

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2020



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**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
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YEAR ENDED JUNE 30, 2020**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2020, 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.

Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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 financial position of the Student Union's as of June 30, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

Other auditors audited the SMSU's 2019 financial statements, and they expressed an unmodified audit opinion on those audited financial statements in their report dated September 13, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 changes in the net other post-employment benefit liability and related ratios, schedule of other post-employment benefit plan contributions, schedule of the plan's proportionate share of the plan's net pension liability and related ratios as of the measurement date, and schedule of plan contributions, 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.

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

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 14, 2020, on our consideration of the Student's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Student Union's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
September 14, 2020

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

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, 2020.

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 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, deferred outflows of resources, liabilities, and deferred inflows of resources. 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 and noncapital, 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.

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.

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS

Net Position

The Student Union's assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$3,493,865 at the close of the most recent fiscal year. Of this, \$396,250 or 11.3% reflects its net investment in capital assets (e.g., buildings, leasehold improvements, and machinery and equipment, net of accumulated depreciation). The Student Union uses these capital assets to provide services to students and other users; consequently, these assets are not available for future spending.

Student Union's Summarized Statement of Net Position

	<u>2020</u>	<u>2019</u>
Current assets	\$ 4,925,775	\$ 4,183,199
Capital assets	<u>396,250</u>	<u>433,979</u>
Total Assets	<u>5,322,025</u>	<u>4,617,178</u>
Deferred outflows of resources	585,984	1,058,466
Current liabilities	475,748	570,736
Noncurrent liabilities	<u>1,389,355</u>	<u>1,994,523</u>
Total Liabilities	<u>1,865,103</u>	<u>2,565,259</u>
Deferred inflows of resources	549,043	153,834
Net position		
Net Investment in capital assets	396,250	433,979
Unrestricted	<u>3,097,613</u>	<u>2,522,572</u>
Total Net Position	<u>\$ 3,493,863</u>	<u>\$ 2,956,551</u>

The Student Union's net position increased by \$537,314 during the current fiscal year.

Reserved balances as of June 30, 2020 held by the Campus on behalf of the Santos Manuel Student Union were as follows:

- Designated for Operations: \$3,339,599
- Designated for Maintenance and Repairs: \$2,767,650
- Designation for Capital Improvements: \$4,207,924

* See Note 1, Page 14 for breakdown of unrestricted net position.

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS (continued)

Changes in Net Position

Revenues decreased by \$447,270 or 6.3%, which is attributed primarily to decreases in income from operations.

Expenses increased by \$16,485 or 0.27%, which is attributed primarily to increases in support services.

Student Union's Changes in Net Position

	<u>2020</u>	<u>2019</u>
<u>Revenues</u>		
Return of surplus	\$ 5,735,504	\$ 5,467,806
Income from operations	593,441	1,323,239
Program income	267,944	295,581
Investment income	106,250	63,783
Total Revenues	<u>6,703,139</u>	<u>7,150,409</u>
<u>Expenses</u>		
Student services	3,090,704	3,234,791
Support services	3,075,123	2,914,549
Total Expenses	<u>6,165,827</u>	<u>6,149,340</u>
Change in net position	537,312	1,001,069
Net Position - Beginning of Year	2,956,551	1,955,482
Net Position - End of Year	<u>\$ 3,493,863</u>	<u>\$ 2,956,551</u>

Capital Assets and Long-Term Debt

As of June 30, 2020, the Student Union has \$396,250 invested in capital assets, net of accumulated depreciation of \$1,015,182. 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
YEAR ENDED JUNE 30, 2020**

Student Union's Capital Assets (Net of Depreciation)

	<u>2020</u>	<u>2019</u>
Buildings and leasehold improvements	\$ 298,175	\$ 337,527
Equipment, furniture and fixtures	64,575	62,952
Works of art	<u>33,500</u>	<u>33,500</u>
Total	<u>396,250</u>	<u>433,979</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, 2020
(WITH COMPARATIVE TOTALS FOR 2019)**

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 229,173	\$ 232,973
Short-term investments	4,629,479	3,832,096
Accrued interest receivable	3,872	6,625
Accounts receivable, net	21,088	25,811
Due from related party	42,163	85,694
Total current assets	4,925,775	4,183,199
Noncurrent assets:		
Capital assets, net	396,250	433,979
Total noncurrent assets	396,250	433,979
Total assets	5,322,025	4,617,178
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	301,481	319,761
OPEB related items	284,503	738,705
Total deferred outflows of resources	585,984	1,058,466
LIABILITIES		
Current liabilities:		
Accounts payable	38,105	139,115
Due to related party	52,069	300,065
Other liabilities	1,783	608
Loan Payable	281,800	-
Accrued compensated absences	91,232	71,528
Accrued salaries	10,759	59,420
Total current liabilities	475,748	570,736
Noncurrent liabilities:		
Accrued compensated absences	91,232	71,528
Net OPEB liability	107,100	816,169
Net pension liability	1,191,023	1,106,826
Total noncurrent liabilities	1,389,355	1,994,523
Total liabilities	1,865,103	2,565,259
DEFERRED INFLOWS OF RESOURCES		
Pension related items	129,226	110,163
OPEB related items	419,817	43,671
Total deferred inflows of resources	549,043	153,834
NET POSITION		
Net investment in capital assets	396,250	433,979
Unrestricted	3,097,613	2,522,572
Total net position	\$ 3,493,863	\$ 2,956,551

See accompanying Notes to Financial Statements.

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)**

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Return of surplus revenue bond funds (Student Union fees)	\$ 5,735,504	\$ 5,467,806
Local reserves	301,291	584,153
Sales and services:		
Program revenues	267,944	295,581
Facility lease and rental	144,394	213,348
Personnel services reimbursement revenues	88,461	434,625
Miscellaneous reimbursement revenues	<u>59,295</u>	<u>91,113</u>
Total operating revenues	<u>6,596,889</u>	<u>7,086,626</u>
OPERATING EXPENSES		
Student services:		
Program Board	98,536	110,004
Women's Resource Center	58,190	68,792
Cross Cultural Center	132,245	126,914
Adult Re-Entry Center	127,613	121,742
Recreation Center	2,450,555	2,513,163
Game Room	77,020	91,370
Pride Center	42,373	101,852
Palm Desert Campus	104,172	100,954
Support services:		
Administration and personnel services	620,509	554,354
Scheduling	188,708	161,115
Maintenance	192,108	223,103
Board of Directors	45,020	29,828
Graphics	138,736	131,848
Student Union operations	1,735,374	1,672,011
Audio visual	107,725	99,001
Technology	<u>46,943</u>	<u>43,289</u>
Total operating expenses	<u>6,165,827</u>	<u>6,149,340</u>
Operating income	<u>431,062</u>	<u>937,286</u>
NONOPERATING EXPENSES		
Investment income	<u>106,250</u>	<u>63,783</u>
Total nonoperating revenues	<u>106,250</u>	<u>63,783</u>
Change in net position	<u>537,312</u>	<u>1,001,069</u>
Net position, beginning of year	<u>2,956,551</u>	<u>1,955,482</u>
Net position, end of year	<u>\$ 3,493,863</u>	<u>\$ 2,956,551</u>

See accompanying Notes to Financial Statements.

