Office of the NEW YORK STATE

COMPTROLLER

Local Government Debt Trends and Practices in New York State

New York State Comptroller

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Table of Contents

Introduction

Prudent debt management is integral to the financial health of local governments and can advance the prosperity of the communities they serve. The debt that local governments issue may fund capital infrastructure that is essential to commerce, including roads and bridges necessary for the transportation of goods. Local governments may also issue debt to finance the buildings in which some of the most critical public services are centered, such as public education and fire and police protection.

Each class of local government that issues debt has different responsibilities, which influence how it may use debt. Cities, villages and towns issue debt to finance roads, water and sewer systems and public buildings, among other things. Counties use debt proceeds for many of these same purposes, but also for constructing or acquiring facilities including courts and jails, and sometimes for creating or improving assets such as airports and medical facilities. School districts primarily use debt proceeds for the construction and renovation of school buildings, but also for acquiring school buses and other equipment. In addition, while local governments normally issue debt for long-term infrastructure development, they can also issue it for certain capital or major equipment needs that they might otherwise fund out of current budgets or reserves. These include items such as vehicles and computer systems.

Local governments may borrow for cash flow purposes using short-term debt notes, usually scheduled to be repaid within a single year. This can arise when a local government experiences a financial shock, such as major storm damage or a sudden decrease in revenue from an expected source.

In certain cases, debt can signal fiscal stress. An overreliance on long-term debt can increase fixed debt service costs and thus reduce a local government's financial flexibility. Continual and increasing use of short-term, cash flow-related debt may be a sign of more severe and immediate problems, such as a lack of budgetary liquidity. In the worst cases, local governments struggling to remain solvent have had to seek State-authorized deficit financing to improve their financial stability.

Highlights

- Local governments outside of New York City had $43.6 billion in debt outstanding at the end of local fiscal years ending in 2018.
- Local government debt per capita was $3,916 in 2018. It was higher downstate at $4,441.
- Local government debt outstanding in 2018 was 3.6 percent of the total value of taxable real property. The share was higher upstate at 5.2 percent.
- Local government debt grew rapidly from 1998 to 2010 but declined slightly from 2010 to 2018.
- School district debt is 39 percent of all local government debt.
- For local governments in fiscal stress, debt outstanding increased by 7 percent between 2010 and 2018.
- Principal and interest payments on local government debt were $5.5 billion in 2018.

(All data excludes New York City.)

Local Government Debt

Debt outstanding for all of the State's counties, cities, towns, villages, school districts and fire districts outside of New York City totaled $43.6 billion in local fiscal years ending in 2018 (FYE 2018).[1] This equates to $3,916 in debt per capita, 3.6 percent of the taxable value of real property and 6.5 percent of total personal income. (See "Note on Methodology" on page 3 for more information on how the Office of the New York State Comptroller [OSC] analyzed the data for this report.)

Financing the Future

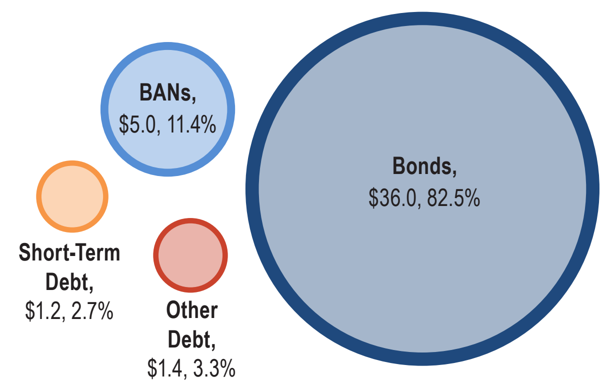
The majority of local government debt is borrowing for capital projects, in the form of bonds. In 2018, local governments had $36.0 billion in bond debt outstanding. (See Figure 1.)

The useful life or "period of probable usefulness" of a capital asset sets the maximum period for the repayment of debt ("the term"). For example, a bond financing for a vehicle purchase may have a term of five years, while a bond issue for certain types of buildings or sewers might have a term of 30 years or more.

Local governments often issue bond anticipation notes (BANs) to fund preliminary work on the project and any remaining balance may be refinanced with long-term bonds. A BAN typically must be repaid within one year, but the local government issuer may extend it year to year within certain limitations. (See Glossary.) Local governments had $5.0 billion in BANs outstanding in 2018.

Figure 1

Types of Debt, FYE 2018 (Billions)



Source: Office of the New York State Comptroller (OSC).

Bonds and Capital Planning

Local government bond issues should be part of a capital asset plan that is coordinated with a multiyear financial plan. OSC provides training on capital asset planning through the Academy for New York State's Local Officials. OSC has also issued several publications covering capital, reserves and multiyear planning topics that can be found on its website.

Helping With Cash Flow Problems

Local governments can find themselves needing to borrow to help them address a temporary cash flow problem The $1.2 billion that local governments reported in this kind of short-term cash flow debt outstanding in 2018 was issued as follows:

- Revenue and Tax Anticipation Notes (RANs and TANs) are issued if a local government has to cover expenditures before it has collected an expected revenue.[2] The local government eventually pays off the note when the revenue arrives. RANs and TANs must mature within one year of issuance, although they can sometimes be renewed for a limited period. Outstanding RANs totaled $304 million in 2018, and outstanding TANs totaled $895 million.
- Local governments generally may issue Budget Notes to fund unexpected expenditures, such as from a natural disaster or other emergency. They may also issue Deficiency Notes if revenues are less than budgeted amounts. These notes are relatively uncommon and, together, accounted for less than $200,000 of local debt outstanding in 2018.

Occasional and limited use of short-term cash flow debt may be useful, such as in the case of a natural disaster or other unforeseeable event, or the creation of a special district. However, use of cash flow debt may also be a sign of fiscal stress, particularly if a local government begins to depend on it more frequently or for increasing amounts.

Other types of debt used by local governments, including installment purchase contracts and energy performance contracts, accounted for $1.4 billion of total debt outstanding in 2018.[3]

Note on Methodology

All debt outstanding and debt service data for New York State local governments is as reported by the local governments to OSC. As of the date of this analysis, more than 95 percent of New York's nearly 3,200 local governments had reported their FYE 2018 financial data to OSC, and 75 percent report having debt outstanding in that year. For those that did not report FYE 2018 data, the analysis used FYE 2017 data, if available.

Local governments with multiple years of unreported data are shown as having no debt. There are relatively few of these, and they generally have small populations. However, they do include a handful of larger local governments: Cortland County, the City of Mount Vernon, the City of Rensselaer, the Town of Ramapo and the Village of Spring Valley.

Debt Trends

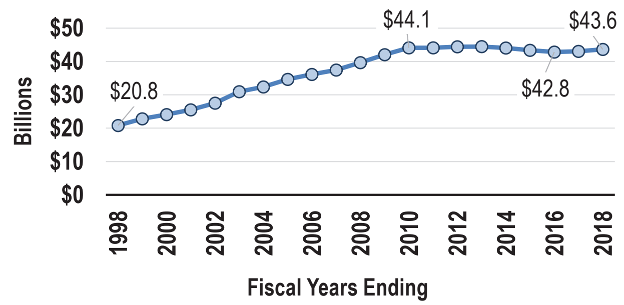
Total local debt increased significantly from $20.8 billion in 1998 to $44.1 billion in 2010—an average annual rate of 6.5 percent. However, since 2010, debt outstanding has declined slightly. (See Figure 2.) This includes both bonds and short-term notes.

A decline in school district debt accounts for most of the recent decline in all local government debt. School districts have the largest share of local government debt, 39 percent or $17.1 billion in 2018, having declined from a peak of $19.9 billion in 2010. (See Figures 3 and 4.) The debt outstanding of all other local governments together (the majority of which was held by counties) increased from $21.5 billion in 2008 to $26.5 billion in 2018.

