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

FINANCIAL STATEMENTS

March 31, 2018

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March 31, 2018

RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation, integrity and objectivity of the financial statements of the New York State Energy Research and Development Authority (the Authority), as well as all other information contained in the Authority's Annual Report. The financial statements of the Authority for the fiscal year ending March 31, 2018 were prepared in conformity with U.S. generally accepted accounting principles. The Board of the Authority (the Board) adopted these financial statements and the Annual Report at a meeting on June 26, 2018.

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

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

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

Alicia Barton
President and Chief Executive Officer

Jeffrey J. Pitkin
Treasurer and Chief Financial Officer

KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New York State Energy Research and Development Authority (a component unit of the State of New York) (the Authority) as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New York State Energy Research and Development Authority as of March 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

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firm of the KPMG network of independent member firms affiliated with
KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG

Report on Summarized Comparative Information

We have previously audited the 2017 financial statements of the New York State Energy Research and Development Authority, and we expressed unmodified audit opinions on those audited financial statements in our report dated June 26, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis and the required supplementary information on pages 43-45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2018 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

KPMG LLP

Albany, New York
June 26, 2018

New York State Energy Research and Development Authority
(A Component Unit of the State of New York)
Management's Discussion and Analysis
For the Year Ended March 31, 2018
Unaudited

The following Management's Discussion and Analysis (MD&A) of New York State Energy Research and Development Authority's (NYSERDA) financial performance provides an overview of NYSERDA's financial activities for the fiscal year ended March 31, 2018. The information contained in the MD&A should be considered in conjunction with the information presented as part of NYSERDA's basic financial statements. Following this MD&A are the basic financial statements of NYSERDA with the notes thereto that are essential to a full understanding of the data contained in the financial statements. NYSERDA's basic financial statements have the following components: (1) government-wide financial statements; (2) governmental fund financial statements; (3) proprietary fund financial statements; (4) fiduciary fund financial statements; and (5) notes to the basic financial statements.

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

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

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

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

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

CONDENSED FINANCIAL INFORMATION

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

(Amounts in thousands)

Summary of Net Position	**Governmental Activities**	**Business-type Activities**	**Total March 31, 2018**	**Total March 31, 2017**	**% Change 2018-2017**
Cash and investments	$432,609	189,620	622,229	945,163	-34.2%
Capital assets	17,395	-	17,395	17,175	1.3%
Loans and financing receivables, net	200,951	295,342	496,293	457,062	8.6%
Other assets	55,480	2,083	57,563	24,298	136.9%
Total assets	706,435	487,045	1,193,480	1,443,698	-17.3%
Deferred outflows of resources	6,341	609	6,950	15,941	-56.4%
Non-current liabilities	151,314	925	152,239	153,110	-0.6%
Other liabilities	179,527	578	180,105	68,873	161.5%
Total liabilities	330,841	1,503	332,344	221,983	49.7%
Net Position:					
Net investment in capital assets	17,394	-	17,394	17,161	1.4%
Restricted	361,068	486,151	847,219	1,217,658	-30.4%
Unrestricted	3,473	-	3,473	2,837	22.4%
Total net position	$381,935	486,151	868,086	1,237,656	-29.9%

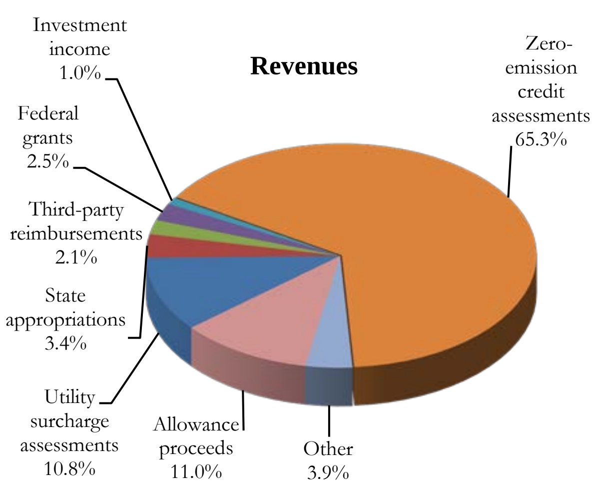
Total assets decreased $250.2 million (17.3%). Cash and investments decreased $322.9 million (34.2%) primarily due to the implementation of to the January 2016 Public Service Commission (Commission) Clean Energy Fund (CEF) Order's "Bill-As-You-Go" (BAYG) funding mechanism, which directed the electric and gas utilities to hold ratepayer collections for certain programs commencing January 1, 2016 for future reimbursement of CEF program expenditures once NYSERDA's cash balances were reduced to a two-month working capital estimate; funding reimbursements from electric utilities only re-commenced late in FY 2017-18. The Zero-Emission Credit (ZEC) program, initiated very late in FY 2016-17 pursuant to an August 2016 Commission Clean Energy Standard (CES) Order, had a large offsetting effect on Cash and investments due to the timing of receipts from Load Serving Entities (LSE's) versus payments due to nuclear generation facilities. Loans and financing receivables increased $39.2 million (8.6%) due primarily to an increase of $36.8 million in NY Green Bank Loans and financing receivables outstanding. Other assets increased $33.3 million (136.9%) primarily due to the increase in New York State and Third-party accounts receivable balances outstanding, reflecting most significantly the timing of drawdowns for reimbursement of grant expenses, as well as the first full year of ZEC program activity and its associated installment payments due from LSE's. Deferred outflows of resources decreased by $9.0 million (56.4%) due to a decrease in the actuarially-determined deferred outflows related to pension benefits, as determined by the New York State and Local Retirement System, of which NYSERDA is required to recognize its proportionate share relative to all participating employers.

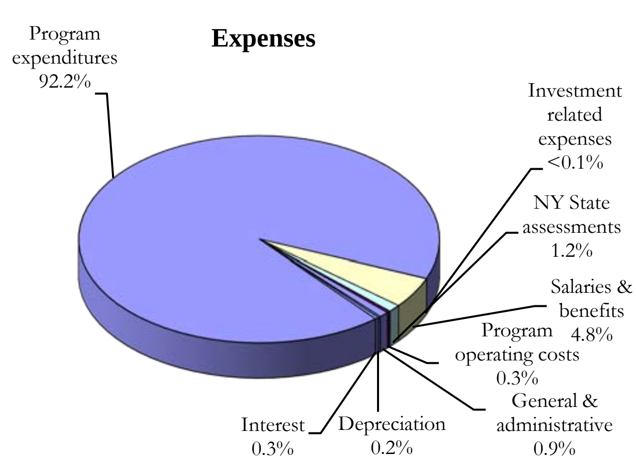
Total liabilities increased $110.4 million (49.7%). Non-current liabilities decreased $0.9 million (0.6%) primarily due to a decrease in the net pension liability, offset in large part by an increase in bonds issued in the Green Jobs-Green New York (GJGNY) program to finance additional loans. The net pension liability recorded by NYSERDA reflects its proportionate share relative to all participating employers of the actuarially-determined net pension liability (unfunded liability) calculated by the New York State and Local Retirement System. Other liabilities increased by $111.2 million (161.5%); the vast majority of this increase was the result of the timing of quarterly payments due to nuclear energy generation facilities pursuant to the essentially new ZEC program; and to a lesser extent due to bid deposits received in connection with the essentially new Renewable Energy Credit program.

Net position decreased $369.6 million (29.9%). Restricted net position decreased $370.4 million (30.4%) based primarily on the BAYG funding mechanism described above; the ZEC program had a large effect, as described above, on variances in Cash and investments and Other liabilities, but not a very significant effect on Net position.

