

New York Job Development Authority
Budget & Financial Plan
BUDGETED REVENUES, EXPENDITURES, AND CHANGES IN CURRENT NET ASSETS
(\$ in 000's)

	Last Year (Actual) 2013	Current Year (Estimated) 2014	Next Year (Adopted) 2015	Proposed 2016	Proposed 2017	Proposed 2018
<u>REVENUE & FINANCIAL SOURCES</u>						
Operating Revenues						
Charges for services						
Rental & financing income	\$0	\$0	\$0	\$0	\$0	\$0
Other operating revenues	\$9,753	\$9,375	\$7,712	\$6,485	\$5,293	\$4,130
Nonoperating Revenues						
Investment earnings	\$142	\$60	\$65	\$70	\$75	\$80
State subsidies/grants						
Federal subsidies/grants						
Municipal subsidies/grants						
Public authority subsidies	\$18	\$3,000	\$4,150	\$5,000	\$2,482	\$4,005
Other nonoperating revenues						
Proceeds from the issuance of debt	\$2,575	\$250	\$5,000	\$0	\$0	\$0
Total Revenues & Financing Sources	\$12,488	\$12,685	\$16,927	\$11,555	\$7,850	\$8,215
<u>EXPENDITURES</u>						
Operating Expenditures						
Salaries and wages	171	181	154	154	154	154
Other employee benefits	27	6	6	6	6	6
Professional services contracts	0	0	0	0	0	0
Supplies and materials	0	0	0	0	0	0
Other operating expenditures	577	169	174	179	184	189
Nonoperating Expenditures						
Payment of principal on bonds and financing arrangements	\$3,505	\$3,090	\$3,090	\$3,085	\$3,085	\$3,085
Interest and other financing charges	1,066	794	660	496	330	160
Subsidies to other public authorities	\$0	\$0	\$0	\$0	\$0	\$0
Capital asset outlay	\$0	\$0	\$0	\$0	\$0	\$0
Grants and donations	18	3,000	4,150	5,000	2,482	4,005
Other nonoperating expenditures						
Total Expenditures	\$5,364	\$7,240	\$8,234	\$8,920	\$6,241	\$7,599
Capital Contributions	\$0	\$0	\$0	\$0	\$0	\$0
Excess (deficiency) of revenues and capital contributions over expenditures	\$7,124	\$5,445	\$8,693	\$2,635	\$1,609	\$616

**New York Job Development Authority
Budget and Financial Plan Report
2013 - 2018**

§203.6 (a) – Relationship with the unit or units of government, if any, on whose behalf or benefit the authority was established

(a) General

New York Job Development Authority (the "Authority" or "JDA"), doing business as Empire State Development ("ESD"), is a public benefit corporation organized and existing under the laws of the State of New York (the "State"). The Authority's mission is to spur job growth and capital investment in New York State by using authority granted to it and by leveraging State-guaranteed bonds to support low interest loans to manufacturers and other targeted industries throughout New York State. As a public benefit corporation, the Authority is tax exempt. The Authority is a component unit of the State and, as such, its financial statements are included in the State's general purpose financial statements.

(b) Activities

The principal activities of the Authority are providing business and industrial loans, described in the Authority's enabling legislation as "Special Purpose Loans," and the guarantee of loans made by banking organizations (as defined in the enabling legislation), described as "Special Purpose Loan Guarantees." All such loans and loan guarantees are made to businesses with operations in the State, and are provided for acquisition of real estate or machinery and equipment. The Authority generally requires security for loans and loan guarantees with the underlying assets and other available collateral.

The Authority finances these lending activities, as necessary, through the issuance of State guaranteed bonds and notes (the "Bonds") limited by the Constitution of the State and applicable legislation to an aggregate principal amount of \$900,000,000 outstanding at any time. To date, enabling legislation allows an aggregate principal amount of \$750,000,000 to be outstanding at any time.

