

**CITY TREASURER'S OFFICE AND SINKING FUND COMMISSION
FISCAL YEAR 2027 BUDGET TESTIMONY
MARCH 24, 2026**

INTRODUCTION

Good Morning, Council President Johnson and Members of City Council. I am Jackie Dunn, City Treasurer. Joining me today are Shakina Clark, Deputy Treasurer for Banking, and Matt Bowman, Deputy Treasurer for Debt Management and Sinking Fund Executive Director. I am pleased to provide testimony on the City Treasurer's Office and Sinking Fund Commission's Fiscal Year 2027 Operating Budget.

DEPARTMENT MISSION & PLANS

Mission: The mission of the City Treasurer's Office (CTO) is to safeguard City funds, serve as the disbursement agent for all City-related payments, and invest excess funds to meet daily cash requirements. CTO also manages new and outstanding debt in accordance with the City's debt management policies to improve and maintain the City's credit ratings. These functions are critical to the City's overall fiscal health, which enables the City to meet the Mayor's policy goals to make Philadelphia the safest, cleanest, and greenest big city in the nation with access to economic opportunity for all.

Plans for Fiscal Year 2027: For Fiscal Year 2027, the City Treasurer's Office will focus on the following strategic priority areas:

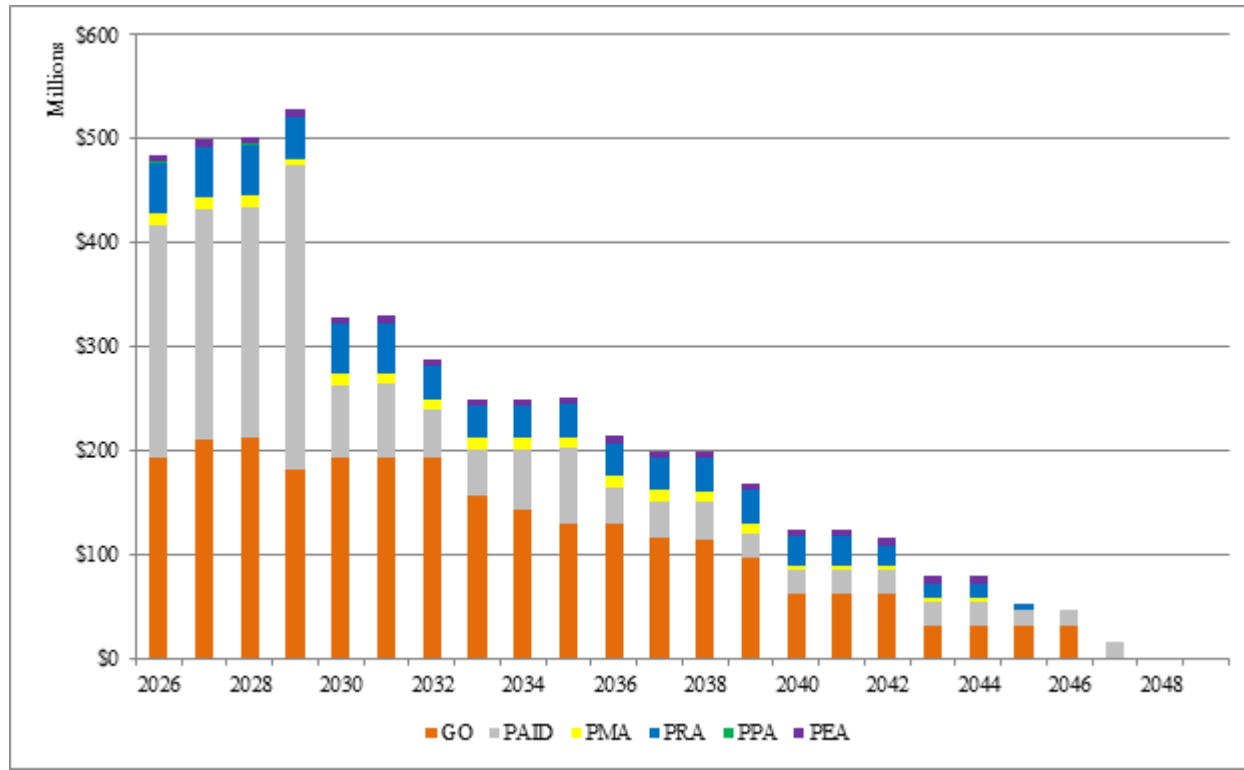
- **Credit Rating and Debt Management:** CTO will continue to work to maintain and improve the City's credit ratings through regular communication with the rating agencies. The City is currently rated A1/A+/A+ from Moody's, S&P, and Fitch, respectively, achieving the highest combination of City ratings in decades. Additionally, CTO proactively monitors the City's debt portfolio for potential refunding opportunities to minimize debt service costs for taxpayers and rate payers. In the second half of FY26, CTO will issue the first \$400 million in Housing Opportunities Made Easy (H.O.M.E.) bonds and the fourth Neighborhood Preservation Initiative (NPI) transaction in the amount of \$50 million. In FY27, CTO plans to issue approximately \$200 million in Philadelphia Municipal Authority bonds and \$400 million in Water and Wastewater Revenue bonds.
- **Bank Account Reconciliations:** CTO will continue the timely and accurate reconciliation of all 63 centrally managed bank accounts, resolving any outstanding accounting variances that may arise on a timely basis.
- **Cash Management:** CTO will continue to manage the City's cash and investment portfolio to preserve principal, maintain sufficient liquidity, and exceed benchmark results.

