

# KBRA Assigns AA+ Rating, Negative Outlook to the City of New York General Obligation Bonds, Fiscal 2026 Series F and G, and General Obligation Bonds, Fiscal 2026 Series 1

New York (March 20, 2026)

KBRA assigns a long-term rating of AA+ to the City of New York General Obligation Bonds, Fiscal 2026 Series F and G, and General Obligation Bonds, Fiscal 2026 Series 1. The Outlook is Negative.

Concurrently, KBRA affirms the long-term rating of AA+ on outstanding City of New York General Obligation Bonds, and revises the Outlook to Negative from Stable.

The outlook revision reflects the City's FY 2027 Preliminary Budget (the "Preliminary Budget", or "the financial plan"), which improves fiscal transparency by incorporating substantial, previously underbudgeted recurring expenditures but also reveals a materially larger structural imbalance than previously reflected. In recent years, the City's financial plan benefited from the ability to prepay future-year expenses and otherwise manage recurring costs within the budget framework. The revised baseline suggests that this flexibility has diminished as expenditure growth has outpaced recurring revenue growth, leaving less capacity to use prepayments and similar budget management tools that have helped support structural balance in prior years.

The AA+ rating continues to reflect the City's role as an international business and cultural center, the historical resiliency of its broad and diverse economic base, its elevated, yet manageable debt profile, including favorable pension funding metrics, and the efficacy of institutionalized procedures in addressing near-term financial challenges.

## Key Credit Considerations

The rating actions reflect the following key credit considerations:

### Credit Positives

- The City's role as an international business and cultural center and hub of the country's largest metropolitan economy highlight the diversity and resilience of the resource base supporting the G.O. Bonds
- The City's cash position is strong.
- Pension funded ratios have trended favorably in recent years. Annual debt service requirements are projected to remain below 15% of City tax revenues over the 2026-2030 forecast period.

### Credit Challenges

- City tax revenues are subject to economic volatility.
- The City has very limited capacity to rely on prepayments as a budget management tool relative to prior financial plans.

## Rating Sensitivities

### For Upgrade

- Maintenance of sound revenue resiliency in the face of prevailing policy and economic headwinds.



- Adoption of a formalized reserve policy targeting reserve size and conditions for deposits and withdrawals.
- Formalization, through incorporation to the City Charter, of the City's policy of limiting debt service to 15% of tax revenues in each year of the Financial Plan.
- Trend of decline in projected out-year budget gaps.

For Downgrade

- Budgetary instability, significant depletion of reserves or materially increased out-year budget gaps.
- Relaxation of, or diminished adherence to, well-established policies and procedures.

To access ratings and relevant documents, click [here](#).

## Methodologies

- [Public Finance: U.S. Local Government General Obligation Rating Methodology](#)
- [ESG Global Rating Methodology](#)

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## Disclosures

A description of all substantially material sources that were used to prepare the credit rating and information on the methodology(ies) (inclusive of any material models and sensitivity analyses of the relevant key rating assumptions, as applicable) used in determining the credit rating is available in the Information Disclosure Form(s) located [here](#).

Information on the meaning of each rating category can be located [here](#).

Further disclosures relating to this rating action are available in the Information Disclosure Form(s) referenced above. Additional information regarding KBRA policies, methodologies, rating scales and disclosures are available at [www.kbra.com](http://www.kbra.com).



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## About KBRA

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