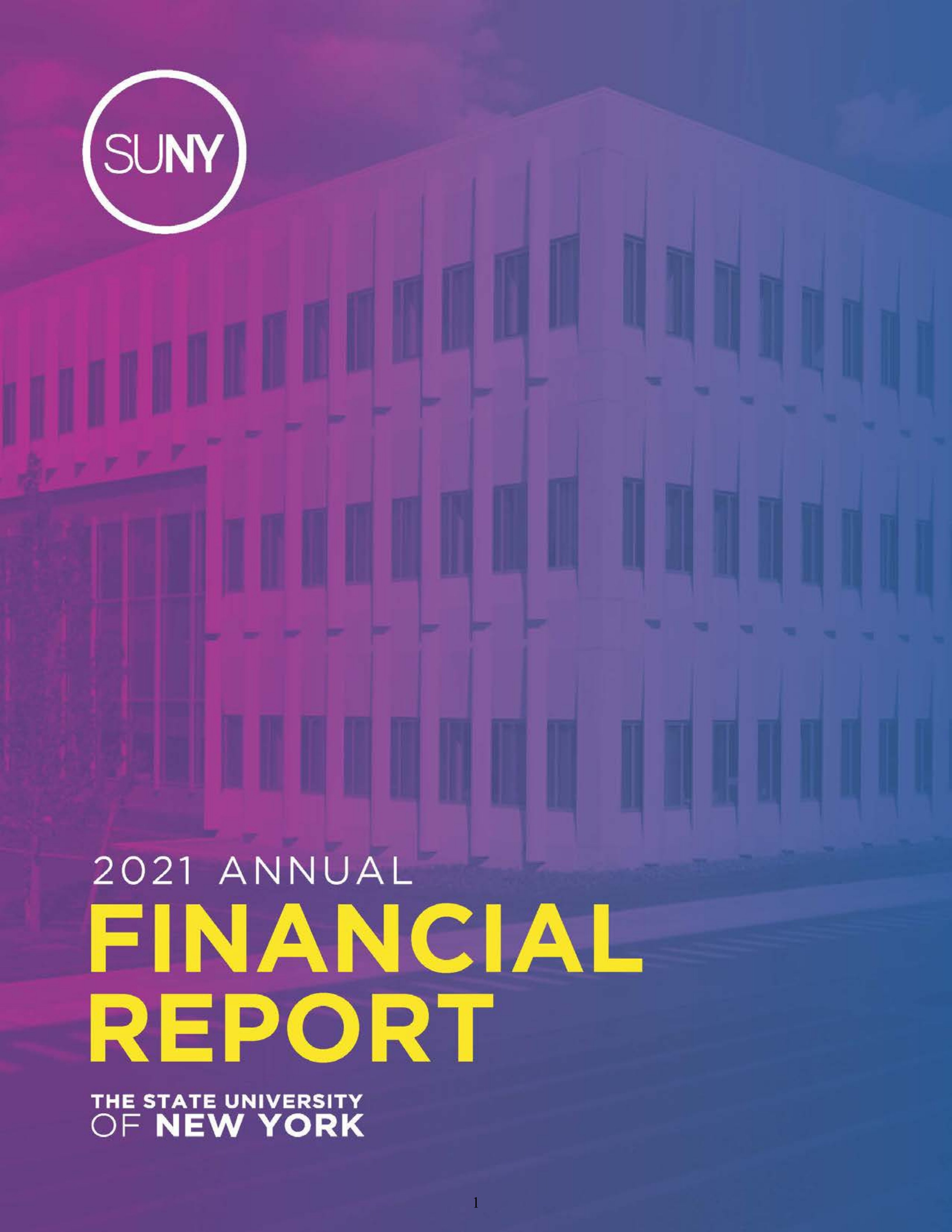

2021 ANNUAL

# FINANCIAL REPORT

THE STATE UNIVERSITY OF NEW YORK

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KPMG LLP
515 Broadway
Albany, NY 12207-2974

**Independent Auditors' Report**

To the Board of Trustees
State University of New York:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the State University of New York (the University), and the aggregate discretely presented component units of the University, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, as listed in the table of contents.

*Management's Responsibility for the Financial Statements*

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

*Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the University's statutory colleges at Cornell University and Alfred University and certain discretely presented component units. The University's statutory college at Alfred University represent 0.5% of total assets and 0.4% of total revenues of the University's business type activities. The discretely presented component units represent 64% of the total assets and 69% of the total revenues of the aggregate discretely presented components. The financial statements of those entities were audited by other auditors whose reports have been furnished to us and our opinion, insofar as they relate to the amounts included for those certain discretely presented component units, are based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in the 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. The financial statements of the discretely presented component units identified in note **15** were not audited in accordance with Government Auditing Standards.

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 University'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 University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

KPMG

*Opinions*

In our opinions, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the State University of New York as of June 30, 2021, and the changes in financial position and cash flows thereof for the year then ended, and the financial position of the aggregate discretely presented component units of the State University of New York, as of June 30, 2021, and the respective changes in net assets thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

*Emphasis of Matter – Financial Presentation of the University*

As discussed in note 1, the financial statements of the University are intended to present the financial position, the changes in financial position, the changes in net assets, and, where applicable, cash flows of only that portion of the State of New York that is attributable to the transactions of the University and its aggregate discretely presented component units. They do not purport to, and do not, present fairly the financial position of the State of New York as of June 30, 2021, the changes in its financial position and, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

*Other Matters – Required Supplementary Information*

U.S generally accepted accounting principles require that the management's discussion and analysis on pages 5 to 11 and the required supplementary information on pages 53 to 60 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and 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 an assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Report on Other Legal and Regulatory Requirements**

*Other Reporting Required by Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 1, 2021 on our consideration of the University's internal control over financial reporting and on our test of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the University's internal control over financial reporting and compliance.

KPMG LLP

Albany, New York
November 1, 2021

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# Management's Discussion and Analysis

*(Unaudited)*

Management's discussion and analysis (MD&A) provides a broad overview of the State University of New York's (State University) financial condition as of June 30, 2021 and 2020, the results of its operations for the years then ended, and significant changes from the previous year. Prior year balances have been restated to conform to the current year presentation due to a change in accounting policy to report educational and residence hall asset and debt activity as of and for the year ended June 30, previously reported at March 31. Management has prepared the financial statements and related note disclosures along with this MD&A. The MD&A should be read in conjunction with the audited financial statements and related notes of the State University, which directly follow the MD&A.

For financial reporting purposes, the State University's reporting entity consists of all sectors of the State University including the university centers, health science centers (including hospitals), colleges of arts and sciences, colleges of technology and agriculture, specialized colleges, statutory colleges (located at the campuses of Cornell and Alfred Universities), and central services, but excluding community colleges. The financial statements also include the financial activity of The Research Foundation for The State University of New York (Research Foundation), which administers the sponsored program activity of the State University; the State University Construction Fund (Construction Fund), which administers the capital program of the State University; and the auxiliary services corporations, foundations, and student housing corporations located on its campuses.

The auxiliary services corporations, foundations, and student housing corporations meet the criteria for component units under the Governmental Accounting Standards Board (GASB) accounting and financial reporting requirements for inclusion in the State University's financial statements. For financial statement presentation purposes, these component units are not included in the reported amounts of the State University, but the combined totals of these component units are discretely presented on pages 16 and 17 of the State University's financial statements, in accordance with display requirements prescribed by the Financial Accounting Standards Board (FASB) for not-for-profit organizations.

The focus of the MD&A is on the State University financial information contained in the statement of financial position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows, which generally exclude the auxiliary services corporations, foundations, and student housing corporations.

**Overview of the Financial Statements**

The financial statements of the State University have been prepared in accordance with U.S. generally accepted accounting principles as prescribed by the GASB.

The financial statement presentation consists of the statement of net position, statement of revenues, expenses, and changes in net position, statement of cash flows, and accompanying notes for the June 30, 2021 fiscal year. These statements provide information on the financial position of the State University and the financial activity and results of its operations during the years presented. A description of these statements follows:

The *Statement of Net Position* presents information on all of the State University's assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the State University is improving or deteriorating.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information showing the change in the State University's net position during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement include items that will result in cash received or disbursed in future fiscal periods.

The *Statement of Cash Flows* provides information on the major sources and uses of cash during the year. The cash flow statement portrays net cash provided by or used in operating, investing, capital, and noncapital financing activities.

**Financial Highlights**

The State University's net position of $(10.62) billion is comprised of $26.11 billion in total assets and deferred outflows of resources, less $36.73 billion in total liabilities and deferred inflows of resources. The net position increased $947 million in 2021 as a result of this year's operations. The State University's total revenues increased $521 million and total expenses decreased $1.09 billion in 2021 compared to 2020. The growth in revenues is primarily due to increases in net realized and unrealized gains of $460 million, hospital revenue of $243 million, federal and State nonoperating grant revenue of $183 million and State appropriation revenue of $110 million. These increases were offset by decreases in State operating grants and contracts revenue of $238 million, net residence hall revenue of $110 million, and net tuition and fees revenue of $58 million. Expense decline was driven by an overall decrease in operating expenses of $1.09 billion, or 9 percent compared to the prior year, mainly due to decreases of $486 million in instruction expenses, $406 million in support services expenses and $161 million in hospital expenses. These functional expense decreases were driven primarily by decreases in other postemployment benefits (OPEB) and pension accrued expenses. Across all functional expense categories, total OPEB and pension expenses declined $584 million and $486 million, respectively in 2021 compared to 2020.

**Statement of Net Position**

The statement of net position presents the financial position of the State University at the end of its fiscal year. The State University's net position was $(10.62) billion and $(11.56) billion at June 30, 2021 and 2020, respectively, and experienced an increase of $947 million in 2021. The State University's total assets and deferred outflows of resources increased $1.32 billion in 2021. Total liabilities and deferred inflows of resources during 2021 increased $370 million. The following table reflects the financial position at June 30, 2021 and 2020 (in thousands):

| | 2021 | 2020 |
|---|---|---|
| Current assets | $ 5,746,296 | 5,333,132 |
| Capital assets, net | 13,739,946 | 13,664,147 |
| Other noncurrent assets | 3,475,840 | 2,556,857 |
| Deferred outflows of resources | 3,152,413 | 3,242,978 |
| Total assets and deferred outflows of resources | 26,114,495 | 24,797,114 |
| Current liabilities | 3,693,240 | 3,284,223 |
| Noncurrent liabilities | 27,802,408 | 31,186,819 |
| Deferred inflows of resources | 5,234,319 | 1,888,942 |
| Total liabilities and deferred inflows of resources | 36,729,967 | 36,359,984 |
| Net investment in capital assets | 822,114 | 1,021,144 |
| Restricted - nonexpendable | 606,078 | 569,137 |
| Restricted - expendable | 564,735 | 434,221 |
| Unrestricted | (12,608,399) | (13,587,372) |
| Total net position | $ (10,615,472) | (11,562,870) |

*Current Assets*

Current assets at June 30, 2021 increased $413 million compared to the previous year. In general, current assets are those assets that are available to satisfy current liabilities (i.e., those that will be paid within one year). Current assets at June 30, 2021 and 2020 consist primarily of cash and cash equivalents of $2.96 billion and $2.61 billion and receivables of $1.97 billion and $1.96 billion, respectively. The increase in current assets during 2021 is primarily due to increases of $353 million in cash and $53 million in short-term investments. These increases were offset by a decrease of $27 million in deposits with bond trustees.

*Current Liabilities*

Current liabilities increased $409 million compared to the previous year. Current liabilities at June 30, 2021 and 2020 consist principally of accounts payable and accrued expenses of $1.98 billion and $1.37 billion, the current portion of long-term debt and long-term liabilities of $737 million and $652 million, and unearned revenue of $391 million and $648 million, respectively. The increase of $409 million in current liabilities during 2021 is primarily due to $467 million in liabilities owed to the State for project costs funded by the State in advance and an increase in salary accruals of $108 million mainly related to retroactive contractual salary raises approved but not yet paid. This increase was offset by a decrease of $257 million in unearned revenue.

*Capital Assets, net*

The State University's capital assets are substantially comprised of State-operated campus educational, residence, and hospital facilities. Personal Income Tax (PIT) revenue bonds support the majority of the funding for construction and critical maintenance projects on State University facilities.

During the 2021 fiscal year, capital assets (net of depreciation) increased $76 million. The majority of the increase occurred at the State University campuses due to the completion of new building construction, renovations, and rehabilitation totaling $712 million for the 2021 fiscal year. Equipment additions during 2021 of $210 million also contributed to the increase.

A summary of capital assets, by major classification, and related accumulated depreciation for the 2021 and 2020 fiscal years is as follows (in thousands):

| | 2021 | 2020 |
|---|---|---|
| Land | $ 805,283 | 792,921 |
| Infrastructure and land improvements | 1,644,005 | 1,549,448 |
| Buildings | 16,566,510 | 15,877,453 |
| Equipment, library books and other | 3,652,547 | 3,549,430 |
| Construction in progress | 1,014,755 | 1,210,648 |
| Total capital assets | 23,683,100 | 22,979,900 |
| Less accumulated depreciation: | | |
| Infrastructure and land improvements | 816,278 | 747,535 |
| Buildings | 6,332,812 | 5,871,215 |
| Equipment, library books and other | 2,794,064 | 2,697,003 |
| Total accumulated depreciation | 9,943,154 | 9,315,753 |
| Capital assets, net | $ 13,739,946 | 13,664,147 |

Significant projects completed and capitalized during the 2021 fiscal year included construction of new residence halls at SUNY Polytechnic Institute and Stony Brook University and a new indoor practice facility at Stony Brook University. Other significant projects included renovations to a Science Building at Buffalo State College, renovations to Health Science Building, Engineering Building and Science II Building at Binghamton University, renovations at the College of Optometry, renovation of Huntington Hall at SUNY Oneonta and MacKenzie residence halls at Alfred State College, renovations at Moffett Center at SUNY Cortland, renovation at Center for the Arts at University at Buffalo and renovations to Melville Memorial Library, Physics Building, Health Science Center, University Hospital and Computer Science Building at Stony Brook University.

*Other Noncurrent Assets*

Other noncurrent assets increased $919 million compared to the previous year. Noncurrent assets at June 30, 2021 and 2020 include long-term investments of $1.56 billion and $1.12 billion, noncurrent portion of receivables of $862 million and $890 million, deposits with trustees of $716 million and $297 million, restricted cash of $172 million and $131 million, and other noncurrent assets of $163 million and $120 million, respectively. The increase in noncurrent assets during 2021 is primarily due to increases of $444 million in long-term investments due to strong investment returns and $419 million in deposits with trustees due to the issuance of new bonds.

*Noncurrent Liabilities*

Noncurrent liabilities at June 30, 2021 and 2020 of $27.80 billion and $31.19 billion, respectively, are largely comprised of debt on State University facilities, other long-term liabilities accrued for postemployment and post-retirement benefits, and litigation reserves. The State University capital funding levels and bonding authority are subject to operating and capital appropriations of the State. Funding for capital construction and rehabilitation of educational and residence hall facilities of the State University is provided principally through the issuance of bonds by the Dormitory Authority of the State of New York (DASNY). The debt service for the educational facilities is paid by, or provided through a direct appropriation from, the State. The debt service on residence hall bonds is funded primarily from room rents.

A summary of noncurrent liabilities at June 30, 2021 and 2020 is as follows (in thousands):

| | 2021 | 2020 |
|---|---|---|
| Educational facilities | $ 9,482,176 | 9,558,800 |
| Unamortized bond premium - educational facilities | 914,566 | 832,795 |
| Residence hall facilities | 5,495 | 28,430 |
| Unamortized bond premium - residence hall facilities | 836 | 3,276 |
| Postemployment benefits other than pensions | 13,553,770 | 15,530,829 |
| Collateralized borrowings | 2,034,216 | 1,887,589 |
| Litigation | 805,868 | 818,123 |
| Pension | 60,831 | 1,656,285 |
| Other obligations | 944,650 | 870,692 |
| Total noncurrent liabilities | $ 27,802,408 | 31,186,819 |

During the year, PIT Bonds were issued with a par amount of $959 million at a premium of $177 million for the purpose of financing capital construction and major rehabilitation for educational facilities as well as to refund $603 million of the State University's existing educational facilities obligations. The result will produce an estimated savings of $147 million in future cash flow, with an estimated present value gain of $151 million. There was no new debt issued during the year for the residence hall facilities.

The State University's credit ratings for PIT bonds were downgraded from Aa1 to Aa2 by Moody's. The educational and residence bonds were unchanged from the prior year. The credit ratings at June 30, 2021 are as follows:

| | PIT Bonds | Educational Facilities | Residence Halls |
|---|---|---|---|
| Moody's Investors Service | Aa2 | Aa2 | Aa2 |
| Standard & Poor's | AA+ | AA | AA- |
| Fitch | AA+ | AA | AA- |

The long-term portion of postemployment and post-retirement benefit obligations as reported under GASB Statement No. 75 decreased $1.98 billion in 2021 primarily due to favorable medical claims and updated trend assumptions. The State, on behalf of the State University, provides health insurance coverage for eligible retired State University employees and their qualifying dependents as part of the New York State Health Insurance Program (NYSHIP). The State University, as a participant in the plan, recognizes OPEB on an accrual basis. The State University's OPEB plan is financed annually on a pay-as-you-go basis. There are no assets set aside to fund the plan.

The Research Foundation sponsors a separate defined benefit OPEB plan and has established a Voluntary Employee Benefit Association (VEBA) trust. Legal title to all the assets in the trust is vested for the benefit of the participants. Contributions are made by the Research Foundation pursuant to a funding policy established by its board of directors.

