

# New York City, New York

The revision of New York City's Rating Outlook to Negative reflects Fitch's concern about the February 2026 financial plan and the city's ability to right-size the budget given required approvals for recurring sources of new revenues, and the ability to implement cost-savings measures as planned in order to right-size estimated out-year budget gaps without a significant reliance on available reserves.

The 'AA' Issuer Default Rating (IDR) reflects the city's 'aa' financial resilience assessment, which assumes maintenance of available reserves above 7.5% of spending, supported by a history of strong budget monitoring and controls. For the purposes of the available reserves calculation, Fitch includes the FYE revenue stabilization fund, the balance in the retirees' health benefits trust (RHBT), as well as discretionary transfers of surplus (\$3.8 billion in FY25) for prepayment of certain of the following year's operating expenditures. The available balance as of FYE 2025 (ended June 30) was \$11 billion, equal to 9.4% of spending.

The February 2026 financial plan incorporates a significant projected rise in spending compared to the November 2025 financial plan; it projects a use of reserves and estimates only a marginal surplus available for discretionary transfer for FYE2026. These two factors, if realized, would reduce the city's available reserves to below the 7.5% minimum for its 'aa' financial resilience assessment and increase risk for a ratings downgrade absent recurring corrective measures to stabilize the city's budget and reserve position.

Additionally, the February 2026 plan assumes a proposed 9.5% property tax increase, equal to additional tax revenue of \$3.7 billion in fiscal 2027 to accommodate a significant rise in projected spending and reduce the need for additional drawdowns of reserves. Reliance on a large tax levy increase, particularly outside of a downturn in the economy, could constrain the city's future ability to raise revenues due to property tax limitations. A trend of significant annual leveraging of the property tax levy could limit the city's revenue control and budgetary flexibility assessment and require a minimum 10% of available reserves to maintain the 'aa' financial resilience assessment and the current rating.

The city continues to work with state representatives to garner support for additional recurring revenue and reduced spending mandates to help right-size financial operations and avoid a large property tax increase and use of reserves. Implementation of cost-saving measures and the use of budgetary tools could result in a higher fiscal year-end discretionary prepayment of expenses offsetting future spending needs in fiscal 2027 and supporting Fitch's view of the city's available reserve levels. Finalization of the state and city budgets will provide better insight into the solutions for fiscal 2027 and out-year budget gaps.

The city's demographic and economic trend and level metrics are mixed relative to Fitch's local government rated portfolio. 'High' educational attainment levels and 'Midrange' income and unemployment levels mitigate the city's moderately declining population trend, despite the U.S. Census population estimates for the past two years showing modest yoy growth.

These factors help offset the city's elevated long-term liability burden, which Fitch assesses as 'Weak' due to the very high liabilities-to-personal income metric of 23.6%, elevated carrying costs and 'Moderate' liabilities compared to total governmental revenues, relative to Fitch's local government rated portfolio. Fitch expects the city's long-term liabilities to remain elevated compared to personal income levels. This expectation is based on future debt needs offset by scheduled principal amortization, the status of the city's net pension liabilities (NPLs) over time (assuming actuarial assumptions are met) and increases in the resource base.

The ratings also reflect the application of a positive one-notch Additional Analytical Factor recognizing the city's important role and significant contributions to the New York-Newark-Jersey City, NY-NJ-PA metropolitan statistical area (MSA). In 2024, the MSA was the largest contributor among all MSAs to nominal U.S. GDP.

## Ratings

Long-Term IDR AA

## Outlooks

Long-Term IDR<sup>a</sup> Negative

<sup>a</sup>Revised from Stable on March 20, 2026.

## New Issues

\$1,272,400,000 General Obligation Bonds (Tax-Exempt), Fiscal 2026 Subseries F-1 AA

\$410,940,000 General Obligation Bonds (Taxable), Subseries F-2 AA

\$900,000,000 General Obligation Bonds (Tax-Exempt) Series G AA

\$66,625,000 General Obligation Bonds, Fiscal 2026 Series 1 AA

## Sale Date

The bonds will be priced March 24 and March 25 via negotiation. Proceeds of the series F bonds will be used to refund a portion of outstanding GO bonds. Proceeds of the series G bonds will be used for city capital purposes. A portion of the city's outstanding GO bonds, fiscal 2016 series C, are being converted and re-offered in fixed rate mode and redesignated as GO bonds, fiscal 2026 series 1.

