ALBANY
EST. 1614 | NEW YORK

OFFICE OF THE CITY TREASURER

DATE: OCTOBER 28th, 2024

TO: MEMBERS OF THE COMMON COUNCIL, HON. KATHY SHEEHAN

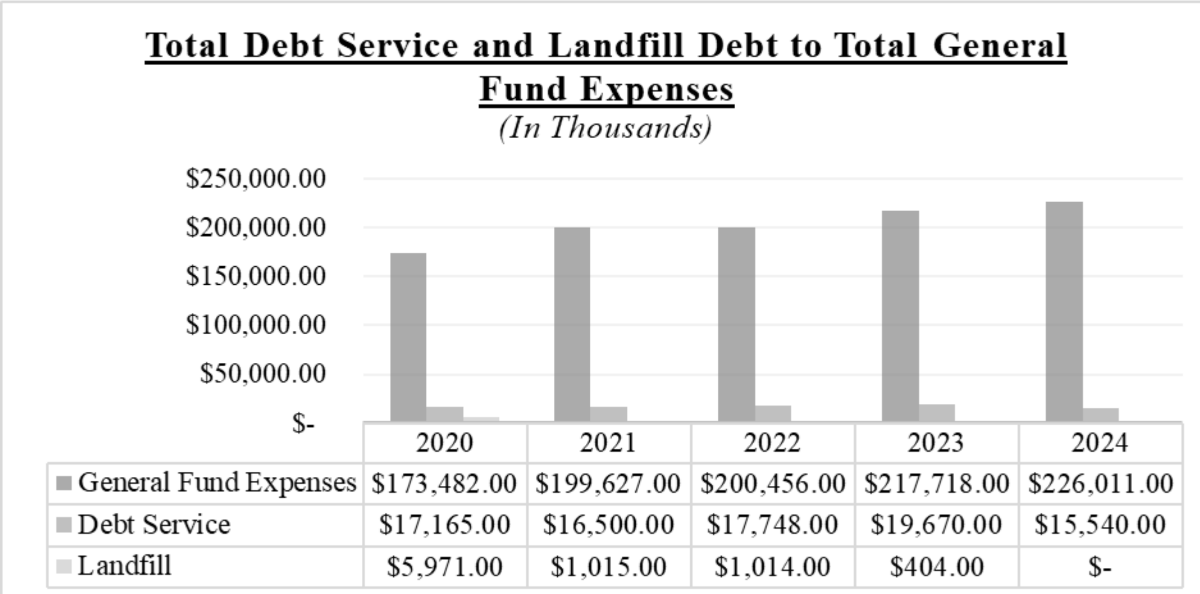
FROM: HON. DARIUS SHAHINFAR

RE: 2024 DEBT REPORT

The following provides information on the City's debt service and current outstanding debt. The 2024 information was provided from the adopted 2024 budget.

This report is made up of five sections. The first compares total General Fund expenses to total debt service expenses and landfill debt from 2020 to 2024 and the second shows debt issued and retired from 2020 to 2024. The third part provides a listing of outstanding debt by year for general obligation bonds with landfill general obligation bonds shown separately, and annual debt service from 2025 to 2034. The next section provides information on the estimated overlapping indebtedness. The last part provides information on the City's credit rating from Standard and Poor's.

Total General Fund Expenses Compared to Debt Service



	2020	2021	2022	2023	2024
General Fund Expenses	$173,482.00	$199,627.00	$200,456.00	$217,718.00	$226,011.00
Debt Service	$17,165.00	$16,500.00	$17,748.00	$19,670.00	$15,540.00
Landfill	$5,971.00	$1,015.00	$1,014.00	$404.00	$-

The chart above compares the actual General Fund expenses to actual Debt Service expenses (including paydown on the BANs and the portion of landfill debt) by year from 2020 to 2024. **For 2024 this report includes the total budgeted General Fund expenses.*

During 2020 the City issued $44,672,719 in Bond Anticipation Notes in two parts. The first part totaling $8,500,000 at a net interest rate of 1.29% not reoffered. The second part totaling $36,172,719 at a net interest rate of 2.25% not reoffered. The BANs included 2015 – 2020 capital projects. The BANs require a paydown of $3.0 million and interest expense of $923,537 when they mature in March 2021.