The long-term portion of pension liabilities decreased $1.60 billion in 2021. The decrease in 2021 was primarily due to an increase in the fiduciary net position of the ERS pension plan as a result of net investment gains on pension plan investments that were measured at March 31, 2021, the fiscal year end of that plan.

The State University has recorded a long-term litigation liability and a corresponding appropriation receivable of $806 million and $818 million at June 30, 2021 and 2020, respectively, for unfavorable judgments, both probable and estimable.

In March 2013, the State enacted legislation to authorize the State University to assign to DASNY all of the State University's rights, title and interest in dormitory facilities revenues derived from payments made by students and others for use and occupancy of certain dormitory facilities. The legislation authorized DASNY to issue State University of New York Dormitory Facilities Revenue Bonds payable from and secured by the dormitory facilities revenues assigned to it by the State University. These bonds are special obligations of DASNY payable solely from the dormitory facilities revenues collected by the State University as agent for DASNY. The outstanding obligations under these bonds is reported as collateralized borrowing in the State University's financial statements.

During 2021, bonds with a par amount of $329 million were issued for the purpose of refinancing existing residence hall obligations.

The credit ratings assigned to these bonds in 2021 were as follows: Moody's (Aa3), S&P (A+), and Fitch (A+). These ratings were unchanged from the prior year.

**Statement of Revenues, Expenses, and Changes in Net Position**

The statement of revenues, expenses, and changes in net position presents the State University's results of operations, as well as nonoperating activities. Revenues, expenses, and changes in net position for the 2021 and 2020 fiscal years are summarized as follows (in thousands):

| | 2021 | 2020 |
|---|---|---|
| Operating revenues | $ 7,428,228 | 7,623,027 |
| Nonoperating revenues | 5,446,769 | 4,697,012 |
| Other revenues | 77,024 | 111,184 |
| Total revenues | 12,952,021 | 12,431,223 |
| Operating expenses | 11,482,841 | 12,570,439 |
| Nonoperating expenses | 521,782 | 525,148 |
| Total expenses | 12,004,623 | 13,095,587 |
| Increase (decrease) in net position | $ 947,398 | (664,364) |

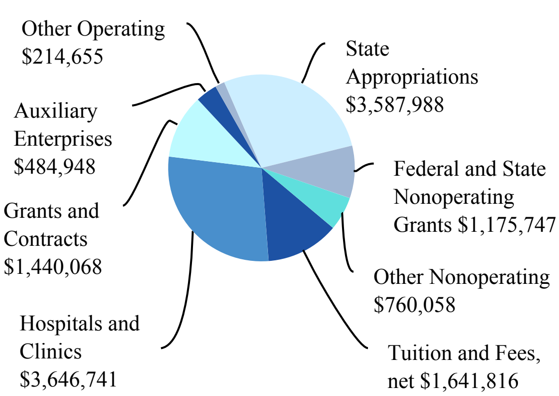
Total operating revenues were $7.43 billion and decreased $195 million in 2021 compared to 2020. Nonoperating and other revenues, which include State appropriations, increased $716 million in 2021. Total expenses for 2021 were $12.00 billion and decreased $1.09 billion compared to the prior year.

***Revenue Overview***

**Revenues (in thousands):**

| | 2021 | 2020 |
|---|---|---|
| Tuition and fees, net | $ 1,641,816 | 1,699,371 |
| Hospitals and clinics | 3,646,741 | 3,404,124 |
| Grants and contracts | 1,440,068 | 1,662,375 |
| Auxiliary enterprises | 484,948 | 605,288 |
| Other operating | 214,655 | 251,869 |
| Operating revenues | 7,428,228 | 7,623,027 |
| State appropriations | 3,587,988 | 3,477,767 |
| Federal and State nonoperating grants | 1,175,747 | 992,974 |
| Other nonoperating | 760,058 | 337,455 |
| Nonoperating and other revenues | 5,523,793 | 4,808,196 |
| Total revenues | $ 12,952,021 | 12,431,223 |

**2021 Revenues (in thousands)**




*Tuition and Fees, Net*

Tuition and fee revenue, net of scholarship allowances, totaled $1.64 billion and decreased $58 million in 2021 compared to the 2020 fiscal year. Gross tuition and fees decreased $54 million in 2021 due to a decline in enrollment. Annual average full-time equivalent students, including undergraduate and graduate, were approximately 191,500 and 196,800 for the fiscal years ended June 30, 2021 and 2020, respectively.

*Hospitals and Clinics*

The State University has three hospitals (each with academic medical centers) – the State University Hospitals at Brooklyn (UHB), Stony Brook, and Upstate Medical.

Hospital and clinic revenue for the 2021 fiscal year was $3.65 billion, an increase of $243 million over the prior year, mainly due to an increase in net outpatient revenues attributable to significant decreases in elective surgeries and outpatient procedures in the prior year due to the Novel Coronavirus 2019 (COVID-19).

*Grants and Contracts*

Grants and contracts revenue decreased $222 million in 2021 driven by decreases in state and local grants of $238 million mainly due to the recognition of deferred revenue for economic development grants by the Research Foundation in the prior year. This decrease was offset by increases in private grants and contracts of $11 million and federal grants of $4 million.

*Auxiliary Enterprises*

The State University's auxiliary enterprise activity is comprised of sales and services for residence halls, food services, intercollegiate athletics, student health services, parking, and other activities. The residence halls are operated and managed by the State University and its campuses.

Auxiliary enterprise sales and services revenue totaled $485 million, a decrease of $120 million compared to 2020 due to reduced occupancy levels in the residence hall facilities stemming from COVID-19.

The residence hall operations and capital programs are financially self-sufficient. Each campus is responsible for the operation of its residence halls program including setting room rates and covering operating, maintenance, capital and debt service costs. Any excess funds generated by residence halls operating activities are separately maintained for improvements and maintenance of the residence halls. Revenue producing occupancy at the residence halls was 38,544 for the fall of 2020, a decrease of 26,840 students compared to the previous year. The overall utilization rate for the fall of 2020 was reported at 63 percent.

*State Appropriations*

A significant source of the State University's revenues are State appropriations, which for financial reporting purposes are classified as nonoperating revenues. State appropriations totaled $3.59 billion and $3.48 billion and represented approximately 28 percent of total revenues for both fiscal years 2021 and 2020. State support (both direct support for operations and indirect support for fringe benefits, debt service, and litigation) for State University campus operations, statutory colleges, and hospitals and clinics increased $110 million in 2021 compared to the prior year. In 2021, State support for operating expenses increased $250 million from prior year due to receiving funds that were withheld in the prior year due to the pandemic. Indirect State support for debt service also increased $33 million. These increases were offset by a decrease in indirect State support for fringe benefits of $91 million and litigation accruals of $82 million.

*Federal and State Nonoperating Grants*

Major scholarships and grants revenue includes the federal Pell Program revenue of $305 million and $322 million during fiscal years 2021 and 2020, respectively, and the State Tuition Assistance and Excelsior Programs of $275 million and $292 million during fiscal years 2021 and 2020, respectively. During fiscal year 2021, the State University recognized revenue from the Higher Education Emergency Relief Fund (HEERF) grants of $113 million for Student Stimulus funds and $230 million for Institutional share funds. In addition, the Hospitals also recognized $183 million in CARES Act Provider Relief Fund (PRF) grants.

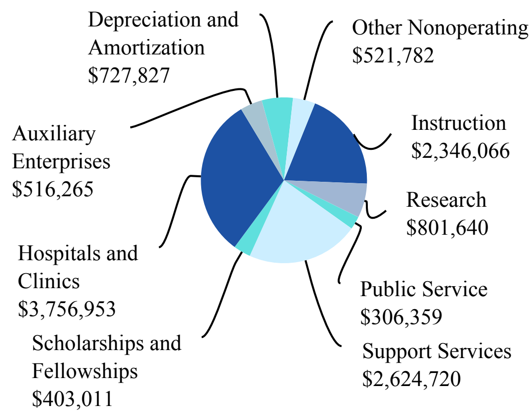
*Other Nonoperating Revenues*

Other nonoperating revenues totaled $760 million and increased $423 million in 2021 compared to the prior year. The increase in fiscal year 2021 is mainly due to an increase in net realized and unrealized gains of $460 million due to strong investment returns.

***Expense Overview***

| **Expenses (in thousands):** | **2021** | **2020** |
|---|---|---|
| Instruction | $ 2,346,066 | 2,831,745 |
| Research | 801,640 | 761,009 |
| Public service | 306,359 | 342,365 |
| Support services | 2,624,720 | 3,031,079 |
| Scholarships and fellowships | 403,011 | 346,195 |
| Hospitals and clinics | 3,756,953 | 3,918,354 |
| Auxiliary enterprises | 516,265 | 650,742 |
| Depreciation and amortization | 727,827 | 688,950 |
| Other nonoperating | 521,782 | 525,148 |
| Total expenses | $ 12,004,623 | 13,095,587 |

**2021 Expenses (in thousands)**




During the 2021 fiscal year, instruction expenses decreased $486 million predominately from decreases of $238 million and $131 million in pension and OPEB accrual expenses, respectively.

Support services, which include expenses for academic support, student services, institutional support, operation and maintenance of plant and other operating expenses, decreased $406 million between fiscal years 2021 and 2020. This decrease was mainly due to decreases of $189 million and $115 million in pension and OPEB accrual expenses. There was also a decrease of $46 million in contractual service expenses driven by a decline in enrollment.

In the State University's financial statements, scholarships used to satisfy student tuition and fees (residence hall, food service, etc.) are reported as an allowance (offset) to the respective revenue classification up to the amount of the student charges. The amount reported as expense represents amounts provided to the student in excess of State University charges.

Expenses at the State University's hospitals and clinics were $3.76 billion and decreased $161 million in 2021 from the prior year. The decreases during 2021 are mainly due to decreases of $292 million in pension and OPEB expense accruals and $84 million in litigation accruals. These decreases were offset by increases of $94 million in personal service costs and $115 million in supplies.

Depreciation and amortization expense recognized in fiscal years 2021 and 2020 totaled $728 million and $689 million, respectively. Other nonoperating expenses were $522 million and $525 million for the years ended June 30, 2021 and 2020, respectively.

**Economic Factors That Will Affect the Future**

The State University is one of the largest public universities in the nation, with headcount enrollment of approximately 212,361 for fall 2021, on twenty nine State-operated campuses and five statutory colleges. Full-time equivalent (FTE) enrollment, excluding community colleges, for the fiscal year ended June 30, 2021 is approximately 191,500, a decrease of 5,300 FTE compared to June 30, 2020.

The State University's student population is directly influenced by State demographics, as the majority of students attending the State University are New York residents.

New York State appropriations are a significant source of revenues to the State University. The State University's continued operational viability is substantially dependent upon a consistent and proportionate level of ongoing State support. For the most recent fiscal year, State appropriations totaled $3.59 billion which represented 28 percent of the total revenues of the State University. State appropriations consisted of direct support ($1.15 billion), fringe benefits for State University employees ($1.82 billion), and debt service on educational facilities ($619 million). Debt service on educational facilities is paid by the State in an amount sufficient to cover annual debt service requirements; pursuant to annual statutory provisions, each of the State University's three teaching hospitals must reimburse the State for their share of debt service costs used to finance their capital projects.

The State University depends on the State to provide appropriations in support of its capital program. While the increased level of support planned for the Educational Facilities Program ($550 million planned annually) will provide much needed funding to address the significant needs of over 1,800 aging academic buildings and the State University's vast infrastructure, the $550 million planned for each of the next four years will be subject to annual appropriation by the Executive and the Legislature. In addition, the planned level of new support, as well as prior year unspent appropriations totaling $2.60 billion, must be accommodated within significantly reduced annual spending limits established in future State Five-Year Capital Program and Financing Plans. Managing the disbursements associated with this level of appropriation will require careful monitoring and accurate predicting of project disbursements to ensure minimal disruption to the capital program. The State's fiscal picture for State fiscal year 21-22 and beyond will play a heavy role in the State University's ability to execute its capital program.

The State University hospitals, which are all part of larger State University Academic Health Centers at Brooklyn, Stony Brook and Upstate Medical, serve large numbers of patients who are uninsured, under-insured or covered by Medicare and Medicaid programs. As a result, the hospitals' continued viability is directly linked to appropriate levels of funding from Medicare, Medicaid and the Medicaid Disproportionate Share Hospital (DSH) Programs.

The New York State Department of Health has proposed limits on funds it will contribute towards DSH funding for the State's public hospitals. The cuts being discussed are material in nature and would adversely impact the hospitals' revenue stream and income if enacted. The Affordable Care Act and renewed health care reform efforts at the Federal level also pose threats to future DSH funding. At this time, however, the outcome of these deliberations is uncertain.

With the pressure to reduce the federal budget deficit, it is also anticipated that both the federal and state governments will be under pressure to reduce their overall spending in future years. These spending reductions could result in significant cuts to the hospitals' Medicare and Medicaid rates and the State's support for costs of State sponsorship, having a negative impact on overall revenue.

The outbreak of the COVID-19 pandemic continues to impact national, state, and local economies, and the higher education and healthcare landscapes in general, and may adversely impact the State University's finances and operations. However, the State University has established plans for reopening and testing protocols to monitor compliance with social distancing and is actively working with government officials. With a strong monitoring plan in place based on rigorous data modeling, the State University expects to continue to meet its fiscal challenges. However, the pandemic could continue to materially affect the State University's ability to conduct its operations, the cost of its operations, and the generation of certain revenue, including from enrollment, campus housing, international activities, patient care and other operating activities, as well as from financial markets and fundraising, and such effects could be consequential to the State University. The full extent of the impact of COVID-19 on the State University will depend on various future developments, particularly the duration and depth of the pandemic, which may be influenced by emerging medical treatments and applicable health and safety regulations.

# Statement of Net Position

***June 30, 2021***
***In thousands***

| | |
|---|---|
| **Assets and Deferred Outflows of Resources** | |
| Current Assets: | |
| Cash and cash equivalents | $ 2,962,185 |
| Deposits with bond trustees | 108,972 |
| Short-term investments | 572,872 |
| Accounts, notes, and loans receivable, net | 1,345,545 |
| Appropriations receivable | 295,836 |
| Grants receivable | 325,025 |
| Other assets | 135,861 |
| Total current assets | 5,746,296 |
| Noncurrent Assets: | |
| Restricted cash and cash equivalents | 171,695 |
| Deposits with bond trustees | 716,036 |
| Accounts, notes, and loans receivable, net | 54,746 |
| Appropriations receivable | 807,581 |
| Long-term investments | 1,562,368 |
| Other noncurrent assets | 163,414 |
| Capital assets, net | 13,739,946 |
| Total noncurrent assets | 17,215,786 |
| **Total assets** | **22,962,082** |
| Deferred outflows of resources | 3,152,413 |
| **Total assets and deferred outflows of resources** | **$ 26,114,495** |
| **Liabilities, Deferred Inflows of Resources and Net Position (Deficit)** | |
| Current Liabilities: | |
| Accounts payable and accrued liabilities | 1,975,047 |
| Unearned revenue | 390,934 |
| Long-term debt - current portion | 466,341 |
| Long-term liabilities - current portion | 270,457 |
| Other liabilities | 590,461 |
| Total current liabilities | 3,693,240 |
| Noncurrent Liabilities: | |
| Long-term debt | 10,857,534 |
| Long-term liabilities | 16,805,830 |
| Refundable government loan funds | 86,529 |
| Other noncurrent liabilities | 52,515 |
| Total noncurrent liabilities | 27,802,408 |
| **Total liabilities** | **31,495,648** |
| Deferred inflows of resources | 5,234,319 |
| **Total liabilities and deferred inflows of resources** | **36,729,967** |
| Net Position (Deficit): | |
| Net investment in capital assets | 822,114 |
| Restricted - nonexpendable: | |
| Instruction and departmental research | 309,952 |
| Scholarships and fellowships | 148,430 |
| General operations and other | 147,696 |
| Restricted - expendable: | |
| Instruction and departmental research | 258,496 |
| Scholarships and fellowships | 135,207 |
| General operations and other | 171,032 |
| Unrestricted | (12,608,399) |
| **Total net position (deficit)** | **$ (10,615,472)** |

*See accompanying notes to the financial statements.*

# Statement of Revenues, Expenses, and Changes in Net Position

***For the Year Ended June 30, 2021***
***In thousands***

| | |
|---|---|
| **Operating revenues:** | |
| Tuition and fees | $ 2,433,848 |
| Less: scholarship allowances | (792,032) |
| Net tuition and fees | 1,641,816 |
| Federal grants and contracts | 666,633 |
| State and local grants and contracts | 339,754 |
| Private grants and contracts | 433,681 |
| Hospitals and clinics | 3,646,741 |
| Sales and services of auxiliary enterprises: | |
| Residence halls, net | 285,290 |
| Food service and other, net | 199,658 |
| Other sources | 214,655 |
| **Total operating revenues** | **7,428,228** |
| **Operating expenses:** | |
| Instruction | 2,346,066 |
| Research | 801,640 |
| Public service | 306,359 |
| Academic support | 531,813 |
| Student services | 419,991 |
| Institutional support | 1,036,310 |
| Operation and maintenance of plant | 607,130 |
| Scholarships and fellowships | 403,011 |
| Hospitals and clinics | 3,756,953 |
| Auxiliary enterprises: | |
| Residence halls | 301,955 |
| Food service and other | 214,310 |
| Depreciation and amortization expense | 727,827 |
| Other operating expenses | 29,476 |
| **Total operating expenses** | **11,482,841** |
| **Operating loss** | **(4,054,613)** |
| **Nonoperating revenues (expenses):** | |
| State appropriations | 3,587,988 |
| Federal and State nonoperating grants | 1,175,747 |
| Investment income, net | 67,736 |
| Net realized and unrealized gains | 430,987 |
| Gifts | 152,447 |
| Interest expense on capital related debt | (488,507) |
| Loss on disposal of plant assets | (33,275) |
| Other nonoperating revenues, net | 31,864 |
| **Net nonoperating revenues** | **4,924,987** |
| **Change before other revenues, gains and transfers** | **870,374** |
| Capital appropriations | 24,675 |
| Capital gifts and grants | 21,121 |
| Additions to permanent endowments | 31,228 |
| **Increase in net position** | **947,398** |
| **Net position (deficit) at the beginning of year** | **(11,562,870)** |
| **Net position (deficit) at the end of year** | **$ (10,615,472)** |