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Return of surplus	\$ 5,735,504	\$ 5,467,806
Sales and services	909,639	1,650,556
Payments to suppliers	(2,432,807)	(2,220,468)
Payments to employees	(3,773,798)	(4,196,096)
	438,537	701,798
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital assets purchased	(35,758)	(44,451)
Loan proceeds	281,800	-
	246,042	(44,451)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	109,003	67,261
	109,003	67,261
Net increase in cash and cash equivalents	793,583	724,608
Cash and cash equivalents, beginning of year	4,065,069	3,340,461
	\$ 4,858,652	\$ 4,065,069
RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION		
Cash and cash equivalents	229,173	232,973
Short-term investments	4,629,479	3,832,096
	\$ 4,858,652	\$ 4,065,069
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 431,062	\$ 937,286
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	73,487	55,847
(Increase) decrease in assets:		
Accounts receivable, net	4,723	(3,665)
Due from related parties	43,531	35,401
Deferred outflows of resources	472,482	(592,588)
Increase (decrease) in liabilities:		
Accounts payable	(101,009)	6,827
Due to related parties	(247,996)	79,552
Other liabilities	1,175	(170)
Accrued compensated absences	39,407	14,321
Accrued salaries	(48,662)	55,949
Net OPEB liability	(709,069)	147,208
Net pension liability	84,197	(61,156)
Deferred inflows of resources	395,209	26,986
	\$ 438,537	\$ 701,798

See accompanying Notes to Financial Statements.

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Santos Manuel Student Union of California State University, San Bernardino (the Student Union) is a nonprofit organization incorporated on November 18, 1977, under the laws of the state of California. The Student Union is an auxiliary organization (component unit) of the California State University and Colleges as defined under Section 89901 of the Education Code of the State of California and California Administrative Code, Title 5, Section 42400. The Student Union was formed to finance, operate and construct a campus union facility at California State University, San Bernardino as a student body center for the benefit of the students, faculty, staff, alumni and guests of the University in order to promote and assist the educational programs of the University. The Student Union performs these functions under an operating agreement with trustees of the California State University (the Trustees). The Student Union agrees to apply the funds and properties it receives exclusively towards these purposes and to obtain written approval of the Trustees prior to initiating any additional functions. The current operating agreement was entered into, effective September 1, 2017 and expires on August 31, 2027.

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.

Basis of Accounting

As a component unit of California State University, San Bernardino, the Student Union has elected to follow the accounting standards and pronouncements issued by the Governmental Accounting Standards Board (GASB). The Student Union reports its operations as a proprietary fund, which is accounted for using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating 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.

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.

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. As of June 30, 2020 the organization estimated \$4,206 to be uncollectible.

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets including 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 capital assets 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 acquisition 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 2013.

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, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrestricted Net Position

The Unrestricted Net Position of \$3,097,615 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 and Replacement Plan, Major Maintenance Plan, and SMSU Major Campus Event Funds.

Administrative Working Capital	\$ 829,245
Administrative Equip/Furnishings	25,000
Administrative Special Projects	22,514
Administrative OPEB Liability Reserve	243,556
Central Local Reserves	50,000
Maintenance Repairs	116,600
Programs	344,000
Unrestricted	<u>1,466,698</u>
	<u>\$ 3,097,613</u>

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

NOTE 2 CASH AND INVESTMENTS

Cash and investments as of June 30, 2020 are classified in the accompanying financial statements as follows:

Current Assets

Cash and cash equivalents	\$ 229,173
Short-term investments	<u>4,629,479</u>
Total Cash and Investments	<u>\$ 4,858,652</u>

Cash and investments as of June 30, 2020 consist of the following:

Cash on hand	\$ 1,600
Deposits with financial institutions	227,575
Investments	<u>4,629,479</u>
Total Cash and Investments	<u>\$ 4,858,654</u>

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements

GASB Statement No. 72, Fair Value Measurements and Application, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs that are observable for an asset or liability, either directly or indirectly, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability. The Student Union does not have any investments categorized as Level 1, Level 2, or Level 3.

The following table presents the balances of the assets recorded at net asset value (NAV) as of June 30:

<u>Type</u>	<u>NAV</u>	<u>Total</u>
SWIFT Investments	\$ 3,568,274	\$ 3,568,274
LAIF	1,061,205	1,061,205
 Total investments	 <u>\$ 4,629,479</u>	 <u>\$ 4,629,479</u>

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.

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Student Union manages its exposure to interest rate risk is that the pool purchases a combination of short-term and mid-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or nearing maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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 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.

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.

As of June 30, 2020, none of the Student Union's deposits with financial institutions, were in excess of the Federal Deposit Insurance Corporation (FDIC) limits.

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

Concentration risk rises as investments become concentrated relative to a portfolio characteristic such as issuance, issuer, market sector, counterparty, or sovereign nation, and is best mitigated by diversification. The 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.

Investment in CSU Systemwide Investment Fund Trust

Student Union has pooled investments with the CSU Systemwide Investment Fund Trust (SWIFT). As a result of a 2007 change in Education Code 89721(l) that allowed CSU to self-manage student tuition and fees, CSU created a central banking system and created the SWIFT investment portfolio for the purpose of enhancing centralized cash and investment management. Because the central banking system and SWIFT are inextricably linked, each member in the central banking system is also a member in SWIFT, also referred to collectively as The Bank of CSU. These funds are reported as a short-term investment. The SWIFT consists of investments of cash on an overnight and/or short-term basis, the funds representing the float on funds collected from all eligible sources prior to their use for payment of accounts payable and payroll. Excess cash over and above what is needed to fund short-term payables and payroll are transferred to medium or longer term investments.

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investment in CSU Systemwide Investment Fund Trust (Continued)

Student Union relies upon information provided by the SWIFT in estimating the fair value position of its holdings in it. SWIFT is not subject to a credit quality rating. The allocated totals presented are derived from the percentage of the Student Union's investment balance in relation to the pool's investment balance applied to the pools total balance for each investment category.

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 \$75 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 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). 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 kept by the Campus to pay for debt service and the remaining 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. The Campus is required and legally responsible for paying the debt.

Reserved balances as of June 30, 2020 held by the Campus on behalf of the Santos Manuel Student Union were Designated for Operations, Designated for Maintenance and Repairs, and Designated for Capital Improvements for \$3,339,599, \$2,767,650, and \$4,207,924, respectively. Debt payments are funded through these reserve balances.

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 3 STUDENT UNION FEES (CONTINUED)

In August of 2013, the Trustees of the California State University issued the Systemwide Revenue Bonds Series 2013A. Proceeds were used to refinance certain maturities of the Revenue Bonds, Series 2005A Expansion Project bonds as well as to refund outstanding bond indebtedness issued by a related auxiliary organization. Bonds outstanding at June 30, 2020 amounted to \$6,460,000.

