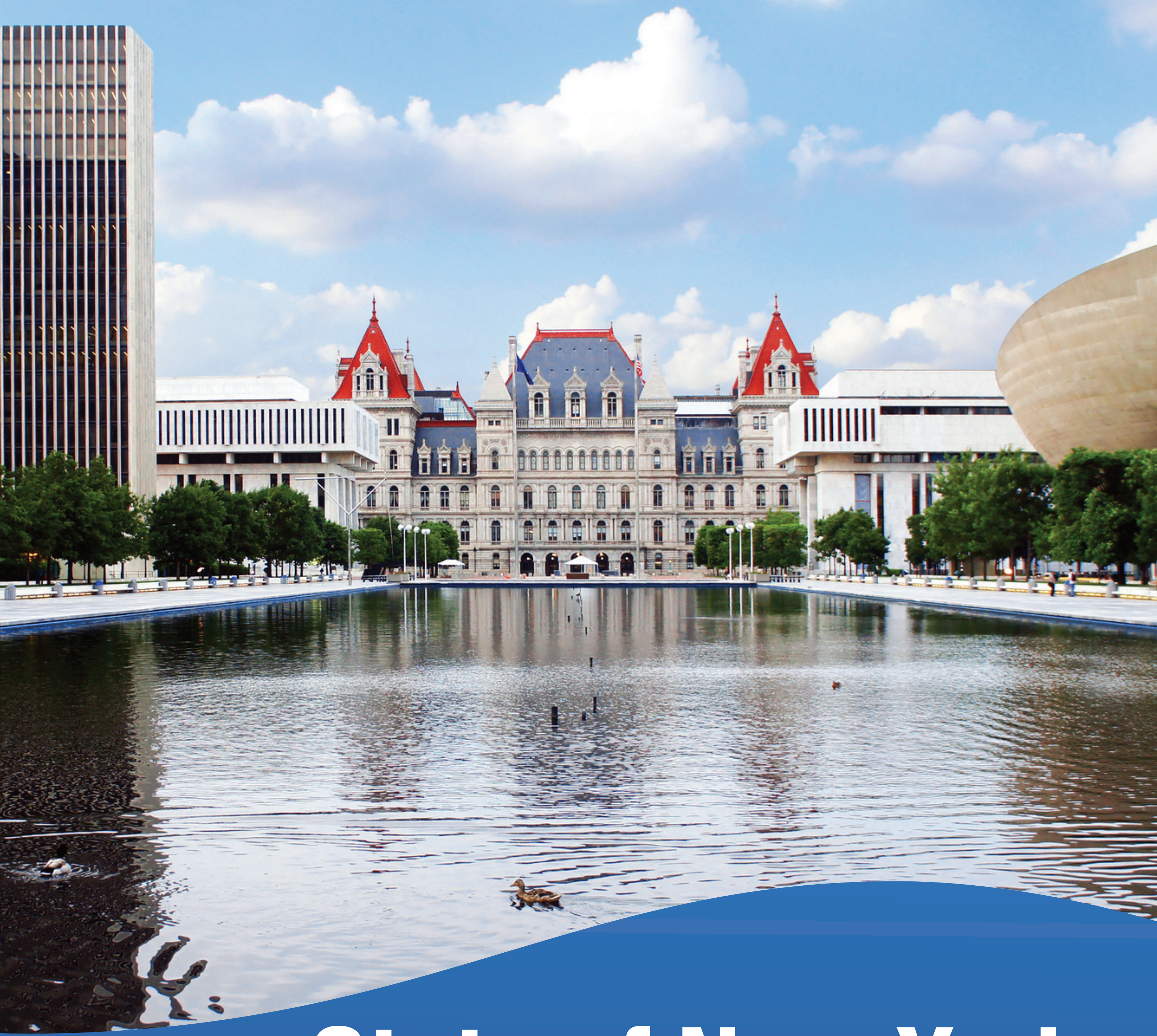


State of New York

Basic Financial Statements and Other Supplementary Information

for Fiscal Year Ended March 31, 2020

New York State Comptroller
THOMAS P. DiNAPOLI

State of New York

Basic Financial Statements and Other Supplementary Information

for Fiscal Year Ended March 31, 2020

New York State Comptroller
THOMAS P. DiNAPOLI

STATE OF NEW YORK

EXCELSIOR

COMPTROLLER

THOMAS P. DiNAPOLI
STATE COMPTROLLER

110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

July 28, 2020

To Members of the New York State Legislature**:**

In accordance with Section 8(9) of the State Finance Law, I am pleased to enclose my 2020 Financial Report to the Legislature which includes the 2020 basic financial statements prepared in accordance with generally accepted accounting principles, together with the report of the State's independent auditors, dated July 28, 2020.

Sincerely,

Thomas P. DiNapoli
State Comptroller

TABLE OF CONTENTS

Independent Auditors' Report 7

Management's Discussion and Analysis (unaudited) 11

Basic Financial Statements

Statement of Net Position 26

Statement of Activities 27

Balance Sheet – Governmental Funds 28

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position 29

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds 30

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities 31

Statement of Net Position – Enterprise Funds 32

Statement of Revenues, Expenses and Changes in Fund Net Position ─ Enterprise Funds 33

Statement of Cash Flows – Enterprise Funds 34

Statement of Fiduciary Net Position – Fiduciary Funds 35

Statement of Changes in Fiduciary Net Position – Fiduciary Funds 36

Combining Statement of Net Position – Discretely Presented Component Units 37

Combining Statement of Activities – Discretely Presented Component Units 38

Notes to the Basic Financial Statements – Index 39

Required Supplementary Information (unaudited)

Budgetary Basis – Financial Plan and Actual – Combined Schedule of Cash Receipts and Disbursements – Major Funds – General Fund and Federal Special Revenue Fund 168

Notes to Budgetary Basis Reporting 169

Infrastructure Assets Using the Modified Approach 171

Schedule of Changes in Net OPEB Liability and Related Ratios, New York State 174

Schedule of Changes in Net OPEB Liability and Related Ratios, SUNY 175

Schedule of Changes in Net OPEB Liability and Related Ratios, CUNY Senior Colleges 176

Pension Plans – Schedule of Proportionate Share of the Net Pension Liability for the New York State and Local Employees' Retirement System 177

Pension Plans – Schedule of Proportionate Share of the Net Pension Liability for the New York State and Local Police and Fire Retirement System ... 177

Pension Plans – Schedule of Employer Contributions for the New York State and Local Employees' Retirement System ... 178

Pension Plans – Schedule of Employer Contributions for the New York State and Local Police and Fire Retirement System ... 178

Other SUNY-Related Pension Plans – New York State Teachers' Retirement System (TRS) – Schedule of the Proportionate Share of the TRS Net Pension Liability (Asset) ... 179

Other SUNY-Related Pension Plans – TRS – Schedule of Employer Contributions for the TRS Plan ... 179

Other SUNY-Related Pension Plans – Upstate Plan – Schedule of Changes in the Net Pension Liability and Related Ratios ... 180

Other SUNY-Related Pension Plans – Upstate Plan – Schedule of Employer Contributions ... 181

CUNY Senior Colleges Plans – Schedule of Proportionate Share of the Net Pension Liabilities for the New York City Employees' Retirement System (NYCERS) ... 183

CUNY Senior Colleges Plans – Schedule of Proportionate Share of the Net Pension Liabilities for the New York City Teachers' Retirement System (NYCTRS) ... 183

CUNY Senior Colleges Plans – Schedule of Employer Contributions for NYCERS ... 184

CUNY Senior Colleges Plans – Schedule of Employer Contributions for NYCTRS ... 184

Other Supplementary Information

Combining Schedule of Balance Sheet Accounts – General Fund ... 186

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) Accounts – General Fund ... 188

Combining Schedule of Balance Sheet Accounts – Federal Special Revenue Fund ... 190

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance Accounts – Federal Special Revenue Fund ... 191

Schedule of Cash Receipts and Disbursements – Budgetary Basis – Financial Plan and Actual – General Debt Service Fund ... 192

Combining Balance Sheet – Other Governmental Funds ... 193

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Other Governmental Funds ... 194

Combining Schedule of Cash Receipts and Disbursements – Budgetary Basis – Financial Plan and Actual – Other Governmental Funds ... 195

Combining Balance Sheet – Other Governmental Funds – Special Revenue Funds ... 196

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) – Other Governmental Funds – Special Revenue Funds ... 198

Combining Schedule of Cash Receipts and Disbursements – Budgetary Basis – Financial Plan and Actual – Other Governmental Funds – Special Revenue Funds ... 200

Combining Balance Sheet – Other Governmental Funds – Debt Service Funds.................................. 202

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances – Other Governmental Funds – Debt Service Funds 203

Combining Schedule of Cash Receipts and Disbursements – Budgetary Basis –
Financial Plan and Actual – Other Governmental Funds – Debt Service Funds.................................. 204

Combining Balance Sheet – Other Governmental Funds – Capital Projects Funds............................. 206

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances (Deficits) – Other Governmental Funds – Capital Projects Funds............................ 209

Combining Schedule of Cash Receipts and Disbursements – Budgetary Basis –
Financial Plan and Actual – Other Governmental Funds – Capital Projects Funds 212

Combining Statement of Fiduciary Net Position – Private Purpose Trusts... 215

Combining Statement of Changes in Fiduciary Net Position – Private Purpose Trusts 216

Combining Statement of Fiduciary Net Position – Agency Funds... 217

Combining Statement of Changes in Assets and Liabilities – Agency Funds 219

Combining Statement of Net Position – Discretely Presented Non-Major
Component Units.. 222

Combining Statement of Activities – Discretely Presented Non-Major Component Units.................. 223

KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

The Audit Committee
New York State Legislature:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of New York (the State), as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the State's Lottery enterprise fund, the City University of New York (CUNY) enterprise fund, the New York Local Government Assistance Corporation, the Tuition Savings Program, and certain of the discretely presented component units as identified in Note 14 to the basic financial statements. The State's Lottery and CUNY enterprise fund represents 100 percent of the assets and revenues of each associated major fund. The State's Lottery and CUNY enterprise funds collectively represent 29 percent and 53 percent, respectively, of the assets and revenues of the business-type activities. The New York Local Government Assistance Corporation represents 1 percent of the respective assets and revenues of the governmental activities and 1 percent and 2 percent of the respective assets and revenues of the aggregate remaining fund information. The Tuition Savings Program represents 13 percent and 27 percent, respectively, of the assets and revenues of the aggregate remaining fund information. The certain discretely presented component units identified in Note 14 of the basic financial statements represent 52 percent and 66 percent, respectively, of the assets and revenues of the aggregated discretely presented component units. The financial statements of these entities were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the State's Lottery enterprise fund, CUNY enterprise fund, the New York Local Government Assistance Corporation, the Tuition Savings Program, and certain of the discretely presented component units identified in Note 14 of the basic financial statements, are based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the State's Lottery enterprise fund and of certain discretely presented component units as identified in Note 14 of the basic financial statements were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 unmodified and modified audit opinions.

Basis for Qualified Opinion on Aggregate discretely presented component units

Management was unable to obtain the financial statement balances of the Urban Development Corporation and the Job Development Authority in the aggregate discretely presented component units and, accordingly, has excluded these major and non-major component units, respectively, from the basic financial statements. U.S. generally accepted accounting principles require that all major component units be presented, which would increase the assets and fund balances and change the revenues in the aggregate discretely presented component units. The amount by which this departure would affect the assets, fund balances, and revenues of the aggregate discretely presented component units has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion on Aggregate discretely presented component units paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the discretely presented component units of the State of New York, as of March 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Unmodified Opinions

In our opinion, based on our audit 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the State of New York, as of March 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the information listed under Required Supplementary Information in the accompanying table of contents 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The other supplementary information listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other 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 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2020 on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

KPMG LLP

Albany, New York
July 28, 2020

STATE OF NEW YORK

EXCELSIOR

COMPTROLLER

MANAGEMENT'S DISCUSSION AND ANALYSIS
(unaudited)

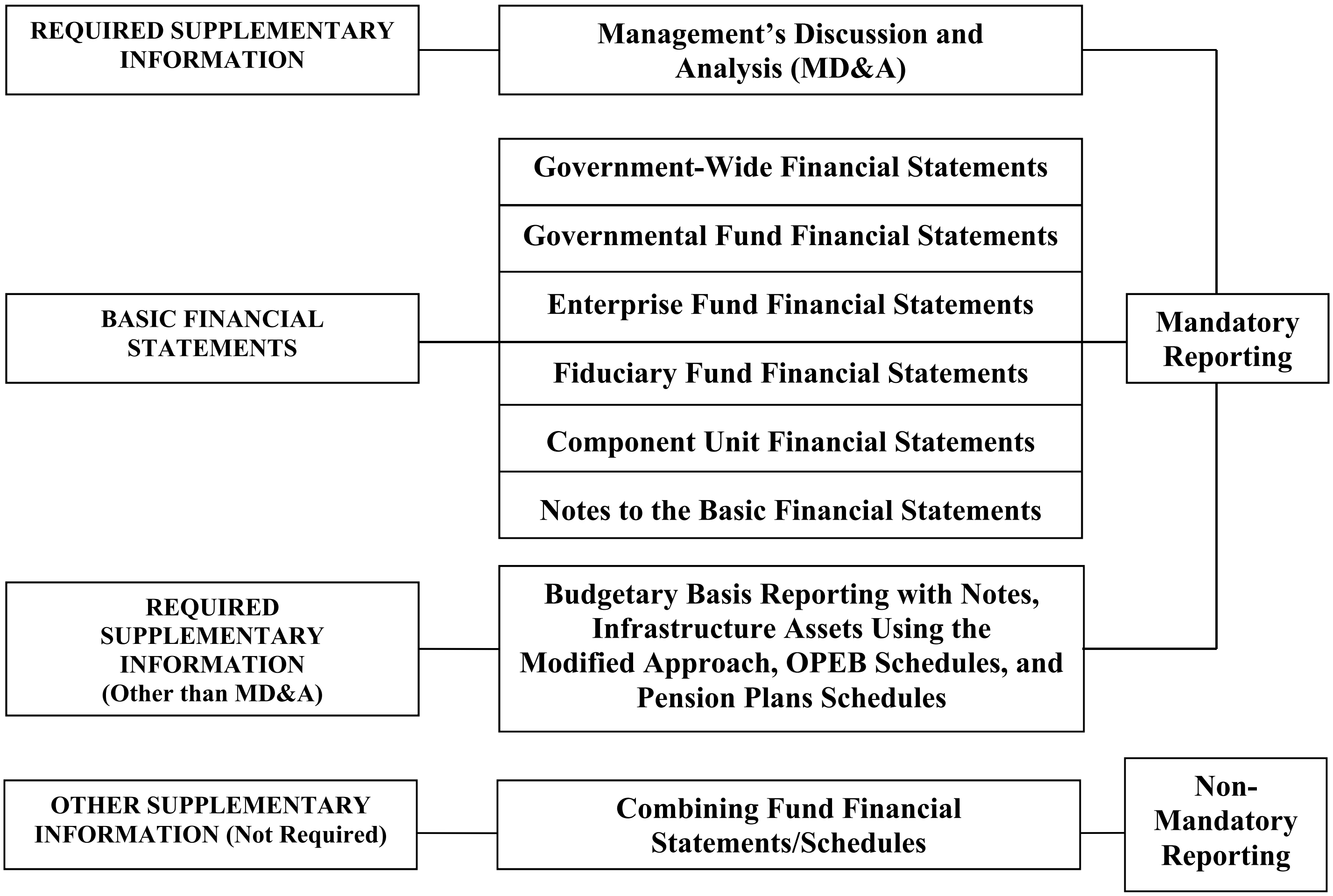
The following Management's Discussion and Analysis (MD&A) is required supplementary information to the State of New York's financial statements. It provides a narrative overview and analysis of the financial activities of the State of New York (State) for the fiscal year ended March 31, 2020. The MD&A is intended to serve as an introduction to the State's basic financial statements, which have the following components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. The MD&A is designed to (a) assist the reader in focusing on significant financial matters, (b) provide an overview of the State's financial activities, (c) identify any material changes from the original budget, and (d) highlight individual fund matters. The following presentation is by necessity highly summarized, and in order to gain a thorough understanding of the State's financial condition, the following financial statements, notes and required supplementary information should be reviewed in their entirety.

FINANCIAL HIGHLIGHTS

- New York State reported a net position deficit of $13.6 billion, comprising $177.3 billion in total assets and $6.6 billion in deferred outflows of resources, less $188.9 billion in total liabilities and $8.6 billion in deferred inflows of resources (Table 1).
- The State's net position decreased by $1.2 billion as a result of this year's operations. The net position for governmental activities decreased by $1.1 billion (26.9 percent) and the net position for business-type activities decreased by $41 million (0.5 percent) due to current year operations (Table 2).
- The State's governmental activities had total revenues of $167.2 billion, which exceeded total expenses of $166 billion, excluding transfers to business-type activities of $2.3 billion, by $1.1 billion (Table 2).
- The total cost of all the State's programs, which includes $25.1 billion in business-type activities, was $191.1 billion (Table 2).
- The General Fund reported a surplus this year of $355 million, which increased the accumulated fund balance to $3.7 billion.
- Total debt outstanding at year-end was $60.9 billion, comprising $44.7 billion in governmental activities and $16.2 billion in business-type activities (Table 5).

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and supplementary information. The Statement of Net Position and the Statement of Activities (on pages 26 and 27, respectively) provide information about the activities of the State as a whole and present a longer-term view of the State's finances. Fund financial statements start on page 28. For governmental activities, these statements show how services were financed in the short-term, as well as the amount of resources that remain available for future spending. Fund financial statements also report the State's operations in more detail than the government-wide statements by providing information about the State's most significant funds. The remaining statements provide financial information about activities for which the State acts solely as a trustee for the benefit of those outside the government and about public benefit corporations for which the State is accountable. The layout and relationship of the financial statements and supplementary information is visually illustrated as follows:



Reporting the State as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the State, as a whole, begins on page 14. One of the most important questions asked about the State's finances is: "Is the State, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the State, as a whole, and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources, using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash was received or paid.

These two statements report the State's net position and changes in it. One can think of the State's net position—the difference between (a) assets and deferred outflows of resources, and (b) liabilities and deferred inflows of resources—as one way to measure the State's financial health, or financial position. Over time, increases or decreases in the State's net position are one indicator of whether its financial health is improving or deteriorating. One may need to consider other nonfinancial factors, such as changes in the State's tax structure, population, employment, and the condition of the State's roads, bridges and buildings, in order to assess the overall health of the State.

In the Statement of Net Position and the Statement of Activities, operations of the State are divided into three kinds of activities:

- Governmental Activities—Most of the State's basic services are reported here, including education, public health, public welfare, public safety, transportation, environment and recreation, support and regulation of business, general government, and interest on long-term debt. Federal grants, personal income taxes, consumption and use taxes, business and other taxes, transfer of lottery revenues, and bond proceeds finance most of these activities.
- Business-Type Activities—The State charges a fee to customers to help it cover all or part of the cost of certain services it provides. The State's Lottery Fund, Unemployment Insurance Benefit Fund, the State University of New York (SUNY) and the City University of New York (CUNY) Senior Colleges are reported here.
- Component Units—The State includes 43 separate legal entities in its report, as disclosed in Notes 1 and 14 of the Notes to the Basic Financial Statements. Although legally separate, these "component units" are important because the State is financially accountable for them and may be affected by their financial well-being. In addition, the State blends two other component units in with the governmental activities, because they provide services exclusively to the State.

Reporting the State's Most Significant Funds

Fund Financial Statements

Financial statements prepared at the fund level provide additional details about the State's financial position and activities. By definition, funds are accounting entities with a self-balancing set of accounts created for the purpose of carrying on specific activities or achieving specific goals. Information presented in the fund financial statements differs from the information presented in the government-wide statements because the perspective and basis of accounting used to prepare the fund financial statements are different than the perspective and basis of accounting used to prepare the government-wide statements. The State's governmental and proprietary fund types use different perspectives and accounting bases. The funds presented in the fund financial statements are categorized as either major or non-major funds, as required by generally accepted accounting principles (GAAP). The State uses three fund types for operations – governmental, proprietary and fiduciary. The analysis of the State's major funds begins on page 18. The fund financial statements begin on page 28 and provide detailed information about the most significant funds, not the State as a whole.

- Governmental Funds – Most of the State's basic services and expenditures are reported in governmental funds, which focus on how money flows into and out of those funds as well as the balances remaining at year-end that are available for spending. Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. Assets and liabilities that do not impact current financial resources, such as capital assets and long-term liabilities, are not recognized in the governmental funds statements. The governmental funds statements provide a detailed short-term view of the State's general government operations and the basic services the State provides. Governmental funds information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the State's programs. The relationships (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are presented in the reconciliations following the fund financial statements.

- Proprietary Funds – These funds are utilized when the State charges customers to recover its costs of providing services. Proprietary funds report on business-type activities, which include enterprise-type funds and internal service-type funds. The State has no internal service-type funds on a GAAP basis and, therefore, has only one proprietary fund type – Enterprise. The State's enterprise funds are the same as the business-type activities reported in the government-wide statements. Proprietary Funds statements are prepared using the economic resources measurement focus and the accrual basis of accounting. In addition to a Statement of Net Position and a Statement of Revenues, Expenses and Changes in Fund Net Position, Proprietary Funds are also required to report a Statement of Cash Flows (page 34).

Reporting the State's Fiduciary Responsibilities

The State is the trustee, or fiduciary, for certain of its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All the State's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 35 and 36, respectively. We exclude these activities from the State's government-wide financial statements because the State cannot use these assets to finance its operations. The State is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Component Units of the State

The State has created numerous public benefit corporations – two of which provide services exclusively to the State government itself, the New York Local Government Assistance Corporation (LGAC) and the Tobacco Settlement Financing Corporation (TSFC), and the rest of which provide services directly to citizens. The financial position and activities of LGAC and TSFC have been blended within the Statement of Net Position and the Statement of Activities in the governmental activities column and in the governmental funds. The financial position and activities of the public benefit corporations that provide services directly to citizens have been presented in the Statement of Net Position and the Statement of Activities under the component units column and also in more detail in the Combining Statement of Net Position and the Combining Statement of Activities for the component units. These component units have been discretely presented in the State's financial statements because their nature and significance to the State cause them to have an effect on the fiscal condition of the State and the State is accountable for them.

It should be noted that our presentation of the discretely presented component units of the State does not include the Urban Development Corporation (UDC) and the Job Development Authority (JDA). UDC and JDA were unable to provide audited financial statements in time to be included in the State's presentation due to the impacts of the COVID-19 pandemic and not in relation to their financial performance or operating results.

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental entities are required by GAAP to report on their net position. The Statement of Net Position presents the value of all of New York State's assets and deferred outflows of resources, and of its liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of changes in a government's financial position. In the fiscal year ended March 31, 2020, the State reported a net position deficit of $13.6 billion, comprising $72.9 billion in net investment in capital assets, and $8.3 billion in restricted net position, offset by an unrestricted net position deficit of $94.8 billion.

Net position reported for governmental activities decreased by $1.1 billion to a $5.2 billion net position deficit. Unrestricted net position for governmental activities – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – had a deficit of $79.9 billion at March 31, 2020.

The following table (Table 1) was derived from the current and prior year government-wide Statements of Net Position:

Table 1
Net Position as of March 31, 2020 and 2019
(Amounts in millions)

	Governmental Activities		Business-Type Activities*		Total Primary Government	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Assets:						
Noncapital assets:						
Cash and investments	$ 20,552	$ 14,048	$ 10,956	$ 11,161	$ 31,508	$ 25,209
Receivables, net	30,769	32,602	4,312	3,327	35,081	35,929
Other	744	547	187	216	931	763
Total noncapital assets	**52,065**	**47,197**	**15,455**	**14,704**	**67,520**	**61,901**
Capital assets	91,212	89,798	18,595	18,058	109,807	107,856
Total assets	**143,277**	**136,995**	**34,050**	**32,762**	**177,327**	**169,757**
Deferred outflows of resources	**5,542**	**5,332**	**1,026**	**633**	**6,568**	**5,965**
Liabilities:						
Liabilities due within one year	43,458	37,089	4,870	4,657	48,328	41,746
Liabilities due in more than one year	104,651	102,674	35,893	34,515	140,544	137,189
Total liabilities	**148,109**	**139,763**	**40,763**	**39,172**	**188,872**	**178,935**
Deferred inflows of resources	**5,950**	**6,691**	**2,688**	**2,557**	**8,638**	**9,248**
Net position:						
Net investment in capital assets	71,410	71,089	1,537	1,511	72,947	72,600
Restricted	3,265	4,816	5,034	4,929	8,299	9,745
Unrestricted deficits	(79,915)	(80,032)	(14,946)	(14,774)	(94,861)	(94,806)
Total net position	**$ (5,240)**	**$ (4,127)**	**$ (8,375)**	**$ (8,334)**	**$ (13,615)**	**$ (12,461)**

* As of June 30, 2019 and 2018 for SUNY and CUNY activities

The net position deficit in unrestricted governmental activities, which decreased by $117 million (0.1 percent) in 2020, exists primarily because the State has issued debt for purposes not resulting in a capital asset related to State governmental activities and because of the obligation related to other postemployment benefits ($51.1 billion). Such outstanding debt included: eliminating the need for seasonal borrowing by the LGAC ($253 million); and borrowing for local highway and bridge projects ($4.5 billion), local mass transit projects ($2 billion), and a wide variety of grants and other expenditures not resulting in State capital assets ($15.2 billion). This deficit in unrestricted net position of governmental activities can be expected to continue for as long as the State continues to have obligations outstanding for purposes other than the acquisition of State governmental capital assets.

The net position deficit in business-type activities increased by $41 million (0.5 percent) to $8.4 billion in 2020 as compared to $8.3 billion in 2019. The increase in net position deficit for business-type activities was due to CUNY Senior Colleges' expenses exceeding revenues and State support by $141 million, and unemployment benefit payments exceeding employer contributions and other revenue for the Unemployment Insurance Fund by $25 million. This was partially offset by Lottery net income exceeding education aid transfers by $110 million, and SUNY revenues and State support exceeding expenses by $15 million.

The following table (Table 2) was derived from the current and prior year government-wide Statements of Activities:

Table 2
Changes in Net Position for the Fiscal Years Ended March 31, 2020 and 2019
(Amounts in millions)

	Governmental Activities		Business-Type Activities*		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	$ 15,899	$ 17,129	$ 15,714	$ 15,781	$ 31,613	$ 32,910
Operating grants and contributions	66,630	64,582	5,696	5,526	72,326	70,108
Capital grants and contributions	1,361	1,548	31	37	1,392	1,585
General revenues:						
Taxes	81,403	80,235	-	-	81,403	80,235
Other	1,886	1,837	913	779	2,799	2,616
Total revenues	**167,179**	**165,331**	**22,354**	**22,123**	**189,533**	**187,454**
Expenses:						
Education	37,632	37,324	-	-	37,632	37,324
Public health	78,882	75,445	-	-	78,882	75,445
Public welfare	13,959	14,135	-	-	13,959	14,135
Public safety	7,374	7,297	-	-	7,374	7,297
Transportation	11,098	11,142	-	-	11,098	11,142
Other	17,087	17,812	-	-	17,087	17,812
Lottery	-	-	6,483	6,838	6,483	6,838
Unemployment insurance	-	-	2,526	2,164	2,526	2,164
State University of New York	-	-	12,188	11,699	12,188	11,699
City University of New York	-	-	3,914	3,670	3,914	3,670
Total expenses	**166,032**	**163,155**	**25,111**	**24,371**	**191,143**	**187,526**
Increase (decrease) in net position before transfers	**1,147**	**2,176**	**(2,757)**	**(2,248)**	**(1,610)**	**(72)**
Transfers	(2,260)	(2,983)	2,716	2,403	456	(580)
Changes in net position	**(1,113)**	**(807)**	**(41)**	**155**	**(1,154)**	**(652)**
Net position, beginning of year	**(4,127)**	**(3,320)**	**(8,334)**	**(8,489)**	**(12,461)**	**(11,809)**
Net position, end of year	**$ (5,240)**	**$ (4,127)**	**$ (8,375)**	**$ (8,334)**	**$ (13,615)**	**$ (12,461)**

* As of June 30, 2019 and 2018 for SUNY and CUNY activities

Governmental Activities

In fiscal year 2020, the State's total revenues for governmental activities of $167.2 billion exceeded its total expenses of $166 billion by $1.2 billion (Table 2). However, as shown in the Statement of Activities on page 27, the amount that State taxpayers ultimately financed for activities through State taxes and other State revenues was $83.3 billion. Overall, the State's governmental program revenues, including intergovernmental aid, fees for services and capital grants, were $83.9 billion in 2020. The State paid for the remaining "public benefit" portion of governmental activities with $81.4 billion in taxes and $1.9 billion in other revenues, including investment earnings.

Table 3 presents the cost of State support for each of the State's five largest programs: education, public health, public welfare, public safety, and transportation, as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial obligation that was placed upon the State's taxpayers by each of these functions.

Table 3
Governmental Activities for the Fiscal Years Ended March 31, 2020 and 2019
(Amounts in millions)

	2020			2019
	Total Cost of Services	Program Revenues	Net Cost of Services	Net Cost of Services
Education	$ 37,632	$ 3,606	$ 34,026	$ 33,176
Public health	78,882	56,013	22,869	19,069
Public welfare	13,959	11,300	2,659	3,173
Public safety	7,374	1,554	5,820	5,747
Transportation	11,098	3,903	7,195	7,580
All others	17,087	7,514	9,573	11,151
Totals	**$ 166,032**	**$ 83,890**	**$ 82,142**	**$ 79,896**

Business-Type Activities

The cost of all business-type activities this year was $25.1 billion, an increase of $740 million over the $24.4 billion cost in 2019 (Table 2). Increases in spending for Unemployment Insurance Fund benefit payments, SUNY hospitals and clinics, and SUNY and CUNY Senior Colleges' educational and general expenses were partially offset by decreases in Lottery prizes and commissions and fees. As shown in the Statement of Activities on page 27, the amount reported as transfers that governmental activities ultimately financed for business-type activities was $2.7 billion after activity costs were paid by those directly benefiting from the programs ($15.7 billion), and after grants and contributions ($5.7 billion). The decrease in revenues from charges for services ($67 million) resulted from a decline in Lottery ticket and video gaming sales that was offset by in part by increases in SUNY hospitals and clinics operating revenue, as well as SUNY and CUNY Senior Colleges' tuition and fees and auxiliary enterprises revenues. The increase in operating grants and contributions ($170 million) was largely due to increases in SUNY and CUNY Senior Colleges' government grants and contracts revenues, along with a small increase in employer contributions into the Unemployment Insurance Fund.

THE STATE'S FUNDS

The State uses fund accounting to ensure and demonstrate compliance with legal and finance-related requirements. As the State completed the fiscal year, its governmental funds (as presented in the balance sheet on page 28) reported a combined fund balance of $12.9 billion. Included in this year's total change in fund balance is a surplus of $355 million in the State's General Fund, resulting from expenditures exceeding revenues by $28.8 billion, which was offset by net other financing sources of $29.2 billion to the General Fund. The General Fund reported increases in consumption and use taxes ($319 million) and other taxes ($72 million) offset by decreases in personal income taxes ($466 million), business taxes ($445 million), and miscellaneous revenues ($196 million). Compared to the prior year, personal income tax revenue decreased due to lower estimated final returns. The decrease in business taxes is due to lower penalties and interest collected as well as lower assessments on corporations. Total General Fund revenues decreased $716 million, while expenditures increased $769 million. Local assistance expenditures increased by $401 million, due primarily to the timing of education assistance and public health expenditures. State operations expenditures increased $368 million due to higher overall payroll and fringe benefits. The State ended the 2019-20 fiscal year with a General Fund accumulated fund balance of $3.7 billion.

The Enterprise Funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail. The change in net position of the Enterprise Funds has already been discussed in the preceding discussion of business-type activities.

General Fund Budgetary Highlights

The State's financial plan, which uses the cash basis of accounting, is updated quarterly throughout the year as required by the State Finance Law. The quarterly updates to the 2019-20 financial plan reflected revisions to the original financial plan based on actual operating results to date and an updated analysis of underlying economic, revenue, and spending trends, as well as other actions and developments. This discussion includes comparisons to estimates from two different financial plan updates in 2019-20: the original financial plan (issued May 13, 2019) and the final financial plan (issued February 24, 2020).

General Fund receipts exceeded disbursements by $1.7 billion in 2019-20. Total General Fund receipts for the year (including transfers from other funds) were $79.2 billion. Total General Fund disbursements for the year (including transfers to other funds) were approximately $77.5 billion. The General Fund ended the fiscal year with a closing cash fund balance of $8.9 billion, which consisted of approximately $2.5 billion in the State's rainy day reserve funds ($1.3 billion in the Tax Stabilization Reserve Account and $1.2 billion in the Rainy Day Reserve Fund), $31 million in the Community Projects Fund, $21 million in the Contingency Reserve Fund, and $6.4 billion in the Refund Reserve Account. The Refund Reserve included undesignated reserves of $2.6 billion for extraordinary monetary settlements earmarked for transfer to capital projects funds (although not exclusively for capital projects), $1.3 billion for timing-related transactions that did not occur in FY 2020 and are expected to occur in FY 2021, $890 million for economic uncertainties, and $500 million for debt management. These amounts are identified by the Division of the Budget (DOB) in the financial plan but can be used for other purposes.

Net operating results were $2.5 billion more favorable than anticipated in the original financial plan, with the original plan projecting a net operating deficit of $740 million. Total receipts and transfers from other funds were greater than original financial plan estimates by $2.1 billion and total disbursements and transfers to other funds were less than original financial plan estimates by $388 million.

General Fund receipts were nearly $2.1 billion above than the initial estimate, with growth concentrated in personal income tax (PIT). General Fund spending was $388 million below the initial estimate. Budgeted General Fund payments of $1.3 billion were not released due to interruptions and uncertainties as a result of the COVID-19 pandemic (the "pandemic"). These payments affected spending levels for higher education, social welfare, mental hygiene, and public health. The lower spending was offset in part by higher Medicaid spending ($1.7 billion) and minimum wage costs in the health care sector ($322 million). The pandemic also caused a spike in health care spending above planned levels.

Personal income tax receipts exceeded estimates by $1.9 billion. Debt service prepayments increased the amount of Personal income tax available for transfer to the General Fund by roughly $1.2 billion. The remainder of the PIT increase reflected stronger than expected collections. Lower consumption/use tax collections were driven by lower sales tax collections due to weaker than anticipated growth in the sales tax base and lower than anticipated opioid excise tax collections. Higher business taxes reflect stronger than anticipated corporate franchise tax collections and lower refunds, partially offset by lower audit receipts across all business taxes. Higher than projected miscellaneous receipts are mainly due to medical reimbursements, investment income, and monetary settlements.

Net operating results were $2.4 billion more favorable than anticipated in the final financial plan, with the final financial plan projecting a net operating deficit of $679 million. Total disbursements were lower than the final financial plan estimates by $1.5 billion. Lower disbursements were primarily due to lower than expected local assistance grants, driven by the $1.3 billion of payments that did not occur by year-end.

The State's current year General Fund GAAP surplus of $355 million reported on page 30 differs from the General Fund's cash basis operating surplus of $1.7 billion reported in the reconciliation found under Budgetary Basis Reporting on page 168. This variation results from differences in basis of accounting, entity and perspective differences between budgetary reporting versus those established as GAAP and followed in preparation of this financial statement.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of March 31, 2020, the State has $109.8 billion invested in a broad range of capital assets, including equipment, buildings, construction in progress, land preparation, and infrastructure, which primarily includes roads and bridges (Table 4). This amount represents a net increase (including additions and deductions) of $1.9 billion over last year.

Table 4
Capital Assets as of March 31, 2020 and 2019
(Net of depreciation, amounts in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Land and land improvements	$ 4,525	$ 4,443	$ 1,103	$ 1,067	$ 5,628	$ 5,510
Land preparation	4,109	4,080	-	-	4,109	4,080
Buildings	4,919	4,919	12,968	12,501	17,887	17,420
Equipment and library books	330	345	725	650	1,055	995
Construction in progress	3,492	2,509	2,695	2,813	6,187	5,322
Infrastructure	73,222	72,860	874	784	74,096	73,644
Artwork and historical treasures	-	-	46	44	46	44
Intangible assets	615	642	184	199	799	841
Totals	**$ 91,212**	**$ 89,798**	**$ 18,595**	**$ 18,058**	**$ 109,807**	**$ 107,856**

State-owned roads and bridges that are maintained by the Department of Transportation (DOT) are being reported using the modified approach. As allowed by the reporting provisions in GASBS No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, infrastructure assets that meet prescribed criteria do not have to be depreciated but must be maintained at levels defined by State policy. The State currently has 42,739 lane miles of roads. The State has 7,910 bridges in the inventory, of which 7,694 are highway bridges. The remainder include railroad and pedestrian structures.

Highway condition is rated using a scale of 1 (very poor) to 10 (excellent) based on the prevalence of surface-related pavement distress. For bridges, in 2016, the State transitioned to the American Association of State Highway and Transportation Officials (AASHTO) element-based rating system that utilizes a 1 (good) through 4 (severe) scale as mandated by the Federal Highway Administration (FHWA). The new bridge goal will be based on the percentage of Structurally Deficient (SD) bridges as defined by FHWA. The SD calculations are based on the National Bridge Inventory (NBI) inspection data that has been collected by the DOT for more than 15 years and reported to FHWA on an annual basis. Prior to 2016, the State used a numerical inspection condition rating (CR) scale ranging from 1 (minimum) to 7 (maximum). Under this prior rating system, a CR rating greater than 5.8 are in good condition, and generally require preventive and corrective maintenance actions; a rating between 4.9 (inclusive) and 5.8 (inclusive) are in fair protective condition, and generally require relatively minor preventive and corrective maintenance actions; a rating between 4.4 (inclusive) and 4.9 are in fair-corrective condition, and generally require moderate preventive and corrective maintenance actions; and a rating less than 4.4 are considered to be in poor condition, and generally require major rehabilitation or replacement. Refer to the Required Supplementary Information (RSI) for additional information regarding infrastructure assets using the modified approach. Pavement condition rating parameters for the current year are between 6.7 and 7.2. Using the new criteria to identify Structurally Deficient bridges, it is the State's intention to maintain the percentage of SD bridges at or below 15 percent of the State highway bridge population. Previously, it was the State's intention to maintain the bridges at an average condition rating level of between 5.3 and 5.6. Capital spending for highway and bridge maintenance and preservation projects was approximately $1.4 billion in 2020.

The State's 2020-21 fiscal year capital budget calls for it to spend $15.1 billion for capital projects, of which $6 billion is for transportation projects. To pay for these capital projects, the State plans to use $848.4 million in general obligation bond proceeds, $8 billion in other financing arrangements with public authorities, $2.2 billion in federal funds, and $4.1 billion in funds on hand or received during the year. More detailed information about the State's capitalization policy for capital assets is presented in Note 1 of the Notes to the Basic Financial Statements. For further information on capital asset balances, refer to Note 5.

Debt Administration

The State has obtained long-term financing in the form of voter-approved General Obligation debt (voter-approved debt) and other obligations that are authorized by legislation but not approved by the voters (non-voter-approved debt), including lease-purchase and contractual obligations where the State's legal obligation to make payments is subject to and paid from annual appropriations made by the Legislature or from assignment of revenue in the case of Tobacco Settlement Revenue Bonds. Equipment capital leases and mortgage loan commitments, which represent $555 million as of March 31, 2020, do not require legislative or voter approval. Other obligations include certain bonds issued through State public authorities and certificates of participation. The State administers its long-term financing needs as a single portfolio of State-supported debt that includes general obligation bonds and other obligations of both its governmental activities and business-type activities. Most of the debt reported under business-type activities, all of which was issued for capital assets used in those activities, is supported by payments from resources generated by the State's governmental activities—thus it is not expected to be directly repaid from resources generated by business-type activities. The State Finance Law allows the bonded portion of this single combined debt portfolio, which includes debt reported in both governmental and business-type activities, to include debt instruments which result in a net variable rate exposure in an amount that does not exceed 15 percent of total outstanding State-supported debt, and interest rate exchange agreements (swaps) that do not exceed 15 percent of total outstanding State-supported debt. At March 31, 2020, the State had $97 million in State-supported net variable rate bonds outstanding and $952 million in interest rate exchange agreements, in which the State issues variable rate bonds and enters into a swap agreement that effectively converts the rate to a fixed rate. Risks related to these transactions are explained in Note 7.

At March 31, 2020, variable rate bonds, net of those subject to the fixed rate swaps, were equal to 0.2 percent of the State-supported debt portfolio. Variable rate bonds that were converted to a synthetic fixed rate through swap agreements of $952 million were equal to 1.8 percent of the total State-supported debt portfolio.

At March 31, 2020, the State had $60.9 billion in bonds, notes, and other financing agreements outstanding compared with $59.6 billion in the prior year, an increase of $1.3 billion as shown below in the table.

Table 5
Outstanding Debt as of March 31, 2020 and 2019
(Amounts in millions)

	Governmental Activities		Business-Type Activities*		Total Primary Government	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
State-supported debt as defined by the State Finance Law:						
General obligation bonds (voter-approved)................	$ 2,131	$ 2,286	$ -	$ -	$ 2,131	$ 2,286
Other financing arrangements.....................	37,710	36,741	14,339	14,072	52,049	50,813
Municipal Bond Bank Agency (MBBA) Special Purpose School Aid bonds	104	139	-	-	104	139
Capital lease obligations..........	26	19	466	442	492	461
Mortgage loan commitments...	-	-	63	64	63	64
Other long-term debt..............	-	-	88	79	88	79
Unamortized bond premiums (discounts)............	4,710	4,497	1,309	1,271	6,019	5,768
Accumulated accretion on capital appreciation bonds.....	-	5	-	-	-	5
Totals.................................	**$ 44,681**	**$ 43,687**	**$ 16,265**	**$ 15,928**	**$ 60,946**	**$ 59,615**

*As of June 30, 2019 and 2018 for SUNY and CUNY activities

In addition to the debt outlined above, the State reported $1.7 billion for collateralized borrowings ($308 million in governmental activities and $1.4 billion in business-type activities) for which specific revenues have been pledged. In the prior year, the State reported $1.6 billion for collateralized borrowings ($333 million in governmental activities and $1.3 billion in business-type activities).

During the 12-month period reported, the State issued $7.1 billion in bonds, of which $2.7 billion was for refunding and $4.4 billion was for new borrowing. See additional information related to outstanding debt in Note 7. See Note 16 for State debt issued subsequent to the reporting period.

Table 6
New Debt Issued During Prior 12-Month Period
(Amounts in millions)

	Governmental Activities		Business-Type Activities*		Total Primary Government	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Voter-approved debt:						
General obligation:						
New issues	$ -	$ 114	$ -	$ -	$ -	$ 114
Refunding issues	914	-	-	-	914	-
Total voter-approved debt	**914**	**114**	**-**	**-**	**914**	**114**
Non-voter-approved debt:						
Other financing arrangements:						
New issues	4,013	4,707	400	2,130	4,413	6,837
Refunding issues	1,252	1,178	508	272	1,760	1,450
Total non-voter-approved debt	**5,265**	**5,885**	**908**	**2,402**	**6,173**	**8,287**
Totals	**$ 6,179**	**$ 5,999**	**$ 908**	**$ 2,402**	**$ 7,087**	**$ 8,401**

*As of June 30, 2019 and 2018 for SUNY and CUNY activities

The State's assigned general obligation bond ratings on March 31, 2020 were as follows: AA+ by Standard & Poor's Investor Services (S&P), Aa1 by Moody's Investor Service, Inc., and AA+ by Fitch Investor Service. The State Constitution, with exceptions for emergencies, limits the amount of general obligation bonds that can be issued to that amount approved by the voters for a single work or purpose in a general election. Currently, the State has $2.5 billion in authorized but unissued bond capacity that can be used to issue bonds for specifically approved purposes. The State may issue short-term debt without voter approval in anticipation of the receipt of taxes and revenues or proceeds from duly authorized but not issued general obligation bonds. For detailed information related to general obligation bonds, refer to Note 6.

The State Finance Law, through the Debt Reform Act of 2000 (the Act), also imposes phased-in caps on the issuance of new State-supported debt and related debt service costs. The Act also limits the use of debt to capital works and purposes, and establishes a maximum term length for repayment of 30 years. The Act applies to all State-supported debt. The Act does not apply to debt issued prior to April 1, 2000 or to other obligations issued by public authorities where the State is not the direct obligor.

ECONOMIC FACTORS AFFECTING THE STATE

In 2019, the national economy, as measured by real Gross Domestic Product, grew by 2.3 percent. While New York's economy was also continuing to expand, its real Gross State Product (GSP) rose at a slower rate of 1.8 percent, ranking it 32nd among the 50 states. This increase reflected gains in the finance and insurance industry as well as professional and business services, while the government sector detracted from overall economic growth. As economic growth decelerated nationally, it accelerated in New York from that in 2018.

Along with overall economic growth in 2019, job gains continued at both the national and state levels. The nation added over 2 million jobs, growth of 1.4 percent. Employment increased at a slower pace in New York, 1.0 percent, with the addition of over 100,000 jobs. Most of the job gains were concentrated in the downstate region, primarily in New York City. Four of the seven upstate regions (Central New York, Finger Lakes, Mohawk Valley, and Western New York) realized job gains.

Although the State added jobs, the labor force in New York declined modestly in 2019, by 7,500 persons. However, the labor force participation rate of New York's civilian population rose slightly to 60.8 percent from 60.7 percent in 2018, primarily as a result of a larger decline in the population.

Total wages increased at nearly the same rate at the national and state levels in 2019, 4.8 and 4.6 percent, respectively. Average annual wages rose 3.4 percent both nationally and in New York. The industry in New York with the highest percentage growth in average annual wages in 2019 was leisure and hospitality (5.8 percent), while the education and health services sector realized the lowest (2.2 percent).

The securities industry in New York City is an important contributor to the State's revenues and has a significant impact on the downstate economy, in particular, with typically high-paid jobs and large bonuses. Industrywide, profits increased by 2.8 percent in 2019 and the average bonus in the securities industry in New York City increased by an estimated 3 percent. Industry employment in the City rose by nearly 2,100 jobs in 2019.

New York State's population rose by an estimated 75,000 from 2010 to 2019, according to U.S. Census Bureau figures. This 0.4 percent increase was well below the average for the rest of the nation of 6.7 percent.

The Coronavirus pandemic drove the economy into recession in February 2020, ending the nation's economic expansion after a record length of 128 months. For more information related to the effects of the Coronavirus, refer to Note 16.

CONTACTING THE STATE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the State's finances and to show the State's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the State Comptroller's Communications Office at 110 State Street, 15th Floor, Albany, New York 12236 or visit our website at *www.osc.state.ny.us*.

Basic Financial Statements

Statement of Net Position

March 31, 2020
(Amounts in millions)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS:				
Cash and investments	$ 20,552	$ 10,956	$ 31,508	$ 51,830
Receivables, net of allowances for uncollectibles:				
Taxes	15,793	-	15,793	-
Due from Federal government	11,489	-	11,489	-
Loans, leases and notes	-	-	-	51,201
Other	3,820	3,496	7,316	3,930
Internal balances	(333)	816	483	-
Net pension asset	-	15	15	-
Net other postemployment benefits asset	-	1	1	-
Other assets	744	171	915	4,692
Capital assets:				
Land, infrastructure and construction in progress	84,708	3,841	88,549	22,355
Buildings, equipment, land improvements and infrastructure, net of depreciation	5,890	14,570	20,460	80,617
Intangible assets, net of amortization	614	184	798	809
Derivative instruments	-	-	-	3
Total assets	**143,277**	**34,050**	**177,327**	**215,437**
DEFERRED OUTFLOWS OF RESOURCES	**5,542**	**1,026**	**6,568**	**6,412**
LIABILITIES:				
Tax refunds payable	12,706	-	12,706	-
Accounts payable	572	799	1,371	602
Accrued liabilities	14,291	1,880	16,171	21,427
Payable to local governments	6,907	-	6,907	-
Due to Federal government	8	1	9	-
Interest payable	185	156	341	-
Pension contributions payable	326	23	349	15
Unearned revenues	3,315	934	4,249	1,788
Derivative instruments	-	-	-	57
Long-term liabilities:				
Due within one year	5,148	1,077	6,225	7,608
Due in more than one year:				
Tax refunds payable	1,470	-	1,470	-
Accrued liabilities	4,583	1,632	6,215	402
Payable to local governments	493	-	493	-
Due to Federal government	600	-	600	-
Lottery prizes payable	-	1,049	1,049	-
Pension contributions payable	1,004	95	1,099	3
Net pension liability	3,183	1,054	4,237	7,858
Other postemployment benefits	51,139	14,867	66,006	23,942
Pollution remediation	995	-	995	121
Collateralized borrowings	283	1,462	1,745	-
Obligations under lease/purchase and other financing arrangements	38,695	15,691	54,386	-
Notes payable	-	-	-	77
Bonds payable	2,090	-	2,090	106,908
Other long-term liabilities	-	-	-	10,427
Derivative instruments	116	43	159	713
Total liabilities	**148,109**	**40,763**	**188,872**	**181,948**
DEFERRED INFLOWS OF RESOURCES	**5,950**	**2,688**	**8,638**	**4,041**
NET POSITION:				
Net investment in capital assets	71,410	1,537	72,947	38,958
Restricted for:				
Debt service	1,545	172	1,717	2,313
Higher education, research and patient care	-	1,165	1,165	3,728
Environmental projects and energy programs	198	-	198	8,259
Economic development, housing and transportation	121	-	121	1,754
Insurance and administrative requirements	-	-	-	2,546
Unemployment benefits	-	3,398	3,398	-
Future lottery prizes	-	214	214	-
Pensions	-	85	85	-
Other government programs	1,401	-	1,401	-
Unrestricted deficits	(79,915)	(14,946)	(94,861)	(21,698)
Total net position	**$ (5,240)**	**$ (8,375)**	**$ (13,615)**	**$ 35,860**

See accompanying notes to the basic financial statements.

Statement of Activities

For the Year Ended March 31, 2020
(Amounts in millions)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units
Primary Government:								
Governmental activities:								
Education	$ 37,632	$ 108	$ 3,498	$ -	$ (34,026)	$ -	$ (34,026)	$ -
Public health	78,882	6,024	49,989	-	(22,869)	-	(22,869)	-
Public welfare	13,959	597	10,703	-	(2,659)	-	(2,659)	-
Public safety	7,374	162	1,355	37	(5,820)	-	(5,820)	-
Transportation	11,098	2,031	611	1,261	(7,195)	-	(7,195)	-
Environment and recreation	1,711	1,625	246	63	223	-	223	-
Support and regulate business	2,044	2,955	48	-	959	-	959	-
General government	11,797	2,397	140	-	(9,260)	-	(9,260)	-
Interest on long-term debt	1,535	-	40	-	(1,495)	-	(1,495)	-
Total governmental activities	**166,032**	**15,899**	**66,630**	**1,361**	**(82,142)**	**-**	**(82,142)**	**-**
Business-Type activities:								
Lottery	6,483	9,741	-	-	-	3,258	3,258	-
Unemployment insurance	2,526	-	2,427	-	-	(99)	(99)	-
State University of New York	12,188	5,306	2,041	31	-	(4,810)	(4,810)	-
City University of New York	3,914	667	1,228	-	-	(2,019)	(2,019)	-
Total business-type activities	**25,111**	**15,714**	**5,696**	**31**	**-**	**(3,670)**	**(3,670)**	**-**
Total primary government	**$ 191,143**	**$ 31,613**	**$ 72,326**	**$ 1,392**	**(82,142)**	**(3,670)**	**(85,812)**	**-**
Total component units	**$ 40,255**	**$ 22,317**	**$ 10,318**	**$ 3,638**				**(3,982)**
General revenues:								
Taxes:								
Personal income					52,606	-	52,606	-
Consumption and use					17,853	-	17,853	-
Business					7,016	-	7,016	-
Other					3,928	-	3,928	-
Grants and contributions not restricted to specific programs					-	-	-	2,801
Investment earnings					437	471	908	1,801
Miscellaneous					1,449	442	1,891	2,741
Total general revenues					**83,289**	**913**	**84,202**	**7,343**
Transfers					(2,260)	2,716	456	-
Total general revenues and transfers					**81,029**	**3,629**	**84,658**	**7,343**
Change in net position					**(1,113)**	**(41)**	**(1,154)**	**3,361**
Net position - beginning of year					**(4,127)**	**(8,334)**	**(12,461)**	**32,499**
Net position - end of year					**$ (5,240)**	**$ (8,375)**	**$ (13,615)**	**$ 35,860**

See accompanying notes to the basic financial statements.

Balance Sheet

Governmental Funds

March 31, 2020

(Amounts in millions)

	Major Funds					
	General	Federal Special Revenue	General Debt Service	Other Governmental Funds	Eliminations	Total
ASSETS:						
Cash and investments	$ 9,266	$ 2,618	$ 957	$ 7,711	$ -	**$ 20,552**
Receivables, net of allowances for uncollectibles:						
Taxes	7,898	-	6,855	1,040	-	**15,793**
Due from Federal government	-	11,009	4	650	-	**11,663**
Other	1,338	810	-	1,672	-	**3,820**
Due from other funds	4,913	13	-	1,521	(5,428)	**1,019**
Other assets	600	109	-	35	-	**744**
Total assets	**$ 24,015**	**$ 14,559**	**$ 7,816**	**$ 12,629**	**$ (5,428)**	**$ 53,591**
LIABILITIES:						
Tax refunds payable	$ 7,126	$ -	$ 4,362	$ 1,218	$ -	**$ 12,706**
Accounts payable	256	31	-	285	-	**572**
Accrued liabilities	5,547	5,658	73	405	-	**11,683**
Payable to local governments	2,953	3,237	458	259	-	**6,907**
Due to Federal government	8	-	-	-	-	**8**
Due to other funds	3,206	1,689	1,778	1,783	(5,428)	**3,028**
Pension contributions payable	326	-	-	-	-	**326**
Unearned revenues	144	3,169	-	2	-	**3,315**
Total liabilities	**19,566**	**13,784**	**6,671**	**3,952**	**(5,428)**	**38,545**
DEFERRED INFLOWS OF RESOURCES	**713**	**774**	**263**	**354**	**-**	**2,104**
FUND BALANCES (DEFICITS):						
Restricted	-	1	829	1,218	-	**2,048**
Committed	806	-	53	3,861	-	**4,720**
Assigned	2,929	-	-	4,464	-	**7,393**
Unassigned	1	-	-	(1,220)	-	**(1,219)**
Total fund balances	**3,736**	**1**	**882**	**8,323**	**-**	**12,942**
Total liabilities, deferred inflows of resources and fund balances	**$ 24,015**	**$ 14,559**	**$ 7,816**	**$ 12,629**	**$ (5,428)**	**$ 53,591**

See accompanying notes to the basic financial statements.

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

March 31, 2020
(Amounts in millions)

Total fund balances - governmental funds	**$**	**12,942**
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		91,212
Deferred inflows of resources related to the State's revenues that will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, are deferred in the funds.		1,950
Deferred inflows of resources related to derivative instruments and deferred gains on refundings of bonds payable and obligations under lease/purchase and other financing arrangements are not reported in the funds.		(53)
Deferred inflows of resources related to pension and other postemployment benefits are not reported in the funds.		(5,743)
Medicaid cost recoveries are not available soon enough to reduce current period expenditures that are due to the Federal government.		(174)
Deferred outflows of resources related to derivative instruments and deferred losses on refundings of bonds payable and obligations under lease/purchase and other financing arrangements are not reported in the funds.		364
Deferred outflows of resources related to pension and other postemployment benefits are not reported in the funds.		5,178
Some liabilities (listed below) are not due and payable in the current period and therefore are not reported in the funds:		
Interest payable		(185)
Due to business-type activities		(932)
Long-term liabilities due within one year		(5,148)
Tax refunds payable		(1,470)
Accrued liabilities		(4,583)
Payable to local governments		(493)
Due to Federal government		(600)
Pension contributions payable		(1,004)
Net pension liability		(3,183)
Other postemployment benefits		(51,139)
Pollution remediation		(995)
Collateralized borrowings		(283)
Obligations under lease/purchase and other financing arrangements		(38,695)
Bonds payable		(2,090)
Derivative instruments		(116)
Total net position - governmental activities	**$**	**(5,240)**

See accompanying notes to the basic financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year Ended March 31, 2020
(Amounts in millions)

	Major Funds					
	General	Federal Special Revenue	General Debt Service	Other Governmental Funds	Eliminations	Total
REVENUES:						
Taxes:						
Personal income	$ 21,988	$ -	$ 28,466	$ 2,095	$ -	**$ 52,549**
Consumption and use	7,599	-	3,833	6,434	-	**17,866**
Business	5,104	-	-	2,204	-	**7,308**
Other	1,031	-	1	2,893	-	**3,925**
Federal grants	-	65,652	35	2,107	-	**67,794**
Public health/patient fees	-	-	-	6,147	-	**6,147**
Tobacco settlement	-	-	-	317	-	**317**
Miscellaneous	5,747	145	46	5,529	-	**11,467**
Total revenues	**41,469**	**65,797**	**32,381**	**27,726**	**-**	**167,373**
EXPENDITURES:						
Local assistance grants:						
Education	27,455	3,286	-	6,266	-	**37,007**
Public health	20,423	47,623	-	6,552	-	**74,598**
Public welfare	2,445	9,302	-	615	-	**12,362**
Public safety	118	1,230	-	212	-	**1,560**
Transportation	110	59	-	4,840	-	**5,009**
Environment and recreation	8	1	-	419	-	**428**
Support and regulate business	246	8	-	783	-	**1,037**
General government	1,173	45	-	1,038	-	**2,256**
State operations:						
Personal service	9,805	632	-	212	-	**10,649**
Non-personal service	2,974	1,025	61	4,474	-	**8,534**
Pension contributions	2,187	84	-	34	-	**2,305**
Other fringe benefits	3,378	252	-	81	-	**3,711**
Capital construction	-	-	-	6,219	-	**6,219**
Debt service, including payments on financing arrangements	-	-	5,055	1,004	-	**6,059**
Total expenditures	**70,322**	**63,547**	**5,116**	**32,749**	**-**	**171,734**
Excess (deficiency) of revenues over expenditures	**(28,853)**	**2,250**	**27,265**	**(5,023)**	**-**	**(4,361)**
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	38,143	-	2,609	9,273	(46,532)	**3,493**
Transfers to other funds	(8,935)	(2,256)	(31,016)	(9,958)	46,532	**(5,633)**
Financing arrangements issued	-	-	-	4,023	-	**4,023**
Refunding debt issued	-	-	1,951	215	-	**2,166**
Payments to escrow agents for refundings	-	-	(1,168)	(123)	-	**(1,291)**
Premiums/discounts on bonds issued	-	-	27	656	-	**683**
Net other financing sources (uses)	**29,208**	**(2,256)**	**(27,597)**	**4,086**	**-**	**3,441**
Net change in fund balances	**355**	**(6)**	**(332)**	**(937)**	**-**	**(920)**
Fund balances at April 1, 2019	**3,381**	**7**	**1,214**	**9,260**	**-**	**13,862**
Fund balances at March 31, 2020	**$ 3,736**	**$ 1**	**$ 882**	**$ 8,323**	**$ -**	**$ 12,942**

See accompanying notes to the basic financial statements.

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities

Year Ended March 31, 2020
(Amounts in millions)

Net change in fund balances - total governmental funds		**$ (920)**
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds and the sale of capital assets is recorded as revenue in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Depreciation expense, net of asset disposal	$ (556)	
Disposal of assets	(204)	
Purchase of assets	2,174	
		1,414
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the net effect of proceeds and repayments:		
Repayment of principal	$ 4,525	
Long-term debt proceeds	(6,872)	
Payments to escrow agents for refundings	1,291	
		(1,056)
Increase in revenues in the statement of activities that do not reduce current financial resources and are not reported in the funds.		(143)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Local assistance grants	$ (53)	
State operations	(2,880)	
Capital construction	2,645	
Transfers to business-type activities	(120)	
		(408)
Change in net position of governmental activities		**$ (1,113)**

See accompanying notes to the basic financial statements.

STATE OF NEW YORK

Statement of Net Position
Enterprise Funds

March 31, 2020
(Amounts in millions)

	Lottery	Unemployment Insurance Benefit	June 30, 2019 SUNY	June 30, 2019 CUNY	Total
ASSETS:					
Current assets:					
Cash and cash equivalents	$ 636	$ 2,117	$ 2,621	$ 683	**$ 6,057**
Investments	111	-	419	71	**601**
Deposits with trustees and DASNY	-	-	500	334	**834**
Receivables, net of allowance for uncollectibles	455	1,530	1,119	232	**3,336**
Due from other funds	-	-	172	299	**471**
Other assets	12	-	99	15	**126**
Total current assets	**1,214**	**3,647**	**4,930**	**1,634**	**11,425**
Noncurrent assets:					
Restricted cash and cash equivalents	-	-	139	12	**151**
Long-term investments	1,310	-	1,079	297	**2,686**
Deposits with trustees	-	-	331	296	**627**
Receivables, net of allowance for uncollectibles	-	-	151	9	**160**
Due from other funds	-	-	763	-	**763**
Net pension asset	-	-	15	-	**15**
Net other postemployment benefits asset	-	-	-	1	**1**
Capital assets:					
Land, construction in progress and artwork	-	-	2,149	1,692	**3,841**
Buildings and equipment, net of depreciation	-	-	11,223	3,347	**14,570**
Intangible assets, net of amortization	-	-	-	184	**184**
Other assets	-	-	44	1	**45**
Total noncurrent assets	**1,310**	**-**	**15,894**	**5,839**	**23,043**
Total assets	**2,524**	**3,647**	**20,824**	**7,473**	**34,468**
DEFERRED OUTFLOWS OF RESOURCES:					
Pension activities	4	-	302	3	**309**
Other postemployment benefits activities	3	-	245	346	**594**
Derivative activities	-	-	-	43	**43**
Deferred loss on refunding	-	-	73	7	**80**
Total deferred outflows of resources	**7**	**-**	**620**	**399**	**1,026**
LIABILITIES:					
Current liabilities:					
Accounts payable	4	-	531	264	**799**
Accrued liabilities	531	248	1,012	394	**2,185**
Due to Federal government	-	1	-	-	**1**
Pension contributions payable	-	-	23	-	**23**
Lottery prizes payable	136	-	-	-	**136**
Due to other funds	269	-	149	-	**418**
Interest payable	-	-	77	79	**156**
Unearned revenues	10	-	749	175	**934**
Collateralized borrowing	-	-	62	-	**62**
Obligations under lease/purchase and other financing arrangements	-	-	379	195	**574**
Total current liabilities	**950**	**249**	**2,982**	**1,107**	**5,288**
Noncurrent liabilities:					
Accrued liabilities	-	-	1,518	114	**1,632**
Pension contributions payable	1	-	94	-	**95**
Net pension liability	4	-	428	622	**1,054**
Other postemployment benefits	65	-	12,824	1,978	**14,867**
Lottery prizes payable	1,049	-	-	-	**1,049**
Collateralized borrowing	-	-	1,462	-	**1,462**
Obligations under lease/purchase and other financing arrangements	-	-	10,698	4,993	**15,691**
Derivative instruments	-	-	-	43	**43**
Total noncurrent liabilities	**1,119**	**-**	**27,024**	**7,750**	**35,893**
Total liabilities	**2,069**	**249**	**30,006**	**8,857**	**41,181**
DEFERRED INFLOWS OF RESOURCES:					
Pension activities	1	-	201	232	**434**
Other postemployment benefits activities	6	-	2,042	169	**2,217**
Other	-	-	37	-	**37**
Total deferred inflows of resources	**7**	**-**	**2,280**	**401**	**2,688**
NET POSITION:					
Net investment in capital assets	-	-	1,162	375	**1,537**
Restricted for:					
Nonexpendable purposes:					
Instruction and departmental research	-	-	270	-	**270**
Scholarships, fellowships and general education support	-	-	125	-	**125**
Investments	-	-	-	53	**53**
General operations and other	-	-	129	-	**129**
Expendable purposes:					
Instruction and departmental research	-	-	145	-	**145**
Scholarships, fellowships and general education support	-	-	71	132	**203**
Loans	-	-	-	9	**9**
Debt service	-	-	-	172	**172**
General operations and other	-	-	135	96	**231**
Unemployment benefits	-	3,398	-	-	**3,398**
Future prizes	214	-	-	-	**214**
Pensions	-	-	85	-	**85**
Unrestricted (deficit)	241	-	(12,964)	(2,223)	**(14,946)**
Total net position	**$ 455**	**$ 3,398**	**$ (10,842)**	**$ (1,386)**	**$ (8,375)**

See accompanying notes to the basic financial statements.

Statement of Revenues, Expenses and Changes in Fund Net Position
Enterprise Funds

Year Ended March 31, 2020
(Amounts in millions)

	Lottery	Unemployment Insurance Benefit	June 30, 2019 SUNY	June 30, 2019 CUNY	Total
OPERATING REVENUES:					
Ticket and video gaming sales	$ 9,741	$ -	$ -	$ -	**$ 9,741**
Employer contributions	-	2,427	-	-	**2,427**
Tuition and fees, net	-	-	1,712	660	**2,372**
Government grants and contracts	-	-	868	1,011	**1,879**
Private gifts, grants and contracts	-	-	465	139	**604**
Hospitals and clinics	-	-	2,865	-	**2,865**
Auxiliary enterprises	-	-	729	7	**736**
Other	-	8	248	41	**297**
Total operating revenues	**9,741**	**2,435**	**6,887**	**1,858**	**20,921**
OPERATING EXPENSES:					
Benefits paid	-	2,526	-	-	**2,526**
Prizes	4,623	-	-	-	**4,623**
Commissions and fees	1,635	-	-	-	**1,635**
Educational and general	-	-	6,853	3,447	**10,300**
Hospitals and clinics	-	-	3,417	-	**3,417**
Auxiliary enterprises	-	-	665	3	**668**
Instant game ticket costs	27	-	-	-	**27**
Depreciation and amortization	-	-	661	225	**886**
Other	148	-	19	-	**167**
Total operating expenses	**6,433**	**2,526**	**11,615**	**3,675**	**24,249**
Operating income (loss)	**3,308**	**(91)**	**(4,728)**	**(1,817)**	**(3,328)**
NONOPERATING REVENUES (EXPENSES):					
Investment earnings	68	66	137	25	**296**
Other income (expenses), net	12	-	(28)	(4)	**(20)**
Private gifts, grants, and contracts	-	-	105	3	**108**
Federal and city appropriations	-	-	20	78	**98**
Federal and State nonoperating grants	-	-	688	-	**688**
Net increase (decrease) in the fair value of investments	149	-	17	9	**175**
Plant and equipment write-off	-	-	(28)	-	**(28)**
Interest expense	(50)	-	(517)	(235)	**(802)**
Total nonoperating revenues (expenses)	**179**	**66**	**394**	**(124)**	**515**
Income (loss) before other revenues and transfers	**3,487**	**(25)**	**(4,334)**	**(1,941)**	**(2,813)**
TRANSFERS, CAPITAL CONTRIBUTIONS & ADDITIONS TO PERMANENT ENDOWMENTS:					
State transfers	-	-	3,708	1,316	**5,024**
Federal and State hospital support transfers	-	-	560	-	**560**
Education aid transfer	(3,377)	-	-	-	**(3,377)**
Capital transfers	-	-	25	484	**509**
Capital gifts and grants	-	-	31	-	**31**
Additions to permanent endowments	-	-	25	-	**25**
Increase (decrease) in net position	**110**	**(25)**	**15**	**(141)**	**(41)**
Net position - beginning of year	**345**	**3,423**	**(10,857)**	**(1,245)**	**(8,334)**
Net position - end of year	**$ 455**	**$ 3,398**	**$ (10,842)**	**$ (1,386)**	**$ (8,375)**

See accompanying notes to the basic financial statements.

Statement of Cash Flows
Enterprise Funds

Year Ended March 31, 2020
(Amounts in millions)

	Lottery	Unemployment Insurance Benefit	June 30, 2019 SUNY	June 30, 2019 CUNY	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from:					
Contributions	$ -	$ 2,348	$ -	$ -	**$ 2,348**
Ticket sales	9,830	-	-	-	**9,830**
Tuition and fees	-	-	1,713	658	**2,371**
Government grants and contracts	-	-	1,029	1,052	**2,081**
Private grants and contracts	-	-	439	86	**525**
Hospitals and clinics	-	-	2,517	-	**2,517**
Auxiliary enterprises	-	-	738	7	**745**
Other	12	-	267	79	**358**
Payments for:					
Claims	-	(2,384)	-	-	**(2,384)**
Prizes	(4,840)	-	-	-	**(4,840)**
Commissions and fees	(1,683)	-	-	-	**(1,683)**
Operating expenses	(124)	-	(8,235)	(3,039)	**(11,398)**
Other	-	-	(311)	(244)	**(555)**
Net cash provided (used) by operating activities	**3,195**	**(36)**	**(1,843)**	**(1,401)**	**(85)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfer to education	(3,684)	-	-	-	**(3,684)**
Temporary loan from Federal government	-	-	-	6	**6**
Transfers from governmental activities	-	-	2,526	1,447	**3,973**
Federal and State nonoperating grants	-	-	694	-	**694**
Private gifts and grants	-	-	107	-	**107**
Gifts and grants	-	-	-	3	**3**
Proceeds from short-term loans	-	-	72	-	**72**
Repayment of short-term loans	-	-	(86)	-	**(86)**
Direct loan receipts	-	-	1,112	-	**1,112**
Direct loan disbursements	-	-	(1,112)	-	**(1,112)**
Enterprise fund transactions	-	-	85	(8)	**77**
Net cash provided (used) by noncapital financing activities	**(3,684)**	**-**	**3,398**	**1,448**	**1,162**
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Proceeds from capital debt	-	-	698	624	**1,322**
Capital transfers	-	-	24	484	**508**
Purchase of capital assets	-	-	(1,169)	(289)	**(1,458)**
Principal payments on capital leases	-	-	(453)	(170)	**(623)**
Principal payments on refunded bonds	-	-	-	(182)	**(182)**
Interest payments on capital leases	-	-	(568)	(241)	**(809)**
Capital gifts and grants received	-	-	32	-	**32**
Proceeds from sale of capital assets	-	-	3	-	**3**
Bond issuance cost	-	-	-	(5)	**(5)**
Deposits advanced from State	-	-	(546)	-	**(546)**
Deposits held by bond trustees and DASNY	-	-	544	(242)	**302**
Increase in amounts held by DASNY	-	-	-	(9)	**(9)**
Transfer to/from foundations	-	-	-	2	**2**
Net cash used by capital financing activities	**-**	**-**	**(1,435)**	**(28)**	**(1,463)**
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest, dividends and realized gains on investments	39	66	134	25	**264**
Proceeds from sales and maturities of investments	110	-	416	775	**1,301**
Purchases of investments	(40)	-	(470)	(807)	**(1,317)**
Net cash provided (used) by investing activities	**109**	**66**	**80**	**(7)**	**248**
Net increase in cash and cash equivalents	**(380)**	**30**	**200**	**12**	**(138)**
Cash and cash equivalents - beginning of year	1,016	2,087	2,560	683	**6,346**
Cash and cash equivalents - end of year	**$ 636**	**$ 2,117**	**$ 2,760**	**$ 695**	**$ 6,208**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	$ 3,308	$ (91)	$ (4,728)	$ (1,817)	**$ (3,328)**
Adjustments to reconcile operating income (loss) to net cash provided (used) by nonoperating and noncash activities:					
Depreciation and amortization	-	-	661	225	**886**
Bad debt expense	-	-	-	18	**18**
Investment expense	(50)	-	-	-	**(50)**
Other nonoperating and noncash items	12	-	1,885	-	**1,897**
Change in assets and liabilities:					
Receivables, net	51	-	(126)	(6)	**(81)**
Other assets	(1)	(87)	(142)	(1)	**(231)**
Lottery prizes payable	(57)	-	-	-	**(57)**
Unclaimed and future prizes	(70)	-	-	-	**(70)**
Accrued liabilities	3	143	143	(1)	**288**
Net pension liability	2	-	-	3	**5**
Other postemployment benefits	(1)	-	306	167	**472**
Unearned revenues	-	-	158	11	**169**
Other payables	-	(1)	-	-	**(1)**
Deferred outflows	(1)	-	-	-	**(1)**
Deferred inflows	(1)	-	-	-	**(1)**
Net cash provided (used) by operating activities	**$ 3,195**	**$ (36)**	**$ (1,843)**	**$ (1,401)**	**$ (85)**
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Unrealized gains (losses) on investments	$ 149	$ -	$ 18	$ 9	$ 176
Amortization of investment discount	$ 29	$ -	$ -	$ -	$ 29
Noncash gifts	$ -	$ -	$ 2	$ -	$ 2

See accompanying notes to the basic financial statements.

Statement of Fiduciary Net Position
Fiduciary Funds

March 31, 2020
(Amounts in millions)

	Pension Trust	Private Purpose Trusts	Agency Funds
ASSETS:			
Cash and investments	$ -	$ 35,017	$ 7,429
Retirement system investments:			
Short-term investments	5,698	-	-
Domestic equities	62,548	-	-
Global fixed income	45,410	-	-
International equities	30,674	-	-
Private equities	20,314	-	-
Real estate and mortgage loans	16,706	-	-
Absolute return strategy investments	6,834	-	-
Opportunistic funds	3,047	-	-
Real assets	3,086	-	-
Securities lending collateral, invested	6,865	-	-
Forward foreign exchange contracts	4	-	-
Receivables, net of allowances for uncollectibles:			
Employer contributions	2,285	-	-
Member contributions	5	-	-
Member loans	1,021	-	-
Accrued interest and dividends	360	-	-
Investment sales	264	-	-
Other	239	316	1,517
Due from other funds	-	2,608	-
Other assets	456	-	60
Total assets	**205,816**	**37,941**	**$ 9,006**
LIABILITIES:			
Securities lending obligations	6,880	-	$ -
Forward foreign exchange contracts	4	-	-
Accounts payable	-	-	270
Accounts payable - investments	298	-	-
Accounts payable - benefits	108	-	-
Other liabilities	446	136	6,683
Payable to local governments	-	-	2,053
Total liabilities	**7,736**	**136**	**$ 9,006**
NET POSITION:			
Restricted for pension benefits and other purposes	**$ 198,080**	**$ 37,805**	

See accompanying notes to the basic financial statements.

