

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

**FINANCIAL STATEMENTS**

**March 31, 2021**

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## 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), as well as all other information contained in the Authority's Annual Report. The financial statements of the Authority for the fiscal year ended March 31, 2021 were prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP). The Board of the Authority (the Board) adopted these financial statements and the Annual Report at a meeting on June 22, 2021.

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. GAAP.



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Doreen M. Harris  
President and Chief Executive Officer



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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 of the State of New York) (the Authority), as of and for the year ended March 31, 2021, 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 auditor considers 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, 2021, 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.



### *Emphasis of Matter*

As discussed in Note 2(a) to the financial statements, effective March 31, 2020, the Authority adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Prior-Year Comparative Information*

We have previously audited the 2020 financial statements of the New York State Energy Research and Development Authority, and we expressed unmodified opinions on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated June 26, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that management's discussion and analysis and the required supplementary information on pages 45 – 47 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.

#### *Supplementary and 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 purposes of additional analysis and are 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 certain additional procedures, 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 24, 2021 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 solely 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 the effectiveness of the Authority's 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 24, 2021

**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, 2021**  
**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 NYSEDA's financial activities for the fiscal year ended March 31, 2021. The information contained in the MD&A should be considered in conjunction with the information presented as part of NYSEDA's basic financial statements. Following this MD&A are the basic financial statements of NYSEDA with the notes thereto that are essential to a full understanding of the data contained in the financial statements. NYSEDA'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 NYSEDA's finances in a manner similar to a private-sector business. The *Statement of Net Position* presents information on all of NYSEDA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and the difference between these is reported as net position. The *Statement of Activities* presents information showing how NYSEDA'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 NYSEDA as a whole. All activities of NYSEDA 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 funds *Balance Sheet* and the governmental funds *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 NYSEDA 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 fund financial statements report assets held by NYSEDA in a fiduciary capacity for others and consist of a *Statement of Fiduciary Net Position* and a *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 NYSEDA'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.

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**CONDENSED FINANCIAL INFORMATION**

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

*(Amounts in thousands)*

<b>Summary of Net Position</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total March 31, 2021</b>	<b>Total March 31, 2020</b>	<b>% Change 2021-2020</b>
Cash and investments	502,231	386,078	888,309	732,183	21.3%
Capital assets	12,470	-	12,470	14,235	-12.4%
Loans and financing receivables, net	219,353	572,700	792,053	641,332	23.5%
Other assets	94,954	3,242	98,196	36,324	170.3%
<b>Total assets</b>	<b>829,008</b>	<b>962,020</b>	<b>1,791,028</b>	<b>1,424,074</b>	<b>25.8%</b>
Deferred outflows of resources	26,926	4,289	31,215	12,334	153.1%
Other liabilities	225,244	927	226,171	210,768	7.3%
Non-current liabilities	154,056	3,930	157,986	142,017	11.2%
<b>Total liabilities</b>	<b>379,300</b>	<b>4,857</b>	<b>384,157</b>	<b>352,785</b>	<b>8.9%</b>
Deferred inflows of resources	9,438	1,428	10,866	4,492	141.9%
<b>Net Position:</b>					
Net investment in capital assets	12,469	-	12,469	14,234	-12.4%
Restricted	449,337	960,024	1,409,361	1,058,856	33.1%
Unrestricted	5,390	-	5,390	6,041	-10.8%
<b>Total net position</b>	<b>467,196</b>	<b>960,024</b>	<b>1,427,220</b>	<b>1,079,131</b>	<b>32.3%</b>

Total assets increased \$367.0 million (25.8%). Cash and investments increased \$156.1 million (21.3%) almost entirely due to NY Green Bank cash flows. Loans and financing receivables increased \$150.7 million (23.5%) primarily due to an increase in NY Green Bank Loans and financing receivables outstanding. Other assets increased \$61.9 million (170.3%) primarily due to a \$54.9 million increase in the Zero-emission credit (ZEC) accrued program receivable (based on generation expenses to be recovered) for current compliance year amounts not yet billed due to a change in billing methodology agreed to with load serving entities, beginning with FY 2020-21.

Deferred outflows of resources increased by \$18.9 million (153.1%) primarily due to an increase in the actuarially-determined deferred outflows related to pension and other post-employment benefits (OPEB) reflecting large unrealized losses in fair market value of investments at March 31, 2021 associated with the global Covid-19 pandemic outbreak.

Total liabilities increased \$31.4 million (8.9%). Non-current liabilities increased \$16.0 million (11.2%) primarily due to an increase in the net pension liability, offset in part by decrease in the net bonds payable as a result of scheduled principal payments and bond redemptions, and new bonds issued in FY 2020-21. Other liabilities increased by \$15.4 million (7.3%); primarily a result of accrued liabilities for invoices not yet received, as well an increase in deposits held pursuant to CES program bids and contract security provisions.

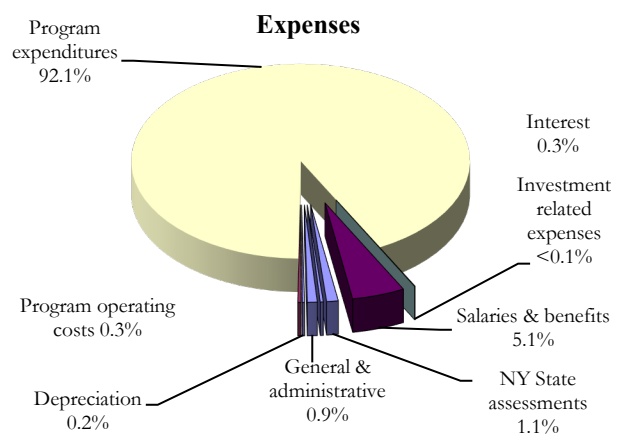
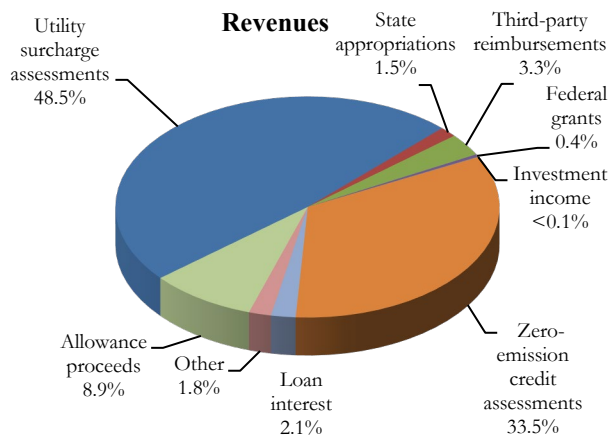
Deferred inflows of resources increased by \$6.4 million (141.9%) principally due to favorable experience results compared to actuarial assumptions related to OPEB.

Net position increased \$348.1 million (32.3%) principally due to an increase in NY Green Bank's funded capitalization.

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(Amounts in thousands)

<b>Summary of Changes in Net Position</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total March 31, 2021</b>	<b>Total March 31, 2020</b>	<b>% Change 2021-2020</b>
<b>Revenues:</b>					
State appropriations	23,286	-	23,286	29,432	-20.9%
Utility surcharge assessments	424,700	336,982	761,682	568,910	33.9%
Renewable energy credit assessments	6,969	-	6,969	5,613	24.2%
Zero-emission credit assessments	526,518	-	526,518	528,346	-0.3%
Allowance proceeds	140,560	-	140,560	112,024	25.5%
Third-party reimbursements	51,283	-	51,283	36,896	39.0%
Federal grants	5,514	-	5,514	2,910	89.5%
Interest subsidy	356	-	356	402	-11.4%
Loans and financing receivables interest	8,096	24,326	32,422	26,351	23.0%
Investment income	486	215	701	18,338	-96.2%
Other program revenue	16,854	5,284	22,138	7,219	206.7%
<b>Total revenues</b>	<b>1,204,622</b>	<b>366,807</b>	<b>1,571,429</b>	<b>1,336,441</b>	<b>17.6%</b>
<b>Expenses:</b>					
Salaries and benefits	53,268	8,510	61,778	56,808	8.7%
Program expenditures	1,125,497	455	1,125,952	1,164,321	-3.3%
Investment related expenses	-	585	585	399	46.6%
Program operating costs	1,796	1,761	3,557	3,101	14.7%
General & administrative costs	9,896	1,570	11,466	9,529	20.3%
Depreciation	2,516	147	2,663	2,976	-10.5%
NY State assessments	13,445	149	13,594	13,593	0.0%
Interest	3,745	-	3,745	4,235	-11.6%
<b>Total expenses</b>	<b>1,210,163</b>	<b>13,177</b>	<b>1,223,340</b>	<b>1,254,962</b>	<b>-2.5%</b>
<b>Change in net position</b>	<b>(5,541)</b>	<b>353,630</b>	<b>348,089</b>	<b>81,479</b>	<b>327.2%</b>
<b>Net position, beginning of year</b>	<b>472,737</b>	<b>606,394</b>	<b>1,079,131</b>	<b>997,652</b>	<b>n/a</b>
<b>Net position, end of year</b>	<b>467,196</b>	<b>960,024</b>	<b>1,427,220</b>	<b>1,079,131</b>	<b>32.3%</b>



Total revenue increased \$235.0 million (17.6%). State appropriation revenue decreased by \$6.1 million (-20.9%) due to a decrease in reimbursable expenditures across various energy and environmental program initiatives. Utility surcharge assessments revenue increased by \$192.8 million (33.9%) principally as a result of further NY Green Bank capitalization. REC proceeds increased by \$1.4 million (24.2%) due to an increase in proceeds from the sale of RECs. ZEC revenues decreased by \$1.8 million (-0.3%) consistent with Public Service Commission ordered assessments and related generation by nuclear plants. Allowance proceeds increased by \$28.5 million (25.5%) due to the average quarterly auction sale prices being 25% higher than in



**New York State Energy Research and Development Authority**  
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the prior fiscal year. Third-party reimbursements increased by \$14.4 million (39.0%), principally due to higher revenues in the Con Edison Indian Point Energy Center Reliability Contingency (IPEC), National Fuel Gas, and Clean Transportation Volkswagen Settlement Agreement. Federal grants revenue increased \$2.6 million (89.5%) primarily due to an increase in reimbursable expenses for several Federal grants. Loans and financing receivables interest income increased \$6.1 million (23.0%) entirely as a result of additional NY Green Bank loan interest. Total investment income decreased \$17.6 million (-96.2%) primarily due to lower yields, including the effect on yield of a much lower average term to maturity of investments.

