

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

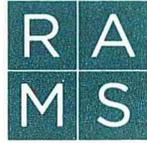
**Financial Statements
And
Independent Auditor's Report**

June 30, 2019

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

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Independent Auditor's Report

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, 2019, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 as of June 30, 2019 and respective changes in net assets and, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Student Union's 2018 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 14, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, 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.

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 13, 2019, on our consideration of the Student Union's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Student Union's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
September 13, 2019

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

**Management's Discussion and Analysis
June 30, 2019**

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, 2019.

INTRODUCTION TO THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board's Statement 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*.

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

Statement of Net Position: The Statement of Net Position includes all assets, 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
June 30, 2019**

FINANCIAL ANALYSIS

Net Position

The Student Union's assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$2,956,551 at the close of the most recent fiscal year. Of this, \$433,979 or 14.7% 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>2019</u> | <u>2018</u> |
|----------------------------------|---------------------|---------------------|
| Current assets | \$ 4,183,199 | \$ 3,493,805 |
| Noncurrent assets | <u>433,979</u> | <u>445,375</u> |
| Total Assets | <u>4,617,178</u> | <u>3,939,180</u> |
| Deferred outflows of resources | <u>1,058,466</u> | <u>465,878</u> |
| Current liabilities | 570,736 | 424,191 |
| Noncurrent liabilities | <u>1,994,523</u> | <u>1,898,537</u> |
| Total Liabilities | <u>2,565,259</u> | <u>2,322,728</u> |
| Deferred inflows of resources | <u>153,834</u> | <u>126,848</u> |
| Net position | | |
| Net Investment in capital assets | 433,979 | 445,375 |
| Unrestricted (See note 1) | <u>2,522,572</u> * | <u>1,510,107</u> |
| Total Net Position | <u>\$ 2,956,551</u> | <u>\$ 1,955,482</u> |

The Student Union's net position increased by \$1,001,069 during the current fiscal year.

Reserved balances as of June 30, 2019 held by the Campus on behalf of the Santos Manuel Student Union were as follows:

- Designated for Operations: \$6,771,592
- Designated for Maintenance and Repairs: \$1,654,548
- Designation for Capital Improvements: \$2,080,119

* See Note 1, Page 15 for breakdown of unrestricted net position.

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

**Management's Discussion and Analysis
June 30, 2019**

FINANCIAL ANALYSIS (continued)

Changes in Net Position

Revenues increased by \$1,068,662 or 17.6%, which is attributed primarily to increases in return of surplus revenues of \$312,190 and income from operations of \$453,394.

Expenses increased by \$74,619 or 1.2%. Expenses increased primarily due to increases in expenses related to support services.

Student Union's Changes in Net Position

| | <u>2019</u> | <u>2018</u> |
|----------------------------------|---------------------|---------------------|
| <u>Revenues</u> | | |
| Return of surplus | \$ 5,467,806 | \$ 5,155,616 |
| Income from operations | 1,323,239 | 869,845 |
| Program income | 295,581 | 1,718 |
| Investment income | 63,783 | 54,568 |
| | <u>7,150,409</u> | <u>6,081,747</u> |
| | | |
| <u>Expenses</u> | | |
| Student services | 3,234,791 | 3,373,564 |
| Support services | 2,914,549 | 2,701,157 |
| | <u>6,149,340</u> | <u>6,074,721</u> |
| Change in net position | 1,001,069 | 7,026 |
| Net Position - Beginning of Year | <u>1,955,482</u> | <u>1,948,456</u> |
| Net Position - End of Year | <u>\$ 2,956,551</u> | <u>\$ 1,955,482</u> |

Capital Assets and Long-Term Debt

As of June 30, 2019, the Student Union has \$433,979 invested in capital assets, net of accumulated depreciation of \$941,695. Long-term debt is managed by the Chancellor's Office, and is not included on the financial statement of the Student Union.

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

**Management's Discussion and Analysis
June 30, 2019**

FINANCIAL ANALYSIS (continued)

Student Union's Capital Assets (Net of Depreciation)

| | <u>2019</u> | <u>2018</u> |
|--------------------------------------|-------------------|-------------------|
| Buildings and leasehold improvements | \$ 337,527 | \$ 376,879 |
| Equipment, furniture and fixtures | 62,952 | 34,996 |
| Works of art | <u>33,500</u> | <u>33,500</u> |
| Total | <u>\$ 433,979</u> | <u>\$ 445,375</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, 2019**

| | 2019 | Comparative Total 2018 |
|--|--------------|------------------------------|
| <u>ASSETS</u> | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 232,973 | \$ 153,581 |
| Short-term investments | 3,832,096 | 3,186,880 |
| Accrued interest receivable | 6,625 | 10,103 |
| Accounts receivable, net | 25,811 | 22,146 |
| Due from related party (Note 6) | 85,694 | 121,095 |
| Total current assets | 4,183,199 | 3,493,805 |
| Noncurrent assets: | | |
| Capital assets, net | 433,979 | 445,375 |
| Total noncurrent assets | 433,979 | 445,375 |
| Total assets | 4,617,178 | 3,939,180 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | |
| Pension related items | 319,761 | 410,268 |
| OPEB related items | 738,705 | 55,610 |
| Total deferred outflows of resources | 1,058,466 | 465,878 |
| <u>LIABILITIES</u> | | |
| Current liabilities: | | |
| Accounts payable | 139,115 | 132,288 |
| Due to related party (Note 6) | 300,065 | 220,513 |
| Other liabilities | 608 | 778 |
| Accrued compensated absences | 71,528 | 67,141 |
| Accrued salaries | 59,420 | 3,471 |
| Total current liabilities | 570,736 | 424,191 |
| Noncurrent liabilities: | | |
| Accrued compensated absences | 71,528 | 61,594 |
| OPEB obligation | 816,169 | 668,961 |
| Net pension liability | 1,106,826 | 1,167,982 |
| Total noncurrent liabilities | 1,994,523 | 1,898,537 |
| Total liabilities | 2,565,259 | 2,322,728 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | |
| Pension related items | 110,163 | 79,194 |
| OPEB related items | 43,671 | 47,654 |
| Total deferred inflows of resources | 153,834 | 126,848 |
| <u>NET POSITION</u> | | |
| Net investment in capital assets | 433,979 | 445,375 |
| Unrestricted | 2,522,572 | 1,510,107 |
| Total net position | \$ 2,956,551 | \$ 1,955,482 |

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

**Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2019**

| | 2019 | Comparative Total 2018 |
|--|---------------------|------------------------------|
| OPERATING REVENUES | | |
| Return of surplus revenue bond funds (Student Union fees) | \$ 5,467,806 | \$ 5,155,616 |
| Local Reserves | 584,153 | 142,672 |
| Sales and services: | | |
| Program revenues | 295,581 | 1,718 |
| Facility lease and rental | 213,348 | 204,103 |
| Personnel services reimbursement revenue | 434,625 | 251,701 |
| Miscellaneous reimbursement revenue | 91,113 | 271,369 |
| Total operating revenues | 7,086,626 | 6,027,179 |
| OPERATING EXPENSES | | |
| Student services: | | |
| Program Board | 110,004 | 124,257 |
| Women's Resource Center | 68,792 | 105,142 |
| Cross Cultural Center | 126,914 | 109,952 |
| Adult Re-Entry Center | 121,742 | 109,494 |
| Recreation Center | 2,513,163 | 2,652,449 |
| Game Room | 91,370 | 93,494 |
| Pride Center | 101,852 | 84,143 |
| Palm Desert Campus | 100,954 | 94,633 |
| Support services: | | |
| Administration and personnel services | 554,354 | 537,525 |
| Scheduling | 161,115 | 150,996 |
| Maintenance | 223,103 | 206,409 |
| Board of Directors | 29,828 | 34,852 |
| Graphics | 131,848 | 128,231 |
| Student Union operations | 1,672,011 | 1,518,337 |
| Audio visual | 99,001 | 78,389 |
| Technology | 43,289 | 46,418 |
| Total operating expenses | 6,149,340 | 6,074,721 |
| Operating income (loss) | 937,286 | (47,542) |
| NON-OPERATING REVENUES | | |
| Investment income | 63,783 | 54,568 |
| Total non-operating revenues | 63,783 | 54,568 |
| Change in net position | 1,001,069 | 7,026 |
| Net position, beginning of year | 1,955,482 | 1,948,456 |
| Net position, end of year | \$ 2,956,551 | \$ 1,955,482 |