The guarantee of the Bonds by the State is authorized by the New York Job Development Authority Act, as amended by Section 1813 of Title 8 Article 8 of the Public Authorities Law and Section 8 Article X of the Constitution of New York State. Under these provisions, if the Authority fails to pay, when due, the principal or interest on the Bonds or if sued by any holder of the Bonds, the State Comptroller must set apart from the first revenues thereafter received from any source, applicable to the General Fund of the State, a sum sufficient to pay such principal and interest, and shall so apply the monies thus set apart. Effectively, the State is subrogated to the rights of the bondholders. The net assets of the fund are considered restricted.

The Authority has the power to create local development corporations under Section 1804 of the New York Public Authorities Law and Section 1411 of the New York Not-for-Profit Corporation Law. The Authority has created three Local Development Corporations, the New York Liberty Development Corporation (the "NYLDC"), the Empire State Local Development Corporation (the "ESLDC"), and the Brooklyn Arena Local Development Corporation (the "BALDC"). The Authority's Board has authorized the creation of the Canal Side Local Development Corporation (the "CSLDC").

JDA substantially controls the operations of the Local Development Corporations. Under Governmental Accounting Standard Board Statement (GASB) No. 39 – “The Financial Reporting Entity,” NYLDC, ESLDC and BALDC are considered blended component units of the Authority, and their assets, liabilities, and results of operations are combined with the operations of the Authority for financial reporting purposes.

§203.6 (b) – Description of the budget process, including the dates of key budget decisions

The New York Job Development Authority (JDA) submits annually a budget and financial plan report at least 90 days prior to the commencement of the next fiscal year, i.e., by January 1. JDA does not receive NYS Appropriations and, therefore, is not required to submit a budget request to the Director of the Division of the Budget.

The JDA budget and financial plan report contains the following items:

- 1) Last Year- actual data from the annual audited financial report;
- 2) Current Year- actual data plus projections, as necessary;
- 3) Next 4 Fiscal Years- projected based on current year data.

§203.6 (c) – Description of principal budget assumptions, including sources of revenues, staffing and programmatic goals

JDA’s funding sources include interest from loans, interest income earned from investments, and fees generated from issuing Liberty Bonds.

JDA has no direct employees. The New York State Urban Development Corporation, doing business as Empire State Development’s (“ESD”) employees perform necessary JDA functions, including, but not limited to, financial, portfolio management, legal and marketing.

§203.6 (d) – Self-assessment of budgetary risks

A budgetary risk for JDA is the potential of loan defaults, which would result in a loss of revenues. In order to mitigate against this risk, JDA establishes reserves against loan balances which is updated on a regular basis.

§203.6 (e) – Revised forecast of the current year’s budget

See Accompanying Budget and Financial Plan for Fiscal Year Ended Date March 31, 2013.

§203.6 (f) – Reconciliation that identifies all changes in estimates from the projections in the previously approved budget or plan

See Accompanying Statement (Attachment # 1).

§203.6 (g) – Statement of the last completed fiscal year’s actual financial performance in categories consistent with the proposed budget or financial plan

See Accompanying Statement (Attachment # 1).

§203.6 (h) – Projection of the number of employees, including sources of funding, the numbers of full-time and full-time equivalents, and functional classifications

Although JDA has no direct employees, approximately fifteen (15) ESD employees perform the Financial, Portfolio Management, Legal, and other functional needs of JDA in a fiscal year.

§203.6 (i) – Statement of each revenue-enhancement and cost-reduction initiative that represents a component of any gap-closing program and the annual impact on revenues, expenses and staffing

Revenue:

JDA continues to look for ways to expand its business lending in order to increase its revenue stream.

JDA has reevaluated its fee structure in an attempt to increase this form of revenue.

Expense:

JDA continues to seek spending reduction measures to decrease costs wherever possible.

§203.6 (j) – Statement of the source and amount of any material non-recurring resource for use in any given fiscal year

- Pre-payments on any loan within the Authority which are not readily forecasted or valued are reflected as revenue when received.

