

# FINANCIAL STATEMENTS

June 30, 2016

CSU EAST BAY



CSU MONTEREY BAY



CAL POLY POMONA



SACRAMENTO STATE



CSU STANISLAUS



Bakersfield  
Channel Islands  
Chico  
Dominguez Hills  
East Bay  
Fresno

Fullerton  
Humboldt  
Long Beach  
Los Angeles  
Maritime Academy  
Monterey Bay

Northridge  
Pomona  
Sacramento  
San Bernardino  
San Diego  
San Francisco

San José  
San Luis Obispo  
San Marcos  
Sonoma  
Stanislaus

# CALIFORNIA STATE UNIVERSITY

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## LETTER FROM THE EXECUTIVE VICE CHANCELLOR, CHIEF FINANCIAL OFFICER

The California State University is an extraordinary system of 23 campuses providing an outstanding education to over 474,000 students in the academic year 2015-16. The University is dedicated to providing opportunities and opening doors for our students to learn and grow. As the nation's largest and most diverse university, it has become the economic engine for California; creating jobs, companies, and innovation. With more than three million degrees awarded since inception, the majority of California's leaders and policymakers received their degrees from one of the 23 campuses of the California State University.

The investment of tax dollars into the California State University is the best investment Californians can make in their future. For every \$1 invested in the California State University, \$5.43 is invested by the University back into California's economy. This investment helps ensure an educated and successful California populace that leads to economic and social prosperity.

The University has embarked on an ambitious goal to significantly decrease the time it takes for our students to earn their degree. As part of this initiative, we will double the number of students earning a degree in four years, and more importantly, decrease the time it takes for all students to earn a degree. Additional investments in the California State University by the State will ensure our success in this transformational initiative.

I am happy to say that the California State University's financial position is very strong, and the new financial authority granted to the University by the State will allow us to optimally use our resources for our highest priorities. While we continue to increase our enrollment capacity, the demand for admission to our campuses continues to increase at a much higher rate.

The campuses and University system are working hard to improve and streamline our operations so that we can best serve our students. We are investing in innovative new ways to provide students with tools to shorten the time it takes to get their degree, and provide faculty with the resources they need to be successful.

Our commitment to the people of California is to build on the foundation of a great University; to increase access to a high-quality education, and to help solve the State's greatest challenges in the years ahead.



STEVE RELYEA  
EXECUTIVE VICE CHANCELLOR, CFO  
THE CALIFORNIA STATE UNIVERSITY



**KPMG LLP**  
Suite 700  
20 Pacifica  
Irvine, CA 92618-3391

## **Independent Auditors' Report**

The Board of Trustees  
California State University:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the California State University (the University), an agency of the State of California (the State), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of 88 of the 90 aggregate discretely presented component units, which reflect total assets constituting 95% and total revenues constituting 94% of the aggregate discretely presented component units totals. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the 88 discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 46 discretely presented component units are not audited in accordance with *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.

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





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

### ***Opinions***

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the California State University, as of June 30, 2016, 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.

### ***Emphasis of a Matter***

#### *Adoption of New Accounting Pronouncement*

As discussed in note 2 to the financial statements, in fiscal year 2016, the California State University and its discretely presented component units adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 5–22, and the schedules of University's proportionate share of the net pension liability and employer contributions in Schedules 1 and 2, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The supplementary information included in Schedules 3 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Schedules 3 and 7 are the responsibility of management and were derived from and relate 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, based on our audit, Schedules 3 and 7 are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Schedules 4 through 6 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2016 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

**KPMG LLP**

Irvine, California  
December 1, 2016, except for our report on Schedule 7,  
for which the date is January 3, 2017

# CALIFORNIA STATE UNIVERSITY

## Management's Discussion and Analysis

June 30, 2016

(Unaudited)

The following discussion and analysis provides an overview of the financial position and performance of the California State University as of and for the year ended June 30, 2016, including 23 campuses and the Office of the Chancellor (together referred to as the University), and 90 discretely presented component units (primarily recognized auxiliary organizations). The discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes, which follow this section. Separate financial statements are issued for each of the discretely presented component units and may be obtained from the individual campuses.

The financial statements of the University as of and for the year ended June 30, 2016 have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. For reporting purposes, the University is considered a special-purpose government engaged in business-type activities.

### **Financial Statements**

This discussion and analysis is intended to serve as an introduction to the University's financial statements: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The financial statements are designed to provide readers with a broad overview of the University's finances from all sources of revenue, in a manner similar to the private sector. The University's discretely presented component units are presented in a separate column to enable the reader to distinguish between the University and these separate but related not-for-profit organizations.

The Statement of Net Position is the University's balance sheet. It presents information on all of the University's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these four reported as net position (equity). Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally reported at book value, except investments, which are reported at fair value. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the University.

The University's net position is classified into three categories:

- Net investment in capital assets
- Restricted
- Unrestricted

Changes from one year to the next in total net position as presented on the Statement of Net Position are based on the activity presented on the Statement of Revenues, Expenses, and Changes in Net Position.

The Statement of Revenues, Expenses, and Changes in Net Position is the University's income statement. Revenues earned and expenses incurred during the fiscal year on an accrual basis are classified as either operating or nonoperating. This distinction results in operating deficits, as the GASB Statement No. 35 reporting model requires classification of state appropriations, a significant revenue stream to fund current operations, as nonoperating revenue.

# CALIFORNIA STATE UNIVERSITY

## Management's Discussion and Analysis

June 30, 2016

(Unaudited)

The Statement of Cash Flows presents the changes in the University's cash and cash equivalents during the most recent fiscal year. This Statement is prepared using the direct and indirect methods of cash flows. The Statement breaks out the sources and uses of the University's cash and cash equivalents into four categories:

- Operating activities
- Noncapital financing activities
- Capital and related financing activities
- Investing activities

The University's routine activities appear in the operating and noncapital financing categories. Noncapital financing activities include borrowing money for purposes other than to acquire, construct, or improve capital assets and repaying those amounts borrowed, including interest. The proceeds from the issuance of Systemwide Revenue Bond (SRB) that will be passed through to the discretely presented component units for capital purposes are reported as noncapital financing activities.

Capital and related financing sources include debt proceeds, state capital appropriations, capital grants and gifts, proceeds from sale of capital assets, and principal and interest payments received on capital leases. Within the capital and related financing activities, uses of funds consist of acquisition of capital assets, and debt repayments. Sales and purchases of investments are part of investing activities.

The Statement of Cash Flows for the discretely presented component units is not included in the University's financial statements.

### **Financial Highlights**

Effective July 1, 2014, the University changed its pension accounting policies with the implementation of new accounting standards, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (amendment of GASB Statement No. 68)*. Changes in accounting policies for pensions are designed to improve transparency regarding pension liability by requiring recognition of a liability equal to the net pension liability, which is measured as the total pension liability, less the amount of the pension plan's fiduciary net position for the University's defined-benefit plans. This standard requires recognition of pension expense using systematic method, designed to match the cost of pension benefits with service periods for eligible employees.

The net pension liability was \$6.58 billion as of June 30, 2016. The pension related deferred outflows of resources and deferred inflows of resources were \$811.33 million and \$143.17 million, respectively.

In July 2014, the State Legislature passed Senate Bill 860 (SB 860), which changed the State of California's (the State) approach to funding non-revenue generating capital facilities at the University, such as campus infrastructure projects, academic and administrative buildings, and other capital facilities that are essential to the University's operations (collectively Academic Facilities). Historically, the State has funded Academic Facilities with proceeds of State Public Works Board (SPWB) lease revenue bonds and State general obligation bonds for which, in each case, the State made all debt service payments directly or through appropriations to the University.



# CALIFORNIA STATE UNIVERSITY

## Management's Discussion and Analysis

June 30, 2016

(Unaudited)

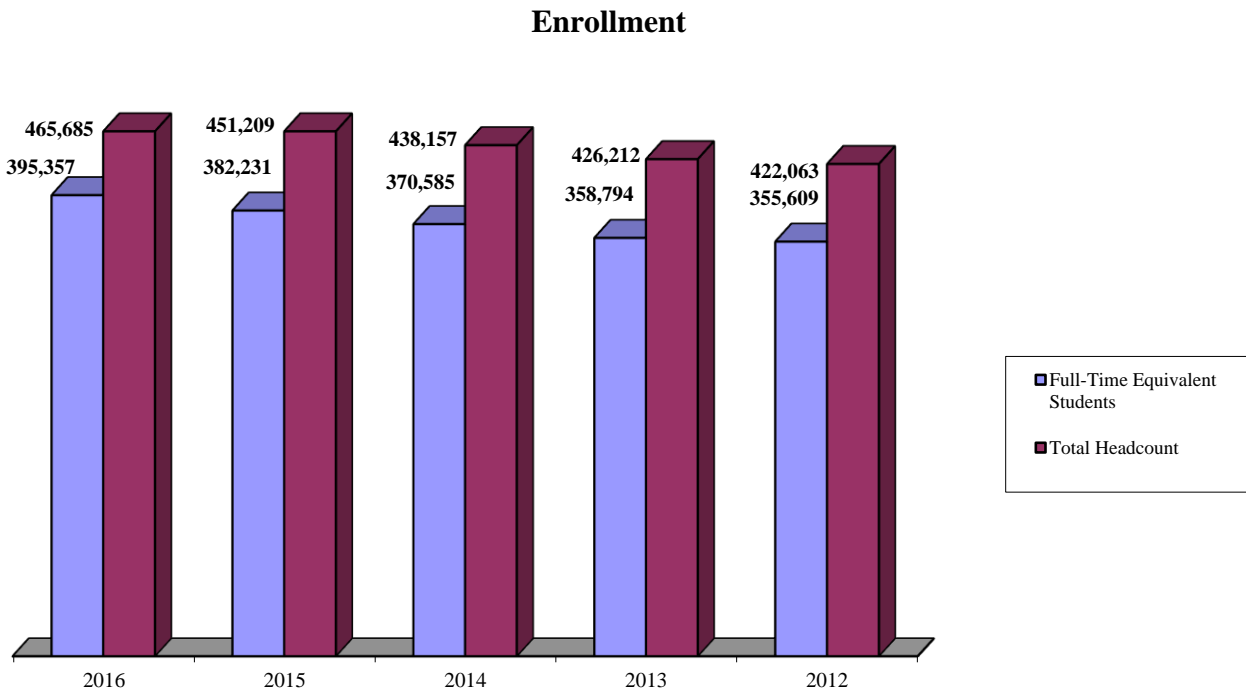
SB 860 provided the University with statutory authority to issue bonds to finance Academic Facilities, as well as providing the University with the ability to pledge additional revenues to support its debt obligations, including but not limited to student tuition fees.

Effective April 2016, upon the issuance of SRB Series 2016A and 2016B bonds, the student tuition fees were added to the gross revenues pledged to secure all SRB bonds (including bonds issued prior to this Series).

The noncapital state appropriation for the University in fiscal year 2016 was \$3.01 billion, \$245.52 million higher than in fiscal year 2015. This increase consists of \$65.53 million to pay employee compensation increases, \$58.91 million to fund student enrollment growth, \$49.15 million to fund Systemwide Initiatives and Performance Program, \$27.47 million for retirement costs adjustments, \$20.00 million to fund Student Success and Completion Program, \$11.04 million for employer-paid Health Care Premiums, \$7.63 million to pay SPWB capital lease obligation debt service, \$5.04 million for operations and maintenance of new space, and \$0.75 million for other items.

The student tuition and fees revenue increased by \$55.15 million in fiscal year 2016, mainly due to student enrollment growth. Headcount enrollment increased from 451,209 in fiscal year 2015 to 465,685 in fiscal year 2016, as reflected in the following chart. At the same time, Full-Time Equivalent Students increased from 382,231 in fiscal year 2015 to 395,357 in fiscal year 2016.

The following chart displays the University's historical enrollment data by fiscal year:



**CALIFORNIA STATE UNIVERSITY**

Management's Discussion and Analysis

June 30, 2016

(Unaudited)

**Financial Analysis**

The following sections provide additional details on the University's financial position and activities for fiscal years 2016 and 2015:

- I. Condensed Schedules of Net Position
- II. Condensed Schedules of Revenues, Expenses, and Changes in Net Position

**I. Condensed Schedules of Net Position**

	<b>University</b>		<b>Discretely presented component units</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	(In thousands)			
Current assets	\$ 3,412,561	3,212,249	1,197,643	1,248,946
Capital assets, net	8,307,666	8,046,000	815,871	813,195
Other noncurrent assets	1,755,095	1,515,826	2,060,350	2,098,681
Total assets	<u>13,475,322</u>	<u>12,774,075</u>	<u>4,073,864</u>	<u>4,160,822</u>
Deferred outflows of resources	922,449	648,757	19,721	10,091
Current liabilities	1,271,242	1,384,897	320,475	489,131
Noncurrent liabilities	12,942,137	11,126,911	1,005,036	1,011,072
Total liabilities	<u>14,213,379</u>	<u>12,511,808</u>	<u>1,325,511</u>	<u>1,500,203</u>
Deferred inflows of resources	143,167	1,086,744	16,263	15,898
Net position:				
Net investment in capital assets	3,522,905	3,614,410	227,166	191,711
Restricted:				
Nonexpendable	8,653	13,448	1,057,270	981,900
Expendable	119,896	82,280	893,104	914,518
Unrestricted	<u>(3,610,229)</u>	<u>(3,885,858)</u>	<u>574,271</u>	<u>566,683</u>
Total net position	<u>\$ 41,225</u>	<u>(175,720)</u>	<u>2,751,811</u>	<u>2,654,812</u>

**Current and Other Noncurrent Assets**

Current and other noncurrent assets are assets that are not capital assets and are used to meet current and noncurrent obligations. These assets consist of cash and cash equivalents, restricted cash and cash equivalents, investments, accounts receivable, notes receivable, leases receivable, student loans receivable, pledges receivable, prepaid expenses, and other assets.

# CALIFORNIA STATE UNIVERSITY

## Management's Discussion and Analysis

June 30, 2016

(Unaudited)

The total current and other noncurrent assets of \$5.17 billion for the University represents an increase of \$439.58 million compared to \$4.73 billion in fiscal year 2015. Investments represent 78.85% of the total current and other noncurrent assets. The University invests its funds mainly through the California State University (CSU) Consolidated Investment Pool whose objective is to maximize current income while preserving and prioritizing asset safety and liquidity. In addition, funds are invested in Surplus Money Investment Fund (SMIF), which is managed by the State Treasurer to invest funds in a short-term pool.

Total investments increased by \$530.19 million due to an overall increase in operating resources provided by the State through noncapital appropriation as previously discussed and proceeds from the issuance of SRB Series 2015A and 2015B for new capital projects. In addition, increase in cash and cash equivalents of \$5.53 million, and a net increase of \$0.08 million in other items contributed to the increase in total current and other noncurrent assets.

This increase is offset by the decrease of \$40.14 million in other assets, which is mainly due to the release of the construction reserves for SPWB capital leases, \$29.44 million decrease in accounts receivable, which is mainly due to the collection of funds from the State utilized for operations and capital-related projects (including those under the SPWB Lease Revenue Bonds program), a \$22.50 million net collection of leases receivable, and a \$4.14 million net collection of student loans receivable.

Current and other noncurrent assets for the discretely presented component units decreased by \$89.63 million mainly due to the net collection of Bond Anticipation Notes (BANs) issued by the California State University Institute amounting to \$148.48 million, decrease in other assets of \$20.32 million, and decrease in endowment investments of \$11.02 million. This is offset by a \$48.78 million increase in pledges receivable, \$29.23 million increase in nonendowment investments, and an increase in other items of \$12.18 million.

### Capital Assets, Net

The University's capital assets, net of accumulated depreciation and amortization, as of June 30, 2016 and 2015, comprise the following:

	<u>2016</u>	<u>2015</u>
	(In thousands)	
Land and land improvements	\$ 268,821	271,059
Buildings and building improvements	6,052,778	6,050,976
Improvements other than buildings	181,290	170,916
Infrastructure	633,175	596,876
Equipment	228,774	223,108
Library books and materials	34,422	35,997
Works of art and historical treasures	38,833	33,719
Intangible assets	39,272	31,210
Construction work in progress	830,301	632,139
Total	<u>\$ 8,307,666</u>	<u>8,046,000</u>

# CALIFORNIA STATE UNIVERSITY

## Management's Discussion and Analysis

June 30, 2016

(Unaudited)

Total capital assets, net of accumulated depreciation and amortization, increased by \$261.67 million during fiscal year 2016 as a result of additions on various capital projects including the following:

- Completion of the \$63.80 million San Jose Spartan Complex Renovation
- Completion of the \$55.69 million Chico Taylor II Replacement Building
- Completion of the \$53.29 million San Diego Zura Hall Renovation
- Construction in progress on the \$142.70 million San Diego South Campus Plaza
- Construction in progress on the \$126.19 million San Jose Campus Village, Phase 2
- Construction in progress on the \$90.55 million San Jose Student Union Expansion and Renovation
- Construction in progress on the \$80.49 million San Francisco Recreation Wellness Center
- Construction in progress on the \$76.55 million Pomona Administration Replacement Facility (Seismic)
- Construction in progress on the \$74.86 million San Diego Engineering and Interdisciplinary Sciences Complex

### Deferred Outflows of Resources

Deferred outflows of resources are consumption of net assets that is applicable to a future reporting period, which has a positive effect on the net position. The University's deferred outflows of resources consist of unamortized loss on debt refunding, the changes in net pension liability as a result of difference between expected and actual experience, and the pension contributions made by the University subsequent to the measurement date of the net pension liability.

The deferred outflows of resources increased by \$273.69 million from fiscal year 2015. The increase is due mainly to the following:

- Increase in University's retirement contributions subsequent to the measurement date of the net pension liability of \$56.33 million, from \$603.00 million as of June 30, 2015 to \$659.33 million as of June 30, 2016.
- Increase of \$120.34 million arising from the differences between expected and actual experience in calculating net pension liability.
- Increase of \$31.67 million arising from the change in the University's proportionate share in net pension liability and deferred inflows of resources.
- The unamortized loss on debt refunding increased by \$73.83 million resulting from refunding of SRB Series 2005A, 2005B, 2005C, and 2007A, through the issuance of SRB Series 2015A in August 2015 and refunding of SRB Series 2008A and 2009A through the issuance of SRB Series 2016A in April 2016, offset by the current year amortization of \$8.48 million.

# CALIFORNIA STATE UNIVERSITY

## Management's Discussion and Analysis

June 30, 2016

(Unaudited)

### **Current and Noncurrent Liabilities**

Current liabilities (liabilities due within one year) and noncurrent liabilities (liabilities due in more than one year) include accounts payable, accrued salaries and benefits, accrued compensated absences, unearned revenues, grants refundable, capitalized lease obligations, long-term debt obligations, claims liability for losses and loss adjustment expenses, depository accounts, other postemployment benefits obligations, net pension liability, and other liabilities.

Current and noncurrent liabilities of \$14.21 billion for the University represent an increase of \$1.70 billion compared to \$12.51 billion in fiscal year 2015. This is mainly due to the \$1.34 billion increase in long-term debt obligations as further discussed in the following page and \$1.06 billion increase in net pension liability recognized.

The net pension liability increased by \$1.06 billion due to additional employee service costs of \$2.01 billion, experience losses of \$161.58 million, and increase in proportionate share of \$35.13 million. The increase is offset by retirement contribution of \$608.37 million, actual earnings from investments in pension plan of \$350.15 million, and employees contribution of \$180.11 million.

The other major factors include \$55.44 million increase in other postemployment benefits obligations, \$39.49 million combined increase in accrued salaries and benefits and accrued compensated balance due to an increase in salary and benefit rates, \$19.82 million increase in accounts payable, and \$7.83 million increase in other items. Capitalized lease obligations for the University decreased by \$821.02 million in fiscal year 2016 due to termination of capital leases related to SPWB of \$800.56 million, current year repayments of \$85.44 million, and amortization of net premiums of \$2.00 million offset by capital lease obligations reclassified from long-term debt obligations of \$57.67 million, and new capital lease obligations of \$9.30 million.

Current and other noncurrent liabilities for the discretely presented component units decreased by \$174.69 million mainly due to \$169.55 million decrease in long-term debt obligations, \$13.00 million decrease in claims liability for losses and loss adjustment expense, \$8.70 million decrease in net pension liability, and \$6.95 million decrease in capitalized lease obligations. These are offset by an increase in other postemployment benefits obligation of \$15.77 million, and \$7.74 million increase in other items.

# CALIFORNIA STATE UNIVERSITY

## Management's Discussion and Analysis

June 30, 2016

(Unaudited)

### Long-Term Debt Obligations

The University's long-term debt obligations are summarized as follows:

	<u>2016</u>	<u>2015</u>
	(In thousands)	
Systemwide Revenue Bonds (SRB)	\$ 4,944,168	3,687,508
Bond Anticipation Notes (BANs)	4,640	149,285
Others	6,180	65,988
Total	4,954,988	3,902,781
Unamortized net bond premium	506,760	223,491
Total long-term debt obligations	5,461,748	4,126,272
Less current portion	(112,404)	(259,535)
Long-term debt obligations, net of current portion	<u>\$ 5,349,344</u>	<u>3,866,737</u>

In August 2015, the University issued its SRB Series 2015A (Tax-Exempt) and Series 2015B (Taxable). The proceeds were used to refund certain maturities of SRB Series 2005A, 2005B, 2005C, and 2007A, fund new capital projects, payment of BANs, refund outstanding bond indebtedness issued by the discretely presented component units, for capitalized interest, and payment of cost of issuance.

In April 2016, the University issued its SRB Series 2016A, 2016B-1, 2016B-2, and 2016B-3 (collectively referred as SRB Series 2016 bonds). The proceeds were used to refund certain maturities of SRB Series 2008A, and 2009A, refund SPWB Lease Revenue Bonds (including Series 1993A, 1997C, 1998A, 2006B, 2006G, 2009D, 2009J, 2011B, 2012D, 2012E, and 2013H), and for payment of cost of issuance. For the SRB debt, revenues pledged generally include student housing fees, parking fees, student union fees, health center facilities fees, and continuing education fees, as well as other revenues designated by the Trustees of California State University (Trustees) for inclusion in the SRB program. Effective as of the date of issuance of the SRB Series 2016 bonds, student tuition fees were added to the revenues pledged to secure the payment of the debt obligations.

The University's total long-term debt obligations increased by \$1.34 billion in fiscal year 2016, mainly due to the issuance of SRB Series 2015A and 2015B of \$1.17 billion (including a bond premium of \$104.93 million, net of \$15.17 million bond premium recorded by certain discretely presented component units), issuance of SRB Series 2016A and 2016B of \$1.59 billion (including a bond premium of \$210.34 million, net of \$5.15 million bond premium recorded by certain discretely presented component units), issuance of BANs of \$3.59 million to finance capital-related projects, and new debt of \$1.50 million, which were offset by the \$1.10 billion (including \$10.45 million unamortized bond premium) debt refunding of SRB Series 2005A, 2005B, 2005C, 2007A, 2008A, 2009A, \$256.55 million debt repayment, \$57.67 million long-term debt reclassified to capital lease obligations, and \$21.56 million amortization of net bond premium.



**CALIFORNIA STATE UNIVERSITY**

Management’s Discussion and Analysis

June 30, 2016

(Unaudited)

Moody’s Investors Service currently provides an intrinsic rating of Aa2, with a stable outlook, for the SRB. Standard & Poor’s Ratings Services currently provides an intrinsic rating of AA-, with a stable outlook, for the SRB. All maturities in SRB Series 2007A, 2007B, 2007C, and 2007D and certain maturities in 2008A and 2009A were insured. Since the middle of fiscal year 2008, some providers of insurance for SRB have been downgraded to ratings below Aaa/AAA. Those bonds that are uninsured bear the intrinsic ratings of the SRB, which are Aa2 from the Moody’s Investors Service and AA- from the Standard & Poor’s Ratings Services.

In addition, the State’s General Obligation Bond program has provided capital funding for various projects of the University. The debt related to these projects is not allocated to the University by the State and thus is not recorded in the University’s financial statements. The total General Obligation Bond debt carried by the State related to University projects at June 30, 2016 and 2015 is approximately \$2.46 billion and \$2.53 billion, respectively.

**Deferred Inflows of Resources**

Deferred inflows of resources in fiscal year 2016 decreased by \$846.28 million due to lower than expected earnings on pension plan investments and amortization of \$104.14 million. This is offset by an increase in the University’s proportionate share in the pension plan resulting to an increase in deferred inflows of resources of \$6.84 million.

**Net Position**

As noted earlier, net position may serve over time as a useful indicator of the University’s financial position. Net position represents the residual interest in the University’s assets and deferred outflows of resources after all liabilities and deferred inflows of resources are deducted. As of June 30, 2016, the net position is \$41.23 million.

**University Net Position  
June 30, 2016  
(in thousands)**

Net investment in capital assets	\$3,522,905
Restricted nonexpendable	\$8,653
Restricted expendable	\$119,896
(\$3,610,229) Unrestricted	

**Total Net Position: \$41,225,000**

***Net Investment in Capital Assets***

The net position category “Net investment in capital assets” represents the University’s capital assets, net of accumulated depreciation and amortization, and also net of outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets and any related deferred outflows of resources. The University uses these capital assets in its day-to-day operations. This category is the largest portion of the

# CALIFORNIA STATE UNIVERSITY

## Management's Discussion and Analysis

June 30, 2016

(Unaudited)

University's net position year-over-year. The net investment in capital assets decreased by \$91.51 million as a result of depreciation of capital assets at a faster rate than repayment of the long-term debt.

### ***Restricted***

Restricted net position has constraints on its use that are either externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes a government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for specific purposes. Such restrictions are primarily related to endowments, scholarships, capital projects, loans, and debt service funds. The restricted net position category consists of two subcategories: "Restricted nonexpendable" and "Restricted expendable."

#### **i. Restricted nonexpendable**

The restricted nonexpendable net position is made up of the permanent endowment funds, the corpus of which may not be expendable. Generally speaking, the University's foundations, which are discretely presented component units, hold the significant majority of the University-related endowments. In the current year, there was no significant change in the University's restricted nonexpendable net position.

#### **ii. Restricted expendable**

Restricted expendable net position represents resources that are subject to external restrictions on how they may be used. Such restrictions are primarily related to scholarships, capital projects, loans, and debt service funds. In the current year, there was no significant change in the University's restricted expendable net position.

### ***Unrestricted***

The unrestricted net position represents all other net resources available to the University for general and educational obligations. Under U.S. generally accepted accounting principles, net position that is not subject to externally imposed restrictions governing their use must be classified as unrestricted for financial reporting purposes. Although unrestricted net position is not subject to externally imposed restrictions per accounting definitions, the predominant portions of the unrestricted net position are designated for specific programs or projects related to certain revenue sources, as further explained in the following paragraphs.

As of June 30, 2016, the unrestricted net position is in a deficit position of \$3.61 billion, mainly due to the recognition of the University's net pension liability.

The unrestricted net position consists of \$1.27 billion designated resources from various funds and a deficit of \$4.88 billion in undesignated resources mainly from the operating fund. The undesignated resources would generally provide a prudent reserve for contingencies, such as the uncertain direction of future state appropriations, as well as the effects of an uncertain economic environment. However, the net undesignated resources is in a deficit position due mainly to the recognition of the University's net pension liability.

Within the unrestricted net position category, the designated resources are derived from fee collections and other activities that are designated for very specific purposes and are not to be repurposed and spent for other activities.

# CALIFORNIA STATE UNIVERSITY

## Management's Discussion and Analysis

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For example, students pay fees including Housing and Parking fees, campus activities fees, all of which are to be used for specific designated purposes as described in the Education Code. The University also has certain designated resources that represent amounts pledged to support the SRB program.

Of the \$1.27 billion in designated unrestricted net position, approximately 56.38% was designated for supporting enterprise activities (i.e., Continuing Education, Housing, Parking, and Student Union), 6.64% was designated for campus-based projects or programs, and 20.45% was designated for special capital projects. The remaining 16.53% was designated for supporting activities related to education, financial aid, and other programs.

### II. Condensed Schedules of Revenues, Expenses, and Changes in Net Position

	University		Discretely presented component units	
	2016	2015	2016	2015
	(In thousands)			
Operating revenues:				
Student tuition and fees, net	\$ 2,204,940	2,149,786	194,337	179,383
Grants and contracts, noncapital	73,161	99,545	514,867	477,309
Sales and services of educational activities	48,869	41,797	41,907	32,802
Sales and services of auxiliary enterprises, net	485,090	451,993	500,000	504,282
Other operating revenues	200,497	194,216	243,049	241,490
Total operating revenues	3,012,557	2,937,337	1,494,160	1,435,266
Operating expenses	7,328,256	6,868,506	1,621,855	1,570,435
Operating loss	(4,315,699)	(3,931,169)	(127,695)	(135,169)
Nonoperating revenues (expenses):				
State appropriations, noncapital	3,007,533	2,762,018	—	—
Federal financial aid grants, noncapital	994,954	953,931	1,221	1,167
State financial aid grants, noncapital	668,871	627,321	908	1,185
Local financial aid grants, noncapital	—	—	104	89
Nongovernmental and other financial aid grants, noncapital	35,826	30,605	300	486
Other federal nonoperating grants, noncapital	4,304	3,944	1,043	—

**CALIFORNIA STATE UNIVERSITY**

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(Unaudited)

	<b>University</b>		<b>Discretely presented component units</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	(In thousands)			
Gifts, noncapital	\$ 68,010	48,060	190,390	167,918
Investment income, net	65,962	42,851	3,298	15,338
Endowment income, net	58	61	(24,785)	1,006
Interest expense	(229,573)	(223,034)	(23,694)	(24,579)
Other nonoperating expenses, net	(168,114)	(105,944)	(32,380)	(35,001)
Net nonoperating revenues	4,447,831	4,139,813	116,405	127,609
Income before other revenues and (expenses)	132,132	208,644	(11,290)	(7,560)
State appropriations, capital	25,757	5,766	—	—
Grants and gifts, capital	61,007	50,492	28,540	38,216
Additions (reductions) to permanent endowments	(1,951)	(1,996)	79,749	51,646
Change in net position	216,945	262,906	96,999	82,302
Net position – beginning of year, as restated	(175,720)	(438,626)	2,654,812	2,572,510
Net position – end of year	\$ 41,225	(175,720)	2,751,811	2,654,812

**CALIFORNIA STATE UNIVERSITY**

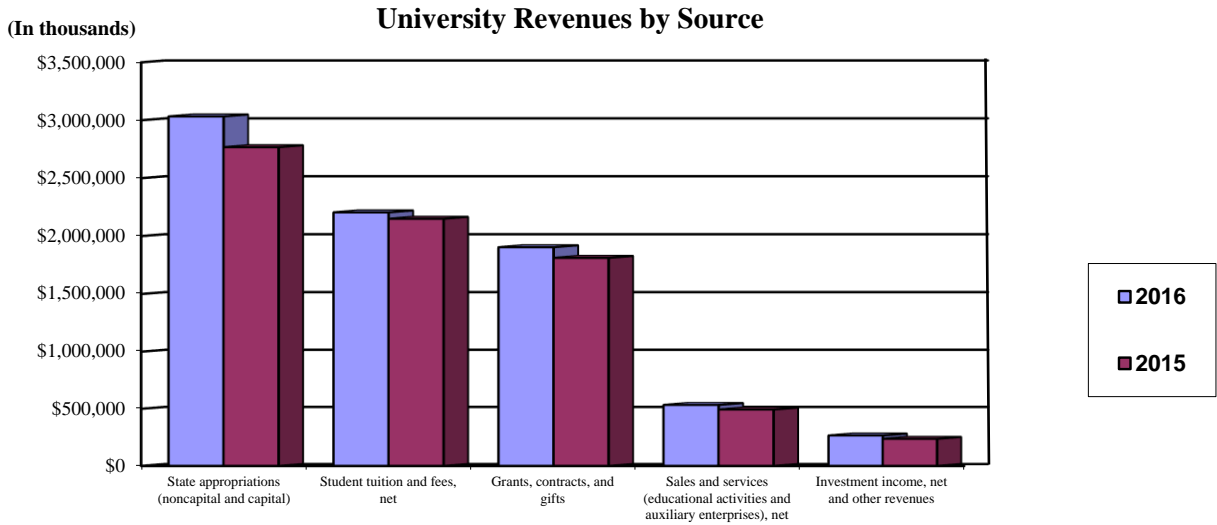
Management's Discussion and Analysis

June 30, 2016

(Unaudited)

**Revenues (Operating and Nonoperating)**

The following chart displays the components of the University's revenues for fiscal years 2016 and 2015:



	<u>2016</u>	<u>Percentage</u>	<u>2015</u>	<u>Percentage</u>
	(In thousands)	of total	(In thousands)	of total
State appropriations (noncapital and capital)	\$ 3,033,290	38.19%	\$ 2,767,784	37.10%
Student tuition and fees, net	2,204,940	27.76	2,149,786	28.82
Grants, contracts, and gifts	1,904,182	23.97	1,811,902	24.29
Sales and services (educational activities and auxiliary enterprises), net	533,959	6.72	493,790	6.62
Investment income, net and other revenues	266,517	3.36	237,128	3.17
<b>Total revenues (operating and nonoperating)</b>	<b>\$ 7,942,888</b>	<b>100.00%</b>	<b>\$ 7,460,390</b>	<b>100.00%</b>

## CALIFORNIA STATE UNIVERSITY

### Management's Discussion and Analysis

June 30, 2016

(Unaudited)

The two largest components of revenues are state appropriations and student tuition and fees, net, which accounted for a combined 65.95% of the University's revenues in fiscal year 2016. State appropriations are received for both noncapital and capital purposes. The noncapital state appropriation for the University in fiscal year 2016 was \$3.01 billion, \$245.52 million higher than in fiscal year 2015. This increase consists of \$65.53 million to pay employee compensation increases, \$58.91 million for funded student enrollment growth, \$49.15 million to fund Systemwide Initiatives and Performance Program, \$27.47 million for retirement costs adjustments, \$20.00 million to fund Student Success and Completion Program, \$11.04 million for employer-paid Health Care Premiums, \$7.63 million to pay SPWB capital lease obligation debt service, \$5.04 million for operations and maintenance of new space, and \$0.75 million for other items. Capital appropriations increased by \$19.99 million in the current year. The student tuition and fees (net of scholarship and allowances), increased by \$55.15 million, or 2.56%, mainly due to growth in overall student enrollment.

The University's grants, contracts, and gifts revenues of \$1.90 billion is approximately 69.97% of the total reporting entity's grants, contracts and gifts revenues (before elimination) of \$2.72 billion. The overall increase in the total reporting entity's grants, contracts, and gifts revenues is \$171.39 million or 6.72%. Of this increase, \$92.28 million is attributable to the University and \$79.11 million is for the discretely presented component units.

The increase of \$92.28 million in the University's grants, contracts, and gifts revenue is a result of \$87.79 million increase in Federal, State and nongovernmental student financial aid grants, mainly under the Federal Pell Grant Program and the Cal Grant Program due to growth in eligible students. In addition, nonfinancial aid grants and gifts increased by \$4.49 million in the current fiscal year.

Auxiliary enterprise operations such as student housing may be run by the University or by the discretely presented component units depending on the campus, whereas student unions are run by the discretely presented component units. The sales and services of auxiliary enterprises revenue for the total reporting entity (either the University or the discretely presented component units) in the current fiscal year increased by \$28.82 million, mainly due to growth in overall student enrollment.

Investment income, net and other revenues for the University increased by \$29.39 million in the current fiscal year due to an increase in the investment portfolio.



**CALIFORNIA STATE UNIVERSITY**

Management's Discussion and Analysis

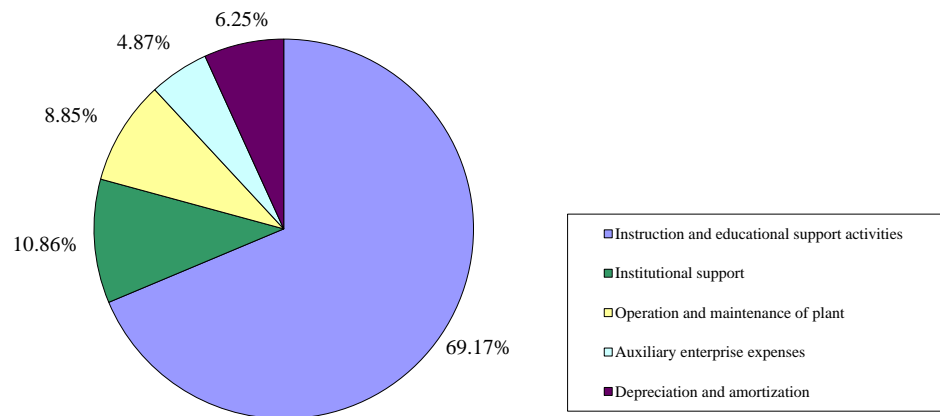
June 30, 2016

(Unaudited)

**Operating Expenses**

When the mission-critical educational support activities of student services, academic support, student grants and scholarships, public service, and research are added to direct classroom instruction, then total instruction, and educational support activities account for 69.17% of the total operating expenses of the University as shown below:

	<b>2016</b> <b>(In thousands)</b>	<b>Percentage of total</b>
Instruction	\$ 2,503,564	34.16%
Research	51,691	0.71
Public service	57,376	0.78
Academic support	762,920	10.41
Student services	812,010	11.08
Student grants and scholarships	881,578	12.03
<b>Total instruction and educational support activities</b>	<b>5,069,139</b>	<b>69.17</b>
Institutional support	795,550	10.86
Operation and maintenance of plant	648,618	8.85
Auxiliary enterprise expenses	357,030	4.87
Depreciation and amortization	457,919	6.25
<b>Total operating expenses</b>	<b>\$ 7,328,256</b>	<b>100.00%</b>



# CALIFORNIA STATE UNIVERSITY

## Management's Discussion and Analysis

June 30, 2016

(Unaudited)

Total operating expenses for the University increased by \$459.75 million. The expenses related to instruction and educational support activities increased by \$154.87 million in instruction, \$80.18 million in student services, \$53.28 million in academic support, and offset by a decrease of \$6.98 million in student grants and scholarships.

Other factors include increases of \$68.28 million in institutional support, \$53.62 million in maintenance and repair expenses, \$30.76 million in auxiliary enterprise expenses due to housing and parking lot maintenance, \$19.59 million increase in depreciation and amortization, and \$6.16 million net increase in other items.

The salaries and benefits expenses increased by \$377.75 million (including \$153.22 million in pension expense) due to the higher employee headcount, general salary rates, health benefit costs and other postretirement benefits costs. Of the increase in salaries and benefits, \$268.86 million or 71.17% were incurred for instruction and education support activities.

The pension expense, included in benefits expense, increased from \$418.73 million to \$571.95 million. The increase of \$153.22 million is due to the net effect of higher employee service costs and interest in pension liability of \$101.90 million, increase in net amortization of deferred outflows and inflows of resources of \$219.10 million, offset by higher projected earnings on pension plan investments of \$157.79 million, difference in proportionate share and actual retirement contribution during measurement date of \$5.38 million, higher employee contributions of \$2.46 million, and lower administrative expenses of \$2.15 million.

The supplies and other services also increased by \$69.39 million, of which the increase were in instructions and education support activities of \$25.63 million or 36.93%, in maintenance and repairs of plant of \$20.60 million, in institutional support of \$12.07 million and in auxiliary enterprise expenses of \$11.09 million. The depreciation and amortization increased by \$19.59 million due to full year of depreciation of completed capital projects in prior fiscal year.

**CALIFORNIA STATE UNIVERSITY**

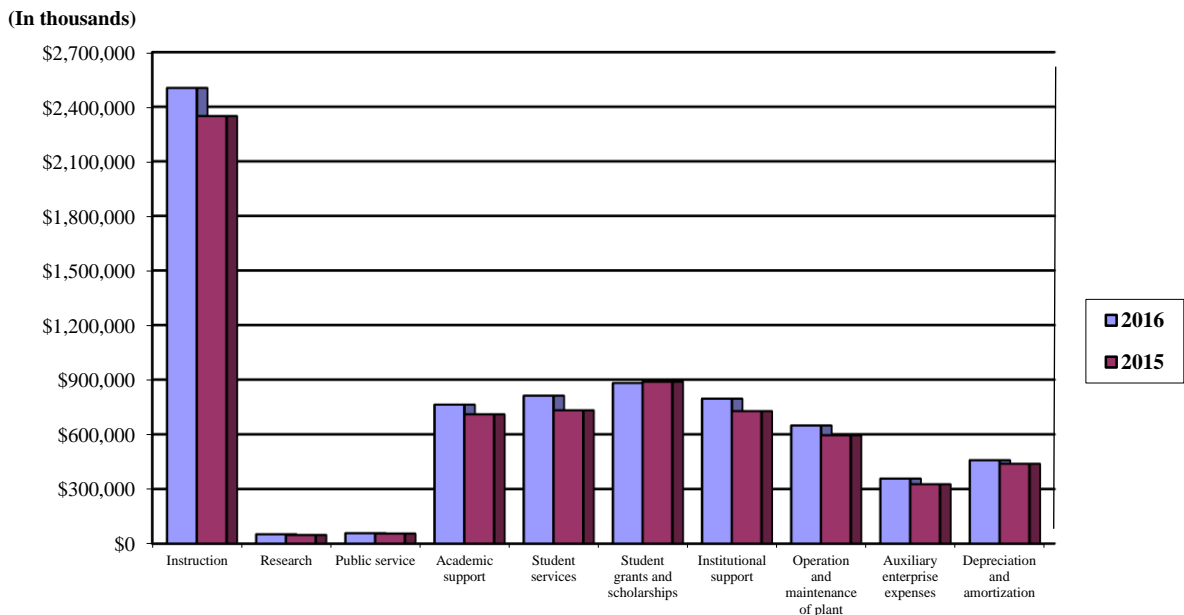
Management’s Discussion and Analysis

June 30, 2016

(Unaudited)

The following chart displays the University’s operating expenses by program for fiscal years 2016 and 2015.

**University Operating Expenses by Program**



**Factors Impacting Future Periods**

***State Budget Act for Fiscal Year 2017***

The State Budget Act for fiscal year 2017, approved by the Governor on June 27, 2016, resulted in noncapital state appropriation of \$3.17 billion, which represents an increase of \$161.89 million over the fiscal year 2016 enacted budget. This increase consists of \$69.55 million to pay employee compensation increases, \$35.08 million for employer-paid health care premiums, \$30.17 million to fund student enrollment growth, \$10.21 million to fund Student Success and Completion Program, \$7.87 million to pay SPWB capital lease obligation debt service, \$7.00 million for retirement costs adjustments, \$1.10 million for Education Insights CSU Student Success Network, \$0.89 million for operations and maintenance of new space, and \$0.02 million for Center for California Studies.

***Subsequent Events***

The University issued \$199.22 million of BANs subsequent to June 30, 2016. These BANs are issued to fund capital projects at various campuses.

In September 2016, the University deposited cash and certain investment securities in an irrevocable escrow with the Treasurer of the State of California, as security per the partial refunding of SRB Series 2007A bonds with par amount of \$70.30 million.

**CALIFORNIA STATE UNIVERSITY**

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(Unaudited)

In September 2016, the State Legislature passed SB 1412, which allows the University to invest in mutual funds including equity mutual funds, subject to registration by, and under the regulatory authority of the United States Securities and Exchange Commission, or in United States registered real estate investment trusts, effective January 1, 2017. Prior to SB 1412, the University is restricted to investing in fixed income securities.

Under SB 1412, the University is required to create an investment advisory committee reporting to the Board of Trustees. The total amount invested under the new authority shall not exceed \$200.00 million in fiscal year ending June 30, 2017; \$400.00 million in fiscal year ending June 30, 2018; \$600.00 million in fiscal year ending June 30, 2019; and in fiscal year ending June 30, 2020, and each fiscal year thereafter, 30.00% of total investments of the University. All earnings from investment under the new authority shall be used only for capital outlay or maintenance, and shall not be used for ongoing operations.

**CALIFORNIA STATE UNIVERSITY**

Statement of Net Position

June 30, 2016

<b>Assets</b>	<b>University</b>	<b>Discretely presented component units</b>	<b>Total</b>
Current assets:			
Cash and cash equivalents	\$ 9,107,000	228,550,000	237,657,000
Short-term investments	3,174,573,000	657,836,000	3,832,409,000
Accounts receivable, net	153,631,000	193,404,000	347,035,000
Capital lease receivable, current portion	12,356,000	1,815,000	14,171,000
Notes receivable, current portion	9,805,000	8,162,000	17,967,000
Pledges receivable, net	240,000	68,632,000	68,872,000
Prepaid expenses and other current assets	52,849,000	39,244,000	92,093,000
Total current assets	<u>3,412,561,000</u>	<u>1,197,643,000</u>	<u>4,610,204,000</u>
Noncurrent assets:			
Restricted cash and cash equivalents	81,000	25,588,000	25,669,000
Accounts receivable, net	127,333,000	19,440,000	146,773,000
Capital lease receivable, net of current portion	329,822,000	64,851,000	394,673,000
Notes receivable, net of current portion	281,702,000	24,357,000	306,059,000
Student loans receivable, net	81,246,000	977,000	82,223,000
Pledges receivable, net	480,000	117,242,000	117,722,000
Endowment investments	8,653,000	1,304,151,000	1,312,804,000
Other long-term investments	891,399,000	467,399,000	1,358,798,000
Capital assets, net	8,307,666,000	815,871,000	9,123,537,000
Other assets	34,379,000	36,345,000	70,724,000
Total noncurrent assets	<u>10,062,761,000</u>	<u>2,876,221,000</u>	<u>12,938,982,000</u>
Total assets	<u>13,475,322,000</u>	<u>4,073,864,000</u>	<u>17,549,186,000</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>922,449,000</u>	<u>19,721,000</u>	<u>942,170,000</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	230,504,000	86,503,000	317,007,000
Accrued salaries and benefits	352,243,000	25,649,000	377,892,000
Accrued compensated absences, current portion	133,773,000	14,147,000	147,920,000
Unearned revenue	289,763,000	65,349,000	355,112,000
Capitalized lease obligations, current portion	43,818,000	12,490,000	56,308,000
Long-term debt obligations, current portion	112,404,000	19,154,000	131,558,000
Claims liability for losses and loss adjustment expenses, current portion	—	24,750,000	24,750,000
Depository accounts	10,143,000	13,288,000	23,431,000
Other liabilities	98,594,000	59,145,000	157,739,000
Total current liabilities	<u>1,271,242,000</u>	<u>320,475,000</u>	<u>1,591,717,000</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	109,589,000	5,629,000	115,218,000
Unearned revenue	14,271,000	6,626,000	20,897,000
Grants refundable	84,778,000	9,205,000	93,983,000
Capitalized lease obligations, net of current portion	345,567,000	348,342,000	693,909,000
Long-term debt obligations, net of current portion	5,349,344,000	346,707,000	5,696,051,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	57,369,000	57,369,000
Depository accounts	2,026,000	15,792,000	17,818,000
Other postemployment benefits obligations	368,803,000	100,764,000	469,567,000
Net pension liability	6,578,194,000	62,432,000	6,640,626,000
Other liabilities	89,565,000	52,170,000	141,735,000
Total noncurrent liabilities	<u>12,942,137,000</u>	<u>1,005,036,000</u>	<u>13,947,173,000</u>
Total liabilities	<u>14,213,379,000</u>	<u>1,325,511,000</u>	<u>15,538,890,000</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>143,167,000</u>	<u>16,263,000</u>	<u>159,430,000</u>

**CALIFORNIA STATE UNIVERSITY**

Statement of Net Position

June 30, 2016

<b>Net Position</b>	<b>University</b>	<b>Discretely presented component units</b>	<b>Total</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net position:			
Net investment in capital assets	\$ 3,522,905,000	227,166,000	3,750,071,000
Restricted for:			
Nonexpendable – endowments	8,653,000	1,057,270,000	1,065,923,000
Expendable:			
Scholarships and fellowships	13,600,000	195,724,000	209,324,000
Research	4,000	25,955,000	25,959,000
Loans	15,857,000	1,942,000	17,799,000
Capital projects	23,025,000	90,276,000	113,301,000
Debt service	46,769,000	18,371,000	65,140,000
Others	20,641,000	560,836,000	581,477,000
Unrestricted	<u>(3,610,229,000)</u>	<u>574,271,000</u>	<u>(3,035,958,000)</u>
Total net position	<u>\$ 41,225,000</u>	<u>2,751,811,000</u>	<u>2,793,036,000</u>

See accompanying notes to financial statements.