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

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

**Statement of Cash Flows
For the Year Ended June 30, 2019**

| | <u>2019</u> | <u>Comparative Total 2018</u> |
|---|---------------------|---------------------------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Return of surplus | \$ 5,467,806 | \$ 5,155,616 |
| Sales and services | 1,650,556 | 916,635 |
| Payments to suppliers | (2,220,468) | (3,118,163) |
| Payments to employees | (4,196,096) | (2,673,242) |
| Net cash provided by operating activities | <u>701,798</u> | <u>280,846</u> |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u> | | |
| Capital assets purchased | <u>(44,451)</u> | <u>(5,434)</u> |
| Net cash used for capital and related financing activities | <u>(44,451)</u> | <u>(5,434)</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | |
| Investment income | <u>67,261</u> | <u>49,917</u> |
| Net cash provided by investing activities | <u>67,261</u> | <u>49,917</u> |
| Net increase in cash and cash equivalents | 724,608 | 325,329 |
| Cash and cash equivalents, beginning of year | <u>3,340,461</u> | <u>3,015,132</u> |
| Cash and cash equivalents, end of year | <u>\$ 4,065,069</u> | <u>\$ 3,340,461</u> |
| <u>RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION</u> | | |
| Current assets | | |
| Cash and cash equivalents | \$ 232,973 | \$ 153,581 |
| Short-term investments | <u>3,832,096</u> | <u>3,186,880</u> |
| Total | <u>\$ 4,065,069</u> | <u>\$ 3,340,461</u> |

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

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

**Statement of Cash Flows (continued)
For the Year Ended June 30, 2019**

| | <u>2019</u> | <u>Comparative Total 2018</u> |
|---|-------------------|---------------------------------------|
| <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u> | | |
| Operating income (loss) | \$ 937,286 | \$ (47,542) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | |
| Depreciation | 55,847 | 55,188 |
| (Increase) decrease in assets: | | |
| Accounts receivable, net | (3,665) | 30,065 |
| Due from related parties | 35,401 | 15,007 |
| Deferred outflows of resources | (592,588) | (65,310) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 6,827 | 38,497 |
| Due to related parties | 79,552 | 15,454 |
| Other liabilities | (170) | (41,006) |
| Accrued compensated absences | 14,321 | 14,972 |
| Accrued salaries | 55,949 | (12,863) |
| Net pension liability | (61,156) | 141,930 |
| Net OPEB liability | 147,208 | 87,560 |
| Deferred inflows of resources | 26,986 | 48,894 |
| Net cash provided by operating activities | <u>\$ 701,798</u> | <u>\$ 280,846</u> |

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

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

**Notes to Financial Statements
For the Year Ended June 30, 2019**

Note 1: Nature of Organization and Summary of Significant Accounting Policies

The Santos Manuel Student Union of California State University, San Bernardino (the Student Union) is a not-for-profit organization incorporated on November 18, 1977, under the laws of the State of California. The Student Union is an auxiliary organization (component unit) of the California State University and Colleges as defined under Section 89901 of the Education Code of the State of California and California Administrative Code, Title 5, Section 42400. The Student Union was formed to finance, operate and construct a campus union facility at California State University, San Bernardino as a student body center for the benefit of the students, faculty, staff, alumni and guests of the University in order to promote and assist the educational programs of the University. The Student Union performs these functions under an operating agreement with Trustees of the California State University (the Trustees). The Student Union agrees to apply the funds and properties it receives exclusively towards these purposes and to obtain written approval of the Trustees prior to initiating any additional functions. The 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
For the Year Ended June 30, 2019**

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

Basis of Accounting (continued)

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

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, 2019 the organization estimated \$4,206 to be uncollectible.

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

**Notes to Financial Statements
For the Year Ended June 30, 2019**

**Note 1: Nature of Organization and 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.

Reclassifications

Certain amounts in the 2018 comparative totals have been reclassified to conform to the 2019 reporting format. The net position and change in net position were not affected by these reclassifications.

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

**Notes to Financial Statements
For the Year Ended June 30, 2019**

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

Unrestricted Net Position

The Unrestricted Net Position of \$2,255,572 is designated to Program Funds as shown below. These are allocated fund reserves, which support programs such as Working Capital, the Long-Term Equipment Repair & Replacement Plan, Major Maintenance Plan, and SMSU Major Campus Event Funds.

| | | |
|---------------------------------------|----|-------------------------|
| 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>891,657</u> |
| | \$ | <u><u>2,522,572</u></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.

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

**Notes to Financial Statements
For the Year Ended June 30, 2019**

Note 2: Cash and Investments

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Current Assets:

| | |
|----------------------------|---------------------|
| Cash and cash equivalents | \$ 232,973 |
| Short-term investments | <u>3,832,096</u> |
| Total Cash and Investments | <u>\$ 4,065,069</u> |

Cash and investments as of June 30, 2019 consist of the following:

| | |
|--------------------------------------|---------------------|
| Cash on hand | \$ 1,600 |
| Deposits with financial institutions | 231,373 |
| Investments | <u>3,832,096</u> |
| Total Cash and Investments | <u>\$ 4,065,069</u> |

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.

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

**Notes to Financial Statements
For the Year Ended June 30, 2019**

Note 2: Cash and Investments (continued)

The following table presents the balances of the assets measured at fair value on a recurring basis as of June 30, 2019:

| Investments by Fair Value Level | Level 1 | Level 2 | Not Subject to GASB 72 | Total |
|------------------------------------|-------------|---------------------|---------------------------|---------------------|
| SWIFT Investments: | | | | |
| Asset Backed Securities | \$ - | \$ 116,700 | \$ - | \$ 116,700 |
| Certificates of Deposit | - | 115,775 | - | 115,775 |
| Corporate Bonds | - | 772,758 | - | 772,758 |
| Money Market Funds | - | - | 19,741 | 19,741 |
| Mortgage Backed Securities | - | 155 | - | 155 |
| Municipal Bonds | - | 38,226 | - | 38,226 |
| Mutual Fund | - | - | - | - |
| Repurchase Agreement | - | 7,928 | - | 7,928 |
| US Agency Securities | - | 806,560 | - | 806,560 |
| US Treasury Securities | - | 917,446 | - | 917,446 |
| Total SWIFT Investments | - | 2,775,548 | 19,741 | 2,795,289 |
| LAIF | - | - | 1,036,807 | 1,036,807 |
| | <u>\$ -</u> | <u>\$ 2,775,548</u> | <u>\$ 1,056,548</u> | <u>\$ 3,832,096</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.

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.

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

**Notes to Financial Statements
For the Year Ended June 30, 2019**

Note 2: Cash and Investments (continued)

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, 2019, none of the Student Union's deposits with financial institutions, were in excess of the Federal Deposit Insurance Corporation (FDIC) limits.