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended March 31, 2020
(Amounts in millions)

	Pension Trust	Private Purpose Trusts
Additions:		
Investment earnings:		
Interest income	$ 1,321	$ -
Dividend income	1,794	919
Securities lending income	139	-
Other income	980	296
Net increase (decrease) in the fair value of investments	(12,135)	4,653
Total investment earnings	**(7,901)**	**5,868**
Less:		
Securities lending expenses	(113)	-
Investment expenses	(785)	(61)
Net investment earnings	**(8,799)**	**5,807**
Contributions:		
College savings	-	3,542
NY ABLE savings	-	5
Employers	4,783	-
Members	454	-
Interest on accounts receivable	87	-
Other	60	-
Total contributions	**5,384**	**3,547**
Total additions	**(3,415)**	**9,354**
Deductions:		
College aid redemptions	-	2,480
NY ABLE savings	-	2
Benefits paid:		
Retirement allowances	13,087	-
Death benefits	159	-
Other benefits	65	-
Administrative expenses	139	-
Other postemployment benefits	224	-
Claims paid	-	387
Total deductions	**13,674**	**2,869**
Net increase (decrease) in net position	**(17,089)**	**6,485**
Net position restricted for pension benefits and other purposes at April 1, 2019	**215,169**	**31,320**
Net position restricted for pension benefits and other purposes at March 31, 2020	**$ 198,080**	**$ 37,805**

See accompanying notes to the basic financial statements.

Combining Statement of Net Position
Discretely Presented Component Units

March 31, 2020
(Amounts in millions)

	Major Component Units											
	Power Authority	Housing Finance Agency	Thruway Authority	Metropolitan Transportation Authority	Dormitory Authority	Long Island Power Authority	State Insurance Fund	SONYMA	Environmental Facilities Corporation	Non-Major Component Units	Eliminations	Total
ASSETS:												
Cash and investments	$ 855	$ 2,525	$ 1,163	$ 7,128	$ 5,202	$ 1,489	$ 19,260	$ 2,900	$ 2,643	$ 8,666	(1)	**$ 51,830**
Receivables, net of allowances for uncollectibles:												
Loans, leases, and notes	129	17,029	-	-	55,181	-	-	2,954	10,499	964	(35,555)	**51,201**
Other	183	93	82	899	691	656	343	23	121	839	-	**3,930**
Other assets	1,806	-	32	830	-	1,721	6	22	-	275	-	**4,692**
Capital assets:												
Construction in progress	738	-	498	20,158	-	723	-	-	-	238	-	**22,355**
Land, buildings and equipment, net of depreciation	5,062	-	7,009	57,344	32	8,051	-	-	-	3,119	-	**80,617**
Intangible assets	-	34	-	-	-	767	-	1	-	7	-	**809**
Derivative instruments	-	-	-	-	-	3	-	-	-	-	-	**3**
Total assets	**8,773**	**19,681**	**8,784**	**86,359**	**61,106**	**13,410**	**19,609**	**5,900**	**13,263**	**14,108**	(35,556)	215,437
DEFERRED OUTFLOWS OF RESOURCES:												
Pension activities	58	1	44	2,343	15	1	-	2	3	185	-	**2,652**
Other postemployment benefits activities	105	1	57	1,537	10	-	21	1	-	229	-	**1,961**
Derivative activities	5	1	-	419	-	8	-	29	-	1	(1)	**462**
Deferred loss on refunding	-	-	8	1,001	-	213	-	4	-	107	-	**1,333**
Other	-	-	4	-	-	-	-	-	-	-	-	**4**
Total deferred outflows of resources	**168**	**3**	**113**	**5,300**	**25**	**222**	**21**	**36**	**3**	**522**	**(1)**	**6,412**
LIABILITIES:												
Accounts payable	-	22	-	443	-	-	-	-	-	137	-	**602**
Accrued liabilities	527	202	345	4,041	2,062	540	12,049	32	179	1,584	(134)	**21,427**
Pension contributions payable	-	-	-	15	-	-	-	-	-	-	-	**15**
Unearned revenues	-	309	113	723	91	-	394	-	-	159	(1)	**1,788**
Notes payable	693	-	-	-	-	292	-	-	-	33	-	**1,018**
Bonds payable	30	643	126	2,210	4,423	228	-	146	381	156	(2,090)	**6,253**
Current portion of other long-term liabilities	43	-	-	61	5	171	-	-	-	57	-	**337**
Derivative instruments	-	-	-	1	-	56	-	-	-	-	-	**57**
Due in more than one year:												
Accrued liabilities	-	-	-	-	300	67	-	-	-	48	(13)	**402**
Pension contributions payable	-	-	-	-	-	-	-	-	-	3	-	**3**
Net pension liability	53	2	37	7,584	11	1	-	3	2	165	-	**7,858**
Other postemployment benefits	-	38	984	19,582	208	-	765	42	48	2,275	-	**23,942**
Pollution remediation	-	-	-	120	-	-	-	-	-	1	-	**121**
Unearned revenues	256	39	-	-	-	-	-	-	-	265	-	**560**
Notes payable	47	-	-	-	-	-	-	-	-	30	-	**77**
Bonds payable	465	17,400	5,901	43,935	53,792	8,494	-	2,684	5,541	2,120	(33,424)	**106,908**
Other long-term liabilities	1,635	-	13	5,434	54	2,562	-	-	-	169	-	**9,867**
Derivative instruments	-	1	-	430	-	162	-	42	-	79	(1)	**713**
Total liabilities	**3,749**	**18,656**	**7,519**	**84,579**	**60,946**	**12,573**	**13,208**	**2,949**	**6,151**	**7,281**	**(35,663)**	181,948
DEFERRED INFLOWS OF RESOURCES:												
Pension activities	20	1	13	934	4	-	-	1	1	106	-	**1,080**
Other postemployment benefits activities	46	5	118	1,675	6	3	76	7	-	77	-	**2,013**
Derivative activities	1	-	-	-	-	3	-	-	-	-	-	**4**
Deferred gain on refunding	-	-	24	20	-	-	-	-	-	-	-	**44**
Other	365	-	-	-	-	534	-	-	-	1	-	**900**
Total deferred inflows of resources	**432**	**6**	**155**	**2,629**	**10**	**540**	**76**	**8**	**1**	**184**	**-**	4,041
NET POSITION:												
Net investment in capital assets	3,647	-	1,949	31,147	12	205	-	-	-	1,998	-	**38,958**
Restricted for:												
Debt service	-	670	97	554	136	101	-	687	-	68	-	**2,313**
Higher education, research and patient care	-	-	-	-	-	-	-	-	-	3,728	-	**3,728**
Environmental projects and energy programs	45	-	-	-	-	-	-	-	7,107	1,107	-	**8,259**
Economic development, housing and transportation	-	-	45	1,207	-	-	-	-	-	502	-	**1,754**
Insurance and administrative requirements	-	-	-	219	-	-	-	2,315	-	12	-	**2,546**
Unrestricted	1,068	352	(868)	(28,676)	27	213	6,346	(23)	7	(250)	106	**(21,698)**
Total net position	**$ 4,760**	**$ 1,022**	**$ 1,223**	**$ 4,451**	**$ 175**	**$ 519**	**$ 6,346**	**$ 2,979**	**$ 7,114**	**$ 7,165**	**$ 106**	**$ 35,860**

See accompanying notes to the basic financial statements.

Combining Statement of Activities
Discretely Presented Component Units

Year Ended March 31, 2020
(Amounts in millions)

	Major Component Units										
	Power Authority	Housing Finance Agency	Thruway Authority	Metropolitan Transportation Authority	Dormitory Authority	Long Island Power Authority	State Insurance Fund	SONYMA	Environmental Facilities Corporation	Non-Major Component Units	Eliminations	Total
EXPENSES:												
Program operations	$ 2,008	$ 303	$ 462	$ 14,683	$ 114	$ 2,876	$ 2,127	$ 60	$ 313	$ 8,909	$ (41)	**$ 31,814**
Interest on long-term debt	20	509	218	1,556	2,510	373	-	87	269	45	(1,637)	**3,950**
Other interest	115	-	-	-	-	-	-	-	-	9	-	**124**
Depreciation and amortization	250	-	328	2,870	-	362	-	-	-	203	-	**4,013**
Other expenses	-	-	1	-	81	-	-	2	-	270	-	**354**
Total expenses	**2,393**	**812**	**1,009**	**19,109**	**2,705**	**3,611**	**2,127**	**149**	**582**	**9,436**	**(1,678)**	**40,255**
PROGRAM REVENUES:												
Charges for services	2,370	608	814	8,422	2,511	3,516	2,114	132	352	3,114	(1,636)	**22,317**
Operating grants and contributions	-	5	3	5,166	-	-	-	-	132	5,032	(20)	**10,318**
Capital grants and contributions	3	-	298	2,817	-	-	-	-	287	233	-	**3,638**
Total program revenues	**2,373**	**613**	**1,115**	**16,405**	**2,511**	**3,516**	**2,114**	**132**	**771**	**8,379**	**(1,656)**	**36,273**
Net program revenue (expenses)	**(20)**	**(199)**	**106**	**(2,704)**	**(194)**	**(95)**	**(13)**	**(17)**	**189**	**(1,057)**	**22**	**(3,982)**
GENERAL REVENUES:												
Non-State grants and contributions not restricted to specific programs	-	-	-	2,472	-	36	-	-	-	300	(7)	**2,801**
Investment earnings:												
Restricted	-	42	-	-	100	-	1,106	62	110	100	(3)	**1,517**
Unrestricted	44	-	6	-	1	48	-	-	-	185	-	**284**
Miscellaneous	2	106	-	730	26	35	37	348	-	1,489	(32)	**2,741**
Total general revenues	**46**	**148**	**6**	**3,202**	**127**	**119**	**1,143**	**410**	**110**	**2,074**	**(42)**	**7,343**
Change in net position	**26**	**(51)**	**112**	**498**	**(67)**	**24**	**1,130**	**393**	**299**	**1,017**	**(20)**	**3,361**
Net position - beginning of year, as restated	**4,734**	**1,073**	**1,111**	**3,953**	**242**	**495**	**5,216**	**2,586**	**6,815**	**6,148**	**126**	**32,499**
Net position - end of year	**$ 4,760**	**$ 1,022**	**$ 1,223**	**$ 4,451**	**$ 175**	**$ 519**	**$ 6,346**	**$ 2,979**	**$ 7,114**	**$ 7,165**	**$ 106**	**$ 35,860**

See accompanying notes to the basic financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS – INDEX

Note 1 – Summary of Significant Accounting Policies 40

Note 2 – Cash and Investments 57

Note 3 – Taxes Receivable, Tax Refunds Payable and Tax Abatements....................................72

Note 4 – Other Receivables....................................79

Note 5 – Capital Assets 81

Note 6 – Bonds Payable 84

Note 7 – Obligations Under Lease/Purchase and Other Financing Arrangements 86

Note 8 – Liabilities....................................104

Note 9 – Interfund Transactions and Other Transfers....................................109

Note 10 – Commitments and Contingencies....................................112

Note 11 – Litigation 116

Note 12 – Retirement Systems 117

Note 13 – Other Postemployment Benefits (OPEB)....................................141

Note 14 – Discretely Presented Component Units – Public Benefit Corporations.....152

Note 15 – Joint Ventures....................................162

Note 16 – Subsequent Events....................................164

NOTES TO THE BASIC FINANCIAL STATEMENTS
March 31, 2020

NOTE 1 - Summary of Significant Accounting Policies

The accompanying basic financial statements of the State of New York (State) have been prepared in conformity with generally accepted accounting principles (GAAP) for governments. Such principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the standard-setting body for establishing governmental accounting and financial reporting principles in the United States of America.

The basic financial statements have been prepared primarily from accounts maintained by the State Comptroller. Additional data has been derived from reports prescribed by the State Comptroller and prepared by State departments, agencies, public benefit corporations and other entities based on independent or subsidiary accounting systems maintained by them.

a. Reporting Entity

The basic financial statements include all funds of the primary government, which is the State, as well as the component units and other organizational entities determined to be included in the State's financial reporting entity.

The decision to include a component unit in the State's reporting entity is based on several criteria, including legal standing, fiscal dependency and financial accountability. A brief review of certain entities included in the State's reporting entity follows.

Blended Component Units – The New York Local Government Assistance Corporation (LGAC) was created by Chapter 220 of the Laws of 1990. LGAC is administered by seven directors consisting of the State Comptroller and the Director of the Division of the Budget, serving ex officio, and five directors appointed by the Governor. LGAC was created to issue long-term debt on behalf of the State to finance certain local assistance aid payments plus amounts necessary to fund a capital reserve fund and other issuance costs. LGAC is legally separate but provides services exclusively to the State, and therefore is reported as part of the primary government as a blended component unit.

The Tobacco Settlement Financing Corporation (TSFC) was created by Part D3 of Chapter 62 of the Laws of 2003. TSFC was created as a subsidiary of the State of New York Municipal Bond Bank Agency (MBBA). The directors of the MBBA are members of TSFC. TSFC is governed by a seven-member board, consisting of the Chairman of the MBBA, the Secretary of State, the Director of the Budget, the State Comptroller or his appointee, and three directors appointed by the Governor. TSFC was created to issue long-term debt on behalf of the State to finance State operations plus amounts necessary to fund a capital reserve fund and other issuance costs. TSFC is legally separate but provides services exclusively to the State, and therefore is reported as part of the primary government as a blended component unit.

Discretely Presented Component Units – The public benefit corporations (Corporations) listed in Note 14 were established by State statute with full corporate powers. The Governor, with the approval of the State Senate, appoints most members of the board of directors of most Corporations and either the Governor or the board of directors selects the chairman and chief executive officer. Corporations generally submit annual reports to the Governor, the Legislature and the State Comptroller on their operations and finances, accompanied by an independent auditors' report thereon. Corporations also submit to the Governor and the Legislature annual budget information on operations and capital construction. The State Comptroller is empowered to conduct financial and management audits of the Corporations. Financial assistance was provided in the fiscal year ended March 31, 2020 to certain Corporations, and such assistance is expected to be required in future years. Accordingly, the fiscal condition of the State is related to the fiscal stability of the Corporations. Since the Corporations are legally separate organizations for which the Governor and the Legislature are financially accountable, they are discretely presented as component units of the State.

For fiscal year 2019-20, our presentation of the discretely presented component units of the State does not include the Urban Development Corporation (UDC) and the Job Development Authority (JDA). UDC and JDA were unable to provide audited financial statements in time to be included in the State's presentation due to the impacts of the COVID-19 pandemic and not in relation to financial performance or operating results.

Related Organizations and Joint Ventures – The State's officials are also responsible for appointing the members of the boards of various related organizations (e.g., the Nassau County Interim Finance Authority), but the State's accountability for these organizations does not extend beyond making the appointments. As discussed in more detail in Note 15, the State participates in several joint ventures but only reports on one due to materiality considerations.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effects of interfund activity within governmental and business-type activities have been eliminated from these statements. However, balances due and resource flows between governmental and business-type activities have not been eliminated. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been allocated and are reported as direct program expenses of individual functions or programs. Program revenues include: charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; grants and contributions that are restricted to meeting the operational requirements of a particular function or segment; and capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not included as program revenues are reported as general revenues, as required.

Separate financial statements are provided for Governmental Funds, Enterprise Funds and Fiduciary Funds, even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the Enterprise Funds, the Component Units and the Fiduciary Funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenues in the year in which they are earned. Grants, entitlements and donations are recognized as revenues as soon as all eligibility requirements have been met.

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or collectible within 12 months of the end of the current fiscal period. Tax revenues are recorded by the State as taxpayers earn income (personal income, general business and other taxes), as sales are made (consumption and use taxes), and as the taxable event occurs (miscellaneous taxes), net of estimated overpayments (refunds). Receivables not expected to be collected within the next 12 months are recorded as deferred inflows of resources. Expenditures and related liabilities are generally recorded in the accounting period the liability is incurred, to the extent it is expected to be paid within the next 12 months, with the exception of items covered by GASB Interpretation 6 (GASBI 6), *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. GASBI 6 modified the recognition criteria of certain expenditures and liabilities. GASBI 6 requires that expenditures and liabilities such as debt service, compensated absences, and claims and judgments be recorded in the governmental fund statements only when they mature or become due for payment within the period. Expenditure-driven grants are recognized as revenues when the qualifying expenditures have been incurred and all other grant requirements have been met and amounts are considered available. Other nonexchange grants and subsidies, such as local assistance grants and public benefit corporation subsidies, are recognized as expenditures when all requirements of the grant and/or subsidy have been satisfied.

The State reports the following major and other governmental funds:

General Fund – is the primary operating fund of the State and is used to account for all financial transactions not required to be accounted for in another fund.

Federal Special Revenue Fund – accounts for federal grants received by the State that are earmarked for specific programs. In order to comply with federal accounting and reporting requirements, certain federal grants are accounted for in a number of accounts that are combined and reported as the Federal Special Revenue Fund. Accounts that are combined include the Federal USDA-Food and Nutrition Services Account (Federal USDA-FNS), the Federal Health and Human Services Account (Federal DHHS), the Federal Education Account, the Federal Operating Grants Account, the Unemployment Insurance Administration Account, the Unemployment Insurance Occupational Training Account and the Federal Employment and Training Grants Account.

General Debt Service Fund – accounts for the payment of principal and interest on the State's general debt, and payments on certain lease/purchase and other contractual obligations.

Other Governmental Funds – is a summarization of all the nonmajor governmental funds.

The governmental fund financial statements include a reconciliation between the fund statements and the government-wide statements. Differences that make a reconciliation necessary include the differences in measurement focus and basis of accounting between the statements. The Statement of Activities reflects the net costs of each major function of State operations, which differs from the presentation of expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds, which matches the State's budgetary (financial plan) presentation.

The State reports the following major Enterprise Funds:

Lottery Fund – accounts for lottery revenues that are earmarked for education assistance to local school districts, lottery administrative costs of the New York State Gaming Commission, and payment of lottery prizes.

Unemployment Insurance Benefit Fund – accounts for unemployment contributions from employers that are utilized for the payment of unemployment compensation benefits.

SUNY Fund – accounts for the operations of the State University of New York (SUNY). Information reported in this fund is obtained from the audited financial statements prepared by SUNY for the fiscal year ended June 30, 2019.

CUNY Fund – accounts for the operations of the City University of New York (CUNY) Senior Colleges. Information reported in this fund is obtained from the audited financial statements of the Senior Colleges prepared by CUNY for the fiscal year ended June 30, 2019.

Enterprise Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with an Enterprise Fund's principal ongoing operations. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others, which therefore cannot be used to support the government's own programs. The types of Fiduciary Funds maintained by the State consist of the following:

Pension Trust Fund – accounts for the activities of the New York State and Local Retirement System, which accumulates resources for pension benefit payments to qualified public employees.

Private Purpose Trust Funds – are used to account for resources legally held in trust as escheat property and resources held in trust to facilitate savings for higher education expenses and disability-related expenses, pursuant to New York's 529 College Savings and New York ABLE Savings programs, respectively. There is no requirement that any portion of these resources be preserved as capital. Information reported for the savings programs is obtained from the audited financial statements prepared by the programs for the fiscal year ended December 31, 2019.

Agency Funds – account for various employee benefit programs and for the disposition of various payroll-related deductions. These funds also include accounts for the transfer from other funds of the federal, State, and local shares of Medicaid program expenditures to a paying agent for payment to health care providers. In addition, the funds include various escrow, revenue collection and agency accounts for which the State acts in an agent's capacity until proper disposition of the assets can be made.

Additionally, the State includes discretely presented component units:

Component Units – the public benefit corporations' financial statements, except for the State Insurance Fund and the Aggregate Trust Fund, are prepared using the economic resources measurement focus and are accounted for on the accrual basis of accounting. The State Insurance Fund and the Aggregate Trust Fund prepare financial statements in conformity with accounting practices prescribed or permitted by the New York State Department of Financial Services. The Department of Financial Services recognizes only New York Statutory Accounting Practices for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under New York State Insurance Law. The impact of variances from GAAP is not material to the Corporations in total.

d. Cash and Investments

Cash balances of funds held in the State Treasury are commingled in a general checking account and several special purpose bank accounts. The available cash balance in the general checking account beyond immediate need is pooled for short-term investment purposes. The balances pooled are limited to legally stipulated investments, which are reported at cost, including accrued interest, which approximates fair value. Non-interest-bearing compensating balances of $78 million are included in cash and investments at March 31, 2020. At various times during the year, compensating balances could be substantially higher. Cash balances not held in the State Treasury and controlled by various State officials are generally deposited in interest-bearing accounts or other legally stipulated investments. Additional information about the State's cash and investments is provided in Note 2.

Generally, for purposes of reporting cash flows, cash includes cash and cash equivalents. Cash equivalents are liquid assets with maturities of 90 days or less. The Enterprise Funds' Statements of Cash Flows use the direct method of reporting cash flows.

All investments with a maturity of more than one year are recorded on the Statements of Net Position and the balance sheets at fair value and all investment income, including changes in the fair value of investments, is reported as revenue. Fair values were determined using market values at the applicable entities' year-end. Investments of the short-term investment pool have a maturity of one year or less and are recorded at cost.

e. Receivables

Receivables are stated net of estimated allowances for uncollectible amounts, which are determined based upon past collection experience and current economic conditions. The Due from federal government category represents amounts owed to the State to reimburse it for expenditures incurred pursuant to federally funded programs. The Other receivables category represents amounts owed to the State, including Medicaid drug rebates, financial service settlements, tobacco settlements, patient fees of SUNY and Health Department hospitals and various mental hygiene facilities, student loans and lottery ticket sales. Additional information about receivables is provided in Note 4.

f. Internal Balances

All outstanding balances between funds at the end of the fiscal year are referred to as "due to/from other funds" on the fund financial statements. Generally, the effects of interfund activity within the governmental funds have been removed. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." For the most part, the remaining difference is a result of SUNY and CUNY having a different fiscal year than the State.

g. Other Assets

Other assets in governmental activities and business-type activities include payments for costs applicable to future accounting periods, and other types of assets not reported on other lines. Inventories reported by the governmental funds are recorded as expenditures when they are purchased. Inventories reported by the Enterprise Funds are valued at cost using the first-in/first-out (FIFO) method.

h. Capital Assets

Capital assets are reported in the Statement of Net Position for government-wide and enterprise funds and further disclosed in Note 5. Capital assets include: land in urban centers, rural areas and forest preserves; land improvements; land preparation for roads; buildings which house State offices, correctional facilities, hospitals and educational facilities; equipment used in construction work, hospitals, offices, etc.; construction in progress; intangible assets (i.e., easements and internally generated software); and infrastructure assets such as roads and bridges. Capital assets are reported at historical cost or estimated historical cost and donated capital assets are valued at their acquisition value at the date of donation.

For governmental activities, equipment that has a cost in excess of $40,000 at the date of acquisition and has an expected useful life of two or more years is capitalized. All initial building costs and building improvements and land and land improvements in excess of $100,000 are capitalized. Infrastructure assets in excess of $1 million are also capitalized. Software is capitalized when the costs exceed $1 million.

The costs of normal repairs and maintenance that do not add to the value or extend lives of assets materially are not capitalized, but are reported as expenses in the year incurred. All maintenance and preservation costs relating to roads and bridges are expensed in the year incurred and not capitalized. Expenses relating to roads and bridges that add to the capacity and efficiency of the road and bridge networks are capitalized rather than expensed.

Capital assets in business-type activities and Enterprise Funds are from SUNY and CUNY. These capital assets are stated at cost, or in the case of gifts, acquisition value at the date of receipt. SUNY capitalizes building renovations and additions costing over $100,000, equipment items with a unit cost of $5,000 or more, and intangible assets, including internally generated computer software, costing $1 million or more. CUNY capitalizes renovations and improvements that significantly increase the value or extend the useful lives of the structures and equipment with a cost of more than $5,000 and useful lives of two or more years. CUNY reports intangible assets with a unit cost of more than $5,000.

Buildings, land improvements, equipment and intangible assets of the primary government are depreciated or amortized using the straight-line method over the following estimated useful lives:

Assets	Governmental Activities (Years)	Business-Type Activities (Years)
Buildings and building improvements......	12-60	2-50
Equipment and vehicles...........................	4-30	2-50
Land improvements	12-30	2-50
Intangibles – easements	20	2-50
Intangibles – computer software..............	10-12	2-50

Land preparation reflects the costs of preparing the land for the construction of roads. Since land preparation has an indefinite life, associated costs are not depreciated.

The State has elected to use the modified approach for reporting and accounting for its highways and bridges, which are reported by the State Department of Transportation (DOT). The modified approach requires the State to commit to preserving and maintaining these infrastructure assets at levels established by DOT. No depreciation expense is reported for these assets and no amounts are capitalized in connection with improvements that lengthen the lives of such assets, unless the improvements also increase their capacity or efficiency. DOT maintains an inventory of these assets and performs periodic condition assessments to ensure that the predetermined condition level is maintained. The Required Supplementary Information (RSI) contains additional information regarding infrastructure reported using the modified approach.

Capital asset reporting does not include historical artifacts, artwork and collections that are maintained by various State agencies, the State Archives, the State Museum and the State Library with the exception of SUNY and CUNY. These items are protected, preserved, and held for public exhibition and educational purposes, and the proceeds from any sale of such items are used to acquire new items for the collection. SUNY reports all artwork, historical treasures and library books. CUNY reports artwork, historical treasures and library books with a unit cost of more than $5,000.

i. Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources are defined as an acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets, and deferred inflows of resources decrease net position, similar to liabilities.

The components of the deferred outflows of resources and deferred inflows of resources related to the primary government at March 31, 2020 are as follows (amounts in millions):

	Governmental Activities	Business-Type Activities	Primary Government
Deferred outflows of resources:			
Pension activities	$ 3,158	$ 309	$ 3,467
Other postemployment benefits activities	2,020	594	2,614
Derivative activities	81	43	124
Loss on refunding of debt	283	80	363
Total deferred outflows of resources	**$ 5,542**	**$ 1,026**	**$ 6,568**
Deferred inflows of resources:			
Pension activities	$ 1,180	$ 434	$ 1,614
Other postemployment benefits activities	4,563	2,217	6,780
Deferred gain on refunding	53	-	53
Federal grants	154	-	154
Other	-	37	37
Total deferred inflows of resources	**$ 5,950**	**$ 2,688**	**$ 8,638**

The components of the deferred inflows of resources related to the governmental funds at March 31, 2020 are as follows (amounts in millions):

	General	Federal Special Revenue	General Debt Service	Other Governmental Funds	Total Governmental Funds
Deferred inflows of resources:					
Public health/patient fees	$ -	$ -	$ -	$ 3	$ 3
Taxes considered unavailable	612	-	263	51	926
Medicaid receivables	59	267	-	-	326
Medicaid liabilities	-	353	-	-	353
Oil spill	-	-	-	73	73
Miscellaneous agency	31	-	-	147	178
Federal grants	-	154	-	-	154
ENCON* collections	-	-	-	30	30
Other	11	-	-	50	61
Total	**$ 713**	**$ 774**	**$ 263**	**$ 354**	**$ 2,104**

* State Department of Environmental Conservation

j. Long-Term Obligations

In the Government-wide Statement of Net Position and in the Enterprise Funds Statement of Net Position, long-term debt and other long-term obligations are reported as liabilities. For governmental activities, bond premiums and discounts are reported as a component of the related bonds payable, and gains and losses on refunding are reported as deferred inflows of resources or deferred outflows of resources. Both are amortized over the life of the bonds using the straight-line method. For business-type activities, SUNY losses on refunding are reported as deferred outflows of resources and amortized over the life of the related debt. CUNY bond premiums and discounts are reported as a component of the related bonds payable, and gains and losses on refunding are reported as deferred inflows of resources or deferred outflows of resources. Both are amortized over the life of the bonds using the straight-line method. Issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as non-personal service expenditures in the period incurred.

k. Compensated Absences

The estimated vacation leave liability for State employees at March 31, 2020 is $905 million, which represents a decrease of $20 million over the prior year. State employees accrue vacation leave based primarily on the number of years employed up to a maximum rate of 25 days per year, but may accumulate no more than a maximum of 40 days.

SUNY employees accrue vacation leave based primarily on the number of years employed up to a maximum rate of 21 days per year and may accumulate no more than a maximum of 40 days. CUNY employees accrue vacation leave based upon the number of years employed, with the maximum accumulation generally ranging from 45 to 50 days. The liability for vacation leave approximated $301 million and $151 million for SUNY and CUNY, respectively, at June 30, 2019.

CUNY employees may receive payments of up to 50 percent of the value of their accumulated sick leave as of the date of retirement from CUNY. CUNY reported a liability of $52 million for sick leave credits in other postemployment benefits liabilities at June 30, 2019.

Lottery's employees, upon termination, may receive vacation pay benefits up to a maximum of 30 days. Lottery recognizes employees' compensated absence benefits when earned. The liability for employees' compensated absences was approximately $1.2 million as of March 31, 2020.

l. Accounting for Lease/Purchase and Other Financing Arrangements

The construction of certain State office buildings, campus facilities and other public facilities has been financed through bonds and notes issued by public benefit corporations pursuant to lease/purchase and other financing arrangements with the State. The State has also entered into financing arrangements with public benefit corporations that have issued bonds to finance past State budgetary deficits and grants to local governments for both capital and operating purposes (Note 7).

These lease/purchase and other financing arrangements, which the State will repay over the duration of the agreements, constitute long-term liabilities. The amount included in obligations under lease/purchase and other financing arrangements consists of total future principal payments and equals the outstanding balance of the related bonds and notes.

m. State Lottery

The State Lottery is accounted for as an Enterprise Fund. The revenues, administrative costs, aid to education and expenses for amounts allocated to prizes are reported, and uncollected ticket sales at March 31, 2020 are accrued. Prize monies to meet long-term prize payments are invested in United States government-backed obligations, New York City Transitional Finance Authority municipal bonds and U.S. Agency for International Development (AID) bonds, and are recorded at fair value. Lottery prize liabilities are recorded at a discounted value equivalent to the related investments. At March 31, 2020, the prize liabilities of approximately $1.7 billion were reported at a discounted value of approximately $1.2 billion (at interest rates ranging from 0.29 percent to 7.75 percent).

n. Net Position

On the government-wide, enterprise fund, component unit and fiduciary fund financial statements, "Net Position" is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

Net position is reported as restricted when constraints placed on net position use are either:

a. Externally imposed by creditors (such as debt covenants), grantors, contributors, laws or regulations of other governments; or

b. Imposed by law through constitutional provisions or enabling legislation.

Enabling legislation, which restricts net position, authorizes the State to assess, levy, charge or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable requirement is one that an outside party (such as citizens, public interest groups or the judiciary) can compel the government to honor. When both restricted and unrestricted resources are available for use, it is the State's policy to use restricted resources first, then unrestricted resources as they are needed.

At March 31, 2020, the Governmental Activities reported restricted net position of $3.2 billion due to restrictions externally imposed by creditors or enabling legislation. This included $1.5 billion restricted for debt service payments from various capital reserve funds, and $1.7 billion restricted for other purposes (details of fund balance classification are available in Note 1.o.).

The following terms are used in the reporting of net position:

Net Investment in Capital Assets

Net investment in capital assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Debt Service

Net position restricted for the payment of future debt service payments from various capital reserve funds.

Higher Education, Research and Patient Care

Net position restricted for funding of various higher education programs for instruction, research, scholarships, and operations, as well as medical research and patient care.

Environmental Projects and Energy Programs

Net position restricted for funding of various environmental projects and energy programs.

Economic Development, Housing and Transportation

Net position restricted for funding of various economic development, housing-related and transportation-related programs.

Insurance and Administrative Requirements

Net position restricted for funding certain insurance payments and administrative costs.

Unemployment Benefits

Net position restricted for the payment of unemployment benefits.

Future Lottery Prizes

Net position restricted for future lottery prize payments.

Pensions

Net position restricted for pension payments.

Other Government Programs

Net position restricted for the funding of legal and law enforcement programs, various gifts, grants or bequests received by the State, and other legally restricted programs.

Unrestricted

Unrestricted net position (deficit) is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position described above.

o. Fund Balance

On governmental fund financial statements, "Fund Balance" is the difference between (a) fund assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

Fund Balance Hierarchy

Fund balance for governmental funds is reported in the following classifications, which describe the relative strength of the constraints that control how specific amounts in the funds can be spent:

Nonspendable fund balance includes amounts that cannot be spent because they either: (a) are not in spendable form; or (b) are legally or contractually required to remain intact.

Restricted fund balances have constraints placed on the use of resources that are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balances can only be used for specific purposes pursuant to constraints imposed by formal action of the State's highest level of decision-making authority, which includes establishment of laws of the State, and by bills passed by the Legislature and approved by the Governor, or any contracts approved by authorized State officials that are known to have their liability satisfied with the current fund balance. Commitments may be changed or lifted only by the State's highest level of decision-making authority taking the same formal action that originally imposed the constraint.

Assigned fund balances are constrained by the intent to use amounts for specific purposes, but are neither restricted nor committed. The Director of the Budget is authorized to assign amounts to a specific purpose through the approval of budget certificates as required by statute.

Unassigned fund balance is the residual classification for the General Fund. Other governmental funds cannot report a positive unassigned fund balance but can report negative unassigned fund balance if expenditures incurred for specific purposes exceed the amounts restricted or committed to those purposes.

For classification of governmental fund balances, the State considers expenditures to be made from restricted resources first, then in the following order: committed, assigned, and unassigned resources.

Reserve Accounts

Tax Stabilization Reserve Account

The authority for establishing the Tax Stabilization Reserve Account is in State Finance Law Section 92. The account was established in 1984.

At the close of each fiscal year, any surplus funds up to 0.2 percent of 1 percent of the "norm" shall be transferred to the Tax Stabilization Reserve Account, which shall not cumulatively exceed 2 percent of the "norm." The norm is the aggregate amount disbursed from the State Purposes Account during the fiscal year.

In any given fiscal year, when receipts fall below the norm, funds shall be transferred from the Tax Stabilization Reserve Account to the State Purposes Account, in an amount equal to the difference between the norm and the receipts, to the extent that funds are available in the Tax Stabilization Reserve Account. Money in the Tax Stabilization Reserve Account may be temporarily loaned to the State Purposes Account during the year in anticipation of the receipt of revenues, but these funds must be repaid within the same fiscal year.

The balance in the Tax Stabilization Reserve Account at March 31, 2020 is $1.3 billion, and is included in the unassigned fund balance of the General Fund.

Rainy Day Reserve Account

The authority for establishing the Rainy Day Reserve Account is in State Finance Law Section 92-cc. The account was established in 2007.

Funds deposited to this account are transferred from the State Purposes Account. The maximum balance in this account shall not exceed 5 percent of the aggregate amount projected to be disbursed from the General Fund during the fiscal year immediately following the current fiscal year.

The amounts in this account can be spent for two reasons:

a. In the event of an economic downturn, as evidenced by a composite index of business cycle indicators prepared by the Commissioner of Labor. If the index declines for five consecutive months, the Commissioner of Labor shall notify the Governor, the Speaker of the Assembly, the Temporary President of the Senate and the minority leaders of the Assembly and the Senate. Upon such notification, the Director of the Budget may authorize the State Comptroller to transfer funds from the Rainy Day Reserve Account to the State Purposes Account.

b. A catastrophic event, e.g., the need to repel invasion, suppress insurrection, defend the State in war, or to respond to any other emergency resulting from a disaster, including but not limited to a disaster caused by an act of terrorism.

The balance in the Rainy Day Reserve Account at March 31, 2020 is $1.2 billion, and is included in the committed and unassigned fund balance of the General Fund.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for future expenditures are established in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. These amounts generally will become liabilities in future periods.

Significant encumbrances at March 31, 2020 include (amounts in millions):

Fund Type	Amount
General	$ 1,303
Federal Special Revenue	1,008
Other Special Revenue	56
Other Capital Projects	12,046

Fund Balances

Fund balances at March 31, 2020 are as follows (amounts in millions):

	Major Funds			
	General Fund	Federal Special Revenue	General Debt Service	Other Governmental Funds
Restricted for:				
Education	$ -	$ -	$ -	$ 4
Public health	-	1	-	1
Health care initiatives	-	-	-	462
Environment and recreation	-	-	-	45
Transportation	-	-	-	208
General administration	-	-	-	173
Debt service	-	-	829	217
Capital purposes	-	-	-	108
Committed to:				
Education	6	-	-	150
Public health	-	-	-	115
Mental hygiene	6	-	-	-
Health care initiatives	-	-	-	1,221
Environment and recreation	3	-	-	68
Public safety	-	-	-	463
Transportation	-	-	-	247
Economic development	-	-	-	8
General administration	-	-	-	165
Debt service	-	-	53	446
Capital purposes	-	-	-	978
Fund reserves	791	-	-	-
Assigned to:				
Education	103	-	-	288
Public health	1,293	-	-	-
Mental hygiene	5	-	-	-
Public welfare	13	-	-	-
Environment and recreation	6	-	-	17
Public safety	79	-	-	-
Transportation	-	-	-	57
Workers' Compensation	-	-	-	3,306
Insurance	-	-	-	795
General administration	1,430	-	-	-
Debt service	-	-	-	1
Unassigned	1	-	-	(1,220)
Total fund balance	**$ 3,736**	**$ 1**	**$ 882**	**$ 8,323**

p. Pensions

The State is the largest participating employer of the New York State and Local Retirement System (System), consisting of the Employees' Retirement System (ERS) and the Police and Fire Retirement System (PFRS), which are cost-sharing multiple employer defined benefit pension plans. Consequently, the State has recorded the largest proportionate share of the net pension liability and related deferred inflows and outflows from pension activities, which are reflected in the reported amounts on the balance sheet. For purposes of determining net pension liability and other pension-related amounts, information about the fiduciary net position of ERS and PFRS and additions to and deductions from the fiduciary net position of ERS and PFRS have been determined on the same basis reported by the System.

q. Postemployment Benefits

Other postemployment costs are measured and disclosed using the accrual basis of accounting in the government-wide and enterprise funds financial statements (Note 13). In addition to providing pension benefits, the State is statutorily required to provide health insurance coverage and survivor benefits for retired employees and their survivors. Postemployment benefits other than pensions are recognized on an actuarially determined basis as employees earn benefits that are expected to be used in the future. Substantially all of the State's employees may become eligible for these benefits if they reach normal retirement age while working for the State. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the State and the retired employee. The amounts earned include employee sick leave credits expected to be used to pay for a share of post-retirement health insurance. The State, including the Lottery, recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the respective fund in the year paid. Additionally, the survivor's benefit program provides for a death benefit to be paid by the State to a retiree's designated beneficiary.

r. Deficit Fund Balances

As of March 31, 2020, fund deficits were reported in the following General Fund accounts: Local Assistance ($5.4 billion), State Purposes ($997 million), and Miscellaneous accounts, in aggregate ($270 million). In addition, Capital Projects Funds reported fund deficits in the Correctional Facilities Capital Improvement Fund ($371 million), the Housing Program Fund ($216 million), the Mental Hygiene Facilities Capital Improvement Fund ($156 million), and the Hazardous Waste Remedial Fund ($83 million). The deficits related to the Capital Projects Funds are the result of differences in cash flow timing relating to the reimbursement of capital project costs and contractual commitments from bond proceeds, and are routinely resolved during subsequent fiscal years. A fund deficit was also reported in Other Special Revenue Funds in the Mass Transportation Operating Assistance Fund ($158 million). The deficit is the result of timing differences between the receipt of cash and the transfer of funds to finance operating expenditures.

s. Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the basic financial statements. Estimates also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

t. Adoption of New Accounting Pronouncements

During the fiscal year ended March 31, 2020, the State adopted GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASBS 95), which addresses the impact of the COVID-19 pandemic and provides relief to governments by postponing implementation and application of certain GASB Statements by a year, and by up to 18 months for other statements. In accordance with this Standard, the State postponed the implementation of any previously applicable standards until their new required implementation dates.

u. Restatements

The restatements of beginning net position in the discretely presented component units of the State were as follows (amounts in millions):

	Net Position at March 31, 2019	Restatement	Net Position at April 1, 2019
Discretely Presented Component Units:			
Urban Development Corporation	$ 3,332	$ (3,332)	**$ -**
State Insurance Fund	5,213	3	**5,216**
Non-Major Component Units	6,245	(97)	**6,148**
Total Discretely Presented Component Units	$ 14,790	$ (3,426)	**$ 11,364**

The Urban Development Corporation and the Job Development Authority (included in Non-Major Component Units) were unable to provide audited financial statements in time for inclusion in the State's fiscal year 2019-20 presentation. The changes to Non-Major Component Units were also related to corrections for claims liabilities, prior period adjustments, and revenue recognition adjustments.

NOTE 2 - Cash and Investments

Governmental Activities, Private Purpose and Agency Funds

Deposits

The State maintains approximately 3,000 bank accounts for various purposes at locations throughout the State. Cash deposits in the State Treasury are under the joint custody of the State Comptroller and the Commissioner of Taxation and Finance. Cash balances not required for immediate use are invested in a short-term investment pool (STIP) administered by the State Comptroller or by the fund custodian to maximize interest earnings. Cash is invested in repurchase agreements involving United States (U.S.) Treasury obligations, U.S. Treasury bills, commercial paper, government-sponsored agency bonds, and certificates of deposit. Cash deposits not held in the State Treasury are under the sole custody of a specified State official and are generally held in interest-bearing accounts. Both the State Comptroller and the Commissioner of Taxation and Finance are sole custodians of certain accounts.

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

For demand accounts, checking accounts and certificates of deposit, the State requires that its depository banks pledge collateral or provide a surety bond based on actual and average daily available bank balances. All securities pledged as collateral are held by the State's fiscal agent in the name of the State and are valued on a monthly basis. Surety bonds will be accepted only from companies with the highest ratings issued by nationally recognized statistical rating organizations (NRSROs). The use of average daily available balances to determine collateral requirements may result in the available balances being undercollateralized at various times during the fiscal year. The State's cash management policy is to invest all major revenues as soon as the monies are available within the banking system, which limits undercollateralization. The State's cash deposits with financial institutions had a book and bank balance of $10.6 billion and were fully collateralized at the end of the 2020 fiscal year. Included in these balances were certificates of deposit held in the STIP with a book and bank balance of $2.1 billion. Also included are deposits with a book and bank balance of $381 million that were held by the State's fiscal agent and were exposed to custodial credit risk because they were uninsured and uncollateralized, except for $20 million in deposits that were fully collateralized.

For the fiscal year ended March 31, 2020, the average daily balance of the STIP was $20.3 billion, with an average annual yield of 2.0 percent and total investment income of $418 million.

Investments

The State holds investments both for its own benefit and as an agent for other parties. Major investment programs conducted for the direct benefit of the State include STIP, which is used for the temporary investment of funds not required for immediate payments, and sole custody funds administered by the Department of Taxation and Finance.

Investments are made in accordance with State Finance Law and vary by fund but generally include: obligations of, or guaranteed by, the United States; obligations of New York State and its political subdivisions; certificates of deposit; savings bank trust company notes; bankers' acceptances; repurchase agreements; corporate bonds; and commercial paper.

As of March 31, 2020 (except for New York's 529 College Savings Program, which is as of December 31, 2019), the State had the following investments and maturities (amounts in millions):

		Investment Maturities (in Years)		
Investment Type	**Carrying Value**	**Less than 1**	**1–5**	**6–10**
Commercial paper	$ 11,779	$ 11,779	$ -	$ -
U.S. Treasury bills	2,458	2,458	-	-
Government-sponsored agency bonds	2,046	1,958	-	88
Supranational debentures & discount notes	374	374	-	-
Municipal bonds	356	-	267	89
U.S. Treasury notes/bonds	311	147	164	-
U.S. Treasury Strips	25	25	-	-
Other	4	4	-	-
Subtotal	**17,353**	**$ 16,745**	**$ 431**	**$ 177**
Investments held in an agent or trust capacity	35,174			
Total	**$ 52,527**			

Included in the table are securities which either were not acquired for investment purposes or cannot be classified or categorized, and are being held by the State in an agent or trust capacity. Parents, grandparents and other parties wishing to save for a child's college education may deposit money into the College Savings Program. The State administers this program on behalf of the account owners and holds the investment portfolio in a trust. The fair market value of the College Savings Program mutual fund portfolio was $34.6 billion at December 31, 2019. Employers seeking self-insurer status for workers' compensation purposes may deposit securities specified by Section 235 of the New York State Banking Law with the Chairman of the Workers' Compensation Board. Acting as an agent for the employers, the State holds these securities (carrying amount $253 million, which approximates fair value) only as an agent for the employers. Securities that are unclaimed at financial institutions are transferred periodically to the State and are held temporarily by the State until they can be liquidated. The securities or proceeds can be claimed by the owners under established procedures. These securities had a carrying amount and fair value of $286 million at March 31, 2020. The State holds cash and securities deposited by contractors in lieu of retainage on contract payments (carrying amount and fair value of $6 million).

In addition to the securities held by the Workers' Compensation Board noted above, the State holds $3.4 billion in surety bonds and letters of credit that are not included in the table above.

Credit Risk

State law limits investments in commercial paper, repurchase agreements, government-sponsored agency bonds and municipal bonds to securities with the highest ratings issued by two NRSROs. Investments in commercial paper and repurchase agreements are limited to a rating of A-1 by Standard & Poor's Corporation (S&P) and P-1 by Moody's Investors Service, Inc. (Moody's). Investments in government-sponsored agency bonds and municipal bonds are limited to AAA by S&P and Aaa by

Moody's. If an investment in commercial paper drops in rating below the legal requirements during the year, the State's investment staff would consult with appropriate advisors to determine what action, if any, should be taken. Repurchase agreements are collateralized with U.S. Treasury obligations.

The portfolios of the College Savings Program, a Private Purpose Trust Fund, have underlying fixed income mutual funds which are not rated by any NRSRO.

Custodial Credit Risk

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government and are held either by: (a) the counterparty or (b) the counterparty's trust department or agent, but not in the government's name. The risk is that the State will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party if the counterparty fails. The State's policy is to hold all of its investments in the State's name; however, the investments listed below are exposed to custodial credit risk because they are not held by the State but are held by a public benefit corporation in the public benefit corporation's name or administered by a fiscal agent on behalf of New York State. The following table presents the amortized costs, which approximate fair value of investments by type (amounts in millions):

Investment Type	Fair Value
Government-sponsored agency bonds......	$ 654
U.S. Treasury bills..................................	115
U.S. Treasury notes	154
Total..	**$ 923**

Interest Rate Risk

The fair values of the State's fixed-maturity investments fluctuate in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair values of those instruments. Fair values of interest-rate-sensitive instruments may be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument and other general market conditions.

The State manages its interest rate risk by limiting the majority of its investments to a maturity structure of one year or less. Additionally, the State holds its investments to maturity, which minimizes the occurrence of a loss on an investment.

The State's investments in mutual funds and equity securities have no stated maturity and have not been allocated to a time period on the preceding table.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the State's investment in a single issuer (which may not exceed 5 percent or more of total investments). To mitigate this risk, it is the policy of the State to maintain a diversified portfolio among a variety of investment instruments in which it is legally permitted to invest.

Foreign Currency Risk

The State Finance Law, Section 98-a, does not expressly permit investment in foreign currency and there is no formal policy related to foreign currency; however, the College Savings Plan has certain underlying mutual funds which invest in foreign securities. There are certain additional risks involved when investing in foreign securities that are not inherent with investments in domestic securities. These risks may involve foreign currency exchange rate fluctuations, adverse political and economic developments, and the possible prevention of currency exchange or other foreign governmental laws or restrictions. In addition, the liquidity of foreign securities may be more limited than that of domestic securities.

Fair Value

GASB Statement No. 72, *Fair Value Measurement and Application* (GASBS 72), establishes a three-level valuation hierarchy of fair value measurements. This valuation hierarchy is based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions and other inputs subject to management judgment. These inputs are incorporated in the following fair value hierarchy:

- **Level 1** inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- **Level 2** inputs are inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.
- **Level 3** inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority.

The State's Level 1 investments in mutual funds and equity securities are reported at fair value using prices quoted in active markets for those securities. The Level 2 mutual funds, Treasury investments, municipal bonds, government-sponsored agency bonds, equity securities and debt securities are reported at fair value using quoted prices for similar assets or quoted prices for identical items that are not actively traded.

As of March 31, 2020, the State's composition of investments by levels within the fair value hierarchy were as follows (amounts in millions):

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Mutual funds	$ 34,703	$ 34,631	$ 72
Municipal bonds	356	-	356
Equity securities	211	117	94
U.S. Treasury notes	164	-	164
Government-sponsored agency bonds	88	-	88
Debt securities	1	-	1
Subtotal	**35,523**	**$ 34,748**	**$ 775**
Workers' Compensation portfolio	259		
Investments valued at amortized cost	16,745		
Total	**$ 52,527**		

Business-Type Activities

Deposits

SUNY does not have a formal policy for collateral requirements for cash deposits. At June 30, 2019, SUNY had $2.7 billion in deposits held by the State Treasury and invested in the STIP, and $82 million held by other local depositories. Deposits not held in the State Treasury that are not covered by depository insurance are: uncollateralized ($42 million); collateralized with securities held by a pledging financial institution ($122 million); and collateralized with securities held by a pledging financial institution's trust department or agency ($3 million). In addition, SUNY has $198 million in cash and cash equivalents deposited with bond trustees, which are registered in SUNY's name and held by an agent or in trust accounts in SUNY's name.

CUNY's cash and cash equivalents were held by depositories and amounted to $702 million, of which $206 million was insured and $496 million was uninsured and uncollateralized, or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in CUNY's name.

Lottery deposits are made in accordance with State Finance Law and State Tax Law. At March 31, 2020, Lottery had $636 million in deposits held by the State Treasury, which were invested in the STIP.

The Unemployment Insurance Benefit Fund has a total of $2.1 billion in a sole custody bank account, which is on deposit with the State Comptroller and invested in the STIP, and is subject to the same collateralization requirements as the State's investments.

Investments

Generally, SUNY and CUNY are allowed to invest in a diverse investment portfolio. Permitted investments include, but are not limited to, obligations of the U.S. Government and its agencies, municipal debt securities, repurchase agreements, corporate bonds, commercial paper, equity securities, mutual funds, asset-backed securities, money market funds and security lending transactions.

The Lottery is authorized by State statute to invest in U.S. Government-backed obligations and New York City Transitional Finance Authority municipal bonds that provide for payment of prizes payable.

As of June 30, 2019 (except for the State Lottery, which is as of March 31, 2020), the business-type activities had the following investments and maturities (amounts in millions):

		Investment Maturities (in Years)			
Investment Type	**Carrying Value**	**Less than 1**	**1-5**	**6-10**	**More than 10**
U.S. Treasury notes/bonds	$ 1,050	$ 401	$ 197	$ 145	$ 307
Government-sponsored agency bonds	559	559	-	-	-
Municipal bonds	485	38	135	100	212
AID bonds	225	18	63	46	98
U.S. Treasury bills	196	196	-	-	-
Fixed income	69	-	30	21	18
Mutual fund non-equities	45	-	-	44	1
U.S. Treasury strips	18	12	2	1	3
Corporate bonds	15	10	5	-	-
U.S. Treasury inflation-protected securities	10	-	4	4	2
U.S. fixed income	9	-	9	-	-
Certificates of deposit	1	1	-	-	-
International bonds	1	-	1	-	-
Subtotal	**2,683**	**$ 1,235**	**$ 446**	**$ 361**	**$ 641**
External investment pools	1,042				
Cash and cash equivalents	400				
Global equities	93				
Hedge funds	82				
U.S. equities	58				
Multi-strategy funds	46				
Equity mutual funds	34				
Foreign equities	18				
Limited partnership	18				
Private equity	18				
Credit securities	8				
Other	50				
Total	**$ 4,550**				

Credit Risk

Generally, SUNY individual fixed income investment securities must be of investment grade. Parameters exist that allow some limited investments in non-investment grade securities; however, investments rated below B3 by Moody's or B- by S&P are prohibited.

CUNY's investment policy for the CUNY Investment Pool includes specific guidelines for investment managers with a target allocation to fixed income, as well as reference to specific guidelines for each investment manager. All of the Pool's fixed income is invested in commingled funds. The Pool contains securities with an Average Quality Rating of AAA to BBB. CUNY's investment policy does not otherwise place formal limitations on credit risk.

As of June 30, 2019 (except for the State Lottery, which is as of March 31, 2020), the business-type activities had the following investments with ratings (amounts in millions):

Investment Type	Total	AAA	AA	A	BBB	Not Rated
Government-sponsored agency bonds	$ 559	$ 357	$ 202	$ -	$ -	$ -
Municipal bonds	485	485	-	-	-	-
AID bonds	225	-	-	-	-	225
Fixed income	69	-	69	-	-	-
Mutual fund non-equities	45	45	-	-	-	-
Corporate bonds	15	-	-	5	10	-
International bonds	1	-	-	1	-	-
Total	**$ 1,399**	**$ 887**	**$ 271**	**$ 6**	**$ 10**	**$ 225**

Custodial Credit Risk

At June 30, 2019, SUNY had $831 million in cash and investments held by the Dormitory Authority of the State of New York (DASNY), which represents bond proceeds needed to finance capital projects and to establish required building and equipment replacement and debt service reserves. These cash and investments are registered in SUNY's name and held by an agent or in a trust in SUNY's name. SUNY's investment policy does not formally address custodial credit risk.

At June 30, 2019, CUNY had $630 million in investments held by DASNY or the bond trustee, and not in CUNY's name. CUNY's policy for deposits of the CUNY Investment Pool does not allow for participation in programs that have uninsured investments held by counterparties and uses specific monitor initiatives for investments as a means of limiting custodial credit risk. CUNY's investment policy does not formally address custodial credit risk for investments not included in the Investment Pool.

Interest Rate Risk

SUNY has policies in place that limit fixed income investment duration within certain benchmarks, and a highly diversified portfolio is maintained which limits interest rate exposure. SUNY does not formally address any interest rate risk related to its investment pools. CUNY's investment policy does not otherwise formally limit investment maturities as a means of managing exposure to fair market value losses arising from increased interest rates. The Lottery's policy for managing interest rate risk is to hold investment securities to maturity, at which time the fair value of the investment is equal to the stated maturity value.

Investment Pool

SUNY has certain assets included in its financial statements that are attributable to the statutory colleges at Cornell University and Alfred University, and are held as a portfolio of investments in external investment pools. The fair value of the investments is primarily based on the unit value of the pools and the number of shares owned in each pool. The unit values of the pools, as well as their fair values at June 30, 2019, are presented in the table below (fair value amounts in millions):

Pool Type	Unit Value	Fair Value
Cornell Statutory Colleges:		
Endowments:		
Long-term Investment Pool	$ 58.37	$ 972
Charitable Gift Annuities Master Trust Units	1.91	9
Charitable Trusts:		
Endowment Strategy	57.29	26
Common Trust Fund – Growth	43.80	7
Common Trust Fund – Income	12.77	3
Common Trust Fund – Premier	8.50	1
Pooled Life Income Funds (PLIF):		
PLIF B	2.65	1
Alfred Ceramics:		
Endowment Long-term Investment Pool	7.41	23
Total External Investment Pools		**$ 1,042**

Fair Value

Except for investments reported at net asset value (NAV) or its equivalent, as described in the table below, SUNY reports its investments at fair value. For investments in mutual funds and exchange-traded funds, fair value is determined based on quoted market prices as of balance sheet date June 30, 2019. Investments in limited liability partnerships and corporations represent investments measured at NAV or its equivalent and include hedge funds, real estate, domestic and foreign equity funds, fixed income securities, and private equity funds in various investment vehicles. These investments, which are not exchange-traded and for which fair values are not readily determinable, are typically redeemable at NAV under the terms of the investment agreements.

CUNY's investments in debt and equity securities and certain other investments with readily determinable fair values are reported at fair value, which is based upon values provided by CUNY's custodian or current market quotations. Investments in hedge funds, private equity funds, and limited partnerships are reported at NAV as determined by the fund managers, without adjustment when assessed as reasonable, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2019, CUNY had no plans or intentions to sell such investments at amounts different from NAV.

Lottery investments are measured based upon quoted prices for the security in active markets, or based upon quoted prices for identical or similar assets in markets that are not active or upon other observable inputs such as interest rates and yield curves observable at commonly quoted intervals.

As of June 30, 2019 (except for the State Lottery, which is as of March 31, 2020), the composition of investments for the State's business-type activities by levels within the fair value hierarchy were as follows (amounts in millions):

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury notes/bonds	$ 1,050	$ 703	$ 347	$ -
Government-sponsored agency bonds	559	-	559	-
Municipal bonds	485	-	485	-
AID bonds	225	-	225	-
U.S. Treasury bills	196	68	128	-
Cash equivalents	125	125	-	-
Fixed income	69	69	-	-
U.S. equities	58	58	-	-
Global equity	48	15	33	-
Mutual fund non-equities	45	44	1	-
Equity mutual funds	34	34	-	-
U.S. Treasury strips	18	7	11	-
Foreign equities	18	18	-	-
Corporate bonds	15	-	15	-
U.S. Treasury inflation-protected securities	10	10	-	-
U.S. fixed income	9	-	9	-
Certificates of deposit	1	-	1	-
International bonds	1	1	-	-
Other	34	32	-	2
Total	**$ 3,000**	**$ 1,184**	**$ 1,814**	**$ 2**

SUNY investments at June 30, 2019, measured at the NAV were as follows (amounts in millions):

Investment Type	Fair Value	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
External investment pools	$ 1,042	Monthly	Two months
Hedge funds (equities)	58	Quarterly	90 days
Global equities	45	Monthly, Quarterly, Annually	30-90 days
Multi-strategy funds	40	Monthly, Quarterly	45-95 days
Private equity	18	N/A – See below	N/A
Credit securities	8	Monthly, Quarterly	30-45 days
Other	16	N/A	N/A
Total	**$ 1,227**		

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

Private equity fund investments include non-controlling shares or interests in funds where the controlling general partner serves as the investment's manager. Such investments are generally not eligible for redemption from the fund or general partner, but can potentially be sold to third-party buyers in private transactions. It is SUNY's intent to hold these investments until the fund has fully distributed all proceeds to the investors. SUNY has unfunded commitments to private equity investments as of June 30, 2019 of approximately $22.9 million.

CUNY investments at June 30, 2019, measured at the NAV were as follows (amounts in millions):

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Limited partnership	$ 18	$ 14	Illiquid, Monthly	N/A, 90 days
Systematic trading hedge fund	8	-	Daily	1 day
Global macro hedge funds	7	-	Quarterly	90 days
Global equity long/short hedge funds	6	-	Monthly	30 days
Multi-strategy funds	6	-	Quarterly	60 days
Event driven hedge funds	3	-	Monthly	15 days
Total	**$ 48**	**$ 14**		

CUNY's limited partnership investments include private real assets funds, which invest several funds that are diverse by sector (transportation, energy, metal/mining, commodities, and financial assets), type/structure, and geography (North/America, Western Europe, Australia). The systematic trading hedge funds invest in various security instruments which include futures and foreign exchange contracts. Global equity long/short hedge funds utilize over-the-counter (OTC) long-dated options as well as short options for investment purposes across several asset classes, such as equities, interest rates, commodities, and currencies. Global macro hedge funds focus to capitalize on macro trends from rapid change/price movement and investments in non-U.S. emerging and frontier markets. The multi-strategy funds category includes funds that invest in a diversified group of investment strategies utilizing both long and short positions in an unlimited range of financial instruments throughout the world. The event-driven hedge funds category includes investments focused on event-driven situations that attempt to extract value through falling security prices and will primarily contain short positions in sovereign and quasi-sovereign debt, the credits of Italian banks, the Euro, and equities (specifically Italian and other European banks).

Retirement System - New York State and Local Retirement System

The financial statements of the New York State and Local Retirement System (System) are prepared using the accrual basis of accounting. Investments are reported at fair value. Equity securities traded on a national or international exchange are valued at quoted market value. Investments that do not have an established market are reported at estimated fair value as determined by the general partner or by the investment manager. The System trades in foreign exchange contracts in the normal course of its investing activities in order to manage exposure to market risks. Such contracts, which are generally for a period of less than one year, are used to purchase and sell foreign currency at a guaranteed future price. These contracts are recorded at market value using foreign currency exchange rates. The System is exposed to various investment risks, which are discussed in the remainder of this Note.

Custodial Credit Risk

Equity and fixed income investments owned directly by the System which trade in the United States markets are generally held by the System's custodian, in separate accounts, in the name of the Comptroller of the State of New York in Trust for the Common Retirement Fund. These securities are typically held in electronic form by the Depository Trust Company (DTC) and its subsidiaries, acting as an agent of the System's custodian bank. Securities held directly by the System which trade in markets outside the U.S. are held by a subsidiary of the System's custodian bank in the local market, by a bank performing custodial services in the local market acting as an agent for the System's custodian bank, or, in some foreign markets, by a DTC subsidiary or an organization similar to DTC, which holds the securities in electronic format. Equity investments held indirectly by the System via limited partnerships, commingled investment funds, joint ventures and other similar vehicles are held in custody by an organization contracted with by the general partner and/or the investment management firm responsible for the management of each investment organization. Title to real property invested in by the System is either held by a real estate holding company or a real estate investment fund. Ownership of mortgage assets is documented by the System's holding of original mortgage and note documents by the Division of Pension Investment and Cash Management in the Office of the State Comptroller.

Credit Risk

New York State statutes and the System's investment policies provide investment guidance on credit risk. Approximately $26.7 billion or 58.79 percent of the System's $45.4 billion long-term bond portfolio is rated AAA by NRSROs. For the balance of the portfolio: 31.22 percent is rated BBB to AA; 0.51 percent is rated D to BB; and 0.49 percent is not rated. Externally managed funds account for 8.99 percent and are rated in a range from AAA to D or not rated.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the System's fixed income securities. The price volatility of the System's fixed income holdings is measured by duration. The average duration of the System's core fixed income portfolio is 5.95 years.

Concentration of Credit Risk

Issuer limits for investments held by the System are established for each investment area by New York State Retirement and Social Security Law (RSSL), Article 2, Section 13 and Article 4A, Sections 176, 177, 178, and 313, and by policy guidelines adopted by the Comptroller.

Restrictions are placed on short-term fixed income investments, such that any one issuer of commercial paper must have the highest rating by two NRSROs and a maximum of $1 billion of the short-term portfolio can be invested in any one issuer. In addition, simultaneous purchase and sales of U.S. Treasury obligations may be executed with primary government dealers; however, no more than $200 million may be invested with any one primary dealer.

Restrictions are placed on fixed income investments with maturities longer than one year. These investments are generally limited to obligations payable in U.S. dollars issued by: any department, agency or political subdivision of the U.S. government; any corporation, company or other issuer of any kind or description created or existing under the laws of the U.S.; any state of the U.S.; the District of Columbia; the Commonwealth of Puerto Rico; and Canada or any province or city of Canada, provided each obligation is rated investment grade by two NRSROs. The aggregate investment by the System in the obligations of any one issuer should not exceed 2 percent of the assets of the System or 5 percent of the direct liabilities of the issuer. In addition, the aggregate amount invested in interest-bearing obligations payable in U.S. dollars (which at the time of investment are rated one of the three highest grades by each NRSRO approved by the New York State Department of Financial Services) may not exceed 1 percent of the assets of the System; and bonds issued or guaranteed by the State of Israel, payable in U.S. dollars, may not exceed 5 percent of the assets of the System; and obligations issued or guaranteed by the International Bank for Reconstruction and Development may not exceed 5 percent of the assets of the System.

As of March 31, 2020, the System did not hold any investments in any one issuer that totaled 5 percent or more of fiduciary net position. Investments issued or explicitly guaranteed by the U.S. government and pooled investments are excluded from the above referenced aggregate investment policy.

Securities Lending

Section 177-d of the RSSL authorizes the System to enter into security loan agreements with broker/dealers and New York State or national banks. The System has two providers to manage a securities lending program. These programs are subject to written contracts between the System and the Contractor, who acts as security lending agent for the System. The Custodian is authorized to lend securities within the borrower limits and guidelines established by the System. Types of collateral received from borrowers for securities loaned are cash, government securities and federal agency obligations. The securities lending providers are authorized to invest the cash collateral in short-term investments that are legal for the System. These include domestic corporate and bank notes, U.S. Treasury obligations, obligations of federal agencies, repurchase agreements and specific asset-backed securities. All rights of ownership to securities pledged as collateral remain with the borrower except in the event of default. The System has not experienced any losses resulting from the default of a borrower or lending agent during the year ended March 31, 2020.

The System lends fixed income, domestic equity, and international equity securities to approved broker/dealers. Collateral for securities loaned equals 102 percent of fair market value for domestic securities and 105 percent for international securities. Credit risk associated with the investment of cash collateral pledged by borrowers is mitigated by the maturity restrictions, percentage limitations, and rating requirements for individual asset classes included in the System's reinvestment guidelines. Each Contractor acknowledges responsibility to reimburse the System for any losses that might arise from managing the program in a manner inconsistent with the contract. The System manages its market rate risk by recording investments at market value daily and maintaining the value of the collateral held by the System in excess of the value of the securities loaned.

As of March 31, 2020, the fair value of securities on loan was $8.9 billion. The associated collateral was $9.1 billion, of which $6.9 billion was cash collateral and $2.2 billion was securities held as collateral. The fair value of the invested cash collateral, as of March 31, 2020, was $6.9 billion and the securities lending obligations were $6.9 billion. The unrealized loss in invested cash collateral on March 31, 2020 was $15.2 million, which is included in the Statement of Changes in Fiduciary Net Position as part of "Net appreciation in fair value of investments."

All open security loans can be terminated on demand by either the System or the borrower. To provide sufficient liquidity, the policy of the System is to maintain a minimum of 10 percent of collateral in overnight investments. While the Securities Lending Investment Guidelines allow investments up to a maximum of three years for U.S. Treasury and federal agency obligations and up to one full year for all other investments, the average term of open security loans at March 31, 2020 was 14 days. All loans were open loans. There were no direct matching loans. The collateral pool is valued at market value as obtained from independent pricing services.

Foreign Currency Risk

As of March 31, 2020, the System's current position in publicly traded international equity securities, invested in directly or through commingled funds, is approximately $26.8 billion. The System also has foreign investments held in U.S. dollars of $9.9 billion; $13.3 billion in private equity, opportunistic, absolute return strategy and real asset funds; $138 million in fixed income investments; and $2.7 billion in real property owned, made, or located outside the United States. The approximate total market value of the System's investments made outside of the United States is $52.9 billion.

Fair Value

Investments classified in Level 1 of the fair value hierarchy are valued from predetermined external pricing vendors or primary dealers who source quoted prices in active markets, which are readily attainable exit values of these securities. Investments classified in Level 2 are subject to alternative pricing sources, including a combination of price sources, descriptive data and pricing models based on attributes such as spread data, sector, quality, duration, and prepayment characteristics. Investments classified as Level 3 are valued using best available sources such as property appraisals, discounted cash flow models and public market comparables of similar assets where applicable. The values are supplied by advisors or general partners who hold those or similar assets in investment vehicles they oversee. These pricing sources may or may not be indicative of realizable exit value attainable for the assets.

As of March 31, 2020 the composition of the System's investments by levels within the fair value hierarchy as of March 31, 2020 were as follows (amounts in billions):

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Domestic equities	$ 63	$ 63	$ -	$ -
Global fixed income securities	41	-	41	-
International equities	28	28	-	-
Short-term instruments	5	-	5	-
Securities lending collateral, invested	5	-	5	-
Mortgages	1	-	-	1
Other	1	-	-	1
Total	**$ 144**	**$ 91**	**$ 51**	**$ 2**

The System's investments at March 31, 2020, measured at the NAV were as follows (amounts in billions):

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private equity	$ 20	$ 17	N/A	N/A
Hedge funds	7	-	Monthly, Quarterly, Annually, Semi-Annually	5-120 Days
Commingled international equity funds	3	-	Daily, Weekly, Monthly	2-120 Days
Real estate	15	6	N/A	N/A
Global fixed income funds	4	-	Daily	0-30 Days
Opportunistic	3	3	N/A, Monthly, Quarterly	N/A, 30-540 Days
Real assets	3	3	N/A	N/A
Total	**$ 55**	**$ 29**		

Global fixed income funds consist of three funds for which the System is the only limited partner. These funds invest primarily in both privately and publicly issued global fixed income securities. The investments are valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments.

Commingled international equity funds consist of four commingled investment vehicles, which invest primarily in publicly traded global equity securities. The funds are valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments.

The System's alternative investments portfolio includes private equity, absolute return strategy investments, opportunistic funds, real assets and real estate through various fund structures. Private equity (10.1 percent of the System's total investment assets at March 31, 2020) consists of buyout, co-investments, distressed debt and turnaround funds, funds of funds, growth equity, and venture capital. Absolute return strategy investments (3.4 percent) consist of investments in strategies including hedged equity, credit, global macro, managed futures, distressed debt, emerging markets, and long-only equity strategies. Opportunistic funds (1.5 percent) consist of investments in both public and private companies, property, and real assets. Real assets (1.5 percent) consist of commodities, farmland, inflation-linked bonds, infrastructure, and renewables. The real estate private equity funds (7.8 percent) consist of investments in closed-end, open-end, and funds of funds. The fair values of the alternative investments have been determined using the NAV per share (or its equivalent) of the System's ownership interest in partner's capital. The private equity, opportunistic funds, real assets, and real estate are not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over a span of 5-10 years.

NOTE 3 - Taxes Receivable, Tax Refunds Payable and Tax Abatements

Taxes Receivable

Taxes receivable represent amounts owed by taxpayers for the 2019 calendar year and the first quarter of the 2020 calendar year, including prior year assessments for underpayments, penalties and interest. Taxes receivable are recognized as revenue when they become both measurable and available, based on actual collections or estimates of amounts to be collected during the next 12 months.

Personal income tax (PIT) revenues are reported as income when earned by the taxpayers. The primary components of the PIT receivable are the estimated and withholding payments that relate to the first quarter of the 2020 calendar year, payments with final returns which relate to the 2019 calendar year, and assessments which relate to prior tax periods.

Consumption and use tax revenues are reported in the fiscal period when the sale is made. The principal component of this receivable is sales tax receivables, which include sales taxes due through March 31, 2020 and assessments which relate to prior tax periods.

General business tax revenues are reported as businesses earn income. General business tax receivables comprise estimated tax payments, payments remitted with final returns, and assessments.

Other taxes receivable comprise estate and gift taxes, real property gains taxes, real estate transfer taxes, metropolitan commuter transportation mobility taxes and assessments.

Net taxes receivable at March 31, 2020 for the governmental funds totaled approximately $16 billion. The following table summarizes taxes receivable by major tax type for the governmental funds (amounts in millions):

	General	General Debt Service	Other Governmental Funds	Total Governmental Funds
Current taxes receivable:				
Personal income	$ 5,965	$ 6,482	$ 516	$ 12,963
Consumption and use	390	171	318	879
Business	120	-	47	167
Other	881	-	125	1,006
Subtotal	**7,356**	**6,653**	**1,006**	**15,015**
Long-term taxes receivable:				
Personal income	216	235	20	471
Consumption and use	57	28	30	115
Business	40	-	1	41
Other	299	-	-	299
Subtotal	**612**	**263**	**51**	**926**
Allowance for uncollectibles	(70)	(61)	(17)	(148)
Total	**$ 7,898**	**$ 6,855**	**$ 1,040**	**$ 15,793**

Tax Refunds Payable

Tax refunds payable primarily represent amounts owed to taxpayers because of overpayments of their 2019 calendar year and first quarter 2020 calendar year tax liabilities. Tax refunds payable, which reduce respective tax revenues, are accrued to the extent they are measurable based on payments and estimates. The amount of PIT refunds payable includes estimates of overpayments of the first calendar quarter 2020 tax liability and payments of 2019 calendar and prior year refunds. The remaining portion of tax refunds payable comprise payments made subsequent to the end of the fiscal year and estimates of a remaining refund liability. Tax refunds payable at March 31, 2020 are summarized as follows (amounts in millions):

Governmental Activities:

	Current			Total	
	General	General Debt Service	Other Governmental Funds	Current	Long-term
Personal income	$ 4,214	$ 4,321	$ 346	$ 8,881	$ 382
Consumption and use	82	41	68	191	434
Business	2,741	-	570	3,311	612
Other	89	-	234	323	42
Total	**$ 7,126**	**$ 4,362**	**$ 1,218**	**$ 12,706**	**$ 1,470**

Tax Abatements

For financial reporting purposes, a tax abatement is defined as an agreement between the government and an individual or entity through which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development in the taxing entity's jurisdiction or otherwise benefits the government or its citizens.

