THE CITY UNIVERSITY OF NEW YORK

Basic Financial Statements,
Management's Discussion and Analysis,
and Supplementary Schedules

June 30, 2018

(With Independent Auditors' Report Thereon)

THE CITY UNIVERSITY OF NEW YORK

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KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Trustees
The City University of New York:

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of The City University of New York (the University), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of 29 of the 85 discretely presented component units, which represent approximately 91%, 91%, and 64%, respectively, of the assets, net position, and revenues of the discretely presented component units. 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 the 29 discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our report and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of The City University of New York as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

KPMG

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 2(b) to the financial statements, as of July 1, 2017, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 18 and the schedules of employer contributions, proportionate share of the net pension liability and changes in total OPEB liability and related ratios as of June 30, 2018 on pages 73, 74 and 75, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The supplementary information included on pages 76 through 79 in the schedule of net position information – senior and community colleges, the schedule of revenues, expenses, and changes in net position information – senior and community colleges, and the schedule of cash flow information – senior and community colleges (the Supplementary Information), is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements that collectively comprise the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

KPMG LLP

November 16, 2018

Introduction

The objective of Management's Discussion and Analysis (MD&A) is to provide readers with an overview of The City University of New York's (CUNY) financial condition as of and for the years ended June 30, 2018 and 2017, the results of its operations for the years then ended, and significant changes from the previous year. This discussion has been prepared by management and should be read in conjunction with the accompanying audited financial statements and the notes to the financial statements.

The University's financial report communicates financial information for 24 colleges and schools including: eleven senior colleges, seven community colleges, the William E. Macaulay Honors College, the Graduate Center, the Craig Newmark Graduate School of Journalism at CUNY, the CUNY School of Law, the CUNY School of Professional Studies, and the CUNY Graduate School of Public Health and Health Policy. The University's financial statements also include the financial activity of the following related organizations: the Research Foundation of the City University of New York (RF-CUNY), and its subsidiary, 230 West 41st Street LLC, and the City University Construction Fund (CUCF).

The University includes twenty-seven (27) college foundations, twenty-five (25) auxiliary enterprise corporations and other component units, twenty-one (21) student association organizations and twelve (12) child care centers of the individual colleges as discretely presented component units. The financial activities of these organizations are not included in the discussion presented below. The basis for determining which University related organizations are considered part of the University's reporting entity is included in note 1 to the financial statements.

The City University of New York

The City University of New York provides high-quality, accessible education to undergraduate and graduate students at 24 colleges and schools across New York City, and its facilities include 300 buildings comprised of approximately 28 million square feet of classrooms, computer centers, science and language labs, theaters, gymnasiums, greenhouses, astronomy observatories and spaces for many other purposes. From certificate courses to PhD programs, CUNY offers post-secondary education to students of all backgrounds. It provides New York City with graduates trained for high-demand positions in the sciences, technology, mathematics, teaching, nursing, and other fields.

The University's Financial Position

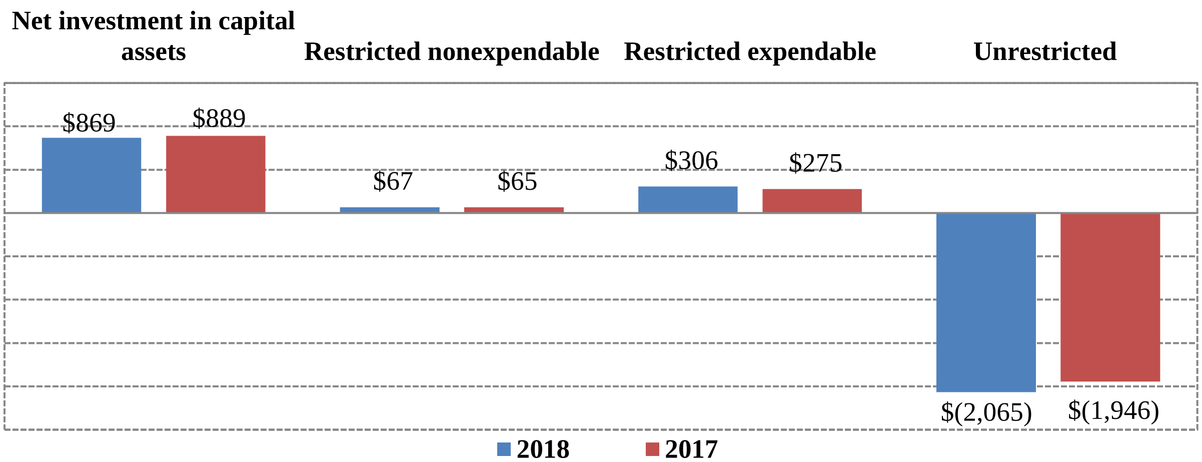
In fiscal year 2018, the University changed its accounting for Postemployment Benefits Other Than Pensions ("OPEB") with the implementation of a new accounting standard. The University adopted Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – an amendment of GASB Statements No. 45 and No. 57. GASB 75 addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The implementation of GASB 75 required the University to record a net OPEB liability on its statement of net position as of June 30, 2018 which represents the unfunded obligations of the program in which University employees participate. The July 1, 2017 net deficit has been restated to reflect the adoption of GASB 75 in the amount of $699.6 million. The major components of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2018 and 2017 are as follows:

		2018	2017
		(in thousands)	
Current assets	$	1,829,094	1,734,073
Other noncurrent assets		566,401	468,866
Capital assets		6,127,240	5,928,454
Total assets		8,522,735	8,131,393
Deferred outflows of resources		152,720	24,255
Current liabilities		1,389,668	1,326,730
Noncurrent liabilities		7,934,776	6,789,372
Total liabilities		9,324,444	8,116,102
Deferred inflows of resources		174,826	56,664
Net deficit position:			
Net investment in capital assets		868,833	888,930
Restricted			
Nonexpendable		66,734	65,220
Expendable		305,808	275,093
Unrestricted		(2,065,190)	(1,246,361)
Total net deficit position		(823,815)	(17,118)
OPEB liability (effect of adoption of GASB 75)		—	(699,604)
Total net deficit, as restated	$	(823,815)	(716,722)

Net Position (deficit)

(in millions)



CUNY's total net position decreased by $107.1 million between June 30, 2017 and June 30, 2018. The change is primarily attributable to a decrease in unrestricted net assets of $119.2 million.

Net investment in capital assets represents the University's capital assets net of accumulated depreciation and outstanding principal balances of debt related to the acquisition, construction, or improvement of those assets.

Restricted nonexpendable net position primarily represents gifts from donors that have been permanently restricted (endowment).

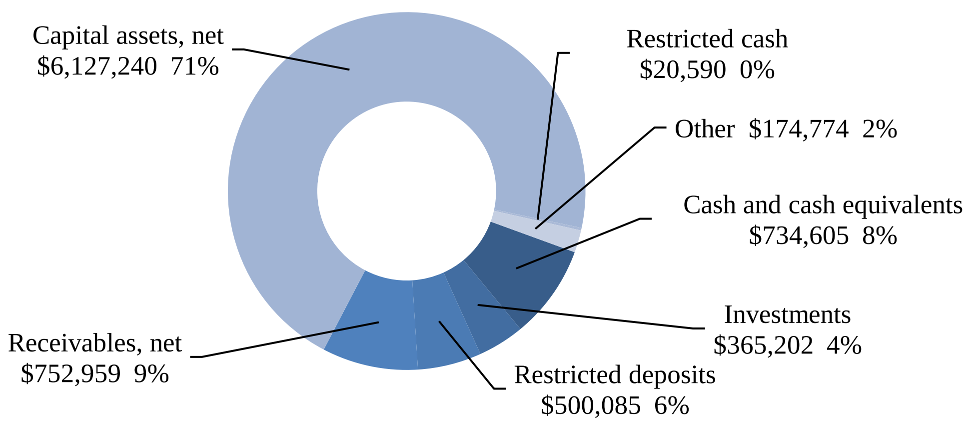
Restricted expendable net position includes the net position restricted for operations, facilities, scholarships, student loan programs, and other.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

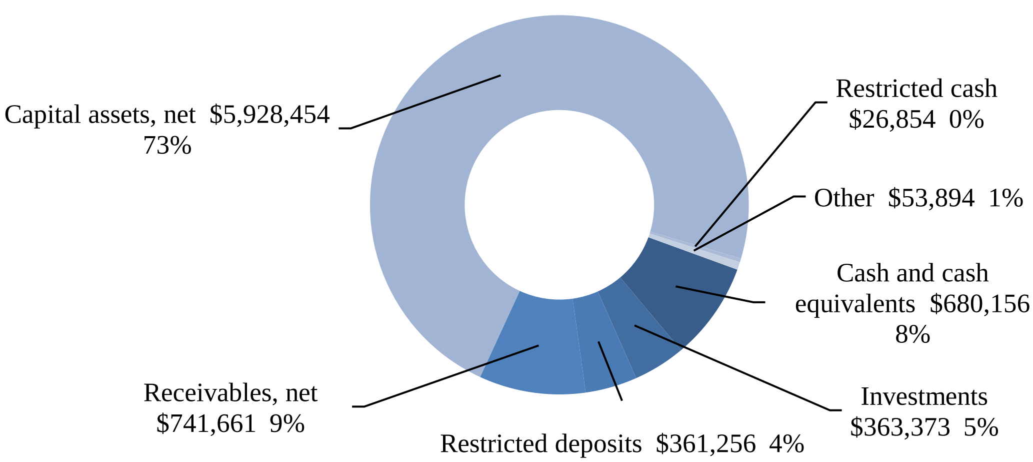
Assets and Deferred Outflows of Resources

At June 30, 2018, the University's total assets and deferred outflows of resources increased by $519.8 million, or 6.4%, as compared to the June 30, 2017 balance. The change is primarily attributable to increases in capital assets, $198.8 million; restricted deposits, $138.8 million; pension related deferred outflows, $107.6 million; and cash and cash equivalents, $54.4 million.

2018 Assets and Deferred Outflows of Resources (in thousands)
$8,675,455



2017 Assets and Deferred Outflows of Resources (in thousands)
$8,155,648



The most significant fluctuations are discussed below:

Capital Assets, net includes land, land improvements, buildings, building improvements, leasehold improvements, construction in progress, infrastructure, infrastructure improvements, intangible assets, artwork and historical treasures, copyrights and equipment, reduced by related depreciation. Capital assets, net increased by $198.8 million, which is due to capital asset additions of $447.6 million net of depreciation expense of $248.7 million. Significant additions in fiscal year 2018 include: the New York City College of Technology Academic Building, $70.0 million; Baruch College Lexington Renovation, $38.5 million, LaGuardia Community College's facade replacement, $21.8 million; Data Center Migration $19.5 million; Brooklyn College Lab/Vent System Renovation, $17.7 million; and Advanced Science Research Center, $15.7 million.

Restricted deposits includes deposits held by bond trustees and amounts held by the Dormitory Authority of the State of New York (DASNY). Deposits held by bond trustees are bond proceeds not yet expended for construction projects and related accumulated investment income. Restricted amounts held by DASNY represent funds that have been remitted to DASNY to be used for rehabilitation of capital assets or held for general operating purposes.

Restricted deposits were $500.1 million and $361.3 million in fiscal years 2018 and 2017, respectively. The increase of $138.8 million is due to $1.3 billion in inflows related to appropriations, bond proceeds, and other income. This is offset by of outflows of $1.2 billion related to funds for construction projects, debt refunding and debt service payments from these deposits. Restricted deposits held by bond trustees will fund CUNY's capital construction program, which includes ongoing maintenance and a program of rehabilitation on nearly every campus.

Pension related deferred outflows of resources increased by $107.6 million between June 30, 2017 and June 30, 2018. This balance represents the annual differences between projected and actual earnings on the investments related to the pensions and are amortized over a five-year closed period beginning in the year in which the difference occurs.

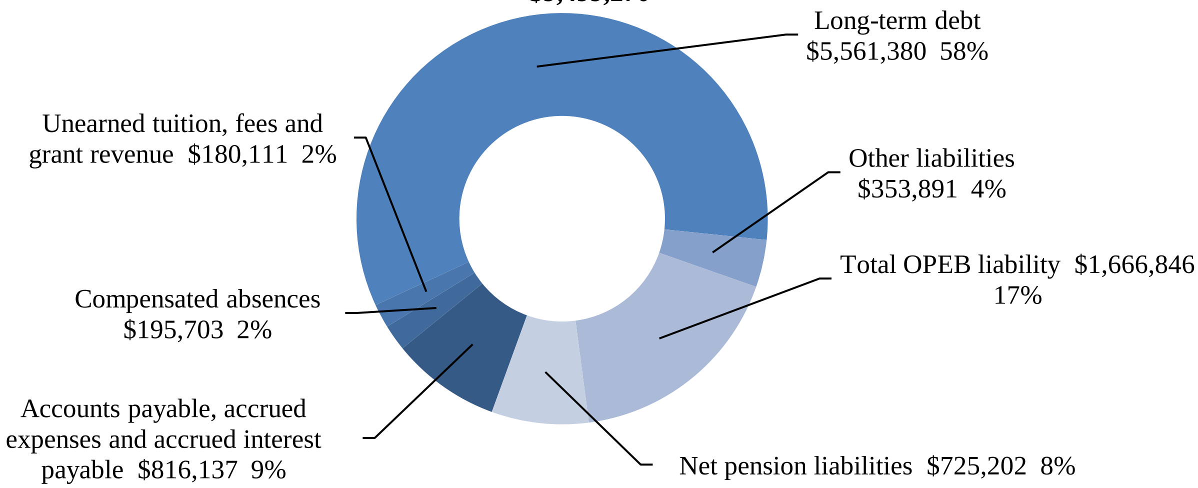
Cash and cash equivalents, increased by $54.4 million between June 30, 2017 and June 30, 2018 primarily due to timing of cash transfers. In fiscal year 2017 the majority of transfers related to the fiscal year were made prior to June 30, 2017. In fiscal 2018 some transfers related to the current fiscal year were made after June 30, 2018.

(Continued)

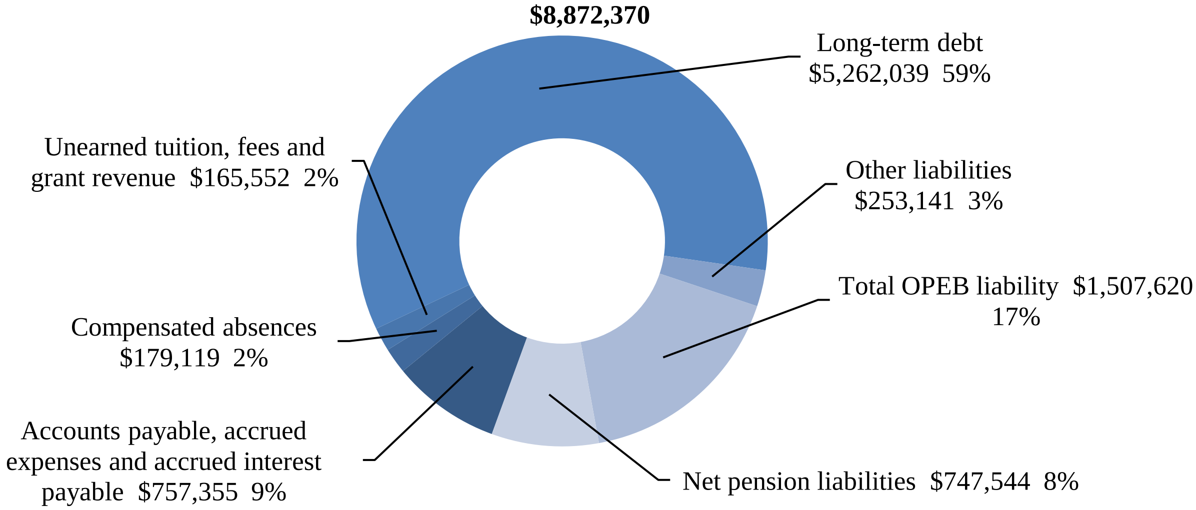
Liabilities and Deferred Inflows of Resources

At June 30, 2018, the University's total liabilities and deferred inflows increased by $626.9 million, or 7.1%, from the June 30, 2017 balance. The variance was mostly attributable to a $299.3 million increase in long term debt, a $159.2 million increase in total OPEB liability, a $114.4 million increase in pension related deferred inflows of resources and a $55.1 million increase in accounts payable and accrued expenses.

2018 Liabilities and Deferred Inflows of Resources (in thousands)
$9,499,270



2017 Liabilities and Deferred Inflows of Resources (in thousands)
$8,872,370



The most significant fluctuations are discussed below:

Long term debt increased by $299.3 million. The variance is attributable to $853.4 million in new debt primarily issued through DASNY offset by debt retirement of $528.3 million and $25.8 million of accretion of net premiums.

Total OPEB liability increased by $159.2 million between fiscal years 2018 and 2017. The 2018 increase represents the total OPEB expense recognized by the University in fiscal year 2018.

Pension related deferred inflows of resources increased by $114.4 million. This balance represents the annual differences between projected and actual earnings on the investments related to the pensions and are amortized over a five year closed period beginning in the year in which the difference occurs. The annual differences between expected and actual experience, change in assumptions, and the changes in proportion and differences between employer contributions and proportionate share of contributions are amortized over the weighted average remaining service life of all members, beginning in the year in which the deferred amount occurs.

Accounts payable and accrued expenses increased by $55.1 million primarily due to timing of cash transfers. In fiscal year 2017 the majority of transfers related to the fiscal year were made prior to June 30, 2017. In fiscal 2018 some transfers related to the current fiscal year were made after June 30, 2018.

