

*SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO*

Report on Audit

June 30, 2015

Santos Manuel Student Union
of California State University, San Bernardino

Table of Contents

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	1
Management's Discussion and Analysis (MD&A)	4
Statement of Net Position	9
Statement of Revenues, Expenses and Changes in Net Position	10
Statement of Cash Flows	12
Notes to Financial Statements	14
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of Funding Progress - Other Post Employment Benefit Plan	37
Schedule of the Plan's Proportionate Share of the Plan's Net Pension Liability and Related Ratios as of the Measurement Date	38
Schedule of Plan Contributions - Last 10 Years	39
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
Organizational Data	40
Schedule of Operating Expenses by Function	41
Auxiliary Organizations	
Schedule of Net Position	42
Schedule of Revenues, Expenses and Changes in Net Position	43
Other Information	44
<u>REPORT ON INTERNAL CONTROL</u>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	50



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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

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We have audited the accompanying financial statements of Santos Manuel Student Union of California State University, San Bernardino (Student Union), (a nonprofit organization), a component unit of California State University, San Bernardino as of and for the year ended June 30, 2015, and the related notes to the 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 accounting principles generally accepted in the United States of America; 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and with specific standards prescribed by the Chancellor's Office and the Department of Finance. 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 auditor's 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.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Student Union, as of June 30, 2015, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Student Union's 2014 financial statements, and our report dated September 18, 2014, expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Restatement of the comparative financial data for the prior periods presented is not practical due to the unavailability of information from the pension plan, therefore the provisions of GASB Statements No. 68 and 71 were not applied to prior periods. The cumulative effects of applying the provisions of GASB Statements No. 68 and 71 have been reported as a restatement of beginning net position for the year ended June 30, 2015 in accordance with the Statements.

Emphasis of a Matter

Change in Accounting Principles

As discussed in Note 1 of the financial statements, the Student Union adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transaction for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, schedule of the plan's proportionate share of the plan's net pension liability and related ratios as of the measurement date, schedule of plan contributions, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any

assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Student Union's financial statements as a whole. The Organizational Data, Schedule of Operating Expenses by Function, Auxiliary Organization's Schedule of Net Position, Schedule of Revenues, Expenses and Changes in Net Position and Other Information are presented for purposes of additional analysis and are not a required part of the financial statements.

The Schedule of Operating Expenses by Function and the Auxiliary Organization's Schedule of Net Position, Schedule of Revenues, Expenses and Changes in Net Position and the Other Information 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, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2015, on our consideration of the Student Union'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 Student Union's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Rogers Anderson Malouly & Scott, LLP".

San Bernardino, CA
September 18, 2015

*Santos Manuel Student Union
of California State University, San Bernardino*

**Management's Discussion and Analysis
June 30, 2015**

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, 2015.

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's Statement 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*.

The financial statements include the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and, the Statement of Cash Flows. These statements are supported in the annual financial report by the notes to the financial statements, required supplementary 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 Position: The Statement of Net Position includes all assets and liabilities. Assets and liabilities are reported at their book value, on an accrual basis, as of the statement date. However, investments are reported at their fair market value. It also identifies major categories of restrictions on the net position of the Student Union.

Statement of Revenues, Expenses and Changes in Net Position: The Statement of Revenues, Expenses and Changes in Net Position 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.

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, 2015**

SUMMARY

All students who attend California State University, San Bernardino are required to pay a mandatory Student Union fee. These fees are collected quarterly 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.

FINANCIAL ANALYSIS

Net Position

The Student Union's assets exceed liabilities by \$1,907,671 at the close of the most recent fiscal year. Of this, \$249,825 or 13.1% reflects its investment in capital assets (e.g., buildings, leasehold improvements, and 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.

*Santos Manuel Student Union
of California State University, San Bernardino*

**Management's Discussion and Analysis
June 30, 2015**

FINANCIAL ANALYSIS (continued)

Student Union's Net Position

	<u>2015</u>	<u>2014</u>
Current assets	\$ 3,342,602	\$ 3,405,223
Capital assets	<u>249,825</u>	<u>247,166</u>
Total Assets	<u>3,592,427</u>	<u>3,652,389</u>
Deferred outflow of resources	<u>201,975</u>	<u>-</u>
Current liabilities	518,285	245,710
Noncurrent liabilities	<u>1,164,161</u>	<u>215,801</u>
Total Liabilities	<u>1,682,446</u>	<u>461,511</u>
Deferred inflow of resources	<u>204,285</u>	<u>-</u>
Net position		
Invested in capital assets	249,825	247,166
Unrestricted (See note 10)	<u>1,657,846</u> *	<u>2,943,712</u>
Total Net Position	<u>\$ 1,907,671</u>	<u>\$ 3,190,878</u>

The Student Union's net position decreased by \$1,283,207 during the current fiscal year.

Reserved balances as of June 30, 2015 held by the Campus on behalf of the Santos Manuel Student Union were as follows:

- Designated for Operations: \$2,959,065
- Designated for Maintenance and Repairs: \$96,828

* See Note 1, page 17 for breakdown of unrestricted net position.

Changes in Net Position

Revenues increased by \$296,683 or 6.8%, which is attributed primarily to an increase of return of surplus revenues of \$241,560.

Expenses increased by \$493,886 or 10.8%. Expenses increased primarily due to increase in salaries and benefit, travel and supplies and services at the Recreational Center.

*Santos Manuel Student Union
of California State University, San Bernardino*

**Management's Discussion and Analysis
June 30, 2015**

FINANCIAL ANALYSIS (continued)

Student Union's Changes in Net Position

	<u>2015</u>	<u>2014</u>
<u>Revenues</u>		
Return of surplus	\$ 4,312,781	\$ 4,071,221
Income from operations	318,943	271,983
Program income	7,579	5,055
Investment income	<u>22,173</u>	<u>16,534</u>
Total Revenues	<u>4,661,476</u>	<u>4,364,793</u>
<u>Expenses</u>		
Student services	2,716,102	2,314,164
Auxiliary enterprise expenses	<u>2,351,550</u>	<u>2,259,602</u>
Total Expenses	<u>5,067,652</u>	<u>4,573,766</u>
Increase (decrease) in net position	(406,176)	(208,973)
Net Position - As restated (See note 10)	<u>2,313,847</u>	<u>3,399,851</u>
Net Position - End of Year	<u>\$ 1,907,671</u>	<u>\$ 3,190,878</u>

Capital Assets and Long-Term Debt

As of June 30, 2015, the Student Union has \$249,825 invested in capital assets, net of accumulated depreciation of \$776,313. Long-term debt is managed by the Chancellor's Office, and is not included on the financial statement of the Student Union.