## Outstanding Debt

[Issuer Ratings Information](#)

## Applicable Criteria

[U.S. Public Finance Local Government Rating Criteria \(April 2024\)](#)

## Related Research

[Fitch Revises New York City's Outlook to Negative; Rates Fiscal 2026 Ser F, G & 1 GO Bonds 'AA' \(March 2026\)](#)

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## Rating Sensitivities

### Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Failure to implement primarily recurring policy measures to address budget gaps, which would be contrary to the city's past practices and Fitch's expectations, contributing to a sustained erosion of the city's reserve cushion (sum of the revenue stabilization fund, plus the FYE discretionary transfer, and the RHBT fund balance) to below 7.5% of general fund spending, which would lead to a change in the financial resilience assessment to below 'aa';
- An approximate 40% sustained increase in long-term liabilities associated with debt and Fitch-adjusted NPLs and carrying costs, assuming current levels of personal income and governmental resources and spending or evidence of higher growth in unfunded OPEB liabilities.
- Regular leveraging of the property tax levy close to maximum permitted levels that erodes future tax increase flexibility and results in a reduction in the assessments of revenue control and budgetary flexibility.

### Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Credible plans for resolving fiscal 2027 and out-year budget gaps through primarily recurring fiscal measures and demonstrated commitment to maintaining available reserves at no less than 7.5% of general fund spending would support a revision of the Rating Outlook to Stable;
- An approximate 35% decrease in long-term liabilities and carrying costs, assuming current levels of personal income, governmental revenues and spending;
- Notable improvement in the city's demographic and economic strengths metrics, evidenced most notably by higher resident income and improved population trends.

## Security

The city's GO bonds carry a pledge of New York City's full faith and credit, supported by a levy by the city of ad valorem taxes (without limit as to rate or amount) on all real property within the city subject to taxation. The city is not subject to New York state's property tax cap.

## Fitch's Local Government Rating Model

The Local Government Rating Model generates Model Implied Ratings, which communicate the issuer's credit quality relative to Fitch's local government rating portfolio. (The Model Implied Rating will be the IDR except in certain circumstances explained in the applicable criteria.) The Model Implied Rating is expressed via a numerical value calibrated to Fitch's long-term rating scale, which ranges from 10.0 or higher (AAA), 9.0 (AA+), 8.0 (AA) and so forth down to 1.0 (BBB- and below).

Model Implied Ratings reflect the combination of issuer-specific metrics and assessments to generate a Metric Profile and a structured framework to account for Additional Analytical Factors not captured in the Metric Profile that can either mitigate or exacerbate credit risks. Additional Analytical Factors are reflected in notching from the Metric Profile and are capped at +/-3 notches.

## Rating Headroom & Positioning

### New York City Model Implied Rating: 'AA' (Numerical Value: 8.60)

- Metric Profile: 'AA-' (Numerical Value: 7.60)
- Net Additional Analytical Factor Notching: +1.0

### Individual Additional Analytical Notching Factors:

- Economic and Institutional Strength: +1.0

New York City's Model Implied Rating is 'AA'. The associated numerical value of 8.60 is in the middle of the 8.0 to 9.0 range for a 'AA' rating.

## Current Developments

### Financial Plan for Fiscal 2026 through 2030 Reflects Wider Spending Gaps

The financial plan released by Mayor Mamdani's administration reflects actions taken to reduce the budget gap for fiscal 2026 and 2027 to \$5.4 billion down from an estimated \$12 billion. These include identified new agency savings,

a \$1.5 billion two-year commitment from the state's governor, additional school aid, and use of reserves. The increased fiscal 2026 spending outlined in the plan includes higher projected education, social services, and rental assistance-related costs; a re-estimate of judgements/claims; and a rise in the required MTA subsidy. A portion of the revenue stabilization fund equal to \$0.98 billion is proposed to be drawn on, and the estimated discretionary surplus for prepayments is projected at a modest \$238 million when compared to the fiscal 2027 preliminary budget of \$127 billion, down from \$3.8 billion available at the end of fiscal 2025.

Outyear expenditure drivers reflect higher housing voucher/rental assistance estimates based on growth in usage under the current rules, increased health insurance stabilization funds (with these costs partially offset by the savings on the NYCE PPO, a new preferred provider organization health plan implemented in Jan. 2026), mandated class size reductions, increased funding assumptions for due process cases, and increased early childhood education spending.

The fiscal 2027 budget is balanced assuming the proposed property tax increase as well as projected agency savings of \$1.06 billion. Tax revenues (excluding the proposed property tax increase) are estimated to increase 4% yoy assuming continued Wall Street related growth, as well as state actions that de-couple corporate tax provisions of the One Big Beautiful Bill Act (OBBBA) of \$723 million and the elimination of the sales tax for distressed hospital intercept action estimated to save \$150 million.