(Amounts in thousands)

Summary of Changes in Net Position	**Governmental Activities**	**Business-type Activities**	**Total March 31, 2018**	**Total March 31, 2017**	**% Change 2018-2017**
Revenues:					
State appropriations	$24,640	-	24,640	14,815	66.3%
Utility surcharge assessments	68,410	9,529	77,939	61,197	27.4%
Renewable energy credit assessments	-	-	-	611	-100.0%
Zero-emission credit assessments	469,963	-	469,963	952	49,265.9%
Allowance proceeds	79,224	-	79,224	88,417	-10.4%
Third-party reimbursements	14,844	-	14,844	17,302	-14.2%
Federal grants	18,154	-	18,154	6,642	173.3%
Interest subsidy	465	-	465	492	-5.5%
Loans and financing receivables interest	6,964	15,859	22,823	11,255	102.8%
Investment income	5,922	1,354	7,276	6,505	11.9%
Other program revenue	2,355	2,484	4,840	5,397	-10.3%
Total revenues	690,941	29,226	720,167	213,585	237.2%
Expenses:					
Salaries and benefits	46,849	5,716	52,565	49,615	5.9%
Program expenditures	1,005,083	-	1,005,083	568,912	76.7%
Investment related expenses	-	435	435	520	-16.3%
Program operating costs	2,350	1,152	3,502	3,798	-7.8%
General & administrative costs	8,464	920	9,384	10,864	-13.6%
Depreciation	2,302	154	2,456	1,847	33.0%
NY State assessments	12,468	86	12,554	12,554	0.0%
Interest	3,758	-	3,758	3,578	5.0%
Total expenses	1,081,274	8,463	1,089,737	651,688	67.2%
(Decrease) Increase in net position before transfers	(390,333)	20,763	(369,570)	(438,103)	-15.6%
Transfers	(100,152)	100,152	-	-	-
Change in net position	(490,485)	120,915	(369,570)	(438,103)	-15.6%
Net position, beginning of year	872,420	365,236	1,237,656	1,675,759	n/a
Net position, end of year	$381,935	486,151	868,086	1,237,656	-29.9%





Total revenue increased $506.6 million (237.2%). State appropriation revenue increased by $9.8 million (66.3%) primarily due to an increase of $5.0 million in reimbursement revenues received based on capital bond-eligible expenditures, and a $3.5 million increase in revenues to reimburse West Valley program expenditures. Utility surcharge assessments revenue increased by $16.7 million (27.4%) principally due to the re-commencement of billings to electric utilities, offset in part by a decrease in billings to gas utilities, both pursuant to the BAYG funding mechanism. ZEC proceeds increased $469.0 million and reflect the first full year of the sale of ZECs to LSE's pursuant to the CES Order, which obligated LSE's in New York State to invest in the preservation of existing at-risk nuclear zero-emissions attributes; the prior fiscal year ZEC program revenues were only those associated with payments received earlier than their due date. Allowance proceeds decreased by $9.2 million (10.4%) due to both the quantity of allowances sold and the average quarterly auction sales prices being slightly lower than in the prior fiscal year. Third-party reimbursements decreased by $2.5 million (14.2%) principally due to a decrease in reimbursable funding from Con Edison due to timing of advances versus actual expenditures under the Indian Point Energy Center Reliability Contingency (IPEC) program. Federal grants revenue increased $11.5 million (173.3%) primarily due to an overall increase in reimbursable expenses for several Federal grants. Loans and financing receivables interest income increased $11.6 million (102.8%) as a result of additional loans outstanding in both the GJGNY program and NY Green Bank.

Total expenses increased $438.0 million (67.2%). Program expenditures increased $436.2 million (76.7%) almost entirely due to the new ZEC program. Salaries and benefits expense increased principally due to approved cost-of-living general salary increases and performance based payments. Program operating and General and administrative expenses decreased based on reduced spending levels as compared to the prior year.

Transfers from governmental activities to business-type activities represent the Commission-authorized additional capitalization of NY Green Bank from available working capital surplus balances calculated pursuant to BAYG.

FINANCIAL ANALYSIS OF FUNDS

Total fund balances for the governmental funds decreased from $993.0 million to $510.1 million as further described below:

- The Market Development/Innovation & Research fund balance increased from $35.0 million to $37.5 million principally due to a change in the estimated two-month working capital to be maintained pursuant to the BAYG funding mechanism.
- The Renewable Portfolio System (RPS) fund balance decreased from $293.2 million to $16.2 million principally from transfers to other funds under the BAYG funding mechanism, including the Commission-authorized additional capitalization of the NY Green Bank, as well as from expenditures funded by revenues recognized in prior fiscal years.
- The CES fund balance decreased from $10.5 million to $(11.2) million primarily due to Ordered ZEC program payments to nuclear generation facilities exceeding LSE's obligations to purchase ZECs, as well as from the expenditure in FY 2017-18 of initial fund balance transfers into the fund in the prior fiscal year to support administration and capital purchases for the programs in this fund.
- The Regional Greenhouse Gas Initiative (RGGI) fund balance decreased from $130.9 million to $67.0 million principally as a result of transfers of $25.0 million to the Market Development/Innovation & Research fund and $14.0 million to GJGNY, as well as from expenditures funded by revenues recognized in prior fiscal years.
- The GJGNY fund balance increased from $240.1 million to $258.0 million principally due to a transfer of $14.0 million from the RGGI fund. Also contributing to a lesser degree was the net loan related bonds payable activity. One new bond series was issued for proceeds of $18.5 million, while principal repayments on other pre-existing bond series were $12.7 million.
- The aggregated Other funds fund balance decreased from $283.4 million to $142.7 million principally due to expenditures of the Energy Efficiency Portfolio Standard, the Technology and Market

Development Portfolio, and the IPEC program funded by revenues recognized in prior fiscal years, as well as net transfers out pursuant to the BAYG funding mechanism, principally to the Market Development/Innovation & Research Fund and the Commission-authorized additional capitalization of NY Green Bank.

Total net position for the proprietary fund was $486.2 million at March 31, 2018, as described below:

- NY Green Bank's net position increased by $120.9 million (33.1%) primarily due to additional capitalization of $109.7 million transferred from other funds or paid by electric utilities pursuant to BAYG, as well as operating revenues exceeding expenses by $9.9 million. Operating revenues increased by $9.6 million almost entirely due to interest earned on larger loans and financing receivables balances, offset in part by a provision for losses on loans and financing receivables. Operating expenses increased by $1.4 million primarily due to an increase in staffing levels, associated fringe benefit costs, temporary staffing costs, and professional service costs related to closing investment-related transactions and engaging the services of a fund administrator.

CAPITAL ASSET AND DEBT ADMINISTRATION

NYSERDA maintains land, buildings, and furniture and equipment in various locations for its corporate purposes. Total capital assets as of March 31, 2018 were $17.4 million, net of accumulated depreciation. Capital asset additions for the fiscal year ended March 31, 2018 were $2.7 million, primarily for systems development costs.

Total non-current liabilities decreased from $153.1 million to $152.2 million primarily due to a decrease in the net pension liability, offset by an increase in bonds issued and outstanding for the GJGNY program to finance residential energy efficiency improvements and the installation of residential photovoltaic systems.

NYSERDA also issues tax-exempt bonds on a conduit basis on behalf of utility companies to finance certain eligible projects. As of March 31, 2018, approximately $2.4 billion of bonds are outstanding. These bonds are non-recourse bonds and, as such, are not included in NYSERDA's financial statements.

ECONOMIC FACTORS

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

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

CONTACT FOR NYSERDA'S FINANCIAL MANAGEMENT

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

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

(A Component Unit of the State of New York)

Statement of Net Position

March 31, 2018

(with summarized comparative totals for March 31, 2017)

(Amounts in thousands)

	Governmental Activities	Business-type Activities	Total March 31, 2018	Total March 31, 2017
ASSETS:				
Current assets:				
Cash and investments	$432,609	189,620	622,229	913,041
New York State receivable	16,711	-	16,711	5,041
Third-party billings receivable	22,211	212	22,423	4,435
Interest receivable on loans	413	1,871	2,284	1,896
Loans and financing receivables due within one year, net	15,229	48,688	63,917	44,872
Prepaid expense	2,519	-	2,519	1,822
Other assets	13,626	-	13,626	11,104
Total current assets	503,318	240,391	743,709	982,211
Non-current assets:				
Investments	-	-	-	32,122
Loans and financing receivables- long-term, net	185,722	246,654	432,376	412,190
Capital assets, net of depreciation	17,395	-	17,395	17,175
Total non-current assets	203,117	246,654	449,771	461,487
Total assets	706,435	487,045	1,193,480	1,443,698
DEFERRED OUTFLOWS OF RESOURCES	6,341	609	6,950	15,941
LIABILITIES:				
Current liabilities:				
Non-current liabilities due within one year	10,147	-	10,147	9,386
Accounts payable	7,749	-	7,749	8,292
Accrued liabilities	160,745	503	161,248	57,065
Unearned revenue	2,202	-	2,202	1,810
Deposits	8,831	75	8,906	1,706
Total current liabilities	189,674	578	190,252	78,259
Non-current liabilities:				
Bonds and notes payable	126,782	-	126,782	121,353
Other non-current liabilities	14,385	925	15,310	22,371
Total non-current liabilities	141,167	925	142,092	143,724
Total liabilities	330,841	1,503	332,344	221,983
NET POSITION:				
Net investment in capital assets	17,394	-	17,394	17,161
Restricted for specific programs	361,068	486,151	847,219	1,217,658
Unrestricted	3,473	-	3,473	2,837
Total net position	$381,935	486,151	868,086	1,237,656

