THE CITY UNIVERSITY OF NEW YORK

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

June 30, 2015

(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, 2015, 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 27 of the 80 discretely presented component units, which represent approximately 92%, 92% and 60%, 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 27 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, 2015, 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 LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

Emphasis of Matter

As discussed in note 2(b) to the financial statements, in fiscal 2015, the University adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. 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 25 and the schedules of employer contributions and proportionate share of the net pension liability as of June 30, 2015 on pages 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 Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 24, 2015

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, 2015 and 2014, the results of its operations for the years then ended, and significant changes from the previous year. Prior year balances have been reclassified or restated to conform to the current year presentation. 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: eleven (11) senior colleges, seven (7) community colleges, and three (3) Graduate and Professional Schools, including the Schools of Professional Studies, Biomedical Education, and an Honors College. The University's financial statements 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 also includes twenty-five (25) college foundations, twenty (20) auxiliary enterprise corporations, twenty-four (24) student association organizations and eleven (11) 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 to be part of the University's reporting entity is included in note 1 of the financial statements.

City University of New York

The City University of New York provides high-quality, accessible education to 240,680 undergraduate and 28,957 graduate students at 24 schools across New York City. The University is an integrated system of senior and community colleges, graduate and professional schools, and research centers. 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. As CUNY has grown, the University also has strengthened its mission as a premier research institution.

CUNY's 24 constituent colleges, graduate and professional schools are located in the five boroughs of 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.

Highlights

Fiscal year 2015 was the first full fiscal year under a new Chancellor, James B. Milliken, who began his tenure on June 1, 2014. Additional leadership changes include the appointment of new presidents at Queens College, Felix V. Matos Rodriguez; Kingsborough Community College, Farley Herzek; the CUNY Graduate Center, Chase Robinson; Bronx Community College, Thomas A. Isekenegbe; and Hostos Community College, David Gomez.

During fiscal year 2015, the City of New York announced a major, new investment in CUNY's Accelerated Study in Associate Programs (ASAP) initiative. ASAP began in the Fall of 2007 with 1,132 CUNY community college students to pursue full-time study and attain an associate's degree within 3 years by providing a range of financial, academic and personal support. The program evaluations have shown graduation rates of 52% compared to 22% for comparison groups. The program has since been highlighted by President Barack Obama as a promising and evidence-based institutional reform that improves student outcomes. As a result of the success rate, in fiscal year 2015 ASAP was expanded from the community colleges to the three comprehensive colleges (College of Staten Island, Medgar Evers College and New York City College of Technology) to include approximately 4,000 students in fiscal year 2015, with plans to grow to more than 13,000 by fall 2017, reaching 25,000 students by 2018. Additional funding has been provided by New York City to support the increases in students.

Baruch College, Lehman College, John Jay College of Criminal Justice and Queens College have been recognized by the publication Washington Monthly as providing among the best values in higher education based on criteria that assess "their contribution to the public good in three broad categories: (1) social mobility (recruiting and graduating low-income students), (2) research (producing cutting-edge scholarship and Ph.D.'s) and (3) service (encouraging students to give something back to their country)."

CUNY continues to enhance student support and offerings to provide students with low tuition, high financial aid and scholarship awards and low student debt with high quality teaching and research opportunities.

Fiscal year 2015 saw a record number of student Fulbright awardees (17); faculty Fulbright awardees (14); NSF Graduate Research Fellowships (16); as well as prestigious Goldwater (5); Truman Scholarships (1); and Soros Fellowships for New Americans (5).

In support of the CUNY Decade of Science, the CUNY Advanced Science Research Center opened along with the City College Center for Discovery and Innovation in the Fall of 2014. These buildings have approximately 402,000 square feet for STEM (Science, Technology, Engineering and Math) research for CUNY faculty and students. In January 2015, Hunter College opened a floor in Weill Cornell Medical School's new Belfer Research Building. Hunter faculty scientists and students will conduct research in cancer biology, infectious diseases, bioinformatics, computational genomics, bio-imaging and nanotechnology.

In March 2015, The Brookdale Campus of Hunter College was transferred to the City of New York City in exchange for ownership of a property located at East 74th Street between York Avenue and the FDR Drive. DASNY Bonds, in the amount of $21.3 million were defeased in connection with the transfer and an accounting gain of $49.1 million has been recognized on the transfer. The plan is to build a CUNY/Hunter College Science and Health Professions Building on the 74th Street site to provide a science and nursing facility to train students and advance faculty research. Memorial Sloan Kettering, who purchased the adjacent property, plans to build an Outpatient Cancer Care Center. CUNY is partnering with Memorial Sloan Kettering in the construction of the foundation for both buildings which is expected to be completed in March 2017. Hunter College is continuing to use the Brookdale campus under a license from the City through August 2017 when the current programs located at the Brookdale campus are expected to temporarily relocate to available space at LaGuardia Community College.

In Spring 2015, the Chancellor launched a new strategic planning process, 21st Century CUNY. The goal of this new strategic framework is to guide the future growth, development and impact of the University and its constituent colleges. A committee of University presidents, faculty and students has been engaged to envision CUNY's best future and to determine how it will address the needs, interests and potential of the people, state and city it serves.

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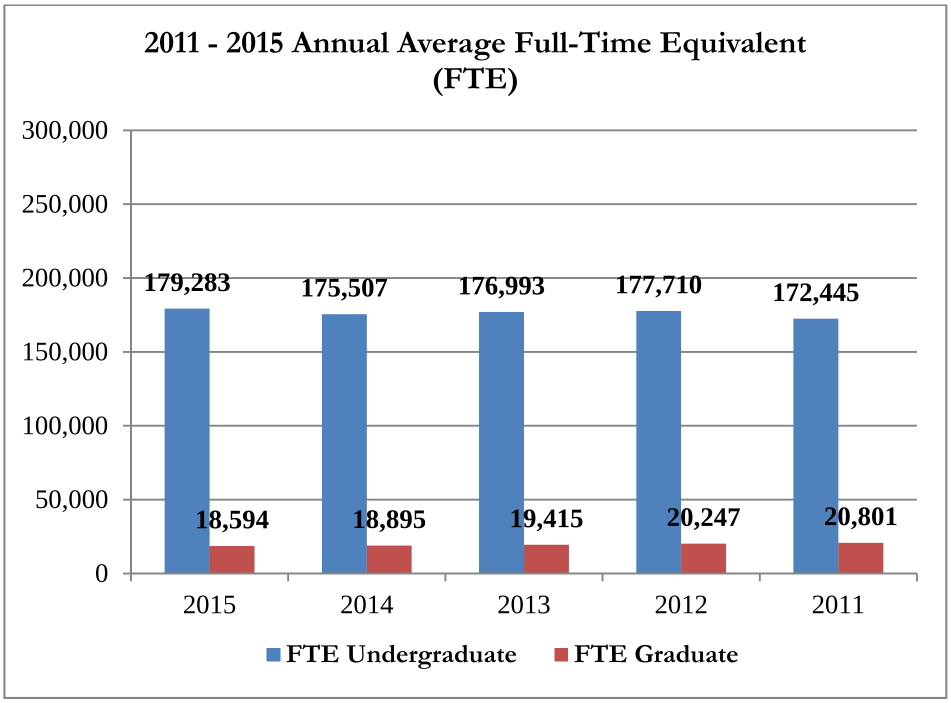
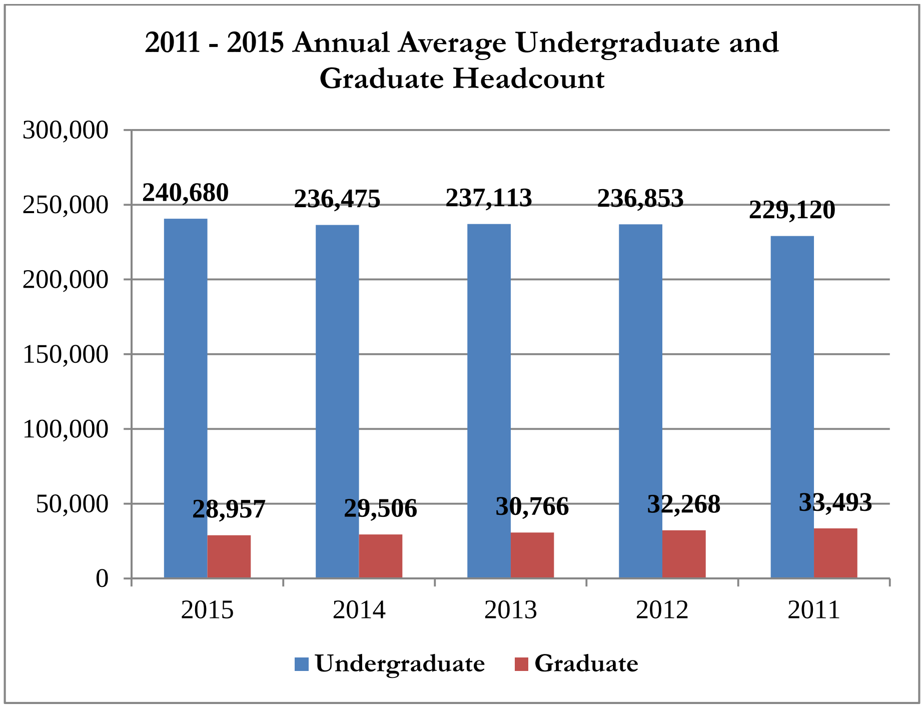
Fiscal year 2015 saw a 1.8% increase in Full-time equivalent (FTE) undergraduate and graduate student enrollment from 194,402 to 197,877. Graduation rates for the senior colleges (6 years) are 52.7% for entering freshmen and 62.4% for transfers, compared to the previous year when the graduation rate was 52.6% for entering freshmen and 60.7% for transfers. Graduation rates for the community colleges (3 years) are 16.9% for entering freshmen and 22.6% for transfers, compared to the previous year when the graduation rate was 16.1% for entering freshmen and 23.1% for transfers.

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





The University's Financial Position

This discussion and analysis is intended to serve as an introduction to the University's financial statements: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position is the University's balance sheet. It presents information on all of the University's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these four reported as net position. An institution's net position over time may serve as a useful indicator of its financial position. The University's net position is classified into three categories: 1) Net investment in capital assets, 2) Restricted, and 3) Unrestricted.

Changes from one year to the next in total net position as presented on the Statement of Net Position are based on the activity presented on the Statement of Revenues, Expenses, and Changes in Net Position which is the University's income statement. Revenues earned and expenses incurred during the year on an accrual basis are classified as either operating, non-operating, or other, which include capital and endowment items.

The Statement of Cash Flows presents the changes in the University's cash and cash equivalents during the most recent fiscal year and is prepared using the direct method.

In fiscal year 2015, the University changed its accounting for pensions with the implementation of new accounting standards. The University adopted Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* (GASB 68) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an* *amendment of GASB Statement No. 68* (GASB 71). Changes in accounting for pensions are designed to improve transparency regarding pension obligations by requiring recognition of a liability equal to the net pension liability for the University's defined benefit plans.

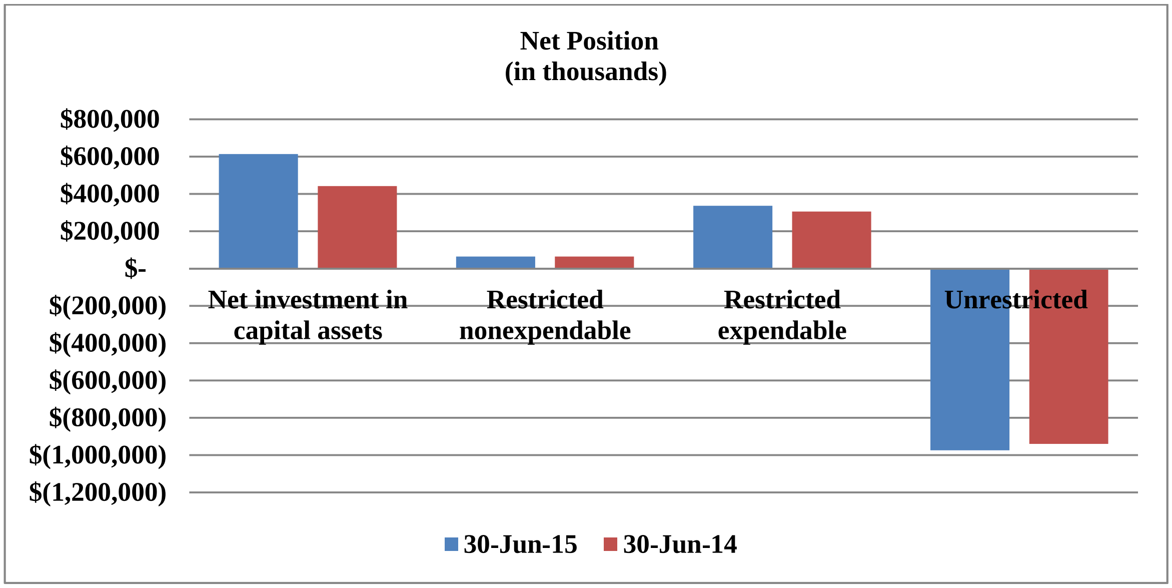
GASB 68 establishes a definition of a pension plan that reflects the primary activities associated with the pension arrangement - determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan participants as they come due. GASB 71 addresses an issue related to amounts associated with contributions, if any, made by a state or local government employer or non-employer contribution entity to a defined benefit pension after the measurement date of the government's beginning net pension liability and prior to the fiscal period being presented.

Employer contributions to New York City Employees' Retirement System (ERS) and the Teacher's Retirement System of the City of New York (TRS) are determined by the City of New York based on actuarially determined rates that are expressed as a percentage of annualized covered payroll and are designed to accumulate sufficient assets to pay benefits when due. The implementation of GASB 68 required the University to record a net pension liability on its statement of net position as of June 30, 2015 for its pro-rata share of the unfunded obligations of the retirement systems in which University employees participate. Prior year net position has been restated to reflect the adoption of GASB 68 in the amount of $887.9 million.