The anticipated future budget gaps for fiscal years 2028, 2029 and 2030 are \$6.7 billion, \$6.8 billion and \$7.1 billion, respectively, inclusive of the proposed property tax increase beginning in fiscal 2027. Notably, the state Legislature has added new funding proposals in their One-House proposed budgets with the Senate and Assembly each adding approximately \$5 billion in recurring funding for the city. Enactment of some, or all, of these funding proposals, or other supportive measures, could lessen the reliance on a property tax increase and help support the city's current 'high' assessment for revenue control.

The city experienced record revenue performance and strong economic recovery coming out of the pandemic, as well as improvements to its financial cushion. Management is projecting revenue growth to remain strong through fiscal 2027, notwithstanding near-term economic interruptions associated with slower job growth, especially among higher-paying industries, and continued evolving tariff-related decisions by the federal government. Additional risks over the plan years include uncertainty around the effect of recent federal policy decisions, including with respect to Medicaid, on the city and city-related entities, including New York City Health and Hospitals Corporation (NYCHHC), as well as the risk of federal funding reductions or terminations affecting city-related entities. The city's future costs associated with the expanded housing voucher/rental assistance program are not fully certain over the plan years, as litigation surrounding the program continues.

The adopted fiscal 2026 budget was \$115.9 billion and eliminated the November 2024 financial plan budget gap of \$5.5 billion. It reflects the upward revision of tax revenues that occurred in fiscal 2025 and budget savings across fiscal 2025 and fiscal 2026. Under the current financial plan, fiscal 2026 total tax revenues are projected to increase by 5% yoy. To mitigate the higher estimated expenditures and close the estimated gap, the current plan assumes a \$0.98 billion drawdown of reserves. Reserves are forecast to decline to \$6.3 billion, or 5.2% of estimated FYE26 expenses, on a budgetary basis. While the current financial plan shows a planned restoration of drawn reserves in fiscal 2028, Fitch notes that future budget growth is anticipated, and its calculation of available reserves compared to spending includes the discretionary end of fiscal year transfers of surplus, which have typically supported the city's maintenance of reserves above the current 7.5% threshold. Expected sustained maintenance of available reserves below this level could lead to a downgrade of the ratings.

## Profile

Fitch considers the city's status as an international center for numerous industries and a major tourism destination, as well as its proven resilience through the pandemic-related downturn and prior severe economic disruptions, as credit strengths. The economy remained resilient during 2025 with some expectations for deceleration in job growth. Only two sectors, education and health and information, added jobs in 2025. However, wage growth was strong in 2025 driven by high-paying sectors. The city anticipates wage growth to continue in 2026 driven mainly by the financial activities sector. Tourism slowed in 2025 compared to 2024 with stricter immigration enforcement and shifting international sentiment toward the US; however, hotel tax revenues are projected to rise moderately over the financial plan years due to higher average room rates.

The local economy and operating budget remain strongly linked to the financial activities sector, which accounts for 25% of earnings versus 10% for the U.S., according to 2024 data. Professional and business services accounted for 21% of earnings during the same period, and this sector, along with the financial activities sector, has a higher share of wage earnings than the other service-producing and governmental sectors in the city, based on 2024 data.

The city's economic profile features high wealth levels; per capita personal income was approximately 127% of the U.S. average in 2024. However, the city's above-average individual poverty rate of 17.9% exceeds the national rate of 12.5%, indicative of some income disparity and the demand for social services, as seen in other large U.S. cities.

Estimated census figures for July 2024 report New York City's population at 8,478,072, a 3.7% decrease from 2020. New York City is the most populous city in the U.S., with a larger population than the combined populations of Los Angeles and Chicago, the next two most populous cities in the nation.

Manhattan office vacancy rates remain high by historical standards, but according to management, an uptick in office leasing last year has contributed to a reduction in vacancy rates below its peak. In addition, the pipeline for office conversions to residential units is fairly robust, supporting future stock in new residential rental unit supply.

Depending on the magnitude of decline, a change in a property's market value is typically phased in over five years. The taxable billable assessed value (TBAV) is the basis for the tax levy and is based on the lower of the actual value (45% of the current year market value) or transitional assessed value (the cumulative value of the phase-ins from the five-year market value changes). This phase-in of changes in value helps mitigate potential volatility of tax revenue changes and their impact on annual operating budgets.