As of March 31, 2020, the State provided tax abatements through the following programs:

Program Name	Film and Commercial Production Credit	Brownfields
Program Purpose	The program is designed to increase the presence and overall positive impact of the film production and post-production industry on the State's economy.	The program encourages cleanup and development of brownfield sites across the State to revitalize economically blighted communities.
Taxes being abated	Personal income tax and Corporate franchise tax.	Personal income tax, Corporate franchise tax, Insurance tax, and Corporate tax.
Authority under which abatements are entered into	State tax law: Article 22, Section 606(gg), 606(jj) and 606(qq) Article 9-A, Section 210-B(20), Section 210-B(23) and Section 210-B(32) Article 1, Section 24, 28 and 31	State tax law: Article 22, Section 606(dd), 606(ee) and 606(ff) Article 9-A, Section 210-B(17), 210-B(18) and 210-B(19) Article 33, Section 1511(u), 1511(v) and 1511(w) Article 9, Sections 187-G, 187-H and 187-I
Criteria to be eligible to receive abatements and commitment of the taxpayer	The program is limited to feature films, television series, relocated television series, television pilots, and films for television. The filming must be substantially in the State or the post-production work must be completed by a State company.	The program requires an application with the project description, purpose, and start and end date of remediation. The applicant commits to undertake remedial activities under the direction of the Department of Environmental Conservation.
How taxes are reduced	Allowance of credit against taxes. Taxpayer receives the full amount of the credit regardless of its tax liability (refundable credit).	Allowance of credit against taxes. Refundable credit.
How amount of abatement is determined	The credit is 30 percent of qualified production and post-production costs. It increases by 5 percent if post-production costs are incurred upstate, and increases an additional 10 percent of any qualified labor expenses that are incurred in specific counties.	Credits result from various percentages of costs associated with three components of cleanup and development: site preparation, tangible property, and on-site groundwater remediation.
Provisions for recapturing abated taxes	N/A	N/A
Type of commitments other than taxes	N/A	N/A
Total revenue estimated to be reduced for calendar year 2019	$636 million*	$130 million

*Projected

Program Name	Empire Zones (EZ)	Qualified Empire Zones Enterprise (QEZE)
Program Purpose	The program is designed to bring new businesses and jobs to the State in areas that need revitalization.	This program is designed to create jobs and prevent loss of employment in the Empire Zone and to enhance economic climate in EZ areas.
Taxes being abated	Personal income tax, Corporate franchise tax, Bank and Insurance taxes, and Corporate tax.	Personal income tax, Sales and use tax, Corporate franchise tax, Bank and Insurance taxes, and Corporate tax.
Authority under which abatements are entered into	State tax law: Article 22, Section 606(j)(1), 606(k) and 606(l) Article 9-A, Section 210-B(3 & 4) and 210-B(46) Article 33, Section 1511(g) and 1511(h) Article 9, Section 187-K, 187-L, and 187-M	State tax law: Article 22, Section 606(bb) and 606(cc) Article 28, Section 1119(d) Article 9-A, Section 210-B(5) and 210-B(6) Article 9, Section 187-J Article 33, Section 1511(r) and 1511(s)
Criteria to be eligible to receive abatements and commitment of the taxpayer	An agreement is made between the State and a local government to designate an area as an EZ. Businesses will apply to be certified, and then will conduct business and make investments in the EZ to create new jobs, or prevent loss of employment.	Businesses in the EZ apply to be certified as QEZEs. QEZEs are certified businesses that meet the employment test (increase level of employment between tax year and base year).
How taxes are reduced	Allowance of credit against taxes. Taxpayer receives the amount of the credit only up to the amount of their liability (nonrefundable credit) and can carry forward the credit against future tax liability. Refundable credit available for new businesses.	Allowance of credit against taxes. Refundable credit.
How amount of abatement is determined	The Investment Tax Credit and Employment Incentive Credit are equal to a percentage of the cost or other basis of tangible personal property for federal income tax purposes, including buildings and structural components of buildings located within a designated EZ. The Wage Tax Credit is calculated on the average number of newly hired employees. It is $3,000 per targeted and $1,500 per nontargeted employee. The Capital Credit equals 25 percent of the sum of each type of investment.	A credit is available for tax paid on tangible personal property and certain services purchased by a QEZE and used or consumed in an EZ. The Real Property Tax Credit equals 25 percent of the wages plus health and retirement benefits of net new employees. The Tax Reduction Credit is based on benefit period, employment increase, zone allocation, and tax factors.
Provisions for recapturing abated taxes	N/A	N/A
Type of commitments other than taxes	N/A	N/A
Total revenue estimated to be reduced for calendar year 2019	$31 million	$58 million

Program Name	Industrial Development Agencies (IDAs)	New York Youth Jobs Program (Formerly Urban Youth Job Program)
Program Purpose	The program is intended to foster economic development in specific localities.	The program is designed to provide employment for at-risk youth in full-time and part-time positions.
Taxes being abated	Sales and use tax.	Personal income tax and Corporate franchise tax.
Authority under which abatements are entered into	State tax law: Article 28, Section 1116(a)(1) General municipal law: Article 18-A	State tax law: Article 22, Section 606(tt) Article 9-A, Section 210-B(36)
Criteria to be eligible to receive abatements and commitment of the taxpayer	The IDA is an exempt government organization and receives all the benefits of that status. To extend the sales tax exemption benefit, the IDA can appoint an agent or project operator to make purchases for its project.	The taxpayer applies to be a qualified employer and receives a certificate of eligibility indicating the maximum amount of credit allowed to be claimed. The employer is required to hire high school students on a part-time or full-time basis and to retain those students for a period of time.
How taxes are reduced	Sales tax exemption on purchases.	Allowance of credit against taxes. Refundable credit.
How amount of abatement is determined	Purchases to acquire, build, and equip the project are exempt from sales taxes, including the 3/8 percent sales tax in the Metropolitan Commuter Transportation District (MCTD), to the extent provided by the terms of the IDA project agreement.	The credit is $250 to $1,000 per qualified employee, either part-time or full-time high school student, and additional amounts can be received if the employee is retained for additional time.
Provisions for recapturing abated taxes	N/A	N/A
Type of commitments other than taxes	N/A	N/A
Total revenue estimated to be reduced for calendar year 2019	$97 million	$40 million

Program Name	Excelsior Jobs Program and Empire State Job Retention Program Credit	Low Income Housing Credit
Program Purpose	The program encourages businesses to expand in and relocate to the State while maintaining a guarantee to deliver on job and investment commitments to better the economy in selected regions. It includes three programs: Job Tax Credit, Investment Tax Credit, and Research and Development Tax Credit.	The program is designed to promote the development of and facilitate investment in low-income housing.
Taxes being abated	Personal income tax, Corporate franchise tax, Bank and Insurance taxes.	Personal income tax, Corporate franchise tax and Insurance tax.
Authority under which abatements are entered into	State tax law: Article 22, Section 606(qq) and Section 606(tt) Article 9-A, Section 210-B(31) and Section 210-B(37) Article 33, Section 1511(y) and Section 1511(bb)	State tax law: Article 22, Section 606(x) Article 9-A, Section 210-B(15) Article 33, Section 1511(n) Article 1, Section 18
Criteria to be eligible to receive abatements and commitment of the taxpayer	The taxpayer applies for a credit and, if approved, is issued a certificate entitling it to the credit. The taxpayer in return creates jobs or invests in the region as specified in the application submitted.	The participant makes a long-term commitment to offer low-income housing where the buildings must serve households whose incomes are at or below 90 percent of the area median income.
How taxes are reduced	Allowance of credit against taxes. Refundable credit.	Allowance of credit against taxes. Non-refundable credit, can be carried forward.
How amount of abatement is determined	The Job Tax Credit is 6.85 percent of wages per net new job. The Investment Tax Credit is 2 percent of the qualified investments. The Research and Development Tax Credit is 50 percent of the federal research and development credit, and up to 6 percent of research expenditures in the State.	The credit is determined by the Division of Housing and Community Renewal and depends on the applicable percentage of the qualified basis of each low-income building. The credit amount allocated is allowed as a credit for the next 10 tax years.
Provisions for recapturing abated taxes	N/A	N/A
Type of commitments other than taxes	N/A	N/A
Total revenue estimated to be reduced for calendar year 2019	$168 million	$41 million

The State had additional tax abatement programs each amounting to $10 million or less in revenue estimated to be reduced in calendar year 2019. In total, these programs resulted in $20 million in estimated tax abatements. These include the Workers with Disabilities Tax Credits, the Employee Training Incentive Program, the Musical and Theatrical Production Credit, the Excelsior Business Program (formerly START-UP NY) Tax Elimination Credit and the Historical Homeowners Rehabilitation Tax Credit.

NOTE 4 - Other Receivables

Other receivables at March 31, 2020 are summarized as follows (amounts in millions):

Governmental Activities:

	General	Federal Special Revenue	Other Governmental Funds	Total Governmental Activities
Other current receivables:				
Public health/patient fees	$ 5	$ -	$ 914	$ 919
Medicaid	881	632	-	1,513
Financial settlements	-	-	100	100
Tobacco settlement	-	-	294	294
Miscellaneous agency	133	28	252	413
Oil spill	-	-	9	9
Public authorities	55	-	-	55
Casino	22	-	-	22
Other	194	8	150	352
Subtotal	**1,290**	**668**	**1,719**	**3,677**
Other long-term receivables:				
Medicaid	59	172	-	231
Miscellaneous agency	62	139	864	1,065
Oil spill	-	-	119	119
Other	-	-	62	62
Subtotal	**121**	**311**	**1,045**	**1,477**
Gross receivables	**1,411**	**979**	**2,764**	**5,154**
Allowance for uncollectibles	(73)	(169)	(1,092)	(1,334)
Total other receivables	**$ 1,338**	**$ 810**	**$ 1,672**	**$ 3,820**

Business-Type Activities:

	Lottery	Unemployment Insurance Benefit	June 30, 2019 SUNY	CUNY	Total
Other current receivables:					
Ticket sales	$ 450	$ -	$ -	$ -	$ 450
Public health/patient fees	-	-	1,079	-	1,079
Student loans	-	-	142	15	157
Contributions	-	2,684	-	-	2,684
Benefit overpayments	-	287	-	-	287
State agencies/municipalities	-	30	-	-	30
Other	6	20	338	335	699
Subtotal	**456**	**3,021**	**1,559**	**350**	**5,386**
Allowance for uncollectibles	(1)	(1,491)	(440)	(118)	(2,050)
Net current receivables	**455**	**1,530**	**1,119**	**232**	**3,336**
Other long-term receivables:					
Accounts, notes and loans	-	-	119	11	130
Contributions	-	-	59	-	59
Subtotal	-	-	**178**	**11**	**189**
Allowance for uncollectibles	-	-	(27)	(2)	(29)
Net long-term receivables	-	-	**151**	**9**	**160**
Total other receivables	**$ 455**	**$ 1,530**	**$ 1,270**	**$ 241**	**$ 3,496**

NOTE 5 - Capital Assets

Capital asset activity for the year ended March 31, 2020 was as follows (amounts in millions):

Governmental Activities:

	Balance April 1, 2019	Additions	Retirements	Balance March 31, 2020
Depreciable and amortizable assets:				
Buildings and building improvements	$ 12,838	$ 423	$ 43	$ 13,218
Land improvements	716	71	3	784
Infrastructure	477	25	-	502
Equipment	977	70	50	997
Intangible assets – easements	200	1	-	201
Intangible assets – computer software	911	74	-	985
Total depreciable and amortizable assets	**16,119**	**664**	**96**	**16,687**
Less accumulated depreciation and amortization:				
Buildings and building improvements	(7,919)	(401)	(21)	(8,299)
Land improvements	(475)	(22)	(2)	(495)
Infrastructure	(132)	(19)	-	(151)
Equipment	(632)	(78)	(43)	(667)
Intangible assets – easements	(83)	(10)	-	(93)
Intangible assets – computer software	(386)	(92)	-	(478)
Total accumulated depreciation and amortization	**(9,627)**	**(622)**	**(66)**	**(10,183)**
Total depreciable and amortizable assets, net	**6,492**	**42**	**30**	**6,504**
Nondepreciable and nonamortizable assets:				
Land	4,202	59	25	4,236
Land preparation	4,080	29	-	4,109
Construction in progress (buildings)	808	659	300	1,167
Construction in progress (roads and bridges)	1,701	933	309	2,325
Infrastructure (roads and bridges)	72,515	439	83	72,871
Total nondepreciable and nonamortizable assets	**83,306**	**2,119**	**717**	**84,708**
Governmental activities, capital assets, net	**$ 89,798**	**$ 2,161**	**$ 747**	**$ 91,212**

Business-Type Activities:

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019
SUNY:				
Depreciable assets:				
Infrastructure and land improvements	$ 1,329	$ 171	$ 32	$ 1,468
Buildings	14,182	966	68	15,080
Equipment and library books	3,166	264	92	3,338
Total depreciable assets	**18,677**	**1,401**	**192**	**19,886**
Less accumulated depreciation:				
Infrastructure and land improvements	(620)	(63)	(16)	(667)
Buildings	(4,969)	(427)	(56)	(5,340)
Equipment and library books	(2,554)	(171)	(69)	(2,656)
Total accumulated depreciation	**(8,143)**	**(661)**	**(141)**	**(8,663)**
Total depreciable assets, net	**10,534**	**740**	**51**	**11,223**
Nondepreciable assets:				
Land	742	37	-	779
Construction in progress	1,539	939	1,143	1,335
Artwork	33	2	-	35
Total nondepreciable assets	**2,314**	**978**	**1,143**	**2,149**
SUNY capital assets, net	**12,848**	**1,718**	**1,194**	**13,372**
CUNY:				
Depreciable and amortizable assets:				
Buildings and building improvements	6,280	149	43	6,386
Land improvements	56	-	-	56
Equipment	441	45	22	464
Infrastructure	158	6	-	164
Intangible assets	252	-	-	252
Total depreciable and amortizable assets	**7,187**	**200**	**65**	**7,322**
Less accumulated depreciation and amortization:				
Buildings and building improvements	(2,992)	(167)	(1)	(3,158)
Land improvements	(52)	(1)	-	(53)
Equipment	(403)	(34)	(16)	(421)
Infrastructure	(83)	(8)	-	(91)
Intangible assets	(53)	(15)	-	(68)
Total accumulated depreciation and amortization	**(3,583)**	**(225)**	**(17)**	**(3,791)**
Total depreciable and amortizable assets, net	**3,604**	**(25)**	**48**	**3,531**
Nondepreciable assets:				
Land	321	-	-	321
Construction in progress	1,274	272	186	1,360
Artwork and historical treasures	11	-	-	11
Total nondepreciable assets	**1,606**	**272**	**186**	**1,692**
CUNY capital assets, net	**5,210**	**247**	**234**	**5,223**
Business-type activities, capital assets, net	**$ 18,058**	**$ 1,965**	**$ 1,428**	**$ 18,595**

For the year ended March 31, 2020, depreciation and amortization expense was charged to the following governmental functions (amounts in millions):

Allocation of depreciation and amortization:		**Governmental Activities**
Education	$	4
Public health		211
Public welfare		26
Public safety		188
Transportation		59
Environment and recreation		31
Support and regulate business		2
General government		101
Total depreciation and amortization expense	**$**	**622**

For the year ended June 30, 2019, depreciation and amortization expense was charged to the following business-type functions (amounts in millions):

Allocation of depreciation and amortization:		**Business-Type Activities**
SUNY	$	661
CUNY		225
Total depreciation and amortization expense	**$**	**886**

NOTE 6 - Bonds Payable

General obligation bonds are backed by the full faith and credit of the State, and constitutionally must be repaid in equal annual principal installments or substantially level or declining debt service payments beginning not more than one year after issuance of such bonds and must mature within 40 years after issuance. The Debt Reform Act of 2000 further limits the maximum term of new State-supported debt issued on and after April 1, 2000, including general obligation bonds, to a maximum term of 30 years. Refer to Note 7 for further discussion of the Debt Reform Act of 2000. Changes for the year in bonds payable were as follows (amounts in millions):

Purpose	**Outstanding April 1, 2019**	**Issued**	**Redeemed**	**Outstanding March 31, 2020**
Accelerated capacity and transportation improvements of the 1990s	$ 17	$ 8	$ 13	$ 12
Clean water/clean air	392	105	141	356
Environmental quality (1986):				
Land acquisition, development, restoration, and forests	6	1	2	5
Solid waste management	108	37	53	92
Environmental quality (1972):				
Land and wetlands	6	-	1	5
Water	11	2	7	6
Housing:				
Low income	8	-	3	5
Middle income	7	-	2	5
Pure waters	18	7	9	16
Transportation capital facilities:				
Aviation	2	-	1	1
Energy conservation through improved transportation	2	-	-	2
Rebuild New York transportation infrastructure renewal:				
Highways, parkways, and bridges	1	-	-	1
Rapid transit, rail, and aviation	3	-	1	2
Rebuild and Renew New York transportation:				
Highway facilities	641	294	334	601
Canals and waterways	12	-	2	10
Aviation	42	29	30	41
Mass transit - DOT	13	1	3	11
Mass transit - MTA	722	370	387	705
Rail and port	95	60	62	93
Smart Schools Bond Act	180	-	18	162
Total	**$ 2,286**	**$ 914**	**$ 1,069**	**$ 2,131**

Debt service expenditures (principal and interest) related to the above general obligation bonds during the year were approximately $268 million. Federal subsidies related to the interest payments made during the year on Build America Bonds were $3.4 million. The total amount of general obligation bonds authorized but not issued at March 31, 2020 was $2.5 billion.

Debt service requirements for general obligation bonds in future years, which are financed by transfers from the General Fund to the General Debt Service Fund, are as follows (amounts in millions):

Fiscal Year	Principal	Interest	Total
2021	$ 165	$ 77	$ 242
2022	160	70	230
2023	148	64	212
2024	136	59	195
2025	161	54	215
2026-2030	674	187	861
2031-2035	358	94	452
2036-2040	262	40	302
2041-2045	67	4	71
Total	**$ 2,131**	**$ 649**	**$ 2,780**

Debt service requirements were calculated based upon actual rates ranging from 1.84 percent to 5.62 percent.

During the fiscal year ended March 31, 2020, $914 million in general obligation refunding bonds (Series 2019B) were issued. The issue refunded $889 million in existing debt with a cash flow savings of $119.4 million and a present value gain of $112.4 million. The differences between the reacquisition price and the net carrying value of the refunded bonds generated a deferred accounting gain, which is reported as deferred inflows of resources. The total deferred accounting gain was $12.2 million, of which $11.7 million will be amortized into interest expense in future years.

NOTE 7 - Obligations Under Lease/Purchase and Other Financing Arrangements

Governmental Activities Debt

The State has entered into contractual financing arrangements with certain public benefit corporations and other entities for various capital assets, local assistance payments and deficit financing. Under these agreements, generally, construction costs are initially paid by the State from appropriations (reported as capital construction expenditures in the governmental funds). These appropriations are then repaid to the State from the proceeds of bonds issued by the public benefit corporations or other entities (reported as financing arrangements in the governmental funds). The State becomes the tenant of the facility under a lease/purchase agreement, which provides for the payment of rentals sufficient to cover the related bond debt service and for the passage of title to the State after the bonds have been repaid.

The State has also entered into contractual obligation financing arrangements (also referred to as "service contract bonds") with certain public benefit corporations that have issued bonds to finance past State budgetary deficits, grants to local governments and various special project initiatives undertaken in partnership with private entities, including commercial enterprises, for both capital and operating purposes. The terms of these arrangements require the State to fund the debt service requirements of the specific debt issued by these entities.

Chapter 59 of the Laws of 2000 enacted the Debt Reform Act (Act) which applies to all new State-supported debt issued on and after April 1, 2000. The Act imposes statutory limitations which restrict the issuance of State-supported debt to capital purposes only and establishes a maximum term of 30 years for such debt. The Act also imposes phased-in caps that ultimately limit the amount of State-supported debt issued on and after April 1, 2000 to 4 percent of State personal income, and limit State-supported debt service on debt issued on and after April 1, 2000 to 5 percent of total governmental funds receipts. The Act requires that the limitations be calculated by October 31st of each year using the State-supported debt outstanding and State-supported debt service amounts from the previous fiscal year. As of March 31, 2019, the cumulative debt outstanding and debt service caps were at 4 and 5 percent, and there was $47.6 billion of State-supported debt outstanding applicable to the debt reform cap, which was about $6 billion below the statutory debt outstanding limitation. The debt service cost on this new debt was $4.8 billion, about $3.7 billion below the statutory debt service limitation. The Act does not apply to debt that is not considered State-supported and therefore does not encompass State-guaranteed debt, moral obligation debt, and contingent-contractual obligation financing.

The State and some of its public authorities which issue debt on behalf of the State have purchased letters of credit and standby purchase agreements from various providers to ensure that the liquidity needs of certain variable rate demand bonds can be met. As of March 31, 2020, these agreements covered $1.05 billion of variable rate demand bonds outstanding, with costs ranging from 40 to 45 basis points of the amount of credit provided and expiration dates ranging from December 8, 2020 to June 24, 2023.

In 2003, the State enacted legislation creating the TSFC to finance a portion of its future revenues expected to be received under the 1998 Master Settlement Agreement (MSA) with the settling cigarette manufacturers. The MSA revenues were intended to compensate the State for all claims for past, present, and future health care costs originating from health care expenses incurred by the State from the effects of cigarette smoking by its citizens. In accordance with the legislation, TSFC issued $4.6 billion in bonds to finance a payment of $4.2 billion to the State's General Fund, enabling the State to finance a portion of the budget deficits occurring in fiscal years ending March 31, 2003 through March 31, 2005, to establish $449 million in debt service reserves, and to provide $129 million to finance a portion of the first debt service payments due on TSFC bonds. In accordance with the legislation, all future revenues from the 1998 MSA would be used to repay the debt until it was fully retired, after which all MSA revenues would revert to the State. The State agreed to make additional payments for TSFC debt service, subject to annual appropriation, from other sources if the future revenues proved insufficient to meet TSFC debt service requirements of the State. However, the State was never called upon to make any payments related to this contingency agreement. In the fiscal year ended March 31, 2018, bonds secured by annual payments from tobacco manufacturers under the MSA were retired, with no remaining debt service requirements to be paid on these bonds. The fiscal year 2018 Enacted Budget authorized and directed that MSA payments be used to help defray costs of the State's takeover of Medicaid costs for counties and New York City. During the fiscal year, pledged MSA revenues of $294 million were recognized and $321 million of Medicaid payments were made.

Prior to 1996, certain payments due to the State's local government units in the first quarter of the State's fiscal year exceeded available State funds. To meet these payments in the past, the State issued short-term tax and revenue anticipation notes called the annual "Spring Borrowing." LGAC was established in 1990 to issue up to $4.7 billion in long-term debt to finance certain local assistance aid payments, plus amounts necessary to fund a capital reserve fund and other issuance costs. Issuance of the entire $4.7 billion bond authorization as of March 31, 1996 eliminated the need for the State's annual Spring Borrowing. Pursuant to the legislation establishing LGAC, the State deposits an amount equal to a 1 percent rate of taxation of the total State sales and use tax collected into Other Governmental Funds (Local Government Assistance Tax Fund) to make payments to LGAC for debt service on its bonds and other expenses of LGAC. Amounts in excess of LGAC's needs are subsequently transferred to the General Fund. Payments to LGAC are subject to annual appropriations by the Legislature. LGAC's bondholders do not have a lien on monies deposited in the Local Government Assistance Tax Fund. Under current State statute, any issuance of bonds by LGAC in the future will be for refunding purposes only.

Chapter 62 and Chapter 63 of the Laws of 2003 enacted, among other provisions, the Municipal Assistance Refinancing Act (Refinancing Act), effective July 1, 2003 and deemed repealed July 1, 2034. The Refinancing Act created an incentive for the State to seek an appropriation to provide $170 million per year, from Other Governmental Funds (Local Government Assistance Tax Fund (Fund)) to the City of New York (City) for each of the City's fiscal years beginning July 1, 2003 and ending June 30, 2034. The Refinancing Act requires LGAC to annually certify $170 million so that the State, subject to annual State appropriation by the Legislature, can provide for a series of payments to the City or the Mayor's assignee in each City fiscal year, beginning July 1, 2003 and ending June 30, 2034, totaling $5.3 billion. Based on current law, until the Legislature enacts an appropriation of $170 million, LGAC certifies the release of the funds, the $170 million State payment is made, and LGAC receives the amount it has certified for its needs, no excess sales tax receipts can be transferred from the Fund to the State's General Fund. During the fiscal year ended March 31, 2020, LGAC certified the release for the State payment of $170 million to the City. Pursuant to Chapter 54 of the Laws of 2016, the State will receive $16.7 million monthly, not to exceed $200 million annually, from City sales tax collected from April 1, 2016 through March 31, 2019. This amount represents a portion of the savings the City realized from a 2014 refunding of Sales Tax Asset Receivable Corporation (STARC) bonds for which the City assigned the $170 million State payment. The last payment of $16.7 million was made on April 12, 2019.

Chapter 56 of the Laws of 1993 authorized the New York State Thruway Authority to issue up to $2.93 billion in bonds for State highway and bridge projects (the amount of authorized bonds has been raised three times, most recently in 2005, up to $16.5 billion). The bonds are secured and funded by a dedication of portions of the State's petroleum business tax, motor fuel tax, highway and fuel use tax, motor vehicle registration fees, auto rental tax, transmission and transportation tax and certain miscellaneous revenues.

In 2001, the State enacted legislation providing for the issuance of State Personal Income Tax Revenue Bonds (PIT bonds) to be issued by several State public benefit corporations. The original legislation provided that 25 percent of personal income tax receipts, excluding refunds owed to taxpayers, be deposited to the Revenue Bond Tax Fund (RBTF), which is an account of the General Debt Service Fund. These deposits are used to make debt service payments on PIT bonds, with excess amounts returned to the General Fund. In the event that the State Legislature fails to appropriate amounts required to make debt service payments on the PIT bonds, or if required payments have not been made when due, the original legislation required that deposits continue to be made to the RBTF until amounts on deposit equal the greater of 25 percent of personal income tax receipts or $6 billion. Amounts in excess of that needed for current debt service are subsequently transferred to the General Fund. Effective April 1, 2018 enacted legislation amends the State Finance Law provisions to increase the level of personal income tax receipts to be deposited into the RBTF to 50 percent, in addition to a requirement in the legislation creating the Employer Compensation Expense Program (ECEP) to deposit 50 percent of ECEP receipts into the RBTF for the purposes of making debt service payments on PIT bonds. The legislation also provides that personal income tax receipts and ECEP receipts continue to be deposited to the RBTF equal to 40 percent of the aggregate annual personal income tax receipts and the ECEP receipts or $12 billion, whichever is greater, in the event the State Legislature fails to appropriate amounts required to make debt service payments on the PIT bonds, or if required payments have not been made when due. The first PIT bonds were issued on May 9, 2002 and approximately $37.1 billion issued for both governmental and business-type activities were outstanding as of March 31, 2020.

In 2013, the State enacted legislation providing for the issuance of State Sales Tax Revenue Bonds to be issued by certain State public benefit corporations. The legislation created the Sales Tax Revenue Bond Tax Fund, an account of the General Debt Service Fund, to provide for the debt service payments on these bonds. The bonds are secured by the pledge of payments from this fund, which will receive 25 percent of the State's sales and use tax receipts. Upon the satisfaction of all of the obligations and liabilities of LGAC, this share will increase to 50 percent of the State's sales tax receipts. Amounts in excess of that needed for current debt service will be transferred to the General Fund. The first sales tax bonds were issued on October 24, 2013 and approximately $11.5 billion issued for both governmental and business-type activities were outstanding as of March 31, 2020.

Changes in lease/purchase and other financing arrangements for the year were as follows (amounts in millions):

Issuer	Outstanding April 1, 2019	Issued	Redeemed	Outstanding March 31, 2020
Public Benefit Corporations:				
Dormitory Authority	$ 19,439	$ 3,230	$ 1,674	$ 20,995
Environmental Facilities Corporation	32	-	16	16
Housing Finance Agency	129	-	107	22
Local Government Assistance Corporation	1,195	-	942	253
Municipal Bond Bank Agency	139	-	35	104
Thruway Authority	2,628	-	322	2,306
Urban Development Corporation	13,318	2,035	1,235	14,118
Total	**$ 36,880**	**$ 5,265**	**$ 4,331**	**$ 37,814**

Debt service expenditures (principal and interest) for the aforementioned obligations during the fiscal year were $5.8 billion. These expenditures were financed primarily by the revenues reported in the governmental funds. Federal subsidies related to the interest payments made during the year on Build America Bonds and Qualified School Construction Bonds were $75 million ($36.2 million related to governmental activities and $38.8 million for business-type activities related to SUNY and CUNY).

Certain of the underlying bond indentures require the maintenance of various reserves. Such amounts totaled $24 million at March 31, 2020 and are reported as cash and investments in the General Debt Service Fund and appropriate Other Governmental Funds, with a corresponding restriction of fund balance.

Following is a summary of the future minimum rental payments for lease/purchase and contractual obligation financing arrangements, including fixed rate interest at rates ranging from 1.1 percent to 6.1 percent and variable rate interest at rates ranging from 1.5 percent to 5 percent (amounts in millions):

Fiscal Year	Principal	Interest	Net Swap Amount	Total
2021	$ 3,437	$ 1,729	$ 13	$ 5,179
2022	2,781	1,580	13	4,374
2023	2,579	1,463	12	4,054
2024	2,300	1,350	11	3,661
2025	2,247	1,244	11	3,502
2026-2030	10,188	4,686	30	14,904
2031-2035	6,850	2,594	5	9,449
2036-2040	3,689	1,300	-	4,989
2041-2045	2,289	592	-	2,881
2046-2050	1,454	136	-	1,590
Total	**$ 37,814**	**$ 16,674**	**$ 95**	**$ 54,583**

Future debt service is calculated using rates in effect at March 31, 2020 for variable rate bonds. The net swap payment amounts were calculated by subtracting the future variable rate interest payment subject to swap agreements based on rates in effect at March 31, 2020 from the synthetic fixed rate amount intended to be achieved by the swap agreements.

The actual amounts of future interest to be paid are affected by changes in variable interest rates. The actual amounts of future net swap payments are also affected by changes in published indexes – the London Interbank Offered Rate (LIBOR) and the Securities Industry and Financial Markets Association (SIFMA) Swap Index, which are floating rates.

The State is also committed under numerous Customer Installation Commitments with the New York Power Authority (NYPA) for energy efficiency projects, and other capital leases for computer network and telecommunications equipment. Debt service expenditures for capital lease obligations during the year were $3.5 million. Following is a summary of the debt service payments for the remaining lease periods of these capital leases (amounts in millions):

Fiscal Year	Principal	Interest	Total
2021	$ 3	$ 1	$ 4
2022	4	1	5
2023	3	-	3
2024	3	-	3
2025	3	-	3
2026-2030	10	1	11
Total	**$ 26**	**$ 3**	**$ 29**

Refunding

During the fiscal year ended March 31, 2020, the State, acting through certain public authorities, refunded $1.5 billion in existing fixed and variable rate bonds related to lease/purchase and other financing arrangements by issuing refunding bonds in a par amount of $1.3 billion at a $43 million premium and releasing a net amount of $244 million from reserves and debt service accounts. The result will produce an estimated gain of $67 million in future cash flow, with an estimated present value gain of $80 million. The differences between the reacquisition prices and the net carrying values of the refunded bonds generated deferred accounting gains and losses, resulting in deferred inflows and outflows of resources. The accounting gain was $21.8 million, of which $18.5 million was deferred and will be amortized as an adjustment to interest expense in future years. The accounting loss was $11 million, of which all $11 million was deferred and will be amortized into interest expense in future years. The impact of the refunding issues is presented in the following table (amounts in millions):

Issue Description	Refunding Amount	Refunded Amount	Cash Flow Gain	Present Value Gain
Dormitory Authority PIT General Purpose Bond Series 2019A	$ 92	$ 101	$ 11	$ 10
Dormitory Authority PIT General Purpose Bond Series 2019C*	79	79	-	-
Dormitory Authority PIT General Purpose Bond Series 2019D	59	66	8	8
Dormitory Authority PIT General Purpose Bond Series 2019E	35	42	9	9
Dormitory Authority PIT General Purpose Bond Series 2019F	357	317	11	29
Urban Development Corporation Sales Tax Bond Series 2019A	231	261	13	13
Urban Development Corporation Sales Tax Bond Series 2019B	18	17	1	1
Urban Development Corporation Sales Tax Bond Series 2020A	338	521	14	10
Urban Development Corporation Sales Tax Bond Series 2020B	43	47	-	-
Total	**$ 1,252**	**$ 1,451**	**$ 67**	**$ 80**

* This refunding refunded variable rate securities - no savings reports were generated.

In prior years, the State defeased certain of its obligations under lease/purchase and other financing arrangements, whereby proceeds of new obligations were placed in an irrevocable trust to provide for all future debt service payments on the defeased obligations. At March 31, 2020, no such defeased obligations were outstanding.

Business-Type Activities Debt

The State has issued bonds for educational facilities for SUNY and CUNY Senior Colleges through DASNY. Such debt, totaling $15.1 billion, is funded by payments from the State's General Fund. The remainder of the debt of SUNY and CUNY ($1.2 billion) is funded from student fees and other operating aid provided by the State.

The following represents year-end principal balances (at June 30, 2019 for SUNY and CUNY) for lease/purchase and other financing arrangements for business-type activities (amounts in millions):

	Beginning Outstanding	Issued	Redeemed	Ending Outstanding
Dormitory Authority:				
SUNY educational facilities	$ 9,126	$ 400	$ 306	$ 9,220
Unamortized premium	850	39	46	843
SUNY residence halls	394	-	26	368
Unamortized premium	39	-	2	37
CUNY educational facilities	4,445	508	337	4,616
Unamortized premium	382	80	33	429
Total Dormitory Authority	**15,236**	**1,027**	**750**	**15,513**
SUNY capital lease commitments	397	51	58	390
SUNY certificates of participation	5	-	2	3
SUNY other State-supported debt	96	38	6	128
SUNY other long-term debt	79	16	7	88
CUNY capital lease commitments	45	36	5	76
CUNY mortgage loan commitments	64	-	1	63
CUNY certificates of participation	6	-	2	4
Total (See Note 8)	**$ 15,928**	**$ 1,168**	**$ 831**	**$ 16,265**

The following represents a year-end summary at June 30, 2019 of future minimum debt service payments on the bonds issued by DASNY for SUNY, including interest rates ranging from 1.7 percent to 5.63 percent (amounts in millions):

Fiscal Year	Principal	Interest	Total
2020	$ 264	$ 471	$ 735
2021	283	460	743
2022	386	446	832
2023	474	428	902
2024	434	405	839
2025-2029	1,976	1,685	3,661
2030-2034	1,593	1,249	2,842
2035-2039	1,833	835	2,668
2040-2044	1,671	370	2,041
2045-2049	674	62	736
Total	**$ 9,588**	**$ 6,411**	**$ 15,999**

The following represents a year-end summary at June 30, 2019 of future minimum debt service payments on the bonds issued by DASNY for CUNY Senior Colleges, including interest rates ranging from 2 percent to 6.1 percent (amounts in millions):

Fiscal Year	Principal	Interest	Net Swap Amount	Total
2020	$ 192	$ 221	$ 6	$ 419
2021	286	212	5	503
2022	143	201	5	349
2023	92	194	5	291
2024	191	190	4	385
2025-2029	891	824	11	1,726
2030-2034	866	616	1	1,483
2035-2039	819	403	-	1,222
2040-2044	893	185	-	1,078
2045-2049	243	19	-	262
Total	**$ 4,616**	**$ 3,065**	**$ 37**	**$ 7,718**

Future debt service on the bonds issued by DASNY for CUNY Senior Colleges, together with the net swap amount, is calculated assuming current interest rates remain the same. The actual amounts of future interest to be paid are affected by changes in variable interest rates. The actual amounts of future net swap payments are also affected by changes in published indexes – the LIBOR and the SIFMA floating rate.

The following represents a year-end summary at June 30, 2019 for SUNY and CUNY of future minimum debt service payments on capital lease commitments, mortgage loan commitments, certificates of participation, other State-supported debt and other long-term debt for business-type activities (amounts in millions):

	SUNY		CUNY		Total	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 67	$ 31	$ 3	$ 3	$ 70	$ 34
2021	64	28	4	3	68	31
2022	55	26	2	3	57	29
2023	51	23	2	3	53	26
2024	42	20	2	4	44	24
2025-2029	190	64	60	20	250	84
2030-2034	26	27	9	20	35	47
2035-2039	40	22	23	11	63	33
2040-2044	17	14	26	6	43	20
2045-2049	57	6	12	2	69	8
Total	**$ 609**	**$ 261**	**$ 143**	**$ 75**	**$ 752**	**$ 336**

The liabilities for lease/purchase debt, capital leases, mortgage loans, certificates of participation, other State-supported debt and other long-term debt are reported as obligations under lease/purchase and other financing arrangements in the Enterprise Funds.

Debt service expenditures (principal and interest) for all of the aforementioned obligations during the year ended June 30, 2019 totaled $1.3 billion.

During SUNY's fiscal year ending June 30, 2019, Sales Tax Revenue Bonds were issued with a par amount of $369.3 million at a premium of $34.3 million for the purpose of financing capital construction and major rehabilitation for educational facilities. Personal Income Tax (PIT) bonds were also issued with a par amount of $31.1 million at a premium of $4.5 million in order to refund $34.4 million of SUNY's existing educational facilities obligations. The result will produce an estimated savings of $8.1 million in future cash flow, with an estimated present value gain of $8.4 million.

In prior years, SUNY defeased various obligations, whereby proceeds of new obligations were placed in an irrevocable trust to provide for all future debt service payments on the defeased obligations. Accordingly, the trust account assets and liabilities for the defeased obligations are not included in SUNY's financial statements. As of March 31, 2019, outstanding educational facility obligations of $92.1 million and outstanding residence halls obligations of $234.6 million were considered defeased.

During CUNY's fiscal year ending June 30, 2019, DASNY issued refunding bonds with a par value of $508.4 million and original issue premium of $79.7 million on behalf of CUNY Senior Colleges. Bond proceeds of $177.7 million were used to defease $175.3 million 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 considered defeased. The economic gain related to the defeased bonds amounted to $26 million. The excess of the bond proceeds over the amount of debt defeased of $2.5 million and the remaining unamortized premium and discount of $6.4 million 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.

At June 30, 2019, a total of $720,000 of previously outstanding CUNY Senior Colleges debt was defeased.

Interest Rate Exchange Agreements (Swaps)

Article 5-D of the State Finance Law authorized the use of a limited amount of swaps equal to 15 percent of statutorily defined State-supported debt. Starting in November 2002, the State began to enter into swap agreements to "synthetically" change the interest cost associated with bonds it had issued from either variable rate to fixed rate or from fixed rate to variable rate. The intention of each of the swaps was to lower the cost of borrowing to the State below what could have been achieved on bonds without the use of the associated swap agreements and to reduce the risks associated with the variability of cash flows or fair values of the underlying debt.

The statutory authorization for the use of swaps also requires that each of the swaps entered into meet the following requirements:

- Counterparties have a credit rating from at least one NRSRO that is within the two highest investment grade categories;
- An independent financial advisor certifies that the terms and conditions of all swaps reflect a fair value;
- A standardized interest rate exchange agreement is utilized;
- Monthly reports are issued by the public benefit corporations to provide monitoring and swap performance assessment; and
- The agreements comply with uniform interest rate exchange guidelines.

The State manages the swaps as a single portfolio, although they relate to debt reported under both governmental activities and business-type activities.

Swap Activity and Terms

The State has a notional amount of approximately $952 million of swaps outstanding ($592 million of which related to governmental activities and $360 million related to business-type activities) that were issued to synthetically create fixed rate debt from variable rate debt. The $952 million portfolio includes 31 separate pay-fixed, receive-variable interest rate swap agreements with six counterparties. The maturities of the synthetic fixed rate swaps are coterminous with the underlying debt.

The table below summarizes fair value balances and notional amounts of derivative instruments outstanding on March 31, 2020 for governmental activities and on June 30, 2019 for business-type activities, and the changes in fair value of those derivatives for the years then ended as reported in the State's 2020 financial statements (amounts in millions):

		Changes in Fair Value		**Fair Value**	
Issuer/Type	**Notional Amount**	**Classification**	**Amount**	**Classification**	**Amount**
Governmental Activities:					
Cash Flow Hedges:					
Dormitory Authority Pay-fixed interest rate swaps.....	$ 210	Deferred Outflow	$ (25)	Derivative Instruments	$ (36)
Urban Development Corporation Pay-fixed interest rate swaps.....	362	Deferred Outflow	(25)	Derivative Instruments	(80)
Housing Finance Agency Pay-fixed interest rate swaps.....	20	Deferred Outflow	1	Derivative Instruments	-
Local Government Assistance Corporation Pay-fixed interest rate swaps.....	-	Deferred Outflow	20	Derivative Instruments	-
Subtotal...............................	**592**		**(29)**		**(116)**
Business-Type Activities (as of June 30, 2019):					
Cash Flow Hedges:					
Dormitory Authority - CUNY Pay-fixed interest rate swaps.....	360	Deferred Outflow	(8)	Derivative Instruments	(43)
Total.....................................	**$ 952**		**$ (37)**		**$ (159)**

The fair values were calculated utilizing an income approach based on Level 2 (observable) inputs. These inputs include mid-market valuation and then incorporate the credit risk of the State and the bid/offer spread that would be charged to the State in order to transact. The mid-market values of the swaps 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 date.

On October 30, 2019 the underlying debt of HFA PIT 2005C swap was refunded by DASNY PIT (GP) 2019C* and the swap was reassociated with the DASNY debt. The swap is now determined to be effective, therefore hedge accounting resumed under the reassociated swap. During the year, LGAC terminated the 2003 pay-fixed interest rate swap agreement through a refunding and defeasance of the hedged debt. The State made termination payments totaling $3.4 million to the counterparty involved.

The table below summarizes the terms of the State's derivative instruments outstanding at March 31, 2020 for governmental activities and at June 30, 2019 for business-type activities (amounts in millions):

Issuer/Type	Underlying Debt	Notional Amount	Effective Date	Final Maturity Date	Terms
Governmental Activities:					
Dormitory Authority:					
Pay-fixed interest rate swaps..............................	CUNY 5th Res. Series 2008C, D Bonds	$ 20	4/10/2003	1/1/2025-7/1/2031	Pay 3.36%; Receive 65% LIBOR
Pay-fixed interest rate swaps..............................	Mental Health Series 2003D-2 Bonds	111	7/15/2003	2/15/2031	Pay 3.044%; Receive 65% LIBOR
Pay-fixed interest rate swaps..............................	PIT Revenue Bond Series 2019C*	79	3/10/2005	3/15/2033	Pay 3.336%; Receive 65% LIBOR
Urban Development Corporation:					
Pay-fixed interest rate swaps..............................	Correctional/ Youth Series 2008A Bonds	138	11/26/2002	1/1/2030	Pay 3.578%; Receive 65% LIBOR
Pay-fixed interest rate swaps..............................	PIT (State Fac. & Equip.) Series 2004A-3 Bonds	224	12/22/2004	3/15/2033	Pay 3.49%; Receive 65% LIBOR
Housing Finance Agency:					
Pay-fixed interest rate swaps..............................	Service Contract Revenue Series 2003L, M Bonds	20	8/28/2003	9/15/2021	Pay 3.66%; Receive 65% LIBOR
Subtotal.......................		**592**			

Issuer/Type	Underlying Debt	Notional Amount	Effective Date	Final Maturity Date	Terms
Business-Type Activities (as of June 30, 2019):					
Dormitory Authority – CUNY:					
Pay-fixed interest rate swaps	CUNY 5th Res. Series 2008C, D Bonds	360	4/10/2003	1/1/2025-7/1/2031	Pay 3.36%; Receive 65% LIBOR
Total		**$ 952**			

Risks

Credit Risk – The State is exposed to credit risk on interest rate swap agreements in asset positions (positive fair values). To minimize its exposure to loss related to credit risk, it is the State's policy to require each counterparty to have credit ratings from at least one NRSRO within the two highest investment grade categories and ratings from any other NRSRO within the three highest investment grade categories, or the counterparty's payment obligations shall be unconditionally guaranteed by an entity with such credit ratings. The swap agreements and Article 5-D of the State Finance Law also require that should the credit rating of a counterparty or an entity unconditionally guaranteeing the counterparty's payment obligations, if so secured, fall below the rating required, that the obligations of such counterparty shall be fully and continuously collateralized by direct obligations of, or obligations the principal and interest on which are guaranteed by, the United States of America, with a net market value of at least 102 percent of the net market value of the contract to the issuer, and such collateral shall be deposited with the issuer or its agent. The following table presents the counterparty credit ratings as of March 31, 2020 and includes scheduled notional reductions to the CUNY business-type activity swap that occurred after June 30, 2019 (amounts in millions):

Counterparty	Notional Amount	Credit Ratings		
		Moody's	S&P	Fitch
Citibank	$ 293	Aa3	A+	A+
Goldman	168	Aa2	AA-	-*
JP Morgan	98	Aa2	A+	AA
Merrill Lynch	97	A2	A-	A+
Morgan Stanley	105	A3	BBB+	A
UBS	171	Aa3	A+	AA-
Total	**$ 932**			

* Not rated

Certain of the State's swap agreements contain set-off provisions. Under the terms of the agreements, should an agreement terminate, close-out set-off provisions permit all outstanding transactions with the related counterparty to terminate and net the transaction's fair values so that a single sum will be owed by, or owed to, the State.

There were no interest rate swap agreements in asset positions at March 31, 2020; therefore, the State was not exposed to credit risk and no collateral was required to be posted by counterparties. However, should interest rates change and the fair values of interest rate swap agreements become positive, the State would be exposed to credit risk in the amount of those swaps' fair value.

Basis Risk – The State is exposed to basis risk on its pay-fixed interest rate swaps, which is the possibility that the variable rate payments received by the State in the swap are less than the variable rate payments made by the State on the underlying bonds issued. Because the swaps are based on a percentage of LIBOR, there is a possibility that this floating rate will not match the actual interest rates set in the tax-exempt market on the underlying bonds. Times when the mismatch may be out of favor to the State are in very low interest rate environments or if major changes in the tax code were to be enacted, causing tax-exempt floating-rate bonds to trade less favorably in comparison to taxable floating rate bonds. Should the relationship between LIBOR and the 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 and bankruptcy. The schedule to the Master Agreement includes "additional termination events," providing that the swaps may be terminated if either the State or a counterparty's credit quality rating falls below certain levels. The State or the counterparties may terminate the swap agreements if the other party fails to perform under the terms of the contract. The State may also terminate the swaps at its option. If a swap agreement is terminated, the synthetically created fixed or variable interest rate will cease to exist and the State's interest payment will be based solely upon the rate required by the related bonds as issued. When a termination occurs, a mark-to-market (or fair market value) calculation is performed to determine whether the State is owed money or must pay money to close out a swap position. A negative fair market value means the State would incur a loss and need to make a termination payment to settle the swap position. A positive fair market value means the State would realize a gain and receive a termination payment to settle the swap position.

Rollover Risk – The State is exposed to rollover risk on interest rate swap agreements that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these swap agreements terminate, or in the case of a termination option, when the option is exercised, the State will be re-exposed to the risks being hedged by the swap agreement. Currently, the maturity dates of the State's interest rate swap agreements and hedged debt are coterminous.

Operating Leases

The State is also committed under numerous operating leases covering real property and equipment. Rental expenditures, reported for the year ended March 31, 2020 under such operating leases, totaled $339 million and were financed primarily from the General Fund. The following is a summary of future minimum rental commitments under real property and equipment leases with terms exceeding one year (amounts in millions):

Fiscal Year	Governmental Activities
2021	$ 298
2022	249
2023	241
2024	220
2025	201
2026-2030	764
2031-2035	343
2036-2040	84
2041-2045	13
2046-2050	14
2051-2055	15
2056-2060	9
Total	**$ 2,451**

Business-type activities reported rental expenditures of $142 million and the following future minimum rental commitments under real property and equipment leases with terms exceeding one year at year-end (June 30, 2019 for SUNY and CUNY and March 31, 2020 for Lottery) (amounts in millions):

Fiscal Year	**Business-Type Activities**
2020	$ 125
2021	117
2022	105
2023	91
2024	80
2025-2029	338
2030-2034	213
2035-2039	75
2040-2044	52
2045-2049	22
2050-2054	22
2055-2059	22
2060-2064	1
Total	**$ 1,263**

Governmental Activities - Collateralized Borrowings

In December 2010, $102 million of Pledged Assessment Revenue Bonds, Series 2010A, were issued by DASNY. These bonds are special revenue obligations of DASNY. Principal and interest on the Series 2010A Bonds are payable from the pledged assessments to be assessed and collected by the Chair of the Workers' Compensation Board. At March 31, 2020, principal and interest outstanding were $10 million and $1 million, respectively. Annual principal and interest payments will be continuing through December 1, 2020.

In December 2013, $370 million of Employer Assessment Revenue Bonds, Series 2013A, were issued by DASNY. These bonds are special revenue obligations of DASNY. Principal and interest on the Series 2013A Bonds are payable from employer assessments to be assessed and collected by the Chair of the Workers' Compensation Board. At March 31, 2020, principal and interest outstanding were $298 million and $120 million, respectively. Annual principal and interest payments will continue through December 1, 2034.

The State determined that these transactions meet the criteria for collateralized borrowings under GASBS No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, since the pledged revenues are formally committed to directly collateralize or secure debt of a component unit. These Pledged and Employer Assessment Revenue Bonds are reported as collateralized borrowings in the State's financial statements (amounts in millions):

Fiscal Year	Principal	Interest	Total
2021	$ 25	$ 14	$ 39
2022	15	12	27
2023	16	12	28
2024	17	11	28
2025	17	11	28
2026-2030	97	43	140
2031-2035	121	18	139
Total	**$ 308**	**$ 121**	**$ 429**

Business-Type Activities - Collateralized Borrowings

In March 2013, the State enacted legislation that authorized SUNY to assign all its rights, title and interest in revenues of certain residence halls to DASNY, and authorized DASNY to issue SUNY Dormitory Facilities Revenue Bonds payable from and secured by the residence hall revenues assigned to it by SUNY. The legislation also created a special fund to be held by the State's Commissioner of Taxation and Finance on behalf of DASNY. All residence hall revenues collected by SUNY are required to be deposited in this special fund.

The outstanding obligations under these bonds are reported as a collateralized borrowing, since these bonds are not payable from any money of SUNY or the State and neither SUNY nor the State has any obligation to make any payments with respect to the debt service on the bonds. The pledged revenues recognized during SUNY's fiscal year ended June 30, 2019 amounted to $587 million. There were principal payments of $47 million and interest payments of $61 million during the fiscal year ending June 30, 2019. During 2019, bonds with a par amount of $134 million at a premium of $18 million were issued for financing capital construction and major rehabilitation of residence halls. These bonds are special obligations of DASNY payable solely from the residence hall revenues collected by SUNY as agent for DASNY. At June 30, 2019, total principal and interest outstanding on the bonds were $1.35 billion and $697 million, respectively. Annual principal and interest payments will continue through July 1, 2048 (amounts in millions):

Fiscal Year	Principal	Interest	Total
2020	$ 55	$ 67	$ 122
2021	61	63	124
2022	65	60	125
2023	74	56	130
2024	79	52	131
2025-2029	415	200	615
2030-2034	283	109	392
2035-2039	160	58	218
2040-2044	102	27	129
2045-2049	56	5	61
Total	**$ 1,350**	**$ 697**	**$ 2,047**

NOTE 8 - Liabilities

Changes in Long-Term Liabilities

The following table summarizes changes in long-term liabilities for both governmental activities and business-type activities (amounts in millions):

Changes in Long-Term Liabilities – Governmental Activities

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Tax refunds payable	**$ 1,207**	**$ 263**	**$ -**	**$ 1,470**	**$ -**
Accrued liabilities:					
Payroll and fringe benefits	$ 171	$ -	$ -	$ 171	-
Compensated absences	925	38	58	905	55
Medicaid	368	37	135	270	28
Health insurance	192	-	-	192	-
Litigation	64	111	39	136	50
Workers' compensation reserve	3,801	274	527	3,548	598
Arbitrage rebate	1	-	1	-	-
Secured hospitals	39	-	14	25	25
Due to component unit	172	-	43	129	43
Miscellaneous	7	11	7	11	5
Total	**$ 5,740**	**$ 471**	**$ 824**	**$ 5,387**	**$ 804**

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Payable to local governments:					
Education aid	$ 302	$ 1	$ -	$ 303	-
Medicaid	135	151	-	286	135
Miscellaneous	35	37	33	39	-
Total	**$ 472**	**$ 189**	**$ 33**	**$ 628**	**135**
Due to federal government	**$ 800**	**$ -**	**$ 100**	**$ 700**	**100**
Pension contributions payable	**$ 1,364**	**$ -**	**$ 360**	**$ 1,004**	**-**
Net pension liability	**$ 1,487**	**$ 1,696**	**$ -**	**$ 3,183**	**-**
Other postemployment benefits	**$ 50,886**	**$ 3,928**	**$ 3,675**	**$ 51,139**	**-**
Pollution remediation	**$ 1,223**	**$ 145**	**$ 185**	**$ 1,183**	**188**
Collateralized borrowings	**$ 333**	**$ -**	**$ 25**	**$ 308**	**25**
General obligation bonds payable:					
General obligation bonds payable	$ 2,286	$ 914	$ 1,069	$ 2,131	165
Deferred amounts:					
Unamortized premiums	173	-	38	135	11
Total	**$ 2,459**	**$ 914**	**$ 1,107**	**$ 2,266**	**176**
Other financing arrangements:					
Capital leases	$ 19	$ 10	$ 3	$ 26	3
Other financing arrangements	36,880	5,265	4,331	37,814	3,437
Deferred amounts:					
Unamortized premiums	4,329	683	433	4,579	281
Unamortized discounts	(5)	-	(1)	(4)	(1)
Accreted discount on bonds	5	-	5	-	-
Total	**$ 41,228**	**$ 5,958**	**$ 4,771**	**$ 42,415**	**3,720**
Derivative instruments	**$ 99**	**$ 49**	**$ 32**	**$ 116**	**-**
Total due within one year					**$ 5,148**

Changes in Long-Term Liabilities – Business-Type Activities

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Accrued liabilities:					
Compensated absences	$ 440	$ 174	$ 161	$ 453	$ 273
Litigation	741	69	17	793	31
Miscellaneous	491	221	21	691	1
Total	**$ 1,672**	**$ 464**	**$ 199**	**$ 1,937**	**305**
Lottery prizes payable	**$ 1,242**	**$ 73**	**$ 130**	**$ 1,185**	**136**
Pension contributions payable:					
SUNY (June 30, 2019)	$ 115	$ -	$ 21	$ 94	-
Lottery	1	-	-	1	-
Total	**$ 116**	**$ -**	**$ 21**	**$ 95**	**-**
Net pension liability:					
SUNY (June 30, 2019)	$ 189	$ 444	$ 205	$ 428	-
CUNY (June 30, 2019)	725	-	103	622	-
Lottery	2	2	-	4	-
Total	**$ 916**	**$ 446**	**$ 308**	**$ 1,054**	**-**
Other postemployment benefits:					
SUNY (June 30, 2019)	$ 12,518	$ 669	$ 363	$ 12,824	-
CUNY (June 30, 2019)	1,667	533	222	1,978	-
Lottery	66	1	2	65	-
Total	**$ 14,251**	**$ 1,203**	**$ 587**	**$ 14,867**	**-**
Collateralized borrowings:					
SUNY (June 30, 2019)	$ 1,263	$ 134	$ 47	$ 1,350	55
Unamortized premiums	163	18	7	174	7
Total	**$ 1,426**	**$ 152**	**$ 54**	**$ 1,524**	**62**
Other financing arrangements:					
SUNY (June 30, 2019)	$ 10,097	$ 505	$ 405	$ 10,197	331
CUNY (June 30, 2019)	4,560	544	345	4,759	195
Unamortized premiums:					
SUNY (June 30, 2019)	889	39	48	880	48
CUNY (June 30, 2019)	382	80	33	429	-
Total	**$ 15,928**	**$ 1,168**	**$ 831**	**$ 16,265**	**574**
Derivative instruments	**$ 35**	**$ 8**	**$ -**	**$ 43**	**-**
Total due within one year					**$ 1,077**

Litigation and workers' compensation liabilities will be liquidated by the General Fund. Medicaid accrued liabilities and amounts payable to local governments will be liquidated by the General Fund and the Federal Special Revenue Fund. Payroll and related fringe benefits, compensated absences, health insurance, pension contributions, other postemployment benefits, pollution remediation, secured hospitals and miscellaneous accrued liabilities will be liquidated by the General Fund, Federal Special Revenue Fund, General Debt Service Fund and Other Governmental Funds.

Accrued Liabilities – Governmental Activities

The following table summarizes accrued liabilities at March 31, 2020 for governmental activities (amounts in millions):

Description	General	Federal Special Revenue	General Debt Service	Other Governmental Funds	Total Governmental Activities
Payroll	$ 811	$ 45	$ -	$ 78	$ 934
Fringe benefits	-	14	-	24	38
Medicaid	3,543	5,385	-	-	8,928
Health programs	18	4	-	26	48
Public school aid	16	162	-	-	178
Public welfare	-	3	-	-	3
Miscellaneous	1,159	45	73	277	1,554
Total Governmental Funds	**$ 5,547**	**$ 5,658**	**$ 73**	**$ 405**	**11,683**
Payable to fiduciary funds					2,608
Total					**$ 14,291**

Payable to Local Governments – Governmental Funds

The following table summarizes amounts payable to local governments at March 31, 2020 for governmental funds (amounts in millions):

Description	General	Federal Special Revenue	General Debt Service	Other Governmental Funds	Total
Education programs	$ 1,848	$ 231	$ -	$ 53	$ 2,132
Temporary and disability assistance	625	1,249	-	-	1,874
Local health programs	258	597	-	43	898
Mental hygiene programs	14	1	-	-	15
Criminal justice programs	9	6	-	-	15
Child and family services programs	13	-	-	-	13
Local share of tax revenues	-	-	458	-	458
Public safety	13	1,029	-	9	1,051
Emergency management	49	-	-	-	49
Miscellaneous	124	124	-	154	402
Total	**$ 2,953**	**$ 3,237**	**$ 458**	**$ 259**	**$ 6,907**

Accrued Liabilities – Business-Type Activities

The following table summarizes current accrued liabilities at March 31, 2020 for business-type activities (June 30, 2019 for SUNY and CUNY) (amounts in millions):

Description	Lottery	Unemployment Insurance Benefit	SUNY	CUNY	Total
Payroll	$ -	$ -	$ 285	$ 148	$ 433
Fringe benefits	-	-	102	67	169
Employer overpayments	-	64	-	-	64
Benefits due claimants	-	178	-	-	178
Unclaimed and future prizes	530	-	-	-	530
Miscellaneous	-	6	415	85	506
Total	**530**	**248**	**802**	**300**	**1,880**
Long-term accrued liabilities - due within one year	1	-	210	94	305
Total	**$ 531**	**$ 248**	**$ 1,012**	**$ 394**	**$ 2,185**

NOTE 9 - Interfund Transactions and Other Transfers

Interfund Transfers

Interfund transfers for the year ended March 31, 2020 consisted of the following (amounts in millions):

	Transfers To							
Transfers From	General	General Debt Service	Other Governmental	Elimination	Total Governmental Funds	SUNY	CUNY	Total
General	$ -	$ 745	$ 3,874	$ -	**$ 4,619**	$ 3,446	$ 870	**$ 8,935**
Federal Special Revenue	199	-	1,596	-	**1,795**	461	-	**2,256**
General Debt Service	30,397	-	-	-	**30,397**	297	322	**31,016**
Other Governmental	7,526	1,864	331	-	**9,721**	237	-	**9,958**
Elimination	-	-	-	(46,532)	**(46,532)**	-	-	**(46,532)**
Total Governmental Funds	**38,122**	**2,609**	**5,801**	**(46,532)**	**-**	**4,441**	**1,192**	**5,633**
SUNY	21	-	95	-	**116**	-	-	**116**
Lottery	-	-	3,377	-	**3,377**	-	-	**3,377**
Governmental Activities	-	-	-	-	**-**	120	-	**120**
Total	**$ 38,143**	**$ 2,609**	**$ 9,273**	**$ (46,532)**	**$ 3,493**	**$ 4,561**	**$ 1,192**	**$ 9,246**

Transfers constitute the transfer of resources from the fund that receives the resources to the fund that utilizes them. Significant transfers include transfers to the General Fund from other funds representing excess revenues not needed in those funds. Transfers to the General Fund from the General Debt Service Fund for excess funds not needed for debt service on revenue bonds backed by personal income and sales tax revenues totaled approximately $30.4 billion. Transfers to the General Fund from Other Governmental Funds are primarily due to: mental health patient fees in excess of debt service and rental reserve requirements of $1.5 billion; excess sales tax receipts not needed for LGAC debt service requirements of $3.5 billion; $710 million for health care-related expenditures; $350 million from tobacco settlement collections; and excess real property transfer tax receipts from clean water and clean air programs of $985 million. Transfers from the General Fund to the General Debt Service Fund are primarily due to State debt service payments of $736 million. Transfers from the Other Governmental Funds to the General Debt Service Fund include $1.4 billion to the Dedicated Highway and Bridge Trust Fund and $279 million to the Mental Health Services Fund. Transfers from the General Fund to Other Governmental Funds include $1.2 billion to the Dedicated Infrastructure Investment Fund, $397 million to the Dedicated Highway and Bridge Trust Fund, $1.4 billion to the State Capital Project Fund for capital projects and $357 million to the MTA Financial Assistance Fund. Transfers from the General Fund to the Enterprise Funds comprise State support to the SUNY and CUNY Funds ($4.3 billion). Transfers from the Federal Special Revenue Fund and Other Governmental Funds comprise the federal share of Medicaid payments for a variety of purposes, including transfers to the Mental Health Services Fund for recipients residing in State-operated facilities ($1.6 billion). Transfers from the Lottery to Other Governmental Funds represent Lottery support for school aid payments ($3.4 billion). The eliminations of $46.5 billion represent transfers made between the governmental funds.

Transfers from the governmental funds to the SUNY and CUNY Funds are reported as transfers to other funds by the governmental funds and as State appropriations by the SUNY and CUNY Funds. As explained in Note 1, the amounts reported for the SUNY and CUNY Funds are derived from their annual financial statements for the fiscal year ended June 30, 2019. Therefore, because of the different fiscal year-end for the SUNY and CUNY Funds, total transfers to other funds exceed total transfers from other funds by $456 million. The following is a reconciliation of transfers resulting from different year-ends (amounts in millions):

Governmental Activities transfers:	
SUNY	$ (4,445)
CUNY	(1,192)
Lottery (Education aid)	3,377
Total Governmental Activities transfers	(2,260)
Business-Type Activities transfers:	
State	5,024
Federal and State hospital support transfers	560
Education aid	(3,377)
Capital	509
Total Business-Type Activities transfers	2,716
Total transfers	**$ 456**

Due To/From Other Funds

The following is a summary of the amounts due to other funds and due from other funds at March 31, 2020 (amounts in millions):

	Due To Other Funds								
Due From Other Funds	**General**	**Federal Special Revenue**	**General Debt Service**	**Other Govern-mental**	**Elimin-ation**	**Total Govern-mental Funds**	**Business-Type Activities**	**Govern-mental Activities**	**Total**
General	$ -	$ 1,399	$ 1,777	$ 1,736	$ -	**$ 4,912**	$ 1	$ -	**$ 4,913**
Federal Special Revenue	11	-	-	2	-	**13**	-	-	**13**
Other Governmental	213	289	1	-	-	**503**	1,018	-	**1,521**
Elimination	-	-	-	-	(5,428)	**(5,428)**	-	-	**(5,428)**
Total Governmental Funds	**224**	**1,688**	**1,778**	**1,738**	**(5,428)**	**-**	**1,019**	**-**	**1,019**
Business-Type Activities	374	1	-	45	-	**420**	-	932	**1,352**
Fiduciary	2,608	-	-	-	-	**2,608**	-	-	**2,608**
Total	**$ 3,206**	**$ 1,689**	**$ 1,778**	**$ 1,783**	**$ (5,428)**	**$ 3,028**	**$ 1,019**	**$ 932**	**$ 4,979**

The more significant balances in due to/from other funds include $1.8 billion due to the General Fund to cover cash overdrafts in the short-term investment pool. These temporary interfund loans include $328 million to the Federal Special Revenue Fund and $1.5 billion to Other Governmental Funds. Due from the General Fund to the Fiduciary Funds related to escheat property that is estimated to be reclaimed and paid to claimants is $2.6 billion. Due to other funds in the General Debt Service Fund includes $1.8 billion for amounts owed to the General Fund for excess personal income revenues.

As explained in Note 1, the amounts reported for the SUNY and CUNY Funds are derived from their annual financial statements for the fiscal year ended June 30, 2019. Therefore, because the fiscal year-end of the SUNY and CUNY Funds differs from the State’s fiscal year-end, the total amount reported as due to other funds exceeds the total amount reported as due from other funds by $471 million.

NOTE 10 - Commitments and Contingencies

The State receives significant financial assistance from the federal government in the form of grants and entitlements. Receipt of grants is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for eligible purposes. Substantially all federal grants are either subject to the Federal Single Audit Act or to financial and compliance audits by grantor agencies of the federal government or their designees. Disallowances by federal program officials as a result of these audits may become liabilities of the State.

Pursuant to legislation enacted in 1985, the State entered into service contracts establishing a contingent-contractual obligation with respect to financings related to the DASNY Secured Hospital Program for the purpose of enabling certain financially distressed not-for-profit hospitals to gain access to the capital markets. The State service contracts obligate the State to pay debt service, subject to annual appropriations, on bonds in the event of shortfalls in hospital resources. The bonds mature annually through February 15, 2028, with semiannual interest payments. As of March 31, 2020, there are $135 million of outstanding bonds in the program with a scheduled annual debt service requirement of $38 million. Authorization to issue bonds under this program expired on March 1, 1998.

Three of the four remaining hospitals in the State's Secured Hospital Program are in poor financial condition and are included in the liability recognized by the State. During the fiscal year, the State paid $32 million, resulting in cumulative payments of $157 million under the obligation since fiscal year 2014 when the State's contingent contractual obligation was first invoked. Of the $157 million paid, $122 million is related to those obligations outstanding at March 31, 2020. The State has recognized a liability under the guarantee of approximately $25 million based on the present value of expected debt service payments required through fiscal year 2028, net of the present value of anticipated revenues from a lease agreement on one of the properties and the estimated market value of other properties assumed by affiliates of DASNY through bankruptcy proceedings, that will be used to offset the debt service payments. This amount would cover the debt service costs for one hospital which had its debt service obligation discharged in bankruptcy, a second hospital which closed in 2010 and a third hospital that is currently delinquent in its payments. The State has estimated an additional exposure of $6 million annually if all hospitals fail to meet their terms and available reserve funds are depleted.

In order to provide additional inducement to investors to purchase the obligations of certain public benefit corporations, the legislation creating these corporations authorizes the State to make up any deficiencies in their debt service reserve funds, subject to legislative appropriation (effectively, a "moral obligation" debt to back the corporations' credit). Such "moral obligation" debt does not constitute a full faith and credit obligation of the State. As of March 31, 2020, all of the State's moral obligation debt was paid off.

Health care providers have a right to appeal Medicaid reimbursement rates. Based on an analysis of appeals, a liability of $146 million has been recognized in the government-wide Statement of Net Position. Settlements reached between the State and the majority of nursing home providers in 2016 for $850 million in rate appeals have been fully satisfied.

The Centers for Medicare and Medicaid Services (CMS) disallowed Medicaid claims for services provided by the New York State Office for People with Developmental Disabilities in fiscal years 2011, 2012 and 2013. The State and CMS reached a settlement agreement on March 20, 2015 on this matter, whereby the State agreed to pay a total of $1.95 billion to CMS. The agreement called for the State to adjust the federal and State shares of Medicaid costs over 12 years to yield repayments of $850 million in fiscal year 2016, and $100 million in fiscal years 2017 through 2027. Through March 31, 2020, the State has reimbursed the federal government $1.25 billion and, accordingly, has reported the remaining liabilities of $700 million in the governmental activities.

In 1977-78, the State required that reserve funds held by insurance companies that underwrite the State employee health insurance programs be paid to the General Fund. The State is liable to replenish these reserve funds if needed to pay insured benefits or if the contracts with the insurance companies are terminated. Accordingly, based on actuarial calculations, the State has recorded a liability of $192 million, which is reported as accrued liabilities due in more than one year on the government-wide Statement of Net Position.

Generally, the State does not insure its buildings, contents or related risks and does not insure its State-owned automobiles for bodily injury and property damages, but the State does have fidelity insurance on State employees. A liability is estimated for unpaid automobile claims based on an analysis of property loss and claim settlement trends. Routine uninsured losses are recorded as expenditures in the General Fund as paid, while significant uninsured losses usually are the result of litigation that is discussed further in Note 11. Insured losses incurred by the State did not exceed coverage for any of the three preceding fiscal years. Litigation losses are estimated based on an assessment of pending cases conducted by the Office of the Attorney General.

Workers' compensation is provided with the State Insurance Fund acting as the State's administrator and claims processing agent. Under an agreement with the State Insurance Fund, the State pays only what is necessary to fund claims. Based on actuarial calculations, discounted at 0.78 percent as of March 31, 2020, the State is liable for unfunded claims and incurred but not reported claims totaling $3.5 billion, which are reported as accrued liabilities in the government-wide Statement of Net Position.

Changes in the State's liability relating to workers' compensation claims, litigation and incurred but not reported loss estimates related to medical malpractice claims (Note 11), and auto claims in fiscal years 2019 and 2020 were (amounts in millions):

Fiscal year	**Claim Liability Beginning of Year**	**Increase in Liability Estimate**	**Payments and Decrease in Liability Estimate**	**Claim Liability End of Year**
2018-2019	$ 5,400	$ 144	$ 922	$ 4,622
2019-2020	$ 4,622	$ 489	$ 548	$ 4,563

The State Finance Law requires the Abandoned Property Fund, a Private Purpose Trust Fund, to have a maximum cash balance of $750,000 at fiscal year-end. All Abandoned Property receipts are recorded in the General Fund and receipts recorded in the Abandoned Property Fund are for payment upon approval of a claim. At March 31, 2020, the Abandoned Property Fund included $286 million of securities not yet liquidated and not subject to the State Finance Law's cash provisions. Net collections from inception (1942) to March 31, 2020 of approximately $16.4 billion, excluding interest, represent a contingent liability to the State since the owners of such property may file claims for refunds.

Restricted net position, representing the probable amount of escheat property that will be reclaimed and paid to claimants, is reported in the Abandoned Property Fund (Fund). To the extent that assets in the Fund are less than the claimant liability, a receivable (due from other funds) is reported in that Fund and an equal liability (due to other funds) is reported in the General Fund. At March 31, 2020, the amount reported in the Fund for net position restricted for claimant liability is $3.1 billion and the amount reported in the General Fund as due to the Fund is $2.6 billion. Since receipts in the Fund are expected to be adequate to pay current claims, it is not expected that General Fund support for that purpose will be required. Claims paid from the Fund during the year totaled $387 million.

The State is liable for costs relating to the closure and post-closure of landfills totaling $6 million, which is recorded in accrued liabilities. Closure and post-closure requirements are generally governed by Title 6, Part 360 of the New York Code of Rules and Regulations. Since most landfills are inactive, the liability reflects the total estimated closure and post-closure cost at year-end. Liability estimates are based on engineering studies or on estimates by agency officials that are updated annually.

GASBS No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, provides guidance for state and local governments in estimating and reporting the potential costs of pollution remediation. While GASBS 49 does not require the State to search for pollution, it does require the State to reasonably estimate and report a remediation liability when any of the following obligating events has occurred:

- Pollution poses an imminent danger to the public and the State is compelled to take action;
- The State is in violation of a pollution-related permit or license;
- The State is named or has evidence that it will be named as responsible party by a regulator;
- The State is named or has evidence that it will be named in a lawsuit to enforce a cleanup; or
- The State commences or legally obligates itself to conduct remediation activities.

Site investigation, planning and design, cleanup and site monitoring are typical remediation activities underway across the State. Several State agencies have dedicated programs, rules and regulations that routinely deal with remediation-related issues; others become aware of pollution conditions in the fulfillment of their missions. The State has the knowledge and expertise to estimate its remediation obligations based upon prior experience in identifying and funding similar remediation activities. The standard requires the State to calculate pollution remediation liabilities using the expected cash flow technique. Where the State cannot reasonably estimate a pollution remediation obligation, it does not report a liability; however, the State has not identified any such situation.

The State's estimated pollution remediation obligations are subject to change over time. Costs may vary due to price fluctuations, changes in technology, changes in potential responsible parties, results of environmental studies, changes to statutes or regulations and other factors that could result in revisions to these estimated obligations. Prospective recoveries from responsible parties may reduce the State's obligation. Capital assets may be created when pollution remediation outlays are made under specific circumstances.

During the fiscal year, the State recognized estimated additional liabilities of $145 million, spent $160 million in activities related to pollution remediation obligations and recognized adjustments decreasing the liability by $25 million. The State recovered $41 million from other responsible parties. At March 31, 2020, the State had an outstanding pollution remediation liability of $1.2 billion, with an estimated potential recovery of $112 million from other responsible parties.

Several unions have not reached labor settlement agreements with the State at this time. Settlements may result in added costs to the State.

Business-Type Activities

SUNY has entered into contracts for the construction and improvement of various projects. At June 30, 2019, these outstanding contractual commitments totaled approximately $741 million. CUNY Senior Colleges have also entered into contracts for the construction and improvement of various capital assets. At June 30, 2019, these outstanding contractual commitments totaled approximately $228 million.

SUNY and CUNY Senior Colleges have insurance coverage for residence halls, but in general, do not insure educational facilities, contents or related risks and do not insure vehicles and equipment for claims and assessments arising from bodily injury, property damages, and other perils. Unfavorable judgments, claims, or losses incurred by SUNY and CUNY Senior Colleges are covered by the State on a self-insured basis. The fidelity insurance the State has on State employees includes SUNY and CUNY Senior Colleges employees.

The Lottery is party to a number of contracts with vendors relating to maintaining the traditional lottery gaming network, supplying instant game tickets, maintaining instant game ticket self-service terminals, supplying video lottery gaming machines to nine video lottery gaming facilities, and providing a central processing system for the operation of video lottery gaming.

NOTE 11 – Litigation

The State is a defendant in numerous legal proceedings pertaining to matters incidental to the performance of routine governmental operations. Such litigation includes, but is not limited to, claims asserted against the State arising from alleged torts, alleged breaches of contracts, condemnation proceedings, and other alleged violations of State and federal laws.

