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NEW YORK STATE ENVIRONMENTAL FACILITIES CORPORATION

Reports Required By Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and *Government Auditing Standards* and Related Information

Year Ended March 31, 2021

(With Independent Auditors' Reports Thereon)

NEW YORK STATE ENVIRONMENTAL FACILITIES CORPORATION

Reports Required by the Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and *Government Auditing Standards* and Related Information

Year Ended March 31, 2021

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NEW YORK STATE ENVIRONMENTAL
FACILITIES CORPORATION

Reports Required by the Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and *Government Auditing Standards* and Related Information

Year Ended March 31, 2021

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KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

The Board of Directors
New York State Environmental Facilities Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of the New York State Environmental Facilities Corporation (the Corporation), a component unit of the State of New York, as of and for the years ended March 31, 2021 and 2020, and the related notes to the basic financial statements, which collectively comprise the Corporation's basic financial statements for the years then ended, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New York State Environmental Facilities Corporation as of March 31, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that management's discussion and analysis and the required supplementary information as listed in the table of contents (collectively referred to as RSI) 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 RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely 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 Corporation'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 Corporation's internal control over financial reporting and compliance.

KPMG LLP

Albany, New York
June 30, 2021

Introduction

The New York State Environmental Facilities Corporation (EFC or the Corporation) is a Public Benefit Corporation whose mission is to assist communities throughout New York State to undertake critical water quality infrastructure projects by providing access to low cost capital, grants, and expert technical assistance. A primary goal is to ensure that these projects remain affordable while safeguarding essential water resources. We support this mission by consistently using an innovative approach to developing and advancing new financing strategies to maximize the funding that can be made available to our clients, aiding compliance with Federal and State requirements, and promoting green infrastructure practices.

EFC’s primary activities are within its State Revolving Fund programs (SRFs).

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

Corporate Activities

EFC’s corporate activities include the Industrial Finance Program (IFP) and the Small Business Environmental Assistance Program (SBEAP).

The IFP provides tax-exempt and taxable conduit financings to private entities for a variety of environmental purposes. The SBEAP assists business owners in reducing discharges of pollutants into the environment by providing technical guidance.

State Revolving Fund Programs

EFC’s two major programs are the Clean Water and Drinking Water State Revolving Funds (CWSRF/DWSRF). These two programs account for substantially all of the total assets and the increase in net position of EFC. These programs provide financial support to communities throughout the State to undertake projects that prevent water pollution and provide safe drinking water.

Clean Water State Revolving Fund Program

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

Examples of eligible CWSRF projects include construction of new wastewater treatment plants, upgrades to existing plants, sewer line extensions and storm water management projects.

Drinking Water State Revolving Fund Program

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

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

Water Infrastructure Improvement Acts/Clean Water Infrastructure Act of 2017

The New York State Water Infrastructure Improvement Acts of 2015 and 2017 (WIIA) provided significant state resources to fund critical drinking water and wastewater infrastructure projects. Under WIIA, EFC provides grants to assist municipalities in funding water quality infrastructure. WIIA grants are available for both drinking water and sewage treatment works (clean water) projects that protect or improve water quality and/or public health.

The Clean Water Infrastructure Act of 2017 (CWIA) invests additional state resources to fund drinking water and clean water infrastructure projects as well as water quality protection across New York State. CWIA continues the investment of WIIA and funds new programs that will also protect or improve water quality and/or public health.

Many of the projects that are supported with WIIA/CWIA will also receive CWSRF or DWSRF funding.

Financial Highlights – 2021

- Total assets and deferred outflows of resources decreased by $141.2 million or 1.1% from $13.3 billion to $13.1 billion.
- Net position increased by $2.3 million and remained at $7.1 billion.
- Investment income decreased by $39.5 million or 35.9% from $110.2 million to $70.7 million.
- Project grant revenues decreased by $279.7 million from $287.1 million to $7.4 million.
- The Corporation issued two series of SRF bonds in an aggregate principal amount of $294.5 million.

Financial Highlights – 2020

- Total assets and deferred outflows of resources increased by $112.7 million or .9% from $13.2 billion to $13.3 billion.
- Net position increased by $299.2 million or 4.4% from $6.8 billion to $7.1 billion.
- Interest subsidy provided decreased by $7.3 million or 6.2% from $116.5 million to $109.2 million.
- Project grant revenues decreased by $21.0 million or 6.8% from $308.1 million to $287.1 million.
- The Corporation issued two series of SRF bonds in an aggregate principal amount of $460.2 million.

SRF Program Activity

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

2021				
Series	**Closed**	**CWSRF**	**DWSRF**	**Total**
2020A	4/8/2020	$ 171,385,000	—	171,385,000
2020B	12/17/2020	77,955,000	45,155,000	123,110,000
		$ 249,340,000	45,155,000	294,495,000

2020				
Series	**Closed**	**CWSRF**	**DWSRF**	**Total**
2019A	6/13/2019	$ 117,210,000	3,490,000	120,700,000
2019B	10/8/2019	200,995,000	138,480,000	339,475,000
		$ 318,205,000	141,970,000	460,175,000

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

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

	2021		
	CWSRF	**DWSRF**	**Total**
Leveraged financings	$ 249,340,000	45,155,000	294,495,000
Long-term direct financings	234,858,927	21,937,435	256,796,362
Short-term direct financings	564,724,220	68,756,577	633,480,797
Grants	22,509,036	6,338,188	28,847,224
	$ 1,071,432,183	142,187,200	1,213,619,383

(Continued)

	2020		
	CWSRF	DWSRF	Total
Leveraged financings	$ 318,205,000	141,970,000	460,175,000
Long-term direct financings	157,052,537	77,357,297	234,409,834
Short-term direct financings	635,281,634	234,250,037	869,531,671
Grants	8,078,511	9,635,344	17,713,855
	$ 1,118,617,682	463,212,678	1,581,830,360

A summary of the WIIA/CWIA financings that occurred is as follows:

	2021		
	CW	DW	Total
Grants	$ 87,891,477	111,510,454	199,401,931
Short-term loans	900,000	—	900,000
	$ 88,791,477	111,510,454	200,301,931

	2020		
	CW	DW	Total
Grants	$ 122,060,465	105,224,279	227,284,744
Short-term loans	754,173	—	754,173
	$ 122,814,638	105,224,279	228,038,917

Summary Schedule of Net Position

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

	March 31	
	2021	**2020**
Assets and Deferred Outflows of Resources		
Current assets	$ 1,696,346,628	1,299,741,642
Noncurrent assets	11,413,259,843	11,963,215,670
Total assets	13,109,606,471	13,262,957,312
Deferred outflows of resources	15,290,875	3,114,287
Total assets and deferred outflows of resources	$ 13,124,897,346	13,266,071,599
Liabilities, Deferred Inflows of Resources, and Net Position		
Current liabilities	$ 544,185,356	561,825,085
Noncurrent liabilities	5,453,432,782	5,588,655,746
Total liabilities	5,997,618,138	6,150,480,831
Deferred inflows of resources	10,630,620	1,222,123
Total liabilities and deferred inflows of resources	6,008,248,758	6,151,702,954
Net position restricted	7,109,162,069	7,107,319,659
Net position unrestricted	7,486,519	7,048,986
Total net position	7,116,648,588	7,114,368,645
Total liabilities, deferred inflows of resources and net position	$ 13,124,897,346	13,266,071,599

(Continued)

Summary Schedule of Revenues, Expenses and Changes in Net Position

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

		March 31	
		2021	**2020**
Total operating revenues	$	335,851,345	358,445,924
Total operating expenses		385,415,033	405,292,186
Operating loss		(49,563,688)	(46,846,262)
Nonoperating revenues		189,100,526	523,740,680
Nonoperating expenses		137,256,893	177,664,683
Increase in net position		2,279,945	299,229,735
Beginning net position		7,114,368,643	6,815,138,908
Cumulative effect of change in accounting principles			
Ending net position	$	7,116,648,588	7,114,368,643

Statements of Net Position Analysis

2021

The Corporation’s total assets and deferred outflows of resources decreased $141.2 million from $13.3 billion as of March 31, 2020 to $13.1 billion as of March 31, 2021. The decrease in assets and deferred outflows of resources of $141.2 million was the net result of several factors, which include an increase in cash and cash equivalents of $259.2 million, a decrease in short-term financings receivable of $18.8 million, an increase in direct financings receivable of $143.0 million, a decrease in bonds receivable of $158.8 million, a decrease in due from NYS appropriation bonds receivable of $16.4 million, as well as a decrease in investments of $345.0 million.

The Corporation’s total liabilities and deferred inflows of resources decreased $143.5 million from $6.2 billion as of March 31, 2020 to $6.0 billion as of March 31, 2021. The decrease in liabilities and deferred inflows of resources of $143.5 million was primarily the net result of several factors, which include a decrease in bonds payable of $168.0 million, an increase in accounts payable and accrued expenses of $19.5 million, a decrease in accrued interest subsidy and interest on bonds of $4.4 million, a decrease in appropriation bonds payable of $16.4 million, as well as an increase in other liabilities of $26.7 million.

The Corporation’s total net position increased $2.3 million, remaining at $7.1 billion as of March 31, 2021.

2020

The Corporation’s total assets and deferred outflows of resources increased $112.7 million from $13.2 billion as of March 31, 2019 to $13.3 billion as of March 31, 2020. The increase in assets and deferred outflows of resources of $112.7 million was the net result of several factors, which include a decrease in cash and cash

(Continued)

equivalents of $295.2 million, an increase in short-term financings receivable of $218.5 million, an increase in direct financings receivable of $99.1 million, a decrease in bonds receivable of $108.0 million, a decrease in due from NYS appropriation bonds receivable of $15.6 million, as well as an increase in investments of $211.2 million.

The Corporation’s total liabilities and deferred inflows of resources decreased $186.5 million from $6.3 billion as of March 31, 2019 to $6.2 billion as of March 31, 2020. The decrease in liabilities and deferred inflows of resources of $186.5 million was primarily the net result of several factors, which include a decrease in bonds payable of $171.5 million, a decrease in accrued interest on subsidy and bonds of $8.2 million, a decrease in appropriation bonds payable of $15.6 million, as well as an increase in other post-employment benefits of $3.3 million.

The Corporation’s total net position increased $299.2 million from $6.8 billion as of March 31, 2019 to $7.1 billion as of March 31, 2020. The increase in net position of $299.2 million was primarily the result of receiving project grant revenues from the federal capitalization grant awards.