On August 1, 2012, the Trustees of the California State University issued the Student Union Revenue Bonds, Series 2012A to refund Series 2002A bonds which were issued to finance the construction, repair and maintenance of the Student Union facility. Bonds outstanding at June 30, 2020 amounted to \$400,000.

In April of 2005, the Trustees of the California State University issued the Student Union Revenue Bonds, Series 2005A 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 2005A Expansion Project bond was refunded during fiscal year 2015-16 when Series 2014A bonds were issued. Bonds outstanding at June 30, 2020 amounted to \$11,885,000.

In August of 2019, the Trustees of the California State University issued the Systemwide Revenue Bonds Series 2019A. The Bonds were issued to finance and refinance the acquisition, construction, renovation, and improvement of certain facilities of the California State University. Included in the projects financed with the Series 2019A Bonds was approximately \$80,000,000 designated for the expansion of the Santos Manuel Student Union. The project began in June 2019 and is expected to be completed in August 2021. Bonds outstanding at June 30, 2020 amounted to \$70,300,000.

NOTE 4 CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Works of art	\$ 33,500	\$ -	\$ -	\$ 33,500
Capital assets, being depreciated:				
Buildings	152,896	-	-	152,896
Leasehold improvements	614,470	-	-	614,470
Equipment, furniture and fixtures	574,808	35,758	-	610,566
Total capital assets, being depreciated	1,342,174	35,758	-	1,377,932
Less accumulated depreciation for:				
Buildings	(29,694)	(5,097)	-	(34,791)
Leasehold improvements	(400,145)	(34,255)	-	(434,400)
Equipment, furniture and fixtures	(511,856)	(34,135)	-	(545,991)
Total accumulated depreciation	(941,695)	(73,487)	-	(1,015,182)
Capital assets, net	\$ 433,979	\$ (37,729)	\$ -	\$ 396,250

Total depreciation expenses for the year ended June 30, 2020 was \$73,487.

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 \$144,394 for the year ended June 30, 2020.

NOTE 6 LOAN PAYABLE

In April 2020, the Student Union received a loan from Central Pacific Bank in the amount of \$281,800 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the "PPP Loan"). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Student Union fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Student Union will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in October 2020 principal and interest payments will be required through the maturity date in April 2022.

NOTE 7 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, 2020:

For the year ended June 30, 2020	CSUSB	Associated Students	Philanthropic Foundation	University Enterprise Corporation	Total
Expenses					
Payments to Univ/Aux for salaries of personnel working on contracts, grants, and other programs	\$ 13,558	\$ -	\$ -	\$ -	\$ 13,558
Payments to Univ/Aux for other than salaries of personnel	523,138	-	-	-	523,138
Revenues					
Payments received from Univ/Aux for services, space and programs	266,628	22,400	35,783	111,894	436,705
Due to					
Accounts Payable due to Univ/Aux as of June 30, 2020	(52,069)	-	-	-	(52,069)
Due from					
Accounts Receivable due from Univ/Aux as of June 30, 2020	37,662	653	-	3,848	42,163

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous

**SANTOS MANUEL STUDENT UNION OF CSUSB
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Plan Description (Continued)

or safety risk pools. The Student Union sponsors two miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and Student Union resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, 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 nonduty disability benefits after five 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 operates 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, 2020 are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 55	2% @ 60
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	50 - 63
Monthly benefits, as a % of eligible compensation	1.4% to 2.4%	1.1% to 2.4%
Required employee contribution rates	7.00%	6.75%
Required employer contribution rates	9.680%	6.985%

SANTOS MANUEL STUDENT UNION OF CSUSB
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. General Information about the 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 CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by Miscellaneous 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. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer contributions to the Plan for the fiscal year ended June 30, 2020 were \$140,361. The actual employer payments of \$118,089 made to CalPERS by the Student Union during the measurement period ended June 30, 2019 differed from the Student Union's proportionate share of the employer's contributions of \$192,836 by \$74,747, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiemployer Plan.

B. Net Pension Liability

The 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, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

**SANTOS MANUEL STUDENT UNION OF CSUSB
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Net Pension Liability (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

	Miscellaneous
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases (1)	3.3%-14.2%
Investment Rate of Return (2)	7.15%
Mortality Rate Table (3)	Derived using CALPERS' membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter

(1) Annual increases vary by category, entry age, and duration of service

(2) Net of pension plan investment and administrative expenses; includes inflation

(3) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of the 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. The tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. 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 CSUSB
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Net Pension Liability (Continued)

Discount Rate (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The following table 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.

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

¹ An expected inflation of 2.00% used for this period

² An expected inflation of 2.92% used for this period

**SANTOS MANUEL STUDENT UNION OF CSUSB
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Net Pension Liability (Continued)

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, 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 the 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 Other Post-Employment Benefits (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.

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 as of measurement date 6/30/2018 (VD)	\$ 5,084,237	\$ 3,977,412	\$ 1,106,825
Balance as of measurement date 6/30/2019 (MD)	5,844,861	4,653,838	1,191,023
Net changes during measurement period 2018-2019	<u>\$ 760,624</u>	<u>\$ 676,426</u>	<u>\$ 84,198</u>

Valuation Date (VD), Measurement Date (MD)

Student Union's net pension liability for the 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, 2019, 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, 2018 rolled forward to June 30, 2019 using standard update procedures. Student Union's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov. Student Union's proportionate share of the net pension liability for the Plan as of June 30, 2018 and 2019 was as follows:

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NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

C. Proportionate Share of Net Pension Liability (Continued)

Proportion Share of NPL - June 30, 2018 (MD)	0.02937%
Proportion Share of NPL - June 30, 2019 (MD)	0.02974%
Change - Increase (Decrease)	0.00037%

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

The following presents the Agency's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Plan's Net Pension Liability	\$ 1,977,175	\$ 1,191,023	\$ 542,111

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:

<p>Net difference between projected and actual earnings on pension plan investment</p>	<p>Five year straight-line amortization.</p>
<p>All other amounts</p>	<p>Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provide with benefits (active, inactive and retired) as of the beginning of the measurement period.</p>

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) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

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NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

C. Proportionate Share of Net Pension Liability (Continued)

Recognition of Gains and Losses (Continued)

The EARSL for PERF C for the measurement date ending June 30, 2019 is 3.8 years, which was obtained by dividing the total service years of 530,470 (the sum of remaining service lifetimes of the active employees) by 140,593 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to zero. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

As of the start of the measurement period (July 1, 2018), the Student Union's net pension liability was \$1,106,826. For the measurement period ending June 30, 2019 (the measurement date), Student Union incurred a pension expense/(income) of \$198,835.

