

NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION

**MID-YEAR UPDATE TO
THE APPROVED BUDGET FOR FISCAL YEAR 2015-16 AND
MULTI-YEAR FINANCIAL PLAN FOR 2016-17 THROUGH 2018-19
(As of September 30, 2015)**

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 2015-16.

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, 2015. The following information is presented for each of the Corporation’s two funds:

- Actual results for the fiscal year ended March 31, 2015;
- Approved budget for fiscal year 2015-16;
- Financial activities anticipated in the budget for the period ended September 30, 2015;
- Results of actual financial activities for the period ended September 30, 2015;
- Variances between actual financial activities and anticipated financial activities as of the period ended September 30, 2015; and
- Revised fiscal year 2015-16 Budget and Multi-year Plan.

Financial Activities for the period ended September 30, 2015

General Fund

The General Fund budget variance is largely attributable to timing of disbursements for operational activities in Other costs, as explained further below. There is no budget variance in the Debt Service Fund for the period ended September 30, 2015.

Debt Service Fund

The Corporation extended the Standby Bond Purchase Agreement (“SBPA”), effective September 17, 2015, on LGAC’s Series 2003A-4V with Bank of America, N.A. for three additional years. The Corporation was successful in lowering the commitment fee on the above mentioned SBPA from 65 basis points to 43 basis points. This reduction in the commitment fee is expected to lower LGAC’s Liquidity support cost over the next three years.

Revised 2015-16 Budget

General Fund

The budgeted amount for Liquidity support costs has been revised downward by \$105 thousand, reflecting the lower actual SBPA commitment fees than projected at the time the 2015-16 Budget was developed, as detailed above. The budget amount for Variable rate bond remarketing fees increased by \$132 thousand as a result of an anticipated cost reduction at the time the 2015-16 budget was developed that did not materialize. The budget amount for Other costs reflects a net decrease of \$5 thousand which reflects a decrease in estimated expenses for arbitrage rebate and rating surveillance services and an increase in the estimated expenses for financial advisory services.

Debt Service Fund

State appropriations receipts have been reduced by \$930 thousand primarily due to higher than anticipated Investment earnings from several long-term capital reserve investments. The revised budget reflects a \$927 thousand increase in Investment earnings as described above.

The amount anticipated for the Payment of interest during the 2015-16 fiscal year has been revised upward by \$944 thousand, reflecting higher actual interest paid by the Corporation on its variable rate bonds than projected at the time the 2015-16 budget was developed.

Multi-Year Financial Plan

The current multi-year financial plan covering fiscal years ending March 31, 2017 through March 31, 2019 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 2015-16
Statement of Revenues, Expenditures and Changes in Fund Balances
With Actual Results Through September 30, 2015
 Modified Accrual Basis of Accounting w/Adjustment for Cash
 Amounts in Thousands

GENERAL FUND

FISCAL PERIOD END	Actual Year	Approved	Anticipated	Actual	Variance
	Ended	Budget	Mid-Year	Mid-Year	Mid-Year
	March 31, 2015 (1)	Fiscal Year	Ended	Ended	Ended
	March 31, 2015 (1)	March 31, 2016	September 30, 2015	September 30, 2015 (2)	September 30, 2015
Beginning of Period Cash and Investments	\$ 2,988	\$ 3,169	\$ 3,028	\$ 3,028	\$ -
Receipts/Revenues:					
State appropriations receipts	3,849	3,453	1,726	1,726	-
Investment receipts	-	1	1	1	-
Total receipts	<u>3,849</u>	<u>3,454</u>	<u>1,727</u>	<u>1,727</u>	<u>-</u>
Adjustment for accrual of investment earnings	-	-	-	-	-
Total revenues	<u>3,849</u>	<u>3,454</u>	<u>1,727</u>	<u>1,727</u>	<u>-</u>
Disbursements/Expenditures:					
Liquidity support costs	2,936	2,797	1,407	1,405	(2)
Variable rate bond remarketing fees	559	316	237	236	(1)
Other costs	314	340	110	132	22
Total disbursements	<u>3,809</u>	<u>3,453</u>	<u>1,754</u>	<u>1,773</u>	<u>19</u>
Adjustment for accounts payable	(112)	-	-	(23)	(23)
Total expenditures	<u>3,697</u>	<u>3,453</u>	<u>1,754</u>	<u>1,750</u>	<u>(4)</u>
Excess (deficiency) of revenues over General Fund expenditures	<u>152</u>	<u>1</u>	<u>(27)</u>	<u>(23)</u>	<u>4</u>
End of Period Cash and Investments	<u>\$ 3,028</u>	<u>\$ 3,170</u>	<u>\$ 3,001</u>	<u>\$ 2,982</u>	<u>\$ (19)</u>

Notes:

1. Amounts reported for year ended March 31, 2015 reflect audited amounts.
2. Amounts reported for the half-year ended September 30, 2015 reflect unaudited amounts.