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- Banking Tools:** CTO will provide City departments with accurate, efficient, secure, and accountable banking and treasury services to support their daily operations and goals. This includes expanding the purchasing card (P-Card) program in partnership with the Office of the Director of Finance and continued focus on claiming funds due to the City that were escheated to the Commonwealth of Pennsylvania.

Types of Bonds	Rating and Outlook		
	Moody's	S&P	Fitch
General Obligation	A1	A+	A+
	Positive	Stable	Stable
Water & Wastewater	A1	A+	A+
	Positive	Stable	Stable
Philadelphia Gas Works	A3	A	A
	Stable	Stable	Stable
Philadelphia International Airport	A1	A+	A+
	Stable	Stable	Stable

Annual Debt Service



CITY TREASURER'S OFFICE AND SINKING FUND COMMISSION

PROPOSED BUDGET OVERVIEW & OTHER BUDGET DRIVERS

City Treasurer's Office

General Fund Financial Summary by Class						
	FY25 Original Appropriations	FY25 Actual Obligations	FY26 Original Appropriations	FY26 Estimated Obligations	FY27 Proposed Appropriations	Difference: FY27 Proposed-FY26 Estimated
Class 100 - Employee Compensation	\$1,894,025	\$1,879,805	\$1,966,172	\$2,020,631	\$2,038,723	\$18,092
Class 200 - Purchase of Services	\$3,351,903	\$1,623,408	\$3,351,903	\$3,351,903	\$3,301,903	(\$50,000)
Class 300/400 - Materials, Supplies & Equipment	\$43,724	\$18,122	\$43,724	\$43,724	\$43,724	\$0
	\$5,289,652	\$3,521,335	\$5,361,799	\$5,416,258	\$5,384,350	(\$31,908)

Sinking Fund Commission

General Fund Financial Summary by Class						
	FY25 Original Appropriations	FY25 Actual Obligations	FY26 Original Appropriations	FY26 Estimated Obligations	FY27 Proposed Appropriations	Difference: FY27 Proposed-FY26 Estimated
Class 200 - Purchase of Services	\$120,860,169	\$117,667,281	\$173,276,984	\$139,806,984	\$189,668,861	\$49,861,877
Class 700 - Debt Service	\$234,667,304	\$195,090,263	\$231,495,486	\$222,495,486	\$241,195,016	\$18,699,530
	\$355,527,473	\$312,757,544	\$404,772,470	\$362,302,470	\$430,863,877	\$68,561,407

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Contracts Summary (Professional Services only)						
	FY23	FY24	FY25	FY26 (1)	FY26 YTD (Q1 & Q2)	FY27 Projected
Total amount of contracts	\$7,113,866	\$3,961,825	\$3,717,774	\$3,351,903	\$1,305,465	\$3,301,903
Total amount to S/LBE	\$4,446,856	\$2,267,072	\$2,913,025	\$1,340,761	\$567,478	\$1,320,761
Total amount to M/W/DSBE	\$3,528,422	\$1,811,851	\$2,337,222	\$1,340,761	\$523,218	
S/LBE Participation Rate	63%	57%	78%	40%	43%	40%
M/W/DSBE Participation Rate	50%	46%	63%	40%	40%	

Total S/LBE Contract Participation Goal (Public Works; Services, Supplies & Equipment; and Professional Services combined)			
	FY25	FY26	FY27 Projected
S/LBE Contract Participation Goal	40%	40%	40%

Proposed Funding Request:

The proposed Fiscal Year 2027 General Fund budget totals \$5,384,350, a decrease of \$31,908 from Fiscal Year 2026 estimated obligation levels. This decrease is primarily due to a reduction in class 200 expenses.