Changes in Net Position Analysis

2021

During the year ended March 31, 2021, the Corporation recorded an operating loss of $49.6 million as compared to an operating loss of $46.9 million during the year ended March 31, 2020. The increase in operating loss of $2.7 million was primarily the net result of a $19.9 million decrease in operating expenses combined with a $22.6 million decrease in operating revenue. Operating expenses decreased primarily due to a decrease in interest expense on bonds payable of $5.0 million, a decrease in principal forgiveness of $2.4 million, as well as a decrease in interest subsidy provided of $12.4 million. Operating revenue decreased primarily due to a decrease in bond financing and administrative fees of $9.3 million, as well as a decrease in interest income on bonds and direct financings of $16.2 million, which was off-set by an increase in administrative grant revenues of $2.8 million. The decrease in bond financing and administrative fees was driven by a one-time positive adjustment in the prior period and is not indicative of a decline in ongoing fee income.

The Corporation recorded project grant revenues in its statements of revenues, expenses, and changes in net position of $7.4 million during the year ended March 31, 2021 as compared to $287.1 million for the year ended March 31, 2020. The decrease in project grant revenues of $279.7 million is due to a decrease in the amount of funds that the Corporation drew from the CWSRF and DWSRF capitalization grants year over year. Also included in nonoperating revenues and expenses was a decrease in investment income of $39.5 million and a decrease in grants disbursed of $25.0 million. Contributing to the decrease in investment income was an unrealized gain in the change in fair value on our long-term investment portfolio of $10.0 million for the year ended March 31, 2021 as compared to an unrealized gain of $22.5 million for the year ended March 31, 2020.

The Corporation recorded an increase in net position of $2.3 million for the year ended March 31, 2021 as compared to $299.2 million for the year ended March 31, 2020. The decrease in the change in net position of $296.9 million year over year is primarily the result of a delay in drawing project grant revenues from the federal capitalization grant awards.

(Continued)

2020

During the year ended March 31, 2020, the Corporation recorded an operating loss of $46.9 million as compared to an operating loss of $75.4 million during the year ended March 31, 2019. The decrease in operating loss of $28.5 million was primarily the net result of a $22.1 million decrease in operating expenses and a $6.4 million increase in operating revenue. Operating expenses decreased primarily due to a decrease in interest expense on bonds payable of $4.7 million, a decrease in principal forgiveness of $8.7 million, as well as a decrease in interest subsidy provided of $7.2 million. Operating revenue increased primarily due to increase in bond financing and administrative fees of $11.7 million, as well as an increase in administrative grant revenues of $2.6 million, which was off-set by a decrease in interest income on bonds and direct financings of $6.0 million. The increase in bond financing and administrative fees of $11.7 million was driven by a one-time change in accounting methodology and is not expected to be repeated in future years.

The Corporation recorded project grant revenues in its statements of revenues, expenses, and changes in net position of $287.1 million during the year ended March 31, 2020 as compared to $308.1 million for the year ended March 31, 2019. The decrease in project grant revenues of $21.0 million is primarily related to a decrease in the amount of funds that the Corporation received under the CWSRF and DWSRF capitalization grants. Also included in nonoperating revenues and expenses was an increase in investment income of $11.3 million and an increase in grants disbursed of $17.5 million. Contributing to the increase in investment income was an unrealized gain in the change in fair value on our long-term investment portfolio of $22.5 million for the year ended March 31, 2020 as compared to an unrealized gain of $9.8 million for the year ended March 31, 2019.

The Corporation recorded an increase in net position of $299.2 million for the year ended March 31, 2020 as compared to $297.9 million for the year ended March 31, 2019. The increase in the change in net position of $1.3 million year over year is the net result of a decrease in operating loss of $28.5 million, off-set by a decrease in nonoperating gain of $27.2 million, as discussed above.

Liquidity

For fiscal year 2020/2021, the Corporation expects to recover its operating costs through fees charged to clients for various services as well as through the use of the administrative portion of the CWSRF and DWSRF capitalization grants.

SRF fees are assessed and collected to cover SRF program administration costs. Fees collected and not expended against current administration costs are held in permitted investments for future use.

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

Contacting the New York State Environmental Facilities Corporation

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

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

Statements of Net Position

March 31, 2021 and 2020

Assets and Deferred Outflows of Resources	**2021**	**2020**
Current assets:		
Cash and cash equivalents	$ 28,720,753	14,460,640
Contractual services and fees receivable	53,928	140,533
Restricted assets:		
Cash and cash equivalents	676,859,254	431,908,833
Accounts receivable	—	6,344,030
Interest receivable on bonds and direct financings	76,603,799	80,366,625
Interest receivable on cash and cash equivalents and investments	15,335,460	19,480,258
Annual fees receivable	14,090,262	14,066,235
Prepaid expense	885,000	885,000
Short-term financings receivable, net	384,944,824	196,123,994
Direct financings receivable	110,527,184	91,697,411
Bonds receivable	385,642,066	422,864,711
Due from New York State, appropriation bonds receivable	—	16,405,000
Other restricted funds	2,684,098	4,998,372
Total current assets	1,696,346,628	1,299,741,642
Noncurrent assets:		
Restricted assets:		
Investments	1,846,847,403	2,191,885,215
Short-term financings receivable, net	510,107,326	717,692,953
Direct financings receivable	2,861,665,001	2,737,460,066
Bonds receivable	6,194,640,113	6,316,177,436
Total noncurrent assets	11,413,259,843	11,963,215,670
Total assets	13,109,606,471	13,262,957,312
Deferred outflows of resources related to pensions and OPEB	15,290,875	3,114,287
Total assets and deferred outflows of resources	$ 13,124,897,346	13,266,071,599

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

Statements of Net Position

March 31, 2021 and 2020

Liabilities, Deferred Inflows of Resources and Net Position	**2021**	**2020**
Current liabilities:		
Accrued interest on bonds	$ 72,298,870	75,015,422
Accrued interest subsidy	29,421,129	31,122,984
Bonds payable	318,610,000	351,255,000
Appropriation bonds payable	—	16,405,000
Other restricted funds	2,684,098	4,998,372
Accounts payable and accrued expenses	29,368,117	9,855,155
Debt service funds payable	5,464,722	13,267,073
Other liabilities	85,306,486	58,622,015
Other post-employment benefits	1,031,934	1,284,063
Total current liabilities	544,185,356	561,825,084
Noncurrent liabilities:		
Bonds payable	5,405,428,593	5,540,739,758
Other post-employment benefits	48,004,189	47,915,989
Total noncurrent liabilities	5,453,432,782	5,588,655,747
Total liabilities	5,997,618,138	6,150,480,831
Deferred inflows of resources related to pensions and OPEB	10,630,620	1,222,123
Total liabilities and deferred inflows of resources	6,008,248,758	6,151,702,954
Net position:		
Restricted for revolving loan fund programs	7,109,162,069	7,107,319,659
Unrestricted	7,486,519	7,048,986
Total net position	7,116,648,588	7,114,368,645
Total liabilities, deferred inflows of resources and net position	$ 13,124,897,346	13,266,071,599

See accompanying notes to basic financial statements.

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

Statements of Revenues, Expenses, and Changes in Net Position

Years ended March 31, 2021 and 2020

		2021	2020
Operating revenues:			
Interest income on bonds and direct financings receivable	$	307,660,711	323,821,014
Bond financing and administrative fees		19,029,108	28,357,294
Administrative grant revenues		9,027,139	6,189,706
Contract service fees		16,116	55,943
Other revenues		118,271	21,967
Total operating revenues		335,851,345	358,445,924
Operating expenses:			
Interest expense on bonds payable		264,021,594	269,031,701
Interest subsidy provided		96,838,097	109,222,121
Principal forgiveness		—	2,402,182
Administrative costs		24,555,342	24,636,182
Total operating expenses		385,415,033	405,292,186
Operating loss		(49,563,688)	(46,846,262)
Nonoperating revenues:			
Project grant revenues		7,405,819	287,129,584
Investment income		70,682,737	110,220,840
State assistance payments revenue		111,011,970	126,390,256
Total nonoperating revenues		189,100,526	523,740,680
Nonoperating expenses:			
Grants disbursed		26,244,923	51,274,427
State assistance payments expense		111,011,970	126,390,256
Total nonoperating expenses		137,256,893	177,664,683
Increase in net position		2,279,945	299,229,735
Beginning net position		7,114,368,643	6,815,138,908
Ending net position	$	7,116,648,588	7,114,368,643

See accompanying notes to basic financial statements.

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

Statements of Cash Flows

Years ended March 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Bond financing and administrative fees	$ 34,478,971	16,969,195
Personal services expense	(8,272,649)	(8,167,234)
Fringe benefits expense	(4,774,297)	(3,532,507)
Accounts payable and accrued expenses	19,583,873	(1,025,630)
Other administrative expenses	(11,743,239)	(9,659,943)
Other, net	24,034,649	12,040,031
Net cash provided by operating activities	53,307,308	6,623,912
Cash flows from noncapital financing activities:		
Proceeds from bonds issued	294,495,000	460,175,000
Principal payments on bonds payable	(462,451,166)	(631,677,117)
Interest paid on bonds payable	(266,738,146)	(272,733,739)
New York State appropriation bond payments received	16,405,000	15,590,000
Payments on New York State appropriation bonds	(16,405,000)	(15,590,000)
Grants disbursed	(26,244,923)	(53,676,608)
Contributions received from the U.S. Environmental Protection Agency	6,525,865	246,120,481
Contributions received from New York State	879,954	41,009,103
Net cash used in noncapital financing activities	(453,533,416)	(210,782,880)
Cash flows from investing activities:		
Net proceeds from maturities of investments	345,037,811	(211,198,587)
Interest income on investments	74,827,535	111,561,316
Bonds purchased	(431,404,743)	(607,317,165)
Bonds repayments received	590,164,716	715,316,793
Short-term financing disbursements	(634,031,004)	(870,285,844)
Short-term financing repayments received	652,795,800	685,751,446
Principal forgiveness repayments	—	(33,940,447)
Direct financings issued	(256,796,362)	(234,409,834)
Direct financing repayments received	113,761,654	135,350,002
Interest income on bonds and direct financings receivable	311,423,537	327,646,374
Interest subsidy provided	(98,539,951)	(113,737,044)
Debt service funds received	(117,018)	12,139,138
Debt service funds paid	(7,685,333)	(7,881,742)
Net cash provided by (used in) investing activities	659,436,642	(91,005,594)
Net increase (decrease) in cash and cash equivalents	259,210,534	(295,164,562)
Cash and cash equivalents, beginning of year	446,369,473	741,534,035
Cash and cash equivalents, end of year	$ 705,580,007	446,369,473

(Continued)

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

Statements of Cash Flows

Years ended March 31, 2021 and 2020

		2021	2020
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	$	(49,563,688)	(46,846,262)
Adjustments to reconcile operating loss to net cash provided by operating activities			
Interest income on bonds and direct financings receivable		(307,660,711)	(323,821,014)
Interest expense		264,021,594	269,031,701
Principal forgiveness		—	2,402,182
Interest subsidy provided		96,838,097	109,222,121
Changes in assets and liabilities that provide (use) cash:			
Contractual services and fees receivable		6,430,635	(90,019)
Accounts receivable		(24,027)	(6,344,030)
Annual fees receivable		19,512,962	(1,892)
Accounts payable and accrued expenses		—	(1,011,190)
Unearned revenue		—	(11,197,807)
Other liabilities		23,916,375	12,018,061
Other post-employment benefits		(163,929)	3,262,061
Net cash provided by operating activities	$	53,307,308	6,623,912

See accompanying notes to basic financial statements.