As of June 30, 2020, the Student Union has deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 56,793	\$ 20,133
Differences between Expected and Actual Experience	82,722	6,409
Differences between Projected and Actual Investment Earnings	-	20,823
Differences between Employer's Contributions and Proportionate Share of Contributions	-	78,091
Change in Employer's Proportion	21,605	3,770
Pension Contributions Made Subsequent to Measurement Date	140,361	-
Total	<u>\$ 301,481</u>	<u>\$ 129,226</u>

These amounts above are net of outflows and inflows recognized in the 2018-2019 measurement period expense. Contributions subsequent to the measurement date of \$140,361 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

<u>Measurement Period Ended June 30:</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2019	\$ 64,535
2020	(33,647)
2021	(3,201)
2022	4,207
2023	-
Thereafter	-

**SANTOS MANUEL STUDENT UNION OF CSUSB
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

E. Payable to the Pension Plan

At June 30, 2020, Student Union reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS

A. General Information about the Plan

Plan Description

The Santos Manuel Student Union provides medical and dental plan coverage for retirees and their eligible surviving dependents in certain HMO or other plans available through the program. 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. The plan is a single-employer post-employment plan.

Employees Covered by Benefit Terms

As of the June 30, 2020 valuation, the following current and former employees were covered by the benefit terms under the plan:

	<u>2020</u>
Active plan members	23
Retirees and beneficiaries receiving benefits	5
Separated plan members entitled to but not yet receiving benefits	<u>1</u>
	<u>29</u>

**SANTOS MANUEL STUDENT UNION OF CSUSB
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 9 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

A. General Information About the Plan (Continued)

Benefits and Contributions

For medical coverage, the Student Union currently pays up to \$767 per month for retiree coverage, \$1,461 per month for coverage with one dependent, and \$1,868 for coverage with two or more dependents. For dental and vision coverage, the Student Union currently pays 100% of the cost of premiums for the retiree and his or her eligible dependents so long as they remain eligible for coverage under the contract. Coverage under the Plan 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 contribution requirements of the Student Union are established and may be amended by the board of directors. In fiscal year 2014-2015 the annual required contribution determination method changed from pay-as-you-go basis to prefunding policy. The Student Union contributed \$51,198 to the plan during the year ended June 30, 2020. On March 1, 2020, SMSU modified the retiree medical benefits for employees hired on or after March 1, 2020. This change had no impact on the Total OPEB liability as of the current measurement date. However, as new employees are added, this change is expected to result in a reduction in plan costs that would have otherwise occurred.

B. Net OPEB Liability

The Student Union's net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2018, based on the following actuarial methods and assumptions:

Discount rate	5.80%	
Inflation	2.50%	
Salary increases	3.00%	
Investment rate of return	5.40%	
Mortality	MacLeod Watts Scale 2020 applied	
Pre-retirement turnover healthcare trend rate	Actual	2020
	5.40%	2021
	5.30%	2022
	5.20%	2023
	5.20%	2024
	5.20%	2025
	Various	thereafter

Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in the valuation. Demographic actuarial assumptions used in the valuation are based on the 2017 experience study of the California Public Employees Retirement System using data from 1997 to 2015.

SANTOS MANUEL STUDENT UNION OF CSUSB
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

C. Discount Rate

The discount rate used to measure the total OPEB liability was 5.80%. The Student Union has established an irrevocable OPEB trust with assets dedicated toward paying future retiree medical benefits. The Student Union expects the trust assets to yield 5.80% over the long-term, based on the current mix of assets.

The projection of cash flows used to determine the discount rate assumed that Student Union contributions will be made at rates equal to or in excess of the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

D. Changes in Net OPEB Liability

The change in the net OPEB liability for the Plan are as follows as of June 30, 2020:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c)= (a) - (b)
Balance at June 30, 2019 (Measurement Date June 30, 2018)	\$ 2,207,034	\$ 1,390,865	\$ 816,169
Changes recognized for the measurement period:			
Service Cost	158,485	-	158,485
Interest Cost	145,667	-	145,667
Changes of assumptions	257,087	-	257,087
Plan experience differences	(404,392)	-	(404,392)
Expected investment income	-	136,373	(136,373)
Employer contributions	-	738,705	(738,705)
Administrative expenses	-	(9,162)	9,162
Benefit payments	(69,705)	(69,705)	-
Investment experience	-	-	-
Net Changes	87,142	796,211	(709,069)
Balance at June 30, 2020 (Measurement Date June 30, 2019)	\$ 2,294,176	\$ 2,187,076	\$ 107,100

**SANTOS MANUEL STUDENT UNION OF CSUSB
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

E. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Student Union if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	Discount Rate -1% 4.80%	Current Discount Rate 5.80%	Discount Rate +1% 6.80%
Net OPEB liability	\$ 2,683,831	\$ 2,294,176	\$ 1,981,221

F. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the Student Union if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB liability	\$ 1,923,392	\$ 2,294,176	\$ 2,773,546

G. OPEB Plan Fiduciary Net Position

The change in the Fiduciary Net Position for the Plan are as follows as of June 30, 2020:

	Plan Fiduciary Net Position
Balance at June 30, 2019 (Measurement Date June 30, 2018)	\$ 1,390,865
Changes recognized for the measurement period:	
Investment income	136,373
Employer contributions	738,705
Administrative expenses	(9,162)
Benefit payments	(69,705)
Investment experience	-
Net Changes	796,211
Balance at June 30, 2020 (Measurement Date June 30, 2019)	\$ 2,187,076

SANTOS MANUEL STUDENT UNION OF CSUSB
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

H. Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

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

Net difference between projected and actual earnings on OPEB plan investments	Five year straight-line amortization.
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period. In determining the EARSL, all active, retired and inactive (vested) members are counted, with the latter two groups having -0- remaining service years.

I. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the Student Union recognized OPEB expense of \$172,477. As of fiscal year ended June 30, 2020, the Student Union reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 233,305	\$ -
Differences between expected and actual experience in the measurement of the Total OPEB Liability	-	366,983
Net difference between projected and actual earnings of OPEB plan investments	-	52,834
Contributions to OPEB plan after the measurement date	51,198	-
Total	\$ 284,503	\$ 419,817

**SANTOS MANUEL STUDENT UNION OF CSUSB
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

I. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB
(Continued)

The \$51,198 reported as deferred outflows of resources related to contributions to the OPEB plan after the measurement date will be recognized as a reduction of the net OPEB liability during the subsequent fiscal year. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2021	\$ (33,288)
2022	(33,290)
2023	(21,373)
2024	(19,391)
2025	(13,627)
Thereafter	(65,543)
	\$ (186,512)

NOTE 10 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. No contribution were made during the year ended June 30, 2020 .

NOTE 11 COMPENSATED ABSENCES

The changes to compensated absences balances for the years ended June 30 were as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due within one year
Compensated absences	\$ 143,056	\$ 129,860	\$ (90,452)	\$ 182,464	\$ 91,232

SANTOS MANUEL STUDENT UNION OF CSUSB
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 12 SUBSEQUENT EVENTS

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. Subsequent to year end, the COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the Student Union, COVID-19 may impact various parts of its 2020-21 operations and financial results, including, but not limited to, declines in enrollment, loss of auxiliary revenues, additional bad debts, costs for increased use of technology, or potential shortages of personnel. Management believes the Student Union is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

During the period from June 30, 2020 through September 14, 2020, both domestic and international equity markets have experienced significant declines. These losses are not reflected in the financial statements as of and for the year ended June 30, 2020 as these events occurred subsequent to year end and are still developing.