Credit Risk

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

The following table presents the fair value, weighted average maturity (WAM), and actual rating by investment type of the Student Union's investment portfolio as of June 30, 2019:

| Investment | Fair Value | Duration (Years) | Ratings as of Year-End | | | | | Not Rated |
|----------------------------|---------------------|---------------------|------------------------|---------------------|-------------------|-----------------|-------------|---------------------|
| | | | AAA | AA | A | B+ | B | |
| Asset Backed Securities | \$ 116,700 | 0.50418 | \$ 116,700 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Certificates of Deposit | 115,775 | 0.12452 | 45,183 | 2,638 | 67,954 | - | - | - |
| Corporate Bonds | 772,758 | 1.02102 | 5,958 | 87,151 | 671,901 | 7,748 | - | - |
| Money Market Funds | 19,741 | - | - | - | - | - | - | 19,741 |
| Mortgage Backed Securities | 155 | 1.99645 | - | 155 | - | - | - | - |
| Municipal Bonds | 38,226 | 0.19506 | 15,175 | 21,080 | 1,971 | - | - | - |
| Mutal Fund | - | 5.51036 | - | - | - | - | - | - |
| Repurchase Agreement | 7,928 | 0.00268 | 7,928 | - | - | - | - | - |
| US Agency Securities | 806,560 | 0.58573 | 29,011 | 777,549 | - | - | - | - |
| US Treasury Securities | 917,446 | 1.25118 | - | 917,446 | - | - | - | - |
| LAIF | 1,036,807 | - | - | - | - | - | - | 1,036,807 |
| | <u>\$ 3,832,096</u> | | <u>\$ 219,955</u> | <u>\$ 1,806,019</u> | <u>\$ 741,826</u> | <u>\$ 7,748</u> | <u>\$ -</u> | <u>\$ 1,056,548</u> |

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

**Notes to Financial Statements
For the Year Ended June 30, 2019**

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.

At June 30, 2019, the following investments (excluding U.S. Treasury securities, mutual funds, and external investment pools) represented 5% or more of the Student Union's investment portfolio: Federal Home Loan Banks (\$341,540, or 12.22%) and Federal Home Loan Mortgage Corporation (\$230,250 or 8.24%).

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.

Student Union relies upon information provided by the SWIFT in estimating the fair value position of its holdings in it. Student Union's holdings in SWIFT had a value of \$2,795,289 as of June 30, 2019. SWIFT is not subject to a credit quality rating. At June 30, 2019, SWIFT had invested \$155 million in asset and mortgage backed securities. SWIFT also had \$11 million invested in repurchase agreements. 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.

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

**Notes to Financial Statements
For the Year Ended June 30, 2019**

Note 2: Cash and Investments (continued)

Investment in State Investment Pool

The Student Union is a voluntary participant in the Local Agency Investment Fund (LAIF), which is part of the Pooled part of the Pooled Money Investment Account that is regulated by the California Government Code under the oversight of the State Treasurer, Director of Finance and State Controller. The Student Union may invest up to \$65 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). Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of asset-backed securities totaling \$977 million, which represents 0.92% of the total LAIF portfolio of \$105.7 billion as of June 30, 2019. LAIF's (and the Student Union's) exposure to risk (credit, market or legal) is not currently available.

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

**Notes to Financial Statements
For the Year Ended June 30, 2019**

Note 3: Student Union Fees

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

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

Reserved balances as of June 30, 2019 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 \$6,771,592, \$1,654,548, and \$2,080,119 respectively.

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, 2019 amounted to \$7,210,000.

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, 2019 amounted to \$590,000.

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, 2019 amounted to \$11,885,000.

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

**Notes to Financial Statements
For the Year Ended June 30, 2019**

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2019 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 | 530,357 | 44,451 | - | 574,808 |
| Total capital assets, being depreciated | <u>1,297,723</u> | <u>44,451</u> | <u>-</u> | <u>1,342,174</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (24,597) | (5,097) | - | (29,694) |
| Leasehold improvements | (365,890) | (34,255) | - | (400,145) |
| Equipment, furniture and fixtures | (495,361) | (16,495) | - | (511,856) |
| Total accumulated depreciation | <u>(885,848)</u> | <u>(55,847)</u> | <u>-</u> | <u>(941,695)</u> |
| Capital assets, net | <u>\$ 445,375</u> | <u>\$ (11,396)</u> | <u>\$ -</u> | <u>\$ 433,979</u> |

Total depreciation expense for the year ended June 30, 2019 was \$55,847.

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 \$213,348 for the year ended June 30, 2019.

Note 6: Related Party and Economic Dependency

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

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

**Notes to Financial Statements
For the Year Ended June 30, 2019**

Note 6: Related Party and Economic Dependency (continued)

Below is a summary showing the related party transactions at June 30, 2019.

| | <u>CSUSB</u> | <u>ASI</u> | <u>PHL</u> | <u>UEC</u> | <u>Totals</u> |
|--|--------------|------------|------------|------------|---------------|
| Payments to Univ/Aux for salaries of personnel working on contracts, grants, and other programs for the year ended June 30, 2019 | 25,265 | - | - | - | 25,265 |
| Payments to Univ/Aux for other than salaries of personnel for the year ended June 30, 2019 | 874,291 | - | - | - | 874,291 |
| Payments received from Univ/Aux for services, space, and programs for the year ended June 30, 2019 | 308,137 | 82,300 | 14,881 | 180,822 | 586,140 |
| Accounts Payable to Univ/Aux as of June 30, 2019 | (300,065) | - | - | - | (300,065) |
| Accounts Receivable due from Univ/Aux as of June 30, 2019 | 65,826 | 155 | 1,840 | 17,873 | 85,694 |

Note 7: 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 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.

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

**Notes to Financial Statements
For the Year Ended June 30, 2019**

Note 7: Defined Benefit Pension Plan (continued)

A. General Information about the Pension Plan (continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 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, 2019 are summarized as follows:

| | Miscellaneous | |
|---|--------------------------------|-----------------------------------|
| | Prior to January 1, 2013 | On or after January 1, 2013 |
| Hire date | 2% @ 55 | 2% @ 60 |
| Benefit formula | 5 years service | 5 years service |
| Benefit vesting schedule | monthly for life | monthly for life |
| Benefit payments | 50 - 63 | 50 - 63 |
| Retirement age | 1.4% to 2.4% | 1.1% to 2.4% |
| Monthly benefits, as a % of eligible compensation | 7.00% | 6.25% |
| Required employee contribution rates | 8.377% | 6.555% |
| Required employer contribution rates | | |

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

**Notes to Financial Statements
For the Year Ended June 30, 2019**

Note 7: 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, 2019 were \$118,089. The actual employer payments of \$122,585 made to CalPERS by the Student Union during the measurement period ended June 30, 2018 differed from the Student Union's proportionate share of the employer's contributions of \$151,504 by \$28,919, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer 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, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 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 California State University, San Bernardino*

**Notes to Financial Statements
For the Year Ended June 30, 2019**

Note 7: Defined Benefit Pension Plan (continued)

B. Net Pension Liability (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

| | <u>Miscellaneous</u> |
|----------------------------------|---|
| Valuation Date | June 30, 2017 |
| Measurement Date | June 30, 2018 |
| 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 MP2016. 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, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at www.calpers.ca.gov.

Change of Assumption

In fiscal year 2019 (measurement date June 30, 2018), the inflation rate was reduced from 2.75 percent to 2.50 percent.

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

**Notes to Financial Statements
For the Year Ended June 30, 2019**

Note 7: Defined Benefit Pension Plan (continued)

B. Net Pension Liability (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. 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 percent 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 percent 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.

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.

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

**Notes to Financial Statements
For the Year Ended June 30, 2019**

Note 7: Defined Benefit Pension Plan (continued)

B. Net Pension Liability (continued)

Discount Rate, continued

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.

| <u>Asset Class</u> | <u>Assumed Asset Allocation</u> | <u>Real Return Years 1 - 10¹</u> | <u>Real Return Years 11+²</u> |
|---------------------|---|---|--|
| Global Equity | 50.0% | 4.80% | 5.98% |
| Global Fixed Income | 28.0% | 1.00% | 2.62% |
| Inflation Sensitive | 0.0% | 0.77% | 1.81% |
| Private Equity | 8.0% | 6.30% | 7.23% |
| Real Assets | 13.0% | 3.75% | 4.93% |
| Liquidity | 1.0% | 0.00% | (0.92%) |
| Total | <u>100%</u> | | |

¹ An expected inflation of 2.00% used for this period

² An expected inflation of 2.92% used for this period

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, 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.

