



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER

BRAD LANDER
COMPTROLLER

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TO THE PEOPLE OF THE CITY OF NEW YORK

It is my privilege to present the City of New York's Annual Comprehensive Financial Report (ACFR) for Fiscal Year 2025. This year marks the 50th anniversary of the enactment of the Financial Emergency Act (FEA), which established the City's strong fiscal practices, including the requirement that the ACFR is published each year by the end of October.

Despite the economic and fiscal concerns sparked by the policies of the Trump administration, the City's overall financial picture remained largely unchanged in FY 2025. The City's economy continued to grow, with gains in population, jobs, visitation, and real estate markets. Although tax revenues grew strongly, the City once again deposited only \$5 million into the Revenue Stabilization Fund. This marks the third consecutive year the deposit has been limited to \$5 million, a pittance in the context of the City's \$117 billion budget. The City continues to lack an established procedure defining how much of the surplus should be allocated to the fund. This failure to set a clear policy prevents the City from fully leveraging periods of economic expansion to prepare for possible future downturns. Had the City followed the formula proposed by my office for deposits into the Revenue Stabilization Fund, the tax revenue growth this year would have resulted in a \$1.339 billion deposit in the fund for FY 2025. The prepayment of the upcoming year's expenses has also declined for the third year in a row, indicating that expenses grew faster than revenues in FY 2025.

Looking forward, the City faces significant potential headwinds from federal policies that would suspend or eliminate federal assistance to New York City, reduce international immigration, and increase the cost of living. While the City has so far weathered the changes in federal policies, growth momentum appears to have faded, and private sector job creation stalled in the second half of the fiscal year.

The ACFR for Fiscal Year 2025 shows that the City of New York (City) completed its Fiscal Year 2025 financial reporting requirements, in accordance with Generally Accepted Accounting Principles (GAAP).

The General Fund is a primary indicator of the City's financial activity and legal compliance within the reporting model promulgated by the Governmental Accounting Standards Board (GASB). In Fiscal Year 2025, the General Fund had revenues and other financing sources of \$117.660 billion and expenditures and other financing uses of \$117.690 billion, resulting in a deficit of \$30.5 million, excluding the adjustment for restricted fund activities. Including the adjustment for restricted fund activities results in an operating surplus of \$5.0 million. This amount increased the General Fund's committed balance (the Revenue Stabilization Fund) to \$1.969 billion. Expenditures and other financing uses included transfers of \$3.787 billion, 3.2 percent of Fiscal Year 2025 revenues, to eliminate the projected budget gap for Fiscal Year 2026; this transfer is conventionally viewed as the General Fund current-year surplus. Fiscal Year 2025 total General Fund revenues were \$4.845 billion higher than in Fiscal Year 2024, an increase of 4.3 percent. The growth in revenues was driven by an increase of \$6.139 billion in tax revenues, an increase of \$791 million in State categorical grants, and partially offset by a \$2.153 billion decrease in Federal categorical aid which represents the falling-off of Covid-19 aid.⁽¹⁾ Fiscal Year 2025 expenditures and other financing uses were \$4.717 billion higher than in Fiscal Year 2024, an increase of 4.2 percent. Excluding the transfers to eliminate future fiscal year projected gaps in both years, expenditures and other financing uses increased by \$4.246 billion or 3.7 percent.

The Total Governmental Funds balance as of the end of Fiscal Year 2025 was \$5.919 billion, an increase of \$2.461 billion from Fiscal Year 2024. The Fiscal Year 2025 increase was driven by a reduction in the Capital Projects Fund deficit by \$2.790 billion. Between Fiscal Year 2020 and Fiscal Year 2024, the deficit of the Capital Projects Fund, representing capital expenditures paid by the General Fund to be reimbursed by bond proceeds or capital grants, went from \$2.515 billion to \$7.492 billion. While in some respects this is simply a matter of cash flow, some fiscal oversight agencies view this as an item of concern. To mitigate this potentially negative

(1) Federal categorical aid includes Federal debt service financing sources.

credit indicator and increase cash balances, and as recommended by my office, the City has increased the size of its bond sales with the aim of reducing the Capital Projects Fund deficit. As of the end of FY 2025 the deficit totaled \$4.702 billion.

The City ended Fiscal Year 2025 with a debt-incurring power of \$29.095 billion. The debt-incurring power increased to \$44.351 billion at the beginning of Fiscal Year 2026 because of the increase of the value of taxable real estate, the appropriation for payment of Fiscal Year 2026 General Obligation debt, and a \$9 billion increase in the amount of Transitional Finance Authority (TFA) outstanding debt not subject to the City’s debt limit. The NY State Fiscal Year 2025 budget included a \$14 billion total increase of TFA debt not counted against the limit—the first \$8 billion increase took effect at the start of Fiscal Year 2025 and the second tranche of \$6 billion took effect at the start of Fiscal Year 2026, on July 1, 2025. Additionally, the NY State Fiscal Year 2026 budget granted another \$3 billion increase effective July 1, 2025, increasing the total TFA debt outstanding not counted against the debt limit at the start of Fiscal Year 2026 to \$30.5 billion.

The government-wide financial statements show a year-end deficit of \$195.019 billion in the Primary Government net position, effectively unchanged from a restated deficit of \$194.762 billion at the beginning of FY 2025. The largest component of the deficit is the \$96.445 billion net liability for retiree health care (Other Post-Employment Benefits or OPEB), marking a \$1.824 billion decrease from Fiscal Year 2024. Over the same period, the pension liability declined by \$8.604 billion due to strong investment income and the scheduled amortization of the unfunded liability. Pension liability at the end of FY 2025 was \$27.064 billion. The reduction in pension and OPEB liability was offset by a \$10.611 billion increase in bonds and note payables.

A detailed analysis of the City’s fund and government-wide financial statements is provided in the Management’s Discussion and Analysis (MD&A), which immediately precedes the basic financial statements contained in this report.

This introduction includes a summary of the economic conditions that New York City faced in Fiscal Year 2025, an economic and fiscal outlook, a brief description of the City’s governance and budget process, and an overview of the ACFR.

ECONOMIC CONDITIONS IN FISCAL YEAR 2025

The most recent estimates from the U.S. Census Bureau show New York City’s population at 8.48 million at the start of Fiscal Year 2025 in July 2024, a 1.0 percent increase from the prior year.⁽²⁾ These latest estimates also revised upward the prior year’s population estimates for New York City in July 2023 by 133,000 versus its previous estimate. The figures now show two consecutive years of population growth in New York City, a cumulative increase of 122,000 residents or 1.5 percent from its recent low point in July 2022. This gain represents a partial recovery of the significant population losses that followed the onset of the Covid-19 pandemic, which saw New York City’s population fall by 449,000, or 5.1 percent, from April 2020 to July 2022. The large increase to the July 2023 estimate and the solid growth through July 2024 was due to lower outmigration toward the rest of the U.S., and an upward revision to the estimates of international migration that better captures the inflow of asylum seekers.