**CALIFORNIA STATE UNIVERSITY**  
Statement of Revenues, Expenses, and Changes in Net Position  
Year ended June 30, 2016

	<u>University</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$1,479,477,000)	\$ 2,204,940,000	194,337,000	(18,248,000)	2,381,029,000
Grants and contracts, noncapital:				
Federal	38,187,000	341,899,000	(132,000)	379,954,000
State	16,854,000	88,463,000	—	105,317,000
Local	4,569,000	15,367,000	—	19,936,000
Nongovernmental	13,551,000	69,138,000	(3,255,000)	79,434,000
Sales and services of educational activities	48,869,000	41,907,000	(205,000)	90,571,000
Sales and services of auxiliary enterprises (net of scholarship allowances of \$86,818,000)	485,090,000	500,000,000	(3,401,000)	981,689,000
Other operating revenues	200,497,000	243,049,000	(1,440,000)	442,106,000
Total operating revenues	<u>3,012,557,000</u>	<u>1,494,160,000</u>	<u>(26,681,000)</u>	<u>4,480,036,000</u>
Expenses:				
Operating expenses:				
Instruction	2,503,564,000	168,074,000	(4,354,000)	2,667,284,000
Research	51,691,000	201,599,000	—	253,290,000
Public service	57,376,000	168,037,000	(2,964,000)	222,449,000
Academic support	762,920,000	79,644,000	(3,666,000)	838,898,000
Student services	812,010,000	172,778,000	(24,082,000)	960,706,000
Institutional support	795,550,000	214,101,000	(24,918,000)	984,733,000
Operation and maintenance of plant	648,618,000	39,180,000	(416,000)	687,382,000
Student grants and scholarships	881,578,000	55,386,000	(32,523,000)	904,441,000
Auxiliary enterprise expenses	357,030,000	471,496,000	(32,882,000)	795,644,000
Depreciation and amortization	457,919,000	51,560,000	—	509,479,000
Total operating expenses	<u>7,328,256,000</u>	<u>1,621,855,000</u>	<u>(125,805,000)</u>	<u>8,824,306,000</u>
Operating loss	<u>(4,315,699,000)</u>	<u>(127,695,000)</u>	<u>99,124,000</u>	<u>(4,344,270,000)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	3,007,533,000	—	—	3,007,533,000
Federal financial aid grants, noncapital	994,954,000	1,221,000	—	996,175,000
State financial aid grants, noncapital	668,871,000	908,000	—	669,779,000
Local financial aid grants, noncapital	—	104,000	—	104,000
Nongovernmental and other financial aid grants, noncapital	35,826,000	300,000	(26,037,000)	10,089,000
Other federal nonoperating grants, noncapital	4,304,000	1,043,000	—	5,347,000
Gifts, noncapital	68,010,000	190,390,000	(41,388,000)	217,012,000
Investment income, net	65,962,000	3,298,000	—	69,260,000
Endowment income (loss)	58,000	(24,785,000)	—	(24,727,000)
Interest expense	(229,573,000)	(23,694,000)	—	(253,267,000)
Other nonoperating expenses	(168,114,000)	(32,380,000)	11,561,000	(188,933,000)
Net nonoperating revenues	<u>4,447,831,000</u>	<u>116,405,000</u>	<u>(55,864,000)</u>	<u>4,508,372,000</u>
Income (loss) before other revenues (expenses)	132,132,000	(11,290,000)	43,260,000	164,102,000
State appropriations, capital	25,757,000	—	—	25,757,000
Grants and gifts, capital	61,007,000	28,540,000	(43,809,000)	45,738,000
Additions (reductions) to permanent endowments	(1,951,000)	79,749,000	549,000	78,347,000
Increase in net position	<u>216,945,000</u>	<u>96,999,000</u>	<u>—</u>	<u>313,944,000</u>
Net position:				
Net position at beginning of year	(175,720,000)	2,654,812,000	—	2,479,092,000
Net position at end of year	<u>\$ 41,225,000</u>	<u>2,751,811,000</u>	<u>—</u>	<u>2,793,036,000</u>

See accompanying notes to financial statements.

**CALIFORNIA STATE UNIVERSITY**

Statement of Cash Flows

Year ended June 30, 2016

	<u>University</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 2,209,323,000
Federal grants and contracts	39,984,000
State grants and contracts	12,972,000
Local grants and contracts	5,820,000
Nongovernmental grants and contracts	15,103,000
Payments to suppliers	(1,404,787,000)
Payments to employees	(4,568,669,000)
Payments to students	(882,020,000)
Collections of student loans	2,777,000
Sales and services of educational activities	49,547,000
Sales and services of auxiliary enterprises	478,198,000
Other receipts	210,289,000
	<hr/>
Net cash used in operating activities	(3,831,463,000)
Cash flows from noncapital financing activities:	
State appropriations	3,007,319,000
Federal financial aid grants	994,424,000
State financial aid grants	667,068,000
Nongovernmental and other financial aid grants	35,803,000
Other federal nonoperating grants	4,484,000
Gifts and grants received for other than capital purposes	67,014,000
Federal loan program receipts	1,304,206,000
Federal loan program disbursements	(1,308,207,000)
Monies received on behalf of others	131,874,000
Monies disbursed on behalf of others	(131,856,000)
Transfers to escrow agent	(151,871,000)
Proceeds from long-term debt	137,022,000
Principal paid on long-term debt	(32,560,000)
Interest paid on long-term debt	(26,992,000)
Issuance of notes receivable	(26,925,000)
Issuance of capital leases receivable	(94,000)
Principal collections on capital leases	11,911,000
Interest collections on capital leases	14,644,000
Principal collections on notes receivable	27,908,000
Interest collections on notes receivable	14,027,000
Other noncapital financing activities	(104,000,000)
	<hr/>
Net cash provided by noncapital financing activities	4,635,199,000
Cash flows from capital and related financing activities:	
Proceeds from capital debt	1,800,957,000
State appropriations	23,308,000
State appropriations – SPWB Lease Revenue Bond program	46,361,000
Capital grants and gifts	22,814,000
Proceeds from sale of capital assets	3,276,000
Acquisition of capital assets	(648,025,000)
Transfers to escrow agent	(1,040,256,000)
Principal paid on capital debt and leases	(305,727,000)
Interest paid on capital debt and leases	(220,454,000)
Principal collection on capital leases	970,000
Interest collection on capital leases	95,000
	<hr/>
Net cash used in capital and related financing activities	(316,681,000)

**CALIFORNIA STATE UNIVERSITY**

Statement of Cash Flows

Year ended June 30, 2016

	<u>University</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 9,002,378,000
Purchases of investments	(9,522,788,000)
Investment income proceeds	38,867,000
	<hr/>
Net cash used in investing activities	(481,543,000)
	<hr/>
Net increase in cash and cash equivalents	5,512,000
Cash and cash equivalents at beginning of year	3,676,000
	<hr/>
Cash and cash equivalents at end of year	\$ 9,188,000
	<hr/> <hr/>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 9,107,000
Restricted cash and cash equivalents	81,000
	<hr/>
Total cash and cash equivalents at end of year	\$ 9,188,000
	<hr/> <hr/>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (4,315,699,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	457,919,000
Change in assets and liabilities:	
Accounts receivable, net	1,753,000
Student loans receivable, net	(81,000)
Prepaid expenses and other current assets	(7,567,000)
Other assets	(99,000)
Deferred outflows of resources	(208,337,000)
Accounts payable	15,619,000
Accrued salaries and benefits	27,315,000
Accrued compensated absences	12,176,000
Unearned revenue	6,729,000
Other postemployment benefits obligations	55,443,000
Net pension liability	1,064,539,000
Other liabilities	2,404,000
Deferred inflows of resources	(943,577,000)
	<hr/>
Net cash used in operating activities	\$ (3,831,463,000)
	<hr/> <hr/>
Supplemental schedule of noncash transactions:	
Issuance of long-term debt to terminate SPWB capitalized lease obligations	\$ 831,538,000
Termination of SPWB capitalized lease obligations	800,558,000
Reclassification of long term debt to capitalized lease obligations	57,672,000
Other assets used to terminate SPWB capitalized lease obligations	38,298,000
Contributed capital assets	37,240,000
Amortization of net bond premium	23,565,000
Acquisition of capital assets through capitalized lease obligations	8,188,000
Additional construction reserves held by the State	7,516,000
Change in accrued capital asset purchases	4,959,000
Amortization of loss on debt refundings	4,746,000
Gifts in kind	1,257,000

See accompanying notes to financial statements.

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2016

### (1) Organization

California State University (the University) was established under the State of California Education Code as a public university to offer undergraduate and graduate instruction for professional and occupational goals emphasizing a broad liberal arts education. As an agency of the State of California (the State), the University is also included in the State's financial statements. Responsibility for the University is vested in the Trustees of California State University (the Trustees) who, in turn, appoint the Chancellor, the chief executive officer of the University, the University presidents, and the chief executive officers of the respective campuses. In addition to the Office of the Chancellor, the following 23 campuses comprise the California State University at June 30, 2016:

- California State University, Bakersfield
- California State University Channel Islands
- California State University, Chico
- California State University, Dominguez Hills
- California State University, East Bay
- California State University, Fresno
- California State University, Fullerton
- Humboldt State University
- California State University, Long Beach
- California State University, Los Angeles
- California State University Maritime Academy
- California State University, Monterey Bay
- California State University, Northridge
- California State Polytechnic University, Pomona
- California State University, Sacramento
- California State University, San Bernardino
- San Diego State University
- San Francisco State University
- San José State University
- California Polytechnic State University, San Luis Obispo
- California State University San Marcos
- Sonoma State University
- California State University, Stanislaus

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2016

The University provides instruction for baccalaureate, masters', doctorate, and certificate programs, and operates various auxiliary enterprises, such as student housing and parking facilities. In addition, the University administers a variety of financial aid programs that are funded primarily through state and federal programs.

### (2) Summary of Significant Accounting Policies

#### (a) *Financial Reporting Entity*

In accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*, the accompanying financial statements present the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows of the 23 campuses and the Office of the Chancellor of the University.

In addition, the accompanying financial statements include the accounts of the 90 discretely presented component units, which are primarily University-related recognized auxiliary organizations. These discretely presented component units are legally separate entities that provide services primarily to the University and its students. Recognized auxiliary organizations include foundations, associated students, student unions, food service entities, bookstores, and similar organizations. Foundations, whose net position comprises approximately 78.69% of the discretely presented component unit totals, carry out a variety of campus-related activities. Such activities consist primarily of administering grants from governmental and private agencies for research, as well as soliciting and accepting donations, gifts, and bequests for University-related use. Separate financial statements are issued for each of the discretely presented component units and may be obtained from the individual campuses.

The recognized discretely presented component units are as follows:

- California State University, Bakersfield, Foundation
- Associated Students, California State University, Bakersfield, Inc.
- California State University, Bakersfield Student Union
- California State University, Bakersfield, Auxiliary for Sponsored Programs Administration
- California State University Institute
- California State University Foundation
- California State University Risk Management Authority
- California State University, Channel Islands Foundation
- Associated Students of California State University, Channel Islands, Inc.
- California State University Channel Islands Financing Authority
- California State University Channel Islands Site Authority

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2016

- California State University Channel Islands University Glen Corporation
- The CSU, Chico Research Foundation
- The University Foundation, California State University, Chico
- Associated Students of California State University, Chico
- California State University Dominguez Hills Foundation
- Associated Students, Inc., California State University, Dominguez Hills
- The Donald P. and Katherine B. Loker University Student Union, Inc., California State University, Dominguez Hills
- California State University Dominguez Hills Philanthropic Foundation
- California State University, East Bay Foundation, Inc.
- Associated Students, Inc. of California State University, East Bay
- Cal State East Bay Educational Foundation, Inc.
- California State University, Fresno Foundation
- Associated Students, Inc. of California State University, Fresno
- California State University, Fresno Association, Inc.
- The Agricultural Foundation of California State University, Fresno
- California State University, Fresno Athletic Corporation
- The Bulldog Foundation (Fresno)
- Fresno State Programs for Children, Inc.
- Cal State Fullerton Philanthropic Foundation
- Associated Students, California State University, Fullerton, Inc. (including Titan Student Centers)
- CSU Fullerton Auxiliary Services Corporation
- Humboldt State University Sponsored Programs Foundation
- Associated Students of Humboldt State University
- Humboldt State University Center Board of Directors
- Humboldt State University Advancement Foundation
- California State University, Long Beach Research Foundation
- CSULB 49er Foundation
- Associated Students, Inc., California State University, Long Beach



# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2016

- Forty-Niner Shops, Inc. (Long Beach)
- Cal State L.A. University Auxiliary Services, Inc.
- California State University, Los Angeles Foundation
- Associated Students of California State University, Los Angeles, Inc.
- University – Student Union at California State University, Los Angeles
- California Maritime Academy Foundation, Inc.
- Associated Students of the California Maritime Academy
- University Corporation at Monterey Bay
- Foundation of California State University, Monterey Bay
- California State University, Northridge Foundation
- Associated Students, Inc., California State University, Northridge
- University Student Union, California State University, Northridge
- North Campus – University Park Development Corporation (Northridge)
- The University Corporation (Northridge)
- Cal Poly Pomona Foundation, Inc.
- Associated Students, Inc., California State Polytechnic University, Pomona
- The University Foundation at Sacramento State
- University Enterprises, Inc. (Sacramento)
- Associated Students of California State University, Sacramento
- University Union Operation of California State University, Sacramento
- Capital Public Radio, Inc. (Sacramento)
- Santos Manuel Student Union of California State University, San Bernardino
- Associated Students, Incorporated, California State University, San Bernardino
- CSUSB Philanthropic Foundation
- University Enterprises Corporation at CSUSB
- San Diego State University Research Foundation
- The Campanile Foundation (San Diego)
- Associated Students of San Diego State University
- Aztec Shops, Ltd. (San Diego)

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2016

- The University Corporation, San Francisco State
- Associated Students of San Francisco State University
- San Francisco State University Foundation
- Associated Students of San Jose State University
- The Student Union of San Jose State University
- The Tower Foundation of San Jose State University
- San Jose State University Research Foundation
- Spartan Shops, Inc. (San Jose)
- California Polytechnic State University Foundation (San Luis Obispo)
- Cal Poly Corporation (San Luis Obispo)
- Associated Students, Inc. (California Polytechnic State University, San Luis Obispo)
- University Auxiliary and Research Services Corporation (San Marcos)
- Associated Students, Inc. of California State University, San Marcos
- San Marcos University Corporation
- California State University San Marcos Foundation
- Sonoma State University Academic Foundation, Inc.
- Associated Students of Sonoma State University
- Sonoma State Enterprises, Inc.
- California State University, Stanislaus Foundation
- Associated Students Incorporated of California State University, Stanislaus
- University Student Union of California State University, Stanislaus
- California State University, Stanislaus Auxiliary and Business Services

These component units are presented in the accompanying financial statements as discretely presented component units of the University due to the nature and significance of their relationship with the University. The relationships are such that exclusion of these organizations from the reporting entity would render the financial statements incomplete, primarily due to their close affiliation with the University. These organizations are discretely presented to allow the financial statement users to distinguish between the University and the component units. None of the component units are considered individually significant to the total discretely presented component units.

All significant nonexchange transactions have been eliminated.

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2016

The accompanying financial statements also include the Stockton Center Site Authority, and Fullerton Arboretum, which are included as blended component units. These organizations primarily provide services to the University in the areas of asset management and student support. The University is financially accountable for these organizations.

**(b) Basis of Presentation**

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

As a public institution, the University is considered a special-purpose government under the provisions of GASB Statements Nos. 34 and 35. The University records revenue in part from fees and other charges for services to external users and, accordingly, has chosen to present financial statements using the reporting model for special-purpose governments engaged in business-type activities. This model allows all financial information for the University to be reported in a single column in each of the financial statements, accompanied by aggregated financial information for the discretely presented component units, as discussed above. The effects of internal activities between funds or groups of funds have been eliminated from these financial statements.

**(c) New Accounting Pronouncements**

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*, effective for the University's fiscal year beginning July 1, 2015. This Statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. For disclosures on fair value measurement and hierarchy, refer to note 3(b).

In June 2015, the GASB issued Statement No. 75, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for the University's fiscal year beginning July 1, 2017. This Statement establishes how government employers should measure, recognize, display, and disclose the long-term obligations and annual costs arising from their promises to provide other postemployment benefits to their retired employees. The University has not yet determined the impact of GASB Statement No. 75 on the University's financial statements.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, effective for the University's fiscal year beginning July 1, 2016. This Statement amends the blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The University has not yet determined the impact of GASB Statement No. 80 on the University's financial statements.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, effective for the University's fiscal year beginning July 1, 2017. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2016

that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The University has not yet determined the impact of GASB Statement No. 81 on the University's financial statements.

In March 2016, the GASB issued Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for the University's fiscal year beginning July 1, 2016. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee contribution requirements. The University has not yet determined the impact of GASB Statement No. 82 on the University's financial statements.

**(d) *Classification of Current and Noncurrent Assets (Other than Investments) and Liabilities***

The University considers assets to be current that can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the Statement of Net Position date. Liabilities that reasonably can be expected, as part of normal University business operations, to be liquidated within 12 months of the Statement of Net Position date are considered to be current. All other assets and liabilities are considered noncurrent. For classification of current and noncurrent investments, refer to note 2(f).

**(e) *Cash and Cash Equivalents and Statement of Cash Flows***

The University considers highly liquid investments with an original maturity date of three months or less to be cash and cash equivalents. The University considers amounts included in the California State University (CSU) Consolidated Investment Pool to be investments. The Statement of Cash Flows does not include the cash flows of the discretely presented component units. Certain discretely presented component units are also participants in the CSU Consolidated Investment Pool. The University considers changes in the equity in the CSU Consolidated Investment Pool as investing cash flows of the University in the accompanying Statement of Cash Flows.

**(f) *Investments***

Investments are reflected at fair value using quoted market prices. Realized and unrealized gains and losses are included in the accompanying Statement of Revenues, Expenses, and Changes in Net Position as a component of net investment income.

Investments that are used for current operations are classified as short-term investments. Investments that are restricted from withdrawal or use for other than current operations, designated or restricted for the acquisition or construction of noncurrent assets, designated or restricted for the liquidation of the noncurrent portion of long-term debt, and restricted as to the liquidity of the investments are classified as other long-term investments.

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2016

The University invests in the Surplus Money Investment Fund (SMIF), an external investment pool. The State Treasurer invests the SMIF funds through the Pooled Money Investment Account (PMIA). PMIA policy sets as primary investment objectives safety, liquidity, and yield. The Investment Division of the State Treasurer's Office manages the PMIA under statutory authority granted by California Government Code Sections 16430 and 16480.4. The Pooled Money Investment Board (Board) governs the PMIA. The State Treasurer chairs the Board, which also includes the State Controller and the State Director of Finance.

**(g) *Accounts Receivable***

The University maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable based on type of receivables and expectations of repayment. In establishing the required allowance, management considers one or more of the following: type of receivable, state guidelines, historical losses adjusted to take into account current market conditions, the amount of receivable in dispute, the current receivable aging, and current payment patterns. The University reviews its allowance for doubtful accounts annually. Past-due balances over 90 days and over a specified amount are reviewed individually for collectibility.

**(h) *Capital Assets***

Capital assets are stated at cost or estimated historical cost if purchased, or, if donated, at estimated acquisition value (an entry price) at date of donation. Capital assets, including infrastructure and intangible assets, with an original value of \$5,000 or more and with a useful life of one year or more, are capitalized. Such cost includes, where applicable, interest capitalized as part of the cost of constructed capital assets. Title to all University assets, whether purchased, constructed, or donated, is held by the State. Although title is not with the University for land and buildings, the University has exclusive use of these assets and is responsible for the maintenance of these assets and thus has recorded the cost of these assets in the accompanying financial statements. Capital assets, with the exception of land and land improvements, works of art and historical treasures, construction work in progress, and certain intangible assets, are depreciated or amortized on a straight-line basis over their estimated useful lives, which ranges from 3 to 45 years. Library books, unless considered rare collections, are capitalized and depreciated over a 10-year period. Periodicals and subscriptions are expensed as purchased. Works of art and historical treasures are valued at cost, if purchased, or the acquisition value (an entry price) at the date of donation, if contributed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

Depreciation and amortization expense is shown separately in the Statement of Revenues, Expenses, and Changes in Net Position rather than being allocated among other categories of operating expenses.

**(i) *Unearned Revenue***

Unearned revenue consists primarily of fees collected in advance for summer and fall terms and continuing education programs.

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2016

**(j) *Compensated Absences***

Compensated absences are recognized when the right to receive the compensation is earned by the employees. Vacation is accrued on a monthly basis. The University uses an employee's current pay rate as of July 1, 2016 to calculate the liability for accrued compensated absences. The University provides vacation based on length of service and job classifications.

**(k) *Grants Refundable***

The University periodically receives contributions from the federal government in support of its operation of the Federal Perkins and Nursing Loan programs, both Title IV Loan programs. The federal government has the ability to terminate its support of these programs at any time and to request that the University return those contributions on a cumulative basis. Accordingly, the federal contributions received and retained by the University at year-end are considered liabilities of the University and are reflected as such in the accompanying Statement of Net Position. During the year ending June 30, 2016, the Federal Perkins Loan program expired.

**(l) *Claims Liability for Losses and Loss Adjustment Expenses***

The claims liability for losses and loss adjustment expenses included in the aggregate discretely presented component units column of the financial statements includes California State University Risk Management Authority's (CSURMA) estimated ultimate cost of settling claims relating to events that have occurred on or before June 30, 2016. The liability includes the estimated amount that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not been reported. The liability is also reduced by estimated amounts recoverable from the reinsurance that is related to the liabilities for unpaid claims and claim adjustment expenses. The liability is estimated through an actuarial calculation using individual case basis valuations and statistical analyses. The liability is not discounted.

Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made.

In the estimate of the unpaid losses and loss adjustment expenses, CSURMA and its consulting actuary have employed methods and assumptions they considered reasonable and appropriate given the information currently available. Given the inherent uncertainty in the nature of such estimates, future losses may deviate from those estimates.

**(m) *Deferred Outflows of Resources and Deferred Inflows of Resources***

The University classifies losses on debt refundings as deferred outflows of resources and amortizes it as a component of interest expense over the remaining life of the old debt or the new debt, whichever is shorter.

Changes in net pension liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources. Deferred outflows and

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2016

inflows of resources related to differences between expected and actual experience and related to change in the University's proportionate share of pensionable compensation made subsequent to the measurement date are amortized over a closed period equal to the average employees' remaining service lives. The deferred outflows and inflows of resources related to differences between projected and actual earnings on pension plan investments are netted and amortized over a closed 5-year period.

### (n) *Net Position*

The University's net position is classified into the following categories:

- Net Investment in Capital Assets: Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets and any related deferred outflows of resources.
- Restricted:
  - Nonexpendable: Net position subject to externally imposed conditions that the University retains in perpetuity. Net position in this category consists of endowments held by the University or its related discretely presented component units.
  - Expendable: Net position subject to externally imposed conditions that can be fulfilled by the actions of the University or by the passage of time.
- Unrestricted: All other categories of net position. In addition, unrestricted net position may have legislative or bond indenture requirements associated with their use or may be designated for use by management of the University. These requirements limit the area of operations for which expenditures of net position may be made and require that unrestricted net position be designated to support future operations in these areas. University housing programs are a primary example of operations that have unrestricted net position with designated uses.

### (o) *Classification of Revenues and Expenses*

The University considers operating revenues and expenses in the Statement of Revenues, Expenses, and Changes in Net Position to be those revenues and expenses that result from exchange transactions and from other activities that are connected directly to the University's primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services. Certain other transactions are reported as nonoperating revenues and expenses in accordance with GASB Statement No. 35. These nonoperating activities include the University's capital and noncapital appropriations from the State, financial aid, net investment income, noncapital gifts, interest expense, and capital grants and gifts.

The State appropriates funds to the University on an annual basis. The appropriations are, in turn, allocated among the campuses by the Office of the Chancellor. Appropriations are recognized as revenue in general when authorization is received and are reported as either noncapital appropriations when used to support general operations or capital appropriations when used for capital projects.

Student tuition and fees revenue, and sales and services of auxiliary enterprises, including revenues from student housing programs, are presented net of scholarships and fellowships applied to student

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2016

accounts. Certain other scholarship amounts are paid directly to, or refunded to, the student and are reflected as operating expenses.

**(p) *Other Postemployment Benefits Obligations***

The University's other postemployment benefits obligations included in the accompanying financial statements reflects the University's estimated funding liability of the State administered and sponsored plan as of the fiscal year ended. The State's actuary has employed methods and assumptions considered reasonable and appropriate given the information currently available. Given the inherent uncertainty in the nature of such estimates, future amounts may deviate from those estimates.

**(q) *Net Pension Liability***

The University records pension liability equal to the net pension liability for its cost sharing defined-benefit plans with the State of California's Miscellaneous Plan and Peace Officers and Firefighters Plan (Agent Multiple-Employer Defined-Benefit Pension Plans). The net pension liability is measured as the University's proportionate share of the State's total pension liability, less the University's proportionate share of the pension plan's fiduciary net position. The fiduciary net position and changes in net position of the cost sharing defined-benefit plans has been measured consistent with the accounting policies used by the plans.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension expense, information about the fiduciary net position of the pension plan, and additions to/deductions from the pension plans' fiduciary net position have been determined on the same basis as they are reported by the California Public Employees' Retirement System (CalPERS) Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

**(r) *Grant Revenues and Expenses***

The University records grant revenue when all applicable grant eligibility requirements are met. Expenses are recorded as expenditures are incurred. Expenditure-driven grant revenue is recorded as the expenditures are incurred, in amounts equal to the expenditures.

**(s) *Internal Services Activities***

Certain institutional internal service providers offer goods and services to University departments, as well as to their external customers. These include activities such as copy centers, postal services, and telecommunications. All internal service activities to University departments have been eliminated in the accompanying financial statements. These eliminations are recorded by removing the revenue and expense in the internal service sales and service units and, if significant, allocating any residual balances to those departments receiving the goods and services during the fiscal year.

**(t) *Income Taxes***

The University is an agency of the State and is treated as a governmental entity for tax purposes. As such, the University is generally not subject to federal or state income taxes pursuant to Internal Revenue Code (IRC) §115. The component units are either governmental entities exempt pursuant to



**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2016

IRC §115 or not-for-profit organizations exempt under IRC Section 501(c)(3). However, the University and its component units remain subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded. If there is net income from any unrelated trade or business, such provision, in the opinion of management, is not material to the financial statements taken as a whole.

**(u) Eliminations**

All significant nonexchange transactions between the University and the discretely presented component units have been eliminated from the total column and are separately presented in the eliminations column in the accompanying Statement of Revenues, Expenses, and Changes in Net Position.

**(v) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the accompanying financial statements. Actual results could differ from those estimates.

**(3) Cash, Cash Equivalents, and Investments**

The University's cash, cash equivalents, and investments as of June 30, 2016 are classified in the accompanying Statement of Net Position as follows:

Cash and cash equivalents	\$ 9,107,000
Restricted cash and cash equivalents	81,000
Total cash and cash equivalents	<u>9,188,000</u>
Short-term investments	3,174,573,000
Endowment investments	8,653,000
Other long-term investments	891,399,000
Total investments	<u>4,074,625,000</u>
Total cash, cash equivalents, and investments	<u>\$ 4,083,813,000</u>

**(a) Cash and Cash Equivalents**

At June 30, 2016, cash and cash equivalents consist of demand deposits held at the State Treasury, commercial banks, and petty cash. Total cash and cash equivalents of \$9,188,000 had a corresponding carrying balance with the State Treasury and commercial banks of \$14,395,000 at June 30, 2016. The difference was primarily related to deposits in transit and outstanding checks.

Cash in demand deposit accounts is minimized by sweeping available cash balances into the CSU Consolidated Investment Pool on a daily basis.

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2016

### **Custodial Credit Risk for Deposits**

Custodial credit risk for deposits is the risk that in the event of the failure of the custodian, the deposits may not be returned to the University. The University deposits are maintained at financial institution that are Federal Deposit Insurance Corporation (FDIC) secured. As a result, custodial credit risk for deposits is remote.

### **(b) Investments**

At June 30, 2016, the University's investment portfolio consists primarily of investments in the CSU Consolidated Investment Pool and SMIF. Separate accounting is maintained as to the amounts allocable to the various University funds and programs.

### **Investment Policy**

State law and regulations require that surplus monies of the University must be invested. The primary objective of the University's investment policy is to safeguard the principal. The secondary objective is to meet the liquidity needs of the University. The third objective is to return an acceptable yield.

The University's investment policy authorizes funds held in local trust accounts under Education Code Sections 89721 and 89724 to be invested in any of the securities authorized by Government Code Section 16430 and Education Code Section 89724, subject to certain limitations. In general, the University's investment policy permits investments in obligations of the Federal and California state governments, certificates of deposit, high-quality domestic corporate and fixed income securities, and certain other investment instruments.

### **Interest Rate Risk**

Interest rate risk is the risk that fluctuations in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The University's investment guidelines manage its interest rate risk by limiting an eligible investment to maximum effective maturity and by limiting the average duration of the portfolio. The effective maturity date reflects a bond with embedded options such as a call, put or reset date, and prepayment speed resulting in the maturity of a bond being less than the final maturity date. Duration is a measure of the sensitivity of the price of an investment relative to fluctuations in market interest rates. Durations of the University's investment portfolio for each investment type, except for SMIF in which weighted average life is used, as of June 30, 2016 are presented in the following table.

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<u>Investment type</u>	<u>Fair value</u>	<u>Duration</u>
Money market funds	\$ 27,192,000	—
Repurchase agreements	19,774,000	0.00272
Certificates of deposit	261,896,000	0.22407
U.S. agency securities	1,096,461,000	1.35711
U.S. Treasury securities	756,276,000	1.76091
Municipal bonds	34,913,000	0.13505
Corporate bonds	1,030,765,000	1.12292
Asset-backed securities	211,887,000	1.00332
Mortgage-backed securities	689,000	1.16662
Commercial paper	9,714,000	0.32250
SMIF	625,058,000	0.45753
Total	<u>\$ 4,074,625,000</u>	

Another way the University manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or nearing maturity evenly over time as necessary to provide cash flow and liquidity needed for operations.

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

By law, the University invests in low credit risk securities such as: U.S. government securities, securities of federally sponsored agencies, highly rated domestic corporate bonds, prime-rated commercial paper, repurchase and reverse repurchase agreements, banker's acceptance, and negotiable certificates of deposit. Therefore, the occurrence of credit risk is remote. Ratings of the University's investment portfolio for each investment type as of June 30, 2016 are presented in the following table.

<u>Investment type</u>	<u>Fair value</u>	<u>Rating as of year-end</u>			
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not rated</u>
Money market funds	\$ 27,192,000	11,102,000	103,000	2,871,000	13,116,000
Repurchase agreements	19,774,000	—	—	4,755,000	15,019,000
Certificates of deposit	261,896,000	—	34,117,000	227,779,000	—
U.S. agency securities	1,096,461,000	—	1,063,806,000	32,655,000	—
U.S. Treasury securities	756,276,000	—	—	—	756,276,000
Municipal bonds	34,913,000	—	34,913,000	—	—
Corporate bonds	1,030,765,000	2,521,000	225,096,000	803,148,000	—
Asset-backed securities	211,887,000	211,887,000	—	—	—
Mortgage-backed securities	689,000	—	689,000	—	—
Commercial paper	9,714,000	—	—	9,714,000	—
SMIF	625,058,000	—	—	—	625,058,000
Total	<u>\$ 4,074,625,000</u>	<u>225,510,000</u>	<u>1,358,724,000</u>	<u>1,080,922,000</u>	<u>1,409,469,000</u>

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By law, the SMIF only invests in: U.S. government securities, securities of federally sponsored agencies, domestic corporate bonds, interest-bearing time deposits in California banks, savings and loan associations and credit unions, prime-rated commercial paper, repurchase and reverse repurchase agreements, security loans, banker's acceptances, negotiable certificates of deposit, and loans to various bond funds.

### **Concentration Risk**

Concentration risk rises as investments become concentrated relative to a portfolio characteristic such as issuance, issuer, market sector, counterparty, or sovereign nation and is best mitigated by diversification. The University's investment policy has concentration limits that provide sufficient diversification. As such, the concentration risk is remote.

As of June 30, 2016, the following investments (excluding U.S. Treasury securities, mutual funds, and external investment pools) represented 5% or more of the University's investment portfolio: Federal Home Loan Banks (\$339,466,000 or 9.84%), Federal National Mortgage Association, Inc. (\$267,152,000 or 7.74%), Federal Farm Credit Banks Funding Corporation (\$248,519,000 or 7.20%), and Federal Home Loan Mortgage Corporation (\$241,733,000 or 7.01%).

### **Risk and Uncertainties**

The University may invest in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that the changes could materially affect the amounts reported in the Statement of Net Position.

The University, through the CSU Consolidated Investment Pool, invests in securities with contractual cash flows, such as asset-backed securities and mortgage-backed securities. The value, liquidity, and related income of these securities are sensitive to changes in economic conditions, including real estate values, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

### **Custodial Credit Risk for Investments**

Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be returned to the University. Substantially all of the University's securities are registered in the University's name by the custodial bank as an agent for the University. As a result, custodial credit risk for such investments is remote.

### **Fair Value Measurements**

The University uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine the fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are

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significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The University groups its assets and liabilities measured at fair value in three levels, based on markets in which the asset and liabilities are traded and the reliability of the assumptions used to determine fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the University has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset and liability. This valuation is accomplished using management’s best estimate of fair value, with inputs into the determination of fair value that require significant management judgment or estimation. The level in the fair value hierarchy with which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents investments that are measured at fair value on a recurring basis at June 30, 2016:

<u>Investment type</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>
Money market funds	\$ 27,192,000	27,192,000	—
Repurchase agreements	19,774,000	—	19,774,000
Certificates of deposit	261,896,000	—	261,896,000
U.S. agency securities	1,096,461,000	—	1,096,461,000
U.S. Treasury securities	756,276,000	756,276,000	—
Municipal bonds	34,913,000	—	34,913,000
Corporate bonds	1,030,765,000	—	1,030,765,000
Asset-backed securities	211,887,000	—	211,887,000
Mortgage-backed securities	689,000	—	689,000
Commercial paper	9,714,000	—	9,714,000
	<u>3,449,567,000</u>	<u>783,468,000</u>	<u>2,666,099,000</u>
SMIF	<u>625,058,000</u>		
Total	<u>\$ 4,074,625,000</u>		

The following discussions describe the valuation methodologies used for financial assets and liabilities measured at fair value. The techniques utilized in estimating the fair value are affected by the assumptions used.

Securities such as asset-backed, mortgaged-backed, U.S. agency and U.S. Treasury are valued at the last sale price on the last business day of the current fiscal year, as quoted on a recognized exchange or an industry standard pricing, when available. Securities for which no sale was reported as of the close of the last business day of the current fiscal year are valued at the quoted bid price provided by the University’s external investment managers or their custodians.

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For investments that include money market funds, municipal bonds, repurchase agreements, and corporate bonds, the carrying value is similarly calculated using valuations that include observable market quoted prices. However, observable inputs other than quoted prices such as price services or indexes, estimates, appraisals, assumptions, and other methods that are reviewed by management. Change in market conditions and economic environments may impact the net asset value of the funds and consequently the fair value of the University's interests in the funds.

Securities such as certificates of deposit and commercial paper with short maturities and infrequent secondary market trades are typically priced via mathematical calculations.

There were no assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during fiscal year 2016.

**Discretely Presented Component Units' Investments**

Investments of the discretely presented component units at fair value consisted of the following at June 30, 2016:

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Money market funds	\$ 27,147,000	4,694,000	31,841,000
Repurchase agreements	524,000	7,000	531,000
Certificates of deposit	22,894,000	35,693,000	58,587,000
U.S. agency securities	38,881,000	21,129,000	60,010,000
U.S. Treasury securities	29,586,000	104,336,000	133,922,000
Municipal bonds	1,127,000	5,114,000	6,241,000
Corporate bonds	61,227,000	87,148,000	148,375,000
Asset-backed securities	5,686,000	10,160,000	15,846,000
Mortgage-backed securities	2,127,000	14,260,000	16,387,000
Commercial paper	257,000	3,000	260,000
State of California Local Agency Investment Fund (LAIF)	175,390,000	5,555,000	180,945,000
State of California Surplus Money Investment Fund (SMIF)	1,000	—	1,000
Mutual funds	214,433,000	924,070,000	1,138,503,000
Exchange traded funds	7,644,000	52,672,000	60,316,000
Equity securities	55,707,000	277,129,000	332,836,000
Alternative investments:			
Private equity (including limited partnerships)	7,835,000	49,042,000	56,877,000
Hedge funds	2,584,000	56,220,000	58,804,000
Real estate investments (including Real Estate Investment Trust)	1,811,000	32,457,000	34,268,000
Commodities	479,000	10,615,000	11,094,000
Other alternative investments	2,312,000	24,741,000	27,053,000
Other external investment pools	92,000	19,791,000	19,883,000
Other investments	92,000	36,714,000	36,806,000
	<u>\$ 657,836,000</u>	<u>1,771,550,000</u>	<u>2,429,386,000</u>

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The following table presents investments of the discretely presented component units that are measured at fair value on a recurring basis at June 30, 2016:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Net Asset Value (NAV)</u>
Money market funds	\$ 31,841,000	29,265,000	2,512,000	—	64,000
Repurchase agreements	531,000	19,000	512,000	—	—
Certificates of deposit	58,587,000	26,385,000	32,202,000	—	—
U.S. agency securities	60,010,000	4,302,000	55,708,000	—	—
U.S. Treasury securities	133,922,000	125,935,000	7,987,000	—	—
Municipal bonds	6,241,000	756,000	5,485,000	—	—
Corporate bonds	148,375,000	80,028,000	68,345,000	2,000	—
Asset-backed securities	15,846,000	314,000	15,532,000	—	—
Mortgage-backed securities	16,387,000	6,367,000	10,020,000	—	—
Commercial paper	260,000	8,000	252,000	—	—
Mutual funds	1,138,503,000	1,065,404,000	73,099,000	—	—
Exchange traded funds	60,316,000	60,316,000	—	—	—
Equity securities	332,836,000	317,053,000	12,791,000	821,000	2,171,000
Alternative investments:					
Private equity (including limited partnerships)	56,877,000	3,318,000	453,000	41,705,000	11,401,000
Hedge funds	58,804,000	—	10,914,000	15,993,000	31,897,000
Real estate investments (including Real Estate Investment Trust)	34,268,000	7,887,000	1,397,000	24,984,000	—
Commodities	11,094,000	4,531,000	—	6,563,000	—
Other alternative investments	27,053,000	19,503,000	500,000	2,175,000	4,875,000
Other external investment pools	19,883,000	92,000	4,435,000	15,356,000	—
Other investments	36,806,000	30,964,000	1,594,000	4,229,000	19,000
	<u>2,248,440,000</u>	<u>1,782,447,000</u>	<u>303,738,000</u>	<u>111,828,000</u>	<u>50,427,000</u>
LAIF	180,945,000				
SMIF	1,000				
	<u>\$ 2,429,386,000</u>				

For additional information regarding the investments of the individual discretely presented component units, refer to their separately issued financial statements.

Investments reported by the University of \$54,043,000 are invested under contractual agreements on behalf of the discretely presented component units of the University.

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**(4) Accounts Receivable**

Accounts receivable of the University at June 30, 2016 consisted of the following:

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
State appropriations	\$ 4,401,000	29,555,000	33,956,000
State appropriations – SPWB Lease			
Revenue Bond program	—	90,922,000	90,922,000
Discretely presented component units	38,893,000	1,429,000	40,322,000
Student accounts	53,411,000	—	53,411,000
Government grants and contracts	20,596,000	—	20,596,000
Others	43,063,000	5,427,000	48,490,000
	<u>160,364,000</u>	<u>127,333,000</u>	<u>287,697,000</u>
Less allowance for doubtful accounts	<u>(6,733,000)</u>	<u>—</u>	<u>(6,733,000)</u>
Total	<u>\$ 153,631,000</u>	<u>127,333,000</u>	<u>280,964,000</u>

**(5) Capital Lease Receivable**

The University has entered into capital lease agreements with certain discretely presented component units using proceeds from issuance of SRB bonds and BANs to lease existing and newly constructed facilities to the discretely presented component units amounting to \$333,710,000. Interest rates range from 1.50% to 5.55%. Lease payments are due twice a year on May 1 and November 1.

Under the lease agreements, payments are due to the University as follows:

Fiscal year ending June 30:	
2017	\$ 30,433,000
2018	26,714,000
2019	26,741,000
2020	26,995,000
2021	27,281,000
2022–2026	160,755,000
2027–2031	131,348,000
2032–2036	74,898,000
2037–2041	28,647,000
2042–2046	17,971,000
Total minimum lease payments to be received	<u>551,783,000</u>
Less amounts representing interest	<u>(209,605,000)</u>
Present value of future minimum lease payments to be received	342,178,000
Less current portion	<u>(12,356,000)</u>
Capital lease receivable, net of current portion	<u>\$ 329,822,000</u>



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**(6) Notes Receivable**

The University has entered into note agreements with certain discretely presented component units to finance existing and newly constructed facilities for the discretely presented component units amounting to \$290,910,000. Interest rates range from 1.50% to 6.48%. Note payments are due twice a year, on May 1 and November 1.

Under the agreements, payments are due to the University as follows:

Fiscal year ending June 30:

2017	\$ 23,886,000
2018	23,917,000
2019	23,863,000
2020	23,567,000
2021	23,213,000
2022–2026	113,278,000
2027–2031	105,797,000
2032–2036	78,674,000
2037–2041	43,739,000
2042–2046	<u>13,788,000</u>
Total minimum note payments to be received	473,722,000
Less amounts representing interest	<u>(182,215,000)</u>
Present value of future minimum note payments to be received	291,507,000
Less current portion	<u>(9,805,000)</u>
Notes receivable, net of current portion	<u>\$ 281,702,000</u>

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**(7) Capital Assets**

Capital assets activity for the University for the year ended June 30, 2016 consisted of the following:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending balance</u>
Nondepreciable/nonamortizable capital assets:					
Land and land improvements	\$ 271,059,000	322,000	(2,560,000)	—	268,821,000
Works of art and historical treasures	33,719,000	5,125,000	(11,000)	—	38,833,000
Construction work in progress	632,139,000	576,999,000	(813,000)	(378,024,000)	830,301,000
Intangible assets	14,053,000	5,786,000	(36,000)	(1,233,000)	18,570,000
Total nondepreciable/ nonamortizable capital assets	<u>950,970,000</u>	<u>588,232,000</u>	<u>(3,420,000)</u>	<u>(379,257,000)</u>	<u>1,156,525,000</u>
Depreciable/amortizable capital assets:					
Buildings and building improvements	10,914,827,000	33,764,000	(1,749,000)	297,318,000	11,244,160,000
Improvements other than buildings	597,691,000	15,323,000	(956,000)	24,421,000	636,479,000
Infrastructure	1,041,706,000	20,623,000	(2,127,000)	50,312,000	1,110,514,000
Personal property:					
Equipment	785,947,000	54,352,000	(31,609,000)	5,603,000	814,293,000
Library books and materials	392,006,000	6,121,000	(4,428,000)	—	393,699,000
Intangible assets	313,400,000	11,742,000	(65,065,000)	1,603,000	261,680,000
Total depreciable/ amortizable capital assets	<u>14,045,577,000</u>	<u>141,925,000</u>	<u>(105,934,000)</u>	<u>379,257,000</u>	<u>14,460,825,000</u>
Total cost	<u>14,996,547,000</u>	<u>730,157,000</u>	<u>(109,354,000)</u>	<u>—</u>	<u>15,617,350,000</u>
Less accumulated depreciation/ amortization:					
Buildings and building improvements	(4,863,851,000)	(328,869,000)	1,338,000	—	(5,191,382,000)
Improvements other than buildings	(426,775,000)	(28,977,000)	563,000	—	(455,189,000)
Infrastructure	(444,830,000)	(34,707,000)	2,198,000	—	(477,339,000)
Personal property:					
Equipment	(562,839,000)	(48,569,000)	25,889,000	—	(585,519,000)
Library books and materials	(356,009,000)	(7,744,000)	4,476,000	—	(359,277,000)
Intangible assets	(296,243,000)	(9,053,000)	64,318,000	—	(240,978,000)
Total accumulated depreciation/ amortization	<u>(6,950,547,000)</u>	<u>(457,919,000)</u>	<u>98,782,000</u>	<u>—</u>	<u>(7,309,684,000)</u>
Net capital assets	\$ <u>8,046,000,000</u>	<u>272,238,000</u>	<u>(10,572,000)</u>	<u>—</u>	<u>8,307,666,000</u>

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Capital assets activity of the discretely presented component units of the University for the year ended June 30, 2016 consisted of the following:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending balance</u>
Nondepreciable/nonamortizable capital assets:					
Land and land improvements	\$ 125,188,000	2,052,000	(935,000)	—	126,305,000
Works of art and historical treasures	9,959,000	343,000	(2,000)	—	10,300,000
Construction work in progress	16,232,000	33,976,000	(11,307,000)	(18,217,000)	20,684,000
Intangible assets	<u>5,098,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,098,000</u>
Total nondepreciable/ nonamortizable capital assets	<u>156,477,000</u>	<u>36,371,000</u>	<u>(12,244,000)</u>	<u>(18,217,000)</u>	<u>162,387,000</u>
Depreciable/amortizable capital assets:					
Buildings and building improvements	785,994,000	14,042,000	(4,024,000)	7,876,000	803,888,000
Improvements other than buildings	120,888,000	2,584,000	(1,102,000)	6,013,000	128,383,000
Infrastructure	67,573,000	120,000	—	—	67,693,000
Personal property:					
Equipment	197,303,000	18,222,000	(11,900,000)	4,284,000	207,909,000
Intangible assets	<u>9,260,000</u>	<u>128,000</u>	<u>(96,000)</u>	<u>44,000</u>	<u>9,336,000</u>
Total depreciable/ amortizable capital assets	<u>1,181,018,000</u>	<u>35,096,000</u>	<u>(17,122,000)</u>	<u>18,217,000</u>	<u>1,217,209,000</u>
Total cost	<u>1,337,495,000</u>	<u>71,467,000</u>	<u>(29,366,000)</u>	<u>—</u>	<u>1,379,596,000</u>
Less accumulated depreciation/ amortization:					
Buildings and building improvements	(292,985,000)	(26,849,000)	838,000	—	(318,996,000)
Improvements other than buildings	(57,751,000)	(8,171,000)	1,310,000	—	(64,612,000)
Infrastructure	(17,445,000)	(1,692,000)	—	—	(19,137,000)
Personal property:					
Equipment	(149,097,000)	(15,027,000)	10,665,000	—	(153,459,000)
Intangible assets	<u>(7,022,000)</u>	<u>(591,000)</u>	<u>92,000</u>	<u>—</u>	<u>(7,521,000)</u>
Total accumulated depreciation/ amortization	<u>(524,300,000)</u>	<u>(52,330,000)</u>	<u>12,905,000</u>	<u>—</u>	<u>(563,725,000)</u>
Net capital assets	\$ <u>813,195,000</u>	<u>19,137,000</u>	<u>(16,461,000)</u>	<u>—</u>	<u>815,871,000</u>

For additional information regarding the capital assets of the individual discretely presented component units of the University, refer to their separately issued financial statements.

