

SANTOS MANUEL STUDENT UNION OF
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

REPORT ON AUDIT

FOR THE YEAR ENDED
JUNE 30, 2008

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To the Board of Directors
Santos Manuel Student Union of California State
University, San Bernardino

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying basic financial statements of the Santos Manuel Student Union of California State University, San Bernardino (the Student Union), a component unit of California State University, San Bernardino as of and for the year then ended June 30, 2008 as listed in the table of contents. These financial statements are the responsibility of the Student Union's management. Our responsibility is to express an opinion on these financial statements based on our audit.

The prior year partial comparative information has been derived from the Student Union's 2007 financial statements and, in our report dated September 10, 2007, we expressed an unqualified opinion on the respective basic financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Student Union as of June 30, 2008, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

MEMBERS

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Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Santos Manuel Student Union of California State University, San Bernardino's basic financial statements. The Organizational Data, the Schedule of Operating Expenses by Function, and the Auxiliary Organizations' Schedule of Net Assets, Schedule of Revenues, Expenses and Changes in Net Assets and the Other Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Operating Expenses by Function and the Auxiliary Organizations' Schedule of Net Assets, Schedule of Revenues, Expenses and Changes in Net Assets and the Other Information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Organizational Data has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Rogers Anderson Malbody & Smith, LLP

September 2, 2008

SANTOS MANUEL STUDENT UNION OF
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

The following section of the Santos Manuel Student Union of California State University, San Bernardino's annual financial report includes some of management's insights and analysis of the Student Union's financial performance for the year ended June 30, 2008.

INTRODUCTION TO THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board Statement 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. This represents a significant change from prior financial reports and is designed to improve the usefulness of the reports to the primary users of these financial statements.

The financial statements include the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. These statements are supported in the annual financial report by the notes to the financial statements, required supplemental or statistical information, and this section. All sections must be considered together to obtain a complete understanding of the financial picture of the Student Union.

Statement of Net Assets: The Statement of Net Assets includes all assets and liabilities. Assets and liabilities are reported at their book value, on an accrual basis, as of the statement date. It also identifies major categories of restrictions on the net assets of the Student Union.

Statement of Revenues, Expenses and Changes in Net Assets: The Statement of Revenues, Expenses and Changes in Net Assets presents the revenues earned and the expenses incurred during the year on an accrual basis.

Statement of Cash Flows: The Statement of Cash Flows presents the inflows and outflows of cash, summarized by operating, capital, financing and investing activities. The statement is prepared using the direct method of cash flows and, therefore, presents gross rather than net amounts for the year's activities.

REPORTING ENTITY

The Santos Manuel Student Union of California State University, San Bernardino is a 501(c)(3) not-for-profit corporation that is an auxiliary organization of California State University, San Bernardino, and is therefore considered a component unit of the University.

SANTOS MANUEL STUDENT UNION OF
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

ANALYTICAL OVERVIEW

Summary

All students who attend California State University, San Bernardino are required to pay a mandatory Student Union fee. These fees are collected annually and support Santos Manuel Student Union and Student Recreation and Fitness Center operations, the annual bond payments, transfers to the repair and replacement funds and the construction funds, as needed and approved by the board of directors.

In general, Student Union funds may be spent in accordance with the California Education Code, Title 5 and the terms of past student fee referenda.

A portion of the mandatory fees (return of surplus) returned to the Student Union is used to support the operating budgets of the Santos Manuel Student Union and the Student Recreation and Fitness Center in accordance with Title 5.

The increase in return of surplus revenues was due primarily to the fact that the Student Recreation and Fitness Center was open for the full fiscal year 2007-08 and increased expenses for the Santos Manuel Student Union.

SANTOS MANUEL STUDENT UNION OF
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

FINANCIAL ANALYSIS

Net Assets

The Student Union's net assets exceed liabilities by \$2,846,119 at the close of the most recent fiscal year. Of this, \$565,275 or 19.9% reflects its investment in capital assets (e.g., leasehold improvements, machinery and equipment). The Student Union uses these capital assets to provide services to students and other users; consequently, these assets are not available for future spending.

Student Union's Net Assets

	<u>2008</u>	<u>2007</u>
Current assets	\$ 2,667,304	\$ 2,749,255
Capital assets	565,275	518,762
Total Assets	<u>3,232,579</u>	<u>3,268,017</u>
Current liabilities	261,752	287,966
Noncurrent liabilities	124,708	-
Total liabilities	<u>386,460</u>	<u>287,966</u>
Net assets		
Invested in capital assets	565,275	518,762
Restricted	2,260,179	2,315,916
Unrestricted	20,665	145,373
Total Net Assets	<u>\$ 2,846,119</u>	<u>\$ 2,980,051</u>

The Student Union's net assets decreased by \$133,932 during the current fiscal year, primarily from the recognition of an Other Post Employment Benefit (OPEB) expense in accordance with GASB 45 and from investments in capital assets.

Changes in Net Assets

Operating revenues increased by \$342,421 or 12.2%, which is attributed primarily to an increase of return of surplus revenues of \$123,786 and an increase in reimbursement revenues of \$164,026. The increase in return of surplus revenues was due to the full year of operation for the Student Recreation and Fitness Center and anticipated increased expenses in the Santos Manuel Student Union.

Expenses increased by \$789,620 or 30.2%. Expenses increased due to the increased activity at the Santos Manuel Student Union during the fiscal year and the operations of the Student Recreation and Fitness Center, and the recognition of the OPEB expense as indicated above (See Note 8).

