

NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION

**MID-YEAR UPDATE TO
THE APPROVED BUDGET FOR FISCAL YEAR 2019-20 AND
MULTI-YEAR FINANCIAL PLAN FOR 2019-20 THROUGH 2022-23
(As of September 30, 2019)**

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 2019-20.

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, 2019. The following information is presented for each of the Corporation’s two funds:

- Actual results for the fiscal year ended March 31, 2019;
- Approved budget for fiscal year ending March 31, 2020;
- Financial activities that were anticipated in the budget for the period ended September 30, 2019;
- Results of actual financial activities for the period ended September 30, 2019;
- Variances between actual financial activities and anticipated financial activities as of the period ended September 30, 2019; and
- Revised fiscal year 2019-20 Budget and Multi-Year Plan.

Financial Activities for the Period Ended September 30, 2019

Anticipated and actual results of financial activities in the General and Debt Service Funds for the period ended September 30, 2019 are presented in this report.

Revised Budget for the Period Ending March 31, 2020

General Fund

The Corporation experienced lower than anticipated investment earnings during the first half of the 2019-20 fiscal year, and therefore the budgeted amount for investment receipts has been revised downward by \$12 thousand.

The Corporation experienced a reduction of \$124 thousand related to liquidity support costs due to lower fees from two Standby Bond Purchase Agreement (“SBPA”) extensions in June and a reduction of \$8 thousand related to other costs.

State appropriation receipts have been adjusted downward by \$192 thousand, which primarily reflects the reduction in the basis point fee of two of the Corporation’s SBPAs.

Debt Service Fund

Investment receipts have been increased by \$420 thousand as a result of higher than anticipated investment earnings that the Corporation has received on its Debt Service Fund investments.

Repayment of principal has been increased by \$55 million and payment of interest has been decreased by \$1.3 million as a result of a cash defeasance of some fixed rate bonds that occurred on April 1, 2019.

State appropriation receipts have been adjusted downward by \$71 million, which reflects the above-mentioned cash defeasance, a larger than anticipated cash release from the Corporation's Capital Reserve Fund, 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, 2023 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 2019-20
Statement of Revenues, Expenditures and Changes in Fund Balances
With Actual Results Through September 30, 2019
Modified Accrual Basis of Accounting with Adjustment for Cash
Amounts in Thousands

GENERAL FUND

FISCAL PERIOD	Actual Fiscal Year Ended March 31, 2019 (1)	Approved Budget Fiscal Year Ending March 31, 2020	Anticipated Mid-Year Ended September 30, 2019	Actual Mid-Year Ended September 30, 2019 (2)	Variance Mid-Year Ended September 30, 2019
Beginning of Period Cash and Investments	\$ 2,998	\$ 1,808	\$ 1,881	\$ 1,881	\$ -
Receipts/Revenues:					
State appropriation receipts	1,308	2,156	1,077	1,077	-
Investment receipts	46	42	15	15	-
Total receipts	<u>1,354</u>	<u>2,198</u>	<u>1,092</u>	<u>1,092</u>	<u>-</u>
Adjustment for accrual of investment earnings	-	-	-	1	1
Total revenues	<u>1,354</u>	<u>2,198</u>	<u>1,092</u>	<u>1,093</u>	<u>1</u>
Disbursements/Expenditures:					
Liquidity support costs	2,028	1,692	844	844	-
Variable rate bond remarketing fees	223	197	100	100	-
Other costs	220	288	152	152	-
Total disbursements	<u>2,471</u>	<u>2,177</u>	<u>1,096</u>	<u>1,096</u>	<u>-</u>
Adjustment for accounts payable	(131)	-	-	(76)	(76)
Total expenditures	<u>2,340</u>	<u>2,177</u>	<u>1,096</u>	<u>1,020</u>	<u>(76)</u>
Excess (deficiency) of revenues over General Fund expenditures	<u>(986)</u>	<u>21</u>	<u>(4)</u>	<u>73</u>	<u>77</u>
End of Period Cash and Investments	<u>\$ 1,881</u>	<u>\$ 1,829</u>	<u>\$ 1,877</u>	<u>\$ 1,877</u>	<u>\$ -</u>

Notes:

1. Amounts reported for the actual fiscal year ended March 31, 2019 reflect audited amounts.
2. Amounts reported for the actual mid-year ended September 30, 2019 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, 2019 (1)	March 31, 2020	September 30, 2019	September 30, 2019 (2)	September 30, 2019
Beginning of Period Cash and Investments:					
Amounts required for current debt maturities	\$ 198,801	\$ 342,744	\$ 400,669	\$ 400,669	\$ -
Restricted bond reserves	112,010	111,640	111,870	111,870	-
Total beginning of period cash and investments	<u>310,811</u>	<u>454,384</u>	<u>512,539</u>	<u>512,539</u>	<u>-</u>
Receipts/Revenues:					
State appropriation receipts	423,548	367,140	21,303	21,303	-
Investment receipts	1,520	2,234	1,072	1,283	211
Total receipts	<u>425,068</u>	<u>369,374</u>	<u>22,375</u>	<u>22,586</u>	<u>211</u>
Adjustment for accrual of investment earnings	143	-	-	(27)	(27)
Total revenues	<u>425,211</u>	<u>369,374</u>	<u>22,375</u>	<u>22,559</u>	<u>184</u>
Disbursements/Expenditures:					
Repayment of principal	174,580	318,370	318,370	373,325	54,955
Payment of interest	50,091	44,065	26,116	26,116	-
Cost of Issuance	268	-	-	-	-
Total disbursements	<u>224,939</u>	<u>362,435</u>	<u>344,486</u>	<u>399,441</u>	<u>54,955</u>
Adjustment for accounts payable	(333)	-	-	-	-
Total expenditures	<u>224,606</u>	<u>362,435</u>	<u>344,486</u>	<u>399,441</u>	<u>54,955</u>
Excess (deficiency) of revenues over Debt Service Fund expenditures					
	<u>200,605</u>	<u>6,939</u>	<u>(322,111)</u>	<u>(376,882)</u>	<u>(54,771)</u>
Change in accruals for investments	1,599	-	-	(508)	(508)
End of Period Cash and Investments:					
Amounts required for current debt maturities	400,669	350,966	99,824	44,441	(55,383)
Restricted bond reserves	111,870	110,357	90,604	90,735	131
Total end of period cash and investments	<u>\$ 512,539</u>	<u>\$ 461,323</u>	<u>\$ 190,428</u>	<u>\$ 135,176</u>	<u>\$ (55,252)</u>

Notes

1. Amounts reported for the actual fiscal year ended March 31, 2019 reflect audited amounts.
2. Amounts reported for the actual mid-year ended September 30, 2019 reflect unaudited amounts.

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Including multi-year financial plan with actual results for fiscal year 2018-19 and a revised forecast for fiscal years 2019-20 through 2022-23
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GENERAL FUND							
FISCAL PERIOD END	March 31, 2019	March 31, 2020	March 31, 2020	Change in	March 31, 2021	March 31, 2022	March 31, 2023
	(Actual) (1)	(Approved Budget)	(Revised Forecast)	Budget	(Revised Forecast)	(Revised Forecast)	(Revised Forecast)
Beginning of Period Cash and Investments	\$ 2,998	\$ 1,808	\$ 1,881	\$ 73	\$ 1,830	\$ 1,773	\$ 1,745
Receipts/Revenues:							
State appropriation receipts	1,308	2,156	1,964	(192)	1,434	1,038	568
Investment receipts (2)	46	42	30	(12)	22	16	9
Total receipts	<u>1,354</u>	<u>2,198</u>	<u>1,994</u>	<u>(204)</u>	<u>1,456</u>	<u>1,054</u>	<u>577</u>
Adjustment for accrual of investment earnings	-	-	-	-	-	-	-
Total revenues	<u>1,354</u>	<u>2,198</u>	<u>1,994</u>	<u>(204)</u>	<u>1,456</u>	<u>1,054</u>	<u>577</u>
Disbursements/Expenditures:							
Liquidity support costs (3)	2,028	1,692	1,568	(124)	1,141	720	420
Variable rate bond remarketing fees	223	197	197	-	156	109	63
Other costs	220	288	280	(8)	216	253	165
Total disbursements	<u>2,471</u>	<u>2,177</u>	<u>2,045</u>	<u>(132)</u>	<u>1,513</u>	<u>1,082</u>	<u>648</u>
Adjustment for accounts payable	(131)	-	-	-	-	-	-
Total expenditures	<u>2,340</u>	<u>2,177</u>	<u>2,045</u>	<u>(132)</u>	<u>1,513</u>	<u>1,082</u>	<u>648</u>
Excess (deficiency) of revenues over General Fund expenditures	<u>(986)</u>	<u>21</u>	<u>(51)</u>	<u>(72)</u>	<u>(57)</u>	<u>(28)</u>	<u>(71)</u>
End of Period Cash and Investments	<u>\$ 1,881</u>	<u>\$ 1,829</u>	<u>\$ 1,830</u>	<u>\$ 1</u>	<u>\$ 1,773</u>	<u>\$ 1,745</u>	<u>\$ 1,674</u>

