



THE STATE UNIVERSITY OF NEW YORK

JUNE 30, 2024

ANNUAL

FINANCIAL REPORT



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KPMG LLP
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Independent Auditors' Report

To the Board of Trustees
State University of New York:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the State University of New York (the University), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate discretely presented component units of the University, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the financial statements of the discretely presented component units listed in note 16 to the basic financial statements, which represent 73% and 86%, respectively, of the assets and revenues of the aggregate discretely presented component units as of June 30, 2024 and for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in note 1, the financial statements of the University are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities, each major fund, and the aggregate discretely presented component units 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, 2024, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2024 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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, 2024

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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, 2024 and 2023, the results of its operations for the years then ended, and significant changes between these two years. As disclosed in note 1 of the financial statements, the State University adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The primary objective of this Statement is to improve accounting and financial reporting to more appropriately reflect when the State University incurs an obligation for compensated absences. Prior year balances have not been restated in the MD&A due to the adoption of this Statement. 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 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. The financial statements of the combined totals of these component units are discretely presented on pages 17 and 18 of the State University's Annual Financial Report, 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 net 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, 2024 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 year. 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 deficit of \$5.96 billion is comprised of \$27.10 billion in total assets and deferred outflows of resources, less \$33.07 billion in total liabilities and deferred inflows of resources. The net position increased \$1.53 billion in 2024 as a result of this year's operations. The State University's total revenues increased \$1.30 billion and total expenses increased \$1.31 billion in 2024 compared to 2023. The growth in revenues is primarily due to increases in hospital revenue of \$682 million, State appropriation revenue of \$302 million,

STATE UNIVERSITY OF NEW YORK
Management's Discussion and Analysis
(Unaudited)

realized and unrealized gains of \$99 million and investment income of \$81 million. These increases were offset by decreases of \$67 million in private grants and contracts and \$64 million in food service and other. Expense increase was driven by an overall increase in operating expenses of \$1.35 billion, or 11 percent compared to the prior year, mainly due to increases of \$390 million in hospital expenses, \$388 million in support services expenses, \$380 million in instruction expenses and \$89 million in research expenses.

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 a deficit of \$5.96 billion and \$7.44 billion at June 30, 2024 and 2023, respectively. The State University's total assets and deferred outflows of resources increased \$1.00 billion in 2024. Total liabilities and deferred inflows of resources decreased \$475 million in 2024. The following table reflects the net position at June 30, 2024 and 2023 (in thousands):

	2024	2023
Current assets	\$ 6,554,022	5,714,025
Capital and lease assets, net	14,623,065	14,311,962
Other noncurrent assets	3,809,634	3,620,075
Deferred outflows of resources	<u>2,117,626</u>	<u>2,454,960</u>
Total assets and deferred outflows of resources	<u>\$ 27,104,347</u>	<u>26,101,022</u>
Current liabilities	4,147,609	3,577,887
Noncurrent liabilities	25,888,216	26,106,996
Deferred inflows of resources	<u>3,032,462</u>	<u>3,858,490</u>
Total liabilities and deferred inflows of resources	<u>33,068,287</u>	<u>33,543,373</u>
Net investment in capital assets	1,991,275	1,620,294
Restricted - nonexpendable	795,004	729,724
Restricted - expendable	647,177	585,521
Unrestricted	<u>(9,397,396)</u>	<u>(10,377,890)</u>
Total net position	<u>\$ (5,963,940)</u>	<u>(7,442,351)</u>

Current Assets

Current assets at June 30, 2024 increased \$840 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, 2024 and 2023 consist primarily

of cash and cash equivalents of \$3.54 billion and \$3.29 billion and receivables of \$2.11 billion and \$1.59 billion, respectively. The increase in current assets during 2024 is primarily due to increases of \$520 million in receivables and \$250 million in cash and cash equivalents.

Current Liabilities

Current liabilities increased \$570 million compared to the previous year. Current liabilities at June 30, 2024 and 2023 consist principally of accounts payable and accrued expenses of \$1.67 billion and \$1.36 billion, other liabilities of \$1.52 billion and \$1.18 billion, the current portion of long-term debt and long-term liabilities of \$426 million and \$598 million, and unearned revenue of \$408 million and \$329 million, respectively. The increase in current liabilities during 2024 is primarily due to a \$357 million increase in liabilities owed to the State for project costs funded by the State in advance and a \$172 million increase in health insurance payables owed to Department of Civil Service.

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 2024 fiscal year, capital and lease assets (net of depreciation) increased \$311 million. The majority of the increase occurred at the State University campuses due to the completion of new building construction, renovations, and rehabilitation totaling \$519 million for the 2024 fiscal year. Equipment additions during 2024 of \$197 million also contributed to the increase.

A summary of capital assets, by major classification, and related accumulated depreciation for the 2024 and 2023 fiscal years is as follows (in thousands):

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	<u>2024</u>	<u>2023</u>
Land	\$ 840,590	833,884
Infrastructure and land improvements	1,804,383	1,751,736
Buildings	17,623,772	17,108,262
Equipment, library books and other	3,545,483	3,425,938
Construction in progress	1,590,889	1,302,406
Total capital assets	<u>25,405,117</u>	<u>24,422,226</u>
Less accumulated depreciation:		
Infrastructure and land improvements	1,026,544	955,593
Buildings	7,560,011	7,073,671
Equipment, library books and other	2,744,070	2,626,040
Total accumulated depreciation	<u>11,330,625</u>	<u>10,655,304</u>
Lease and subscription IT assets, net	548,573	545,040
Capital and lease assets, net	<u>\$ 14,623,065</u>	<u>14,311,962</u>

Significant projects completed and capitalized during the 2024 fiscal year included rehabilitation of Marshall Hall at College of Environmental Science and Forestry, rehabilitation of Javits Lecture Center at Stony Brook University and renovations to Memorial Hall athletic facility at SUNY Plattsburgh and Campus Library at SUNY Old Westbury. Other significant projects included renovations to Crosby Hall at University at Buffalo, renovation of Sheldon Hall at SUNY Oswego, renovation of Alumni Hall at SUNY Oneonta, improvements to Power Plant and Broadview Center at University at Albany, renovation of A.C. Silverman building and site and safety improvements at Upstate Medical University, renovations of Vander Clute Dining Hall and Heritage Hall at Maritime College, exterior rehabilitation of various buildings at SUNY New Paltz and improvements and upgrades to Psychology Building A at Stony Brook University.

Other Noncurrent Assets

Other noncurrent assets increased \$190 million compared to the previous year. Noncurrent assets at June 30, 2024 and 2023 include long-term investments of \$1.80 billion and \$1.65 billion, the noncurrent portion of receivables of \$525 million and \$623 million, deposits with trustees of \$1.11 billion and \$1.00 billion, restricted cash of \$149 million and \$156 million, and other noncurrent assets of \$226 million and \$192 million, respectively.

Noncurrent Liabilities

Noncurrent liabilities at June 30, 2024 and 2023 of \$25.89 billion and \$26.11 billion, respectively, are largely comprised of debt on State University facilities, other long-term liabilities accrued for postemployment and post-retirement benefits, pension liabilities 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, 2024 and 2023 is as follows (in thousands):

	<u>2024</u>	<u>2023</u>
Educational facilities	\$ 8,398,868	8,834,528
Unamortized bond premium - educational facilities	903,007	902,854
Other long-term debt	135,995	135,111
Lease liabilities	521,661	528,778
Postemployment benefits other than pensions	11,797,415	11,326,600
Collateralized borrowings	1,917,006	1,936,057
Litigation	500,887	588,938
Compensated absences	365,945	146,579
Pension	1,005,919	1,402,360
Other obligations	341,513	305,191
Total noncurrent liabilities	<u>\$ 25,888,216</u>	<u>26,106,996</u>

During 2024, PIT and Sales Tax Revenue Bonds were issued with a par amount of \$1.11 billion at a premium of \$145 million for the purpose of financing capital construction and major rehabilitation for educational facilities as well as to refund \$911 million of the State University's existing educational facilities obligations. The result will produce an estimated savings of \$138 million in future cash flow, with an estimated present value gain of \$104 million.

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The State University's credit ratings were unchanged from the prior year. The credit ratings at June 30, 2024 are as follows:

	PIT Bonds
Moody's Investors Service	Aa1
Standard & Poor's	AA+
Fitch	AA+

The long-term portion of postemployment and post-retirement benefit obligations other than pensions (OPEB) as reported under GASB Statement No. 75 increased \$471 million in 2024 primarily due to updated medical trend and demographic 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 has established a Trust, that the State University campuses (excluding hospitals and Construction Fund) provide these benefits through. The State University hospitals and Construction Fund also provide these benefits, but are not part of the Trust, and have no assets set aside to satisfy premiums.

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 \$396 million in 2024 mainly due to an increase in the fiduciary net position of the New York State and Local Employees' Retirement System (ERS) pension plan as a result of net investment gains on pension plan investments that were measured at March 31, 2024, the fiscal year end of that plan.

The State University has recorded a long-term litigation liability and a corresponding appropriation receivable of \$501 million and \$589 million at June 30, 2024 and 2023, 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 are reported under long-term liabilities as residence hall facility collateralized borrowing in the State University's financial statements.

During 2024, bonds with a par amount of \$352 million at a premium of \$32 million were issued for the purpose of financing capital construction and major rehabilitation for residence hall facilities as well as to refund \$301 million of the State University's existing residential facility obligations. The result will produce an estimated savings of \$26 million in future cash flow, with an estimated present value gain of \$26 million.

The credit ratings assigned to these bonds in 2024 were as follows: Moody's (Aa3), S&P (A+), and Fitch (A+).

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 2024 and 2023 fiscal years are summarized as follows (in thousands):

	2024	2023
Operating revenues	\$ 9,267,232	8,483,840
Nonoperating revenues	5,925,616	5,399,657
Other revenues	156,910	168,833
Total revenues	15,349,758	14,052,330
Operating expenses	13,380,901	12,031,783
Nonoperating expenses	439,403	483,024
Total expenses	13,820,304	12,514,807
Increase in net position	\$ 1,529,454	1,537,523

Total operating revenues were \$9.27 billion and increased \$783 million in 2024 compared to 2023. Nonoperating and other revenues, which include State appropriations, increased \$514 million in 2024. Total expenses for 2024 were \$13.82 billion and increased \$1.31 billion compared to the prior year.

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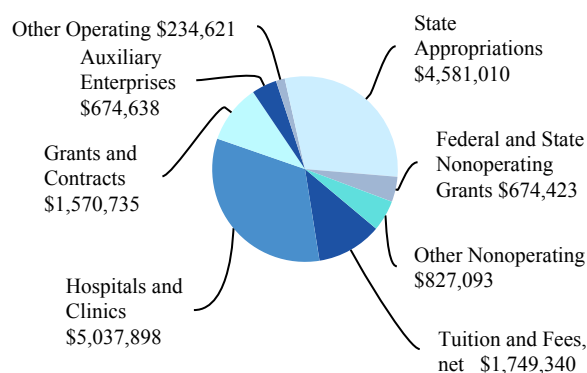
Management's Discussion and Analysis

(Unaudited)

Revenue Overview

Revenues (in thousands):	2024	2023
Tuition and fees, net	\$ 1,749,340	1,650,882
Hospitals and clinics	5,037,898	4,356,176
Grants and contracts	1,570,735	1,565,978
Auxiliary enterprises	674,638	708,023
Other operating	234,621	202,781
Operating revenues	<u>9,267,232</u>	<u>8,483,840</u>
State appropriations	4,581,010	4,278,788
Federal and State nonoperating grants	674,423	652,037
Other nonoperating	827,093	637,665
Nonoperating and other revenues	<u>6,082,526</u>	<u>5,568,490</u>
Total revenues	<u>\$ 15,349,758</u>	<u>14,052,330</u>

2024 Revenues (in thousands)



Tuition and Fees, Net

Tuition and fee revenue, net of scholarship allowances, totaled \$1.75 billion and increased \$98 million in 2024 compared to 2023. The growth was driven by a slight increase in enrollment and increases in professional and nonresident tuition rates. Also in the current year health fees and student use fees are being reported in this revenue classification. These fees were reported in auxiliary enterprises and private grants and contracts revenue in the prior year. Annual average full-time equivalent students, including undergraduate and graduate, were approximately 184,500 and 181,500 for the fiscal years ended June 30, 2024 and 2023, 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 2024 fiscal year was \$5.04 billion, an increase of \$682 million over the prior year, mainly due to an increase in Medicaid Disproportionate Share Hospital (DSH) program revenue of \$376 million. The increase in DSH revenue was primarily the result of increases to estimated DSH losses in previous years that will be paid in the future. Additionally, Upstate Medical received information from the Centers for Medicare and Medicaid Services that it qualifies for an exemption to the elimination of costs associated with Medicaid/Medicare dual eligible enrollees. Net patient revenue also increased \$139 million due to increases in rates and volume. Other hospital income increased \$132 million mainly due to an increase in pharmacy revenue as well as Vital Access Provider Assistance Program grant revenue from the State.