(1) General

(a) Organization

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

(b) Description of Business

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

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

The New York State Clean Water Infrastructure Act of 2017 (Act) invests $2.5 billion in clean and drinking water infrastructure projects and water quality protection across New York. It provides at least $1 billion for the New York State Water Infrastructure Improvement Act of 2017 (WIIA), which authorized EFC to provide grants to assist municipalities in funding water quality infrastructure. WIIA grants are available for both drinking water and sewage treatment works (clean water) projects. As part of the Act, the New York State Intermunicipal Water Infrastructure Grants Program (IMG) authorizes EFC to provide at least $150 million in grants to assist municipalities in support of intermunicipal water quality infrastructure projects. The Emerging Contaminates (EC) Grant Program provides funds to combat emerging contaminants, such as PFOA, PFOS and 1, 4-dioxane, with system upgrades and innovative technologies. An additional $1.5 billion in state appropriations have been made available for drinking water and clean water infrastructure capital projects, including $500 million in the fiscal year 2021 Executive Budget.

The Septic System Replacement Fund was established as part of the Act and provides a source of funding for the replacement of cesspools and septic systems in New York State and seeks to reduce the environmental and public-health impacts associated with the discharge of effluent from cesspools and septic systems on groundwater used as drinking water, as well as threatened or impaired water bodies. The program provides grants for eligible septic system projects.

The Emergency Financial Assistance program was also established as part of the Act. It authorizes expedited emergency financial assistance to municipalities for wastewater and drinking water infrastructure emergencies. The amount of financial assistance provided to any municipality will be based on the reasonable costs immediately necessary to address the emergency. The financial assistance is a loan to be repaid within one year.

The IFP provides tax-exempt and taxable conduit financings to private entities for a variety of environmental projects that manage waste and, control pollution, and to build drinking water and wastewater treatment facilities.

EFC provides administrative and technical assistance to private and public sector clients to help them with administering their programs including:

1. A contract with the New York City Department of Environmental Protection (DEP) to administer Watershed Programs. Technical, financial and legal assistance is provided to DEP's Regulatory Upgrade Program;

2. The East of Hudson Septic System Rehabilitation Reimbursement Program contract with New York City DEP provides grants to reduce adverse water quality impacts from failing residential septic systems in the Kensico, West Branch, Boyd Corners, Cross River and Croton Falls portions of the New York City Water Supply Watershed Basin;

3. The Small Business Environmental Assistance Program (SBEAP) assists business owners in reducing discharges of pollutants into the environment by providing technical guidance;

4. The Clean Vessel Assistance Program (CVAP) provides grants to assist recipients install pump out and dump station facilities to receive sewage from recreational marine vessels. The program also works to raise boater awareness regarding the benefits, use, and availability of pump out stations;

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

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

(Continued)

(b) Revenue Recognition and Accounts Receivable

The Corporation recognizes revenue when earned. Project grant revenues under capitalization grants for the operation of the State Revolving Fund (SRF) programs are recognized when reimbursable expenses are incurred for financings originated.

(c) Cash and Cash Equivalents

EFC considers certificates of deposit, repurchase agreements, money market funds, U.S. Treasury Bills and Federal Home Loan Bank Discount Notes, with remaining maturities of three months or less at the time of purchase, to be cash equivalents. At March 31, 2021 and 2020, the cash and cash equivalents, excluding U.S. Treasury Bills, U.S. Treasury Money Market Funds and Federal Home Loan Bank Discount Notes, are fully insured or collateralized with securities in the Corporation's name. U.S. Treasury Bills are uninsured and not collateralized, but are held in trust accounts in EFC's name and are backed by the full faith and credit of the Federal government.

(d) Investments

EFC's investment guidelines permit investment of funds in obligations of, or guaranteed by, the United States of America or New York State, as well as in time deposits, guaranteed investment contracts, repurchase agreements and other permitted investments such as qualified municipal obligations. All cash, time deposits, guaranteed investment contracts and repurchase agreements are collateralized by securities (obligations of, or guaranteed by, the United States of America or New York State and any FDIC coverage) having a fair value of not less than 102% of the amount currently on deposit or in accordance with their respective agreement. At March 31, 2021, EFC's guaranteed investment contracts require collateral be maintained at 113% of the investment value. From time to time, the actual collateral pledged may fall below the contractual requirement of the guaranteed investment contracts. Upon notice to the investment providers, additional collateral is pledged to satisfy the contractual requirements.

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

The Corporation applies GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Except for investments reported at net asset value (NAV) or its equivalent as a practical expedient to estimate fair value, if any investments are held, fair value is measured using three levels:

Level 1: Investments include cash and money market funds, equity and fixed income securities with observable market prices. Fair value is readily determinable based on quoted market prices in active markets for those securities.

Level 2: Investments whose inputs are other than quoted prices in active markets that are observable either directly or indirectly and fair value is determined through the use of models or other valuation methodologies.

Level 3: Investments have significant unobservable inputs. The inputs into the determination of fair value are based on the best information available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

(e) Use of Estimates

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

The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in the statements of revenues, expenses and changes in net position in the year of the change.

(f) Net Position

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

(g) Operating and Nonoperating Revenues and Expenses

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

(Continued)

and other none change revenues. Nonoperating expenses include program grants and other none change expenses.

(h) Net Pension Liability

EFC participates in a cost sharing multiple employer pension plan, the New York State and Local Employees' Retirement System (System). GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) GASB 68 requires that a portion of the Plan's net pension liability (asset) as well as deferred inflows and outflows of resources from pension activities be reflected in the reported amounts on the Corporation's statement of net position.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to EFC'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 EFC's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments are recognized when due and payable in accordance with the statutes governing the System. Investments of the System are reported at fair value.

(i) Other Post-Employment Benefits

Medical and Prescription Drug benefits are provided through the New York State Health Insurance Program (NYSHIP) for eligible employees who retire directly from EFC employment with a minimum of 10 years of service with NYS Civil Service, and a minimum of one year with EFC immediately preceding retirement. The plan is considered a single employer plan

EFC's annual other post-employment benefit (OPEB) expense is calculated based on an amount actuarially determined in accordance with the parameters of GASB Statement 75. The total OPEB liability represents the portion of actuarial present value of projected benefit payments attributable to past periods of member service

(3) State Revolving Funds

The CWSRF program was created as a result of passage of the Federal Water Quality Act of 1987 and New York State's enactment of Chapter 565 of the Laws of 1989, that established. EFC is responsible for the execution and oversight of the CWSRF in New York State. The CWSRF provides financial support for needed wastewater infrastructure improvements. The program is administered jointly by EFC and the New York State Department of Environmental Conservation (DEC).

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

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

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

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

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

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

(4) Cash and Cash Equivalents and Investments

EFC's cash equivalents and investments include cash equivalents and investments that are insured or collateralized, that are backed by the full faith and credit of the Federal government or invested in securities of a U.S. Government Sponsored Enterprise. As of March 31, 2021, cash and cash equivalents and investments held by the Corporation and the associated credit risks and maturities were as follows:

Investment type	Credit risk range		Cost/ fair value	Investment maturities in years: Less than 1 year	1 – 5 years	6 – 10 years	More than 10 years
Non-U.S. government backed:							
Guaranteed investment contracts	A – AAA	$	419,272,883	32,447,363	148,483,605	135,273,689	103,068,226
Municipal obligations	BBB – AAA		611,086,548	4,938,943	131,107,641	141,742,655	333,297,309
U.S. government backed/sponsored:							
U.S. Treasury bills			902,758,807	902,758,807	—	—	—
Federal home loan bank discount notes			259,493,913	259,493,913	—	—	—
State and local government series			—	—	—	—	—
Structured debt obligations			279,051,813	31,640,208	135,987,956	81,755,882	29,667,767
		$	2,471,663,964	1,231,279,234	415,579,202	358,772,226	466,033,302
Unrestricted cash and cash equivalents			28,720,753	—	—	—	—
Cash deposits and money markets with restricted net assets			52,042,693	—	—	—	—
Total cash and cash equivalants and investments			2,552,427,410	1,231,279,234	415,579,202	358,772,226	466,033,302

The following table presents the Corporation's investments that are carried at fair value as of March 31, 2021, based on the fair value hierarchy:

Investment type		Total	Level 1	Level 2	Level 3
Investments at fair value:					
Municipal obligations	$	611,086,548	—	611,086,548	—
Total investments by fair value	$	611,086,548	—	611,086,548	—

As of March 31, 2020, cash and cash equivalents and investments (excluding cash deposits and money market accounts) held by the Corporation and the associated credit risks and maturities were as follows:

Investment type	Credit risk range		Cost/ fair value	Investment maturities in years: Less than 1 year	1 – 5 years	6 – 10 years	More than 10 years
Non-U.S. government backed:							
Guaranteed investment contracts	A – AAA	$	448,343,534	29,070,651	152,359,422	134,926,593	131,986,868
Municipal obligations	BBB – AAA		617,419,135	11,041,153	113,128,634	122,559,060	370,690,288
U.S. government backed/sponsored:							
U.S. Treasury bills			252,526,269	252,526,269	—	—	—
Federal home loan bank discount notes			770,348,472	770,348,472	—	—	—
State and local government series			592,706	592,706	—	—	—
Structured debt obligations			311,152,239	32,100,426	144,922,830	90,272,964	43,856,019
		$	2,400,382,355	1,095,679,677	410,410,886	347,758,617	546,533,175
Unrestricted cash and cash equivalents			14,460,640	—	—	—	—
Cash deposits and money markets with restricted net assets			223,411,693	—	—	—	—
Total cash and cash equivalants and investments			2,638,254,688	1,095,679,677	410,410,886	347,758,617	546,533,175

The following table presents the Corporation’s investments that are carried at fair value as of March 31, 2020, based on the fair value hierarchy:

Investment type		Total	Level 1	Level 2	Level 3
Investments at fair value:					
Municipal obligations	$	617,419,135	—	617,419,135	—
Total investments by fair value	$	617,419,135	—	617,419,135	—

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

Credit risk is the risk that an issuer will not fulfill its obligations. New York State law limits the investments that the Corporation can make, which minimizes the Corporation’s exposure to credit risk.

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

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

Other than U.S. government and U.S. Government Guaranteed/Sponsored securities, New York State General Obligation securities and New York State Personal Income Tax securities, EFC’s investment policies limit any single obligor’s uncollateralized investments to no more than 15% of the combined SRF programs’ long-term nonpurpose, unpledged investment buy program. Concentration of credit risk in EFC’s guaranteed investment contracts portfolio is minimized by obligors providing collateralization of at least 113% of invested funds to a third party custodian for 2021 and 2020.