Total expenses decreased \$31.6 million (-2.5%). Program expenditures decreased \$38.4 million (-3.3%) primarily due to the close-out of the EEPS and New York Energy Smart programs in February of 2020. Salaries and benefits expense increased \$5.0 million (8.7%) primarily due to a large increase in pension expense associated principally with a change in the discount rate assumed by the NYS Employee Retirement System. Compensated absences and OPEB expenses were also higher than in the prior fiscal year. Salary expense was slightly lower than in the previous year. Program operating and General and administrative expenses increased by \$2.4M (18.9%) principally due to higher temporary staffing costs.

### **FINANCIAL ANALYSIS OF FUNDS**

Total fund balances for the governmental funds decreased from \$593.4 million to \$592.1 million as further described below:

- The CEF fund balance increased from \$79.9 million to \$88.8 million principally due to transfers in from the RGGI fund, offset in large part by expenditures exceeding revenues.
- The NY-Sun fund balance decreased from \$36.5 million to \$27.6 million primarily due to a decrease in BAYG revenues.
- The CES fund balance increased from (\$8.0) million to (\$6.8) million primarily due to 'transfers-in' to fund budgeted administrative and similar costs which were expended at a lower rate than anticipated.
- The RGGI fund balance decreased from \$134.3 million to \$86.5 million principally as a result of planned transfers to the CEF and GJGNY funds.
- The GJGNY fund balance increased from \$259.2 million to \$289.3 million principally due to planned transfers in from the RGGI fund to support issuance of additional new loans.
- The aggregated Other Funds fund balance increased from \$91.5 million to \$106.7 million principally due to BAYG revenues for the Energy Storage program, as well as revenues received in advance of expenditures for the Indian Point Energy Reliability Contingency program and Clean Transportation Volkswagen Settlement Agreement.

Total net position for the proprietary fund was \$960.0 million at March 31, 2021, as described below:

- NY Green Bank's net position increased by \$353.6 million (58.3%) primarily due to additional capitalization pursuant to BAYG, as well as operating revenues exceeding operating expenses by \$16.9 million. Operating revenues increased by \$7.7 million primarily due to an increase in interest earned on Loans and financing receivables. Operating expenses increased by \$2.0 million primarily due to an increase in staffing, program operating costs.

### **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, 2021 were \$12.5 million, net of accumulated depreciation. Capital asset additions for the fiscal year ended March 31, 2021 were \$0.9 million, primarily for information technology upgrades as well as furniture, fixtures and equipment.

**New York State Energy Research and Development Authority**  
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**Unaudited**

Total non-current liabilities increased \$16.0 million (11.2%) primarily due to an increase in the net pension liability, offset in part by decrease in the net bonds payable as a result of scheduled principal payments and bond redemptions, and new bonds issued in FY 2020-21.

NYSERDA also issues tax-exempt bonds on a conduit basis on behalf of utility companies to finance certain eligible projects. As of March 31, 2021, approximately \$1.5 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 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.

### **COVID-19 IMPACTS**

In response to the COVID-19 health crisis, NYSERDA moved its workforce to work remotely effective March 16, 2020 and was able to maintain effective communications and carry out its activities without any disruption through March 31, 2021. NYSERDA's program activities are largely carried out through agreements with more than 1,900 clean energy companies, consultants, and contactors, many of whom were impacted by the "New York State on Pause" Executive Order which directed non-essential businesses in New York State to close in-office personnel functions effective March 22. These organizations were eligible to resume operations after March 31, 2020 in accordance with Federal, State and local government guidelines. Given the timing of the suspension of programmatic activities, this did not materially impact programmatic activities and accomplishments for the fiscal year ending March 31, 2021. The COVID-19 health crisis had limited impacts on certain financial performance for the fiscal year ended March 31, 2021, but has not had a material impact on the financial condition of NYSERDA as of March 31, 2021.

### **CONTACT FOR NYSERDA'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, NYSERDA, 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, 2021  
(with summarized comparative totals for March 31, 2020)  
(Amounts in thousands)

	Governmental Activities	Business-type Activities	Total March 31, 2021	Total March 31, 2020
<b><u>ASSETS:</u></b>				
Current assets:				
Cash and investments	\$502,231	386,078	888,309	732,183
New York State receivable	8,214	-	8,214	8,451
Third-party billings receivable	70,685	27	70,712	14,459
Interest receivable on loans	871	3,215	4,086	3,746
Loans and financing receivables due within one year, net	18,816	75,787	94,603	72,424
Prepaid expense	3,386	-	3,386	2,706
Other assets	11,798	-	11,798	6,962
Total current assets	<u>616,001</u>	<u>465,107</u>	<u>1,081,108</u>	<u>840,931</u>
Non-current assets:				
Loans and financing receivables- long-term, net	200,537	496,913	697,450	568,908
Capital assets, net of depreciation	12,470	-	12,470	14,235
Total non-current assets	<u>213,007</u>	<u>496,913</u>	<u>709,920</u>	<u>583,143</u>
Total assets	<u>829,008</u>	<u>962,020</u>	<u>1,791,028</u>	<u>1,424,074</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>				
	26,926	4,289	31,215	12,334
<b><u>LIABILITIES:</u></b>				
Current liabilities:				
Non-current liabilities due within one year	13,690	-	13,690	13,275
Accounts payable	9,617	94	9,711	7,572
Accrued liabilities	184,559	372	184,931	174,547
Unearned revenue	3,091	-	3,091	3,251
Deposits	27,977	461	28,438	25,398
Total current liabilities	<u>238,934</u>	<u>927</u>	<u>239,861</u>	<u>224,043</u>
Non-current liabilities:				
Bonds payable	109,027	-	109,027	111,408
Other non-current liabilities	31,339	3,930	35,269	17,334
Total non-current liabilities	<u>140,366</u>	<u>3,930</u>	<u>144,296</u>	<u>128,742</u>
Total liabilities	<u>379,300</u>	<u>4,857</u>	<u>384,157</u>	<u>352,785</u>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>				
	9,438	1,428	10,866	4,492
<b><u>NET POSITION:</u></b>				
Net investment in capital assets	12,469	-	12,469	14,234
Restricted for specific programs	449,337	960,024	1,409,361	1,058,856
Unrestricted	5,390	-	5,390	6,041
Total net position	<u>\$467,196</u>	<u>960,024</u>	<u>1,427,220</u>	<u>1,079,131</u>

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, 2021  
(with summarized comparative totals for March 31, 2020)  
(Amounts in thousands)

	Governmental Activities								Business-type Activities	Total March 31, 2021	Total March 31, 2020
	Functions/Programs										
	CEF	NY-Sun	CES	RGGI	Energy Analysis	West Valley	Other	Total	NY Green Bank		
<b>EXPENSES:</b>											
Salaries and benefits	\$24,833	2,400	5,045	5,397	4,693	2,484	8,416	53,268	8,510	61,778	56,808
Program expenditures	246,210	119,917	550,561	89,956	7,117	10,945	100,791	1,125,497	455	1,125,952	1,164,321
Investment related expenses	-	-	-	-	-	-	-	-	585	585	399
Program operating costs	133	1	5	-	918	116	623	1,796	1,761	3,557	3,101
General & administrative expenses	4,615	448	938	1,004	860	466	1,565	9,896	1,571	11,467	9,529
Depreciation	1,189	413	216	94	81	48	475	2,516	147	2,663	2,976
NY State assessments	2,951	1,395	6,381	1,085	153	161	1,319	13,445	149	13,594	13,593
Interest	-	-	-	-	-	-	3,745	3,745	-	3,745	4,235
Total expenses	279,931	124,574	563,146	97,536	13,822	14,220	116,934	1,210,163	13,178	1,223,341	1,254,962
<b>REVENUES:</b>											
<i>Operating grants and contributions</i>											
State appropriations	-	-	-	667	150	13,650	8,819	23,286	-	23,286	29,432
Utility surcharge assessments	220,131	99,377	-	-	9,969	-	95,223	424,700	336,981	761,681	568,910
Renewable energy credit proceeds	-	-	6,969	-	-	-	-	6,969	-	6,969	5,613
Zero-emission credit assessments	-	-	526,518	-	-	-	-	526,518	-	526,518	528,346
Allowance auction proceeds	-	-	-	140,560	-	-	-	140,560	-	140,560	112,024
Third-party reimbursements	14,701	-	-	109	-	2,325	34,148	51,283	-	51,283	36,896
Federal grants	-	-	-	-	3,091	-	2,423	5,514	-	5,514	2,910
Interest subsidy	-	-	-	-	-	-	356	356	-	356	402
<i>Charges for services</i>											
Project repayments	-	-	-	-	-	-	361	361	-	361	68
Rentals from leases	-	-	-	-	-	-	1,009	1,009	-	1,009	1,026
Fees and other income	-	-	15,248	-	-	-	236	15,484	5,284	20,768	6,125
Loans and financing receivables interest	-	-	-	-	-	-	8,096	8,096	24,327	32,423	26,351
<i>Other</i>											
Investment income	92	39	57	93	-	-	205	486	216	702	18,338
Total revenues	234,924	99,416	548,792	141,429	13,210	15,975	150,876	1,204,622	366,808	1,571,430	1,336,441
Increase (decrease) in net position before transfers	(45,007)	(25,158)	(14,354)	43,893	(612)	1,755	33,942	(5,541)	353,630	348,089	81,479
Transfers	50,429	15,643	14,855	(92,347)	-	-	11,420	-	-	-	-
Change in net position	5,422	(9,515)	501	(48,454)	(612)	1,755	45,362	(5,541)	353,630	348,089	81,479
Net position, beginning of period	79,685	37,074	(7,231)	134,123	3,194	-	225,892	472,737	606,394	1,079,131	997,652
Net position, end of period	\$85,107	27,559	(6,730)	85,669	2,582	1,755	271,254	467,196	960,024	1,427,220	1,079,131

