardless of where earned. Non-residents pay only on income earned within Philadelphia.
- Revenues are projected to increase at an annual rate of 1.6 percent from FY03 to FY12. From FY11 to FY12, revenue is projected to increase 2.9 percent.
- According to the Government of the District of Columbia, in 2009, residents of 42 out of 51 major US cities are subject to a state or local income tax. Philadelphia's combined state and local income tax burden is the highest among these cities for families earning up to \$100,000 per year.



Tax Rates (Percent)	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Resident	4.5000	4.4600	4.3300	4.3000	4.2600	4.2190	3.9800	3.9296	3.9280	3.9280
Non-Resident	3.9127	3.8801	3.8197	3.7716	3.7557	3.7242	3.5392	3.4997	3.4985	3.4985

## Real Estate Tax

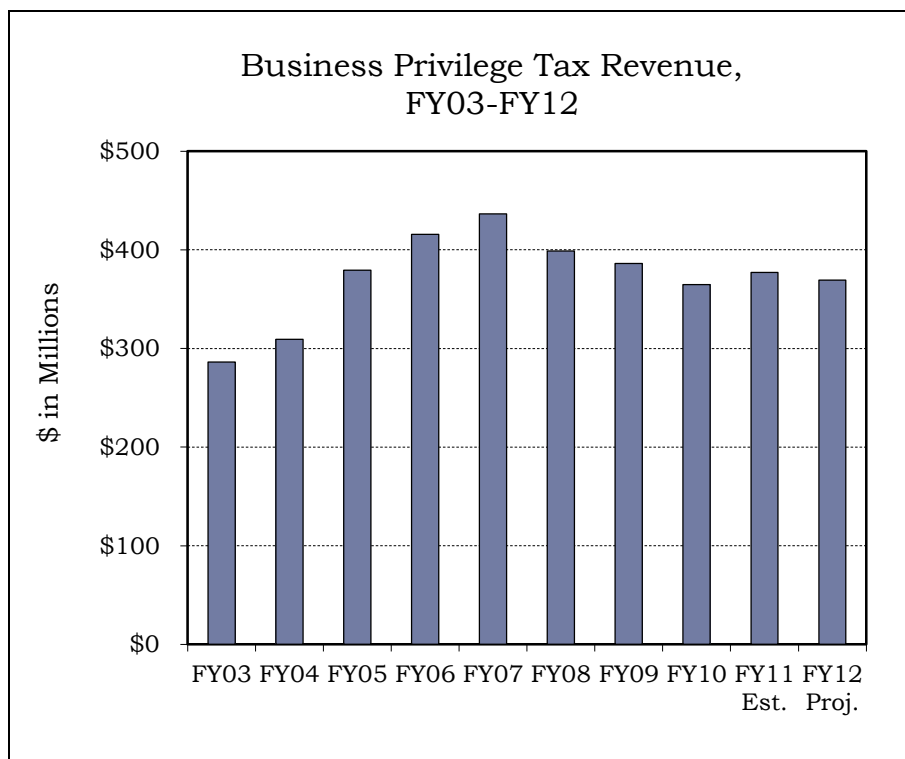
- The real estate tax is imposed for the City and School District of Philadelphia. The City receives 43.7 percent of collections with the remainder going to the School District. The tax is projected to make up 13.9 percent of FY12 City General Fund revenue.
- The City real estate tax rate increased from 3.305 percent in 2010 to 4.123 percent in 2011, and the School District rate increased from 4.959 percent in 2011 to 5.309 percent in 2012.
- Revenues from the City portion of the tax increased at an annual growth rate of 1.6 percent from FY03 through FY10. Revenues are estimated to increase 20.0 percent in FY11, due to the tax rate increase, and an additional 0.8 percent in FY12.
- According to the Government of the District of Columbia, in 2009, Philadelphia's combined state and local property tax burden ranks between 16<sup>th</sup> and 27<sup>th</sup> highest out of 51 major US cities for families earning up to \$100,000 per year.



<b>Tax Rates (Percent)</b>	<b>FY03</b>	<b>FY04</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>
School District	4.790	4.790	4.790	4.790	4.790	4.959	4.959	4.959	4.959	5.309
City	3.474	3.474	3.474	3.474	3.474	3.305	3.305	3.305	4.123	4.123
<b>Total</b>	<b>8.264</b>	<b>8.264</b>	<b>8.264</b>	<b>8.264</b>	<b>8.264</b>	<b>8.264</b>	<b>8.264</b>	<b>8.264</b>	<b>9.082</b>	<b>9.432</b>

## Business Privilege Tax

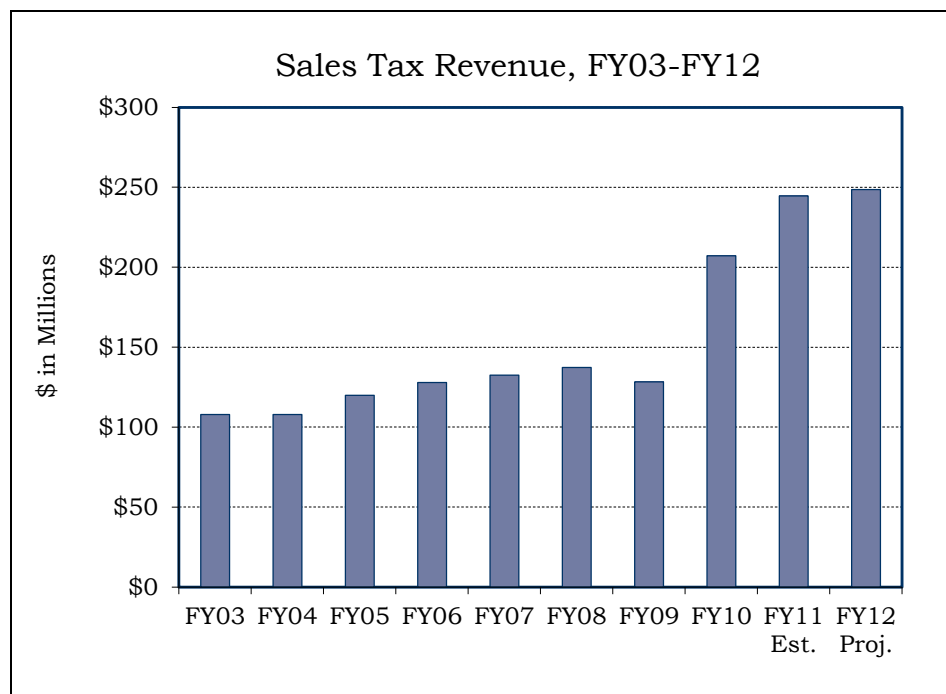
- The business privilege tax (BPT) includes two parts, a tax levied on net income and a tax on gross receipts. It is paid by individuals, partnerships, associations and corporations engaged in for-profit activity in the city. The BPT is projected to make up 10.5 percent of General Fund revenues in FY12.
- The net income portion of the tax is particularly volatile over time, reflecting variations in business profits, making revenues difficult to forecast.
- The gross receipts tax rate declined 56 percent from 1995 to 2008. The net income rate declined slightly in 2008. Both rates have remained constant since 2008.
- BPT revenues peaked at \$436.4 million in FY07, and declined \$71.7 million (16.4 percent) from FY07 to FY10. Revenues increased an estimated 3.4 percent in FY11, and are estimated to decline 2.0 percent in FY12.



<b>Tax Rates</b>	<b>FY03</b>	<b>FY04</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>
Net Income	6.50	6.50	6.50	6.50	6.50	6.45	6.45	6.45	6.45	6.45
Gross Receipts	.2300	.2100	.1900	.1665	.1540	.1415	.1415	.1415	.1415	.1415

## Sales Tax

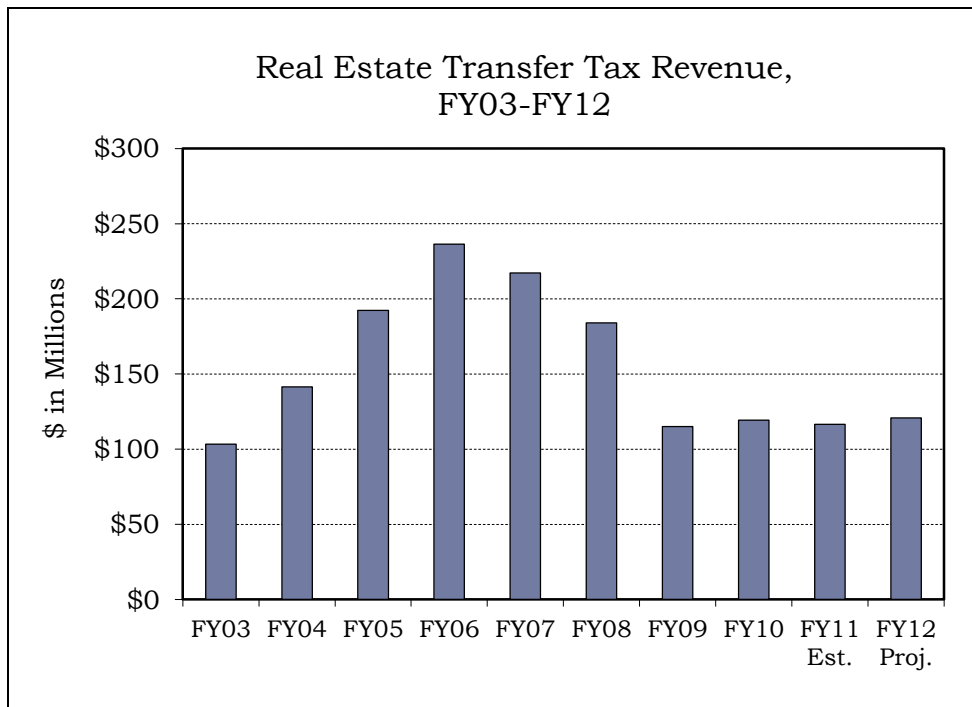
- The City sales tax is levied at a rate of 2 percent on retail sales of tangible personal property or services, and on the use of personal property or services purchased at retail. Sales of clothing, most food items, and various services are exempt. The tax is projected to make up 7.1 percent of General Fund revenue in FY12.
- Revenue increased 90.7 percent from FY09 to FY11, due to an increase in the tax rate from 1 to 2 percent. The tax increase became effective in October 2009 and is scheduled to expire at the end of FY14. Revenue is projected to increase 1.6 percent in FY12 due to tax base growth.
- According to the Government of the District of Columbia, in 2009, residents of 46 out of 51 major US cities are subject to a state or local general sales tax. Of these 46 cities, 10 had a higher combined state and local sales tax rate than Philadelphia.