SANTOS MANUEL STUDENT UNION OF
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

Student Union's Changes in Net Assets

	<u>2008</u>	<u>2007</u>
<u>Revenues</u>		
Return of surplus	\$ 2,775,100	\$ 2,651,314
Income from operations	353,461	138,917
Program income	10,309	6,218
Investment income	128,432	177,374
Total Revenues	<u>3,267,302</u>	<u>2,973,823</u>
 <u>Expenses</u>		
Student services	1,733,341	1,245,282
Auxiliary enterprise expenses	1,667,893	1,366,692
Other	-	1,182
Total Expenses	<u>3,401,234</u>	<u>2,613,156</u>
 Increase (decrease) in net assets	(133,932)	360,667
 Net Assets - Beginning of Year	<u>2,980,051</u>	<u>2,619,384</u>
Net Assets - End of Year	<u>\$ 2,846,119</u>	<u>\$ 2,980,051</u>

Capital Assets and Long-Term Debt

As of June 30, 2008, the Student Union has \$565,275 invested in capital assets, net of accumulated depreciation of \$409,027. Long-term debt is managed by the Chancellor's Office, and is not included on the financial statement of the Student Union.

Student Union's Capital Assets
(Net of Depreciation)

	<u>2008</u>	<u>2007</u>
Leasehold improvements	\$ 205,306	\$ 212,376
Equipment, furniture and fixtures	359,969	306,386
Total	<u>\$ 565,275</u>	<u>\$ 518,762</u>

SANTOS MANUEL STUDENT UNION OF
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

Requests for Information

This financial report is designed to provide a general overview of the Student Union's finances for all those with an interest in the Student Union's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Santos Manuel Student Union, California State University, San Bernardino, 5500 University Parkway, San Bernardino, CA 92407-2397.

SANTOS MANUEL STUDENT UNION OF
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

STATEMENT OF NET ASSETS

JUNE 30, 2008

	<u>2008</u>	<u>Comparative Totals 2007</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 50,556	\$ 328,707
Short-term investments	2,528,473	2,357,218
Accrued interest receivable	11,699	30,106
Accounts receivable - net	76,576	33,224
Total Current Assets	2,667,304	2,749,255
Leasehold improvements, equipment, furniture and fixtures - net	565,275	518,762
Total Assets	3,232,579	3,268,017
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	84,155	26,689
Amounts due to other auxiliary organizations	51,538	5,772
Amounts due to the University	65,846	201,445
Accrued salaries payable	24,850	20,568
Accrued compensated absences	35,363	33,492
Total Current Liabilities	261,752	287,966
Noncurrent Liabilities:		
OPEB obligation	124,708	-
Total Liabilities	386,460	287,966
<u>NET ASSETS</u>		
Invested in capital assets	565,275	518,762
Restricted	2,260,179	2,315,916
Unrestricted	20,665	145,373
Total Net Assets	\$ 2,846,119	\$ 2,980,051

The accompanying notes are an integral part of these financial statements.

SANTOS MANUEL STUDENT UNION OF
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2008

	2008	Comparative Totals 2007
<u>OPERATING REVENUES</u>		
Return of surplus revenue bond funds (Student Union fees)	\$ 2,775,100	\$ 2,651,314
Sales and Services:		
Program revenues	10,309	6,218
Facility lease and rental	93,345	60,691
Personnel services reimbursement revenue	240,436	76,410
Miscellaneous reimbursement revenue	19,680	1,816
Total Operating Revenues	3,138,870	2,796,449
<u>OPERATING EXPENSES</u>		
Student services:		
Program Board	96,948	78,817
Women's Resource Center	67,281	82,112
Cross Cultural Center	236,556	190,619
Adult Re-entry Center	94,777	74,853
Recreation Center	1,149,290	753,266
Game Room	2,338	(1,616)
Pride Center	86,151	67,231
Auxiliary enterprise expenses:		
Administration and personnel services	500,293	349,239
Student Union operations	539,662	515,586
Maintenance	283,901	255,459
Palm Desert Campus	9,522	5,800
Board of Directors	23,196	14,692
Graphics	28,300	25,768
Scheduling	135,220	85,826
Audio visual	23,341	26,629
Technology	19,660	21,505
Depreciation	104,798	66,188
Total Operating Expenses	3,401,234	2,611,974
Operating Income (Loss)	(262,364)	184,475

The accompanying notes are an integral part of these financial statements.

SANTOS MANUEL STUDENT UNION OF
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>2008</u>	<u>Comparative Totals 2007</u>
<u>NON-OPERATING REVENUES AND EXPENSES</u>		
Investment income	\$ 128,432	\$ 177,374
Loss on disposal of fixed assets	-	(1,182)
	<u>128,432</u>	<u>176,192</u>
Change in Net Assets	(133,932)	360,667
Net Assets, beginning of year	<u>2,980,051</u>	<u>2,619,384</u>
Net Assets, end of year	<u>\$ 2,846,119</u>	<u>\$ 2,980,051</u>

The accompanying notes are an integral part of these financial statements.

SANTOS MANUEL STUDENT UNION OF
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>2008</u>	<u>Comparative Totals 2007</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Return of surplus	\$ 2,775,100	\$ 2,651,314
Sales and services	320,418	132,421
Payments to suppliers	(1,667,936)	(1,132,898)
Payments to employees	(1,530,006)	(1,238,757)
	<hr/>	<hr/>
Net Cash Provided By (Used For) Operating Activities	(102,424)	412,080
	<hr/>	<hr/>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase of equipment	(151,311)	(403,860)
	<hr/>	<hr/>
Net Cash Used For Capital and Related Financing Activities	(151,311)	(403,860)
	<hr/>	<hr/>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from maturities of certificates of deposit	-	102,108
Investment income	146,839	171,384
	<hr/>	<hr/>
Net Cash Provided By Investing Activities	146,839	273,492
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	(106,896)	281,712
Cash and Cash Equivalents Balance, beginning of year	2,685,925	2,404,213
	<hr/>	<hr/>
Balance, end of year	<u>\$ 2,579,029</u>	<u>\$ 2,685,925</u>

The accompanying notes are an integral part of these financial statements.