As of March 31, 2021, the Corporation had four providers of guaranteed investment contracts, of which all were obligated for more than 5% of the total investment contract portfolio. The four providers were Societe General with $189.6 million or 45.2% of the portfolio, Bank of America with $105.0 million or 25.0% of the portfolio, JP Morgan Chase with $97.5 million or 23.3% of the portfolio, and Citigroup with $27.1 million or 6.5% of the portfolio.

As of March 31, 2020, the Corporation had four providers of guaranteed investment contracts, of which all were obligated for more than 5% of the total investment contract portfolio. The four providers were Societe General with $199.2 million or 44.4% of the portfolio, Bank of America with $111.3 million or 24.8% of the portfolio, JP Morgan Chase with $108.4 million or 24.2% of the portfolio, and Citigroup with $29.5 million or 6.6% of the portfolio.

(5) Short-Term Financings Receivable

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

Short-term financings receivable amounts are as follows:

		CWSRF	DWSRF	Total
Year ended March 31:				
2021	$	776,763,127	118,289,023	895,052,150
2020	$	799,434,978	114,381,969	913,816,947

Short-term financings receivable mature as follows:

		CWSRF	DWSRF	Total
Year ended March 31:				
2022	$	337,968,940	46,975,884	384,944,824
2023		104,178,779	38,558,739	142,737,518
2024		274,244,525	22,881,523	297,126,048
2025		45,054,627	4,012,799	49,067,426
2026		15,316,256	5,860,078	21,176,334
	$	776,763,127	118,289,023	895,052,150

(6) Direct Financings Receivable

Direct financings receivable are provided with SRF capitalization grant monies, repayments and/or interest earnings. Direct financings receivable have been issued with interest rates that range from 0% to 4.87% and mature through the year 2051.

(Continued)

Direct financings receivable mature as follows:

		CWSRF	DWSRF	Total
Year ended March 31:				
2022	$	79,079,013	31,448,171	110,527,184
2023		82,818,093	33,893,280	116,711,373
2024		81,304,431	31,934,179	113,238,610
2025		70,920,503	29,916,929	100,837,432
2026		71,907,439	29,950,945	101,858,384
2027–2031		474,429,507	145,970,590	620,400,097
2032–2036		416,137,979	143,181,282	559,319,261
2037–2041		405,619,857	126,228,145	531,848,002
2042–2046		395,825,967	116,094,163	511,920,130
2047–2051		154,345,186	51,186,526	205,531,712
	$	2,232,387,975	739,804,210	2,972,192,185

(7) SRF Bonds Receivable and Bonds Payable

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

Bond proceeds net of issuance costs, and in most cases equity funds, are deposited in construction funds simultaneously with the issuance and sale of the SRF revenue bonds and are generally held for the recipients by the SRF trustee under a third party agreement. The construction fund proceeds are recorded on the recipients' financial statements and are not included in EFC's financial statements. Moneys available and on deposit in the construction funds were $53.6 million at March 31, 2021 and $54.9 million at March 31, 2020.

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

Certain bond series provide for optional redemption provisions.

(Continued)

The following is a schedule of CWSRF bonds receivable outstanding at March 31, 2021 and March 31, 2020:

Bond issue	Range of interest rates	Year of maturity		March 31 2021	March 31 2020
Series 2004C, 4/7/04	3.375–5.25	2033	$	63,970,000	68,005,000
Series 2010A, 2/11/10	3.50–5.00	2029		—	64,030,000
Series 2010B, 2/11/10	5.707–5.807	2039		111,440,000	111,440,000
Series 2010C, 6/24/10	3.00–5.00	2039		—	79,535,000
Series 2011A, 3/17/11	5.00	2021		140,000	3,145,000
Series 2011B, 6/17/11	5.00	2041		265,179,800	278,987,158
Series 2011C, 7/21/11	3.00–5.00	2041		92,881,000	102,740,000
Series 2012A, 5/31/12	2.00–5.00	2029		206,215,000	244,165,000
Series 2012B, 6/21/12	3.00–5.00	2042		85,785,884	98,161,768
Series 2012C, 6/21/12	2.005–3.684	2029		12,945,000	15,040,000
Series 2012D, 7/12/12	3.00–5.00	2028		101,855,000	136,040,000
Series 2012E, 11/15/12	3.00–5.00	2042		115,952,564	124,685,564
Series 2012F, 11/15/12	1.874–2.806	2024		15,730,000	21,593,000

(Continued)

Bond issue	Range of interest rates	Year of maturity	March 31 2021	March 31 2020
Series 2013A, 7/11/13	3.00–5.00	2033	$ 269,960,000	287,325,000
Series 2013B, 8/1/13	3.50–5.00	2043	197,792,971	208,978,145
Series 2014A, 3/27/14	2.00–5.00	2034	249,580,000	264,470,000
Series 2014B, 7/2/14	2.00–5.00	2044	314,072,269	332,537,269
Series 2015A, 7/2/15	3.00–5.00	2045	171,140,000	177,405,000
Series 2015B, 8/20/15	3.00–5.00	2045	137,355,000	142,680,000
Series 2015C, 8/20/15	1.90–3.82	2030	30,430,000	33,735,000
Series 2015D, 8/20/15	3.00–5.00	2037	227,342,474	245,490,474
Series 2016A, 6/29/16	2.00–5.00	2046	332,185,000	343,915,000
Series 2016B, 9/22/16	3.00–5.00	2046	118,557,761	123,082,761
Series 2016C, 9/22/16	1.211–3.113	2039	26,920,000	28,980,000
Series 2017A, 4/13/17	5.00	2046	385,760,000	416,025,000
Series 2017B, 4/13/17	1.658–3.916	2036	274,465,000	291,295,000
Series 2017C, 11/9/17	3.00–5.00	2047	183,925,000	191,235,000
Series 2017E, 12/14/17	3.00–5.00	2047	226,190,000	230,160,000
Series 2018A, 8/2/18	3.00–5.00	2030	238,090,000	245,405,000
Series 2018B, 11/29/18	3.00–5.00	2048	139,850,000	142,090,000
Series 2019A, 6/13/19	3.00–5.00	2049	247,860,000	255,701,879
Series 2019B, 10/8/19	3.00–5.00	2038	196,495,000	200,995,000
Series 2020A, 4/8/20	4.00–5.00	2049	171,385,000	—
Series 2020B, 12/17/20	3.00–5.00	2050	190,637,721	—
			$ 5,402,087,444	5,509,073,018
Beginning balance			$ 5,509,073,018	5,626,418,599
Bonds issued			362,022,721	464,566,879
Bonds retired			(469,008,295)	(581,912,460)
Ending balance			$ 5,402,087,444	5,509,073,018

The New York City Municipal Water Finance Authority makes up 63.3% of the CWSRF bonds receivable at March 31, 2021 and 63.9% at March 31, 2020.

Included in CWSRF bonds payable are unamortized bond premiums of $108,141,450 at March 31, 2021 and $104,674,080 at March 31, 2020.

The following is a schedule of DWSRF bonds receivable outstanding at March 31, 2021 and March 31, 2020:

Bond issue	Range of interest rates	Year of maturity		March 31 2021	March 31 2020
Series 2004C, 4/7/04	4.50–5.00	2026	$	1,790,000	2,125,000
Series 2010B, 2/11/10	4.469–5.707	2029		62,195,000	68,820,000
Series 2010C, 6/24/10	4.00–5.00	2039		—	35,485,000
Series 2011A, 3/17/11	4.00–5.00	2022		3,678,033	11,103,060
Series 2011B, 6/17/11	2.00–5.00	2031		106,591,100	117,144,279
Series 2011C, 7/21/11	4.00–5.00	2041		68,545,695	74,857,122
Series 2012A, 5/31/12	5.00	2022		2,425,000	5,675,000
Series 2012B, 6/21/12	3.00–5.00	2032		5,698,080	6,936,046
Series 2012E, 11/15/12	3.00–5.00	2032		7,335,000	8,215,000
Series 2013A, 7/11/13	5.00	2026		6,810,000	8,765,000
Series 2013B, 8/1/13	3.50–5.00	2042		30,674,801	34,210,332
Series 2014A, 3/27/14	5.00	2026		9,430,000	11,470,000
Series 2014B, 7/2/14	2.00–5.00	2044		23,127,820	28,077,820
Series 2015A, 7/2/15	4.00–5.00	2027		10,355,000	12,005,000
Series 2015B, 8/20/15	5.00	2042		9,880,000	10,260,000
Series 2015D, 8/20/15	3.00–5.00	2036		43,497,184	48,080,184
Series 2016A, 6/29/16	2.00–5.00	2046		117,035,000	120,585,000
Series 2016B, 9/22/16	3.00–5.00	2046		49,025,000	50,725,000
Series 2017A, 4/13/17	3.50–5.00	2046		125,675,000	129,420,000
Series 2017B, 4/13/17	1.658–3.366	2029		13,285,000	15,335,000
Series 2017C, 11/9/17	5.00	2047		3,745,000	3,860,000
Series 2017D, 11/9/17	1.885–3.751	2047		13,270,000	13,600,000
Series 2017E, 12/14/17	3.00–5.00	2047		97,725,000	99,480,000
Series 2018A, 8/2/18	3.00–5.00	2030		45,415,000	57,115,000
Series 2018B, 11/29/18	3.00–5.00	2048		112,220,000	114,050,000
Series 2019A, 6/13/19	3.00–5.00	2049		3,935,000	4,090,286
Series 2019B, 10/8/19	4.00–5.00	2049		135,450,000	138,480,000
Series 2020B, 12/17/20	3.00–5.00	2050		69,382,022	—
			$	1,178,194,735	1,229,969,129

Bond issue	Range of interest rates	Year of maturity	March 31 2021	March 31 2020
Beginning balance			$ 1,229,969,129	1,220,623,176
Bonds issued			69,382,022	142,750,286
Bonds retired			(121,156,416)	(133,404,333)
Ending balance			$ 1,178,194,735	1,229,969,129

The New York City Municipal Water Finance Authority makes up 71.8% of the DWSRF bonds receivable at March 31, 2021 and 73.0% at March 31, 2020.

Included in DWSRF bonds payable are unamortized bond premiums of $28,042,143 at March 31, 2021 and $22,485,678 at March 31, 2020.

Defeased in-substance debt outstanding that is no longer recorded on EFC's statements of net position amounted to $45.2 million at March 31, 2021 and $54.9 million at March 31, 2020.

In fiscal 2021, the Corporation issued $294.5 million of State Revolving Funds Revenue Bonds. A portion of the proceeds, including a premium of $21.8 million, were used to redeem two series of previously issued SRF bonds totaling $126.0 million in par value. As a result of refinancing, the underlying borrowers in these transactions will realize $27.5 million in present value savings. The remaining bond proceeds were used to provide financial assistance to eligible recipients.