<b>Tax Rates</b>	<b>FY03</b>	<b>FY04</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>
City	1%	1%	1%	1%	1%	1%	1%	2%	2%	2%
State	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Total	7%	7%	7%	7%	7%	7%	7%	8%	8%	8%

## Real Estate Transfer Tax

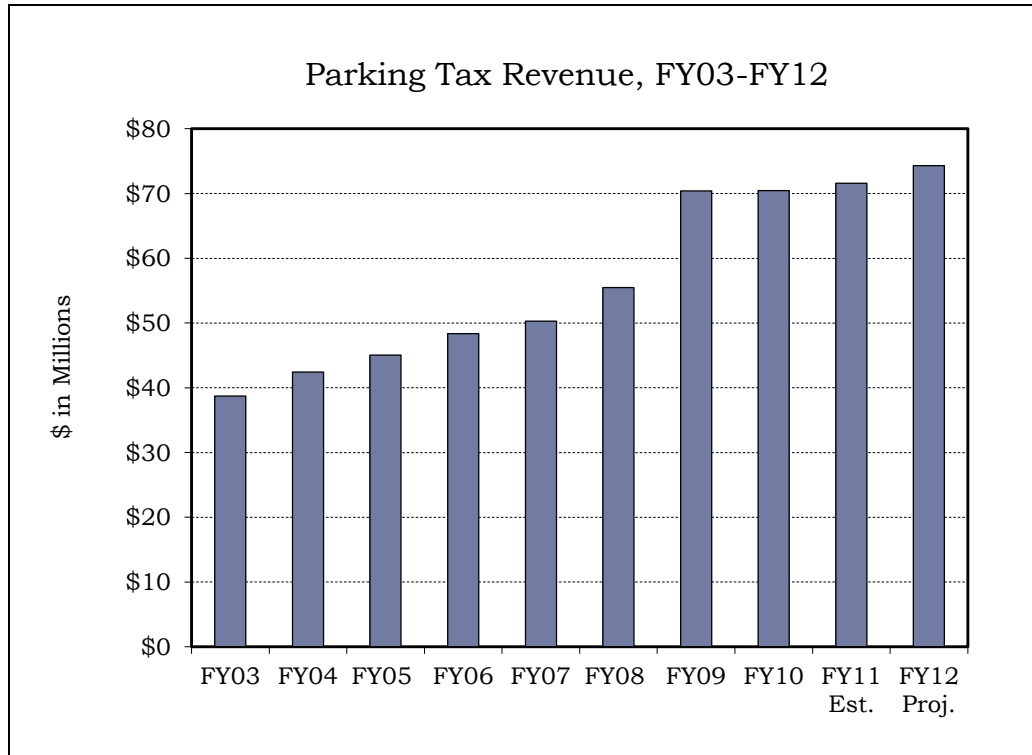
- The real estate transfer tax is levied on sale or transfer of real estate, and applies to the sale or transfer of an interest in a corporation or partnership that owns the real estate. The tax is projected to make up 3.4 percent of FY12 General Fund revenues.
- Revenues fell 51.3 percent between FY06 and FY09, and increased 3.6 percent from FY09 to FY10. Revenues are estimated to decline 2.2 percent in FY11 and increase 3.6 percent in FY12. The decline in transfer tax revenue from FY06 to FY09 was one major cause of the City's budget problems in 2008 and 2009. Continued stabilization of this revenue source will be important to the City's financial stability in the future.



<b>Tax Rates</b>	<b>FY03</b>	<b>FY04</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>
City	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
State	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
<b>Total</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>

# Parking Tax

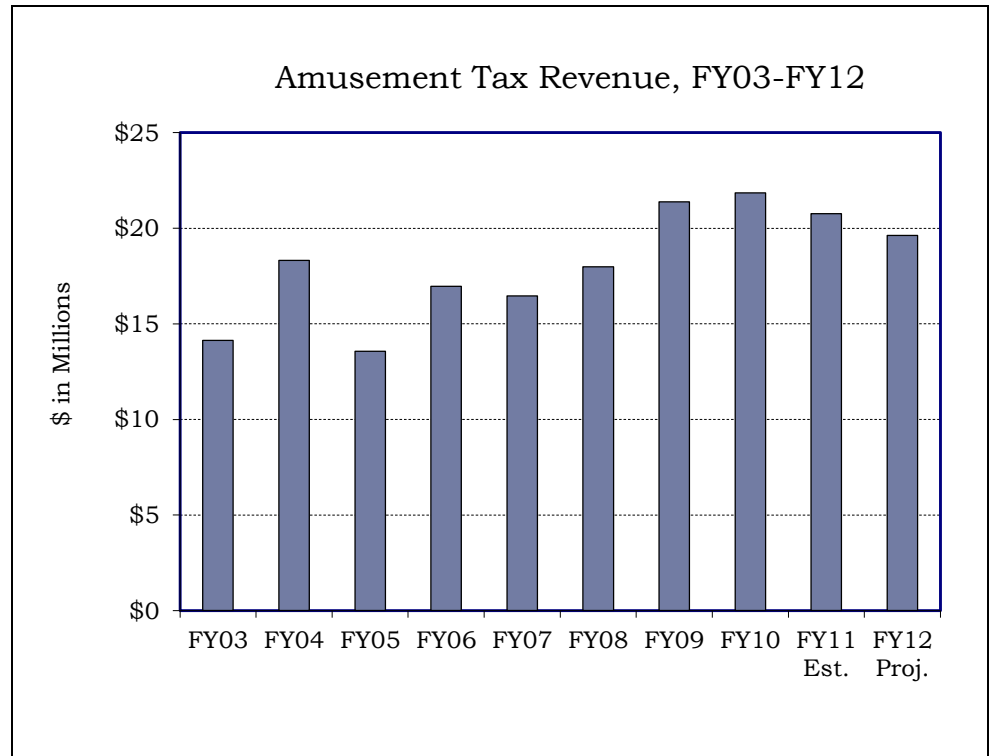
- The parking tax is levied on gross receipts from all financial transactions involving parking or storing motor vehicles in outdoor or indoor parking lots and garages.
- The tax makes up 2.1 percent of projected FY12 General Fund revenues.
- The tax rate increased from 15 to 20 percent in FY09.



<b>Tax Rate</b>	<b>FY03</b>	<b>FY04</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>
Parking Tax	15%	15%	15%	15%	15%	15%	20%	20%	20%	20%

## Amusement Tax

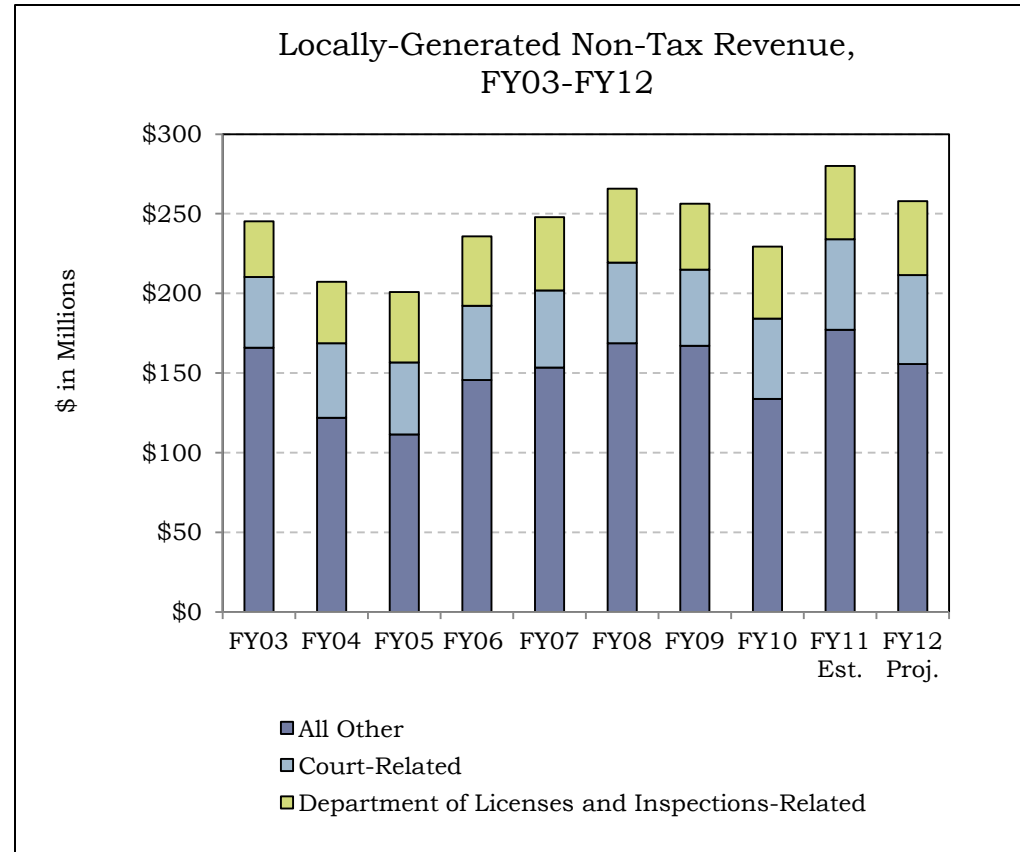
- The tax makes up 0.6 percent of projected FY12 General Fund revenue.
- Imposed on admission fees to any amusement venue in Philadelphia, including concerts, movies, sports events, night clubs and convention shows.
- From FY03 to FY10, revenue increased at an annual growth rate of 6.4 percent.
- Revenue is estimated to decline 5.0 percent in FY11 and an additional 5.5 percent in FY12.
- Revenue declined in FY05 because of the National Hockey League strike, and has increased since FY08 due in part to the success of the Phillies.