(Continued)

The major components of the University's assets, deferred outflow of resources, liabilities, deferred inflow of resources, and net position at June 30, 2015 and 2014:

	2015	2014
Assets	(in thousands)	
Cash and cash equivalents	$ 715,799	$ 720,523
Short-term investments	68,225	19,342
Restricted deposits held by bond trustee, current	233,854	182,787
Restricted deposits held by DASNY, current	73,297	56,153
Receivables, net, current	619,004	617,446
Prepaid assets and other current assets	9,860	17,201
Restricted cash	28,111	25,614
Long-term investments, unrestricted noncurrent	111,044	107,647
Long-term investments, restricted noncurrent	178,651	184,048
Restricted deposits held by bond trustee, noncurrent	322,974	244,992
Long-term receivables, net, noncurrent	24,993	29,737
Capital assets, net	5,453,296	5,213,175
Other noncurrent assets	2,149	6,715
Total assets	**$ 7,841,257**	**$ 7,425,380**
Deferred outflows of resources		
Pension related	100,636	-
Interest rate swap agreements	71,401	73,431
Debt refunding	50,970	64,679
Total deferred outflows of resources	**223,007**	**138,110**
Total assets and deferred outflows of resources	**$ 8,064,264**	**$ 7,563,490**
Liabilities		
Accounts payable and accrued expenses	$ 600,421	$ 641,367
Compensated absences, current	99,592	96,442
Unearned tuition and current fees revenue	72,373	75,924
Accrued interest payable	84,468	83,944
Current portion of long-term debt	289,362	228,604
Unearned grant revenue	97,722	100,893
Other current liabilities	59,601	43,052
Deposits held in custody for others	32,292	53,918
Compensated absences, noncurrent	35,745	31,851
OPEB liability	614,547	523,596
Long-term debt	4,949,536	4,805,899
Federal refundable loans	31,240	29,097
Interest rate swap agreements	71,401	73,431
Other noncurrent liabilities	43,956	16,176
Net pension liabilities	775,097	653,169
Total liabilities	**$ 7,857,353**	**$ 7,457,363**
Deferred inflows of resources		
Pension related	$ 178,048	$ 234,689
Total liabilities and deferred inflows of resources	**$ 8,035,401**	**$ 7,692,052**
Net position (deficit)		
Net investments in capital assets	$ 613,726	$ 441,610
Restricted		
Nonexpendable	64,221	64,240
Expendable	336,598	305,652
Unrestricted	(985,682)	(940,064)
Total net position (deficit)	**$ 28,863**	**$ (128,562)**



CUNY’s total net position increased by $157.4 million, or 122.0%, between June 30, 2014 and June 30, 2015. The change is primarily attributable to an increase in net investment in capital assets of $172.1 million due to the ongoing capital program for new facilities, improvements, equipment and software and an increase in restricted expendable of $30.9 million due to increases in scholarships and debt service and a $45.6 million decrease in unrestricted due to the effect of the adoption of GASB 68.

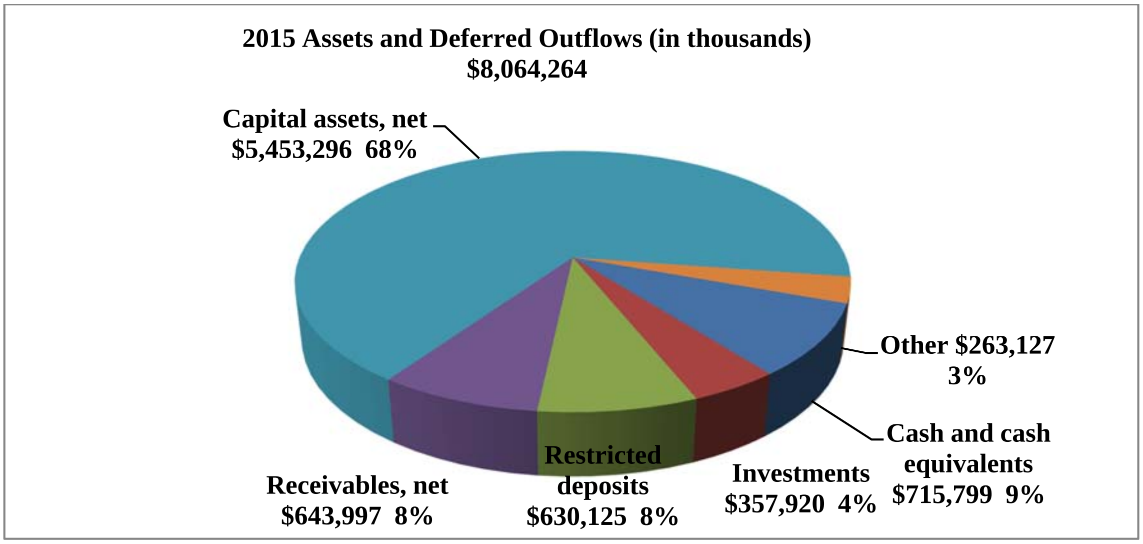
Net investment in capital assets represents the University’s capital assets net of accumulated depreciation and outstanding principal balances of debt related to the acquisition, construction, or improvement of those assets.

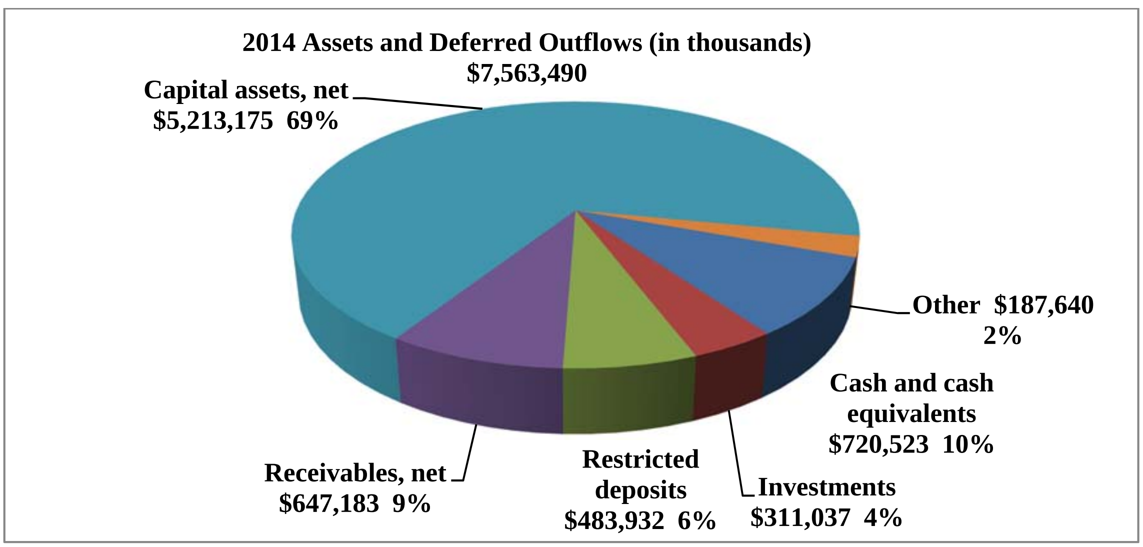
Restricted nonexpendable net position includes permanent endowment gifts from donors. Restricted expendable includes the net position restricted for operations, facilities and student loan programs.

Several nonfinancial factors are also relevant to the University’s financial health. These include changes in the number and quality of its applicants, size of the first-year class, number of full-time faculty, student retention, and graduation rates, building conditions, and campus safety.

Assets and Deferred Outflows of Resources

At June 30, 2015, the University's total assets and deferred outflows increased by $500.8 million, 6.6% when compared to the June 30, 2014 balance. The variance is primarily attributable to a $240.1 million increase in capital assets net of accumulated depreciation, a $146.2 million increase in current and noncurrent restricted deposits held by both the bond trustee and the Dormitory Authority of New York State, a $84.9 million increase in a deferred outflow of resources related to pensions and a $48.9 million increase in short-term investments.





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, and equipment, reduced by related depreciation. Capital assets increased by $240.1 million primarily due to capital asset additions of $481.0 million offset by depreciation and amortization expense of $240.9 million. The most significant addition in fiscal year 2015 is the land acquisition for the property located at East 74th Street between York Avenue and FDR Drive.

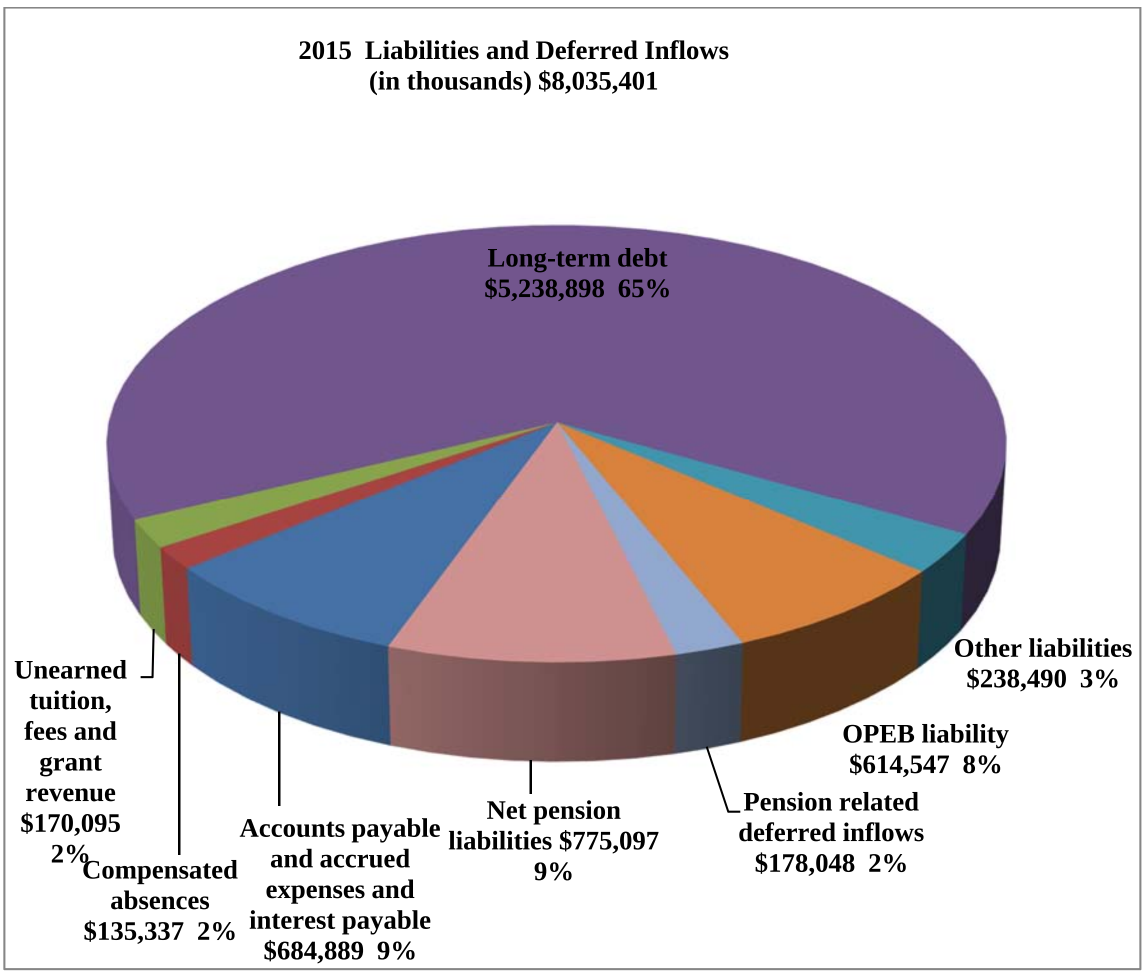
Restricted deposits held by bond trustee increased due to issuing new debt and refinancing old debt to fund CUNY's $3 billion capital construction program which includes ongoing maintenance and a program of rehabilitation on nearly every campus.

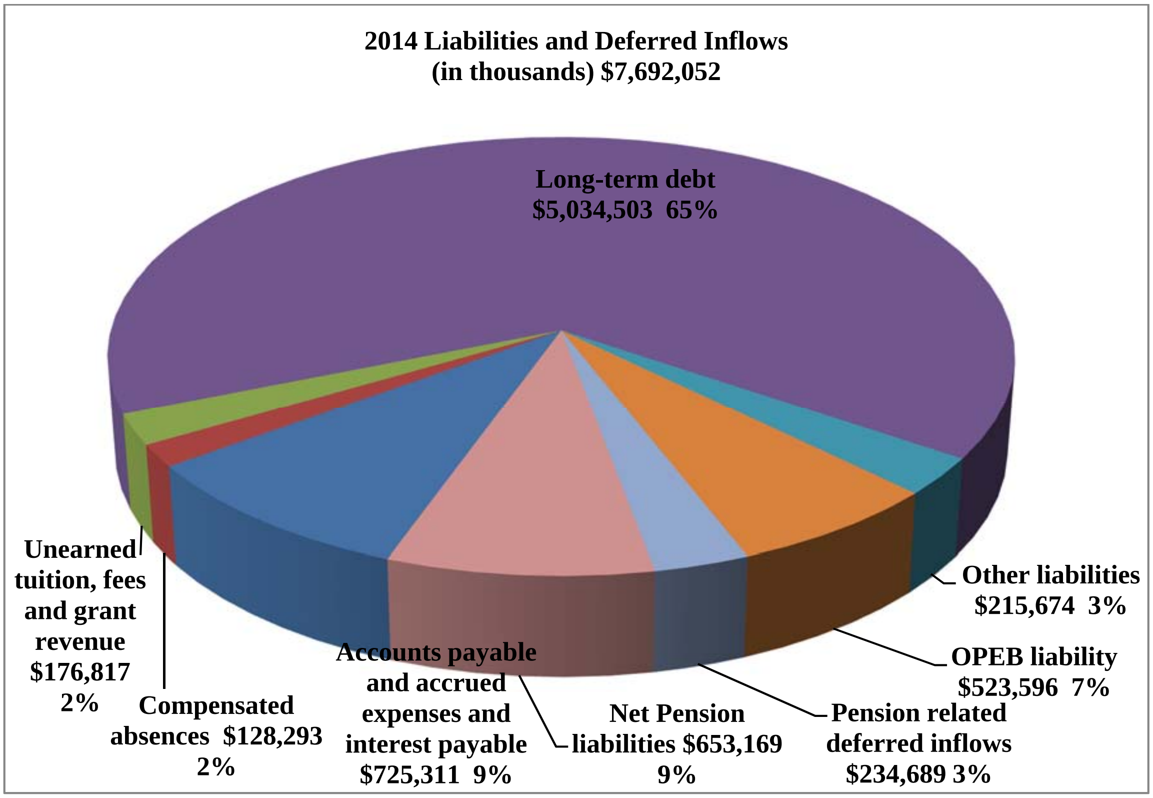
Deferred outflow of resources increased by $84.9 million due to the adoption of GASB 68 creating a deferred outflow of $100.6 million reflecting the difference between projected and actual investment results and change in proportionate share, and actuarial gains and losses offset by lower deferred outflows from debt refunding.