In fiscal 2020, the Corporation issued $460.2 million of State Revolving Funds Revenue Bonds. A portion of the proceeds, including a premium of $53.3 million, were used to redeem one series of previously issued SRF bonds of $288.9 million. As a result of refinancing, the underlying borrower in this transaction will realize $65.6 million in present value savings. The remaining bond proceeds were used to provide financial assistance to eligible recipients.

(Continued)

Principal payments on bonds receivable mature as follows:

		CWSRF	DWSRF	Total
Year ended March 31:				
2022	$	311,713,070	73,928,996	385,642,066
2023		312,229,929	71,202,488	383,432,417
2024		312,105,981	70,551,247	382,657,228
2025		299,070,104	64,239,820	363,309,924
2026		298,080,788	62,821,184	360,901,972
2027–2031		1,357,986,097	286,601,000	1,644,587,097
2032–2036		1,181,980,714	157,120,000	1,339,100,714
2037–2041		719,368,000	156,925,000	876,293,000
2042–2046		452,527,761	158,705,000	611,232,761
2047–2051		157,025,000	76,100,000	233,125,000
	$	5,402,087,444	1,178,194,735	6,580,282,179

Interest payments on bonds receivable are as follows:

		CWSRF	DWSRF	Total
Year ended March 31:				
2022	$	225,275,191	51,347,340	276,622,531
2023		214,119,826	48,525,715	262,645,541
2024		201,023,580	45,396,466	246,420,046
2025		188,044,266	42,422,208	230,466,474
2026		175,441,156	39,586,665	215,027,821
2027–2031		699,590,907	156,614,290	856,205,197
2032–2036		417,056,911	105,420,516	522,477,427
2037–2041		205,891,926	72,403,160	278,295,086
2042–2046		81,181,429	35,560,140	116,741,569
2047–2051		9,556,379	4,771,310	14,327,689
	$	2,417,181,571	602,047,810	3,019,229,381

Principal payments on bonds payable mature as follows:

		CWSRF	DWSRF	Total
Year ended March 31:				
2022	$	255,355,000	63,255,000	318,610,000
2023		258,680,000	61,635,000	320,315,000
2024		260,535,000	61,505,000	322,040,000
2025		248,820,000	57,725,000	306,545,000
2026		250,995,000	56,835,000	307,830,000
2027–2031		1,159,470,000	262,410,000	1,421,880,000
2032–2036		1,000,615,000	147,910,000	1,148,525,000
2037–2041		566,750,000	151,835,000	718,585,000
2042–2046		359,180,000	156,970,000	516,150,000
2047–2051		132,095,000	75,280,000	207,375,000
	$	4,492,495,000	1,095,360,000	5,587,855,000

Interest payments on bonds payable are as follows:

		CWSRF	DWSRF	Total
Year ended March 31:				
2022	$	204,570,723	50,796,185	255,366,908
2023		193,416,464	48,206,490	241,622,954
2024		181,435,538	45,298,446	226,733,984
2025		169,502,326	42,333,908	211,836,234
2026		157,804,735	39,533,806	197,338,541
2027–2031		621,884,641	156,759,015	778,643,656
2032–2036		362,323,358	106,226,613	468,549,971
2037–2041		176,694,336	73,049,829	249,744,165
2042–2046		71,841,694	35,696,420	107,538,114
2047–2051		8,446,491	4,762,658	13,209,149
	$	2,147,920,306	602,663,370	2,750,583,676

The bonds issued range of interest rate and years of maturity is similar to the bonds receivable.

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

		CWSRF	DWSRF	Total
Bonds receivable, March 31, 2021	$	5,402,087,444	1,178,194,735	6,580,282,179
Equity funded bonds receivable		(801,450,994)	(54,792,592)	(856,243,586)
Bonds payable, March 31, 2021	$	4,600,636,450	1,123,402,143	5,724,038,593
Bonds receivable, March 31, 2020	$	5,509,073,018	1,229,969,129	6,739,042,147
Equity funded bonds receivable		(787,583,938)	(59,463,451)	(847,047,389)
Bonds payable, March 31, 2020	$	4,721,489,080	1,170,505,678	5,891,994,758

Equity funded bonds receivable, or the blend rate funding model, utilizes a combination of bond proceeds from the issuance of EFC special obligation bonds and equity funds available from the CWSRF and DWSRF programs to fund a portion of each underlying recipients' financing. The equity funded portion is essentially an interest free component of each financing which satisfies subsidy targets. Both bond proceeds and equity funds are included in amounts recorded to bonds receivable however, only the bond proceeds are included in amounts recorded to bonds payable. The above tables represent the reconciliation of bonds receivable to bonds payable outstanding at March 31, 2021 and 2020.

(8) Other Restricted Funds

EFC acts as an administrator for various funds/programs under other restricted funds. At March 31, 2021 and 2020, EFC's other restricted funds were $2.7 million and $5.0 million, respectively. A description of each of the funds is as follows:

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

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

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

The following is a summary of activities that have occurred within other restricted funds during the year ended March 31, 2021 and 2020:

		DEC	WWTP	East of Hudson	Total
Balance, March 31, 2021	$	2,492,295	264,029	2,242,048	4,998,372
Receipts:					
Program advances		—	—	—	—
Interest earnings		171	26	219	416
Total receipts		171	26	219	416
Disbursements:					
Project expenses		2,172,558	—	90,633	2,263,191
Administrative expenses		36,260	—	15,239	51,499
Total disbursements		2,208,818	—	105,872	2,314,690
Balance, March 31, 2021	$	283,648	264,055	2,136,395	2,684,098

		DEC	WWTP	East of Hudson	Total
Balance, March 31, 2020	$	965,541	888,074	2,280,116	4,133,731
Receipts:					
Program advances		1,965,000	1,570,325	—	3,535,325
Interest earnings		4,394	1,071	4,361	9,826
Total receipts		1,969,394	1,571,396	4,361	3,545,151
Disbursements:					
Project expenses		442,640	2,126,079	37,619	2,606,338
Administrative expenses		—	69,362	4,810	74,172
Total disbursements		442,640	2,195,441	42,429	2,680,510
Balance, March 31, 2020	$	2,492,295	264,029	2,242,048	4,998,372

(9) Industrial Financing Program

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

Private Activity Bonds: Under the terms of the agreements, EFC issues bonds on behalf of private sector companies for use in the construction or refinancing of certain environmental projects. The bonds issued are special obligation revenue bonds payable solely from funds provided by the companies and do not constitute a liability of EFC or New York State and therefore are not reported in the accompanying financial statements. Private Activity Bonds outstanding totaled $105 million at March 31, 2021 and $100 million at March 31, 2020.

State Appropriation Bonds: Under these agreements, EFC issues bonds on behalf of the State to provide funding for certain programs. The bonds issued are special obligation bonds, payable solely from and collateralized by, payments from the State under various agreements. The obligations of the State to make payments under these agreements are subject to, and dependent upon, the making of annual appropriations by the State Legislature. The bonds are not general obligations of EFC and do not constitute an indebtedness against the general credit of the Corporation. There were no State Appropriation Bonds outstanding at March 31, 2021 and totaled $16.4 million at March 31, 2020. This amount is reported as appropriation bonds payable and receivable from the State of New York in the accompanying financial statements of EFC.

(10) Retirement Plan

(a) General information

Employees of EFC are members of the New York State and Local Employees’ Retirement System (System), a defined benefit cost-sharing, multiple-employer public employee retirement system. The net position of the System is held in the New York State Common Retirement Fund (Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. System benefits and required contributions are established under the provisions of the New York State Retirement and Social Security Law (RSSL). The System offers a range of programs and benefits that vary based on the date of membership, years of credited service and final average salary, vesting of retirement benefits, disability benefits and optional methods of benefit payments. Once a public employer elects to participate in the System, the election is irrevocable. As part of ERS, EFC also participates in the Public Employees Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State’s financial report as a pension trust fund. The System’s financial report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing the New York State and Local Retirement System, 110 State St, Albany, NY 12244.

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

(b) Contributions

System funding requirements are determined by the actuary of the System. The System calculates the employer contribution as a result of the actuarially determined rates and salaries. Contributions for the current and prior year were equal to 100% of the contributions required, and were as follows:

		Contribution
2021	$	1,154,850
2020		1,250,737

(c) Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At March 31, 2021 and 2020, EFC recognized a net pension liability of $8,203,519 and $2,366,512, respectively, for its proportionate share of the System's net pension liability and is included in the other liabilities in the accompanying financial statements. The net pension liability was measured as of March 31, 2020 and 2019 and was determined using an actuarial valuation as of April 1, 2019 and 2018. Update procedures were used to roll forward the net pension liability to March 31, 2020 and 2019. EFC's proportion of the System's net pension liability was based on a projection of EFC's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At the measurement date of March 31, 2020, EFC's proportion of the net pension liability of the System was 0.0309794%, and the proportion at March 31, 2019 was 0.0334003%. EFC recognized pension expense for the years ended March 31, 2021 and 2020 of $2,784,731 and $1,558,920, respectively and is included in Administrative costs in the accompanying financial statements. At March 31, 2021 and 2020, EFC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		2021	
		Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$	482,810	—
Changes of assumptions		165,180	142,630
Net difference between projected and actual earnings on pension plan investments		4,205,523	—
Changes in proportion and differences between contributions and proportionate share of contributions		96,122	143,631
Contributions subsequent to measurement date		1,154,850	—
	$	6,104,485	286,261

		2020	
		Deferred outflows of resources	**Deferred inflows of resources**
Differences between expected and actual experience	$	466,016	158,860
Changes of assumptions		594,844	—
Net difference between projected and actual earnings on pension plan investments		—	607,378
Changes in proportion and differences between contributions and proportionate share of contributions		113,140	47,402
Contributions subsequent to measurement date		1,250,737	—
	$	2,424,737	813,640

Contributions of $1,154,850 are reported as deferred outflows of resources as a result of EFC's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending March 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

		Amount
Year ended March 31:		
2021	$	782,478
2022		1,180,953
2023		1,499,626
2024		1,200,317
	$	4,663,374

(d) Actuarial Assumptions

The total pension liability at the measurement date of March 31, 2020 and 2019 was determined by using an actuarial valuation as of April 1, 2019 and 2018, respectively. Update procedures were used to roll forward the total pension liability to March 31, 2020 and 2019. The actuarial assumptions included in the actuarial valuations include an inflation factor of 2.5%, projected salary increases of 4.2%, cost of living adjustments of 1.3% and an investment rate of return of 6.8%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

(Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31 is summarized below:

	2021		2020	
Asset class	**Target allocation**	**Long-term expected real rate of return**	**Target allocation**	**Long-term expected real rate of return**
Domestic equity	36 %	4.05 %	36 %	4.55 %
International equity	14	6.15	14	6.35
Private equity	10	6.75	10	7.50
Real estate	10	4.95	10	5.55
Absolute return strategies	2	3.25	2	3.75
Opportunistic portfolio	3	4.65	3	5.68
Real assets	3	5.95	3	5.29
Bonds and mortgages	17	0.75	17	1.31
Cash	1	—	1	(0.25)
Inflation indexed bonds	4	0.50	4	1.25
	100 %		100 %	

The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (6.8%) was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents EFC's proportionate share of the net pension liability for 2021 and 2020 calculated using the discount rate of 6.8%, as well as what EFC's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.8%) or 1-percentage-point higher (7.8%) than the current rate:

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Proportionate share of the net pension liability, 2021	$ 15,055,773	8,203,519	1,892,564
Proportionate share of the net pension liability (asset), 2020	$ 10,346,768	2,366,150	(4,337,469)

(Continued)

(11) Other Post-Employment Benefits

(a) General Information

Plan Description: Medical and Prescription Drug benefits are provided through the New York State Health Insurance Program (NYSHIP). The majority of retired employees are enrolled in one of two plans: The Empire plan or the Capital District Physicians' Health Plan. Eligible employees must retire directly from EFC employment with a minimum of 10 years of service with NYS Civil Service, and a minimum of one year with EFC immediately preceding retirement. The plan is considered a single employer plan.

