

FINANCIAL STATEMENTS

June 30, 2018



CAL POLY POMONA



CSU MONTEREY BAY



CSU CHICO



CSU FULLERTON



SAN FRANCISCO STATE

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

CALIFORNIA STATE UNIVERSITY

Table of Contents

	Page
Letter from the Executive Vice Chancellor, Chief Financial Officer (Unaudited)	1
Independent Auditors' Report	2
Management's Discussion and Analysis (Unaudited)	5
Basic Financial Statements:	
Statement of Net Position	29
Statement of Revenues, Expenses, and Changes in Net Position	31
Statement of Cash Flows	32
Notes to Financial Statements	34
Required Supplementary Information:	
Schedule 1: Schedule of University's Proportionate Share of the Net Pension Liability and Related Ratios (Unaudited)	80
Schedule 2: Schedule of Employer Contributions Related to Pension (Unaudited)	81
Schedule 3: Schedule of University's Net Other Postemployment Benefits Liability and Related Ratios (Unaudited)	83
Schedule 4: Schedule of Employer Contributions Related to Other Postemployment Benefits (Unaudited)	84
Supplementary Information:	
Schedule 5: Systemwide Revenue Bond Program's Net Income Available for Debt Service	86
Schedule 6: Systemwide Revenue Bond Program's Residence and Dining Halls Operating Data by Campus (Unaudited)	87
Schedule 7: Systemwide Revenue Bond Program's Statement of Insurance Coverage (Unaudited)	89
Schedule 8: Campuses' Supplemental Information	90

LETTER FROM THE EXECUTIVE VICE CHANCELLOR, CHIEF FINANCIAL OFFICER

The California State University is an extraordinary system of 23 campuses providing an outstanding education to over 477,000 students in the college year 2017-18. The University is dedicated to providing opportunities and opening doors for our students to learn and grow. As the nation's largest and most diverse university, it has become the economic engine for California; creating jobs, companies, and innovation. With more than three million degrees awarded since inception, the majority of California's leaders and policymakers received their degrees from one of the 23 campuses of the California State University.

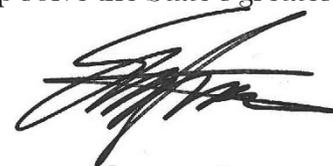
The investment of tax dollars into the California State University is the best investment Californians can make in their future. For every \$1 invested in the California State University, \$5.43 is invested by the University back into California's economy. This investment helps ensure an educated and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

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

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

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

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



STEVE RELYEA
EXECUTIVE VICE CHANCELLOR, CFO
THE CALIFORNIA STATE UNIVERSITY



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

Independent Auditors' Report

The Board of Trustees
California State University:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the California State University (the University), an agency of the State of California (the State), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of 87 of the 89 aggregate discretely presented component units, which reflect total assets constituting 93% and total revenues constituting 95% of the aggregate discretely presented component units totals. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the 87 discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of 45 discretely presented component units were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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



Opinion

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the California State University, as of June 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended, in accordance with U.S. generally accepted accounting principles.

Emphasis of Matters

As discussed in the notes to the financial statements, in fiscal year 2018, the California State University adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 5–28, the Schedules of University's proportionate share of the net pension liability and related ratios, and employer contributions related to pensions in Schedules 1 and 2, and the Schedule of University's net other postemployment benefits liability and related ratios, and employer contributions related to other postemployment benefits in Schedules 3 and 4, 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 Standard 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The supplementary information included in Schedules 5 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Schedules 5 and 8 is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, Schedules 5 and 8 is fairly stated in all material respects, in relation to the basic financial statements that collectively comprise the University's basic financial statements.

Schedules 6 and 7 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2019 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

KPMG LLP

Orange County, California
March 8, 2019

CALIFORNIA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2018

(Unaudited)

The Management's Discussion and Analysis provides an overview of the financial position and performance of the California State University (the University) as of and for the year ended June 30, 2018, including 23 campuses and the Office of the Chancellor (collectively referred to as the University), and 89 discretely presented component units. The discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes, which follow this section. Separate financial statements are issued for each of the discretely presented component units and may be obtained from the individual campuses.

The California State University

The University promotes student success through high-quality education that prepares students to become leaders in the changing workforce, making the University a vital economic engine for California.

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

The discretely presented component units of the University are primarily recognized auxiliary organizations. These nonprofit organizations are separate legal entities created to perform essential functions.

These functions are classified into the following categories:

- Student self-governance
- Student body center, union, and recreation center
- Externally supported research and sponsored programs
- Commercial services such as bookstores, food services, housing, or real estate development
- Philanthropic activities

Financial Statements

The financial statements of the University as of and for the year ended June 30, 2018 have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. For reporting purposes, the University is considered a special-purpose government engaged in business-type activities.

This discussion and analysis is intended to serve as an introduction to the University's basic financial statements: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The financial statements are designed to provide readers with a broad overview of the University's finances from all sources of revenue, in a manner similar to the private

CALIFORNIA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2018

(Unaudited)

sector. The University's discretely presented component units are presented in a separate column to enable the reader to distinguish between the University and these separate but related not-for-profit organizations.

Statement of Net Position

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

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

Statement of Revenues, Expenses and Changes in Net Position

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

Statement of Cash Flows

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

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

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

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

CALIFORNIA STATE UNIVERSITY
Management's Discussion and Analysis
June 30, 2018
(Unaudited)

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

Financial Position

The Statement of Net Position presents the financial position of the University and its discretely presented component units. The major components of the Statement of Net Position include assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. A condensed comparative Statements of Net Position follows:

	<u>University</u>		<u>Discretely presented component units</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(In thousands)			
Assets:				
Current assets	\$ 3,788,535	3,579,682	1,559,753	1,250,207
Capital assets, net	9,056,572	8,569,643	833,650	826,412
Other noncurrent assets	<u>1,915,548</u>	<u>2,469,600</u>	<u>2,358,674</u>	<u>2,308,958</u>
Total assets	<u>14,760,655</u>	<u>14,618,925</u>	<u>4,752,077</u>	<u>4,385,577</u>
Deferred outflows of resources	<u>3,752,587</u>	<u>1,829,367</u>	<u>37,782</u>	<u>29,972</u>
Liabilities:				
Current liabilities	1,426,526	1,385,123	517,734	340,458
Noncurrent liabilities	<u>29,756,004</u>	<u>15,007,323</u>	<u>1,014,903</u>	<u>981,540</u>
Total liabilities	<u>31,182,530</u>	<u>16,392,446</u>	<u>1,532,637</u>	<u>1,321,998</u>
Deferred inflows of resources	<u>1,504,986</u>	<u>17,394</u>	<u>45,034</u>	<u>13,058</u>
Net position:				
Net investment in capital assets	3,485,290	3,443,607	259,778	264,544
Restricted:				
Nonexpendable	1,708	1,746	1,274,214	1,174,814
Expendable	135,223	256,809	1,025,148	1,001,637
Unrestricted	<u>(17,796,495)</u>	<u>(3,663,710)</u>	<u>653,048</u>	<u>639,498</u>
Total net position	<u>\$ (14,174,274)</u>	<u>38,452</u>	<u>3,212,188</u>	<u>3,080,493</u>

The University's net position decreased by \$14.21 billion in 2018. The University adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in 2018. The changes in the accounting policy is designed to improve transparency by requiring recognition of the net other postemployment benefits (OPEB) liability, deferred inflows of resources, deferred outflows of resources, and report costs associated with OPEB as they are earned by employees instead of based on cash funding. Prior to this adoption, the costs associated with OPEB were equal to the actuarially determined Annual Required

CALIFORNIA STATE UNIVERSITY
Management's Discussion and Analysis
June 30, 2018
(Unaudited)

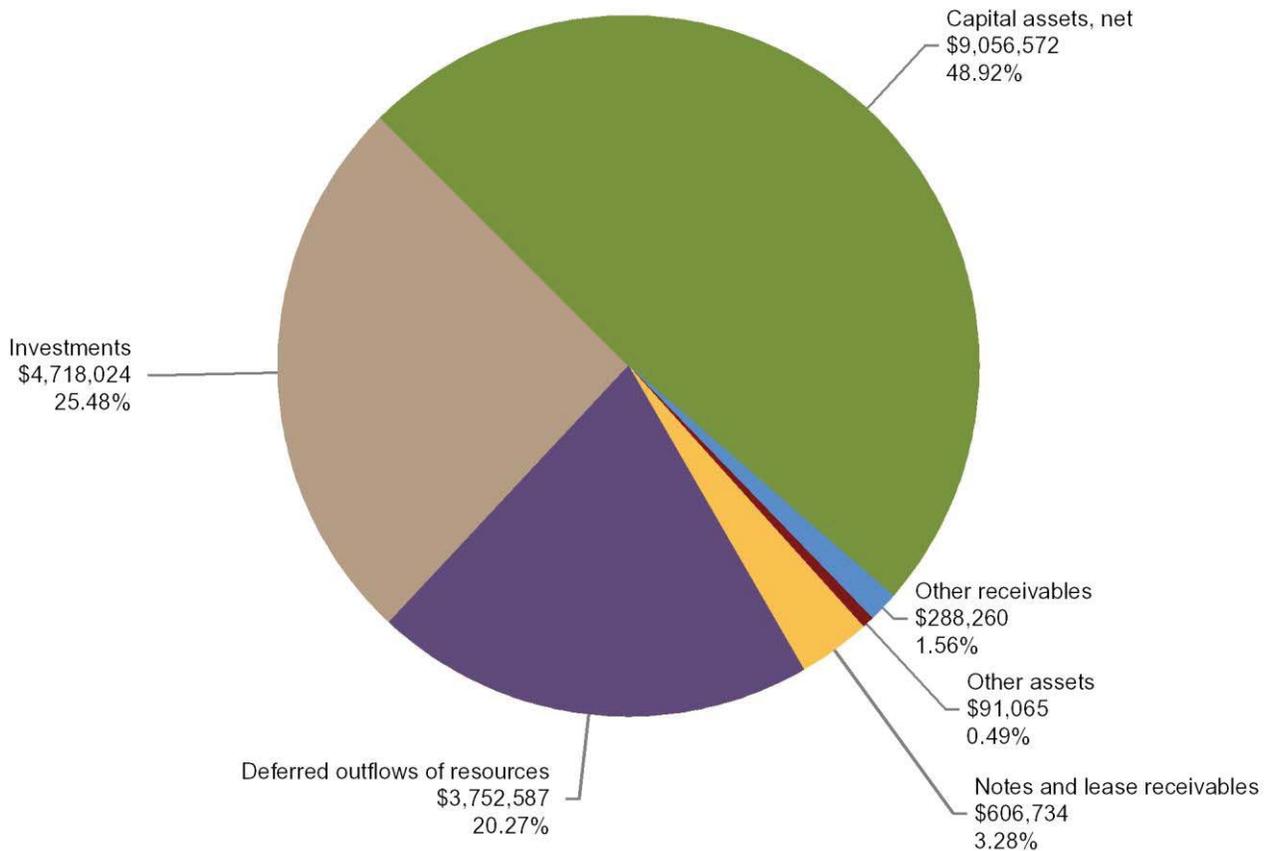
Contribution and recognized accrual of unfunded required contributions. This change in accounting policy was the primary reason for the decrease in net position.

The University's Financial Position

Assets and Deferred Outflows of Resources

Total assets increased from \$14.62 billion in 2017 to \$14.76 billion in 2018. Deferred outflows of resources increased from \$1.83 billion in 2017 to \$3.75 billion in 2018.

**Assets and Deferred Outflows of Resources
(In thousands)**



CALIFORNIA STATE UNIVERSITY
Management's Discussion and Analysis
June 30, 2018
(Unaudited)

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

Capital Assets, Net

The University's capital assets, net of accumulated depreciation and amortization, represents the largest portion of total assets. The University's capital assets, net of accumulated depreciation and amortization, are as follows:

	<u>2018</u>	<u>2017</u>
	(In thousands)	
Land and land improvements	\$ 273,340	268,821
Buildings and building improvements	6,468,331	6,432,766
Improvements other than buildings	211,300	202,100
Infrastructure	648,478	654,440
Equipment	232,830	225,538
Library books and materials	30,877	32,178
Works of art and historical treasures	47,231	44,713
Intangible assets	59,928	50,961
Construction work in progress	<u>1,084,257</u>	<u>658,126</u>
Total	<u>\$ 9,056,572</u>	<u>8,569,643</u>

The University continues to expand its campuses and renovate existing facilities to meet the needs of its students, faculty, and staff. The capital spending includes constructing and renovating academic buildings, student services, recreation centers, and housing facilities. Major projects in 2018 included the Pomona Student Housing Replacement, the San Bernardino Student Housing and Dining Commons, the San Diego Engineering and Interdisciplinary Sciences Complex, the Sacramento Student Housing, Phase II, and the San Luis Obispo Student Housing South project.

Investments

The University invests its funds mainly through the CSU Consolidated Investment Pool, whose objective is to maximize current income while ensuring asset safety and liquidity. In addition, funds are invested in Surplus Money Investment Fund (SMIF), which is managed by the State Treasurer to invest funds in a short-term pool.

Investments decreased from \$4.99 billion in 2017 to \$4.72 billion in 2018. Investments decreased due to capital project spending and debt service payments. This is offset by proceeds from issuance of Bond Anticipation Notes (BAN) and an increase in operating resources provided by the State through noncapital appropriations. The University's endowment investments comprise \$1.71 million of the total investments, with no significant change from prior year.

CALIFORNIA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2018

(Unaudited)

Effective January 1, 2017, changes were enacted to the Education and Government Code to expand the allowable investments, which resulted in establishment of the CSU Total Return Portfolio (TRP). Allowable investments now include mutual funds, including equity mutual funds. Under State law, investment of funds in the TRP is subject to the University meeting certain conditions regarding investment oversight, reporting, and use of earnings, and is to be phased in at no more than \$400 million as of June 2018, \$600 million as of June 2019, and thirty percent of eligible investments thereafter.

The University made an initial TRP investment of \$33.5 million in March 2018, and a subsequent investment of \$91.5 million in June 2018, with the goal of reaching the aggregate statutory limit of \$600 million in the first half of 2019. With the establishment of the TRP, the University expects that exposure in the value of its investments as a result of illiquidity or volatility in certain investment sectors of the financial markets will increase for a portion of its investments, but that such exposure is not expected to have a material adverse impact on gross investment income. Funds held in the University's investment program are subject to changes in market valuation.

Additional earnings from investment under the new authority (if any) shall be used only for capital outlay or maintenance, and shall not be used for ongoing operations.

Notes and Leases Receivable

The University has a program utilizing discretely presented component units to support a broad range of functions. In certain cases, the discretely presented component units are involved in the financing of campus facilities as well as off-campus facilities serving the needs of the campus. These facilities are mostly financed by SRB using either lease or loan arrangements.

In the loan arrangement, facilities are financed or refinanced by a loan of SRB proceeds from the University to the discretely presented component units pursuant to a loan agreement. Under the terms of the loan agreement, in return for the loan from the University, the component unit agrees to acquire, construct and/or maintain the facility and to repay the loan to the University. The outstanding loan balance is carried by the University as notes receivable. Notes receivable from discretely presented component units increased from \$341.25 million in 2017 to \$376.75 million in 2018. The increase of \$35.49 million is due mainly to the new loan agreements for construction of facilities in the University amounting to \$46.23 million. Current year notes receivable collections were \$10.74 million.

In a lease arrangement, the financed lease facility is leased from the University, as lessor, to discretely presented component units, as lessee. Under the lease arrangement, the lessee agrees to operate the facility and to make certain rental payment to the University. The leases receivable from discretely presented component units decreased from \$242.71 million in 2017 to \$220.58 million in 2018. The decrease is due to the current year leases receivable collections of \$22.13 million.

Other Receivables

Other receivables include accounts receivable, student loans receivable, and pledges receivable. The other receivables decreased from \$374.12 million in 2017 to \$288.26 million in 2018.

CALIFORNIA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2018

(Unaudited)

The accounts receivable from the State Public Works Board (SPWB) Lease Revenue Bond program for the capital outlay projects amounted to \$2.61 million and \$66.31 million in 2018 and 2017, respectively. The decrease of \$63.70 million is due mainly to restructuring of the agreement with SPWB which resulted in the change in capital outlay funding from SPWB Lease Revenue Bond program to the SRB program.

Accounts receivable from student accounts increased from \$68.44 million in 2017 to \$71.55 million in 2018 due to enrollment growth and higher tuition and fees effective in academic year 2017-2018.

The accounts receivable from the State for capital and noncapital appropriations decreased from \$54.95 million in 2017 to \$32.52 million in 2018. The decrease of \$22.42 million was primarily due to appropriation funds spent for constructions during the fiscal year.

Student loans receivable, decreased from \$77.24 million in 2017 to \$70.65 million in 2018. Receivable from students' Perkins loans decreased by \$8.17 million, offset by \$1.58 million increase in California Dream loans.

Deferred Outflows of Resources

Deferred outflows of resources are consumption of assets that are applicable to a future reporting period, which has a positive effect on the net position.

Deferred outflows of resources consist of the following transactions:

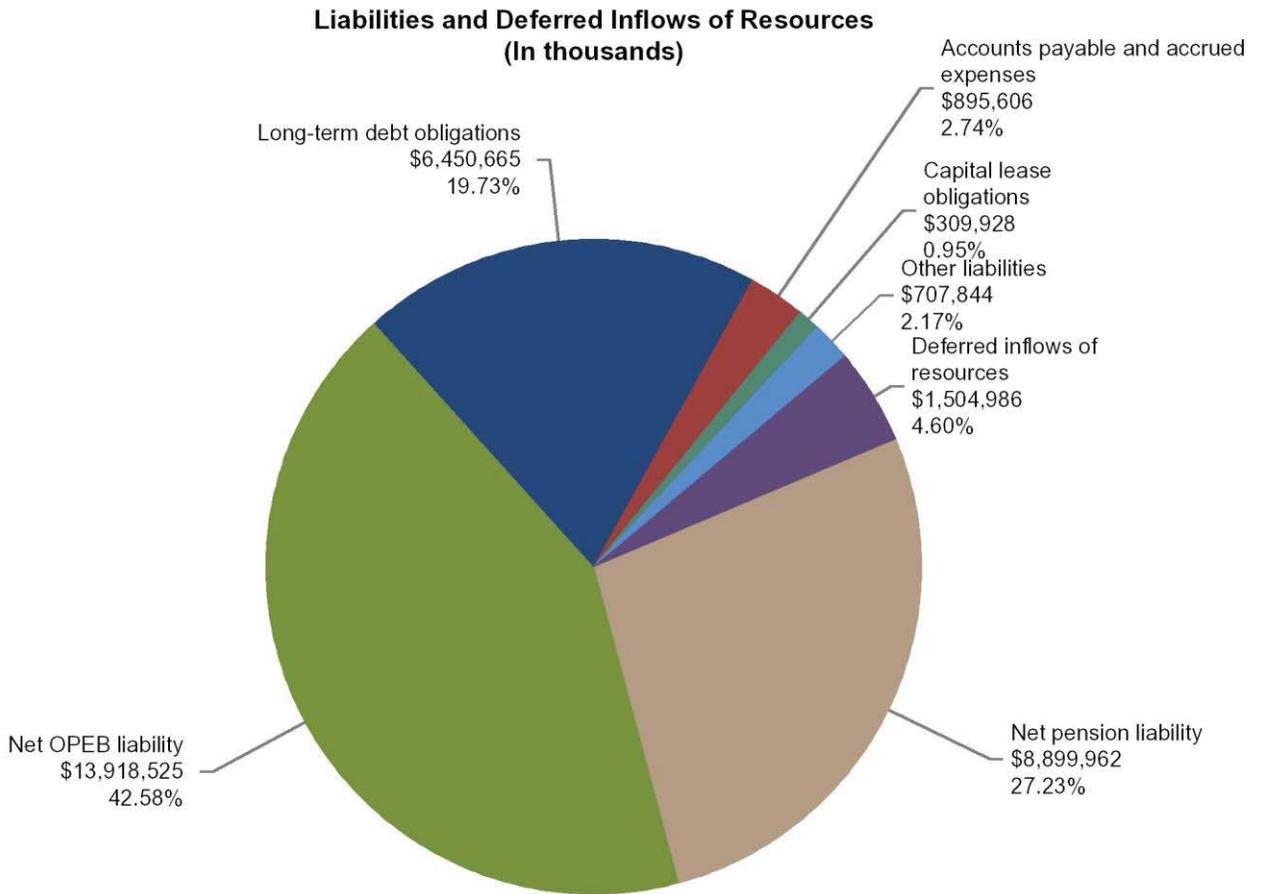
- *Loss on Debt Refunding* – The defeasance of previously outstanding systemwide revenue bonds results in deferring refunding losses. These deferred losses are recognized as a component of interest over the remaining life of the old debt or the life of the new debt, whichever is shorter.
- *Net Pension Liability* – Increases in the net pension liability that are not recognized as pension expenses for the reporting period are reported as deferred outflows of resources. The difference between expected and actual experience with regard to economic or demographic factors used by an actuary to determine total pension liability; and increases in the University's proportionate share of net pension liability, are recognized as pension expenses over the average of the expected remaining service lives of participating employees. A deferred outflow of resources is also reported when projected earnings on pension plan investments exceed actual earnings, with the net difference amortized to pension expense over a five-year period beginning in the current period. The employer contributions subsequent to measurement date are recognized as deferred outflows of resources related to pensions and reduction of net pension liability in the following year.
- *Net Other Postemployment Benefits (OPEB) Liability* – The employer contributions subsequent to measurement date are recognized as deferred outflows of resources and a reduction of net OPEB liability in the following year.

Deferred outflows of resources increased by \$1.92 billion from \$1.83 billion in 2017 to \$3.75 billion in 2018. In 2018, the deferred outflows of resources increased due to the University's share in the State's one-time supplemental pension contribution made subsequent to the measurement date, the OPEB contribution made subsequent to measurement date associated with the implementation of GASB Statement No. 75, the impact of higher proportionate share related to net pension liability in 2018, and the impact of the change in assumptions including the lowering of the discount rate in calculating the net pension liability.

CALIFORNIA STATE UNIVERSITY
Management's Discussion and Analysis
June 30, 2018
(Unaudited)

Liabilities and Deferred Inflows of Resources

Total liabilities of \$31.18 billion represent an increase of \$14.79 billion compared to \$16.39 billion in 2017. Deferred inflows of resources increased from \$17.39 million in 2017 to \$1.50 billion in 2018. The increase in liabilities and deferred inflows of resources were primarily due to implementation of GASB Statement No. 75.



Current liabilities (liabilities due within one year) and noncurrent liabilities (liabilities due in more than one year) include major components such as net pension liability, long-term debt obligations, accounts payable and accrued expenses, net OPEB liability, capital lease obligations, and other liabilities.

CALIFORNIA STATE UNIVERSITY
Management's Discussion and Analysis
June 30, 2018
(Unaudited)

Net OPEB Liability

The State has a Retiree Health Benefits Program with CalPERS as an agent multiple-employer defined-benefit plan and CalPERS functions as the investment and administrative agent for its members. The University, as a state agency, participates in the State's Retiree Health Benefits Program.

The University implemented the new accounting standard for other postemployment benefits which requires recognition of the net OPEB liability. The ending net OPEB liability, recognized as a result of the implementation of GASB Statement No. 75, was \$13.92 billion. The OPEB benefits are funded on a pay-as-you-go basis as eligible participants retire and receive those benefits.

Net Pension Liability

The State's pension plans with CalPERS are agent multiple-employer defined-benefit pension plans and CalPERS functions as the investment and administrative agent for its members. The University, as a state agency, participates in the State's pension plans. The plans act as cost-sharing, multiple-employer defined-benefit pension plans for the University. The University's share in the net pension liability, which is actuarially determined, is based on its proportionate share in the total pensionable compensation of all the participating state agencies for the measurement period.

The net pension liability increased from \$7.73 billion in 2017 to \$8.90 billion in 2018. The \$1.17 billion increase is primarily due to a lower discount rate used to estimate net pension liability. The discount rate was reduced from 7.65% in 2017 to 7.15% in 2018.

Long-Term Debt Obligations

The University's capital assets are financed using the State's capital appropriations, SRB, leases, and reserves. BANs provide short-term financing for capital assets during the construction period. The University's total long-term debt obligations increased by \$9.09 million in 2018. The University's long-term debt obligations are summarized as follows:

	<u>2018</u>	<u>2017</u>
	(In thousands)	
Systemwide revenue bonds	\$ 5,692,563	5,826,473
Bond anticipation notes	169,205	600
Other long-term debt obligations	<u>12,813</u>	<u>8,583</u>
Total	5,874,581	5,835,656
Unamortized net bond premium	<u>576,084</u>	<u>605,917</u>
Total long-term debt obligations	6,450,665	6,441,573
Less current portion	<u>(144,174)</u>	<u>(122,026)</u>
Long-term debt obligations, net of current portion	<u>\$ 6,306,491</u>	<u>6,319,547</u>

CALIFORNIA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2018

(Unaudited)

- *Systemwide Revenue Bonds*

The University's SRB program issues revenue bonds to finance housing, parking, health centers, student body centers, continuing education facilities, and other special projects related to the educational mission of the University. The following revenues have been pledged as a security for outstanding SRB: student tuition fees, student housing fees, student body center fees, parking fees, health center facility fees, and fees from the continuing education program, as well as payments from various auxiliary organizations and special purpose government entities.

Historically, the State has funded academic facilities with proceeds from issuance of SPWB Lease Revenue Bonds and State General Obligation (GO) Bonds for which, in each case, the State made all debt service payments directly or through appropriations to the University.

Education Code Section 89770 provided the University with statutory authority to issue bonds to finance academic facilities, as well as providing the University with the ability to pledge additional revenues to support its debt obligations, including but not limited to student tuition fees. The student tuition fees were added to the gross revenues pledged to secure outstanding SRB.