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

**Notes to Financial Statements
For the Year Ended June 30, 2019**

Note 7: Defined Benefit Pension Plan (continued)

C. Proportionate Share of Net Pension Liability

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

| | Plan Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Plan Net Pension Liability (c) = (a) - (b) |
|----------------------------|--|---------------------------------------|---|
| Balance at: 6/30/2017 (VD) | \$ 4,676,832 | \$ 3,508,850 | \$ 1,167,982 |
| Balance at: 6/30/2018 (MD) | 5,084,237 | 3,977,412 | 1,106,826 |
| Net Changes during 2017-18 | <u>\$ 407,405</u> | <u>\$ 468,562</u> | <u>\$ (61,156)</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, 2018, 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, 2017 rolled forward to June 30, 2018 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, 2017 and 2018 was as follows:

| | |
|--|-----------|
| Proportion Share of NPL - June 30, 2017 (MD) | 0.02963% |
| Proportion Share of NPL - June 30, 2018 (MD) | 0.02937% |
| Change - Increase (Decrease) | -0.00026% |

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 percent, 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 percent) or 1 percentage-point higher (8.15 percent) 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 | \$ 1,794,576 | \$ 1,106,826 | \$ 539,099 |

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

**Notes to Financial Statements
For the Year Ended June 30, 2019**

Note 7: Defined Benefit Pension Plan (continued)

C. Proportionate Share of Net Pension Liability (continued)

Subsequent Events

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

Recognition of Gains and Losses

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

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

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

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

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement date ending June 30, 2018 is 3.8 years, which was obtained by dividing the total service years of 516,147 (the sum of remaining service lifetimes of the active employees) by 135,474 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

**Notes to Financial Statements
For the Year Ended June 30, 2019**

Note 7: Defined Benefit Pension Plan (continued)

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

As of the start of the measurement period (July 1, 2017), the Student Union's net pension liability was \$1,167,982. For the measurement period ending June 30, 2018 (the measurement date), Student Union incurred a pension expense/(income) of \$178,409.

As of June 30, 2019, 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> |
|---|---|--|
| Differences between Expected and Actual Experience | \$ 42,467 | \$ 14,451 |
| Changes of Assumptions | 126,181 | 30,925 |
| Differences between Projected and Actual Investment Earnings | 5,472 | - |
| Change in Employer's Proportion | 27,552 | 14,207 |
| Differences between Employer's Contributions and Proportionate Share of Contributions | - | 50,580 |
| Pension Contributions Subsequent to Measurement Date | 118,089 | - |
| Total | <u>\$ 319,761</u> | <u>\$ 110,163</u> |

These amounts above are net of outflows and inflows recognized in the 2017-18 measurement period expense. Contributions subsequent to the measurement date of \$118,089 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 | \$ 86,056 |
| 2020 | 56,185 |
| 2021 | (40,777) |
| 2022 | (9,955) |
| 2023 | - |
| Thereafter | - |

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

**Notes to Financial Statements
For the Year Ended June 30, 2019**

Note 7: Defined Benefit Pension Plan (continued)

E. Payable to the Pension Plan

At June 30, 2019, Student Union reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

Note 8: 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, 2019 valuation, the following current and former employees were covered by the benefit terms under the plan:

| | <u>2019</u> |
|---|------------------|
| Active plan members | 20 |
| Retirees and beneficiaries receiving benefits | 3 |
| Separated plan members entitled to but not yet receiving benefits | <u>1</u> |
| | <u><u>24</u></u> |

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

**Notes to Financial Statements
For the Year Ended June 30, 2019**

Note 8: 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 \$707 per month for retiree coverage, \$1,349 per month for coverage with one dependent, and \$1,727 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 \$738,705 to the plan during the year ended June 30, 2019.

B. Net OPEB Liability

The Student Union's net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial methods and assumptions:

| | |
|---|---|
| Discount rate | 6.25% |
| Inflation | 2.75% |
| Salary increases | 3.25% |
| Investment rate of return | 6.25% |
| Mortality | MacLeod Watts Scale 2017 applied generationally |
| Pre-retirement turnover healthcare trend rate | 7.5% 2019 7% 2020 6.5% 2021 6% 2022 5.5% 2023 5% 2024 5% 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 2014 experience study of the California Public Employees Retirement System using data from 1997 to 2011.

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

**Notes to Financial Statements
For the Year Ended June 30, 2019**

Note 8: Other Post-Employment Benefits (continued)

C. Discount Rate

The discount rate used to measure the total OPEB liability was 6.25 percent. 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 6.25% 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, 2019:

| | <u>Total OPEB Liability (a)</u> | <u>Plan Fiduciary Net Position (b)</u> | <u>Net OPEB Liability/(Asset) (c)= (a) - (b)</u> |
|---|-------------------------------------|--|--|
| Balance at June 30, 2018 (Measurement Date June 30, 2017) | \$ 1,977,687 | \$ 1,308,726 | \$ 668,961 |
| Changes recognized for the measurement period: | | | |
| Service Cost | 153,496 | - | 153,496 |
| Interest Cost | 131,461 | - | 131,461 |
| Expected investment income | - | 81,505 | (81,505) |
| Employer contributions | - | 55,610 | (55,610) |
| Administrative expenses | - | (9,279) | 9,279 |
| Benefit payments | (55,610) | (55,610) | - |
| Investment experience | - | 9,913 | (9,913) |
| Net Changes | <u>229,347</u> | <u>82,139</u> | <u>147,208</u> |
| Balance at June 30, 2019 (Measurement Date June 30, 2018) | <u>\$ 2,207,034</u> | <u>\$ 1,390,865</u> | <u>\$ 816,169</u> |

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

**Notes to Financial Statements
For the Year Ended June 30, 2019**

Note 8: 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, 2018:

| | Discount Rate -1% 5.25% | Current Discount Rate 6.25% | Discount Rate +1% 7.25% |
|--------------------|----------------------------|--------------------------------|----------------------------|
| Net OPEB liability | <u>\$ 1,175,991</u> | <u>\$ 816,169</u> | <u>\$ 527,257</u> |

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, 2018:

| | 1% Decrease | Current Healthcare Cost Trend Rate | 1% Increase |
|--------------------|-------------------|---------------------------------------|---------------------|
| Net OPEB liability | <u>\$ 538,444</u> | <u>\$ 816,169</u> | <u>\$ 1,197,261</u> |

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

**Notes to Financial Statements
For the Year Ended June 30, 2019**

Note 8: Other Post-Employment Benefits (continued)

G. OPEB Plan Fiduciary Net Position

The change in the Fiduciary Net Position for the Plan are as follows as of June 30, 2019:

| | Plan Fiduciary Net Position |
|---|--|
| Balance at June 30, 2018 (Measurement Date June 30, 2017) | <u>\$1,308,726</u> |
| Changes recognized for the measurement period: | |
| Investment income | 81,505 |
| Employer contributions | 55,610 |
| Administrative expenses | (9,279) |
| Benefit payments | (55,610) |
| Investment experience | <u>9,913</u> |
| Net Changes | <u>82,139</u> |
| Balance at June 30, 2019 (Measurement Date June 30, 2018) | <u><u>\$1,390,865</u></u> |

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

**Notes to Financial Statements
For the Year Ended June 30, 2019**

Note 8: 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 | 5 year straight-line amortization |
| All other amounts | Straight-line amortization over the average expected 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, 2019, the Student Union recognized OPEB expense of \$198,835. As of fiscal year ended June 30, 2019, 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 | - | - |
| Differences between expected and actual experience in the measurement of the Total OPEB Liability | - | - |
| Net difference between projected and actual earnings of OPEB plan investments | - | 43,671 |
| Contributions to OPEB plan after the measurement date | 738,705 | - |
| Total | <u>\$ 738,705</u> | <u>\$ 43,671</u> |

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

**Notes to Financial Statements
For the Year Ended June 30, 2019**

Note 8: Other Post-Employment Benefits (continued)

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

The \$738,705 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 |
|------------------------------|--|
| 2020 | \$ (13,896) |
| 2021 | (13,896) |
| 2022 | (13,898) |
| 2023 | (1,981) |
| 2024 | - |
| Thereafter | - |
| | <u>\$ (43,671)</u> |

Note 9: Self-Insurance

Effective July 1, 2011 the Student Union joined the California State University Risk Management Authority (CSURMA), Auxiliaries Organizations' Risk Management Alliance Unemployment Self Insurance Program (AORMA UIP). AORMA UIP was created to centrally manage workers' compensation, general liability, disability, unemployment insurance coverage and other risk-related programs. Contributions made during the year ended June 30, 2019 totaled \$11,006.