Grants and Contracts

Grants and contracts revenue increased \$5 million in 2024 driven by growth in federal grants of \$57 million and state and local grants of \$15 million. These increases were offset by a decrease in private grants of \$67 million.

Auxiliary Enterprises

The State University's auxiliary enterprise activity is comprised of sales and services for residence halls, food services, intercollegiate athletics, 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 \$675 million, a decrease of \$33 million compared to 2023 due to a decrease of \$88 million in student health fees which are now reported as tuition and fees revenue. This decrease was offset by increased occupancy levels in the residence hall facilities.

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 58,122 for the fall of 2023, an increase

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of 2,424 students compared to the previous year. The overall revenue producing utilization rate for the fall of 2023 was reported at 87 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 \$4.58 billion and \$4.28 billion and represented approximately 30 percent of total revenues for both fiscal years 2024 and 2023. 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 \$302 million in 2024 compared to the prior year. In 2024, State support for operating expenses increased \$204 million. Indirect State support for fringe benefits and litigation accruals increased \$249 million and \$23 million, respectively. These increases were offset by a decrease of \$174 million in indirect State support for debt service.

Federal and State Nonoperating Grants

Major scholarships and grants revenue includes the federal Pell Program revenue of \$336 million and \$302 million during fiscal years 2024 and 2023, respectively, and the State Tuition Assistance and Excelsior Programs of \$271 million and \$264 million during fiscal years 2024 and 2023, respectively. During fiscal year 2024, the State University did not recognize revenue from the Higher Education Emergency Relief Fund (HEERF) grants compared to \$16.9 million in the prior year.

Other Nonoperating Revenues

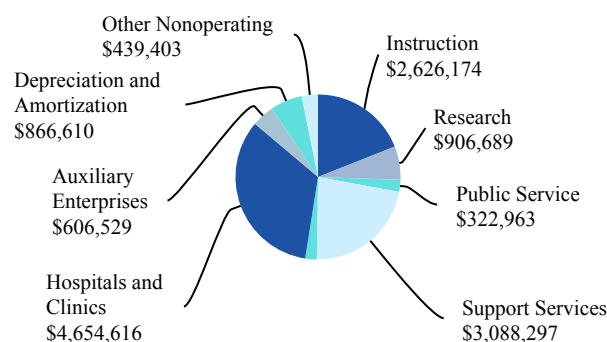
Other nonoperating revenues totaled \$827 million and increased \$189 million in 2024 compared to the prior year. The growth in fiscal year 2024 is mainly due to increases in net realized and unrealized gains of \$99 million and investment income of \$81 million due to improved investment returns.

Expense Overview

Expenses (in thousands):

	2024	2023
Instruction	\$ 2,626,174	2,246,027
Research	906,689	817,314
Public service	322,963	293,107
Support services	3,088,297	2,699,922
Scholarships and fellowships	309,023	263,885
Hospitals and clinics	4,654,616	4,264,970
Auxiliary enterprises	606,529	626,750
Depreciation and amortization	866,610	819,808
Other nonoperating	439,403	483,024
Total expenses	\$ 13,820,304	12,514,807

2024 Expenses (in thousands)



During the 2024 fiscal year, instruction expenses increased \$380 million mainly due to increases of \$125 million in fringe benefits, \$117 million in personal service costs, and \$92 million in OPEB and pension expense accruals. The State fringe benefit rate increased from 63.95% to 67.05%.

Support services, which include expenses for academic support, student services, institutional support, operation and maintenance of plant and other operating expenses, increased \$388 million between fiscal years 2024 and 2023. This increase was mainly due to increases of \$92 million in fringe benefits, \$83 million in personal service costs, \$72 million of student health service expenses being reported as student services expenses versus auxiliary other expenses, and \$60 million in OPEB and pension expense accruals.

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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. The increase in scholarship expenses of \$45 million is primarily due to an increase in financial aid awards.

Expenses at the State University's hospitals and clinics were \$4.65 billion and increased \$390 million in 2024 from the prior year. The increase during 2024 is mainly due to increases of \$156 million in personal service costs, \$106 million in supplies expenses, \$80 million in fringe benefits, and \$60 million in contractual services.

Depreciation and amortization expense recognized in fiscal years 2024 and 2023 totaled \$867 million and \$820 million, respectively. Other nonoperating expenses were \$439 million and \$483 million for the years ended June 30, 2024 and 2023, 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 210,000 for Fall 2024, 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, 2024 is approximately 184,500, an increase of 3,000 FTE compared to June 30, 2023.

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 \$4.58 billion which represented 30 percent of the total revenues of the State University. State appropriations consisted of direct support of \$1.40 billion, fringe benefits for State University employees of \$2.21 billion, and debt service on educational facilities and litigation accruals of \$964 million. Debt service on educational facilities is paid by the State in an amount sufficient to cover annual debt service requirements.

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 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 \$5.60 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 current and future economic conditions such as inflation, supply chain disruptions, and construction labor shortages are likely to impact the pace of the State University's project execution over the coming years. The State's fiscal picture for State fiscal year 24-25 and beyond will also play a heavy role in the State University's ability to implement 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 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. Additionally, the Federal Consolidated Appropriations Act of 2021 changed how hospital-specific Medicaid DSH funding caps (the maximum amount of Medicaid DSH funding a hospital can receive) are calculated. This policy disallows Medicaid dual-eligible enrollees (individuals eligible for both Medicaid and Medicare or other third-party payor coverage) from DSH reimbursement cap calculations, which will significantly reduce future DSH payments to the State University hospitals.

STATE UNIVERSITY OF NEW YORK
Management's Discussion and Analysis
(Unaudited)

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.

Although the impacts from the pandemic have lessened, we remain in a period of uncertainty due to a shortage of nursing and other staff, increasing labor costs and supply chain disruptions. These and other uncertainties regarding the stability of the economy could impact 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, and patient care, as well as ongoing State and federal support.

Statement of Net Position

June 30, 2024

In thousands

Assets and Deferred Outflows of Resources

Current Assets:

Cash and cash equivalents	\$ 3,535,406
Deposits with bond trustees	152,231
Short-term investments	610,392
Accounts, notes, and loans receivable, net	1,482,896
Appropriations receivable	260,223
Grants receivable	369,762
Other assets	143,112
Total current assets	6,554,022

Noncurrent Assets:

Restricted cash and cash equivalents	148,783
Deposits with bond trustees	1,108,576
Accounts, notes, and loans receivable, net	23,028
Appropriations receivable	502,399
Long-term investments	1,800,456
Other noncurrent assets	226,392
Lease and subscription IT assets, net	548,573
Capital assets, net	14,074,492
Total noncurrent assets	18,432,699

Total assets

24,986,721

Deferred outflows of resources

2,117,626

Total assets and deferred outflows of resources

\$ 27,104,347

Liabilities, Deferred Inflows of Resources and Net Position (Deficit)

Current Liabilities:

Accounts payable and accrued liabilities	1,671,517
Unearned revenue	407,650
Long-term debt - current portion	180,877
Long-term liabilities - current portion	245,052
Lease and subscription IT liabilities - current portion	121,930
Other liabilities	1,520,583
Total current liabilities	4,147,609

Noncurrent Liabilities:

Long-term debt	9,437,870
Long-term liabilities	15,824,982
Lease and subscription IT liabilities	521,661
Other noncurrent liabilities	103,703
Total noncurrent liabilities	25,888,216

Total liabilities

30,035,825

Deferred inflows of resources

3,032,462

Total liabilities and deferred inflows of resources

33,068,287

Net Position (Deficit):

Net investment in capital assets	1,991,275
Restricted - nonexpendable:	
Instruction and departmental research	399,782
Scholarships and fellowships	207,114
General operations and other	188,108
Restricted - expendable:	
Instruction and departmental research	268,268
Scholarships and fellowships	133,533
General operations and other	245,376
Unrestricted	(9,397,396)
Total net position (deficit)	\$ (5,963,940)

See accompanying notes to the financial statements.

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2024

In thousands

Operating revenues:	
Tuition and fees	\$ 2,614,176
Less: scholarship allowances	(864,836)
Net tuition and fees	<u>1,749,340</u>
Federal grants and contracts	869,146
State and local grants and contracts	195,255
Private grants and contracts	506,334
Hospitals and clinics	5,037,898
Sales and services of auxiliary enterprises:	
Residence halls, net	502,899
Food service and other, net	171,739
Other sources	234,621
Total operating revenues	<u>9,267,232</u>
Operating expenses:	
Instruction	2,626,174
Research	906,689
Public service	322,963
Academic support	591,805
Student services	546,598
Institutional support	1,201,523
Operation and maintenance of plant	704,268
Scholarships and fellowships	309,023
Hospitals and clinics	4,654,616
Auxiliary enterprises:	
Residence halls	389,116
Food service and other	217,413
Depreciation and amortization expense	866,610
Other operating expenses	44,103
Total operating expenses	<u>13,380,901</u>
Operating loss	<u>(4,113,669)</u>
Nonoperating revenues (expenses):	
State appropriations	4,581,010
Federal and State nonoperating grants	674,423
Investment income, net	303,130
Net realized and unrealized gains	121,107
Gifts	203,372
Interest expense on capital related debt	(437,669)
Loss on disposal of plant assets	(1,734)
Other nonoperating revenues, net	42,574
Net nonoperating revenues	<u>5,486,213</u>
Change before other revenues, gains and transfers	1,372,544
Capital appropriations	26,753
Capital gifts and grants	70,679
Additions to permanent endowments	59,478
Increase in net position	<u>1,529,454</u>
Net position (deficit) at the beginning of year, as restated	<u>(7,493,394)</u>
Net position (deficit) at the end of year	<u><u>\$ (5,963,940)</u></u>

See accompanying notes to the financial statements.

Statement of Cash Flows

Year Ended June 30, 2024

In thousands

Cash flows from operating activities:	
Tuition and fees	\$ 1,720,550
Grants and contracts:	
Federal	864,969
State and local	192,494
Private	554,643
Hospitals and clinics	4,320,464
Personal service payments	(5,757,079)
Other than personal service payments	(3,573,486)
Payments for fringe benefits	(648,249)
Payments for scholarships and fellowships	(271,534)
Loans issued to students	(3,043)
Collection of loans to students	15,898
Auxiliary enterprise charges:	
Residence halls	461,091
Food service and other	179,688
Other receipts	162,765
Net cash used by operating activities	<u>(1,780,829)</u>
Cash flows from noncapital financing activities:	
State appropriations:	
Operations	1,399,335
Debt service	1,055,620
Federal and State nonoperating grants	681,839
Private gifts and grants	186,608
Repayment of short-term loans	(1,570)
Direct loan receipts	985,764
Direct loan disbursements	(985,764)
Other receipts	202,739
Net cash provided by noncapital financing activities	<u>3,524,571</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	1,684,823
Capital appropriations	22,375
Capital grants and gifts received	59,033
Proceeds from sale of capital assets	1,084
Purchases of capital assets	(1,023,260)
Principal paid on capital debt and leases	(2,144,594)
Interest paid on capital debt and leases	(513,250)
Capital funds advanced from State	334,173
Deposits with bond trustees	(96,374)
Net cash used by capital and related financing activities	<u>(1,675,990)</u>
Cash flows from investing activities:	
Proceeds from sales and maturities of investments	339,827
Interest, dividends, and realized gains on investments	312,607
Purchases of investments	(477,475)
Net cash provided by investing activities	<u>174,959</u>
Net change in cash	<u>242,711</u>
Cash - beginning of year	<u>3,441,478</u>
Cash - end of year	<u>\$ 3,684,189</u>
End of year cash comprised of:	
Cash and cash equivalents	3,535,406
Restricted cash and cash equivalents	148,783
Total cash and cash equivalents	<u>\$ 3,684,189</u>

Statement of Cash Flows (continued)

Year Ended June 30, 2024

In thousands

Reconciliation of net operating loss to net cash used by operating activities:	
Operating loss	\$ (4,113,669)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation and amortization expense	866,610
State appropriations for fringe benefits and litigation	2,204,768
Change in assets and liabilities:	
Receivables, net	(550,892)
Other assets	344,931
Accounts payable and accrued liabilities	318,875
Unearned revenue	75,255
Other liabilities	(926,707)
Net cash used by operating activities	<u><u>\$ (1,780,829)</u></u>
 Supplemental disclosures for noncash transactions:	
Assets acquired through leases	<u><u>\$ 102,238</u></u>
Noncash gifts	<u><u>\$ 28,190</u></u>
Unrealized gains on investments	<u><u>\$ 91,064</u></u>

See accompanying notes to the financial statements.