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

The long-term debt obligations related to SRB decreased by \$133.91 million due to repayment of outstanding debt.

- *Bond Anticipation Notes*

New issuances of BANs amounted to \$169.64 million. Proceeds were used as short-term financing to acquire and construct capital assets.

- *State General Obligation Bonds*

The State's GO Bond program has provided capital funding for various projects of the University. The debt related to these projects is not allocated to the University by the State and is not recorded in the University's financial statements. The total GO Bonds carried by the State related to University projects decreased from \$2.32 billion in 2017 to \$2.24 billion in 2018. As a result of the enactment of Education Code Section 89770, the University's share continues to decrease as bonds are paid by the State with no new debt issued for capital facilities.

CALIFORNIA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2018

(Unaudited)

Accounts Payable and Accrued Expenses

Accrued expenses for salaries, benefits, and compensated absences decreased from \$638.34 million in 2017 to \$621.40 million in 2018.

Accounts payable increased from \$267.49 million in 2017 to \$274.20 million in 2018. The increase of \$6.71 million is due mainly to the increase in the number of capital projects that are currently in progress. These capital projects were primarily funded by SRB.

Capital Lease Obligations

The University has capital leases for campus facilities including computer, energy efficiency, and telecommunications equipment. The majority of the capital lease obligations are with the SPWB Lease Revenue Bond program for academic campus facilities. Capital lease obligations of the University decreased by \$43.52 million in 2018 due to current year payments of \$46.38 million and amortization of related premiums of \$0.27 million, offset by new capital lease obligations of \$3.12 million.

Other Liabilities

Other liabilities include unearned revenues, grants refundable, and depository accounts, increased from \$531.77 million in 2017 to \$707.84 million in 2018. In 2018, the State made a one-time \$6 billion supplemental pension payment to CalPERS as authorized by Government Code Section 20825. The supplemental pension payment is funded through a cash loan from mainly the State's Surplus Money Investment Fund (SMIF), which will be paid back by June 30, 2030. The loan was apportioned to the State retirement plans, including State Miscellaneous and Peace Officer and Firefighters. As a result, the University recognized \$156.28 million of loan payable to the State representing the University's share of the loan.

Deferred Inflows of Resources

Deferred inflows of resources are related to certain changes in net pension and net OPEB liabilities. Deferred inflows of resources increased related to changes in actuarial assumptions used in the OPEB liability actuarial valuation and the difference between expected and actual experience related to pension by \$1.42 billion and \$66.70 million, respectively.

Net Position

Net position may serve over time as a useful indicator of the University's financial position. Net position represents the residual interest in the University's assets and deferred outflows of resources after all liabilities and deferred inflows of resources are deducted.

CALIFORNIA STATE UNIVERSITY
Management's Discussion and Analysis
June 30, 2018
(Unaudited)

Net position by category is as follows:

	2018	2017
	(In thousands)	
Net investment in capital assets	\$ 3,485,290	3,443,607
Restricted:		
Nonexpendable	1,708	1,746
Expendable	135,223	256,809
Unrestricted	(17,796,495)	(3,663,710)
Total net position	\$ (14,174,274)	38,452

- *Net Investment in Capital Assets*

The net position category "Net investment in capital assets" represents the University's capital assets, net of accumulated depreciation and amortization, and also net of outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets and any related deferred outflows of resources. The net investment in capital assets increased from \$3.44 billion in 2017 to \$3.49 billion in 2018. The increase in 2018 reflects greater additions to net capital assets during the year than the associated increase in capital asset-related debt.

- *Restricted*

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

- i. *Restricted Nonexpendable*

The restricted nonexpendable net position is made up of the permanent endowment funds, the corpus of which may not be expendable. The University's foundations, which are discretely presented component units, hold the significant majority of the University-related endowments.

- ii. *Restricted Expendable*

Restricted expendable net position represents resources that are subject to external restrictions on how they may be used. Such restrictions are primarily related to scholarships and fellowships, research,

CALIFORNIA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2018

(Unaudited)

loans, capital projects, and debt service funds. The restricted expendable net position decreased due to spending for capital outlay projects and debt service payments.

- *Unrestricted*

The unrestricted net position represents all other net resources available to the University for general and educational obligations. Under U.S. generally accepted accounting principles, net position that is not subject to externally imposed restrictions governing their use must be classified as unrestricted for financial reporting purposes. Although unrestricted net position is not subject to externally imposed restrictions per accounting definitions, the predominant portions of the unrestricted net position are designated by statute for specific programs or projects related to certain revenue sources. The University, an agency of the State of California, consider statutory restrictions as internally imposed restrictions rather than externally imposed restrictions.

These designated resources are derived from fee collections and other activities that are designated for very specific purposes and are not to be repurposed and spent for other activities. For example, students pay fees, including housing, parking, and campus activities fees, all of which are to be used for specific designated purposes as described in the State of California Education Code. The University also has certain designated resources that represent amounts pledged to support the SRB program. The undesignated resources are mainly from the operating fund.

At June 30, 2018, unrestricted net position reflects a deficit of \$17.80 billion due primarily to the implementation of GASB Statement No. 68 (pension) during 2015, and the implementation of GASB Statement No. 75 (OPEB) in the current year. Unrestricted net position decreased \$14.13 billion in 2018, primarily due to the impact of implementing GASB Statement No. 75. These Statements require the University to record its share of the State's actuarially determined liabilities for pension and OPEB. Excluding the impact of these accounting changes, unrestricted net position increased by \$84.06 million or 3.02%, in 2018.

Unrestricted net position consisted of the following:

	<u>2018</u>	<u>2017</u>
	(In thousands)	
Unrestricted net position, as reported	\$ (17,796,495)	(3,663,710)
Impact of pension related activities	5,678,261	6,025,459
Impact of OPEB related activities	<u>14,989,933</u>	<u>425,888</u>
Unrestricted net position, excluding pension and OPEB	<u>\$ 2,871,699</u>	<u>2,787,637</u>
Designated unrestricted net position	\$ 2,070,901	2,146,228
Undesignated unrestricted net position	<u>800,797</u>	<u>641,409</u>
Unrestricted net position, excluding pension and OPEB	<u>\$ 2,871,698</u>	<u>2,787,637</u>

CALIFORNIA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2018

(Unaudited)

Discretely Presented Component Units' Financial Position

In 2018, the discretely presented component units managed \$4.75 billion, representing 24.35% of the University's \$19.51 billion combined total assets. In 2017, \$4.39 billion of assets were managed by the discretely presented component units, representing 23.08% of the combined total assets.

The philanthropic activities of the University are managed mostly by the discretely presented component units. The restricted cash and cash equivalents, pledges receivables, and endowment investments increased from \$1.73 billion in 2017 to \$1.86 billion in 2018. This represents 9.53% and 9.12% of the combined total assets for 2018 and 2017, respectively.

The claims liability for losses and loss adjustment expenses decreased from of \$74.57 million in 2017 to \$68.69 million in 2018. These are mainly the liabilities from the California State University Risk Management Authority, a discretely presented component unit.

The restricted net position, expendable and nonexpendable, of the discretely presented component units was \$2.30 billion, representing 94.38% of the combined restricted net position in 2018. In 2017, the restricted net position of discretely presented component units was \$2.18 billion, representing 89.38% of the combined restricted net position.

The combined University and discretely presented component units' net position reflects a deficit of \$10.96 billion in 2018 primarily due to the impact of implementing GASB Statement No. 75 when compared to \$3.12 billion in 2017.

CALIFORNIA STATE UNIVERSITY
Management's Discussion and Analysis
June 30, 2018
(Unaudited)

Results of Operations

The Statement of Revenues, Expenses and Changes in Net Position represents the University's and its discretely presented component units' result of operations. Major components are operating revenues, operating expenses, and nonoperating revenues (expenses). A condensed comparative presentation of the results of operations follows:

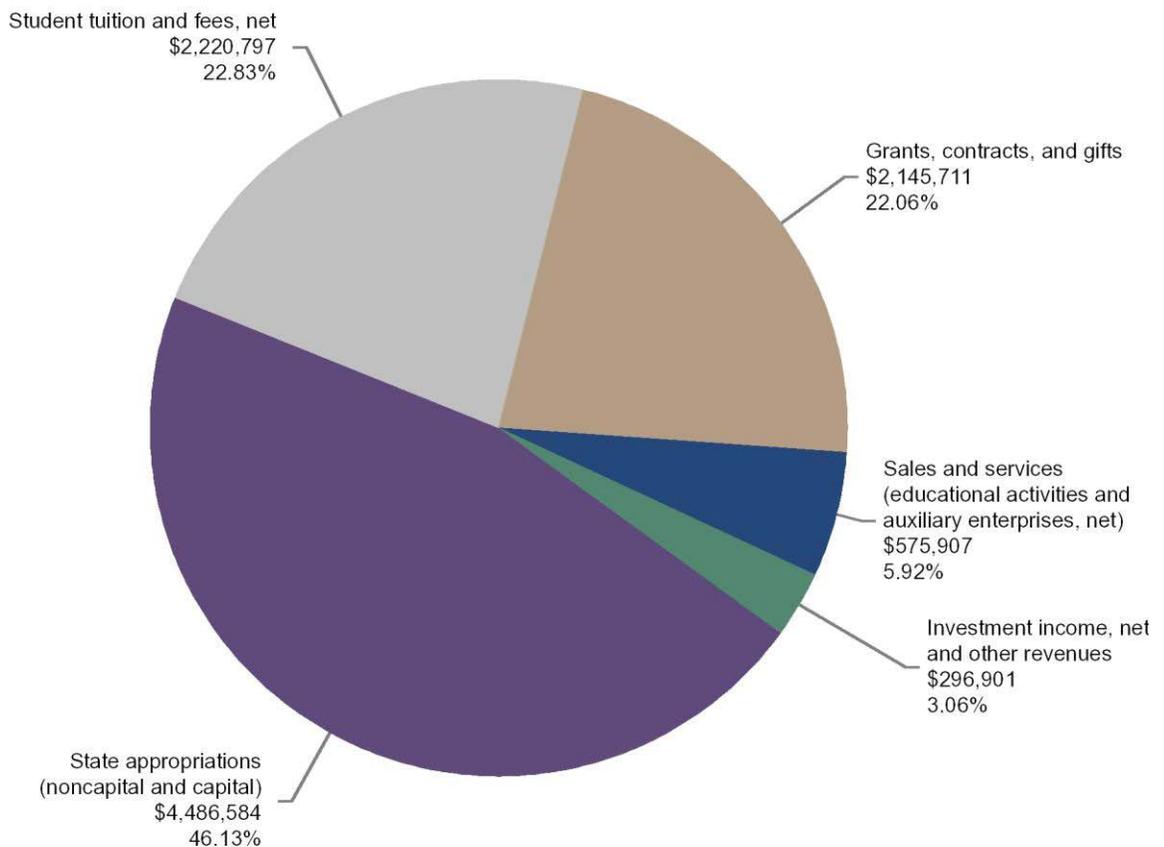
	<u>University</u>		<u>Discretely presented component units</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(In thousands)			
Operating revenues:				
Student tuition and fees, net	\$ 2,220,797	2,185,444	186,827	193,227
Grants and contracts, noncapital	77,792	71,277	569,289	526,196
Sales and services of educational activities	52,403	48,198	51,367	49,997
Sales and services of auxiliary enterprises, net	523,504	499,383	511,877	526,139
Other operating revenues	229,550	208,480	242,584	284,413
Total operating revenues	<u>3,104,046</u>	<u>3,012,782</u>	<u>1,561,944</u>	<u>1,579,972</u>
Operating expenses	<u>9,726,004</u>	<u>7,986,652</u>	<u>1,768,584</u>	<u>1,723,859</u>
Operating loss	<u>(6,621,958)</u>	<u>(4,973,870)</u>	<u>(206,640)</u>	<u>(143,887)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	4,486,584	3,258,252	—	—
Financial aid grants, noncapital	1,928,555	1,751,263	3,285	3,839
Grants and gifts, noncapital	65,411	58,413	194,827	197,152
Investment income, net	67,351	52,662	64,081	91,231
Endowment income, net	—	15	69,622	121,341
Interest expense	(224,909)	(204,095)	(21,343)	(19,001)
Other nonoperating expenses	(64,009)	(23,739)	(37,347)	(24,262)
Net nonoperating revenues	<u>6,258,983</u>	<u>4,892,771</u>	<u>273,125</u>	<u>370,300</u>
Income (loss) before other revenues (expenses)	(362,975)	(81,099)	66,485	226,413
State appropriations, capital	—	34,946	—	—
Grants and gifts, capital	73,953	50,256	13,643	11,372
Additions (reductions) to permanent endowments	<u>—</u>	<u>(6,876)</u>	<u>96,080</u>	<u>90,897</u>
Change in net position	(289,022)	(2,773)	176,208	328,682
Net position – beginning of year, as restated	<u>(13,885,252)</u>	<u>41,225</u>	<u>3,035,980</u>	<u>2,751,811</u>
Net position – end of year	<u>\$ (14,174,274)</u>	<u>38,452</u>	<u>3,212,188</u>	<u>3,080,493</u>

CALIFORNIA STATE UNIVERSITY
 Management's Discussion and Analysis
 June 30, 2018
 (Unaudited)

Revenues (Operating and Nonoperating)

The University's two largest sources of revenues are state appropriations and student tuition and fees, net, which accounted for a combined 68.96% and 66.72% of total revenues in 2018 and 2017, respectively. State appropriations are received for both noncapital and capital purposes.

**Revenues (Operating and Nonoperating)
 (In thousands)**



CALIFORNIA STATE UNIVERSITY
Management's Discussion and Analysis
June 30, 2018
(Unaudited)

The University's total revenues consisted of the following:

	<u>2018</u>	<u>Percentage of total</u>	<u>2017</u>	<u>Percentage of total</u>
	(In thousands)		(In thousands)	
State appropriations (noncapital and capital)	\$ 4,486,584	46.13 %	\$ 3,293,198	40.10 %
Student tuition and fees, net	2,220,797	22.83	2,185,444	26.61
Grants, contracts, and gifts	2,145,711	22.06	1,924,333	23.43
Sales and services (educational activities and auxiliary enterprises), net	575,907	5.92	547,581	6.67
Investment income, net and other revenues	296,901	3.06	261,157	3.19
Total revenues (operating and nonoperating)	<u>\$ 9,725,900</u>	<u>100.00 %</u>	<u>\$ 8,211,713</u>	<u>100.00 %</u>

State Appropriations (Noncapital and Capital)

The University's state appropriations (noncapital and capital) consisted of the following:

	<u>2018</u>	<u>2017</u>
	(In thousands)	
State appropriations, noncapital	\$ 3,451,874	3,258,252
State's contribution on behalf of the University for pension benefits	720,559	—
State's contribution on behalf of the University for OPEB	314,151	—
Total state appropriations, noncapital	4,486,584	3,258,252
State appropriations, capital	—	34,946
Total state appropriations (noncapital and capital)	<u>\$ 4,486,584</u>	<u>3,293,198</u>

The state noncapital appropriations increased from \$3.26 billion in 2017 to \$4.49 billion in 2018. The general state appropriations increased by \$193.62 million for Graduation Initiative 2025, State University Grants (SUG), employee compensation, SPWB capital lease obligations debt service, mandatory cost increases, and other miscellaneous support.

In addition to the general state appropriations, the State, on behalf of the University, contributed \$720.56 million of one-time supplemental payment to CalPERS to help reduce the net pension liability in accordance with

CALIFORNIA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2018

(Unaudited)

Government Code Section 20825. In 2018, the State also contributed \$314.15 million to pay for University retirees' health benefits.

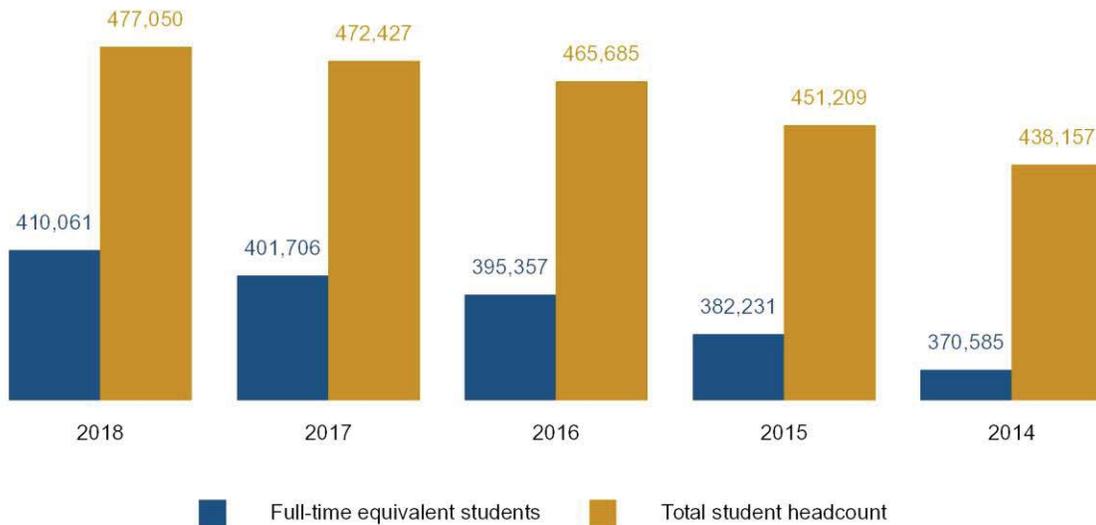
There was no state capital appropriations allocated in 2018; the \$34.95 million in 2017 was mainly for deferred maintenance projects.

Student Tuition and Fees, Net

Gross student tuition and fees increased from \$3.74 billion in 2017 to \$3.99 billion in 2018. The increase is due to student enrollment growth and higher tuition rates effective in academic year 2017-2018. Student headcount enrollment grew by 0.98% from 472,427 in 2017 to 477,050 in 2018, as reflected in the following chart. Full-time equivalent students grew by 2.08% from 401,706 in 2017 to 410,061 in 2018.

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

5-Year Enrollment



CALIFORNIA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2018

(Unaudited)

The increase in gross student tuition and fees was partially offset by an increase in scholarship allowances. The net student and tuition fees revenue increased by \$35.35 million in 2018 as a result of tuition increase for the Fall 2017 term together with growing student enrollment.

Scholarship allowances, mainly financial aid reported as an offset to the gross student tuition and fees, are the difference between the tuition and fees and the amount paid by the student and third parties on behalf of the student. The University's support for 2018 included an increase in aid to reduce the impact of the approved tuition increase. Scholarship allowances of \$1.77 billion and \$1.55 billion in 2018 and 2017, respectively, were netted against student tuition and fees. The increase is a combination of the effect of increases in eligible students and allowable aid per student.

Sales and Services (Educational Activities and Auxiliary Enterprise)

Sales and services of educational activities include revenues related incidentally to the conduct of instruction, research, and public service, and revenues for activities that exist to provide instructional and laboratory experience for students and that incidentally create goods and services that may be sold to faculty, students, staff, and the general public. Net revenues from sales and services of educational activities amounted to \$52.40 million, an increase from \$48.20 million in 2017.

Auxiliary enterprises exist predominantly to furnish goods or services to students, faculty, or staff, for a fee. Net revenues from sales and services of auxiliary enterprises, which are primarily for student housing and parking, amounted to \$523.50 million, which is a \$24.12 million increase when compared to 2017. The increase is due mainly to new student housing facilities which operated for the first time in 2018 and increases in housing occupancy, space rentals, and parking permits issued to students, faculty, and employees.

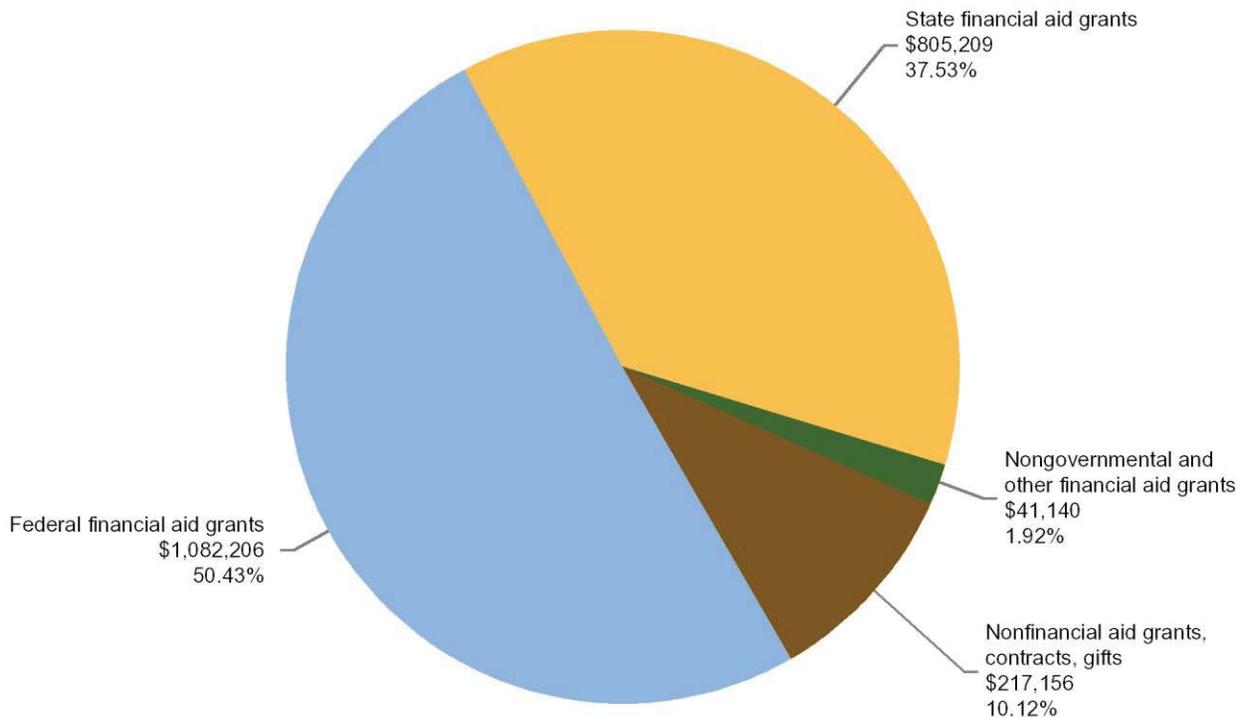
Grants, Contracts and Gifts

Grants, contracts and gifts revenues are derived substantially from the student financial aid grants from federal agencies, state agencies, and nongovernmental grantors. Major federal financial aid grants came from the Pell

CALIFORNIA STATE UNIVERSITY
Management's Discussion and Analysis
June 30, 2018
(Unaudited)

Grant, Supplemental Educational Opportunity Grant, and College Work Study. Major state financial aid grants came from Cal Grants and Middle Class Scholarship.

**Grants, Contracts and Gifts
(In thousands)**



Student financial aid grants of \$1.93 billion represent 89.88% of the University's total grants, contracts, and gifts revenues of \$2.15 billion for 2018. Federal and state agencies contributed \$1.89 billion representing 97.87% of the University's total student financial aid grants in 2018 and \$1.71 billion representing 97.81% in 2017. The financial aid increases are due to more eligible students and higher aid per student.

The remainder of the grants, contracts and gifts include nonfinancial aid grants, contracts, changes to permanent endowments, and gifts (capital and noncapital), which amounted to \$217.16 million, or 10.12%, of total grants, contracts, and gifts. It increased by \$44.09 million due mainly to new one-time grants and gifts from third parties received in 2018. Further, gifts received from discretely presented component units amounted to \$101.45 million, which is \$21.75 million higher compared to 2017. The University transferred endowment investments of \$6.88 million in 2017 to its discretely presented component units.

CALIFORNIA STATE UNIVERSITY
Management's Discussion and Analysis
June 30, 2018
(Unaudited)

Investment Income, Net and Other Revenues

Other operating revenues for the fiscal year of \$229.55 million is an increase of \$21.07 million compared to the prior year. This is mainly due to increase in revenues from cost recoveries from discretely presented component units and from special noncapital related projects.

Investment income for the fiscal year is \$67.35 million, which is \$14.69 million higher when compared to the prior year. This includes the return on investments from the CSU Consolidated Investment Pool and SMIF investments, realized gains or losses on the sale of securities, unrealized gains or losses in the fair value of securities, investment income from capital leases receivable, and capital related loans with discretely presented component units, and is offset by investment service charges.

Expenses (Operating and Nonoperating)

The University's total expenses of \$10.01 billion is comprised of operating expenses of \$9.73 billion, or 97.12%, and nonoperating expenses of \$288.92 million, or 2.88%.

