NEW YORK CITY COMPTROLLER
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Spotlight

A Look at New York City's Annual Comprehensive Financial Report

November 14, 2023

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Introduction

Each June, five months after it is initially proposed by the Mayor, and following dozens of public hearings, analyses by fiscal monitors, hundreds of lobbying visits, rallies, countless conversations on the City Hall steps, and extensive negotiations between the City Council and Mayor, the City Council adopts its operating budget for the new fiscal year (which runs from July 1st through June 30th). The adopted budget not only funds City services but provides a blueprint for City policy and reflects elected officials' priorities. And the conversation doesn't stop in June. After its adoption, the budget is updated by the Mayor three times (in November, January, and April). In January, the Mayor must also present a balanced budget for the upcoming fiscal year – traditionally using any surplus funds in the current year to help close projected gaps.

By the end of the following October, 16 months after the budget is adopted, and four months after the fiscal year it covers has concluded, the Comptroller's Office releases the City's Annual Comprehensive Financial Report (ACFR), which provides detailed data on actual revenues and spending, as well as consolidated financial information across the City's funds and entities. The ACFR for the Fiscal Year July 1, 2022 through June 30, 2023 was released on October 26, 2023.

Using data from the recently released FY 2023 ACFR and from previous years, **this Spotlight examines how the City's actual General Fund revenues and expenditures compare to the projections in the budgets adopted in June of the previous year, and how this performance evolved over the past decade.**[1]

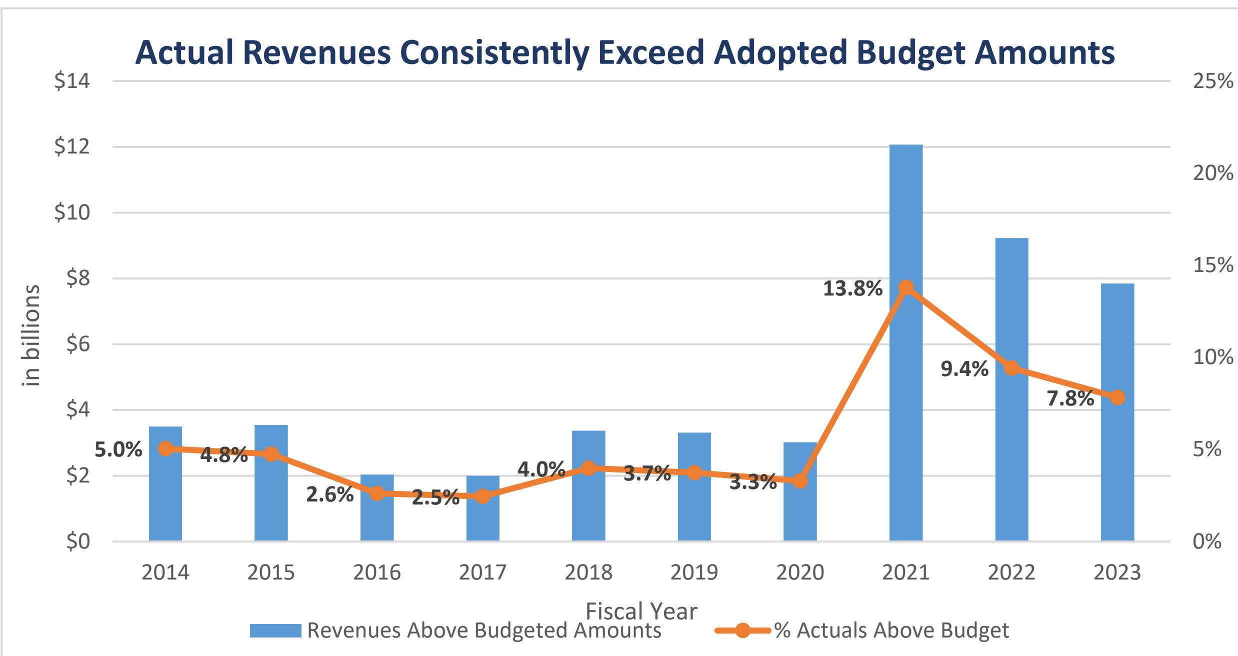
Consistent with past years, FY 2023 actual revenues exceeded budgeted amounts—by a lesser extent than recent years, but still higher than in the years preceding the pandemic. Higher revenues, along with reserves built into the City's budget, increase the City's resources during the fiscal year. Extra resources that arise during the fiscal year allow the City to pay for higher-than-budgeted costs (including those that could reasonably have been anticipated, but were underbudgeted) and unanticipated costs that arise during the year or new programs; to prepay certain expenditures for the following year, which help close projected budget gaps; or to make deposits into its reserves (e.g. the Comptroller's Office has proposed a formula whereby 50 percent of excess non-property tax revenues, relative to prior years, would automatically be deposited in the Rainy-Day Fund). While it is fiscally prudent to make relatively conservative revenue projections, additional revenues that arise amidst the fiscal year are generally directed by the Mayor with much less debate, public hearings, and scrutiny than the Adopted Budget.

As the Comptroller's Office routinely highlights in its Comments on the Adopted Budget, and other budget reports throughout the year, there are certain expenditures that the City chronically underbudgets at adoption, which require additional funding as needed through the modifications of the budget that take place during the fiscal year. These include uniformed overtime, special education Carter Cases, public assistance costs, and others. While conservatively budgeting revenues is fiscally prudent to some extent, underbudgeting known expenditures distorts the size of the City budget. This can be particularly problematic when competition for resources arises. A full picture of the City's actual spending, and the resources available to cover those costs, allows for better understanding of the impact of new policies, priorities and needs.

Revenues Exceed Projections, More in Recent Years Than Previously

Overall, FY 2023 revenues totaled $108.24 billion, $7.85 billion or 7.8 percent above the adopted budget.[2] Actual revenue amounts have consistently exceeded the adopted budget over the past decade, although the size of the variance has grown in recent years, as shown in Chart S1. From FY 2014 through FY 2020, actual revenues have averaged around 4 percent greater than adopted budget amounts. This variance peaked at 13.8 percent in FY 2021 when both tax revenues and grants greatly exceeded expectations formulated in the first months of the COVID-19 pandemic. In FY 2022, revenues totaled 9.4 percent over budgeted amounts. For FY 2023, revenues exceeded projections by 7.8 percent.