Table 1. Payroll Jobs in New York City

Economic Sectors	Jobs in New York City (in thousands)					
	Pre-pandemic peak:		Pre-pandemic peak to June 2025		June 2024 to June 2025**	
	Jun-25*	Feb-20*	Change	% change	Change	% change
Total	4,847.7	4,713.4	134.3	2.8%	74.9	1.6%
Total Private	4,244.0	4,108.6	135.4	3.3%	67.7	1.6%
Total Office Using	1,536.5	1,497.8	38.7	2.6%	5.2	0.3%
Financial Activities	508.4	487.4	20.9	4.3%	0.2	0.0%
Information	231.0	229.0	2.1	0.9%	7.3	3.3%
Prof. and Business Services	797.1	781.4	15.7	2.0%	(2.3)	(0.3%)
Education and Health Services	1,309.0	1,081.0	228.0	21.1%	66.8	5.4%
Leisure and Hospitality	447.0	470.3	(23.3)	(4.9%)	2.0	0.4%
Other Services	177.9	195.9	(18.0)	(9.2%)	(1.0)	(0.6%)
Trade, Transportation, and Utilities	580.7	635.2	(54.5)	(8.6%)	(1.0)	(0.2%)
Construction	138.2	162.4	(24.2)	(14.9%)	(3.4)	(2.3%)
Manufacturing	54.5	66.0	(11.4)	(17.3%)	(0.9)	(1.6%)
Government	603.7	604.8	(1.1)	(0.2%)	7.2	1.2%

Source: NY State Department of Labor, NYC Office of Management and Budget, Office of the NYC Comptroller. Data are as of August 2025 monthly employment data released on 18 September 2025.

* Based on seasonally adjusted data.
** Based on non-seasonally adjusted data.

(2) See NYC Department of City Planning, New York City Population Estimates and Trends.

New York City payrolls grew by 74,900 jobs from June 2024 to June 2025. The number of jobs in New York City reached an all-time high level in Fiscal Year 2025 and currently exceed pre-pandemic levels by 134,000 (2.8 percent).

Like in the prior fiscal year, New York City's private sector job growth in Fiscal Year 2025 was dominated by the Health Care and Social Assistance industry (part of the Education and Health Services sector in the table above) which added 67,800 jobs over the fiscal year, a 6.8 percent growth rate. Most of this growth came in the Individual and Family Services subsector (+62,000), where jobs paid a relatively low average annual wage of \$36,800 in 2024. The average annual wage for all jobs in New York City in 2024 was \$120,979.

New York City's Information sector grew by 7,300 in Fiscal Year 2025, a gain of 3.3 percent that recovers a portion of the 19,100 payroll jobs lost in the sector during the two prior fiscal years. While the sector's NYC jobs remain below their 2022 high-water mark above 240,000, employment in the industry rose in 2025 to a level higher than prior to the pandemic. Total government employment also rose by 7,200 (1.2 percent) in Fiscal Year 2025, despite a loss of 1,500 Federal jobs. Most other sectors experienced little job growth or slight declines. Leisure and hospitality jobs grew only slightly during the year, after experiencing two prior years of strong growth amidst post-pandemic era recovery. Employment in the Construction industry fell by 2.3 percent, and jobs in the sector remain significantly diminished from their pre-pandemic level.

New York City's seasonally adjusted unemployment rate fell to 4.7 percent in June 2025, from 5.3 percent in the prior year. During this same period, the U.S. unemployment rate remained unchanged at 4.1 percent, thus halving the gap that NYC's rate exceeded the national rate to 0.6 percent. Also, during Fiscal Year 2025, NYC's employment-to-population and labor force participation ratios remained nearly unchanged near historic highs, at 58.7 percent (+0.2 percentage points) and 61.7 percent (-0.1 percentage points), respectively.

Tourism in New York City rebounded in calendar year 2024, but the record-breaking projection for tourism in 2025 was downgraded by the City's agency, NYC Tourism + Conventions, early this year, ascribing lower international visits as the main reason for the downgrade. Despite uncertain economic conditions, demand for hotels was strong amidst low inventory growth. The average occupancy rate during Fiscal Year 2025 was 84.4 percent, a modest increase of 1.3 percentage points from the prior year but slightly below its pre-pandemic levels of more than 85 percent. Additionally, the 12-month Average Daily Rate (ADR) increased by 5.3 percent from Fiscal Year 2024 to \$332.29, fueled by high demand and tight supply of hotel rooms.⁽³⁾ After adjusting for inflation, average room rates were slightly above pre-pandemic levels.

The Consumer Price Index (CPI) in the New York City Metropolitan Area grew by an annual average of 3.9 percent in Fiscal Year 2025, an increase from the prior year's growth rate of 3.4 percent. Excluding often volatile food and energy prices, NYC area prices grew by 4.4 percent, heavily influenced by shelter costs that have grown at 5.5 to 5.6 percent per year for the past two years.

Table 2. Consumer Price Index (CPI)

		<u>FY 2018 - FY 2019</u>	<u>FY 2019 - FY 2020</u>	<u>FY 2020 - FY 2021</u>	<u>FY 2021 - FY 2022</u>	<u>FY 2022 - FY 2023</u>	<u>FY 2023 - FY 2024</u>	<u>FY 2024 - FY 2025</u>
NYC metro area	All items	1.8%	1.7%	2.1%	5.0%	5.3%	3.4%	3.9%
	All items less							
	food & energy	1.7%	2.1%	2.0%	3.4%	4.9%	3.9%	4.4%
	Shelter	2.1%	2.1%	1.4%	1.7%	4.8%	5.6%	5.5%
Size class A cites	All items	2.3%	1.8%	2.1%	6.7%	6.3%	3.7%	2.8%
	All items less							
	food & energy	2.3%	2.2%	1.8%	5.0%	5.9%	4.3%	3.2%
	Shelter	3.4%	3.2%	1.8%	3.9%	7.2%	6.3%	4.2%
US	All items	2.1%	1.5%	2.3%	7.2%	6.3%	3.3%	2.6%
	All items less							
	food & energy	2.1%	2.0%	2.2%	5.4%	5.8%	3.9%	3.1%
	Shelter	3.4%	3.0%	2.1%	4.3%	7.4%	6.3%	4.5%

Notes: CPI growth is calculated as the growth rate of not-seasonally-adjusted indexes averaged over NYC's fiscal year. Size class A cities are those metro areas with population greater than 2.5 million.

Source: Bureau of Labor Statistics, Office of the NYC Comptroller.

