

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)**

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## MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)

### *Overview of the Financial Statements*

The following is a narrative overview and analysis of the financial activities of The City of New York (City or primary government) for the Fiscal Years ended June 30, 2023 and 2022. This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements, which have the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements.

### *Government-Wide Financial Statements*

The government-wide financial statements are designed to provide readers with a broad overview of the City’s finances in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City’s assets, liabilities, and deferred outflows and inflows of resources. *Net position (deficit)* is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Over time, increases or decreases in *net position* may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information summarizing how the City’s net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

### *Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, including the New York State Financial Emergency Act for The City of New York (Act). The Act requires the City to operate under a “rolling” Four-Year Financial Plan (Plan). Revenues and expenditures, including transfers, of each year of the Plan are required to be balanced on a basis consistent with Generally Accepted Accounting Principles (GAAP). The Plan is broader in scope than the expense budget; it comprises General Fund revenues and expenditures, Capital Projects Fund revenues and expenditures, and all short and long-term financing.

### *Governmental Funds*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The principal role of funds in the financial reporting model is to demonstrate fiscal accountability. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of a fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City’s near-term financing decisions. Both the governmental funds *Balance Sheet* and the governmental funds *Statement of Revenues, Expenditures, and Changes in Fund Balances* provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

### *Proprietary Funds*

Proprietary funds are utilized when a state or local government charges customers to recover its costs of providing services. Proprietary funds report on business-type activities, which include enterprise type funds and internal service type funds. The City has no internal service type funds. The City’s enterprise funds are the same as the business-type activities reported in the government-wide statements. Proprietary funds statements are prepared using the economic resources measurement focus and accrual basis of accounting. In addition to a *Statement of Net Position* and a *Statement of Revenues, Expenses and Changes in Fund Net Position*, proprietary funds are also required to report a *Statement of Cash Flows*.

### *Fiduciary Funds*

The City’s fiduciary funds are divided into two separate fund types: the Pension and Other Employee Benefit Trust Funds and the Custodial Fund.

The **Pension and Other Employee Benefit Trust Funds** account for the operations of:

- Pension Trusts
  - New York City Employees’ Retirement System (NYCERS)
  - Teachers’ Retirement System of The City of New York (TRS)
  - New York City Board of Education Retirement System (BERS)
  - New York City Police Pension Funds (POLICE)
  - New York City Fire Pension Funds (FIRE)
- Deferred Compensation Plans (DCP)
- The New York City Other Postemployment Benefits Plan (the OPEB Plan)

Each of the pension trusts report all jointly administered plans including primary pension (QPPs), and/or variable supplements funds (VSFs) and/or tax deferred annuity plans (TDAs), as appropriate. VSFs and TDAs are included as part of the Fiduciary Funds Presentation for financial reporting purposes as they provide scheduled supplemental payments, in accordance with applicable statutory provisions. Although a portion of these payments are guaranteed by the City, the State has the right and power to amend, modify, or repeal VSFs and the payments they provide. However, any assets transferred to the VSFs are held in trust solely for the benefit of its members. More information is available in Note E.5.

The Deferred Compensation Plans report the various jointly administered Deferred Compensation Plans of The City of New York and related agencies and Instrumentalities and the New York City Employee Individual Retirement Account (NYCEIRA).

Note: These fiduciary funds publish separate annual financial statements, which are available at: Office of the Comptroller, Bureau of Accountancy—Room 200 South, 1 Centre Street, New York, New York 10007, or at [www.comptroller.nyc.gov](http://www.comptroller.nyc.gov).

These funds use the accrual basis of accounting and a measurement focus on the periodic determination of additions, deductions, and net position restricted for benefits.

The OPEB Plan is composed of The New York City Retiree Health Benefits Trust (the Trust) and postemployment benefits other than pensions (OPEB) paid for directly by the City out of its general resources rather than through the Trust. The Trust is used to accumulate assets to pay for some of the OPEB provided by the City to its retired employees. The OPEB Plan is reported in the City’s financial statements as an Other Employee Benefit Trust Fund. The OPEB Plan was established for the exclusive benefit of the City’s retired employees and their dependents in providing the following current postemployment benefits: a health insurance program, Medicare Part B premium reimbursements, and welfare fund contributions. The City is not required to provide funding for the OPEB Plan other than the “pay-as-you-go” amounts necessary to provide current benefits to eligible retirees and their dependents. The City contributed approximately \$3.3 billion and \$4.6 billion to the OPEB Plan for Fiscal Years 2023 and 2022, respectively.

The **Custodial Fund** accounts for miscellaneous assets held by the City. School fundraiser monies for scholarships, collections from prevailing wage violators, and special assessments held for Business Improvement Districts, are the major miscellaneous assets accounted for in this fund. There are no actions, approvals or conditions required to be fulfilled by the beneficiary prior to the release of the assets. The Custodial Fund uses the accrual basis of accounting and economic resources measurement focus.

### ***Notes to Financial Statements***

The notes to financial statements provide additional information that is essential for a more complete understanding of the information provided in the government-wide and fund financial statements.

### ***Financial Reporting Entity***

The financial reporting entity consists of the City government and its component units, which are legally separate organizations for which the City is financially accountable.

The City is financially accountable for the organizations that make up its legal entity. The City is also financially accountable for a legally separate organization (component units) if City officials appoint a voting majority of that organization’s governing body, and the City is able to either impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the City.

The City may also be financially accountable for organizations that are fiscally dependent on the City if there is a potential for the organizations to provide specific financial benefits to the City, or impose specific financial burdens on the City, regardless of whether the organizations have separate elected governing boards, governing boards appointed by higher levels of government, or jointly appointed boards.

#### *Blended Component Units*

Certain component units, despite being legally separate from the City, are reported as if they were part of the City, because in addition to the City being financially accountable for them, they provide services exclusively to the City. The blended component units, which are all reported as Nonmajor Governmental Funds, comprise the following:

- Hudson Yards Development Corporation (HYDC)
- Hudson Yards Infrastructure Corporation (HYIC)
- New York City Educational Construction Fund (ECF)
- New York City School Bus Umbrella Services, Inc. (NYCSBUS)
- New York City School Construction Authority (SCA)
- New York City School Support Services, Inc. (NYCSSS)
- New York City Transitional Finance Authority (TFA)
- TSASC, Inc. (TSASC)

#### *Business-Type Activities*

Additionally, other component units are classified as business-type activities.

Although legally separate from the City, the City has financial accountability for entities under this classification, and as such they are reported as if they are a part of the City. These entities were established to provide services to third parties, and intended to operate with limited or no public subsidy.

The following entities are presented as business-type activities in the City's financial statements:

- Brooklyn Bridge Park Corporation (BBPC)
- The Trust for Governors Island (TGI)
- New York City Tax Lien Trusts (NYCTL Trusts):
  - NYCTL 1998-2 Trust
  - NYCTL 2019-A Trust
  - NYCTL 2021-A Trust
- WTC Captive Insurance Company, Inc. (WTC Captive)

#### *Discretely Presented Component Units*

Certain component units are discretely presented, because while the City is financially accountable for them, they do not provide services exclusively to the government itself.

The following entities are presented discretely in the City's financial statements as major component units:

- New York City Economic Development Corporation (EDC)
- New York City Health and Hospitals Corporation (NYC Health + Hospitals)
- New York City Housing Authority (NYCHA)
- New York City Housing Development Corporation (HDC)
- New York City Water and Sewer System (the System):
  - New York City Water Board (Water Board)
  - New York City Municipal Water Finance Authority (Water Authority)

The following entities are presented discretely in the City's financial statements as nonmajor component units:

- Brooklyn Navy Yard Development Corporation (BNYDC)
- Brooklyn Public Library (BPL)
- Build NYC Resource Corporation (Build NYC)
- New York City Business Assistance Corporation (NYBAC)
- New York City Industrial Development Agency (IDA)
- New York City Land Development Corporation (LDC)
- New York City Neighborhood Capital Corporation (NYCNCC)
- Public Realm Improvement Fund Governing Group, Inc. (Governing Group)
- The Mayor's Fund to Advance New York City (the Fund)
- The Queens Borough Public Library and Affiliate (QBPL)

**Financial Analysis of the  
Government-Wide  
Financial Statements**

In the government-wide financial statements all of the activities of the City, aside from its discretely presented component units and business-type activities, are reported as governmental activities. Fiscal year 2023 beginning net position was restated by \$1.7 billion, as a result of the City’s implementation of Governmental Accounting Standards Board (GASB) Statement No. 96 Subscription-Based Information Technology Arrangements (SBITA). This restatement caused the ending position of Fiscal Year 2023 to increase by less than 1%. Similarly, Fiscal Year 2022 beginning net position was restated by \$8.3 billion, which relates almost entirely to the City’s implementation of GASB Statement No. 87, Leases; and \$36 million from its implementation of GASB Statement No. 94 Public-Private and Public-Public Partnerships (PPPs). Additional information on the restatements can be found in Note A.2 of the Basic Financial Statements.

During Fiscal Year 2023, governmental activities increased the City’s net position by \$3.5 billion or 1.8%. During Fiscal Year 2022 and 2021 net position increased by \$10.1 billion and increased by \$9.4 billion, respectively.

Key elements of these changes are as follows:

	<b>Changes in Net Position (in thousands) Governmental Activities</b>		
	<b>2023</b>	<b>2022 (restated)</b>	<b>2021</b>
Revenues:			
Program revenues:			
Charges for services . . . . .	\$ 5,760,252	\$ 5,258,758	\$ 5,664,655
Operating grants and contributions . .	27,915,470	31,596,825	28,092,836
Capital grants and contributions . . . .	620,108	633,649	660,768
General revenues:			
Taxes . . . . .	74,233,151	68,413,277	67,065,451
Investment income . . . . .	622,175	36,530	33,375
Other Federal and State aid . . . . .	234,329	549,261	107,522
Loss on in-substance defeasance . . . .	—	—	(9,041)
Tax equivalency and PILOT—HYIC . .	336,315	299,560	—
Tobacco settlement—TSASC . . . . .	192,085	212,096	—
Interest income from leases—BBP and TGI . . . . .	—	—	—
Transfer from (to) residual liability—WTC Captive . . . . .	—	—	—
Other . . . . .	154,457	197,978	2,403,168
Total revenues . . . . .	<u>110,068,342</u>	<u>107,197,934</u>	<u>104,018,734</u>
Expenses:			
General government . . . . .	3,873,117	6,095,409	8,196,762
Public safety and judicial . . . . .	22,448,788	21,422,599	17,797,609
Education . . . . .	35,586,049	32,363,168	30,760,255
City University . . . . .	1,295,751	774,972	1,142,211
Social Services . . . . .	20,705,483	15,449,841	16,353,658
Environmental protection . . . . .	5,073,949	4,382,879	4,796,434
Transportation services . . . . .	3,741,062	3,009,324	2,871,049
Parks, recreation and cultural activities . . . . .	1,153,522	1,083,292	1,231,136
Housing . . . . .	3,701,177	2,745,893	2,665,949
Health (including payments to NYC Health + Hospitals) . . . . .	5,328,352	6,439,698	5,463,861
Libraries . . . . .	509,290	468,869	449,072
Debt service interest . . . . .	3,188,811	2,880,778	2,922,974
Brooklyn Bridge Park Corp. . . . .	—	—	—
The Trust for Governor’s Island . . . .	—	—	—
WTC Captive Insurance Co. . . . .	—	—	—
New York City Tax Lien Trusts . . . . .	—	—	—
Total expenses . . . . .	<u>106,605,351</u>	<u>97,116,722</u>	<u>94,650,970</u>
Change in net position . . . . .	3,462,991	10,081,212	9,367,764
Net position (deficit)—beginning . . . .	(194,672,684)	(196,468,072)	(205,835,836)
Restatement of beginning net position (deficit) . . . . .	(1,689)	(8,285,824)	—
Net position (deficit)—ending . . . . .	<u><u>\$(191,211,382)</u></u>	<u><u>\$(194,672,684)</u></u>	<u><u>\$(196,468,072)</u></u>

The basic financial statements include a reconciliation between the Fiscal Year 2023 governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities, which reports a decrease of \$2.02 billion for all governmental fund balances. A similar reconciliation is provided for Fiscal Year 2022. Additionally in Fiscal Year 2023, the City collected approximately \$2.3 billion (net of refunds) from a new imposed tax called Pass-through entity tax (PTET). The increase in tax revenue is due to the increase in real estate taxes from growth in billable assessed value during the fiscal year. Similarly, an increase in expenditures from Fiscal Year 2022 to 2023 stems from a variety of operational services provided by the Department of Social Services, Administration for Children’s Services, Department of Homeless Services and the Department of Aging.