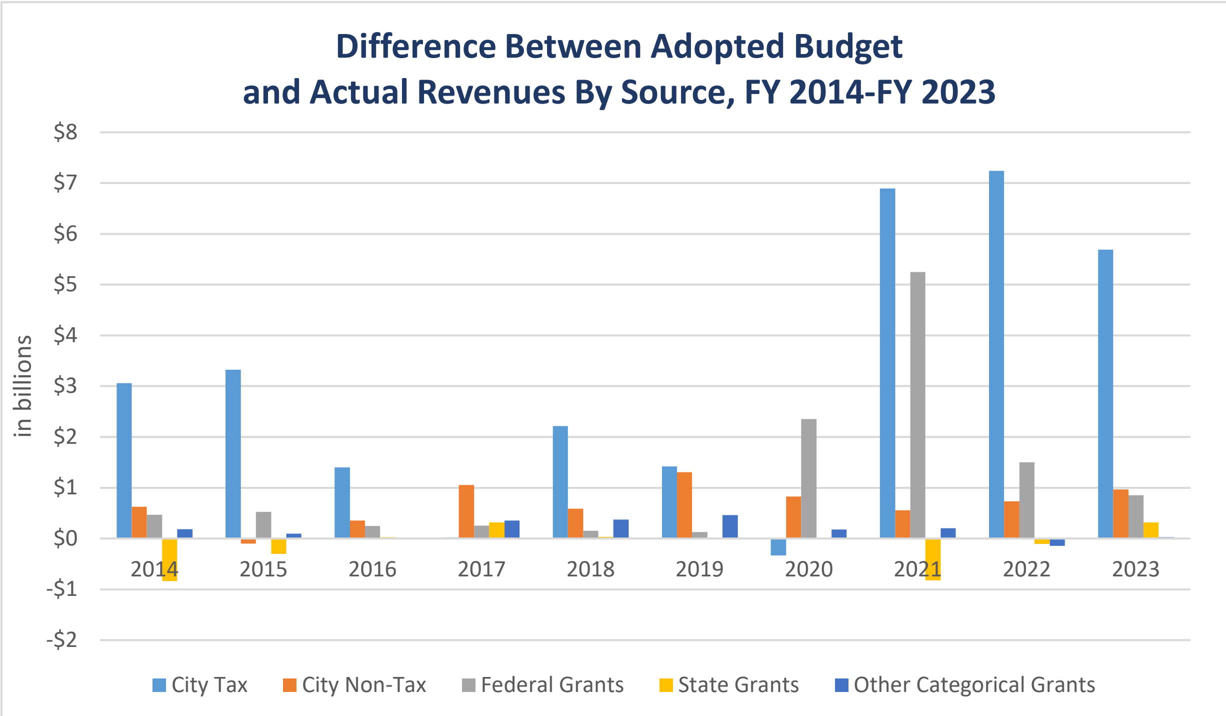
Chart S1



Source: New York City Annual Comprehensive Financial Report FY 2014 through FY 2023

The City receives its revenues through five types of sources: local tax revenue (primarily property tax, sales tax, and income tax); other local non-tax revenues from permits, licenses, fees, fines, etc.; State categorical grants; federal categorical grants; and other grants and financing sources. As shown in Chart S2, actual revenue from each of these categories was greater than budgeted in FY 2023. As in most, but not all years, higher than forecasted tax collection was the greatest driver of the variance between actual and budgeted revenues. We now turn to an analysis of tax revenues.

Chart S2



Source: New York City Annual Comprehensive Financial Report FY 2014 through FY 2023

Note: Other categorical grants include revenue from "Other Financing Sources" such as pollution remediation bond sales and transfers from City's debt service funds, which are included in separate line items in the ACFR Revenues by Budget Category G2 schedule.

Higher than Budgeted Tax Collections Drive Revenue Variance

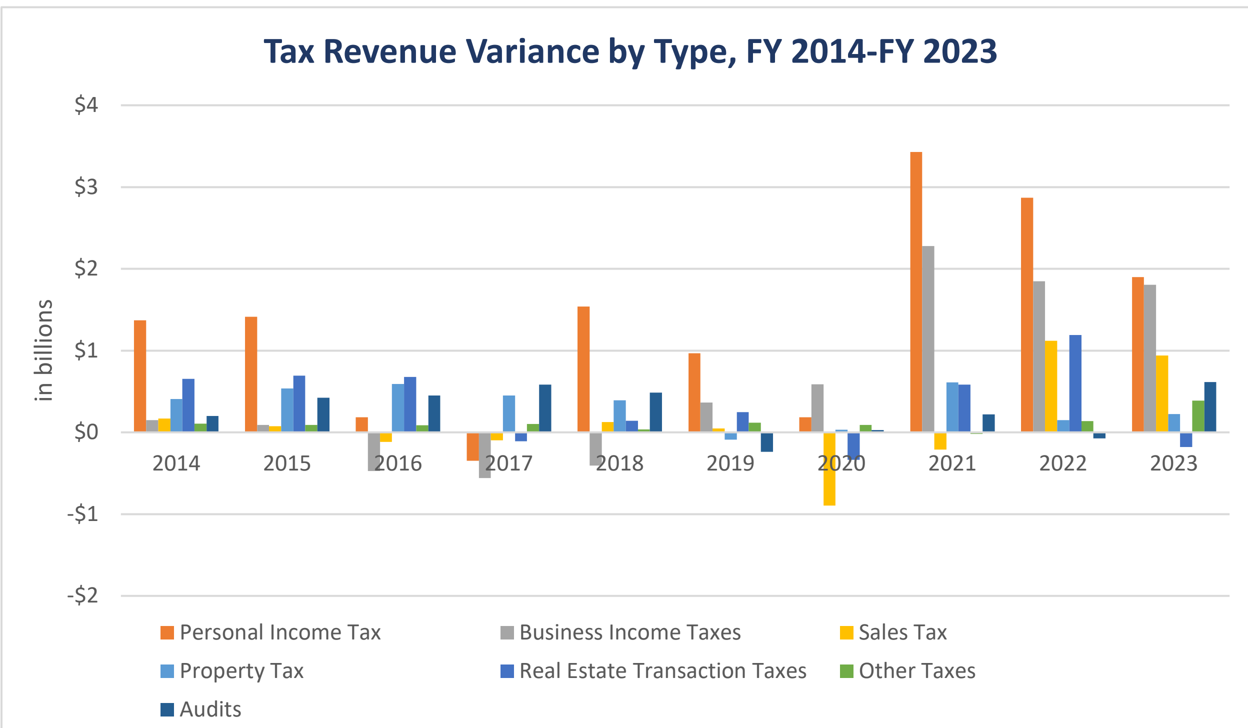
In FY 2023, actual tax revenues totaled $73.4 billion, $5.7 billion (or 8.4 percent) above the adopted forecast. Actual tax revenues have consistently been higher than OMB's tax revenue forecasts at adoption over the past decade, although the variance has widened in the aftermath of the COVID-19 pandemic.

