DORMITORY AUTHORITY OF THE STATE OF NEW YORK

(A Component Unit of the State of New York)

Basic Financial Statements

March 31, 2020

(With Independent Auditors' Report Thereon)

KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

The Board of Directors
Dormitory Authority of the State of New York:

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the Dormitory Authority of the State of New York (DASNY), a component unit of the State of New York, which comprise the statement of net position as of and for the year ended March 31, 2020, and the statements of revenues, expenses, and changes in net position, and cash flows for the year then ended and the related notes to the financial statements.

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DASNY, as of March 31, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

KPMG

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3–24, the schedule of proportionate share of the net pension liability on page 59, the schedule of pension contributions on page 60, and the schedule of changes in total OPEB liability and related notes on page 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2020 on our consideration of DASNY's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DASNY'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 DASNY's internal control over financial reporting and compliance.

KPMG LLP

Albany, New York
June 24, 2020

The following discussion and analysis of the Dormitory Authority of the State of New York's (DASNY) financial performance provides an overview of DASNY's activities as of and for the year ended March 31, 2020. It should be read in conjunction with DASNY's financial statements that follow this section. This discussion and analysis is intended to serve as an introduction to DASNY's basic financial statements, which are comprised of the financial statements and the notes to the financial statements.

Background

DASNY is a public benefit corporation, an independent corporate agency with governmental functions delegated to it by the State of New York (the State), and is authorized to finance, design, construct or rehabilitate buildings for use by various public and private not-for-profit corporations.

DASNY is governed by an eleven member Board composed of the Director of the Budget of the State, the Commissioner of Education of the State, the Commissioner of Health of the State, the State Comptroller or one member appointed by him or her, five members appointed by the Governor, with the advice and consent of the Senate, one member appointed by the Temporary President of the State Senate, and one member appointed by the Speaker of the State Assembly. All bonds and notes issued by DASNY must also be approved by the New York State Public Authorities Control Board.

DASNY Lines of Business

DASNY's two primary lines of business are debt issuance and construction management, which are supported by DASNY's operating activities. Both lines of business derive the majority of their business from public clients (89% average over the last 5 years), the majority of which comes from our construction management activities (80% average over the last 5 years).

As a part of its operating activities, DASNY also devotes significant efforts to the administration of grants authorized by the State and payable to a variety of public and private grantees from proceeds of bonds issued by DASNY. DASNY has a staff of approximately 510 located in three main offices (Albany, New York City and Buffalo) and at approximately 60 field sites across the State. DASNY provides services to various clients within two major categories: private institutions, which generally include clients qualified under Section 501(c)(3) of the Internal Revenue Code (e.g. not-for-profit healthcare clients and independent colleges, universities and other not-for-profit organizations), and public entities, which include the State University of New York (SUNY), the City University of New York (CUNY), New York State (NYS) agencies and municipal facilities. DASNY's clients, both public and private, typically have alternatives to using the debt issuance and construction management services offered by DASNY.

DASNY Operating Activities

DASNY operating revenues primarily result from financing fees related to debt issuances, annual administrative fees related to ongoing bond management, and construction fees related to project management and other construction-related services provided. Generally, private institutions and the State's mental hygiene program pay a financing fee upon issuance of the bonds and notes and an ongoing annual administrative fee throughout the term of the bonds and notes based on a percentage of either the original par amount or the par amount outstanding, depending on the fee structure in place when the bonds or notes were issued. Other public clients (e.g., CUNY, SUNY, NYS agencies, and court facilities) pay financing and administrative fees in amounts equal to their respective allocable share of DASNY operating expenses applicable to financing and ongoing bond management activities. Construction fees for public and private clients are generally equal to the allocable amount of DASNY operating expenses attributable to the construction services provided.

Construction Management

DASNY's Construction Management business consists of two levels of service – DASNY-Managed and reimbursement based (Certified Construction).

For DASNY-Managed projects, these services include direct project management as well as ancillary services including design preparation and review, bidding, negotiating, and administering contracts for construction, acquisition of furniture, fixtures and equipment, and on-site project management. DASNY generally provides project management services on the projects that are funded from bonds and notes issued by DASNY on behalf of most of its public clients. DASNY also provides its Construction Management services to certain other public clients, with the cost of such projects funded from amounts provided by the clients. DASNY's statutorily authorized client base continues to grow. At any given time, DASNY actively manages 600-1,000 projects of varying sizes ranging from several thousand dollars to several hundred million dollars.

Certified Construction Disbursements represent disbursements for projects where DASNY does not provide any construction services, but rather, the individual clients manage the construction and DASNY reimburses the clients for expenditures made. This category includes construction disbursements made on behalf of most not-for-profit healthcare, independent colleges, universities, and other not-for-profit organizations, as well as SUNY educational facilities, certain State grant programs, public school districts, Boards of Cooperative Educational Services (BOCES) and Special Act School Districts.

Debt Issuance

DASNY is a conduit debt issuer. Under existing law, and assuming continuing compliance, interest on most bonds and notes issued by DASNY has been determined to be excludable from gross income for federal tax purposes. DASNY issues debt for three purposes, for both its public and private clients:

New money debt – to fund new money projects and grants;

Refunding debt – to refund previously issued DASNY bonds; and

Refinancing debt – to refund or refinance non-DASNY bonds and commercial loans

Debt Issuance activities also include various types of bond retirements:

Scheduled redemptions – bonds retired in accordance with their respective amortization schedules

Refundings – bonds redeemed or defeased through DASNY's issuance of refunding bonds; and

Defeasances and early redemptions – bonds redeemed or defeased with:

1. funds deposited by institutions of which some amounts have been funded through the issuance of debt by other issuers or financial institutions;

2. proceeds from the sale of mortgages securing the related bonds; or
3. existing assets in bond accounts.

As a means to lower borrowing costs for the State and New York City (the City) and to cost effectively support their strategies to diversify their debt portfolios with a combination of fixed and variable rate debt and more closely match their assets and liabilities, DASNY enters into interest rate swap agreements at various times. DASNY's swaps are undertaken as a part of the State's and City's overall debt management programs. DASNY is only obligated to make swap payments from monies paid to it by the State or City pursuant to lease and financing agreements related to the State and City-supported bonds. More detailed information regarding DASNY's interest rate exchange agreements, including their requirements and risks, are presented in notes 7 and 8 to the basic financial statements.

All of DASNY's outstanding bonds and notes are special obligations payable solely from payments required to be made by or for the account of the client for which the particular special obligations were issued. Such payments are pledged or assigned to the trustees for the holders of the respective special obligations. DASNY has no obligation to pay its special obligations other than from such payments. In addition, certain bond and note issues are also secured by other forms of credit enhancement, including municipal bond insurance and bank letters of credit. DASNY monitors the ratings of credit enhancers and takes appropriate actions as required under the provisions of the related bond documents. DASNY also works closely with its clients to identify and implement strategies, including refunding bonds, converting interest rate modes, and adding or substituting liquidity facilities, to mitigate the effects of market changes as well as downgrades to credit enhancer ratings. See note 7 to the basic financial statements for a further discussion of bonds and notes outstanding.

Executive Summary

At DASNY, we are continuously evolving to meet the needs of our clients and support New York State's initiatives to make New York State a better place to live, work and learn. During 2020 DASNY continued its One DASNY initiative, streamlining operations and reaching out to clients who had not worked with DASNY for a number of years to review the changes. This helped to increase the volume of bond issuances in 2020.

DASNY continued expanding its construction services line of business in support of several important New York State and SUNY initiatives.

DASNY continued its work on a new 262-bed residential building for New York State's Office of Mental Health's (OMH) South Beach Psychiatric Center. The new building has been designed to withstand the wind damage the campus sustained during Superstorm Sandy while providing modern patient care by maximizing opportunities for connections between care givers and their patients. At the close of the current fiscal year, the building was nearing substantial completion.

During this fiscal year, DASNY provided approximately 3,000 hours of code permitting services for the Moynihan Station and Javits Convention Center Expansion Projects, bringing the cumulative total to approximately 14,000 hours. The Moynihan Station project is targeted for completion in calendar year 2020 while the Javits Expansion project is targeted for the first quarter of 2021.

DASNY completed a relocation of SUNY Albany's state-of-the-art Health & Counseling Services Center into an on-campus location as part of a large dormitory renovation project totaling more than $33 million. The relocation will provide students with on-campus access to heath, wellness and psychological services; a first of its kind on a SUNY campus.

DASNY began construction of a new 257-bed zero-net, carbon-certified residence hall at SUNY Poly's Utica campus. The design for the new residence hall meets the State's aggressive clean energy goals and will be the first of its kind on the campus. As a zero-net, carbon-certified building, in addition to exceeding energy goals, the infrastructure to add future on-site renewable energy production systems will be in place. Once these systems are installed, the building will use equal to or less than the energy annually it can produce on-site through renewable resources. The $33.5 million project is expected to open in August for the upcoming school year.

DASNY's debt issuance activities had a recording-breaking year, issuing over $9.7 billion in debt, an increase of $1 billion, compared with the prior year. The increase was due primarily to increased issuances from both public and private clients. Total outstanding bonds and notes balance was approximately $58 billion as of March 31, 2020.

Overview of Basic Financial Statements

DASNY is considered a special-purpose government entity engaged in business-type activities and follows financial reporting for enterprise funds. The basic financial statements provide information about DASNY's overall financial condition. The notes provide explanations and more details about the content of the basic financial statements.

DASNY has elected the option under Governmental Accounting Standards Board (GASB) Interpretation No. 2, *Disclosure of Conduit Debt Obligations*, to report conduit debt in its basic financial statements. Pursuant to this election, DASNY's basic financial statements are a compilation of approximately 2,000 separate self-balancing accounts related to both the individual series of outstanding bonds and notes and the individual operating accounts for nonbonded projects, various special purposes and operations. DASNY does not commingle cash and investments.

As a result of the inclusion of conduit debt, the majority of the activity reflected in the financial statements does not reflect DASNY's own financial position or health. Rather, the vast majority of activity reflected in the basic financial statements relates to:

1. monies held in the restricted accounts associated with the issuance of bonds and notes;
2. the collection of monies in accordance with the provisions of the underlying loan or financing agreements;
3. the payments to the holders of the bonds and notes in accordance with the provisions of the underlying bond and note resolutions; and
4. disbursements for construction and other loan activity.

This report consists of four parts: management's discussion and analysis, financial statements, the notes to the financial statements, and required supplementary information. The three financial statements presented are as follows:

- Statement of Net Position – This statement presents information reflecting DASNY's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Net position represents the amount of total assets and deferred outflows of resources less liabilities and deferred inflows of resources and is one way to measure DASNY's financial position. Net position is comprised of Unrestricted Net Position, related to DASNY's operating activities, Restricted Net Position, related to monies held in the restricted bond and note accounts, and Net Investment in Capital Assets, primarily related to its Albany headquarters building. Restricted Net Position remains in the accounts of each of the individual bond or note issues and accrues to the benefit of the respective client institutions. At final maturity, the restricted net position of an individual bond or note issue will be zero ($0).
- Statement of Revenues, Expenses, and Changes in Net Position – This statement reflects DASNY's operating and nonoperating revenues and expenses for each year. The majority of DASNY's revenue and expense activity does not relate to operations; rather it relates to activity in the restricted accounts of the individual series of bonds and notes. In some years, revenues exceed expenses in restricted bond and note accounts. In other years, expenses exceed revenues in restricted bond and note accounts as accumulated revenues are utilized for various purposes. Restricted Net Position remains in each of the individual bond or note issues and accrues to the benefit of the respective client institutions.
- Statement of Cash Flows – The statement of cash flows is presented using the direct method of reporting which reflects cash flows from operating, noncapital financing, capital financing, and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash for the fiscal year. The statement also includes a reconciliation between operating gain or loss per the Statement of Revenues, Expenses, and Changes in Net Position to net cash from operating activities per the Statement of Cash Flows.

Discussion of DASNY Lines of Business Activities

DASNY Operating Activities

DASNY's internal operating expenses totaled approximately $87 million during 2020 and 2019, of which 8% and 9% were allocable to private institutions, while 92% and 91% were allocable to public programs.

DASNY's personal service expenses totaled approximately $77 million during 2020 and 2019, of which 79% were associated with Construction Management activities for both years.

(Continued)

Debt Issuance Activities

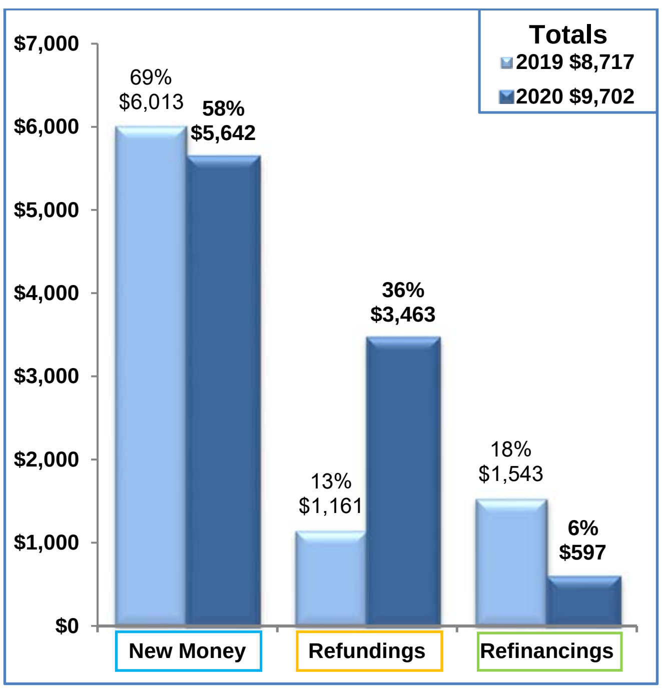
Bonds and Notes Issued

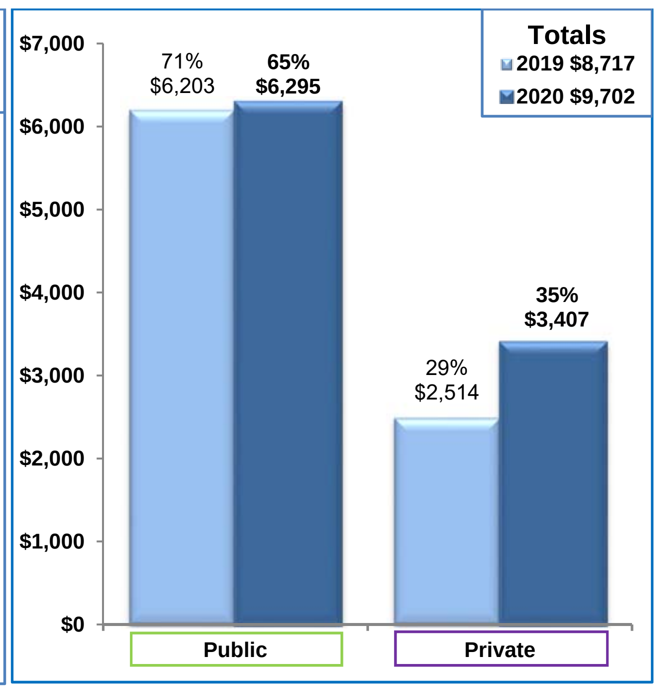
As the charts below illustrate, DASNY's Debt Issuance activity includes new money, refundings and refinancings with approximately 65% of the activity coming from public clients. During 2020, the par value of bonds issued increased approximately $1 billion due to increases in refundings, partially offset by reductions in new money and refinancing issuances. The increase in refundings was the result of lower activity in the prior year following changes in federal tax laws related to tax-exempt bonds in 2018. The charts on the following page provide additional detail regarding the three types of issuances by client type.

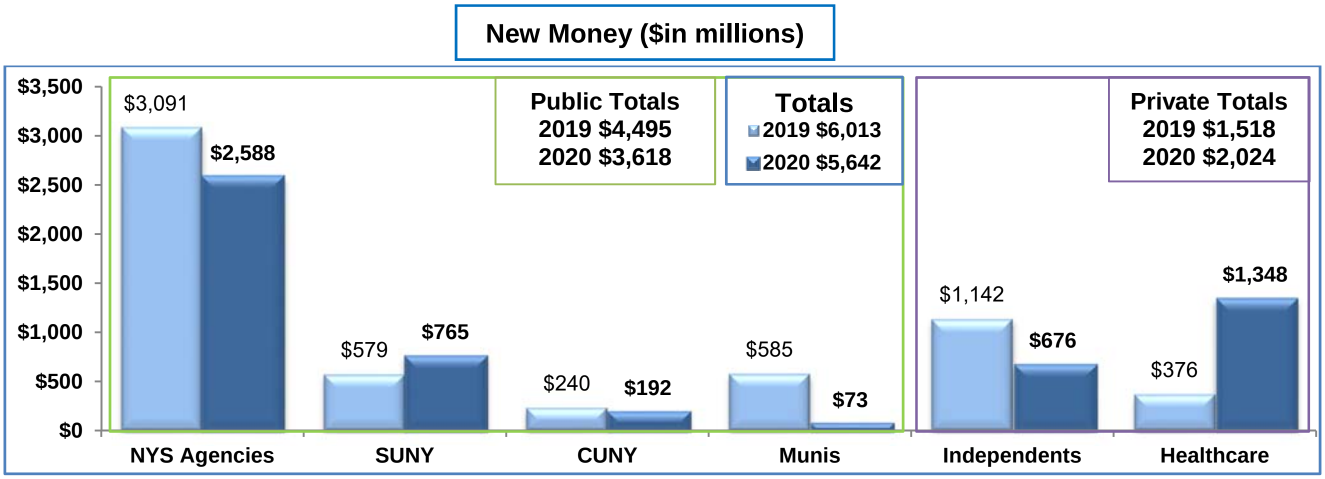
The increases in new money and refunding issuances from private in conjunction with issuances for public clients remaining largely unchanged from the prior year drove a shift in the public-to-private proportion, with the public share decreasing from 71% in 2019 to 65% in 2020.