Operating Expenses

When the mission-critical educational support activities of student services, academic support, student grants and scholarships, public service, and research are added to direct classroom instruction, the total instruction and educational support activities account for 70.60% of the 2018 total operating expenses of the University which was an increase from 2017, as shown below:

	<u>2018</u>	<u>Percentage</u>	<u>2017</u>	<u>Percentage</u>
	(In thousands)	of total	(In thousands)	of total
Instruction	\$ 3,767,929	38.74 %	\$ 2,853,923	35.73 %
Research	71,377	0.74	54,468	0.68
Public service	61,543	0.63	47,013	0.59
Academic support	982,493	10.10	810,610	10.15
Student services	1,091,912	11.23	885,908	11.09
Student grants and scholarships	891,169	9.16	844,019	10.57
Total instruction and educational support activities	6,866,423	70.60	5,495,941	68.81
Institutional support	1,045,903	10.75	903,730	11.31
Operation and maintenance of plant	861,988	8.86	720,859	9.03
Auxiliary enterprise expenses	449,959	4.63	385,618	4.83
Depreciation and amortization	501,731	5.16	480,504	6.02
Total operating expenses	<u>\$ 9,726,004</u>	<u>100.00 %</u>	<u>\$ 7,986,652</u>	<u>100.00 %</u>

CALIFORNIA STATE UNIVERSITY

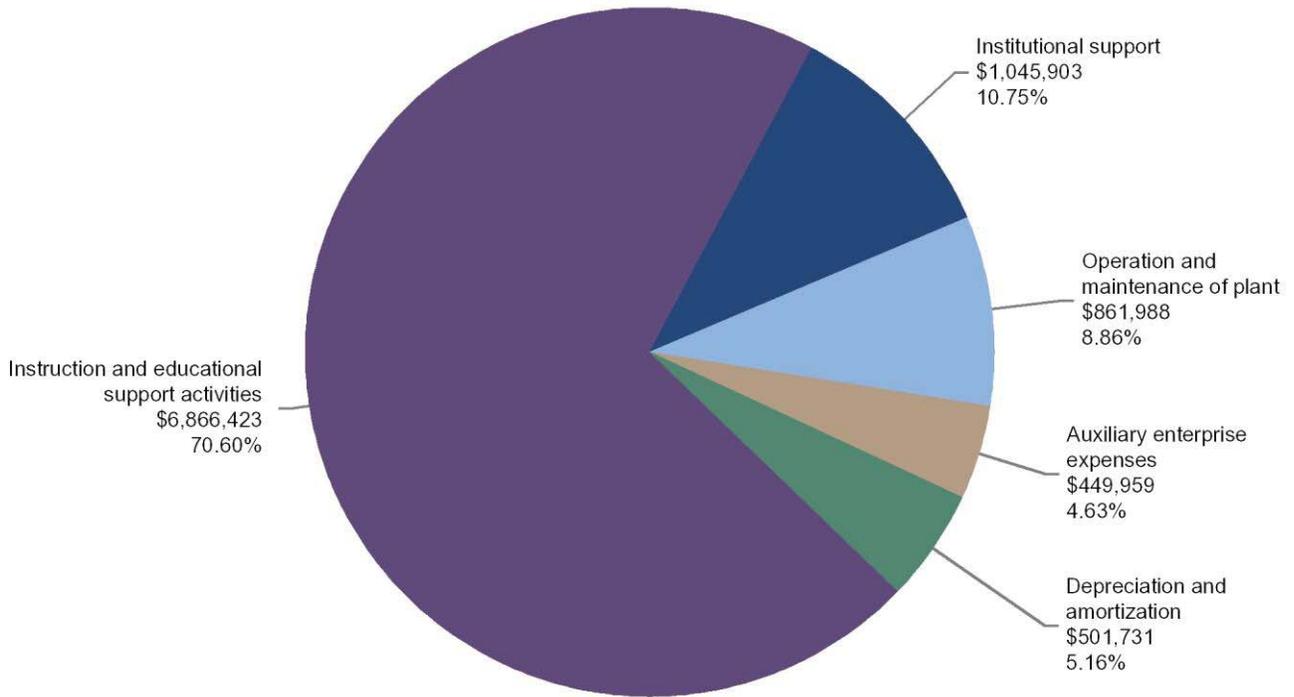
Management's Discussion and Analysis

June 30, 2018

(Unaudited)

The total operating expenses increased by \$1.74 billion in 2018. This is due primarily to an increase in benefits expense due primarily to the implementation of GASB Statement No. 75 and changes in assumptions related to pension, as well as overall growth in the University's operation.

**Operating Expenses
(In thousands)**



- **Salaries**

The University's salaries increased from \$3.37 billion in 2017 to \$3.61 billion in 2018. The increase of \$234.51 million is mainly comprised of \$184.26 million, or 78.57%, for instruction and educational support; \$22.85 million, or 9.75%, for institutional support; \$17.77 million, or 7.58%, for operation and maintenance of plant; and \$9.62 million, or 4.10%, for auxiliary enterprise. The combination of employee salary rate increases during the year and higher employee headcount contributed to the change in salary expenses.

CALIFORNIA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2018

(Unaudited)

- *Benefits*

The University's benefits increased from \$1.79 billion in 2017 to \$3.19 billion in 2018. The increase of \$1.40 billion is mainly comprised of \$1.13 billion, or 81.01%, for instruction and educational support; \$112.10 million, or 8.01%, for institutional support; \$118.56 million, or 8.48%, for operation and maintenance of plant; and \$35.03 million, or 2.50%, for auxiliary enterprise.

Benefits expense increased in 2018 primarily due to the implementation of GASB Statement No. 75. Expenses associated with OPEB benefits were previously recorded as a current year expense based on cash funding paid to the OPEB plan administrator. Implementation of GASB Statement No. 75 requires the University to record its share of the State's actuarially determined OPEB expense, representing OPEB subsidies earned during the year by eligible employees, together with interest on the total OPEB liability and current amortization of deferred changes in the liability. For 2018, the increase in expense due to the implementation of GASB Statement No. 75 was \$894.76 million. Benefits expense related to pension increased in 2018 by \$514.92 million due to amortization of deferred changes in liability, and higher service costs and related interest resulted from a lower discount rate in 2018.

- *Scholarships and Fellowships*

The scholarship and fellowship, which represents financial aid directly paid to students, increased from \$844.02 million in 2017 to \$891.17 million in 2018. The increase of \$47.15 million is mainly due to an increase in the number of students eligible for financial aid.

- *Supplies and Services*

The University's supplies and services increased from \$1.49 billion in 2017 to \$1.53 billion in 2018. The increase of \$37.64 million is mainly comprised of \$5.94 million, or 15.78%, for instruction and educational support; \$7.22 million, or 19.18%, for institutional support; \$4.80 million, or 12.74%, for operation and maintenance of plant; and \$19.69 million, or 52.30%, for auxiliary enterprise.

- *Depreciation and Amortization*

The depreciation and amortization expense increased from \$480.50 million in 2017 to \$501.73 million in 2018. The increase of \$21.23 million was due to the completion of construction projects for building, building improvements, improvements other than building, and infrastructure.

Other Nonoperating Expenses, Net

The University's other nonoperating expenses, net increased from \$23.74 million in 2017 to \$64.01 million in 2018. The change is mainly due to restructuring of the agreement with SPWB which resulted in the change in capital outlay funding from SPWB Lease Revenue Bond program to SRB program.

Discretely Presented Component Units' Results of Operations

The discretely presented component units managed \$2 billion of revenues, representing 17.08% of the University's \$11.73 billion combined total revenues. This is lower compared to the 20.33% in prior year due to decrease in endowment income of \$51.72 million resulted from changes in investment market conditions.

CALIFORNIA STATE UNIVERSITY

Management's Discussion and Analysis

June 30, 2018

(Unaudited)

The discretely presented component units managed \$781.04 million grants contracts, and gifts revenues, representing 26.69% of the \$2.15 billion combined total. Discretely presented component units fund many student co-curricular activities, administer research programs, raise funds, operate student unions, offer recreational programs, coordinate commercial enterprises, and develop public-private partnerships on behalf of the University.

Factors Impacting Future Periods

University Support Budget Plan for Fiscal year 2018–2019

The University's \$6.82 billion total operating budget for fiscal year 2018-2019 is funded primarily from two sources: \$3.75 billion from State general fund appropriations and \$3.07 billion of net tuition and fee revenues.

The fiscal year 2018-2019 budget includes an augmentation of \$317.27 million for the following:

- \$120 million for one-time enrollment support
- \$106.64 million for employee compensation
- \$75 million for the Graduation Initiative 2025
- \$15.63 million for mandatory cost increases (e.g., health benefits, operation and maintenance of new facilities)

University Support Budget Plan for Fiscal year 2019–2020

In the proposed 2019-20 budget released in January 2019, the Governor proposed an ongoing increase of \$300 million for the University to fund Graduation Initiative 2025, enrollment growth and employee compensation and mandatory costs. The governor is also proposing one-time allocation of \$247 million to assist the University in addressing a growing backlog of maintenance for aging facilities across the 23 campuses, and \$15 million to help support the basic needs of students.

Subsequent Events

The following information describes significant events that occurred subsequent to June 30, 2018, but prior to the date of the auditor's report.

- *SRB Issuance*

In August 2018, the University issued \$492.69 million of SRB Series 2018A (Tax Exempt) and \$171 million of SRB Series 2018B (Taxable). The new bonds were issued to fund various capital projects, redeem maturing BANs, refund outstanding SRB Series 2008A bonds, and pay related issuance costs.

- *BAN Issuance*

In October 2018 and December 2018, the University issued \$20 million of BANs to finance the various capital outlay projects and \$36.52 million of BANs for the Sonoma State Petaluma Acquisition project, respectively. In January 2019, the University issued \$52.15 million of BANs for the Five-Year Facilities Renewal and Improvement Plan.

CALIFORNIA STATE UNIVERSITY

Statement of Net Position

June 30, 2018

(In thousands)

Assets	University	Discretely presented component units	Total
	<u> </u>	<u> </u>	<u> </u>
Current assets:			
Cash and cash equivalents	\$ 2,721	267,648	270,369
Short-term investments	3,513,293	785,290	4,298,583
Accounts receivable, net	178,036	221,644	399,680
Capital lease receivable, current portion	11,384	1,857	13,241
Notes receivable, current portion	14,783	170,145	184,928
Pledges receivable, net	2,240	77,896	80,136
Prepaid expenses and other current assets	66,078	35,273	101,351
Total current assets	<u>3,788,535</u>	<u>1,559,753</u>	<u>5,348,288</u>
Noncurrent assets:			
Restricted cash and cash equivalents	103	39,908	40,011
Accounts receivable, net	37,337	18,378	55,715
Capital lease receivable, net of current portion	218,229	61,275	279,504
Notes receivable, net of current portion	362,338	25,712	388,050
Student loans receivable, net	70,647	557	71,204
Pledges receivable, net	—	126,477	126,477
Endowment investments	1,708	1,616,205	1,617,913
Other long-term investments	1,203,023	433,293	1,636,316
Capital assets, net	9,056,572	833,650	9,890,222
Other assets	22,163	36,869	59,032
Total noncurrent assets	<u>10,972,120</u>	<u>3,192,324</u>	<u>14,164,444</u>
Total assets	<u>14,760,655</u>	<u>4,752,077</u>	<u>19,512,732</u>
Deferred Outflows of Resources			
Deferred outflows of resources	<u>3,752,587</u>	<u>37,782</u>	<u>3,790,369</u>
Liabilities			
Current liabilities:			
Accounts payable	274,204	92,403	366,607
Accrued salaries and benefits	395,409	30,022	425,431
Accrued compensated absences, current portion	126,093	15,424	141,517
Unearned revenues	327,235	77,605	404,840
Capital lease obligations, current portion	19,783	11,492	31,275
Long-term debt obligations, current portion	144,174	184,597	328,771
Claims liability for losses and loss adjustment expenses, current portion	—	19,385	19,385
Depository accounts	9,850	14,416	24,266
Other liabilities	129,778	72,390	202,168
Total current liabilities	<u>\$ 1,426,526</u>	<u>517,734</u>	<u>1,944,260</u>

CALIFORNIA STATE UNIVERSITY

Statement of Net Position

June 30, 2018

(In thousands)

	<u>University</u>	<u>Discretely presented component units</u>	<u>Total</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	\$ 99,900	5,554	105,454
Unearned revenues	10,149	15,036	25,185
Grants refundable	69,919	3,404	73,323
Capital lease obligations, net of current portion	290,145	237,440	527,585
Long-term debt obligations, net of current portion	6,306,491	429,426	6,735,917
Claims liability for losses and loss adjustment expenses, net of current portion	—	49,303	49,303
Depository accounts	2,283	21,253	23,536
Net other postemployment benefits liability	13,918,525	121,645	14,040,170
Net pension liability	8,899,962	82,280	8,982,242
Other liabilities	158,630	49,562	208,192
	<u>29,756,004</u>	<u>1,014,903</u>	<u>30,770,907</u>
Total noncurrent liabilities			
Total liabilities	<u>31,182,530</u>	<u>1,532,637</u>	<u>32,715,167</u>
Deferred Inflows of Resources			
Deferred inflows of resources	<u>1,504,986</u>	<u>45,034</u>	<u>1,550,020</u>
Net Position			
Net position:			
Net investment in capital assets	3,485,290	259,778	3,745,068
Restricted for:			
Nonexpendable – endowments	1,708	1,274,214	1,275,922
Expendable:			
Scholarships and fellowships	19,631	261,958	281,589
Research	111	21,046	21,157
Loans	18,426	3,279	21,705
Capital projects	47,929	75,162	123,091
Debt service	27,974	8,260	36,234
Others	21,152	655,443	676,595
Unrestricted	<u>(17,796,495)</u>	<u>653,048</u>	<u>(17,143,447)</u>
Total net position	<u>\$ (14,174,274)</u>	<u>3,212,188</u>	<u>(10,962,086)</u>

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2018

(In thousands)

	<u>University</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenues:				
Operating revenues:				
Student tuition and fees (net of University scholarship allowances of \$1,772,436)	\$ 2,220,797	186,827	(16,350)	2,391,274
Grants and contracts, noncapital:				
Federal	44,527	372,831	(172)	417,186
State	14,785	103,387	(588)	117,584
Local	4,148	24,525	—	28,673
Nongovernmental	14,332	68,546	(1,610)	81,268
Sales and services of educational activities	52,403	51,367	(3,550)	100,220
Sales and services of auxiliary enterprises (net of University scholarship allowances of \$110,850)	523,504	511,877	(108)	1,035,273
Other operating revenues	229,550	242,584	(5,678)	466,456
Total operating revenues	<u>3,104,046</u>	<u>1,561,944</u>	<u>(28,056)</u>	<u>4,637,934</u>
Expenses:				
Operating expenses:				
Instruction	3,767,929	157,329	(1,605)	3,923,653
Research	71,377	222,053	(12)	293,418
Public service	61,543	189,865	(3,814)	247,594
Academic support	982,493	83,694	(3,859)	1,062,328
Student services	1,091,912	186,605	(15,086)	1,263,431
Institutional support	1,045,903	262,572	(29,675)	1,278,800
Operation and maintenance of plant	861,988	54,077	(9,626)	906,439
Student grants and scholarships	891,169	70,329	(37,047)	924,451
Auxiliary enterprise expenses	449,959	489,456	(19,337)	920,078
Depreciation and amortization	501,731	52,604	—	554,335
Total operating expenses	<u>9,726,004</u>	<u>1,768,584</u>	<u>(120,061)</u>	<u>11,374,527</u>
Operating loss	<u>(6,621,958)</u>	<u>(206,640)</u>	<u>92,005</u>	<u>(6,736,593)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	4,486,584	—	—	4,486,584
Federal financial aid grants, noncapital	1,082,206	1,510	(29)	1,083,687
State financial aid grants, noncapital	805,209	1,266	—	806,475
Local financial aid grants, noncapital	—	170	—	170
Nongovernmental and other financial aid grants, noncapital	41,140	339	(21,519)	19,960
Other federal nonoperating grants, noncapital	4,025	—	—	4,025
Gifts, noncapital	61,386	194,827	(46,065)	210,148
Investment income, net	67,351	64,081	—	131,432
Endowment income, net	—	69,622	—	69,622
Interest expense	(224,909)	(21,343)	—	(246,252)
Other nonoperating expenses	(64,009)	(37,347)	30,995	(70,361)
Net nonoperating revenues	<u>6,258,983</u>	<u>273,125</u>	<u>(36,618)</u>	<u>6,495,490</u>
Income (loss) before other revenues	<u>(362,975)</u>	<u>66,485</u>	<u>55,387</u>	<u>(241,103)</u>
Grants and gifts, capital	73,953	13,643	(55,387)	32,209
Additions to permanent endowments	—	96,080	—	96,080
Increase (decrease) in net position	<u>(289,022)</u>	<u>176,208</u>	<u>—</u>	<u>(112,814)</u>
Net position:				
Net position at beginning of year, as restated	<u>(13,885,252)</u>	<u>3,035,980</u>	<u>—</u>	<u>(10,849,272)</u>
Net position at end of year	\$ <u>(14,174,274)</u>	<u>3,212,188</u>	<u>—</u>	<u>(10,962,086)</u>

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>University</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 2,226,545
Federal grants and contracts	48,136
State grants and contracts	13,972
Local grants and contracts	4,147
Nongovernmental grants and contracts	14,303
Payments to suppliers	(1,539,156)
Payments to employees	(5,332,515)
Payments to students	(892,485)
Collections of student loans	621
Sales and services of educational activities	52,714
Sales and services of auxiliary enterprises	517,109
Other receipts	236,114
	<hr/>
Net cash used in operating activities	(4,650,495)
	<hr/>
Cash flows from noncapital financing activities:	
State appropriations	3,450,531
Federal financial aid grants	1,080,712
State financial aid grants	805,223
Nongovernmental and other financial aid grants	41,180
Other federal nonoperating grants	3,739
Gifts and grants received for other than capital purposes	61,830
Federal loan program receipts	1,507,207
Federal loan program disbursements	(1,506,832)
Monies received on behalf of others	146,862
Monies disbursed on behalf of others	(134,304)
Principal paid on long-term debt	(15,149)
Interest paid on long-term debt	(20,953)
Issuance of notes receivable	(46,706)
Principal collections on capital leases	5,235
Interest collections on capital leases	10,111
Principal collections on notes receivable	10,627
Interest collections on notes receivable	17,533
Other noncapital financing activities	(21,085)
	<hr/>
Net cash provided by noncapital financing activities	5,395,761
	<hr/>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	168,039
State appropriations	23,971
State appropriations – SPWB Lease Revenue Bond program	13,786
Capital grants and gifts	58,613
Proceeds from sale of capital assets	5,193
Acquisition of capital assets	(913,371)
Principal paid on capital debt and leases	(167,998)
Interest paid on capital debt and leases	(283,372)
Principal collection on capital leases	18,032
Interest collection on capital leases	1,022
	<hr/>
Net cash used in capital and related financing activities	(1,076,085)
	<hr/>

CALIFORNIA STATE UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>University</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 9,615,494
Purchases of investments	(9,359,378)
Investment income proceeds	67,758
	<hr/>
Net cash provided by investing activities	323,874
	<hr/>
Net decrease in cash and cash equivalents	(6,945)
Cash and cash equivalents at beginning of year	9,769
	<hr/>
Cash and cash equivalents at end of year	\$ 2,824
	<hr/>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 2,721
Restricted cash and cash equivalents	103
	<hr/>
Total cash and cash equivalents at end of year	\$ 2,824
	<hr/>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (6,621,958)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	501,731
Change in assets and liabilities:	
Accounts receivable, net	(13,213)
Student loans receivable, net	(2,329)
Prepaid expenses and other current assets	(10,109)
Other assets	2,182
Deferred outflows of resources	(404,597)
Accounts payable	1,604
Accrued salaries and benefits	18,700
Accrued compensated absences	(34,003)
Unearned revenues	9,608
Depository accounts	344
Net other postemployment benefits liability	(764,895)
Net pension liability	1,166,037
Other liabilities	12,812
Deferred inflows of resources	1,487,591
	<hr/>
Net cash used in operating activities	\$ (4,650,495)
	<hr/>
Supplemental schedule of noncash transactions:	
State's contribution for pension benefits	\$ 720,559
State's contribution for OPEB	314,151
Expenses resulting from restructuring agreement with SPWB	49,909
BAN proceeds paid directly to escrow agent by bank	48,706
Amortization of net bond premium	30,100
Change in accrued capital asset purchases	16,511
Contributed capital assets	15,580
Acquisition of capital assets through long term debt	8,055
Amortization of loss on debt refundings	6,198
Acquisition of capital assets through capital lease	2,448
Gifts in kind	1,398

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

(1) Organization

California State University (the University) was established under the State of California Education Code as a public university to offer undergraduate and graduate instruction for professional and occupational goals emphasizing a broad liberal arts education. As an agency of the State of California (the State), the University is also included in the State's financial statements. Responsibility for the University is vested in the Trustees of California State University (the Trustees) who, in turn, appoint the Chancellor, who is the chief executive officer of the University, and the University presidents, who are the chief executive officers of the respective campuses. In addition to the Office of the Chancellor, the following 23 campuses comprise the California State University at June 30, 2018:

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

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

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

(2) Summary of Significant Accounting Policies

(a) Financial Reporting Entity

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

In addition, the accompanying financial statements include the accounts of the 89 discretely presented component units, which are primarily University-related recognized auxiliary organizations. These discretely presented component units are legally separate entities that provide services primarily to the University and its students. Recognized auxiliary organizations include foundations, associated students, student unions, auxiliary services, university corporations, and similar organizations. Foundations, whose net position comprises approximately 78.91% of the discretely presented component unit totals, carry out a variety of campus-related activities. Such activities consist primarily of administering grants from governmental and private agencies for research, as well as soliciting and accepting donations, gifts, and bequests for University-related use. Separate financial statements are issued for each of the discretely presented component units and may be obtained from the individual campuses.

The discretely presented component units are as follows:

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

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

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

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

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

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

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

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

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

(b) Basis of Presentation

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

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

(c) New Accounting Pronouncements

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for the University's fiscal year beginning July 1, 2018. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. The University is evaluating the effect GASB Statement No. 83 will have on its financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, effective for the University's fiscal year beginning July 1, 2019. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefits) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust fund or equivalent arrangement that meets specific criteria. The University is evaluating the effect GASB Statement No. 84 will have on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*, effective for the University's fiscal year beginning July 1, 2020. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The University is evaluating the effect GASB Statement No. 87 will have on its financial statements.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placements, effective for the University's fiscal year beginning July 1, 2019. This Statement requires that additional essential information related to debt, arising from contractual obligations, be disclosed in notes to financial statements, including (1) unused lines of credit, (2) assets pledged as collateral for the debt, and (3) terms specified in debt agreements related to significant events of default with finance related consequences, and significant subjective acceleration clauses. It also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The University is evaluating the effect GASB Statement No. 88 will have on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the University's fiscal year beginning July 1, 2020. This Statement requires that interest cost incurred before the end of the construction period be recognized as an expense in the period in which the cost is incurred. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The University is evaluating the effect GASB Statement No. 89 will have on its financial statements.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests*, effective for the University's fiscal year beginning July 1, 2019. This Statement modifies previous guidance for reporting a government's majority equity interest in a legally separate organization. When a majority equity interest meets the definition of an investment as defined by GASB, the equity interest is to be reported as an investment for financial reporting purposes and measured using the equity method. Majority equity interests that do not meet the definition of an investment are to be reported as a component unit. This Statement also provides guidance for valuing the acquisition of assets and liabilities of 100% equity interests that remain legally separate, and brings this reporting in line with existing standards that apply to acquisitions that do not remain legally separate. The University is evaluating the effect GASB Statement No. 90 will have on its financial statements.

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

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

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

The University considers highly liquid investments with an original maturity date of three months or less to be cash and cash equivalents. The University considers amounts included in the California State University (CSU) Consolidated Investment Pool to be investments.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

The Statement of Cash Flows does not include the cash flows of the discretely presented component units. Certain discretely presented component units are also participants in the CSU Consolidated Investment Pool. The University considers changes in the equity in the CSU Consolidated Investment Pool as investing cash flows of the University in the accompanying Statement of Cash Flows.

(f) Investments

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

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

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

(g) Accounts Receivable

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

(h) Capital Assets

Capital assets are stated at cost or estimated historical cost if purchased, or, if donated, at estimated acquisition value (an entry price) at date of donation. Capital assets, including infrastructure and intangible assets, with an original value of five thousand dollars or more and with a useful life of over one year, are capitalized. Such cost includes, where applicable, interest capitalized as part of the cost of constructed capital assets. Title to all University assets, whether purchased, constructed, or donated, is held by the State. Although title is not with the University for land and buildings, the University has exclusive use of these assets and is responsible for the maintenance of these assets and thus has recorded the cost of these assets in the accompanying financial statements. Capital assets, with the exception of land and land improvements, works of art and historical treasures, construction work in progress, and certain intangible assets, are depreciated or amortized on a straight-line basis over their estimated useful lives, which ranges from 3 to 45 years. Library books, unless considered rare

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

collections, are capitalized and depreciated over a 10-year period. Periodicals and subscriptions are expensed as purchased. Works of art and historical treasures are valued at cost, if purchased, or the acquisition value (an entry price) at the date of donation, if contributed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

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

(i) *Unearned Revenues*

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

(j) *Compensated Absences*

Compensated absences are recognized when the right to receive the compensation is earned by the employees. Vacation is accrued on a monthly basis. The University uses an employee's current pay rate as of July 1, 2017 to calculate the liability for accrued compensated absences. The University provides vacation based on length of service and job classifications.

(k) *Grants Refundable*

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

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

The claims liability for losses and loss adjustment expenses included in the aggregate discretely presented component units column of the financial statements includes California State University Risk Management Authority's (CSURMA) estimated ultimate cost of settling claims relating to events that have occurred on or before June 30, 2018. The liability includes the estimated amount that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not been reported. The liability is also reduced by estimated amounts recoverable from the reinsurance that is related to the liabilities for unpaid claims and claim adjustment expenses. The liability is estimated through an actuarial calculation using individual case basis valuations and statistical analyses. The liability is not discounted.

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

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

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

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

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

Changes in net pension liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources. Deferred outflows and inflows of resources related to differences between expected and actual experience and related to change in the University's proportionate share of pensionable compensation made subsequent to the measurement date are amortized over a closed period equal to the average employees' remaining service lives. The deferred outflows and inflows of resources related to differences between projected and actual earnings on pension plan investments are netted and amortized over a closed 5-year period.

Changes in net OPEB liability not included in OPEB expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources. Deferred outflows and inflows of resources related to differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average employees' remaining service lives.

(n) Net Position

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

- Net Investment in Capital Assets: Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets and any related deferred outflows of resources.

- Restricted:

Nonexpendable: Net position subject to externally imposed conditions that the University retains in perpetuity. Net position in this category consists of endowments held by the University or its related discretely presented component units.

Expendable: Net position subject to externally imposed conditions that can be fulfilled by the actions of the University or by the passage of time.

