NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)

FINANCIAL STATEMENTS

March 31, 2017

Table of Contents

March 31, 2017

RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation, integrity and objectivity of the financial statements of the New York State Energy Research and Development Authority (the Authority). The financial statements of the Authority for the fiscal year ending March 31, 2017 were prepared in conformity with U.S. generally accepted accounting principles. On June 21, 2017, NYSERDA's President and Chief Executive Officer (CEO) was designated as Chair of the Public Service Commission and CEO of the Department of Public Service. At that time, Janet Joseph, NYSERDA's Vice President for Technology and Strategic Planning was named as NYSERDA's Acting President and CEO until such time the Board of the Authority names a new President and CEO. On June 26, 2017 the Board of the Authority appointed Alicia Barton as NYSERDA's President and CEO and shortly after such vote, and at the same meeting adopted these financial statements.

The Authority maintains a system of internal controls, the objectives of which are to provide reasonable assurance as to the proper authorization and recording of transactions, the safeguarding of Authority assets, the compliance with applicable laws and regulations, and the reliability of financial records for preparing financial statements. The internal control structure is subject to periodic review by management, internal audit staff and the independent auditors. No internal control system can provide absolute assurance that errors and irregularities will not occur due to the inherent limitations of the effectiveness of internal controls; however, management strives to maintain a balance, recognizing that the cost of such system should not exceed the benefits derived.

The Authority's financial statements have been audited by KPMG LLP, independent auditors appointed by the Members of the Authority. Management has made available to the independent auditors all the financial records and related data of the Authority, as well as provided access to all the minutes of the meetings of the Board and its standing committees. The independent auditors periodically meet directly with the Audit and Finance Committee of the Board, which is comprised of Members who are not employees of the Authority.

The independent audit included obtaining an understanding of the internal control structure, tests of accounting records, and other procedures which the independent auditors considered necessary in order to express opinions as to the fairness of the presentation of the financial statements. No material weaknesses in internal control or any condition of non-compliance with applicable laws, regulations or policy were noted by the independent auditors through the execution of their audit procedures. The unmodified independent auditors' report attests that the financial statements are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles.

Alicia Barton
President and Chief Executive Officer

Janet Joseph
Acting President and Chief Executive Officer

Jeffrey J. Pitkin
Treasurer and Chief Financial Officer

KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

Members of the Authority
New York State Energy Research and Development Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New York State Energy Research and Development Authority (a component unit of the State of New York) (the Authority) as of and for the year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New York State Energy Research and Development Authority as of March 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Report on Summarized Comparative Information

We have previously audited the 2016 financial statements of the New York State Energy Research and Development Authority, and we expressed unmodified audit opinions on those audited financial statements in our report dated June 21, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis and the required supplementary information on page 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Responsibility for Financial Reporting section is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2017 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

KPMG LLP

Albany, New York
June 26, 2017

New York State Energy Research and Development Authority
(A Component Unit of the State of New York)
Management's Discussion and Analysis
For the Year Ended March 31, 2017
Unaudited

The following Management's Discussion and Analysis (MD&A) of New York State Energy Research and Development Authority's (NYSERDA) financial performance provides an overview of NYSERDA's financial activities for the fiscal year ended March 31, 2017. The information contained in the MD&A should be considered in conjunction with the information presented as part of NYSERDA's basic financial statements. Following this MD&A are the basic financial statements of NYSERDA with the notes thereto that are essential to a full understanding of the data contained in the financial statements. NYSERDA's basic financial statements have the following components: (1) government-wide financial statements; (2) governmental fund financial statements; (3) proprietary fund financial statements; (4) fiduciary fund financial statements; and (5) notes to the basic financial statements.

The government-wide financial statements are designed to provide readers with a broad overview of NYSERDA's finances in a manner similar to a private-sector business. The *Statement of Net Position* presents information on all of NYSERDA's assets, deferred outflows of resources, and liabilities, and the difference between these is reported as net position. The *Statement of Activities* presents information showing how NYSERDA's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods, or which already resulted in cash flows in a prior fiscal period. The government-wide financial statements present information about NYSERDA as a whole. All of the activities of NYSERDA are considered to be governmental activities, with the exception of the activities of NY Green Bank, which are considered business-type activities.

Governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. The governmental fund *Balance Sheet* and the governmental *Statement of Revenues, Expenditures, and Changes in Fund Balances* provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

Proprietary fund financial statements provide information for business-type activities where NYSERDA charges fees to customers to recover costs of providing services. NY Green Bank is reported as a proprietary fund. The proprietary fund financial statements include a *Statement of Net Position,* a *Statement of Revenues, Expenses and Changes in Fund Net Position*, and a *Statement of Cash Flows*.

The fiduciary financial statements report assets held by NYSERDA in a fiduciary capacity for others and consist of a *Statement of Fiduciary Net Position* and *Statement of Changes in Fiduciary Net Position*. These funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support NYSERDA's programs.

The notes to the basic financial statements provide additional information that is essential for a full understanding of the information provided in the government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements.

CONDENSED FINANCIAL INFORMATION

The following condensed financial information is presented in NYSERDA's government-wide financial statements:

(Amounts in thousands)

Summary of Net Position	Governmental Activities	Business-type Activities	Total March 31, 2017	March 31, 2016	% Change 2017-2016
Cash and investments	$839,486	105,677	945,163	1,648,153	-42.7%
Capital assets	17,175	-	17,175	15,306	12.2%
Loans and financing receivables	198,521	258,541	457,062	155,020	194.8%
Other assets	22,788	1,510	24,298	38,963	-37.6%
Total assets	1,077,970	365,728	1,443,698	1,857,442	-22.3%
Deferred outflows of resources	14,506	1,435	15,941	4,521	252.6%
Non-current liabilities	151,527	1,583	153,110	102,847	48.9%
Other liabilities	68,529	344	68,873	83,357	-17.4%
Total liabilities	220,056	1,927	221,983	186,204	19.2%
Net Position:					
Net investment in capital assets	17,161	-	17,161	15,277	12.3%
Restricted	852,422	365,236	1,217,658	1,656,627	-26.5%
Unrestricted	2,837	-	2,837	3,855	-26.4%
Total net position	$872,420	365,236	1,237,656	1,675,759	-26.1%

Total assets decreased $413.7 million (22.3%). Cash and investments decreased $703.0 million (42.7%) primarily due to the postponement of utility surcharge collections from electric utilities pursuant to the January 2016 Clean Energy Fund's (CEF) Order "Bill-As-You-Go" (BAYG) funding mechanism, which directed the electric and gas utilities to hold ratepayer collections for certain programs commencing January 1, 2016 for future reimbursement of CEF program expenditures once NYSERDA's cash balances are reduced to a two-month working capital estimate. Also contributing to the decrease in Cash and investments was an increase in Loans and financing receivables deployed by New York Green Bank (Green Jobs-Green New York (GJGNY) loans issued were financed with bond proceeds). Loans and financing receivables increased $302.0 million (194.8%) due to a $53.5 million increase in loans issued and outstanding (less an allowance for doubtful accounts) through the GJGNY program, as well as an increase of $248.5 million in NY Green Bank Loans and financing receivables outstanding. Other assets decreased $14.7 million (37.6%) primarily due to the net change in New York State and Third-party accounts receivable balances outstanding. Deferred outflows of resources increased by $11.4 million (252.6%) due to an increase in the actuarially-determined deferred outflows determined by the New York State and Local Retirement System, of which NYSERDA is required to recognize its proportionate share relative to all participating employers.

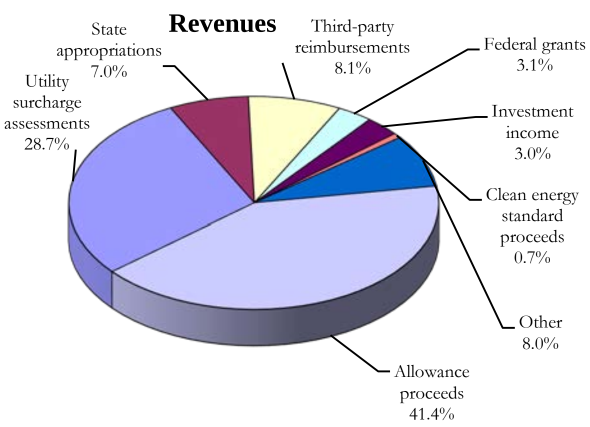
Total liabilities increased $35.8 million (19.2%). Non-current liabilities increased $50.3 million (48.9%) primarily due to bonds issued in the GJGNY program to finance additional loans. The increase in net pension liability also contributed significantly to the increase in long-term liabilities. The net pension liability increased $13.6 million, and reflects an increase in the actuarially-determined net pension liability (unfunded liability) determined by the New York State and Local Retirement System, of which NYSERDA is required to record its proportionate share relative to all participating employers. Other liabilities decreased by $14.5 million (17.4%) primarily due to a reduction in accrued expenses resulting from the wind down of the Energy Efficiency Portfolio Standard (EEPS) program, and due to refunds paid to Con Edison in FY 16-17.

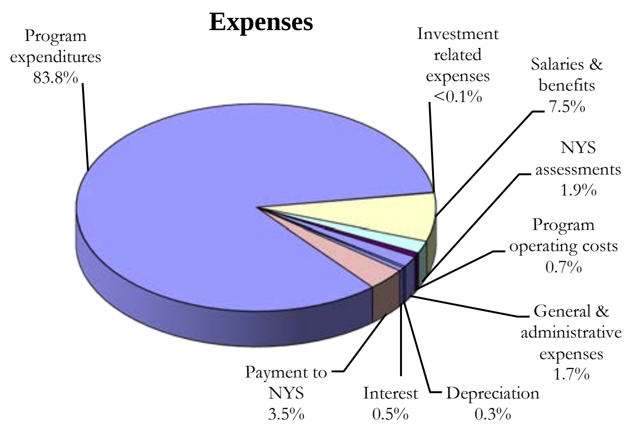
Net position decreased $438.1 million (26.1%). Restricted net position decreased $439.0 million (26.5%) based primarily on the BAYG funding mechanism.

New York State Energy Research and Development Authority
(A Component Unit of the State of New York)
Management's Discussion and Analysis
For the Year Ended March 31, 2017
Unaudited

(Amounts in thousands)

Summary of Changes in Net Position	Governmental Activities	Business-type Activities	Total March 31, 2017	March 31, 2016	% Change 2017-2016
Revenues:					
State appropriations	$14,815	-	14,815	14,346	3.3%
Utility surcharge assessments	61,197	-	61,197	532,401	-88.5%
Clean Energy Standard proceeds	1,563	-	1,563	-	100.0%
Allowance proceeds	88,417	-	88,417	165,660	-46.6%
Third-party reimbursements	17,302	-	17,302	41,224	-58.0%
Federal grants	6,642	-	6,642	9,483	-30.0%
Interest subsidy	492	-	492	509	-3.4%
Loans and financing receivables interest	5,882	5,373	11,255	3,438	227.4%
Investment income	5,584	921	6,505	12,446	-47.7%
Other program revenue	1,998	3,399	5,397	2,657	103.1%
Total revenues	203,892	9,693	213,585	782,164	-72.7%
Expenses:					
Salaries and benefits	44,510	4,371	48,881	45,250	8.0%
Program expenditures	545,912	-	545,912	589,560	-7.4%
Investment related expenses	-	520	520	211	146.6%
Program operating costs	3,533	914	4,447	2,466	80.3%
General & administrative costs	9,970	979	10,949	9,931	10.3%
Depreciation	1,723	124	1,847	1,634	13.1%
NY State assessments	12,430	124	12,554	12,554	0.0%
Interest	3,578	-	3,578	1,563	129.0%
Payment to NY State	23,000	-	23,000	41,000	-43.9%
Total expenses	644,656	7,032	651,688	704,169	-7.5%
Increase (decrease) in net position before transfers	(440,764)	2,661	(438,103)	77,995	-661.7%
Transfers	(150,000)	150,000	-	-	-
Change in net position	(590,764)	152,661	(438,103)	77,995	-661.7%
Net position, beginning of year	1,463,184	212,575	1,675,759	1,597,764	n/a
Net position, end of year	$872,420	365,236	1,237,656	1,675,759	-26.1%





Total revenue decreased $568.6 million (72.7%). State appropriation revenue increased by $0.5 million (3.3%) primarily due to an increase of $1.4 million in reimbursement revenues received for certain energy and environmental program expenditures, offset in part by a decrease of $1.1 million in revenues received to reimburse West Valley program expenditures. Utility surcharge assessments revenue decreased by $471.2 million (88.5%) principally due to the BAYG funding mechanism. Clean Energy Standard (CES) proceeds reflect the sale of renewable energy credits and zero emission credits to Load Serving Entities pursuant to an August 2016 Public Service Commission (Commission) Order under the CES program obligating Load Serving Entities in New York State to invest in renewable generation resources to serve New York State retail customers and to invest in the preservation of existing at-risk nuclear zero-emissions attributes. Allowance proceeds decreased by $77.2 million (46.6%) due to sales prices being significantly lower than in the prior fiscal year. Third-party reimbursements decreased by $23.9 million (58.0%) principally due to a decrease in reimbursable funding from Con Edison due to timing of anticipated expenditures under the Indian Point Energy Center Reliability Contingency program. Federal grants revenue decreased $2.8 million (30.0%) primarily due to an overall decrease in reimbursable expenses for several Federal grants. Loans and financing receivables interest income increased $7.8 million (227.4%) as a result of additional loans outstanding in both the GJGNY program and NY Green Bank. Total investment income decreased $5.9 million (47.7%) primarily due to a change in the market value of investments as well as a decrease in average balances invested due to the BAYG funding mechanism.