*Santos Manuel Student Union
of California State University, San Bernardino*

**Management's Discussion and Analysis
June 30, 2015**

FINANCIAL ANALYSIS (continued)

Student Union's Capital Assets (Net of Depreciation)

	<u>2015</u>	<u>2014</u>
Leasehold improvements	\$ 226,810	\$ 190,823
Equipment, furniture and fixtures	<u>23,015</u>	<u>56,343</u>
Total	<u>\$ 249,825</u>	<u>\$ 247,166</u>

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 Position
June 30, 2015**

	2015	Comparative Total 2014
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 90,003	\$ 256,329
Short-term investments	3,138,799	3,066,509
Accrued interest receivable	2,250	3,833
Accounts receivable, net	6,040	38,796
Due from related parties (Note 6)	105,510	39,756
Total current assets	3,342,602	3,405,223
Capital assets, net	249,825	247,166
Total assets	3,592,427	3,652,389
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Pension related items	201,975	-
Total deferred outflow of resources	201,975	-
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	107,245	106,385
Amounts due to related parties (Note 6)	317,945	68,481
Accrued compensated absences	30,672	34,716
Accrued salaries	62,423	36,128
Total current liabilities	518,285	245,710
Noncurrent liabilities:		
Accrued compensated absences	46,007	52,073
OPEB obligation	275,216	163,728
Net pension liability	842,938	-
Total liabilities	1,682,446	461,511
<u>DEFERRED INFLOW OF RESOURCES</u>		
Pension related items	204,285	-
Total deferred inflow of resources	204,285	-
<u>NET POSITION</u>		
Net investment in capital assets	249,825	247,166
Unrestricted	1,657,846	2,943,712
Total net position	\$ 1,907,671	\$ 3,190,878

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 Position
For the Year Ended June 30, 2015**

	2015	Comparative Total 2014
<u>OPERATING REVENUES</u>		
Return of surplus revenue bond funds (Student Union fees)	\$ 4,312,781	\$ 4,071,221
Sales and services:		
Program revenues	7,579	5,055
Facility lease and rental	96,437	75,375
Personnel services reimbursement revenue	142,123	107,043
Miscellaneous reimbursement revenue	80,383	89,565
Total operating revenues	<u>4,639,303</u>	<u>4,348,259</u>
<u>OPERATING EXPENSES</u>		
Student services:		
Program Board	104,197	86,259
Women's Resource Center	111,090	85,464
Cross Cultural Center	143,090	123,147
Adult Re-Entry Center	95,410	92,312
Recreation Center	1,959,550	1,674,416
Game Room	80,360	80,652
Pride Center	103,195	81,731
Palm Desert campus	119,210	90,183
Support services:		
Administration and personnel services	457,085	422,496
Scheduling	144,477	90,790
Maintenance	307,383	298,818
Board of Directors	26,489	14,527
Graphics	161,380	168,734
Student Union operations	1,162,357	1,168,620
Audio visual	55,760	49,889
Technology	36,619	45,728
Total operating expenses	<u>5,067,652</u>	<u>4,573,766</u>
Operating loss	<u>\$ (428,349)</u>	<u>\$ (225,507)</u>

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 Position
For the Year Ended June 30, 2015

	2015	Comparative Total 2014
<u>NON-OPERATING REVENUES</u>		
Investment income	<u>\$ 22,173</u>	<u>\$ 16,534</u>
Total non-operating revenues	<u>22,173</u>	<u>16,534</u>
Change in net position	(406,176)	(208,973)
Net position, beginning of year, as restated (Note 10)	<u>2,313,847</u>	<u>3,399,851</u>
Net position, end of year	<u><u>\$ 1,907,671</u></u>	<u><u>\$ 3,190,878</u></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, 2015**

	2015	Comparative Total 2014
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Return of surplus	\$ 4,312,781	\$ 4,071,221
Sales and services	293,524	228,463
Payments to suppliers	(2,507,696)	(3,404,938)
Payments to employees	(2,120,495)	(1,904,773)
Net cash used for operating activities	(21,886)	(1,010,027)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Capital assets purchased	(61,190)	(61,645)
Net cash used for capital and related financing activities	(61,190)	(61,645)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investment income	23,756	18,250
Net cash provided by investing activities	23,756	18,250
Net decrease in cash and cash equivalents	(59,320)	(1,053,422)
Cash and cash equivalents, beginning of year	3,322,838	4,376,260
Cash and cash equivalents, end of year	<u>\$ 3,263,518</u>	<u>\$ 3,322,838</u>
<u>RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION</u>		
Current assets		
Cash and cash equivalents	\$ 90,003	\$ 256,329
Short-term investments	3,138,799	3,066,509
Total	<u>\$ 3,228,802</u>	<u>\$ 3,322,838</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, 2015**

	<u>2015</u>	<u>Comparative Total 2014</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>		
Operating loss	\$ (428,349)	\$ (225,507)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:		
Depreciation	58,531	79,222
Pension contributions subsequent to measurement date	(150,207)	
Actuarial pension expense	118,424	
(Increase) decrease in assets:		
Accounts receivable	32,756	(21,959)
Due from related party	(65,754)	(26,616)
Increase (decrease) in liabilities:		
Accounts payable	860	32,946
Accrued salaries	26,295	(13,554)
Due to related party	249,464	(56,714)
Accrued compensated absences	24,606	13,524
OPEB obligation	<u>111,488</u>	<u>(791,369)</u>
Net cash used for operating activities	<u>\$ (21,886)</u>	<u>\$ (1,010,027)</u>
DISCLOSURE OF NONCASH CAPITAL ACTIVITIES		
Capital assets disposal	\$ 37,110	\$ -

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, 2015**

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. A renewed operating agreement was entered into, effective September 1, 2012 and expires on August 31, 2017.

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 position is necessary for management accountability.

*Santos Manuel Student Union
of California State University, San Bernardino*

**Notes to Financial Statements
June 30, 2015**

**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.

Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts. Credit is generally extended on a short-term basis; thus accounts receivable do not bear interest.

Receivable balances are periodically reviewed for collectability based on past credit history with customers and their current financial condition. Management makes the determination concerning the amounts to be written off on a case by case basis.

*Santos Manuel Student Union
of California State University, San Bernardino*

**Notes to Financial Statements
June 30, 2015**

**Note 1: Nature of Organization and Summary of Significant Accounting Policies
(continued)**

Property and Equipment

Property and equipment are carried at cost. The Student Union's policy is to capitalize additions and improvements in excess of \$5,000. 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.