Included in the State's outstanding litigation are a number of cases challenging the legality or the adequacy of a variety of significant social welfare programs, primarily involving the State's Medicaid and mental health programs. Adverse judgments in these matters generally could result in injunctive relief coupled with prospective changes in patient care that could require substantial increased financing of the litigated programs in the future.

With respect to pending and threatened litigation, the State has reported $1 billion in the primary government; $136 million is related to governmental activities and $878 million pertains to SUNY. SUNY reported $793 million as of December 31, 2019 for awarded claims, anticipated unfavorable judgments, and incurred but not reported loss estimates related to medical malpractice claims. The difference of $85 million is due to a timing difference between the State's and SUNY's fiscal year end. In addition, the State is party to other claims and litigation that its legal counsel has advised may result in possible adverse court decisions with estimated potential losses of approximately $48.5 million.

NOTE 12 - Retirement Systems

New York State and Local Retirement System

The Office of the State Comptroller administers the following plans: the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS), which are collectively referred to as the New York State and Local Retirement System (the System). The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. ERS and PFRS are cost-sharing, multiple-employer, defined benefit pension plans. The Public Employees' Group Life Insurance Plan (GLIP) provides death benefits in the form of life insurance. For financial reporting purposes, GLIP amounts are apportioned to and included as part of either ERS or PFRS.

The System issues a publicly available Comprehensive Annual Financial Report that includes financial statements, expanded disclosures, and required supplementary information for the System. The report may be obtained by writing to the New York State and Local Retirement System, Office of the State Comptroller, 110 State Street, Albany, New York, 12244-0001 or at *www.osc.state.ny.us/retire.*

Plan Benefits

The System provides retirement benefits as well as death and disability benefits. Retirement benefits are established by the New York State Retirement and Social Security Law (RSSL) and are dependent upon the point in time at which the employees last joined the System. The RSSL has established distinct classes of membership. The System uses a tier concept within ERS and PFRS to distinguish these groups, as follows:

ERS

Tier 1 .... Those persons who last became members before July 1, 1973.

Tier 2 .... Those persons who last became members on or after July 1, 1973, but before July 27, 1976.

Tier 3 .... Generally, those persons who are State correction officers who last became members on or after July 27, 1976, but before January 1, 2010, and all others who last became members on or after July 27, 1976, but before September 1, 1983.

Tier 4 .... Generally, except for correction officers, those persons who last became members on or after September 1, 1983, but before January 1, 2010.

Tier 5 .... Those persons who last became members on or after January 1, 2010, but before April 1, 2012.

Tier 6 .... Those persons who first became members on or after April 1, 2012.

PFRS

Tier 1	Those persons who last became members before July 31, 1973.
Tier 2	Those persons who last became members on or after July 31, 1973, but before July 1, 2009.
Tier 3	Those persons who last became members on or after July 1, 2009, but before January 9, 2010.
Tier 4	N/A
Tier 5	Those persons who last became members on or after January 9, 2010, but before April 1, 2012, or who were previously PFRS Tier 3 members and elected to join Tier 5.
Tier 6	Those persons who first became members on or after April 1, 2012.

Generally, members of ERS and PFRS must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Full benefits may be collected at age 55 for Tier 1 members. Members of Tiers 2, 3 and 4 must generally have five years of service to be eligible to collect a retirement benefit. The full benefit age for members of Tiers 2, 3 and 4 is 62. Members in Tiers 3 and 4 with less than five years of service may withdraw and obtain a refund, including interest, of the accumulated employee contributions. Tier 5 members must have ten years of service to be eligible to collect a retirement benefit. The full benefit age for Tier 5 members is 62. Tier 6 members must have ten years of service to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members. Members in Tiers 5 and 6 with less than ten years of service may withdraw and obtain a refund, including interest, of the accumulated employee contributions. Members who joined the System prior to January 1, 2010 generally need five years of service to be 100 percent vested. Members who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) need 10 years of service credit to be 100 percent vested.

Typically, the benefit for members in all Tiers within ERS and PFRS is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a Tier 1 or 2 member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. If a Tier 3, 4 or 5 member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a Tier 3, 4 or 5 member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Final average salary for Tiers 1 through 5 is the average of the wages earned in the three highest-paid consecutive years of employment. For Tier 1 members, earnings in any year included in the final average salary calculation cannot exceed the previous year's earnings by more than 20 percent. For Tier 2 members, earnings in any year included in the final average salary calculation cannot exceed the average of the previous two years by more than 20 percent. For Tier 3, 4 and 5 members, the earnings for any year used in computing final average salary cannot exceed the average of the previous two years by more than 10 percent. The benefit for Tier 6 members who retire with 20 years of service is 1.75 percent of final average salary for each year of service. If a Tier 6 member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. The final average salary for a Tier 6 member is computed as the average of the wages earned in the five highest-paid consecutive years. Earnings for each year used in the final average salary calculation cannot exceed the average of the previous four years by more than 10 percent.

A cost-of-living adjustment is provided annually to: retirees who have attained age 62 and have been retired for five years; retirees who have attained age 55 and have been retired for 10 years; all disability retirees, regardless of age, who have been retired for five years; ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed $18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or greater than 3 percent.

Contributions

Employee contribution requirements depend upon the point in time at which an employee last joined the System. Most Tier 1 and Tier 2 members of ERS and most members of PFRS are not required to make employee contributions. Employees in Tiers 3, 4 and 5 are required to contribute 3 percent of their salaries. However, as a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees who have ten or more years of membership or credited service within the System are not required to contribute. The Tier 6 contribution rate varies from 3 percent to 6 percent, depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Members cannot be required to begin contributing or to make increased contributions beyond what was required when their memberships began.

Participating employers are required under the RSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for ERS for the fiscal year ended March 31, 2020 was approximately 14.6 percent of payroll. The average contribution rate for PFRS for the fiscal year ended March 31, 2020 was approximately 23.5 percent of payroll. The State's contributions for the year ended March 31, 2020 were $1.6 billion for ERS and $164 million for PFRS.

Chapter 57 of the Laws of 2010 authorized the State and local employers to amortize a portion of their annual pension costs over ten years during periods when actuarial contribution rates exceed thresholds established by the statute. The following represents the amortized receivable balance from the State and Local participating employers as of March 31, 2020, including the statutory amortization threshold and interest rate, for each respective fiscal year (dollar amounts in millions):

Chapter 57, Laws of 2010

	% of Payroll				
Fiscal Year	**ERS**	**PFRS**	**Interest %**	**State**	**Local**
2011................	9.5	17.5	5.00	$ -	$ 3.7
2012................	10.5	18.5	3.75	121.6	38.5
2013................	11.5	19.5	3.00	254.6	102.7
2014................	12.5	20.5	3.67	416.6	77.6
2015................	13.5	21.5	3.15	384.9	71.6
2016................	14.5	22.5	3.21	227.5	41.2
2017................	15.1	23.5	2.33	-	4.4
2018................	14.9	24.3	2.84	-	3.6
2019................	14.4	23.5	3.64	-	3.9
2020................	14.2	23.5	2.55	-	-
Total.............				**$ 1,405.2**	**$ 347.2**

Amounts owed by the State under these programs have been allocated among the governmental activities, and the SUNY and Lottery enterprise funds.

The fiscal year 2014 Enacted Budget included an alternate contribution program (the Alternate Contribution Stabilization Program) that provided certain participating employers with a one-time election to amortize slightly more of their required contributions than would be available for amortization under the 2010 legislation. In addition, the maximum payment period was increased from ten years to twelve years. The election was available to counties, cities, towns, villages, BOCES, school districts and the four public health care centers operated in the counties of Nassau, Westchester and Erie. The State was not eligible to participate in the Alternate Contribution Stabilization Program. Further specific provisions include (dollar amounts in millions):

Chapter 57, Laws of 2013

	% of Payroll			
Fiscal Year	**ERS**	**PFRS**	**Interest %**	**Local**
2014................	12.0	20.0	3.76	$ 124.6
2015................	12.0	20.0	3.50	120.3
2016................	12.5	20.5	3.31	95.1
2017................	13.0	21.0	2.63	72.3
2018................	13.5	21.5	3.31	64.4
2019................	14.0	22.0	3.99	23.6
2020................	14.2	22.5	2.87	33.6
Total.............				**$ 533.9**

Net Pension Liabilities and Other Pension-Related Amounts

For purposes of determining net pension liability and other pension-related amounts, information about the fiduciary net position of ERS and PFRS and additions to and deductions from the fiduciary net position of ERS and PFRS have been determined on the same basis reported by the System. Benefits are recognized when due and payable. Investments are recorded at fair value as further described in Note 2.

The State's proportionate share of the collective net pension liability for ERS and PFRS reported at March 31, 2020, was measured as of March 31, 2019, and was determined using an actuarial valuation as of April 1, 2018, with update procedures used to roll forward the total pension liability to March 31, 2019. The overall State's ERS proportion of the net pension liability measured at March 31, 2019 was 45.80 percent, of which, the State's share net of SUNY hospitals and SUNY Construction Fund (SUCF) was 43.04 percent. In comparison, the overall State's ERS proportion of the net pension liability measured at March 31, 2018 was 45.43 percent, of which, the State's share net of SUNY hospitals and SUCF was 42.72 percent. The State's shares related to each plan were determined consistently with the manner in which contributions to the pension plan are determined. The State's total projected long-term contribution effort to ERS and PFRS was compared to the total projected long-term contribution effort from all employers to ERS and PFRS in order to determine the State's proportionate share of the respective plan's net pension liability.

State employees engaged in governmental activities, as well as those employed by the SUNY and Lottery enterprise funds, are generally members of ERS. The State proportion of the ERS collective net pension liability measured at March 31, 2019 of 43.04 percent was allocated 40.14 percent to governmental activities, 2.82 percent to the SUNY enterprise fund, 0.05 percent to the Lottery enterprise fund, and 0.03 percent to HESC, as compared to the March 31, 2018 proportion being allocated 39.89 percent to governmental activities, 2.74 percent to the SUNY enterprise fund, 0.05 percent to the Lottery enterprise fund, and 0.04 percent to HESC. In addition to its allocation of the State proportion, SUNY recognized a proportion of the ERS collective net pension liability of 2.8 percent associated with specific related entities excluded from the State proportion. The State proportion of the PFRS collective net pension liability measured at March 31, 2019 of 21.4 percent was allocated 20.2 percent to governmental activities and 1.1 percent to the SUNY enterprise fund, as compared to the March 31, 2018 proportion that was allocated 19.7 percent to governmental activities and 1.1 percent to the SUNY enterprise fund. In addition to its allocation of the State proportion, SUNY recognized a proportion of the PFRS collective net pension liability of 0.03 percent associated with specific related entities excluded from the State proportion.

The State recognized net pension liability of $2.8 billion and $338.6 million in governmental activities for its respective proportionate shares of the ERS and PFRS collective net pension liabilities. Pension expense recognized by the State in governmental activities was $1.8 billion for ERS and $213.1 million for PFRS for the year ended March 31, 2020. The State reported the following deferred outflows of resources and deferred inflows of resources in governmental activities for ERS and PFRS at March 31, 2020 (amounts in millions):

	ERS		PFRS	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Difference between expected and actual experience	$ 560	$ 191	$ 82	$ 36
Net difference between projected and actual investment earnings on pension plan investments	-	730	-	67
Changes in proportion and differences between employer contributions and proportionate share of contributions	27	118	8	38
Changes in assumptions	715	-	123	-
Contributions made subsequent to measurement date	1,488	-	155	-
Total	**$ 2,790**	**$ 1,039**	**$ 368**	**$ 141**

The amounts of deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2021. The remaining cumulative net amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for the governmental activities will be recognized in future pension expense as follows (amounts in millions):

Fiscal Year	**ERS**	**PFRS**
2020	$ 559	$ 59
2021	(588)	(21)
2022	(79)	(6)
2023	371	34
2024	-	6
Total	**$ 263**	**$ 72**

SUNY recognized net pension liability of $395.3 million and $19.7 million for its proportionate shares of the ERS and PFRS net pension liabilities, respectively, measured on March 31, 2019. For the year ended June 30, 2019, SUNY recognized pension expense of $243.3 million and $12.3 million for ERS and PFRS, respectively. Deferred outflows of resources and deferred inflows of resources related to ERS and PFRS are from the following sources (amounts in millions):

	SUNY			
	ERS		PFRS	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Difference between expected and actual experience	$ 78	$ 27	$ 5	$ 2
Net difference between projected and actual investment earnings on pension plan investments	-	101	-	4
Changes in proportion and differences between employer contributions and proportionate share of contributions	13	42	1	3
Changes in assumptions	98	-	7	-
Total	**$ 189**	**$ 170**	**$ 13**	**$ 9**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for SUNY ERS and SUNY PFRS will be recognized in future pension expense as follows (amounts in millions):

	SUNY	
Fiscal Year	**ERS**	**PFRS**
2020	$ 70	$ 3
2021	(87)	(1)
2022	(13)	-
2023	50	2
Total	**$ 20**	**$ 4**

The Lottery recognized a net pension liability of $3.6 million for its proportionate share of the ERS net pension liability. For the year ended March 31, 2020, Lottery recognized pension expense of $2.3 million related to ERS. Deferred outflows of resources and deferred inflows of resources related to ERS are from the following sources (amounts in millions):

	Lottery	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Difference between expected and actual experience	$ 1	$ -
Net difference between projected and actual investment earnings on pension plan investments	-	1
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Changes in assumptions	1	-
Contributions made subsequent to measurement date	2	-
Total	**$ 4**	**$ 1**

The amounts of deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. Remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for Lottery will be recognized in future pension expense over the next five years.

Actuarial Assumptions

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

Actuarial cost method	Entry age normal
Inflation	2.5 percent
Salary scale	4.2 percent in ERS; 5 percent in PFRS, indexed by service
Investment rate of return, including inflation	7 percent compounded annually, net of investment expenses
Cost of living adjustments	1.3 percent annually
Active member decrements	Based upon fiscal year 2011-2015 experience
Pensioner mortality	Gender/Collar specific tables based upon fiscal year 2011-2015 experience
Mortality improvement	Society of Actuaries Scale MP-2014

Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for ERS and PFRS as of April 1, 2018 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Rate of Return*
Domestic equities	36 %	4.55 %
International equities	14 %	6.35 %
Private equities	10 %	7.50 %
Real estate	10 %	5.55 %
Absolute return strategies	2 %	3.75 %
Opportunistic portfolio	3 %	5.68 %
Real assets	3 %	5.29 %
Bonds and mortgages	17 %	1.31 %
Cash	1 %	(0.25 %)
Inflation-indexed bonds	4 %	1.25 %
Total	**100%**	

*Real rates of return are net of long-term inflation assumption of 2.5 percent.

Discount Rate

The discount rate used to measure the ERS and PFRS total pension liabilities as of March 31, 2019 was 7 percent, unchanged from the discount rate of 7 percent for the March 31, 2018 measurement date. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon these assumptions, the ERS and PFRS fiduciary net positions were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the current period net pension liability of the State's governmental activities, SUNY and Lottery calculated using the current period discount rate assumption of 7 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6 percent) or 1 percentage point higher (8 percent) than the current assumption (amounts in millions):

	1% Decrease (6%)	Current Assumption (7%)	1% Increase (8%)
Governmental activities ERS net pension liability (asset)	$ 12,434	$ 2,844	$ (5,213)
Governmental activities PFRS net pension liability (asset)	1,224	339	(401)
SUNY - ERS net pension liability (asset)	1,728	395	(725)
SUNY - PFRS net pension liability (asset)	71	20	(23)
Lottery - ERS net pension liability (asset)	16	4	(7)

Voluntary Defined Contribution Plan

The Voluntary Defined Contribution Plan (VDCP) is offered though the Teachers Insurance and Annuity Association (TIAA, formerly known as TIAA-CREF). TIAA is an Optional Retirement Program (ORP) and provides retirement and death benefits through annuity contracts to those employees who elected to participate in the ORP. The VDCP is a defined contribution pension plan. The SUNY ORP is the administrator of the VDCP.

Prior to March 16, 2012, a limited number of employees, most notably employees of SUNY and CUNY Senior Colleges, had the option of enrolling in this plan. Legislation signed into law on March 16, 2012, made the existing VDCP available to all eligible State employees who choose the plan as their retirement selection. The VDCP is available to unrepresented employees of New York State public employers who were hired on or after July 1, 2013 and who earn $75,000 or more on an annual basis. The VDCP includes a 366-day vesting period, after which a participant has full and immediate vesting in all retirement benefits provided by the annuities purchased through the employee and employer contributions. The employer and employee contributions are not deposited into accounts until the completion of the 366-day vesting period. Until that time, the funds are held in escrow by the Office of the State Comptroller. A participant who does not complete the vesting period is entitled to a refund of contributions, plus interest, upon request. The VDCP is the employee's personal retirement account, and is supported by employer and employee contributions plus any applicable earnings. A participant's income in retirement will be determined by the account balance. The employee has the opportunity for higher or lower retirement income based on his or her investment decisions and the performance of the investment options selected by the employee. The retirement income benefit will depend on several factors including salary, duration of contributions, investment earnings and age at retirement. Income is not guaranteed.

Contribution rates are established by legislation passed by the State. Currently, the employer contribution of 8 percent of compensable salary is made to participants' accounts while enrolled in this plan. For the first three years of membership, the employee contribution rate is based on the reported annual wage. After the first three years of membership, the employee contribution will be based on actual wages earned during the prior two years. Legislation signed into law on March 16, 2012 established the contribution rates. Employee contributions increase in a progressive fashion based on salary:

Annual Wage	Employee Contribution Rate
$45,000 or less	3.00 %
$45,000 to $55,000	3.50 %
$55,000 to $75,000	4.50 %
$75,000 to $100,000	5.75 %
More than $100,000	6.00 %

Employer and employee contributions for governmental activities to the VDCP were $3.5 million and $2.6 million, respectively, for March 31, 2020.

Other SUNY-Related Pension Plans

New York State Teachers' Retirement System

SUNY participates in the New York State Teachers' Retirement System (TRS). TRS was created and exists pursuant to Article 11 of the New York State Education Law. TRS is a cost-sharing, multiple-employer, defined-benefit public plan separately administered by a ten-member board to provide pension and ancillary benefits to teachers employed by participating employers in the State of New York, excluding New York City. The System issues a publicly available financial report that includes financial statements, expanded disclosures, and required supplementary information for the System. The report may be obtained at *www.nystrs.org.*

Plan Benefits

Plan benefits for TRS are similar to those for ERS. Benefits vary based on the date of membership, years of credited service and final average salary, vesting of retirement benefits, death and disability benefits, and optional methods of benefit payments.

The RSSL has established distinct classes of membership. The System uses a Tier concept within TRS to distinguish these groups, as follows:

Tier 1..........	Members who last joined prior to July 1, 1973 are covered by the provisions of Article 11 of the Education Law.
Tier 2..........	Members who last joined on or after July 1, 1973, and prior to July 27, 1976 are covered by the provisions of Article 11 of the Education Law and Article 11 of the RSSL.
Tier 3..........	Members who last joined on or after July 27, 1976 and prior to September 1, 1983 are covered by the provisions of Article 14 and Article 15 of the RSSL.
Tier 4..........	Members who last joined on or after September 1, 1983 and prior to January 1, 2010 are covered by the provisions of Article 15 of the RSSL.
Tier 5..........	Members who joined on or after January 1, 2010 and prior to April 1, 2012 are covered by the provisions of Article 15 of the RSSL.
Tier 6..........	Members who joined on or after April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

Tier 1 members are eligible, beginning at age 55, for a service retirement allowance of approximately 2 percent of final average salary per year of credited service. Tiers 2 through 5 are eligible for the same benefit, but with the following limitations: (1) Tier 2 through 4 members receive an unreduced benefit for retirement at age 62 or retirement at ages 55 through 61 with 30 years of service, or a reduced benefit for retirement at ages 55 through 61 with less than 30 years of service; and (2) Tier 5 members receive an unreduced benefit for retirement at age 62 or retirement at ages 57 through 61 with 30 years of service, or a reduced benefit for retirement at ages 55 and 56 regardless of service credit, or ages 57 through 61 with less than 30 years of service. Tier 6 members are eligible for a service retirement allowance of 1.75 percent of final average salary per year of credited service for the first 20 years of service plus 2 percent of final average salary per year for years of service in excess of 20 years. Tier 6 members receive an unreduced benefit for retirement at age 63, and receive a reduced benefit at ages 55 through 62 regardless of service credit. Plan benefits vest after five years of credited service for members of Tiers 1 through 4 who joined prior to January 1, 2010. For members of Tiers 5 and 6, benefits generally vest after 10 years of service. Obligations of employers and employees to contribute, and related benefits, are governed by the RSSL and the Education Law and may only be amended by the Legislature with the Governor's approval.

Permanent cost-of-living adjustment (COLA) benefits for both current and future retired members are provided in Section 532-a of the Education Law. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for five years or who have attained age 55 and have been retired for 10 years. Disability retirees must have been retired for five years, regardless of age, to be eligible. The annual COLA percentage is equal to 50 percent of the increase in the consumer price index, not to exceed 3 percent nor be lower than 1 percent. It is applied to the first $18,000 of the annual benefit.

Contributions

Tier 3 and Tier 4 members who have less than 10 years of service or membership are required by law to contribute 3 percent of salary to the System. Tier 5 members are required by law to contribute 3.5 percent of salary throughout their active membership. Tier 6 members are required by law to contribute between 3 percent and 6 percent of salary throughout their active membership, in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the RSSL, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or less than 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5 percent per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the RSSL. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

Employers are required to contribute at an actuarially determined rate adopted annually by the Retirement Board, pursuant to Article 11 of the New York State Education Law. The actuarially determined contribution rate applicable to 2018-19 salaries was 10.62 percent. For the fiscal year ended June 30, 2019, SUNY employer contributions were $12.9 million.

Net Pension Liability (Asset) and Pension-Related Amounts

SUNY's proportionate share of the collective TRS net pension asset reported at June 30, 2019 of $14.7 million was measured at June 30, 2018. SUNY's proportion of the collective TRS net pension liability (asset) was based on the ratio of the SUNY employer contribution to the total TRS employer contributions for the year ended June 30, 2018. SUNY's proportion of the collective TRS net pension liability (asset) was 0.81 percent measured at June 30, 2018 and 2017.

For purposes of determining net pension liability (asset) and other pension-related amounts, information about the fiduciary net position of TRS and additions to and deductions from the TRS fiduciary net position have been determined on the same basis reported by the System. Plan benefits are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

For the year ended June 30, 2019, SUNY recognized pension expense of $10.6 million related to TRS. At June 30, 2019, SUNY reported deferred outflows of resources and deferred inflows of resources related to TRS from the following sources (amounts in millions):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 11	$ 2
Net difference between projected and actual investment earnings on pension plan investments	-	16
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	4
Changes in assumptions	52	-
Employer contributions subsequent to measurement date	30	-
Total	**$ 93**	**$ 22**

The employer contributions of $30.1 million subsequent to the measurement date will be recognized as an increase of net pension asset in the year ended June 30, 2020. Remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to TRS will be recognized in pension expense as follows (amounts in millions):

Fiscal Year	
2020	$ 14
2021	9
2022	-
2023	9
2024	7
Thereafter	2
Total	**$ 41**

Actuarial Assumptions

The net pension asset for the June 30, 2018 measurement date was determined by using an actuarial valuation as of June 30, 2017, with update procedures used to roll forward the net pension liability to June 30, 2018. The actuarial valuation used the following actuarial assumptions:

Inflation	2.25 percent
Investment rate of return, including inflation	7.25 percent compounded annually, net of investment expenses
Cost-of-living adjustments	1.5 percent compounded annually

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvement based on Society of Actuaries Scale MP-2014. Rates of projected salary increases differ based on service. They have been calculated based on recent TRS member experience and range from 1.9 percent to 4.7 percent.

Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standards of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations* (ASOP No. 27), which provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to the expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of the valuation date of June 30, 2018 are as follows:

Asset Class	Target Allocation	Long-Term Expected Rate of Return*
Domestic equities	33 %	5.8 %
International equities	16 %	7.3 %
Global equities	4 %	6.7 %
Real estate	11 %	4.9 %
Private equities	8 %	8.9 %
Domestic fixed income securities	16 %	1.3 %
Global fixed income securities	2 %	0.9 %
Private debt	1 %	6.8 %
Real estate debt	7 %	2.8 %
High-yield fixed income securities	1 %	3.5 %
Short-term investments	1 %	0.3 %
Total	**100 %**	

*Real rates of return are net of long-term inflation assumption of 2.3 percent.

Discount Rate

The discount rate used to measure the total pension asset was 7.25 percent at June 30, 2018 and 2017. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability (asset) of SUNY, calculated using the discount rate of 7.25 percent as well as what SUNY's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) and 1 percentage point higher (8.25 percent) than the current year rate (amounts in millions):

	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	$ 100.8	$ (14.7)	$ (111.4)

Upstate Medical University Plan for Former Employees of Community General Hospital

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

The Upstate Plan provides retirement, disability, termination and death benefits to plan participants and their beneficiaries. Pension benefits are generally based on the highest five-year average compensation of the final ten years of employment, and years of credited service as outlined in the plan. Covered employees with five or more years of service are entitled to a pension benefit beginning at normal retirement age (65). Participants become fully vested after five years of service. Participants with less than five years of service are not vested. The funding policy is to contribute enough to the Upstate Plan to satisfy the annual required contribution. Employer contributions for 2019 were $1.1 million. Employees do not contribute to the plan. At January 1, 2019, membership of the Upstate Plan totaled 1,390 members, comprising 353 active members, 254 inactive vested members, and 783 retirees and beneficiaries currently receiving benefits.

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

Net Pension Liability and Other Pension-Related Amounts

SUNY recognized a net pension liability related to the Upstate Plan of $13.3 million as of June 30, 2019, based on the net pension liability as reported by the plan as of December 31, 2019, as follows (amounts in millions):

Total pension liability	$	106.9
Plan fiduciary net position		93.6
Net pension liability	**$**	13.3

Pension expense for the year was $3 million. At June 30, 2019, SUNY reported deferred outflows of resources and deferred inflows of resources related to the Upstate Plan from the following sources (amounts in millions):

	Deferred Outflows of Resources		**Deferred Inflows of Resources**	
Differences between expected and actual experience	$	-	$	-
Net difference between projected and actual investment earnings on pension plan investments		4		-
Changes in assumptions		-		-
Employer contributions subsequent to measurement date		3		-
Total	**$**	**7**	**$**	**-**

The employer contributions of $2.5 million made subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended June 30, 2020. Remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to the Upstate Plan will be recognized in pension expense as follows (amounts in millions):

Fiscal Year		
2020	$	2
2021		-
2022		1
2023		1
Total	**$**	**4**

Actuarial Assumptions

The total pension liability at June 30, 2019 was determined by using an actuarial valuation as of January 1, 2019. The actuarial assumptions included an inflation factor of 3 percent, projected salary increases of 3.5 percent and an investment rate of return of 6.5 percent. Mortality rates were based on the RP-2014 Mortality Tables and then projected with mortality improvements using Scale MP-2018.

Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined in accordance with ASOP No. 27, which provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to the expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major class as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in the Upstate Plan's target asset allocation as of December 31, 2018 is as follows:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
U.S. equities	50 %	4.60 %
Non-U.S. equities	15 %	4.50 %
Fixed income	30 %	0.75 %
Alternatives (Real assets)	5 %	3.50 %
Total	**100 %**	

Discount Rate

The discount rate used to measure the net pension liability measured at December 31, 2018 was 6.5 percent, which is consistent with the December 31, 2017 measurement date. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from members will be made at statutorily required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (5.5%)	Current Assumption (6.5%)	1% Increase (7.5%)
Net pension liability (asset)	$ 24.5	$ 13.3	$ 3.8

Optional Retirement Program

SUNY employees may also participate in an Optional Retirement Program (ORP) under IRS Section 401(a), which is a multiple-employer, defined contribution plan administered by separate vendors – TIAA, Fidelity, AIG, and VOYA. ORP employer and employee contributions are dictated by State law. The ORP provides benefits through annuity contracts and provides retirement and death benefits to those employees who elected to participate in an ORP. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits generally vest after the completion of one year of service if the employee is retained thereafter. Employer contributions are not remitted to an ORP plan until an employee is fully vested. As such, there are no forfeitures reported by these plans if an employee is terminated prior to vesting. Employees who joined an ORP after July 27, 1976 and have less than 10 years of service or membership are required to contribute 3 percent of their salary. Those joining on or after April 1, 2012 are required to contribute between 3 percent and 6 percent, dependent upon their salary, for their entire working career. Employer contributions range from 8 percent to 15 percent depending upon when the employee was hired. Employee contributions are deducted from their salaries and remitted on a current basis to the respective ORP. For the year ended June 30, 2019, SUNY recognized a pension expense of $221.3 million for the ORP.

The Research Foundation

The Research Foundation for SUNY is a separate, private, nonprofit educational corporation that administers the majority of SUNY's sponsored programs. These programs are for the exclusive benefit of SUNY. The Research Foundation maintains a separate noncontributory plan through TIAA for substantially all nonstudent employees. Contributions are based on a percentage of earnings and range from 7 percent to 15 percent, depending on date of hire. Employees become fully vested after completing one year of service. Contributions are allocated to individual employee accounts. The Research Foundation pension contributions, which represents pension expense, were $30.4 million for the year ended June 30, 2019, which is 100 percent of the required contribution.

CUNY Senior Colleges' Pension Plans

NYCERS and NYCTRS

CUNY Senior Colleges participate in the New York City Employees' Retirement System (NYCERS) and the Teachers' Retirement System of the City of New York Qualified Pension Plan (NYCTRS). NYCERS and NYCTRS are cost-sharing, multiple-employer, defined benefit plans administered by the City of New York. NYCERS and NYCTRS provide retirement benefits, as well as death and disability benefits.

NYCERS and NYCTRS provide benefits to members who are in different Tiers. A member's Tier is determined by the date of employment. Subject to certain conditions, members generally become fully vested as to benefits upon the completion of five years of service. Annual pension benefits are calculated as a percentage of final average salary multiplied by the number of years of service, and change with the number of years of membership within the plan. Benefits for members can be amended under the RSSL.

Contribution requirements of the active employees and the participating New York City agencies are established and may be amended by the NYCERS and NYCTRS Boards. Employees' contributions are determined by their Tier and number of years of service. They may range between zero and 9.1 percent of their annual pay. Statutorily required contributions to NYCERS and NYCTRS are actuarially determined in accordance with State statues and City laws and are funded by the employer within the appropriate fiscal year. CUNY made its contractually required contributions to both NYCERS and NYCTRS for the year ended June 30, 2019 in the amounts of $45.3 million and $95 million, respectively.

Each of these retirement plans issue publicly available financial reports that include financial statements and required supplementary information. Please refer to *www.nycers.org* and *www.trsnyc.org* for additional information about NYCERS and NYCTRS, respectively.

Net Pension Liability and Other Pension-Related Amounts

At June 30, 2019, CUNY reported liabilities of $227.1 million and $394.7 million for NYCERS and NYCTRS, respectively, for its proportionate share of each plan's net pension liability, measured as of June 30, 2019. CUNY's proportion of the respective net pension liability at June 30, 2019 was based on CUNY's actual contributions to NYCERS and NYCTRS relative to the total contributions of participating employers for each plan for fiscal year 2019, which was 1.2 percent and 2.6 percent for NYCERS and NYCTRS, respectively. CUNY's proportion of the net pension liabilities of NYCERS and NYCTRS were 1.3 percent and 2.6 percent for fiscal year 2019, respectively.

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 positions of NYCERS and NYCTRS and additions to and deductions from NYCERS' and NYCTRS' respective fiduciary net positions 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.

CUNY's annual pension expense for NYCERS and NYCTRS for the fiscal year ended June 30, 2019 was approximately $46.9 million and $97.8 million, respectively. The following presents a summary of the deferred outflows of resources and deferred inflows of resources at June 30, 2019 (amounts in millions):

	NYCERS		NYCTRS	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 19	$ 16	$ 15	$ 69
Net difference between projected and actual investment earnings on pension plan investments	-	14	-	117
Changes in proportion and differences between employer contributions and proportionate share of contributions	(4)	(1)	(27)	(11)
Changes in assumptions	-	9	-	19
Total	**$ 15**	**$ 38**	**$ (12)**	**$ 194**

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

Fiscal Year	**NYCERS**	**NYCTRS**
2020	$ (6)	$ (55)
2021	(13)	(65)
2022	(4)	(42)
2023	1	(29)
2024	(1)	(5)
Thereafter	-	(10)
Total	**$ (23)**	**$ (206)**

Actuarial Assumptions

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 and rolled forward to CUNY's measurement date of June 30, 2019 for both NYCERS and NYCTRS. The total pension liability in the June 30, 2018 actuarial valuation for both NYCERS and NYCTRS was determined using the following actuarial assumptions:

Inflation...	2.5 percent
Salary increases	Generally 3 percent per year plus increases for merit and promotion
Investment rate of return including inflation	7 percent net of investment expenses; actual return for variable funds
Cost-of-living adjustments..................................	1.5 percent and 2.5 percent 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 2019. Pursuant to Section 96 of the New York City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially funded NYCRS plans are conducted every two years.

Mortality tables for service and disability pensioners were developed from an experience study of NYCERS and NYCTRS. The mortality tables for beneficiaries were developed from an experience review.

Expected Rate of Return

The long-term 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 Allocation**	**Long-Term Expected Rate of Return**
U.S. public market equities	29 %	7.0 %
International public market equities.....	13 %	7.1 %
Emerging public market equities	7 %	9.4 %
Private market equities.........................	7 %	10.5 %
U.S. fixed income................................	33 %	2.2 %
Alternatives	11 %	5.7 %
Total..	**100 %**	

Asset Class	NYCTRS Target Allocation	NYCTRS Long-Term Expected Rate of Return
U.S. public market equities	29 %	5.6 %
International public market equities	12 %	7.1 %
Emerging public market equities	9 %	9.9 %
Private market equities	6 %	10.3 %
U.S. fixed income	33 %	3.4 %
Alternatives	11 %	6.3 %
Total	**100 %**	

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2019 for both NYCERS and NYCTRS was 7 percent. 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 the employer contributions will be made based on rates determined by the Actuary. Based on those assumptions, the respective fiduciary net positions of NYCERS and NYCTRS were 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 CUNY's proportionate share of the net pension liabilities calculated using the discount rate of 7 percent, as well as what CUNY'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 percent) or 1 percentage point higher (8 percent) than the current rate (amounts in millions):

	1% Decrease (6%)	Current Assumption (7%)	1% Increase (8%)
NYCERS	$ 350.4	$ 227.1	$ 123.1
NYCTRS	$ 607.3	$ 394.7	$ 216.6

TIAA

CUNY also provides defined contribution pension plans for its employees through the Teachers' Insurance and Annuity Association (TIAA). TIAA provides retirement and death benefits for or on behalf of those full-time professional employees and faculty members electing to participate in this optional retirement program.

TIAA is a privately operated, multi-employer defined contribution retirement plan. The obligations of employers and employees to contribute to TIAA and of employees to receive benefits from TIAA are governed by the New York State Education Law and applicable New York City laws.

Employer and employee contribution requirements to TIAA are determined by the RSSL. Participating employees in Tiers 1 through 4 no longer need to contribute. Participating employees in Tier 5 with less than 10 years of service contribute 3 percent of salary on an after-tax basis. Employer contributions range from 10 percent to 15 percent for Tiers 1 through 4, depending upon the employee's compensation, and 10 percent to 13 percent of salary for Tier 5, depending upon the employee's years of service. Employee contributions for fiscal year 2019 amounted to approximately $74.0 million. The employer contributions recognized as pension expense for the year ended June 30, 2019 were $85.6 million.

NOTE 13 - Other Postemployment Benefits (OPEB)

Governmental Activities

The New York State Health Insurance Program (NYSHIP) was established by the State Legislature in 1957 to provide health insurance to New York State employees, retirees and their eligible dependents. Public authorities, public benefit corporations, and other quasi-public entities that choose to participate in NYSHIP are participating employers (PEs). Local government units that choose to participate in NYSHIP are called participating agencies (PAs). At present, there are approximately 451 New York State agencies, 97 PEs, and 804 PAs in NYSHIP. NYSHIP currently covers approximately 615 thousand employees and retirees. Eligible covered dependents bring the total number of covered individuals to approximately 1.2 million. SUNY participates in NYSHIP; CUNY participates in NYSHIP to a limited extent, which is unrelated to OPEB. Of the State's 43 discretely presented component units, which are considered PEs, a majority participate in NYSHIP. NYSHIP does not issue a stand-alone financial report, but NYSHIP's activities are included within the State's financial statements, reported in an agency fund and accounted for on the accrual basis of accounting. NYSHIP is classified as a single-employer, defined benefit plan offered by the State to PEs and PAs for their employees. Information related to investment valuations is presented in Note 2.

Enrollment	**State[1]**	**PEs**	**PAs**	**Total**
Current active participants[2]	182,293	37,474	102,739	322,506
Vestee participants	268	129	190	587
COBRA participants	538	534	275	1,347
Other inactive participants[3]	168,512	21,240	101,063	290,815
Total participants	**351,611**	**59,377**	**204,267**	**615,255**

[1] Includes State, ERS and SUNY participants.

[2] Excludes active employees (7,895 State and 251 Roswell Park PE employees) who have opted out of NYSHIP in return for a biweekly reimbursement - for State employees, equal to $1,000 and $3,000 annually for opting out of individual-only coverage and family coverage, respectively.

[3] Includes retirees, dependent survivors, long-term disability enrollees, extended benefit enrollees, young adult program enrollees and preferred list enrollees.

During the fiscal year ended March 31, 2020, NYSHIP provided health insurance coverage through: the Empire Plan, an indemnity health insurance plan with managed care components; eight Health Maintenance Organizations (HMOs) (seven effective January 1, 2020); and the Student Employee Health Plan (SEHP). Generally, these plans include hospital, medical, mental health and substance abuse benefits, and prescription drug benefits.

The benefit design of the Empire Plan is the result of collective bargaining between the State and the various unions representing its employees. Therefore, the benefit design is subject to periodic change. Benefits are administratively extended to nonrepresented State employees, employees of PAs and PEs, and retirees. Each participating employer in the plan is required to disclose additional information with regard to funding policy, the employer's annual costs for other postemployment benefits (OPEB) and contributions made, the funded status and funding progress of the employer's individual plan, and the actuarial methods and assumptions used.

Substantially all of the State's employees may become eligible for postemployment benefits if they reach retirement age while working for the State. The costs of providing postemployment benefits are shared between the State and the retired employee.

Contributions

The authority under which the obligations of the plan members, employers and other contributing entities to contribute to the plan are established or may be amended can be found in Article XI, Section 167 of the Civil Service Law. Contributions are determined in accordance with Civil Service Law – Article XI, Sections 165, 165-a and 167, which assigns the authority to NYSHIP to establish and amend the benefit provisions of the plans and to establish maximum obligations of the plan members to contribute. The costs of administering the plan are charged as part of the health insurance premium to all payors under the authority of Section 163.2 of Civil Service Law. A retiree is generally required to pay on a monthly basis either 12 percent or 16 percent of the health insurance premium for enrollee coverage, or either 27 percent or 31 percent of the health care insurance premium for dependent coverage, which is reduced by the amount of sick leave credits available at the time of retirement, factored by the employee's retirement age. Required employer contribution rates, depending upon enrollee or dependent coverage, are presented in the following table:

Employer Contributions (as Percentages of Premium Rates)

Enrollee Group	Enrollee Coverage	Dependent Coverage
Active Graduate Student Employees Union (GSEU)	88 %	73 %
Active (Union and Management-Confidential [MC]) – Below Grade 10	88 %	73 %
Active (Union and MC) – Grade 10 and above	84 %	69 %
Preferred list	90 %	75 %
Retired before January 1, 1983	100 %	75 %
Retired on/after January 1, 1983 but before January 1, 2012	88 %	73 %
Retired on/after January 1, 2012 - Below Grade 10	88 %	73 %
Retired on/after January 1, 2012 - Grade 10 and above	84 %	69 %
Amended dependent survivors (1)	75 %	75 %
Full share dependent survivors/long-term disability	- %	- %
Dependent survivors	90 %	75 %
Attica dependent survivors	100 %	100 %
Vestees	- %	- %
COBRA	- %	- %
Young Adult Option enrollees	- %	- %
Participating employers and participating agencies (2)	50 %	35 %

(1) State contribution for enrollee and dependent coverage is 75 percent of dependent coverage.

(2) Values reported are minimum employer share. Employers can pay greater percentages of premiums for their retirees.

The State reimburses Medicare eligible enrollees 100 percent of the cost of the monthly Medicare Part B premium. However, the funding of the cost of the Medicare reimbursements is not the sole responsibility of the employer. A Medicare Part B component has been incorporated into the NYSHIP Premium Rates. It is just one component of the NYSHIP premiums in which the above listed employer contribution percentages are applicable. The premium generated from the Medicare Part B NYSHIP rate component is utilized to make the Medicare Part B reimbursement payments to Medicare Primary NYSHIP enrollees.

Funding Policy

The contribution requirements of NYSHIP members and the State are established and may be amended by the State Legislature. The State has not funded a qualified trust or its equivalent as defined in GASBS 75 and is not required to fund the plan other than the pay-as-you-go amount necessary to provide current benefits to retirees. For the fiscal year ended March 31, 2020, the State paid $1.7 billion on behalf of the plan.

Health care Participants [2]	State[1]	SUNY
Active Employees	134,817	49,868
Inactive participants entitled to but not yet receiving benefits	191	101
Retirees and surviving spouses receiving benefit payments	132,937	27,221
Total Participants	**267,945**	**77,190**

[1] Includes State, ERS and Lottery participants.
[2] As of the April 1, 2018 actuarial valuation.

Actuarial Methods and Assumptions

The State recognized a total OPEB liability of $51.1 billion for fiscal year ended March 31, 2020. The total OPEB liability as of March 31, 2020 was measured as of March 31, 2019 and was determined using an actuarial valuation as of April 1, 2018, with update procedures used to roll forward the total OPEB liability to March 2019. The total OPEB liability was calculated using the Entry Age Normal cost method. The actuarial valuations included the following actuarial assumptions:

Assumptions	March 31, 2019
Inflation	2.50 %
Discount Rate	3.79 %

The discount rate is based on the Bond Buyer 20-year General Obligation Municipal Bond Index rate at March 31, 2019.

The salary increase rate varies by system. The salary increase rates for ERS vary by years of service, starting at 8 percent and decreasing to 3 percent after 18 years of service. The salary increase rates for PFRS vary by years of service, starting at 27 percent and decreasing to 3.3 percent after 18 years of service. The salary increase rates for TRS vary by duration, starting at 10 percent and decreasing to 1.76 percent after 38 years.

Health care trend rates were split to reflect separate trends for pre-65 and post-65 claims. The pre-65 trend assumption begins at 6.25 percent and decreases to 4.50 percent long-term trend rate for all health care benefits after eight years. The trend assumption for post-65 begins at 5.10 percent and decreases to a 4.50 percent long-term trend rate for all health care benefits after seven years. The drug assumption begins at 9.00 percent and decreases to a 4.50 percent long-term trend rate after seven years. Additionally, a trend starting at 9.00 percent and decreasing to 4.50 percent after seven years has been assumed for the employer group waiver plan benefits.

Mortality rates used in the valuation assume different pre-retirement and post-retirement mortality assumptions based on the experience under the New York State and Local Retirement System and the New York State Teacher's Retirement System. In order to reflect future mortality improvement, the mortality is projected generationally using the Society of Actuaries MP-2014 projection scale.

These actuarial methods and assumptions are used for the State, ERS, SUNY, and Lottery.

In accordance with GASBS No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* the actuarial valuation of OPEB also includes the value of sick leave that will be converted to reduce the retiree's share of health insurance premiums.

Annual OPEB Cost and Net OPEB Obligation

Governmental Activities:

The State's changes in total OPEB liability as of March 31, 2020 are as follows (amounts in millions):

Total OPEB Liability, Beginning Balance	$	50,886
Service cost		1,579
Interest		2,000
Difference between expected and actual experience		349
Changes in assumptions		(1,780)
Changes in proportion and differences between employer contributions and proportionate share of contributions		(223)
Benefit payments		(1,672)
Net changes		253
Total OPEB Liability, Ending Balance	**$**	**51,139**

Changes in assumptions and other inputs include a change in the discount rate from 3.89 percent in fiscal year 2019 to 3.79 percent in fiscal year 2020. The medical trend and excise tax assumptions were updated based on current anticipation of future costs, and projected claim costs were updated based on the recent claims experience for the Preferred Provider Organization (PPO) plans and premium rates for the Health Maintenance Organization (HMO) plans. On December 20, 2019, the Cadillac tax, an excise tax on high-value health insurance plans, was repealed from the Affordable Care Act. The excise tax accounts for approximately $587 million of the total OPEB liability. The repeal came subsequent to the performance of the update procedures used to roll forward the total OPEB liability. There were no other significant changes in assumptions that will have an effect on the total OPEB liability as of March 31, 2020.

Sensitivity of total OPEB liability to changes in discount rate. The following presents the total OPEB liability of the State as of March 31, 2020 using the current year's discount rate, as well as what the total OPEB liability would be if it were calculated using rates that are 1 percentage point higher and 1 percentage point lower than the current year's rate (amounts in millions):

	1% Decrease (2.79%)	**Current Rate (3.79%)**	**1% Increase (4.79%)**
Total OPEB Liability as of March 31, 2020	$ 60,316	$ 51,139	$ 43,904

Sensitivity of total OPEB liability to changes in health care cost trend rates. The following presents the total OPEB liability of the State as of March 31, 2020 using the current year's health care cost trend rate, as well as what the total OPEB liability would be if it were calculated using rates that are 1 percentage point higher and 1 percentage point lower than the current year's rate (amounts in millions):

	1% Decrease	**Current Trend Rates**	**1% Increase**
Total OPEB Liability as of March 31, 2020	$ 43,051	$ 51,139	$ 61,662

The State recognized $2.5 billion in expenses related to OPEB at March 31, 2020. As of March 31, 2020, the State reported deferred outflows and deferred inflows of resources related to OPEB from the following sources (amounts in millions):

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Difference between expected and actual experience	$ 293	$ 2,946
Changes in assumptions..	-	1,600
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	17
Employer contributions made subsequent to the measurement date..	1,727	-
Total	**$ 2,020**	**$ 4,563**

The amount of deferred outflows of resources resulting from employer contributions made subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended March 31, 2021. The deferred inflows of resources related to OPEB will be recognized in future OPEB expense for the fiscal years ending March 31 as follows (amounts in millions):

Fiscal Year:		
2021	$	1,127
2022		1,127
2023		1,127
2024		771
Thereafter		118
Total	**$**	**4,270**

Business-Type Activities:

Lottery recognized a total OPEB liability of $65 million and expenses related to OPEB of $2 million as of March 31, 2020. As of March 31, 2020, Lottery reported deferred outflows of resources of $3 million and deferred inflows of resources of $6 million. The $3 million reported as deferred outflows of resources related to OPEB resulted from differences between expected and actual experience and from Lottery's contributions made subsequent to the measurement date that will be recognized as a reduction of the total OPEB liability in the year ended March 31, 2021. The $6 million reported as deferred inflows of resources related to OPEB will be recognized in future OPEB expense over the next five years.

SUNY changes in the total OPEB liability as of June 30, 2019 were as follows (amounts in millions):

Total OPEB Liability, Beginning Balance	$	12,505
Service cost		503
Interest		499
Difference between expected and actual experience		139
Changes in assumptions		(509)
Benefit payments		(356)
Net changes		276
Total OPEB Liability, Ending Balance	**$**	**12,781**

Changes in assumptions and other inputs include a change in the discount rate from 3.89 percent in fiscal year 2018 to 3.79 percent in fiscal year 2019. The medical trend and excise tax assumptions were updated based on current anticipation of future costs, and projected claim costs were updated based on the recent claims experience for the Preferred Provider Organization (PPO) plans and premium rates for the Health Maintenance Organization (HMO) plans. The discount rate measured as of March 31, 2019 was 3.79 percent compared to 3.50 percent if measured at June 30, 2019. The decrease in the discount rate would have the effect of increasing the 2019 OPEB liability by approximately 5 percent if the June 30, 2019 measurement date was used.

Sensitivity of total OPEB liability to changes in discount rate. The following presents the total OPEB liability of SUNY as of June 30, 2019 using the current year's discount rate, as well as what the total OPEB liability would be if it were calculated using rates that are 1 percentage point higher and 1 percentage point lower than the current year's rate (amounts in millions):

	1% Decrease (2.79%)	**Current Rate (3.79%)**	**1% Increase (4.79%)**
Total OPEB Liability as of June 30, 2019	$ 15,222	$ 12,781	$ 10,873

Sensitivity of total OPEB liability to changes in health care cost trend rates. The following presents the total OPEB liability of SUNY as of June 30, 2019 using the current year's health care cost trend rates, as well as what the total OPEB liability would be if it were calculated using rates that are 1 percentage point higher and 1 percentage point lower than the current year's rate (amounts in millions):

	1% Decrease	**Current Trend Rates**	**1% Increase**
Total OPEB Liability as of June 30, 2019	$ 10,618	$ 12,781	$ 15,634

SUNY recognized $616 million in expenses related to OPEB at June 30, 2019. As of June 30, 2019, SUNY reported deferred outflows and deferred inflows of resources related to OPEB from the following sources (amounts in millions):

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Difference between expected and actual experience	$ 118	$ 833
Change in assumptions	-	1,173
Employer contributions subsequent to the measurement date	90	-
Total	**$ 208**	**$ 2,006**

The amount of deferred outflows of resources resulting from employer contributions made subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2020. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future OPEB expense for the fiscal years ending June 30 as follows (amounts in millions):

Fiscal Year:		
2020	$	(387)
2021		(387)
2022		(386)
2023		(385)
2024		(252)
Thereafter		(91)
Total	**$**	**(1,888)**

SUNY Research Foundation, a blended component unit of SUNY, sponsors a separate single employer defined benefits post-retirement plan that covers substantially all nonstudent employees. The plan provides post-retirement medical benefits and is contributory for employees hired after 1985. The SUNY Research Foundation had a net OPEB liability of $43 million, deferred outflows of resources of $37 million and deferred inflows of resources of $36 million as of June 30, 2018.

CUNY retirees receive retiree health care benefits through the New York City Health Benefits Program, which is a single-employer defined benefit health care plan. There are no assets accumulated in a trust that meet the criteria in paragraph 4 of GASBS 75. The plan covers individuals who were originally employed by CUNY Senior Colleges and who receive pensions from one of the following three pension plans within the New York City Retirement System (NYCRS): New York City Employees' Retirement System (NYCERS); New York City Teachers' Retirement System (NYCTRS); and New York City Board of Education Retirement System (BERS). The program also covers individuals under alternate retirement arrangements. The most significant alternate arrangement is under TIAA rather than through NYCRS. New York City pays for the coverage (Basic Coverage and Welfare Fund contributions) for retirees in NYCRS and TIAA who retired from community colleges.

Employees covered by benefit terms, as of the June 30, 2018 actuarial valuation date:

Health care Participants	
Active Employees	14,698
Inactive participants entitled to but not yet receiving benefits	3,608
Retirees and beneficiaries receiving benefit payments	6,087
Total Participants	**24,393**

Actuarial Methods and Assumptions

CUNY recognized a total OPEB liability of $2 billion for fiscal year ended June 30, 2019. The total OPEB liability was measured as of June 30, 2019 using an actuarial valuation as of June 30, 2018 rolled forward to a total OPEB liability as of June 30, 2019. The actuarial valuations included the following actuarial assumptions:

- Inflation: 2.50% per annum. Additionally, the Consumer Price Index (CPI) used in the measurement of the Cadillac tax (the excise tax on high-cost employer health plans) is 2.25%.
- Actuarial cost method: Entry Age Normal, level percent of pay.
- The discount rate used to measure liabilities was updated to reflect the S&P Municipal Bond 20-Year High Grade Index yield of 2.79 percent as of June 29, 2019 as per New York City Office of Actuary.
- The salary increase rates vary by gender. The salary rates for males range from 10.91 percent to 2.38 percent for ages 25 to 75, respectively. The salary increase rates for females range from 10.35 percent to 3.08 percent for ages 25 to 75, respectively.
- Health care cost trend rates were split into three categories: pre-Medicare plan rates trended from 7.0 percent to 6.0 percent from 2019 to 2024 and beyond; medical post-Medicare rates trended from 5.0 percent to 4.8 percent from 2019 to 2024 and beyond; and welfare fund contributions used a health care trend rate of 3.5 percent.
- Mortality rates used in the CUNY valuation assume different pre-retirement and post-retirement mortality. Fiscal Year 2019 pre-retirement and post-retirement mortality is based on the experience under NYCTRS. In order to reflect future mortality improvement, the mortality is projected generationally using the Society of Actuaries scale MP-2018.

CUNY's changes in the total OPEB liability as of June 30, 2019 were as follows (amounts in millions):

Total OPEB Liability, Beginning Balance	$	1,667
Service cost		126
Interest		53
Difference between expected and actual experience		354
Changes in assumptions		(187)
Benefit payments		(35)
Net changes		311
Total OPEB Liability, Ending Balance	**$**	**1,978**

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate used to determine the June 30, 2018 total OPEB liability was 2.98 percent. The discount rate used to determine the June 30, 2019 total OPEB liability was 2.79 percent.

Sensitivity of total OPEB liability to changes in discount rate. The following presents the total OPEB liability of CUNY as of June 30, 2019 using the current year's discount rate, as well as what the total OPEB liability would be if it were calculated using rates that are 1 percentage point higher and 1 percentage point lower than the current year's rate (amounts in millions):

	1% Decrease (1.79%)	Current Rate (2.79%)	1% Increase (3.79%)
Total OPEB Liability as of June 30, 2019.....	$ 2,342	$ 1,978	$ 1,692

Sensitivity of total OPEB liability to changes in health care cost trend rates. The following presents the total OPEB liability of CUNY as of June 30, 2019 using the current year's health care cost trend rates, as well as what the total OPEB liability would be if calculated using rates that are 1 percentage point higher and 1 percentage point lower than the current year's rate (amounts in millions):

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability as of June 30, 2019.....	$ 1,591	$ 1,978	$ 2,559

CUNY recognized $202 million in expenses related to OPEB at June 30, 2019. As of June 30, 2019, CUNY reported deferred outflows and deferred inflows of resources related to OPEB from the following sources (amounts in millions):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 314	$ 3
Change in assumptions	32	166
Total	**$ 346**	**$ 169**

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future OPEB expense for the fiscal years ending June 30 as follows (amounts in millions):

Fiscal Year:		
2020	$	23
2021		23
2022		23
2023		23
2024		23
Thereafter		62
Total	**$**	**177**

CUNY Research Foundation, a blended component unit of the CUNY Senior Colleges, provides postemployment benefits, including salary continuance, to certain employees. The cost of these benefits is accrued over the employees' years of service. CUNY Research Foundation also provides certain health care 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 62 and at least 10 years of continuous service. CUNY Research Foundation accounts for post-retirement benefits provided to retirees on an accrual basis during the period of their employment.

As of June 30, 2019, CUNY Research Foundation's post-retirement plan consisted of (amounts in millions):

Benefit obligations	$	(129)
Fair value of plan assets		130
Funding status	**$**	**1**

NOTE 14 - Discretely Presented Component Units - Public Benefit Corporations

Discretely presented component units - public benefit corporations (Corporations), as defined in Note 1, are legally separate entities that are not operating departments of the State. The Corporations are managed independently, outside the appropriated budget process, and their powers generally are vested in a governing board. Corporations are established for the benefit of the State's citizenry for a variety of purposes such as economic development, financing, and public transportation. They are not subject to State constitutional restrictions on the incurrence of debt, which apply to the State itself, and may issue bonds and notes within legislatively authorized amounts.

Corporations are generally supported by revenues derived from their activities, although the State has provided financial assistance, in some cases of a recurring nature, to certain Corporations for operating and other expenses. Financial assistance in the form of appropriated loans, contributed capital or operating subsidies for certain Corporations, principally the Metropolitan Transportation Authority, the Roswell Park Cancer Institute, and the Urban Development Corporation, was provided in the fiscal year ended March 31, 2020, and such assistance is expected to be required in future years. Accordingly, the fiscal condition of the State is related to the fiscal stability of the Corporations.

For fiscal year 2019-20, our presentation of the discretely presented component units of the State does not include the Urban Development Corporation (UDC) and the Job Development Authority (JDA). UDC and JDA were unable to provide audited financial statements in time to be included in the State's presentation due to the impacts of the COVID-19 pandemic and not in relation to their financial performance or operating results.

Thirty-six of 43 entities are discretely presented component units of the State because the Governor, with the approval of the State Senate, appoints the voting majority of the boards of directors of these Corporations, and the State is able to impose its will on the Corporations and/or has a financial benefit or burden relationship with the Corporations. The Governor does not have substantive appointment authority over the board of directors of the Rochester-Genesee Regional Transportation Authority. However, it is a discretely presented component unit because it is fiscally dependent upon, and has a financial benefit or burden relationship with the State. Health Research, Inc., Metropolitan Transportation Authority, Research Foundation for Mental Hygiene, Inc., State University of New York Foundations and Auxiliary Corporations, and City University of New York–Senior College Supporting Organizations are included as component units of the State because the nature and significance of their relationships with the State are such that it would be misleading to exclude them.

Although the State has 43 discretely presented component units, only 41 of these entities are included in the amounts presented in the accompanying basic financial statements for the fiscal years indicated.

Entities Audited by KPMG LLP:	**Fiscal Year-End**
Dormitory Authority of the State of New York	March 31, 2020*
Long Island Power Authority	December 31, 2019*
New York Power Authority	December 31, 2019*
New York Racing Association, Inc.	December 31, 2019*
New York State Energy Research and Development Authority	March 31, 2020*
New York State Environmental Facilities Corporation	March 31, 2020*

Entities Audited by KPMG LLP (cont'd):	**Fiscal Year-End**
New York State Higher Education Services Corporation	March 31, 2020*
State University of New York Foundations and Auxiliary Corporations.	June 30, 2019**

Entities Audited by Other Auditors:	**Fiscal Year-End**
Aggregate Trust Fund	December 31, 2019
Agriculture and New York State Horse Breeding Development Fund Corporation	December 31, 2019*
Albany Convention Center Authority	December 31, 2019*
Capital District Transportation Authority	March 31, 2020*
Central New York Regional Transportation Authority	March 31, 2020*
City University of New York – Senior College Supporting Organizations	June 30, 2019
Greenway Conservancy for the Hudson River Valley, Inc	March 31, 2020
Health Research, Inc.	March 31, 2020*
Homeless Housing and Assistance Corporation	March 31, 2020*
Housing Trust Fund Corporation	March 31, 2020*
Hudson River-Black River Regulating District	June 30, 2019*
Hugh L. Carey Battery Park City Authority	October 31, 2019*
Metropolitan Transportation Authority (MTA)	December 31, 2019*
Metro-North Commuter Railroad Company	December 31, 2019
The Long Island Rail Road Company	December 31, 2019
Triborough Bridge and Tunnel Authority	December 31, 2019
New York City Transit Authority	December 31, 2019
Staten Island Rapid Transit Operating Authority	December 31, 2019
MTA Capital Construction Company	December 31, 2019
MTA Bus Company	December 31, 2019
First Mutual Transportation Assurance Company	December 31, 2019
Municipal Bond Bank Agency	October 31, 2019*
Natural Heritage Trust.	March 31, 2020*
Governor Nelson A. Rockefeller Empire State Plaza Performing Arts Center Corporation	March 31, 2020*
New York Convention Center Operating Corporation	March 31, 2020*
New York State Affordable Housing Corporation	March 31, 2020*
New York State Bridge Authority	December 31, 2019*
New York State Health Foundation	December 31, 2019
New York State Housing Finance Agency	October 31, 2019*
New York State Olympic Regional Development Authority	March 31, 2020*
New York State Thoroughbred Breeding and Development Fund Corporation	December 31, 2019*
New York State Thruway Authority	December 31, 2019*
Niagara Frontier Transportation Authority	March 31, 2020*
Ogdensburg Bridge and Port Authority	March 31, 2020*
Port of Oswego Authority	March 31, 2020*
Research Foundation for Mental Hygiene, Inc.	March 31, 2020*
Rochester-Genesee Regional Transportation Authority	March 31, 2020*

Entities Audited by Other Auditors:	**Fiscal Year-End**
Roosevelt Island Operating Corporation	March 31, 2020*
Roswell Park Cancer Institute	March 31, 2020*
State Insurance Fund	December 31, 2019
State of New York Mortgage Agency (SONYMA)	October 31, 2019*

* Audit conducted in accordance with *Government Auditing Standards* as promulgated by the Comptroller General of the United States.

** KPMG LLP audited 36 percent of the total assets and 18 percent of the total revenues of the State University of New York Foundations and Auxiliary Corporations. The remaining balances were audited by other auditors.

Financial Information

Substantially all of the financial data for the Corporations was derived from audited annual financial statements and summarized into the combining statement format in the basic financial statements. The remaining portion of this note contains a brief description of the operations of the ten major discretely presented component units. The UDC is among the ten major discretely presented component units of the State, but is not included in this year's presentation. The other nine major discrete entities comprise 94 percent of the combined assets and 78 percent of the combined program revenues of the 41 discrete entities presented this year (before eliminations). A presentation of their accounts is included in the Combining Statement of Net Position and the Combining Statement of Activities. Additional information about each of the Corporations can be obtained by contacting the Corporations directly and requesting a copy of their annual financial reports, or by visiting their websites.

Certain Corporations issue revenue bonds for independent third-party entities to provide funding for the projects of those third parties. These bonds are considered conduit debt and are secured by payments made by third-party entities and in some cases certain other pledged funds. These bonds do not constitute a debt or pledge of the faith and credit of the Corporations or the State. DASNY, the New York State Housing Finance Agency (HFA), the Environmental Facilities Corporation (EFC) and the New York State Energy Research and Development Authority (NYSERDA) have issued conduit debt and have elected different, but permissible, methods of accounting for it under GAAP. DASNY has elected to report conduit debt and related assets on its Statement of Net Position. At March 31, 2020, the liability DASNY reported for such debt was approximately $22.7 billion. HFA reports conduit debt and related assets on its Statement of Net Position. At October 31, 2019, the liability HFA reported for such debt was approximately $14 billion. At March 31, 2020, EFC's Statement of Net Position did not include $100 million in bonds it issued for certain private companies. NYSERDA has issued conduit debt for participating gas and electric utility companies and other private purpose users, the principal of which totaled approximately $1.5 billion at March 31, 2020, which is not included on NYSERDA's Statement of Net Position. Local Development Corporations that are blended component units of JDA have also issued conduit debt. In prior years, JDA has not included such conduit debt on its combined Statement of Net Position. As noted above, the JDA was unable to provide audited financial statements in time to be included.

Power Authority

The New York Power Authority (NYPA) was created in 1931 to help provide a continuous adequate supply of dependable electric power and energy to the people of the State. NYPA generates, transmits, and sells electric power and energy principally at wholesale to various customers, including private and municipal utilities. Three of NYPA's largest facilities are the Niagara Power Project at Lewiston, the Blenheim-Gilboa Pumped Storage Power Project at Blenheim and Gilboa, and the St. Lawrence-Franklin D. Roosevelt Power Project at Massena. These hydroelectric facilities have a net dependable capability of producing 2,675,000, 1,170,000 and 841,500 kilowatts, respectively.

NYPA has an outstanding receivable of approximately $129 million representing loaned reserves to the State treasury. The State has recorded a corresponding liability in its financial statements.

In accordance with legislation enacted on April 4, 2016, the New York State Canal Corporation (NYSCC), formerly a subsidiary of the New York State Thruway Authority, became a subsidiary of NYPA, effective January 1, 2017. The NYSCC exists primarily to operate, improve, maintain, repair and promote the New York State Canal System. Columns headed "New York Power Authority" reflect the operations of NYPA and the NYSCC.

The individual financial statements of NYPA are available on the web at *www.nypa.gov*.

Housing Finance Agency

Housing Finance Agency (HFA) was created as a public benefit corporation in 1960 under Article III of the Private Housing Finance Law. HFA is empowered to finance or contract for the financing of the construction, acquisition, or refinancing of loans for: low-to-moderate income housing; municipal health facilities; non-profit health care facilities; and community-related facilities. HFA may also provide funds to repay the State for amounts advanced to finance the cost of various housing assistance programs. HFA, through its Capital Grant Low Rent Assistance Program, rents housing to low and middle income persons and families. HFA also participates in Federal housing assistance programs which provide interest reduction and rental assistance subsidies to eligible projects and tenants. HFA administers the State's Housing Project Repair and Infrastructure Trust Fund Programs.

To finance low income housing, HFA raises funds through the issuance of municipal securities and the making of mortgage loans to eligible borrowers. HFA is authorized to issue bonds in the amount of approximately $29.3 billion to finance housing projects, and approximately $6.3 billion in Service Contract Obligation Revenue Bonds, Service Contract Revenue Bonds and Personal Income Tax Revenue Bonds. Total bond indebtedness reported as of October 31, 2019 is approximately $18 billion.

Individual financial statements can be obtained by contacting HFA at *www.nyshcr.org*.

Thruway Authority

The New York State Thruway Authority (NYSTA) was created as a public benefit corporation by the State Legislature in 1950 with powers to construct, operate and maintain a Thruway system. NYSTA is responsible for a 570-mile system of highways crossing New York State, the longest toll highway system in the United States. NYSTA's 426-mile Thruway mainline connects New York City and Buffalo, the State's two largest cities. Other Thruway sections provide for connections with Connecticut, Massachusetts, Pennsylvania, New Jersey, and to highways that lead to the Midwest and Canada.

In 1991, the Legislature empowered NYSTA to issue Local Highway and Bridge Service Contract (LHB) Bonds to provide funds to municipalities throughout the State for qualifying capital expenditures under State programs. In 1993, the Legislature authorized NYSTA to issue Highway and Bridge Trust Fund (HBTF) Bonds to reimburse the State for expenditures made by the State's Department of Transportation in connection with the State's multi-year Highway and Bridge Capital Program. In 2001, the Legislature authorized NYSTA to issue Personal Income Tax (PIT) Revenue Bonds to provide funds to municipalities and other project sponsors throughout the State for qualifying local highway, bridge and multi-modal capital project expenditures under established State programs.

In December 2013, NYSTA entered into a $1.6 billion loan agreement (TIFIA Loan) with the U.S. Department of Transportation for purposes of financing construction of the Governor Mario M. Cuomo Bridge. The loan was defeased on October 30, 2019 using General Revenue Junior Indebtedness Obligations.

The financial position of and activities relating to the special bond programs (LHB, HBTF and PIT) are reported within the funds of the State, rather than under the NYSTA, because these special bond programs are not separate legal entities but are considered funds of the State.

The State developed the Thruway Stabilization Program in 2015 for the payment of costs related to the Governor Mario M. Cuomo Bridge, bridge-related transportation improvements and other Thruway capital projects. In 2016, the State approved an additional $700 million for the program, bringing the State's total commitment to $1.99 billion. Through December 31, 2019, the State has contributed a total of $1.92 billion to NYSTA for this program, consisting of $1.2 billion for the Governor Mario M. Cuomo Bridge and $715 million for other Thruway capital projects.

Individual financial statements can be obtained by contacting NYSTA at *www.thruway.ny.gov*.

Metropolitan Transportation Authority

The Metropolitan Transportation Authority (MTA) was created in 1965 to continue, develop and improve public transportation and to develop and implement a unified public transportation policy in the New York City metropolitan area. The accounts presented as the MTA are the combined accounts of its headquarters and eight affiliates and subsidiaries. The MTA operates the largest transit and commuter rail transportation system in North America and one of the largest in the world. The MTA is dependent upon the State for a portion of its revenues. During the MTA fiscal year ended December 31, 2019, the MTA reported $5 billion in payments from the State. A portion of that aid was in payments from the State's Mass Transportation Operating Assistance Fund, a Special Revenue Fund, which derives a major portion of its receipts from taxes imposed in the Metropolitan Transportation District for this purpose. A significant portion of that aid came from the Metropolitan Commuter Transportation Mobility Tax enacted in 2009, which is a tax imposed on certain employers and self-employed individuals engaging in business within the Metropolitan Transportation District. Since 2002, the State has provided funding to pay the debt service on State Service Contract bonds issued by the MTA for its capital projects. At December 31, 2019, there are no outstanding MTA State Service Contract bonds.

Capital assets acquired prior to April 1982 for the New York City Transit Authority (NYCTA) were funded primarily by New York City through capital grants. New York City has title to a substantial portion of such assets, which are not included among the assets reported under MTA. In certain instances, title to MTA Bridges and Tunnels' real property may revert to New York City in the event the MTA determines it is unnecessary for corporate purposes. The federal government has a contingent equity interest in assets acquired by the MTA with federal funds, and upon disposal of such assets, the federal government may have a right to its share of the proceeds from the sale.

MTA's financial statements can be found at *www.mta.info*.

Dormitory Authority

The Dormitory Authority of the State of New York (DASNY) is a public benefit corporation established in 1944. DASNY's purpose is to finance, design, construct, purchase, reconstruct and/or rehabilitate buildings (projects) for use by public and private educational, health care, and other not-for-profit institutions (institutions) located within the State, certain State agencies, local school districts, and cities and counties with respect to certain court and municipal facilities.

DASNY's outstanding bonds and notes of $58.2 billion consist mainly of debt issued for New York State agency projects of $19.9 billion, SUNY projects of $12.4 billion, independent institutions of $12.5 billion, health care facilities of $4.5 billion and CUNY projects of $5 billion. The remaining debt was issued for projects for municipal facilities.

The financial statements of DASNY can be obtained at *www.dasny.org.*

Long Island Power Authority

The Long Island Power Authority (LIPA) was established in 1985 as a corporate municipal instrumentality of the State. On May 28, 1998, the LIPA Acquisition Corporation, a wholly owned subsidiary of LIPA, was merged with and into the Long Island Lighting Company (LILCO) pursuant to an Agreement and Plan of Merger dated as of June 26, 1997. LIPA financed the cost of the merger and the refinancing of certain of LILCO's outstanding debt through the issuance of $6.7 billion aggregate principal amount of Electric System General Revenue Bonds and Electric System Subordinated Revenue Bonds. In addition, LIPA assumed responsibility for $1.2 billion of LILCO's General and Refunding Bonds, which were defeased immediately upon the closing of the merger. The excess of the acquisition costs over the fair value of net position acquired ($3.5 billion) has been reported as an "intangible asset," which is being amortized through 2026.

Chapter 173 of the Laws of 2013 established the Utility Debt Securitization Authority (UDSA) for the sole purpose of retiring certain outstanding indebtedness of LIPA through the issuance of restructuring bonds by UDSA. In accordance with GASBS No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, UDSA is considered a blended component unit of LIPA. On March 30, 2015, the Securitization Law was amended to allow for a total issuance of up to $4.5 billion of UDSA restructuring bonds, inclusive of the $2 billion of restructuring bonds issued in December 2013. Between October 15, 2015 and December 31, 2017, the remaining restructuring bonds were issued, exhausting the statutory authority allowed under the Securitization Law.

LIPA, as owner of the transmission and distribution (T&D) system located in Nassau, Suffolk and a small portion of Queens counties, is responsible for supplying electricity to customers in the service area. Under a contract starting January 1, 2014, responsibility for major operational and policy-making services for the T&D system effectively shifted from LIPA to PSEG Long Island LLC for a period of twelve years.

Financial statements can be obtained by contacting LIPA at *www.lipower.org*.

Urban Development Corporation

The New York State Urban Development Corporation (UDC) was established by legislative act in 1968 as a corporate governmental agency of the State. UDC conducts business as Empire State Development. UDC is engaged in various activities for the State, three of which are: promoting economic development and job creation; financing special projects throughout the State with revenue bonds; and marketing the State as a great place to do business and as a vacation destination.

UDC is the State's primary agent for economic development and works in partnership with the public and private sectors to create an environment that spurs innovation and economic development while enhancing the State's competitive advantage as the world capital for many industries, ranging from finance and media to technology and agriculture.

UDC continues its efforts to foster economic development through the State. Its mission is to promote a vigorous and growing State economy, encourage business investment and job creation, and support diverse, prosperous local economies across the State through efficient use of loans, grants, tax credits, real estate development, marketing and other forms of assistance. Financial assistance is provided primarily through State appropriated funds received by the UDC and State-supported bonds issued by UDC, which are disbursed to projects.

UDC continues to administer and manage a robust marketing program to help strengthen the State economy. The program has multiple components, which are broadly focused on two areas: (1) increasing the State's tourism through consumer and trade programs that heighten the visibility of New York's tourism attractions as vacation destinations; and (2) attracting companies looking to expand, move or begin their operations in New York. UDC is also the administrative agency for the New York State Film Tax Credit Program, which is designed to increase the film production and post-production industry presence in and overall economic benefits to the State.

Due to the COVID-19 pandemic, UDC was unable to provide audited financial statements in time to be included in the amounts presented in the accompanying basic financial statements for the fiscal year ended March 31, 2020. Once UDC's audited financial statements are finalized, they will be available at *www.esd.ny.gov*.

State Insurance Fund

The State Insurance Fund (SIF) was created in 1914, is comprised of the Workers' Compensation Fund and the Disability Benefits Fund, and is primarily engaged in providing workers' compensation and disability benefit insurance for employers in the State of New York.

During previous fiscal years, the SIF transferred approximately $1.3 billion to the State's General Fund and Other Governmental Funds. The statutes authorizing these transfers required that the State appropriate amounts annually for the potential repayment of the transfers. Such repayment is required only to maintain the solvency, as defined, of the Workers' Compensation Fund. The entire receivable and equity related to these transfers were eliminated from the presentation of the SIF. Further, after recognizing the total OPEB liability noted below, the SIF's resulting fund balance is approximately $6.3 billion.