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DEBT SERVICE FUND					
FISCAL PERIOD END	Actual Year Ended	Approved Budget Fiscal Year	Anticipated Mid-Year Ended	Actual Mid-Year Ended	Variance Mid-Year Ended
	March 31, 2015 (1)	March 31, 2016	September 30, 2015	September 30, 2015 (2)	September 30, 2015
Beginning of Period Cash and Investments					
Amounts required for current debt maturities	\$ 327,226	\$ 353,296	\$ 341,758	\$ 341,758	\$ -
Restricted bond reserves	<u>147,147</u>	<u>147,181</u>	<u>147,236</u>	<u>147,236</u>	<u>-</u>
Total beginning of period cash and investments	474,373	500,477	488,994	488,994	-
Receipts/Revenues:					
State appropriations receipts	390,937	391,900	45,915	45,915	-
Investment receipts	<u>632</u>	<u>385</u>	<u>628</u>	<u>628</u>	<u>-</u>
Total receipts	<u>391,569</u>	<u>392,285</u>	<u>46,543</u>	<u>46,543</u>	<u>-</u>
Adjustment for accrual of investment earnings	<u>32</u>	<u>-</u>	<u>-</u>	<u>80</u>	<u>80</u>
Total revenues	<u>391,601</u>	<u>392,285</u>	<u>46,543</u>	<u>46,623</u>	<u>80</u>
Disbursements/Expenditures:					
Repayment of principal	267,120	286,640	286,640	286,640	-
Payment of interest	110,324	97,378	52,341	52,341	-
Arbitrage rebate	<u>-</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>377,444</u>	<u>384,038</u>	<u>338,981</u>	<u>338,981</u>	<u>-</u>
Adjustment for Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>377,444</u>	<u>384,038</u>	<u>338,981</u>	<u>338,981</u>	<u>-</u>
Excess (deficiency) of revenues over Debt Service Fund expenditures	<u>14,157</u>	<u>8,247</u>	<u>(292,438)</u>	<u>(292,358)</u>	<u>80</u>
Net Change In Fund Balance	<u>14,157</u>	<u>8,247</u>	<u>(292,438)</u>	<u>(292,358)</u>	<u>80</u>
Change in accruals for investment income	<u>496</u>	<u>-</u>	<u>-</u>	<u>(714)</u>	<u>(714)</u>
End of Period Cash and Investments					
Amounts required for current debt maturities	341,758	361,543	49,371	48,657	(714)
Restricted bond reserves	<u>147,236</u>	<u>147,181</u>	<u>147,185</u>	<u>147,185</u>	<u>-</u>
Total end of period cash and investments	<u>\$ 488,994</u>	<u>\$ 508,724</u>	<u>\$ 196,556</u>	<u>\$ 195,842</u>	<u>\$ (714)</u>

Notes

1. Amounts reported for year ended March 31, 2015 reflect audited amounts.
2. Amounts reported for the half-year ended September 30, 2015 reflect unaudited amounts.

New York Local Government Assistance Corporation
Mid-Year Report to Annual Budget for Fiscal Year 2015-16
Including multi-year financial plan with actual results for fiscal year 2014-15 and a revised forecast for fiscal years 2015-16 through 2018-19
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, 2015	March 31, 2016	March 31, 2016	Change in	March 31, 2017	March 31, 2018	March 31, 2019
	(Actual) (1)	(Approved Budget)	(Revised Forecast)	Budget	(Revised Forecast)	(Revised Forecast)	(Revised Forecast)
Beginning of Period Cash and Investments	\$ 2,988	\$ 3,169	\$ 3,028	\$ (141)	\$ 3,007	\$ 2,973	\$ 2,947
Receipts/Revenues:							
State appropriations receipts	3,849	3,453	3,453	-	3,045	2,910	2,880
Investment receipts (2)	-	1	1	-	1	1	1
Total receipts	<u>3,849</u>	<u>3,454</u>	<u>3,454</u>	<u>-</u>	<u>3,046</u>	<u>2,911</u>	<u>2,881</u>
Adjustment for accrual of investment earnings	-	-	-	-	-	-	-
Total revenues	<u>3,849</u>	<u>3,454</u>	<u>3,454</u>	<u>-</u>	<u>3,046</u>	<u>2,911</u>	<u>2,881</u>
Disbursements/Expenditures:							
Liquidity support costs (3)	2,936	2,797	2,692	(105)	2,473	2,410	2,346
Variable rate bond remarketing fees	559	316	448	132	331	267	251
Other costs	314	340	335	(5)	276	260	302
Total disbursements	<u>3,809</u>	<u>3,453</u>	<u>3,475</u>	<u>22</u>	<u>3,080</u>	<u>2,937</u>	<u>2,899</u>
Adjustment for accounts payable	(112)	-	-	-	-	-	-
Total expenditures	<u>3,697</u>	<u>3,453</u>	<u>3,475</u>	<u>22</u>	<u>3,080</u>	<u>2,937</u>	<u>2,899</u>
Excess (deficiency) of revenues over General Fund expenditures	<u>152</u>	<u>1</u>	<u>(21)</u>	<u>(22)</u>	<u>(34)</u>	<u>(26)</u>	<u>(18)</u>
End of Period Cash and Investments	<u>\$ 3,028</u>	<u>\$ 3,170</u>	<u>\$ 3,007</u>	<u>\$ (163)</u>	<u>\$ 2,973</u>	<u>\$ 2,947</u>	<u>\$ 2,929</u>