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).

The Student Union files informational tax returns in the U.S. federal jurisdictions and the state of California. The Student Union is no longer subject to U.S. federal and state examinations for years before 2011.

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.

Reclassifications

Certain amounts in the 2014 comparative totals have been reclassified to conform to the 2015 reporting format.

*Santos Manuel Student Union
of California State University, San Bernardino*

**Notes to Financial Statements
June 30, 2015**

**Note 1: Nature of Organization and Summary of Significant Accounting Policies
(continued)**

Unrestricted Net Position

The Unrestricted Net Position of \$1,657,846 is designated to Program Funds as shown below. These are allocated fund reserves, which support programs such as Working Capital, the Long-Term Equipment Repair & Replacement Plan, Major Maintenance Plan, and SMSU Major Campus Event Funds.

Admin. Working capital	\$ 1,767,024
Admin. Equip/Furnishings	142,705
Admin. Special Projects	234,749
Admin. OPEB Liability Reserve	227,371
Central Local Reserves	152,659
Maintenance Repairs	96,828
Programs	434,557
Unrestricted	<u>(1,398,047)</u>
	<u><u>\$ 1,657,846</u></u>

The statement defines net position as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

Subsequent Events

Management has evaluated subsequent events through September 18, 2015, which is the date the financial statements were available to be issued.

Implementation of new pronouncement

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

*Santos Manuel Student Union
of California State University, San Bernardino*

**Notes to Financial Statements
June 30, 2015**

**Note 1: Nature of Organization and Summary of Significant Accounting Policies
(continued)**

Implementation of new pronouncement (continued)

GASB has issued Statement No. 71, *Pension Transaction for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

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

Note 2: Cash and Investments

Cash and investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Current Assets:

Cash and cash equivalents	\$ 90,003
Short-term investments	<u>3,138,799</u>
Total Cash and Investments	<u>\$ 3,228,802</u>

Cash and investments as of June 30, 2015 consist of the following:

Cash on hand	\$ 1,600
Deposits with financial institutions	88,403
Investments	<u>3,138,799</u>
Total Cash and Investments	<u>\$ 3,228,802</u>

*Santos Manuel Student Union
of California State University, San Bernardino*

**Notes to Financial Statements
June 30, 2015**

Note 2: Cash and Investments (continued)

Investments

At June 30, 2015, 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 monies 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.

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.

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

Santos Manuel Student Union
of California State University, San Bernardino

Notes to Financial Statements
June 30, 2015

Note 2: Cash and Investments (continued)

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, 2015:

Investment	Fair Value	WAM (Years)	Ratings as of Year-End			
			AAA	AA	A	Not Rated
Asset Backed Securities	\$ 101,039		\$ 101,039	\$ -	\$ -	\$ -
Money Market Mutual Funds	12,140	-	-	-	-	12,140
Repurchase Agreements	3,845	0.0027	-	-	2,445	1,400
Certificates of Deposit	69,585	0.6585	-	4,999	64,586	-
Commercial Paper	-	0.0274	-	-	-	-
US Agencies	526,372	1.5500	-	526,372	-	-
Corporate and Fixed Income	438,230	2.0823	11,433	95,660	331,137	-
US Treasury	337,502	1.5848	-	-	-	337,502
Municipal Bonds	10,447	2.0188	-	10,447	-	-
Mortgage Backed Securities	748	7.6204	-	748	-	-
LAIF	1,638,891	-	-	-	-	1,638,891
	<u>\$ 3,138,799</u>		<u>\$ 112,472</u>	<u>\$ 638,226</u>	<u>\$ 398,168</u>	<u>\$ 1,989,933</u>

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 what is stipulated by the California Government Code. At June 30, 2015 the investments in any one issuer (other than external pools) that represent 5% or more of total Student Union investments are as follows:

Issuer	Investment Type	Reported Amount
Government of the United States	Federal agency securities	\$ 337,732
Federal Home Loan Banks	Federal agency securities	226,066
Federal National Mortgage Association, Inc.	Federal agency securities	118,811
Federal Home Loan Mortgage Corp	Federal agency securities	96,243
Federal Farm Credit Banks Funding Corporation	Federal agency securities	85,684

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, 2015, the Student Union had \$-0- in deposits with financial institutions in excess of federal depository insurance limits.

*Santos Manuel Student Union
of California State University, San Bernardino*

**Notes to Financial Statements
June 30, 2015**

Note 2: Cash and Investments (continued)

Investment in State Investment Pool

The Student Union is a voluntary participant in the Local Agency Investment Fund (LAIF), which is part of the Pooled part of the Pooled Money Investment Account that is regulated by the California Government Code under the oversight of the State Treasurer, Director of Finance and State Controller. The Student Union may invest up to \$50 million in the LAIF fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. All investments with LAIF are secured by the full faith and credit of the State of California. Separate LAIF financial statements are available from the California State Treasurer's Office on the Internet at <http://www.treasurer.ca.gov>.

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 for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of asset-backed securities totaling \$1,447.948 million, which represents 2.07% of the total LAIF portfolio of \$69.6 billion as of June 30, 2015. LAIF's (and the Student Union's) exposure to risk (credit, market or legal) is not currently available.

Note 3: Student Union Fees

The Student Union fees that are collected are deposited into a campus trust fund, where a portion is returned to the Santos Manuel Student Union as a lump sum on an annual basis for the payment of expenses related to Student Union and Recreation Center expenses.

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

Reserved balances as of June 30, 2015 held by the Campus on behalf of the Santos Manuel Student Union were Designated for Operations and Designated for Maintenance and Repairs for \$8,934,418 and \$2,711,641 respectively.

In August of 2013 The Trustees of the California State University issued the Systemwide Revenue Bonds Series 2013 A. Proceeds were used to refinance certain maturities of the Revenue Bonds, Series 2005 A Expansion Project bonds as well as to refund outstanding bond indebtedness issued by a related auxiliary organization. Bonds outstanding at June 30, 2015 amounted to \$9,865,000.

Santos Manuel Student Union
of California State University, San Bernardino

Notes to Financial Statements
June 30, 2015

Note 3: Student Union Fees (continued)

On August 1, 2012 The Trustees of the California State University issued the Student Union Revenue Bonds, Series 2012 A to refund Series 2002 A bonds which were issued to finance the construction, repair and maintenance of the Student Union facility. Bonds outstanding at June 30, 2015 amounted to \$1,265,000.