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## Notes to Financial Statements

June 30, 2016

### (8) Lease Obligations

The University is obligated under various capital and operating leases and installment purchase agreements for the acquisition of equipment and facility rentals. A substantial amount of the capital leases are a result of the University's participation with the State in the State Public Works Board (SPWB) Lease Revenue Bond program. The University has participated in this program since 1986 in connection with the construction of campus facilities and related equipment. Current California law permits the SPWB to authorize the sale of bonds to construct certain state facilities if there is a revenue stream that can be pledged to repay the obligations. The process in general is described in brief as follows:

- The University and the State of California Department of Finance agree to the construction of one or more facilities to be funded by SPWB bonds. The projects are approved as part of the University's capital outlay budget.
- The SPWB approves the sale of bonds for the project(s) and the University agrees to execute certain legal documents in connection with the financing, including a site lease to the SPWB, a construction agreement to construct the facility for the SPWB, and a facility lease to lease the completed facility from the SPWB for annual rental payments.
- Prior to the execution of the facility lease, the University receives a short-term loan from the State of California Pooled Money Investment Board to provide working capital for initial phases of the construction and in some cases the entire construction.
- Generally, during the construction phase of the project, the bonds are sold by the SPWB, the construction loan is repaid, and site leases and facility leases are executed requiring semiannual lease payments, beginning upon completion of the facilities, by the Trustees that are used to pay principal and interest on the bonds.
- As part of the annual budget process, the State of California Department of Finance augments the University's operating budget to provide additional funds for the required lease payments.

The capitalized lease obligation related to the SPWB Lease Revenue Bond program amounted to \$207,557,000. The University also enters into capital leases with financial institutions and via commercial paper issued by the California State University Institute (the Institute), a discretely presented component unit of the University.

Overall capital leases consist primarily of leases of campus facilities, but also include certain computer, energy efficiency, and telecommunications equipment. Total assets related to capital leases have a carrying value of \$466,733,000 at June 30, 2016. The leases bear interest at rates ranging from 1.39% to 35.64% and have terms expiring in various years through fiscal year 2041.

Operating leases consist primarily of leases for the use of real property. The University's operating leases expire in various years through fiscal year 2099. The leases can be canceled if the State does not provide adequate funding. Some of these leases are with discretely presented component units for the rental of office space used in the operations of the University. Total operating lease expenditures for the year ended June 30, 2016 were \$25,757,000 of which \$13,995,000 was paid to related discretely presented component units.

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Future minimum lease payments under capital and operating leases having remaining terms in excess of one year as of June 30, 2016 are as follows:

	<b>Capital leases</b>	<b>Operating leases</b>
Year ending June 30:		
2017	\$ 63,683,000	24,052,000
2018	61,232,000	18,612,000
2019	34,614,000	15,456,000
2020	33,229,000	13,940,000
2021	32,476,000	14,841,000
2022–2026	144,813,000	29,785,000
2027–2031	127,436,000	15,920,000
2032–2036	91,829,000	5,198,000
2037–2041	13,005,000	2,603,000
2042–2046	—	397,000
2047–2051	—	324,000
2052–2056	—	33,000
2057–2061	—	33,000
2062–2099	—	211,000
Total minimum lease payments	602,317,000	\$ 141,405,000
Less amount representing interest	(214,744,000)	
Present value of future minimum lease payments	387,573,000	
Unamortized net premium	1,812,000	
Total capitalized lease obligations	389,385,000	
Less current portion	(43,818,000)	
Capitalized lease obligations, net of current portion	\$ 345,567,000	

**(9) Long-Term Debt Obligations**

**(a) State's General Obligation Bond Program**

The General Obligation Bond program of the State has provided capital outlay funds for the three segments of California Higher Education through voter-approved bonds. Each of the approved bond programs provides a pool of available funds, which is allocated on a project-by-project basis among the University, the University of California, and the Community Colleges. Financing provided to the University through State's General Obligation Bonds is not allocated to the University by the State. This debt remains the obligation of the State and is funded by state tax revenues. Accordingly, such debt is not reflected in the accompanying financial statements. The total General Obligation Bonds carried by the State related to the University projects is approximately \$2,457,142,000 as of June 30, 2016.

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**(b) Revenue Bond Program**

The State University Revenue Bond Act of 1947, Sections 90010 through 90091 of the Education Code of the State of California (the Bond Act) authorizes the Trustee to issue revenue bonds to finance projects that support the University's educational mission. The University's financing program, referred to as the Systemwide Revenue Bond (SRB) Program, is designed to provide lower cost debt and greater flexibility to finance projects at the University than would be possible if projects were financed separately. Rather than relying on specific pledged revenues to support specific debt obligations, the SRB program pools several sources of revenue as the security for the debt. The University's total outstanding balance of revenue bond indebtedness under the SRB program was \$4,944,168,000 at June 30, 2016.

Under the Bond Act authority, the University has constructed or acquired facilities located at its 23 campuses and the Office of the Chancellor.

In 2014, the State enacted legislation that granted additional capital financing authorities to the University, leading to the SRB program expanding to allow the financing of academic facilities and energy conservation projects. Allowable academic projects include construction and equipping of new and existing academic facilities; infrastructure; deferred maintenance; and refunding of SPWB lease revenue bonds (which funded the construction of certain academic facilities of the University; see note 8, Lease Obligation).

Systemwide Revenue Bonds are not secured by mortgages on the facilities constructed or acquired and therefore the facilities do not act as security for the debt. Revenues pledged under the SRB program include program fees from continuing education, health center facilities, housing, parking, and student union; student tuition fees (effective in fiscal year 2016); and designated auxiliary revenues, net of maintenance and operation expenses before extraordinary items (net income available for debt service), to repay \$5,989,163,000 in Systemwide Revenue Bonds issued through fiscal year 2016.

**(c) Bond Anticipation Notes (BANs)**

The Trustees have authorized the issuance of BANs to provide short-term financing to the University for certain projects. The BANs are purchased by the Institute with proceeds from the commercial paper issued by the Institute. The BANs are generally issued for periods of up to three years in anticipation of issuing permanent revenue bonds at a future date. State law was amended in fiscal year 2008 to allow BAN maturities to extend beyond three years and the maturity date for the issuance of BANs to be determined by the Trustees. In fiscal year 2010, the Trustees authorized three projects for financing with maturities beyond three years and they will remain in BANs until the debt is retired. BAN interest is variable and changes based upon the cost of the Institute's commercial paper program. The maximum and minimum weighted average interest rates for the year ended June 30, 2016 were 0.18% and 0.05%, respectively. The University's BANs totaled \$4,640,000 at June 30, 2016. The not-to-exceed amounts related to the outstanding amounts totaled \$20,655,000 of which \$1,400,000 has not been issued and \$14,615,000 has been issued and paid back.

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Long-term debt obligations of the University as of June 30, 2016 consisted of the following:

<u>Description</u>	<u>Interest rate percentage</u>	<u>Final maturity date</u>	<u>Original issue amount</u>	<u>Amount outstanding</u>
Systemwide Revenue Bonds,				
Housing Series J – K	3.00%	2019/20	\$ 8,558,000	1,398,000
Housing Series L – M	3.00	2020/21	5,510,000	1,130,000
Housing Series N, P & Q	3.00	2021/22	6,695,000	1,615,000
Series 2007A	4.50–5.00	2044/45	245,405,000	153,785,000
Series 2007B	5.27–5.55	2037/38	13,165,000	10,640,000
Series 2007C	5.00	2028/29	63,275,000	43,410,000
Series 2007D	4.00–5.00	2037/38	80,360,000	70,040,000
Series 2008A	3.50–5.00	2039/40	375,160,000	28,645,000
Series 2009A	3.50–5.00	2018/19	454,240,000	28,055,000
Series 2010A	3.00–5.00	2031/32	146,950,000	111,590,000
Series 2010B	5.45–6.48	2041/42	205,145,000	205,145,000
Series 2011A	2.50–5.25	2042/43	429,855,000	380,835,000
Series 2012A	3.00–5.00	2042/43	436,220,000	425,030,000
Series 2012B	2.79–4.17	2036/37	16,700,000	15,620,000
Series 2013A	1.50–5.00	2026/27	308,855,000	296,595,000
Series 2014A	3.00–5.00	2044/45	747,740,000	740,950,000
Series 2015A	2.00–5.00	2047/48	1,032,920,000	1,017,275,000
Series 2015B	0.65–4.41	2035/36	29,305,000	29,305,000
Series 2016A	2.00–5.00	2045/46	1,133,105,000	1,133,105,000
Series 2016B-1	Variable	2047/48	50,000,000	50,000,000
Series 2016B-2	Variable	2049/50	100,000,000	100,000,000
Series 2016B-3	Variable	2051/52	100,000,000	100,000,000
			<u>\$ 5,989,163,000</u>	4,944,168,000
Bond Anticipation Notes	Variable			4,640,000
Others	Various			<u>6,180,000</u>
Total				4,954,988,000
Unamortized net bond premium				<u>506,760,000</u>
Total long-term debt				5,461,748,000
Less current portion				<u>(112,404,000)</u>
Long-term debt, net of current portion				<u>\$ 5,349,344,000</u>

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Long-term debt principal and interest are payable in the following fiscal years:

Year ending June 30:	<u>Principal</u>	<u>Interest</u>
2017	\$ 112,404,000	232,009,000
2018	127,355,000	225,365,000
2019	130,315,000	219,794,000
2020	135,417,000	213,600,000
2021	139,584,000	207,218,000
2022–2026	765,132,000	927,225,000
2027–2031	977,010,000	718,253,000
2032–2036	1,008,660,000	474,346,000
2037–2041	777,130,000	261,879,000
2042–2046	478,875,000	109,119,000
2047–2051	258,691,000	28,189,000
2052–2056	44,415,000	777,000
	<u>\$ 4,954,988,000</u>	<u>3,617,774,000</u>

Long-term debt obligations of the individual discretely presented component units have been issued to purchase or construct facilities for University-related uses. For additional information regarding long-term debt obligations of the individual discretely presented component units, refer to their separately issued financial statements.

**(10) Long-Term Debt Refunding**

*Current Year Refunding*

In August 2015, the University issued its SRB Series 2015A (Tax-Exempt) to refund certain maturities of SRB Series 2005A, 2005B, 2005C, and 2007A. In April 2016, the University issued its SRB Series 2016A. The proceeds were used to refund certain maturities of SRB Series 2008A and 2009A.

A portion of the proceeds from the issuance of the SRB Series 2015A and 2016A refunding bonds are in an irrevocable trust to provide for all future debt service payments on the refunded bonds. The proceeds from the Series 2015A and 2016A refunding bonds were used to purchase U.S. federal, state, and local government securities that were placed in escrow accounts. The investments and fixed earnings from the investments are considered sufficient to fully service the defeased debt until the debt is called or matured. These transactions will reduce the University’s total financing cost by approximately \$210,339,000 over the life of the refunded bonds. The economic gain (difference between net present values of the debt service payments on the old debt and new debt) from these transactions was approximately \$154,344,000. Accordingly, the refunded bonds have been considered defeased and, therefore, removed as a liability from the accompanying financial statements. The total par amount of bonds outstanding as of date of refunding totaled \$1,085,455,000, of which \$766,225,000 is still outstanding as of June 30, 2016.

The University recognized a loss on the debt refunding for SRB Series 2015A and 2016A of \$73,827,000 as of date of refunding. The loss on debt refunding is the difference between the reacquisition price and the net carrying amount of the old debt, together with any unamortized difference from the prior refunding. The loss on debt refunding is deferred and amortized over the shorter of the old debt (or original amortization period



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remaining in the prior refunding) or the life of the latest refunding debt. The unamortized loss on debt refunding, for SRB Series 2015A and 2016A, included in deferred outflows of resources in the Statement of Net Position, amounted to \$73,304,000 as of June 30, 2016.

**(11) Long-Term Liabilities Activity**

Long-term liabilities activity of the University for the year ended June 30, 2016 was as follows:

	<b>Beginning balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending balance</b>	<b>Current portion</b>
Accrued compensated absences	\$ 231,188,000	144,418,000	(132,244,000)	243,362,000	133,773,000
Capitalized lease obligations (note 8)	1,210,409,000	66,972,000	(887,996,000)	389,385,000	43,818,000
Long-term debt obligations (note 9):					
Systemwide Revenue					
Bonds	3,687,508,000	2,446,780,000	(1,190,120,000)	4,944,168,000	110,345,000
Bond Anticipation Notes	149,285,000	3,595,000	(148,240,000)	4,640,000	400,000
Others	65,988,000	1,506,000	(61,314,000)	6,180,000	1,659,000
	<u>3,902,781,000</u>	<u>2,451,881,000</u>	<u>(1,399,674,000)</u>	<u>4,954,988,000</u>	<u>112,404,000</u>
Unamortized net bond premium	<u>223,491,000</u>	<u>315,276,000</u>	<u>(32,007,000)</u>	<u>506,760,000</u>	<u>—</u>
Total long-term debt obligations	<u>4,126,272,000</u>	<u>2,767,157,000</u>	<u>(1,431,681,000)</u>	<u>5,461,748,000</u>	<u>112,404,000</u>
Total long-term liabilities	<u>\$ 5,567,869,000</u>	<u>2,978,547,000</u>	<u>(2,451,921,000)</u>	<u>6,094,495,000</u>	<u>289,995,000</u>

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Long-term liabilities activity of the aggregated discretely presented component units of the University for the year ended June 30, 2016 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>
Accrued compensated absences	\$ 18,361,000	13,853,000	(12,438,000)	19,776,000	14,147,000
Claims liability for losses and loss adjustment expenses	95,115,000	19,066,000	(32,062,000)	82,119,000	24,750,000
Capitalized lease obligations	367,786,000	113,911,000	(120,865,000)	360,832,000	12,490,000
Long-term debt obligations:					
Revenue bonds	39,090,000	—	(16,670,000)	22,420,000	835,000
Commercial paper	154,439,000	18,863,000	(167,338,000)	5,964,000	5,264,000
Notes payable	233,840,000	49,771,000	(49,011,000)	234,600,000	8,400,000
Others	93,530,000	1,190,000	(13,694,000)	81,026,000	4,655,000
	<u>520,899,000</u>	<u>69,824,000</u>	<u>(246,713,000)</u>	<u>344,010,000</u>	<u>19,154,000</u>
Unamortized net bond premium	<u>14,515,000</u>	<u>8,240,000</u>	<u>(904,000)</u>	<u>21,851,000</u>	<u>—</u>
Total long-term debt obligations	<u>535,414,000</u>	<u>78,064,000</u>	<u>(247,617,000)</u>	<u>365,861,000</u>	<u>19,154,000</u>
Total long-term liabilities	<u>\$ 1,016,676,000</u>	<u>224,894,000</u>	<u>(412,982,000)</u>	<u>828,588,000</u>	<u>70,541,000</u>

The University has entered into note agreements with certain discretely presented component units to finance existing and newly constructed facilities, using proceeds from issuance of SRB bonds, for the discretely presented component units amounting to \$234,600,000 included in notes payable and \$56,310,000 in other long-term debt obligations as of June 30, 2016.

The University has also entered into capital lease agreements with certain discretely presented component units using proceeds from issuance of SRB bonds and BANs to lease existing and newly constructed facilities to the discretely presented component units amounting to \$332,332,000 as of June 30, 2016.

For additional information regarding the long-term liabilities of the individual discretely presented component units of the University, refer to their separately issued financial statements.

**(12) Pension Plan and Postretirement Benefits**

**(a) Pension Plan**

**Plan Description**

The University, as an agency of the State, contributes to CalPERS. The State's plan with CalPERS is an agent multiple-employer defined-benefit pension plan and CalPERS functions as an investment and administrative agent for its members. For the University, the plan acts as a cost sharing multiple-employer defined-benefit pension plan, which provides a defined-benefit pension and postretirement program for substantially all eligible University employees. The plan also provides

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survivor, death, and disability benefits. Eligible employees are covered by the Public Employees' Medical and Hospital Care Act (PEMHCA) for medical benefits.

A full description of the pension plan regarding numbers of employees covered, benefit provision, assumptions, and membership information are listed in the June 30, 2014 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report.

CalPERS issues a publicly available Actuarial Valuation Report and Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. Copies of the CalPERS Actuarial Valuation Report CAFR may be obtained from the California Public Employees' Retirement System Executive Office, 400 P Street, Sacramento, CA 95814.

### **Pensionable Compensation**

The schedule of pensionable compensation is prepared by the State to provide the total pensionable compensation. This amount was used to calculate the University's proportionate share of pension amounts. The schedule of pensionable compensation and the schedule of pension amounts have the same measurement period of July 1, 2014 through June 30, 2015.

### **Contributions**

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2015, the average active employee contribution rates for State Miscellaneous and Peace Officer and Firefighters Plans are 6.587% and 11.498% of annual pay, respectively. The State's contribution rates for State Miscellaneous and Peace Officer and Firefighters Plans are 24.265% and 36.780% of annual payroll, respectively.

State Miscellaneous Plan members of the University are required to contribute 5.00% of their annual earnings in excess of \$513 per month to CalPERS. Effective January 1, 2013, all new employees that are considered "new members" to CalPERS are required to contribute 50.00% of the normal cost for their category (e.g., State Miscellaneous Plan member is 6.00% of their annual earnings per month to CalPERS). The University is required to contribute at an actuarially determined rate; the current rate for State Miscellaneous is approximately 25.15% of annual covered payroll.

State Peace Officers and Firefighters Plan members of the University are required to contribute 8.00% of their annual earnings in excess of \$238 per month to CalPERS. Effective January 1, 2013, all new employees that are considered "new members" to CalPERS are required to contribute 50.00% of the normal cost for their category (e.g., State Peace Officers and Firefighters Plan members is 11.00% of their annual earnings per month to CalPERS). The University is required to contribute at an actuarially

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determined rate; the current rate for State Peace Officers and Firefighters Plan is approximately 38.99% of annual covered payroll.

The contribution requirements of the plan members are established and may be amended by CalPERS. The contractual maximum contribution required for the University is determined by the annual CalPERS compensation limit(s), which are based on provisions of Assembly Bill (AB) 340 and the IRC 401 (a) 17 limits.

The University's contributions to CalPERS for the most recent three fiscal years were equal to the required contributions and were as follows:

2014	\$ 493,922,000
2015	602,995,000
2016	659,326,000

**Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

As of June 30, 2016, the University reported a liability of \$6,578,194,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined based on an actuarial valuation as of June 30, 2014 rolled forward to the measurement date. The University's proportion of the State's net pension liability was calculated based on its proportionate share of pensionable compensation. The State considered this a practical, systematic, and a rational approach. At June 30, 2015, the University's proportionate share of the total State net pension liability for the Miscellaneous Plan and Peace Officers and Firefighters Plan (collectively the Plans) were 22.84970% and 1.07094%, respectively.

For the year ended June 30, 2016, the University recognized pension expense of \$571,952,000, which was reported as benefits expense.

The following table presents deferred outflows and inflows of resources as of June 30, 2016. Deferred outflows of resources are recognized for the University's retirement contributions made subsequent to the measurement date, the difference between expected and actual experience, and changes in the University's proportionate share of pensionable compensation. Net deferred inflows of resources are recognized for the aggregate difference between projected and actual earnings on pension plan investments arising in different measurement periods.

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	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
University retirement contribution subsequent to the measurement date	\$ 659,326,000	—
Difference between expected and actual experience	120,339,000	—
Difference due to change in proportionate share	31,667,000	—
Net difference between projected and actual earnings on pension plan investments	—	143,167,000
Total	<u>\$ 811,332,000</u>	<u>143,167,000</u>

The \$659,326,000 of deferred outflows of resources related to pension resulting from the University's contributions subsequent to the measurement date of June 30, 2015 will be recognized as a reduction of the net pension liability as of the measurement date of June 30, 2016.

The deferred outflows of resources due to the change in the University's proportionate share and difference in the expected and actual experience will be recognized as pension expense as follows:

**Schedule of Differences between Expected and Actual Experience**

<u>Measurement period ended June 30:</u>	<u>Initial Differences</u>	<u>Remaining period (Years)</u>	Increase in pension expense arising from the recognition of the differences between expected and actual experience (measurement dates)				
			<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Total</u>
Miscellaneous Plan: 2015	\$ 158,494,000	3.9	\$ 40,640,000	40,640,000	36,574,000	—	117,854,000
Peace Officers and Firefighters Plan: 2015	\$ 3,091,000	5.1	606,000	606,000	606,000	667,000	2,485,000
Increase in pension expense			<u>\$ 41,246,000</u>	<u>41,246,000</u>	<u>37,180,000</u>	<u>667,000</u>	<u>120,339,000</u>

**Schedule of Change in Proportionate Share**

<u>Measurement period ended June 30:</u>	<u>Initial differences</u>	<u>Remaining period (Years)</u>	Increase in pension expense arising from the change in proportionate share in pensionable compensation (measurement dates)				
			<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Total</u>
Miscellaneous Plan: 2015	\$ 34,438,000	3.9	\$ 8,830,000	8,830,000	7,948,000	—	25,608,000
Peace Officers and Firefighters Plan: 2015	\$ 7,537,000	5.1	1,478,000	1,478,000	1,478,000	1,625,000	6,059,000
Increase in pension expense			<u>\$ 10,308,000</u>	<u>10,308,000</u>	<u>9,426,000</u>	<u>1,625,000</u>	<u>31,667,000</u>

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The deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

**Schedule of Differences between Projected and Actual Earnings on Pension Plan Investments**

Measurement period ended June 30:	Initial differences *	Remaining period (Years)	Increase (decrease) in pension expense arising from the recognition of the differences between projected and actual earnings on pension plan investments (measurement dates)				Total
			2016	2017	2018	2019	
Miscellaneous Plan:							
2014	\$ (1,342,919,000)	4.0	\$ (268,584,000)	(268,584,000)	(268,583,000)	—	(805,751,000)
2015	\$ 831,102,000	5.0	166,220,000	166,220,000	166,220,000	166,222,000	664,882,000
Peace Officers and Firefighters Plan:							
2014	\$ (24,064,000)	4.0	(4,813,000)	(4,813,000)	(4,813,000)	—	(14,439,000)
2015	\$ 15,176,000	5.0	3,035,000	3,035,000	3,035,000	3,036,000	12,141,000
Net increase (decrease) in pension expense			\$ (104,142,000)	(104,142,000)	(104,141,000)	169,258,000	(143,167,000)

\* Adjusted for any changes in University's proportionate share

**Actuarial Assumptions**

For the measurement period ended June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2014 and 2015 total pension liability were based on the following actuarial methods and assumptions:

Actuarial cost method	Entry age normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	7.65%
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.65%, net of pension plan investment expense but without reduction for administrative expenses including inflation
Mortality rate of return	Derived using CalPERS' membership data for all funds
Postretirement benefit increase	Contract cost of living allowance up to 2.75% until purchasing power protection allowance floor on purchasing power applies; 2.75% thereafter

The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 CalPERS Experience Study and Review of Actuarial Assumptions report (Experience Study).

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality, and retirement rates. The Experience Study report can be obtained from CalPERS' website.

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**Discount Rate**

The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, the plans do not exhaust assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund. The stress test result is presented in the GASB Crossover Testing Report, which may be obtained from CalPERS' website.

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 returns, net of pension plan investment expense but without reduction for administrative expenses, and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11–60 years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS's Board of Administration effective on July 1, 2014.

<u>Asset class</u>	<u>Current target allocation</u>	<u>Real return years 1–10<sup>1</sup></u>	<u>Real return years 11+<sup>2</sup></u>
Global equity	51.00%	5.25%	5.71%
Global fixed income	19.00	0.99	2.43
Inflation sensitive	6.00	0.45	3.36
Private equity	10.00	6.83	6.95
Real estate	10.00	4.50	5.13
Infrastructure and Forestland	2.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

<sup>1</sup> An expected inflation of 2.5% used for this period

<sup>2</sup> An expected inflation of 3.0% used for this period

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2016

**Sensitivity of the University’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following table presents the University’s proportionate share of net pension liability of the Plans as of the measurement date, calculated using the discount rate of 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6.65%) or one-percentage point higher (8.65%) than the current rate:

Plan	Discount rate -1% (6.65%)	Current discount rate (7.65%)	Discount rate +1% (8.65%)
Miscellaneous Plan	\$ 9,114,262,000	6,453,200,000	4,220,570,000
Peace Officers and Firefighters Plan	182,619,000	124,994,000	77,734,000
Net pension liability	\$ 9,296,881,000	6,578,194,000	4,298,304,000

**Pension Plan Fiduciary Net Position**

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance, and OPEB expense included as assets. These amounts are excluded for rate setting purposes in your funding actuarial valuation. In addition, differences may result from early CAFR closing and final reconciled reserves.

**(b) Postretirement Healthcare Plan**

**Plan Description**

The State provides retiree healthcare benefits to statewide employees, including the University employees, through the programs administered by CalPERS. The State’s plan represents a substantive single-employer defined-benefit OPEB Plan, which includes medical and prescription drug benefits (collectively, healthcare benefits) to the retired University employees. The University provides dental benefits to eligible University’s retirees. Eligible retirees receive healthcare and dental benefits upon retirement at age 50 with five years of service credit.

For healthcare benefits, CalPERS offers Preferred Provider Organizations (PPOs), Health Maintenance Organizations (HMOs), and Exclusive Provider Organizations (EPOs) (limited to members in certain California counties); for dental benefits, a Dental Maintenance Organization (DMO) and dental indemnity plans to the University’s retirees. Health plans offered, covered benefits, monthly rates, and copayments are determined by the CalPERS Board, which reviews health plan contracts annually.



# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2016

The contribution requirements of retirees and the State are established and may be amended by the State legislature. For healthcare benefits, the State makes a contribution toward the retiree's monthly health premiums, with the retirees covering the difference between the State's contribution and the actual healthcare premium amount. The State contribution is normally established through collective bargaining agreements. No retiree contribution is required for dental benefits.

The State contributes to the California Employers' Retiree Benefit Trust Fund (CERBTF). The CERBTF is a self-funded trust fund for the prefunding of health, dental, and other nonpension benefits. CalPERS reports on the CERBTF as part of its separately issued annual financial statements, which can be obtained from CalPERS on its website at [www.CalPERS.ca.gov](http://www.CalPERS.ca.gov).

### **Funding Policy**

For healthcare benefits, responsibility for funding the cost of the employer share of premiums is apportioned between the State and the University based on "billable" and "nonbillable" accounts. Billable accounts have special revenue sources such as fees, licenses, penalties, assessments, and interest, which offset the costs incurred by a State department during the year. The University reimburses the State for retiree's health benefit costs allocated to billable accounts but not for costs allocated to nonbillable accounts. The University is responsible for funding the costs of the billable accounts on a pay-as-you-go basis as part of the statewide general administrative costs charged to the University. The State is responsible for funding the cost of the employer share of healthcare premiums of retirees for all nonbillable accounts.

The University is responsible for paying the cost of dental benefits for all University retirees using funds provided by the State through general fund appropriations. The University makes payments directly to Delta Dental for the retiree's monthly dental premiums. The University is paying these benefits on a pay-as-you-go basis.

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2016

**Annual OPEB Cost and Net OPEB Obligation**

The following table shows the components of the total annual required contribution (ARC) for the University's allocated portion of the postretirement healthcare plan, the amount contributed to the plan by the University, and changes in the University's net OPEB obligation (NOO) for the fiscal years ended 2016, 2015, and 2014:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual required contribution (ARC):			
Billable accounts	\$ 50,349,000	40,931,000	38,942,000
Nonbillable accounts (dental only)	40,862,000	38,765,000	40,057,000
Total ARC	<u>91,211,000</u>	<u>79,696,000</u>	<u>78,999,000</u>
Contributions:			
Billable accounts	(18,665,000)	(16,293,000)	(14,584,000)
Nonbillable accounts (dental only)	(17,103,000)	(17,056,000)	(16,420,000)
Total contributions	<u>(35,768,000)</u>	<u>(33,349,000)</u>	<u>(31,004,000)</u>
Increase in net OPEB obligation (NOO)	55,443,000	46,347,000	47,995,000
NOO – beginning of year	313,360,000	267,013,000	219,018,000
NOO – end of year:			
Billable accounts	183,630,000	151,946,000	127,308,000
Nonbillable accounts (dental only)	185,173,000	161,414,000	139,705,000
Total NOO	<u>\$ 368,803,000</u>	<u>313,360,000</u>	<u>267,013,000</u>
Percentage of annual OPEB cost contributed during the years ended June 30, 2016, 2015, and 2014	39.21%	41.85%	39.25%

**Actuarial Methods and Assumptions and Plan Funding Information**

As an agency of the State, the University was included in the State's OPEB actuarial study. The analysis of the statewide ARC by accounts is performed by the State Controller's Office (SCO) and a portion related to billable accounts is allocated to the University. Since the ARC allocated by the SCO does not provide a breakdown of the ARC for health and dental benefits separately, the ARC for the nonbillable accounts, which related only to dental benefits, was estimated based on dental contributions as a percentage of the total OPEB contributions.

Projections of benefits for financial statement reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the State and the plan members to that point. The actuarial methods and assumptions used are consistent with a long-term perspective. In the June 30, 2015 actuarial valuation, the individual entry age normal cost method was used. The actuarial assumptions included a 4.25% investment rate of return, and 4.25% discount rate. Both rates included a 2.75% annual inflation

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2016

assumption. Annual wage inflation is assumed to be 3.00%. The unfunded actuarial accrued liabilities are being amortized as a level percentage of projected payroll on an open basis over a 30-year period.

Funding progress information specifically related to the University’s portion of the statewide OPEB plan is not available. For more details about the actuarial methods and assumptions used by the State as well as the statewide plans’ funding progress and status, refer to the State of California’s CAFR for the fiscal year ended 2016.

**(13) Deferred Outflows and Inflows of Resources**

The composition of deferred outflows and inflows of resources at June 30, 2016 is summarized as follows:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Related to net pension liability	\$ 811,332,000	143,167,000
Loss on debt refundings:		
Systemwide revenue bonds	110,830,000	—
SPWB capitalized lease obligations	287,000	—
	<u>922,449,000</u>	<u>143,167,000</u>
Total	\$ <u>922,449,000</u>	<u>143,167,000</u>

**(14) Claims Liability for Losses and Loss Adjustment Expenses**

The University and certain auxiliary organizations have established the CSURMA, a discretely presented component unit of the University, to centrally manage workers’ compensation, general liability, industrial and nonindustrial disability, unemployment insurance coverage, and other risk-related programs. The claims liability included in the discretely presented component unit column reflects the estimated ultimate cost of settling claims related to events that have occurred on or before June 30, 2016. The liability includes estimated amounts that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not yet been reported. The liability is also reduced by estimated amounts recoverable from the reinsurer that are related to the liabilities for unpaid claims and claim adjustment expenses. The liability is estimated through an actuarial calculation using individual case basis valuations and statistical analyses. Although considerable variability is inherent in such estimates, management believes that the liability is a reasonable estimate at June 30, 2016.

The information of the change in claims liability for losses and loss adjustment expenses may be obtained from the separate financial statements issued for CSURMA.

**(15) Commitments and Contingencies**

The State is a defendant in multiple lawsuits involving University matters not covered by the CSURMA as discussed in note 14. Management of the University is of the opinion that the liabilities, if any, arising from litigation will not have a material effect on the financial position of the University.

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2016

Federal grant programs are subject to review by the grantor agencies, which could result in requests for reimbursement to grantor agencies for disallowed expenditures. Management believes that it has adhered to the terms of its grants and that any disallowed expenditures resulting from such reviews would not have a material effect on the financial position of the University.

Authorized but unexpended costs for construction projects as of June 30, 2016 totaled \$472,502,000. These expenditures will be funded primarily by State appropriations and bond proceeds.

In order to secure access to natural gas and electricity used for normal operation, the University participates in forward purchase contracts of natural gas and electricity operated by the Department of General Service and Shell Energy North America, respectively. The University's obligation under these special purchase arrangements requires it to purchase an estimated total of \$10,224,000 and \$29,834,000 of natural gas and electricity at fixed prices through June 2018 and December 2019, respectively. The University estimates that the special purchase contracts in place represent approximately 50.27% and 10.42% of its total annual natural gas and electricity expenses, respectively.

**(16) Classification of Operating Expenses**

The University has elected to report operating expenses by functional classification in the Statement of Revenues, Expenses, and Changes in Net Position, and to provide the natural classification of those expenses as an additional disclosure. For the year ended June 30, 2016, operating expenses by natural classification consisted of the following:

	<u>Salaries</u>	<u>Benefits</u>	<u>Scholarships and fellowships expense</u>	<u>Supplies and other services</u>	<u>Depreciation and amortization</u>	<u>Total operating expenses</u>
Instruction	\$ 1,624,612,000	661,321,000	—	217,631,000	—	2,503,564,000
Research	24,126,000	9,502,000	—	18,063,000	—	51,691,000
Public service	29,142,000	11,323,000	—	16,911,000	—	57,376,000
Academic support	377,311,000	194,332,000	—	191,277,000	—	762,920,000
Student services	396,519,000	193,736,000	—	221,755,000	—	812,010,000
Institutional support	399,312,000	179,138,000	—	217,100,000	—	795,550,000
Operation and maintenance of plant	214,161,000	121,298,000	—	313,159,000	—	648,618,000
Student grants and scholarships	—	—	881,578,000	—	—	881,578,000
Auxiliary enterprise expenses	76,969,000	66,167,000	—	213,894,000	—	357,030,000
Depreciation and amortization	—	—	—	—	457,919,000	457,919,000
Total	<u>\$ 3,142,152,000</u>	<u>1,436,817,000</u>	<u>881,578,000</u>	<u>1,409,790,000</u>	<u>457,919,000</u>	<u>7,328,256,000</u>

**(17) Transactions with Related Entities**

The University is an agency of the State and receives about 38.19% of total revenues through state appropriations. State appropriations allocated to the University aggregated approximately \$3,033,290,000 for the year ended June 30, 2016. State appropriations receivable is \$124,878,000 at June 30, 2016.

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2016

### **(18) Subsequent Events**

The University issued \$199,221,000 of BANs subsequent to June 30, 2016. These BANs are issued to fund capital projects at various campuses.

In September 2016, the University deposited cash and certain investment securities in an irrevocable escrow with the Treasurer of the State of California, as security for the partial refunding of SRB Series 2007A bonds with par amount of \$70,300,000.

In September 2016, the State Legislature passed SB 1412, which allows the University to invest in mutual funds including equity mutual funds, subject to registration by, and under the regulatory authority of the United States Securities and Exchange Commission, or in United States registered real estate investment trusts, effective January 1, 2017. Prior to SB 1412, the University is restricted to investing in fixed income securities.

Under SB 1412, the University is required to create an investment advisory committee reporting to the Board of Trustees. The total amount invested under the new authority shall not exceed \$200,000,000 in fiscal year ending June 30, 2017; \$400,000,000 in fiscal year ending June 30, 2018; \$600,000,000 in fiscal year ending June 30, 2019; and in fiscal year ending June 30, 2020, and each fiscal year thereafter, 30.00% of total investments of the University. All earnings from investment under the new authority shall be used only for capital outlay or maintenance, and shall not be used for ongoing operations.

## CALIFORNIA STATE UNIVERSITY

## Schedule of University's Proportionate Share of the Net Pension Liability

June 30, 2016

(Unaudited)

*Last Ten Fiscal Years\**

	<u>2016</u>	<u>2015</u>
<b>State of California Miscellaneous Plan</b>		
University's proportion of the net pension liability	22.84970 %	22.72891 %
University's proportionate share of the net pension liability	\$ 6,453,200,000	5,411,439,000
University's covered-employee payroll	2,407,821,000	2,209,786,000
University's proportionate share of the net pension liability as a percentage of covered-employee payroll	268.00996 %	244.88521 %
Plan fiduciary net position as a percentage of the total pension liability	70.68274 %	74.17418 %
 <b>State of California Peace Officers &amp; Firefighters Plan</b>		
University's proportion of the net pension liability	1.07094 %	1.00623 %
University's proportionate share of the net pension liability	\$ 124,994,000	102,216,000
University's covered-employee payroll	33,341,000	30,160,000
University's proportionate share of the net pension liability as a percentage of covered-employee payroll	374.89140 %	338.91247 %
Plan fiduciary net position as a percentage of the total pension liability	69.61241 %	72.18915 %

\* The University implemented GASB Statement No. 68 effective July 1, 2014, therefore, no information is available for the measurement periods prior to June 30, 2014.

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY

## Schedule of Employer Contributions

Year ended June 30, 2016

(Unaudited)

*Last Ten Fiscal Years\****State of California Miscellaneous Plan**

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 593,632,000	487,992,000
Contributions in relation to the actuarially determined contributions	<u>(596,100,000)</u>	<u>(490,106,000)</u>
Contribution excess	<u>\$ (2,468,000)</u>	<u>(2,114,000)</u>
University's covered-employee payroll	\$ 2,407,821,000	2,209,786,000
Contributions as a percentage of covered-employee payroll	24.75682 %	22.17889 %

**State of California Peace Officers & Firefighters Plan**

Actuarially determined contribution	\$ 11,725,000	9,403,000
Contributions in relation to the actuarially determined contributions	<u>(12,275,000)</u>	<u>(9,657,000)</u>
Contribution excess	<u>\$ (550,000)</u>	<u>(254,000)</u>
University's covered-employee payroll	\$ 33,341,000	30,160,000
Contributions as a percentage of covered-employee payroll	36.81653 %	32.01923 %

\* The University implemented GASB Statement No. 68 effective July 1, 2014, therefore, no information is available for the measurement periods prior to June 30, 2014.

**Notes to required supplementary information schedule:**

Valuation date	Actuarially calculated contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.
Methods and assumption used to determine contribution rates:	
Actuarial cost method	Entry age normal in accordance with the requirements of GASB
Amortization method/period	For details, see June 30, 2013 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2013 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS experience study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS experience retirement mortality rates include CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using scale BB published by the Society of Actuaries.
Significant factors affecting contribution rates	For details, see June 30, 2013 Funding Valuation Report

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY

## Systemwide Revenue Bond Program's Net Income Available for Debt Services

Year ended June 30, 2016

Gross revenues:	
Tuition fees	\$ 3,076,532,676
Student housing	451,881,471
Student unions/recreation centers	223,369,642
Parking	117,313,997
Health centers	10,722,889
Extended and continuing education	388,486,999
Auxiliary organization (1)	571,404,651
Other related entity (2)	12,075,156
Total gross revenues	<u>4,851,787,481</u>
Maintenance and operations expenses:	
Academic facilities	144,023,588
Student housing	287,892,582
Student unions/recreation centers	102,292,739
Parking	72,224,778
Health centers	3,710,459
Extended and continuing education	387,553,491
Auxiliary organization (1)	503,833,540
Total maintenance and operations expenses	<u>1,501,531,178</u>
Net income available for debt service	<u>\$ 3,350,256,303</u>
Debt service:	
Systemwide revenue bonds debt	\$ 271,610,145
Designated auxiliary debt	2,023,793
Total debt service	<u>\$ 273,633,938</u>

The purpose of this schedule is to meet bond reporting covenants covering the operations of the projects showing the gross revenues and expenses for the fiscal year.

- (1) Revenue and expenditures shown include 17 auxiliary organizations that have financed with Systemwide Revenue Bonds through a lease or loan and exclude research grant and contract activity and restricted gifts. Gross Revenues under the Indenture are a smaller amount derived from payments under certain leases or loans with the Board of Trustees.
- (2) Includes revenue derived from leases with California State University, Channel Islands Site Authority which are used solely to pay debt service on Systemwide Revenue Bonds; operating expenditures are not paid from Gross Revenues.

See accompanying independent auditors' report.



## CALIFORNIA STATE UNIVERSITY

## Systemwide Revenue Bond Program's Residence and Dining Halls Operating Data by Campus (1)

Year ended June 30, 2016

(Unaudited)

	Operating & other revenue	Operating expenditures	Excess of revenue over expenditures	Design capacity	Operational capacity (2)	Average number of spaces occupied	% of spaces occupied (3)
CSU, Bakersfield	\$ 5,876,804	4,137,613	1,739,191	512	504	419	83%
CSU, Channel Islands	14,016,130	9,702,903	4,313,227	820	1,389	1,314	95
CSU, Chico	24,072,926	16,174,277	7,898,649	2,222	2,221	2,173	98
CSU, Dominguez Hills	4,647,483	3,223,591	1,423,892	712	679	671	99
CSU, East Bay	12,773,533	8,019,049	4,754,484	1,296	1,645	1,510	92
CSU, Fullerton	28,765,450	14,538,759	14,226,691	1,918	1,904	1,929	101
Humboldt State University	14,422,705	7,668,558	6,754,147	2,047	2,073	2,025	98
CSU, Long Beach	23,731,651	10,422,449	13,309,202	1,826	2,052	2,017	98
CSU, Los Angeles	8,095,807	5,224,339	2,871,468	1,069	1,008	1,002	99
California Maritime Academy	9,112,928	5,820,679	3,292,249	735	735	683	93
CSU, Northridge	24,462,636	11,697,777	12,764,859	3,826	3,260	3,108	95
CSPU, Pomona	22,566,351	10,387,852	12,178,499	2,338	2,338	2,205	94
CSU, Sacramento	19,096,604	14,125,602	4,971,002	1,672	1,692	1,670	99
CSU, San Bernardino	10,703,960	7,081,922	3,622,038	1,529	1,453	1,341	92
San Diego State University	40,733,822	24,799,507	15,934,315	3,510	3,803	3,323	87
San Francisco State University (5)	51,679,646	31,857,847	19,821,799	3,314	3,439	3,475	101
San Jose State University	49,871,524	26,943,575	22,927,949	3,339	3,677	3,651	99
CPSU, San Luis Obispo	51,171,563	26,471,791	24,699,772	6,245	7,375	7,280	99
Sonoma State University	27,639,300	15,772,340	11,866,960	3,146	3,135	2,979	95
CSU, Stanislaus	4,903,349	3,715,708	1,187,641	460	470	455	97
	448,344,172	257,786,138	190,558,034	\$ 42,536	44,852	43,230	96%
Systemwide Offices	—	(3,041,904)	3,041,904				
Interest income	3,537,301	—	3,537,301				
<b>Total</b>	<b>\$ 451,881,473</b>	<b>254,744,234</b>	<b>197,137,239</b>				

## Average annual rates per academic year (4)

	Residence Halls			Apartments		
	Single	Double	Suite	Single	Double	Suite
CSU, Bakersfield	\$ 12,225	8,229	—	—	—	—
CSU, Channel Islands	11,090	10,060	—	12,050	10,520	—
CSU, Chico	9,275	7,657	—	9,275	7,657	—
CSU, Dominguez Hills	—	—	—	—	8,424	—
CSU, East Bay	—	—	7,745	9,047	7,342	—
CSU, Fullerton	—	11,238	—	11,970	9,120	—
Humboldt State University	7,304	5,900	—	7,304	5,900	—
CSU, Long Beach	8,650	7,650	—	—	—	—
CSU, Los Angeles	—	—	—	8,181	6,321	—
California Maritime Academy	7,262	5,562	—	—	—	—
CSU, Northridge	—	—	6,036	—	6,259	—
CSPU, Pomona	9,858	8,598	—	—	—	—
CSU, Sacramento	7,346	6,811	—	7,574	—	8,655
CSU, San Bernardino	6,351	5,100	—	8,649	—	8,604
San Diego State University	10,120	8,640	—	10,120	8,640	—
San Francisco State University (5)	—	8,090	—	11,282	10,090	—
San Jose State University	9,035	7,924	—	12,639	10,046	—
CPSU, San Luis Obispo	10,767	7,176	—	8,302	6,311	—
Sonoma State University	8,190	6,282	—	9,690	7,748	—
CSU, Stanislaus	7,121	—	—	7,584	6,347	—
	\$ 8,900	7,661	6,891	9,548	7,909	8,630

(1) Housing facilities at the Fresno, Monterey Bay and San Marcos campuses are operated by Auxiliary Organizations.

(2) This column reflects capacity adjusted for increase or decrease in permanent conversions and temporary adjustments.

(3) % of spaces occupied is based on Operational Capacity. In certain cases, % occupancy by Design Capacity is over 100%.

(4) This section primarily reflects an average of the more traditional rates to students. Each campus has different rates depending on accommodations such as super doubles, cluster occupancy, etc.

(5) The operational capacity does not include 551 apartment units that were occupied by students, faculty and staff. The annual rates for the one-bedroom, two-bedroom or three-bedroom units (not bed-spaces) vary between \$1,600 and \$4,250.

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY

## Systemwide Revenue Bond Program's Rental Fees

Year ended June 30, 2016

(Unaudited)

Campus	Student Union	Health Facilities
CSU, Bakersfield	\$ 456	6
CSU, Channel Islands	324	6
CSU, Chico	776	6
CSU, Dominguez Hills	330	6
CSU, East Bay	360	6
CSU, Fresno	228	6
CSU, Fullerton	268	6
Humboldt State University	185	6
CSU, Long Beach	358	6
CSU, Los Angeles	275	6
California Maritime Academy*	n/a	21
CSU, Monterey Bay	200	n/a
CSU, Northridge	536	6
CSPU, Pomona	711	6
CSU, Sacramento	638	33
CSU, San Bernardino	383	40
San Diego State University	474	50
San Francisco State University	164	6
San Jose State University	690	116
CPSU, San Luis Obispo	679	10
CSU, San Marcos	630	50
Sonoma State University	748	32
CSU, Stanislaus	157	17
	157	6
Min fee	157	6
Max fee	\$ 776	116

\* Campus does not have Student Union

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY**  
 Systemwide Revenue Bond Program's Statement of Insurance Coverage  
 Year ended June 30, 2016  
 (Unaudited)

<u>Expiration date</u>	<u>Coverage</u>	<u>Amount</u>	<u>Company</u>	<u>Policy number</u>
July 1, 2016*	CSU Master Property Policy, "All Risk" Building, Equipment, and Rental Income	\$ 1,000,000,000 per occurrence	Alliant Property Insurance Program (APIP)	APIP1516
July 1, 2016*	CSU Master Property Policy, Boiler, and Machinery	100,000,000	Alliant Property Insurance Program (APIP)	APIP1516
July 1, 2016*	Bodily Injury and Property Damage Liability (Primary)	5,000,000	CSURMA	CSURMA-SYST-1516-1
July 1, 2016*	Bodily Injury and Property Damage Liability (Excess)	5,000,000	Ironshore	_000541305
July 1, 2016*	Bodily Injury and Property Damage Liability (Excess)	10,000,000	Allied World Assurance Company (AWAC)	_03057227

\* New insurance policies are maintained for the period from July 1, 2016 to June 30, 2017. These policies provide the same coverage indicated above.