Tax Rate	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Amusement Tax	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%

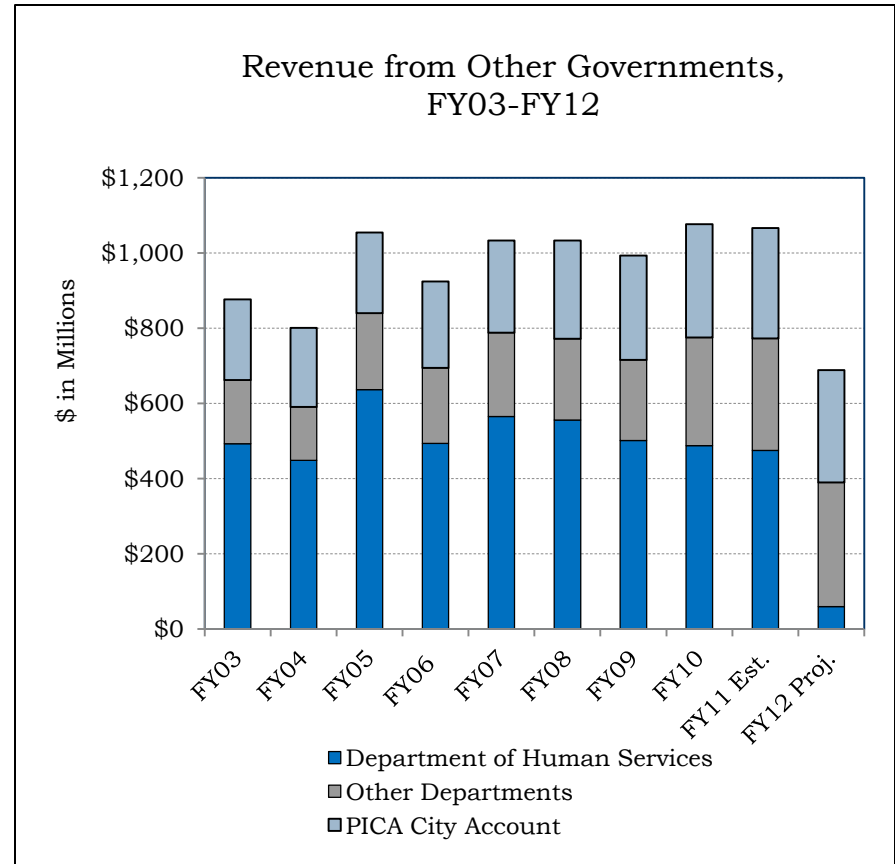
## Locally-Generated Non-Tax Revenue

- 7.4 percent of projected FY12 General Fund revenue.
- Includes various categories of revenue including service fees, license and permit fees, fines, interest, rent, and proceeds from asset sales.
- Actual FY10 revenue declined \$26.9 million (10.5 percent) from FY09, reflecting reductions in cable license fees (\$5.2 million), asset sales proceeds (\$3.7 million), interest earnings (\$7.6 million) and the loss of one-time revenue sources (\$22.5 million loan repayment by the Philadelphia Gas Works, and a \$3.0 million settlement related to Veterans Stadium rent).
- FY11 revenues are estimated to increase \$50.7 million (22.1 percent) due to higher cable license fees, commercial property trash collection fees, and forfeited bail collections.
- FY12 revenues are projected to decline \$22.1 million (7.9 percent).



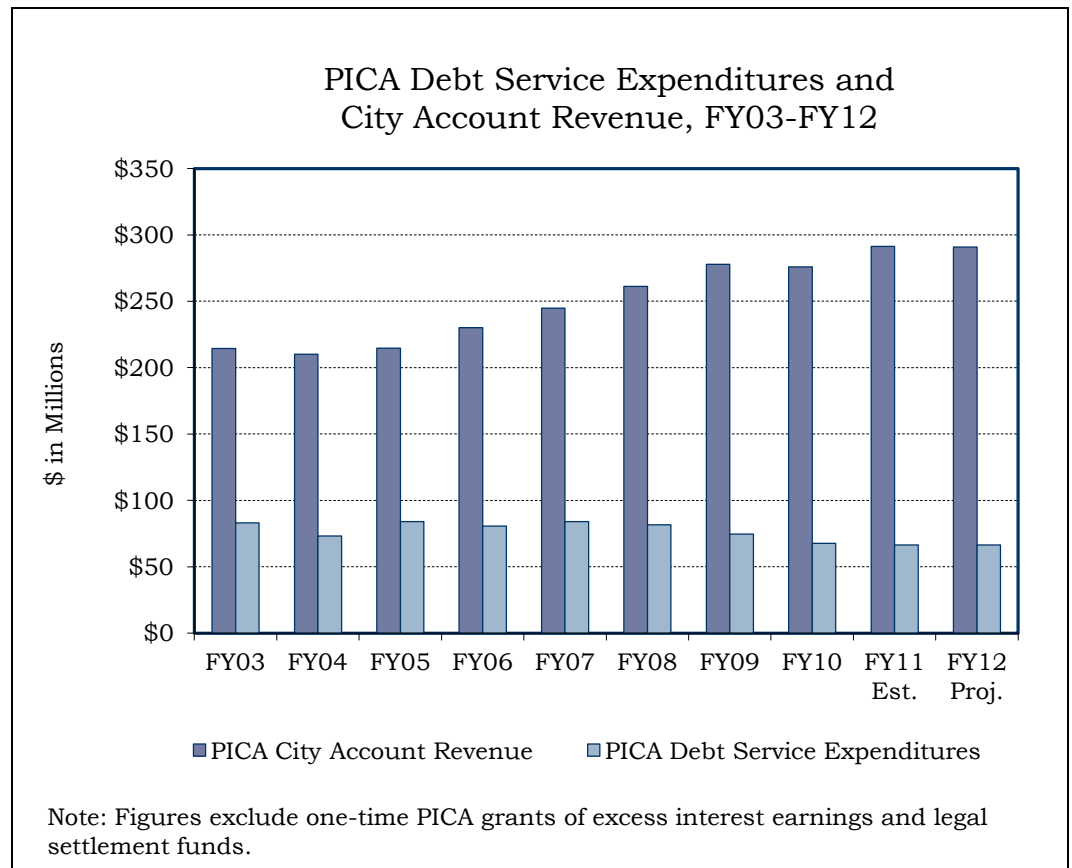
## Revenue from Other Governments

- Revenue from other governments comprises 19.6 percent of projected FY12 revenue.
- Prior to FY12, this category of revenue was composed primarily of State and Federal funding to the Department of Human Services (DHS), PICA City Account funding, and other grants received by various City departments.
- State and Federal reimbursements for DHS costs incurred beginning in FY12 will be recognized in the Grants Revenue Fund to more accurately present annual financial results in the General Fund. Only City-funded DHS expenditures will be recognized in the General Fund. Accordingly, FY12 General Fund DHS-related revenue from other governments drops significantly, since it reflects only reimbursements of prior year costs.
- From FY03 through FY12, PICA City Account revenue is projected to increase at an average annual growth rate of 3.7 percent. All other revenue from other governments (excluding DHS and State gaming revenue dedicated to wage tax relief) is projected to increase 4.1 percent over this period.
- From FY11 to FY12, PICA City Account revenue is projected to increase 1.6 percent, while revenue received by departments other than DHS is projected to increase 10.9 percent.



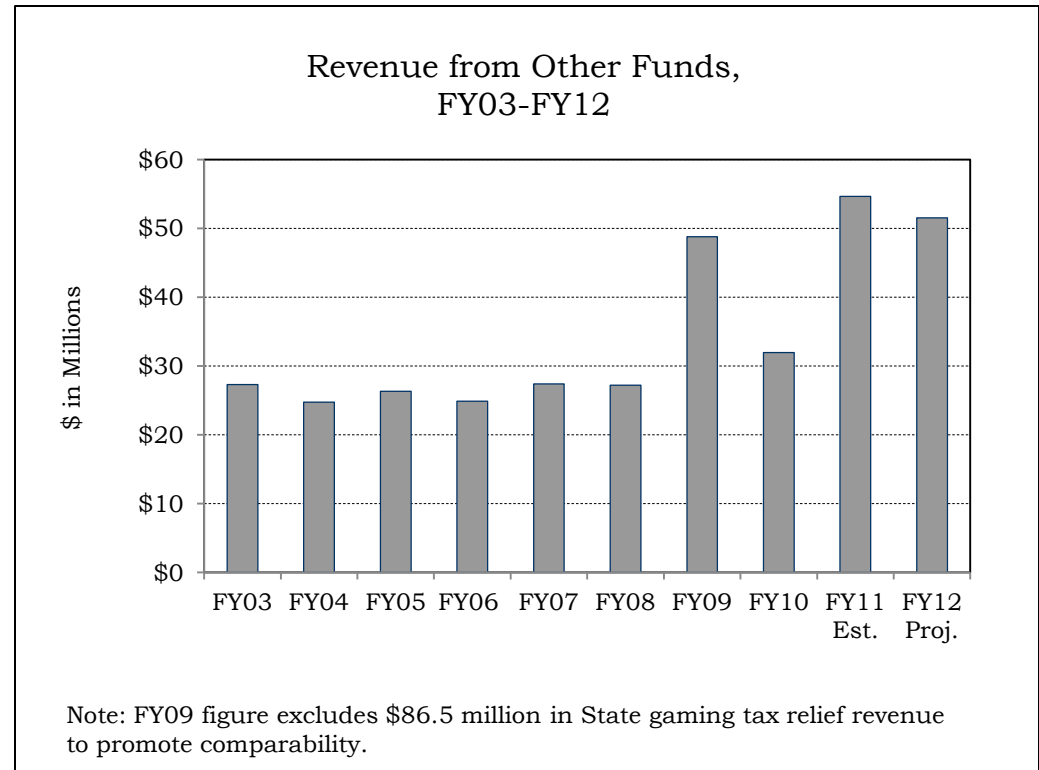
## PICA City Account

- PICA City Account revenue is a component of revenue from other governments and equals 8.3 percent of projected FY12 revenues.
- The first 1.5 percentage points of wage, earnings, and net profits taxes paid by city residents are dedicated to PICA. This dedicated tax is known as the PICA tax. A portion of PICA tax revenue is used to pay debt service on PICA bonds, and the remainder is paid to the City and shown in the budget as PICA City Account revenue.
- PICA City Account revenue is projected to increase at an average annual growth rate of 3.5 percent from FY03 to FY12. This growth exceeds the 1.6 percent growth rate for City wage, earnings, and net profits tax revenue during this period, due to tax rate reductions and reductions in PICA debt service.