The SIF's financial statements are prepared in conformity with the accounting practices prescribed by the New York State Department of Financial Services, which is a comprehensive basis of accounting other than the accounting principles generally accepted in the United States of America. The State has adjusted SIF's financial statements to recognize a total OPEB liability of $765 million, in accordance with GASB Statement No. 75, for its respective proportionate share in the State's total OPEB liability.

A complete list of departures from GAAP is disclosed in the SIF's financial statements, which may be obtained from *ww3.nysif.com.*

State of New York Mortgage Agency

The State of New York Mortgage Agency (SONYMA) was established in 1970 and makes mortgages available to first-time and other qualifying home buyers through its Low Interest Rate Program and other specialized home ownership programs. To accomplish this purpose, SONYMA issues tax-exempt and taxable mortgage revenue bonds for direct issuance of forward commitments for new mortgage loans through participating financial institutions. SONYMA also provides mortgage insurance for qualifying real property loans through its Mortgage Insurance Fund. By statute, all costs of providing mortgage insurance are recovered from a State mortgage recording tax surcharge, which is a dedicated tax revenue stream received directly by SONYMA. In April 2009, SONYMA's statutory authority to purchase education loans was updated and expanded in order to permit the Agency to work with the New York State Higher Education Services Corporation in developing a new program to offer education loans to eligible students attending colleges and universities in New York State. In 2016, legislation was adopted authorizing the creation of the New York State Community Restoration Fund, a program to assist homeowners affected by the national mortgage crisis. The fund is held by SONYMA and managed by a subsidiary of SONYMA called the SONYMA Community Restoration Fund. The agency is a partner in a joint venture with New Jersey Community Capital, and currently owns approximately 570 defaulted mortgage loans.

Financial statements can be obtained by contacting SONYMA at *www.nyshcr.org.*

Environmental Facilities Corporation

The New York State Environmental Facilities Corporation (EFC) is a public benefit corporation, formed in 1970 pursuant to the New York State Environmental Facilities Corporation Act. The mission of EFC is to assist communities throughout New York State to undertake critical water quality infrastructure projects by providing access to low cost capital, grants, and expert technical assistance. A primary goal is to ensure that these projects remain affordable while safeguarding essential water resources. EFC supports this mission by consistently using an innovative approach to developing and advancing new financing strategies to maximize the funding that can be made available to its clients, aiding compliance with federal and State requirements, and promoting green infrastructure practices. EFC assesses and collects fees charged to clients for various services. EFC is governed by a board of directors, which consists of seven members.

EFC is empowered by State law to: administer the Clean Water and Drinking Water State Revolving Funds (SRFs), established by the State as set forth in the EFC Act pursuant to the federal Water Quality Act of 1987 and the federal Safe Drinking Water Act Amendments of 1996; finance, through the issuance of special obligation revenue bonds under its Industrial Finance Program, water management, solid waste disposal, sewage treatment and pollution control projects undertaken by or on behalf of private entities; and provide technical advice and assistance to private entities, State agencies and local government units on sewage treatment and collection, pollution control, recycling, hazardous waste abatement, solid waste disposal, and other related subjects. Total bond indebtedness reported as of March 31, 2020 is approximately $5.9 billion, and total bonds receivable is approximately $6.7 billion.

The complete audited financial statements and related notes as well as additional information regarding EFC can be obtained by visiting EFC at *www.efc.ny.gov*.

Eliminations

Eliminations are made primarily to avoid duplicate reporting. As explained in Note 7, the State services a significant portion of the bonds and notes payable of certain Corporations.

NOTE 15 - Joint Ventures

A joint venture is an entity that results from a contractual arrangement and is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or an ongoing financial responsibility. The only material joint venture in which the State has an interest is the Port Authority of New York and New Jersey (Port Authority).

The Port Authority is a municipal corporate instrumentality of the States of New York and New Jersey created by compact between the two states in 1921 with the consent of the Congress of the United States. The Port Authority is authorized and directed to plan, develop, and operate terminals and other facilities of transportation and commerce, and to advance projects in the general fields of transportation, economic development, and world trade that contribute to promoting and protecting the commerce and economy of the Port District, defined in the compact, which comprises an area of about 1,500 square miles in both states, centering around New York Harbor.

The Governor of each state appoints six of the twelve members of the governing Board of Commissioners, subject to confirmation by the respective state senate. Governors have from time to time exercised their statutory power to veto the actions of the commissioners from their states.

The commissioners serve six-year overlapping terms as public officials without compensation. They establish Port Authority policy, appoint an Executive Director to implement it, and appoint a General Counsel to act as legal advisor to the Board and to the Executive Director.

The compact envisions the Port Authority as being financially self-sustaining and, as such, it must obtain the funds necessary for the construction or acquisition of facilities upon the basis of its own credit. The Port Authority does not have the power to pledge the credit of either state or any municipality, or the authority to levy taxes or assessments.

The liabilities of the Port Authority include $23.7 billion of consolidated bonds. Consolidated bonds and notes are equally and ratably secured by a pledge of the net revenues of all existing facilities and any additional facilities, which may be financed in whole or in part through the medium of consolidated bonds and notes.

The Port Authority's Comprehensive Annual Financial Report is available from the Port Authority website at *www.panynj.gov*.

Consolidated financial statements of the Port Authority for the fiscal year ended December 31, 2019 disclosed the following (amounts in millions):

Financial Position		
Total assets	$	49,136
Total deferred outflows of resources		491
Total liabilities		(32,729)
Total deferred inflows of resources		(431)
Net position	**$**	**16,467**

Operating Results		
Operating revenues	$	5,540
Operating expenses		(3,430)
Depreciation and amortization		(1,458)
Net revenue (expense) related to Superstorm Sandy		176
Income from operations		**828**
Passenger facility charges		292
Financial income (expense), net		(815)
Contribution in aid of construction and grants		284
Increase in net position	**$**	**589**

Changes in Net Position		
Balance at January 1, 2019	$	15,878
Increase in net position		589
Balance at December 31, 2019	**$**	**16,467**

NOTE 16 - Subsequent Events

Financing Arrangements Issued

The Statement of Net Position presents bonds and other financing arrangements and collateralized borrowings outstanding as of the statement date of March 31, 2020 (except for business-type activities related to the SUNY and CUNY Enterprise Funds, which are reported as of June 30, 2019). Subsequent to those dates, the following bonds and other financing arrangements were issued (amounts in millions):

Bonds and Other Financing Arrangements Issued Subsequent to Date of the Statement of Net Position

Issuer	Purpose	Date	Series	Amount
Urban Development Corporation	SUNY Homeland Security	10/30/2019	Sales Tax, Series 2019A	$ 9
Urban Development Corporation	SUNY Grant Program	10/30/2019	Sales Tax, Series 2019A	$ 8
Urban Development Corporation	SUNY Homeland Security	10/30/2019	Sales Tax, Series 2019B	$ 2
Dormitory Authority	CUNY Senior Colleges	1/3/2020	Personal Income Tax, Series 2019D	$ 26
Dormitory Authority	SUNY Educational Facilities	1/3/2020	Personal Income Tax, Series 2019D	$ 348
Dormitory Authority	CUNY Senior Colleges, Refunding	1/3/2020	Personal Income Tax, Series 2019F	$ 370
Dormitory Authority	SUNY Educational Facilities	1/3/2020	Personal Income Tax, Series 2019F	$ 16
Dormitory Authority	SUNY Educational Facilities, Refunding	1/3/2020	Personal Income Tax, Series 2019F	$ 596
Urban Development Corporation	General Purposes	6/25/2020	Personal Income Tax, Series 2020A	$ 1,288
Urban Development Corporation	General Purposes	6/25/2020	Personal Income Tax, Series 2020B	$ 492
Urban Development Corporation	General Purposes, Refunding	7/23/2020	Personal Income Tax, Series 2020C	$ 2,225
Urban Development Corporation	General Purposes, Refunding	7/23/2020	Personal Income Tax, Series 2020D	$ 72

Subordinate Revenue Anticipation Notes Subsequent to Date of the Statement of Net Position

Issuer	Purpose	Date	Series	Amount
Dormitory Authority	Liquidity reasons due to COVID-19 pandemic	5/22/2020	Personal Income Tax Revenue Note Series 2020A	$ 1,000
Dormitory Authority	Liquidity reasons due to COVID-19 pandemic	6/18/2020	Personal Income Tax Revenue Note Series 2020B	$ 3,382

Lines of Credit
Subsequent to Date of the Statement of Net Position

Issuer	Purpose	Date	Application	Amount
Thruway Authority	Liquidity reasons due to COVID-19 pandemic	6/11/2020	Revolving Line of Credit	$ 125
Dormitory Authority	Liquidity reasons due to COVID-19 pandemic	6/15/2020	General Purposes Service Contract	$ 3,000

Collateralized Borrowings
Subsequent to Date of the Statement of Net Position

Issuer	Purpose	Date	Series	Amount
Dormitory Authority	SUNY Residence Halls	12/3/2019	Revenue Bonds, Series 2019A	$ 141
Dormitory Authority	SUNY Residence Halls	12/3/2019	Revenue Bonds, Series 2019B	$ 561

Effects of Coronavirus

On March 11, 2020, the World Health Organization officially declared Coronavirus (COVID-19), the disease caused by the novel coronavirus, a pandemic. The impact of the pandemic which had begun to be seen in late March 2020, is likely to affect various parts of fiscal year 2021 operations and financial performance. In response to the COVID-19 pandemic, the United States Congress passed, and the President signed, a variety of legislation (including but not limited to the Coronavirus Aid, Relief, and Economic Security Act, or "CARES Act") that provides certain relief to partially mitigate the economic impact of the pandemic. The relief provided under the CARES Act has been and is expected to be distributed through the Coronavirus Relief Fund (CRF). The outbreak of COVID-19 has affected travel, commerce and financial markets globally, and is widely expected to affect economic growth worldwide. The degree of any such impact to the State's operations and finances (and those of its municipalities and major public authorities), is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its duration and severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. While the overall impact on the State cannot be predicted at this time, the continued spread of the outbreak could have a material adverse effect on the State, its economy and the Financial Plan.

Governmental Activities:

The disease and the associated actions taken to prevent its spread are expected to have a significant impact on the State's revenue base. Additionally, a Federal decision to move the tax deadline necessitated a corresponding move to the State tax filing deadline, resulting in a significant timing delay of expected cash receipts. The Division of the Budget (DOB) expects a reduction in State tax revenues in the range of $10 to $15 billion in the 2020-21 fiscal year, with recurring shortfalls in subsequent years. Accordingly, effective April 28, 2020, DOB ordered spending controls including a hiring freeze, elimination of non-essential nonpersonal service spending, and deferral on discretionary local aid grants.

In April, the State received $5.1 billion in allocation from the Federal government under the CRF. Federal provisions and current guidance for the CRF indicate that its funds are limited to expenditures made between March 1, 2020 and December 30, 2020, and eligible jurisdictions need to return any funds that do not meet this requirement to the Federal government. The State intends to charge eligible costs incurred prior to March 31, 2020 to the CRF during the fiscal year. Further allocation of funds may be received based on allocation methods and criteria that are not yet known, however any receipt of any additional monies under the CARES Act is uncertain and is not guaranteed.

Business-Type Activities:

The State's business-type activities have been impacted by the effects of the pandemic. For SUNY and CUNY Senior Colleges, classroom instruction and semester duration, among other aspects, have been significantly altered. Financially, the negative impact will be further exacerbated by additional restrictions and mandates imposed by federal, state, and local governments and costs of litigation from circumstances brought about by the pandemic. The Lottery Fund has been affected by the closure of retail points of sale and low consumer demand. Similarly, the Unemployment Insurance Benefit Fund was heavily drawn upon by the almost 2 million New Yorkers filing for unemployment insurance beginning in March. While the full financial and operational impact of the pandemic cannot be quantified at this point, it is anticipated that the impact will continue to be felt in subsequent years.

State Support for SUNY/CUNY

State funds support a significant portion of SUNY and CUNY operations. In the FY 2021 Enacted Budget Financial Plan, which includes projections up to FY 2024, the State provides more than $1 billion annually for SUNY campus operations through a General Fund transfer and more than $2 billion to fully support fringe benefit costs of SUNY employees at State-operated campuses. The State is also projected to pay $1.3 billion in FY 2021 for debt service on bond financed capital projects at SUNY and CUNY.

The State also recognizes the increasing cost related to OPEB. The contribution requirements of NYSHIP members and the State are established and may be amended by the Legislature. The State is not required to provide funding above the PAYGO (paying the costs as they become due) amount necessary to provide current benefits to retirees. The State continues to fund these costs, along with all other employee health care expenses, on a PAYGO basis.

In awareness of the rising costs of operations and the added costs of handling the pandemic, the State plans to impose deep, widespread reductions to aid-to-localities appropriations and disbursements by any amount needed to achieve a balanced budget.

Required Supplementary Information (unaudited)

Budgetary Basis - Financial Plan and Actual
Combined Schedule of Cash Receipts and Disbursements
Major Funds - General Fund and Federal Special Revenue Fund

For the Year Ended March 31, 2020
(Amounts in millions) (Unaudited)

	General				Federal Special Revenue			
	Financial Plan Amounts		Actual (Budgetary Basis)	Variance with Final Budget	Financial Plan Amounts		Actual (Budgetary Basis)	Variance with Final Budget
	Original	Final			Original	Final		
RECEIPTS:								
Taxes	$ 39,325	$ 39,968	$ 40,141	$ 173	$ -	$ -	$ -	$ -
Miscellaneous	2,857	2,979	3,159	180	202	224	215	(9)
Federal grants	-	-	-	-	62,490	63,858	62,910	(948)
Total receipts	**42,182**	**42,947**	**43,300**	**353**	**62,692**	**64,082**	**63,125**	**(957)**
DISBURSEMENTS:								
Local assistance grants (1)	52,100	53,573	51,863	1,710	58,682	56,196	56,453	(257)
State operations (1)	11,911	11,738	12,054	(316)	2,101	2,077	2,036	41
General State charges (1)	7,716	7,626	7,454	172	337	326	333	(7)
Total disbursements	**71,727**	**72,937**	**71,371**	**1,566**	**61,120**	**58,599**	**58,822**	**(223)**
Excess (deficiency) of receipts over disbursements	**(29,545)**	**(29,990)**	**(28,071)**	**1,919**	**1,572**	**5,483**	**4,303**	**(1,180)**
OTHER FINANCING SOURCES (USES):								
Transfers from other funds	34,935	35,385	35,907	522	12	12	-	(12)
Transfers to other funds	(6,130)	(6,074)	(6,098)	(24)	(1,991)	(2,224)	(2,143)	81
Net other financing sources (uses)	**28,805**	**29,311**	**29,809**	**498**	**(1,979)**	**(2,212)**	**(2,143)**	**69**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ (740)**	**$ (679)**	**$ 1,738**	**$ 2,417**	**$ (407)**	**$ 3,271**	**$ 2,160**	**$ (1,111)**

(1) Spending authority has not been exceeded by $316 million in the General Fund and $264 million in the Federal Special Revenue Fund. The Final Financial Plan (published approximately six weeks before fiscal year-end) does not reflect an increase in spending authority approved for local assistance grants, state operation and general state charges through March 31, 2020.

See notes to required supplementary information.

See independent auditors' report.

NOTES TO BUDGETARY BASIS REPORTING
(unaudited)

Budgetary Basis Reporting

The State Constitution requires the Governor to submit annually to the Legislature an Executive Budget, which contains plans for all expenditures and disbursements for the ensuing fiscal year, as well as all monies and revenues estimated to be available. Bills containing all recommended appropriations or reappropriations and any proposed legislation necessary to provide monies and revenues sufficient to meet such proposed expenditures and disbursements accompany the Executive Budget. Reappropriations are commonly used for federally funded programs and capital projects, where the funding amount is intended to support activities that may span several fiscal years. Budgets are prepared for all funds. Included in the proposed appropriation bills is a provision for spending authority for unanticipated revenues or unforeseen emergencies in accordance with statutory requirements. The Executive Budget also includes a cash basis financial plan that must be in balance, i.e., disbursements must not exceed available receipts.

The Legislature enacts appropriation bills and revenue measures containing those parts of the Executive Budget it has approved or modified. The Legislature may also enact supplemental appropriation or special appropriation bills after it completes action on the Executive Budget. Further, when the Legislature convenes in January, it may enact deficiency appropriations to meet actual or anticipated obligations not foreseen when the annual budget and any supplemental budgets were enacted and for which the costs would exceed available spending authorizations. The Legislature might add to a previously authorized appropriation anticipated to be inadequate, or provide a new appropriation to finance an existing or anticipated liability for which no appropriation exists. A deficiency appropriation usually applies to the fiscal year during which it is made. Pursuant to State law, once the Legislature has completed action on the appropriation and revenue bills and they are approved by the Governor, the cash basis and the GAAP basis financial plans must be revised by the Governor to reflect the impact resulting from changes in appropriations and revenue bills. The cash basis financial plan, which serves as the basis for the administration of the State's finances during the fiscal year, provides a summary of projected receipts, disbursements and fiscal year-end balances. Such plans are updated quarterly throughout the fiscal year by the Governor, and include a comparison of the actual year-to-date results with the latest revised plans, providing an explanation of any major deviations and any significant changes to the financial plans. Projected disbursements are based on agency staffing levels, program caseloads, levels of service needs, formulas contained in State and federal law, inflation and other factors. All projections account for the timing of payments, since not all the amounts appropriated in the Enacted Budget are disbursed in the same fiscal year.

The Statewide Financial System includes controls over expenditures to ensure that the maximum spending authority is not exceeded during the life of the appropriation. Expenditures are controlled at the major account level within each program or project of each State agency in accordance with the underlying appropriation purpose. Encumbrances are not considered a disbursement in the financial plan or an expenditure and expense in the basic financial statements. Generally, appropriations are available for liabilities incurred during the fiscal year. Following the end of the fiscal year, a "lapse period" is provided to liquidate prior year liabilities. Unless reappropriated, most appropriations for State operations cease on June 30th and local assistance, debt service, capital projects and federal fund appropriations cease on September 15th following the end of the fiscal year. Disbursements made during the lapse period from prior year appropriations are included, together with disbursements from new year appropriations, in the subsequent fiscal year's financial plan. Many appropriations enacted are not intended to be used, although they are required by law. These types of appropriations will generally cause total appropriation authorizations to exceed cash basis financial plan disbursement amounts. Actual disbursements for certain spending categories may exceed financial plan estimates (as reported in the Budgetary Basis – Financial Plan and Actual – Combined Schedule of Cash Receipts and Disbursements) but do not exceed total enacted appropriations authority. Most capital projects, federal funds and many State operations appropriations are reappropriated each year by the Legislature and therefore the life of such appropriations may be many years. If the budget is not enacted by April 1st, the legislature enacts special emergency appropriations to continue government functions, as was last done in April 2010.

The following presents a reconciliation of the budgetary cash basis operating results as shown in the preceding Budgetary Basis – Financial Plan and Actual Combined Schedule of Cash Receipts and Disbursements (Schedule) with the GAAP-basis operating results reported in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Statement) (amounts in millions):

	General	Federal Special Revenue
Receipts and other financing sources over/(under) disbursements and other financing uses per Schedule	$ 1,738	$ 2,160
Entity differences:		
Receipts and other financing sources over/(under) disbursements and other financing uses for funds and accounts not included in the cash basis financial plan	1,740	1,349
Perspective differences:		
Receipts and other financing sources over/(under) disbursements and other financing uses for funds treated as Special Revenue Funds in the financial plan and as part of the General Fund for GAAP reporting	237	-
Temporary interfund cash loans	846	(1,035)
Basis of accounting differences:		
Revenue accrual adjustments	(2,976)	(1,512)
Expenditure accrual adjustments	(1,230)	(968)
Net Change in Fund Balances	**$ 355**	**$ (6)**

The entity differences relate to the inclusion of certain funds considered to be Proprietary Funds for purposes of the cash basis financial plan. Perspective differences relate to variations in the presentation of the cash basis financial plan fund structure versus GAAP fund structure. A perspective difference for temporary interfund loans occurs when a fund temporarily overdraws its share of the pooled investment funds. These temporary loans are covered by the General Fund's share of the pool. A perspective difference relating to the Infrastructure Trust Fund and Miscellaneous Special Revenue Accounts occurs because these funds are included in the Special Revenue Funds cash basis financial plan while the GAAP basis presentation includes them in the General Fund.

Infrastructure Assets Using the Modified Approach (unaudited)

In accordance with GAAP, the State has adopted an alternative method for recording depreciation expense for the State's network of roads and bridges maintained by the Department of Transportation (DOT). Under this method, referred to as the modified approach, the State will not report depreciation expense for roads and bridges but will capitalize all costs that add to the capacity and efficiency of State-owned roads and bridges. Generally, all maintenance and preservation costs will be expensed and not capitalized.

In order to adopt the modified approach, the State is required to meet the following criteria:

1. Maintain an asset management system that includes a current inventory of eligible infrastructure assets.
2. Conduct condition assessments of eligible assets and summarize the results using a measurement scale.
3. Estimate each year the annual amount necessary to maintain and preserve the eligible assets at the condition level established and disclosed by the State.
4. Document that the assets are being preserved approximately at, or above, the established condition level.

Roads

The DOT maintains the Pavement Management System (PMS), which supports a construction program that preserves the State's investment in its roads. The PMS contains locational, operational and historical condition data. The PMS is used to determine the appropriate program for improving the condition of the roads and to determine future funding levels necessary to meet condition goals. The overall goal is for the State to provide a management system for the State's infrastructure assets in order to provide long-term benefits to the State's citizens.

The State annually conducts an assessment of the pavement condition of the State's road network. Trained technicians rate the condition of the pavement based on surface condition and dominant distress (e.g., cracking, faulting) using a scale of 1 (very poor) to 10 (excellent) based on the prevalence of a surface-related pavement distress. A pavement condition rating (PCR) is assigned to each surface section. The State currently has 42,739 lane miles of roads.

It is the State's intention to maintain the roads at an average PCR between 6.7 and 7.2.

Bridges

The DOT maintains the Bridge Management System (BMS), which supports a construction program that preserves the State's investment in its bridges. The BMS is used in planning construction programs and estimating construction costs. The overall goal is for the State to provide a management system for the State's infrastructure assets in order to provide long-term benefits to the State's citizens. The State has 7,910 bridges in the inventory, of which 7,694 are highway bridges. The remainder include railroad and pedestrian structures.

The State conducts biennial inspections of all bridges in the State. During each general inspection, various components or elements of each bridge span are rated by the inspector as to the extent of deterioration, as well as the component's ability to function structurally relative to when it was newly designed and constructed. The State previously used a numerical inspection condition rating (CR) scale ranging from 1 (minimum) to 7 (maximum). Bridges with CR greater than 5.8 are in good condition, and generally require preventive and corrective maintenance actions such as bridge washing, deck sealing and bearing lubrication. Bridges with CR between 4.9 (inclusive) and 5.8 (inclusive) are in fair-protective condition, and generally require relatively minor preventive and corrective maintenance actions, such as bearing repairs, joint repairs, zone and spot painting and girder end repairs. Bridges with CR between 4.4 (inclusive) and 4.9 are in fair-corrective condition, and generally require moderate preventive and corrective maintenance actions, such as bearing replacement, deck replacement, and major substructure repairs. Bridges with CR less than 4.4 are considered to be in poor condition, and generally require major rehabilitation or replacement.

Through 2015, using this rating scale, it was the State's intention to maintain the bridges at an average condition rating level between 5.3 and 5.6.

In 2016, the State transitioned to the AASHTO element-based rating system that utilizes a 1 (good) through 4 (severe) scale as mandated by the Federal Highway Administration (FHWA). The bridge goal is based on the percentage of Structurally Deficient (SD) bridges as defined by FHWA. The SD calculations are based on the National Bridge Inventory (NBI) inspection data that has been collected by the DOT for more than 15 years and reported to FHWA on an annual basis. Using this new criteria to identify Structurally Deficient bridges, it is the State's intention to maintain the share of bridges classified as SD at or below 15 percent of the State highway bridge population.

Pavement and Bridge Assessment Summary
as of December 31:

Year	Pavement -- Average Surface Rating	Bridges -- Average Condition Rating	Percentage of Highway Bridges Assessed Structurally Deficient
2019	6.86	N/A	7.3
2018	6.88	N/A	7.1
2017	6.91	N/A	7.9
2016	6.93	N/A	7.9
2015	6.92	5.30	N/A
2014	6.99	5.32	N/A
2013	6.99	5.34	N/A
2012	6.98	5.34	N/A
2011	6.87	5.35	N/A
2010	6.92	5.37	N/A
2009	6.95	5.38	N/A

Comparison of Estimated-to-Actual Maintenance and Preservation Costs

Preservation of the roads and bridges is accomplished through various construction programs which are tracked by the PMS and the BMS. The following presents the State's estimate of costs necessary to preserve and maintain the network of roads and bridges at, or above, the established condition level, compared to the actual costs incurred for the past five fiscal years ending March 31 (amounts in millions):

Maintenance and Preservation Costs

Year	2020	2019	2018	2017	2016
Roads:					
Estimated	$ 1,625	$ 1,254	$ 1,279	$ 936	$ 950
Actual	1,126	1,133	1,134	1,106	1,100
Bridges:					
Estimated	769	1,187	925	534	414
Actual	229	293	256	305	250
Total roads and bridges:					
Estimated	2,394	2,441	2,204	1,470	1,364
Actual	1,355	1,426	1,390	1,411	1,350

See independent auditors' report.

The increase in estimates is a reflection of the increased letting program over the last few years. Any significant increase in actual costs may take several years to be realized and reported. In addition, the calculation of Preservation/Maintenance Estimates may include needs that were addressed via capitalizable work rather than preservation/maintenance actuals.

Other Postemployment Benefits (unaudited)

Schedule of Changes in Net OPEB Liability and Related Ratios
New York State
March 31, 2020
(Amounts in millions)

	2020	2019
Total OPEB liability:		
Service cost	$ 1,579	$ 1,682
Interest	2,000	2,100
Difference between expected and actual experience	349	(4,608)
Changes in assumptions	(1,780)	(227)
Changes in proportion and differences between employer contributions and proportionate share of contributions	(223)	-
Benefit payments	(1,672)	(1,567)
Net change in total OPEB liability	**253**	**(2,620)**
Total OPEB liability, beginning	**50,886**	**53,506**
Total OPEB liability, ending	**$ 51,139**	**$ 50,886**
Net position as a percentage of total OPEB liability	-	-
Covered employee payroll	$ 9,046	$ 8,806
Net OPEB liability as a percentage of covered employee payroll	565.3 %	577.9 %

See independent auditors' report.

Changes in benefit terms: There were no significant legislative changes in benefits for the March 31, 2020 actuarial valuations.

Changes in assumptions: The discount rate was updated from 3.89% in 2018 to 3.79% in 2019. The medical trend and excise tax assumptions were updated based on current anticipation of future costs and projected claim costs were updated based on the recent claims experience for the PPO plans and premium rates for the HMO plans.

Schedule is intended to display ten years of information. Additional years will be displayed as they become available.

Schedule of Changes in Net OPEB Liability and Related Ratios
SUNY*
June 30, 2019
(Amounts in millions)

Total OPEB liability:	**2019**	**2018**	**2017**
Service cost	$ 503	$ 531	$ 590
Interest	500	516	469
Difference between expected and actual experience	138	(1,151)	-
Changes in assumptions	(509)	(55)	(1,195)
Benefit payments	(356)	(330)	(302)
Net change in total OPEB liability	**276**	**(489)**	**(438)**
Total OPEB liability, beginning	**12,505**	**12,994**	**13,432**
Total OPEB liability, ending	**$ 12,781**	**$ 12,505**	**$ 12,994**
Net position as a percentage of total OPEB liability	-	-	-
Covered employee payroll	$ 3,362	$ 3,329	$ 3,200
Net OPEB liability as a percentage of covered employee payroll	380.2 %	375.6 %	406.0 %

See independent auditors' report.

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

Schedule is intended to display ten years of information. Additional years will be displayed as they become available.

*Amounts presented are for SUNY only and do not include SUNY Research Foundation

Schedule of Changes in Net OPEB Liability and Related Ratios
CUNY Senior Colleges
June 30, 2019
(Amounts in millions)

	2019	2018
Total OPEB liability:		
Service cost	$ 126	$ 107
Interest	53	50
Difference between expected and actual experience	354	(4)
Changes in assumptions	(187)	40
Benefit payments	(35)	(32)
Net change in total OPEB liability	**311**	**161**
Total OPEB liability, beginning	**1,667**	**1,506**
Total OPEB liability, ending	**$ 1,978**	**$ 1,667**
Net position as a percentage of total OPEB liability	-	-
Covered employee payroll	$ 1,169	$ 1,151
Net OPEB liability as a percentage of covered employee payroll	169.1 %	144.8 %

See independent auditors' report.

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate used to determine the June 30, 2018 total OPEB liability was 2.98%. The discount rate used to determine the June 30, 2019 total OPEB liability was 2.79%.

Schedule is intended to display ten years of information. Additional years will be displayed as they become available.

Pension Plans (unaudited)

Schedule of Proportionate Share of the Net Pension Liability for the New York State and Local Employees' Retirement System
March 31, 2020
(Amounts in millions)

	2020	2019	2018	2017	2016
State's proportion of the net pension liability	45.8 %	45.4 %	45.8 %	45.1 %	44.5 %
State's proportionate share of the net pension liability	$ 3,243	$ 1,465	$ 4,297	$ 7,217	$ 1,501
Covered employee payroll	$ 11,684	$ 11,511	$ 11,112	$ 10,188	$ 10,236
State's proportionate share of the net pension liability as a percentage of covered payroll	27.8 %	12.7 %	38.7 %	70.8 %	14.7 %
Plan's fiduciary net position as a percentage of the total pension liability	96.3 %	98.2 %	94.7 %	90.7 %	98.0 %

Schedule of Proportionate Share of the Net Pension Liability for the New York State and Local Police and Fire Retirement System
March 31, 2020
(Amounts in millions)

	2020	2019	2018	2017	2016
State's proportion of the net pension liability	21.4 %	20.8 %	21.1 %	19.1 %	19.0 %
State's proportionate share of the net pension liability	$ 359	$ 210	$ 437	$ 566	$ 52
Covered employee payroll	$ 775	$ 777	$ 695	$ 615	$ 620
State's proportionate share of the net pension liability as a percentage of covered payroll	46.2 %	27.0 %	62.9 %	92.1 %	8.5 %
Plan's fiduciary net position as a percentage of the total pension liability	95.1 %	96.9 %	93.5 %	90.2 %	99.0 %

See independent auditors' report.

Schedule is intended to display ten years of information. Additional years will be displayed as they become available.

Schedule of Employer Contributions for the New York State and Local Employees' Retirement System
March 31, 2020
(Amounts in millions)

	2020	2019	2018	2017	2016
Contractually determined contribution	$ 1,596	$ 1,603	$ 1,636	$ 1,585	$ 1,816
Contributions in relation to the contractually determined contribution	1,596	1,603	1,636	1,585	1,478
Contribution deficiency	$ -	$ -	$ -	$ -	$ 338
Covered employee payroll	$ 12,115	$ 11,684	$ 11,511	$ 11,112	$ 10,188
Contributions as a percentage of covered payroll	13.2 %	13.7 %	14.2 %	14.2 %	14.5 %

Schedule of Employer Contributions for the New York State and Local Police and Fire Retirement System
March 31, 2020
(Amounts in millions)

	2020	2019	2018	2017	2016
Contractually determined contribution	$ 168	$ 168	$ 166	$ 152	$ 142
Contributions in relation to the contractually determined contribution	168	168	166	152	124
Contribution deficiency	$ -	$ -	$ -	$ -	$ 18
Covered employee payroll	$ 859	$ 775	$ 777	$ 695	$ 615
Contributions as a percentage of covered payroll	19.1 %	21.7 %	21.4 %	21.9 %	20.2 %

See independent auditors' report.

Schedule is intended to display ten years of information. Additional years will be displayed as they become available.

Other SUNY-Related Pension Plans

New York State Teachers' Retirement System (TRS)

Schedule of the Proportionate Share of the TRS Net Pension Liability (Asset) June 30, 2019

(Amounts in millions)

	2019	2018	2017	2016	2015
SUNY's proportion of the net pension liability (asset)	0.8 %	0.8 %	0.8 %	0.7 %	0.7 %
SUNY's proportionate share of the net pension liability (asset)	$ (14.7)	$ (6.1)	$ 8.7	$ (77.2)	$ (79.6)
Covered employee payroll	$ 146.0	$ 144.6	$ 141.9	$ 145.2	$ 140.7
SUNY's proportionate share of the net pension liability (asset) as a percentage of covered payroll	(10.1 %)	(4.2 %)	6.1 %	(53.2 %)	(56.6 %)
Plan's fiduciary net position as a percentage of the total pension liability	101.5 %	100.7 %	99.0 %	110.5 %	111.5 %

Schedule of Employer Contributions for the TRS Plan June 30, 2019

(Amounts in millions)

	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 12.9	$ 15.0	$ 16.7	$ 19.6	$ 17.2
Contributions in relation to the actuarial determined contribution	12.9	15.0	16.7	19.6	17.2
Contribution deficiency	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 159.8	$ 146.0	$ 144.6	$ 141.9	$ 145.2
Contributions as a percentage of covered payroll	8.1 %	10.3 %	11.5 %	13.8 %	11.8 %

See independent auditors' report.

Schedule is intended to display ten years of information. Additional years will be displayed as they become available.

Upstate Plan
Schedule of Changes in the Net Pension Liability and Related Ratios
June 30, 2019
(Amounts in millions)

	2019	2018	2017	2016	2015
Total pension liability:					
Service cost	$ 0.6	$ 0.6	$ 0.7	$ 0.8	$ 0.9
Interest	6.7	6.6	6.6	6.5	6.0
Changes of assumptions	(0.3)	(0.6)	(1.4)	-	5.8
Difference between expected and actual experience	0.6	1.8	0.3	1.0	0.4
Benefit payments	(5.8)	(9.2)	(4.9)	(7.0)	(3.8)
Net change in total pension liability	**1.8**	**(0.8)**	**1.3**	**1.3**	**9.3**
Total pension liability, beginning	**105.1**	**105.9**	**104.6**	**103.3**	**94.0**
Total pension liability, ending (a)	**106.9**	**105.1**	**105.9**	**104.6**	**103.3**
Plan fiduciary net position:					
Employer contributions	1.1	2.0	2.8	2.0	3.5
Net investment income (loss)	(5.1)	15.6	7.4	(0.7)	5.9
Benefit payments	(5.8)	(9.2)	(4.9)	(7.0)	(3.8)
Administrative expenses	(0.3)	(0.2)	(0.1)	(0.2)	(0.1)
Net change in fiduciary net position	**(10.1)**	**8.2**	**5.2**	**(5.9)**	**5.5**
Fiduciary net position, beginning	**103.7**	**95.4**	**90.2**	**96.1**	**90.6**
Fiduciary net position, ending (b)	**93.6**	**103.6**	**95.4**	**90.2**	**96.1**
Net pension liability, ending (a)-(b)	**$ 13.3**	**$ 1.5**	**$ 10.5**	**$ 14.4**	**$ 7.2**
Ratio of fiduciary net position to total pension liability	87.6 %	98.6 %	90.1 %	86.3 %	93.0 %
Covered employee payroll	$ 24.3	$ 25.5	$ 27.3	$ 29.9	$ 33.6
Net pension liability as a percentage of covered payroll	54.7 %	5.7 %	38.4 %	48.0 %	21.3 %

See independent auditors' report.

Schedule is intended to display ten years of information. Additional years will be displayed as they become available.

Upstate Plan
Schedule of Employer Contributions
June 30, 2019
(Amounts in millions)

	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 1.1	$ 2.0	$ 2.6	$ 1.9	$ 1.5
Contributions in relation to the actuarially determined contribution	1.1	2.0	2.8	2.0	3.5
Contribution excess	$ -	$ -	$ 0.2	$ 0.1	$ 2.0
Covered employee payroll	$ 24.2	$ 25.5	$ 27.3	$ 29.9	$ 33.6
Contribution as a percentage of covered payroll	4.7 %	7.9 %	10.2 %	6.8 %	9.0 %

	2013	2012	2011
Actuarially determined contribution	$ 2.6	$ 3.0	$ 1.2
Contributions in relation to the actuarially determined contribution	2.6	3.0	1.2
Contribution excess	$ -	$ -	$ -
Covered employee payroll	$ 36.0	$ 16.0*	$ 21.9*
Contribution as a percentage of covered payroll	7.1 %	18.6 %	5.4 %

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

See independent auditors' report.

Schedule is intended to display ten years of information. Additional years will be displayed as they become available.

Changes in assumptions

The actuarial assumptions for the mortality basis used for the January 1, 2019 actuarial valuation were not changed from the January 1, 2018 valuation other than the projected mortality improvements using Scale MP-2018 on a fully generational basis.

Methods and assumptions used in calculations of actuarially determined contributions

The January 1, 2019 actuarial valuation determines the employer rates for contributions payable in 2019. The following actuarial methods and assumptions were used:

Investment rate of return....................	6.5 percent
Mortality basis	The actuarial assumptions for the mortality basis used for the January 1, 2019 actuarial valuation were changed from the RP-2014 mortality tables, by gender, with fully generational improvements using Scale MP-2017 to RP-2014 mortality tables, by gender, with fully generational improvements using Scale MP-2018.
Amortization method	Level dollar, 20 year closed
Remaining amortization period	13.5 years
Asset valuation method......................	Market value
Inflation...	3 percent
Compensation	3.5 percent increases, limited to a maximum of $275,000
Termination.......................................	1992 Vaughn Select and Ultimate Table

See independent auditors' report.

CUNY Senior College Plans

Schedule of Proportionate Share of the Net Pension Liabilities for the New York City Employees' Retirement System (NYCERS)
June 30, 2019
(Amounts in millions)

	2019	2018	2017	2016	2015
CUNY's proportion of the net pension liability	1.2 %	1.3 %	1.2 %	1.3 %	1.2 %
CUNY's proportionate share of the net pension liability	$ 227.1	$ 234.0	$ 242.3	$ 303.0	$ 247.1
Covered employee payroll	$ 263.7	$ 238.4	$ 223.0	$ 217.1	$ 214.2
CUNY's proportionate share of the net pension liability as a percentage of the employee covered payroll	86.1 %	98.2 %	108.7 %	139.6 %	115.4 %
Plan fiduciary net position as a percentage of the total pension liability	73.8 %	78.8 %	74.8 %	69.6 %	73.1 %

Schedule of Proportionate Share of the Net Pension Liabilities for the New York City Teachers' Retirement System (NYCTRS)
June 30, 2019
(Amounts in millions)

	2019	2018	2017	2016	2015
CUNY's proportion of the net pension liability	2.6 %	2.6 %	2.2 %	2.8 %	2.5 %
CUNY's proportionate share of the net pension liability	$ 394.7	$ 491.2	$ 505.2	$ 732.9	$ 528.0
Covered employee payroll	$ 250.0	$ 211.3	$ 179.8	$ 189.8	$ 175.0
CUNY's proportionate share of the net pension liability as a percentage of the employee covered payroll	157.9 %	232.4 %	281.0 %	386.2 %	301.7 %
Plan fiduciary net position as a percentage of the total pension liability	74.5 %	74.5 %	68.3 %	62.3 %	68.0 %

See independent auditors' report.

Schedule is intended to display ten years of information. Additional yeas will be displayed as they become available.

Schedule of Employer Contributions for NYCERS
June 30, 2019
(Amounts in millions)

	2019	2018	2017	2016	2015
Contractually required contribution	$ 45.3	$ 44.8	$ 38.8	$ 42.0	$ 38.6
Contributions in relation to the contractually required contribution	45.3	44.8	38.8	42.0	38.6
Contribution deficiency	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 263.7	$ 238.4	$ 223.0	$ 217.1	$ 214.2
Contributions as a percentage of covered payroll	17.2 %	18.8 %	17.4 %	19.3 %	18.0 %

Schedule of Employer Contributions for NYCTRS
June 30, 2019
(Amounts in millions)

	2019	2018	2017	2016	2015
Contractually required contribution	$ 95.0	$ 102.1	$ 84.6	$ 102.9	$ 84.5
Contributions in relation to the contractually required contribution	95.0	102.1	84.6	102.9	84.5
Contribution deficiency	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 250.0	$ 211.3	$ 179.8	$ 189.8	$ 175.0
Contributions as a percentage of covered payroll	38.0 %	48.3 %	47.0 %	54.2 %	48.3 %

See independent auditors' report.

Schedule is intended to display ten years of information. Additional years will be displayed as they become available.

Other Supplementary Information

Combining Schedule of Balance Sheet Accounts
General Fund

March 31, 2020
(Amounts in millions)

	Local Assistance	State Purposes	Tax Stabilization Reserve	Community Projects	Rainy Day	Refund Reserve
ASSETS:						
Cash and investments	$ 91	$ -	$ 1,258	$ 31	$ 1,218	$ 5,067
Receivables, net of allowance for uncollectibles:						
Taxes	-	7,898	-	-	-	-
Other	914	215	-	3	-	-
Due from other funds	880	2,962	-	-	-	1,351
Other assets	223	371	-	-	-	-
Total assets	**$ 2,108**	**$ 11,446**	**$ 1,258**	**$ 34**	**$ 1,218**	**$ 6,418**
LIABILITIES:						
Tax refunds payable	$ -	$ 7,126	$ -	$ -	$ -	$ -
Accounts payable	-	188	-	-	-	-
Accrued liabilities	4,116	1,329	-	-	-	-
Payable to local governments	2,927	-	-	1	-	-
Due to Federal government	-	8	-	-	-	-
Due to other funds	391	2,811	-	-	-	-
Pension contributions payable	-	326	-	-	-	-
Unearned revenues	-	43	-	-	-	-
Total liabilities	**7,434**	**11,831**	**-**	**1**	**-**	**-**
DEFERRED INFLOWS OF RESOURCES	60	612	-	3	-	-
FUND BALANCES (DEFICITS):						
Committed	-	-	-	-	764	8
Assigned	181	894	-	30	-	-
Unassigned	(5,567)	(1,891)	1,258	-	454	6,410
Total fund balances (deficits)	**(5,386)**	**(997)**	**1,258**	**30**	**1,218**	**6,418**
Total liabilities, deferred inflows of resources and fund balances (deficits)	**$ 2,108**	**$ 11,446**	**$ 1,258**	**$ 34**	**$ 1,218**	**$ 6,418**

See independent auditors' report.

Combining Schedule of Balance Sheet Accounts (cont'd)

General Fund

March 31, 2020
(Amounts in millions)

	Miscellaneous Special	Miscellaneous	Eliminations	Total
ASSETS:				
Cash and investments	$ 1,552	$ 49	$ -	**$ 9,266**
Receivables, net of allowance for uncollectibles:				
Taxes	-	-	-	**7,898**
Other	178	28	-	**1,338**
Due from other funds	16	30	(326)	**4,913**
Other assets	4	2	-	**600**
Total assets	**$ 1,750**	**$ 109**	**$ (326)**	**$ 24,015**
LIABILITIES:				
Tax refunds payable	$ -	$ -	$ -	**$ 7,126**
Accounts payable	17	51	-	**256**
Accrued liabilities	82	20	-	**5,547**
Payable to local governments	24	1	-	**2,953**
Due to Federal government	-	-	-	**8**
Due to other funds	35	295	(326)	**3,206**
Pension contributions payable	-	-	-	**326**
Unearned revenues	100	1	-	**144**
Total liabilities	**258**	**368**	**(326)**	**19,566**
DEFERRED INFLOWS OF RESOURCES	27	11	-	**713**
FUND BALANCES (DEFICITS):				
Committed	-	34	-	**806**
Assigned	538	1,286	-	**2,929**
Unassigned	927	(1,590)	-	**1**
Total fund balances (deficits)	**1,465**	**(270)**	**-**	**3,736**
Total liabilities, deferred inflows of resources and fund balances (deficits)	**$ 1,750**	**$ 109**	**$ (326)**	**$ 24,015**

See independent auditors' report.

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) Accounts

General Fund

Year Ended March 31, 2020

(Amounts in millions)

	Local Assistance	State Purposes	Tax Stabilization Reserve	Community Projects	Rainy Day	Refund Reserve
REVENUES:						
Taxes:						
Personal income	$ -	$ 21,988	$ -	$ -	$ -	$ -
Consumption and use	-	7,599	-	-	-	-
Business	-	5,104	-	-	-	-
Other	-	1,031	-	-	-	-
Miscellaneous	85	2,554	-	-	-	-
Total revenues	**85**	**38,276**	**-**	**-**	**-**	**-**
EXPENDITURES:						
Local assistance grants:						
Education	27,451	-	-	-	-	-
Public health	19,476	-	-	-	-	-
Public welfare	2,441	-	-	-	-	-
Public safety	56	-	-	-	-	-
Transportation	110	-	-	-	-	-
Environment and recreation	3	-	-	-	-	-
Support and regulate business	191	-	-	-	-	-
General government	1,109	-	-	5	-	-
State operations:						
Personal service	-	8,866	-	-	-	-
Non-personal service	-	2,414	-	-	-	-
Pension contributions	-	2,184	-	-	-	-
Other fringe benefits	-	2,923	-	-	-	-
Total expenditures	**50,837**	**16,387**	**-**	**5**	**-**	**-**
Excess (deficiency) of revenues over expenditures	**(50,752)**	**21,889**	**-**	**(5)**	**-**	**-**
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	54,122	44,153	-	-	428	6,418
Transfers to other funds	(2,884)	(68,020)	-	-	-	(5,102)
Net other financing sources (uses)	**51,238**	**(23,867)**	**-**	**-**	**428**	**1,316**
Net change in fund balances	**486**	**(1,978)**	**-**	**(5)**	**428**	**1,316**
Fund balances (deficits) at April 1, 2019	**(5,872)**	**981**	**1,258**	**35**	**790**	**5,102**
Fund balances (deficits) at March 31, 2020	**$ (5,386)**	**$ (997)**	**$ 1,258**	**$ 30**	**$ 1,218**	**$ 6,418**

See independent auditors' report.

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) Accounts (cont'd)
General Fund

Year Ended March 31, 2020
(Amounts in millions)

	Miscellaneous Special	Miscellaneous	Eliminations	Total
REVENUES:				
Taxes:				
Personal income	$ -	$ -	$ -	**$ 21,988**
Consumption and use	-	-	-	**7,599**
Business	-	-	-	**5,104**
Other	-	-	-	**1,031**
Miscellaneous	2,894	660	(446)	**5,747**
Total revenues	**2,894**	**660**	**(446)**	**41,469**
EXPENDITURES:				
Local assistance grants:				
Education	4	-	-	**27,455**
Public health	947	-	-	**20,423**
Public welfare	3	1	-	**2,445**
Public safety	61	1	-	**118**
Transportation	-	-	-	**110**
Environment and recreation	5	-	-	**8**
Support and regulate business	55	-	-	**246**
General government	59	-	-	**1,173**
State operations:				
Personal service	793	146	-	**9,805**
Non-personal service	444	562	(446)	**2,974**
Pension contributions	3	-	-	**2,187**
Other fringe benefits	396	59	-	**3,378**
Total expenditures	**2,770**	**769**	**(446)**	**70,322**
Excess (deficiency) of revenues over expenditures	**124**	**(109)**	**-**	**(28,853)**
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	242	130	(67,350)	**38,143**
Transfers to other funds	(217)	(62)	67,350	**(8,935)**
Net other financing sources (uses)	**25**	**68**	**-**	**29,208**
Net change in fund balances	**149**	**(41)**	**-**	**355**
Fund balances (deficits) at April 1, 2019	**1,316**	**(229)**	**-**	**3,381**
Fund balances (deficits) at March 31, 2020	**$ 1,465**	**$ (270)**	**$ -**	**$ 3,736**

See independent auditors' report.

Combining Schedule of Balance Sheet Accounts
Federal Special Revenue Fund

March 31, 2020
(Amounts in millions)

	Federal USDA-FNS	Federal DHHS	Federal Education	Federal Operating Grants	Unemployment Insurance Administration	Unemployment Insurance Occupational Training	Federal Employment and Training Grants	Total
ASSETS:								
Cash and investments	$ -	$ 2,491	$ -	$ -	$ 127	$ -	$ -	**$ 2,618**
Receivables, net of allowance for uncollectibles:								
Due from Federal government	227	9,102	318	1,330	18	1	13	**11,009**
Other	8	775	-	-	27	-	-	**810**
Due from other funds	-	11	-	2	-	-	-	**13**
Other assets	2	1	1	105	-	-	-	**109**
Total assets	**$ 237**	**$ 12,380**	**$ 319**	**$ 1,437**	**$ 172**	**$ 1**	**$ 13**	**$ 14,559**
LIABILITIES:								
Accounts payable	$ 14	$ 7	$ 3	$ 4	$ 2	$ -	$ 1	**$ 31**
Accrued liabilities	39	5,443	143	8	16	-	9	**5,658**
Payable to local governments	92	1,946	156	1,043	-	-	-	**3,237**
Due to other funds	89	1,324	17	255	-	1	3	**1,689**
Unearned revenues	2	3,040	-	127	-	-	-	**3,169**
Total liabilities	**236**	**11,760**	**319**	**1,437**	**18**	**1**	**13**	**13,784**
DEFERRED INFLOWS OF RESOURCES	-	620	-	-	154	-	-	**774**
FUND BALANCES:								
Restricted	1	-	-	-	-	-	-	**1**
Total fund balances	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**1**
Total liabilities, deferred inflows of resources and fund balances	**$ 237**	**$ 12,380**	**$ 319**	**$ 1,437**	**$ 172**	**$ 1**	**$ 13**	**$ 14,559**

See independent auditors' report.

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance Accounts
Federal Special Revenue Fund

Year Ended March 31, 2020
(Amounts in millions)

	Federal USDA-FNS	Federal DHHS	Federal Education	Federal Operating Grants	Unemployment Insurance Administration	Unemployment Insurance Occupational Training	Federal Employment and Training Grants	Total
REVENUES:								
Federal grants	$ 6,751	$ 54,446	$ 2,429	$ 1,607	$ 245	$ 4	$ 170	**$ 65,652**
Miscellaneous	1	28	-	1	115	-	-	**145**
Total revenues	**6,752**	**54,474**	**2,429**	**1,608**	**360**	**4**	**170**	**65,797**
EXPENDITURES:								
Local assistance grants:								
Education	1,131	-	2,153	2	-	-	-	**3,286**
Public health	604	47,007	5	7	-	-	-	**47,623**
Public welfare	4,860	4,276	-	30	3	4	129	**9,302**
Public safety	-	-	-	1,230	-	-	-	**1,230**
Transportation	-	-	-	59	-	-	-	**59**
Environment and recreation	-	-	-	1	-	-	-	**1**
Support and regulate business	-	-	-	8	-	-	-	**8**
General government	-	45	-	-	-	-	-	**45**
State operations:								
Personal service	33	222	93	108	161	-	15	**632**
Non-personal service	65	661	113	104	67	-	15	**1,025**
Pension contributions	5	28	13	11	25	-	2	**84**
Other fringe benefits	15	84	39	34	73	-	7	**252**
Total expenditures	**6,713**	**52,323**	**2,416**	**1,594**	**329**	**4**	**168**	**63,547**
Excess of revenues over expenditures	**39**	**2,151**	**13**	**14**	**31**	**-**	**2**	**2,250**
OTHER FINANCING USES:								
Transfers from other funds	-	-	-	-	-	-	-	**-**
Transfers to other funds	(45)	(2,151)	(13)	(14)	(31)	-	(2)	**(2,256)**
Other financing uses	**(45)**	**(2,151)**	**(13)**	**(14)**	**(31)**	**-**	**(2)**	**(2,256)**
Net change in fund balances	**(6)**	**-**	**-**	**-**	**-**	**-**	**-**	**(6)**
Fund balances at April 1, 2019	**7**	**-**	**-**	**-**	**-**	**-**	**-**	**7**
Fund balances at March 31, 2020	**$ 1**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1**

See independent auditors' report.

Schedule of Cash Receipts and Disbursements
Budgetary Basis - Financial Plan and Actual
General Debt Service Fund

Year Ended March 31, 2020
(Amounts in millions)

	Financial Plan	Actual	Variance
RECEIPTS:			
Taxes	$ 30,260	$ 30,549	$ 289
Federal grants	74	74	-
Total receipts	**30,334**	**30,623**	**289**
DISBURSEMENTS:			
State operations	32	31	1
Debt service	4,818	4,577	241
Total disbursements	**4,850**	**4,608**	**242**
Excess of receipts over disbursements	**25,484**	**26,015**	**531**
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	2,428	2,609	181
Transfers to other funds	(27,912)	(28,624)	(712)
Net other financing sources (uses)	**(25,484)**	**(26,015)**	**(531)**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ -**	**$ -**	**$ -**

See independent auditors' report.

Combining Balance Sheet
Other Governmental Funds

March 31, 2020
(Amounts in millions)

	Special Revenue	Debt Service	Capital Projects	Total
ASSETS:				
Cash and investments	$ 6,481	$ 322	$ 908	**$ 7,711**
Receivables, net of allowance for uncollectibles:				
Taxes	761	221	58	**1,040**
Due from Federal government	-	-	650	**650**
Other	1,415	87	170	**1,672**
Due from other funds	361	287	873	**1,521**
Other assets	-	-	35	**35**
Total assets	**$ 9,018**	**$ 917**	**$ 2,694**	**$ 12,629**
LIABILITIES:				
Tax refunds payable	$ 1,148	$ 41	$ 29	**$ 1,218**
Accounts payable	1	7	277	**285**
Accrued liabilities	138	11	256	**405**
Payable to local governments	143	-	116	**259**
Due to other funds	91	161	1,531	**1,783**
Unearned revenues	-	2	-	**2**
Total liabilities	**1,521**	**222**	**2,209**	**3,952**
DEFERRED INFLOWS OF RESOURCES	**280**	**31**	**43**	**354**
FUND BALANCES:				
Restricted	855	217	146	**1,218**
Committed	2,217	446	1,198	**3,861**
Assigned	4,389	1	74	**4,464**
Unassigned	(244)	-	(976)	**(1,220)**
Total fund balances	**7,217**	**664**	**442**	**8,323**
Total liabilities, deferred inflows of resources and fund balances	**$ 9,018**	**$ 917**	**$ 2,694**	**$ 12,629**

See independent auditors' report.

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds

Year Ended March 31, 2020
(Amounts in millions)

	Special Revenue	Debt Service	Capital Projects	Total
REVENUES:				
Taxes:				
Personal income	$ 2,095	$ -	$ -	**$ 2,095**
Consumption and use	1,983	3,834	617	**6,434**
Business	1,555	-	649	**2,204**
Other	1,738	1,036	119	**2,893**
Federal grants	-	-	2,107	**2,107**
Public health/patient fees	5,595	552	-	**6,147**
Tobacco settlement	317	-	-	**317**
Miscellaneous	4,191	22	1,316	**5,529**
Total revenues	**17,474**	**5,444**	**4,808**	**27,726**
EXPENDITURES:				
Local assistance grants:				
Education	6,035	-	231	**6,266**
Public health	6,002	-	550	**6,552**
Public welfare	-	-	615	**615**
Public safety	115	-	97	**212**
Transportation	3,442	-	1,398	**4,840**
Environment and recreation	-	-	419	**419**
Support and regulate business	-	-	783	**783**
General government	148	-	890	**1,038**
State operations:				
Personal service	212	-	-	**212**
Non-personal service	4,433	41	-	**4,474**
Pension contributions	34	-	-	**34**
Other fringe benefits	81	-	-	**81**
Capital construction	-	-	6,219	**6,219**
Debt service, including payments on financing arrangements	-	1,004	-	**1,004**
Total expenditures	**20,502**	**1,045**	**11,202**	**32,749**
Excess (deficiency) of revenues over expenditures	**(3,028)**	**4,399**	**(6,394)**	**(5,023)**
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	4,267	1,599	3,407	**9,273**
Transfers to other funds	(1,529)	(6,674)	(1,755)	**(9,958)**
Financing arrangements issued	-	-	4,023	**4,023**
Refunding debt issued	-	215	-	**215**
Payments to escrow agents for refundings	-	(123)	-	**(123)**
Premiums/discounts on bonds issued	-	16	640	**656**
Net other financing sources (uses)	**2,738**	**(4,967)**	**6,315**	**4,086**
Net change in fund balances	**(290)**	**(568)**	**(79)**	**(937)**
Fund balances at April 1, 2019	**7,507**	**1,232**	**521**	**9,260**
Fund balances at March 31, 2020	**$ 7,217**	**$ 664**	**$ 442**	**$ 8,323**

See independent auditors' report.

Combining Schedule of Cash Receipts and Disbursements
Budgetary Basis - Financial Plan and Actual
Other Governmental Funds

Year Ended March 31, 2020
(Amounts in millions)

	Special Revenue			Debt Service			Capital Projects		
	Financial Plan	Actual	Variance	Financial Plan	Actual	Variance	Financial Plan	Actual	Variance
RECEIPTS:									
Taxes	$ 5,961	$ 6,059	$ 98	$ 4,761	$ 4,723	$ (38)	$ 1,441	$ 1,417	$ (24)
Miscellaneous	18,377	19,064	687	404	477	73	7,717	6,551	(1,166)
Federal grants	1	(13)	(14)	-	-	-	2,228	2,109	(119)
Total receipts	**24,339**	**25,111**	**772**	**5,165**	**5,200**	**35**	**11,386**	**10,077**	**(1,309)**
DISBURSEMENTS:									
Local assistance grants (1)	16,751	16,789	(38)	-	-	-	4,921	5,013	(92)
State operations (1)	7,935	8,078	(143)	6	5	1	-	-	-
General State charges	1,055	970	86	-	-	-	-	-	-
Debt service	-	-	-	348	339	9	-	-	-
Capital projects	-	-	-	-	-	-	8,507	6,985	1,522
Total disbursements	**25,741**	**25,836**	**(95)**	**354**	**344**	**10**	**13,428**	**11,998**	**1,430**
Excess (deficiency) of receipts over disbursements	**(1,402)**	**(726)**	**676**	**4,811**	**4,856**	**45**	**(2,042)**	**(1,921)**	**121**
OTHER FINANCING SOURCES (USES):									
Bond and note proceeds, net	-	-	-	-	-	-	389	-	(389)
Transfers from other funds	2,375	2,780	405	1,559	1,466	(93)	3,524	3,546	22
Transfers to other funds	(1,322)	(1,744)	(422)	(6,344)	(6,323)	21	(1,552)	(1,522)	30
Net other financing sources (uses)	**1,053**	**1,036**	**(17)**	**(4,785)**	**(4,857)**	**(72)**	**2,361**	**2,024**	**(337)**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ (349)**	**$ 310**	**$ 659**	**$ 26**	**$ (1)**	**$ (27)**	**$ 319**	**$ 103**	**$ (216)**

(1) Spending authority has not been exceeded in any category. The Final Financial Plan (published approximately six weeks before fiscal year-end) does not reflect an increase in approved spending authority.

See independent auditors' report.

Combining Balance Sheet
Other Governmental Funds - Special Revenue Funds

March 31, 2020
(Amounts in millions)

	School Tax Relief (STAR)	Health Care Reform Act Resources	Dedicated Mass Transportation Trust	Healthcare Transformation	Conservation	Environmental Protection and Spill Compensation
ASSETS:						
Cash and investments	$ 12	$ 374	$ 86	$ 316	$ 88	$ 27
Receivables, net of allowance for uncollectibles:						
Taxes	532	69	12	-	-	-
Other	-	818	-	100	-	82
Due from other funds	-	12	11	-	-	-
Total assets	**$ 544**	**$ 1,273**	**$ 109**	**$ 416**	**$ 88**	**$ 109**
LIABILITIES:						
Tax refunds payable	$ 346	$ 2	$ 12	$ -	$ -	$ -
Accounts payable	-	-	1	-	-	-
Accrued liabilities	6	6	-	-	2	1
Payable to local governments	36	39	-	-	-	-
Due to other funds	-	5	-	-	-	-
Total liabilities	**388**	**52**	**13**	**-**	**2**	**1**
DEFERRED INFLOWS OF RESOURCES	**19**	**-**	**1**	**50**	**-**	**73**
FUND BALANCES (DEFICITS):						
Restricted	-	-	-	366	-	35
Committed	137	1,221	95	-	86	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	**137**	**1,221**	**95**	**366**	**86**	**35**
Total liabilities, deferred inflows of resources and fund balances (deficits)	**$ 544**	**$ 1,273**	**$ 109**	**$ 416**	**$ 88**	**$ 109**

See independent auditors' report.

Combining Balance Sheet (cont'd)
Other Governmental Funds - Special Revenue Funds

March 31, 2020
(Amounts in millions)

	Mass Transportation Operating Assistance	MTA Financial Assistance Fund	Miscellaneous	Total
ASSETS:				
Cash and investments	$ 415	$ 333	$ 4,830	**$ 6,481**
Receivables, net of allowance for uncollectibles:				
Taxes	50	98	-	**761**
Other	-	16	399	**1,415**
Due from other funds	-	-	338	**361**
Total assets	**$ 465**	**$ 447**	**$ 5,567**	**$ 9,018**
LIABILITIES:				
Tax refunds payable	$ 554	$ 234	$ -	**$ 1,148**
Accounts payable	-	-	-	**1**
Accrued liabilities	66	33	24	**138**
Payable to local governments	1	-	67	**143**
Due to other funds	2	-	84	**91**
Total liabilities	**623**	**267**	**175**	**1,521**
DEFERRED INFLOWS OF RESOURCES	**-**	**-**	**137**	**280**
FUND BALANCES (DEFICITS):				
Restricted	-	180	274	**855**
Committed	-	-	678	**2,217**
Assigned	-	-	4,389	**4,389**
Unassigned	(158)	-	(86)	**(244)**
Total fund balances (deficits)	**(158)**	**180**	**5,255**	**7,217**
Total liabilities, deferred inflows of resources and fund balances (deficits)	**$ 465**	**$ 447**	**$ 5,567**	**$ 9,018**

See independent auditors' report.

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)

Other Governmental Funds - Special Revenue Funds

Year Ended March 31, 2020
(Amounts in millions)

	School Tax Relief (STAR)	Health Care Reform Act Resources	Dedicated Mass Transportation Trust	Healthcare Transformation	Conservation	Environmental Protection and Spill Compensation
REVENUES:						
Taxes:						
Personal income	$ 2,095	$ -	$ -	$ -	$ -	$ -
Consumption and use	-	743	106	-	-	-
Business	-	-	364	-	-	-
Other	-	-	-	-	-	-
Public health/patient fees	-	5,595	-	-	-	-
Tobacco settlement	-	317	-	-	-	-
Miscellaneous	-	16	140	150	45	49
Total revenues	**2,095**	**6,671**	**610**	**150**	**45**	**49**
EXPENDITURES:						
Local assistance grants:						
Education	2,184	-	-	-	-	-
Public health	-	5,996	-	-	-	-
Public safety	-	-	-	-	-	-
Transportation	-	-	697	-	-	-
General government	-	-	-	-	-	-
State operations:						
Personal service	-	14	-	-	19	12
Non-personal service	-	63	-	-	6	2
Pension contributions	-	3	-	-	3	2
Other fringe benefits	-	6	-	-	9	5
Total expenditures	**2,184**	**6,082**	**697**	**-**	**37**	**21**
Excess (deficiency) of revenues over expenditures	**(89)**	**589**	**(87)**	**150**	**8**	**28**
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	-	-	67	-	1	-
Transfers to other funds	-	(540)	-	(710)	(2)	(36)
Net other financing sources (uses)	**-**	**(540)**	**67**	**(710)**	**(1)**	**(36)**
Net change in fund balances	**(89)**	**49**	**(20)**	**(560)**	**7**	**(8)**
Fund balances (deficits) at April 1, 2019	**226**	**1,172**	**115**	**926**	**79**	**43**
Fund balances (deficits) at March 31, 2020	**$ 137**	**$ 1,221**	**$ 95**	**$ 366**	**$ 86**	**$ 35**

See independent auditors' report.

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) (cont'd)

Other Governmental Funds - Special Revenue Funds

Year Ended March 31, 2020
(Amounts in millions)

	Mass Transportation Operating Assistance	MTA Financial Assistance Fund	Miscellaneous	Eliminations	Total
REVENUES:					
Taxes:					
Personal income	$ -	$ -	$ -	$ -	**$ 2,095**
Consumption and use	1,036	93	5	-	**1,983**
Business	1,191	-	-	-	**1,555**
Other	-	1,738	-	-	**1,738**
Public health/patient fees	-	-	-	-	**5,595**
Tobacco settlement	-	-	-	-	**317**
Miscellaneous	23	601	3,167	-	**4,191**
Total revenues	**2,250**	**2,432**	**3,172**	**-**	**17,474**
EXPENDITURES:					
Local assistance grants:					
Education	-	-	3,851	-	**6,035**
Public health	-	-	6	-	**6,002**
Public safety	-	-	115	-	**115**
Transportation	2,468	277	-	-	**3,442**
General government	-	-	148	-	**148**
State operations:					
Personal service	3	-	164	-	**212**
Non-personal service	-	2,656	1,706	-	**4,433**
Pension contributions	1	-	25	-	**34**
Other fringe benefits	1	-	60	-	**81**
Total expenditures	**2,473**	**2,933**	**6,075**	**-**	**20,502**
Excess (deficiency) of revenues over expenditures	**(223)**	**(501)**	**(2,903)**	**-**	**(3,028)**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	44	357	3,804	(6)	**4,267**
Transfers to other funds	(5)	-	(242)	6	**(1,529)**
Net other financing sources (uses)	**39**	**357**	**3,562**	**-**	**2,738**
Net change in fund balances	**(184)**	**(144)**	**659**	**-**	**(290)**
Fund balances (deficits) at April 1, 2019	**26**	**324**	**4,596**	**-**	**7,507**
Fund balances (deficits) at March 31, 2020	**$ (158)**	**$ 180**	**$ 5,255**	**$ -**	**$ 7,217**

See independent auditors' report.

Combining Schedule of Cash Receipts and Disbursements
Budgetary Basis - Financial Plan and Actual
Other Governmental Funds - Special Revenue Funds

Year Ended March 31, 2020
(Amounts in millions)

	School Tax Relief			Mass Transportation Operating Assistance			State Special Revenue Account		
	Financial Plan	Actual	Variance	Financial Plan	Actual	Variance	Financial Plan	Actual	Variance
RECEIPTS:									
Taxes	$ 2,176	$ 2,184	$ 8	$ 2,570	$ 2,653	$ 83	$ -	$ -	$ -
Miscellaneous	-	-	-	18	19	1	2,641	3,009	368
Federal grants	-	-	-	-	-	-	-	14	14
Total receipts	**2,176**	**2,184**	**8**	**2,588**	**2,672**	**84**	**2,641**	**3,023**	**382**
DISBURSEMENTS:									
Local assistance grants (1)	2,176	2,184	(8)	2,469	2,404	65	1,026	1,148	(122)
State operations (1)	-	-	-	4	3	1	1,435	1,498	(63)
General State charges	-	-	-	2	2	-	406	402	4
Total disbursements	**2,176**	**2,184**	**(8)**	**2,475**	**2,409**	**66**	**2,867**	**3,048**	**(181)**
Excess (deficiency) of receipts over disbursements	**-**	**-**	**-**	**113**	**263**	**150**	**(226)**	**(25)**	**201**
OTHER FINANCING SOURCES (USES):									
Transfers from other funds	-	-	-	37	40	3	689	486	(203)
Transfers to other funds	-	-	-	(6)	(4)	2	(406)	(223)	183
Net other financing sources (uses)	**-**	**-**	**-**	**31**	**36**	**5**	**283**	**263**	**(20)**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ -**	**$ -**	**$ -**	**$ 144**	**$ 299**	**$ 155**	**$ 57**	**$ 238**	**$ 181**

(1) Spending authority has not been exceeded in any category. The Final Financial Plan (published approximately six weeks before fiscal year-end) does not reflect an increase in approved spending authority.

See independent auditors' report.

Combining Schedule of Cash Receipts and Disbursements
Budgetary Basis - Financial Plan and Actual (cont'd)
Other Governmental Funds - Special Revenue Funds

Year Ended March 31, 2020
(Amounts in millions)

	Other			Eliminations		Total		
	Financial Plan	Actual	Variance	Financial Plan	Actual	Financial Plan	Actual	Variance
RECEIPTS:								
Taxes	$ 1,215	$ 1,222	$ 7	$ -	$ -	$ 5,961	$ 6,059	$ 98
Miscellaneous	15,718	16,036	318	-	-	18,377	19,064	687
Federal grants	1	(27)	(28)	-	-	1	(13)	(14)
Total receipts	**16,934**	**17,232**	**298**	**-**	**-**	**24,339**	**25,111**	**772**
DISBURSEMENTS:								
Local assistance grants (1)	11,080	11,053	27	-	-	16,751	16,789	(38)
State operations (1)	6,496	6,577	(81)	-	-	7,935	8,078	(143)
General State charges	647	566	82	-	-	1,055	970	86
Total disbursements	**18,223**	**18,195**	**28**	**-**	**-**	**25,741**	**25,836**	**(95)**
Excess (deficiency) of receipts over disbursements	**(1,289)**	**(964)**	**325**	**-**	**-**	**(1,402)**	**(726)**	**676**
OTHER FINANCING SOURCES (USES):								
Transfers from other funds	2,234	2,544	310	(585)	(290)	2,375	2,780	405
Transfers to other funds	(1,495)	(1,807)	(312)	585	290	(1,322)	(1,744)	(422)
Net other financing sources (uses)	**739**	**737**	**(2)**	**-**	**-**	**1,053**	**1,036**	**(17)**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ (550)**	**$ (227)**	**$ 323**	**$ -**	**$ -**	**$ (349)**	**$ 310**	**$ 659**

(1) Spending authority has not been exceeded in any category. The Final Financial Plan (published approximately six weeks before fiscal year-end) does not reflect an increase in approved spending authority.

See independent auditors' report.

Combining Balance Sheet
Other Governmental Funds - Debt Service Funds

March 31, 2020
(Amounts in millions)

	Mental Health Services	State Housing Debt	Department of Health Income	Clean Water/ Clean Air	Local Government Assistance Tax	Total
ASSETS:						
Cash and investments	$ 74	$ -	$ 61	$ 1	$ 186	**$ 322**
Receivables, net of allowance for uncollectibles:						
Taxes	-	-	-	33	188	**221**
Other	57	3	27	-	-	**87**
Due from other funds	274	-	6	-	7	**287**
Total assets	**$ 405**	**$ 3**	**$ 94**	**$ 34**	**$ 381**	**$ 917**
LIABILITIES:						
Tax refunds payable	$ -	$ -	$ -	$ -	$ 41	**$ 41**
Accounts payable	-	-	7	-	-	**7**
Accrued liabilities	-	-	11	-	-	**11**
Due to other funds	-	-	-	34	127	**161**
Unearned revenues	-	2	-	-	-	**2**
Total liabilities	**-**	**2**	**18**	**34**	**168**	**222**
DEFERRED INFLOWS OF RESOURCES	**3**	**-**	**-**	**-**	**28**	**31**
FUND BALANCES (DEFICITS):						
Restricted	11	1	23	-	182	**217**
Committed	391	-	53	-	2	**446**
Assigned	-	-	-	-	1	**1**
Total fund balances	**402**	**1**	**76**	**-**	**185**	**664**
Total liabilities, deferrred inflows of resources and fund balances	**$ 405**	**$ 3**	**$ 94**	**$ 34**	**$ 381**	**$ 917**

See independent auditors' report.

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Other Governmental Funds - Debt Service Funds

Year Ended March 31, 2020
(Amounts in millions)

	Mental Health Services	State Housing Debt	Department of Health Income	Clean Water/ Clean Air	Local Government Assistance Tax	Total
REVENUES:						
Taxes:						
Consumption and use	$ -	$ -	$ -	$ -	$ 3,834	**$ 3,834**
Other	-	-	-	1,036	-	**1,036**
Patient fees	404	-	148	-	-	**552**
Miscellaneous	14	4	-	-	4	**22**
Total revenues	**418**	**4**	**148**	**1,036**	**3,838**	**5,444**
EXPENDITURES:						
Non-personal service	30	-	9	-	2	**41**
Debt service, including payments on financing arrangements	336	6	27	-	635	**1,004**
Total expenditures	**366**	**6**	**36**	**-**	**637**	**1,045**
Excess (deficiency) of revenues over expenditures	**52**	**(2)**	**112**	**1,036**	**3,201**	**4,399**
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	1,572	1	26	-	-	**1,599**
Transfers to other funds	(1,948)	-	(155)	(1,038)	(3,533)	**(6,674)**
Refunding debt issued	215	-	-	-	-	**215**
Payments to escrow agents for refundings	(123)	-	-	-	-	**(123)**
Premiums on bonds issued	16	-	-	-	-	**16**
Net other financing sources (uses)	**(268)**	**1**	**(129)**	**(1,038)**	**(3,533)**	**(4,967)**
Net change in fund balances	**(216)**	**(1)**	**(17)**	**(2)**	**(332)**	**(568)**
Fund balances at April 1, 2019	**618**	**2**	**93**	**2**	**517**	**1,232**
Fund balances at March 31, 2020	**$ 402**	**$ 1**	**$ 76**	**$ -**	**$ 185**	**$ 664**

See independent auditors' report.