Short-term investments increased by $48.9 million as a result of implementing a Short Term Investment Pool in an effort to increase earnings from available cash and cash equivalents.

Liabilities and Deferred Inflows of Resources

At June 30, 2015, the University's total liabilities and deferred inflows increased by $343.4 million, or 4.5%, from the June 30, 2014 balance. The variance was primarily attributable to increases in long-term debt of $204.4 million, a $91.0 million increase in OPEB, and a $121.9 million increase in net pension liabilities offset by a $40.4 million decrease in accounts payable, accrued expenses and interest payable. The following summarizes the liabilities at June 30, 2015 and 2014:





The most significant fluctuations are discussed below:

Total long-term debt increased by $204.4 million, or 4.1%, between fiscal years 2015 and 2014. The 2015 variance reflects $758.7 million in new debt issued through DASNY, offset by the retirement of $526.3 million in debt, and $28.0 million in the amortization of debt service payments.

Net pension liabilities increased by $121.9 million from the adoption of GASB 68 and 71, see note 9 of the accompanying notes for further details.

OPEB liability increased by $91.0 million, $27.0 million from an experience study which changed actuarial assumptions such as mortality and length of service and $64.0 million due to increases in annual cost.

Accounts payable and accrued expenses and interest payable decreased by $40.4 million due to the timing and payment of expenses.

The University's Results of Operations

Statement of Revenues, Expenses, and Changes in Net Position

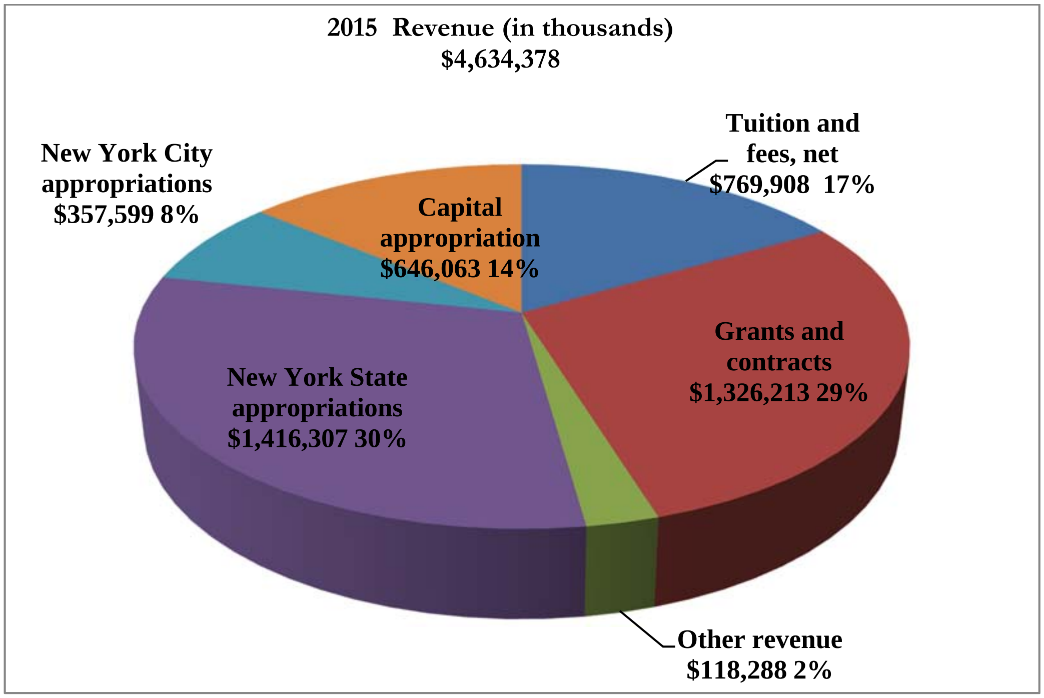
The Statement of Revenues, Expenses, and Changes in Net Position is a presentation of the University's results. It indicates whether the financial condition has improved or deteriorated. In accordance with GASB requirements, certain significant revenues relied upon and budgeted for fundamental operational support of the core instructional mission of the University are required to be recorded as non-operating revenues, including state educational appropriations, private gifts and investment income. A summarized comparison of the results for the years ended June 30, 2015 and 2014 present the operating results of the University, as well as nonoperating revenues and expenses. New York State and City appropriations, while budgeted for in operating activities, are presented as non-operating revenues as prescribed by GASB. The major components of revenues, expenses and changes in net position are presented below:

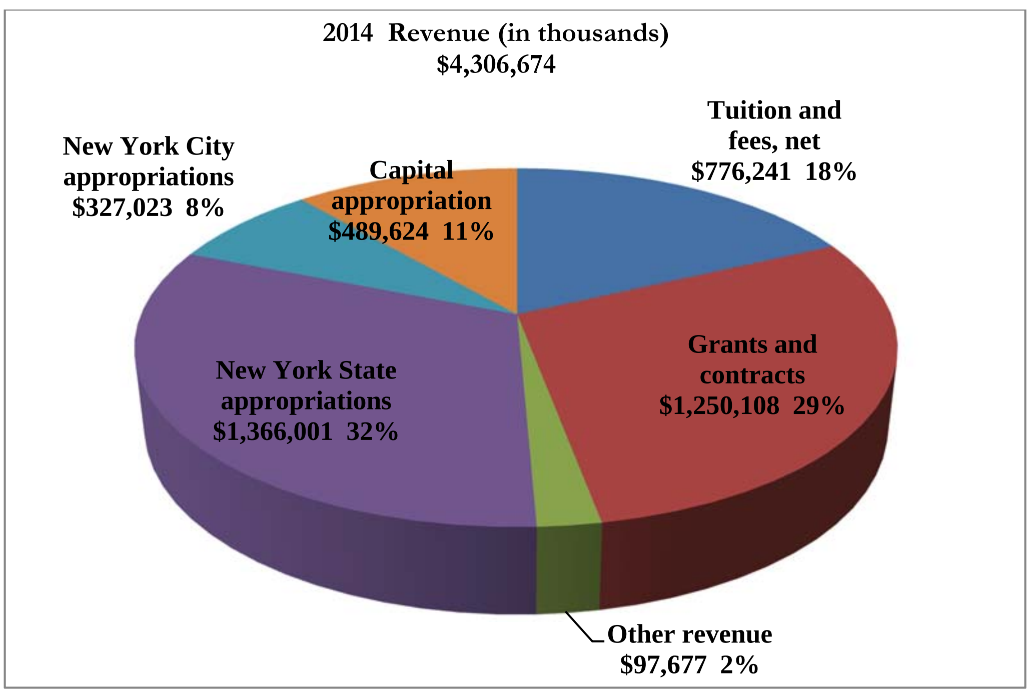
	2015	2014
	(in thousands)	
Revenues		
Total operating revenues	$ 2,150,829	$ 2,081,547
Total nonoperating and other revenues	$ 2,483,549	$ 2,225,127
Total revenues	**$ 4,634,378**	**$ 4,306,674**
Expenses		
Total operating expenses	$ 4,297,845	$ 4,074,082
Total nonoperating expenses	179,108	198,169
Total expenses	**$ 4,476,953**	**$ 4,272,251**
Increase in net position	**$ 157,425**	**$ 34,423**
Net position at beginning of year	$ 759,296	$ 774,906
Effect of adoption of GASB 68	$ (887,858)	$ (937,891)
Net position (deficit) at beginning of year, as restated	**$ (128,562)**	**$ (162,985)**
Net position (deficit) at end of year	**$ 28,863**	**$ (128,562)**

Revenues

The University's revenues for the years ended June 30, 2015 and 2014 are presented below:

	2015	2014
Revenues	**(in thousands)**	
Operating revenues		
Tuition and fees, net	$ 769,908	$ 776,241
Grants and contracts	1,326,213	1,250,108
Auxiliary enterprises	5,656	5,436
Other operating revenues	49,052	49,762
Total operating revenues	**2,150,829**	**2,081,547**
Nonoperating and other revenues		
New York State appropriations	1,416,307	1,366,001
New York City appropriations	357,599	327,023
Capital appropriation	646,063	489,624
Gifts and grants	18,170	12,866
Gain on transfer of capital assets	49,108	-
Investment income, net	4,561	3,057
Net (deprec.) apprec. in fair value of investments	(5,427)	27,412
Transfer from University to Foundation	(2,832)	(856)
Total nonoperating and other revenues	**2,483,549**	**2,225,127**
Total revenues	**$ 4,634,378**	**$ 4,306,674**


2015 Revenue (in thousands)
$4,634,378
Tuition and fees, net
$769,908 17%
New York City appropriations
$357,599 8%
Capital appropriation
$646,063 14%
Grants and contracts
$1,326,213 29%
New York State appropriations
$1,416,307 30%
Other revenue
$118,288 2%


2014 Revenue (in thousands)
$4,306,674
Tuition and fees, net
$776,241 18%
New York City appropriations
$327,023 8%
Capital appropriation
$489,624 11%
Grants and contracts
$1,250,108 29%
New York State appropriations
$1,366,001 32%
Other revenue
$97,677 2%

The University's total revenue of $4.6 billion for the year ended June 30, 2015 increased by $327.7 million, or 7.6% over the University's total revenue for the year ended June 30, 2014.

Operating revenue accounted for 46.4% of total revenue for the year ended June 30, 2015 as compared to 48.3% for the year ended June 30, 2014. Nonoperating revenue accounted for 53.6% of total revenue as compared to 51.7% in the prior year.

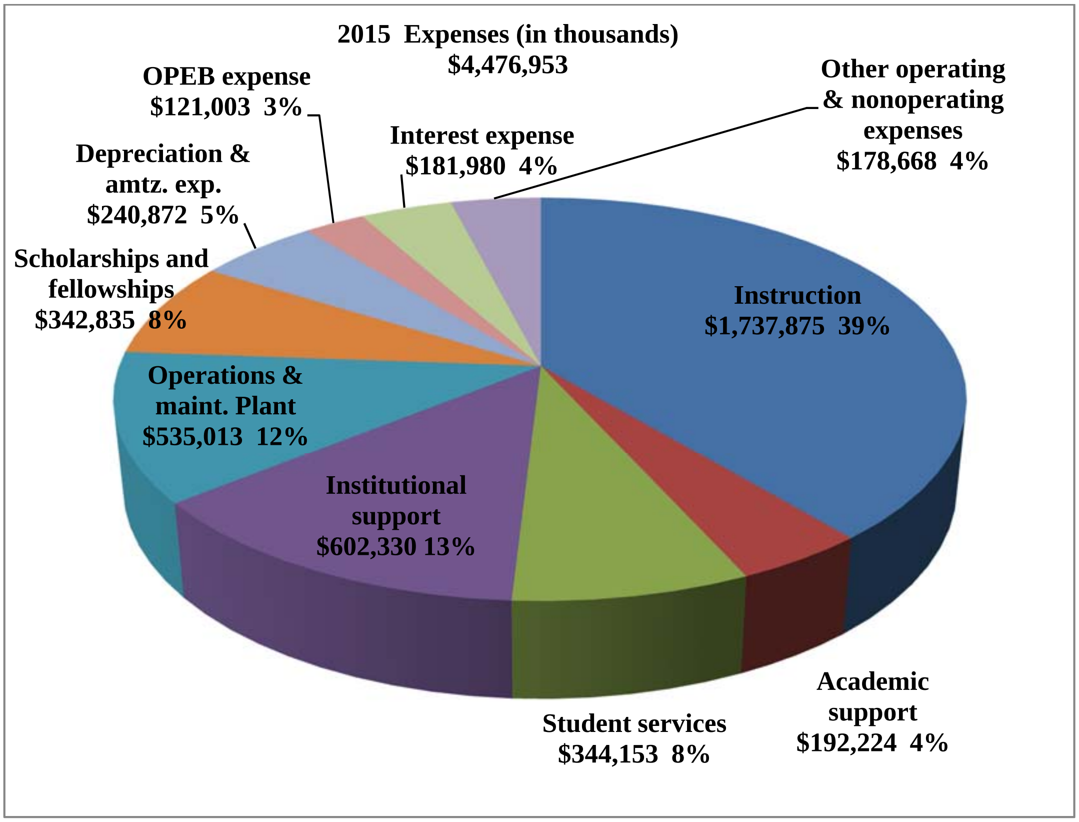
Operating revenue increased by $69.1 million primarily due to a $76.1 million increase in Federal, State and City Grants for Pell, New York State's Tuition Assistance Program (TAP) and various targeted scholarship programs offset by a $6.3 decline in Tuition and Fees, net between fiscal years 2015 and 2014. The $6.3 million tuition and fee variance is attributed to increases in the undergraduate and graduate tuition rate amounting to $58.3 million and $11 million, respectively, coupled with a $16.3 million increase in the average annual undergraduate and graduate FTE enrollment and a $3.4 million increase derived from fees and tuition from various non-degree programs. This revenue increase was offset by an increase in the scholarship allowance of $95.0 million which was mainly attributable to an increase in Federal and State scholarship awards and an increase in New York State Tuition Assistance Program waivers.

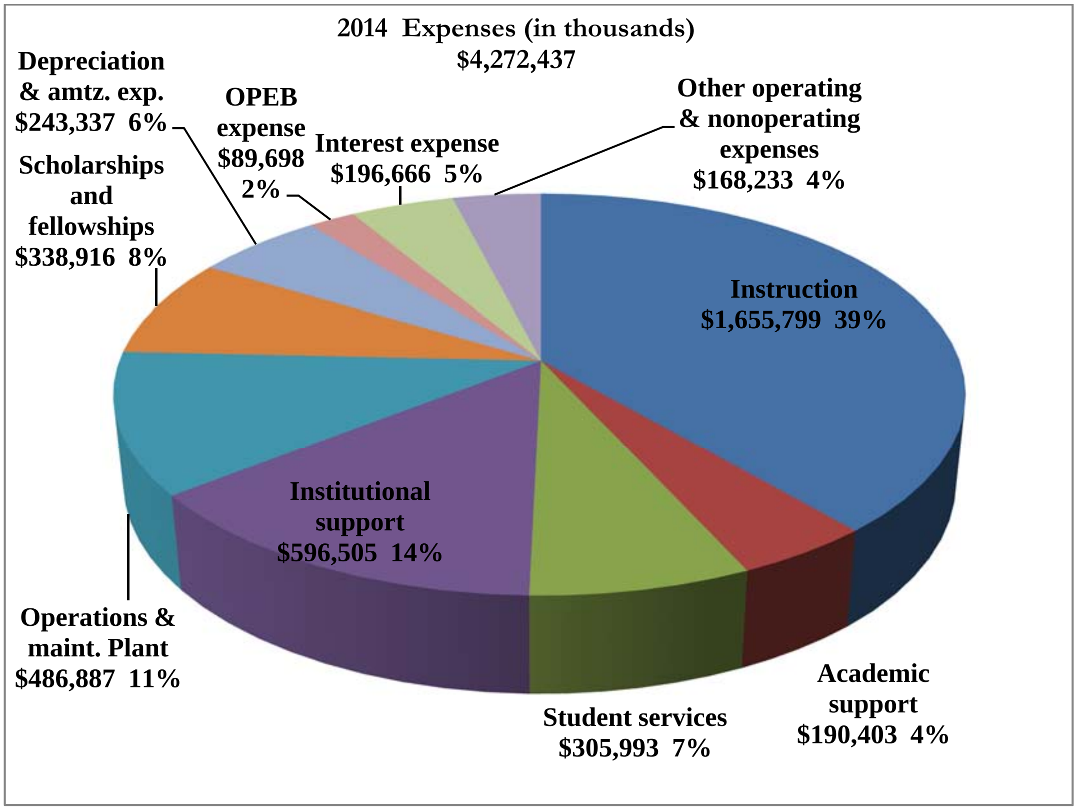
Nonoperating revenue increased by $258.4 million primarily due to a $156.4 million increase in capital appropriations, a net gain of $49.1 million on the transfer of capital assets and $80.9 million in appropriations from New York State ($50.3 million) and City ($30.6 million).