For the City’s business-type activities, net position changed by \$8.8 million, or 1.0% for Fiscal Year 2023. During Fiscal Year 2022 and 2021, net position increased by \$44.1 million and decreased by \$42.5 million, respectively.

	<b>Changes in Net Position (Continued)</b>					
	<b>Business-type Activities</b>			<b>Total Primary Government</b>		
	<b>2023</b>	<b>2022 (restated)</b>	<b>2021</b>	<b>2023</b>	<b>2022 (restated)</b>	<b>2021</b>
Revenues:						
Program revenues:						
Charges for services . . . . .	\$ 8,679	\$ 6,931	\$ 4,575	\$ 5,768,931	\$ 5,265,689	\$ 5,669,230
Operating grants and contributions . .	19,200	160,171	15,749	27,934,670	31,756,996	28,108,585
Capital grants and contributions . . . .	37,011	22,244	14,347	657,119	655,893	675,115
General revenues:						
Taxes . . . . .	20,257	18,439	19,871	74,253,408	68,431,716	67,085,322
Investment income . . . . .	71,946	114,022	192,155	694,121	150,552	225,530
Other Federal and State aid . . . . .	—	—	—	234,329	549,261	107,522
Loss on in-substance defeasance . . . .	—	—	—	—	—	(9,041)
Tax equivalency and PILOT—HYIC . . .	—	—	—	336,315	299,560	—
Tobacco settlement—TSASC . . . . .	—	—	—	192,085	212,096	—
Interest income from leases—BBP and TGI . . . . .	10,344	10,082	—	10,344	10,082	—
Transfer from (to) residual liability—WTC Captive . . . . .	14,084	4,180	—	14,084	4,180	—
Other . . . . .	248	858	(89,459)	154,705	198,836	2,313,709
Total revenues . . . . .	<u>181,769</u>	<u>336,927</u>	<u>157,238</u>	<u>110,250,111</u>	<u>107,534,861</u>	<u>104,175,972</u>
Expenses:						
General government . . . . .	—	—	—	3,873,117	6,095,409	8,196,762
Public safety and judicial . . . . .	—	—	—	22,448,788	21,422,599	17,797,609
Education . . . . .	—	—	—	35,586,049	32,363,168	30,760,255
City University . . . . .	—	—	—	1,295,751	774,972	1,142,211
Social Services . . . . .	—	—	—	20,705,483	15,449,841	16,353,658
Environmental protection . . . . .	—	—	—	5,073,949	4,382,879	4,796,434
Transportation services . . . . .	—	—	—	3,741,062	3,009,324	2,871,049
Parks, recreation and cultural activities . . . . .	—	—	—	1,153,522	1,083,292	1,231,136
Housing . . . . .	—	—	—	3,701,177	2,745,893	2,665,949
Health (including payments to NYC Health + Hospitals) . . . . .	—	—	—	5,328,352	6,439,698	5,463,861
Libraries . . . . .	—	—	—	509,290	468,869	449,072
Debt service interest . . . . .	—	—	—	3,188,811	2,880,778	2,922,974
Brooklyn Bridge Park Corp. . . . .	38,558	33,494	31,878	38,558	33,494	31,878
The Trust for Governor’s Island . . . . .	54,135	46,497	43,797	54,135	46,497	43,797
WTC Captive Insurance Co. . . . .	1,752	1,707	1,696	1,752	1,707	1,696
New York City Tax Lien Trusts . . . . .	78,515	211,160	122,372	78,515	211,160	122,372
Total expenses . . . . .	<u>172,960</u>	<u>292,858</u>	<u>199,743</u>	<u>106,778,311</u>	<u>97,409,580</u>	<u>94,850,713</u>
Change in net position . . . . .	8,809	44,069	(42,505)	3,471,800	10,125,281	9,325,259
Net position (deficit)—beginning . . . . .	882,969	833,111	875,616	(193,789,715)	(195,634,961)	(204,960,220)
Restatement of beginning net position (deficit) . . . . .	—	5,789	—	(1,689)	(8,280,035)	—
Net position (deficit)—ending . . . . .	<u>\$ 891,778</u>	<u>\$ 882,969</u>	<u>\$ 833,111</u>	<u>\$ (190,319,604)</u>	<u>\$ (193,789,715)</u>	<u>\$ (195,634,961)</u>

In Fiscal Year 2023, the governmental activities revenues increased from Fiscal Year 2022 by approximately \$2.9 billion and expenses increased by approximately \$9.5 billion.

The major components of the governmental activities increase in revenues were:

- Tax revenues, net of refunds, increased overall.
  - The increase in tax revenues were a result of the following:
    - The increase in real estate taxes resulted from growth in billable assessed value during the fiscal year.
    - The increase in sales and use taxes reflect a general increase in consumption activity coupled with higher inflation, which drove up the collections.
    - For all other taxes, the increase in hotel room occupancy taxes was due to tourism rebounding as travel restrictions loosened along with higher room rates driven by inflation. The increase in Payment in Lieu of Taxes was due to the City receiving additional payments from Hudson Yards Infrastructure Corporation in FY 2023.
  - The decreases in tax revenues were a result of the following:
    - Personal income tax decreased as a result of decreased non-wage related payments following extraordinary increases seen in FYs 2021 and 2022.
    - The decrease in mortgage taxes reflects lower mortgage origination demands due to higher interest rates.
    - The decrease in conveyance of real property taxes was due to a steep decline in the volume of residential and commercial properties sold.
- Operating grants and contributions decreased as a result of lower federal revenues in FY 2023. The City budgeted less Coronavirus State and Local Fiscal Recovery Funds and FEMA Public Assistance COVID-19 Emergency Protective Measures in FY 2023 due to lower pandemic response needs.

The major components of the changes in governmental activities expenses were:

- The increase in governmental activities expenses were a result of the following:
  - Education expenses increased due to an increase in pension expenses and collective bargaining increases.
  - Social Services expenses increased due to an increase in Department of Homeless Services expenses related to the asylum seeker response. Additionally, Administration for Children's Services expenses increased due to additional spending on foster care and childcare.
  - Transit expenses increased due to increased spending related to Taxi and Limousine Commission relief efforts, including an increase for the Medallion Relief Program and the Medallion Loan Guarantee. The Medallion Relief Program and Loan Guaranty Program provide debt relief for eligible medallion owners. Both programs provide financial assistance and free legal representation to help medallion owners negotiate with lenders to reduce loan balances and lower monthly payments. Medallion owners with six or fewer medallions are eligible to apply.
  - Housing expenses increased due to housing voucher rent increases, the continued roll out of the Emergency Housing Voucher program, supportive housing rental assistance initiatives, and new shelter and service costs associated with the Asylum Seekers response.
- The decrease in governmental activities expenses were a result of following:
  - Health expenses decreased due to a decrease in Department of Health and Mental Hygiene and Health and Hospitals expenditures on initiatives to respond to COVID-19.



In Fiscal Year 2022, the governmental activities revenues increased from Fiscal Year 2021 by approximately \$3.2 billion and expense increased by approximately \$2.5 billion.

The major components of the governmental activities increase in revenues were:

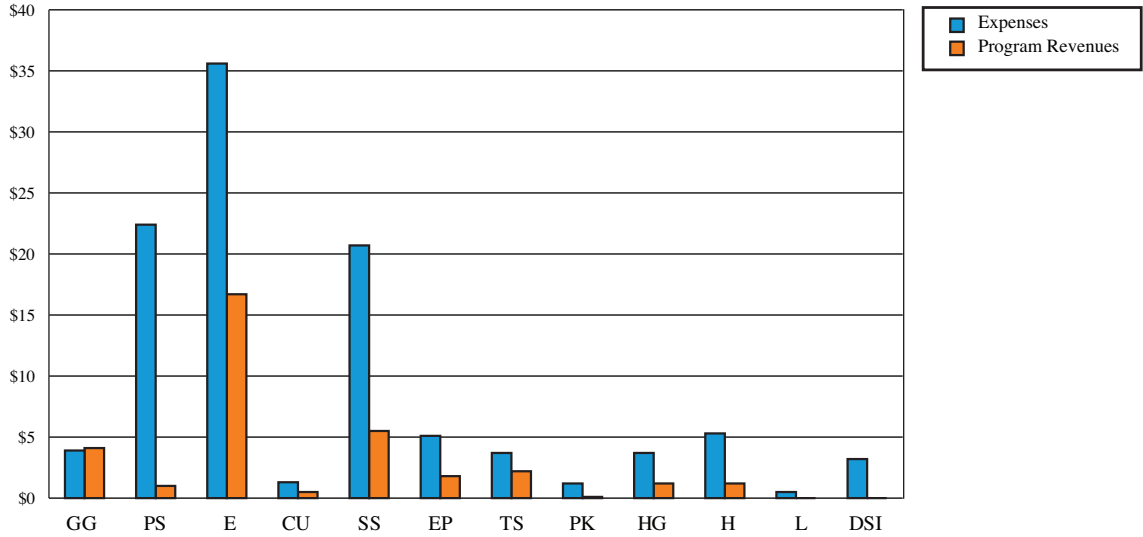
- Tax revenues, net of refunds, increased overall.
  - The increases in tax revenues were a result of the following:
    - The increase in sales and use taxes was primarily driven by an increase in general sales due to relaxed business and travel restrictions as COVID-19 concerns subsided, allowing the economy to steadily return to normal activity. Additionally, this growth reflects improved local consumption and tourism over the low levels experienced in the prior year due to the economic restrictions related to COVID-19. Lastly, the increase in mortgage taxes reflects increased mortgage originations due to increased purchase and refinancing activities stemming from lower interest rates.
    - For all other taxes, the increase in hotel room occupancy taxes was due to tourism rebounding as travel restrictions loosened. The increase in conveyance of real property taxes was due to an increase in the transfer of residential and commercial properties. The increases were slightly offset by a decrease in Payment in Lieu of Taxes resulting from the City's decision to postpone FY 2022 payments of \$100 million from Hudson Yards Infrastructure Corporation to FY 2023.
  - The decreases in tax revenues were a result of the following:
    - The decrease in real estate taxes resulted from decrease in property valuations due to the pandemic.
- Operating grants and contributions increased due to Elementary and Secondary School Emergency Relief funding from the Federal government to address the immediate impacts of the pandemic on the education system. This consisted of funding under the Coronavirus Response and Relief Supplemental Appropriations Act and the American Rescue Plan Act.