From FY 2014 through FY 2019, the variance between actual versus budgeted tax revenues averaged 3.8 percent. (Notably, in FY 2017 total tax revenues came in nearly exactly as budgeted, exceeding forecast amounts by only $19 million.) In FY 2020, tax revenues came in 0.5 percent lower than had been projected before the onset of the pandemic.[3] For FY 2021, adopted in June 2020 amid the early months of the pandemic, tax revenues were forecast to fall by 7.5 percent from the prior year's actuals. However, tax revenues instead rose 3.8 percent, exceeding the budgeted amount by 11.8 percent. Since then, actual tax revenues have continued to exceed adopted forecast amounts, by 11.6 percent in FY 2022 and 8.4 percent in FY 2023.

As shown in Chart S3, in FY 2023,[4] receipts for the Personal Income Tax (PIT) and the related Pass-Though Entity Tax (PTET) and the City's business income taxes account for the largest share of the higher than anticipated tax revenues.[5] PIT/PTET revenues were $1.90 billion (12.4 percent) more than budgeted, and the City's business income taxes were $1.80 billion (26.9 percent) over forecast. Sales tax revenues were $939 million (10.9 percent) above budget. To some extent, the underbudgeting of income and sales tax revenue in the post-pandemic years likely reflects the expectations by economists (in the months leading up to budget adoption) that a recession was likely over the period of the budget.

The City's Property Tax revenues, the largest source of tax revenue for the City was closest to forecast amounts, with less than 1 percent over the adopted budget. The City's real estate-transaction taxes (the Mortgage Recording Tax, Real Property Transfer Tax) were the only major taxes to come in lower than projected at adoption (7.7 percent).

Chart S3



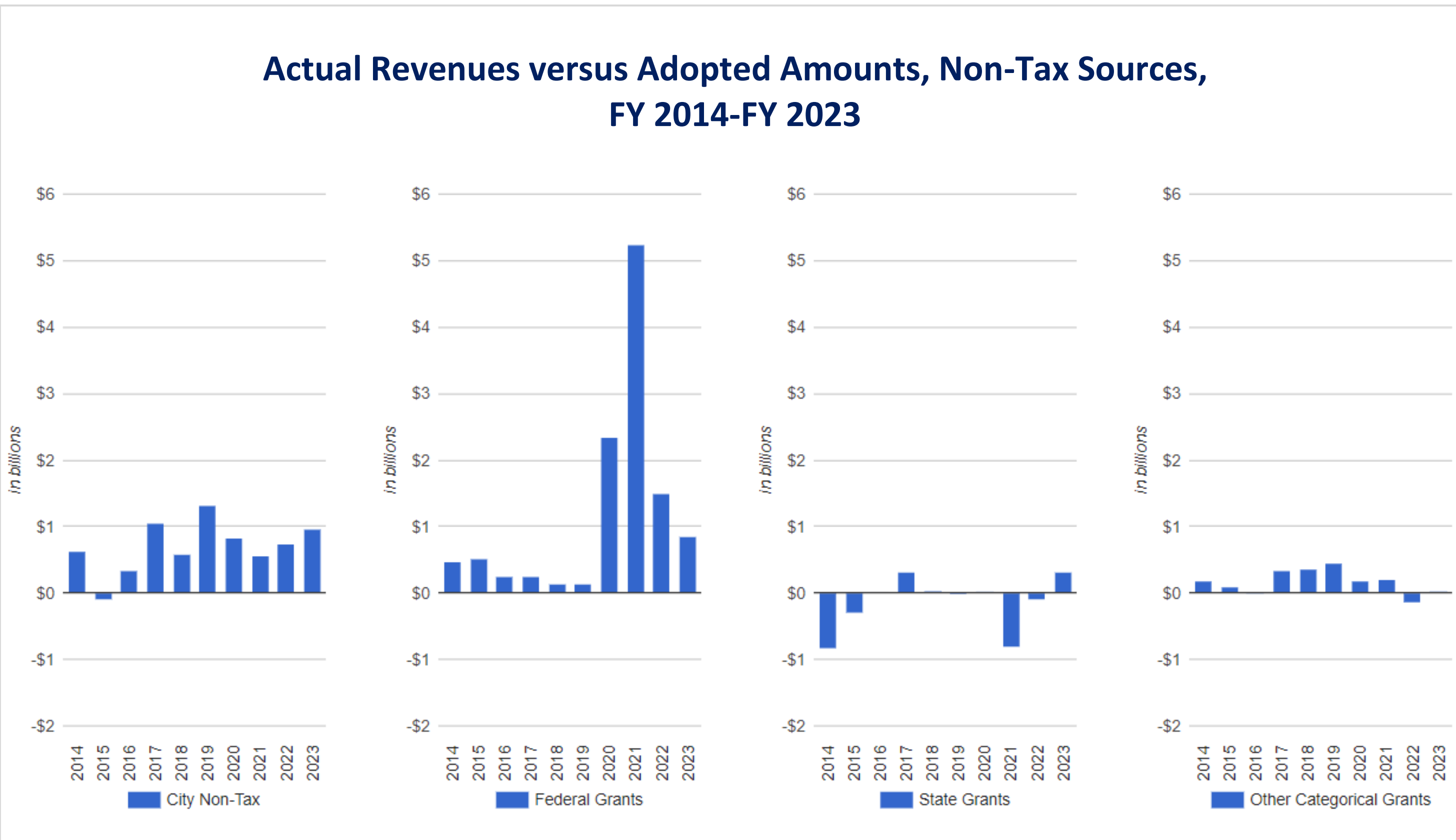
Source: New York City Adopted Financial Plans, FY 2014 through FY 2023 and November Updates to the Financial Plans FY 2015 through FY 2022; NYC Office of Management and Budget (OMB)

Note: Property Taxes are Inclusive of STAR. FY 2023 PIT is inclusive of PTET revenues.

Grants and Other Revenues

Grant funding from all sources (State, federal, and non-governmental) were higher than budgeted for FY 2023. This is typical as City agencies have a practice of pushing the recognition of revenues and booking of receivables toward the end of the fiscal year during the preparation of the ACFR. Federal grants totaled $10.14 billion, $854 million above budgeted amounts (9.2 percent). Much of the higher than anticipated revenues are due to the City recognizing higher than budgeted revenue from COVID-19-related sources, including $246 million more in FEMA COVID-19 aid, $172 million more in Coronavirus State and Local Fiscal Recovery Funds and $171 million more from the Education Stabilization Fund. Since FY 2020, federal COVID aid has consistently increased federal revenues over budgeted amounts, especially in FY 2021, for which the budget was adopted in June 2020, prior to the adoption of major federal Covid relief programs by both the Trump and Biden Administrations.

Chart S4



Source: New York City Annual Comprehensive Financial Report FY 2014 through FY 2023

State grants in FY 2023 totaled $17.07 billion, just slightly ($318 million or 1.9 percent) over the adopted budget estimate. This is driven by $438 million in State aid for asylum seeker shelter costs that were added to the City budget in May, somewhat offset by lower than budgeted funding in other areas, including $127 million less in State education aid than forecast.