The University's Results of Operations

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position is a presentation of the University's results. It indicates whether the financial condition has improved or deteriorated. In accordance with GASB requirements, certain significant revenues relied upon and budgeted for fundamental operational support of the core instructional mission of the University are required to be recorded as nonoperating revenues, including state educational appropriations, private gifts, and investment income. A summarized pro-forma comparison of the results for the years ended June 30, 2018 and 2017 including operating and nonoperating components is presented below:

		2018	2017
		(in thousands)	
Revenues:			
Total operating revenues	$	2,320,499	2,271,643
Total nonoperating and other revenues		2,615,762	2,584,838
Total revenues		4,936,261	4,856,481
Expenses:			
Total operating expenses		4,820,341	4,679,170
Total nonoperating expenses		223,013	195,918
Total expenses		5,043,354	4,875,088
Decrease in net position		(107,093)	(18,607)
Net deficit at beginning of year, as originally stated		(17,118)	1,489
OPEB liability (effect of adoption of GASB 75)		(699,604)	(699,604)
Net deficit at beginning of year, as restated		(716,722)	(698,115)
Net deficit at end of year	$	(823,815)	(716,722)

Revenues

The University's revenues for the years ended June 30, 2018 and 2017 are presented below:

		2018	2017
		(in thousands)	
Revenues:			
Operating revenues:			
Tuition and fees, net	$	757,030	803,666
Grants and contracts		1,506,984	1,399,172
Auxiliary enterprises		4,360	4,960
Other operating revenues		52,125	63,845
Total operating revenues		2,320,499	2,271,643
Nonoperating and other revenues:			
New York State appropriations		1,516,153	1,480,075
New York City appropriations		526,006	479,647
Capital appropriations		505,387	555,754
Gifts and grants		9,271	6,748
Net appreciation in fair value of investments		13,168	23,060
Investment income, net		12,530	6,002
Other nonoperating revenues, net		29,320	15,968
Transfer from Foundation		3,927	17,584
Total nonoperating and other revenues		2,615,762	2,584,838
Total revenues	$	4,936,261	4,856,481

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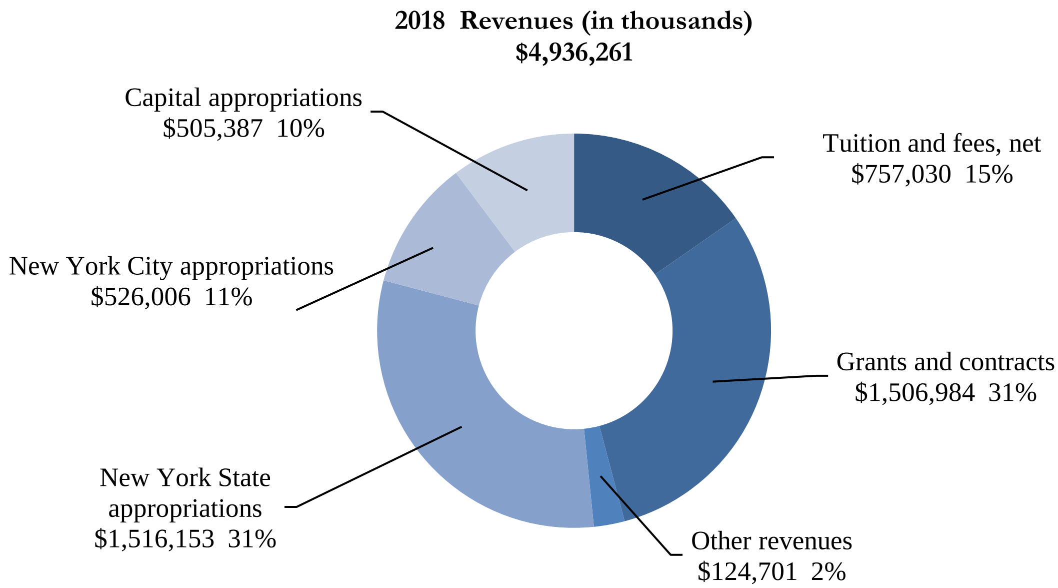
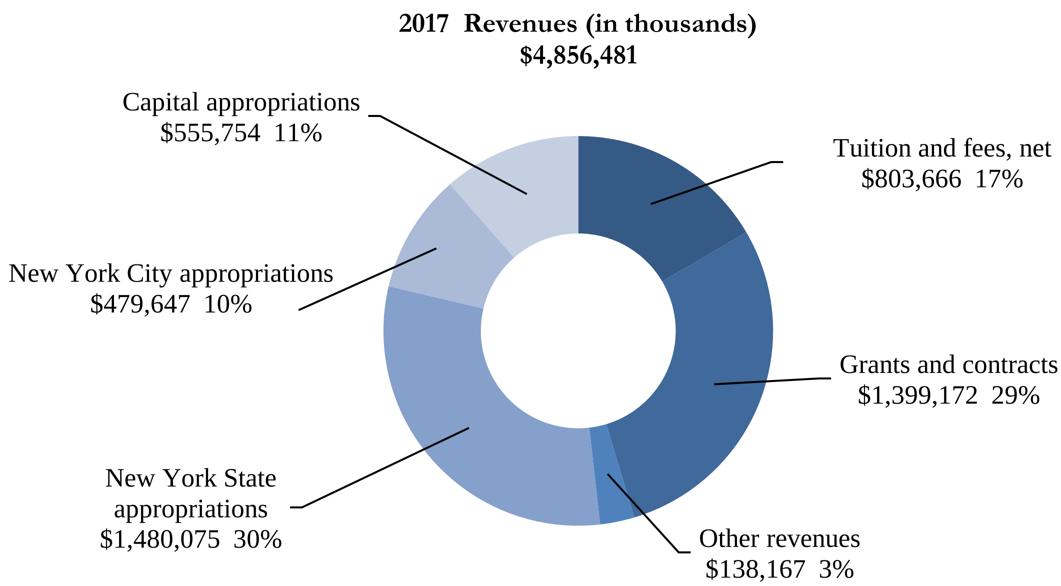




The University's total revenues of approximately $4.9 billion for the year ended June 30, 2018 increased by $79.8 million, or 1.6%, over the University's total revenues for the year ended June 30, 2017. The variance was primarily attributed to increase in grants and contracts of $107.8 million between fiscal years 2018 and 2017.

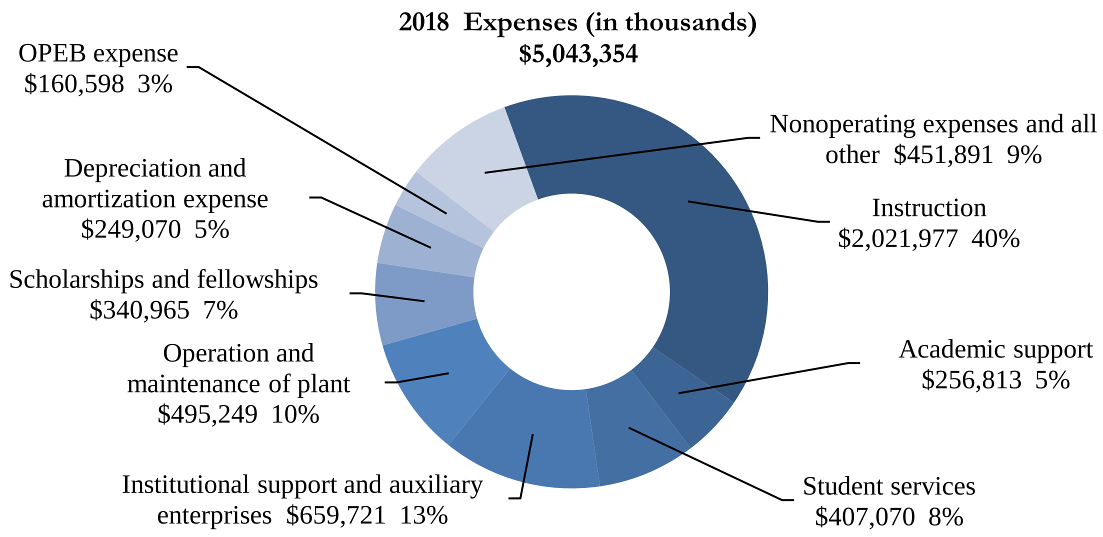
Operating revenues accounted for 47.0% of total revenues for the year ended June 30, 2018 as compared to 46.8% for the year ended June 30, 2017. Nonoperating revenues accounted for 53.0% of total revenues for the year ended June 30, 2018 as compared to 53.2% for the year ended June 30, 2017.

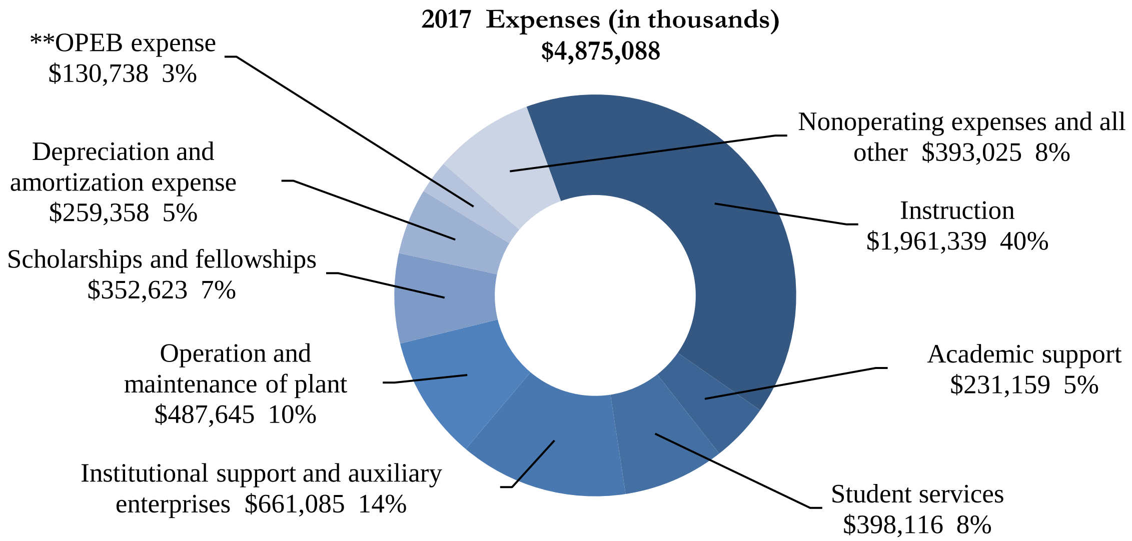
Grants and Contracts increased by $107.8 million, primarily due to increases in federal and state grants and scholarships such as Pell Grants, NY State Excelsior Scholarships and NY State Tuition Assistance Program (TAP) grants.

Expenses

The University's expenses for the years ended June 30, 2018 and 2017 are presented below:

		2018	2017
		(in thousands)	
Expenses:			
Operating expenses:			
Instruction	$	2,021,977	1,961,339
Research		183,913	155,485
Public service		44,965	41,622
Academic support		256,813	231,159
Student services		407,070	398,116
Institutional support and auxiliary enterprises		659,721	661,085
Operating and maintenance of plant		495,249	487,645
Scholarships and fellowships		340,965	352,623
Depreciation and amortization expense		249,070	259,358
OPEB expense		160,598	130,738
Total operating expenses		4,820,341	4,679,170
Nonoperating expenses:			
Interest expense		223,013	195,918
Total nonoperating expenses		223,013	195,918
Total expenses	$	5,043,354	4,875,088





Total expenses for the period ended June 30, 2018 were approximately $5.0 billion, which reflected an increase of $168.3 million, or 3.5%.

*FY 2017 OPEB expense was reported under GASB 45.

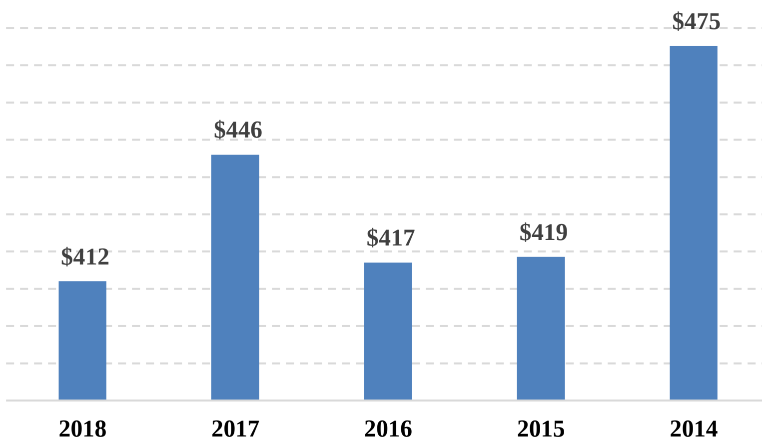
Capital Assets

At June 30, 2018, the University had approximately $6.1 billion in capital assets which is net of accumulated depreciation of $4.6 billion. Annual depreciation expense totaled $248.7 million for the year ended June 30, 2018.

The University's capital program addresses the major new construction, rehabilitation, and capital equipment needs of its colleges and schools and is developed in accordance with the University's established priority system as articulated in its Master Capital Plan. Funding is based upon a five year capital plan, which is subject to final approval by the State and City of New York. A complete list of project and construction costs is included in the Master Capital Plan. Most of CUNY's capital program is conducted through the Dormitory Authority of the State of New York (DASNY) on behalf of CUNY.

The following depicts disbursements made by DASNY for the University's capital construction projects since 2014:

DASNY Capital Construction Disbursements
(in millions)

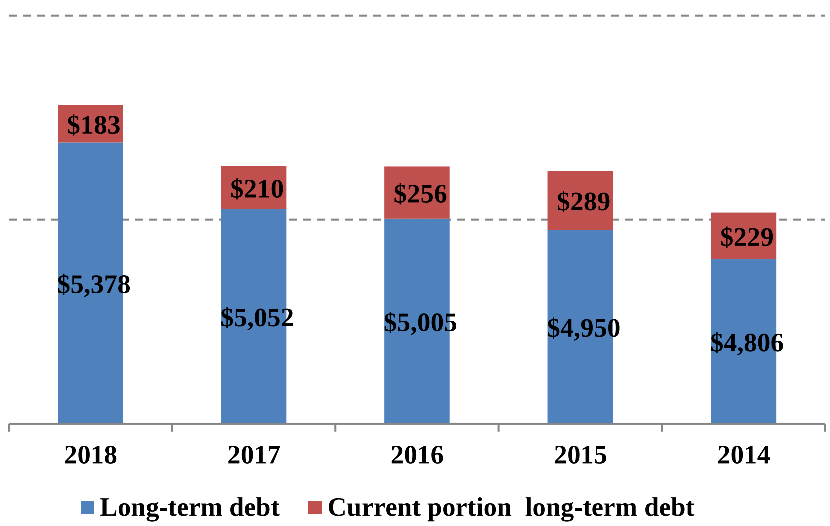


Capital construction disbursements decreased from prior year. Funding for capital construction and rehabilitation of educational facilities is provided principally through the issuance of bonds authorized by CUCF and funded through DASNY. Some rehabilitation projects are also funded through City of New York and State of New York appropriations.

Long-Term Debt

Debt increased by $299.3 million between fiscal years ended June 30, 2017 and 2018. The variance is primarily attributable to $853.4 million in new debt issued through DASNY offset by debt retirement of $528.3 million and $25.8 million in debt service payments and amortization.

CUNY Long-term Debt (in Millions)



Economic Factors That Will Affect the Future

In FY 2019, the university added its 25th school, the CUNY School of Labor and Urban Studies.

Public Support and Fiscal Year 2019 Fiscal Condition

A crucial element to the University's future continues to be a strong relationship with the State of New York and the City of New York. New York State appropriations remain the largest single source of revenues to the University. For fiscal year 2018, State operating appropriations totaled approximately $1.5 billion, while the City provided over $526.0 million.

The State Operating Budget for fiscal year 2019 added $97.3 million for senior colleges, a 4.0% increase. This increase includes the State fully funding the University's fringe benefit increase of $43.5 million. Included in the State's budget agreement is authorization to increase tuition rates by $200 per year for each year through fiscal year 2021. The State agreement also calls for a $5.0 million increase in community college funding, representing a 2.0% increase per year through 2021.

The City's Budget for fiscal year 2019 called for $46.3 million in additional funding for community colleges, representing a 4.4% increase. The budget includes $20.6 million to expand academic programs, including the University's Accelerated Study in Associate Program (ASAP).

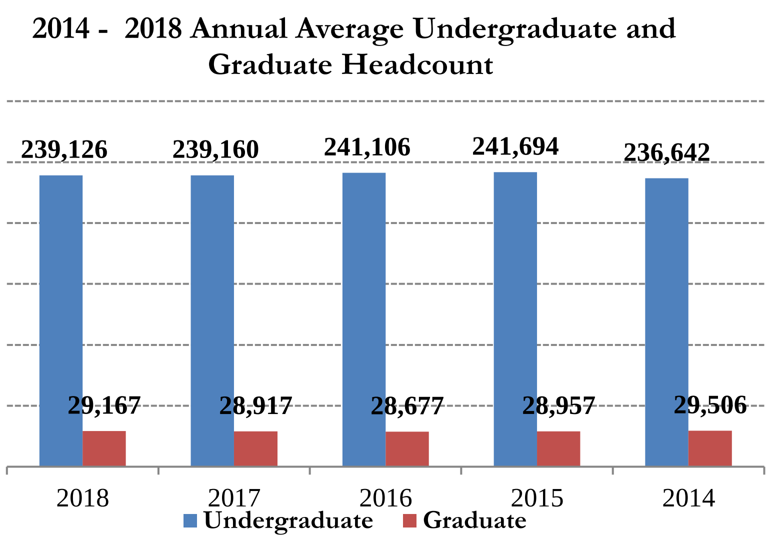
On the capital side, the University received $448.7 million in new capital funding for fiscal year 2019, $369.7 million from the State and $79.0 million from the City.

Tuition and Enrollment

The Predictable Tuition Policy, first enacted by the State in 2011 and renewed in 2017, enables the University to implement modest and predictable annual tuition increases. A new four year policy was enacted beginning in fiscal year 2018 and in June of 2018 the Board of Trustees adopted an increase of $200 at the senior colleges for all full-time undergraduate resident students and proportional increases in graduate, doctoral, nonresident and per credit rates. A tuition freeze continues for the community colleges in fiscal 2019, the third consecutive year of no increases for community colleges.