NOTE 13 NEW ACCOUNTING PRONOUNCEMENTS

GASB issued several pronouncements that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 84

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of the statement is to improve guidance regarding the recognition of fiduciary activities for accounting and financial reporting purposes by establishing criteria for identifying fiduciary activities of all state and local governments. The statement is effective for the year 2021.

Governmental Accounting Standards Board Statement No. 87

In June 2017, GASB issued Statement No. 86, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The statement is effective for the year 2022.

Governmental Accounting Standards Board Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and (2) to simplify accounting for interest cost incurred before the end of a construction period. The statement is effective for the year 2020.

SANTOS MANUEL STUDENT UNION OF CSUSB
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 13 NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

Governmental Accounting Standards Board Statement No. 90

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. The statement modifies previous guidance for reporting a majority equity interest in a legally separate organization and provides guidance for reporting a component unit if 100% equity interest is acquired in that component unit. The statement is effective for the year 2021.

Governmental Accounting Standards Board Statement No. 91

In May 2019, GASB issued Statement No. 91, *Conduit debt obligations*. The objective of the statement is to eliminate diversity in practice associated with commitments extended by issuer, arrangements associated with conduit obligations and related note disclosures. The statement clarifies the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the user, and establishing standards for accounting and financial reporting. The statement is effective for the year 2023.

Governmental Accounting Standards Board Statement No. 92

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of the statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The statement addresses a variety of topics. Some requirements are effective upon issuance of the statement and other requirements are effective for the year 2023.

Governmental Accounting Standards Board Statement No. 93

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates (ICOR)*. This statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The statement is effective for the year 2023.

Governmental Accounting Standards Board Statement No. 94

In March 2020, GASB issued Statement No. 94, *Public-Private & Public-Public Partnerships and Availability Payment Arrangements*. This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The statement is effective for the year 2023.

Governmental Accounting Standards Board Statement No. 96

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service the statement is effective for the year 2023.

SANTOS MANUEL STUDENT UNION OF CSUSB
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 13 NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

Governmental Accounting Standards Board Statement No. 97

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The Statement (1) increases consistency and comparability related to the reporting of fiduciary component if a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigates costs associated with reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for IRC Section 457 deferred compensation plans. The statement is effective for the year 2022.

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2020**

REQUIRED SUPPLEMENTARY INFORMATION

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE MEASUREMENT PERIOD ENDED JUNE 30, 2019**

Measurement Period	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB Liability			
Service cost	\$ 148,664	\$ 153,496	\$ 158,485
Interest	117,905	131,461	145,667
Differences between expected and actual experience	-	-	(404,392)
Changes of assumptions	-	-	257,087
Benefit payments	<u>(53,392)</u>	<u>(55,610)</u>	<u>(69,705)</u>
Net change in total OPEB liability	213,177	229,347	87,142
Total OPEB liability - beginning	<u>1,764,510</u>	<u>1,977,687</u>	<u>2,207,034</u>
Total OPEB liability - ending (a)	<u>\$ 1,977,687</u>	<u>\$ 2,207,034</u>	<u>\$ 2,294,176</u>
Plan Fiduciary Net Position			
Contributions – employer	\$ 53,392	\$ 55,610	\$ 738,705
Net investment income	133,272	91,418	136,373
Benefit payments	(53,392)	(55,610)	(69,705)
Administrative expense	<u>(7,655)</u>	<u>(9,279)</u>	<u>(9,162)</u>
Net change in plan fiduciary net position	125,617	82,139	796,211
Plan fiduciary net position - beginning	<u>1,183,109</u>	<u>1,308,726</u>	<u>1,390,865</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,308,726</u>	<u>\$ 1,390,865</u>	<u>\$ 2,187,076</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 668,961</u>	<u>\$ 816,169</u>	<u>\$ 107,100</u>
		-	-
Plan fiduciary net position as a percentage of the total OPEB liability	66%	63%	95%
Covered-employee payroll	\$ 1,441,278	\$ 1,534,505	\$ 1,361,978
Net OPEB liability as a percentage of covered payroll	46.41%	53.19%	7.86%

NOTES TO SCHEDULE

Changes in assumptions: None

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Fiscal Year 2017-18 was the first year of implementation.

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
SCHEDULE OF OPEB PLAN CONTRIBUTIONS LAST 10 YEARS
YEAR ENDED JUNE 30, 2020**

Fiscal Year Ended June 30	2018	2019	2020
Actuarially Determined Contribution (ADC)	\$ 206,027	\$ 212,877	\$ 226,316
Contributions in relation to the ADC	55,610	738,705	51,198
Contribution deficiency (excess)	<u>\$ 150,417</u>	<u>\$ (525,828)</u>	<u>\$ 175,118</u>
Covered-employee payroll	\$ 1,534,505	\$ 1,361,978	\$ 1,714,631
Contributions as a percentage of covered-employee payroll	3.62%	54.24%	2.99%

NOTES TO SCHEDULE

Actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2020 were from the June 30, 2018 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Methodology	Level percentage of pay; 30 years closed
Asset Valuation Method	Market value
Inflation	2.50%
Payroll Growth	3.00% per annum
Investment Rate of Return	5.40% per annum
Healthcare Trend Rates	5.40% in 2021, fluctuates until ultimate rate of 4% in 2076
Retirement Age	From 50 to 75
Mortality	CalPERS 2017 Study

* Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Fiscal Year 2017-18 was the first year of implementation.

**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-LAST 10 YEARS
YEAR ENDED JUNE 30, 2020**

Measurement Date	Employer's Proportion of the Collective Net Pension Liability ¹	Employer's Proportionate Share of the Collective Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Collective Net Pension Liability as a percentage of the Employer's Covered Payroll	Pension Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
6/30/2014	0.03411%	\$ 842,938	\$ 848,953	99.29%	75.21%
6/30/2015	0.03039%	833,871	893,752	93.30%	77.24%
6/30/2016	0.02954%	1,026,052	1,107,257	92.67%	75.02%
6/30/2017	0.02963%	1,167,982	1,108,239	105.39%	75.02%
6/30/2018	0.02937%	1,106,826	1,605,657	68.93%	78.23%
6/30/2019	0.02974%	1,191,023	1,479,993	80.47%	79.62%

¹ Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

* Measurement date 6/30/2014 (fiscal year 2014-15) was the first year of implementation, therefore, only six years are presented.