Total expenses decreased $52.5 million (7.5%). Program expenditures decreased $43.6 million (7.4%) primarily due to lower expenditures in the EEPS, Renewable Portfolio Standard (RPS), and System Benefits Charge (SBC) programs. Program operating costs increased by $2.0 million (80.3%) primarily due to information technology consulting services and software licenses to support the development of several corporate technology initiatives. General & administrative costs increased by $1.0 million (10.3%) for similar reasons as program operating costs. Interest expense increased $2.0 million (129.0%) primarily from an increase in bonds issued and outstanding in the GJGNY program. Payment to NY State decreased due to a reduction in the directed payment to the State general fund in the State Budget.

Transfers from governmental activities to business-type activities represent the Commission-authorized additional capitalization of NY Green Bank.

FINANCIAL ANALYSIS OF FUNDS

Total fund balances for the governmental funds decreased from $1.5 billion to $1.0 billion as further described below:

- The Market Development/Innovation & Research fund balance increased from $5.2 million to $35.0 million principally due to a transfer of net assets from various funds to provide a two-month working capital balance pursuant to the BAYG funding mechanism, and due to a transfer from Regional Greenhouse Gas Initiative (RGGI) pursuant to its operating plan and the CEF Order.
- The EEPS fund balance decreased from $143.2 million to $41.4 million principally due to expenditures funded by revenues recognized in prior fiscal years, and due to transfers to other funds pursuant to the BAYG funding mechanism and the Commission-authorized additional capitalization of NY Green Bank.
- The RPS fund balance decreased from $555.4 million to $293.2 million principally from transfers to other funds under the BAYG funding mechanism and the Commission-authorized additional capitalization of the NY Green Bank, as well as from expenditures funded by revenues recognized in prior fiscal years.
- The RGGI fund balance decreased from $260.7 million to $130.9 million principally as a result of transfers to the GJGNY program fund of $41.7 million and $25.0 million to the Market Development/Innovation & Research fund, as well as from expenditures funded by revenues recognized in prior fiscal years.
- The GJGNY fund balance increased from $172.8 million to $240.1 million principally due to bonds issued of $46.4 million, and a transfer of $41.7 million from the RGGI fund, offset in part by program expenditures of $27.2 million.
- The aggregated Other funds fund balance decreased from $409.4 million to $252.5 million principally due to expenditures of the Technology and Market Development Portfolio and the New York Energy $mart program funded by revenues recognized in prior fiscal years, as well as net transfers pursuant to the BAYG funding mechanism and the Commission-authorized additional capitalization of NY Green Bank.

Total net position for the proprietary fund was $365.2 million at March 31, 2017 as described below:

- NY Green Bank's net position increased by $152.7 million (71.8%) primarily due to an additional capitalization of $150.0 million transferred from other funds pursuant to the 2016 CEF Order and due to revenues exceeding expenses by $2.7 million. Operating revenues increased by $8.2 million primarily related to interest earned on larger loans and financing receivables balances, and also from an increase in fees received from investment related transactions. Operating expenses increased by $1.5 million primarily due an increase in staffing levels, associated fringe benefit costs, temporary staffing costs, and professional service costs related to closing investment-related transactions and engaging the services of a fund administrator.

CAPITAL ASSET AND DEBT ADMINISTRATION

NYSERDA maintains land, buildings, and furniture and equipment in various locations for its corporate purposes. Total capital assets as of March 31, 2017 were $17.2 million, net of accumulated depreciation. Capital asset additions for the fiscal year ended March 31, 2017 were $3.7 million, primarily for technology upgrades such as NYSERDA's implementation of Salesforce project management software.

Total long-term liabilities increased from $102.8 million to $153.1 million primarily due to bonds issued for the GJGNY program to finance residential energy efficiency improvements and the installation of residential photovoltaic systems.

NYSERDA also issues tax-exempt bonds on a conduit basis on behalf of utility companies to finance certain eligible projects. As of March 31, 2017, approximately $2.5 billion of bonds are outstanding. These bonds are non-recourse bonds and, as such, are not included in NYSERDA's financial statements.

ECONOMIC FACTORS

On behalf of the State, NYSERDA manages the Western New York Nuclear Service Center in West Valley, New York, the site of a former plant for reprocessing used nuclear fuel. Depending upon the clean-up options selected and agreement on cost sharing with the federal government, these costs could be substantial. It is anticipated that New York State's share of future costs for the West Valley site will be provided by New York State to NYSERDA and will not impact NYSERDA's current funding. As permitted by Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, no liability has been recorded in NYSERDA's financial statements for this contingency due to the expected recoveries from New York State.

NYSERDA's programs are impacted by a number of factors including, but not limited to, general economic conditions, energy prices, energy system reliability, and energy technology advancements. Revenues in the RGGI program in particular can be highly sensitive to some of the aforementioned factors.

CONTACT FOR AUTHORITY'S FINANCIAL MANAGEMENT

This report is designed to provide a general overview of the finances of NYSERDA for interested parties. Questions concerning any information within this report or requests for additional information should be addressed to Jeffrey J. Pitkin, Treasurer and Chief Financial Officer, 17 Columbia Circle, Albany, NY 12203.

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

(A Component Unit of the State of New York)

Statement of Net Position

March 31, 2017

(with summarized comparative totals for March 31, 2016)

(Amounts in thousands)

	Governmental Activities	Business-type Activities	Total March 31, 2017	March 31, 2016
ASSETS:				
Current assets:				
Cash and investments	$808,013	105,028	913,041	896,930
New York State receivable	5,041	-	5,041	16,861
Third-party billings receivable	4,335	100	4,435	10,397
Interest receivable on loans	486	1,410	1,896	263
Loans and financing receivables due within one year	14,332	30,540	44,872	10,166
Prepaid expense	1,822	-	1,822	744
Other assets	11,104	-	11,104	10,698
Total current assets	845,133	137,078	982,211	946,059
Non-current assets:				
Investments	31,473	649	32,122	751,223
Loans and financing receivables- long-term	184,189	228,001	412,190	144,854
Capital assets, net of depreciation	17,175	-	17,175	15,306
Total non-current assets	232,837	228,650	461,487	911,383
Total assets	1,077,970	365,728	1,443,698	1,857,442
DEFERRED OUTFLOWS OF RESOURCES	14,506	1,435	15,941	4,521
LIABILITIES:				
Current liabilities:				
Non-current liabilities due within one year	9,386	-	9,386	7,556
Accounts payable	9,650	-	9,650	7,417
Con Edison payable	138	-	138	5,350
Accrued liabilities	56,931	134	57,065	66,264
Unearned revenue	1,810	-	1,810	4,116
Escrow deposits	-	210	210	210
Total current liabilities	77,915	344	78,259	90,913
Non-current liabilities:				
Bonds and notes payable	121,353	-	121,353	86,746
Other non-current liabilities	20,788	1,583	22,371	8,545
Total non-current liabilities	142,141	1,583	143,724	95,291
Total liabilities	220,056	1,927	221,983	186,204
NET POSITION:				
Net investment in capital assets	17,161	-	17,161	15,277
Restricted for specific programs	852,422	365,236	1,217,658	1,656,627
Unrestricted	2,837	-	2,837	3,855
Total net position	$872,420	365,236	1,237,656	1,675,759

See accompanying notes to the basic financial statements.

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)
Statement of Activities
For the year ended March 31, 2017
(with summarized comparative totals for March 31, 2016)
(Amounts in thousands)

	Governmental Activities								
	Functions/Programs								
	Market Development / Innovation & Research	New York Energy $mart	Energy Efficiency Portfolio Standard	Technology and Market Development Portfolio	Renewable Portfolio Standard	NY-Sun	Energy Research & Development	CES	RGGI
EXPENSES:									
Salaries and benefits	$13,667	366	5,658	5,004	2,118	1,779	2,370	288	3,929
Program expenditures	46,708	8,585	89,756	42,203	123,353	36,111	7,580	310	122,918
Investment related expenses	-	-	-	-	-	-	-	-	-
Program operating costs	843	-	414	224	183	450	142	69	225
General & administrative expense	3,062	82	1,267	1,121	474	398	531	64	880
Depreciation	456	10	160	142	60	167	67	8	111
NY State assessments	1,091	171	1,879	864	2,309	682	193	13	2,796
Interest	-	-	-	-	-	-	-	-	-
Payment to NY State	-	-	-	-	-	-	-	-	23,000
Total expenses	65,827	9,214	99,134	49,558	128,497	39,587	10,883	752	153,859
REVENUES:									
Operating grants and contributions									
State appropriations	-	-	-	-	-	-	1,365	-	1,728
Utility surcharge assessments	-	-	41,497	-	-	-	9,604	-	-
Clean energy standard proceeds	-	-	-	-	-	-	-	1,563	-
Allowance proceeds	-	-	-	-	-	-	-	-	88,417
Third-party reimbursements	-	-	412	451	-	-	-	-	25
Federal grants	-	-	-	-	-	-	-	-	-
Interest subsidy	-	-	-	-	-	-	-	-	-
Charges for services									
Project repayments	-	-	-	-	-	-	259	-	-
Rentals from leases	-	-	-	-	-	-	-	-	-
Fees and other income	-	-	-	-	35	-	-	-	-
Loans and financing receivables interest	-	-	-	-	-	-	-	-	-
Other									
Investment income	4	310	293	831	2,589	-	125	6	1,052
Total revenues	4	310	42,202	1,282	2,624	-	11,353	1,569	91,222
Increase (decrease) in net position before transfers	(65,823)	(8,904)	(56,932)	(48,276)	(125,873)	(39,587)	470	817	(62,637)
Transfers	95,977	(66,604)	(45,133)	(49,462)	(136,448)	67,630	(435)	9,759	(67,410)
Change in net position	30,154	(75,508)	(102,065)	(97,738)	(262,321)	28,043	35	10,576	(130,047)
Net position, beginning of year	5,261	110,850	143,224	191,217	555,613	(1,748)	27,482	-	260,986
Net position, end of year	$35,415	35,342	41,159	93,479	293,292	26,295	27,517	10,576	130,939

See accompanying notes to the basic financial statements.

