



The City of New York  
**Office of Management and Budget**  
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Dean A. Fuleihan  
Director

May 8, 2014

Hon. Bill de Blasio  
Mayor  
City Hall  
New York, NY 10007

Hon. Andrew Cuomo  
Governor  
The Executive Chamber, Capitol  
Albany, NY 12224

Hon. Melissa Mark-Viverito  
Speaker of the Council  
City Hall  
New York, NY 10007

Hon. Scott Stringer  
Comptroller  
Municipal Bldg., 1 Centre St.  
New York, NY 10007

Hon. Liz Krueger  
Ranking Minority Member  
Senate Finance Comm.  
The Capitol  
Albany, NY 12247

Hon. Herman D. Farrell, Jr.  
Chair, Assembly Ways and  
Means Comm.  
The Capitol  
Albany, NY 12248

Hon. John DeFrancisco  
Chair  
Senate Finance Comm.  
The Capitol  
Albany, NY 12247

Hon. Bob Oaks  
Ranking Minority Member  
Assembly Ways and Means Comm.  
The Capitol  
Albany, NY 12248

Hon. Thomas P. DiNapoli  
Comptroller  
Gov. A.E. Smith Office Bldg.  
Albany, NY 12236

Mr. Jeffrey Sommer  
Acting Executive Director  
State Financial Control Board  
123 William St., 23rd Floor  
New York, NY 10038

**Re: Statement of Debt Affordability**

Ladies and Gentlemen:

Pursuant to Chapter 16 of the Laws of 1997 of the State of New York, which includes the New York City Transitional Finance Authority Act (the "Act"), I am providing the annual statement of debt affordability. This statement does not constitute the annual declaration of need pursuant to Section 2799-ff of the Act, which will be prepared following adoption of the City of New York's (the "City's") fiscal year 2015 Budget by the City Council.

In order to finance projects within its Capital Budget, the City currently has a capital financing need of up to \$5.3 billion, \$5.2 billion, \$5.2 billion and \$5 billion, in fiscal years 2015 through 2018, respectively. To the extent that General Obligation Bonds are issued to finance such projects, the capital financing need to be met by the issuance of future tax-secured bonds ("PIT") of the New York City Transitional Finance Authority ("TFA") would be reduced accordingly. The City currently expects to issue General Obligation bonds to provide funding for approximately half of such four year financing program. In addition to these amounts, the City has a capital financing need of \$1.5 billion, \$1.4 billion, \$1.4 billion and \$1.4 billion in fiscal years 2015 through 2018, respectively, for those projects within the City's Five Year Educational Facilities Capital Plan, expected to be met with proceeds of TFA Building Aid Revenue Bonds.

There is no reserve or surplus fund held by TFA as of the date of this statement and there was none as of the end of the most recently completed fiscal year.

Schedule A shows the City's and TFA's debt-incurring power, excluding Building Aid Revenue Bond financing capital. Schedule B presents the sources of financing for the City's four-year capital program. Schedule C specifies amounts of debt service payable on City General Obligation bonds and TFA bonds, amounts expected to be outstanding in each of the Financial Plan years for General Obligation and TFA PIT bonds, and various debt service and debt ratios as required by the Act. Schedule C provides a framework for assessing the affordability to the City of the debt to be issued as described on Schedule B.

In my opinion, debt affordability is a judgment made by balancing the City's need for essential capital improvements and the costs of delaying or not implementing such improvements against the impact of debt service costs arising from the financing of those capital needs on the other competing City priorities funded through the City's operating budget. The judgment is reflected in the City's Financial Plan and in its operating budget and Capital Plan as proposed by the Mayor, which has the result, in fiscal year 2018, of debt service (including the TFA and lease (conduit) debt service) requiring 9.7 percent of total revenues and 14.4 percent of total tax revenues.

Very truly yours,



Dean A. Fuleihan

Attachments

**Schedule A: Debt Incurring Power (\$ in Millions)**

**NYC Debt and Contract Liabilities**

<u>As of June 30</u>	FY	2015	2016	2017	2018
Total City Debt- Incurring Power under General Debt Limit	\$	81,283	\$ 84,138	\$ 87,060	\$ 90,269
Gross Debt-Funded		40,844	41,064	41,324	41,481
Less: Excluded Debt		<u>(32)</u>	<u>(9)</u>	<u>3</u>	<u>13</u>
		40,812	41,055	41,327	41,494
Contracts and Other Liabilities, Net of Prior Financings Thereof		<u>9,794</u>	<u>10,172</u>	<u>9,777</u>	<u>8,898</u>
Total City Indebtedness		50,605	51,227	51,104	50,392
TFA Debt Outstanding above \$13.5 billion		<u>13,276</u>	<u>15,003</u>	<u>16,632</u>	<u>18,114</u>
Combined Debt-Incurring Power of NYC and TFA	\$	17,402	\$ 17,909	\$ 19,323	\$ 21,763