The fiscal 2026 TBAV of \$309 billion is up by 3% yoy, following growth of 4% in fiscal 2024 and fiscal 2025, 7% in fiscal 2023 and a 5% decline in fiscal 2022 due to the pandemic. Class 4 TBAV, which consists of commercial properties such as office buildings, hotels, and retail stores, increased 1.5% in fiscal 2026. The current financial plan assumes a rise in TBAV of 4.8% in fiscal 2027, 2.9% in fiscal 2028, 2.8% in fiscal 2029 and 3.1% in fiscal 2030.

### Rating Affirmation and Outlook Revision of Other Outstanding City Obligations

Fitch has affirmed its 'AA-' rating on the following obligations for which the security provides for city support through its commitment to appropriate for debt service. The Rating Outlooks have been revised to Negative:

- Outstanding New York City Health and Hospitals Corp health system bonds;
- Hudson Yards Infrastructure Corp (HYIC) revenue bonds, fiscal 2017 series A and series B, and fiscal 2022 series A;
- United Nations Development Corporation (UNDC), 2025 bonds, series A (taxable); and
- \$11.9 million special revenue bonds (New York City-New York Stock Exchange Project), series 2019A and bank bonds associated with \$30 million in special revenue bonds (New York City-New York Stock Exchange Project), series 2004B issued by the New York City Industrial Development Agency (IDA).

### Security Description for these Other Obligations


**NYCHHC Bonds:** The HHC Act requires maintenance of a capital reserve fund equal to maximum annual debt service for all outstanding NYCHHC debt. If there is a deficiency in the fund that cannot be restored from operating revenues, the corporation shall request the required sum from the city by Feb. 15 (the principal payment date), and the city shall make the payment, subject to appropriation.

**HYIC bonds:** The revenue bonds are special obligations of HYIC (the corporation) payable from a combination of recurring payment in lieu of tax and tax equivalency payment (TEP) revenue and a smaller portion of non-recurring revenue expected to be generated from development in the Hudson Yards area of Manhattan after payment of HYIC's operating expenses. TEPs are subject to appropriation by the city of New York. In addition, bond interest is supported by interest support payments (ISPs) from the city of New York subject to annual appropriation, if project revenue is insufficient. The city is not obligated to pay principal on the bonds. ISPs have not been needed since fiscal 2015.

**UNDC bonds:** The bonds are payable from and secured by a pledge of revenues, primarily from lease revenues from UNDC lease agreements, other trust funds and accounts, and the leasehold mortgages. Revenues also include payments as may be made by the city under the backup lease agreement. The 2025 bonds are additionally payable from such payments as may be made under the city support agreement. The city's obligations under the backup lease agreement and the support agreement are subject to annual appropriation by the city and certain procedural requirements.

**New York City IDA bonds:** The New York City Stock Exchange project bonds are supported by revenues received under a facility financing agreement. Payments made by the city pursuant to the agreement are subject to appropriation.

Key Drivers

Issuer: New York City (NY)	Financial Profile	0.0	<b>Issuer Position Within AA Model Implied Rating</b>  Strong AA    Mid AA    Low AA Rating position post application of analytical overlay	
Type: City General Obligation	Demographic & Economic Strength	1.0		
Current: AA, RO:Sta (2025/07/30)	Long-Term Liability Burden	0.0		
Fiscal Year	2025	AAF Notching Total(4)		1.0
Metric Profile	7.60	MIR - Metric		8.60
Metric Profile Mapping	AA-	MIR - Mapping	AA	

Metric	Analyst Input		Metric		Composite		
	2025	2025	Percentile	Weight	Percentile/Value	Assessment	Weight
<b>Financial Profile</b>							
<b>Financial Resilience Components</b>							
Available Reserves (FB/Expenditures: 5-Year Low) (%)	9.4	9.4					
Revenue Control Assessment	High	High					
Expenditure Control Assessment	Midrange	Midrange				aa	35%
Budgetary Flexibility	High Midrange	High Midrange					
<b>Financial Resilience</b>							
Lowest Cumulative 3 Year Revenue Performance (+/-) since 2008 (%)	5.5						
Revenue Volatility(1)			93%	100%		Strongest	0%
<b>Demographic and Economic Strength</b>							
<b>Trend</b>							
Population Trend (%) (2)	-0.2	-0.2	6%	100%	6%	Weakest	8%
Unemployment Rate as Percentage of National Rate (%) (5)		132.5	19%	33%			
Population w/ Bachelor's Degree and Higher (%) (2)	41.7	41.7	77%	33%	41%	Midrange	26%
MHI as a % of the Portfolio Median (2)	86.9	86.1	28%	33%			
<b>Concentration &amp; Size</b>							
Population Size (2) (3)	8,478,072	8,478,072	100%	50%	100%	Strongest	9%
Economic Concentration (%) (2) (3)		28.4	100%	50%			
<b>Long-Term Liability Burden</b>							
Liabilities/Personal Income (%)	22.8	23.6	1%	35%			
Liabilities/Governmental Revenues (%) (6)	148.1	152.8	62%	25%	31%	Weak	21%
Carrying Costs/Governmental Expenditures (%)	20.2	16.6	37%	40%			