SANTOS MANUEL STUDENT UNION OF
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>2008</u>	<u>Comparative Totals 2007</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS)</u>		
<u>TO NET CASH PROVIDED BY (USED FOR)</u>		
<u>OPERATING ACTIVITIES</u>		
Operating Income (Loss)	\$ (262,364)	\$ 184,475
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:		
Depreciation	104,798	66,188
(Increase) in receivables	(43,352)	(27,714)
Decrease in amounts receivable from other auxiliary organizations	-	15,000
Increase in accounts payable	57,466	349
Increase in accrued payroll	4,282	20,568
Increase in due to other auxiliary organizations	45,766	2,077
Increase (Decrease) in compensated absences	1,871	(2,526)
Increase (Decrease) in due to the University	(135,599)	153,663
Increase in OPEB Obligation	124,708	-
	<u>\$ (102,424)</u>	<u>\$ 412,080</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ (102,424)</u>	<u>\$ 412,080</u>

The accompanying notes are an integral part of these financial statements.

SANTOS MANUEL STUDENT UNION OF
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES

The Santos Manuel Student Union of California State University, San Bernardino (the Student Union) is a not-for-profit organization incorporated on November 18, 1977, under the laws of the State of California. The Student Union is an auxiliary organization (component unit) of the California State University and Colleges as defined under Section 89901 of the Education Code of the State of California and California Administrative Code, Title 5, Section 42400. The Student Union was formed to finance, operate and construct a campus union facility at California State University, San Bernardino as a student body center for the benefit of the students, faculty, staff, alumni and guests of the University in order to promote and assist the educational programs of the University. The Student Union performs these functions under an operating agreement with Trustees of the California State University (the Trustees). The Student Union agrees to apply the funds and properties it receives exclusively towards these purposes and to obtain written approval of the Trustees prior to initiating any additional functions. The operating agreement expired August 31, 2007. A new operating agreement was entered into effective September 1, 2007 through August 31, 2012.

Reporting Entity

Accounting principles generally accepted in the United States of America require that these financial statements present the accounts of the Student Union and any of its component units. Component units are legally separate entities for which the Student Union is considered to be financially accountable or otherwise has a relationship, which is such that the exclusion of the entity would cause the financial statements to be misleading. Blended component units are considered, in substance, part of the Student Union's operations, so the accounts of these entities are to be combined with the data of the Student Union. Component units, which do not meet these requirements, are reported in the financial statements as discrete units to emphasize their separate legal status. The Student Union has determined that it is not financially accountable for, nor has any other relationship with, any other organization, which would require its inclusion in these financial statements. However, the Student Union is a component unit of California State University, San Bernardino.

Fund Accounting

The accounts of the Student Union are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and uses them to aid management in demonstrating compliance with finance-related legal and contractual provisions. The Student Union's financial statements include only an enterprise fund, which is a proprietary fund type. Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or change in net assets is necessary for management accountability.

SANTOS MANUEL STUDENT UNION OF
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (continued)

Basis of Accounting

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Pursuant to GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, the Student Union has elected not to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Student Union are the mandatory fees collected from the students at California State University, San Bernardino. Operating expenses for the Student Union include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Investments

The Student Union's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of purchase.

Investments are reported at fair value.

Property and Equipment

Property and equipment is carried at cost. The Student Union's policy is to capitalize additions and improvements in excess of \$1,500 that significantly add to productive capacity or extend the useful life of an asset. Repairs and maintenance are charged to operations as incurred. Costs and related allowances for depreciation of property and equipment sold or otherwise retired are eliminated from the accounts and gains or losses on disposition are included in income. Contributed assets, if any, are stated at fair market value at the time received by the Student Union. Depreciation is provided on the straight-line method over the estimated useful lives of five to fifteen years.

SANTOS MANUEL STUDENT UNION OF
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (continued)

Income Taxes

The Student Union is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as an organization that is not a private foundation. A comparable exemption has been granted by the State of California under the Revenue and Taxation Code 23701(d).

Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Restricted Net Assets

This component of net assets consists of constraints placed on net assets use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Implementation of New Pronouncements

Effective July 1, 2007, the Student Union adopted a new accounting statement issued by the Governmental Accounting Standards Board (GASB):

Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions

In addition to pensions, many state and local governmental employers provide other postemployment benefits (OPEB) as part of the total compensation offered to attract and retain the services of qualified employees. OPEB includes postemployment healthcare, as well as other forms of postemployment benefits when provided separately from a pension plan. This Statement establishes standards for the measurement, recognition, and display of OPEB expense and related liabilities, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. This Statement improves the relevance and usefulness of financial reporting by (a) requiring systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and (b) providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan.

SANTOS MANUEL STUDENT UNION OF
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

Statement of Net Assets:

Current Assets:

Cash and cash equivalents	\$ 50,556
Short-term investments	<u>2,528,473</u>
 Total Cash and Investments	 <u>\$ 2,579,029</u>

Cash and investments as of June 30, 2008 consist of the following:

Cash on hand	\$ 1,200
Deposits with financial institutions	49,356
Investments	<u>2,528,473</u>
 Total Cash and Investments	 <u>\$ 2,579,029</u>

Investments

At June 30, 2008, the Student Union's investment portfolio consists primarily of investments held in the California State University Investment Pool, an internal investment pool, as well as interest-bearing accounts held in the State Treasury. For the California State University Investment Pool, separate accounting is maintained as to the amounts allocable to the various funds and programs.