Historically, State aid is the one category of revenue sources that does not consistently come in above adopted budgeted amounts, as shown in Chart S4.

Non-tax City revenues were $964 million (17.3 percent) above budgeted amounts in FY 2023.[6] This was driven predominantly by higher than budgeted miscellaneous income[7] ($462 million over budgeted amounts), interest income ($401 million above budgeted amounts), and fines and forfeitures ($379 million above budget). These are offset somewhat by lower than anticipated service charges ($241 million less than budgeted).

Total revenue amounts include net changes to the estimates of prior receivables. Because the City budgets on an accrual, and not a cash, basis of accounting, revenue is recognized when it is earned, regardless of when the payment is received. Each year, for a variety of reasons, the City may receive more or less revenue than booked as earned revenue in prior years, and it must account for these changes in the current year. Overall, the City reduces actual revenues each year by changes in prior receivables. In FY 2023, adjustments made for prior receivables reduced total revenues by $450 million. Appendix A shows total receivables adjustments in each year from FY 2014-FY 2023.

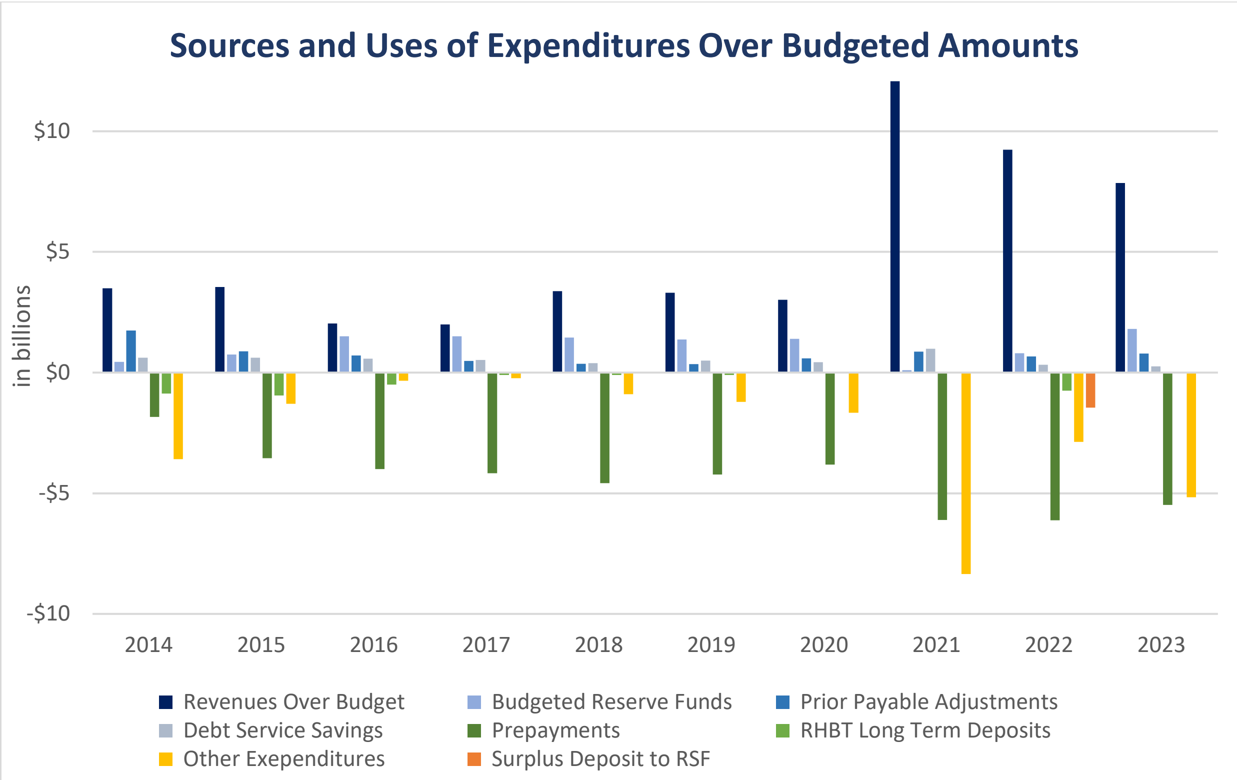
How Does the City Use Its Above-Budget Resources?

Revenues over budgeted amounts increase the resources available to the City to spend during the year or deposit into long-term reserves. In addition to higher than anticipated revenues, there are funds available in the budgeted reserves that also increase resources available for specific expenditures that arise during the year. The City has two such reserve funds built into its budget, the General Reserve and the Capital Stabilization Reserve. These funds, which are contained in budget holding codes at adoption, are reallocated during the fiscal year (this is distinct from long-term reserve funds, which can be held longer than an individual fiscal year). Because the reserves are not assigned to any particular expense, they can be used to cover unanticipated or underbudgeted costs, or to fund surpluses. In FY 2023, the City reallocated $1.80 billion in budgeted reserves to current year expenses, in addition to the higher than anticipated revenues that came in.

Adjustments for changes in net prior-year payables also can increase available resources for spending during the fiscal year. Similar to prior-year receivables described above, prior payables are spending for services rendered in the past but not yet paid for. At times, however, the amount that was anticipated to be spent is less (or greater) that the amount that was ultimately expended. In the budget, a reduction (increase) in prior-year payables corresponds to a reduction (increase) in current-year expenses. Changes in prior-year payables are not budgeted at adoption but, as shown in Chart S5, they consistently free up resources by the end of the fiscal year. Adjustments to net estimates of prior year payables in FY 2023 reduced City total expenditures by $794 million. Reductions in prior-year payables are typically the largest for the Department of

Education (of historical note is the $1.4 billion reduction in FY 2014), which is by far the largest area of expenditure in the City budget.

Chart S5



Source: New York City Annual Comprehensive Financial Report FY 2014 through FY 2023

Note: In FY 2014 prepayments exclude $240 million that were budgeted at the time of adoption. In FY 2022 the City made a $1.45 billion deposit into the Revenue Stabilization Fund, of that amount, $500 million was budgeted for that purpose at adoption. Because those funds were budgeted, the $500 million is included with budgeted reserves in FY 2022. Other expenditures exclude restricted fund adjustments.

Together, these revenues, resources, and adjustments—combined with savings elsewhere in the expenditure budget, for example through mid-year reductions made through Programs to Eliminate the Gap—are used to cover unanticipated or underfunded costs. One consistent source of savings within the expenditure budget in the years prior to the pandemic was lower than budgeted debt service costs, as low interest rates allowed the City to refinance bonds which came due at lower rates. This opportunity has diminished in recent years with rising interest rates, although debt services costs for FY 2023 still came in $260 million under budget. These resources also contribute towards surpluses (particularly City-funded revenues, as with few exceptions grant funds are required to pay for a specific program or services). Surpluses can take the form of prepayments of future year expenses or subsidies, transfers to the Retiree Health Benefit Trust (RHBT)[8], or (since FY 2020) deposits into the City's Rainy-Day Fund (Revenue Stabilization Fund).