In April of 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. The 2005 A Expansion Project bond was refunded during fiscal year 2014-15. Bonds outstanding at June 30, 2015 amounted to \$11,885,000.

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, being depreciated:				
Buildings	\$ 52,525	\$ -	\$ -	\$ 52,525
Leasehold improvements	382,904	61,190	-	444,094
Equipment, furniture and fixtures	566,629	-	(37,110)	529,519
Total capital assets, being depreciated	1,002,058	61,190	(37,110)	1,026,138
Less accumulated depreciation for:				
Buildings	(292)	(1,751)	-	(2,043)
Leasehold improvements	(244,314)	(23,452)	-	(267,766)
Equipment, furniture and fixtures	(510,286)	(33,328)	37,110	(506,504)
Total accumulated depreciation	(754,892)	(58,531)	37,110	(776,313)
Capital assets, net	\$ 247,166	\$ 2,659	\$ -	\$ 249,825

Total depreciation expense for the year ended June 30, 2015 was \$58,531.

Note 5: Leasing Arrangements

The Student Union also rents out its facilities to students, the University, other auxiliary organizations and community organizations as available on a day-to-day basis. Total rents from this usage amounted to \$96,437 for the year ended June 30, 2015.

Santos Manuel Student Union
of California State University, San Bernardino

Notes to Financial Statements
June 30, 2015

Note 6: Related Party and Economic Dependency

The Student Union operates under an agreement with the Trustees of the California State University, San Bernardino (CSUSB) as an auxiliary organization of the University. The majority of the Student Union's revenues and assets are dependent on its relationship with the University and its operating agreement with the Trustees. The University provides accounting services, utilities and various services for the Student Union. The Student Union leases space to Associated Student Incorporated (ASI), University Enterprises Corporation (UEC) and the Philanthropic Foundation (PHL) of California State University, all related parties. Below is a summary showing the related party transactions at June 30, 2015.

<u>As of June 30, 2015</u>	<u>CSUSB</u>	<u>Associated Student Inc,</u>	<u>Philanthropic Foundation</u>	<u>University Enterprise Corporation</u>	<u>Total</u>
<u>Expenses</u>					
Payments to Univ/Aux for salaries of personnel working on contracts, grants, and other programs	\$ 348,161	\$ -	\$ -	\$ -	\$ 348,161
Payments to Univ/Aux for other than salaries of personnel	\$ 537,569	\$ 1,500	\$ -	\$ -	\$ 539,069
<u>Revenues</u>					
Payments received from Univ/Aux for services, space, and programs	\$ 189,924	\$ 41,553	\$ 8,574	\$ 47,098	\$ 287,149
<u>(Due to) Due from</u>					
Accounts Payable to Univ/Aux	\$ (313,814)	\$ -	\$ -	\$ (4,131)	\$ (317,945)
Accounts Receivable due from Univ/Aux	\$ 57,218	\$ 3,491	\$ 1,108	\$ 43,693	\$ 105,510

*Santos Manuel Student Union
of California State University, San Bernardino*

**Notes to Financial Statements
June 30, 2015**

Note 7: Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operate under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plan's provisions and benefits in effect at June 30, 2015 are summarized as follows:

	Miscellaneous	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Hire date		
Benefit formula	2 % @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.25%
Required employer contribution rates	15.547%	8.003%

*Santos Manuel Student Union
of California State University, San Bernardino*

**Notes to Financial Statements
June 30, 2015**

Note 7: Defined Benefit Pension Plan (continued)

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. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the active employee contribution rate is 6.891 percent of annual pay, and the average employer's contribution rate is 14.719 percent of annual payroll. Employer contributions rates may change if plan contracts are amended. Employer Contributions for the measurement period ended June 30, 2014 for the plan is \$69,147.

B. Net Pension Liability

Student Union's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

*Santos Manuel Student Union
of California State University, San Bernardino*

**Notes to Financial Statements
June 30, 2015**

Note 7: Defined Benefit Pension Plan (continued)

B. Net Pension Liability, continued

	<u>Miscellaneous</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50%
Mortality Rate Table (1)	Derived using CALPERS' membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) 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 experience study report.

All other actuarial assumptions used in the June 30, 2013 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 at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent for the Plan. 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, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

*Santos Manuel Student Union
of California State University, San Bernardino*

**Notes to Financial Statements
June 30, 2015**

Note 7: Defined Benefit Pension Plan (continued)

B. Net Pension Liability, continued

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the cost-sharing multiple-employer plan. Refer to the *sensitivity of the net pension liability to changes in the discount rate* section of this note, which provides information on the sensitivity of the net pension liability to changes in the discount rate.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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 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.

*Santos Manuel Student Union
of California State University, San Bernardino*

**Notes to Financial Statements
June 30, 2015**

Note 7: Defined Benefit Pension Plan (continued)

B. Net Pension Liability, continued

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. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10¹	Real Return Years 11+²
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	(0.55%)	(1.05%)
Total	100%		

¹ An expected inflation of 2.5% used for this period

² An expected inflation of 3.0% used for this period

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investments are reported at fair value.

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 the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

*Santos Manuel Student Union
of California State University, San Bernardino*

**Notes to Financial Statements
June 30, 2015**

Note 7: Defined Benefit Pension Plan (continued)

C. Proportionate Share of Net Pension Liability

The following table shows the Plan's proportion share of the net pension liability over the measurement period.

	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2013 (VD)	\$ 3,209,031	\$ 2,192,597	\$ 1,016,434
Balance at: 6/30/2014 (MD)	3,399,999	2,557,061	842,938
Net Changes during 2013-14	<u>\$ 190,968</u>	<u>\$ 364,464</u>	<u>\$ (173,496)</u>

Student Union's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. Student Union's proportion of the net pension liability was based on a projection of the Student Union's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. Student Union's proportionate share of the net pension liability for the Plan as of June 30, 2013 and 2014 was as follows:

Proportionate Share - June 30, 2013	0.2000%
Proportionate Share - June 30, 2014	0.2200%
Change - Increase (Decrease)	0.0200%

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Plan's Net Pension Liability/(Asset)	\$ 1,293,991	\$ 842,938	\$ 468,607

*Santos Manuel Student Union
of California State University, San Bernardino*

**Notes to Financial Statements
June 30, 2015**

Note 7: Defined Benefit Pension Plan (continued)

C. Proportionate Share of Net Pension Liability, continued

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

The EARSL for the Plan for the 2013-14 measurement period is 3.8 years, which was obtained by dividing the total service years of 460,700 (the sum of remaining service lifetimes of the active employees) by 122,789 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

*Santos Manuel Student Union
of California State University, San Bernardino*

**Notes to Financial Statements
June 30, 2015**

Note 7: Defined Benefit Pension Plan (continued)

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2013), the net pension liability for the plan is \$1,016,434 (the net pension liability of the aggregate plan as of June 30, 2013 is \$3,276,668,431).