Combining Schedule of Cash Receipts and Disbursements
Budgetary Basis - Financial Plan and Actual
Other Governmental Funds - Debt Service Funds

Year Ended March 31, 2020
(Amounts in millions)

	Mental Health Services			Clean Water/Clean Air			Local Government Assistance Tax		
	Financial Plan	Actual	Variance	Financial Plan	Actual	Variance	Financial Plan	Actual	Variance
RECEIPTS:									
Taxes	$ -	$ -	$ -	$ 1,008	$ 1,005	$ (3)	$ 3,753	$ 3,718	$ (35)
Miscellaneous	256	320	64	-	-	-	-	1	1
Total receipts	**256**	**320**	**64**	**1,008**	**1,005**	**(3)**	**3,753**	**3,719**	**(34)**
DISBURSEMENTS:									
State operations	1	1	-	-	-	-	3	2	1
Debt service	7	7	-	-	-	-	310	301	9
Total disbursements	**8**	**8**	**-**	**-**	**-**	**-**	**313**	**303**	**10**
Excess (deficiency) of receipts over disbursements	**248**	**312**	**64**	**1,008**	**1,005**	**(3)**	**3,440**	**3,416**	**(24)**
OTHER FINANCING SOURCES (USES):									
Transfers from other funds	1,528	1,437	(91)	-	-	-	-	-	-
Transfers to other funds	(1,742)	(1,746)	(4)	(1,008)	(1,005)	3	(3,440)	(3,416)	24
Net other financing sources (uses)	**(214)**	**(309)**	**(95)**	**(1,008)**	**(1,005)**	**3**	**(3,440)**	**(3,416)**	**24**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ 34**	**$ 3**	**$ (31)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

See independent auditors' report.

Combining Schedule of Cash Receipts and Disbursements
Budgetary Basis - Financial Plan and Actual (cont'd)
Other Governmental Funds - Debt Service Funds

Year Ended March 31, 2020
(Amounts in millions)

	Other			Total		
	Financial Plan	Actual	Variance	Financial Plan	Actual	Variance
RECEIPTS:						
Taxes	$ -	$ -	$ -	$ 4,761	$ 4,723	$ (38)
Miscellaneous	148	156	8	404	477	73
Total receipts	**148**	**156**	**8**	**5,165**	**5,200**	**35**
DISBURSEMENTS:						
State operations	2	2	-	6	5	1
Debt service	31	31	-	348	339	9
Total disbursements	**33**	**33**	**-**	**354**	**344**	**10**
Excess (deficiency) of receipts over disbursements	**115**	**123**	**8**	**4,811**	**4,856**	**45**
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	31	29	(2)	1,559	1,466	(93)
Transfers to other funds	(154)	(156)	(2)	(6,344)	(6,323)	21
Net other financing sources (uses)	**(123)**	**(127)**	**(4)**	**(4,785)**	**(4,857)**	**(72)**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ (8)**	**$ (4)**	**$ 4**	**$ 26**	**$ (1)**	**$ (27)**

See independent auditors' report.

Combining Balance Sheet
Other Governmental Funds - Capital Projects Funds

March 31, 2020
(Amounts in millions)

	State Capital Projects	Dedicated Highway and Bridge Trust	Environmental Protection	Dedicated Infrastructure Investment	Environmental Quality Protection Bond	Rebuild and Renew New York Transportation Bond
ASSETS:						
Cash and investments	$ 520	$ 44	$ 73	$ 87	$ 1	$ 17
Receivables, net of allowance for uncollectibles:						
Taxes	-	58	-	-	-	-
Due from Federal government	-	-	-	-	-	-
Other	112	28	1	-	-	-
Due from other funds	751	62	-	-	-	-
Other assets	33	2	-	-	-	-
Total assets	**$ 1,416**	**$ 194**	**$ 74**	**$ 87**	**$ 1**	**$ 17**
LIABILITIES:						
Tax refunds payable	$ -	$ 29	$ -	$ -	$ -	$ -
Accounts payable	107	54	4	-	-	-
Accrued liabilities	102	67	-	6	-	-
Payable to local governments	54	3	1	24	-	-
Due to other funds	62	2	1	-	-	-
Total liabilities	**325**	**155**	**6**	**30**	**-**	**-**
DEFERRED INFLOWS OF RESOURCES	**5**	**13**	**-**	**-**	**-**	**-**
FUND BALANCES (DEFICITS):						
Restricted	108	-	-	-	1	17
Committed	978	26	68	-	-	-
Assigned	-	-	-	57	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	**1,086**	**26**	**68**	**57**	**1**	**17**
Total liabilities, deferred inflows of resources and fund balances (deficits)	**$ 1,416**	**$ 194**	**$ 74**	**$ 87**	**$ 1**	**$ 17**

See independent auditors' report.

Combining Balance Sheet (cont'd)
Other Governmental Funds - Capital Projects Funds

March 31, 2020
(Amounts in millions)

	Environmental Quality Bond	Hazardous Waste Remedial	Federal Capital Projects	Clean Water/ Clean Air Bond	Housing Program
ASSETS:					
Cash and investments	$ 6	$ -	$ -	$ 1	$ -
Receivables, net of allowance for uncollectibles:					
Taxes	-	-	-	-	-
Due from Federal government	-	-	650	-	-
Other	-	28	-	-	-
Due from other funds	-	-	60	-	-
Other assets	-	-	-	-	-
Total assets	**$ 6**	**$ 28**	**$ 710**	**$ 1**	**$ -**
LIABILITIES:					
Tax refunds payable	$ -	$ -	$ -	$ -	$ -
Accounts payable	-	-	54	-	-
Accrued liabilities	-	6	60	-	-
Payable to local governments	-	-	31	-	-
Due to other funds	-	80	565	-	216
Total liabilities	**-**	**86**	**710**	**-**	**216**
DEFERRED INFLOWS OF RESOURCES	**-**	**25**	**-**	**-**	**-**
FUND BALANCES (DEFICITS):					
Restricted	6	-	-	1	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	(83)	-	-	(216)
Total fund balances (deficits)	**6**	**(83)**	**-**	**1**	**(216)**
Total liabilities, deferred inflows of resources and fund balances (deficits)	**$ 6**	**$ 28**	**$ 710**	**$ 1**	**$ -**

See independent auditors' report.

Combining Balance Sheet (cont'd)
Other Governmental Funds - Capital Projects Funds

March 31, 2020
(Amounts in millions)

	Mental Hygiene Facilities Capital Improvement	Correctional Facilities Capital Improvement	Miscellaneous	Total
ASSETS:				
Cash and investments	$ -	$ -	$ 159	**$ 908**
Receivables, net of allowance for uncollectibles:				
Taxes	-	-	-	**58**
Due from Federal government	-	-	-	**650**
Other	-	-	1	**170**
Due from other funds	-	-	-	**873**
Other assets	-	-	-	**35**
Total assets	**$ -**	**$ -**	**$ 160**	**$ 2,694**
LIABILITIES:				
Tax refunds payable	$ -	$ -	$ -	**$ 29**
Accounts payable	14	35	9	**277**
Accrued liabilities	3	8	4	**256**
Payable to local governments	2	-	1	**116**
Due to other funds	137	328	140	**1,531**
Total liabilities	**156**	**371**	**154**	**2,209**
DEFERRED INFLOWS OF RESOURCES	**-**	**-**	**-**	**43**
FUND BALANCES (DEFICITS):				
Restricted	-	-	13	**146**
Committed	-	-	126	**1,198**
Assigned	-	-	17	**74**
Unassigned	(156)	(371)	(150)	**(976)**
Total fund balances (deficits)	**(156)**	**(371)**	**6**	**442**
Total liabilities, deferred inflows of resources and fund balances (deficits)	**$ -**	**$ -**	**$ 160**	**$ 2,694**

See independent auditors' report.

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)

Other Governmental Funds - Capital Projects Funds

Year Ended March 31, 2020
(Amounts in millions)

	State Capital Projects	Dedicated Highway and Bridge Trust	Environmental Protection	Dedicated Infrastructure Investment	Environmental Quality Protection Bond	Rebuild and Renew New York Transportation Bond
REVENUES:						
Taxes:						
Consumption and use	$ -	$ 617	$ -	$ -	$ -	$ -
Business	-	649	-	-	-	-
Other	-	-	119	-	-	-
Federal grants	-	5	-	-	-	-
Miscellaneous	38	886	38	-	-	-
Total revenues	**38**	**2,157**	**157**	**-**	**-**	**-**
EXPENDITURES:						
Local assistance grants:						
Education	231	-	-	-	-	-
Public health	454	-	-	-	-	-
Public welfare	-	-	-	166	-	-
Public safety	60	-	-	-	-	-
Transportation	912	-	-	-	-	-
Environment and recreation	114	-	127	-	-	-
Support and regulate business	616	-	-	167	-	-
General government	374	-	-	513	-	-
Capital construction	1,868	1,863	126	319	-	-
Total expenditures	**4,629**	**1,863**	**253**	**1,165**	**-**	**-**
Excess (deficiency) of revenues over expenditures	**(4,591)**	**294**	**(96)**	**(1,165)**	**-**	**-**
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	1,602	697	36	1,211	-	-
Transfers to other funds	(241)	(1,500)	-	-	-	(2)
Financing arrangements issued	2,940	300	15	-	-	-
Premiums/discounts on bonds issued	441	73	3	-	-	-
Net other financing sources (uses)	**4,742**	**(430)**	**54**	**1,211**	**-**	**(2)**
Net change in fund balances	**151**	**(136)**	**(42)**	**46**	**-**	**(2)**
Fund balances (deficits) at April 1, 2019	**935**	**162**	**110**	**11**	**1**	**19**
Fund balances (deficits) at March 31, 2020	**$ 1,086**	**$ 26**	**$ 68**	**$ 57**	**$ 1**	**$ 17**

See independent auditors' report.

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) (cont'd)

Other Governmental Funds - Capital Projects Funds

Year Ended March 31, 2020
(Amounts in millions)

	Environmental Quality Bond	Hazardous Waste Remedial	Federal Capital Projects	Clean Water/ Clean Air Bond	Housing Program
REVENUES:					
Taxes:					
Consumption and use	$ -	$ -	$ -	$ -	$ -
Business	-	-	-	-	-
Other	-	-	-	-	-
Federal grants	-	-	2,102	-	-
Miscellaneous	-	41	1	-	204
Total revenues	**-**	**41**	**2,103**	**-**	**204**
EXPENDITURES:					
Local assistance grants:					
Education	-	-	-	-	-
Public health	-	-	43	-	-
Public welfare	-	-	-	-	247
Public safety	-	-	37	-	-
Transportation	-	-	486	-	-
Environment and recreation	-	3	175	-	-
Support and regulate business	-	-	-	-	-
General government	-	-	-	-	-
Capital construction	-	89	1,063	-	-
Total expenditures	**-**	**92**	**1,804**	**-**	**247**
Excess (deficiency) of revenues over expenditures	**-**	**(51)**	**299**	**-**	**(43)**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	-	14	-	-	4
Transfers to other funds	-	(23)	(299)	-	-
Financing arrangements issued	-	60	-	-	-
Premiums/discounts on bonds issued	-	13	-	-	-
Net other financing sources (uses)	**-**	**64**	**(299)**	**-**	**4**
Net change in fund balances	**-**	**13**	**-**	**-**	**(39)**
Fund balances (deficits) at April 1, 2019	**6**	**(96)**	**-**	**1**	**(177)**
Fund balances (deficits) at March 31, 2020	**$ 6**	**$ (83)**	**$ -**	**$ 1**	**$ (216)**

See independent auditors' report.

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) (cont'd)

Other Governmental Funds - Capital Projects Funds

Year Ended March 31, 2020
(Amounts in millions)

	Mental Hygiene Facilities Capital Improvement	Correctional Facilities Capital Improvement	Miscellaneous	Eliminations	Total
REVENUES:					
Taxes:					
Consumption and use	$ -	$ -	$ -	$ -	**$ 617**
Business	-	-	-	-	**649**
Other	-	-	-	-	**119**
Federal grants	-	-	-	-	**2,107**
Miscellaneous	1	-	107	-	**1,316**
Total revenues	**1**	**-**	**107**	**-**	**4,808**
EXPENDITURES:					
Local assistance grants:					
Education	-	-	-	-	**231**
Public health	53	-	-	-	**550**
Public welfare	-	-	202	-	**615**
Public safety	-	-	-	-	**97**
Transportation	-	-	-	-	**1,398**
Environment and recreation	-	-	-	-	**419**
Support and regulate business	-	-	-	-	**783**
General government	3	-	-	-	**890**
Capital construction	254	430	207	-	**6,219**
Total expenditures	**310**	**430**	**409**	**-**	**11,202**
Excess (deficiency) of revenues over expenditures	**(309)**	**(430)**	**(302)**	**-**	**(6,394)**
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	2	106	61	(326)	**3,407**
Transfers to other funds	(1)	-	(15)	326	**(1,755)**
Financing arrangements issued	277	155	276	-	**4,023**
Premiums/discounts on bonds issued	48	30	32	-	**640**
Net other financing sources (uses)	**326**	**291**	**354**	**-**	**6,315**
Net change in fund balances	**17**	**(139)**	**52**	**-**	**(79)**
Fund balances (deficits) at April 1, 2019	**(173)**	**(232)**	**(46)**	**-**	**521**
Fund balances (deficits) at March 31, 2020	**$ (156)**	**$ (371)**	**$ 6**	**$ -**	**$ 442**

See independent auditors' report.

Combining Schedule of Cash Receipts and Disbursements
Budgetary Basis - Financial Plan and Actual
Other Governmental Funds - Capital Projects Funds

Year Ended March 31, 2020
(Amounts in millions)

	State Capital Projects			Dedicated Highway and Bridge Trust		
	Financial Plan	Actual	Variance	Financial Plan	Actual	Variance
RECEIPTS:						
Taxes	$ -	$ -	$ -	$ 1,320	$ 1,298	$ (22)
Miscellaneous	4,191	4,032	(159)	1,402	1,417	15
Federal grants	-	-	-	5	5	-
Total receipts	**4,191**	**4,032**	**(159)**	**2,727**	**2,720**	**(7)**
DISBURSEMENTS:						
Local assistance grants (1)	3,181	2,974	207	64	9	55
Capital projects	3,046	2,644	402	1,896	1,851	45
Total disbursements	**6,227**	**5,618**	**609**	**1,960**	**1,860**	**100**
Excess (deficiency) of receipts over disbursements	**(2,036)**	**(1,586)**	**450**	**767**	**860**	**93**
OTHER FINANCING SOURCES (USES):						
Bond and note proceeds, net	-	-	-	-	-	-
Transfers from other funds	2,039	1,592	(447)	786	696	(90)
Transfers to other funds	(3)	(6)	(3)	(1,516)	(1,500)	16
Net other financing sources (uses)	**2,036**	**1,586**	**(450)**	**(730)**	**(804)**	**(74)**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ -**	**$ -**	**$ -**	**$ 37**	**$ 56**	**$ 19**

(1) Spending authority has not been exceeded in any category. The Final Financial Plan (published approximately six weeks before fiscal year-end) does not reflect an increase in approved spending authority.

See independent auditors' report.

Combining Schedule of Cash Receipts and Disbursemen
Budgetary Basis - Financial Plan and Actual (cont'd)
Other Governmental Funds - Capital Projects Funds

Year Ended March 31, 2020
(Amounts in millions)

	Federal Capital Projects			Hazardous Waste Remedial		
	Financial Plan	Actual	Variance	Financial Plan	Actual	Variance
RECEIPTS:						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
Miscellaneous	-	1	1	103	113	10
Federal grants	2,223	2,104	(119)	-	-	-
Total receipts	**2,223**	**2,105**	**(118)**	**103**	**113**	**10**
DISBURSEMENTS:						
Local assistance grants (1)	706	795	(89)	-	3	(3)
Capital projects	1,095	1,069	26	105	85	20
Total disbursements	**1,801**	**1,864**	**(63)**	**105**	**88**	**17**
Excess (deficiency) of receipts over disbursements	**422**	**241**	**(181)**	**(2)**	**25**	**27**
OTHER FINANCING SOURCES (USES):						
Bond and note proceeds, net	-	-	-	-	-	-
Transfers from other funds	-	-	-	16	13	(3)
Transfers to other funds	(406)	(299)	107	(25)	(22)	3
Net other financing sources (uses)	**(406)**	**(299)**	**107**	**(9)**	**(9)**	**-**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ 16**	**$ (58)**	**$ (74)**	**$ (11)**	**$ 16**	**$ 27**

(1) Spending authority has not been exceeded in any category. The Final Financial Plan (published approximately six weeks before fiscal year-end) does not reflect an increase in approved spending authority.

See independent auditors' report.

Combining Schedule of Cash Receipts and Disbursemen
Budgetary Basis - Financial Plan and Actual (cont'd)
Other Governmental Funds - Capital Projects Funds

Year Ended March 31, 2020
(Amounts in millions)

	Other			Eliminations		Total		
	Financial Plan	Actual	Variance	Financial Plan	Actual	Financial Plan	Actual	Variance
RECEIPTS:								
Taxes	$ 121	$ 119	$ (2)	$ -	$ -	$ 1,441	$ 1,417	$ (24)
Miscellaneous	2,021	988	(1,033)	-	-	7,717	6,551	(1,166)
Federal grants	-	-	-	-	-	2,228	2,109	(119)
Total receipts	**2,142**	**1,107**	**(1,035)**	**-**	**-**	**11,386**	**10,077**	**(1,309)**
DISBURSEMENTS:								
Local assistance grants (1)	970	1,232	(262)	-	-	4,921	5,013	(92)
Capital projects	2,365	1,336	1,029	-	-	8,507	6,985	1,522
Total disbursements	**3,335**	**2,568**	**767**	**-**	**-**	**13,428**	**11,998**	**1,430**
Excess (deficiency) of receipts over disbursements	**(1,193)**	**(1,461)**	**(268)**	**-**	**-**	**(2,042)**	**(1,921)**	**121**
OTHER FINANCING SOURCES (USES):								
Bond and note proceeds, net	389	-	(389)	-	-	389	-	(389)
Transfers from other funds	1,467	1,544	77	(784)	(299)	3,524	3,546	22
Transfers to other funds	(386)	6	392	784	299	(1,552)	(1,522)	30
Net other financing sources (uses)	**1,470**	**1,550**	**80**	**-**	**-**	**2,361**	**2,024**	**(337)**
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	**$ 277**	**$ 89**	**$ (188)**	**$ -**	**$ -**	**$ 319**	**$ 103**	**$ (216)**

(1) Spending authority has not been exceeded in any category. The Final Financial Plan (published approximately six weeks before fiscal year-end) does not reflect an increase in approved spending authority.

See independent auditors' report.

Combining Statement of Fiduciary Net Position
Private Purpose Trusts

March 31, 2020
(Amounts in millions)

	Agriculture Producers' Security	Milk Producers' Security	Abandoned Property	Tuition Savings Program	NY ABLE Savings Program	Total
ASSETS:						
Cash and investments	$ 3	$ 11	$ 288	$ 34,708	$ 7	**$ 35,017**
Receivables, net of allowance for uncollectibles	-	-	207	109	-	**316**
Due from other funds	-	-	2,608	-	-	**2,608**
Total assets	**3**	**11**	**3,103**	**34,817**	**7**	**37,941**
LIABILITIES:						
Accrued liabilities	-	-	-	136	-	**136**
Total liabilities	**-**	**-**	**-**	**136**	**-**	**136**
NET POSITION:						
Restricted for:						
Claimant liability	-	-	3,103	-	-	**3,103**
Other specified purposes	3	11	-	34,681	7	**34,702**
Total net position	**$ 3**	**$ 11**	**$ 3,103**	**$ 34,681**	**$ 7**	**$ 37,805**

See independent auditors' report.

Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trusts

Year Ended March 31, 2020
(Amounts in millions)

	Agriculture Producers' Security	Milk Producers' Security	Abandoned Property	Tuition Savings Program	NY ABLE Savings Program	Total
Additions:						
Dividend income	$ -	$ -	$ -	$ 919	$ -	**$ 919**
Other income	1	1	294	-	-	**296**
Net increase (decrease) in the fair value of investments	-	-	-	4,652	1	**4,653**
Total investment and other losses	**1**	**1**	**294**	**5,571**	**1**	**5,868**
Less:						
Investment expenses	-	-	-	(61)	-	**(61)**
Net investment and other losses	**1**	**1**	**294**	**5,510**	**1**	**5,807**
Contributions:						
College savings	-	-	-	3,542	-	**3,542**
NY ABLE savings	-	-	-	-	5	**5**
Total contributions	**-**	**-**	**-**	**3,542**	**5**	**3,547**
Total additions	**1**	**1**	**294**	**9,052**	**6**	**9,354**
Deductions:						
College aid redemptions	-	-	-	2,480	-	**2,480**
NY ABLE savings	-	-	-	-	2	**2**
Claims paid	-	-	387	-	-	**387**
Total deductions	**-**	**-**	**387**	**2,480**	**2**	**2,869**
Net increase (decrease)	**1**	**1**	**(93)**	**6,572**	**4**	**6,485**
Net position restricted at April 1, 2019	**2**	**10**	**3,196**	**28,109**	**3**	**31,320**
Net position restricted at March 31, 2020	**$ 3**	**$ 11**	**$ 3,103**	**$ 34,681**	**$ 7**	**$ 37,805**

See independent auditors' report.

Combining Statement of Fiduciary Net Position
Agency Funds

March 31, 2020
(Amounts in millions)

	School Capital Facilities Financing Reserve	Employees Health Insurance	Social Security Contribution	Employees Dental Insurance	Management Confidential Group Insurance
ASSETS:					
Cash and investments	$ 19	$ 707	$ 15	$ 4	$ 1
Receivables, net of allowance for uncollectibles	-	265	43	1	-
Other assets	-	60	-	-	-
Total assets	**$ 19**	**$ 1,032**	**$ 58**	**$ 5**	**$ 1**
LIABILITIES:					
Accounts payable	$ -	$ 159	$ 31	$ -	$ -
Accrued liabilities	19	313	27	2	1
Payable to local governments	-	560	-	3	-
Total liabilities	**$ 19**	**$ 1,032**	**$ 58**	**$ 5**	**$ 1**

See independent auditors' report.

Combining Statement of Fiduciary Net Position (cont'd)
Agency Funds

March 31, 2020
(Amounts in millions)

	CUNY Senior College Operating	MMIS Statewide Escrow	Sole Custody	Miscellaneous	Total
ASSETS:					
Cash and investments	$ 33	$ 50	$ 5,638	$ 962	**$ 7,429**
Receivables, net of allowance for uncollectibles	10	962	20	216	**1,517**
Other assets	-	-	-	-	**60**
Total assets	**$ 43**	**$ 1,012**	**$ 5,658**	**$ 1,178**	**$ 9,006**
LIABILITIES:					
Accounts payable	$ -	$ 16	$ -	$ 64	**$ 270**
Accrued liabilities	43	996	4,227	1,055	**6,683**
Payable to local governments	-	-	1,431	59	**2,053**
Total liabilities	**$ 43**	**$ 1,012**	**$ 5,658**	**$ 1,178**	**$ 9,006**

See independent auditors' report.

Combining Statement of Changes in Assets and Liabilities
Agency Funds

Year Ended March 31, 2020
(Amounts in millions)

	Balance April 1, 2019	Additions	Deductions	Balance March 31, 2020
School Capital Facilities Financing Reserve				
ASSETS:				
Cash and investments	$ 24	$ 6	$ 11	**$ 19**
Due from other funds	-	2	2	**-**
Total assets	**$ 24**	**$ 8**	**$ 13**	**$ 19**
LIABILITIES:				
Accounts payable	$ -	$ 3	$ 3	**$ -**
Accrued liabilities	24	6	11	**19**
Due to other funds	-	6	6	**-**
Total liabilities	**$ 24**	**$ 15**	**$ 20**	**$ 19**
Employees Health Insurance				
ASSETS:				
Cash and investments	$ 902	$ 16,808	$ 17,003	**$ 707**
Receivables, net of allowance for uncollectibles	107	892	734	**265**
Due from other funds	-	4,622	4,622	**-**
Other assets	107	60	107	**60**
Total assets	**$ 1,116**	**$ 22,382**	**$ 22,466**	**$ 1,032**
LIABILITIES:				
Accounts payable	$ 126	$ 11,594	$ 11,561	**$ 159**
Accrued liabilities	608	12,861	13,156	**313**
Payable to local governments	382	560	382	**560**
Due to other funds	-	760	760	**-**
Total liabilities	**$ 1,116**	**$ 25,775**	**$ 25,859**	**$ 1,032**
Social Security Contribution				
ASSETS:				
Cash and investments	$ 15	$ 1,279	$ 1,279	**$ 15**
Receivables, net of allowance for uncollectibles	42	1,252	1,251	**43**
Due from other funds	-	29	29	**-**
Total assets	**$ 57**	**$ 2,560**	**$ 2,559**	**$ 58**
LIABILITIES:				
Accounts payable	$ -	$ 1,309	$ 1,278	**$ 31**
Accrued liabilities	57	1,281	1,311	**27**
Total liabilities	**$ 57**	**$ 2,590**	**$ 2,589**	**$ 58**

Combining Statement of Changes in Assets and Liabilities (cont'd)
Agency Funds

Year Ended March 31, 2020
(Amounts in millions)

	Balance April 1, 2019	Additions	Deductions	Balance March 31, 2020
Employees Dental Insurance				
ASSETS:				
Cash and investments	$ 6	$ 150	$ 152	**$ 4**
Receivables, net of allowance for uncollectibles	14	1	14	**1**
Due from other funds	-	67	67	**-**
Total assets	**$ 20**	**$ 218**	**$ 233**	**$ 5**
LIABILITIES:				
Accounts payable	$ 1	$ 71	$ 72	**$ -**
Accrued liabilities	16	92	106	**2**
Payable to local governments	3	3	3	**3**
Total liabilities	**$ 20**	**$ 166**	**$ 181**	**$ 5**
Management Confidential Group Insurance				
ASSETS:				
Cash and investments	$ 1	$ 13	$ 13	**$ 1**
Receivables, net of allowance for uncollectibles	-	5	5	**-**
Due from other funds	-	5	5	**-**
Total assets	**$ 1**	**$ 23**	**$ 23**	**$ 1**
LIABILITIES:				
Accounts payable	$ -	$ 9	$ 9	**$ -**
Accrued liabilities	1	9	9	**1**
Total liabilities	**$ 1**	**$ 18**	**$ 18**	**$ 1**
CUNY Senior College Operating				
ASSETS:				
Cash and investments	$ 15	$ 3,499	$ 3,481	**$ 33**
Receivables, net of allowance for uncollectibles	8	32	30	**10**
Due from other funds	-	386	386	**-**
Total assets	**$ 23**	**$ 3,917**	**$ 3,897**	**$ 43**
LIABILITIES:				
Accounts payable	$ -	$ 2,663	$ 2,663	**$ -**
Accrued liabilities	23	3,567	3,547	**43**
Total liabilities	**$ 23**	**$ 6,230**	**$ 6,210**	**$ 43**
MMIS Statewide Escrow				
ASSETS:				
Cash and investments	$ 3,195	$ 148,650	$ 151,795	**$ 50**
Receivables, net of allowance for uncollectibles	930	1,160	1,128	**962**
Due from other funds	-	74,178	74,178	**-**
Total assets	**$ 4,125**	**$ 223,988**	**$ 227,101**	**$ 1,012**
LIABILITIES:				
Accounts payable	$ -	$ 3,255	$ 3,239	**$ 16**
Accrued liabilities	4,042	87,178	90,224	**996**
Payable to local governments	83	-	83	**-**
Due to other funds	-	1,290	1,290	**-**
Total liabilities	**$ 4,125**	**$ 91,723**	**$ 94,836**	**$ 1,012**

See independent auditors' report.

Combining Statement of Changes in Assets and Liabilities (cont'd)
Agency Funds

Year Ended March 31, 2020
(Amounts in millions)

	Balance April 1, 2019	Additions	Deductions	Balance March 31, 2020
Sole Custody				
ASSETS:				
Cash and investments	$ 5,192	$ 5,639	$ 5,193	**$ 5,638**
Receivables, net of allowance for uncollectibles	12	20	12	**20**
Total assets	**$ 5,204**	**$ 5,659**	**$ 5,205**	**$ 5,658**
LIABILITIES:				
Accrued liabilities	$ 3,674	$ 4,228	$ 3,675	**$ 4,227**
Payable to local governments	1,530	1,431	1,530	**1,431**
Total liabilities	**$ 5,204**	**$ 5,659**	**$ 5,205**	**$ 5,658**
Miscellaneous				
ASSETS:				
Cash and investments	$ 875	$ 41,378	$ 41,291	**$ 962**
Receivables, net of allowance for uncollectibles	212	7,055	7,051	**216**
Due from other funds	-	2,055	2,055	**-**
Total assets	**$ 1,087**	**$ 50,488**	**$ 50,397**	**$ 1,178**
LIABILITIES:				
Accounts payable	$ 19	$ 7,271	$ 7,226	**$ 64**
Accrued liabilities	1,007	15,723	15,675	**1,055**
Payable to local governments	61	59	61	**59**
Due to other funds	-	6,376	6,376	**-**
Total liabilities	**$ 1,087**	**$ 29,429**	**$ 29,338**	**$ 1,178**
Total Assets and Liabilities - All Agency Funds				
ASSETS:				
Cash and investments	$ 10,225	$ 217,422	$ 220,218	**$ 7,429**
Receivables, net of allowance for uncollectibles	1,325	10,417	10,225	**1,517**
Due from other funds	-	81,344	81,344	**-**
Other assets	107	60	107	**60**
Total assets	**$ 11,657**	**$ 309,243**	**$ 311,894**	**$ 9,006**
LIABILITIES:				
Accounts payable	$ 146	$ 26,175	$ 26,051	**$ 270**
Accrued liabilities	9,452	124,945	127,714	**6,683**
Payable to local governments	2,059	2,053	2,059	**2,053**
Due to other funds	-	8,431	8,431	**-**
Total liabilities	**$ 11,657**	**$ 161,604**	**$ 164,255**	**$ 9,006**

See independent auditors' report.

Combining Statement of Net Position
Discretely Presented Non-Major Component Units

March 31, 2020
(Amounts in millions)

	Health Research Incorporated	Housing Trust Fund Corporation	Hugh L. Carey Battery Park City Authority	Municipal Bond Bank Agency	NYS Energy Research & Development Authority	NYS Higher Education Services Corporation	Niagara Frontier Transportation Authority	Roswell Park Cancer Institute Corporation	SUNY Foundations and Auxiliary Corporations	CUNY Supporting Organizations	Miscellaneous	Total
ASSETS:												
Cash and investments	$ 665	$ 448	$ 522	$ 2	$ 732	$ 157	$ 161	$ 713	$ 2,951	$ 965	$ 1,350	**$ 8,666**
Receivables, net of allowances for uncollectibles:												
Loans, leases, and notes	-	3	7	292	641	-	-	21	-	-	-	**964**
Other	66	40	-	5	27	5	52	138	265	90	151	**839**
Other assets	29	2	5	-	10	-	5	24	115	19	66	**275**
Capital assets:												
Construction in progress	-	-	-	-	-	-	82	27	35	-	94	**238**
Land, buildings and equipment, net of depreciation	1	-	522	-	14	-	547	292	500	152	1,091	**3,119**
Intangible assets	-	-	-	-	-	-	-	7	-	-	-	**7**
Total assets	**761**	**493**	**1,056**	**299**	**1,424**	**162**	**847**	**1,222**	**3,866**	**1,226**	**2,752**	**14,108**
DEFERRED OUTFLOWS OF RESOURCES:												
Pension activities	-	2	2	-	7	3	12	117	-	-	42	**185**
Other postemployment benefits activities	-	3	2	-	5	7	24	-	-	-	188	**229**
Derivative activities	-	-	1	-	-	-	-	-	-	-	-	**1**
Deferred loss on refunding	-	-	95	8	-	-	-	-	-	4	-	**107**
Total deferred outflows of resources	**-**	**5**	**100**	**8**	**12**	**10**	**36**	**117**	**-**	**4**	**230**	**522**
LIABILITIES:												
Accounts payable	51	-	5	-	8	10	-	-	-	-	63	**137**
Accrued liabilities	26	61	211	6	175	-	40	184	349	28	504	**1,584**
Unearned revenues	-	8	54	-	3	-	-	-	19	2	73	**159**
Notes payable	-	-	-	-	-	-	-	30	-	-	3	**33**
Bonds payable	-	-	32	58	9	-	15	17	14	2	9	**156**
Current portion of other long-term liabilities	-	-	-	-	29	-	8	-	-	-	20	**57**
Due in more than one year:												
Accrued liabilities	-	-	29	-	-	-	-	-	-	-	19	**48**
Pension contributions payable	-	-	-	-	-	2	-	-	-	-	1	**3**
Net pension liability	-	4	-	-	7	1	27	45	-	-	81	**165**
Other postemployment benefits	-	11	35	-	4	181	565	578	-	-	901	**2,275**
Pollution remediation	-	-	-	-	-	-	-	-	-	-	1	**1**
Unearned revenues	38	-	225	-	-	-	-	-	-	-	2	**265**
Notes payable	-	-	-	-	-	-	-	-	-	21	9	**30**
Bonds payable	-	-	993	244	112	-	136	89	338	130	78	**2,120**
Other long-term liabilities	29	-	-	-	6	1	74	6	-	1	52	**169**
Derivative instruments	-	-	79	-	-	-	-	-	-	-	-	**79**
Total liabilities	**144**	**84**	**1,663**	**308**	**353**	**195**	**865**	**949**	**720**	**184**	**1,816**	**7,281**
DEFERRED INFLOWS OF RESOURCES:												
Pension activities	-	2	1	-	3	-	4	83	-	-	13	**106**
Derivative activities	-	1	8	-	1	17	-	-	-	-	50	**77**
Other	-	-	-	-	-	-	-	-	-	-	1	**1**
Total deferred inflows of resources	**-**	**3**	**9**	**-**	**4**	**17**	**4**	**83**	**-**	**-**	**64**	**184**
NET POSITION:												
Net investment in capital assets	-	-	9	-	14	-	454	196	223	65	1,037	**1,998**
Restricted for:												
Debt service	-	-	48	-	-	-	-	-	-	-	20	**68**
Higher education, research and patient care	494	-	-	-	-	(40)	-	129	2,212	926	7	**3,728**
Environmental projects and energy programs	-	-	-	-	1,059	-	-	-	-	-	48	**1,107**
Economic development, housing and transportation	-	302	9	-	-	-	103	-	-	-	88	**502**
Insurance and administrative requirements	-	-	-	-	-	-	-	-	-	-	12	**12**
Unrestricted (deficit)	123	109	(582)	(1)	6	-	(543)	(18)	711	55	(110)	**(250)**
Total net position	**$ 617**	**$ 411**	**$ (516)**	**$ (1)**	**$ 1,079**	**$ (40)**	**$ 14**	**$ 307**	**$ 3,146**	**$ 1,046**	**$ 1,102**	**$ 7,165**

See independent auditors' report.

Combining Statement of Activities
Discretely Presented Non-Major Component Units

Year Ended March 31, 2020
(Amounts in millions)

	Health Research Incorporated	Housing Trust Fund Corporation	Hugh L. Carey Battery Park City Authority	Municipal Bond Bank Agency	NYS Energy Research & Development Authority	NYS Higher Education Services Corporation	Niagara Frontier Transportation Authority	Roswell Park Cancer Institute Corporation	SUNY Foundations and Auxiliary Corporations	CUNY Supporting Organizations	Miscellaneous	Total
EXPENSES:												
Program operations	$ 782	$ 2,672	$ 244	$ 1	$ 1,234	$ 415	$ 235	$ 876	$ 702	$ 214	$ 1,534	**$ 8,909**
Interest on long-term debt	-	-	21	15	4	-	-	2	-	-	3	**45**
Other interest	-	-	-	-	-	-	4	-	-	5	-	**9**
Depreciation and amortization	-	-	11	-	3	-	51	37	-	5	96	**203**
Other expenses	38	13	4	2	14	6	-	29	147	10	7	**270**
Total expenses	**820**	**2,685**	**280**	**18**	**1,255**	**421**	**290**	**944**	**849**	**234**	**1,640**	**9,436**
PROGRAM REVENUES:												
Charges for services	-	-	325	16	33	419	72	813	649	56	731	**3,114**
Operating grants and contributions	1,311	2,675	-	-	70	-	61	53	223	5	634	**5,032**
Capital grants and contributions	-	-	-	-	-	-	35	35	-	-	163	**233**
Total program revenues	**1,311**	**2,675**	**325**	**16**	**103**	**419**	**168**	**901**	**872**	**61**	**1,528**	**8,379**
Net program revenue (expenses)	**491**	**(10)**	**45**	**(2)**	**(1,152)**	**(2)**	**(122)**	**(43)**	**23**	**(173)**	**(112)**	**(1,057)**
GENERAL REVENUES:												
Non-State grants and contributions not restricted to specific programs	-	-	-	2	-	4	84	-	-	66	144	**300**
Investment earnings:												
Restricted	-	-	-	-	-	-	-	-	89	-	11	**100**
Unrestricted	11	6	-	-	18	3	-	-	42	43	62	**185**
Miscellaneous	-	4	-	-	1,215	-	47	97	10	92	24	**1,489**
Total general revenues	**11**	**10**	**-**	**2**	**1,233**	**7**	**131**	**97**	**141**	**201**	**241**	**2,074**
Change in net position	**502**	**-**	**45**	**-**	**81**	**5**	**9**	**54**	**164**	**28**	**129**	**1,017**
Net position - beginning of year, as restated	**115**	**411**	**(561)**	**(1)**	**998**	**(45)**	**5**	**253**	**2,982**	**1,018**	**973**	**6,148**
Net position - end of year	**$ 617**	**$ 411**	**$ (516)**	**$ (1)**	**$ 1,079**	**$ (40)**	**$ 14**	**$ 307**	**$ 3,146**	**$ 1,046**	**$ 1,102**	**$ 7,165**

See independent auditors' report.

STATE OF NEW YORK

EXCELSIOR

COMPTROLLER

Office of the New York State Comptroller

Thomas P. DiNapoli, State Comptroller

Office of Operations – Division of Payroll, Accounting and Revenue Services

Terri B. Crowley, Executive Deputy Comptroller

David J. Hasso, CPA, CGFM, CGMA, Deputy Comptroller

Sharon M. Buck, Assistant Comptroller

Bureau of Financial Reporting and Oil Spill Remediation

Deborah J. Hilson, Director

Maria Guzman, CPA, Assistant Director

GAAP Reporting

Jennifer Hallanan, CGFM, Assistant Chief Accountant

Michael Mezz, CGFM, Principal Accountant

Maureen Shaw, CBA, Principal Accountant

Renée Bult, Supervising Accountant

Donna Greenberg, CPA, CGFM, Supervising Accountant

Kara Deiana, CPA, CGFM, Associate Accountant

Kate Duell, Associate Accountant

Bo Jiang, Associate Accountant

Vincenzo Lollino, Associate Accountant

Erkki Oman, Associate Accountant

Cara Jo Vettovalli, Associate Accountant

Paula Walker, Associate Accountant

Kelly Anderson, Senior Accountant

Brenda Fribourg, Senior Accountant

Kelly Nadeau, Senior Accountant

Brian Walsh, CPA, Senior Accountant

Cash Reporting

Carrie Piser, Assistant Chief Accountant

Rosemary Liss, Principal Accountant

Stephen Raptoulis, CPA, Supervising Accountant

Jonathan Golden, CPA, Associate Accountant

Laura Hennessey, CGFM, Associate Accountant

Sandra Trzcinski, CGAP, CGFM, Associate Accountant

Laurie Ferlazzo, CPA, Senior Accountant

Thomas Hickey, Senior Accountant

Christine Wemette, Senior Accountant

Stacey Myrie, Accountant Aide

Jennifer Spencer, Program Aide

KPMG LLP
515 Broadway
Albany, NY 12207-2974

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

The Audit Committee
New York State Legislature:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of New York (the State) as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated July 28, 2020. Our report includes a reference to other auditors who audited the financial statements of the New York Lottery enterprise fund, the City University of New York (CUNY) enterprise fund, New York Local Government Assistance Corporation, the Tuition Savings Program, and certain of the discretely presented component units identified in Note 14 to the basic financial statements, as described in our report on the State's basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the New York Lottery enterprise fund and of certain discretely presented component units identified in Note 14 of the basic financial statements were not audited in accordance with *Government Auditing Standards.*

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001 and 2020-002 that we consider to be significant deficiencies.

Compliance and Other Matters

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

The State’s Responses to Findings

The State’s responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The State’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

KPMG LLP

Albany, New York
July 28, 2020

Schedule of Findings and Responses

2020-001

Finding: Insufficient level of monitoring of the service organization associated with the Electronic Benefit Transfer (EBT) process

Severity of Control Deficiency: Significant Deficiency (Unremediated as of March 31, 2020)

Background

In accordance with the State's Treasury State Agreement, the funding technique for the Supplemental Nutrition Assistance Program is "Actual Clearance, ZBA - Same Day Payment." The Office of Temporary and Disability Assistance (the Office or OTDA) relies upon a third party contractor to ensure the funding technique for the Supplemental Nutrition Assistance Program is met. For the period of July 1, 2018 to July 31, 2019, the contractor had a Service Organization Control 1 Report (SOC1 report) issued associated with the Electronic Benefit Transfer (EBT) process, including settlement of funds. The report issued had a qualified opinion related to four control objectives. The first control objective was "Controls provide reasonable assurance that logical access to programs, data, and computer resources relevant to user entities' internal controls over financial reporting is restricted to authorized and appropriate users and such users are restricted to performing authorized and appropriate actions." The second control objective was "Controls provide reasonable assurance that the settlement of funds to EBT providers is executed timely and accurately." The third control objectives associated with the qualified opinion was "Controls provide reasonable assurance that network infrastructure relevant to user entities' internal controls over financial reporting is configured as authorized to protect administered systems from unauthorized access." The last control objectives was "Controls provide reasonable assurance that application and system processing relevant to user entities' internal controls over financial reporting are executed in a complete, accurate, and timely manner and deviations, problems, and errors that may affect user entities' internal controls over financial reporting are identified, tracked, recorded, and resolved in a complete, accurate and timely manner." Management had not ensured there were compensating controls to address the deviations noted or assess the impact to their reliance upon their contractor's performance of these procedures. Additionally, the Office had not determined whether they had effective Complementary User Entity Controls (CUECs) in place to allow for reliance upon the associated control objectives identified within the SOC1 report. The July 31, 2019 end date of the SOC1 report results in 8 months in which the Office cannot place reliance upon these controls if deemed effective. Lastly, management's policies and procedures did not address the Office's requirement to address the CUECs and deficiencies within the SOC1 report.

Observations

The breakdown in internal controls is due to the review not being completed sufficiently to identify the lack of controls in the four control objectives listed above. Further, management was not ensuring CUECs at the Office were being performed to ensure reliance upon the control objectives outlined in the SOC1 report if determined to be effective. This relates to a lack of policies and procedures to ensure that a proper review is performed associated with the reliance upon the third party contractor's procedures and controls.

Risk

Failure to appropriately review the SOC1 report and assess the impact to reliance upon the third party contractor's procedures could result in inaccurate reporting of Public Welfare Expenditures in the State's basic financial statements, and noncompliance with the Treasury State Agreement, program laws, regulations, and terms and conditions of Federal awards. Additionally, failure to ensure management has the appropriate CUECs would result in the SOC1 report being reliable as the services provided by the third party were designed with the assumption the listed controls would be implemented by the user entity. The application of these controls is deemed necessary to achieve the control objectives identified in the report.

Recommendations

We recommend the Office review their policies and procedures to ensure it includes appropriate review of SOC1 reports relied upon for compliance, including ensuring effective CUECs are in place as required by the service organization to achieve the control objectives.

Management Response

OTDA agrees with this preliminary finding, noting that no specific adverse impact was cited. OTDA has reviewed and updated its EBT policies and procedures subsequent to March 31, 2020, specifically assessing and addressing SOC 1 processes so SOC1 reports are reviewed and CUECs are in place, as appropriate. OTDA will periodically reassess and revise these policies and procedures, as necessary and will communicate changes to impacted staff.

2020-002

Finding: Insufficient level of precision in the State's review of the Postemployment Benefits Other Than Pensions Actuarial Valuation Report

Severity of Control Deficiency: Significant Deficiency (Unremediated as of March 31, 2020)

Background

The New York State Health Insurance Program (NYSHIP) was established by the State Legislature in 1957 to provide health insurance to New York State employees, retirees and their eligible dependents. NYSHIP is classified as a single-employer, defined benefit plan offered by the State of New York (the State) to participating employers and participating agencies for their employees. The State relies upon a third party contractor, Aon, to perform the actuarial valuation on behalf of NYSHIP In accordance with Government Accounting Standards Board Statement 75 (GASB 75). In determination of the Other Postemployment Benefits (OPEB) net liability certain actuarial assumptions and methods are used in the valuation. While Aon provides guidance with respect to these assumptions, the State ultimately selects the economic and demographic assumptions and prescribes them for use for purposes of compliance with GASB 75. Examples of such assumptions include the discount rate, health care cost trend, mortality and inflation, to name a few. Due to the fact that the State employees within NYSHIP generally participate in either the New York State Teachers' Retirement System (NYSTRS) or the New York State and Local Retirement System (NYSLRS), the mortality assumptions ae based on the experience of NYSTRS and NYSLRS, with generational projection of mortality improvement based on Scale MP-2014. These mortality assumptions were developed in experience studies perform in 2015 and the State policy is to update these studies every five years, as they continue to consider the assumptions based on NYSLRS and NYSTRS experience to be their best estimate since these retirement systems are large enough for the mortality experience to be fully credible, and are more representative of the plan's population than the studies published by the Society of Actuaries. Additionally at the time of the experience studies, Scale MP-2014 was the most recent mortality improvement projection scale published by the Society of Actuaries.

For the most recent valuations of NYSLRS and NYSTRS for the year ended March 31, 2020 the base mortality tables were unchanged, pending an updated experience study but the projection scale was updated to scale MP-2018, which was published by the Society of Actuaries in October 2018.

The State recognizes the total OPEB liability in the governmental activities for the fiscal year ended March 31, 2020 with a measurement date of March 31, 2019. Management did not communicate to Aon the change in the State's policy to update the projection scale during the fiscal year and therefore the Actuarial Valuation Report prepared by Aon for the measurement date of March 31, 2019 was not updated to reflect this change. Further the Society of Actuaries published the updated projection scale MP-2019 in October 2019. As a best practice the most recently published scale should be selected when evaluating the impact to the total OPEB liability.

Observations

During the fiscal year ended March 31, 2020 audit, we identified an overstatement of the total OPEB liability by approximately $1.6 billion in the government-wide financial statements as a result of the projection scale utilized in the valuation not being updated to reflect the most recently published scale in line with the update made to the valuations of NYSLRS and NYSTRS.

This finding is the result of a breakdown in communication between individuals at the Department of Civil Service, NYSLRS, NYSTRS and the Office of the State Comptroller (OSC) responsible for determining the assumptions and recording the accruals for the NYSHIP plan and communicating those assumption changes to Aon for incorporation in their valuation.

Risk

Failure to appropriately review the assumptions utilized in the valuation report could result in inaccurate reporting of the total OPEB liability in the State's basic financial statements

Recommendations

The State should have a higher precision in their review of the assumptions used in the actuarial valuation report and communicate any changes to the relevant assumptions subsequent to the measurement date to Aon to incorporate in their valuation of the NYSHIP total OPEB liability.

Management Response

In the future, as plans for upcoming valuation efforts are made, responsibilities will clearly be delineated for all agencies involved, to ensure information is adequately and timely conveyed to the contractor (Aon) so that they can appropriately update and address all assumptions regarding the OPEB valuations.

STATE OF NEW YORK

Independent Auditors’ Report as Required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles*, and *Audit Requirements for Federal Awards*

Year Ended March 31, 2020

KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors’ Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Governor
State of New York

Report on Compliance for Each Major Federal Program

We have audited the State of New York’s (the State) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the State’s major federal programs for the year ended March 31, 2020. The State’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors’ Responsibility

Our responsibility is to express an opinion on compliance for each of the State’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our unmodified and modified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the State’s compliance.

Basis for Qualified Opinions

As described in the accompanying schedule of findings and questioned costs, the State did not comply with requirements related to the following:

Finding #	CFDA #	Program (or cluster) name	Compliance requirement
2020-005	84.002	Adult Education – Basic Grants to States	Subrecipient Monitoring
2020-010	93.563	Child Support Enforcement	Matching; Subrecipient Monitoring
2020-011	93.568	Low-Income Home Energy Assistance	Reporting
2020-012	93.658	Foster Care-Title IV-E	Subrecipient Monitoring; Special Tests and Provisions
2020-014	93.667	Social Services Block Grant	Subrecipient Monitoring

Compliance with such requirements is necessary, in our opinion, for the State to comply with the requirements applicable to that program.

Qualified Opinions

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* paragraph, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the major federal programs listed in the table in the *Basis for Qualified Opinions* paragraph above for the year ended March 31, 2020.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended March 31, 2020.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-007, 2020-008, 2020-013, and 2020-016. Our opinion on each major federal program is not modified with respect to these matters.

The State's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The State is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The State's response and corrective action plan were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response or the corrective action plan.

As indicated in Part I to the accompanying Schedule of Findings and Questioned Costs, we have audited the Medicaid cluster as a major program. Also, as indicated in the first paragraph of this report, we performed our audit of compliance using the compliance requirements contained in the OMB Compliance Supplement, including those contained in Section E "Eligibility." For the 2019 OMB Compliance Supplement, this section includes eligibility determinations based on Modified Adjusted Gross Income (MAGI-based determination) and states that auditors should re-determine eligibility to ensure beneficiaries qualify for the Medicaid cluster and are in the appropriate enrollment category. Our procedures in relation to MAGI-based eligibility determinations were limited to testing compliance based on the State's verification plan.

KPMG

Report on Internal Control Over Compliance

Management of the State is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered State's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-005, 2020-009, 2020-010, 2020-011, 2020-012, and 2020-014 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-003, 2020-004, 2020-006, 2020-007, 2020-008, 2020-013, 2020-015, 2020-016, and 2020-017 to be significant deficiencies.

The State's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The State is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The State's response and corrective action plan were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response or the corrective action plan.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the State's basic financial statements. We issued our report thereon dated July 28, 2020, which contained unmodified opinions on those financial statements, except for our opinion on aggregately discretely presented components units, for which a qualified opinion was determined. Our report includes a reference to other auditors who audited the financial statements of the State's Lottery enterprise fund, the City University of New York (CUNY) enterprise fund, the New York Local Government Assistance Corporation, the Tuition Savings Program, and certain of the discretely presented component units as identified in Note 14 to the basic financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

Albany, New York
May 27, 2021

STATE OF NEW YORK

Schedule of Expenditures of Federal Awards

Year ended March 31, 2020

(Amounts in thousands)

Federal CFDA number	Federal agency/grantor/ pass-through grantor program or cluster title	Pass-through identifying number	Passed through to subrecipients	Federal expenditures	
	U.S. Department of Agriculture:				
10.025	Plant and Animal Disease, Pest Control, and Animal Care		$ —	6,178	
10.156	Federal-State Marketing Improvement Program		—	43	
10.163	Market Protection and Promotion		—	2,051	
10.170	Specialty Crop Block Grant Program – Farm Bill		—	1,454	
10.171	Organic Certification Cost Share Programs		—	675	
10.435	State Mediation Grants		—	384	
10.537	Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants		—	146	
	SNAP Cluster:				
10.551	Supplemental Nutrition Assistance Program		—	4,254,145	
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		390,284	479,059	
	Total SNAP Cluster		390,284	4,733,204	
	Child Nutrition Cluster:				
10.555	National School Lunch Program		1,303,977	1,305,074	
10.559	Summer Food Service Program for Children		327	327	
	Total Child Nutrition Cluster		1,304,304	1,305,401	*
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children		462,857	398,122	
10.558	Child and Adult Care Food Program		251,480	256,414	
10.560	State Administrative Expenses for Child Nutrition		—	17,275	
	Food Distribution Cluster:				
10.565	Commodity Supplemental Food Program		12,305	13,213	
10.568	Emergency Food Assistance Program (Administrative Costs)		9,033	9,033	
10.569	Emergency Food Assistance Program (Food Commodities)		99,099	99,009	
	Total Food Distribution Cluster		120,437	121,255	*
10.572	WIC Farmers' Market Nutrition Program (FMNP)		—	3,413	
10.576	Senior Farmers Market Nutrition Program		—	1,757	
10.578	WIC Grants To States (WGS)		278	1,770	
10.579	Child Nutrition Discretionary Grants Limited Availability		1,459	1,459	
10.582	Fresh Fruit and Vegetable Program		6,674	6,674	
10.664	Cooperative Forestry Assistance		—	1,854	
10.676	Forest Legacy Program		—	28	
10.680	Forest Health Protection		—	94	
10.698	State & Private Forestry Cooperative Fire Assistance		—	476	
10.902	Soil and Water Conservation		—	23	
10.912	Environmental Quality Incentives Program		—	5	
10.932	Regional Conservation Partnership Program		—	6	
	U.S. Department of Commerce:				
11.405	Anadromous Fish Conservation Act Program		—	12	
11.407	Interjurisdictional Fisheries Act of 1986		—	36	
11.419	Coastal Zone Management Administration Awards		—	3,240	
11.420	Coastal Zone Management Estuarine Research Reserves		—	637	
11.454	Unallied Management Projects		—	1,046	
11.472	Unallied Science Program		—	3	
11.474	Atlantic Coastal Fisheries Cooperative Management Act		—	422	
11.549	State and Local Implementation Grant Program		—	97	
11.611	Manufacturing Extension Partnership		—	7,964	
	U.S. Department of Defense:				
12.104	Flood Plain Management Services		—	4	
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services		—	231	
12.400	Military Construction, National Guard		—	3,543	
12.401	National Guard Military Operations and Maintenance (O&M) Projects		—	65,228	
	U.S. Department of Housing and Urban Development:				
	Section 8 Project-Based Cluster:				
14.195	Section 8 Housing Assistance Payments Program		—	1,615,949	
	Total Section 8 Project-Based Cluster		—	1,615,949	

(Continued)

STATE OF NEW YORK

Schedule of Expenditures of Federal Awards

Year ended March 31, 2020

(Amounts in thousands)

Federal CFDA number	Federal agency/grantor/ pass-through grantor program or cluster title	Pass-through identifying number	Passed through to subrecipients	Federal expenditures	
	U.S. Department of Housing and Urban Development (continued):				
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii		$ 37,241	46,653	
14.231	Emergency Solutions Grant Program		—	7,520	
14.239	Home Investment Partnerships Program		23,522	264,584	
14.241	Housing Opportunities for Persons with AIDS		—	2,259	
	CDBG – Disaster Recovery Grants – Pub. L. No. 113-2 Cluster:				
14.269	Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)		14,534	291,366	
14.272	National Disaster Resilience Competition		136	6,301	
	Total CDBG – Disaster Recovery Grants – Pub. L. No. 113-2 Cluster		14,670	297,667	*
14.401	Fair Housing Assistance Program State and Local		—	1,365	
	Housing Voucher Cluster:				
14.871	Section 8 Housing Choice Vouchers		—	517,194	
14.879	Mainstream Vouchers		—	748	
	Total Housing Voucher Cluster		—	517,942	*
14.896	Family Self-Sufficiency Program		—	1,585	
	U.S. Department of the Interior:				
15.026	Indian Adult Education		—	40	
	Fish and Wildlife Cluster:				
15.605	Sport Fish Restoration		—	6,099	
15.611	Wildlife Restoration and Basic Hunter Education		—	19,543	
	Total Fish and Wildlife Cluster		—	25,642	
15.424	Marine Minerals Activities		—	108	
15.615	Cooperative Endangered Species Conservation Fund		—	135	
15.622	Sportfishing and Boating Safety Act		—	148	
15.626	Enhanced Hunter Education and Safety		—	1,208	
15.634	State Wildlife Grants		—	3,605	
15.658	Natural Resource Damage Assessment and Restoration		—	45	
15.662	Great Lakes Restoration		—	74	
15.667	Highlands Conservation		—	1,660	
15.808	U.S. Geological Survey Research and Data Collection		—	45	
15.810	National Cooperative Geologic Mapping		—	158	
15.817	National Geospatial Program: Building The National Map		—	138	
15.904	Historic Preservation Fund Grants-In-Aid		—	1,318	
15.916	Outdoor Recreation Acquisition, Development and Planning		—	4,833	
15.925	National Maritime Heritage Grants		—	350	
15.944	Natural Resource Stewardship		—	57	
15.957	Emergency Supplemental Historic Preservation Fund		—	3,306	
	U.S. Department of Justice:				
16.017	Sexual Assault Services Formula Program		—	637	
16.021	Justice Systems Response to Families		—	151	
16.029	Office on Violence Against Women Special Projects		—	18	
16.540	Juvenile Justice and Delinquency Prevention		—	1,251	
16.543	Missing Children's Assistance		—	460	
16.550	State Justice Statistics Program for Statistical Analysis Centers		—	37	
16.554	National Criminal History Improvement Program (NCHIP)		—	125	
16.575	Crime Victim Assistance		4,298	73,396	
16.576	Crime Victim Compensation		—	10,187	
16.578	Federal Surplus Property Transfer Program		—	5,330	
16.582	Crime Victim Assistance/Discretionary Grants		—	209	
16.585	Drug Court Discretionary Grant Program		—	1,558	
16.588	Violence Against Women Formula Grants		—	7,390	
16.589	Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program		—	116	
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program		—	373	
16.593	Residential Substance Abuse Treatment for State Prisoners		—	368	
16.607	Bulletproof Vest Partnership Program		—	1	
16.710	Public Safety Partnership and Community Policing Grants		—	471	
16.734	Special Data Collections and Statistical Studies		—	1,801	
16.738	Edward Byrne Memorial Justice Assistance Grant Program		—	6,172	

(Amounts in thousands)

Federal CFDA number	Federal agency/grantor/ pass-through grantor program or cluster title	Pass-through identifying number	Passed through to subrecipients	Federal expenditures
	U.S. Department of Justice (continued):			
16.741	DNA Backlog Reduction Program		$ —	673
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program		—	1,034
16.745	Criminal and Juvenile Justice and Mental Health Collaboration Program		—	297
16.751	Edward Byrne Memorial Competitive Grant Program		—	184
16.812	Second Chance Act Reentry Initiative		—	180
16.813	NICS Act Record Improvement Program		—	2,205
16.816	John R. Justice Prosecutors and Defenders Incentive Act		70	70
16.830	Girls in the Juvenile Justice System		—	176
16.835	Body Worn Camera Policy and Implementation		—	551
16.838	Comprehensive Opioid Abuse Site-Program		—	240
16.922	Equitable Sharing Program		—	5,179
	U.S. Department of Labor:			
17.002	Labor Force Statistics		—	3,192
17.005	Compensation and Working Conditions		—	521
	Employment Service Cluster:			
17.207	Employment Service/Wagner-Peyser Funded Activities		725	40,690
17.801	Jobs for Veterans State Grants		—	8,327
	Total Employment Service Cluster		725	49,017
17.225	Unemployment Insurance		—	2,376,225
17.225	ARRA – Unemployment Insurance		—	(943)
	Total Unemployment Insurance Program		—	2,375,282
17.235	Senior Community Service Employment Program		4,133	4,413
17.245	Trade Adjustment Assistance		2,729	7,081
	WIOA Cluster:			
17.258	WIOA Adult Program		43,746	58,382
	Pass-Through from Allegany County Employment & Training One-Stop Center	—	—	6
	Sub-total WIOA Adult Program		43,746	58,388
17.259	WIOA Youth Activities		48,270	59,303
17.278	WIOA Dislocated Worker Formula Grants		31,604	44,194
	Total WIOA Cluster		123,620	161,885
17.270	Reentry Employment Opportunities		—	4
17.271	Work Opportunity Tax Credit Program (WOTC)		—	960
17.273	Temporary Labor Certification for Foreign Workers		—	1,400
17.277	WIOA National Dislocated Worker Grants / WIA National Emergency Grants		5,018	5,018
17.282	Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants Pass-Through from:			
	Allegany County Employment & Training One Stop Center and Chautauqua Works	—	—	26
	Broome Tioga Workforce	15-6000449	—	11
	Niagara County Employment & Training Division	16-6002564	—	8
	Buffalo & Erie County Workforce Development Consortium, Inc.	16-1585625	—	11
	Total TAACCCT Grant Program		—	56
17.285	Apprenticeship USA Grants		—	1,286
17.286	Hurricanes and Wildfires of 2017 Supplemental– National Dislocated Worker Grants		—	84
17.503	Occupational Safety and Health State Program		—	3,943
17.504	Consultation Agreements		—	3,719
17.600	Mine Health and Safety Grants		—	303
17.805	Homeless Veterans' Reintegration Program		—	158
	U.S. Department of Transportation:			
20.106	Airport Improvement Program		—	689
	Highway Planning and Construction Cluster:			
20.205	Highway Planning and Construction		200	1,825,228
20.205	ARRA – Highway Planning and Construction		—	464
20.219	Recreational Trails Program		—	1,876
	Total Highway Planning and Construction Cluster		200	1,827,568
	U.S. Department of Transportation (continued):			
20.218	Motor Carrier Safety Assistance		—	10,740
20.232	Commercial Driver's License Program Implementation Grant		—	3,744
20.237	Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements		—	1,815
20.301	Railroad Safety		—	210

(Amounts in thousands)

Federal CFDA number	Federal agency/grantor/ pass-through grantor program or cluster title	Pass-through identifying number	Passed through to subrecipients	Federal expenditures	
20.319	High-Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance Grants		$ —	585	
20.319	High-Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance Grants		—	242	
	Total High-Speed Rail Corridors & Intercity Passenger Rail Service Capital Assistance Grants		—	827	
20.321	Railroad Safety Technology Grants		—	13,107	
20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research		5,903	9,399	
20.509	Formula Grants for Rural Areas and Tribal Transit Program		13,693	15,288	
	Transit Services Programs Cluster:				
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities		10,230	10,600	
20.521	New Freedom Program		18	18	
	Total Transit Services Programs Cluster		10,248	10,618	
20.528	Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program		—	60	
	Highway Safety Cluster:				
20.600	State and Community Highway Safety		—	26,103	
	Total Highway Safety Cluster		—	26,103	
20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements		—	240	
20.700	Pipeline Safety Program State Base Grant		—	2,570	
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants		153	268	
20.721	PHMSA Pipeline Safety Program One Call Grant		—	43	
	U.S. Department of Treasury:				
21.016	Equitable Sharing		—	2,423	
21.019	COVID-19 - Coronavirus Relief Fund		—	71,886	*
	U.S. Appalachian Regional Commission:				
23.011	Appalachian Research, Technical Assistance, and Demonstration Projects		—	279	
	U.S. Equal Employment Opportunity Commission:				
30.001	Employment Discrimination Title VII of the Civil Rights Act of 1964		—	3,019	
	National Endowment for the Arts:				
45.025	Promotion of the Arts Partnership Agreements		—	784	
	Institute of Museum and Library Services:				
45.310	Grants to States		—	9,061	
	Small Business Administration:				
59.061	State Trade Expansion		—	716	
	Department of Veterans Affairs:				
64.010	Veterans Nursing Home Care		—	44,396	
64.028	Post-9/11 Veterans Educational Assistance		—	13,076	
64.032	Montgomery GI Bill Selected Reserve; Reserve Educational Assistance Program		—	33	
64.116	Vocational Rehabilitation for Disabled Veterans		—	1,371	
64.124	All-Volunteer Force Educational Assistance		—	5,155	
	U.S. Environmental Protection Agency:				
66.001	Air Pollution Control Program Support		—	7,633	
66.032	State Indoor Radon Grants		—	179	
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act		—	1,151	
66.432	State Public Water System Supervision		—	2,254	
66.437	Long Island Sound Program		—	5	
66.454	Water Quality Management Planning		—	1,188	
66.456	National Estuary Program		—	5	
	Clean Water State Revolving Fund Cluster:				
66.458	Capitalization Grants for Clean Water State Revolving Funds		174,645	175,375	
66.482	Disaster Relief Appropriations Act (DRAA) Hurricane Sandy Capitalization Grants For Clean Water State Revolving Funds		34,001	34,001	
	Total Clean Water State Revolving Fund Cluster		208,646	209,376	*

STATE OF NEW YORK

Schedule of Expenditures of Federal Awards

Year ended March 31, 2020

(Amounts in thousands)

Federal CFDA number	Federal agency/grantor/ pass-through grantor program or cluster title	Pass-through identifying number	Passed through to subrecipients	Federal expenditures	
	U.S. Environmental Protection Agency (continued):				
66.461	Regional Wetland Program Development Grants		$ —	49	
66.466	Chesapeake Bay Program		—	2,029	
	Drinking Water State Revolving Fund Cluster:				
66.468	Capitalization Grants for Drinking Water State Revolving Funds		42,872	47,367	
	Total Drinking Water State Revolving Fund Cluster		42,872	47,367	
66.469	Great Lakes Program		—	3,313	
66.472	Beach Monitoring and Notification Program Implementation Grants		—	350	
66.481	Lake Champlain Basin Program		—	158	
66.605	Performance Partnership Grants		—	9,588	
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements		—	144	
66.801	Hazardous Waste Management State Program Support		—	4,442	
66.804	Underground Storage Tank (UST) Prevention, Detection, and Compliance Program		—	681	
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program		—	3,319	
66.817	State and Tribal Response Program Grants		—	381	
	U.S. Department of Energy:				
81.041	State Energy Program		—	2,514	
81.042	Weatherization Assistance for Low-Income Persons		20,769	21,977	
81.087	Renewable Energy Research and Development		—	204	
81.092	Remedial Action and Waste Management		—	28	
81.119	State Energy Program Special Projects		—	164	
81.136	Long-Term Surveillance and Maintenance		—	3	
81.138	State Heating Oil and Propane Program		—	24	
	U.S. Department of Education:				
84.002	Adult Education – Basic Grants to States		38,693	44,334	*
84.010	Title I Grants to Local Educational Agencies		1,037,218	1,052,695	
84.011	Migrant Education State Grant Program		5,296	8,255	
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth		—	2,523	
	Special Education Cluster (IDEA):				
84.027	Special Education Grants to States		672,455	759,323	
84.173	Special Education Preschool Grants		23,431	31,010	
	Total Special Education Cluster (IDEA)		695,886	790,333	*
84.048	Career and Technical Education -- Basic Grants to States		42,599	46,944	
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States		—	181,307	
84.144	Migrant Education Coordination Program		—	53	
84.177	Rehabilitation Services Independent Living Services for Older Individuals Who are Blind		—	1,112	
84.181	Special Education-Grants for Infants and Families		4,832	23,191	
84.184	School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs)		—	54	
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities		—	772	
84.196	Education for Homeless Children and Youth		4,340	6,062	
84.282	Charter Schools		14,236	14,986	
84.287	Twenty-First Century Community Learning Centers		97,669	101,810	
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs		3,415	4,191	
84.358	Rural Education		1,820	1,936	
84.365	English Language Acquisition State Grants		52,178	55,791	
84.366	Mathematics and Science Partnerships		4,400	4,402	
84.367	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)		132,167	141,814	
84.369	Grants for State Assessments and Related Activities		—	15,965	
84.377	School Improvement Grants		5,941	5,941	
84.419	Preschool Development Grants		15,576	17,443	
84.420	Performance Partnership Pilots for Disconnected Youth		172	173	
84.424	Student Support and Academic Enrichment Program		66,227	70,614	
84.938	Disaster Recovery Assistance for Education		167	167	
	U.S. Elections Assistance Commission:				
90.401	Help America Vote Act Requirements Payments		—	1,635	
90.404	2018 HAVA Election Security Grants		—	7,548	
	U.S. Department of Health and Human Services:				
93.041	Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation		—	161	
93.042	Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals		1,230	1,230	
93.043	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services		1,602	1,725	

STATE OF NEW YORK

Schedule of Expenditures of Federal Awards

Year ended March 31, 2020

(Amounts in thousands)

Federal CFDA number	Federal agency/grantor/ pass-through grantor program or cluster title	Pass-through identifying number	Passed through to subrecipients	Federal expenditures	
	U.S. Department of Health and Human Services (continued):				
	Aging Cluster:				
93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers		$ 23,099	23,998	
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services		54,503	56,594	
93.053	Nutrition Services Incentive Program		13,852	13,852	
	Total Aging Cluster		91,454	94,444	*
93.048	Special Programs for the Aging, Title IV, and Title II, Discretionary Projects		99	202	
93.052	National Family Caregiver Support, Title III, Part E		8,818	9,623	
93.071	Medicare Enrollment Assistance Program		1,239	1,407	
93.072	Lifespan Respite Care Program		76	95	
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements		—	1,138	
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance		—	100	
93.090	Guardianship Assistance		11,957	12,898	
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program		2,376	2,581	
93.103	Food and Drug Administration Research		—	1,609	
93.110	Maternal and Child Health Federal Consolidated Programs		—	424	
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		—	1,534	
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices		—	290	
93.150	Projects for Assistance in Transition from Homelessness (PATH)		4,011	4,011	
93.165	Grants to States for Loan Repayment		2,155	2,155	
93.217	Family Planning Services		2,302	2,566	
93.228	Indian Health Service, Health Management Development Program		—	22	
93.235	Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program		1,219	1,278	
93.240	State Capacity Building		—	657	
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance		811	5,074	
93.268	Immunization Cooperative Agreements		861	132,218	
93.303	Nurse Corps Scholarship		—	13	
93.324	State Health Insurance Assistance Program		1,030	1,703	
93.367	Flexible Funding Model – Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs		—	301	
93.369	ACL Independent Living State Grants		—	852	
93.394	Cancer Detection and Diagnosis Research		—	658	
93.434	Every Student Succeeds Act/Preschool Development Grants		—	7,548	
93.464	ACL Assistive Technology		—	785	
93.539	PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds		—	461	
93.556	Promoting Safe and Stable Families Program		17,033	18,192	
	TANF Cluster:				
93.558	Temporary Assistance for Needy Families		1,994,939	2,012,342	
	Total TANF Cluster		1,994,939	2,012,342	*
93.563	Child Support Enforcement		130,642	186,026	*
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs		6,094	14,364	
93.568	Low-Income Home Energy Assistance		94,687	364,052	*
93.569	Community Services Block Grant		53,802	56,504	*
	CCDF Cluster:				
93.575	Child Care and Development Block Grant		556,401	651,174	
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund		198,748	198,748	
	Total CCDF Cluster		755,149	849,922	*
93.576	Refugee and Entrant Assistance Discretionary Grants		—	244	
93.584	Refugee and Entrant Assistance Targeted Assistance Grants		—	21	
93.586	State Court Improvement Program		—	1,171	
93.590	Community-Based Child Abuse Prevention Grants		1,214	1,793	
93.597	Grants to States for Access and Visitation Programs		—	460	
93.599	Chafee Education and Training Vouchers Program (ETV)		1,422	1,422	
	Pass-Through from Human Services Administration for Children and Families	—	—	11	
	Total Chafee Education and Training Vouchers Program (ETV)		1,422	1,433	

STATE OF NEW YORK

Schedule of Expenditures of Federal Awards

Year ended March 31, 2020

(Amounts in thousands)

Federal CFDA number	Federal agency/grantor/ pass-through grantor program or cluster title	Pass-through identifying number	Passed through to subrecipients	Federal expenditures	
	U.S. Department of Health and Human Services (continued):				
93.600	Head Start		$ —	226	
93.603	Adoption and Legal Guardianship Incentive Payments		—	710	
93.630	Developmental Disabilities Basic Support and Advocacy Grants		—	4,634	
93.634	Support for Ombudsman and Beneficiary Counseling Programs for States Participating in Financial Alignment Model Demonstrations for Dually Eligible Individuals		457	549	
93.640	Basic Health Program (Affordable Care Act)		—	3,834,196	
93.643	Children's Justice Grants to States		763	964	
93.644	Adult Medicaid Quality: Improving Maternal and Infant Health Outcomes in Medicaid and CHIP		—	86	
93.645	Stephanie Tubbs Jones Child Welfare Services Program		11,856	11,856	
93.658	Foster Care-Title IV-E		484,910	499,653	*
93.659	Adoption Assistance		157,244	160,634	*
93.667	Social Services Block Grant		270,167	279,300	*
93.669	Child Abuse and Neglect State Grants		—	2,279	
93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services		780	4,999	
93.674	John H. Chafee Foster Care Program for Successful Transition to Adulthood		3,111	3,111	
93.734	Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs – financed by Prevention and Public Health Funds (PPHF)		48	133	
93.767	Children's Health Insurance Program		8,446	1,454,091	
	Medicaid Cluster:				
93.775	State Medicaid Fraud Control Units		—	38,192	
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare		—	29,029	
93.778	Medical Assistance Program		463,458	43,664,579	
	Total Medicaid Cluster		463,458	43,731,800	*
93.791	Money Follows the Person Rebalancing Demonstration		—	46,148	
93.817	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities		—	189	
93.870	Maternal, Infant and Early Childhood Home Visiting Grant		7,935	9,110	
93.958	Block Grants for Community Mental Health Services		38,568	38,568	
93.959	Block Grants for Prevention and Treatment of Substance Abuse		90,805	94,741	
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants		735	2,181	
93.991	Preventive Health and Health Services Block Grant		2,475	11,022	
93.994	Maternal and Child Health Services Block Grant to the States		16,731	24,813	
	Corporation for National and Community Service:				
94.003	State Commissions		11	458	
94.006	AmeriCorps		10,211	10,554	
94.009	Training and Technical Assistance		9	158	
	Foster Grandparent/Senior Companion Cluster:				
94.016	Senior Companion Program		—	249	
	Total Foster Grandparent/Senior Companion Cluster		—	249	
94.021	Volunteer Generation Fund		490	490	
	U.S. Social Security Administration:				
	Disability Insurance/SSI Cluster:				
96.001	Social Security Disability Insurance		—	172,908	
	Total Disability Insurance/SSI Cluster		—	172,908	*
	U.S. Department of Homeland Security:				
97.008	Non-Profit Security Program		5,082	5,082	
97.012	Boating Safety Financial Assistance		—	2,241	
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)		—	831	
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)		974,958	989,361	
97.039	Hazard Mitigation Grant		63,892	84,474	*
97.041	National Dam Safety Program		—	255	
97.042	Emergency Management Performance Grants		7,766	14,490	
97.044	Assistance to Firefighters Grant		—	294	
97.045	Cooperating Technical Partners		—	424	
97.047	Pre-Disaster Mitigation		610	610	
97.056	Port Security Grant Program		—	367	
97.067	Homeland Security Grant Program		255,943	282,718	
97.109	Disaster Housing Assistance Grant		11,103	12,567	
97.133	Preparing for Emerging Threats and Hazards		173	467	

STATE OF NEW YORK

Schedule of Expenditures of Federal Awards

Year ended March 31, 2020

(Amounts in thousands)

Federal CFDA number	Federal agency/grantor/ pass through grantor program or cluster title	Pass through identifying number	Passed through to subrecipients	Federal expenditures
	Other Clusters:			
	Student Financial Assistance Cluster:			
	U.S. Department of Education:			
84.007	Federal Supplemental Educational Opportunity Grants		$ —	7,314
84.033	Federal Work-Study Program		—	11,820
84.038	Federal Perkins Loan Program – Federal Capital Contributions		—	101,782
84.063	Federal Pell Grant Program		—	321,656
84.268	Federal Direct Student Loans		—	1,127,677
84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)		—	3,047
	Total U.S. Department of Education		—	1,573,296
	U.S. Department of Health and Human Services:			
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students		—	14,131
93.364	Nursing Student Loans		—	7,692
	Total U.S. Department of Health and Human Services		—	21,823
	Total Student Financial Assistance Cluster		—	1,595,119
	Research and Development Cluster:			
16.593	Residential Substance Abuse Treatment for State Prisoners		—	13
16.812	Second Chance Act Reentry Initiative		—	7
17.805	Homeless Veterans' Reintegration Program		—	10
20.205	Highway Planning and Construction		—	3,798
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth		—	76
93.563	Child Support Enforcement		—	607
	Total Research and Development Cluster		—	4,511
	Total Expenditures of Federal Awards		$ 11,354,074	74,667,153

* Represents Major Program

See accompanying notes to schedule of expenditures of federal awards.