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)  
Balance Sheet - Governmental Funds  
March 31, 2021  
(with summarized comparative totals for March 31, 2020)  
(Amounts in thousands)

	Major Funds					Other Funds	Total	Total
	CEF	NY-Sun	CES	RGGI	GJGNY		March 31, 2021	March 31, 2020
<b>ASSETS:</b>								
Cash and investments	\$104,095	39,373	88,587	90,063	68,276	111,837	502,231	567,822
Receivables:								
New York State	759	-	4,862	-	-	2,593	8,214	8,451
Third-party billings	523	-	66,096	-	3,086	980	70,685	14,424
Interest on loans	-	-	-	-	871	-	871	574
Loans	-	-	-	-	219,353	-	219,353	199,773
Prepaid expense	1,000	-	-	-	-	2,386	3,386	2,706
Other assets	-	-	-	-	-	11,798	11,798	6,962
Due from other funds	5,024	539	-	795	277	-	6,635	3,737
Total assets	<u>\$111,401</u>	<u>\$39,912</u>	<u>159,545</u>	<u>90,858</u>	<u>291,863</u>	<u>129,594</u>	<u>823,173</u>	<u>804,449</u>
<b>LIABILITIES AND FUND BALANCES:</b>								
Liabilities:								
Accounts payable	\$1,793	3,012	96	1,030	2,165	1,521	9,617	7,543
Accrued liabilities	19,080	9,302	138,877	3,267	331	12,607	183,464	173,206
Unearned revenue	1,692	-	-	96	76	1,227	3,091	3,252
Deposits	-	-	27,395	-	-	582	27,977	23,293
Due to other funds	-	-	10	-	-	6,917	6,927	3,789
Total liabilities	<u>22,565</u>	<u>12,314</u>	<u>166,378</u>	<u>4,393</u>	<u>2,572</u>	<u>22,854</u>	<u>231,076</u>	<u>211,083</u>
Fund Balances:								
Nonspendable-not in spendable form	1,000	-	-	-	-	2,386	3,386	2,706
Restricted	87,836	27,598	-	86,465	289,291	101,350	592,540	594,352
Unassigned	-	-	(6,833)	-	-	3,004	(3,829)	(3,692)
Total fund balances	<u>88,836</u>	<u>27,598</u>	<u>(6,833)</u>	<u>86,465</u>	<u>289,291</u>	<u>106,740</u>	<u>592,097</u>	<u>593,366</u>
Total liabilities and fund balances	<u>\$111,401</u>	<u>\$39,912</u>	<u>159,545</u>	<u>90,858</u>	<u>291,863</u>	<u>129,594</u>	<u>823,173</u>	<u>804,449</u>

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

Total fund balances for governmental funds	\$592,097	593,366
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds	12,657	14,398
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(153,952)	(140,714)
Pension & OPEB related deferred outflows and inflows are not reported in governmental funds	17,488	6,801
Accrued interest expense	(1,094)	(1,114)
Net position of governmental activities	<u>\$467,196</u>	<u>472,737</u>

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, 2021  
(with summarized comparative totals for March 31, 2020)  
(Amounts in thousands)

	Major Funds						Total	Total
	CEF	NY-Sun	CES	RGGI	GJGNY	Other Funds	March 31, 2021	March 31, 2020
<b>REVENUES:</b>								
State appropriations	\$ -	-	-	667	-	22,619	23,286	29,432
Utility surcharge assessments	220,128	99,377	-	-	-	105,195	424,700	548,232
Renewable energy credit proceeds	-	-	6,969	-	-	-	6,969	5,613
Zero-emission credit assessments	-	-	526,518	-	-	-	526,518	528,346
Allowance auction proceeds	-	-	-	140,560	-	-	140,560	112,024
Third-party reimbursements	14,701	-	-	109	-	36,473	51,283	36,896
Federal grants	-	-	-	-	-	5,514	5,514	2,910
Interest subsidy	-	-	-	-	356	-	356	402
Project repayments	-	-	-	-	-	361	361	68
Rentals from leases	-	-	-	-	-	1,009	1,009	1,026
Fees and other income	-	-	15,248	-	21	215	15,484	2,778
Loan interest	-	-	-	-	8,096	-	8,096	7,739
Investment income	92	39	57	93	68	137	486	12,114
<b>Total revenues</b>	<b>234,921</b>	<b>99,416</b>	<b>548,792</b>	<b>141,429</b>	<b>8,541</b>	<b>171,523</b>	<b>1,204,622</b>	<b>1,287,580</b>
<b>EXPENDITURES:</b>								
Current expenditures	276,056	123,900	562,383	96,857	6,535	131,784	1,197,515	1,235,555
Debt service:								
Principal	-	-	-	-	19,901	-	19,901	14,505
Interest	-	-	-	-	3,765	-	3,765	4,049
Bond issuance costs	-	-	-	-	625	-	625	167
Capital outlay	362	35	73	79	15	211	775	1,198
<b>Total expenditures</b>	<b>276,418</b>	<b>123,935</b>	<b>562,456</b>	<b>96,936</b>	<b>30,841</b>	<b>131,995</b>	<b>1,222,581</b>	<b>1,255,474</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Residential Solar and Energy Efficiency Financing								
Green Revenue Bonds issued	-	-	-	-	16,690	-	16,690	-
Transfers in	70,453	18,293	14,855	7,188	37,700	6,054	154,543	54,886
Transfers out	(20,024)	(2,650)	-	(99,535)	(2,000)	(30,334)	(154,543)	(54,886)
<b>Net other financing sources (uses)</b>	<b>50,429</b>	<b>15,643</b>	<b>14,855</b>	<b>(92,347)</b>	<b>52,390</b>	<b>(24,280)</b>	<b>16,690</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>8,932</b>	<b>(8,876)</b>	<b>1,191</b>	<b>(47,854)</b>	<b>30,090</b>	<b>15,248</b>	<b>(1,269)</b>	<b>32,106</b>
<b>Fund balances, beginning of year</b>	<b>79,904</b>	<b>36,474</b>	<b>(8,024)</b>	<b>134,319</b>	<b>259,201</b>	<b>91,492</b>	<b>593,366</b>	<b>561,260</b>
<b>Fund balances, end of year</b>	<b>\$88,836</b>	<b>27,598</b>	<b>(6,833)</b>	<b>86,465</b>	<b>289,291</b>	<b>106,740</b>	<b>592,097</b>	<b>593,366</b>

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

Net change in fund balances for governmental funds	(\$1,269)	32,106
Capitalization and depreciation of capital outlays, rather than recording as an expenditure	(1,741)	(1,589)
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	(1,367)	(774)
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	20	(187)
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	(4,395)	(521)
Bond proceeds are a current financial resource in the governmental funds but are not reported as revenues in the Statement of Activities	(16,690)	-
Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position	19,901	14,505
<b>Change in net position of governmental activities</b>	<b>(\$5,541)</b>	<b>43,540</b>

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, 2021  
(with comparative totals for March 31, 2020)  
(Amounts in thousands)

	March 31, 2021	March 31, 2020
<b><u>ASSETS:</u></b>		
Current assets:		
Cash and investments	\$386,078	\$164,361
Third-party billings receivable	27	35
Interest receivable on loans	3,215	3,172
Loans and financing receivables due within one year, net	75,787	55,823
Total current assets	465,107	223,391
Non-current assets:		
Loans and financing receivables - long term, net	496,913	385,736
Total non-current assets	496,913	385,736
Total assets	962,020	609,127
 <b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>		
	4,289	1,527
 <b><u>LIABILITIES:</u></b>		
Current liabilities:		
Accounts payable	94	29
Accrued liabilities	372	227
Escrow deposits	461	2,105
Total current liabilities	927	2,361
Non-current liabilities:		
Net pension liability	3,796	885
Net OPEB liability	134	528
Total non-current liabilities	3,930	1,413
Total liabilities	4,857	3,774
 <b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>		
	1,428	486
 <b><u>NET POSITION:</u></b>		
Net position restricted for specific programs	\$960,024	606,394