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

Employees covered by benefit terms: At March 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	56
Inactive employees entitled to but not yet receiving benefit payments	6
Active employees	85
	147

(b) Total OPEB Liability and Changes to the Total OPEB Liability

EFC's annual other post-employment benefit (OPEB) expense is calculated based on an amount actuarially determined in accordance with the parameters of GASB Statement 75. The total OPEB liability represents the portion of actuarial present value of projected benefit payments attributable to past periods of member service.

EFC's total reported OPEB liability of $49,036,123 as of March 31, 2021 and $49,200,052 as of March 31, 2020 was measured as of March 31, 2020 and March 31, 2019, respectively, and were determined by an actuarial valuation as of April 1, 2019.

	2021	2020
Total OPEB liability:		
Service cost	$ 1,528,793	$ 1,484,265
Interest on total OPEB liability	1,904,428	1,830,021
Effect of plan changes	—	—
Effect of liability gains and losses	(11,764,637)	(145,003)
Effect of assumption changes or inputs	9,127,656	856,108
Benefit payments	(960,169)	(763,330)
Net change in total OPEB liability	(163,929)	3,262,061
Total OPEB liability-beginning of year	49,200,052	45,937,991
Total OPEB liability-ending of year	$ 49,036,123	$ 49,200,052

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

In the March 31, 2020 and March 31, 2018 actuarial valuations, which are used for March 31, 2021 and 2020 financial reporting, respectively, the Entry Age Normal cost method, as required by GASB 75 is used. EFC does not prefund it's plan and is therefore required to use a discount rate equal to 20-year high grade municipal bonds. Baseline discount rates of 2.27% and 3.79% as of March 31, 2020 and March 31, 2019, respectively, are based on the Bond Buyer General Obligation 20-Bond Municipal Index. The expected rate of increase in healthcare premiums for the March 31, 2020 valuation is the same rate as applied in the December 2018 report of the "New York State/SUNY Development of Recommended Actuarial Assumptions for Other Post Employment Benefit Plans Actuarial Valuations – Participating Agency Version." The expected rate of increase in healthcare premiums for the March 31, 2018 valuation is based on projections developed by the actuary's healthcare specialists. An increase of 6% was assumed in calendar year 2021, reduced to an ultimate rate of 4.5% after calendar year 2021. For the two plans with the highest enrollment, increases of 5.9% and 8.6% were assumed in calendar year 2019 for pre-Medicare costs and 5.0% and 10.5% for Medicare costs.

Mortality assumptions for the reporting date March 31, 2020 were based on the mortality table in the "Annual Report to the Comptroller on Actuarial Assumptions" dated August 2020, with mortality improvement rates based on the MacLeod Watts Scale 2020. Mortality rates for the reporting date

March 31, 2018 were based on the RP2000 Employee/Healthy Annuitant sex distinct mortality tables with full generational projection using Scale BB.

The following presents EFC's total OPEB liability, calculated using the discount rates of 2.27% and 3.79% for 2021 and 2020, respectively, as well as what EFC's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1-percentage-point higher than the current rate for 2021 and 2020, respectively:

		2021		
		1% Decrease 1.27%	**Current assumption 2.27%**	**1% Increase 3.27%**
Total OPEB liability	$	59,085,737	49,036,123	41,183,923

		2020		
		1% Decrease 2.79%	**Current assumption 3.79%**	**1% Increase 4.79%**
Total OPEB liability	$	59,068,814	49,200,052	41,515,720

The following presents EFC's total OPEB liability, calculated using the current healthcare cost trend rates, as well as what EFC's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1-percentage-point higher than the current trend rates:

		2020		
		1% Decrease	**Current trend rate**	**1% Increase**
Total OPEB liability	$	40,932,076	49,036,123	59,664,557

		2020		
		1% Decrease	**Current trend rate**	**1% Increase**
Total OPEB liability	$	40,756,119	49,200,052	60,285,886

(c) OPEB Expense, Deferred Inflows, and Deferred Outflows of Resources Related to OPEB

For the years ended March 31, 2021 and March 31, 2020, EFC recognized OPEB expense of $2,153,152 and $3,382,177, respectively and reported deferred outflows and inflows of resources related to OPEB from the following sources:

	2021	2020
Deferred outflows of resources:		
Changes of assumptions	$ 8,308,346	$ 689,550
Benefit payments subsequent to the measurement date	878,044	—
Total deferred outflows of resources	$ 9,186,390	$ 689,550
Deferred inflows of resources:		
Differences between expected and actual experience	$ 10,223,084	$ 248,586
Changes of assumptions	121,275	159,897
Total deferred inflows of resources	$ 10,344,359	$ 408,483

Benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending March 31, 2022. Other amounts recognized in the deferred outflows and inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Year ended March 31:	
2022	$ (319,901)
2023	(319,901)
2024	(319,901)
2025	(378,289)
2026	(387,792)
Thereafter	(310,229)
Total	$ (2,036,013)

(12) Commitments and Contingencies

At March 31, 2021, the undisbursed balance of active SRF short-term direct loans and grants closed were $1.6 billion and $541.2 million, respectively.

In August 2013, the Corporation, through the State Revolving Fund (SRF), guaranteed $24.3 million Series 2013A Residential Energy Efficiency Financing Revenue Bonds issued by the New York State Energy Research and Development Authority (NYSERDA). The bonds have semi-annual interest payments each January and July 1 and annual principal payments each July 1 from January 1, 2014 to July 1, 2028 and are secured with a pledge of payments from certain residential energy efficiency loans funded by NYSERDA. Under the terms of the guarantee agreement, the Corporation guarantees full and timely payment of principal and interest on the bonds in the event NYSERDA fails to pay when due and payable. NYSERDA established a Collateral Reserve account, which may be used by the Corporation to fund or reimburse the SRF if loan repayments and interest subsidies are insufficient to meet scheduled payments on the bonds, and if there are insufficient additional funds available from the residential energy efficiency loan program. As of March 31, 2021, the outstanding balance of the bonds totaled $58.4 million and the balance in the Collateral Reserve account was $8.8 million.

Periodically, the Corporation is involved with legal actions, claims and/or investigations arising in the ordinary course of business. In the opinion of management, as of March 31, 2021, the ultimate disposition of any such matters will not have a material adverse effect, if any, on the Corporation’s net position, changes in net position, or liquidity.

(13) Subsequent Events

The Corporation has evaluated subsequent events from the statement of net position date of March 31, 2021 through June 30, 2021, the date at which the financial statements were available to be issued.

On June 30, EFC issued $284,745,000 of State Clean Water and Drinking Water Revolving Funds Revenue Bonds, Series 2021A (New York City Municipal Water Finance Authority Projects - Second Resolution Bonds). The 2021A bonds have interest rates ranging from 3.00% to 5.00% and have a final maturity of June 15, 2041. The proceeds of these financings were used to refund Series 2011B bonds resulting in a Present Value savings to the New York City Municipal Water Finance Authority of $106.6 million.

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

Required Supplemental Information

Schedule of Proportionate Share of the Net Pension Liability – New York State and Local Employees' Retirement System Pension Plan (Unaudited)

March 31, 2021

		2021	2020	2019	2018	2017
Share of net pension liability		0.0309794%	0.0334003%	0.0331066%	0.0310347%	0.0326821%
Proportionate share of the net pension liability	$	8,203,519	2,366,512	1,068,497	2,916,092	5,245,571
Covered payroll		8,181,673	8,609,034	8,936,103	8,907,716	8,378,527
Proportionate share of the net pension liability as a percentage of its covered payroll		100.3%	27.5%	12.0%	32.7%	62.6%
Plan fiduciary net position as a percentage of the total pension liability		86.4%	100.4%	98.2%	94.7%	90.7%

Measurement date is as of the respective March 31 of the previous year.

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

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

Required Supplemental Information

Schedule of Employer Contributions – New York State and
Local Employees' Retirement System Pension Plan (Unaudited)

March 31, 2021

		2021	2020	2019	2018	2017
Contractually required contribution	$	1,154,850	1,250,737	1,308,955	1,282,460	1,254,691
Contributions in relation to the contractually required contribution		1,154,850	1,250,737	1,308,955	1,282,460	1,254,691
Contribution deficiency (excess)	$	—	—	—	—	—
Covered payroll	$	8,201,732	8,181,673	8,609,034	8,936,103	8,907,716
Contributions as a percentage of covered payroll		14.1%	15.3%	15.2%	14.4%	14.1%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See accompanying independent auditors' report.

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

Required Supplemental Information

Schedule of Changes in Net OPEB Liability and Related Ratios

March 31, 2021

	2021	2020	2019
Total OPEB liability:			
Service cost	$ 1,528,793	$ 1,484,265	$ 1,441,534
Interest on total OPEB liability	1,904,428	1,830,021	1,736,866
Effect of plan changes	—	—	—
Effect of liability gains and losses	(11,764,637)	(145,003)	(195,462)
Effect of assumption changes or inputs	9,127,656	856,108	(237,141)
Benefit payments	(960,169)	(763,330)	(695,677)
Net change in total OPEB liability	(163,929)	3,262,061	2,050,120
Total OPEB liability-beginning	49,200,052	45,937,991	43,887,871
Total OPEB liability-ending	$ 49,036,123	$ 49,200,052	$ 45,937,991
Covered employee payroll	8,181,673	8,609,034	8,936,103
Net OPEB liability as a percentage of covered employee payroll	599%	571%	571%

Measurement date is as of March 31 of the previous year.

Note: This schedule is intended to show information for ten years.
Additional years will be displayed as they become available.

See accompanying independent auditors' report.

