NEW YORK STATE
ENVIRONMENTAL FACILITIES CORPORATION
(A Component Unit of the State of New York)

Basic Financial Statements

March 31, 2015 and 2014

(With Independent Auditors' Report Thereon)

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(A Component Unit of the State of New York)

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KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

The Board of Directors
New York State Environmental Facilities Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of the New York State Environmental Facilities Corporation (the Corporation) as of and for the years ended March 31, 2015 and 2014, 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New York State Environmental Facilities Corporation as of March 31, 2015 and 2014, and the changes in its financial position and cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis and the schedule of funding progress for the Retiree Health Plan as listed in the table of contents 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 an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2015 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

KPMG LLP

June 25, 2015
Albany, New York

Introduction

The New York State Environmental Facilities Corporation (EFC or the Corporation) is a Public Benefit Corporation whose mission is to provide low-cost capital and expert technical assistance for environmental projects in New York State. Its purpose is to help public and private entities comply with Federal and State environmental protection and quality requirements in a cost effective manner that advances sustainable growth. EFC promotes innovative environmental technologies and practices. EFC's primary activities are within its State Revolving Fund programs (SRFs).

EFC's basic financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board.

Corporate Activities

EFC's corporate activities include the Industrial Finance Program (IFP), the Technical Advisory Services Program (TAS), the Small Business Environmental Assistance Program (SBEAP) and the Clean Vessel Assistance Program (CVAP).

The IFP provides tax-exempt and taxable conduit financings to private entities for a variety of environmental purposes. The TAS provides administrative and technical assistance to private and public sector clients to help them comply with environmental laws and regulations. The SBEAP assists business owners in reducing discharges of pollutants into the environment by providing technical guidance. The CVAP provides grants to assist recipients install pump out and dump station facilities to receive sewage from recreational marine vessels. The program also works to raise boater awareness regarding the benefits, use and availability of pump out stations.

State Revolving Fund Programs

EFC's two major programs are the Clean Water and Drinking Water State Revolving Funds (CWSRF/DWSRF). These two programs account for approximately 95% of the total assets and substantially all of the increase in net position of EFC. These programs help make it financially advantageous for communities throughout the State to undertake projects that prevent water pollution and provide safe drinking water.

Clean Water State Revolving Fund Program

The CWSRF program provides low-interest rate financing terms and in certain cases offers loan guarantees, principal forgiveness and grants to eligible recipient entities for projects that reduce, eliminate or prevent water pollution. The program is administered jointly by EFC and the New York State Department of Environmental Conservation (DEC). As the financings are repaid, the money becomes available to finance new projects and the funds continue to revolve. The CWSRF provides up to a 50% interest rate subsidy, which saves communities money on interest costs.

Examples of eligible CWSRF projects include construction of new wastewater treatment plants, upgrades to existing plants, sewer line extensions, landfill closures, stormwater management projects, and habitat and natural living resources restoration.

(Continued)

Drinking Water State Revolving Fund Program

The DWSRF program provides low-interest rate financing terms and in certain cases offers principal forgiveness, as well as hardship grants for publicly and privately owned community water system projects that provide safe, affordable drinking water. The program is administered jointly by EFC and the New York State Department of Health (DOH). Like the CWSRF, as the financings are repaid, the money becomes available to finance new projects. The DWSRF provides a 33⅓% interest rate subsidy, which saves communities money on interest costs.

Examples of eligible DWSRF projects include upgrades to treatment facilities to ensure compliance with Federal and State drinking water standards, installation or replacement of storage facilities to prevent contamination or provide adequate delivery pressure, and installation or replacement of transmission and distribution mains to prevent contamination.

American Recovery and Reinvestment Act of 2009

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 (ARRA). The primary purpose of the statute was to stimulate the economy and retain or create jobs through tax relief and infrastructure investment. Nationally, the CWSRF and DWSRF received an additional Federal Fiscal Year 2010 appropriation of $4.0 billion and $2.0 billion, respectively. For New York State, the CWSRF and DWSRF received additional capitalization grants of approximately $432.6 million and $86.8 million, respectively.

ARRA requires that no less than 50% of the funds be provided as additional subsidization in the form of principal forgiveness, grants, or negative interest loans. EFC intends to originate the majority of ARRA funds as either principal forgiveness or grants.

ARRA imposes certain new requirements for projects that receive ARRA funds. Similar to the CWSRF and DWSRF, assistance will be provided to recipients pursuant to the terms of a Project Finance Agreement.

Hurricane Emergency Loan Program

Pursuant to Governor Cuomo's call for a prompt and coordinated government response, EFC has established a Hurricane Emergency Loan Program (HELP), making available up to $25.0 million in aggregate loans, with cooperation from the State Departments of Health and Environmental Conservation, the State Emergency Management Office and the U.S. Environmental Protection Agency. HELP was available to provide financial assistance to municipalities with storm-damaged drinking water, storm water and wastewater infrastructure in counties eligible for public and/or private assistance by the Federal Emergency Management Agency pursuant to Disaster Declarations DE-4020 and DR-4031, as each may be amended and/or supplemented from time to time.

During the years ended March 31, 2015 and March 31, 2014, no new loans were originated.

Financial Highlights – 2015

- Total assets decreased by $122.5 million or 1.0% from $12.7 billion to $12.6 billion.
- Net position increased by $223.3 million or 3.9% from $5.8 billion to $6.0 billion.
- Interest subsidy provided increased by $1.1 million or .8% from $130.7 million to $131.8 million.

- Project grant revenues decreased by $129.8 million or 35.2% from $368.2 million to $238.4 million.
- The Corporation issued 1 series of SRF bonds in an aggregate principal amount of $213.6 million.

Financial Highlights – 2014

- Total assets decreased by $236.0 million or 1.8% from $13.0 billion to $12.7 billion.
- Net position increased by $272.7 million or 5.0% from $5.5 billion to $5.8 billion.
- Interest subsidy provided decreased by $4.7 million or 3.4% from $135.4 million to $130.7 million.
- Project grant revenues decreased by $32.1 million or 8.0% from $400.3 million to $368.2 million.
- The Corporation issued 3 series of SRF bonds in an aggregate principal amount of $915.1 million.

SRF Program Activity

A summary of the SRFs' bonds issued is as follows:

2015

Series	Closed	CWSRF	DWSRF	Total
2014B	7/2/2014	$ 186,565,000	27,070,000	213,635,000
		$ 186,565,000	27,070,000	213,635,000

2014

Series	Closed	CWSRF	DWSRF	Total
2013A	7/11/2013	$ 381,800,000	19,290,000	401,090,000
2013B	8/1/2013	126,915,000	39,670,000	166,585,000
2014A	3/27/2014	327,675,000	19,710,000	347,385,000
		$ 836,390,000	78,670,000	915,060,000

The preceding charts reflect the amount of SRF bonds at their original par value. SRF bonds are typically sold at a premium or discount and the proceeds of those bonds are provided to recipients. SRF bonds are rated AA or better by Standard and Poor's, Moody's Investors Service and Fitch, Inc.

(Continued)

A summary of the SRFs' financings that occurred is as follows:

		2015	
	CWSRF	**DWSRF**	**Total**
Leveraged financings	$ 420,850,370	41,726,116	462,576,486
Long-term direct financings	28,836,193	40,437,942	69,274,135
Short-term direct financings	657,973,721	30,864,800	688,838,521
Grants	12,672,736	12,541,500	25,214,236
	$ 1,120,333,020	125,570,358	1,245,903,378

		2014	
	CWSRF	**DWSRF**	**Total**
Leveraged financings	$ 985,273,510	100,207,661	1,085,481,171
Long-term direct financings	251,149,919	19,008,490	270,158,409
Short-term direct financings	589,679,875	58,366,181	648,046,056
Grants	38,192,290	13,161,907	51,354,197
	$ 1,864,295,594	190,744,239	2,055,039,833

(Continued)

Summary Schedule of Net Position

A summary of the Corporation's net position is as follows:

	March 31 2015	2014	2013
Assets			
Current assets	$ 1,967,567,240	1,704,117,586	2,033,830,974
Noncurrent assets	10,640,547,038	11,026,468,927	10,932,733,966
Total assets	$ 12,608,114,278	12,730,586,513	12,966,564,940
Liabilities and Net Position			
Current liabilities	$ 558,492,365	590,619,729	633,346,525
Noncurrent liabilities	6,063,317,075	6,376,970,326	6,842,933,406
Total liabilities	6,621,809,440	6,967,590,055	7,476,279,931
Net position			
Restricted	5,979,870,784	5,755,953,409	5,482,260,275
Unrestricted	6,434,054	7,043,049	8,024,734
Total net position	5,986,304,838	5,762,996,458	5,490,285,009
Total liabilities and net position	$ 12,608,114,278	12,730,586,513	12,966,564,940

Summary Schedule of Revenues, Expenses and Changes in Net Position

A summary of the Corporation's revenues, expenses and changes in net position is as follows:

	March 31 2015	2014	2013
Total operating revenues	$ 344,248,134	338,696,507	349,998,126
Total operating expenses	440,103,994	472,146,753	554,418,626
Operating loss	(95,855,860)	(133,450,246)	(204,420,500)
Nonoperating revenues	360,955,296	429,268,698	520,958,728
Nonoperating expenses	41,791,056	23,107,003	24,993,253
Increase in net position	223,308,380	272,711,449	291,544,975
Beginning net position	5,762,996,458	5,490,285,009	5,198,740,034
Ending net position	$ 5,986,304,838	5,762,996,458	5,490,285,009

(Continued)

Statements of Net Position Analysis

2015

The Corporation's total assets decreased $122.5 million from $12.7 billion as of March 31, 2014 to $12.6 billion as of March 31, 2015. The decrease in assets of $122.5 million was primarily the result of several factors which include a decrease in investments of $609.0 million, an increase in cash and cash equivalents of $394.5 million, an increase in short-term financings receivable of $234.7 million, an increase in direct financings receivable of $1.9 million, a decrease in bonds receivable of $79.8 million, as well as a decrease in due from NYS appropriation bonds receivable of $57.8 million.