(3) Hotel occupancy and room rate data from CoStar.

New York City taxable sales rose by 3.2 percent in Fiscal Year 2025, a pace only slightly above the 2.9 percent inflation rate in the New York City Metropolitan Area for all items less shelter. This growth rate is near to that of the prior fiscal year, where taxable sales rose 3.4 percent. In each of the last two years, retail and wholesale trade taxable sales growth was nearly flat, while taxable sales for entertainment, food, and accommodation, information and utilities, and other services all grew at rates faster than general price inflation. New York City taxable sales for retail and wholesale trade declined by 3.1 percent after adjusting for inflation, its third straight year of real decline.⁽⁴⁾

Table 3. New York City Taxable Sales FY 2016 – FY 2025

Fiscal Year	Taxable Sales (\$b)					
	Retail and Wholesale Trade	Entertainment, Food & Accommodation	Utilities & Information	Other Services	Other	Total
2016	\$55.5	\$33.7	\$21.9	\$26.0	\$13.3	\$150.4
2017	\$56.6	\$34.9	\$23.0	\$26.7	\$15.1	\$156.4
2018	\$59.3	\$36.0	\$23.5	\$29.0	\$17.0	\$164.9
2019	\$62.0	\$37.6	\$24.0	\$31.0	\$18.8	\$173.4
2020	\$59.5	\$31.5	\$25.8	\$30.3	\$18.7	\$165.9
2021	\$62.8	\$15.7	\$27.3	\$27.1	\$19.4	\$152.3
2022	\$74.5	\$32.8	\$30.3	\$33.7	\$22.4	\$193.7
2023	\$77.6	\$43.2	\$32.5	\$38.7	\$24.9	\$216.9
2024	\$77.8	\$45.9	\$34.0	\$41.0	\$25.7	\$224.4
2025	\$77.5	\$48.8	\$36.6	\$42.9	\$25.6	\$231.5

Notes: Taxable sales by NYC Fiscal Year are June through May. Sectors are based on North American Industrial Classification System (NAICS). Data are subject to revision. The data excludes NAICS codes 4243 (“Apparel, Piece Goods, and Notions Merchant Wholesalers”) and 5418 (“Advertising, Public Relations, and Related Services”) due to unusually high readings starting in the second half of 2024 that are likely to be revised in future data releases.

Source: NY State Department of Taxation and Finance, https://data.ny.gov/Government-Finance/Taxable-Sales-And-Purchases-Quarterly-Data-Beginni/ny73-2j3u/about_data. Data as of July 2025.

Median asking rent for publicly listed New York City residential properties grew by \$200 (5.3 percent) to \$4,000 through Fiscal Year 2025, amidst a 1.8 percent decline in the inventory available for rent. The StreetEasy Rental Index, which uses sequential rentals of the same rental properties to measure market rent changes, exhibited growth of 4.7 percent. The sales market appears to be somewhat less tight, with inventory for sale rising for the first time in four years, by 6.3 percent. The StreetEasy Sales Price Index, which uses repeat sales to measure price change, rose by only by 1.3 percent in Fiscal Year 2025, even though the overall median sale price rose by nearly 5 percent during the year.

Table 4. Residential Real Estate

End of Fiscal Year	2018	2019	2020	2021	2022	2023	2024	2025
Inventory for rent	46,193	43,962	54,016	52,579	31,374	38,258	38,476	37,801
Median asking rent	\$2,800	\$2,900	\$2,890	\$2,600	\$3,500	\$3,750	\$3,800	\$4,000
Rental Index	\$2,816	\$2,887	\$2,856	\$2,589	\$3,225	\$3,412	\$3,532	\$3,698
Inventory for sale	18,812	20,508	15,171	19,874	17,246	15,961	15,625	16,617
Median sale price	\$650,000	\$745,000	\$660,000	\$795,625	\$800,000	\$775,000	\$810,000	\$850,000
Sales Price Index	\$631,419	\$630,587	\$619,183	\$600,932	\$625,081	\$618,546	\$613,487	\$621,555

Note: The Rental Index and Sales Price Index represent changes in the cost of the same properties that are re-listed for rent or sale over time, thus controlling for the changing mix of properties that occurs among available rentals or homes for sale.

Source: Streeteasy.com data dashboard. Data are as of June of each year.

Manhattan office real estate vacancy rates fell by 1 percentage point in Fiscal Year 2025 to 22.6 percent, its first decline in the post-pandemic period. Inventory also declined from its record high in the prior year, as the pipeline of new office construction has been shrinking while demolitions and office-to-residential conversions begin to reduce the existing stock of office space. Asking rent per square foot remained near its prior-year level and continued to decline relative to general price inflation.

⁽⁴⁾ Inflation indexed by New York City Metropolitan Area Consumer Price Index for all items less shelter (Bureau of Labor Statistics).

Table 5. Manhattan Office Real Estate

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Inventory (million sf)	398.7	398.7	402.2	404.7	405.6	411.9	414.2	419.8	415.8
Vacancy Rate	9.2%	9.2%	10.5%	11.9%	18.3%	21.5%	22.4%	23.6%	22.6%
Asking Rent per sf	\$72.6	\$72.6	\$74.2	\$73.3	\$70.3	\$71.6	\$71.1	\$73.0	\$72.6

Source: Cushman and Wakefield. Data as of the fourth quarter of each Fiscal Year.

Capital markets in the latter half of Fiscal Year 2025 were very volatile, in the wake of dramatic and fluctuating trade, immigration, and fiscal policy swings. Interest rates remained elevated, counter to prior expectations of most predictors, amidst general policy and economic uncertainty. But overall market valuations grew strongly over the course of the fiscal year, and Fiscal Year 2025 profits for New York Stock Exchange member firms rose by a remarkable 59 percent above the previous year, a result of high trading volumes and rising asset prices.

FISCAL YEAR 2025 BUDGET AND THE FY 2026 ECONOMIC AND FISCAL OUTLOOK

Actual Fiscal Year 2025 revenues were \$5.991 billion more than projected in the Fiscal Year 2025 Adopted Budget (+5.4 percent), driven by a \$3.268 billion variance in tax revenues (+4.2 percent).

Overall, the City availed itself of \$11.690 billion in additional resources that were primarily used to close the Fiscal Year 2026 budget gap (\$3.787 billion), and to fund, among other expenses, greater than expected contractual services costs (\$2.388 billion), higher than budgeted overtime costs (\$1.148 billion), and greater than expected public assistance costs (\$996 million).