Investment Policy

State law and regulations require that surplus moneys of the Student Union must be invested. The primary objective of the investment policy is to safeguard the principal. The secondary objective is to meet the liquidity needs of the Student Union. The third objective is to return an acceptable yield. The 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 investment policy permits investments in obligations of the federal and California state governments, certificates of deposit, and certain other investment instruments.

SANTOS MANUEL STUDENT UNION OF
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 2: CASH AND INVESTMENTS (continued)

Interest Rate Risk

Interest rate risk is the risk that changes 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. One of the ways that the Student Union manages its exposure to interest rate risk is that the pool purchases a combination of short-term and mid-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 the 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.

The following table presents the fair value, weighted average maturity, and actual rating by investment type of the Student Union's investment portfolio as of June 30, 2008:

Investment Type	Fair Value	WAM (Years)	Ratings as of Year-End				
			AAA	AA	A	BBB	Not Rated
Money Market Mutual Funds	\$ 85	-	\$ 85	\$ -	\$ -	\$ -	\$ -
US Dollar & Net Rec/Payables	278	-	278	-	-	-	-
Commercial Paper	247,015	0.05	-	-	247,015	-	-
Certificates of Deposit	209,856	0.13	-	-	209,856	-	-
US Agencies	120,783	1.17	102,319	-	18,464	-	-
Repurchase Agreements	23,132	0.50	-	-	23,132	-	-
Corporate and Fixed Income	336,604	1.68	103,800	110,978	113,840	2,808	5,178
US Treasury	2,311	1.68	2,311	-	-	-	-
Mortgage Backed Securities	32,417	11.97	32,417	-	-	-	-
LAIF	1,555,992	0.58	-	-	-	-	1,555,992
Total	\$2,528,473		\$ 241,210	\$ 110,978	\$612,307	\$ 2,808	\$1,561,170

SANTOS MANUEL STUDENT UNION OF
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 2: CASH AND INVESTMENTS (continued)

Concentration of Credit Risk

The investment policy of the Student Union contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. At June 30, 2008 the investments in any one issuer (other than external pools) that represent 5% or more of total Student Union investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank	Federal agency securities	\$ 68,151
Freddie Mac	Federal agency securities	\$ 57,151

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counter party to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Student Union's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

As of June 30, 2008, the Student Union had no deposits with financial institutions in excess of federal depository insurance limits.

Investment in State Investment Pool

The Student Union is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The Student Union's investment in this pool is reported in the accompanying financial statements at cost which approximates fair value at amounts based upon the Student Union's pro-rata share of the fair value provided by LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

SANTOS MANUEL STUDENT UNION OF
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, being depreciated:				
Leasehold improvements	\$ 271,917	\$ 12,904	\$ -	\$ 284,821
Equipment, furniture and fixtures	556,644	138,407	(5,570)	689,481
Total capital assets, being depreciated	828,561	151,311	(5,570)	974,302
Less accumulated depreciation for:				
Leasehold improvements	(59,541)	(19,974)	-	(79,515)
Equipment, furniture and fixtures	(250,258)	(84,824)	5,570	(329,512)
Total accumulated depreciation	(309,799)	(104,798)	5,570	(409,027)
Net capital assets	<u>\$ 518,762</u>	<u>\$ 46,513</u>	<u>\$ -</u>	<u>\$ 565,275</u>

Depreciation expense for the year ended June 30, 2008 was \$104,798.

NOTE 4: STUDENT UNION FEES

On April 30, 2002 the Trustees of the California State University issued the Student Union Revenue Bonds, Series 2002 A to refund Series B bonds which were issued to finance the construction, repair and maintenance of the Student Union facility. Bonds outstanding at June 30, 2008 amounted to \$2,360,000.

On April 14, 2005 the Trustees of the California State University issued the Student Union Revenue Bonds, Series 2005 A Expansion Project. The Bonds were issued to refund the Revenue Bond Anticipation Notes issued on May 21, 2004 for the Student Union expansion project and on June 7, 2004 for the Student Recreation Center project. Bonds outstanding at June 30, 2008 were \$27,090,000.

These financial statements do not include the Student Union Facility or the Recreation Center, the liability for debt incurred to finance either of the facilities or any reserves or other assets, liabilities or activities related to debt service.

SANTOS MANUEL STUDENT UNION OF
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 5: RELATED PARTY AND ECONOMIC DEPENDENCY

As discussed in Note 1, the Student Union operates under an agreement with the Trustees of the California State University, San Bernardino as an auxiliary organization of the University. Since the overwhelming majority of the Student Union's revenues and assets are dependent on its relationship with the University and its operating agreement with the Trustees, loss of this agreement would have a serious and significant impact on the Student Union's operations and financial condition.

The University also provides accounting services, utilities and various services for the Student Union. Amounts paid or accrued for these services amounted to \$856,488 for the year ended June 30, 2008. The amounts due to the University for these services as of June 30, 2008 were \$65,846.

NOTE 6: LEASING ARRANGEMENTS

The Student Union also rents out its facilities to students, the University and community organizations as available on a day-to-day basis. Total rents from this usage amounted to \$93,345 for the year ended June 30, 2008.

NOTE 7: DEFINED BENEFIT PENSION PLAN (PERS)

The Student Union contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from its executive office at 400 P Street, Sacramento, California 95814.

All full-time Student Union employees are eligible to participate in PERS with benefits vesting after five years of service. Employees who retire at age 55 are entitled to an annual retirement benefit, payable monthly for life, in increasing percentage increments up to 2% of their average full-time monthly pay rate for the highest 12 consecutive months for each year of credited services.