	Governmental Activities					Business-type Activities	Total March 31, 2017	March 31, 2016
	Functions/Programs (cont'd)							
	GJGNY	Energy Analysis	West Valley	Other	Total	NY Green Bank		
EXPENSES:								
Salaries and benefits	1,194	3,089	2,457	2,591	44,510	4,371	48,881	45,250
Program expenditures	12,172	1,459	11,802	42,955	545,912	-	545,912	589,560
Investment related expenses	-	-	-	-	-	520	520	211
Program operating costs	103	321	196	363	3,533	914	4,447	2,466
General & administrative expense	268	692	550	581	9,970	979	10,949	9,931
Depreciation	34	87	73	348	1,723	124	1,847	1,634
NY State assessments	321	102	270	1,739	12,430	124	12,554	12,554
Interest	3,578	-	-	-	3,578	-	3,578	1,563
Payment to NY State	-	-	-	-	23,000	-	23,000	41,000
Total expenses	17,670	5,750	15,348	48,577	644,656	7,032	651,688	704,169
REVENUES:								
Operating grants and contributions								
State appropriations	-	150	10,788	784	14,815	-	14,815	14,346
Utility surcharge assessments	-	3,730	-	6,366	61,197	-	61,197	532,401
Clean energy standard proceeds	-	-	-	-	1,563	-	1,563	-
Allowance proceeds	-	-	-	-	88,417	-	88,417	165,660
Third-party reimbursements	-	-	2,462	13,952	17,302	-	17,302	41,224
Federal grants	-	2,067	-	4,575	6,642	-	6,642	9,483
Interest subsidy	492	-	-	-	492	-	492	509
Charges for services								
Project repayments	-	-	-	-	259	-	259	484
Rentals from leases	-	-	-	1,316	1,316	-	1,316	1,327
Fees and other income	19	-	-	369	423	3,399	3,822	846
Loans and financing receivables interest	5,882	-	-	-	5,882	5,373	11,255	3,438
Other								
Investment income	111	-	-	263	5,584	921	6,505	12,446
Total revenues	6,504	5,947	13,250	27,625	203,892	9,693	213,585	782,164
Increase (decrease) in net position before transfers	(11,166)	197	(2,098)	(20,952)	(440,764)	2,661	(438,103)	77,995
Transfers	41,690	-	-	436	(150,000)	150,000	-	-
Change in net position	30,524	197	(2,098)	(20,516)	(590,764)	152,661	(438,103)	77,995
Net position, beginning of year	81,083	1,440	2,098	85,678	1,463,184	212,575	1,675,759	1,597,764
Net position, end of year	111,607	1,637	-	65,162	872,420	365,236	1,237,656	1,675,759

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

(A Component Unit of the State of New York)

Balance Sheet - Governmental Funds

March 31, 2017

(with summarized comparative totals for March 31, 2016)

(Amounts in thousands)

	Major Funds							
	Market Development / Innovation & Research	Energy Efficiency Portfolio Standard	Renewable Portfolio Standard	RGGI	GJGNY	Other Funds	Total March 31, 2017	March 31, 2016
ASSETS:								
Cash and investments	$39,685	47,639	310,656	135,569	42,518	263,419	839,486	1,445,517
Receivables:								
New York State	-	-	-	1,051	-	3,990	5,041	16,861
Third-party billings	-	1,213	-	331	121	2,670	4,335	10,388
Interest on loans	-	-	-	-	486	-	486	180
Loans	-	-	-	-	198,521	-	198,521	145,007
Prepaid expense	-	-	-	-	-	1,822	1,822	744
Other assets	-	-	-	-	-	11,104	11,104	10,698
Due from other funds	694	258	-	-	741	-	1,693	1,269
Total assets	40,379	49,110	310,656	136,951	242,387	283,005	1,062,488	1,630,664
LIABILITIES AND FUND BALANCES:								
Liabilities:								
Accounts payable	1,543	538	1,313	1,601	693	3,962	9,650	7,417
Con Edison payable	-	-	-	-	-	138	138	5,350
Accrued liabilities	3,826	7,156	16,052	4,036	1,570	24,291	56,931	66,264
Due to other funds	-	-	102	36	-	790	928	738
Unearned revenue	-	-	-	373	64	1,373	1,810	4,116
Total liabilities	5,369	7,694	17,467	6,046	2,327	30,554	69,457	83,885
Fund Balances:								
Nonspendable-not in spendable form	-	-	-	-	-	1,822	1,822	744
Restricted	35,010	41,416	293,189	130,905	240,060	249,614	990,194	1,541,159
Assigned	-	-	-	-	-	-	-	4,876
Unassigned	-	-	-	-	-	1,015	1,015	-
Total fund balances	35,010	41,416	293,189	130,905	240,060	252,451	993,031	1,546,779
Total liabilities and fund balances	$40,379	$49,110	310,656	136,951	242,387	283,005	1,062,488	1,630,664

Following is a reconciliation of amounts reported differently in the Statement of Net Position:

Total fund balances for governmental funds	993,031	1,546,779
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	16,996	15,114
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(151,481)	(102,460)
Deferred outflows are not reported in govermental funds	14,506	4,114
Accrued interest expense	(632)	(363)
Net position of governmental activities	$872,420	1,463,184

See accompanying notes to the basic financial statements.

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the year ended March 31, 2017
(with summarized comparative totals for March 31, 2016)
(Amounts in thousands)

	Market Development / Innovation & Research	Energy Efficiency Portfolio Standard	Renewable Portfolio Standard	RGGI	GJGNY	Other Funds	Total March 31, 2017	March 31, 2016
REVENUES:								
State appropriations	$ -	-	-	1,728	-	13,087	14,815	14,346
Utility surcharge assessments	-	41,497	-	-	-	19,700	61,197	532,401
Clean Energy Standard proceeds	-	-	-	-	-	1,563	1,563	-
Allowance proceeds	-	-	-	88,417	-	-	88,417	165,660
Third-party reimbursements	-	412	-	25	-	16,865	17,302	41,224
Federal grants	-	-	-	-	-	6,642	6,642	9,483
Interest subsidy	-	-	-	-	492	-	492	509
Project repayments	-	-	-	-	-	259	259	484
Rentals from leases	-	-	-	-	-	1,316	1,316	1,327
Fees and other income	-	-	35	-	19	369	423	444
Loan interest	-	-	-	-	5,882	-	5,882	3,312
Investment income	4	293	2,589	1,052	111	1,535	5,584	11,166
Total revenues	4	42,202	2,624	91,222	6,504	61,336	203,892	780,356
EXPENDITURES:								
Current expenditures	64,701	98,696	128,334	153,555	13,276	177,887	636,449	693,742
Debt service:								
Principal	-	-	-	-	9,908	-	9,908	2,557
Interest	-	-	-	-	3,310	-	3,310	1,200
Bond issuance costs	-	-	-	-	724	-	724	1,823
Capital outlay	1,519	145	54	101	31	1,759	3,609	1,909
Total expenditures	66,220	98,841	128,388	153,656	27,249	179,646	654,000	701,231
OTHER FINANCING SOURCES (USES):								
Residential Energy Efficiency Financing revenue bonds issued	-	-	-	-	23,180	-	23,180	46,357
Residential Solar Loan revenue bonds issued	-	-	-	-	23,180	-	23,180	25,355
Refunding of Residential Energy Efficiency revenue notes	-	-	-	-	-	-	-	(30,000)
Transfers in	95,977	9,327	-	-	41,690	66,768	213,762	70,633
Transfers out	-	(54,460)	(136,448)	(67,410)	-	(105,444)	(363,762)	(70,633)
Net Other Financing Sources (Uses)	95,977	(45,133)	(136,448)	(67,410)	88,050	(38,676)	(103,640)	41,712
Net change in fund balances	29,761	(101,772)	(262,212)	(129,844)	67,305	(156,986)	(553,748)	120,837
Fund balances, beginning of period	5,249	143,188	555,401	260,749	172,755	409,437	1,546,779	1,425,942
Fund balances, end of period	$35,010	$41,416	293,189	130,905	240,060	252,451	993,031	1,546,779

Following is a reconciliation of amounts reported differently in the Statement of Activities:

	2017	2016
Net change in fund balances for govenmental funds	(553,748)	120,837
Capitalization and depreciation of capital outlays, rather than recording as an expenditure	1,881	396
Expenses for compensated absences in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	(251)	(405)
Expenses for accrued bond interest in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	(269)	(363)
Pension contributions are not an expense in the Statement of Activities, and GASB 68 pension expense is not a use of current financial resources in the governmental funds	(1,940)	472
Bond proceeds are a current financial resource in the governmental funds but are not reported as revenues in the Statement of Activities	(46,360)	(71,713)
Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position	9,923	32,571
Change in net position of governmental activities	($590,764)	81,795

See accompanying notes to the basic financial statements.

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

(A Component Unit of the State of New York)

Statement of Net Position

Proprietary Fund

March 31, 2017

(with comparative totals for March 31, 2016)

(Amounts in thousands)

	March 31, 2017	March 31, 2016
ASSETS:		
Current assets:		
Cash and investments	$105,028	101,898
Third-party billings receivable	100	9
Interest receivable on loans	1,410	83
Loans and financing receivables due within one year	30,540	-
Total current assets	137,078	101,990
Non-current assets:		
Investments	649	100,738
Loans and financing receivables - long term	228,001	10,013
Total non-current assets	228,650	110,751
Total assets	365,728	212,741
DEFERRED OUTFLOWS OF RESOURCES	1,435	407
LIABILITIES:		
Current liabilities:		
Accrued liabilities	134	-
Escrow deposits	210	210
Total current liabilities	344	210
Non-current liabilities:		
Net pension liability	1,583	363
Total liabilities	1,927	573
NET POSITION:		
Net position restricted for specific programs	$365,236	212,575

See accompanying notes to the basic financial statements.

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the year ended March 31, 2017
(with comparative totals for March 31, 2016)
(Amounts in thousands)

	March 31, 2017	March 31, 2016
OPERATING REVENUES:		
Closing fees	$3,026	373
Undrawn fees	250	19
Administrative fees	40	10
Other fees	83	-
Loans and financing receivables interest	5,373	126
Total operating revenues	8,772	528
OPERATING EXPENSES:		
Salaries and benefits	4,371	4,053
Investment related expenses	520	211
Program operating costs	914	174
General & administrative expenses	979	889
Depreciation	124	120
NY State assessments	124	91
Total operating expenses	7,032	5,538
OPERATING INCOME (LOSS)	1,740	(5,010)
NON-OPERATING REVENUES:		
Investment income	921	1,280
Total non-operating revenues	921	1,280
INCOME (LOSS) BEFORE TRANSFER	2,661	(3,730)
Transfers in (note 13)	150,000	-
Change in net position	152,661	(3,730)
Net position, beginning of year	212,575	216,305
Net position, end of year	$365,236	212,575

See accompanying notes to the basic financial statements.

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)
Statement of Cash Flows
Proprietary Fund
For the year ended March 31, 2017
(with comparative totals for March 31, 2016)
(Amounts in thousands)

	March 31, 2017	March 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Closing fees collected	$2,951	373
Administrative fees collected	40	10
Undrawn fees collected	238	10
Loan interest collected	4,047	43
Other fees collected	80	-
Receipt of escrow deposits	-	210
Payments to employees & employee benefit providers	(4,179)	(4,092)
Payments to suppliers	(2,281)	(1,274)
Payment for allocated depreciation	(124)	(120)
Payments to NYS	(124)	(91)
Loans and financing receivables deployed	(328,339)	(10,013)
Loans and financing receivables principal repayments	79,811	-
Advance from governmental activities	-	(74)
Net cash used in operating activities	(247,880)	(15,018)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers in (note 13)	150,000	-
Net cash provided by non-capital financing activities	150,000	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(331,215)	(93,605)
Proceeds from sale of investments	426,773	111,047
Investment income	2,578	944
Net cash provided by investing activities	98,136	18,386
Net change in cash:	256	3,368
Cash, beginning of year	3,368	-
Cash, end of year	3,624	3,368
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating income (loss)	1,740	(5,010)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:		
Increase in third party billings receivable	(91)	(9)
Increase in interest receivable	(1,327)	(83)
Increase in loans and financing receivables	(248,528)	(10,013)
Increase in accrued liabilities	134	-
Increase in escrow deposits	-	210
Net change in pension related accounts	192	(39)
Decrease in due to governmental activities	-	(74)
Net cash used in operating activities	($247,880)	(15,018)

See accompanying notes to the basic financial statements.

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)
Statement of Fiduciary Net Position
March 31, 2017 (except for Other Postemployment Benefits Trust Fund which is as of December 31, 2016)
(Amounts in thousands)

	OPEB Trust Fund	Agency Fund
ASSETS:		
Cash and investments	$40,898	33,569
LLRW assessment billings receivable	-	1,282
Total assets	40,898	34,851
LIABILITIES:		
Accrued expenses	13	-
Payable to New York State	-	1,219
LLRW escrow funds	-	4,340
Perpetual care of nuclear waste	-	29,289
Federal Energy Regulatory Commission	-	3
Total liabilities	13	34,851
NET POSITION:		
Held in trust for other postemployment benefits	$40,885	

See accompanying notes to the basic financial statements.