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, BAKERSFIELD

## Statement of Net Position

June 30, 2016

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 6,000	8,955,000	8,961,000
Short-term investments	70,333,000	273,000	70,606,000
Accounts receivable, net	7,174,000	1,912,000	9,086,000
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	724,000	724,000
Prepaid expenses and other current assets	245,000	4,000	249,000
Total current assets	<u>77,758,000</u>	<u>11,868,000</u>	<u>89,626,000</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	—	—
Accounts receivable, net	1,672,000	—	1,672,000
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	1,274,000	—	1,274,000
Pledges receivable, net	—	2,711,000	2,711,000
Endowment investments	—	18,355,000	18,355,000
Other long-term investments	4,483,000	9,989,000	14,472,000
Capital assets, net	145,490,000	2,494,000	147,984,000
Other assets	11,000	—	11,000
Total noncurrent assets	<u>152,930,000</u>	<u>33,549,000</u>	<u>186,479,000</u>
Total assets	<u>230,688,000</u>	<u>45,417,000</u>	<u>276,105,000</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>18,241,000</u>	<u>—</u>	<u>18,241,000</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	2,573,000	1,314,000	3,887,000
Accrued salaries and benefits	6,985,000	14,000	6,999,000
Accrued compensated absences, current portion	2,739,000	57,000	2,796,000
Unearned revenue	2,264,000	1,594,000	3,858,000
Capitalized lease obligations, current portion	337,000	—	337,000
Long-term debt obligations, current portion	1,198,000	—	1,198,000
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	110,000	—	110,000
Other liabilities	1,220,000	1,108,000	2,328,000
Total current liabilities	<u>17,426,000</u>	<u>4,087,000</u>	<u>21,513,000</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	2,222,000	49,000	2,271,000
Unearned revenue	—	—	—
Grants refundable	2,366,000	—	2,366,000
Capitalized lease obligations, net of current portion	855,000	—	855,000
Long-term debt obligations, net of current portion	62,293,000	—	62,293,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Other postemployment benefits obligations	2,565,000	1,916,000	4,481,000
Net pension liability	131,997,000	—	131,997,000
Other liabilities	7,000	—	7,000
Total noncurrent liabilities	<u>202,305,000</u>	<u>1,965,000</u>	<u>204,270,000</u>
Total liabilities	<u>219,731,000</u>	<u>6,052,000</u>	<u>225,783,000</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>2,869,000</u>	<u>—</u>	<u>2,869,000</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	82,514,000	2,494,000	85,008,000
Restricted for:			
Nonexpendable – endowments	—	15,455,000	15,455,000
Expendable:			
Scholarships and fellowships	108,000	4,642,000	4,750,000
Research	—	—	—
Loans	45,000	—	45,000
Capital projects	1,496,000	—	1,496,000
Debt service	289,000	—	289,000
Others	—	7,845,000	7,845,000
Unrestricted	(58,123,000)	8,929,000	(49,194,000)
Total net position	<u>\$ 26,329,000</u>	<u>39,365,000</u>	<u>65,694,000</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, BAKERSFIELD

## Statement of Revenue, Expenses, and Changes in Net Position

Year ended June 30, 2016

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenue:				
Operating revenue:				
Student tuition and fees (net of scholarship allowances of \$35,419,000)	\$ 27,656,000	5,915,000	(2,583,000)	30,988,000
Grants and contracts, noncapital:				
Federal	2,657,000	5,767,000	—	8,424,000
State	505,000	118,000	—	623,000
Local	171,000	346,000	—	517,000
Nongovernmental	292,000	721,000	—	1,013,000
Sales and services of educational activities	2,389,000	—	(205,000)	2,184,000
Sales and services of auxiliary enterprises (net of scholarship allowances of \$1,136,000)	6,025,000	327,000	—	6,352,000
Other operating revenue	409,000	4,942,000	(459,000)	4,892,000
Total operating revenue	<u>40,104,000</u>	<u>18,136,000</u>	<u>(3,247,000)</u>	<u>54,993,000</u>
Expenses:				
Operating expenses:				
Instruction	45,221,000	316,000	(1,250,000)	44,287,000
Research	1,250,000	426,000	—	1,676,000
Public service	414,000	2,699,000	(46,000)	3,067,000
Academic support	17,356,000	565,000	(20,000)	17,901,000
Student services	19,574,000	7,705,000	(3,196,000)	24,083,000
Institutional support	14,222,000	5,709,000	—	19,931,000
Operation and maintenance of plant	12,207,000	115,000	—	12,322,000
Student grants and scholarships	22,058,000	3,416,000	—	25,474,000
Auxiliary enterprise expenses	5,621,000	—	—	5,621,000
Depreciation and amortization	9,190,000	235,000	—	9,425,000
Total operating expenses	<u>147,113,000</u>	<u>21,186,000</u>	<u>(4,512,000)</u>	<u>163,787,000</u>
Operating income (loss)	<u>(107,009,000)</u>	<u>(3,050,000)</u>	<u>1,265,000</u>	<u>(108,794,000)</u>
Nonoperating revenue (expenses):				
State appropriations, noncapital	61,205,000	—	—	61,205,000
Federal financial aid grants, noncapital	24,831,000	—	—	24,831,000
State financial aid grants, noncapital	15,507,000	—	—	15,507,000
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	470,000	—	(5,000)	465,000
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	1,753,000	5,818,000	(828,000)	6,743,000
Investment income (loss), net	859,000	(298,000)	—	561,000
Endowment income (loss)	—	(1,098,000)	—	(1,098,000)
Interest expense	(2,446,000)	(1,000)	—	(2,447,000)
Other nonoperating revenue (expenses)	9,503,000	—	—	9,503,000
Net nonoperating revenue (expenses)	<u>111,682,000</u>	<u>4,421,000</u>	<u>(833,000)</u>	<u>115,270,000</u>
Income before other revenue (expenses)	4,673,000	1,371,000	432,000	6,476,000
State appropriations, capital	1,000,000	—	—	1,000,000
Grants and gifts, capital	468,000	—	(432,000)	36,000
Additions (reductions) to permanent endowments	—	593,000	—	593,000
Increase (decrease) in net position	<u>6,141,000</u>	<u>1,964,000</u>	<u>—</u>	<u>8,105,000</u>
Net position:				
Net position at beginning of year	20,188,000	37,401,000	—	57,589,000
Net position at end of year	<u>\$ 26,329,000</u>	<u>39,365,000</u>	<u>—</u>	<u>65,694,000</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, BAKERSFIELD

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 25,878,000
Federal grants and contracts	3,637,000
State grants and contracts	505,000
Local grants and contracts	171,000
Nongovernmental grants and contracts	292,000
Payments to suppliers	(24,609,000)
Payments to employees	(91,103,000)
Payments to students	(22,068,000)
Collections of student loans	—
Sales and services of educational activities	2,389,000
Sales and services of auxiliary enterprises	5,960,000
Other receipts	1,731,000
	<u>(97,217,000)</u>
Cash flows from noncapital financing activities:	
State appropriations	61,205,000
Federal financial aid grants	24,831,000
State financial aid grants	15,507,000
Nongovernmental and other financial aid grants	470,000
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	1,753,000
Federal loan program receipts	29,186,000
Federal loan program disbursements	(29,025,000)
Monies received on behalf of others	4,985,000
Monies disbursed on behalf of others	(4,971,000)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	8,616,000
	<u>112,557,000</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	20,225,000
State appropriations	536,000
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	407,000
Proceeds from sale of capital assets	16,000
Acquisition of capital assets	(7,985,000)
Transfers to escrow agent	(20,621,000)
Principal paid on capital debt and leases	(1,826,000)
Interest paid on capital debt and leases	(2,120,000)
Principal collection on capital leases	—
Interest collection on capital leases	—
	<u>(11,368,000)</u>

## CALIFORNIA STATE UNIVERSITY, BAKERSFIELD

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 180,615,000
Purchases of investments	(185,623,000)
Investment income proceeds	654,000
	<u>(4,354,000)</u>
Net cash used in investing activities	(382,000)
Cash and cash equivalents at beginning of year	388,000
Cash and cash equivalents at end of year	<u>\$ 6,000</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 6,000
Restricted cash and cash equivalents	—
Total cash and cash equivalents at end of year	<u>\$ 6,000</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (107,009,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	9,190,000
Change in assets and liabilities:	
Accounts receivable, net	126,000
Student loans receivable, net	(9,000)
Prepaid expenses and other current assets	(18,000)
Other assets	(1,000)
Deferred outflows of resources	(5,079,000)
Accounts payable	742,000
Accrued salaries and benefits	637,000
Accrued compensated absences	265,000
Unearned revenue	170,000
Other postemployment benefits obligations	486,000
Net pension liability	21,967,000
Other liabilities	117,000
Deferred inflows of resources	(18,801,000)
Net cash used in operating activities	<u>\$ (97,217,000)</u>
Supplemental schedule of noncash transactions:	
Change in accrued capital asset purchases	\$ 913,000
Reclassification of long-term debt to capitalized lease obligations	735,000
Acquisition of capital assets through long-term debt	251,000
Capital assets paid by the Office of the Chancellor	245,000
Amortization of net bond premium	190,000
Contributed capital assets	60,000
Acquisition of capital assets through capitalized lease obligations	98,000
Amortization of loss on debt refundings	15,000

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, BAKERSFIELD

## Transactions with Related Entities

Year ended June 30, 2016

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 3,638,000
Payments from discretely presented component units for other than salaries	7,791,000
Payments to discretely presented component units for services, space, and programs	2,646,000
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	—
Accounts receivable from discretely presented component units	1,176,000
Other amounts receivable from discretely presented component units	49,000
Accounts payable to discretely presented component units	—
Other amounts payable to discretely presented component units	(279,000)
Payments to the Office of the Chancellor for administrative activities	215,000
Payments to the Office of the Chancellor for state pro rata charges	142,000
Accounts receivable from the Office of the Chancellor	1,548,000
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	(1,000)
State lottery allocation received	733,000

See accompanying independent auditors' report.



## CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS

## Statement of Net Position

June 30, 2016

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 5,000	5,338,000	5,343,000
Short-term investments	56,268,000	1,301,000	57,569,000
Accounts receivable, net	8,881,000	6,018,000	14,899,000
Capital lease receivable, current portion	1,945,000	—	1,945,000
Notes receivable, current portion	1,295,000	—	1,295,000
Pledges receivable, net	—	1,014,000	1,014,000
Prepaid expenses and other current assets	1,898,000	125,000	2,023,000
Total current assets	<u>70,292,000</u>	<u>13,796,000</u>	<u>84,088,000</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	9,347,000	9,347,000
Accounts receivable, net	2,052,000	—	2,052,000
Capital lease receivable, net of current portion	131,545,000	—	131,545,000
Notes receivable, net of current portion	55,015,000	—	55,015,000
Student loans receivable, net	—	—	—
Pledges receivable, net	—	1,408,000	1,408,000
Endowment investments	—	12,160,000	12,160,000
Other long-term investments	18,715,000	2,470,000	21,185,000
Capital assets, net	380,508,000	102,023,000	482,531,000
Other assets	4,039,000	4,953,000	8,992,000
Total noncurrent assets	<u>591,874,000</u>	<u>132,361,000</u>	<u>724,235,000</u>
Total assets	<u>662,166,000</u>	<u>146,157,000</u>	<u>808,323,000</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	24,268,000	—	24,268,000
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	8,786,000	1,502,000	10,288,000
Accrued salaries and benefits	1,729,000	147,000	1,876,000
Accrued compensated absences, current portion	2,096,000	16,000	2,112,000
Unearned revenue	2,157,000	58,000	2,215,000
Capitalized lease obligations, current portion	2,286,000	1,945,000	4,231,000
Long-term debt obligations, current portion	4,999,000	1,307,000	6,306,000
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	—	334,000	334,000
Other liabilities	8,716,000	5,757,000	14,473,000
Total current liabilities	<u>30,769,000</u>	<u>11,066,000</u>	<u>41,835,000</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	3,143,000	164,000	3,307,000
Unearned revenue	—	—	—
Grants refundable	—	—	—
Capitalized lease obligations, net of current portion	2,144,000	131,694,000	133,838,000
Long-term debt obligations, net of current portion	330,321,000	55,241,000	385,562,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	97,000	97,000
Other postemployment benefits obligations	1,219,000	—	1,219,000
Net pension liability	124,856,000	—	124,856,000
Other liabilities	—	478,000	478,000
Total noncurrent liabilities	<u>461,683,000</u>	<u>187,674,000</u>	<u>649,357,000</u>
Total liabilities	<u>492,452,000</u>	<u>198,740,000</u>	<u>691,192,000</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	2,708,000	—	2,708,000
<b>Net Position</b>			
Net position:			
Net investment in capital assets	196,555,000	(26,901,000)	169,654,000
Restricted for:			
Nonexpendable – endowments	—	6,834,000	6,834,000
Expendable:			
Scholarships and fellowships	—	1,294,000	1,294,000
Research	—	16,000	16,000
Loans	18,000	—	18,000
Capital projects	595,000	35,000	630,000
Debt service	2,670,000	6,000	2,676,000
Others	456,000	17,029,000	17,485,000
Unrestricted	(9,020,000)	(50,896,000)	(59,916,000)
Total net position	<u>\$ 191,274,000</u>	<u>(52,583,000)</u>	<u>138,691,000</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS

## Statement of Revenue, Expenses, and Changes in Net Position

Year ended June 30, 2016

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenue:				
Operating revenue:				
Student tuition and fees (net of scholarship allowances of \$15,372,000)	\$ 29,797,000	1,719,000	—	31,516,000
Grants and contracts, noncapital:				
Federal	3,265,000	—	—	3,265,000
State	1,289,000	—	—	1,289,000
Local	12,000	—	—	12,000
Nongovernmental	698,000	—	—	698,000
Sales and services of educational activities	—	—	—	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$3,749,000)	12,495,000	—	—	12,495,000
Other operating revenue	3,122,000	27,421,000	—	30,543,000
Total operating revenue	<u>50,678,000</u>	<u>29,140,000</u>	<u>—</u>	<u>79,818,000</u>
Expenses:				
Operating expenses:				
Instruction	29,416,000	896,000	(1,785,000)	28,527,000
Research	664,000	161,000	—	825,000
Public service	552,000	3,510,000	—	4,062,000
Academic support	23,159,000	1,815,000	—	24,974,000
Student services	16,747,000	1,236,000	—	17,983,000
Institutional support	11,672,000	3,418,000	—	15,090,000
Operation and maintenance of plant	23,025,000	69,000	—	23,094,000
Student grants and scholarships	14,893,000	420,000	—	15,313,000
Auxiliary enterprise expenses	8,725,000	13,651,000	—	22,376,000
Depreciation and amortization	12,410,000	4,946,000	—	17,356,000
Total operating expenses	<u>141,263,000</u>	<u>30,122,000</u>	<u>(1,785,000)</u>	<u>169,600,000</u>
Operating income (loss)	<u>(90,585,000)</u>	<u>(982,000)</u>	<u>1,785,000</u>	<u>(89,782,000)</u>
Nonoperating revenue (expenses):				
State appropriations, noncapital	71,621,000	—	—	71,621,000
Federal financial aid grants, noncapital	14,542,000	—	—	14,542,000
State financial aid grants, noncapital	10,223,000	—	—	10,223,000
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	—	115,000	—	115,000
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	36,000	3,225,000	(36,000)	3,225,000
Investment income (loss), net	796,000	(87,000)	—	709,000
Endowment income (loss)	—	—	—	—
Interest expense	(15,115,000)	(6,551,000)	—	(21,666,000)
Other nonoperating revenue (expenses)	13,536,000	3,558,000	—	17,094,000
Net nonoperating revenue (expenses)	<u>95,639,000</u>	<u>260,000</u>	<u>(36,000)</u>	<u>95,863,000</u>
Income (loss) before other revenue (expenses)	5,054,000	(722,000)	1,749,000	6,081,000
State appropriations, capital	1,125,000	—	—	1,125,000
Grants and gifts, capital	1,749,000	—	(1,749,000)	—
Additions (reductions) to permanent endowments	—	497,000	—	497,000
Increase (decrease) in net position	7,928,000	(225,000)	—	7,703,000
Net position:				
Net position at beginning of year	183,346,000	(52,358,000)	—	130,988,000
Net position at end of year	<u>\$ 191,274,000</u>	<u>(52,583,000)</u>	<u>—</u>	<u>138,691,000</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 29,816,000
Federal grants and contracts	3,895,000
State grants and contracts	1,194,000
Local grants and contracts	204,000
Nongovernmental grants and contracts	834,000
Payments to suppliers	(25,598,000)
Payments to employees	(90,063,000)
Payments to students	(14,852,000)
Collections of student loans	—
Sales and services of educational activities	—
Sales and services of auxiliary enterprises	12,482,000
Other payments	(1,700,000)
	<u>(83,788,000)</u>
Net cash used in operating activities	
Cash flows from noncapital financing activities:	
State appropriations	71,601,000
Federal financial aid grants	14,536,000
State financial aid grants	10,207,000
Nongovernmental and other financial aid grants	1,000
Other federal nonoperating grants	179,000
Gifts and grants received for other than capital purposes	36,000
Federal loan program receipts	—
Federal loan program disbursements	—
Monies received on behalf of others	—
Monies disbursed on behalf of others	(60,000)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	(6,606,000)
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	1,715,000
Interest collections on capital leases	6,606,000
Principal collections on notes receivable	945,000
Interest collections on notes receivable	2,810,000
Other noncapital financing activities	12,606,000
	<u>114,576,000</u>
Net cash provided by noncapital financing activities	
Cash flows from capital and related financing activities:	
Proceeds from capital debt	103,269,000
State appropriations	2,153,000
State appropriations – SPWB Lease Revenue Bond program	6,234,000
Capital grants and gifts	—
Proceeds from sale of capital assets	2,000
Acquisition of capital assets	(49,855,000)
Transfers to escrow agent	(32,134,000)
Principal paid on capital debt and leases	(49,333,000)
Interest paid on capital debt and leases	(18,074,000)
Principal collection on capital leases	—
Interest collection on capital leases	24,000
	<u>(37,714,000)</u>
Net cash used in capital and related financing activities	

## CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 405,346,000
Purchases of investments	(399,069,000)
Investment income proceeds	649,000
Net cash provided by investing activities	<u>6,926,000</u>
Net increase (decrease) in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>5,000</u>
Cash and cash equivalents at end of year	<u>\$ 5,000</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 5,000
Restricted cash and cash equivalents	—
Total cash and cash equivalents at end of year	<u>\$ 5,000</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (90,585,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	12,410,000
Change in assets and liabilities:	
Accounts receivable, net	(3,188,000)
Student loans receivable, net	—
Prepaid expenses and other current assets	(855,000)
Other assets	—
Deferred outflows of resources	(8,142,000)
Accounts payable	530,000
Accrued salaries and benefits	(2,566,000)
Accrued compensated absences	(120,000)
Unearned revenue	(338,000)
Other postemployment benefits obligations	721,000
Net pension liability	24,587,000
Other liabilities	774,000
Deferred inflows of resources	<u>(17,016,000)</u>
Net cash used in operating activities	<u>\$ (83,788,000)</u>
Supplemental schedule of noncash transactions:	
Contributed capital assets	\$ 1,749,000
Amortization of net bond premium	988,000
Change in accrued capital asset purchases	780,000
Capital assets paid by the Office of the Chancellor	517,000
Amortization of loss on debt refundings	215,000

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS

## Transactions with Related Entities

Year ended June 30, 2016

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 805,000
Payments from discretely presented component units for other than salaries	10,657,000
Payments to discretely presented component units for services, space, and programs	3,622,000
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	—
Accounts receivable from discretely presented component units	3,730,000
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(2,028,000)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	125,000
Payments to the Office of the Chancellor for state pro rata charges	20,000
Accounts receivable from the Office of the Chancellor	1,086,000
Accounts payable to the Office of the Chancellor	(1,000)
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	236,000

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, CHICO

## Statement of Net Position

June 30, 2016

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 3,000	6,511,000	6,514,000
Short-term investments	106,237,000	18,461,000	124,698,000
Accounts receivable, net	5,698,000	8,833,000	14,531,000
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	—	—
Prepaid expenses and other current assets	2,054,000	689,000	2,743,000
Total current assets	<u>113,992,000</u>	<u>34,494,000</u>	<u>148,486,000</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	1,741,000	1,741,000
Accounts receivable, net	4,933,000	—	4,933,000
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	750,000	750,000
Student loans receivable, net	3,999,000	556,000	4,555,000
Pledges receivable, net	—	3,284,000	3,284,000
Endowment investments	—	49,138,000	49,138,000
Other long-term investments	33,698,000	27,561,000	61,259,000
Capital assets, net	306,703,000	14,034,000	320,737,000
Other assets	7,000	294,000	301,000
Total noncurrent assets	<u>349,340,000</u>	<u>97,358,000</u>	<u>446,698,000</u>
Total assets	<u>463,332,000</u>	<u>131,852,000</u>	<u>595,184,000</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>39,336,000</u>	<u>—</u>	<u>39,336,000</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	8,982,000	2,541,000	11,523,000
Accrued salaries and benefits	13,458,000	1,862,000	15,320,000
Accrued compensated absences, current portion	4,719,000	287,000	5,006,000
Unearned revenue	6,561,000	1,840,000	8,401,000
Capitalized lease obligations, current portion	—	—	—
Long-term debt obligations, current portion	4,060,000	138,000	4,198,000
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	195,000	—	195,000
Other liabilities	1,699,000	627,000	2,326,000
Total current liabilities	<u>39,674,000</u>	<u>7,295,000</u>	<u>46,969,000</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	2,848,000	105,000	2,953,000
Unearned revenue	—	3,148,000	3,148,000
Grants refundable	6,281,000	—	6,281,000
Capitalized lease obligations, net of current portion	—	—	—
Long-term debt obligations, net of current portion	148,281,000	2,752,000	151,033,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	556,000	211,000	767,000
Other postemployment benefits obligations	7,286,000	1,706,000	8,992,000
Net pension liability	248,309,000	—	248,309,000
Other liabilities	—	261,000	261,000
Total noncurrent liabilities	<u>413,561,000</u>	<u>8,183,000</u>	<u>421,744,000</u>
Total liabilities	<u>453,235,000</u>	<u>15,478,000</u>	<u>468,713,000</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>5,406,000</u>	<u>—</u>	<u>5,406,000</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	165,057,000	11,144,000	176,201,000
Restricted for:			
Nonexpendable – endowments	—	51,157,000	51,157,000
Expendable:			
Scholarships and fellowships	3,000	2,047,000	2,050,000
Research	—	1,079,000	1,079,000
Loans	35,000	606,000	641,000
Capital projects	3,313,000	735,000	4,048,000
Debt service	3,000	—	3,000
Others	4,000	14,158,000	14,162,000
Unrestricted	<u>(124,388,000)</u>	<u>35,448,000</u>	<u>(88,940,000)</u>
Total net position	<u>\$ 44,027,000</u>	<u>116,374,000</u>	<u>160,401,000</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, CHICO

## Statement of Revenue, Expenses, and Changes in Net Position

Year ended June 30, 2016

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenue:				
Operating revenue:				
Student tuition and fees (net of scholarship allowances of \$54,265,000)	\$ 72,939,000	7,087,000	—	80,026,000
Grants and contracts, noncapital:				
Federal	—	19,063,000	—	19,063,000
State	13,000	5,296,000	—	5,309,000
Local	—	1,476,000	—	1,476,000
Nongovernmental	10,000	2,139,000	—	2,149,000
Sales and services of educational activities	145,000	5,004,000	—	5,149,000
Sales and services of auxiliary enterprises (net of scholarship allowances of \$3,130,000)	22,688,000	13,208,000	—	35,896,000
Other operating revenue	6,289,000	3,215,000	(193,000)	9,311,000
Total operating revenue	<u>102,084,000</u>	<u>56,488,000</u>	<u>(193,000)</u>	<u>158,379,000</u>
Expenses:				
Operating expenses:				
Instruction	93,637,000	4,000,000	(75,000)	97,562,000
Research	1,043,000	1,536,000	—	2,579,000
Public service	1,107,000	20,375,000	—	21,482,000
Academic support	26,334,000	5,686,000	(209,000)	31,811,000
Student services	24,775,000	5,044,000	(188,000)	29,631,000
Institutional support	27,383,000	8,105,000	(252,000)	35,236,000
Operation and maintenance of plant	25,252,000	2,875,000	(200,000)	27,927,000
Student grants and scholarships	33,055,000	1,894,000	(1,736,000)	33,213,000
Auxiliary enterprise expenses	18,180,000	11,919,000	(50,000)	30,049,000
Depreciation and amortization	16,226,000	1,699,000	—	17,925,000
Total operating expenses	<u>266,992,000</u>	<u>63,133,000</u>	<u>(2,710,000)</u>	<u>327,415,000</u>
Operating income (loss)	<u>(164,908,000)</u>	<u>(6,645,000)</u>	<u>2,517,000</u>	<u>(169,036,000)</u>
Nonoperating revenue (expenses):				
State appropriations, noncapital	102,870,000	—	—	102,870,000
Federal financial aid grants, noncapital	37,287,000	—	—	37,287,000
State financial aid grants, noncapital	23,019,000	—	—	23,019,000
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	1,908,000	—	(1,841,000)	67,000
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	379,000	4,151,000	(376,000)	4,154,000
Investment income (loss), net	1,799,000	611,000	—	2,410,000
Endowment income (loss)	—	(594,000)	—	(594,000)
Interest expense	(7,211,000)	(99,000)	—	(7,310,000)
Other nonoperating revenue (expenses)	6,153,000	1,918,000	—	8,071,000
Net nonoperating revenue (expenses)	<u>166,204,000</u>	<u>5,987,000</u>	<u>(2,217,000)</u>	<u>169,974,000</u>
Income (loss) before other revenue (expenses)	1,296,000	(658,000)	300,000	938,000
State appropriations, capital	1,023,000	—	—	1,023,000
Grants and gifts, capital	322,000	497,000	(300,000)	519,000
Additions (reductions) to permanent endowments	—	2,053,000	—	2,053,000
Increase (decrease) in net position	2,641,000	1,892,000	—	4,533,000
Net position:				
Net position at beginning of year	41,386,000	114,482,000	—	155,868,000
Net position at end of year	<u>\$ 44,027,000</u>	<u>116,374,000</u>	<u>—</u>	<u>160,401,000</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, CHICO

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 73,332,000
Federal grants and contracts	—
State grants and contracts	14,000
Local grants and contracts	—
Nongovernmental grants and contracts	10,000
Payments to suppliers	(45,741,000)
Payments to employees	(172,118,000)
Payments to students	(33,059,000)
Collections of student loans	—
Sales and services of educational activities	145,000
Sales and services of auxiliary enterprises	22,831,000
Other receipts	6,196,000
	<u>(148,390,000)</u>
Net cash used in operating activities	
Cash flows from noncapital financing activities:	
State appropriations	102,870,000
Federal financial aid grants	37,287,000
State financial aid grants	23,061,000
Nongovernmental and other financial aid grants	1,906,000
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	381,000
Federal loan program receipts	57,647,000
Federal loan program disbursements	(58,152,000)
Monies received on behalf of others	8,841,000
Monies disbursed on behalf of others	(8,862,000)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	3,784,000
	<u>168,763,000</u>
Net cash provided by noncapital financing activities	
Cash flows from capital and related financing activities:	
Proceeds from capital debt	119,799,000
State appropriations	2,656,000
State appropriations – SPWB Lease Revenue Bond program	13,928,000
Capital grants and gifts	300,000
Proceeds from sale of capital assets	29,000
Acquisition of capital assets	(23,870,000)
Transfers to escrow agent	(122,177,000)
Principal paid on capital debt and leases	(3,927,000)
Interest paid on capital debt and leases	(4,754,000)
Principal collection on capital leases	—
Interest collection on capital leases	—
	<u>(18,016,000)</u>
Net cash used in capital and related financing activities	



## CALIFORNIA STATE UNIVERSITY, CHICO

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 353,813,000
Purchases of investments	(357,586,000)
Investment income proceeds	1,415,000
Net cash used in investing activities	<u>(2,358,000)</u>
Net decrease in cash and cash equivalents	(1,000)
Cash and cash equivalents at beginning of year	<u>4,000</u>
Cash and cash equivalents at end of year	<u>\$ 3,000</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 3,000
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 3,000</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (164,908,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	16,226,000
Change in assets and liabilities:	
Accounts receivable, net	374,000
Student loans receivable, net	(6,000)
Prepaid expenses and other current assets	(403,000)
Other assets	(1,000)
Deferred outflows of resources	(4,571,000)
Accounts payable	1,597,000
Accrued salaries and benefits	1,194,000
Accrued compensated absences	339,000
Unearned revenue	4,000
Other postemployment benefits obligations	1,194,000
Net pension liability	36,922,000
Other liabilities	(90,000)
Deferred inflows of resources	<u>(36,261,000)</u>
Net cash used in operating activities	<u>\$ (148,390,000)</u>
Supplemental schedule of noncash transactions:	
Capital assets paid by the Office of the Chancellor	\$ 309,000
Amortization of net bond premium	296,000
Amortization of loss on debt refundings	135,000
Change in accrued capital asset purchases	61,000
Contributed capital assets	22,000
Gifts in kind	2,000

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, CHICO

## Transactions with Related Entities

Year ended June 30, 2016

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 2,729,000
Payments from discretely presented component units for other than salaries	5,038,000
Payments to discretely presented component units for services, space, and programs	14,396,000
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	911,000
Accounts receivable from discretely presented component units	519,000
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(265,000)
Other amounts payable to discretely presented component units	(661,000)
Payments to the Office of the Chancellor for administrative activities	499,000
Payments to the Office of the Chancellor for state pro rata charges	357,000
Accounts receivable from the Office of the Chancellor	2,423,000
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	1,436,000

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS

## Statement of Net Position

June 30, 2016

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 2,000	12,734,000	12,736,000
Short-term investments	70,887,000	4,514,000	75,401,000
Accounts receivable, net	8,641,000	2,645,000	11,286,000
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	—	—
Prepaid expenses and other current assets	706,000	42,000	748,000
Total current assets	<u>80,236,000</u>	<u>19,935,000</u>	<u>100,171,000</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	—	—
Accounts receivable, net	825,000	285,000	1,110,000
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	950,000	—	950,000
Pledges receivable, net	—	—	—
Endowment investments	—	9,009,000	9,009,000
Other long-term investments	2,929,000	9,266,000	12,195,000
Capital assets, net	148,852,000	1,092,000	149,944,000
Other assets	4,000	—	4,000
Total noncurrent assets	<u>153,560,000</u>	<u>19,652,000</u>	<u>173,212,000</u>
Total assets	<u>233,796,000</u>	<u>39,587,000</u>	<u>273,383,000</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>25,665,000</u>	<u>49,000</u>	<u>25,714,000</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	3,145,000	427,000	3,572,000
Accrued salaries and benefits	9,419,000	71,000	9,490,000
Accrued compensated absences, current portion	3,062,000	232,000	3,294,000
Unearned revenue	11,074,000	403,000	11,477,000
Capitalized lease obligations, current portion	621,000	—	621,000
Long-term debt obligations, current portion	1,285,000	10,000	1,295,000
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	105,000	—	105,000
Other liabilities	1,629,000	14,000	1,643,000
Total current liabilities	<u>30,340,000</u>	<u>1,157,000</u>	<u>31,497,000</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	3,869,000	65,000	3,934,000
Unearned revenue	—	—	—
Grants refundable	1,226,000	—	1,226,000
Capitalized lease obligations, net of current portion	1,986,000	—	1,986,000
Long-term debt obligations, net of current portion	23,338,000	181,000	23,519,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	7,916,000	7,916,000
Other postemployment benefits obligations	6,311,000	4,622,000	10,933,000
Net pension liability	171,659,000	423,000	172,082,000
Other liabilities	—	199,000	199,000
Total noncurrent liabilities	<u>208,389,000</u>	<u>13,406,000</u>	<u>221,795,000</u>
Total liabilities	<u>238,729,000</u>	<u>14,563,000</u>	<u>253,292,000</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>3,727,000</u>	<u>242,000</u>	<u>3,969,000</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	121,810,000	901,000	122,711,000
Restricted for:			
Nonexpendable – endowments	—	9,009,000	9,009,000
Expendable:			
Scholarships and fellowships	7,000	1,706,000	1,713,000
Research	—	—	—
Loans	177,000	—	177,000
Capital projects	825,000	—	825,000
Debt service	222,000	—	222,000
Others	381,000	6,095,000	6,476,000
Unrestricted	<u>(106,417,000)</u>	<u>7,120,000</u>	<u>(99,297,000)</u>
Total net position	<u>17,005,000</u>	<u>24,831,000</u>	<u>41,836,000</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS

## Statement of Revenue, Expenses, and Changes in Net Position

Year ended June 30, 2016

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenue:				
Operating revenue:				
Student tuition and fees (net of scholarship allowances of \$44,158,000)	\$ 55,443,000	4,265,000	—	59,708,000
Grants and contracts, noncapital:				
Federal	—	12,181,000	—	12,181,000
State	—	1,343,000	—	1,343,000
Local	—	—	—	—
Nongovernmental	—	383,000	—	383,000
Sales and services of educational activities	222,000	4,000	—	226,000
Sales and services of auxiliary enterprises (net of scholarship allowances of \$0)	8,071,000	5,363,000	—	13,434,000
Other operating revenue	2,460,000	832,000	—	3,292,000
Total operating revenue	<u>66,196,000</u>	<u>24,371,000</u>	<u>—</u>	<u>90,567,000</u>
Expenses:				
Operating expenses:				
Instruction	70,057,000	5,881,000	—	75,938,000
Research	13,000	3,625,000	—	3,638,000
Public service	163,000	—	—	163,000
Academic support	18,381,000	1,634,000	—	20,015,000
Student services	23,280,000	4,521,000	(379,000)	27,422,000
Institutional support	23,998,000	1,332,000	—	25,330,000
Operation and maintenance of plant	15,550,000	—	—	15,550,000
Student grants and scholarships	43,492,000	822,000	—	44,314,000
Auxiliary enterprise expenses	5,997,000	7,597,000	—	13,594,000
Depreciation and amortization	9,063,000	158,000	—	9,221,000
Total operating expenses	<u>209,994,000</u>	<u>25,570,000</u>	<u>(379,000)</u>	<u>235,185,000</u>
Operating income (loss)	<u>(143,798,000)</u>	<u>(1,199,000)</u>	<u>379,000</u>	<u>(144,618,000)</u>
Nonoperating revenue (expenses):				
State appropriations, noncapital	74,281,000	—	—	74,281,000
Federal financial aid grants, noncapital	36,693,000	—	—	36,693,000
State financial aid grants, noncapital	20,537,000	—	—	20,537,000
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	972,000	—	—	972,000
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	278,000	1,993,000	(278,000)	1,993,000
Investment income (loss), net	929,000	(654,000)	—	275,000
Endowment income (loss)	—	(861,000)	—	(861,000)
Interest expense	(948,000)	(9,000)	—	(957,000)
Other nonoperating revenue (expenses)	5,808,000	(6,000)	—	5,802,000
Net nonoperating revenue (expenses)	<u>138,550,000</u>	<u>463,000</u>	<u>(278,000)</u>	<u>138,735,000</u>
Income (loss) before other revenue (expenses)	<u>(5,248,000)</u>	<u>(736,000)</u>	<u>101,000</u>	<u>(5,883,000)</u>
State appropriations, capital	825,000	—	—	825,000
Grants and gifts, capital	101,000	—	(101,000)	—
Additions (reductions) to permanent endowments	—	—	—	—
Increase (decrease) in net position	<u>(4,322,000)</u>	<u>(736,000)</u>	<u>—</u>	<u>(5,058,000)</u>
Net position:				
Net position at beginning of year	21,327,000	25,567,000	—	46,894,000
Net position at end of year	<u>\$ 17,005,000</u>	<u>24,831,000</u>	<u>—</u>	<u>41,836,000</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS

## Statement of Cash Flows

Year ended June 30, 2016

Campus

Cash flows from operating activities:	
Student tuition and fees	\$ 54,368,000
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(29,351,000)
Payments to employees	(127,296,000)
Payments to students	(43,347,000)
Collections of student loans	83,000
Sales and services of educational activities	222,000
Sales and services of auxiliary enterprises	8,074,000
Other receipts	2,350,000
Net cash used in operating activities	<u>(134,897,000)</u>
Cash flows from noncapital financing activities:	
State appropriations	74,281,000
Federal financial aid grants	36,597,000
State financial aid grants	20,188,000
Nongovernmental and other financial aid grants	972,000
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	278,000
Federal loan program receipts	52,625,000
Federal loan program disbursements	(52,615,000)
Monies received on behalf of others	—
Monies disbursed on behalf of others	—
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	5,398,000
Net cash provided by noncapital financing activities	<u>137,724,000</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	3,670,000
State appropriations	—
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	—
Proceeds from sale of capital assets	244,000
Acquisition of capital assets	(1,250,000)
Transfers to escrow agent	(3,662,000)
Principal paid on capital debt and leases	(1,852,000)
Interest paid on capital debt and leases	(1,105,000)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash used in capital and related financing activities	<u>(3,955,000)</u>

## CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 235,865,000
Purchases of investments	(235,464,000)
Investment income proceeds	727,000
	<u>1,128,000</u>
Net cash provided by investing activities	—
Net increase (decrease) in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>2,000</u>
Cash and cash equivalents at end of year	<u>\$ 2,000</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 2,000
Restricted cash and cash equivalents	—
Total cash and cash equivalents at end of year	<u>\$ 2,000</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (143,798,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	9,063,000
Change in assets and liabilities:	
Accounts receivable, net	(1,256,000)
Student loans receivable, net	(11,000)
Prepaid expenses and other current assets	(237,000)
Other assets	—
Deferred outflows of resources	(9,498,000)
Accounts payable	(401,000)
Accrued salaries and benefits	872,000
Accrued compensated absences	455,000
Unearned revenue	149,000
Other postemployment benefits obligations	1,523,000
Net pension liability	31,791,000
Other liabilities	254,000
Deferred inflows of resources	<u>(23,803,000)</u>
Net cash used in operating activities	<u>\$ (134,897,000)</u>
Supplemental schedule of noncash transactions:	
Acquisition of capital assets through capitalized lease obligations	\$ 2,786,000
Capital assets paid by the Office of the Chancellor	410,000
Amortization of net bond premium	243,000
Contributed capital assets	101,000
Amortization of loss on debt refundings	38,000
Change in accrued capital asset purchases	(225,000)

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS

## Transactions with Related Entities

Year ended June 30, 2016

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 724,000
Payments from discretely presented component units for other than salaries	3,710,000
Payments to discretely presented component units for services, space, and programs	746,000
Gifts in kind from discretely presented component units	23,000
Gifts (cash or assets) from discretely presented component units	373,000
Accounts receivable from discretely presented component units	243,000
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(36,000)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	110,000
Payments to the Office of the Chancellor for state pro rata charges	432,000
Accounts receivable from the Office of the Chancellor	772,000
Accounts payable to the Office of the Chancellor	(1,000)
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	1,191,000

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, EAST BAY

## Statement of Net Position

June 30, 2016

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 17,000	2,252,000	2,269,000
Short-term investments	99,309,000	31,740,000	131,049,000
Accounts receivable, net	8,622,000	4,228,000	12,850,000
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	781,000	781,000
Prepaid expenses and other current assets	945,000	46,000	991,000
Total current assets	<u>108,893,000</u>	<u>39,047,000</u>	<u>147,940,000</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	—	—
Accounts receivable, net	1,506,000	—	1,506,000
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	2,708,000	—	2,708,000
Pledges receivable, net	—	1,257,000	1,257,000
Endowment investments	—	10,226,000	10,226,000
Other long-term investments	598,000	—	598,000
Capital assets, net	245,392,000	4,451,000	249,843,000
Other assets	(2,000)	194,000	192,000
Total noncurrent assets	<u>250,202,000</u>	<u>16,128,000</u>	<u>266,330,000</u>
Total assets	<u>359,095,000</u>	<u>55,175,000</u>	<u>414,270,000</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	40,775,000	294,000	41,069,000
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	6,341,000	3,080,000	9,421,000
Accrued salaries and benefits	10,958,000	179,000	11,137,000
Accrued compensated absences, current portion	5,549,000	28,000	5,577,000
Unearned revenue	6,215,000	1,553,000	7,768,000
Capitalized lease obligations, current portion	737,000	—	737,000
Long-term debt obligations, current portion	2,565,000	215,000	2,780,000
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	319,000	5,860,000	6,179,000
Other liabilities	1,180,000	20,000	1,200,000
Total current liabilities	<u>33,864,000</u>	<u>10,935,000</u>	<u>44,799,000</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	3,125,000	—	3,125,000
Unearned revenue	—	—	—
Grants refundable	2,926,000	—	2,926,000
Capitalized lease obligations, net of current portion	3,041,000	—	3,041,000
Long-term debt obligations, net of current portion	104,202,000	2,377,000	106,579,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Other postemployment benefits obligations	4,659,000	1,543,000	6,202,000
Net pension liability	234,042,000	3,801,000	237,843,000
Other liabilities	79,000	—	79,000
Total noncurrent liabilities	<u>352,074,000</u>	<u>7,721,000</u>	<u>359,795,000</u>
Total liabilities	<u>385,938,000</u>	<u>18,656,000</u>	<u>404,594,000</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	5,094,000	108,000	5,202,000
<b>Net Position</b>			
Net position:			
Net investment in capital assets	137,988,000	1,841,000	139,829,000
Restricted for:			
Nonexpendable – endowments	—	10,226,000	10,226,000
Expendable:			
Scholarships and fellowships	875,000	1,998,000	2,873,000
Research	—	—	—
Loans	484,000	—	484,000
Capital projects	1,535,000	2,508,000	4,043,000
Debt service	9,000	—	9,000
Others	1,150,000	3,907,000	5,057,000
Unrestricted	(133,203,000)	16,225,000	(116,978,000)
Total net position	<u>8,838,000</u>	<u>36,705,000</u>	<u>45,543,000</u>

See accompanying independent auditors' report.