*See accompanying notes to the financial statements.*

# Statement of Cash Flows

***For the Year Ended June 30, 2021***
***In thousands***

| | | |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Tuition and fees | $ | 1,633,250 |
| Grants and contracts: | | |
| Federal | | 668,424 |
| State and local | | 282,478 |
| Private | | 436,924 |
| Hospitals and clinics | | 3,278,351 |
| Personal service payments | | (4,849,167) |
| Other than personal service payments | | (2,860,151) |
| Payments for fringe benefits | | (648,554) |
| Payments for scholarships and fellowships | | (444,195) |
| Loans issued to students | | (4,513) |
| Collection of loans to students | | 19,745 |
| Auxiliary enterprise charges: | | |
| Residence halls | | 282,462 |
| Food service and other | | 188,835 |
| Other receipts | | 173,088 |
| **Net cash used by operating activities** | | **(1,843,023)** |
| **Cash flows from noncapital financing activities:** | | |
| State appropriations: | | |
| Operations | | 991,074 |
| Debt service | | 627,927 |
| Federal and State nonoperating grants | | 1,319,802 |
| Private gifts and grants | | 151,930 |
| Proceeds from short-term loans | | 51,218 |
| Repayment of short-term loans | | (40,358) |
| Direct loan receipts | | 972,662 |
| Direct loan disbursements | | (972,662) |
| Other receipts | | 61,936 |
| **Net cash provided by noncapital financing activities** | | **3,163,529** |
| **Cash flows from capital and related financing activities:** | | |
| Proceeds from capital debt | | 1,619,512 |
| Capital appropriations | | 24,020 |
| Capital grants and gifts received | | 22,762 |
| Proceeds from sale of capital assets | | 544 |
| Purchases of capital assets | | (193,457) |
| Payments to contractors | | (695,858) |
| Principal paid on capital debt and leases | | (1,228,313) |
| Interest paid on capital debt and leases | | (578,691) |
| Capital funds advanced from State | | 496,231 |
| Deposits with bond trustees | | (393,682) |
| **Net cash used by capital and related financing activities** | | **(926,932)** |
| **Cash flows from investing activities:** | | |
| Proceeds from sales and maturities of investments | | 449,000 |
| Interest, dividends, and realized gains on investments | | 99,092 |
| Purchases of investments | | (548,599) |
| **Net cash used by investing activities** | | **(507)** |
| **Net change in cash** | | **393,067** |
| **Cash - beginning of year** | | **2,740,813** |
| **Cash - end of year** | **$** | **3,133,880** |
| **End of year cash comprised of:** | | |
| **Cash and cash equivalents** | | **2,962,185** |
| **Restricted cash and cash equivalents** | | **171,695** |
| **Total cash and cash equivalents** | **$** | **3,133,880** |

# Statement of Cash Flows (continued)

***For the Year Ended June 30, 2021***
***In thousands***

| | |
|---|---|
| **Reconciliation of net operating loss to net cash used by operating activities:** | |
| Operating loss | $ (4,054,613) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | |
| Depreciation and amortization expense | 727,827 |
| State appropriations for fringe benefits and litigation | 1,815,590 |
| Change in assets and liabilities: | |
| Receivables, net | (140,777) |
| Other assets | 66,268 |
| Accounts payable and accrued liabilities | 203,506 |
| Unearned revenue | (112,010) |
| Other liabilities | (348,814) |
| **Net cash used by operating activities** | **$ (1,843,023)** |
| | |
| **Supplemental disclosures for noncash transactions:** | |
| Noncash gifts | $ 19,438 |
| Unrealized gains on investments | $ 391,667 |

*See accompanying notes to the financial statements.*

# State University of New York Component Units
# Statement of Financial Position

***June 30, 2021***
***In thousands***

| | | |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ | 306,365 |
| Restricted cash | | 39,435 |
| Accounts and notes receivable, net | | 75,978 |
| Pledges receivable, net | | 240,960 |
| Investments | | 3,432,502 |
| Assets held for others | | 38,902 |
| Other assets | | 67,606 |
| Capital assets, net | | 533,690 |
| **Total assets** | **$** | **4,735,438** |
| **Liabilities and Net Assets** | | |
| Liabilities: | | |
| Accounts payable and accrued liabilities | | 99,230 |
| Deferred revenue | | 18,291 |
| Deposits held in custody for others | | 183,575 |
| Other liabilities | | 159,640 |
| Long-term debt, net | | 327,024 |
| **Total liabilities** | | **787,760** |
| Net Assets: | | |
| Net assets without donor restrictions: | | |
| Board designated for: | | |
| Fixed assets | | 224,241 |
| Campus programs | | 90,547 |
| Investments | | 240,136 |
| General operations and other | | 322,929 |
| Undesignated | | 269,633 |
| Total net assets without donor restrictions | | 1,147,486 |
| Net assets with donor restrictions: | | |
| Scholarships and fellowships | | 888,945 |
| Campus programs | | 876,666 |
| Research, general operations and other | | 1,034,581 |
| Total net assets with donor restrictions | | 2,800,192 |
| **Total net assets** | | **3,947,678** |
| **Total liabilities and net assets** | **$** | **4,735,438** |

*See accompanying notes to the financial statements.*

# State University of New York Component Units
# Statement of Activities

***June 30, 2021***
***In thousands***

| | | Without Donor Restrictions | With Donor Restrictions | 2021 Total |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Contributions, gifts and grants | $ | 41,737 | 209,725 | 251,462 |
| Food service | | 178,029 | — | 178,029 |
| Other auxiliary services | | 49,173 | — | 49,173 |
| Rental income | | 59,351 | 86 | 59,437 |
| Sales and services | | 184,466 | 951 | 185,417 |
| Program income and special events | | 43,938 | 550 | 44,488 |
| Investment income, net | | 233,598 | 454,562 | 688,160 |
| Change in value of split interest agreements | | 105 | 5,576 | 5,681 |
| Other sources | | 34,942 | 1,456 | 36,398 |
| Net assets released from restrictions | | 145,590 | (145,590) | — |
| **Total revenues** | | **970,929** | **527,316** | **1,498,245** |
| **Expenses:** | | | | |
| Food service | | 169,314 | — | 169,314 |
| Other auxiliary services | | 43,920 | — | 43,920 |
| Program expenses | | 276,539 | — | 276,539 |
| Support to the State University: | | | | |
| Scholarships and fellowships | | 75,512 | — | 75,512 |
| Other | | 57,243 | — | 57,243 |
| Real estate expenses | | 62,593 | — | 62,593 |
| Management and general | | 53,303 | — | 53,303 |
| Fundraising | | 27,624 | — | 27,624 |
| Other expenses | | 2,927 | — | 2,927 |
| **Total expenses** | | **768,975** | **—** | **768,975** |
| **Change in net assets** | | **201,954** | **527,316** | **729,270** |
| **Net asset reclassification** | | **(445)** | **445** | **—** |
| **Total change in net assets** | | **201,509** | **527,761** | **729,270** |
| **Net assets at the beginning of year** | | **945,977** | **2,272,431** | **3,218,408** |
| **Net assets at the end of year** | **$** | **1,147,486** | **2,800,192** | **3,947,678** |

*See accompanying notes to the financial statements.*

### 1. Summary of Significant Accounting Policies and Basis of Presentation

#### Reporting Entity

For financial reporting purposes, the State University of New York (State University) consists of all sectors of the State University including the university centers, health science centers (including hospitals), colleges of arts and sciences, colleges of technology and agriculture, specialized colleges, statutory colleges (located at the campuses of Cornell and Alfred Universities), central services and other affiliated entities determined to be includable in the State University's financial reporting entity.

Inclusion in the reporting entity is based primarily on the notion of financial accountability, defined in terms of a primary government (State University) that is financially accountable for the organizations that make up its legal entity. Separate legal entities meeting the criteria for inclusion in the blended totals of the State University reporting entity are described below. The State University is included in the financial statements of the State of New York (State) as an enterprise fund, as the State is the primary government of the State University.

The Research Foundation for The State University of New York (Research Foundation) is a separate, private, nonprofit educational corporation that administers the majority of the State University's sponsored programs. These programs are for the exclusive benefit of the State University and include research, training, and public service activities of the State-operated campuses supported by sponsored funds other than State appropriations. The Research Foundation provides sponsored programs administration and innovation support services to State University faculty performing research in life sciences and medicine; engineering and technology; physical sciences and energy; social sciences; and computer and information services. The activity of the Research Foundation has been included in these financial statements using GASB measurements and recognition standards. The financial activity was primarily derived from audited financial statements of the Research Foundation for the year ended June 30, 2021.

The State University Construction Fund (Construction Fund) is a public benefit corporation that designs, constructs, reconstructs and rehabilitates facilities of the State University pursuant to an approved master plan. Although the Construction Fund is a separate legal entity, it carries out operations which are integrally related to and for the exclusive benefit of the State University and, therefore, the financial activity for the Construction Fund is included in the State University's 2021 financial statements.

The State statutory colleges at Cornell University and Alfred University are an integral part of, and are administered by, those universities. The statutory colleges are fiscally dependent on State appropriations through the State University. The financial statement information of the statutory colleges of Cornell University and Alfred University has been included in the State University's 2021 financial statements.

Most of the State University's campuses maintain auxiliary services corporations and some campuses maintain student housing corporations. These corporations are legally separate, nonprofit organizations which, as independent contractors, operate, manage, and promote educationally related services for the benefit of the campus community. All of the State University campuses also maintain foundations, which are legally separate, nonprofit, affiliated organizations that receive and hold economic resources that are significant to, and that are entirely for the benefit of the State University, and are required to be included in the reporting entity using discrete presentation requirements. As a result, the combined totals of the campus-related auxiliary services corporations, student housing corporations and foundations are separately presented as an aggregate component unit on pages 16 and 17 of these financial statements in accordance with display requirements prescribed by the Financial Accounting Standards Board (FASB). All of the financial data for these organizations was derived from each entity's individual audited financial statements, the majority of which have a May 31 or June 30 fiscal year end. The combined totals are also included in the financial statements of the State's discretely presented component unit combining statements.

The State University adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit, assets pledged as collateral for the debt, and terms specified in debt agreements related to significant events of default with finance related consequences, significant termination events with finance related consequences, and significant subjective acceleration clauses. GASB Statement No. 88 also requires that

**1. Summary of Significant Accounting Policies and Basis of Presentation (continued)**

existing and additional information for direct borrowings and direct placement of debt be presented separate from other debt.

Historically, the State University had recorded capital facility debt and related assets consistent with the State University Construction Fund's fiscal year ended March 31. The State University changed its accounting policy to record educational and residence hall capital facility asset and debt activity as of and for the fiscal year ended June 30. The impact of this immaterial correction resulted in a decrease in beginning net position of $44.0 million as of July 1, 2020.

The operations of certain related but independent organizations, i.e., clinical practice management plans, alumni associations and student associations, do not meet the criteria for inclusion, and are not included in the accompanying financial statements.

The State University administers State financial assistance to the community colleges in connection with its general oversight responsibilities pursuant to New York State Education Law. However, since these community colleges are sponsored by local governmental entities and are included in their financial statements, the community colleges are not considered part of the State University's financial reporting entity and, therefore, are not included in the accompanying financial statements.

The accompanying financial statements of the State University have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The State University reports its financial statements as a special purpose government engaged in business-type activities, as defined by the GASB. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The financial statements of the State University consist of a classified statement of financial position, which separately classify deferred outflows of resources and deferred inflows of resources; statement of revenues, expenses, and changes in net position, which distinguish between operating and nonoperating revenues and expenses; and statement of cash flows, using the direct method of presenting cash flows from operations and other sources.

The State University's policy for defining operating activities in the statement of revenues, expenses, and changes in net position are those that generally result from exchange transactions, i.e., the payments received for services and payments made for the purchase of goods and services. Certain other transactions are reported as nonoperating activities and include the State University's operating and capital appropriations from the State, federal and State financial aid grants (e.g., Pell and TAP), investment income gains and losses, gifts, and interest expense.

***Net Position***

Resources are classified for accounting and financial reporting purposes into the following four net position categories:

Net investment in capital assets
Capital assets, net of accumulated depreciation and amortization and outstanding principal balances of debt attributable to the acquisition, construction, repair or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, repair or improvement of those assets or related debt are also included.

Restricted – nonexpendable
Net position component subject to externally imposed conditions that the State University is required to retain in perpetuity.

Restricted – expendable
Net position component whose use is subject to externally imposed conditions that can be fulfilled by the actions of the State University or by the passage of time.

Unrestricted component of net position
The unrestricted component of net position includes amounts provided for specific use by the State University's colleges and universities, hospitals and clinics, and separate legal entities included in the State University's reporting entity that are designated for those entities and, therefore, not available for other purposes.

**1. Summary of Significant Accounting Policies and Basis of Presentation (continued)**

The State University has adopted a policy of generally utilizing restricted – expendable funds, when available, prior to unrestricted funds.

***Revenues***

Revenues are recognized in the period earned. State appropriations are recognized when they are made legally available for expenditure. Revenues and expenses arising from nonexchange transactions are recognized when all eligibility requirements, including time requirements, are met. Promises of private donations are recognized at fair value. Net patient service revenue for the hospitals is reported at the estimated net realizable amounts from patients, third party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third party payors.

Tuition and fees and auxiliary sales and service revenues are reported net of scholarship discounts and allowances. Auxiliary sales and service revenue classifications for 2021 were reported net of scholarship discount and allowance amounts of $53.3 million for residence halls and $34.9 million for food service and other auxiliary services, respectively.

***Cash and Cash Equivalents***

Cash and cash equivalents are defined as current operating assets and include investments with original maturities of less than 90 days, except for cash and cash equivalents held in investment pools, which are included in short-term and long-term investments on the accompanying statement of financial position.

***Restricted Cash and Cash Equivalents***

Restricted cash and cash equivalents represent unspent funds under various capital financing arrangements, cash held for others, and cash restricted for loan and residence hall programs.

***Investments***

Investment income is recorded on the accrual basis, and purchases and sales of investment securities are reflected on a trade date basis. Any net earnings not expended are included as increases in restricted – nonexpendable net position if the terms of the gift require that such earnings be added to the principal of a permanent endowment fund, or as increases in restricted – expendable net position as provided for under the terms of the gift, or as unrestricted. At June 30, 2021, the State University had $599 million available for authorization for expenditure, including $419 million from restricted funds and $180 million from unrestricted funds.

The Investment Committee of the Cornell Board of Trustees establishes the investment policy for Cornell University as a whole, including investments that support the statutory colleges. Distributions from the pool are approved by the Cornell Board of Trustees and are provided for program support independent of the cash yield and appreciation of investments in that year. The Board applies the "prudent person" standard when making its decision whether to appropriate or accumulate endowment funds in compliance with the New York Prudent Management of Institutional Funds Act. Investments in the pool are stated at fair value and include limited use of derivative instruments including futures, forward, options and swap contracts designed to manage market exposure and to enhance the total return.

Investments in marketable securities are stated at fair value based upon quoted market prices. Alternative investments are valued using current estimates of fair value obtained from the investment managers in the absence of readily determinable fair values. The estimated fair value of these investments is based on the most recent valuations provided by the external investment managers. Because of the inherent uncertainty of valuation for these investments, the investment managers' estimates may differ from the values that would have been used had a ready market existed.

***Capital Assets***

Capital assets are stated at cost, or in the case of gifts, fair value at the date of receipt. Building renovations and additions costing over $100,000 and equipment items with a unit cost of $5,000 or more are capitalized. Intangible assets, including

**1. Summary of Significant Accounting Policies and Basis of Presentation (continued)**

internally generated computer software with costs of $1 million or more are capitalized. Library materials are capitalized and amortized over a ten-year period. Works of art or historical treasures that are held for public exhibition, education, or research in furtherance of public service are capitalized. Capital assets, with the exception of land, construction in progress, and inexhaustible works of art or intangible assets, are depreciated on a straight-line basis over their estimated useful lives, using historical and industry experience, ranging from 2 to 50 years.

***Compensated Absences***

Employees accrue annual leave based primarily on the number of years employed up to a maximum rate of 21 days per year up to a maximum total of 40 days.

***Fringe Benefits***

Employee fringe benefit costs (e.g., health insurance, workers' compensation, and post-retirement benefits) for State University and statutory employees are paid by the State on behalf of the State University (except for the State University hospitals and Research Foundation, which pay their own fringe benefit costs) at a fringe benefit rate determined by the State. The State University records an expense and corresponding State appropriation revenue for fringe benefit costs based on the fringe benefit rate applied to total eligible personal service costs incurred.

