

Landing the Plane: Closing the Books on FY25



Professional public sector budgeteers are always thinking about three budgets simultaneously: the most recently ended fiscal year, the current fiscal year, and the upcoming fiscal year. The activities and concerns are different for each but are often interconnected.

This December, the City of Philadelphia's financial folks are monitoring revenues and

spending of FY26 as we hit the midway mark. They are also starting the development of FY27, working on preliminary revenue projections and spending priorities. And they are finishing the last bits of bookkeeping for FY25, which ended on June 30, 2025.

A city's ability to timely and accurately issue financial reports is a big deal. Investors (like bond holders and grant makers) and financial oversight bodies (like PICA) expect to see complete, on-time financial reporting and failure to provide it is a big red flag for a city's commitment to its fiscal health. A lack of faith in fiscal management can result in higher costs and loss of access to capital markets and other revenue streams.

Wrapping up FY25 with the ACFR

The next major milestone for FY25 is the issuance of the Annual Comprehensive Financial Report (ACFR). The ACFR is a full set of financial statements for the City, produced in compliance with Generally Accepted Accounting Principles (GAAP) in adherence to Government Accounting Standards Board (GASB) standards. The ACFR is audited by the City Controller and is intended to present a transparent view of the City's finances for elected officials, residents, businesses, and current and potential investors. In addition to being a best practice for local governments, producing these annual audited financial statements keeps the City in line with the U.S. Securities and Exchange Commission's (SEC) continuing disclosure requirements and able to access capital markets.

Is there a legal deadline to release Philadelphia's ACFR?

No. The City of Philadelphia's [Home Rule Charter](#) does require the Finance Director to issue "a statement as of the end of that year showing the balances in all funds of the City, the amounts of the City's known liabilities, and such other information as is necessary to furnish a true picture of the City's financial condition" within 120 days of the end of the fiscal year. That required Annual Financial Report isn't audited like the ACFR but typically aligns with the audited ACFR released several months later. A mismatch between the numbers in the Annual Financial Report and the ACFR could reduce confidence in the City's fiscal management.

Are there other reasons to stick to the schedule?

Yes. The City is legally bound to issue the ACFR on time due to terms in the City's continuing disclosure agreements for bond issuances. For example, when the [City issued \\$301.3 million of bonds](#) in June 2025, it committed to providing its FY25 annual financial information, which includes the ACFR, no later than February 28, 2026 and no later than February 28th every year after that. If the City cannot meet this requirement, it will send a signal to bond holders and grant makers (including the federal government and philanthropies) that Philadelphia cannot manage its finances. This lack of trust can translate into higher borrowing costs and fewer entities willing to grant or loan funds to the City. Oversight authorities, like PICA, could view this as deviation from the sound budgetary and financial practices required by the PICA Act, jeopardizing availability of state funds, currently about \$1 billion annually for the General Fund.

Beyond the oversight bodies and bond holders and grant makers, taxpayers, journalists, community members, researchers, and civic watchdogs rely on the ACFR as the definitive accounting of what's happening with public money. Good governance requires timely, transparent reporting on financial affairs and failure to provide can eat away at the public's trust.

The Takeaway

Closing the books, accurately and on time, is more than just a check-the-box activity on a city's annual to do list. The availability of audited financial statements is crucial to maintain efficient and economical access to funds and build and maintain public trust. Philadelphia faces many fiscal challenges, but over recent years it has been celebrated for its competent financial management. Failure to deliver audited financial statements on time would damage that reputation and could have long-term consequences.

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