Component Units Statement of Financial Position

June 30, 2024

In thousands

Assets

Cash and cash equivalents	\$	341,647
Accounts and notes receivable, net		90,145
Pledges receivable, net		503,630
Investments		4,140,747
Assets held for others		40,283
Other assets		92,887
Capital assets, net		529,139
Total assets		<u><u>\$ 5,738,478</u></u>

Liabilities and Net Assets

Liabilities:

Accounts payable and accrued liabilities		114,362
Deferred revenue		9,532
Deposits held in custody for others		254,896
Other liabilities		133,643
Long-term debt, net		273,582
Total liabilities		<u><u>786,015</u></u>

Net Assets:

Net assets without donor restrictions:

Board designated for:

Fixed assets		256,842
Campus programs		94,334
Investments		209,895
General operations and other		337,671
Undesignated		500,039

Total net assets without donor restrictions		<u>1,398,781</u>
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Net assets with donor restrictions:

Scholarships and fellowships		1,033,332
Campus programs		1,139,528
Research, general operations and other		1,380,822

Total net assets with donor restrictions		<u>3,553,682</u>
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Total net assets		<u><u>4,952,463</u></u>
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Total liabilities and net assets		<u><u>\$ 5,738,478</u></u>
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See accompanying notes to the financial statements.

Component Units Statement of Activities

Year Ended June 30, 2024

In thousands

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:			
Contributions, gifts and grants	\$ 18,342	560,910	579,252
In-kind contributions	41,602	632	42,234
Food service	327,247		327,247
Other auxiliary services	57,031		57,031
Rental income	87,891	22	87,913
Sales and services	284,100	1,634	285,734
Program income and special events	34,399	1,142	35,541
Investment income, net	131,005	245,048	376,053
Change in value of split interest agreements	57	2,596	2,653
Other sources	9,602	2,772	12,374
Net assets released from restrictions	200,980	(200,980)	—
Total revenues	1,192,256	613,776	1,806,032
Expenses:			
Food service	273,402	—	273,402
Other auxiliary services	50,515	—	50,515
Program expenses	483,540	—	483,540
Support to the State University:			
Scholarships and fellowships	90,341	—	90,341
Other	75,809	—	75,809
Real estate	72,354	—	72,354
Management and general	65,045	—	65,045
Fundraising	35,542	—	35,542
Other expenses	10,757	—	10,757
Total expenses	1,157,305	—	1,157,305
Change in net assets	34,951	613,776	648,727
Net asset transfer/reclassification	(20,313)	20,313	—
Total change in net assets	14,638	634,089	648,727
Net assets at the beginning of year	1,384,143	2,919,593	4,303,736
Net assets at the end of year	\$ 1,398,781	3,553,682	4,952,463

See accompanying notes to the financial statements.

2024 ANNUAL FINANCIAL REPORT
Notes to Financial Statements

June 30, 2024

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 Governmental Accounting Standards Board (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, 2024.

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 2024 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 2024 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 17 and 18 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 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.

STATE UNIVERSITY OF NEW YORK
Notes to Financial Statements

June 30, 2024

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

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 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 net position, which separately classifies deferred outflows of resources and deferred inflows of resources; statement of revenues, expenses, and changes in net position, which distinguishes 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.

During 2024, the State University adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. It establishes display requirements related to accounting changes and error corrections that have an effect on beginning net position. The aggregate amount of adjustments and restatements is required to be displayed in the financial statements. In addition, this Statement expands disclosure requirements in the Notes to Financial Statements, MD&A, and Required Supplementary Information for accounting changes and error corrections.

During the year, the State University also adopted GASB Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. The adoption of this Statement resulted in a liability for compensated absences that more appropriately reflects when the State University incurs an obligation, which enhanced the relevance and reliability of information about the liability for compensated absences. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability. The State University changed the methodology for estimating the current liability for compensated absences to more accurately measure the obligation due within one year. As a result of adopting this pronouncement, the State University has restated the beginning net position as of July 1, 2023 (see note 15).

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.

2024 ANNUAL FINANCIAL REPORT
Notes to Financial Statements

June 30, 2024

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 2024 were reported net of scholarship discount and allowance amounts of \$98 million for residence halls and \$33 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 net 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, 2024, the State University had \$580 million available for authorization for expenditure, including \$408 million from restricted funds and \$172 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, which is generally the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date. 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 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

STATE UNIVERSITY OF NEW YORK
Notes to Financial Statements

June 30, 2024

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

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.

Leases (Lessee and Lessor) and Subscription-Based Information Technology Arrangements

The State University is a lessee for various noncancellable leases and subscription-based information technology arrangements (SBITA). For lease and SBITA arrangements with a maximum possible term of 12 months or less at commencement, the State University recognizes expense based on the provisions of the contract. For lease and SBITA arrangements greater than 12 months, the State University recognizes a liability and an intangible right-to-use asset. At lease or SBITA commencement, the State University initially measures the liability at the present value of payments expected to be made during the term. Subsequently, the liability is reduced by the principal portion of lease or SBITA payments made. The asset is initially measured as the initial amount of the liability, less payments made at or before the commencement date. The asset is amortized on a straight-line basis over the shorter of the lease or SBITA term or the useful life of the underlying asset. If the State University is reasonably certain of exercising a purchase option contained in a lease, the lease asset will be amortized over the useful life of the underlying asset.

The State University generally uses its estimated incremental borrowing rate as the discount rate for leases and SBITAs unless the rate that the lessor/vendor charges is known. The State University incremental borrowing rate for leases and SBITAs is based on the rate of interest it would need to pay if it issued general obligation bonds to borrow an amount equal to the lease or SBITA payments under similar terms at the commencement or remeasurement date. The lease or SBITA term includes the noncancellable period of the contract, plus any additional periods covered by an option to extend for which it is reasonably certain to be exercised, or by an option to terminate for which it is reasonably certain not to be exercised.

The State University is a lessor for various noncancellable leases. For lease arrangements greater than 12 months that do not transfer ownership or represent an investment, the State University initially recognizes a lease receivable at the present value of lease payments expected to be received during the lease term and recognizes a deferred inflow of resources at the amount of the initial measurement of the lease receivable, adjusted for any lease payments received prior to the commencement of the lease term.

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. Compensated absences are recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

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 position by a college or university that is applicable to a future reporting period. Deferred inflows of resources are defined as an acquisition of net position 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 other postemployment benefit (OPEB) liabilities of the State University's cost sharing pension plans and the OPEB plans due to differences 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.

2024 ANNUAL FINANCIAL REPORT
Notes to Financial Statements

June 30, 2024

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

The composition of deferred outflows and deferred inflows of resources at June 30, 2024 is as follows (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB activities	\$ 1,232,385	2,101,786
Pension activities	795,478	550,696
Deferred loss / gain on refunding	81,476	326,001
Other	8,287	53,979
Total	<u>\$ 2,117,626</u>	<u>3,032,462</u>

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 of resources from pension activities are reflected in the reported amounts on the statement of net position. The State University is considered a participating employer of the New York State and Local Employees' 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 deferred inflows and deferred outflows of resources 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 of resources. This plan is frozen and is further described in note 9 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.

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 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.

Reclassifications

Certain amounts displayed in the notes to the financial statements for 2023 have been reclassified to conform to the 2024 presentation.

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, discount rates used in the right of use assets and liabilities related to leases and SBITA arrangements and the valuation of certain investments measured at net asset value. Actual results could differ from those estimates.

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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, 2024, the State University had a book and bank balance of \$3.48 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 Annual Comprehensive 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, 2024, are as follows (in thousands):

Category (a)	Category (b)	Category (c)
\$ 59,302	143,027	—

3. Deposits with Bond Trustees

Deposits with bond trustees primarily represent Dormitory Authority of the State of New York (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 \$129 million at June 30, 2024.

The market value of investments held and maturity period at June 30, 2024 are as follows (in thousands):

Type of Investments	Fair Value	Level 1	Level 2	Less than 1 year	1-5 years
U.S. Treasuries	\$ 263,344	121	263,223	\$ 263,344	—
Federal Agencies*	868,363	—	868,363	868,363	—
Total	\$ 1,131,707	121	1,131,586	\$ 1,131,707	—

*Rating on investments are AA / Aaa / AA+

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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, 2024.

	Unit Value	Fair Value
Cornell Statutory Colleges:		
Endowments:		
Long-term investment pool	\$ 74.30	1,506,984
Charitable gift annuities master trust units	3.09	8,651
Charitable trusts:		
Endowment strategy	74.27	32,930
Common trust fund - growth	67.61	6,940
Common trust fund - income	11.02	2,893
Pooled life income funds:		
PLIF A	1.37	356
PLIF B	2.86	510
Alfred Ceramics:		
Endowment long-term investment pool	9.30	36,038
Total external investment pools		\$ 1,595,302

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.

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4. Investments (continued)

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.

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 net 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, 2024 of approximately \$112 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, 2024. The State University did not have any exposure to foreign currency risk for investments held at June 30, 2024.

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4. Investments (continued)

The composition of investments at June 30, 2024 is as follows (in thousands):

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Cash and money market funds	\$ 112,751	112,751	—	—
U.S. Treasuries	31,738	—	31,738	—
Mutual funds - non-equities	61,984	61,984	—	—
U.S. equities	61,201	61,201	—	—
Foreign equities	29,970	29,970	—	—
Real estate	45,000	45,000	—	—
Global equities	3,439	3,439	—	—
Other	2,943	—	—	2,943
Total investments by fair value level	<u>349,026</u>	<u>314,345</u>	<u>31,738</u>	<u>2,943</u>
Investments measured at NAV:				
External investment pools	\$ 1,595,302			
Global equities	159,395			
Private equity	99,552			
Hedged equities	70,434			
Multi-strategy funds	96,213			
Credit securities	15,346			
Other	25,580			
Total investments measured at NAV	<u>2,061,822</u>			
Total investments	<u>\$ 2,410,848</u>			

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

	<u>Fair Value</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
External investment pools	\$ 1,595,302	Monthly for funds functioning as endowments only	Two months
Global equities	159,395	Monthly, quarterly, annually	30 to 90 days
Private equity	99,552	N/A	N/A
Hedged equities	70,434	Quarterly	90 days
Multi-strategy funds	96,213	Monthly, Quarterly	45 to 95 days
Credit securities	15,346	Quarterly	45 days
Other	25,580	N/A	N/A
Total investments measured at NAV	<u>\$ 2,061,822</u>		

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4. Investments (continued)

At June 30, 2024 the State University had non-equity investments and maturities as summarized in Table A.

Table A (in thousands)

<u>Investment Type</u>	<u>Market Value</u>	<u>Less than 1 yr</u>	<u>1-5 yrs</u>	<u>6-10 yrs</u>	<u>More than 10 yrs</u>
U.S. Treasuries	\$ 31,738	31,738	—	—	—
Mutual funds - non-equities	61,984	—	1,202	60,782	—
Total investments	<u>\$ 93,722</u>	<u>31,738</u>	<u>1,202</u>	<u>60,782</u>	<u>—</u>

Credit quality ratings of the State University's investments in mutual funds, as described by Moody's, S&P, and Fitch at June 30, 2024 are summarized in Table B.

Table B (in thousands)

<u>Credit Rating</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>BB</u>	<u>B</u>	<u>Not Rated</u>
<u>Investment Type</u>							
Mutual funds - non-equities*	\$ 8,890	31,860	21,234	—	—	—	—
Total	<u>\$ 8,890</u>	<u>31,860</u>	<u>21,234</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

*based on average credit quality of holdings

5. Receivables, Net

Receivables consist of the following at June 30, 2024 (in thousands):

Tuition and fees	\$ 47,998
Allowance for uncollectible	(27,697)
Net tuition and fees	<u>20,301</u>
Room rent	27,892
Allowance for uncollectible	(8,320)
Net room rent	<u>19,572</u>
Patient fees, net of contractual allowances	1,764,505
Allowance for uncollectible	(451,862)
Net patient fees	<u>1,312,643</u>
Other	152,333
Allowance for uncollectible	(39,473)
Net other	<u>112,860</u>
Total accounts and notes receivable	<u>1,465,376</u>
Student loans	63,901
Allowance for uncollectible	(23,353)
Total student loans receivable	<u>40,548</u>
Total, net	<u>\$ 1,505,924</u>

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6. Capital Assets

Capital assets, net of accumulated depreciation, totaled \$14.07 billion at fiscal year end 2024. 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)

	July 1, 2023	Additions	Closed Projects & Retirements	June 30, 2024
Capital assets:				
Land	\$ 833,884	6,710	4	840,590
Infrastructure and land improvements	1,751,736	53,753	1,106	1,804,383
Buildings	17,108,262	519,211	3,701	17,623,772
Equipment, library books and other	3,425,938	197,407	77,862	3,545,483
Construction in progress	1,302,406	832,250	543,767	1,590,889
Total capital assets	<u>24,422,226</u>	<u>1,609,331</u>	<u>626,440</u>	<u>25,405,117</u>
Less: accumulated depreciation:				
Infrastructure and land improvements	955,593	70,951	—	1,026,544
Buildings	7,073,671	487,558	1,218	7,560,011
Equipment, library books and other	2,626,040	194,976	76,946	2,744,070
Total accumulated depreciation	<u>10,655,304</u>	<u>753,485</u>	<u>78,164</u>	<u>11,330,625</u>
Capital assets, net	<u>\$ 13,766,922</u>	<u>855,846</u>	<u>548,276</u>	<u>14,074,492</u>

7. Long-term Liabilities

The State University has entered into 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 million of which \$0 million was outstanding at June 30, 2024. During the year ended June 30, 2024, the borrowing rates ranged between 6.72 percent and 6.79 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.