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

For purposes of complying with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the State of New York (State) is defined in a manner consistent with the entity defined in the State of New York Comprehensive Annual Financial Report (CAFR) as of and for the year ended March 31, 2020. The following entities, however, are excluded:

i. New York State and Local Retirement System, State Lottery, and the City University of New York Fund;

ii. Research Foundation of the State University of New York;

iii. All public benefit corporations, as defined in the CAFR (note 14), except for the following four public benefit corporations, which are included:

1. Dormitory Authority of the State of New York,
2. New York State Energy Research and Development Authority,
3. Hugh L. Carey Battery Park City Authority, and
4. Housing Trust Fund Corporation.

Each of the excluded entities are subject to separate audits in compliance with the Uniform Guidance, as applicable.

(b) Basis of Presentation

The Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the State under programs of the federal government for the year ended March 31, 2020. The information in this Schedule is presented in accordance with the Uniform Guidance. The Schedule presents only a selected portion of the operations of the State; therefore, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the State.

(c) Basis of Accounting

Expenditures reported on the Schedule are generally reported on the cash basis of accounting, as reported by the Statewide Financial System (SFS). The expenditures reported on the Schedule are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. The negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The SFS provides primary information from which the basic financial statements are prepared.

(Continued)

(d) Matching Costs

Matching costs, the nonfederal share of certain program costs, are not included in the Schedule except for the State's share of unemployment insurance (see Note 4).

(2) Relationship to Federal Financial Reports

The regulations and guidelines governing the preparation of federal financial reports vary by federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts reported in the Schedule, which is prepared on the basis explained in Note 1(c).

(3) Indirect Cost Rate

The State does not utilize the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Unemployment Insurance

State unemployment tax revenues and other payments must be deposited into the Unemployment Trust Fund in the U.S. Treasury. Use of these funds is restricted to pay benefits under the federally approved State unemployment law. State unemployment insurance funds as well as federal funds are used to pay benefits under the Unemployment Insurance program (CFDA No. 17.225). The amount reported in the Schedule for the Unemployment Insurance program included $2.2 billion in State-funded expenditures deposited into the Unemployment Trust Fund in the U.S. Treasury.

(5) Loan and Loan Guarantee Programs

(a) Federal Student Loan and Loan Guarantee Programs

The federal student loan programs listed below are administered by the State through the State University of New York (SUNY), and balances and transactions related to these programs are included in the State's CAFR. Loans made during the year are included as federal expenditures presented in the Schedule. Loans outstanding at March 31, 2020 amounted to $100.9 million, net of allowance for doubtful accounts. The following table displays activity for federal student loans outstanding at March 31, 2020 (in thousands):

CFDA Number	Program title	Beginning balance	Additions	Deletions	Ending balance
84.038	Federal Perkins Loan Program – Federal Capital Contributions	$ 101,782	—	19,751	82,031
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	12,715	1,416	2,138	11,993
93.364	Nursing Student Loans	6,081	1,611	850	6,842

SUNY participates in the Federal Direct Student Loans program (CFDA No. 84.268), which provides federal loans directly to students rather than through private lending institutions. SUNY is responsible only for the origination of the loan (i.e., determining student eligibility and disbursing loan proceeds to the borrower). The Direct Loan Servicer is then responsible for overall servicing and collection of the loan. During the year ended March 31, 2020, SUNY processed approximately $1.1 billion of new loans under the Federal Direct Student Loans program, which are included in the Schedule. The program is administered by the Federal government; therefore, new loans made during the year are reported in the Schedule, whereas the outstanding loan balances are not.

(b) Home Investment Partnerships Program

The State administers the Home Investment Partnerships (HOME) Program (CFDA No. 14.239) through the Housing Trust Fund Corporation. A portion of the HOME Program payments are in the form of low interest loans made to not-for-profit and for-profit organizations to construct multi-family apartment buildings. Loans outstanding at March 31, 2020 amounted to $239 million. The following table displays activity for the HOME Program loans outstanding at March 31, 2020 (in thousands):

CFDA Number	Program title		Beginning balance	Additions	Deletions	Ending balance
14.239	Home Investment Partnerships Program	$	234,690	4,709	323	239,076

(c) Hurricane Sandy Community Development Block Grant Disaster Recovery Grants and Community Development Block Grant National Disaster Resilience Competition Grants

The State administers the Hurricane Sandy Community Development Block Grant Disaster Recovery (CDBG-DR) Grants program (CFDA No. 14.269) and Community Development Block Grant National Disaster Resilience Competition Grants program (CFDA No. 14.272) through the Governor's Office of Storm Recovery. A portion of the program payments are in the form of loans. Loans outstanding as of March 31, 2020 amounted to $105 million. The following table displays activity for these grant program at March 31, 2020 (in thousands):

CFDA Number	Program title		Beginning balance	Additions	Deletions	Ending balance
14.269	Hurricane Sandy CDBG-DR	$	85,033	14,657	—	99,690
14.272	Community Development Block Grant National Disaster Resilience Competition Grants		3,120	2,380	—	5,500

(Continued)

(6) Non-Cash Awards

The State is the recipient of federal award programs that do not result in cash receipts or disbursements and are therefore not recorded in the State's fund financial statements. Non-cash amounts of awards received by the State are included in the Schedule as follows:

CFDA number	Program title		Non-cash awards subrecipient	Non-cash awards
			(In thousands)	
10.551	Supplemental Nutrition Assistance Program	$	—	4,254,145
10.555	National School Lunch Program		99,587	99,587
10.558	Child and Adult Care Food Program		1,232	1,232
10.559	Summer Food Service Program for Children		327	327
10.565	Commodity Supplemental Food Program		10,349	10,349
10.569	Emergency Food Assistance Program		99,009	99,009
16.578	Federal Surplus Property Transfer Program		4,927	5,330
93.268	Immunization Cooperative Agreements		—	122,328
	Total	$	215,431	4,592,307

(7) Donated Personal Protective Equipment (PPE) (Unaudited)

Pursuant to OMB Memorandum M-20-20, the State received PPE from federal agencies for the year ended March 31, 2020. The estimated fair market value of the PPE at the time of receipt was $1.5 million. Also, at the direction of FEMA, $750 thousand in PPE was donated to the State by a private corporation.

(8) Litigation

The State is a defendant in numerous legal proceedings pertaining to matters incidental to the performance of routine governmental operations. Such litigation includes, but is not limited to, claims asserted against the State arising from alleged torts, alleged breaches of contracts, condemnation proceedings, and other alleged violations of State and Federal laws.

Included in the State's outstanding litigation are a number of cases challenging the legality or the adequacy of a variety of significant social welfare programs, primarily involving the State's Medicaid and mental health programs. Adverse judgments in these matters generally could result in injunctive relief coupled with prospective changes in patient care that could require substantial increased financing of the litigated programs in the future.

(1) Summary of Auditors' Results

a. Type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified, except for our opinion on aggregately discretely presented components units, for which a qualified opinion was determined,**

b. Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:

- Material weaknesses: **No**
- Significant deficiencies: **Yes**

c. Noncompliance material to the financial statements: **No**

d. Internal control deficiencies over major programs disclosed by the audit:

- Material weaknesses: **Yes**
- Significant deficiencies: **Yes**

e. Type of report issued on compliance for major programs: **Unmodified except for:**

Qualified Opinion

- Adult Educations – Basic Grants to States (84.002)
- Child Support Enforcement (93.563)
- Low-Income Home Energy Assistance (93.568)
- Foster Care – Title IV-E (93.658)
- Social Services Block Grant (93.667)

f. Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **Yes**

g. Major programs:

- Child Nutrition Cluster – CFDA 10.555 and 10.559
- Food Distribution Cluster – CFDA 10.565, 10.568, and 10.569
- CDBG-Disaster Recovery Grants – Pub. L. No. 113-2 Cluster – CFDA 14.269 and 14.272
- Housing Voucher Cluster – CFDA 14.871 and 14.879
- COVID-19 – Coronavirus Relief Fund – CFDA 21.019
- Clean Water State Revolving Fund Cluster – CFDA 66.458 and 66.482
- Adult Education – Basic Grants to States – CFDA 84.002

- Special Education Cluster (IDEA) – CFDA 84.027 and 84.173
- Twenty-First Century Community Learning Centers – CFDA 84.287
- Aging Cluster – CFDA 93.044, 93.045, and 93.053
- TANF Cluster – CFDA 93.558
- Child Support Enforcement – CFDA 93.563
- Low-Income Home Energy Assistance – CFDA 93.568
- Community Services Block Grant – CFDA 93.569
- CCDF Cluster – CFDA 93.575 and 93.596
- Foster Care – Title IV-E – CFDA 93.658
- Adoption Assistance – CFDA 93.659
- Social Services Block Grant – CFDA 93.667
- Medicaid Cluster – CFDA 93.775, 93.777, and 93.778
- Disability Insurance/SSI Cluster – CFDA 96.001
- Hazard Mitigation Grant – CFDA 97.039

h. Dollar threshold used to distinguish between Type A and Type B programs: **$112,000,730**

i. Auditee qualified as a low-risk auditee: **No**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

The State has significant deficiencies in internal control over financial reporting relating to (1) the State's monitoring of the service organization associated with the Electronic Benefit Transfer (EBT) process associates with the States' Supplemental Nutrition Assistance Program and (2) a deficiency in management's level of review of key mortality assumptions utilized within with the Postemployment Benefits Other than Pensions Actuarial Valuation report.

Refer to the separately issued report dated July 28, 2020 for specific details regarding these findings.

(3) Findings and Questioned Costs Relating to Federal Awards

See pages 19 to 60.

Federal Agency:	United Stated Department of Agriculture Environmental Protection Agency
Federal Program:	Child Nutrition Cluster (10.555 and 10.559) Food Distribution Cluster (10.565, 10.568, and 10.569) Capitalization Grants for Clean Water State Revolving Funds (66.458 and 66.482)
Federal Award Numbers:	201817N109944-S, 201818N109944-O, 201818N109944-S, 201918N109944-S, 201919N109944-O, 201919N109944-S, 202020N109944-O, 202020N109944-S 201919Y800544, 202020Y800544, 201918Y810544, 201919Q220444, 201919Y810544, 202020Q220444, 202020Y810544 CS36000119
Federal Award Years:	2018, 2019, and 2020
State Agency:	Department of Environmental Conservation Department of Health Office of General Services Office of the State Comptroller
Reference:	2020-003

Criteria

Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements*, section 200.519(b) states the auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with section 200.502. While not required, the auditee may choose to provide information requested by HHS awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

(1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

(2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.

(3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.

(4) Include the total amount provided to subrecipients from each Federal program.

(5) For loan or loan guarantee programs described in section 200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.

(6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in section 200.414.

Additionally, 2 CFR 200.303(a) states the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition

During the audit, we identified the following improper classification of the amount of expenditures passed through to subrecipients on the draft State of New York Schedule of Expenditures of Federal Awards (SEFA).

Child Nutrition Cluster

The State of New York (the State) did not classify amounts received as passed through to subrecipients on the draft SEFA. Specifically, the State, related to the Child Nutrition Cluster had $99,914,000 in food commodities that were passed through to its subrecipients which were not classified as passed-through expenditures on the draft SEFA.

Food Distribution Cluster

The State did not classify amounts received as passed through to subrecipients on the draft SEFA for the Food Distribution Cluster. Specifically, the State, related to the Emergency Food Assistance Program had $99,009,000 in food commodities and $9,033,000 in administrative costs administered the Office of General Services (OGS) that were passed through to its subrecipients.

Additionally, the State had $10,349,000 as food commodities administered by the Department of Health (DOH) that were passed through to subrecipients. In total for the Food Distribution Cluster, $118,391,000 in expenditures provided to subrecipients had not been recorded as passed-through to subrecipients on the draft SEFA.

Capitalization Grants for Clean Water State Revolving Funds

The Department of Environmental Conservation (DEC) inappropriately classified $730,000 of administrative cost expenditures, incurred during the fiscal year end March 31, 2020, as passed-through expenditures on the State’s draft SEFA. As a result, the State reported passed-through expenditures on the draft SEFA as $175,375,000 as of March 31, 2020, instead of the actual passed-through expenditures of $174,645,000.

Cause

The Office of the State Comptroller (OSC) annually sends out NYS Federal Single Audit Packages which includes details of current year federal expenditures from the Statewide Financial System (SFS) as well as questionnaires which allow the agencies to indicate any noncash assistance expended, such as food commodities.

The condition found related to OGS related expenditures in the Food Distribution Cluster and Child Nutrition Cluster was due to only the questionnaire tab being provided to OGS for completion instead of the full NYS Federal Single Audit Package. The full NYS Federal Single Audit Package would include a detail listing of expenditures recorded by the agency through the State of New York's Statewide Financial System (SFS) and requests the agency to review and identify amounts that were passed-through to subrecipients. As the SFS detail was not reviewed for the Food Distribution Cluster, amounts within SFS were not identified that were passed through to subrecipients. Additionally, while noncash assistance was provided from OGS for the current year, OGS was not asked for the amount of such assistance that was passed through to subrecipients. This resulted in the inadvertent exclusion of amounts passed through to subrecipients for both the Food Distribution Cluster and Child Nutrition Cluster programs from the State's draft SEFA passed-through expenditures.

DOH obtained the full NYS Federal Single Audit Package, however, during DOH's annual review of the NYS Federal Single Audit Package, food commodities passed through to subrecipients were not identified within the package as being passed through to subrecipients. This resulted in the inadvertent exclusion of amounts passed through to subrecipients for the Food Distribution Cluster program from the State's draft SEFA passed-through expenditures.

For the administrative costs for the Capitalization Grants for Clean Water State Revolving Funds, the condition found is due to management's review over the total amounts classified as passed-through to subrecipient not being reduced by amounts returned to DEC by its subrecipients to cover administrative expenditures of DEC. Upon receipt of the federal award, DEC passes through to its subrecipient the entire amount of the award requested for reimbursement. However, at period end, an amount related to DEC administrative expenditures is reimbursed from the amounts provided to the subrecipient. While amounts reported as total expenditures is properly stated, the amounts returned do not represent amounts passed through to subrecipients and was not identified and reduced in preparation of the draft SEFA. As a result, the amounts reported as passed-through to subrecipients on the draft SEFA were overstated.

Possible Asserted Effect

Failure to appropriately ensure the completeness and accuracy of the expenditure amounts including food commodities passed-through to subrecipients may result in inaccurate reporting to United States Department of Agriculture and Environmental Protection Agency and may inhibit its ability to effectively monitor and evaluate the State's performance relative to the Children Nutrition Cluster, Food Distribution Cluster, and Capitalization Grants for Clean Water State Revolving Funds federal programs.

Questioned Costs

None.

Statistical Sampling

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation

We recommend the State enhance its SEFA compilation process to include the ability for the State agencies, in their reporting to the Office of the State's Comptroller (OSC), to indicate for all expenditures, including noncash assistance, and amounts that are considered passed-through to subrecipients to allow for proper compilation and presentation of the SEFA. Additionally, State agencies should ensure during its review that amounts passed-through to subrecipients that are returned back from its subrecipients, are not included as amounts passed-through to subrecipients. Lastly, State agencies should ensure it reviews all expenditures recorded during the period under audit to ensure amounts provided to subrecipients as defined by 2 CFR 200.331, are prepared recorded as amounts passed-through to subrecipients on the SEFA.

Views of Responsible Officials

Recommendation accepted. Corrective action in progress. Reference the corrective action plan for further details.

Federal Agency:	United State Department of Agriculture
Federal Program:	Child Nutrition Cluster (10.555 and 10.559)
Federal Award Numbers:	201817N109944-S, 201818N109944-O, 201818N109944-S, 201918N109944-S, 201919N109944-O, 201919N109944-S, 202020N109944-O, 202020N109944-S
Federal Award Years:	2017, 2018, 2019 and 2020
State Agency:	State Education Department
Reference:	2020-004

Criteria

Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits*, section 200.303(a) states the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Additionally, 2 CFR 200.514(c)(4) also states when internal control over some or all of the compliance requirements for a major program are likely to be ineffective in preventing or detecting noncompliance, the planning and performing of testing described in paragraph (c)(3) of this section are not required for those compliance requirements. However, the auditor must report a significant deficiency or material weakness in accordance with section 2 CFR 200.516, assess the related control risk at the maximum, and consider whether additional compliance tests are required because of ineffective internal control.

Condition

During our testwork, as a result of the deficiencies identified in the general information technology control (GITC) environment over the New York State Department of Education's (the Department's) child nutrition management system, known as CNMS, we were unable to perform adequate procedures to satisfy ourselves that certain allowability and allowable costs and eligibility automated controls within CNMS were operating effectively. Specifically, we were unable to rely upon management's monitoring of system changes to ensure all changes were authorized as management was unable to provide evidence to support the completeness of the list of changes used in the monitoring control.

Cause

The condition found is due to the Department's general information technology controls over change management not being properly designed and implemented. Specifically, the Department did not have appropriate segregation of duties in place between developer and migrator during the period under audit. Additionally, the Department did not have any compensating controls to mitigate the risk that unauthorized change could have occurred as there was no systematic listing that shows a complete listing of all changes made during the period under audit. Management has identified manual detective controls outside of the CNMS system for monitoring activities allowed or unallowed, allowable costs, and eligibility that they rely on.

(Continued)

Possible Asserted Effect

Failure to have a reliable GITC environment over change management may result in unauthorized changes being made to the relevant application supporting CNMS, which may result in reliance on ineffective automated information technology controls over the activities allowed or unallowed, allowable costs, and eligibility. Failure to have effective internal controls over the allowability of costs may result in federal awards being for expenditures which are not allowed under the Federal statues, regulations, and the terms and conditions of the federal award. Additionally, failure to have effective internal controls over eligibility may result in federal funds being awarded to subrecipients whom do not meet the eligibility criteria specifically relating to severe needs school and renewal school determinations to use of federal funds in accordance with Federal statues, regulations, and the terms and conditions of the subaward.

Statistical Sampling

The sample was not intended to be, and was not, a statistically valid sample.

Questioned Costs

None.

Recommendation

If appropriate segregation of duties is unable to be maintained between developer and migrator, we recommend that the Department establish a compensating monitoring control to periodically review a systematically generated and complete listing of changes to ensure only appropriate changes are migrated into production.

Views of Responsible Officials

We agree with the recommendation and are in the process of implementing the required changes.

Federal Agency:	United States Department of Education
Federal Program:	Adult Education – Basic Grants to States (84.002)
Federal Award Numbers:	V002A170033, V002A180033, V002A190033
Federal Award Years:	2017, 2018, 2019
State Agency:	State Education Department
Reference:	2020-005

Criteria

Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements*, section 200.332(b) states all pass-through entities must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:

(1) The subrecipient's prior experience with the same or similar subawards;

(2) The results of previous audits, including whether or not the subrecipient receives a Single Audit in accordance with Subpart F – Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;

(3) Whether the subrecipient has new personnel or new or substantially changed systems; and

(4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

Additionally, 2 CFR 200.332(d) states a pass-through entity must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

(1) Reviewing financial and performance reports required by the pass-through entity.

(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

(3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521 Management decision.

(Continued)

Further, 2 CFR 200.332(e) states depending upon the pass-through entity’s assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

(1) Providing subrecipients with training and technical assistance on program-related matters; and

(2) Performing on-site reviews of the subrecipient’s program operations;

(3) Arranging for agreed-upon-procedures engagements as described in Section 200.425 *Audit services*.

Title 29 of the United States Code, section 3272(4) states the term “eligible individual” means an individual:

(1) who has attained 16 years of age;

(2) who is not enrolled or required to be enrolled in secondary school under State law; and

(3) who –

a. is basic skills deficient;

b. does not have a secondary school diploma or its recognized equivalent, and has not achieved an equivalent level of education; or

c. is an English language learner.

Further, 2 CFR 200.332(a) states all pass through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:

(xi) Assistance Listings number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listing Number at time of disbursement.

Lastly, 2 CFR 200.303(a) states the nonfederal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the nonfederal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition

During the fiscal year ended March 31, 2020, the New York State Education Department (the Department) passed through $38,692,926 of federal funding to 74 subrecipients.

The Department utilizes the Annual New York State Report Card for Adult Education Providers as the primary basis for assessing risk related to subrecipients in accordance with 2 CFR 200.331(b). Higher risk subrecipients are tracked on a risk spreadsheet. Additionally, subrecipients who are considered to be “corrective actions” sites are required to submit a corrective action plan to the Department which is approved by the Department. For 2 of 20 subrecipients selected for testwork, management had required a corrective action plan. The

Department was unable to provide documentation of the submitted corrective action plans or the approval of the corrective action plan by the Department. However, we note that while the corrective action plans had not been provided, the Department performed their risk assessment procedures over the selected subrecipients.

The Department does not have documented policies and procedures over its subrecipient monitoring procedures.

The Department performed site visits over 25 subrecipients during the period under audit as deemed necessary based on risk assessment and program performance. The Department indicated that during these site visits they perform monitoring procedures over both fiscal and programmatic factors as well as the monitoring procedures over the determination of the eligibility for individuals. For the five site visits selected for testwork:

- For two of the five subrecipient site visits, the Department was unable to provide documentation to support the site visit occurred, including monitoring procedures over the determination of the eligibility for individuals and review of fiscal monitoring.
- For one of the remaining three subrecipient site visits selected for testwork, the Department was unable to provide documentation to support the site visit included a monitoring procedure over the determination of the eligibility for individuals.
- For three of the remaining three subrecipient site visits selected, the Department did not have evidence of the review of fiscal monitoring being performed as part of the site visit.

Further, the Department holds monthly meetings with the Regional Adult Education Networks (RAEN) at which various programmatic factors are discussed for each site that participates in the program. During our testwork over three selected monthly RAEN meetings, we noted for the October 2019 RAEN meeting, 2 of 20 subrecipients selected for testwork, management was unable to provide documentation to support that the subrecipient had been reviewed as part of the meeting. Additionally, for 1 of the remaining 18 subrecipients selected for testwork, management had concluded follow-up was necessary; however, management was unable to provide documentation to support that follow-up by the Department had occurred.

Lastly, the Department did not have procedures in place for the fiscal year ended March 31, 2020 to ensure the CFDA number is communicated to the subrecipient at the time of disbursement of funds.

Cause

The condition found is due to the Department not having sufficient internal controls in place to ensure that all supporting documentation over subrecipient monitoring activity is maintained.

Additionally, the cause of the condition was due to the timing of the Department’s implementation of its corrective action plan in response to a similar issue noted for a major program in the prior year. The State of New York implemented a CFDA Payment Inquiry ability within its Statewide Financial System as of March 30, 2020, which allows recipients to obtain the Assistance Listing Number for each disbursed fund. However, given the timing, the process was not in place for the period under audit.

Possible Asserted Effects

Failure to maintain documentation over the risk assessment and subrecipient monitoring procedures may result in procedures that are inadequate or inappropriate to detect noncompliance with Federal statutes, regulations, and the terms and conditions of subawards.

Additionally, failure to provide award identification information as prescribed in 2 CFR 200.332 may result in the Department not being in compliance with its responsibility as a pass-through entity in accordance with federal statutes, regulations, and the terms and conditions of its federal awards.

Questioned Costs

Cannot be determined.

Statistical Sampling

The samples were not intended to be, and were not, a statistically valid sample.

Recommendation

We recommend the Department enhance the policies and procedures in place to ensure consistent, comprehensive, and documented support is maintained for monitoring performed by the Department.

Additionally, we recommend that the Department continue to follow its updated policies and procedures to award identification to its subrecipients of federal programs to ensure all award identification information prescribed in 2 CFR 200.332(a) is provided to the subrecipients of the Department.

Views of Responsible Officials

Recommendation accepted. Corrective action in progress. Reference the corrective action plan for further details.

Federal Agency:	United States Department of Education
Federal Program:	Adult Education – Basic Grants to States (84.002)
Federal Award Numbers:	V002A170033
Federal Award Years:	2017
State Agency:	State Education Department
Reference:	2020-006

Criteria

Title 29 of the United States Code, section 3302(a)(1), *State distribution of funds; matching requirement,* states each eligible agency receiving a grant under section 3291(b) of this title for a fiscal year shall use not less than 82.5 percent of the grant funds to award grants and contracts under section 3321 of this title and to carry out section 3305 of this title, of which not more than 20 percent of such amount shall be available to carry out section 3305 of this title.

Additionally, Title 29 USC, section 3305, *Programs for corrections education and other institutionalized individual,* states from funds made available under section 3302(a)(1) of this title for a fiscal year, each eligible agency shall carry out corrections education and education for other institutionalized individuals

Finally, Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, section 200.303(a) states the nonfederal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the nonfederal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition

During the fiscal year ended March 31, 2020, the federal fiscal year (FFY) 2017 award related to the Adult Education program ended and in turn the above earmark requirements were required to be met. We noted the New York State Education Department (the Department) has controls in place to review the submission of earmark compliance prior to submission to the United States Department of Education. However, for the FFY2017 report, filed in December 2019, we noted the earmark amounts reported on the submission were inaccurate. The Department initially reported $384,882 for corrections education and $37,764,719 for grants and contracts and should have instead reported $2,972,856 for corrections education and $37,737,575 for grants and contracts. The Department was still in compliance with the requirements as they met the thresholds of not more than 20% of the 82.5% for corrections education and the 82.5% for grants and contracts. We noted, however, the Departments review failed to identify the incorrect amounts reported resulting in a breakdown in internal control.

Cause

The condition found is due to a deficiency in the Department's management review control was not at a precision level to detect that the earmarking tracking report was not complete and accurate for corrections education expenditures spent during the award year.

Possible Asserted Effects

Failure to track a complete and accurate compilation of expenditures for purposes of ensuring the Department's compliance with the Federal award earmarking requirements may result in noncompliance with 29 USC 3302(a)(1) and 3305.

Questioned Costs

None.

Statistical Sampling

The samples were not intended to be, and were not, a statistically valid sample.

Recommendation

We recommend the Department enhance the precision level of its internal controls, over their review of earmarking expenditures for its compliance tracking, to ensure complete and accurate information is maintained by the Department.

Views of Responsible Officials

We agree with the recommendation and are in process of implementing required changes. Reference the corrective action plan for further details.

Federal Agency:	United States Department of Education
Federal Program:	Special Education Cluster (IDEA) (84.027 and 84.173)
Federal Award Numbers:	H027A170104, H027A180104, and H027A190104 H173A170110, H173A180110, and H173A190110
Federal Award Years:	2017, 2018, and 2019
State Agency:	State Education Department
Reference:	2020-007

Criteria

Title 34 U.S. Code of Federal Regulations Part 300 (34 CFR 300), *Assistance to State for Education of Children with Disabilities*, section 300.203, states the following:

(a) Eligibility Standard

(1) For purposes of establishing the Local Educational Agency (LEA)'s eligibility for an award for a fiscal year, the SEA must determine that the LEA budgets, for the education of children with disabilities, at least the same amount, from at least one of the following sources, as the LEA spent for that purpose from the same source for the most recent fiscal year for which information is available:

(i) Local funds only;

(ii) The combination of State and local funds;

(iii) Local funds only on a per capita basis; or

(iv) The combination of State and local funds on a per capita basis.

(2) When determining the amount of funds that the LEA must budget to meet the requirement in paragraph (a)(1) of this section, the LEA may take into consideration, to the extent the information is available, the exceptions and adjustment provided in sections 300.204 and 300.205 that the LEA:

(i) Took in the intervening year or years between the most recent fiscal year for which information is available and the fiscal year for which the LEA is budgeting; and

(ii) Reasonably expects to take in the fiscal year for which the LEA is budgeting.

(3) Expenditures made from funds provided by the Federal government for which the SEA is required to account to the Federal government or for which the LEA is required to account to the Federal government directly or through the SEA may not be considered in determining whether an LEA meets the standard in paragraph (a)(1) of this section.

(Continued)

(b) Compliance Standard

(1) Except as provided in sections 300.204 and 300.205, funds provided to an LEA under Part B of the Act must not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year.

(2) An LEA meets this standard if it does not reduce the level of expenditures for the education of children with disabilities made by the LEA from at least one of the following sources below the level of those expenditures from the same source for the preceding fiscal year, except as provided in sections 300.204 and 300.205:

(i) Local funds only;

(ii) The combination of State and local funds;

(iii) Local funds only on a per capita basis; or

(iv) The combination of State and local funds on a per capita basis.

(3) Expenditures made from funds provided by the Federal government for which the SEA is required to account to the Federal government or for which the LEA is required to account to the Federal government directly or through the SEA may not be considered in determining whether an LEA meets the standard in paragraphs (b)(1) and (2) of this section.

(c) Subsequent Years

(1) If, in the fiscal year beginning on July 1, 2013 or July 1, 2014, an LEA fails to meet the requirements of sections 300.203 in effect at that time, the level of expenditures required of the LEA for the fiscal year subsequent to the year of the failure is the amount that would have been required in the absence of that failure, not the LEA's reduced level of expenditures.

(2) If, in any fiscal year beginning on or after July 1, 2015, an LEA fails to meet the requirement of paragraph (b)(2)(i) or (iii) of this section and the LEA is relying on local funds only, or local funds only on a per capita basis, to meet the requirements of paragraph (a) or (b) of this section, the level of expenditures required of the LEA for the fiscal year subsequent to the year of the failure is the amount that would have been required under paragraph (b)(2)(i) or (iii) in the absence of that failure, not the LEA's reduced level of expenditures.

(3) If, in any fiscal year beginning on or after July 1, 2015, an LEA fails to meet the requirement of paragraph (b)(2)(ii) or (iv) of this section and the LEA is relying on the combination of State and local funds, or the combination of State and local funds on a per capita basis, to meet the requirements of paragraph (a) or (b) of this section, the level of expenditures required of the LEA for the fiscal year subsequent to the year of the failure is the amount that would have been required under paragraph (b)(2)(ii) or (iv) in the absence of that failure, not the LEA's reduced level of expenditures.

(Continued)

(d) *Consequence of Failure to Maintain Effort*

If an LEA fails to maintain its level of expenditures for the education of children with disabilities in accordance with paragraph (b) of this section, the SEA is liable in a recovery action under Section 452 of the General Education Provisions Act (20 U.S.C. 1234a) to return to the Department, using nonfederal funds, an amount equal to the amount by which the LEA failed to maintain its level of expenditures in accordance with paragraph (b) of this section in that fiscal year, or the amount of the LEA's Part B subgrant in that fiscal year, whichever is lower.

Further Title 34, CFR 300.204 states allowances may be made for (a) the voluntary departure, by retirement or otherwise, or departure for just cause, of special education or related services personnel; (b) a decrease in the enrollment of children with disabilities; (c) the termination of the obligation of the agency, consistent with this part, to provide a program of special education to a particular child with a disability that is an exceptionally costly program, as determined by the SEA, because the child (i) has left the jurisdiction of the agency, (ii) has reached the age at which the obligation of the agency to provide a free and appropriate public education (FAPE) has terminated, or (iii) no longer needs such program of special education; (d) the termination of costly expenditures for long-term purchases, such as the acquisition of equipment and the construction of school facilities; or (e) the assumption of costs by the high cost fund operated by the SEA under 34 CFR Section 300.704 (20 USC 1413(a)(2); 34 CFR Sections 300.203 and 300.204).

Additionally, Title 34 CFR 300.205 states the following:

(a) Amounts in excess. Notwithstanding section 300.202(a)(2) and (b) and section 300.203(b), and except as provided in paragraph (d) of this section and section 300.230(e)(2), for any fiscal year for which the allocation received by an LEA under section 300.705 exceeds the amount the LEA received for the previous fiscal year, the LEA may reduce the level of expenditures otherwise required by section 300.203(b) by not more than 50% of the amount of that excess.

(b) Use of amounts to carry out activities under ESEA. If an LEA exercises the authority under paragraph (a) of this section, the LEA must use an amount of local funds equal to the reduction in expenditures under paragraph (a) of this section to carry out activities that could be supported with funds under the ESEA regardless of whether the LEA is using funds under the ESEA for those activities.

(c) State prohibition. Notwithstanding paragraph (a) of this section, if an SEA determines that an LEA is unable to establish and maintain programs of FAPE that meet the requirements of Section 613(a) of the Act and this part or the SEA has taken action against the LEA under Section 616 of the Act and subpart F of these regulations, the SEA must prohibit the LEA from reducing the level of expenditures under paragraph (a) of this section for that fiscal year.

(d) Special rule. The amount of funds expended by an LEA for early intervening services under section 300.226 shall count toward the maximum amount of expenditures that the LEA may reduce under paragraph (a) of this section.

Further, Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements,* section 200.332(a) states all pass through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:

(xi) Assistance Listing number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listing Number at time of disbursement.

Lastly, 2 CFR 200.303(a) states the nonfederal entities must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the nonfederal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition

During the fiscal year ended March 31, 2020, the New York State Education Department (the Department) passed through $695,885,887 of federal funding to Local Education Agencies (LEAs).

The Department required LEAs to submit an LEA Maintenance of Effort (MOE) calculator as part of the application process for IDEA funding. This calculator was used in conjunction with the IDEA application to determine LEA eligibility for IDEA funds for the upcoming school year and LEA compliance with the MOE requirements. The Department required the LEA MOE calculator be submitted along with the other required components of the LEA's IDEA application. While the Department required the LEA's to submit their LEA MOE calculator in conjunction with their IDEA application, the Department did not have policies and procedures in place to review, and document the review, of the completeness and accuracy of the data submitted within the LEA MOE calculator. As such, the Department has not validated that the information submitted by the LEA was accurate and we are unable to ascertain that the information reported to the Department as MOE was complete and accurate.

In addition, the Department maintains a spreadsheet to track the receipt, review, and approval of the LEA MOE calculators and also sends email communications to the LEAs noting Departmental approval of the MOE calculators. While the tracking spreadsheet appeared to be properly updated noting Departmental approval, for 13 of 60 LEAs selected for testwork, the Department was unable to provide the approval email communications to LEAs for either their Compliance MOE calculator approval or their Eligibility MOE calculator approval. While the Department does maintain a tracking spreadsheet, the only available current evidence of managements review and approval of the calculator is their email communication, as noted above, as the Department does not retain notes or other supporting documentation evidencing their control.

Lastly, the Department did not have procedures in place for the fiscal year ended March 31, 2020 to ensure the CFDA number is communicated to the subrecipient at the time of disbursement of funds.

Cause

The condition found is due to the Departments lack of controls in place to review the completeness and accuracy of the data, which was submitted in the LEA MOE calculator. If the LEA submitted their calculator to the Department, as part of the application process, and was in compliance per the calculator, the LEA was awarded their IDEA funds. The Department did not take steps to ensure the data submitted in the MOE calculator was complete, accurate, and agreed to the LEA records and, therefore, did not take steps, beyond obtaining the calculator, to ensure the LEA was in compliance with MOE. The Department is in the process of implementing their corrective action plan from the prior year, related to this finding; however, due to resource

(Continued)

availability along with COVID-19 pandemic, the Department has been delayed in implementing the corrective action.

The condition found is also due to lack of documentation to evidence controls related to ensuring all LEA MOE calculators were reviewed and approved by the Department and documentation of review was maintained.

Additionally, the cause of the condition was due to the timing of the Department's implementation of its corrective action plan in response to a prior year finding. The State of New York implemented a CFDA Payment Inquiry ability within its Statewide Financial System as of March 30, 2020, which allows recipients to obtain the Assistance Listing Number for each disbursed fund. However, given the timing, the process was not in place for the period under audit.

Possible Asserted Effects

Failure to validate the information provided by LEAs used in meeting LEA maintenance of effort requirements may result in the Department not being compliant with Federal statues, regulations, and the terms and conditions of federal awards.

Additionally, failure to provide award identification information as prescribed in 2 CFR 200.331 may result in the Department not being in compliance with its responsibility as a pass-through entity in accordance with federal statutes, regulations, and the terms and conditions of its federal awards.

Questioned Costs

None.

Statistical Sampling

The samples were not intended to be, and were not, a statistically valid sample.

Repeat Finding

A similar finding was included in the 2019 Single Audit Report as finding number 2019-034 on pages 95–98.

Recommendation

We recommend the Department enhance its policies and procedures, including internal controls, over the LEA MOE calculator, to ensure information submitted by LEAs through the LEA MOE calculators are reviewed for completeness and accuracy and documentation of the review is maintained.

Additionally, we recommend that the Department continue to follow its updated policies and procedures to award identification to its subrecipients of federal programs to ensure all award identification information prescribed in 2 CFR 200.332(a) is provided to the subrecipients of the Department.

Views of Responsible Officials

Recommendation accepted. We agree with the finding and have implemented changes to our monitoring plan to address this finding. Reference the corrective action plan for further details.

Federal Agency:	United Stated Department of Health and Human Services
Federal Program:	Aging Cluster (93.044, 93.045, and 93.053)
Federal Award Numbers:	18AANYNSIP, 18AANYT3CM, 18AANYT3HD, 18AANYT3SS, 1901NYOACM, 1901NYOAHD, 1901NYOANS, 1901NYOASS, 2001NYOACM, 2001NYOAHD, and 2001NYOASS
Federal Award Years:	2020, 2019, and 2018
State Agency:	Office for the Aging
Reference:	2020-008

Criteria

Title 2 U.S. Code of Federal Regulations Part 3024 (2 CFR 3204), *Allotment to States*, section 3204(d)(1)(D) states From any State's allotment, after the application of section 3028(b) of this title, under this section for any fiscal year the remainder of such allotment shall be available to such State only for paying such percentage as the State agency determines, but not more than 85 percent of the cost of supportive services, senior centers, and nutrition services under this subchapter provided in the State as part of a comprehensive and coordinated system in planning and service areas for which there is an area plan approved by the State agency.

Additionally, 45 U.S. Code of Federal Regulations Part 75 (45 CFR 75), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards*, section 75.361 states financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the HHS awarding agency or pass-through entity in the case of a subrecipient. HHS awarding agencies and pass-through entities must not impose any other record retention requirements upon non-Federal entities. The only exceptions are the following:

(a) If any litigation, claim, or audit is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.

(b) When the non-Federal entity is notified in writing by the HHS awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period

(c) Records for real property and equipment acquired with Federal funds must be retained for 3 years after final disposition.

(d) When records are transferred to or maintained by the HHS awarding agency or pass-through entity, the 3-year retention requirement is not applicable to the non-Federal entity.

(e) Records for program income transactions after the period of performance. In some cases, recipients must report program income after the period of performance. Where there is such a requirement, the retention period for the records pertaining to the earning of the program income starts from the end of the non-Federal entity's fiscal year in which the program income is earned.

(f) Indirect cost rate proposals and cost allocations plans. This paragraph applies to the following types of documents and their supporting records: Indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates).

Lastly, 45 CFR 75.303(a) states the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition

The Office for the Aging (the Office) utilizes a combination of 5% State expenditures and 10% local expenditures to meet the 15% matching requirement. For 25 of 25 local expenditures selected, the Office provided documentation supporting the 10% match was met. For 22 of 25 State expenditure selections, the Office provided documentation supporting the 5% match was met. For 3 of 25 State expenditure selections, the Office was not able to be provide supporting documentation evidencing the required 5% match was met.

Cause

The condition found is due to from the Office not being able to provide documentation in support of the State's ability to meet its federally required match for its federal awards.

Possible Asserted Effect

Failure to perform sufficient internal controls to ensure documentation is maintained to support the proper level of matching may result in the utilization of federal funds in excess of 85 percent of the cost of the cost of supportive services, senior centers, and nutrition services.

Qu*estioned Costs*

Cannot be determined.

Statistical Sampling

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation

We recommend the Office enhance its process to ensure documentation is maintained to support the proper level of matching for Aging expenditures.

Views of Responsible Officials

Corrective action implemented. Reference the corrective action plan for further details.

Federal Agency:	United States Department of Health and Human Services
Federal Program:	Temporary Assistance for Needy Families (93.558)
Federal Award Numbers:	G1503NYTANF, G1601NYTANF, 1701NYTANF, 1801NYTANF, 1901NYTANF 1901NYTAN3, 2001NYTAN3, 2001NYTANF
Federal Award Years:	2015, 2016, 2017, 2018, 2019, and 2020
State Agency:	Office of Temporary and Disability Assistance
Reference:	2020-009

Criteria

Title 45 U.S. Code of Federal Regulations Part 75 (45 CFR 75), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards*, section 342(b)(1) states the non-Federal entity must submit performance reports at the interval required by the HHS awarding agency or pass-through entity to best inform improvements in program outcomes and productivity. Intervals must be no less frequent than annually nor more frequent than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes.

Additionally, 45 U.S. Code of Federal Regulations Part 265 (45 CFR 265), *Data Collection and Reporting Requirements* section 3(a) requires that (1) each State must collect on a monthly basis, and file on a quarterly basis, the data specified in the TANF Data Report and the TANF Financial Report; and (2) Each State that claims MOE expenditures for a separate State program(s) must collect on a monthly basis, and file on a quarterly basis, the data specified in the SSP-MOE Data Report.

Lastly, 45 CFR 75.303(a) states the nonfederal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the nonfederal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition

For the Year ended March 31, 2020, the Office of Temporary and Disability Assistance (the Office) completed and submitted the required quarterly TANF Data Reports which included ACF-199 and ACF-209. As part of the submission, the State is required to provide complete and accuracy information for various data elements, which include:

ACF 209, *SSP-MOE Data Report (OMB No. 0970-0338)*

Section One – Family Level Data
Item 9 – *Type of Family for Work Participation*
Item 15 – *Receives Subsidized Child Care*

Section One – Person-Level Data
Item 28 – *Date of Birth*
Item 34 – *Relationship to Head-of-Household*
Item 41 – *Work-Eligible Individual Indicator*

Item 42 – *Work Participation Status*

Section One – Adult Work Participation Activities
Items 43 – 55 – *Work Participation Activities*
Item 56 – *Number of Deemed Core Hours for Overall Rate*
Item 57 – *Number of Deemed Core Hours for the Two-Parent Rate*

ACF-199, TANF Data Report (OMB No. 0970-0338)

Section One – Family Level Data
Item 12 – *Type of Family for Work Participation*
Item 17 – *Receives Subsidized Child Care*
Item 28 – *Is the TANF family exempt from the Federal time limit provisions*

Section One – Person-Level Data
Item 30 – *Family Affiliation Code*
Item 32 – *Date of Birth*
Item 38 – *Relationship to Head-of-Household*
Item 39 – *Parents with a Minor Child*
Item 44 – *Number of months countable toward the Federal time limit*
Item 48 – *Work-Eligible Individual Indicator*
Item 49 – *Work Participation Status*

Section One – Adult Work Participation Activities
Items 50 – 62 – *Work Participation Activities*
Item 63 – *Number of Deemed Core Hours for Overall Rate*
Item 64 – *Number of Deemed Core Hours for the Two-Parent Rate*

The Office complies the data utilized for these performance reports from its systems, which data is sourced, input, and updated by local district subrecipients based on its performance of activities. While the Office does perform monitoring reviews of several activities of the local district subrecipients, the monitoring reviews do not include procedures designed at a precision level that would allow the State to assess the completeness and accuracy of information being reported as part of the TANF data reports noted above. Specifically, the Office does not have procedures to ensure the codes entered into the system by its local district subrecipients are accurate, appropriate and representative of the underlying source documentation.

For 100 of 100 samples provided, we were able to validate there were no discrepancies of the key data elements from the original source documentation provided by the subrecipients of the Office to test compliance with the federal reporting requirements.

Cause

The condition is due to the precision level of management’s internal controls over reporting and subrecipient monitoring activities. The Office prepares the quarterly TANF Data reports by solely relying upon the completeness and accuracy of the case information input by the subrecipients into the State’s systems.

Specifically, the Office's Subrecipient monitoring procedures do not include a review of all the underlying ACF-199 and ACF-209 data elements input into the systems.

Possible Asserted Effect

Incomplete monitoring procedures may not provide adequate assurance for data compiled through the Office's information technology systems, for the TANF ACS-199 and ACS-209 Federal reports.

Questioned Costs

None.

Statistical Sampling

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation

We recommend the Office enhance its existing policies and procedures to ensure its reporting or monitoring controls include verifying the data input by the subrecipients which the Office relies upon for compiling the ACF-199 and ACF-209 reports.

Views of Responsible Officials

Corrective action in progress. Please reference the corrective action plan for further details.

Federal Agency:	United States Department of Health and Human Services
Federal Program:	Child Support Enforcement (93.563)
Federal Award Numbers:	1704NYCEST, 1704NYCSES, 1804NYCSES, 1901NYCSES, 2001NYCSES, G1604NYCEST
Federal Award Years:	2016, 2017, 2018, 2019, and 2020
State Agency:	Office of Temporary and Disability Assistance
Reference:	2020-010

Criteria

Title 45 U.S. Code of Federal Regulations Part 75 (45 CFR 75), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards*, section 75.306(b) requires for all Federal awards, any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the nonfederal entity's cost sharing or matching when such contributions meet all of the following criteria:

(1) Are verifiable from the nonfederal entity's records;

(2) Are not included as contributions for any other Federal award;

(3) Are necessary and reasonable for accomplishment of project or program objectives;

(4) Are allowable under subpart E of 45 CFR 75;

(5) Are not paid by the Federal Government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;

(6) Are provided for in the approved budget when required by the HHS awarding agency; and

(7) Conform to other provisions of this part, as applicable.

Additionally, 45 CFR 75.303(a) states the nonfederal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the nonfederal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition

The Office of Temporary and Disability Assistance (the Office) enters into grant agreements with local districts to provide programmatic services for the Child Support Enforcement program. The local districts pay 100% of costs incurred under the grant for each program and periodically submits a request for reimbursement to the State of New York for services rendered. The Office reimburses the local districts for only the federal share of the costs incurred and the related match (or the State of New York's share of costs incurred) is provided for by the local district. During the fiscal year ended March 31, 2020, the Office relied upon the local districts' match rate of 34% to ensure the State met their matching requirements of the Child Support Enforcement federal program (CFDA No. 93.563). During our testwork over the Office's matching and subrecipient monitoring process, we noted that the Office does not have a process or internal controls in place to monitor the local districts' recipient's source of funds utilized to meet matching requirements of the federal program awards to ensure that the source of funds utilized is allowable under federal regulations.

Cause

The condition is due to a lack of policies and procedures to ensure that funds utilized by the local districts for cost sharing or matching purposes are in accordance with 45 CFR 75.306(b) as well as the timing of the implementation of revised subrecipient monitoring procedures for the State of New York, which were effective as of November 9, 2020. Currently, the Office's subrecipient monitoring procedures performed over the local districts do not include a review of the local funds utilized for cost sharing or matching purposes.

Possible Asserted Effect

Failure to review the sources of the funds utilized for the local district match could result in the use of inappropriate funds being utilized for cost sharing or matching of expenditures and noncompliance with the program laws, regulations, and terms and conditions of Federal awards.

Questioned Costs

Cannot be determined.

Statistical Sampling

The sample was not intended to be, and was not, a statistically valid sample.

Repeat Finding

A similar finding was included in the 2019 Single Audit Report as finding number 2019-005 on pages 18–19.

Recommendation

We recommend the Office and the State work to implement its policies and procedures over subrecipient monitoring which will monitoring procedures over the local districts which include reviewing the source of the local district's cost sharing or match to determine that the source is appropriate and in accordance with 45 CFR 75.306(b).

Views of Responsible Officials

Corrective action in progress. Please reference the corrective action plan for further details.

(Continued)

Federal Agency:	United States Department of Health and Human Services
Federal Program:	Low-Income Home Energy Assistance (93.568)
Federal Award Numbers:	1701NYLIEA, 1801NYLIEA, 1802NYLIE4, 1901NYLIEA, 1902NYLIE4
Federal Award Years:	2017, 2018, and 2019
State Agency:	Office of Temporary and Disability Assistance
Reference:	2020-011

Criteria

Title 45 U.S. Code of Federal Regulations Part 75 (45 CFR 75), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards*, section 342(b)(1) states the non-Federal entity must submit performance reports at the interval required by the HHS awarding agency or pass-through entity to best inform improvements in program outcomes and productivity. Intervals must be no less frequent than annually nor more frequent than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes.

Additionally, 45 CFR 75.361, requires financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the HHS awarding agency or pass-through entity in the case of a subrecipient.

Additionally, 45 CFR 75.303(a) states the nonfederal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the nonfederal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition

For the year ended March 31, 2020, the Office of Temporary and Disability Assistance (the Office) completed and submitted the required annual LIHEAP Performance Data Form. As part of the submission, the State is required to provide complete and accuracy information for various data elements related to performance metrics, mostly related to home energy burden targeting and reduction, as well as the continuity of home energy service.

Annually, as part of the preparation of the annual reporting, the Office requests necessary data from its third-party vendors whom provide services to beneficiaries. The Office uploads these vendor reports into the State of New York's Welfare Management System (WMS). Based on information from these vendor reports as well as information maintained within WMS, specifically fuel type information, outputs are taken from WMS calculations which management utilizes to complete the annual reporting. While the Office was able to provide the 38 underlying vendor reports utilized for the annual reporting period ending September 30, 2019, the Office was also unable to provide documentation supporting the information utilized from WMS, which calculated certain key data elements. Additionally, the Office, does not have controls in place to ensure the accuracy of the WMS system calculations and subsequent to reporting was unable to recalculate the annual report key data elements.

Cause

The condition is due to the Office preparing the LIHEAP Performance Data Form report by solely relying upon the completeness and accuracy of the information compiled by WMS. The Office's existing internal controls over the LIHEAP Performance Data Form are higher level and do not provide complete and accuracy information for various data elements.

Further, management policies and procedures do not provide a sufficient level of detail to support the amounts reported within the September 30, 2019 LIHEAP Performance Data Form.

Possible Asserted Effect

Failure to ensure that data provided through WMS in compiling the LIHEAP Performance Data Form report is complete and accurate could result in the Office reporting inaccurate and incomplete amounts to the Federal government.

Questioned Costs

None.

Statistical Sampling

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation

We recommend the Office enhance its policies and procedures to ensure its controls and procedures over the LIHEAP Performance Data Form reporting include reviewing and maintaining the underlying detail utilized in compiling the LIHEAP Performance Data Form.

Views of Responsible Officials

Corrective action in progress. Please reference the corrective action plan for further details.

(Continued)

Federal Agency:	United States Department of Health and Human Services
Federal Program:	Foster Care – Title IV-E (93.658)
Federal Award Numbers:	1801NYFOST, 1901NYFOST, 2001NYFOST
Federal Award Years:	2018, 2019, 2020
State Agency:	Office of Children and Family Services
Reference:	2020-012

Criteria

Title U.S. Code of Federal Regulations Part 75 (45 CFR 75), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards,* section 75.303(c) requires the nonfederal entity to evaluate and monitor the non-Federal entity's compliance with statutes, regulations and the terms of the Federal awards. The non-Federal entity assumes responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the federal award (45 CFR 75.400(b)). Each state must expend and account for the federal award in accordance with state laws and procedures for expending the state's own funds. Such monitoring activities should ensure that federal funds expended funds for foster care maintenance payments on behalf of eligible children are in accordance with the Title IV-E agency's foster care maintenance payment schedule in accordance with Title 45 U.S. Code of Federal Regulations Part 1356 (45 CFR 1356), *Requirements Applicable of Title IV-E*, section 1356.21.

Further, Title IV-E agencies establish rates for maintenance payments (e.g. payments to foster parents, childcare institutions or directly to youth). Payment rates may be established for Title IV-E administrative expenditures (e.g. payments to child placement agencies or other contractors, which may be either subrecipients or vendors) and for other services. Payment rates must provide for property allocation of costs between Foster Care maintenance payments, administrative expenditures, and other services in conformance with cost principles. The Title IV-E agency's plan approved by ACF must provide for periodic review of payment rates for Foster Care maintenance payments at reasonable, specific, time-limited periods established by the Title IV-E agency to assure the rate's continuing appropriateness for the administration of the Title IV-E program (42 USC 671(a)(11); 45 CFR Section 1356.21(m)(1); 45 CFR Section 1356.60(a)(1) and (c)).

Lastly, 45 CFR 75.303(a) states the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

(Continued)

Condition

During the fiscal year ended March 31, 2020, the Office of Children and Family Services (the Office) passed through $484,909,672 under the Title IV-E Foster Care federal program (CFDA number 93.658) to local districts (or subrecipients) to provide programmatic services under the Foster Care program. As part of the funding arrangement, the local districts are responsible for determining participant eligibility for services and establishing financial assistant rates to be paid on behalf of eligible participants. Based upon the level and type of services that local district determines the participant is eligible for, the local district will determine the appropriate amount of benefits that the participant is eligible to receive. These services are paid for directly by the local district offices and subsequently a request for reimbursement is sent to the Office for reimbursement.

During our testwork over the subrecipient monitoring process, for the year ending March 31, 2020, we noted that, as part of the Office's subrecipient monitoring procedures, monitoring reviews were performed over local districts based upon the office's annual risk assessment process. The Office's monitoring review focused on the local district's eligibility determination process. These reviews consisted of a selection of participants from each district monitored and reviewing their case files to ensure it contained documentation to support an eligibility determination. However, the Office's subrecipient monitoring reviews did not include procedures to review the amount paid on behalf of the participant was allowable. Specifically, the Office did not perform monitoring procedures to ensure that the local district had correctly coded participants within the Office's Benefits Issuance and Control System (BICS), which triggers the value of the services to be paid on behalf of the participant, applied to children (participants to support that the cost reimbursement to the district office was allowable and accurate).

Cause

The condition found was primarily due to the Office currently finalizing their policies and procedures that will be implemented to specifically review the rates that are utilized by the district office. The Office has begun to develop these procedures and has begun to gain an understanding of how the rate assignment process works for a sample of district offices; however, this process has not yet been finalized as of the period ending March 31, 2020.

Possible Asserted Effect

Insufficient procedures to perform subrecipient monitoring activities in accordance with 45 CFR 75.352(d) and 45 CFR 75.352(e) could result in the Office not being able to timely identify subrecipient's noncompliance with federal statutes, regulations, and the terms and conditions of the subaward and it prevent the Office's ability to timely seek corrective action from the subrecipient.

Questioned Costs

Cannot be determined.

Statistical Sampling

The sample was not intended to be, and was not, a statistically valid sample.

Repeat Finding

A similar finding was included in the 2019 Single Audit Report as finding number 2019-011 on pages 36–38.

Recommendation

We recommend the Office continue to review its subrecipient monitoring procedures to ensure adequate procedures are performed over subrecipients in accordance with 45 CFR 75.352(d) and 45 CFR 75.352(e). This would include the Office begin utilizing their risk assessment performed to determine appropriateness of their subrecipient monitoring procedures. The Office should continue to develop written policies and procedures to help ensure that it is able to identify the federal statutes, regulations, and terms and conditions it must comply with and implement measures whereby it can evaluate and monitor its compliance and to take prompt action when instances of noncompliance are identified and to take appropriate measures. This would include ensuring that monitoring activities are performed at a precision level that would detect and identify errors in the coding of children that could result in unallowable costs being reimbursed to subrecipients.

Views of Responsible Officials

Corrective action in progress. Please reference corrective action plan for further details.

Federal Agency:	United States Department of Health and Human Services
Federal Program:	Foster Care – Title IV-E (93.658)
Federal Award Numbers:	1801NYFOST, 1901NYFOST, 2001NYFOST
Federal Award Years:	2018, 2019, and 2020
State Agency:	Office of Children and Family Services
Reference:	2020-013

Criteria

Title 45 U.S. Code of Federal Regulations Part 75 (45 CFR 75), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards*, section 302(b)(1) states that the financial management system of each non-federal entity must provide an accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in section 75.341 and 75.342. If a Federal awarding agency requires reporting on an accrual basis from a recipient that maintains its records on other than an accrual basis, the recipient must not be required to establish an accrual accounting system. This recipient may develop accrual data for its reports on the basis of an analysis of the documentation on hand. Similarly, a pass-through entity must not require a subrecipient to establish an accrual accounting system and must allow the subrecipient to develop accrual data for its reports on the basis of an analysis of the documentation on hand.

Additionally, 45 CFR 75.303(a) states the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition

For the quarter ended March 31, 2020, the Office of Children and Family Services (the Office) incorrectly reported Currently Reported and Cumulatively Funded Demonstration Operational Costs by understating the total operational costs reported on line 18a of the CB-496, *Title IV-E Programs Quarterly Financial Report; Part 3: Demonstration Projects (OMB Clearance No. 0970-0205)*. Specifically, we noted that the amount reported was $1,419,628,684; however, the actual cumulative expenditures was $1,512,465,528, resulting in a variance of $93,836,884.

During the quarter ended March 31, 2020, we identified the reporting error as part of the review. The reporting error had no financial impact to the Foster Care program as a whole as it did not affect the amount OCFS claimed for reimbursement in the QER nor did it impact the amount awarded to the Office.

Cause

The condition found was due to an interim breakdown of internal controls over the review and approval of the CB-496, Part 3 at a precision level necessary to detect and correct a misstatement on the report prior to submission of the quarterly report. Specifically we noted that when compiling the cumulative expenditure data for the quarter ending March 31, 2020, the Office inadvertently carried forward the previously reported cumulative expenditures for the quarter ending September 30, 2019 instead of the quarter ending December 31, 2019, resulting in the actual costs incurred during the quarter ending December 31, 2020 to be excluded from the cumulative total as of March 31, 2020.

Possible Asserted Effect

Failure to adequately ensure the completeness and accuracy of the amounts reported on the CB-496 may result in inaccurate reporting to the United States Department of Health and Human Services.

Questioned Costs

None.

Statistical Sampling

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation

We recommend that the Office continue to implement their internal controls to ensure appropriate management reviews are performed by staff over the completeness and accuracy of amounts reported by the Office.

Views of Responsible Officials

Corrective action in progress. Please reference the corrective action plan for further details.

(Continued)

Federal Agency:	United States Department of Health and Human Services
Federal Program:	Social Services Block Grant – (93.667)
Federal Award Numbers:	1801NYSOR, 1901NYSOSR, 1801NYTANF, 1901NYTANF
Federal Award Years:	2018 and 2019
State Agency:	Office of Children and Family Services
Reference:	2020-014

Criteria

45 U.S. Code of Federal Regulations Part 75 (45 CFR 75), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards*, section 75.352(d) states all pass-through entities must monitor the activities of the subrecipient as necessary to ensure that the subaward issued for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward, and that subaward performance goals are achieved.

Pass-through entity monitoring of the subrecipient must include:

(1) Reviewing financial and performance reports required by the pass-through entity.

(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

Additionally, 45 CFR 75.303(c) requires the nonfederal entity to evaluate and monitor the nonfederal entity's compliance with statutes, regulations and the terms of the Federal awards. The nonfederal entity assumes responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the federal award (45 CFR 75.400(b)). Each state must expend and account for the federal award in accordance with state laws and procedures for expending the state's own funds. Such monitoring activities should ensure that the expended funds were for allowable costs in accordance with federal regulations.

Further, 45 CFR 75.352(e) sates, depending upon the pass-through entity's assessment of risk posed by the subrecipient, the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

(1) Providing subrecipients with training and technical assistance on program-related matters;

(2) Performing on-site reviews of the subrecipient's program operations; and

(3) Arranging for agreed-upon procedures engagements as described in 45 CFR 75.425.

Lastly, 45 CFR 75.303(a) states the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition

During the fiscal year ended March 31, 2020, the Office of Children and Family Services (the Office) passed through $270,166,433 under the Social Services Block Grant (SSBG) federal program (CFDA number 93.667) to local districts (or subrecipients) to provide programmatic services under the SSBG program. As part of the funding arrangement, the local districts are responsible for the administration of the federal program, including ensuring that costs incurred under the federal program are in compliance with federal regulations.

During the fiscal year ended March 31, 2020, while the Office performed its annual risk assessment process over its subrecipients, the Office had not yet fully implemented its system of internal controls or policies and procedures related to its subrecipient monitoring activities over the local districts to ensure the federal funds spent by the local districts were spent in compliance with federal statutes, regulations, the terms and conditions of the subaward and that subaward performance goals were achieved. This would include ensuring that costs incurred by the local district were for allowable services. As the Office had not yet fully implemented new procedures, the Department focused its monitoring activities on childcare related expenditures only that were charged to the SSBG program, which only account for a portion of the expenditures incurred by the local districts.

Cause

The condition found was primarily due to the Office currently being in the process of finalizing its formal policy concerning subrecipient monitoring activities to be performed for the SSBG program. The Office has completed its analysis of its current subrecipient monitoring activities performed by the budget, finance, and program units of the Office and has identified gaps within this process. The Office has developed a policy to address these gaps and is currently working on finalizing the policy for approval so that it can be adopted and implemented during fiscal year 2021. While this policy has not yet been finalized, monitoring was performed related to childcare related expenditures that were incurred and charged by the local districts in conjunction with the Office's review of similar expenditures for another federal program.

Possible Asserted Effect

The lack of formal policies and procedures for the monitoring over subawards provided to subrecipients could result in the use of federal funding provided under the federal award not being in compliance with Federal statutes, regulations, and the terms and conditions of the subaward.

Questioned Costs

None.

Statistical Sampling

The sample was not intended to be, and was not, a statistically valid sample.

Repeat Finding

A similar finding was included in the 2019 Single Audit Report as finding number 2019-020 on pages 60–62.

Recommendation

We recommend the Office continue to enhance its subrecipient monitoring policies, procedures and internal control to help ensure the Office is monitoring subrecipients in accordance with 45 CFR 75.352(d) and 45 CFR 75.352(e). The Office should continue to develop written policies and procedures to ensure that it is able to identify the Federal statutes, regulations, and terms and conditions it must comply with and implement measures whereby it can evaluate and monitor its compliance and to take prompt action when instances of noncompliance are identified and to take reasonable measures. This would include ensuring that monitoring activities are performed at a precision level that would detect and identify errors in the coding of children that could result in unallowable costs being reimbursed to subrecipients.

Views of Responsible Officials

Corrective action in progress. Please reference the corrective action plan for further details.

Federal Agency:	United States Department of Health and Human Services
Federal Program:	Medicaid Assistance Program Cluster (93.775, 93.777, 93.778)
Federal Award Numbers:	2005NY5MAP, 1905NY5MAP, 1805NY5MAP, 1705NY5MAP, 1605NY5MAP, 1905NYINCT and 2005NYINCT
Federal Award Years:	2016, 2017, 2018, 2019 and 2020
State Agency:	Department of Health
Reference:	2020-015

Criteria

Title 45 U.S. Code of Federal Regulations Part 75 (45 CFR 75), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards*, section 75.303(a) states the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Additionally, Title 42 U.S. Code of Federal Regulations Part 456 (42 CFR 438), *Continued services to beneficiaries* and *Monitoring procedures*, section 438.62(a) states the State agency must arrange for Medicaid services to be provided without delay to any Medicaid enrollee of an MCO, PIHP, PAHP, PCCM or PCCM entity the contract of which is terminated and for any Medicaid enrollee who is disenrolled from an MCO, PIHP, PAHP, PCCM or PCCM entity for any reason other than ineligibility for Medicaid.

Further, Title 42 U.S. Code of Federal Regulations Part 456 (42 CFR 438), *Monitoring procedures*, section 438.66(b) states the State's system must address all aspects of the managed care program, including the performance of each MCO, PIHP, PAHP, and PCCM entity (if applicable) in at least the following areas: (1) Administration and management, (2) Appeal and grievance systems, (3) Claims management, (4) Enrollee materials and customer services, including the activities of the beneficiary support system, (5) Finance, including medical loss ratio reporting, (6) Information systems, including encounter data reporting, (7) Marketing, (8) Medical management, including utilization management and case management, (9) Program integrity, (10) Provider network management, including provider directory standards, (11) Availability and accessibility of services, including network adequacy standards, (12) Quality improvement, (13) Areas related to the delivery of LTSS not otherwise included in paragraphs (b)(1) through (12) of this section as applicable to the managed care program, and (14) All other provisions of the contract, as appropriate.

Lastly, in accordance with the New York State Plan Under Title XIX of the Social Security Act, Medicaid Assistance Program (OMB No. 0938-0193) attachment 3.1-K, *Amount, Duration and Scope of Medical and Remedial Care and Services Provided to the Categorically Needy, Section iv. Support System Activities*, The following steps will be taken to support an individual in both a fee-for-service model and a managed care model. Fee-for-service: services provided by a local district or a regional office of OPWDD or its delegates. Managed Care (MC) or Managed Long Term Care (MLTC) plans conduct these activities on their own. The State ensures that these activities take place through its model contracts, MOUs, Administrative Agreements, and quality assurance efforts. Support activities will include the following: (a) Functional needs assessment and counseling prior to enrollment in CFCO;(b) Information, counseling, training and assistance to ensure that an individual is able to manage the services;(c) Information communicated to the individual in a manner and language understandable by the individual, including needed auxiliary aids and/or translation services; (d) Conducting person-centered planning; (e) Range and scope of available choices and options; (f) Process for changing the person-centered SP; (g) Grievance process; (h) Risks and responsibilities of self-direction; (i) Free Choice of Providers; (j) Individual rights and appeal rights; (k) Reassessment and review schedules; (l) Defining goals, needs and preferences; (m) Identifying and accessing services, supports and resources; (n) Development of risk management agreements; (o) Development of personalized backup plan; (p) Recognizing and reporting critical events, including abuse investigations; and (q) Information about advocates or advocacy systems and how to access advocates and advocacy systems.

Condition

The Department of Health (the Department) did not have controls in place to ensure continued contract terms with Mainstream Managed Care Organizations (MCO) plans.

Throughout the state fiscal year ending March 31, 2020, Medicaid capitation payments through the State’s Medicaid Management Information System (MMIS) were made to MCO providers with expired contracts. For 19 of 19 MCO providers paid during the selected cycles, their contracts had expired prior to the State’s fiscal year end, and new contracts have not yet been executed. The MCO plans continued to provide services to the enrollees under the previous contract terms and conditions. Due to the lack of active contracts, the risk exists that the MCO are not following the requirements of the contract and inappropriate continued services are being provided to enrollees. Additionally, per 42 CFR 438 section and 438.66(b) (13) above, the State is required to address all aspects of the managed care program including all other provisions of the contract, as appropriate. Therefore, the expired contracts have not been revised in the appropriate time requirements. During the contract expiration period, the Department has continued its monitoring and enforcement activities to maintain MCO compliance with program requirements.

Cause

The condition is due to the Department timing of the approval of approved MCO plan contracts between the Center for Medicare and Medicaid Services (CMS) and the Department not occurring prior to the expiration of current MCO plan contracts. As part of the Department’s prior audit finding corrective action plan, the Department had proposed to CMS recommendation for adjusting the process and timeframes for the contract review process to ensure review and approval processes by both CMS and the Department will occur in a manner that works to ensure the adoption of timely contracts. These proposed recommendations for improving the process are currently under review by CMS as are the model contract which would be used by the Department to renew the MCO plans under the State’s Medicaid program. The Department submitted the MCO contracts on April 4, 2019 for CMS review and approval of the contracts starting March 1, 2019. The Department also followed up with CMS on July 25, 2019 and received a response from CMS on July 29, 2019, indicating CMS was still reviewing the MCO contract and that CMS comments would be provided to the Department no later than August 30, 2019. The Department received the comments from CMS and resubmitted the MCO model contract on November 21, 2019. In addition, there were numerous phone calls between the Department and CMS requesting an update of the contract review from April 2019 through May 2020. The MCO contract was sent to the Plans for signature on June 2, 2020. As of September 25, 2020, 9 of the 19 contracts have been executed by the Office of the State Comptroller, with the remaining 10 in various stages of State approval.

(Continued)

Possible Asserted Effect

Failure to ensure contracts with MCO plans are current may result in the Department not being in compliance with Federal statutes, regulations, and the terms and conditions of federal awards.

Questioned Costs

None.

Statistical Sampling

The sample was not intended to be, and was not, a statistically valid sample.

Repeat Finding

A similar finding was included in the 2019 Single Audit Report as finding 2019-022 on pages 66–68.

Recommendation

We recommend the Department staff continue the monitoring controls implemented as a part of their corrective action plan from the 2019 Single Audit Report and continue working with CMS to accelerate the contracting processes as much as possible including the current MCO plan providers. This will allow the Department time to implement and renew the contracts on a timely basis. Additionally, the Department should continue providing CMS with recommendations for adjusting the process and timeframes for the contract review process to ensure review and approval processes by both CMS and the Department will occur in a manner that works to ensure the adoption of timely contracts.

Views of Responsible Officials

Recommendation accepted. Please reference the corrective action plan for further details.

Federal Agency:	United States Department of Health and Human Services
Federal Program:	Medicaid Assistance Program Cluster (93.775, 93.777, 93.778)
Federal Award Numbers:	2005NY5MAP, 1905NY5MAP, 1905NYINCT and 2005NYINCT
Federal Award Years:	2019 and 2020
State Agency:	Department of Health
Reference:	2020-016

Criteria

Title 45 U.S. Code of Federal Regulations Part 75 (45 CFR 75), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards*, section 75.303(a) states the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Additionally, Title 42 U.S. Code of Federal Regulations Part 438 (42 CFR 438), *Managed Care*, section 438.4 (b) states capitation rates for MCOs, PIHPs, and PAHPs must be reviewed and approved by CMS as actuarially sound. To be approved by CMS, capitation rates must:

(1) Have been developed in accordance with standards specified in section 438.5 and generally accepted actuarial principles and practices. Any proposed differences among capitation rates according to covered populations must be based on valid rate development standards and not based on the rate of Federal financial participation associated with the covered populations.

(2) Be appropriate for the populations to be covered and the services to be furnished under the contract.

(3) Be adequate to meet the requirements on MCOs, PIHPs, and PAHPs in sections 438.206, 438.207, and 438.208.

(4) Be specific to payments for each rate cell under the contract.

(5) Payments from any rate cell must not cross-subsidize or be cross-subsidized by payments for any other rate cell.

(6) Be certified by an actuary as meeting the applicable requirements of this part, including that the rates have been developed in accordance with the requirements specified in section 438.3(c)(1)(ii) and (e).

(7) Meet any applicable special contract provisions as specified in section 438.6.

(8) Be provided to CMS in a format and within a timeframe that meets requirements in section 438.7.

(9) Be developed in such a way that the MCO, PIHP, or PAHP would reasonably achieve a medical loss ratio standard, as calculated under section 438.8, of at least 85 percent for the rate year. The capitation rates may be developed in such a way that the MCO, PIHP, or PAHP would reasonably achieve a medical loss ratio standard greater than 85 percent, as calculated under section 438.8, as long as the capitation rates are adequate for reasonable, appropriate, and attainable non-benefit costs.

Further, 42 CFR 438.7 (c) states the State, through its actuary, must certify the final capitation rate paid per rate cell under each risk contract and document the underlying data, assumptions and methodologies supporting that specific capitation rate.

Lastly, in accordance with the New York State Plan Under Title XIX of the Social Security Act, Medicaid Assistance Program (OMB No. 0938-0933) attachment 3.1-F, *State Assurances and Compliance with the Statute and Regulations*, the state assures that all applicable managed care requirements of 42 CFR 438 for MCOs and PCCMs will be met.

Condition

The Department of Health (the Department) did not have controls in place to ensure their formal actuarial certification was completed prior to the Department's utilization of the capitation rates for the Mainstream Managed Care Organizations (MCO) plans.

In September 2019, the Department updated the MCO capitation rates retroactive to April 1, 2019, through the State of New York's Medicaid Management Information System (MMIS). However, these rates were not formally certified by the Department's third-party actuary as required in 42 CFR 438 section 438.4(b)(6). The Department's third-party formal actuarial certification was completed subsequent to year-end in August 2020.

Cause

The formal certification delay is due to the CMS final rule implementation that requires that the certification and capitation rates to be specific for each rate cell under the contract for rating periods beginning on or after July 1, 2018. States must develop and certify by an actuary a specific rate for each rate cell rather than certifying a rate range, which was the prior practice. Due to this change and the increased level of effort needed to develop the specific MCO rates for the State fiscal year ending March 31, 2020, the Department was delayed in the submission of rate certification to CMS. Additionally, based upon inquiries, the Department has indicated they have had ongoing meetings and communication with CMS during the State fiscal year ending March 31, 2020 as a result of the new requirements established by the CMS final rule. As a result of the change in rates required to be certified and the delays in CMS's review, the Department's actuary was unable to complete their formal actuarial certification for the fiscal year ending March 31, 2020 in a timely manner.