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)
Statement of Activities
For the year ended March 31, 2018
(with summarized comparative totals for March 31, 2017)
(Amounts in thousands)

	Governmental Activities				
	Functions/Programs				
	Market Development / Innovation & Research	NY-Sun	CES	RGGI	Energy Analysis
EXPENSES:					
Salaries and benefits	$22,487	2,719	1,435	2,728	3,162
Program expenditures	96,387	43,460	484,219	107,502	3,756
Investment related expenses	-	-	-	-	-
Program operating costs	646	453	32	25	383
General & administrative expenses	4,011	469	261	501	584
Depreciation	989	366	44	84	98
NY State assessments	1,303	512	5,220	1,196	85
Interest	-	-	-	-	-
Total expenses	125,823	47,979	491,211	112,036	8,068
REVENUES:					
Operating grants and contributions					
State appropriations	-	-	-	6,721	150
Utility surcharge assessments	7,270	3,597	-	-	5,182
Renewable energy credit assessments	-	-	-	-	-
Zero-emission credit assessments	-	-	469,963	-	-
Allowance proceeds	-	-	-	79,224	-
Third-party reimbursements	770	-	-	170	-
Federal grants	-	-	-	-	2,032
Interest subsidy	-	-	-	-	-
Charges for services					
Project repayments	-	-	-	-	-
Rentals from leases	-	-	-	-	-
Fees and other income	-	-	-	-	-
Loans and financing receivables interest	-	-	-	-	-
Other					
Investment income	377	270	751	839	-
Total revenues	8,417	3,867	470,714	86,954	7,364
(Decrease) Increase in net position before transfers	(117,406)	(44,112)	(20,497)	(25,082)	(704)
Transfers	119,589	41,839	-	(39,000)	-
Change in net position	2,183	(2,273)	(20,497)	(64,082)	(704)
Net position, beginning of year	35,415	26,295	10,576	130,940	1,637
Net position, end of year	$37,598	24,022	(9,921)	66,858	933

See accompanying notes to the basic financial statements.

	Governmental Activities			Business-type Activities	Total March 31, 2018	Total March 31, 2017
	Functions/Programs (cont'd)					
	West Valley	Other	Total	NY Green Bank		
EXPENSES:						
Salaries and benefits	2,550	11,768	46,849	5,716	52,565	49,615
Program expenditures	14,268	255,491	1,005,083	-	1,005,083	568,912
Investment related expenses	-	-	-	435	435	520
Program operating costs	123	688	2,350	1,152	3,502	3,798
General & administrative expenses	479	2,159	8,464	920	9,384	10,864
Depreciation	87	634	2,302	154	2,456	1,847
NY State assessments	188	3,964	12,468	86	12,554	12,554
Interest	-	3,758	3,758	-	3,758	3,578
Total expenses	17,695	278,462	1,081,274	8,463	1,089,737	651,688
REVENUES:						
Operating grants and contributions						
State appropriations	14,291	3,478	24,640	-	24,640	14,815
Utility surcharge assessments	-	52,361	68,410	9,529	77,939	61,197
Renewable energy credit assessments	-	-	-	-	-	611
Zero-emission credit assessments	-	-	469,963	-	469,963	952
Allowance proceeds	-	-	79,224	-	79,224	88,417
Third-party reimbursements	3,397	10,507	14,844	-	14,844	17,302
Federal grants	-	16,122	18,154	-	18,154	6,642
Interest subsidy	-	465	465	-	465	492
Charges for services						
Project repayments	-	281	281	-	281	259
Rentals from leases	7	1,196	1,203	-	1,203	1,316
Fees and other income	-	871	871	2,484	3,355	3,822
Loans and financing receivables interest	-	6,964	6,964	15,859	22,823	11,255
Other						
Investment income	-	3,685	5,922	1,354	7,276	6,505
Total revenues	17,695	95,930	690,941	29,226	720,167	213,585
(Decrease) Increase in net position before transfers	-	(182,532)	(390,333)	20,763	(369,570)	(438,103)
Transfers	-	(222,580)	(100,152)	100,152	-	-
Change in net position	-	(405,112)	(490,485)	120,915	(369,570)	(438,103)
Net position, beginning of year	-	667,557	872,420	365,236	1,237,656	1,675,759
Net position, end of year	-	262,445	381,935	486,151	868,086	1,237,656

See accompanying notes to the basic financial statements.

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

(A Component Unit of the State of New York)

Balance Sheet - Governmental Funds

March 31, 2018

(with summarized comparative totals for March 31, 2017)

(Amounts in thousands)

	Major Funds							
	Market Development / Innovation & Research	Renewable Portfolio Standard	CES	RGGI	GJGNY	Other Funds	Total March 31, 2018	Total March 31, 2017
ASSETS:								
Cash and investments	$39,839	28,693	97,669	68,765	54,083	143,560	432,609	839,486
Receivables:								
New York State	346	-	-	3,419	-	12,946	16,711	5,041
Third-party billings	1,442	1,483	13,444	-	3,114	2,728	22,211	4,335
Interest on loans	-	-	-	-	413	-	413	486
Loans	-	-	-	-	200,951	-	200,951	198,521
Prepaid expense	1,000	-	-	-	-	1,519	2,519	1,822
Other assets	-	-	-	-	-	13,626	13,626	11,104
Due from other funds	2,144	-	-	146	764	-	3,054	1,693
Total assets	$44,771	30,176	111,113	72,330	259,325	174,379	692,094	1,062,488
LIABILITIES AND FUND BALANCES:								
Liabilities:								
Accounts payable	$476	2,014	117	1,774	349	3,019	7,749	9,788
Accrued liabilities	6,225	9,657	115,437	3,348	905	25,173	160,745	56,931
Unearned revenue	570	-	-	205	65	1,362	2,202	-
Deposits	-	2,308	6,156	-	-	367	8,831	928
Due to other funds	-	24	641	-	-	1,806	2,471	1,810
Total liabilities	7,271	14,003	122,351	5,327	1,319	31,727	181,998	69,457
Fund Balances:								
Nonspendable-not in spendable form	1,000	-	-	-	-	1,519	2,519	1,822
Restricted	36,500	16,173	-	67,003	258,006	139,179	516,861	990,194
Unassigned	-	-	(11,238)	-	-	1,954	(9,284)	1,015
Total fund balances	37,500	16,173	(11,238)	67,003	258,006	142,652	510,096	993,031
Total liabilities and fund balances	$44,771	30,176	111,113	72,330	259,325	174,379	692,094	1,062,488

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

Total fund balances for governmental funds	$510,096	993,031
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds	17,325	16,996
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(151,211)	51,481
Pension related deferred outflows are not reported in govermental funds	6,341	14,506
Accrued interest expense	(618)	(632)
Net position of governmental activities	$381,935	1,075,382

See accompanying notes to the basic financial statements.

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the year ended March 31, 2018
(with summarized comparative totals for March 31, 2017)
(Amounts in thousands)

	Market Development / Innovation & Research	Renewable Portfolio Standard	CES	RGGI	GJGNY	Other Funds	Total March 31, 2018	Total March 31, 2017
REVENUES:								
State appropriations	$ -	-	-	6,721	-	17,919	24,640	14,815
Utility surcharge assessments	7,270	7,476	-	-	-	53,664	68,410	61,197
Renewable energy credit assessments	-	-	-	-	-	-	-	611
Zero-emission credit assessments	-	-	469,963	-	-	-	469,963	952
Allowance proceeds	-	-	-	79,224	-	-	79,224	88,417
Third-party reimbursements	770	-	-	170	-	13,904	14,844	17,302
Federal grants	-	-	-	-	-	18,154	18,154	6,642
Interest subsidy	-	-	-	-	465	-	465	492
Project repayments	-	-	-	-	-	281	281	259
Rentals from leases	-	-	-	-	-	1,203	1,203	1,316
Fees and other income	-	491	-	-	23	357	871	423
Loan interest	-	-	-	-	6,964	-	6,964	5,882
Investment income	377	1,482	-	839	315	2,909	5,922	5,584
Total revenues	8,417	9,449	469,963	86,954	7,767	108,391	690,941	203,892
EXPENDITURES:								
Current expenditures	123,858	110,880	491,104	111,831	5,253	229,606	1,072,532	636,449
Debt service:								
Principal	-	-	-	-	12,662	-	12,662	9,908
Interest	-	-	-	-	3,775	-	3,775	3,310
Bond issuance costs	-	-	-	-	625	-	625	724
Capital outlay	1,658	11	565	25	6	365	2,630	3,609
Total expenditures	125,516	110,891	491,669	111,856	22,321	229,971	1,092,224	654,000
OTHER FINANCING SOURCES (USES):								
Residential Energy Efficiency Financing revenue bonds issued	-	-	-	-	-	-	-	23,180
Residential Solar Loan revenue bonds issued	-	-	-	-	18,500	-	18,500	23,180
Transfers in	122,901	1,067	-	-	14,000	136,697	274,665	213,762
Transfers out	(3,312)	(176,641)	-	(39,000)	-	(155,864)	(374,817)	(363,762)
Net other financing sources (uses)	119,589	(175,574)	-	(39,000)	32,500	(19,167)	(81,652)	(103,640)
Net change in fund balances	2,490	(277,016)	(21,706)	(63,902)	17,946	(140,747)	(482,935)	(553,748)
Fund balances, beginning of year	35,010	293,189	10,468	130,905	240,060	283,399	993,031	1,546,779
Fund balances, end of year	$37,500	16,173	(11,238)	67,003	258,006	142,652	510,096	993,031

