

NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION

**MID-YEAR UPDATE TO
THE APPROVED BUDGET FOR FISCAL YEAR 2017-18 AND
MULTI-YEAR FINANCIAL PLAN FOR 2018-19 THROUGH 2020-21
(As of September 30, 2017)**

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 2017-18.

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, 2017. The following information is presented for each of the Corporation’s two funds:

- Actual results for the fiscal year ended March 31, 2017;
- Approved budget for fiscal year 2017-18;
- Financial activities that were anticipated in the budget for the period ended September 30, 2017;
- Results of actual financial activities for the period ended September 30, 2017;
- Variances between actual financial activities and anticipated financial activities as of the period ended September 30, 2017; and
- Revised fiscal year 2017-18 Budget and Multi-Year Plan.

Financial Activities for the period ended September 30, 2017

Anticipated and actual results of financial activities in the General and Debt Service Funds for the period ended September 30, 2017 are presented in this report.

Revised Budget for the Period Ending March 31, 2018

General Fund

The Corporation experienced higher than anticipated investment earnings during the first half of the fiscal year, and therefore the budgeted amount for Investment receipts has been revised upward by \$14 thousand.

The \$18 thousand increase related to Other costs primarily reflects the professional services provided for analysis on the Corporation’s bond portfolio.

Debt Service Fund

Investment receipts have been increased by \$335 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 has been increased by \$18.7 million as a result of a July 3, 2017 optional redemption of the Series 2007A bond maturing April 1, 2018.

The amount anticipated for the Payment of interest during the 2017-18 fiscal year has been revised upward by \$523 thousand, reflecting higher actual interest paid by the Corporation on its variable rate bonds than prior projections.

State appropriations receipts have been adjusted downward by \$1.03 million, which reflects the above-mentioned increase in investment receipts and interest savings realized from the early redemption of the \$18.7 million April 1, 2018 maturity of the Series 2007A bond.

Multi-Year Financial Plan

The current multi-year financial plan covering fiscal years ending March 31, 2019 through March 31, 2021 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 Report to Annual Budget for Fiscal Year 2017-18
Statement of Revenues, Expenditures and Changes in Fund Balances
With Actual Results Through September 30, 2017
Modified Accrual Basis of Accounting w/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, 2017 (1)	Year Ending March 31, 2018	September 30, 2017	September 30, 2017 (2)	September 30, 2017
Beginning of Period Cash and Investments	\$ 3,046	\$ 3,018	\$ 3,021	\$ 3,021	\$ -
Receipts/Revenues:					
State appropriations receipts	3,020	2,909	1,454	1,454	-
Investment receipts	7	7	4	11	7
Total receipts	<u>3,027</u>	<u>2,916</u>	<u>1,458</u>	<u>1,465</u>	<u>7</u>
Adjustment for accrual of investment earnings	-	-	-	-	-
Total revenues	<u>3,027</u>	<u>2,916</u>	<u>1,458</u>	<u>1,465</u>	<u>7</u>
Disbursements/Expenditures:					
Liquidity support costs	2,470	2,410	1,210	1,210	-
Variable rate bond remarketing fees	348	267	140	140	-
Other costs	234	260	140	140	-
Total disbursements	<u>3,052</u>	<u>2,937</u>	<u>1,490</u>	<u>1,490</u>	<u>-</u>
Adjustment for accounts payable	(53)	-	-	1	1
Total expenditures	<u>2,999</u>	<u>2,937</u>	<u>1,490</u>	<u>1,491</u>	<u>1</u>
Excess (deficiency) of revenues over General Fund expenditures	<u>28</u>	<u>(21)</u>	<u>(32)</u>	<u>(26)</u>	<u>6</u>
End of Period Cash and Investments	<u>\$ 3,021</u>	<u>\$ 2,997</u>	<u>\$ 2,989</u>	<u>\$ 2,996</u>	<u>\$ 7</u>

Notes:

1. Amounts reported for actual fiscal year ended March 31, 2017 reflect audited amounts.
2. Amounts reported for the actual mid-year ended September 30, 2017 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, 2017 (1)	March 31, 2018	September 30, 2017	September 30, 2017 (2)	September 30, 2017
Beginning of Period Cash and Investments:					
Amounts required for current debt maturities	\$ 347,941	\$ 334,054	\$ 331,884	\$ 331,884	\$ -
Restricted bond reserves	147,131	145,993	145,963	145,963	-
Total beginning of period cash and investments	<u>495,072</u>	<u>480,047</u>	<u>477,847</u>	<u>477,847</u>	<u>-</u>
Receipts/Revenues:					
State appropriations receipts	368,407	286,730	49,833	49,833	-
Investment receipts	1,517	1,435	839	839	-
Total receipts	<u>369,924</u>	<u>288,165</u>	<u>50,672</u>	<u>50,672</u>	<u>-</u>
Adjustment for accrual of investment earnings	3	-	-	43	43
Total revenues	<u>369,927</u>	<u>288,165</u>	<u>50,672</u>	<u>50,715</u>	<u>43</u>
Disbursements/Expenditures:					
Repayment of principal	300,225	292,495	292,495	311,195	18,700
Payment of interest	85,862	70,376	39,497	39,497	-
Total disbursements	<u>386,087</u>	<u>362,871</u>	<u>331,992</u>	<u>350,692</u>	<u>18,700</u>
Adjustment for accounts payable	-	-	-	-	-
Total expenditures	<u>386,087</u>	<u>362,871</u>	<u>331,992</u>	<u>350,692</u>	<u>18,700</u>
Excess (deficiency) of revenues over Debt Service Fund expenditures	<u>(16,160)</u>	<u>(74,706)</u>	<u>(281,320)</u>	<u>(299,977)</u>	<u>(18,657)</u>
Net Change In Fund Balance	<u>(16,160)</u>	<u>(74,706)</u>	<u>(281,320)</u>	<u>(299,977)</u>	<u>(18,657)</u>
Change in accruals for investments	<u>(1,062)</u>	<u>-</u>	<u>-</u>	<u>569</u>	<u>569</u>
End of Period Cash and Investments:					
Amounts required for current debt maturities	331,884	259,403	50,738	32,494	(18,244)
Restricted bond reserves	145,963	145,938	145,789	145,902	113
Total end of period cash and investments	<u>\$ 477,847</u>	<u>\$ 405,341</u>	<u>\$ 196,527</u>	<u>\$ 178,396</u>	<u>\$ (18,131)</u>

Notes

1. Amounts reported for actual fiscal year ended March 31, 2017 reflect audited amounts.
2. Amounts reported for the actual mid-year ended September 30, 2017 reflect unaudited amounts.

New York Local Government Assistance Corporation
Mid-Year Report to Annual Budget for Fiscal Year 2017-18
Including multi-year financial plan with actual results for fiscal year 2016-17 and a revised forecast for fiscal years 2017-18 through 2020-21
Statement of Revenues, Expenditures and Changes in Fund Balances
Modified Accrual Basis of Accounting w/Adjustment for Cash
Amounts in Thousands

GENERAL FUND							
FISCAL PERIOD END	March 31, 2017	March 31, 2018	March 31, 2018	Change in	March 31, 2019	March 31, 2020	March 31, 2021
	(Actual) (1)	(Approved Budget)	(Revised Forecast)	Budget	(Revised Forecast)	(Revised Forecast)	(Revised Forecast)
Beginning of Period Cash and Investments	\$ 3,046	\$ 3,018	\$ 3,021	\$ 3	\$ 2,996	\$ 2,960	\$ 2,921
Receipts/Revenues:							
State appropriations receipts	3,020	2,909	2,909	-	2,856	2,492	1,718
Investment receipts (2)	7	7	21	14	21	21	21
Total receipts	<u>3,027</u>	<u>2,916</u>	<u>2,930</u>	<u>14</u>	<u>2,877</u>	<u>2,513</u>	<u>1,739</u>
Adjustment for accrual of investment earnings	-	-	-	-	-	-	-
Total revenues	<u>3,027</u>	<u>2,916</u>	<u>2,930</u>	<u>14</u>	<u>2,877</u>	<u>2,513</u>	<u>1,739</u>
Disbursements/Expenditures:							
Liquidity support costs (3)	2,470	2,410	2,410	-	2,346	2,013	1,449
Variable rate bond remarketing fees	348	267	267	-	251	224	166
Other costs	234	260	278	18	316	315	257
Total disbursements	<u>3,052</u>	<u>2,937</u>	<u>2,955</u>	<u>18</u>	<u>2,913</u>	<u>2,552</u>	<u>1,872</u>
Adjustment for accounts payable	(53)	-	-	-	-	-	-
Total expenditures	<u>2,999</u>	<u>2,937</u>	<u>2,955</u>	<u>18</u>	<u>2,913</u>	<u>2,552</u>	<u>1,872</u>
Excess (deficiency) of revenues over General Fund expenditures	<u>28</u>	<u>(21)</u>	<u>(25)</u>	<u>(4)</u>	<u>(36)</u>	<u>(39)</u>	<u>(133)</u>
End of Period Cash and Investments	<u>\$ 3,021</u>	<u>\$ 2,997</u>	<u>\$ 2,996</u>	<u>\$ (1)</u>	<u>\$ 2,960</u>	<u>\$ 2,921</u>	<u>\$ 2,788</u>