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
SCHEDULE OF PLAN CONTRIBUTIONS
LAST 10 YEARS
YEAR ENDED JUNE 30, 2020**

Fiscal Year	Measurement Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll ¹	Contributions as a Percentage of Covered Payroll
6/30/2015	6/30/2014	\$ 139,396	\$ (139,396)	\$ -	\$ 893,752	15.60%
6/30/2016	6/30/2015	151,401	(151,401)	-	1,107,257	13.67%
6/30/2017	6/30/2016	88,515	(88,515)	-	1,108,239	7.99%
6/30/2018	6/30/2017	122,585	(122,585)	-	1,605,657	7.63%
6/30/2019	6/30/2018	118,089	(118,089)	-	1,479,993	7.98%
6/30/2020	6/30/2019	140,361	(140,361)	-	1,714,631	8.19%

¹ Covered payroll is defined as the payroll on which contributions to a pension plan are based, in accordance with GASB 82.

* Measurement period 2013-14 (fiscal year 2014-15) was the first year of implementation, therefore, only five years are presented.

NOTES TO SCHEDULE

Change in Benefit Terms: None

Change in Assumptions: In fiscal year 2020, the inflation rate was reduced from 2.75% to 2.50%

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
ORGANIZATIONAL DATA
YEAR ENDED JUNE 30, 2020**

OFFICERS

Yusra Serhan – Chair
Daniel Jimenez – Vice Chair
Year Nanan - Secretary
Audrey Robertson – Controller
Aaron Burgess – Chief Financial Officer

FACULTY REPRESENTATIVES

Dr. Marc Robinson
Dr. John Reitzel

STUDENT REPRESENTATIVES

Ray He
Sean Maulding
Andy Nguyen

ASI EXECUTIVE PRESIDENTS

Adonis Galarza-Toledo

ASI VICE PRESIDENT OF FINANCE

Helen Martinez

UNIVERSITY ADMINISTRATIVE REPRESENTATIVE

Davina Lindsey

PRESIDENT'S DESIGNEE

Paz Oliverez

EXECUTIVE DIRECTOR

Aaron Burgess

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
SCHEDULE OF OPERATING EXPENSES BY FUNCTION
YEAR ENDED JUNE 30, 2020**

	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	Total Student Services	Administration and Personnel Services	Student Union Operations	Maintenance	Board of Directors	Graphics	Scheduling	Audio Visual	Technology	Total Support Services	
Salaries, wages and stipends	\$ 80,606	\$ 41,192	\$ 93,319	\$ 116,121	\$ 1,342,328	\$ 68,764	\$ 27,171	\$ 66,675	\$ 1,836,177	\$ 598,129	\$ -	\$ 150,756	\$ -	\$ 114,747	\$ 177,115	\$ 101,073	\$ 43,849	\$ 1,185,668	\$ 3,021,845
Employee benefits and taxes	(222)	-	-	(55)	257,662	-	-	(22)	257,364	(4,868)	490,921	(941)	-	546	(222)	(32)	(68)	485,335	742,699
Pension/OPEB adjustments	-	-	-	-	-	-	-	-	-	-	242,819	-	-	-	-	-	-	242,819	242,819
Contract Sve-Contingency Reserve	-	-	-	-	171,705	-	-	-	171,705	-	141,260	-	-	-	-	-	-	141,260	312,964
Communications	-	-	-	-	9,487	-	-	44	9,530	-	12,762	-	-	-	-	-	-	12,762	22,292
Utilities	-	-	-	-	118,611	-	-	3,605	122,216	-	265,798	-	-	-	-	-	-	265,798	388,014
Travel	838	-	1,196	172	24,889	1,393	-	3,241	31,730	12,213	7,510	3,998	18,149	251	5,765	2,554	702	51,142	82,871
Equipment	-	-	1,379	-	-	-	-	-	1,379	908	1,700	-	-	-	1,129	-	-	3,737	5,116
Postage	-	-	-	-	23	-	-	-	23	-	860	-	-	-	-	-	-	860	883
Supplies and services	1,396	3,232	13,556	2,706	130,348	2,999	937	3,251	158,424	11,839	43,676	36,875	368	11,731	5,416	4,257	2,460	116,624	275,048
Duplicating	2,314	2,666	4,859	1,263	3,928	884	3,238	736	19,887	415	-	-	320	1,905	264	-	-	2,904	22,791
Accounting fees	-	-	-	-	63,965	-	-	-	63,965	-	94,356	-	-	-	-	-	-	94,356	158,321
Audit fees	-	-	-	-	-	-	-	-	-	-	16,400	-	-	-	-	-	-	16,400	16,400
Professional fees	-	-	-	-	-	-	-	-	-	-	5,544	-	-	-	-	-	-	5,544	5,544
Hospitality	14	712	2,252	-	19,538	150	26	-	22,692	1,873	743	414	1,433	-	370	244	-	5,077	27,769
Specialized training	-	-	-	-	2,886	-	-	-	2,886	-	-	-	-	-	-	-	-	-	2,886
Insurance	-	-	-	-	19,789	-	-	-	19,789	-	23,411	-	-	-	-	-	-	23,411	43,200
Repairs and maintenance	-	-	-	-	1,434	-	-	1,848	3,282	-	57,516	850	-	-	-	-	-	58,366	61,648
Advertising	-	-	-	-	7,241	-	-	862	8,102	-	-	-	-	9,395	-	-	-	9,395	17,498
Rental expense	-	-	-	-	41,874	-	-	-	41,874	-	-	-	-	-	-	-	-	-	41,874
Program expenses	12,393	10,388	15,684	7,406	56,101	1,866	10,658	23,785	138,281	-	9,745	-	24,750	161	(1,500)	-	-	33,156	171,437
Campus services	1,197	-	-	-	153,461	964	343	-	155,965	-	272,151	134	-	-	-	-	-	272,285	428,250
Resource materials	-	-	-	-	-	-	-	147	147	-	-	22	-	-	-	-	-	22	169
Bank fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	25,285	-	-	-	25,285	-	48,202	-	-	-	-	-	-	48,202	73,487
Total	\$ 98,536	\$ 58,190	\$ 132,246	\$ 127,612	\$ 2,450,553	\$ 77,020	\$ 42,373	\$ 104,172	\$ 3,090,702	\$ 620,508	\$ 1,735,374	\$ 192,107	\$ 45,020	\$ 138,737	\$ 188,708	\$ 107,725	\$ 46,943	\$ 3,075,123	\$ 6,165,825

See accompanying Notes to Financial Statements.