Expenses

The University's expenses for the years ended June 30, 2015 and 2014 are presented below:

Expenses:	2015	2014
Operating expenses:	(in thousands)	
Instruction	$ 1,737,875	$ 1,655,799
Research	126,450	115,830
Public service	52,496	46,093
Academic support	192,224	190,403
Student services	344,153	305,993
Institutional support	602,330	596,505
Operation and maintenance of plant	535,013	486,887
Scholarships and fellowships	342,835	338,916
Auxiliary enterprises	2,594	4,621
Depreciation and amortization expense	240,872	243,337
OPEB expense	121,003	89,698
Total operating expenses	**4,297,845**	**4,074,082**
Nonoperating expenses:		
Interest expense	181,980	196,666
Other nonoperating (revenues) expenses, net	(2,872)	1,689
Total nonoperating expenses	**179,108**	**198,355**
Total expenses	**$ 4,476,953**	**$ 4,272,437**


2015 Expenses (in thousands)
$4,476,953
OPEB expense
$121,003 3%
Interest expense
$181,980 4%
Other operating
& nonoperating
expenses
$178,668 4%
Depreciation &
amtz. exp.
$240,872 5%
Scholarships and
fellowships
$342,835 8%
Instruction
$1,737,875 39%
Operations &
maint. Plant
$535,013 12%
Institutional
support
$602,330 13%
Academic
support
$192,224 4%
Student services
$344,153 8%

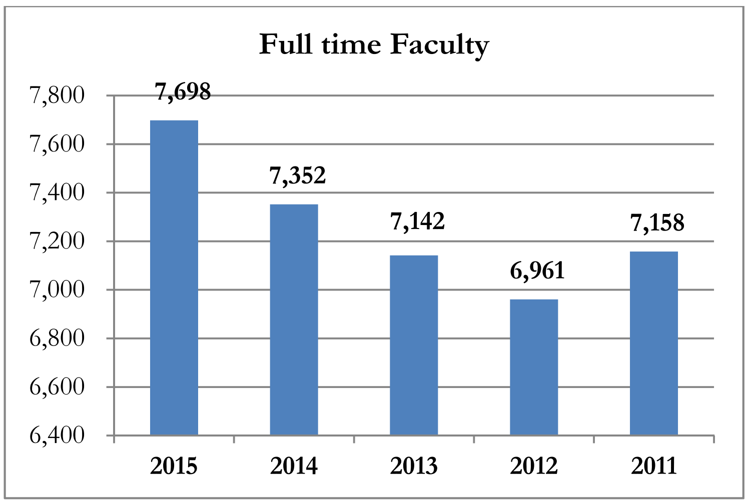


Total expenses for the period ended June 30, 2015 were $4.5 billion, which reflected an increase of $193.5 million or 4.8%, over the prior year.

Operating expenses accounted for 96.0% of total expenses at June 30, 2015 as compared to 95.4% at June 30, 2014 and nonoperating expenses accounted for 4.0% as compared to 4.6% in the same period.

The $82.1 million increase in **Instruction** is attributable to an increase of 346 full-time faculty.

This chart depicts the increase in the number of full-time faculty over the past five years.



Operation and Maintenance of Plant increased by $48.1 million due to increases in rent and maintenance.

Capital Assets

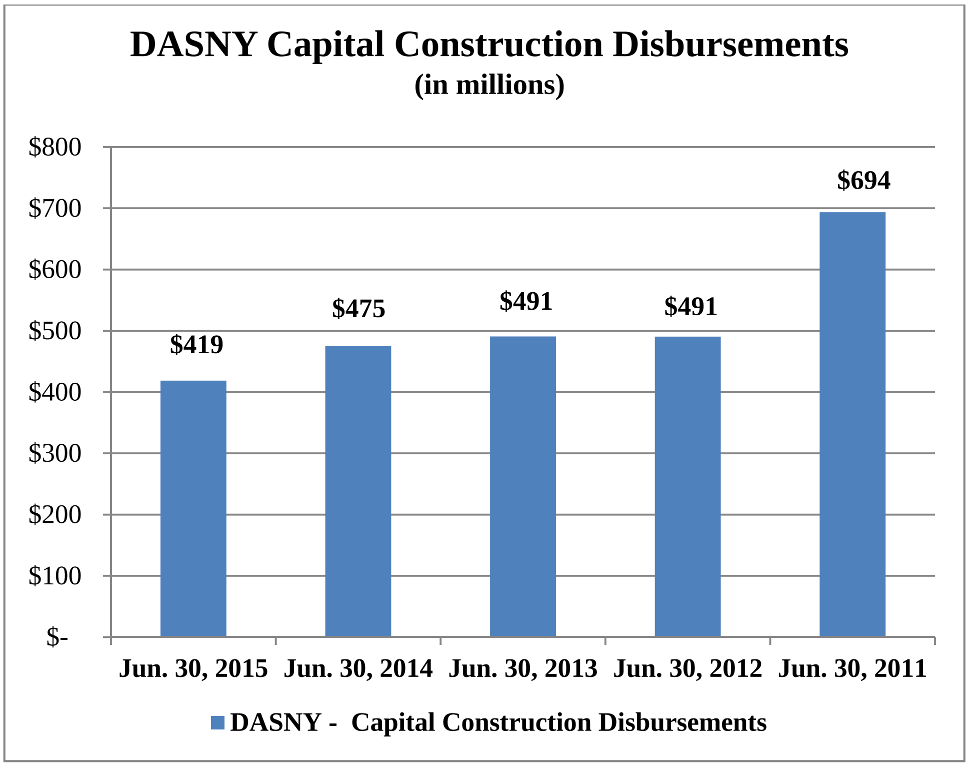
At June 30, 2015, the University had approximately $5.4 billion in capital assets, net of accumulated depreciation of $3.9 billion. Annual depreciation and amortization expense totaled $240.9 million for the year ended June 30, 2015.

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

In July 2014, Governor Cuomo announced the first round of NY CUNY 2020 awards, providing $55 million to fund eight innovative projects involving 20 participating CUNY campuses designed to connect academic excellence with entrepreneurship and local economic development.

- Big Data Consortium $15.0 million
- Center for Allied Healthcare Education and Workforce Development $10.0 million
- Transportation Technology, Sustainable Fuel and Product Development $ 9.0 million
- The Science and Resilience Institute at Jamaica Bay $ 7.7 million
- Goldman Sachs 10,000 Small Business Education Center $ 5.0 million
- New Media Jobs Incubator and Innovation Lab $ 4.6 million
- Allied Health Training for Employment in the Bronx $ 2.2 million
- Advanced Manufacturing for Economic Development $ 1.5 million

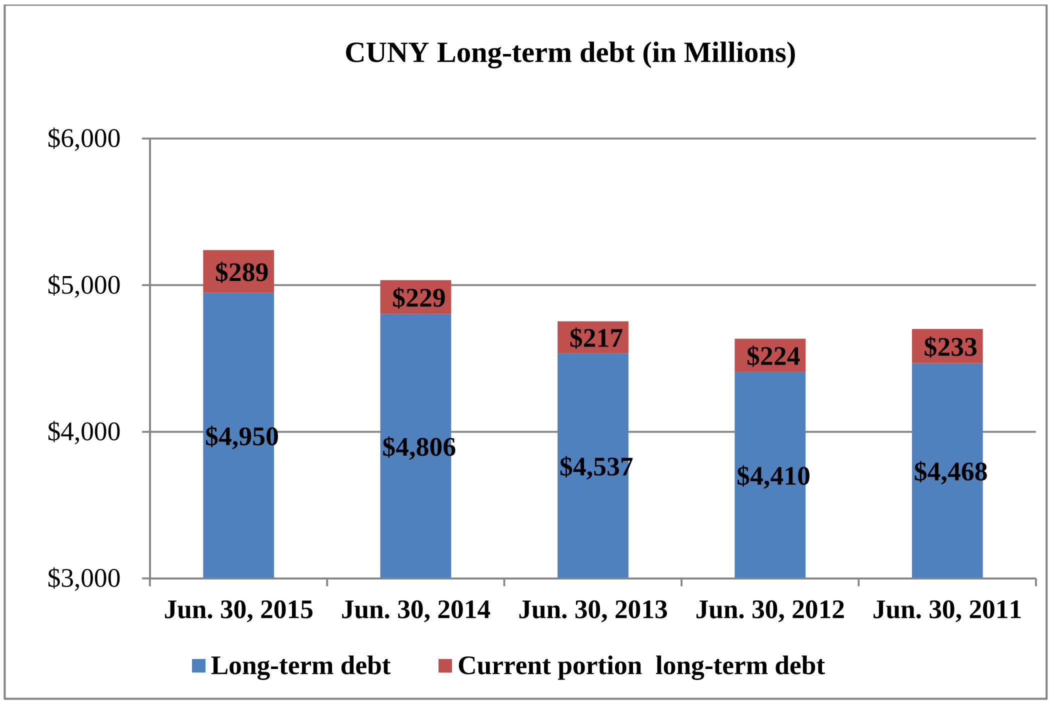
The following depicts disbursements made by DASNY for the University's capital construction projects since 2011.



Capital construction disbursements remained consistent 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 and State appropriations.

The following summarizes the University's long-term debt:

Debt increased by $204.4 million, or 4%, between fiscal years ended June 30, 2015 and 2014. The variance reflects $758.7 million in new debt issued through DASNY offset by debt retirement of $526.3 million and $28.0 million in the amortization of debt service payments.



Economic Factors That Will Affect the Future

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.

Fiscal year 2016 is the final year of the CUNY Compact (five-year funding model authorized in 2011). State legislation authorizing a five-year predictable tuition policy, along with a Maintenance of Effort provision, expires on July 1, 2016. While the FY 2016 state enacted budget for the senior colleges totals $2.33 billion, an increase of $77.9 million, or 3.5 percent, over fiscal year 2015, the enacted budget does not provide any funding for mandatory cost increases totaling $51 million, including those associated with fringe benefits, contractual salary increments, energy and building rental costs. As discussed with the state officials, the Board of Trustees, college presidents, faculty, and students since January, this funding shortfall requires a reallocation of funds from other areas of the budget. CUNY is taking a number of steps to manage this reallocation, including reductions in non-personnel budgets and realizing savings in operations and increases in other non-tax levy revenues. This combination of measures will help mitigate the required reallocation. Efforts are being directed to minimize the impact on core academic and student services.

Fiscal year 2016

- CUNY continues to grow and the preliminary headcount for Fall 2015 is approximately 274,000 undergraduate and graduate degree candidates.
- Brooklyn College opened the Barry R. Feirstein Graduate School of Cinema at Steiner Studios for the Fall 2015 semester. This is the only film school in the country to be located on a working film lot (Steiner Studios in the Brooklyn Navy Yard).
- The CUNY Law School launched a part-time JD program that is boosting enrollments and expanding access.
- The University is increasing investment in doctoral education in the sciences, coupled with continued emphasis on becoming a Global and Digital CUNY.
- In July 2015, Governor Cuomo announced the accreditation for the CUNY School of Medicine located on the City College campus in Harlem to begin accepting students for the Fall 2016 term.
- Plans are underway to designate Bronx Community College as the first "ASAP College" in the University-wide plan to boost associate degree attainment.