## Revenue from Other Funds

- 1.5 percent of projected FY12 General Fund revenue.
- Includes payments to the General Fund from the Water, Aviation, Grants Revenue, and other funds for the cost of services charged to these funds. Also includes 911 surcharge revenue, reimbursement from Help America Vote Act (HAVA) grant funds, and return of unused Productivity Bank funds.
- FY09 revenue included \$11.8 million in Productivity Bank funds and \$10.1 million in HAVA funds. FY11 revenue included \$41.0 million in 911 surcharge revenue.
- FY12 revenue is projected to decrease by 5.7 percent due to a reduction in 911 surcharge revenue.

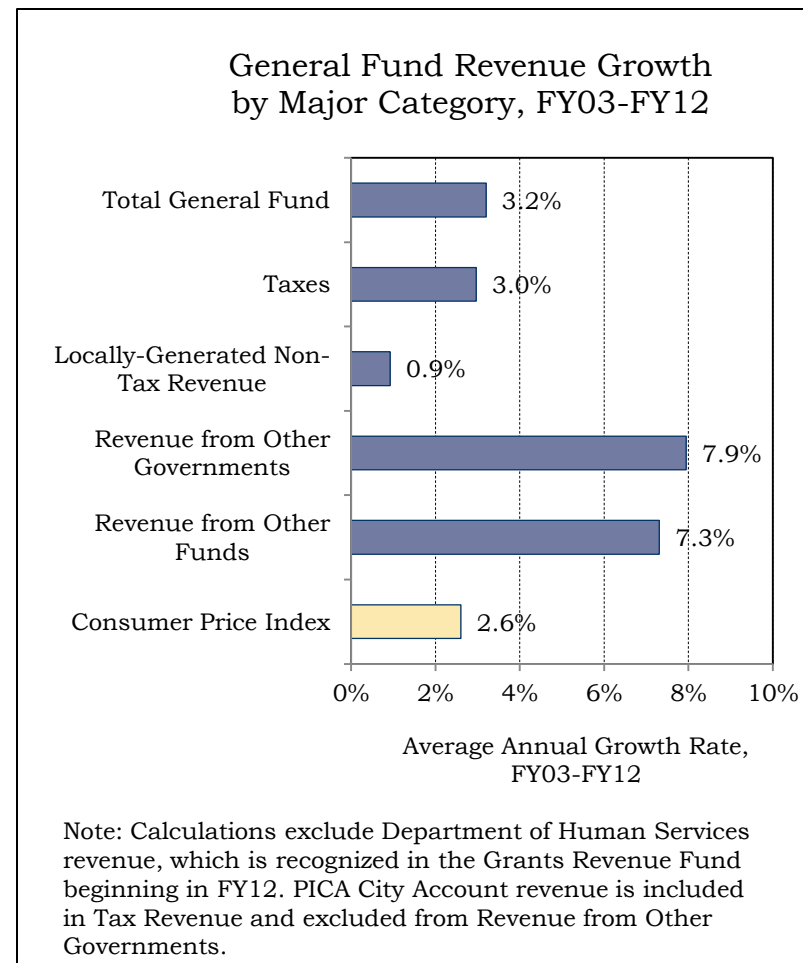


## Historical Trends

- Overview
- Expenditures
- Revenues
- Historical Trends
  - ▶ [Revenues](#)
  - ▶ [Tax Rates](#)
  - ▶ [Expenditures](#)
  - ▶ [Long-Term Obligations](#)
  - ▶ [Pension Costs](#)
- Personnel Levels
- Inter-City Comparisons
- Glossary and Sources

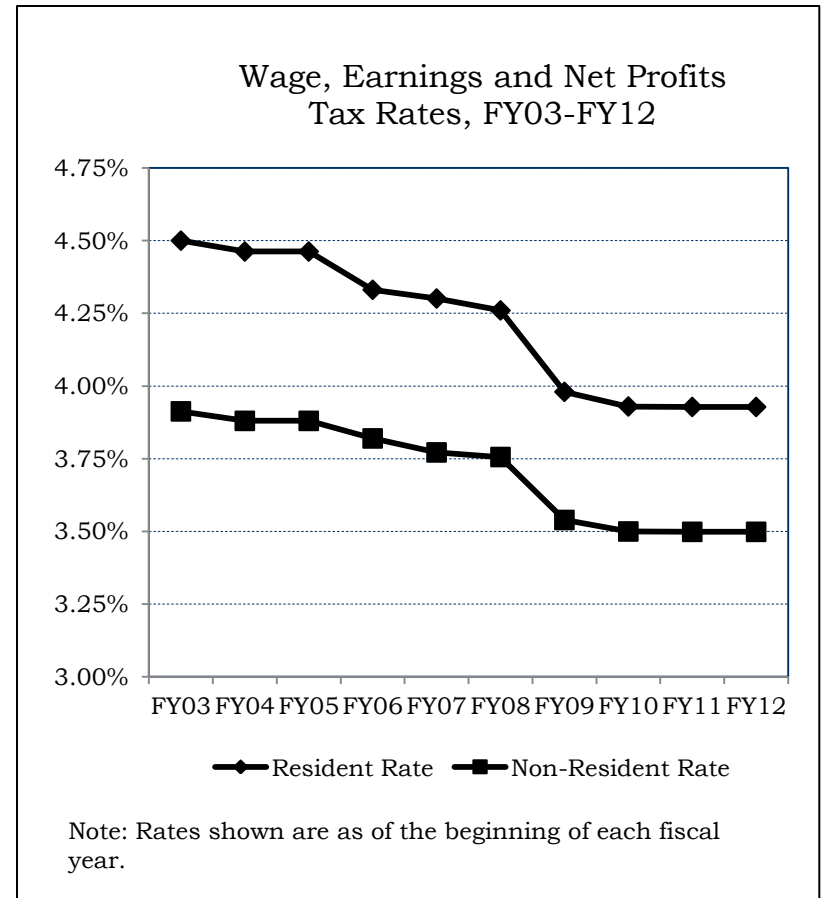
## Revenues

- Total General Fund revenue is projected to increase at an annual rate of 3.2 percent from FY03 to FY12, compared to regional inflation of 2.6 percent.
- Tax revenue (including PICA City Account revenue) is projected to increase at an annual rate of 3.0 percent over this period, 0.4 percentage points faster than the rate of inflation. If State revenue received by the City to finance wage tax reductions is classified under taxes, tax revenue is projected to increase at an annual rate of 3.3 percent.
- Locally-generated non-tax revenue is projected to increase at an annual rate of 0.9 percent from FY03 to FY12. In part, this relatively low growth rate reflects the loss of \$14.2 million in stadium revenue. When stadium revenue is excluded, the annual growth rate for this category is 1.6 percent.
- Revenue from other governments (excluding PICA City Account revenue) is projected to increase 7.9 percent annually, primarily due to a new revenue source which began in FY09: an annual distribution of State gaming tax revenue to the City to support wage tax reductions. If this revenue is excluded, revenue from other governments is projected to increase 4.5 percent annually.
- Revenue from other funds is projected to grow at an annual rate of 7.3 percent, a relatively rapid rate that reflects a \$22.4 million increase in 911 surcharge revenue over the period.



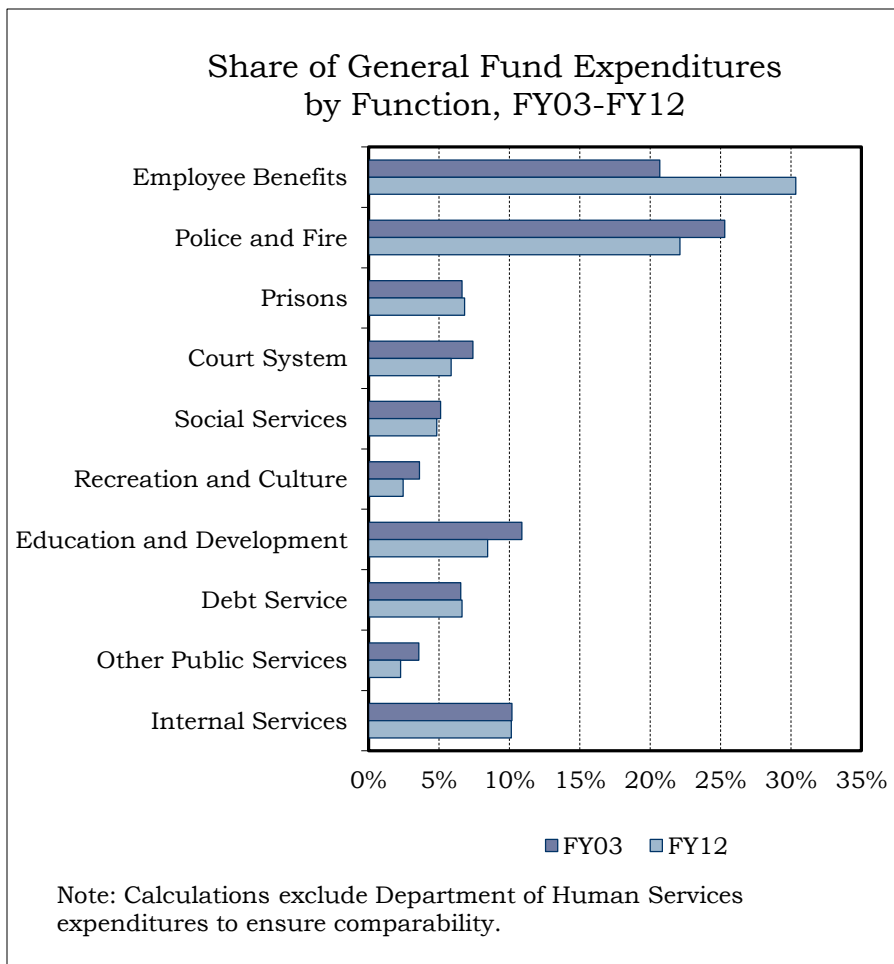
## Taxes

- From FY03 to FY12, the resident wage tax rate declined from 4.5 to 3.928 percent, and the non-resident rate from 3.9127 to 3.4985 percent. The business privilege tax (BPT) rates also declined over this period, with the gross receipts rate declining from 2.3 to 1.415 mills, and the net income rate from 6.5 to 6.45 percent. Reductions in the wage tax rate since FY09 have been funded through allocations of State gaming revenue to the City.
- The overall trend of declining tax rates reversed beginning in FY10, largely due to the national recession. City-financed reductions in the wage and business taxes were halted beginning in FY10. The State authorized an increase in the City portion of the sales tax from 1 to 2 percent in October 2009. This authorization will expire at the end of FY14, when the City sales tax will return to 1 percent.
- The City real estate tax rate increased from 3.305 to 4.123 percent in 2011, and the School District rate will increase from 4.959 percent to 5.309 percent in 2012. By 2012, the combined City and School District real estate tax rate will have increased 14.1 percent in two years.
- However, in November 2011, the City enacted two laws to reduce the BPT over the next five years. The reductions are targeted at small businesses, start-up companies, and firms with property and jobs located in the city. They are designed to reduce the negative impact of the BPT on the city's economy and jobs.