## CALIFORNIA STATE UNIVERSITY, EAST BAY

## Statement of Revenue, Expenses, and Changes in Net Position

Year ended June 30, 2016

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenue:				
Operating revenue:				
Student tuition and fees (net of scholarship allowances of \$49,664,000)	\$ 86,128,000	1,898,000	—	88,026,000
Grants and contracts, noncapital:				
Federal	—	11,342,000	—	11,342,000
State	—	806,000	—	806,000
Local	69,000	—	—	69,000
Nongovernmental	28,000	2,145,000	—	2,173,000
Sales and services of educational activities	161,000	—	—	161,000
Sales and services of auxiliary enterprises (net of scholarship allowances of \$4,621,000)	11,565,000	—	—	11,565,000
Other operating revenue	11,433,000	846,000	—	12,279,000
Total operating revenue	<u>109,384,000</u>	<u>17,037,000</u>	<u>—</u>	<u>126,421,000</u>
Expenses:				
Operating expenses:				
Instruction	75,045,000	4,830,000	—	79,875,000
Research	1,387,000	1,797,000	—	3,184,000
Public service	2,726,000	6,458,000	—	9,184,000
Academic support	42,986,000	409,000	—	43,395,000
Student services	31,967,000	799,000	—	32,766,000
Institutional support	22,074,000	—	—	22,074,000
Operation and maintenance of plant	23,547,000	—	—	23,547,000
Student grants and scholarships	19,163,000	116,000	—	19,279,000
Auxiliary enterprise expenses	17,439,000	2,642,000	(1,619,000)	18,462,000
Depreciation and amortization	13,480,000	159,000	—	13,639,000
Total operating expenses	<u>249,814,000</u>	<u>17,210,000</u>	<u>(1,619,000)</u>	<u>265,405,000</u>
Operating income (loss)	<u>(140,430,000)</u>	<u>(173,000)</u>	<u>1,619,000</u>	<u>(138,984,000)</u>
Nonoperating revenue (expenses):				
State appropriations, noncapital	87,531,000	—	—	87,531,000
Federal financial aid grants, noncapital	30,572,000	—	—	30,572,000
State financial aid grants, noncapital	18,787,000	—	—	18,787,000
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	—	—	—	—
Other federal nonoperating grants, noncapital	411,000	—	—	411,000
Gifts, noncapital	1,424,000	566,000	(1,399,000)	591,000
Investment income (loss), net	1,138,000	(765,000)	—	373,000
Endowment income (loss)	—	74,000	—	74,000
Interest expense	(5,049,000)	(80,000)	—	(5,129,000)
Other nonoperating revenue (expenses)	7,299,000	167,000	—	7,466,000
Net nonoperating revenue (expenses)	<u>142,113,000</u>	<u>(38,000)</u>	<u>(1,399,000)</u>	<u>140,676,000</u>
Income (loss) before other revenue (expenses)	1,683,000	(211,000)	220,000	1,692,000
State appropriations, capital	2,969,000	—	—	2,969,000
Grants and gifts, capital	225,000	1,251,000	(220,000)	1,256,000
Additions (reductions) to permanent endowments	—	(26,000)	—	(26,000)
Increase (decrease) in net position	<u>4,877,000</u>	<u>1,014,000</u>	<u>—</u>	<u>5,891,000</u>
Net position:				
Net position at beginning of year	3,961,000	35,691,000	—	39,652,000
Net position at end of year	<u>\$ 8,838,000</u>	<u>36,705,000</u>	<u>—</u>	<u>45,543,000</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, EAST BAY

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 86,249,000
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	91,000
Nongovernmental grants and contracts	28,000
Payments to suppliers	(55,963,000)
Payments to employees	(159,119,000)
Payments to students	(19,335,000)
Collections of student loans	163,000
Sales and services of educational activities	161,000
Sales and services of auxiliary enterprises	10,880,000
Other receipts	10,424,000
	<u>(126,421,000)</u>
Net cash used in operating activities	
Cash flows from noncapital financing activities:	
State appropriations	87,511,000
Federal financial aid grants	30,573,000
State financial aid grants	18,787,000
Nongovernmental and other financial aid grants	—
Other federal nonoperating grants	411,000
Gifts and grants received for other than capital purposes	1,424,000
Federal loan program receipts	58,063,000
Federal loan program disbursements	(59,243,000)
Monies received on behalf of others	937,000
Monies disbursed on behalf of others	(1,105,000)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	7,156,000
	<u>144,514,000</u>
Net cash provided by noncapital financing activities	
Cash flows from capital and related financing activities:	
Proceeds from capital debt	45,778,000
State appropriations	2,157,000
State appropriations – SPWB Lease Revenue Bond program	9,372,000
Capital grants and gifts	220,000
Proceeds from sale of capital assets	16,000
Acquisition of capital assets	(23,187,000)
Transfers to escrow agent	(46,669,000)
Principal paid on capital debt and leases	(3,580,000)
Interest paid on capital debt and leases	(4,404,000)
Principal collection on capital leases	—
Interest collection on capital leases	3,000
	<u>(20,294,000)</u>
Net cash used in capital and related financing activities	

## CALIFORNIA STATE UNIVERSITY, EAST BAY

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 339,553,000
Purchases of investments	(338,227,000)
Investment income proceeds	875,000
	<u>2,201,000</u>
Net cash provided by investing activities	—
Net increase (decrease) in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>17,000</u>
Cash and cash equivalents at end of year	<u>\$ 17,000</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 17,000
Restricted cash and cash equivalents	—
Total cash and cash equivalents at end of year	<u>\$ 17,000</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (140,430,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	13,480,000
Change in assets and liabilities:	
Accounts receivable, net	(1,690,000)
Student loans receivable, net	(4,000)
Prepaid expenses and other current assets	(222,000)
Other assets	3,000
Deferred outflows of resources	(15,293,000)
Accounts payable	(29,000)
Accrued salaries and benefits	1,129,000
Accrued compensated absences	661,000
Unearned revenue	181,000
Other postemployment benefits obligations	1,249,000
Net pension liability	46,318,000
Other liabilities	136,000
Deferred inflows of resources	<u>(31,910,000)</u>
Net cash used in operating activities	<u>\$ (126,421,000)</u>
Supplemental schedule of noncash transactions:	
Reclassification of long-term debt to capitalized lease obligations	\$ 4,434,000
Amortization of net bond premium	425,000
Capital assets paid by the Office of the Chancellor	287,000
Amortization of loss on debt refundings	97,000
Contributed capital assets	6,000
Change in accrued capital asset purchases	(3,887,000)

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, EAST BAY

## Transactions with Related Entities

Year ended June 30, 2016

Campus

Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 5,594,000
Payments from discretely presented component units for other than salaries	2,177,000
Payments to discretely presented component units for services, space, and programs	403,000
Gifts in kind from discretely presented component units	13,000
Gifts (cash or assets) from discretely presented component units	1,619,000
Accounts receivable from discretely presented component units	2,651,000
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(5,000)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	203,000
Payments to the Office of the Chancellor for state pro rata charges	313,000
Accounts receivable from the Office of the Chancellor	102,000
Accounts payable to the Office of the Chancellor	(12,000)
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	(5,000)
State lottery allocation received	1,344,000

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, FRESNO

## Statement of Net Position

June 30, 2016

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 12,000	19,667,000	19,679,000
Short-term investments	107,023,000	51,237,000	158,260,000
Accounts receivable, net	8,949,000	31,519,000	40,468,000
Capital lease receivable, current portion	4,215,000	—	4,215,000
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	7,687,000	7,687,000
Prepaid expenses and other current assets	953,000	3,207,000	4,160,000
Total current assets	<u>121,152,000</u>	<u>113,317,000</u>	<u>234,469,000</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	170,000	170,000
Accounts receivable, net	124,000	48,000	172,000
Capital lease receivable, net of current portion	46,865,000	—	46,865,000
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	2,902,000	272,000	3,174,000
Pledges receivable, net	—	18,017,000	18,017,000
Endowment investments	767,000	128,484,000	129,251,000
Other long-term investments	8,679,000	14,738,000	23,417,000
Capital assets, net	251,689,000	89,340,000	341,029,000
Other assets	16,000	3,849,000	3,865,000
Total noncurrent assets	<u>311,042,000</u>	<u>254,918,000</u>	<u>565,960,000</u>
Total assets	<u>432,194,000</u>	<u>368,235,000</u>	<u>800,429,000</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>36,245,000</u>	<u>842,000</u>	<u>37,087,000</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	7,656,000	7,338,000	14,994,000
Accrued salaries and benefits	18,146,000	2,414,000	20,560,000
Accrued compensated absences, current portion	5,292,000	408,000	5,700,000
Unearned revenue	2,024,000	13,417,000	15,441,000
Capitalized lease obligations, current portion	1,720,000	4,215,000	5,935,000
Long-term debt obligations, current portion	2,764,000	2,564,000	5,328,000
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	3,000	326,000	329,000
Other liabilities	3,212,000	2,610,000	5,822,000
Total current liabilities	<u>40,817,000</u>	<u>33,292,000</u>	<u>74,109,000</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	6,749,000	1,181,000	7,930,000
Unearned revenue	—	—	—
Grants refundable	3,262,000	—	3,262,000
Capitalized lease obligations, net of current portion	30,661,000	53,227,000	83,888,000
Long-term debt obligations, net of current portion	63,691,000	5,082,000	68,773,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	2,313,000	2,313,000
Other postemployment benefits obligations	2,789,000	539,000	3,328,000
Net pension liability	296,575,000	1,671,000	298,246,000
Other liabilities	—	580,000	580,000
Total noncurrent liabilities	<u>403,727,000</u>	<u>64,593,000</u>	<u>468,320,000</u>
Total liabilities	<u>444,544,000</u>	<u>97,885,000</u>	<u>542,429,000</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>6,455,000</u>	<u>870,000</u>	<u>7,325,000</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	201,811,000	26,251,000	228,062,000
Restricted for:			
Nonexpendable – endowments	767,000	105,619,000	106,386,000
Expendable:			
Scholarships and fellowships	69,000	39,155,000	39,224,000
Research	—	—	—
Loans	358,000	1,337,000	1,695,000
Capital projects	124,000	—	124,000
Debt service	604,000	6,572,000	7,176,000
Others	578,000	41,267,000	41,845,000
Unrestricted	<u>(186,871,000)</u>	<u>50,121,000</u>	<u>(136,750,000)</u>
Total net position	<u>17,440,000</u>	<u>270,322,000</u>	<u>287,762,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY, FRESNO**  
Statement of Revenue, Expenses, and Changes in Net Position  
Year ended June 30, 2016

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenue:				
Operating revenue:				
Student tuition and fees (net of scholarship allowances of \$89,454,000)	\$ 78,661,000	9,189,000	(4,473,000)	83,377,000
Grants and contracts, noncapital:				
Federal	—	23,063,000	—	23,063,000
State	682,000	8,187,000	—	8,869,000
Local	—	—	—	—
Nongovernmental	—	5,368,000	—	5,368,000
Sales and services of educational activities	53,000	—	—	53,000
Sales and services of auxiliary enterprises (net of scholarship allowances of \$0)	4,370,000	56,734,000	—	61,104,000
Other operating revenue	9,894,000	10,168,000	—	20,062,000
Total operating revenue	<u>93,660,000</u>	<u>112,709,000</u>	<u>(4,473,000)</u>	<u>201,896,000</u>
Expenses:				
Operating expenses:				
Instruction	115,553,000	15,754,000	—	131,307,000
Research	3,009,000	6,197,000	—	9,206,000
Public service	5,529,000	16,161,000	—	21,690,000
Academic support	35,106,000	17,000	—	35,123,000
Student services	45,428,000	9,312,000	(16,958,000)	37,782,000
Institutional support	29,686,000	2,000	—	29,688,000
Operation and maintenance of plant	35,572,000	2,695,000	—	38,267,000
Student grants and scholarships	59,761,000	10,979,000	(3,933,000)	66,807,000
Auxiliary enterprise expenses	5,502,000	80,268,000	(16,786,000)	68,984,000
Depreciation and amortization	16,348,000	5,249,000	—	21,597,000
Total operating expenses	<u>351,494,000</u>	<u>146,634,000</u>	<u>(37,677,000)</u>	<u>460,451,000</u>
Operating income (loss)	<u>(257,834,000)</u>	<u>(33,925,000)</u>	<u>33,204,000</u>	<u>(258,555,000)</u>
Nonoperating revenue (expenses):				
State appropriations, noncapital	133,391,000	—	—	133,391,000
Federal financial aid grants, noncapital	62,556,000	—	—	62,556,000
State financial aid grants, noncapital	42,223,000	—	—	42,223,000
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	—	—	—	—
Other federal nonoperating grants, noncapital	141,000	—	—	141,000
Gifts, noncapital	5,247,000	13,715,000	(4,220,000)	14,742,000
Investment income (loss), net	3,879,000	(596,000)	—	3,283,000
Endowment income (loss)	6,000	(4,835,000)	—	(4,829,000)
Interest expense	(4,437,000)	(208,000)	—	(4,645,000)
Other nonoperating revenue (expenses)	3,898,000	(7,725,000)	(12,485,000)	(16,312,000)
Net nonoperating revenue (expenses)	<u>246,904,000</u>	<u>351,000</u>	<u>(16,705,000)</u>	<u>230,550,000</u>
Income (loss) before other revenue (expenses)	<u>(10,930,000)</u>	<u>(33,574,000)</u>	<u>16,499,000</u>	<u>(28,005,000)</u>
State appropriations, capital	200,000	—	—	200,000
Grants and gifts, capital	16,647,000	2,615,000	(16,499,000)	2,763,000
Additions (reductions) to permanent endowments	—	6,999,000	—	6,999,000
Increase (decrease) in net position	<u>5,917,000</u>	<u>(23,960,000)</u>	<u>—</u>	<u>(18,043,000)</u>
Net position:				
Net position at beginning of year	11,523,000	294,282,000	—	305,805,000
Net position at end of year	<u>\$ 17,440,000</u>	<u>270,322,000</u>	<u>—</u>	<u>287,762,000</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, FRESNO

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 77,033,000
Federal grants and contracts	—
State grants and contracts	552,000
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(64,638,000)
Payments to employees	(209,907,000)
Payments to students	(60,272,000)
Collections of student loans	—
Sales and services of educational activities	53,000
Sales and services of auxiliary enterprises	4,374,000
Other receipts	9,692,000
	<u>(243,113,000)</u>
Cash flows from noncapital financing activities:	
State appropriations	133,391,000
Federal financial aid grants	61,491,000
State financial aid grants	42,066,000
Nongovernmental and other financial aid grants	—
Other federal nonoperating grants	141,000
Gifts and grants received for other than capital purposes	5,248,000
Federal loan program receipts	61,411,000
Federal loan program disbursements	(62,070,000)
Monies received on behalf of others	75,000
Monies disbursed on behalf of others	(41,000)
Transfers to escrow agent	(57,318,000)
Proceeds from long-term debt	56,355,000
Principal paid on long-term debt	(2,290,000)
Interest paid on long-term debt	(2,426,000)
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	4,485,000
Interest collections on capital leases	1,473,000
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	3,473,000
	<u>245,464,000</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	459,000
State appropriations – SPWB Lease Revenue Bond program	3,270,000
Capital grants and gifts	113,000
Proceeds from sale of capital assets	44,000
Acquisition of capital assets	(21,080,000)
Transfers to escrow agent	—
Principal paid on capital debt and leases	(3,207,000)
Interest paid on capital debt and leases	(2,579,000)
Principal collection on capital leases	—
Interest collection on capital leases	—
	<u>(22,980,000)</u>

## CALIFORNIA STATE UNIVERSITY, FRESNO

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 468,295,000
Purchases of investments	(449,887,000)
Investment income proceeds	2,221,000
	<u>20,629,000</u>
Net cash provided by investing activities	—
Net increase (decrease) in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>12,000</u>
Cash and cash equivalents at end of year	<u>\$ 12,000</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 12,000
Restricted cash and cash equivalents	—
Total cash and cash equivalents at end of year	<u>\$ 12,000</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (257,834,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	16,348,000
Change in assets and liabilities:	
Accounts receivable, net	(1,816,000)
Student loans receivable, net	(10,000)
Prepaid expenses and other current assets	187,000
Other assets	(8,000)
Deferred outflows of resources	(8,720,000)
Accounts payable	1,334,000
Accrued salaries and benefits	1,315,000
Accrued compensated absences	1,032,000
Unearned revenue	112,000
Other postemployment benefits obligations	588,000
Net pension liability	47,289,000
Other liabilities	(248,000)
Deferred inflows of resources	(42,682,000)
Net cash used in operating activities	<u>\$ (243,113,000)</u>
Supplemental schedule of noncash transactions:	
Contributed capital assets	\$ 16,534,000
Reclassification of long term debt to capitalized lease obligations	2,765,000
Change in accrued capital asset purchases	2,593,000
Acquisition of capital assets through capitalized lease obligations	718,000
Capital assets paid by the Office of the Chancellor	381,000
Gifts in kind	256,000
Acquisition of capital assets through capitalized lease	157,000
Amortization of loss on debt refundings	27,000

See accompanying independent auditors' report.



## CALIFORNIA STATE UNIVERSITY, FRESNO

## Transactions with Related Entities

Year ended June 30, 2016

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 4,362,000
Payments from discretely presented component units for other than salaries	1,833,000
Payments to discretely presented component units for services, space, and programs	1,024,000
Gifts in kind from discretely presented component units	106,000
Gifts (cash or assets) from discretely presented component units	16,916,000
Accounts receivable from discretely presented component units	1,944,000
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(312,000)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	89,000
Payments to the Office of the Chancellor for state pro rata charges	161,000
Accounts receivable from the Office of the Chancellor	537,000
Accounts payable to the Office of the Chancellor	(11,000)
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	(310,000)
State lottery allocation received	1,756,000

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, FULLERTON

## Statement of Net Position

June 30, 2016

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 13,000	22,024,000	22,037,000
Short-term investments	161,508,000	34,031,000	195,539,000
Accounts receivable, net	6,163,000	4,506,000	10,669,000
Capital lease receivable, current portion	135,000	980,000	1,115,000
Notes receivable, current portion	—	45,000	45,000
Pledges receivable, net	—	1,016,000	1,016,000
Prepaid expenses and other current assets	3,717,000	3,514,000	7,231,000
Total current assets	<u>171,536,000</u>	<u>66,116,000</u>	<u>237,652,000</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	3,171,000	3,171,000
Accounts receivable, net	650,000	—	650,000
Capital lease receivable, net of current portion	4,940,000	22,160,000	27,100,000
Notes receivable, net of current portion	—	1,206,000	1,206,000
Student loans receivable, net	4,105,000	—	4,105,000
Pledges receivable, net	—	7,914,000	7,914,000
Endowment investments	—	50,512,000	50,512,000
Other long-term investments	21,882,000	2,039,000	23,921,000
Capital assets, net	522,376,000	61,858,000	584,234,000
Other assets	5,042,000	408,000	5,450,000
Total noncurrent assets	<u>558,995,000</u>	<u>149,268,000</u>	<u>708,263,000</u>
Total assets	<u>730,531,000</u>	<u>215,384,000</u>	<u>945,915,000</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>74,257,000</u>	<u>—</u>	<u>74,257,000</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	6,641,000	9,333,000	15,974,000
Accrued salaries and benefits	30,353,000	146,000	30,499,000
Accrued compensated absences, current portion	8,955,000	684,000	9,639,000
Unearned revenue	11,014,000	105,000	11,119,000
Capitalized lease obligations, current portion	2,532,000	135,000	2,667,000
Long-term debt obligations, current portion	6,953,000	2,036,000	8,989,000
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	135,000	—	135,000
Other liabilities	8,843,000	5,847,000	14,690,000
Total current liabilities	<u>75,426,000</u>	<u>18,286,000</u>	<u>93,712,000</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	6,485,000	284,000	6,769,000
Unearned revenue	—	—	—
Grants refundable	6,136,000	—	6,136,000
Capitalized lease obligations, net of current portion	34,092,000	4,940,000	39,032,000
Long-term debt obligations, net of current portion	255,904,000	65,374,000	321,278,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Other postemployment benefits obligations	10,156,000	4,470,000	14,626,000
Net pension liability	468,576,000	5,756,000	474,332,000
Other liabilities	—	3,445,000	3,445,000
Total noncurrent liabilities	<u>781,349,000</u>	<u>84,269,000</u>	<u>865,618,000</u>
Total liabilities	<u>856,775,000</u>	<u>102,555,000</u>	<u>959,330,000</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>10,201,000</u>	<u>—</u>	<u>10,201,000</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	237,356,000	12,511,000	249,867,000
Restricted for:			
Nonexpendable – endowments	—	52,524,000	52,524,000
Expendable:			
Scholarships and fellowships	—	3,911,000	3,911,000
Research	—	—	—
Loans	439,000	—	439,000
Capital projects	2,218,000	—	2,218,000
Debt service	13,000	—	13,000
Others	236,000	20,732,000	20,968,000
Unrestricted	(302,450,000)	23,151,000	(279,299,000)
Total net position	<u>(62,188,000)</u>	<u>112,829,000</u>	<u>50,641,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY, FULLERTON**  
Statement of Revenue, Expenses, and Changes in Net Position  
Year ended June 30, 2016

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenue:				
Operating revenue:				
Student tuition and fees (net of scholarship allowances of \$115,949,000)	\$ 170,924,000	12,940,000	—	183,864,000
Grants and contracts, noncapital:				
Federal	218,000	14,857,000	—	15,075,000
State	—	4,202,000	—	4,202,000
Local	—	232,000	—	232,000
Nongovernmental	—	2,217,000	—	2,217,000
Sales and services of educational activities	—	—	—	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$3,725,000)	39,324,000	37,416,000	—	76,740,000
Other operating revenue	16,191,000	11,693,000	—	27,884,000
Total operating revenue	<u>226,657,000</u>	<u>83,557,000</u>	<u>—</u>	<u>310,214,000</u>
Expenses:				
Operating expenses:				
Instruction	198,068,000	7,052,000	—	205,120,000
Research	1,123,000	4,560,000	—	5,683,000
Public service	818,000	4,262,000	—	5,080,000
Academic support	32,770,000	1,294,000	—	34,064,000
Student services	41,136,000	16,737,000	—	57,873,000
Institutional support	76,311,000	3,358,000	—	79,669,000
Operation and maintenance of plant	45,539,000	8,394,000	—	53,933,000
Student grants and scholarships	62,300,000	2,305,000	—	64,605,000
Auxiliary enterprise expenses	23,630,000	36,962,000	(1,474,000)	59,118,000
Depreciation and amortization	32,059,000	1,978,000	—	34,037,000
Total operating expenses	<u>513,754,000</u>	<u>86,902,000</u>	<u>(1,474,000)</u>	<u>599,182,000</u>
Operating income (loss)	<u>(287,097,000)</u>	<u>(3,345,000)</u>	<u>1,474,000</u>	<u>(288,968,000)</u>
Nonoperation revenue (expenses):				
State appropriations, noncapital	159,393,000	—	—	159,393,000
Federal financial aid grants, noncapital	74,042,000	—	—	74,042,000
State financial aid grants, noncapital	54,409,000	—	—	54,409,000
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	386,000	—	—	386,000
Other federal nonoperating grants, noncapital	1,539,000	—	—	1,539,000
Gifts, noncapital	291,000	7,434,000	(291,000)	7,434,000
Investment income (loss), net	2,462,000	(143,000)	—	2,319,000
Endowment income (loss)	—	—	—	—
Interest expense	(14,038,000)	—	—	(14,038,000)
Other nonoperating revenue (expenses)	10,273,000	(3,552,000)	(231,000)	6,490,000
Net nonoperating revenue (expenses)	<u>288,757,000</u>	<u>3,739,000</u>	<u>(522,000)</u>	<u>291,974,000</u>
Income before other revenues (expenses)	1,660,000	394,000	952,000	3,006,000
State appropriations, capital	650,000	—	—	650,000
Grants and gifts, capital	952,000	—	(952,000)	—
Additions (reductions) to permanent endowments	—	2,474,000	—	2,474,000
Increase (decrease) in net position	<u>3,262,000</u>	<u>2,868,000</u>	<u>—</u>	<u>6,130,000</u>
Net position:				
Net position at beginning of year	(65,450,000)	109,961,000	—	44,511,000
Net position at end of year	<u>\$ (62,188,000)</u>	<u>112,829,000</u>	<u>—</u>	<u>50,641,000</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, FULLERTON

## Statement of Cash Flows

Year ended June 30, 2016

Campus

Cash flows from operating activities:	
Student tuition and fees	\$ 170,918,000
Federal grants and contracts	218,000
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(95,183,000)
Payments to employees	(326,873,000)
Payments to students	(62,508,000)
Collections of student loans	2,000
Sales and services of educational activities	—
Sales and services of auxiliary enterprises	38,261,000
Other receipts	19,441,000
	<u>(255,724,000)</u>
Net cash used in operating activities	
Cash flows from noncapital financing activities:	
State appropriations	158,728,000
Federal financial aid grants	74,042,000
State financial aid grants	54,417,000
Nongovernmental and other financial aid grants	379,000
Other federal nonoperating grants	1,539,000
Gifts and grants received for other than capital purposes	291,000
Federal loan program receipts	7,055,000
Federal loan program disbursements	(6,488,000)
Monies received on behalf of others	—
Monies disbursed on behalf of others	(5,000)
Transfers to escrow agent	(5,810,000)
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	8,338,000
	<u>292,486,000</u>
Net cash provided by noncapital financing activities	
Cash flows from capital and related financing activities:	
Proceeds from capital debt	102,039,000
State appropriations	650,000
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	—
Proceeds from sale of capital assets	—
Acquisition of capital assets	(25,448,000)
Transfers to escrow agent	(97,707,000)
Principal paid on capital debt and leases	(10,358,000)
Interest paid on capital debt and leases	(12,824,000)
Principal collection on capital leases	—
Interest collection on capital leases	—
	<u>(43,648,000)</u>
Net cash used in capital and related financing activities	

## CALIFORNIA STATE UNIVERSITY, FULLERTON

## Statement of Cash Flows

Year ended June 30, 2016

Campus

Cash flows from investing activities:	
Proceeds from sales of investments	\$ 744,145,000
Purchases of investments	(739,252,000)
Investment income proceeds	1,993,000
Net cash provided by investing activities	<u>6,886,000</u>
Net increase (decrease) in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>13,000</u>
Cash and cash equivalents at end of year	<u>\$ 13,000</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 13,000
Restricted cash and cash equivalents	—
Total cash and cash equivalents at end of year	<u>\$ 13,000</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (287,097,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	32,059,000
Change in assets and liabilities:	
Accounts receivable, net	2,843,000
Student loans receivable, net	(8,000)
Prepaid expenses and other current assets	(609,000)
Other assets	(3,000)
Deferred outflows of resources	(19,629,000)
Accounts payable	(1,417,000)
Accrued salaries and benefits	964,000
Accrued compensated absences	1,107,000
Unearned revenue	(789,000)
Other postemployment benefits obligations	2,191,000
Net pension liability	81,594,000
Other liabilities	(847,000)
Deferred inflows of resources	<u>(66,083,000)</u>
Net cash used in operating activities	<u>\$ (255,724,000)</u>
Supplemental schedule of noncash transactions:	
Reclassification of long-term debt to capitalized lease obligations	\$ 14,999,000
Capital assets paid by the Office of the Chancellor	1,934,000
Contributed capital assets	952,000
Amortization of net bond premium	920,000
Amortization of loss on debt refundings	257,000
Change in accrued capital asset purchases	(386,000)

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, FULLERTON

## Transactions with Related Entities

Year ended June 30, 2016

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 8,831,000
Payments from discretely presented component units for other than salaries	6,363,000
Payments to discretely presented component units for services, space, and programs	15,114,000
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	993,000
Accounts receivable from discretely presented component units	1,239,000
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(934,000)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	360,000
Payments to the Office of the Chancellor for state pro rata charges	670,000
Accounts receivable from the Office of the Chancellor	735,000
Accounts payable to the Office of the Chancellor	(1,000)
Accounts receivable from campuses other than the Office of the Chancellor	3,000
Accounts payable to campuses other than the Office of the Chancellor	(1,000)
State lottery allocation received	2,055,000

See accompanying independent auditors' report.

## HUMBOLDT STATE UNIVERSITY

## Statement of Net Position

June 30, 2016

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 11,000	3,447,000	3,458,000
Short-term investments	52,129,000	14,740,000	66,869,000
Accounts receivable, net	1,922,000	7,339,000	9,261,000
Capital lease receivable, current portion	—	24,000	24,000
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	87,000	87,000
Prepaid expenses and other current assets	762,000	244,000	1,006,000
Total current assets	<u>54,824,000</u>	<u>25,881,000</u>	<u>80,705,000</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	—	—
Accounts receivable, net	2,216,000	—	2,216,000
Capital lease receivable, net of current portion	—	519,000	519,000
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	2,858,000	—	2,858,000
Pledges receivable, net	—	28,000	28,000
Endowment investments	995,000	26,549,000	27,544,000
Other long-term investments	1,628,000	4,505,000	6,133,000
Capital assets, net	185,261,000	2,800,000	188,061,000
Other assets	9,000	28,000	37,000
Total noncurrent assets	<u>192,967,000</u>	<u>34,429,000</u>	<u>227,396,000</u>
Total assets	<u>247,791,000</u>	<u>60,310,000</u>	<u>308,101,000</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>20,303,000</u>	<u>3,354,000</u>	<u>23,657,000</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	2,216,000	2,198,000	4,414,000
Accrued salaries and benefits	8,331,000	632,000	8,963,000
Accrued compensated absences, current portion	3,601,000	275,000	3,876,000
Unearned revenue	2,607,000	1,825,000	4,432,000
Capitalized lease obligations, current portion	831,000	24,000	855,000
Long-term debt obligations, current portion	1,765,000	—	1,765,000
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	138,000	—	138,000
Other liabilities	813,000	411,000	1,224,000
Total current liabilities	<u>20,302,000</u>	<u>5,365,000</u>	<u>25,667,000</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	2,030,000	78,000	2,108,000
Unearned revenue	—	165,000	165,000
Grants refundable	3,896,000	—	3,896,000
Capitalized lease obligations, net of current portion	519,000	519,000	1,038,000
Long-term debt obligations, net of current portion	56,117,000	2,000,000	58,117,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Other postemployment benefits obligations	4,461,000	364,000	4,825,000
Net pension liability	160,646,000	3,317,000	163,963,000
Other liabilities	—	—	—
Total noncurrent liabilities	<u>227,669,000</u>	<u>6,443,000</u>	<u>234,112,000</u>
Total liabilities	<u>247,971,000</u>	<u>11,808,000</u>	<u>259,779,000</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>3,495,000</u>	<u>614,000</u>	<u>4,109,000</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	131,501,000	2,800,000	134,301,000
Restricted for:			
Nonexpendable – endowments	995,000	21,553,000	22,548,000
Expendable:			
Scholarships and fellowships	2,012,000	—	2,012,000
Research	—	—	—
Loans	788,000	—	788,000
Capital projects	6,125,000	—	6,125,000
Debt service	2,000	8,618,000	8,620,000
Others	507,000	3,354,000	3,861,000
Unrestricted	<u>(125,302,000)</u>	<u>14,917,000</u>	<u>(110,385,000)</u>
Total net position	<u>16,628,000</u>	<u>51,242,000</u>	<u>67,870,000</u>

See accompanying independent auditors' report.

## HUMBOLDT STATE UNIVERSITY

## Statement of Revenue, Expenses, and Changes in Net Position

Year ended June 30, 2016

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenue:				
Operating revenue:				
Student tuition and fees (net of scholarship allowances of \$31,659,000)	\$ 36,889,000	2,012,000	—	38,901,000
Grants and contracts, noncapital:				
Federal	1,284,000	9,940,000	—	11,224,000
State	77,000	8,133,000	—	8,210,000
Local	405,000	530,000	—	935,000
Nongovernmental	—	4,404,000	—	4,404,000
Sales and services of educational activities	717,000	—	—	717,000
Sales and services of auxiliary enterprises (net of scholarship allowances of \$10,154,000)	5,194,000	15,151,000	—	20,345,000
Other operating revenue	6,691,000	2,945,000	—	9,636,000
Total operating revenue	<u>51,257,000</u>	<u>43,115,000</u>	<u>—</u>	<u>94,372,000</u>
Expenses:				
Operating expenses:				
Instruction	53,250,000	537,000	—	53,787,000
Research	362,000	12,726,000	—	13,088,000
Public service	508,000	9,493,000	—	10,001,000
Academic support	17,810,000	589,000	—	18,399,000
Student services	21,180,000	1,216,000	(20,000)	22,376,000
Institutional support	17,451,000	631,000	—	18,082,000
Operation and maintenance of plant	15,119,000	—	—	15,119,000
Student grants and scholarships	13,090,000	463,000	—	13,553,000
Auxiliary enterprise expenses	8,953,000	17,112,000	(491,000)	25,574,000
Depreciation and amortization	11,775,000	340,000	—	12,115,000
Total operating expenses	<u>159,498,000</u>	<u>43,107,000</u>	<u>(511,000)</u>	<u>202,094,000</u>
Operating income (loss)	<u>(108,241,000)</u>	<u>8,000</u>	<u>511,000</u>	<u>(107,722,000)</u>
Nonoperating revenue (expenses):				
State appropriations, noncapital	71,402,000	—	—	71,402,000
Federal financial aid grants, noncapital	22,847,000	—	—	22,847,000
State financial aid grants, noncapital	14,821,000	—	—	14,821,000
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	28,000	—	—	28,000
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	1,556,000	2,710,000	(2,470,000)	1,796,000
Investment income (loss), net	738,000	83,000	—	821,000
Endowment income (loss)	—	(436,000)	—	(436,000)
Interest expense	(2,806,000)	(46,000)	—	(2,852,000)
Other nonoperating revenue (expenses)	5,364,000	(1,327,000)	1,532,000	5,569,000
Net nonoperating revenue (expenses)	<u>113,950,000</u>	<u>984,000</u>	<u>(938,000)</u>	<u>113,996,000</u>
Income (loss) before other revenue (expenses)	5,709,000	992,000	(427,000)	6,274,000
State appropriations, capital	1,634,000	—	—	1,634,000
Grants and gifts, capital	195,000	—	(122,000)	73,000
Additions (reductions) to permanent endowments	(549,000)	282,000	549,000	282,000
Increase (decrease) in net position	<u>6,989,000</u>	<u>1,274,000</u>	<u>—</u>	<u>8,263,000</u>
Net position:				
Net position at beginning of year	9,639,000	49,968,000	—	59,607,000
Net position at end of year	<u>\$ 16,628,000</u>	<u>51,242,000</u>	<u>—</u>	<u>67,870,000</u>

See accompanying independent auditors' report.



## HUMBOLDT STATE UNIVERSITY

## Statement of Cash Flows

Year ended June 30, 2016

Campus

Cash flows from operating activities:	
Student tuition and fees	\$ 36,973,000
Federal grants and contracts	1,189,000
State grants and contracts	77,000
Local grants and contracts	405,000
Nongovernmental grants and contracts	—
Payments to suppliers	(24,577,000)
Payments to employees	(110,649,000)
Payments to students	(13,097,000)
Collections of student loans	—
Sales and services of educational activities	717,000
Sales and services of auxiliary enterprises	5,370,000
Other receipts	6,175,000
Net cash used in operating activities	<u>(97,417,000)</u>
Cash flows from noncapital financing activities:	
State appropriations	71,403,000
Federal financial aid grants	22,826,000
State financial aid grants	14,821,000
Nongovernmental and other financial aid grants	28,000
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	1,556,000
Federal loan program receipts	38,374,000
Federal loan program disbursements	(38,814,000)
Monies received on behalf of others	972,000
Monies disbursed on behalf of others	(1,110,000)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	4,915,000
Net cash provided by noncapital financing activities	<u>114,971,000</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	50,185,000
State appropriations	—
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	194,000
Proceeds from sale of capital assets	—
Acquisition of capital assets	(6,056,000)
Transfers to escrow agent	(51,114,000)
Principal paid on capital debt and leases	(4,140,000)
Interest paid on capital debt and leases	(1,813,000)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash used in capital and related financing activities	<u>(12,744,000)</u>

## HUMBOLDT STATE UNIVERSITY

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 307,951,000
Purchases of investments	(313,347,000)
Investment income proceeds	586,000
	<u>(4,810,000)</u>
Net cash used in investing activities	—
Net increase (decrease) in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>11,000</u>
Cash and cash equivalents at end of year	<u>\$ 11,000</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 11,000
Restricted cash and cash equivalents	—
Total cash and cash equivalents at end of year	<u>\$ 11,000</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (108,241,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	11,775,000
Change in assets and liabilities:	
Accounts receivable, net	(335,000)
Student loans receivable, net	—
Prepaid expenses and other current assets	109,000
Other assets	111,000
Deferred outflows of resources	411,000
Accounts payable	534,000
Accrued salaries and benefits	1,081,000
Accrued compensated absences	168,000
Unearned revenue	(25,000)
Other postemployment benefits obligations	911,000
Net pension liability	20,264,000
Other liabilities	(15,000)
Deferred inflows of resources	<u>(24,165,000)</u>
Net cash used in operating activities	<u>\$ (97,417,000)</u>
Supplemental schedule of noncash transactions:	
Reclassification of long-term debt to capitalized lease obligations	\$ 471,000
Amortization of net bond premium	146,000
Amortization of loss on debt refundings	62,000
Change in accrued capital asset purchases	(102,000)

See accompanying independent auditors' report.

**HUMBOLDT STATE UNIVERSITY**

## Transactions with Related Entities

Year ended June 30, 2016

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 1,877,000
Payments from discretely presented component units for other than salaries	3,957,000
Payments to discretely presented component units for services, space, and programs	2,454,000
Gifts in kind from discretely presented component units	340,000
Gifts (cash or assets) from discretely presented component units	881,000
Accounts receivable from discretely presented component units	310,000
Other amounts receivable from discretely presented component units	36,000
Accounts payable to discretely presented component units	(107,000)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	68,000
Payments to the Office of the Chancellor for state pro rata charges	248,000
Accounts receivable from the Office of the Chancellor	94,000
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	3,000
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	848,000

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, LONG BEACH

## Statement of Net Position

June 30, 2016

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 134,000	7,413,000	7,547,000
Short-term investments	199,042,000	51,611,000	250,653,000
Accounts receivable, net	7,301,000	10,447,000	17,748,000
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	500,000	500,000
Pledges receivable, net	—	1,725,000	1,725,000
Prepaid expenses and other current assets	4,587,000	2,748,000	7,335,000
Total current assets	<u>211,064,000</u>	<u>74,444,000</u>	<u>285,508,000</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	181,000	181,000
Accounts receivable, net	1,259,000	16,242,000	17,501,000
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	6,850,000	—	6,850,000
Pledges receivable, net	—	6,389,000	6,389,000
Endowment investments	—	56,442,000	56,442,000
Other long-term investments	25,688,000	8,561,000	34,249,000
Capital assets, net	457,261,000	55,410,000	512,671,000
Other assets	427,000	—	427,000
Total noncurrent assets	<u>491,485,000</u>	<u>143,225,000</u>	<u>634,710,000</u>
Total assets	<u>702,549,000</u>	<u>217,669,000</u>	<u>920,218,000</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>68,105,000</u>	<u>2,205,000</u>	<u>70,310,000</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	8,270,000	2,740,000	11,010,000
Accrued salaries and benefits	29,853,000	2,209,000	32,062,000
Accrued compensated absences, current portion	9,928,000	2,687,000	12,615,000
Unearned revenue	34,033,000	4,717,000	38,750,000
Capitalized lease obligations, current portion	—	—	—
Long-term debt obligations, current portion	3,215,000	1,125,000	4,340,000
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	489,000	862,000	1,351,000
Other liabilities	2,589,000	1,112,000	3,701,000
Total current liabilities	<u>88,377,000</u>	<u>15,452,000</u>	<u>103,829,000</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	6,419,000	—	6,419,000
Unearned revenue	600,000	—	600,000
Grants refundable	7,452,000	—	7,452,000
Capitalized lease obligations, net of current portion	—	—	—
Long-term debt obligations, net of current portion	115,434,000	33,960,000	149,394,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Other postemployment benefits obligations	13,379,000	17,217,000	30,596,000
Net pension liability	489,889,000	11,964,000	501,853,000
Other liabilities	—	11,431,000	11,431,000
Total noncurrent liabilities	<u>633,173,000</u>	<u>74,572,000</u>	<u>707,745,000</u>
Total liabilities	<u>721,550,000</u>	<u>90,024,000</u>	<u>811,574,000</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>10,671,000</u>	<u>380,000</u>	<u>11,051,000</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	348,050,000	20,325,000	368,375,000
Restricted for:			
Nonexpendable – endowments	—	50,463,000	50,463,000
Expendable:			
Scholarships and fellowships	59,000	3,855,000	3,914,000
Research	—	6,652,000	6,652,000
Loans	203,000	—	203,000
Capital projects	1,354,000	—	1,354,000
Debt service	8,000	—	8,000
Others	—	37,577,000	37,577,000
Unrestricted	<u>(311,241,000)</u>	<u>10,598,000</u>	<u>(300,643,000)</u>
Total net position	<u>38,433,000</u>	<u>129,470,000</u>	<u>167,903,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
Statement of Revenue, Expenses, and Changes in Net Position  
Year ended June 30, 2016

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenue:				
Operating revenue:				
Student tuition and fees (net of scholarship allowances of \$121,913,000)	\$ 155,690,000	11,922,000	—	167,612,000
Grants and contracts, noncapital:				
Federal	—	22,181,000	—	22,181,000
State	440,000	5,377,000	—	5,817,000
Local	—	1,318,000	—	1,318,000
Nongovernmental	—	5,077,000	—	5,077,000
Sales and services of educational activities	3,935,000	939,000	—	4,874,000
Sales and services of auxiliary enterprises (net of scholarship allowances of \$10,092,000)	23,866,000	42,601,000	—	66,467,000
Other operating revenue	9,637,000	7,264,000	(300,000)	16,601,000
Total operating revenue	<u>193,568,000</u>	<u>96,679,000</u>	<u>(300,000)</u>	<u>289,947,000</u>
Expenses:				
Operating expenses:				
Instruction	205,657,000	9,545,000	—	215,202,000
Research	51,000	9,210,000	—	9,261,000
Public service	2,203,000	3,582,000	—	5,785,000
Academic support	49,510,000	6,705,000	—	56,215,000
Student services	54,631,000	18,797,000	(129,000)	73,299,000
Institutional support	45,110,000	11,118,000	(2,629,000)	53,599,000
Operation and maintenance of plant	38,405,000	652,000	(147,000)	38,910,000
Student grants and scholarships	66,119,000	8,488,000	(7,909,000)	66,698,000
Auxiliary enterprise expenses	17,046,000	36,793,000	(399,000)	53,440,000
Depreciation and amortization	30,648,000	2,517,000	—	33,165,000
Total operating expenses	<u>509,380,000</u>	<u>107,407,000</u>	<u>(11,213,000)</u>	<u>605,574,000</u>
Operating income (loss)	<u>(315,812,000)</u>	<u>(10,728,000)</u>	<u>10,913,000</u>	<u>(315,627,000)</u>
Nonoperating revenue (expenses):				
State appropriations, noncapital	172,992,000	—	—	172,992,000
Federal financial aid grants, noncapital	80,172,000	—	—	80,172,000
State financial aid grants, noncapital	53,365,000	—	—	53,365,000
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	7,930,000	—	(7,930,000)	—
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	386,000	9,320,000	(208,000)	9,498,000
Investment income (loss), net	2,750,000	(106,000)	—	2,644,000
Endowment income (loss)	—	(397,000)	—	(397,000)
Interest expense	(5,416,000)	(1,656,000)	—	(7,072,000)
Other nonoperating revenue (expenses)	9,448,000	(1,379,000)	—	8,069,000
Net nonoperating revenue (expenses)	<u>321,627,000</u>	<u>5,782,000</u>	<u>(8,138,000)</u>	<u>319,271,000</u>
Income (loss) before other revenue (expenses)	5,815,000	(4,946,000)	2,775,000	3,644,000
State appropriations, capital	1,300,000	—	—	1,300,000
Grants and gifts, capital	3,195,000	—	(2,775,000)	420,000
Additions (reductions) to permanent endowments	—	2,346,000	—	2,346,000
Increase (decrease) in net position	<u>10,310,000</u>	<u>(2,600,000)</u>	<u>—</u>	<u>7,710,000</u>
Net position:				
Net position at beginning of year	28,123,000	132,070,000	—	160,193,000
Net position at end of year	<u>\$ 38,433,000</u>	<u>129,470,000</u>	<u>—</u>	<u>167,903,000</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, LONG BEACH

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 156,716,000
Federal grants and contracts	—
State grants and contracts	440,000
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(78,502,000)
Payments to employees	(335,893,000)
Payments to students	(66,118,000)
Collections of student loans	—
Sales and services of educational activities	3,935,000
Sales and services of auxiliary enterprises	23,817,000
Other receipts	7,138,000
	<u>(288,467,000)</u>
Net cash used in operating activities	
Cash flows from noncapital financing activities:	
State appropriations	172,992,000
Federal financial aid grants	80,172,000
State financial aid grants	53,365,000
Nongovernmental and other financial aid grants	7,917,000
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	367,000
Federal loan program receipts	115,624,000
Federal loan program disbursements	(114,956,000)
Monies received on behalf of others	11,365,000
Monies disbursed on behalf of others	(11,258,000)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	9,389,000
	<u>324,977,000</u>
Net cash used in noncapital financing activities	
Cash flows from capital and related financing activities:	
Proceeds from capital debt	87,288,000
State appropriations	41,000
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	1,760,000
Proceeds from sale of capital assets	219,000
Acquisition of capital assets	(29,076,000)
Transfers to escrow agent	(89,040,000)
Principal paid on capital debt and leases	(3,345,000)
Interest paid on capital debt and leases	(3,754,000)
Principal collection on capital leases	—
Interest collection on capital leases	—
	<u>(35,907,000)</u>
Net cash used in capital and related financing activities	

## CALIFORNIA STATE UNIVERSITY, LONG BEACH

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 702,355,000
Purchases of investments	(704,982,000)
Investment income proceeds	2,139,000
	<u>(488,000)</u>
Net cash used in investing activities	115,000
Net increase in cash and cash equivalents	19,000
Cash and cash equivalents at beginning of year	<u>19,000</u>
Cash and cash equivalents at end of year	<u>\$ 134,000</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 134,000
Restricted cash and cash equivalents	—
Total cash and cash equivalents at end of year	<u>\$ 134,000</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (315,812,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	30,648,000
Change in assets and liabilities:	
Accounts receivable, net	(1,544,000)
Student loans receivable, net	(51,000)
Prepaid expenses and other current assets	(41,000)
Other assets	89,000
Deferred outflows of resources	(12,752,000)
Accounts payable	(1,319,000)
Accrued salaries and benefits	2,420,000
Accrued compensated absences	414,000
Unearned revenue	417,000
Other postemployment benefits obligations	2,736,000
Net pension liability	77,151,000
Other liabilities	(106,000)
Deferred inflows of resources	<u>(70,717,000)</u>
Net cash used in operating activities	<u>\$ (288,467,000)</u>
Supplemental schedule of noncash transactions:	
Contributed capital assets	\$ 1,434,000
Amortization of net bond premium	423,000
Amortization of loss on debt refundings	172,000
Gifts in kind	26,000
Change in accrued capital asset purchases	(1,400,000)

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, LONG BEACH

## Transactions with Related Entities

Year ended June 30, 2016

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 4,320,000
Payments from discretely presented component units for other than salaries	18,002,000
Payments to discretely presented component units for services, space, and programs	8,555,000
Gifts in kind from discretely presented component units	1,406,000
Gifts (cash or assets) from discretely presented component units	9,507,000
Accounts receivable from discretely presented component units	1,570,000
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(760,000)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	328,000
Payments to the Office of the Chancellor for state pro rata charges	876,000
Accounts receivable from the Office of the Chancellor	1,483,000
Accounts payable to the Office of the Chancellor	(4,000)
Accounts receivable from campuses other than the Office of the Chancellor	20,000
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	2,344,000

See accompanying independent auditors' report.