Following is a reconciliation of amounts reported differently in the Statement of Activities:	2018	2017
Net change in fund balances for govenmental funds	($482,935)	(553,748)
Capitalization and depreciation of capital outlays, rather than recording as an expenditure	329	1,881
Expenses for compensated absences in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	(523)	(251)
Expenses for accrued bond interest in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	16	(269)
Pension contributions are not an expense in the Statement of Activities, and GASB 68 pension expense is not a use of current financial resources in the governmental funds	(1,546)	(1,940)
Bond proceeds are a current financial resource in the governmental funds but are not reported as revenues in the Statement of Activities	(18,500)	(46,360)
Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position	12,674	9,923
Change in net position of governmental activities	($490,485)	(590,764)

See accompanying notes to the basic financial statements.

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY

(A Component Unit of the State of New York)

Statement of Net Position

Proprietary Fund

March 31, 2018

(with comparative totals for March 31, 2017)

(Amounts in thousands)

	March 31, 2018	March 31, 2017
ASSETS:		
Current assets:		
Cash and investments	$189,620	105,028
Third-party billings receivable	212	100
Interest receivable on loans	1,871	1,410
Loans and financing receivables due within one year, net	48,688	30,540
Total current assets	240,391	137,078
Non-current assets:		
Investments	-	649
Loans and financing receivables - long term, net	246,654	228,001
Total non-current assets	246,654	228,650
Total assets	487,045	365,728
DEFERRED OUTFLOWS OF RESOURCES	609	1,435
LIABILITIES:		
Current liabilities:		
Accrued liabilities	503	134
Counterparty deposits	50	-
Escrow deposits	25	210
Total current liabilities	578	344
Non-current liabilities:		
Net pension liability	925	1,583
Total liabilities	1,503	1,927
NET POSITION:		
Net position restricted for specific programs	$486,151	365,236

See accompanying notes to the basic financial statements.

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the year ended March 31, 2018
(with comparative totals for March 31, 2017)
(Amounts in thousands)

	March 31, 2018	March 31, 2017
OPERATING REVENUES:		
Closing fees	$1,596	3,026
Undrawn fees	376	250
Administrative fees	55	40
Other fees	457	83
Loans and financing receivables interest	16,703	5,373
Provision for losses on loans and financing receivables	(844)	-
Total operating revenues	18,343	8,772
OPERATING EXPENSES:		
Salaries and benefits	5,716	4,371
Investment related expenses	435	520
Program operating costs	1,152	914
General & administrative expenses	920	979
Depreciation	154	124
NY State assessments	86	124
Total operating expenses	8,463	7,032
OPERATING INCOME	9,880	1,740
NON-OPERATING REVENUES:		
Capital contributions	9,529	-
Investment income	1,354	921
Total non-operating revenues	10,883	921
INCOME BEFORE TRANSFERS	20,763	2,661
Transfers in	100,152	150,000
Change in net position	120,915	152,661
Net position, beginning of year	365,236	212,575
Net position, end of year	$486,151	365,236

See accompanying notes to the basic financial statements.

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)
Statement of Cash Flows
Proprietary Fund
For the year ended March 31, 2018
(with comparative totals for March 31, 2017)
(Amounts in thousands)

	March 31, 2018	March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Closing fees collected	$1,596	2,951
Undrawn fees collected	311	238
Administrative fees collected	55	40
Other fees collected	457	80
Loans and financing receivables interest collected	16,243	4,047
Receipt of counterparty deposits	50	-
Disbursement of escrow deposits	(185)	-
Payments to employees & employee benefit providers	(5,548)	(4,179)
Payments to suppliers	(2,187)	(2,281)
Payment for allocated depreciation	(154)	(124)
Payments to NYS	(85)	(124)
Loans and financing receivables deployed	(180,872)	(328,339)
Loans and financing receivables principal repayments	143,227	79,811
Net cash used in operating activities	(27,092)	(247,880)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Capital contributions	9,529	-
Transfers in	100,152	150,000
Net cash provided by non-capital financing activities	109,681	150,000
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(494,866)	(331,215)
Proceeds from sale of investments	424,641	426,773
Investment income	1,208	2,578
Net cash (used in) provided by investing activities	(69,017)	98,136
Net change in cash:	13,572	256
Cash and cash equivalents, beginning of year	3,624	3,368
Cash and cash equivalents, end of year	$17,196	3,624
RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating income	$9,880	1,740
Adjustments to reconcile operating income to net cash used in operating activities:		
Increase in third party billings receivable	(112)	(91)
Increase in interest receivable	(461)	(1,327)
Increase in loans and financing receivables	(36,801)	(248,528)
Increase in accrued liabilities	369	134
Increase in counterparty deposits	50	-
Decrease in escrow deposits	(185)	-
Net change in pension related accounts	168	192
Net cash used in operating activities	($27,092)	(247,880)

See accompanying notes to the basic financial statements.

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)
Statement of Fiduciary Net Position
March 31, 2018
(Amounts in thousands)

	OPEB Trust Fund	Agency
ASSETS:		
Cash and investments	$48,767	$32,440
LLRW assessment billings receivable	-	1,842
Total assets	$48,767	$34,282
LIABILITIES:		
Payable to New York State	-	550
LLRW escrow funds	-	4,180
Perpetual care of nuclear waste	-	29,549
Federal Energy Regulatory Commission	-	3
Total liabilities	-	$34,282
NET POSITION:		
Held in trust for other postemployment benefits	$48,767	

See accompanying notes to the basic financial statements.

NEW YORK STATE ENERGY RESEARCH AND DEVELOPMENT AUTHORITY
(A Component Unit of the State of New York)
Statement of Changes in Fiduciary Net Position
Other Postemployment Benefits Trust Fund
For the year ended March 31, 2018
(Amounts in thousands)

ADDITIONS:	
Employer contributions	$3,013
Investment income	3,889
Less investment management expenses	(10)
Net investment income	3,879
Total additions	6,892
DEDUCTIONS:	
Benefits	1,286
Trustee management fees	5
Audit fees	10
Total deductions	1,301
Change in net position	5,591
NET POSITION:	
Net position, beginning of year	43,176
Net position, end of year	$48,767

See accompanying notes to the basic financial statements.

(1) GENERAL

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

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

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

The CEF Order provided for a ten-year funding authorization of $3.4 billion, as amended, for the Market Development and Innovation & Research activities, and also provided additional funding authorization of $781.5 million for NY Green Bank, $960.6 million for NY-Sun, and $150.0 million for the RPS Program for a 2016 Main Tier solicitation. The NY Green Bank, NY-Sun, and RPS programs are presented as separate Programs/Functions in the financial statements as further described below.

The CEF Order authorized the continuation of previously authorized ratepayer collections for calendar years 2016 through 2024 for previous program authorizations for the New York Energy $mart, Energy Efficiency Portfolio Standard, Technology and Market Development, and RPS programs (the Previously Approved Programs).

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

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

Expenditures and Changes in Fund Balances – Governmental Funds.

NY-Sun

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

Clean Energy Standard (CES)

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

Regional Greenhouse Gas Initiative (RGGI)

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

Green Jobs-Green New York (GJGNY)
GJGNY is a statewide program created by legislation enacted in October 2009 to promote energy efficiency retrofits in residential, multifamily, small business and not-for-profit buildings, and authorizes NYSERDA to establish innovative financing approaches through revolving loan funds to finance such projects. The program will also support sustainable community development and create opportunities for green jobs. The legislation funded the program with $112.0 million from RGGI auction proceeds and restricts the use of interest earnings and revolving loan proceeds for additional programmatic spending. NYSERDA subsequently allocated $91.6 million in additional RGGI funds to support program activities.

