

**NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION**

**MID-YEAR UPDATE TO  
THE APPROVED BUDGET FOR FISCAL YEAR 2014-15 AND  
MULTI-YEAR FINANCIAL PLAN FOR 2015-16 THROUGH 2017-18  
(As of September 30, 2014)**

## **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 2014-15.

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, 2014. The following information is presented for each of the Corporation’s two funds:

- Actual results for the fiscal year ended March 31, 2014;
- Approved budget for fiscal year 2014-15;
- Financial activities anticipated in the budget for the period ended September 30, 2014;
- Results of actual financial activities for the period ended September 30, 2014;
- Variances between actual financial activities and anticipated financial activities as of the period ended September 30, 2014; and
- Revised fiscal year 2014-15 Budget and Multi-year Plan.

### **Financial Activities for the period ended September 30, 2014**

The General Fund budget variance in the Liquidity support cost category is primarily the result of the timing of disbursements for prior year expenditures, partially offset by lower expenses during a portion of the period related to the Corporation’s Standby Bond Purchase Agreements (“SBPAs”). Variances experienced in Variable rate bond remarketing fees and Other costs are minor and largely attributable to timing of disbursements for operational activities. The Debt Service Fund budget variances are also minor and largely attributable to the timing of investment receipts.

On May 14, 2014, the Corporation extended the SBPAs on four of LGAC’s SBPAs with JPM Chase Bank, N.A. for five additional years. The Corporation was successful in lowering the commitment fees on the above mentioned SBPAs from 0.625 percent to 0.550 percent. This reduction in the commitment fee is expected to lower LGAC’s Liquidity support cost over the next five years. The General Fund anticipated Liquidity support costs for the period ended September 30, 2014 have been adjusted to reflect this anticipated reduction.

### **Revised 2014-15 Budget**

#### **General Fund**

The amount anticipated from State appropriations receipts and the budgeted amount for Liquidity support costs have been revised downward reflecting the lower actual SBPA commitment fees than projected at the time the 2014-15 Budget was developed, as detailed above. The budgeted amount for Investment receipts has been reduced marginally, reflecting a lower than anticipated rate of interest experienced during the first half of the year that is projected to continue throughout the rest of the year. The increase related to Other costs primarily reflects the professional services provided for the May 2014 extensions on LGAC’s SPBAs.

### Debt Service Fund

Investment earnings are anticipated to remain low as a result of the low interest rate environment and therefore the revised budget reflects a \$568 thousand decrease in Investment earnings.

The amount anticipated for the Payment of interest during the 2014-15 fiscal year has been revised downward by approximately \$11.5 million, reflecting lower actual interest rates paid by the Corporation on its variable rate bonds than projected at the time the budget was developed.

### **Multi-Year Financial Plan**

The current multi-year financial plan covering fiscal years ending March 31, 2016 through March 31, 2018 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 2014-15**  
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**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, 2014 (1)	Fiscal Year	Ended	Ended	Ended
		March 31, 2015	September 30, 2014	September 30, 2014 (2)	September 30, 2014
<b>Beginning of Period Cash and Investments</b>	\$ 2,555	\$ 2,538	\$ 2,988	\$ 2,988	\$ -
<b>Receipts/Revenues:</b>					
State appropriations receipts	3,997	4,850	2,424	2,424	-
Investment receipts	1	2	1	-	(1)
Total receipts	<u>3,998</u>	<u>4,852</u>	<u>2,425</u>	<u>2,424</u>	<u>(1)</u>
Adjustment for accrual of investment earnings	-	-	-	-	-
Total revenues	<u>3,998</u>	<u>4,852</u>	<u>2,425</u>	<u>2,424</u>	<u>(1)</u>
<b>Disbursements/Expenditures:</b>					
Liquidity support costs	2,598	4,029	1,403	1,530	127
Variable rate bond remarketing fees	640	535	267	290	23
Other costs	327	286	219	212	(7)
Total disbursements	<u>3,565</u>	<u>4,850</u>	<u>1,889</u>	<u>2,032</u>	<u>143</u>
Adjustment for accounts payable	486	-	-	(86)	(86)
Total expenditures	<u>4,051</u>	<u>4,850</u>	<u>1,889</u>	<u>1,946</u>	<u>57</u>
Excess (deficiency) of revenues over General Fund expenditures	<u>(53)</u>	<u>2</u>	<u>536</u>	<u>478</u>	<u>(58)</u>
<b>End of Period Cash and Investments</b>	<u>\$ 2,988</u>	<u>\$ 2,540</u>	<u>\$ 3,524</u>	<u>\$ 3,380</u>	<u>\$ (144)</u>

