

NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION

**MID-YEAR UPDATE TO
THE APPROVED BUDGET FOR FISCAL YEAR 2018-19 AND
MULTI-YEAR FINANCIAL PLAN FOR 2019-20 THROUGH 2021-22
(As of September 30, 2018)**

Introduction

In accordance with Title 2, Section 203.8 of the *Official Compilation of Codes, Rules and Regulations of the State of New York*, the New York Local Government Assistance Corporation (the “Corporation” or “LGAC”) presents an update to the Corporation’s annual budget for fiscal year 2018-19.

The following pages present information to update the status of the budget based upon actual results of financial activities of the Corporation through the second quarter which ended September 30, 2018. The following information is presented for each of the Corporation’s two funds:

- Actual results for the fiscal year ended March 31, 2018;
- Approved budget for fiscal year ending March 31, 2019;
- Financial activities that were anticipated in the budget for the period ended September 30, 2018;
- Results of actual financial activities for the period ended September 30, 2018;
- Variances between actual financial activities and anticipated financial activities as of the period ended September 30, 2018; and
- Revised fiscal year 2018-19 Budget and Multi-Year Plan.

Financial Activities for the Period Ended September 30, 2018

Anticipated and actual results of financial activities in the General and Debt Service Funds for the period ended September 30, 2018 are presented in this report.

Revised Budget for the Period Ending March 31, 2019

General Fund

The Corporation experienced higher than anticipated investment earnings during the first half of the 2018-19 fiscal year, and therefore the budgeted amount for investment receipts has been revised upward by \$21 thousand.

The Corporation refunded some variable rate debt with fixed rate bonds leading to a reduction of \$315 thousand related to liquidity support costs, \$29 thousand related to variable rate bond remarketing fees and \$28 thousand related to other costs.

State appropriation receipts have been adjusted downward by \$1.5 million, which reflects primarily the use of excess General Fund cash, as well as the increase in investment receipts and the reduction in General Fund expenditures.

Debt Service Fund

Investment receipts have been increased by \$284 thousand as a result of the higher than anticipated investment earnings that the Corporation has received on its Debt Service Fund investments.

Repayment of principal and payment of interest has been decreased by \$31.1 million and \$8.3 million, respectively, as a result of the above mentioned issuance of fixed rate refunding bonds.

State appropriations receipts have been adjusted downward by \$26.7 million, which reflects the above-mentioned overall reduction in the repayment of principal and payment of interest, and the increase in investment receipts.

Multi-Year Financial Plan

The current multi-year financial plan covering fiscal years ending March 31, 2020 through March 31, 2022 is included in this report and has been updated to reflect projected activity based on the Corporation's current portfolio.

New York Local Government Assistance Corporation
Mid-Year Update to the Approved Budget for Fiscal Year 2018-19
Statement of Revenues, Expenditures and Changes in Fund Balances
With Actual Results Through September 30, 2018
 Modified Accrual Basis of Accounting with Adjustment for Cash
 Amounts in Thousands

GENERAL FUND

FISCAL PERIOD	Actual Fiscal	Approved	Anticipated	Actual	Variance
	Year Ended	Budget Fiscal	Mid-Year Ended	Mid-Year Ended	Mid-Year Ended
	March 31, 2018 (1)	Year Ending	September 30,	September 30,	September 30,
		March 31, 2019	2018	2018 (2)	2018
Beginning of Period Cash and Investments	\$ 3,021	\$ 2,996	\$ 2,998	\$ 2,998	\$ -
Receipts/Revenues:					
State appropriations receipts	2,909	2,856	1,308	1,308	-
Investment receipts	23	21	21	21	-
Total receipts	2,932	2,877	1,329	1,329	-
Adjustment for accrual of investment earnings	-	-	-	-	-
Total revenues	2,932	2,877	1,329	1,329	-
Disbursements/Expenditures:					
Liquidity support costs	2,410	2,346	1,077	1,077	-
Variable rate bond remarketing fees	267	251	116	116	-
Other costs	278	316	141	131	(10)
Total disbursements	2,955	2,913	1,334	1,324	(10)
Adjustment for accounts payable	(31)	-	-	(109)	(109)
Total expenditures	2,924	2,913	1,334	1,215	(119)
Excess (deficiency) of revenues over General Fund expenditures	8	(36)	(5)	114	119
End of Period Cash and Investments	\$ 2,998	\$ 2,960	\$ 2,993	\$ 3,003	\$ 10

Notes:

1. Amounts reported for the actual fiscal year ended March 31, 2018 reflect audited amounts.
2. Amounts reported for the actual mid-year ended September 30, 2018 reflect unaudited amounts.