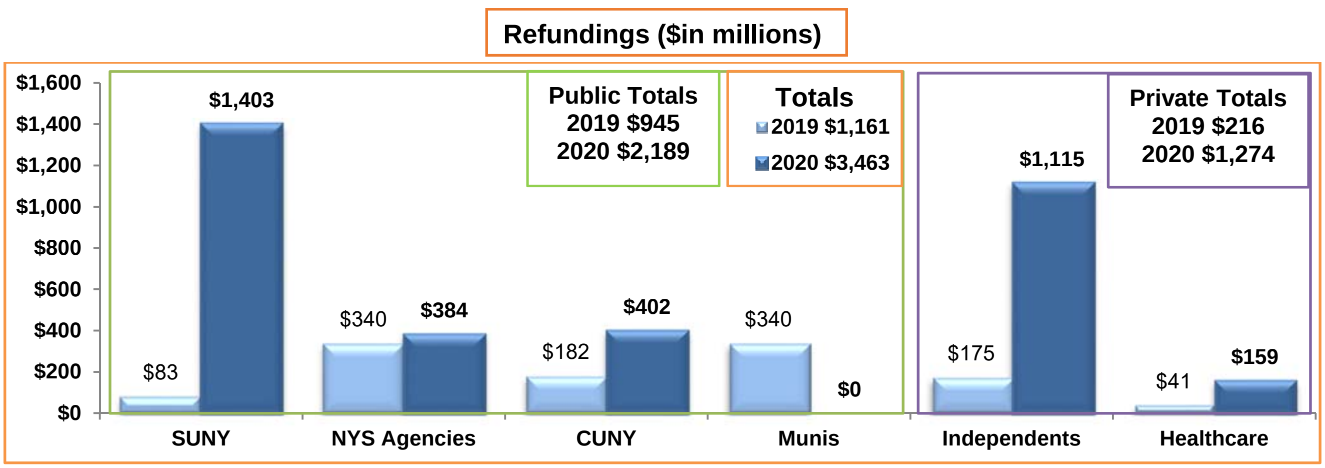
Par Amount of Bonds and Notes Issued ($in millions)

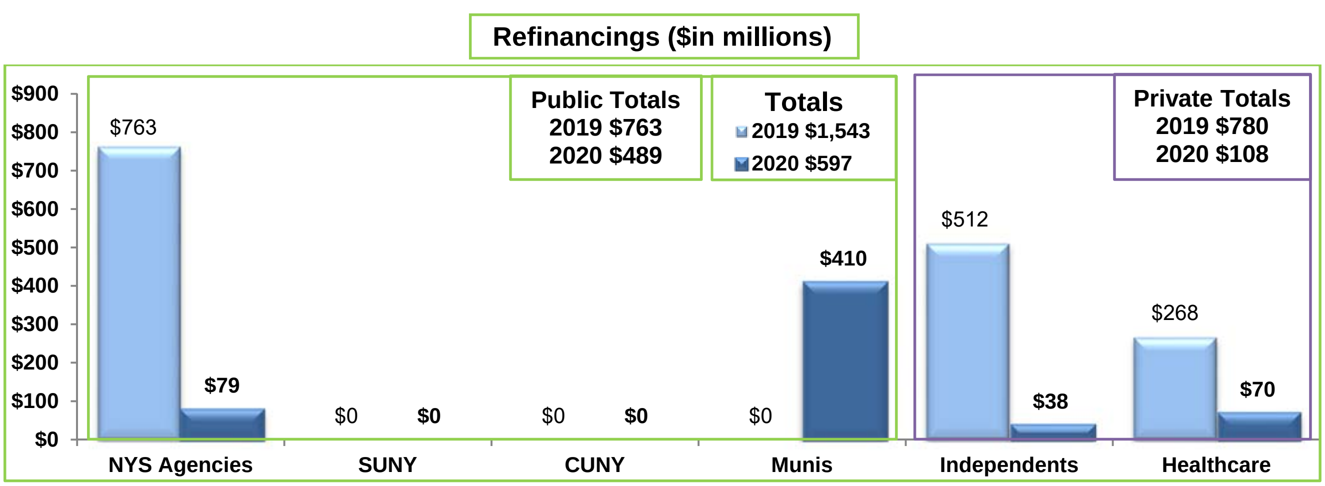
These amounts vary from the amounts reflected in Proceeds from Issuance of Bonds and Notes on the Statement of Cash Flows due to the inclusion of the net premium received on the bonds and notes issued in the Statement of Cash Flows.






New Money ($in millions)
$3,500
$3,000
$2,500
$2,000
$1,500
$1,000
$500
$0
$3,091
$2,588
$579
$765
$240
$192
$585
$73
$1,142
$676
$376
$1,348
Public Totals
2019 $4,495
2020 $3,618
Totals
2019 $6,013
2020 $5,642
Private Totals
2019 $1,518
2020 $2,024
NYS Agencies
SUNY
CUNY
Munis
Independents
Healthcare

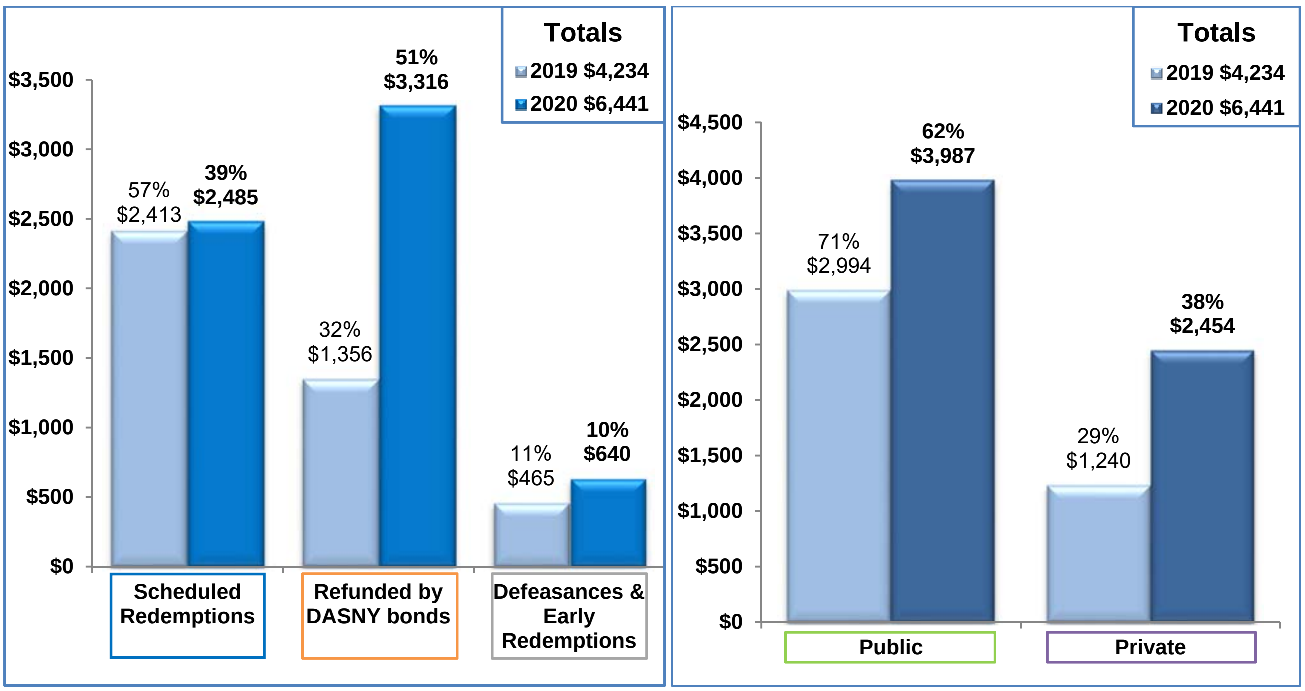

Refundings ($in millions)
$1,600
$1,400
$1,200
$1,000
$800
$600
$400
$200
$0
$83
$1,403
$340
$384
$182
$402
$340
$0
$175
$1,115
$41
$159
Public Totals
2019 $945
2020 $2,189
Totals
2019 $1,161
2020 $3,463
Private Totals
2019 $216
2020 $1,274
SUNY
NYS Agencies
CUNY
Munis
Independents
Healthcare


Refinancings ($in millions)
$900
$800
$700
$600
$500
$400
$300
$200
$100
$0
$763
$79
$0
$0
$0
$0
$0
$410
$512
$38
$268
$70
Public Totals
2019 $763
2020 $489
Totals
2019 $1,543
2020 $597
Private Totals
2019 $780
2020 $108
NYS Agencies
SUNY
CUNY
Munis
Independents
Healthcare

Bonds and Notes Retired

Bond retirements were $2.2 billion higher in 2020, primarily due to a higher level of refundings. As shown in the charts below, refundings of DASNY bonds contributed over 50% of DASNY's bond retirement activity in 2020, compared with 32% in the prior year driven by both public and private clients.

Par Amount of Bonds Retired ($in millions)



The amount refunded by DASNY presented above varies from the amount of refunding debt issued shown in the previous chart due to several factors. Original issue premium on the new bonds issued, balances available in existing bond accounts, and lower interest rates on the new bonds as compared to interest rates on the prior bonds each reduce the amount of new bonds required to refund the prior bonds. The need to fund bondholder interest on the prior bonds through the final redemption dates increases the amount of new bonds required to refund prior bonds. Generally, the amount of refunding debt issued by DASNY is less than the amount of bonds refunded by DASNY.

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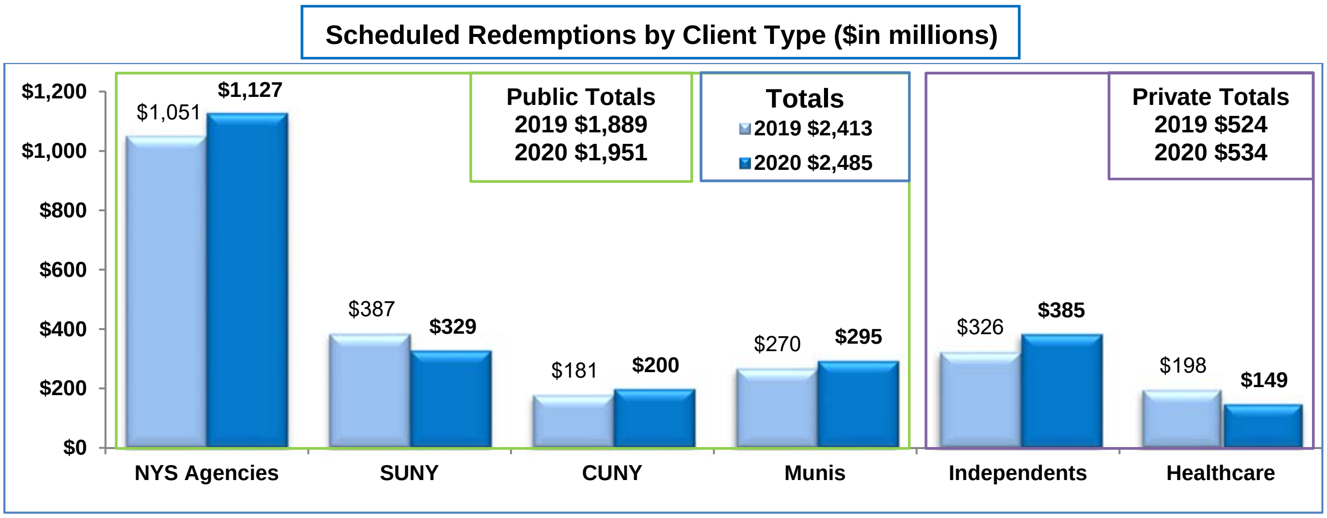
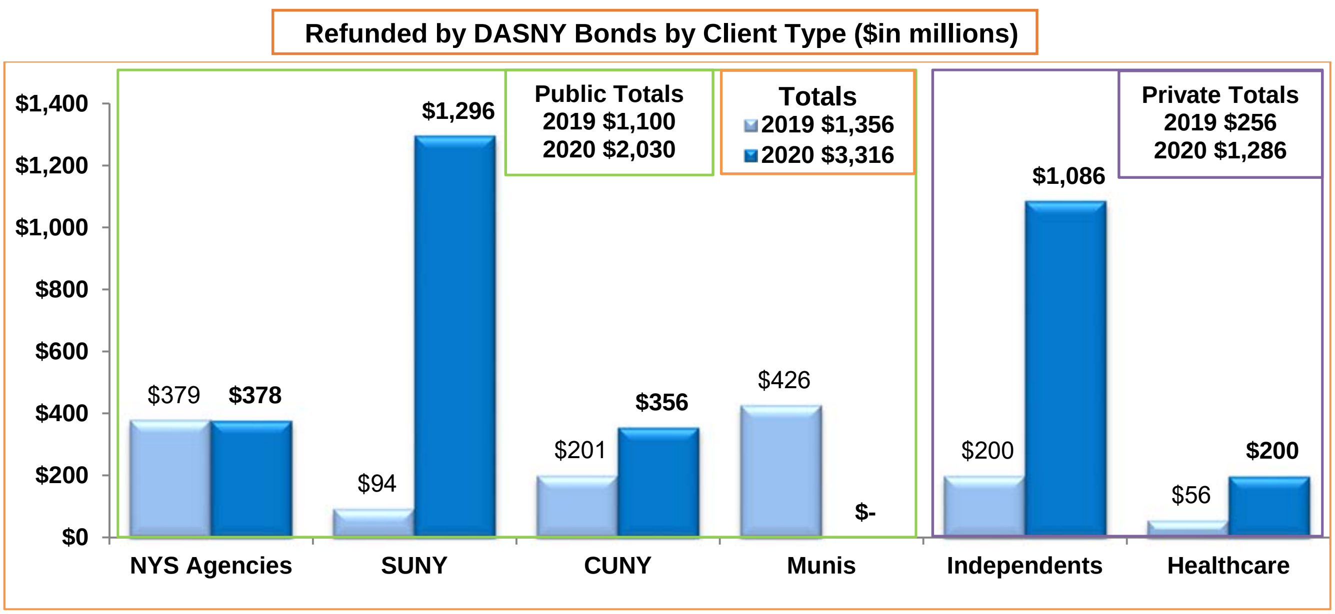
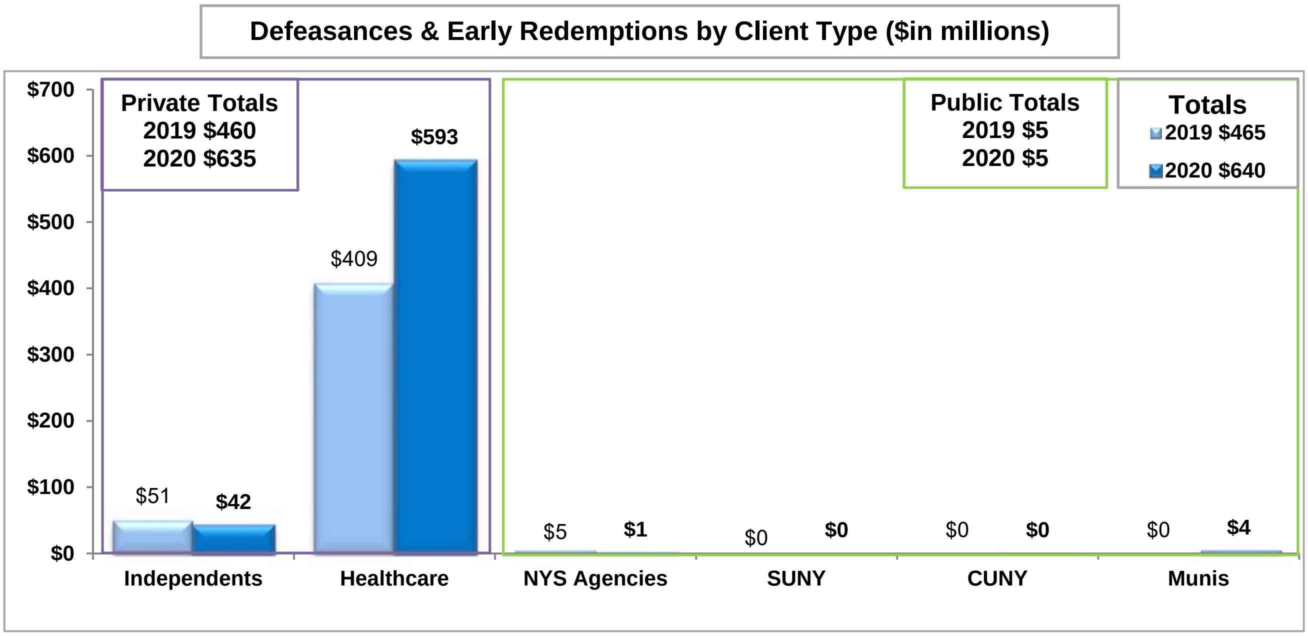
Management's Discussion and Analysis
March 31, 2020
(Unaudited)



