

Cash Report

Fiscal Year 2019, Q3



City Controller
Rebecca Rhynhart

Cash Report: Fiscal Year 2019, Q3

The City of Philadelphia (City) releases a summary of its current financial state, entitled the Quarterly City Manager's Report (QCMR), 45 days after the close of each fiscal quarter. As part of the QCMR, the City publishes actual and projected monthly cash balances for its major operating funds, as well as revenues and expenditures for its principal operating fund, the General Fund. The QCMR offers the most up-to-date snapshot of the current cash position of the City and the most accurate projection for cash balances at the close of the fiscal year. As part of our ongoing commitment to increasing transparency around the City's financials, the Controller's Office releases data on the City's cash position in an interactive format following the release of each QCMR.

This report summarizes the City's cash position at the end of the third quarter of Fiscal Year 2019 (FY19 Q3). It is divided into two main sections. The first discusses the cash balances for the City's major funds, and the second examines the revenues and expenditures associated with the General Fund. In both sections we present actual data from FY19 Q3, as well as the projected data for the rest of the current fiscal year. All data used in this report is taken directly from the City's QCMRs. The QCMR for FY19 Q3 can be found [here](#).

Key Takeaways

- The City's cash levels remain historically strong.
- The City's cash levels at the end of FY19 Q3 are higher than anticipated.
- The expected end-of-fiscal-year balances for the Consolidated Cash account and the General Fund increased significantly as compared to last quarter's projection.
- The projection for total cash spending for the General Fund in FY19 has been revised downward relative to last quarter's projections.
- Annual General Fund cash receipts are projected to exceed last quarter's estimates.

Cash Balances

The City publishes the monthly cash balance, actual and projected, for each of its major funds, within the QCMR. For its day-to-day operations, the City pools together the cash balances associated with several funds into a single account, known as the Consolidated Cash account. Three major funds, listed below, and several smaller funds, including the Housing Trust and Hospital Assessment Funds, contribute to the Consolidated Cash account:

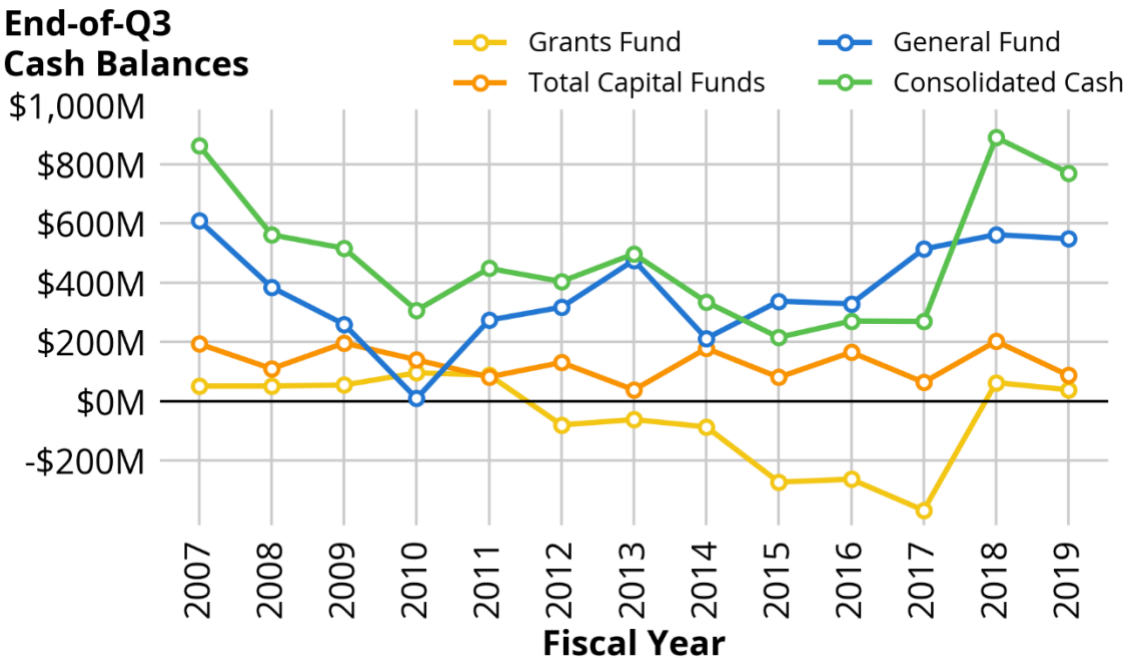
- the General Fund, which is the principal operating fund of the City. About three-quarters of the revenue flowing into the General Fund is generated from local taxes;
- the Grants Fund, which manages grants received from state, federal, and private agencies; and
- the Capital Fund, which manages resources for investing in facilities and infrastructure throughout the city. The majority of its revenue arises from bond proceeds.