2014

The Corporation's total assets decreased $236.0 million from $13.0 billion as of March 31, 2013 to $12.7 billion as of March 31, 2014. The decrease in assets of $236.0 million was primarily the result of several factors which include a decrease in restricted cash and cash equivalents of $256.5 million, a decrease in short term financings receivable of $81.2 million, an increase in direct financings receivable of $203.4 million, a decrease in bonds receivable of $244.4 million, a decrease in due from NYS appropriation bonds receivable of $145.1 million, as well as an increase in investments of $306.8 million.

Changes in Net Position Analysis

2015

During the year ended March 31, 2015, the Corporation recorded an operating loss of $95.9 million as compared to an operating loss of $133.5 million during the year ended March 31, 2014. The primary reason for the decrease in operating loss of $37.6 million was an increase in interest income on bonds and direct financings of $6.5 million, a decrease in interest expense on bonds payable of $8.7 million, as well as a decrease in principal forgiveness of $23.6 million.

The Corporation recorded project grant revenues in its statements of revenues, expenses, and changes in net position of $238.4 million during the year ended March 31, 2015 as compared to $368.2 million for the year ended March 31, 2014. The decrease in project grant revenues of $129.8 million is primarily related to the decrease in the amount of funds available to draw under the federal capitalization grants.

The Corporation recorded an increase in net position of $223.3 million for the year ended March 31, 2015 as compared to an increase in net position of $272.7 million for the year ended March 31, 2014. The decrease in the change in net position of $49.4 million year over year is directly related to the decrease in project grant revenues discussed above offset by an increase of $61.7 million in investment income and a decrease in operating loss as discussed above.

Contributing to the increase in investment income was an unrealized gain in the change in fair value on our long-term investment portfolio of $31.5 million for the year ended March 31, 2015 as compared to an unrealized loss of $31.0 million for the year ended March 31, 2014.

2014

During the year ended March 31, 2014, the Corporation recorded an operating loss of $133.5 million as compared to an operating loss of $204.4 million during the year ended March 31, 2013. The primary reason for the decrease in operating loss of $71.0 million was a decrease in the amount of principal forgiveness of $73.1 million.

The Corporation recorded project grant revenues in its statements of revenues, expenses, and changes in net position of $368.2 million during the year ended March 31, 2014 as compared to $400.3 million for the year ended March 31, 2013. The decrease in project grant revenues of $32.1 million is primarily related to the decreased activity under the ARRA capitalization grants.

The Corporation recorded an increase in net position of $272.7 million for the year ended March 31, 2014 as compared to an increase in net position of $291.5 million for the year ended March 31, 2013. The decrease in the change in net position of $18.8 million year over year is directly related to the decrease in project grant revenues discussed above and a decrease of $59.8 million in investment income offset by a decrease in operating loss as discussed above.

Contributing to the decrease in investment income was an unrealized loss in the change in fair value on our long term investment portfolio of $31.0 million for the year ended March 31, 2014 as compared to an unrealized gain of $13.4 million for the year ended March 31, 2013.

Liquidity

For fiscal year 2015/2016, the Corporation expects to recover its operating costs through fees charged to clients for various services as well as through the use of the administrative portion of the CWSRF and DWSRF capitalization grants.

SRF fees are assessed and collected to cover SRF program administration costs. Fees collected and not expended against current administration costs are held in permitted investments for future use. Fees collected in excess of current administrative costs are expected to be sufficient to cover administration costs subsequent to the termination of federal grant funding.

The Corporation issues special obligation bonds under the State Clean Water and Drinking Water Revolving Funds to provide financial assistance to eligible recipients for water pollution and drinking water projects (as outlined in each programs' respective Intended Use Plan). The financial assistance is provided pursuant to a financing agreement between EFC and each recipient in which the Corporation agrees to purchase and the recipient agrees to sell its bonds in the principal amount of its financing to EFC. Payment on these bonds will serve as the primary security for EFC's bonds.

Contacting the New York State Environmental Facilities Corporation

This financial report is designed to provide interested parties with a general overview of the Corporation's finances and to demonstrate its accountability for funds received and expended. If you have questions about this report or would like additional information regarding EFC's programs, please visit the Corporation's website at www.efc.ny.gov.

NEW YORK STATE
ENVIRONMENTAL FACILITIES CORPORATION
(A Component Unit of the State of New York)

Statements of Net Position

March 31, 2015 and 2014

Assets		**2015**	**2014**
Current assets:			
Cash and cash equivalents	$	13,524,970	13,276,085
Contractual services and fees receivable		248,705	519,458
Restricted assets:			
Cash and cash equivalents		1,224,677,583	830,180,705
Contractual services and fees receivable		—	125,908
Interest receivable on bonds and direct financings		90,101,804	88,622,643
Interest receivable on cash and cash equivalents and investments		21,949,641	23,341,024
Annual fees receivable		12,282,326	12,611,193
Prepaid expense		—	6,032,158
Short-term financings receivable		93,204,480	225,600,495
Direct financings receivable		61,591,418	60,476,932
Bonds receivable		385,592,632	378,557,604
Due from New York State, appropriation bonds receivable		57,926,000	57,790,000
Other restricted funds		6,467,681	6,983,381
Total current assets		1,967,567,240	1,704,117,586
Noncurrent assets:			
Restricted assets:			
Investments		1,942,899,495	2,551,926,000
Short-term financings receivable		607,626,999	240,544,405
Direct financings receivable		1,348,050,616	1,347,226,448
Bonds receivable		6,222,970,928	6,309,847,074
Due from New York State, appropriation bonds receivable		518,999,000	576,925,000
Total noncurrent assets		10,640,547,038	11,026,468,927
Total assets	$	12,608,114,278	12,730,586,513
Liabilities and Net Position			
Current liabilities:			
Accrued interest payable on bonds	$	83,470,224	82,215,381
Accrued interest subsidy		45,571,598	44,493,494
Bonds payable		315,125,000	310,825,000
Appropriation bonds payable		57,926,000	57,790,000
Other restricted funds		6,467,681	6,983,381
Accounts payable and accrued expenses		6,329,708	9,227,613
Debt service funds payable		3,426,929	30,226,254
Deferred revenue		418,197	412,534
Other liabilities		39,229,701	47,919,534
Other post-employment benefits		527,327	526,538
Total current liabilities		558,492,365	590,619,729
Noncurrent liabilities:			
Bonds payable		5,519,066,100	5,778,376,051
Appropriation bonds payable		518,999,000	576,925,000
Deferred revenue		5,646,711	5,866,989
Other post-employment benefits		19,605,264	15,802,286
Total noncurrent liabilities		6,063,317,075	6,376,970,326
Total liabilities		6,621,809,440	6,967,590,055
Net position:			
Restricted for revolving loan fund programs		5,979,870,784	5,755,953,409
Unrestricted		6,434,054	7,043,049
Total net position		5,986,304,838	5,762,996,458
Total liabilities and net position	$	12,608,114,278	12,730,586,513

See accompanying notes to basic financial statements.

NEW YORK STATE
ENVIRONMENTAL FACILITIES CORPORATION
(A Component Unit of the State of New York)

Statements of Revenues, Expenses, and Changes in Net Position

Years ended March 31, 2015 and 2014

		2015	**2014**
Operating revenues:			
Interest income on bonds and direct financings receivable	$	323,819,324	317,342,366
Bond financing and administrative fees		12,384,329	13,200,430
Administrative grant revenues		7,189,484	7,359,708
Advisory service fees		831,636	773,505
Other revenues		23,361	20,498
Total operating revenues		344,248,134	338,696,507
Operating expenses:			
Interest expense on bonds payable		273,677,628	282,424,612
Interest subsidy provided		131,810,355	130,743,654
Principal forgiveness		11,573,328	35,201,397
Administrative costs		23,042,683	23,777,090
Total operating expenses		440,103,994	472,146,753
Operating loss		(95,855,860)	(133,450,246)
Nonoperating revenues:			
Project grant revenues		238,407,345	368,181,841
Investment income		121,764,334	60,040,183
State assistance payments revenue		783,617	1,046,674
Total nonoperating revenues		360,955,296	429,268,698
Nonoperating expenses:			
Grants disbursed		41,007,439	22,060,329
State assistance payments expense		783,617	1,046,674
Total nonoperating expenses		41,791,056	23,107,003
Increase in net position		223,308,380	272,711,449
Beginning net position		5,762,996,458	5,490,285,009
Ending net position	$	5,986,304,838	5,762,996,458

See accompanying notes to basic financial statements.

NEW YORK STATE
ENVIRONMENTAL FACILITIES CORPORATION
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Statements of Cash Flows

Years ended March 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Bond financing and administrative fees	$ 20,939,723	21,278,191
Personal services expense	(8,237,503)	(8,379,171)
Fringe benefits expense	(4,145,851)	(4,093,020)
Other administrative expenses	(9,753,467)	358,515
Prepaid expense	6,032,158	(6,032,158)
Yield reduction received	(7,388,021)	1,285,349
Yield reduction paid	(5,762,235)	(18,161,117)
Other, net	4,460,423	4,519,000
Net cash used in operating activities	(3,854,773)	(9,224,411)
Cash flows from noncapital financing activities:		
Proceeds from bonds issued	213,635,000	915,060,000
Payments on bonds payable	(468,644,951)	(1,280,225,685)
Interest paid on bonds payable	(272,422,785)	(288,408,588)
New York State appropriation bond payments received	57,790,000	145,060,000
Payments on New York State appropriation bonds	(57,790,000)	(145,060,000)
Grants disbursed	(41,007,439)	(22,060,329)
Contributions received from the U.S. Environmental Protection Agency	208,489,398	316,064,227
Contributions received from New York State	29,917,947	52,117,614
Net cash used in noncapital financing activities	(330,032,830)	(307,452,761)
Cash flows from investing activities:		
Net proceeds from maturities of investments	609,026,505	(306,785,488)
Interest income on investments	123,155,717	63,134,709
Bonds purchased	(462,576,486)	(1,085,481,171)
Bonds repayments received	542,417,604	1,329,899,674
Short-term financing disbursements	(468,508,726)	(373,101,623)
Short-term financing repayments received	304,144,649	485,667,835
Principal forgiveness repayments	(81,895,830)	(66,518,065)
Direct financings issued	(69,274,135)	(270,158,409)
Direct financing repayments received	67,335,481	66,740,239
Interest income on bonds and direct financings receivable	322,340,163	328,232,267
Interest subsidy provided	(130,732,251)	(132,341,883)
Debt service funds received	1,987,201	26,704,926
Debt service funds paid	(28,786,526)	(5,008,354)
Net cash provided by investing activities	728,633,366	60,984,657
Net increase (decrease) in cash and cash equivalents	394,745,763	(255,692,515)
Cash and cash equivalents, beginning of year	843,456,790	1,099,149,305
Cash and cash equivalents, end of year	$ 1,238,202,553	843,456,790

(Continued)

NEW YORK STATE
ENVIRONMENTAL FACILITIES CORPORATION
(A Component Unit of the State of New York)

Statements of Cash Flows

Years ended March 31, 2015 and 2014

		2015	**2014**
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	$	(95,855,860)	(133,450,246)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Interest income on bonds and direct financings receivable		(323,819,324)	(317,342,366)
Interest expense		273,677,628	282,424,612
Principal forgiveness		11,573,328	35,201,397
Interest subsidy provided		131,810,355	130,743,654
Changes in assets and liabilities that provide (use) cash:			
Contractual services and fees receivable		396,661	(22,252)
Annual fees receivable		328,867	180,643
Prepaid expense		6,032,158	(6,032,158)
Accounts payable and accrued expenses		(2,897,905)	8,040,733
Deferred revenue		(214,615)	(234,342)
Other liabilities		(8,689,833)	(12,356,767)
Other post-employment benefits		3,803,767	3,622,681
Net cash used in operating activities	$	(3,854,773)	(9,224,411)

See accompanying notes to basic financial statements.