(1) Model directly uses revenue volatility. Percentiles are for information only; metric percentile represents the issuer, composite percentile represents the average of the issuer's class. The Revenue Volatility metric represents the issuer's revenue volatility relative to the median revenue volatility of the total issuer portfolio.  
 Revenue Volatility is treated asymmetrically, where weight is marginal for issuers that exhibit low to moderate revenue volatility. For issuers with higher revenue volatility, this factor will moderately lower the metric profile, implying a somewhat reduced weighting for all other variables in these instances.  
 (2) Population, Concentration, MHI and Educational Attainment data is lagged by one year e.g. 2021 data is used and displayed for fiscal year 2022.  
 (3) Percentiles represent the class. Economic concentration is defined as the sum of the absolute deviation of the issuer from the national average proportion across major economic sectors.  
 Sector data is on the county level for all entities or the MSA level for cities that span multiple counties. If data is unavailable for an issuer, median figures based on reported data for all counties within the issuer's state are used as proxy values.  
 (4) Additional Analytical Factors (AAF) have a potential notching range of +2/-2 for each of the three categories and an overall IDR notching range of +3/-3.  
 (5) County level data used for sub-county entities when prior year's data is unavailable. If county data is unavailable, MSA data is used. MSA level data is used for cities that span multiple counties.  
 (6) As a proxy for per capita personal income for sub-county levels of local government, Fitch calculates the ratio of money income to per capita income for the county in which the rated entity is located and applies that ratio to the entity's money income. The estimated per capita personal income figure is multiplied by population to estimate total personal income.  
 Source: Fitch Ratings

Financial Profile

Financial Resilience - 'aa'

New York City's financial resilience is driven by the combination of its 'High' revenue control assessment and 'Midrange' expenditure control assessment, culminating in a 'High Midrange' budgetary flexibility assessment.

- Revenue control assessment: High
- Expenditure control assessment: Midrange
- Budgetary flexibility assessment: High Midrange
- Minimum fund balance for current financial resilience assessment: >=7.5%
- Current year fund balance to expenditure ratio: 9.4% (2025)
- Lowest fund balance to expenditure ratio for the fiscal-year period 2021-2025: 9.4% (2025)

Revenue Volatility - 'Strongest'

New York City's weakest historic three-year revenue performance is neutral to the Model Implied Rating.

The revenue volatility metric is an estimate of potential revenue volatility based on the issuer's historical experience relative to the median for the Fitch-rated local government portfolio. The metric helps to differentiate issuers by the scale of revenue loss that would have to be addressed through revenue raising, cost controls or utilization of reserves through economic cycles.

- Lowest three-year revenue performance (based on revenues dating back to 2005): 5.5% increase for the three-year period ending fiscal 2011
- Median Fitch portfolio issuer decline: -4.3% (2025)

**State-Specific Revenue/Expenditure Context & Budgetary Control**

The city's operating levy is generally below the 2.5% cap, even including a portion of GO debt service, affording sound flexibility to offset what Fitch anticipates would be a modest revenue decline during a moderate recession. Components of the sales and income tax rates are subject to periodic state legislative renewal. Fitch considers such approval pro forma, although modest changes to certain components (such as increases in or expansions of exclusions) are expected.

New York City's responsibilities are very broad. The largest expenditure category is education, typically representing one-third of general fund spending, followed by health and social services at 20%-25%. Public safety's portion is normally 10%-15% of spending, a relatively low share for a local government, reflecting the breadth of the city's service demands. Fitch believes the city retains reasonable flexibility to contain growth in employee compensation or to reduce headcount, if necessary.

The city provides ongoing financial support for NYCHHC, including the non-federal share of supplemental Medicaid. While the current financial plan projects declining annual appropriations to NYCHHC beginning in fiscal 2027, unexpected increases, particularly associated with changes in Medicaid, could speed the pace of expected spending growth and/or reduce the city's flexibility to reduce spending in an economic downturn.