Note 10: Compensated Absences

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

| | Balance July 1, 2018 | Additions | Deletions | Balance June 30, 2019 | Due within one year |
|----------------------|-------------------------|-------------------|---------------------|--------------------------|------------------------|
| Compensated absences | <u>\$ 128,735</u> | <u>\$ 116,692</u> | <u>\$ (102,371)</u> | <u>\$ 143,056</u> | <u>\$ 71,528</u> |

| | Balance July 1, 2017 | Additions | Deletions | Balance June 30, 2018 | Due within one year |
|----------------------|-------------------------|-------------------|---------------------|--------------------------|------------------------|
| Compensated absences | <u>\$ 113,763</u> | <u>\$ 117,028</u> | <u>\$ (102,056)</u> | <u>\$ 128,735</u> | <u>\$ 67,141</u> |

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

**Notes to Financial Statements
For the Year Ended June 30, 2019**

Note 11: Subsequent Events

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.

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, 2018**

| Measurement Period | <u>2017</u> | <u>2018</u> |
|---|----------------------------|----------------------------|
| Total OPEB Liability | | |
| Service cost | \$ 148,664 | \$ 153,496 |
| Interest | 117,905 | 131,461 |
| Differences between expected and actual experience | - | - |
| Changes of assumptions | - | - |
| Benefit payments | <u>(53,392)</u> | <u>(55,610)</u> |
| Net change in total OPEB liability | 213,177 | 229,347 |
| Total OPEB liability - beginning | 1,764,510 | 1,977,687 |
| Total OPEB liability - ending (a) | <u><u>\$ 1,977,687</u></u> | <u><u>\$ 2,207,034</u></u> |
| Plan Fiduciary Net Position | | |
| Contributions – employer | \$ 53,392 | \$ 55,610 |
| Net investment income | 133,272 | 91,418 |
| Benefit payments | (53,392) | (55,610) |
| Administrative expense | <u>(7,655)</u> | <u>(9,279)</u> |
| Net change in plan fiduciary net position | 125,617 | 82,139 |
| Plan fiduciary net position - beginning | 1,183,109 | 1,308,726 |
| Plan fiduciary net position - ending (b) | <u><u>\$ 1,308,726</u></u> | <u><u>\$ 1,390,865</u></u> |
| Net OPEB liability - ending (a) - (b) | <u><u>\$ 668,961</u></u> | <u><u>\$ 816,169</u></u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 66% | 63% |
| Covered-employee payroll | \$ 1,441,278 | \$ 1,534,505 |
| Net OPEB liability as a percentage of covered payroll | 46.41% | 53.19% |

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 Ten Years*
For the Year Ended June 30, 2019**

| Fiscal Year Ended June 30 | <u>2018</u> | <u>2019</u> |
|---|-------------------|---------------------|
| Actuarially Determined Contribution (ADC) | \$ 275,999 | \$ 297,698 |
| Contributions in relation to the ADC | (55,610) | (738,705) |
| Contribution deficiency (excess) | <u>\$ 220,389</u> | <u>\$ (441,007)</u> |
| Covered-employee payroll | \$ 1,441,278 | \$ 1,534,505 |
| Contributions as a percentage of covered-employee payroll | 3.86% | 48.14% |

Notes to Schedule:

Actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2019 were from the June 30, 2017 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 | 2.75% |
| Payroll Growth | 3.25% per annum |
| Investment Rate of Return | 6.25% per annum |
| Healthcare Trend Rates | 7.500% in 2019, decreasing 0.50% each year to 5.00% in 2024 and later |
| Retirement Age | From 50 to 75 |
| Mortality | CalPERS 2014 Experience Study; MacLeod Watts Scale 2017 applied generationally |

* 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 Ten Years*
For the Year Ended June 30, 2019**

| <u>Measurement Date</u> | <u>Employer's Proportion of the Collective Net Pension Liability¹</u> | <u>Employer's Proportionate Share of the Collective Net Pension Liability</u> | <u>Employer's Covered Payroll</u> | <u>Employer's Proportionate Share of the Collective Net Pension Liability as a percentage of the Employer's Covered Payroll</u> | <u>Pension Plan's Fiduciary Net Position as a percentage of the Total Pension Liability</u> |
|-------------------------|--|---|---------------------------------------|---|---|
| 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% |

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 five years are presented.

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

**Schedule of Plan Contributions
Last Ten Years*
For the Year Ended June 30, 2019**

| 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% |

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 2019, the inflation rate was reduced from 2.75% to 2.50%.

OTHER SUPPLEMENTARY INFORMATION

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

**Organizational Data
June 30, 2019**

Officers

Derick Prince – Chair
Bilal Azhand – Vice Chair
Tejwant Brar – Secretary
Mellissa Patton – Controller
Aaron Burgess – Chief Financial Officer