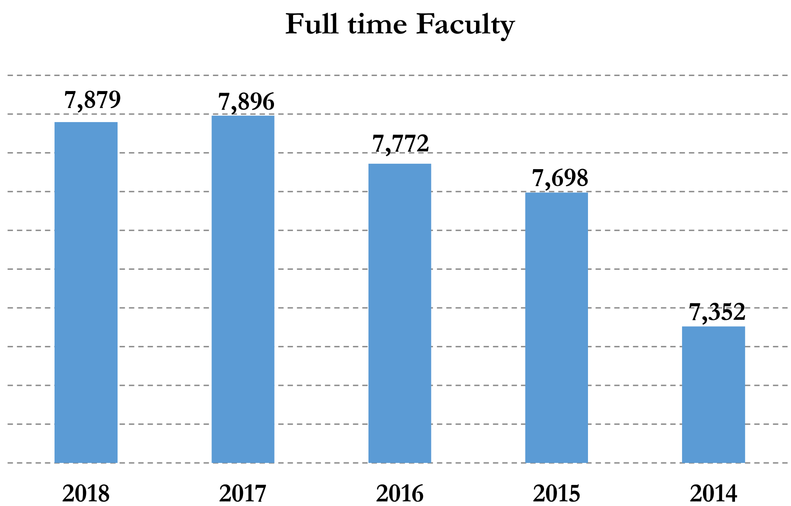
The City University of New York is the largest public urban university in the nation, with preliminary headcount enrollment of 274,636 for Fall 2018 (fiscal year 2019). Total headcount enrollment for Fall 2018 represents a 0.2% increase from Fall 2017. The University's student population is directly influenced by New York City demographics, as the majority of students attending CUNY are New York City residents. The enrollment outlook remains stable for CUNY.

The following graphs depict the University's enrollment for the past five years:



Several other factors are also relevant to the University's financial health. These include changes in the number of full-time faculty, student retention, graduation rates, building conditions, and campus safety.

This chart depicts the number of full-time faculty over the past five years:



Risks

The City University of New York is influenced by many factors that are difficult to predict, involving uncertainties that may materially affect actual operating results, cash flows, and financial conditions.

In higher education, risk drivers include fierce competition for faculty, students, staff, and financial resources; pressure for increased productivity, responsiveness, and accountability, while reducing costs; increased scrutiny from government, the public, and governing boards; and technological innovation which continues to transform education delivery systems. In addition, CUNY is reliant on continued funding from the State and City governments.

THE CITY UNIVERSITY OF NEW YORK

Statement of Net Position

June 30, 2018

(In thousands)

	Business-type activities University	Discretely presented component units Supporting organizations	Total
Assets:			
Current assets:			
Cash and cash equivalents (note 3)	$ 734,605	120,259	854,864
Short-term investments (note 3)	73,948	90,767	164,715
Restricted deposits held by bond trustees (note 8)	158,536	1	158,537
Restricted amounts held by the Dormitory Authority of the State of New York (note 8)	108,852	—	108,852
Receivables, net (note 4)	739,380	71,741	811,121
Prepaid expenses and other current assets	13,773	24,436	38,209
Total current assets	1,829,094	307,204	2,136,298
Noncurrent assets:			
Restricted cash (note 3)	20,590	—	20,590
Long-term investments, unrestricted (note 3)	102,988	53,397	156,385
Long-term investments, restricted (note 3)	188,266	720,332	908,598
Restricted deposits held by bond trustees (note 8)	232,697	6,306	239,003
Long-term receivables, net (note 4)	13,579	46,049	59,628
Capital assets, net (note 5)	6,127,240	157,137	6,284,377
OPEB assets (note 10)	7,156	—	7,156
Other noncurrent assets	1,125	502	1,627
Total noncurrent assets	6,693,641	983,723	7,677,364
Total assets	8,522,735	1,290,927	9,813,662
Deferred outflows of resources:			
OPEB related (note 10)	36,187	—	36,187
Pension related (note 9)	48,392	—	48,392
Interest rate swap agreements (note 7)	39,938	—	39,938
Deferred amount on debt refundings	28,203	4,353	32,556
Total deferred outflows of resources	152,720	4,353	157,073
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses (note 6)	731,009	17,217	748,226
Compensated absences (note 7)	122,854	375	123,229
Unearned tuition and fees revenue	70,053	2,985	73,038
Accrued interest payable	85,128	1,233	86,361
Current portion of long-term debt (note 7)	183,414	1,869	185,283
Unearned grant revenue	110,058	103	110,161
Other current liabilities	48,483	5,510	53,993
Deposits held in custody for others	38,669	1,906	40,575
Total current liabilities	1,389,668	31,198	1,420,866
Noncurrent liabilities (note 7):			
Compensated absences	72,849	—	72,849
Total OPEB liability (note 10)	1,666,846	—	1,666,846
Long-term debt (note 7)	5,377,966	152,946	5,530,912
Federal refundable loans	8,951	—	8,951
Net pension liabilities (note 9)	725,202	—	725,202
Interest rate swap agreements (note 7)	39,938	—	39,938
Other noncurrent liabilities	43,024	619	43,643
Total noncurrent liabilities	7,934,776	153,565	8,088,341
Total liabilities	9,324,444	184,763	9,509,207
Deferred inflows of resources:			
OPEB related (note 10)	3,737	—	3,737
Pension related (note 9)	171,089	—	171,089
Total deferred inflows of resources	174,826	—	174,826
Net (deficit) position:			
Net investment in capital assets	868,833	71,030	939,863
Restricted:			
Nonexpendable	66,734	475,815	542,549
Expendable:			
Debt service	67,739	—	67,739
Scholarships and general educational support	130,220	311,089	441,309
Loans	10,036	15	10,051
Other	97,813	136,243	234,056
Unrestricted	(2,065,190)	116,325	(1,948,865)
Total net (deficit) position	$ (823,815)	1,110,517	286,702

See accompanying notes to financial statements.

THE CITY UNIVERSITY OF NEW YORK

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2018

(In thousands)

	Business-type activities University	Discretely presented component units Supporting organizations	Eliminations	Total
Revenues:				
Operating revenues:				
Tuition and fees (net of scholarship allowances of $986,470)	$ 757,030	34,856	(145)	791,741
Grants and contracts:				
Federal	778,481	2,198	(130)	780,549
New York State	406,434	3,360	—	409,794
New York City	196,818	2,724	(161)	199,381
Private	125,251	492	(1,737)	124,006
Total grants and contracts	1,506,984	8,774	(2,028)	1,513,730
Sales and services of auxiliary enterprises	4,360	36,388	(9)	40,739
Other operating revenues	52,125	77,743	(42,529)	87,339
Total operating revenues	2,320,499	157,761	(44,711)	2,433,549
Expenses:				
Operating expenses:				
Instruction	2,021,977	962	—	2,022,939
Research	183,913	—	—	183,913
Public service	44,965	69	(168)	44,866
Academic support	256,813	67,615	(650)	323,778
Student services	407,070	45,693	(15,346)	437,417
Institutional support	658,422	37,951	(12,964)	683,409
Operation and maintenance of plant	495,249	891	—	496,140
Scholarships and fellowships	340,965	24,808	—	365,773
Auxiliary enterprises	1,299	66,805	(15,583)	52,521
Depreciation and amortization expense	249,070	5,420	—	254,490
OPEB expense	160,598	—	—	160,598
Total operating expenses	4,820,341	250,214	(44,711)	5,025,844
Operating loss	(2,499,842)	(92,453)	—	(2,592,295)
Nonoperating revenues (expenses):				
Government appropriations/transfers:				
New York State	1,516,153	—	—	1,516,153
New York City	526,006	—	—	526,006
Gifts and grants	8,197	83,150	—	91,347
Investment income, net	12,530	16,072	—	28,602
Interest expense	(223,013)	(2,786)	—	(225,799)
Net appreciation in fair value of investments	13,168	43,298	—	56,466
Other nonoperating revenues (expenses), net	29,320	(3,630)	—	25,690
Total nonoperating revenues, net	1,882,361	136,104	—	2,018,465
(Loss) gain before other revenues	(617,481)	43,651	—	(573,830)
Capital appropriations	505,387	—	—	505,387
Additions to permanent endowments	1,074	44,141	—	45,215
Transfer to University (from Foundation)	3,927	(3,927)	—	—
Total other revenues	510,388	40,214	—	550,602
(Decrease) increase in net (deficit) position	(107,093)	83,865	—	(23,228)
Net (deficit) position at beginning of year, as previously reported	(17,118)	1,026,652	—	1,009,534
Effect of adoption of GASB 75 (note 2(b))	(699,604)	—		(699,604)
Net (deficit) position at beginning of year, as restated	(716,722)	1,026,652	—	309,930
Net (deficit) position, end of year	$ (823,815)	1,110,517	—	286,702

See accompanying notes to financial statements.

THE CITY UNIVERSITY OF NEW YORK

Statement of Cash Flows

June 30, 2018

(In thousands)

		Business-type activities University
Cash flows from operating activities:		
Collection of tuition and fees	$	781,589
Collection of grants and contracts		1,508,532
Collection of loans from students		5,580
Sales and services of auxiliary enterprises		4,360
Collection of other operating revenues		44,150
Payments to suppliers		(431,136)
Payments for utilities		(108,811)
Payments to employees		(2,464,592)
Payments for benefits		(620,561)
Payments for pensions		(332,354)
Payments for scholarships and fellowships		(340,965)
Payments for OPEB		(40,978)
Loans made to students and federal loan funds repaid		(11,692)
Net cash flows used by operating activities		(2,006,878)
Cash flows from noncapital financing activities:		
New York State and New York City appropriations/transfers		2,025,308
Gifts and grants for other than capital purposes		8,197
Private gifts for endowment purposes		1,074
Decrease in deposits held in custody for others		(4,677)
Receipt from third parties		38,090
Net cash flows provided by noncapital financing activities		2,067,992
Cash flows from capital and related financing activities:		
Proceeds from capital debt		853,400
Capital appropriations		505,387
Purchases of capital assets		(473,926)
Principal paid on capital debt		(162,646)
Principal amount refunded		(365,607)
Interest paid on capital debt		(249,967)
Amounts paid for bond issuance costs		(8,537)
Increase in restricted deposits held by bond trustees		(121,831)
Increase in restricted amounts held by the Dormitory Authority of the State of New York		(16,998)
Transfer from foundations		3,927
Net cash flows used by capital and related financing activities		(36,798)
Cash flows from investing activities:		
Investment income		12,530
Proceeds from sales and maturities of investments		249,963
Purchases of investments		(238,624)
Decrease in restricted cash		6,264
Net cash flows provided by investing activities		30,133
Increase in cash and cash equivalents		54,449
Cash and cash equivalents at beginning of year		680,156
Cash and cash equivalents at end of year	$	734,605

THE CITY UNIVERSITY OF NEW YORK

Statement of Cash Flows

June 30, 2018

(In thousands)

		Business-type activities
		University
Reconciliation of operating loss to net cash flows used by operating activities:		
Operating loss	$	(2,499,842)
Adjustments to reconcile operating loss to net cash flows used by operating activities:		
Depreciation and amortization expense		249,070
Bad debt expense		2,294
Change in operating assets and liabilities:		
Receivables		(4,833)
Prepaid expenses and other assets		7,353
Accounts payable and accrued expenses		81,196
Unearned tuition and fees revenue		3,690
Compensated absences		16,584
Total OPEB liability		126,776
Net pension liabilities		(15,533)
Unearned grant revenue		10,869
Other liabilities		15,498
Net cash flows used by operating activities	$	(2,006,878)
Noncash transactions:		
Net appreciation in fair value of investments	$	13,168

See accompanying notes to financial statements.

(1) Organization and Reporting Entity

The City University of New York (the University or CUNY) is a public urban university located in the City of New York and founded in 1847 as the Free Academy. On April 11, 1961, Governor Nelson A. Rockefeller signed the legislation to formally establish CUNY, uniting seven public urban colleges into a formally integrated system. The Senior Colleges of the University are comprised of: Senior Colleges, Graduate and Professional Schools and Other Schools. The following colleges comprise the University:

Senior Colleges

Bernard M. Baruch College

Brooklyn College

The City College

The College of Staten Island

Hunter College

John Jay College of Criminal Justice

Herbert H. Lehman College

Medgar Evers College

New York City College of Technology

Queens College

York College

Graduate and Professional Schools

The Graduate School and University Center

CUNY School of Law

Craig Newmark Graduate School of Journalism

The CUNY School of Professional Studies

The CUNY Graduate School of Public Health and Health Policy

Other Schools

The William E. Macaulay Honors College

Community Colleges

Borough of Manhattan Community College

Bronx Community College

Eugenio María de Hostos Community College

Kingsborough Community College

Fiorello H. LaGuardia Community College

Queensborough Community College

Stella and Charles Guttman Community College

In addition to the colleges and schools listed above, two other related organizations, the Research Foundation of The City University of New York (RF-CUNY) and the City University Construction Fund (CUCF), are included in the University's financial reporting entity as blended component units. The key elements for inclusion in the reporting entity as blended component units are based primarily on fiscal dependency and a relationship of financial benefit/burden. The University may also be financially accountable for governmental organizations that are fiscally dependent on it. Other organizations for which the nature and significance of their relationships with the University are such that exclusion from the financial reporting entity would render the reporting entity's financial statements to be misleading or incomplete may also be included in the financial reporting entity.

The State of New York presents the Senior Colleges and Graduate and Professional Schools, which includes CUCF and RF-CUNY as blended component units, as part of the primary government of the State of New York, in its financial statements. In addition, the Community Colleges are reported as part of the primary government of the City of New York.

Separate legal entities meeting the criteria for inclusion in the blended totals of the University reporting entity are described below:

(a) RF-CUNY

RF-CUNY is a separate not-for-profit educational corporation and legal entity, which operates as the fiscal administrator for the majority of University-sponsored programs financed by grants and contracts. These programs are for the exclusive benefit of the University and programs include research, training, and public service activities.

230 West 41st Street LLC (41st Street LLC) was established on May 7, 2004 as a Delaware limited liability company. 41st Street LLC was organized pursuant to the Limited Liability Operating Agreement (the Agreement) dated July 14, 2004 by RF-CUNY with a 100% interest in 41st Street LLC. 41st Street LLC was formed to acquire, own, and operate an approximately 300,000 square foot office building located at 230 West 41st Street in New York, New York. 41st Street LLC will continue indefinitely, unless terminated sooner pursuant to the Agreement.

The University has a financial benefit/burden relationship with RF-CUNY, which is fiscally dependent on the University. Accordingly, financial activity related to RF-CUNY is included in the accompanying basic financial statements.

(b) CUCF

CUCF is a public benefit corporation, which has the authority to design, construct, reconstruct, and rehabilitate facilities of the University pursuant to an approved master plan. CUCF carries out operations, which are integrally related and for the exclusive benefit to the University. The University has a financial benefit/burden relationship with CUCF, which is fiscally dependent on the University, and therefore, the financial activity related to CUCF is included in the accompanying basic financial statements.

(c) Discretely Presented Component Units

The majority of the University's colleges maintain auxiliary services, association organizations and child care centers. These entities are legally separate, nonprofit corporations, which operate, manage and promote educationally related services for the benefit of the campus community. Almost all of the University's colleges 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 colleges, and are required to be included in the reporting entity using discrete presentation requirements. Accordingly, the combined totals of the campus related auxiliary services corporations, associations, child care centers and foundations are separately presented as discretely presented component units in the University's financial statements in accordance with presentation requirements prescribed by Governmental Accounting Standards Board (GASB). As a result, the combined totals of the campus related auxiliary services corporations, associations, child care centers and foundations are separately presented as discretely presented component units in the University's financial statements in accordance with presentation requirements prescribed by GASB. Separate financial statements are issued for each of these organizations and may be obtained from the individual colleges or The City University of New York, Office of the University Controller, 230 West 41st Street, 5th floor, New York, New York 10036.

Each of the 27 Foundations, 20 Auxiliary Enterprise Corporations, 21 Student Association Organizations, 12 Child Care Centers, and 5 Other Component Units listed below met the above criteria, and are, therefore, discretely presented in the University's basic financial statements. All of the discretely presented component units (which are collectively called Supporting Organizations) listed below have June 30th year-ends.

Foundations

Senior College and Graduate and Professional Schools Foundations:

- The Baruch College Fund
- The Brooklyn College Foundation, Inc.
- The City College 21st Century Foundation, Inc.
- The City College Fund
- The City University School of Law Foundation, Inc.
- The College of Staten Island Foundation, Inc.
- CUNY Graduate School of Journalism Foundation, Inc.
- CUNY TV Foundation
- Friends of the John D. Calandra Italian American Institute Foundation
- The Graduate Center Foundation, Inc.
- The Hunter College Foundation, Inc.
- John Jay College Foundation, Inc.
- Herbert H. Lehman College Foundation, Inc.

- Macaulay Honors College Foundation
- Medgar Evers Educational Foundation, Inc.
- New York City College of Technology Foundation, Inc.
- Queens College Foundation, Inc.
- School of Professional Studies Foundation, Inc.
- York College Foundation
- CUNY Graduate School of Public Health and Health Policy Foundation

Community College Foundations:

- Borough of Manhattan Community College Foundation, Inc.
- Bronx Community College Foundation, Inc.
- Eugenio María de Hostos Community College Foundation
- Kingsborough Community College Foundation, Inc.
- Fiorello H. LaGuardia Community College Foundation, Inc.
- Queensborough Community College Fund, Inc.
- Stella and Charles Guttman Community College Foundation, Inc.