STATE UNIVERSITY OF NEW YORK
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7. Long-term Liabilities (continued)

Total obligations at June 30, 2024 are summarized in Table D.

Table D (in thousands)

	Restated July 1, 2023	Additions	Reductions	June 30, 2024	Current Portion
Long-term debt:					
Educational facilities	\$ 9,014,279	1,108,860	1,608,190	8,514,949	116,081
Unamortized bond premium - educational facilities	952,624	145,455	144,423	953,656	50,649
Other long-term debt	147,807	15,467	13,132	150,142	14,147
Total long-term debt	<u>10,114,710</u>	<u>1,269,782</u>	<u>1,765,745</u>	<u>9,618,747</u>	<u>180,877</u>
Other long-term liabilities:					
Postemployment benefits other than pensions	11,326,600	1,023,520	552,705	11,797,415	—
Residence hall facilities collateralized borrowing	2,036,122	383,815	403,960	2,015,977	98,971
Litigation	606,702	—	92,981	513,721	12,834
Pension	1,404,168	435,505	833,754	1,005,919	—
Compensated absences *	413,867	61,683	—	475,550	109,605
Other long-term liabilities	209,693	52,901	1,142	261,452	23,642
Total other long-term liabilities	<u>15,997,152</u>	<u>1,957,424</u>	<u>1,884,542</u>	<u>16,070,034</u>	<u>245,052</u>
Total long-term debt and long-term liabilities	<u>\$26,111,862</u>	<u>3,227,206</u>	<u>3,650,287</u>	<u>25,688,781</u>	<u>425,929</u>

* Compensated absences additions and reductions are reported net.

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 2024, Personal Income Tax (PIT) and Sales Tax Revenue Bonds were issued with a par amount of \$1.11 billion at a premium of \$145 million for the purpose of financing capital construction and major rehabilitation for educational facilities as well as to refund \$911 million of the State University's existing educational facilities obligations. The result will produce an estimated savings of \$138 million in future cash flow, with an estimated present value gain of \$104 million.

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. At June 30, 2024, \$1.49 billion of outstanding educational facilities obligations were considered defeased.

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7. Long-term Liabilities (continued)

Requirements of the long-term debt obligations at June 30, 2024 are as follows (in thousands):

Fiscal Year(s)	Educational Facilities		Other		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 116,081	396,168	64,796	3,819	180,877	399,987
2026	220,386	392,631	63,011	3,458	283,397	396,089
2027	106,509	381,043	61,887	3,170	168,396	384,213
2028	232,432	375,261	61,631	2,897	294,063	378,158
2029	333,095	363,107	60,286	2,654	393,381	365,761
2030-34	1,908,070	1,542,139	293,382	9,734	2,201,452	1,551,873
2035-39	1,746,990	1,091,169	241,911	4,936	1,988,901	1,096,105
2040-44	1,920,645	663,558	172,236	1,043	2,092,881	664,601
2045-49	1,675,040	230,733	80,521	57	1,755,561	230,790
2050-54	255,701	12,258	4,137	—	259,838	12,258
Total	<u>\$ 8,514,949</u>	<u>5,448,067</u>	<u>1,103,798</u>	<u>31,768</u>	<u>9,618,747</u>	<u>5,479,835</u>
	Interest rates range from 2.50% to 5.63%		Interest rates range from 0.77% to 6.19%			

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 (in thousands)	Assets Pledged as Collateral	Events of Default	Termination Events	Subjective Acceleration Clauses
Educational Facilities (PIT)	\$5,941,174	(1)	(3)	(4)	(5)
Educational Facilities (Sales Tax)	2,573,775	(2)	(3)	(4)	(5)

Footnotes for the column identified as Assets Pledged as Collateral

(1) Effective April 1, 2018, a statutory allocation of 50 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 and 50 percent of the New York State Pass-Through Entity Tax 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.

(2) A statutory allocation of 2 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.

Footnotes for the column identified as Events of Default

(3) 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.

STATE UNIVERSITY OF NEW YORK
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7. Long-term Liabilities (continued)

Footnotes for the column identified as Termination Events

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

Footnotes for the column identified as Subjective Acceleration Clauses

(5) 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.

Residence Hall Facilities Collateralized Borrowing

DASNY bonds for most of the State University residence hall facilities, and these bonds have a maximum 30-year life. 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 residence hall facilities 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 year ended June 30, 2024 amounted to \$582 million. There were principal payments of \$94 million and interest payments of \$69 million during fiscal year 2024. Total principal and interest outstanding on the bonds at June 30, 2024 were \$1.87 billion and \$715 million, respectively, payable through July 1, 2053.

During 2024, bonds with a par amount of \$352 million at a premium of \$32 million were issued for the purpose of financing capital construction and major rehabilitation for residence hall facilities as well as to refund \$301 million of the State University's existing residential facility obligations. The result will produce an estimated savings of \$26 million in future cash flow, with an estimated present value gain of \$26 million.

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. At June 30, 2024, \$155 million of residence hall obligations were considered defeased.

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8. Leases (Lessee) and Subscription-Based IT Arrangements

The State University is a lessee for various noncancellable leases for non-financial assets such as land, buildings, and equipment. A summary of the lease asset activity during the year ended June 30, 2024 is as follows:

Table E (in thousands)

	July 1, 2023	Additions	Remeasurements	Reductions	June 30, 2024
Lease assets:					
Land	\$ 12,939	—	—	—	12,939
Buildings	737,822	70,087	2,720	11,270	799,359
Equipment	243,110	19,760	—	5,570	257,300
Total lease assets	<u>993,871</u>	<u>89,847</u>	<u>2,720</u>	<u>16,840</u>	<u>1,069,598</u>
Less accumulated amortization:					
Land	1,616	942	—	—	2,558
Buildings	351,189	71,990	5,930	11,270	417,839
Equipment	176,125	19,504	—	5,497	190,132
Total accumulated amortization	<u>528,930</u>	<u>92,436</u>	<u>5,930</u>	<u>16,767</u>	<u>610,529</u>
Total lease assets, net	<u>\$ 464,941</u>	<u>(2,589)</u>	<u>(3,210)</u>	<u>73</u>	<u>459,069</u>

Lease Liabilities

A summary of changes in the total lease liabilities during the year ended June 30, 2024 is as follows (in thousands):

	July 1, 2023	Additions	Remeasurements	Reductions	June 30, 2024	Current Portion
Right-to-use leases	\$ 278,378	68,665	1,048	52,495	295,596	44,940
Finance leases	281,172	31,226	—	58,088	254,310	59,846
Total lease liabilities	<u>\$ 559,550</u>	<u>99,891</u>	<u>1,048</u>	<u>110,583</u>	<u>549,906</u>	<u>104,786</u>

Future annual lease payments are as follows (in thousands):

Year ending June 30:	Right-to-use leases		Finance leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 44,940	5,701	59,846	12,774	104,786	18,475
2026	39,991	4,848	59,299	10,481	99,290	15,329
2027	35,426	4,033	45,799	7,563	81,225	11,596
2028	30,462	3,310	43,833	4,539	74,295	7,849
2029	29,074	2,764	31,674	2,129	60,748	4,893
2030-34	100,815	8,608	5,974	2,079	106,789	10,687
2035-39	14,888	312	4,793	1,125	19,681	1,437
2040-44	—	—	3,092	231	3,092	231
2045-49	—	—	—	—	—	—
2050-54	—	—	—	—	—	—
	<u>\$ 295,596</u>	<u>29,576</u>	<u>254,310</u>	<u>40,921</u>	<u>549,906</u>	<u>70,497</u>

Variable Lease Payments

Variable lease and subscription payments, other than those payments that depend on an index or a rate, or are fixed in substance, are excluded from the measurement of the lease. Such amounts are recognized as lease expense in the period in which the obligation for those payments is incurred. Certain office space lease agreements include a non-lease component cost (e.g., property taxes, insurance and maintenance), that is generally determined annually. The amounts recognized as outflows

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8. Leases (Lessee) and Subscription-Based IT Arrangements (continued)

(expense) for variable lease payments not included in the measurement of the lease liabilities were \$9 million during the year ended June 30, 2024.

Subscription-Based Information Technology Arrangements

The State University enters into SBITAs for various purposes including academic services, business, and information security. A summary of the SBITA asset activity during the year ended June 30, 2024 is as follows (in thousands):

	July 1, 2023	Additions	Remeasurements	Reductions	June 30, 2024
SBITA assets	\$ 95,232	31,061	(2,165)	—	124,128
Less accumulated amortization	15,133	19,732	(241)	—	34,624
Total SBITA assets, net	<u>\$ 80,099</u>	<u>11,329</u>	<u>(1,924)</u>	<u>—</u>	<u>89,504</u>

A summary of changes in the total SBITA liabilities during the year ended June 30, 2024 is as follows (in thousands):

	July 1, 2023	Additions	Remeasurements	Reductions	June 30, 2024	Current Portion
SBITA liabilities	<u>\$ 80,959</u>	<u>31,061</u>	<u>(2,165)</u>	<u>16,170</u>	<u>93,685</u>	<u>17,144</u>

Future annual SBITA payments are as follows (in thousands):

Year ending June 30:	Principal	Interest	Total
2025	\$ 17,144	1,975	19,119
2026	14,815	1,587	16,402
2027	13,961	2,354	16,315
2028	11,994	1,282	13,276
2029	12,174	957	13,131
2030-34	<u>23,597</u>	<u>913</u>	<u>24,510</u>
	<u>\$ 93,685</u>	<u>9,068</u>	<u>102,753</u>

The State University has a variety of variable payment clauses within its SBITAs, including variable payments based on usage of the underlying asset or the number of software licenses. Such amounts are recognized as expense in the period in which the obligation for those payments is incurred. During the year, the State University recorded \$19 million for variable payments related to SBITAs. As of June 30, 2024, the State University had no losses reported from impairments of SBITAs or payments for arrangements that have not yet commenced.

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9. 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 at 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, 2024 for ERS and PFRS was approximately 13.1 percent and 27.8 percent of payroll, respectively. For TRS, this rate is determined by the TRS Board on an annual basis and was 10.3 percent of payroll for the year ended June 30, 2023.

ERS, PFRS and TRS provide retirement benefits as well as death and disability benefits through a range of programs. Member benefits generally vest after five years of credited service. The NYRSSL 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 NYRSSL.

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 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 be made at the current member contribution rates and that contributions from participating employers, as applicable, 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.

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9. Retirement Plans (continued)

ERS and PFRS used a discount rate of 5.9 percent in both 2024 and 2023. TRS used a discount rate of 6.95 percent in both 2023 and 2022. The Upstate Plan used a discount rate of 5.5 percent in both 2024 and 2023. The total contributions made to the ERS, PFRS, TRS and Upstate Plan during 2024 were \$216 million, \$15 million, \$18 million, and \$4 million, respectively. At June 30, 2024, there was a net pension liability, included in long-term liabilities, of \$1.01 billion. Additionally, at June 30, 2024, there were deferred outflows of resources of \$795 million and deferred inflows of resources of \$551 million. For the fiscal year ended June 30, 2024, the State University recognized pension expense of \$434 million.

ERS and PFRS – The State University recognized a net pension liability of \$916 million for its proportionate share of the ERS net pension liability at June 30, 2024. The State University also recognized a net pension liability of \$66 million for its proportionate share of the PFRS net pension liability at June 30, 2024. 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, 2024 was measured as of March 31, 2024, and was determined by an actuarial valuation as of April 1, 2023, with update procedures used to roll forward the net pension liability to March 31, 2024. The proportionate share of the net pension liability for ERS was 6.22 percent measured at March 31, 2024 compared to 6.01 percent measured at March 31, 2023. The proportionate share of the net pension liability for PFRS was 1.39 percent measured at March 31, 2024 compared to 1.34 percent measured at March 31, 2023.