Surpluses and a Balanced Budget

GAAP budgeting requires that expenses and revenues are booked on an accrual (not a cash) basis of accounting. Until FY 2020, when State law was changed to allow for the establishment of a long-term Rainy-Day Fund consistent with GAAP principles, the City could not use the General Fund unrestricted balance as a future source of revenues (a rainy-day fund). [9] However, the City was then and remains allowed to transfer surpluses from one year to the next for specific purposes, including the pre-payment of debt service costs and retiree health benefits, subsidies to City-related entities such as the Health and Hospitals Corporation (H+H), and others. Collectively, these transfers cover the upcoming fiscal year's gap. Because any remaining surplus in the general fund could not be spent, during the accounting period after the end of the fiscal year when the ACFR is being prepared, the City has consistently adjusted year-end categories, consistent with GAAP accounting rules, to reflect an end-of-year surplus to around $5 million.[10]

Following GAAP accounting rules, prepayments are shown as expenditures in the current year. (It is important to note that without such prepayments, often called the "budget roll," future year expenditures would be higher) In FY 2023, City expenditures included $5.48 billion in prepayments for FY 2024 costs, including $4.98 billion for debt services and $500 million for retiree health benefit costs. (In FY 2022, the City made $6.11 billion in prepayments for FY 2023, which because they were greater than the FY 2023 prepayment means the City had a net benefit of $635 million in FY 2023.) As shown in Chart S5, the City has directed significant portions of its surplus resources towards prepayments over time.

Including the extra resources outlined above, and excluding prepayments made in the current year for the next fiscal year, along with debt service savings, provides a clearer look at how expenditures on City programs and services performed during the fiscal year compared with budgeted amounts, as described in the following section.[11] With these adjustments, expenditures for other costs in FY 2023 were $5.17 billion above budgeted amounts.

What are the Variances in the Expenditure Budget?

Overall, the City's expense budget falls into two categories: personnel costs and other than personnel costs. Spending on personnel services (wages and salaries, fringe benefits, and contributions to the City's pension funds) was $1.12 billion (2.1 percent) above the Adopted Budget in FY 2023.[12] This increase was fueled by a combination of factors, including the addition of funds to pay for the City's settlement of its outstanding labor contracts, as well as higher than budgeted overtime spending. This was offset by lower than budgeted spending on salaries stemming from the City's high vacancy rate and its effort to eliminate budgeted but vacant positions during the fiscal year, as well as lower than budgeted spending on pensions. As discussed in more detail below, overtime costs (uniformed and non-uniformed) were $1.12

billion (86.3 percent) more than budgeted. Pension costs were $313 million (3.3 percent) less than budgeted.

Total spending on other than personal service (OTPS) in FY 2023 was $4.01 billion or 8.4 percent above budgeted amounts (excluding debt service).[13] Most of the increase in OTPS is associated with contractual services, which was $3.53 billion over budgeted amounts and covers a range of City costs (discussed in more detail below).

Variances in Expenditures Within Agencies

This section examines spending at City agencies that had some of the greatest differences between their adopted budgets and actual expenditures to provide programmatic context on these variances.[14] While one of the drivers of increased costs in FY 2023 compared with the adopted budget was the cost of services, mainly shelter, for people seeking asylum, much of the variance this year is due to chronic underbudgeting of anticipated expenses, and is similar to variances seen in prior years.

Unanticipated Costs for Asylum Seekers

The extent to which services and associated expenses that would be needed to provide for families seeking asylum over the course of FY 2023 was, quite reasonably, not anticipated in June 2022 when the budget was adopted. Final spending data included in the ACFR reflects that these costs totaled $1.474 billion in FY 2023. [15]

Spending on services for people seeking asylum was mainly through the Department of Homeless Services ($764 million), which administers the shelter system; NYC's Health + Hospitals ($469 million), which has been administering the Humanitarian Emergency Response and Relief Centers; and the Department of Emergency Management ($89 million) with the remaining $151 million in expenses shared by a number of agencies.

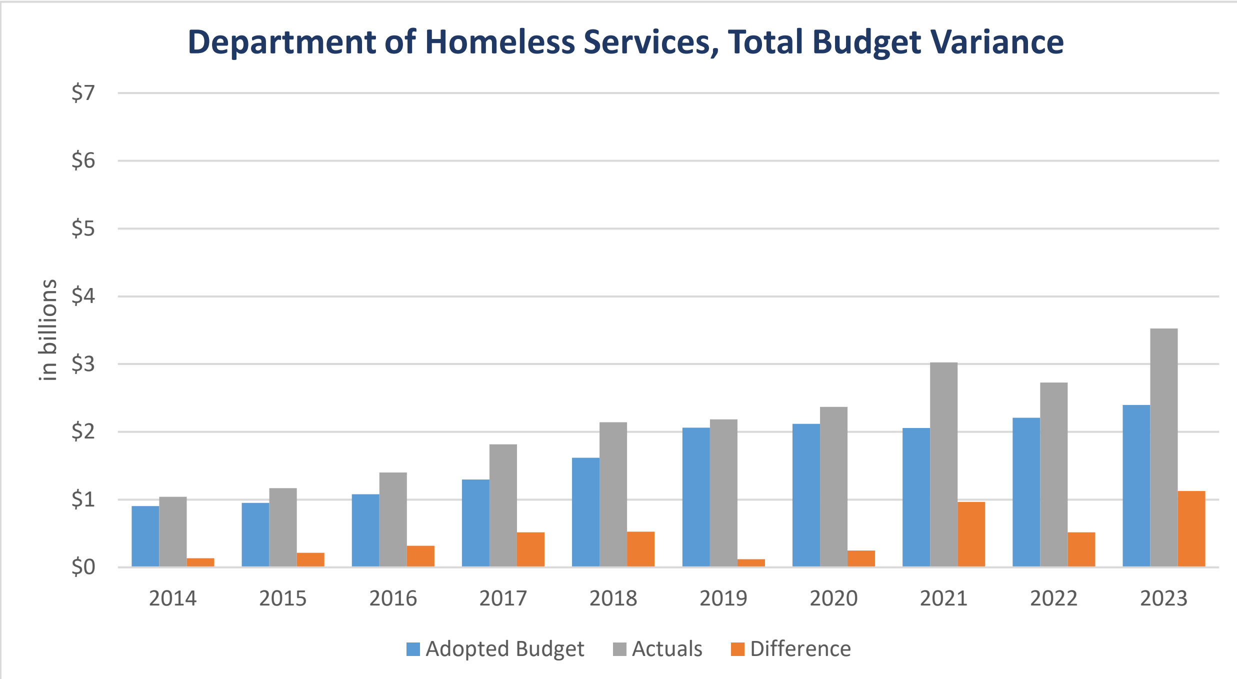
While these expenses increased costs at these agencies compared with what was budgeted at adoption for FY 2023, these and other agency expenditures have historically exceeded budgeted levels in a variety of programmatic areas.