(1) General

(a) Organization

The New York State Environmental Facilities Corporation (EFC or the Corporation) is a public benefit corporation formed pursuant to the New York State Environmental Facilities Corporation Act (Chapter 744 of the Laws of New York State of 1970, as amended). EFC is a component unit of New York State (State) and is exempt from Federal, State, and local income taxes. EFC is included in the State's basic financial statements. The Corporation is governed by a board of directors consisting of seven members, three of whom are required to be certain State officials – the Commissioner of Environmental Conservation (who is also designated as the chair), the Commissioner of Health and the Secretary of State. The four remaining directors are appointed by the Governor and confirmed by the State Senate.

(b) Description of Business

EFC provides low-cost capital and expert technical assistance to municipalities, businesses and State agencies for environmental projects in New York State. These activities include assisting businesses finance environmental projects through the Industrial Finance Program (IFP); helping municipalities, State agencies and businesses comply with environmental laws and regulations through various programs administered under the Technical Advisory Services Program (TAS); and the administration of the Clean Water State Revolving Fund program (CWSRF) and the Drinking Water State Revolving Fund program (DWSRF).

The IFP provides tax-exempt and taxable conduit financings to private entities for a variety of environmental purposes.

The TAS provides administrative and technical assistance to private and public sector clients to help them comply with environmental laws and regulations through the following programs:

A multi-year contract with the New York City Department of Environmental Protection (DEP) to administer Watershed Programs. Technical, financial and legal assistance is provided to DEP's Regulatory Upgrade Program and the New Sewage Treatment Infrastructure Program; the Kensico Septic Rehabilitation Reimbursement Program contract with New York City DEP provides grants to reduce adverse water quality impacts from failing residential septic systems in the Kensico Watershed Basin; the Small Business Environmental Assistance Program (SBEAP) assists business owners in reducing discharges of pollutants into the environment by providing technical guidance; the Clean Vessel Assistance Program (CVAP) provides grants to assist recipients install pump out and dump station facilities to receive sewage from recreational marine vessels. The program also works to raise boater awareness regarding the benefits, use, and availability of pumpout stations.

The CWSRF and the DWSRF are the Corporation's largest programs. The CWSRF provides low-interest rate financing terms and in certain cases offers loan guarantees, principal forgiveness and grants to eligible recipient entities for projects that reduce, eliminate or prevent water pollution. The DWSRF provides low-interest rate financing terms and in certain cases offers principal forgiveness, as well as hardship grants for publicly and privately owned community water system projects that provide safe, affordable drinking water.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements have been prepared in conformity with U.S. generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Corporation applies all Financial Accounting Standards Board statements and interpretations issued on or before November 30, 1989 unless these standards and interpretations conflict with or contradict the GASB pronouncements. The operations of the Corporation are accounted for using the accrual basis of accounting in order to recognize the flow of economic resources. Under this basis, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred. The more significant accounting policies are described below.

(b) Revenue Recognition and Accounts Receivable

The Corporation recognizes revenue when earned. Project grant revenues under capitalization grants for the operation of the State Revolving Fund (SRF) programs are recognized when reimbursable expenses are incurred for financings originated. Fees for services are recognized, and deferred fees for services are amortized, as the related expense of the Corporation is incurred over the life of the related financing.

(c) Cash and Cash Equivalents

EFC considers certificates of deposit, repurchase agreements, money market funds and U.S. Treasury Bills, with remaining maturities of three months or less at the time of purchase, to be cash equivalents. At March 31, 2015 and 2014, the cash and cash equivalents, excluding U.S. Treasury Bills and U.S. Treasury Money Market Funds, are fully insured or collateralized with securities in the Corporation’s name. U.S. Treasury Bills are uninsured and not collateralized, but are held in trust accounts in EFC’s name and are backed by the full faith and credit of the Federal government.

(d) Investments

EFC’s investment guidelines permit investment of funds in obligations of, or guaranteed by, the United States of America or New York State, as well as in time deposits, guaranteed investment contracts, repurchase agreements and other permitted investments such as qualified municipal obligations. All cash, time deposits, guaranteed investment contracts and repurchase agreements are collateralized by securities (obligations of, or guaranteed by, the United States of America or New York State and any FDIC coverage) having a fair value of not less than 102% of the amount currently on deposit or in accordance with their respective agreement. At March 31, 2015, EFC’s guaranteed investment contracts require collateral ranging from 113% to 130% of the investment value. From time to time, the actual collateral pledged may fall below the contractual requirement of the guaranteed investment contracts. Upon notice to the investment providers, additional collateral is pledged to satisfy the contractual requirements.

Investments are recorded at fair value or amortized cost. Guaranteed investment contracts and structured debt obligations (Tennessee Valley Authority (TVA), Inter-American Development Bank (IADB) and The Nature Conservancy (TNC)) are considered nonparticipating contracts and are therefore recorded at cost. Municipal obligations are recorded at fair value. All other investments with original maturities at the time of purchase of one year or less are recorded at cost. EFC requires delivery to its custodian (agent) or other acceptable financial institutions of all securities purchased and collateral for guaranteed investment contracts, certificates of deposit and repurchase agreements, regardless of the seller institution.

(e) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(f) Arbitrage and Yield Reduction Liability

The Corporation estimates its arbitrage and yield reduction liabilities. At March 31, 2015 and 2014 such amounts were $10.9 million and $24.0 million, respectively, and are included on the statements of net position in the caption “other liabilities”. While management believes that these amounts are adequate, the actual liabilities could be in excess of, or less than, the amount indicated in the financial statements. Generally, a calculation is performed by an outside consultant for each new bond issue during the third bond year and then every fifth bond year through final maturity, at which time management refines its estimate. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in the statements of revenues, expenses and changes in net position in the year of the change.

(g) Net Position

The Corporation’s net position is classified in the following categories: restricted for revolving loan fund programs, consisting of assets less related liabilities restricted for the operation of the CWSRF and DWSRF programs; and unrestricted, consisting of assets reduced by related liabilities that are not classified as restricted. If both restricted and unrestricted resources are available for use, restricted resources are used first.

(h) Operating and Nonoperating Revenues and Expenses

The Corporation distinguishes operating revenues and expenses from nonoperating items in the preparation of its financial statements. The principal operating revenues are generated from the interest income earned from borrowings under the long-term loan programs and fees related to these programs. The Corporation’s operating expenses include interest expense on bonds payable, interest subsidy

(Continued)

provided, principal forgiveness and expenses related to the administration of EFC's activities. The principal nonoperating revenues are generated from project grant revenues, investment income, and other nonexchange revenues. Nonoperating expenses include program grants and other nonexchange expenses.

(3) State Revolving Fund

The Federal Water Quality Act of 1987 established a revolving fund program. In this regard, the New York State Water Pollution Control Revolving Fund, or CWSRF program, was established by New York State in 1989 to provide financial assistance to eligible recipient entities in connection with the construction of water pollution control facilities. EFC has been designated to be the custodian of the CWSRF in New York State. The program is administered jointly by EFC and the New York State Department of Environmental Conservation (DEC).

A DWSRF was created as a result of New York State's enactment of Chapter 413 of the Laws of 1996 (Clean Water/Clean Air Bond Act) and passage of the 1996 Amendments to the Safe Drinking Water Act by the U.S. Congress. The DWSRF provides a financial incentive for public and private water systems to undertake needed drinking water infrastructure improvements. The program is administered jointly by EFC and the New York State Department of Health (DOH).

The American Recovery and Reinvestment Act of 2009 (ARRA) provided additional funds to the CWSRF and DWSRF to help stimulate the economy through infrastructure investment. ARRA requires that no less than 50% of the funds be provided as additional subsidization in the form of principal forgiveness, grants, or negative interest loans.

EFC's primary activities with regard to the CWSRF and DWSRF include providing financial assistance for eligible projects, the issuance of debt in the capital markets for the purpose of providing financial assistance, the investment of program moneys, and the management and coordination of the programs.

SRF program capitalization grants are issued from the U.S. Environmental Protection Agency (USEPA) to New York State, for which the State is required to provide 20% in matching funds. New York State distributes these Federal and State moneys to DEC and DOH to administer the programs. DEC and DOH in turn distribute these moneys to EFC to provide financial assistance to eligible recipients. EFC invests the Federal and State capitalization grant moneys and uses interest earnings on these and other funds to subsidize by one-third or one-half the interest on the financings it provides. Financial assistance under the SRF program may be provided directly from the grant funds, from the proceeds from the issuance of bonds, through the use of guarantees, repayments, and/or interest earnings.

Funds and accounts pertaining to the SRF programs are limited to specific uses by laws and regulations as well as Grant and Operating Agreements entered into between USEPA and the State. As a result of these limitations on uses, these funds are classified as restricted on the statements of net position.