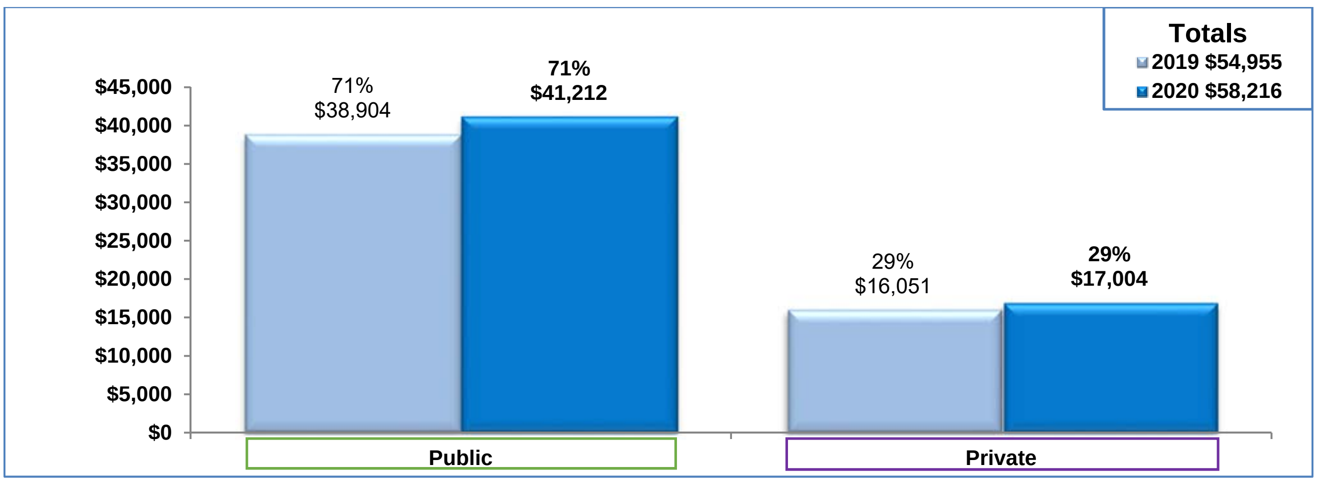


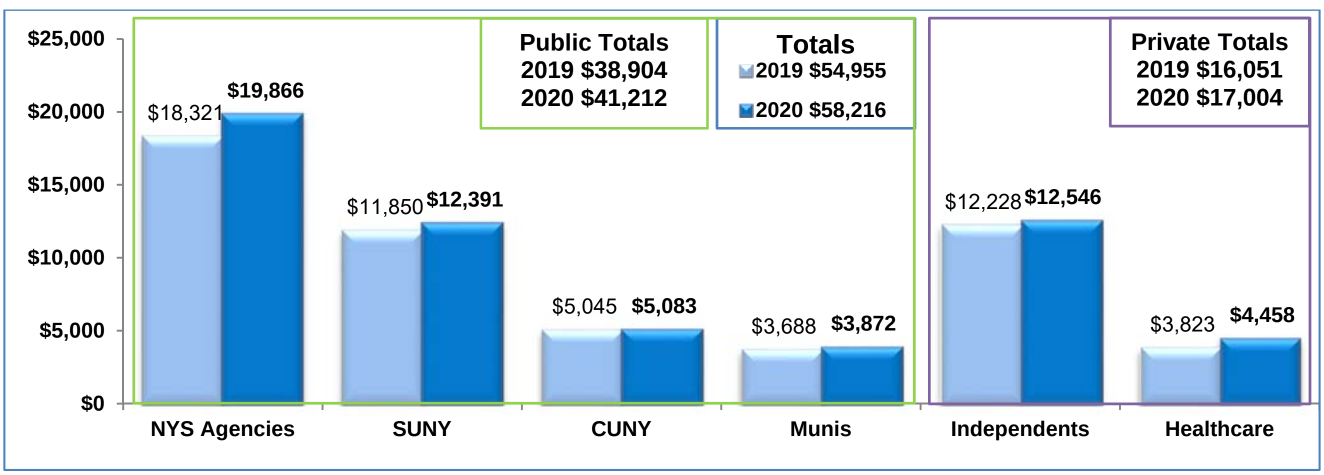


Bonds and Notes Outstanding

As shown on the following page, approximately 70% of DASNY's outstanding bonds and notes are related to its public clients, nearly 80% of that portion related to NYS agencies and SUNY. During 2020, the outstanding balance increased $3.3 billion (6%). (See note 7 to the basic financial statements for more detailed information.)

Bonds and Notes Outstanding by Program as of March 31
($in millions)

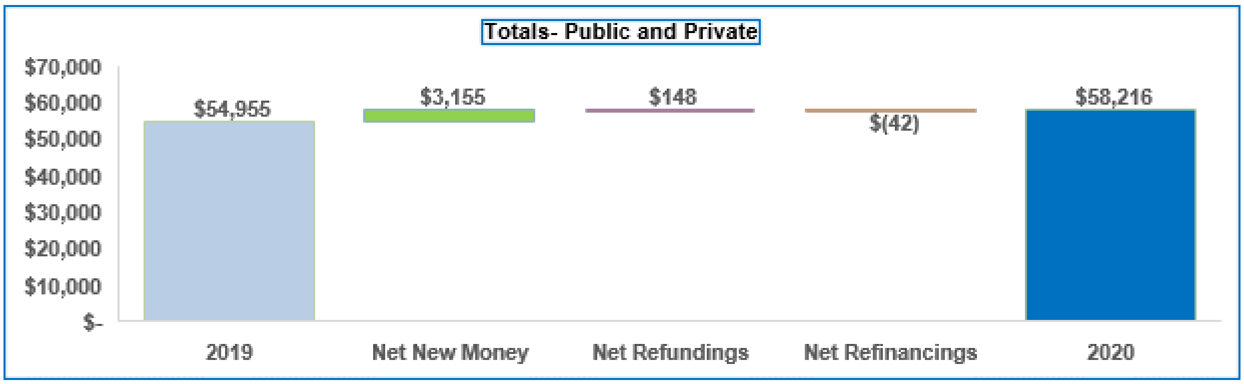


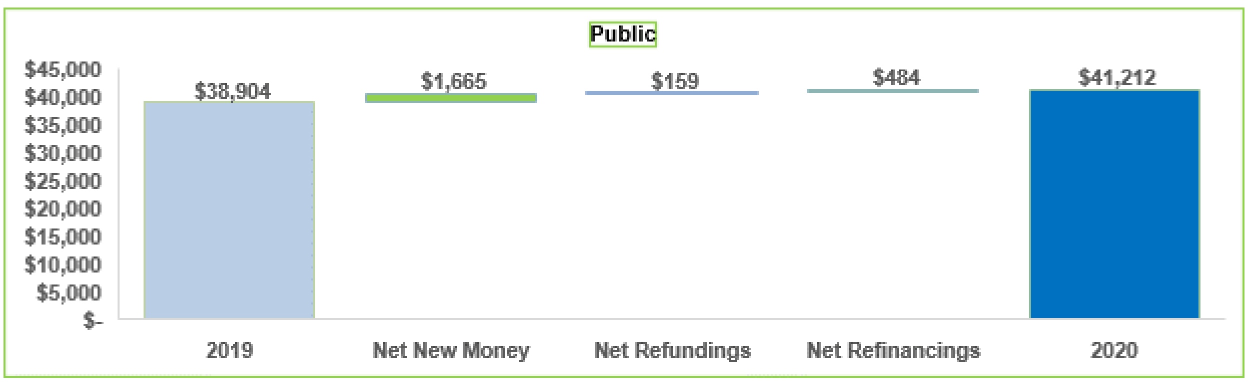


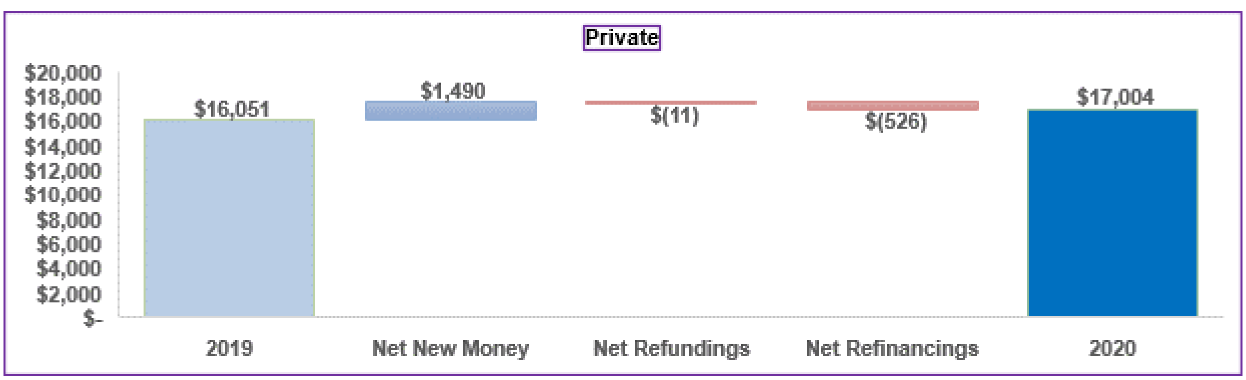
The following three charts show the rollforward of Bonds and Notes Outstanding as of March 31, 2019 and March 31, 2020. Net New Money is the net balance of New Money and Scheduled Redemptions, Net Refundings is the net balance of Refundings and Refunded by DASNY bonds, and Net Refinancings is the net balance of Refinancings and Defeasances & Early Redemptions.

As shown on the following page, the increase in Bonds and Notes Outstanding as of March 31, 2020 was due primarily to the increases of Net New Money from both public and private clients. Consistent with their proportionate share of the total bonds outstanding, public clients accounted for approximately 70% of 2020's increase in outstanding debt.

Bonds and Notes Outstanding Rollforward as of March 31
($in millions)



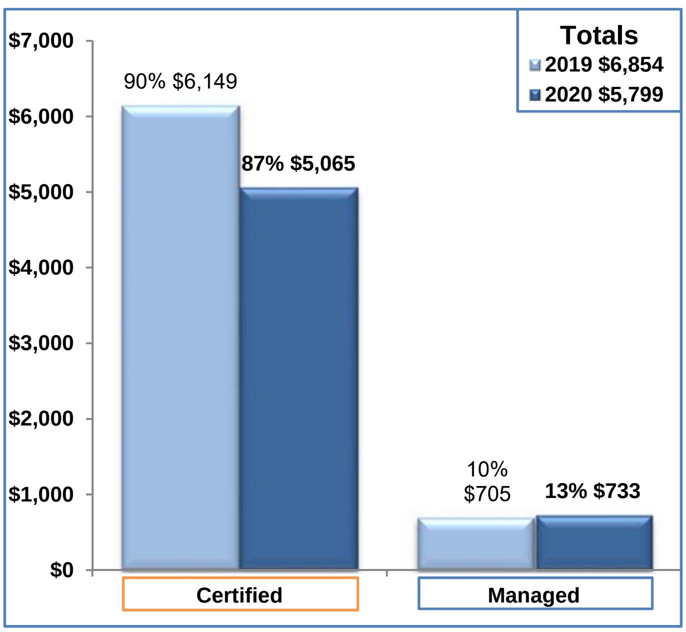


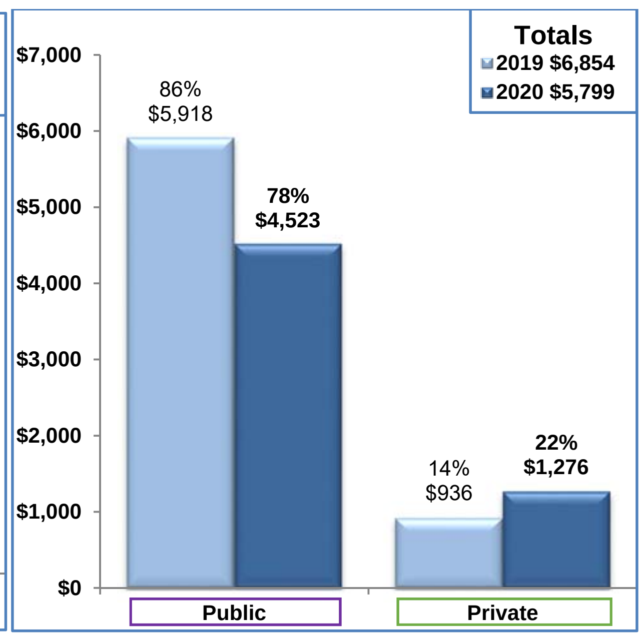


Construction Management Activities

As described in the Background section, DASNY's Construction Management activities consist of two types of disbursements – reimbursements to clients for projects they manage internally (Certified Construction Disbursements) and vendor payments for projects DASNY manages (DASNY-Managed Projects). As shown below, the majority (87% in 2020) come from reimbursements to clients for their internally managed projects. From a customer perspective, DASNY's Construction Management activities are concentrated (78% in 2020 and 86% 2019) with its public clients. During 2020, decreased requests for reimbursement from public clients for Certified Construction Disbursements of approximately $1.4 billion drove the overall decrease in activity between 2019 and 2020. This decrease, combined with a $0.3 billion increase in private clients increased the private clients' proportionate share of total construction expenditures to 22% in 2020 from 14% in 2019.

Construction and Loan Disbursements* ($in millions)

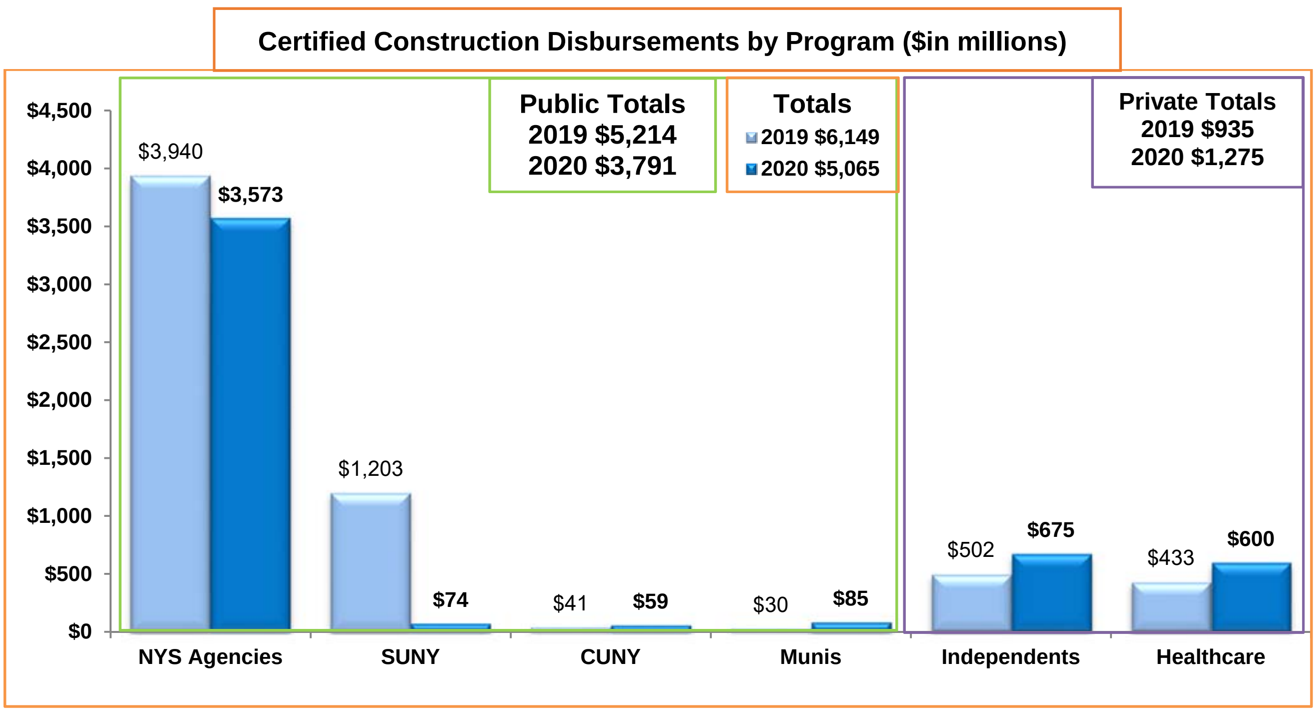




* Included in the captions "Construction, Loan and Other Disbursements" and "Project Funds Disbursed" on the Statement of Cash Flows. These captions also included loan payoffs, defeasance of non-DASNY debt, costs of issuance, and capitalized fees and expenses.

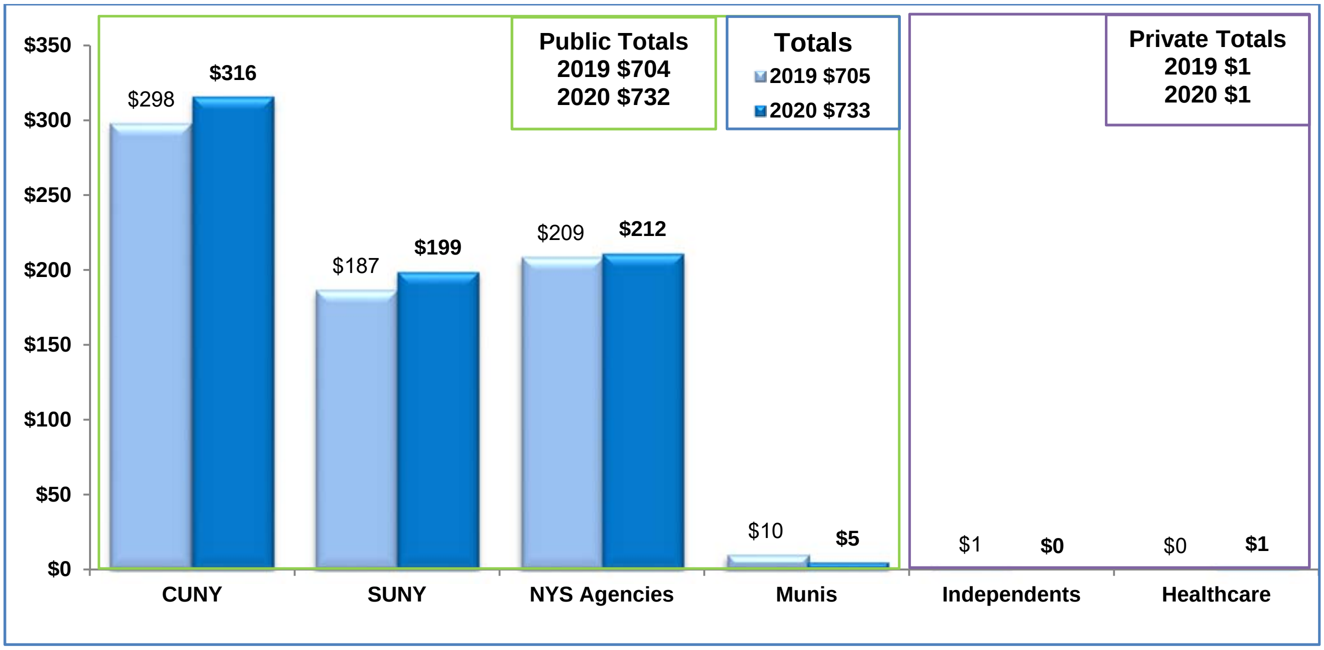
The charts below and on the next page provide additional detail regarding the two types of construction disbursements, by client type. They show that even within the public clients there is a clear concentration of business, with nearly half of DASNY's Construction Management activities coming from NYS Agencies.