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
SCHEDULE OF OPERATING EXPENSES BY FUNCTION – RECREATION AND WELLNESS CENTER
YEAR ENDED JUNE 30, 2020**

	Rec Sports Admin	Office	Membershi p Services	Marketing	Operations	Group Exercise	Fitness	Rec Classes	Climbing Wall	Outings	Aquatics	Intramural Sports	Sport Clubs	Special Events	Grand Total
Salaries, wages and stipends	\$ 87,098	\$ 81,355	\$ 114,040	\$ 119,825	\$ 246,844	\$ 132,084	\$ 140,209	\$ 48,927	\$ 88,348	\$ 49,530	\$ 57,468	\$ 124,126	\$ 8,303	\$ 44,171	\$ 1,342,328
Employee benefits and taxes	225,295	16,305	-	(219)	11,486	(480)	-	(10)	5,376	-	-	(90)	-	-	257,662
Pension/OPEB adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract Svs-Contingency Reserve	-	-	-	-	171,705	-	-	-	-	-	-	-	-	-	171,705
Communications	6,681	-	-	-	-	-	-	2,806	-	-	-	-	-	-	9,487
Utilities	-	-	-	-	111,071	-	-	7,540	-	-	-	-	-	-	118,611
Travel	10,198	1,338	-	1,919	2,330	1,178	-	83	1,142	2,868	-	1,489	1,630	713	24,889
Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Postage	-	23	-	-	-	-	-	-	-	-	-	-	-	-	23
Supplies and services	1,663	9,831	1,786	1,608	56,832	5,099	15,867	3,179	2,635	16,091	760	5,414	532	9,052	130,348
Duplicating	(65)	143	463	1,436	-	281	-	-	137	1,330	-	202	-	-	3,928
Accounting fees	63,965	-	-	-	-	-	-	-	-	-	-	-	-	-	63,965
Audit fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hospitality	836	-	39	7,273	75	28	110	-	85	11,047	45	-	-	-	19,538
Specialized training	146	-	-	120	1,782	-	144	-	-	594	100	-	-	-	2,886
Insurance	19,789	-	-	-	-	-	-	-	-	-	-	-	-	-	19,789
Repairs and maintenance	-	-	-	-	18,886	20	(11,346)	(6,217)	-	-	-	31	-	60	1,434
Advertising	-	-	-	7,241	-	-	-	-	-	-	-	-	-	-	7,241
Rental expense	-	-	-	-	-	-	-	41,850	-	-	-	24	-	-	41,874
Program expenses	1,476	-	-	20,655	-	-	-	2,345	-	30,199	-	-	1,425	-	56,101
Campus services	103,969	-	22,427	-	23,189	-	-	-	-	-	3,876	-	-	-	153,461
Resource materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	4,434	-	-	-	-	-	7,162	13,689	-	-	-	-	-	-	25,285
Total	\$ 525,485	\$ 108,996	\$ 138,757	\$ 159,858	\$ 644,199	\$ 138,210	\$ 152,145	\$ 114,191	\$ 97,722	\$ 111,659	\$ 62,249	\$ 131,196	\$ 11,891	\$ 53,995	\$ 2,450,553

See accompanying Notes to Financial Statements.

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
YEAR ENDED JUNE 30, 2020**

Assets:	
Current assets:	
Cash and cash equivalents	\$ 229,173
Short-term investments	4,629,479
Accounts receivable, net	67,123
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	-
Total current assets	<u>4,925,775</u>
Noncurrent assets:	
Restricted cash and cash equivalents	-
Accounts receivable, net	-
Capital lease 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	396,250
Other assets	-
Total noncurrent assets	<u>396,250</u>
Total assets	<u>5,322,026</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	301,481
Net OPEB liability	284,503
Others	-
Total deferred outflows of resources	<u>585,984</u>
Liabilities:	
Current liabilities:	
Accounts payable	90,174
Accrued salaries and benefits	10,759
Accrued compensated absences, current portion	91,232
Unearned revenues	-
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	283,583
Total current liabilities	<u>475,748</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	91,232
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	107,100
Net pension liability	1,191,023
Other liabilities	-
Total noncurrent liabilities	<u>1,389,355</u>
Total liabilities	<u>1,865,103</u>
Deferred inflows of resources:	
Service concession arrangements	-
Net pension liability	129,226
Net OPEB liability	419,817
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	-
Total deferred inflows of resources	<u>549,043</u>
Net position:	
Net investment in capital assets	396,250
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	3,097,613
Total net position	<u>\$ 3,493,863</u>

See accompanying Notes to Financial Statements.

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
YEAR ENDED JUNE 30, 2020**

Revenues:

Operating revenues:

Student tuition and fees, gross	\$	-
Scholarship allowances (enter as negative)		-
Grants and contracts, noncapital:		
Federal		-
State		-
Local		-
Nongovernmental		-
Sales and services of educational activities		-
Sales and services of auxiliary enterprises, gross		-
Scholarship allowances (enter as negative)		-
Other operating revenues		6,596,889
Total operating revenues		6,596,889

Expenses:

Operating expenses:

Instruction		-
Research		-
Public service		-
Academic support		-
Student services		6,092,338
Institutional support		-
Operation and maintenance of plant		-
Student grants and scholarships		-
Auxiliary enterprise expenses		-
Depreciation and amortization		73,487
Total operating expenses		6,165,825
Operating income (loss)		431,064

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		106,250
Endowment income (loss), net		-
Interest expense		-
Other nonoperating revenues (expenses) - excl. interagency transfers		-
Net nonoperating revenues (expenses)		106,250
Income (loss) before other revenues (expenses)		537,314

State appropriations, capital		-
Grants and gifts, capital		-
Additions (reductions) to permanent endowments		-
Increase (decrease) in net position		537,314
Net position:		
Net position at beginning of year, as previously reported		2,956,551
Restatements		-
Net position at beginning of year, as restated		2,956,551
Net position at end of year	\$	3,493,865

See accompanying Notes to Financial Statements.

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
OTHER INFORMATION
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
YEAR ENDED JUNE 30, 2020**

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	\$	-
All other restricted cash and cash equivalents		-
Noncurrent restricted cash and cash equivalents		-
Current cash and cash equivalents		229,175
Total		<u>229,175</u>

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Fair Value
Money market funds	\$ -	\$ -	\$ -
Repurchase agreements			-
Certificates of deposit			-
U.S. agency securities			-
U.S. treasury securities			-
Municipal bonds			-
Corporate bonds			-
Asset backed securities			-
Mortgage backed securities			-
Commercial paper			-
Mutual funds			-
Exchange traded funds			-
Equity securities			-
Alternative investments:			-
Private equity (including limited partnerships)			-
Hedge funds			-
Managed futures			-
Real estate investments (including REITs)			-
Commodities			-
Derivatives			-
Other alternative investment			-
Other external investment pools			-
CSU Consolidated Investment Pool (formerly SWIFT)	3,568,274		3,568,274
State of California Local Agency Investment Fund (LAIF)	1,061,205		1,061,205
State of California Surplus Money Investment Fund (SMIF)	-		-
Other investments:			-
Total Other investments	-	-	-
Total investments	<u>4,629,479</u>	-	<u>4,629,479</u>
Less endowment investments (enter as negative number)	-	-	-
Total investments, net of endowments	<u>\$ 4,629,479</u>	<u>\$ -</u>	<u>4,629,479</u>

2.2 Fair value hierarchy in investments:

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ -	\$ -	\$ -	\$ -	-
Repurchase agreements					-
Certificates of deposit					-
U.S. agency securities					-
U.S. treasury securities					-
Municipal bonds					-
Corporate bonds					-
Asset backed securities					-
Mortgage backed securities					-
Commercial paper					-
Mutual funds					-
Exchange traded funds					-
Equity securities					-
Alternative investments:					-
Private equity (including limited partnerships)					-
Hedge funds					-
Managed futures					-
Real estate investments (including REITs)					-
Commodities					-
Derivatives					-
Other alternative investment					-
Other external investment pools					-
CSU Consolidated Investment Pool (formerly SWIFT)	3,568,274				3,568,274
State of California Local Agency Investment Fund (LAIF)	1,061,205				1,061,205
State of California Surplus Money Investment Fund (SMIF)	-				-
Other investments:					-
Total Other investments	-	-	-	-	-
Total investments	<u>\$ 4,629,479</u>	-	-	-	<u>4,629,479</u>

See accompanying Notes to Financial Statements.