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)
Statement of Changes in Fiduciary Net Position
Other Postemployment Benefits Trust Fund
For the year ended December 31, 2016
(Amounts in thousands)

ADDITIONS:	
Employer contributions	$3,595
Investment income	3,332
Less investment management expenses	(10)
Net investment income	3,322
Total additions	6,917
DEDUCTIONS:	
Benefits	1,137
Trustee management fees	5
Audit fees	10
Total deductions	1,152
Change in net position	5,765
NET POSITION:	
Net position, beginning of year	35,120
Net position, end of year	$40,885

See accompanying notes to the basic financial statements.

(1) GENERAL

The New York State Energy Research and Development Authority (NYSERDA) is a public benefit corporation established in 1975 pursuant to Title 9 of Article 8 of the Public Authorities Law of the State of New York (the State). NYSERDA is included in the State's basic financial statements as a component unit. NYSERDA's major functions and programs are summarized below.

Clean Energy Fund (CEF) Market Development/Innovation & Research
Pursuant to a January 2016 Order (CEF Order), the Public Service Commission (Commission) authorized a ten-year commitment through 2025 of approximately $5.3 billion to clean energy programs through a CEF. The CEF is designed to meet four primary objectives: greenhouse gas emission reductions; energy affordability; statewide penetration and scale of energy efficiency and clean energy generation; and growth in the State's clean energy economy.

The CEF Market Development activities are designed to reduce costs, accelerate customer demand, and increase private investment for energy efficiency and other behind-the-meter clean energy solutions through strategies including financial support, technical knowledge, data, education to customers and service providers, and advanced workforce training. The CEF Innovation & Research activities are designed to invest in cutting-edge technologies that will meet increasing demand for clean energy including: smart grid technology, renewables and distributed energy resources, high performance buildings, transportation, and clean tech startup and innovation development.

The CEF Order provided for a ten-year funding authorization of $3.43 billion for the Market Development and Innovation & Research activities, and also provided additional funding authorization of $781.5 million for NY Green Bank, $960.6 million for NY-Sun, and $150 million for the Renewable Portfolio Standard Program (RPS) for a 2016 Main Tier solicitation. The NY Green Bank, NY-Sun, and RPS programs are presented as separate Programs/Functions in the financial statements as further described below.

The CEF Order authorized the continuation of previously authorized ratepayer collections for calendar years 2016 through 2024 for previous program authorizations for the New York Energy $mart, Energy Efficiency Portfolio Standard, Technology and Market Development, and RPS programs (the Previously Approved Programs). It also authorized incremental ratepayer collections totaling $3.909 billion from calendar years 2016 through 2036 for the new funding authorizations approved, supplemented by $1.152 billion of uncommitted funds reallocated from the Previously Approved Programs (pursuant to uncommitted balances as of February 29, 2016 based upon a report filed on April 29, 2016 as required by the CEF Order) and $250 million of funds to be allocated from 2016-2024 from the Regional Greenhouse Gas Initiative. The CEF Order provides for the disposition of any funds which become uncommitted after February 29, 2016 from the Previously Approved Programs, including retaining the funds for future ratepayer benefits.

The CEF Order established a "Bill-As-You-Go" approach for revenue collection under the CEF effective January 1, 2016. Under this approach, CEF ratepayer collections are held by the electric and gas utilities and used to reimburse NYSERDA for actual CEF program expenses through a monthly reimbursement process, provided that the reimbursement allows NYSERDA to maintain a sufficient cash balance based on projected expenses for the subsequent two-month period, subject to the collection amounts approved in the CEF Order.

New York Energy $mart[SM]
Pursuant to Orders of the Commission, the program was designed to support certain public benefit programs, including energy efficiency, research and development, environmental protection, and low-income programs. The program expired on December 31, 2011 and NYSERDA is administering program funds committed through that date until fully expended.

Energy Efficiency Portfolio Standard (EEPS)
Pursuant to a June 2008 and subsequent Orders, the Commission authorized an EEPS, which provided funding for certain energy efficiency programs for program activities committed through December 31, 2011. NYSERDA

is administering program funds committed through that date until fully expended. In October 2011, the Commission authorized additional energy efficiency programs, which expired February 29, 2016. NYSERDA is administering program funds committed through that date until fully expended.

Technology and Market Development Portfolio

Pursuant to an October 2011 Commission Order, the Technology and Market Development Portfolio was established to test, develop, and introduce new technologies, strategies, and practices that build the statewide market infrastructure to reliably deliver clean energy to New Yorkers. The program expired on February 29, 2016. NYSERDA is administering program funds committed through that date until fully expended.

Renewable Portfolio Standard (RPS)

Pursuant to a September 2004 and subsequent Orders, the Commission adopted a policy of increasing the percentage of electricity used by retail consumers in New York State that is derived from renewable resources to at least 30 percent by 2015. The Commission adopted a RPS that set annual, incremental, renewable energy targets for the years 2006 through 2015; required the use of financial incentives to encourage the development and operation of renewable generation facilities; and adopted a central procurement model to be administered by NYSERDA. The existing programs expired on February 29, 2016, except that as noted above, the CEF Order provided additional funding for a Main Tier solicitation that was issued during 2016. NYSERDA is administering program funds committed until fully expended.

NY-Sun

Approved through a 2012 Commission Order, the NY-Sun program is designed to develop a sustainable and subsidy-free solar electric industry through a megawatt block approach. The NY-Sun program was initially funded through $216 million reallocated under the RPS program; as a result, certain expenditures for the NY-Sun program are included in the RPS program. The CEF Order established the incremental collection schedule and reallocation of uncommitted funds to support program activities approved through the 2012 Order.

Energy Research and Development

The goals of this program are to promote energy efficiency, encourage economic development, expand the use of New York State's indigenous and renewable energy resources, and reduce or mitigate adverse environmental effects associated with energy production and use. Base funding for the program comes from an assessment on the intrastate gas and electricity sales of the State's investor-owned utilities billed by the Department of Public Service and collected by NYSERDA, as authorized through the enacted State Budget.

Clean Energy Standard (CES)

Pursuant to an August 2016 and subsequent Orders, the Clean Energy Standard was established adopting a State Energy Plan goal that 50% of New York's electricity is to be generated by renewable sources by 2030 as part of a strategy to reduce statewide greenhouse gas emissions by 40% by 2030. The CES is comprised of a series of deliberate and mandatory actions to enhance opportunities for customer choice necessary to achieve the State Energy Plan goal. The mandated actions are divided into two categories, a Renewable Energy Standard (RES) and a Zero- Emissions Credit (ZEC) requirement. The RES consists of an obligation on Load Serving Entities (LSE) in New York State to invest in new renewable generation resources to serve their retail customers evidenced by the procurement of qualifying renewable energy credits; an obligation on distribution utilities on behalf of all retail customers to continue to invest in the maintenance of existing at-risk renewable generation attributes; and a program to maximize the value potential of new offshore wind resources. As part of the RES component of the program, NYSERDA will offer for sale to the LSEs at various times Renewable Energy Credits (RECs) produced from, and received under, contracts with qualifying renewable energy facilities to meet the LSEs' mandatory compliance requirements. Alternatively, NYSERDA may receive Alternative Compliance Payments from LSEs in lieu of their purchasing RECs from NYSERDA. The ZEC requirement consists of an obligation on LSEs in New York State to invest in the preservation of existing at-risk nuclear zero-emissions attributes to serve their retail customers, evidenced by the procurement of qualifying ZECs. As part of the ZEC component, NYSERDA provides support payments for specified nuclear generating facilities in amounts prescribed by the Commission's Order based on each facility's output. The funding for these payments is collected through ZECs sold to each LSE in amounts calculated for each LSE's proportionate share of the statewide energy load. The RES component and the ZEC component are interrelated but the goals are additive; that is, the carbon benefits of preserving the nuclear zero-emissions attributes will not count toward achieving the required number of renewable resources to satisfy the 50% by 2030 goal. The RES and ZEC components will, however, in combination, contribute toward the State's comprehensive greenhouse gas reduction goals.

Regional Greenhouse Gas Initiative (RGGI)
The Regional Greenhouse Gas Initiative, or RGGI, is an agreement among nine Northeastern and Mid-Atlantic States to reduce greenhouse gas emissions from power plants. The RGGI states (Participating States) have committed to cap and then reduce the amount of carbon dioxide that certain power plants are allowed to emit, limiting the region's total contribution to atmospheric greenhouse gas levels. The Participating States have agreed to implement RGGI through a regional cap-and-trade program whereby the Participating States have agreed to auction annual regional emissions. Rules and regulations promulgated by the NYS Department of Environmental Conservation (DEC) call for NYSERDA to administer periodic auctions for annual emissions. Pursuant to these regulations, the proceeds will be used by NYSERDA to administer energy efficiency, renewable energy, and/or innovative carbon abatement programs, and to cover the costs to administer such programs.

Green Jobs-Green New York (GJGNY)
GJGNY is a statewide program created by legislation enacted in October 2009 to promote energy efficiency retrofits in residential, multifamily, small business and not-for-profit buildings, and authorizes NYSERDA to establish innovative financing approaches through revolving loan funds to finance such projects. The program will also support sustainable community development and create opportunities for green jobs. The legislation funded the program with $112.0 million from RGGI auction proceeds and restricts the use of interest earnings and revolving loan proceeds for additional programmatic spending. NYSERDA subsequently allocated $77.6 million in additional RGGI funds to support program activities.

Energy Analysis
Through this program, NYSERDA provides objective and credible analyses of energy issues to various stakeholders. The program also includes activities for energy-related emergency planning and response, and support for State energy planning. These program activities are funded primarily by a State assessment on the intrastate gas and electricity sales of the State's investor-owned utilities.

Furthermore, Energy Analysis staff provide oversight activities pursuant to the State Low-Level Radioactive Waste (LLRW) Management Act of 1986, whereby NYSERDA is responsible for ultimately constructing and operating the State's LLRW disposal facilities, collecting information, and providing regular reports to the Governor and Legislature on LLRW generation in the State. These activities are funded annually by State appropriations through a sub-allocation from the New York State Department of Health.

NYSERDA is also responsible for the coordination of nuclear material matters, including serving as the State liaison with the Nuclear Regulatory Commission.

West Valley
NYSERDA manages, on behalf of the State, the Western New York Nuclear Service Center (West Valley), which is the site of a former plant for reprocessing used nuclear fuel. Through 1972, the former plant operator, Nuclear Fuel Services, Inc., generated as a by-product of its reprocessing operations, more than 600,000 gallons of liquid, high-level radioactive waste, which was stored at the site. In 1980, Congress enacted the West Valley Demonstration Project Act (West Valley Act). Pursuant to the West Valley Act, the U.S. Department of Energy (DOE) is carrying out a demonstration project to: (1) solidify the liquid high-level radioactive waste at West Valley; (2) transport the solidified waste to a permanent federal repository; and (3) decontaminate and decommission the reprocessing plant and the facilities, materials, and hardware used in the project.

NYSERDA also maintains, on behalf of the State, the State-Licensed Disposal Area (SDA), which is a shut-down commercial low-level radioactive waste disposal facility at West Valley. NYSERDA is evaluating how to remediate and close this facility in accordance with regulatory requirements.

Other

Other programs represent an aggregate of smaller programs/initiatives. These activities are primarily funded through Memorandums of Understanding with various utilities pursuant to Commission Orders and various third-party reimbursements and federal energy grants.

NY Green Bank

NY Green Bank, a division of NYSERDA accounted for as a proprietary fund, is a $1.0 billion, state-sponsored, specialized financial entity working in partnership with the private sector to increase investments into New York's clean energy markets, creating a more efficient, reliable, and sustainable energy system. NY Green Bank's mission is "to accelerate clean energy deployment in New York State by working in partnership with the private sector to transform financing markets."

To date, NY Green Bank has participated in transactions by providing: construction and longer-term post-construction financing and investment, financing to enable developers to aggregate smaller distributed assets into portfolios at scale, and credit enhancements.

NY Green Bank works to increase the size, volume, and breadth of clean energy investment activity throughout the State, expand the base of investors focused on New York State clean energy, and increase clean energy participants' access to capital. To do so, NY Green Bank collaborates with the private sector to develop transaction structures and methodologies that overcome typical clean energy investment barriers, such as challenges in evaluating risk and addressing the needs of distributed energy and efficiency projects where underwriting may be geared more towards larger and/or groups of somewhat homogeneous investment opportunities.