In Fiscal Year 2025, the City deposited \$5.0 million in the Revenue Stabilization Fund (RSF), reaching a balance of \$1.969 billion. At the end of Fiscal Year 2025, the Retiree Health Benefit Trust (RHBT) fund held assets of \$5.225 billion. The total of long-term reserves (RHBT and RSF) was \$7.194 billion, or 9.0 percent of the City's Fiscal Year 2025 tax revenues, below the estimate of 16.0 percent needed to weather the full length of a recession, as estimated by the Office of the NYC Comptroller.⁽⁵⁾

In Fiscal Year 2025, total General Fund revenues and other financing sources reached \$117.660 billion, an increase of 47.1 percent from Fiscal Year 2016 (compound annual growth rate – CAGR – of 4.4 percent). Total tax revenues reached \$80.315 billion in Fiscal Year 2025, a trend growth from Fiscal Year 2016 comparable with total General Fund revenues (+49.8 percent, CAGR of 4.6 percent). Fiscal Year 2025 tax revenues were \$18.822 billion higher than their pre-COVID-19 level of \$61.494 billion in Fiscal Year 2019 (CAGR of 4.6 percent).⁽⁶⁾

Tax expenditures⁽⁷⁾

In Fiscal Year 2025, the City provided a total of \$8.126 billion in property tax exemptions and abatements. The majority was attributable to City programs (\$4.900 billion), followed by public agencies (\$2.359 billion), and NYS programs (\$868 million). Among the City programs, the largest expenditure was attributable to the 421-a program (\$1.958 billion) for the construction of multifamily rental buildings, with and without the inclusion of income-restricted housing units. The 421-a program expired on June 15, 2022. Tax expenditures for the 485-x program (421-a's successor enacted in 2024) have yet to appear on the tax rolls. Abatements for owners of condominium and coop units represent \$694.6 million of the \$1.089 billion in City individual assistance property tax programs, which also include programs for low-income seniors and disabled owners and renters, veterans, and clergy. Property tax expenditures on economic development programs were \$998.4 million in Fiscal Year 2025. NYS and public agencies' programs together provided a total of \$1.837 billion in tax expenditures to residential properties and \$1.389 billion to commercial and industrial properties.

Data on business income, excise, sales, and other tax expenditures are available with a lag. The latest available data refer to 2021 and 2023. Business income expenditures for tax year 2021 and excise tax expenditures for tax year 2023 totaled \$1.111 billion, with \$831 million represented by the non-taxation of insurance corporations and the business and investment capital tax limitation. For calendar year 2021 sales tax exemptions were worth \$4.711 billion.

(5) See Preparing for the Next Fiscal Storm : Office of the New York City Comptroller Brad Lander (nyc.gov).

(6) The data used in this paragraph are available in the statistical appendix of this report.

(7) The data in this section are drawn from NYC Department of Finance (2025) *Annual Report on Tax Expenditures FY 2025*, <https://www1.nyc.gov/site/finance/taxes/annual-report-on-tax-expenditures.page>

Cash balance

The City began Fiscal Year 2025 with \$10.410 billion in cash-on-hand, versus \$12.387 billion in Fiscal Year 2024. During Fiscal Year 2025, the City collected \$143.607 billion in revenues and incurred \$141.788 billion in expenditures (these amounts include revenues from bond proceeds and capital expenditures). Both revenues and expenditures were the highest amounts on record. Cash balances declined from the peak levels reached in Fiscal Year 2023. In Fiscal Year 2025 the City's daily cash balances averaged \$10.882 billion, \$49.153 million below the average in the previous fiscal year. The lowest daily cash balance in Fiscal Year 2025 measured \$4.602 billion, compared to \$5.223 billion in FY 2024, \$3.966 billion in Fiscal Year 2023 and \$1.338 billion in Fiscal Year 2022. As for the past 22 years, the City did not require short-term borrowing to cover the cost of operations.

Economic and fiscal outlook

U.S economic activity is showing signs of weakness, with low consumer and business confidence restraining spending, hiring, and investment amidst economic uncertainty. The Trump Administration's trade policies, combined with its dramatic budget cutbacks and immigration enforcement threaten to continue to worsen the U.S. and local economy if they are not scaled back within the year. The Office of the New York City Comptroller projects slow economic growth over the next year with the possibility of a recession on the horizon.⁽⁸⁾ To alleviate the risk of recession, the Federal Reserve started lowering interest rates at its recent September meeting.

The Adopted Budget for the General Fund for Fiscal Year 2026 totals \$115.907 billion. Just over a quarter of the total budget (\$31.179 billion or 26.9 percent) is allocated for education spending, which includes funding the Department of Education (DOE) and the City University of New York (CUNY), followed by \$19.256 billion for the City's social service agencies (16.6 percent).⁽⁹⁾ Other agency spending comprises 28.6 percent of the budget (\$33.154 billion). Spending on fringe benefits and pensions for City employees and retirees account for another 21.7 percent of the budget (\$25.171 billion). Debt service costs to pay for the City's capital program account for 4.2 percent (\$4.874 billion). Budgeted payments for judgments and claims comprise 0.7 percent (\$823 million). The Adopted Budget also includes a general reserve of \$1.200 billion and a capital stabilization reserve of \$250 million, together these account for 1.3 percent of the budget. Both reserves cover expenditures that have not yet been identified or revenue shortfalls that could take place during the fiscal year.

Most spending (75.5 percent) in the Fiscal Year 2026 Adopted Budget is supported by City-generated revenues of \$87.526 billion. Tax revenues of \$81.323 billion represent the bulk of City-generated revenues. Real property taxes and personal income taxes account for about two-thirds of projected tax revenues, with the property tax totaling \$35.266 billion⁽¹⁰⁾ (43.4 percent of tax revenues), followed by \$17.999 billion in Personal Income Tax (PIT) and Pass Through Entity Tax or PTET (22.1 percent of revenues).⁽¹¹⁾ Non-tax City revenues, including interest income, charges for services, and revenues from licenses, permits, and franchises are projected at \$6.204 billion (5.4 percent of total projected Fiscal Year 2026 revenues).

State categorical grants are forecast to be \$18.980 billion, or 16.4 percent of total Fiscal Year 2026 projected revenues. Federal grants account for another \$7.470 billion, or 6.4 percent, of Fiscal Year 2026 projected revenues. Other categorical grants and inter-fund agreement (IFA) revenues comprise the remaining City revenues (about 1 percent each). IFA revenues are reimbursements from the Capital Projects Fund to the General Fund for costs related to the execution of capital projects.

In the Financial Plan, General Fund revenues and expenses for Fiscal Year 2026 are in balance. The plan projects gaps of \$5.044 billion, \$6.103 billion and \$5.964 billion in fiscal years 2027, 2028 and 2029, respectively.