Notes:

1. Amounts reported for the fiscal year ended March 31, 2015 reflect audited amounts.
2. Fiscal year 2015-16 investment receipts are based on the rate of interest experienced in first six months of fiscal year 2015-16. Investment receipts for fiscal years after 2015-16 are anticipated to approximate investment receipts from fiscal year 2015-16.
3. Expenditures for Liquidity support costs in fiscal years 2015-16 through 2018-19 reflect current rates and anticipated changes.

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Modified Accrual Basis of Accounting w/Adjustment for Cash
Amounts in Thousands

DEBT SERVICE FUND

FISCAL PERIOD END	March 31, 2015 (Actual) (1)	March 31, 2016 (Approved Budget)	March 31, 2016 (Revised Forecast)	Change in Budget	March 31, 2017 (Revised Forecast)	March 31, 2018 (Revised Forecast)	March 31, 2019 (Revised Forecast)
Beginning of Period Cash and Investments							
Amounts required for current debt maturities	\$ 327,226	\$ 353,296	\$ 341,758	\$ (11,538)	\$ 349,109	\$ 335,784	\$ 261,131
Restricted bond reserves	147,147	147,181	147,236	55	147,185	145,965	145,910
Total beginning of period cash and investments	474,373	500,477	488,994	(11,483)	496,294	481,749	407,041
Receipts/Revenues:							
State appropriations receipts (2)	390,937	391,900	390,970	(930)	368,120	286,910	392,690
Investment receipts (3)	632	385	1,312	927	1,253	1,253	1,253
Total receipts	391,569	392,285	392,282	(3)	369,373	288,163	393,943
Adjustment for accrual of investment earnings	32	-	-	-	-	-	-
Total revenues	391,601	392,285	392,282	(3)	369,373	288,163	393,943
Expenditures:							
Repayment of principal	267,120	286,640	286,640	-	300,225	292,495	224,395
Payment of interest (4)	110,324	97,378	98,322	944	83,693	70,376	58,208
Arbitrage rebate	-	20	20	-	-	-	-
Total disbursements	377,444	384,038	384,982	944	383,918	362,871	282,603
Adjustment for Accounts payable	-	-	-	-	-	-	-
Total expenditures	377,444	384,038	384,982	944	383,918	362,871	282,603
Excess (deficiency) of revenues over Debt Service Fund expenditures	14,157	8,247	7,300	(947)	(14,545)	(74,708)	111,340
Net Change in Fund Balance	14,157	8,247	7,300	(947)	(14,545)	(74,708)	111,340
Change in accruals for investment income	496	-	-	-	-	-	-
End of Period Cash and Investments							
Amounts required for current debt maturities	341,758	361,543	349,109	(12,434)	335,784	261,131	372,471
Restricted bond reserves	147,236	147,181	147,185	4	145,965	145,910	145,910
Total end of period cash and investments	\$ 488,994	\$ 508,724	\$ 496,294	\$ (12,430)	\$ 481,749	\$ 407,041	\$ 518,381

Notes:

1. Amounts reported for the fiscal year ended March 31, 2015 reflect audited amounts.
2. State appropriations receipts for debt service in fiscal year 2015-16 through 2018-19 are based on projected debt service and arbitrage rebate liability.
3. Fiscal year 2015-16 investment receipts are based on the rate of interest experienced in the first six months of fiscal year 2015-16. Investment receipts subsequent to 2015-16 are anticipated to approximate actual investment receipts from fiscal year 2015-16.
4. The revised forecasted debt service for fiscal year 2015-16 reflects the actual amounts paid through September 30, 2015 and the projected debt service for the period October 1, 2015 through March 31, 2016. 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.