***Deferred Outflows and Deferred Inflows of Resources***

Deferred outflows of resources are defined as a consumption of net assets by a college or university that is applicable to a future reporting period. Deferred inflows of resources are defined as an acquisition of net assets by the college or university that is applicable to a future reporting period. Deferred inflows and deferred outflows of resources include amounts related to changes in the net pension and OPEB liabilities of the State University's cost sharing pension plans and the OPEB plans due to changes between expected and actual claims experience and changes in actuarial assumptions such as the discount rate used to determine the respective liability. Deferred outflows of resources also include losses resulting from refinancing of debt which represents the difference between the reacquisition price and the net carrying amount of the old debt and is amortized over the life of the related debt. The composition of deferred outflows and deferred inflows of resources at June 30, 2021 is as follows (in thousands):

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| OPEB activities | $ 1,755,769 | 3,370,464 |
| Pension activities | 1,288,696 | 1,821,526 |
| Deferred loss / gain on refunding | 98,198 | 7,919 |
| Other | 9,750 | 34,410 |
| Total | $ 3,152,413 | 5,234,319 |

***Pensions***

For the cost-sharing multiple employer pension plans the State University participates in, a portion of the Plan's net pension liability (asset), as well as deferred inflows and outflows from pension activities are reflected in the reported amounts on the statement of financial position. The State University is considered a participating employer of the New York State and Local Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS), and New York State Teachers' Retirement System (TRS) pension plans. As a result, the State University has recorded a participating proportion of the net pension liability (asset) and related deferrals of the ERS, PFRS, and TRS plans. Also, the State University administers a single-employer defined benefit plan for which the State University reports the entire net pension liability (asset) and related deferred inflows and deferred outflows. This plan is frozen and is further described in note 8 to the financial statements. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to and deductions from the pension plans' fiduciary net position have been determined on the same basis as they are reported by those plans.

**1. Summary of Significant Accounting Policies and Basis of Presentation (continued)**

***Postemployment and Post-retirement Benefits***

In addition to providing pension benefits, the State University provides health insurance coverage and survivor benefits for retired employees and their survivors. Postemployment benefits other than pensions are recognized on an actuarially determined basis as employees earn benefits that are expected to be used in the future. Substantially all of the State University employees may become eligible for these benefits if they reach normal retirement age while working for the State University.

Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the State University and the retired employee. The amounts earned include employee sick leave credits expected to be used to pay for a share of post-retirement health insurance.

***Tax Status***

The State University and the Construction Fund are political subdivisions of the State and are, therefore, generally exempt from federal and state income taxes under applicable federal and state statutes and regulations. The Research Foundation is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally tax-exempt on related income, pursuant to Section 501(a) of the Code.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. The most significant estimates relate to the actuarial valuations and assumptions that affect the postemployment benefit liabilities, pension obligations and medical malpractice claims. Other significant estimates include the allowance for uncollectible receivables and the valuation of certain investments measured at net asset value. Actual results could differ from those estimates.

***Risks and Uncertainties - Pandemic***

In March 2020, the World Health Organization declared a pandemic related to the rapidly spreading coronavirus ("COVID-19") outbreak, which has led to a global health emergency. On March 7, 2020, the former Governor of New York State declared a state of emergency, which was ended on June 24, 2021. The COVID-19 pandemics future impacts on the State University's operating results and financial condition will continue to be driven by many factors which are beyond the control of the State University.

In response to uncertainties presented by COVID-19, the State University continued to implement expense reduction actions to mitigate the financial impact of COVID-19 prior to and during the fiscal year 2021 and beyond, and continues to monitor, plan and adjust its plans as the situation evolves. The State University put a freeze on faculty and staff hiring and salary adjustments not required by law, as well as instituting other cost reduction measures across its campuses in relation to travel, purchases, and large-scale contracts. In addition, nearly all new capital projects and non-essential initiatives were placed on hold. The State University continues to track the financial impacts of the COVID-19 pandemic and is developing and analyzing various scenarios and contingency plans to respond both operationally and financially to the impacts of COVID-19.

The State University was awarded certain funding under the Education Stabilization Act. The State University was awarded $1.00 billion in Higher Education Emergency Relief Fund (HEERF) grants comprised of HEERF I of $183.8 million, HEERF II of $295.3 million, and HEERF III of $521.0 million. These grants provide for student emergency financial aid grants, and college aid to cover lost revenue due to declining enrollment, refunds to students for room, board and certain fees, as well as eligible expenses attributable to the effects of COVID-19. The State University hospitals were awarded $369.0 million in Provider Relief Fund (PRF) grants, to cover healthcare related expenses and lost revenue attributable to the effects of COVID-19, represented as a negative change in year-over-year net patient care operating income. During the year, the State University recognized revenue of $343.2 million in HEERF grants (HEERF I of $58.1 million and HEERF II of $285.1 million) for the student and institutional shares and $182.6 million in PRF grants for the hospitals.

**2. Cash and Cash Equivalents**

Cash and cash equivalents and restricted cash represent State University funds held in the State treasury, in the short-term investment pool (STIP), in State bank accounts, unexpended escrow funds for equipment financing, and cash held by affiliated organizations. Cash held in the State treasury beyond immediate need is pooled with other State funds for short-term investment purposes. The pooled balances are limited to legally stipulated investments which include obligations of, or are guaranteed by, the United States; obligations of the State and its political subdivisions; commercial paper; and repurchase agreements. These investments are reported at cost (which approximates fair value) and are held by the State's agent in its name on behalf of the State University. At June 30, 2021, the State University had a book and bank balance of $2.96 billion in deposits held by the State Treasury and invested in the STIP that were fully collateralized.

The custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the State University will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

For campus State bank accounts, the State requires that its depository banks pledge collateral or provide a surety bond based on actual and average daily available bank balances. All securities pledged as collateral are held by the State's fiscal agent in its name on behalf of the State University and are valued on a monthly basis.

The New York State Comprehensive Annual Financial Report contains the GASB Statement No. 40 *Deposit and Investment Risk Disclosures* for amounts held in the State treasury. Deposits not held in the State treasury that are not covered by depository insurance and are (a) uncollateralized; (b) collateralized with securities held by a pledging financial institution; or (c) collateralized with securities held by a pledging financial institution's trust department or agency, but not in the State University or affiliates' name at June 30, 2021, are as follows (in thousands):

| Category (a) | Category (b) | Category (c) |
|---|---|---|
| $ 96,869 | 123,436 | — |

**3. Deposits with Bond Trustees**

Deposits with bond trustees primarily represent DASNY bond proceeds needed to finance capital projects, equipment replacement, and debt service reserves. Pursuant to financing agreements with DASNY, bond proceeds, including interest income, are restricted for capital projects or debt service. Also included are non-bond proceeds that have been designated for capital projects and equipment.

The State University's deposits with bond trustees, which include cash and investments, are registered in the State University's name and held by an agent or in trust accounts in the State University's name. Cash and short-term investments held in the State treasury and money market accounts were approximately $58.7 million at June 30, 2021.

The market value of investments held and maturity period at June 30, 2021 are as follows (in thousands):

| Type of Investments | Fair Value | Level 1 | Level 2 |
|---|---|---|---|
| U.S. Treasuries | $ 700,695 | 19,672 | 681,023 |
| Federal Agencies* | 65,361 | — | 65,361 |
| Certificates of indebtedness | 277 | — | 277 |
| Total | $ 766,333 | 19,672 | 746,661 |

**Rating on investments are AA+ / Aaa / AAA*

## 4. Investments

Investments of the State University are recorded at fair value. Investments include those held by the statutory colleges at Cornell University and Alfred University (Alfred Ceramics), the Research Foundation, the Construction Fund, and State University campuses.

For financial reporting purposes, assets attributable to the statutory colleges at Cornell University and Alfred University are held in Cornell University's and Alfred University's entire portfolio of investments and are invested in external investment pools. The assets are not managed by, or attributable to, any individual college and the statutory colleges do not have the authority to manage investment assets independently. The fair value of the statutory colleges' investments is primarily based on the unit value of the pools and the number of shares owned in the various investment pools. The table below presents the unit value of each external investment pool, in addition to the fair value (in thousands) of assets attributable to the statutory colleges at June 30.

| | Unit Value | Fair Value |
|---|---|---|
| Cornell Statutory Colleges: | | |
| Endowments: | | |
| Long-term investment pool | $ 75.29 | 1,351,683 |
| Charitable gift annuities master trust units | 2.76 | 8,806 |
| Charitable trusts: | | |
| Endowment strategy | 71.38 | 33,865 |
| Common trust fund - growth | 60.10 | 7,419 |
| Common trust fund - income | 13.20 | 3,380 |
| Pooled life income funds: | | |
| PLIF A | 1.52 | 397 |
| PLIF B | 3.05 | 550 |
| Alfred Ceramics: | | |
| Endowment long-term investment pool | 9.29 | 30,411 |
| Total external investment pools | | $ 1,436,511 |

The Research Foundation maintains a diverse investment portfolio and follows an investment policy and asset guidelines approved and monitored by its board of directors. The portfolio is mainly comprised of mutual funds, exchange-traded funds and alternative investments of high quality and liquidity. Investments are held with the investment custodian in the Research Foundation's name.

Investments of the Construction Fund are made in accordance with the applicable provisions of the laws of the State and the Construction Fund's investment policy and consist primarily of obligations of the United States government and its agencies. These investments are held by the State's agent in the Construction Fund's name.

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

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

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

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

**4. Investments (continued)**

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

The following is a description of the valuation methodologies used for investments measured at fair value:

Mutual funds are reported at current quoted or published fair values as of the statement of financial position date.

Investments in limited liability partnerships and corporations represent investments measured at NAV or its equivalent and consist of hedge funds of funds, real estate, domestic and foreign equity funds, fixed income securities and private equity funds in various investment vehicles. These investments, which are not exchange traded, do not have readily determinable fair values. These investments are typically redeemable at NAV under the terms of the investment agreements. Estimates of fair value are made using NAV per share or its equivalent as a practical expedient and are not required to be categorized in the fair value hierarchy.

External investment pools represent ownership in Cornell University's and Alfred University's long-term investment pools (LTIP) or other split interest agreement pools. The objective of the LTIP investment policy is to maximize total return within a reasonable risk parameter - specifically, to achieve a total return, net of investment expenses, of at least 5 percent in excess of inflation as measured by a rolling average of the Consumer Price Index.

Private equity fund investments include non-controlling shares or interests in funds where the controlling general partner serves as the investment's manager. Such investments are generally not eligible for redemption from the fund or general partner but can potentially be sold to third-party buyers in private transactions. It is the intent to hold these investments until the fund has fully distributed all proceeds to the investors. The State University has unfunded commitments to private equity investments as of June 30, 2021 of approximately $49.4 million.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the State University believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a materially different fair value measurement at the reporting dates.

Investment income is reported net of investment fees of approximately $9 million at June 30, 2021. The State University did not have any exposure to foreign currency risk for investments held at June 30, 2021.

**4. Investments (continued)**

The composition of investments at June 30, 2021 is as follows (in thousands):

| | Total | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Investments by fair value level: | | | | |
| Cash and money market funds | $ 143,516 | 142,180 | 1,336 | — |
| U.S. Treasury bills | 30,600 | 30,600 | — | — |
| Mutual funds - non-equities | 55,604 | 55,532 | 72 | — |
| U.S. equities | 61,176 | 61,176 | — | — |
| Foreign equities | 32,239 | 32,239 | — | — |
| Real estate | 36,888 | 36,555 | — | 333 |
| Other | 4,905 | | — | 4,905 |
| Total investments by fair value level | 364,928 | 358,282 | 1,408 | 5,238 |
| Investments measured at NAV: | | | | |
| External investment pools | 1,436,511 | | | |
| Global equities | 95,441 | | | |
| Private equity | 42,569 | | | |
| Hedged equities | 92,811 | | | |
| Multi-strategy funds | 72,529 | | | |
| Credit securities | 8,559 | | | |
| Other | 21,892 | | | |
| Total investments measured at NAV | 1,770,312 | | | |
| Total investments | $ 2,135,240 | | | |

Redemption disclosures for investments measured at NAV (in thousands):

| | Fair Value | Redemption Frequency (if currently eligible) | Redemption Notice Period |
|---|---|---|---|
| External investment pools | $ 1,436,511 | Monthly for funds functioning as endowments only | Two months |
| Global equities | 95,441 | Monthly, quarterly, annually | 30 to 90 days |
| Private equity | 42,569 | N/A | N/A |
| Hedged equities | 92,811 | Quarterly | 90 days |
| Multi-strategy funds | 72,529 | Monthly, Quarterly | 45 to 95 days |
| Credit securities | 8,559 | Monthly, Quarterly | 30 to 45 days |
| Other | 21,892 | N/A | N/A |
| Total investments measured at NAV | $ 1,770,312 | | |

**4. Investments (continued)**

At June 30, 2021 the State University had non-equity investments and maturities as summarized in Table A.

***Table A*** *(in thousands)*

| Investment Type | Market Value | Less than 1 yr | 1-5 yrs | 6-10 yrs | More than 10 yrs |
|---|---|---|---|---|---|
| U.S. Treasury bills | $ 30,600 | 30,600 | — | — | — |
| Mutual funds - non-equities | 55,604 | — | 72 | 55,532 | — |
| Total investments | $ 86,204 | 30,600 | 72 | 55,532 | — |

Credit quality ratings of the State University's investments in debt securities, as described by Moody's, S&P, and Fitch at June 30, 2021 are summarized in Table B.

***Table B*** *(in thousands)*

| Credit Rating | AAA | AA | A | BBB | BB | B | Not Rated |
|---|---|---|---|---|---|---|---|
| Investment Type | | | | | | | |
| Mutual funds - non-equities* | $ 55,532 | 72 | — | — | — | — | — |
| Total | $ 55,532 | 72 | — | — | — | — | — |

**based on average credit quality of holdings*

**5. Receivables, Net**

Receivables consist of the following at June 30, 2021 (in thousands):

| | |
|---|---|
| Tuition and fees | $ 60,340 |
| Allowance for uncollectible | (20,985) |
| Net tuition and fees | 39,355 |
| Room rent | 23,169 |
| Allowance for uncollectible | (6,247) |
| Net room rent | 16,922 |
| Patient fees, net of contractual allowances | 1,826,828 |
| Allowance for uncollectible | (632,696) |
| Net patient fees | 1,194,132 |
| Other | 99,935 |
| Allowance for uncollectible | (27,002) |
| Net other | 72,933 |
| Total accounts and notes receivable | 1,323,342 |
| Student loans | 104,102 |
| Allowance for uncollectible | (27,153) |
| Total student loans receivable | 76,949 |
| Total, net | $ 1,400,291 |

### 6. Capital Assets

Capital assets, net of accumulated depreciation, totaled $13.74 billion at fiscal year end 2021. Capital asset activity is reflected in Table C. In the table, closed projects and retirements represent capital assets retired and assets transferred from construction in progress for projects completed and added to the related capital assets category.

***Table C*** *(in thousands)*

| | June 30, 2020 | Additions | Closed Projects & Retirements | June 30, 2021 |
|---|---|---|---|---|
| Capital assets: | | | | |
| Land | 792,921 | 13,894 | 1,532 | 805,283 |
| Infrastructure and land improvements | 1,549,448 | 94,588 | 31 | 1,644,005 |
| Buildings | 15,877,453 | 712,410 | 23,353 | 16,566,510 |
| Equipment, library books and other | 3,549,430 | 222,844 | 119,727 | 3,652,547 |
| Construction in progress | 1,210,648 | 629,647 | 825,540 | 1,014,755 |
| Total capital assets | 22,979,900 | 1,673,383 | 970,183 | 23,683,100 |
| Less: accumulated depreciation: | | | | |
| Infrastructure and land improvements | 747,535 | 68,764 | 21 | 816,278 |
| Buildings | 5,871,215 | 472,106 | 10,509 | 6,332,812 |
| Equipment, library books and other | 2,697,003 | 186,405 | 89,344 | 2,794,064 |
| Total accumulated depreciation | 9,315,753 | 727,275 | 99,874 | 9,943,154 |
| Capital assets, net | $13,664,147 | 946,108 | 870,309 | 13,739,946 |

### 7. Long-term Liabilities

The State University has entered into capital leases and other financing agreements with DASNY to finance most of its capital facilities. The State University has also entered into financing arrangements with the New York Power Authority under the statewide energy services program. Equipment purchases are also made through DASNY's Tax-exempt Equipment Leasing Program (TELP), various State sponsored equipment leasing programs, and private financing arrangements. The State University is responsible for lease debt service payments sufficient to cover the interest and principal amounts due under these arrangements.

The Research Foundation maintains unsecured lines of credit, with no fixed maturity date, in the amount of $65.0 million of which $14.9 million was outstanding at June 30, 2021. During the year ended June 30, 2021, the borrowing rates ranged between 1.13 percent and 2.75 percent. The terms of the lines include the specification that each draw must be repaid within one year, and that the bank has the right to demand full repayment of these lines of credit at any time. There has been no indication by the bank of its intent to exercise this right.

**7. Long-term Liabilities (continued)**

Total obligations at June 30, 2021 are summarized in Table D.

