The State University of New York (SUNY) Old Westbury
Finance Associate's Report

- Financial statements were provided for the State University of New York (SUNY). Audited financial statements were not provided solely for SUNY Old Westbury. Overall financial condition is acceptable and financial reporting is reasonably stated with unmodified / unqualified audit opinions expressed in the prior four years. There were no deficiencies noted for internal controls over financial reporting for fiscal 2015.

- The auditors emphasized a matter in their fiscal 2015 management letter regarding the adoption of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The adoption of this standard and standards for other postemployment benefits (OPEB) required a restatement for the change in accounting principle. The auditor’s opinion was not modified with respect this matter.

- SUNY operating deficits have increased over the prior four-year period with the largest decline in fiscal 2015. This decline is primarily due to the adoption of GASB Statement No. 68, Accounting and Financial Reporting for Pensions and the accrual of other postemployment benefit (OPEB) expenses.

- As a result of adopting GASB Statement No. 68, Accounting and Financial Reporting for Pensions, SUNY restated its net position as of July 1, 2014. The restatement resulted in a $423.8 million decrease to the beginning net position. The net position of SUNY as of June 30, 2015 is a deficit of approximately $1.89 billion.

- Over the last four years, the financial condition of SUNY has been stable. SUNY’s current ratio (the ratio of current assets to current liabilities) has remained fairly consistent and adequate to meet obligations as they become due. SUNY’s primary reserve (the ratio of expendable net assets to total assets) declined in fiscal 2015 primarily as a result of a decline in unrestricted net assets.

- Expendable net assets available to cover unexpected situations has declined over the prior four years. SUNY’s unrestricted net assets declined by approximately $1.0 billion over fiscal 2014, which is primarily related to adopting GASB Statement No. 68, Accounting and Financial Reporting for Pensions.

- Enrollment and financial assumptions appear reasonable and closely aligned with strategic goals for SUNY. SUNY has performed extensive long term financial planning aligned with their enrollment goals. SUNY Old Westbury should closely monitor actual enrollment headcount versus long-term plans due to a national decline in enrollment. SUNY should monitor enrollment headcount with preliminary enrollment headcount declining by approximately 1.8% from last fall. Enrollment trends are consistent with national trends.

- The credit rating of SUNY is strong and was unchanged in 2015 after an upgrade in 2014. Total long term debt for the 2015 fiscal year was $10.09 billion, which is a $394 million increase over fiscal 2014.

- SUNY’s long-term debt is reasonable for an institution of its size and manageable in relation to expendable net assets. SUNY Old Westbury should continue to monitor the impact of pension and postemployment benefit (OPEB) expenses, which will likely have a negative impact on their financial position in fiscal 2016.
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- SUNY Old Westbury exhibits an understanding of the challenges it faces in funding deferred maintenance and future capital projects. Funding will remain a challenge in the future due to limited capital funding by the State System, which should continue to be closely monitored and aligned with the master plan.

- The audited financial statements for SUNY contained no unusual or particularly concerning disclosures.

- Management letter for SUNY was provided for fiscal 2015 and contained no unusual or concerning management comments.

- Auditor’s Report on Internal Controls for SUNY was provided for fiscal 2015 and contained no unusual or concerning management comments.

- All comments relate to the institution’s financial condition as of June 30, 2015.

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