Auxiliary Enterprise Corporations

Senior College Auxiliary Corporations:

- Bernard M. Baruch College Auxiliary Enterprises Corporation
- Brooklyn College Auxiliary Enterprise Corporation
- The City College Auxiliary Enterprises Corporation
- Auxiliary Enterprises of the City University of New York – Graduate School and University Fiduciary Accounts
- Hunter College Auxiliary Enterprises Corporation
- John Jay College of Criminal Justice Auxiliary Services Corporation, Inc.
- CUNY School of Law Justice & Auxiliary Services Corporation
- Herbert H. Lehman College Auxiliary Enterprises Corporation, Inc.
- Medgar Evers College Auxiliary Enterprises Corporation
- Auxiliary Enterprise Board of New York City College of Technology, Inc.
- Queens College Auxiliary Enterprises Association
- The College of Staten Island Auxiliary Services Corporation, Inc. and Subsidiary
- York College Auxiliary Enterprises Corporation

Community College Auxiliary Corporations:

- Borough of Manhattan Community College Auxiliary Enterprise Corporation
- Bronx Community College Auxiliary Enterprises Corporation
- Eugenio Maria De Hostos Community College Auxiliary Enterprises Corporation
- Kingsborough Community College Auxiliary Enterprises Corporation
- Fiorello H. LaGuardia Community College Auxiliary Enterprises Corporation
- Queensborough Community College Auxiliary Enterprise Association, Inc.
- Stella and Charles Guttman Community College Auxiliary Enterprise Corporation

Student Association Organizations

Senior College Association Organizations:

- Bernard M. Baruch College Association, Inc.
- Brooklyn College Student Services Corporation
- Brooklyn College Association, Inc.
- College of Staten Island Association, Inc.
- The City College Student Services Corporation
- John Jay College of Criminal Justice Student Activities Association, Inc.
- Herbert H. Lehman College Association for Campus Activities, Inc.
- Medgar Evers College Student Faculty Association, Inc.
- College Association of the New York City College of Technology, Inc.
- Queens College Association
- Queens College Student Services Corporation
- Queens College Special Projects Fund
- Q Student Residences, LLC
- York College Association, Inc.

Community College Association Organizations:

- Borough of Manhattan Community College Association, Inc.
- Bronx Community College Association, Inc.
- Eugenio Maria De Hostos Community College Association, Inc.
- Kingsborough Community College Association, Inc.
- Fiorello H. LaGuardia Community College Association, Inc.
- Queensborough Community College Student Activity Association
- Stella and Charles Guttman Community College Association, Inc.

(Continued)

Child Care Centers

Senior College Child Care Centers:

- Baruch College Early Learning Center, Inc.
- City College Child Development Center, Inc.
- GSUC Child Development and Learning Center, Inc.
- The Children's Learning Center at Hunter College, Inc.
- Children's Center of John Jay College of Criminal Justice, Inc.
- The Lehman College Student Child Care Center, Inc.
- Ella Baker/Charles Romain Child Development Center of Medgar Evers College
- Child Development Center at Queens College, Inc.
- York College Child and Family Center, Inc.

Community College Child Care Centers:

- Borough of Manhattan Community College Early Childhood Center, Inc.
- Hostos Community College Children's Center, Inc.
- Fiorello H. LaGuardia Community College Early Childhood Learning Center Programs, Inc.

Other Component Units

Senior College Other Component Units:

- City College Research Foundation
- The City College Center for the Arts, Inc.
- Lehman College Art Gallery, Inc.
- Lehman College Center for the Performing Arts, Inc.

Community College Other Component Units:

- LaGuardia Education Fund, Inc.

The above organizations are discretely presented to allow the financial statement users to distinguish between the University and the supporting organizations. None of the supporting organizations are considered individually significant compared to the University and the aggregate discretely presented component units. All significant inter-entity transactions have been eliminated.

(2) Summary of Significant Accounting Policies

(a) *Measurement Focus and Basis of Accounting*

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's basic financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP), as promulgated by GASB. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized when incurred, if measurable.

(b) *New Accounting Standards Adopted*

In fiscal year 2018, the University adopted the following new accounting standards:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75) addresses accounting and financial reporting for other postemployment benefits (OPEB) that are provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The effect of adoption of GASB 75 resulted in restating the University's net position. The following is a reconciliation of total net position at June 30, 2017 as previously presented and the restated net position for the University (in thousands):

Net (deficit) position		Amount
June 30, 2017 net deficit, as previously reported	$	(17,118)
Effect of adoption of GASB 75		(699,604)
June 30, 2017 net deficit, as restated	$	(716,722)

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* (GASB 81) addresses accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. There was no impact on the University's financial statements as a result of the adoption of GASB 81.

GASB Statement No. 85, *Omnibus 2017* (GASB 85) addresses practice issues that have been identified during implementation and application of certain GASB Statements. GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. There was no impact on the University's financial statements as a result of the adoption of GASB 85.

GASB Statement No. 86, *Certain Debt Extinguishment Issues* (GASB 86) addresses consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. There was no impact on the University's financial statements as a result of the adoption of GASB 86.

(c) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

(d) Cash Equivalents

Cash equivalents are composed of highly liquid assets with original maturities of 90 days or less.

(e) Investments and Restricted Deposits Held by Bond Trustees

Debt and equity securities and certain other investments with readily determinable fair values are required to be reported at fair value. Accordingly, the University's investments and restricted deposits held by bond trustees are reported at fair value, which is based upon values provided by the University's custodian or current market quotations and assessed by the University for reasonableness, in the accompanying statement of net position. Nonmarketable investments such as hedge funds or other investment funds are carried at estimated fair value based on the net asset values reported by the fund managers. All investment income, including changes in the fair value of investments, is recognized as gain (loss) in the accompanying statement of revenues, expenses, and changes in net position.

(f) Noncurrent Assets

Noncurrent assets include: (1) cash and other assets or resources commonly identified as those that are expected to be realized in cash or sold or consumed beyond the normal operating cycle (12 months or more); (2) restricted assets, which should be reported when restrictions on assets change the nature or normal understanding of the availability of the asset; and (3) investments purchased with a long-term objective, which should not be reported as current assets, even though they are within one year of maturity, as the managerial intent was that the resources are not available for current uses or needs. Investments that are an endowment or externally restricted are reported as restricted long-term investment and noncurrent assets.

Cash and investments that are externally restricted to make debt service payments or long-term loans to students, or to purchase capital or other noncurrent assets, are classified as noncurrent assets in the accompanying statement of net position.

(g) Capital Assets

Land, land improvements, buildings, building improvements, leasehold improvements, intangible assets, infrastructure, and infrastructure improvements are stated at cost or cost based appraisal values based upon an independent appraisal performed in 2002, with subsequent additions at cost at

(Continued)

date of acquisition or fair value at date of donation in the case of gifts. Intangible assets, equipment, and works of art and historical treasures are recorded at cost at date of acquisition or appraised fair value at date of donation.

In accordance with the University's capitalization policy, only those items with unit costs of more than $5,000 and useful lives of two years or more are capitalized. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful lives of the structures are capitalized. Net interest costs on debt related to construction in progress are capitalized. University capital assets, with the exception of land, construction in progress, and works of art and historical treasures, are depreciated on a straight-line basis over their estimated useful lives, which range from 5 to 40 years.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

The University reports the effects of capital asset impairment in its financial statements.

The University is required to report pollution (including contamination) remediation obligations in its financial statements, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.

(h) Unearned Revenue

Unearned revenue primarily consists of tuition and fees paid for future terms and payments of grant and contracts that have not yet been earned.

(i) Noncurrent Liabilities

Noncurrent liabilities include: (1) principal and interest amounts of debt obligations with contractual maturities greater than one year; (2) federal refundable loans; (3) estimated amounts of compensated absences and other liabilities that are not expected to be paid within the next fiscal year; (4) total OPEB liability; (5) net pension liabilities; and (6) interest rate swap agreements with contractual periods in excess of one year.

If a derivative's hedge is effective in significantly reducing an identified risk of rising or falling cash flows or fair values, then its fair value changes are deferred on the statement of net position until the hedged transaction occurs or the derivative ceases to be effective. If a derivative hedge is not effective in reducing an identified risk of rising or falling cash flows or fair values, then the change in the fair value is reported as investment income or loss on the statement of revenues, expenses, and changes in net position.

(j) Pension Benefits

Pension Benefits are recognized on an actuarially determined basis as employees earn benefits that are expected to be used in the future.

(k) Other Postemployment Benefits

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. The amounts earned include employee sick leave credits expected to be used to pay for a share of postretirement health insurance.

(l) Net Position

The University classifies its net position into the following three categories:

Net investment in capital assets

Net investment in capital assets consists of the University's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

Restricted

The restricted component of net position consists of restricted assets reduced by liabilities related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Nonexpendable restricted net position consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Expendable restricted net position includes resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Unrestricted net position represent resources derived primarily from student tuition and fees, State and City appropriations/transfers (appropriations), grants and contracts, and sales and services of auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, and used at the discretion of the governing board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

(Continued)

(m) Revenue Recognition

Revenues are recognized in the period earned. Appropriations from New York State and City are recognized as the related expenses are incurred.

(n) Classification of Revenues

The University's policy for defining operating activities in the accompanying statement of revenues, expenses, and changes in net position is those that serve the University's principal purpose and generally result from exchange transactions, such as payments received for services and payments made for the purchase of goods and services. Examples include: (1) tuition and fees, net of scholarship allowances and bad debt; (2) sales and services of auxiliary enterprises; and (3) most Federal, State, local, private grants, and contracts. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as contributions, operating and capital appropriations from the State and the City of New York, and investment income.

(o) Scholarship Allowances

Student tuition and fee revenues are reported net of scholarship allowances and bad debt in the accompanying statement of revenues, expenses, and changes in net position. Scholarship allowances are the differences between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on behalf of students. To the extent that these revenues are used to satisfy tuition and fees, the University has recorded a scholarship allowance.

(p) Income Tax Status

The University is exempt from Federal income taxes on related income pursuant to federal and state tax laws as an instrumentality of both the State of New York and City of New York.

(q) Summary of Significant Accounting Policies Related to Blended Component Units

Purchase Accounting for Acquisition of Real Estate

The fair value of 41st Street LLC's acquired rental property is allocated to the acquired tangible assets, consisting of land, building, and identified intangible assets and liabilities, consisting of the value of above market and below market leases, other value of in place leases, and value of tenant relationships, based in each case on their fair values.

The fair value of the tangible assets of an acquired property (which includes land and building) is determined by valuing the property as if it were vacant, and the "as if vacant" value is then allocated to land and building based on the 41st Street LLC's determination of relative fair values of these assets. Factors considered by the 41st Street LLC in performing these analyses include an estimate of carrying costs during the expected lease up periods considering current market conditions and costs to execute similar leases. In estimating carrying costs, the Company includes real estate taxes, insurance, and other operating expenses, and estimates of lost rental revenue during the expected lease up periods based on current market demand. The 41st Street LLC also estimates costs to execute similar leases, including leasing commissions.

In allocating the fair value of the identified intangible assets and liabilities of an acquired property, above market and below market in place lease values are recorded based on the difference between the current in place lease rent and the 41st Street LLC's estimate of current market rents. Below market lease intangibles are recorded as part of liabilities, and amortized into rental revenues over the noncancelable period of the respective leases. Above market lease intangibles are recorded as part of assets and are amortized as a direct charge against rental revenues over the noncancelable periods of the respective leases.

The aggregate value of other acquired intangible assets, consisting of in place leases and tenant relationships, is measured by the excess of (i) the purchase price paid for the property over (ii) the estimated fair value of the property as if vacant, determined as set forth above. This aggregate value is allocated between in place lease values and tenant relationships based on management's evaluation of the specific characteristics of each tenant's lease. The value of in place leases is amortized to expense over the remaining noncancelable periods of the respective leases.

The weighted average amortization period for value of in place leases, above-market leases, and below-market leases is approximately five years.

(3) Cash, Cash Equivalents, and Investments

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, establishes disclosure requirements related to the following investment and deposit risks:

(a) *Custodial Credit Risk – Deposits*

At June 30, 2018, cash and cash equivalents and restricted cash were held by depositories and, amounted to $762,655,498 of which $166,288,068 was insured and $596,367,430 was uninsured and uncollateralized, or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the University's name. The carrying value of such funds, which include unrestricted and restricted deposits, amounted to $755,194,673 at June 30, 2018.

(b) Investments

At June 30, 2018, the University had the following investments (in thousands):

Investment type		Amount
Cash and cash equivalents	$	53,244
Certificates of deposit		2,541
Commingled funds:		
U.S. Fix Income		32,601
U.S. Equity funds		67,159
U.S. Money market fund		2,068
Equities		950
International Bonds		1,796
Mutual funds:		
Equity fund		67,650
Fixed income		4,518
U.S. Corporate bonds		14,172
U.S. Government bonds		875
U.S. Treasury bills		35,380
U.S. Treasury notes		121
Investment measured at net asset value:		
Event driven hedge funds		12,030
Global equity		15,546
Global equity long/short hedge funds		4,581
Limited partnerships		8,491
Multi-strategy funds		29,809
Private investments		2,089
Global fixed income		9,285
Other		296
Total investments		365,202
Less short-term investments		73,948
Long-term investments		291,254
Long-term investments, unrestricted		102,988
Long-term investments, restricted	$	188,266

The University invests in various types of investments, each having their own unique exposure to risks, such as interest rate, market, and credit risks. The University's Investment Policy for the CUNY Investment Pool, stipulates that the investments shall be diversified by investment manager, by asset class and within asset classes. Alternative investments are primarily invested in marketable equity and debt securities.

(c) Investment Pool

Certain assets included within investments in the accompanying financial statements are pooled on a fair value basis, with each individual fund subscribing to or disposing of units on the basis of the fair value per unit determined on a quarterly basis. At June 30, 2018, the investment pool had a fair value of $302,109,709. The investment pool includes certain gifts and bequests received by the University, the use of which is restricted by donor-imposed limitations. During fiscal year 2018, the University recorded approximately $9,643,558 of net realized and unrealized appreciation related to these investments.

In September 2010, New York State enacted the New York Prudent Management of Institutional Funds Act (NYPMIFA). The University has interpreted NYPMIFA as allowing it to appropriate for expenditure or accumulate so much of the donor-restricted nonexpendable endowments as is prudent for the uses, benefits, purposes, and duration for which the nonexpendable endowment funds are established.

(d) Risk Management

Risk management is focused on controlling the most significant risks to CUNY and the Portfolio.

Key to risk management is diversification. Therefore, the Portfolio's investments shall be diversified by investment manager, by asset class and within asset classes. The purpose of diversification is partly to enable higher returns with lower risk than would otherwise be achievable and partly to ensure that no single manager, security, asset class or specific investment style will have a disproportionate impact on the Portfolio's aggregate returns.

Investments in alternative asset classes often entail illiquidity. While such investments are a natural part of a well-diversified portfolio, the liquidity needs of CUNY, its Colleges and the participating College Foundations shall be considered, and illiquid investments are kept at a level where such investments do not endanger regular spending, including in situations of negative portfolio returns.

As risk management and return are related objectives, the Outsourced CIO shall consider risk along with returns in evaluating each portfolio, asset class or investment manager and shall ensure that risk, in its various forms, is monitored, evaluated and discussed on a regular basis.

i. Capital Risk: the risk of principal loss;

ii. Credit risk: the risk that the issuer will not make scheduled payments;

At June 30, 2018, the University's investments in debt securities were rated as follows (in thousands):

Type of debt security		Fair value	S&P credit rating
International bonds	$	699	A+
International bonds		499	A-
International bonds		598	BBB+
Total International bonds		1,796	
U.S. corporate bonds		1,027	AAA
U.S. corporate bonds		1,187	A
U.S. corporate bonds		3,420	A-
U.S. corporate bonds		5,203	BBB+
U.S. corporate bonds		3,335	BBB
Total U.S. corporate bonds		14,172	
U.S. government bonds		875	AAA
Total	$	16,843	

The University's Investment Policy for the CUNY Investment Pool includes a target allocation to fixed income, as well as reference to specific guidelines for each investment manager. All of the Pool's fixed income is invested in commingled funds with the following managers: 1) SSgA U.S. Government/Credit bond index, 2) SSgA 1 3 year U.S. Credit bond index, and 3) Colchester global sovereign bonds. The average quality ranges from AA2 to A1.

iii. Custodial credit risk: the risk of loss due to the failure of the security issuer or backer; the risk that, in the event of the failure of the counterparty to a transaction, the value of investments or collateral securities in possession of an outside party are not able to be recovered;

iv. Deflation risk: the risk of a decrease in the general price level of goods and services, which can lead to recessionary or depressionary economic environments that are adverse to most asset classes' returns;

v. Foreign currency risk: the risk related to the fluctuation in value of any foreign currency compared to the U.S. dollar, which may cause the foreign asset to become worthless when priced in U.S. dollars;

vi. Inflation Risk: the risk that the investment will return below the rate of inflation, thus eroding purchasing power;

vii. Interest rate risk: the risk that changes in interest rates will decrease values;

At June 30, 2018, the University's investments in certificates of deposits and fixed income securities had the following maturities (in thousands):

Investment type		Fair value	Less than 1 year	1–5 years	6–10 years	More than 10 years
Certificates of deposit	$	2,541	2,541	—	—	—
Commingled funds - U.S. fixed income		32,601	32,601	—	—	—
International bonds		1,796	1,796	—	—	—
Mutual funds - Fixed income		4,518	4,518	—	—	—
U.S. corporate bonds		14,172	10,199	3,973	—	—
U.S. government bonds		875	875	—	—	—
U.S. Treasury bills		35,380	35,380	—	—	—
U.S. Treasury notes		121	—	87	34	—
	$	92,004	87,910	4,060	34	—

viii. Liquidity risk: the risk that the investment cannot be readily converted to cash at prevailing or assumed prices;

ix. Market risk: the risk that adverse market shifts will cause losses; and

x. Organizational risk: the risk that a failure in the organization of an outside party such as an asset manager will negatively affect the value of investments.

As indicated, these risks are inherently present and are usually knowingly assumed when investing. Risks cannot be fully avoided; however, one way to mitigate them is by utilizing the principle of diversification. This way, for example, if one company or industry falters, the threat to the overall fund will be minimized. Furthermore, as indicated below, by their nature certain asset classes have greater potential to mitigate particular risks.