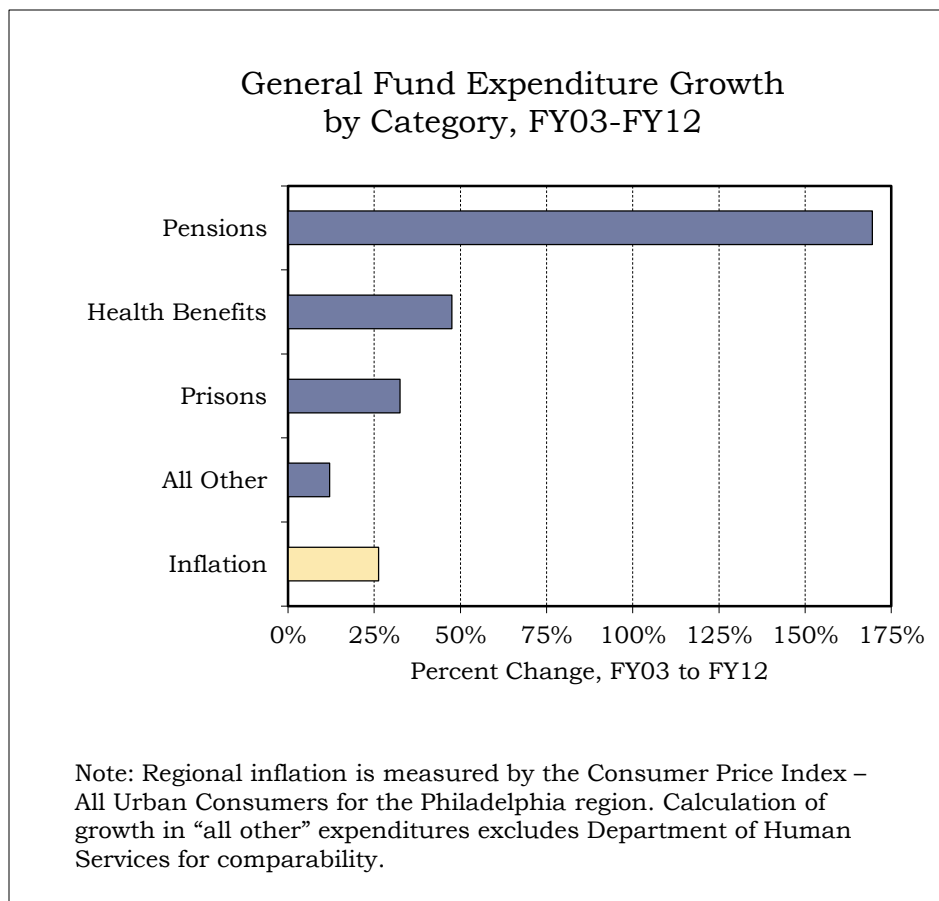
## Expenditures

- From FY03 to FY12, spending for employee benefits and prisons increased as a percentage of total General Fund expenditures. The largest change occurred in employee benefits, which increased from 20.7 percent to 30.4 percent of expenditures (excluding Department of Human Services expenditures to ensure comparability). Pension costs alone increased from 7.9 percent to 16.5 percent of expenditures over this period.
- As a percentage of the budget, spending decreased for police and fire, the court system, social services, recreation and culture, education and economic development, and other public services. Debt service and internal services spending did not change significantly as a percentage of the budget.
- The dramatic increase in the share of the budget allocated to employee benefits has resulted in a lower level and quality of the full range of services provided by the City, including criminal justice, social services, and services provided to the general public. If employee benefits had remained at the FY03 level in terms of budget share in FY12, an additional \$326 million would have been available for services, tax reduction, or infrastructure investment.



## Expenditure Growth

- From FY03 to FY12, the share of the General Fund spending allocated to three categories – employee pensions, employee health benefits, and prisons – is projected to increase. The amount and percentage increase over this period for these categories, and all other categories of General Fund expenditures, is as follows:
  - ▶ Pensions: \$348.6 million (169.5%)
  - ▶ Health benefits: \$107.7 million (47.5%)
  - ▶ Prisons: \$56.4 million (32.5%)
  - ▶ All other: \$243.0 million (12.1%)
- Combined spending for pensions, health benefits and prisons is projected to increase 84.6 percent from FY03 through FY12, while the rest of the budget is projected to increase 12.1 percent.
- Regional inflation is projected to increase 26.3 percent from FY03 through FY12. Based on the FY12 budget, spending growth for employee pensions and health benefits is expected to significantly outpace inflation over the FY03-FY12 period, while other categories of spending will grow at rates near, or below, the inflation rate.

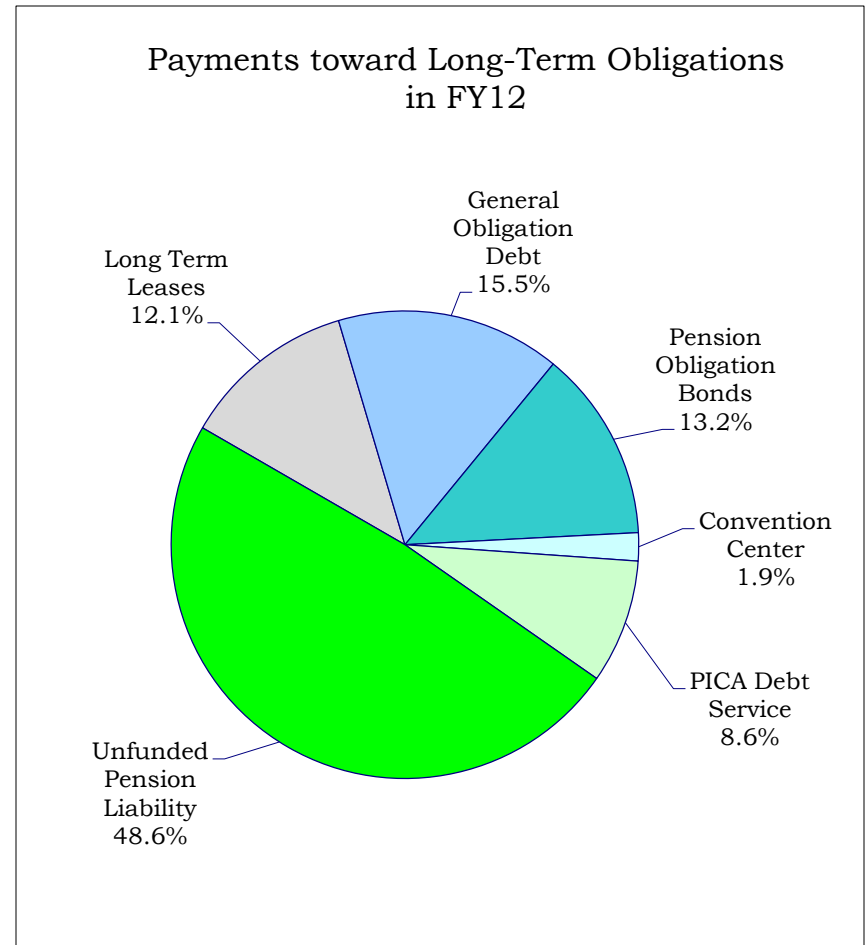


## Long-Term Obligations

- In FY12, the City will make payments of \$771.2 million toward long-term obligations.<sup>1</sup> They include:
  - ▶ General Obligation debt service: \$119.7 million
  - ▶ PICA debt service: \$66.1 million
  - ▶ Pension Obligation Bonds debt service: \$102.1 million
  - ▶ Long-term leases: \$93.2 million
  - ▶ Payment to reduce the unfunded pension liability: \$375.1 million<sup>2</sup>
  - ▶ Convention Center subsidy: \$15.0 million
- These payments limit the City's financial flexibility because they cannot be controlled in the short term.
- In FY12, spending for long-term obligations is projected to equal 22.4 percent of total General Fund and PICA debt service expenditures, which exceeds the 15.0 percent goal contained in the City's debt policy.