## CALIFORNIA STATE UNIVERSITY, LOS ANGELES

## Statement of Net Position

June 30, 2016

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 10,000	7,568,000	7,578,000
Short-term investments	196,073,000	10,198,000	206,271,000
Accounts receivable, net	6,498,000	5,386,000	11,884,000
Capital lease receivable, current portion	840,000	—	840,000
Notes receivable, current portion	—	54,000	54,000
Pledges receivable, net	—	3,532,000	3,532,000
Prepaid expenses and other current assets	658,000	120,000	778,000
Total current assets	<u>204,079,000</u>	<u>26,858,000</u>	<u>230,937,000</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	1,217,000	1,217,000
Accounts receivable, net	1,493,000	—	1,493,000
Capital lease receivable, net of current portion	19,545,000	—	19,545,000
Notes receivable, net of current portion	—	183,000	183,000
Student loans receivable, net	1,002,000	—	1,002,000
Pledges receivable, net	—	8,091,000	8,091,000
Endowment investments	—	23,432,000	23,432,000
Other long-term investments	4,566,000	8,780,000	13,346,000
Capital assets, net	240,438,000	21,714,000	262,152,000
Other assets	265,000	—	265,000
Total noncurrent assets	<u>267,309,000</u>	<u>63,417,000</u>	<u>330,726,000</u>
Total assets	<u>471,388,000</u>	<u>90,275,000</u>	<u>561,663,000</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	41,945,000	—	41,945,000
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	7,866,000	1,784,000	9,650,000
Accrued salaries and benefits	18,357,000	1,592,000	19,949,000
Accrued compensated absences, current portion	5,143,000	480,000	5,623,000
Unearned revenue	21,819,000	5,818,000	27,637,000
Capitalized lease obligations, current portion	—	840,000	840,000
Long-term debt obligations, current portion	2,240,000	139,000	2,379,000
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	213,000	70,000	283,000
Other liabilities	1,511,000	819,000	2,330,000
Total current liabilities	<u>57,149,000</u>	<u>11,542,000</u>	<u>68,691,000</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	5,606,000	118,000	5,724,000
Unearned revenue	—	—	—
Grants refundable	1,052,000	—	1,052,000
Capitalized lease obligations, net of current portion	—	21,732,000	21,732,000
Long-term debt obligations, net of current portion	63,703,000	1,906,000	65,609,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	56,000	—	56,000
Other postemployment benefits obligations	5,748,000	5,193,000	10,941,000
Net pension liability	291,496,000	—	291,496,000
Other liabilities	—	637,000	637,000
Total noncurrent liabilities	<u>367,661,000</u>	<u>29,586,000</u>	<u>397,247,000</u>
Total liabilities	<u>424,810,000</u>	<u>41,128,000</u>	<u>465,938,000</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	6,345,000	912,000	7,257,000
<b>Net Position</b>			
Net position:			
Net investment in capital assets	195,901,000	(3,816,000)	192,085,000
Restricted for:			
Nonexpendable – endowments	—	26,476,000	26,476,000
Expendable:			
Scholarships and fellowships	1,682,000	8,420,000	10,102,000
Research	—	—	—
Loans	342,000	—	342,000
Capital projects	1,131,000	10,250,000	11,381,000
Debt service	8,000	—	8,000
Others	1,752,000	—	1,752,000
Unrestricted	(118,638,000)	6,905,000	(111,733,000)
Total net position	<u>82,178,000</u>	<u>48,235,000</u>	<u>130,413,000</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, LOS ANGELES

## Statement of Revenue, Expenses, and Changes in Net Position

Year ended June 30, 2016

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenue:				
Operating revenue:				
Student tuition and fees (net of scholarship allowances of \$95,720,000)	\$ 100,037,000	5,394,000	—	105,431,000
Grants and contracts, noncapital:				
Federal	—	17,396,000	—	17,396,000
State	—	2,142,000	—	2,142,000
Local	—	830,000	—	830,000
Nongovernmental	—	1,371,000	—	1,371,000
Sales and services of educational activities	147,000	2,545,000	—	2,692,000
Sales and services of auxiliary enterprises (net of scholarship allowances of \$2,033,000)	13,872,000	6,551,000	—	20,423,000
Other operating revenue	5,841,000	738,000	—	6,579,000
Total operating revenue	<u>119,897,000</u>	<u>36,967,000</u>	<u>—</u>	<u>156,864,000</u>
Expenses:				
Operating expenses:				
Instruction	124,614,000	21,215,000	—	145,829,000
Research	2,476,000	—	—	2,476,000
Public service	2,496,000	—	—	2,496,000
Academic support	46,267,000	—	—	46,267,000
Student services	23,607,000	4,158,000	—	27,765,000
Institutional support	34,797,000	3,671,000	—	38,468,000
Operation and maintenance of plant	29,558,000	4,480,000	—	34,038,000
Student grants and scholarships	67,931,000	1,095,000	—	69,026,000
Auxiliary enterprise expenses	11,828,000	—	—	11,828,000
Depreciation and amortization	15,185,000	1,577,000	—	16,762,000
Total operating expenses	<u>358,759,000</u>	<u>36,196,000</u>	<u>—</u>	<u>394,955,000</u>
Operating income (loss)	<u>(238,862,000)</u>	<u>771,000</u>	<u>—</u>	<u>(238,091,000)</u>
Nonoperating revenue (expenses):				
State appropriations, noncapital	125,066,000	—	—	125,066,000
Federal financial aid grants, noncapital	76,584,000	—	—	76,584,000
State financial aid grants, noncapital	44,912,000	—	—	44,912,000
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	21,000	—	—	21,000
Other federal nonoperating grants, noncapital	94,000	—	—	94,000
Gifts, noncapital	118,000	10,844,000	(118,000)	10,844,000
Investment income (loss), net	3,319,000	(17,000)	—	3,302,000
Endowment income (loss)	—	(356,000)	—	(356,000)
Interest expense	(2,792,000)	(955,000)	—	(3,747,000)
Other nonoperating revenue (expenses)	6,515,000	(291,000)	118,000	6,342,000
Net nonoperating revenue (expenses)	<u>253,837,000</u>	<u>9,225,000</u>	<u>—</u>	<u>263,062,000</u>
Income (loss) before other revenue (expenses)	<u>14,975,000</u>	<u>9,996,000</u>	<u>—</u>	<u>24,971,000</u>
State appropriations, capital	650,000	—	—	650,000
Grants and gifts, capital	456,000	—	—	456,000
Additions (reductions) to permanent endowments	—	1,837,000	—	1,837,000
Increase (decrease) in net position	<u>16,081,000</u>	<u>11,833,000</u>	<u>—</u>	<u>27,914,000</u>
Net position:				
Net position at beginning of year	<u>66,097,000</u>	<u>36,402,000</u>	<u>—</u>	<u>102,499,000</u>
Net position at end of year	<u>\$ 82,178,000</u>	<u>48,235,000</u>	<u>—</u>	<u>130,413,000</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, LOS ANGELES

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 107,390,000
Federal grants and contracts	47,000
State grants and contracts	—
Local grants and contracts	45,000
Nongovernmental grants and contracts	—
Payments to suppliers	(60,416,000)
Payments to employees	(214,317,000)
Payments to students	(68,031,000)
Collections of student loans	—
Sales and services of educational activities	147,000
Sales and services of auxiliary enterprises	13,838,000
Other receipts	7,950,000
	<u>(213,347,000)</u>
Net cash used in operating activities	
Cash flows from noncapital financing activities:	
State appropriations	125,001,000
Federal financial aid grants	76,573,000
State financial aid grants	44,125,000
Nongovernmental and other financial aid grants	21,000
Other federal nonoperating grants	94,000
Gifts and grants received for other than capital purposes	118,000
Federal loan program receipts	73,452,000
Federal loan program disbursements	(74,079,000)
Monies received on behalf of others	5,248,000
Monies disbursed on behalf of others	(4,487,000)
Transfers to escrow agent	(23,668,000)
Proceeds from long-term debt	23,270,000
Principal paid on long-term debt	(1,050,000)
Interest paid on long-term debt	(692,000)
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	1,050,000
Interest collections on capital leases	693,000
Principal collections on notes receivable	630,000
Interest collections on notes receivable	9,000
Other noncapital financing activities	3,936,000
	<u>250,244,000</u>
Net cash provided by noncapital financing activities	
Cash flows from capital and related financing activities:	
Proceeds from capital debt	292,000
State appropriations	6,000
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	225,000
Proceeds from sale of capital assets	—
Acquisition of capital assets	(8,363,000)
Transfers to escrow agent	(295,000)
Principal paid on capital debt and leases	(1,650,000)
Interest paid on capital debt and leases	(2,015,000)
Principal collection on capital leases	—
Interest collection on capital leases	—
	<u>(11,800,000)</u>
Net cash used in capital and related financing activities	

## CALIFORNIA STATE UNIVERSITY, LOS ANGELES

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 444,356,000
Purchases of investments	(471,528,000)
Investment income proceeds	2,075,000
Net cash used in investing activities	<u>(25,097,000)</u>
Net increase (decrease) in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>10,000</u>
Cash and cash equivalents at end of year	<u>\$ 10,000</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 10,000
Restricted cash and cash equivalents	—
Total cash and cash equivalents at end of year	<u>\$ 10,000</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (238,862,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	15,185,000
Change in assets and liabilities:	
Accounts receivable, net	2,189,000
Student loans receivable, net	(99,000)
Prepaid expenses and other current assets	(143,000)
Other assets	(24,000)
Deferred outflows of resources	(13,885,000)
Accounts payable	401,000
Accrued salaries and benefits	2,052,000
Accrued compensated absences	682,000
Unearned revenue	7,237,000
Other postemployment benefits obligations	1,404,000
Net pension liability	51,631,000
Other liabilities	(180,000)
Deferred inflows of resources	<u>(40,935,000)</u>
Net cash used in operating activities	<u>\$ (213,347,000)</u>
Supplemental schedule of noncash transactions:	
Capital assets paid by the Office of the Chancellor	\$ 1,705,000
Contributed capital assets	456,000
Amortization of net bond premium	377,000
Amortization of loss on debt refundings	114,000
Change in accrued capital asset purchases	(329,000)

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, LOS ANGELES

## Transactions with Related Entities

Year ended June 30, 2016

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 2,630,000
Payments from discretely presented component units for other than salaries	5,314,000
Payments to discretely presented component units for services, space, and programs	4,218,000
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	118,000
Accounts receivable from discretely presented component units	499,000
Other amounts receivable from discretely presented component units	1,424,000
Accounts payable to discretely presented component units	(259,000)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	141,000
Payments to the Office of the Chancellor for state pro rata charges	386,000
Accounts receivable from the Office of the Chancellor	773,000
Accounts payable to the Office of the Chancellor	(2,000)
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	(4,000)
State lottery allocation received	2,157,000

See accompanying independent auditors' report.

## CALIFORNIA MARITIME ACADEMY

## Statement of Net Position

June 30, 2016

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 161,000	1,407,000	1,568,000
Short-term investments	20,907,000	111,000	21,018,000
Accounts receivable, net	706,000	85,000	791,000
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	155,000	155,000
Prepaid expenses and other current assets	1,195,000	53,000	1,248,000
Total current assets	<u>22,969,000</u>	<u>1,811,000</u>	<u>24,780,000</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	466,000	466,000
Accounts receivable, net	737,000	—	737,000
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	1,538,000	—	1,538,000
Pledges receivable, net	—	166,000	166,000
Endowment investments	—	6,572,000	6,572,000
Other long-term investments	2,089,000	—	2,089,000
Capital assets, net	110,663,000	2,836,000	113,499,000
Other assets	10,000	—	10,000
Total noncurrent assets	<u>115,037,000</u>	<u>10,040,000</u>	<u>125,077,000</u>
Total assets	<u>138,006,000</u>	<u>11,851,000</u>	<u>149,857,000</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>9,063,000</u>	<u>—</u>	<u>9,063,000</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	1,688,000	43,000	1,731,000
Accrued salaries and benefits	1,772,000	—	1,772,000
Accrued compensated absences, current portion	800,000	—	800,000
Unearned revenue	1,799,000	—	1,799,000
Capitalized lease obligations, current portion	166,000	—	166,000
Long-term debt obligations, current portion	802,000	4,000	806,000
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	—	—	—
Other liabilities	467,000	150,000	617,000
Total current liabilities	<u>7,494,000</u>	<u>197,000</u>	<u>7,691,000</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	1,307,000	—	1,307,000
Unearned revenue	—	—	—
Grants refundable	1,689,000	—	1,689,000
Capitalized lease obligations, net of current portion	723,000	—	723,000
Long-term debt obligations, net of current portion	29,517,000	44,000	29,561,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	111,000	—	111,000
Other postemployment benefits obligations	1,865,000	—	1,865,000
Net pension liability	47,578,000	—	47,578,000
Other liabilities	—	—	—
Total noncurrent liabilities	<u>82,790,000</u>	<u>44,000</u>	<u>82,834,000</u>
Total liabilities	<u>90,284,000</u>	<u>241,000</u>	<u>90,525,000</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>1,029,000</u>	<u>—</u>	<u>1,029,000</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	82,013,000	2,836,000	84,849,000
Restricted for:			
Nonexpendable – endowments	—	7,114,000	7,114,000
Expendable:			
Scholarships and fellowships	11,000	—	11,000
Research	—	—	—
Loans	46,000	—	46,000
Capital projects	2,527,000	111,000	2,638,000
Debt service	1,000	—	1,000
Others	3,975,000	1,124,000	5,099,000
Unrestricted	<u>(32,817,000)</u>	<u>425,000</u>	<u>(32,392,000)</u>
Total net position	<u>55,756,000</u>	<u>11,610,000</u>	<u>67,366,000</u>

See accompanying independent auditors' report.

## CALIFORNIA MARITIME ACADEMY

## Statement of Revenue, Expenses, and Changes in Net Position

Year ended June 30, 2016

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenue:				
Operating revenue:				
Student tuition and fees (net of scholarship allowances of \$1,746,000)	\$ 10,796,000	219,000	—	11,015,000
Grants and contracts, noncapital:				
Federal	872,000	—	—	872,000
State	125,000	—	—	125,000
Local	—	—	—	—
Nongovernmental	3,166,000	—	—	3,166,000
Sales and services of educational activities	20,000	—	—	20,000
Sales and services of auxiliary enterprises (net of scholarship allowances of \$1,338,000)	8,293,000	—	—	8,293,000
Other operating revenue	2,009,000	3,980,000	(129,000)	5,860,000
Total operating revenue	<u>25,281,000</u>	<u>4,199,000</u>	<u>(129,000)</u>	<u>29,351,000</u>
Expenses:				
Operating expenses:				
Instruction	17,570,000	—	—	17,570,000
Research	2,674,000	—	—	2,674,000
Public service	24,000	—	—	24,000
Academic support	2,302,000	—	—	2,302,000
Student services	6,347,000	373,000	—	6,720,000
Institutional support	9,654,000	—	—	9,654,000
Operation and maintenance of plant	8,099,000	—	—	8,099,000
Student grants and scholarships	1,773,000	480,000	(464,000)	1,789,000
Auxiliary enterprise expenses	6,892,000	870,000	(189,000)	7,573,000
Depreciation and amortization	6,044,000	553,000	—	6,597,000
Total operating expenses	<u>61,379,000</u>	<u>2,276,000</u>	<u>(653,000)</u>	<u>63,002,000</u>
Operating income (loss)	<u>(36,098,000)</u>	<u>1,923,000</u>	<u>524,000</u>	<u>(33,651,000)</u>
Nonoperating revenue (expenses):				
State appropriations, noncapital	28,503,000	—	—	28,503,000
Federal financial aid grants, noncapital	1,664,000	—	—	1,664,000
State financial aid grants, noncapital	875,000	—	—	875,000
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	464,000	—	(464,000)	—
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	74,000	—	(60,000)	14,000
Investment income (loss), net	286,000	(271,000)	—	15,000
Endowment income (loss)	—	202,000	—	202,000
Interest expense	(1,310,000)	—	—	(1,310,000)
Other nonoperating revenue (expenses)	932,000	8,000	—	940,000
Net nonoperating revenue (expenses)	<u>31,488,000</u>	<u>(61,000)</u>	<u>(524,000)</u>	<u>30,903,000</u>
Income (loss) before other revenue (expenses)	<u>(4,610,000)</u>	<u>1,862,000</u>	<u>—</u>	<u>(2,748,000)</u>
State appropriations, capital	370,000	—	—	370,000
Grants and gifts, capital	135,000	—	—	135,000
Additions (reductions) to permanent endowments	—	—	—	—
Increase (decrease) in net position	<u>(4,105,000)</u>	<u>1,862,000</u>	<u>—</u>	<u>(2,243,000)</u>
Net position:				
Net position at beginning of year	<u>59,861,000</u>	<u>9,748,000</u>	<u>—</u>	<u>69,609,000</u>
Net position at end of year	<u>\$ 55,756,000</u>	<u>11,610,000</u>	<u>—</u>	<u>67,366,000</u>

See accompanying independent auditors' report.

## CALIFORNIA MARITIME ACADEMY

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 10,584,000
Federal grants and contracts	794,000
State grants and contracts	153,000
Local grants and contracts	—
Nongovernmental grants and contracts	3,038,000
Payments to suppliers	(19,190,000)
Payments to employees	(33,204,000)
Payments to students	(3,018,000)
Collections of student loans	1,262,000
Sales and services of educational activities	20,000
Sales and services of auxiliary enterprises	8,317,000
Other receipts	2,000,000
Net cash used in operating activities	<u>(29,244,000)</u>
Cash flows from noncapital financing activities:	
State appropriations	28,503,000
Federal financial aid grants	1,664,000
State financial aid grants	875,000
Nongovernmental and other financial aid grants	464,000
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	74,000
Federal loan program receipts	8,013,000
Federal loan program disbursements	(8,152,000)
Monies received on behalf of others	1,141,000
Monies disbursed on behalf of others	(1,239,000)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	702,000
Net cash provided by noncapital financing activities	<u>32,045,000</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	13,101,000
State appropriations	130,000
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	135,000
Proceeds from sale of capital assets	—
Acquisition of capital assets	(1,599,000)
Transfers to escrow agent	(13,050,000)
Principal paid on capital debt and leases	(747,000)
Interest paid on capital debt and leases	(1,100,000)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash used in capital and related financing activities	<u>(3,130,000)</u>



## CALIFORNIA MARITIME ACADEMY

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 59,473,000
Purchases of investments	(59,287,000)
Investment income proceeds	161,000
	<u>347,000</u>
Net cash provided by investing activities	18,000
Net increase in cash and cash equivalents	143,000
Cash and cash equivalents at beginning of year	<u>161,000</u>
Cash and cash equivalents at end of year	<u>\$ 161,000</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 161,000
Restricted cash and cash equivalents	—
	<u>\$ 161,000</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (36,098,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	6,044,000
Change in assets and liabilities:	
Accounts receivable, net	(143,000)
Student loans receivable, net	—
Prepaid expenses and other current assets	149,000
Other assets	(8,000)
Deferred outflows of resources	(3,095,000)
Accounts payable	404,000
Accrued salaries and benefits	131,000
Accrued compensated absences	186,000
Unearned revenue	(260,000)
Other postemployment benefits obligations	398,000
Net pension liability	9,448,000
Other liabilities	57,000
Deferred inflows of resources	(6,457,000)
Net cash used in operating activities	<u>\$ (29,244,000)</u>
Supplemental schedule of noncash transactions:	
Reclassification of long-term debt to capitalized lease obligations	\$ 622,000
Capital assets paid by the Office of the Chancellor	142,000
Construction work in process acquired from the Office of the Chancellor	97,000
Amortization of net bond premium	77,000
Change in accrued capital asset purchases	(331,000)

See accompanying independent auditors' report.

## CALIFORNIA MARITIME ACADEMY

## Transactions with Related Entities

Year ended June 30, 2016

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 25,000
Payments from discretely presented component units for other than salaries	263,000
Payments to discretely presented component units for services, space, and programs	—
Gifts in kind from discretely presented component units	60,000
Gifts (cash or assets) from discretely presented component units	593,000
Accounts receivable from discretely presented component units	32,000
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	—
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	982,000
Payments to the Office of the Chancellor for state pro rata charges	111,000
Accounts receivable from the Office of the Chancellor	72,000
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	218,000

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, MONTEREY BAY

## Statement of Net Position

June 30, 2016

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 93,000	8,920,000	9,013,000
Short-term investments	42,111,000	255,000	42,366,000
Accounts receivable, net	4,350,000	5,768,000	10,118,000
Capital lease receivable, current portion	2,070,000	—	2,070,000
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	48,000	48,000
Prepaid expenses and other current assets	870,000	1,127,000	1,997,000
Total current assets	<u>49,494,000</u>	<u>16,118,000</u>	<u>65,612,000</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	6,000	6,000
Accounts receivable, net	6,809,000	48,000	6,857,000
Capital lease receivable, net of current portion	51,735,000	—	51,735,000
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	—	—	—
Pledges receivable, net	—	29,000	29,000
Endowment investments	—	20,216,000	20,216,000
Other long-term investments	6,080,000	38,568,000	44,648,000
Capital assets, net	254,966,000	67,674,000	322,640,000
Other assets	1,000	40,000	41,000
Total noncurrent assets	<u>319,591,000</u>	<u>126,581,000</u>	<u>446,172,000</u>
Total assets	<u>369,085,000</u>	<u>142,699,000</u>	<u>511,784,000</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>22,831,000</u>	<u>1,897,000</u>	<u>24,728,000</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	5,544,000	3,450,000	8,994,000
Accrued salaries and benefits	6,223,000	672,000	6,895,000
Accrued compensated absences, current portion	3,087,000	459,000	3,546,000
Unearned revenue	2,659,000	1,583,000	4,242,000
Capitalized lease obligations, current portion	326,000	2,070,000	2,396,000
Long-term debt obligations, current portion	2,070,000	—	2,070,000
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	95,000	—	95,000
Other liabilities	2,538,000	28,000	2,566,000
Total current liabilities	<u>22,542,000</u>	<u>8,262,000</u>	<u>30,804,000</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	1,862,000	—	1,862,000
Unearned revenue	—	—	—
Grants refundable	11,000	—	11,000
Capitalized lease obligations, net of current portion	1,740,000	57,839,000	59,579,000
Long-term debt obligations, net of current portion	51,735,000	—	51,735,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	1,277,000	1,277,000
Other postemployment benefits obligations	2,420,000	—	2,420,000
Net pension liability	124,528,000	—	124,528,000
Other liabilities	3,000	—	3,000
Total noncurrent liabilities	<u>182,299,000</u>	<u>59,116,000</u>	<u>241,415,000</u>
Total liabilities	<u>204,841,000</u>	<u>67,378,000</u>	<u>272,219,000</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>2,704,000</u>	<u>—</u>	<u>2,704,000</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	252,900,000	9,662,000	262,562,000
Restricted for:			
Nonexpendable – endowments	—	12,717,000	12,717,000
Expendable:			
Scholarships and fellowships	294,000	5,007,000	5,301,000
Research	—	130,000	130,000
Loans	24,000	—	24,000
Capital projects	4,194,000	—	4,194,000
Debt service	1,000	—	1,000
Others	—	6,954,000	6,954,000
Unrestricted	(73,042,000)	42,748,000	(30,294,000)
Total net position	<u>184,371,000</u>	<u>77,218,000</u>	<u>261,589,000</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, MONTEREY BAY

## Statement of Revenue, Expenses, and Changes in Net Position

Year ended June 30, 2016

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenue:				
Operating revenue:				
Student tuition and fees (net of scholarship allowances of \$22,779,000)	\$ 33,956,000	—	—	33,956,000
Grants and contracts, noncapital:				
Federal	—	11,345,000	—	11,345,000
State	—	1,532,000	—	1,532,000
Local	—	279,000	—	279,000
Nongovernmental	—	861,000	—	861,000
Sales and services of educational activities	—	—	—	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$0)	1,595,000	38,223,000	—	39,818,000
Other operating revenue	5,250,000	788,000	—	6,038,000
Total operating revenue	<u>40,801,000</u>	<u>53,028,000</u>	<u>—</u>	<u>93,829,000</u>
Expenses:				
Operating expenses:				
Instruction	48,710,000	109,000	—	48,819,000
Research	1,013,000	5,187,000	—	6,200,000
Public service	2,838,000	3,639,000	—	6,477,000
Academic support	14,025,000	2,174,000	—	16,199,000
Student services	21,194,000	5,009,000	—	26,203,000
Institutional support	16,275,000	2,924,000	—	19,199,000
Operation and maintenance of plant	28,208,000	—	—	28,208,000
Student grants and scholarships	14,542,000	2,075,000	—	16,617,000
Auxiliary enterprise expenses	1,824,000	22,896,000	(680,000)	24,040,000
Depreciation and amortization	14,626,000	4,607,000	—	19,233,000
Total operating expenses	<u>163,255,000</u>	<u>48,620,000</u>	<u>(680,000)</u>	<u>211,195,000</u>
Operating income (loss)	<u>(122,454,000)</u>	<u>4,408,000</u>	<u>680,000</u>	<u>(117,366,000)</u>
Nonoperating revenue (expenses):				
State appropriations, noncapital	68,948,000	—	—	68,948,000
Federal financial aid grants, noncapital	16,352,000	—	—	16,352,000
State financial aid grants, noncapital	9,524,000	—	—	9,524,000
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	—	—	—	—
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	1,017,000	2,671,000	(530,000)	3,158,000
Investment income (loss), net	3,448,000	528,000	—	3,976,000
Endowment income (loss)	—	147,000	—	147,000
Interest expense	(2,815,000)	(2,662,000)	—	(5,477,000)
Other nonoperating revenue (expenses)	14,447,000	(628,000)	—	13,819,000
Net nonoperating revenue (expenses)	<u>110,921,000</u>	<u>56,000</u>	<u>(530,000)</u>	<u>110,447,000</u>
Income (loss) before other revenue (expenses)	<u>(11,533,000)</u>	<u>4,464,000</u>	<u>150,000</u>	<u>(6,919,000)</u>
State appropriations, capital	2,100,000	—	—	2,100,000
Grants and gifts, capital	207,000	(139,000)	(150,000)	(82,000)
Additions (reductions) to permanent endowments	—	1,830,000	—	1,830,000
Increase (decrease) in net position	<u>(9,226,000)</u>	<u>6,155,000</u>	<u>—</u>	<u>(3,071,000)</u>
Net position:				
Net position at beginning of year	<u>193,597,000</u>	<u>71,063,000</u>	<u>—</u>	<u>264,660,000</u>
Net position at end of year	<u>\$ 184,371,000</u>	<u>77,218,000</u>	<u>—</u>	<u>261,589,000</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, MONTEREY BAY

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 33,899,000
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(40,506,000)
Payments to employees	(91,252,000)
Payments to students	(14,638,000)
Collections of student loans	—
Sales and services of educational activities	—
Sales and services of auxiliary enterprises	1,595,000
Other receipts	5,626,000
	<u>(105,276,000)</u>
Net cash used in operating activities	
Cash flows from noncapital financing activities:	
State appropriations	68,949,000
Federal financial aid grants	16,351,000
State financial aid grants	9,524,000
Nongovernmental and other financial aid grants	—
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	1,017,000
Federal loan program receipts	17,000
Federal loan program disbursements	—
Monies received on behalf of others	—
Monies disbursed on behalf of others	(23,000)
Transfers to escrow agent	(20,854,000)
Proceeds from long-term debt	—
Principal paid on long-term debt	(275,000)
Interest paid on long-term debt	(2,306,000)
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	2,300,000
Interest collections on capital leases	2,306,000
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	14,445,000
	<u>91,451,000</u>
Net cash provided by noncapital financing activities	
Cash flows from capital and related financing activities:	
Proceeds from capital debt	18,320,000
State appropriations	775,000
State appropriations – SPWB Lease Revenue Bond program	4,515,000
Capital grants and gifts	—
Proceeds from sale of capital assets	—
Acquisition of capital assets	(8,441,000)
Transfers to escrow agent	—
Principal paid on capital debt and leases	(320,000)
Interest paid on capital debt and leases	(47,000)
Principal collection on capital leases	—
Interest collection on capital leases	—
	<u>14,802,000</u>
Net cash provided by capital and related financing activities	

## CALIFORNIA STATE UNIVERSITY, MONTEREY BAY

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 175,472,000
Purchases of investments	(177,535,000)
Investment income proceeds	1,179,000
	<u>(884,000)</u>
Net cash used in investing activities	93,000
	<u>—</u>
Cash and cash equivalents at beginning of year	\$ 93,000
Cash and cash equivalents at end of year	<u>93,000</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 93,000
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 93,000</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (122,454,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	14,626,000
Change in assets and liabilities:	
Accounts receivable, net	(1,303,000)
Student loans receivable, net	—
Prepaid expenses and other current assets	101,000
Other assets	(1,000)
Deferred outflows of resources	(11,365,000)
Accounts payable	(261,000)
Accrued salaries and benefits	1,165,000
Accrued compensated absences	406,000
Unearned revenue	652,000
Other postemployment benefits obligations	730,000
Net pension liability	27,713,000
Other liabilities	1,061,000
Deferred inflows of resources	<u>(16,346,000)</u>
Net cash used in operating activities	<u>\$ (105,276,000)</u>
Supplemental schedules of noncash transactions:	
Reclassification of long-term debt to capitalized lease obligations	\$ 2,386,000
Contributed capital assets	207,000
Change in accrued capital asset purchases	(1,274,000)

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, MONTEREY BAY

## Transactions with Related Entities

Year ended June 30, 2016

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 1,400,000
Payments from discretely presented component units for other than salaries	3,345,000
Payments to discretely presented component units for services, space, and programs	—
Gifts in kind from discretely presented component units	112,000
Gifts (cash or assets) from discretely presented component units	2,641,000
Accounts receivable from discretely presented component units	1,328,000
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(579,000)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	45,000
Payments to the Office of the Chancellor for state pro rata charges	137,000
Accounts receivable from the Office of the Chancellor	1,254,000
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	2,000
Accounts payable to campuses other than the Office of the Chancellor	(1,000)
State lottery allocation received	882,000

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, NORTHRIDGE

## Statement of Net Position

June 30, 2016

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 13,000	12,399,000	12,412,000
Short-term investments	220,531,000	62,416,000	282,947,000
Accounts receivable, net	8,392,000	5,701,000	14,093,000
Capital lease receivable, current portion	375,000	—	375,000
Notes receivable, current portion	—	8,000	8,000
Pledges receivable, net	—	8,650,000	8,650,000
Prepaid expenses and other current assets	3,103,000	648,000	3,751,000
Total current assets	<u>232,414,000</u>	<u>89,822,000</u>	<u>322,236,000</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	—	—
Accounts receivable, net	994,000	1,637,000	2,631,000
Capital lease receivable, net of current portion	7,130,000	—	7,130,000
Notes receivable, net of current portion	—	264,000	264,000
Student loans receivable, net	2,426,000	—	2,426,000
Pledges receivable, net	—	—	—
Endowment investments	—	86,320,000	86,320,000
Other long-term investments	21,612,000	12,270,000	33,882,000
Capital assets, net	530,776,000	27,579,000	558,355,000
Other assets	209,000	3,390,000	3,599,000
Total noncurrent assets	<u>563,147,000</u>	<u>131,460,000</u>	<u>694,607,000</u>
Total assets	<u>795,561,000</u>	<u>221,282,000</u>	<u>1,016,843,000</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	55,785,000	—	55,785,000
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	12,987,000	1,892,000	14,879,000
Accrued salaries and benefits	26,657,000	2,427,000	29,084,000
Accrued compensated absences, current portion	10,248,000	724,000	10,972,000
Unearned revenue	27,698,000	3,638,000	31,336,000
Capitalized lease obligations, current portion	—	375,000	375,000
Long-term debt obligations, current portion	7,840,000	478,000	8,318,000
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	93,000	2,616,000	2,709,000
Other liabilities	2,819,000	98,000	2,917,000
Total current liabilities	<u>88,342,000</u>	<u>12,248,000</u>	<u>100,590,000</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	6,824,000	210,000	7,034,000
Unearned revenue	—	—	—
Grants refundable	3,115,000	—	3,115,000
Capitalized lease obligations, net of current portion	—	7,730,000	7,730,000
Long-term debt obligations, net of current portion	153,916,000	6,206,000	160,122,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Other postemployment benefits obligations	15,229,000	7,218,000	22,447,000
Net pension liability	472,985,000	—	472,985,000
Other liabilities	—	—	—
Total noncurrent liabilities	<u>652,069,000</u>	<u>21,364,000</u>	<u>673,433,000</u>
Total liabilities	<u>740,411,000</u>	<u>33,612,000</u>	<u>774,023,000</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	10,302,000	—	10,302,000
<b>Net Position</b>			
Net position:			
Net investment in capital assets	378,814,000	12,791,000	391,605,000
Restricted for:			
Nonexpendable – endowments	—	59,617,000	59,617,000
Expendable:			
Scholarships and fellowships	536,000	18,839,000	19,375,000
Research	—	1,403,000	1,403,000
Loans	642,000	—	642,000
Capital projects	703,000	4,462,000	5,165,000
Debt service	66,000	—	66,000
Others	1,000	46,092,000	46,093,000
Unrestricted	(280,129,000)	44,466,000	(235,663,000)
Total net position	<u>100,633,000</u>	<u>187,670,000</u>	<u>288,303,000</u>

See accompanying independent auditors' report.



## CALIFORNIA STATE UNIVERSITY, NORTHRIDGE

## Statement of Revenue, Expenses, and Changes in Net Position

Year ended June 30, 2016

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenue:				
Operating revenue:				
Student tuition and fees (net of scholarship allowances of \$140,381,000)	\$ 179,192,000	19,519,000	—	198,711,000
Grants and contracts, noncapital:				
Federal	—	27,811,000	—	27,811,000
State	—	2,448,000	—	2,448,000
Local	—	762,000	—	762,000
Nongovernmental	75,000	1,569,000	—	1,644,000
Sales and services of educational activities	1,590,000	—	—	1,590,000
Sales and services of auxiliary enterprises (net of scholarship allowances of \$6,565,000)	29,171,000	22,483,000	—	51,654,000
Other operating revenue	16,891,000	3,580,000	—	20,471,000
Total operating revenue	<u>226,919,000</u>	<u>78,172,000</u>	<u>—</u>	<u>305,091,000</u>
Expenses:				
Operating expenses:				
Instruction	191,005,000	4,475,000	(76,000)	195,404,000
Research	7,461,000	29,086,000	—	36,547,000
Public service	1,235,000	—	—	1,235,000
Academic support	50,145,000	2,906,000	—	53,051,000
Student services	76,028,000	21,088,000	—	97,116,000
Institutional support	40,474,000	4,590,000	—	45,064,000
Operation and maintenance of plant	48,423,000	46,000	—	48,469,000
Student grants and scholarships	86,153,000	387,000	—	86,540,000
Auxiliary enterprise expenses	20,607,000	19,718,000	—	40,325,000
Depreciation and amortization	30,198,000	2,345,000	—	32,543,000
Total operating expenses	<u>551,729,000</u>	<u>84,641,000</u>	<u>(76,000)</u>	<u>636,294,000</u>
Operating income (loss)	<u>(324,810,000)</u>	<u>(6,469,000)</u>	<u>76,000</u>	<u>(331,203,000)</u>
Nonoperating revenue (expenses):				
State appropriations, noncapital	168,943,000	—	—	168,943,000
Federal financial aid grants, noncapital	95,970,000	—	—	95,970,000
State financial aid grants, noncapital	64,559,000	—	—	64,559,000
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	6,224,000	—	—	6,224,000
Other federal nonoperating grants, noncapital	671,000	—	—	671,000
Gifts, noncapital	102,000	9,639,000	—	9,741,000
Investment income (loss), net	3,484,000	(2,115,000)	—	1,369,000
Endowment income (loss)	—	97,000	—	97,000
Interest expense	(7,272,000)	(555,000)	—	(7,827,000)
Other nonoperating revenue (expenses)	8,814,000	(5,000)	—	8,809,000
Net nonoperating revenue (expenses)	<u>341,495,000</u>	<u>7,061,000</u>	<u>—</u>	<u>348,556,000</u>
Income before other revenues (expenses)	16,685,000	592,000	76,000	17,353,000
State appropriations, capital	1,000,000	—	—	1,000,000
Grants and gifts, capital	567,000	—	(76,000)	491,000
Additions (reductions) to permanent endowments	—	4,897,000	—	4,897,000
Increase (decrease) in net position	<u>18,252,000</u>	<u>5,489,000</u>	<u>—</u>	<u>23,741,000</u>
Net position:				
Net position at beginning of year	82,381,000	182,181,000	—	264,562,000
Net position at end of year	<u>\$ 100,633,000</u>	<u>187,670,000</u>	<u>—</u>	<u>288,303,000</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, NORTHRIDGE

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 185,768,000
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	75,000
Payments to suppliers	(105,038,000)
Payments to employees	(332,033,000)
Payments to students	(86,153,000)
Collections of student loans	—
Sales and services of educational activities	1,590,000
Sales and services of auxiliary enterprises	29,466,000
Other receipts	15,114,000
	<u>(291,211,000)</u>
Net cash used in operating activities	
Cash flows from noncapital financing activities:	
State appropriations	168,943,000
Federal financial aid grants	95,970,000
State financial aid grants	64,559,000
Nongovernmental and other financial aid grants	6,224,000
Other federal nonoperating grants	671,000
Gifts and grants received for other than capital purposes	102,000
Federal loan program receipts	118,214,000
Federal loan program disbursements	(118,142,000)
Monies received on behalf of others	42,000
Monies disbursed on behalf of others	(39,000)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	(365,000)
Interest paid on long-term debt	(362,000)
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	365,000
Interest collections on capital leases	365,000
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	8,181,000
	<u>344,728,000</u>
Net cash provided by noncapital financing activities	
Cash flows from capital and related financing activities:	
Proceeds from capital debt	49,235,000
State appropriations	6,000
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	385,000
Proceeds from sale of capital assets	—
Acquisition of capital assets	(36,858,000)
Transfers to escrow agent	(49,846,000)
Principal paid on capital debt and leases	(7,295,000)
Interest paid on capital debt and leases	(7,100,000)
Principal collection on capital leases	—
Interest collection on capital leases	—
	<u>(51,473,000)</u>
Net cash used in capital and related financing activities	

## CALIFORNIA STATE UNIVERSITY, NORTHRIDGE

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 644,858,000
Purchases of investments	(649,682,000)
Investment income proceeds	2,780,000
	<u>(2,044,000)</u>
Net cash used in investing activities	—
Net decrease in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>13,000</u>
Cash and cash equivalents at end of year	<u>\$ 13,000</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 13,000
Restricted cash and cash equivalents	—
Total cash and cash equivalents at end of year	<u>\$ 13,000</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (324,810,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	30,198,000
Change in assets and liabilities:	
Accounts receivable, net	5,063,000
Student loans receivable, net	—
Prepaid expenses and other current assets	(549,000)
Other assets	(21,000)
Deferred outflows of resources	(8,524,000)
Accounts payable	(619,000)
Accrued salaries and benefits	2,169,000
Accrued compensated absences	559,000
Unearned revenue	1,425,000
Other postemployment benefits obligations	3,114,000
Net pension liability	70,029,000
Other liabilities	(90,000)
Deferred inflows of resources	<u>(69,155,000)</u>
Net cash used in operating activities	<u>\$ (291,211,000)</u>
Supplemental schedules of noncash transactions:	
Amortization of net bond premium	\$ 878,000
Capital assets paid by the Office of the Chancellor	246,000
Contributed capital assets	182,000
Amortization of loss on debt refundings	116,000
Change in accrued capital asset purchases	(5,665,000)

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, NORTHRIDGE

## Transactions with Related Entities

Year ended June 30, 2016

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 4,390,000
Payments from discretely presented component units for other than salaries	8,526,000
Payments to discretely presented component units for services, space, and programs	18,846,000
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	76,000
Accounts receivable from discretely presented component units	528,000
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(125,000)
Other amounts payable to discretely presented component units	(265,000)
Payments to the Office of the Chancellor for administrative activities	389,000
Payments to the Office of the Chancellor for state pro rata charges	931,000
Accounts receivable from the Office of the Chancellor	1,342,000
Accounts payable to the Office of the Chancellor	(10,000)
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	(4,000)
State lottery allocation received	2,307,000

See accompanying independent auditors' report.

## CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

## Statement of Net Position

June 30, 2016

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 11,000	6,323,000	6,334,000
Short-term investments	183,637,000	57,391,000	241,028,000
Accounts receivable, net	3,731,000	10,088,000	13,819,000
Capital lease receivable, current portion	875,000	—	875,000
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	2,250,000	2,250,000
Prepaid expenses and other current assets	4,121,000	2,974,000	7,095,000
Total current assets	<u>192,375,000</u>	<u>79,026,000</u>	<u>271,401,000</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	1,715,000	1,715,000
Accounts receivable, net	23,574,000	—	23,574,000
Capital lease receivable, net of current portion	23,040,000	—	23,040,000
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	4,958,000	—	4,958,000
Pledges receivable, net	—	1,268,000	1,268,000
Endowment investments	—	84,365,000	84,365,000
Other long-term investments	30,456,000	—	30,456,000
Capital assets, net	471,632,000	49,826,000	521,458,000
Other assets	—	790,000	790,000
Total noncurrent assets	<u>553,660,000</u>	<u>137,964,000</u>	<u>691,624,000</u>
Total assets	<u>746,035,000</u>	<u>216,990,000</u>	<u>963,025,000</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>50,422,000</u>	<u>1,493,000</u>	<u>51,915,000</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	15,130,000	3,594,000	18,724,000
Accrued salaries and benefits	16,574,000	754,000	17,328,000
Accrued compensated absences, current portion	5,864,000	739,000	6,603,000
Unearned revenue	8,710,000	1,593,000	10,303,000
Capitalized lease obligations, current portion	2,015,000	877,000	2,892,000
Long-term debt obligations, current portion	5,755,000	98,000	5,853,000
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	175,000	—	175,000
Other liabilities	6,937,000	4,283,000	11,220,000
Total current liabilities	<u>61,160,000</u>	<u>11,938,000</u>	<u>73,098,000</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	3,977,000	192,000	4,169,000
Unearned revenue	—	—	—
Grants refundable	5,903,000	—	5,903,000
Capitalized lease obligations, net of current portion	10,853,000	26,046,000	36,899,000
Long-term debt obligations, net of current portion	255,443,000	203,000	255,646,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Other postemployment benefits obligations	6,142,000	4,514,000	10,656,000
Net pension liability	312,814,000	5,338,000	318,152,000
Other liabilities	—	1,501,000	1,501,000
Total noncurrent liabilities	<u>595,132,000</u>	<u>37,794,000</u>	<u>632,926,000</u>
Total liabilities	<u>656,292,000</u>	<u>49,732,000</u>	<u>706,024,000</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>6,810,000</u>	<u>2,437,000</u>	<u>9,247,000</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	237,868,000	23,030,000	260,898,000
Restricted for:			
Nonexpendable – endowments	—	85,604,000	85,604,000
Expendable:			
Scholarships and fellowships	46,000	4,491,000	4,537,000
Research	—	—	—
Loans	503,000	—	503,000
Capital projects	21,935,000	1,740,000	23,675,000
Debt service	791,000	—	791,000
Others	—	31,306,000	31,306,000
Unrestricted	(127,788,000)	20,143,000	(107,645,000)
Total net position	<u>133,355,000</u>	<u>166,314,000</u>	<u>299,669,000</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

## Statement of Revenue, Expenses, and Changes in Net Position

Year ended June 30, 2016

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenue:				
Operating revenue:				
Student tuition and fees (net of scholarship allowance of \$81,114,000)	\$ 94,347,000	18,022,000	(9,881,000)	102,488,000
Grants and contracts, noncapital:				
Federal	—	9,284,000	—	9,284,000
State	—	2,445,000	—	2,445,000
Local	—	—	—	—
Nongovernmental	—	2,156,000	—	2,156,000
Sales and services of educational activities	10,000	7,443,000	—	7,453,000
Sales and services of auxiliary enterprises (net of scholarship allowances of \$6,927,000)	25,123,000	40,982,000	—	66,105,000
Other operating revenue	7,220,000	4,099,000	—	11,319,000
Total operating revenue	<u>126,700,000</u>	<u>84,431,000</u>	<u>(9,881,000)</u>	<u>201,250,000</u>
Expenses:				
Operating expenses:				
Instruction	123,450,000	10,901,000	—	134,351,000
Research	1,332,000	4,331,000	—	5,663,000
Public service	126,000	886,000	—	1,012,000
Academic support	44,542,000	5,700,000	—	50,242,000
Student services	39,529,000	11,104,000	—	50,633,000
Institutional support	21,166,000	2,026,000	—	23,192,000
Operation and maintenance of plant	28,776,000	73,000	—	28,849,000
Student grants and scholarships	35,144,000	1,575,000	(2,807,000)	33,912,000
Auxiliary enterprise expenses	16,089,000	42,327,000	(9,881,000)	48,535,000
Depreciation and amortization	24,112,000	4,174,000	—	28,286,000
Total operating expenses	<u>334,266,000</u>	<u>83,097,000</u>	<u>(12,688,000)</u>	<u>404,675,000</u>
Operating income (loss)	<u>(207,566,000)</u>	<u>1,334,000</u>	<u>2,807,000</u>	<u>(203,425,000)</u>
Nonoperating revenue (expenses):				
State appropriations, noncapital	129,803,000	—	—	129,803,000
Federal financial aid grants, noncapital	48,732,000	—	—	48,732,000
State financial aid grants, noncapital	36,691,000	—	—	36,691,000
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	2,971,000	—	(2,528,000)	443,000
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	2,204,000	5,063,000	(2,147,000)	5,120,000
Investment income (loss), net	3,579,000	(127,000)	—	3,452,000
Endowment income (loss)	—	(4,540,000)	—	(4,540,000)
Interest expense	(10,961,000)	(1,088,000)	—	(12,049,000)
Other nonoperating revenue (expenses)	(8,256,000)	(9,835,000)	10,393,000	(7,698,000)
Net nonoperating revenue (expenses)	<u>204,763,000</u>	<u>(10,527,000)</u>	<u>5,718,000</u>	<u>199,954,000</u>
Income (loss) before other revenue (expenses)	<u>(2,803,000)</u>	<u>(9,193,000)</u>	<u>8,525,000</u>	<u>(3,471,000)</u>
State appropriations, capital	24,318,000	—	—	24,318,000
Grants and gifts, capital	8,476,000	—	(8,525,000)	(49,000)
Additions (reductions) to permanent endowments	—	—	—	—
Increase (decrease) in net position	<u>29,991,000</u>	<u>(9,193,000)</u>	<u>—</u>	<u>20,798,000</u>
Net position:				
Net position at beginning of year	103,364,000	175,507,000	—	278,871,000
Net position at end of year	<u>\$ 133,355,000</u>	<u>166,314,000</u>	<u>—</u>	<u>299,669,000</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 94,801,000
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(62,863,000)
Payments to employees	(213,240,000)
Payments to students	(34,573,000)
Collections of student loans	—
Sales and services of educational activities	10,000
Sales and services of auxiliary enterprises	24,705,000
Other receipts	8,342,000
	<u>(182,818,000)</u>
Net cash used in operating activities	
Cash flows from noncapital financing activities:	
State appropriations	129,803,000
Federal financial aid grants	48,729,000
State financial aid grants	36,437,000
Nongovernmental and other financial aid grants	2,971,000
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	1,231,000
Federal loan program receipts	66,732,000
Federal loan program disbursements	(66,207,000)
Monies received on behalf of others	17,916,000
Monies disbursed on behalf of others	(18,196,000)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	(830,000)
Interest paid on long-term debt	(1,217,000)
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	830,000
Interest collections on capital leases	1,217,000
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	(5,324,000)
	<u>214,092,000</u>
Net cash provided by noncapital financing activities	
Cash flows from capital and related financing activities:	
Proceeds from capital debt	126,039,000
State appropriations	11,891,000
State appropriations – SPWB Lease Revenue Bond program	404,000
Capital grants and gifts	—
Proceeds from sale of capital assets	1,388,000
Acquisition of capital assets	(35,674,000)
Transfers to escrow agent	(90,242,000)
Principal paid on capital debt and leases	(26,714,000)
Interest paid on capital debt and leases	(8,896,000)
Principal collection on capital leases	—
Interest collection on capital leases	—
	<u>(21,804,000)</u>
Net cash used in capital and related financing activities	

## CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 553,236,000
Purchases of investments	(564,367,000)
Investment income proceeds	1,660,000
Net cash used in investing activities	<u>(9,471,000)</u>
Net decrease in cash and cash equivalents	(1,000)
Cash and cash equivalents at beginning of year	<u>12,000</u>
Cash and cash equivalents at end of year	<u>\$ 11,000</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 11,000
Restricted cash and cash equivalents	—
Total cash and cash equivalents at end of year	<u>\$ 11,000</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (207,566,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	24,112,000
Change in assets and liabilities:	
Accounts receivable, net	52,000
Student loans receivable, net	(28,000)
Prepaid expenses and other current assets	(25,000)
Other assets	—
Deferred outflows of resources	(11,093,000)
Accounts payable	748,000
Accrued salaries and benefits	(507,000)
Accrued compensated absences	496,000
Unearned revenue	1,329,000
Other postemployment benefits obligations	1,279,000
Net pension liability	52,227,000
Other liabilities	715,000
Deferred inflows of resources	<u>(44,557,000)</u>
Net cash used in operating activities	<u>\$ (182,818,000)</u>
Supplemental schedules of noncash transactions:	
Reclassification of long-term debt to capitalized lease obligations	\$ 11,595,000
Contributed capital assets	8,476,000
Change in accrued capital asset purchases	6,222,000
Acquisition of capital assets through capitalized lease obligations	2,989,000
Amortization of net bond premium	981,000
Gifts in kind	973,000
Acquisition of capital assets through capitalized lease	242,000

See accompanying independent auditors' report.



## CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

## Transactions with Related Entities

Year ended June 30, 2016

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 1,146,000
Payments from discretely presented component units for other than salaries	10,070,000
Payments to discretely presented component units for services, space, and programs	25,025,000
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	10,393,000
Accounts receivable from discretely presented component units	1,038,000
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(2,745,000)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	718,000
Payments to the Office of the Chancellor for state pro rata charges	393,000
Accounts receivable from the Office of the Chancellor	424,000
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	8,000
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	1,862,000

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, SACRAMENTO

## Statement of Net Position

June 30, 2016

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 1,079,000	2,142,000	3,221,000
Short-term investments	167,490,000	32,979,000	200,469,000
Accounts receivable, net	15,276,000	15,585,000	30,861,000
Capital lease receivable, current portion	676,000	809,000	1,485,000
Notes receivable, current portion	108,000	39,000	147,000
Pledges receivable, net	240,000	996,000	1,236,000
Prepaid expenses and other current assets	3,430,000	1,909,000	5,339,000
Total current assets	<u>188,299,000</u>	<u>54,459,000</u>	<u>242,758,000</u>
Noncurrent assets:			
Restricted cash and cash equivalents	59,000	4,673,000	4,732,000
Accounts receivable, net	1,350,000	—	1,350,000
Capital lease receivable, net of current portion	19,859,000	42,172,000	62,031,000
Notes receivable, net of current portion	289,000	468,000	757,000
Student loans receivable, net	4,961,000	—	4,961,000
Pledges receivable, net	480,000	4,000	484,000
Endowment investments	4,465,000	33,474,000	37,939,000
Other long-term investments	77,418,000	26,736,000	104,154,000
Capital assets, net	341,430,000	62,289,000	403,719,000
Other assets	25,000	163,000	188,000
Total noncurrent assets	<u>450,336,000</u>	<u>169,979,000</u>	<u>620,315,000</u>
Total assets	<u>638,635,000</u>	<u>224,438,000</u>	<u>863,073,000</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>56,655,000</u>	<u>3,840,000</u>	<u>60,495,000</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	12,958,000	6,621,000	19,579,000
Accrued salaries and benefits	20,160,000	1,811,000	21,971,000
Accrued compensated absences, current portion	8,516,000	1,442,000	9,958,000
Unearned revenue	23,051,000	2,015,000	25,066,000
Capitalized lease obligations, current portion	1,343,000	570,000	1,913,000
Long-term debt obligations, current portion	5,624,000	2,337,000	7,961,000
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	873,000	1,529,000	2,402,000
Other liabilities	3,117,000	1,247,000	4,364,000
Total current liabilities	<u>75,642,000</u>	<u>17,572,000</u>	<u>93,214,000</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	3,614,000	90,000	3,704,000
Unearned revenue	—	82,000	82,000
Grants refundable	6,244,000	1,584,000	7,828,000
Capitalized lease obligations, net of current portion	38,408,000	17,877,000	56,285,000
Long-term debt obligations, net of current portion	211,848,000	62,843,000	274,691,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Other postemployment benefits obligations	15,129,000	5,958,000	21,087,000
Net pension liability	360,138,000	7,981,000	368,119,000
Other liabilities	—	2,601,000	2,601,000
Total noncurrent liabilities	<u>635,381,000</u>	<u>99,016,000</u>	<u>734,397,000</u>
Total liabilities	<u>711,023,000</u>	<u>116,588,000</u>	<u>827,611,000</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>7,840,000</u>	<u>3,306,000</u>	<u>11,146,000</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	150,052,000	21,642,000	171,694,000
Restricted for:			
Nonexpendable – endowments	4,465,000	30,625,000	35,090,000
Expendable:			
Scholarships and fellowships	609,000	4,446,000	5,055,000
Research	—	—	—
Loans	1,381,000	—	1,381,000
Capital projects	1,127,000	—	1,127,000
Debt service	3,121,000	3,175,000	6,296,000
Others	1,964,000	10,471,000	12,435,000
Unrestricted	(186,292,000)	38,025,000	(148,267,000)
Total net position	<u>(23,573,000)</u>	<u>108,384,000</u>	<u>84,811,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY, SACRAMENTO**  
Statement of Revenue, Expenses, and Changes in Net Position  
Year ended June 30, 2016

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenue:				
Operating revenue:				
Student tuition and fees (net of scholarship allowances of \$96,555,000)	\$ 127,925,000	12,628,000	—	140,553,000
Grants and contracts, noncapital:				
Federal	892,000	12,892,000	—	13,784,000
State	4,808,000	15,296,000	—	20,104,000
Local	586,000	3,270,000	—	3,856,000
Nongovernmental	183,000	4,148,000	—	4,331,000
Sales and services of educational activities	3,021,000	12,983,000	—	16,004,000
Sales and services of auxiliary enterprises (net of scholarship allowances of \$4,140,000)	24,476,000	39,324,000	(3,256,000)	60,544,000
Other operating revenue	11,873,000	4,645,000	—	16,518,000
Total operating revenue	<u>173,764,000</u>	<u>105,186,000</u>	<u>(3,256,000)</u>	<u>275,694,000</u>
Expenses:				
Operating expenses:				
Instruction	154,164,000	9,280,000	—	163,444,000
Research	1,493,000	10,636,000	—	12,129,000
Public service	8,214,000	29,122,000	—	37,336,000
Academic support	32,049,000	1,063,000	—	33,112,000
Student services	41,189,000	11,312,000	—	52,501,000
Institutional support	43,987,000	33,202,000	(3,840,000)	73,349,000
Operation and maintenance of plant	39,254,000	4,541,000	—	43,795,000
Student grants and scholarships	68,787,000	1,671,000	—	70,458,000
Auxiliary enterprise expenses	18,380,000	5,448,000	—	23,828,000
Depreciation and amortization	24,661,000	3,495,000	—	28,156,000
Total operating expenses	<u>432,178,000</u>	<u>109,770,000</u>	<u>(3,840,000)</u>	<u>538,108,000</u>
Operating income (loss)	<u>(258,414,000)</u>	<u>(4,584,000)</u>	<u>584,000</u>	<u>(262,414,000)</u>
Nonoperating revenue (expenses):				
State appropriations, noncapital	139,242,000	—	—	139,242,000
Federal financial aid grants, noncapital	69,675,000	—	—	69,675,000
State financial aid grants, noncapital	51,278,000	—	—	51,278,000
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	—	—	—	—
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	1,203,000	2,639,000	(405,000)	3,437,000
Investment income (loss), net	3,585,000	(227,000)	—	3,358,000
Endowment income (loss)	40,000	—	—	40,000
Interest expense	(10,199,000)	(3,685,000)	—	(13,884,000)
Other nonoperating revenue (expenses)	9,771,000	7,211,000	(12,000)	16,970,000
Net nonoperating revenue (expenses)	<u>264,595,000</u>	<u>5,938,000</u>	<u>(417,000)</u>	<u>270,116,000</u>
Income before other revenues (expenses)	6,181,000	1,354,000	167,000	7,702,000
State appropriations, capital	1,350,000	—	—	1,350,000
Grants and gifts, capital	1,928,000	—	(167,000)	1,761,000
Additions (reductions) to permanent endowments	(1,405,000)	6,710,000	—	5,305,000
Increase (decrease) in net position	<u>8,054,000</u>	<u>8,064,000</u>	<u>—</u>	<u>16,118,000</u>
Net position:				
Net position at beginning of year	<u>(31,627,000)</u>	<u>100,320,000</u>	<u>—</u>	<u>68,693,000</u>
Net position at end of year	<u>\$ (23,573,000)</u>	<u>108,384,000</u>	<u>—</u>	<u>84,811,000</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, SACRAMENTO

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 123,377,000
Federal grants and contracts	823,000
State grants and contracts	4,695,000
Local grants and contracts	452,000
Nongovernmental grants and contracts	201,000
Payments to suppliers	(73,821,000)
Payments to employees	(261,289,000)
Payments to students	(68,767,000)
Collections of student loans	2,000
Sales and services of educational activities	2,760,000
Sales and services of auxiliary enterprises	24,496,000
Other receipts	16,066,000
	<u>(231,005,000)</u>
Cash flows from noncapital financing activities:	
State appropriations	139,242,000
Federal financial aid grants	69,731,000
State financial aid grants	51,278,000
Nongovernmental and other financial aid grants	—
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	1,203,000
Federal loan program receipts	101,490,000
Federal loan program disbursements	(101,327,000)
Monies received on behalf of others	10,655,000
Monies disbursed on behalf of others	(10,480,000)
Transfers to escrow agent	(10,200,000)
Proceeds from long-term debt	—
Principal paid on long-term debt	(605,000)
Interest paid on long-term debt	(909,000)
Issuance of notes receivable	—
Issuance of capital leases receivable	(94,000)
Principal collections on capital leases	145,000
Interest collections on capital leases	800,000
Principal collections on notes receivable	105,000
Interest collections on notes receivable	—
Other noncapital financing activities	7,235,000
	<u>258,269,000</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	164,100,000
State appropriations	—
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	1,858,000
Proceeds from sale of capital assets	50,000
Acquisition of capital assets	(26,683,000)
Transfers to escrow agent	(106,513,000)
Principal paid on capital debt and leases	(6,567,000)
Interest paid on capital debt and leases	(9,621,000)
Principal collection on capital leases	605,000
Interest collection on capital leases	69,000
	<u>17,298,000</u>

## CALIFORNIA STATE UNIVERSITY, SACRAMENTO

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 532,286,000
Purchases of investments	(579,783,000)
Investment income proceeds	3,227,000
Net cash used in investing activities	<u>(44,270,000)</u>
Net increase in cash and cash equivalents	292,000
Cash and cash equivalents at beginning of year	<u>846,000</u>
Cash and cash equivalents at end of year	<u>\$ 1,138,000</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 1,079,000
Restricted cash and cash equivalents	<u>59,000</u>
Total cash and cash equivalents at end of year	<u>\$ 1,138,000</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (258,414,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	24,661,000
Change in assets and liabilities:	
Accounts receivable, net	(3,210,000)
Student loans receivable, net	(15,000)
Prepaid expenses and other current assets	(9,000)
Other assets	18,000
Deferred outflows of resources	(12,023,000)
Accounts payable	3,314,000
Accrued salaries and benefits	1,316,000
Accrued compensated absences	780,000
Unearned revenue	1,445,000
Other postemployment benefits obligations	2,698,000
Net pension liability	59,342,000
Other liabilities	545,000
Deferred inflows of resources	<u>(51,453,000)</u>
Net cash used in operating activities	<u>\$ (231,005,000)</u>
Supplemental schedules of noncash transactions:	
Reclassification of long-term debt to capitalized lease obligations	\$ 5,353,000
Change in accrued capital asset purchases	4,231,000
Capital assets paid by the Office of the Chancellor	1,131,000
Amortization of net bond premium	804,000
Contributed capital assets	430,000
Amortization of loss on debt refundings	208,000
Acquisition of capital assets through capitalized lease obligations	104,000

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, SACRAMENTO

## Transactions with Related Entities

Year ended June 30, 2016

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 2,928,000
Payments from discretely presented component units for other than salaries	4,422,000
Payments to discretely presented component units for services, space, and programs	10,098,000
Gifts in kind from discretely presented component units	30,000
Gifts (cash or assets) from discretely presented component units	572,000
Accounts receivable from discretely presented component units	2,965,000
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(1,253,000)
Other amounts payable to discretely presented component units	(756,000)
Payments to the Office of the Chancellor for administrative activities	973,000
Payments to the Office of the Chancellor for state pro rata charges	826,000
Accounts receivable from the Office of the Chancellor	252,000
Accounts payable to the Office of the Chancellor	(7,000)
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	(3,000)
State lottery allocation received	2,194,000

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

## Statement of Net Position

June 30, 2016

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 21,000	3,911,000	3,932,000
Short-term investments	75,397,000	20,012,000	95,409,000
Accounts receivable, net	5,860,000	6,886,000	12,746,000
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	10,570,000	10,570,000
Prepaid expenses and other current assets	2,207,000	118,000	2,325,000
Total current assets	<u>83,485,000</u>	<u>41,497,000</u>	<u>124,982,000</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	7,000	7,000
Accounts receivable, net	1,163,000	—	1,163,000
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	1,125,000	—	1,125,000
Pledges receivable, net	—	406,000	406,000
Endowment investments	—	23,298,000	23,298,000
Other long-term investments	21,719,000	5,047,000	26,766,000
Capital assets, net	309,939,000	6,646,000	316,585,000
Other assets	162,000	—	162,000
Total noncurrent assets	<u>334,108,000</u>	<u>35,404,000</u>	<u>369,512,000</u>
Total assets	<u>417,593,000</u>	<u>76,901,000</u>	<u>494,494,000</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	30,631,000	895,000	31,526,000
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	7,699,000	1,593,000	9,292,000
Accrued salaries and benefits	11,387,000	567,000	11,954,000
Accrued compensated absences, current portion	5,499,000	217,000	5,716,000
Unearned revenue	6,174,000	5,178,000	11,352,000
Capitalized lease obligations, current portion	1,146,000	—	1,146,000
Long-term debt obligations, current portion	3,295,000	—	3,295,000
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	975,000	—	975,000
Other liabilities	4,875,000	1,762,000	6,637,000
Total current liabilities	<u>41,050,000</u>	<u>9,317,000</u>	<u>50,367,000</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	4,226,000	205,000	4,431,000
Unearned revenue	—	—	—
Grants refundable	1,219,000	—	1,219,000
Capitalized lease obligations, net of current portion	2,944,000	—	2,944,000
Long-term debt obligations, net of current portion	99,330,000	—	99,330,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Other postemployment benefits obligations	5,487,000	6,591,000	12,078,000
Net pension liability	254,251,000	2,217,000	256,468,000
Other liabilities	—	1,629,000	1,629,000
Total noncurrent liabilities	<u>367,457,000</u>	<u>10,642,000</u>	<u>378,099,000</u>
Total liabilities	<u>408,507,000</u>	<u>19,959,000</u>	<u>428,466,000</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	5,535,000	2,960,000	8,495,000
<b>Net Position</b>			
Net position:			
Net investment in capital assets	207,826,000	6,646,000	214,472,000
Restricted for:			
Nonexpendable – endowments	—	29,503,000	29,503,000
Expendable:			
Scholarships and fellowships	—	1,639,000	1,639,000
Research	—	—	—
Loans	665,000	—	665,000
Capital projects	1,130,000	—	1,130,000
Debt service	785,000	—	785,000
Others	5,000	11,690,000	11,695,000
Unrestricted	(176,229,000)	5,399,000	(170,830,000)
Total net position	<u>34,182,000</u>	<u>54,877,000</u>	<u>89,059,000</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

## Statement of Revenue, Expenses, and Changes in Net Position

Year ended June 30, 2016

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenue:				
Operating revenue:				
Student tuition and fees (net of scholarship allowances of \$79,481,000)	\$ 67,461,000	1,750,000	—	69,211,000
Grants and contracts, noncapital:				
Federal	—	17,029,000	—	17,029,000
State	—	8,105,000	—	8,105,000
Local	—	—	—	—
Nongovernmental	—	256,000	—	256,000
Sales and services of educational activities	102,000	—	—	102,000
Sales and services of auxiliary enterprises (net of scholarship allowances of \$5,612,000)	11,155,000	5,277,000	—	16,432,000
Other operating revenue	8,042,000	2,748,000	—	10,790,000
Total operating revenue	<u>86,760,000</u>	<u>35,165,000</u>	<u>—</u>	<u>121,925,000</u>
Expenses:				
Operating expenses:				
Instruction	94,243,000	932,000	—	95,175,000
Research	1,094,000	11,204,000	—	12,298,000
Public service	1,220,000	4,752,000	—	5,972,000
Academic support	22,950,000	210,000	—	23,160,000
Student services	26,288,000	12,938,000	—	39,226,000
Institutional support	39,199,000	4,667,000	—	43,866,000
Operation and maintenance of plant	21,432,000	—	—	21,432,000
Student grants and scholarships	40,770,000	1,347,000	(956,000)	41,161,000
Auxiliary enterprise expenses	11,536,000	2,449,000	—	13,985,000
Depreciation and amortization	18,774,000	505,000	—	19,279,000
Total operating expenses	<u>277,506,000</u>	<u>39,004,000</u>	<u>(956,000)</u>	<u>315,554,000</u>
Operating income (loss)	<u>(190,746,000)</u>	<u>(3,839,000)</u>	<u>956,000</u>	<u>(193,629,000)</u>
Nonoperating revenue (expenses):				
State appropriations, noncapital	96,735,000	—	—	96,735,000
Federal financial aid grants, noncapital	53,838,000	—	—	53,838,000
State financial aid grants, noncapital	33,976,000	—	—	33,976,000
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	961,000	—	(956,000)	5,000
Other federal nonoperating grants, noncapital	87,000	—	—	87,000
Gifts, noncapital	3,000	3,481,000	—	3,484,000
Investment income (loss), net	1,163,000	(536,000)	—	627,000
Endowment income (loss)	—	—	—	—
Interest expense	(4,055,000)	—	—	(4,055,000)
Other nonoperating revenue (expenses)	10,680,000	(580,000)	—	10,100,000
Net nonoperating revenue (expenses)	<u>193,388,000</u>	<u>2,365,000</u>	<u>(956,000)</u>	<u>194,797,000</u>
Income (loss) before other revenue (expenses)	2,642,000	(1,474,000)	—	1,168,000
State appropriations, capital	1,200,000	—	—	1,200,000
Grants and gifts, capital	200,000	—	—	200,000
Additions (reductions) to permanent endowments	—	9,846,000	—	9,846,000
Increase (decrease) in net position	4,042,000	8,372,000	—	12,414,000
Net position:				
Net position at beginning of year	30,140,000	46,505,000	—	76,645,000
Net position at end of year	<u>\$ 34,182,000</u>	<u>54,877,000</u>	<u>—</u>	<u>89,059,000</u>

See accompanying independent auditors' report.



## CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 67,403,000
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(42,729,000)
Payments to employees	(176,009,000)
Payments to students	(39,192,000)
Collections of student loans	—
Sales and services of educational activities	102,000
Sales and services of auxiliary enterprises	11,420,000
Other receipts	7,432,000
	<u>(171,573,000)</u>
Net cash used in operating activities	
Cash flows from noncapital financing activities:	
State appropriations	96,734,000
Federal financial aid grants	53,757,000
State financial aid grants	33,685,000
Nongovernmental and other financial aid grants	961,000
Other federal nonoperating grants	87,000
Gifts and grants received for other than capital purposes	3,000
Federal loan program receipts	240,000
Federal loan program disbursements	(348,000)
Monies received on behalf of others	136,000
Monies disbursed on behalf of others	(105,000)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	10,664,000
	<u>195,814,000</u>
Net cash provided by noncapital financing activities	
Cash flows from capital and related financing activities:	
Proceeds from capital debt	33,257,000
State appropriations	163,000
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	—
Proceeds from sale of capital assets	48,000
Acquisition of capital assets	(9,536,000)
Transfers to escrow agent	(29,615,000)
Principal paid on capital debt and leases	(4,434,000)
Interest paid on capital debt and leases	(4,278,000)
Principal collection on capital leases	—
Interest collection on capital leases	—
	<u>(14,395,000)</u>
Net cash used in capital and related financing activities	

## CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 342,199,000
Purchases of investments	(352,914,000)
Investment income proceeds	870,000
	<u>(9,845,000)</u>
Net cash used in investing activities	1,000
Net decrease in cash and cash equivalents	20,000
Cash and cash equivalents at beginning of year	<u>20,000</u>
Cash and cash equivalents at end of year	<u>\$ 21,000</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 21,000
Restricted cash and cash equivalents	—
	<u>\$ 21,000</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (190,746,000)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation and amortization	18,774,000
Change in assets and liabilities:	
Accounts receivable, net	(474,000)
Student loans receivable, net	(42,000)
Prepaid expenses and other current assets	(1,090,000)
Other assets	(71,000)
Deferred outflows of resources	(5,889,000)
Accounts payable	597,000
Accrued salaries and benefits	1,017,000
Accrued compensated absences	660,000
Unearned revenue	354,000
Other postemployment benefits obligations	1,307,000
Net pension liability	39,363,000
Other liabilities	1,491,000
Deferred inflows of resources	(36,824,000)
Net cash used in operating activities	<u>\$ (171,573,000)</u>
Supplemental schedules of noncash transactions:	
Reclassification of long-term debt to capitalized lease obligations	\$ 5,008,000
Change in accrued capital asset purchases	2,497,000
Amortization of loss on debt refundings	935,000
Amortization of net bond premium	786,000
Contributed capital assets	200,000
Capital assets paid by the Office of the Chancellor	15,000

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

## Transactions with Related Entities

Year ended June 30, 2016

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 5,806,000
Payments from discretely presented component units for other than salaries	6,229,000
Payments to discretely presented component units for services, space, and programs	1,212,000
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	—
Accounts receivable from discretely presented component units	811,000
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(56,000)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	121,000
Payments to the Office of the Chancellor for state pro rata charges	326,000
Accounts receivable from the Office of the Chancellor	918,000
Accounts payable to the Office of the Chancellor	(2,000)
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	(3,000)
State lottery allocation received	1,752,000

See accompanying independent auditors' report.

## SAN DIEGO STATE UNIVERSITY

## Statement of Net Position

June 30, 2016

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 49,000	10,436,000	10,485,000
Short-term investments	311,471,000	36,734,000	348,205,000
Accounts receivable, net	17,430,000	36,061,000	53,491,000
Capital lease receivable, current portion	202,000	—	202,000
Notes receivable, current portion	—	267,000	267,000
Pledges receivable, net	—	7,968,000	7,968,000
Prepaid expenses and other current assets	2,552,000	6,684,000	9,236,000
Total current assets	<u>331,704,000</u>	<u>98,150,000</u>	<u>429,854,000</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	321,000	321,000
Accounts receivable, net	2,223,000	899,000	3,122,000
Capital lease receivable, net of current portion	2,884,000	—	2,884,000
Notes receivable, net of current portion	—	13,931,000	13,931,000
Student loans receivable, net	6,874,000	—	6,874,000
Pledges receivable, net	—	10,170,000	10,170,000
Endowment investments	—	223,218,000	223,218,000
Other long-term investments	82,766,000	64,748,000	147,514,000
Capital assets, net	734,433,000	145,704,000	880,137,000
Other assets	4,489,000	6,376,000	10,865,000
Total noncurrent assets	<u>833,669,000</u>	<u>465,367,000</u>	<u>1,299,036,000</u>
Total assets	<u>1,165,373,000</u>	<u>563,517,000</u>	<u>1,728,890,000</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	60,993,000	578,000	61,571,000
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	22,613,000	10,241,000	32,854,000
Accrued salaries and benefits	25,384,000	6,165,000	31,549,000
Accrued compensated absences, current portion	7,555,000	1,683,000	9,238,000
Unearned revenue	22,582,000	5,935,000	28,517,000
Capitalized lease obligations, current portion	1,347,000	256,000	1,603,000
Long-term debt obligations, current portion	10,850,000	2,970,000	13,820,000
Claims liability for losses and loss adjustment expenses, current portion	—	1,690,000	1,690,000
Depository accounts	1,585,000	321,000	1,906,000
Other liabilities	5,787,000	26,797,000	32,584,000
Total current liabilities	<u>97,703,000</u>	<u>56,058,000</u>	<u>153,761,000</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	12,120,000	2,204,000	14,324,000
Unearned revenue	1,299,000	—	1,299,000
Grants refundable	7,271,000	—	7,271,000
Capitalized lease obligations, net of current portion	27,800,000	2,955,000	30,755,000
Long-term debt obligations, net of current portion	411,950,000	100,916,000	512,866,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	1,488,000	1,488,000
Depository accounts	108,000	—	108,000
Other postemployment benefits obligations	8,615,000	14,044,000	22,659,000
Net pension liability	485,359,000	6,591,000	491,950,000
Other liabilities	694,000	6,242,000	6,936,000
Total noncurrent liabilities	<u>955,216,000</u>	<u>134,440,000</u>	<u>1,089,656,000</u>
Total liabilities	<u>1,052,919,000</u>	<u>190,498,000</u>	<u>1,243,417,000</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	10,566,000	—	10,566,000
<b>Net Position</b>			
Net position:			
Net investment in capital assets	325,602,000	39,185,000	364,787,000
Restricted for:			
Nonexpendable – endowments	—	140,004,000	140,004,000
Expendable:			
Scholarships and fellowships	—	29,178,000	29,178,000
Research	—	9,056,000	9,056,000
Loans	148,000	—	148,000
Capital projects	2,376,000	8,778,000	11,154,000
Debt service	—	—	—
Others	8,000	92,348,000	92,356,000
Unrestricted	(165,253,000)	55,048,000	(110,205,000)
Total net position	<u>162,881,000</u>	<u>373,597,000</u>	<u>536,478,000</u>

See accompanying independent auditors' report.

## SAN DIEGO STATE UNIVERSITY

## Statement of Revenue, Expenses, and Changes in Net Position

Year ended June 30, 2016

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenue:				
Operating revenue:				
Student tuition and fees (net of scholarship allowances of \$80,284,000)	\$ 225,911,000	36,723,000	—	262,634,000
Grants and contracts, noncapital:				
Federal	264,000	81,817,000	—	82,081,000
State	269,000	7,619,000	—	7,888,000
Local	—	1,524,000	—	1,524,000
Nongovernmental	1,202,000	25,326,000	—	26,528,000
Sales and services of educational activities	22,352,000	8,073,000	—	30,425,000
Sales and services of auxiliary enterprises (net of scholarship allowances of \$11,442,000)	40,763,000	77,499,000	—	118,262,000
Other operating revenue	17,421,000	15,329,000	—	32,750,000
Total operating revenue	<u>308,182,000</u>	<u>253,910,000</u>	<u>—</u>	<u>562,092,000</u>
Expenses:				
Operating expenses:				
Instruction	167,068,000	42,418,000	—	209,486,000
Research	8,726,000	43,235,000	—	51,961,000
Public service	5,089,000	46,167,000	(2,918,000)	48,338,000
Academic support	58,303,000	22,358,000	(932,000)	79,729,000
Student services	80,709,000	3,595,000	(2,457,000)	81,847,000
Institutional support	40,723,000	20,494,000	—	61,217,000
Operation and maintenance of plant	47,869,000	6,371,000	—	54,240,000
Student grants and scholarships	66,749,000	6,296,000	(6,741,000)	66,304,000
Auxiliary enterprise expenses	33,614,000	79,200,000	—	112,814,000
Depreciation and amortization	37,636,000	9,651,000	—	47,287,000
Total operating expenses	<u>546,486,000</u>	<u>279,785,000</u>	<u>(13,048,000)</u>	<u>813,223,000</u>
Operating income (loss)	<u>(238,304,000)</u>	<u>(25,875,000)</u>	<u>13,048,000</u>	<u>(251,131,000)</u>
Nonoperating revenue (expenses):				
State appropriations, noncapital	167,868,000	—	—	167,868,000
Federal financial aid grants, noncapital	52,163,000	—	—	52,163,000
State financial aid grants, noncapital	35,725,000	—	—	35,725,000
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	6,741,000	—	(6,741,000)	—
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	8,918,000	39,839,000	(8,960,000)	39,797,000
Investment income (loss), net	4,121,000	1,300,000	—	5,421,000
Endowment income (loss)	—	(4,764,000)	—	(4,764,000)
Interest expense	(12,620,000)	(4,551,000)	—	(17,171,000)
Other nonoperating revenue (expenses)	29,437,000	(10,498,000)	12,569,000	31,508,000
Net nonoperating revenue (expenses)	<u>292,353,000</u>	<u>21,326,000</u>	<u>(3,132,000)</u>	<u>310,547,000</u>
Income (loss) before other revenue (expenses)	<u>54,049,000</u>	<u>(4,549,000)</u>	<u>9,916,000</u>	<u>59,416,000</u>
State appropriations, capital	1,300,000	—	—	1,300,000
Grants and gifts, capital	9,958,000	395,000	(9,916,000)	437,000
Additions (reductions) to permanent endowments	—	15,265,000	—	15,265,000
Increase (decrease) in net position	<u>65,307,000</u>	<u>11,111,000</u>	<u>—</u>	<u>76,418,000</u>
Net position:				
Net position at beginning of year	97,574,000	362,486,000	—	460,060,000
Net position at end of year	<u>\$ 162,881,000</u>	<u>373,597,000</u>	<u>—</u>	<u>536,478,000</u>

See accompanying independent auditors' report.

## SAN DIEGO STATE UNIVERSITY

## Statement of Cash Flows

Year ended June 30, 2016

Campus

Cash flows from operating activities:	
Student tuition and fees	\$ 229,830,000
Federal grants and contracts	416,000
State grants and contracts	269,000
Local grants and contracts	—
Nongovernmental grants and contracts	2,325,000
Payments to suppliers	(112,915,000)
Payments to employees	(329,135,000)
Payments to students	(66,749,000)
Collections of student loans	—
Sales and services of educational activities	22,308,000
Sales and services of auxiliary enterprises	40,897,000
Other receipts	16,426,000
Net cash used in operating activities	<u>(196,328,000)</u>
Cash flows from noncapital financing activities:	
State appropriations	167,868,000
Federal financial aid grants	52,163,000
State financial aid grants	35,725,000
Nongovernmental and other financial aid grants	6,741,000
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	8,918,000
Federal loan program receipts	115,300,000
Federal loan program disbursements	(115,143,000)
Monies received on behalf of others	36,922,000
Monies disbursed on behalf of others	(37,902,000)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	(170,000)
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	21,426,000
Net cash provided by noncapital financing activities	<u>291,848,000</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	195,242,000
State appropriations	—
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	7,591,000
Proceeds from sale of capital assets	757,000
Acquisition of capital assets	(114,708,000)
Transfers to escrow agent	(50,174,000)
Principal paid on capital debt and leases	(72,882,000)
Interest paid on capital debt and leases	(18,152,000)
Principal collection on capital leases	195,000
Interest collection on capital leases	—
Net cash used in capital and related financing activities	<u>(52,131,000)</u>

## SAN DIEGO STATE UNIVERSITY

## Statement of Cash Flows

Year ended June 30, 2016

Campus

Cash flows from investing activities:	
Proceeds from sales of investments	\$ 1,057,337,000
Purchases of investments	(1,104,210,000)
Investment income proceeds	3,513,000
Net cash used in investing activities	<u>(43,360,000)</u>
Net decrease in cash and cash equivalents	29,000
Cash and cash equivalents at beginning of year	<u>20,000</u>
Cash and cash equivalents at end of year	<u>\$ 49,000</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 49,000
Restricted cash and cash equivalents	—
Total cash and cash equivalents at end of year	<u>\$ 49,000</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (238,304,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	37,636,000
Change in assets and liabilities:	
Accounts receivable, net	1,068,000
Student loans receivable, net	—
Prepaid expenses and other current assets	(96,000)
Other assets	(34,000)
Deferred outflows of resources	(14,946,000)
Accounts payable	1,204,000
Accrued salaries and benefits	2,278,000
Accrued compensated absences	445,000
Unearned revenue	3,285,000
Other postemployment benefits obligations	1,645,000
Net pension liability	79,067,000
Other liabilities	(35,000)
Deferred inflows of resources	<u>(69,541,000)</u>
Net cash used in operating activities	<u>\$ (196,328,000)</u>
Supplemental schedules of noncash transactions:	
Amortization of net bond premium	\$ 1,910,000
Contributed capital assets	828,000
Capital assets paid by the Office of the Chancellor	404,000
Amortization of loss on debt refundings	184,000
Change in accrued capital asset purchases	(6,910,000)

See accompanying independent auditors' report.

## SAN DIEGO STATE UNIVERSITY

## Transactions with Related Entities

Year ended June 30, 2016

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 6,111,000
Payments from discretely presented component units for other than salaries	9,013,000
Payments to discretely presented component units for services, space, and programs	18,432,000
Gifts in kind from discretely presented component units	828,000
Gifts (cash or assets) from discretely presented component units	25,070,000
Accounts receivable from discretely presented component units	3,272,000
Other amounts receivable from discretely presented component units	3,878,000
Accounts payable to discretely presented component units	(1,248,000)
Other amounts payable to discretely presented component units	(860,000)
Payments to the Office of the Chancellor for administrative activities	1,829,000
Payments to the Office of the Chancellor for state pro rata charges	499,000
Accounts receivable from the Office of the Chancellor	7,538,000
Accounts payable to the Office of the Chancellor	(12,000)
Accounts receivable from campuses other than the Office of the Chancellor	1,000
Accounts payable to campuses other than the Office of the Chancellor	(170,000)
State lottery allocation received	2,605,000

See accompanying independent auditors' report.



## SAN FRANCISCO STATE UNIVERSITY

## Statement of Net Position

June 30, 2016

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 9,000	775,000	784,000
Short-term investments	175,290,000	49,030,000	224,320,000
Accounts receivable, net	14,033,000	4,613,000	18,646,000
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	41,000	41,000
Pledges receivable, net	—	456,000	456,000
Prepaid expenses and other current assets	3,651,000	3,254,000	6,905,000
Total current assets	<u>192,983,000</u>	<u>58,169,000</u>	<u>251,152,000</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	—	—
Accounts receivable, net	5,717,000	—	5,717,000
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	7,648,000	—	7,648,000
Pledges receivable, net	—	525,000	525,000
Endowment investments	2,425,000	44,330,000	46,755,000
Other long-term investments	63,618,000	15,527,000	79,145,000
Capital assets, net	525,474,000	1,293,000	526,767,000
Other assets	—	153,000	153,000
Total noncurrent assets	<u>604,882,000</u>	<u>61,828,000</u>	<u>666,710,000</u>
Total assets	<u>797,865,000</u>	<u>119,997,000</u>	<u>917,862,000</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>45,094,000</u>	—	<u>45,094,000</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	16,274,000	2,603,000	18,877,000
Accrued salaries and benefits	24,671,000	275,000	24,946,000
Accrued compensated absences, current portion	11,786,000	82,000	11,868,000
Unearned revenue	26,841,000	307,000	27,148,000
Capitalized lease obligations, current portion	237,000	10,000	247,000
Long-term debt obligations, current portion	7,430,000	—	7,430,000
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	3,282,000	—	3,282,000
Other liabilities	5,038,000	2,058,000	7,096,000
Total current liabilities	<u>95,559,000</u>	<u>5,335,000</u>	<u>100,894,000</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	5,674,000	336,000	6,010,000
Unearned revenue	—	—	—
Grants refundable	8,858,000	—	8,858,000
Capitalized lease obligations, net of current portion	67,000	33,000	100,000
Long-term debt obligations, net of current portion	280,967,000	—	280,967,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Other postemployment benefits obligations	19,308,000	—	19,308,000
Net pension liability	448,835,000	—	448,835,000
Other liabilities	120,000	153,000	273,000
Total noncurrent liabilities	<u>763,829,000</u>	<u>522,000</u>	<u>764,351,000</u>
Total liabilities	<u>859,388,000</u>	<u>5,857,000</u>	<u>865,245,000</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>9,767,000</u>	70,000	<u>9,837,000</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	263,608,000	1,251,000	264,859,000
Restricted for:			
Nonexpendable – endowments	2,424,000	44,330,000	46,754,000
Expendable:			
Scholarships and fellowships	—	36,330,000	36,330,000
Research	—	—	—
Loans	697,000	—	697,000
Capital projects	1,421,000	6,968,000	8,389,000
Debt service	5,562,000	—	5,562,000
Others	—	4,706,000	4,706,000
Unrestricted	(299,908,000)	20,485,000	(279,423,000)
Total net position	<u>(26,196,000)</u>	<u>114,070,000</u>	<u>87,874,000</u>

See accompanying independent auditors' report.

## SAN FRANCISCO STATE UNIVERSITY

## Statement of Revenue, Expenses, and Changes in Net Position

Year ended June 30, 2016

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenue:				
Operating revenue:				
Student tuition and fees (net of scholarship allowances of \$87,419,000)	\$ 132,544,000	6,653,000	—	139,197,000
Grants and contracts, noncapital:				
Federal	18,832,000	237,000	—	19,069,000
State	2,005,000	128,000	—	2,133,000
Local	1,650,000	289,000	—	1,939,000
Nongovernmental	1,987,000	2,052,000	—	4,039,000
Sales and services of educational activities	119,000	—	—	119,000
Sales and services of auxiliary enterprises (net of scholarship allowances of \$5,388,000)	53,069,000	9,949,000	—	63,018,000
Other operating revenue	10,645,000	2,918,000	—	13,563,000
Total operating revenue	<u>220,851,000</u>	<u>22,226,000</u>	<u>—</u>	<u>243,077,000</u>
Expenses:				
Operating expenses:				
Instruction	165,347,000	784,000	—	166,131,000
Research	11,225,000	57,000	—	11,282,000
Public service	3,782,000	837,000	—	4,619,000
Academic support	49,374,000	2,254,000	—	51,628,000
Student services	33,965,000	4,632,000	—	38,597,000
Institutional support	43,210,000	5,407,000	—	48,617,000
Operation and maintenance of plant	36,715,000	1,266,000	—	37,981,000
Student grants and scholarships	48,902,000	1,511,000	(1,257,000)	49,156,000
Auxiliary enterprise expenses	38,775,000	5,324,000	—	44,099,000
Depreciation and amortization	28,560,000	603,000	—	29,163,000
Total operating expenses	<u>459,855,000</u>	<u>22,675,000</u>	<u>(1,257,000)</u>	<u>481,273,000</u>
Operating income (loss)	<u>(239,004,000)</u>	<u>(449,000)</u>	<u>1,257,000</u>	<u>(238,196,000)</u>
Nonoperating revenue (expenses):				
State appropriations, noncapital	145,251,000	—	—	145,251,000
Federal financial aid grants, noncapital	58,264,000	—	—	58,264,000
State financial aid grants, noncapital	37,315,000	—	—	37,315,000
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	—	—	—	—
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	9,426,000	9,535,000	(1,257,000)	17,704,000
Investment income (loss), net	2,412,000	(751,000)	—	1,661,000
Endowment income (loss)	6,000	—	—	6,000
Interest expense	(8,936,000)	—	—	(8,936,000)
Other nonoperating revenue (expenses)	12,875,000	(3,006,000)	—	9,869,000
Net nonoperating revenue (expenses)	<u>256,613,000</u>	<u>5,778,000</u>	<u>(1,257,000)</u>	<u>261,134,000</u>
Income (loss) before other revenue (expenses)	17,609,000	5,329,000	—	22,938,000
State appropriations, capital	1,367,000	—	—	1,367,000
Grants and gifts, capital	285,000	—	—	285,000
Additions (reductions) to permanent endowments	—	656,000	—	656,000
Increase (decrease) in net position	<u>19,261,000</u>	<u>5,985,000</u>	<u>—</u>	<u>25,246,000</u>
Net position:				
Net position at beginning of year	(45,457,000)	108,085,000	—	62,628,000
Net position at end of year	<u>\$ (26,196,000)</u>	<u>114,070,000</u>	<u>—</u>	<u>87,874,000</u>

See accompanying independent auditors' report.

## SAN FRANCISCO STATE UNIVERSITY

## Statement of Cash Flows

Year ended June 30, 2016

Campus

Cash flows from operating activities:	
Student tuition and fees	\$ 133,599,000
Federal grants and contracts	18,913,000
State grants and contracts	2,084,000
Local grants and contracts	2,150,000
Nongovernmental grants and contracts	2,844,000
Payments to suppliers	(78,881,000)
Payments to employees	(303,590,000)
Payments to students	(49,135,000)
Collections of student loans	216,000
Sales and services of educational activities	119,000
Sales and services of auxiliary enterprises	47,272,000
Other receipts	13,743,000
	<u>(210,666,000)</u>
Net cash used in operating activities	
Cash flows from noncapital financing activities:	
State appropriations	145,251,000
Federal financial aid grants	58,613,000
State financial aid grants	37,315,000
Nongovernmental and other financial aid grants	—
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	9,426,000
Federal loan program receipts	107,041,000
Federal loan program disbursements	(106,191,000)
Monies received on behalf of others	5,874,000
Monies disbursed on behalf of others	(5,624,000)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	12,433,000
	<u>264,138,000</u>
Net cash provided by noncapital financing activities	
Cash flows from capital and related financing activities:	
Proceeds from capital debt	74,527,000
State appropriations	2,000
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	—
Proceeds from sale of capital assets	—
Acquisition of capital assets	(40,798,000)
Transfers to escrow agent	(9,972,000)
Principal paid on capital debt and leases	(7,420,000)
Interest paid on capital debt and leases	(12,085,000)
Principal collection on capital leases	—
Interest collection on capital leases	—
	<u>4,254,000</u>
Net cash provided by capital and related financing activities	

## SAN FRANCISCO STATE UNIVERSITY

## Statement of Cash Flows

Year ended June 30, 2016

Campus

Cash flows from investing activities:	
Proceeds from sales of investments	\$ 696,732,000
Purchases of investments	(756,469,000)
Investment income proceeds	2,010,000
	<u>(57,727,000)</u>
Net cash used in investing activities	(1,000)
Net decrease in cash and cash equivalents	10,000
Cash and cash equivalents at beginning of year	<u>10,000</u>
Cash and cash equivalents at end of year	<u>\$ 9,000</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 9,000
Restricted cash and cash equivalents	—
Total cash and cash equivalents at end of year	<u>\$ 9,000</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (239,004,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	28,560,000
Change in assets and liabilities:	
Accounts receivable, net	(5,037,000)
Student loans receivable, net	(16,000)
Prepaid expenses and other current assets	(555,000)
Other assets	—
Deferred outflows of resources	(911,000)
Accounts payable	5,936,000
Accrued salaries and benefits	2,003,000
Accrued compensated absences	274,000
Unearned revenue	1,995,000
Other postemployment benefits obligations	4,191,000
Net pension liability	58,988,000
Other liabilities	(24,000)
Deferred inflows of resources	(67,066,000)
Net cash used in operating activities	<u>\$ (210,666,000)</u>
Supplemental schedules of noncash transactions:	
Change in accrued capital asset purchases	\$ 4,261,000
Amortization of net bond premium	1,484,000
Capital assets paid by the Office of the Chancellor	410,000
Amortization of loss on debt refundings	291,000
Contributed capital assets	285,000
Acquisition of capital assets through capitalized lease obligations	34,000

See accompanying independent auditors' report.

## SAN FRANCISCO STATE UNIVERSITY

## Transactions with Related Entities

Year ended June 30, 2016

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 444,000
Payments from discretely presented component units for other than salaries	6,432,000
Payments to discretely presented component units for services, space, and programs	5,183,000
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	1,273,000
Accounts receivable from discretely presented component units	2,067,000
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(3,791,000)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	1,927,000
Payments to the Office of the Chancellor for state pro rata charges	1,227,000
Accounts receivable from the Office of the Chancellor	1,177,000
Accounts payable to the Office of the Chancellor	(7,000)
Accounts receivable from campuses other than the Office of the Chancellor	12,000
Accounts payable to campuses other than the Office of the Chancellor	(7,000)
State lottery allocation received	2,244,000

See accompanying independent auditors' report.

**SAN JOSE STATE UNIVERSITY**

Statement of Net Position

June 30, 2016

Schedule 7

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 26,000	38,811,000	38,837,000
Short-term investments	255,307,000	28,778,000	284,085,000
Accounts receivable, net	7,717,000	9,852,000	17,569,000
Capital lease receivable, current portion	174,000	2,000	176,000
Notes receivable, current portion	—	654,000	654,000
Pledges receivable, net	—	4,111,000	4,111,000
Prepaid expenses and other current assets	3,126,000	1,871,000	4,997,000
Total current assets	<u>266,350,000</u>	<u>84,079,000</u>	<u>350,429,000</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	822,000	822,000
Accounts receivable, net	1,734,000	260,000	1,994,000
Capital lease receivable, net of current portion	134,000	—	134,000
Notes receivable, net of current portion	—	2,796,000	2,796,000
Student loans receivable, net	7,373,000	—	7,373,000
Pledges receivable, net	—	20,460,000	20,460,000
Endowment investments	—	124,877,000	124,877,000
Other long-term investments	86,506,000	10,121,000	96,627,000
Capital assets, net	627,261,000	22,382,000	649,643,000
Other assets	2,349,000	8,071,000	10,420,000
Total noncurrent assets	<u>725,357,000</u>	<u>189,789,000</u>	<u>915,146,000</u>
Total assets	<u>991,707,000</u>	<u>273,868,000</u>	<u>1,265,575,000</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	40,878,000	—	40,878,000
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	32,678,000	6,019,000	38,697,000
Accrued salaries and benefits	23,983,000	2,386,000	26,369,000
Accrued compensated absences, current portion	5,831,000	1,903,000	7,734,000
Unearned revenue	22,805,000	4,808,000	27,613,000
Capitalized lease obligations, current portion	1,418,000	174,000	1,592,000
Long-term debt obligations, current portion	8,881,000	132,000	9,013,000
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	58,000	—	58,000
Other liabilities	5,099,000	1,693,000	6,792,000
Total current liabilities	<u>100,753,000</u>	<u>17,115,000</u>	<u>117,868,000</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	8,637,000	334,000	8,971,000
Unearned revenue	6,423,000	1,397,000	7,820,000
Grants refundable	9,188,000	—	9,188,000
Capitalized lease obligations, net of current portion	1,444,000	134,000	1,578,000
Long-term debt obligations, net of current portion	440,036,000	2,050,000	442,086,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	394,000	394,000
Other postemployment benefits obligations	18,691,000	16,591,000	35,282,000
Net pension liability	417,758,000	—	417,758,000
Other liabilities	442,000	513,000	955,000
Total noncurrent liabilities	<u>902,619,000</u>	<u>21,413,000</u>	<u>924,032,000</u>
Total liabilities	<u>1,003,372,000</u>	<u>38,528,000</u>	<u>1,041,900,000</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	9,087,000	—	9,087,000
<b>Net Position</b>			
Net position:			
Net investment in capital assets	217,215,000	19,893,000	237,108,000
Restricted for:			
Nonexpendable – endowments	—	102,525,000	102,525,000
Expendable:			
Scholarships and fellowships	1,956,000	1,835,000	3,791,000
Research	—	47,000	47,000
Loans	5,565,000	—	5,565,000
Capital projects	596,000	—	596,000
Debt service	2,895,000	—	2,895,000
Others	2,000	77,324,000	77,326,000
Unrestricted	(208,103,000)	33,716,000	(174,387,000)
Total net position	<u>20,126,000</u>	<u>235,340,000</u>	<u>255,466,000</u>

See accompanying independent auditors' report.