***Table D*** *(in thousands)*

| | July 1, 2020 | Additions | Reductions | June 30, 2021 | Current Portion |
|---|---|---|---|---|---|
| Long-term debt: | | | | | |
| Educational facilities | 9,736,242 | 958,860 | 867,105 | 9,827,997 | 345,821 |
| Unamortized bond premium - educational facilities | 880,762 | 176,927 | 89,293 | 968,396 | 53,830 |
| Residence hall facilities | 47,525 | — | 42,030 | 5,495 | — |
| Unamortized bond premium - residence hall facilities | 5,039 | — | 3,785 | 1,254 | 418 |
| Capital lease arrangements | 359,860 | 123,528 | 57,216 | 426,172 | 57,934 |
| Other long-term debt | 101,797 | 31,747 | 38,983 | 94,561 | 8,338 |
| Total long-term debt | 11,131,225 | 1,291,062 | 1,098,412 | 11,323,875 | 466,341 |
| Other long-term liabilities: | | | | | |
| Postemployment benefits other than pensions | 15,530,829 | — | 1,977,059 | 13,553,770 | — |
| Collateralized borrowing | 1,961,934 | 328,450 | 248,720 | 2,041,664 | 7,448 |
| Litigation | 848,060 | — | 17,374 | 830,686 | 24,818 |
| Pension | 1,679,425 | 167,347 | 1,782,326 | 64,446 | 3,615 |
| Other long-term liabilities | 526,369 | 246,745 | 187,393 | 585,721 | 234,576 |
| Total other long-term liabilities | 20,546,617 | 742,542 | 4,212,872 | 17,076,287 | 270,457 |
| Total long-term liabilities | $31,677,842 | 2,033,604 | 5,311,284 | 28,400,162 | 736,798 |

***Educational Facilities***

The State University, through DASNY and the Urban Development Corporation, has entered into financing agreements to finance various educational facilities which have a maximum 30-year life. Athletic facility debt is aggregated with educational facility debt. Debt service is paid by, or from specific appropriations of, the State.

During 2021, Personal Income Tax (PIT) Bonds were issued with a par amount of $958.9 million at a premium of $176.9 million for the purpose of financing capital construction and major rehabilitation for educational facilities as well as to refund $603.5 million of the State University's existing educational facilities obligations. The result will produce an estimated savings of $146.6 million in future cash flow, with an estimated present value gain of $150.8 million.

***Residence Hall Facilities***

The State University has entered into capital lease agreements for residence hall facilities. DASNY bonds for most of the residence hall facilities, and these bonds have a maximum 30-year life and are repaid from room rentals and other residence hall revenues. Upon repayment of the bonds, including interest thereon, and the satisfaction of all other obligations under the lease agreements, DASNY shall convey to the State University all rights, title, and interest in the assets financed by the capital lease agreements. Residence hall facilities revenue realized during the year from facilities for which there are bonds outstanding is pledged as a security for debt service and is assigned to DASNY to the extent required for debt service purposes. Any excess funds pledged to DASNY are available for residence hall capital and operating purposes.

In prior years, the State University defeased various obligations, whereby proceeds of new obligations were placed in an irrevocable trust to provide for all future debt service payments on the defeased obligations. Accordingly, the trust account assets and liabilities for the defeased obligations are not included in the State University's financial statements.

**7. Long-term Liabilities (continued)**

At June 30, 2021, $1.15 billion of outstanding educational facilities obligations and $753.1 million of residence hall obligations were considered defeased.

*Requirements of the long-term debt obligations at June 30, 2021 are as follows (in thousands):*

| Fiscal Year(s) | Educational Facilities | | Residential Facilities | | Other | | Total | |
|---|---|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2022 | $ 345,821 | 463,407 | — | 185 | 120,520 | 23,160 | 466,341 | 486,752 |
| 2023 | 445,077 | 448,819 | — | 185 | 114,922 | 20,537 | 559,999 | 469,541 |
| 2024 | 456,400 | 425,075 | 2,015 | 145 | 112,395 | 17,864 | 570,810 | 443,084 |
| 2025 | 501,571 | 402,676 | — | 104 | 105,925 | 15,102 | 607,496 | 417,882 |
| 2026 | 417,011 | 377,255 | — | 104 | 103,398 | 12,299 | 520,409 | 389,658 |
| 2027-31 | 1,690,306 | 1,605,191 | — | 522 | 387,927 | 24,124 | 2,078,233 | 1,629,837 |
| 2032-36 | 1,704,675 | 1,211,277 | 3,480 | 157 | 235,025 | 7,752 | 1,943,180 | 1,219,186 |
| 2037-41 | 1,897,765 | 786,901 | — | — | 188,262 | 2,786 | 2,086,027 | 789,687 |
| 2042-46 | 1,704,420 | 339,570 | — | — | 96,751 | 74 | 1,801,171 | 339,644 |
| 2047-51 | 664,951 | 47,751 | — | — | 25,258 | — | 690,209 | 47,751 |
| Total | $ 9,827,997 | 6,107,922 | 5,495 | 1,402 | 1,490,383 | 123,698 | 11,323,875 | 6,233,022 |
| | Interest rates range from 0.55% to 5.6% | | Interest rates range from 3.0% to 4.0% | | Interest rates range from 0.77% to 6.97% | | | |

Summarized by bond type/purpose, the schedule below details outstanding bonds that have assets pledged as collateral for debt and contain terms specified in debt agreements related to events of default and subjective acceleration clauses that have finance related consequences.

| Dormitory Authority | Bonds Outstanding | Assets Pledged as Collateral | Events of Default | Termination Events | Subjective Acceleration Clauses |
|---|---|---|---|---|---|
| Educational Facilities | 541,800 | (1) | (4) | (6) | (7) |
| Educational Facilities (PIT) | 7,138,670 | (2) | (5) | (6) | (8) |
| Educational Facilities (Sales Tax) | 1,850,590 | (3) | (5) | (6) | (8) |

***Footnotes for the column identified as Assets Pledged as Collateral***

(1) Secured by a pledge of all revenues received by the State University Construction Fund, as well as an annual State appropriation.

(2) Effective April 1, 2018, a statutory allocation of 50 percent (previously 25 percent) of State of New York personal income tax receipts are deposited into the Revenue Bond Tax Fund which is held jointly by the State's Commissioner of Taxation and Finance and the State Comptroller. Also added was a requirement to deposit 50 percent of the New York State Employer Compensation Expense Program receipts as an additional revenue source. Annual State appropriations are required prior to any payments out of the account. Should the balance be insufficient to make financing agreement payments that have been appropriated, the State Comptroller is required to transfer from the State's General Fund amounts necessary to meet the cash requirements.

(3) Initially a statutory allocation of 1 percent of New York State sales tax receipts are deposited in the Sales Tax Revenue Bond Tax Fund which is held jointly by the State's Commissioner of Taxation and Finance and the State Comptroller. The 1 percent allocation of sales tax receipts will be increased to 2 percent once all New York Local Government Assistance Corporation bonds have been redeemed or defeased which is expected to occur on or before April 1, 2025.

**7. Long-term Liabilities (continued)**

***Footnotes for the column identified as Events of Default***

(4) Failure to make timely payment of amounts due; meeting all bond covenants, conditions, agreements, and provisions in the respective resolutions; or tax-exempt bonds have been deemed taxable.

(5) There are no events of default that cause additional financial consequences. Bondholders continue to be entitled to receive all principal and interest that is due.

***Footnotes for the column identified as Termination Events***

(6) There are no termination events relevant to State related debt with financial consequences.

***Footnotes for the column identified as Subjective Acceleration Clauses***

(7) Upon the written request of bondholders of not less than 25 percent in principal outstanding, the Trustee may declare all principal and interest on the outstanding bonds to be due immediately after a thirty-day notice period.

(8) The bond resolution does not permit the trustee or bondholders to declare the bonds immediately due and payable. Bondholders of not less than a majority in aggregate principal amount of bonds outstanding may bring an action or suit to enforce the rights of the bondholders.

***Collateralized Borrowing***

In March 2013, the State enacted legislation amending the Public Authorities Law and Education Law of the State. The amendments, among other things, authorized the State University to assign to DASNY all of the State University's rights, title and interest in dormitory facilities revenues derived from payments made by students and others for use and occupancy of certain dormitory facilities. The amendments further authorize DASNY to issue State University of New York Dormitory Facilities Revenue Bonds payable from and secured by the dormitory facilities revenues assigned to it by the State University. The enacted legislation also created a special fund to be held by the State's Commissioner of Taxation and Finance on behalf of DASNY. All dormitory facilities revenues collected by the State University are required to be deposited in this special fund.

The outstanding obligations under these bonds are reported as collateralized borrowing in the State University's financial statements since these bonds are not payable from any money of the State University or the State and neither the State University nor the State has any obligation to make any payments with respect to the debt service on the bonds. The pledged revenues recognized during the fiscal years ended June 30, 2021 amounted to $330.9 million. There were principal payments of $65.7 million and interest payments of $76.3 million during fiscal year 2021. Total principal and interest outstanding on the bonds at June 30, 2021 were $1.89 billion and $868.0 million, respectively, payable through July 1, 2049.

During 2021, bonds with a par amount of $328.5 million were issued for the purpose of refinancing existing residence hall obligations bonds.

These bonds are special obligations of DASNY payable solely from the dormitory facilities revenues collected by the State University as agent for DASNY.

**8. Retirement Plans**

***Retirement Benefits***

The three major defined benefit retirement plans State University employees participate in are ERS, PFRS and TRS. ERS and PFRS are cost-sharing, multiple-employer, defined benefit pension plans administered by the State Comptroller. TRS is a cost-sharing, multiple-employer, defined benefit pension plan separately administered by a ten-member board. The State University reported amounts include the net pension liability for employees of the State University that participate in ERS, PFRS and TRS pension plans.

Obligations of employers and employees to contribute, and related benefits, are governed by the New York State Retirement and Social Security Law (NYSRSSL) and Education Law and may only be amended by the Legislature with the Governor's approval. These plans offer a wide range of programs and benefits. ERS, PFRS and TRS benefits vary based on the date of membership, years of credited service and final average salary, vesting of retirement benefits, death and disability benefits, and optional methods of benefit payments. Each plan provides a permanent annual cost-of-living increase to both current and future retired members meeting certain eligibility requirements. Participating employers are required under law to contribute to these plans on an actuarially determined rate. For ERS and PFRS this rate is determined annually by the State Comptroller. The average contribution rate for the fiscal year ended March 31, 2021 for ERS and PFRS was approximately 14.6 percent and 24.4 percent of payroll, respectively. For TRS, this rate is determined by the TRS Board on an annual basis and was 8.86 percent of payroll for the year ended June 30, 2020.

ERS, PFRS and TRS provide retirement benefits as well as death and disability benefits through a range of programs. For those members joining prior to January 1, 2010 benefits generally vest after five years of credited service. For those joining after January 1, 2010 (ERS and TRS) and January 9, 2010 (PFRS) benefits generally vest after 10 years of credited service. The NYSRSSL provides that all participating employers in ERS, PFRS and TRS are jointly and severally liable for any actuarial unfunded amounts. Such amounts are collected through annual billings to all participating employers. Employees who joined ERS and TRS after July 27, 1976 and before January 1, 2010 (January 9, 2010 PFRS), and have less than ten years of service or membership are required to contribute 3 percent of their salary. Those joining on or after January 1, 2010 (January 9, 2010 PFRS) and before April 1, 2012 are required to contribute 3.5 percent of their annual salary for their entire working career. Those joining on or after April 1, 2012 are required to contribute between 3 percent and 6 percent, dependent upon their salary, for their entire working career. Employee contributions are deducted from their salaries and remitted to ERS, PFRS and TRS.

The State University administers a single-employer defined benefit pension plan, "the Upstate Medical University Retirement Plan for Former Employees of Community General Hospital (CGH)" (Upstate Plan). This plan provides for retirement benefits for former employees of CGH and can be amended subject to applicable collective bargaining and employment agreements. For those who opted out of this plan, benefit accruals were frozen. No new participants can enter this plan. The State University established a Pension Oversight Committee (Committee) which has the primary fiduciary responsibility and oversight of the Upstate Plan. The Committee is permitted to invest plan assets pursuant to various provisions of State law, including the NYSRSSL.

The Upstate Plan provides retirement, disability, termination and death benefits to plan participants and their beneficiaries. Pension benefits are generally based on the highest five-year average compensation of the final ten years of employment, and years of credited service as outlined in the plan. Covered employees with five or more years of service are entitled to a pension benefit beginning at normal retirement age (65). Participants with less than five years of service are not vested. Participants become fully vested after five years of service. The funding policy is to contribute enough to the plan to satisfy the annual required contributions (ARC) and the employer contributions. Employees do not contribute to the Plan.

For ERS, PFRS, TRS and the Upstate Plan, the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to the expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. In addition, for each plan, the projection of cash flows used to determine the discount rate assumed that contributions from plan members will

**8. Retirement Plans (continued)**

be made at the current member contribution rates and that contributions from participating employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the fiduciary net position for each plan 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 for each plan. ERS and PFRS used a discount rate of 5.9 percent in 2021 and 6.8 percent in 2020. TRS used a discount rate of 7.10 percent for both years. The Upstate Plan used a discount rate of 6.5 percent for both years. The total contributions made to the ERS, PFRS, TRS and Upstate Plan during 2021 were $216.9 million, $9.4 million, $13.5 million, and $0.5 million, respectively. At June 30, 2021, the total net pension liability, included in long-term liabilities, for these plans was $50.8 million. Additionally, at June 30, 2021, there were deferred outflows of resources of $1.29 billion and deferred inflows of resources of $1.82 billion. There was also a pension asset, included in other noncurrent assets, of $12.5 million at June 30, 2021. For the fiscal year ended June 30, 2021, the State University recognized pension expense of $156.5 million.

**ERS and PFRS** – The State University recognized a net pension liability of $5.8 million for its proportionate share of the ERS net pension liability at June 30, 2021. The State University also recognized a net pension liability of $20.3 million for its proportionate share of the PFRS net pension liability at June 30, 2021. The State University's proportionate share of the net pension liability was determined consistent with the manner in which contributions to the pension plan are determined and was based on the ratio of the State University's total projected long-term contribution effort to the total ERS and PFRS projected long-term contribution effort from all employers. The net pension liability at June 30, 2021 was measured as of March 31, 2021, and was determined by an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021. The proportionate share of the net pension liability for ERS was 5.79 percent measured at March 31, 2021 compared to 5.75 percent measured at March 31, 2020. The proportionate share of the net pension liability for PFRS was 1.17 percent measured as of March 31, 2021 compared to 1.15 percent measured as of March 31, 2020.

For the fiscal year ended June 30, 2021, the State University recognized pension expense related to ERS of $119.1 million. At June 30, 2021, the State University reported deferred outflows and deferred inflows of resources related to ERS from the following sources (in thousands):

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 70,369 | — |
| Changes of assumptions | 1,059,426 | 19,981 |
| Net difference between projected and actual earnings on pension plan investments | — | 1,655,155 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 20,306 | 50,245 |
| Total | $ 1,150,101 | 1,725,381 |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS pensions will be recognized in pension expense as follows (in thousands):

| Year Ended June 30: | |
|---|---|
| 2022 | $ (110,847) |
| 2023 | (45,155) |
| 2024 | (97,003) |
| 2025 | (322,275) |

**8. Retirement Plans (continued)**

For the fiscal year ended June 30, 2021, the State University recognized pension expense related to PFRS of $10.1 million. At June 30, 2021, the State University reported deferred outflows and deferred inflows of resources related to PFRS from the following sources (in thousands):

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 4,511 | — |
| Changes of assumptions | 49,946 | — |
| Net difference between projected and actual earnings on pension plan investments | — | 59,776 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 449 | 3,331 |
| Total | $ 54,906 | 63,107 |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pensions will be recognized in pension expense as follows (in thousands):

| Year Ended June 30: | |
|---|---|
| 2022 | $ (3,343) |
| 2023 | (983) |
| 2024 | (2,564) |
| 2025 | (11,046) |
| 2026 | 9,735 |

The actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021, and the actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020, included the following actuarial assumptions:

| **Assumptions** | |
|---|---|
| Actuarial cost method | Entry age normal |
| Inflation | 2.7 percent |
| Salary scale | 4.4 percent (ERS), 6.2 percent (PFRS) |
| Investment rate of return, including inflation | 5.9 percent compounded annually, net of investment expenses |
| Cost of living adjustments | 1.4 percent annually |
| Decrements | Developed from each Plan's 2020 experience study for period Apri1 1, 2015 through March 31, 2020 |
| Mortality improvement | Society of Actuaries Scale MP-2020 |
| Discount rate | 5.9 percent |

**8. Retirement Plans (continued)**

Best estimates of arithmetic real rates of return for each major asset class included in the ERS and PFRS target asset allocation as of March 31, 2021 is as follows:

| Asset Class | Target Allocation | Long-term expected real rate of return * |
|---|---|---|
| Domestic equity | 32 % | 4.05 % |
| International equity | 15 | 6.30 |
| Private equity | 10 | 6.75 |
| Real estate | 9 | 4.95 |
| Opportunistic/Absolute Return | 3 | 4.50 |
| Credit | 4 | 3.63 |
| Real assets | 3 | 5.95 |
| Fixed Income | 23 | — |
| Cash | 1 | 0.50 |
| Total | 100 % | |

*Real rates of return are net of a long-term inflation assumption of 2.0%.

*Sensitivity of the net pension liability (asset) to changes in the discount rate.* The following presents the net pension liability (asset) of the State University, calculated using the discount rate of 5.9 percent as well as what the State University's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.9%) and 1 percentage point higher (6.9%) than the current year rate (in thousands):

| | 1% Decrease (4.9%) | Current Discount (5.9%) | 1% Increase (6.9%) |
|---|---|---|---|
| ERS Net Pension Liability (Asset) | $ 1,599,279 | 5,762 | (1,463,833) |
| PFRS Net Pension Liability (Asset) | $ 86,450 | 20,329 | (34,402) |

The ERS and PFRS retirement systems issue a publicly available financial report that includes financial statements and supplementary information and provides detailed information about the pension plan's fiduciary net position. The report may be obtained at https://www.osc.state.ny.us/retirement/resources/financial-statements-and-supplementary-information.