In 2020 and 2019, Certified Construction Disbursements for NYS Agencies and SUNY programs totaled $3.6 billion and $5.1 billion, respectively, accounting for approximately 72% and 84% of the Certified Disbursements in each year and over half of each year's total construction disbursements. The decrease of $1.5 billion was primarily due to fewer reimbursements requests from the State for projects managed by the SUNY Construction Fund during 2020.



While the DASNY-Managed Projects represent only 13% of the total construction disbursements, this activity is significant in terms of DASNY's operations. At any point in time, DASNY is actively managing 600-1,000 construction projects with the personnel needed to support this work accounting for more than 79% of DASNY's operating expenses. DASNY generates fees from these clients that are generally equal to the allocable amount of DASNY operating expenses attributable to the construction services provided.

Construction Disbursements for DASNY- Managed Projects by Program ($in millions)

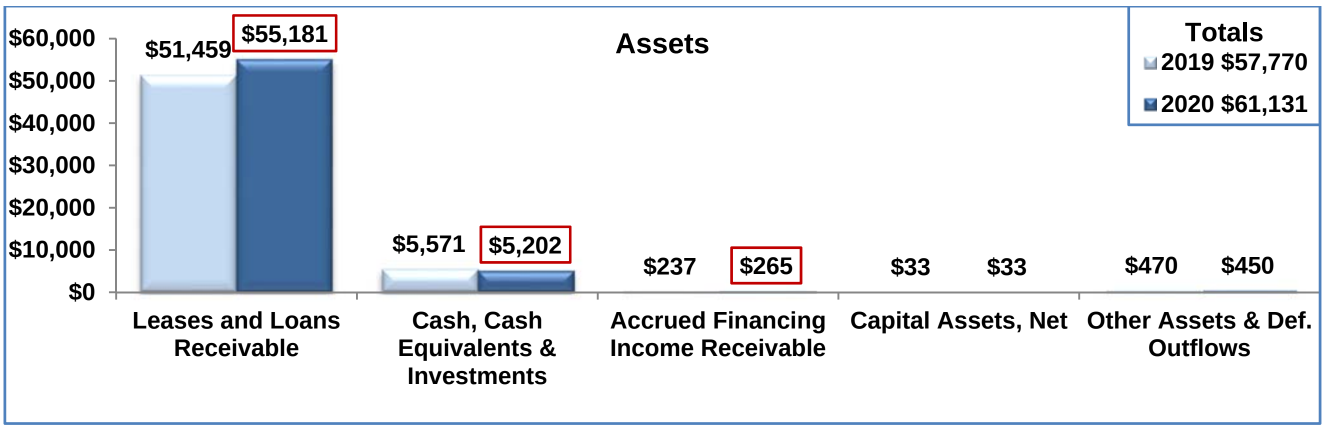


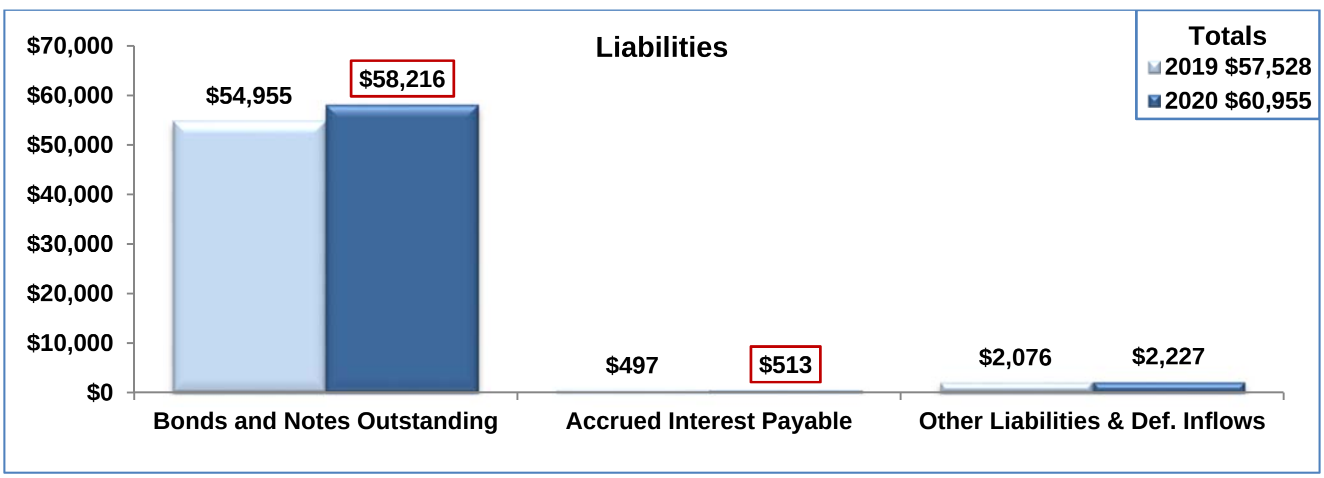
Financial Analysis

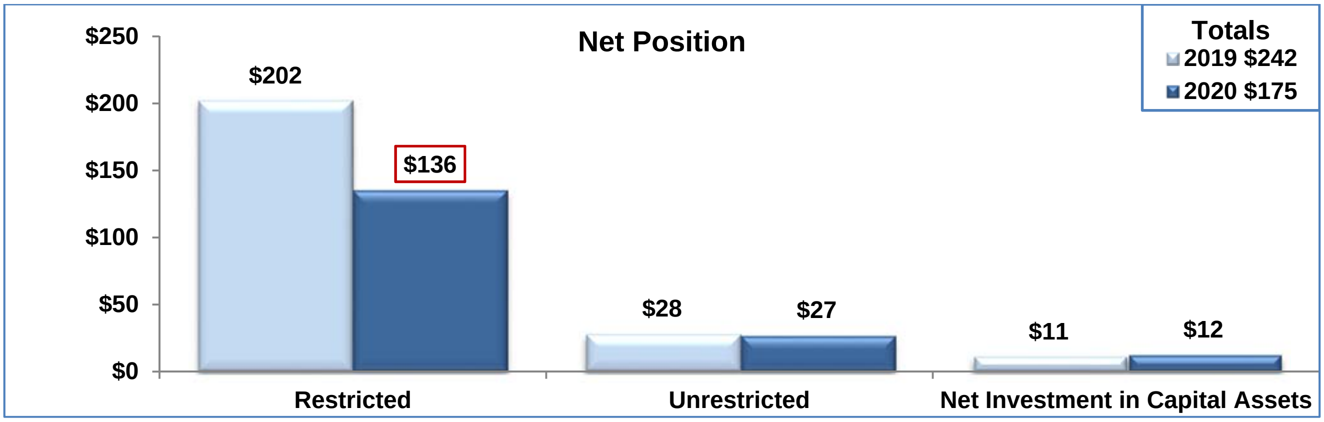
Statement of Net Position

As shown by the red boxes in the charts below, and as described in the Background section, DASNY's conduit debt comprises the majority of DASNY's Statement of Net Position, making up nearly all of the Assets (the majority of the cash, cash equivalents and investments are related to conduit debt) and Liabilities and more than two-thirds of the Net Position balances.

Condensed Summary of Net Position as of March 31 ($in millions)







<u>Assets and Deferred Outflows of Resources</u>

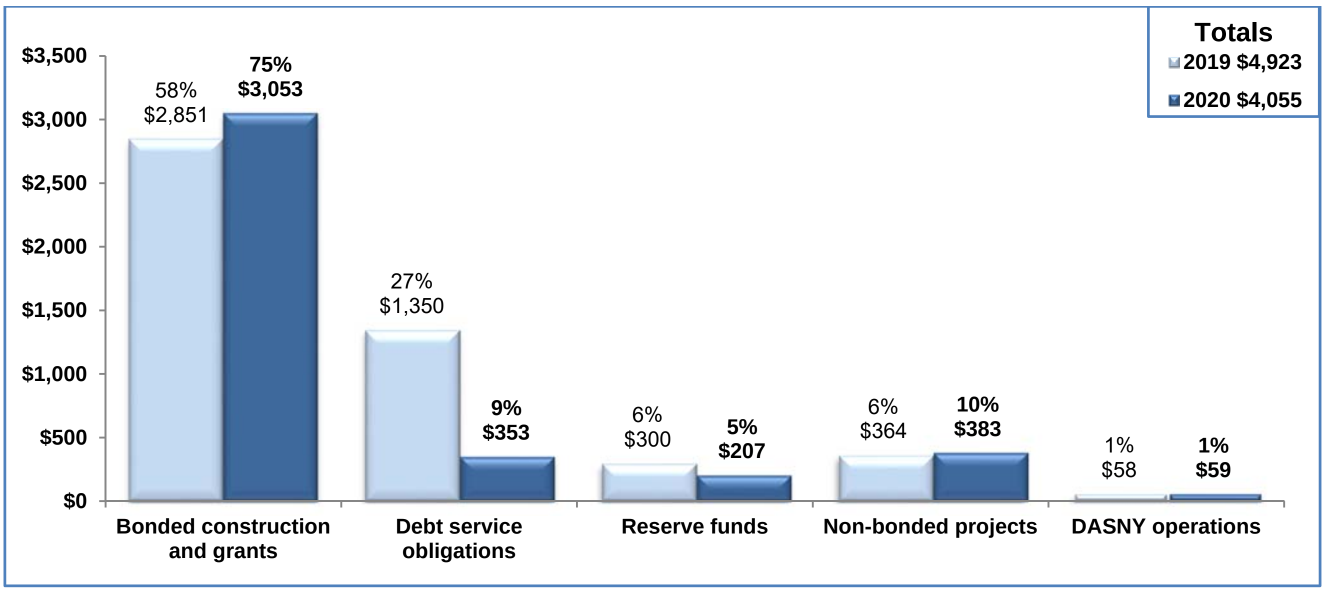
DASNY's assets are comprised primarily of (1) Leases and Loans Receivable, and (2) Cash, Cash Equivalents and Investments. The balance of DASNY's assets include (1) Accrued Financing Income Receivable, (2) DASNY's capital assets and those of its subsidiary Atlantic Avenue Holding Corporation, and (3) Other Assets.

Leases and Loans Receivable represents accumulated construction costs for each project, net of principal repayments from clients, client contributions, and investment earnings on construction accounts. When a project is completed, the receivable will equal the bonds or notes outstanding net of any bond proceeds deposited in reserve accounts. Potential fluctuations result primarily from the timing of disbursements for construction, loan, and other disbursements versus receipts of principal on leases and loans receivable, project contributions and income on investments in construction accounts. (See note 4 to the financial statements for more detailed information.)

Cash, Cash Equivalents and Investments primarily represent monies held for construction, reserves, or for payment of debt service on outstanding bonds and notes. Such monies are held in trust by a trustee bank for the benefit of bondholders. DASNY generally records investments at fair value. Fluctuations result primarily from differences between the timing of receipt of proceeds from new money bond issues and the disbursement of those proceeds for construction and other activities.

As highlighted in the chart below, DASNY's investment portfolio consists primarily (nearly 85%) of funds for (1) construction projects and grant programs financed by DASNY-issued bonds, and (2) debt service obligations. (See note 3 to the basic financial statements for more detailed information.) Investment balances decreased by approximately $900 million (18%) during 2020 primarily due to a lower level of prepayments of debt service obligations by the State.

Investment Balances by Purpose as of March 31* ($in millions)



* An additional $957 million and $279 million of money market funds as of March 31, 2020 and 2019, respectively, managed by DASNY is reflected in the Statement of Net Position as a component of Cash and Cash Equivalents.

Accrued Financing Income Receivable represents the amount of interest on bonds and notes due from clients since the last client loan repayment date through DASNY's fiscal year end. Fluctuations result from accrued interest payable on new bond issues, changes in the balance of capital appreciation bonds, the conversion of variable rate bonds to fixed rate bonds and changes in the interest rate environment.

Capital assets represent the capital assets of a DASNY subsidiary (Atlantic Avenue Holding Corporation) and DASNY's Albany headquarters building (DASNY's Buffalo headquarters building is fully depreciated). Capital assets of DASNY's other subsidiary (NGHP Holding Corporation) are not reflected within this balance as the terms of this lease meet the criteria of a direct financing lease, and accordingly, is included in Other Receivables. DASNY's interest in capital assets financed through the issuance of bonds and notes on behalf of clients is recorded on the Statement of Net Position as a component of Leases and Loans Receivable. (See note 5 to the basic financial statements for more detailed information.)

Other Assets and Deferred Outflows of Resources include project funds receivables, accrued interest receivable on investments, deferred outflows of resources related to pensions and postemployment benefits, and other receivables.

Liabilities and Deferred Inflows of Resources

DASNY's Liabilities and Deferred Inflows of Resources are comprised primarily of Bonds and Notes Outstanding. The balance of DASNY's liabilities include (1) Accrued Interest Payable, and (2) Other Liabilities and Deferred Inflows of Resources.

Accrued Interest Payable represents interest due, but not yet paid, to the holders of outstanding bonds and notes from the last interest payment date through DASNY's fiscal year-end. Fluctuations result from accrued interest payable on new bond issues offset by a net decrease in the balance of capital appreciation bonds outstanding due to scheduled maturities as well as changes in the interest rate environment.

Other Liabilities and Deferred Inflows of Resources include accounts payable, amounts due to NYS, unearned financing income, amounts held for institutions, deferred inflows of resources related to pensions, and unearned fees.

Net Position

DASNY's net position consists primarily of Restricted and Unrestricted Net Positions, as well as its Net Investment in Capital Assets.

Restricted Net Position relates to activity in the bonds and note accounts and is the largest component of DASNY's Net Position, accounting for 77% of the total. The balance decreased $67 million during 2020 primarily due to bond interest expense paid using prior year debt service payments and interest income and lower financing income from independent institutions due to the timing of debt service payments on outstanding debt.

Unrestricted Net Position relates to DASNY's operating activities and accounts for 15% of DASNY's Net Position. The balance of $27 million remained stable in 2020. The related assets include unrestricted cash and investments, including monies available to assist healthcare clients and program development accounts.

Net Investment in Capital Assets primarily relates to DASNY's headquarters building and related furniture and equipment.

Statement of Net Position – 2020 Activity

DASNY's Statement of Net Position decreased $67 million primarily due to the change in Restricted Net Position described above.

Statement of Revenues, Expenses, and Changes in Net Position

As shown on the charts on the next page, the majority of DASNY's revenues and expenses relates to activity associated with the bonds and notes DASNY issues rather than its own operations. The revenues generated in restricted bond and note accounts accumulate until needed. In some years, revenues exceed expenses in restricted bond and note accounts, usually as a result of income on investments and contributions of cash and investments. In other years, expenses exceed revenues in restricted bond and note accounts as accumulated revenues are utilized, usually for payment of debt service, redemption of bonds and notes or transfers to escrow in connection with refundings.

The activity associated with the bonds and notes DASNY issues is reflected in the following categories:

1. *Financing Income* – interest payments from clients
2. *Income on Investments* – primarily income on restricted bond and note accounts other than construction accounts which is reflected in the Statement of Net Position as a component of Leases and Loans Receivable since the earnings are generally used for project costs
3. *Other Revenues* – primarily income on investments transferred from construction accounts and contributions of cash and investments.
4. *Interest on Bonds and Notes* – interest payments to bondholders
5. *Other Expenses* – primarily transfers of accumulated Restricted Net Position and current year revenues to escrow in connection with refundings, amounts returned to institutions, reductions of leases and loans receivable due to redemption of bonds, arbitrage expense, program expenses and administrative fees paid from restricted accounts.

Financing Income and Income on Investments on certain restricted bond and note accounts are used to pay interest on bonds and notes.

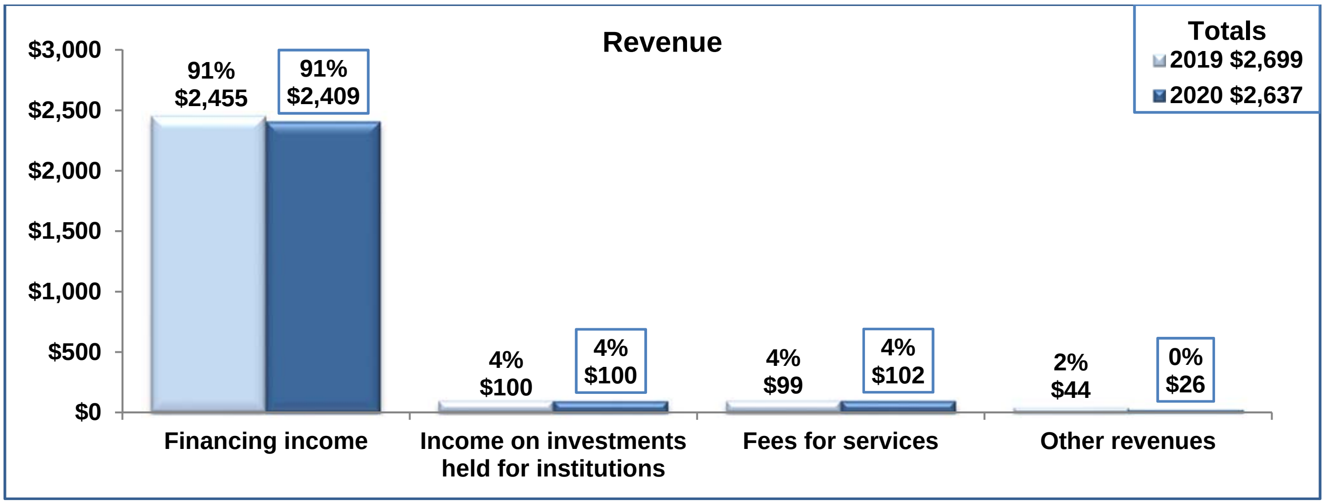
Fluctuations in Other Revenues reflect the relative amounts of contributions deposited to meet reserve requirements along with investment income available in construction accounts and transferred to other restricted bond and note accounts.