(8) See Comments on New York City's Fiscal Year 2026 Adopted Budget - Office of the New York City Comptroller Brad Lander

(9) Spending on Department of Education and City University of New York fringe benefits, which are typically reflected within each agencies' respective budget have been included in the fringe benefits category. Social services agencies include the departments of Social Services, Homeless Services, Aging, and the Administration of Children's Services. All totals are net of intracity funding

(10) Property tax revenues are inclusive of the NY State reimbursement of STAR exemptions.

(11) In response to limits put on deductions of State and Local Taxes (SALT) payments in the 2017 Tax Cuts and Jobs Act, the State enacted legislation that allows partnerships and S corporations (known as pass-through entities) to pay City and State entity-level taxes. PTETs are optional taxes that do not replace the pre-existing income taxes (the General Corporation Tax on S corporations and the Unincorporated Business Tax). Unlike state and local PIT, PTET payments can be fully deducted from the federal individual income tax.

The Comptroller's Office restates the City's projected gaps based on its independent estimates of City-funded revenues and expenses. Because of the elevated recession risk, the revenue forecast includes both a baseline ("no-recession") economic scenario and a mild recession scenario.

In the baseline scenario, where revenue growth is slow but positive, the Comptroller's Office projects that City-funded revenues (tax and other revenues) will be lower than included in the Fiscal Year 2026 Adopted Budget and June 2025 Financial Plan by \$159 million in Fiscal Year 2026, but higher in Fiscal Year 2027 through Fiscal Year 2029, by \$1.342 billion in Fiscal Year 2027, \$1.949 billion in Fiscal Year 2028, and \$3.030 billion in Fiscal Year 2029. In Fiscal Year 2026, the negative variance is principally driven by lower estimates of business income taxes offset somewhat by higher estimates of real-estate transaction tax and tax audit revenue. In Fiscal Year 2027 through Fiscal Year 2029 the positive variance is largely driven by higher estimates of combined PIT and PTET revenues.

In the mild recession scenario, tax revenues drop compared to the baseline scenario by \$2.280 billion in Fiscal Year 2026, \$2.041 billion in Fiscal Year 2027, and \$264 million in Fiscal Year 2028, before rebounding to \$317 million above the baseline scenario in Fiscal Year 2029.

On the expenditure side, the Comptroller's Office estimates City-funded expenses will be higher than those reflected in the Fiscal Year 2026 Adopted Budget and June 2025 Financial Plan by \$4.058 billion in Fiscal Year 2026, \$5.124 billion in Fiscal Year 2027, \$5.799 billion in Fiscal Year 2028, and \$5.601 billion in Fiscal Year 2029. Many of the additional expenditures are for chronically underbudgeted costs—costs that are expected to be incurred and are tied to ongoing programs but that are not realistically budgeted—such as the City's rental assistance programs, uniformed personnel overtime, special education due process cases, and statutory transfers to the Metropolitan Transportation Authority. In addition to areas of chronic underbudgeting, the Comptroller's Office estimates additional City funding will be required for early education and childcare programs, including Pre-K and 3-K, and for the City's childcare vouchers, in order to continue the programs at current levels. The City will also need to add funding beginning in Fiscal Year 2027 to hire more teachers to fully implement the State's mandate to reduce class sizes in City schools. The June plan also does not reflect major changes related to the cost of health insurance for the City's employees and pre-Medicare retirees. The health insurance projection included in the Fiscal Year 2026 Adopted Budget reflects an increase of 5.5 percent compared to the Fiscal Year 2025 rate for the Health Insurance Plan of Greater New York (HIP-HMO). However, the State's final approved premium rate increase of 12.2 percent will raise budgeted health insurance costs by an additional \$539 million in Fiscal Year 2026, growing to \$646 million by Fiscal Year 2029. In late September, the Municipal Labor Committee approved the replacement of the City's second premium-free plan offered to employees with a self-funded plan, which is alleged to save the City up to \$1 billion annually. The new plan is expected to start on January 1, 2026. Details on the source and timing of the savings are not available at the time of writing.

Higher expenditures are partially offset by lower pension contributions, due to the pension funds' combined investment return of 10.3 percent achieved in Fiscal Year 2024, above the 7.0 percent target. These returns will allow the City to lower its pension contributions over the financial plan period by an estimated \$191 million in Fiscal Year 2027, \$436 million in Fiscal Year 2028, and \$668 million in Fiscal Year 2029. The Comptroller's Office estimates that spending on asylum seekers will be somewhat lower than the Financial Plan projections, resulting in some budgetary savings.

The Comptroller's Office's restated gaps resulting from these expense and revenue re-estimates are higher than those included in the financial plan under both economic scenarios. In the baseline scenario, the Comptroller's Office projected gaps will total \$4.217 billion in Fiscal Year 2026, \$8.826 billion in Fiscal Year 2027, \$9.953 billion in Fiscal Year 2028, and \$8.535 billion in Fiscal Year 2029. In the mild recession scenario, the Comptroller's Office estimated gaps would increase, although withdrawals from the Revenue Stabilization Fund would reduce the impact somewhat. With rainy day fund withdrawals of \$980 million in this Fiscal Year 2026 and 2027, gaps in those years would total \$5.517 billion and \$9.887 billion, respectively. Gaps in Fiscal Year 2028 and Fiscal Year 2029 would be closer to the no recession scenario, totaling \$10.217 billion and \$8.218 billion, respectively.

Municipal finance

The municipal market continued to experience volatility in Fiscal Year 2025. The announcement and implementation of tariffs in April 2025 caused an increase in interest rates, just as the City was issuing a significant amount of new money bonds. Concerns of inflation also persisted from the previous year, putting pressure on both the tax-exempt and taxable markets.

The tax-exempt Municipal Market Data (MMD) yield curve inversion that began in December 2022 slowly faded over the course of Fiscal Year 2025 and a more regular, upward-sloping curve returned. Short-term rates were driven lower by increased demand, as investors sought to reduce their duration risk by purchasing shorter-dated maturities. Long-term rates increased, partly in response to future spending included in the Federal budget reconciliation bill. At the end of Fiscal Year 2025, 1-Year MMD was 2.57 percent, 5-Year MMD was 2.67 percent, 10-year MMD was 3.26 percent, and 30-year MMD was 4.54, whereas at the beginning of the fiscal year, 1-Year MMD was 3.15 percent, 5-Year MMD was 2.92 percent, 10-year MMD was 2.87 percent, and 30-year MMD was 3.75 percent.

The City's borrowing and refinancing schedule was busy with the General Obligation (GO) and Transitional Finance Authority (TFA) credits coming to market a combined 13 times throughout the fiscal year. New York City continued to experience strong retail investor participation on transactions and increased institutional interest, which was supported by municipal bond fund inflows for most of the fiscal year. Despite the significant market volatility in response to announced tariffs, strong investor participation from all segments of the market helped the City maintain competitive pricing spreads while reaching a broad investor base. The City also took steps to reduce its exposure to future Federal actions by refunding outstanding Build America Bonds (BABs) with tax-exempt debt. This helps to mitigate risk to the City, should the Federal government further reduce or eliminate BABs subsidies.