For the fiscal year ended June 30, 2024, the State University recognized pension expense of \$384 million related to ERS and \$22 million related to PFRS. At June 30, 2024, the State University reported deferred outflows and deferred inflows of resources related to ERS and PFRS from the following sources (in thousands):

	<u>ERS</u>		<u>PFRS</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 295,164	24,987	\$ 20,368	—
Changes of assumptions	346,461	—	24,938	—
Net difference between projected and actual earnings on pension plan investments	—	447,644	—	17,947
Changes in proportion and differences between employer contributions and proportionate share of contributions	30,099	48,889	883	2,677
Total	<u>\$ 671,724</u>	<u>521,520</u>	<u>\$ 46,189</u>	<u>20,624</u>

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:

	<u>ERS</u>	<u>PFRS</u>
2025	\$ (177,769)	\$ (5,557)
2026	168,613	19,188
2027	259,477	10,712
2028	(100,117)	(1,813)
2029	—	3,035
Total	<u>\$ 150,204</u>	<u>\$ 25,565</u>

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9. Retirement Plans (continued)

The actuarial valuation as of April 1, 2023, with update procedures used to roll forward the total pension liability to March 31, 2024 included the following actuarial assumptions:

Assumptions	
Actuarial cost method	Entry age normal
Inflation	2.9 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	1.5 percent annually
Decrements	Developed from each Plan's 2020 experience study for the period April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries' Scale MP-2021
Discount rate	5.9 percent

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, 2024 were as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic equity	32 %	4.00 %
International equity	15	6.65
Private equity	10	7.25
Real estate	9	4.60
Opportunistic/Absolute return	3	5.25
Credit	4	5.40
Real assets	3	5.79
Fixed income	23	1.50
Cash	1	0.25
Total	100 %	

*Real rates of return are net of a long-term inflation assumption of 2.9%.

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)	\$ 2,881,176	916,375	(10,670)
PFRS net pension liability (asset)	\$ 154,522	66,113	(6,925)

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 paid its remaining balance of \$4 million in full during the year ended June 30, 2024.

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9. Retirement Plans (continued)

TRS – The State University recognized a net pension liability of \$11 million for its proportionate share of the TRS net pension liability at June 30, 2024. The net pension liability reported at June 30, 2024 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the net pension liability to June 30, 2023. 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 0.94 percent measured at June 30, 2023 and 0.93 percent measured at June 30, 2022.

For the fiscal year ended June 30, 2024, the State University recognized a pension expense related to TRS of \$29 million. At June 30, 2024, 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	\$ 26,010	64
Changes in assumptions	23,095	5,034
Net difference between projected and actual earnings on pension plan investments	5,484	—
Changes in proportion and differences between employer contributions and proportionate share of contributions	390	3,454
Employer contributions subsequent to measurement date	19,441	—
Total	\$ 74,420	8,552

At June 30, 2024, \$19 million was reported as deferred outflows of resources related to pensions resulting from 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, 2025. 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:

2025	\$	3,336
2026		(6,534)
2027		42,692
2028		3,009
2029		2,368
Thereafter		1,556
Total	\$	46,427

The actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023 included the following actuarial assumptions:

Assumptions	
Inflation	2.40 percent
Projected salary increase	Rates differ based on service. They have been calculated based upon recent TRS member experience and range from 1.95 percent to 5.18 percent
Investment rate of return, including inflation	6.95 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, 2015 to June 30, 2020
Mortality improvement	Society of Actuaries' Scale MP-2021
Discount rate	6.95 percent

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9. 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, 2023 for reporting at June 30, 2024 were as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic equity	33 %	6.8 %
International equity	15	7.6
Global equity	4	7.2
Real estate	11	6.3
Private equity	9	10.1
Domestic fixed income bonds	16	2.2
Global bonds	2	1.6
Private debt	2	6
Real estate debt	6	3.2
High-yield bonds	1	4.4
Cash equivalents	1	0.3
Total	<u>100 %</u>	

*Real rates of return are net of pension plan investment expenses and long-term inflation expectations.

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 6.95 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 (5.95%) and 1 percentage point higher (7.95%) than the current year rate (in thousands):

	<u>1% Decrease (5.95%)</u>	<u>Current Discount (6.95%)</u>	<u>1% Increase (7.95%)</u>
Net pension liability (asset)	<u>\$ 163,378</u>	<u>10,727</u>	<u>(117,659)</u>

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, 2024, the State University recognized a net pension liability of \$13 million, based on the net pension liability as reported by the plan as follows (in thousands):

Total pension liability	\$ 100,980
Plan fiduciary net position	88,276
Net pension liability	<u>\$ 12,704</u>
Ratio of plan fiduciary net position to total pension liability	87.4 %

The net pension liability at June 30, 2024 was measured as of December 31, 2023 and was determined by using an actuarial valuation as of January 1, 2024. For the year ended June 30, 2024, the State University recognized pension credit of \$1 million related to the Upstate Plan.

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9. Retirement Plans (continued)

At June 30, 2024, 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	\$ 59	—
Net difference between projected and actual earnings on pension plan investments	3,086	—
Total	\$ 3,145	—

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:		
2025	\$	(313)
2026		1,622
2027		3,188
2028		(1,352)
Total	\$	3,145

Membership of the Upstate Plan at January 1, 2024 totaled 1,103 members, comprised of 198 active members, 114 inactive vested members, and 791 retirees and beneficiaries currently receiving benefits. The actuarial assumptions included in the January 1, 2024 measurements included an inflation factor of 3.0 percent, projected salary increases of 3.5 percent and investment rate of return of 5.5 percent. Mortality rates in the January 1, 2024 measurement were based on the sex-distinct Pri-2012 Mortality Tables for employees and healthy annuitants with mortality improvements projected using scale MP-2021 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, 2023 for reporting at June 30, 2024 were as follows:

<u>Asset Class</u>	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities	30 %	4.85 %
Non-U.S. equities	15	4.75
Fixed income	40	1.75
Short-term fixed income	10	N/A
Alternatives (real assets)	5	3.25
	100 %	

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9. Retirement Plans (continued)

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability calculated using the discount rate of 5.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.5%) or 1 percentage point higher (6.5%) than the current rate (in thousands):

	1% Decrease (4.5%)	Current Discount (5.5%)	1% Increase (6.5%)
Net pension liability	\$ 22,398	12,704	4,385

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 liability at June 30, 2024 were as follows (in thousands):

Total pension liability:	
Service cost	\$ 391
Interest	5,414
Difference between expected and actual experience	647
Changes of assumptions	—
Benefit payments	(6,961)
Net change in total pension liability	(509)
Total pension liability, beginning	101,488
Total pension liability, ending (a)	100,979
Plan fiduciary net position:	
Employer contributions	3,795
Net investment income	11,097
Benefit payments	(6,961)
Administrative expenses	(126)
Net change in fiduciary net position	7,805
Fiduciary net position, beginning	80,470
Fiduciary net position, ending (b)	88,275
Net pension liability, ending (a) - (b)	\$ 12,704

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, Corebridge, 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 \$222 million and employee contributions of \$42 million were made during fiscal year 2024.

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.

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9. Retirement Plans (continued)

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, 2024 was \$446 million. The Research Foundation contributions were \$33 million for 2024. These contributions are equal to 100 percent of the required contributions for the year.

Postemployment and Post-retirement Benefits

The State University provides health insurance coverage for eligible retired State University employees and their survivors through the New York State Health Insurance Program (NYSHIP). The State University, through 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 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 campuses (excluding the hospitals and Construction Fund) provide these benefits through the State's Retiree Health Benefit Trust Fund (the Trust), a trust meeting the criteria of GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Other Than Pensions*. The State University hospitals and Construction Fund also provide these benefits, but are not part of the Trust, and have no assets set aside to satisfy premiums. The Research Foundation sponsors its own single-employer defined benefit OPEB plan.

The following assumptions and provisions apply to the State University, including the campuses, hospitals, and Construction Fund, but excluding the Research Foundation:

The OPEB liability at June 30, 2024 was measured as of March 31, 2024, and was determined by an actuarial valuation as of April 1, 2023, with update procedures used to roll forward the OPEB liability to March 31, 2024. The OPEB liability was calculated using the Entry Age Normal cost method. The actuarial valuation included the following actuarial assumptions:

Assumptions	
Inflation	2.5%
Projected salary increase:	
State University campuses	Starting at 4.0% and decreasing to 2.0% after 32 years of service
Hospitals	Starting at 6.75% and decreasing to 2.5% after 30 years of service
Construction Fund	Starting at 4.5% and decreasing to 3.0% after 18 years of service, before increasing to 3.25% after 30 years of service
Actuarial assumptions	Based on the results of an actuarial experience study for the period April 1, 2016 to March 31, 2021, except for disability and TRS retirement rates, which are based on experience studies provided by the New York State and Local Retirement System (ERS and PFRS) and TRS. These assumptions were last updated in 2020 for ERS and PFRS and 2021 for TRS.
Mortality improvement	Society of Actuaries' Scale MP-2021
Discount rate	3.58%

The discount rate is based on the Bond Buyer 20-year general obligation municipal bond index rate at March 31, 2024.

Changes of assumptions and other inputs include a change in the discount rate from 3.50 percent in fiscal year 2023 to 3.58 percent in fiscal year 2024. The medical trend 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.

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9. 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 6.50 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 5.50 percent and decreases to a 4.50 percent long-term trend rate after seven years. The drug assumption begins at 8.50 percent and decreases to a 4.50 percent long-term trend rate after seven years. Additionally, a first year trend rate of 14.33 percent has been assumed for the employer group waiver plan benefits, decreasing to 3.00 percent in years two and beyond. The first year rate was based on 2023 and 2024 revenue projections provided by CVS. No further adjustment was made to subsequent years due to significant uncertainty relating to the Inflation Reduction Act.

Retiree Health Benefit Trust Fund - The State enacted legislation in 2017 establishing the Trust in the joint custody of the Commissioner of the Department of Civil Service and the State Comptroller. The Trust is reported by the State as a single-employer, defined benefit plan that provides health care and insurance benefits to participating retirees and beneficiaries. The State University, as required by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, accounts for and reports its participation in the single-employer OPEB plan as if it were a cost-sharing employer.

The contribution requirements of the Trust are established and may be amended by the State legislature. Contributions are to be made at the request of the Director of the Budget. Current legislation does not require contributions to be made to the Trust, but limits the maximum contributions. As of March 31, 2024 contributions in excess of PAYGO (paying the costs as they become due) contributions were limited to 1.5% of the total actuarial accrued liability included in the State's Annual Comprehensive Financial Report. For the year ended March 31, 2024, the State contributed \$45 million in excess of PAYGO amounts to the Trust on behalf of the State University.

The Commissioner of the Department of Civil Service is the trustee of the Trust, and the responsibility for management of the Trust's investments has been delegated to the State Comptroller. Investments must be consistent with State Finance Law Section 98. The State funded the Trust for the first time during its 2022 fiscal year. As of March 31, 2024, the Trust had \$1.57 billion in cash deposits held by the State Treasury, which were invested in the STIP. Cash is invested in repurchase agreements involving United States Treasury obligations, United States Treasury bills, commercial paper, government-sponsored agency bonds, and certificates of deposit.

All Trust assets are irrevocably dedicated to, and are used for the exclusive purpose of, making payments of benefits to or for the benefit of the OPEB plan and the Trust and will not be available to any creditors of the State. The Trust does not issue a stand-alone financial report and its financial statements are reported as a fiduciary fund in the State's financial report.

The money-weighted rate of return is calculated as the internal rate of return on Trust investments, net of Trust investment expense. The annual money-weighted rate of return, net of investment expense calculated in accordance with the provisions of GASB Statement No. 74, was 5.43 percent for the State fiscal year ended March 31, 2024.

The number of State University employees and participants covered by the benefit terms were:

Health care participants	
<hr/>	
Active employees	33,594
Inactive participants entitled to but not yet receiving benefits	68
Retirees and surviving spouses receiving benefit payments	<u>26,040</u>
Total participants	<u><u>59,702</u></u>

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June 30, 2024

9. Retirement Plans (continued)

The State University's proportionate share of the collective net OPEB liability for the Trust was \$9.12 billion measured at March 31, 2024, compared to \$8.77 billion measured at March 31, 2023. The State University's proportion of the total OPEB liability was determined based on the sum of each individual participant's liability within the given entity (i.e., the State or the State University), and the State University's proportion of the plan fiduciary net position was determined based on the headcount as of the valuation date. The State University's proportion of the net OPEB liability was 15.65 percent at March 31, 2024 and 15.48 percent at March 31, 2023.

The Trust is expected to remain invested in the STIP for the foreseeable future. As such, the beginning of year discount rate of 3.50% was used as the expected rate of return on assets for the year ended March 31, 2024. The end of year discount rate of 3.58% was applied to all periods of projected benefit payments to determine the State University's share of the Trust's total OPEB liability, pursuant to GASB Statement No. 74.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the State University as of June 30, 2024, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower and 1 percentage point higher than the current year rate (in thousands):

	1% Decrease (2.58%)	Current Rate (3.58%)	1% Increase (4.58%)
Total OPEB liability	\$ 11,127,384	9,401,612	8,046,296
Plan fiduciary net position	(282,288)	(282,288)	(282,288)
Net OPEB liability	<u>\$ 10,845,096</u>	<u>9,119,324</u>	<u>7,764,008</u>

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the State University at June 30, 2024, as well as what the net 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	\$ 7,917,725	9,401,612	11,325,305
Plan fiduciary net position	(282,288)	(282,288)	(282,288)
Net OPEB liability	<u>\$ 7,635,437</u>	<u>9,119,324</u>	<u>11,043,017</u>

The State University recognized a credit related to OPEB of \$228 million at June 30, 2024. At June 30, 2024, 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	\$ 432,883	55,989
Net difference between expected and actual earnings on OPEB plan investments	—	3,456
Change in proportion	1,920	—
Changes of assumptions	474,783	1,418,366
Benefit payments subsequent to measurement date	115,798	—
Total	<u>\$ 1,025,384</u>	<u>1,477,811</u>

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9. Retirement Plans (continued)

At June 30, 2024, \$116 million was reported as deferred outflows of resources related to OPEB resulting from 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, 2025. 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:

2025	\$	(448,886)
2026		(18,717)
2027		(94,489)
2028		(18,981)
2029		12,848
Total	\$	<u>(568,225)</u>

State University Hospitals and Construction Fund - The State University hospitals and Construction Fund provide health insurance coverage for eligible retired employees and their survivors through NYSHIP. However, the State University hospitals and Construction Fund are not part of the Trust, and no assets are accumulated to satisfy premiums.