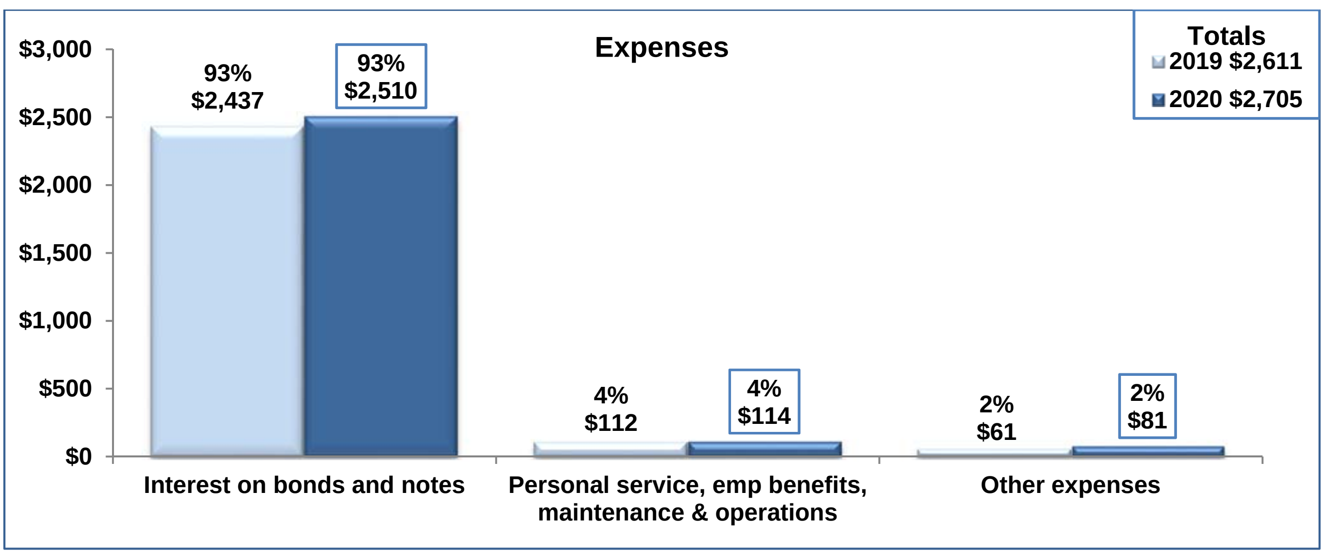
DASNY's operating activity is primarily reflected in the following categories:

1. *Fees for Services* – financing fees and annual administrative fees related to ongoing bond management and construction services; and
2. *Costs of Operations* (Personal Service, Employee Benefits, Maintenance and Operations) – primarily for employee service and related benefits and taxes

(Continued)

Condensed Summary of Revenue and Expenses as of March 31 ($in millions)





Statement of Revenues, Expenses, and Changes in Net Position - 2020 Activity

Financing Income and Interest on Bonds and Notes increased due to bond issuance activity during 2020.

Income on Investments held for institutions of $100 million was unchanged in 2020.

Fees for Services of $102 million increased $3 million primarily due to a higher volume of bond issuances in 2020.

Other Revenue decreased $18 million, or 41% due to a decrease of $8 million in Contributions of Cash and Investments and a $10 million decrease in Other Revenue. The reductions were mainly due to the decrease of assets received from institutions for redemptions and proceeds from property sales for restricted funds and lower revenue from NGHP and Atlantic Avenue, lower reimbursement of legal fees from NYS Agencies and lower allocations associated with accrued leave and Postemployment Benefits Other Than Pensions (OPEB) for operating funds.

Personal Service and Employee Benefits, increased by $0.9 million (1%) during 2020, primarily due to higher pension expense due to changes in expected earnings on pension plan investments partially offset by a reduction in the accrued leave liability as a result of an increase in retirements.

Maintenance and Operations Expenses increased $1.3 million (5%) in 2020, primarily due to higher legal fees.

Other Expenses increased $19 million, or 31% primarily due to an increase of $7 million in funds returned to Institutions and an increase of $11 million in Other Expenses driven by an increase in transfers to escrow in connection with bond refundings and defeasances for SUNY.

Request for Information

DASNY's corporate headquarters is located at 515 Broadway, Albany, New York 12207-2964. The main telephone number is 518-257-3000. DASNY maintains an internet website which can be accessed from the following address www.dasny.org.

All required secondary market disclosures for DASNY's private not for profit clients are done through Digital Assurance Certification LLC (DAC) which can be accessed through the following website: www.dacbond.com. All required secondary market disclosures for DASNY's public clients are available on the Municipal Securities Rulemaking Board's (MSRB's) Electronic Municipal Market Access (EMMA) website which can be accessed through the following website: www.emma.msrb.org. DASNY also provides additional information on its website at www.dasny.org. In addition, while certain information pertaining to DASNY's debt issuances for certain of DASNY's public clients is available on the DAC website, DASNY, the bond trustee and the applicable client each have responsibilities with respect to the filing of material event notices and providing updated financial and operational data with EMMA.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Statement of Net Position

March 31, 2020

(In thousands)

Assets and Deferred Outflows of Resources

Current assets:		
Cash and cash equivalents (note 3)	$	1,146,231
Investments (note 3)		693,304
Leases and loans receivable, net (note 4)		4,336,021
Project funds receivable		158,768
Accrued financing income receivable		265,338
Accrued interest receivable on investments		5,346
Other receivables (note 2g)		38,646
Total current assets		6,643,654
Investments (note 3)		3,362,130
Leases and loans receivable, net (note 4)		50,844,810
Project funds receivable		54,161
Other receivables (notes 2g and 12)		168,821
Capital assets, net (note 5)		32,249
Total assets		61,105,825
Deferred outflows of resources (note 2i, 11 and 12)		24,713
Total assets and deferred outflows of resources	$	61,130,538

Liabilities and Deferred Inflows of Resources

Current liabilities:		
Accounts payable and accrued expenses	$	1,066,432
Bonds and notes outstanding (notes 6 and 7)		4,423,162
Accrued interest payable		512,880
Unearned financing income		42,171
Amounts held for institutions (note 6)		348,530
Due to New York State (note 6)		134,430
Current portion of other long-term liabilities (note 6)		5,031
Unearned fees for services		49,032
Total current liabilities		6,581,668
Bonds and notes outstanding (notes 6 and 7)		53,792,488
Amounts held for institutions (note 6)		286,584
Due to New York State (note 6)		12,589
Other long-term liabilities (note 6)		273,044
Total liabilities		60,946,373
Deferred inflows of resources (note 2i, 11 and 12)		9,503
Total liabilities and deferred inflows of resources	$	60,955,876

Net Position

Net investment in capital assets (note 5)	$	11,974
Restricted		135,647
Unrestricted (note 13)		27,041
Total net position	$	174,662

See accompanying notes to basic financial statements.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK

(A Component Unit of the State of New York)

Statement of Revenues, Expenses, and Changes in Net Position

Year ended March 31, 2020

(In thousands)

Operating revenues:		
Financing income	$	2,409,384
Income on investments held for institutions		99,501
Fees for services		102,009
Contributions of cash and investments		6,677
Other		18,806
Total operating revenues		2,636,377
Operating expenses:		
Interest on bonds and notes		2,510,111
Amounts returned to institutions		28,090
Reduction of leases and loans receivable due to redemption of bonds		14,293
Personal service and employee benefits		88,768
Maintenance and operations		25,638
Other		38,197
Total operating expenses		2,705,097
Operating loss		(68,720)
Nonoperating revenues:		
Income on investments held for DASNY		1,327
Decrease in net position		(67,393)
Net position, beginning of year		242,055
Net position, end of year	$	174,662

See accompanying notes to basic financial statements.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK

(A Component Unit of the State of New York)

Statement of Cash Flows

Year ended March 31, 2020

(In thousands)

Cash flows from operating activities:	
Fees for services	$ 101,747
Amounts received from institutions	7,397
Project funds received	366,404
Dormitory rent receipts	628,290
Permit and patient income receipts	1,822,595
Special purpose healthcare loan receipts	102,133
Other receipts	17,690
Personal service and employee benefits	(77,559)
Maintenance and operations	(27,799)
Permit and patient income transferred to New York State	(1,820,474)
Project funds disbursed	(381,838)
Dormitory rent disbursements	(612,733)
Amounts returned to institutions	(12,627)
Special purpose healthcare loan disbursements	(80,377)
Other disbursements	(30,237)
Net cash provided by operating activities	2,612
Cash flows from noncapital financing activities:	
Proceeds from the issuance of bonds and notes	10,941,121
Amounts transferred to escrow to defease debt	(3,163,512)
Principal repayments of bonds and notes	(2,986,635)
Interest paid on bonds and notes	(2,558,015)
Net cash provided by noncapital financing activities	2,232,959
Cash flows from capital financing activities:	
Acquisition of property and equipment	(1,432)
Net cash used in capital financing activities	(1,432)
Cash flows from investing activities:	
Purchases of investments	(23,805,431)
Proceeds from sales and maturities of investments	24,675,990
Income on investments	140,344
Construction, loan, and other disbursements	(6,707,678)
Principal receipts on leases and loans receivable	2,155,000
Financing income	1,805,671
Net cash used in investing activities	(1,736,104)
Net increase in cash and cash equivalents	498,035
Cash and cash equivalents, beginning of year	648,196
Cash and cash equivalents, end of year	$ 1,146,231

(Continued)

DORMITORY AUTHORITY OF THE STATE OF NEW YORK

(A Component Unit of the State of New York)

Statement of Cash Flows

Year ended March 31, 2020

(In thousands)

Operating loss	$	(68,720)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense		2,373
Interest on bonds and notes		2,510,111
Income on investments held for institutions		(99,501)
Financing income		(2,409,384)
Reduction of leases and loans receivable due to redemption of bonds		14,293
Investment transfers		(1,479)
Amounts transferred to escrow to defease debt		19,612
Other expenses		3,002
Change in assets and liabilities:		
Increase in leases and loans receivable		(7,837)
Decrease in deferred outflows of resources		6,990
Decrease in project funds receivable		19,265
Increase in other receivables		(4,438)
Increase in accounts payable and accrued expenses and other long-term liabilities, net of construction funds		15,184
Decrease in due to New York State		(13,213)
Increase in amounts held for institutions		25,271
Decrease in unearned fees for services		(3,390)
Decrease in deferred inflows of resources		(5,527)
Total adjustments		71,332
Net cash provided by operating activities	$	2,612

See accompanying notes to basic financial statements.

(1) DASNY

The Dormitory Authority of the State of New York (DASNY) is a public benefit corporation established in 1944 and is governed by Title 4 and 4B, Article 8 of the Public Authorities Law of the State of New York. DASNY is an independent corporate agency with governmental functions delegated to it by the State of New York (the State). It is not a municipal corporation. DASNY employees are not employees of the State or of a civil service division thereof.

DASNY was established by the State as a public benefit corporation for the purpose of financing, designing, constructing, purchasing, reconstructing, and/or rehabilitating buildings (projects), including the acquisition of equipment, for a variety of public and private institutions. The private institutions for which DASNY is authorized to provide these services consist of colleges and universities, hospitals, nursing homes and various other entities that are specifically enumerated in DASNY's enabling legislation. The public institutions for which DASNY is authorized to provide these services include various agencies of the State, the City University of the City of New York (the City), the State University of the State of New York (SUNY), local school districts, cities and counties with respect to certain court and municipal facilities and for various other purposes as authorized by law. DASNY has also established lease financing programs that are used to finance the acquisition of equipment for various clients. DASNY is also authorized by statute to finance directly or indirectly certain student loans and on behalf of the State, to fund and administer grants to various public and private entities. To accomplish its purpose, DASNY has the power to borrow money and to issue negotiable bonds or notes, in conformity with the applicable provisions of the Uniform Commercial Code, and to provide for the rights of the holders of such debt instruments. DASNY's obligations are not a debt of the State. All bonds and notes issued by DASNY are subject to the approval of the Public Authorities Control Board of the State.

DASNY is authorized pursuant to Section 1678 (25) of the Public Authorities Law to establish subsidiaries for the purpose of limiting its potential liability when exercising its powers and duties in pursuit of remedies against a borrower that has defaulted in its obligations under a loan agreement or mortgage with DASNY.

On March 17, 2011, NGHP Holding Corporation (NGHP) was established as a subsidiary of DASNY in the form of a public benefit corporation as a result of North General Hospital's default under its loan agreements and mortgages with DASNY. North General Hospital filed a petition in bankruptcy and NGHP acquired certain real property assets subject to certain liabilities of North General Hospital on June 30, 2011 in accordance with the plan of liquidation approved by the Bankruptcy Court. NGHP is included in these basic financial statements as a blended component unit as DASNY's governing board serves as the governing board of NGHP and DASNY management has operational responsibility for NGHP.

On November 20, 2013, Atlantic Avenue Healthcare Property Holding Corporation (Atlantic Avenue) was established as a subsidiary of DASNY in the form of a public benefit corporation as a result of Interfaith Medical Center's default under its loan agreements and mortgages with DASNY. Interfaith Medical Center filed a petition in bankruptcy and Atlantic Avenue acquired certain real property assets subject to certain liabilities of Interfaith Medical Center on June 19, 2014 in accordance with the plan of reorganization approved by the Bankruptcy Court. Atlantic Avenue is included in these basic financial statements as a blended component unit as DASNY's governing board serves as the governing board of Atlantic Avenue and DASNY management has operational responsibility for Atlantic Avenue.

In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended, DASNY is included in the financial statements of the State as a discretely presented component unit.

(2) Summary of Significant Accounting Policies

(a) Basis of Reporting

DASNY's basic financial statements have been prepared in conformity with U.S. generally accepted accounting principles for governments as prescribed by the GASB, which is the primary standard setting body for establishing governmental accounting and financial reporting principles.

(b) Basis of Accounting

DASNY follows the economic resources measurement focus and the accrual basis of accounting for revenues and expenses whereby revenues are recognized when earned and expenses are recognized when obligations are incurred.

The basic financial statements are a compilation of approximately 2,000 separate self balancing accounts, each related to either an individual series of outstanding bonds and notes or an individual operating account.

DASNY has elected the option under GASB Interpretation No. 2, *Disclosure of Conduit Debt Obligations*, to report conduit debt in its basic financial statements, other than certain tax exempt equipment leases (see note 7(c)). DASNY's more significant accounting policies are described below.

DASNY's primary operating revenue is financing income, representing interest on indebtedness, received from institutions. DASNY also recognizes as operating revenue the income on investments held for institutions, except interest earned on construction account investments. Income on investments in construction accounts is recorded as a reduction to leases and loans receivable since the earnings are generally used for project costs. Fees charged to institutions for services and certain remaining bond proceeds transferred from refunded issues are also recognized as operating revenue. Operating expenses for DASNY include the interest expense on bonds and notes, reduction of leases and loans receivable, which represents bonds redeemed with earnings, administrative expenses and amounts returned to institutions.

The majority of DASNY's revenues and expenses does not relate to operations, rather, it relates to activity in the restricted debt accounts of the individual series of bonds and notes. The revenues generated in restricted debt accounts accumulate until needed. In some years, revenues exceed expenses in restricted debt accounts, usually as a result of income on investments and contributions of cash and investments. In other years, expenses exceed revenues in restricted debt accounts as accumulated revenues are utilized, usually for payment of debt service, redemption of bonds and notes, transfers to escrow in connection with refundings or amounts returned to institutions. Restricted net position remains in each of the individual bond or note issues and accrues to the benefit of the client institutions. At final maturity, the restricted net position of an individual bond or note issue will be $0.

Any revenues and expenses that do not support DASNY's primary business functions are reported as nonoperating revenues and expenses.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on deposit and money market funds.

(d) Investments

Investments are recorded at fair value, other than certificates of deposit, which are recorded at cost. Changes in fair value are included in Income on Investments Held for Institutions and nonoperating Income on Investments Held for DASNY in the Statement of Revenues, Expenses, and Changes in Net Position, except for changes in fair value related to investments in the construction accounts, as described in note 2(e).

(e) Leases and Loans Receivable

Projects are financed primarily under either a lease (where the lease payments are pledged to the trustee for the benefit of the bondholders), a loan (where the loan payments are pledged to the trustee for the benefit of the bondholders), or other agreements, including service contracts and financing agreements with the State and municipalities, which provide for the payment of debt service dependent upon annual appropriation, or for which specific revenues have been pledged in support of a collateralized borrowing. Additionally, in certain instances, revenues of the institutions have been pledged under the terms of the respective bond resolutions and certain restricted amounts are required to be maintained with the trustee in accordance with such resolutions.

Leases and Loans Receivable represents accumulated construction costs for projects financed through bond and note issues, net of principal repayments received from institutions, institution contributions, and income on investments on construction accounts. Income on investments, including changes in fair value, on construction accounts is recorded as a reduction to this receivable since the earnings are generally used for project costs. The disbursement of project costs financed with bond proceeds is recorded as an increase to this receivable. The principal portion of debt service received from institutions is recorded as a reduction to this receivable. Also included in this receivable are bond issuance costs and premium or discount on the debt issued.

Interest paid from bond proceeds during the construction period, capitalized interest, is recorded as an increase to the receivables. Capitalized interest was approximately $53 million for the fiscal year ended March 31, 2020. Income earned on construction fund investments during the construction period is recorded as a reduction of the receivables. Construction fund investment income was approximately $41 million for the fiscal year ended March 31, 2020.

Leases and Loans Receivable, together with amounts held in construction accounts and amounts deposited in certain other restricted accounts, are generally equal to the face value of the associated bonds or notes outstanding. The effective interest rate on the receivables is generally imputed based on the effective rate on the bond or note, and the related income is included in Financing Income in the Statement of Revenues, Expenses, and Changes in Net Position.

(Continued)

DASNY maintains various asset management monitoring systems to evaluate the ability of institutions to meet their debt service payments and establishes loan loss reserves as necessary. All bond and note issues are special obligations of DASNY and many include credit enhancements to ensure payment of debt service to the bondholders (see note 7).