Nassau County is the State's largest local government outside of New York City (measured by population and size of budget) and had the highest debt of any local government aside from the City, totaling $4.1 billion in 2018, or 30 percent of all county debt.[4] Suffolk County had the second highest debt, $2.2 billion. Its debt increased by 61 percent between 2008 and 2018, with most of the growth occurring before 2012. Nassau County is also home to the town and village with the highest debt in the State. The Town of Oyster Bay reported $744 million in debt outstanding in 2018, an increase of 64 percent from what it had been in 2008, and it accounted for over 12 percent of all town debt in the State. The village with the most debt was the Village of Freeport, with $102 million (down 33 percent from 2008). The second highest was the Village of Johnson City in Broome County, with $95 million (a 152 percent increase over the same period; see page 9).

Figure 2

Trend in Debt Outstanding, FYE 1998 to 2018

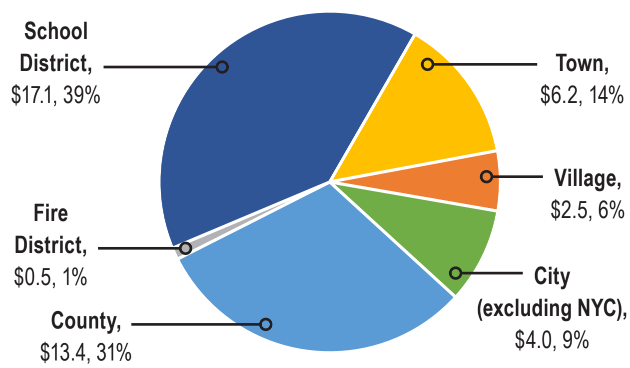


Includes counties, cities (except New York City), towns, villages, school districts and fire districts.

Source: OSC.

Figure 3

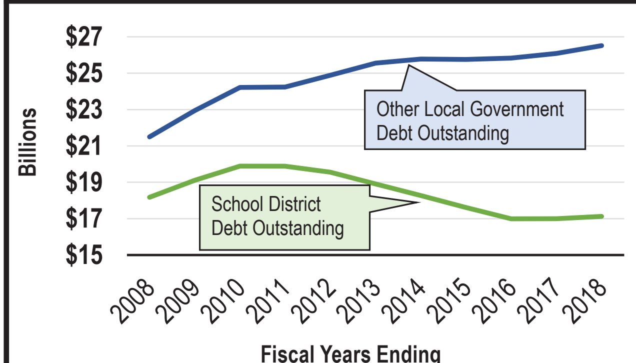
Total Debt by Class, FYE 2018 (Billions)



Source: OSC.

Figure 4

School Debt vs. Other Local Debt, FYE 2008 to 2018



Source: OSC.

Although it accounts for only a small fraction of total local government debt in any year, fire district debt has grown the fastest: it was 43 percent higher in 2018 than in 2008. Of 896 fire districts in the State, 444 reported debt outstanding in 2018, totaling $505 million. Several recent firehouse construction projects with costs ranging from $5 million to $15 million accounted for much of the recent increase.

Debt Service Expenditures

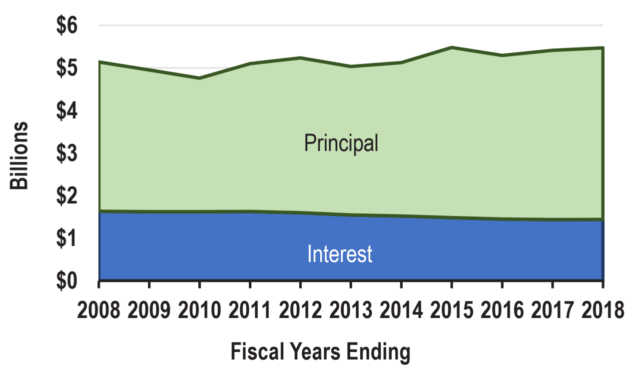
Local government debt service expenditures increased 6 percent over the last decade, from $5.1 billion to $5.5 billion. (See Figure 5.)

Principal payments grew by 15 percent. The increase was much larger for school districts, where principal payments grew 64 percent between 2008 and 2018.

Interest payments for all local governments declined by 12 percent over the decade. This reflects a general decline in interest rates in the municipal debt market after the most recent recession, though the rates began to increase again after 2016.[5]

Figure 5

Local Government Debt Service Costs, FYE 2008 to 2018



Source: OSC.

Some of the recent increase in local government principal payments and decline in interest payments may be explained by advance refunding bonds.[6] Local governments often employed these to refinance existing debt at lower interest rates. From 2014 through 2017, local governments outside of New York City issued at least $4 billion in advance refunding bonds. At the end of 2017, however, federal legislation eliminated a tax exemption for these debt instruments, effectively increasing the interest rates that would be needed to attract investors. This, therefore, reduced local governments' ability to take advantage of lower interest rates after the initial issuance of bonds.

Debt and Fiscal Stress

The Comptroller's Fiscal Stress Monitoring System (FSMS) identifies counties, cities, towns, villages and school districts that are in fiscal stress, defined as having challenges in maintaining budgetary solvency.[7]

One indicator of fiscal stress is high fixed costs, which reduce a local government's financial flexibility, making it harder to handle revenue shortfalls or expenditure increases. Fixed costs include debt service payments, which local governments must usually pay back according to a schedule that is set when they issue the bond or note. Debt service will tend to be higher when debt outstanding is high. Of the 35 counties, cities, towns and villages in fiscal stress, 13 had high debt service expenditures as a percentage of revenue.[8]

Local governments have several options when financing capital assets. They can pay for items out of current budget resources (sometimes called "pay as you go" or "PAYGO"), they can establish reserve funds that they can fund over time and use when needed, or they can issue debt. If a local government attempts to avoid cash flow or other financial difficulties by replacing current capital and equipment spending or the funding of reserves with greater dependence on debt, this can increase debt levels and debt service expenditures in the longer term. While total debt outstanding for all local governments declined by 1 percent between 2010 and 2018, debt outstanding for the entities that were in some level of fiscal stress in 2018 increased by 7 percent.[9]

Another indicator of fiscal stress is consistent and increasing reliance on short-term cash flow debt. A local government experiencing cash flow problems of this sort often has a structural deficit, with an increasing gap between recurring revenues and expenditure. Of the 61 entities that were in some level of fiscal stress for 2018 (including school districts), 21 had shown this type of reliance on short-term debt.

A local government may be fiscally stressed to the point that it is unable to fund necessary current operations from recurring revenue sources. In this case, it may seek State enactment of a special law allowing it to issue deficit-financing bonds. These bonds are meant to assist the local government in resolving its current budget shortfalls, and the enabling legislation usually includes some form of local government budget oversight by OSC. In 2018, seven local governments reported deficit-financing bonds outstanding.[10]

Bond Ratings

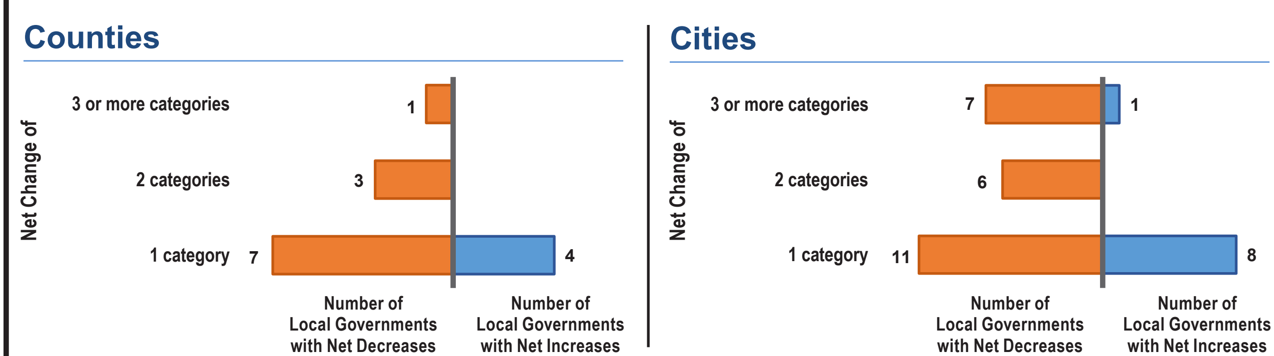
Bond-rating agencies provide a bond credit rating that represents their evaluation of a local government's credit worthiness. These ratings are based on economic and fiscal conditions and an assessment of the local government's management of these factors. If one or more of these conditions within the local government improves or deteriorates, a rating agency may upgrade or downgrade a rating. A lower rating could mean that a local government will have to pay a higher interest rate on its bonds relative to other local governments, which will drive up debt service costs.