NY Green Bank focuses on opportunities that create attractive precedents, standardized practices, and roadmaps that capital providers can willingly replicate and scale. As funders "crowd in" to a particular area within the clean energy landscape, NY Green Bank moves on to other areas that have attracted less investor interest.

As a key component of New York's CEF, NY Green Bank is structured to be self-sustaining in that it must ultimately cover its own costs of operation.

Pursuant to a December 2013 Order of the Commission, initial funding of $165.6 million was made available to the NY Green Bank from uncommitted NYSERDA and utility clean energy funds. In addition to the Commission Order, NYSERDA also contributed $52.9 million of its own Regional Greenhouse Gas Initiative (RGGI) revenues to the NY Green Bank for a total initial capitalization of $218.5 million. In July 2015, the Commission issued an Order providing an additional $150.0 million of capitalization, to be funded from certain uncommitted ratepayer program funds, subject to specified triggers. As discussed above, the CEF Order authorized incremental collections for the remaining $631.5 million of NY Green Bank's $1.0 billion capitalization. The CEF Order authorized incremental collections in varying amounts from calendar year 2016 through 2025, and authorizes the establishment of an external credit facility with a pledge of the incremental collections if and when necessary to meet future liquidity and capital deployment needs.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The basic financial statements include government-wide financial statements, governmental fund financial statements, proprietary fund financial statements, and fiduciary fund financial statements.

The government-wide financial statements report information on governmental and business-type activities, and consist of a Statement of Net Position and a Statement of Activities. These statements exclude information about fiduciary activities where NYSERDA holds assets in a trustee or agency capacity for others since such assets cannot be used to support NYSERDA's own programs.

Net position classifications used in the government-wide financial statements are as follows:

Net investment in capital assets – amount of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt attributable to the acquisition, construction, or improvement of those assets, and deferred outflows of resources less deferred inflows of resources, that are attributable to the acquisition, construction, or improvement of those assets or related debt, excluding any significant unspent related debt proceeds or deferred inflows of resources.
Restricted for specific programs – amount of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets.
Unrestricted – amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of Net investment in capital assets or the Restricted for specific programs components of net position.

The governmental fund financial statements report governmental activities and consist of a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances. The funds presented in the governmental funds statements are categorized as either major (CEF, EEPS, RPS, RGGI & GJGNY) or non-major funds (the latter are aggregated as "Other") as required by U.S. generally accepted accounting principles (GAAP).

Fund balance classifications used in the governmental fund financial statements are as follows:

Nonspendable – amounts that cannot be spent because they are not in spendable form.
Restricted – amounts with constraints placed on the use of resources that are legally imposed by creditors, grantors, contributors, or laws or regulations of other governments. They may be imposed by law through constitutional provisions or enabling legislation.
Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making. Amounts cannot be used for any other purposes unless the government removes the specified use.
Assigned – amounts are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed.
Unassigned – residual balance is the amount not meeting other fund balance classifications.

NYSERDA administers certain programs on behalf of the State Public Service Commission and others whereby the terms of the program sponsor or enabling legislation limit the use of funds to certain program purposes, and as such, the funds are reported as restricted. Since NYSERDA has multiple constraints on its resources, restricted funds are considered spent first, committed funds second, assigned funds third, and unassigned funds last.

The proprietary fund financial statements, based on an enterprise type fund, report business-type activities for which a fee is charged to external users for goods or services, and consist of a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Fund Net Position; and a Statement of Cash Flows. NY Green Bank is presented in the proprietary fund financial statements.

The fiduciary fund financial statements report assets held by NYSERDA in a fiduciary capacity for others and consist of a Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. NYSERDA's fiduciary funds include: (1) funds held for reimbursement to the State for costs associated with the Low-Level Radioactive Waste Management Act of 1986; (2) funds that, pursuant to a Cooperative Agreement, must be turned over to the U.S. Department of Energy upon delivery of the solidified high-level radioactive waste from West Valley to a permanent federal disposal repository to provide for perpetual care and management of the waste; and (3) funds held in an irrevocable trust maintained by a third-party trustee to receive employer contributions for NYSERDA's health insurance premiums for benefits provided to NYSERDA employees and/or their eligible spouses and dependent children after active employment ends (postemployment).

The basic financial statements include certain prior-year summarized comparative information in total, but not by separate governmental activities and major funds. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with NYSERDA's financial statements for the year ended March 31, 2016, from which the summarized information was derived.

(b) **Basis of accounting**

The government-wide financial statements are prepared using the economic resources measurement focus and accrual basis of accounting, as are the enterprise fund and the fiduciary fund financial statements. Revenues resulting from exchange transactions are recognized when the exchange takes place. Revenues resulting from non-exchange transactions, such as program funding in the form of grants, contributions, utility surcharge assessments, and State appropriations, are recognized when all eligibility requirements (if any) have been met. Resources received in advance of meeting all eligibility requirements are recorded as unearned revenue. Expenses in the government-wide financial statements are recognized when incurred. NYSERDA's administrative overhead charges are included as program direct expenses in the Statement of Activities.

Financial statements for governmental funds are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become measurable and available (expected to be collected in the next 12 months) and have met eligibility requirements (if any). Expenditures, rather than expenses, are recognized in governmental fund financial statements. Only transactions that require the use of current financial resources are recognized. Expenses related to non-current liabilities are not recorded; however, certain expenses that are recognized over time in the government-wide financial statements are recognized as expenditures in the governmental fund financial statements in the period in which the underlying transaction takes place.

The governmental fund financial statements include a reconciliation of total fund balance and the changes therein, to total net position and the changes therein that are reflected in the government-wide financial statements. The reconciling items are the result of the above described differences in measurement focus and basis of accounting.

(c) **Investments**

Investments are recorded at fair value, which reflects quoted market prices for U.S. government obligations, mutual funds, and exchange-traded funds.

(d) **Loans and financing receivables**

Loans and financing receivables are recorded at their cost basis, less any estimated impairment, on a specific identification basis. The GJGNY allowance for doubtful accounts is recorded at the amount of the outstanding principal balance of all loans over 120 days past due. Impairment estimates, if any, for NY Green Bank Loans and financing receivables are those deemed necessary by NY Green Bank's Investment Review Committee.

(e) **Capital assets**

Assets with a cost of more than $2,500 and an estimated useful life in excess of two years are capitalized and reported at historical cost in the government-wide financial statements. Depreciation is calculated using the straight-line method over the estimated useful life of the capital assets, which ranges from three to 50 years and is reported in the government-wide and proprietary fund financial statements. Capital asset purchases are recorded as expenditures in the governmental funds financial statements.

(f) **Unearned revenue**

Unearned revenue consists of funds received or receivable in advance of revenue recognition conditions having been met for the underlying exchange transactions.

(g) **Deferred outflows of resources**

Deferred outflows of resources as presented in the government-wide financial statements represent a consumption of net assets applicable to a future reporting period, less deferred inflows of resources, which are defined as an acquisition of net assets applicable to a future reporting period. Deferred outflows of resources include differences between expected projected results and actual results related to NYSERDA's proportionate share of the New York State and Local Retirement System cost sharing retirement plan, as well as contributions subsequent to the measurement date.

(h) Compensated absences

NYSERDA employees are granted vacation and sick leave in varying amounts. In the event of termination or retirement, an employee is reimbursed for accumulated vacation leave up to the equivalent of 45 days, and sick leave up to a maximum of five days. Retired employees may use additional accumulated sick leave to pay for the employee share of health insurance premiums.

NYSERDA's accrual for compensated absences, included in the government-wide financial statement amount for other non-current liabilities, includes fringe benefits on compensated absences and estimated costs to use employee sick leave for post-retirement health benefits. Compensated absences are not accrued in the governmental funds financial statements.

(i) NY State assessments

NY State assessments for the year ended March 31, 2017 consisted of $11.6 million in fees assessed by the State under Section 2975 of the Public Authorities Law (Governmental Cost Recovery System) for general governmental services, and $0.9 million paid to the State under a budget bill pursuant to Article VII of the New York State Constitution.

(j) Net position restricted for specific programs

NYSERDA administers certain programs on behalf of the Commission and others whereby funds are provided at program inception or on a fixed payment schedule over the program duration, but the terms of the program sponsor or enabling legislation limit the use of funds to certain program purposes. Frequently, the collection and recording of revenues does not occur in the same accounting period as the expenditure of such funds, and the difference is reported as Net Position Restricted for Specific Programs on the Statement of Net Position.

Following is a summary of restricted net position and related commitments as of March 31, 2017:

(Amounts in thousands)

	Restricted Net Position	Contractual Obligations	Pre-contractual Obligations	Total Commitments
Market Development/Innovation & Research	$34,315	40,192	120,633	160,825
New York Energy $mart	35,342	21,825	1,494	23,319
Energy Efficiency Portfolio Standard	41,159	202,603	94,935	297,538
Technology & Market Development Portfolio	93,403	88,145	17,185	105,330
Renewable Portfolio Standard	293,292	1,275,656	10,195	1,285,851
NY-Sun	25,246	291,119	48,235	339,354
Energy Research and Development	27,147	13,168	14,957	28,125
CES	10,453	483,476	157	483,633
RGGI	130,939	125,970	62,328	188,298
GJGNY	111,607	3,127	25,016	28,143
Energy Analysis	1,535	947	714	1,661
West Valley	-	2,293	3	2,296
Other	47,894	79,515	35,711	115,226
Total governmental activities	$852,422	2,628,036	431,563	3,059,599

	Restricted Net Position	Loans and Financing Receivables	Committed Capital	Total Commitments
NY Green Bank	$365,236	258,541	85,769	344,310
Total business-type activities/proprietary fund	$365,236	258,541	85,769	344,310

Pre-contractual obligations consist of planned funding for contracts awarded and under negotiation, and planned funding under active development through open solicitations with upcoming proposal due dates. Committed Capital reflects investments NY Green Bank has legally executed, but where capital has not been deployed.

The outstanding contractual commitments in excess of Restricted Net Position under certain Functions/Programs are scheduled to be funded from future transfers and revenues (see note 11).

(k) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

(l) Adoption of new accounting pronouncement

During the fiscal year ended March 31, 2017, NYSERDA implemented GASB Statement No. 72, *Fair Value Measurement and Application* (GASB No. 72). GASB No. 72 establishes a hierarchy of inputs to valuation techniques used to measure the fair value of assets and liabilities. NYSERDA's investments were determined to be subject to the requirements of GASB No. 72. The adoption of GASB No. 72 resulted in enhanced financial statement disclosures but did not change the measurement of NYSERDA's assets and liabilities.

(m) Reclassifications

Certain amounts for the fiscal year ended March 31, 2016 have been reclassified to conform with the amounts presented as of March 31, 2017.

(3) CASH AND INVESTMENTS

Pursuant to Public Authorities Law Section 1859(1), the Commissioner of the New York State Department of Taxation and Finance (Fiscal Agent) serves as fiscal agent for NYSERDA's cash and investments, maintaining such funds on NYSERDA's behalf and implementing investments subject to the Fiscal Agent's policies and with direction and authorization from NYSERDA. NYSERDA has a written investment policy that applies to all of its investments. The policy permits deposits with financial institutions approved by the Fiscal Agent and permits investments in: certificates of deposit of bank or trust companies located in New York State, obligations of New York State and the United States government and certain of their agencies, repurchase agreements subject to certain limitations, and money market funds subject to certain limitations.

Cash and investments of the Other Postemployment Benefits (OPEB) Trust (see note 12) are held with the Bank of New York Mellon Trust Company. All OPEB Trust investments are made consistent with the investment policy based on target percentages established for each asset class.

The following schedule presents cash and investments as of March 31, 2017 (except for Other Postemployment Benefits within fiduciary funds, which is as of December 31, 2016). Fair value is measured using quoted market prices for U.S. government obligations, mutual funds, and exchange traded funds. GASB No. 72 prescribes three approaches to measuring fair value and requires a government to use valuation techniques consistent with one or more of these approaches. The standard establishes a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. All NYSERDA investments are valued based on Level 1 inputs.