Potential to mitigate:	**By:**
Capital risk	Investing a portion of the portfolio in high quality fixed income and/or cash equivalents
Credit risk	Investing in a diversified portfolio of fixed income comprising issuers that span the range of credit quality
Custodial credit risk	Completing an annual review of the Custodian Bank, their credit rating, and their insurance policies
Deflation risk	Investing in sovereign and investment-grade fixed income

Potential to mitigate:	**By:**
Foreign currency risk	Investing in only a limited portion of foreign-currency-denominated assets
Inflation risk	Investing in real assets, inflation-linked fixed income, and (over the long term) equity
Interest rate risk	Investing in a diversified portfolio comprising assets that respond differently to changes in interest rates
Liquidity risk	Investing in only a limited portion of illiquid assets, retaining sufficient liquidity to cover CUNY's needs in a diversified portfolio
Market risk	Investing in a diversified portfolio comprising assets that respond differently to market conditions
Organizational risk	Investing in multiple managers within each asset class to ensure firm diversification

As a result, CUNY has constructed a well-diversified portfolio comprising strategic and tactical investments that may include:

- Public Equities: domestic, international, and emerging markets;
- Fixed Income: domestic and international investment grade and non-investment grade bonds;
- Real Estate: direct investments and commingled funds;
- Alternative Assets/Private Equity: fund of funds, limited partnerships (corporate finance, venture capital, mezzanine and distressed) and direct investments; and
- Cash and Equivalents.

In addition to asset class diversification, CUNY employs multiple managers within each asset class to ensure firm and style diversification.

(Continued)

(e) Fair Value

GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72), establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

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

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

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

If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period.

As a practical expedient to estimate the fair value of the University’s interests, certain investments in hedge funds, private equity, and limited partnerships are reported at the net asset value (NAV) determined by the fund managers, without adjustment when assessed as reasonable by the University, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. Because these investments are not readily marketable, their estimated fair values may differ from the values that would have been assigned had a ready market for such investment existed, and such differences could be material. The investments measured at NAV are not categorized within the fair value hierarchy. As of June 30, 2018, the University had no plans or intentions to sell such investments at amounts different from NAV.

At June 30, 2018, the University's investments were valued as follows (in thousands):

Description		Quoted prices in active markets for identical assets (Level 1)	Significant other observable (Level 2)	Significant unobservable (Level 3)	Fair value
Certificates of deposit	$	—	2,541	—	2,541
Commingled funds:					
U.S. Fixed income		32,601	—	—	32,601
U.S. Equity funds		67,159	—	—	67,159
U.S. Money market fund		2,068	—	—	2,068
Equities		680	270	—	950
International bonds		1,796	—	—	1,796
Mutual funds:					
Equity securities		67,650	—	—	67,650
Fixed income		4,518	—	—	4,518
U.S. Corporate bonds		14,172	—	—	14,172
U.S. Government bonds		875	—	—	875
U.S. Treasury bills		29,858	5,522	—	35,380
U.S. Treasury notes		121	—	—	121
Total investments in the fair value hierarchy		221,498	8,333	—	229,831
Investments measured at net asset value		—	—	—	82,127
Investments at fair value	$	221,498	8,333	—	311,958

Investments measured at net asset value (in thousands):

Description		Fair value	Unfunded commitments	Redemption frequency (If currently eligible)	Redemption notice period
Event driven hedge funds	$	12,030	—	Quarterly, Annually	45-65 days
Global equity		15,546	—	Semi-Monthly	N/A
Global equity long/short hedge funds		4,581	—	Quarterly	45 days
Limited partnerships		8,491	1,827	Illiquid, N/A	N/A
Multi-strategy funds		29,809	—	Monthly, Quarterly	T-10, 60-90 days
Private investments		2,089	960	Illiquid	N/A
Global fixed income		9,285	—	Daily	T-10 business days
Other		296	—	Monthly	30 days
Investment measured at net asset value	$	82,127	2,787		

1) *Event driven hedge funds* – Includes three hedge fund limited partnerships: Davidson Kempner, Gruss Global Investors and Mason Capital. Each focuses on event-driven situations that attempt to extract value by using multiple strategies, including distressed and other credit investing, merger arbitrage, long/short equity investments and convertible securities globally. Fair value is determined using the net asset value (NAV) per share. Investments in Davidson Kempner and Gruss Global may be redeemed on a quarterly basis with 65- and 45-day notice, respectively. Investments in Mason may be redeemed annually with 45-day notice.

2) *Global equity* – Includes two global equity funds: NCS Int'l Fund LLC [aka Walter Scott], which invests primarily in global developed markets and Caravel Partners, which invests in non-U.S. emerging and frontier markets. Both firms use a bottom-up stock selection strategy with macro overlays. Fair value is determined using the NAV per share. Investments in NCS Int'l Fund LLC may be redeemed twice per month on appointed days with no notice required. Caravel Partners is in the process of liquidating and returning capital to partners. The firm has redeemed most of the investments and the remainder will be returned to investors by early 2019.

3) *Global equity long/short hedge funds* – Includes one hedge fund, Hoplite Capital Management, which invests using both long and short strategies. While the Fund will invest primarily in equities and related securities or financial instruments, the Fund has broad and flexible investment authority. Accordingly, the Fund may include the following types of positions: long or short positions in U.S. or non-U.S.; publicly traded or privately issued or negotiated common stocks, preferred stocks, stock warrants and rights; sovereign debt, corporate debt; bonds, notes or other debentures or debt participations; convertible securities; swaps; options (purchased or written); futures contracts; commodities and other derivative instruments; partnership interests; and other securities or financial instruments including those of investment companies. Fair value is determined using NAV per share. Investments may be redeemed quarterly with 45-day notice.

4) *Limited partnerships* – private real assets funds – Includes private limited partnership investments with EMR Capital Resources Fund I LP, EnCap Energy Capital Fund IX and Encap Energy Capital Fund X. EMR invests in metal and mining companies with a focus in the post-discovery phases of the life cycle of 4 commodities (gold, copper, potash and coking coal). EnCap IX and EnCap X invest primarily in North American upstream oil and gas operating companies at varying stages of development. There are no redemptions. Instead, the Fund's commitment period [i.e. the time new investments are made] is 5 years. During this period, the investor's contractual commitment is drawn-down as opportunities are identified. When realizations are made and divested, they are distributed to investors. Therefore, the actual term of the investment can be up to 15 years.

5) *Multi-strategy funds* – Includes investments in (1) hedge funds with Elliott International Ltd Fund and HBK Offshore Fund II LP, which invest in a diversified group of investment strategies utilizing both long and short positions in an unlimited range of financial instruments throughout the world. Fair value is determined using NAV per share. Investments may be redeemed on a quarterly basis with 60- and 90-day notice, respectively; (2) a hedge fund with BlueCrest Allblue Ltd, which invests to provide consistent long-term appreciation of assets through active management of a diversified portfolio of underlying Funds, all of which are managed by the Investment Manager and/or other members of the BlueCrest Group. Fair value is determined using NAV per share. The firm is returning client assets to focus exclusively on its investments. The bulk of assets have been redeemed and remaining investments will be redeemed by early 2019; and (3) a multiple common trust fund with Wellington Diversified Inflation Hedges Portfolio (Wellington DIH). Wellington DIH is a master fund of multiple strategically weighted global portfolios, where the underlying asset classes include global equities, commodities, inflation-linked and other types of fixed income securities. Strategic weights may vary tactically based upon the firm's top-down views by using cash or derivatives in an overlay portfolio. Investments are in commingled funds valued at NAV. Redemptions may be made monthly with notification on the 22nd calendar day of a month, prior to trade date, which is the first business day of the following month.

6) *Private investments* – Includes Greenspring Global Partners Fund VII LP, that invests primarily in a portfolio of venture capital firms that is diversified by geography, sector (information technology, communications, healthcare and life sciences), stage (from early to late stage companies) and via both direct investments and investments managed by other firms. Investments are not redeemed. Instead, the Fund's commitment period [i.e., the time new investments are made] is 5 years. During this period, the investor's contractual commitment is drawn-down as opportunities are identified. When realizations are made and divested, they are distributed to investors. Therefore, the actual term of the investment can be up to 15 years.

7) *Global fixed income* – Includes one global fixed income manager, Colchester, which invests primarily in global debt instruments in a private partnership valued at NAV. Investments may be redeemed daily with 10-business days' notice prior to requested trade date.

8) *Other*– Includes investments via a life insurance contract/group variable annuity with Lombard International. Lombard International invests in Harvest, a pubic limited partnership that invests in Master Limited Partnerships (MLP) and the returns on the variable annuity match the returns on Lombard's underlying investment with Harvest less the annuity expenses. Investments may be redeemed monthly with 30-day notice.

(4) Receivables, Net

Receivables consist of the following at June 30, 2018 (in thousands):

Current:		
Appropriations receivable	$	450,628
Student and financial aid receivable		230,358
Grants and contracts receivable		150,702
Student loans receivable and accrued interest receivable		31,838
Deferred rent receivable		16,471
Other receivables		66,242
Total receivables		946,239
Less allowance for doubtful accounts		(206,859)
Total short-term receivables, net	$	739,380
Noncurrent:		
Student loans receivable and accrued interest receivable	$	15,020
Other receivables		382
Total long-term receivables		15,402
Less allowance for doubtful accounts		(1,823)
Total long-term receivables, net	$	13,579

(5) Capital Assets, Net

Capital assets activity was as follows for the year ended June 30, 2018 (in thousands):

		June 30, 2017	Additions	Reductions	June 30, 2018
Buildings	$	4,329,718	30,689	—	4,360,407
Building improvements		3,001,585	166,935	6,222	3,162,298
Construction in progress		1,423,918	375,499	155,344	1,644,073
Equipment and software		793,583	22,271	26,580	789,274
Infrastructure and infrastructure improvements		172,552	8,079	—	180,631
Land		410,897	—	—	410,897
Land improvements		82,510	841	148	83,203
Leasehold improvements		46,909	—	508	46,401
Copyrights		11,930	133	—	12,063
Works of art and historical treasures		16,718	1,963	265	18,416
Total capital assets		10,290,320	606,410	189,067	10,707,663
Less accumulated depreciation:					
Building	$	1,775,180	95,544	—	1,870,724
Building improvements		1,884,336	90,453	4,380	1,970,409
Equipment and software		523,660	50,216	24,836	549,040
Infrastructure and infrastructure improvements		86,022	8,864	—	94,886
Land improvements		73,010	1,623	14	74,619
Leasehold improvements		17,862	1,820	872	18,810
Copyrights		1,796	139	—	1,935
Total accumulated depreciation		4,361,866	248,659	30,102	4,580,423
Total capital assets, net	$	5,928,454	357,751	158,965	6,127,240

Added to construction in progress is capitalized interest of $39.0 million for the year ended June 30, 2018.

(Continued)

(6) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following at June 30, 2018 (in thousands):

Accounts payable and accrued expenses		Amount
Personnel services	$	177,037
Fringe benefits		118,580
Capital projects		73,909
Due to City of New York		48,388
Due to State of New York		31,591
Vendors and other		281,504
Total accounts payable and accrued expenses	$	731,009

(7) Noncurrent Liabilities

Noncurrent liabilities at June 30, 2018 consist of the following (in thousands):

Noncurrent liabilities		July 1, 2017	Additions	Reductions	June 30, 2018	Current portion
Long-term debt:						
Mortgage loan payable	$	65,429	—	1,201	64,228	1,306
Capital lease agreements with DASNY		5,143,385	853,051	550,474	5,445,962	180,100
Capital lease obligation for Condominium		44,938	349	65	45,222	75
Certificate of Participation (PIT)		8,287	—	2,319	5,968	1,933
Total long-term debt		5,262,039	853,400	554,059	5,561,380	183,414
Other liabilities:						
Compensated absences		179,119	16,584	—	195,703	122,854
Federal refundable loans		17,768	1,044	9,861	8,951	—
Other noncurrent liabilities		42,589	880	445	43,024	—
Net pension liabilities		747,544	—	22,342	725,202	—
OPEB liability		1,506,249	160,597	—	1,666,846	—
Interest rate swap agreements		60,079	—	20,141	39,938	—
Total other liabilities		2,553,348	179,105	52,789	2,679,664	122,854
Total noncurrent liabilities	$	7,815,387	1,032,505	606,848	8,241,044	306,268

(a) Mortgage Loan Payable

On May 12, 2014, 41st Street LLC, a blended component unit of the University, entered into a new mortgage loan (the Loan) on the existing property with a principal amount of $70 million, which matures on May 12, 2044. The loan was used to repay an existing mortgage that was to mature on August 11, 2014 with an outstanding amount of $56.4 million and to finance additional improvements.

The loan bears interest at a rate of 4.75%. The monthly principal and interest payments of $365,153 began on July 1, 2014. The mortgage is amortized over 30 years with options to be called by the bank in 10 years and then every 5 years thereafter until the mortgage matures. The loan is collateralized by the property and assignment of rents and other payments from the tenants and is guaranteed by the University. The LLC incurred $1,307,121 of financing costs in connection with obtaining the new loan, which are being amortized over the life of the loan. The unamortized balance at June 30, 2018 was $1,126,865.

At June 30, 2018, future minimum principal payments are as follows:

Fiscal year		Amount due
2019	$	1,305,684
2020		1,369,072
2021		1,435,538
2022		1,505,230
2023		1,578,306
Thereafter		58,160,720
		65,354,550
Less unamortized balance of financing costs		(1,126,865)
Total mortgage loan payable	$	64,227,685

(b) Capital Lease Agreements with the Dormitory Authority of the State of New York

The University has entered into capital lease agreements for much of its capital assets with the Dormitory Authority of the State of New York (DASNY). In addition, the University has entered into various agreements for construction of other capital assets and the purchase of other equipment through the issuance of certificates of participation. The University has also entered into certain leases for leasehold improvements, which have been treated as capital leases.

Under the University's capital lease agreements with DASNY, construction costs are initially paid with the proceeds of bonds issued by DASNY. The bonds, with a maximum 30-year life, are repaid by DASNY via appropriations received from both New York State and New York City. Annual bond payments are secured by instructional and non-instructional fees, State appropriations for University operating expenditures, per capita State aid to New York City, or New York State personal income tax receipts. Upon repayment of the bonds and the satisfaction of all other obligations under the agreements, all rights, title, and interest in the projects are conveyed to the State of New York (for Senior Colleges) or the City of New York (for Community Colleges).

The following is a schedule by year of future minimum lease payments under these capital leases, together with the net swap amount, assuming current interest rates remain the same, and the present value of the minimum lease payments at June 30, 2018 (in thousands):

Capital lease agreements with DASNY		Principal	Interest	Swap, net	Total
Fiscal year:					
2019	$	180,100	241,635	8,344	430,079
2020		220,340	233,430	7,837	461,607
2021		292,165	220,863	6,810	519,838
2022		165,205	209,045	5,912	380,162
2023		153,390	201,340	5,826	360,556
2024–2028		995,055	888,646	17,442	1,901,143
2029–2033		988,275	647,267	2,133	1,637,675
2034–2038		936,350	404,749	—	1,341,099
2039–2043		808,975	163,195	—	972,170
2044–2047		266,120	21,044	—	287,164
Total minimum lease payment	$	5,005,975	3,231,214	54,304	8,291,493
Less amount representing interest					(3,231,214)
Less swap, net					(54,304)
Present value of net minimum lease payments					5,005,975
Plus unamortized original issue premium, net					439,987
Carrying amount of obligation					$ 5,445,962

Interest rates on DASNY obligations range from 2.0% to 6.1%.

During fiscal year 2018, DASNY issued bonds for new construction with a par value of $414,425,000 and original issued premium of $49,699,103. In addition, DASNY issued refunding bonds with a par value of $332,275,000 and original issued premium of $56,652,333. Bond proceeds of $384,513,229 were used to defease $356,965,000 of existing debt. Under the terms of the resolutions for the defeased bonds, bond proceeds were paid directly to the bondholders of the defeased bonds. As a result, the refunded debt is defeased. The economic gain related to the defeased bonds amounted to $49,980,924. The excess of the bond proceeds over the amount of debt defeased, $27,548,229, and remaining unamortized premium and discount of $8,642,278 are deferred and amortized in a systematic and rational manner over the remaining life of the old debt or new debt, whichever is shorter. There were no remaining unamortized bond issue costs, underwriter discounts, or any other related costs affiliated with the refunded debt.

As of June 30, 2018, a total of $345,855,000 of previously defeased debt was still outstanding.

(i) Interest Swaps

As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance, at various times, DASNY issued certain variable interest rate bonds, and concurrently entered into 21 separate pay-fixed, receive-variable interest swaps with three counterparties. The swaps are undertaken as a part of the State's overall debt management program. The notional amounts of the swaps match the principal amounts of the associated debt. The swaps were entered into at the same time the bonds were issued. The swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated "bond payable" category. The terms, including the fair values and credit ratings of the outstanding swaps at June 30, 2018, were as follows (in thousands):

Pay-fixed, receive-variable swaps								
Counterparty	Notional amount	Termination date	Swap fixed rate paid	a Variable swap rate received	Swap fair value	b Counterparty credit rating	Swap insured	Change in fair value
City University System Consolidated Revenue Bonds, Series 2008C and 2008D:								
Hedging derivatives:								
Citibank	$ 192,471	1/1/25 to 7/1/31	3.00%	65% of LIBOR	$ (18,488)	A1/A+/A+	Yes	$ 9,319
Merrill Lynch	111,743	1/1/25 to 7/1/31	3.00	65 of LIBOR	(10,725)	Aa3/AA/NR	Yes	5,411
UBS	111,743	1/1/25 to 7/1/31	3.00	65 of LIBOR	(10,725)	A1/A/A	Yes	5,411
Total pay-fixed swap	$ 415,957				$ (39,938)			$ 20,141

a London Interbank Offered Rate

b Moody's/S&P/Fitch, respectively

At June 30, 2018, the swaps had a fair value of $(39,938,000) and are included in interest rate swap agreements in the statement of net position. These swaps had a change in fair value during fiscal year 2018 of $20,141,000. Interest rates have changed since the swaps were entered into; the pay-fixed, receive-variable swaps have a fair value of $(39,938,000) (the fixed swap payment rate is higher than current comparable fixed rates). The fair values were estimated using the zero coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero coupon bonds due on the date of each future net settlement on the swaps. These swaps are recorded net of a credit valuation adjustment that reflect the credit risk of the parties to the agreements. These swaps are classified in Level 2 of the fair value hierarchy.

