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Philadelphia Ranks Near Bottom in Reserve Funds, Fund Balance when Compared with Other Cities

September 23— The City of Philadelphia ranked near the bottom in General Fund balance and reserve funds when compared with other cities, a PICA analysis found, in a report released today. In FY2020, the most recent year in which audited data were available, the City ranked 16th out of the 18 cities considered in reserve funds, and 14th out of 18 in fund balance, when both of those measures were analyzed as a percent of each city's total obligations for that fiscal year. Currently, Philadelphia has no reserve funds for unplanned contingencies and there are no planned contributions in the City's Budget Stabilization Reserve Fund in the current five year plan.

The report also revealed:

- FY2020 was the only year Philadelphia had any reserve funds (\$34.3 million) since the inception of its Budget Stabilization Reserve (Rainy Day) fund in 2011.
- Philadelphia rarely meets its own stated goal for General Fund balance, 6-8 percent of General Fund revenues, and has not met the Government Finance Association Officers (GFOA) recommendation of approximately 17 percent.
- Reserve fund policies vary greatly by city, and some cities include their reserve funds in their General Fund balance.

Finally, PICA's analysis showed there are several cities toward which Philadelphia officials could look for policies that would improve its reserve fund, including regular replenishment policies and multiple dedicated reserve funds.

For the full report, click here or visit www.picapa.org.