One rating agency, Moody's Investors Service (Moody's), has ratings for 630 local government entities in the State. These ratings range from Aaa (highest quality and lowest risk) to Ba (speculative and higher risk). None are rated B or lower. (See the Credit Rating Scale in Figure 6.)[11]

Moody's divides each rating from Aa to Caa into three categories (Aa1, Aa2, Aa3, etc.). Data provided by Moody's shows that 15 of 40 counties and 33 of 46 cities rated had net rating category changes during the period from early 2010 (just after the last recession) to May 2019. (See Figure 6.) Net downgrades outnumbered net upgrades by 35 to 13 during this period. The greatest number of rating category changes happened from 2012 to 2016, with most being downgrades. In the last two years, upgrades have been more common.

Figure 6

Net Changes in Moody's Bond Rating Category, 2010 to 2019



Source: Moody's Investors Service.

Credit Rating Scale

	Quality	Risk	Moody's	S&P	Fitch
Investment Grade	Prime	Lowest	Aaa	AAA	AAA
	High Grade		Aa	AA	AA
	Upper Medium Grade		A	A	A
	Lower Medium Grade		Baa	BBB	BBB
Non-Investment Grade "Junk Bonds"	Speculative		Ba	BB	BB
	Highly Speculative		B	B	B
	High Risk of Default		Caa, Ca	CCC, CC, C	CCC
	In Default	Highest	Ca, C	D	DDD, DD, D

Source: Moody's Investors Service; Standard & Poor's Financial Services LLC; Fitch Ratings, Inc.

Relative Measures of Debt

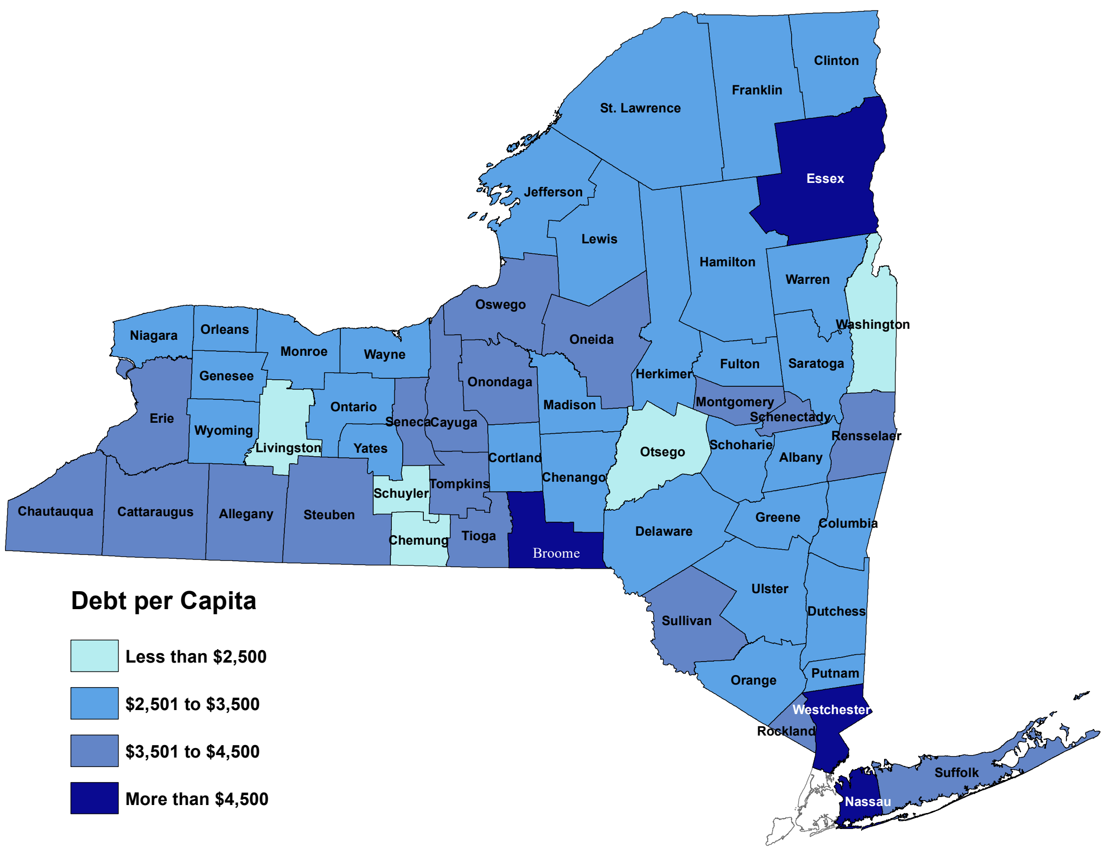
Debt per Capita

One way of understanding how local government debt affects different areas of the State is to examine the total amount of debt (or total debt burden) per resident from all overlapping layers of government in which that resident lives.[12] Looking at overall local government debt outstanding in each county from all sources (counties, cities, towns, villages, school districts and fire districts) divided by the population of each county provides a broad sense of this total burden.[13] (See Figure 7.)

In 2018, Nassau County had the highest overall debt per capita ($5,580), as well as the largest amount of overall local government debt outstanding for any county ($7.6 billion). Generally, downstate counties had higher debt per capita ($4,441 for all of downstate).[14] However, Essex County had the fourth highest overall debt per capita ($4,734). While Essex had only the 41st highest total amount of overall debt, it also ranked 51st out of 57 counties in population. At the other extreme, Washington County had the lowest overall debt per capita at $2,324. (For more detail, see Appendix pages 18-19.)