(f) Project Funds Receivable

Project Funds Receivable includes amounts due from institutions for projects funded from other than available bond or note proceeds. The amounts reported in this asset category also include construction costs for certain mental health projects and grants paid by the State in the first instance which will subsequently be funded from bond or note proceeds or other State appropriations and reimbursed to the State. The related liability for these costs is reported as Due to New York State in the Statement of Net Position. Additionally, the cost of retainage on construction contracts that will be funded in the future by institution contributions or additional bond or note proceeds is included in Project Funds Receivable.

(g) Other Receivables

Other Receivables consist of amounts due from institutions for various healthcare loans, DASNY administrative fees, other postemployment benefit obligations and accrued leave credits allocable to public clients, prepaid expenses, and bond issuance costs and project costs advanced from DASNY operating funds. Also included in Other Receivables are amounts due to NGHP from New York City Health and Hospitals Corporation related to a building lease. At March 31, 2020 DASNY recorded $233 million as an allowance for uncollectible accounts primarily related to advances made to assist healthcare institutions which, for the most part, do not impact the Statement of Revenues, Expenses, and Changes in Net Position and for which there are no associated bonds.

(h) Capital Assets

DASNY’s capital assets include land, buildings and equipment. Land is reported at its original acquisition cost. Buildings and equipment are stated at cost, less accumulated depreciation determined using the straight line method. DASNY buildings are depreciated over 25 years, building improvements and renovations are depreciated over the remaining life of the building or lease, furniture and equipment are depreciated over 7 to 10 years, financial management system equipment, software and related costs are depreciated over 10 years, and other computer equipment and software are depreciated over 5 years. Atlantic Avenue’s capital assets acquired from Interfaith Medical Center include land and buildings. Land is reported at its original acquisition value. Buildings are stated at cost less accumulated depreciation using the straight line method. Buildings will be depreciated over their remaining lives which range from 4 to 19 years (see note 5).

(i) Deferred Outflows and Inflows of Resources

Deferred outflows of resources are defined as a consumption of net assets by DASNY that is applicable to a future reporting period. Deferred outflows of resources include deferred outflows of resources related to pension and deferred outflows of resources related to postemployment benefits. Deferred outflows of resources related to pension represent changes in actuarial assumptions, such as the discount rate, differences between expected and actual claims experience, differences between projected and actual earnings on plan investments and changes in proportion and proportionate share of contributions and contributions to New York State and Local Employees' Retirement System (ERS) for pension made in the current year subsequent to the measurement date. Deferred outflows of resources related to postemployment benefits represent changes of actuarial assumptions in total OPEB liability as provided by the actuarial report and benefit contributions to New York State Health Insurance Program (NYSHIP) made in the current year subsequent to the measurement date.

Deferred inflows of resources are defined as an acquisition of net assets by DASNY that is applicable to a future reporting period. Deferred inflows of resources include deferred inflows of resources related to pension. Deferred inflows of resources related to pension represent various changes in net pension liability as provided by ERS.

		Deferred outflows of resources	Deferred inflows of resources
OPEB activities	$	9,768	5,759
Pension activities		14,945	3,744
Total	$	24,713	9,503

(j) Amounts Held for Institutions

Certain public institutions provide monies directly to DASNY to be used for the construction or renovation of capital projects. Monies are also released from trustee accounts to DASNY for rehabilitation and renovation of projects. These monies and related earnings are included in Amounts Held for Institutions in the Statement of Net Position and are restricted for the purpose of making future improvements to projects. Also included in Amounts Held for Institutions are monies received from the State for purposes of helping hospitals in need and improving the healthcare delivery system, as well as, deposits of room rents collected by SUNY campuses to cover debt service and required reserves related to the SUNY Dormitory Facilities Revenue bond program. In addition, the obligation of NGHP to pay costs incurred in connection with properties owned by NGHP, or to redeem a portion of the North General Hospital Series 2003 Bonds, as well as the rent collected from Interfaith Medical Center to pay costs incurred in connection with properties owned by Atlantic Avenue, or to pay a portion of the debt service for the Interfaith Medical Center Series 2007 Bonds are included in Amounts Held for Institutions.

(k) Due to New York State

The State pays construction costs for certain mental health projects managed by other State agencies, and advances funds for various other programs from its short term investment pool (STIP), which are subsequently reimbursed by DASNY from bond or note proceeds, or other funds appropriated to DASNY. The unreimbursed balance of such State advances for construction costs and grant programs is included in Due to New York State in the Statement of Net Position. Patient income receipts related to the State mental health program and rent receipts from tenants leasing State owned mental health facilities which have not yet been remitted to the State are also included in this liability. In addition, unremitted proceeds from the sale of State owned mental health properties are reported in Due to New York State.

(l) Unearned Fees for Services

As provided for in the various financing documents for all programs other than nonprofit health care institutions, independent colleges, universities and other nonprofit institutions, and certain New York State agencies, excess fees collected over expenses incurred relating to DASNY are obligations of DASNY to the institutions. Such amounts are included in the Statement of Net Position in Unearned Fees for Services.

Conversely, any excess of expenses over fees collected are claims of DASNY against the institutions. Such amounts are included in the Statement of Net Position in Other Receivables.

(m) Compensated Absences

Employees accrue vacation at varying rates ranging from 13 days per year to a maximum of 25 days per year. Overtime eligible employees accrue compensatory leave when they work between 37.5 hours and 40 hours in a workweek. A maximum of 225 hours of accrued vacation leave and a maximum of 240 hours of accrued compensatory leave is payable upon separation. Accrued expenses of $4.2 million were recorded at March 31, 2020 for the estimated obligation for vacation and compensatory leave and are included in Other Long Term Liabilities in the Statement of Net Position. Related receivables of $3.8 million, representing the portion of the liability allocable to public clients, are included in Other Receivables in the Statement of Net Position at March 31, 2020. In addition, DASNY is holding the remaining portion of the liability in a reserve established by the Board.

(n) Derivative Instruments

As a means to lower borrowing costs for the State and the City and to cost effectively support their strategies to diversify their debt portfolios with a combination of fixed and variable rate debt, at various times, DASNY enters into swap agreements. The related lease and financing agreements between DASNY and the State or the City include provisions that obligate the State or the City, subject to annual appropriation, to pay to DASNY all amounts due in connection with the swap agreements. Such swap repayment terms are considered derivative instruments with terms reciprocal to those of the swap agreements. When analyzed concurrently, because of the reciprocal terms, the swap agreements and the swap repayment terms in the lease and financing agreements with the State and the City are not considered associated with hedgeable items. Consequently, the swap agreements and the swap repayment terms in the lease and financing agreements are regarded as investment derivatives. Given that the fair value of the swap repayment terms offsets the fair value of the swap agreements and both are reported as investments, there is no net impact on the basic financial statements (see note 8).

(o) Net Position

The amounts reported in Restricted net position are restricted in accordance with the bond and note resolutions for the payment of outstanding bonds and notes and also may be used for the payment of project costs, arbitrage payments to the Internal Revenue Service and costs of issuance. Restricted net position is held for the benefit of the institutions and bondholders. Monies remaining upon retirement of the bonds and notes are returned to the institutions. The amounts reported in Unrestricted net position are either undesignated and available to fund operating expenses or designated for a specific purpose by the Board and are not appropriable for operations (see note 13).

(p) Revenue Recognition

DASNY recognizes revenue when earned. Financing income is recognized as the related interest on bonds and notes is incurred. Fees for services are recognized, and unearned fees for services are amortized, as the related personal service expense of DASNY is incurred.

(q) Income Taxes

DASNY is a component unit of the State of New York and is therefore generally exempt from Federal, State, and local income taxes.

(r) Use of Estimates

The preparation of the basic 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 basic financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting periods.

Significant items subject to such estimates and assumptions include the fair value of investments, the carrying value of capital assets, accrued expenses and other long term liabilities. Actual results could differ from those estimates.

(3) Cash, Cash Equivalents, and Investments

DASNY has a written investment policy that applies to all investments. This policy allows for the following investments:

- Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America;
- Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by any agency or instrumentality of the United States of America that are rated in at least the second highest rating category by at least two nationally recognized statistical rating organizations;
- Certificates or other instruments which evidence the ownership of or the right to receive the payment of the principal and guaranteed interest on obligations, wholly comprised of such obligations listed above;
- Obligations of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision, (i)(A) the interest on which is excludable from gross income under Section 103 of the Internal Revenue Code, which is not a “specified private activity bond” within the meaning of Section 57(a)(5) of the Internal Revenue Code (Exempt Obligations), or (B) which qualifies as a “Build America Bond” within the meaning of Section 54AA of the Internal Revenue Code, and (ii) are rated in at least the second highest rating category by at least two nationally recognized statistical rating organizations;

- Shares or interest in a mutual fund, partnership or other fund registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended, whose objective is to maintain a constant share value of $1.00 per share, that is rated in the highest short term rating category by at least one nationally recognized statistical rating organization, and at the time such investment is made, such fund had a minimum asset value of $500 million;
- Commercial paper issued by a domestic corporation rated in the highest short-term rating category by at least two nationally recognized statistical rating organizations and having maturities of not longer than 270 days from the date they are purchased;
- Bankers' acceptances issued by a bank rated in the highest short-term rating category by at least two nationally recognized statistical rating organizations and having maturities of not longer than 365 days from the date they are purchased;
- Collateralized investment agreements; and
- Collateralized or insured certificates of deposit.

In addition, DASNY's Board and Treasurer may also specifically authorize, as deemed appropriate, other investments that are consistent with DASNY's investment objectives, and in the case of investments held in the restricted debt accounts of the individual series of bonds and notes, allowed under the provisions of the related bond, or note resolution.

One of the primary objectives of DASNY's investment policy is to provide sufficient liquidity to meet the purposes for which the funds are being held. The majority of DASNY's investment portfolio consists of short-term investment securities to achieve its liquidity objective. Consequently, DASNY's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates since the majority of investments are short term in nature. Most investments are held to pay for construction expenditures with maturities based upon expectations of when funds will be used, or held on behalf of the various institutions to fund specific reserves or payment of debt service, or held for general operating purposes which generally do not exceed maturities of more than one year. Investment securities maturing beyond five years generally relate to sinking fund installments that are typically invested with maturity dates that coincide with those of the underlying bonds and notes.

The amount of investments by type and maturity, at March 31, 2020 is presented in the following table. Investment maturity classifications in the table are based on the maturity of the underlying investments, which differs from their classification on the Statement of Net Position. Investments reported as current on the Statement of Net Position generally have maturities of one year or less, unless they are restricted by the underlying bond and note resolutions and are expected to be reinvested upon maturity, or the proceeds at maturity are generally used to support construction activities, in which case they are reported as investments, other than current.

Investments reported as current on the Statement of Net Position at March 31, 2020 include $352 million for debt service payments to be made in the fiscal year ended March 31, 2021 which is restricted by the underlying bond and note resolutions. Also included in investments reported as current at March 31, 2020 are investments held for DASNY operations, nonbond related capital projects and rehabilitation and renovation of projects totaling $341 million.

Investment type	Amount (In thousands)	Percentage of total	Maturities (in years) Less than 1	1-5	More than 5
Recorded at fair value:					
Obligations of the United States Government:					
U.S. Treasury notes/bonds	$ 1,136,392	28.0 %	$ 962,159	174,233	—
U.S. Treasury bills	1,176,082	29.0	1,176,082	—	—
Certificates of indebtedness	14	—	6	8	—
	2,312,488	57.0	2,138,247	174,241	—
Federal agency, notes and debentures:					
Federal National Mortgage Association (FNMA)	108,537	2.7	25,914	43,031	39,592
Federal Home Loan Bank (FHLB)	1,565,677	38.6	1,565,677	—	—
Federal Home Loan Mortgage Corp. (FHLMC)	61,700	1.5	61,700	—	—
	1,735,914	42.8	1,653,291	43,031	39,592
Recorded at cost:					
Certificates of deposit	7,032	0.2	7,032	—	—
Total	$ 4,055,434	100.0 %	$ 3,798,570	217,272	39,592

Investment credit risk is the risk that an issuer or other counterparty will not fulfill its obligations.

Federal Agency notes and debentures are issued by Government Sponsored Enterprises (GSEs), which carry the implicit guarantee of the United States federal government. At March 31, 2020, DASNY held approximately $1.7 billion in agency securities issued by several GSEs, all of which are rated in at least the second highest rating category by at least two of the nationally recognized statistical rating organizations.

A portion of DASNY's investment portfolio is invested in several money market funds, which are open ended mutual funds that invest in short term debt securities and whose objective is to carry a net asset value (NAV) of $1.00, allowing for withdrawals equal to the amount of the original deposit plus an allocable portion of any interest that may have been earned by the fund. These funds are reflected in the Statement of Net Position as a component of Cash and Cash Equivalents. DASNY's investment policy requires at the time of investment, each fund have a minimum asset value of $500 million and be rated in the highest short-term rating category by at least one nationally recognized statistical rating organization. At March 31, 2020, DASNY held approximately $957 million in investments of this type which were all rated in the highest short-term rating category by at least one nationally recognized statistical rating organization.

Custodial credit risk for deposits is the risk that in the event of a bank failure, DASNY's deposits may not be returned. DASNY's deposit policy for custodial credit risk includes minimum equity and rating requirements of, and diversification among, trustee and custodian banks. Certain deposits held in DASNY bank accounts are collateralized with securities held by custodian banks and certain are insured by federal depository insurance. As of March 31, 2020, DASNY had bank deposits of $190 million of which $155 million were uninsured and uncollateralized. The uninsured cash balances were primarily the result of amounts temporarily held pending debt repayment, disbursement, or investment.

Concentration of credit risk is the risk of loss attributed to the magnitude of DASNY's investment in a single issuer. DASNY's investment policy places no limit on the amount it may invest in any one issuer; however, DASNY does establish minimum ratings requirements for each underlying issuer other than the United States Government where they are generally required to be rated in no less than the second highest rating category by at least 2 nationally recognized statistical rating organizations. As of March 31, 2020, DASNY had more than 5% of its investments in FHLB securities. These investments were 38.6% of the total investment portfolio as of March 31, 2020.

DASNY uses an independent pricing source to determine the fair value of its investments. DASNY categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. This three-tiered fair value hierarchy is based on the valuation inputs used to measure the fair value of the assets as follows:

Level 1: Investments' fair value based on quoted prices for identical assets in active markets;

Level 2: Investments' fair value based on observable inputs which may include quoted prices for identical assets in markets not considered to be active, and quoted prices of similar assets in active or inactive markets; and

Level 3: Investments' fair value based on unobservable inputs.

At March 31, 2020, DASNY had the following fair value measurements (in thousands):

		Fair value measurement using	
	March 31, 2020	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**
Investments by fair value level:			
U.S. Treasuries	$ 2,312,488	—	2,312,488
Federal agencies	1,735,914	—	1,735,914
Money market mutual funds	957,014	957,014	—
Total investments measured at fair value	$ 5,005,416	957,014	4,048,402

DASNY has no investments classified in the Level 3 category.

Investments classified in Level 1 are valued using prices quoted in active markets and daily publicly published prices for those securities. Those classified in Level 2 are valued using the following approaches:

- U.S. Treasuries: quoted prices for identical securities in markets that are not active; and
- Federal Agencies: matrix pricing based on the securities' relationship to benchmark quoted prices.

(4) Leases and Loans Receivable

Leases and Loans Receivable represents amounts due in accordance with various financing agreements relating to the utilization of bond proceeds on projects.

Leases and Loans Receivable at March 31, 2020 consisted of the following (dollars in thousands):

Minimum payments to be received during the fiscal years ending March 31:		
2021	$	5,509,541
2022		5,434,560
2023		5,266,437
2024		5,067,252
2025		4,906,982
Thereafter		64,401,360
Total minimum payments receivable		90,586,132
Less future financing income, unexpended bond proceeds, and other credits		35,405,301
Total leases and loans receivable, net		55,180,831
Less current leases and loans receivable, net		4,336,021
Long-term leases and loans receivable, net	$	50,844,810

Leases and loans receivable financed by bonds and notes are collectible through periodic payments. The collection of this receivable from institutions is dependent on the ability of each institution to generate sufficient resources to service its bonds and notes. For hospitals and nursing homes, this is predicated in large part on their ability to obtain Medicare, Medicaid, or other third party reimbursement rates sufficient to offset operating costs. For higher education institutions, this is predicated in large part on their ability to maintain enrollment and tuition at levels adequate to offset operating costs. For certain public institutions, payment is dependent upon annual appropriation. In certain situations, various credit structures are in place to reduce the risk of nonpayment to bondholders should an institution be unable to pay its debt service (see note 7). Based on continuous monitoring of collectability, it has been determined that there is no need to establish reserves for loan losses at March 31, 2020.

(5) Capital Assets

Capital assets, net at March 31, 2020 consisted of the following (dollars in thousands):

	2019	Additions	Deletions	2020
Capital assets:				
Land:				
DASNY	$ 1,083	—	—	1,083
Atlantic Avenue	1,306	—	—	1,306
Buildings:				
DASNY	23,388	—	—	23,388
Atlantic Avenue	34,366	—	—	34,366
Equipment – DASNY	13,346	1,467	—	14,813
Total capital assets	73,489	1,467	—	74,956
Less accumulated depreciation:				
DASNY	26,451	859	—	27,310
Atlantic Avenue	13,883	1,514	—	15,397
Total accumulated depreciation	40,334	2,373	—	42,707
Capital assets, net	$ 33,155	(906)	—	32,249

Depreciation expense is included in Maintenance and Operations expense in the Statement of Revenues, Expenses, and Changes in Net Position.