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

Other Supplementary Information – Combining Schedule of Net Position

March 31, 2021 and 2020

	2021				2020			
Assets and Deferred Outflows of Resources	**Corporate activities**	**CWSRF**	**DWSRF**	**Total**	**Corporate activities**	**CWSRF**	**DWSRF**	**Total**
Current assets:								
Cash and cash equivalents:	$ 28,720,753	—	—	28,720,753	14,460,640	—	—	14,460,640
Contractual services and fees receivable	53,928	—	—	53,928	140,533	—	—	140,533
Restricted assets:								
Cash and cash equivalents	—	431,961,256	244,897,998	676,859,254	—	316,713,093	115,195,740	431,908,833
Accounts receivable	—	—	—	—	—	—	6,344,030	6,344,030
Interest receivable on bonds and direct financings	—	61,489,081	15,114,718	76,603,799	—	64,223,134	16,143,491	80,366,625
Interest receivable on cash and cash equivalents and investments	—	13,862,680	1,472,780	15,335,460	—	17,207,808	2,272,450	19,480,258
Annual fees receivable	—	12,842,113	1,248,149	14,090,262	—	12,805,533	1,260,702	14,066,235
Prepaid expense	—	820,000	65,000	885,000	—	820,000	65,000	885,000
Short-term financings receivable	—	337,968,940	46,975,884	384,944,824	—	160,767,701	35,356,293	196,123,994
Direct financing receivable	—	79,079,013	31,448,171	110,527,184	—	62,040,327	29,657,084	91,697,411
Bonds receivable	—	311,713,070	73,928,996	385,642,066	—	335,398,295	87,466,416	422,864,711
Due from New York State, appropriation bonds receivable	—	—	—	—	16,405,000	—	—	16,405,000
Other restricted funds	2,684,098	—	—	2,684,098	4,998,372	—	—	4,998,372
Total current assets	31,458,779	1,249,736,153	415,151,696	1,696,346,628	36,004,545	969,975,891	293,761,206	1,299,741,642
Noncurrent assets:								
Restricted assets:								
Investments	—	1,632,627,658	214,219,745	1,846,847,403	—	1,882,337,543	309,547,672	2,191,885,215
Short-term financings receivable	—	438,794,187	71,313,139	510,107,326	—	638,667,277	79,025,676	717,692,953
Direct financings receivable	—	2,153,308,962	708,356,039	2,861,665,001	—	2,018,055,359	719,404,707	2,737,460,066
Bonds receivable	—	5,090,374,374	1,104,265,739	6,194,640,113	—	5,173,674,723	1,142,502,713	6,316,177,436
Due from New York State, appropriation bonds receivable	—	—	—	—	—	—	—	—
Total noncurrent assets	—	9,315,105,181	2,098,154,662	11,413,259,843	—	9,712,734,902	2,250,480,768	11,963,215,670
Total assets	31,458,779	10,564,841,334	2,513,306,358	13,109,606,471	36,004,545	10,682,710,793	2,544,241,974	13,262,957,312
Deferred outflows of resources related to pensions and OPEB liability	1,408,191	11,479,125	2,403,559	15,290,875	310,699	2,262,729	540,859	3,114,287
Total assets and deferred outflow of resources	$ 32,866,970	10,576,320,459	2,515,709,917	13,124,897,346	36,315,244	10,684,973,522	2,544,782,833	13,266,071,599

(Continued)

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

Other Supplementary Information – Combining Schedule of Net Position

March 31, 2021 and 2020

		2021				2020			
Liabilities, Deferred Inflows of Resources and Net Position		**Corporate activities**	**CWSRF**	**DWSRF**	**Total**	**Corporate activities**	**CWSRF**	**DWSRF**	**Total**
Current liabilities:									
Accrued interest payable on bonds	$	—	57,555,423	14,743,447	72,298,870	—	59,336,254	15,679,168	75,015,422
Accrued interest subsidy		—				—			
Bonds payable		—	255,355,000	63,255,000		—	277,040,000	74,215,000	
Appropriation bonds payable		—	—	—	—	16,405,000	—	—	16,405,000
Other restricted funds		2,684,098	26,643,727 —	2,777,402 —	29,421,129 2,684,098	4,998,372	28,066,722 —	3,056,262 —	31,122,984 4,998,372
Accounts payable and accrued expenses		13,821,772	13,031,525	2,514,820	318,610,000 29,368,117	346,099	7,940,689	1,568,367	351,255,000 9,855,155
Interfund balances		(874,892)	737,660	137,232	—	(873,363)	725,427	147,936	—
Debt service funds payable			5,319,847	144,875	5,464,722	—	12,916,203	350,870	13,267,073
Other liabilities		766,708		28,684,054		240,611		10,420,967	
Other post-employment benefits		82,555	773,950	175,429		38,522		218,291	
Total current liabilities		16,480,241	415,272,856	112,432,259	544,185,356	21,155,241	435,012,983	105,656,861	561,825,085
			55,855,724		85,306,486		47,960,438		58,622,016
Noncurrent liabilities:									
Bonds payable		—	4,345,281,450	1,060,147,143	1,031,934 5,405,428,593	—	1,027,250 4,444,449,080	1,096,290,678	1,284,063 5,540,739,758
Appropriation bonds payable		—	—	—	—	—	—	—	—
Unearned revenue		—	—		—		—		—
Other post-employment benefits		7,755,943	32,016,228		48,004,189		31,887,005		
Total noncurrent liabilities		7,755,943	4,377,297,678	1,068,379,161	5,453,432,782	7,814,751	4,476,336,085	1,104,504,910	5,588,655,746
Total liabilities		24,236,184	4,792,570,534	8,232,018 1,180,811,420	5,997,618,138	7,814,751 28,969,992	4,911,349,068	8,214,232 1,210,161,771	47,915,968 6,150,480,831
Deferred inflows of resources related to pensions and OPEB liability		1,144,267	7,867,481 —	1,618,872	10,630,620 —	296,266	746,237 —	179,620	1,222,123
Total liabilities and deferred inflows of resources		25,380,451	4,800,438,015	1,182,430,292	6,008,248,758	29,266,258	4,912,095,305	1,210,341,391	6,151,702,954
Net position:									
Restricted for revolving loan fund programs		—	5,775,882,444	1,333,279,625	7,109,162,069	—	5,772,878,217	1,334,441,442	7,107,319,659
Unrestricted		7,486,519	—		7,486,519	7,048,986	—		7,048,986
Total net position		7,486,519		1,333,279,625	7,116,648,588	7,048,986	5,772,878,217	1,334,441,442	7,114,368,645
Total liabilities, deferred inflows of resources and net position	$	32,866,970	5,775,882,444 10,576,320,459	2,515,709,917	6	36,315,244		2,544,782,833	9
			—		13,124,897,34	10,684,973,522	—		13,266,071,59

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

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

Years ended March 31, 2021 and 2020

	2021				2020			
	Corporate activities	CWSRF	DWSRF	Total	Corporate activities	CWSRF	DWSRF	Total
Operating revenues:								
Interest income on bonds and direct financings receivable	$ —	251,468,940	56,191,771	307,660,711	—	264,866,494	58,954,520	323,821,014
Bond financing and administrative fees	359,545	16,953,714	1,715,849	19,029,108	445,486	13,424,713	14,487,095	28,357,294
Administrative grant revenues	79,464	7,148,995	1,798,680	9,027,139	71,453	4,320,733	1,797,520	6,189,706
Indirect cost and other recoveries	1,107,759	(885,089)	(222,670)	—	1,275,948	(901,079)	(374,869)	—
Contract service fees	16,116	—	—	16,116	55,943	—	—	55,943
Other revenues	118,271	—	—	118,271	21,967	—	—	21,967
Total operating revenues	1,681,155	274,686,560	59,483,630	335,851,345	1,870,797	281,710,861	74,864,266	358,445,924
Operating expenses:								
Interest expense on bonds payable	—	211,339,765	52,681,829	264,021,594	—	215,876,566	53,155,135	269,031,701
Interest subsidy provided	—	89,397,090	7,441,007	96,838,097	—	99,278,268	9,943,853	109,222,121
Principal forgiveness	—	—	—	—	—	2,402,182	—	2,402,182
Administrative costs	1,246,156	19,224,069	4,085,117	24,555,342	1,694,732	18,136,822	4,804,628	24,636,182
Total operating expenses	1,246,156	319,960,924	64,207,953	385,415,033	1,694,732	335,693,838	67,903,616	405,292,186
Operating gain (loss)	434,999	(45,274,364)	(4,724,323)	(49,563,688)	176,065	(53,982,977)	6,960,650	(46,846,262)
Nonoperating revenues:								
Project grant revenues	—	5,279,722	2,126,097	7,405,819	—	246,054,620	41,074,964	287,129,584
Investment income	2,532	62,170,206	8,509,999	70,682,737	17,326	94,076,206	16,127,308	110,220,840
State assistance payments revenue	1,517,248	49,415,882	60,078,840	111,011,970	873,269	62,470,375	63,046,612	126,390,256
Total nonoperating revenues	1,519,780	116,865,810	70,714,936	189,100,526	890,595	402,601,201	120,248,884	523,740,680
Nonoperating expenses:								
Grants disbursed	—	19,171,335	7,073,588	26,244,923	—	37,026,395	14,248,032	51,274,427
State assistance payments expense	1,517,248	49,415,882	60,078,840	111,011,970	873,269	62,470,375	63,046,612	126,390,256
Total nonoperating expenses	1,517,248	68,587,217	67,152,428	137,256,893	873,269	99,496,770	77,294,644	177,664,683
Increase (decrease) in net position	437,531	3,004,229	(1,161,815)	2,279,945	193,391	249,121,454	49,914,890	299,229,735
Beginning net position	7,048,988	5,772,878,215	1,334,441,440	7,114,368,643	6,855,597	5,523,756,761	1,284,526,550	6,815,138,908
Cumulative effect of change in accounting principle (Note 2 (a))	—	—	—	—	—	—	—	—
Ending net position	$ 7,486,519	5,775,882,444	1,333,279,625	7,116,648,588	7,048,988	5,772,878,215	1,334,441,440	7,114,368,643