In Fiscal Year 2025, the GO and TFA credits issued a combined 10 new money transactions, for a total principal amount of \$15.500 billion, which raised nearly \$16.250 billion of proceeds for the City's capital needs (the City issues premium bonds).

The table below summarizes statistics for each series of bonds issued for new money purposes throughout the fiscal year.

Table 6: GO and TFA Fiscal Year 2025 new money issuance summary

Transaction	Closing Date	Tax-Exempt Par	Taxable Par	Total Par	Net Proceeds	True Interest Cost (%)	Average Life (years)	Final Maturity
GO 2025 C	9/10/2024	\$ 1,800,000,000	\$ 300,000,000	\$ 2,100,000,000	\$ 2,220,294,990	4.18%	19.29	9/1/2054
TFA 2025 C	10/1/2024	\$ 1,800,000,000	\$ 300,000,000	\$ 2,100,000,000	\$ 2,251,845,204	4.08%	18.17	5/1/2053
GO 2025 D	10/16/2024	\$ 0	\$1,500,000,000	\$ 1,500,000,000	\$ 1,492,318,542	5.12%	19.35	10/1/2054
TFA 2025 D	10/30/2024	\$ 1,500,000,000	\$ 0	\$ 1,500,000,000	\$ 1,612,260,147	4.38%	18.99	5/1/2054
TFA 2025 E	1/7/2025	\$ 1,500,000,000	\$ 0	\$ 1,500,000,000	\$ 1,639,663,748	4.25%	18.44	11/1/2053
GO 2025 E	3/20/2025	\$ 500,000,000	\$ 0	\$ 500,000,000	\$ 540,399,760	4.37%	19.64	8/1/2055
TFA 2025 H	4/1/2025	\$ 1,800,000,000	\$ 0	\$ 1,800,000,000	\$ 1,911,210,161	4.44%	19.04	11/1/2054
GO 2025 G	4/29/2025	\$ 1,800,000,000	\$ 0	\$ 1,800,000,000	\$ 1,868,166,783	4.58%	19.14	2/1/2055
GO 2025 H	4/29/2025	\$ 0	\$1,750,000,000	\$ 1,750,000,000	\$ 1,741,216,443	6.17%	19.74	2/1/2055
TFA 2025 I	5/29/2025	\$ 650,000,000	\$ 300,000,000	\$ 950,000,000	\$ 972,237,758	5.01%	19.10	5/1/2055
Total:		\$11,350,000,000	\$4,150,000,000	\$15,500,000,000	\$16,249,613,537	4.62%**	19.03**	

Note: Net Proceeds is equal to Total Par plus net premium/discount minus underwriting expenses and cost of issuance.

** Weighted average by Net Proceeds.

Source: Office of the NYC Comptroller.

During Fiscal Year 2025, the City and TFA issued five refunding transactions that generated nearly \$593 million of debt service savings over the life of the bonds. The table below provides summaries of each of the refunding transactions and includes gross debt service savings and present value savings percentage for each transaction.

Table 7: GO and TFA Fiscal Year 2025 refunding summary

Transaction	Closing Date	Total Par	Gross Budget Savings	PV Savings (%)	True Interest Cost (%)	Average Life (years)	Final Maturity
TFA 2025 AB	7/30/2024	\$2,459,535,000	\$263,028,461	7.31%	3.47%	8.93	11/1/2041
GO 2025 AB	8/15/2024	\$1,106,225,000	\$ 90,513,987	6.58%	3.23%	6.08	8/1/2038
TFA 2025 FG	2/25/2025	\$1,947,770,000	\$115,971,437	4.06%	3.57%	8.32	11/1/2041
GO 2025 F	3/20/2025	\$ 910,515,000	\$ 59,662,669	5.02%	3.29%	6.64	8/1/2043
TFA 2025 JK	5/29/2025	\$ 546,705,000	\$ 63,745,266	7.42%	3.53%	6.81	11/1/2036
Total:		\$6,970,750,000	\$592,921,820	5.99%*	3.44%*	7.84*	

Note: The table excludes a \$67,115,000 reoffering of GO 2006 I-6 bonds and a \$71,880,000 reoffering of GO 2012D-3A bonds, both of which were converted from variable to fixed rate.

* Weighted average by Total Par.

Source: Office of the NYC Comptroller.

Pension investment returns

The Comptroller's Office, through its Bureau of Asset Management, serves as the investment advisor to the City's five pension funds. The City's primary pension trust funds are New York City Employees' Retirement System (NYCERS), Teachers' Retirement System of the City of New York (TRS), New York City Police Pension Fund (Police), New York City Fire Pension Fund (Fire), and the New York City Board of Education Retirement System (BERS). Each of these pension funds provides pension benefits through a Qualified Pension Plan (QPP), as well as certain other retirement benefits that vary by plan and retiree status.

As of June 30, 2025, the combined value of investments of the City’s five Systems totaled \$297.607 billion.⁽¹²⁾ These assets include funds invested by certain employee investment plans and exclude cash from the settlement of pending purchases and sales. This total represented an increase of \$20.224 billion from the total value of \$274.383 billion as of June 30, 2024. During the fiscal year, the fair value of the assets ranged from a high of \$294.607 billion (June 2025) to a low of \$274.383 billion (June 2024).

The time-weighted return (net of manager fees) of the aggregate portfolio was 10.3 percent in Fiscal Year 2025 and 10.0 percent in Fiscal Year 2024, well above the 7.0 percent target set by the State legislature and utilized by the City Actuary to set contribution levels. This outperformance in FY 2024 and FY 2025 will lower required pension contributions by an estimated \$4.898 billion through Fiscal Year 2030. In aggregate the City’s pension funds are 89.1 percent funded to meet their long-term obligations, with a plan in place to achieve 100 percent funding by 2032.

Assets are managed in accordance with investment policy statements adopted periodically by each System’s Board of Trustees in consultation with the Comptroller’s Office and the City pension funds’ independent consultants. The allocation to each asset class is based in part on an analytical study indicating the expected rates of return and levels of risk and correlations for various asset allocations. The policy mix ranged from 62.5 percent equity to 67.5 percent equity among funds, and each fund allows the mix to float within a narrow range to limit portfolio turnover and to accommodate short term cash needs. More detailed information on pension fund assets and managers is available on the Comptroller’s website at <https://comptroller.nyc.gov/services/financial-matters/pension/asset-under-management>.