Student Union employees are required to contribute seven percent of their annual covered salary. Employee contributions amounted to \$36,675 for the year ended June 30, 2008. The Student Union is required to contribute the remaining amounts necessary to fund the system, using the actuarial basis specified by statute. The Student Union was required to contribute \$85,970 for the year ended June 30, 2008. Benefit provisions and all other requirements are established by state statute and Student Union ordinance.

SANTOS MANUEL STUDENT UNION OF
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 7: DEFINED BENEFIT PENSION PLAN (PERS) (continued)

Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contribution for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2007 to June 30, 2008 has been determined by an actuarial valuation of the plan as of June 30, 2005. The contribution rate indicated for the period is 15.083% of covered payroll. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2008, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2007 to June 30, 2008.

A summary of principal assumptions and methods used to determine the contractually required contributions is shown below for the cost-sharing multiple-employer defined benefit plan.

Valuation Date	June 30, 2005
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	16 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on Age, Service, and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%.

Initial plan unfunded liabilities are amortized over a closed period equal to the average amortization period at the plan's date of entry into CalPERS risk pool. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the risk pool are amortized over a rolling 30-year period. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

Assembly Bill 1974, which added Sections 20840-20842 to the California Government Code allowed PERS to create risk pools and mandate public agency participation in those pools. Commencing with the valuation of June 30, 2003, mandatory pooling was established for plans with less than 100 active members. As a result, the Student Union was required to participate in a risk pool of other organizations with less than 100 employees. The valuation report as of June 30, 2006, contained two sections: 1) the specific information of the plan including the development of the pooled contribution rate, and 2) the report of the Risk Pool Actuarial Valuation as of June 30, 2006.

SANTOS MANUEL STUDENT UNION OF
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 7: DEFINED BENEFIT PENSION PLAN (PERS) (continued)

At the time of joining a risk pool (valuation of June 30, 2003), a side fund was created to account for the difference between the funded status of the pool and funded status of the Student Union's plan. The side fund for the Student Union's plan as of the June 30, 2006 valuation was a negative \$396,007.

The side fund will be credited, on an annual basis, with the actuarial investment return assumption. This assumption is currently 7.75%. The negative side fund will cause the Student Union's required employer contribution rate to be increased by the Amortization of the side fund. In the absence of subsequent contract amendments or funding changes, the side fund will disappear at the end of the amortization period. The amortization period remaining as of June 30, 2006, was 13 years.

Required Supplementary Information

Risk Pool

<u>Valuation Date</u>	<u>Actuarial Liabilities</u>	<u>Actuarial Assets</u>	<u>Unfunded Liabilities (UL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UL as a % of Payroll</u>
June 30, 2004	\$2,746,095,668	\$2,460,944,656	\$285,151,012	89.6%	\$743,691,970	38.3%
June 30, 2005	\$2,891,460,651	\$2,588,713,000	\$302,747,651	89.5%	\$755,046,679	40.1%
June 30, 2006	\$2,754,396,608	\$2,492,226,176	\$262,170,432	90.5%	\$699,877,835	37.5%

Three Year Trend Information

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2006	\$ 78,468	100%	\$ -0-
June 30, 2007	\$ 70,708	100%	\$ -0-
June 30, 2008	\$ 85,970	100%	\$ -0-

SANTOS MANUEL STUDENT UNION OF
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 8: OTHER POST EMPLOYMENT BENEFITS

Plan Description

The Santos Manuel Student Union provides medical and dental plan coverage for retirees and their eligible surviving dependents. This coverage is available for employees who satisfy the requirements for retirement under the California Public Employees Retirement System (PERS), which is age 50 or older with at least five years of State or public agency service. The healthcare coverage provided by PERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

Dental benefits are provided through Met Life and medical plan benefits are provided through PERS, as permitted by the Public Employees' Medical and Hospital and Care Act (PEMHCA). As a PEMHCA employer, the Student Union has selected the equal contribution method, where it is obligated to contribute the same amount for retirees as contributed toward active employee medical plan coverage. The Student Union currently pays the full medical plan premium for employees and their dependents not to exceed the maximum of \$1,252 per month.

Funding Policy

The contribution requirements of the Student Union are established and may be amended by the Board of Directors. The required contribution is based on pay-as-you-go financing requirements. For fiscal year 2007-08, the Student Union contributed \$16,874 to the plan, which is 100% of the total current premiums.

Annual OPEB Cost and Net OPEB Obligation

The Student Union's annual other OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years. The following table shows the components of the Student Union's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Student Union's net OPEB obligation:

	<u>June 30, 2008</u>
Annual required contribution	\$ 141,582
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>141,582</u>
Contributions made	<u>(16,874)</u>
Increase in net OPEB obligation	124,708
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	<u>\$ 124,708</u>

SANTOS MANUEL STUDENT UNION OF
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 8: OTHER POST EMPLOYMENT BENEFITS (continued)

The Student Union's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2006	N/A	N/A	N/A
June 30, 2007	N/A	N/A	N/A
June 30, 2008	\$ 141,582	11.9%	\$ 124,708

Funded Status and Progress

As of June 30, 2008, the most recent valuation date, the plan was 0.0% funded. The actuarial accrued liability for benefits was \$929,329, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$929,329 and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 0.0%. The covered payroll (annual payroll of active employees covered by plan) was \$537,912, and the ratio of the UAAL to the covered payroll was 173 %. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Actuarial Methods and Assumptions

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

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 7.75 percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10 percent initially, reduced by increments of 0.5% per year to an ultimate rate of 4.5 percent after the tenth year. The UAAL is being amortized as a level percentage of projected payroll over 30 years. It is assumed the Student Union's payroll will increase 3.25% per year.