Energy Analysis
Through this program, NYSERDA provides objective and credible analyses of energy issues to various stakeholders. The program also includes activities for energy-related emergency planning and response, and support for State energy planning. These program activities are funded primarily by a State assessment on the intrastate gas and electricity sales of the State's investor-owned utilities.
Furthermore, Energy Analysis staff provide oversight activities pursuant to the State Low-Level Radioactive Waste (LLRW) Management Act of 1986, whereby NYSERDA is responsible for ultimately constructing and operating the State's LLRW disposal facilities, collecting information, and providing regular reports to the Governor and Legislature on LLRW generation in the State. These activities are funded annually by State appropriations through a sub-allocation from the New York State Department of Health.

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

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

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

Other
Other represents an aggregate of smaller Programs/Functions. These activities are primarily funded through Commission Orders, Memorandums of Understanding with various utilities pursuant to Commission Orders, various third-party reimbursement agreements, and federal energy grants.

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

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

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

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

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

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

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

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

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

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

- Net investment in capital assets – amount of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt attributable to the acquisition, construction, or improvement of those assets, and deferred outflows of resources less deferred inflows of resources, that are attributable to the acquisition, construction, or improvement of those assets or related debt, excluding any significant unspent related debt proceeds or deferred inflows of resources

- Restricted for specific programs – amount of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets
- Unrestricted – amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of Net investment in capital assets or the Restricted for specific programs components of net position

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

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

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

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

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

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

The basic financial statements include certain prior-year summarized comparative information in total, but not by separate governmental activities and major funds. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with NYSERDA's financial statements as of and for the year ended March 31, 2017, from which the summarized information was derived.

(b) Basis of accounting

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

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

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

(c) Investments

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

(d) Loans and financing receivables

Loans and financing receivables are recorded at their cost basis, less any provision for losses, established on individual loans and financing receivables where it is deemed probable that NY Green Bank will be unable to collect amounts due under contractual terms by NY Green Bank's Investment & Risk Committee. The GJGNY allowance for doubtful accounts is recorded at the amount of the outstanding principal balance of all loans over 120 days past due. Impairment estimates, if any, for NY Green Bank Loans and financing receivables are those deemed necessary by NY Green Bank's Investment Review Committee.

(e) Capital assets

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

(f) Unearned revenue

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

(g) <u>Deferred outflows of resources</u>

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

(h) <u>Compensated absences</u>

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

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

(i) <u>NY State assessments</u>

NY State assessments for the year ended March 31, 2018 consisted of $11.6 million in fees assessed by the State under Section 2975 of the Public Authorities Law (Governmental Cost Recovery System) for general governmental services, and $0.9 million paid to the State under a budget bill pursuant to Article VII of the New York State Constitution.

(j) <u>Use of estimates</u>

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

(k) <u>Reclassifications</u>

Certain amounts for the fiscal year ended March 31, 2017 have been reclassified to conform with the amounts presented as of March 31, 2018.

(l) <u>Income Taxes</u>

NYSERDA is a Component Unit of NYS and therefore is generally exempt from Federal, State, and local income taxes.

(m) <u>Adoption of new accounting pronouncement</u>

NYSERDA implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans,* for the fiscal year ending March 31, 2018. This statement replaces the requirements of GASB Statement No. 43, *Financial Reporting for Post-employment Benefits Other Than Pension Plans*. GASB Statement No. 74 requires plans to calculate and disclose a net OPEB liability to be measured as the total OPEB liability less the amount of the OPEB plan's fiduciary net position, which has been included in note 12.

(3) CASH AND INVESTMENTS

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

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

The following schedule presents cash and investments as of March 31, 2018. Fair value is measured using quoted market prices for U.S. government obligations, mutual funds, and exchange traded funds. GASB Statement No. 72, *Fair Value Measurement and Application,* prescribes three approaches to measuring fair value and requires a government to use valuation techniques consistent with one or more of these approaches. The standard establishes a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. All NYSERDA investments are valued based on Level 1 inputs.

	Fair Value (*Amounts in thousands)*	% of Total	Weighted Average Maturity (months)
Governmental funds			
Cash and money market	$42,010	9.7	n/a
Certificates of deposit	588	0.1	4.1
U.S. Treasury Bills	362,985	83.9	2.0
U.S. Treasury Strips	27,026	6.3	7.0
Total	$432,609	100.0	2.3
Current portion thereof	$432,609		
Proprietary fund			
Cash	$17,196	9.1	n/a
U.S. Treasury Bills	171,770	90.6	2.1
U.S. Treasury Strips	654	0.3	5.2
Total	$189,620	100.0	2.1
Current portion thereof	$189,620		
Fiduciary funds			
Cash and money market	$(1,069)	(1.3)	n/a
Mutual funds	16,646	20.5	n/a
Exchange traded funds	31,673	39.0	n/a
U.S. Treasury bills	4,410	5.4	0.9
U.S. Treasury strips	29,547	36.4	4.6
Total	$81,207	100.0	4.1

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

The OPEB Trust's risk tolerance is understood by the Plan Administrator such that achieving the Plan's investment objectives is not guaranteed and there will be time periods for which these objectives will not be met. The Plan Administrator also recognizes that some risk must be assumed to achieve the Trust's long-term investment objectives and accepts the inevitable fluctuations in returns that will occur. While it is understood that a certain level of risk is expected in the Trust's portfolio, the ability to withstand short and intermediate term variability was specifically considered in the development of the Investment Policy Statement risk tolerances. The debt instruments held within the above table's Mutual funds and Exchange traded funds are shown in the below table.

Credit Risk. Money market fund investments consist of non-rated funds whose investments are restricted to U.S. government obligations. As of March 31, 2018, debt instruments other than those of the U.S. government were held only by the OPEB Trust and were as follows:

Investment type	Investment policy range (% of portfolio)	Fair Value (*Amounts in thousands*)	Morningstar 5-star rating scale rating
Mutual funds:			
Short term bonds	1%-6%	$863	3
High yield bond	6%-16%	$2,575	2
Exchange traded funds:			
Intermediate term bond	6%-16%	$3,443	4
Long-term bond	5%-15%	$2,136	3
Non-U.S. bonds	1%-6%	$1,724	3

Concentration of Credit Risk. NYSERDA's investment policy limits investments with any single eligible banking institution to no more than 35% of its total investment portfolio, except as otherwise required by any policies and practices of the Fiscal Agent. As of March 31, 2018, NYSERDA did not have any investments with institutions that were individually in excess of 5% of total investments.

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

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

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

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

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

Foreign Currency Risk. As of March 31, 2018, only the OPEB Trust portfolio (reported within Fiduciary funds) held any foreign investments. Foreign mutual fund holdings at March 31, 2018 were $4,371,000 (comprised of $2,647,000 of equity funds and $1,724,000 of fixed income funds), and foreign exchange traded fund holdings were $4,445,000 (entirely comprised of equity funds).

(4) RECEIVABLE FROM NEW YORK STATE

As of March 31, 2018, the amount due from New York State is $16.7 million, which represents appropriation and grant receivables.

(5) LOANS AND FINANCING RECEIVABLES

Loans receivable exist under the Green Jobs-Green New York program to finance energy efficiency retrofits and renewable energy system installments in residential, multifamily, small business, and not-for-profit buildings. The residential component, and certain small business/not-for-profit loans, offers loans originated by a third-party loan originator using pre-established loan underwriting criteria, which are funded by NYSERDA and serviced by a third-party loan servicer. Multifamily and small business/not-for-profit loans are provided through participating lenders with NYSERDA providing 50% of the principal, subject to certain limits.