The ERS plan allows participating employers to amortize a portion of their annual pension costs. The amounts amortized will be paid back with interest over 10 years. The State University participates in this program and the total pension payable included in long-term liabilities at June 30, 2021 is $13.6 million.

**TRS** – The State University recognized a net pension liability of $24.7 million for its proportionate share of the TRS net pension liability at June 30, 2021. The State University's proportionate share of the net pension liability was based on the ratio of the State University's actuarially determined employer contribution to the total TRS actuarially determined employer contribution. The proportionate share of the net pension liability for TRS was 0.89 percent. The net pension liability reported at June 30, 2021 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020.

**8. Retirement Plans (continued)**

For the fiscal year ended June 30, 2021, the State University recognized pension expense related to TRS of $31.8 million. At June 30, 2021, the State University reported deferred outflows and deferred inflows of resources related to TRS from the following sources (in thousands):

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 21,657 | 1,266 |
| Changes in assumptions | 31,261 | 11,143 |
| Net difference between projected and actual earnings on pension plan investments | 16,142 | — |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 239 | 6,305 |
| Employer contributions subsequent to measurement date | 14,335 | — |
| Total | $ 83,634 | 18,714 |

At June 30, 2021, $14.3 million was reported as deferred outflows of resources related to pensions resulting from the State University contributions subsequent to the measurement date that will be recognized as a reduction in the net pension liability in the year ended June 30, 2022. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

| Year Ended June 30: | |
|---|---|
| 2022 | $ 8,133 |
| 2023 | 17,941 |
| 2024 | 14,998 |
| 2025 | 9,023 |
| 2026 | (369) |
| Thereafter | 859 |

The actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020 included the following actuarial assumptions:

| **Assumptions** | |
|---|---|
| Inflation | 2.20 percent |
| Projected salary increase | Rates differ based on service. They have been calculated based upon recent TRS member experience and range from 1.9 percent to 4.72 percent |
| Investment rate of return, including inflation | 7.10 percent compounded annually, net of expenses, including inflation |
| Cost of living adjustments | 1.3 percent compounded annually |
| Actuarial assumptions | Based on results of an actuarial experience study for the period July 1, 2009 to June 30, 2014 |
| Mortality improvement | Society of Actuaries' Scale MP-2019 |
| Discount rate | 7.10 percent |

**8. Retirement Plans (continued)**

Best estimates of arithmetic real rates of return for each major asset class included in TRS target asset allocation as of the valuation date of June 30, 2020 for reporting at June 30, 2021 was as follows:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return* |
|---|---|---|
| Domestic equity | 33 % | 7.1 % |
| International equity | 16 | 7.7 |
| Global equity | 4 | 7.4 |
| Real estate | 11 | 6.8 |
| Private equity | 8 | 10.4 |
| Domestic fixed income bonds | 16 | 1.8 |
| Global bonds | 2 | 1.0 |
| Private debt | 1 | 5.2 |
| Real estate debt | 7 | 3.6 |
| High-yield bonds | 1 | 3.9 |
| Cash equivalents | 1 | 0.7 |
| Total | 100 % | |

*Real rates of return are net of a long-term inflation assumption of 2.2% for 2021.

*Sensitivity of the net pension liability (asset) to changes in the discount rate*. The following presents the net pension liability (asset) of the State University, calculated using the discount rate of 7.10 percent as well as what the State University's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.10%) and 1 percentage point higher (8.10%) than the current year rate (in thousands):

| | 1% Decrease (6.10%) | Current Discount (7.10%) | 1% Increase (8.10%) |
|---|---|---|---|
| Net Pension Liability (Asset) | $ 156,126 | 24,717 | (85,569) |

The TRS retirement system issues a publicly available financial report that includes financial statements and supplementary information and provides detailed information about the pension plan's fiduciary net position. The report may be obtained at: https://www.nystrs.org/Library/Publications/Annual-Report.

**Upstate Plan** – At June 30, 2021, the State University recognized a net pension asset of $12.5 million, based on the net pension asset as reported by the plan as follows (in thousands):

| | |
|---|---|
| Total pension liability | $ 105,508 |
| Plan fiduciary net position | 117,965 |
| Net pension asset | $ (12,457) |
| Ratio of plan fiduciary net position to total pension liability | 111.8 % |

The total pension liability at June 30, 2021 was measured as of January 1, 2021 and was determined by using an actuarial valuation as of January 1, 2021. For the years ended June 30, 2021, the State University recognized pension expense of ($4.4) million related to the Upstate Plan.

**8. Retirement Plans (continued)**

At June 30, 2021, the State University reported deferred outflows and deferred inflows of resources related to the Upstate Plan from the following sources (in thousands):

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 55 | — |
| Net difference between projected and actual earnings on pension plan investments | — | 14,144 |
| Changes in assumptions | — | 180 |
| Employer contributions subsequent to measurement date | — | — |
| Total | $ 55 | 14,324 |

At June 30, 2021, there were no employer contributions made subsequent to the measurement date that should be reported as deferred outflows of resources related to pensions. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

| Year Ended June 30: | |
|---|---|
| 2022 | $ — |
| 2023 | (4,666) |
| 2024 | (2,620) |
| 2025 | (4,988) |
| 2026 | (1,995) |

Membership of the Upstate Plan at January 1, 2021 totaled 1,273 members, comprised of 322 active members, 156 inactive vested members, and 795 retirees and beneficiaries currently receiving benefits. The actuarial assumptions included in the January 1, 2021 measurements included an inflation factor of 3.0 percent, projected salary increases of 3.5 percent and investment rate of return of 6.5 percent. Mortality rates in the January 1, 2021 measurement were based on the sex-distinct Pri-2012 Mortality Tables for employees and healthy annuitants with mortality improvements projected using scale MP-2020 on a fully generational basis.

Best estimates of arithmetic real rates of return for each major asset class included in the Upstate Plan's target asset allocation as of December 31, 2020 for reporting at June 30, 2021 were as follows:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| U.S. equities | 50 % | 4.90 % |
| Non-U.S. equities | 15 | 4.75 |
| Fixed income | 30 | 0.50 |
| Alternatives (real assets) | 5 | 4.00 |
| | 100 % | |

**8. Retirement Plans (continued)**

*Sensitivity of the net pension asset to changes in the discount rate*: The following presents the net pension asset calculated using the discount rate of 6.5 percent, as well as what the net pension asset would be if it were calculated using a discount rate that is 1 percentage point lower (5.5%) or 1 percentage point higher (7.5%) than the current rate (in thousands):

| | 1% Decrease (5.5%) | Current Discount (6.5%) | 1% Increase (7.5%) |
|---|---|---|---|
| Net Pension Asset | $ (2,225) | (12,457) | (21,247) |

The Upstate Plan issues a stand-alone financial report on a calendar year basis (i.e., December 31) that includes disclosure about the elements of the pension plan's basic financial statements. These financial statements are prepared on the accrual basis of accounting in accordance with GAAP, with investments reported at fair value and benefits recognized when due and payable in accordance with the terms of the Upstate Plan. The pension plan fiduciary net position has been determined on the same basis used by the pension plan. The pension plan financial statements may be requested at FOIL@upstate.edu.

The Upstate Plan schedule of changes in the net pension asset at June 30, 2021 were as follows (in thousands):

| | |
|---|---|
| Total pension liability: | |
| Service cost | $ 474 |
| Interest | 6,625 |
| Difference between expected and actual experience | 147 |
| Changes of assumptions | (479) |
| Benefit payments | (6,262) |
| Net change in total pension liability | 505 |
| Total pension liability, beginning | 105,003 |
| Total pension liability, ending (a) | 105,508 |
| Plan fiduciary net position: | |
| Employer contributions | 540 |
| Net investment income | 16,745 |
| Benefit payments | (6,262) |
| Administrative expenses | (102) |
| Net change in fiduciary net position | 10,921 |
| Fiduciary net position, beginning | 107,044 |
| Fiduciary net position, ending (b) | 117,965 |
| Net pension asset, ending (a) - (b) | $ (12,457) |

**ORP** – State University employees may also participate in an Optional Retirement Program (ORP) under IRS Section 401(a), which is a multiple-employer, defined contribution pension plan administered by separate vendors – TIAA, Fidelity, AIG, and Voya. 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 percent of their salary. Those joining on or after April 1, 2012 are required to contribute between 3 percent and 6 percent, dependent upon their salary, for their entire working career. Employer contributions range from 8 percent to 15 percent depending upon when the employee was hired. Employee contributions are deducted from their salaries and remitted on a current basis to the respective ORP. State University employer contributions of $213.9 million and employee contributions of $33.3 million were made during fiscal year 2021.

**8. Retirement Plans (continued)**

Each retirement system issues a publicly available financial report that includes financial statements and supplementary information. The ORP financial reports can be obtained by requesting them from their respective corporate offices.

The Research Foundation maintains a separate non-contributory plan through TIAA for substantially all nonstudent employees. Contributions are based on a percentage of earnings and range from 7 percent to 15 percent, depending on date of hire. Employees become fully vested after completing one year of service. Contributions are allocated to individual employee accounts. The payroll for Research Foundation employees covered by TIAA for its fiscal year ended June 30, 2021 was $361.2 million. The Research Foundation contributions were $29.8 million for 2021. These contributions are equal to 100 percent of the required contributions for each year.

***Postemployment and Post-retirement Benefits***

**State University -** The State University provides health insurance coverage for eligible retired State University employees and their survivors through a single employer defined benefit plan. The State University, through the New York State Health Insurance Program (NYSHIP), offers comprehensive benefits through various providers consisting of hospital, medical, mental health, substance abuse and prescription drug programs. The State administers NYSHIP and has the authority under Article XI of Civil Service Law to establish and amend the benefit provisions offered. The State University recognizes these other postemployment benefit (OPEB) expenses on an accrual basis.

Employee and retiree contribution rates for NYSHIP are established by the State and are generally 12 percent for enrollee coverage and 27 percent for dependent coverage. The State University OPEB plan is not a separate trust and no assets are accumulated to satisfy premiums. The number of employees and participants covered by the benefit terms were:

| Health care participants | |
|---|---|
| Active employees | 49,087 |
| Inactive participants entitled to but not yet receiving benefits | 101 |
| Retirees and surviving spouses receiving benefit payments | 28,662 |
| Total participants | 77,850 |

The State University recognized a total OPEB liability of $13.55 billion for fiscal year ended June 30, 2021. The total OPEB liability at June 30, 2021 was measured as of March 31, 2021, and was determined by an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total OPEB liability to March 31, 2021. The actuarial valuations included the following actuarial assumptions:

| **Assumptions** | |
|---|---|
| Inflation | 2.5% |
| Mortality improvement | Society of Actuaries' Scale MP-2020 |
| Discount rate | 2.34% |

The discount rate is based on the Bond Buyer 20-year general obligation municipal bond index rate at March 31, 2021.

The salary increase rate varies by system. The salary increase rates for ERS varies by years of service, starting at 8.8% and decreasing to 3.3% after 18 years of service. The salary increase rates for PFRS varies by years of service, starting at 29.7% and decreasing to 3.63% after 18 years of service. The salary increase rates for TRS varies by duration, starting at 10% and decreasing to 1.76% after 38 years.

**8. Retirement Plans (continued)**

Health care trend rates were split to reflect separate trends for pre-65 and post-65 claims. The pre-65 trend assumption begins at 5.75 percent and decreases to a 4.50 percent long-term trend rate for all health care benefits after seven years. The trend assumption for post-65 begins at 5.00 percent and decreases to a 4.50 percent long-term trend rate after seven years. The drug assumption begins at 7.00 percent and decreases to a 4.50 percent long-term trend rate after seven years. Additionally, a trend of 3.00 percent per year has been assumed for the employer group waiver plan benefits.

The State University's changes in the total OPEB liability at June 30, 2021 was as follows (in thousands):

| | |
|---|---|
| Total OPEB Liability Beginning Balance | $ 15,521,229 |
| Service cost | 514,344 |
| Interest | 449,900 |
| Differences between expected and actual experience | (243,768) |
| Changes in assumptions | (2,297,191) |
| Benefit payments | (390,744) |
| Net Changes | (1,967,459) |
| Total OPEB Liability Ending Balance | $ 13,553,770 |

Changes of assumptions and other inputs include a change in the discount rate from 2.84 percent in fiscal year 2020 to 2.34 percent in fiscal year 2021. The medical trend and excise tax assumptions were updated based on current anticipation of future costs and projected claim costs were updated based on the recent claims experience for the Preferred Provider Organization (PPO) plans and premium rates for the Health Maintenance Organization (HMO) plans.

*Sensitivity of the total OPEB liability to changes in the discount rate*. The following presents the total OPEB liability of the State University at June 30, 2021, as well as what the State University’s 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 (1.34%) | Current Rate (2.34%) | 1% Increase (3.34%) |
|---|---|---|---|
| Total OPEB Liability | $ 16,320,641 | 13,553,770 | 11,419,043 |

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates*. The following presents the total OPEB liability of the State University at June 30, 2021, as well as what the State University’s total OPEB liability would be if calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current year rate (in thousands):

| | 1% Decrease | Current Trend Rates | 1% Increase |
|---|---|---|---|
| Total OPEB Liability | $ 11,220,807 | 13,553,770 | 16,640,129 |

**8. Retirement Plans (continued)**

The State University recognized expense related to OPEB of $360.9 million at June 30, 2021. At June 30, 2021, the State University reported deferred outflows and deferred inflows of resources related to OPEB from the following sources (in thousands):

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 96,754 | 783,415 |
| Changes of assumptions | 1,538,280 | 2,493,055 |
| Benefit payments subsequent to measurement date | 100,200 | — |
| Total | $ 1,735,234 | 3,276,470 |

At June 30, 2021, $100.2 million was reported as deferred outflows of resources related to OPEB resulting from the State University benefit payments subsequent to the measurement date that will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in expense as follows (in thousands):

| Year Ended June 30: | |
|---|---|
| 2022 | $ (602,626) |
| 2023 | (601,667) |
| 2024 | (469,616) |
| 2025 | (106,212) |
| 2026 | 166,869 |
| Thereafter | (28,184) |

**Research Foundation** - The Research Foundation sponsors a separate single employer defined benefit post-retirement plan that covers substantially all nonstudent employees. The plan provides post-retirement medical benefits and is contributory for employees hired after 1985.

In fiscal years 2011 and 2013, the Research Foundation amended the plan to increase the participant contribution rates for those hired after 1985 with the specific rates to be determined based on an employee’s years of service.

Contributions by the Research Foundation are made pursuant to a funding policy established by its Board of Directors. Assets are held in a Voluntary Employee Benefit Association (VEBA) trust and are considered plan assets in determining the funded status or funding progress of the plan under GASB reporting and measurement standards. The plan issued stand-alone financial statements for the 2020 calendar year.

| Participants covered by benefit terms | |
|---|---|
| Actives | 4,085 |
| Retirees | 1,695 |
| Surviving spouses | 119 |
| Disableds | 12 |
| Covered spouses | 625 |
| Total participants | 6,536 |

**8. Retirement Plans (continued)**

The Research Foundation's net OPEB asset was $69 million for fiscal year ended June 30, 2021. The Research Foundation's net OPEB asset at June 30, 2021 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020, with update procedures used to roll forward the net OPEB asset to June 30, 2021. The net OPEB asset was calculated using the Entry Age Normal cost method. The actuarial valuations included the following actuarial assumptions:

| **Assumptions** | |
|---|---|
| Salary scale | 3.0% |
| Mortality rates | Dollar-weighted aggregate rates from the Pri-2012 mortality study projected generationally from 2012 with Scale MP-2020 as of June 30, 2021 |
| Discount rate | 6.70% |

*Discount rate*. At June 30, 2021, the Research Foundation's OPEB plan fiduciary net position was projected to be sufficient to cover all projected future benefit payments. Therefore, the long-term expected rate of return on OPEB plan investments of 6.70 percent was applied to all periods of projected benefit payments to determine the total OPEB asset.

Health care trend rates range from an initial health care cost trend rate of 6.00 percent grading down to 4.50 percent in 2026 and later. The drug assumption begins at 8.00 percent and decreases to 4.50 percent after five years.