Figure 7

Overall Local Debt per Capita, by County, FYE 2018

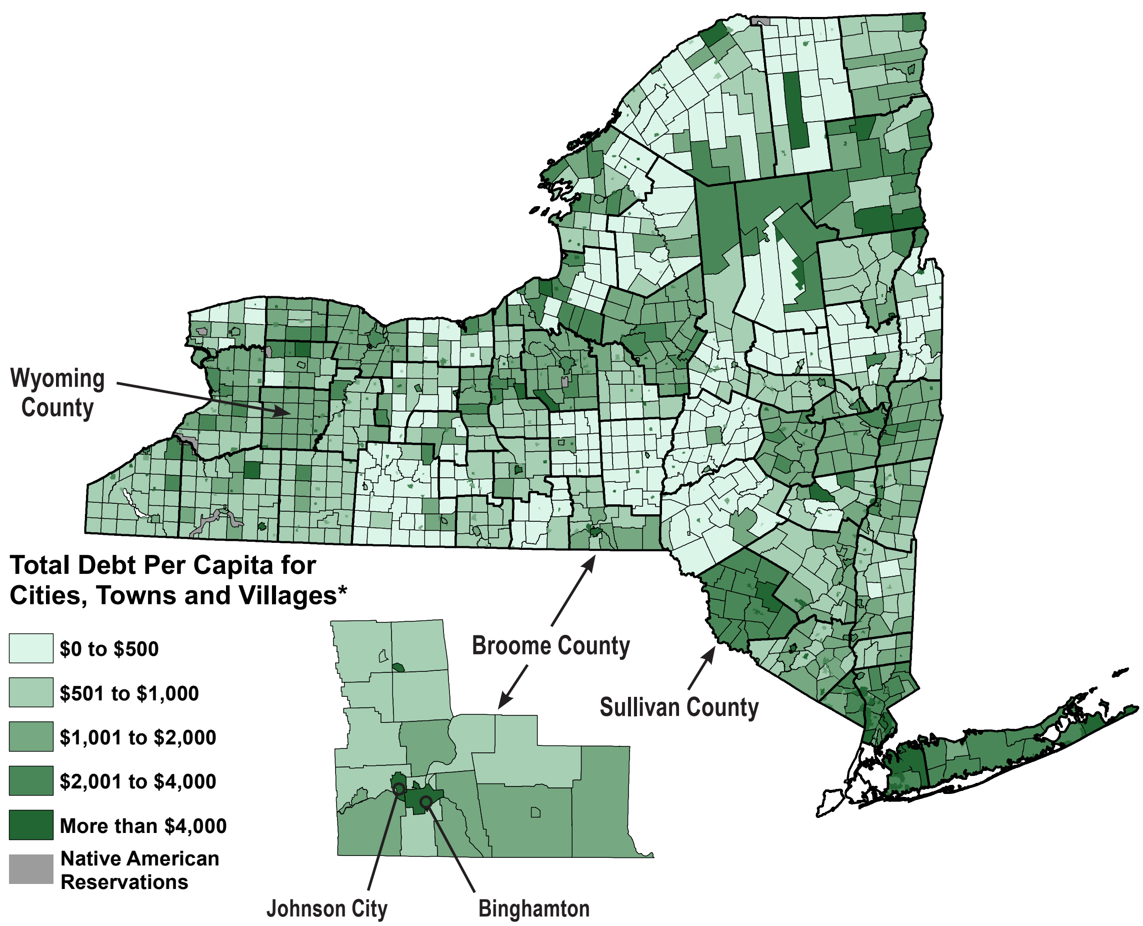


Source: OSC, U.S. Census Bureau. Excludes New York City.

Figure 8 shows a more detailed view of per capita debt by city, town and village.[15] It includes debt for counties as well, but does not include school district or fire district debt, as these entities have boundaries that do not conform to city, town or village borders. In some cases, the county governments had high debt that affected all their residents. For example, Sullivan and Wyoming counties had relatively high county debt affecting all towns and villages. In other cases, certain places within counties had higher debt. An example of this is Broome County, where per capita debt was very high in the City of Binghamton and the Village of Johnson City, due in large part to debt issued to fund the rehabilitation of a jointly-owned sewage treatment plant damaged by a 2011 tropical storm.[16] However, the surrounding towns and villages generally had lower debt levels.

Figure 8

Overall Debt Per Capita, by City, Town and Village, FYE 2018



Source: OSC, U.S. Census Bureau.
* City Total Debt Per Capita is a combination of city debt per capita and county debt per capita. Town Total Debt Per Capita is a combination of town debt per capita and county debt per capita. Village Total Debt Per Capita is a combination of village debt per capita, town debt per capita and county debt per capita.

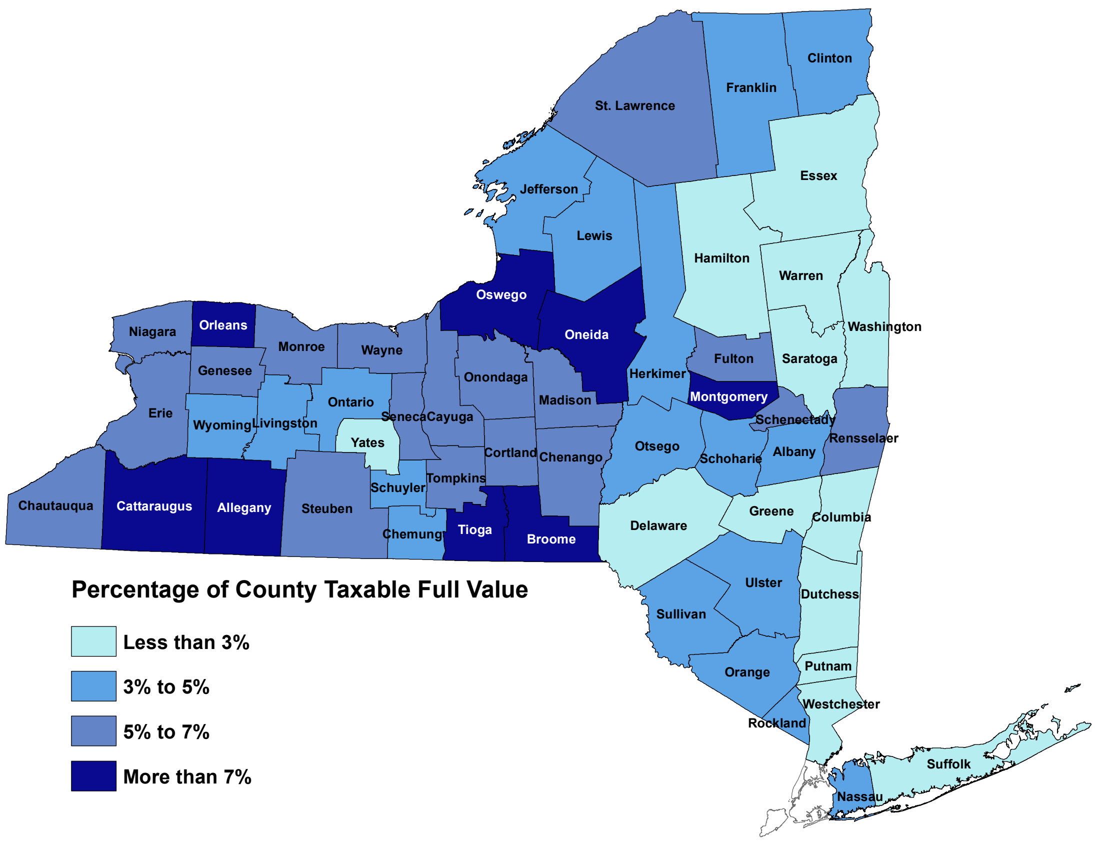
Excludes New York City.

Debt as a Percentage of Real Property Value

Debt per capita does not capture the affordability of debt. Different parts of the State have quite varied property values, reflecting one measure of the wealth of these areas. Additionally, since the property tax is the largest source of local government revenue, the ability of local governments to raise funds from this source directly affects their ability to repay debt. As Figure 9 shows, overall debt as a percentage of taxable full value was lower in downstate counties, where property values tend to be greatest, and higher upstate, especially in the central and western counties of the State.[17] Broome County's overall local debt in 2018 was 9.8 percent of its taxable full value, the highest percentage in the State.