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

Loans and financing receivables at March 31, 2018 include the following:

(Dollar amounts in thousands)

Governmental activities/funds	Number of loans and financing receivables	Loans and financing receivables outstanding
Residential	19,770	$202,891
Small Business/Not-for-Profit	58	1,820
Multifamily Building	16	1,005
Total governmental activities/funds	19,844	205,716
Allowance for Doubtful Accounts		(4,765)
Net total governmental activities/ funds		$200,951

(Dollar amounts in thousands)

Business-type activities/proprietary fund	Number of loans and financing receivables	Loans and financing receivables outstanding	Undrawn Balance
Construction Finance	1	$13,676	$6,860
Construction Finance + Term Loan	5	26,151	-
Term Loans & Investments	10	163,397	20,047
Warehousing/Aggregation	8	92,962	45,793
Total business-type activities/proprietary fund	24	296,186	$72,700
Provision for losses on loans and financing receivables		(844)	
Net total Business-type activities/proprietary fund		$295,342	

Loans and financing receivables at March 31, 2018 mature as follows:

Governmental activities/funds

(Amounts in thousands)

Fiscal year ending March 31,	Residential Energy Efficiency	Small Business/ Not-for-Profit	Multifamily Building	Total
2019	$14,906	237	447	15,590
2020	15,119	279	304	15,702
2021	15,190	238	186	15,614
2022	15,067	219	65	15,351
2023	15,148	199	3	15,350
2024-2028	79,658	647	-	80,305
2029-2033	47,774	1	-	47,775
2034-2038	29	-	-	29
Total governmental activities/funds	$202,891	1,820	1,005	205,716

Business-type activities/proprietary fund

(Amounts in thousands)

Fiscal year ending March 31,	Construction Finance	Construction Finance + Term Loan	Term Loan & Investments	Warehousing / Aggregation	Total
2019	$-	1,150	26,997	21,385	49,532
2020	13,676	1,707	24,018	-	39,401
2021	-	1,262	33,672	34,033	68,967
2022	-	1,388	45,502	586	47,476
2023	-	1,476	10,206	13,626	25,308
2024-2028	-	13,626	17,600	23,332	54,558
2029-2033	-	3,381	4,919	-	8,300
2034-2038	-	2,161	483	-	2,644
Total business-type activities/ proprietary fund	$13,676	26,151	163,397	92,962	296,186

(6) OTHER ASSETS

As of March 31, 2018, the other assets balance of $13.6 million represents the lower of cost or market value of the Upstate and Downstate New York State Strategic Gasoline Reserves, which were established to provide an emergency supply of finished motor gasoline in case of a significant disruption to petroleum fuels supply or distribution.

(7) CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2018 was as follows:

(Amounts in thousands)

	Beginning Balance	Additions	Retirements	Ending Balance
Land	$685	-	-	685
Land improvements	5,774	60	-	5,834
Buildings	8,979	-	-	8,979
Machinery and equipment	16,976	2,616	(734)	18,858
Leasehold improvements	2,944	-	-	2,944
	35,358	2,676	(734)	37,300
Less accumulated depreciation for:				
Land Improvements	(1,567)	(213)	-	(1,780)
Buildings	(5,045)	(274)	-	(5,319)
Machinery and equipment	(10,896)	(1,750)	734	(11,912)
Leasehold improvements	(675)	(219)	-	(894)
	(18,183)	(2,456)	734	(19,905)
Capital assets, net	$17,175	220	-	17,395

(8) NON-CURRENT LIABILITIES

Non-current liability activity for the year ended March 31, 2018 was as follows:

(Amounts in thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental activities					
Notes payable	$14	-	(14)	-	-
Compensated absences	7,827	4,540	(3,958)	8,409	3,378
Bonds payable	127,713	18,500	(12,662)	133,551	6,769
Net pension liability	15,973	5,884	(12,503)	9,354	-
Postemployment benefits	-	3,013	(3,013)	-	-
Non-current liabilities	$151,527	31,937	(32,150)	151,314	10,147
Business-type activities/proprietary fund					
Net pension liability	$1,583	632	(1,290)	925	-

Bonds payable includes various bonds issued and secured by loan repayments from loans issued under the GJGNY program. Following is a schedule of bonds issued and outstanding at March 31, 2018:

(Amounts in thousands)

	Principal Balance Outstanding	Final Maturity Date	Interest Rate
Residential Energy Efficiency Financing Revenue Bonds,			
Series 2013A	$15,990	July 1, 2028	1.03% to 4.11%
Series 2015A	40,554	July 1, 2030	.98% to 3.82%
Series 2016A	22,135	March 1, 2027	.75% to 2.77%
Residential Solar Loan Revenue Bonds,			
Series 2015- Fixed rate	34,414	March 1, 2027	4.55% to 5.24%
Variable rate	1,958	March 1, 2024	Variable to 11.00%
Residential Solar Green Financing Revenue Bonds, Series 2018A	18,500	April 1, 2034	3.0% to 4.8%
Total	$133,551		

Each of the bonds were issued under an Indenture of Trust and other financing documents setting forth various obligations of NYSERDA, included requirements for debt service coverage ratios.

As of March 31, 2018, future debt service requirements of the bonds are:

(Amounts in thousands)

Fiscal year ending March 31,	Bonds payable Principal	Interest	Total
2019	$6,769	4,433	11,202
2020	6,765	4,342	11,107
2021	8,325	4,173	12,498
2022	8,035	3,996	12,031
2023	7,695	3,809	11,504
2024-28	70,987	12,275	83,262
2029-33	15,575	2,890	18,465
2034	9,400	452	9,852
Total	$133,551	36,370	169,921

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

(9) RETIREMENT PLAN

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

The System is a cost-sharing, multiple-employer, defined benefit public employee retirement plan. The State Comptroller is sole trustee and administrative head of the System. The System issues a publicly available financial report including financial statements and required supplementary information located on the Internet at http://www.osc.state.ny.us/retire/word_and_pdf_documents/reports/financial_statements/fs_2017.pdf or by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244. The System provides retirement benefits, as well as death and disability benefits. Retirement benefits are established by the New York State Retirement and Social Security Law. Retirement benefits, contributory requirements and vesting depend on the point in time at which an employee first joined the System (membership “tier”). Members of the System who joined before July 27, 1976 are enrolled in a noncontributory plan; NYSERDA contributes theentire amount determined to be payable to the System for those members. Personnel who joined the System after July 27, 1976 through January 1, 2010 and who have less than 10 years of accredited service are required by law to contribute three percent of their gross salary; NYSERDA contributes the balance payable to the System during that period, and the full amount determined to be payable thereafter. Members who joined the System between January 1, 2010 and March 31, 2012 contribute three percent of their gross salary during the full term of employment. Members who joined the System after April 1, 2012 contribute between three percent and six percent, depending on their salary, during the full term of employment. Retirement benefits vest after five to 10 years of accredited service, depending on the applicable tier.

As of the fiscal years ended March 31, 2018 and 2017, NYSERDA’s proportionate share of the System’s net pension liability was approximately 0.11%, determined based on the ratio of NYSERDA’s total projected long-term contributions to the total System projected long-term contributions from all employers. NYSERDA, in turn, allocated a share of its pension liability and deferred outflows to NY Green Bank, its proprietary fund, based on a proportional allocation methodology using direct salary expenses. The governmental activities represent approximately 91% and the proprietary fund represents approximately 9% of the proportionate share of the balances of System pension-related amounts consistent with NYSERDA's current allocation methodology. NYSERDA's net pension liability, which includes that of NY Green Bank, is as follows:

	(Amount in thousands)
Measurement date	03/31/2017
Actuarial valuation date	04/01/2016
Net pension liability	$10,279

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

Pension expense for the fiscal year ended March 31, 2018 was $5.5 million.

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

	(Amounts in thousands)		
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Governmental activities			
Net pension liability/(asset)	$29,877	$9,354	($7,997)
Business type-activities/proprietary fund			
Net pension liability/(asset)	$2,953	$925	($790)

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

(Amounts in thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources	[Net] Deferred Outflows of Resources
Differences between expected and actual experience	$258	(1,561)	(1,303)
Changes of assumptions	3,512	-	3,512
Net difference between projected and actual investment earnings on pension plan investments	2,053	-	2,053
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(1,117)	(1,117)
Employer contributions subsequent to the measurement date	3,805	-	3,805
Total	$9,628	(2,678)	6,950

The amount of employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended March 31, 2019.

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

(Amounts in thousands)

Fiscal year Ending March 31:	Governmental activities	Business-type activities/proprietary fund	Total
2019	$1,446	131	1,577
2020	1,447	131	1,578
2021	1,342	119	1,461
2022	(1,327)	(144)	(1,471)
Total	$2,908	237	3,145

NYSERDA’s contribution to the System for the fiscal year ended March 31, 2018 was $3.8 million, representing 100% of the required contribution.

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

Fifty-seven employees have vested in the VDC as of March 31, 2018. NYSERDA's contribution to the VDC for the year ended March 31, 2018 was $558,660.

(10) LEASES

NYSERDA has multi-year operating leases expiring September 30, 2018; May 31, 2021; October 31, 2022; and October 30, 2027, for office space in Albany, West Valley, Buffalo, and New York City, respectively. For the year ended March 31, 2018, rental expense for all office facilities was $1.6 million.