The major components of the changes in governmental activities expenses were:

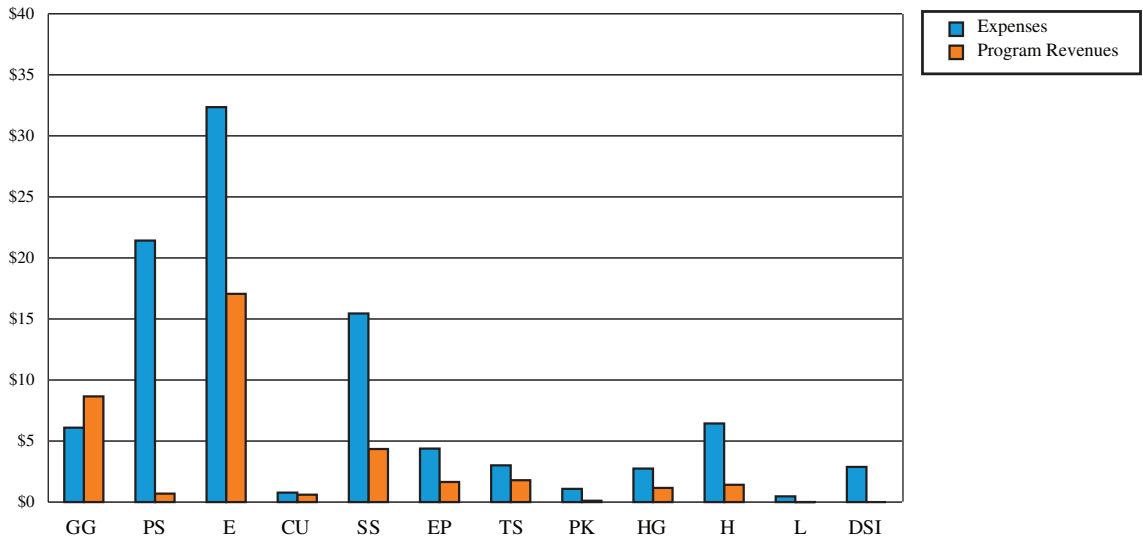
- Public safety and judicial expenses increased due to an increase in pension expenses and fringe benefits. The increase was slightly offset by decreased expenditures in the OPEB Plan.
- Education expenses increased due to an increase in pension expenses. The increase was slightly offset by decreased expenditures in OPEB expenses. Additionally, expenditures increased due to spending in stimulus-related activities to run schools, pay salaries, address learning loss, purchase supplies and communication equipment for emergency connectivity, and maintain and operate infrastructure.
- Health expenses increased due to an increase in Department of Health and Mental expenditures as a result of City initiatives, such as vaccinations efforts, to respond to COVID-19.
- Transportation expenses increased due to an increase in pensions, judgments and claims, and fringe benefits. The increase was slightly offset by decreased expenditures in OPEB.

The following charts compare the amounts of expenses and program revenues for Fiscal Years 2023 and 2022:

**Expenses and Program Revenues — Governmental Activities  
for the Fiscal Year ended June 30, 2023  
(in billions)**



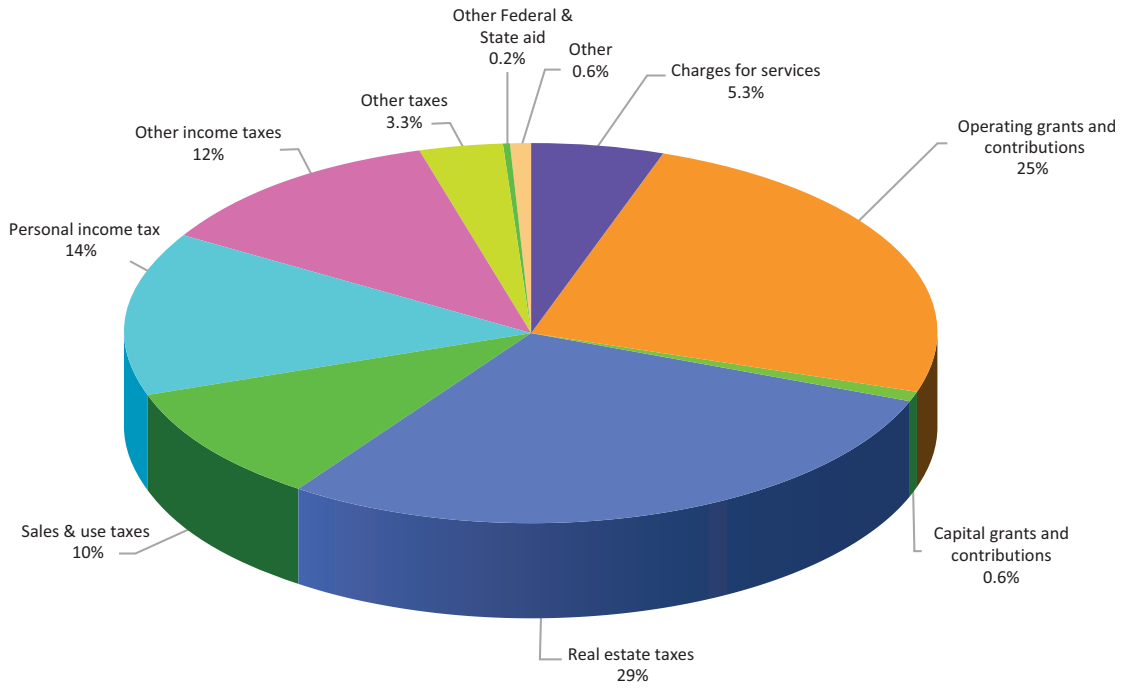
**Expenses and Program Revenues — Governmental Activities  
for the Fiscal Year ended June 30, 2022  
(in billions)**



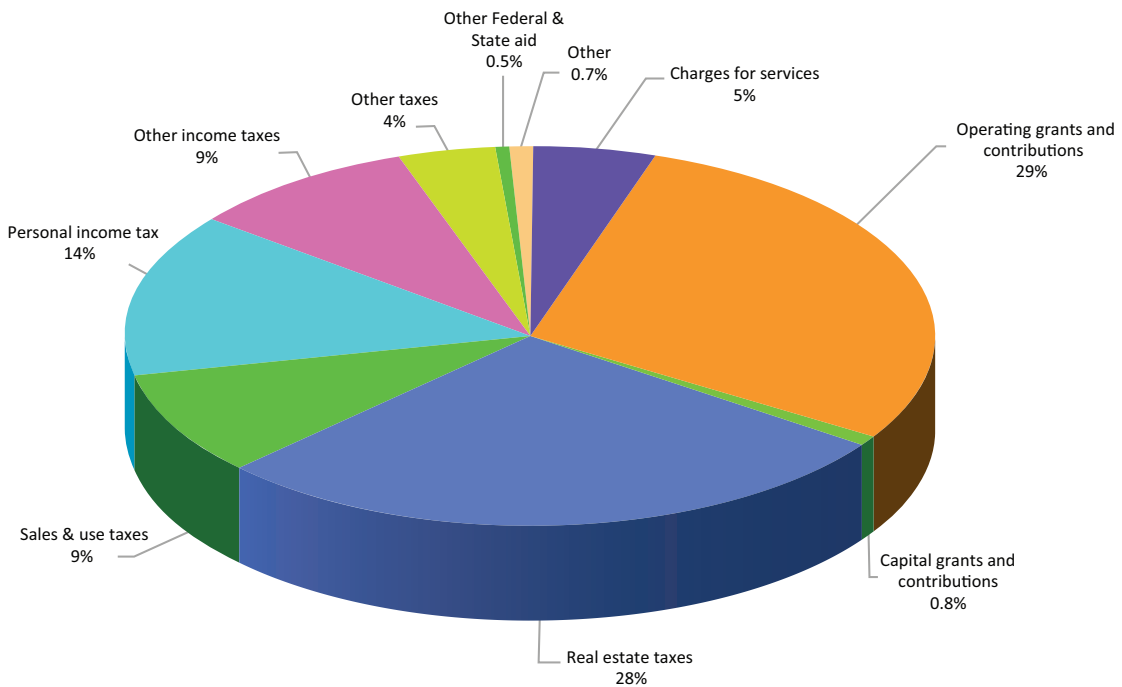
<b>Functions/Programs</b>	
GG	General government
PS	Public safety and judicial
E	Education (Primary and Secondary)
CU	City University
SS	Social services
EP	Environmental protection
TS	Transportation services
PK	Parks, recreation, and cultural activities
HG	Housing
H	Health, including payments to NYC Health + Hospitals
L	Libraries
DSI	Debt service interest

The following charts compare the amounts of program and general revenues for Fiscal Years 2023 and 2022:

**Revenues by Source — Governmental Activities  
for the Fiscal Year ended June 30, 2023**



**Revenues by Source — Governmental Activities  
for the Fiscal Year ended June 30, 2022**



Increases and decreases of net position may over time serve as a useful indicator of changes in a government's financial position. In the case of the City's governmental activities for Fiscal Year 2023, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$191.2 billion, a decrease in the net deficit of \$3.5 billion from June 30, 2022, which in turn compares with a decrease to the net deficit of \$1.8 billion over the prior Fiscal Year 2021.

The increase in total assets is due to the City's implementation of GASB Statement No. 94, which also effects the increase to the corresponding deferred inflows of resources (See Note A.19 of the Basic Financials). Statement No. 94 requires the City to recognize an asset and related receivable for funds due to the City as a result of these partnership arrangements. Similarly, a component that contributed to the increase in the long-term liabilities is the increase of the OPEB liability which is driven primarily by an increase in the pre-Medicare trend assumption yielding a loss of \$3.2 billion. There were some gains due to experience and the discount rate changes, totaling \$1.9 billion. Further discussion regarding the increase in net OPEB liability can be found in Note E.4.

See table below for further details.