The city-funded portion of medical assistance payments, inclusive of NYCHHC, is expected to be \$6.7 billion in fiscal 2027. These payments primarily include the city's capped share of local Medicaid expenditures as well as the non-federal share of supplemental Medicaid payments to NYCHHC.

Other cost pressures have not been fully considered in the current financial plan. These include recent federal policy decisions that, if legally enforceable and fully implemented, would impact federal funds payable to the city and city-related entities. The city has received notices from the federal government pausing or terminating the receipt of federal funds by the city. The city continues to take appropriate actions to seek to maintain such aid, including through litigation. Many of the proposed federal spending reductions are targeted at the state level, and it is still unknown to what extent, if any, the state will pass those impacts down to the city or city-related entities such as NYCHHC.

Additionally, the city council has passed a series of bills that revise the city's housing rental assistance voucher program for individuals and families who are experiencing or are at risk of homelessness. The bills change and expand existing eligibility requirements and would lead to a substantial increase in future costs to the city that are not reflected in the financial plan. The bills have been subject to litigation. On August 1, 2024, the NY State Supreme Court denied the petition from the Legal Aid Society and city council, ruling that the mayor had established that the four bills are invalid as pre-empted by state law. The Legal Aid Society and city council appealed this decision and on July 10, 2025, the Appellate Division held that the laws are not pre-empted by state law. It directed the commissioner of social services to make an appropriate submission to the state for its review. On October 7, 2025, the Appellate Division granted the city leave to appeal to the New York Court of Appeals. If these laws are passed, they will likely cost the city several billion dollars to implement over the course of the financial plan.

**Additional Insight**

Due to prior state law and city charter constraints on using a traditional reserve fund, the city utilizes alternative budget tools. Following a city charter amendment in 2021, a state law was passed to allow for a revenue stabilization fund using annual operating surpluses. This has supported improvement in unrestricted reserves for the city and, combined with the RHBT and discretionary transfers for prepayments, supports the 'aa' resilience assessment.

**Demographic and Economic Strength**

**Population Trend - 'Weakest'**

Based on the median of 10-year annual percentage change in population, New York City's population trend is assessed as 'Weakest'.

Population trend: -0.2% Analyst Input (6th percentile) (vs. -0.2% 2024 median of 10-year annual percentage change in population)

### Unemployment, Educational Attainment and MHI Level - 'Midrange'

The overall strength of New York City's demographic and economic level indicators (unemployment rate, educational attainment, median household income [MHI]) in 2025 are assessed as 'Midrange' on a composite basis, performing at the 41st percentile of Fitch's local government rating portfolio. This is due to high education attainment levels offsetting low median-issuer indexed adjusted MHI and high unemployment rate.

- Unemployment rate as a percentage of national rate: 132.5% (2024) (19th percentile)
- Percent of population with a bachelor's degree or higher: 41.7% (2024) (77th percentile)
- MHI as a percent of the portfolio median: 86.1% Analyst Input (28th percentile)

### Economic Concentration and Population Size - 'Strongest'

New York City's population in 2024 was of sufficient size and the economy was sufficiently diversified to qualify for Fitch's highest overall size/diversification category.

The composite metric acts asymmetrically, with most issuers (above the 15th percentile for each metric) sufficiently diversified to minimize risks associated with small population and economic concentration. Downward effects of the metric on the Metric Profile are most pronounced for the least economically diverse issuers (in the fifth percentile for the metric or lower). The economic concentration percentage shown below is defined as the sum of the absolute deviation of the percentage of personal income by major economic sectors relative to the U.S. distribution.

- Population size: 8,478,072 (2024) (above the 15th percentile)
- Economic concentration: 28.4% (2023) (above the 15th percentile)

### Additional Analytical Factors and Notching

Demographic and Economic Strength Additional Analytical Factors and Notching: +1.0 notch (for Economic and Institutional Strength)

A one-notch positive Additional Analytical Factor has been applied to recognize the city's important role and significant contributions to the growing New York-Newark-Jersey City, NY-NJ-PA MSA, the largest MSA in the nation. The MSA accounts for over 10 million jobs and ranks as the largest job market in the nation.

### Analyst Inputs to the Model

Analyst inputs to the model reflect metric adjustments to account for historical data anomalies, forward-looking performance shifts or non-recurring events that may otherwise skew the time series.

The most recent demographic data was used.