Reserve Allocation and Subsidy: In connection with certain financings, amounts received from the Federal government through the U.S. Environmental Protection Agency and New York State are drawn and deposited in an unallocated equity account as an eligible recipient expends funds for costs of issuance, repayment of debt, refinancing of debt, defeasance of debt, and for acquisition and/or construction. As these funds are received by the recipient an amount equal to one-third or one-half of the expenditure is transferred from the unallocated equity account to the debt service reserve fund for the recipient. As a recipient repays its financing, a proportionate amount in the applicable debt service reserve fund will be redeposited in the unallocated equity account of the appropriate SRF. The earnings on the debt service reserve funds are utilized as subsidy to reduce the interest costs that recipients pay on their financing.

Committed Subsidies: In certain financings, the SRF provides contractual commitments to recipients of leveraged financings to provide specified amounts of interest subsidies from earnings on reserve allocations or other SRF program resources or a combination of both. In general, it is expected that certain leveraged financings will not have any associated reserve allocations. Nevertheless, we utilize other available SRF monies to provide recipients with an interest subsidy generally comparable to the subsidy that we provide from earnings on reserve allocations.

(4) Cash and Cash Equivalents and Investments

EFC's cash equivalents and investments include cash equivalents and investments that are insured or collateralized and that are backed by the full faith and credit of the Federal government.

As of March 31, 2015, the Corporation had the following cash equivalents and investments, credit risks and maturities:

			Investment maturities in years			
Investment type	**Credit risk range**	**Cost/ fair value**	**Less than 1 year**	**1 – 5 years**	**6 – 10 years**	**More than 10 years**
Non-U.S. government backed:						
Guaranteed investment contracts	A – AAA	$ 584,631,661	25,524,290	139,834,488	152,359,422	266,913,461
Municipal obligations	BBB – AAA	806,697,509	37,436,608	118,543,837	145,568,784	505,148,280
Structured debt obligations	Aa2	45,352,809	5,015,000	29,123,331	11,214,478	—
U.S. government backed:						
U.S. Treasury bills		1,229,398,621	1,229,398,621	—	—	—
State and local government series		4,545,719	1,160,832	1,359,887	1,075,000	950,000
Structured debt obligations		483,611,340	35,531,710	169,027,817	144,922,830	134,128,983
Total		$ 3,154,237,659	1,334,067,061	457,889,360	455,140,514	907,140,724

As of March 31, 2014, the Corporation had the following cash equivalents and investments, credit risk and maturities:

Investment type	Credit risk range	Cost/ fair value	Investment maturities in years: Less than 1 year	1 – 5 years	6 – 10 years	More than 10 years
Non-U.S. government backed:						
Guaranteed investment contracts	A – AAA	$ 678,675,152	36,020,993	154,593,127	170,166,798	317,894,234
Municipal obligations	BBB – AAA	751,993,679	42,803,312	126,631,534	85,566,957	496,991,876
Structured debt obligations	Aa2	47,978,252	2,625,443	27,794,165	17,558,644	—
U.S. government backed:						
U.S. Treasury bills		1,334,764,213	1,334,764,213	—	—	—
State and local government series		6,876,551	2,330,832	2,291,553	1,231,666	1,022,500
Structured debt obligations		519,315,342	35,704,002	172,459,101	152,230,551	158,921,688
Total		$ 3,339,603,189	1,454,248,795	483,769,480	426,754,616	974,830,298

With regard to the investments above, the Corporation has an investment policy that limits its exposure to losses arising from credit risk, interest rate risk, custodial credit risk, and concentration of credit risk.

Credit risk is the risk that an issuer will not fulfill its obligations. The Corporation's policy is to follow State law which limits the investments that the Corporation can make and generally limits the Corporation's exposure to credit risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Corporation's policy for managing this risk is to hold investment securities to maturity, at which time the fair value of the investment is equal to its stated maturity value.

Custodial credit risk for deposits and investments is the risk that in the event of the failure of the counterparty to perform on a transaction, the Corporation will not be able to recover the value of deposits or investment securities that are in the possession of an outside party. In order to manage this risk the Corporation's deposits or investments are collateralized and held by a third party.

Other than U.S. government and U.S. Government Guaranteed securities, New York State General Obligation securities and New York State Personal Income Tax securities, EFC's investment policies limit any single obligor's uncollateralized investments to no more than 15% of the combined SRF program's long-term nonpurpose, unpledged investment buy program. Concentration of credit risk in EFC's Guaranteed Investment Contracts portfolio is minimized by obligors providing collateralization of at least 113% of invested funds to a third party custodian.

As of March 31, 2015, the Corporation had five providers of guaranteed investment contracts, four of which were obligated for more than 5% of the total investment contract portfolio. The four providers were Societe General with $248.2 million or 42.5% of the portfolio, JP Morgan Chase with $154.9 million or 26.5% of the portfolio, Bank of America with $140.2 million or 24.0% of the portfolio, and Citigroup with $40.9 million or 7.0% of the portfolio.

As of March 31, 2014, the Corporation had five providers of guaranteed investment contracts, four of which were obligated for more than 5% of the total investment contract portfolio. The four providers were Societe General with $258.4 million or 38.1% of the portfolio, JP Morgan Chase with $226.1 million or 33.3% of the portfolio, Bank of America with $146.5 million or 21.6% of the portfolio, and Citigroup with $43.1 million or 6.4% of the portfolio.

(5) Short-Term Financings Receivable

Short-term financings receivable are provided with SRF capitalization grant monies, repayments, and/or interest earnings. This program assists eligible recipients with cash flow needs through project design and construction. The program provides short-term (generally up to three years) interest free and/or market rate financings to eligible recipients which have completed the facility planning process but in most instances are not ready to apply for long term (up to thirty years) financing.

Under the American Recovery and Reinvestment Act of 2009 (ARRA) the CWSRF and DWSRF are required to offer additional subsidization of no less than 50% in the form of principal forgiveness, grants, or negative interest loans. EFC has established a reserve against receivables based on amounts disbursed and categorized as subject to principal forgiveness.

Short-term financings receivable is comprised of the following at March 31, 2015:

		CWSRF	DWSRF	Total
Receivable subject to principal forgiveness	$	229,753,602	7,810,595	237,564,197
Other short-term financing receivable		606,865,148	93,966,331	700,831,479
		836,618,750	101,776,926	938,395,676
Less reserve for principal forgiveness		(229,753,602)	(7,810,595)	(237,564,197)
Short-term financing receivable, net of reserve for principal forgiveness	$	606,865,148	93,966,331	700,831,479

Short-term financings receivable is comprised of the following at March 31, 2014:

		CWSRF	DWSRF	Total
Receivable subject to principal forgiveness	$	298,568,529	9,318,169	307,886,698
Other short-term financing receivable		356,005,855	110,139,045	466,144,900
		654,574,384	119,457,214	774,031,598
Less reserve for principal forgiveness		(298,568,529)	(9,318,169)	(307,886,698)
Short-term financing receivable, net of reserve for principal forgiveness	$	356,005,855	110,139,045	466,144,900

Short-term financings receivable mature as follows:

		CWSRF	DWSRF	Total
Year ending March 31:				
2016	$	35,739,373	57,465,107	93,204,480
2017		479,330,733	29,839,694	509,170,427
2018		91,795,042	6,661,530	98,456,572
	$	606,865,148	93,966,331	700,831,479

(6) Direct Financings Receivable

Direct financings receivable are provided with SRF capitalization grant monies, repayments, interest earnings and/or administrative fees. Direct financings receivable have been issued with interest rates that range from 0% to 4.87% and mature through the year 2045.

Direct financings receivable mature as follows:

		CWSRF	DWSRF	Total
Year ending March 31:				
2016	$	39,864,634	21,726,784	61,591,418
2017		43,283,518	23,110,458	66,393,976
2018		40,834,242	23,128,531	63,962,773
2019		36,535,100	23,090,646	59,625,746
2020		35,022,247	22,488,858	57,511,105
2021–2025		206,092,490	103,475,468	309,567,958
2026–2030		238,475,342	80,908,766	319,384,108
2031–2035		186,986,913	68,169,080	255,155,993
2036–2040		112,550,586	42,120,284	154,670,870
2041–2045		51,674,566	10,103,521	61,778,087
	$	991,319,638	418,322,396	1,409,642,034

(7) SRF Bonds Receivable and Bonds Payable

EFC issues special obligation bonds under the SRF programs and in certain cases these bond proceeds together with equity funds are used to provide financial assistance to eligible recipients. The financial assistance is provided pursuant to a financing agreement between EFC and each recipient in which EFC agrees to purchase and the recipient agrees to sell its bonds in the principal amount of its financing to EFC. These financing agreements will serve as the primary security for EFC's bonds. Additionally, SRF program debt service reserve funds may be available to collateralize the outstanding bonds. The principal and interest payments of the project financing agreements are structured to be sufficient to pay the full principal and interest payments on EFC's bonds. EFC's bonds are issued subject to the terms of a Master Trust Agreement, a Financing Indenture of Trust, and a Supplemental Financing Indenture of Trust that is issued for each bond issue.

Bond proceeds net of issuance costs, and in certain cases equity funds, are deposited in construction funds simultaneously with the issuance and sale of the SRF revenue bonds and are generally held for the recipients by the SRF trustee under a third party agreement. The construction fund proceeds are recorded on the recipients' financial statements and are not included in EFC's financial statements. Moneys available and on deposit in the construction funds were $104.3 million at March 31, 2015 and $81.7 million at March 31, 2014.

The bonds of each series are not general obligations of EFC. Bonds are payable solely from payments made by each recipient to the trustee and any other pledged funds held by the trustee.

Certain bond series provide for optional redemption provisions from 100% to 102% of the principal amount to be redeemed.