For the measurement period ending June 30, 2014 (the measurement date), Student Union incurred a pension expense/(income) of \$118,424 for the Plan (the pension expense for the aggregate plan for the measurement period is \$239,824,465). A complete breakdown of the pension expense is as follows:

Description	Risk Pool Amounts	Employer's Share	Percentage of Employer's Share
Service Cost	\$ 338,829,351	\$ 145,455	0.04293%
Interest on the Total Pension Liability	921,162,366	238,881	0.02593%
Recognized Differences between Expected and Actual Experience	-	-	N/A
Recognized Changes of Assumptions	-	-	N/A
Employee Contributions	(159,834,203)	(66,829)	0.04181%
Projected Earnings on Pension Plan Investments	(678,133,636)	(163,431)	0.02410%
Recognized Differences between Projected and Actual Earnings on Plan Investments	(182,199,413)	(43,910)	0.02410%
Other Changes in Fiduciary Net Position	-	-	N/A
Recognized Portion of Adjustment due to Differences in Proportions	-	(10,230)	N/A
Recognized Differences Between Contributions and Proportionate Share of Contributions	-	18,488	N/A
Subtotal: Employer's Share of Expense			
Components	\$ 239,824,465	\$ 118,424	0.04938%
Changes of Benefit Terms		-	
Employer's Proportionate Share of Pension Expense		\$ 118,424	

Note: Plan administrative expenses are not displayed in the above pension expense table. Since the expected investment return of 7.50 percent is net of administrative expenses, administrative expenses are excluded from the above table, but implicitly included as part of investment earnings.

Santos Manuel Student Union
of California State University, San Bernardino

Notes to Financial Statements
June 30, 2015

Note 7: Defined Benefit Pension Plan (continued)

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of June 30, 2014, Student Union has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contribution made subsequent to measurement date	\$ 150,207	\$ -
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(175,641)
Adjustment due to Differences in Proportions	-	(28,644)
Difference between contributions and proportionate share of contributions	51,768	-
Total	<u>\$ 201,975</u>	<u>\$ (204,285)</u>

In addition to the figures shown in the table above, each employer is required to recognize an employer-specific expense item and a deferred outflow or deferred inflow of resources related to pensions. This is derived from the difference between actual contributions made by the employer and the employer's proportionate share of the risk pool's total contributions (as defined in Paragraph 55 of GASB 68).

This deferral and the corresponding amortization amount will need to be calculated separately by each employer. The employer's pension expense needs to be adjusted for the amortization of this additional type of deferral. This item is required to be amortized over the expected average remaining service lifetime (EARS�).

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

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2015	\$ (35,652)
2016	(35,652)
2017	(33,606)
2018	(29,119)
2019	-
Thereafter	-

*Santos Manuel Student Union
of California State University, San Bernardino*

**Notes to Financial Statements
June 30, 2015**

Note 7: Defined Benefit Pension Plan (continued)

E. Payable to the Pension Plan

At June 30, 2015, Student Union reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

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 employees' medical plan coverage.

Funding Policy

The contribution requirements of the Student Union are established and may be amended by the Board of Directors. In fiscal year 2013-2014 the annual required contribution determination method changed from pay-as-you-go basis to prefunding policy. The Student Union contributed \$18,522 to the plan during the year ended June 30, 2015.

Annual OPEB Cost and Net OPEB Obligation

The Student Union's annual 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.

Santos Manuel Student Union
of California State University, San Bernardino

Notes to Financial Statements
June 30, 2015

Note 8: Other Post Employment Benefits (continued)

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:

	June 30, 2015
Annual required contribution	\$ 129,517
Interest on net OPEB obligation	11,461
Adjustment to annual required contribution	(10,968)
Annual OPEB cost (expense)	130,010
Contributions made	(18,522)
Change in net OPEB obligation	111,488
Net OPEB obligation - beginning of year	163,728
Net OPEB obligation - end of year	<u>\$ 275,216</u>

The Student Union's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/13	\$ 167,907	1.4%	\$ 955,097
6/30/14	181,672	535.6%	163,728
6/30/15	130,010	14.2%	275,216

Funded Status and Progress

As of June 30, 2014, the most recent valuation date, the plan was 92.3% funded. The actuarial accrued liability for benefits was \$1,132,101 and the actuarial value of assets was \$1,044,451 resulting in an unfunded actuarial accrued liability (UAAL) of \$87,650 and a funded ratio (actuarial value of assets as a percentage of the actuarial accrued liability) of 92.3%. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2014 was \$1,008,496 and the ratio of the UAAL to the covered payroll was 8.7%. 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.

*Santos Manuel Student Union
of California State University, San Bernardino*

**Notes to Financial Statements
June 30, 2015**

Note 8: Other Post Employment Benefits (continued)

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 7.0% 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 a 7.0% discount rate. 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.

Note 9: Self-Insurance

Effective July 1, 2011 the Student Union joined the California State University Risk Management Authority (CSURMA), Auxiliaries Organizations' Risk Management Alliance Unemployment Self Insurance Program (AORMA UIP). AORMA UIP was created to centrally manage workers' compensation, general liability, disability, unemployment insurance coverage and other risk-related programs. Contributions made during the year ended June 30, 2015 totaled \$10,759.

Note 10: Prior Year Restatement

Change in Accounting Principle

As discussed in Note 1, the Student Union implemented GASB Statement No. 68 effective July 1, 2014. GASB 68, among other provisions, amended prior guidance with respect to the reporting of pensions. GASB 68, establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the Student Union's net pension liability/(asset) was not previously recorded on the statement of net position. GASB 68 requires that accounting changes adopted to conform to the provisions of the Statement be applied retroactively by restating financial statements.

*Santos Manuel Student Union
of California State University, San Bernardino*

**Notes to Financial Statements
June 30, 2015**

Note 10: Prior Year Restatement, (continued)

Change in Accounting Principle, continued

Restatement of the comparative financial data for the prior periods presented is not practical due to the unavailability of information from the pension plan, therefore the provisions of GASB Statements No. 68 and 71 were not applied to prior periods. The cumulative effects of applying the provisions of GASB Statements No. 68 and 71 have been reported as a restatement of beginning net position for the year ended June 30, 2015 in accordance with the Statements.