The Research Foundation's changes in the net OPEB asset at June 30, 2021 were as follows (in thousands):

| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Asset (c) = (a) - (b) |
|---|---|---|---|
| Balance at June 30, 2020 | $ 263,770 | 254,170 | 9,600 |
| Service cost | 3,196 | — | 3,196 |
| Interest | 17,627 | — | 17,627 |
| Differences between expected and actual experience | 11,203 | — | 11,203 |
| Changes in assumptions | (39,645) | — | (39,645) |
| Benefit payments | (11,821) | (11,821) | — |
| Contributions from the employer | — | 5,983 | (5,983) |
| Net investment income | — | 64,985 | (64,985) |
| Net Changes | (19,440) | 59,147 | (78,587) |
| Balance at June 30, 2021 | $ 244,330 | 313,317 | (68,987) |

**8. Retirement Plans (continued)**

The long-term expected rate of return on the Research Foundation's OPEB plan investments was determined using a building block approach in which risk premium is calculated for each asset class and adjusted for current market conditions, including but not limited to current market valuations, yield, inflation, and various economic indicators. Best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-term expected real rate of return |
|---|---|---|
| Global equities | 35.0 % | 6.2 % |
| Hedged equities | 19.0 | 4.5 |
| Absolute return | 9.0 | 3.4 |
| Private equity | 8.0 | 10.0 |
| Private equity real estate | 5.0 | 9.3 |
| Fixed income | 3.0 | 1.5 |
| Real estate - core commercial | 5.0 | 5.3 |
| Liquid credit | 2.0 | 3.3 |
| Illiquid credit | 7.0 | 6.3 |
| Inflation linked bonds | 6.0 | 1.5 |
| Cash | 1.0 | 0.9 |
| Total | 100 % | |

*Sensitivity of the net OPEB asset to changes in the discount rate*. The following presents the net OPEB asset of the Research Foundation at June 30, 2021, as well as what the net OPEB asset 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 (5.70%) | Current Rate (6.70%) | 1% Increase (7.70%) |
|---|---|---|---|
| Total OPEB liability | $ 271,956 | 244,330 | 221,182 |
| Plan fiduciary net position | (313,317) | (313,317) | (313,317) |
| Net OPEB asset | $ (41,361) | (68,987) | (92,135) |

*Sensitivity of the net OPEB asset to changes in the healthcare cost trend rates*. The following presents the net OPEB asset of the Research Foundation at June 30, 2021, as well as what the Research Foundation's net OPEB asset would be if calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current year rate (in thousands):

| | 1% Decrease | Current Trend Rates | 1% Increase |
|---|---|---|---|
| Total OPEB liability | $ 218,180 | 244,330 | 275,575 |
| Plan fiduciary net position | (313,317) | (313,317) | (313,317) |
| Net OPEB asset | $ (95,137) | (68,987) | (37,742) |

**8. Retirement Plans (continued)**

The Research Foundation recognized expense related to OPEB of ($24.1 million) at June 30, 2021. At June 30, 2021, the Research Foundation reported deferred outflows and deferred inflows of resources related to OPEB from the following sources (in thousands):

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 11,260 | 13,076 |
| Net difference between expected and actual earnings on OPEB plan investments | — | 36,657 |
| Changes of assumptions | 9,275 | 44,261 |
| Total | $ 20,535 | 93,994 |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in expense as follows (in thousands):

| Year Ended June 30: | |
|---|---|
| 2022 | $ (29,893) |
| 2023 | (18,562) |
| 2024 | (15,400) |
| 2025 | (9,604) |

**9. Commitments**

The State University has entered into contracts for the construction and improvement of various projects. At June 30, 2021, these outstanding contract commitments totaled approximately $680 million.

The State University is also committed under numerous operating leases covering real property and equipment. The Research Foundation also contracts with various entities to lease space as part of its mission to support the State University research and university-industry-government partnerships. Rental expenditures reported for the years ended June 30, 2021 under such operating leases were $62.2 million. The following is a summary of the future minimum rental commitments under real property and equipment leases with terms exceeding one year (in thousands):

| Year(s) Ending June 30: | |
|---|---|
| 2022 | $ 51,707 |
| 2023 | 40,982 |
| 2024 | 36,454 |
| 2025 | 22,263 |
| 2026 | 18,378 |
| 2027-31 | 60,574 |
| 2032-36 | 37,492 |
| 2037-41 | 5,291 |
| 2042-46 | 4,573 |
| Total | $ 277,714 |

In 2011 a separate entity, StaffCo of Brooklyn, LLC (StaffCo), was created as a single member Limited Liability Company of the Health Science Center at Brooklyn Foundation, Inc. to provide staffing to the State University. As of July 1, 2019, StaffCo became the employer of the former staff of Eastern Long Island Hospital in support of Stony Brook's expansion of its hospital operations to Eastern Long Island Hospital. As of August 1, 2017, StaffCo became the employer of the former staff of Southampton Hospital in support of Stony Brook's expansion of its hospital operations to Southampton Hospital. The State University is responsible for reimbursing StaffCo for its direct and indirect costs relating to its staffing obligations.

**10. Contingencies**

The State is contingently liable in connection with claims and other legal actions involving the State University, including those currently in litigation, arising in the normal course of State University activities. The State University does not carry malpractice insurance and, instead, administers these types of cases in the same manner as all other claims against the State involving State University activities in that any settlements of judgments and claims are paid by the State from an account established for this purpose. With respect to pending and threatened litigation, the medical malpractice liability includes incurred but not reported (IBNR) loss estimates. The estimate of IBNR losses is actuarially determined based on historical experience using a discount rate of 0.36 percent to calculate the present value of estimated future cash payments. The State University has recorded a liability and a corresponding appropriation receivable of approximately $831 million at June 30, 2021.

The State University is exposed to various risks of loss related to damage and destruction of assets, injuries to employees, damage to the environment or noncompliance with environmental requirements, and natural and other unforeseen disasters. The State University has insurance coverage for its residence hall facilities. However, in general, the State University does not insure its educational buildings, contents or related risks and does not insure its vehicles and equipment for claims and assessments arising from bodily injury, property damages, and other perils. Unfavorable judgments, claims, or losses incurred by the State University are covered by the State on a self-insured basis. The State does have fidelity insurance on State employees.

**11. Related Parties**

The State University's single largest source of revenue is State appropriations. State appropriations take the form of direct assistance, debt service on educational facilities, fringe benefits for State University employees, and litigation expenses for which the State is responsible. State appropriations totaled $3.59 billion and represented approximately 28 percent of total revenues for fiscal year 2021. The State University's continued operational viability is substantially dependent upon a consistent and proportionate level of ongoing State support.

**12. Federal Grants and Contracts and Third-Party Reimbursement**

Grants and contracts awarded by federal and other sponsors, which are generally considered non-exchange transactions restricted by sponsors for certain purposes, are recognized as revenue when qualifying expenditures are incurred and conditions under the agreement are met.

Substantially all federal grants and contracts are subject to financial and compliance audits by the grantor agencies of the federal government. Disallowances, if any, as a result of these audits may become liabilities of the State University. State University management believes that no material disallowances will result from audits by the grantor agencies.

The State University hospitals have agreements with third-party payors, which provide for reimbursement to the hospitals at amounts different from the hospitals' established charges. Contractual service allowances and discounts (reflected through State University hospitals and clinics sales and services) represent the difference between the hospitals' established rates and amounts reimbursed by third-party payors. The State University has made provision in the accompanying financial statements for estimated retroactive adjustments relating to third-party payor cost reimbursement items.

**13. Condensed financial statement information of the Research Foundation**

The condensed financial statement information of the Research Foundation as of and for the fiscal year ended June 30, 2021, contained in the combined totals of the State University reporting entity, is shown below (in thousands):

Condensed Statement of Net Position

| | |
|---|---|
| Assets and Deferred Outflows of Resources: | |
| Current assets | $ 756,243 |
| Capital assets | 546,544 |
| Other assets | 201,481 |
| Deferred outflows of resources | 20,535 |
| Total assets and deferred outflows of resources | $ 1,524,803 |
| Liabilities and Deferred Inflows of Resources: | |
| Total current liabilities | 509,349 |
| Total noncurrent liabilities | 194,641 |
| Deferred inflows of resources | 93,994 |
| Total liabilities and deferred inflows of resources | 797,984 |
| Net Position: | |
| Invested in capital assets, net | 340,527 |
| Restricted nonexpendable | 23,891 |
| Unrestricted | 362,401 |
| Total net position | $ 726,819 |

Condensed Statement of Revenues, Expenses and Changes in Net Position

| | |
|---|---|
| Operating revenues: | |
| Federal grants and contracts | $ 534,429 |
| State grants and contracts | 275,726 |
| Private grants and contracts | 267,757 |
| Other operating revenues | 56,518 |
| Total operating revenues | 1,134,430 |
| Operating expenses: | |
| Instruction | 79,263 |
| Research | 630,091 |
| Public service | 107,036 |
| Institutional support | 134,335 |
| Other operating expenses | 28,738 |
| Depreciation and amortization expense | 72,282 |
| Total operating expenses | 1,051,745 |
| Operating income | 82,685 |
| Net nonoperating expenses | 64,059 |
| Change in net position | 146,744 |
| | |
| Net position at the beginning of the year | 580,075 |
| Net position at the end of the year | $ 726,819 |

**13. Condensed financial statement information of the Research Foundation (continued)**

Condensed Statement of Cash Flows

| | |
|---|---|
| Cash flows from operating activities | $ 128,448 |
| Cash flows from noncapital financing activities | 10,860 |
| Cash flows from capital and related financing activities | (129,353) |
| Cash flows from investing activities | (6,172) |
| Net change in cash | 3,783 |
| Cash - beginning of year | 8,398 |
| Cash - end of year | $ 12,181 |

**14. Subsequent Events**

During October 2021, Sales Tax Revenue Bonds were issued with a par amount of $500 million for the purpose of financing capital construction and major rehabilitation for educational facilities.

The State University considers events or transactions that occur after the statement of financial position date, but before the financial statements are issued, to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. These financial statements covering the year ended June 30, 2021 were available to be issued on November 1, 2021 and subsequent events have been evaluated through that date.

**15. Component Units**

The reported totals of the discretely presented component units include campus-related foundations, auxiliary services corporations, and student housing corporations. These related entities are campus-based, legally separate, nonprofit organizations. The campus-related foundations are responsible for the fiscal administration of revenues and support received for the promotion, development and advancement of the welfare of campuses, the State University and its students, faculty, staff and alumni. The foundations receive the majority of their support and revenues through contributions, gifts and grants and provide benefits to their campus, students, faculty, staff and alumni. The auxiliary services corporations act as independent contractors, operate, manage, and promote educationally related services for the benefit of the campus community. In addition, the reported amounts include student housing corporations, nonprofit organizations that operate and administer certain housing and related services for students.

All these organizations are exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. All of the financial data for these organizations was derived from each entity's individual audited financial statements, reported in accordance with generally accepted accounting principles promulgated by FASB, the majority of which have a May 31 or June 30 fiscal year end. The financial statements of the discretely presented component units were not audited in accordance with Government Auditing Standards.

Separately issued financial statements of the component unit entities may be obtained by writing to:

The State University of New York
Office of the University Controller
H. Carl McCall SUNY Building, 353 Broadway
Albany, New York 12246

**15. Component Units (continued)**

***Net Asset Classifications***

Net assets without donor restrictions represent resources whose uses are not restricted by donor-imposed stipulations and are generally available for the support of the State University and affiliated entity programs and activities. Net assets with donor restrictions represent resources whose use is subject to donor-imposed restrictions. Some of these restrictions are temporary in nature, such as those that will be met with the passage of time or are removed by specific actions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The income derived from net assets with donor restrictions that are permanent in nature is permitted to be spent in part or in whole, restricted only by the donor's wishes.

***Investments***

All investments with readily determinable fair values have been reported in the financial statements at fair value. Realized and unrealized gains and losses are recognized in the statement of activities. Gains or losses on investments are recognized as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Investments of the State University discretely presented component units were $3.43 billion as of June 30, 2021.

The composition of investments is as follows (in thousands):

| | |
|---|---|
| Equities - domestic | $ 1,011,929 |
| Equities - international | 546,036 |
| Non-equities | 776,815 |
| Equity partnerships | 551,314 |
| Multi-strategy funds | 200,053 |
| Real assets/real estate | 166,372 |
| Hedge funds | 162,284 |
| Other investments | 17,699 |
| Total investments | $ 3,432,502 |

***Capital Assets***

Capital assets are stated at cost, if purchased, or fair value at date of receipt, if acquired by gift. Land improvements, buildings, and equipment are depreciated over their estimated useful lives using the straight-line method. Capital assets, net of accumulated depreciation, totaled $533.7 million at fiscal year end 2021. Capital asset classifications are summarized as follows (in thousands):

| | |
|---|---|
| Land and land improvements | $ 56,386 |
| Buildings | 744,671 |
| Equipment | 139,952 |
| Artwork and library books | 36,620 |
| Construction in progress | 7,662 |
| Total capital assets | 985,291 |
| Less accumulated depreciation | 451,601 |
| Capital assets, net | $ 533,690 |

## 15. Component Units (continued)

### *Long-term Debt*

The component units have entered into various financing arrangements, principally through the issuance of Industrial Development Agency, Local Development Corporation, and Housing Authority bonds, for the construction of student residence hall facilities. The following is a summary of the future minimum annual debt service requirements for the next five years and thereafter (in thousands):

| | |
|---|---|
| Year ending June 30: | |
| 2022 | $ 15,597 |
| 2023 | 16,504 |
| 2024 | 15,361 |
| 2025 | 15,900 |
| 2026 | 19,521 |
| Thereafter | 250,420 |
| | 333,303 |
| Less: unamortized debt issuance costs | 6,279 |
| | $ 327,024 |

**15. Component Units (continued)**

***Condensed financial statement information***

The table below displays the combined totals of the foundations (including student housing corporations) and auxiliary services corporations (ASCs) as of and for the fiscal year ended June 30, 2021 (in thousands):

Combined Statement of Financial Position

| | Foundations | ASC | Total |
|---|---|---|---|
| Assets: | | | |
| Investments | $ 3,322,708 | 109,794 | 3,432,502 |
| Capital assets, net | 443,851 | 89,839 | 533,690 |
| Other assets | 582,725 | 186,521 | 769,246 |
| Total assets | $ 4,349,284 | 386,154 | 4,735,438 |
| Liabilities: | | | |
| Other liabilities | 358,515 | 102,221 | 460,736 |
| Long-term debt, net | 312,156 | 14,868 | 327,024 |
| Total liabilities | 670,671 | 117,089 | 787,760 |
| Net Assets: | | | |
| Without Donor Restrictions | 878,765 | 268,721 | 1,147,486 |
| With Donor Restrictions | 2,799,848 | 344 | 2,800,192 |
| Total net assets | 3,678,613 | 269,065 | 3,947,678 |
| Total liabilities and net assets | $ 4,349,284 | 386,154 | 4,735,438 |

Combined Statement of Activities

| | Foundations | ASC | Total |
|---|---|---|---|
| Revenues: | | | |
| Contributions, gifts and grants | $ 251,462 | — | 251,462 |
| Food and auxiliary services | — | 227,202 | 227,202 |
| Other revenue | 974,838 | 44,743 | 1,019,581 |
| Total revenues | 1,226,300 | 271,945 | 1,498,245 |
| Expenses: | | | |
| Food and auxiliary services | — | 213,234 | 213,234 |
| Program expenses | 276,539 | — | 276,539 |
| Other expenses | 238,239 | 40,963 | 279,202 |
| Total expenses | 514,778 | 254,197 | 768,975 |
| Total change in net assets | 711,522 | 17,748 | 729,270 |
| Net assets at the beginning of year | 2,967,091 | 251,317 | 3,218,408 |
| Net assets at the end of year | $ 3,678,613 | 269,065 | 3,947,678 |

**15. Component Units (continued)**

***Functional Expenses***

Expenses are presented by functional classification in accordance with the overall service missions of the component units. Each functional classification displays all expenses related to the underlying operations by natural classification.

Expenses by functional classification for the year ended June 30, 2021 consist of the following:

| | Food Service | Other Auxiliary Services | Program Expenses | Real Estate | Management and General | Fundraising | Other | Total |
|---|---|---|---|---|---|---|---|---|
| Salaries and wages | $ 44,378 | 8,596 | 167,853 | 9,346 | 25,566 | 15,250 | — | 270,989 |
| Employee benefits | 21,212 | 3,604 | 55,708 | 101 | 8,499 | 3,794 | — | 92,918 |
| Cost of goods sold | 70,226 | 14,946 | — | — | — | — | — | 85,172 |
| Professional and service fees | 2,723 | 2,086 | 20,779 | 5,471 | 6,759 | 3,511 | — | 41,329 |
| Depreciation expense | 10,294 | 2,344 | 798 | 19,881 | 2,201 | 13 | — | 35,531 |
| Supplies and materials | 4,077 | 1,687 | 10,227 | 209 | 983 | 1,245 | — | 18,428 |
| Travel and conferences | 89 | 1,314 | 2,013 | 9 | 109 | 286 | — | 3,820 |
| Rent and equipment | 3,590 | 3,727 | 3,466 | 5,229 | 1,627 | 236 | — | 17,875 |
| Maintenance and upgrades | 2,105 | 986 | 925 | 783 | 320 | 3 | — | 5,122 |
| Insurance | 569 | 751 | 1,320 | 1,077 | 1,935 | 92 | — | 5,744 |
| Utilities | 4,054 | 1,270 | 118 | 2,596 | 398 | 29 | — | 8,465 |
| Interest expense | 62 | 50 | 43 | 13,520 | 1,619 | — | — | 15,294 |
| Printing and postage | 13 | 55 | 422 | 45 | 147 | 739 | — | 1,421 |
| Activity and program support | 45 | 339 | 7,021 | 8 | 826 | 1,178 | — | 9,417 |
| Other expenses | 5,877 | 2,165 | 5,846 | 4,318 | 2,314 | 1,248 | 2,927 | 24,695 |
| Expenses | $ 169,314 | 43,920 | 276,539 | 62,593 | 53,303 | 27,624 | 2,927 | 636,220 |
| Support to the State University: | | | | | | | | |
| Scholarships and fellowships | | | | | | | | 75,512 |
| Other | | | | | | | | 57,243 |
| Total expenses | | | | | | | | $ 768,975 |

# Required Supplementary Information

*(Unaudited)*

## *Schedule of Changes in the Total OPEB Liability and Related Ratios for the State University Plan*

*(Amounts in millions)*

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Total OPEB liability: | | | | | |
| Service cost | $ 514.3 | 503.1 | 503.0 | 531.0 | 589.7 |
| Interest | 449.9 | 496.5 | 499.1 | 515.8 | 468.9 |
| Difference between expected and actual experience | (243.7) | (73.3) | 138.6 | (1,150.9) | — |
| Changes in assumptions | (2,297.2) | 2,183.9 | (508.5) | (55.2) | (1,194.8) |
| Benefit payments | (390.7) | (370.0) | (355.9) | (329.9) | (302.3) |
| Net change in total OPEB liability | (1,967.4) | 2,740.2 | 276.3 | (489.2) | (438.5) |
| Total OPEB liability, beginning | 15,521.2 | 12,781.0 | 12,504.7 | 12,993.9 | 13,432.4 |
| Total OPEB liability, ending | $13,553.8 | 15,521.2 | 12,781.0 | 12,504.7 | 12,993.9 |
| | | | | | |
| Net position as a percentage of OPEB liability | — % | — % | — % | — % | — % |
| Covered-employee payroll | $ 3,613.8 | $ 3,434.8 | 3,361.9 | 3,329.4 | 3,200.2 |
| Total OPEB liability as a percentage of covered-employee payroll | 375.1 % | 451.9 % | 380.2 % | 375.6 % | 406.0 % |

*Changes in assumptions.* The discount rate was changed to 3.86% in 2017, 3.89% in 2018, 3.79% in 2019, 2.84% in 2020, and 2.34% in 2021. In 2021, 2020, 2019, and 2018, the medical trend and excise tax assumptions were updated based on current anticipation of future costs and projected claim costs were updated based on the recent claims experience for the PPO plans and premium rates for the HMO plans.