The proposed budget includes:

- \$2,038,723 in Class 100, an \$18,092 increase over FY26. This funding will allow CTO to operate at current staffing levels with scheduled employee wage increases.
- \$3,301,903 in Class 200, a \$50,000 decrease from FY26. This funding will support necessary professional service contracts for investment management services, legal counsel, the annual lending study, and industry-specific trainings for staff.
- \$43,724 in Class 300/400, level with FY26. This funding will provide resources for materials and supplies to support check printing and mailing.

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STAFFING LEVELS

The department is requesting 23 budgeted positions for FY27, level with FY26.

Employment Levels (as of November 2025)			
	FY26 Budgeted	Filled as of November 2025	FY27 Proposed
Number of Full-Time Positions	23	21	23
Number of Exempt Positions	13	11	13
Number of Executive Positions (deputy level and above)		4	
Average Salary of All Full-Time Positions		\$88,377	
Median Salary of All Full-Time Positions		\$80,697	

NEW HIRES

There were no new hires during the period spanning 7/1/2025 to November 2025. The Department had one new hire in March 2026.

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VACANCY RATE AND ALLOWANCE

Vacancy Rate Summary (General Fund)						
	FY25 Actual Vacancy Rate	FY26 Budgeted Vacancy Allowance	FY26 Vacancy Rate	FY26 Budgeted Vacancy Allowance Rate	FY27 Budgeted Vacancy Allowance	FY27 Budgeted Vacancy Allowance Rate
Departmental Total	4.3%	(\$14,731)	8.7%	0.8%	(\$54,885)	2.7%

OTHER BUDGETARY IMPACTS

Federal and State (Where Applicable)

CTO’s budget is not directly impacted by changes to state and federal funding. CTO expects the revenue it receives through state funding to remain level with FY26.

The Treasurer’s Office works closely with the Office of the Director of Finance on the daily cash management and investment of City funds, which include state and federal resources. Changes to funding levels or the timing of receipt of such funds may impact cash management strategy.

CONTRACTING EXPERIENCE

M/W/DSBE Participation on Large Professional Services Contracts											
Top Five Largest Contracts, FY26											
Vendor Name	Service Provided	Dollar Amount of Contract	RFP Issue Date	Contract Start Date	Ranges in RFP	% of M/W/DSBE and SBE Participation Achieved	\$ Value of M/W/DSBE and SBE Participation	Total % Participation - All DSBEs	Total \$ Value Participation - All DSBEs	Local Business (principal place of business located within City limits) [yes / no]	Waiver for Living Wage Compliance? [yes / no]
Allspring Global Investments	Investment Management Services	\$2,932,800	12/20/2021	10/1/2022	MBE: BGFE	0%	\$0	0%	\$0	No	No
					WBE: BGFE	0%	\$0				
					DSBE: BGFE	0%	\$0				
					S/LBE: BGFE	0%	\$0				
PFM Asset Management LLC	Investment Management Services	\$1,465,000	12/20/2021	10/1/2022	MBE: BGFE	0%	\$0	100%	\$1,465,000	Yes	No
					WBE: BGFE	0%	\$0				
					DSBE: BGFE	0%	\$0				
					S/LBE: BGFE	100%	\$1,465,000				
Garcia Hamilton & Associates, L.P.	Investment Management Services	\$1,189,000	12/20/2021	10/1/2022	MBE: BGFE	100%	\$1,189,000	100%	\$1,189,000	No	No
					WBE: BGFE	0%	\$0				
					DSBE: BGFE	0%	\$0				
					S/LBE: BGFE	0%	\$0				
BlackRock Capital Management, Inc.	Investment Management Services	\$951,000	12/20/2021	10/1/2022	MBE: BGFE	0%	\$0	0%	\$0	No	No
					WBE: BGFE	0%	\$0				
					DSBE: BGFE	0%	\$0				
					S/LBE: BGFE	0%	\$0				
Ramirez Asset Management, Inc.	Investment Management Services	\$900,000	12/20/2021	10/1/2022	MBE: BGFE	100%	\$900,000	100%	\$900,000	No	No
					WBE: BGFE	0%	\$0				
					DSBE: BGFE	0%	\$0				
					S/LBE: BGFE	0%	\$0				

Non-Profit Vendor Demographics not applicable.

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PROGRAM BASED BUDGETING:

Program Name: Banking and Investment Management

Program Number: 01

FY27 Proposed General Fund: \$4,424,438

Program Description: CTO’s Banking and Investment Management program manages the custodial banking of all City funds; in doing so, it pursues standards and practices consistent with safeguarding City funds to maximize the amount of cash available for investment after meeting daily cash requirements. CTO serves as the disbursing agent for checks and electronic payments from the City.