Except for certain private equity, real estate, infrastructure and opportunistic fixed income investments where registration is not required, all fund assets are managed by investment advisers registered in their respective jurisdictions pursuant to guidelines issued by the Comptroller’s Office. In addition, all short-term assets managed by the Comptroller’s Office Bureau of Asset Management are traded through registered broker-dealers. The table below reports portfolio returns in Fiscal Years 2024 and 2025.

Table 8: Investment returns in Fiscal Years 2024 and 2025

	FY 2025 Market Value (\$m)	Annual Return (%)	
		FY 2024	FY 2025
All systems			
Total Portfolio (Net of Manager Fees)	\$294,607	10.00	10.31
Board of Education Retirement System (BERS)			
Total Portfolio (Net of Manager Fees)	\$10,171	10.55	10.54
Employees’ Retirement System (NYCERS)			
Total Portfolio (Net of Manager Fees)	\$92,184	9.88	10.05
Fire Pension Fund (NYCFPF)			
Total Portfolio (Net of Manager Fees)	\$22,275	10.02	10.1
Police Pension Fund (NYCPPF)			
Total Portfolio (Net of Manager Fees)	\$56,289	10.17	9.70
Teachers’ Retirement System (TRS)			
Total Portfolio (Net of Manager Fees)	\$113,688	9.96	10.86

Source: Office of the NYC Comptroller.

(12) This is the total amount of investments reported in the five Qualified Pension Plans (QPP), net of collateral from securities lending transactions and investments in variable funds (see Part II-D, Fiduciary Funds schedules).

CITY GOVERNMENT AND THE BUDGET PROCESS

In 1897 the New York State Legislature adopted the Greater New York Charter. Over the years, the Charter has been revised, most significantly in 1989, and in its current form, it defines the City of New York's organization, function, and policies and procedures.

The City of New York comprises five counties, which correspond to its five boroughs: Brooklyn, the Bronx, Manhattan, Queens, and Staten Island. Within the five counties, the City is the local government primarily responsible for service delivery and the only local government with authority to levy and collect taxes.

The Mayor serves as the City's chief executive officer. The City Council, the City's legislative body, comprises fifty-one council members who represent New Yorkers residing in their districts. Responsibilities for governing are also vested in the City Comptroller, the Public Advocate, and the Borough Presidents. Officials are subject to a limit of two consecutive terms of service.

The Mayor. The Mayor is elected in a general election for a four-year term. The Mayor has the power to appoint the commissioners of the City's various departments. The Mayor is responsible for preparing and administering the City's annual Expense and Capital Budgets and financial plan. The Mayor has the power to veto local laws enacted by the City Council, but such a veto may be overridden by a two-thirds vote of the City Council. The Mayor has powers and responsibilities relating to land use and City contracts and all residual powers of the City government not otherwise delegated by law to some other public official or body.

The City Comptroller. The City Comptroller is elected in a general election for a four-year term and is the chief fiscal officer of the City. The City Comptroller has investigative and audit powers and responsibilities which include keeping the financial books and records of the City. The City Comptroller's audit responsibilities include a program of performance audits of City agencies in connection with the City's management, planning and control of operations. In addition, the City Comptroller is required to evaluate the Mayor's budget, including the assumptions and methodology used in the budget. The Office of the City Comptroller is responsible under the City Charter and pursuant to State law and City investment guidelines for managing and investing City funds for operating and capital purposes. The City Comptroller is a trustee, the custodian and the delegated investment advisor of the City's five pension systems.

The City Council. The City Council consists of 51 members elected for four-year terms who represent various geographic districts of the City. The City Council is led by a Speaker, elected by Council Members. Under the City Charter, the City Council must annually adopt a resolution fixing the amount of the real estate tax and adopt the City's annual Expense Budget and Capital Budget. The City Council does not, however, have the power to enact local laws imposing other taxes, unless such taxes have been authorized by State legislation. The City Council has powers and responsibilities relating to franchises and land use and as provided by State law.

The Public Advocate. The Public Advocate is elected in a general election for a four-year term. The Public Advocate is first in the line of succession to the Mayor in the event of the disability of the Mayor or a vacancy in the office, pending an election to fill the vacancy. The Public Advocate appoints a member of the City Planning Commission and has various responsibilities relating to, among other things, monitoring the activities of City agencies, the investigation and resolution of certain complaints made by members of the public concerning City agencies and ensuring appropriate public access to government information and meetings.

The Borough Presidents. Each of the City's five boroughs elects a Borough President who serves for a four-year term concurrent with other City elected officials. The Borough Presidents consult with the Mayor in the preparation of the City's annual Expense Budget and Capital Budget. Five percent of discretionary increases proposed by the Mayor in the Expense Budget and, with certain exceptions, five percent of the appropriations supported by funds over which the City has substantial discretion proposed by the Mayor in the Capital Budget, must be based on appropriations proposed by the Borough Presidents. Each Borough President also appoints one member to the Panel for Educational Policy (as described below) and has various responsibilities relating to, among other things, reviewing and making recommendations regarding applications for the use, development or improvement of land located within the borough, monitoring and making recommendations regarding the performance of contracts providing for the delivery of services in the borough, and overseeing the coordination of a borough-wide public service complaint program.

As required by the New York State Financial Emergency Act for the City of New York and the New York City Charter, the Mayor is responsible for preparing a four-year annual financial plan, including certain entities that receive funds from the City. The plan is revised on a quarterly basis and includes capital, revenue and expense projections.

The City's fiscal year starts on July 1st with the Budget adopted by June 30 of the previous fiscal year. While the Mayor can update the financial plan at any time (N.Y. Charter § 258(d)), below are the main steps of the budget process:

1. The "November plan" (N.Y. City Charter § 258.c.(2)(c)) is an update to the adopted financial plan to be issued during the second quarter of the fiscal year (typically in November), covering the current year and the three ensuing ones. The upcoming fiscal year does not need to be balanced.

2. The Preliminary Budget and associated financial plan: the Mayor presents the Preliminary Budget for the upcoming fiscal year by January 16, or in any calendar year immediately following the election of a mayor, by the first day of February (N.Y. City Charter § 236). The Mayor is also required to present a financial plan for the current and four ensuing fiscal years. The current and upcoming fiscal year budgets need to be balanced (N.Y. City Charter § 225(a)). The City Council then invites public comment and conducts hearings at which agency heads, the City Comptroller, the Independent Budget Office, and others testify (N.Y. City Charter § 237(a)).
3. The Executive Budget and associated financial plan: unless otherwise authorized by the City Council, the Mayor presents the Executive Budget for the upcoming fiscal year by May 1 (N.Y. City Charter § 249). The Mayor is also required to present a financial plan for the current and four ensuing fiscal years. The current and upcoming fiscal year budgets need to be balanced. The Charter directs the Council to hold hearings on the Executive Budget between May 6 and May 25 (N.Y. City Charter § 253).
4. Revenue re-estimate (N.Y. City Charter § 1515): after the presentation of the Executive Budget but before May 25, the Mayor can submit to the City Council an updated estimate of all sources of revenues for the upcoming fiscal year. Upon a written determination of fiscal necessity to be submitted to the City Council, the Mayor can update the revenue estimate for the upcoming fiscal year until budget adoption.
5. The Adopted Budget: in case the Budget is not adopted by June 5, the current fiscal year adopted expense budget and property tax rate (as modified through the fiscal year) are extended to the new fiscal year until a new expense budget is adopted. The Council can amend the Mayor's executive budget (N.Y. City Charter § 254(a)) and the Mayor may veto any items of appropriation that the Council has added to the Executive Budget (subject to possible Council override), but may not veto appropriations that were already in the Executive Budget (N.Y. City Charter §§ 254(c), 255).