*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, 2021  
(with comparative totals for March 31, 2020)  
(Amounts in thousands)

	<u>March 31,</u> 2021	<u>March 31,</u> 2020
<b><u>OPERATING REVENUES:</u></b>		
Closing fees	\$3,915	2,528
Undrawn fees	836	572
Administrative fees	273	103
Other fees	260	144
Loans and financing receivables interest	<u>24,327</u>	<u>18,612</u>
Total operating revenues	29,611	21,959
<b><u>OPERATING EXPENSES:</u></b>		
Salaries and benefits	8,510	7,484
Investment related expenses	585	399
Program operating costs	1,761	1,277
General & administrative expenses	1,571	1,247
Depreciation	147	189
NY State assessments	149	112
Total operating expenses	<u>12,723</u>	<u>10,708</u>
<b>OPERATING INCOME</b>	16,888	11,251
<b><u>NON-OPERATING REVENUES:</u></b>		
Capital contributions	336,981	20,678
Investment income	216	6,224
Total non-operating revenues	<u>337,197</u>	<u>26,902</u>
<b><u>NON-OPERATING EXPENSES:</u></b>		
Capital expansion	410	44
Program evaluation	45	170
Total non-operating expenses	<u>455</u>	<u>214</u>
Change in net position	353,630	37,939
Net position, beginning of period	<u>606,394</u>	<u>568,455</u>
Net position, end of period	<u>\$960,024</u>	<u>606,394</u>

*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, 2021  
(with comparative totals for March 31, 2020)  
(Amounts in thousands)

	March 31, 2021	March 31, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Closing fees collected	\$3,930	2,588
Undrawn fees collected	786	581
Administrative fees collected	278	93
Other fees collected	244	210
Loans and financing receivables interest collected	24,338	17,694
(Disbursement) receipt of escrow deposits	(1,644)	282
Payments to employees & employee benefit providers	(7,812)	(7,405)
Payments to suppliers	(3,750)	(3,508)
Payment for allocated depreciation	(147)	(189)
Payments to NYS	(149)	(112)
Loans and financing receivables deployed	(344,660)	(258,384)
Loans and financing receivables principal repayments	213,516	116,279
Net cash used in operating activities	(115,070)	(131,871)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Capital contributions	336,981	20,678
Capital expansion	(410)	(44)
Net cash provided by non-capital financing activities	336,571	20,634
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(2,130,515)	(412,379)
Proceeds from sale of investments	1,936,070	507,973
Investment income	3,219	5,895
Net cash (used in) provided by investing activities	(191,226)	101,489
<b>Net change in cash &amp; cash equivalents</b>	30,275	(9,748)
Cash and cash equivalents, beginning of year	14,531	24,279
Cash and cash equivalents, end of year	\$44,806	14,531
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating income	\$16,888	11,251
Adjustments to reconcile operating income to net cash used in operating activities:		
Decrease in third party billings receivable	8	139
Increase in interest receivable	(43)	(908)
Increase in loans and financing receivables	(131,141)	(142,129)
Increase in accounts payable	65	29
Increase (decrease) in accrued liabilities	145	(444)
(Decrease) increase in escrow deposits	(1,644)	282
Net change in pension & OPEB related accounts	697	79
Non-operating expenses unrelated to financing activities	(45)	(170)
Net cash used in operating activities	(\$115,070)	(131,871)

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, 2021  
(Amounts in thousands)

	<u>OPEB Trust Fund</u>	<u>Custodial Fund</u>
<b><u>ASSETS:</u></b>		
Cash and investments	\$69,682	\$35,084
LLRW assessment billings receivable	-	337
Total assets	<u>\$69,682</u>	<u>35,421</u>
<b><u>LIABILITIES:</u></b>		
Accrued expenses	4	-
Payable to New York State	-	961
LLRW escrow funds	-	2,323
Federal Energy Regulatory Commission	-	3
Office of Renewable Energy Siting	-	398
Total liabilities	<u>4</u>	<u>3,685</u>
<b><u>NET POSITION:</u></b>		
<u>Restricted for:</u>		
Other postemployment benefits	69,678	-
Other governments and organizations for care of nuclear waste	-	31,736
Total Net position	<u>\$69,678</u>	<u>\$31,736</u>

*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  
For the year ended March 31, 2021  
(Amounts in thousands)

<b><u>ADDITIONS:</u></b>	<u>OPEB Trust Fund</u>	<u>Custodial Fund</u>
Employer contributions	\$3,045	\$ -
Utility assessments	-	2,848
Escrow deposit receipts	-	398
Investment (loss) income	18,031	27
Less investment management expenses	(10)	-
Net investment income	<u>18,021</u>	<u>27</u>
Total additions, net	<u>21,066</u>	<u>3,273</u>
<b><u>DEDUCTIONS:</u></b>		
Benefits	1,738	-
Reimbursement to NYS	-	3,248
Administrative fees	17	-
Total deductions	<u>1,755</u>	<u>3,248</u>
Change in net position	19,311	25
<b><u>NET POSITION:</u></b>		
Net position- beginning of year, as restated (note 2(a))	<u>50,367</u>	<u>31,711</u>
Net position- end of year	<u><u>\$69,678</u></u>	<u><u>\$31,736</u></u>

*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)**

**Notes to Basic Financial Statements  
March 31, 2021**

**(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 significant functions and programs reported in the Statement of Activities are summarized below; those which are reported as major funds in the Governmental Fund Financial Statements are noted parenthetically.

Clean Energy Fund (CEF) Market Development/Innovation & Research (Major fund)

Pursuant to a January 2016 Order (CEF Order), the State 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 \$3.4 billion, as amended, 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 \$150.0 million for the RPS Program for a 2016 Main Tier solicitation. The NY Green Bank, and NY-Sun 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 Smart, Energy Efficiency Portfolio Standard, Technology and Market Development, and RPS programs (the Previously Approved Programs).

To reimburse NYSERDA for actual CEF program expenses, the CEF Order established a "Bill-As-You-Go" (BAYG) approach for revenue collection effective January 1, 2016. Under this approach, CEF ratepayer collections are held by the electric and gas utilities and used to reimburse NYSERDA monthly, 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.

NY-Sun (Major fund)

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 Renewable Portfolio Standard (RPS) program. The CEF Order established the incremental collection schedule and reallocation of uncommitted funds to support program activities approved through the 2012 Order.

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

**Notes to Basic Financial Statements  
March 31, 2021**

Pursuant to a May 14, 2020 Order, the Commission authorized the expansion of the NY-Sun program through 2025 to meet the established targets under the Climate Leadership and Community Protection Act and to develop a total of 6 gigawatt (GW) of distributed solar by 2025 adding an additional 3 GW of distributed solar. The Order increased NY-Sun's funding by \$573 million of which \$230 million can be sourced from existing uncommitted NYSERDA ratepayer funds. The remaining \$343 million will be approved a future date.

Clean Energy Standard (CES) (Major fund)

Pursuant to an August 2016 and subsequent Orders, the Clean Energy Standard was established, adopting a State Energy Plan goal that 70% 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 (LSEs) 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 70% by 2030 goal. The RES and ZEC components will, however, in combination, contribute toward the State's comprehensive greenhouse gas reduction goals.

NYSERDA is leading the coordination of offshore wind opportunities in New York State and is supporting the development of 9,000 megawatts of offshore wind energy by 2035 in a responsible and cost-effective manner. In July 2018, the Commission issued an Order Adopting the Offshore Wind Standard. The Offshore Wind Standard authorized solicitations by NYSERDA, in consultation with the Long Island Power Authority and New York Power Authority, for first phase of offshore wind procurements. Through December 2020 NYSERDA has issued two competitive solicitations for offshore wind to stimulate the development of the domestic offshore wind industry, reduce the cost of later offshore wind procurements, and allow New York State to realize the direct benefits associated with the construction, operation, and maintenance of offshore wind resources.

An October 15, 2020 Order of the PSC established a new Tier 2 and Tier 4. The Tier 2 Maintenance program aims to provide targeted, adequate, and prudent support to New York's existing renewable resources to ensure their continued operations. Eligible Tier 2 maintenance generators include run-of-river hydroelectric facilities (5 MW or less) and wind resources that entered commercial operation prior to January 1, 2003. The Competitive Tier 2 aims to maximize the contributions and potential of New York's existing renewable resources to ensure their continued operations. Eligible Competitive Tier 2 generators include existing non-state-owned run-of-river hydropower and existing wind

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resources located within the State that entered commercial operation prior to January 1, 2015. The new Tier 4 will increase the penetration of renewable energy into New York City, which is particularly dependent on polluting fossil fuel-fired generation. NYSERDA will procure unbundled environmental attributes associated with renewable generation delivered into New York City. These environmental attributes include the avoidance of GHG emissions, as well as the avoidance of local pollutants such as NO<sub>x</sub>, SO<sub>x</sub>, and fine particulate matter.

Regional Greenhouse Gas Initiative (RGGI) (Major fund)

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) (Major fund)

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 \$142.7 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).

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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 represents an aggregate of smaller Programs/Functions. These activities are primarily funded through Commission Orders, Memorandums of Understanding with various utilities pursuant to Commission Orders, various third-party reimbursement agreements, 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 various Orders of the Commission, the Commission authorized a total of \$1 billion in funded capitalization for NY Green Bank. As of March 31, 2021, total ratepayer funded capitalization provided to NY Green Bank was \$955.7 million, resulting in an unfunded amount of \$44.3 million that will be subsequently provided through the BAYG funding approach.