	<b>Net Position</b> <b>(in thousands)</b>		
	<b>Governmental Activities</b>		
	<b>2023</b>	<b>2022 (restated)</b>	<b>2021</b>
Current and other assets . . . . .	\$ 69,908,740	\$ 64,903,711	\$ 60,255,122
Capital assets (net of depreciation) . . . . .	85,227,489	78,673,758	64,756,815
Total assets . . . . .	<u>155,136,229</u>	<u>143,577,469</u>	<u>125,011,937</u>
Deferred outflows of resources . . . . .	15,276,936	19,051,689	15,969,514
Long-term liabilities outstanding . . . . .	272,052,464	266,729,855	246,611,973
Other liabilities . . . . .	43,379,932	37,094,789	36,905,854
Total liabilities . . . . .	<u>315,432,396</u>	<u>303,824,644</u>	<u>283,517,827</u>
Deferred inflows of resources . . . . .	46,192,151	53,477,198	53,931,696
Net position:			
Net investment in capital assets . . . . .	(7,200,892)	(13,033,877)	(12,779,784)
Restricted . . . . .	4,623,670	4,662,885	5,214,522
Unrestricted (deficit) . . . . .	<u>(188,634,160)</u>	<u>(186,301,692)</u>	<u>(188,902,810)</u>
Total net position (deficit) . . . . .	<u><u>\$(191,211,382)</u></u>	<u><u>\$(194,672,684)</u></u>	<u><u>\$(196,468,072)</u></u>

**Net Position - (continued)**  
(in thousands)

	Business-Type Activities			Total Primary Government		
	2023	2022 (restated)	2021	2023	2022 (restated)	2021
Current and other assets . . . . .	\$ 855,291	\$ 933,257	\$ 698,149	\$ 70,764,031	\$ 65,836,968	\$ 60,953,271
Capital assets (net of depreciation) . . . . .	622,583	617,076	591,992	85,850,072	79,290,834	65,348,807
Total assets . . . . .	<u>1,477,874</u>	<u>1,550,333</u>	<u>1,290,141</u>	<u>156,614,103</u>	<u>145,127,802</u>	<u>126,302,078</u>
Deferred outflows of resources . . . . .	—	—	—	15,276,936	19,051,689	15,969,514
Long-term liabilities outstanding . . . . .	389,828	457,431	404,657	272,442,292	267,187,286	247,016,630
Other liabilities . . . . .	42,622	53,757	52,373	43,422,554	37,148,546	36,958,227
Total liabilities . . . . .	<u>432,450</u>	<u>511,188</u>	<u>457,030</u>	<u>315,864,846</u>	<u>304,335,832</u>	<u>283,974,857</u>
Deferred inflows of resources . . . . .	153,646	156,176	—	46,345,797	53,633,374	53,931,696
Net position:						
Net investment in capital assets . . . . .	622,272	617,076	591,992	(6,578,620)	(12,416,801)	(12,187,792)
Restricted . . . . .	269,506	265,893	241,119	4,893,176	4,928,778	5,455,641
Unrestricted (deficit) . . . . .	—	—	—	(188,634,160)	(186,301,692)	(188,902,810)
Total net position (deficit) . . . . .	<u>\$ 891,778</u>	<u>\$ 882,969</u>	<u>\$ 833,111</u>	<u>\$(190,319,604)</u>	<u>\$(193,789,715)</u>	<u>\$(195,634,961)</u>

The excess of liabilities and deferred inflows of resources over assets and deferred outflows of resources reported for governmental activities on the government-wide Statement of Net Position is a result of several factors. The largest components of the net position (deficit) are the result of the City having long-term debt with no corresponding capital assets and the City's Pension and Post-retirement benefits liability. The following summarizes the main components of the net deficit as of June 30, 2023 and 2022:

	<u>Components of Net Position (Deficit)</u>	
	<u>2023</u>	<u>2022 (restated)</u>
	(in billions)	
<b>Net Investment in Capital Assets</b>		
Some City-owned assets have a depreciable life used for financial reporting that is different from the period over which the related debt principal is being repaid. Schools and related education assets depreciate more quickly than their related debt is paid, and they comprise one of the largest components of this difference. . . . .	\$ (7.2)	\$ (13.0)
<b>Net Position Restricted for:</b>		
Capital Projects . . . . .	0.4	0.5
Debt Service . . . . .	2.0	2.0
Operations . . . . .	<u>2.2</u>	<u>2.2</u>
Total restricted net position . . . . .	<u>4.6</u>	<u>4.7</u>
<b>Unrestricted Net Position</b>		
TFA issued debt to finance costs related to the recovery from the September 11, 2001 World Trade Center disaster, which are operating expenses of the City . . .	—	(0.1)
The City has issued debt for the acquisition and construction of public purpose capital assets which are not reported as City-owned assets on the Statement of Net Position. This includes assets of the NYC Transit Authority, the System, NYC Health + Hospitals, and certain public libraries and cultural institutions. This is the debt outstanding for non-City owned assets at year end. . . . .	(45.6)	(43.5)
Certain long-term obligations do not require funding in the current period:		
Net OPEB liability . . . . .	(95.0)	(89.5)
Judgments and claims . . . . .	(8.2)	(7.2)
Vacation and sick leave. . . . .	(6.0)	(6.1)
Net Pension liability . . . . .	(40.2)	(42.4)
Landfill closure and postclosure care costs. . . . .	(1.1)	(1.1)
Lease liability . . . . .	(13.0)	(14.0)
Deferred outflows of resources . . . . .	15.3	19.1
Other . . . . .	<u>5.3</u>	<u>(1.4)</u>
Total unrestricted net position . . . . .	<u>(188.6)</u>	<u>(186.3)</u>
<b>Total net position (deficit). . . . .</b>	<u><u>\$(191.2)</u></u>	<u><u>\$ (194.7)</u></u>

The following table provides Fiscal Year ended June 30, 2023, pension statistics by pension system as of the dates of the most recent actuarial valuations:

	<b>Summary of City Pension Information Fiscal Year 2023</b>					
	<u>NYCERS*</u>	<u>TRS**</u>	<u>BERS**</u>	<u>POLICE*</u>	<u>FIRE*</u>	<u>Total</u>
City Membership (active, inactive and retired) as of 6/30/22. . . . .	223,509	232,424	57,752	91,602	27,473	632,760
			(in billions, except %)			
Total Pension Liability (TPL) . . . . .	\$ 59.3	\$ 78.9	\$ 6.2	\$ 63.5	\$ 26.7	\$ 234.6
Less Plan Fiduciary Net Position (PFNP) . . . . .	<u>48.8</u>	<u>65.7</u>	<u>6.1</u>	<u>54.5</u>	<u>19.4</u>	<u>194.5</u>
Net Pension Liability (NPL) . . . . .	<u>\$ 10.5</u>	<u>\$ 13.2</u>	<u>\$ 0.1</u>	<u>\$ 9.0</u>	<u>\$ 7.3</u>	<u>\$ 40.1</u>
PFNP as a % of TPL*** . . . . .	82.3%	83.3%	98.4%	85.8%	72.7%	82.9%
Pension Expense . . . . .	\$ 2.1	\$ 2.9	\$ 0.3	\$ 2.1	\$ 1.4	\$ 8.8

\* Includes QPP and VSFs

\*\* QPP only

\*\*\* Calculated based on whole dollar unrounded amounts.

The following table provides Fiscal Year ended June 30, 2022 pension statistics by pension system as of the dates of the most recent actuarial valuations:

	<b>Summary of City Pension Information Fiscal Year 2022</b>					
	<u>NYCERS*</u>	<u>TRS**</u>	<u>BERS**</u>	<u>POLICE*</u>	<u>FIRE*</u>	<u>Total</u>
City Membership (active, inactive and retired) as of 6/30/21. . . . .	221,288	224,694	57,874	90,407	27,435	621,698
			(in billions, except %)			
Total Pension Liability (TPL) . . . . .	\$ 57.6	\$ 76.3	\$ 6.0	\$ 61.5	\$ 25.7	\$ 227.1
Less Plan Fiduciary Net Position (PFNP) . . . . .	<u>46.8</u>	<u>62.0</u>	<u>5.9</u>	<u>51.8</u>	<u>18.3</u>	<u>184.8</u>
Net Pension Liability (NPL) . . . . .	<u>\$ 10.8</u>	<u>\$ 14.3</u>	<u>\$ 0.1</u>	<u>\$ 9.7</u>	<u>\$ 7.4</u>	<u>\$ 42.3</u>
PFNP as a % of TPL*** . . . . .	81.3%	81.3%	98.3%	84.2%	71.2%	81.4%
Pension Expense . . . . .	\$ 1.5	\$ 1.8	\$ 0.2	\$ 1.3	\$ 1.1	\$ 5.9

\* Includes QPP and VSFs

\*\* QPP only

\*\*\* Calculated based on whole dollar unrounded amounts.

More information about pensions is available in Note E.5.

**Financial Analysis of the  
Governmental Funds**

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The table below summarizes the changes in the fund balances of the City's governmental funds.

	<b>Governmental Funds</b>					<b>Total</b>
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>General Debt Service Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Adjustment/ Eliminations</b>	
	(in thousands)					
Fund Balances (deficit), June 30, 2021 . .	\$ 2,831,502	\$ (3,067,690)	\$ 3,005,145	\$ 4,971,389	\$ —	\$ 7,740,346
Revenues . . . . .	106,795,525	2,241,653	51,394	4,881,134	(4,225,505)	109,744,201
Expenditures . . . . .	(98,933,172)	(10,529,999)	(3,716,494)	(11,486,736)	4,050,851	(120,615,550)
Other financing sources (uses) . . . . .	(6,558,536)	6,899,387	3,992,273	6,216,216	174,654	10,723,994
Restatement of beginning net position. . .	—	—	—	1,561	—	1,561
Fund Balances (deficit), June 30, 2022 . .	<u>4,135,319</u>	<u>(4,456,649)</u>	<u>3,332,318</u>	<u>4,583,564</u>	<u>—</u>	<u>7,594,552</u>
Revenues . . . . .	107,779,550	2,328,038	62,693	6,795,816	(6,022,927)	110,943,170
Expenditures . . . . .	(100,171,173)	(12,149,728)	(4,104,105)	(12,285,234)	4,740,455	(123,969,785)
Other financing sources (uses) . . . . .	(7,547,835)	7,931,752	3,544,297	5,794,445	1,282,472	11,005,131
Fund Balances (deficit), June 30, 2023. . .	<u>\$ 4,195,861</u>	<u>\$ (6,346,587)</u>	<u>\$ 2,835,203</u>	<u>\$ 4,888,591</u>	<u>\$ —</u>	<u>\$ 5,573,068</u>

The City's General Fund is required to adopt an annual budget prepared on a basis generally consistent with Generally Accepted Accounting Principles (GAAP). Fiscal year-end surpluses are deposits into the Revenue Stabilization Fund and can be used in future fiscal years.

If the City anticipates that the General Fund will have an operating surplus, the City can make discretionary transfers to the General Debt Service Fund and other payments that reduce the amount of the General Fund surplus for financial reporting purposes and reduce the need for expenditures in the succeeding fiscal year or years. The General Fund had an operating surplus of \$5.5 billion and \$6.1 billion before these expenditures and transfers (discretionary and other) for Fiscal Years 2023 and 2022, respectively. After these certain expenditures and transfers, the General Fund reported an operating surplus of \$5 million, not including restricted fund activities. Correspondingly, the Revenue Stabilization Fund balance increased by \$5 million. Additional information on the exclusion of restricted fund activities can be found in Note A.20 of the Basic Financial Statements.