**Notes:**

1. Amounts reported for year ended March 31, 2014 reflect audited amounts.
2. Amounts reported for the half-year ended September 30, 2014 reflect unaudited amounts.

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**Amounts in Thousands**

<b>DEBT SERVICE FUND</b>					
<b>FISCAL PERIOD END</b>	<b>Actual Year Ended</b>	<b>Approved Budget Fiscal Year</b>	<b>Anticipated Mid-Year Ended</b>	<b>Actual Mid-Year Ended</b>	<b>Variance Mid-Year Ended</b>
	<b>March 31, 2014 (1)</b>	<b>March 31, 2015</b>	<b>September 30, 2014</b>	<b>September 30, 2014 (2)</b>	<b>September 30, 2014</b>
<b>Beginning of Period Cash and Investments</b>					
Amounts required for current debt maturities	\$ 329,166	\$ 340,131	\$ 327,226	\$ 327,226	\$ -
Restricted bond reserves	<u>153,745</u>	<u>147,064</u>	<u>147,147</u>	<u>147,147</u>	<u>-</u>
Total beginning of period cash and investments	482,911	487,195	474,373	474,373	-
<b>Receipts/Revenues:</b>					
State appropriations receipts	375,254	390,850	52,250	52,250	-
Investment receipts	<u>768</u>	<u>953</u>	<u>193</u>	<u>193</u>	<u>-</u>
Total receipts	<u>376,022</u>	<u>391,803</u>	<u>52,443</u>	<u>52,443</u>	<u>-</u>
Adjustment for accrual of investment earnings	<u>8</u>	<u>-</u>	<u>-</u>	<u>33</u>	<u>33</u>
Total revenues	<u>376,030</u>	<u>391,803</u>	<u>52,443</u>	<u>52,476</u>	<u>33</u>
<b>Disbursements/Expenditures:</b>					
Repayment of principal	262,565	267,120	267,120	267,120	-
Payment of interest	<u>121,810</u>	<u>109,542</u>	<u>57,974</u>	<u>57,974</u>	<u>-</u>
Total disbursements	<u>384,375</u>	<u>376,662</u>	<u>325,094</u>	<u>325,094</u>	<u>-</u>
Adjustment for Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>384,375</u>	<u>376,662</u>	<u>325,094</u>	<u>325,094</u>	<u>-</u>
Excess (deficiency) of revenues over Debt Service Fund expenditures	<u>(8,345)</u>	<u>15,141</u>	<u>(272,651)</u>	<u>(272,618)</u>	<u>33</u>
<b>Net Change In Fund Balance</b>	<u>(8,345)</u>	<u>15,141</u>	<u>(272,651)</u>	<u>(272,618)</u>	<u>33</u>
Change in accruals for investment income	<u>(185)</u>	<u>-</u>	<u>-</u>	<u>(218)</u>	<u>(218)</u>
<b>End of Period Cash and Investments</b>					
Amounts required for current debt maturities	327,226	355,272	54,541	54,323	(218)
Restricted bond reserves	<u>147,147</u>	<u>147,064</u>	<u>147,181</u>	<u>147,181</u>	<u>-</u>
Total end of period cash and investments	<u>\$ 474,373</u>	<u>\$ 502,336</u>	<u>\$ 201,722</u>	<u>\$ 201,504</u>	<u>\$ (218)</u>