THE CITY UNIVERSITY OF NEW YORK

Statement of Net Position

June 30, 2015

(In thousands)

	Business-type activities University	Discretely presented component units Supporting organizations	Total
Assets:			
Current assets:			
Cash and cash equivalents (note 3)	$ 715,799	104,274	820,073
Short-term investments (note 3)	68,225	60,694	128,919
Restricted deposits held by bond trustees (note 8)	233,854	—	233,854
Restricted amounts held by the Dormitory Authority of the State of New York (note 8)	73,297	—	73,297
Receivables, net (note 4)	619,004	70,894	689,898
Prepaid expenses and other current assets	9,860	5,519	15,379
Total current assets	1,720,039	241,381	1,961,420
Noncurrent assets:			
Restricted cash (note 3)	28,111	—	28,111
Long-term investments, unrestricted (note 3)	111,044	56,005	167,049
Long-term investments, restricted (note 3)	178,651	584,745	763,396
Restricted deposits held by bond trustees (note 8)	322,974	8,208	331,182
Long-term receivables, net (note 4)	24,993	77,835	102,828
Capital assets, net (note 5)	5,453,296	143,656	5,596,952
Other noncurrent assets	2,149	—	2,149
Total noncurrent assets	6,121,218	870,449	6,991,667
Total assets	7,841,257	1,111,830	8,953,087
Deferred outflows of resources:			
Pension related (note 9)	100,636	—	100,636
Interest rate swap agreements (note 7)	71,401	—	71,401
Deferred amount on debt refundings	50,970	4,875	55,845
Total deferred outflows of resources	223,007	4,875	227,882
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses (note 6)	600,421	30,886	631,307
Compensated absences (note 7)	99,592	336	99,928
Unearned tuition and fees revenue	72,373	3,596	75,969
Accrued interest payable	84,468	1,268	85,736
Current portion of long-term debt (note 7)	289,362	1,290	290,652
Unearned grant revenue	97,722	—	97,722
Other current liabilities	59,601	2,754	62,355
Deposits held in custody for others	32,292	3,134	35,426
Total current liabilities	1,335,831	43,264	1,379,095
Noncurrent liabilities (note 7):			
Compensated absences	35,745	—	35,745
OPEB liability (note 10)	614,547	—	614,547
Long-term debt	4,949,536	138,074	5,087,610
Federal refundable loans	31,240	—	31,240
Net pension liabilities (note 9)	775,097	—	775,097
Interest rate swap agreements	71,401	—	71,401
Other noncurrent liabilities	43,956	818	44,774
Total noncurrent liabilities	6,521,522	138,892	6,660,414
Total liabilities	7,857,353	182,156	8,039,509
Deferred inflows of resources:			
Pension related (note 9)	178,048	—	178,048
Total deferred outflows of resources	178,048	—	178,048
Net position (deficit):			
Net investment in capital assets	613,726	2,181	615,907
Restricted:			
Nonexpendable	64,221	386,166	450,387
Expendable:			
Debt service	141,751	—	141,751
Scholarships and general educational support	120,111	286,744	406,855
Loans	14,532	15	14,547
Other	60,204	98,048	158,252
Unrestricted	(985,682)	161,395	(824,287)
Total net position	$ 28,863	934,549	963,412

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, 2015

(In thousands)

	Business-type activities University	Discretely presented component units Supporting organizations	Eliminations	Total
Revenues:				
Operating revenues:				
Tuition and fees (net of allowance of $815,095)	$ 769,908	34,586	(75)	804,419
Grants and contracts:				
Federal	741,208	2,606	(643)	743,171
New York State	385,781	2,902	(373)	388,310
New York City	87,686	1,996	(354)	89,328
Private	111,538	277	—	111,815
Total grants and contracts	1,326,213	7,781	(1,370)	1,332,624
Sales and services of auxiliary enterprises	5,656	29,965	(15)	35,606
Other operating revenues	49,052	49,976	(12,055)	86,973
Total operating revenues	2,150,829	122,308	(13,515)	2,259,622
Expenses:				
Operating expenses:				
Instruction	1,737,875	—	—	1,737,875
Research	126,450	—	—	126,450
Public service	52,496	143	(159)	52,480
Academic support	192,224	62,313	(986)	253,551
Student services	344,153	41,686	(7,739)	378,100
Institutional support	602,330	24,246	(230)	626,346
Operation and maintenance of plant	535,013	—	—	535,013
Scholarships and fellowships	342,835	21,240	(62)	364,013
Auxiliary enterprises	2,594	50,677	(5,433)	47,838
Depreciation and amortization expense	240,872	6,709	—	247,581
OPEB expense (note 10)	121,003	—	—	121,003
Total operating expenses	4,297,845	207,014	(14,609)	4,490,250
Operating loss	(2,147,016)	(84,706)	1,094	(2,230,628)
Nonoperating revenues (expenses):				
Government appropriations/transfers:				
New York State	1,416,307	—	—	1,416,307
New York City	357,599	10	—	357,609
Gifts and grants	18,165	96,196	(64)	114,297
Investment income, net	4,561	12,003	—	16,564
Gain on transfer of capital assets	49,108	—	—	49,108
Interest expense	(181,980)	(5,394)	—	(187,374)
Net depreciation in fair value of investments	(5,427)	(3,958)	—	(9,385)
Other nonoperating revenues (expenses), net	2,872	(3,552)	(1,030)	(1,710)
Net nonoperating revenues, net	1,661,205	95,305	(1,094)	1,755,416
(Loss) income before other revenues	(485,811)	10,599	—	(475,212)
Capital appropriations	646,063	—	—	646,063
Additions to permanent endowments	5	17,582	—	17,587
Transfer (from University) to Foundation	(2,832)	2,832	—	—
Total other revenues	643,236	20,414	—	663,650
Increase in net position	157,425	31,013	—	188,438
Net position at beginning of year, as previously reported	759,296	903,536	—	1,662,832
Effect of adoption of GASB 68 (note 2(b))	(887,858)	—	—	(887,858)
Net position (deficit) at beginning of year, as restated	(128,562)	903,536	—	774,974
Net position at end of year	$ 28,863	934,549	—	963,412

See accompanying notes to financial statements.

THE CITY UNIVERSITY OF NEW YORK

Statement of Cash Flows

Year ended June 30, 2015

(In thousands)

		Business-type activities University
Cash flows from operating activities:		
Collection of tuition and fees	$	757,490
Collection of grants and contracts		1,315,923
Collection of loans from students		8,158
Sales and services of auxiliary enterprises		5,656
Collection of other operating revenues		40,547
Payments to suppliers		(224,453)
Payments for utilities		(153,541)
Payments to employees		(2,226,413)
Payments for benefits		(737,566)
Payments for pensions		(268,740)
Payments for scholarships and fellowships		(342,835)
Payments for OPEB		(30,055)
Loans issued to students		(3,675)
Net cash flows used by operating activities		(1,859,504)
Cash flows from noncapital financing activities:		
New York State and New York City appropriations/transfers		1,802,164
Gifts and grants for other than capital purposes		18,165
Private gifts for endowment purposes		5
Decrease in deposits held in custody for others		(21,626)
Receipt from third parties		6,489
Net cash flows provided by noncapital financing activities		1,805,197
Cash flows from capital and related financing activities:		
Proceeds from capital debt		758,696
Capital appropriations		646,063
Purchases of capital assets		(430,532)
Principal paid on capital debt		(227,308)
Principal amount refunded		(298,949)
Interest paid on capital debt		(193,212)
Amounts paid for bond issuance costs		(8,735)
Increase in restricted deposits held by bond trustees		(129,049)
Increase in restricted amounts held by the Dormitory Authority of the State of New York		(17,144)
Net cash flows provided by capital and related financing activities		99,830
Cash flows from investing activities:		
Investment income		4,561
Proceeds from sales and maturities of investments		128,265
Purchases of investments		(180,576)
Increase in restricted cash		(2,497)
Net cash flows used by investing activities		(50,247)
Decrease in cash and cash equivalents		(4,724)
Cash and cash equivalents at beginning of year		720,523
Cash and cash equivalents at end of year	$	715,799

(Continued)

THE CITY UNIVERSITY OF NEW YORK

Statement of Cash Flows

Year ended June 30, 2015

(In thousands)

		Business-type activities University
Reconciliation of operating loss to net cash flows used by operating activities:		
Operating loss	$	(2,147,016)
Adjustments to reconcile operating loss to net cash flows used by operating activities:		
Depreciation and amortization expense		240,872
Bad debt expense		1,020
Change in operating assets and liabilities:		
Receivables		(20,970)
Prepaid expenses and other assets		7,342
Accounts payable and accrued expenses		(41,002)
Unearned tuition and fees revenue		(3,552)
Compensated absences		7,044
OPEB liability		90,948
Net pension liabilities		(35,349)
Unearned grant revenue		(3,171)
Other liabilities		44,330
Net cash flows used by operating activities	$	(1,859,504)
Noncash transactions:		
Net depreciation in fair value of investments	$	(5,427)
Gain on transfer of capital assets		49,108

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
The CUNY Graduate School of Journalism

Other Schools

The William E. Macaulay Honors College
The Sophie Davis School of Biomedical Education
The CUNY School of Professional Studies

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. Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34* (GASB 61), modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on the "substantively the same governing body" criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government has operational responsibility for the activities of the component unit. 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 as part of the primary government of the State of New York, in its financial statements. Similarly, the City of New York presents CUCF as a component unit 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 (the Company) was established on May 7, 2004 as a Delaware limited liability company. The Company was organized pursuant to the Limited Liability Operating Agreement (the Agreement) dated July 14, 2004 by RF-CUNY with a 100% interest in the Company. The Company 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. The Company 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 campus-based, not-for-profit corporations, which operate, manage, and promote educationally related services for the benefit of the campus community. Separate financial statements are issued for each of these organizations and may be obtained from the individual colleges.

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. Foundations carry out a variety of campus related activities such as soliciting and accepting donations, gifts, and bequests for University-related use and in some instances administering grants from governmental and private foundations for research and scholarships. Copies of the audit reports can be obtained by sending an inquiry to The City University of New York, Office of the University Controller, 230 West 41st Street, 5th floor, New York, New York 10036.

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.

Under GASB Statement No. 39, *Determining Certain Organizations are Component Units*, (GASB 39) legally separate organizations meeting certain criteria should be discretely presented as component units. The criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the University/college, its component units or its constituents (e.g., students, faculty, and staff).

2. The University/college, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.

3. The economic resources received or held by an individual organization that the University/college, or its component units, is entitled to, or has the ability to otherwise access, are significant to the University.

Each of the 25 foundations, 20 Auxiliary Enterprise Corporations, 24 Student Association Organizations, and 11 Child Care Centers listed below met these 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 are June 30th year-ends.

Foundations

Senior College 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 Graduate Center Foundation, Inc.
- The Hunter College Foundation, Inc.
- CUNY Graduate School of Journalism Foundation, Inc.
- CUNY TV Foundation
- 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.
- The College of Staten Island Foundation, Inc.
- School of Professional Studies Foundation, Inc.
- York College 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 Central Depository and Brooklyn College Athletics and Recreation Association
- College of Staten Island Association, Inc.
- The City College Student Services Corporation
- Doctoral and Graduate Students' Council of the City University of New York – Graduate School and University Center Fiduciary Accounts
- Undergraduate and Graduate Student Government of Hunter College of the City University of New York
- John Jay College of Criminal Justice Student Activities Association, Inc.
- CUNY School of Law Student 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 Athletic and Recreational Funds
- Queens College Student Services Corporation
- Queens College Special Projects Fund
- York College Association, Inc.

Community College Association Organizations:

- Borough of Manhattan Community College Association, Inc.
- Bronx Community College Association, Inc.

(Continued)

- 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.

Child Care Centers

Senior College Child Care Centers:

- Baruch College Early Learning Center, Inc.
- Brooklyn College Child Care Services, Inc.
- City College Child Development Center, Inc.
- The Children's Learning Center at Hunter College, Inc.
- The Day Care Center at CUNY Law School, 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.

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

In addition to GASB Statement Nos. 39 and 61, which were discussed previously, the significant accounting policies followed by the University are described below:

(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 the GASB. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized when incurred, if measurable.

GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34), establishes financial reporting requirements that require the basic financial statements and required supplementary information (RSI) for general purpose governments should consist of: management's discussion and analysis, basic financial statements, and required supplementary information.

GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34* (GASB 35), establishes accounting and financial reporting standards for public colleges and universities within the financial reporting guidelines of GASB 34. In accordance with this statement, the University presents statements of net position, revenues, expenses, and changes in net position, and cash flows on a University-wide basis. The objective of this statement is to enhance the understandability and usefulness of the external financial reports issued by public colleges and universities.

(b) New Accounting Standards Adopted

In fiscal year 2015, the University adopted two new accounting standards:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* (GASB 68) replaces existing standards of accounting and financial reporting for pension plans that are provided to the employees of state and local governmental employers through pension plans that are administered through trust or equivalent arrangements. The New York City Employees' Retirement System (NYCERS) and the Teachers' Retirement System of the City of New York Qualified Pension Plan (NYCTRS) are cost sharing, multiple employer defined benefit plans administered by the City of New York. The effect of adoption of GASB 68 resulted in restating the University's net position. The following is a reconciliation of total net position at June 30, 2014 as previously presented and the restated June 30, 2014 net position for the University (in thousands):

Net Position		Amount
June 30, 2014 net position, as previously reported	$	759,296
Effect of adoption of GASB 68		(887,858)
June 30, 2014 net position, as restated	$	(128,562)

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. GASB 68* (GASB 71) addresses an issue related to amounts associated with contributions, if any, made by a state of local government employer or non-employer contributing entity to a defined benefit pension or after the measurement date of the government's beginning net pension liability. There was no impact on the University's financial statements as a result of the adoption of GASB 71 as the University's measurement date of its net pension liabilities is the same as the date of the financial statements.

(c) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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, and include overnight repurchase agreements, commercial paper, and money market accounts.

(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.

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.

(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 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.

(Continued)

In accordance with the University's capitalization policy, only those items with unit costs of more than $5,000 (excluding computer hardware, which has a threshold of $1,000) 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 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) other postemployment benefits (OPEB) liability; (5) net pension liabilities; and (6) interest rate swap agreements with contractual periods in excess of one year.

(j) Other Postemployment Benefits

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, establishes standards for the measurement, recognition, and display of OPEB costs and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (e.g., life insurance) when provided separately from a pension plan.

OPEB cost is measured and disclosed using the accrual basis of accounting (see note 10). Annual OPEB cost is equal to the annual required contributions of the OPEB plan, calculated in accordance with certain parameters.

(k) Net Position

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

Net investment in capital assets

This represents 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.

(l) Revenue Recognition

Student tuition and fee revenues are recognized in the period earned. Included in revenues are appropriations from New York State and City, which are used for the reimbursement of operating expenses. Appropriations are recognized as the related expenses are incurred.

New York State and City appropriations remain in effect provided the expense has been incurred at June 30, 2015 and a liability established at September 30, 2015. Accordingly, an appropriation receivable is recorded for accounts payable and accrued expenses to be paid from these appropriations.

(m) 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.

(n) 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.

(o) 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.

(p) Reclassifications

Certain reclassifications have been made to the 2014 disclosures in order to conform to the presentation of the current year's disclosures.

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

Purchase Accounting for Acquisition of Real Estate

The fair value of 230 West 41st Street LLC's (the 41st Street LLC) 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:

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

Custodial credit risk – investments is the risk that, in the event of failure of the counterparty (the party that pledges collateral or that sells investments to or buys investments from the University) of a transaction, the University will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. The University is diversified and is not currently exposed to this risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of the investment.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the value of the investment or deposit. The University's exposure to this risk is not significant.

(a) Custodial Credit Risk – Deposits

At June 30, 2015, cash and cash equivalents and restricted cash were held by depositories and, amounted to $750,021,041 of which $139,119,942 was insured and $610,901,099 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 amounted to $743,909,630 at June 30, 2015. The University's cash management policy does not address custodial credit risk for deposits.

(b) Investments

At June 30, 2015, the University had the following investments (in thousands):

Investment type		Amount
Mutual funds – equities	$	61,381
Alternative investments		221,798
U.S. Treasury bills		36,379
Cash and cash equivalents		18,808
Certificates of deposits		2,562
U.S. corporate bonds		13,436
Equities		630
U.S. government bonds		2,817
Foreign government bonds		50
Other investments		59
Total investments		357,920
Less short-term investments		68,225
Long-term investments		289,695
Long-term investments, unrestricted		111,044
Long-term investments, restricted	$	178,651

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, 2015, the investment pool had a fair value of $296,311,029. 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 2015, the University recorded approximately $3.8 million, of net realized and unrealized depreciation related to donor-restricted expendable and nonexpendable donations.