- Unrestricted: All other categories of net position. In addition, unrestricted net position may have legislative or bond indenture requirements associated with their use or may be designated for use by management of the University. These requirements limit the area of operations for which

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

expenditures of net position may be made and require that unrestricted net position be designated to support future operations in these areas. University housing programs are a primary example of operations that have unrestricted net position with designated uses.

Restricted or unrestricted resources are spent based upon a variety of factors, including funding restrictions, consideration of prior and future revenue sources, the type of expenses incurred, the University's budgetary policies surrounding the various revenue sources or whether the expense is a recurring cost. Unrestricted net position is negative due primarily to liabilities for pension and retiree health benefits exceeding University assets available to pay such obligations.

(o) Classification of Revenues and Expenses

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

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

Student tuition and fees revenue, and sales and services of auxiliary enterprises, including revenues from student housing programs, are presented net of scholarships and fellowships applied to student accounts. Certain other scholarship and fellowships are paid directly to, or refunded to, the student and are reflected as operating expenses.

(p) Net Other Postemployment Benefits (OPEB) Liability

The University records the net OPEB liability equal to its share of the State's total OPEB liability. The total OPEB liability is an actuarial accrued liability that reflects the present value of future healthcare benefits earned by employees in prior fiscal years. The University's total net OPEB liability is determined by discounting the projected benefit for current active employees and retirees based on the discount rate required by GASB Statement No. 75 for OPEB plans which do not have assets residing in a qualified trust. The University and the State fund their current OPEB expenses on a "pay-as-you-go" basis.

(q) Net Pension Liability

The University records a pension liability equal to the net pension liability for its proportionate share in the State's defined-benefit plans: the State's Miscellaneous Plan and the Peace Officers and Firefighters Plan (Agent Multiple-Employer Defined-Benefit Pension Plans). The net pension liability is measured as the University's proportionate share of the State's total pension liability, less the

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

University's proportionate share of the pension plan's fiduciary net position. The fiduciary net position and changes in net position of the cost sharing defined-benefit plans has been measured consistent with the accounting policies used by the plans.

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

(r) Grant Revenues and Expenses

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

(s) Internal Services Activities

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

(t) Income Taxes

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

(u) Eliminations

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

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

(v) Use of Estimates

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

(w) Cumulative Effect of Change in Accounting Principle

The University and its discretely presented component units reported the cumulative effect of change in accounting principle in relation to the implementation of new accounting standards. A summary of these changes to the beginning net position is as follows:

	<u>University</u>	<u>Discretely presented component units</u>
Net position as of June 30, 2017, as previously reported	\$ 38,452	3,080,493
Cumulative effect of change in accounting – GASB Statement No. 75	(13,923,704)	(10,930)
Cumulative effect of change in accounting – GASB Statement No. 81	<u>—</u>	<u>(33,583)</u>
Net position at beginning of year, as restated	\$ <u>(13,885,252)</u>	<u>3,035,980</u>

(3) Cash, Cash Equivalents, and Investments

The University's cash, cash equivalents, and investments as of June 30, 2018 are classified in the accompanying Statement of Net Position as follows:

Cash and cash equivalents	\$ 2,721
Restricted cash and cash equivalents	<u>103</u>
Total cash and cash equivalents	<u>2,824</u>
Short-term investments	3,513,293
Endowment investments	1,708
Other long-term investments	<u>1,203,023</u>
Total investments	<u>4,718,024</u>
Total cash, cash equivalents, and investments	\$ <u>4,720,848</u>

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

(a) Cash and Cash Equivalents

At June 30, 2018, cash and cash equivalents consist of demand deposits held at the State Treasury, commercial banks, and petty cash. Total cash and cash equivalents of \$2,824 had a corresponding carrying balance with the State Treasury and commercial banks of \$15,295 at June 30, 2018. The difference was primarily related to deposits in transit and outstanding checks.

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

(i) Custodial Credit Risk for Deposits

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

(b) Investments

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

(i) Investment Policy

State law and regulations require that surplus monies of the University must be invested. The objectives of the University's investment policy are to safeguard the principal, to meet liquidity needs of the University, and to obtain the best possible return commensurate with the degree of risk the University is willing to assume in obtaining such return. These objectives may be weighted or prioritized differently for individual portfolios depending on the purpose of the portfolio.

The University's investment policy authorizes funds held in local trust accounts under Education Code Sections 89721 and 89724 to be invested in any of the securities authorized by Government Code Section 16430, and Education Code Sections 89724 and 89725, subject to certain limitations. In general, the University's investment policy permits investments in obligations of the Federal and California state governments, certificates of deposit, high-quality domestic corporate and fixed-income securities, and certain other investment instruments.

Effective January 1, 2017, changes to the Education and Government Code of the State expanded the permitted investments to include mutual funds, including equity mutual funds, subject to registration by, and under the regulatory authority of the United States Securities and Exchange Commission (SEC), or in United States registered real estate investment trusts, resulting in the establishment of the CSU Total Return Portfolio (TRP). Under State law, investment of funds in the TRP is subject to the University meeting certain conditions regarding investment oversight, reporting, and use of earnings, and is to be phased in at no more than \$400,000 as of June 30, 2018, \$600,000 as of June 30, 2019, and 30% of eligible investments thereafter.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

Additional earnings from investment under the TRP shall be used only for capital outlay or maintenance, and shall not be used for ongoing operations.

(ii) Interest Rate Risk

Interest rate risk is the risk that fluctuations in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The University's investment guidelines manage its interest rate risk by limiting an eligible investment to maximum effective maturity and by limiting the average duration of the portfolio, however, there are no restrictions on the duration for the investments in the TRP. The effective maturity date reflects a bond with embedded options such as a call, put, or reset date, and prepayment speed resulting in the maturity of a bond being less than the final maturity date. Duration is a measure of the sensitivity of the price of an investment relative to fluctuations in market interest rates. Durations of the University's investment portfolio for each investment type, except for SMIF in which weighted average life is used, as of June 30, 2018 are presented in the following table:

<u>Investment type</u>	<u>Fair value</u>	<u>Duration</u>
Money market funds	\$ 12,642	—
Repurchase agreements	9,928	0.00537
Certificates of deposit	196,265	0.20921
U.S. agency securities	1,147,215	0.96169
U.S. Treasury securities	970,365	1.20576
Municipal bonds	50,335	1.15095
Corporate bonds	1,111,111	0.92657
Asset-backed securities	284,228	1.05694
Mortgage-backed securities	261	2.18645
Mutual fund	124,160	5.68226
SMIF	811,514	0.52877
Total	<u>\$ 4,718,024</u>	

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

(iii) Credit Risk

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

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

The University, except for investments in the TRP, invests in low credit risk securities such as U.S. government securities, securities of federally sponsored agencies, highly rated domestic corporate bonds, prime-rated commercial paper, repurchase and reverse repurchase agreements, banker's acceptance, and negotiable certificates of deposit. Therefore, the occurrence of credit risk is remote.

Investments in the TRP include SEC registered mutual funds invested per a target asset allocation which includes investment grade bonds, higher credit risk bonds (i.e., high yield bonds, bank loans, and emerging market bonds), equities and real assets. Risk for the TRP is viewed holistically and in the context of the overall CSU Consolidated Investment Pool, incorporating quantitative and qualitative assessments into oversight of the TRP. The University accepts a level of risk is necessary to achieve the long-term investment goals of the TRP. The mutual fund investment managers are responsible for assessing the credit risk of the individual securities held in the mutual funds for the TRP. Moreover, certain passive index funds in the TRP will seek to replicate the credit risk of underlying index to which the index funds are benchmarked.

Ratings of the University's investment portfolio for each investment type as of June 30, 2018 are presented in the following table:

Investment type	Fair value	AAA	AA	A	B+	B	Not rated
Money market funds	\$ 12,642	3,163	—	—	—	—	9,479
Repurchase agreements	9,928	—	—	—	—	—	9,928
Certificates of deposit	196,265	72,461	—	123,804	—	—	—
U.S. agency securities	1,147,215	19,611	1,127,604	—	—	—	—
U.S. Treasury securities	970,365	—	970,365	—	—	—	—
Municipal bonds	50,335	19,771	28,035	2,529	—	—	—
Corporate bonds	1,111,111	7,719	168,433	934,959	—	—	—
Asset-backed securities	284,228	284,228	—	—	—	—	—
Mortgage-backed securities	261	—	261	—	—	—	—
Mutual fund	124,160	6,207	27,337	—	7,449	7,449	75,718
SMIF	811,514	—	—	—	—	—	811,514
Total	<u>\$ 4,718,024</u>	<u>413,160</u>	<u>2,322,035</u>	<u>1,061,292</u>	<u>7,449</u>	<u>7,449</u>	<u>906,639</u>

The mutual fund credit ratings are based on average credit ratings of the underlying mutual funds. Credit ratings for mutual fund related to equity and real estate asset are not applicable.

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

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

(iv) *Concentration Risk*

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

As of June 30, 2018, the following investments (excluding U.S. Treasury securities, mutual funds, and external investment pools) represented 5% or more of the University's investment portfolio: Federal Home Loan Banks (\$502,049 or 10.64%) and Federal National Mortgage Association, Inc. (\$364,376 or 7.72%).

(v) *Risk and Uncertainties*

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

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

(vi) *Custodial Credit Risk for Investments*

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

(vii) *Fair Value Measurements*

The University uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine the fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The University groups its assets and liabilities measured at fair value in three levels, based on markets in which the asset and liabilities are traded and the reliability of the assumptions used to determine fair value. The level in the fair value hierarchy with

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are as follows:

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

The following table presents investments that are measured at fair value on a recurring basis at June 30, 2018:

<u>Investment type</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>NAV</u>
Money market funds	\$ 12,642	3,163	—	9,479
Repurchase agreements	9,928	—	9,928	—
Certificates of deposit	196,265	—	196,265	—
U.S. agency securities	1,147,215	—	1,147,215	—
U.S. Treasury securities	970,365	—	970,365	—
Municipal bonds	50,335	—	50,335	—
Corporate bonds	1,111,111	—	1,111,111	—
Asset-backed securities	284,228	—	284,228	—
Mortgage-backed securities	261	—	261	—
Mutual funds	124,160	—	124,160	—
	3,906,510	\$ <u>3,163</u>	<u>3,893,868</u>	<u>9,479</u>
SMIF	<u>811,514</u>			
Total	\$ <u>4,718,024</u>			

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

Investments are classified in Level 1 as fair value is obtained at the last sale price on the last business day of the current fiscal year, as quoted on a recognized exchange or an industry standard pricing, when available. Investments for which no sale was reported as of the close of the last business day of the current fiscal year are valued at the quoted bid price provided by the University's external investment managers or their custodians.

Investments are classified in Level 2 as fair value is calculated using valuations that include observable market quoted prices for similar assets or liabilities. Observable inputs other than

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

quoted prices such as price services or indices, estimates, appraisals, assumptions, and other methods that are reviewed by management. Changes in market conditions and economic environments may impact the net asset value (NAV) and consequently, the fair value of the University's interests in the funds.

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

Certain money market funds are not categorized under the fair value hierarchy and are shown at NAV. These investments are measured at amortized cost when calculating NAV per share (or its equivalent) of the investment.

(viii) Discretely Presented Component Units' Investments

Investments of the discretely presented component units at fair value consisted of the following at June 30, 2018:

Investment type	Current	Noncurrent	Total
Money market funds	\$ 22,120	7,939	30,059
Repurchase agreements	111	3	114
Certificates of deposit	21,662	51,582	73,244
U.S. agency securities	14,640	7,683	22,323
U.S. Treasury securities	104,824	26,987	131,811
Municipal bonds	1,744	10,733	12,477
Corporate bonds	39,640	90,925	130,565
Asset-backed securities	3,588	5,248	8,836
Mortgage-backed securities	1,970	14,661	16,631
Mutual funds	252,021	917,407	1,169,428
Exchange-traded funds	8,596	75,658	84,254
Equity securities	72,153	505,400	577,553
Alternative investments:			
Private equity (including limited partnerships)	10,123	61,451	71,574
Hedge funds	3,829	80,286	84,115
Real estate investments (including real estate investment trust)	3,545	38,001	41,546
Commodities	96	755	851
Other alternative investments	—	8,679	8,679
Other external investment pools	889	104,435	105,324
Other investments	12,877	41,597	54,474
Local Agency Investment Fund (LAIF)	210,862	68	210,930
Total	\$ 785,290	2,049,498	2,834,788

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

The following table presents investments of the discretely presented component units that are measured at fair value on a recurring basis at June 30, 2018:

<u>Investment type</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>
Money market funds	\$ 30,059	24,526	4,806	—	727
Repurchase agreements	114	5	109	—	—
Certificates of deposit	73,244	46,278	26,966	—	—
U.S. agency securities	22,323	4,074	18,249	—	—
U.S. Treasury securities	131,811	33,278	98,533	—	—
Municipal bonds	12,477	1,866	10,611	—	—
Corporate bonds	130,565	59,928	67,768	2	2,867
Asset-backed securities	8,836	580	8,256	—	—
Mortgage-backed securities	16,631	7,280	9,351	—	—
Mutual funds	1,169,428	1,130,408	39,020	—	—
Exchange-traded funds	84,254	84,254	—	—	—
Equity securities	577,553	525,568	2,849	978	48,158
Alternative investments:					
Private equity (including limited partnerships)	71,574	813	484	5,292	64,985
Hedge funds	84,115	1,127	1,896	4,237	76,855
Real estate investments (including real estate investment trust)	41,546	8,366	4,303	8,421	20,456
Commodities	851	851	—	—	—
Other alternative investments	8,679	1,594	964	—	6,121
Other external investment pools	105,324	890	—	55,026	49,408
Other investments	54,474	35,339	14,104	5,001	30
	2,623,858	\$ 1,967,025	308,269	78,957	269,607
LAIF	210,930				
Total	\$ 2,834,788				

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

Investments reported by the University of \$53,978 are invested under contractual agreements on behalf of the discretely presented component units of the University.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

(4) Accounts Receivable

Accounts receivable of the University at June 30, 2018 consisted of the following:

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
State appropriations	\$ 3,836	28,687	32,523
State appropriations – SPWB Lease			
Revenue Bond program	—	2,614	2,614
Discretely presented component units	43,620	1,159	44,779
Student accounts	71,546	—	71,546
Government grants and contracts	24,114	—	24,114
Others	44,118	5,145	49,263
	<u>187,234</u>	<u>37,605</u>	<u>224,839</u>
Less allowance for doubtful accounts	<u>(9,198)</u>	<u>(268)</u>	<u>(9,466)</u>
Total	<u>\$ 178,036</u>	<u>37,337</u>	<u>215,373</u>

(5) Capital Lease Receivable

The University has entered into capital lease agreements with certain discretely presented component units using proceeds from issuance of SRB and BANs to lease existing and newly constructed facilities to the discretely presented component units amounting to \$220,575. Interest rates range from 2% to 5.55%. Lease payments are due twice a year on May 1 and November 1. Under the capital lease agreements, payments are due to the University as follows:

Fiscal year ending June 30:		
2019	\$	23,689
2020		19,859
2021		19,809
2022		20,053
2023		22,228
2024–2028		101,409
2029–2033		85,775
2034–2038		34,083
2039–2043		<u>638</u>
Total minimum lease payments to be received		327,543
Less amounts representing interest		<u>(97,930)</u>
Present value of future minimum lease payments to be received		229,613
Less current portion		<u>(11,384)</u>
Capital lease receivable, net of current portion	\$	<u>218,229</u>

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

(6) Notes Receivable

The University has entered into note agreements with certain discretely presented component units to finance existing and newly constructed facilities for the discretely presented component units amounting to \$376,746. Interest rates range from 2% to 6.48%. Note payments are due twice a year, on May 1 and November 1.

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

Fiscal year ending June 30:

2019	\$	30,920
2020		28,723
2021		28,433
2022		28,371
2023		28,440
2024–2028		137,640
2029–2033		124,915
2034–2038		93,607
2039–2043		53,017
2044–2048		28,644
2049–thereafter		<u>1,677</u>
Total minimum note payments to be received		584,387
Less amounts representing interest		<u>(207,266)</u>
Present value of future minimum note payments to be received		377,121
Less current portion		<u>(14,783)</u>
Notes receivable, net of current portion	\$	<u><u>362,338</u></u>

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

(7) Capital Assets

Capital assets activity for the University for the year ended June 30, 2018 consisted of the following:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending balance</u>
Nondepreciable/nonamortizable capital assets:					
Land and land improvements	\$ 268,821	4,519	—	—	273,340
Works of art and historical treasures	44,713	2,518	—	—	47,231
Construction work in progress	658,126	845,754	(3,131)	(416,492)	1,084,257
Intangible assets	30,924	8,853	—	(2,428)	37,349
Total nondepreciable/ nonamortizable capital assets	<u>1,002,584</u>	<u>861,644</u>	<u>(3,131)</u>	<u>(418,920)</u>	<u>1,442,177</u>
Depreciable/amortizable capital assets:					
Buildings and building improvements	11,968,266	80,292	(5,735)	362,579	12,405,402
Improvements other than buildings	684,028	14,379	(191)	23,523	721,739
Infrastructure	1,168,220	11,422	(107)	22,432	1,201,967
Personal property:					
Equipment	840,844	58,737	(35,700)	7,825	871,706
Library books and materials	390,873	5,606	(4,326)	—	392,153
Intangible assets	265,804	8,876	(1,094)	2,561	276,147
Total depreciable/amortizable capital assets	<u>15,318,035</u>	<u>179,312</u>	<u>(47,153)</u>	<u>418,920</u>	<u>15,869,114</u>
Total cost	<u>16,320,619</u>	<u>1,040,956</u>	<u>(50,284)</u>	<u>—</u>	<u>17,311,291</u>
Less accumulated depreciation/amortization:					
Buildings and building improvements	(5,535,500)	(405,986)	4,415	—	(5,937,071)
Improvements other than buildings	(481,928)	(28,560)	49	—	(510,439)
Infrastructure	(513,780)	(39,802)	93	—	(553,489)
Personal property:					
Equipment	(615,306)	(57,084)	33,514	—	(638,876)
Library books and materials	(358,695)	(6,876)	4,295	—	(361,276)
Intangible assets	(245,767)	(8,615)	814	—	(253,568)
Total accumulated depreciation/ amortization	<u>(7,750,976)</u>	<u>(546,923)</u>	<u>43,180</u>	<u>—</u>	<u>(8,254,719)</u>
Net capital assets	\$ <u>8,569,643</u>	<u>494,033</u>	<u>(7,104)</u>	<u>—</u>	<u>9,056,572</u>

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

Capital assets activity of the discretely presented component units of the University for the year ended June 30, 2018 consisted of the following:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending balance</u>
Nondepreciable/nonamortizable capital assets:					
Land and land improvements	\$ 128,445	1,704	(1,341)	437	129,245
Works of art and historical treasures	7,931	4,547	(4)	—	12,474
Construction work in progress	27,623	47,420	(4,320)	(15,289)	55,434
Intangible assets	5,098	—	—	—	5,098
Total nondepreciable/ nonamortizable capital assets	<u>169,097</u>	<u>53,671</u>	<u>(5,665)</u>	<u>(14,852)</u>	<u>202,251</u>
Depreciable/amortizable capital assets:					
Buildings and building improvements	774,806	32,341	(48,388)	7,672	766,431
Improvements other than buildings	159,597	5,740	(3,601)	2,985	164,721
Infrastructure	67,693	—	—	—	67,693
Personal property:					
Equipment	213,659	19,854	(16,501)	4,108	221,120
Intangible assets	10,259	172	(1,230)	87	9,288
Total depreciable/amortizable capital assets	<u>1,226,014</u>	<u>58,107</u>	<u>(69,720)</u>	<u>14,852</u>	<u>1,229,253</u>
Total cost	<u>1,395,111</u>	<u>111,778</u>	<u>(75,385)</u>	<u>—</u>	<u>1,431,504</u>
Less accumulated depreciation/amortization:					
Buildings and building improvements	(300,527)	(34,484)	19,214	—	(315,797)
Improvements other than buildings	(81,593)	(9,440)	2,294	—	(88,739)
Infrastructure	(20,855)	(1,694)	—	—	(22,549)
Personal property:					
Equipment	(156,959)	(18,827)	12,635	—	(163,151)
Intangible assets	(8,765)	(477)	1,624	—	(7,618)
Total accumulated depreciation/ amortization	<u>(568,699)</u>	<u>(64,922)</u>	<u>35,767</u>	<u>—</u>	<u>(597,854)</u>
Net capital assets	<u>\$ 826,412</u>	<u>46,856</u>	<u>(39,618)</u>	<u>—</u>	<u>833,650</u>

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

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

(8) Lease Obligations

The University is obligated under various capital and operating leases and installment purchase agreements for the acquisition of equipment and facility rentals. A substantial amount of the capital leases are a result of the University's participation with the State in the State Public Works Board (SPWB) Lease Revenue Bond program. The University has participated in this program since 1986 in connection with the construction of campus facilities and related equipment.

As part of the annual budget process, the State of California Department of Finance augments the University's operating budget to provide additional funds for the required lease payments. The capital lease obligations related to the SPWB Lease Revenue Bond program amounted to \$154,685 at June 30, 2018. Total capital assets related to these capital leases have a carrying value of \$204,827 at June 30, 2018. The leases have terms expiring in various years through 2035.

The University also enters into capital leases with financial institutions and via commercial paper issued by the California State University Institute (the Institute), a discretely presented component unit of the University. These capital leases consist primarily of leases of campus facilities, but also include certain computer, energy efficiency equipment, and telecommunications equipment. Total capital assets related to these capital leases have a carrying value of \$198,927 at June 30, 2018. The leases bear interest at rates ranging from 0.04% to 9% and have terms expiring in various years through 2041.

Operating leases consist primarily of leases for the use of real property. The University's operating leases expire in various years through 2099. The leases can be canceled if the State does not provide adequate funding. Some of these leases are with discretely presented component units for the rental of office space used in the operations of the University. Total operating lease expenditures for the year ended June 30, 2018 were \$27,332 of which \$16,585 was paid to related discretely presented component units.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

Future minimum lease payments under capital and operating leases having remaining terms in excess of one year as of June 30, 2018 are as follows:

	<u>Capital leases</u>	<u>Operating leases</u>
Fiscal year ending June 30:		
2019	\$ 36,491	27,748
2020	34,978	20,086
2021	33,583	18,830
2022	32,317	14,836
2023	31,429	9,486
2024–2028	136,694	38,013
2029–2033	126,199	13,497
2034–2038	47,089	3,205
2039–2043	7,518	1,538
2044–thereafter	—	992
Total minimum lease payments	486,298	\$ <u>148,231</u>
Less amount representing interest	<u>(176,956)</u>	
Present value of future minimum lease payments	309,342	
Unamortized net premium	<u>586</u>	
Total capital lease obligations	309,928	
Less current portion	<u>(19,783)</u>	
Capital lease obligations, net of current portion	\$ <u>290,145</u>	

(9) Long-Term Debt Obligations

(a) State's General Obligation Bond Program

The General Obligation Bond program of the State has provided capital outlay funds for the three segments of California Higher Education through voter-approved bonds. Each of the approved bond programs provides a pool of available funds, which is allocated on a project-by-project basis among the University, the University of California, and the Community Colleges. Financing provided to the University through the State's General Obligation Bonds is not allocated to the University by the State. This debt remains as obligation of the State and is funded by state tax revenues. Accordingly, such debt is not reflected in the accompanying financial statements. The total General Obligation Bonds carried by the State related to the University projects is approximately \$2,239,671 as of June 30, 2018.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

(b) Systemwide Revenue Bond Program

The State University Revenue Bond Act of 1947, Sections 90010 through 90091 of the Education Code of the State of California (the Bond Act) authorizes the Trustee to issue revenue bonds to finance projects that support the University's educational mission. The University's financing program, referred to as the SRB Program, is designed to provide lower cost debt and greater flexibility to finance projects at the University than would be possible if projects were financed separately. Rather than relying on specific pledged revenues to support specific debt obligations, the SRB program pools multiple sources of revenue as the security for the debt. The University's total outstanding balance of revenue bond indebtedness under the SRB program was \$5,692,563 at June 30, 2018. Under the Bond Act authority, the University has constructed or acquired facilities located at its 23 campuses and the Office of the Chancellor.

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

Systemwide Revenue Bonds are not secured by mortgages on the facilities constructed or acquired and therefore the facilities do not act as security for the debt. Revenues pledged under the SRB program include program fees from continuing education, health center facilities, housing, parking, and student union; student tuition and fees; and designated auxiliary revenues, net of maintenance and operation expenses before extraordinary items (net income available for debt service), to repay \$6,859,758 in SRB issued through 2018.

