City of Philadelphia

FY22 Q3 GENERAL FUND
QUARTERLY CITY MANAGERS REPORT

REVENUE & OBLIGATIONS

REVENUES:

FY22 Q3 Revenues

FY22 Q3 revenues are 34.5% (or $490 million) more than the FY21's third quarter and are 4.9% (or $90 million) more than projected for the third quarter in the FY22 Target Budget. FY22 Year-End Revenues are projected at $5.43 billion, $229 million more than the most recent projection in the proposed FY23-27 Five Year Plan. Exceptionally strong collections from the Realty Transfer Tax account for most of the increase but this trend is not expected to be recurring.

OBLIGATIONS:

FY22 Q3 Obligations

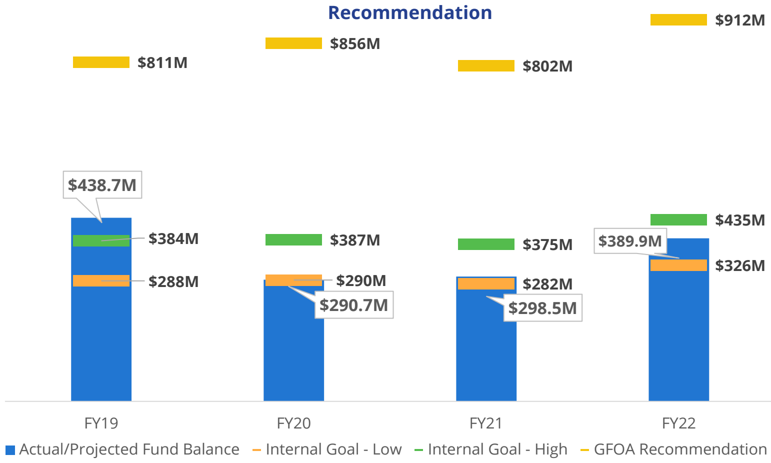
FY22 Q3 obligations are in line with the Target Budget of $1.58 billion but are 12.9% (or $180 million) more than FY21 Q3 actuals. FY22 Year-End obligation projections of $5.365 billion are $95.7 million above the Original Budget and $7 million above the Target Budget. While the City has seen increased costs in some areas compared to earlier projections, for example fuel prices, careful management of departmental budgets, lower than initially projected debt service, and unwanted underspending related to staff vacancies and supply chain delays, mean that spending in some areas is lower than initially planned.

FUND BALANCE

$389.9 MILLION FUND BALANCE

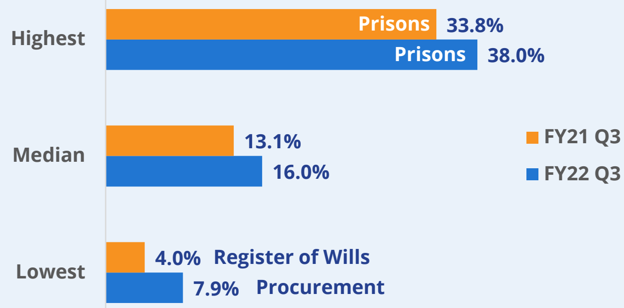
FY22 Q3 shows a projected fund balance of $389.9 million, approximately 7.2% of revenues, an increase of $155 million from the projection in the FY23-27 Five Year Plan. This meets the City's internal goal of 6-8% of revenues, but the Government Finance Officers Association recommends a fund balance of 17% of spending, which would be around $900 million. At $389.9 million, this level of fund balance going into FY23 will help the City address growing challenges related to labor costs and inflation.

Actual/Projected Fund Balance vs. Internal Goals and GFOA Recommendation

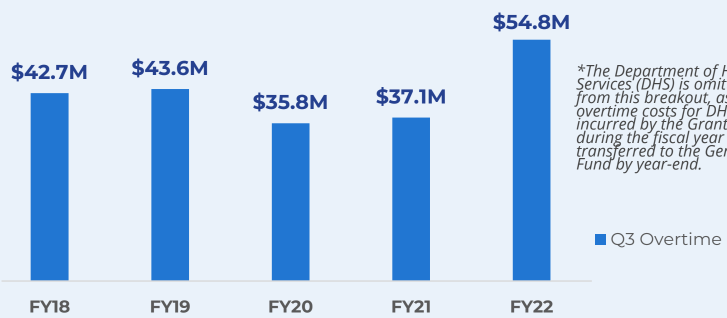


LEAVE USAGE

In FY22 Q3, median leave usage was 16.0%, which is an increase over the median leave usage in FY21 Q3 (13.1%). The year to date median leave usage for FY22 is 3.6% higher than the same time last year. The main drivers behind leave usage include continuing impacts of COVID-19 on employees' personal health, need to care for children and family members, and quarantine and isolation requirements. Finally, increased usage of vacation and other leave has caused median leave usage in FY22 Q3 to be higher than the same time last year.



OVERTIME



**The Department of Human Services (DHS) is omitted from this breakout, as overtime costs for DHS are incurred by the Grants Fund during the fiscal year and are transferred to the General Fund by year-end.*

FY22 Q3 citywide overtime spending of $54.8 million is a $17.7 million more than this time last year. Nine of the 14* departments with overtime budgets of $500,000 or more showed increased spending compared to FY21 Q3, largely due to the combination of higher wages as a result of new labor agreement and raises for exempt and non-rep staff, plus the need to deliver service with more than 400 fewer filled General Fund positions (a net number across departments) at the end of March 2022 compared to June 30, 2022.

CITYWIDE PERFORMANCE

During Q3, 71.3% of measures are on track to meet, have met or exceeded FY22 targets. This is an increase of 7.3% over the same time last year. The performance measures listed below provide a snapshot of the overall performance of the City in FY22 Q3:

ON TRACK TO MEET TARGET:

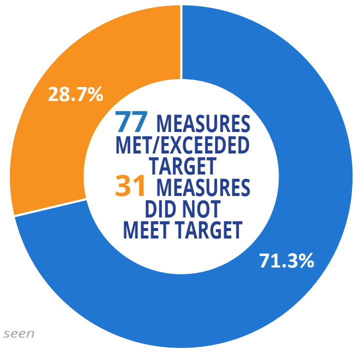
75% on-time trash collection (by 3 PM)**.** *Year-end projections meet or exceeds target of 70%.*

113,968 properties and street fixtures cleaned (graffiti abatement). *Year-end projections meet or exceeds target of 135,000.*

NOT ON TRACK TO MEET TARGET:

241 demolitions performed. *Year-end projections do not meet or exceeds target of 450 demolitions.* The department completed a higher number of commercial demolitions in Q3 which take longer, are more costly and therefore impact the total number of demolitions.

4.7 years median vehicle age (General Fund). *Year-end projections do not meet target of 4 years.* New vehicle purchased in FY22 will enable Fleet to replace some of the aged vehicles, but not at the rate needed to meet the FY22 Target.



Please note: The FY22 Q3 QCMR does not report on the "Median wait times for over-the-counter permit customers (in minutes)" as a result of customers being seen by appointment only, and walk-ins not available. This changes the number of QCMR reported measures from 109 to 108.