Market Access Risk. The swap agreements are exposed to market access risk. There is risk that DASNY will not be able to enter the credit markets or that credit will become more costly. If that occurs, expected cost savings from the swap may not be realized.

Credit Risk. At June 30, 2018, the swap agreements were not exposed to credit risk on those swaps with negative fair values. However, should interest rates change and the fair values of those swaps become positive, then the swap agreements would be exposed to credit risk in the amount of the swaps' fair value.

The guidelines set forth by DASNY require that the counterparties have credit ratings from at least one nationally recognized statistical rating agency that is within the two highest investment grade categories and ratings that are obtained from any other nationally recognized statistical rating agency for such counterparty shall be within the three highest investment grade categories, or the payment obligations of the counterparty shall be unconditionally guaranteed by an entity with such credit ratings.

Interest Rate Risk. The pay-variable, receive-fixed interest rate swaps increase the exposure to interest rate risk. The variable interest rate to the counterparties is based on the Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA). As SIFMA increases, the net payment on the swaps increases.

Basis Risk. The pay-fixed, receive-variable swap agreements are exposed to basis risk. DASNY is paying a fixed rate of interest to the counterparties and the counterparties are paying a variable rate representing 65% of the one-month London Interbank Offered Rate (LIBOR). The amount of the variable rate swap payments received from the counterparties does not necessarily exactly equal the actual variable rate payable to the bondholders. Should the relationship between LIBOR and actual variable rate payments converge, the expected cost savings may not materialize.

Termination Risk. The swap contracts use the International Swap Dealers Association Master Agreement (Master Agreement), which includes standard termination events, such as failure to pay, default on any other debt in an aggregate amount greater than the agreed-upon thresholds, and bankruptcy. The schedule to the Master Agreement includes additional termination events, providing that the swap may be terminated if either the downgrade of the applicable state supported bonds or the debt of the counterparty falls below certain levels. DASNY or the counterparty may terminate any of the swaps if the other party fails to perform under the term of the contract. If the counterparty to the swap defaults or if the swap is terminated, the related variable rate bonds would no longer be hedged and DASNY would no longer effectively be paying a synthetic fixed rate with respect to those bonds. A termination of the swap agreement may also result in DASNY making or receiving a termination payment. If, at the time of termination, the swap has a negative fair value, DASNY would incur a loss and would be required to settle with the other party at the swap's fair value. If the swap has a positive value at the time of termination, DASNY would realize a gain that the other party would be required to pay.

Rollover Risk. Since the terms of the individual swaps correlate to match the final maturity of the associated debt, the authority is not exposed to rollover risk.

(c) Capital Lease Obligation for Condominium

The University entered into a condominium agreement in a building located at 205 East 42nd Street to relocate CUNY's central headquarters, previously located at 535 East 80th Street. The University entered into a 30-year "leasehold condominium" ownership structure with the Durst Organization for several floors in the building — approximately 165,000 rentable square feet of space, including a storefront. The leasehold condominium ownership structure provides the University with an ownership interest in its floors for the 30-year term of the transaction.

The following is a summary of future minimum payments required under this agreement at June 30, 2018 (in thousands):

	Principal	Interest	Total
Fiscal year:			
2019	$ 75	1,318	1,393
2020	80	1,313	1,393
2021	86	1,307	1,393
2022	92	1,301	1,393
2023	99	1,537	1,636
2024–2028	612	10,778	11,390
2029–2033	6,772	9,208	15,980
2034–2038	15,265	5,679	20,944
2039–2043	22,141	1,969	24,110
2044–2045	—	—	—
Total minimum lease payment	$ 45,222	34,410	79,632
Less amount representing interest			(34,410)
Carrying amount of obligation			$ 45,222

(d) Certificate of Participation Agreements

The University has entered into various arrangements for the acquisition/rehabilitation of capital assets through the issuance of personal income tax bonds (PIT) also known as certificates of participation. The bonds are issued through a trustee and the University is responsible for payment to the trustee in an amount equal to the interest and principal payment made by the trustee to the certificate bond holders. There is no collateral associated with the bonds. The following is a summary of future minimum payments required under this agreement at June 30, 2018 (in thousands):

		Principal	Interest		Total
Fiscal year:					
2019	$	1,933	171		2,104
2020		1,989	116		2,105
2021		2,046	59		2,105
Total minimum lease payment	$	5,968	346		6,314
Less amount representing interest					(346)
Carrying amount of obligation				$	5,968

Interest rates on Certificate of Participation obligations range from 2.18% to 2.87%.

(e) Compensated Absences

Employees accrue vacation leave based upon time employed, with the maximum accumulation generally ranging from 45 to 50 days. The recorded liability for accrued vacation leave, including the University's share of fringe benefits, is approximately $195.7 million at June 30, 2018. Employees earn sick leave credits, which are considered termination payments and may be accumulated up to a maximum of 160 days. Accumulated sick leave credits are payable up to 50% of the accumulated amount as of the date of retirement. The recorded liability for sick leave credits is approximately $66.7 million at June 30, 2018.

(8) Restricted Deposits Held by Bond Trustees and Restricted Amounts Held by the Dormitory Authority of the State of New York

Restricted deposits held by bond trustees include bond proceeds not yet expended for construction projects and related accumulated investment income. Bond proceeds and interest income in excess of construction costs are restricted for future projects or debt service. In addition, restricted deposits held by bond trustees include reserves required for debt service and replacement under lease agreements, together with earnings on such funds.

Restricted amounts held by DASNY represent funds that have been remitted to DASNY to be used for rehabilitation of capital assets or held for general operating purposes.

(Continued)

Restricted deposits held by bond trustee and restricted amounts held by DASNY by type at June 30, 2018 are as follows (in thousands):

Deposits held by trustee and amounts held by DASNY		Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable (Level 2)	Rating
Type:					
Cash and cash equivalents	$	127,646	—	—	No rating
U.S. Treasury notes and bonds		295,895	—	295,895	No rating
U.S. Treasury bills		57,565	14,978	42,587	No rating
U.S. Treasury strips		796	—	796	No rating
U.S. federal agency obligations		18,183	—	18,183	AA/Aaa *
Total	$	500,085	14,978	357,461	

* S&P and Moody's, respectively

Restricted deposits held by bond trustee and restricted amounts held by DASNY are subject to the following risks:

(a) Custodial Credit Risk

Custodial credit risk for restricted deposits held by bond trustee and restricted amounts held by DASNY is the risk that in the event of a bank failure or counterparty failure, the University will not be able to recover the value of its cash and investments in the possession of an outside party. At June 30, 2018, all of the $500,085,000 are held by DASNY or the bond trustee, not in the University's name.

(b) Credit Risk

For an investment security, credit risk is the risk that an issuer or other counterparty will not fulfill its obligations. Under investment agreements, restricted deposits held by bond trustee and restricted amounts held by DASNY are invested with financial institutions at a fixed contract rate of interest. Because the security is essentially a written contract, there is no rating available for such an instrument; however, at the time the agreements are entered into, the underlying providers are generally rated in at least the second highest rating category by at least one of the nationally recognized rating organizations in accordance with established investment policy and guidelines.

(c) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. During fiscal year 2018, restricted deposits held by bond trustee and restricted amounts held by DASNY were not exposed to concentration of credit risk.

(d) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University does not have a formal investment policy for restricted deposits held by bond trustee or restricted amounts held by DASNY that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments primarily consist of obligations of the U.S. government and are reported at fair value with maturities of one year or less.

(9) Pension Plans

Defined Benefit Plans – NYCERS and NYCTRS

The University participates in both the New York City Employees Retirement System (NYCERS) and the Teachers Retirement System of the City of New York (NYCTRS), which are cost-sharing, multiple-employer public employees' retirement systems. NYCERS provides defined pension benefits to 185,500 active municipal employees and 147,500 pensioners through $77.2 billion in assets. Classified employees who receive permanent appointment to a competitive position and have completed six months of service are required to participate in NYCERS, and all other employees are eligible to participate in NYCERS. NYCERS provides pay-related retirement benefits, as well as death and disability benefits. The total amount of the University's employees' covered payroll related to NYCERS for the year ended June 30, 2018 is approximately $238.4 million. NYCTRS provides defined pension benefits to 118,200 active teachers and 84,100 pensioners through $81.6 billion in assets. Instructional full time staff employees (teaching and non-teaching) are required to choose either NYCTRS or the Optional Retirement Plan (ORP) administered by Teachers' Insurance and Annuity Association – College Retirement Equities Fund (TIAA) within 30 days of their initial permanent appointment. If an active selection is not made, the employee will be placed into NYCTRS. The pension system election (NYCTRS or the ORP) is irrevocable as long as the employee remains continuously employed in any position within CUNY. Adjuncts may participate in NYCTRS on a voluntary basis. NYCTRS provides pay-related retirement benefits, as well as death and disability benefits. The total amount of the University's employees' covered payroll related to NYCTRS for the year ended June 30, 2018 is approximately $211.3 million. Both NYCERS and NYCTRS issue a financial report that includes financial statements and required supplementary information, which may be obtained by writing to NYCERS at 335 Adams Street, Brooklyn, New York 11201 or NYCTRS at TRS at 55 Water Street, New York, New York 10041.

Contribution requirements of the active employees and the participating New York City agencies are established and may be amended by the NYCERS and NYCTRS Board. Employees' contributions are determined by their Tier and number of years of service. They may range between 0.00% and 9.10% of their annual pay.

Statutorily required contributions (Statutory Contributions) to NYCERS and NYCTRS, determined by the New York City Office of the Actuary in accordance with State statutes and City laws, are funded by the employer within the appropriate fiscal year. The University made its contractually required contributions to both NYCERS and NYCTRS in fiscal year 2018 of approximately $44.8 million and $102.1 million, respectively.

NYCERS and NYCTRS provide three main types of retirement benefits: service retirements, ordinary disability retirements (nonjob-related disabilities), and accident disability retirements (job-related disabilities) to members who are in different “Tiers.” The members’ Tier is determined by the date of membership. Subject to certain conditions, members generally become fully vested as to benefits upon the completion of 5 years of service. Annual pension benefits can be calculated as a percentage of final average salary multiplied by the number of years of service and changes with the number of years of membership within the plan. Benefits for members can be amended under the State Retirement and Social Security Law.

The University’s respective net pension liability, deferred outflow of resources, deferred inflows of resources, and pension expense related to the Senior Colleges and Graduate and Professional Schools for NYCERS and NYCTRS are calculated by the Office of the Actuary, City of New York. At June 30, 2018, the University reported a liability of $234.0 million and $491.2 million for NYCERS and NYCTRS, respectively, for its proportionate share of the respective NYCERS and NYCTRS net pension liabilities. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to the University’s measurement date of June 30, 2018 for both NYCERS and NYCTRS. The University’s proportionate share of the respective net pension liabilities for the fiscal year was based on the University’s actual contributions to NYCERS and NYCTRS relative to the total contributions of participating employers for each plan for fiscal 2018, which was 1.327% and 2.625% for NYCERS and NYCTRS, respectively. The proportionate share of the NYCERS and NYCTRS net pension liability, deferred outflow of resources, deferred inflows of resources, and pension expense for the University’s community colleges is included in the financial statements of the City of New York.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the respective fiduciary net position of the NYCERS and NYCTRS, and additions to/deductions from NYCERS’ and NYCTRS’ respective fiduciary net position have been determined on the same basis as they are reported by NYCERS and NYCTRS. Accordingly, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about NYCERS and NYCTRS, please refer to the respective plan’s Comprehensive Annual Financial Report (CAFR), which can be found at www.nycers.org and www.trsnyc.org, respectively.

(a) Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation for both NYCERS and NYCTRS was determined using the following actuarial assumptions:

Inflation	2.5%
Salary increases	In general, merit and promotion increases plus assumed general wage increase of 3.0% per annum.
Investment rate of return	7.0% net of pension plan investment expense. Actual return for variable funds.
Cost of living adjustment	1.5% and 2.5% for various Tiers

Mortality rates and methods used in determination of the total pension liability for both NYCERS and NYCTRS were adopted by the New York City Retirement System (NYCRS) Boards of Trustees during fiscal year 2016 and are based primarily on the experience of each system and the application of Mortality Improvement Scale MP-2015 published by the Society of Actuaries in October 2015. Scale MP-2015 replaced Mortality Improvement Scale AA. Pursuant to Section 96 of the New York City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially funded NYCRS are conducted every two years.

Mortality tables for service and disability pensioners were developed from an experience study of the Plan. The mortality tables for beneficiaries were developed from an experience review. For more details, see the reports entitled "Proposed Changes in Actuarial Assumptions and Methods for Determining Employer Contributions for Fiscal Years Beginning on and After July 1, 2011", also known as "Silver Books." Electronic versions of the Silver Books are available on the Office of the Actuary Web site (www.nyc.gov/actuary) under Pension information.

(b) Expected Rate of Return on Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class for both NYCERS and NYCTRS are summarized in the following tables:

NYCERS

Asset class	Target asset allocation	Long-term expected real rate of return
U.S. public market equities	29.00 %	6.30 %
International public market equities	13.00	7.00
Emerging public market equities	7.00	9.50
Private market equities	7.00	10.40
U.S. fixed income	33.00	2.20
Alternatives	11.00	5.50
Total	100.00 %	

NYCTRS

Asset class	Target asset allocation	Long-term expected real rate of return
U.S. public market equities	29.00 %	6.30 %
International public market equities	12.00	7.00
Emerging public market equities	9.00	9.50
Private market equities	6.00	10.40
U.S. fixed income	33.00	2.20
Alternatives	11.00	5.50
Total	100.00 %	

(c) Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2018 for both NYCERS and NYCTRS was 7.0%. The projection of cash flow used to determine the discount rate assumed that employee contributions will be made at the rates applicable to the current Tier for each member and that employer contributions will be made based on rates determined by the Actuary. Based on those assumptions, the NYCERS and NYCTRS respective fiduciary net position was projected to be available to make all projected future benefit payments of current active and nonactive NYCERS and NYCTRS members. Therefore, the long-term expected rate of return on NYCERS and NYCTRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the University’s proportionate share of the net pension liabilities calculated using the discount rate of 7.0%, as well as what the University’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate (in millions):

	1% Decrease (6.0%)	Discount rate (7.0%)	1% Increase (8.0%)
University’s proportionate share of the net pension liability:			
NYCERS	$ 358.8	234.0	128.8
NYCTRS	715.2	491.2	301.3

(d) Deferred Outflows of Resources and Deferred Inflows of Resources

The following presents a summary of changes in the deferred outflows of resources and deferred inflows of resources for the year ended June 30, 2018:

		NYCERS	NYCTRS	Total
Deferred outflows of resources:				
Differences between actual and expected experience	$	—	26,174,746	26,174,746
Changes in proportionate share		16,114,328	(11,434,343)	4,679,985
Changes in assumptions		3,566,742	13,970,042	17,536,784
Total	$	19,681,070	28,710,445	48,391,515

		NYCERS	NYCTRS	Total
Deferred inflows of resources:				
Differences between actual and expected experience	$	22,605,493	51,172,146	73,777,639
Difference between projected and actual investment earnings on pension plan investments		13,126,998	98,004,158	111,131,156
Changes in proportionate share		(1,406,770)	(12,412,987)	(13,819,757)
Total	$	34,325,721	136,763,317	171,089,038

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

		NYCERS	NYCTRS	Total
Fiscal years ending June 30:				
2019	$	4,350	3,045	7,395
2020		(5,481)	(37,624)	(43,105)
2021		(12,538)	(47,528)	(60,066)
2022		(2,771)	(23,410)	(26,181)
2023		1,777	(10,227)	(8,450)
2024		18	2,792	2,810
2025		—	4,898	4,898
	$	(14,645)	(108,054)	(122,699)

(e) Annual Pension Expense

The University's annual pension expense for NYCERS and NYCTRS for the fiscal year ended June 30, 2018 was approximately $36.4 million and $96.5 million for NYCERS and NYCTRS, respectively, and is included in functional expenses on the Statement of Revenues, Expenses, and Changes in Net Position.

Defined Contribution Plan – TIAA

The University also provides a privately operated, multi-employer defined contribution retirement plan for its employees in TIAA. TIAA obligations of employers and employees to contribute and of employees to receive benefits are governed by the New York State Education Law and City laws.

TIAA provides retirement and death benefits for or on behalf of those full-time professional employees and faculty members electing to participate in this optional retirement program.

Funding Policy

Employer and employee contribution requirements to TIAA are determined by the New York State Retirement and Social Security Law. Participating University employees contribute 1.5% for tiers one through four and 3.0% for tier five of salary on an after-tax basis. Employer contributions range from 10.5% to 13.5% for tiers one through four, depending upon the employee's compensation, and 8.0% to 10.0% of salary for tier five, depending upon the employee's years of service. Employee contributions for fiscal year 2018 amounted to approximately $91.3 million.

The required University contributions recognized as expenses for the current year and the two preceding years were (in thousands):

Fiscal year:	
2018	$ 116,562
2017	131,729
2016	105,499

The University's contributions made to the systems were equal to 100% of the contributions required for each year.

(10) Postemployment Benefits

(a) Plan Description

CUNY retirees receive retiree healthcare benefits through the New York City Health Benefits Program (the Plan), which is a single-employer defined benefit healthcare plan. There are no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB 75. The Plan covers former CUNY employees who were originally employed by CUNY Senior Colleges or by CUNY Community Colleges. The Plan covers individuals who receive pensions from one of the following three pension plans within the New York City Retirement System (NYCRS):

- NYCERS
- NYCTRS
- New York City Board of Education Retirement System (BERS)

In addition, the program covers individuals under alternate retirement arrangements. The most significant alternate retirement arrangement is coverage under the Teachers Insurance Annuity Association – College Retirement Equities Fund (TIAA) rather than through the NYCRS.