The Consolidated Cash balance at the end of FY19 Q3 was \$770.6M, down from \$890.4M at the

Cash Report: Fiscal Year 2019, Q3

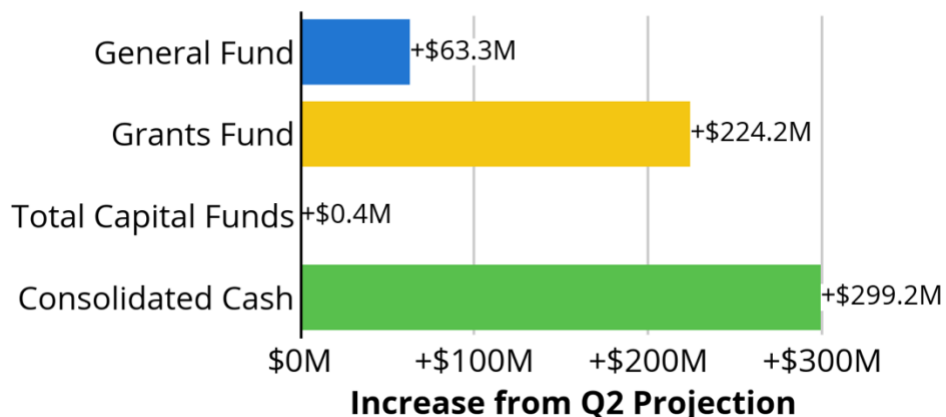
end of FY18 Q3. The General Fund balance shows a similar trend: this year's end-of-Q3 balance of \$548.4M is \$14.1M lower than last year's Q3 balance. As noted in [last quarter's cash report](#), this year's lower balances are driven primarily by two factors: increased Capital spending due to the financial cycle of the Capital Fund and the City's decision not to issue a Tax and Revenue Anticipation Note (TRAN) this year.

End-of-Q3 Cash Balances



While lower than last fiscal year, the City's cash levels following FY19 Q3 are higher than anticipated. The FY19 Q3 Consolidated Cash balance exceeded projections from last quarter by \$299.2M. This increase is the result of higher than anticipated balances for the Grants Fund (+\$224.2M) and the General Fund (+\$63.3M).

Actual Cash Balances at the End of Q3 vs. Q2 Projections

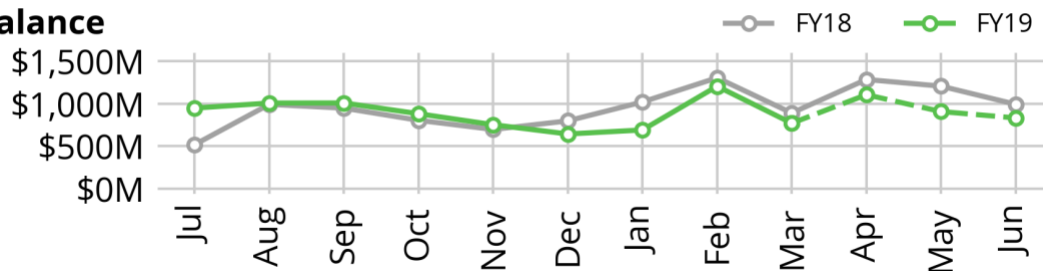


Cash Report: Fiscal Year 2019, Q3

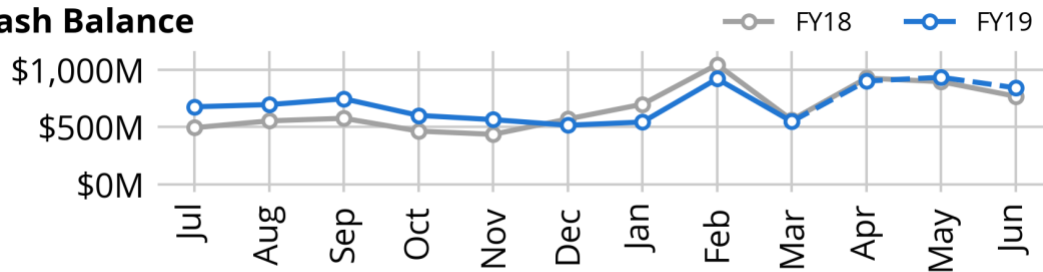
The projected end-of-year balance for the General Fund is \$843.2M, an increase of \$190.1M from last quarter's projection. This balance, which is \$74M (10 percent) larger than last fiscal year's ending balance, would be the largest end-of-year balance in more than ten years.