The following is a schedule of CWSRF bonds receivable outstanding at March 31, 2015 and March 31, 2014:

Bond issue	Range of interest rates	Year of maturity	March 31 2015	March 31 2014
Series 1991E, 12/1/91	6.50	2014	$ —	89,742
Series 1993B, 9/15/93	5.20	2014	—	295,000
Series 1994E, 12/1/94	6.875	2016	340,000	4,410,000
Series 2002K, 11/14/02	2.00 – 5.00	2017	99,925,000	130,835,000
Series 2002L, 11/26/02	4.00 – 5.00	2015	4,848,000	11,310,000
Series 2003B, 3/20/03	5.25	2015	4,250,000	8,340,000
Series 2003C, 3/20/03	5.25	2015	2,170,000	4,255,000
Series 2004B, 3/4/04	5.00	2016	6,595,000	37,240,000
Series 2004C, 4/7/04	3.375 – 5.25	2033	93,475,000	101,274,722
Series 2004D, 7/22/04	4.00 – 5.00	2034	—	107,185,000
Series 2004F, 11/30/04	4.265 – 5.00	2034	137,010,000	148,939,797
Series 2005A, 3/3/05	3.50 – 4.75	2034	80,010,000	84,215,000
Series 2005B, 7/28/05	3.40 – 5.50	2035	70,435,000	74,820,000
Series 2005C, 10/12/05	4.213 – 5.00	2035	136,569,348	141,723,696
Series 2005D, 11/15/05	4.00 – 5.00	2024	7,110,000	12,270,000
Series 2006A, 6/22/06	4.50 – 5.43	2036	146,716,528	151,802,292
Series 2006B, 6/22/06	4.50 – 5.50	2036	187,721,434	194,127,151
Series 2006C, 7/27/06	4.125 – 5.00	2036	105,275,000	110,015,000
Series 2007A, 3/27/07	3.75 – 5.00	2036	166,072,130	172,245,695
Series 2007B, 3/27/07	4.50 – 5.00	2036	212,150,326	219,942,989
Series 2007C, 5/15/07	4.125 – 5.00	2024	121,440,000	135,680,000
Series 2007D, 7/26/07	4.00 – 5.00	2037	81,880,000	86,440,000
Series 2008A, 5/22/08	4.625 – 5.00	2037	111,622,116	115,530,145
Series 2008B, 5/22/08	5.00	2037	142,957,148	147,948,935
Series 2009A, 4/2/09	5.00 – 5.25	2038	276,388,625	282,976,350
Series 2010A, 2/11/10	3.50 – 5.00	2029	93,685,460	99,085,552
Series 2010B, 2/11/10	5.707 – 5.807	2039	111,440,000	111,440,000
Series 2010C, 6/24/10	3.00 – 5.00	2039	120,014,000	129,875,000
Series 2011A, 3/17/11	3.00 – 5.00	2021	56,745,000	74,010,000
Series 2011B, 6/17/11	5.00	2041	340,763,948	351,961,306
Series 2011C, 7/21/11	3.00 – 5.00	2041	154,635,000	165,139,000
Series 2012A, 5/31/12	2.00 – 5.00	2029	409,950,000	439,940,000
Series 2012B, 6/21/12	2.00 – 5.00	2042	150,350,962	156,414,444
Series 2012C, 6/21/12	0.816 – 3.684	2029	23,915,000	24,860,000

Bond issue	Range of interest rates	Year of maturity		March 31 2015	March 31 2014
Series 2012D, 7/12/12	3.00 – 5.00	2028	$	305,105,000	310,950,000
Series 2012E, 11/15/12	3.00 – 5.00	2042		170,429,564	179,104,328
Series 2012F, 11/15/12	0.66 – 2.806	2024		47,496,000	52,089,000
Series 2013A, 7/11/13	3.00 – 5.00	2033		365,855,000	381,800,000
Series 2013B, 8/1/13	3.00 – 5.00	2043		263,694,380	275,798,510
Series 2014A, 3/27/14	2.00 – 5.00	2034		327,675,000	327,675,000
Series 2014B, 7/2/14	1.00 – 5.00	2044		416,425,370	—
			$	5,553,140,339	5,564,053,654
Beginning balance			$	5,564,053,654	5,735,069,404
Bonds issued				420,850,370	985,273,510
Bonds retired				(431,763,685)	(1,156,289,260)
Ending balance			$	5,553,140,339	5,564,053,654

Included in CWSRF bonds payable are unamortized bond premiums/discounts of $100.0 million at March 31, 2015 and $92.6 million at March 31, 2014.

The New York City Municipal Water Finance Authority makes up 69% of the CWSRF bonds receivable at March 31, 2015 and 72% at March 31, 2014.

The following is a schedule of DWSRF bonds receivable outstanding at March 31, 2015 and March 31, 2014:

Bond issue	Range of interest rates	Year of maturity	March 31 2015	March 31 2014
Series 2004B, 3/4/04	5.00	2016	$ 385,000	2,030,000
Series 2004C, 4/7/04	4.50 – 5.25	2026	4,770,000	5,763,808
Series 2004D, 7/22/04	4.20 – 5.00	2026	—	25,315,000
Series 2004A, 8/3/04	5.40	2021	—	4,095,000
Series 2004F, 11/30/04	5.00	2026	3,240,000	4,136,330
Series 2005A, 3/3/05	3.50 – 4.75	2025	3,430,000	3,700,000
Series 2005B, 7/28/05	3.40 – 5.50	2025	4,845,000	5,190,000
Series 2005C, 10/12/05	4.25 – 5.00	2027	33,213,258	35,746,517
Series 2006A, 6/22/06	4.75 – 5.50	2028	13,899,696	14,787,044
Series 2006B, 6/22/06	4.625 – 5.50	2028	17,703,120	18,847,180
Series 2006C, 7/27/06	4.125 – 5.00	2028	35,040,000	37,180,000
Series 2007A, 3/27/07	3.625 – 5.00	2029	16,083,286	17,097,429
Series 2007B, 3/27/07	4.50 – 5.00	2029	20,658,302	21,927,453
Series 2007D, 7/26/07	4.00 – 5.00	2036	26,890,000	28,115,000
Series 2008A, 5/22/08	4.625 – 5.00	2030	85,946,240	96,034,450
Series 2008B, 5/22/08	4.00 – 5.00	2030	44,836,608	47,257,010
Series 2009A, 4/2/09	5.00 – 5.25	2031	59,912,015	62,664,418
Series 2010A, 2/11/10	4.00 – 5.00	2016	9,005,000	13,357,375
Series 2010B, 2/11/10	4.005 – 5.707	2029	85,020,000	85,020,000
Series 2010C, 6/24/10	3.00 – 5.00	2039	68,940,000	76,195,000
Series 2011A, 3/17/11	3.00 – 5.00	2022	69,187,874	82,510,668
Series 2011B, 6/17/11	2.00 – 5.00	2031	164,810,174	173,493,353
Series 2011C, 7/21/11	3.00 – 5.00	2041	105,726,335	111,873,873
Series 2012A, 5/31/12	4.00 – 5.00	2022	21,925,000	24,850,000
Series 2012B, 6/21/12	2.00 – 5.00	2032	12,691,206	13,742,435
Series 2012E, 11/15/12	3.00 – 5.00	2032	12,410,000	13,214,020
Series 2013A, 7/11/13	5.00	2026	17,575,000	19,290,000
Series 2013B, 8/1/13	3.00 – 5.00	2042	56,453,991	61,207,661
Series 2014A, 3/27/14	4.00 – 5.00	2026	19,710,000	19,710,000
Series 2014B, 7/2/14	1.00 – 5.00	2044	41,116,116	—
			$ 1,055,423,221	1,124,351,024

Bond issue	Range of interest rates	Year of maturity	March 31 2015	March 31 2014
Beginning balance			$ 1,124,351,024	1,197,753,777
Bonds issued			41,726,116	100,207,661
Bonds retired			(110,653,919)	(173,610,414)
Ending balance			$ 1,055,423,221	1,124,351,024

Included in DWSRF bonds payable are unamortized bond premiums/discounts of $37.6 million at March 31, 2015 and $42.2 million at March 31, 2014.

The New York City Municipal Water Finance Authority makes up 59% of the DWSRF bonds receivable at March 31, 2015 and 2014.

Defeased in-substance debt outstanding that is no longer recorded on EFC's statements of net position amounted to $94.5 million at March 31, 2015 and $521.8 million at March 31, 2014.

In fiscal 2015, the Corporation issued $213.6 million of State Revolving Funds Revenue Bonds. A portion of the proceeds, including a premium of $31.1 million, were used to redeem three series of previously issued SRF bonds which totaled $165.7 million. As a result of refinancing, the underlying borrowers in these transactions will realize $24.8 million in present value savings. The remaining bond proceeds were used to provide financial assistance to eligible recipients.

In fiscal 2014, the Corporation issued $915.1 million of State Revolving Funds Revenue Bonds. A portion of the proceeds, including a premium of $108.4 million, were used to redeem eight series of previously issued SRF bonds which totaled $946.7 million. As a result of refinancing, the underlying borrowers in these transactions will realize $84.4 million in present value savings. The remaining bond proceeds were used to provide financial assistance to eligible recipients.

(Continued)

Principal payments on bonds receivable mature as follows:

		CWSRF	DWSRF	Total
Year ending March 31:				
2016	$	302,554,043	83,038,589	385,592,632
2017		297,609,787	82,695,744	380,305,531
2018		298,728,538	83,423,811	382,152,349
2019		297,277,661	84,835,667	382,113,328
2020		296,392,406	80,080,751	376,473,157
2021–2025		1,346,869,779	308,328,659	1,655,198,438
2026–2030		1,137,057,292	228,540,000	1,365,597,292
2031–2035		989,410,833	72,885,000	1,062,295,833
2036–2040		483,790,000	24,780,000	508,570,000
2041–2045		103,450,000	6,815,000	110,265,000
	$	5,553,140,339	1,055,423,221	6,608,563,560

Interest payments on bonds receivable are as follows:

		CWSRF	DWSRF	Total
Year ending March 31:				
2016	$	238,714,713	40,228,317	278,943,030
2017		227,251,035	37,805,850	265,056,885
2018		217,609,804	35,410,345	253,020,149
2019		204,150,471	32,418,513	236,568,984
2020		192,430,681	29,692,710	222,123,391
2021–2025		786,405,693	111,147,982	897,553,675
2026–2030		500,541,028	51,631,859	552,172,887
2031–2035		252,151,630	12,499,303	264,650,933
2036–2040		71,634,697	4,477,248	76,111,945
2041–2045		8,533,243	603,740	9,136,983
	$	2,699,422,995	355,915,867	3,055,338,862

The following is a reconciliation of bonds receivable to bonds payable:

		CWSRF	DWSRF	Total
Bonds receivable, March 31, 2015	$	5,553,140,339	1,055,423,221	6,608,563,560
Equity funded bonds receivable		(666,224,700)	(108,147,760)	(774,372,460)
Bonds payable, March 31, 2015	$	4,886,915,639	947,275,461	5,834,191,100
Bonds receivable, March 31, 2014	$	5,564,053,654	1,124,351,024	6,688,404,678
Equity funded bonds receivable		(491,435,366)	(107,768,261)	(599,203,627)
Bonds payable, March 31, 2014	$	5,072,618,288	1,016,582,763	6,089,201,051

Equity funded bonds receivable, or the blend rate funding model, utilizes a combination of bond proceeds from the issuance of EFC special obligation bonds and equity funds available from the CWSRF and DWSRF programs to fund a portion of each underlying recipients' financing. The equity funded portion is essentially an interest free component of each financing which satisfies subsidy targets. Both bond proceeds and equity funds are included in amounts recorded to bonds receivable however, only the bond proceeds are included in amounts recorded to bonds payable. The above tables represent the reconciliation of bonds receivable to bonds payable outstanding at March 31, 2015 and 2014.