The following is a schedule, by year, of future minimum rental payments for NYSERDA's office space as of March 31, 2018:

	(Amounts in thousands)
Fiscal year ending March 31:	
2019	$1,287
2020	1,092
2021	1,092
2022	1,016
2023	976
Thereafter	4,569
Total	$10,032

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

(11) CONTINGENCIES

(a) Western New York Nuclear Service Center

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

In January 2010, NYSERDA and DOE issued a final Environmental Impact Statement, which identifies and assesses the potential environmental impacts of a range of reasonable alternatives proposed to meet DOE's responsibilities under the WVDP Act and options for the State of New York, acting through NYSERDA, for management of West Valley. In April and May 2010, respectively, DOE and NYSERDA issued decision documents that formally selected the Phased Decision Making alternative for continuing the cleanup. Under Phased Decision making, decommissioning work will be conducted in two phases. During Phase 1, the Main Process Plant building and several other highly contaminated facilities will be removed at an estimated cost of approximately $1.0 billion. As the Phase 1 cleanup work is proceeding, DOE and NYSERDA will conduct additional scientific studies to reduce uncertainties in the decisions for the Phase 2 portion of the cleanup. The 2010 Environmental Impact Statement states that the Phase 1 work would take 10 years and cost approximately $1.0 billion based on a federal funding level of $75.0 million per year. Since 2010, actual federal funding levels have generally ranged between $60.0 million and $68.0 million, although the FFY 2018 Congressional appropriation for the WVDP came in at $78 million, significantly higher than requested by DOE. The total cost and duration of the Phase 1 cleanup work will be in part impacted by the funding amounts appropriated annually in the federal budget.

The Phase 2 decisions, which will be made in the 2022 timeframe, will address the remaining facilities, including the High-Level Waste Tanks, the SDA, the NRC-Licensed Disposal Area, and the main body of a plume of contaminated groundwater. Total estimated costs for completing the Phase 2 work range from over $700.0 million to $9.1 billion, and are dependent on the alternative selected for the remaining facilities.

In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations,* no liability has been included in NYSERDA's financial statements as of March 31, 2018 for this contingency because NYSERDA expects to continue to be reimbursed from State appropriations for the State's share of the costs of the Demonstration Project, any costs NYSERDA may incur in relation to the SDA, and any other costs allocated to NYSERDA under the agreement resolving the lawsuit referenced above.

(b) Energy Analysis- Low-Level Radioactive Waste
Pursuant to the Low-Level Radioactive Waste (LLRW) Management Act of 1986, NYSERDA annually assesses licensees of operating nuclear power plants an amount sufficient to reimburse the State for the LLRW disposal facilities development activities of the Departments of Health and Environmental Conservation, and must provide nuclear power plant licensees with a user-fee reduction, when the disposal facilities are operational, equal to the statutory assessments collected plus interest at a fair market rate. During the year ended March 31, 2018, NYSERDA paid, from the agency fund, a total of $3.3 million to reimburse the State for such costs pursuant to Public Authorities Law Section 1854-d(2)(a).

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

The bonds and notes issued bear the name of NYSERDA and the participating company. NYSERDA assigns most of its rights and obligations to a trustee who is responsible for, among other things, disbursing bond and note proceeds and handling principal and interest payments. As of March 31, 2018, all participating companies were current in their debt service payments for these bonds and notes, the principal of which totaled $2.4 billion.

(d) Risk management

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

(e) Contractual obligations in excess of cash and investment balances

As of March 31, 2018, NYSERDA has aggregate outstanding contractual obligations in excess of cash and investments of Governmental activities/funds totaling $3.4 billion, which will be reimbursed from future revenues.

(f) NY Green Bank

As of March 31, 2018, NY Green Bank has entered into two credit enhancement contracts totaling $5.5 million which, consistent with their terms, have not been funded but contain contingent obligations. NY Green Bank capital is only drawn if a contingent obligation under either agreement is triggered.

(g) Clean Energy Standard Proceeds

In October 2016, a lawsuit was filed in the Federal District Court for the Southern District of New York against the Commission by a coalition of New York power generators claiming that the Zero Emission Credit (ZEC) component of the Commission’s Clean Energy Standard Order: (1) is “preempted” by the Federal Power Act and had improperly attempted to influence wholesale electricity rates; and (2) violates the U.S. Constitution’s Commerce Clause, which prohibits states from enacting laws that regulate interstate commerce. The State of New York is vigorously defending the CES and the Commission’s actions. The lawsuit was dismissed by the District Court in July 2017. An appeal of the dismissal is currently pending before the 2nd Circuit Court of Appeals. Through March 31, 2018, NYSERDA had collected approximately $457.5 million in payments from LSEs for their funding obligations for ZEC attributes pursuant to provisions of the CES Order, which were recorded as revenue.

(12) POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

The New York Civil Service Law, Section 163(2) provides for health insurance coverage for retired employees of New York State, including their spouses and dependent children. The law extends to public benefit corporations. NYSERDA maintains a single-employer defined benefit plan (the "Plan"), providing this benefit to eligible retirees and/or their spouses and dependent children. Eligibility is determined by membership in the New York State and Local Retirement System, enrollment in the New York State Health Insurance Program at the time of retirement, and the completion of a minimum number of years of service as required by the employee’s membership tier in the retirement system. The Plan provides that retired employees pay the same percentage share of the health insurance premiums as that charged for active State management confidential employees. Plan members generally contribute 16% of the premium for individual coverage and 31% of the incremental premium for family coverage. NYSERDA is billed by the New York State Department of Civil Service monthly for pay-as-you-go funding requirements; however, payments are made from an irrevocable OPEB Trust account established in March 2010. The purpose of the OPEB Trust is for the accumulation of funds to pay future benefit costs. The Trust’s funds are held by a third-party trustee. The Trust is managed by the Officers of NYSERDA, in consultation with an independent Investment Consultant. As of March 31, 2018, NYSERDA had contributed $38.2 million to the OPEB Trust to fully fund the actuarially determined accumulated OPEB obligation as calculated under the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions.* As of March 31, 2018, the fair value of the OPEB Trust investments totals $48.8 million.

As of March 31, 2018, there were 80 retirees and dependent survivors actively receiving benefits and 332 active Plan members. The Plan year end was changed from December 31 to March 31 to coincide with NYSERDA's fiscal year end. NYSERDA's OPEB Trust is recorded as a fiduciary fund within NYSERDA's financial statements.

<u>Funding the Plan and Net OPEB Obligation required by GASB Statement No. 45 (Employer Reporting)</u>

NYSERDA's annual OPEB expense for the year ended March 31, 2018 is calculated based on the annual required contribution (ARC) of NYSERDA. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize unfunded actuarial liabilities over 30 years.

The following table summarizes NYSERDA's annual OPEB expense for the year ended March 31, 2018, the amount contributed to the OPEB Trust, and changes in NYSERDA's net OPEB obligation:

	(Amounts in thousands)
Annual required contribution	
Normal cost	$2,441
Amortization of unfunded actuarial accrued liability	572
Total annual OPEB cost	3,013
Contributions made	(3,013)
Change in net OPEB obligation	-
Net OPEB obligation- beginning of year	-
Net OPEB obligation- end of year	$ -

NYSERDA's ARC was $3.0 million, $3.7 million, and $3.3 million for the years ended March 31, 2018, 2017, and 2016, respectively. The percentage of annual ARC contributed to the Plan for each of the years ended March 31, 2018, 2017, and 2016 was 100% and the net OPEB obligation at the end of each of these fiscal years was $0.

As of April 1, 2017, the Plan was 84.4% funded (under current actuarial methodology for NYSERDA as the employer (GASB Statement No. 45)). The actuarial accrued liability for benefits was $51.1 million, and the actuarial value of assets was $43.2 million, resulting in an unfunded actuarial accrued liability (UAAL) of $7.9 million. The covered payroll (annual payroll of active employees covered by the Plan) was $35.8 million, and the ratio of the UAAL to the covered payroll was 22.2%.

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

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

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

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

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

Mortality Tables – Sex-distinct RP-2006 Base Healthy Annuitant/Employee with Projection Scale MP-2016.

Withdrawal– Rates were based on age and length of service for the first 10 years and age thereafter as the basis for assigning active members a probability of remaining employed until the assumed retirement age. Based on assumptions used under the New York State and Local Employees' Retirement System (ERS), since eligibility for NYSERDA employees covered under this plan is based on membership in that system. The ERS assumptions were based on extensive analysis of their covered populations.

Healthcare cost trend rate – The expected rate of increase in healthcare premiums was based on projections developed by the actuary's healthcare specialists. Rates of 6.8% and 8.5% for the two health insurers with the highest enrollment of Plan members were assumed initially, reduced to an ultimate rate of 4.0% for both carrier's plans.

Health insurance premiums – A blend of actual 2016 and 2017 health insurance premiums for the two health insurers with the highest enrollment of Plan members were used as the basis for the projected valuation year premiums.

Investment return – As of March 31, 2018, Plan benefit payments are pre-funded in a segregated Trust, and a discount rate of 6.5% was used, representing the long-term anticipated earnings potential of investments in the Trust.

The actuarial funding method used was the Projected Unit Credit Cost method. The unfunded actuarial accrued liability is being amortized as a level dollar amount over a period of 30 years. The remaining amortization period at March 31, 2018 was 19 years.