Figure 9

Overall Local Debt as a Percentage of Real Property Value, FYE 2018



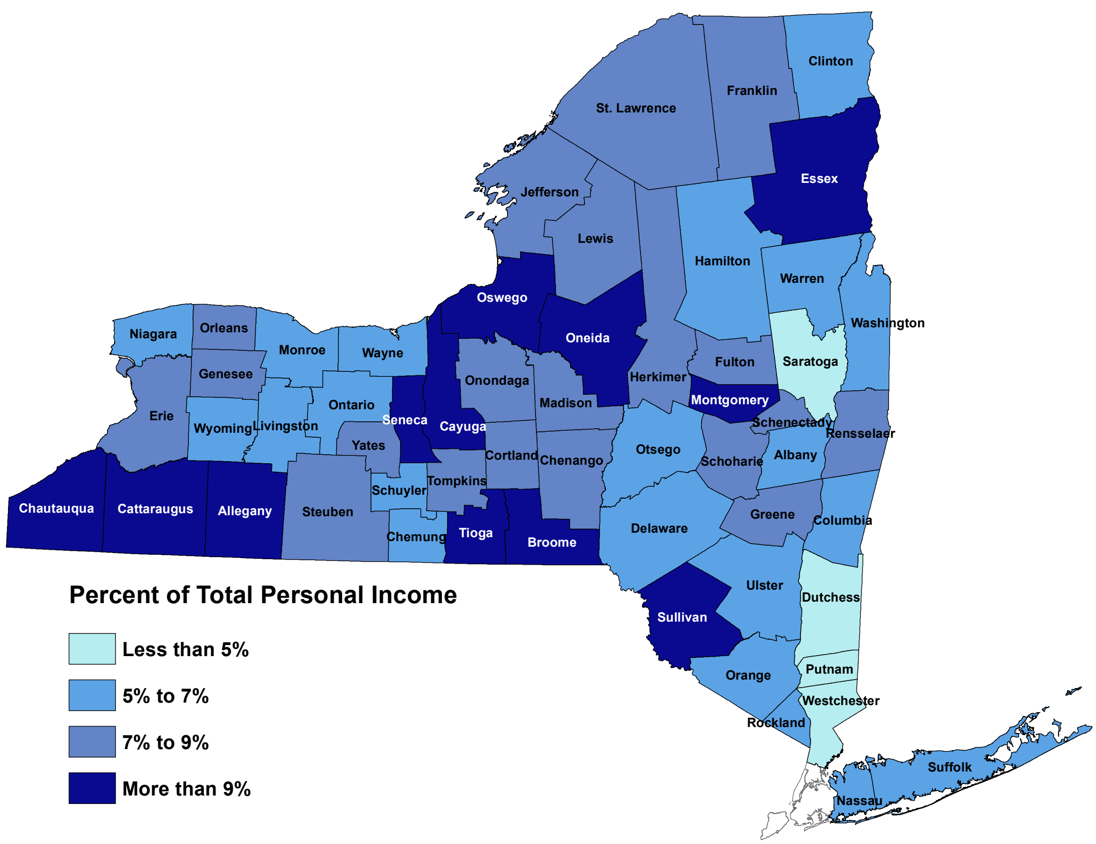
Source: OSC, Excludes New York City.

Debt as a Percentage of Personal Income

Another way of looking at the affordability of debt is by comparing it to residents' incomes. Figure 10 shows overall debt by county as a percentage of the county's total personal income.[18] By this measure, Saratoga County, which had relatively low debt per capita and relatively high personal income, had the best debt affordability, with a debt-to-income rate of 3.9 percent in 2018. Downstate counties had relatively lower debt-to-income rates, although the difference was not as extreme as when measured as a percentage of property value. The highest rate was for Broome County, with its high overall debt, at 11.5 percent. Rural counties tended to have lower income levels and therefore more debt as a percentage of income, with the second highest rate statewide being for Allegany County at 11.2 percent.

Figure 10

Overall Local Debt as a Percentage of Personal Income, by County, FYE 2018



Source: OSC, U.S. Bureau of Economic Analysis. Excludes New York City.

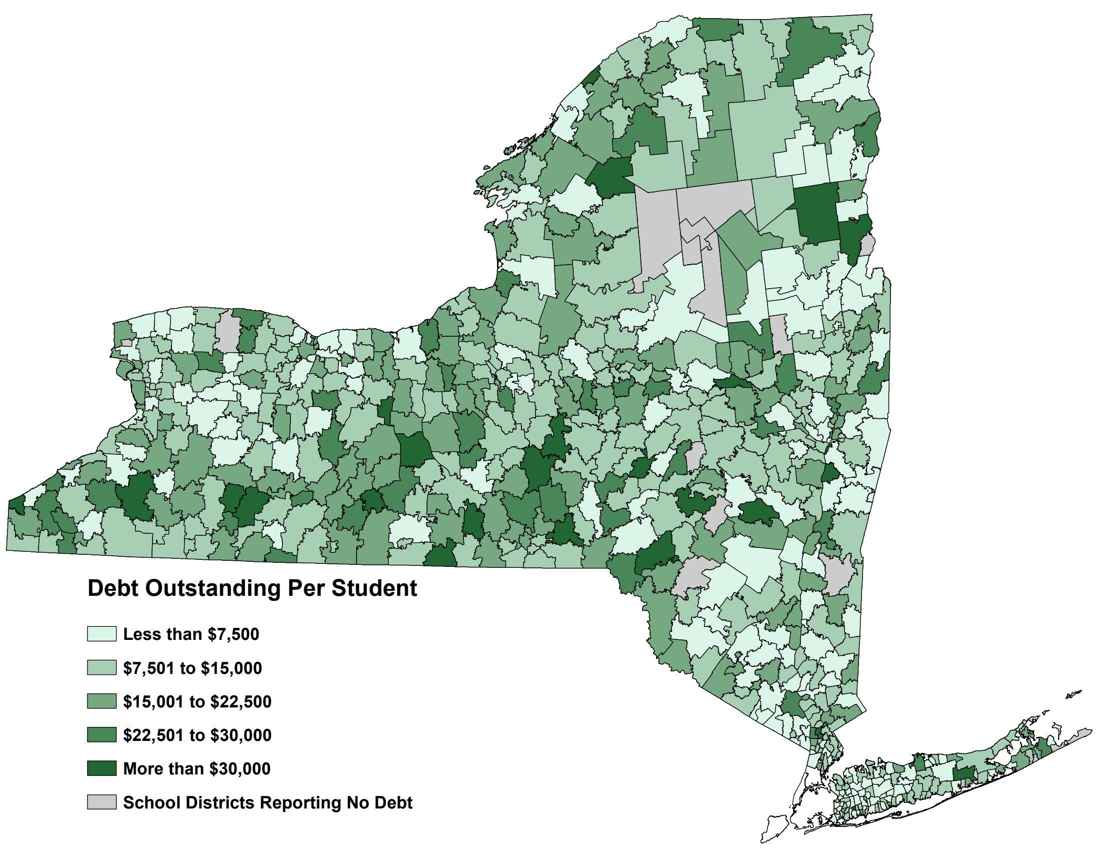
School District Debt and State Aid

As discussed above, school districts have more debt than any other type of local government entity in the State. The $17.1 billion in debt outstanding at the end of school year (SY) 2017-18 amounted to an average of $10,914 in debt for each student. School districts typically issue debt for school construction, building renovations and buses. The amount of debt varied considerably among school districts, with the Buffalo City School District at the high end, having $807 million in debt outstanding. The Rochester City School District had the second highest debt level, $487 million, and its debt outstanding increased 150 percent between SY 2010-11 and SY 2017-18. Debt per student ranged as high as $57,410 for the Worcester Central School District in Otsego County, while 21 school districts reported no debt at the end of SY 2017-18. (See Figure 11.)

Even though school district debt outstanding is relatively high compared to that of other local governments, the burden of repaying it does not all fall directly on district taxpayers. Instead, a great deal of school district debt is reimbursed to districts through State building aid. The percentage reimbursed by the State varies by district, by year of issuance, and even by project. In total, school districts paid $2.5 billion in debt service in SY 2017-18, an increase of 29 percent over a decade before. This accounted for 6 percent of all school district expenditures in that year. However, they received $1.8 billion in building aid from the State in SY 2017-18, offsetting about 69 percent of those costs.