(8) Other Restricted Funds

EFC acts as a custodian for various funds/programs under other restricted funds. At March 31, 2015 and 2014, EFC's other restricted funds were $6.5 million and $7.0 million, respectively. A description of each of the funds is as follows:

DEC Escrow Fund (DEC): This fund is utilized to account for all transactions which occur relative to the agreements between DEC and EFC to administer certain escrow accounts.

Waste Water Treatment Plant Upgrade Program Fund (WWTP): This fund is utilized to account for all transactions which occur relative to the agreement between the New York City Department of Environmental Protection and EFC to administer the WWTP Program.

New Sewage Treatment Infrastructure Fund (NSTI): This fund is utilized to account for all transactions which occur relative to the agreement among the New York City Department of Environmental Protection, EFC, and the Catskill Watershed Corporation to administer the NSTI Program.

Kensico Septic Rehabilitation Reimbursement Program: This fund is utilized to account for all transactions that occur relative to the agreement between the New York City Department of Environmental Protection and EFC to administer the Kensico Program.

The following is a summary of activities that have occurred within other restricted funds during the year ended March 31, 2015 and 2014:

		DEC	WWTP	NSTI	KENSICO	Total
Balance, March 31, 2014	$	3,163,737	1,198,459	129,390	2,491,795	6,983,381
Receipts:						
Program advances		—	6,355,372	63,335	—	6,418,707
Interest earnings		572	532	87	498	1,689
Total receipts		572	6,355,904	63,422	498	6,420,396
Disbursements:						
Project expenses		338,444	5,888,080	187,792	—	6,414,316
Administrative expenses		18,000	490,832	5,020	7,928	521,780
Total disbursements		356,444	6,378,912	192,812	7,928	6,936,096
Balance, March 31, 2015	$	2,807,865	1,175,451	—	2,484,365	6,467,681

		DEC	WWTP	NSTI	KENSICO	Total
Balance, March 31, 2013	$	3,742,165	11,951,378	404,927	2,535,775	18,634,245
Receipts:						
Program advances		—	1,826,167	514,028	—	2,340,195
Interest earnings		2,990	6,512	228	2,151	11,881
Total receipts		2,990	1,832,679	514,256	2,151	2,352,076
Disbursements:						
Project expenses		563,418	12,126,561	781,109	35,689	13,506,777
Administrative expenses		18,000	459,037	8,684	10,442	496,163
Total disbursements		581,418	12,585,598	789,793	46,131	14,002,940
Balance, March 31, 2014	$	3,163,737	1,198,459	129,390	2,491,795	6,983,381

(9) Industrial Financing Program

EFC has entered into agreements with private sector companies to provide funds for certain environmental projects and with New York State to provide funding to the State for certain programs. Industrial Financing Bonds for Private Activity Bonds are considered conduit debt and not included as obligations in the accompanying financial statements of EFC.

Private Activity Bonds: Under the terms of the agreements, EFC issues bonds on behalf of private sector companies for use in the construction or refinancing of certain environmental projects. The bonds issued are special obligation revenue bonds payable solely from funds provided by the companies and do not constitute a liability of EFC or New York State. Private Activity Bonds outstanding totaled $141.2 million at March 31, 2015 and $132.2 million at March 31, 2014.

State Appropriation Bonds: Under these agreements, EFC issues bonds on behalf of the State to provide funding for certain programs. The bonds issued are special obligation bonds, payable solely from and collateralized by, payments from the State under various agreements. The obligations of the State to make payments under these agreements are subject to, and dependent upon, the making of annual appropriations by the State Legislature. The bonds are not general obligations of EFC and do not constitute an indebtedness against the general credit of the Corporation. State Appropriation Bonds outstanding totaled $576.9 million at March 31, 2015 and $634.7 million at March 31, 2014. This amount is reported as appropriation bonds payable and receivable from the State of New York in the accompanying financial statements of EFC.

Principal and interest payments on state appropriation bonds receivable/payable mature as follows:

	Principal	**Interest**	**Total**
Year ending March 31:			
2016	$ 57,926,000	27,872,000	85,798,000
2017	51,985,000	25,361,000	77,346,000
2018	49,410,000	22,769,000	72,179,000
2019	49,920,000	20,434,000	70,354,000
2020	48,810,000	17,936,000	66,746,000
2021–2025	201,429,000	57,426,000	258,855,000
2026–2030	117,445,000	13,126,000	130,571,000
	$ 576,925,000	184,924,000	761,849,000

Defeased in-substance debt outstanding on state appropriation bonds which is no longer recorded on EFC's statements of net position amounted to $0 at March 31, 2015 and $67.4 million at March 31, 2014.

(10) Retirement Plan

Retirement Plan: Employees of EFC are members of the New York State and Local Employees' Retirement System (System), a defined benefit cost-sharing, multiple-employer public employee retirement system. The State Comptroller is sole trustee and administrative head of the System. The System issues a publicly available financial report that includes financial statements and required supplementary information which may be obtained by writing to the New York State and Local Employees' Retirement System, 110 State St, Albany, New York.

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 upon the point in time at which an employee first joined the System (membership tier). Most members of the System who joined before July 27, 1976 or have been a member of the System for at least ten years are enrolled in a noncontributory plan; the Corporation contributes the entire amount determined to be payable to the System. Personnel who joined the System July 27, 1976 or after and have not been a member of the System for at least ten years or who joined the system after December 31, 2009 are required by law to contribute a percentage of their gross salary; the Corporation contributes the balance payable to the System for these employees.

System funding requirements are determined by the actuary of the System using the aggregate funding method. The System calculates the employer contribution as a result of multiplying projected salaries by the actuarially determined contribution rates.

The employer contributions for the System covered employees of EFC for the fiscal years ended March 31, 2015, 2014, and 2013, were $1.7 million, $1.8 million, and $1.5 million, respectively, which were 100% of the required contributions.

(11) Other Post-employment Benefits

Plan Description: Medical and Prescription Drug benefits are provided through the New York State Health Insurance Program (NYSHIP).

Funding Policy: Health insurance premiums for retired employees are equal to the premiums charged for active employees. EFC pays a portion of the premium for medical coverage for the employee and spouse for the lifetimes of the employee and spouse based on the plan chosen by the employee. EFC also reimburses retirees, spouses, and surviving spouses for their entire Medicare Part B premium payment. The dollar value of accumulated sick leave credits at the time of retirement is converted to a lifetime monthly credit, which is used to reduce the portion of the health insurance premiums paid directly by retirees and in some instances their surviving spouse for life.

Annual OPEB: EFC's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period of thirty years. The following table shows the components of EFC's annual OPEB cost for 2015 and 2014, the amount actually contributed to the plan, and changes in EFC's net OPEB obligation:

		2015	**2014**
Annual OPEB cost:			
Annual required contribution (ARC):			
Normal cost	$	2,579,000	2,503,900
Past service cost		1,773,900	1,656,100
Total		4,352,900	4,160,000
ARC adjustment		(539,098)	(420,362)
Interest on net OPEB obligation		488,855	381,184
Annual OPEB cost	$	4,302,657	4,120,822
Net OPEB obligation:			
Net OPEB obligation at beginning of fiscal year	$	16,328,824	12,706,143
Annual OPEB cost		4,302,657	4,120,822
Employer contribution		(498,890)	(498,141)
Net OPEB obligation at end of fiscal year	$	20,132,591	16,328,824

EFC's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015, 2014, and 2013 were as follows:

Fiscal year ended		**Annual OPEB cost**	**Actual contribution**	**Percentage of annual OPEB cost contributed**	**Net OPEB obligation**
March 31, 2015	$	4,302,657	498,890	11.6	20,132,591
March 31, 2014		4,120,822	498,141	12.1	16,328,824
March 31, 2013		3,944,952	432,802	11.0	12,706,143

Funded Status and Funding Progress: As of January 1, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $46.6 million all of which was unfunded.

(Continued)

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The following schedule of funding progress presents information about the actuarial value of plan assets relative to the actuarial accrued liabilities for benefits.

Actuarial valuation date	Actuarial value of assets (a)	Actuarial Accrued liability (b)	Unfunded Accrued Liability (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAL as a percentage of covered payroll ((b-a)/c)
1/1/2013	$ —	46,618,500	46,618,500	—%	7,736,307	602.6%

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2013 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 3% baseline discount rate. The 3% baseline discount rate assumes the benefits are not prefunded, so the discount rate is based on the expected earnings of EFC’s general investments. The actuarial assumptions also included a baseline medical inflation rate of 8.8% initially, reduced to a rate of 5.8% by 2042, and an annual Medicare Part B premium inflation rate of 8.8% for post-65 medical benefits. The UAAL’s amortization technique produces annual payments that are designed to increase over time as payroll grows. The Corporation has selected a 30 year open amortization period.