During 2021 the City issued $59,304,275 in Bond Anticipation Notes. The BANs included 2015 – 2021 capital projects. The BANs require a paydown of $6,216,411 million and interest expense of $1,779,120 when they matured in March 2022.

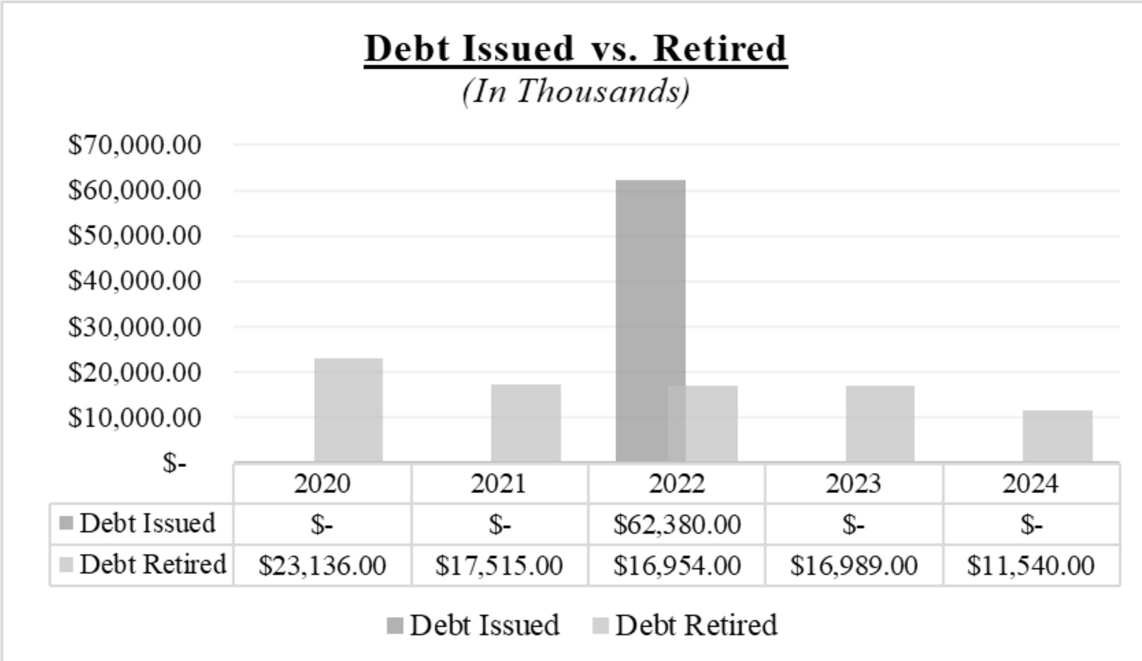
In 2022 the City issued $50,645,000 in General Obligation Serial Bonds with a maturity of 10 years. The total interest expense on these bonds will be $11,734,555.

During 2022 the City also issued $16,840,944 in Bond Anticipation Notes at a net interest rate of 1.15%. The BANs included 2018 – 2022 capital projects. The BANs required a paydown of $3,180,000 and interest expense of $378,921 when they matured in March, 2023.

During 2023 the City also issued $13,660,944 in Bond Anticipation Notes at a net interest rate of 4.50%. The BANs included 2018 – 2022 capital projects. The BANs required a paydown of $860,000 and interest expense of $613,035 when they mature in March, 2024.

For 2024, the City issued two notes; one for $6,719,000 at an interest rate of 4.50% and one for $43,103,372 at an interest rate of 4.00%. The BANs will require a paydown of $890,000 and interest expense of $1,922,346 when they mature in March, 2025.

