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Philadelphia (PA): Fitch New Issue Report

The ‘A+’ IDR reflects the city’s ‘bbb’ financial resilience assessment, which incorporates a ‘low midrange’ level of budgetary flexibility and Fitch’s expectation for maintenance of unrestricted general fund reserves (unassigned, assigned, and committed) of at least 5% of spending going forward. Fiscal 2023 unrestricted general fund reserves totaled $1.1 billion or 18.9% of spending. However, multi-year projections show reserve levels settling around the city’s reserve target of 6%-8%. Additionally, the ratings incorporate a +1 notch to reflect the fundamental strength of the city’s economic base. This enhances the city’s expected resilience to economic cycles and stress events relative to its elevated unemployment relative to the national rate and median levels of household income, which are well below the median of Fitch’s local government rating portfolio. Long-term liability (LTL) metrics are ‘midrange’ on a composite basis.

Access Report

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