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

Other Supplementary Information – Combining Schedule of Cash Flows

Years ended March 31, 2021 and 2020

	2021				2020			
	Corporate activities	CWSRF	DWSRF	Total	Corporate activities	CWSRF	DWSRF	Total
Cash flows from operating activities:								
Bond financing and administrative fees	$ 1,649,489	23,181,040	9,648,442	34,478,971	1,468,790	16,933,195	(1,432,790)	16,969,195
Personal services expense	(704,057)	(6,280,863)	(1,287,729)	(8,272,649)	(676,964)	(6,165,813)	(1,324,457)	(8,167,234)
Fringe benefits expense	(203,873)	(3,785,662)	(784,762)	(4,774,297)	(314,755)	(2,592,867)	(624,885)	(3,532,507)
Other administrative expenses	13,122,673	(4,190,787)	(1,091,252)	7,840,634	(670,685)	(7,576,487)	(2,438,401)	(10,685,573)
Other, net	393,349	5,812,363	17,828,937	24,034,649	(178,008)	9,702,830	2,515,209	12,040,031
Net cash (used in) provided by operating activities	14,257,581	14,736,091	24,313,636	53,307,308	(371,622)	10,300,858	(3,305,324)	6,623,912
Cash flows from noncapital financing activities:								
Proceeds from bonds issued		249,340,000	45,155,000	294,495,000	—	318,205,000	141,970,000	460,175,000
Payments on bonds payable		(370,192,631)	(92,258,535)	(462,451,166)	—	(509,157,439)	(122,519,678)	(631,677,117)
Interest paid on bonds payable		(213,120,596)	(53,617,550)	(266,738,146)	—	(219,702,227)	(53,031,512)	(272,733,739)
New York State appropriation bond payments received	16,405,000		—	16,405,000	15,590,000	—	—	15,590,000
Payments on New York State appropriation bonds	(16,405,000)		—	(16,405,000)	(15,590,000)	—	—	(15,590,000)
Grants disbursed		(19,171,335)	(7,073,588)	(26,244,923)		(39,428,576)	(14,248,032)	(53,676,608)
Contributions received from the U.S. EPA		4,399,768	2,126,097	6,525,865	—	205,045,516	41,074,965	246,120,481
Contributions received from New York State		879,954	—	879,954	—	41,009,103	—	41,009,103
Net cash (used in) provided by noncapital financing activities	—	(347,864,840)	(105,668,576)	(453,533,416)	—	(204,028,623)	(6,754,257)	(210,782,880)
Cash flows from investing activities:								
Net proceeds from maturities of investments		249,709,884	95,327,927	345,037,811	—	(114,645,296)	(96,553,291)	(211,198,587)
Interest income on investments	2,532	65,515,334	9,309,669	74,827,535	17,326	95,174,538	16,369,452	111,561,316
Bonds purchased		(362,022,721)	(69,382,022)	(431,404,743)	—	(464,566,879)	(142,750,286)	(607,317,165)
Bonds repayments received		469,008,300	121,156,416	590,164,716	—	581,912,460	133,404,333	715,316,793
Short-term financing disbursements		(565,274,427)	(68,756,577)	(634,031,004)	—	(636,035,807)	(234,250,037)	(870,285,844)
Short-term financing repayments received		587,946,278	64,849,522	652,795,800	—	479,420,811	206,330,635	685,751,446
Principal forgiveness repayments		—		—	—	(33,940,447)	—	(33,940,447)
Direct financings issued		(234,858,927)	(21,937,435)	(256,796,362)	—	(157,052,537)	(77,357,297)	(234,409,834)
Direct financing repayments received		82,566,638	31,195,016	113,761,654	—	99,641,786	35,708,216	135,350,002
Interest income on bonds and direct financings receivable		254,202,993	57,220,544	311,423,537	—	268,790,947	58,855,427	327,646,374
Interest subsidy provided		(90,820,084)	(7,719,867)	(98,539,951)	—	(103,113,398)	(10,623,646)	(113,737,044)
Debt service funds received		(112,287)	(4,731)	(117,018)	—	11,576,992	562,146	12,139,138
Debt service funds paid		(7,484,069)	(201,264)	(7,685,333)	—	(6,349,707)	(1,532,035)	(7,881,742)
Net cash provided by (used in) investing activities	2,532	448,376,912	211,057,198	659,436,642	17,326	20,813,463	(111,836,383)	(91,005,594)
Net (decrease) increase in cash and cash equivalents	14,260,113	115,248,163	129,702,258	259,210,534	(354,296)	(172,914,302)	(121,895,964)	(295,164,562)
Cash and cash equivalents, beginning of year	14,460,640	316,713,093	115,195,740	446,369,473	14,814,936	489,627,395	237,091,704	741,534,035
Cash and cash equivalents, end of year	$ 28,720,753	431,961,256	244,897,998	705,580,007	14,460,640	316,713,093	115,195,740	446,369,473

(Continued)

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

Other Supplementary Information – Combining Schedule of Cash Flows

Years ended March 31, 2021 and 2020

		2021				2020			
		Corporate activities	CWSRF	DWSRF	Total	Corporate activities	CWSRF	DWSRF	Total
Reconciliation of operating gain (loss) to net cash (used in) provided by operating activities:									
Operating gain (loss)	$	434,999	(45,274,364)	(4,724,323)	(49,563,688)	176,065	(53,982,977)	6,960,650	(46,846,262)
Adjustments to reconcile operating gain (loss) to net cash (used in) provided by operating activities:									
Interest income on bonds and direct financings receivable		—	(251,468,940)	(56,191,771)	(307,660,711)	—	(264,866,494)	(58,954,520)	(323,821,014)
Interest expense		—	211,339,765	52,681,829	264,021,594	—	215,876,566	53,155,135	269,031,701
Principal forgiveness		—	—	—	—	—	2,402,182	—	2,402,182
Interest subsidy provided		—	89,397,090	7,441,007	96,838,097	—	99,278,268	9,943,853	109,222,121
Changes in assets and liabilities that provide (use) cash:									
Contractual services and fees receivable		86,605	—	6,344,030	6,430,635	(90,019)	—	(6,344,030)	(6,434,049)
Annual fees receivable		—	(36,580)	12,553	(24,027)	—	88,826	(90,718)	(1,892)
Accounts payable and accrued expenses		13,475,673	5,090,836	946,453	19,512,962	(213,442)	(686,814)	(110,934)	(1,011,190)
Interfund balances		(1,529)	12,233	(10,704)	—	(174,738)	184,133	(9,395)	—
Unearned revenue		—	—	—	—	(290,021)	—	(10,907,786)	(11,197,807)
Other liabilities		276,608	5,800,129	17,839,638	23,916,375	(25,243)	9,518,699	2,524,605	12,018,061
Other post-employment benefits		(14,775)	(124,078)	(25,076)	(163,929)	245,776	2,488,469	527,816	3,262,061
Net cash (used in) provided by operating activities	$	14,257,581	14,736,091	24,313,636	53,307,308	(371,622)	10,300,858	(3,305,324)	6,623,912

See accompanying independent auditors' report.

KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
New York State Environmental Facilities Corporation:

We have audited, in accordance with the 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, the financial statements of the New York State Environmental Facilities Corporation (the Corporation), a component unit of the State of New York, which comprise the statement of net position as of March 31, 2021 and the related statements of revenue, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the New York State Environmental Facilities Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the New York State Environmental Facilities Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Albany, New York
June 30, 2021

KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of Directors
New York State Environmental Facilities Corporation:

Report on Compliance for The Major Federal Program

We have audited the New York State Environmental Facilities Corporation's (the Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Corporation's major federal program for the year ended March 31, 2021. The Corporation's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Corporation's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Corporation's compliance.

Opinion on the Major Federal Program

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2021.

Report on Internal Control Over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major

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federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the New York State Environmental Facilities Corporation as of and for the year ended March 31, 2021, and have issued our report thereon dated June 30, 2021 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

Albany, New York
June 28, 2022

NEW YORK STATE ENVIRONMENTAL
FACILITIES CORPORATION

Schedule of Expenditures of Federal Awards

Year ended March 31, 2021

Federal grantor/pass-through grantor/program title	Assistance listing number	Grant number	Passed-through to subrecipients	Federal expenditures
U.S. Environmental Protection Agency:				
Clean Water State Revolving Fund Cluster:				
Pass-through award from the New York State Department of Environmental Conservation:				
Disaster Relief Appropriations Act	66.482	3W-36000314	$ 2,054,508	4,399,768
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS-36000120	—	5,957,496
Total Clean Water State Revolving Fund Cluster			2,054,508	10,357,264
Drinking Water State Revolving Fund Cluster:				
Pass-through award from the New York State Department of Health:				
Disaster Relief Appropriations Act	66.483	3F-96283014	20,699	2,126,097
Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS-99290520	—	1,798,680
Total Drinking Water State Revolving Fund Cluster:			20,699	3,924,777
Total U.S. Environmental Protection Agency Awards			2,075,207	14,282,041
U.S. Department of the Interior:				
Direct award:				
Clean Vessel Act Grant Program	15.616	NY FY 18	54,583	54,583
Clean Vessel Act Grant Program	15.616	NY FY 19	279,926	319,793
Clean Vessel Act Grant Program	15.616	NY FY 20	196,216	235,813
Total U.S. Department of the Interior Awards			530,725	610,189
Total Expenditures of Federal Awards			$ 2,605,932	14,892,230

See accompanying independent auditors' report and notes to schedule of expenditures of federal awards.

NEW YORK STATE ENVIRONMENTAL FACILITIES CORPORATION

Notes to Schedule of Expenditures of Federal Awards

Year ended March 31, 2021

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the New York State Environmental Facilities Corporation (the Corporation) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a select portion of the operations of the Corporation, it is not intended to, and does not, present the financial position, changes in financial position, or cash flows of the Corporation.

The amounts reported as federal expenditures were obtained from the general ledger records maintained by the Corporation. These general ledger records were the source of the basic financial statements.

(2) Matching Costs

Matching costs, i.e., the nonfederal share of program costs, are not included in the accompanying Schedule.

(3) Relationship to Federal Financial Reports

The regulations and guidelines governing preparation of federal financial reports do not match the accounting principles used by the Corporation to present amounts in the Schedule. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule which is prepared on the basis explained in note 1.

(4) Indirect Costs

The Corporation has entered into a Cognizant Agency Negotiation Agreement with the United States Environmental Protection Agency, which includes the indirect cost rate to be utilized for the fiscal year ending March 31, 2021. Accordingly, the Corporation has elected not to use the 10% deminimus indirect cost rate as outlined in Title 2 CFR Part 200.414(c)(4)(f).

NEW YORK STATE ENVIRONMENTAL FACILITIES CORPORATION

Schedule of Findings and Questioned Costs

Year ended March 31, 2021

(1) Summary of Auditors' Results

Financial Statements

(a) Type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**

(b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:

- Material weaknesses: **No**
- Significant deficiencies: **None Reported**

(c) Noncompliance material to the financial statements: **No**

Federal Awards

(d) Internal control deficiencies over the major program disclosed by the audit:

- Material weaknesses: **No**
- Significant deficiencies: **None reported**

(e) Type of report issued on compliance for the major program: **Unmodified**

(f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **No**

(g) Major program:

- Drinking Water State Revolving Fund Cluster – Assistance Listing #'s 66.483 and 66.468

(h) Dollar threshold used to distinguish between Type A and Type B programs: **$750,000**

(i) Auditee qualified as a low-risk auditee: **Yes**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None

(3) Findings and Questioned Costs Relating to Federal Awards

None