(6) Long-Term Liabilities

DASNY's long-term liabilities as of March 31, 2020, including the current portion, are comprised of the following (in thousands):

		Beginning balance	Additions	Deletions	Ending balance	Due within one year
Bonds and notes payable	$	54,954,925	9,701,585	(6,440,860)	58,215,650	4,423,162
Other long-term liabilities:						
Accrued retainage	$	55,374	23,098	(24,427)	54,045	4,852
Compensated absences		4,288	—	(99)	4,189	—
Total OPEB liability		205,179	14,822	(11,693)	208,308	—
Net pension liability		4,686	19,595	(13,148)	11,133	—
Other		2,446	132	(2,178)	400	179
Total other long-term liabilities	$	271,973	57,647	(51,545)	278,075	5,031
Due to New York State	$	160,232	1,995,212	(2,008,425)	147,019	134,430
Amounts held for institutions	$	609,356	415,071	(389,313)	635,114	348,530

(7) Bonds and Notes Outstanding

(a) Description of Bonds and Notes

Bonds and notes are special obligations of DASNY payable solely from payments required to be made by or for the account of the institution for which the particular special obligations were issued. Such payments are pledged or assigned to the trustees for the holders of the respective special obligations. DASNY has no obligation to pay its special obligations other than from such payments. In certain instances, DASNY has a lien on certain land and buildings and revenues to secure the payment of principal and interest on the outstanding bonds and notes.

In addition, certain bond and note issues include credit enhancements. The following summarizes bonds and notes outstanding at March 31, 2020 by primary security feature (dollars in thousands):

		Amounts of debt outstanding
Backed by letters of credit	$	921,605
Insured by municipal bond insurance		1,479,520
Backed by mortgages insured by the State of New York Mortgage Agency		63,540
Backed by mortgages insured by agencies of the federal government		135,785
Payable from State and local government appropriations, state service contracts or designated income funds		35,789,653
Backed by pledged assets and revenues or payments		19,825,547
Total	$	58,215,650

Fixed rate and variable rate bonds and notes are due in various installments through the fiscal year ending March 31, 2054 and bear interest at variable rates currently ranging from 0.75% per annum to 4.84% per annum, and fixed interest rates currently ranging from 1.25% per annum to 6.5% per annum.

As of March 31, 2020, DASNY had a total of $1.7 billion outstanding variable rate demand bonds, of which $866 million was secured by direct pay bank letters of credit, $445 million was secured by appropriations or by pledged assets and revenues or by payments of the respective clients and with liquidity provided by standby purchase agreements, $136 million was secured by agencies of the federal government, and $263 million was secured by pledged assets and revenues or by payments of the respective clients acting as their own liquidity provider.

The variable rate demand bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest upon notice and delivery (tender) of the bonds to the remarketing agent being provided within a period of time as specified under the respective bond documents. The remarketing agent is required to use its best efforts to sell the repurchased bonds at a price equal to 100% of the principal amount by adjusting the interest rate. For those bonds secured by a direct pay letter of credit, the trustee is required to draw an amount sufficient to pay the purchase price of bonds delivered to it and to reimburse the letter of credit provider from monies available from remarketing and from monies held under the bond resolution. The direct pay letters of credit relevant to variable rate bonds expire at various times through April 25, 2029. For those bonds with liquidity provided by a standby bond purchase agreement, secured by an agency of the federal government, or where the conduit borrower is acting as its own liquidity provider, the trustee is required to draw from monies held under the bond resolution or from the liquidity provider an amount sufficient to pay the purchase price of bonds delivered to it which are unable to be remarketed. The standby bond purchase agreements expire at various times through December 31, 2023.

DASNY issues debt on behalf of both public, primarily the State, and private institutions. DASNY has elected the option under GASB Interpretation No. 2, *Disclosure of Conduit Debt Obligations*, to report conduit debt, primarily issued on behalf of private institutions, in its basic financial statements. In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended, DASNY is included in the financial statements of the State as a discretely presented component unit. As such, bonds issued on behalf of the State are not considered conduit debt. Under GASB Interpretation No. 1, *Demand Bonds Issued by State and Local Governmental Entities*, variable rate demand bonds should be reported as long term debt if certain conditions are met; otherwise, they should be reported as a current liability. In the case of its conduit variable rate demand bonds, DASNY is not a party to the liquidity or takeout agreement with the provider. All liquidity provider fees are paid directly by the conduit borrower and are not DASNY’s obligation, and, in some cases, the conduit borrower acts as its own liquidity provider. Such bonds, and the related leases and loans receivable, are classified as current on the Statement of Net Position. With respect to variable rate demand bonds issued on behalf of its public clients, those bonds secured by liquidity or takeout agreements that expire within one year are also classified as current on the Statement of Net Position. All variable rate demand bonds, and the related leases and loans receivable, are disclosed in note 7(b) Maturities of Bond and Notes and note 4 Leases and Loans Receivable. As of March 31, 2020, approximately $1.5 billion of variable rate demand bonds were classified as current on the Statement of Net Position.

DASNY, on behalf of the State, has purchased letters of credit and standby purchase agreements from various providers to ensure the liquidity needs of variable rate demand bonds can be met. As of March 31, 2020, these agreements covered $592 million of variable rate demand bonds outstanding with costs ranging from 0.065% per annum to 0.44% per annum of the amount of credit provided. In addition, remarketing agents receive annual fees ranging from 0.05% per annum to 0.425% per annum of the outstanding principal amount of the bonds. These agreements have expiration dates ranging from December 8, 2020 to January 7, 2022.

If the remarketing agent is unable to resell any bonds that are tendered by the bondholders within six months of the tender date, each agreement with the applicable liquidity provider requires the bonds to accelerate and be payable in 4 to 10 equal semi-annual principal repayments bearing an adjustable interest rate equal to the higher of the bank's prime lending rate or an index tied to the Federal Funds rate. If all the takeout agreements were to be exercised because all outstanding $592 million demand bonds were put and not resold, DASNY would be required to pay between $80 million and $157 million per year in principal repayments plus interest for 5 years under the installment loan agreements. DASNY is only obligated to make such payments from monies paid to it by the State pursuant to financing agreements related to the bonds.

DASNY, on behalf of the City, has purchased a standby purchase agreement from a provider to ensure the liquidity needs of variable rate demand bonds can be met. As of March 31, 2020, this agreement covered $126 million of variable rate demand bonds outstanding at a cost of 0.57% per annum of the amount of credit provided. In addition, the remarketing agent receives annual fees of 0.08% per annum of the outstanding principal amount of the bonds. This agreement expires on November 23, 2020.

If the remarketing agent is unable to resell any bonds that are tendered by the bondholders within three months of the tender date, the agreement with the liquidity provider requires the bonds to accelerate and be payable in 20 equal quarterly principal repayments bearing an adjustable interest rate equal to the higher of the bank's prime lending rate or an index tied to the Federal Funds rate. If the takeout agreement was to be exercised because all outstanding $126 million demand bonds were put and not resold, DASNY would be required to pay $25 million per year in principal repayments plus interest for 5 years under the installment loan agreement. DASNY is only obligated to make such payments from monies paid to it by the City pursuant to financing agreements related to the bonds.

Certain bonds and notes have the respective institution's cash and investments, surety bonds, or letters of credit pledged to collateralize certain reserve requirements and are not included in the Statement of Net Position. As of March 31, 2020, the amounts pledged are as follows (dollars in thousands):

Cash and investments (at fair value)	$	1,728
Surety bonds		104,260
Letters of credit		7,500

Under certain circumstances, if the credit ratings of the surety bond provider fall below a certain level, the related reserve funds are required to be funded with cash and investments, deposits of which are to be made by the ultimate obligor on the bonds in ten equal semi annual installments beginning on the first day of the bond year following such downgrade. As of March 31, 2020, the credit ratings of three surety bond providers, who had issued a total of $29 million in surety bonds, had fallen below the level requiring such actions, and deposits have been made to the related debt service reserve funds. There are no similar provisions under the terms of letters of credit. If the rating of the letter of credit provider is downgraded, the ratings on the related bonds may be downgraded.

(b) Maturities of Bonds and Notes

Maturities of bonds and notes are as follows (dollars in thousands):

		Principal	Interest	Total
Fiscal years ending March 31:				
2021	$	2,969,021	2,686,429	5,655,450
2022		2,892,717	2,541,843	5,434,560
2023		2,854,822	2,411,615	5,266,437
2024		2,791,129	2,276,123	5,067,252
2025		2,773,439	2,133,543	4,906,982
2026–2030		13,153,483	8,717,721	21,871,204
2031–2035		10,837,969	5,863,318	16,701,287
2036–2040		9,028,320	3,543,735	12,572,055
2041–2045		6,047,609	1,751,253	7,798,862
2046–2050		4,107,566	553,539	4,661,105
2051–2055		759,575	37,272	796,847
Total	$	58,215,650	32,516,391	90,732,041

Bonds and notes maturing during the fiscal year ending March 31, 2020 as shown in the table above do not correspond to the amount reported as the current portion of bonds and notes outstanding in the Statement of Net Position due to a difference in classification of certain variable rate demand obligations. The amount reflected above is based on the stated maturity dates for all bonds and notes outstanding while the current portion of bonds and notes outstanding in the Statement of Net Position also includes the entire principal amount outstanding of variable rate demand obligations issued on behalf of DASNY's conduit borrowers as well as those variable rate demand obligations relevant to public programs that have liquidity agreements expiring during the upcoming fiscal year and private placement bonds in term rate mode with a mandatory tender during the upcoming fiscal year.

Interest reflected above for variable rate debt was projected using the interest rates in effect as of March 31, 2020.

(c) Tax-Exempt Leasing Program

DASNY offers a tax exempt leasing program (TELP) that utilizes DASNY's tax exempt financing authority. In a TELP lease, DASNY, as the lessee, subleases the equipment to the borrower and thereafter has no security interest in the equipment. The repayments are assigned to and made directly to the lessor. The repayments are nontaxable income to the lessor. The leases do not constitute DASNY or State debt. Since DASNY assigns both its security interest in the equipment and its rights to receive sublease repayments to the lessor, and DASNY has no active role in managing or administering the leases, the TELP leases are not included in the Statement of Net Position. The total amount of TELP leases outstanding as of March 31, 2020 was approximately $289 million.

(8) Derivative Instruments

Article 5 D of the State Finance Law authorizes the State and various public authorities that issue State supported bonds to enter into interest rate exchange agreements (swap agreements) up to certain limits and also limits the amount of outstanding variable rate State supported bonds. Additionally, Section 2926 of the Public Authorities Law authorizes DASNY to enter into swap agreements up to certain limits in connection with bonds and notes issued on behalf of a municipality for court facilities and combined occupancy structures and bonds and notes issued on behalf of a municipality for health facilities. Pursuant to these authorizations, as a means to lower borrowing costs for the State and the City and to cost effectively support their strategies to diversify their debt portfolios with a combination of fixed and variable rate debt, at various times, DASNY enters into swap agreements. The lease and financing agreements entered into by DASNY with the State or the City include terms that obligate the State or City, subject to annual appropriation, to pay to DASNY all amounts due in connection with these swap agreements and obligate DASNY to pay the State or City any amounts received in connection with the swap agreements. These swap repayment terms in the lease and financing agreements are considered derivative instruments with terms reciprocal to those of the swap agreements. When analyzed concurrently, because of the reciprocal terms, the swap agreements and the swap repayment terms in the lease and financing agreements with the State and the City are not considered to be associated with hedgeable items. Consequently, the swap agreements and the swap repayment terms in the lease and financing agreements are regarded as investment derivatives.

At March 31, 2020, DASNY had a total of 26 pay-fixed, receive-variable swap agreements outstanding with a total notional amount of $696 million and a negative fair value of $139 million and reciprocal swap repayment terms in lease and financing agreements with like values.

The table below summarizes the fair values, notional amounts and changes in fair value of derivative instruments outstanding as of March 31, 2020. Bracketed amounts denote negative values.

Type of derivative instrument	Notional amounts (In thousands)	Fair value classification	Swap fair value (In thousands)	Change in fair value classification	Change in fair value (In thousands)
Investment derivatives:					
Pay-fixed, receive-variable swaps:					
Swap agreements	$ 695,595	Investment	$ (139,154)	Investment income	$ (62,641)
Pay-variable, receive-fixed swaps:					
Lease and financing agreements	695,595	Investment	139,154	Investment income	62,641
Grand total			$ —		$ —

Fair value – The fair values of the swap agreements and the swap repayment terms in the lease and financing agreements were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the agreements, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the agreements. The inputs used in the fair value measurement of the derivative investments are Level 2 category.

Credit risk – As of March 31, 2020, DASNY was not exposed to credit risk on the swap agreements with $139 million in negative fair values. Since changes in interest rates affect the fair values of swap agreements, it is possible that swap agreements with negative fair values become positive, and that swap agreements with positive fair values increase in value, which would expose DASNY to increased credit risk. DASNY's potential credit risk on the swap agreements is reduced due to the lease and financing agreements in place that obligate the State or City to pay DASNY, subject to annual appropriation, all amounts due in connection with the swap agreements. Certain swap agreements include setoff provisions should a swap agreement terminate. These setoff provisions permit, at DASNY's option, or in some cases, at the option of the nondefaulting or nonaffected party, all swap agreements with the given counterparty related to the bonds to terminate and to net the transactions' fair values so that a single sum will be owed by, or owed to, DASNY. Should the counterparties fail to perform according to the terms of the swap contracts, as of March 31, 2020, DASNY faces a maximum credit risk exposure related to the swaps' net positive fair value of $0.

As of March 31, 2020, DASNY was exposed to credit risk on the swap repayment terms with $139 million in positive fair values because the State's and the City's obligations under the lease and financing agreements are subject to annual appropriation.

DASNY guidelines require that, for swap agreements entered into under provisions of Article 5 D of the State Finance Law, counterparties have credit ratings from at least one nationally recognized statistical rating agency that is within the two highest investment grade categories and ratings which are obtained from any other nationally recognized statistical rating agency for such counterparty shall also be within the three highest investment grade categories, or the payment obligations of the counterparty are unconditionally guaranteed by an entity with such credit ratings. DASNY guidelines require that, for swap agreements entered into under the provisions of Section 2926 of the Public Authorities Law, counterparties have credit ratings from at least two nationally recognized statistical rating agencies that are within the three highest investment grade categories, or the payment obligations of the counterparty are unconditionally guaranteed by an entity with such credit ratings. In the event that a counterparty's ratings are reduced below certain ratings thresholds, the counterparty is required to comply with the collateral requirement provisions whereby the counterparty will be required to post collateral in an amount equal to 102% of the swap termination value under certain conditions. Collateral is required to be posted at any time that the counterparty does not have at least one rating in the second highest rating category, or any of the ratings assigned to the counterparty are below the three highest rating categories, and credit exposure exists on the valuation date. DASNY monitors the values of the related swap agreements on a daily basis to determine if collateral is required to be posted. As of March 31, 2020, there was no requirement for collateral to be posted. Collateral on all swap agreements related to State supported bonds is to be held by a third party custodian. Collateral on all swap agreements related to City supported bonds may be held by either a third party custodian or DASNY. All collateral may be in the form of direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, or other securities permitted by law and agreed upon in writing by DASNY and the counterparty.

The credit ratings for DASNY's counterparties at March 31, 2020 are as follows:

	Moody's	S&P	Fitch
Counterparties:			
Citibank, N.A., New York	Aa3	A+	A+
Goldman Sachs Mitsui Marine Derivative Products, L.P.	Aa2	AA-	N/A
JPMorgan Chase Bank	Aa2	A+	AA
Merrill Lynch Derivative Products AG	Aa3	AA	NR
Morgan Stanley Capital Services, Inc.	A3	BBB+	A
UBS AG	Aa3	A+	AA-
New York State General Obligations	Aa1	AA+	AA+
New York State Mental Health Services Facilities Improvement Revenue Bonds	NR	AA	AA
New York City General Obligations	Aa1	AA	AA

Additionally, certain swap agreement payments made by DASNY are insured by various municipal bond insurance companies.

(9) Debt Refundings

DASNY has issued bonds on behalf of various institutions to defease existing revenue bonds. Under the terms of the resolutions for the defeased bonds, investments have been deposited in irrevocable trusts with trustee banks to provide sufficient amounts to be used solely for the payment of scheduled debt service on these bonds. As a result, the refunded bonds, certain of which are still held by investors, are considered to be defeased pursuant to the applicable bond resolutions and the liabilities for those bonds and related investments have been removed from the Statement of Net Position. As of March 31, 2020, outstanding revenue bonds of approximately $4.3 billion were considered defeased under existing accounting standards; accordingly, such bonds and the related investments placed in trust are not included in the basic financial statements.

The refundings during the fiscal year ended March 31, 2020, involved the issuance of fixed rate and variable rate bonds to refund previously issued fixed and variable rate bonds. The refundings totaled $3.46 billion par value of bonds (new bonds) to refund $3.32 billion par value of outstanding bonds (refunded bonds). The proceeds of $3.52 billion from the sale of new bonds, including net original issue premium, plus $51 million of refunded bond monies and deposits from institutions, were deposited in irrevocable trusts (escrow accounts and in certain cases, redemption accounts) and used to purchase

United States Government securities as described above. The new bonds also funded reserve requirements and provided for costs of issuance.

The fixed rate refundings included the issuance of $3.15 billion par value of new fixed rate bonds with an average interest rate of 3.94% to refund $2.99 billion par value of outstanding fixed rate bonds with an average interest rate of 4.98%. The proceeds of $3.21 billion from the sale of new fixed rate bonds, including net original issue premium, plus an additional $38 million of refunded fixed rate bond monies and deposits from institutions, were used to fund the related escrow accounts and in certain cases, redemption accounts. These fixed rate refundings resulted in a decrease of $408 million in aggregate future debt service payments and a net present value economic gain of $389 million for the fiscal year ended March 31, 2020.

The remaining refundings involved either the issuance and/or the refunding of variable rate bonds and included a total of $308 million par value of new bonds to refund $321 million par value of outstanding bonds. The proceeds of $314 million from the sale of these bonds, including net original issue premium, plus an additional $12.6 million of refunded bond monies and deposits from institutions, were used to fund the related escrow accounts and in certain cases, redemption accounts. Since these refundings involved variable rate bonds, neither the difference between the cash flows required to service the new bonds and those required to service the refunded bonds, nor the present value gain or loss can be reasonably determined as of March 31, 2020.