Possible Asserted Effect

Failure to have MCO capitation rates formally certified by an actuary as meeting the requirements of 42 CFR section 438.4(b)(6) may result in the Department paying MCO plans at rates that include amounts that may be deemed unallowable in accordance with Federal statutes, regulations, and the terms and conditions of federal awards.

Questioned Costs

Cannot be determined.

Statistical Sampling

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation

We recommend that the Department implement monitoring and communication controls to continually assess the formal actuary certification status to ensure that it is executed timely and in accordance with the requirements specified in 42 CFR section 438.

Views of Responsible Officials

Corrective action implemented. Please reference the corrective action plan for further details.

Federal Agency: United States Department of Homeland Security

Federal Program: Hazard Mitigation Grant (97.039)

Federal Award Number: B4085DRNYP00005

Federal Award Year: 2014

State Agency: Department of Transportation

Reference: 2020-017

Criteria

Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements*, section 200.303(a) states the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition

The Department of Transportation (DOT) requested federal reimbursement for personnel service expenditures and related Federal Fringe Benefit and Indirect Costs (FBIC) incurred to support the Scour Critical/Flood Prone Bridge Program (CBOW) project; reimbursement requests were supported by a spreadsheet of costs extracted from DOT's project costing system. DOT's internal controls did not ensure the final approved FBIC rate was applied to the actual personnel costs, or that any journal vouchers, known as 6910 transactions, were utilized when claiming allowable expenditures for personnel service and related FBIC expenditures for federal reimbursement under the Hazard Mitigation Grant.

Cause

The cause is due to DOT's extraction from the project costing system, which listed the allowable CBOW personnel costs and FHWA FBIC, and did not take into account any adjustments made to the FBIC rate as part of the 6910 transactions. Such adjustments are required when there is a delay in the FHWA's approval of the State fiscal year FBIC.

CBOW project costs were maintained in DOT's project costing system based on the Federal Highway Administration (FHWA) approved rate at the time the transaction occurred. DOT developed journal vouchers of allowable costs based on an extraction from the project costing system for these costs. For parts of state fiscal years 2014, 2015, and 2016, there were delays in obtaining from FHWA the final approval of the state fiscal year FBIC rate. In such circumstances, adjustments were posted as journal vouchers, known as 6910 transactions, to the project costing system. The 6910 transactions are performed retroactively at the project ID level for all personnel rates; transactions are executed with the prior federally approved FBIC rate to ensure the total project cost within DOT's project costing system are recorded as the appropriate federal reimbursable rate. When developing the allowable total costs to be drawn under the award, management's extraction from the project costing system did not include the 6910 adjustments to ensure only allowable costs at the final approved FBIC rate were utilized in developing the journal vouchers for federal reimbursement.

Possible Asserted Effect

Failure to ensure the allowable claims for federal reimbursement included all adjustments made subsequent to transaction dates for revised FBIC State fiscal year FBIC rates may result in claiming of unallowable expenditure for reimbursement under the federal program for years when the FBIC rate decreases from the prior year.

Questioned Costs

None.

Statistical Sampling

The sample was not intended to be, and was not, a statistically valid sample.

Recommendation

We recommend the DOT revise its process for compiling of CBOW personnel service and related FBIC to ensure it considers 6910 transactions recorded against the program costs due to any delays of Federal approval of the State FBIC rate and makes adjustments to FBIC claims as needed.

Views of Responsible Officials

Corrective action in progress. Please reference corrective action plan for further details.

STATE OF NEW YORK

PRIOR YEAR FINDING SUMMARY

FOR THE YEAR ENDED MARCH 31, 2020

Andrew M. Cuomo, Governor

Robert F. Mujica Jr., Budget Director

Status of State Fiscal Year 2019-2020 Single Audit
Findings For the State Fiscal Year Ended March 31, 2020

Compiled in May 2021 by the New York State Division of the Budget

Pursuant to Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

Reference	Agency	Program	CFDA	Finding Compliance Area	Agency Status	Contact Person
2016-011	OCFS	Promoting Safe and Stable Families, STJ Child Welfare Program	93.556, 93.645	AB	Partially Corrected	Bonnie Hahn
2016-013	OCFS	Promoting Safe and Stable Families, STJ Child Welfare Program	93.556, 93.645, 93.095	M	Corrected	Bonnie Hahn
2018-015	SED	Rehabilitation Services, Rehab grants to states	84.126	E	Corrected	Heidi Nark
2018-016	SED	Rehabilitation Services, Rehab grants to states	84.126	N	Corrected	Heidi Nark
2018-017	SED	Rehabilitation Services, Rehab grants to states	84.126	ABN	Corrected	Heidi Nark
2018-022	SUNY	Student Financial Aid Cluster	518.320. 1533	N	Partially Corrected	Nancy Quay
2018-028	DOH	Basic Health Program (Affordable Care Act)	93.640	ABE	Partially Corrected	Lori Conway
2018-046	DOL	WIA/WIOA Adult Prog., WIA/WIOA dislocated Worker Formula Grants	17.259, 17.278	M	Corrected	Erin Murphy
2019-005	OTDA	CSE	93.563	GM	Partially Corrected (see current year finding 2020-010)	Annah Geiger
2019-006	OTDA	CSE	93.563	M	Corrected	Annah Geiger
2019-007	OTDA	SNAP Cluster	10.551 and 10.561	A	Corrected	Annah Geiger
2019-008	OTDA	SNAP Cluster	10.551 and 10.561	A	Corrected	Annah Geiger
2019-009	OTDA	State Administrative Matching Grants for SNAP	10.561	M	Corrected	Annah Geiger
2019-010	OTDA	State Administrative Matching Grants for SNAP	10.561	M	Partially Corrected	Annah Geiger
2019-011	OCFS	Foster Care - Title IV-E	93.658	MN	Partially Corrected (see current year finding 2020-012)	Bonnie Hahn
2019-012	OCFS	Foster Care - Title IV-E	93.658	A	Corrected	Bonnie Hahn
2019-013	OCFS	Foster Care - Title IV-E	93.658	ABGMN	Corrected	Bonnie Hahn
2019-014	OCFS	Foster Care - Title IV-E Adoption Assistance	93.658 93.659	GM	Corrected	Bonnie Hahn
2019-015	OCFS	Adoption Assistance	93.659	M	Corrected	Bonnie Hahn
2019-016	OCFS	Adoption Assistance	93.659	M	Partially Corrected	Bonnie Hahn

2019-017	OCFS	Foster Care - Title IV-E Adoption Assistance	93.658 93.659	M	Corrected	Bonnie Hahn
2019-018	OCFS	CCDF Cluster	93.575 and 93.596	M	Corrected	Bonnie Hahn
2019-019	OCFS	CCDF Cluster	93.575 and 93.596	M	Corrected	Bonnie Hahn
2019-020	OCFS	Social Services Block Grant	93.667	GM	Partially Corrected (see finding 2020-014)	Bonnie Hahn
2019-021	DOH	Medicaid Cluster	93.775, 93.777, and 93.778	N	Corrected	Lori Conway
2019-022	DOH	Medicaid Cluster	93.775, 93.777, and 93.778	ABN	Corrected (see current year finding 2020-015)	Lori Conway
2019-023	DOH	Medicaid Cluster	93.775, 93.777, and 93.778	ABN	Corrected	Lori Conway
2019-024	DOH	Child and Adult Care Food Program	10.558	A	Corrected	Lori Conway
2019-025	DOH	Special Supplemental Nutrition for Women, Infants, and Children Child and Adult Care Food Program Maternal and Child Health Services Block Grant to the States	10.557 10.558 93.994	M	Corrected	Lori Conway
2019-026	DOH	Special Supplemental Nutrition for Women, Infants, and Children	10.557	M	Corrected	Lori Conway
2019-027	DOH	Special Supplemental Nutrition for Women, Infants, and Children	10.557	A	Corrected	Lori Conway
2019-028	DOH	Special Supplemental Nutrition for Women, Infants, and Children	10.557	AE	Corrected	Lori Conway
2019-029	DOH	Maternal and Child Health Services Block Grant	93.994	AB	Corrected	Lori Conway
2019-030	DOH	Maternal and Child Health Services Block Grant	93.994	M	Corrected	Lori Conway
2019-031	DOH	Maternal and Child Health Services Block Grant	93.994	M	Corrected	Lori Conway
2019-032	DOH	Maternal and Child Health Services Block Grant Child and Adult Care Food Program	93.994 10.558	M	Partially Corrected	Lori Conway

2019-033	SED	Title I Grants to Local Educational Agencies Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants Special Education Cluster (IDEA) School Improvement Grants	84.010 84.027 84.173 84.367 84.377	AH	Corrected	Heidi Nark
2019-034	SED	Special Education Cluster (IDEA)	84.027 and 84.173	M	Partially Corrected (see current year finding 2020-007)	Heidi Nark
2019-035	SED	Special Education Cluster (IDEA)	84.027 and 84.173	A	Corrected	Heidi Nark
2019-036	SED	Title I Grants to Local Educational Agencies	84.010	A	Corrected	Heidi Nark
2019-037	SED	Title I Grants to Local Educational Agencies	84.010	A	Corrected	Heidi Nark
2019-038	HTFC	Community Development Block Grant State's Program and Non-Entitlement Grants in Hawaii	14.228	AM	Partially Corrected	Ronald Dickens
2019-039	OASAS	Block Grants for Prevention and Treatment of Substance Abuse	93.959	M	Corrected	Steven Shrager
2019-040	OGS	Special Supplemental Nutrition Program for Women, Infants, and Children Unemployment Insurance Child Care and Development Fund Cluster Block Grant for Prevention and Treatment of Substance Abuse Maternal and Child Health Services Block Grant to the State	10.557 17.225 93.575 93.596 93.595 93.994	BL	Corrected	Theresa Bonneau

2019-041	DOH OASAS OTDA	Special Supplemental Nutrition Program for Women, Infants, and Children Child and Adult Care Food Program Child Support Enforcement Children's Health Insurance Program Block Grant for Prevention and Treatment of Substance Abuse Maternal and Child Health Services Block Grant to the States	10.557 10.558 93.563 93.767 93.959 93.994	C	Corrected	Kiyannah Joyner

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CHARLES WILLIAMS
Deputy Director

2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2016
State Agency:	Office of Children and Family Services
Single Audit Contact:	Bonnie L Hahn
Title:	External Audit Liaison
Telephone:	518-486-1034
E-mail Address:	bonnie.hahn@ocfs.ny.gov
Prior-Year Audit Report Page Reference:	47
Prior-Year Finding Number:	2016-011

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☐ Corrected

☒ Partially Corrected

☐ Not Corrected

Anticipated Completion Date: March 2022

Full Status Report:

OCFS continues to review the requirements of the Title IV-B federal grants, Promoting Safe and Stable Families and Stephanie Tubbs Jones Child Welfare Program, and compare them to current processes and procedures. During the upcoming year, OCFS intends to hold internal discussions with Bureau of Budget and Program staff to identify possible monitoring activities which will bring OCFS into full compliance with federal requirements cited in this finding. Processes and procedures which may be created or modified will be documented and retained.

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2018-19 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2016
State Agency:	Office of Children and Family Services
Single Audit Contact:	Bonnie L Hahn
Title:	External Audit Liaison
Telephone:	518-486-1034
E-mail Address:	bonnie.hahn@ocfs.ny.gov
Prior-Year Audit Report Page Reference:	56
Prior-Year Finding Number:	2016-013

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☒ Corrected

☐ Partially Corrected

☐ Not Corrected

Anticipated Completion Date: N/A

Full Status Report:

A formal risk assessment process was put in place at the end of 2019 for the subrecipients (the 58 social service districts of New York) of the Promoting Safe and Stable Families and Stephanie Tubbs Jones Child Welfare Program federal grants. The risk assessment satisfies Uniform Guidance requirements as it includes the factors described in 2 CFR 200.331(b) as well as other risk factors OCFS has deemed important in assessing a subrecipient's risk of noncompliance. The risk assessments for the 2021 calendar year are currently underway and will be used to determine appropriate subrecipient monitoring activities performed during the upcoming year.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period: State Fiscal Year Ended March 31, 2018

State Agency: New York State Education Department

Single Audit Contact: Heidi Nark

Title: Internal Auditor 3

Telephone: 518-402-3446

E-mail Address: Heidi.Nark@nysed.gov

Prior-Year Audit Report Page Reference: 55

Prior-Year Finding Number: 2018-015

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date:

Full Status Report:

- Audit findings were shared with District Office Managers, Directors of Counseling and Senior Vocational Rehabilitation Counselors. **Completed.**
- District Office Managers reviewed audit findings with their management team and staff. **Completed.**
- Supervisors are required to monitor and review eligibility determinations to ensure eligibilities are completed timely (within 60 days), Trial Work Experience or Status 07 are used appropriately and completed Eligibilities are signed. ACCES Data Unit has created an eligibility status report which is updated and distributed to DOs weekly. These updates will continue to be provided. DOs evidence steady improvement. **Completed;** current report attached.

- Train staff- A training strategy has been created to ensure that staff receive pertinent training on policy, procedure, regulation, CaMS case management tools and best practices. The Quality Assurance and Monitoring Unit has shared case review findings with the Training Unit to inform future trainings. ACCES-VR's Assistant Commissioner and Coordinator of District Office Administration met with Regional Coordinators and District Office Managers for on-going discussions to strategize how they use the Weekly Compliance reports and work with supervisors and counselors to meet the eligibility determination and IPE development compliance goals. **Completed.**
- Quality Assurance and Monitoring Unit continues to monitor for measurable, statewide improvement and provide updates to Central Office leadership. These activities are ongoing and part of QA/M Unit's regular function. Case review findings regarding eligibility, IPE and allowable purchases will be provided to the ACCES-VR Training Unit to inform curriculum development and fine tune staff training. **Completed.**

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2018
State Agency:	New York State Education Department
Single Audit Contact:	Heidi Nark
Title:	Internal Auditor 3
Telephone:	518-402-3446
E-mail Address:	Heidi.Nark@nysed.gov
Prior-Year Audit Report Page Reference:	57
Prior-Year Finding Number:	2018-016

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date:

Full Status Report:

- Audit findings were shared with District Office Managers, Directors of Counseling and Senior Vocational Rehabilitation Counselors. **Completed.**
- District Office Managers reviewed audit findings with their management team and staff. **Completed**
- Supervisors are required to monitor and review Individualized Plans for Employment (IPE) to ensure IPEs are completed timely (within 90 days), the IPE Pending tab (Chronological Note) is used appropriately and completed IPEs are signed by both VRC and individual. ACCES Data Unit has created an eligibility, IPE status report which is updated and distributed to DOs weekly. These updates will continue to be provided. DOs have evidenced steady improvement. **Completed;** current report attached.

- A strategy has been developed to effectively implement the WIOA IPE requirements in our electronic case management system until a replacement system is available. Edits were developed for the electronic case management system (CaMS) and were issued 8/21/19. Continue to measure improvement and findings. **Completed.**
- Train staff- A training strategy has been created to ensure that staff receive pertinent training on policy, procedure, regulation, CaMS case management tools and best practices. The Quality Assurance and Monitoring Unit has shared case review findings with the Training Unit to inform future trainings. ACCES-VR's Assistant Commissioner and Coordinator of District Office Administration met with Regional Coordinators and District Office Managers for on-going discussions to strategize how they use the Weekly Compliance reports and work with supervisors and counselors to meet the eligibility determination and IPE development compliance goals. **Completed.**
- Quality Assurance and Monitoring Unit continues to monitor for measurable, statewide improvement and provide updates to Central Office leadership. These activities are ongoing and part of QA/M Unit's regular function. Case review findings regarding eligibility, IPE and allowable purchases will be provided to the ACCES-VR Training Unit to inform curriculum development and fine tune staff training. **Completed.**

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2018
State Agency:	New York State Education Department
Single Audit Contact:	Heidi Nark
Title:	Internal Auditor 3
Telephone:	518-402-3446
E-mail Address:	Heidi.Nark@nysed.gov
Prior-Year Audit Report Page Reference:	59
Prior-Year Finding Number:	2018-017

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date:

Full Status Report:

The Department agrees with the findings.

- Audit findings were shared with District Office Managers, Directors of Counseling and Senior Vocational Rehabilitation Counselors. **Completed.**
- District Office Managers reviewed audit findings with their management team and staff. **Completed.**
- Supervisors monitor and review IPEs and purchase of services for compliance with ACCES-VR policy and NYS purchasing requirements. **Completed.**

- Train staff- A training strategy has been created to ensure that staff receive pertinent training on policy, procedure, regulation, CaMS case management tools and best practices. The Quality Assurance and Monitoring Unit has shared case review findings with the Training Unit to inform future trainings. **Completed**; an updated Business Manual was issued 1/24/2020 to provide guidance on purchasing and made available to all district offices.
- Quality Assurance and Monitoring Unit continues to monitor for measurable, statewide improvement and provide updates to Central Office leadership. These activities are ongoing and part of QA/M Unit’s regular function. Case review findings regarding eligibility, IPE and allowable purchases will be provided to the ACCES-VR Training Unit to inform curriculum development and fine tune staff training. **Completed.**

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2018
State Agency:	SUNY
Single Audit Contact:	Nancy Quay
Title:	Associate University Auditor
Telephone:	5183201457
E-mail Address:	nancy.quay@suny.edu
Prior-Year Audit Report Page Reference:	pp 70-71
Prior-Year Finding Number:	2018-22

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☐ Corrected
☒ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: Partially Corrected 8/2021

Full Status Report:

After the audit findings, we determined that after each DegreeVerify file was submitted to the National Student Clearinghouse, a dedicated staff member would be reviewing the G Not Applied list. Using that list, the staff would update each record to accurately report the graduated status for the student enrollment. A new staff member joined our office in February 2020 and took on this role. Unfortunately, due to COVID, he passed away unexpectedly in November 2020. After his passing we were unable to find his documentation of the changes and updates he made to these records. The only thing we are able to produce is a list of all enrollment updates in general from the NSC which also includes our normal reporting. Since then, we have established a central repository for the list of students that are corrected along with pdf copies of the confirmation of the

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period: State Fiscal Year Ended March 31, 2018

State Agency: Department of Health

Single Audit Contact: Lori Conway

Title: Associate Accountant

Telephone: 518-473-7080

E-mail Address: lori.conway@health.ny.gov

Prior-Year Audit Report Page Reference: 83

Prior-Year Finding Number: 2018-028

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☐ Corrected

☒ Partially Corrected

☐ Not Corrected

Anticipated Completion Date: December 31, 2021

Full Status Report:

Prospective correction has been implemented. Retroactive correction of $154.8 million was credited to the Trust Fund via SFS Journal Entry (#4339102) on 3/30/20. Internal MMIS systems correction pending which will align historical MMIS records with JE value (or adjust it slightly). As the $154.8 million was a higher-end estimate, it is likely that the final reconciliation will result in a slight reduction of this credit.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2018
State Agency:	Department of Labor
Single Audit Contact:	Erin Murphy
Title:	Director of Internal Audit
Telephone:	518-457-9076
E-mail Address:	Erin.Murphy@labor.ny.gov
Prior-Year Audit Report Page Reference:	129
Prior-Year Finding Number:	2018-46

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: Corrective Action Implemented

Full Status Report:

The Department is up to date on program monitoring reviews as of 6/10/2019 for subrecipients addressed in the 2018 audit report.

The Department's policies and procedures on subrecipient monitoring and internal controls were updated and implemented 10/21/2019.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2019
State Agency:	Office of Temporary and Disability Assistance
Single Audit Contact:	Annah Geiger
Title:	Director, Internal Audit
Telephone:	518-473-8179
E-mail Address:	Annah.Geiger@otda.ny.gov
Prior-Year Audit Report Page Reference:	18-19
Prior-Year Finding Number:	2019-005

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☐ Corrected
☒ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: 10/31/2021

Full Status Report:

NYS's Division of Budget (DOB) identified that OTDA and other state agencies had subrecipient monitoring recommendations cited in the Single State Audit. DOB established a Statewide Subrecipient Monitoring Workgroup. This Workgroup has developed a subrecipient monitoring policy that will be followed statewide by all pass-through agencies. This policy is currently in the draft stages and is expected to be issued by DOB at the end of October 2020.

The DOB subrecipient guidance will give OTDA and the other pass-through agencies consistent guidelines to follow and ensure the proper monitoring of subrecipients.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2019
State Agency:	Office of Temporary and Disability Assistance
Single Audit Contact:	Annah Geiger
Title:	Director, Internal Audit
Telephone:	518-473-8179
E-mail Address:	Annah.Geiger@otda.ny.gov
Prior-Year Audit Report Page Reference:	20-22
Prior-Year Finding Number:	2019-006

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: 6/30/2020

Full Status Report:

NYS's Division of Budget (DOB) identified that OTDA and other state agencies had subrecipient monitoring recommendations cited in the Single State Audit. DOB established a Statewide Subrecipient Monitoring Workgroup. This Workgroup has developed a subrecipient monitoring policy that will be followed statewide by all pass-through agencies. This policy is currently in the draft stages and is expected to be issued by DOB at the end of October 2020.

The DOB subrecipient guidance will give OTDA and the other pass-through agencies consistent guidelines to follow and ensure the proper monitoring of subrecipients.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period: State Fiscal Year Ended March 31, 2019

State Agency: Office of Temporary and Disability Assistance

Single Audit Contact: Annah Geiger

Title: Director, Internal Audit

Telephone: 518-473-8179

E-mail Address: Annah.Geiger@otda.ny.gov

Prior-Year Audit Report Page Reference: 23-25

Prior-Year Finding Number: 2019-007

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: 6/25/2020

Full Status Report:

OTDA agrees with this preliminary finding, noting that no specific adverse impact was cited. OTDA has reviewed and updated its EBT policies and procedures subsequent to March 31st, specifically assessing and addressing SOC 1 processes so SOC1 reports are reviewed and CUECs are in place, as appropriate. OTDA will periodically reassess and revise these policies and procedures, as necessary and will communicate changes to impacted staff. Corrected 6/25/2020.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2019
State Agency:	Office of Temporary and Disability Assistance
Single Audit Contact:	Annah Geiger
Title:	Director, Internal Audit
Telephone:	518-473-8179
E-mail Address:	Annah.Geiger@otda.ny.gov
Prior-Year Audit Report Page Reference:	26-29
Prior-Year Finding Number:	2019-008

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: 6/25/2020

Full Status Report:

The Office updated its policies and procedures to ensure there is an enhanced level of precision in its review of the Office's internal FNS reporting reconciliation worksheet to ensure only authorized amounts issued prior to the reporting period are included within the reconciliation worksheet. Additionally, the Office revised its policies and procedures to ensure that SAE grants are recorded in the SF-425 FNS 778/778a periodic reports in columns 1 through 9, consistent with the guidance of the FNS instructions and the U.S. Department of Agriculture
Corrected 6/25/2020.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period: State Fiscal Year Ended March 31, 2019

State Agency: Office of Temporary and Disability Assistance

Single Audit Contact: Annah Geiger

Title: Director, Internal Audit

Telephone: 518-473-8179

E-mail Address: Annah.Geiger@otda.ny.gov

Prior-Year Audit Report Page Reference: 30-32

Prior-Year Finding Number: 2019-009

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☒ Corrected

☐ Partially Corrected

☐ Not Corrected

Anticipated Completion Date: 2/20;2020

Full Status Report:

NYS's Division of Budget (DOB) identified that OTDA and other state agencies had subrecipient monitoring recommendations cited in the Single State Audit. DOB established a Statewide Subrecipient Monitoring Workgroup. This Workgroup has developed a subrecipient monitoring policy that will be followed statewide by all pass-through agencies. This policy was issued by DOB at the end of October 2020. OTDA has also developed a SharePoint site to give required information to grant awardess.

The DOB subrecipient guidance will give OTDA and the other pass-through agencies consistent guidelines to follow and ensure the proper monitoring of subrecipients.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2019
State Agency:	Office of Temporary and Disability Assistance
Single Audit Contact:	Annah Geiger
Title:	Director, Internal Audit
Telephone:	518-473-8179
E-mail Address:	Annah.Geiger@otda.ny.gov
Prior-Year Audit Report Page Reference:	33-35
Prior-Year Finding Number:	2019-010

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☐ Corrected
x Partially Corrected
☐ Not Corrected

Anticipated Completion Date: 10/31/2021

Full Status Report:

NYS's Division of Budget (DOB) identified that OTDA and other state agencies had subrecipient monitoring recommendations cited in the Single State Audit. DOB established a Statewide Subrecipient Monitoring Workgroup. This Workgroup has developed a subrecipient monitoring policy that will be followed statewide by all pass-through agencies. This policy is currently in the draft stages and is expected to be issued by DOB at the end of October 2020.

The DOB subrecipient guidance will give OTDA and the other pass-through agencies consistent guidelines to follow and ensure the proper monitoring of subrecipients.

2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2020
State Agency:	Office of Children and Family Services
Single Audit Contact:	Bonnie Hahn
Title:	External Audit Liaison
Telephone:	518-486-1034
E-mail Address:	Bonnie.Hahn@ocfs.ny.gov
Prior-Year Audit Report Page Reference:	36-38
Prior-Year Finding Number:	2019-011

Status Report on Prior-Year Finding

☐ Corrected
☒ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: 3/31/2022

Full Status Report:

OCFS Division of Child Welfare and Community Services (CWCS) selected eight counties as part of a preliminary review of the process of administering maintenance payment rates for foster parents for care of children in their home. As part of the review, the selected counties were required to provide a narrative describing their process related to determining level of difficulty and the resulting maintenance rate, as well as answer any follow-up questions on the narrative from OCFS program staff. In their narratives, the counties were required to include information on how the level of difficulty is determined, including what documentation is provided and by who and the review procedures in place among other information. There was also rate-specific information that had to be provided, including the rational for rates paid. CWCS compiled the results and will use the information as they move forward.

CWCS will be conducting a review of a sample of case records to examine the rate paid and the process that lead to the determination. A date for this review has not been established.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2020
State Agency:	Office of Children and Family Services
Single Audit Contact:	Bonnie Hahn
Title:	External Audit Liaison
Telephone:	518-486-1034
E-mail Address:	Bonnie.Hahn@ocfs.ny.gov
Prior-Year Audit Report Page Reference:	39-40
Prior-Year Finding Number:	2019-012

Status Report on Prior-Year Finding

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: Completed

Full Status Report:

OCFS has completed corrective action for this finding and considers the matter resolved.

OCFS Bureau of Financial Operations completed the follow-up for the one Erie county case in April of 2020 and has deemed the issue closed. OCFS has policies and procedures in place and are aware of the need to ensure follow-up activity is completed for those cases in which it is found to be necessary. OCFS will review each case as it is completed.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2020
State Agency:	Office of Children and Family Services
Single Audit Contact:	Bonnie Hahn
Title:	External Audit Liaison
Telephone:	518-486-1034
E-mail Address:	Bonnie.Hahn@ocfs.ny.gov
Prior-Year Audit Report Page Reference:	41-42
Prior-Year Finding Number:	2019-013

Status Report on Prior-Year Finding

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: Completed

Full Status Report:

OCFS has completed corrective action for this finding and considers the matter resolved.

A memo outlining the process for establishing the maximum annual MSAR rates has been prepared and was provided to KPMG in May 2020.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2020
State Agency:	Office of Children and Family Services
Single Audit Contact:	Bonnie Hahn
Title:	External Audit Liaison
Telephone:	518-486-1034
E-mail Address:	Bonnie.Hahn@ocfs.ny.gov
Prior-Year Audit Report Page Reference:	43-44
Prior-Year Finding Number:	2019-014

Status Report on Prior-Year Finding

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: Completed

Full Status Report:

In September 2020 OCFS completed corrective action on this finding and considers the matter resolved.

OCFS Office of Audit and Quality Control has added a step to their county claims audits which incorporates tracing the maintenance payments to the general ledger to ensure they were paid out of local funds prior to federal reimbursement. The county claims audit currently taking place includes this new procedure.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2020
State Agency:	Office of Children and Family Services
Single Audit Contact:	Bonnie Hahn
Title:	External Audit Liaison
Telephone:	518-486-1034
E-mail Address:	Bonnie.Hahn@ocfs.ny.gov
Prior-Year Audit Report Page Reference:	45-47
Prior-Year Finding Number:	2019-015

Status Report on Prior-Year Finding

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: Completed

Full Status Report:

OCFS completed corrective action for this finding in September 2020 and considers the matter resolved.

OCFS program office has revised their monitoring procedures to include a review of the criminal records checks performed by the districts, including fingerprint-based checks of national crime information databases as specified in the Office's State Plan and 42 USC 671(a)(20(A)). OCFS Bureau of Financial Operations has also incorporated this element into their eligibility reviews which they will begin in the near future.

Additionally, since 2017 when the FAD module in CONNECTIONS was updated, Child Welfare and Community Services home office staff have been monitoring the foster boarding home information quarterly by selecting a random sample of 20 homes authorized by the Local Departments of Social Services (LDSS) and 20 homes authorized by the voluntary agencies (VA) to verify that all information required for certification has been entered. If information is missing or an error or omission is noted, the Regional Office is contacted to inspect the files at the LDSS or VA.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2020
State Agency:	Office of Children and Family Services
Single Audit Contact:	Bonnie Hahn
Title:	External Audit Liaison
Telephone:	518-486-1034
E-mail Address:	Bonnie.Hahn@ocfs.ny.gov
Prior-Year Audit Report Page Reference:	48-49
Prior-Year Finding Number:	2019-016

Status Report on Prior-Year Finding

☐ Corrected
☒ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: 3/31/2022

Full Status Report:

Since the Level of Difficulty (LOD) and the MSAR rate associated with an adopted child is initially established during the time that the child is in foster care, OCFS has focused their work on developing a process for reviewing the procedures in place within the Local Departments of Social Services for establishing the LOD and the MSAR. The knowledge gained from this will be shared with the Adoption unit for use in determining what and how monitoring can be conducted.

ANDREW M. CUOMO
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ROBERT F. MUJICA JR.
Director of the Budget

SANDRA L. BEATTIE
First Deputy Director

CHARLES WILLIAMS
Deputy Director

2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2020
State Agency:	Office of Children and Family Services
Single Audit Contact:	Bonnie Hahn
Title:	External Audit Liaison
Telephone:	518-486-1034
E-mail Address:	Bonnie.Hahn@ocfs.ny.gov
Prior-Year Audit Report Page Reference:	50-52
Prior-Year Finding Number:	2019-017

Status Report on Prior-Year Finding

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: Completed

Full Status Report:

OCFS published 20-OCFS-LCM-05 on February 12, 2020 with the required federal award identification information to the local districts. The LCM includes the Title IV Awards (including Foster Care and Adoption Assistance). Since then, an LCM containing the required information has been issued on an annual basis.

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ROBERT F. MUJICA JR. Director of the Budget	**CHARLES WILLIAMS** Deputy Director

2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2020
State Agency:	Office of Children and Family Services
Single Audit Contact:	Bonnie Hahn
Title:	External Audit Liaison
Telephone:	518-486-1034
E-mail Address:	Bonnie.Hahn@ocfs.ny.gov
Prior-Year Audit Report Page Reference:	53-55
Prior-Year Finding Number:	2019-018

Status Report on Prior-Year Finding

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: Completed

Full Status Report:

The 2016 grant award funds referred to in the finding were depleted during the state fiscal year 2018-2019. As a result, a Federal Award Information Sheet is not required for the 2019-2020 state fiscal year.

The Budget Office has revised their policies and procedures for new awards and open awards to ensure that the Federal Award Information is provided.

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Deputy Director

2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2020
State Agency:	Office of Children and Family Services
Single Audit Contact:	Bonnie Hahn
Title:	External Audit Liaison
Telephone:	518-486-1034
E-mail Address:	Bonnie.Hahn@ocfs.ny.gov
Prior-Year Audit Report Page Reference:	56-58
Prior-Year Finding Number:	2019-019

Status Report on Prior-Year Finding

☒ Corrected

☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: 3/31/2021

Full Status Report:

The childcare enhanced monitoring reviews that began in SFY 2019 have continued during the SFY 2020.

The monitoring starts with a risk assessment to determine the risk related to subrecipients' performance and financial operations. Once the risk assessment is completed and the districts are identified, the process of selecting cases for review begins.

The reviews were planned to be conducted in four phases. During phase one, which began in February 2019, 18 districts consisting of 97 cases were reviewed. The second phase, which began on 8/1/2019, consists of 14 districts and 135 cases.

The third phase will consist of New York City ACS and HRA cases and the fourth phase will encompass all the remaining districts that have not been monitored. Phases 3 and 4 will take place as resources are available and staff is allowed to resume field visits. Due to the COVID-19 pandemic these on-site reviews were unable to take place.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2020
State Agency:	Office of Children and Family Services
Single Audit Contact:	Bonnie Hahn
Title:	External Audit Liaison
Telephone:	518-486-1034
E-mail Address:	Bonnie.Hahn@ocfs.ny.gov
Prior-Year Audit Report Page Reference:	59-61
Prior-Year Finding Number:	2019-020

Status Report on Prior-Year Finding

☐ Corrected
☒ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: 3/31/2022

Full Status Report:

OCFS AQC had created a process for monitoring Title XX claims submitted for reimbursement by the local districts. Although the process is still in draft form, an analysis of claims submitted by all districts for calendar years 2019 and 2020 has been completed. For each district, the claims data was broken down by vendors and by the total amount claimed for each Title XX service category.

AQC plans to set up monitoring activities which will include a claims review. Districts will be selected based on the results of the risk assessment and supporting documentation will be requested to be reviewed for adequacy and to determine whether the claims are appropriate.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2020
State Agency:	New York State Department of Health
Single Audit Contact:	Lori Conway
Title:	External Audit Liaison
Telephone:	(518)-473-7080
E-mail Address:	lori.conway@health.ny.gov
Prior-Year Audit Report Page Reference:	62
Prior-Year Finding Number:	2019-021

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: Implemented

Full Status Report:

Program staff have been educated on the timeline for a Request for Proposal (RFP). In addition, staff are now more experienced with the Audit and the development of the Audit RFP which will avoid delays.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2020
State Agency:	New York State Department of Health
Single Audit Contact:	Lori Conway
Title:	External Audit Liaison
Telephone:	(518)-473-7080
E-mail Address:	lori.conway@health.ny.gov
Prior-Year Audit Report Page Reference:	64
Prior-Year Finding Number:	2019-022

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: Corrected December 2020

Full Status Report:

The Department was in the process of executing the MLTC Partial Capitation Contracts when on October 18, 2019, CMS sent the Department a new checklist with additional requirements. As a result, the Department had to amend the previously approved MLTC Partial Capitation model contract for the period January 1, 2017 through December 31, 2021 to comply with the additional requirements. The new CMS checklist prevented the Department from executing all MLTC Partial Capitation contracts by 12/2019. The Department is now executing the contracts and anticipates full completion by 12/2020.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2020
State Agency:	New York State Department of Health
Single Audit Contact:	Lori Conway
Title:	External Audit Liaison
Telephone:	(518)-473-7080
E-mail Address:	lori.conway@health.ny.gov
Prior-Year Audit Report Page Reference:	67
Prior-Year Finding Number:	2019-023

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: Implemented

Full Status Report:

After consultation with OMIG, the Bureau of Provider Enrollment (BPE) developed a spreadsheet to track and request recoupments. Originally, this spreadsheet was to be forwarded to OMIG on a monthly basis. However, because there are not many recoupment requests, it was decided such requests would be sent to OMIG immediately after logging on the spreadsheet. In addition, written procedures for recoupment are under review to determine if updating is needed.

2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2020
State Agency:	New York State Department of Health
Single Audit Contact:	Lori Conway
Title:	External Audit Liaison
Telephone:	(518)-473-7080
E-mail Address:	lori.conway@health.ny.gov
Prior-Year Audit Report Page Reference:	69
Prior-Year Finding Number:	2019-024

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: Implemented

Full Status Report:

Corrective action has been implemented. Policies and procedures have been revised. The training was conducted for the Department's reviewers in October 2018 and an additional control was added for a new form to be utilized during the home sponsor review. The Department will continue to utilize that form when conducting administrative review of day care home sponsors.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2020
State Agency:	New York State Department of Health
Single Audit Contact:	Lori Conway
Title:	External Audit Liaison
Telephone:	(518)-473-7080
E-mail Address:	lori.conway@health.ny.gov
Prior-Year Audit Report Page Reference:	71
Prior-Year Finding Number:	2019-025

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: Implemented

Full Status Report:

The Department of Health is participating in a statewide task group with the purpose of improving sub-recipient monitoring purposes. The task group will evaluate procedures and practices to ensure the CFDA number is communicated at the time of disbursement.

<u>2019-20 Prior-Year Finding Summary</u>

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2020
State Agency:	New York State Department of Health
Single Audit Contact:	Lori Conway
Title:	External Audit Liaison
Telephone:	(518)-473-7080
E-mail Address:	lori.conway@health.ny.gov
Prior-Year Audit Report Page Reference:	74
Prior-Year Finding Number:	2019-026

Status Report on Prior-Year Finding

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: Implemented

Full Status Report:

The Department of Health provided an award identification notice for subrecipients for the Federal Fiscal Year (FFY) 2019 summarizing their final awards by funding source. USDA provided guidance that such notices should be provided at the beginning of each new contract period and upon fiscal closeout of such period. The FFY 2021 notice is on track to be provided before October 1, 2020, and the FFY 2020 final notice will be provided when that contract period is closed (estimated for Quarter 2 of FFY 2021).

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2020
State Agency:	New York State Department of Health
Single Audit Contact:	Lori Conway
Title:	External Audit Liaison
Telephone:	(518)-473-7080
E-mail Address:	lori.conway@health.ny.gov
Prior-Year Audit Report Page Reference:	77
Prior-Year Finding Number:	2019-027

Status Report on Prior-Year Finding

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: Implemeted

Full Status Report:

Thorough review of the SOC1 Report for 7/1/17-6/30/18 and 7/1/18-7/31/19 was completed. In addition to this, monthly reviews of the service organization's service level agreements (SLAs) are being conducted. Deficiencies in the customer service report were identified and remedied within two months; performance penalties for this period were imposed. Review of this report continues each month, with a procedure in place to annually request and review the most current SOC 1 Report.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period: State Fiscal Year Ended March 31, 2020

State Agency: New York State Department of Health

Single Audit Contact: Lori Conway

Title: External Audit Liaison

Telephone: (518)-473-7080

E-mail Address: lori.conway@health.ny.gov

Prior-Year Audit Report Page Reference: 80

Prior-Year Finding Number: 2019-028

Status Report on Prior-Year Finding

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: Implemented

Full Status Report:

Review of user access was completed based on user information queried on October 2, 2019. Local Agency Coordinators and Vendor Management Agency Directors were provided related guidance via an Administrative Directive (NYS WIC 10/19 #34), and State WIC management staff were provided guidance through email. The Department of Health has a process in place for creating, modifying, and deactivating user accounts. A User Account Security and Guidance policy was approved by USDA and communicated to Local Agencies on July 8, 2020 via an Administrative Directive (NYS WIC 07/20 #14). ITS has set up a process to automatically save daily backup monitoring reports, making it easier to provide these reports during audits.

The service contractor provided a communication plan outlining notification to NYS of any changes in procedures, key personnel, system issues, etc. The service organization's Project Manager and program staff communicate regularly regarding the daily EBT process, SLAs, and other contract obligations to ensure deliverables are met and necessary controls are in place.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2020
State Agency:	New York State Department of Health
Single Audit Contact:	Lori Conway
Title:	External Audit Liaison
Telephone:	(518)-473-7080
E-mail Address:	lori.conway@health.ny.gov
Prior-Year Audit Report Page Reference:	82
Prior-Year Finding Number:	2019-029

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: Implemented

Full Status Report:

Traces initiated in Quarter 4 of 2018 were pulled and repeated by new staff in Quarter 1 of 2019. Findings summaries have been drafted and will be issued upon approval by management. All new traces initiated post receipt of the SFY18 Single Audit findings, have followed a consistent sampling process and all materials are stored on the shared network at the completion of each trace.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period: State Fiscal Year Ended March 31, 2020

State Agency: New York State Department of Health

Single Audit Contact: Lori Conway

Title: External Audit Liaison

Telephone: (518)-473-7080

E-mail Address: lori.conway@health.ny.gov

Prior-Year Audit Report Page Reference: 84

Prior-Year Finding Number: 2019-030

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: Implemented

Full Status Report:

Corrective action has been implemented. The Department will continue to communicate federal award information as part of our annual budget review and renewal process or as soon as we are able upon receipt of a notice of grant award, if such information from the federal oversight agency is not received prior to the start of the budget period.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2020
State Agency:	New York State Department of Health
Single Audit Contact:	Lori Conway
Title:	External Audit Liaison
Telephone:	(518)-473-7080
E-mail Address:	lori.conway@health.ny.gov
Prior-Year Audit Report Page Reference:	84
Prior-Year Finding Number:	2019-031

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: Implemented

Full Status Report:

As recommended, the Department will continue to follow its revised policies and procedures implemented on March 8, 2019 to ensure risk assessments are performed and documented, and subrecipient monitoring activities are performed in response to the assessed level of risk in accordance with 45 CFR 75.352(e) and 45 CFR 75.352(d).

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2020
State Agency:	New York State Department of Health
Single Audit Contact:	Lori Conway
Title:	External Audit Liaison
Telephone:	(518)-473-7080
E-mail Address:	lori.conway@health.ny.gov
Prior-Year Audit Report Page Reference:	90
Prior-Year Finding Number:	2019-032

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☐ Corrected
☒ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: 10/1/2021

Full Status Report:

A new computerized system designed specifically for single audit compliance monitoring of Department grantees went into production on April 2, 2019, with the January 31, 2019 fiscal year end vendors being the first cases created. The system is designed to identify all vendors receiving federal funding to ensure proper monitoring and timely issuance of management decision letters. Sanctions will be imposed on vendors with a delinquent report status.
While the system is live, it will take a full calendar year for all Department grantees to be monitored using this new system (cases are created based on the grantee's fiscal year end). An interim tracking method using spreadsheets will continue to run in tandem with the new system to monitor reporting requirements for vendors through the December 31, 2018 fiscal year end, at which time it will be retired." and partially corrected (which agrees to the front schedule).

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2019
State Agency:	New York State Education Department
Single Audit Contact:	Heidi Nark
Title:	Internal Auditor 3
Telephone:	518-402-3446
E-mail Address:	Heidi.Nark@nysed.gov
Prior-Year Audit Report Page Reference:	93-94
Prior-Year Finding Number:	2019-033

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: November 2019

Full Status Report:

The GITC environment was audited by KPMG in FY 2015 and FY 2016 when similar IT findings were issued. As a result of those findings, NYSED ITS implemented the recommendations contained in the audits. During discussions with KPMG related to this finding, Management was informed that the recommended changes from the prior audit, although implemented, were not sufficient. The Café system is a 40-year-old COBOL system that does not allow for multi-level approvals on the IT side. Given the system limitations, the agreed upon method for tracking, monitoring, and approving changes in a ticketing system independent of Café was a means of remediating the finding at the time. As a result of this audit, KPMG has now indicated that this recommendation/solution does not remediate this finding. For this reason, NYSED ITS has been in discussion with the Office of Information Technology (OITS) to write a program that would automate notification of changes made to the Café production environment. These notifications will be sent to a Manager in NYSED ITS without access to the Café system. A review process will be implemented by the Manager to review the notification, match it to a ticket in the ticketing system and verify the change. NYSED's change management policy will be updated to reflect this. The estimated implementation date for this action is November 2019.

From a business office perspective, Management would like to note that although deficiencies in the GITC environment exist due to system limitations, there have not been any findings of violation of period of performance or inaccurate grant award information being provided to the grantee during this audit or audits conducted in prior years. During KPMG's testing of the various compliance requirements (Period of Performance, Subrecipient Monitoring), Grants Finance provided copies of Grant Award Notices (GANs) for each project sampled. Reviews of the information provided on the GAN was validated during this review as well as Period of performance and determined to be in compliance. As recommended, Grants Finance will further document current review procedures and implement a secondary review of a sample number of Grant Award Notices, monthly. The documentation of our existing reviews and the monthly review will be in place by the end of November 2019.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2019
State Agency:	New York State Education Department
Single Audit Contact:	Heidi Nark
Title:	Internal Auditor 3
Telephone:	518-402-3446
E-mail Address:	Heidi.Nark@nysed.gov
Prior-Year Audit Report Page Reference:	95-98
Prior-Year Finding Number:	2019-034

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☐ Corrected
☒ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: Partially Corrected 6/1/2021

Full Status Report:

The SED Auditor has begun to review the ST-3 information for multiple districts to compare the expenditure information included in a district's LEA MOE Calculator. Beginning in March 2020, we will be beginning our monitoring cycle. For those districts chosen, we will monitor the information included in their LEA MOE Calculator.

The start of our monitoring was delayed until June 2020 due to COVID-19. For those districts who were chosen during for this monitoring cycle we are requesting documentation for all Exceptions that were included in their Calculator. Allowable exceptions allow a district to lower its Maintenance of Effort amount for a grant period.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2019
State Agency:	New York State Education Department
Single Audit Contact:	Heidi Nark
Title:	Internal Auditor 3
Telephone:	518-402-3446
E-mail Address:	Heidi.Nark@nysed.gov
Prior-Year Audit Report Page Reference:	99-100
Prior-Year Finding Number:	2019-035

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: 3/31/2020

Full Status Report:

Files were moved to locking file cabinets.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2019
State Agency:	New York State Education Department
Single Audit Contact:	Heidi Nark
Title:	Internal Auditor 3
Telephone:	518-402-3446
E-mail Address:	Heidi.Nark@nysed.gov
Prior-Year Audit Report Page Reference:	101-102
Prior-Year Finding Number:	2019-036

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: 1/1/2020

Full Status Report:

The Office of State Assessment (OSA) has put in place additional policies and procedures to ensure that all required forms are reviewed by SED staff in a timely manner to confirm that such forms have been returned and are complete. These additional policies and procedures will be fully implemented immediately following the January 2020 Regents Examination period and after each subsequent Regents Examination period.

As in the past, the Test Distribution Unit (TDU) will check in material returned to SED by schools that have administered Regents Examinations. During this check in, if a school's return is not complete, including the three certificates that must be signed and returned to SED, the school will be immediately contacted by letter from staff in TDU. These letters notify the school's principal of the missing material and prompt the submission of the missing certificate(s). As part of the newly implemented procedures, TDU will provide copies to OSA of all the above-mentioned letters notifying schools of missing certificates. TDU will also alert OSA of all schools that fail to submit the required forms within 30 days of the school's receipt of the letter notifying the school of the omission. OSA will follow up by email and phone with any school that fails to comply within the thirty day window.

Also, as in the past, TDU will provide to OSA all of the certificates submitted by schools. These forms will be retained in OSA. As part of the newly implemented procedures, within 60 days of OSA'S receipt, OSA staff will review all of the certificates received from TDU to ensure that they are complete, including all required signatures. OSA staff will also contact school principals as necessary to correct and resubmit any forms that are incomplete.

Additionally, the Test Security Unit that is part of the Office of School Personnel Review and Accountability has continued to perform site visits during the period.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2019
State Agency:	New York State Education Department
Single Audit Contact:	Heidi Nark
Title:	Internal Auditor 3
Telephone:	518-402-3446
E-mail Address:	Heidi.Nark@nysed.gov
Prior-Year Audit Report Page Reference:	103-105
Prior-Year Finding Number:	2019-037

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: 1/1/2020

Full Status Report:

The Office of Accountability's ESSA-Funded Programs team has added a compliance indicator to each of its four monitoring protocols (Coordinated, Targeted, Desk Review, and Self-Assessment) to ensure that Local Educational Agencies (LEAs) maintain appropriate written documentation to support the removal of a student from the regulatory adjusted cohort. Specifically, each LEA will be asked to provide written documentation which confirms that a removed student transferred out, migrated to another country, or is deceased. LEAs that cannot provide such evidence will generate a monitoring finding and issued a corrective action. Additionally, such LEAs will be provided with technical assistance as part of their corrective action. The updated monitoring protocols will be deployed to approximately 300-350 LEAs per year, beginning with the 2019-2020 school year monitoring cycle.

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2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2019
State Agency:	Housing Trust Fund Corporation
Single Audit Contact:	Jason Purvis
Title:	Vice President, Federal Programs
Telephone:	518-474-2057
E-mail Address:	Jason.purvis@nyshcr.org
Prior-Year Audit Report Page Reference: 14.228; Pages 106-107	Community Development Block Grant #
Prior-Year Finding Number:	2019-038

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

The Office of Community Renewal (OCR) tracks program income (PI) for expenditures made by recipients who committed funds prior to 4/1/19 under the revised OCR policy. While some of those projects have been completed, the OCR is obtaining documentation of expenditure for the remaining projects; therefore, a final amount of local program income has not been determined. In addition, HTFC finance and the OCR track repayments as they are received from those recipients still generating PI. Per HUD regulations, all program income must be expended prior to all other CDBG funds, regardless of year. As requests for payment are made, program income is expended first; as a result, HTFC does not carry a balance of program income into subsequent fiscal years.

As a result of the aforementioned, program income was reported as “$0” on the most recently submitted CAPER/PER, sent May 8th. While reporting and tracking methods have been refined and data continues to be collected, HTFC anticipates that full reporting will only be possible in the next reporting year.

☐ Corrected
☒ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: 5/31/2021

Full Status Report:

NEW YORK STATE OF OPPORTUNITY. | Division of the Budget

ANDREW M. CUOMO
Governor
ROBERT F. MUJICA JR.
Director of the Budget

SANDRA L. BEATTIE
First Deputy Director
CHARLES WILLIAMS
Deputy Director

2019-2020 Prior-Year Finding Summary

State Agency: NYS OASAS

Single Audit Contact: Steven Shrager

Title: Director of Audit Services

Telephone: 518-485-2255

E-mail Address: Steven.Shrager@oasas.ny.gov

Federal Program(s) # [s]): 17B1NYSAPT and 18B1NYSAPT

Audit Report Reference: 2019-039

Finding Status: Corrected 10/10/2019

OASAS will continue to follow its revised policies and procedures over the information communicated to the subrecipients as part of the notification of the subaward to ensure the communication includes all of the subaward notification requirements of 2 CFR 200.311(a).

NEW YORK STATE OF OPPORTUNITY. | Division of the Budget

ANDREW M. CUOMO
Governor

ROBERT F. MUJICA JR.
Director of the Budget

SANDRA L. BEATTIE
First Deputy Director

CHARLES WILLIAMS
Deputy Director

2019-20 Prior-Year Finding Summary

Prior-Year Audit Period:	State Fiscal Year Ended March 31, 2019
State Agency:	Office of General Services
Single Audit Contact:	Theresa Bonneau
Title:	Director of Internal Audit
Telephone:	(518) 402-5846
E-mail Address:	theresa.bonneau@ogs.ny.gov
Prior-Year Audit Report Page Reference:	380
Prior-Year Finding Number:	2019-040

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: Complete

Full Status Report:

The annual LATS Access Review process was implemented on January 2,2020 and has been completed for the 2020 calendar year. Each agency Data Access Officer was provided a list of LATS-NY users for their agency and asked to submit any required changes to ensure the accuracy of all LATS-NY users and associated privileges. This process will continue to be followed annually for each agency.

NEW YORK STATE OF OPPORTUNITY. | Division of the Budget

ANDREW M. CUOMO
Governor

ROBERT F. MUJICA JR.

SANDRA L. BEATTIE
First Deputy Director

CHARLES WILLIAMS
Deputy Director

2019-2020 Prior-Year Finding Summary

Prior-Year Audit Period: State Fiscal Year Ended March 31, 2019

State Agency: DOH, OASAS, OTDA

Single Audit Contact: Kiyannah Joyner

Title: Federal Single Audit Liaison

Telephone: 518-473-0111

E-mail Address: Kiyannah.joyner@budget.ny.gov

Prior-Year Audit Report Page Reference:

Prior-Year Finding Number: 2019-041

Status Report on Prior-Year Finding - Agencies are required to add a full status report regardless if no change from previous update:

☒ Corrected
☐ Partially Corrected
☐ Not Corrected

Anticipated Completion Date: Corrected 11/1/2019

Full Status Report:

The State revised its process within the Statewide Financial System and updated the policies and procedures to ensure agency payments are made prior to drawing federal funds in accordance with 31 CFR 205 inclusive of the Treasury-State agreement.

STATE OF NEW YORK

STATE AGENCY CORRECTIVE ACTION PLANS

FOR THE YEAR ENDED MARCH 31, 2020

Andrew M. Cuomo, Governor

Robert F. Mujica Jr., Budget Director

State Agency Responses to State Fiscal Year 2019-2020 Single Audit Findings For the State Fiscal Year Ended March 31, 2020

Compiled in May 2021 by the New York State Division of the Budget

Pursuant to Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

NEW YORK STATE OF OPPORTUNITY. | Division of the Budget

ANDREW M. CUOMO
Governor

ROBERT F. MUJICA JR.
Director of the Budget

SANDRA L. BEATTIE
First Deputy Director

CHARLES WILLIAMS
Deputy Director

CORRECTIVE ACTION PLAN

Single Audit of Federal Programs for State Fiscal Year Ended March 31, 2020

State Agency:	DOH, DEC, OGS
Single Audit Contact:	Kiyannah Joyner
Title:	Single Audit Liaison
Telephone:	518-473-0411
E-mail Address:	kiyannah.joyner@budget.ny.gov
Federal Program(s) (CFDA # [s]):	Child Nutrition Cluster (10.553, 10.555, 10.556, and 10.559) Food Distribution Cluster (10.565, 10.568, and 10.569) Capitalization Grants for Clean Water State Revolving Funds (66.458)
Audit Report Reference:	2020-003
Anticipated Completion Date:	Implemented 11/24/2020

Corrective Actions:

DOH

The Department of Health's Commodity Supplemental Food Program (CSFP), found within the Food Distribution Cluster, received $10,349,000 in USDA food commodities during SFY 2020. The State had been reporting this value as Total Expenditures for CSFP. However, the KPMG Audit revealed that these amounts should be categorized as Subrecipient Expenditures. To correct the finding, the Fiscal Management Group re-submitted a revised SEFA to the NYS Office of the State Comptroller (OSC) on November 24, 2020 to categorize the amounts as Subrecipient Expenditures.

To permanently correct this deficiency:

- The CSFP will generate the value of USDA Donated Foods distributed in a fiscal year as expended.

- Distribution records will be obtained from USDA's Food Program and Reporting System (FPRS) using the Monthly Report of the Commodity Supplemental Food Program and Quarterly Administrative Financial Status Report (referred to as the FNS-153 report), for time period April – March. The FNS-153 report records monthly participation, quantity of foods distributed, and value of commodities distributed.
- The value of the of commodities distributed will be categorized as Subrecipient Expenditures on future SEFA reports.

DEC

The Department of Environmental Conservation submitted an updated State of New York Schedule of Expenditures of Federal Awards (SEFA) to the Office of the State Comptroller on December 22, 2020. The updated SEFA reflects an adjustment to the administrative cost expenditures, reclassified to reflect the actual passed-through amount.

OGS

The Office of General Services will work with the Office of the State Comptroller to submit schedules and any other documentation requested that presents the amounts passed on to subrecipients.

NEW YORK STATE CORRECTIVE ACTION PLAN

Single Audit of Federal Programs for State Fiscal Year Ended March 31, 2020

State Agency: New York State Education Department

Single Audit Contact: Heidi Nark

Title: Internal Auditor 3

Telephone: 518-402-3446

E-mail Address: heidi.nark@nysed.gov

Federal Program(s) (CFDA # [s]): Child Nutrition Cluster (10.553, 10.555, 10.556 and 10.559)

Federal Award Numbers: 201817N109944, 201818N109944 201918N109944, 201919N109944 202020N109944

Audit Report Reference: 2020-004

Anticipated Completion Date: November 2021

Corrective Action Planned:

Prior to the audit, we had begun taking steps to modernize the current CNMS change management system to address deficiencies. We accept the recommendations made by KPMG and have added them to our plans, with the intent to develop a more robust and secure system.

To this end, we are working towards establishing a deployment pipeline for CNMS code changes that will keep responsibilities distinct and enforce review. We have created separate GIT repository environments (Test, Development, Production) and are in the process of migrating code from CNMS to these repositories. We will use our existing CNMS Jira board to tie change requests to specific code changes, which will be tracked by GIT; all code changes will require review and approval from another developer before they can be staged for production; all code to be put into production will be deployed be a member of the database unit. This will ensure segregation of duties.

Currently, we have the three GIT environments configured, as well as the Jira board. We are in the process of migrating code into the GIT environments.

NEW YORK STATE CORRECTIVE ACTION PLAN

Single Audit of Federal Programs for State Fiscal Year Ended March 31, 2020

State Agency:	New York State Education Department
Single Audit Contact:	Heidi Nark
Title:	Internal Auditor 3
Telephone:	518-402-3446
E-mail Address:	heidi.nark@nysed.gov
Federal Program(s) (CFDA # [s]):	Adult Education – Basic Grants to States (84.002)
Federal Award Numbers:	V002A170033, V002A180033, V002A190033
Audit Report Reference:	2020-005
Anticipated Completion Date:	Implemented January 2021

Corrective Action Planned:

Monitoring of Programs:

The NYSED- AEPP Office, is in the processes of implementing monitoring forms to streamline the review process for all AEPP Staff and RAEN Directors across the regions; one monitoring form for desk/virtual monitoring to be utilized by both AEPP Staff and RAEN Directors and the other for on-site monitoring to be utilized by NYSED- AEPP staff only.

These comprehensive written forms will be used to identify any concerns in leadership, significant changes in teaching staff or new data staff, substantial drop or increase in enrollment, a noteworthy change in EPE contact hour accrual, or data processes. The on-site monitoring form will now include a dedicated section for fiscal monitoring to support a fiscal review (i.e. picking a sample of charges to the program from the site to review the underlying support for allowability).

As part of the completion of these forms, AEPP Staff and RAEN Directors, will need to include next steps, deadlines for any remedial actions, follow up as necessary, to include the support provided by the Department, resolution to outstanding issues including an appropriate timeframe. The completed forms will be required to be posted on the NYSED-

AEPP Accountability website within 7 business days. Any substantive follow-up related to the monitoring must be posted 5-7 business days from any action taken.

<u>Corrective Action Process:</u>

Programs placed under Corrective Action, must submit and receive NYSED approval for a comprehensive action plan that identifies specific steps for meeting the New York State annual benchmarks, or demonstrates the ability to bring enrollment and/or contact hours up to contract agreement. If a program does not submit a comprehensive action plan within two weeks from the date of receipt of notification, a hold will be placed upon their budget and no further payments will be processed until such plan is received and approved by NYSED-AEPP staff.

Once NYSED- AEPP staff have reviewed and approved the Corrective Action Plan, it will be uploaded to the Accountability Website within 5-7 business days.

The Department calendars monthly discussions with the RAEN networks in which various programmatic factors are reviewed in detail based on the data and attributes submitted by the sites in the ASISTS database and based on the time of year; data completeness is anticipated at certain times of the fiscal year. Factors considered for review and discussed at the meetings vary based upon the Corrective Action Plan for programs, but include the program evaluation report data, enrollment, measurable skill gain, post-testing, and any other relative data and concerns. Discussions are noted and followed up on via email/virtual meetings and/or phone calls all of which must be documented on the Accountability website within 5-7 business days.

NEW YORK STATE CORRECTIVE ACTION PLAN

Single Audit of Federal Programs for State Fiscal Year Ended March 31, 2020

State Agency: New York State Education Department

Single Audit Contact: Heidi Nark

Title: Internal Auditor 3

Telephone: 518-402-3446

E-mail Address: heidi.nark@nysed.gov

Federal Program(s) (CFDA # [s]): Adult Education – Basic Grants to States (84.002)

Federal Award Number(s): V002A170033

Audit Report Reference: 2020 -006

Anticipated Implementation Date: November 2021

Corrective Action Planned:

The AEPP office has enhanced the precision level of its internal controls, over their review of earmarking expenditures for its compliance tracking, to ensure complete and accurate information is maintained by the Department by implementing the new Federal Financial Report Preparation and Submission Checklist

The checklist is designed to coordinate the calculations between both the Program Office (AEPP) and the Fiscal department to ensure accuracy and a timely submission of report to the Federal Education Office.

NEW YORK STATE CORRECTIVE ACTION PLAN

Single Audit of Federal Programs for State Fiscal Year Ended March 31, 2020

State Agency:	New York State Education Department
Single Audit Contact:	Heidi Nark
Title:	Internal Auditor 3
Telephone:	518-402-3446
E-mail Address:	heidi.nark@nysed.gov
Federal Program(s) (CFDA # [s]):	Special Education Cluster (IDEA) (84.027 and 84.173)
Federal Award Numbers:	H027A170104, H027A180104, H027A190104 H173A170110, H173A180110, H173A190110
Audit Report Reference:	2020-007

Anticipated Completion Date: November 2021

Corrective Action Planned:

Monitoring of the LEA MOE Calculator is a priority of our monitoring plan. There are three main components of the LEA MOE Calculator to monitor (Expenditures/Child Count/Allowable Exceptions & Adjustment). We have expanded our review of the LEA MOE Calculator beyond our original corrective action plan to include all three components. For the monitoring cycle we started in Summer 2020, we targeted the Child Count and Allowable Exceptions & Adjustments.

CORRECTIVE ACTION PLAN

Single Audit of Federal Programs for State Fiscal Year Ended March 31, 2020

State Agency: New York State Office for the Aging

Single Audit Contact: Kevin Haggerty

Title: Principal Accountant

Telephone: 518-402-5734

E-mail Address: Kevin.Haggerty@aging.ny.gov

Federal Program(s) (CFDA # [s]): Aging Cluster (93.044, 93.045, and 93.053)

Audit Report Reference: 2020-008

Anticipated Completion Date: Corrective Action Implemented April 30, 2021

Corrective Action Planned:

1.) Schedule and hold a meeting with the employees of the grants unit to discuss the single audit process and its finding. Make staff aware of the rules and regulations pertaining to their job functions as related to records retention and disposition schedules.
2.) Establish a dedicated proxy e-mail address to which the AAAs will submit all their grant claims. Organize the mailbox to have sub-folders for each AAA, organized by program and year.

NEW YORK STATE OF OPPORTUNITY. | Office of Temporary and Disability Assistance

ANDREW M. CUOMO
Governor

MICHAEL P. HEIN
Commissioner

BARBARA C. GUINN
Executive Deputy Commissioner

CORRECTIVE ACTION PLAN

Single Audit of Federal Programs for State Fiscal Year Ended March 31, 2020

State Agency:	Office of Temporary and Disability Assistance
Single Audit Contact:	Annah Geiger
Title:	Director, Internal Audit
Telephone:	518-473-8179
E-mail Address:	Annah.Geiger@otda.ny.gov
Federal Program(s) (CFDA # [s]):	Temporary Assistance for Needy Families
93.558	
Audit Report Reference:	2020-009

Anticipated Completion Date:

September 30, 2021

Corrective Action Planned:

In accordance with the NYS Division of Budget (DOB) Budget Bulletin (BB) L-0301, OTDA will follow the Subrecipient Monitoring and Management Guide (attachment two in BB L-0301) to implement an effective subrecipient monitoring plan and subrecipient management process to ensure compliance with the Uniform Guidance requirements.

CORRECTIVE ACTION PLAN

Single Audit of Federal Programs for State Fiscal Year Ended March 31, 2020

State Agency:	Office of Temporary and Disability Assistance
Single Audit Contact:	Annah Geiger
Title:	Director, Internal Audit
Telephone:	518-473-8179
E-mail Address:	Annah.Geiger@otda.ny.gov
Federal Program(s) (CFDA # [s]):	Child Support Enforcement 93.563
Audit Report Reference:	2020-010

Anticipated Completion Date:

September 30, 2021

Corrective Action Planned:

In accordance with the NYS Division of Budget (DOB) Budget Bulletin (BB) L-0301, OTDA will follow the Subrecipient Monitoring and Management Guide (attachment two in BB L-0301) to implement an effective subrecipient monitoring plan and subrecipient management process to ensure compliance with the Uniform Guidance requirements.

CORRECTIVE ACTION PLAN

Single Audit of Federal Programs for State Fiscal Year Ended March 31, 2020

State Agency:	Office of Temporary and Disability Assistance
Single Audit Contact:	Annah Geiger
Title:	Director, Internal Audit
Telephone:	518-473-8179
E-mail Address:	Annah.Geiger@otda.ny.gov
Federal Program(s) (CFDA # [s]):	Low-Income Home Energy Assistance 93.568
Audit Report Reference:	2020-011

Anticipated Completion Date:

September 30, 2021

Corrective Action Planned:

In accordance with the NYS Division of Budget (DOB) Budget Bulletin (BB) L-0301, OTDA will follow the Subrecipient Monitoring and Management Guide (attachment two in BB L-0301) to implement an effective subrecipient monitoring plan and subrecipient management process to ensure compliance with the Uniform Guidance requirements.

Management will work with ITS to ensure timely reports in the future.

Office of Children and Family Services

ANDREW M. CUOMO
Governor

SHEILA J. POOLE
Commissioner

CORRECTIVE ACTION PLAN

Single Audit of Federal Programs for State Fiscal Year Ended March 31, 2020

State Agency:	Office of Children and Family Services
Single Audit Contact:	Bonnie Hahn
Title:	External Audit Liaison
Telephone:	518-486-1034
E-mail Address:	Bonnie.Hahn@ocfs.ny.gov
Federal Program(s) (CFDA # [s]):	Foster Care Block Grant (93.658)
Audit Report Reference:	2020-012

Anticipated Completion Date
3/31/22

Corrective Action Planned:

OCFS Division of Child Welfare and Community Services has selected eight counties as part of a preliminary review of the process of administering maintenance payment rates for foster parents for care of children in their home. As part of the review, the selected counties are required to provide a narrative describing their process related to determining level of difficulty and the resulting maintenance rate, as well as answer any follow-up questions on the narrative from OCFS program staff. In their narratives, the counties are required to include information on how the level of difficulty is determined including what documentation is provided and by who and review procedures among other information. There is also rate-specific information that must be provided including the rational for rates paid. A final report will be issued to the counties by CWCS.

A subsequent case record review will be performed during which a sample of determinations will be examined along with the rate paid and the processes that lead to the determination.

Office of Children and Family Services

ANDREW M. CUOMO
Governor

SHEILA J. POOLE
Commissioner

CORRECTIVE ACTION PLAN

Single Audit of Federal Programs for State Fiscal Year Ended March 31, 2020

State Agency:	Office of Children and Family Services
Single Audit Contact:	Bonnie Hahn
Title:	External Audit Liaison
Telephone:	518-486-1034
E-mail Address:	Bonnie.Hahn@ocfs.ny.gov
Federal Program(s) (CFDA # [s]):	Foster Care – Title IV-E (93.658)
Audit Report Reference:	2020-013

Anticipated Completion Date: Corrective Action Implemented 10.1.20

Corrective Action Planned: N/A

After this condition was brought to the Bureau of Finance's attention, they submitted a corrected report to the federal government and have implemented additional review steps to ensure that back-up documentation is cross-referred to the appropriate ACF-696 form and that the documentation is retained.

Office of Children and Family Services

ANDREW M. CUOMO
Governor

SHEILA J. POOLE
Commissioner

CORRECTIVE ACTION PLAN

Single Audit of Federal Programs for State Fiscal Year Ended March 31, 2020

State Agency:	Office of Children and Family Services
Single Audit Contact:	Bonnie Hahn
Title:	External Audit Liaison
Telephone:	518-486-1034
E-mail Address:	Bonnie.Hahn@ocfs.ny.gov
Federal Program(s) (CFDA # [s]):	Social Services Block Grant (93.667)
Audit Report Reference:	2020-014

Anticipated Completion Date:
3.31.22

Corrective Action Planned:

OCFS AQC had devised a draft process for monitoring Title XX claims submitted for reimbursement by the local districts. An analysis of claims submitted by all districts during the period 1/1/19-12/31/19 was completed. For each district, the claims data was broken down by vendors and by the total amount claimed for each Title XX service category. AQC plans to set up monitoring activities to review the adequacy of supporting documentation and appropriateness of Title XX claims.

NEW YORK STATE OF OPPORTUNITY. | Department of Health

ANDREW M. CUOMO
Governor

HOWARD A. ZUCKER, M.D., J.D.
Commissioner

LISA J. PINO, M.A., J.D.
Executive Deputy Commissioner

CORRECTIVE ACTION PLAN

Single Audit of Federal Programs for State Fiscal Year Ended March 31, 2020

State Agency:	Department of Health
Single Audit Contact:	Lori Conway
Title:	Associate Accountant
Telephone:	518-478-7080
E-mail Address:	Lori.Conway@health.ny.gov
Federal Program(s) (CFDA # [s]):	2005NY5MAP, 1905NY5MAP, 1805NY5MAP, 1705NY5MAP, 51605NY5MAP, 1905NYINCT and 2005NYINCT
Audit Report Reference:	2020-015

Anticipated Completion Date: Implemented 12/16/2020

Corrective Action Planned:

Under the previous Centers for Medicare and Medicaid Services (CMS) review process, the March 1, 2019 Medicaid Managed Care (MMC) Model Contract pended with CMS for 14 months before the State could issue it to Medicaid Managed Care Organizations (MCOs) for signature. The revised CMS contract review process allows for New York State to issue contracts to Medicaid Managed Care Organizations (MCOs) for signature simultaneous with CMS review. The revised CMS contract review process also allows for deficiencies that are noted as part of CMS' review to be resolved with a subsequent contract amendment containing remedial language, and a state attestation that MCOs are currently complying with the deficiency noted by CMS. This will greatly expedite the timeframe for the contracting process for the State.

The next five-year MMC Model Contract will have an effective date of March 1, 2024. Factoring in this new CMS review process, to mitigate the March 1, 2024 contracts from being executed after the effective date, the Department will initiate the drafting of the contract in July 2022. This will allow for 20 months to draft, negotiate and finalize contract language and execute the resultant contracts. Below is a schedule of events:

Date	Action
July 1, 2022	Commence Contract Drafting

November 1, 2022	Initial Drafting Concludes
December 1, 2022	Commence Contract Discussions with MCOs
December 1, 2022-June 1, 2023	Refine Contract Language/Ongoing MCO Discussions
July 1, 2023	Submit Contract for DOH Legal Sign Off
September 1, 2023	Submit Contract to CMS
September 1, 2023	Issue Contracts to MCOs for Signature
September 1, 2023 – February 1, 2024	Contract Execution
February 1, 2024	All Contracts Executed

NEW YORK STATE OF OPPORTUNITY. | Department of Health

ANDREW M. CUOMO
Governor

HOWARD A. ZUCKER, M.D., J.D.
Commissioner

LISA J. PINO, M.A., J.D.
Executive Deputy Commissioner

CORRECTIVE ACTION PLAN

Single Audit of Federal Programs for State Fiscal Year Ended March 31, 2020

State Agency:	Department of Health
Single Audit Contact:	Lori Conway
Title:	Associate Accountant
Telephone:	518-478-7080
E-mail Address:	Lori.Conway@health.ny.gov
Federal Program(s) (CFDA # [s]):	2005NY5MAP, 1905NY5MAP, 1805NY5MAP, 1705NY5MAP, 51605NY5MAP, 1905NYINCT and 2005NYINCT
Audit Report Reference:	2020-016

Anticipated Completion Date: Implemented 12/15/2020

Corrective Action Planned:

Effective immediately, the Department and its certifying actuary have ensured the formal actuarial certification for Managed Care rates is executed timely.

CORRECTIVE ACTION PLAN

Single Audit of Federal Programs for State Fiscal Year Ended March 31, 2020

State Agency:	NYS Department of Transportation
Single Audit Contact:	Kevin Kissane
Title:	Director, Internal Audit Bureau
Telephone:	518-457-8867
E-mail Address:	Kevin.Kissane@dot.ny.gov
Federal Program(s) (CFDA # [s]):	Hazard Mitigation Grant (97.039)
Audit Report Reference:	2020-017

Anticipated Completion Date: 6/1/2021

Corrective Action Planned:

NYS DOT's corrective action plan consists of three components:

1) Removing the personal service and fringe/indirect costs from the CBOW suballocation (Completed) and then re-billed once the Corrective Action Plan items have been completed (In Progress)
2) System improvement to NYS DOT's accounting system. (Completed)
3) Business process improvement governing movement of expenditures. (In progress)

Further explanation of each of the components is outlined below:

1) NYS DOT has removed all personal service and associated fringe benefit/indirect cost from the CBOW suballocation (Hazard Mitigation Grant) via a journal voucher that was executed in December of 2020. DHSES was informed of this on January 15, 2021 via email.

   NYSDOT will rebill eligible personal service costs and the associated fringe/indirect costs to the Hazard Mitigation Grant after the steps below in the

Corrective Action Plan are completed.

2) NYS DOT is onboarding to the NYS Statewide Financial System (SFS) on April 1, 2021. As part of this onboarding NYS DOT will be de-activating its legacy accounting system known as Integrated Accounting System (IAS) and will instead be utilizing SFS for all future financial transactions.

   One of the benefits of onboarding to SFS is that all personal service costs will be easily reportable and separated from any associated fringe/indirect costs. Under NYS DOT's current IAS system, the personal service costs reported are the combined raw personal service and fringe/indirect costs. To separate out the raw personal service, NYS DOT staff must manually break out the combined cost into its distinct components of personal service, fringe, and indirect. This manual step provides opportunity for errors to occur, as staff must know what fringe/indirect rate was appliable at the time of the personal service expenditure to calculate the correct raw personal service amount. With SFS, staff will not have to complete any "out of system" calculations to determine the raw personal service amount or the applicable fringe/indirect rates or amounts.

3) NYS DOT's Office of Finance will update the guidance to staff, by June 1, 2021, regarding the movement of expenditures within SFS. This guidance will include direction on the following aspects regarding any movement of expenditures:
   a. Appropriate back up materials/information.
   b. Regarding the movement of personal services:
      i. Direction on when state fringe/indirect rates or federal fringe/indirect rates should be utilized.
      ii. Direction on what to do if any of the fringe/indirect rates changed during the fiscal year.
   c. Special considerations if costs to be moved occurred prior to SFS onboarding on April 1, 2021.
   d. Approvals needed from Office of Finance management.