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) Custodial Credit Risk – Investments

The University's Investment Policy for the CUNY Investment Pool, which is comprised of long-term investments has a zero percent target allocation to cash and does not participate in programs that would have uninsured investments held by counterparties.

(e) Credit Risk

At June 30, 2015, the University's investments in debt securities were rated as follows (in thousands):

Type of debt security		Fair value	S&P credit rating
U.S. corporate bonds	$	519	AA+
U.S. corporate bonds		985	AA
U.S. corporate bonds		869	AA-
U.S. corporate bonds		448	A+
U.S. corporate bonds		2,128	A
U.S. corporate bonds		2,039	A-
U.S. corporate bonds		3,734	BBB+
U.S. corporate bonds		2,314	BBB
U.S. corporate bonds		400	BBB-
Total U.S. corporate bonds		13,436	
U.S. government bonds		43	AAA
U.S. government bonds		1,616	AA+
U.S. government bonds		595	AA
U.S. government bonds		563	BBB
Total U.S. government bonds		2,817	
Foreign government bonds		50	A-
Total	$	16,303	

The University's Investment Policy for the CUNY Investment Pool includes a target allocation to fixed income of 15%, as well as reference to specific guidelines for each investment manager. All of the

Pool's fixed income is invested in commingled funds as follows: 1) 32% in US Government/Credit bond index, 2) 37% in 1-3 year U.S. Credit bond index, and 3) 31% is in global sovereign bonds. The average quality ranges from AA2 to A1.

(f) Interest Rate Risk

At June 30, 2015, the University's investments in debt 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
U.S. Treasury bills	$	36,379	36,084	295	—	—
Certificates of deposits		2,562	2,562	—	—	—
U.S. corporate bonds		13,436	2,322	11,114	—	—
U.S. government bonds		2,817	595	2,194	28	—
Foreign government bonds		50	50	—	—	—
	$	55,244	41,613	13,603	28	—

The University's Investment Policy for the CUNY Investment Pool does specify that the primary purpose of the fixed income portfolio shall be to provide a hedge against the effects of a prolonged economic contraction and in order to achieve its primary purpose, its fixed income investments should be made primarily in long-duration, non-callable, or call-protected high quality bonds.

(4) Receivables, Net

Receivables consist of the following at June 30, 2015 (in thousands):

Current:		
Appropriations receivable	$	389,562
Students and financial aid receivable		177,930
Grants and contracts receivable		109,698
Student loans receivable and accrued interest receivable		30,749
Other receivables		44,080
Total receivables		752,019
Less allowance for doubtful accounts		(133,015)
Total receivables, net	$	619,004
Noncurrent:		
Student loans receivable and accrued interest receivable	$	27,732
Other receivables		695
Total long-term receivables		28,427
Less allowance for doubtful accounts		(3,434)
Total long-term receivables, net	$	24,993

(5) Capital Assets, Net

Capital assets consist of the following at June 30, 2015 (in thousands):

	June 30, 2014	Additions	Reductions	June 30, 2015
Buildings	$ 3,438,102	72,040	11,829	3,498,313
Building improvements	2,825,332	48,585	71,314	2,802,603
Construction in progress	1,528,201	342,367	80,696	1,789,872
Equipment and software	539,087	41,286	37,179	543,194
Infrastructure and infrastructure improvements	159,110	1,410	371	160,149
Land	322,204	106,860	18,167	410,897
Land improvements	82,432	1	—	82,433
Leasehold improvements	45,362	1,296	—	46,658
Copyrights	11,663	150	—	11,813
Works of art and historical treasures	11,697	3,037	674	14,060
Total capital assets	8,963,190	617,032	220,230	9,359,992
Less accumulated depreciation and amortization:				
Building	1,531,832	81,083	11,829	1,601,086
Building improvements	1,641,906	97,800	39,320	1,700,386
Equipment and software	435,356	50,009	32,990	452,375
Infrastructure and infrastructure improvements	59,677	8,216	52	67,841
Land improvements	67,947	1,565	—	69,512
Leasehold improvements	12,120	1,924	—	14,044
Copyrights	1,177	275	—	1,452
Total accumulated depreciation and amortization	3,750,015	240,872	84,191	3,906,696
Total capital assets, net	$ 5,213,175	376,160	136,039	5,453,296

Added to construction in progress is capitalized interest of $45,108,754 for the year ended June 30, 2015.

(6) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following at June 30, 2015 (in thousands):

Accounts payable and accrued expenses		Amount
Personnel services	$	163,588
Fringe benefits		104,094
Capital projects		75,668
Due to City of New York		35,160
Due to State of New York		20,287
Vendors and other		201,624
Total accounts payable and accrued expenses	$	600,421

(7) Noncurrent Liabilities

Noncurrent liabilities at June 30, 2015 consist of the following (in thousands):

Noncurrent liabilities		June 30, 2014	Additions	Reductions	June 30, 2015	Current portion
Long-term debt:						
Mortgage loan payable	$	70,000	—	1,080	68,920	1,133
Capital lease agreements with DASNY		4,901,435	758,696	545,433	5,114,698	282,833
Capital lease obligation for Condo		41,973	—	2,575	39,398	56
Certificate of Participation (PIT)		21,095	—	5,213	15,882	5,340
Total long-term debt		5,034,503	758,696	554,301	5,238,898	289,362
Other liabilities:						
Compensated absences		128,293	7,044	—	135,337	99,592
Federal refundable loans		29,097	2,143	—	31,240	—
Other noncurrent liabilities		16,176	33,406	5,626	43,956	—
Net pension liabilities		653,169	243,543	121,615	775,097	—
OPEB liability		523,596	120,586	29,635	614,547	—
Interest rate swap agreements		73,431	—	2,030	71,401	—
Total other liabilities		1,423,762	406,722	158,906	1,671,578	99,592
Total noncurrent liabilities	$	6,458,265	1,165,418	713,207	6,910,476	388,954

(a) Mortgage Loan Payable

On May 12, 2014, the 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.

The loan bears interest at a rate of 4.75%. The monthly principal and interest payments of $365,153 begin 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 new loan is collateralized by the property and assignment of rents and other payments from the tenants and is guaranteed by the University.

At June 30, 2015, future minimum principal payments are approximated as follows:

2016	$	1,132,591
2017		1,187,576
2018		1,245,230
2019		1,305,684
2020		1,369,072
Thereafter		62,679,695
	$	68,919,848

(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, 2015 (in thousands):

Capital lease agreements with DASNY		Principal	Interest	Swap, net	Total
Fiscal year:					
2016	$	239,365	232,090	14,967	486,422
2017		236,295	220,410	14,967	471,672
2018		203,735	209,996	14,398	428,129
2019		197,005	200,966	13,473	411,444
2020		168,485	191,720	12,650	372,855
2021 – 2025		936,515	821,146	45,666	1,803,327
2026 – 2030		938,120	601,308	15,361	1,554,789
2031 – 2035		919,195	389,852	526	1,309,573
2036 – 2040		719,375	165,981	—	885,356
2041 – 2044		239,415	24,365	—	263,780
Total minimum lease payment	$	4,797,505	3,057,834	132,008	7,987,347
Less amount representing interest					(3,057,834)
Less swap, net					(132,008)
Present value of net minimum lease payments					4,797,505
Plus unamortized original issue premium, net					317,193
Carrying amount of obligations					$ 5,114,698

Interest rates on DASNY obligations range from 3.0% to 6.1%.

During fiscal year 2015, DASNY issued bonds for new construction with a par value of $385,615,000 and original issued premium of $69,594,107. In addition, DASNY issued refunding bonds with a par value of $251,125,000 and original issued premium of $52,362,284. Bond proceeds of $299,961,148 were used to defease $280,420,000 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 $33,843,391. The excess of the bond proceeds over the amount of debt defeased, $19,541,148, and remaining unamortized premium and discount of $19,424,000 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, 2015, a total of $208,215,000 was defeased.

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 22 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, 2015, 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	$ 213,806	1/1/25 to 7/1/31	3.00%	65% of LIBOR	$ (33,047)	A2/A/A	Yes	$ 940
Merrill Lynch	124,132	1/1/25 to 7/1/31	3.00	65% of LIBOR	(19,177)	Aa3/A+/NR	Yes	545
UBS	124,132	1/1/25 to 7/1/31	3.00	65% of LIBOR	(19,177)	A2/A/A	Yes	545
Total pay-fixed swap	$ 462,070				$ (71,401)			$ 2,030

a London Interbank Offered Rate
b Moody's/S&P/Fitch, respectively

At June 30, 2015, the swaps had a fair value of $(71,401,000) 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 2015 of $2,030,000. Interest rates have changed since the swaps were entered into; the pay-fixed, receive-variable swaps have a fair value of $(71,401,000) (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.

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, 2015, 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 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, 2015 (in thousands):

		Principal	Interest	Total
Fiscal year:				
2016	$	56	662	718
2017		60	658	718
2018		64	849	913
2019		69	1,319	1,388
2020		74	1,314	1,388
2021 – 2025		455	8,390	8,845
2026 – 2030		646	12,545	13,191
2031 – 2035		7,297	10,643	17,940
2036 – 2040		17,876	5,029	22,905
2041 – 2044		12,801	1,060	13,861
Total minimum lease payment	$	39,398	42,470	81,868
Less amount representing interest				(42,470)
Carrying amount of obligation				$ 39,398

(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, 2015 (in thousands):

		Principal	Interest	Total
Fiscal year:				
2016	$	5,340	366	5,706
2017		2,256	269	2,525
2018		2,319	204	2,523
2019		1,933	143	2,076
2020		1,989	87	2,076
2021-2022		2,045	29	2,074
Total minimum loan payment	$	15,882	1,098	16,980
Less amount representing interest				(1,098)
Carrying amount of obligation				$ 15,882

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 $104.9 million at June 30, 2015. Employees also 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 $30.4 million at June 30, 2015.

(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.

In accordance with GASB 40, restricted deposits held by bond trustee and restricted amounts held by DASNY by type at June 30, 2015 are as follows (in thousands):

Deposits held by trustee and amounts held by DASNY		Fair value	Rating
Type:			
Cash and cash equivalents	$	270,342	
U.S. Treasury notes and bonds		14,783	
U.S. Treasury bills		73,105	
U.S. Treasury Strips		13	
U.S. agency mortgage-backed securities		271,882	AA/Aaa/AAA *
Total	$	630,125	

* S&P, Moody's, and Fitch, respectively

The funds are invested in securities with maturities of less than one year.

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, 2015, all of the $630,124,783 is 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 2015, 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 system. NYCERS provides defined pension benefits to 186,000 active municipal employees and 139,400 pensioners through $63.40 billion in assets. 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, 2015 is approximately $214.2 million. NYCTRS provides defined pension benefits to 112,000 active teachers and 78,000 pensioners through $69.84 billion in assets. Employees who receive permanent appointment to a competitive position and have completed six months of service are required to participate in NYCTRS, and all other employees are eligible to participate in NYCTRS. NYCTRS provides pay-related retirement benefits, as well as death and disability benefits. Total amounts of the University's employees' covered payroll related to NYCTRS for the year ended June 30, 2015 is approximately $175.0 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 and 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 2015 of approximately $38.6 million and $83.0 million, respectively.

NYCERS and NYCTRS provide three main types of retirement benefits: service retirements, ordinary disability retirements (non-job-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 for NYCERS and NYCTRS are calculated by the Office of the Actuary, City of New York. At June 30, 2015, the University reported a liability of $247.1 million and $528.0 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, 2013 and rolled forward to the University's measurement date of June 30, 2015 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 2015, which was 1.221% and 2.540% for NYCERS and NYCTRS, respectively. The University's proportionate share of the net pension liabilities of NYCERS and NYCTRS were 1.151% and 2.502% for fiscal 2014, respectively. The proportionate share of the 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, 2013 actuarial valuation for both NYCERS and NYCTRS was determined using the following actuarial assumptions:

Inflation	2.50%
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 2012. Pursuant to Section 96 of the New York City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially funded New York City Retirement Systems (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	Real return arithmetic basis	Expected real rate of return
U.S. public market equities	32.60 %	6.60 %	2.15 %
International public market equities	10.00	7.00	0.70
Emerging public market equities	6.90	7.90	0.55
Private market equities	7.00	9.90	0.69
U.S. fixed income	33.50	2.70	0.90
Alternatives	10.00	4.00	0.40
Total	100.00 %		5.39 %

NYCTRS

Asset class	Target asset allocation	Real return arithmetic basis	Expected real rate of return
U.S. public market equities	34.00 %	6.60 %	2.24 %
International public market equities	9.00	7.00	0.63
Emerging public market equities	8.00	7.90	0.63
Private market equities	6.00	9.90	0.59
U.S. fixed income	37.00	2.70	1.00
Alternatives	6.00	4.00	0.24
Total	100.00 %		5.33 %

(c) Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2015 for both NYCERS and NYCTRS was 7.00%. 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 positions was projected to be available to make all projected future benefit payments of current active and non-active 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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate (in millions):

	1% Decrease (6.00%)	Discount rate (7.00%)	1% Increase (8.00%)
University's proportionate share of the net pension liability:			
NYCERS	$ 341.8	247.1	159.2
NYCTRS	690.8	528.0	393.4

(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, 2015 (in thousands):

		NYCERS	NYCTRS	Total
Deferred Outflows of Resources:				
Difference between projected and actual earnings on pension plan investments	$	25,638	28,151	53,789
Differences between actual and expected experience		—	28,431	28,431
Changes in proportionate share		11,417	6,999	18,416
Total	$	37,055	63,581	100,636
Deferred Inflows of Resources:				
Differences between actual and expected experience	$	2,478	—	2,478
Difference between projected and actual earnings on pension plan investments		46,165	129,405	175,570
Total	$	48,643	129,405	178,048

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

		NYCERS	NYCTRS	Total
Years ending June 30:				
2016	$	(6,829)	(29,050)	(35,879)
2017		(6,829)	(29,050)	(35,879)
2018		(4,340)	(14,762)	(19,102)
2019		6,410	7,038	13,448
	$	(11,588)	(65,824)	(77,412)

(e) Annual Pension Expense

The University’s annual pension expense for NYCERS and NYCTRS for the fiscal year ended 2015 was approximately $30.4 million and $57.4 million for NYCERS and NYCTRS, respectively.