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DEBT SERVICE FUND					
FISCAL PERIOD	Actual Fiscal Year Ended	Approved Budget Fiscal Year Ending	Anticipated Mid-Year Ended	Actual Mid-Year Ended	Variance Mid-Year Ended
	March 31, 2018 (1)	March 31, 2019	September 30, 2018	September 30, 2018 (2)	September 30, 2018
Beginning of Period Cash and Investments:					
Amounts required for current debt maturities	\$ 331,884	\$ 237,434	\$ 198,801	\$ 198,801	\$ -
Restricted bond reserves	145,963	145,789	112,010	112,010	-
Total beginning of period cash and investments	<u>477,847</u>	<u>383,223</u>	<u>310,811</u>	<u>310,811</u>	<u>-</u>
Receipts/Revenues:					
State appropriations receipts	287,244	392,810	25,236	25,236	-
Investment receipts	1,723	1,128	341	290	(51)
Total receipts	<u>288,967</u>	<u>393,938</u>	<u>25,577</u>	<u>25,526</u>	<u>(51)</u>
Adjustment for accrual of investment earnings	(21)	-	-	154	154
Total revenues	<u>288,946</u>	<u>393,938</u>	<u>25,577</u>	<u>25,680</u>	<u>103</u>
Disbursements/Expenditures:					
Repayment of principal	380,714	205,695	174,580	174,580	-
Payment of interest	74,705	57,741	23,627	23,627	-
Cost of Issuance	62	-	-	268	268
Total disbursements	<u>455,481</u>	<u>263,436</u>	<u>198,207</u>	<u>198,475</u>	<u>268</u>
Adjustment for accounts payable	333	-	-	(333)	(333)
Total expenditures	<u>455,814</u>	<u>263,436</u>	<u>198,207</u>	<u>198,142</u>	<u>(65)</u>
Excess (deficiency) of revenues over Debt Service					
Fund expenditures	<u>(166,868)</u>	<u>130,502</u>	<u>(172,630)</u>	<u>(172,462)</u>	<u>168</u>
Other financing sources and uses					
Issuance of refunding bonds	256,045	-	-	-	-
Premiums on refunding bonds	14,972	-	-	-	-
Payments to refunding bond escrow agent	(271,017)	-	-	-	-
Swap termination	-	-	-	-	-
Net other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change In Fund Balance	<u>(166,868)</u>	<u>130,502</u>	<u>(172,630)</u>	<u>(172,462)</u>	<u>168</u>
Change in accruals for investments	(522)	-	-	1,091	1,091
End of Period Cash and Investments:					
Amounts required for current debt maturities	198,801	367,936	26,434	27,206	772
Restricted bond reserves	112,010	145,789	111,747	111,747	-
Total end of period cash and investments	<u>\$ 310,811</u>	<u>\$ 513,725</u>	<u>\$ 138,181</u>	<u>\$ 138,953</u>	<u>\$ 772</u>

Notes

1. Amounts reported for the actual fiscal year ended March 31, 2018 reflect audited amounts.
2. Amounts reported for the actual mid-year ended September 30, 2018 reflect unaudited amounts.

New York Local Government Assistance Corporation
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Including multi-year financial plan with actual results for fiscal year 2017-18 and a revised forecast for fiscal years 2018-19 through 2021-22
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GENERAL FUND								
FISCAL PERIOD END	March 31, 2018	March 31, 2019	March 31, 2019	Change in	March 31, 2020	March 31, 2021	March 31, 2022	
	(Actual) (1)	(Approved Budget)	(Revised Forecast)	Budget	(Revised Forecast)	(Revised Forecast)	(Revised Forecast)	
Beginning of Period Cash and Investments	\$ 3,021	\$ 2,996	\$ 2,998	\$ 2	\$ 1,808	\$ 1,829	\$ 1,938	
Receipts/Revenues:								
State appropriations receipts	2,909	2,856	1,309	(1,547)	2,156	1,718	1,182	
Investment receipts (2)	23	21	42	21	42	42	42	
Total receipts	<u>2,932</u>	<u>2,877</u>	<u>1,351</u>	<u>(1,526)</u>	<u>2,198</u>	<u>1,760</u>	<u>1,224</u>	
Adjustment for accrual of investment earnings	-	-	-	-	-	-	-	
Total revenues	<u>2,932</u>	<u>2,877</u>	<u>1,351</u>	<u>(1,526)</u>	<u>2,198</u>	<u>1,760</u>	<u>1,224</u>	
Disbursements/Expenditures:								
Liquidity support costs (3)	2,410	2,346	2,031	(315)	1,692	1,257	882	
Variable rate bond remarketing fees	267	251	222	(29)	197	155	109	
Other costs	278	316	288	(28)	288	239	233	
Total disbursements	<u>2,955</u>	<u>2,913</u>	<u>2,541</u>	<u>(372)</u>	<u>2,177</u>	<u>1,651</u>	<u>1,224</u>	
Adjustment for accounts payable	(31)	-	-	-	-	-	-	
Total expenditures	<u>2,924</u>	<u>2,913</u>	<u>2,541</u>	<u>(372)</u>	<u>2,177</u>	<u>1,651</u>	<u>1,224</u>	
Excess (deficiency) of revenues over General Fund expenditures	<u>8</u>	<u>(36)</u>	<u>(1,190)</u>	<u>(1,154)</u>	<u>21</u>	<u>109</u>	<u>-</u>	
End of Period Cash and Investments	<u>\$ 2,998</u>	<u>\$ 2,960</u>	<u>\$ 1,808</u>	<u>\$ (1,152)</u>	<u>\$ 1,829</u>	<u>\$ 1,938</u>	<u>\$ 1,938</u>	