**(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

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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 financial statements are categorized as either major or non-major funds (the latter are aggregated within "Other") as required by U.S. generally accepted accounting principles (U.S. 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 that 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 had no Committed or Assigned Fund Balances as of March 31, 2021.

NYSERDA administers certain programs on behalf of the 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.

As of March 31, 2021, a fund deficit was reported in the Clean Energy Standard Fund. The deficit is the result of differences in cash flow timing relating to the receipts of cash and disbursements under the program.

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;



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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. The fiduciary fund financial statements reflect the adoption of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* (GASB 84), which establishes criteria for identifying and reporting fiduciary activities. Among its requirements, GASB 84 provides that liabilities to beneficiaries are to be recognized when an event has occurred that compels a government to disburse the fiduciary resources. Accordingly, the Authority reclassified certain previously reported liabilities of \$31.7M at March 31, 2020 related to the perpetual care of nuclear waste, to custodial net position, to arrive at a custodial net position of \$31.7M as of March 31, 2020, as restated. 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 as of and for the year ended March 31, 2020, 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 proprietary 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.

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- (c) **Indirect cost allocation method**  
NYSERDA incurs certain indirect costs (e.g., administrative salary expense, fringe benefit expense, and general and administrative expense) that are not directly associated with a specific function/program. Therefore, these costs are allocated in proportion to direct salary expenses of each NYSERDA function/program, including NY Green Bank. Net pension and OPEB liabilities are also allocated proportionately to NY Green Bank, as required for Proprietary funds.
- (d) **Investments**  
Investments are recorded at fair value, which reflects quoted market prices for U.S. government obligations, mutual funds, and exchange-traded funds.
- (e) **Loans and financing receivables**  
Loans and financing receivables are recorded at their cost basis, less any provision for losses. For NY Green Bank, a provision for losses is established on any individual loan and financing receivable which: (i) is delinquent by more than 120 days on payment of principal or interest obligations; and (ii) indicates a deficiency in the present value of expected cash flows discounted at its effective interest rate, or a deficiency in the valuation of its collateral, as compared to its outstanding balance plus any accrued interest receivable. For the GJGNY program, an allowance for doubtful accounts is recorded at the amount of the outstanding principal balance of all loans over 120 days past due.
- (f) **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 fifty 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.
- (g) **Unearned revenue**  
Unearned revenue consists of funds received or receivable in advance of revenue recognition conditions having been met for the underlying exchange transactions.
- (h) **Deferred outflows of resources and deferred inflows of resources**  
Deferred outflows of resources as presented in the government-wide and proprietary fund financial statements represent a consumption of net assets applicable to a future reporting period. Deferred inflows of resources as presented are defined as an acquisition of net assets applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources include differences between expected projected results and actual results related to NYSERDA's net pension and net OPEB liabilities, as well as contributions subsequent to the measurement date for each post-retirement/post-employment benefit plan. Deferred outflows of resources and deferred inflows of resources are also allocated proportionately to NY Green Bank, as required for Proprietary funds.
- (i) **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, as reported in the government-wide financial statements within other non-current liabilities, includes fringe benefits on compensated absences and estimated costs to use employee sick leave for post-retirement health benefits. Compensated

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absences are not accrued in the governmental funds financial statements.

**(j) NY State assessments**

NY State assessments for the year ended March 31, 2021 consisted of \$12.7 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.

**(k) Use of estimates**

The preparation of financial statements in conformity with U.S. 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) Income taxes**

NYSERDA is a component unit of the State and therefore is generally exempt from federal, state, and local income taxes.

**(m) Reclassifications**

Certain amounts reported as of and for the fiscal year ended March 31, 2020 have been reclassified to conform with the amounts presented as of and for the fiscal year ended March 31, 2021.

**(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 OPEB Trust 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, 2021. Fair value is measured using quoted market prices for U.S. government obligations, mutual funds, and exchange traded funds. GASB Statement No. 72, *Fair Value Measurement and Application*, 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.

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	Fair Value (Amounts in <u>thousands</u> )	% of <u>Total</u>	Weighted Average Maturity ( <u>months</u> )
<u>Governmental funds</u>			
Cash and cash equivalents	\$ 94,857	18.9	n/a
U.S. Treasury Bills	<u>407,374</u>	<u>81.1</u>	<u>1.2</u>
Total	<u>\$502,231</u>	<u>100.0</u>	<u>1.0</u>
Current portion thereof	<u>\$502,231</u>		
 <u>Proprietary fund</u>			
Cash and cash equivalents	\$ 44,806	11.6	n/a
U.S. Treasury Bills	<u>341,272</u>	<u>88.4</u>	<u>1.2</u>
Total	<u>\$386,078</u>	<u>100.0</u>	<u>1.1</u>
Current portion thereof	<u>\$386,078</u>		
 <u>Fiduciary funds</u>			
Cash and equivalents	\$829	0.8	n/a
Mutual funds	58,252	55.6	n/a
Exchange traded funds	11,002	10.5	n/a
U.S. Treasury Bills	<u>34,683</u>	<u>33.1</u>	<u>1.6</u>
Total	<u>\$104,766</u>	<u>100.0</u>	<u>1.6</u>

*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 OPEB Trust's 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. The debt instruments held within the above table's Mutual funds and Exchange traded funds are shown in the below table.

*Credit Risk.* Money market fund investments consist of non-rated funds whose investments are restricted to U.S. government obligations. As of March 31, 2021, debt instruments other than those of the U.S. government were held only by the OPEB Trust and were as follows:

<u>Investment type</u>	<u>Investment policy range (% of portfolio)</u>	<u>Fair Value (Amounts in thousands)</u>	<u>Morningstar 5- star rating scale rating</u>
<i>Mutual funds:</i>			
Short term bonds	1%-6%	\$2,063	3
Intermediate term bond	9%-19%	\$9,591	4
Inflation protected securities	5%-15%	\$6,910	5
Long term bond	1%-11%	\$4,101	5
High yield bond	7%-17%	\$8,288	4
Global bond	1%-6%	\$678	5

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*Morning star is not a credit agency, their rating is a measure of the fund's risk-adjusted return relative to similar funds. Funds are rated one to five stars with the strongest performers receiving five stars.*

*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, 2021, NYSERDA did not have any investments with institutions that were individually in excess of 5% of total investments.

The OPEB 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.

*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.

*Foreign Currency Risk.* As of March 31, 2021, only the OPEB Trust portfolio (reported within Fiduciary funds) held any foreign investments. Foreign mutual fund holdings at March 31, 2021 were \$21.6 million (comprised of \$20.9 million of equity funds and \$678,000 of fixed income funds).

**(4) RECEIVABLE FROM NEW YORK STATE**

As of March 31, 2021, the amount due from New York State is \$8.2 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, and certain small business/not-for-profit loans, offers loans originated by a third-party loan originator using pre-established loan underwriting criteria, which are 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.

For the fiscal years ended March 31, 2021 and March 31, 2020, provision for losses were \$1.8 million and \$1.8 million, respectively, and are included in Program/Current expenditures, respectively, for the Program/Major Fund.

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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.

For the fiscal years ended March 31, 2021 and March 31, 2020, there were not provisions for losses recognized in the Statement of Activities.

Loans and financing receivables at March 31, 2021 include the following:

<i>(Dollar amounts in thousands)</i>		
<u>Governmental activities/funds</u>	Number of loans and financing receivables	Loans and financing receivables <u>Outstanding</u>
Residential	24,158	\$227,655
Small Business/Not-for-Profit	56	1,394
Multifamily Building	<u>3</u>	<u>41</u>
Total governmental activities/funds	<u>24,217</u>	229,090
Allowance for doubtful accounts		<u>(9,737)</u>
Net total governmental activities/ funds		<u>\$219,353</u>

<i>(Dollar amounts in thousands)</i>		
<u>Business-type activities/proprietary fund</u>	Number of loans and financing receivables	Loans and financing receivables <u>Outstanding</u>
Construction Finance	5	\$36,414
Construction Finance & Term Loan	11	61,755
Term Loans & Investments	33	416,672
Warehousing/Aggregation	<u>5</u>	<u>57,859</u>
Total business-type activities/proprietary fund	<u>54</u>	<u>\$572,700</u>

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Loans and financing receivables at March 31, 2021 mature as follows:

Governmental activities/funds

Fiscal year ending <u>March 31,</u>	<i>(Amounts in thousands)</i>			<u>Total</u>
	Residential Energy <u>Efficiency</u>	Small Business/ <u>Not-for-Profit</u>	Multifamily <u>Building</u>	
2022	19,344	266	41	19,651
2023	18,809	220	-	19,029
2024	19,228	212	-	19,440
2025	19,703	209	-	19,912
2026	20,108	176	-	20,284
2027-2031	96,058	310	-	96,368
2032-2036	34,328	1	-	34,329
2037-2040	<u>77</u>	<u>-</u>	<u>-</u>	<u>77</u>
Total governmental activities/funds	<u>\$227,655</u>	<u>1,394</u>	<u>41</u>	<u>229,090</u>

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Business-type activities/proprietary fund