Faculty Representatives

Dr. Mary Fong
Dr. John Reitzel

Student Representatives

Ruihan He
Alejandro Gamboa Montes
Yusra Serhan

ASI Executive President

Prince Ogidikpe

ASI Executive Vice Presidents

Yera Nana
Helmand Pashtunyar

ASI Vice President of Finance

Kristy Robles

University Administrative Representative

Davina Lindsey

President's Designee

Harry Le Grande

Executive Director

Aaron Burgess

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

**Schedule of Operating Expenses by Function
For the Year Ended June 30, 2019**

| | Student Services | | | | | | | | Support Services | | | | | | | | Grand Total | | |
|----------------------------------|-------------------|-------------------------|-----------------------|-----------------------|---------------------|------------------|-------------------|--------------------|---------------------|---------------------------------------|--------------------------|-------------------|--------------------|-------------------|-------------------|------------------|------------------|---------------------|---------------------|
| | Program Board | Women's Resource Center | Cross Cultural Center | Adult Re-Entry Center | Recreation Center | Game Room | Pride Center | Palm Desert Campus | Subtotal | Administration and Personnel Services | Student Union Operations | Maintenance | Board of Directors | Graphics | Scheduling | Audio Visual | | Technology | Subtotal |
| Salaries, wages & stipends | \$ 66,094 | \$ 48,243 | \$ 55,783 | \$ 105,513 | \$ 1,338,030 | \$ 78,713 | \$ 69,236 | \$ 56,524 | \$ 1,818,136 | \$ 515,764 | \$ - | \$ 155,076 | \$ - | \$ 124,113 | \$ 144,857 | \$ 87,519 | \$ 37,822 | \$ 1,065,151 | \$ 2,883,287 |
| Employee benefits & taxes | 222 | - | - | 55 | 230,908 | - | - | 22 | 231,207 | 4,868 | 518,761 | 941 | - | 222 | 222 | 32 | 68 | 525,114 | 756,321 |
| Pension/ OPEB adjustments | - | - | - | - | - | - | - | - | - | - | 189,451 | - | - | - | - | - | - | 189,451 | 189,451 |
| Contract Svs-Contingency Reserve | - | - | - | - | 196,875 | - | - | - | 196,875 | - | 149,775 | - | - | - | - | - | - | 149,775 | 346,650 |
| Communications | - | - | - | - | 13,101 | - | - | 131 | 13,232 | - | 9,691 | - | - | - | - | - | - | 9,691 | 22,923 |
| Utilities | - | - | - | - | 90,914 | - | - | 3,605 | 94,519 | - | 215,531 | - | - | - | - | - | - | 215,531 | 310,050 |
| Travel | 1,477 | 96 | 199 | 482 | 32,978 | 1,758 | 2,945 | 500 | 40,435 | 15,772 | 9,700 | 3,019 | 7,816 | 2,802 | 2,794 | 1,888 | 1,454 | 45,245 | 85,680 |
| Equipment | - | - | 400 | - | - | 1,760 | - | - | 2,160 | 87 | 970 | - | - | - | - | 2,524 | - | 3,581 | 5,741 |
| Postage | - | - | - | - | 10 | - | - | - | 10 | - | 583 | - | - | - | - | - | - | 583 | 593 |
| Supplies & services | 1,592 | 3,355 | 768 | 4,241 | 159,615 | 2,425 | 3,394 | 3,167 | 178,557 | 16,080 | 21,215 | 62,255 | 1,034 | 4,505 | 13,106 | 5,471 | 3,945 | 127,611 | 306,168 |
| Duplicating | 2,117 | 651 | 1,812 | 1,514 | 6,066 | 1,031 | 2,274 | 832 | 16,297 | 230 | - | - | 177 | (37) | - | 77 | - | 447 | 16,744 |
| Accounting fees | - | - | - | - | 62,975 | - | - | - | 62,975 | - | 88,463 | - | - | - | - | - | - | 88,463 | 151,438 |
| Audit fees | - | - | - | - | - | - | - | - | - | - | 19,400 | - | - | - | - | - | - | 19,400 | 19,400 |
| Professional fees | - | - | - | - | - | - | - | - | - | - | 1,560 | - | - | - | - | - | - | 1,560 | 1,560 |
| Hospitality | 251 | 195 | 429 | 362 | 27,082 | 377 | 137 | - | 28,833 | 1,539 | 5,737 | 686 | 501 | 229 | 136 | 1,184 | - | 10,012 | 38,845 |
| Specialized training | - | - | - | - | 5,041 | 192 | - | - | 5,233 | - | - | - | - | - | - | 306 | - | 306 | 5,539 |
| Insurance | - | - | - | - | 18,166 | - | - | - | 18,166 | - | 21,848 | - | - | - | - | - | - | 21,848 | 40,014 |
| Repairs & maintenance | - | - | 121 | - | 14,850 | - | - | 2,299 | 17,270 | - | 107,300 | - | - | - | - | - | - | 107,300 | 124,570 |
| Advertising | - | - | - | - | 12,662 | - | - | 2,041 | 14,703 | - | - | - | - | - | - | - | - | - | 14,703 |
| Rental expense | - | - | - | - | 40,050 | - | - | 59 | 40,109 | - | - | - | - | - | - | - | - | - | 40,109 |
| Program expenses | 36,082 | 16,225 | 67,402 | 9,575 | 74,784 | 5,114 | 23,866 | 31,615 | 264,663 | - | 13,298 | - | 20,300 | 14 | - | - | - | 33,612 | 298,275 |
| Campus services | 2,169 | - | - | - | 171,885 | - | - | - | 174,054 | - | 260,052 | 613 | - | - | - | - | - | 260,665 | 434,719 |
| Resource materials | - | 27 | - | - | - | - | - | 159 | 186 | 14 | - | 513 | - | - | - | - | - | 527 | 713 |
| Bank fees | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation | - | - | - | - | 17,171 | - | - | - | 17,171 | - | 38,676 | - | - | - | - | - | - | 38,676 | 55,847 |
| Totals | \$ 110,004 | \$ 68,792 | \$ 126,914 | \$ 121,742 | \$ 2,513,163 | \$ 91,370 | \$ 101,852 | \$ 100,954 | \$ 3,234,791 | \$ 554,354 | \$ 1,672,011 | \$ 223,103 | \$ 29,828 | \$ 131,848 | \$ 161,115 | \$ 99,001 | \$ 43,289 | \$ 2,914,549 | \$ 6,149,340 |

See the accompanying independent auditor's report.

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

**Schedule of Operating Expenses by Function – Recreation and Wellness Center
For the Year Ended June 30, 2019**

| Recreation & Wellness Center | | | | | | | | | | | | | | | | |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|------------------|-------------------|-----------------|------------------|---------------------|-------|
| | Rec Sports | | Membership | | Group | | Rec | | Climbing | | Intramural | | Sport | | Special | Grand |
| | Admin | Office | Services | Marketing | Operations | Exercise | Fitness | Classes | Wall | Outings | Aquatics | Sports | Clubs | Events | Total | |
| Salaries, wages & stipends | \$ 35,062 | \$ 100,530 | \$ 111,098 | \$ 110,943 | \$ 263,539 | \$ 138,370 | \$ 143,107 | \$ 41,193 | \$ 83,593 | \$ 48,782 | \$ 71,061 | \$ 147,158 | \$ - | \$ 43,594 | \$ 1,338,030 | |
| Employee benefits & taxes | 201,945 | 18,095 | - | 219 | 1,565 | 480 | - | 10 | 8,504 | - | - | 90 | - | - | 230,908 | |
| Pension/ OPEB adjustments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Contract Svs-Contingency Reserve | - | - | - | - | 196,875 | - | - | - | - | - | - | - | - | - | 196,875 | |
| Communications | 9,679 | - | - | - | - | - | - | 3,422 | - | - | - | - | - | - | 13,101 | |
| Utilities | - | - | - | - | 84,403 | - | 1,276 | 5,235 | - | - | - | - | - | - | 90,914 | |
| Travel | 12,646 | 2,818 | - | 2,597 | 3,281 | 1,700 | - | 177 | 250 | 3,069 | - | 456 | 4,208 | 1,776 | 32,978 | |
| Equipment | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Postage | - | 10 | - | - | - | - | - | - | - | - | - | - | - | - | 10 | |
| Supplies & services | 1,497 | 10,109 | 1,824 | 2,359 | 59,269 | 9,740 | 8,927 | 16,037 | 5,934 | 20,077 | 3,077 | 6,602 | 418 | 13,745 | 159,615 | |
| Duplicating | 65 | 34 | 67 | 1,220 | 113 | 249 | - | 25 | 17 | 3,447 | 515 | 286 | - | 28 | 6,066 | |
| Accounting fees | 58,883 | 4,092 | - | - | - | - | - | - | - | - | - | - | - | - | 62,975 | |
| Audit fees | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Professional fees | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Hospitality | 2,321 | - | 28 | 9,891 | 58 | - | 78 | 27 | 507 | 13,985 | 36 | 151 | - | - | 27,082 | |
| Specialized training | - | - | - | - | 2,670 | - | - | - | - | 2,219 | 152 | - | - | - | 5,041 | |
| Insurance | 18,166 | - | - | - | - | - | - | - | - | - | - | - | - | - | 18,166 | |
| Repairs & maintenance | - | - | - | - | 10,712 | 2,676 | 1,462 | - | - | - | - | - | - | - | 14,850 | |
| Advertising | 1,476 | - | - | 10,648 | - | - | - | 418 | - | 120 | - | - | - | - | 12,662 | |
| Rental expense | - | - | - | - | - | - | - | 40,050 | - | - | - | - | - | - | 40,050 | |
| Program expenses | 801 | - | - | 19,517 | - | - | - | 3,005 | - | 51,461 | - | - | - | - | 74,784 | |
| Campus services | 105,065 | - | 21,774 | - | 45,046 | - | - | - | - | - | - | - | - | - | 171,885 | |
| Resource materials | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Bank fees | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Depreciation | 4,699 | - | - | - | - | - | 543 | 11,929 | - | - | - | - | - | - | 17,171 | |
| Totals | \$ 452,305 | \$ 135,688 | \$ 134,791 | \$ 157,394 | \$ 667,531 | \$ 153,215 | \$ 155,393 | \$ 121,528 | \$ 98,805 | \$ 143,160 | \$ 74,841 | \$ 154,743 | \$ 4,626 | \$ 59,143 | \$ 2,513,163 | |

See the accompanying independent auditor's report.