Department of Homeless Services (DHS)

Total expenditures for DHS were $3.52 billion, $1.13 billion or 47 percent more than the adopted budget in FY 2023. While the cost of providing services to asylum seekers was a significant source (two-thirds) of the variance, DHS is chronically under-budgeted at adoption, as shown in Chart S6.

Excluding asylum seeker costs, DHS spent $372 million or 15 percent more than budgeted, which is in line with the level of variance in FY 2022. This includes $397 million more than budgeted on non-asylum seeker contract costs for adult shelter, offset by $27 million *less* than budgeted on non-asylum seeker contract costs for family shelter.[16]

Chart S6



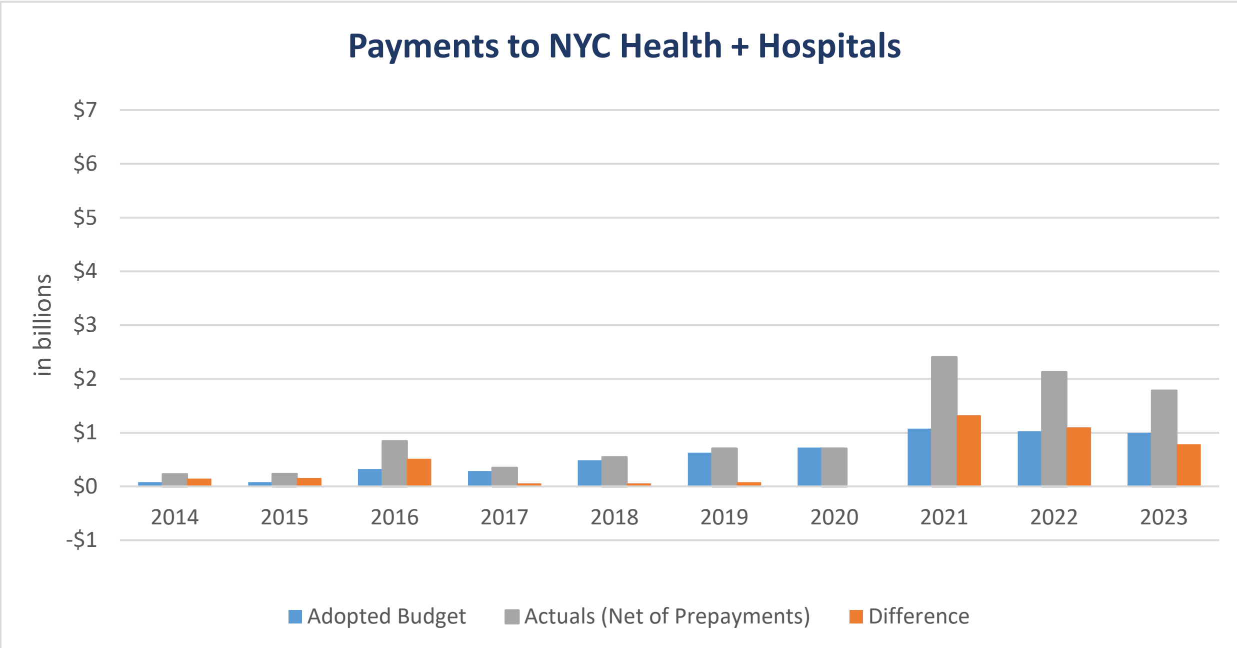
Source: New York City Annual Comprehensive Financial Reports FY 2014 through FY 2023

Note: Expenditures are shown less interfund and intracity transfers. They are before adjustments made to net changes in prior payables.

NYC Health + Hospitals (H+H)

Total payments to H+H were $1.78 billion, $785 million or 78.6 percent more than the adopted budget in FY 2023. Costs associated for services to people seeking asylum comprise about 40 percent of this year's variance. As shown in Chart S7, actual expenditures for H+H have historically been higher than what is included at adoption. In recent years, the difference has largely been due to the City's COVID-19 response and related services.

Chart S7



Source: New York City Annual Comprehensive Financial Reports FY 2014 through FY 2023

Note: Actual spending in FY 2016-FY 2019 is shown net of prepayments of future year expenses. Expenditures are less interfund and intracity transfers, before adjustments are made for net changes in prior payables.

Uniformed Overtime

Another significant driver of the gap between the budget and actual expenditures, was higher than budgeted overtime costs. In FY 2023, the City spent $2.42 billion, $1.12 billion (89 percent) over its adopted overtime budget, including both uniform and non-uniformed employees.[17] Uniformed overtime costs were $1.67 billion or $770 million (86 percent) over adopted amounts, while non-uniformed overtime was $756 million or $353 million over adopted budgeted amounts (87 percent). Historically, the City has underbudgeted uniformed overtime. (The Comptroller's Office has consistently identified this as a chronic risk to the budget, most recently in its 2023 report on Uniformed Overtime.)

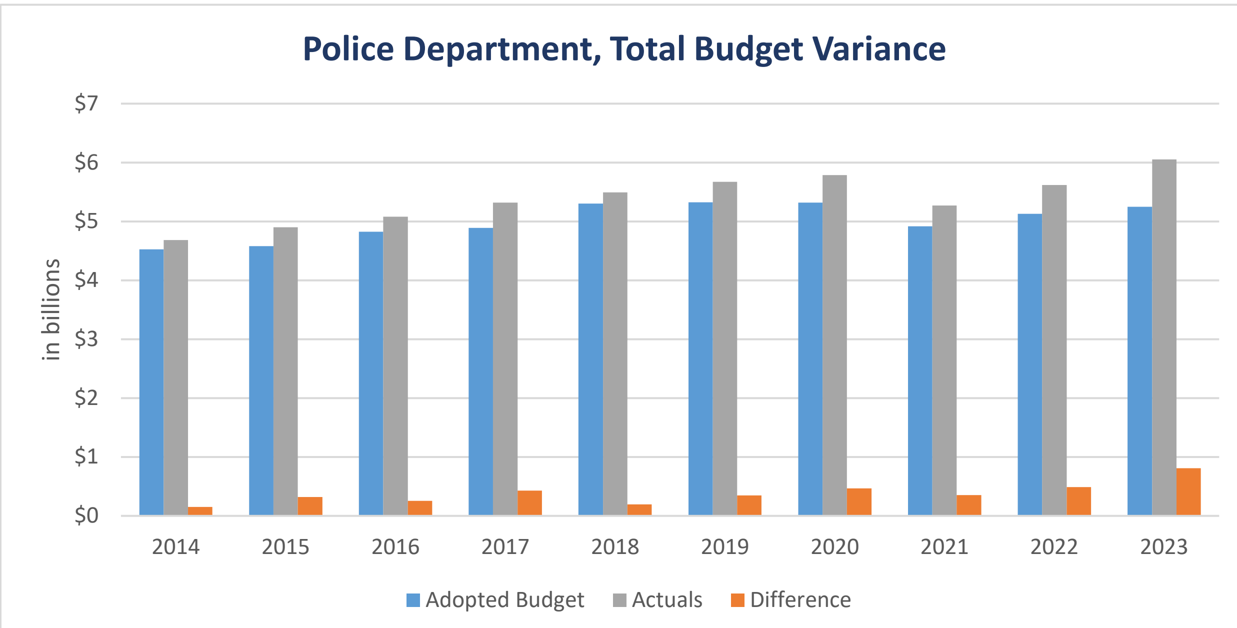
Nearly two-thirds of the total variance in overtime spending is spent by the police and fire departments. The subsequent charts and explanations provide a look at how each agency fared against its overall budget, and the drivers for their variances.