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

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

The Trust has no legally required reserves.

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

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

The Plan elected to base the valuations on plan data as of April 1, 2016 and used update procedures to roll forward the total OPEB liability to the OPEB Plan's fiscal year end. GASB 74 requires disclosure of the Net OPEB Liability (NOL) and other related disclosures; however, the recognition of the NOL in NYSERDA's government-wide financial statements is not required until implementation of GASB Statement No. 75 in the fiscal year ending March 31, 2019.

The components of the net OPEB liability at March 31, 2018, were as follows:

	(Amounts in thousands)
Total OPEB Liability	$53,114
Fiduciary net position	48,767
NOL	$ 4,347
Fiduciary net position as a % of total OPEB liability:	91.8%

Total OPEB liability at March 31, 2018 was determined using the April 1, 2016 actuarial valuation and applying roll forward procedures. The actuarial assumptions were the same as those noted above (for the GASB Statement No. 45 valuation), with the following exceptions:

Mortality Tables – Sex-distinct RP-2006 Base Healthy Annuitant/Employee with Projection Scale MP-2017.

Healthcare cost trend rate– The expected rate of increase in healthcare premiums was based on projections developed by the actuary's healthcare specialists. Rates of 5.9% and 4.5% for the two health insurers with the highest enrollment of Plan members were assumed initially, reduced to an ultimate rate of 4.0% for both carrier's plans.

The actuarial cost method was changed from the Projected Unit Credit method to the Entry Age Normal method (consistent with the requirements of GASB 74), which increased the Total OPEB liability's beginning balance as of March 31, 2017 by approximately $7.2 million (14.6%).

Sensitivity Analysis:

Healthcare cost trend rates

	(Amounts in thousands)		
	1% Decrease	Current Trend Rate	1% Increase
Net OPEB liability	($4,699)	$4,347	$16,088

Discount rate

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

	(Amounts in thousands)		
	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Net OPEB liability	$13,641	$4,347	($3,067)

Money-Weighted Rate of Return:

For the year ended March 31, 2018, the annual money-weighted rate of return on investments, calculated as the internal rate of return on Plan investments, net of investment expense, was 8.84%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Long-term expected rate of return:

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Cash	Bank of America ML 91-day Tbill	0%-6%	0.27%	0.27%
Short-Term Bonds	BBgBarc 1-5 Yr Gvt/Credit Fl Adj TR	1%-6%	1.53%	1.48%
Intermediate-Term Bonds	BBgBarc US Gov/Credit 5-10 Yr TR	6%-16%	1.99%	1.89%
Inflation-Indexed Bonds	BBgBARC US Treasury US TIPs TR	4%-14%	1.59%	1.46%
Long-Term Bonds	BB Long Government/Cred	5%-15%	3.47%	2.97%
High Yield Bonds	BB High Yield Corporate Bond	6%-16%	5.21%	4.67%
Large Cap Value	CRSP US Large Cap Value TR	2%-12%	4.20%	2.98%
Large Cap Growth	CRSP US Large Cap Growth TR	9%-19%	5.03%	3.52%
Mid Cap Value	CRSP US Mid Cap Value TR	1%-6%	4.53%	3.08%
Mid Cap Growth	CRSP US Mid Cap Growth TR	1%-6%	5.74%	3.47%
Small Cap Value	CRSP US Small Cap Value TR	1%-9%	4.97%	3.23%
Small Cap Growth	CRSP US Small Cap Growth TR	1%-6%	6.50%	4.01%
Foreign Developed Equity	FTSE Developed Ex US	11%-21%	5.55%	3.91%
Emerging Market Equity	FTSE EM AC China A Incl (US RIC)	6%-16%	7.88%	4.59%
Global Real Estate	FTSE EPRA/NAREIT Global NR	1%-6%	5.59%	3.57%
Non-US Bonds	BBgBarc Global Agg Float Adj TR	1%-6%	0.71%	0.15%

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

(13) INTERFUND BALANCES AND TRANSFERS

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

Transfers consist of amounts transferred between various Functions/Programs and Funds pursuant to various Orders of the Commission, NYSERDA's approved RGGI operating plan, and to fund expenditures and working capital balances as well as to fund further capital contributions to NY Green Bank pursuant to the CEF Order's "Bill-As-You-Go" process, as summarized below:

(Amounts in thousands)

	Transfers To						
Transfers From	CEF	RPS	GJGNY	Other Funds	Total Governmental Funds	Proprietary Fund	Total
CEF	$-	-	-	-	-	3,312	3,312
RPS	42,471	-	-	79,852	122,323	54,318	176,641
RGGI	25,000	-	14,000	-	39,000	-	39,000
Other Funds	55,430	1,067	-	56,845	113,342	42,522	155,864
Total	$122,901	1,067	14,000	136,697	274,665	100,152	374,817

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

Schedules of Required Supplementary Information (Unaudited)
March 31, 2018

NYSERDA's Contributions to the System Pension Plan

(Amounts in thousands)

Fiscal year ended March 31,	2018	2017	2016
Actuarially determined contribution	$3,805	$3,866	$3,993
Contributions in relation to the actuarially determined contribution	$3,805	$3,866	$3,993
Contribution deficiency (excess)	-	-	-
Covered- payroll	$25,854	$26,153	$25,135
Contributions as a percentage of covered-employee payroll	14.7%	14.9%	15.9%

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

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

(Amounts in thousands)

Measurement Date: March 31,	2017	2016	2015
Proportion of the net pension liability	0.11%	0.11%	0.12%
Proportionate share of the net pension liability	$10,279	$17,556	$4,004
Covered- payroll	$26,153	$25,135	$26,438
Proportionate share of the net pension liability as a % of its covered payroll	39.3%	69.8%	15.1%
Ratio of fiduciary net position to total pension liability	94.7%	90.7%	97.9%

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

Schedule of Funding Progress for OPEB (GASB Statement No. 45)

(Amounts in thousands)

Actuarial valuation date	Fiscal year ended	Measure-ment date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded actuarial accrued liability (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll (b-a)/c)
4/1/2016	3/31/2018	4/1/2017	$43,176	$51,132	$7,956	84.4%	$35,757	22.2%
4/1/2015	3/31/2016	4/1/2015	$34,752	$47,014	$12,262	74.0%	$30,684	40.0%
4/1/2013	3/31/2014	4/1/2013	$25,166	$41,696	$16,530	60.4%	$27,207	60.8%
4/1/2012	3/31/2013	4/1/2012	$19,891	$39,388	$19,497	50.5%	$24,282	80.3%

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

Schedules of Required Supplementary Information (Unaudited)
March 31, 2018

Schedule of Employer Contributions for OPEB (GASB Statement No. 45)

(Amounts in thousands)

Fiscal year ended March 31,	Annual required contribution (ARC)	Percentage of ARC contributed by employer
2018	$3,013	100.0%
2017	$3,682	100.0%
2016	$3,336	100.0%

Schedule of Changes in Net OPEB Liability and Related Ratios (GASB Statement No. 74)

(Amounts in thousands)

	2018
Total OPEB liability	
Total OPEB liability- beginning	$56,238
Changes for the year:	
Service Cost	2,390
Interest	3,749
Effect of plan changes	-
Effect of economic/demographic gains or losses	(22)
Effect of assumptions changes or inputs	(7,955)
Benefit payments	(1,286)
Total OPEB liability- ending (a)	$53,114
Plan Fiduciary net position	
Plan Fiduciary net position- beginning	$43,176
Changes for the year:	
Benefit payments	(1,286)
Employer contributions	3,013
Net investment income	3,879
Administrative expenses	(15)
Plan fiduciary net position- ending (b)	$48,767
Net OPEB liability	
Net OPEB liability- beginning	$13,062
Net OPEB liability- ending (a) – (b)	$4,347
Fiduciary net position as a % of total OPEB liability	91.81%
Covered payroll	$35,757
Net OPEB liability as a % of covered payroll	12.16%

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

See accompanying independent auditors' report

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

Schedules of Required Supplementary Information (Unaudited)
March 31, 2018

Schedule of Employer Contributions for OPEB (GASB Statement No. 74)

	(Amounts in thousands)
Fiscal year ended March 31,	**2018**
Actuarially determined contribution	$3,013
Actual employer contribution	3,013
Contribution deficiency (excess)	$ -
Covered payroll	$35,757
Contribution as a % of covered payroll	8.43%

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

Schedule of Investment Returns- OPEB Trust (GASB Statement No. 74)

Fiscal year ended March 31,	Net annual money-weighted rate of return
2018	8.84%

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

See accompanying independent auditors' report