*(Amounts in thousands)*

Fiscal year ending <u>March 31,</u>	Construction <u>Finance</u>	Construction Finance & <u>Term Loan</u>	Term Loan & <u>Investments</u>	Warehousing/ <u>Aggregation</u>	<u>Total</u>
2022	7,217	29,003	33,497	6,070	75,787
2023	12,064	1,646	50,296	24,638	88,644
2024	353	1,811	27,335	27,151	56,650
2025	353	2,029	45,971	-	48,353
2026	353	2,248	78,174	-	80,775
2027-2031	16,074	17,118	116,945	-	150,137
2032-2036	-	3,121	64,454	-	67,575
2037-2041	-	4,779	-	-	4,779
Total business-type activities/ proprietary fund	<u>\$36,414</u>	<u>61,755</u>	<u>416,672</u>	<u>57,859</u>	<u>572,700</u>

**(6) OTHER ASSETS**

As of March 31, 2021, the other assets balance of \$11.8 million represents the lower of cost or market value of the Upstate and Downstate New York State Strategic Gasoline Reserves, which were established 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, 2021 was as follows:

*(Amounts in thousands)*

	Beginning <u>Balance</u>	<u>Additions</u>	Retirements/ <u>Reclasses</u>	Ending <u>Balance</u>
Land	\$685	-	-	685
Land improvements	5,844	-	-	5,844
Buildings	8,931	-	-	8,931
Machinery and equipment	20,337	798	-	21,135
Leasehold improvements	<u>3,010</u>	<u>100</u>	-	<u>3,110</u>
	38,807	898	-	39,705
<u>Less accumulated depreciation</u> <u>for:</u>				
Land Improvements	(2,194)	(201)	-	(2,395)
Buildings	(5,834)	(270)	-	(6,104)
Machinery and equipment	(15,212)	(1,969)	-	(17,181)
Leasehold improvements	<u>(1,332)</u>	<u>(223)</u>	-	<u>(1,555)</u>
	<u>(24,572)</u>	<u>(2,663)</u>	-	<u>(27,235)</u>
Capital assets, net	<u>\$14,235</u>	<u>(1,765)</u>	=	<u>12,470</u>



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**(8) NON-CURRENT LIABILITIES**

Non-current liability activity for the year ended March 31, 2021 was as follows:

*(Amounts in thousands)*

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<u>Governmental activities</u>					
Compensated absences	\$9,538	4,797	(3,216)	11,119	5,030
Bonds payable	120,898	16,690	(19,901)	117,687	8,660
Net pension liability	6,714	24,628	(6,954)	24,388	-
Net OPEB liability	<u>3,454</u>	<u>9,265</u>	<u>(11,857)</u>	<u>862</u>	<u>-</u>
Non-current liabilities	<u>\$140,604</u>	<u>55,380</u>	<u>(41,928)</u>	<u>154,056</u>	<u>13,690</u>
<u>Business-type activities</u>					
Net pension liability	\$ 885	3,834	(923)	3,796	-
Net OPEB liability	<u>528</u>	<u>1,225</u>	<u>(1,619)</u>	<u>134</u>	<u>-</u>
Non-current liabilities	<u>\$1,413</u>	<u>5,059</u>	<u>(2,542)</u>	<u>3,930</u>	<u>-</u>

Bonds payable includes various bonds issued and secured by loan repayments from loans issued under the GJGNY program. Following is a schedule of bonds issued and outstanding at March 31, 2021:

*(Amounts in thousands)*

	<u>Principal Balance Outstanding</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>
Residential Energy Efficiency Financing Revenue Bonds, Series 2013A	\$10,660	July 1, 2028	3.0% to 4.1%
Series 2015A	30,430	July 1, 2030	2.6% to 3.8%
Series 2016A	17,330	March 1, 2027	1.6% to 2.8%
Residential Solar Loan Revenue Bonds, Series 2015	18,567	March 1, 2027	4.6% to 5.2%
Residential Solar Financing Green Revenue Bonds, Series 2018A	12,395	April 1, 2034	3.2% to 4.8%
Residential Solar and Energy Efficiency Financing Green Revenue Bonds, Series 2019A	11,615	April 1, 2035	3.2% to 4.6%
Residential Solar and Energy Efficiency Financing Green Revenue Bonds, Series 2020A	<u>16,690</u>	October 1, 2036	1.5% to 3.4%
Total	<u>\$117,687</u>		

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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. Payment of principal and interest on the Series 2013A bonds are guaranteed by the New York State Environmental Facilities Corporation (EFC) through the Clean Water State Revolving Fund (SRF). The Residential Energy Efficiency Financing Revenue Bonds Series 2015A and Series 2016A were issued to EFC in connection with SRF bonds issued by EFC. The Series 2015A bonds include an interest subsidy credit from EFC provided compliance with provisions of the EFC financing agreements. Under the terms of agreements with EFC, NYSERDA has on deposit with an escrow agent as of March 31, 2021, approximately \$4.7 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). 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. The bonds originally included a variable rate component, but pursuant to the terms of the borrowing, pledged Solar Loan payments received in excess of structuring scheduled payments were applied on a quarterly basis first to the redemption of outstanding variable rate bonds, and then to outstanding fixed rate bonds, and as of March 31, 2021 no variable rate principal balance remained outstanding. The remaining principal outstanding bears interest at a fixed rate determined at the time each series was issued, and mature approximately 10 years from the date issued, ranging from March 1, 2026 to March 1, 2027.

Also included in Bonds Payable are Residential Solar Loan Revenue Bonds (Series 2018) issued to finance or refinance loans residential solar loans for under the GJGNY program for one to four family residential structures. The Series 2018A Bonds are payable solely from and secured by Pledged Loan Payments held by the Trustee under the Indenture and all money, revenues and receipts to be received under the Indenture.

Bonds Payable further includes Residential Solar and Energy Efficiency Financing Green Revenue Bonds (for Series 2019A and Series 2020A). The Series 2019A and 2020A Bonds are payable solely from and secured by the Pledged Revenues pursuant to the Indenture of Trust.

For each of the Series of bonds outstanding at March 31, 2021, failure of the Authority to cause to be made by the Trustee, the scheduled payment of principal and/or interest amounts still outstanding at such maturity date, would result in the Authority becoming responsible for, but only from pledged loan payments, all reasonable collection and similar fees, plus interest on overdue installments of interest at the rate borne by the Bonds. The remedy of acceleration shall not be available to the Owners of the bonds.

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As of March 31, 2021, future debt service requirements of the bonds are:

*(Amounts in thousands)*

Fiscal year ending <u>March 31,</u>	<u>Bonds payable</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2022	8,660	3,647	12,307
2023	11,080	3,446	14,526
2024	10,440	3,183	13,623
2025	9,995	2,913	12,908
2026	11,190	2,640	13,830
2027-31	51,317	5,638	56,955
2032-36	11,765	2,244	14,009
2037	<u>3,240</u>	<u>111</u>	<u>3,351</u>
Total	<u>\$117,687</u>	<u>23,822</u>	<u>141,509</u>

In the above table, certain bonds with principal payments that are dependent on the amount of pledged loan receipts are shown in the period in which final maturity of such amounts occur, though pre-payment without penalty could occur. In addition, interest payments for those same bonds include the maximum amount assuming no principal pre-payments are made.

**(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\\_2020.pdf](http://www.osc.state.ny.us/retire/word_and_pdf_documents/reports/financial_statements/fs_2020.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, 2021 and 2020, NYSERDA's proportionate share of the System's net pension liability was approximately 0.11% and 0.11%, respectively, determined based on the ratio of NYSERDA's total projected long-term contributions to the total System projected long-

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term contributions from all employers. NYSERDA, in turn, allocated a share of its pension liability and deferred outflows and deferred inflows to NY Green Bank, its proprietary fund, based on a proportional allocation methodology using direct salary expenses. The governmental activities represent approximately 87% and the proprietary fund represents approximately 13% 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 NY Green Bank, is as follows:

	<i>(Amount in thousands)</i>
Measurement date	03/31/2020
Actuarial valuation date	04/01/2019
Net pension liability	\$28,184

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 4.2%, and investment rate of return of 6.8%. 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-2018. The discount rate used to calculate the total pension liability was 6.8%. 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, 2021 was \$9.0 million. NYSERDA's contribution to the System for the fiscal year ended March 31, 2021 was \$3.9 million, representing 100% of the required contribution.

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

	<i>(Amounts in thousands)</i>		
	1% Decrease	Current Discount Rate	1% Increase
	<u>(5.8%)</u>	<u>(6.8%)</u>	<u>(7.8%)</u>
<u>Governmental activities</u>			
Net pension liability/(asset)	\$44,757	\$24,388	\$5,626
<u>Business type-activities/proprietary fund</u>			
Net pension liability/(asset)	\$6,967	\$3,796	\$876

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

	<i>(Amounts in thousands)</i>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$1,659	-
Changes of assumptions	567	(490)
Net difference between projected and actual investment earnings on pension plan investments	14,448	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	95	(868)
Employer contributions subsequent to the measurement date	<u>3,941</u>	<u>-</u>
Total	<u>\$20,710</u>	<u>(\$1,358)</u>

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, 2022.

The deferred outflows of resources and deferred inflows of resources to be recognized in pension expense in the following years and in the aggregate are as follows:

	<i>(Amounts in thousands)</i>		
	Governmental	Business-type	
Fiscal year Ending March 31:	<u>activities</u>	activities/proprietary	<u>fund</u>
2022	\$2,243		138
2023	3,532		283
2024	4,650		439
2025	<u>3,560</u>		<u>566</u>
Totals	<u>\$13,985</u>		<u>1,426</u>
			<u>15,411</u>

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%.