SANTOS MANUEL STUDENT UNION OF
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 9: UNEMPLOYMENT INSURANCE TRUST

The Student Union participates in the Auxiliary Organizations Unemployment Insurance Trust, which provides unemployment compensation coverage for members. Members are individually responsible through the Trust for all unemployment claims incurred by their organization. The Trust evaluates member safe levels annually and either bills the organization or allows distributions back to the organization for excess trust balances. Contributions made and claims paid amounted to \$-0- and \$8,344, respectively for the nine months ended March 31, 2008. Condensed financial information for the trust as of March 31, 2008 is as follows:

Total assets	\$ 12,521,225
Total liabilities	<u>239,957</u>
Trust balance	<u>\$ 12,281,268</u>
Total revenues	\$ (253,804)
Total expenses	<u>1,212,615</u>
Net (decrease) in trust balance	<u>\$ (1,466,419)</u>

The Student Union's portion of the trust balance was \$22,908 at March 31, 2008.

OTHER SUPPLEMENTARY INFORMATION

SANTOS MANUEL STUDENT UNION OF
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

ORGANIZATIONAL DATA

JUNE 30, 2008

Officers – 2007-2008

Kyle Gordon	-	Chair
Sheree Baugh	-	Vice Chair
Christine Gibson	-	Secretary
Nicholas Arellano/Troy Nelson	-	Controller

Faculty Representatives

Dr. Billie Sessions
Scott Zenter

Student Representatives

Christine Gibson
Troy Nelson
Andre Overstreet
Tyree Vance

Alumni Representative

Steve Holguin

ASI President

Anthony Conley

ASI Executive Vice President

Joseph Martinez

University Administrative Representative

Bob Wilson

President's Designee

Dr. Frank L. Rincon

Executive Director

Interim

Helga Kray

SANTOS MANUEL STUDENT UNION OF
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

SCHEDULE OF OPERATING EXPENSES BY FUNCTION

JUNE 30, 2008

	Student Services								Auxiliary Enterprises										Grand Total	
	Program Board	Women's Resource Center	Cross Cultural Center	Adult Re-Entry Center	Recreation Center	Game Room	Pride Center	Subtotal	Administration and Personnel Services	Student Union Operations	Maintenance	Palm Desert Campus	Board of Directors	Graphics	Scheduling	Audio Visual	Technology	Depreciation		Subtotal
Salaries, wages & stipends	\$ 24,627	\$ 29,811	\$ 129,932	\$ 57,382	\$ 412,181	\$ (800)	\$ 55,844	\$ 708,977	\$ 280,716	\$ -	\$ 136,770	\$ 4,800	\$ -	\$ 21,597	\$ 100,485	\$ 18,852	\$ 17,547	\$ -	\$ 580,767	\$ 1,289,744
Employee Benefits	-	36	37,610	6,991	45,736	-	5,404	95,777	37,920	18,391	52,354	442	-	415	23,901	161	180	-	133,764	229,541
OPEB expense	-	-	-	-	-	-	-	-	141,582	-	-	-	-	-	-	-	-	-	141,582	141,582
Communications	695	1,593	1,855	1,332	13,516	-	683	19,674	4,234	1,272	1,774	54	-	395	1,918	100	335	-	10,082	29,756
Utilities	-	-	-	-	136,052	-	-	136,052	-	295,994	-	-	-	-	-	-	-	-	295,994	432,046
Travel	4,119	2,388	6,703	2,900	38,029	1,981	3,654	59,774	6,497	-	953	135	19,315	698	1,297	-	-	-	28,895	88,669
Equipment	-	-	-	-	78,489	27	-	78,516	-	38,470	(2,097)	-	-	-	-	1,803	1,381	-	39,557	118,073
Postage	-	-	-	-	204	-	-	204	-	2,248	-	-	-	-	-	-	-	-	2,248	2,452
Supplies & Services	5,262	4,128	17,345	3,188	269,504	170	3,150	302,747	28,307	59,152	94,605	1,746	3,246	5,195	7,354	2,425	217	-	202,247	504,994
Duplicating	96	-	-	-	3,344	-	-	3,440	128	-	-	-	-	-	68	-	-	-	196	3,636
Accounting Fees	-	-	-	-	36,089	-	-	36,089	-	91,094	-	-	-	-	-	-	-	-	91,094	127,183
Audit Fees	-	-	-	-	-	-	-	-	-	5,800	-	-	-	-	-	-	-	-	5,800	5,800
Hospitality	191	108	641	270	14,829	-	-	16,039	1,171	68	-	-	635	-	-	-	-	-	1,874	17,913
Specialized Training	-	13	271	31	3,376	-	34	3,725	42	344	-	-	-	-	-	-	-	-	386	4,111
Insurance Expense	-	-	-	-	1,115	-	-	1,115	-	20,928	-	-	-	-	-	-	-	-	20,928	22,043
Advertising	-	632	632	631	17,929	463	632	20,919	-	-	-	-	-	-	197	-	-	-	197	21,116
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	104,798	104,798	104,798
Rental Expense	-	-	-	-	-	-	-	-	-	4,587	(462)	-	-	-	-	-	-	-	4,125	4,125
Program Expenses	61,958	28,572	41,170	22,052	13,517	497	16,750	184,516	(389)	1,009	4	2,345	-	-	-	-	-	-	2,969	187,485
Campus Services	-	-	-	-	65,380	-	-	65,380	-	305	-	-	-	-	-	-	-	-	305	65,685
Resource Materials	-	-	397	-	-	-	-	397	85	-	-	-	-	-	-	-	-	-	85	482
	\$ 96,948	\$ 67,281	\$ 236,556	\$ 94,777	\$ 1,149,290	\$ 2,338	\$ 86,151	\$ 1,733,341	\$ 500,293	\$ 539,662	\$ 283,901	\$ 9,522	\$ 23,196	\$ 28,300	\$ 135,220	\$ 23,341	\$ 19,660	\$ 104,798	\$ 1,667,893	\$ 3,401,234