	Fair Value (amounts in thousands)	% of Total	Weighted Average Maturity (months)
Governmental funds			
Cash	$33,952	4.1	n/a
Repurchase agreement	900	0.1	0.2
Certificates of deposit	696	0.1	4.1
U.S. Treasury Bills	459,522	54.7	4.0
U.S. Treasury Strips	344,416	41.0	5.6
Total	$839,486	100.0	4.7
Current portion thereof	$808,013		
Proprietary fund			
Cash	$3,624	3.4	n/a
U.S. Treasury Bills	81,452	77.1	3.1
U.S. Treasury Strips	20,601	19.5	5.5
Total	$105,677	100.0	3.6
Current portion thereof	$105,028		
Fiduciary funds			
Cash and money market	$434	0.6	n/a
Mutual funds	12,184	16.4	n/a
Exchange traded funds	27,760	37.3	n/a
U.S. Treasury bills	4,801	6.4	0.6
U.S. Treasury strips	29,288	39.3	16.7
Total	$74,467	100.0	14.4

The following is a summary of cash and investments by funding source and related contractual commitments as of March 31, 2017, excluding fiduciary funds:

(Amounts in thousands)

Governmental activities/funds	Cash and Investments	Contractual Obligations	Pre-Contractual Obligations	Total Commitments
Market Development/Innovation & Research	$39,685	40,192	120,633	160,825
New York Energy $mart	36,477	21,825	1,494	23,319
Energy Efficiency Portfolio Standard	47,639	202,603	94,935	297,538
Technology and Market Development	97,857	88,145	17,185	105,330
Renewable Portfolio Standard	310,656	1,275,656	10,195	1,285,851
NY-Sun	28,087	291,119	48,235	339,354
Energy Research and Development	29,237	13,168	14,957	28,125
CES	10,111	483,476	157	483,633
RGGI	135,569	125,970	62,328	188,298
GJGNY	42,518	3,127	25,016	28,143
Energy Analysis	1,489	947	714	1,661
West Valley	(3,907)	2,293	3	2,296
Other	64,068	79,515	35,711	115,226
Total governmental activities/funds	$839,486	2,628,036	431,563	3,059,599

Business-type activities/proprietary fund	Cash and Investments	Committed Capital
NY Green Bank	$105,677	85,769

Interest Rate Risk. NYSERDA's investment policy limits investment maturities to no longer than five years as a means of managing its exposure to fair value losses arising from increasing interest rates. Investment maturities are selected based on anticipated cash flow needs.

The NYSERDA Other Postemployment Benefits Trust's (OPEB) risk tolerance is understood by the Plan Administrator such that achieving the Plan's investment objectives is not guaranteed and there will be time periods for which these objectives will not be met. The Plan Administrator also recognizes that some risk must be assumed to achieve the Trust's long-term investment objectives and accepts the inevitable fluctuations in returns that will occur. While it is understood that a certain level of risk is expected in the Trust's portfolio, the ability to withstand short and intermediate term variability was specifically considered in the development of the Investment Policy Statement risk tolerances.

Credit Risk. Money market fund investments consist of non-rated funds whose investments are restricted to U.S. government obligations.

The Trust's investment policy places limitations on the concentration of investments in certain industries, with certain companies, and among asset classes and within investment policy ranges.

Concentration of Credit Risk. NYSERDA's investment policy limits investments with any single eligible banking institution to no more than 35% of its total investment portfolio, except as otherwise required by any policies and practices of the Fiscal Agent. As of March 31, 2017, NYSERDA did not have any investments with institutions that were individually in excess of 5% of total investments.

Custodial Credit Risk for Deposits. Deposits are exposed to custodial credit risk if the deposits are not covered by depository insurance or deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging institution's trust department or agent, but not in the name of NYSERDA.

In accordance with existing policies and procedures, the Fiscal Agent of NYSERDA monitors deposit balances for the purpose of determining collateralization levels. Collateral sufficient to cover all uninsured deposits is held at the Department's custodial bank.

Custodial Credit Risk for Investments. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of NYSERDA, and are held either by the counterparty or the counterparty's trust department or agent, but not in the name of NYSERDA.

Fixed income investments owned directly by NYSERDA, which trade in the U.S. markets, are held at NYSERDA's Fiscal Agent's custodian, in separate accounts, in the name of the Comptroller of the State of New York in Trust for NYSERDA. These securities are typically held in electronic form through the Federal Book Entry System and by the Depository Trust Company (DTC) and its subsidiaries acting as an agent of NYSERDA's Fiscal Agent's custodian bank.

(4) RECEIVABLE FROM NEW YORK STATE

As of March 31, 2017, the amount due from New York State is $5.0 million, which represents appropriation and grant receivables.

(5) LOANS AND FINANCING RECEIVABLES

Loans receivable exist under the Green Jobs-Green New York program to finance energy efficiency retrofits and renewable energy system installments in residential, multifamily, small business, and not-for-profit buildings. The residential component offers unsecured loans originated by a lender using pre-established loan underwriting criteria, which are then purchased or funded by NYSERDA and serviced by a third-party loan servicer. Multifamily and small business/not-for-profit loans are provided through participating lenders with NYSERDA providing 50% of the principal, subject to certain limits, generally at 0% interest. As of March 31, 2017, 18,235 loans were outstanding and 95.5% of the loan portfolio value was current on payment requirements.

NY Green Bank loans and financing receivables consist of sustainable infrastructure investments made by it into eligible technologies, consistent with its mission and investment criteria. These loans and financing transactions aim to mobilize private sector capital during the lifecycle of each investment, accelerate the deployment of economically and technically feasible clean energy projects in the State, provide financial returns to NY Green Bank, and contribute to New York's clean energy policy outcomes. NY Green Bank offers the following categories of capital solutions: construction finance, construction finance & term loan, term loans & investments (which may be debt or equity), warehousing/aggregation, and credit enhancements. NY Green Bank prices its products to reflect its credit underwriting, its risk position in the capital structure and pricing for comparable transactions, as well as internal portfolio return needs taking into account current market rates as well as commercial expectations of rates.

No amounts have been recorded for any impairment to the reported value of NY Green Bank Loans and financing receivables as of March 31, 2017.

Loans and financing receivables at March 31, 2017 include the following:

	(Amounts in thousands)		
Governmental activities/funds	Number of loans and financing receivables	Loans and financing receivables outstanding	
Residential	18,169	$198,830	
Small Business/Not-for-Profit	47	1,477	
Multifamily Building	19	1,480	
Total governmental activities/funds	18,235	201,787	
Allowance for Doubtful Accounts		(3,266)	
Net total governmental activities/ funds		$198,521	
Business-type activities/proprietary fund			Undrawn Balance
Construction Finance	2	$1,666	12,334
Construction Finance + Term Loan	4	22,636	-
Term Loans & Investments	7	111,489	19,685
Warehousing/Aggregation	8	122,750	48,250
Total business-type activities/proprietary fund	21	$258,541	80,269

Loans and financing receivables at March 31, 2017 mature as follows:

(Amounts in thousands)

Governmental activities/funds

Fiscal year ending March 31,	Residential Energy Efficiency	Small Business/ Not-for-Profit	Multifamily Building	Total
2018	$13,964	188	416	14,568
2019	14,039	235	478	14,752
2020	14,326	220	309	14,855
2021	14,335	178	191	14,704
2022	14,105	153	75	14,333
2023-2027	73,318	501	11	73,830
2028-2032	54,622	2	-	54,624
2033-2037	121	-	-	121
Total governmental activities/funds	$198,830	1,477	1,480	201,787

Business-type activities/proprietary fund

(Amounts in thousands)

Fiscal year ending March 31,	Construction Finance	Construction Finance + Term Loan	Term Loan & Investments	Warehousing/ Aggregation	Total
2018	$1,666	353	8,035	20,486	30,540
2019	-	951	11,081	24,739	36,771
2020	-	1,169	12,333	40,935	54,437
2021	-	1,037	29,652	19,794	50,483
2022	-	1,251	39,620	-	40,871
2023-2027	-	8,883	-	16,796	25,679
2028-2032	-	6,743	10,453	-	17,196
2033-2037	-	2,249	315	-	2,564
Total business-type activities/ proprietary fund	$1,666	22,636	111,489	122,750	258,541

(6) OTHER ASSETS

As of March 31, 2017, the other assets balance of $11.1 million represents the lower of cost or market value of the Upstate and Downstate New York State Strategic Gasoline Reserves, which were established during the fiscal year ended March 31, 2015 to provide an emergency supply of finished motor gasoline in case of a significant disruption to petroleum fuels supply or distribution.

(7) CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2017 was as follows:

(Amounts in thousands)

	Beginning Balance	Additions	Retirements	Ending Balance
Land	$685	-	-	685
Land improvements	5,774	-	-	5,774
Buildings	8,982	-	(3)	8,979
Machinery and equipment	13,772	3,703	(499)	16,976
Leasehold improvements	2,930	19	(5)	2,944
	32,143	3,722	(507)	35,358
Less accumulated depreciation for:				
Land Improvements	(1,355)	(212)	-	(1,567)
Buildings	(4,772)	(274)	1	(5,045)
Machinery and equipment	(10,257)	(1,136)	497	(10,896)
Leasehold improvements	(453)	(225)	3	(675)
	(16,837)	(1,847)	501	(18,183)
Capital assets, net	$15,306	1,875	(6)	17,175

(8) NON-CURRENT LIABILITIES

Non-current liability activity for the year ended March 31, 2017 was as follows:

(Amounts in thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental activities					
Notes payable	$29	-	(15)	14	14
Compensated absences	7,553	4,196	(3,922)	7,827	3,012
Bonds payable	91,261	46,360	(9,908)	127,713	6,360
Net pension liability	3,641	18,787	(6,455)	15,973	-
Postemployment benefits	-	3,681	(3,681)	-	-
Non-current liabilities	$102,484	73,024	(23,981)	151,527	9,386
Business-type activities/proprietary fund					
Net pension liability	$363	1,858	(638)	1,583	-

Bonds payable includes Residential Energy Efficiency Financing Revenue Bonds (Series 2013A), issued in August 2013, with an outstanding principal balance of $17.9 million as of March 31, 2017. The bonds mature in varying amounts from July 1, 2017 through July 1, 2028 at interest rates ranging from 1.028% to 4.106%. The bonds were issued as Qualified Energy Conservation Bonds, which provide an interest subsidy from the federal government for a portion of the interest costs on the bonds. Such interest subsidies are subject to the federal sequester and future subsidies may be affected by changes in the federal sequester. The bonds are secured by a pledge of payments from residential energy efficiency loans issued under the GJGNY program. Proceeds from the bonds were used to reimburse the GJGNY revolving loan fund for a portion of the principal amount of loans issued. Payment of principal and interest on the bonds are guaranteed by the New York State Environmental Facilities Corporation (EFC) through the Clean Water State Revolving Fund (SRF).

Bonds payable also includes Residential Energy Efficiency Financing Revenue Bonds Series 2015A and Series 2016A, issued to EFC in connection with SRF bonds issued by EFC, with an outstanding principal balance of $67.1 million as of March 31, 2017. The Series 2015A bonds mature in varying amounts from July 1, 2017 through

July 1, 2030 at interest rates ranging from .98% to 3.82%, subject to an interest rate subsidy credit provided by EFC on a portion of the bonds. The Series 2016A bonds mature in varying amounts from July 1, 2017 through July 1, 2031 at interest rates ranging from .75% to 2.77%. The bonds are secured by a pledge of payments from residential energy efficiency loans issued under the GJGNY program.

The Series 2013A, Series 2015A, and Series 2016A Bonds were issued under a master Indenture of Trust (Indenture), as supplemented, which requires that NYSERDA maintain cash and future scheduled pledge loan payments in each bond year of not less than 110% of annual debt service for each series of bonds. Under the terms of agreements with EFC, NYSERDA has deposited with an escrow agent, The Bank of New York Mellon, approximately $12.8 million in a Collateral Reserve Account, which may be used by EFC to fund or reimburse its guarantee. Any funds held by the Trustee under the Indenture may be withdrawn by NYSERDA provided that cash and scheduled pledged loan payments are not less than 120% of annual debt service and provided that the balance of the Collateral Reserve Account and any Debt Service Reserve Fund are not less than 15% of aggregate bonds outstanding under the Indenture.