One hundred thirty two employees have vested in the VDC as of March 31, 2021. NYSERDA's contribution to the VDC for the year ended March 31, 2021 was \$939,000.

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**(10) LEASES**

NYSERDA has multi-year operating leases expiring May 31, 2021; October 31, 2022; June 30, 2024; and October 30, 2027, for office space in West Valley, Buffalo, Albany, and New York City, respectively. For the year ended March 31, 2021, rental expense for all office facilities was \$2.1 million.

The following is a schedule, by year, of future minimum rental payments for NYSERDA's office space as of March 31, 2021:

*(Amounts in thousands)*

Fiscal year ending March 31:	
2022	\$2,433
2023	2,387
2024	2,381
2025	2,088
2026	1,965
Thereafter	<u>3,111</u>
Total	<u>\$14,365</u>

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, 2021-2027.

**(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

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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 - conducted additional studies to reduce uncertainties in the decisions for the Phase 2 portion of the cleanup, which will be detailed in a Supplemental Environmental Impact Statement currently being developed . 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. During most of the period between 2010 and 2020, however, the actual federal funding levels have generally ranged between \$60.0 million and \$68.0 million, extending the duration of the Phase 1 work the Federal Fiscal Year 2021 Congressional appropriation for the WVDP came in at \$92.4 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 late 2023 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, 2021 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, 2021, NYSERDA paid, from the agency fund, a total of \$2.8 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, 2021, the principal totaled \$1.5 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.

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- (e) Contractual obligations in excess of cash and investment balances  
As of March 31, 2021, NYSERDA has aggregate outstanding contractual obligations in excess of cash and investments of governmental activities/funds totaling \$12.6 billion, which will be reimbursed for qualifying program costs from monies held by utilities pursuant to BAYG agreements, from future revenues generated through Commission Orders, Memorandums of Understanding, Third-party agreements, and from federal energy grants.
- (f) NY Green Bank  
As of March 31, 2021, NY Green Bank has entered into four credit contracts 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 the respective agreement is triggered. The amount of contingent obligations as of March 31, 2021 totaled approximately \$5.7 million.

Any draws made on the above contingent obligations would be due to be repaid pursuant to the terms of their respective agreements.

**(12) POSTEMPLOYMENT HEALTHCARE BENEFITS**

Plan Description

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 System and New York State Voluntary Defined Contribution (VDC) Program, 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 System and VDC program. The Plan provides that members that retired prior to January 1, 2013 pay the percentage share of the health insurance premiums that active NYSERDA employees paid as of December 31, 2012. Members that retired on or after January 1, 2013 pay the same percentage share of the health insurance premiums as that charged for active State management confidential employees (as of March 31, 2021 the shares were 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 the Officers of NYSERDA, in consultation with an independent Investment Consultant.

As of March 31, 2021, there were 125 retirees and dependent survivors actively receiving benefits and 307 active Plan members. NYSERDA's OPEB Trust is recorded as a fiduciary fund within NYSERDA's financial statements.

Net OPEB Liability and disclosures required by GASB Statement No. 75 (Employer Reporting):

The Total OPEB liability at March 31, 2021 was determined using the January 1, 2020 actuarial valuation, and was then projected forward to the measurement date of March 31, 2020.

NYSERDA allocates a share of its Net OPEB liability and related deferred outflows and deferred inflows to NY Green Bank, its proprietary fund, based on a proportional allocation methodology using direct salary expenses. The governmental activities represent approximately 87% and the



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proprietary fund represents approximately 13% of the proportionate share of the balances of OPEB-related amounts consistent with NYSERDA's current allocation methodology.

The following table summarizes changes in the net OPEB Liability of NYSERDA, which includes that of NY Green Bank:

*(Amounts in thousands)*

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Fiscal year ended March 31, 2020 <i>(Measurement date March 31, 2019)</i>	\$56,953	52,971	3,982
<u>Changes for the year:</u>			
Service cost	2,154		2,154
Interest	3,791		3,791
Differences between expected and actual experience	(9,953)		(9,953)
Benefit payments	(1,582)	(1,582)	-
Contributions-employer	-	2,608	(2,608)
Net investment income	-	(3,612)	3,612
Administrative expenses	-	(18)	18
Fiscal year ended March 31, 2021 <i>(Measurement date March 31, 2020)</i>	<u>\$51,363</u>	<u>50,367</u>	<u>996</u>

**Sensitivity Analysis:**

Discount rate

The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the long-term expected rate of return.

*(Amounts in thousands)*

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
<u>Governmental activities</u>			
Net OPEB liability (asset)	\$8,049	\$862	(\$4,927)
<u>Business type- activities/proprietary fund</u>			
Net OPEB liability (asset)	\$1,256	\$134	(\$769)

Healthcare cost trend rates

The following presents the net OPEB liability of NYSERDA, calculated using the current healthcare cost trend rates as well as what the Authority's net OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

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	<u>1% Decrease</u>	<i>(Amounts in thousands)</i> <u>Current Trend Rate</u>	<u>1% Increase</u>
<u>Governmental activities</u>			
Net OPEB liability (asset)	(\$5,633)	\$862	\$9,131
<u>Business type- activities/proprietary fund</u>			
Net OPEB liability (asset)	(\$879)	\$134	\$1,425

OPEB expense for the fiscal year ended March 31, 2021 was \$3.0 million. Balances of OPEB-related deferred outflows of resources and deferred inflows of resources as of March 31, 2021 were as follows:

	<i>(Amounts in thousands)</i>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 261	(7,286)
Changes of assumptions	-	(1,815)
Net difference between projected and actual investment earnings on Trust investments	7,199	(407)
Employer contributions subsequent to the measurement date	<u>3,045</u>	-
Total	<u>\$10,505</u>	<u>(9,508)</u>

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, 2022.

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

	<i>(Amounts in thousands)</i>		
	<u>Governmental activities</u>	<u>Business-type activities/proprietary fund</u>	<u>Total</u>
Fiscal year Ending March 31:			
2022	\$477	76	553
2023	477	76	553
2024	655	101	756
2025	211	34	245
2026	(1,011)	(160)	(1,171)
Thereafter	<u>(2,575)</u>	<u>(409)</u>	<u>(2,984)</u>
Totals	<u>(\$1,766)</u>	<u>(282)</u>	<u>(2,048)</u>

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

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legal or contractual funding limitations on the pattern of cost sharing between the employer and Plan members in the future.

The significant assumptions used in the most recent actuarial valuation were as follows:

*Retirement*– All employees assumed to be covered under Tier 4 of the System, with early retirement available at age 55 with 5 years of service, and unreduced benefits at age 62 with 5 years or age 55 with 30 years of service. Based on assumptions used under the System, since eligibility for NYSERDA employees covered under this plan is based on membership in that system. The System assumptions were based on extensive analysis of their covered populations.

*Marital status* – Assumed 60% of active male employees who choose coverage will have covered spouses at retirement, and 50% for active female employees. Male spouses were assumed to be three years older than female spouses.

*Mortality Tables* – Sex-distinct Pub-2010 General Employee/Retiree Mortality Tables with generational projection using Scale MP-2019. Pub-2010 General Contingent Survivor Tables with full generational projection using Scale MP-2019 were used for current beneficiaries.

*Withdrawal*– 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. Based on assumptions used under the System, since eligibility for NYSERDA employees covered under this plan is based on membership in that system. The System assumptions were based on extensive analysis of their covered populations.

*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 5.6% and 3.0% for the two health insurers with the highest enrollment of Plan members were assumed initially, trending to an ultimate rate of 3.8% for both carrier's plans.

*Health insurance premiums* – Calendar year 2020 health insurance premiums for the two health insurers with the highest enrollment of Plan members were used as the basis for the projected valuation year premiums.

*Investment return* – As of March 31, 2021, Plan benefit payments are pre-funded in a segregated Trust, and a discount rate of 6.25% was used, representing the long-term anticipated earnings potential of investments in the Trust.

The actuarial funding method used was the Entry Age Normal Cost method, under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost (for purposes of GASB 75, the term normal cost is the equivalent of service cost). The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability (for purposes of GASB 75, the term actuarial accrued liability is the equivalent of total OPEB liability).

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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, *Accounting for Compensated Absences*. 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, the net OPEB liability, or the 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.

Additional information can be found in the Required Supplementary Information section of these financial statements.

Net OPEB Liability (Asset) and Disclosures required by GASB Statement No. 74 (Plan Reporting)

The Total OPEB Liability at March 31, 2021 was determined using the January 1, 2020 actuarial valuation, and was then projected forward to March 31, 2021, calculated using the actuarial assumptions changes described below.

	<i>(Amounts in thousands)</i>		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (asset)
	(a)	(b)	(a) – (b)
Fiscal year ended March 31, 2020	<u>\$51,363</u>	<u>50,367</u>	<u>996</u>
<u>Changes for the year:</u>			
Service cost	2,148		2,148
Interest	3,291		3,291
Effect of economic/demographic gains or losses	(32)		(32)
Effect of assumptions changes or inputs	677		677
Benefit payments	(1,738)	(1,738)	-
Contributions-employer	-	3,045	(3,045)
Net investment income	-	18,021	(18,021)
Administrative expenses	<u>-</u>	<u>(17)</u>	<u>17</u>
Fiscal year ended March 31, 2021	<u>\$55,709</u>	<u>69,678</u>	<u>(13,969)</u>

The actuarial assumptions were the same as those noted above (for the GASB Statement No. 75 valuation) with the exception of:

*Mortality Tables* – Sex-distinct Pub-2010 General Employee/Retiree with Projection Scale MP-2020.