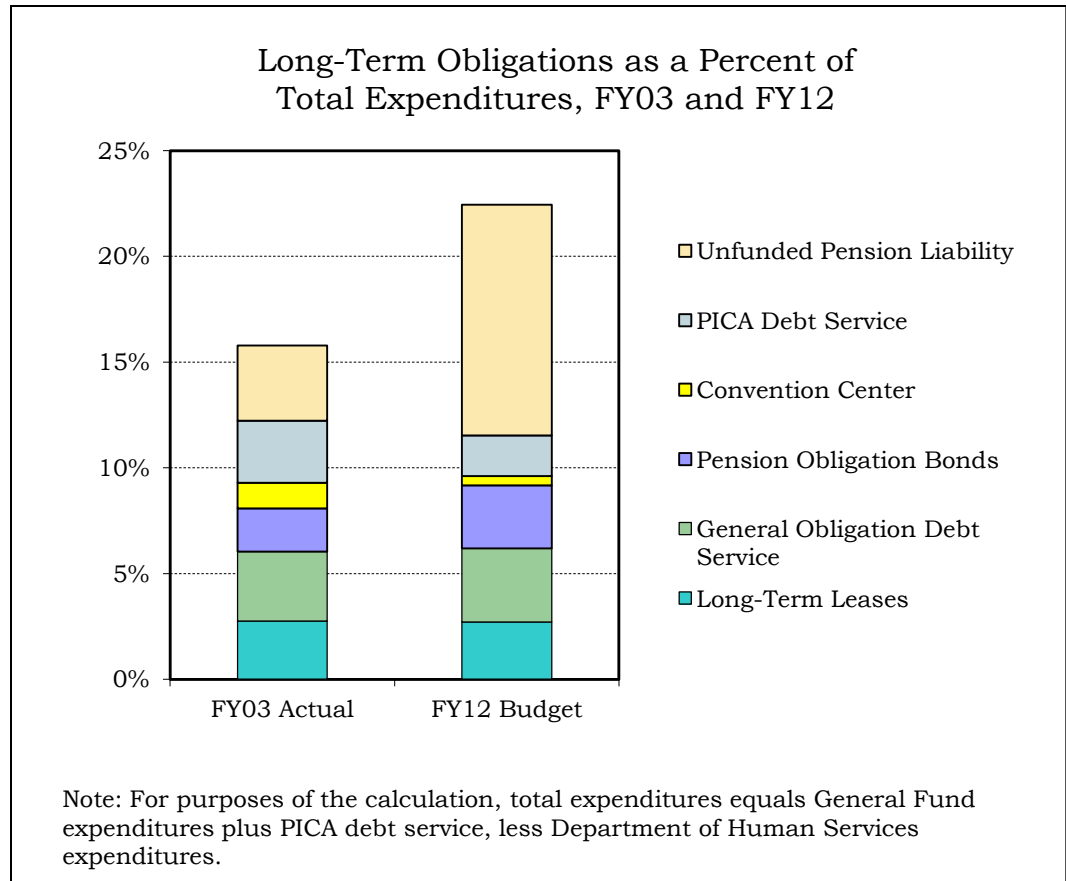
<sup>1</sup> With the exception of PICA debt service, these payments are made directly from the City General Fund. PICA debt service is paid by PICA, but is an indirect cost to the City since it reduces the level of PICA tax revenue returned by PICA to the City through the PICA City Account.

<sup>2</sup> The FY12 budgeted contribution to the pension fund less normal cost.



## Long-Term Obligations

- Payments for long-term obligations have been increasing, from 15.8 percent of General Fund and PICA debt service expenditures in FY03 to 22.4 percent in FY12.<sup>1</sup>
- As more and more of the budget is dedicated to costs that cannot be reduced during the fiscal year, the City has fewer and fewer options when it is faced with making mid-year corrections to balance the budget.

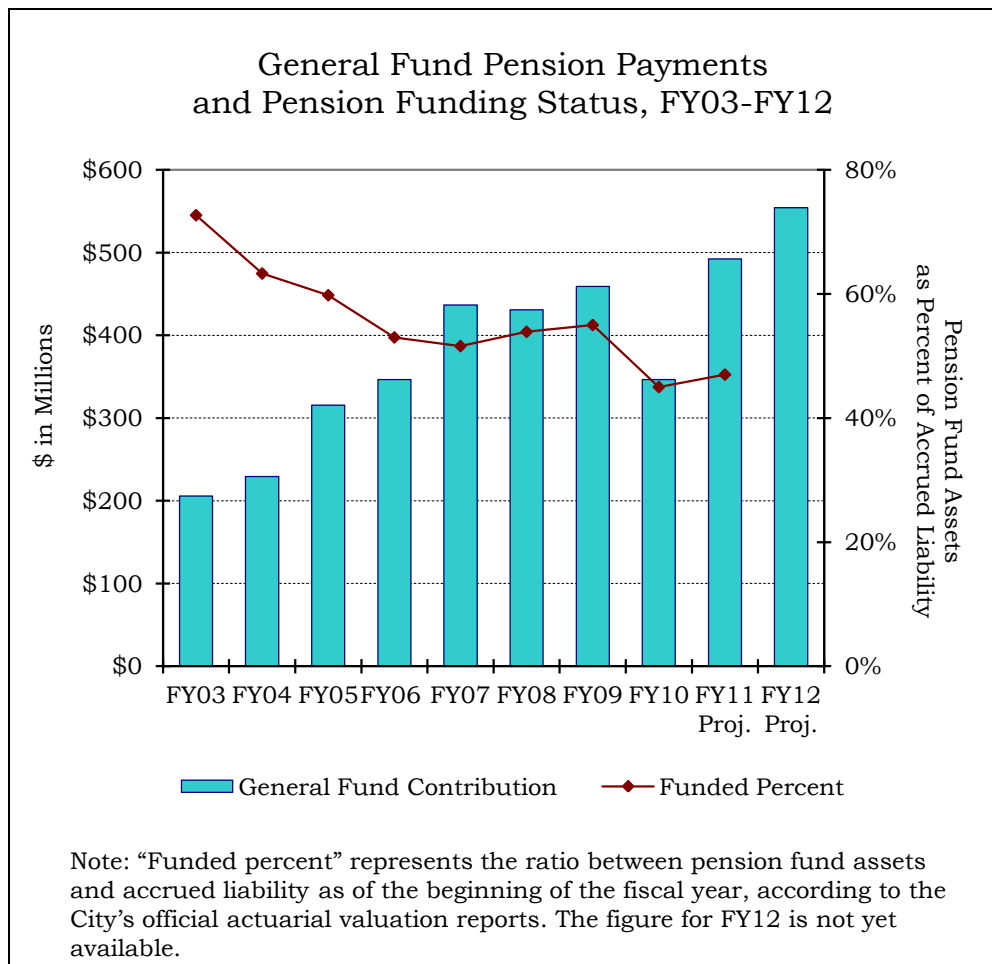


<sup>1</sup> PICA debt service is included in this calculation since this cost represents a fixed, long-term obligation that reduces the City's financial flexibility. Department of Human Services expenditures are excluded to allow comparability.

## Pension Costs

- The City's pension fund costs (including direct payments to the Pension Fund and debt service on Pension Obligation Bonds) have increased from \$205.7 million in FY03 to a projected \$554.3 million in FY12. The percent of pension fund liabilities that are funded has dropped from 72.7 percent as of the beginning of FY03 to 47.0 percent as of the beginning of FY11.<sup>1</sup>
- The City now pays to the Pension Fund only the minimum amount required under State law.
- The City's pension obligations were reduced in FY10 and FY11 due to a State-authorized deferral of \$155 million in payments in FY10 and \$80 million in FY11. Repayments of these deferred amounts and associated interest costs will increase payments from FY11 through FY14. Under State law, the City must complete repayment of the deferred amounts by the end of FY14.

<sup>1</sup> The estimated percentage of pension liabilities that are funded as of the beginning of FY12 is not yet available.



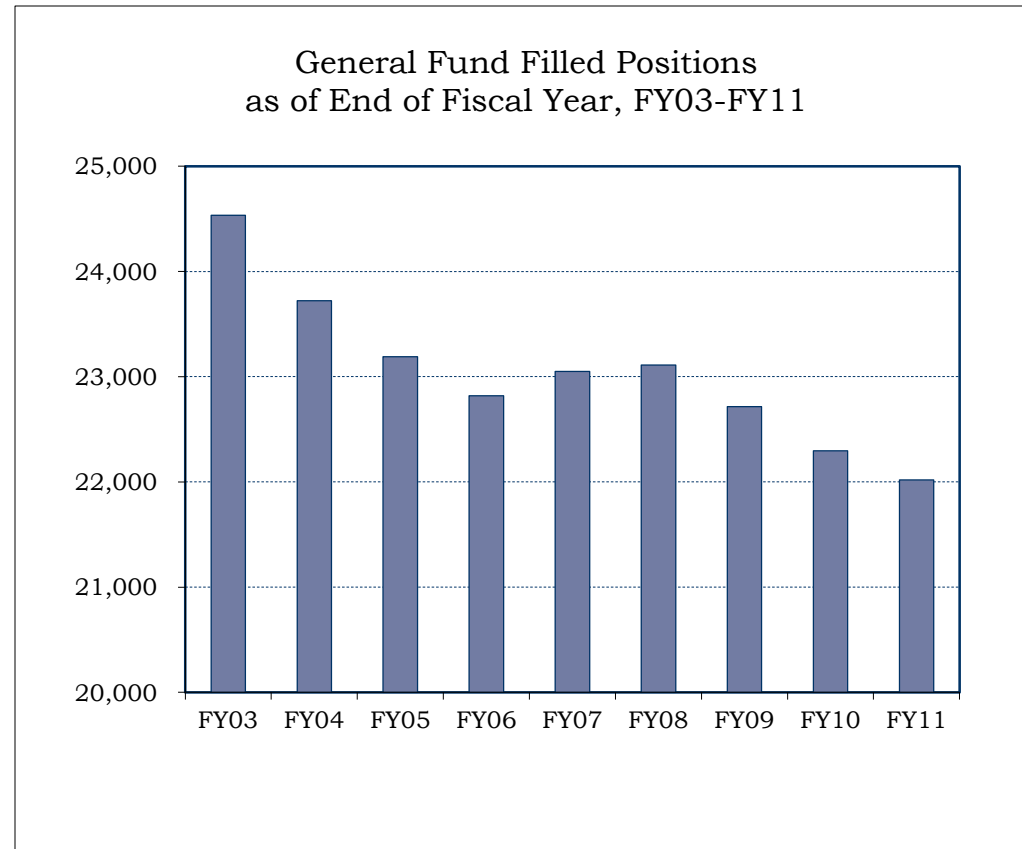
## Personnel Levels

- Overview
- Expenditures
- Revenues
- Historical Trends
- Personnel Levels
  - ▶ [Personnel Trends](#)
  - ▶ [Personnel Trends by Agency](#)
  - ▶ [Distribution of Personnel by Agency](#)
  - ▶ [Distribution of Personnel by Function](#)
- Inter-City Comparisons
- Glossary and Sources