Figure 11

School District Debt Outstanding Per Student, SY 2017-18



Source: OSC. Excludes New York City School District.

Debt Limitations and Indirect Borrowing

The New York State Constitution sets limits on the amount of debt that most classes of local government can issue. These limits range from 5 percent of the total full value of taxable real property for smaller city school districts to 10 percent for Nassau County and New York City. Certain kinds of debt are exempt from the Constitutional Debt Limit, including most water and some sewer infrastructure debt.

Generally speaking, New York's Local Finance Law requires that a local government issue debt through a resolution of its local finance board (typically, its local governing board). In certain instances, a referendum (approval by the majority of local voters) may also be required. There are also provisions that regulate how local governments sell their debt and how they may use debt proceeds.

However, local authorities such as industrial development agencies (IDAs) and local development corporations (LDCs) can also issue debt. Generally, most IDA debt is "conduit debt," where the IDAs issue bonds to finance projects on behalf of a third party, and the project operator secures the debt. The IDA provides the project with access to the municipal bond market and use of its bond rating. However, occasionally, improper arrangements between IDAs and local governments can make the local government liable for some IDA project debt.[19] In addition, LDCs have been established in many localities to provide financing for civic facilities, among other things.

Joint School Construction Boards (JSCBs) enable several of the largest cities in the State – Buffalo, Rochester, Syracuse and Yonkers – to fund major school construction projects without exceeding their debt limits. All of these cities have "dependent" school districts, which means that these cities must fund education within their constitutional and statutory debt limits. The combination of municipal and school debt in these cities tended to push them close to their debt limits, making further borrowing for school renovation difficult. Each of these JSCBs has the legal authority to borrow a specified amount in addition to the city debt limits, though this debt is reported to OSC as school district debt and is included in the analysis above. In each case, an IDA has issued these JSCB bonds, but the school district repays the debt.[20] For example, the Rochester City School District's JSCB currently plans to finance projects in four phases, with an estimated total cost of more than $2 billion. For Phase 1, the JSCB has issued about $325 million in debt, driving the large increase in the District's debt outstanding discussed above. The District currently pays about $24 million a year in debt service on Phase 1 projects, with $21 million of this reimbursed by the State through building aid.[21]

Conclusion

Local government debt is necessary and proper for the funding of expensive and long-lived capital infrastructure, within the resources available to support such projects. However, high debt can place pressure on a local government's ability to pay debt service while still addressing other funding needs, and increasing reliance on short-term debt could be a sign of structural budget imbalance.

In total, local debt outstanding appears to have stabilized since the last recession, after more than a decade of substantial increases. This is largely due to decreases in school district debt levels. Other types of local government, especially counties and fire districts, have continued to increase their total levels of debt.

The effective debt burden on taxpayers is affected by a number of factors, including overall debt outstanding and what type of local government holds the debt (such as school districts that are largely reimbursed by the State). In general, downstate has the highest debt per capita, although there are pockets of higher debt around the State. However, downstate property values and incomes arguably make this debt more affordable.

Other debt indicators also show a period of relative stabilization. Total debt service expenditures have increased somewhat in recent years, but this has been driven by larger principal payments rather than interest. Bond ratings have stabilized since the recession, as well. Between 2017 and 2019, local government rating upgrades have been more common than downgrades.

Looking ahead, local governments should issue debt in conjunction with strong asset management and planning processes. The better a local government maintains its assets, the fewer new purchases and renovations it will need to finance. A strong capital asset replacement plan and the use of capital reserves as needed will also allow debt service costs to remain a manageable part of the budget. OSC offers a wealth of resources to help local officials with capital planning including training at The Academy for New York State's Local Officials, as well as many publications on the OSC website.[22]

Glossary

(An explanation of terms as used in this report.)

ADVANCE REFUNDING BONDS. Bonds issued to refinance an outstanding bond issue before the date the outstanding bonds become due or callable, generally issued to generate debt service savings. Proceeds of advance refunding bonds are deposited in escrow with a fiduciary, invested in U.S. Treasury Bonds or other authorized securities and used to redeem the underlying bonds at their maturity or call date, to pay interest on the bonds being refunded, or to pay interest on the advance refunding bonds.

ASSESSABLE IMPROVEMENT. A capital improvement for which the cost is assessed in whole or in part against the taxpayers in an area deemed benefited by the improvement by means of special ad valorem levies or special assessments.

ASSET. May be defined as a probable future economic benefit obtained or controlled by a particular entity as a result of past transactions or events, as resources with present service capacity that the government presently controls or as the object or purpose for which debt is issued. For local governments this would include buildings, roads, bridges, sewers, water systems, vehicles, etc.

BONDS. Issued by local governments to finance long-term capital projects (generally more than five years). A bond is a written promise to pay a specified sum of money (called the face value or principal amount), at a specified date in the future (the maturity date), together with periodic interest at a specified rate. Local governments may issue bonds for any object or purpose for which State statute has authorized them to expend money, and which has an established period of probable usefulness. A local government typically issues bonds for a longer term than notes.

BOND ANTICIPATION NOTES (BANs). Short-term notes issued by a government in anticipation of an authorized issuance of bonds. The notes are often retired from the proceeds of a bond issue to which they are related. BANs typically mature within one year, but the local government issuer may extend BANs year to year, for up to five years, or indefinitely for an assessable improvement.

BUDGET NOTES. Short-term notes issued by a government to fund unexpected expenditures, such as from a natural disaster or other emergency. The notes mature by the end of the fiscal year following the fiscal year of issuance or the end of the second fiscal year following if issued after the budget is adopted.

DEBT. An obligation resulting from the borrowing of money. Debts of governments include bonds and notes. Debt proceeds are the money generated by the issuance of debt.

DEBT SERVICE. Interest and principal payments by a local government on all debt outstanding.

DEFICIENCY NOTES. Short-term obligation issued to finance shortfalls in a fund or funds because the revenues received are less than the budgeted revenues. The notes mature by the end of the fiscal year following the fiscal year of issuance or the end of the second fiscal year following if issued after the budget is adopted.

ENERGY PERFORMANCE CONTRACT (EPC). An agreement with an energy service contractor in which energy systems are installed, maintained or managed to improve the energy efficiency of, or produce energy for, a facility in exchange for a portion of the energy savings or revenues. Because EPCs are not subject to component districts' approval or competitive bidding requirements, they provide an alternative to financing energy projects with bonds or notes.

INSTALLMENT PURCHASE CONTRACT. A lease-purchase agreement, installment sales agreement or other similar agreement is a form of debt providing for periodic payments from a local government to a vendor, which has as its purpose the financing of equipment, machinery or apparatus. Usually, the local government pays the full purchase price of an asset by making a series of partial payments over time, plus interest.

INTEREST. An amount paid by a borrower as compensation for the use of money borrowed. This amount is generally calculated as an annual percentage of the principal amount (i.e., the interest rate).

NOTES. Short-term obligation of an issuer to repay a specified principal and interest amount on a certain date. Notes have a maturity of one year or less after the date of issuance; in some cases, notes may be extended. This includes bond anticipation notes, tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes. Some notes are issued for cash flow purposes.

PERIOD OF PROBABLE USEFULNESS (PPU). The maximum period over which an object or purpose (e.g., a capital asset) may be financed by the issuance of debt. A table of PPUs for various assets is available at www.osc.state.ny.us/localgov/academy/modules/capplan/index.htm.

PRINCIPAL. The face value or par value of a bond or note payable on stated dates of maturity.