Defined Contribution Plan – TIAA-CREF

The University also provides pension plans for its employees in Teachers’ Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF). TIAA-CREF is a privately operated, multi-employer defined contribution retirement plan. TIAA-CREF 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-CREF 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-CREF 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 2015 amounted to approximately $71 million.

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

Year:		
2015	$	103,774
2014		100,995
2013		99,647

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

(10) Postemployment Benefits

Plan Description. CUNY retirees receive retiree healthcare benefits through the New York City Health Benefits Program (Plan), which is a single-employer defined benefit healthcare plan. The program covers former CUNY employees who were originally employed by CUNY senior colleges or by CUNY community colleges. The program 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. In addition to the participants of NYCRS and TIAA, the valuation also includes 28 CUNY employees covered under the Cultural Institutions Retirement System (CIRS), who are being treated the same as employees in TIAA.

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 non-pedagogical CUNY Senior College retirees of the NYCRS. In addition, the City reimburses CUNY employees 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 obligation for the coverage is considered an obligation of the City and not included in CUNY's 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 non-pedagogical 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.

The City issues a publicly available financial report, which is available at Office of the Comptroller, Bureau of Accountancy – Room 808, 1 Centre Street, New York, New York 10007.

Funding Policy. Postemployment Benefits other than Pensions (OPEB) includes Health Insurance and Medicare Part B Reimbursements; Welfare Benefits stem from the University's collective bargaining agreements. The University is not required by law or contractual agreement to provide funding for postemployment benefits other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. For the fiscal year ended June 30, 2015, the University paid \$38.5 million, of which \$29 million was for senior colleges and \$9.5 million was for community colleges, which were paid to the New York City Health Retirement Trust Fund.

Annual OPEB Cost and Net OPEB Obligation. For the June 30, 2014 valuation, the Entry Age Actuarial Cost Method was used to determine the annual required contribution (ARC) and the Unfunded Actuarial Accrued Liability (UAAL). The method is changed from the Frozen Entry Age Actuarial Cost Method used in the previous retiree healthcare actuarial valuation. Under this method, the Actuarial Present Value of Projected Benefits of each individual is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The portion of this Actuarial Present Value not provided for at a valuation date by the Actuarial Present Value of Future Normal Costs is called the Actuarial Accrued Liability. The calculation of the ARC reflects a 30-year amortization as a level percentage of payroll of the UAAL on an open basis.

The following table shows the elements of the University's annual OPEB cost for the year, the amount paid, and changes in the University's net OPEB obligation for the year ended June 30, 2015 (in thousands):

		Amount
Annual required contribution*	$	119,823
Interest on net OPEB obligation		20,944
Adjustment to annual required contribution		(20,808)
Annual OPEB cost (expense)		119,959
Payments made		(29,635)
Increase in net OPEB obligation		90,324
Net OPEB obligation – beginning of year		523,596
Net OPEB obligation – end of year	$	613,920

* This amount reflects a 30-year amortization as a level percentage of payrolls of the Unfunded Actuarial Accrued Liability on an open basis.

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the fiscal years ended June 30, 2015 and 2014 were as follows (in thousands):

Fiscal year ended		Annual OPEB cost	Percentage of annual OPEB cost paid		Net OPEB obligation
June 30, 2015	$	119,959	25.0%	$	613,920
June 30, 2014		100,035	33.0%		523,596

Funded Status and Funding Progress. As of June 30, 2015, the most recent actuarial valuation date, the Plan was 0% funded. The actuarial accrued liability for benefits was $1,124 million (which represents the total present value $0, resulting in an unfunded actuarial accrued liability (UAAL) of $1,124 million). The covered payroll (annual payroll of active employees by the Plan) was $1,020 million, and the ratio of the UAAL to the covered payroll was 110.2%.

The schedule of funding progress, shown below as required supplementation information, presents the results of OPEB valuations as of June 30, 2015 and 2014 and looking forward, the schedule will eventually provide multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of funding progress
(In thousands)

Actuarial valuation date	Actuarial value assets (a)	Actuarial accrued liability (AAL) entry age (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll (b-a)/c
June 30, 2014	$ —	1,123,998	1,123,998	—%	$ 1,019,888	110.2%

Actuarial valuation involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status and the annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The recently approved health care reform law could have significant accounting consequences for entities in diverse industries. Specifically, there are several provisions in the new law that might affect CUNY's measurement of its postretirement healthcare benefits obligation. There are certain provisions (if applicable) that are generally expected to either increase or reduce employer's obligations. It is very difficult at this stage to measure the impact of some of these provisions on CUNY's obligations. CUNY will continue to monitor developments, interpretations, and guidance relating to the law and incorporate the latest thinking in future measurements.

Additionally, beginning in 2018, NHCR will impose an excise tax on providers of certain "high cost plans" with total health care benefit values above certain thresholds. In considering the impact of the excise tax, projected potential tax amounts are estimated based on a reasonable set of assumptions, and concludes that the impact of the high cost plan excise tax on the CUNY OPEB valuation would be de minimis. Thus, any explicit liability for this potential additional future administrative cost is not included. Alternative assumptions and interpretations of the law could result in a greater financial impact.

Actuarial Cost Methods and Assumptions: CUNY employees and retirees are eligible for the same health benefits (both in active service and in retirement, if eligible) as employees and retirees of the City of New York. The health benefits are administered by the Office of Labor Relations (OLR). The City of New York is responsible for the cost of all OPEB benefits for Community College retirees, Welfare Fund costs for non-pedagogical CUNY Senior College retirees of NYCERS, and Medicare Part B premiums for all Senior College retirees.

The actuarial assumptions used for CUNY members of the NYCRS are the same as those used for City of New York members of the applicable retirement systems. According to the data provided by the New York City Office of the Actuary (OA), there are CUNY employees covered by NYCERS, NYCTRS, and BERS.

Except as noted below, all other assumptions for TIAA employees and retirees (e.g., mortality, disability, rate of salary increase, discount rate, per capita claims costs, healthcare trend rates, and age-related morbidity) are the same as those used for members of NYCTRS.

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

Valuation Date: June 30, 2014

Actuarial Cost Method: For the June 30, 2014 valuation, the Entry Age Actuarial Cost Method was used. Under this method, the Actuarial Present Value of Projected Benefits of each individual is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The portion of this Actuarial Present Value not provided for at a valuation date by the Actuarial Present Value of Future Normal Costs is called the Actuarial Accrued Liability. For the June 30, 2013 valuation, the Frozen Entry Age Actuarial Cost Method was used. Under this method, the excess of the Actuarial Present Value of Projected Benefits over the sum of the Actuarial Value of Assets and the Unfunded Frozen Actuarial Accrued Liability is allocated on a level basis over the future salaries of the group included in the valuation from the valuation date to assumed exit. This allocation is performed for the group as a whole, not as a sum of individual allocations. The Frozen Actuarial Accrued Liability (AAL) is determined using the Entry Age Actuarial Cost Method, with the initial portion of the AAL frozen as of June 30, 2006, and subsequent portions frozen as of June 30, 2007, June 30, 2008, June 30, 2009 and June 30, 2010. The portion of the Actuarial Present Value allocated to a valuation year is called the Normal Cost. Under the Frozen Entry Age Cost Method, Actuarial Gains (Losses), as they occur, reduce (increase) future Normal Costs.

Amortization: For purposes of these calculations, the Frozen Actuarial Accrued Liability is amortized as a level percentage of payroll over an open 30-year period.

Discount Rate: 4.0% per annum, compounded annually.

Healthcare Cost Trend Rate: Covered healthcare expenses were assumed to increase by the following percentages each year:

	Pre-Medicare Plans	**Medical (Post-Medicate)**	**Welfare Fund contributions**
Fiscal year ending:			
2016	8.5%	5.0%	5.0%
2017	8.0	5.0	5.0
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

Inflation Rate: The assumed increase in premium rates.

Medical:	
Initial rate	9.5%
Ultimate rate	5.0
Fiscal year ultimate rate reached	2023

Wage Inflation: 3.0% per annum, compounded annually.

Miscellaneous: The valuation was prepared on a going-plan basis. This assumption does not necessarily imply that an obligation to continue the Plan exists.

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, 2015 (in thousands):

Benefit obligation	$	(128,313)
Fair value of plan assets		127,686
Funded status	$	(627)

(11) Commitments

The University has entered into contracts for the construction and improvement of various capital assets. At June 30, 2015, these outstanding contractual commitments were approximately $243.9 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 non-cancelable real property (in thousands):

Contractual commitments		Principal amount
Fiscal year:		
2016	$	74,116
2017		73,540
2018		74,341
2019		73,941
2020		74,274
2021 – 2025		310,713
2026 – 2030		274,774
2031 – 2035		176,770
2036 – 2059		94,995
	$	1,227,464

For the year ended June 30, 2015, rent expense, including escalations of $18.0 million, was approximately $89.8 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 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 September 11, 2015, DASNY issued refunding bonds with par value of $103,965,000 and original issued premium of $11,644,584 on behalf of the University. On October 22, 2015, DASNY issued bonds for new construction with par value of $236,880,000 and original issued premium of $40,675,302 on behalf of the University.

On October 30, 2015, the University acquired from The Catholic Charities of the Archdiocese of New York, an existing seven story building located at 149 East 67th Street, New York, New York, previously used by the Kennedy Child Study Center. The facility will be used by Hunter College for academic programming, including classrooms and faculty offices. The purchase price of $18 million is supported by an appraisal.

(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, 2015 are as follows:

Condensed statement of net position (in thousands):

		University	RF - CUNY	CUCF	Eliminations	Total
Current assets	$	1,468,226	215,544	36,269	—	1,720,039
Other noncurrent assets		586,523	53,807	27,592	—	667,922
Capital assets		5,407,703	45,593	—	—	5,453,296
Total assets		7,462,452	314,944	63,861	—	7,841,257
Deferred outflows of resources		223,007	—	—	—	223,007
Current liabilities		1,146,285	216,370	49,254	(76,078)	1,335,831
Noncurrent liabilities		6,453,109	68,413	—	—	6,521,522
Total liabilities		7,599,394	284,783	49,254	(76,078)	7,857,353
Deferred inflows of resources		178,048	—	—	—	178,048
Net investment in capital assets		633,950	(23,327)	3,103	—	613,726
Restricted:						
Nonexpendable		64,221	—	—	—	64,221
Expendable		336,598	—	—	—	336,598
Unrestricted		(1,126,752)	53,488	11,504	76,078	(985,682)
Total net position (deficit)	$	(91,983)	30,161	14,607	76,078	28,863

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	$ 769,908	—	—	—	769,908
Grants and contracts	962,705	383,935	91	(20,518)	1,326,213
Other operating revenues	47,315	42,243	14,973	(49,823)	54,708
Total operating revenues	1,779,928	426,178	15,064	(70,341)	2,150,829
Operating expenses:					
Other operating expenses	3,697,453	419,212	15,092	(74,784)	4,056,973
Depreciation and amortization	237,910	2,962	—	—	240,872
Total operating expenses	3,935,363	422,174	15,092	(74,784)	4,297,845
(Loss) income from operations	(2,155,435)	4,004	(28)	4,443	(2,147,016)
Nonoperating revenues (expenses):					
Government appropriations	1,773,906	—	—	—	1,773,906
Gifts and grants	18,165		6	(6)	18,165
Investment income	4,424	129	8	—	4,561
Gain on transfer of capital assets	49,108	—	—	—	49,108
Interest expense	(178,639)	(3,341)	(6)	6	(181,980)
Net (depreciation) appreciation in fair value of investments	(5,505)	78	—	—	(5,427)
Capital appropriations	646,063	—	280,030	(280,030)	646,063
Additions to permanent endowments	5	—	—	—	5
Other nonoperating revenues (expenses), net	19,146	—	(295,024)	275,918	40
Total nonoperating revenues (expenses), net	2,326,673	(3,134)	(14,986)	(4,112)	2,304,441
Increase (decrease) in net position	171,238	870	(15,014)	331	157,425
Net position at beginning of year	624,637	29,291	29,621	75,747	759,296
Effect of adoption of GASB 68	(887,858)	—	—	—	(887,858)
Net position (deficit) at beginning of year, as restated	(263,221)	—	—	—	(128,562)
Net position (deficit), end of year	$ (91,983)	30,161	14,607	76,078	28,863

Condensed statement of cash flows (in thousands):

Description		University	RF-CUNY	CUCF	Eliminations	Total
Net cash provided (used) by:						
Operating activities	$	(1,880,957)	9,163	12,290	—	(1,859,504)
Noncapital financing activities		1,805,197	—	—	—	1,805,197
Capital and related financing activities		100,903	(1,080)	7	—	99,830
Investing activities		(58,452)	8,205	—	—	(50,247)
Net (decrease) increase in cash and cash equivalents		(33,309)	16,288	12,297	—	(4,724)
Cash and cash equivalents at beginning of year		575,924	121,222	23,377	—	720,523
Cash and cash equivalents at end of year	$	542,615	137,510	35,674	—	715,799

(17) Discretely Presented Component Units

The University's discretely presented component units consist of college foundations, related-recognized auxiliary service corporations, student association organizations and child care centers. 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.

(a) Summary of Significant Accounting Policies

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.

Split Interest Agreements

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.

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 are carried at fair value. Investments at June 30, 2015 consist of:

Investment type		Amount
Cash and cash equivalents	$	16,041,979
Certificates of deposit		5,679,913
U.S. Treasury bills		956,263
U.S. government bonds		3,462,084
Corporate bonds		12,583,409
Mutual funds invested in equity securities		253,987,525
Mutual funds invested in debt securities		88,814,932
Equities		61,826,171
Beneficial interest in reminder trust		4,583,152
Alternative investments		146,593,083
CUNY investment pool		36,946,578
Other		69,968,254
Total investments	$	701,443,343

(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 2015 amount to $59,307,976 and are recorded in current receivables. Contributions receivable that are due in fiscal year 2016 and later amount to

$76,339,787 and are recorded in long-term receivables. At June 30, 2015, contributions receivable consisted of:

		Amount
Contributions receivable	$	159,259,495
Less allowance for doubtful accounts		6,891,269
Less discount to present value		16,720,463
Contributions receivable, net	$	135,647,763

(d) Capital Assets

Capital assets consist of the following at June 30, 2015 (in thousands):

		June 30, 2014	Additions	Reductions	June 30, 2015
Building and building improvements	$	157,953	1,803	1,488	158,268
Equipment		17,991	1,630	1,739	17,882
Land		36	—	—	36
Land improvements		3,233	211	—	3,444
Works of art and historical treasures		6,547	343	3,301	3,589
Total capital assets		185,760	3,987	6,528	183,219
Less accumulated depreciation:					
Building and building improvements		18,572	4,833	2,210	21,195
Equipment		15,873	1,684	671	16,886
Land improvements		1,290	192	—	1,482
Total accumulated depreciation		35,735	6,709	2,881	39,563
Total capital assets, net	$	150,025	(2,722)	3,647	143,656

(e) Q Student Residences Mortgage Loan

On September 5, 2014, the Q Student Residences, LLC (QSR) issued $65,230,000 in Revenue Refunding Bonds through the Build NYC Resource Corporation. The fixed rate bonds were segregated into tax-exempt ($58,150,000) and taxable ($7,080,000) and were issued at a premium of $8,109,119 and mature in 2043. The transaction also allowed Q Residence to use the amounts in its debt service reserve as part of the transaction. The proceeds and amounts in the debt service reserve were used to currently refund the $67,110,000 mortgage loan with RBS Citizens Bank, N.A., terminate the interest rate swap obligation and fully satisfy the principal and accrued interest of the developer note payable. The University, through a support agreement, guarantees the repayment of these bonds (see note 14).