**Schedule B: Sources of Funds (\$ in Millions)**

	<b>FY</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
City General Obligation Bonds		\$ 1,750	\$ 2,600	\$ 2,600	\$ 2,500
TFA Future Tax Secured Bonds		3,500	2,600	2,600	2,500
TFA Building Aid Revenue Bonds		1,500	1,427	1,416	1,443
Water Authority Bonds		<u>1,616</u>	<u>1,350</u>	<u>1,242</u>	<u>1,264</u>
Total		<b>\$ 8,366</b>	<b>\$ 7,977</b>	<b>\$ 7,858</b>	<b>\$ 7,707</b>

Note: includes new money bonds and notes for capital purposes and, with respect to the Water Authority, reserve amounts.

**Schedule C: Debt Outstanding & Debt Service Ratios**

**I. Debt Service of NYC GO, Conduit Debt & TFA (\$ in millions)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
[1.1] NYC General Obligation Debt Service*	\$4,288	\$4,588	\$4,623	\$4,698
[1.2] Conduit Debt Debt Service	\$317	\$323	\$312	\$305
[1.3] Transitional Finance Authority PIT Debt Service**	<u>\$2,060</u>	<u>\$2,332</u>	<u>\$2,647</u>	<u>\$2,837</u>
[1.4] Total Debt Service (NYC GO, Conduit Debt & TFA)= [1.1] + [1.2] + [1.3]	\$6,665	\$7,242	\$7,582	\$7,840

**Total Debt Service (NYC GO, Conduit Debt & TFA) [1.4] as % of:**

a. Total Revenue***	9.0%	9.5%	9.6%	9.7%
b. Total Taxes***	13.7%	14.3%	14.4%	14.4%
c. Total NYC Personal Income	1.3%	1.4%	1.4%	1.3%

**NYC General Obligation Bonds Debt Service [1.1] as % of:**

d. Real Property Tax Revenue	20.7%	21.1%	20.5%	20.0%
e. Full Value of Taxable Real Estate	0.5%	0.5%	0.5%	0.5%

**II. Debt Outstanding: NYC GO, Conduit Debt & TFA (\$ in millions) as of 6/30**

[1.5] NYC General Obligation Debt Outstanding	\$41,531	\$41,766	\$42,036	\$42,197
[1.6] Conduit Debt Debt Outstanding	\$1,534	\$1,445	\$1,365	\$1,284
[1.7] Transitional Finance Authority PIT Debt Outstanding	<u>\$27,722</u>	<u>\$29,419</u>	<u>\$30,932</u>	<u>\$32,296</u>
[1.8] Total Debt Outstanding (NYC GO, Conduit Debt & TFA ) [1.5]+[1.6]+[1.7]	\$70,788	\$72,629	\$74,334	\$75,777

**Total Debt Outstanding (NYC GO, Conduit Debt & TFA) [1.8] as % of:**

f. Total NYC Personal Income	13.9%	13.7%	13.3%	13.0%
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**NYC General Obligation Debt Outstanding [1.5] as % of:**

g. Real Property Tax Revenue	200.8%	192.3%	186.0%	179.7%
h. Five Year Average Full Value of Taxable Real Estate	5.1%	5.0%	4.8%	4.7%

**III. Debt Service & Debt Outstanding Per Capita (\$ in thousands)**

i. Debt Service Per Capita (NYC GO+Conduit Debt+TFA DS)	\$0.815	\$0.886	\$0.928	\$0.959
j. Debt Outstanding Per Capita (NYC GO+Conduit Debt+TFA)	\$8.659	\$8.884	\$9.093	\$9.269
<b>a. Total Revenue</b>	\$73,915	\$76,492	\$78,801	\$80,773
<b>b. Total Taxes</b>	\$48,537	\$50,746	\$52,597	\$54,401
<b>c. PIT Required to Support TFA PIT DS****</b>	\$698	\$2,332	\$2,647	\$2,837
<b>d. Total NYC Personal Income</b>	\$509,370	\$531,350	\$557,190	\$585,100
<b>e. Real Property Tax Revenue</b>	\$20,679	\$21,714	\$22,603	\$23,478
<b>f. Full Value of Taxable Real Estate</b>	\$812,831	\$841,383	\$870,597	\$902,687
<b>g. Population</b>	8,175,000	8,175,000	8,175,000	8,175,000

\* Includes RANs interest costs and does not reflect prepayments.

\*\* Does not reflect prepayments.

\*\*\* Includes amount required to support TFA PIT debt service.

\*\*\*\* Reflects prepayments in FY 2014.