FY27 Strategic Goals:

- In partnership with Finance, CTO will implement the City’s permanent P-Card program, building on the successful pilot program launched in FY25.
- CTO will manage the pay card vendor transition to continue providing payroll services for employees without direct deposit.
- CTO will continue the timely and accurate reconciliation of all 63 centrally managed bank accounts, resolving any outstanding accounting variances that may arise.
- CTO will continue to research and claim any unclaimed funds for the City from the PA Treasury.

FY27 Performance Measures:

Measure	FY25 Actual	FY26 Target	FY27 Target
Con-cash actual investment return (1 year) ¹	4.7%	Meet and/or exceed quarterly benchmark	Meet and/or exceed quarterly benchmark
Percent of bank accounts that are reconciled	100%	100%	100%

¹ A consolidated cash (con-cash) structure pools multiple funds or accounts for the efficient management of liquidity and investments where legally permitted, while maintaining separate fund accounting records.

CITY TREASURER'S OFFICE AND SINKING FUND COMMISSION

Program Name: Debt Management

Program Number: 02

FY27 Proposed General Fund: \$421,224

Program Description: The Debt Management program manages new and outstanding City debt in accordance with the City's debt management policies, maximizes the value received from new financings, and minimizes interest and transaction costs. The City issues debt primarily to finance critical infrastructure improvements and major equipment acquisitions on behalf of each of its credits: General Obligation and Tax-Supported debt, Water and Wastewater, Philadelphia International Airport, and the Philadelphia Gas Works. Examples of critical projects funded by recent debt issues include street paving and repair, water treatment facility improvements, airport runway rehabilitation, gas main replacement, and improvements to recreation centers and libraries. CTO manages the City's debt portfolio effectively with a debt management policy that promotes financial integrity, flexibility, and prudent fiscal management.

FY27 Strategic Goals:

- CTO will work to maintain or improve the City's credit ratings.
- CTO will continue to manage the City's debt portfolio effectively to minimize debt service costs for taxpayers and ratepayers.

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FY27 Performance Measures:

Measure	FY25 Actual	FY26 Target	FY27 Target
Net present value savings of refunded bonds for General Obligation (GO) debt vs. the City's debt policy	4.55%	≥ 3.00%	≥ 3.00%
Net present value savings of refunded bonds for Water debt	5.50%	≥ 3.00%	≥ 3.00%
Net present value savings of refunded bonds for PGW debt	6.57%	≥ 3.00%	≥ 3.00%
Net present value savings of refunded bonds for Airport debt ¹	N/A	≥ 3.00%	≥ 3.00%

¹ FY25 data is not applicable as this type of bond was not refunded in FY25.

CITY TREASURER'S OFFICE AND SINKING FUND COMMISSION

Program Name: Administration

Program Number: 03

FY27 Proposed General Fund: \$538,688

Program Description: The Administration program provides leadership and administrative support for all CTO divisions. This program is responsible for overall strategic planning, hiring, budget and contract management, and communications for CTO.

FY27 Strategic Goals:

- CTO aims to remain staffed with at least 85 percent of fully staff budgeted positions and, in the case of departures, ensure staff transitions have minimal impact on core departmental operations.
- CTO will continue to provide professional growth opportunities for staff to enhance their skills and abilities, including industry-specific training.

FY27 Performance Measures:

Measure	FY25 Actual	FY26 Target	FY27 Target
Percent of budgeted positions filled	91.3%	≥ 85.0%	≥ 85.0%

CITY TREASURER'S OFFICE AND SINKING FUND COMMISSION

Program Name: Sinking Fund Commission

Department Number: 37

FY27 Proposed General Fund: \$430,863,877

Program Description: The Sinking Fund is responsible for the budgeting, payment, and administration of the City's debt service and debt-related payments across its General Obligation, City Service Agreement, Airport Revenue, Water Revenue, and Gas Works Revenue credits. The Sinking Fund also coordinates with an outside consultant for the calculation of arbitrage rebates on the City's tax-exempt bonds and the timely payment of any liabilities to the Internal Revenue Service (IRS). In this context, arbitrage rebate means issuers of tax-exempt bonds must generally rebate any interest earnings beyond those that exceed the interest cost of the bonds back to the IRS.

FY27 Strategic Goals:

- The Sinking Fund will continue to make timely and accurate debt service payments for all the City's credits.
- The Sinking Fund will participate in Citywide system modernization efforts through the Optimizing Procurement and Accounting Logistics (OPAL) project to help make the payment process more efficient while maintaining the appropriate internal controls.

FY27 Performance Measures: *No performance measures associated with this program.*