The City is financially accountable for legally separate entities also known as component units (such as, among others, the New York City Health and Hospitals Corporation, the New York City Housing Authority, the New York City Economic Development Corporation, and the New York City Housing Development Corporation). Financial accountability is determined based on the entities' organizational structure, specifically the City's ability to appoint a voting majority, the governing body's ability to impose its will, or whether the organization provides a financial benefit or poses a financial burden on the City. For a complete listing of the City's component units, please see the Management Discussion and Analysis section entitled Financial Reporting Entity. Other organizations may appear as potential component units due to their relationship with the City, however are not presented as such because they do not meet the criteria as outlined in GASB statement no. 14, as amended by GASB statement no. 61.

NEW YORK CITY'S ANNUAL COMPREHENSIVE FINANCIAL REPORT

The Annual Comprehensive Financial Report (ACFR) is required by Section 93(1) of the New York City Charter, and is presented in three sections. This transmittal letter serves as an introduction and summary. The financial section includes the basic financial statements, combining fund financial statements and schedules and other required supplementary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

As was the case for the first time last year, the financial and statistical tables in the ACFR are available for download as data files from the Comptroller's website at comptroller.nyc.gov.

The City is responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of the Comptroller's Office Leadership's knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the City and its various funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Amendments Act of 1996 and the United States Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other related documents. Information related to the Single Audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and auditors' reports on internal controls and compliance with applicable laws and regulations, are issued as a separate report.

Budgetary and financial controls

The City is responsible for establishing and maintaining internal controls designed to ensure that municipal assets are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. These internal controls are subject to continuous evaluation by the City.

Budgetary controls

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the Annual Appropriated Budget approved by the City's governing body. Activities of the General Fund are included in the Annual Appropriated Budget. The City also makes appropriations in the Capital Budget to authorize the expenditure of funds for various capital projects. The New York City Charter establishes the legal budgetary control at the Unit of Appropriation level. A Unit of Appropriation represents the amount for a particular program, purpose, activity or institution in an agency's budget. The City maintains budgetary controls to ensure compliance, within certain parameters, with legal provisions embodied when expenditures exceed the appropriated amount. The City also maintains an encumbrance accounting system as another technique of accomplishing budgetary control. Encumbrances lapse at the end of each fiscal year.

Financial controls

The City maintains financial controls through the use of an integrated accounting and budgeting system, referred to as the Financial Management System (FMS). FMS maintains the City's centralized accounting and budgetary controls. FMS is also used by the City to maintain information on City contracts as well as capital projects. FMS provides the ability for the Mayor's, Comptroller's, and individual agencies' financial managers to access, analyze, and utilize the City's financial data. These capabilities are continuously improved to meet new information needs.

Section 93 of the New York City Charter grants the Comptroller broad powers for establishing accounting and internal control policies and procedures for the City. To ensure the adequacy of the City's internal controls, directives and memoranda that outline appropriate policies and procedures for all City agencies and component units are issued and periodically updated. These directives and memoranda establish internal controls and accountability, which safeguard City assets. The Comptroller's Office and agency auditors periodically check City agencies' and component units' adherence to internal control policies and procedures. Each year, in accordance with the *Comptroller's Internal Control and Accountability Directive #1—Principles of Internal Control*, every City agency is required to prepare a report on its internal controls. Each agency's report must include an "Agency Financial Integrity Compliance Statement" signed by the agency head. The statement must include the agency head's opinion as to whether the agency's internal controls provide reasonable assurance that internal control objectives were achieved during the fiscal year and can continue to be achieved in the future.

The Comptroller's Office Audit Bureau administers the "Agency Financial Integrity Compliance Statement" program that is part of the "Principles of Internal Control" Directive and collects agency responses. In addition, the auditors collate these responses and use the results as part of a risk assessment to identify future audits. This approach helps to ensure that agencies genuinely assess their internal controls, rather than just examine them perfunctorily. The Comptroller's Office also asks agencies to assess the adequacy of their internal audit functions.

Should a control weakness prevent any significant control objective from being achieved, the agency head must describe management's plans for correcting it. Agencies must also explain and describe planned corrective action for any outstanding weakness described in audit reports prepared by the City Comptroller's Office auditors, the City's independent auditors, the State Comptroller, or other oversight or audit bodies.

AWARDS

For the 45th consecutive year, the City of New York was awarded the prestigious Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA). The Certificate signifies that the City's Annual Report meets the highest standards of governmental financial reporting. To be awarded a Certificate of Achievement for Excellence in Financial

Reporting, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

Ensuring that our City's financial reporting is accurate, transparent, and reliable is an essential foundation for trust in local government and our democratic institutions. This report relies on the hard work of the hundreds of accounting and financial professionals in every City agency who work every day on behalf of New Yorkers. Your cooperation and collaboration with the staff of the Comptroller's office to produce this report comprises the foundation of our City's good faith and credit, not only with ratings agencies and bondholders, but with the people of the City of New York. I also wish to convey my deep appreciation to my staff who have worked so diligently to prepare the financial statements and the entire ACFR. I offer special thanks to Deputy Comptroller for Accountancy Jacqueline Thompson, Assistant Comptroller for Accountancy, Katrina Stauffer, and the entire management team and staff of the Bureau of Accountancy, as well as Executive Deputy Comptroller Francesco Brindisi. I am also grateful for the assistance of the Mayor's Office of Management and Budget, the Office of the Actuary, the five major Retirement Systems, and the Financial Information Services Agency.

I want to thank the City's independent auditors, Grant Thornton LLP, for their efforts throughout this audit engagement. Finally, I want to acknowledge the work of the City's Audit Committee, and especially the private members who serve a vital role in ensuring the integrity of the independent audit process.

With gratitude for all their work, confidence in the strength of our city, and optimism for its future,

A handwritten signature in black ink, appearing to read 'B. Lander', with a stylized, cursive flourish at the end.

Brad Lander

New York City Comptroller