The number of State University hospital and Construction Fund employees and participants covered by the benefit terms were:

Health care participants

Active employees	12,688
Inactive participants entitled to but not yet receiving benefits	36
Retirees and surviving spouses receiving benefit payments	<u>4,800</u>
Total participants	<u>17,524</u>

The total OPEB liability for the State University hospitals and Construction Fund was \$2.68 billion for the fiscal year ended June 30, 2024. The changes in the total OPEB liability at June 30, 2024 for the State University hospitals and Construction Fund were as follows (in thousands):

Total OPEB liability beginning balance	\$	2,552,625
Service cost		87,958
Interest		91,066
Differences between expected and actual experience		31,884
Changes in assumptions		(7,386)
Benefit payments		<u>(78,056)</u>
Net changes		<u>125,466</u>
Total OPEB liability ending balance	\$	<u>2,678,091</u>

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9. Retirement Plans (continued)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the State University hospitals and Construction Fund at June 30, 2024, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower and 1 percentage point higher than the current year rate (in thousands):

	1% Decrease (2.58%)	Current Rate (3.58%)	1% Increase (4.58%)
Total OPEB liability	\$ 3,247,581	2,678,091	2,241,985

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 hospitals and Construction Fund at June 30, 2024, as well as what the 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	\$ 2,210,725	2,678,091	3,296,487

The State University hospitals and Construction Fund recognized expense related to OPEB of \$10 million at June 30, 2024. At June 30, 2024, the State University hospitals and Construction Fund 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	\$ 87,446	66,356
Changes of assumptions	95,691	552,010
Benefit payments subsequent to measurement date	20,772	—
Total	\$ 203,909	618,366

At June 30, 2024, \$21 million was reported as deferred outflows of resources related to OPEB resulting from the State University hospitals and Construction Fund 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, 2025. 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:

2025	\$	(149,302)
2026		(136,757)
2027		(96,739)
2028		(46,526)
2029		(6,210)
Thereafter		305
Total	\$	(435,229)

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.

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9. Retirement Plans (continued)

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 2023 calendar year.

Participants covered by benefit terms	
Actives	3,743
Retirees	1,915
Surviving spouses	86
Disabled participants	5
Covered spouses	682
Total participants	<u>6,431</u>

The Research Foundation's net OPEB asset was \$76 million for the fiscal year ended June 30, 2024. The Research Foundation's net OPEB asset at June 30, 2024 was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2023, with update procedures used to roll forward the net OPEB asset to June 30, 2024. 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-2021 as of June 30, 2024
Discount rate	7.60%

Discount rate. At June 30, 2024, 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 7.60 percent was applied to all periods of projected benefit payments to determine the net OPEB asset.

Health care trend rates range from initial health care cost trend rates of 6.50 percent (HMO) and 6.25 percent (PPO) grading down to 4.50 percent in 2032 and later. The drug assumption begins at 7.50 percent and decreases to 4.50 percent after eight years.

The Research Foundation's changes in the net OPEB asset at June 30, 2024 were as follows (in thousands):

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (c) = (a) - (b)
Beginning balances	\$ 244,888	299,891	(55,003)
Service cost	2,086	—	2,086
Interest	17,731	—	17,731
Differences between expected and actual experience	1,973	—	1,973
Changes in assumptions	(7,287)	—	(7,287)
Benefit payments	(14,996)	(14,996)	—
Contributions from the employer	—	5,986	(5,986)
Net investment income	—	29,252	(29,252)
Net changes	<u>(493)</u>	<u>20,242</u>	<u>(20,735)</u>
Ending balances	<u>\$ 244,395</u>	<u>320,133</u>	<u>(75,738)</u>

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9. 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equities	32.0 %	7.8 %
Hedged equities	7.0	7.5
Absolute return	10.0	7.3
Private equity	17.0	11.9
Private equity real estate	9.0	10.5
Government bonds	5.0	4.3
Core property	1.0	6.5
Liquid credit	4.0	7.0
Private debt	9.0	9.5
Inflation linked bonds	5.0	4.3
Cash	1.0	4.0
Total	<u>100 %</u>	

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, 2024, 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):

	<u>1% Decrease (6.60%)</u>	<u>Current Rate (7.60%)</u>	<u>1% Increase (8.60%)</u>
Total OPEB liability	\$ 269,247	244,395	223,328
Plan fiduciary net position	(320,133)	(320,133)	(320,133)
Net OPEB asset	<u>\$ (50,886)</u>	<u>(75,738)</u>	<u>(96,805)</u>

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, 2024, 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):

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 220,369	244,395	272,723
Plan fiduciary net position	(320,133)	(320,133)	(320,133)
Net OPEB asset	<u>\$ (99,764)</u>	<u>(75,738)</u>	<u>(47,410)</u>

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9. Retirement Plans (continued)

The Research Foundation recognized a credit related to OPEB of \$16 million at June 30, 2024. At June 30, 2024, 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	\$ 2,167	—
Net difference between expected and actual earnings on OPEB plan investments	925	—
Changes of assumptions	—	5,609
Total	\$ 3,092	5,609

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:		
2025	\$	(5,655)
2026		5,439
2027		(824)
2028		(1,477)
Total	\$	(2,517)

10. Commitments and Contingencies

The State University has entered into contracts for the construction and improvement of various projects. At June 30, 2024, these outstanding contract commitments totaled approximately \$1.18 billion.

In prior years 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. StaffCo is also the employer of the former staff of Southampton Hospital and Eastern Long Island Hospital in support of Stony Brook's expansion of its hospital operations to those hospitals. The State University is responsible for reimbursing StaffCo for its direct and indirect costs relating to its staffing obligations.

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 3.84 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 \$514 million at June 30, 2024.

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.

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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 \$4.58 billion and represented approximately 30 percent of total revenues for fiscal year 2024. 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.

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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, 2024, 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	\$ 874,362
Capital assets	510,454
Other assets	288,613
Deferred outflows of resources	3,092
Total assets and deferred outflows of resources	\$ 1,676,521

Liabilities and Deferred Inflows of Resources:

Total current liabilities	528,067
Total noncurrent liabilities	226,758
Deferred inflows of resources	5,609
Total liabilities and deferred inflows of resources	760,434

Net Position:

Invested in capital assets, net	273,747
Restricted nonexpendable	32,442
Unrestricted	609,898
Total net position	\$ 916,087

Condensed Statement of Revenues, Expenses and Changes in Net Position

Operating revenues:

Federal grants and contracts	\$ 707,505
State grants and contracts	104,507
Private grants and contracts	358,297
Other operating revenues	42,731
Total operating revenues	1,213,040

Operating expenses:

Instruction	112,949
Research	739,379
Public service	112,240
Institutional support	140,590
Other operating expenses	44,964
Depreciation and amortization expense	101,038
Total operating expenses	1,251,160
Operating income	(38,120)
Net nonoperating revenues	92,664
Change in net position	54,544
Net position at the beginning of the year, as restated	861,543
Net position at the end of the year	\$ 916,087

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13. Condensed Financial Statement Information of the Research Foundation (continued)

Condensed Statement of Cash Flows

Cash flows from operating activities	\$ 125,003
Cash flows used by noncapital financing activities	(1,570)
Cash flows used by capital and related financing activities	(72,673)
Cash flows used by investing activities	<u>(49,591)</u>
Net change in cash	1,169
Cash - beginning of year	<u>129</u>
Cash - end of year	<u><u>\$ 1,298</u></u>

14. Subsequent Events

The State University considers events or transactions that occur after the statement of net 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, 2024 were available to be issued on November 1, 2024 and subsequent events have been evaluated through that date.

15. Adoption of GASB Statement No. 101 *Compensated Absences*

The provisions of GASB Statement No. 101 have been applied to the beginning of the 2024 fiscal year net position. The following is a reconciliation of the total net position as previously reported at July 1, 2023 to the total restated net position (in thousands):

Total net position (deficit) as previously reported at July 1, 2023	\$ (7,442,351)
Change due to adoption of GASB Statement No. 101	<u>(51,043)</u>
Total net position (deficit) at July 1, 2023 (restated)	<u><u>\$ (7,493,394)</u></u>

As discussed in note 1, the State University has changed from accounting and reporting requirements previously required under GASB Statement No. 16 to the accounting and reporting required under GASB Statement No. 101, which established accounting and financial reporting for compensated absences.

16. 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.

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16. Component Units (continued)

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

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 \$4.14 billion as of June 30, 2024.

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

Equities- domestic	\$ 1,127,921
Equities- international	533,661
Non-equities	1,202,064
Equity partnerships	662,981
Multi-strategy funds	257,578
Hedge funds	235,320
Real assets/real estate	94,480
Other investments	26,742
Total investments	<u>\$ 4,140,747</u>

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16. Component Units (continued)

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 \$529 million at fiscal year end 2024. Capital asset classifications are summarized as follows (in thousands):

Land	\$ 63,683
Land improvements	4,559
Buildings	785,159
Equipment	153,066
Artwork and library books	38,036
Construction in progress	6,618
Total capital assets	<u>1,051,121</u>
Less accumulated depreciation	521,982
Capital assets, net	<u><u>\$ 529,139</u></u>

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:	
2025	\$ 14,968
2026	18,000
2027	14,466
2028	13,778
2029	14,046
Thereafter	<u>203,458</u>
	278,716
Less: unamortized debt issuance costs	5,134
	<u><u>\$ 273,582</u></u>

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16. 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 (ASC) as of and for the fiscal year ended June 30, 2024 (in thousands):

Combined Statement of Financial Position

	<u>Foundations</u>	<u>ASC</u>	<u>Total</u>
Assets:			
Investments	\$ 3,993,171	147,576	4,140,747
Capital assets, net	451,836	77,303	529,139
Other assets	880,323	188,269	1,068,592
Total assets	<u>\$ 5,325,330</u>	<u>413,148</u>	<u>5,738,478</u>
Liabilities:			
Other liabilities	422,769	89,664	512,433
Long-term debt, net	268,033	5,549	273,582
Total liabilities	<u>690,802</u>	<u>95,213</u>	<u>786,015</u>
Net Assets:			
Without donor restrictions	1,081,160	317,621	1,398,781
With donor restrictions	3,553,368	314	3,553,682
Total net assets	<u>4,634,528</u>	<u>317,935</u>	<u>4,952,463</u>
Total liabilities and net assets	<u>\$ 5,325,330</u>	<u>413,148</u>	<u>5,738,478</u>

Combined Statement of Activities

	<u>Foundations</u>	<u>ASC</u>	<u>Total</u>
Revenues:			
Contributions, gifts and grants	\$ 579,252	—	579,252
Food and auxiliary services	—	384,278	384,278
Other revenue	819,505	22,997	842,502
Total revenues	<u>1,398,757</u>	<u>407,275</u>	<u>1,806,032</u>
Expenses:			
Food and auxiliary services	—	323,917	323,917
Program expenses	483,540	—	483,540
Other expenses	295,954	53,894	349,848
Total expenses	<u>779,494</u>	<u>377,811</u>	<u>1,157,305</u>
Change in net assets	619,263	29,464	648,727
Net asset transfer	<u>20,280</u>	<u>(20,280)</u>	<u>—</u>
Total change in net assets	639,543	9,184	648,727
Net assets at the beginning of year	<u>3,994,985</u>	<u>308,751</u>	<u>4,303,736</u>
Net assets at the end of year	<u>\$ 4,634,528</u>	<u>317,935</u>	<u>4,952,463</u>

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16. 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, 2024 consist of the following:

	Food Service	Other Auxiliary Services	Program Expenses	Real Estate	Management and General	Fundraising	Other	Total
Salaries and wages	\$ 65,745	10,150	235,878	4,143	28,851	16,881		361,648
Employee benefits	22,661	3,413	76,309	92	9,585	4,441		116,501
Cost of goods sold	145,228	18,874	—	—	—	—		164,102
Grant expense	—	—	84,184	—	—	—		84,184
In-kind expenses	—	—	7,211	12,430	3,281	1,751		24,673
Supplies and materials	5,086	1,652	12,275	262	1,423	979		21,677
Printing and postage	28	83	1,222	42	163	902		2,440
Travel and conferences	136	2,691	15,669	29	514	1,959		20,998
Rent and equipment	5,523	1,192	3,919	7,022	1,809	426		19,891
Maintenance and upgrades	3,581	1,281	3,166	2,744	1,265	11		12,048
Insurance	465	751	2,009	1,391	2,818	82		7,516
Utilities	4,716	1,420	95	3,326	248	2		9,807
Professional and service fees	4,068	1,517	23,210	5,845	8,058	4,073		46,771
Depreciation expense	8,757	2,139	856	20,331	2,317	15		34,415
Interest expense	32	20	46	10,771	322	—		11,191
Activity and program support	232	2,869	10,419	91	1,345	2,042		16,998
Other expenses	7,144	2,463	7,072	3,835	3,046	1,978	10,757	36,295
Expenses	\$ <u>273,402</u>	<u>50,515</u>	<u>483,540</u>	<u>72,354</u>	<u>65,045</u>	<u>35,542</u>	<u>10,757</u>	991,155
Support to the State University:								
Scholarships and fellowships								90,341
Other								<u>75,809</u>
Total expenses								<u>\$1,157,305</u>

2024 ANNUAL FINANCIAL REPORT
Notes to Financial Statements

June 30, 2024

16. Component Units (continued)

The reported amounts for the combined totals of the component units in the discretely presented financial statements include the following entities for the fiscal years indicated:

<u>Entities Audited by KPMG LLP:</u>	<u>Fiscal Year-End</u>
University at Buffalo Foundation, Inc. and Affiliates	June 30, 2024
<u>Entities Audited by Other Auditors:</u>	<u>Fiscal Year-End</u>
Alfred State College Development Fund, Inc.	June 30, 2024
Auxiliary Campus Enterprises and Services, State University College at Alfred, Inc.	May 31, 2024
Auxiliary Service Corporation of SUNY at Farmingdale	June 30, 2024
Auxiliary Service Corporation of the College at Old Westbury, Inc.	May 31, 2024
Auxiliary Services Corporation of SUNY Cortland	June 30, 2024
Auxiliary Services, State University College at Oswego, Inc.	May 31, 2024
Binghamton Auxiliary Services Corporation and Subsidiary	June 30, 2024
Brockport Auxiliary Service Corporation and Subsidiaries	May 31, 2024
Buffalo State College Foundation, Inc.	June 30, 2024
Campus Auxiliary Services, Inc.	May 31, 2024
Campus Auxiliary Services, Inc. at State University College, Geneseo, New York and Subsidiary	May 31, 2024
Canton College Foundation, Inc. and Subsidiaries	June 30, 2024
College Association at Delhi, Inc.	May 31, 2024
College Association, Inc. State University of New York Auxiliary Services Corporation College of Technology at Canton	May 31, 2024
College Auxiliary Services of the State University College at Plattsburgh, Inc.	June 30, 2024
College Foundation at Delhi, Inc. and Subsidiary	June 30, 2024
Cortland College Foundation, Inc. and Cortland College Foundation Properties, Inc.	June 30, 2024
Empire Commons Student Housing, Inc.	June 30, 2024
Empire State University Foundation, Inc.	June 30, 2024
ESF College Foundation, Inc. and Subsidiaries	June 30, 2024
Faculty Student Association of Downstate Medical Center, Inc.	May 31, 2024
Faculty Student Association of the State University of New York at Stony Brook, Inc. and Affiliate	June 30, 2024
Faculty-Student Association of State University College at Buffalo, Inc.	June 30, 2024
Faculty-Student Association of State University College at Fredonia, New York, Inc.	May 31, 2024
Faculty-Student Association of State University of New York at Buffalo, Inc. dba Campus Dining & Shops and Subsidiary	May 31, 2024
Faculty-Student Association of State University of New York Upstate Medical University	May 31, 2024
Faculty-Student Association of the State University of New York Maritime College, Inc.	June 30, 2024
Fredonia College Foundation of State University of New York, Inc.	December 31, 2023
Farmingdale College Foundation	June 30, 2024
Morrisville Auxiliary of State University College of Agriculture and Technology at Morrisville, N.Y. Incorporated	May 31, 2024
Morrisville College Foundation, Inc. and Subsidiary	June 30, 2024

STATE UNIVERSITY OF NEW YORK
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16. Component Units (continued)

<u>Entities Audited by Other Auditors (continued):</u>	<u>Fiscal Year-End</u>
Old Westbury College Foundation, Inc.	June 30, 2024
Oneonta Auxiliary Services of the State University College at Oneonta, Inc.	May 31, 2024
Oswego University Foundation, Inc. and Subsidiary	June 30, 2024
Plattsburgh College Foundation, Inc. and Subsidiary	June 30, 2024
Potsdam College Foundation, Inc.	June 30, 2024
Purchase College Association, Inc.	June 30, 2024
Purchase College Foundation Housing Corporation	June 30, 2024
Purchase Housing Corporation II	June 30, 2024
State University of New York at Oneonta Foundation Corporation	June 30, 2024
State University of New York Auxiliary Services Corporation, Campus: Potsdam	May 31, 2024
State University of New York Polytechnic Institute Foundation, Inc.	June 30, 2024
Stony Brook Foundation, Inc. and Affiliates	June 30, 2024
SUNY Cobleskill Auxiliary Services, Inc.	May 31, 2024
SUNY College of Agriculture and Technology at Cobleskill Foundation, Inc.	June 30, 2024
SUNY College of Optometry Foundation	June 30, 2024
SUNY Maritime Foundation, Inc.	June 30, 2024
SUNY New Paltz Foundation, Inc. and Subsidiary	June 30, 2024
SUNY Polytechnic Institute Auxiliary Services Corporation	June 30, 2024
Syracuse Pulp and Paper Foundation, Inc.	June 30, 2024
The Educational Foundation of Alfred, Inc.	June 30, 2024
The Foundation of the State University of New York at Binghamton, Inc. and Affiliates	June 30, 2024
The Geneseo Foundation, Inc.	June 30, 2024
The Health Science Center at Brooklyn Foundation, Inc. and Affiliate	July 31, 2023
The Purchase College Foundation	June 30, 2024
The State University College at Brockport Foundation, Inc. and Alumni Association of the State University College at Brockport, Inc., D/B/A Brockport College Fund	June 30, 2024
The University at Albany Foundation	June 30, 2024
The Upstate Foundation, Inc. and Affiliates	December 31, 2023
University Auxiliary Services at Albany, Inc.	May 31, 2024

Required Supplementary Information

(Unaudited)

Schedule of the State University's Proportionate Share of the Net OPEB Liability for the New York State Retiree Health Benefit Trust Fund

(Amounts in millions)

	2024	2023	2022
Proportion of the net OPEB liability	15.65 %	15.48 %	15.27 %
Proportionate share of the net OPEB liability	\$ 9,119.3	8,774.0	9,540.1
Covered-employee payroll for plan year	\$ 2,762.2	2,713.5	2,654.4
Proportionate share of the net OPEB liability as a percentage of covered-employee payroll	330.1 %	323.3 %	359.4 %
OPEB plan's fiduciary net position as a percentage of the total OPEB liability	3.00 %	2.50 %	0.63 %

Schedule of Employer Contributions for the New York State Retiree Health Benefit Trust Fund

(Amounts in millions)

	2024	2023	2022
Contractually determined contribution*	N/A	N/A	N/A
Contributions in relation to the contractually determined contribution*	N/A	N/A	N/A
Contribution deficiency	N/A	N/A	N/A
Covered-employee payroll for plan year	\$ 2,762.2	2,713.5	2,654.4
Contribution as a percentage of covered-employee payroll	N/A	N/A	N/A

*There is no specified funding policy or agreed upon actuarially determined contribution

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 Total OPEB Liability and Related Ratios for the State University Hospitals and Construction Fund

(Amounts in millions)

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:								
Service cost	\$88.0	109.4	119.2	121.4	90.6	91.0	95.3	106.7
Interest	91.1	77.2	69.0	94.7	101.1	102.4	105.3	96.4
Difference between expected and actual experience	31.9	11.6	68.2	(93.5)	17.3	46.9	(236.5)	—
Changes in assumptions	(7.4)	(329.8)	(299.8)	(452.6)	479.2	(158.8)	(12.1)	(280.2)
Benefit payments	(78.1)	(70.0)	(59.2)	(53.0)	(48.5)	(44.7)	(39.8)	(35.3)
Net change in total OPEB liability	125.5	(201.6)	(102.6)	(383.0)	639.7	36.8	(87.8)	(112.4)
Total OPEB liability, beginning	2,552.6	2,754.2	2,856.8	3,239.8	2,600.1	2,563.3	2,651.1	2,763.5
Total OPEB liability, ending	<u>\$2,678.1</u>	<u>2,552.6</u>	<u>2,754.2</u>	<u>2,856.8</u>	<u>3,239.8</u>	<u>2,600.1</u>	<u>2,563.3</u>	<u>2,651.1</u>
Net position as a percentage of total OPEB liability	— %	— %	— %	— %	— %	— %	— %	— %
Covered-employee payroll	\$988.3	923.9	914.4	899.9	872.9	843.3	806.3	767.8
Total OPEB liability as a percentage of covered-employee payroll	271.0 %	276.3 %	301.2 %	317.5 %	371.2 %	308.3 %	317.9 %	345.3 %
Changes in assumptions: Discount rate	3.58 %	3.50 %	2.73 %	2.34 %	2.84 %	3.79 %	3.89 %	3.86 %

Changes in assumptions. The discount rate was changed as detailed in the table above. The medical trend 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)*

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:								
Service cost	\$ 2.1	2.1	2.4	3.2	4.7	4.2	5.8	10.0
Interest	17.7	16.8	16.1	17.6	18.2	16.7	16.3	32.4
Changes of benefit terms	—	—	—	—	—	—	—	(234.9)
Difference between expected and actual experience	2.0	4.6	3.5	11.2	(16.4)	10.5	(17.7)	(1.4)
Changes in assumptions	(7.3)	(6.0)	(11.9)	(39.7)	(23.2)	21.6	(28.0)	27.0
Benefit payments	(15.0)	(14.6)	(12.5)	(11.8)	(10.9)	(10.0)	(7.9)	(11.2)
Net change in total OPEB liability	(0.5)	2.9	(2.4)	(19.5)	(27.6)	43.0	(31.5)	(178.1)
Total OPEB liability, beginning	244.8	241.9	244.3	263.8	291.4	248.4	279.9	458.0
Total OPEB liability, ending	244.3	244.8	241.9	244.3	263.8	291.4	248.4	279.9
Plan fiduciary net position:								
Contributions - employer	6.0	6.0	6.0	6.0	6.0	6.0	5.5	30.1
Net investment income (loss)	29.2	17.1	(15.5)	64.9	10.9	17.3	19.9	22.2
Benefit payments	(15.0)	(14.6)	(12.5)	(11.8)	(10.9)	(10.0)	(7.9)	(11.2)
Net change in fiduciary net position	20.2	8.5	(22.0)	59.1	6.0	13.3	17.5	41.1
Fiduciary net position, beginning	299.8	291.3	313.3	254.2	248.2	234.9	217.4	176.3
Fiduciary net position, ending	320.0	299.8	291.3	313.3	254.2	248.2	234.9	217.4
Net OPEB liability (asset), ending	\$ (75.7)	(55.0)	(49.4)	(69.0)	9.6	43.2	13.5	62.5
Net position as a percentage of total OPEB liability	131.0 %	122.5 %	120.4 %	128.2 %	96.4 %	85.2 %	94.6 %	77.7 %
Covered-employee payroll	\$313.4	281.1	253.1	242.8	238.7	232.4	236.2	238.0
Net OPEB liability (asset) as a percentage of covered-employee payroll	(24.2)%	(19.6)%	(19.5)%	(28.4)%	4.0 %	18.6 %	5.7 %	26.3 %
Changes in assumptions: Discount rate	7.60 %	7.40 %	7.10 %	6.70 %	6.75 %	6.26 %	6.75 %	5.77 %

Changes in assumptions. The discount rate was changed as detailed in the table above.

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)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 1.2	1.4	—	4.7	4.3	6.0	6.3	8.4
Contributions in relation to the actuarially determined contribution	6.0	6.0	6.0	6.0	6.0	6.0	5.5	30.1
Contribution (deficiency) excess	\$ 4.8	4.6	6.0	1.3	1.7	—	(0.8)	21.7
Covered-employee payroll	\$313.4	281.1	253.1	242.8	238.7	232.4	236.2	238.0
Contribution as a percentage of covered-employee payroll	1.9 %	2.1 %	2.4 %	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 - 7.60%

Salary increases - 3.00%

Health care trend rates - range from initial health care cost trend rates of 6.50% (HMO) and 6.25% (PPO) grading down to 4.50% in 2032 and later. The drug assumption begins at 7.50% and decreases to 4.50% after eight years.