REFUNDING BONDS. Bonds issued to retire bonds already outstanding. The refunding bonds may be used to provide the resources for redeeming outstanding bonds, or the refunding bonds may be exchanged with the holders of the outstanding bonds. There are generally two major reasons for refunding: to reduce the issuer's interest costs or to remove a burdensome or restrictive covenant imposed by the terms of the bonds being refinanced.

REVENUE ANTICIPATION NOTES (RANs). Short-term notes issued by a local government in anticipation of a specific type of revenue (e.g., taxes other than real property taxes, state and federal aid, and revenue from a revenue-producing facility). RANs mature within one year, but they may be extended year to year until the end of the second fiscal year following the initial issuance.

TAX ANTICIPATION NOTES (TANs). Short-term notes issued by a government in anticipation of the collection of real property taxes or assessments. TANs mature within one year, but they may be extended year to year, for up to five years from the initial date of issuance.

Notes

[1] This includes the debt of any entities that the reporting local governments (counties, cities, towns, villages, school districts and fire districts) determine must be included in their financial statements. Oversight authorities such as the Nassau County Interim Finance Authority (NIFA), Erie County Fiscal Stability Authority, and the Buffalo Fiscal Stability Authority are, therefore, included. Industrial development agencies and local development corporations are not included.

[2] See Glossary.

[3] Installment purchase contracts are commonly used for the purchase of vehicles, such as police cars and highway department trucks. Energy performance contracts are used by many school districts. See Glossary.

[4] Nassau County's debt includes debt issued by NIFA.

[5] WM Financial Strategies, *Rates Over Time - Interest Rate Trends*, **www.munibondadvisor.com/market.htm**.

[6] See Glossary.

[7] For Fiscal Stress Monitoring System information and data see: **www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm**.

[8] In FSMS, debt service over 10 percent of revenues is an indicator of fiscal stress.

[9] See OSC, *Fiscal Stress Monitoring System Results for Municipalities: Common Themes for Fiscal Year 2017*, September 2018; and OSC, *Fiscal Stress in School Districts: Common Themes for School Year 2017-18*, January 2019.

[10] Local governments with outstanding deficit-financing bonds in 2018 included the City of Lockport, City of Long Beach, City of Newburgh, City of Olean, City of Yonkers, County of Rockland, Town of East Hampton and Village of Suffern.

[11] Moody's Investors Service, **www.moodys.com/**.

[12] OSC looks at debt in a different way when evaluating its impact on local government fiscal stress; see the discussion on page 6.

[13] Population data is from the United State Census, *Population and Housing Unit Estimates Tables, 2018*, **www.census.gov/programs-surveys/popest/data/tables.html**.

[14] Downstate is defined as the counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk, Sullivan, Ulster and Westchester. Upstate is all other counties outside of New York City.

[15] The method of calculating debt per capita for towns and villages does not differentiate between general town debt and town special district or town-outside-of-village debt, so it may overestimate village debt per capita and underestimate town-outside-of-village debt per capita.

[16] City of Binghamton, *Binghamton - Johnson City Joint Sewage Treatment Plant Rehabilitation Project*, **www.binghamton-ny.gov/joint-sewage-project**.

[17] OSC, *Real Property Tax Levies, Taxable Full Value and Full Value Tax Rates*, **www.osc.state.ny.us/localgov/orptbook/index.htm**.

[18] United States Bureau of Economic Analysis, *Personal Income*, **www.bea.gov/data/income-saving/personal-income**. Data is for 2017, the latest available year.

[19] For examples, see OSC, *Layers of Debt: Trends and Implications for New York's Local Governments*, October 2007, p. 19.

[20] The financial plans for the Rochester, Syracuse and Yonkers Joint Schools Construction Boards must be approved by OSC.

[21] Rochester Joint Schools Construction Board, *FY 2016-2017 Annual Report,* pp. 2 and 29.

[22] OSC, *The Academy for New York State's Local Officials*, **www.osc.state.ny.us/localgov/academy/index.htm**. *Publications: Accounting and Financial Information*, **www.osc.state.ny.us/localgov/pubs/listacctg.htm#lgmg**.

Fiscal Years Ending in 2018

County	Overall Debt Outstanding at End of Year: County Share	City Share	Town Share	Village Share	School District Share	Fire District Share	Total	Debt Outstanding Per Capita	Debt Outstanding as a Percentage of Total Personal Income	Debt Outstanding as a Percentage of County Taxable Full Value
Albany	$283,825,000	$115,654,780	$163,454,371	$12,098,942	$379,090,873	$23,033,764	$977,157,730	$3,182	5.4%	3.9%
Allegany	$23,330,000	$0	$13,979,490	$17,825,433	$122,851,725	$88,510	$178,075,158	$3,835	11.2%	8.7%
Broome	$138,974,947	$236,887,742	$54,123,782	$116,716,743	$400,961,775	$3,040,092	$950,705,082	$4,960	11.5%	9.8%
Cattaraugus	$45,842,738	$51,913,282	$21,464,008	$11,047,422	$178,897,668	$3,566,466	$312,731,584	$4,070	10.5%	7.2%
Cayuga	$53,941,521	$70,433,828	$38,918,686	$16,001,130	$129,145,786	$1,294,835	$309,735,786	$4,015	9.8%	6.6%
Chautauqua	$64,736,404	$49,038,038	$27,176,626	$44,852,223	$277,785,743	$3,649,705	$467,238,738	$3,652	9.1%	6.5%
Chemung	$49,726,128	$34,799,969	$3,966,461	$6,860,222	$114,438,000	$820,463	$210,611,244	$2,500	5.8%	4.8%
Chenango	$0	$10,663,760	$2,662,931	$20,541,534	$111,411,361	$236,827	$145,516,413	$3,061	7.4%	6.1%
Clinton	$63,855,761	$24,880,000	$33,415,836	$4,581,795	$104,379,818	$9,281,491	$240,394,701	$2,979	6.9%	4.9%
Columbia	$45,603,700	$14,451,654	$23,405,954	$8,864,143	$91,062,417	$4,425,457	$187,813,324	$3,135	5.8%	2.4%
Cortland	$0	$23,076,639	$12,766,872	$5,962,550	$93,140,483	$1,001,635	$135,948,179	$2,843	7.2%	5.8%
Delaware	$9,305,000	$0	$5,060,052	$18,849,953	$84,638,585	$1,064,138	$118,917,728	$2,671	7.0%	2.1%
Dutchess	$133,374,536	$105,549,164	$171,067,804	$46,023,895	$329,771,344	$8,003,456	$793,790,199	$2,703	5.0%	2.6%
Erie	$627,561,725	$408,944,355	$498,083,619	$85,239,367	$1,645,765,902	$19,788,459	$3,285,383,427	$3,572	7.2%	5.7%
Essex	$32,015,000	$0	$62,605,529	$18,940,707	$56,527,212	$6,487,237	$176,575,685	$4,734	10.6%	2.6%
Franklin	$2,858,330	$0	$9,212,250	$45,196,004	$108,275,366	$469,882	$166,011,831	$3,301	8.9%	4.6%
Fulton	$1,174,524	$24,155,027	$2,518,974	$3,809,477	$148,588,335	$1,310,000	$181,556,338	$3,388	8.0%	5.4%
Genesee	$22,130,000	$9,046,155	$55,422,891	$11,529,200	$83,817,684	$3,326,844	$185,272,773	$3,222	7.5%	6.4%
Greene	$17,018,259	$0	$35,081,517	$18,952,852	$83,394,950	$1,688,273	$156,135,850	$3,288	7.1%	2.7%
Hamilton	$0	$0	$8,037,450	$1,356,919	$4,237,000	$1,017,113	$14,648,482	$3,304	6.2%	0.4%
Herkimer	$24,349,224	$6,776,771	$12,556,265	$30,705,890	$134,478,529	$209,907	$209,076,587	$3,381	8.3%	4.4%
Jefferson	$33,772,433	$36,180,000	$64,394,351	$63,589,294	$179,931,123	$6,869,014	$384,736,215	$3,443	7.5%	4.8%
Lewis	$9,119,801	$0	$5,759,261	$6,789,927	$63,181,802	$30,041	$84,880,831	$3,209	7.5%	3.9%
Livingston	$43,967,021	$0	$15,487,056	$29,371,369	$66,621,013	$1,060,000	$156,506,458	$2,475	5.7%	4.4%
Madison	$32,694,668	$15,527,106	$18,428,850	$30,704,000	$112,930,181	$952,331	$211,237,136	$2,984	7.0%	5.2%
Monroe	$825,499,223	$342,543,000	$158,188,953	$32,739,500	$1,112,660,502	$39,663,763	$2,511,294,942	$3,382	6.6%	5.9%
Montgomery	$38,657,000	$25,529,983	$3,771,205	$7,906,020	$117,033,776	$65,400	$192,963,384	$3,902	9.5%	8.5%
Nassau	$4,054,180,064	$170,340,158	$1,549,758,210	$482,723,043	$1,313,282,500	$9,457,159	$7,579,741,134	$5,580	6.5%	3.5%
Niagara	$89,763,800	$85,482,176	$45,381,560	$3,584,515	$341,169,878	$0	$565,381,928	$2,687	6.1%	5.1%
Oneida	$301,168,501	$149,679,338	$45,767,242	$25,696,805	$449,167,425	$5,136,018	$976,615,328	$4,254	9.8%	8.9%