Notes:

1. Amounts reported for the fiscal year ended March 31, 2018 reflect audited amounts.
2. Fiscal year 2018-19 investment receipts are based on the rate of interest experienced in first six months of fiscal year 2018-19. Investment receipts for fiscal years after 2018-19 are anticipated to approximate investment receipts from fiscal year 2018-19.
3. Expenditures for Liquidity support costs in fiscal years 2018-19 through 2021-22 reflect current rates.

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DEBT SERVICE FUND							
FISCAL PERIOD END	March 31, 2018 (Actual) (1)	March 31, 2019 (Approved Budget)	March 31, 2019 (Revised Forecast)	Change in Budget	March 31, 2020 (Revised Forecast)	March 31, 2021 (Revised Forecast)	March 31, 2022 (Revised Forecast)
Beginning of Period Cash and Investments:							
Amounts required for current debt maturities	\$ 331,884	\$ 237,434	\$ 198,801	\$ (38,633)	\$ 342,744	\$ 350,966	\$ 250,446
Restricted bond reserves	145,963	145,789	112,010	(33,779)	111,640	110,357	90,604
Total beginning of period cash and investments	477,847	383,223	310,811	(72,412)	454,384	461,323	341,050
Receipts/Revenues:							
State appropriations receipts (2)	287,244	392,810	366,160	(26,650)	367,140	239,380	112,120
Investment receipts (3)	1,723	1,128	1,412	284	2,234	2,254	2,316
Total receipts	288,967	393,938	367,572	(26,366)	369,374	241,634	114,436
Adjustment for accrual of investment earnings	(21)	-	-	-	-	-	-
Total revenues	288,946	393,938	367,572	(26,366)	369,374	241,634	114,436
Disbursements/Expenditures:							
Repayment of principal	380,714	205,695	174,580	(31,115)	318,370	333,695	239,670
Payment of interest (4)	74,705	57,741	49,419	(8,322)	44,065	28,212	15,499
Cost of issuance	62	-	-	-	-	-	-
Total disbursements	455,481	263,436	223,999	(39,437)	362,435	361,907	255,169
Adjustment for accounts payable	333	-	-	-	-	-	-
Total expenditures	455,814	263,436	223,999	(39,437)	362,435	361,907	255,169
Excess (deficiency) of revenues over Debt Service Fund expenditures	(166,868)	130,502	143,573	13,071	6,939	(120,273)	(140,733)
Net Change In Fund Balance	(166,868)	130,502	143,573	13,071	6,939	(120,273)	(140,733)
Change in accruals for investments	(522)	-	-	-	-	-	-
End of Period Cash and Investments:							
Amounts required for current debt maturities	198,801	367,936	342,744	(25,192)	350,966	250,446	131,971
Restricted bond reserves	112,010	145,789	111,640	(34,149)	110,357	90,604	68,346
Total end of period cash and investments	\$ 310,811	\$ 513,725	\$ 454,384	\$ (59,341)	\$ 461,323	\$ 341,050	\$ 200,317

Notes:

1. Amounts reported for the fiscal year ended March 31, 2018 reflect audited amounts.
2. State appropriations receipts for debt service in fiscal year 2018-19 through 2021-22 are based on projected debt service.
3. Investment receipts are based largely on the level of investment receipts anticipated from existing investments of funds in the Corporation's Capital Reserve Fund.
4. The revised forecasted debt service for fiscal year 2018-19 reflects the actual amounts paid through September 30, 2018 and the projected debt service for the period October 1, 2018 through March 31, 2019. Projected debt service payments on variable rate bonds were calculated using the following assumed rates: 3.151 percent and 3.261 percent in each fiscal year. These rates are based on the fixed interest rate leg of the relevant interest rate exchange agreement associated with the variable rate bonds.