Santos Manuel Student Union of California State University, San Bernardino
Schedule of Net Position
June 30, 2019
(for inclusion in the California State University)

| | | |
|--|--|---------------------|
| Assets: | | |
| Current assets: | | |
| Cash and cash equivalents | \$ | 232,973 |
| Short-term investments | | 3,832,096 |
| Accounts receivable, net | | 118,130 |
| Capital lease receivable, current portion | | — |
| Notes receivable, current portion | | — |
| Pledges receivable, net | | — |
| Prepaid expenses and other current assets | | — |
| Total current assets | | <u>4,183,199</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 | | 433,979 |
| Other assets | | — |
| Total noncurrent assets | | <u>433,979</u> |
| Total assets | | <u>4,617,178</u> |
| Deferred outflows of resources: | | |
| Unamortized loss on debt refunding | | — |
| Net pension liability | | 319,761 |
| Net OPEB liability | | 738,705 |
| Others | | — |
| Total deferred outflows of resources | | <u>1,058,466</u> |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable | | 439,180 |
| Accrued salaries and benefits | | 59,420 |
| Accrued compensated absences, current portion | | 71,528 |
| 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 | | 608 |
| Total current liabilities | | <u>570,736</u> |
| Noncurrent liabilities: | | |
| Accrued compensated absences, net of current portion | | — |
| Unearned revenues | | — |
| Grants refundable | | — |
| Capital lease obligations, net of current portion | | — |
| Long-term debt obligations, net of current portion | | 71,528 |
| Claims liability for losses and loss adjustment expenses, net of current portion | | — |
| Depository accounts | | — |
| Net other postemployment benefits liability | | 816,169 |
| Net pension liability | | 1,106,826 |
| Other liabilities | | — |
| Total noncurrent liabilities | | <u>1,994,523</u> |
| Total liabilities | | <u>2,565,259</u> |
| Deferred inflows of resources: | | |
| Service concession arrangements | | — |
| Net pension liability | | 110,163 |
| Net OPEB liability | | 43,671 |
| Unamortized gain on debt refunding | | — |
| Nonexchange transactions | | — |
| Others | | — |
| Total deferred inflows of resources | | <u>153,834</u> |
| Net Position: | | |
| Net investment in capital assets | | 433,979 |
| Restricted for: | | — |
| Nonexpendable – endowments | | — |
| Expendable: | | — |
| Scholarships and fellowships | | — |
| Research | | — |
| Loans | | — |
| Capital projects | | — |
| Debt service | | — |
| Others | | — |
| Unrestricted | | <u>2,522,572</u> |
| Total net position | | <u>\$ 2,956,551</u> |
| | See the accompanying independent's auditor's report. | |

Santos Manuel Student Union of California State University, San Bernardino

Schedule of Revenues, Expenses, and Changes in Net Position

June 30, 2019

(for inclusion in the California State University)

| | | |
|--|----|---------------------|
| 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 | | 7,086,626 |
| Total operating revenues | | <u>7,086,626</u> |
| Expenses: | | |
| Operating expenses: | | |
| Instruction | | — |
| Research | | — |
| Public service | | — |
| Academic support | | — |
| Student services | | 3,217,620 |
| Institutional support | | — |
| Operation and maintenance of plant | | — |
| Student grants and scholarships | | — |
| Auxiliary enterprise expenses | | 2,875,873 |
| Depreciation and amortization | | 55,847 |
| Total operating expenses | | <u>6,149,340</u> |
| Operating income (loss) | | <u>937,286</u> |
| 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 | | 63,783 |
| Endowment income (loss), net | | — |
| Interest expense | | — |
| Other nonoperating revenues (expenses) - excl. interagency transfers | | — |
| Other nonoperating revenues (expenses) - interagency transfers | | — |
| Net nonoperating revenues (expenses) | | <u>63,783</u> |
| Income (loss) before other revenues (expenses) | | 1,001,069 |
| State appropriations, capital | | — |
| Grants and gifts, capital | | — |
| Additions (reductions) to permanent endowments | | — |
| Increase (decrease) in net position | | 1,001,069 |
| Net position: | | |
| Net position at beginning of year, as previously reported | | 1,955,482 |
| Restatements | | |
| Net position at beginning of year, as restated | | 1,955,482 |
| Net position at end of year | | <u>\$ 2,956,551</u> |

See the accompanying independent's auditor's report.

Santos Manuel Student Union of California State University, San Bernardino
Other Information
June 30, 2019
(for inclusion in the California State University)

1 Cash and cash equivalents:

| | | |
|--|-----------|----------|
| Portion of restricted cash and cash equivalents related to endowment | \$ | - |
| All other restricted cash and cash equivalent | - | - |
| Noncurrent restricted cash and cash equivalents | - | - |
| Current cash and cash equivalent: | - | - |
| Total | \$ | - |

2.1 Composition of investments:

| | Current | Noncurrent | Total |
|--|---------------------|-------------|---------------------|
| 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 type | - | - | - |
| Other external investment pools (excluding SWIFT) | - | - | - |
| Other investments | - | - | - |
| State of California Local Agency Investment Fund (LAIF) | 1,036,807 | - | 1,036,807 |
| State of California Surplus Money Investment Fund (SMIF) | - | - | - |
| Total investments | 1,036,807 | - | 1,036,807 |
| Less endowment investments (enter as negative number) | - | - | - |
| Total investments, net of endowments | \$ 1,036,807 | \$ - | \$ 1,036,807 |

2.2 Fair value hierarchy in investments:

| | Total | 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 type | - | - | - | - | - |
| Other external investment pools (excluding SWIFT) | - | - | - | - | - |
| Other investments | - | - | - | - | - |
| State of California Local Agency Investment Fund (LAIF) | 1,036,807 | - | - | - | 1,036,807 |
| State of California Surplus Money Investment Fund (SMIF) | - | - | - | - | - |
| Total investments | \$ 1,036,807 | - | - | - | 1,036,807 |

See the accompanying independent's auditor's report.

Santos Manuel Student Union of California State University, San Bernardino
Other Information
June 30, 2019
(for inclusion in the California State University)

2.3 Investments held by the University under contractual agreements:

| | Current | Noncurrent | Total |
|---|--------------|------------|--------------|
| Investments held by the University under contractual agreements (e.g CSU Consolidate SWIFT Inv pool): | \$ 2,795,289 | \$ - | \$ 2,795,289 |