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
OTHER INFORMATION (CONTINUED)
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
YEAR ENDED JUNE 30, 2020**

3.2 Detail of depreciation and amortization expense:
Depreciation and amortization expense related to capital assets \$ 73,487
Amortization expense related to other assets -
Total depreciation and amortization \$ 73,487

4 Long-term liabilities:

	Balance June 30, 2019	Prior Period Adjustments/ Reclassifications	Balance June 30, 2019 (Restated)	Additions	Reductions	Balance June 30, 2020	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 143,056	\$ -	\$ 143,056	\$ 129,860	\$ (90,453)	\$ 182,463	\$ 91,232	\$ 91,232
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations:								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	-	-	-	-	-	-	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Others:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4.5 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>\$ 143,056</u>	<u>-</u>	<u>\$ 143,056</u>	<u>\$ 129,860</u>	<u>\$ (90,453)</u>	<u>\$ 182,463</u>	<u>\$ 91,232</u>	<u>\$ 91,232</u>

5 Capital lease obligations schedule:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026 - 2030	-	-	-	-	-	-	-	-	-
2031 - 2035	-	-	-	-	-	-	-	-	-
2036 - 2040	-	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum lease payments	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less: amounts representing interest									
Present value of future minimum lease payments									<u>-</u>
Unamortized net premium/(discount)									<u>-</u>
Total capital lease obligations									<u>-</u>
Less: current portion									<u>-</u>
Capital lease obligations, net of current portion									<u>\$ -</u>

See accompanying Notes to Financial Statements.

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
OTHER INFORMATION (CONTINUED)
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
YEAR ENDED JUNE 30, 2020**

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026 - 2030	-	-	-	-	-	-	-	-	-
2031 - 2035	-	-	-	-	-	-	-	-	-
2036 - 2040	-	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	\$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									
Present value of future minimum payments									
Unamortized net premium/(discount)									
Total long-term debt obligations									
Less: current portion									
Long-term debt obligations, net of current portion									\$ -

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$	13,558
Payments to University for other than salaries of University personnel	\$	523,138
Payments received from University for services, space, and programs	\$	436,705
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)	\$	(52,069)
Other amounts (payable to) University (enter as negative number)	\$	-
Accounts receivable from University (enter as positive number)	\$	42,163
Other amounts receivable from University (enter as positive number)	\$	-

8 Restatements

Provide a detailed breakdown of the journal entries (at the financial statement line items level) booked to record each restatement:

Restatement #1	Enter transaction description	Debit/(Credit)
		-
Restatement #2	Enter transaction description	
		-

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-
Student services	3,021,845	487,811	376,428	121,279	-	2,084,975	-	6,092,338
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	73,487	73,487
Total operating expenses	\$ 3,021,845	\$ 487,811	\$ 376,428	\$ 121,279	\$ -	\$ 2,084,975	\$ 73,487	\$ 6,165,825

See accompanying Notes to Financial Statements.

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
OTHER INFORMATION (CONTINUED)
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
YEAR ENDED JUNE 30, 2020**

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)	\$	-
Deferred outflows - net pension liability		301,481
Deferred outflows - net OPEB liability		284,503
Deferred outflows - others:		
Sales/intra-entity transfers of future revenues		
Gain/loss on sale leaseback		
Loan origination fees and costs		
Change in fair value of hedging derivative instrument		
Irrevocable split-interest agreements		

Total deferred outflows - others		-
Total deferred outflows of resources	\$	585,984

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	\$	-
Deferred inflows - net pension liability		129,226
Deferred inflows - net OPEB liability		419,817
Deferred inflows - unamortized gain on debt refunding(s)		-
Deferred inflows - nonexchange transactions		-
Deferred inflows - others:		
Sales/intra-entity transfers of future revenues		
Gain/loss on sale leaseback		
Loan origination fees and costs		
Change in fair value of hedging derivative instrument		
Irrevocable split-interest agreements		

Total deferred inflows - others		-
Total deferred inflows of resources	\$	549,043

See accompanying Notes to Financial Statements.



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

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of Santos Manuel Student Union of CSU San Bernardino (Student Union), a component unit of California State University, San Bernardino, as of and for the year then ended June 30, 2020, and the related notes to the financial statements and have issued our report thereon dated September 14, 2020.

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.

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

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.



CliftonLarsonAllen LLP

Glendora, California
September 14, 2020

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2020**

There are no findings in the current year audit.

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
SCHEDULE OF PRIOR FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2020**

2019-1 Segregation of Duties

Conditions and Criteria

During the audit of the Student Union, a lack of segregation of duties was noted in the University's accounting newly integrated process. The Accounting function within the University's Finance and Administration Services division began an organizational restructuring in which the former Auxiliary Accounting department was consolidated with the former University General Accounting department to form the new Accounting Services department. The reorganization was implemented to improve service delivery and continuity, reduce operational redundancies, eliminate unnecessary administrative functions, and strengthen communication between functions.

Due to this consolidation of the two departments, the proper segregation of duties for accounting staff was not maintained and several key functions of the accounts payable and payroll processes are able to be completed by the same individuals. Proper segregation of duties dictates that the function or recording, authorization, custody and execution are not dominated by one individual. An adequate segregation of duties requires that one individual does not handle a transaction from its inception to its completion. Adequately segregated duties helps to reduce the possibility of fraud and defalcations from occurring and to ensure the integrity of the information provided by the University's Accounting financial reporting system.

Auditor's Recommendation

As stated above, an adequate segregation of duties requires that one individual does not handle a transaction from its inception to its completion. However, we realize that this is due to the reorganization of the Auxiliary's Accounting department. Unless the University's Finance and Administration department does not perform a detailed review of the roles and responsibilities of each staff member and segregate their duties appropriately, there may be no practical corrective action possible for this inherent weakness. We believe it is important for management and the Board of Directors to be aware that whenever there is a lack of segregation of duties, the system is far more susceptible to errors or other irregularities, either intentional or unintentional, not being discovered.

Management's Response

As of June 30, 2020, the Student Union has taken appropriate remediation action by implementing proper segregation of duties to address the aforementioned key functions.