(10) Commitments and Contingencies

(a) Litigation

DASNY has been named as a defendant in various pending actions which seek to recover damages for alleged wrongful death, personal injuries, loss of service or medical expenses, and violation of civil rights. There are other pending or threatened actions or matters with regard to breach of contract, retained percentages, damages, work at certain projects, liens filed with DASNY, and other claims involving DASNY contracts. It is management's opinion, based upon the advice of General Counsel, that these pending or threatened matters are covered either by DASNY's insurance program, surety bonds filed with DASNY, indemnification from the State or its agencies and municipalities under applicable statutes or other agreements (subject to the availability of funds), are recoverable from institutions, or DASNY has sufficient resources to meet any potential liability associated with such pending or threatened actions or matters and, therefore, could not be deemed to have a material adverse effect on DASNY.

(b) Construction Commitments

In the normal course of business, DASNY enters into various commitments for construction costs. Such commitments, when added to the costs already incurred, are not expected to exceed the total amount of indebtedness issued and other available funding, including future authorized bond issues. Commitments for future construction costs totaled approximately $819 million at March 31, 2020.

(c) Risk Management

DASNY is exposed to various risks of loss, including torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; accidents; and natural disasters. DASNY maintains commercial insurance coverage, subject to certain limits and deductible/retention provisions, for each of these risks of loss through the purchase of general liability, excess liability, property, builder's risk, directors' and officers' liability, blanket crime, business travel accident, auto liability, and workers compensation insurance policies.

(d) COVID-19 Coronavirus disease (COVID-19) impact

As a result of COVID-19, DASNY has experienced a reduction in some of its construction work and delays in bond financings. The impact on DASNY's finances and operations cannot be determined at this time.

(11) Retirement Plans

(a) New York State and Local Employees' Retirement System

(i) Description of Plan

DASNY participates in the ERS and the Public Employees' Group Life Insurance Plan (the Systems) administered by the New York State and Local Retirement System. These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller promulgates rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their monies. The Systems issue a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12236 or on the Comptroller's website at www.osc.state.ny.us/pension. For financial reporting purposes, the Systems are presented on an aggregated basis.

(ii) Benefits

The classes of employees covered under the ERS range from Tiers 1-6. In order to be eligible for retirement, all members must be at least age 55 and have a minimum of 5 years of service for Tiers 2-4, and 10 years of service for Tiers 5 and 6. There is no minimum service requirement for Tier 1 members. Generally, all members are eligible for early retirement at age 55 with a benefit calculation of 1.67% of final average salary for each year of service. Benefit calculations for Tiers 1 and 2 members with greater than 20 years of service credit, or Tiers 3-5 members between 20 and 30 years of service credit, is 2.0% of final average salary for each year of service. Tier 3-5 members are eligible for an additional 1.50% of final average salary applied to each year of service over 30 years. Generally, Tier 6 member retirement benefits are 1.75% of final average salary for each year of service for members with 20 years of service, with an additional 2.0% of final average salary for each year of service over 20 years. For Tiers 1-5, final average salary is the average of the wages earned in the three highest consecutive years of employment. Tier 6 final average salary is the average of the wages earned in the five highest consecutive years of employment.

Other benefits provided under the ERS include: ordinary disability, accidental disability, and post-retirement benefit increases.

(iii) Funding Policy

Funding of the Systems is accomplished through member and employer contributions and investment earnings, according to the New York State Retirement and Social Security Law.

Plan members who joined the Systems before July 27, 1976 are not required to make contributions. Those joining on or after July 27, 1976 and before January 1, 2010 who have less than 10 years of service or membership are required to contribute 3% of salary. Those joining on or after January 1, 2010, and before April 1, 2012, are required to contribute 3% throughout active service. Persons joining on or after April 1, 2012, are required to contribute between 3% and 6% throughout active service. Employers are required to contribute at an actuarially determined rate. Fully contributed average employer contribution rate for the Tiers of 15.5% was applicable to the annual covered payroll for the year ended March 31, 2019. DASNY's required contribution for the fiscal year ended March 31, 2020 was $7.2 million and was 100% of the contribution required.

(iv) Net Pension Liability

DASNY's proportionate share of the Systems' net pension liability reported as of March 31, 2020 was $11.1 million. The net pension liability was measured as of March 31, 2019. DASNY's proportion of the net pension liability was based on DASNY's projected long term contribution effort compared to the projected total long term contribution effort of all employers in the Systems. At March 31, 2019, DASNY's proportion of the net pension liability was 0.16%, up slightly from the percentage at the March 31, 2018 measurement date.

For purposes of measuring the net pension liability and related pension amounts, information about the fiduciary net position of the Systems and additions to/deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms and investments are reported at fair value.

(v) Actuarial Information

The total pension liability for the March 31, 2019, measurement date was determined by using an actuarial valuation as of April 1, 2018, with update procedures used to roll forward the total pension liability to March 31, 2019. This actuarial valuation used the following assumptions:

Actuarial cost method	Entry age normal
Inflation	2.5 percent
Salary scale	4.2 percent indexed by service
Investment rate of return, including inflation	7.0 percent compounded annually, net of investment expenses
Cost of living adjustments	1.3 percent annually
Decrements	Developed from the Plan's 2015 experience study of the Period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014

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 returns, net of pension plan investment expense 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 rate of return by the largest asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2019 are summarized below:

Asset	Target Allocation	Long-term expected real rate of return
Domestic equity	36 %	4.55 %
International equity	14	6.35
Private equity	10	7.50
Real estate	10	5.55
Absolute return strategies	2	3.75
Opportunistic portfolio	3	5.68
Real assets	3	5.29
Bonds and mortgages	17	1.31
Cash	1	(0.25)
Inflation Indexed bonds	4	1.25
	100 %	

The discount rate used to calculate the total pension liability at March 31, 2019 was 7%, the same as the rate used for the March 31, 2018 measurement date. 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 Systems' 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 was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents DASNY's current period net pension liability calculated using the current period discount rate assumption of 7%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current assumption (in thousands):

		1% Decrease (6.0%)	Current assumption (7.0%)	1% Increase (8.0%)
DASNY net pension liability (asset)	$	48,676	11,133	(20,405)

(vi) *Deferred Outflows of Resources and Deferred Inflows of Resources*

At March 31, 2020, DASNY reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

		Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$	2,192	747
Changes of assumptions		2,798	—
Net difference between projected and actual earnings on plan investments		—	2,858
Changes in proportion and differences between DASNY contribution and proportionate share of contributions		2,725	139
Contributions subsequent to the measurement date		7,230	—
Total deferred outflows/inflows of resources	$	14,945	3,744

Deferred outflows of resources of $7.2 million, resulting from contributions subsequent to the measurement date will be recognized as a reduction to net pension liability in the year ended March 31, 2021.

The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future pension expense for the fiscal years ending March 31 as follows (in thousands):

2020	$	3,250
2021		(1,459)
2022		336
2023		1,844
Total	$	3,971

(vii) Total Pension Expense

Total pension expense includes certain current period changes in the total net pension liability, projected earnings on pension plan investments and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense reported for the period ended March 31, 2020 is $8.3 million.

(b) Optional Retirement Plan

Unrepresented DASNY employees who have estimated annual salary of $75 thousand or greater may participate in an Optional Retirement Program (ORP) under IRS Section 401(a), which is a multiple employer, defined contribution plan administered by separate vendors – TIAA CREF, Fidelity, Metropolitan Life, VALIC, and VOYA. DASNY's plan is administered exclusively by TIAA CREF. ORP employer and employee contributions are dictated by State law. The ORP provides benefits through annuity contracts and provides retirement and death benefits to those employees who elected to participate in an ORP. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits generally vest after the completion of one year of service if the employee is retained thereafter. Employer contributions are not remitted to an ORP plan until an employee is fully vested. As such there are no forfeitures reported by these plans if an employee is terminated prior to vesting. Employees who joined an ORP after July 27, 1976, and have less than ten years of service or membership are required to contribute 3% of their salary. Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, dependent upon their salary, for their entire working career. Employer contributions are 8%. Employee contributions are deducted from their salaries and remitted on a current basis to the respective ORP. Pension expense for the plan for the period ended March 31, 2020 is $112 thousand.

(12) Postemployment Benefits

(a) Plan Description

DASNY provides postemployment healthcare benefits for eligible retired employees and their dependents who retire from DASNY. DASNY is a voluntary participating employer in NYSHIP, which is administered by the State of New York. Article XI of the New York State Civil Service Law assigns the authority to NYSHIP to establish and amend the benefit provisions of the plans and to establish maximum obligations of the plan members to contribute to the plan. Subject to collective bargaining agreements, DASNY's Board is authorized to establish the contribution rates of DASNY employees and retirees below those set by Civil Service Law. NYSHIP is considered a single employer defined benefit plan offered by DASNY to its employees.

In order to be eligible, employees must be enrolled as a NYSHIP enrollee or a dependent of a NYSHIP enrollee at the time of retirement from DASNY, be eligible to receive a pension from the ERS and to have ten years of State service. In calculating the ten year service requirement, all of the employee's service need not be with DASNY, but may be a composite of New York State service elsewhere, with a minimum of one year with DASNY immediately preceding retirement. Employees with no prior State service must work a minimum of ten years with DASNY before they and their dependents are eligible for the retirement medical benefits.

DASNY pays 100% of the cost of single coverage and 75% of the cost of dependent coverage for employees who retired before January 1, 1983. DASNY pays 90% of the cost of single coverage and 75% of dependent coverage for employees who retire on or after January 1, 1983. A vestee is a DASNY employee vested as a member of the retirement system administered by the State, who has withdrawn from State service after meeting DASNY's minimum service requirement but has not met the age requirement for continuing health insurance. As of the measurement date, there were 889 participants consisting of 552 current employees, 0 retirees entitled to benefits under DASNY but not yet receiving, and 367 retired and/or spouses of retired employees under DASNY.

The Patient Protection and Affordable Care Act (PPACA) was signed into law on March 23, 2010. On March 30, 2010 the Health Care and Education Reconciliation Act of 2010 (HCERA), which amends certain aspects of PPACA was signed into law. The new laws have a financial impact on employers who sponsor postretirement healthcare benefits and therefore have been reflected in DASNY's actuarial valuations since April 1, 2010. An adjustment was made to reflect the effect of the benefit mandates as well as the excise tax that is applicable starting in 2018. The excise tax is 40% of the excess amount by which the plan's healthcare cost exceeds limits as defined in the legislation. The 2018 limits are $10,200 for active employees with single coverage and $11,850 for retirees with single coverage. The limits for family coverage are $27,500 and $30,950 for active employees and retirees, respectively. The limits are scheduled to increase with the Consumer Price Index (CPI) plus 1% in 2019 and with CPI for all years thereafter. In December 31, 2019, this tax law was repealed and no longer anticipated to be paid by DASNY. This impact has been reflected in the March 31, 2019 measurement of the DASNY OPEB liabilities.

(b) Funding

DASNY has not funded a qualified trust or its equivalent as defined in GASB Statement No. 75, therefore, benefits are funded on a pay as you go basis. DASNY's OPEB expenses are paid from fees collected from clients. As of March 31, 2020, the portion of the OPEB expense allocable to certain public clients was 90% and will be paid from future fees to be collected. A receivable in the amount of $143.0 million is included in Other Receivables—noncurrent in the Statement of Net Position at March 31, 2020. The OPEB expense allocable to nonprofit health care institutions, independent colleges, universities, and other nonprofit institutions, and certain New York State agencies was funded with $3.9 million as of March 31, 2020, with $11.9 million of the allocation remaining unfunded from client program operating funds for the related changes in the OPEB liability.

(c) Actuarial Assumptions and Other Inputs

The total OPEB liability as of March 31, 2020 was measured as of March 31, 2019 and determined by a valuation as of March 31, 2018. The measurement of the total OPEB liability at March 31, 2019 used the following actuarial assumptions:

Valuation date	March 31, 2018
Inflation	2.75%
Salary increase rate	3.25% per year
Discount rate	3.29%
Healthcare cost trend rates	5.75% for 2019, decreasing to an ultimate rate of 4.5% for 2026 and later years
Retirees' share of benefit-related costs	10% of the individual premium, plus 25% of the excess of any family premium over the individual premium

The discount rate was based on the S&P municipal bond 20-year high grade index.

Mortality rates were based on the MacLeod Watts Scale 2018 which was developed from a blending of data and methodologies found in the Society of Actuaries Mortality Improvement Scale (MP-2017 report published in October 2017) and the demographic assumptions used in the 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds (published in July 2017).

(d) Accounting Information

Changes in Total OPEB Liability during the Fiscal Year

		Total OPEB Liability (In thousands)
Total OPEB Liability, beginning balance	$	205,179
Service cost		7,584
Interest		7,238
Changes in assumptions		(6,985)
Benefit payments		(4,708)
Net changes		3,129
Total OPEB Liability, ending balance	$	208,308

Changes of assumptions and other inputs include the removal of a liability held for potential excise tax liability following the repeal of this tax in December 2019 and a change in the discount rate from 3.44% in the prior year to 3.29% in the current year.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents DASNY's total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower and 1 percentage point higher than the current year rate (in thousands):

		1% Decrease 2.29%	Current rate 3.29%	1% Increase 4.29%
Total OPEB Liability March 31, 2020	$	244,632	208,308	179,326

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents DASNY's total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower and 1 percentage point higher than the current year rate (in thousands):

		1% Decrease	Current trend rates	1% Increase
Total OPEB Liability March 31, 2020	$	177,113	208,308	248,119

DASNY recognized $14.9 million in expenses related to OPEB for the year ended March 31, 2020. At March 31, 2020, DASNY reported deferred outflows of resources related to OPEB from the following sources (in thousands):

		Deferred outflows of resources	Deferred inflows of resources
Changes in assumptions	$	4,827	5,759
Employer contributions subsequent to measurement date		4,941	—
Total	$	9,768	5,759

DASNY will recognize the contributions subsequent to the measurement date in the next fiscal year. The remaining amounts reported as deferred outflows of resources related to OPEB will be recognized in future OPEB expense for the fiscal years ending March 31 as follows (in thousands):

2021	$	79
2022		79
2023		79
2024		(312)
2025		(857)
Total	$	(932)

(13) Unrestricted Net Position

Unrestricted Net Position includes amounts that are not appropriable for operating expenses and are Board designated for a specific future use. Designations at March 31, 2020 are as follows (in thousands):

Designated:		
Health care institution assistance	$	27,037
Advance funding new projects		5,000
Coverage for financial risks associated with directors and officers liability insurance policies		1,577
Women/Minority Business Enterprises capital access, training and development		3,648
Reserve for replacement of corporate facilities		5,789
Reserve for 21st Century Technology Transformation		1,179
Reserve for Evolution		2,513
Total designated		46,743
Undesignated		(19,702)
Total net position unrestricted	$	27,041

(14) Subsequent Events

COVID-19 is having a significant financial impact on the State, which includes a temporary cashflow shortfall caused primarily by the extension of the state personal income tax filing deadline. Under recently enacted legislation, DASNY is authorized to negotiate on behalf of the State and enter into line of credit facilities with financial institutions in order to provide temporary liquidity to the State. In addition, DASNY is authorized to issue revenue anticipation notes and bond anticipation notes under the Personal Income Tax program until December 31, 2020. On May 20, 2020, DASNY issued State Personal Income Tax Subordinate Revenue Anticipation Notes (General Purposes), Series 2020A, in the amount of $1.0 billion. On June 15, 2020, DASNY entered into a line of credit agreement on behalf of the State with Bank of America, which will provide additional temporary liquidity up to $3.0 billion to the State. On June 18, 2020, DASNY issued State Personal Income Tax Subordinate Revenue Anticipation Notes (General Purposes), Series 2020B, in the amount of $3.5 billion.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Required Supplementary Information

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

(Dollars in thousands)

	2020	2019	2018	2017	2016	2015
DASNY's proportion of the net pension liability	0.16 %	0.15 %	0.15 %	0.15 %	0.16 %	0.16 %
DASNY's proportionate share of the net pension liability	11,133	4,686	13,797	24,119	5,259	7,035
Covered payroll	52,200	51,472	46,666	45,656	44,162	45,270
Net pension liability as a percentage of covered payroll	23.33 %	9.10 %	26.80 %	52.80 %	11.91 %	15.54 %
Plan fiduciary net position as a percentage of the total pension liability	96.3 %	98.2 %	94.7 %	90.7 %	97.9 %	97.2 %

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

See accompanying independent auditors' report.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Required Supplementary Information

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

(Dollars in thousands)

		2020	2019	2018	2017	2016	2015
Contractually required contribution	$	7,230	7,232	6,805	6,875	7,716	7,980
Contributions in relation to the contractually required contribution		(7,230)	(7,232)	(6,805)	(6,875)	(7,716)	(7,980)
Contribution deficiency (excess)	$	—	—	—	—	—	—
Covered payroll	$	52,380	52,200	51,472	46,666	45,656	44,162
Contributions as a percentage of covered payroll		13.80 %	13.85 %	13.22 %	14.73 %	16.90 %	18.07 %

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

See accompanying independent auditors' report.

DORMITORY AUTHORITY OF THE STATE OF NEW YORK
(A Component Unit of the State of New York)

Required Supplementary Information

Schedule of Changes in the Total OPEB Liability
and Related Ratios (Unaudited)

(Dollars in thousands)

		2020	2019
Total OPEB Liability:			
Service cost	$	7,584	6,895
Interest		7,238	7,086
Changes in assumptions		(6,985)	7,436
Benefit payments		(4,708)	(4,838)
Net change in total OPEB liability		3,129	16,579
Total OPEB liability, beginning		205,179	188,600
Total OPEB liability, ending	$	208,308	205,179
Net position as a percentage of total OPEB liability		83.8 %	118.0 %
Covered-employee payroll	$	52,200	51,472
Net OPEB liability as a percentage of covered-employee payroll		399.1 %	398.6 %

Changes in benefit terms. There were no significant changes in benefits for the March 31, 2018 actuarial valuation.

Changes in assumptions. A liability held for potential excise tax was removed and the discount rate was updated from 3.44% in 2019 to 3.29% in 2020.
The discount rate was updated from 3.67% in 2018 to 3.44% in 2019.

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

See accompanying independent auditors' report.