## Personnel Trends

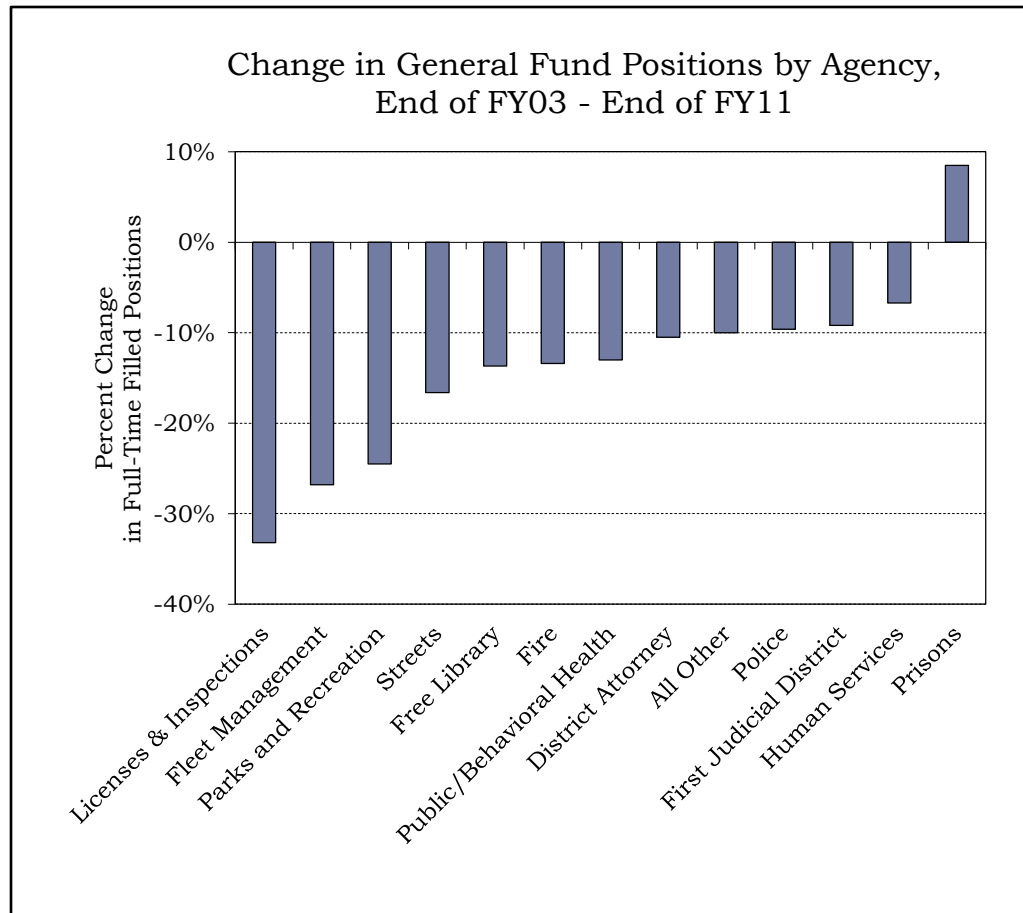
- Over the past eight years, total filled full-time positions funded through the General Fund declined by 10.2 percent, from 24,534 at the end of FY03 to 22,020 at the end of FY11.

Note: Total City of Philadelphia employment includes employees funded through various operating funds other than the General Fund, such as the Grants Revenue Fund, Water Fund, Aviation Fund, and Community Development Fund. Including all funds, the total number of filled full-time City positions declined 9.2 percent from 29,257 at the end of FY03 to 26,560 at the end of FY11.



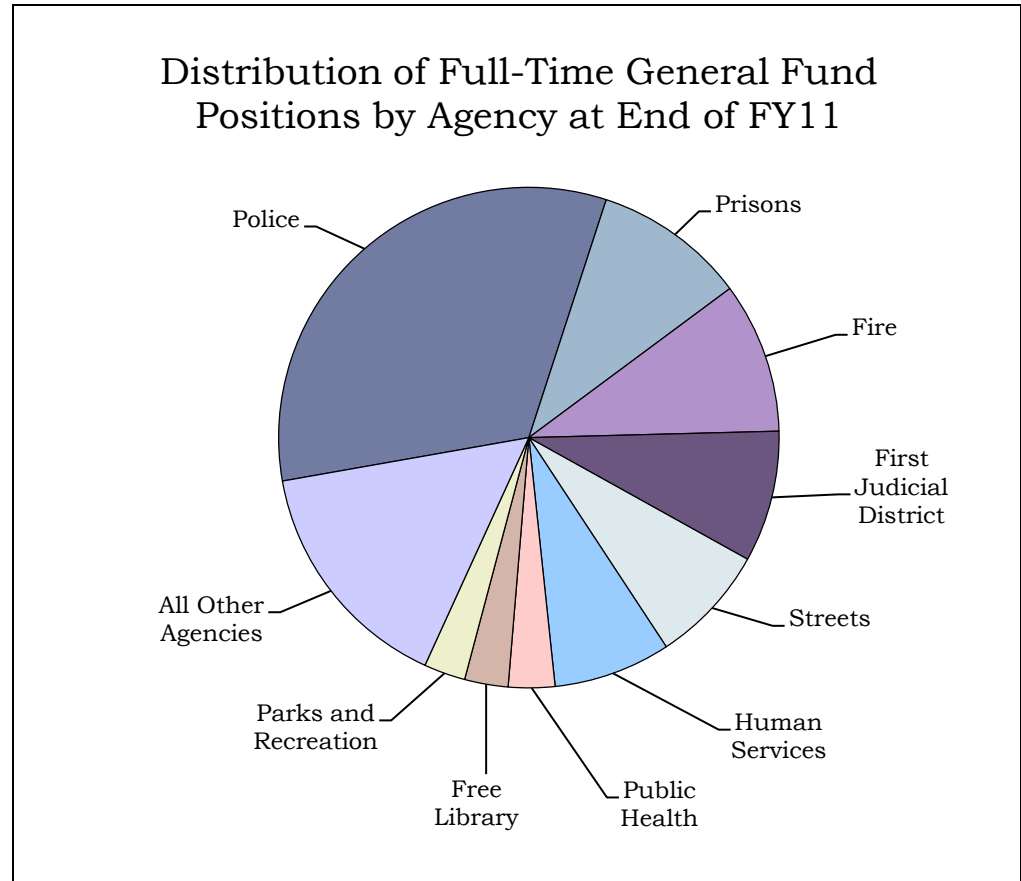
## Personnel Trends by Agency

- Among the City's major departments and agencies, all except the Prisons System reduced their number of filled General Fund positions from the end of FY03 to the end of FY11:
  - ▶ Police: -764
  - ▶ Streets: -337
  - ▶ Fire: -333
  - ▶ Parks and Recreation: -191
  - ▶ First Judicial District: -189
  - ▶ Licenses & Inspections: -144
  - ▶ Human Services: -119
  - ▶ Public/Behavioral Health: -102
  - ▶ Free Library: -98
  - ▶ Fleet Management: -97
  - ▶ District Attorney: -48
  - ▶ Prisons System: +170
- Filled General Fund positions in all other City agencies declined by 262 over this time period.



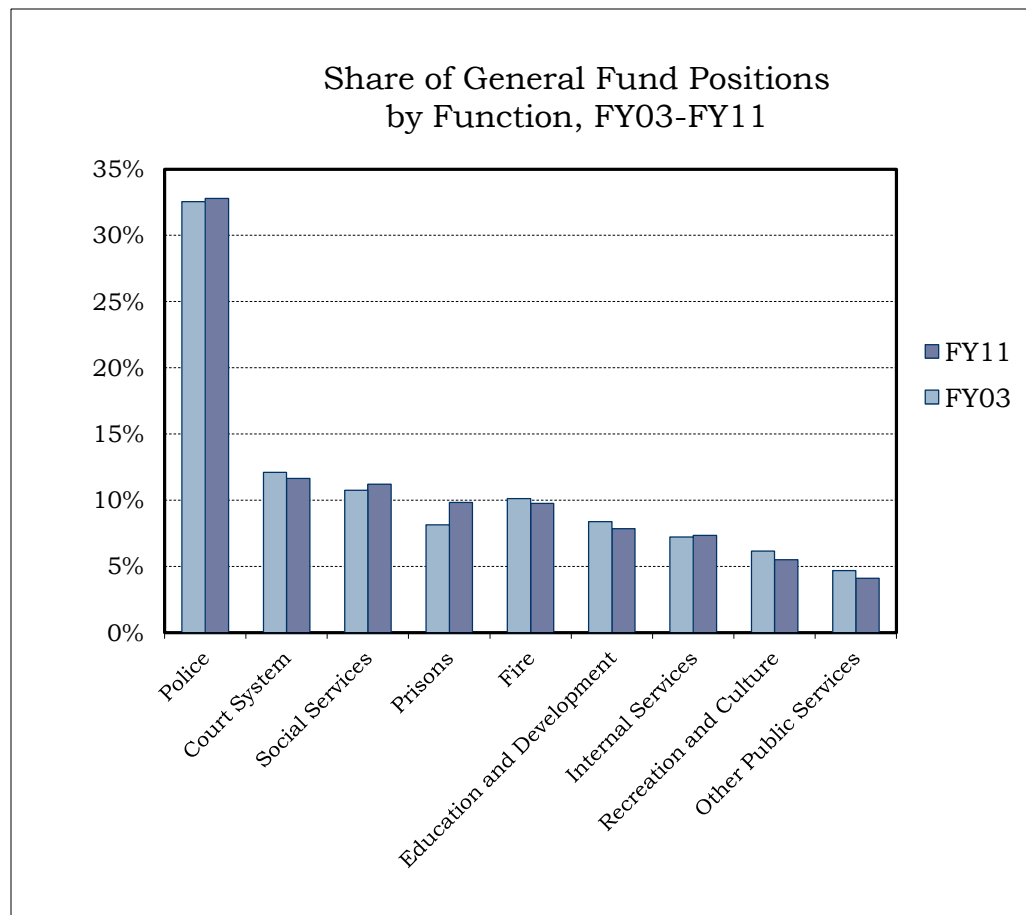
## Distribution of Personnel by Agency

- The City agencies that had the most employees at the end of FY11 were:
  - ▶ Police: 7,219 (32.8%)
  - ▶ Prisons: 2,166 (9.8%)
  - ▶ Fire 2,146 (9.7%)
  - ▶ First Judicial District: 1,869 (8.5%)
  - ▶ Streets: 1,689 (7.7%)
  - ▶ Human Services: 1,668 (7.6%)
  - ▶ Public Health: 661 (3.0%)
  - ▶ Free Library: 619 (2.8%)
  - ▶ Parks and Recreation: 590 (2.7%)
- These nine agencies accounted for 84.6 percent of full-time General Fund employees.
- Every other agency had fewer than 500 General Fund employees.