(c) Bond Anticipation Notes

The Trustees have authorized the issuance of BANs to provide short-term financing to the University for certain projects. The BANs are purchased by the Institute with proceeds from the commercial paper issued by the Institute. The BANs are generally issued for periods of up to three years in anticipation of issuing permanent revenue bonds at a future date. State law was amended in 2008 to allow BAN maturities to extend beyond three years and the maturity date for the issuance of BANs to be determined by the Trustees. BAN interest is variable and changes based upon the cost of the Institute's commercial paper program. The maximum and minimum weighted average interest rates for the year ended June 30, 2018 were 2.10% and 0.87%, respectively. The University's BANs totaled \$169,205 at June 30, 2018. The not-to-exceed amounts related to the outstanding amounts totaled \$487,515, of which \$302,895 has not been issued and \$184,620 has been issued and paid back.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

Long-term debt obligations of the University as of June 30, 2018 consisted of the following:

Description	Interest rate percentage	Final maturity date	Original issue amount	Amount outstanding
Systemwide Revenue Bonds:				
Housing Series J–K	3.00 %	2019/20	\$ 8,558	718
Housing Series L–M	3.00	2020/21	5,510	700
Housing Series N, P & Q	3.00	2021/22	6,695	1,110
Series 2007-B	5.27–5.55	2037/38	13,165	9,825
Series 2007-C	5.00	2028/29	63,275	35,175
Series 2008-A	4.00–5.00	2039/40	375,160	11,085
Series 2009-A	4.00–5.00	2018/19	454,240	9,805
Series 2010-A	3.00–5.00	2031/32	146,950	94,420
Series 2010-B	5.45–6.48	2041/42	205,145	205,145
Series 2011-A	2.50–5.25	2042/43	429,855	344,665
Series 2012-A	3.00–5.00	2042/43	436,220	412,670
Series 2012-B	2.79–4.17	2036/37	16,700	14,865
Series 2013-A	3.00–5.00	2026/27	308,855	251,705
Series 2014-A	3.00–5.00	2044/45	747,740	727,010
Series 2015-A	2.00–5.00	2047/48	1,032,920	975,470
Series 2015-B	0.98–4.41	2035/36	29,305	24,435
Series 2016-A	2.00–5.00	2045/46	1,133,105	1,131,250
Series 2016B-1	3.00	2047/48	50,000	50,000
Series 2016B-2	4.00	2049/50	100,000	100,000
Series 2016B-3	4.00	2051/52	100,000	100,000
Series 2017-A	3.00–5.00	2047/48	812,030	810,160
Series 2017-B	0.95–3.90	2047/48	335,155	334,855
Series 2017-C	2.00–5.00	2037/38	49,175	47,495
			\$ 6,859,758	5,692,563
Bond Anticipation Notes	Various			169,205
Others	Various			12,813
Total				5,874,581
Unamortized net bond premium				576,084
Total long-term debt				6,450,665
Less current portion				(144,174)
Long-term debt, net of current portion				\$ 6,306,491

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

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

	<u>Principal</u>	<u>Interest</u>
Fiscal year ending June 30:		
2019	\$ 144,174	265,237
2020	150,863	258,651
2021	162,416	251,602
2022	170,643	243,686
2023	174,958	235,362
2024–2028	974,054	1,048,363
2029–2033	1,180,513	794,373
2034–2038	1,159,047	518,154
2039–2043	901,313	278,844
2044–2048	684,525	100,166
Thereafter	<u>172,075</u>	<u>12,067</u>
	\$ <u>5,874,581</u>	<u>4,006,505</u>

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

The Board of Trustees does not have a specified debt limit or debt margin, as noted in the University's Policy for Financing Activities. However, the Board finds it appropriate to establish the lowest cost debt financing programs for the University, and to use the limited debt capacity in the most prudent manner.

As of June 30, 2018, the Board had approved SRB and BANs that were authorized but unissued in the aggregate principal amount of \$1,476,000 for projects including academic, infrastructure, housing, and parking facilities. As of June 30, 2018, there are approximately \$470,840 of remaining authorized and unissued debt for the purpose of refunding certain bonds of the SPWB not previously refunded.

(10) Long-Term Debt Refunding

In prior years, the University refunded certain SRB by placing the proceeds from the issuance of SRB refunding bonds in an irrevocable trust with the State Treasurer to provide for all future debt service payments on the defeased bonds. The proceeds were used to purchase U.S. federal, state, and local government securities that were placed in escrow accounts. The investments and fixed earnings from the investments are considered sufficient to fully service the refunded debt until the debt is called or matured. Accordingly, the trust account assets and liability for the refunded bonds are not included in the University's financial statements. The amount of refunded bonds outstanding totaled \$390,960 as of June 30, 2018.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

(11) Long-Term Liabilities Activity

Long-term liabilities activity of the University for the year ended June 30, 2018 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>
Accrued compensated absences	\$ 261,636	96,101	(131,744)	225,993	126,093
Capital lease obligations (note 8)	353,453	3,125	(46,650)	309,928	19,783
Long-term debt obligations (note 9):					
Systemwide revenue bonds	5,826,473	—	(133,910)	5,692,563	134,440
Bond anticipation notes	600	169,644	(1,039)	169,205	7,129
Other	8,583	5,610	(1,380)	12,813	2,605
	<u>5,835,656</u>	<u>175,254</u>	<u>(136,329)</u>	<u>5,874,581</u>	<u>144,174</u>
Unamortized net bond premium	605,917	—	(29,833)	576,084	—
Total long-term debt obligations	<u>6,441,573</u>	<u>175,254</u>	<u>(166,162)</u>	<u>6,450,665</u>	<u>144,174</u>
Total long-term liabilities	\$ <u>7,056,662</u>	<u>274,480</u>	<u>(344,556)</u>	<u>6,986,586</u>	<u>290,050</u>

Long-term liabilities activity of the aggregated discretely presented component units of the University for the year ended June 30, 2018 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>
Accrued compensated absences	\$ 20,213	13,876	(13,111)	20,978	15,424
Claims liability for losses and loss adjustment expenses	74,574	31,135	(37,021)	68,688	19,385
Capital lease obligations	273,167	19,678	(43,913)	248,932	11,492
Long-term debt obligations:					
Revenue bonds	23,085	—	(2,375)	20,710	920
Commercial paper	600	366,976	(198,371)	169,205	166,279
Notes payable	284,740	47,721	(9,375)	323,086	13,116
Other	76,438	200	(3,047)	73,591	4,282
	<u>384,863</u>	<u>414,897</u>	<u>(213,168)</u>	<u>586,592</u>	<u>184,597</u>
Unamortized net bond premium	28,981	—	(1,550)	27,431	—
Total long-term debt obligations	<u>413,844</u>	<u>414,897</u>	<u>(214,718)</u>	<u>614,023</u>	<u>184,597</u>
Total long-term liabilities	\$ <u>781,798</u>	<u>479,586</u>	<u>(308,763)</u>	<u>952,621</u>	<u>230,898</u>

The University has entered into note agreements with certain discretely presented component units to finance existing and newly constructed facilities, using proceeds from issuance of SRB and BANs, for the discretely presented component units amounting to \$323,086 included in notes payable and \$53,660 in other long-term debt obligations as of June 30, 2018.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

The University has also entered into capital lease agreements with certain discretely presented component units using proceeds from issuance of SRB and BANs to lease existing and newly constructed facilities to the discretely presented component units amounting to \$219,131 as of June 30, 2018.

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

(12) Pension Plan

(a) Pension Plan Description

The University participates in the State's Public Employee's Retirement Fund A (PERF A). PERF A is comprised of agent multiple-employer plans, which includes the State. CalPERS acts as an investment and administrative agent for participating employers. State employees served by PERF A includes the University's Miscellaneous Tier 1 employees and Peace Officers and Firefighters.

(b) Benefits Provided

The plan also provides survivor, death, and disability benefits. Eligible employees are covered by the Public Employees' Medical and Hospital Care Act (PEMHCA) for medical benefits. The benefit provisions are established by the Public Employee's Retirement Law (PERL) and the Public Employees' Pension Reform Act of 2013 (PEPRA).

A full description of the pension plans regarding numbers of employees covered, benefit provision, assumptions, and membership information are listed in the June 30, 2016 State Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report.

In general, retirement benefits are based on a formula using member's years of service credit, age at retirement, and final compensation (average salary for a defined period of employment). Retirement formulas vary based on:

- Classification (e.g., miscellaneous or peace officers and firefighters)
- Membership category (pre-PEPRA and post-PEPRA); and
- Specific provisions in employees' contracts.

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

(c) Pensionable Compensation

For the University, the plan acts as cost sharing multiple-employer defined-benefit pension plan, which provides a defined-benefit pension and postretirement program for substantially all eligible University employees. The University's proportion of the State's net pension liability was calculated based on its

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

proportionate share of the State's pensionable compensation. The pensionable compensation has a measurement period of July 1, 2016 through June 30, 2017.

(d) Contributions

Section 20814(c) of the PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. 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.

For the measurement period ended June 30, 2017, the average State's active employee contribution rates for State Miscellaneous and Peace Officer and Firefighters Plans are 6.74% and 11.33% of annual payroll, respectively. For the measurement period ended June 30, 2017, the State's contribution rates for State Miscellaneous and Peace Officer and Firefighters Plans are 26.73% and 41.88% of annual payroll, respectively.

State Miscellaneous Plan members of the University are required to contribute 5% of their annual earnings in excess of \$513 per month to CalPERS. Effective January 1, 2013, all new University employees that are considered "new members" to CalPERS are required to contribute 50% of the normal cost for their category (e.g., State Miscellaneous Plan members contribute 6.5% of their annual earnings per month to CalPERS). The University is required to contribute at an actuarially determined rate.

State Peace Officers and Firefighters Plan members of the University are required to contribute 8% of their annual earnings in excess of \$238 per month to CalPERS. Effective January 1, 2013, all new University employees that are considered "new members" to CalPERS are required to contribute 50% of the normal cost for their category (e.g., State Peace Officers and Firefighters Plan members contribute 11% of their annual earnings per month to CalPERS). The University is required to contribute at an actuarially determined rate.

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

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

the IRC 401(a) 17 limits. The University's contributions to CalPERS for the most recent three fiscal years ended June 30 were equal to the required contributions and were as follows:

	<u>University's contributions</u>
Fiscal year ending June 30:	
2016	\$ 659,326
2017	757,170
2018	1,734,715

In 2018, the State made a supplemental pension contribution of \$876,842 to CalPERS on behalf of the University as authorized by Government Code Section 20825. The University shall repay \$156,283 of the amount contributed through June 30, 2030, while the remainder is recognized as State appropriations, noncapital.

(e) Actuarial Methods and Assumptions

The total pension liability was measured as of June 30, 2017 (measurement date), by rolling forward the total pension liability determined by the June 30, 2016 actuarial valuation (valuation date), based on the following actuarial methods and assumptions:

Valuation date:	June 30, 2016
Actuarial cost method:	Entry age normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.15%, net of pension plan investment expense but without reduction for administrative expenses including inflation
Mortality rate of return	Derived using CalPERS' membership data for all funds
Postretirement benefit increase:	Contract cost of living allowance up to 2.75% until purchasing power protection allowance floor on purchasing power applies; 2.75% thereafter

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 CalPERS Experience Study and Review of Actuarial Assumptions report (Experience Study). All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality, and retirement rates. The Experience Study report can be obtained from www.CalPERS.ca.gov under Forms and Publications.

(f) Discount Rate

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress-tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the plans tested, none of the plan assets were exhausted. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15% is applied to all plans in the PERF. The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test result is presented in the GASB Crossover Testing Report, which can be obtained from www.CalPERS.ca.gov under GASB Statement No. 68 section.

In fiscal year ended June 30, 2017, the discount rate used in the actuarial assumptions was lowered from 7.65% to 7.15% (gross of 0.15% of administrative expenses).

(g) Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, but without reduction for administrative expenses, and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Taking into account historical returns of all the PERF's asset classes (which includes the agent plan and two cost-sharing plans), expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11–60 years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation used to measure the total pension liability.

Asset class	Current target allocation	Real return years 1–10¹	Real return years 11–60²
Global equity	47 %	4.90 %	5.38 %
Global fixed income	19	0.80	2.27
Inflation sensitive	6	0.60	1.39
Private equity	12	6.60	6.63
Real estate	11	2.80	5.21
Infrastructure and forestland	3	3.90	5.36
Liquidity	2	(0.40)	(0.90)
Total	100 %		

¹ An expected inflation of 2.5% used for this period

² An expected inflation of 3.0% used for this period

(h) Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the University's proportionate share of net pension liability of the State Miscellaneous and Peace Officers and Firefighters Plans (collectively the Plans) as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6.15%) or one-percentage point higher (8.15%) than the current rate:

Plan	Discount rate -1% (6.15%)	Current discount rate (7.15%)	Discount rate +1% (8.15%)
Miscellaneous Plan	\$ 11,934,060	8,723,068	6,035,759
Peace Officers and Firefighters Plan	250,794	176,894	116,459
Net pension liability	\$ 12,184,854	8,899,962	6,152,218

(i) Changes in Net Pension Liability

The University reported a liability of \$8,899,962 for its proportionate share of the State's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined based on an actuarial valuation as of June 30, 2016 rolled forward to the measurement date. The University's proportion of the State's net pension liability was calculated based on its proportionate share of the State's pensionable compensation. The State considered this a practical, systematic, and rational approach. At measurement date June 30,

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

2017, the University's proportionate share of the total State net pension liability for the State Miscellaneous and Peace Officers and Firefighters Plans were 23.87558% and 1.15890%, respectively.

The following table presents the changes in net pension liability of the University recognized over the measurement period for the Plans:

	State Miscellaneous Plan	State Peace Officers and Firefighters Plan	Total
Balance at June 30, 2016 (measurement date)	\$ 7,575,326	158,599	7,733,925
Changes in proportionate share	330,795	11	330,806
Balance at June 30, 2016, adjusted	<u>7,906,121</u>	<u>158,610</u>	<u>8,064,731</u>
Changes recognized for the measurement period:			
Service cost	460,209	11,368	471,577
Interest on total pension liability	1,762,268	34,978	1,797,246
Recognized difference between expected and actual experience	(92,408)	(3,321)	(95,729)
Recognized changes of assumptions	1,353,163	30,233	1,383,396
Employee contributions	(201,455)	(4,635)	(206,090)
Employer contributions	(738,935)	(16,540)	(755,475)
Net investment income	(1,750,046)	(34,236)	(1,784,282)
Plan to plan resource movement	653	(19)	634
Administrative expenses	23,498	456	23,954
Net changes	<u>816,947</u>	<u>18,284</u>	<u>835,231</u>
Balance at June 30, 2017 (measurement date)	\$ <u><u>8,723,068</u></u>	<u><u>176,894</u></u>	<u><u>8,899,962</u></u>

(j) Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB Statement No. 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. For example, for the accounting valuations, CalPERS must keep items such as deficiency reserves and fiduciary self-insurance included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation.

(k) Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension

The University recognized pension expense of \$1,357,936 for State Miscellaneous Plan and \$29,582 for State Peace Officers and Firefighters Plan, which were reported as benefits expense.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

The following table presents deferred outflows and inflows of resources. Deferred outflows of resources are recognized for the University's retirement contributions made subsequent to the measurement date of June 30, 2017 which will be recognized as a reduction of the net pension liability in the next measurement date, the difference between expected and actual experience, aggregate difference between projected and actual earnings on pension plan investments arising in different measurement periods and changes in the University's proportionate share of pensionable compensation. Deferred inflows of resources are recognized for the difference between expected and actual experience.

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
University's retirement contributions subsequent to the measurement date	\$ 1,734,715	—
Differences due to changes in assumptions	1,039,292	—
Net differences between projected and actual earnings on pension plan investments	252,158	—
Differences due to changes in proportionate share	239,902	—
Differences between expected and actual experience	<u>39,725</u>	<u>84,091</u>
Total	\$ <u>3,305,792</u>	<u>84,091</u>

The deferred outflows of resources will be recognized as pension expense as follows:

(i) *Schedule of Differences Due to Changes in Assumptions*

Measurement period ended June 30	Initial differences*	Recognition period (year)	Increase in pension expense arising from the recognition of the effects of changes in assumptions (measurement dates)					Total
			2018	2019	2020	2021	2022	
Miscellaneous Plan: 2017	\$ 1,354,163	4.0	\$ 338,291	338,291	338,291	—	—	1,014,873
Peace Officers and Firefighters Plan: 2017	\$ 30,233	5.2	<u>5,814</u>	<u>5,814</u>	<u>5,814</u>	<u>5,814</u>	<u>1,163</u>	<u>24,419</u>
Increase in pension expense			\$ <u>344,105</u>	<u>344,105</u>	<u>344,105</u>	<u>5,814</u>	<u>1,163</u>	<u>1,039,292</u>

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

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

Measurement period ended June 30	Initial differences*	Recognition period (year)	Increase (decrease) in pension expense arising from the recognition of the differences between projected and actual earnings on pension plan investments (measurement dates)				
			2018	2019	2020	2021	Total
Miscellaneous Plan:							
2014	\$ (1,403,212)	5	\$ (280,642)	—	—	—	(280,642)
2015	868,416	5	173,683	173,683	—	—	347,366
2016	1,142,024	5	228,405	228,405	228,405	—	685,215
2017	(630,624)	5	(126,125)	(126,125)	(126,125)	(126,125)	(504,500)
Peace Officers and Firefighters Plan:							
2014	\$ (26,041)	5	(5,208)	—	—	—	(5,208)
2015	16,422	5	3,284	3,284	—	—	6,568
2016	21,939	5	4,388	4,388	4,388	—	13,164
2017	(12,257)	5	(2,451)	(2,451)	(2,451)	(2,452)	(9,805)
Increase (decrease) in pension expense			\$ (4,666)	281,184	104,217	(128,577)	252,158

(iii) *Schedule of Changes in Proportionate Share*

Measurement period ended June 30	Initial differences*	Recognition period (year)	Increase in pension expense arising from the recognition of the effects of changes in proportionate share (measurement dates)				
			2018	2019	2020	2021	Total
Miscellaneous Plan:							
2015	\$ 34,438	3.9	\$ 7,947	—	—	—	7,947
2016	7,628	4.0	1,907	1,907	—	—	3,814
2017	291,636	4.0	72,909	72,909	72,909	—	218,727
Peace Officers and Firefighters Plan:							
2015	\$ 7,537	5.1	1,478	1,478	148	—	3,104
2016	10,242	5.2	1,970	1,970	1,970	392	6,302
2017	10	5.2	2	2	2	2	8
Increase in pension expense			\$ 86,213	78,266	75,029	394	239,902

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

(iv) *Schedule of Differences between Expected and Actual Experience*

Measurement period ended June 30	Initial differences*	Recognition period (year)	Increase in pension expense arising from the recognition of the effects of differences between expected and actual experience (measurement dates)					Total
			2018	2019	2020	2021		
Miscellaneous Plan:								
2015	\$ 165,610	3.9	\$ 38,218	—	—	—		38,218
Peace Officers and Firefighters Plan:								
2015	\$ 3,344	5.1	656	656	65	—		1,377
2016	212	5.2	41	41	41	7		130
		Increase in pension expense	\$ 38,915	697	106	7		39,725

* Adjusted for any changes in University's proportionate share

The deferred inflows of resources will be recognized as pension expense as follows:

(v) *Schedule of Differences between Expected and Actual Experience*

Measurement period ended June 30	Initial differences*	Recognition period (year)	Decrease in pension expense arising from the recognition of the differences between projected and actual earnings on pension plan investments (measurement dates)					Total
			2018	2019	2020	2021	2022	
Miscellaneous Plan:								
2016	\$ 24,205	4.0	\$ 6,051	6,051	—	—	—	12,102
2017	92,408	4.0	23,102	23,102	23,102	—	—	69,306
Peace Officers and Firefighters Plan:								
2017	\$ 3,321	5.2	639	639	639	639	127	2,683
		Decrease in pension expense	\$ 29,792	29,792	23,741	639	127	84,091

* Adjusted for any changes in University's proportionate share

(13) Other Postemployment Benefits (OPEB)

(a) OPEB Plan Description

The State provides retiree health and dental benefits to annuitants of retirement systems through an agent multiple-employer defined benefit which operates as a single-employer defined benefit plan for the University. The design of health and dental benefit plans can be amended by CalPERS Board of Administration and the California Department of Human Resources (CalHR), respectively.

To be eligible for these benefits, first-tier plan annuitants must retire on or after age 50 with at least five years of service, and second-tier plan annuitants must retire on or after age 55 with at least 10 years of service. In addition, annuitants must retire within 120 days of separation from employment to be eligible to receive these benefits.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

(b) Benefits Provided

For healthcare benefits, CalPERS offers Preferred Provider Organizations (PPOs), Health Maintenance Organizations (HMOs), and Exclusive Provider Organizations (EPOs) (limited to members in certain California counties). For dental benefits, a Dental Maintenance Organization (DMO) and dental indemnity plans are offered to the University's retirees. Health plans offered, covered benefits, monthly rates, and co-payments are determined by the CalPERS Board of Administration, which reviews health plan contracts annually. At measurement date, the count of retired and active employees covered by the benefit terms were:

Retirees elected to receive healthcare benefits	30,034
Active employees	<u>48,011</u>
Total	<u><u>78,045</u></u>

(c) Contributions

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

For healthcare benefits, responsibility for funding the cost of the employer share of premiums is apportioned between the State and the University based on "billable" and "nonbillable" accounts. Billable accounts have special revenue sources such as fees, licenses, penalties, assessments, and interest, which offset the costs incurred by a State department during the year. The University reimburses the State for retiree's health benefit costs allocated to billable accounts but not for costs allocated to nonbillable accounts. The University is responsible for funding the costs of the billable accounts on a pay-as-you-go basis as part of the statewide general administrative costs charged to the University. The State is responsible for funding the cost of the employer share of healthcare premiums of retirees for all nonbillable accounts. Historically, the State has funded approximately 95% of the cost of the benefits.

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

In addition to the explicit University contribution provided to retirees, there is an "implicit rate subsidy". The gross premium for retired members not eligible for Medicare who are charged a premium based on the experience of both active and retired members will be receiving a subsidy because the average healthcare costs of retired members is generally higher than the blended average costs of a group comprised of both active and retired members. The subsidy is referred to as the implicit rate subsidy.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

The implicit subsidy associated with the retiree health costs paid during the past year is also considered to be a contribution from the University.

(d) Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are consistent with a long-term perspective and involve estimates of the value of reported benefits and assumptions about the probability of occurrence of events far into the future.

Significant actuarial methods and assumptions used to calculate the University's net OPEB liability were:

Valuation date:	June 30, 2017
Actuarial cost method:	Entry age normal in accordance with the requirements of GASB Statement No. 75
Actuarial assumptions:	
Discount rate	3.56%
Price inflation	2.75%
Wage inflation	3%
Healthcare-related	Based on an experience review for the period July 1, 2007 to June 30, 2014, performed by State Actuary, which were first adopted beginning with the June 30, 2015 actuarial valuation. Assumptions were updated based on experience through June 30, 2017
Healthcare trend rate	4.5%
Participation rate	On average approximately 95% of all eligible retirees elect healthcare coverage
Per capita claim costs	A retiree healthcare actuarial valuation depends on the retired member's expected healthcare claim at a given age indexed for healthcare inflation.
Pension-related:	Based on an experience review performed by CalPERS and were first adopted beginning with the June 30, 2014. Assumptions include termination rates, disability rates, retirement rates and mortality rates.

(e) Sensitivity of the University's Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

One of the key assumptions influencing costs is the assumed growth or trend in healthcare costs. The healthcare trend assumption for OPEB actuarial valuations spans over the lifetime of a covered retiree, which could extend to over 30 years. This is in contrast to the short-term healthcare inflation used to

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

develop premiums for the next fiscal year. This long-term healthcare assumption is by far the most difficult to set.

The following table presents the University's net OPEB liability as of the measurement date, calculated using the ultimate trend rate of 4.5%, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower (3.5%) or one-percentage point higher (5.5%) than the current rate:

	<u>Trend rate -1% (3.5%)</u>	<u>Current trend rate (4.5%)</u>	<u>Trend rate +1% (5.5%)</u>
Net OPEB liability	\$ 11,827,140	13,918,525	16,591,308

(f) Discount Rate

The discount rate used to estimate the net OPEB liability as of measurement dates June 30, 2017 and 2016 was 3.56% and 2.85%, respectively. The discount rate as of June 30, 2017 was based on Fidelity Index's 20-Year Municipal GO AA Index since the University has no plan assets sufficient to make benefit payments.

(g) Sensitivity of the University's Net OPEB Liability to Changes in the Discount Rate

The following table presents the University's net OPEB liability as of the measurement date, calculated using the discount rate of 3.56%, as well as what the net other postemployment benefits liability would be if it were calculated using a discount rate that is one-percentage point lower (2.56%) or one-percentage point higher (4.56%) than the current rate:

	<u>Discount rate -1% (2.56%)</u>	<u>Current discount rate (3.56%)</u>	<u>Discount rate +1% (4.56%)</u>
Net OPEB liability	\$ 16,342,689	13,918,525	11,979,359

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

(h) Changes in Net OPEB Liability

The following table presents the changes in net OPEB liability of the University recognized over the measurement period:

Balance at June 30, 2016 (measurement date), as restated	\$ 14,683,420
Changes recognized for the measurement period:	
Service cost	795,696
Interest on total OPEB liability	436,431
Recognized changes of assumptions	(1,663,194)
Employer contribution	<u>(333,828)</u>
Net changes	<u>(764,895)</u>
Balance at June 30, 2017 (measurement date)	\$ <u>13,918,525</u>

(i) OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

The University recognized OPEB expense of \$989,828 which was reported as benefits expense.

The following table presents deferred outflows and inflows of resources. Deferred outflows of resources are recognized for the University's retirement contributions made subsequent to the measurement date of June 30, 2017 which will be recognized as a reduction of net OPEB liability on the subsequent measurement date. The deferred inflows of resources are recognized for the change in assumptions.

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
University's contributions subsequent to the measurement date	\$ 349,487	—
Differences due to changes in assumptions	<u>—</u>	<u>1,420,895</u>
Total	\$ <u>349,487</u>	<u>1,420,895</u>

The University's contributions subsequent to the measurement date include \$314,151 which was contributed by the State on behalf of the University as authorized by Government Code Section 22871. The State's contributions are recognized as State appropriations, noncapital.