(12) Commitments and Contingencies

The Corporation rents office space located at 625 Broadway, Albany, New York, from the New York State Office of General Services (OGS). EFC has consolidated its office space to one floor and is currently in the process of renegotiating a new long-term permit/lease with OGS. The permit/lease is expected to include a fixed basic fee to cover debt service on the building, as well as a pro rata share of the buildings operating costs, real estate taxes, and utilities. All costs, debt service and occupancy costs, under the permit/lease are recognized in the statements of revenues, expenses, and changes in net position as part of administrative costs. For the year ended March 31, 2015 and 2014 these costs are as follows:

	2015	2014
Debt service	$ 249,879	249,879
Occupancy costs	36,000	348,000
	$ 285,879	597,879

At March 31, 2015, the undisbursed balance of active SRF short-term direct loans and grants closed were $845.7 million and $93.9 million, respectively.

In August 2013, the Corporation through the State Revolving Fund (SRF), guaranteed $24.3 million Series 2013A Residential Energy Efficiency Financing Revenue Bonds issued by the New York State Energy Research and Development Authority (NYSERDA). The bonds have semi-annual interest payments each January and July 1 and annual principal payments each July 1 from January 1, 2014 to July 1, 2028 and are secured with a pledge of payments from certain residential energy efficiency loans funded by NYSERDA. Under the terms of the guarantee agreement, the Corporation guarantees full and timely payment of principal and interest on the bonds in the event NYSERDA fails to pay when due and payable. NYSERDA established a Collateral Reserve account, which may be used by the Corporation to fund or reimburse the SRF if loan repayments and interest subsidies are insufficient to meet scheduled payments on the bonds, and if there are insufficient additional funds available from the residential energy efficiency loan program. As of March 31, 2015, the outstanding balance of the bonds totaled $22.1 million and the balance in the Collateral Reserve account was $7.7 million.

EFC is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of EFC's general counsel the resolution of these matters will not have a material adverse effect on the financial position, changes in financial position, or cash flows of EFC.

(13) Subsequent Events

The Corporation has evaluated subsequent events from the statement of net position date of March 31, 2015 through June 25, 2015, the date at which the financial statements were available to be issued. No significant financings have occurred during this period. However, EFC's Board of Directors has authorized the issuance of up to $525.0 million of New York State Environmental Facilities Corporation State Clean and Drinking Water Revolving Funds Revenue Bonds (New York City Municipal Water Finance Authority Projects) scheduled to price on June 22, 2015 and close on July 2, 2015. The Board of Directors has also authorized the issuance of up $671.0 million of New York State Environmental Facilities Corporation State Clean and Drinking Water Revolving Funds Revenue Bonds and Long-Term Direct Financings. This transaction is scheduled to price on July 20, 2015 and close on August 20, 2015.

NEW YORK STATE
ENVIRONMENTAL FACILITIES CORPORATION
(A Component Unit of the State of New York)

Required Supplementary Information

Schedule of Funding Progress for the Retiree Health Plan (Unaudited)

March 31, 2015

Actuarial valuation date	Actuarial value of assets (a)	Accrued liability (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAL as a percentage of covered payroll ((b-a)/c)
1/1/2013	$ —	46,618,500	46,618,500	—%	7,736,307	602.6%
1/1/2010	—	21,591,800	21,591,800		8,696,790	248.3
1/1/2008	—	17,271,100	17,271,100		7,896,000	218.7

NEW YORK STATE
ENVIRONMENTAL FACILITIES CORPORATION
(A Component Unit of New York State)

Other Supplementary Information – Combining Schedule of Net Position

March 31, 2015 and 2014

	2015				2014			
Assets	**Corporate activities**	**CWSRF**	**DWSRF**	**Total**	**Corporate activities**	**CWSRF**	**DWSRF**	**Total**
Current assets:								
Cash and cash equivalents:	$ 13,524,970	—	—	13,524,970	13,276,085	—	—	13,276,085
Contractual services and fees receivable	248,705	—	—	248,705	519,458	—	—	519,458
Restricted assets:								
Cash and cash equivalents	—	886,494,340	338,183,243	1,224,677,583	—	614,678,622	215,502,083	830,180,705
Contractual services and fees receivable	—	—	—	—	—	83,666	42,242	125,908
Interest receivable on bonds and direct financings	—	75,754,435	14,347,369	90,101,804	—	73,467,172	15,155,471	88,622,643
Interest receivable on cash and cash equivalents and investments	—	19,721,395	2,228,246	21,949,641	—	21,108,267	2,232,757	23,341,024
Annual fees receivable	—	11,289,771	992,555	12,282,326	—	11,591,923	1,019,270	12,611,193
Prepaid expense	—	—	—	—	—	5,846,406	185,752	6,032,158
Short-term financings receivable	—	35,739,373	57,465,107	93,204,480	—	171,389,525	54,210,970	225,600,495
Direct financing receivable	—	39,864,634	21,726,784	61,591,418	—	39,727,545	20,749,387	60,476,932
Bonds receivable	—	302,554,043	83,038,589	385,592,632	—	297,443,685	81,113,919	378,557,604
Due from New York State, appropriation bonds receivable	57,926,000	—	—	57,926,000	57,790,000	—	—	57,790,000
Other restricted funds	6,467,681	—	—	6,467,681	6,983,381	—	—	6,983,381
Total current assets	78,167,356	1,371,417,991	517,981,893	1,967,567,240	78,568,924	1,235,336,811	390,211,851	1,704,117,586
Noncurrent assets:								
Restricted assets:								
Investments	—	1,739,220,931	203,678,564	1,942,899,495	—	2,275,422,235	276,503,765	2,551,926,000
Short-term financings receivable	—	571,125,775	36,501,224	607,626,999	—	184,616,330	55,928,075	240,544,405
Direct financings receivable	—	951,455,004	396,595,612	1,348,050,616	—	967,364,173	379,862,275	1,347,226,448
Bonds receivable	—	5,250,586,296	972,384,632	6,222,970,928	—	5,266,609,969	1,043,237,105	6,309,847,074
Due from New York State, appropriation bonds receivable	518,999,000	—	—	518,999,000	576,925,000	—	—	576,925,000
Total noncurrent assets	518,999,000	8,512,388,006	1,609,160,032	10,640,547,038	576,925,000	8,694,012,707	1,755,531,220	11,026,468,927
Total assets	$ 597,166,356	9,883,805,997	2,127,141,925	12,608,114,278	655,493,924	9,929,349,518	2,145,743,071	12,730,586,513
Liabilities and Net Position								
Current liabilities:								
Accrued interest payable on bonds	$ —	70,065,773	13,404,451	83,470,224	—	68,088,385	14,126,996	82,215,381
Accrued interest subsidy	—	40,207,531	5,364,067	45,571,598	—	39,132,563	5,360,931	44,493,494
Bonds payable	—	250,475,000	64,650,000	315,125,000	—	248,355,000	62,470,000	310,825,000
Appropriation bonds payable	57,926,000	—	—	57,926,000	57,790,000	—	—	57,790,000
Other restricted funds	6,467,681	—	—	6,467,681	6,983,381	—	—	6,983,381
Accounts payable and accrued expenses	1,014,594	4,050,618	1,264,496	6,329,708	1,020,908	6,768,000	1,438,705	9,227,613
Interfund balances	(630,977)	512,894	118,083	—	(612,294)	506,663	105,631	—
Debt service funds payable	—	2,461,521	965,408	3,426,929	—	27,083,241	3,143,013	30,226,254
Deferred revenue	50,702	—	367,495	418,197	45,369	—	367,165	412,534
Other liabilities	1,869,564	29,721,414	7,638,723	39,229,701	1,937,303	39,173,566	6,808,665	47,919,534
Other post-employment benefits	84,373	358,582	84,372	527,327	163,227	258,004	105,307	526,538
Total current liabilities	66,781,937	397,853,333	93,857,095	558,492,365	67,327,894	429,365,422	93,926,413	590,619,729
Noncurrent liabilities:								
Bonds payable	—	4,636,440,639	882,625,461	5,519,066,100	—	4,824,263,288	954,112,763	5,778,376,051
Appropriation bonds payable	518,999,000	—	—	518,999,000	576,925,000	—	—	576,925,000
Deferred revenue	718,950	—	4,927,761	5,646,711	614,985	—	5,252,004	5,866,989
Other post-employment benefits	4,232,415	11,839,184	3,533,665	19,605,264	3,582,996	9,315,163	2,904,127	15,802,286
Total noncurrent liabilities	523,950,365	4,648,279,823	891,086,887	6,063,317,075	581,122,981	4,833,578,451	962,268,894	6,376,970,326
Total liabilities	590,732,302	5,046,133,156	984,943,982	6,621,809,440	648,450,875	5,262,943,873	1,056,195,307	6,967,590,055
Net position:								
Restricted for revolving loan fund programs	—	4,837,672,841	1,142,197,943	5,979,870,784	—	4,666,405,645	1,089,547,764	5,755,953,409
Unrestricted	6,434,054	—	—	6,434,054	7,043,049	—	—	7,043,049
Total net position	6,434,054	4,837,672,841	1,142,197,943	5,986,304,838	7,043,049	4,666,405,645	1,089,547,764	5,762,996,458
Total liabilities and net position	$ 597,166,356	9,883,805,997	2,127,141,925	12,608,114,278	655,493,924	9,929,349,518	2,145,743,071	12,730,586,513

NEW YORK STATE
ENVIRONMENTAL FACILITIES CORPORATION
(A Component Unit of New York State)

Other Supplementary Information – Combining Schedule of Revenues, Expenses, and Changes in Net Position