Mortality - the dollar-weighted aggregate rates from the Pri-2012 mortality study projected generationally from 2012 with Scale MP-2021 as of June 30, 2024.

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 New York State and Local Employees' Retirement System (ERS) Net Pension Liability (Asset)****(Amounts in millions)*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	6.22 %	6.01 %	6.17 %	5.79 %	5.75 %	5.58 %	5.45 %	5.43 %	5.35 %	5.32 %
Proportionate share of the net pension liability (asset)	\$916.4	1,288.7	(504.2)	5.8	1,523.1	395.3	175.8	510.4	859.3	179.8
Covered payroll plan year	\$1,958.4	1,798.9	1,774.5	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 (asset) as a % of its covered payroll	46.8 %	71.6 %	(28.4)%	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	93.9 %	90.8 %	103.7 %	100.0 %	86.4 %	96.3 %	98.2 %	94.7 %	90.7 %	97.9 %

Schedule of Employer Contributions for the ERS Plan*(Amounts in millions)*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually determined contribution	\$215.8	189.7	241.9	216.9	198.6	194.4	200.3	197.9	214.8	242.2
Contributions in relation to the contractually determined contribution	215.8	189.7	241.9	216.9	198.6	194.4	200.3	197.9	214.8	242.2
Contribution deficiency	\$ —	—	—	—	—	—	—	—	—	—
Covered payroll for fiscal year ended June 30th	\$1,984.1	1,858.7	1,791.2	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 payroll	10.9 %	10.2 %	13.5 %	13.3 %	12.1 %	12.5 %	13.6 %	13.7 %	15.5 %	17.0 %

Required Supplementary Information

(Unaudited)

Schedule of the State University's Proportionate Share of the New York State and Local Police and Fire Retirement System (PFRS) Net Pension Liability

(Amounts in millions)

	2024	2023	2022	2021	2020	2019	2018	2017
Proportion of the net pension liability	1.39 %	1.34 %	1.12 %	1.17 %	1.15 %	1.17 %	1.10 %	1.05 %
Proportionate share of the net pension liability	\$ 66.1	74.0	6.4	20.3	61.4	19.7	11.2	21.8
Covered payroll plan year	\$ 61.3	56.2	45.4	45.2	46.2	43.8	40.6	38.2
Proportionate share of the net pension liability as a % of its covered payroll	107.8 %	131.7 %	14.1 %	45.0 %	132.8 %	45.0 %	27.4 %	57.1 %
Pension plan's fiduciary net position as a % of the total pension liability	89.7 %	87.4 %	98.7 %	95.8 %	84.9 %	95.1 %	96.9 %	93.5 %

Schedule of Employer Contributions for the PFRS Plan

(Amounts in millions)

	2024	2023	2022	2021	2020	2019	2018	2017
Contractually determined contribution	\$ 15.4	9.1	12.8	9.4	9.0	8.7	8.0	2.5
Contributions in relation to the contractually determined contribution	15.4	9.1	12.8	9.4	9.0	8.7	8.0	2.5
Contribution deficiency	\$ —	—	—	—	—	—	—	—
Covered payroll for fiscal year ended June 30th	\$ 62.2	57.9	46.3	45.8	46.2	43.9	41.0	39.1
Contribution as a percentage of covered payroll	24.8 %	15.7 %	27.6 %	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 New York State Teachers' Retirement System (TRS) Net Pension Liability (Asset)

(Amounts in millions)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.94%	0.93%	0.89%	0.89%	0.87%	0.81%	0.81%	0.82%	0.74%	0.71%
Proportionate share of the net pension liability (asset)	\$ 10.7	17.8	(153.6)	24.7	(22.6)	(14.7)	(6.1)	8.7	(77.2)	(79.6)
Covered payroll	\$173.3	164.7	150.4	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	6.2 %	10.8 %	(102.1)%	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	99.2%	98.6%	113.2%	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)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$17.8	16.1	14.3	13.5	15.4	12.9	15.0	16.7	19.6	17.2
Contributions in relation to the actuarially determined contribution	17.8	16.1	14.3	13.5	15.4	12.9	15.0	16.7	19.6	17.2
Contribution deficiency	\$ —	—	—	—	—	—	—	—	—	—
Covered payroll for fiscal year ended June 30th	\$199.2	173.3	161.1	150.4	151.8	145.1	132.1	128.2	126.0	111.6
Contribution as a percentage of covered payroll	8.9 %	9.3 %	8.9 %	9.0 %	10.1 %	8.9 %	11.4 %	13.0 %	15.6 %	15.4 %

Required Supplementary Information

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:										
Service cost	\$ 0.4	0.4	0.4	0.5	0.5	0.6	0.6	0.7	0.8	0.9
Interest	5.4	5.4	6.0	6.6	6.6	6.7	6.6	6.6	6.5	6.0
Difference between expected and actual experience	0.7	1.0	8.4	0.1	1.0	0.6	1.8	0.3	1.0	0.4
Changes of assumptions	—	—	9.0	(0.5)	(0.4)	(0.3)	(0.6)	(1.4)	—	5.8
Benefit payments	(7.0)	(6.8)	(27.8)	(6.2)	(9.6)	(5.8)	(9.2)	(4.9)	(7.0)	(3.8)
Net change in total pension liability	(0.5)	—	(4.0)	0.5	(1.9)	1.8	(0.8)	1.3	1.3	9.3
Total pension liability, beginning	101.5	101.5	105.5	105.0	106.9	105.1	105.9	104.6	103.3	94.0
Total pension liability, ending (a)	101.0	101.5	101.5	105.5	105.0	106.9	105.1	105.9	104.6	103.3
Plan fiduciary net position:										
Employer contributions	3.8	—	—	0.5	2.4	1.1	2.0	2.8	2.0	3.5
Net investment income (loss)	11.1	(17.1)	14.6	16.8	20.8	(5.1)	15.6	7.4	(0.7)	5.9
Benefit payments	(7.0)	(6.8)	(27.8)	(6.2)	(9.6)	(5.8)	(9.2)	(4.9)	(7.0)	(3.8)
Administrative expenses	(0.1)	(0.2)	(0.2)	(0.1)	(0.2)	(0.2)	(0.2)	(0.1)	(0.2)	(0.1)
Net change in fiduciary net position	7.8	(24.1)	(13.4)	11.0	13.4	(10.0)	8.2	5.2	(5.9)	5.5
Fiduciary net position, beginning	80.5	104.6	118.0	107.0	93.6	103.6	95.4	90.2	96.1	90.6
Fiduciary net position, ending (b)	88.3	80.5	104.6	118.0	107.0	93.6	103.6	95.4	90.2	96.1
Net pension liability (asset), ending (a) - (b)	\$12.7	21.0	(3.1)	(12.5)	(2.0)	13.3	1.5	10.5	14.4	7.2
Ratio of fiduciary net position to total pension liability	87.4%	79.3%	103.0%	111.8 %	101.9 %	87.6 %	98.6 %	90.1 %	86.3 %	93.1 %
Covered payroll	\$16.7	18.9	18.7	22.9	23.3	24.3	25.5	27.3	29.9	33.6
Net pension liability (asset) as a percentage of covered payroll	75.9 %	111.0 %	(16.3)%	(54.4)%	(8.8)%	54.8 %	5.7 %	38.4 %	48.0 %	21.3 %

Required Supplementary Information

*(Unaudited)***Schedule of Employer Contributions for the Upstate Plan***(Amounts in millions)*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$3.8	0.2	—	0.5	2.4	1.1	2.0	2.6	1.9	1.5
Contributions in relation to the actuarially determined contribution	3.8	—	—	0.5	2.4	1.1	2.0	2.8	2.0	3.0
Contribution excess (deficiency)	\$ —	(0.2)	—	—	—	—	—	0.2	0.1	1.5
Covered payroll*	\$16.7	18.9	18.7	22.9	23.3	24.2	25.5	27.3	29.9	33.6
Contribution as a percentage of covered payroll	22.7 %	— %	— %	2.4 %	10.5 %	4.7 %	7.9 %	10.2 %	6.8 %	9.0 %

*Covered payroll represents pensionable payroll at the end of each Plan year. It is not practicable to obtain covered payroll amounts at the end of each fiscal year.

Notes for the Plan

Methods and assumptions used in calculations of actuarially determined contributions. The January 1, 2023 actuarial valuation determines the employer rates for contributions payable in 2023, for reporting for the fiscal year ended June 30, 2024. The following actuarial methods and assumptions were used:

Investment rate of return - 5.5%

Amortization method - Level dollar, 20 year closed

Remaining amortization period - 8.5 years

Asset valuation method - Market value

Inflation - 3.0%

Compensation - 3.5% increases, limited to a maximum of \$330,000

Termination - 1992 Vaughn Select and Ultimate Table



KPMG LLP
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Albany, NY 12207-2974

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

The Board of 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 aggregate discretely presented component units of the State University of New York (the University), as of and for the year ended June 30, 2024, 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, 2024.

Our report includes a reference to other auditors who audited the financial statements of the University's discretely presented component units, as described in our report on the University's financial statements. The financial statements of the University's discretely presented components units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the University's discretely presented components units or that are reported on separately by those auditors who audited the financial statements of the discretely presented components units.

Report on 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



Report on Compliance and Other Matters

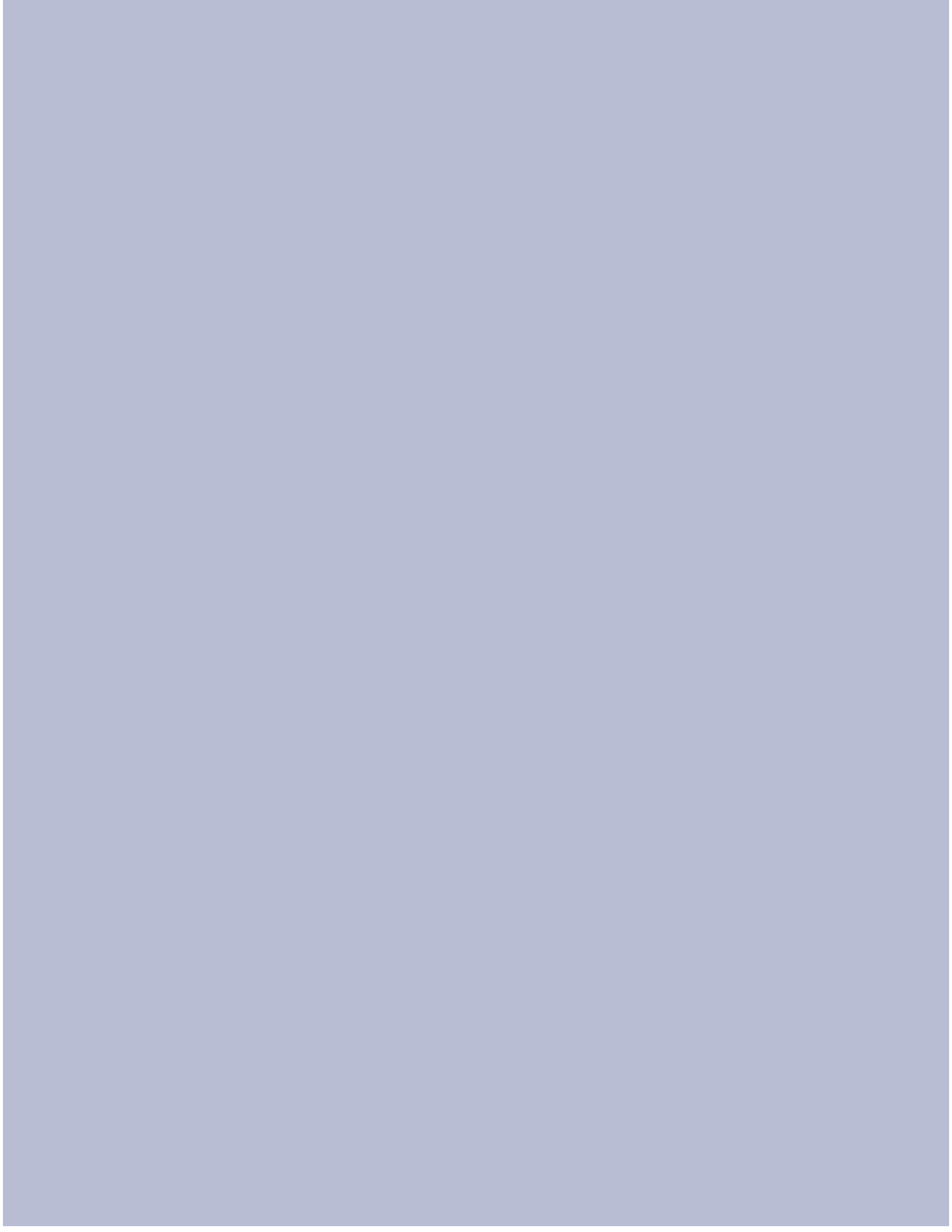
As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Albany, New York
November 1, 2024





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