3.1 Composition of capital assets:

| | Balance June 30, 2018 | Reclassifications | Prior Period Additions | Prior Period Retirements | Balance June 30, 2018 (Restated) | Additions | Retirements | Transfer of completed CWIP | Balance June 30, 2019 |
|---|--------------------------|-------------------|---------------------------|-----------------------------|--|-----------------|-------------|----------------------------------|--------------------------|
| Non-depreciable/Non-amortizable capital assets: | | | | | | | | | |
| Land and land improvement: | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | - |
| Works of art and historical treasure: | 33,500 | - | - | - | 33,500 | - | - | - | 33,500 |
| Construction work in progress (CWIP): | - | - | - | - | - | - | - | - | - |
| Intangible assets: | - | - | - | - | - | - | - | - | - |
| Rights and easements | - | - | - | - | - | - | - | - | - |
| Patents, copyrights and trademarks | - | - | - | - | - | - | - | - | - |
| Intangible assets in progress (PWIP) | - | - | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - | - | - |
| Other intangible assets | - | - | - | - | - | - | - | - | - |
| Total intangible assets | - | - | - | - | - | - | - | - | - |
| Total non-depreciable/non-amortizable capital assets | 33,500 | - | - | - | 33,500 | - | - | - | 33,500 |
| Depreciable/Amortizable capital assets: | | | | | | | | | |
| Buildings and building improvement | 152,896 | - | - | - | 152,896 | - | - | - | 152,896 |
| Improvements, other than building: | - | - | - | - | - | - | - | - | - |
| Infrastructure | - | - | - | - | - | - | - | - | - |
| Leasehold improvements: | 614,470 | - | - | - | 614,470 | - | - | - | 614,470 |
| Personal property: | - | - | - | - | - | - | - | - | - |
| Equipment | 530,357 | - | - | - | 530,357 | 44,451 | - | - | 574,808 |
| Library books and material: | - | - | - | - | - | - | - | - | - |
| Intangible assets: | - | - | - | - | - | - | - | - | - |
| Software and websites | - | - | - | - | - | - | - | - | - |
| Rights and easements | - | - | - | - | - | - | - | - | - |
| Patents, copyrights and trademarks | - | - | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - | - | - |
| Other intangible assets | - | - | - | - | - | - | - | - | - |
| Total intangible assets | - | - | - | - | - | - | - | - | - |
| Total depreciable/amortizable capital assets | 1,297,723 | - | - | - | 1,297,723 | 44,451 | - | - | 1,342,174 |
| Total capital assets | 1,331,223 | - | - | - | 1,331,223 | 44,451 | - | - | 1,375,674 |
| Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number) | | | | | | | | | |
| Buildings and building improvement | (24,597) | - | - | - | (24,597) | (5,097) | - | - | (29,694) |
| Improvements, other than building: | - | - | - | - | - | - | - | - | - |
| Infrastructure | - | - | - | - | - | - | - | - | - |
| Leasehold improvements: | (365,890) | - | - | - | (365,890) | (34,255) | - | - | (400,145) |
| Personal property: | - | - | - | - | - | - | - | - | - |
| Equipment | (495,361) | - | - | - | (495,361) | (16,495) | - | - | (511,856) |
| Library books and material: | - | - | - | - | - | - | - | - | - |
| Intangible assets: | - | - | - | - | - | - | - | - | - |
| Software and websites | - | - | - | - | - | - | - | - | - |
| Rights and easements | - | - | - | - | - | - | - | - | - |
| Patents, copyrights and trademarks | - | - | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - | - | - |
| Other intangible assets | - | - | - | - | - | - | - | - | - |
| Total intangible assets | - | - | - | - | - | - | - | - | - |
| Total accumulated depreciation/amortization | (885,848) | - | - | - | (885,848) | (55,847) | - | - | (941,695) |
| Total capital assets, net | \$ 445,375 | \$ - | \$ - | \$ - | \$ 445,375 | (11,396) | \$ - | \$ - | \$ 433,979 |

See the accompanying independent's auditor's report.

Santos Manuel Student Union of California State University, San Bernardino
Other Information
June 30, 2019
(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense:

| | |
|--|------------------|
| Depreciation and amortization expense related to capital asset | \$ 55,847 |
| Amortization expense related to other asset | - |
| Total depreciation and amortization | <u>\$ 55,847</u> |

4 Long-term liabilities:

| | Balance June 30, 2018 | Prior Period Adjustments/Reclas sifications | Balance June 30, 2018 (Restated) | Additions | Reductions | Balance June 30, 2019 | Current Portion | Noncurrent Portion |
|---|--------------------------|---|--|------------|--------------|--------------------------|-----------------|-----------------------|
| 1. Accrued compensated absences | \$ 128,735 | \$ - | \$ 128,735 | \$ 116,692 | \$ (102,371) | \$ 143,056 | \$ 71,528 | \$ 71,528 |
| 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: | | | | | | | | |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - |
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Santos Manuel Student Union of California State University, San Bernardino
Other Information
June 30, 2019
(for inclusion in the California State University)

6 Long-term debt obligations schedule:

| | Auxiliary revenue bonds (non-SRB related) | | | All other long-term debt obligations | | | Total long-term debt 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: | | | | | | | | | |
| 2020 | | | - | | | - | | | - |
| 2021 | | | - | | | - | | | - |
| 2022 | | | - | | | - | | | - |
| 2023 | | | - | | | - | | | - |
| 2024 | | | - | | | - | | | - |
| 2025 - 2029 | | | - | | | - | | | - |
| 2030 - 2034 | | | - | | | - | | | - |
| 2035 - 2039 | | | - | | | - | | | - |
| 2040 - 2044 | | | - | | | - | | | - |
| 2045 - 2049 | | | - | | | - | | | - |
| 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 | \$ 25,265 |
| Payments to University for other than salaries of University person | \$ 874,291 |
| Payments received from University for services, space, and program | \$ 308,137 |
| Gifts-in-kind to the University from discretely presented component uni | \$ - |
| Gifts (cash or assets) to the University from discretely presented component uni | \$ - |
| Accounts (payable to) University (enter as negative number) | \$ (300,065) |
| Other amounts (payable to) University (enter as negative number) | \$ - |
| Accounts receivable from University (enter as positive number) | \$ 65,826 |
| Other amounts receivable from University (enter as positive number) | \$ - |

8 Restatements/Prior period adjustments:

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

| Transaction # | Enter transaction description | Debit/(Credit) |
|----------------|-------------------------------|----------------|
| Transaction #1 | Enter transaction description | |
| Transaction #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 | 1,818,136 | 231,207 | - | - | - | 1,168,277 | - | 3,217,620 |
| Institutional support | - | - | - | - | - | - | - | - |
| Operation and maintenance of plant | - | - | - | - | - | - | - | - |
| Student grants and scholarships | - | - | - | - | - | - | - | - |
| Auxiliary enterprise expense: | 1,065,151 | 525,114 | 60,321 | 129,130 | - | 1,096,157 | - | 2,875,873 |
| Depreciation and amortization | - | - | - | - | - | - | 55,847 | 55,847 |
| Total operating expenses | \$ 2,883,287 | \$ 756,321 | \$ 60,321 | \$ 129,130 | \$ - | \$ 2,264,434 | \$ 55,847 | \$ 6,149,340 |

See the accompanying independent's auditor's report.

Santos Manuel Student Union of California State University, San Bernardino
 Other Information
 June 30, 2019
 (for inclusion in the California State University)

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

| | |
|--|---------|
| Deferred outflows - unamortized loss on refunding(s) | \$ - |
| Deferred outflows - net pension liability | 319,761 |
| Deferred outflows - net OPEB liability | 738,705 |
| Deferred outflows - others: | |

| | |
|---|---------------------|
| Total deferred outflows - other: | - |
| Total deferred outflows of resources | \$ 1,058,466 |

2. Deferred Inflows of Resources

| | |
|--|---------|
| Deferred inflows - service concession arrangement | \$ - |
| Deferred inflows - net pension liability | 110,163 |
| Deferred inflows - net OPEB liability | 43,671 |
| Deferred inflows - unamortized gain on debt refunding(s) | - |
| Deferred inflows - nonexchange transaction | - |
| Deferred inflows - others | |

| | |
|--|-------------------|
| Total deferred inflows - other: | - |
| Total deferred inflows of resources | \$ 153,834 |

See the accompanying independent's auditor's report.



ROGERS, ANDERSON, MALODY & SCOTT, LLP
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**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**

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California Society of
Certified Public Accountants

Independent Auditor's Report

Board of Directors of
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 Santos Manuel Student Union of CSU San Bernardino (Student Union), a nonprofit organization which comprise the statement of net position and cash flows for the year then ended June 30, 2019, and the related notes to the financial statements and have issued our report thereon dated September 13, 2019.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control over financial reporting that we consider to be a significant deficiency.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as item **2019-1** to be a significant deficiency.

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*.

Student Union's Response to Findings

The Student Union's responses to findings identified in our audit are described in the accompanying schedule of findings and responses. The Student Union's response were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
September 13, 2019

Santos Manuel Student Union of CSUSB
Schedule of Findings and Responses
For the Year ended June 30, 2019

2019-1 Segregation of Duties

Conditions and Criteria

During our audit of the Student Union, we noted a lack of segregation of duties in the University's accounting newly integrated process. In the current audit year, 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, 2019, the reorganization was still in process. Management is currently reviewing the roles and responsibilities of each staff as well as developing the appropriate processes and procedures for the new Accounting Services department to ensure that proper segregation of duties is in place.