## SAN JOSE STATE UNIVERSITY

## Statement of Revenue, Expenses, and Changes in Net Position

Year ended June 30, 2016

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenue:				
Operating revenue:				
Student tuition and fees (net of scholarship allowances of \$86,293,000)	\$ 191,316,000	19,823,000	—	211,139,000
Grants and contracts, noncapital:				
Federal	—	21,805,000	—	21,805,000
State	—	10,229,000	—	10,229,000
Local	—	3,939,000	—	3,939,000
Nongovernmental	—	3,286,000	—	3,286,000
Sales and services of educational activities	9,767,000	—	—	9,767,000
Sales and services of auxiliary enterprises (net of scholarship allowances of \$0)	49,707,000	26,160,000	—	75,867,000
Other operating revenue	15,684,000	17,727,000	—	33,411,000
Total operating revenue	<u>266,474,000</u>	<u>102,969,000</u>	<u>—</u>	<u>369,443,000</u>
Expenses:				
Operating expenses:				
Instruction	170,900,000	11,389,000	—	182,289,000
Research	220,000	34,047,000	—	34,267,000
Public service	1,763,000	674,000	—	2,437,000
Academic support	40,284,000	10,836,000	—	51,120,000
Student services	59,723,000	10,785,000	—	70,508,000
Institutional support	34,006,000	21,097,000	(333,000)	54,770,000
Operation and maintenance of plant	42,455,000	536,000	—	42,991,000
Student grants and scholarships	39,430,000	4,366,000	(4,459,000)	39,337,000
Auxiliary enterprise expenses	33,394,000	25,918,000	—	59,312,000
Depreciation and amortization	24,697,000	2,411,000	—	27,108,000
Total operating expenses	<u>446,872,000</u>	<u>122,059,000</u>	<u>(4,792,000)</u>	<u>564,139,000</u>
Operating income (loss)	<u>(180,398,000)</u>	<u>(19,090,000)</u>	<u>4,792,000</u>	<u>(194,696,000)</u>
Nonoperating revenue (expenses):				
State appropriations, noncapital	137,217,000	—	—	137,217,000
Federal financial aid grants, noncapital	53,468,000	1,221,000	—	54,689,000
State financial aid grants, noncapital	35,840,000	908,000	—	36,748,000
Local financial aid grants, noncapital	—	104,000	—	104,000
Nongovernmental and other financial aid grants, noncapital	—	185,000	(4,792,000)	(4,607,000)
Other federal nonoperating grants, noncapital	—	1,043,000	—	1,043,000
Gifts, noncapital	2,013,000	27,091,000	—	29,104,000
Investment income (loss), net	3,629,000	2,411,000	—	6,040,000
Endowment income (loss)	—	(4,002,000)	—	(4,002,000)
Interest expense	(8,232,000)	(109,000)	—	(8,341,000)
Other nonoperating revenue (expenses)	14,888,000	1,425,000	—	16,313,000
Net nonoperating revenue (expenses)	<u>238,823,000</u>	<u>30,277,000</u>	<u>(4,792,000)</u>	<u>264,308,000</u>
Income (loss) before other revenue (expenses)	58,425,000	11,187,000	—	69,612,000
State appropriations, capital	1,200,000	—	—	1,200,000
Grants and gifts, capital	3,508,000	—	—	3,508,000
Additions (reductions) to permanent endowments	—	13,542,000	—	13,542,000
Increase (decrease) in net position	<u>63,133,000</u>	<u>24,729,000</u>	<u>—</u>	<u>87,862,000</u>
Net position:				
Net position at beginning of year	(43,007,000)	210,611,000	—	167,604,000
Net position at end of year	<u>\$ 20,126,000</u>	<u>235,340,000</u>	<u>—</u>	<u>255,466,000</u>

See accompanying independent auditors' report.

## SAN JOSE STATE UNIVERSITY

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 184,072,000
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(101,899,000)
Payments to employees	(284,732,000)
Payments to students	(39,448,000)
Collections of student loans	12,000
Sales and services of educational activities	9,767,000
Sales and services of auxiliary enterprises	50,394,000
Other receipts	14,870,000
	<u>(166,964,000)</u>
Net cash used in operating activities	
Cash flows from noncapital financing activities:	
State appropriations	137,187,000
Federal financial aid grants	53,422,000
State financial aid grants	35,840,000
Nongovernmental and other financial aid grants	—
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	2,013,000
Federal loan program receipts	93,132,000
Federal loan program disbursements	(94,565,000)
Monies received on behalf of others	5,837,000
Monies disbursed on behalf of others	(5,878,000)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	14,574,000
	<u>241,562,000</u>
Net cash provided by noncapital financing activities	
Cash flows from capital and related financing activities:	
Proceeds from capital debt	28,622,000
State appropriations	1,009,000
State appropriations – SPWB Lease Revenue Bond program	8,581,000
Capital grants and gifts	3,262,000
Proceeds from sale of capital assets	202,000
Acquisition of capital assets	(89,947,000)
Transfers to escrow agent	(28,536,000)
Principal paid on capital debt and leases	(10,086,000)
Interest paid on capital debt and leases	(19,494,000)
Principal collection on capital leases	170,000
Interest collection on capital leases	—
	<u>(106,217,000)</u>
Net cash used in capital and related financing activities	



## SAN JOSE STATE UNIVERSITY

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 798,631,000
Purchases of investments	(770,098,000)
Investment income proceeds	3,088,000
	<u>31,621,000</u>
Net cash provided by investing activities	2,000
Net increase in cash and cash equivalents	24,000
Cash and cash equivalents at beginning of year	<u>24,000</u>
Cash and cash equivalents at end of year	<u>\$ 26,000</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 26,000
Restricted cash and cash equivalents	—
Total cash and cash equivalents at end of year	<u>\$ 26,000</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (180,398,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	24,697,000
Change in assets and liabilities:	
Accounts receivable, net	378,000
Student loans receivable, net	(60,000)
Prepaid expenses and other current assets	(985,000)
Other assets	287,000
Deferred outflows of resources	3,310,000
Accounts payable	128,000
Accrued salaries and benefits	2,805,000
Accrued compensated absences	878,000
Unearned revenue	(7,265,000)
Other postemployment benefits obligations	3,820,000
Net pension liability	49,290,000
Other liabilities	(331,000)
Deferred inflows of resources	<u>(63,518,000)</u>
Net cash used in operating activities	<u>\$ (166,964,000)</u>
Supplemental schedules of noncash transactions:	
Reclassification of long-term debt to capitalized lease obligations	\$ 3,734,000
Amortization of net bond premium	2,535,000
Amortization of loss on debt refundings	549,000
Change in accrued capital asset purchases	503,000
Contributed capital assets	246,000

See accompanying independent auditors' report.

## SAN JOSE STATE UNIVERSITY

## Transactions with Related Entities

Year ended June 30, 2016

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 5,177,000
Payments from discretely presented component units for other than salaries	10,359,000
Payments to discretely presented component units for services, space, and programs	15,088,000
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	4,791,000
Accounts receivable from discretely presented component units	2,506,000
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(112,000)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	425,000
Payments to the Office of the Chancellor for state pro rata charges	1,214,000
Accounts receivable from the Office of the Chancellor	461,000
Accounts payable to the Office of the Chancellor	(11,000)
Accounts receivable from campuses other than the Office of the Chancellor	293,000
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	2,164,000

See accompanying independent auditors' report.

## CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO

## Statement of Net Position

June 30, 2016

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 5,661,000	29,375,000	35,036,000
Short-term investments	125,810,000	97,416,000	223,226,000
Accounts receivable, net	10,132,000	7,677,000	17,809,000
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	10,822,000	10,822,000
Prepaid expenses and other current assets	3,007,000	5,458,000	8,465,000
Total current assets	<u>144,610,000</u>	<u>150,748,000</u>	<u>295,358,000</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	350,000	350,000
Accounts receivable, net	512,000	20,000	532,000
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	4,039,000	—	4,039,000
Pledges receivable, net	—	29,392,000	29,392,000
Endowment investments	—	190,331,000	190,331,000
Other long-term investments	237,202,000	50,429,000	287,631,000
Capital assets, net	751,413,000	36,704,000	788,117,000
Other assets	675,000	779,000	1,454,000
Total noncurrent assets	<u>993,841,000</u>	<u>308,005,000</u>	<u>1,301,846,000</u>
Total assets	<u>1,138,451,000</u>	<u>458,753,000</u>	<u>1,597,204,000</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>63,890,000</u>	<u>4,273,000</u>	<u>68,163,000</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	12,723,000	8,490,000	21,213,000
Accrued salaries and benefits	20,547,000	971,000	21,518,000
Accrued compensated absences, current portion	7,670,000	1,072,000	8,742,000
Unearned revenue	14,732,000	6,649,000	21,381,000
Capitalized lease obligations, current portion	—	—	—
Long-term debt obligations, current portion	10,170,000	75,000	10,245,000
Claims liability for losses and loss adjustment expenses, current portion	—	15,000	15,000
Depository accounts	242,000	1,339,000	1,581,000
Other liabilities	6,288,000	1,151,000	7,439,000
Total current liabilities	<u>72,372,000</u>	<u>19,762,000</u>	<u>92,134,000</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	6,175,000	—	6,175,000
Unearned revenue	—	—	—
Grants refundable	3,715,000	7,621,000	11,336,000
Capitalized lease obligations, net of current portion	—	—	—
Long-term debt obligations, net of current portion	614,154,000	2,706,000	616,860,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	3,506,000	3,506,000
Other postemployment benefits obligations	15,590,000	5,571,000	21,161,000
Net pension liability	399,163,000	12,199,000	411,362,000
Other liabilities	554,000	8,781,000	9,335,000
Total noncurrent liabilities	<u>1,039,351,000</u>	<u>40,384,000</u>	<u>1,079,735,000</u>
Total liabilities	<u>1,111,723,000</u>	<u>60,146,000</u>	<u>1,171,869,000</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>8,697,000</u>	<u>4,118,000</u>	<u>12,815,000</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	264,892,000	34,214,000	299,106,000
Restricted for:			
Nonexpendable – endowments	—	117,513,000	117,513,000
Expendable:			
Scholarships and fellowships	4,329,000	18,103,000	22,432,000
Research	—	7,572,000	7,572,000
Loans	3,120,000	—	3,120,000
Capital projects	517,000	54,638,000	55,155,000
Debt service	20,702,000	—	20,702,000
Others	174,000	100,618,000	100,792,000
Unrestricted	<u>(211,813,000)</u>	<u>66,104,000</u>	<u>(145,709,000)</u>
Total net position	<u>81,921,000</u>	<u>398,762,000</u>	<u>480,683,000</u>

See accompanying independent auditors' report.

## CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO

## Statement of Revenue, Expenses, and Changes in Net Position

Year ended June 30, 2016

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenue:				
Operating revenue:				
Student tuition and fees (net of scholarship allowances of \$47,456,000)	\$ 173,928,000	6,327,000	—	180,255,000
Grants and contracts, noncapital:				
Federal	—	15,130,000	—	15,130,000
State	—	4,173,000	—	4,173,000
Local	—	556,000	—	556,000
Nongovernmental	—	5,541,000	—	5,541,000
Sales and services of educational activities	3,491,000	—	—	3,491,000
Sales and services of auxiliary enterprises (net of scholarship allowances of \$2,649,000)	53,698,000	47,916,000	(145,000)	101,469,000
Other operating revenue	14,015,000	21,328,000	(359,000)	34,984,000
Total operating revenue	<u>245,132,000</u>	<u>100,971,000</u>	<u>(504,000)</u>	<u>345,599,000</u>
Expenses:				
Operating expenses:				
Instruction	152,510,000	2,343,000	(1,140,000)	153,713,000
Research	2,788,000	18,196,000	—	20,984,000
Public service	70,000	14,701,000	—	14,771,000
Academic support	39,195,000	9,744,000	(2,316,000)	46,623,000
Student services	55,360,000	12,706,000	(675,000)	67,391,000
Institutional support	37,748,000	26,018,000	(14,161,000)	49,605,000
Operation and maintenance of plant	31,331,000	5,281,000	(54,000)	36,558,000
Student grants and scholarships	15,466,000	2,718,000	—	18,184,000
Auxiliary enterprise expenses	31,348,000	41,397,000	(2,000)	72,743,000
Depreciation and amortization	40,630,000	2,027,000	—	42,657,000
Total operating expenses	<u>406,446,000</u>	<u>135,131,000</u>	<u>(18,348,000)</u>	<u>523,229,000</u>
Operating income (loss)	<u>(161,314,000)</u>	<u>(34,160,000)</u>	<u>17,844,000</u>	<u>(177,630,000)</u>
Nonoperating revenue (expenses):				
State appropriations, noncapital	116,943,000	—	—	116,943,000
Federal financial aid grants, noncapital	18,548,000	—	—	18,548,000
State financial aid grants, noncapital	18,830,000	—	—	18,830,000
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	5,966,000	—	—	5,966,000
Other federal nonoperating grants, noncapital	1,286,000	—	—	1,286,000
Gifts, noncapital	23,994,000	22,430,000	(17,284,000)	29,140,000
Investment income (loss), net	3,088,000	777,000	—	3,865,000
Endowment income (loss)	4,000	(1,191,000)	—	(1,187,000)
Interest expense	(17,730,000)	(130,000)	—	(17,860,000)
Other nonoperating revenue (expenses)	2,192,000	1,397,000	—	3,589,000
Net nonoperating revenue (expenses)	<u>173,121,000</u>	<u>23,283,000</u>	<u>(17,284,000)</u>	<u>179,120,000</u>
Income (loss) before other revenue (expenses)	11,807,000	(10,877,000)	560,000	1,490,000
State appropriations, capital	1,000,000	—	—	1,000,000
Grants and gifts, capital	7,153,000	23,147,000	(560,000)	29,740,000
Additions (reductions) to permanent endowments	2,000	9,990,000	—	9,992,000
Increase (decrease) in net position	<u>19,962,000</u>	<u>22,260,000</u>	<u>—</u>	<u>42,222,000</u>
Net position:				
Net position at beginning of year	61,959,000	376,502,000	—	438,461,000
Net position at end of year	<u>\$ 81,921,000</u>	<u>398,762,000</u>	<u>—</u>	<u>480,683,000</u>

See accompanying independent auditors' report.

## CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 173,609,000
Federal grants and contracts	—
State grants and contracts	49,000
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(83,188,000)
Payments to employees	(269,362,000)
Payments to students	(15,700,000)
Collections of student loans	271,000
Sales and services of educational activities	4,460,000
Sales and services of auxiliary enterprises	53,436,000
Other receipts	6,159,000
	<u>(130,266,000)</u>
Net cash used in operating activities	
Cash flows from noncapital financing activities:	
State appropriations	116,943,000
Federal financial aid grants	18,548,000
State financial aid grants	18,830,000
Nongovernmental and other financial aid grants	5,966,000
Other federal nonoperating grants	1,286,000
Gifts and grants received for other than capital purposes	23,988,000
Federal loan program receipts	82,226,000
Federal loan program disbursements	(84,328,000)
Monies received on behalf of others	12,288,000
Monies disbursed on behalf of others	(12,205,000)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	130,000
	<u>183,672,000</u>
Net cash provided by noncapital financing activities	
Cash flows from capital and related financing activities:	
Proceeds from capital debt	240,180,000
State appropriations	531,000
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	4,421,000
Proceeds from sale of capital assets	203,000
Acquisition of capital assets	(39,439,000)
Transfers to escrow agent	(44,867,000)
Principal paid on capital debt and leases	(7,670,000)
Interest paid on capital debt and leases	(26,099,000)
Principal collection on capital leases	—
Interest collection on capital leases	—
	<u>127,260,000</u>
Net cash provided by capital and related financing activities	

## CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 788,669,000
Purchases of investments	(966,461,000)
Investment income proceeds	2,710,000
	<u>(175,082,000)</u>
Net cash used in investing activities	5,584,000
Net increase in cash and cash equivalents	77,000
Cash and cash equivalents at beginning of year	<u>77,000</u>
Cash and cash equivalents at end of year	<u>\$ 5,661,000</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 5,661,000
Restricted cash and cash equivalents	—
	<u>\$ 5,661,000</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (161,314,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	40,630,000
Change in assets and liabilities:	
Accounts receivable, net	(5,593,000)
Student loans receivable, net	38,000
Prepaid expenses and other current assets	(766,000)
Other assets	(631,000)
Deferred outflows of resources	(19,651,000)
Accounts payable	(2,464,000)
Accrued salaries and benefits	2,969,000
Accrued compensated absences	573,000
Unearned revenue	(2,003,000)
Other postemployment benefits obligations	3,616,000
Net pension liability	69,738,000
Other liabilities	876,000
Deferred inflows of resources	(56,284,000)
Net cash used in operating activities	<u>\$ (130,266,000)</u>
Supplemental schedules of noncash transactions:	
Change in accrued capital asset purchases	\$ 4,382,000
Amortization of net bond premium	3,124,000
Contributed capital assets	2,732,000
Capital assets paid by the Office of the Chancellor	2,175,000

See accompanying independent auditors' report.

## CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO

## Transactions with Related Entities

Year ended June 30, 2016

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 3,808,000
Payments from discretely presented component units for other than salaries	7,736,000
Payments to discretely presented component units for services, space, and programs	9,087,000
Gifts in kind from discretely presented component units	471,000
Gifts (cash or assets) from discretely presented component units	18,272,000
Accounts receivable from discretely presented component units	807,000
Other amounts receivable from discretely presented component units	5,121,000
Accounts payable to discretely presented component units	(756,000)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	3,177,000
Payments to the Office of the Chancellor for state pro rata charges	869,000
Accounts receivable from the Office of the Chancellor	14,000
Accounts payable to the Office of the Chancellor	(5,000)
Accounts receivable from campuses other than the Office of the Chancellor	3,000
Accounts payable to campuses other than the Office of the Chancellor	(3,000)
State lottery allocation received	1,661,000

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, SAN MARCOS

Schedule 7

Statement of Net Position

June 30, 2016

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 8,000	12,238,000	12,246,000
Short-term investments	43,599,000	4,864,000	48,463,000
Accounts receivable, net	3,193,000	4,133,000	7,326,000
Capital lease receivable, current portion	745,000	—	745,000
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	749,000	749,000
Prepaid expenses and other current assets	2,042,000	46,000	2,088,000
Total current assets	<u>49,587,000</u>	<u>22,030,000</u>	<u>71,617,000</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	153,000	153,000
Accounts receivable, net	200,000	—	200,000
Capital lease receivable, net of current portion	18,225,000	—	18,225,000
Notes receivable, net of current portion	199,000	200,000	399,000
Student loans receivable, net	318,000	149,000	467,000
Pledges receivable, net	—	3,412,000	3,412,000
Endowment investments	—	22,009,000	22,009,000
Other long-term investments	742,000	2,974,000	3,716,000
Capital assets, net	246,532,000	25,577,000	272,109,000
Other assets	6,000	64,000	70,000
Total noncurrent assets	<u>266,222,000</u>	<u>54,538,000</u>	<u>320,760,000</u>
Total assets	<u>315,809,000</u>	<u>76,568,000</u>	<u>392,377,000</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>34,414,000</u>	<u>—</u>	<u>34,414,000</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	3,119,000	2,209,000	5,328,000
Accrued salaries and benefits	10,755,000	317,000	11,072,000
Accrued compensated absences, current portion	4,467,000	616,000	5,083,000
Unearned revenue	8,862,000	1,255,000	10,117,000
Capitalized lease obligations, current portion	1,740,000	894,000	2,634,000
Long-term debt obligations, current portion	2,590,000	—	2,590,000
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	879,000	—	879,000
Other liabilities	2,268,000	782,000	3,050,000
Total current liabilities	<u>34,680,000</u>	<u>6,073,000</u>	<u>40,753,000</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	2,776,000	—	2,776,000
Unearned revenue	—	1,834,000	1,834,000
Grants refundable	324,000	—	324,000
Capitalized lease obligations, net of current portion	5,130,000	19,697,000	24,827,000
Long-term debt obligations, net of current portion	108,411,000	198,000	108,609,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Other postemployment benefits obligations	6,808,000	1,317,000	8,125,000
Net pension liability	187,097,000	—	187,097,000
Other liabilities	—	—	—
Total noncurrent liabilities	<u>310,546,000</u>	<u>23,046,000</u>	<u>333,592,000</u>
Total liabilities	<u>345,226,000</u>	<u>29,119,000</u>	<u>374,345,000</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>4,067,000</u>	<u>245,000</u>	<u>4,312,000</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	151,806,000	2,575,000	154,381,000
Restricted for:			
Nonexpendable – endowments	—	19,934,000	19,934,000
Expendable:			
Scholarships and fellowships	—	1,795,000	1,795,000
Research	—	—	—
Loans	92,000	—	92,000
Capital projects	200,000	50,000	250,000
Debt service	149,000	—	149,000
Others	47,000	8,403,000	8,450,000
Unrestricted	<u>(151,364,000)</u>	<u>14,447,000</u>	<u>(136,917,000)</u>
Total net position	<u>930,000</u>	<u>47,204,000</u>	<u>48,134,000</u>

See accompanying independent auditors' report.



## CALIFORNIA STATE UNIVERSITY, SAN MARCOS

## Statement of Revenue, Expenses, and Changes in Net Position

Year ended June 30, 2016

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenue:				
Operating revenue:				
Student tuition and fees (net of scholarship allowances of \$44,760,000)	\$ 65,965,000	5,958,000	—	71,923,000
Grants and contracts, noncapital:				
Federal	—	8,642,000	—	8,642,000
State	—	727,000	—	727,000
Local	—	15,000	—	15,000
Nongovernmental	—	455,000	—	455,000
Sales and services of educational activities	53,000	4,905,000	—	4,958,000
Sales and services of auxiliary enterprises (net of scholarship allowances of \$0)	8,430,000	9,118,000	—	17,548,000
Other operating revenue	6,882,000	122,000	—	7,004,000
Total operating revenue	<u>81,330,000</u>	<u>29,942,000</u>	<u>—</u>	<u>111,272,000</u>
Expenses:				
Operating expenses:				
Instruction	75,532,000	4,428,000	—	79,960,000
Research	601,000	5,245,000	—	5,846,000
Public service	236,000	564,000	—	800,000
Academic support	30,285,000	1,079,000	—	31,364,000
Student services	18,872,000	9,509,000	(25,000)	28,356,000
Institutional support	29,031,000	2,696,000	(83,000)	31,644,000
Operation and maintenance of plant	19,550,000	—	—	19,550,000
Student grants and scholarships	21,794,000	1,479,000	(1,479,000)	21,794,000
Auxiliary enterprise expenses	1,220,000	6,199,000	—	7,419,000
Depreciation and amortization	13,662,000	1,567,000	—	15,229,000
Total operating expenses	<u>210,783,000</u>	<u>32,766,000</u>	<u>(1,587,000)</u>	<u>241,962,000</u>
Operating income (loss)	<u>(129,453,000)</u>	<u>(2,824,000)</u>	<u>1,587,000</u>	<u>(130,690,000)</u>
Nonoperating revenue (expenses):				
State appropriations, noncapital	70,959,000	—	—	70,959,000
Federal financial aid grants, noncapital	27,760,000	—	—	27,760,000
State financial aid grants, noncapital	18,971,000	—	—	18,971,000
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	—	—	—	—
Other federal nonoperating grants, noncapital	76,000	—	—	76,000
Gifts, noncapital	2,509,000	3,991,000	(1,499,000)	5,001,000
Investment income (loss), net	1,591,000	148,000	—	1,739,000
Endowment income (loss)	—	(849,000)	—	(849,000)
Interest expense	(5,097,000)	(787,000)	—	(5,884,000)
Other nonoperating revenue (expenses)	2,508,000	—	—	2,508,000
Net nonoperating revenue (expenses)	<u>119,277,000</u>	<u>2,503,000</u>	<u>(1,499,000)</u>	<u>120,281,000</u>
Income (loss) before other revenue (expenses)	<u>(10,176,000)</u>	<u>(321,000)</u>	<u>88,000</u>	<u>(10,409,000)</u>
State appropriations, capital	200,000	—	—	200,000
Grants and gifts, capital	174,000	772,000	(88,000)	858,000
Additions (reductions) to permanent endowments	—	—	—	—
Increase (decrease) in net position	<u>(9,802,000)</u>	<u>451,000</u>	<u>—</u>	<u>(9,351,000)</u>
Net position:				
Net position at beginning of year	10,732,000	46,753,000	—	57,485,000
Net position at end of year	<u>\$ 930,000</u>	<u>47,204,000</u>	<u>—</u>	<u>48,134,000</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, SAN MARCOS

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 66,048,000
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(41,702,000)
Payments to employees	(132,749,000)
Payments to students	(21,529,000)
Collections of student loans	128,000
Sales and services of educational activities	53,000
Sales and services of auxiliary enterprises	8,120,000
Other receipts	7,408,000
	<u>(114,223,000)</u>
Net cash used in operating activities	
Cash flows from noncapital financing activities:	
State appropriations	70,944,000
Federal financial aid grants	28,165,000
State financial aid grants	18,971,000
Nongovernmental and other financial aid grants	—
Other federal nonoperating grants	76,000
Gifts and grants received for other than capital purposes	2,509,000
Federal loan program receipts	48,462,000
Federal loan program disbursements	(48,492,000)
Monies received on behalf of others	2,619,000
Monies disbursed on behalf of others	(2,464,000)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	(710,000)
Interest paid on long-term debt	(960,000)
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	710,000
Interest collections on capital leases	960,000
Principal collections on notes receivable	52,000
Interest collections on notes receivable	13,000
Other noncapital financing activities	2,306,000
	<u>123,161,000</u>
Net cash provided by noncapital financing activities	
Cash flows from capital and related financing activities:	
Proceeds from capital debt	31,687,000
State appropriations	—
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	45,000
Proceeds from sale of capital assets	24,000
Acquisition of capital assets	(7,865,000)
Transfers to escrow agent	(32,124,000)
Principal paid on capital debt and leases	(4,283,000)
Interest paid on capital debt and leases	(3,881,000)
Principal collection on capital leases	—
Interest collection on capital leases	—
	<u>(16,397,000)</u>
Net cash used in capital and related financing activities	

## CALIFORNIA STATE UNIVERSITY, SAN MARCOS

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 288,433,000
Purchases of investments	(281,495,000)
Investment income proceeds	521,000
	<u>7,459,000</u>
Net cash provided by investing activities	—
Net increase (decrease) in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>8,000</u>
Cash and cash equivalents at end of year	<u>\$ 8,000</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 8,000
Restricted cash and cash equivalents	—
Total cash and cash equivalents at end of year	<u>\$ 8,000</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (129,453,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	13,662,000
Change in assets and liabilities:	
Accounts receivable, net	(288,000)
Student loans receivable, net	(8,000)
Prepaid expenses and other current assets	(146,000)
Other assets	(1,000)
Deferred outflows of resources	(13,506,000)
Accounts payable	(1,161,000)
Accrued salaries and benefits	1,080,000
Accrued compensated absences	617,000
Unearned revenue	486,000
Other postemployment benefits obligations	2,066,000
Net pension liability	37,453,000
Other liabilities	386,000
Deferred inflows of resources	(25,410,000)
Net cash used in operating activities	<u>\$ (114,223,000)</u>
Supplemental schedules of noncash transactions:	
Reclassification of long-term debt to capitalized lease obligations	\$ 4,965,000
Acquisition of capital assets through capitalized lease obligations	1,458,000
Amortization of net bond premium	235,000
Capital assets paid by the Office of the Chancellor	199,000
Contributed capital assets	129,000
Amortization of loss on debt refundings	49,000
Change in accrued capital asset purchases	(1,038,000)

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, SAN MARCOS

## Transactions with Related Entities

Year ended June 30, 2016

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 2,371,000
Payments from discretely presented component units for other than salaries	8,156,000
Payments to discretely presented component units for services, space, and programs	2,535,000
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	—
Accounts receivable from discretely presented component units	882,000
Other amounts receivable from discretely presented component units	658,000
Accounts payable to discretely presented component units	(571,000)
Other amounts payable to discretely presented component units	(465,000)
Payments to the Office of the Chancellor for administrative activities	144,000
Payments to the Office of the Chancellor for state pro rata charges	466,000
Accounts receivable from the Office of the Chancellor	189,000
Accounts payable to the Office of the Chancellor	(3,000)
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	534,000

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, SONOMA

Schedule 7

Statement of Net Position

June 30, 2016

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 1,061,000	2,492,000	3,553,000
Short-term investments	86,412,000	6,467,000	92,879,000
Accounts receivable, net	2,740,000	489,000	3,229,000
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	3,231,000	3,231,000
Prepaid expenses and other current assets	808,000	142,000	950,000
Total current assets	<u>91,021,000</u>	<u>12,821,000</u>	<u>103,842,000</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	185,000	185,000
Accounts receivable, net	750,000	—	750,000
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	1,655,000	—	1,655,000
Pledges receivable, net	—	784,000	784,000
Endowment investments	—	36,069,000	36,069,000
Other long-term investments	10,888,000	7,420,000	18,308,000
Capital assets, net	345,556,000	4,568,000	350,124,000
Other assets	—	1,168,000	1,168,000
Total noncurrent assets	<u>358,849,000</u>	<u>50,194,000</u>	<u>409,043,000</u>
Total assets	<u>449,870,000</u>	<u>63,015,000</u>	<u>512,885,000</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>26,834,000</u>	<u>—</u>	<u>26,834,000</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	1,823,000	452,000	2,275,000
Accrued salaries and benefits	7,672,000	37,000	7,709,000
Accrued compensated absences, current portion	4,559,000	17,000	4,576,000
Unearned revenue	14,382,000	856,000	15,238,000
Capitalized lease obligations, current portion	72,000	—	72,000
Long-term debt obligations, current portion	5,495,000	—	5,495,000
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	—	—	—
Other liabilities	1,723,000	558,000	2,281,000
Total current liabilities	<u>35,726,000</u>	<u>1,920,000</u>	<u>37,646,000</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	2,939,000	11,000	2,950,000
Unearned revenue	5,936,000	—	5,936,000
Grants refundable	1,717,000	—	1,717,000
Capitalized lease obligations, net of current portion	6,000	—	6,000
Long-term debt obligations, net of current portion	201,007,000	—	201,007,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	340,000	—	340,000
Other postemployment benefits obligations	5,574,000	—	5,574,000
Net pension liability	174,851,000	—	174,851,000
Other liabilities	74,000	—	74,000
Total noncurrent liabilities	<u>392,444,000</u>	<u>11,000</u>	<u>392,455,000</u>
Total liabilities	<u>428,170,000</u>	<u>1,931,000</u>	<u>430,101,000</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>3,802,000</u>	<u>—</u>	<u>3,802,000</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	143,581,000	4,568,000	148,149,000
Restricted for:			
Nonexpendable – endowments	—	37,399,000	37,399,000
Expendable:			
Scholarships and fellowships	1,000,000	119,000	1,119,000
Research	4,000	—	4,000
Loans	36,000	—	36,000
Capital projects	3,479,000	—	3,479,000
Debt service	7,000	—	7,000
Others	5,026,000	7,421,000	12,447,000
Unrestricted	<u>(108,401,000)</u>	<u>11,577,000</u>	<u>(96,824,000)</u>
Total net position	<u>44,732,000</u>	<u>61,084,000</u>	<u>105,816,000</u>

See accompanying independent auditors' report.

## SONOMA STATE UNIVERSITY

## Statement of Revenue, Expenses, and Changes in Net Position

Year ended June 30, 2016

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenue:				
Operating revenue:				
Student tuition and fees (net of scholarship allowances of \$23,153,000)	\$ 54,253,000	1,883,000	—	56,136,000
Grants and contracts, noncapital:				
Federal	6,613,000	118,000	—	6,731,000
State	736,000	155,000	—	891,000
Local	131,000	—	—	131,000
Nongovernmental	1,236,000	—	—	1,236,000
Sales and services of educational activities	575,000	9,000	—	584,000
Sales and services of auxiliary enterprises (net of scholarship allowances of \$2,766,000)	26,700,000	11,191,000	—	37,891,000
Other operating revenue	10,331,000	1,640,000	—	11,971,000
Total operating revenue	<u>100,575,000</u>	<u>14,996,000</u>	<u>—</u>	<u>115,571,000</u>
Expenses:				
Operating expenses:				
Instruction	52,737,000	—	—	52,737,000
Research	1,069,000	—	—	1,069,000
Public service	14,213,000	—	—	14,213,000
Academic support	17,199,000	—	—	17,199,000
Student services	20,338,000	2,216,000	—	22,554,000
Institutional support	20,188,000	214,000	—	20,402,000
Operation and maintenance of plant	10,032,000	—	—	10,032,000
Student grants and scholarships	13,142,000	—	—	13,142,000
Auxiliary enterprise expenses	19,024,000	10,709,000	—	29,733,000
Depreciation and amortization	16,368,000	323,000	—	16,691,000
Total operating expenses	<u>184,310,000</u>	<u>13,462,000</u>	<u>—</u>	<u>197,772,000</u>
Operating income (loss)	<u>(83,735,000)</u>	<u>1,534,000</u>	<u>—</u>	<u>(82,201,000)</u>
Nonoperating revenue (expenses):				
State appropriations, noncapital	59,632,000	—	—	59,632,000
Federal financial aid grants, noncapital	14,147,000	—	—	14,147,000
State financial aid grants, noncapital	10,760,000	—	—	10,760,000
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	—	—	—	—
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	5,072,000	317,000	975,000	6,364,000
Investment income (loss), net	1,198,000	359,000	—	1,557,000
Endowment income (loss)	—	(1,013,000)	—	(1,013,000)
Interest expense	(8,594,000)	(213,000)	—	(8,807,000)
Other nonoperating revenue (expenses)	2,157,000	(59,000)	60,000	2,158,000
Net nonoperating revenue (expenses)	<u>84,372,000</u>	<u>(609,000)</u>	<u>1,035,000</u>	<u>84,798,000</u>
Income before other revenue (expenses)	637,000	925,000	1,035,000	2,597,000
State appropriations, capital	750,000	—	—	750,000
Grants and gifts, capital	3,764,000	—	(1,035,000)	2,729,000
Additions (reductions) to permanent endowments	—	(647,000)	—	(647,000)
Increase (decrease) in net position	<u>5,151,000</u>	<u>278,000</u>	<u>—</u>	<u>5,429,000</u>
Net position:				
Net position at beginning of year	39,581,000	60,806,000	—	100,387,000
Net position at end of year	<u>\$ 44,732,000</u>	<u>61,084,000</u>	<u>—</u>	<u>105,816,000</u>

See accompanying independent auditors' report.

## SONOMA STATE UNIVERSITY

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 53,558,000
Federal grants and contracts	6,603,000
State grants and contracts	834,000
Local grants and contracts	170,000
Nongovernmental grants and contracts	1,426,000
Payments to suppliers	(43,976,000)
Payments to employees	(110,517,000)
Payments to students	(13,142,000)
Collections of student loans	—
Sales and services of educational activities	590,000
Sales and services of auxiliary enterprises	26,747,000
Other receipts	11,299,000
	<u>(66,408,000)</u>
Net cash used in operating activities	
Cash flows from noncapital financing activities:	
State appropriations	59,632,000
Federal financial aid grants	14,136,000
State financial aid grants	10,760,000
Nongovernmental and other financial aid grants	—
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	5,072,000
Federal loan program receipts	38,250,000
Federal loan program disbursements	(38,269,000)
Monies received on behalf of others	1,345,000
Monies disbursed on behalf of others	(1,028,000)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	2,055,000
	<u>91,953,000</u>
Net cash provided by noncapital financing activities	
Cash flows from capital and related financing activities:	
Proceeds from capital debt	95,144,000
State appropriations	—
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	1,672,000
Proceeds from sale of capital assets	—
Acquisition of capital assets	(13,819,000)
Transfers to escrow agent	(93,518,000)
Principal paid on capital debt and leases	(8,512,000)
Interest paid on capital debt and leases	(7,425,000)
Principal collection on capital leases	—
Interest collection on capital leases	—
	<u>(26,458,000)</u>
Net cash used in capital and related financing activities	

## SONOMA STATE UNIVERSITY

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 257,240,000
Purchases of investments	(257,883,000)
Investment income proceeds	911,000
	<u>268,000</u>
Net cash provided by investing activities	(645,000)
Net decrease in cash and cash equivalents	<u>1,706,000</u>
Cash and cash equivalents at beginning of year	<u>\$ 1,061,000</u>
Cash and cash equivalents at end of year	<u>\$ 1,061,000</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 1,061,000
Restricted cash and cash equivalents	—
Total cash and cash equivalents at end of year	<u>\$ 1,061,000</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (83,735,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	16,368,000
Change in assets and liabilities:	
Accounts receivable, net	(141,000)
Student loans receivable, net	—
Prepaid expenses and other current assets	(5,000)
Other assets	—
Deferred outflows of resources	(4,868,000)
Accounts payable	390,000
Accrued salaries and benefits	460,000
Accrued compensated absences	267,000
Unearned revenue	720,000
Other postemployment benefits obligations	1,458,000
Net pension liability	27,811,000
Other liabilities	35,000
Deferred inflows of resources	(25,168,000)
Net cash used in operating activities	<u>\$ (66,408,000)</u>
Supplemental schedules of noncash transactions:	
Contributed capital assets	\$ 2,092,000
Amortization of net bond premium	990,000
Amortization of loss on debt refundings	731,000
Capital assets paid by the Office of the Chancellor	308,000
Change in accrued capital asset purchases	(4,610,000)

See accompanying independent auditors' report.



## SONOMA STATE UNIVERSITY

## Transactions with Related Entities

Year ended June 30, 2016

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 5,980,000
Payments from discretely presented component units for other than salaries	4,603,000
Payments to discretely presented component units for services, space, and programs	1,722,000
Gifts in kind from discretely presented component units	60,000
Gifts (cash or assets) from discretely presented component units	3,146,000
Accounts receivable from discretely presented component units	105,000
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(356,000)
Other amounts payable to discretely presented component units	(5,000)
Payments to the Office of the Chancellor for administrative activities	209,000
Payments to the Office of the Chancellor for state pro rata charges	363,000
Accounts receivable from the Office of the Chancellor	82,000
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	772,000

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, STANISLAUS

## Statement of Net Position

June 30, 2016

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 425,000	2,701,000	3,126,000
Short-term investments	82,941,000	5,076,000	88,017,000
Accounts receivable, net	4,582,000	913,000	5,495,000
Capital lease receivable, current portion	105,000	—	105,000
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	302,000	302,000
Prepaid expenses and other current assets	731,000	10,000	741,000
Total current assets	<u>88,784,000</u>	<u>9,002,000</u>	<u>97,786,000</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	227,000	227,000
Accounts receivable, net	1,039,000	—	1,039,000
Capital lease receivable, net of current portion	3,920,000	—	3,920,000
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	734,000	—	734,000
Pledges receivable, net	—	1,527,000	1,527,000
Endowment investments	—	10,327,000	10,327,000
Other long-term investments	2,099,000	3,153,000	5,252,000
Capital assets, net	123,601,000	7,578,000	131,179,000
Other assets	55,000	83,000	138,000
Total noncurrent assets	<u>131,448,000</u>	<u>22,895,000</u>	<u>154,343,000</u>
Total assets	<u>220,232,000</u>	<u>31,897,000</u>	<u>252,129,000</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>19,206,000</u>	<u>—</u>	<u>19,206,000</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	1,961,000	201,000	2,162,000
Accrued salaries and benefits	8,704,000	—	8,704,000
Accrued compensated absences, current portion	2,665,000	39,000	2,704,000
Unearned revenue	9,961,000	164,000	10,125,000
Capitalized lease obligations, current portion	65,000	105,000	170,000
Long-term debt obligations, current portion	935,000	260,000	1,195,000
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	178,000	—	178,000
Other liabilities	1,855,000	208,000	2,063,000
Total current liabilities	<u>26,324,000</u>	<u>977,000</u>	<u>27,301,000</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	2,055,000	—	2,055,000
Unearned revenue	13,000	—	13,000
Grants refundable	928,000	—	928,000
Capitalized lease obligations, net of current portion	476,000	3,920,000	4,396,000
Long-term debt obligations, net of current portion	34,087,000	1,968,000	36,055,000
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Other postemployment benefits obligations	3,529,000	1,390,000	4,919,000
Net pension liability	137,086,000	1,175,000	138,261,000
Other liabilities	321,000	—	321,000
Total noncurrent liabilities	<u>178,495,000</u>	<u>8,453,000</u>	<u>186,948,000</u>
Total liabilities	<u>204,819,000</u>	<u>9,430,000</u>	<u>214,249,000</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>2,981,000</u>	<u>—</u>	<u>2,981,000</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	94,709,000	1,324,000	96,033,000
Restricted for:			
Nonexpendable – endowments	—	8,502,000	8,502,000
Expendable:			
Scholarships and fellowships	—	2,273,000	2,273,000
Research	—	—	—
Loans	48,000	—	48,000
Capital projects	612,000	—	612,000
Debt service	—	—	—
Others	94,000	5,933,000	6,027,000
Unrestricted	<u>(63,825,000)</u>	<u>4,435,000</u>	<u>(59,390,000)</u>
Total net position	<u>31,638,000</u>	<u>22,467,000</u>	<u>54,105,000</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY, STANISLAUS**  
Statement of Revenue, Expenses, and Changes in Net Position  
Year ended June 30, 2016

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenue:				
Operating revenue:				
Student tuition and fees (net of scholarship allowances of \$34,481,000)	\$ 37,337,000	2,492,000	(1,312,000)	38,517,000
Grants and contracts, noncapital:				
Federal	2,180,000	—	—	2,180,000
State	1,741,000	—	—	1,741,000
Local	1,179,000	—	—	1,179,000
Nongovernmental	996,000	—	—	996,000
Sales and services of educational activities	—	—	—	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$1,349,000)	5,366,000	1,435,000	—	6,801,000
Other operating revenue	3,425,000	726,000	—	4,151,000
Total operating revenue	<u>52,224,000</u>	<u>4,653,000</u>	<u>(1,312,000)</u>	<u>55,565,000</u>
Expenses:				
Operating expenses:				
Instruction	55,739,000	84,000	(28,000)	55,795,000
Research	1,265,000	—	—	1,265,000
Public service	1,154,000	—	—	1,154,000
Academic support	12,010,000	45,000	(14,000)	12,041,000
Student services	15,579,000	2,277,000	(55,000)	17,801,000
Institutional support	15,109,000	792,000	(355,000)	15,546,000
Operation and maintenance of plant	14,581,000	221,000	(16,000)	14,786,000
Student grants and scholarships	26,102,000	785,000	(782,000)	26,105,000
Auxiliary enterprise expenses	5,265,000	708,000	(1,311,000)	4,662,000
Depreciation and amortization	7,892,000	441,000	—	8,333,000
Total operating expenses	<u>154,696,000</u>	<u>5,353,000</u>	<u>(2,561,000)</u>	<u>157,488,000</u>
Operating income (loss)	<u>(102,472,000)</u>	<u>(700,000)</u>	<u>1,249,000</u>	<u>(101,923,000)</u>
Nonoperating revenue (expenses):				
State appropriations, noncapital	58,737,000	—	—	58,737,000
Federal financial aid grants, noncapital	24,248,000	—	—	24,248,000
State financial aid grants, noncapital	16,724,000	—	—	16,724,000
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	782,000	—	(782,000)	—
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	7,000	1,254,000	—	1,261,000
Investment income (loss), net	1,000,000	(566,000)	—	434,000
Endowment income (loss)	—	—	—	—
Interest expense	(1,537,000)	(311,000)	—	(1,848,000)
Other nonoperating revenue (expenses)	10,455,000	268,000	(383,000)	10,340,000
Net nonoperating revenue (expenses)	<u>110,416,000</u>	<u>645,000</u>	<u>(1,165,000)</u>	<u>109,896,000</u>
Income (loss) before other revenue (expenses)	7,944,000	(55,000)	84,000	7,973,000
State appropriations, capital	1,000,000	—	—	1,000,000
Grants and gifts, capital	286,000	—	(84,000)	202,000
Additions (reductions) to permanent endowments	—	—	—	—
Increase (decrease) in net position	<u>9,230,000</u>	<u>(55,000)</u>	<u>—</u>	<u>9,175,000</u>
Net position:				
Net position at beginning of year	22,408,000	22,522,000	—	44,930,000
Net position at end of year	<u>\$ 31,638,000</u>	<u>22,467,000</u>	<u>—</u>	<u>54,105,000</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, STANISLAUS

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 38,455,000
Federal grants and contracts	2,427,000
State grants and contracts	1,600,000
Local grants and contracts	1,578,000
Nongovernmental grants and contracts	1,027,000
Payments to suppliers	(25,250,000)
Payments to employees	(94,824,000)
Payments to students	(25,954,000)
Collections of student loans	—
Sales and services of educational activities	—
Sales and services of auxiliary enterprises	5,370,000
Other receipts	2,936,000
	<u>(92,635,000)</u>
Net cash used in operating activities	
Cash flows from noncapital financing activities:	
State appropriations	58,737,000
Federal financial aid grants	24,248,000
State financial aid grants	16,724,000
Nongovernmental and other financial aid grants	782,000
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	7,000
Federal loan program receipts	31,652,000
Federal loan program disbursements	(31,600,000)
Monies received on behalf of others	3,502,000
Monies disbursed on behalf of others	(3,552,000)
Transfers to escrow agent	(4,614,000)
Proceeds from long-term debt	4,523,000
Principal paid on long-term debt	(100,000)
Interest paid on long-term debt	(106,000)
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	311,000
Interest collections on capital leases	225,000
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	8,874,000
	<u>109,613,000</u>
Net cash provided by noncapital financing activities	
Cash flows from capital and related financing activities:	
Proceeds from capital debt	15,020,000
State appropriations	139,000
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	223,000
Proceeds from sale of capital assets	33,000
Acquisition of capital assets	(6,894,000)
Transfers to escrow agent	(15,315,000)
Principal paid on capital debt and leases	(858,000)
Interest paid on capital debt and leases	(1,088,000)
Principal collection on capital leases	—
Interest collection on capital leases	—
	<u>(8,740,000)</u>
Net cash used in capital and related financing activities	

## CALIFORNIA STATE UNIVERSITY, STANISLAUS

## Statement of Cash Flows

Year ended June 30, 2016

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 171,535,000
Purchases of investments	(179,884,000)
Investment income proceeds	536,000
	<u>(7,813,000)</u>
Net cash used in investing activities	425,000
	<u>—</u>
Cash and cash equivalents at beginning of year	\$ 425,000
Cash and cash equivalents at end of year	<u><u>425,000</u></u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 425,000
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u><u>\$ 425,000</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (102,472,000)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	7,892,000
Change in assets and liabilities:	
Accounts receivable, net	334,000
Student loans receivable, net	(17,000)
Prepaid expenses and other current assets	(72,000)
Other assets	12,000
Deferred outflows of resources	(4,640,000)
Accounts payable	(206,000)
Accrued salaries and benefits	1,302,000
Accrued compensated absences	203,000
Unearned revenue	1,206,000
Other postemployment benefits obligations	730,000
Net pension liability	22,784,000
Other liabilities	(155,000)
Deferred inflows of resources	<u>(19,536,000)</u>
Net cash used in operating activities	<u><u>\$ (92,635,000)</u></u>
Supplemental schedule of noncash transactions:	
Capital assets paid by the Office of the Chancellor	\$ 1,537,000
Change in accrued capital asset purchases	631,000
Reclassification of long term debt to capitalized lease obligations	604,000
Amortization of net bond premium	146,000
Amortization of loss on debt refundings	65,000
Contributed capital assets	62,000
Acquisition of capital assets through capitalized lease	

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, STANISLAUS

## Transactions with Related Entities

Year ended June 30, 2016

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 6,000
Payments from discretely presented component units for other than salaries	2,527,000
Payments to discretely presented component units for services, space, and programs	4,020,000
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	84,000
Accounts receivable from discretely presented component units	159,000
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(663,000)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	165,000
Payments to the Office of the Chancellor for state pro rata charges	296,000
Accounts receivable from the Office of the Chancellor	444,000
Accounts payable to the Office of the Chancellor	(2,000)
Accounts receivable from campuses other than the Office of the Chancellor	19,000
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	764,000

See accompanying independent auditors' report.

CSU CHICO



SONOMA STATE UNIVERSITY



CSU NORTHRIDGE



CHANCELLOR'S OFFICE



SAN DIEGO STATE UNIVERSITY



CSU Office of the Chancellor  
Division of Financial Services

Systemwide Financial Standards & Reporting  
401 Golden Shore, Long Beach, CA 90802-4210

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