



The City of New York
Office of Management and Budget
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Mark Page
Director

May 3, 2012

Hon. Michael Bloomberg
Mayor
City Hall
New York, NY 10007

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

Hon. Christine Quinn
Speaker of the Council
City Hall
New York, NY 10007

Hon. John C. Liu
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 Oakes
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 provided for 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 2013 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 \$5.1 billion, \$5.2 billion, \$4.8 billion and \$4.3 billion, in fiscal years 2013 through 2016, respectively. To the extent that General Obligation Bonds are issued to finance such projects, the capital financing need to be met by 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 five year financing program. In addition to these amounts, the City has a capital financing need of \$1.350 billion, \$1.104 billion, \$1.033 billion and \$939 million in fiscal years 2013 through 2016, 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. 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 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 2016, of debt service (including the TFA and lease (conduit) debt service) requiring 10.1 percent of total revenues and 15.2 percent of total tax revenues.

Yours truly,

A handwritten signature in black ink, appearing to read 'Mark Page', written over a light blue horizontal line.

Mark Page

Attachments

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

NYC Debt and Contract Liabilities

<u>As of June 30</u>	FY	2013	2014	2015	2016
Total City Debt- Incurring Power under General Debt Limit	\$	76,788	\$ 78,055	\$ 79,602	\$ 80,946
Gross Debt-Funded		41,343	41,738	41,858	41,704
Less: Excluded Debt		<u>(125)</u>	<u>(98)</u>	<u>(74)</u>	<u>(49)</u>
		41,218	41,640	41,784	41,655
Contracts and Other Liabilities, Net of Prior Financings Thereof		<u>10,866</u>	<u>10,535</u>	<u>9,111</u>	<u>7,693</u>
Total City Indebtedness		52,084	52,175	50,894	49,347
TFA Debt Outstanding above \$13.5 billion		<u>8,749</u>	<u>10,667</u>	<u>12,287</u>	<u>13,569</u>
Combined Debt-Incurring Power of NYC and TFA	\$	15,955	\$ 15,213	\$ 16,420	\$ 18,030

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

	FY	2013	2014	2015	2016
City General Obligation Bonds	\$	1,700	\$ 2,600	\$ 2,430	\$ 2,160
TFA Future Tax Secured Bonds		3,400	2,600	2,430	2,160
TFA Building Aid Revenue Bonds		1,350	1,104	1,033	939
Water Authority Bonds		<u>1,710</u>	<u>1,446</u>	<u>1,176</u>	<u>1,148</u>
Total	\$	8,160	\$ 7,750	\$ 7,069	\$ 6,407

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

<u>I. Debt Service of NYC GO, Conduit Debt & TFA (\$ in millions)</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
[1.1] NYC General Obligation Debt Service*	\$4,081	\$4,451	\$4,619	\$4,707
[1.2] Conduit Debt Debt Service	\$316	\$321	\$313	\$319
[1.3] Transitional Finance Authority Debt Service**	\$1,732	\$2,027	\$2,240	\$2,425
[1.4] Total Debt Service (NYC GO, Conduit Debt & TFA)= [1.1] + [1.2] + [1.3]	\$6,129	\$6,799	\$7,172	\$7,450
Total Debt Service (NYC GO, Conduit Debt & TFA) [1.4] as % of:				
a. Total Revenue***	8.9%	9.8%	10.0%	10.1%
b. Total Taxes***	14.1%	15.1%	15.2%	15.2%
c. Total NYC Personal Income	1.3%	1.4%	1.5%	1.5%
NYC General Obligation Bonds Debt Service [1.1] as % of:				
d. Real Property Tax Revenue	22.2%	23.5%	23.5%	23.2%
e. Full Value of Taxable Real Estate	0.5%	0.6%	0.6%	0.6%
<u>II. Debt Outstanding: NYC GO, Conduit Debt & TFA (\$ in millions) as of 6/30</u>				
[1.5] NYC General Obligation Debt Outstanding	\$42,168	\$42,547	\$42,651	\$42,453
[1.6] Conduit Debt Debt Outstanding	\$1,698	\$1,616	\$1,534	\$1,445
[1.7] Transitional Finance Authority Debt Outstanding	<u>\$23,522</u>	<u>\$25,337</u>	<u>\$26,850</u>	<u>\$28,019</u>
[1.8] Total Debt Outstanding (NYC GO, Conduit Debt & TFA) [1.5]+[1.6]+[1.7]	\$67,389	\$69,501	\$71,035	\$71,917
Total Debt Outstanding (NYC GO, Conduit Debt & TFA) [1.8] as % of:				
f. Total NYC Personal Income	14.8%	14.7%	14.5%	14.1%
NYC General Obligation Debt Outstanding [1.5] as % of:				
g. Real Property Tax Revenue	229.7%	224.5%	217.4%	209.6%
h. Five Year Average Full Value of Taxable Real Estate	5.5%	5.5%	5.4%	5.2%
<u>III. Debt Service & Debt Outstanding Per Capita (\$ in thousands)</u>				
i. Debt Service Per Capita (NYC GO+Conduit Debt+TFA DS)	\$0.750	\$0.832	\$0.877	\$0.911
j. Debt Outstanding Per Capita (NYC GO+Conduit Debt+TFA)	\$8.243	\$8.501	\$8.689	\$8.797
a. Total Revenue	\$68,717	\$69,333	\$71,632	\$74,089
b. Total Taxes	\$43,581	\$45,107	\$47,122	\$48,987
c. PIT Required to Support TFA DS****	\$1,732	\$2,027	\$2,240	\$2,425
d. Total NYC Personal Income	\$456,050	\$472,820	\$491,300	\$510,490
e. Real Property Tax Revenue	\$18,354	\$18,956	\$19,617	\$20,259
f. Full Value of Taxable Real Estate	\$767,882	\$780,550	\$796,016	\$809,464
g. Population	8,175,133	8,175,133	8,175,133	8,175,133

* Includes RANs interest costs and does not reflect prepayments.

** Does not reflect prepayments.

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

**** Reflects prepayments in FY 2012.