Santos Manuel Student Union
Schedule of Net Assets
June 30, 2008
(for inclusion in the California State University)

Assets:

Current assets:	
Cash and cash equivalents	\$ 50,556
Short-term investments	2,528,473
Accounts receivable, net	76,576
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other assets	11,699
Total current assets	<u>2,667,304</u>
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Leases receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	—
Capital assets, net	565,275
Other assets	—
Total noncurrent assets	<u>565,275</u>
Total assets	<u>3,232,579</u>

Liabilities:

Current liabilities:	
Accounts payable	201,539
Accrued salaries and benefits payable	24,850
Accrued compensated absences— current portion	35,363
Deferred revenue	—
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	—
Self-insurance claims liability - current portion	—
Other liabilities	—
Total current liabilities	<u>261,752</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Deferred revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Self-insurance claims liabilities, net of current portion	—
Depository accounts	—
Other liabilities	124,708
Total noncurrent liabilities	<u>124,708</u>
Total liabilities	<u>386,460</u>

Net assets:

Invested in capital assets, net of related debt	565,275
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	2,260,179
Unrestricted	20,665
Total net assets	<u>\$ 2,846,119</u>

See accompanying independent auditors' report.

Santos Manuel Student Union
Schedule of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2008
(for inclusion in the California State University)

Revenues:

Operating revenues:

Student tuition and fees (net of scholarship allowances of \$ _____)	\$	—
Grants and contracts, noncapital:		
Federal		—
State		—
Local		—
Nongovernmental		—
Sales and services of educational activities		—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$ -0-)		3,138,870
Other operating revenues		—
Total operating revenues		3,138,870

Expenses:

Operating expenses:

Instruction		—
Research		—
Public service		—
Academic support		—
Student services		1,733,341
Institutional support		—
Operation and maintenance of plant		—
Student grants and scholarships		—
Auxiliary enterprise expenses		1,563,095
Depreciation and amortization		104,798
Total operating expenses		3,401,234
Operating income (loss)		(262,364)

Nonoperating revenues (expenses):

State appropriations, noncapital		—
Federal grant - Pell		—
Gifts, noncapital		—
Investment income, net		128,432
Endowment income		—
Interest on capital-related debt		—
Other nonoperating revenues (expenses)		—
Net nonoperating revenues (expenses)		128,432

Income (loss) before other additions		(133,932)
--------------------------------------	--	-----------

State appropriations, capital		—
Grants and gifts, capital		—
Additions to permanent endowments		—
Increase (decrease) in net assets		(133,932)

Net assets:

Net assets at beginning of year, as previously reported		2,980,051
Restatements		—
Net assets at end of year, as restated	\$	2,846,119

See accompanying independent auditors' report.

Other Information
June 30, 2008
(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2008:
 Portion of restricted cash and cash equivalents related to endowments
 All other restricted cash and cash equivalents
 Total restricted cash and cash equivalents

	\$
	—
	—
	\$

2 Composition of investments at June 30, 2008:

	Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
\$	—	—	—	—	—
\$	1,555,992	—	—	—	1,555,992
State of California Surplus Money Investment Fund (SMIF)	—	—	—	—	—
State of California Local Agency Investment Fund (L-AIF)	—	—	—	—	—
Wachovia Short Term Fund	—	—	—	—	—
Wachovia Medium Term Fund	—	—	—	—	—
Wachovia Equity Fund	—	—	—	—	—
Debt securities	—	—	—	—	—
Equity securities	—	—	—	—	—
Fixed income securities (Treasury notes, GNMA's)	—	—	—	—	—
Real estate	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Notes receivable	—	—	—	—	—
Mutual funds	—	—	—	—	—
Collateralized mortgage obligations:	—	—	—	—	—
Inverse floaters	—	—	—	—	—
Interest-only strips	—	—	—	—	—
Agency pass-through	—	—	—	—	—
Private pass-through	—	—	—	—	—
Other investments:	—	—	—	—	—
SWIFT	972,481	—	—	—	972,481
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Total investments	2,528,473	—	—	—	2,528,473
Less endowment investments (enter as negative number)	—	—	—	—	—
Total investments	2,528,473	—	—	—	2,528,473

2.1 - Restricted noncurrent investments at June 30, 2008 related to:

	Amount
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total restricted noncurrent investments at June 30, 2008	\$

Other Information
June 30, 2008
(for inclusion in the California State University)

3 Composition of capital assets at June 30, 2008:

	Balance June 30, 2007	Prior period Adjustments	Reclassifications	Balance June 30, 2007 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2008
Nondepreciable capital assets:								
Land and land improvements	—	—	—	—	—	—	—	—
Works of art and historical treasures	—	—	—	—	—	—	—	—
Construction work in progress (CWIP)	—	—	—	—	—	—	—	—
Total nondepreciable capital assets	—	—	—	—	—	—	—	—
Depreciable capital assets:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	271,917	—	—	271,917	12,904	—	—	284,821
Leasehold improvements	556,644	—	—	556,644	138,407	(5,570)	—	689,481
Personal property:								
Equipment	—	—	—	—	—	—	—	—
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets	—	—	—	—	—	—	—	—
Total depreciable capital assets	828,561	—	—	828,561	151,311	(5,570)	—	974,302
Total cost	828,561	—	—	828,561	151,311	(5,570)	—	974,302
Less accumulated depreciation:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	(59,541)	—	—	(59,541)	(19,974)	—	—	(79,515)
Leasehold improvements	(250,258)	—	—	(250,258)	(84,824)	5,570	—	(329,512)
Personal property:								
Equipment	—	—	—	—	—	—	—	—
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets	—	—	—	—	—	—	—	—
Total accumulated depreciation	(309,799)	—	—	(309,799)	(104,798)	5,570	—	(409,027)
Net capital assets	518,762	—	—	518,762	46,513	—	—	565,275