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

The deferred inflows of resources due to changes in assumptions will be recognized as OPEB expense as follows:

Measurement period ended June 30	Initial difference	Recognition period (year)	Decrease in OPEB expenses arising from changes of assumptions (measurement dates)						
			2018	2019	2020	2021	2022	2023	Total
2017	\$ 1,663,194	6.84	\$ 242,299	242,299	242,299	242,299	242,299	209,400	1,420,895
	Decrease in OPEB expenses		\$ 242,299	242,299	242,299	242,299	242,299	209,400	1,420,895

(14) Deferred Outflows and Inflows of Resources

The composition of deferred outflows and inflows of resources at June 30, 2018 is summarized as follows:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Related to:		
Net pension liability (note 12)	\$ 3,305,792	84,091
Net other postemployment benefits liability (note 13)	349,487	1,420,895
Unamortized loss on SRB debt refunding	97,308	—
Total	\$ <u>3,752,587</u>	<u>1,504,986</u>

(15) Claims Liability for Losses and Loss Adjustment Expenses

The University and certain auxiliary organizations have established the CSURMA, a discretely presented component unit of the University, to centrally manage workers' compensation, general liability, industrial and nonindustrial disability, unemployment insurance coverage, and other risk-related programs. The claims liability included in the discretely presented component unit column reflects the estimated ultimate cost of settling claims related to events that have occurred on or before June 30, 2018. The liability includes estimated amounts that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not yet been reported. The liability is also reduced by estimated amounts recoverable from the reinsurer that are related to the liabilities for unpaid claims and claim adjustment expenses. The liability is estimated through an actuarial calculation using individual case basis valuations and statistical analyses. Although considerable variability is inherent in such estimates, management believes that the liability is a reasonable estimate at June 30, 2018.

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

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

(16) Commitments and Contingencies

The State is a defendant in multiple lawsuits involving University matters not covered by the CSURMA as discussed in note 15. Management of the University is of the opinion that the liabilities, if any, arising from litigation will not have a material effect on the financial position of the University.

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

Authorized but unexpended costs for construction projects as of June 30, 2018 totaled \$592,357. These expenditures will be funded primarily by State appropriations and bond proceeds.

In order to secure access to electricity used for normal operation, the University participates in forward purchase contract of electricity operated by Shell Energy North America. The University's obligations under these special purchase arrangements require it to purchase an estimated total of \$14,921 of electricity at fixed prices through December 2019. The University estimates that the special purchase contract in place represent approximately 10.79% of its total annual electricity expenses.

(17) Classification of Operating Expenses

The University has elected to report operating expenses by functional classification in the Statement of Revenues, Expenses, and Changes in Net Position, and to provide the natural classification of those expenses as an additional disclosure. For the year ended June 30, 2018, operating expenses by natural classification consisted of the following:

	<u>Salaries</u>	<u>Benefits</u>	<u>Scholarships and fellowships expense</u>	<u>Supplies and other services</u>	<u>Depreciation and amortization</u>	<u>Total operating expenses</u>
Instruction	\$ 1,891,074	1,660,208	—	216,647	—	3,767,929
Research	31,362	22,049	—	17,966	—	71,377
Public service	29,046	16,368	—	16,129	—	61,543
Academic support	432,386	348,440	—	201,667	—	982,493
Student services	454,528	400,555	—	236,829	—	1,091,912
Institutional support	436,082	371,834	—	237,987	—	1,045,903
Operation and maintenance of plant	241,760	270,054	—	350,174	—	861,988
Student grants and scholarships	—	—	891,169	—	—	891,169
Auxiliary enterprise expenses	91,472	104,865	—	253,622	—	449,959
Depreciation and amortization	—	—	—	—	501,731	501,731
Total	\$ <u>3,607,710</u>	<u>3,194,373</u>	<u>891,169</u>	<u>1,531,021</u>	<u>501,731</u>	<u>9,726,004</u>

CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2018

(In thousands)

(18) Transactions with Related Entities

The University is an agency of the State and receives approximately 46% of total revenues through state appropriations. State appropriations, noncapital allocated to the University aggregated \$4,486,584 for the year ended June 30, 2018. There were no State appropriations allocated for capital projects for the year ended June 30, 2018. State appropriations receivable is \$35,137 at June 30, 2018.

State appropriations, noncapital of the University for the year ended June 30, 2018 consisted of the following:

	<u>2018</u>
State appropriations, noncapital	\$ 3,451,874
State's contribution on behalf of the University for pension benefits	720,559
State's contribution on behalf of the University for OPEB	<u>314,151</u>
Total state appropriations, noncapital	<u>\$ 4,486,584</u>

(19) Subsequent Events

The following information describes significant events that occurred subsequent to June 30, 2018, but prior to the date of the auditor's report.

- **SRB Issuance**

In August 2018, the University issued \$492,690 of SRB Series 2018A (Tax Exempt) and \$171,000 of SRB Series 2018B (Taxable). The new bonds were issued to fund various capital projects, redeem maturing BANs, refund outstanding SRB Series 2008A, and pay related issuance costs.

- **BAN Issuance**

In October 2018 and December 2018, the University issued \$20,000 of BANs to finance the various capital outlay projects and \$36,520 of BANs for the Sonoma State Petaluma Acquisition project, respectively. In January 2019, the University issued \$52,150 of BANs for the Five-Year Facilities Renewal and Improvement Plan.

CALIFORNIA STATE UNIVERSITY

Schedule of University's Proportionate Share of the Net Pension Liability and Related Ratios

June 30, 2018

(Unaudited)

(In thousands)

*Last Ten Fiscal Years*¹

	2017 ²	2016 ²	2015 ²	2014 ²
State of California Miscellaneous Plan				
University's proportion of the net pension liability	23.87558 %	22.87662 %	22.84970 %	22.72891 %
University's proportionate share of the net pension liability	\$ 8,723,068	7,575,326	6,453,200	5,411,439
University's proportionate share of covered payroll	2,780,552	2,567,251	2,407,821	2,209,786
University's proportionate share of the net pension liability as a percentage of covered payroll	313.71711 %	295.07539 %	268.00996 %	244.88521 %
Plan fiduciary net position as a percentage of the total pension liability	66.41644	66.81100	70.68274	74.17418

State of California Peace Officers and Firefighters Plan

University's proportion of the net pension liability	1.15890 %	1.15882 %	1.07094 %	1.00623 %
University's proportionate share of the net pension liability	\$ 176,894	158,599	124,994	102,216
University's proportionate share of covered payroll	38,632	37,528	33,341	30,160
University's proportionate share of the net pension liability as a percentage of covered payroll	457.89066 %	422.61507 %	374.89140 %	338.91247 %
Plan fiduciary net position as a percentage of the total pension liability	65.89199	66.09678	69.61241	72.18915

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

² The date in the column heading represents the end of the measurement period of the net pension liability, which is one year prior to the reporting period.

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY

Schedule of Employer Contributions Related to Pension

Year ended June 30, 2018

(Unaudited)

(In thousands)

*Last Ten Fiscal Years*¹

	2018	2017	2016	2015
State of California Miscellaneous Plan				
Actuarially determined contribution	\$ 836,450	737,766	641,710	588,353
Contributions in relation to the actuarially determined contributions	(839,367)	(740,571)	(644,679)	(589,385)
Contribution excess	<u>(2,917)</u>	<u>(2,805)</u>	<u>(2,969)</u>	<u>(1,032)</u>
University's covered payroll	\$ 2,953,043	2,768,770	2,559,878	2,431,410
Contributions as a percentage of covered payroll	28.42380 %	26.74729 %	25.18397 %	24.24046 %

State of California Peace Officers and Firefighters Plan

Actuarially determined contribution	\$ 17,762	15,858	14,027	11,737
Contributions in relation to the actuarially determined contributions	(18,442)	(16,600)	(14,647)	(13,610)
Contribution excess	<u>(680)</u>	<u>(742)</u>	<u>(620)</u>	<u>(1,873)</u>
University's covered payroll	\$ 41,696	39,372	37,568	33,363
Contributions as a percentage of covered payroll	44.22966 %	42.16194 %	38.98797 %	40.79369 %

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

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY

Schedule of Employer Contributions Related to Pensions

Year ended June 30, 2018

(Unaudited)

(In thousands)

Notes to required supplementary information schedule for the most recent fiscal year presented:

Valuation date	Actuarially calculated contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.
Methods and assumption used to determine contribution rates:	
Actuarial cost method	Entry age normal in accordance with the requirement of GASB Statement No. 68.
Amortization method/period	For details, see June 30, 2016 Funding Valuation Report.
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2016 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3%
Investment rate of return	7.5%, net of pension plan investment and administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality is based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.
Significant factors affecting contribution rates	For details, see June 30, 2016 Funding Valuation Report.

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY

Schedule of University's Net Other Postemployment Benefits Liability and Related Ratios

June 30, 2018

(Unaudited)

(In thousands)

*Last Ten Fiscal Years*¹

	<u>2017²</u>
University's net other postemployment benefits liability at June 30, 2016, as restated	\$ 14,683,420
Changes recognized for the measurement period:	
Service cost	795,696
Interest on total other postemployment benefits liability	436,431
Recognized changes of assumptions	(1,663,194)
Employer contributions	<u>(333,828)</u>
Net changes	<u>(764,895)</u>
University's net other postemployment benefits liability at June 30, 2017	\$ <u>13,918,525</u>
University's covered payroll	\$ 2,994,739
University's net other postemployment benefits liability as a percentage of covered payroll	464.76588 %

¹ The University implemented GASB Statement No. 75 effective July 1, 2017, therefore, no information is available for the measurement periods prior to June 30, 2017.

² The date in the column heading represents the end of the measurement period of the net pension liability, which is one year prior to the reporting period.

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY

Schedule of Employer Contributions Related to Other Postemployment Benefits

Year ended June 30, 2018

(Unaudited)

(In thousands)

*Last Ten Fiscal Years*¹

	<u>2018</u>
Actuarially determined contributions	\$ 754,550
Contributions in relation to the actuarially determined contributions	<u>(349,487)</u>
Contribution deficiency	<u>\$ 405,063</u>
University's covered payroll	\$ 2,994,739
Contributions as a percentage of covered payroll	11.67003 %

¹ The University implemented GASB Statement No. 75 effective July 1, 2017, therefore, no information is available for the measurement periods prior to June 30, 2017.

CALIFORNIA STATE UNIVERSITY

Schedule of Employer Contributions Related to Other Postemployment Benefits

Year ended June 30, 2018

(Unaudited)

(In thousands)

Notes to required supplementary information schedule for the most recent fiscal year presented:

Valuation date	Actuarially calculated contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.
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Methods and assumption used to determine actuarially determined contributions:

Actuarial cost method	Entry age normal and the blended discount rates in accordance with the requirement of GASB Statement No. 74 and 75. The Normal Cost and Actuarial Accrued Liability for purpose of calculating the Actuarially Determined Contribution were developed using the Entry Age Normal Actuarial Cost Method and a full-funding discount rate of 7.28%.
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Inflation	2.75%
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Payroll growth	3%
----------------	----

Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
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Mortality	The probabilities of mortality is based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.
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See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY

Systemwide Revenue Bond Program's Net Income Available for Debt Service

Year ended June 30, 2018

Gross revenues:	
Tuition fees	\$ 3,350,638,899
Student housing	502,203,611
Student unions/recreation centers	242,513,189
Parking	124,295,536
Health centers	11,462,022
Extended and continuing education	401,326,864
Auxiliary organizations ¹	610,849,343
Other related entity ²	<u>7,266,997</u>
Total gross revenues	<u>5,250,556,461</u>
Maintenance and operation expenses ³ :	
Academic facilities	285,045,839
Student housing	354,287,832
Student unions/recreation centers	119,436,552
Parking	82,654,850
Health centers	5,074,150
Extended and continuing education	424,672,407
Auxiliary organizations ¹	<u>523,133,628</u>
Total maintenance and operation expenses	<u>1,794,305,258</u>
Net income available for debt service	<u>\$ 3,456,251,203</u>
Debt service:	
Systemwide revenue bonds debt	\$ 361,314,254
Designated auxiliary organizations debt	<u>2,012,487</u>
Total debt service	<u>\$ 363,326,741</u>

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

- (1) This included gross revenues and maintenance and operation expenses of 17 auxiliary organizations that have financed with SRB through lease or loan arrangements. This excludes research grants and contracts activity and restricted gifts. Gross revenues under the SRB Indenture are a smaller amount derived from payments under certain leases or with the Board of Trustees.
- (2) This includes gross revenues derived from leases with California State University, Channel Islands Site Authority which are used solely to pay debt service. The maintenance and operation expenses are excluded as these are not paid by the pledged gross revenues.
- (3) Maintenance and operation expenses for the year ended June 30, 2018 include extraordinary maintenance and repair projects, which are generally paid from existing program fund balances of \$114.3 million, other postemployment benefits expense of \$74 million pursuant to GASB Statement No. 75, and pension expense of \$55.4 million pursuant to GASB Statement No. 68.

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY

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

Year ended June 30, 2018

(Unaudited)

	<u>Operating and other revenues</u>	<u>Operating expenditures</u>	<u>Excess of revenues over expenditures</u>	<u>Design capacity</u>	<u>Operational capacity ⁽²⁾</u>	<u>Average number of spaces occupied</u>	<u>% of spaces occupied ⁽³⁾</u>
CSU Bakersfield	\$ 5,130,321	4,773,552	356,769	578	565	364	64 %
CSU Channel Islands	17,448,014	8,558,848	8,889,166	1,527	1,667	1,578	95
CSU Chico	23,887,902	18,460,647	5,427,255	2,200	2,323	2,223	96
CSU Dominguez Hills	4,846,777	3,260,615	1,586,162	712	708	684	97
CSU East Bay	12,975,215	7,784,443	5,190,772	1,296	1,697	1,472	87
CSU Fullerton	29,275,463	14,346,764	14,928,699	1,918	2,039	1,976	97
Humboldt State University	15,326,364	10,339,004	4,987,360	2,049	2,075	1,993	96
CSU Long Beach	21,519,503	14,408,777	7,110,726	1,826	2,051	1,824	89
CSU Los Angeles	8,181,553	6,366,585	1,814,968	1,069	1,009	955	95
California Maritime Academy	9,042,879	8,458,402	584,477	735	735	683	93
CSU Northridge	26,575,554	15,159,840	11,415,714	3,595	3,261	3,148	97
CSPU Pomona	25,923,027	11,554,595	14,368,432	2,440	2,471	2,389	97
CSU Sacramento	24,840,031	17,959,656	6,880,375	2,088	2,127	1,992	94
CSU San Bernardino	10,854,060	7,648,409	3,205,651	1,539	1,445	1,191	82
San Diego State University	53,909,453	31,136,031	22,773,422	3,934	4,470	3,917	88
San Francisco State University ⁽⁵⁾	60,859,823	46,320,512	14,539,311	3,880	3,975	3,834	96
San Jose State University	62,825,562	37,446,879	25,378,683	3,941	4,188	4,138	99
CPSU San Luis Obispo	50,942,962	37,307,663	13,635,299	6,324	8,362	7,627	91
Sonoma State University	29,175,234	16,965,482	12,209,752	3,146	3,211	3,041	95
CSU Stanislaus	4,600,182	5,030,748	(430,566)	460	484	415	86
	<u>498,139,879</u>	<u>323,287,452</u>	<u>174,852,427</u>	<u>\$ 45,257</u>	<u>48,863</u>	<u>45,444</u>	<u>93</u>
Systemwide Office	—	76,665	(76,665)				
Interest income	<u>3,738,832</u>	<u>—</u>	<u>3,738,832</u>				
Total	<u>\$ 501,878,711</u>	<u>323,364,117</u>	<u>178,514,594</u>				

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY

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

Year ended June 30, 2018

(Unaudited)

	Average annual rates per academic year ⁽⁴⁾					
	Residence Halls			Apartments		
	Single	Double	Suite	Single	Double	Suite
CSU Bakersfield	\$ 11,820	9,823	—	—	—	—
CSU Channel Islands	10,820	9,740	—	12,670	11,060	—
CSU Chico	9,367	7,732	—	9,367	7,733	—
CSU Dominguez Hills	—	—	—	—	9,012	—
CSU East Bay	—	—	7,854	9,879	8,170	—
CSU Fullerton	—	11,670	—	12,432	9,468	—
Humboldt State University	7,596	6,136	—	7,596	6,136	—
CSU Long Beach	8,650	7,650	—	—	—	—
CSU Los Angeles	—	—	—	8,930	6,897	—
California Maritime Academy	—	5,802	—	—	—	—
CSU Northridge	—	—	6,461	11,347	6,699	—
CSPU Pomona	10,764	9,390	12,408	—	—	—
CSU Sacramento	7,794	7,226	—	8,603	7,751	9,183
CSU San Bernardino	7,548	6,060	—	10,275	—	10,221
San Diego State University	12,016	10,448	—	10,056	8,384	—
San Francisco State University ⁽⁵⁾	—	8,752	9,576	12,200	9,952	—
San Jose State University	9,734	8,538	—	13,340	10,603	—
CPSU San Luis Obispo	—	7,792	—	9,014	—	5,770
Sonoma State University	8,800	6,814	—	10,512	7,676	—
CSU Stanislaus	7,300	—	—	7,775	6,507	—
Average annual rates	9,351	8,238	9,075	10,266	8,289	8,391

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

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

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

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

(5) The operational capacity does not include 423 apartment units, of which 417 were occupied by students, faculty, and staff. The annual rates for the one-bedroom, two-bedroom, or three-bedroom units (not bed spaces) vary between \$1,525 and \$4,465.

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY

Systemwide Revenue Bond Program's Statement of Insurance Coverage
 Year ended June 30, 2018
 (Unaudited)

<u>Expiration date*</u>	<u>Insurance Coverage</u>	<u>Coverage Limit</u>	<u>Insurance Company</u>	<u>Policy number</u>
Property Insurance				
July 1, 2018	CSU Master Property Policy, "All Risk" Building, Equipment, Rental Income (excluding earthquake)	\$ 1,000,000,000 per occurrence	Alliant Property Insurance Program	017471590/04
July 1, 2018	CSU Master Property Policy, Boiler & Machinery	100,000,000	Alliant Property Insurance Program	017471590/04
General Liability Insurance				
July 1, 2018	Bodily Injury & Property Damage Liability (Primary)	5,000,000	CSU Risk Management Authority (self-insured portion)	N/A
July 1, 2018	Bodily Injury & Property Damage Liability (Reinsurance)	5,000,000	Ironshore Indemnity Inc.	000541307
July 1, 2018	Bodily Injury & Property Damage Liability (Reinsurance)	10,000,000	Allied World Assurance Company	0310-2286
July 1, 2018	Bodily Injury & Property Damage Liability (Excess)	5,000,000	Ironshore Specialty Insurance Company	001090806
July 1, 2018	Bodily Injury & Property Damage Liability (Excess)	10,000,000	Peleus Insurance Company	2902082-00
July 1, 2018	Bodily Injury & Property Damage Liability (Excess)	5,000,000	Allied World Assurance Company	0308-4646
July 1, 2018	Bodily Injury & Property Damage Liability (Excess)	10,000,000	Gemini Insurance Company	CEX09600368-04
July 1, 2018	Bodily Injury & Property Damage Liability (Excess)	100,000,000	Multiple	Multiple
July 1, 2018	Bodily Injury & Property Damage Liability (Excess)	50,000,000	XL Insurance Company	IE00018197L117A
July 1, 2018	Bodily Injury & Property Damage Liability (Excess)	100,000,000	Multiple	Multiple
Workers' Compensation and Employer's Liability Insurance				
July 1, 2018	Workers' Compensation and Employer's Liability	California Workers' Compensation Statutes	CSAC Excess Insurance Authority	EIA PE 17 EWC-143
July 1, 2018	Workers' Compensation and Employer's Liability	2,500,000	Safety National Casualty Corporation	SP4055109

* Additional insurance policies are maintained for the period from July 1, 2018 through July 1, 2019. These policies provide the same coverage indicated above.

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD

Statement of Net Position

June 30, 2018

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 6	9,401	9,407
Short-term investments	59,491	141	59,632
Accounts receivable, net	4,923	1,393	6,316
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	690	690
Prepaid expenses and other current assets	593	62	655
Total current assets	<u>65,013</u>	<u>11,687</u>	<u>76,700</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	—	—
Accounts receivable, net	289	—	289
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	1,716	—	1,716
Pledges receivable, net	—	777	777
Endowment investments	—	22,063	22,063
Other long-term investments	7,622	12,505	20,127
Capital assets, net	156,150	2,013	158,163
Other assets	54	528	582
Total noncurrent assets	<u>165,831</u>	<u>37,886</u>	<u>203,717</u>
Total assets	<u>\$ 230,844</u>	<u>49,573</u>	<u>280,417</u>
Deferred Outflows of Resources			
Deferred outflows of resources	\$ 83,228	—	83,228
Liabilities			
Current liabilities:			
Accounts payable	\$ 2,947	1,523	4,470
Accrued salaries and benefits	8,140	116	8,256
Accrued compensated absences, current portion	2,567	127	2,694
Unearned revenues	2,972	800	3,772
Capital lease obligations, current portion	158	—	158
Long-term debt obligations, current portion	1,291	—	1,291
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	159	—	159
Other liabilities	812	1,055	1,867
Total current liabilities	<u>19,046</u>	<u>3,621</u>	<u>22,667</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	2,293	—	2,293
Unearned revenues	—	—	—
Grants refundable	2,176	—	2,176
Capital lease obligations, net of current portion	473	—	473
Long-term debt obligations, net of current portion	59,101	—	59,101
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Net other postemployment benefits liability	273,923	1,069	274,992
Net pension liability	187,399	—	187,399
Other liabilities	33	—	33
Total noncurrent liabilities	<u>525,398</u>	<u>1,069</u>	<u>526,467</u>
Total liabilities	<u>\$ 544,444</u>	<u>4,690</u>	<u>549,134</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD

Statement of Net Position

June 30, 2018

(In thousands)

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Total</u>
Deferred Inflows of Resources			
Deferred inflows of resources	\$ 29,745	—	29,745
Net Position			
Net position:			
Net investment in capital assets	\$ 96,964	2,013	98,977
Restricted for:			
Nonexpendable – endowments	—	17,094	17,094
Expendable:			
Scholarships and fellowships	279	6,333	6,612
Research	—	—	—
Loans	77	—	77
Capital projects	549	—	549
Debt service	2	—	2
Others	1,006	6,765	7,771
Unrestricted	<u>(358,994)</u>	<u>12,678</u>	<u>(346,316)</u>
Total net position	<u>\$ (260,117)</u>	<u>44,883</u>	<u>(215,234)</u>

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$45,369)	\$ 30,463	6,937	(3,215)	34,185
Grants and contracts, noncapital:				
Federal	5,282	5,616	—	10,898
State	349	801	—	1,150
Local	46	408	—	454
Nongovernmental	197	866	—	1,063
Sales and services of educational activities	3,255	—	(295)	2,960
Sales and services of auxiliary enterprises (net of scholarship allowances of \$851)	5,836	568	—	6,404
Other operating revenues	736	3,348	(22)	4,062
Total operating revenues	<u>46,164</u>	<u>18,544</u>	<u>(3,532)</u>	<u>61,176</u>
Expenses:				
Operating expenses:				
Instruction	73,422	559	(313)	73,668
Research	(997)	1,362	—	365
Public service	401	1,678	(28)	2,051
Academic support	25,274	400	(742)	24,932
Student services	27,906	10,090	(4,217)	33,779
Institutional support	22,690	3,997	—	26,687
Operation and maintenance of plant	16,254	207	(2)	16,459
Student grants and scholarships	28,052	4,992	—	33,044
Auxiliary enterprise expenses	6,430	—	—	6,430
Depreciation and amortization	9,608	276	—	9,884
Total operating expenses	<u>209,040</u>	<u>23,561</u>	<u>(5,302)</u>	<u>227,299</u>
Operating loss	<u>(162,876)</u>	<u>(5,017)</u>	<u>1,770</u>	<u>(166,123)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	100,838	—	—	100,838
Federal financial aid grants, noncapital	29,045	—	—	29,045
State financial aid grants, noncapital	20,447	—	—	20,447
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	—	—	(92)	(92)
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	968	2,941	—	3,909
Investment income, net	608	981	—	1,589
Endowment income, net	—	1,684	—	1,684
Interest expense	(2,081)	—	—	(2,081)
Other nonoperating revenues	7,260	103	(33)	7,330
Net nonoperating revenues	<u>157,085</u>	<u>5,709</u>	<u>(125)</u>	<u>162,669</u>
Income (loss) before other revenues (expenses)	<u>(5,791)</u>	<u>692</u>	<u>1,645</u>	<u>(3,454)</u>
State appropriations, capital	23	—	—	23
Grants and gifts, capital	1,891	—	(1,645)	246
Additions to permanent endowments	—	607	—	607
Increase (decrease) in net position	<u>(3,877)</u>	<u>1,299</u>	<u>—</u>	<u>(2,578)</u>
Net position:				
Net position at beginning of year, as restated	<u>(256,240)</u>	<u>43,584</u>	<u>—</u>	<u>(212,656)</u>
Net position at end of year	<u>\$ (260,117)</u>	<u>44,883</u>	<u>—</u>	<u>(215,234)</u>

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 32,030
Federal grants and contracts	5,842
State grants and contracts	285
Local grants and contracts	46
Nongovernmental grants and contracts	212
Payments to suppliers	(27,523)
Payments to employees	(113,462)
Payments to students	(28,087)
Collections of student loans	3
Sales and services of educational activities	3,255
Sales and services of auxiliary enterprises	5,641
Other receipts	2,010
Net cash used in operating activities	<u>(119,748)</u>
Cash flows from noncapital financing activities:	
State appropriations	75,360
Federal financial aid grants	29,045
State financial aid grants	20,447
Nongovernmental and other financial aid grants	—
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	968
Federal loan program receipts	30,227
Federal loan program disbursements	(30,291)
Monies received on behalf of others	4,231
Monies disbursed on behalf of others	(4,255)
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	7,842
Net cash provided by noncapital financing activities	<u>133,574</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	953
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	1,459
Proceeds from sale of capital assets	699
Acquisition of capital assets	(16,406)
Principal paid on capital debt and leases	(1,525)
Interest paid on capital debt and leases	(2,946)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash used in capital and related financing activities	<u>(17,766)</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 236,898
Purchases of investments	(234,024)
Investment income proceeds	1,066
Net cash provided by investing activities	<u>3,940</u>
Net increase (decrease) in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>6</u>
Cash and cash equivalents at end of year	<u>\$ 6</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 6
Restricted cash and cash equivalents	—
Total cash and cash equivalents at end of year	<u>\$ 6</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (162,876)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	9,608
Change in assets and liabilities:	
Accounts receivable, net	2,462
Student loans receivable, net	(32)
Prepaid expenses and other current assets	(415)
Other assets	(54)
Deferred outflows of resources	(11,508)
Accounts payable	(691)
Accrued salaries and benefits	606
Accrued compensated absences	(511)
Unearned revenues	561
Depository accounts	—
Net other postemployment benefits liability	(15,053)
Net pension liability	28,842
Other liabilities	(79)
Deferred inflows of resources	29,392
Net cash used in operating activities	<u>\$ (119,748)</u>
Supplemental schedule of noncash transactions:	
State's contribution for pension benefits	\$ 19,083
State's contribution for OPEB	6,395
Change in accrued capital asset purchases	929
Contributed capital assets	433
Amortization of net bond premium	299
Amortization of loss on debt refundings	67
Capital assets paid by the Office of the Chancellor	17