The General Debt Service Fund receives transfers (discretionary and other) from the General Fund from which it pays the City's debt service requirements. Its fund balance at June 30, 2023 can be attributed principally to transfers (discretionary transfer and other) from the General Fund totaling \$2.8 billion in Fiscal Year 2023 for Fiscal Year 2024 debt service. Similar transfers in Fiscal Year 2022 of \$3.3 billion for Fiscal Year 2023 debt service also primarily account for the General Debt Service Fund balance at June 30, 2022.

The Capital Projects Fund accounts for the financing of the City's capital program. The primary source of funding is the issuance of City and TFA debt. Capital-related expenditures are first paid from the General Fund, which is reimbursed for these expenditures by the Capital Projects Fund. To the extent that capital expenditures exceed proceeds from bond issuances, and other revenues and financing sources, the Capital Projects Fund will have a deficit. The deficit fund balances at June 30, 2023 and 2022 represent the amounts expected to be financed from future bond issues or intergovernmental reimbursements. To the extent the deficits will not be financed or reimbursed, transfers from the General Fund will be required.



**General Fund  
Pollution Remediation**

GAAP requires recognition of pollution remediation obligations and generally precludes costs incurred for pollution remediation from being reported as capital expenditures. Thus, the City’s Fiscal Year 2023 General Fund expenditures include approximately \$173.7 million of pollution remediation expenditures associated with projects which were originally included in the City’s capital program. The City also reported \$169.4 million of City bond proceeds and \$4.3 million of other revenues (New York City Municipal Water Finance Authority bond proceeds transferred to the City) supporting the \$173.7 million of pollution remediation expenditures in the General Fund for Fiscal Year 2023. In Fiscal Year 2022, \$147.7 million of City bond proceeds and \$4.0 million of other revenues supported the \$151.6 million of pollution remediation expenditures reported in the General Fund. For additional information on the City’s pollution remediation obligations, see Note D.5 of the basic financials.

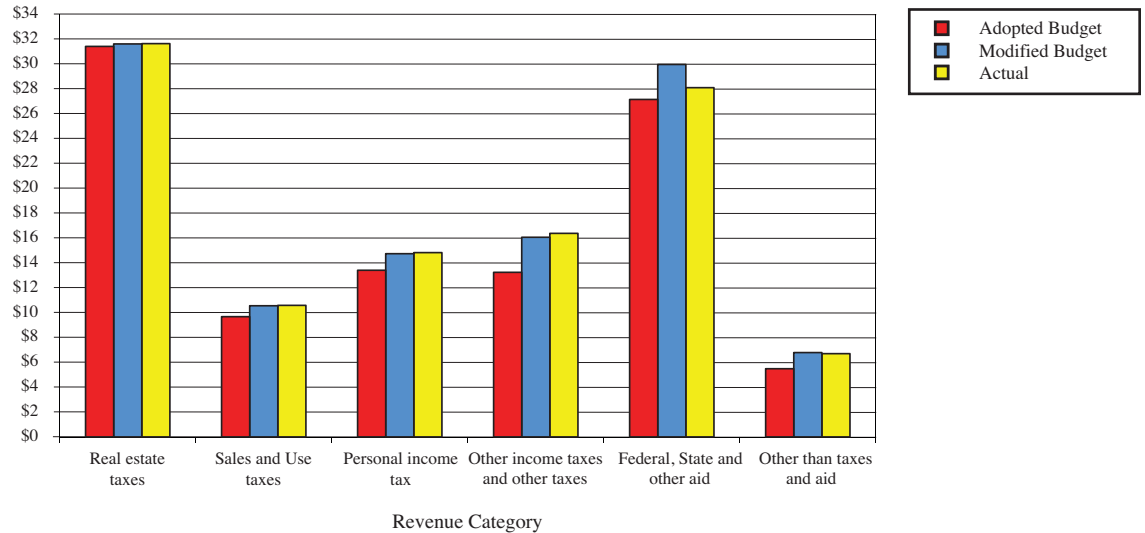
Although amounts were not established in the Adopted Budget, a modification to the budget was made to accommodate the amount of pollution remediation expenditure charge in the General Fund. These pollution remediation expenditures were incurred by various agencies, as follows:

	<b>General Fund Pollution Remediation Expenditures</b>	
	<b>2023</b>	<b>2022</b>
	(in thousands)	
General government . . . . .	\$ 18,964	\$ 38,976
Public safety and judicial . . . . .	8,845	1,657
Education . . . . .	109,783	87,624
Social services . . . . .	326	717
Environmental protection . . . . .	17,569	8,006
Transportation services . . . . .	9,784	12,376
Parks, recreation, and cultural activities . . . . .	2,085	683
Housing . . . . .	1,468	1
Health, including NYC Health + Hospitals . . . . .	4,432	781
Libraries . . . . .	444	806
Total expenditures . . . . .	<u>\$ 173,700</u>	<u>\$ 151,627</u>

**General Fund Budgetary  
Highlights Revenues**

The following charts and tables summarize actual revenues by category and include restricted fund activities, for Fiscal Years 2023 and 2022 and compare revenues with each fiscal year's Adopted Budget and Modified Budget. Additional information on restricted fund activities can be found in Other Supplementary Information - Schedule G7.

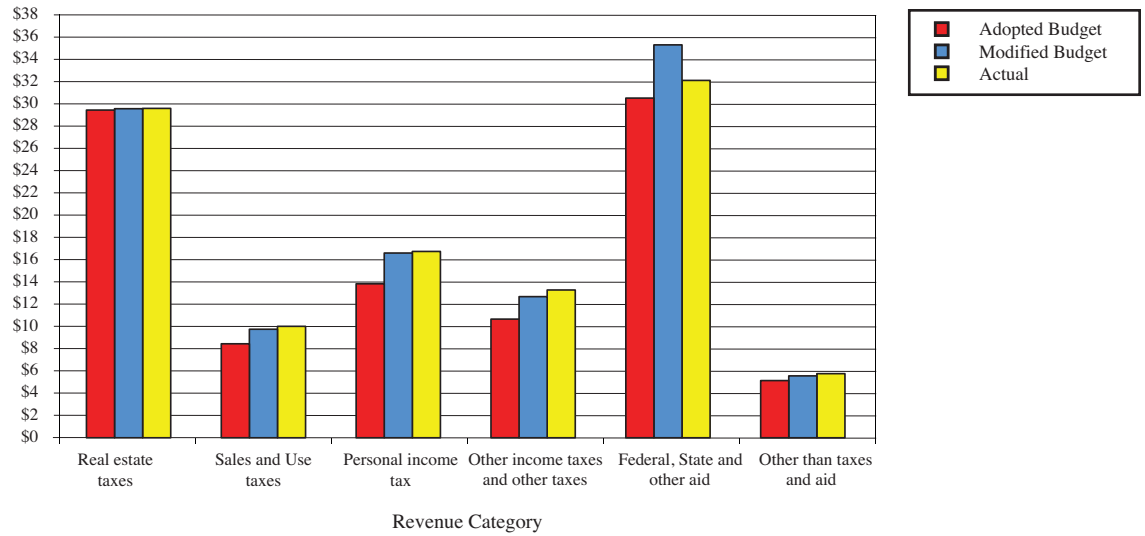
**General Fund Revenues  
Fiscal Year 2023  
(in billions)**



**General Fund Revenues  
Fiscal Year 2023**

	<u>Adopted Budget</u>	<u>Modified Budget</u>	<u>Actual</u>
	(in millions)		
<b>Taxes (net of refunds):</b>			
Real estate taxes . . . . .	\$ 31,421	\$ 31,620	\$ 31,645
Sales and use taxes . . . . .	9,675	10,553	10,585
Personal income tax . . . . .	13,409	14,742	14,829
Other income taxes . . . . .	9,155	12,440	12,713
Other taxes . . . . .	4,088	3,624	3,665
<b>Taxes (net of refunds) . . . . .</b>	<u>67,748</u>	<u>72,979</u>	<u>73,437</u>
<b>Federal, State and other aid:</b>			
Categorical . . . . .	26,901	29,671	27,915
Unrestricted . . . . .	252	297	186
<b>Federal, State and other aid . . . . .</b>	<u>27,153</u>	<u>29,968</u>	<u>28,101</u>
<b>Other than taxes and aid:</b>			
Charges for services . . . . .	3,081	2,970	2,840
Other revenues . . . . .	2,137	3,358	3,020
Restricted fund activity . . . . .	—	—	381
Bond proceeds . . . . .	—	169	169
Transfers from Nonmajor Debt Service Fund . . . . .	221	241	241
Transfers from General Debt Service Fund . . . . .	48	48	48
<b>Other than taxes and aid . . . . .</b>	<u>5,487</u>	<u>6,786</u>	<u>6,699</u>
<b>Total revenues . . . . .</b>	<u>\$100,388</u>	<u>\$109,733</u>	<u>\$108,237</u>

**General Fund Revenues  
Fiscal Year 2022  
(in billions)**



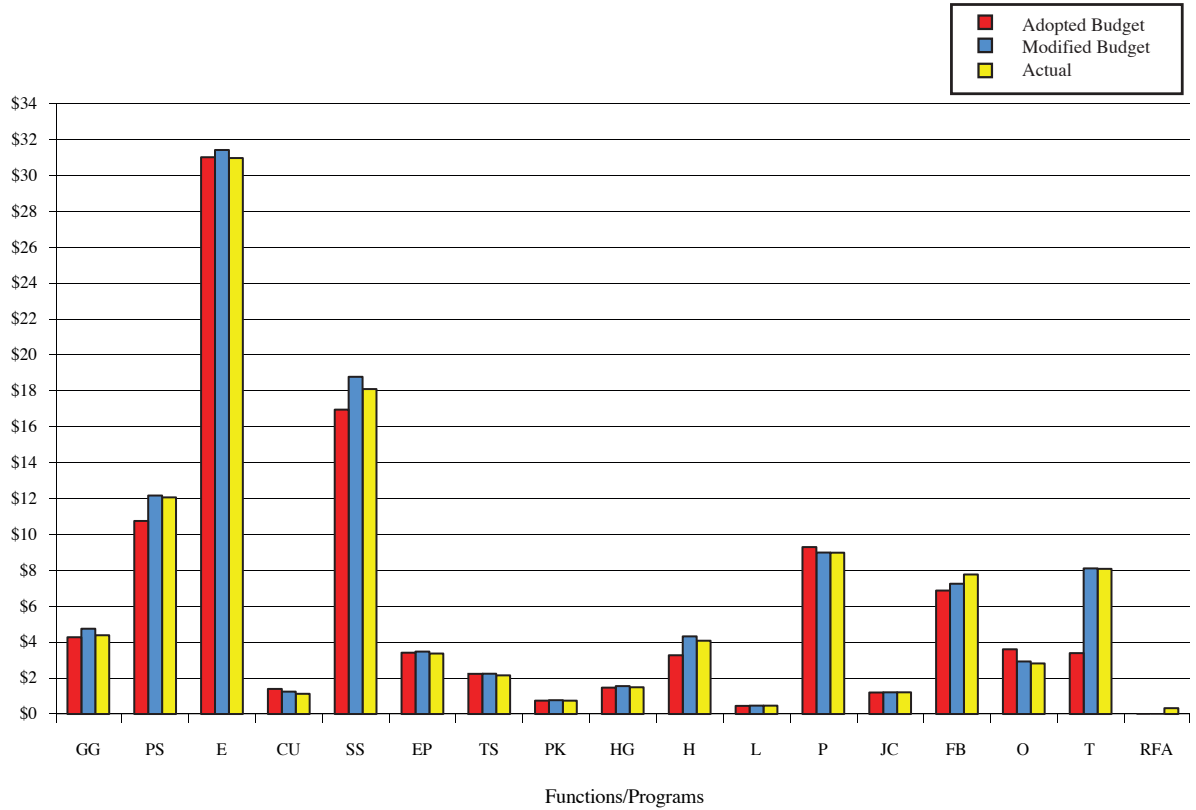
**General Fund Revenues  
Fiscal Year 2022**