Appendix

Fiscal Years Ending in 2018

County	Overall Debt Outstanding at End of Year							Debt Outstanding Per Capita	Debt Outstanding as a Percentage of Total Personal Income	Debt Outstanding as a Percentage of County Taxable Full Value
	County Share	City Share	Town Share	Village Share	School District Share	Fire District Share	Total			
Onondaga	$656,123,477	$297,325,999	$69,427,121	$44,374,769	$715,847,312	$18,359,665	$1,801,458,343	$3,901	7.7%	6.7%
Ontario	$20,615,000	$77,141,598	$40,990,153	$10,707,438	$212,574,918	$1,781,486	$363,810,593	$3,311	6.5%	4.0%
Orange	$281,155,187	$171,664,822	$127,713,636	$126,677,247	$528,068,887	$32,632,963	$1,267,912,741	$3,320	6.6%	4.0%
Orleans	$16,851,426	$0	$33,408,685	$15,386,648	$61,864,840	$0	$127,511,599	$3,140	8.2%	7.3%
Oswego	$7,300,278	$63,859,273	$127,195,983	$13,629,921	$257,800,786	$62,745	$469,848,985	$3,985	10.3%	8.5%
Otsego	$5,489,315	$15,153,345	$4,059,727	$9,890,997	$106,331,808	$42,856	$140,968,048	$2,359	5.6%	3.1%
Putnam	$57,936,475	$0	$47,944,346	$14,080,173	$134,633,848	$5,711,246	$260,306,088	$2,632	4.1%	1.9%
Rensselaer	$184,857,834	$64,916,318	$64,236,503	$17,921,049	$284,510,913	$11,687,835	$628,130,453	$3,940	8.3%	6.0%
Rockland	$568,911,768	$0	$226,931,914	$58,802,782	$379,842,677	$48,853,607	$1,283,342,749	$3,940	6.7%	3.4%
St. Lawrence	$27,720,000	$9,580,524	$36,582,397	$29,945,045	$209,109,615	$3,463,800	$316,401,381	$2,928	7.9%	5.6%
Saratoga	$76,180,000	$67,064,518	$74,688,690	$31,554,324	$326,263,986	$6,870,773	$582,622,291	$2,531	3.9%	2.3%
Schenectady	$78,210,000	$134,432,273	$82,537,670	$2,787,822	$275,860,611	$14,046,099	$587,874,475	$3,784	7.7%	6.0%
Schoharie	$51,845,732	$0	$4,275,967	$9,852,876	$40,068,238	$1,480,700	$107,523,513	$3,458	8.8%	4.9%
Schuyler	$2,632,472	$0	$2,215,607	$9,312,159	$30,363,378	$0	$44,523,616	$2,486	6.1%	3.0%
Seneca	$29,486,270	$0	$14,218,524	$9,104,559	$71,984,843	$1,233,396	$126,027,592	$3,674	9.9%	5.7%
Steuben	$5,630,000	$17,668,115	$30,016,451	$31,291,542	$284,681,750	$1,578,073	$370,865,931	$3,871	8.8%	6.4%
Suffolk	$2,245,811,977	$0	$1,431,171,072	$107,676,138	$2,172,803,417	$132,738,011	$6,090,200,615	$4,112	6.2%	2.1%
Sullivan	$166,520,000	$0	$48,960,609	$27,947,073	$76,762,026	$7,304,334	$327,494,042	$4,338	9.7%	4.3%
Tioga	$12,280,000	$0	$9,702,490	$13,525,646	$161,793,697	$3,813,840	$201,115,673	$4,142	9.4%	7.7%
Tompkins	$63,700,998	$131,361,409	$19,974,078	$21,935,742	$138,878,720	$961,827	$376,812,774	$3,666	8.5%	5.0%
Ulster	$149,620,554	$40,507,667	$48,988,820	$30,364,528	$263,981,918	$12,567,220	$546,030,708	$3,057	6.2%	3.0%
Warren	$43,688,991	$54,236,586	$17,532,951	$8,676,759	$76,322,684	$3,632,809	$204,090,780	$3,176	6.2%	1.9%
Washington	$23,855,899	$0	$7,951,790	$20,445,287	$89,984,023	$0	$142,236,999	$2,324	6.0%	3.0%
Wayne	$23,909,000	$0	$32,638,656	$35,292,254	$166,184,483	$1,374,450	$259,398,843	$2,880	6.5%	5.2%
Westchester	$1,461,209,748	$822,486,857	$377,508,059	$514,938,479	$1,556,943,042	$38,031,872	$4,771,118,057	$4,931	4.8%	2.7%
Wyoming	$42,816,084	$0	$4,905,326	$28,441,273	$24,570,000	$41,461	$100,774,144	$2,514	6.4%	4.4%
Yates	$9,163,918	$0	$13,898,814	$12,882,288	$34,426,000	$10,636	$70,381,655	$2,833	7.3%	2.8%
Total	**$13,381,967,710**	**$3,978,952,228**	**$6,161,594,093**	**$2,486,505,689**	**$17,121,097,176**	**$505,319,986**	**$43,635,436,883**	**$3,916**	**6.5%**	**3.6%**

Source: OSC, U.S. Census Bureau, U.S. Bureau of Economic Analysis.

Note: Debt numbers are for the total of all of a class of entities in each county. A value of $0 can mean either that there were no entities of that class in the county or that no entity of that class had debt outstanding at the end of FYE 2018 and/or they were delinquent in filing financial data as of the date of this analysis. For more information, see “Note on Methodology” on page 3.

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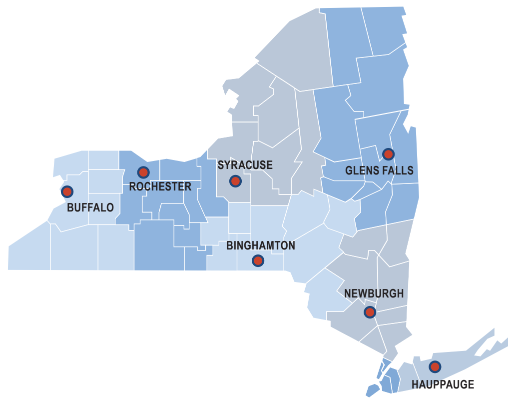

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