The following is a summary of future minimum payments at June 30, 2015 (in thousands):

	Principal	Interest	Total
Fiscal year:			
2016	$ 540	3,053	3,593
2017	645	3,048	3,693
2018	755	3,041	3,796
2019	880	3,027	3,907
2020	1,010	3,008	4,018
Thereafter	60,745	43,266	104,011
Total minimum loan payment	$ 64,575	58,443	123,018
Plus unamortized bond premium			7,774
Less amount representing interest			(58,443)
Carrying amount of obligations			$ 64,575

Interest rates on the Q Residence bond obligations range from 0.55% to 5.0%.

(f) College of Staten Island Student Housing Bond

The New York City Housing Development Corporation issued a bond of $67,800,000 on behalf of the College of Staten Island Student Housing, LLC in order to finance a student housing facility to benefit students attending the College of Staten Island. The University, through a support agreement, guarantees the repayment of these bonds (see note 14). The following is a summary of future minimum payments under this agreement at June 30, 2015 (in thousands):

College of Staten Island student housing bond		Principal	Interest		Total
Fiscal year:					
2016	$	750	2,647		3,397
2017		770	2,627		3,397
2018		785	2,612		3,397
2019		800	2,597		3,397
2020		820	2,577		3,397
Thereafter		63,090	41,415		104,505
Total minimum loan payment	$	67,015	54,475		121,490
Less amount representing interest					(54,475)
Carrying amount of obligations				$	67,015

The interest rate on the College of Staten Island Student Housing bond obligations was 4.171%.

(g) Subsequent Events - The Graduate Center Foundation

In July 2015, the Graduate Center Foundation Housing Corporation LIC (“Housing – LIC”) purchased land in Queens, New York for $22,475,000. In connection with the purchase of the land, Housing - LIC obtained an $8,350,000 mortgage from Amalgamated Bank. As of June 30, 2015, the amount escrowed with the title company for the purchase of land was $1,715,625.

THE CITY UNIVERSITY OF NEW YORK

Schedule of Employer Contributions

(Unaudited)

June 30, 2015

(in thousands)

New York City Employees' Retirement System

		2015	2014
Contractually required contribution	$	38,587	35,855
Contributions in relation to the contractually required contribution		38,587	35,855
Contribution deficiency (excess)	$	—	—
University employee covered-payroll	$	214,226	191,840
Contributions as a percentage of employee covered payroll		18.01%	18.69%

Teachers' Retirement System of The City of New York

		2015	2014
Contractually required contribution	$	84,468	75,040
Contributions in relation to the contractually required contribution		84,468	75,040
Contribution deficiency (excess)	$	—	—
University employee covered-payroll	$	174,983	161,881
Contributions as a percentage of employee covered payroll		48.27%	46.36%

See accompanying independent auditors' report.

THE CITY UNIVERSITY OF NEW YORK

Schedule of Proportionate Share of the Net Pension Liability

(Unaudited)

June 30, 2015

(In thousands)

New York City Employees' Retirement System

		2015	2014
University proportion share of the net pension liability		1.221%	1.151%
University proportionate share of the net pension liability	$	247,140	207,402
University employee covered-payroll		214,226	191,840
University proportionate share of the net pension liability as a percentage of the employee covered-payroll		115.4%	108.1%
Plan fiduciary net position as a percentage of the total pension liability		73.13%	75.32%

Teachers' Retirement System of The City of New York

		2015	2014
University proportion of the net pension liability		2.540%	2.502%
University proportionate share of the net pension liability	$	527,957	445,767
University employee covered-payroll		174,983	161,881
University proportionate share of the net pension liability as a percentage of the employee covered-payroll		301.7%	275.4%
Plan fiduciary net position as a percentage of the total pension liability		68.04%	71.41%

See accompanying independent auditors' report.

THE CITY UNIVERSITY OF NEW YORK

Schedule of Net Position Information - Senior and Community Colleges

June 30, 2015

(In thousands)

	Senior colleges	Community colleges	Total
Assets:			
Current assets:			
Cash and cash equivalents	$ 664,969	50,830	715,799
Short-term investments	64,768	3,457	68,225
Restricted deposits held by bond trustees	197,888	35,966	233,854
Restricted amounts held by the Dormitory Authority of the State of New York	42,856	30,441	73,297
Receivables, net	475,301	143,703	619,004
Prepaid expenses and other current assets	5,660	4,200	9,860
Total current assets	1,451,442	268,597	1,720,039
Noncurrent assets:			
Restricted cash	23,123	4,988	28,111
Long-term investments, unrestricted	97,322	13,722	111,044
Long-term investments, restricted	161,184	17,467	178,651
Restricted deposits held by bond trustees	269,356	53,618	322,974
Long-term receivables, net	23,993	1,000	24,993
Capital assets, net	4,709,848	743,448	5,453,296
Other noncurrent assets	2,149	-	2,149
Total noncurrent assets	5,286,975	834,243	6,121,218
Total assets	6,738,417	1,102,840	7,841,257
Deferred outflows of resources:			
Pension liabilities	100,636	—	100,636
Interest rate swap agreements	63,980	7,421	71,401
Deferred amount on debt refundings	45,390	5,580	50,970
Total deferred outflows of resources	210,006	13,001	223,007
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	467,688	132,733	600,421
Compensated absences	74,870	24,722	99,592
Unearned tuition and fees revenue	66,026	6,347	72,373
Accrued interest payable	74,101	10,367	84,468
Current portion of long-term debt	238,861	50,501	289,362
Unearned grant revenue	92,390	5,332	97,722
Other current liabilities	33,381	26,220	59,601
Deposits held in custody for others	15,239	17,053	32,292
Total current liabilities	1,062,556	273,275	1,335,831
Noncurrent liabilities:			
Compensated absences	26,803	8,942	35,745
OPEB liability	614,435	112	614,547
Long-term debt	4,406,336	543,200	4,949,536
Federal refundable loans	28,581	2,659	31,240
Pension liabilities	775,097	—	775,097
Interest rate swap agreements	63,980	7,421	71,401
Other noncurrent liabilities	27,599	16,357	43,956
Total noncurrent liabilities	5,942,831	578,691	6,521,522
Total liabilities	7,005,387	851,966	7,857,353
Deferred inflows of resources:			
Pension liabilities	178,048	—	178,048
Total deferred outflows of resources	178,048	—	178,048
Net position (deficit):			
Net investment in capital assets	382,297	231,429	613,726
Restricted:			
Nonexpendable	49,110	15,111	64,221
Expendable:			
Debt service	117,025	24,726	141,751
Scholarships and general educational support	117,199	2,912	120,111
Loans	12,930	1,602	14,532
Other	65,178	(4,974)	60,204
Unrestricted	(978,751)	(6,931)	(985,682)
Total net position (deficit)	$ (235,012)	263,875	28,863

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, 2015

(In thousands)

	Senior colleges	Community colleges	Total
Revenues:			
Operating revenues:			
Tuition and fees (net of allowance of $815,095)	$ 645,222	124,686	769,908
Grants and contracts:			
Federal	460,299	280,909	741,208
New York State	254,682	131,099	385,781
New York City	75,881	11,805	87,686
Private	93,751	17,787	111,538
Total grants and contracts	884,613	441,600	1,326,213
Sales and services of auxiliary enterprises	5,591	65	5,656
Other operating revenues	39,343	9,709	49,052
Total operating revenues	1,574,769	576,060	2,150,829
Expenses:			
Operating expenses:			
Instruction	1,225,111	512,764	1,737,875
Research	122,937	3,513	126,450
Public service	35,026	17,470	52,496
Academic support	148,842	43,382	192,224
Student services	232,462	111,691	344,153
Institutional support	402,938	199,392	602,330
Operation and maintenance of plant	369,028	165,985	535,013
Scholarships and fellowships	228,296	114,539	342,835
Auxiliary enterprises	2,594		2,594
Depreciation and amortization expense	192,354	48,518	240,872
OPEB expense	120,817	186	121,003
Total operating expenses	3,080,405	1,217,440	4,297,845
Operating loss	(1,505,636)	(641,380)	(2,147,016)
Nonoperating revenues (expenses):			
Government appropriations/transfers:			
New York State	1,189,546	226,761	1,416,307
New York City	32,275	325,324	357,599
Gifts and grants	17,049	1,116	18,165
Investment income, net	4,364	197	4,561
Gain on transfer of capital assets	49,108	—	49,108
Interest expense	(159,478)	(22,502)	(181,980)
Net depreciation in fair value of investments	(5,066)	(361)	(5,427)
Other nonoperating (expenses) revenues, net	(16,866)	19,738	2,872
Net nonoperating revenues, net	1,110,932	550,273	1,661,205
Loss before other revenues	(394,704)	(91,107)	(485,811)
Capital appropriations	529,689	116,374	646,063
Additions to permanent endowments	4	1	5
Transfer (from University) to Foundation	(2,803)	(29)	(2,832)
Total other revenues	526,890	116,346	643,236
Increase in net position	132,186	25,239	157,425
Net position at beginning of year, as previously reported	520,660	238,636	759,296
Effect of adoption of GASB 68	(887,858)	—	(887,858)
Net position (deficit) at beginning of year, as restated	(367,198)	238,636	(128,562)
Net position (deficit) at end of year	$ (235,012)	263,875	28,863

See accompanying independent auditors' report.

THE CITY UNIVERSITY OF NEW YORK

Schedule of Cash Flow Information - Senior and Community Colleges

Year ended June 30, 2015

(In thousands)

		Senior colleges	Community colleges	Total
Cash flows from operating activities:				
Collection of tuition and fees	$	636,464	121,026	757,490
Collection of grants and contracts		874,958	440,965	1,315,923
Collection of loans from students		6,977	1,181	8,158
Sales and services of auxiliary enterprises		5,591	65	5,656
Collection of other operating revenues		30,837	9,710	40,547
Payments to suppliers		(59,651)	(164,802)	(224,453)
Payments for utilities		(125,840)	(27,701)	(153,541)
Payments to employees		(1,633,941)	(592,472)	(2,226,413)
Payments for benefits		(570,021)	(167,545)	(737,566)
Payment for pensions		(200,258)	(68,482)	(268,740)
Payments for scholarships and fellowships		(228,296)	(114,539)	(342,835)
Payments for OPEB		(29,900)	(155)	(30,055)
Loans issued to students		(1,608)	(2,067)	(3,675)
Net cash flows used by operating activities		(1,294,688)	(564,816)	(1,859,504)
Cash flows from noncapital financing activities:				
New York State and New York City appropriations/transfers		1,271,158	531,006	1,802,164
Gifts and grants for other than capital purposes		17,049	1,116	18,165
Private gifts for endowment purposes		4	1	5
Decrease in deposits held in custody for others		(18,708)	(2,918)	(21,626)
(Payment to) receipt from third parties		(13,758)	20,247	6,489
Net cash flows provided by noncapital financing activities		1,255,745	549,452	1,805,197
Cash flows from capital and related financing activities:				
Proceeds from capital debt		712,172	46,524	758,696
Capital appropriations		529,689	116,374	646,063
Purchases of capital assets		(369,118)	(61,414)	(430,532)
Principal paid on capital debt		(186,890)	(40,418)	(227,308)
Principal amount refunded		(279,300)	(19,649)	(298,949)
Interest paid on capital debt		(169,833)	(23,379)	(193,212)
Amounts paid for bond issuance costs		(8,195)	(540)	(8,735)
Increase in restricted deposits held by bond trustees		(126,683)	(2,366)	(129,049)
(Increase) decrease in restricted amounts held by the Dormitory Authority of the State of New York		(17,591)	447	(17,144)
Net cash flows provided by capital and related financing activities		84,251	15,579	99,830
Cash flows from investing activities:				
Investment income		4,364	197	4,561
Proceeds from sales and maturities of investments		123,280	4,985	128,265
Purchases of investments		(170,712)	(9,864)	(180,576)
Increase in restricted cash		(1,870)	(627)	(2,497)
Net cash flows used by investing activities		(44,938)	(5,309)	(50,247)
Increase (decrease) in cash and cash equivalents		370	(5,094)	(4,724)
Cash and cash equivalents at beginning of year		664,599	55,924	720,523
Cash and cash equivalents at end of year	$	664,969	50,830	715,799

THE CITY UNIVERSITY OF NEW YORK

Schedule of Cash Flow Information - Senior and Community Colleges

June 30, 2015

(In thousands)

		Senior colleges	Community colleges	Total
Reconciliation of operating loss to net cash flows used by operating activities:				
Operating loss	$	(1,505,636)	(641,380)	(2,147,016)
Adjustments to reconcile operating loss to net cash flows used by operating activities:				
Depreciation and amortization expense		192,353	48,518	240,872
Bad debt expense		921	99	1,020
Change in operating assets and liabilities:				
Receivables		(18,254)	(2,716)	(20,970)
Prepaid expenses and other assets		7,255	87	7,342
Accounts payable and accrued expenses		(62,431)	21,429	(41,002)
Unearned tuition and fees revenue		(323)	(3,229)	(3,552)
Compensated absences		4,179	2,865	7,044
OPEB liability		90,917	31	90,948
Pension related		(35,349)	—	(35,349)
Unearned grant revenue		(3,894)	723	(3,171)
Other liabilities		35,574	8,757	44,330
Net cash flows used by operating activities	$	(1,294,688)	(564,816)	(1,859,504)
Noncash transactions:				
Net depreciation in fair value of investments	$	(5,066)	(361)	(5,427)
Gain on transfer of capital assets		49,108	—	49,108

See accompanying independent auditors' report.