Notes:

1. Amounts reported for the fiscal year ended March 31, 2017 reflect audited amounts.
2. Fiscal year 2017-18 investment receipts are based on the rate of interest experienced in first six months of fiscal year 2017-18. Investment receipts for fiscal years after 2017-18 are anticipated to approximate investment receipts from fiscal year 2017-18.
3. Expenditures for Liquidity support costs in fiscal years 2017-18 through 2020-21 reflect current rates.

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DEBT SERVICE FUND							
FISCAL PERIOD END	March 31, 2017 (Actual) (1)	March 31, 2018 (Approved Budget)	March 31, 2018 (Revised Forecast)	Change in Budget	March 31, 2019 (Revised Forecast)	March 31, 2020 (Revised Forecast)	March 31, 2021 (Revised Forecast)
Beginning of Period Cash and Investments:							
Amounts required for current debt maturities	\$ 347,941	\$ 334,054	\$ 331,884	\$ (2,170)	\$ 237,434	\$ 367,936	\$ 376,702
Restricted bond reserves	147,131	145,993	145,963	(30)	145,789	145,789	140,750
Total beginning of period cash and investments	495,072	480,047	477,847	(2,200)	383,223	513,725	517,452
Receipts/Revenues:							
State appropriations receipts (2)	368,407	286,730	285,700	(1,030)	392,810	387,890	210,020
Investment receipts (3)	1,517	1,435	1,770	335	1,128	1,041	1,111
Total receipts	369,924	288,165	287,470	(695)	393,938	388,931	211,131
Adjustment for accrual of investment earnings	3	-	-	-	-	-	-
Total revenues	369,927	288,165	287,470	(695)	393,938	388,931	211,131
Disbursements/Expenditures:							
Repayment of principal	300,225	292,495	311,195	18,700	205,695	341,080	356,935
Payment of interest (4)	85,862	70,376	70,899	523	57,741	44,124	27,545
Cost of issuance	-	-	-	-	-	-	-
Total disbursements	386,087	362,871	382,094	19,223	263,436	385,204	384,480
Adjustment for accounts payable	-	-	-	-	-	-	-
Total expenditures	386,087	362,871	382,094	19,223	263,436	385,204	384,480
Excess (deficiency) of revenues over Debt Service Fund expenditures							
	(16,160)	(74,706)	(94,624)	(19,918)	130,502	3,727	(173,349)
Net Change In Fund Balance							
	(16,160)	(74,706)	(94,624)	(19,918)	130,502	3,727	(173,349)
Change in accruals for investments	(1,062)	-	-	-	-	-	-
End of Period Cash and Investments:							
Amounts required for current debt maturities	331,884	259,403	237,434	(21,969)	367,936	376,702	253,499
Restricted bond reserves	145,963	145,938	145,789	(149)	145,789	140,750	90,604
Total end of period cash and investments	\$ 477,847	\$ 405,341	\$ 383,223	\$ (22,118)	\$ 513,725	\$ 517,452	\$ 344,103

Notes:

1. Amounts reported for the fiscal year ended March 31, 2017 reflect audited amounts.
2. State appropriations receipts for debt service in fiscal year 2017-18 through 2020-21 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 2017-18 reflects the actual amounts paid through September 30, 2017 and the projected debt service for the period October 1, 2017 through March 31, 2018. Projected debt service payments on variable rate bonds were calculated using the following assumed rates: 3.151 percent, 3.261 percent and 3.194 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.