Benefits. Basic Coverage is provided to retirees by CUNY through the New York City Health Benefits Program (NYCHBP). The NYCHBP currently provides Basic Coverage at no cost if a non-Medicare-eligible retiree participates in HIP HMO or an indemnity arrangement covered by a combination of Empire Blue Cross/Blue Shield for hospital coverage, and GHI for other medical benefits (referred to in this report as "GHI/EBCBS"). The NYC Basic Coverage provides Medicare-eligible retirees free coverage in the HIP HMO or in a GHI/EBCBS combination Medicare supplement called Senior Care. Basic Coverage includes hospital and physician coverage and excludes coverage for prescription drugs. GHI/EBCBS Senior Care coordinates with Medicare Part A and Part B. Under the HIP HMO Medicare eligible retirees generally participate in a Medical Advantage Plan under Medicare Part C. Basic Coverage under other plans may require additional retiree contributions. Other plans available under the NYC Program to non-Medicare-eligible retirees for Fiscal Year 2018 include Aetna HMO, Cigna, Empire HMO, Empire EPO, GHI HMO, MetroPlus Gold and Vytra Health Plans. Other plans available to Medicare-eligible retirees for Fiscal Year 2018 include Medicare supplemental plans, such as Empire Medicare-Related Coverage, as well as various Medicare Advantage arrangements such as MediBlue and Aetna Medicare PPO with Extended Area. Benefits not covered by the Basic plan, such as prescription drug coverage, are provided through high option riders fully paid for by the retirees or are provided through various Welfare Funds.

The City of New York is assumed to pay for the coverage (Basic Coverage and Welfare Fund contributions) for retirees in NYCRS and TIAA who retired from community colleges. The City of New York also pays for the Welfare Fund costs for nonpedagogical CUNY Senior College retirees of the NYCRS. In addition, the City reimburses the Part B premium for Medicare-eligible retirees and covered spouses for all covered CUNY employees, whether retired under NYCRS or TIAA, and whether retired from a Senior or Community College. The obligations for the coverages assumed to be paid by the City are considered an obligation of the City and are not included in this valuation.

CUNY currently reimburses the City for Basic Coverage and Welfare Fund coverage for NYCRS senior college retirees except for those who retired from one of the NYCRS in nonpedagogical positions. CUNY is also currently billed for Basic Coverage and Welfare Fund coverage for all TIAA retirees, whether retired from a senior or community college.

Employees Covered by benefit terms. As of the June 30, 2017 actuarial valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	6,013
Inactive employees entitled to but not yet receiving benefit payments	2,025
Active employees	14,915
Total	22,953

(b) Actuarial Assumptions

The University's total OPEB liability of approximately $1.7 billion was measured as of June 30, 2018 using an actuarial valuation of June 30, 2017 rolled forward to June 30, 2018. The actuarial valuation uses the following actuarial assumptions:

Inflation: 2.50% per annum. Additionally, the consumer price index (CPI) assumption used in the measurement of the excise tax on high-cost employer health plans (also known as Cadillac Tax) was decreased from 2.50% to 2.25%. This is due to the recently passed Tax Cuts and Jobs Act which changes the index used to increase Cadillac Tax limits from CPI to "Chained CPI". The difference between these two indices is consistent with recent data provided by the Bureau of Labor and Statistics.

Actuarial cost method: Entry Age Normal, level percent of pay.

Discount Rate: The discount rate used to measure liabilities was updated to reflect the S&P Municipal Bond 20-Year High Grade Index yield of 2.98% as of June 29, 2018 as per New York City Office of Actuary The discount rate at the previous measurement date is 3.13% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2017.

Salary increases: Assumed increases in salary are shown below:

Age	Male	Female
25	10.91%	10.35%
30	7.48%	6.84%
35	6.27%	6.26%
40	5.61%	5.82%
45	5.04%	5.39%
50	4.40%	4.97%
55	4.01%	4.42%
60	3.64%	4.10%
65	2.94%	3.76%
70	2.59%	3.28%
75	2.38%	3.08%

Health care cost trend rates: Covered health care expenses were assumed to increase by the following percentages each year:

	Pre-Medicare Plans	Medical (Post-Medicate)	Welfare Fund contributions
Fiscal year ending:			
2018	7.5% *	5.0%	5.0%
2019	7.0%	5.0%	5.0%
2020	6.5%	5.0%	5.0%
2021	6.0%	5.0%	5.0%
2022	5.5%	5.0%	5.0%
2023+	5.0%	5.0%	5.0%

*For the June 30, 2017 valuation, HIP and Other HMO Pre-Medicare trend assumed to be 7.61% based on Health Care Savings Agreement initiatives.

Retirees' share of benefit-related costs the valuation assumed the following monthly premiums for each year's valuation (actual amounts):

Plan	Monthly Rate FY2018	Monthly Rate FY2017
HIP HMO		
Non-Medicare Single	$ 652.44	$ 600.18
Non-Medicare Family	$ 1,598.47	$ 1,470.45
Medicare	$ 164.98	$ 160.83
GHI/EBCBS		
Non-Medicare Single	$ 620.08	$ 567.48
Non-Medicare Family	$ 1,625.27	$ 1,487.47
Medicare	$ 172.42	$ 168.35
Other		
Non-Medicare Single	$ 1,018.56	$ 1,030.56
Non-Medicare Family	$ 2,223.80	$ 2,226.45
Medicare Single	$ 311.79	$ 276.18
Medicare Family	$ 621.50	$ 546.28

Mortality: Mortality rates used in the CUNY valuation assume different pre-retirement and post-retirement mortality. Pre-retirement and post-retirement mortality is based on the experience under the NYSTRS. In order to reflect future mortality improvement, the mortality is projected generationally using Scale MP-2014.

(c) Total OPEB Liability

The total OPEB Liability for the University as of June 30, 2018 was determined as follows (amounts in thousands):

Balance at 6/30/2017	$	1,506,248
Service Cost		106,623
Interest		49,978
Differences between expected and actual experience		(4,201)
Changes in assumptions or other inputs		40,682
Benefit payments		(32,484)
Net Change in total OPEB liability		160,598
Balance at 6/30/2018	$	1,666,846

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability, as well as what the University's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.98 percent) or 1-percentage-point higher (3.98 percent) than the current discount rate as of June 30, 2018 (amounts in thousands):

		1% Decrease (1.98%)	Actual Discount rate (2.98%)	1% Increase (3.98%)
Toal OPEB Liability	$	1,977,228	1,666,846	1,422,719

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: For the health care cost trend rates, the Medicare and welfare trend is 5% whereas the pre-Medicare is 7.5%. The following presents the University's total OPEB liability, as well as what the University's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates (amounts in thousands):

		1% Decrease (6.5% and 4.0%)	Healthcare Cost Trend Rates (7.5% and 5.0%)	1% Increase (8.5% and 6.0%)
Toal OPEB Liability	$	1,348,421	1,666,846	2,128,444

(Continued)

(d) OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2018, CUNY recognized OPEB expense of approximately $160.6 million. As of June 30, 2018, the reported deferred outflows of resources and deferred inflows of resources related to OPEB were from the following sources (amounts in thousands):

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$	—	3,737
Changes in assumptions		36,187	—
Total	$	36,187	3,737

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

Fiscal years ending June 30:		
2019	$	4,031
2020		4,031
2021		4,031
2022		4,031
2023		4,031
2024		4,031
2025		4,031
2026		4,031
2027		202
Total		32,450

Blended Component Unit

RF-CUNY provides postemployment benefits, including salary continuance, to certain employees. The cost of these benefits is accrued over the employees’ years of service. RF-CUNY also provides certain healthcare benefits to retired employees (including eligible dependents) who have a combination of age and years of service equal to 70 with a minimum age of 55 and at least 10 years of continuous service. RF-CUNY accounts for postretirement benefits provided to retirees on an accrual basis during the period of their employment.

The following table sets forth RF-CUNY’s information with respect to the postretirement plan at June 30, 2018 (in thousands):

Benefit obligation	$	(154,504)
Fair value of plan assets		161,660
Funded status	$	7,156

(11) Commitments

The University has entered into contracts for the construction and improvement of various capital assets. At June 30, 2018, these outstanding contractual commitments were approximately $340.6 million.

The University is also committed under various operating leases covering real property and equipment. The following is a summary of the future minimum rental commitments under noncancelable real property (in thousands):

Contractual commitments		Principal amount
Fiscal year:		
2019	$	84,110
2020		85,872
2021		84,934
2022		85,332
2023		81,994
2024–2028		356,804
2029–2033		266,312
2034–2038		105,925
2039–2043		55,499
2044–2048		20,755
2049–2053		20,755
2054–2058		20,755
2059–2061		13,837
	$	1,282,884

For the year ended June 30, 2018, rent expense, including escalations of $14.8 million, was approximately $96.0 million.

(12) Litigation and Risk Financing

The University is involved with claims and other legal actions arising in the normal course of its activities, including several currently in litigation. Pursuant to the New York State Education Law, the State or City of New York (as applicable) shall save harmless and indemnify the University, members of its Board, and any duly appointed staff member against any claim, demand, suit, or judgment arising from such person performing his or her duties on behalf of the University. Further, any judgments rendered against such individuals will be paid from funds appropriated by the Legislature, which are separate and apart from the University’s operating funds. While the final outcome of the matters referred to above cannot be determined at this time, management is of the opinion that the ultimate liability, if any, will not have a material effect on the financial position of the University.

Liabilities for claims are accrued when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated.

CUNY 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. CUNY's residence hall facilities are covered by insurance. However, in general, CUNY does not insure its educational buildings, contents, or related risks and does not insure its equipment for claims and assessments arising from bodily injury, property damages, and other perils. Unfavorable judgments, claims, or losses incurred by CUNY are covered by the State or City on a self-insured basis. The State and City do have fidelity insurance on State/City employees.

(13) Financial Dependency

Appropriations from the State of New York and the City of New York are significant sources of revenue to the University. Accordingly, the University is economically dependent on these appropriations to carry on its operations.

(14) Support Agreements

CUNY has entered into support agreements for the repayment of debt obligations with four entities which include City College Dormitory, Graduate Center Foundation Housing Corporation, LLC, Q Student Residences, LLC, and College of Staten Island (CSI) Student Housing, LLC. CUNY has not recorded a liability for these guarantees since the criteria included in GASB 70 have not been met.

City College Dormitory

During 2005, the University entered into a support agreement with DASNY in connection with the issuance of CUNY Student Housing Project Insured Revenue Bonds, Series 2005 (Series 2005 Bonds). The Series 2005 Bonds have a par value of $63,050,000 and were issued to fund a nonrecourse loan from DASNY to Educational Housing Services, Inc. to finance construction of a student residence building on the campus of City College. Under the terms of the support agreement, the University has agreed to unconditionally guarantee the loan and transfer to the trustee amounts required to replenish deficiencies related to debt service payments and debt service reserve funds. The obligations of CUNY shall terminate upon the payment or legal defeasance of all of the Series 2005 bonds.

Graduate Center Foundation Housing Corporation, LLC

During 2010, the University entered into a support agreement with New York City Housing Development Corporation and Manufacturers and Traders Trust Company in connection with the issuance of $14,370,000 Multi-Family Housing Revenue Bonds, 2010 Series C. The bonds were issued to finance a housing facility for students, faculty, staff, and employees at the Graduate Center. Under the terms of the support agreement, the University has agreed to unconditionally guarantee the loan payments due from the Graduate Center Foundation Housing Corporation to New York City Housing Development Corporation.

For further information on the support agreements with Q Student Residences, LLC and CSI Student Housing, LLC, see note 17(e).

(15) Subsequent Events

On July 19, 2018, DASNY issued refunding bonds with par value of $103,335,000 and original issued premium of $13,948,255 on behalf of the University. On October 12, 2018, DASNY issued bonds for new construction with a par value of $298,265,000 and original issued premium of $39,912,908 on behalf of the University.

(16) Condensed Combining Financial Statement Information

The condensed combining statements of net position, revenues, expenses and changes in net position, and cash flows for the University and blended component units as of and for the year ended June 30, 2018 are as follows:

Condensed statement of net position (in thousands):

	University	RF-CUNY	CUCF	Eliminations	Total
Current assets	$ 1,491,093	286,078	51,923	—	1,829,094
Other noncurrent assets	487,130	61,343	17,928	—	566,401
Capital assets	6,082,757	44,483	—		6,127,240
Total assets	8,060,980	391,904	69,851	—	8,522,735
Deferred outflows of resources	152,720	—	—	—	152,720
Current liabilities	1,151,118	277,897	55,483	(94,830)	1,389,668
Noncurrent liabilities	7,870,856	62,921	999	—	7,934,776
Total liabilities	9,021,974	340,818	56,482	(94,830)	9,324,444
Deferred inflows of resources	174,826	—	—	—	174,826
Net investment in capital assets	885,571	(19,744)	3,006	—	868,833
Restricted:					
Nonexpendable	66,734	—	—	—	66,734
Expendable	305,808	—	—	—	305,808
Unrestricted	(2,241,213)	70,830	10,363	94,830	(2,065,190)
Total net (deficit) position	$ (983,100)	51,086	13,369	94,830	(823,815)

Condensed statement of revenues, expenses and changes in net position (in thousands):

Description	University	RF-CUNY	CUCF	Eliminations	Total
Operating revenues:					
Tuition and fees, net	$ 757,030	—	—	—	757,030
Grants and contracts	1,034,643	499,534	—	(27,193)	1,506,984
Other operating revenues	31,674	48,924	15,296	(39,409)	56,485
Total operating revenues	1,823,347	548,458	15,296	(66,602)	2,320,499
Operating expenses:					
Other operating expenses	4,111,224	527,610	15,308	(82,871)	4,571,271
Depreciation and amortization	246,823	2,247	—	—	249,070
Total operating expenses	4,358,047	529,857	15,308	(82,871)	4,820,341
Operating (loss) gain	(2,534,700)	18,601	(12)	16,269	(2,499,842)
Nonoperating revenues (expenses):					
Government appropriations	2,042,159	—	—	—	2,042,159
Gifts and grants	8,197	—	16	(16)	8,197
Investment income, net	11,693	737	105	(5)	12,530
Interest expense	(219,839)	(3,174)	(6)	6	(223,013)
Net appreciation in fair value of investments	13,024	144	—	—	13,168
Other nonoperating revenues (expenses), net	32,904	—	(179,271)	175,687	29,320
Total nonoperating revenues (expenses), net	1,888,138	(2,293)	(179,156)	175,672	1,882,361
(Loss) gain before other revenues	(646,562)	16,308	(179,168)	191,941	(617,481)
Capital appropriations	508,129	—	179,269	(182,011)	505,387
Additions to permanent endowments	1,074	—	—	—	1,074
Transfer to University (from Foundation)	3,927	—	—	—	3,927
Total other revenues	513,130	—	179,269	(182,011)	510,388
(Decrease) increase in net position	(133,432)	16,308	101	9,930	(107,093)
Net (deficit) position at beginning of year, as previously reported	(150,064)	34,778	13,268	84,900	(17,118)
Effect of adoption of GASB 75 (note 2(b))	(699,604)	—	—	—	(699,604)
Net (deficit) position at beginning of year, as restated	(849,668)	34,778	13,268	84,900	(716,722)
Net (deficit) position, end of year	$ (983,100)	51,086	13,369	94,830	(823,815)

Condensed statement of cash flows (in thousands):

Description		University	RF-CUNY	CUCF	Eliminations	Total
Net cash (used) provided by:						
Operating activities	$	(2,012,572)	15,846	(10,152)	—	(2,006,878)
Noncapital financing activities		2,067,992	—	—	—	2,067,992
Capital and related financing activities		(34,173)	(2,622)	(3)	—	(36,798)
Investing activities		31,378	(1,245)	—	—	30,133
Net increase (decrease) in cash and cash equivalents		52,625	11,979	(10,155)	—	54,449
Cash and cash equivalents at beginning of year		496,072	150,989	33,095	—	680,156
Cash and cash equivalents at end of year	$	548,697	162,968	22,940	—	734,605

(17) Discretely Presented Component Units

The University's discretely presented component units consist of college separately incorporated foundations, auxiliary service corporations, student association organizations, child care centers, and other related entities. These supporting organizations are legally separate entities that provide services which support both academic and general needs of the colleges and their students. Their activities are funded through donor contributions, student activity fees, fees for services provided, special fund raising events, and earnings on investments.

The accounting policies of the discretely presented units conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities. All of the discretely presented component units follows GASB accounting pronouncements except the foundations, which follow applicable Financial Accounting Standards Board (FASB) standards. The financial statements of the discretely presented component units are presented using the GASB presentation in the accompanying financial statements. Separately issued financial statements of the component unit entities may be obtained by writing to: The City University of New York, Office of the University Controller, 230 West 41st Street, 5th Floor, New York, NY 10036.

(a) Summary of Significant Accounting Policies

(i) Contribution Revenue

Contributions received, including unconditional promises to give, are recognized at fair value in the period received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows. Amortization of the discounts is included in contribution revenue. Contributions are considered available for unrestricted use unless specifically restricted by the donors.

(ii) Split Interest Agreements

(1) Charitable Gift Annuities

Several of the foundations have received contributions from donors in exchange for a promise by the foundations to pay a fixed amount to the donor or other individuals over a specified period of time (normally the donor's or other beneficiary's life) and are recognized at fair value when received. The annuity payment liability is recognized at the present value of future cash payments expected to be paid. The net of these two amounts is recorded as contribution income.

(2) Charitable Remainder Trusts

Several of the foundations have received charitable remainder trusts of various types, which are received by the college during the lifetime of the grantor, and carry with them the obligation to pay the grantor an annuity during his or her lifetime. Upon the death of the grantor, the trust is terminated, and the remaining value becomes the property of the foundation.