Notes:

1. Amounts reported for the fiscal year ended March 31, 2019 reflect audited amounts.
2. Fiscal year 2019-20 investment receipts are based on the rate of interest experienced in the first six months of fiscal year 2019-20. Investment receipts for fiscal years after 2019-20 are based on each respective year's State appropriation receipts at an assumed rate of 1.60%.
3. Expenditures for Liquidity support costs in fiscal years 2019-20 through 2022-23 reflect current rates.

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DEBT SERVICE FUND							
FISCAL PERIOD END	March 31, 2019 (Actual) (1)	March 31, 2020 (Approved Budget)	March 31, 2020 (Revised Forecast)	Change in Budget	March 31, 2021 (Revised Forecast)	March 31, 2022 (Revised Forecast)	March 31, 2023 (Revised Forecast)
Beginning of Period Cash and Investments:							
Amounts required for current debt maturities	\$ 198,801	\$ 342,744	\$ 400,669	\$ 57,925	\$ 304,651	\$ 240,655	\$ 132,195
Restricted bond reserves	112,010	111,640	111,870	230	90,604	90,604	68,346
Total beginning of period cash and investments	310,811	454,384	512,539	58,155	395,255	331,259	200,541
Receipts/Revenues:							
State appropriation receipts (2)	423,548	367,140	296,130	(71,010)	249,020	112,890	79,020
Investment receipts (3)	1,520	2,234	2,654	420	2,111	1,552	873
Total receipts	425,068	369,374	298,784	(70,590)	251,131	114,442	79,893
Adjustment for accrual of investment earnings	143	-	-	-	-	-	-
Total revenues	425,211	369,374	298,784	(70,590)	251,131	114,442	79,893
Disbursements/Expenditures:							
Repayment of principal	174,580	318,370	373,325	54,955	288,505	229,905	125,015
Payment of interest (4)	50,091	44,065	42,743	(1,322)	26,622	15,255	8,206
Cost of issuance	268	-	-	-	-	-	-
Total disbursements	224,939	362,435	416,068	53,633	315,127	245,160	133,221
Adjustment for accounts payable	(333)	-	-	-	-	-	-
Total expenditures	224,606	362,435	416,068	53,633	315,127	245,160	133,221
Excess (deficiency) of revenues over Debt Service Fund expenditures	200,605	6,939	(117,284)	(124,223)	(63,996)	(130,718)	(53,328)
Net Change In Fund Balance	200,605	6,939	(117,284)	(124,223)	(63,996)	(130,718)	(53,328)
Change in accruals for investments	1,599	-	-	-	-	-	-
End of Period Cash and Investments:							
Amounts required for current debt maturities	400,669	350,966	304,651	(46,315)	240,655	132,195	97,801
Restricted bond reserves	111,870	110,357	90,604	(19,753)	90,604	68,346	49,412
Total end of period cash and investments	\$ 512,539	\$ 461,323	\$ 395,255	\$ (66,068)	\$ 331,259	\$ 200,541	\$ 147,213

Notes:

1. Amounts reported for the fiscal year ended March 31, 2019 reflect audited amounts.
2. State appropriation receipts for debt service in fiscal year 2019-20 through 2022-23 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 2019-20 reflects the actual amounts paid through September 30, 2019 and the projected debt service for the period October 1, 2019 through March 31, 2020. 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.