*Schedule is intended to show information for 10 years.*

*Additional years will be displayed as they become available.*

# Required Supplementary Information

*(Unaudited)*

## *Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios for the Research Foundation Plan*

*(Amounts in millions)*

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Total OPEB liability: | | | | | |
| Service cost | $ 3.2 | 4.7 | 4.2 | 5.8 | 10.0 |
| Interest | 17.6 | 18.2 | 16.7 | 16.3 | 32.4 |
| Changes of benefit terms | — | — | — | — | (234.9) |
| Difference between expected and actual experience | 11.2 | (16.4) | 10.5 | (17.7) | (1.4) |
| Changes in assumptions | (39.7) | (23.2) | 21.6 | (28.0) | 27.0 |
| Benefit payments | (11.8) | (10.9) | (10.0) | (7.9) | (11.2) |
| Net change in total OPEB liability | (19.5) | (27.6) | 43.0 | (31.5) | (178.1) |
| Total OPEB liability, beginning | 263.8 | 291.4 | 248.4 | 279.9 | 458.0 |
| Total OPEB liability, ending | 244.3 | 263.8 | 291.4 | 248.4 | 279.9 |
| Plan fiduciary net position: | | | | | |
| Contributions - employer | 5.9 | 6.0 | 6.0 | 5.5 | 30.1 |
| Net investment income | 65.0 | 10.9 | 17.3 | 19.9 | 22.2 |
| Benefit payments | (11.8) | (10.9) | (10.0) | (7.9) | (11.2) |
| Net change in fiduciary net position | 59.1 | 6.0 | 13.3 | 17.5 | 41.1 |
| Fiduciary net position, beginning | 254.2 | 248.2 | 234.9 | 217.4 | 176.3 |
| Fiduciary net position, ending | 313.3 | 254.2 | 248.2 | 234.9 | 217.4 |
| Net OPEB liability (asset), ending | $ (69.0) | 9.6 | 43.2 | 13.5 | 62.5 |
| | | | | | |
| Net position as a percentage of OPEB liability | 128.2 % | 96.4 % | 85.2 % | 94.6 % | 77.7 % |
| Covered-employee payroll | $ 242.8 | 238.7 | 232.4 | 236.2 | 238.0 |
| Net OPEB liability (asset) as a percentage of covered-employee payroll | (28.4)% | 4.0 % | 18.6 % | 5.7 % | 26.3 % |

*Changes in assumptions.* The discount rate changed to 5.77% in 2017, 6.75% in 2018, 6.26% in 2019, 6.75% in 2020, and 6.70% in 2021. In 2021, the mortality table was updated from the PUB-2010 amounts weighted mortality for healthy lives (general classification) with generational projection using scale MP-2019 to the dollar-weighted aggregate rates from the Pri-2012 mortality study projected generationally from 2012 with Scale MP-2020. The health care trend rates were also updated in 2021 from an initial health care cost trend rate of 6.25% and drug assumption of 8.50% in 2020 to 6.00% and 8.00% in 2021, respectively.

*Schedule is intended to show information for 10 years.*

*Additional years will be displayed as they become available.*

# Required Supplementary Information

*(Unaudited)*

### *Schedule of Employer Contributions for the Research Foundation OPEB Plan*

*(Amounts in millions)*

| | | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ | 4.7 | 4.3 | 6.0 | 6.3 | 8.4 |
| Contributions made in relation to the actuarial determined contribution | | 6.0 | 6.0 | 6.0 | 5.5 | 30.1 |
| Contribution (deficiency) excess | $ | 1.3 | 1.7 | — | (0.8) | 21.7 |
| Covered-employee payroll | $ | 242.8 | 238.7 | 232.4 | 236.2 | 238.0 |
| Contribution as a percentage of covered-employee payroll | | 2.5 % | 2.5 % | 2.6 % | 2.3 % | 12.6 % |

Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Annual contributions to fund the plan are made by the Research Foundation pursuant to a funding policy established by the Research Foundation's board of directors. Effective for fiscal years 2018 - 2025, the annual funding contribution amount will equal the contribution level negotiated between the Research Foundation and its cognizant federal agency for setting the fringe benefit rates.

Methods and assumptions used to determine contribution rates:

Actuarial cost method - Projected Unit Credit with 30-year closed amortization period for initial unfunded and subsequent actuarial gains/losses.

Valuation discount rate - 7.00%

Salary increases - 3.00%

Health care trend rates - range from an initial health care cost trend rate of 6.00% grading down to 4.50% in 2026 and later. The drug assumption begins at 8.00% and decreases to 4.50% after five years.

Mortality - the dollar-weighted aggregate rates from the Pri-2012 mortality study projected generationally from 2012 with Scale MP-2020 as of June 30, 2021.

*Schedule is intended to show information for 10 years.*

*Additional years will be displayed as they become available.*

# Required Supplementary Information

*(Unaudited)*

### *Schedule of the State University's Proportionate Share of the ERS Net Pension Liability*

*(Amounts in millions)*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|
| Proportion of the net pension liability | 5.79 % | 5.75 % | 5.58 % | 5.45 % | 5.43 % | 5.35 % | 5.32 % |
| Proportionate share of the net pension liability | $ 5.8 | 1,523.1 | 395.3 | 175.8 | 510.4 | 859.3 | 179.8 |
| Covered-employee payroll plan year | $ 1,618.8 | 1,620.2 | 1,527.4 | 1,453.9 | 1,423.2 | 1,373.0 | 1,302.7 |
| Proportionate share of the net pension liability as a % of its covered payroll | 0.4 % | 94.0 % | 25.9 % | 12.1 % | 35.9 % | 62.6 % | 13.8 % |
| Pension plan's fiduciary net position as a % of the total pension liability | 99.95 % | 86.4 % | 96.3 % | 98.2 % | 94.7 % | 90.7 % | 97.9 % |

### *Schedule of Employer Contributions for the ERS Plan*

*(Amounts in millions)*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 216.9 | 198.6 | 194.4 | 200.3 | 197.9 | 214.8 | 242.2 |
| Contributions in relation to the actuarial determined contribution | 216.9 | 198.6 | 194.4 | 200.3 | 197.9 | 214.8 | 242.2 |
| Contribution deficiency | $ — | — | — | — | — | — | — |
| Covered-employee payroll for fiscal year ended June 30th | $ 1,634.6 | 1,635.7 | 1,552.7 | 1,472.2 | 1,442.3 | 1,385.9 | 1,428.7 |
| Contribution as a percentage of covered-employee payroll | 13.3 % | 12.1 % | 12.5 % | 13.6 % | 13.7 % | 15.5 % | 17.0 % |

*Schedules are intended to show information for 10 years.*

*Additional years will be displayed as they become available.*

# Required Supplementary Information

*(Unaudited)*

### *Schedule of the State University's Proportionate Share of the PFRS Net Pension Liability*

*(Amounts in millions)*

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Proportion of the net pension liability | 1.17 % | 1.15 % | 1.17 % | 1.1 % | 1.05 % |
| Proportionate share of the net pension liability | $ 20.3 | 61.4 | 19.7 | 11.2 | 21.8 |
| Covered-employee payroll plan year | $ 45.2 | 46.2 | 43.8 | 40.6 | 38.2 |
| Proportionate share of the net pension liability as a % of its covered payroll | 44.9 % | 132.9 % | 45.0 % | 27.6 % | 57.1 % |
| Pension plan's fiduciary net position as a % of the total pension liability | 96.0 % | 84.9 % | 95.1 % | 96.9 % | 93.5 % |

### *Schedule of Employer Contributions for the PFRS Plan*

*(Amounts in millions)*

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Actuarially determined contribution | $ 9.4 | 9.0 | 8.7 | 8.0 | 2.5 |
| Contributions in relation to the actuarial determined contribution | 9.4 | 9.0 | 8.7 | 8.0 | 2.5 |
| Contribution deficiency | $ — | — | — | — | — |
| Covered-employee payroll for fiscal year ended June 30th | $ 45.8 | 46.2 | 43.9 | 41.0 | 39.1 |
| Contribution as a percentage of covered-employee payroll | 20.5 % | 19.5 % | 19.8 % | 19.5 % | 6.4 % |

*Schedules are intended to show information for 10 years.*

*Additional years will be displayed as they become available.*

# Required Supplementary Information

*(Unaudited)*

### *Schedule of the State University's Proportionate Share of the TRS Net Pension Liability (Asset)*

*(Amounts in millions)*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|
| Proportion of the net pension liability (asset) | 0.89% | 0.87% | 0.81% | 0.81% | 0.82% | 0.74% | 0.71% |
| Proportionate share of the net pension liability (asset) | $ 24.7 | (22.6) | (14.7) | (6.1) | 8.7 | (77.2) | (79.6) |
| Covered-employee payroll | $ 151.8 | 145.1 | 132.1 | 128.2 | 126.0 | 111.6 | 105.5 |
| Proportionate share of the net pension liability (asset) as a % of its covered payroll | 16.3 % | (15.6)% | (11.1)% | (4.8)% | 6.9 % | (69.2)% | (75.5)% |
| Pension plan's fiduciary net position as a % of the total pension liability | 97.8% | 102.2% | 101.5% | 100.7% | 99.0% | 110.5% | 111.5% |

### *Schedule of Employer Contributions for the TRS Plan*

*(Amounts in millions)*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $13.5 | $15.4 | 12.9 | 15.0 | 16.7 | 19.6 | 17.2 |
| Contributions in relation to the actuarial determined contribution | 13.5 | 15.4 | 12.9 | 15.0 | 16.7 | 19.6 | 17.2 |
| Contribution deficiency | $ — | — | — | — | — | — | — |
| Covered-employee payroll for fiscal year ended June 30th | $150.4 | 151.8 | 145.1 | 132.1 | 128.2 | 126.0 | 111.6 |
| Contribution as a percentage of covered-employee payroll | 9.0 % | 10.1 % | 8.9 % | 11.4 % | 13.0 % | 15.6 % | 15.4 % |

*Schedules are intended to show information for 10 years.*

*Additional years will be displayed as they become available.*

# Required Supplementary Information

*(Unaudited)*

***Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios for the Upstate Plan***

*(Amounts in millions)*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|
| Total pension liability: | | | | | | | |
| Service cost | $ 0.5 | 0.5 | 0.6 | 0.6 | 0.7 | 0.8 | 0.9 |
| Interest | 6.6 | 6.6 | 6.7 | 6.6 | 6.6 | 6.5 | 6.0 |
| Difference between expected and actual experience | 0.1 | 1.0 | 0.6 | 1.8 | 0.3 | 1.0 | 0.4 |
| Changes of assumptions | (0.5) | (0.4) | (0.3) | (0.6) | (1.4) | — | 5.8 |
| Benefit payments | (6.2) | (9.6) | (5.8) | (9.2) | (4.9) | (7.0) | (3.8) |
| Net change in total pension liability | 0.5 | (1.9) | 1.8 | (0.8) | 1.3 | 1.3 | 9.3 |
| Total pension liability, beginning | 105.0 | 106.9 | 105.1 | 105.9 | 104.6 | 103.3 | 94.0 |
| Total pension liability, ending (a) | 105.5 | 105.0 | 106.9 | 105.1 | 105.9 | 104.6 | 103.3 |
| Plan fiduciary net position: | | | | | | | |
| Employer contributions | 0.5 | 2.4 | 1.1 | 2.0 | 2.8 | 2.0 | 3.5 |
| Net investment income (loss) | 16.8 | 20.8 | (5.1) | 15.6 | 7.4 | (0.7) | 5.9 |
| Benefit payments | (6.2) | (9.6) | (5.8) | (9.2) | (4.9) | (7.0) | (3.8) |
| Administrative expenses | (0.1) | (0.2) | (0.2) | (0.2) | (0.1) | (0.2) | (0.1) |
| Net change in fiduciary net position | 11.0 | 13.4 | (10.0) | 8.2 | 5.2 | (5.9) | 5.5 |
| Fiduciary net position, beginning | 107.0 | 93.6 | 103.6 | 95.4 | 90.2 | 96.1 | 90.6 |
| Fiduciary net position, ending (b) | 118.0 | 107.0 | 93.6 | 103.6 | 95.4 | 90.2 | 96.1 |
| Net pension liability (asset), ending (a) - (b) | $(12.5) | (2.0) | 13.3 | 1.5 | 10.5 | 14.4 | 7.2 |
| Ratio of fiduciary net position to total pension liability | 111.8% | 101.9 % | 87.6 % | 98.6 % | 90.2 % | 86.2 % | 93.0 % |
| Covered-employee payroll | $ 22.9 | $23.3 | 24.3 | 25.5 | 27.3 | 29.9 | 33.6 |
| Net pension liability (asset) as a percentage of covered-employee payroll | (54.4)% | (8.8)% | 54.3 % | 5.7 % | 38.4 % | 48.0 % | 21.3 % |

*Schedule is intended to show information for 10 years.*

*Additional years will be displayed as they become available.*

# Required Supplementary Information

*(Unaudited)*

## *Schedule of Employer Contributions for the Upstate Plan*

*(Amounts in millions)*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution (1) | $ 0.5 | 2.4 | 1.1 | 2.0 | 2.6 | 1.9 | 1.5 | 2.6 | 3.0 | 1.2 |
| Contributions in relation to the actuarial determined contribution (2) | 0.5 | 2.4 | 1.1 | 2.0 | 2.8 | 2.0 | 3.0 | 2.6 | 3.0 | 1.2 |
| Contribution excess | $ — | — | — | — | 0.2 | 0.1 | 1.5 | — | — | — |
| Covered-employee payroll (3) | $22.9 | 23.3 | 24.2 | 25.5 | 27.3 | 29.9 | 33.6 | 36.0 | 16.0 * | 21.9 * |
| Contribution as a percentage of covered-employee payroll | 2.4 % | 10.5 % | 4.6 % | 7.7 % | 10.4 % | 6.8 % | 8.8 % | 7.0 % | 18.7 % | 5.4 % |

* 2012 covered period from January 1, 2011 through July 6, 2011, and 2011 covered period from July 7, 2011 through December 31, 2011.

(1) The actuarially determined contribution includes normal costs, adjustments made to record the reconciliation of projected salary to actual salary and miscellaneous accounting adjustments.

(2) The contributions in relation to the actuarially determined contribution reflects actual payments.

(3) Covered-employee payroll represents pensionable payroll at the end of each Plan year. It is not practicable to obtain covered employee payroll amounts at the end of each fiscal year.

*Schedule is intended to show information for 10 years.*

*Additional years will be displayed as they become available.*

## *Notes for the Plan*

*Changes in assumptions.* The actuarial assumptions for the mortality basis used for the January 1, 2021 actuarial valuation were changed from the Pri-2012 mortality tables for employees and healthy annuitants with mortality improvements projected using Scale MP-2019 on a fully generational basis, to the Pri-2012 mortality tables for employees and healthy annuitants with mortality improvements projected using Scale MP-2020 on a fully generational basis.

*Methods and assumptions used in calculations of actuarially determined contributions.* The January 1, 2021 actuarial valuation determines the employer rates for contributions payable in 2021. The following actuarial methods and assumptions were used:

Investment rate of return - 6.5%

Amortization method - Level dollar, 20 year closed

Remaining amortization period - 11.5 years

Asset valuation method - Market value

Inflation - 3.0%

Compensation - 3.5% increases, limited to a maximum of $285,000

Termination - 1992 Vaughn Select and Ultimate Table

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

The Board of Trustees
State University of New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregated discretely presented component units of the State University of New York (the University) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 1, 2021. Our report includes a reference to other auditors who audited the financial statements of the University's statutory college at Alfred University and certain discretely presented component units, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the University's statutory colleges at Cornell University and Alfred University and discretely presented components units were not audited in accordance with *Government Auditing Standards.*

*Internal Control Over Financial Reporting*

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

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

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

*Compliance and Other Matters*

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

*Purpose of this Report*

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

KPMG LLP

Albany, New York
November 1, 2021

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