(b) Investments

Investments of the discretely presented component units are carried at fair value and are presented by investment type below.

Investment type		Amount
Cash and cash equivalents	$	24,121
Certificates of deposits		5,400
CUNY investment pool		39,664
Equities		64,725
International bonds		218
Mutual funds:		
Equity securities		393,425
Fixed income		112,850
U.S. Corporate bonds		34,341
U.S. Government bonds		30,046
U.S. Treasury notes		1,120
Other investments		19,406
Investments measured at NAV:		
Event driven hedge funds		21,273
Global equity		18,139
Global equity long/short hedge funds		19,404
Limited partnership/liability company		25,613
Multiple common trust fund		16,303
Multi-strategy funds		15,259
Private investment		18,702
U.S. fixed income		4,487
Total investments	$	864,496

The separately issued financial statements of the discretely presented component units provide the fair value hierarchy disclosure information. The summarized categories include investments in Level 1 totaling $619.3 million, Level 2 totaling $49.0 million, and Level 3 totaling $57.0 million. Total investments measured at NAV are $139.2 million and are redeemable ranging from daily to 3 years with redemption notice periods of 10 to 95 days.

(c) Contributions Receivable

Unconditional promises to give are recorded as contributions receivable, and in most cases are discounted over the payment period using the applicable discount rate in effect at the time of the contribution. Contributions receivable due in fiscal year 2019 amount to $59.2 million and are recorded in current receivables. Contributions receivable that are due in fiscal year 2020 and later amount to $44.6 million and are recorded in long-term receivables. At June 30, 2018, contributions receivable consisted of (in thousands):

		Amount
Contributions receivable	$	118,072
Less allowance for doubtful accounts		6,675
Less discount to present value		7,623
Contributions receivable, net	$	103,774

(d) Capital Assets

Capital assets consist of the following at June 30, 2018 (in thousands):

		June 30, 2017	Additions	Reductions	June 30, 2018
Building and building improvements	$	160,039	2,536	1,112	161,463
Equipment		18,542	1,041	1,016	18,567
Land		22,642	—	—	22,642
Land improvements		3,886	151	—	4,037
Works of art and historical treasures		3,934	77	—	4,011
Total capital assets		209,043	3,805	2,128	210,720
Less accumulated depreciation:					
Building and building improvements	$	29,727	3,972	785	32,914
Equipment		17,921	1,229	862	18,288
Land improvements		2,136	245	—	2,381
Total accumulated depreciation		49,784	5,446	1,647	53,583
Total capital assets, net	$	159,259	(1,641)	481	157,137

(e) Long-term Debt

Three of the discretely presented component units have long-term debt which the University, through separate support agreements, guarantees the repayment of this debt (see note 14).

1) Q Student Residences, LLC – Original issue $65.2 million Revenue Refunding Bonds through Build NYC Revenue Corporation with interest rates ranging from 0.55% to 5.0%.

2) College of Staten Island Housing, LLC – Original issue $67.8 million issued through New York City Housing Development Corporation with an interest rate of 4.171%.

3) The Graduate Center Foundation:

   a) The Graduate Center Foundation Housing Corporation, LLC has a $14.4 million loan from New York City Housing Development Corporation for the construction of a building which is secured by the building. Interest is charged at 5.65% on the outstanding balance.

   b) The Graduate Center Foundation Housing Corporation LIC obtained a two year loan from Amalgamated bank totaling $8.4 million to purchase land in 2015. The loan was secured by the land. This loan was refinanced in 2018 with the proceeds of the loan described below.

   c) The Graduate Center Foundation Housing Corporation LIC obtained a two year loan from Amalgamated bank totaling $7.6 million in 2018. The loan is secured by the land.

The following is a summary of future minimum payments under these agreements at June 30, 2018:

Loans and bonds		Principal	Interest		Total
Fiscal year:					
2019	$	1,869	6,373		8,242
2020		2,025	6,322		8,347
2021		10,052	6,259		16,311
2022		3,005	6,174		9,179
2023		3,213	6,078		9,291
Thereafter		128,099	78,269		206,368
Total minimum loan payment	$	148,263	109,475		257,738
Less amount representing interest					(109,475)
					148,263
Plus unamortized bond premium					6,552
Carrying amount of obligations				$	154,815

THE CITY UNIVERSITY OF NEW YORK

Required Supplementary Information (Unaudited)

Schedule of Employer Contributions

June 30, 2018

(In thousands)

New York City Employees' Retirement System

		2018	2017	2016	2015
Contractually required contribution	$	44,828	38,839	41,980	38,587
Contributions in relation to the contractually required contribution		44,828	38,839	41,980	38,587
Contribution deficiency (excess)		—	—	—	—
University employee covered-payroll at University year-end		238,430	222,976	217,088	214,226
Contributions as a percentage of employee covered payroll		18.80%	17.42%	19.34%	18.01%

Teachers' Retirement System of The City of New York

		2018	2017	2016	2015
Contractually required contribution	$	102,115	84,575	102,884	84,468
Contributions in relation to the contractually required contribution		102,115	84,575	102,884	84,468
Contribution deficiency (excess)		—	—	—	—
University employee covered-payroll at University year-end		211,348	179,810	189,767	174,983
Contributions as a percentage of employee covered payroll		48.32%	47.04%	54.22%	48.27%

*Information provided for Required Supplementary Information will be provided for ten years, as the information becomes available in subsequent years.

See accompanying independent auditors' report.

THE CITY UNIVERSITY OF NEW YORK

Required Supplementary Information (Unaudited)

Schedule of Proportionate Share of the Net Pension Liability

June 30, 2018

(In thousands)

New York City Employees' Retirement System

		2018	2017	2016	2015
University proportion share of the net pension liability		1.327%	1.167%	1.247%	1.221%
University proportionate share of the net pension liability	$	234,039	242,344	302,981	247,140
University employee covered-payroll at measurement date		238,430	222,976	217,088	214,226
University proportionate share of the net pension liability as a percentage of the employee covered-payroll		98.2%	108.7%	139.6%	115.4%
Plan fiduciary net position as a percentage of the total pension liability		78.82%	74.80%	69.57%	73.13%

Teachers' Retirement System of The City of New York

		2018	2017	2016	2015
University proportion of the net pension liability		2.625%	2.175%	2.779 %	2.540%
University proportionate share of the net pension liability	$	491,163	505,200	732,857	527,957
University employee covered-payroll at measurement date		211,348	179,810	189,767	174,983
University proportionate share of the net pension liability as a percentage of the employee covered-payroll		232.4%	281.0%	386.2%	301.7%
Plan fiduciary net position as a percentage of the total pension liability		74.45%	68.32%	62.33 %	68.04%

*Information provided for Required Supplementary Information will be provided for ten years, as the information becomes available in subsequent years.

See accompanying independent auditors' report.

THE CITY UNIVERSITY OF NEW YORK

Required Supplementary Information (Unaudited)

Schedule of Changes in Total OPEB Liability and Related Ratios

June 30, 2018

(In thousands)

		2018
Total OPEB Liability		
Service Cost	$	106,623
Interest		49,978
Differences between expected and actual experience		(4,201)
Changes in assumptions or other inputs		40,682
Benefit payments		(32,484)
Net change in total OPEB liability		160,598
Total OPEB liability - Beginning		1,506,248
Total OPEB liability - Ending	$	1,666,846
Employee covered - payroll	$	1,151,286
Total OPEB liability as a percentage of covered-employee payroll		144.78%

*Information provided for Required Supplementary Information will be provided for ten years, as the information becomes available in subsequent years.

See accompanying independent auditors' report.

Notes to Schedule:
1. *Changes of assumptions.* Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate used to determine the June 30, 2017 total OPEB liability was 3.13%. The discount rate used to determine the June 30, 2018 total OPEB liability was 2.98%.

THE CITY UNIVERSITY OF NEW YORK

Schedule of Net Position Information – Senior and Community Colleges

June 30, 2018

(In thousands)

		Business-type activities	
	Senior colleges	Community colleges	Total University
Assets:			
Current assets:			
Cash and cash equivalents	$ 674,750	59,855	734,605
Short-term investments	67,836	6,112	73,948
Restricted deposits held by bond trustees	141,215	17,321	158,536
Restricted amounts held by the Dormitory Authority of the State of New York	75,333	33,519	108,852
Receivables, net	595,025	144,355	739,380
Prepaid expenses and other current assets	9,690	4,083	13,773
Total current assets	1,563,849	265,245	1,829,094
Noncurrent assets:			
Restricted cash	8,222	12,368	20,590
Long-term investments, unrestricted	88,427	14,561	102,988
Long-term investments, restricted	169,647	18,619	188,266
Restricted deposits held by bond trustees	162,709	69,988	232,697
Long-term receivables, net	12,897	682	13,579
Capital assets, net	5,210,000	917,240	6,127,240
OPEB Assets	5,294	1,862	7,156
Other noncurrent assets	1,125	—	1,125
Total noncurrent assets	5,658,321	1,035,320	6,693,641
Total assets	7,222,170	1,300,565	8,522,735
Deferred outflows of resources:			
OPEB related	36,187	—	36,187
Pension liabilities	48,392	—	48,392
Interest rate swap agreements	34,893	5,045	39,938
Deferred amount on debt refundings	22,951	5,252	28,203
Total deferred outflows of resources	142,423	10,297	152,720
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	599,490	131,519	731,009
Compensated absences	92,562	30,292	122,854
Unearned tuition and fees revenue	63,735	6,318	70,053
Accrued interest payable	75,087	10,041	85,128
Current portion of long-term debt	165,596	17,818	183,414
Unearned grant revenue	100,070	9,988	110,058
Other current liabilities	30,349	18,134	48,483
Deposits held in custody for others	19,271	19,398	38,669
Total current liabilities	1,146,160	243,508	1,389,668
Noncurrent liabilities:			
Compensated absences	54,344	18,505	72,849
Total OPEB liability	1,666,846	—	1,666,846
Long-term debt	4,776,573	601,393	5,377,966
Federal refundable loans	8,700	251	8,951
Pension liabilities	725,202	—	725,202
Interest rate swap agreements	34,893	5,045	39,938
Other noncurrent liabilities	22,296	20,728	43,024
Total noncurrent liabilities	7,288,854	645,922	7,934,776
Total liabilities	8,435,014	889,430	9,324,444
Deferred inflows of resources:			
OPEB related	3,737	—	3,737
Pension liabilities	171,089	—	171,089
Total deferred inflows of resources	174,826	—	174,826
Net (deficit) position:			
Net investment in capital assets	498,131	370,702	868,833
Restricted:			
Nonexpendable	51,650	15,084	66,734
Expendable:			
Debt service	61,604	6,135	67,739
Scholarships and general educational support	125,962	4,258	130,220
Loans	8,121	1,915	10,036
Other	71,439	26,374	97,813
Unrestricted	(2,062,154)	(3,036)	(2,065,190)
Total net (deficit) position	$ (1,245,247)	421,432	(823,815)

See accompanying independent auditors' report.

THE CITY UNIVERSITY OF NEW YORK

Schedule of Revenues, Expenses, and Changes in Net Position Information -
Senior and Community Colleges

Year ended June 30, 2018

(In thousands)

	Business-type activities		
	Senior colleges	**Community colleges**	**Total University**
Revenues:			
Operating revenues:			
Tuition and fees (net of scholarship allowances of $986,470)	$ 631,356	125,674	757,030
Grants and contracts:			
Federal	504,735	273,746	778,481
New York State	275,426	131,008	406,434
New York City	186,795	10,023	196,818
Private	105,144	20,107	125,251
Total grants and contracts	1,072,100	434,884	1,506,984
Sales and services of auxiliary enterprises	4,360	—	4,360
Other operating revenues	44,189	7,936	52,125
Total operating revenues	1,752,005	568,494	2,320,499
Expenses:			
Operating expenses:			
Instruction	1,418,534	603,443	2,021,977
Research	180,308	3,605	183,913
Public service	25,115	19,850	44,965
Academic support	198,395	58,418	256,813
Student services	272,385	134,685	407,070
Institutional support	423,310	235,112	658,422
Operation and maintenance of plant	341,836	153,413	495,249
Scholarships and fellowships	218,121	122,844	340,965
Auxiliary enterprises	1,299	—	1,299
Depreciation and amortization expense	215,372	33,698	249,070
OPEB expense	160,598	—	160,598
Total operating expenses	3,455,273	1,365,068	4,820,341
Operating (loss) gain	(1,703,268)	(796,574)	(2,499,842)
Nonoperating revenues (expenses):			
Government appropriations/transfers:			
New York State	1,260,169	255,984	1,516,153
New York City	57,000	469,006	526,006
Gifts and grants	6,895	1,302	8,197
Investment income, net	11,610	920	12,530
Interest expense	(202,712)	(20,301)	(223,013)
Net appreciation in fair value of investments	11,884	1,284	13,168
Other nonoperating (expenses) revenues, net	(15,526)	44,846	29,320
Net nonoperating revenues, net	1,129,320	753,041	1,882,361
Loss before other revenues	(573,948)	(43,533)	(617,481)
Capital appropriations	413,598	91,789	505,387
Additions to permanent endowments	1,074	—	1,074
Transfer to University (from Foundation)	3,912	15	3,927
Total other revenues	418,584	91,804	510,388
(Decrease) increase in net position	(155,364)	48,271	(107,093)
Net (deficit) position at beginning of year, as previously reported	(390,279)	373,161	(17,118)
Effect of adoption of GASB 75 (note 2(b))	(699,604)	—	(699,604)
Net (deficit) position at beginning of year, as restated	(1,089,883)	373,161	(716,722)
Net (deficit) position, end of year	$ (1,245,247)	421,432	(823,815)

See accompanying independent auditors’ report.

THE CITY UNIVERSITY OF NEW YORK

Schedule of Cash Flow Information – Senior and Community Colleges

Year ended June 30, 2018

(In thousands)

		Business-type activities	
	Senior colleges	Community colleges	Total University
Cash flows from operating activities:			
Collection of tuition and fees	$ 644,680	136,909	781,589
Collection of grants and contracts	1,068,970	439,562	1,508,532
Collection of loans from students	4,569	1,011	5,580
Sales and services of auxiliary enterprises	4,360	—	4,360
Collection of other operating revenues	40,208	3,942	44,150
Payments to suppliers	(210,090)	(221,046)	(431,136)
Payments for utilities	(80,809)	(28,002)	(108,811)
Payments to employees	(1,788,582)	(676,010)	(2,464,592)
Payments for benefits	(431,580)	(188,981)	(620,561)
Payment for pensions	(249,729)	(82,625)	(332,354)
Payments for scholarships and fellowships	(218,121)	(122,844)	(340,965)
Payments for OPEB	(38,912)	(2,066)	(40,978)
Loans made to students and federal loan funds repaid	(7,584)	(4,108)	(11,692)
Net cash flows used by operating activities	(1,262,620)	(744,258)	(2,006,878)
Cash flows from noncapital financing activities:			
New York State and New York City appropriations/transfers	1,303,435	721,873	2,025,308
Gifts and grants for other than capital purposes	6,895	1,302	8,197
Private gifts for endowment purposes	1,074	—	1,074
Decrease in deposits held in custody for others	(3,176)	(1,501)	(4,677)
(Payment to) receipt from third parties	(8,263)	46,353	38,090
Net cash flows provided by noncapital financing activities	1,299,965	768,027	2,067,992
Cash flows from capital and related financing activities:			
Proceeds from capital debt	703,972	149,428	853,400
Capital appropriations	413,598	91,789	505,387
Purchases of capital assets	(382,657)	(91,269)	(473,926)
Principal paid on capital debt	(141,499)	(21,147)	(162,646)
Principal amount refunded	(301,183)	(64,424)	(365,607)
Interest paid on capital debt	(224,380)	(25,587)	(249,967)
Amounts paid for bond issuance costs	(7,030)	(1,507)	(8,537)
Increase in restricted deposits held by bond trustees	(70,465)	(51,366)	(121,831)
Increase in restricted amounts held by the Dormitory Authority of the State of New York	(16,713)	(285)	(16,998)
Transfer to/ from foundations	3,912	15	3,927
Net cash flows used by capital and related financing activities	(22,445)	(14,353)	(36,798)
Cash flows from investing activities:			
Investment income	11,610	920	12,530
Proceeds from sales and maturities of investments	234,945	15,018	249,963
Purchases of investments	(222,186)	(16,438)	(238,624)
Decrease (increase) in restricted cash	11,802	(5,538)	6,264
Net cash flows provided (used) by investing activities	36,171	(6,038)	30,133
Increase in cash and cash equivalents	51,071	3,378	54,449
Cash and cash equivalents at beginning of year	623,679	56,477	680,156
Cash and cash equivalents at end of year	$ 674,750	59,855	734,605

(Continued)

THE CITY UNIVERSITY OF NEW YORK

Schedule of Cash Flow Information – Senior and Community Colleges

Year ended June 30, 2018

(In thousands)

	Business-type activities		
	Senior colleges	Community colleges	Total University
Reconciliation of operating loss to net cash flows used by operating activities:			
Operating loss	$ (1,703,268)	(796,574)	(2,499,842)
Adjustments to reconcile operating loss to net cash flows used by operating activities:			
Depreciation and amortization expense	215,372	33,698	249,070
Bad debt expense	848	1,446	2,294
Change in operating assets and liabilities:			
Receivables	(7,156)	2,323	(4,833)
Prepaid expenses and other assets	5,332	2,021	7,353
Accounts payable and accrued expenses	86,789	(5,593)	81,196
Unearned tuition and fees revenue	4,281	(591)	3,690
Compensated absences	12,677	3,907	16,584
Total OPEB liability	126,980	(204)	126,776
Pension related	(15,533)	—	(15,533)
Unearned grant revenue	5,225	5,644	10,869
Other liabilities	5,833	9,665	15,498
Net cash flows used by operating activities	$ (1,262,620)	(744,258)	(2,006,878)
Noncash transactions:			
Net appreciation in fair value of investments	$ 11,884	1,284	13,168

See accompanying independent auditors’ report.