- **Police Department** – Total police department expenditures in FY 2023 were $6.05 billion, $807 million or 15.4 percent more than the adopted budget. Total expenditures include $822 million on uniformed overtime costs, almost $450 million over the adopted budget amount or 120 percent above the adopted amount. This is even higher than last year's variance which was 90 percent above the adopted budget amount.

Total non-uniformed overtime in FY 2023 was $129 million or $49 million over the adopted budget. The remaining variance can be attributed to higher uniformed straight time costs ($128.5 million) and various contractual services for urban security initiatives.

- **Fire Department –** Fire department expenditures totaled $2.55 billion, $257 million or 11.2 percent above its budget. Total expenditures include $417 million on uniformed overtime costs, almost $165 million over the adopted budget amount. Total non-uniformed overtime was $87 million or $58 million for over the fire department's adopted budget.

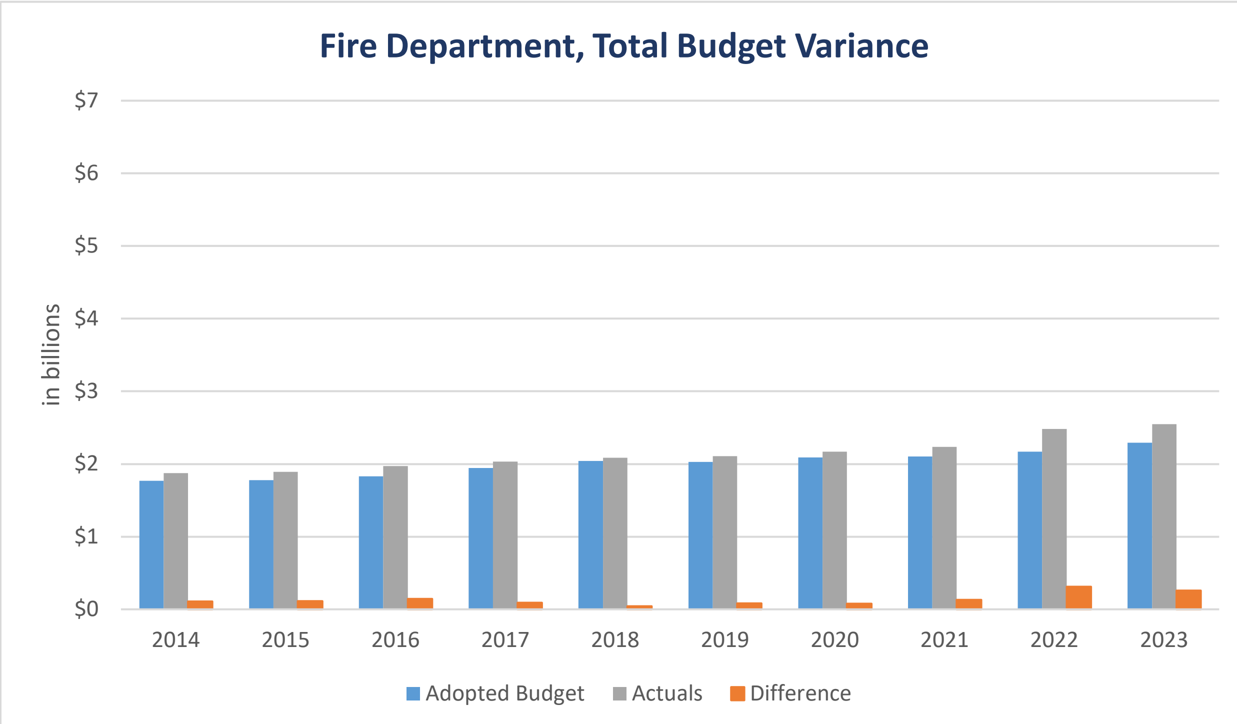
Chart S8



Source: New York City Annual Comprehensive Financial Reports FY 2014 through FY 2023

Note: Expenditures are less interfund and intracity transfers, before adjustments are made for net changes in prior payables.

Chart S9



Source: New York City Annual Comprehensive Financial Reports FY 2014 through FY 2023

Note: Expenditures are less interfund and intracity transfers, before adjustments are made for net changes in prior payables.

Department of Education

The Department of Education (DOE) has the largest budget of all City agencies. Total actual spending (before adjusting for prior payables) for FY 2023 for the DOE was $31.42 billion, $399 million (or 1.3 percent) over its adopted budget. However, this aggregated variance masks even greater variation among different programmatic aspects within the agency. The largest programmatic variance was for special education Carter Cases— actual expenditures were $625 million more than included in the adopted budget (for total expenditures of $1.07 billion) –an expense for which the DOE chronically underbudgets. This and other increases were offset by underspending in other areas, including $414 million less than budgeted on Special Education Instructional and School Leadership or 16 percent less than budgeted. (Spending on special education, in particular special education service claims, were explored in the Comptroller's recent report "Course Correction," along with recommendations for how to meet the needs of more students more effectively, and to reduce the cost of claims.)

Nearly half of the total FY 2023 citywide net change in estimates to prior payable amounts accrued to DOE. Including this adjustment of $444.9 million brings DOE's actual expenditures for the year down to $30.98 million, $46 million *less* than the adopted budget.

Department of Social Services

Total expenditures for the Department of Social Services (DSS) were $11.11 billion, $148 million less than budgeted. However, like the DOE, there was considerably more variation *within* the DSS budget.