**Notes**

1. Amounts reported for year ended March 31, 2014 reflect audited amounts.
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**Including multi-year financial plan with actual results for fiscal year 2013-14 and a revised forecast for fiscal years 2014-15 through 2017-18**  
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Modified Accrual Basis of Accounting w/Adjustment for Cash  
Amounts in Thousands

<b>GENERAL FUND</b>							
<b>FISCAL PERIOD END</b>	<b>March 31, 2014</b>	<b>March 31, 2015</b>	<b>March 31, 2015</b>	<b>Change in</b>	<b>March 31, 2016</b>	<b>March 31, 2017</b>	<b>March 31, 2018</b>
	<b>(Actual) (1)</b>	<b>(Approved Budget)</b>	<b>(Revised Forecast)</b>	<b>Budget</b>	<b>(Revised Forecast)</b>	<b>(Revised Forecast)</b>	<b>(Revised Forecast)</b>
<b>Beginning of Period Cash and Investments</b>	\$ 2,555	\$ 2,538	\$ 2,988	\$ 450	\$ 3,169	\$ 3,170	\$ 3,179
<b>Receipts/Revenues:</b>							
State appropriations receipts	3,997	4,850	3,849	(1,001)	3,453	3,340	3,230
Investment receipts (2)	1	2	1	(1)	1	1	1
Total receipts	<u>3,998</u>	<u>4,852</u>	<u>3,850</u>	<u>(1,002)</u>	<u>3,454</u>	<u>3,341</u>	<u>3,231</u>
Adjustment for accrual of investment earnings	-	-	-	-	-	-	-
Total revenues	<u>3,998</u>	<u>4,852</u>	<u>3,850</u>	<u>(1,002)</u>	<u>3,454</u>	<u>3,341</u>	<u>3,231</u>
<b>Disbursements/Expenditures:</b>							
Liquidity support costs (3)	2,598	4,029	2,806	(1,223)	2,797	2,772	2,703
Variable rate bond remarketing fees	640	535	535	-	316	275	256
Other costs	327	286	328	42	340	285	269
Total disbursements	<u>3,565</u>	<u>4,850</u>	<u>3,669</u>	<u>(1,181)</u>	<u>3,453</u>	<u>3,332</u>	<u>3,228</u>
Adjustment for accounts payable	486	-	-	-	-	-	-
Total expenditures	<u>4,051</u>	<u>4,850</u>	<u>3,669</u>	<u>(1,181)</u>	<u>3,453</u>	<u>3,332</u>	<u>3,228</u>
Excess (deficiency) of revenues over General Fund expenditures	<u>(53)</u>	<u>2</u>	<u>181</u>	<u>179</u>	<u>1</u>	<u>9</u>	<u>3</u>
<b>End of Period Cash and Investments</b>	<u>\$ 2,988</u>	<u>\$ 2,540</u>	<u>\$ 3,169</u>	<u>\$ 629</u>	<u>\$ 3,170</u>	<u>\$ 3,179</u>	<u>\$ 3,182</u>

**Notes:**

1. Amounts reported for the fiscal year ended March 31, 2014 reflect audited amounts.
2. Fiscal year 2014-15 investment receipts are based on the rate of interest experienced in first six months of fiscal year 2014-15. Investment receipts for fiscal years after 2014-15 are anticipated to approximate investment receipts from fiscal year 2014-15.
3. Expenditures for Liquidity support in fiscal years 2014-15 through 2017-18 reflect current rates and anticipated changes.