Bonds payable also includes Residential Solar Loan Revenue Bonds (Series 2015) issued to Manufacturers and Traders Trust Company (M&T). As of March 31, 2017, NYSERDA has issued five series of bonds with an outstanding principal balance of $42.7 million. Eighty percent (80%) of the principal amount of bonds bear interest at a fixed rate determined at the time each series was issued, ranging from 4.55% to 5.24%, and mature approximately 10 years from the date issued, ranging from March 1, 2026 to March 1, 2027. Twenty percent (20%) of the principal amount of bonds bear interest at a variable interest rate equal to the one month London Interbank Offered Rate (LIBOR) plus 3.00% (provided that in no event shall the rate exceed 11% per annum), and mature approximately 7 years from the date issued, ranging from June 1, 2023 to March 1, 2024. The bonds are secured with a pledge of payments from consumer loans issued through the GJGNY program to finance the installation of residential photovoltaic systems (Solar Loans) in an amount which provides scheduled debt service coverage of 125% based on a 15 year structuring amortization schedule. Proceeds from the bonds are used to reimburse the GJGNY revolving loan fund for a portion of the principal amount of loans issued. The bonds are subject to a redemption feature which requires that all pledged Solar Loan payments received in excess of structuring scheduled payments are applied on a quarterly basis to the redemption of outstanding variable rate bonds, and then to outstanding fixed rate bonds. As a result of these features, the schedule of future debt service requirements below only includes the principal amount due on each series of bonds based on its final maturity date, but does not include a projection of future interest expense, since the interest expense and principal payments will be determined based on future pledged loan payments received in each fiscal year.

As of March 31, 2017, future debt service requirements on the notes and bonds payable are:
(Amounts in thousands)

Fiscal year ending	Notes payable		Bonds payable		
March 31,	Principal	Interest	Principal	Interest	Total
2018	$14	-	6,360	1,801	8,175
2019	-	-	6,768	1,727	8,495
2020	-	-	6,765	1,631	8,396
2021	-	-	6,725	1,515	8,240
2022	-	-	6,535	1,387	7,922
2023-27	-	-	73,165	4,762	77,927
2028-32	-	-	21,395	1,105	22,500
Total	$14	-	127,713	13,928	141,655

Interest in the above table as it relates to the Series 2015A Residential Energy Efficiency Financing Revenue Bonds is net of an expected interest subsidy credit from EFC provided compliance with provisions of the EFC financing agreements.

See note 9 for information about the net pension liability and note 12 for information about postemployment benefits. All funds are allocated pension and OPEB expense based on NYSERDA's current allocation methodology.

(9) RETIREMENT PLAN

There are two retirement plans for NYSERDA employees: the New York State and Local Retirement System (the System), and the New York State Voluntary Defined Contribution Plan (VDC). Nearly all employees of NYSERDA participate in one of these two plans.

The System is a cost-sharing, multiple-employer, defined benefit public employee retirement plan. The State Comptroller is sole trustee and administrative head of the System. The System issues a publicly available financial report including financial statements and required supplementary information located on the Internet at http://www.osc.state.ny.us/retire/word_and_pdf_documents/reports/financial_statements/fs_2016.pdf or by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244. The System provides retirement benefits, as well as death and disability benefits. Retirement benefits are established by the New York State Retirement and Social Security Law. Retirement benefits, contributory requirements and vesting depend on the point in time at which an employee first joined the System (membership "tier"). Members of the System who joined before July 27, 1976 are enrolled in a noncontributory plan; NYSERDA contributes the entire amount determined to be payable to the System for those members. Personnel who joined the System after July 27, 1976 through January 1, 2010 and who have less than 10 years of accredited service are required by law to contribute three percent of their gross salary; NYSERDA contributes the balance payable to the System during that period, and the full amount determined to be payable thereafter. Members who joined the System between January 1, 2010 and March 31, 2012 contribute three percent of their gross salary during the full term of employment. Members who joined the System after April 1, 2012 contribute between three percent and six percent, depending on their salary, during the full term of employment. Retirement benefits vest after five to 10 years of accredited service, depending on the applicable tier.

As of the fiscal years ended March 31, 2017 and 2016, NYSERDA's proportionate share of the System's net pension liability was approximately 0.11% and 0.12%, respectively, determined based on the ratio of NYSERDA's total projected long-term contributions to the total System projected long-term contributions from all employers. NYSERDA, in turn, allocated a share of its pension liability and deferred outflows to NY Green Bank, its proprietary fund, based on a proportional allocation methodology using direct salary expenses. The governmental activities represent 91% and the proprietary fund represents 9% of the proportionate share of the balances of System pension-related amounts consistent with NYSERDA's current allocation methodology. NYSERDA's net pension liability, which includes that of the NY Green Bank, is as follows:

	(Amounts in thousands)
Measurement date	03/31/2016
Actuarial valuation date	04/01/2015
Net pension liability	$17,556

Update procedures were used to roll forward the total pension liability from the actuarial valuation date to the measurement date. The significant actuarial assumptions included in the actuarial valuation included an inflation factor of 2.5%, projected salary increases of 3.8%, and investment rate of return of 7.0%. The System also assumed a COLA of 1.3% annually. Annuitant mortality rates are based on the System's 2015 experience study of the period April 1, 2010 – March 31, 2015, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to NYSERDA's participation in the System, as well as the related pension expense, information about the fiduciary net position of the System, and additions to/deductions from NYSERDA's fiduciary net position, have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the statutes governing the System. Investments are reported at fair value.

Pension expense for the fiscal year ended March 31, 2017 was $6.0 million.

The following table portrays the sensitivity of NYSERDA's proportionate share of the net pension liability due to changes in the discount rate:

(Amounts in thousands)

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Governmental activities			
Net pension liability/(asset)	$36,019	$15,973	($964)
Business type-activities/proprietary fund			
Net pension liability/(asset)	$3,568	$1,583	($96)

Balances of System pension-related deferred outflows of resources as of the measurement date were as follows:

(Amounts in thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience	$88	(2,081)	(1,993)
Changes of assumptions	4,682	-	4,682
Net difference between projected and actual investment earnings on pension plan investments	10,415	-	10,415
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(1,029)	(1,029)
Employer contributions subsequent to the measurement date	3,866	-	3,866
Total	$19,051	(3,110)	15,941

The amount of employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended March 31, 2018.

The net deferred outflows of resources to be recognized in pension expense in each of the next five years and in the aggregate thereafter is as follows:

(Amounts in thousands)

Year Ended March 31:	Governmental activities	Business-type activities/proprietary fund	Total
2018	$2,774	274	3,048
2019	2,774	274	3,048
2020	2,774	274	3,048
2021	2,668	264	2,932
Total	$10,990	1,086	12,076

NYSERDA's contribution to the System for the fiscal year ended March 31, 2017 was $3.9 million, representing 100% of the required contribution.

The VDC is a multiple-employer, defined contribution plan administered by the Director of University Benefits for the State University of New York (SUNY); TIAA-CREF serves as the third-party administrator. On July 1, 2013, the VDC option was made available to NYSERDA employees hired on or after that date whose annual salary is $75,000 or more. Those employees voluntarily electing the VDC plan are prohibited from joining the System (defined benefit plan) at a later date (and the opposite also applies; plan participation elections are irrevocable). VDC provides benefits through annuity contracts and provides retirement and death benefits to those employees who elected to participate in the VDC. Employees have the ability to choose from a variety of investment providers for the VDC. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits generally vest after the completion of one year of service if the employee is retained thereafter. Employees electing to participate in the VDC plan are required to contribute between 5.75% and 6% of gross earnings, dependent upon their salary, for their entire working career; NYSERDA contributes 8%.

Thirty-nine employees have vested in the VDC as of March 31, 2017. NYSERDA's contribution to the VDC for the year ended March 31, 2017 was $393,000.

(10) LEASES

NYSERDA has multi-year operating leases expiring July 7, 2017; September 30, 2018; May 31, 2021; and October 30, 2027, for office space in Buffalo, Albany, West Valley, and New York City, respectively. For the year ended March 31, 2017, rental expense for all office facilities was $1.5 million.

The following is a schedule, by year, of future minimum rental payments for NYSERDA’s office space as of March 31, 2017:

Fiscal year ending March 31,	*(Amounts in thousands)*
2018	$1,447
2019	1,227
2020	1,033
2021	1,033
2022	956
Thereafter	5,510
Total	$11,206

NYSERDA is also the lessor of certain equipment comprising a cooling water structure at the Indian Point Energy Center in Buchanan, New York under a lease that expires on March 31, 2027, with annual minimum lease rental payments of $816,000 for the fiscal years ending March 31, 2018-2027.

(11) CONTINGENCIES

(a) Western New York Nuclear Service Center

Under the federal West Valley Demonstration Project Act and an implementing Cooperative Agreement between DOE and NYSERDA, the federal government pays 90 percent of the West Valley Demonstration Project (WVDP) costs, and NYSERDA, on behalf of the State of New York, pays the remaining 10 percent. In addition, in 2010, the U.S. District Court for the Western District of New York approved an agreement between New York State and the federal government that resolved most of the claims asserted in a 2006 lawsuit filed by NYSERDA and New York State against the federal government and DOE regarding the financial responsibility for cleaning up certain facilities at West Valley. The agreement defines a specific cost share for the cleanup of a number of facilities that had long been in dispute between NYSERDA and DOE. For example, under this agreement, the federal government will pay a 30 percent share of costs associated with the State Licensed Disposal Area (SDA), which is solely owned and managed by NYSERDA, and NYSERDA, on behalf of the State, will pay the remaining 70 percent. Remediation costs for the North Plateau Groundwater Plume will be split equally between the State and federal government, and costs for remediating the Nuclear Regulatory Commission Licensed Disposal Area will also be a 50/50 split. The two governments agreed that other facilities are covered by the

WVDP Act, such as the Main Process Plant building, and thus the federal government will pay 90% of the cleanup costs.

In January 2010, NYSERDA and DOE issued a final Environmental Impact Statement, which identifies and assesses the potential environmental impacts of a range of reasonable alternatives proposed to meet DOE's responsibilities under the WVDP Act and options for the State of New York, acting through NYSERDA, for management of West Valley. In April and May 2010, respectively, DOE and NYSERDA issued decision documents that formally selected the Phased Decision making alternative for continuing the cleanup. Under Phased Decision making, decommissioning work will be conducted in two phases. During Phase 1, the Main Process Plant building and several other highly contaminated facilities will be removed at an estimated cost of approximately $1.0 billion. As the Phase 1 cleanup work is proceeding, DOE and NYSERDA will conduct additional scientific studies to reduce uncertainties in the decisions for the Phase 2 portion of the cleanup. The 2010 Environmental Impact Statement states that the Phase 1 work would take 10 years and cost approximately $1.0 billion based on a federal funding level of $75.0 million per year. Since 2010, actual federal funding levels have generally ranged between $60.0 million and $65.0 million. The total cost and duration of the Phase 1 cleanup work will be in part impacted by the funding amounts appropriated annually in the federal budget.

The Phase 2 decisions, which will be made in the 2020 timeframe, will address the remaining facilities, including the High-Level Waste Tanks, the SDA, the NRC-Licensed Disposal Area, and the main body of a plume of contaminated groundwater. Total estimated costs for completing the Phase 2 work range from over $700.0 million to $9.1 billion, and are dependent on the alternative selected for the remaining facilities.

In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations,* no liability has been included in NYSERDA's financial statements as of March 31, 2017 for this contingency because NYSERDA expects to continue to be reimbursed from State appropriations for the State's share of the costs of the Demonstration Project, any costs NYSERDA may incur in relation to the SDA, and any other costs allocated to NYSERDA under the agreement resolving the lawsuit referenced above.

(b) Energy Analysis- Low-Level Radioactive Waste

Pursuant to the Low-Level Radioactive Waste (LLRW) Management Act of 1986, NYSERDA annually assesses licensees of operating nuclear power plants an amount sufficient to reimburse the State for the LLRW disposal facilities development activities of the Departments of Health and Environmental Conservation, and must provide nuclear power plant licensees with a user-fee reduction, when the disposal facilities are operational, equal to the statutory assessments collected plus interest at a fair market rate. During the year ended March 31, 2017, NYSERDA paid, from the agency fund, a total of $2.2 million to reimburse the State for such costs pursuant to Public Authorities Law Section 1854-d(2)(a).

(c) Bond Financing Program

The principal and interest on obligations issued for participating gas and electric utility companies and other private purpose users are payable solely from payments made by participating companies. They are not general obligations of NYSERDA nor do they constitute an indebtedness of or a charge against the general credit of NYSERDA, or cause any monetary liability to NYSERDA. These bonds and notes are not a debt of the State of New York.