*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 2.4% and 2.1% for the two health insurers with the highest enrollment of Plan members were assumed initially, trending to an ultimate rate of 3.7% for both carrier's plans.

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*Investment return* – As of March 31, 2021, Plan benefit payments are pre-funded in a segregated Trust, and a discount rate of 6.0% was used, representing the long-term anticipated earnings potential of investments in the Trust.

**Sensitivity Analysis:**

Discount rate

The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the long-term expected rate of return.

	1% Decrease <u>(5.0%)</u>	(Amounts in thousands) Current Discount Rate <u>(6.0%)</u>	1% Increase <u>(7.0%)</u>
Net OPEB asset	(\$4,994)	(\$13,969)	(\$21,219)

Healthcare cost trend rates

	1% Decrease <u>(\$22,584)</u>	(Amounts in thousands) Current Trend Rate <u>(\$13,969)</u>	1% Increase <u>(\$2,967)</u>
Net OPEB asset			

Money-Weighted Rate of Return:

For the year ended March 31, 2021, the annual money-weighted rate of return on investments, calculated as the internal rate of return on Plan investments, net of investment expense, was 35.36%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Long-term expected rate of return:**

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Cash	BAML 3-Mon Tbill	1.00%	-0.30%	-0.29%
US Short Bonds	Barclays 1-3 Yr Gvt/Credit	3.00%	0.78%	0.75%
US Interm Bonds	Barclays IT Gvt/Credit	14.00%	0.85%	0.79%
US Long Bonds	Barclays LT Gvt/Credit	6.00%	2.65%	2.26%
US Inflation-Indexed Bonds	Barclays US TIPs	10.00%	0.22%	0.14%
US High Yield Bonds	BAML High Yield	12.00%	4.40%	3.89%
Non-US Bonds	JPM GBI Global xUS	1.00%	0.42%	0.00%
US Large Caps	S&P 500	15.00%	3.96%	2.74%
US Small Caps	Russell 2000	6.00%	5.13%	3.08%
US Mid Caps	Russell MidCap	1.00%	4.30%	2.69%
Foreign Developed Equity	MSCI EAFE NR	15.00%	5.76%	4.16%
Emerging Markets Equity	MSCI EM NR	15.00%	7.57%	4.70%
Global REITs	FTSE EPRA/NAREIT Developed	1.00%	5.68%	3.86%

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Additional information can be found in the Required Supplementary Information section of these financial statements.

**(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 Commission, NYSERDA's approved RGGI operating plan, and to fund expenditures and working capital balances pursuant to the CEF Order's "Bill-As-You-Go" process, as summarized below:

*(Amounts in thousands)*

<u>Transfers From</u>	<u>Transfers To</u>						<u>Total</u>
	<u>CEF</u>	<u>NYSUN</u>	<u>CES</u>	<u>RGGI</u>	<u>GJGNY</u>	<u>Other Funds</u>	
CEF	\$ -	9,832	-	5,188	-	5,004	20,024
NYSUN	1,600	-	-	-	-	1,050	2,650
RGGI	61,835	-	-	-	37,700	-	99,535
GJGNY	-	-	-	2,000	-	-	2,000
Other Funds	<u>7,018</u>	<u>8,461</u>	<u>14,855</u>	-	-	-	<u>30,334</u>
Total							
Governmental Funds	<u>\$70,453</u>	<u>18,293</u>	<u>14,855</u>	<u>7,188</u>	<u>37,700</u>	<u>6,054</u>	<u>154,543</u>

**(14) SUBSEQUENT EVENTS**

The COVID-19 outbreak is disrupting supply chains and affecting operations and the financial condition across a range of industries, including the clean energy sector. The extent of the impact of COVID-19 on NYSERDA's operational and financial performance will depend on certain developments, including but not limited to the duration and spread of the outbreak, impact on our employees, impact on program partners and contractors, State policy directives, and actions by the Commission which may adjust current program activities, all of which are uncertain and cannot be predicted. As of June 22, 2021, the issuance date of the financial statements, the extent to which COVID-19 may impact NYSERDA's future programmatic activities and accomplishments is uncertain, and is likely to impact future financial performance against previously established budgets, but is not likely to have a materially adverse impact on NYSERDA's future financial condition.

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**NYSERDA's Contributions to the System Pension Plan**

	<i>(Amounts in thousands)</i>					
Fiscal year ended March 31,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$3,941	\$3,844	\$3,808	\$3,805	\$3,866	\$3,993
Contributions in relation to the actuarially determined contribution	<u>\$3,941</u>	<u>\$3,844</u>	<u>\$3,808</u>	<u>\$3,805</u>	<u>\$3,866</u>	<u>\$3,993</u>
Contribution deficiency (excess)	-	-	-	-	-	-
Covered- payroll	\$28,191	\$27,760	\$27,362	\$26,088	\$25,854	\$26,153
Contributions as a percentage of covered-employee payroll	14.0%	13.8%	13.9%	14.6%	15.0%	15.3%

*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**

	<i>(Amounts in thousands)</i>					
Fiscal year ended March 31, <i>(Measurement date March 31,)</i>	<u>2021</u> 2020	<u>2020</u> 2019	<u>2019</u> 2018	<u>2018</u> 2017	<u>2017</u> 2016	<u>2016</u> 2015
Proportion of the net pension liability	0.11%	0.11%	0.10%	0.11%	0.11%	0.12%
Proportionate share of the net pension liability	\$28,184	\$7,599	\$3,367	\$10,279	\$17,556	\$4,004
Covered- payroll	\$27,760	\$27,362	\$26,088	\$25,854	\$26,153	\$25,135
Proportionate share of the net pension liability as a % of its covered payroll	101.5%	27.8%	12.9%	39.8%	67.1%	15.9%
Ratio of fiduciary net position to total pension liability	86.39%	96.27%	98.24%	94.7%	90.7%	97.9%

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

See accompanying independent auditors' report

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**Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios**

<u>Fiscal year ended March 31,</u>	<i>n/a</i>	<i>(Amounts in thousands)</i>		
Employer Reporting:	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Plan Reporting:	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB liability</b>				
Total OPEB liability- beginning <i>(Measurement date March 31.)</i>	\$51,363 2020	\$56,953 2019	\$52,709 2018	\$49,081 2017
<b>Changes for the year:</b>				
Service Cost	2,148	2,154	2,031	1,887
Interest	3,291	3,791	3,512	3,260
Effect of economic/demographic gains or losses	(32)	(8,075)	350	(233)
Effect of assumptions changes or inputs	677	(1,878)	(210)	-
Benefit payments	<u>(1,738)</u>	<u>(1,582)</u>	<u>(1,439)</u>	<u>(1,286)</u>
Total OPEB liability- ending (a) <i>(Measurement date March 31.)</i>	<u>\$55,709</u> 2021	<u>\$51,363</u> 2020	<u>\$56,953</u> 2019	<u>\$52,709</u> 2018
<b>Plan fiduciary net position</b>				
Plan fiduciary net position- beginning <i>(Measurement date March 31.)</i>	\$50,367 2020	\$52,971 2019	\$48,767 2018	\$43,176 2017
<b>Changes for the year:</b>				
Benefit payments	(1,738)	(1,582)	(1,439)	(1,286)
Employer contributions	3,045	2,608	4,963	3,013
Net investment income	18,021	(3,612)	727	3,879
Administrative expenses	<u>(17)</u>	<u>(18)</u>	<u>(47)</u>	<u>(15)</u>
Plan fiduciary net position- ending (b) <i>(Measurement date March 31.)</i>	<u>\$69,678</u> 2021	<u>\$50,367</u> 2020	<u>\$52,971</u> 2019	<u>\$48,767</u> 2018
<b>Net OPEB liability (asset)</b>				
Net OPEB liability- beginning	\$996	\$3,982	\$3,942	\$5,905
Net OPEB liability (asset)- ending (a) – (b)	(\$13,969)	\$996	\$3,982	\$3,942
Fiduciary net position as a % of total OPEB liability	125.07%	98.06%	93.01%	92.52%
Covered payroll	\$38,962	\$39,320	\$37,638	\$35,757
Net OPEB liability (asset) as a % of covered payroll	(35.85%)	2.53%	10.58%	11.02%

*Notes to schedule: "n/a" indicates the ending Net OPEB liability (asset) (and respective columnar data presented which tabulates it), is not yet reportable by the Employer, NYSERDA, on its Statement of Net Position, due to NYSERDA's allowable (by GASB Statement No. 75) one-year lag in Employer vs. Plan reporting.*

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

See accompanying independent auditors' report



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**Schedule of Employer Contributions for OPEB (Employer and Plan Reporting)**

	<i>(Amounts in thousands)</i>		
Fiscal year ended March 31,	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$3,045	\$2,608	\$2,071
Actual employer contribution	<u>3,045</u>	<u>2,608</u>	<u>4,963</u>
Contribution deficiency (excess)	<u>(\$-)</u>	<u>(\$-)</u>	<u>(\$2,892)</u>
Covered payroll	\$38,962	\$39,320	\$37,638
Contribution as a % of covered payroll	7.82%	6.63%	13.19%

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

**Schedule of Investment Returns- OPEB Trust (Plan Reporting)**

Fiscal year ended <u>March 31,</u>	Net annual money-weighted <u>rate of return</u>
2021	35.36%
2020	(6.76)%
2019	1.45%
2018	8.84%

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

See accompanying independent auditors' report