Accordingly, beginning net position on the Statement of Revenues, Expenses and Changes in Net Position has been restated for changes related to GASB 68 as follows:

Statement of Revenues, Expenses and Changes in Net Position

Beginning net position, as previously reported	\$ 3,190,878
Restatement due to change in accounting principle	<u>(877,031)</u>
Beginning net position, as restated	<u>\$ 2,313,847</u>

REQUIRED SUPPLEMENTARY INFORMATION

Santos Manuel Student Union
of California State University, San Bernardino

Schedule of Funding Progress
Other Post Employment Benefit Plan
For the Year Ended June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Payroll [(b)-(a)]/(c)
6/30/2008	\$ -	\$ 929,329	\$ 929,329	0.0%	\$ 537,912	172.8%
6/30/2011	-	1,654,183	1,654,183	0.0%	900,432	183.7%
6/30/2014	1,044,451	1,132,101	87,650	92.3%	1,008,496	8.7%

Santos Manuel Student Union
of California State University, San Bernardino

**Schedule of the Plan's Proportionate Share of the Plan's Net Pension Liability and
Related Ratios as of the Measurement Date
For the Year Ended June 30, 2015**

	<u>6/30/2014</u>
Plan's Proportion of the Net Pension Liability/(Asset)	1.35500%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 842,938
Plan's Covered-Employee Payroll ¹	\$ 848,953
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a percentage of its Covered-Employee Payroll	88.83%
Plan's Proportionate Share of the Fiduciary Net Position as a percentage of the Plan's Total Pension Liability	75.21%
Plan's Proportionate Share of Aggregate Employer Contributions ²	\$ 69,147

¹ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

² The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the Measurement Period. The plan's proportionate share of aggregate contributions is based on the plan's proportion of Fiduciary Net Position shown on line 5 of the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

Santos Manuel Student Union
of California State University, San Bernardino

Schedule of Plan Contributions
Last Ten Years*
For the Year Ended June 30, 2015

	Fiscal Year 2013-14
Actuarially Determined Contribution	\$ 139,396
Contributions in Relation to the Actuarially Determined Contribution	(139,396)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 948,953
Contributions as a Percentage of Covered-Employee Payroll	14.69%

¹ Covered-Employee Payroll represented above is based on the total payroll of

* Measurement period 2013-14 (fiscal year 2015) was the 1st year of implementation, therefore, only one year is shown.

Notes to Schedule:

Change in Benefit Terms: None

Change in Assumptions: None

OTHER SUPPLEMENTARY INFORMATION

*Santos Manuel Student Union
of California State University, San Bernardino*

**Organizational Data
June 30, 2015**

Officers

Alberto Jasso – Chair Designee
Jackie Aboud – Vice Chair
Jorge Zatarain – Secretary
Aaron Burgess – Chief Financial Officer

Faculty Representatives

Mary Fong
Josephine Mendoza

Student Representatives

Joseph Weatherbie
Anthony D. Johnson, II
Shakeh Ghazaryan
David Friedman
Ryan Bracken
Alfredo Barcenas

Alumni Representative

Fatima Adame

ASI Executive President

Alfredo Barcenas

University Administrative Representative

Hamid Azhand

President's Designee

Dr. Alysson Satterlund

Interim Executive Director

Aaron Burgess

Santos Manuel Student Union
of California State University, San Bernardino

Schedule of Operating Expenses by Function
For the Year Ended June 30, 2015

	Student Services									Support Services									Grand Total
	Program Board	Women's Resource Center	Cross Cultural Center	Adult Re-Entry Center	Recreation Center	Game Room	Pride Center	Palm Desert Campus	Subtotal	Administration and Personnel Services	Scheduling	Maintenance	Board of Directors	Graphics	Student Union Operations	Audio Visual	Technology	Subtotal	
Salaries, wages & stipends	\$ 40,133	\$ 67,023	\$ 75,485	\$ 66,793	\$ 777,197	\$ 70,139	\$ 62,009	\$ 62,246	\$ 1,221,025	\$ 389,667	\$ 135,884	\$ 179,565	\$ -	\$ 133,713	\$ -	\$ 44,793	\$ 34,966	\$ 918,588	\$ 2,139,613
Employee benefits & taxes	-	-	-	-	179,503	-	-	-	179,503	29,727	-	-	-	-	355,852	-	-	385,579	565,082
OPEB expense	-	-	-	-	51,023	-	-	-	51,023	-	-	-	-	-	111,488	-	-	111,488	162,511
Communications	-	-	-	-	13,396	-	-	-	13,396	-	-	-	-	-	15,084	-	-	15,084	28,480
Utilities	-	-	-	-	147,715	-	-	1,800	149,515	-	-	-	-	-	277,175	-	-	277,175	426,690
Travel	2,268	2,478	3,773	2,071	96,286	1,889	2,847	5,339	116,951	19,099	5,436	4,746	20,622	4,595	15,900	464	-	70,862	187,813
Equipment	-	-	-	-	4,325	2,168	-	-	6,493	-	-	496	-	-	1,427	3,492	-	5,415	11,908
Postage	-	-	-	-	421	-	-	-	421	-	-	-	-	-	2,525	-	-	2,525	2,946
Supplies & services	3,997	2,661	7,466	6,727	361,878	3,200	1,761	2,759	390,449	14,150	3,073	115,959	1,202	7,209	54,297	3,971	1,653	201,514	591,963
Duplicating	2,725	2,208	2,894	1,632	11,959	798	2,883	2,224	27,323	638	53	-	488	2,382	-	-	-	3,561	30,884
Accounting fees	-	-	-	-	92,581	-	-	-	92,581	-	-	-	-	-	119,631	-	-	119,631	212,212
Audit fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,815	-	-	7,815	7,815
Professional fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	112	-	-	112	112
Hospitality	63	-	4,895	-	27,769	100	30	-	32,857	3,731	31	-	4,177	-	1,385	-	-	9,324	42,181
Specialized training	-	-	-	-	4,916	-	-	-	4,916	-	-	-	-	-	-	-	-	-	4,916
Insurance	-	-	-	-	10,978	-	-	-	10,978	-	-	-	-	-	16,466	-	-	16,466	27,444
Repairs & maintenance	-	-	-	-	10,391	-	-	7,396	17,787	-	-	-	-	-	102,248	-	-	102,248	120,035
Advertising	-	-	-	-	46,520	-	-	1,112	47,632	-	-	-	-	13,481	-	-	-	13,481	61,113
Program expenses	55,011	36,720	47,514	18,187	35,675	1,973	33,665	36,334	265,079	-	-	-	-	-	5,989	-	-	5,989	271,068
Campus services	-	-	-	-	51,726	-	-	-	51,726	-	-	-	-	-	61,212	-	-	61,212	112,938
Resource materials	-	-	1,063	-	-	93	-	-	1,156	73	-	168	-	-	-	-	-	241	1,397
Depreciation	-	-	-	-	35,291	-	-	-	35,291	-	-	6,449	-	-	13,751	3,040	-	23,240	58,531
Totals	\$ 104,197	\$ 111,090	\$ 143,090	\$ 95,410	\$ 1,959,550	\$ 80,360	\$ 103,195	\$ 119,210	\$ 2,716,102	\$ 457,085	\$ 144,477	\$ 307,383	\$ 26,489	\$ 161,380	\$ 1,162,357	\$ 55,760	\$ 36,619	\$ 2,351,550	\$ 5,067,652