### Long-Term Liability Burden

#### Long-Term Liability Burden - 'Weak'

New York City's liabilities to governmental revenue remain strong while carrying costs to governmental expenditures and liabilities to personal income remain weak. The long-term liability composite metric in 2025 is at the 31st percentile, indicating a somewhat elevated liability burden relative to the Fitch's local government rating portfolio.

- Liabilities to personal income: 23.6% Analyst Input (1st percentile) (vs. 22.8% 2025 Actual)
- Liabilities to governmental revenue: 152.8% Analyst Input (62nd percentile) (vs. 148.1% 2025 Actual)
- Carrying costs to governmental expenditures: 16.6% Analyst Input (37th percentile) (vs. 20.2% 2025 Actual)

### Pension Adjustments

On an aggregate basis for all pension plans as of the most recent measurement date, the reported asset to liability ratio was 89.3%, or an estimated 78.1%, using Fitch's standard 6% rate of return adjustment. The Fitch-adjusted NPL was equal to \$63,603.7 million, or about 8.1% of personal income.

### Additional Insight

The city's capital plan is extensive, and debt service costs are projected to ramp up gradually based on recent and planned issuances but remain manageable. Additional GO bond and Transitional Finance Authority revenue debt issuance of approximately \$50 billion is projected for the remainder of the fiscal period 2026 through 2029, inclusive of the current series G issuance. Debt issuances will be managed to ensure compliance with the city's policy to

maintain debt service costs below 15% of tax revenues, and project spending can be deferred if economic situations warrant such action.

The city maintains five pension systems, of which two (for the police and firefighters) are single-employer plans. Although the other three are cost-sharing plans, the city bears the responsibility for the majority of the liabilities and virtually all the liabilities for the two education-related plans. The city consistently pays the pension actuarially determined employer contribution, as required by charter.

The unfunded OPEB liability was approximately 12% of personal income at fiscal year-end 2025, and management established an irrevocable trust in 2006, the RHBT, to help manage these costs. Actual annual benefit costs have trended at reasonable levels when compared to the city's operating budget and represent a manageable percentage of fixed-cost spending, excluding RHBT contributions above pay-as-you-go. Efforts to control growth in these costs are ongoing. The city's municipal labor committee approved a new health insurance plan for approximately 750,000 employees and retirees not yet eligible for Medicare, which was effective Jan. 1, 2026. Projected budget savings are \$411 million in fiscal 2026 and \$791 million in fiscal 2027. Fitch anticipates that the city will continue to manage these benefits to control cost growth and these long-term liabilities.

### ***Analyst Inputs to the Model***

Direct debt was adjusted to reflect principal amortization through the end of fiscal 2026, the current new money issuance, and non-refunding city GO bond and Transitional Finance Authority revenue bond issuances occurring after fiscal year-end 2025.

### **ESG Considerations**

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to either their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit [www.fitchratings.com/topics/esg/products#esg-relevance-scores](http://www.fitchratings.com/topics/esg/products#esg-relevance-scores).

## Financial Summary (\$000, Audited Fiscal Years Ending Jun. 30)

	2021	2022	2023	2024	2025
<b>General Fund Revenues</b>					
Property Tax	31,464,469	29,582,214	31,644,665	32,987,024	34,756,900
Sales Tax	7,602,688	10,008,292	10,585,017	10,666,812	11,264,198
Income Tax	23,734,802	26,256,890	27,541,691	26,824,409	30,221,871
Other Tax	2,731,908	3,749,483	3,665,405	3,698,485	4,072,491
Intergovernmental	28,093,804	32,095,225	28,101,752	31,538,821	29,947,480
Other Revenue	5,554,838	5,103,421	6,241,020	6,671,856	6,945,288
<b>Total</b>	<b>99,182,509</b>	<b>106,795,525</b>	<b>107,779,550</b>	<b>112,387,407</b>	<b>117,208,228</b>
<b>General Fund Expenditures</b>					
General Government	4,429,366	4,225,605	4,388,563	4,793,947	5,111,504
Public Safety	10,548,189	11,936,786	12,069,764	12,355,921	12,838,700
Educational	29,347,794	32,414,343	32,101,643	33,994,906	35,313,202
Debt Service	97,051	139,906	81,977	96,135	85,865
Capital Outlay	-	-	-	-	-
Other Expenditures	46,681,526	50,216,532	51,529,226	54,030,071	56,260,886
<b>Total</b>	<b>91,103,926</b>	<b>98,933,172</b>	<b>100,171,173</b>	<b>105,270,980</b>	<b>109,610,157</b>
Transfers In and Other Sources	96,428	147,672	169,391	217,898	205,907
Transfers Out and Other Sources	8,588,610	6,706,208	7,717,226	7,493,075	7,834,433
<b>Net Transfers &amp; Other</b>	<b>-8,492,182</b>	<b>-6,558,536</b>	<b>-7,547,835</b>	<b>-7,275,177</b>	<b>-7,628,526</b>
Adjustment for Bond Proceeds and Extraordinary One-Time Uses	-	-	-	-	-
Net Op. Surplus (Deficit) After Transfers	-413,599	1,303,817	60,542	-158,750	-30,455
Net Op. Surplus (Deficit)/ (Total Expenditures + Transfers Out and Other Uses)(%)	-0.41	1.23	0.06	-0.14	-0.03
Total Fund Balance	2,831,502	4,135,319	4,195,861	4,037,111	4,006,656
Unrestricted Fund Balance	498,550	1,953,849	1,958,996	1,964,329	1,969,333
Other Available Fund Balances (Discretionary FYE Surplus Transfer + RHBT)	10,327,507	11,490,499	10,797,410	9,434,911	9,011,639
<b>Total Available Unrestricted Reserves (GF+ Discretionary Surplus Transfer+ RHBT)</b>	<b>10,826,057</b>	<b>13,444,348</b>	<b>12,756,406</b>	<b>11,399,240</b>	<b>10,980,972</b>
Available Reserves as % of Spending (Adj for Bond Proceeds and Other One-Time Uses)	10.86	12.73	11.82	10.11	9.35