	<u>Adopted Budget</u>	<u>Modified Budget</u> (in millions)	<u>Actual</u>
<b>Taxes (net of refunds):</b>			
Real estate taxes . . . . .	\$29,432	\$ 29,553	\$ 29,582
Sales and use taxes . . . . .	8,441	9,747	10,008
Personal income tax . . . . .	13,827	16,592	16,734
Other income taxes . . . . .	6,937	9,077	9,523
Other taxes . . . . .	3,719	3,598	3,750
<b>Taxes (net of refunds) . . . . .</b>	<u>62,356</u>	<u>68,567</u>	<u>69,597</u>
<b>Federal, State and other aid:</b>			
Categorical . . . . .	30,507	34,495	31,597
Unrestricted . . . . .	—	792	498
<b>Federal, State and other aid . . . . .</b>	<u>30,507</u>	<u>35,287</u>	<u>32,095</u>
<b>Other than taxes and aid:</b>			
Charges for services . . . . .	2,905	2,783	2,697
Other revenues . . . . .	1,957	2,342	2,185
Restricted fund activity . . . . .	—	—	222
Bond proceeds . . . . .	—	148	147
Transfers from Nonmajor Debt Service Fund . . . . .	223	234	234
Transfers from General Debt Service Fund . . . . .	51	51	51
<b>Other than taxes and aid . . . . .</b>	<u>5,136</u>	<u>5,558</u>	<u>5,536</u>
<b>Total revenues . . . . .</b>	<u>\$97,999</u>	<u>\$109,412</u>	<u>\$107,228</u>

**General Fund Budgetary  
Highlights Expenditures**

The following charts and tables summarize actual expenditures by function/program and include restricted fund activities for Fiscal Years 2023 and 2022, and compare expenditures with each fiscal year's Adopted Budget and Modified Budget. Additional information on restricted fund activities can be found in Other Supplementary Information - Schedule G7.

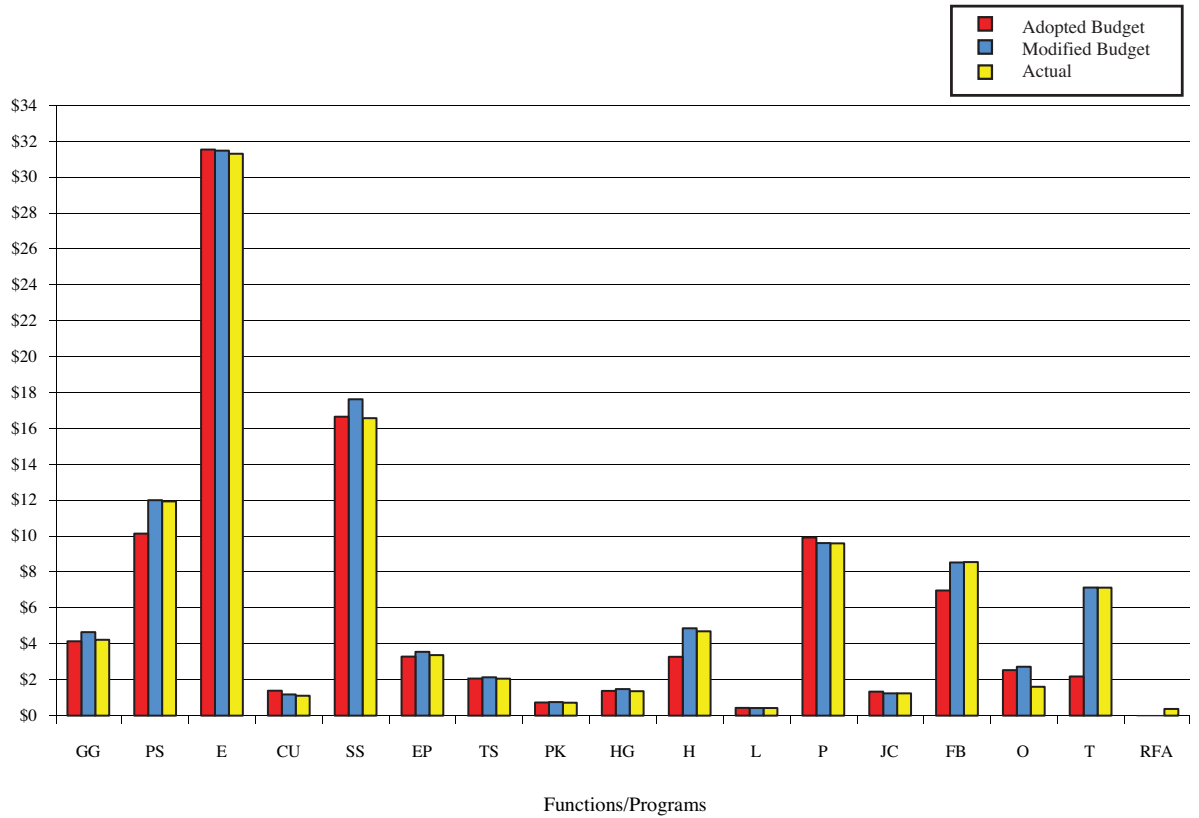
**General Fund Expenditures  
Fiscal Year 2023  
(in billions)**



**General Fund Expenditures  
Fiscal Year 2023**

	<u>Adopted Budget</u>	<u>Modified Budget</u>	<u>Actual</u>
		(in millions)	
General government (GG) . . . . .	\$ 4,278	\$ 4,752	\$ 4,389
Public safety and judicial (PS) . . . . .	10,756	12,173	12,070
Education (E) . . . . .	31,022	31,425	30,976
City university (CU) . . . . .	1,398	1,247	1,126
Social services (SS) . . . . .	16,959	18,788	18,105
Environmental protection (EP) . . . . .	3,416	3,478	3,370
Transportation services (TS) . . . . .	2,238	2,245	2,154
Parks, recreation and cultural activities (PK) . . . . .	745	770	744
Housing (HG) . . . . .	1,470	1,555	1,491
Health, including NYC Health + Hospitals (H) . . . . .	3,274	4,326	4,084
Libraries (L) . . . . .	453	467	466
Pensions (P) . . . . .	9,301	8,996	8,988
Judgments and claims (JC) . . . . .	1,199	1,209	1,209
Fringe benefits and other benefit payments (FB) . . . . .	6,879	7,258	7,774
Other (O) . . . . .	3,606	2,928	2,818
Transfers and other payments for debt service (T) . . . . .	3,393	8,114	8,088
Restricted fund activity (RFA) . . . . .	—	—	326
<b>Total expenditures . . . . .</b>	<b>\$100,387</b>	<b>\$109,731</b>	<b>\$108,178</b>

**General Fund Expenditures  
Fiscal Year 2022  
(in billions)**



**General Fund Expenditures  
Fiscal Year 2022**

	<b>Adopted Budget</b>	<b>Modified Budget</b>	<b>Actual</b>
		<b>(in millions)</b>	
General government (GG) . . . . .	\$ 4,143	\$ 4,652	\$ 4,226
Public safety and judicial (PS) . . . . .	10,142	12,004	11,937
Education (E) . . . . .	31,540	31,479	31,306
City university (CU) . . . . .	1,389	1,181	1,109
Social services (SS) . . . . .	16,655	17,627	16,574
Environmental protection (EP) . . . . .	3,290	3,555	3,373
Transportation services (TS) . . . . .	2,067	2,136	2,059
Parks, recreation and cultural activities (PK) . . . . .	733	755	720
Housing (HG) . . . . .	1,378	1,480	1,362
Health, including NYC Health + Hospitals (H) . . . . .	3,278	4,867	4,699
Libraries (L) . . . . .	432	424	424
Pensions (P) . . . . .	9,924	9,615	9,599
Judgments and claims (JC) . . . . .	1,337	1,242	1,242
Fringe benefits and other benefit payments (FB) . . . . .	6,973	8,534	8,556
Other (O) . . . . .	2,535	2,724	1,235
Transfers and other payments for debt service (T) . . . . .	2,183	7,137	7,131
Restricted fund activity (RFA) . . . . .	—	—	373
<b>Total expenditures . . . . .</b>	<b>\$97,999</b>	<b>\$109,412</b>	<b>\$105,925</b>

**General Fund Surplus**

The City had General Fund surpluses of \$5.5 billion, \$6.1 billion and \$6.1 billion before certain expenditures and transfers (discretionary and other), and without regard to the restricted fund balance for Fiscal Years 2023, 2022 and 2021, respectively. For Fiscal Years 2023, 2022 and 2021, the General Fund surplus was \$5 million after expenditures and transfers (discretionary and other).

The expenditures and transfers (discretionary and other) made by the City after the adoption of its Fiscal Years 2023, 2022 and 2021 budgets follow:

	<b>General Fund</b>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
	(in millions)		
Transfer, as required by law, to the General Debt Service Fund of real estate taxes collected in excess of the amount needed to finance debt service. . . . .	\$ 85	\$ 112	\$ 569
Discretionary transfers to the General Debt Service Fund . . . . .	2,727	3,206	2,431
Debt service prepayments for lease purchase debt service due in the subsequent fiscal year . . . .	—	40	—
Grant to TFA . . . . .	2,166	1,965	2,682
Payment to the Retiree Health Benefits Trust . . . . .	500	792	425
Total expenditures and transfers (discretionary and other) . . . . .	5,478	6,115	6,107
Reported surplus* . . . . .	5	5	5
Total surplus. . . . .	<u>\$ 5,483</u>	<u>\$ 6,120</u>	<u>\$ 6,112</u>

\* The calculation of the reported surplus excludes restricted fund activities and contributions to the revenue stabilization fund. See Note A.20 of the Basic Financial Statements.