§203.6 (k) – Statement of any transactions that shift material resources from one year to another and the amount of any reserves

Prepayments on any of the loans within the JDA portfolio, which are not regularly forecasted, are reflected as revenue when received. Upon receipt of such loan prepayments, if a reserve exists, it is reversed in JDA's financial records.

JDA recognizes fees related to the issuance of Liberty Bonds which is a finite revenue source.

§203.6 (l) – Statement of borrowed debt projected to be outstanding at the end of each fiscal year covered by the budget or financial plan; the planned use or purpose of debt issuances; scheduled debt service payments for both issued and proposed debt; the principal amount of proposed debt and assumed interest rate(s); debt service for each issuance as a percentage of total pledged revenues, listed by type or category of pledged revenues; cumulative debt service as a percentage of available revenues; and amount of debt that can be issued until legal limits are met

See Accompanying Statement (Attachment #2)

§203.6 (m) – Statement of the annual projected capital cost broken down by category and sources of funding, and for each capital project, estimates of the annual commitment, total project cost, expected date of completion and the annual cost for operating and maintaining those capital projects or capital categories that, when placed into service, are expected to have a material impact on the operating budget

JDA has no capital budget because it does not engage in capital projects.

**New York Job Development Authority
Budget and Financial Plan Report 2013-2018**

**Revenues and Expenditures
Actual Financial Performance 2013 and Change in Projected 2014**

	Actual Performance FY 2012-13	Next Year (Adopted) FY 2013-14	Current Year (Estimated) FY 2013-14	Difference
<u>REVENUE & FINANCIAL SOURCES</u>				
Operating Revenues				
Charges for services	0	0	0	0
Rental & financing income	0	0	0	0
Other operating revenues	9,753,000	6,947,000	9,375,000	(2,428,000)
Nonoperating Revenues				
Investment earnings	142,000	255,000	60,000	195,000
State subsidies/grants	0	0	0	0
Federal subsidies/grants	0	0	0	0
Municipal subsidies/grants	0	0	0	0
Public authority subsidies	18,000	5,750,000	3,000,000	2,750,000
Other nonoperating revenues	0	0	0	0
Proceeds from the issuance of debt	2,575,000	10,000,000	250,000	9,750,000
Total Revenues & Financing Sources	\$12,488,000	\$22,952,000	\$12,685,000	\$10,267,000
<u>EXPENDITURES</u>				
Operating Expenditures				
Salaries and wages	171,000	213,000	181,000	32,000
Other employee benefits	27,000	21,000	6,000	15,000
Professional services contracts	0	0	0	0
Supplies and materials	0	0	0	0
Other operating expenditures	577,000	536,000	169,000	367,000
Nonoperating Expenditures				
Payment of principal on bonds and financing arrangements	3,505,000	3,090,000	3,090,000	0
Interest and other financing charges	1,066,000	725,000	794,000	(69,000)
Subsidies to other public authorities	0	0	\$0	0
Capital asset outlay	0	0	\$0	0
Grants and donations	18,000	5,750,000	3,000,000	2,750,000
Other nonoperating expenditures				
Total Expenditures	\$5,364,000	\$10,335,000	\$7,240,000	3,095,000

**New York State Job Development Authority-Special Purpose Fund
Debt Service Schedule
As of March 31, 2013**

	March 31, 2010		2013		2014		2015		2016		2017		2018	
	Outstanding	Principal Balance	Principal	Interest										
Bonds														
2004 Series A	12,310,000.00		3,505,000	167,450.04	-	-	-	-	-	-	-	-	-	-
2004 Series B	15,435,000.00		-	808,163.00	3,090,000	808,163.00	3,090,000	651,809.00	3,085,000	492,983.00	3,085,000	331,329.00	3,085,000	166,898.50
	27,745,000.00		3,505,000	975,613.04	3,090,000	808,163.00	3,090,000	651,809.00	3,085,000	492,983.00	3,085,000	331,329.00	3,085,000	166,898.50