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD

Transactions with Related Entities

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 4,316
Payments from discretely presented component units for other than salaries	8,960
Payments to discretely presented component units for services, space, and programs	3,860
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	—
Accounts receivable from discretely presented component units	1,726
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(305)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	73
Payments to the Office of the Chancellor for state pro rata charges	235
Accounts receivable from the Office of the Chancellor	561
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	2
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	998
Other interagency payments or receipts for services, space, and programs	89
	(52)

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS

Statement of Net Position

June 30, 2018

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 4	17,331	17,335
Short-term investments	75,493	705	76,198
Accounts receivable, net	11,083	4,319	15,402
Capital lease receivable, current portion	1,185	—	1,185
Notes receivable, current portion	1,530	—	1,530
Pledges receivable, net	—	1,007	1,007
Prepaid expenses and other current assets	1,207	206	1,413
Total current assets	<u>90,502</u>	<u>23,568</u>	<u>114,070</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	15,287	15,287
Accounts receivable, net	826	—	826
Capital lease receivable, net of current portion	37,005	—	37,005
Notes receivable, net of current portion	52,130	—	52,130
Student loans receivable, net	16	—	16
Pledges receivable, net	—	539	539
Endowment investments	—	13,777	13,777
Other long-term investments	1,186	2,427	3,613
Capital assets, net	370,997	39,428	410,425
Other assets	1,567	4,953	6,520
Total noncurrent assets	<u>463,727</u>	<u>76,411</u>	<u>540,138</u>
Total assets	<u>\$ 554,229</u>	<u>99,979</u>	<u>654,208</u>
Deferred Outflows of Resources			
Deferred outflows of resources	\$ 78,363	—	78,363
Liabilities			
Current liabilities:			
Accounts payable	\$ 7,608	873	8,481
Accrued salaries and benefits	1,057	109	1,166
Accrued compensated absences, current portion	1,706	11	1,717
Unearned revenues	1,608	16	1,624
Capital lease obligations, current portion	—	1,185	1,185
Long-term debt obligations, current portion	5,663	1,543	7,206
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	—	381	381
Other liabilities	4,189	6,347	10,536
Total current liabilities	<u>21,831</u>	<u>10,465</u>	<u>32,296</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	2,559	107	2,666
Unearned revenues	—	—	—
Grants refundable	—	—	—
Capital lease obligations, net of current portion	—	39,861	39,861
Long-term debt obligations, net of current portion	224,527	52,331	276,858
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	139	139
Net other postemployment benefits liability	193,850	—	193,850
Net pension liability	173,976	—	173,976
Other liabilities	1,259	189	1,448
Total noncurrent liabilities	<u>596,171</u>	<u>92,627</u>	<u>688,798</u>
Total liabilities	<u>\$ 618,002</u>	<u>103,092</u>	<u>721,094</u>

CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS

Statement of Net Position

June 30, 2018

(In thousands)

	Deferred Inflows of Resources	Campus	Discretely presented component units	Total
Deferred inflows of resources		\$ 21,452	—	21,452
	Net Position			
Net position:				
Net investment in capital assets		\$ 183,148	3,123	186,271
Restricted for:				
Nonexpendable – endowments		—	7,526	7,526
Expendable:				
Scholarships and fellowships		—	1,720	1,720
Research		—	681	681
Loans		22	—	22
Capital projects		819	30	849
Debt service		1,165	5,000	6,165
Others		734	15,600	16,334
Unrestricted		(192,750)	(36,793)	(229,543)
Total net position		\$ (6,862)	(3,113)	(9,975)

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS
Statement of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2018
(In thousands)

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$22,173)	\$ 30,375	1,814	—	32,189
Grants and contracts, noncapital:				
Federal	2,970	—	—	2,970
State	1,448	—	—	1,448
Local	14	—	—	14
Nongovernmental	903	—	—	903
Sales and services of educational activities	—	—	—	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$3,666)	16,441	—	—	16,441
Other operating revenues	1,565	27,203	—	28,768
Total operating revenues	<u>53,716</u>	<u>29,017</u>	<u>—</u>	<u>82,733</u>
Expenses:				
Operating expenses:				
Instruction	53,095	1,423	(7)	54,511
Research	6,520	573	—	7,093
Public service	342	5,125	—	5,467
Academic support	24,787	312	(137)	24,962
Student services	17,277	1,549	(50)	18,776
Institutional support	21,018	2,624	(56)	23,586
Operation and maintenance of plant	22,155	287	(200)	22,242
Student grants and scholarships	14,295	468	—	14,763
Auxiliary enterprise expenses	11,541	11,213	—	22,754
Depreciation and amortization	15,890	1,718	—	17,608
Total operating expenses	<u>186,920</u>	<u>25,292</u>	<u>(450)</u>	<u>211,762</u>
Operating income (loss)	<u>(133,204)</u>	<u>3,725</u>	<u>450</u>	<u>(129,029)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	107,336	—	—	107,336
Federal financial aid grants, noncapital	17,182	—	—	17,182
State financial aid grants, noncapital	13,034	—	—	13,034
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	—	228	—	228
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	86	1,961	(87)	1,960
Investment income, net	1,076	757	—	1,833
Endowment income (loss), net	—	—	—	—
Interest expense	(9,367)	(2,297)	—	(11,664)
Other nonoperating revenues	2,482	3,638	—	6,120
Net nonoperating revenues	<u>131,829</u>	<u>4,287</u>	<u>(87)</u>	<u>136,029</u>
Income (loss) before other revenues (expenses)	<u>(1,375)</u>	<u>8,012</u>	<u>363</u>	<u>7,000</u>
State appropriations, capital	(1)	—	—	(1)
Grants and gifts, capital	363	—	(363)	—
Additions to permanent endowments	—	448	—	448
Increase (decrease) in net position	<u>(1,013)</u>	<u>8,460</u>	<u>—</u>	<u>7,447</u>
Net position:				
Net position at beginning of year, as restated	<u>(5,849)</u>	<u>(11,573)</u>	<u>—</u>	<u>(17,422)</u>
Net position at end of year	<u>\$ (6,862)</u>	<u>(3,113)</u>	<u>—</u>	<u>(9,975)</u>

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 29,669
Federal grants and contracts	3,111
State grants and contracts	1,486
Local grants and contracts	—
Nongovernmental grants and contracts	1,179
Payments to suppliers	(17,678)
Payments to employees	(106,810)
Payments to students	(14,258)
Collections of student loans	—
Sales and services of educational activities	—
Sales and services of auxiliary enterprises	15,265
Other payments	(558)
Net cash used in operating activities	<u>(88,594)</u>
Cash flows from noncapital financing activities:	
State appropriations	84,023
Federal financial aid grants	17,182
State financial aid grants	12,992
Nongovernmental and other financial aid grants	4
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	86
Federal loan program receipts	28,833
Federal loan program disbursements	(29,007)
Monies received on behalf of others	520
Monies disbursed on behalf of others	(520)
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	2,565
Principal collections on notes receivable	1,355
Interest collections on notes receivable	2,717
Other noncapital financing activities	2,102
Net cash provided by noncapital financing activities	<u>122,852</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	714
State appropriations – SPWB Lease Revenue Bond program	98
Capital grants and gifts	363
Proceeds from sale of capital assets	15
Acquisition of capital assets	(8,605)
Principal paid on capital debt and leases	(20,723)
Interest paid on capital debt and leases	(16,374)
Principal collection on capital leases	14,475
Interest collection on capital leases	170
Net cash used in capital and related financing activities	<u>(29,867)</u>

CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 236,450
Purchases of investments	(242,419)
Investment income proceeds	1,578
Net cash used in investing activities	<u>(4,391)</u>
Net increase (decrease) in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>4</u>
Cash and cash equivalents at end of year	<u>\$ 4</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 4
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 4</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (133,204)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	15,890
Change in assets and liabilities:	
Accounts receivable, net	(1,965)
Student loans receivable, net	(14)
Prepaid expenses and other current assets	873
Other assets	3,619
Deferred outflows of resources	(8,195)
Accounts payable	206
Accrued salaries and benefits	(156)
Accrued compensated absences	(1,116)
Unearned revenues	(286)
Depository accounts	—
Net other postemployment benefits liability	(10,653)
Net pension liability	23,604
Other liabilities	1,683
Deferred inflows of resources	<u>21,120</u>
Net cash used in operating activities	<u>\$ (88,594)</u>
Supplemental schedule of noncash transactions:	
State's contribution for pension benefits	\$ 17,276
State's contribution for OPEB	6,037
Amortization of net bond premium	1,117
Change in accrued capital asset purchases	1,112
Amortization of loss on debt refundings	233
Capital assets paid by the Office of the Chancellor	34

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS

Transactions with Related Entities

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 1,258
Payments from discretely presented component units for other than salaries	21,910
Payments to discretely presented component units for services, space, and programs	3,997
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	—
Accounts receivable from discretely presented component units	5,536
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(2,799)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	84
Payments to the Office of the Chancellor for state pro rata charges	440
Accounts receivable from the Office of the Chancellor	888
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	6
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	723
Other interagency payments or receipts for services, space, and programs	494

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, CHICO

Statement of Net Position

June 30, 2018

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 6	6,309	6,315
Short-term investments	88,949	19,210	108,159
Accounts receivable, net	8,157	9,841	17,998
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	1,537	1,537
Prepaid expenses and other current assets	2,343	739	3,082
Total current assets	<u>99,455</u>	<u>37,636</u>	<u>137,091</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	1,235	1,235
Accounts receivable, net	1,117	—	1,117
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	36	36
Student loans receivable, net	2,847	152	2,999
Pledges receivable, net	—	3,821	3,821
Endowment investments	—	59,626	59,626
Other long-term investments	44,079	31,021	75,100
Capital assets, net	309,580	13,079	322,659
Other assets	13	820	833
Total noncurrent assets	<u>357,636</u>	<u>109,790</u>	<u>467,426</u>
Total assets	<u>\$ 457,091</u>	<u>147,426</u>	<u>604,517</u>
Deferred Outflows of Resources			
Deferred outflows of resources	\$ 145,900	1,813	147,713
Liabilities			
Current liabilities:			
Accounts payable	\$ 8,222	2,853	11,075
Accrued salaries and benefits	14,961	2,445	17,406
Accrued compensated absences, current portion	4,382	607	4,989
Unearned revenues	4,986	2,162	7,148
Capital lease obligations, current portion	668	—	668
Long-term debt obligations, current portion	4,190	100	4,290
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	352	—	352
Other liabilities	1,214	562	1,776
Total current liabilities	<u>38,975</u>	<u>8,729</u>	<u>47,704</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	2,364	229	2,593
Unearned revenues	—	4,479	4,479
Grants refundable	4,679	—	4,679
Capital lease obligations, net of current portion	4,915	—	4,915
Long-term debt obligations, net of current portion	137,865	2,435	140,300
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	152	—	152
Net other postemployment benefits liability	630,771	936	631,707
Net pension liability	333,606	—	333,606
Other liabilities	—	251	251
Total noncurrent liabilities	<u>1,114,352</u>	<u>8,330</u>	<u>1,122,682</u>
Total liabilities	<u>\$ 1,153,327</u>	<u>17,059</u>	<u>1,170,386</u>

CALIFORNIA STATE UNIVERSITY, CHICO

Statement of Net Position

June 30, 2018

(In thousands)

Deferred Inflows of Resources	Campus	Discretely presented component units	Total
Deferred inflows of resources	\$ 67,543	832	68,375
Net Position			
Net position:			
Net investment in capital assets	\$ 172,856	10,544	183,400
Restricted for:			
Nonexpendable – endowments	—	61,532	61,532
Expendable:			
Scholarships and fellowships	10	1,824	1,834
Research	—	951	951
Loans	82	415	497
Capital projects	1,447	1,560	3,007
Debt service	8	—	8
Others	—	16,431	16,431
Unrestricted	(792,282)	38,091	(754,191)
Total net position	\$ (617,879)	131,348	(486,531)

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, CHICO

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2018

(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$62,922)	\$ 70,798	8,435	—	79,233
Grants and contracts, noncapital:				
Federal	—	20,716	—	20,716
State	3	7,678	—	7,681
Local	—	1,342	—	1,342
Nongovernmental	—	2,501	—	2,501
Sales and services of educational activities	188	4,449	—	4,637
Sales and services of auxiliary enterprises (net of scholarship allowances of \$2,772)	22,696	13,845	—	36,541
Other operating revenues	6,429	3,504	—	9,933
Total operating revenues	<u>100,114</u>	<u>62,470</u>	<u>—</u>	<u>162,584</u>
Expenses:				
Operating expenses:				
Instruction	142,972	4,400	(4)	147,368
Research	1,566	2,339	(12)	3,893
Public service	1,270	22,203	—	23,473
Academic support	37,420	6,687	(913)	43,194
Student services	36,774	6,964	(259)	43,479
Institutional support	34,110	7,240	(511)	40,839
Operation and maintenance of plant	38,572	3,120	(375)	41,317
Student grants and scholarships	37,950	2,406	(2,221)	38,135
Auxiliary enterprise expenses	22,457	12,038	(40)	34,455
Depreciation and amortization	17,414	1,539	—	18,953
Total operating expenses	<u>370,505</u>	<u>68,936</u>	<u>(4,335)</u>	<u>435,106</u>
Operating loss	<u>(270,391)</u>	<u>(6,466)</u>	<u>4,335</u>	<u>(272,522)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	166,072	—	—	166,072
Federal financial aid grants, noncapital	40,451	—	(29)	40,422
State financial aid grants, noncapital	29,558	—	—	29,558
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	2,314	—	(2,314)	—
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	1,198	5,785	(1,199)	5,784
Investment income, net	1,355	1,169	—	2,524
Endowment income, net	—	2,668	—	2,668
Interest expense	(5,512)	(86)	—	(5,598)
Other nonoperating revenues (expenses)	16,562	(920)	—	15,642
Net nonoperating income	<u>251,998</u>	<u>8,616</u>	<u>(3,542)</u>	<u>257,072</u>
Income (loss) before other revenues (expenses)	<u>(18,393)</u>	<u>2,150</u>	<u>793</u>	<u>(15,450)</u>
State appropriations, capital	—	—	—	—
Grants and gifts, capital	804	840	(793)	851
Additions to permanent endowments	—	3,733	—	3,733
Increase (decrease) in net position	<u>(17,589)</u>	<u>6,723</u>	<u>—</u>	<u>(10,866)</u>
Net position:				
Net position at beginning of year, as restated	<u>(600,290)</u>	<u>124,625</u>	<u>—</u>	<u>(475,665)</u>
Net position at end of year	<u>\$ (617,879)</u>	<u>131,348</u>	<u>—</u>	<u>(486,531)</u>

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, CHICO

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 70,664
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(54,526)
Payments to employees	(199,950)
Payments to students	(37,972)
Collections of student loans	—
Sales and services of educational activities	188
Sales and services of auxiliary enterprises	22,842
Other receipts	6,676
Net cash used in operating activities	<u>(192,078)</u>
Cash flows from noncapital financing activities:	
State appropriations	121,582
Federal financial aid grants	40,451
State financial aid grants	29,516
Nongovernmental and other financial aid grants	2,314
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	1,198
Federal loan program receipts	57,280
Federal loan program disbursements	(57,293)
Monies received on behalf of others	9,766
Monies disbursed on behalf of others	(10,040)
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	12,498
Net cash provided by noncapital financing activities	<u>207,272</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	1,547
State appropriations – SPWB Lease Revenue Bond program	2,670
Capital grants and gifts	717
Proceeds from sale of capital assets	289
Acquisition of capital assets	(17,074)
Principal paid on capital debt and leases	(5,601)
Interest paid on capital debt and leases	(6,266)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash used in capital and related financing activities	<u>(23,718)</u>

CALIFORNIA STATE UNIVERSITY, CHICO

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 369,297
Purchases of investments	(363,556)
Investment income proceeds	2,167
Net cash provided by investing activities	<u>7,908</u>
Net decrease in cash and cash equivalents	(616)
Cash and cash equivalents at beginning of year	<u>622</u>
Cash and cash equivalents at end of year	<u>\$ 6</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 6
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 6</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (270,391)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	17,414
Change in assets and liabilities:	
Accounts receivable, net	496
Student loans receivable, net	(35)
Prepaid expenses and other current assets	(65)
Other assets	(8)
Deferred outflows of resources	(14,337)
Accounts payable	(1,009)
Accrued salaries and benefits	470
Accrued compensated absences	(1,593)
Unearned revenues	(347)
Depository accounts	—
Net other postemployment benefits liability	(34,664)
Net pension liability	45,117
Other liabilities	(20)
Deferred inflows of resources	<u>66,894</u>
Net cash used in operating activities	<u>\$ (192,078)</u>
Supplemental schedule of noncash transactions:	
State's contribution for pension benefits	\$ 32,642
State's contribution for OPEB	11,848
Change in accrued capital asset purchases	2,615
Amortization of net bond premium	843
Amortization of loss on debt refundings	520
Contributed capital assets	87
Capital assets paid by the Office of the Chancellor	10
Capital assets transferred from the Office of the Chancellor	9

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, CHICO

Transactions with Related Entities

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 2,430
Payments from discretely presented component units for other than salaries	5,779
Payments to discretely presented component units for services, space, and programs	16,641
Gifts in kind from discretely presented component units	18
Gifts (cash or assets) from discretely presented component units	1,973
Accounts receivable from discretely presented component units	388
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(404)
Other amounts payable to discretely presented component units	(368)
Payments to the Office of the Chancellor for administrative activities	118
Payments to the Office of the Chancellor for state pro rata charges	502
Accounts receivable from the Office of the Chancellor	5,469
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	7
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	1,754
Other interagency payments or receipts for services, space, and programs	(180)

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS

Statement of Net Position

June 30, 2018

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 3	25,972	25,975
Short-term investments	66,292	4,264	70,556
Accounts receivable, net	12,112	1,780	13,892
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	—	—
Prepaid expenses and other current assets	452	111	563
Total current assets	<u>78,859</u>	<u>32,127</u>	<u>110,986</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	—	—
Accounts receivable, net	637	233	870
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	909	—	909
Pledges receivable, net	—	—	—
Endowment investments	—	10,394	10,394
Other long-term investments	4,461	10,229	14,690
Capital assets, net	172,349	1,715	174,064
Other assets	19	—	19
Total noncurrent assets	<u>178,375</u>	<u>22,571</u>	<u>200,946</u>
Total assets	<u>\$ 257,234</u>	<u>54,698</u>	<u>311,932</u>
Deferred Outflows of Resources			
Deferred outflows of resources	\$ 102,849	331	103,180
Liabilities			
Current liabilities:			
Accounts payable	\$ 6,942	1,038	7,980
Accrued salaries and benefits	11,337	88	11,425
Accrued compensated absences, current portion	2,832	268	3,100
Unearned revenues	8,548	337	8,885
Capital lease obligations, current portion	563	—	563
Long-term debt obligations, current portion	1,400	12	1,412
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	107	—	107
Other liabilities	1,849	220	2,069
Total current liabilities	<u>33,578</u>	<u>1,963</u>	<u>35,541</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	3,634	21	3,655
Unearned revenues	—	—	—
Grants refundable	971	—	971
Capital lease obligations, net of current portion	863	—	863
Long-term debt obligations, net of current portion	22,803	158	22,961
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	12,805	12,805
Net other postemployment benefits liability	361,842	2,694	364,536
Net pension liability	238,553	586	239,139
Other liabilities	—	999	999
Total noncurrent liabilities	<u>628,666</u>	<u>17,263</u>	<u>645,929</u>
Total liabilities	<u>\$ 662,244</u>	<u>19,226</u>	<u>681,470</u>

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS

Statement of Net Position

June 30, 2018

(In thousands)

Deferred Inflows of Resources	Campus	Discretely presented component units	Total
Deferred inflows of resources	\$ 39,210	50	39,260
Net Position			
Net position:			
Net investment in capital assets	\$ 148,262	1,545	149,807
Restricted for:			
Nonexpendable – endowments	—	10,591	10,591
Expendable:			
Scholarships and fellowships	79	10,514	10,593
Research	—	—	—
Loans	302	—	302
Capital projects	1,506	—	1,506
Debt service	1	—	1
Others	378	—	378
Unrestricted	(491,899)	13,103	(478,796)
Total net position	\$ (341,371)	35,753	(305,618)

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS
Statement of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2018
(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$62,463)	\$ 49,735	4,732	—	54,467
Grants and contracts, noncapital:				
Federal	—	13,588	—	13,588
State	—	663	—	663
Local	—	818	—	818
Nongovernmental	—	—	—	—
Sales and services of educational activities	266	—	—	266
Sales and services of auxiliary enterprises (net of scholarship allowances of \$1,968)	6,581	5,379	—	11,960
Other operating revenues	5,153	2,299	—	7,452
Total operating revenues	<u>61,735</u>	<u>27,479</u>	<u>—</u>	<u>89,214</u>
Expenses:				
Operating expenses:				
Instruction	106,004	8,323	—	114,327
Research	1,210	3,619	—	4,829
Public service	441	—	—	441
Academic support	26,779	756	—	27,535
Student services	30,198	4,866	(225)	34,839
Institutional support	28,028	3,047	—	31,075
Operation and maintenance of plant	23,327	—	—	23,327
Student grants and scholarships	33,785	779	—	34,564
Auxiliary enterprise expenses	4,596	8,600	—	13,196
Depreciation and amortization	9,401	187	—	9,588
Total operating expenses	<u>263,769</u>	<u>30,177</u>	<u>(225)</u>	<u>293,721</u>
Operating loss	<u>(202,034)</u>	<u>(2,698)</u>	<u>225</u>	<u>(204,507)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	123,710	—	—	123,710
Federal financial aid grants, noncapital	40,623	—	—	40,623
State financial aid grants, noncapital	24,815	—	—	24,815
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	1,149	—	—	1,149
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	64	3,830	(65)	3,829
Investment income, net	700	859	—	1,559
Endowment income, net	—	686	—	686
Interest expense	(789)	(8)	—	(797)
Other nonoperating revenues (expenses)	27,463	—	—	27,463
Net nonoperating income	<u>217,735</u>	<u>5,367</u>	<u>(65)</u>	<u>223,037</u>
Income before other revenues	15,701	2,669	160	18,530
State appropriations, capital	1	—	—	1
Grants and gifts, capital	1,160	—	(160)	1,000
Additions to permanent endowments	—	—	—	—
Increase in net position	<u>16,862</u>	<u>2,669</u>	<u>—</u>	<u>19,531</u>
Net position:				
Net position at beginning of year, as restated	<u>(358,233)</u>	<u>33,084</u>	<u>—</u>	<u>(325,149)</u>
Net position at end of year	<u>\$ (341,371)</u>	<u>35,753</u>	<u>—</u>	<u>(305,618)</u>

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 48,078
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(31,859)
Payments to employees	(151,494)
Payments to students	(33,747)
Collections of student loans	3
Sales and services of educational activities	266
Sales and services of auxiliary enterprises	6,532
Other receipts	2,826
Net cash used in operating activities	<u>(159,395)</u>
Cash flows from noncapital financing activities:	
State appropriations	91,511
Federal financial aid grants	40,623
State financial aid grants	25,192
Nongovernmental and other financial aid grants	1,149
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	64
Federal loan program receipts	46,083
Federal loan program disbursements	(46,050)
Monies received on behalf of others	—
Monies disbursed on behalf of others	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	26,655
Net cash provided by noncapital financing activities	<u>185,227</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	1,246
State appropriations	1,239
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	1,000
Proceeds from sale of capital assets	9
Acquisition of capital assets	(27,975)
Principal paid on capital debt and leases	(1,898)
Interest paid on capital debt and leases	(1,813)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash used in capital and related financing activities	<u>(28,192)</u>

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 294,839
Purchases of investments	(293,676)
Investment income proceeds	1,198
Net cash provided by investing activities	<u>2,361</u>
Net increase in cash and cash equivalents	1
Cash and cash equivalents at beginning of year	<u>2</u>
Cash and cash equivalents at end of year	<u>\$ 3</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 3
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 3</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (202,034)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	9,401
Change in assets and liabilities:	
Accounts receivable, net	(2,003)
Student loans receivable, net	(37)
Prepaid expenses and other current assets	69
Other assets	(17)
Deferred outflows of resources	(8,807)
Accounts payable	(2,597)
Accrued salaries and benefits	882
Accrued compensated absences	(2,325)
Unearned revenues	(2,063)
Depository accounts	—
Net other postemployment benefits liability	(19,885)
Net pension liability	31,062
Other liabilities	208
Deferred inflows of resources	<u>38,751</u>
Net cash used in operating activities	<u>\$ (159,395)</u>
Supplemental schedule of noncash transactions:	
State's contribution for pension benefits	\$ 23,954
State's contribution for OPEB	8,245
Change in accrued capital asset purchases	4,063
Acquisition of capital assets through long-term debt obligations	1,454
Capital assets paid by the Office of the Chancellor	336
Amortization of net bond premium	245
Contributed capital assets	160
Amortization of loss on debt refundings	34