Final results for any given fiscal year may differ greatly from that year’s Adopted Budget. The following table shows the variance between actuals and amounts for the Fiscal Year ended 2023 Adopted Budget:

	<u>2023</u>
	<u>(in millions)</u>
Additional Resources:	
Higher than expected general corporation tax collections . . . . .	\$ 1,596
Reallocation of general reserve . . . . .	1,555
Greater than expected personal income tax collections . . . . .	1,421
Higher than expected sales tax collections . . . . .	951
Greater than expected Federal categorical aid . . . . .	855
Lower than expected all other administrative costs . . . . .	726
Lower than expected Medicaid spending . . . . .	629
Greater than expected pass-through entity tax collections . . . . .	513
Greater than expected all other miscellaneous revenue collections . . . . .	462
Higher than expected unincorporated business tax collections . . . . .	426
Lower than expected supplies and materials costs (excluding fuel costs) . . . . .	358
Higher than expected interest income . . . . .	401
Greater than expected fines and forfeitures collections . . . . .	379
Higher than expected banking corporation tax collections . . . . .	321
Greater than expected State categorical aid . . . . .	318
Lower than expected pension costs . . . . .	313
Greater than expected all other taxes collections . . . . .	263
Lower than expected debt service costs (net of prepayments) . . . . .	260
Reallocation of capital stabilization reserve . . . . .	250
Higher than expected real estate tax collections . . . . .	223
Higher than expected commercial rent tax collections . . . . .	109
Lower than expected all other personal services costs . . . . .	105
Greater than expected utility tax collections . . . . .	42
Greater than expected revenues from licenses, permits and privileges . . . . .	26
Lower than expected judgments & claims costs . . . . .	17
Lower than expected property and equipment costs . . . . .	12
Total . . . . .	<u>12,531</u>
Enabled the City to provide for:	
Prepayments for certain debt service and discretionary transfers due in Fiscal Year 2024 . . . . .	5,479
Greater than expected contractual services costs . . . . .	2,989
Higher than expected overtime spending . . . . .	1,122
Higher than expected payments to NYC Health and Hospitals . . . . .	827
Higher than expected health insurance costs . . . . .	384
Greater than expected all other fixed and miscellaneous charges . . . . .	409
Higher than expected public assistance spending . . . . .	350
Greater than expected all other social services costs (excluding Medicaid and public assistance costs) . . . . .	227
Lower than expected revenue from all other general government charges . . . . .	150
Lower than expected non-governmental grants . . . . .	144
Lower than expected real property transfer tax collections . . . . .	114
Lower than expected revenue from water and sewer charges . . . . .	91
Lower than expected unrestricted aid . . . . .	65
Lower than expected mortgage tax collections . . . . .	63
Restricted fund activity adjustment* . . . . .	55
Lower than expected Capital Fund reimbursements for Interfund Agreements associated with underspending . . . . .	38
Greater than expected energy costs . . . . .	16
All other net overspending or revenues below budget . . . . .	3
Total . . . . .	<u>12,526</u>
Reported Surplus – Net of Restricted Fund Activities . . . . .	<u>\$ 5</u>

\* Additional information on the revenue stabilization fund can be found in Note A20 of the Basic Financial Statements.

Final results for any given fiscal year may differ greatly from that year’s Adopted Budget. The following table shows the variance between actuals and amounts for the Fiscal Year ended 2022 Adopted Budget:

	<u>2022</u>
	<u>(in millions)</u>
Additional Resources:	
Higher than expected personal income tax collections . . . . .	\$ 2,894
Lower than expected all other personal services costs . . . . .	1,542
Greater than expected Federal categorical aid . . . . .	1,505
Lower than expected all other administrative costs . . . . .	1,211
Higher than expected general corporation tax collections . . . . .	1,197
Greater than expected sales tax collections . . . . .	1,113
Higher than expected real property transfer tax collections . . . . .	757
Greater than expected unincorporated business tax collections . . . . .	595
Greater than expected unrestricted aid . . . . .	498
Higher than expected mortgage tax collections . . . . .	442
Lower than expected debt service costs (net of prepayment) . . . . .	329
Lower than expected pension costs . . . . .	325
Reallocation of general reserve . . . . .	300
Greater than expected revenues from fines and forfeitures . . . . .	163
Greater than expected real estate tax collections . . . . .	150
Greater than expected pollution remediation bond proceeds . . . . .	148
Lower than expected medicaid spending . . . . .	139
Higher than expected all other tax collections . . . . .	109
Lower than expected supplies and materials costs (excluding fuel costs) . . . . .	95
Lower than expected judgments & claims costs . . . . .	89
Greater than expected all other miscellaneous revenue collections . . . . .	83
Lower than expected public assistance spending . . . . .	74
Greater than expected commercial rent tax collections . . . . .	55
Lower than expected payments to NYCHA . . . . .	28
Higher than expected housing revenue . . . . .	23
Total . . . . .	<u>13,864</u>
Enabled the City to provide for:	
Prepayments for certain debt service and discretionary transfers due in	
Fiscal Year 2023 . . . . .	6,115
Greater than expected contractual services costs . . . . .	2,601
Higher than expected payments to NYC Health + Hospitals . . . . .	1,043
Higher than expected overtime costs . . . . .	1,043
Higher than expected revenue stabilization fund deposit* . . . . .	950
Higher than expected health insurance costs . . . . .	552
Greater than expected all other fixed and miscellaneous charges . . . . .	322
Lower than expected non-governmental grants . . . . .	289
Higher than expected property and equipment costs . . . . .	183
Lower than expected revenue from general government charges . . . . .	170
Higher than expected pollution remediation costs . . . . .	152
Greater than expected energy costs . . . . .	107
Lower than expected State categorical aid . . . . .	105
Lower than expected banking corporation tax collections . . . . .	70
Lower than expected capital fund reimbursements for interfund agreements associated with underspending . . . . .	70
Lower than expected revenue from water and sewer charges . . . . .	62
Higher than expected provisions for disallowance reserve . . . . .	20
All other net overspending or revenues below budget . . . . .	5
Total . . . . .	<u>13,859</u>
Reported Surplus – Net of Restricted Fund Activities . . . . .	<u>\$ 5</u>

\* Additional information on the revenue stabilization fund can be found in Note A20 of the Basic Financial Statements.



## Capital Assets

The City's investment in capital assets (net of accumulated depreciation/amortization), is detailed as follows:

### Governmental Activities

	<u>2023</u>	<u>2022</u>	<u>2021</u>
		(in millions)	
Land* . . . . .	\$ 2,624	\$ 2,523	\$ 2,466
Buildings . . . . .	33,601	35,364	36,920
Equipment (including software and subscription) . . . . .	5,604	3,484	3,579
Infrastructure** . . . . .	20,538	18,173	17,380
Lease assets . . . . .	12,564	13,087	—
Construction work-in-progress* . . . . .	10,296	6,043	4,412
Total . . . . .	<u>\$85,227</u>	<u>\$78,674</u>	<u>\$64,757</u>

\* Not depreciable/amortizable

\*\* Infrastructure elements include the roads, bridges, curbs and gutters, streets and sidewalks, park land and improvements, piers, bulkheads and tunnels.

The net increase in the City's governmental activities capital assets during Fiscal Year 2023 was \$6.55 billion, a 8.3% increase. Capital assets additions in Fiscal Year 2023 were \$31.11 billion, an increase of \$6.6 million from Fiscal Year 2022.

In 2023, construction work-in-progress was \$10.30 billion, representing a 70.4% net increase. Construction work-in-progress increased predominantly due to an increase of capital eligible expenditures, related to pollution remediation liquidations in the current year. Additionally, the City saw an uptick in equipment as a direct result of the change in the City capitalization policy which allowed for more IT software and hardware to be funded by the Capital Projects Fund. The 2023 addition to work-in-progress was \$5.05 billion, a 24.0% increase from prior year. In 2023 building additions (work-in-progress deletions) were \$0.80 billion, representing a 67.4% decrease from Fiscal Year 2022.

The net increase in the City's governmental activities capital assets during Fiscal Year 2022 was \$13.92 billion, a 21.5% increase. Capital assets additions in Fiscal Year 2022 were \$36.06 billion, an increase of \$27 million from Fiscal Year 2021.

In 2022, construction work-in-progress was \$6.04 billion, representing a 37% net increase. The 2022 addition to work-in-progress was \$4.07 billion, a 23.2% increase from prior year. In 2022 building additions (work-in-progress deletions) were \$2.44 billion, representing a 8% decrease from Fiscal Year 2021.

Additional information on the City's capital assets can be found in Note D.2 of the Basic Financial Statements and in schedule CA1 through CA3 of other supplementary information.

### Business-Type Activities

	<u>2023</u>	<u>2022</u>	<u>2021</u>
		(in millions)	
Buildings . . . . .	\$ 30	\$ 32	\$ 33
Equipment (including software) . . . . .	9	10	12
Infrastructure** . . . . .	503	468	430
Construction work-in-progress* . . . . .	80	107	117
Total . . . . .	<u>\$ 622</u>	<u>\$ 617</u>	<u>\$ 592</u>

\* Not depreciable/amortizable

\*\* Infrastructure elements include the roads, bridges, curbs and gutters, streets and sidewalks, park land and improvements, piers, and bulkheads.

The net increase in the City's business-type activities Capital assets during Fiscal Year 2023 was \$5.51 million, a 0.9% increase. Capital asset additions net of depreciation in Fiscal Year 2023 were \$87.22 million, a decrease of \$11.64 million, from Fiscal Year 2022.

In 2023, construction work-in-progress was \$79.69 million, representing a 25.2% net decrease. The 2023 addition to work-in-progress was \$54.09 million, a 16.1% decrease from prior year.

The net increase in the City's business-type activities capital assets during Fiscal Year 2022 was \$25.08 million, a 4.2% increase. Capital asset additions net of depreciation in Fiscal Year 2022 were \$98.86 million, an increase of \$55.62 million, from Fiscal Year 2021.

In 2022, construction work-in-progress was \$107.31 million, representing a 8.5% net decrease. The 2022 addition to work-in-progress was \$64.45 million, a 0.1% increase from prior year.

**Debt Administration**

The City, through the Comptroller's Office of Public Finance, in conjunction with the Mayor's Office of Management and Budget, is charged with issuing debt to finance the City's capital program. The following table summarizes the debt outstanding for the City and certain City-related issuing entities at the end of Fiscal Years 2023, 2022 and 2021.