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**DEBT SERVICE FUND**

<b>FISCAL PERIOD END</b>	<b>March 31, 2014 (Actual) (1)</b>	<b>March 31, 2015 (Approved Budget)</b>	<b>March 31, 2015 (Revised Forecast)</b>	<b>Change in Budget</b>	<b>March 31, 2016 (Revised Forecast)</b>	<b>March 31, 2017 (Revised Forecast)</b>	<b>March 31, 2018 (Revised Forecast)</b>
<b>Beginning of Period Cash and Investments</b>							
Amounts required for current debt maturities	\$ 329,166	\$ 340,131	\$ 327,226	\$ (12,905)	\$ 353,296	\$ 361,543	\$ 348,220
Restricted bond reserves	153,745	147,064	147,147	83	147,181	147,181	147,181
Total beginning of period cash and investments	<u>482,911</u>	<u>487,195</u>	<u>474,373</u>	<u>(12,822)</u>	<u>500,477</u>	<u>508,724</u>	<u>495,401</u>
<b>Receipts/Revenues:</b>							
State appropriations receipts (2)	375,254	390,850	390,850	-	391,900	370,210	287,830
Investment receipts (3)	768	953	385	(568)	385	385	385
Total receipts	<u>376,022</u>	<u>391,803</u>	<u>391,235</u>	<u>(568)</u>	<u>392,285</u>	<u>370,595</u>	<u>288,215</u>
Adjustment for accrual of investment earnings	8	-	-	-	-	-	-
Total revenues	<u>376,030</u>	<u>391,803</u>	<u>391,235</u>	<u>(568)</u>	<u>392,285</u>	<u>370,595</u>	<u>288,215</u>
<b>Expenditures:</b>							
Repayment of principal	262,565	267,120	267,120	-	286,640	300,225	292,495
Payment of interest (4)	121,810	109,542	98,011	(11,531)	97,378	83,693	70,376
Arbitrage rebate	-	-	-	-	20	-	-
Total disbursements	<u>384,375</u>	<u>376,662</u>	<u>365,131</u>	<u>(11,531)</u>	<u>384,038</u>	<u>383,918</u>	<u>362,871</u>
Adjustment for Accounts payable	-	-	-	-	-	-	-
Total expenditures	<u>384,375</u>	<u>376,662</u>	<u>365,131</u>	<u>(11,531)</u>	<u>384,038</u>	<u>383,918</u>	<u>362,871</u>
Excess (deficiency) of revenues over Debt Service Fund expenditures	<u>(8,345)</u>	<u>15,141</u>	<u>26,104</u>	<u>10,963</u>	<u>8,247</u>	<u>(13,323)</u>	<u>(74,656)</u>
<b>Net Change in Fund Balance</b>	<u>(8,345)</u>	<u>15,141</u>	<u>26,104</u>	<u>10,963</u>	<u>8,247</u>	<u>(13,323)</u>	<u>(74,656)</u>
Change in accruals for investment income	<u>(185)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>End of Period Cash and Investments</b>							
Amounts required for current debt maturities	327,226	355,272	353,296	(1,976)	361,543	348,220	273,564
Restricted bond reserves	147,147	147,064	147,181	117	147,181	147,181	147,181
Total end of period cash and investments	<u>\$ 474,373</u>	<u>\$ 502,336</u>	<u>\$ 500,477</u>	<u>\$ (1,859)</u>	<u>\$ 508,724</u>	<u>\$ 495,401</u>	<u>\$ 420,745</u>

**Notes:**

1. Amounts reported for the fiscal year ended March 31, 2014 reflect audited amounts.
2. State appropriations receipts for debt service in fiscal year 2014-15 through 2017-18 are based on projected debt service and arbitrage rebate liability.
3. Fiscal year 2014-15 investment receipts are based on the rate of interest experienced in the first six months of fiscal year 2014-15. Investment receipts subsequent to 2014-15 are anticipated to approximate actual investment receipts from fiscal year 2014-15.
4. The revised forecasted debt service for fiscal year 2014-15 reflects the actual amounts paid through September 30, 2014 and the projected debt service for the period October 1, 2014 through March 31, 2015. 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.