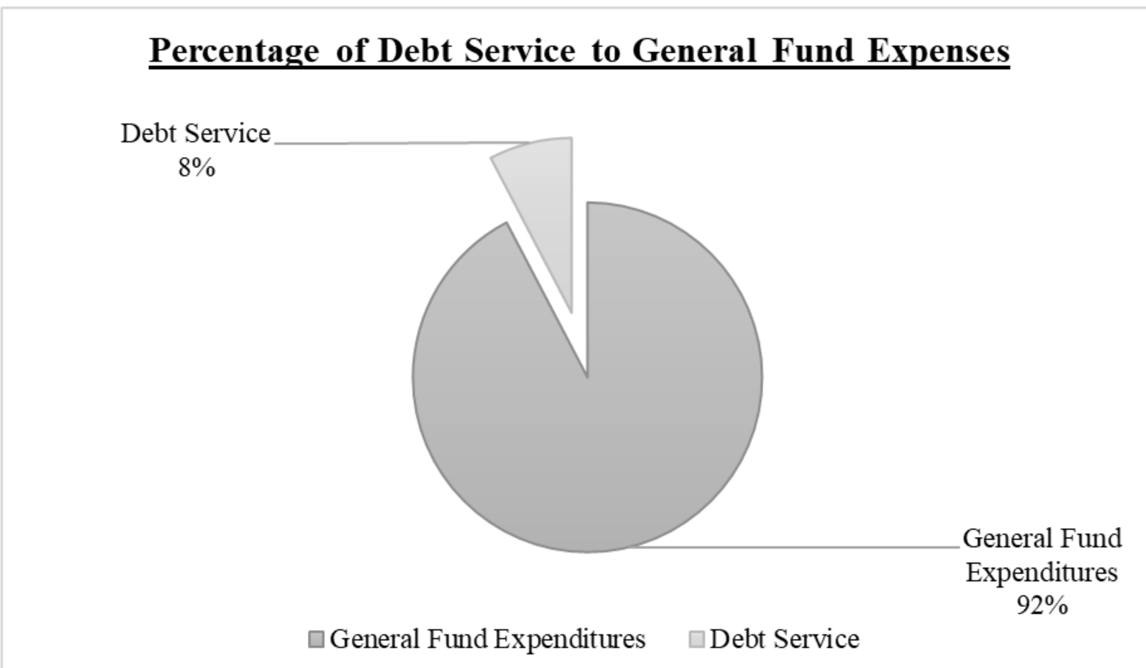
Debt Issued & Retired



	2020	2021	2022	2023	2024
Debt Issued	$-	$-	$62,380.00	$-	$-
Debt Retired	$23,136.00	$17,515.00	$16,954.00	$16,989.00	$11,540.00

[1]

The Percentage of Debt Service to General Fund Expenditures



[2]

Outstanding Debt Schedule

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[1] The chart above shows the amount of debt issued on the left side bar and debt retired on the right side bar by year from 2020 – 2024. This chart includes principal and interest expense (including the BAN paydowns and interest). In these 5 years, the City retired $86.1M in debt and issued $62.4M in new bonded debt.

[2] The comparison demonstrates the percentage of debt service expenses (inclusive of BANs) to total budgeted General Fund expenditures

Schedule of Principal & Interest Payments

Serial Bond Indebtedness as of January, 2025

Year	Principal	Interest	Total Payment
2025	$ 11,075,000.00	$ 2,658,000.00	$ 13,733,000.00
2026	$ 9,905,000.00	$ 2,261,325.00	$ 12,166,325.00
2027	$ 10,300,000.00	$ 1,874,350.00	$ 12,174,350.00
2028	$ 10,650,000.00	$ 1,547,550.00	$ 12,197,550.00
2029	$ 7,190,000.00	$ 1,134,550.00	$ 8,324,550.00
2030	$ 7,465,000.00	$ 860,350.00	$ 8,325,350.00
2031	$ 7,750,000.00	$ 572,575.00	$ 8,322,575.00
2032	$ 8,050,000.00	$ 276,750.00	$ 8,326,750.00
2033	$ 2,115,000.00	$ 97,275.00	$ 2,212,275.00
2034	$ 2,185,000.00	$ 32,775.00	$ 2,217,775.00
Bond Totals	**$ 76,685,000.00**	**$ 11,315,500.00**	**$ 88,000,500.00** [3]