	<b>New York City and City-Related Debt</b>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
	(in millions)		
<b>Governmental activities:</b>			
Bonds and notes payable			
General Obligation Bonds . . . . .	\$ 40,093	\$ 38,845	\$38,574
TFA Bonds . . . . .	45,627	43,523	41,276
TFA Recovery Bonds . . . . .	—	143	278
TFA BARBs . . . . .	7,879	8,154	8,403
TSASC Bonds . . . . .	938	966	993
IDA Bonds . . . . .	52	54	57
HYIC Bonds . . . . .	2,519	2,557	2,677
ECF Bonds . . . . .	290	297	302
Total bonds and notes outstanding governmental activities . . . . .	<u>97,398</u>	<u>94,539</u>	<u>92,560</u>
<b>Business-Type Activities:</b>			
Bonds and notes payable			
Tax Lien Collateralized Bonds . . . . .	<u>21</u>	<u>81</u>	<u>25</u>
Total bonds and notes outstanding business-type activities . . . . .	<u>21</u>	<u>81</u>	<u>25</u>
Total before premiums/discounts (net) . . . . .	97,419	94,620	92,585
Premiums/discounts (net) . . . . .	7,132	7,266	6,856
Total bonds and notes outstanding . . . . .	<u>\$104,551</u>	<u>\$101,886</u>	<u>\$99,441</u>

The State Constitution provides that, with certain exceptions, the City may not contract indebtedness in an amount greater than 10% of the average full value of taxable real estate in the City for the most recent five years (Debt Limit). State law further provides that certain TFA debt also be counted against the Debt Limit. On June 30, 2023, the City's outstanding General Obligation (GO) debt, including capital contract liabilities and TFA's outstanding debt above \$13.50 billion (refer to Note D.5 for further details) totaled \$96.91 billion (compared with \$88.39 billion and \$81.82 billion as of June 30, 2022 and 2021, respectively). As of June 30, 2023, the City's Debt Limit was \$127.45 billion (compared with \$127.35 billion and \$123.02 billion as of June 30, 2022 and 2021, respectively). The remaining debt incurring power for the City and TFA's combined debt as of June 30, 2023 after providing for capital contract liabilities, totaled \$30.54 billion. As of July 1, 2023, the remaining debt incurring power is \$37.24 billion, based on the change in the five-year full valuation average for fiscal year 2023.

As of June 30, 2023, the City's outstanding GO debt was \$40.09 billion, consisting of \$5.10 billion of variable rate bonds and \$34.99 billion of fixed rate bonds. In Fiscal Year 2023, the City issued \$5.25 billion of tax exempt bonds and \$915.70 million of taxable bonds, for a total of \$6.17 billion. This total includes \$2.25 billion issued to refund a portion of the City's outstanding bonds at lower interest rates and \$3.92 billion of bonds for new money for capital purposes. The proceeds of the refunding issues were placed in irrevocable

escrow accounts in amounts sufficient to pay, when due, all principal, interest, and applicable redemption premium, if any, on the refunded bonds. These refundings produce a budgetary dissavings of \$1.29 million in Fiscal Year 2023 and budgetary savings of \$37.56 million and \$36.10 million in Fiscal Years 2024 and 2025, respectively. The refunding will generate \$145.36 million in budgetary savings over the life of the bonds or approximately \$133.03 million of savings on a net present value basis.

During Fiscal Year 2023, GO variable rate debt traded at the following average interest rates:

	<u>Tax Exempt</u>
Dailies <sup>(1)</sup> . . . . .	2.38%
Weeklies <sup>(1)</sup> . . . . .	2.58%
Auction Rate Securities—7 day . . . . .	3.42%
Index Floaters . . . . .	3.21%

<sup>(1)</sup> Remarketed with bank credit and/or liquidity support; rates do not include bank fee.

*Short-Term Financing*

In Fiscal Year 2023, the City had no short-term borrowings.

*Transitional Finance Authority*

In Fiscal Year 2023, TFA issued \$5.93 billion of Future Tax Security (FTS) Bonds. This total included \$3.80 billion issued for new money capital purposes and \$2.13 billion issued to refund certain outstanding bonds at lower interest rates. The refunding will generate \$281.02 million in budgetary savings over the life of the bonds and approximately \$249.97 million on a net present value basis. In addition, TFA converted \$71.62 million of bonds between modes.

As of June 30, 2023, the total outstanding FTS debt was \$45.63 billion. Of the amount outstanding, variable rate debt totaled \$3.03 billion. During Fiscal Year 2023, TFA’s variable rate bonds traded at the following average interest rates:

	<u>Tax Exempt</u>
Dailies <sup>(1)</sup> . . . . .	2.25%
Weeklies <sup>(1)</sup> . . . . .	2.34%
Auction Rate Securities—7 day <sup>(1)</sup> . . . . .	2.97%
Index Floaters . . . . .	3.00%

<sup>(1)</sup> Remarketed with bank credit and/or liquidity support; rates do not include bank fee.

TFA is authorized to issue bonds and notes or other obligations in an amount outstanding of up to \$9.4 billion to finance a portion of the City’s educational facilities capital plan. TFA is authorized to use all or any portion of the state aid payable to the City or its school district pursuant to Section 3602.6 of the New York State Education Law (State Building Aid) as security for these Building Aid Revenue Bonds (BARBs). BARBs do not count against the FTS Bond Debt Limit.

In Fiscal Year 2023, TFA issued \$563.75 million of TFA BARBs to refund certain outstanding bonds at lower interest rates. The refunding will generate \$73.58 million in budgetary savings over the life of the bonds and approximately \$68.42 million on a net present value basis. As of June 30, 2023, TFA BARBs outstanding totaled \$7.88 billion.

<i>TSASC, Inc.</i>	In Fiscal Year 2023, TSASC had no financing activity. As of June 30, 2023, TSASC had \$938.11 million of bonds outstanding.
<i>Hudson Yards Infrastructure Corporation</i>	In Fiscal Year 2023, HYIC drew \$6.17 million from its construction loan. As of June 30, 2023, HYIC had \$2.52 billion of bonds outstanding.
<i>New York City Educational Construction Fund</i>	In Fiscal Year 2023, ECF had no financing activity. As of June 30, 2023, ECF had \$290.30 million of bonds outstanding.
<i>New York City Tax Lien Trusts</i>	In Fiscal Year 2023, the New York City Tax Lien Trusts had no financing activity. As of June 30, 2023, the New York City Tax Lien Trusts had in aggregate \$20.60 million of bonds outstanding.
<i>Interest Rate Exchange Agreements</i>	<p>To lower borrowing costs over the life of its bonds and to diversify its existing portfolio, the City has, from time to time, entered into interest rate exchange agreements (swaps) and sold options to enter into swaps at future dates. The City received specific authorization to enter into such agreements under Section 54.90 of the New York State Local Finance Law. No new swaps were initiated in Fiscal Year 2023. As of June 30, 2023, the outstanding notional amount on the City’s swap agreements in connection with General Obligation debt and City-related debt of the Dormitory Authority of the State of New York was \$168.95 million and the mark to fair value was approximately negative \$9.44 million.</p> <p>The Water Authority has also entered into interest rate exchange agreements from time to time in order to lower its borrowing costs over the life of its bonds and to diversify its existing portfolio. In Fiscal Year 2023, the Authority did not initiate or terminate any swaps. As of June 30, 2023, the outstanding notional amount on the Water Authority’s various swap agreements was \$401 million and the mark to fair value was approximately negative \$37.21 million.</p> <p>Additional information on the City’s long-term liabilities can be found in Note D.5 of the Basic Financial Statements.</p>

## ***Subsequent Events***

Subsequent to June 30, 2023, TFA, the City, and the Water Authority completed the following long-term financings:

<i>TFA Debt</i>	<p>On July 27, 2023, the New York City Transitional Finance Authority issued \$1,080,000,000 of Fiscal 2024 Series A Future Tax Secured Subordinate Bonds for capital purposes.</p> <p>On August 31, 2023, the New York City Transitional Finance Authority issued \$1,000,000,000 of Fiscal 2024 Series B Future Tax Secured Subordinate Bonds for capital purposes.</p> <p>On October 26, 2023, the New York City Transitional Finance Authority issued \$1,000,000,000 of Fiscal 2024 Series C Future Tax Secured Subordinate Bonds for capital purposes.</p>
<i>City Debt</i>	<p>On August 17, 2023, the City of New York issued \$950,000,000 of Fiscal 2024 Series A General Obligation Bonds for capital purposes and reoffered \$66,685,000 of Fiscal 2012 Series G, Subseries G-5 General Obligation Bonds to convert a portion of its outstanding variable rate bonds to fixed rate.</p> <p>On October 12, 2023, the City of New York issued \$965,000,000 of Fiscal 2024 Series B General Obligation Bonds for capital purposes.</p>
<i>Water Authority</i>	<p>On October 5, 2023, the New York City Municipal Water Finance Authority issued \$692,725,000 of Fiscal 2024 Series AA Second General Resolution Revenue Bonds for capital purposes, to refund a portion of its outstanding bonds at lower interest rates, and to convert a portion of its outstanding variable rate bonds to fixed rate.</p>

## ***Commitments***

At June 30, 2023, the outstanding commitments relating to projects of the New York City's Capital Projects Fund amounted to approximately \$29.4 billion.

To address the need for significant infrastructure and public facility capital investments, the City has prepared a ten-year capital spending program which contemplates New York City Capital Projects Fund expenditures of \$164.8 billion over Fiscal Years 2024 through 2033. The City financing program projects \$62.7 billion of long-term borrowing for the period from 2023 through 2027 to support the current City capital program. The City and TFA expect to issue \$27.0 billion and \$26.9 billion, respectively, during the plan period. Water Authority expects to issue approximately \$8.9 billion.

On January 31, 2019, the New York City Housing Authority ("NYCHA"), the City and the U.S. Department of Housing and Urban Development ("HUD") entered into an agreement (the "HUD Agreement") relating to lead-based paint and other health and safety concerns in NYCHA's properties. The HUD Agreement established a framework by which NYCHA will continue to evaluate and progress towards compliance with federal requirements. Pursuant to the HUD Agreement, a federal monitor, with access to NYCHA information and personnel, has been appointed to oversee NYCHA's compliance with the terms of the agreement and federal regulations. The federal monitor has issued and will continue to issue quarterly reports on NYCHA's compliance with the HUD Agreement. Also pursuant to the HUD Agreement, the City allocated \$1.9 billion in capital funding in the Capital Commitment Plan for fiscal years 2023-2027, with an additional \$1.3 billion in City capital funds reflected in the remaining years of the Ten-Year Capital Strategy for fiscal years 2028 through 2033. NYCHA subsequently announced that it may be out of compliance with a number of federal regulations beyond the regulations concerning lead-based paint and other health and safety concerns that were the subject of the HUD Agreement and is working to assess the extent of any such noncompliance. NYCHA's 2017 Physical Needs Assessment estimated its projected capital costs at approximately \$32 billion over the next five years and \$45 billion over the next twenty years. In July 2023, an updated NYCHA Physical Needs Assessment stated that such costs are projected at approximately \$60 billion over the next five years and \$78 billion over the next twenty years. Through the Permanent Affordability Commitment Together program, which leverages project-based Section 8 subsidy and partnerships with private and non-profit development partners to make repairs, NYCHA plans to recapitalize approximately 62,000 of its units. As of June 30, 2023, NYCHA's development partners completed renovations on 5,830 apartments, are actively repairing another 12,188 apartments, and are in predevelopment for an additional 19,691 apartments. In June 2022, the State enacted legislation creating the New York City Housing Preservation Trust, which will leverage federal funding to borrow money for the improvement of an additional approximately 25,000 public housing units. The New York City Housing Preservation Trust is not funded by the City and is not reflected in the Financial Plan.

***Request for Information***

This annual comprehensive financial report is designed to provide a general overview of the City's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to The City of New York, Office of the Comptroller, Bureau of Accountancy, 1 Centre Street—Room 200 South, New York, New York 10007, or at [Accountancy@comptroller.nyc.gov](mailto:Accountancy@comptroller.nyc.gov).