## Distribution of Personnel by Function

- The distribution of General Fund personnel by function has not changed dramatically over the past decade. From the end of FY03 to the end of FY11, the share of full-time filled General Fund positions within police, social services, prisons, and internal services increased, while the percentage within the court system, fire, education and development, recreation and culture, and other public services declined.
- The FY11 percentage share for each program category was as follows:
  - ▶ Police: 32.8%
  - ▶ Court system: 11.6%
  - ▶ Social services: 11.2%
  - ▶ Prisons: 9.8%
  - ▶ Fire: 9.7%
  - ▶ Education and development: 7.8%
  - ▶ Internal services: 7.3%
  - ▶ Recreation and culture: 5.5%
  - ▶ Other public services: 4.1%



## Inter-City Comparisons

- Overview
- Expenditures
- Revenues
- Historical Trends
- Personnel Levels
- Inter-City Comparisons
  - ▶ [Expenditures](#)
  - ▶ [Revenues](#)
  - ▶ [Tax Rates](#)
- Glossary and Sources

## Expenditures

- Among the nation's ten largest cities, Philadelphia and New York City have an unusual distribution of expenditures, with a relatively high proportion of their spending for health, housing, and public welfare services, and a relatively low proportion for public safety. This reflects their unusual service provision responsibilities resulting from their status as city-counties.
- Philadelphia also has a large percentage of its spending allocated to corrections, judicial and legal services, functions often paid for by counties.

Percentage Distribution of Major City Expenditures by Program, FY08				
	<b>Health, Housing, and Public Welfare</b>	<b>Public Safety</b>	<b>Corrections, Judicial and Legal Services</b>	<b>Other</b>
New York City	45.1	16.5	5.6	32.8
Los Angeles	10.2	34.2	2.2	53.4
Chicago	11.6	39.1	0.8	48.4
Houston	8.8	43.4	3.3	44.5
Phoenix	7.8	46.3	3.6	42.2
Philadelphia	44.8	15.2	13.1	26.9
San Antonio	11.5	37.1	1.7	49.7
Dallas	7.7	42.8	2.3	47.2
San Diego	20.2	33.3	2.1	44.5
San Jose	1.7	40.1	--	58.2

Source: U. S. Census Bureau, Annual Survey of State and Local Government Finances, 2008. Expenditures include current operations spending for all categories except utilities, transit, air transportation, education, and ports.

## Revenues

- Philadelphia's distribution of tax revenue is unusual among large cities. Based on 2008 data, property taxes accounted for 14.1 percent of city tax revenue, the lowest percentage among the ten largest US cities. Individual income tax revenue comprised 53.5 percent of taxes, the highest among the comparison cities. The City's dependence on general sales taxes was the lowest among the ten cities, at 4.8 percent.
- Among the ten largest US cities, only New York City and Philadelphia levy taxes on individual income. New York City's Personal Income Tax is levied on both earned and unearned income, while Philadelphia's Wage, Earnings, and Net Profits taxes are levied on earnings only.
- Two independent tax policy commissions have found that the City of Philadelphia's high reliance on an individual income tax has a detrimental impact on the local economy.

Percentage Distribution of Major City Tax Revenues by Type, FY08				
	Property	General Sales and Gross Receipts	Individual Income	Other
New York City	34.0	12.6	25.3	28.1
Los Angeles	45.4	14.3	--	40.3
Chicago	16.9	13.6	--	69.6
Houston	53.3	28.2	--	18.4
Phoenix	24.3	57.9	--	17.8
Philadelphia	14.1	4.8	53.5	27.6
San Antonio	49.1	32.1	--	18.8
Dallas	57.5	22.9	--	19.6
San Diego	57.5	21.2	--	21.3
San Jose	55.9	13.4	--	30.8

Source: U. S. Census Bureau, Annual Survey of State and Local Government Finances, 2008. Other tax revenues include selective sales, license, corporate net income, documentary and stock transfer, and taxes not elsewhere classified.

## Tax Rates

- In 2009, for a household with \$50,000 in annual income, the combined state and local tax burden – including taxes on income, property, sales, and gasoline – was found to be higher in Philadelphia than in any other major city included in a nationwide study of tax burdens.
- Philadelphia's 6.9 percent state and local income tax rate ranked first among the ten largest cities included in the report, while its 2.64 percent effective residential property tax rate ranked second, and its 8.0 percent sales tax ranked sixth.
- The report's estimate of Philadelphia's property tax rate may not reflect the actual ratio between the average assessed value and market value of residential property. A more accurate comparison of Philadelphia's property tax rate should be possible after the City Office of Property Assessment completes its city-wide reassessment of property in 2012.

Combined State and Local Tax Burden and Tax Rates in 2009				
	<b>Total Tax Burden as Percent of Income</b>	<b>Income Tax Rate</b>	<b>Residential Real Estate Tax Rate</b>	<b>Sales Tax Rate</b>
Philadelphia	13.7%	6.9%	2.64%	8.0%
Detroit	11.4%	5.5%	2.11%	6.0%
Chicago	10.9%	2.4%	0.52%	10.25%
Los Angeles	10.6%	0.5%	1.11%	8.5%
New York City	10.3%	4.0%	0.62%	8.875%
Columbus	9.1%	4.0%	1.75%	6.75%
Indianapolis	8.7%	4.1%	2.75%	7.0%
Phoenix	7.0%	1.5%	0.89%	8.3%
Houston	6.0%	--	2.52%	8.25%
Jacksonville	4.9%	--	1.73%	7.0%

Source: *Tax Rates and Tax Burdens in the District of Columbia – A Nationwide Comparison, 2009* (Government of the District of Columbia, September 2010). Cities shown are the ten most populous cities included in the report. Tax rates and tax burdens shown are estimated for a household with \$50,000 annual income. Total tax burden includes income, property, sales, and gasoline taxes, and automobile taxes and fees. The residential property tax rate is the rate per \$100 of market value.

## Glossary and Sources

- Overview
- Expenditures
- Revenues
- Historical Trends
- Personnel Levels
- Inter-City Comparisons
- Glossary and Sources
  - ▶ [Glossary](#)
  - ▶ [Sources and Notes](#)

## Glossary

**Compound Annual Growth Rate** – A measure of annual growth over a time period which summarizes a series of variable growth rates with a single rate. It represents the annual growth rate that, if constant over a time period and compounded annually, would result in the same aggregate change as actually occurred over the full time period.

**Debt Service** – Interest and principal payments on City bonds and payments to other government entities that issue bonds on behalf of the City, including the Philadelphia Municipal Authority, Philadelphia Authority for Industrial Development, and Redevelopment Authority. The repayment of bonds issued by these organizations is secured by a lease or contract requiring the City to make payments sufficient to finance interest and principal payments on the debt.

**Expenditures** – Monies spent by the City in the course of operations during a fiscal year.

**Fiscal Year** – The City's time period for budget and accounting purposes, which runs from July 1 to June 30. The year correlates to the ending date. For instance, fiscal year 2012 (FY12) ends June 30, 2012.

**Fund Balance** – The amount of money remaining at the end of the fiscal year after accounting for all of the revenues and expenditures of the completed year added to the fund balance from the previous year.

**General Fund** – The primary fund supporting the operations of City government. This fund is primarily financed through tax revenue. It accounts for all revenues and expenditures of the City government except those for which a dedicated fund has been created.

**Internal Services** – Services provided administrative agencies to other City agencies, including the Office of Fleet Management, Department of Public Property, City Controller's Office, Division of Technology, Finance Department, Law Department, Managing Director's Office, Office of Human Resources, and Revenue Department.

## Glossary (continued)

**Locally-Generated Non-Tax Revenue** – Revenue received from sources other than taxes, grants from federal and state government, and inter-fund transfer payments. Includes user fees, fines, rents, proceeds of asset sales, interest earnings, and payments in lieu of taxes from non-profit organizations.

**Long-term Obligations** – Commitments the City has made that require the expenditure of funds after the current fiscal year. These commitments include outstanding debt, long-term leases, and pension payments to retirees.

**Revenue** – Funds collected by the City to finance operations during a fiscal year. All types of General Fund revenue are classified into one of four categories: Taxes, locally-generated non-tax revenue, revenue from other governments, and revenue from other funds.

**Revenue from Other Funds** – Payments to the General Fund from the Water Fund, Aviation Fund, Grants Revenue Fund, and other City funds. These payments are reimbursements for costs incurred by the General Fund to support operations primarily financed through other funds, such as operations of the Philadelphia Water Department, the city's two airports, and activities financed by grants from the federal or state government.

**Revenue from Other Governments** – Financial assistance received from the federal government, the Commonwealth of Pennsylvania, or other governmental units such as the Philadelphia Parking Authority. This assistance is used to finance specific programs or reimburse specific costs that are paid by the General Fund.

**Unfunded Pension Liability** – An actuarial calculation of the difference between accrued costs for pension benefits payable to past and current City employees and the value of Pension Fund assets.

## Sources and Notes

**Regional Inflation:** U. S. Bureau of Labor Statistics, Consumer Price Index – All Urban Consumers, for the Philadelphia-Wilmington-Atlantic City region.

**Performance Measures:** Office of the Director of Finance, Office of Budget and Program Evaluation; Philadelphia Prison System; Pennsylvania Uniform Crime Reporting System; City of Philadelphia, *Quarterly City Managers Report*, various years.

### Historical Trends

- ▶ **Tax Rates:** Revenue Department.
- ▶ **Long Term Obligations:** Municipal Retirement System Actuarial Valuation reports, various years.

**Personnel Levels:** Office of the Director of Finance, Office of Budget and Program Evaluation, *Quarterly City Managers Report*, various years.