Years ended March 31, 2015 and 2014

	2015				2014			
	Corporate activities	CWSRF	DWSRF	Total	Corporate activities	CWSRF	DWSRF	Total
Operating revenues:								
Interest income on bonds and direct financings receivable	$ —	273,345,677	50,473,647	323,819,324	—	265,634,006	51,708,360	317,342,366
Bond financing and administrative fees	598,384	10,094,880	1,691,065	12,384,329	672,634	10,733,282	1,794,514	13,200,430
Administrative grant revenues	163,237	5,328,046	1,698,201	7,189,484	265,583	5,030,953	2,063,172	7,359,708
Indirect cost and other recoveries	1,701,054	(1,384,320)	(316,734)	—	1,133,715	(803,890)	(329,825)	—
Advisory service fees	831,636	—	—	831,636	773,505	—	—	773,505
Other revenues	23,361	—	—	23,361	20,498	—	—	20,498
Total operating revenues	3,317,672	287,384,283	53,546,179	344,248,134	2,865,935	280,594,351	55,236,221	338,696,507
Operating expenses:								
Interest expense on bonds payable	—	229,728,788	43,948,840	273,677,628	—	235,411,566	47,013,046	282,424,612
Interest subsidy provided	—	117,042,983	14,767,372	131,810,355	—	115,884,269	14,859,385	130,743,654
Principal forgiveness	—	11,573,328		11,573,328	—	35,244,926	(43,529)	35,201,397
Administrative costs	3,928,606	15,308,008	3,806,069	23,042,683	3,855,702	15,983,353	3,938,035	23,777,090
Total operating expenses	3,928,606	373,653,107	62,522,281	440,103,994	3,855,702	402,524,114	65,766,937	472,146,753
Operating loss	(610,934)	(86,268,824)	(8,976,102)	(95,855,860)	(989,767)	(121,929,763)	(10,530,716)	(133,450,246)
Nonoperating revenues:								
Project grant revenues	—	179,507,680	58,899,665	238,407,345	—	344,141,568	24,040,273	368,181,841
Investment income	1,939	105,551,397	16,210,998	121,764,334	8,082	56,322,001	3,710,100	60,040,183
State assistance payments revenue	783,617	—	—	783,617	1,044,475	—	2,199	1,046,674
Total nonoperating revenues	785,556	285,059,077	75,110,663	360,955,296	1,052,557	400,463,569	27,752,572	429,268,698
Nonoperating expenses:								
Grants disbursed	—	27,523,057	13,484,382	41,007,439	—	14,667,880	7,392,449	22,060,329
State assistance payments expense	783,617	—	—	783,617	1,044,475	—	2,199	1,046,674
Total nonoperating expenses	783,617	27,523,057	13,484,382	41,791,056	1,044,475	14,667,880	7,394,648	23,107,003
Increase (decrease) in net position	(608,995)	171,267,196	52,650,179	223,308,380	(981,685)	263,865,926	9,827,208	272,711,449
Beginning net position	7,043,049	4,666,405,645	1,089,547,764	5,762,996,458	8,024,734	4,402,539,719	1,079,720,556	5,490,285,009
Ending net position	$ 6,434,054	4,837,672,841	1,142,197,943	5,986,304,838	7,043,049	4,666,405,645	1,089,547,764	5,762,996,458

NEW YORK STATE
ENVIRONMENTAL FACILITIES CORPORATION
(A Component Unit of New York State)

Other Supplementary Information – Combining Schedule of Cash Flows

Years ended March 31, 2015 and 2014

	2015				2014			
	Corporate activities	**CWSRF**	**DWSRF**	**Total**	**Corporate activities**	**CWSRF**	**DWSRF**	**Total**
Cash flows from operating activities:								
Bond financing and administrative fees	$ 3,697,722	14,424,424	2,817,577	20,939,723	2,592,538	159,950,170	(141,264,517)	21,278,191
Personal services expense	(1,458,679)	(5,555,013)	(1,223,811)	(8,237,503)	(1,420,092)	(5,659,329)	(1,299,750)	(8,379,171)
Fringe benefits expense	(754,368)	(2,746,630)	(644,853)	(4,145,851)	(752,506)	(2,678,911)	(661,603)	(4,093,020)
Other administrative expenses	(1,151,307)	(7,099,148)	(1,503,012)	(9,753,467)	(326,002)	792,453	(107,936)	358,515
Prepaid expense	—	5,846,406	185,752	6,032,158	—	(5,846,406)	(185,752)	(6,032,158)
Yield reduction received	—	(7,040,702)	(347,319)	(7,388,021)	—	1,054,852	230,497	1,285,349
Yield reduction paid	—	(5,577,969)	(184,266)	(5,762,235)	—	(15,235,121)	(2,925,996)	(18,161,117)
Other, net	(86,422)	3,172,750	1,374,095	4,460,423	694,496	2,849,399	975,105	4,519,000
Net cash provided by (used in) operating activities	246,946	(4,575,882)	474,163	(3,854,773)	788,434	135,227,107	(145,239,952)	(9,224,411)
Cash flows from noncapital financing activities:								
Proceeds from bonds issued	—	186,565,000	27,070,000	213,635,000	—	836,390,000	78,670,000	915,060,000
Payments on bonds payable	—	(372,267,649)	(96,377,302)	(468,644,951)	—	(1,120,068,786)	(160,156,899)	(1,280,225,685)
Interest paid on bonds payable	—	(227,751,400)	(44,671,385)	(272,422,785)	—	(241,048,041)	(47,360,547)	(288,408,588)
New York State appropriation bond payments received	57,790,000	—	—	57,790,000	145,060,000	—	—	145,060,000
Payments on New York State appropriation bonds	(57,790,000)	—	—	(57,790,000)	(145,060,000)	—	—	(145,060,000)
Grants disbursed	—	(27,523,057)	(13,484,382)	(41,007,439)	—	(14,667,880)	(7,392,449)	(22,060,329)
Contributions received from the U.S. EPA	—	149,589,733	58,899,665	208,489,398	—	292,023,954	24,040,273	316,064,227
Contributions received from New York State	—	29,917,947	—	29,917,947	—	52,117,614	—	52,117,614
Net cash used in noncapital financing activities	—	(261,469,426)	(68,563,404)	(330,032,830)	—	(195,253,139)	(112,199,622)	(307,452,761)
Cash flows from investing activities:								
Net proceeds from maturities of investments	—	536,201,304	72,825,201	609,026,505	—	(229,704,294)	(77,081,194)	(306,785,488)
Interest income on investments	1,939	106,938,269	16,215,509	123,155,717	8,082	59,150,151	3,976,476	63,134,709
Bonds purchased	—	(420,850,370)	(41,726,116)	(462,576,486)	—	(985,273,510)	(100,207,661)	(1,085,481,171)
Bonds repayments received	—	431,763,685	110,653,919	542,417,604	—	1,156,289,260	173,610,414	1,329,899,674
Short-term financing disbursements	—	(433,989,257)	(34,519,469)	(468,508,726)	—	(330,536,001)	(42,565,622)	(373,101,623)
Short-term financing repayments received	—	251,944,891	52,199,758	304,144,649	—	196,372,829	289,295,006	485,667,835
Principal forgiveness repayments	—	(80,388,255)	(1,507,575)	(81,895,830)	—	(40,613,213)	(25,904,852)	(66,518,065)
Direct financings issued	—	(28,836,193)	(40,437,942)	(69,274,135)	—	(251,149,919)	(19,008,490)	(270,158,409)
Direct financing repayments received	—	44,608,273	22,727,208	67,335,481	—	45,246,830	21,493,409	66,740,239
Interest income on bonds and direct financings receivable	—	271,058,414	51,281,749	322,340,163	—	275,212,790	53,019,477	328,232,267
Interest subsidy provided	—	(115,968,015)	(14,764,236)	(130,732,251)	—	(117,470,235)	(14,871,648)	(132,341,883)
Debt service funds received	—	1,428,433	558,768	1,987,201	—	23,899,416	2,805,510	26,704,926
Debt service funds paid	—	(26,050,153)	(2,736,373)	(28,786,526)	—	(4,255,232)	(753,122)	(5,008,354)
Net cash provided by (used in) investing activities	1,939	537,861,026	190,770,401	728,633,366	8,082	(202,831,128)	263,807,703	60,984,657
Net increase (decrease) in cash and cash equivalents	248,885	271,815,718	122,681,160	394,745,763	796,516	(262,857,160)	6,368,129	(255,692,515)
Cash and cash equivalents, beginning of year	13,276,085	614,678,622	215,502,083	843,456,790	12,479,569	877,535,782	209,133,954	1,099,149,305
Cash and cash equivalents, end of year	$ 13,524,970	886,494,340	338,183,243	1,238,202,553	13,276,085	614,678,622	215,502,083	843,456,790

See accompanying independent auditors' report.

NEW YORK STATE
ENVIRONMENTAL FACILITIES CORPORATION
(A Component Unit of New York State)

Other Supplementary Information – Combining Schedule of Cash Flows

Years ended March 31, 2015 and 2014

	2015				2014			
	Corporate activities	**CWSRF**	**DWSRF**	**Total**	**Corporate activities**	**CWSRF**	**DWSRF**	**Total**
Reconciliation of operating loss to net cash provided by (used in) operating activities:								
Operating loss	$ (610,934)	(86,268,824)	(8,976,102)	(95,855,860)	(989,767)	(121,929,763)	(10,530,716)	(133,450,246)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:								
Interest income on bonds and direct financings receivable	—	(273,345,677)	(50,473,647)	(323,819,324)	—	(265,634,006)	(51,708,360)	(317,342,366)
Interest expense	—	229,728,788	43,948,840	273,677,628	—	235,411,566	47,013,046	282,424,612
Principal forgiveness	—	11,573,328	—	11,573,328	—	35,244,926	(43,529)	35,201,397
Interest subsidy provided	—	117,042,983	14,767,372	131,810,355	—	115,884,269	14,859,385	130,743,654
Changes in assets and liabilities that provide (use) cash:								
Contractual services and fees receivable	270,753	83,666	42,242	396,661	(228,028)	144,881,406	(144,675,630)	(22,252)
Annual fees receivable	—	302,152	26,715	328,867	—	108,419	72,224	180,643
Prepaid expense	—	5,846,406	185,752	6,032,158	—	(5,846,406)	(185,752)	(6,032,158)
Accounts payable and accrued expenses	(6,313)	(2,717,382)	(174,210)	(2,897,905)	813,699	5,974,144	1,252,890	8,040,733
Interfund balances	(18,683)	6,231	12,452	—	694,496	(550,618)	(143,878)	—
Deferred revenue	109,298	—	(323,913)	(214,615)	(45,369)	—	(188,973)	(234,342)
Other liabilities	(67,740)	(9,452,152)	830,059	(8,689,833)	—	(10,780,252)	(1,576,515)	(12,356,767)
Other post-employment benefits	570,565	2,624,599	608,603	3,803,767	543,403	2,463,422	615,856	3,622,681
Net cash provided by (used in) operating activities	$ 246,946	(4,575,882)	474,163	(3,854,773)	788,434	135,227,107	(145,239,952)	(9,224,411)

See accompanying independent auditors' report.