Detail of depreciation and amortization expense for the year ended June 30, 2008:

Depreciation and amortization expense related to capital assets	\$ 104,798
Amortization expense related to other assets	—
Total depreciation and amortization	\$ 104,798

Other Information
June 30, 2008
(for inclusion in the California State University)

4 Long-term liabilities activity schedule:

	Balance June 30, 2007	Prior period adjustments	Reclassifications	Balance June 30, 2007 (restated)	Additions	Reductions	Balance June 30, 2008	Current portion	Long-term portion
\$	33,492	—	—	33,492	22,761	(20,890)	35,363	35,363	—
Accrued compensated absences	—	—	—	—	—	—	—	—	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	—	—	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	—	—	—	—	—
Commercial Paper	—	—	—	—	—	—	—	—	—
Other:									
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	—	—	—	—	—	—	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Unamortized loss on refunding	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$ 33,492	—	—	33,492	22,761	(20,890)	35,363	35,363	—

5 Future minimum lease payments:

Year ending June 30:	Principal	Interest	Principal and Interest
2009	—	—	—
2010	—	—	—
2011	—	—	—
2012	—	—	—
2013	—	—	—
2014 - 2018	—	—	—
2019 - 2023	—	—	—
2024 - 2028	—	—	—
2029 - 2033	—	—	—
2034 - 2038	—	—	—
2039 - 2043	—	—	—
2044 - 2048	—	—	—
2049 - 2053	—	—	—
2054 - 2058	—	—	—
Total minimum lease payments	—	—	—
Less amounts representing interest	—	—	—
Present value of future minimum lease payments	—	—	—
Less: current portion	—	—	—
Capitalized lease obligation, net of current portion			\$ —

Other Information
June 30, 2008
(for inclusion in the California State University)

6 Long-term debt obligation schedule

Year ending June 30:	Revenue Bonds		All other long-term debt obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	—	—	—	—	—	—
2010	—	—	—	—	—	—
2011	—	—	—	—	—	—
2012	—	—	—	—	—	—
2013	—	—	—	—	—	—
2014 - 2018	—	—	—	—	—	—
2019 - 2023	—	—	—	—	—	—
2024 - 2028	—	—	—	—	—	—
2029 - 2033	—	—	—	—	—	—
2034 - 2038	—	—	—	—	—	—
2039 - 2043	—	—	—	—	—	—
2044 - 2048	—	—	—	—	—	—
2049 - 2053	—	—	—	—	—	—
2054 - 2058	—	—	—	—	—	—
Total	—	—	—	—	—	—

7 Calculation of net assets - Invested in capital assets, net of related debt

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
Capital assets, net of accumulated depreciation	\$ 565,275	—	565,275
Capitalized lease obligations - current portion	—	—	—
Capitalized lease obligations, net of current portion	—	—	—
Long-term debt obligations - current portion	—	—	—
Long-term debt obligations, net of current portion	—	—	—
Portion of outstanding debt that is unspent at year-end	—	—	—
Other:			
(description)	—	—	—
(description)	—	—	—
(description)	—	—	—
(description)	—	—	—
Net assets - invested in capital assets, net of related debt	\$ 565,275	—	565,275

Other Information
June 30, 2008
(for inclusion in the California State University)

8 Transactions with Related Entities	Amount
Reimbursements to University for salaries of University personnel working on contracts, grants, and other programs	\$
Reimbursements to University for other than salaries of University personnel	—
Payments received from University for services, space, and programs	—
Gifts-in-kind to the University from Auxiliary Organizations	—
Amounts payable to University (enter as negative number)	—
Amounts receivable from University	—

9 The nature and amount of the prior period adjustment(s) recorded to beginning net assets

Net Asset Class	Amount Dr: (Cr:)
Net assets as of June 30, 2007, as previously reported	\$
Prior period adjustments:	
1 (list description of each adjustment)	—
2 (list description of each adjustment)	—
3 (list description of each adjustment)	—
4 (list description of each adjustment)	—
5 (list description of each adjustment)	—
6 (list description of each adjustment)	—
7 (list description of each adjustment)	—
8 (list description of each adjustment)	—
9 (list description of each adjustment)	—
10 (list description of each adjustment)	—
Net assets as of June 30, 2007, as restated	\$

Provide a detailed breakdown of the journal entries (at the financial statement line item level) booked to record each prior period adjustment:

Net asset class:	\$	—
1 (breakdown of adjusting journal entry)	—	—
Net asset class:	—	—
2 (breakdown of adjusting journal entry)	—	—
Net asset class:	—	—
3 (breakdown of adjusting journal entry)	—	—
Net asset class:	—	—
4 (breakdown of adjusting journal entry)	—	—
Net asset class:	—	—
5 (breakdown of adjusting journal entry)	—	—
Net asset class:	—	—
6 (breakdown of adjusting journal entry)	—	—
Net asset class:	—	—
7 (breakdown of adjusting journal entry)	—	—
Net asset class:	—	—
8 (breakdown of adjusting journal entry)	—	—
Net asset class:	—	—
9 (breakdown of adjusting journal entry)	—	—
Net asset class:	—	—
10 (breakdown of adjusting journal entry)	—	—

See accompanying independent auditors' report.