The projected end-of-year balance for Consolidated Cash is \$832.4M, revised upwards by \$197.3M since last quarter, but down slightly from last year's ending balance of \$993.4M. However, this projection uses a conservative estimate for the Grants Fund balance, and as such, the Consolidated Cash account's actual balance will likely exceed its current projection. For context, while the FY18 Q3 end-of-year projection for the Grants Fund was negative \$119.4M, the actual balance at the close of FY18 was positive \$7.2M.

Consolidated Cash Balance



General Fund Cash Balance



Fiscal Year

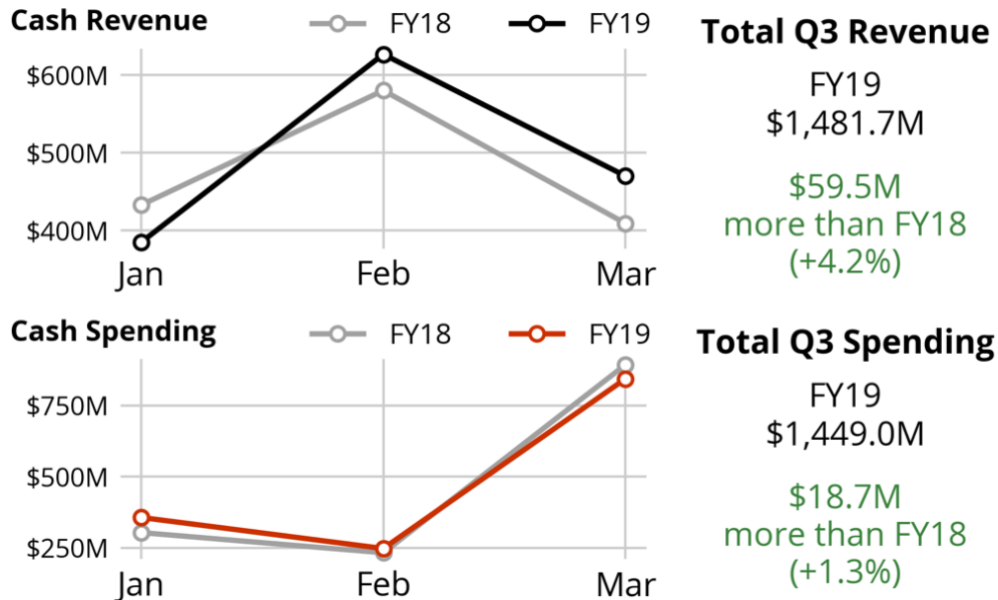
Note: Projections beyond FY19 Q3 shown as a dashed line

General Fund Revenue / Spending

As the principal operating fund for the City, the General Fund's finances offer a unique perspective on the City's current fiscal state. Monthly revenues and expenditures for the General Fund are published as part of the QCMR and offer further insight into the cash position of the City. The majority of revenues for the General Fund are generated from local taxes, the largest of which are the [Wage Tax](#), [Real Estate Tax](#), and [Business Income and Receipts Tax](#). On the expenditure side, the City's largest annual costs are due to payroll, pension payments, and employee benefits. Other costs include purchases of services (e.g. contracts), debt payments, and equipment and supplies.

Cash Report: Fiscal Year 2019, Q3

General Fund Cash Revenue/Spending in FY19 Q3 vs. FY18 Q3



As seen in the chart above, General Fund revenue and spending during FY19 Q3 increased by 4.2 percent and 1.3 percent respectively, relative to FY18 Q3. The substantial increase in monthly expenditures for the month of March in both FY18 and FY19 corresponds to the City's largest annual payment to the Pension Fund. This year's contribution was \$606.2M.

Total cash receipts in Q3 were \$21.3M more than the City anticipated at the end of FY19 Q2, while total cash spending was \$42.0M less than the City's Q2 projection. These differences resulted in the end-of-Q3 General Fund balance being \$63.3M higher than expected, as noted in the previous section.

Annual General Fund cash receipts are now expected to grow by about 7 percent compared to last fiscal year, up from the FY19 Q2 projection of 4 percent. Annual General Fund expenditure projections have been revised downwards slightly from last quarter, with spending now expected to increase by about 11 percent relative to last year, down from 12 percent.