Spending on public assistance programs, which includes cash assistance, the City's rental assistance programs, and other programs such as Fair Fares was FY 2023 was $432 million *more than* budgeted.[18] This includes $350 million (21 percent) more than budgeted to fund cash assistance, as caseloads in the City continue to rise. The 12-month unduplicated number of cash assistance recipients—the measure of total clients served over the course of a year—increased by 12.9 percent in FY 2023 compared to FY 2022. Rental assistance costs were $127 million more than budgeted, offset by $70 million less spending on the Fair Fares program than budgeted. Both rental assistance and cash assistance are two other costs the Comptroller's Office routinely highlights as under-budgeted.

These increases in public assistance costs, were offset by a sharp reduction (one-time) in Medicaid spending, which was $629 million (10 percent) less than budgeted.[19] Chief among the factors that led to reduced spending is Enhanced Federal Medical Assistance Percentage savings for Medicaid costs associated with Federal Covid-19 relief and delay in timing of Supplemental Medicaid payments for H+H.

Conclusion

Actual revenues in FY 2023 exceeded the adopted budget by 7.8 percent, or $7.85 billion, a smaller variance than FY 2022, but still greater than in the years before the pandemic. The City used these funds, along with budgeted reserves and savings on other costs, to pay for unanticipated costs, including services to asylum seekers, along with reasonably anticipated but underfunded costs, and to contribute to the prepayment of over $5 billion of FY 2024 expenses.

This analysis confirms what the Comptroller's Office routinely highlights in its Comments on the Adopted Budget: there are certain expenditures that the City chronically underbudgets at adoption, which require additional funding during the fiscal year. These include uniformed overtime, special education Carter Cases, public assistance costs, rental assistance, and others.

While conservatively budgeting revenues is fiscally wise to some extent, underestimating known costs obfuscates the size of the City budget and makes it more difficult for the Council to make and the public to assess, budget choices. A clear picture of the City's costs and resources to cover those costs, allows for a more honest and informed debate about the impact of new policies and needs.

Acknowledgements

This report was prepared by Elizabeth Brown, Senior Director of Budget Oversight, and Kieran Persaud, Principal Budget and Policy Analyst, with assistance from Manny Kwan, Assistant Bureau Chief, and Marcia Murphy, Principal Revenue Economist. Archer Hutchinson, Creative Director, led the design.

Appendix

Total Prior Receivables and Prior Payables Adjustments in Each Fiscal Year

Fiscal Year	Net Change of Prior-Year Receivables	Net Change of Prior-Year Payables
2014	($1,075,131,596)	($1,736,864,896)
2015	($261,405,173)	($884,826,989)
2016	($392,759,790)	($714,656,442)
2017	($86,086,275)	($486,400,932)
2018	($73,729,405)	($366,512,299)
2019	($212,731,145)	($346,279,362)
2020	($382,695,923)	($589,573,816)
2021	($1,012,593,595)	($869,172,397)
2022	($636,929,822)	($674,748,732)
2023	($450,371,736)	($794,083,197)

Endnotes

[1] Revenue and expenditure data used in this spotlight are available in the G-schedules of the ACFRs.

[2] Total revenues include net changes in prior-year receivables, as presented in the ACFR.

[3] See this month's newsletter [link] for an analysis of how projection errors evolved from the last pre-pandemic tax revenues forecasts in January-March 2020 to actuals in FY 2023.

[4] Data on tax revenue by tax source is from financial plan documents, not the ACFR due to the treatment of audit revenue in the ACFR by tax source.

[5] In response to limits put on deductions of State and Local Taxes (SALT) made in the 2017 Tax Cuts and Jobs Act, the State and the City enacted legislation that allows resident shareholders of partnerships and S corporations (known as pass-through entities) to opt in a Pass-Through Entity Tax (PTET). Unlike the PIT, State and City PTET are not subject to the cap on SALT deductions. For additional analyses of NYC PTET see Annual State of the City's Economy and Finances : Office of the New York City Comptroller Brad Lander (nyc.gov) and New York by the Numbers Monthly Economic and Fiscal Outlook No. 78 – June 13th, 2023 : Office of the New York City Comptroller Brad Lander (nyc.gov). An update on PIT/PTET collections is also included in this month's Economic Newsletter [LINK].

[6] Includes unrestricted governmental aid.

[7] Includes various fees, settlement revenues, surcharges, and other sundries.

[8] In 2006 the City Council created the Retiree Health Benefit Trust as a conduit for the payment of retiree health care costs (formally, Other Post-Employment Benefits or OPEB). The City makes deposits in the trust for two purposes: to fund OPEB costs on a pay-as-you-go (PAYGO) basis and to fund the long-term OPEB liability. As mentioned above, a portion of the next year PAYGO component can also be part of the overall prepayment. The long-term deposits have at times been drawn down like a rainy-day fund would be to provide budgetary resources.

[9] Due to a change in State law in 2020 granting a specific exemption from GAAP rules, the City is allowed to use the General Fund unrestricted balance as a rainy-day fund (the Revenue Stabilization Fund. The balance of the Revenue Stabilization Fund can be found in the General Fund balance sheet and it equals the "committed" balance. In FY 2022, the City deposited $1.45 billion in the fund, while in FY 2023 it only deposited the customary $5 million surplus.

[10] As of FY 2019, the total nonspendable General Fund balance accumulated over the years was $488 million (see FY 2020 ACFR p.47). The City was authorized to use the accumulated non-spendable balance as the first deposit into the Revenue Stabilization Fund.

[11] Without these adjustments expenditure variance from the adopted budget in FY 2023 is $7.79 billion, the same as revenue variance less the $5 million deposit into the Rainy Day Fund and $55 million in restricted fund activity.

[12]As described in the section above, this is net the City's $500 million prepayment for retiree health benefits made to the Retiree Health Benefits Trust in FY 2023 and it excludes net changes in prior year payables. It is inclusive of interfund agreement costs and schedule adjustments to appropriation amounts—funds budgeted in financial plan savings codes—which are excluded in ACFR subtotals of expenditures amounts.

[13] As described in the section above, excludes net changes in prior year payables. It is inclusive of interfund agreement costs and schedule adjustments to appropriation amounts.

[14] Agency expenditures are presented net intracity and interfund agreement expenditures and exclude adjustments for net estimates of changes in prior payables.

[15] The calculation of costs related to services to people seeking asylum is calculated using specific budget codes that the Mayor's Office of Management and Budget has assigned to these costs.

[16] Family shelter costs (non-asylum seeker) are paid through a mix of City funds, as well as federal and State public assistance funds. Adults shelter costs are primarily City funded.

[17] As described above, funds budgeted in financial plan savings codes—which are excluded in ACFR subtotals of expenditures amounts are included.

[18] Public assistance spending includes OTPS spending only.

[19] Medicaid costs include OTPS spending only (Object codes 518, 519, and 647).

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