The bonds and notes issued bear the name of NYSERDA and the participating company. NYSERDA assigns most of its rights and obligations to a trustee who is responsible for, among other things, disbursing bond and note proceeds and handling principal and interest payments. As of March 31, 2017, all participating companies were current in their debt service payments for these bonds and notes, the principal of which totaled approximately $2.5 billion.

(d) Risk management

NYSERDA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. NYSERDA maintains commercial insurance coverage for each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to NYSERDA. NYSERDA has not experienced any reductions in coverage and has not had any insurance settlements exceeding the coverage in the past three years.

(e) Contractual obligations in excess of cash and investment balances
As of March 31, 2017, NYSERDA has aggregate outstanding contractual obligations in excess of cash and investments of Governmental activity/funds totaling $1.8 billion, which will be reimbursed from future revenues.

(f) Uncommitted funding authorization
The CEF Order requires that any SBC, T&MD, EEPS and RPS program funds committed as of February 29, 2016, but which subsequently become uncommitted, be retained for future ratepayer benefits, as determined by the Commission. As of March 31, 2017, uncommitted funds from these sources totaled $170.3 million, representing the amount by which cash and investment balances plus future revenues collected through the CEF Bill-As-You-Go collections exceed remaining program commitments as of March 31, 2017. NYSERDA will retain these funds in accordance with the Order unless and until directed otherwise by the Commission.

(g) Con Edison System-Wide Demand Reduction and Gas Efficiency Program
The terms of the Orders for these programs require NYSERDA to return to Con Edison any monies no longer committed, until such time as all retained funds are fully expended. As of March 31, 2017, retained funds subject to possible refund, not including the amount already recorded in the financial statements as Con Edison payable at that date, are $0.5 million and $0.2 million respectively, for the Demand Reduction and Gas Efficiency Programs. Any future refunds due would be recognized as program expenditures in the fiscal year the related commitments are disencumbered.

(h) NY Green Bank
As of March 31, 2017, NY Green Bank has entered into two credit enhancement contracts totaling $5.5 million which, consistent with their terms, have not been funded but contain contingent obligations. NY Green Bank capital is only drawn if a contingent obligation under either agreement is triggered.

In May 2014, NYGB provided Energy Improvement Corporation (EIC), a NYS Local Development Corporation and a non-profit organization established to assist municipalities and commercial property owners achieve long-term energy savings and reduce overall energy consumption with a $500,000 Irrevocable Standby Letter of Credit ("LC No. 1") serving two purposes – providing the federal credit support required by the NYS Property Assessed Clean Energy (PACE) enabling legislation and protecting municipalities from absolute loss if proceeds from the eventual liquidation and sale of a defaulted property were less than the property owner's outstanding PACE loan balance.

In December 2015, NYGB provided EIC with a second Irrevocable Standby Letter of Credit ("LC No. 2") in the amount of $5.0 million to help establish a reserve fund to support participating municipalities' obligations to pay PACE debt service to EIC if collections of PACE charges are insufficient, whether due to late payment or default by the property owner.

Any draws made on LC No. 1 or LC No. 2 would be due to be repaid pursuant to the terms of the agreements with EIC.

(i) Clean Energy Standard Proceeds
In October 2016, a lawsuit was filed in the Federal District Court for the Southern District of New York against the New York State Public Service Commission by a coalition of New York power generators claiming that the Zero Emission Credit (ZEC) component of the Commission's Clean Energy Standard Order: (1) is "preempted" by the Federal Power Act and had improperly attempted to influence wholesale electricity rates; and (2) violates the U.S. Constitution's Commerce Clause, which prohibits states from enacting laws that regulate interstate commerce. The State of New York is vigorously defending the CES and the Commission's actions. As of March 31, 2017, NYSERDA had collected approximately $952,000 in payments from Load Serving Entities for their funding obligations for ZEC attributes pursuant to provisions of the CES Order, which were recorded as revenue. In management's opinion, it is possible, but not probable, that the Court could render a ruling adverse to the CES program, including direction to NYSERDA to refund all monies received to the Load Serving Entities. As of March 31, 2017, no contingent liability has been recorded for this lawsuit.

(12) POSTEMPLOYMENT HEALTHCARE BENEFITS

The New York Civil Service Law, Section 163(2) provides for health insurance coverage for retired employees of New York State, including their spouses and dependent children. The law extends to public benefit corporations. NYSERDA maintains a single-employer defined benefit plan (the "Plan"), providing this benefit to eligible retirees and/or their spouses and dependent children. Eligibility is determined by membership in the New York State and Local Retirement System, enrollment in the New York State Health Insurance Program at the time of retirement, and the completion of a minimum number of years of service as required by the employee's membership tier in the retirement system. The Plan provides that retired employees pay the same percentage share of the health insurance premiums as that charged for active State management confidential employees. Plan members generally contribute 16% of the premium for individual coverage and 31% of the incremental premium for family coverage. NYSERDA is billed by the New York State Department of Civil Service monthly for pay-as-you-go funding requirements; however, payments are made from an irrevocable OPEB Trust account established in March 2010. The purpose of the OPEB Trust is for the accumulation of funds to pay future benefit costs. The Trust's funds are held by a third-party trustee. The Trust is managed by a five-member Plan Administrator, consisting of NYSERDA officers, in consultation with the Chair of the Audit and Finance Committee or his or her designee. As of March 31, 2017, NYSERDA has contributed $35.2 million to the OPEB Trust to fully fund the actuarially determined accumulated OPEB obligation as calculated under the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.* As of March 31, 2017, the fair value of the OPEB Trust investments totals $43.2 million.

NYSERDA's OPEB Trust is recorded as a fiduciary fund within NYSERDA's financial statements and reflects the Trust's legal fiscal year-end of December 31.

NYSERDA's annual other postemployment benefit (OPEB) expense for the year ended March 31, 2017 is calculated based on the annual required contribution (ARC) of NYSERDA. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize unfunded actuarial liabilities over 30 years.

The following table summarizes NYSERDA's annual OPEB expense for the year ended March 31, 2017, the amount contributed to the Plan, and changes in NYSERDA's OPEB obligation:

	(Amounts in thousands)
Annual required contribution	
Normal cost	$2,612
Amortization of unfunded actuarial accrued liability	1,069
Total annual OPEB cost	3,681
Contributions made	(3,681)
Change in net OPEB obligation	-
Net OPEB obligation- beginning of year	-
Net OPEB obligation- end of year	$ -

NYSERDA's cost amounted to $3.7 million, $3.3 million, and $2.9 million for the years ended March 31, 2017; 2016; and 2015, respectively. The percentage of annual OPEB cost contributed to the Plan was 100% and the net OPEB obligation at the end of each fiscal year was $0.

As of April 1, 2016, the plan was 71.2% funded. The actuarial accrued liability for benefits was $51.6 million, and the actuarial value of assets was $36.7 million, resulting in an unfunded actuarial accrued liability (UAAL) of $14.9 million. The covered payroll (annual payroll of active employees covered by the plan) was $31.8 million, and the ratio of the UAAL to the covered payroll was 46.7%.

A Schedule of Funding Progress for the Plan is included as unaudited Required Supplementary Information following the Notes to the Basic Financial Statements.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and ARC of NYSERDA are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the Plan as understood by NYSERDA and Plan members and include the types of benefits provided at the time of valuation and the historical pattern of sharing benefit costs between NYSERDA and Plan members. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential of legal or contractual funding limitations on the pattern of cost sharing between the employer and Plan members in the future.

The methods and assumptions used included techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following significant assumptions were made in the actuarial valuation:

Retirement age for active employees – Based on assumptions used under the New York State and Local Employees' Retirement System (ERS), since eligibility for NYSERDA employees covered under this plan is based on membership in that system. The ERS assumptions were based on extensive analysis of their covered populations.

Marital status – Assumed 75% of future retirees will be married, with male spouses assumed to be three years older than female spouses.

Mortality – RP 2000 mortality tables issued by the Society of Actuaries.

Turnover – Rates were based on age and length of service for the first 10 years and age thereafter as the basis for assigning active members a probability of remaining employed until the assumed retirement age.

Healthcare cost trend rate – The expected rate of increase in healthcare premiums was based on projections developed by the actuary's healthcare specialists. Rates of 7.1 and 7.2% for the two plans with the highest enrollment were assumed initially, reduced to an ultimate rate of 4.9% for both plans after 51 years.

Health insurance premiums – A blend of actual 2015 and projected 2016 health insurance premiums were used as the basis for calculation of the present value of total benefits to be paid.

Investment return – As of March 2017, Plan benefits are pre-funded in a segregated Trust, and a discount rate of 6.5% was used, representing the long-term earnings potential of investments in the Trust.

The actuarial cost method used was the projected unit credit method. The unfunded actuarial accrued liability is being amortized as a level dollar amount over a period of 30 years. The remaining amortization period at March 31, 2017 was 20 years.

As of March 31, 2017, there were 97 retirees and dependent survivors actively receiving benefits and 284 active plan members.

The plan also provides that the dollar value, subject to certain limitations, of members' accumulated sick leave credits at the time of retirement may be used to offset the portion of health insurance premiums paid by retirees. NYSERDA's estimated liability associated with sick leave credits is recorded as a Compensated Absence within Other non-current liabilities in accordance with the requirements of GASB Statement No. 16. The Trust does not accumulate resources for the purpose of paying this portion of the health insurance premiums, nor does it pay any benefits for this purpose. NYSERDA's liability for that portion of the premiums is not included in the actuarially determined liabilities of the Plan or the ARC or OPEB expense calculations.

The cost of third-party administrators, actuarial reports, audits and similar costs incurred exclusively for the Trust are paid from resources of the Trust. Routine daily administrative costs of administering the benefit plans, accounting services and similar costs are absorbed by NYSERDA.

The Trust has no legally required reserves.

(13) INTERFUND BALANCES AND TRANSFERS

The balances reflected in Due to other funds and Due from other funds reflect the timing difference of when expenditures are incurred and when interfund reimbursement occurs.

Transfers consist of amounts transferred between various Functions/Programs and Funds pursuant to various Orders of the Public Service Commission, NYSERDA's approved RGGI operating plan, and to fund expenditures and working capital balances pursuant to the Clean Energy Fund "Bill-As-You-Go" process, as summarized below:

(Amounts in thousands)

	Transfers To						
Transfers From	CEF	EEPS	GJGNY	Other Funds	Total Govern-mental Funds	Proprietary Fund	Total
EEPS	$13,217	-	-	8,618	21,835	32,625	54,460
RPS	33,942	3,652	-	57,430	95,024	41,424	136,448
RGGI	25,000	-	41,690	720	67,410	-	67,410
Other Funds	23,818	5,675	-	-	29,493	75,951	105,444
Total	$95,977	9,327	41,690	66,768	213,762	150,000	363,762

Required Supplementary Information (Unaudited)
March 31, 2017

NYSERDA's Contributions to the System Pension Plan

	(Amounts in thousands)	
Fiscal year ended March 31,	**2017**	**2016**
Actuarially determined contribution	$3,866	$3,993
Contributions in relation to the actuarially determined contribution	$3,866	$3,993
Contribution deficiency (excess)	-	-
Covered- payroll	$26,153	$25,135
Contributions as a percentage of covered-employee payroll	14.9%	15.9%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

NYSERDA's Proportionate Share of the System's Net Pension Liability

	(Amounts in thousands)	
Measurement Date: March 31,	**2016**	**2015**
Proportion of the net pension liability	0.11%	0.12%
Proportionate share of the net pension liability	$17,556	$4,004
Covered- payroll	$25,135	$26,438
Proportionate share of the net pension liability as a % of its covered payroll	69.8%	15.1%
Ratio of fiduciary net position to total pension liability	90.7%	97.9%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of Funding Progress for Other Postemployment Benefits

(Amounts in thousands)

Actuarial Valuation Date	Fiscal Year Ended	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
4/1/2015	3/31/2016	$34,752	$47,014	$12,262	74.0%	$30,684	40.0%
4/1/2013	3/31/2014	$25,166	$41,696	$16,530	60.4%	$27,207	60.8%
4/1/2012	3/31/2013	$19,891	$39,388	$19,497	50.5%	$24,282	80.3%

Schedule of Employer Contributions for Other Postemployment Benefits

(Amounts in thousands)

Fiscal Year Ended:	Annual Required Contribution (ARC)	Percentage of ARC Contributed by Employer
3/31/2017	$3,681	100.0%
3/31/2016	$3,336	100.0%
3/31/2015	$2,915	100.0%

See accompanying independent auditors' report