San Manuel Student Union
Schedule of Net Position
June 30, 2015
(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 90,003
Short-term investments	3,138,799
Accounts receivable, net	113,800
Leases receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other assets	-
Total current assets	<u>3,342,602</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	249,825
Other assets	-
Total noncurrent assets	<u>249,825</u>
Total assets	<u>3,592,427</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension obligation	201,975
Others	-
Total deferred outflows of resources	<u>201,975</u>
Liabilities:	
Current liabilities:	
Accounts payable	425,190
Accrued salaries and benefits payable	62,423
Accrued compensated absences— current portion	30,672
Unearned revenue	-
Capitalized lease obligations – current portion	-
Long-term debt obligations – current portion	-
Claims Liability for losses and LAE - current portion	-
Depository accounts	-
Other liabilities	-
Total current liabilities	<u>518,285</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenue	46,007
Grants refundable	-
Capitalized lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims Liability for losses and LAE, net of current portion	-
Depository accounts	-
Other postemployment benefits obligation	275,216
Pension obligation	842,938
Other liabilities	-
Total noncurrent liabilities	<u>1,164,161</u>
Total liabilities	<u>1,682,446</u>
Deferred inflows of resources:	
Unamortized gain on debt refunding	-
Non-exchange transactions	-
Service concession arrangements	-
Net pension obligation	204,285
Others	-
Total deferred inflows of resources	<u>204,285</u>
Net Position:	
Net investment in capital assets	249,825
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Other	-
Unrestricted	<u>1,657,846</u>
Total net position	<u>\$ 1,907,671</u>

See accompanying independent auditor's report

San Manuel Student Union

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2015

(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 \$_____)	4,639,303
Other operating revenues	-
	<hr/>
Total operating revenues	4,639,303

Expenses:

Operating expenses:

Instruction	-
Research	-
Public service	-
Academic support	-
Student services	2,716,102
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	2,293,019
Depreciation and amortization	58,531
	<hr/>
Total operating expenses	5,067,652
	<hr/>
Operating income (loss)	(428,349)

Nonoperating revenues (expenses):

State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	-
Investment income (loss), net	-
Endowment income (loss), net	-
Interest Expenses	-
Other nonoperating revenues (expenses)	22,173
	<hr/>
Net nonoperating revenues (expenses)	22,173
	<hr/>
Income (loss) before other additions	(406,176)

State appropriations, capital

Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
	<hr/>
Increase (decrease) in net position	(406,176)

Net position:

Net position at beginning of year, as previously reported	3,190,878
Restatements	(877,031)
	<hr/>
Net position at beginning of year, as restated	2,313,847
	<hr/>
Net position at end of year	\$ 1,907,671

See accompanying independent auditor's report

San Manuel Student Union
Other Information
June 30, 2015
(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2015:

Portion of restricted cash and cash equivalents related to endowments	\$ -
All other restricted cash and cash equivalents	-
Total restricted cash and cash equivalents	<u>\$ -</u>

2.1 Composition of investments at June 30, 2015:

	0	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ -	-	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	1,638,892	-	1,638,892	-	-	-	1,638,892
Equity securities	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	-	-	-
Money Market funds	-	-	-	-	-	-	-
Repurchase agreements	-	-	-	-	-	-	-
Commercial paper	-	-	-	-	-	-	-
Asset backed securities	-	-	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-	-	-
Municipal bonds	-	-	-	-	-	-	-
U.S. agency securities	-	-	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-	-	-
Exchange traded funds (ETFs)	-	-	-	-	-	-	-
Alternative investments:	-	-	-	-	-	-	-
Private equity (including limited partnerships)	-	-	-	-	-	-	-
Hedge funds	-	-	-	-	-	-	-
Managed futures	-	-	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-	-	-
Commodities	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-
Other alternative investment types	-	-	-	-	-	-	-
Other external investment pools (excluding SWIFT)	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Other major investments:	-	-	-	-	-	-	-
CSU Consolidated Investment Pool (includes SWIFT)	1,499,907	-	1,499,907	-	-	-	1,499,907
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	<u>3,138,799</u>	<u>-</u>	<u>3,138,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,138,799</u>
Less endowment investments (enter as negative number)	-	-	-	-	-	-	-
Total investments	<u><u>3,138,799</u></u>	<u><u>-</u></u>	<u><u>3,138,799</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>3,138,799</u></u>

2.2 Investments held by the University under contractual agreements at June 30, 2015:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2015 :	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---

2.3 Restricted current investments at June 30, 2015 related to:

	<u>Amount</u>
Add description	----
Add description	----
Add description	----
Add description	----
Add description	----
Add description	----
Add description	----
Add description	----
Total restricted current investments at June 30, 2015	<u>\$ ----</u>

2.4 Restricted noncurrent investments at June 30, 2015 related to:

	<u>Amount</u>
Endowment investment	\$ ----
Add description	----
Add description	----
Add description	----
Add description	----
Add description	----
Add description	----
Add description	----
Total restricted noncurrent investments at June 30, 2015	<u>\$ ----</u>

See accompanying independent auditor's report

San Manuel Student Union
Other Information
June 30, 2015
(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2015:

	Balance June 30, 2014	Prior period Adjustments	Reclassifications	Balance June 30, 2014 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2015
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ -	-	-	-	-	-	-	-
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	-	-	-	-	-	-	-	-
Depreciable/amortizable capital assets:								
Buildings and building improvements	52,525	-	-	52,525	-	-	-	52,525
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	382,904	-	-	382,904	61,190	-	-	444,094
Personal property:								
Equipment	566,629	-	-	566,629	-	(37,110)	-	529,519
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	1,002,058	-	-	1,002,058	61,190	(37,110)	-	1,026,138
Total capital assets	1,002,058	-	-	1,002,058	61,190	(37,110)	-	1,026,138
Less accumulated depreciation/amortization:								
Buildings and building improvements	(292)	-	-	(292)	(1,751)	-	-	(2,043)
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(244,314)	-	-	(244,314)	(23,452)	-	-	(267,766)
Personal property:								
Equipment	(510,286)	-	-	(510,286)	(33,328)	37,110	-	(506,504)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(754,892)	-	-	(754,892)	(58,531)	37,110	-	(776,313)
Total capital assets, net	\$ 247,166	-	-	247,166	2,659	-	-	249,825

See accompanying independent auditor's report

San Manuel Student Union
Other Information
June 30, 2015
(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2015:

Depreciation and amortization expense related to capital assets	\$ 58,531
Amortization expense related to other assets	—
Total depreciation and amortization	<u>\$ 58,531</u>

4 Long-term liabilities activity schedule:

	Balance June 30, 2014	Prior period adjustments	Reclassifications	Balance June 30, 2014 (restated)	Additions	Reductions	Balance June 30, 2015	Current portion	Long-term portion
Accrued compensated absences	\$ 86,789	—	—	86,789	78,776	(88,886)	76,679	30,672	46,007
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	—	—	—	—	-	-	—	—	—
Note Payable related to SRB	—	—	—	—	-	-	—	—	—
Other:									
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Total long-term debt obligations	—	—	—	—	-	-	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	-	-	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	<u>\$ 86,789</u>	<u>—</u>	<u>—</u>	<u>86,789</u>	<u>78,776</u>	<u>(88,886)</u>	<u>76,679</u>	<u>30,672</u>	<u>46,007</u>

5 Future minimum lease payments - capital lease obligations:

	Principal	Interest	Principal and Interest
Year ending June 30:			
2015	-	-	—
2016	-	-	—
2017	-	-	—
2018	-	-	—
2019	-	-	—
2020 - 2024	-	-	—
2025 - 2029	-	-	—
2030 - 2034	-	-	—
2035 - 2039	-	-	—
2040 - 2044	-	-	—
2045 - 2049	-	-	—
2050 - 2054	-	-	—
2055 - 2059	-	-	—
2060 - 2064	-	-	—
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			<u>\$ —</u>

See accompanying independent auditor's report

San Manuel Student Union
Other Information
June 30, 2015
(for inclusion in the California State University)

6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2015	\$ -	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020 - 2024	-	-	-	-	-	-	-	-	-
2025 - 2029	-	-	-	-	-	-	-	-	-
2030 - 2034	-	-	-	-	-	-	-	-	-
2035 - 2039	-	-	-	-	-	-	-	-	-
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
2050 - 2054	-	-	-	-	-	-	-	-	-
2055 - 2059	-	-	-	-	-	-	-	-	-
2060 - 2064	-	-	-	-	-	-	-	-	-
Total	\$ -	-	-	-	-	-	-	-	-

7 Calculation of net position

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net position - Net investment in capital assets			
Capital assets, net of accumulated depreciation	\$ —	249,825	249,825
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 adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net position - net investment in capital asset	\$ —	249,825	249,825
7.2 Calculation of net position - Restricted for nonexpendable - endowments			
Portion of restricted cash and cash equivalents related to endowments	\$ —	—	—
Endowment investments	—	—	—
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net position - Restricted for nonexpendable - endowments per SNP	\$ —	—	—

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San Manuel Student Union
Other Information
June 30, 2015
(for inclusion in the California State University)

8 Transactions with Related Entities

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 348,161
Payments to University for other than salaries of University personnel	537,569
Payments received from University for services, space, and programs	189,924
Gifts-in-kind to the University from discretely presented component units	—
Gifts (cash or assets) to the University from discretely presented component units	—
Accounts (payable to) University (enter as negative number)	(313,814)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	57,218
Other amounts receivable from University	—

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$ 130,010
Contributions during the year	<u>(18,522)</u>
Increase (decrease) in net OPEB obligation (NOO)	111,488
NOO - beginning of year	163,728
NOO - end of year	<u><u>\$ 275,216</u></u>

10 Pollution remediation liabilities under GASB Statement No. 49:

<u>Description</u>	<u>Amount</u>
Add description	\$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Total pollution remediation liabilities	<u>\$ —</u>
Less: current portion	<u>—</u>
Pollution remediation liabilities, net of current portion	<u><u>—</u></u>

See accompanying independent auditor's report

San Manuel Student Union
Other Information
June 30, 2015
(for inclusion in the California State University)

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

	<u>Net Position Class</u>	<u>Amount Dr. (Cr.)</u>
Net position as of June 30, 2014, as previously reported		\$ 3,190,878
Prior period adjustments:		
1 GASB 68 Pension liability		(877,031)
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 position as of June 30, 2014, as restated		<u>\$ 2,313,847</u>

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

	<u>Debit</u>	<u>Credit</u>
Net position class: <u>Liability</u>		
1 Beginning net position	877,031	
Deferred outflows of resources	139,403	
Net pension liability		1,016,434
Net position class: <u></u>		
2 (breakdown of adjusting journal entry)	—	—
Net position class: <u></u>		
3 (breakdown of adjusting journal entry)	—	—
Net position class: <u></u>		
4 (breakdown of adjusting journal entry)	—	—
Net position class: <u></u>		
5 (breakdown of adjusting journal entry)	—	—
Net position class: <u></u>		
6 (breakdown of adjusting journal entry)	—	—
Net position class: <u></u>		
7 (breakdown of adjusting journal entry)	—	—
Net position class: <u></u>		
8 (breakdown of adjusting journal entry)	—	—
Net position class: <u></u>		
9 (breakdown of adjusting journal entry)	—	—
Net position class: <u></u>		
10 (breakdown of adjusting journal entry)	—	—

See accompanying independent auditor's report



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Santos Manuel Student Union of CSU San Bernardino (Student Union), a nonprofit organization as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Student Union's basic financial statements, and have issued our report thereon dated September 18, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Student Union's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Student Union's internal control. Accordingly, we do not express an opinion on the effectiveness of the Student Union's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Student Union's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Rogers Anderson Malouly & Scott, LLP".

San Bernardino, CA
September 18, 2015