Sources: Fitch Ratings, Fitch Solutions, New York City (NY)

## Long-Term Liability Burden (\$000)

(\$000, Audited Fiscal Years Ending Jun. 30)	2025
Direct Debt	115,728,408
Less: Self-Supporting Debt	-
Net Direct Debt	115,728,408
Fitch Adjusted NPL	63,603,673
<b>Net Direct Debt + Fitch-Adjusted net pension liabilities (NPL)</b>	<b>179,332,081</b>
Population	8,478,072
Per Capita Personal Income	92,674
Estimated Personal Income (\$000)	785,696,845
<b>Net Debt + Fitch-Adjusted NPL / Personal Income (%)</b>	<b>22.8</b>
Total Governmental Revenues	121,096,241
<b>Net Direct Debt + Fitch Adjusted NPL as Percentage of Governmental Revenue (%)</b>	<b>148.1</b>
Debt Service (Net of State Support)	14,296,961
Actuarially Determined Pension Contributions	9,944,572
Actual OPEB Contributions	4,063,311
Total Governmental Expenditures	139,981,494
<b>Carrying Costs/Governmental Expenditures (%)</b>	<b>20.2</b>

Note: Figures above do not reflect any Analyst Input Adjustments.  
Sources: Fitch Ratings, Fitch Solutions, New York City (NY)

**Summary**

Description	Final Value
<b>Budgetary Flexibility Assessments</b>	
Revenue Control Assessment	High
Expenditure Control Assessment	Midrange
Collective Bargaining and Resolution Framework	Midrange
Workforce Outcomes	Midrange
Cost Drivers	Midrange
<b>Metrics Assessments</b>	
Financial Profile - Financial Resilience	aa
Financial Profile - Revenue Volatility	Strongest
Demographic & Economic Strength - Trend	Weakest
Demographic & Economic Strength - Level	Midrange
Demographic & Economic Strength - Concentration & Size	Strongest
Long-Term Liability Burden	Weak
<b>Metric Profile Mapping</b>	AA-
<b>Metric Profile</b>	7.60
<b>Additional Analytical Factors</b>	
Total Notching - capped	1
<b>Financial Profile</b>	
Fiscal Oversight	
Revenue Capacity	
Contingent Risks	
Non-Recurring Support or Spending Deferrals	
Political Risks	
Management Practices	
<b>Demographic &amp; Economic Strength</b>	1
Economic and Institutional Strength	1
Revenue Concentration Risks	
School District Resources	
<b>Long-Term Liability Burden</b>	
Pension Funding Assumptions	
Pension Contributions	
OPEB	
Debt Structure	
Capital Demands and Affordability	
<b>Model Implied Rating - Mapping</b>	AA
<b>Model Implied Rating - Metric</b>	8.60
<b>Outliers and Developing Situations Considerations</b>	No
<b>Notching Rationale - 1</b>	
<b>Notching Rationale - 2</b>	
<b>Issuer Default Rating/ Issuer Default Credit Opinion</b>	AA
<b>Outlook/Watch</b>	RO: Negative
Source: Fitch Ratings	

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