Bond Anticipation Notes

Note Indebtedness as of January, 2025

Year	Note Amount	Paydown	Interest	Total Payment
2025 (a)	$ 6,719,000.00	$ -	$ 302,355.00	$ 302,355.00
2025 (b)	$ 43,103,372.00	$ 890,000.00	$ 1,724,134.88	$ 2,614,134.88
Bond Totals	**$ 49,822,372.00**	**$ 890,000.00**	**$ 2,026,489.88**	**$ 2,916,489.88**

The total outstanding payments towards debt service in 2025 totals $91M between outstanding bonds and BAN issuance(s). The city will either have to bond or reissue $48.9M in BAN debt when it matures in March 21, 2025 along with any additional projects from the city's capital plan for 2025 or any additional authorizations to be borrowed upon.

As a guide for your consideration, under current market conditions, depending on the length of borrowing, each $1M of bonded debt in 2024 would be expected to result in $125K in additional annual debt payments over a 10-15 year time frame. Were the City to issue bonds for the outstanding BANs and 2025 capital plan of $44.3M, the city can expect annual debt service payments to increase by roughly $11.8M in addition to the schedule above, beginning in 2026. That being said, there are many decisions to be made before we can provide more accurate figures once the bond resolutions are passed.

Debt Ratios, Overlapping Indebtedness and Bond Rating Information

[3] The City's 2019 Serial Bond Issuance related to the purchase of streetlights resulted in a utility cost reduction that would exceed the approximately $2.2M in annual debt service through FY 2034. It is suggested that this issuance be considered in a similar fashion to landfill debt for the purposes of the City's debt policy.

Estimated Overlapping Indebtedness

In addition to the City, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the City. Bonded indebtedness, including bond anticipation notes, is estimated of the respective municipalities and is not adjusted to include subsequent bond issues, if any.

Municipality	Status of Debt as of	Gross Indebtedness [(1)]	Estimated Exclusions [(2)]	Net Indebtedness	City Share	Applicable Indebtedness
County of:						
Albany	12/31/2023	$ 265,995,000 [(3)]	$ 2,920,000 [(3)]	$ 263,075,000	18.82%	$ 49,510,715
School District:						
Albany	6/7/2024	271,173,657 [(3)]	238,632,818 [(4)]	32,540,839	100.00%	32,540,839
					Total:	$ 82,051,554

Debt Ratios

The following table sets forth certain ratios relating to the City's indebtedness.

Debt Ratios
As of July 2, 2024

	Amount Indebtedness	Per Capita [(a)]	Percentage of Full Valuation [(b)]
Net Indebtedness	$ 119,788,372	$1,183.35	1.74%
Net Indebtedness Plus Net Overlapping Indebtedness [(c)]	201,839,926	1,993.91	2.93

[(a)] The 2023 Census population of the City is 101,228.
[(b)] The City's 2024 full value of taxable real estate is $6,893,091,216.
[(c)] Estimated net overlapping indebtedness is $82,051,554.

Standard and Poor's latest rating for the bonds is A+ (with a stable outlook). All outstanding debt is backed by insurance policies from municipal insurance companies. The biggest factor in our bond rating and our fiscal stress score is the status of our un-audited fund balance (currently about $16.7M total, with $7.3M unassigned as of the end of 2023). Best practice is that our unassigned fund balance should be at 10% of our expenses, or roughly $22.1M, and our total fund balance should be at 20% of expenses, or roughly $44.2M.

It should also be noted that for 2023, the City returned to a "moderate" designation for fiscal stress based almost exclusively on the levels of our fund balances.