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS

Transactions with Related Entities

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 1,405
Payments from discretely presented component units for other than salaries	3,419
Payments to discretely presented component units for services, space, and programs	1,622
Gifts in kind from discretely presented component units	317
Gifts (cash or assets) from discretely presented component units	3,462
Accounts receivable from discretely presented component units	903
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(96)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	1,092
Payments to the Office of the Chancellor for state pro rata charges	694
Accounts receivable from the Office of the Chancellor	3,968
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	1,913
Other interagency payments or receipts for services, space, and programs	(212)

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, EAST BAY

Statement of Net Position

June 30, 2018

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 17	1,583	1,600
Short-term investments	102,094	30,862	132,956
Accounts receivable, net	8,710	1,990	10,700
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	903	903
Prepaid expenses and other current assets	785	1	786
Total current assets	<u>111,606</u>	<u>35,339</u>	<u>146,945</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	—	—
Accounts receivable, net	944	—	944
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	1,748	—	1,748
Pledges receivable, net	—	798	798
Endowment investments	—	12,003	12,003
Other long-term investments	763	—	763
Capital assets, net	225,840	4,477	230,317
Other assets	15	—	15
Total noncurrent assets	<u>229,310</u>	<u>17,278</u>	<u>246,588</u>
Total assets	<u>\$ 340,916</u>	<u>52,617</u>	<u>393,533</u>
Deferred Outflows of Resources			
Deferred outflows of resources	\$ 134,461	924	135,385
Liabilities			
Current liabilities:			
Accounts payable	\$ 7,685	1,047	8,732
Accrued salaries and benefits	12,199	25	12,224
Accrued compensated absences, current portion	7,125	39	7,164
Unearned revenues	8,166	1,457	9,623
Capital lease obligations, current portion	746	—	746
Long-term debt obligations, current portion	2,785	230	3,015
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	312	3,636	3,948
Other liabilities	1,945	22	1,967
Total current liabilities	<u>40,963</u>	<u>6,456</u>	<u>47,419</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	340	—	340
Unearned revenues	—	—	—
Grants refundable	2,053	—	2,053
Capital lease obligations, net of current portion	1,541	—	1,541
Long-term debt obligations, net of current portion	97,373	1,859	99,232
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Net other postemployment benefits liability	527,872	2,730	530,602
Net pension liability	318,324	6,238	324,562
Other liabilities	25	—	25
Total noncurrent liabilities	<u>947,528</u>	<u>10,827</u>	<u>958,355</u>
Total liabilities	<u>\$ 988,491</u>	<u>17,283</u>	<u>1,005,774</u>

CALIFORNIA STATE UNIVERSITY, EAST BAY

Statement of Net Position

June 30, 2018

(In thousands)

Deferred Inflows of Resources	Campus	Discretely presented component units	Total
Deferred inflows of resources	\$ 56,893	279	57,172
Net Position			
Net position:			
Net investment in capital assets	\$ 126,996	2,372	129,368
Restricted for:			
Nonexpendable – endowments	—	12,003	12,003
Expendable:			
Scholarships and fellowships	1,136	3,022	4,158
Research	—	—	—
Loans	499	—	499
Capital projects	947	100	1,047
Debt service	7	—	7
Others	1,547	3,923	5,470
Unrestricted	(701,139)	14,559	(686,580)
Total net position	\$ (570,007)	35,979	(534,028)

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, EAST BAY

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$50,140)	\$ 86,565	1,869	—	88,434
Grants and contracts, noncapital:				
Federal	—	5,528	—	5,528
State	—	906	—	906
Local	53	—	—	53
Nongovernmental	—	1,269	—	1,269
Sales and services of educational activities	113	—	—	113
Sales and services of auxiliary enterprises (net of scholarship allowances of \$4,241)	12,191	—	—	12,191
Other operating revenues	9,689	612	—	10,301
Total operating revenues	<u>108,611</u>	<u>10,184</u>	<u>—</u>	<u>118,795</u>
Expenses:				
Operating expenses:				
Instruction	114,895	1,866	—	116,761
Research	1,280	1,373	—	2,653
Public service	1,622	2,323	—	3,945
Academic support	52,574	996	—	53,570
Student services	42,050	1,145	—	43,195
Institutional support	33,462	—	—	33,462
Operation and maintenance of plant	34,313	—	—	34,313
Student grants and scholarships	24,201	219	—	24,420
Auxiliary enterprise expenses	14,486	6,026	(1,844)	18,668
Depreciation and amortization	14,267	157	—	14,424
Total operating expenses	<u>333,150</u>	<u>14,105</u>	<u>(1,844)</u>	<u>345,411</u>
Operating loss	<u>(224,539)</u>	<u>(3,921)</u>	<u>1,844</u>	<u>(226,616)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	144,740	—	—	144,740
Federal financial aid grants, noncapital	31,765	—	—	31,765
State financial aid grants, noncapital	21,256	—	—	21,256
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	692	—	—	692
Other federal nonoperating grants, noncapital	401	—	—	401
Gifts, noncapital	1,092	1,052	(1,837)	307
Investment income, net	1,065	1,695	—	2,760
Endowment income, net	—	161	—	161
Interest expense	(4,245)	(62)	—	(4,307)
Other nonoperating revenues	5,572	191	—	5,763
Net nonoperating revenues	<u>202,338</u>	<u>3,037</u>	<u>(1,837)</u>	<u>203,538</u>
Loss before other revenues (expenses)	<u>(22,201)</u>	<u>(884)</u>	<u>7</u>	<u>(23,078)</u>
State appropriations, capital	46	—	—	46
Grants and gifts, capital	7	100	(7)	100
Additions to permanent endowments	—	841	—	841
Increase (decrease) in net position	<u>(22,148)</u>	<u>57</u>	<u>—</u>	<u>(22,091)</u>
Net position:				
Net position at beginning of year, as restated	<u>(547,859)</u>	<u>35,922</u>	<u>—</u>	<u>(511,937)</u>
Net position at end of year	<u>\$ (570,007)</u>	<u>35,979</u>	<u>—</u>	<u>(534,028)</u>

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, EAST BAY

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 89,942
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	53
Nongovernmental grants and contracts	—
Payments to suppliers	(61,490)
Payments to employees	(176,518)
Payments to students	(24,328)
Collections of student loans	72
Sales and services of educational activities	113
Sales and services of auxiliary enterprises	12,191
Other receipts	9,038
Net cash used in operating activities	<u>(150,927)</u>
Cash flows from noncapital financing activities:	
State appropriations	102,836
Federal financial aid grants	31,360
State financial aid grants	20,431
Nongovernmental and other financial aid grants	692
Other federal nonoperating grants	401
Gifts and grants received for other than capital purposes	1,092
Federal loan program receipts	50,335
Federal loan program disbursements	(50,701)
Monies received on behalf of others	457
Monies disbursed on behalf of others	(541)
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	4,903
Net cash provided by noncapital financing activities	<u>161,265</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	676
State appropriations – SPWB Lease Revenue Bond program	572
Capital grants and gifts	7
Proceeds from sale of capital assets	212
Acquisition of capital assets	(5,739)
Principal paid on capital debt and leases	(3,538)
Interest paid on capital debt and leases	(4,711)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash used in capital and related financing activities	<u>(12,521)</u>

CALIFORNIA STATE UNIVERSITY, EAST BAY

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 355,926
Purchases of investments	(355,395)
Investment income proceeds	1,652
Net cash provided by investing activities	<u>2,183</u>
Net increase (decrease) in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>17</u>
Cash and cash equivalents at end of year	<u>\$ 17</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 17
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 17</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (224,539)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	14,267
Change in assets and liabilities:	
Accounts receivable, net	2,258
Student loans receivable, net	(9)
Prepaid expenses and other current assets	254
Other assets	(15)
Deferred outflows of resources	(4,252)
Accounts payable	(2,010)
Accrued salaries and benefits	488
Accrued compensated absences	(1,775)
Unearned revenues	(24)
Depository accounts	—
Net other postemployment benefits liability	(29,009)
Net pension liability	36,692
Other liabilities	488
Deferred inflows of resources	<u>56,259</u>
Net cash used in operating activities	<u>\$ (150,927)</u>
Supplemental schedule of noncash transactions:	
State's contribution for pension benefits	\$ 30,494
State's contribution for OPEB	11,410
Change in accrued capital asset purchases	1,105
Amortization of net bond premium	627
Amortization of loss on debt refundings	214
Capital assets paid by the Office of the Chancellor	17

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, EAST BAY

Transactions with Related Entities

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 4,553
Payments from discretely presented component units for other than salaries	1,585
Payments to discretely presented component units for services, space, and programs	256
Gifts in kind from discretely presented component units	31
Gifts (cash or assets) from discretely presented component units	3,073
Accounts receivable from discretely presented component units	405
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	—
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	141
Payments to the Office of the Chancellor for state pro rata charges	596
Accounts receivable from the Office of the Chancellor	495
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	115
Accounts payable to campuses other than the Office of the Chancellor	(7)
State lottery allocation received	1,451
Other interagency payments or receipts for services, space, and programs	24

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, FRESNO

Statement of Net Position

June 30, 2018

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 12	16,592	16,604
Short-term investments	91,724	58,873	150,597
Accounts receivable, net	13,733	32,338	46,071
Capital lease receivable, current portion	3,675	—	3,675
Notes receivable, current portion	—	5	5
Pledges receivable, net	—	5,307	5,307
Prepaid expenses and other current assets	803	2,932	3,735
Total current assets	<u>109,947</u>	<u>116,047</u>	<u>225,994</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	215	215
Accounts receivable, net	94	51	145
Capital lease receivable, net of current portion	43,190	—	43,190
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	2,361	355	2,716
Pledges receivable, net	—	14,905	14,905
Endowment investments	707	150,771	151,478
Other long-term investments	6,220	14,040	20,260
Capital assets, net	229,160	82,115	311,275
Other assets	32	455	487
Total noncurrent assets	<u>281,764</u>	<u>262,907</u>	<u>544,671</u>
Total assets	<u>\$ 391,711</u>	<u>378,954</u>	<u>770,665</u>
Deferred Outflows of Resources			
Deferred outflows of resources	\$ 174,851	1,093	175,944
Liabilities			
Current liabilities:			
Accounts payable	\$ 7,447	8,171	15,618
Accrued salaries and benefits	22,315	3,256	25,571
Accrued compensated absences, current portion	5,065	208	5,273
Unearned revenues	3,240	15,269	18,509
Capital lease obligations, current portion	1,673	3,675	5,348
Long-term debt obligations, current portion	2,490	617	3,107
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	105	318	423
Other liabilities	5,249	2,925	8,174
Total current liabilities	<u>47,584</u>	<u>34,439</u>	<u>82,023</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	5,952	555	6,507
Unearned revenues	—	—	—
Grants refundable	2,452	—	2,452
Capital lease obligations, net of current portion	28,143	49,115	77,258
Long-term debt obligations, net of current portion	58,457	5,376	63,833
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	2,846	2,846
Net other postemployment benefits liability	681,954	7,915	689,869
Net pension liability	409,933	2,618	412,551
Other liabilities	299	869	1,168
Total noncurrent liabilities	<u>1,187,190</u>	<u>69,294</u>	<u>1,256,484</u>
Total liabilities	<u>\$ 1,234,774</u>	<u>103,733</u>	<u>1,338,507</u>

CALIFORNIA STATE UNIVERSITY, FRESNO

Statement of Net Position

June 30, 2018

(In thousands)

Deferred Inflows of Resources	Campus	Discretely presented component units	Total
Deferred inflows of resources	\$ 73,493	1,142	74,635
Net Position			
Net position:			
Net investment in capital assets	\$ 183,682	25,332	209,014
Restricted for:			
Nonexpendable – endowments	707	114,425	115,132
Expendable:			
Scholarships and fellowships	158	43,571	43,729
Research	110	—	110
Loans	415	1,546	1,961
Capital projects	74	—	74
Debt service	601	—	601
Others	94	40,020	40,114
Unrestricted	(927,546)	50,278	(877,268)
Total net position	\$ (741,705)	275,172	(466,533)

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, FRESNO
Statement of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2018
(In thousands)

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$109,094)	\$ 82,346	5,142	—	87,488
Grants and contracts, noncapital:				
Federal	122	24,113	—	24,235
State	518	9,425	—	9,943
Local	—	—	—	—
Nongovernmental	—	4,172	—	4,172
Sales and services of educational activities	51	—	—	51
Sales and services of auxiliary enterprises (net of scholarship allowances of \$-)	4,666	57,289	—	61,955
Other operating revenues	11,314	1,842	—	13,156
Total operating revenues	<u>99,017</u>	<u>101,983</u>	<u>—</u>	<u>201,000</u>
Expenses:				
Operating expenses:				
Instruction	189,425	13,062	—	202,487
Research	5,040	6,544	—	11,584
Public service	4,894	16,979	—	21,873
Academic support	41,824	21	—	41,845
Student services	59,890	(6,871)	—	53,019
Institutional support	43,074	623	—	43,697
Operation and maintenance of plant	51,118	1,956	—	53,074
Student grants and scholarships	62,974	12,097	(4,093)	70,978
Auxiliary enterprise expenses	5,338	83,817	(1,411)	87,744
Depreciation and amortization	17,671	5,256	—	22,927
Total operating expenses	<u>481,248</u>	<u>133,484</u>	<u>(5,504)</u>	<u>609,228</u>
Operating loss	<u>(382,231)</u>	<u>(31,501)</u>	<u>5,504</u>	<u>(408,228)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	220,169	—	—	220,169
Federal financial aid grants, noncapital	68,647	—	—	68,647
State financial aid grants, noncapital	49,111	—	—	49,111
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	—	—	—	—
Other federal nonoperating grants, noncapital	94	—	—	94
Gifts, noncapital	4,712	22,940	(4,509)	23,143
Investment income, net	2,943	3,393	—	6,336
Endowment income, net	5	10,013	—	10,018
Interest expense	(3,863)	(148)	—	(4,011)
Other nonoperating revenues (expenses)	7,508	(5,000)	—	2,508
Net nonoperating revenues	<u>349,326</u>	<u>31,198</u>	<u>(4,509)</u>	<u>376,015</u>
Loss before other revenues (expenses)	<u>(32,905)</u>	<u>(303)</u>	<u>995</u>	<u>(32,213)</u>
State appropriations, capital	31	—	—	31
Grants and gifts, capital	995	184	(995)	184
Additions to permanent endowments	—	7,833	—	7,833
Increase (decrease) in net position	<u>(31,879)</u>	<u>7,714</u>	<u>—</u>	<u>(24,165)</u>
Net position:				
Net position at beginning of year, as restated	<u>(709,826)</u>	<u>267,458</u>	<u>—</u>	<u>(442,368)</u>
Net position at end of year	<u>\$ (741,705)</u>	<u>275,172</u>	<u>—</u>	<u>(466,533)</u>

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, FRESNO

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 81,865
Federal grants and contracts	122
State grants and contracts	514
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(72,068)
Payments to employees	(254,632)
Payments to students	(63,027)
Collections of student loans	8
Sales and services of educational activities	51
Sales and services of auxiliary enterprises	4,662
Other receipts	10,965
Net cash used in operating activities	<u>(291,540)</u>
Cash flows from noncapital financing activities:	
State appropriations	164,273
Federal financial aid grants	68,609
State financial aid grants	49,422
Nongovernmental and other financial aid grants	—
Other federal nonoperating grants	94
Gifts and grants received for other than capital purposes	4,712
Federal loan program receipts	65,017
Federal loan program disbursements	(64,633)
Monies received on behalf of others	62
Monies disbursed on behalf of others	(50)
Principal paid on long-term debt	(1,820)
Interest paid on long-term debt	(2,088)
Issuance of notes receivable	—
Principal collections on capital leases	1,925
Interest collections on capital leases	2,088
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	7,560
Net cash provided by noncapital financing activities	<u>295,171</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	1,521
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	—
Proceeds from sale of capital assets	86
Acquisition of capital assets	(3,971)
Principal paid on capital debt and leases	(2,488)
Interest paid on capital debt and leases	(4,046)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash used in capital and related financing activities	<u>(8,898)</u>

CALIFORNIA STATE UNIVERSITY, FRESNO

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 524,824
Purchases of investments	(523,138)
Investment income proceeds	3,582
Net cash provided by investing activities	<u>5,268</u>
Net increase (decrease) in cash and cash equivalents	1
Cash and cash equivalents at beginning of year	<u>11</u>
Cash and cash equivalents at end of year	<u>\$ 12</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 12
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 12</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (382,231)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	17,671
Change in assets and liabilities:	
Accounts receivable, net	(907)
Student loans receivable, net	(899)
Prepaid expenses and other current assets	104
Other assets	(27)
Deferred outflows of resources	(23,335)
Accounts payable	608
Accrued salaries and benefits	1,838
Accrued compensated absences	(2,061)
Unearned revenues	(120)
Depository accounts	—
Net other postemployment benefits liability	(37,477)
Net pension liability	61,259
Other liabilities	1,328
Deferred inflows of resources	<u>72,709</u>
Net cash used in operating activities	<u>\$ (291,540)</u>
Supplemental schedule of noncash transactions:	
State's contribution for pension benefits	\$ 41,223
State's contribution for OPEB	14,672
Change in accrued capital asset purchases	1,973
Contributed capital assets	995
Amortization of net bond premium	157
Gifts in kind	126
Capital assets paid by the Office of the Chancellor	42
Amortization of loss on debt refundings	27

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, FRESNO

Transactions with Related Entities

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 4,210
Payments from discretely presented component units for other than salaries	2,334
Payments to discretely presented component units for services, space, and programs	11,931
Gifts in kind from discretely presented component units	1,259
Gifts (cash or assets) from discretely presented component units	673
Accounts receivable from discretely presented component units	953
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(741)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	127
Payments to the Office of the Chancellor for state pro rata charges	279
Accounts receivable from the Office of the Chancellor	692
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	2,333
Other interagency payments or receipts for services, space, and programs	(258)

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, FULLERTON

Statement of Net Position

June 30, 2018

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 11	28,741	28,752
Short-term investments	199,802	22,068	221,870
Accounts receivable, net	8,619	5,974	14,593
Capital lease receivable, current portion	135	1,060	1,195
Notes receivable, current portion	—	1,175	1,175
Pledges receivable, net	—	2,148	2,148
Prepaid expenses and other current assets	2,600	3,693	6,293
Total current assets	<u>211,167</u>	<u>64,859</u>	<u>276,026</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	3,539	3,539
Accounts receivable, net	2,820	—	2,820
Capital lease receivable, net of current portion	4,660	20,075	24,735
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	3,223	—	3,223
Pledges receivable, net	—	2,886	2,886
Endowment investments	—	63,610	63,610
Other long-term investments	25,088	598	25,686
Capital assets, net	494,987	72,486	567,473
Other assets	5,085	477	5,562
Total noncurrent assets	<u>535,863</u>	<u>163,671</u>	<u>699,534</u>
Total assets	<u>\$ 747,030</u>	<u>228,530</u>	<u>975,560</u>
Deferred Outflows of Resources			
Deferred outflows of resources	\$ 263,260	—	263,260
Liabilities			
Current liabilities:			
Accounts payable	\$ 7,522	7,150	14,672
Accrued salaries and benefits	34,089	121	34,210
Accrued compensated absences, current portion	7,911	760	8,671
Unearned revenues	11,155	1,012	12,167
Capital lease obligations, current portion	2,685	135	2,820
Long-term debt obligations, current portion	8,985	2,062	11,047
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	51	2,720	2,771
Other liabilities	9,614	4,903	14,517
Total current liabilities	<u>82,012</u>	<u>18,863</u>	<u>100,875</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	5,729	300	6,029
Unearned revenues	—	—	—
Grants refundable	4,492	—	4,492
Capital lease obligations, net of current portion	28,793	4,660	33,453
Long-term debt obligations, net of current portion	236,927	61,050	297,977
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Net other postemployment benefits liability	923,955	2,362	926,317
Net pension liability	627,072	7,206	634,278
Other liabilities	—	3,784	3,784
Total noncurrent liabilities	<u>1,826,968</u>	<u>79,362</u>	<u>1,906,330</u>
Total liabilities	<u>\$ 1,908,980</u>	<u>98,225</u>	<u>2,007,205</u>

CALIFORNIA STATE UNIVERSITY, FULLERTON

Statement of Net Position

June 30, 2018

(In thousands)

Deferred Inflows of Resources	Campus	Discretely presented component units	Total
Deferred inflows of resources	\$ 100,243	—	100,243
Net Position			
Net position:			
Net investment in capital assets	\$ 232,881	25,714	258,595
Restricted for:			
Nonexpendable – endowments	—	57,936	57,936
Expendable:			
Scholarships and fellowships	—	3,822	3,822
Research	—	—	—
Loans	557	—	557
Capital projects	2,349	—	2,349
Debt service	13	—	13
Others	419	28,056	28,475
Unrestricted	(1,235,152)	14,777	(1,220,375)
Total net position	\$ (998,933)	130,305	(868,628)

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, FULLERTON

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2018

(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$130,672)	\$ 179,857	14,157	—	194,014
Grants and contracts, noncapital:			—	
Federal	193	17,398	—	17,591
State	—	4,942	—	4,942
Local	—	2,107	—	2,107
Nongovernmental	—	2,840	—	2,840
Sales and services of educational activities	—	—	—	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$3,881)	41,968	35,110	—	77,078
Other operating revenues	14,958	12,588	—	27,546
Total operating revenues	<u>236,976</u>	<u>89,142</u>	<u>—</u>	<u>326,118</u>
Expenses:				
Operating expenses:				
Instruction	287,960	7,888	—	295,848
Research	869	6,021	—	6,890
Public service	1,806	8,681	—	10,487
Academic support	49,629	532	—	50,161
Student services	58,398	18,220	—	76,618
Institutional support	100,093	2,459	—	102,552
Operation and maintenance of plant	52,275	4,406	—	56,681
Student grants and scholarships	75,919	3,711	—	79,630
Auxiliary enterprise expenses	24,322	41,006	(1,114)	64,214
Depreciation and amortization	32,896	2,265	—	35,161
Total operating expenses	<u>684,167</u>	<u>95,189</u>	<u>(1,114)</u>	<u>778,242</u>
Operating loss	<u>(447,191)</u>	<u>(6,047)</u>	<u>1,114</u>	<u>(452,124)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	278,595	—	—	278,595
Federal financial aid grants, noncapital	84,600	—	—	84,600
State financial aid grants, noncapital	66,904	—	—	66,904
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	272	—	—	272
Other federal nonoperating grants, noncapital	1,503	—	—	1,503
Gifts, noncapital	2,175	7,524	(385)	9,314
Investment income, net	2,197	4,296	—	6,493
Endowment income, net	—	263	—	263
Interest expense	(12,551)	(2,359)	—	(14,910)
Other nonoperating revenues (expenses)	19,101	(1,668)	—	17,433
Net nonoperating income	<u>442,796</u>	<u>8,056</u>	<u>(385)</u>	<u>450,467</u>
Income (loss) before other revenues (expenses)	<u>(4,395)</u>	<u>2,009</u>	<u>729</u>	<u>(1,657)</u>
State appropriations, capital	—	—	—	—
Grants and gifts, capital	744	—	(729)	15
Additions to permanent endowments	—	2,688	—	2,688
Increase (decrease) in net position	<u>(3,651)</u>	<u>4,697</u>	<u>—</u>	<u>1,046</u>
Net position:				
Net position at beginning of year, as restated	<u>(995,282)</u>	<u>125,608</u>	<u>—</u>	<u>(869,674)</u>
Net position at end of year	<u>\$ (998,933)</u>	<u>130,305</u>	<u>—</u>	<u>(868,628)</u>

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, FULLERTON

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 179,580
Federal grants and contracts	193
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(91,348)
Payments to employees	(375,670)
Payments to students	(75,899)
Collections of student loans	5
Sales and services of educational activities	—
Sales and services of auxiliary enterprises	40,750
Other receipts	14,976
Net cash used in operating activities	<u>(307,413)</u>
Cash flows from noncapital financing activities:	
State appropriations	195,693
Federal financial aid grants	84,485
State financial aid grants	66,904
Nongovernmental and other financial aid grants	272
Other federal nonoperating grants	1,502
Gifts and grants received for other than capital purposes	2,175
Federal loan program receipts	99,812
Federal loan program disbursements	(99,056)
Monies received on behalf of others	6,286
Monies disbursed on behalf of others	(6,539)
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	13,643
Net cash provided by noncapital financing activities	<u>365,177</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	30
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	—
Proceeds from sale of capital assets	—
Acquisition of capital assets	(13,000)
Principal paid on capital debt and leases	(9,948)
Interest paid on capital debt and leases	(13,844)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash used in capital and related financing activities	<u>(36,762)</u>

CALIFORNIA STATE UNIVERSITY, FULLERTON

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 776,969
Purchases of investments	(801,461)
Investment income proceeds	3,488
Net cash used in investing activities	<u>(21,004)</u>
Net decrease in cash and cash equivalents	(2)
Cash and cash equivalents at beginning of year	<u>13</u>
Cash and cash equivalents at end of year	<u>\$ 11</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 11
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 11</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (447,191)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	32,896
Change in assets and liabilities:	
Accounts receivable, net	520
Student loans receivable, net	(152)
Prepaid expenses and other current assets	2,629
Other assets	(63)
Deferred outflows of resources	(21,607)
Accounts payable	(1,649)
Accrued salaries and benefits	4,097
Accrued compensated absences	(2,568)
Unearned revenues	(418)
Depository accounts	—
Net other postemployment benefits liability	(50,776)
Net pension liability	77,323
Other liabilities	541
Deferred inflows of resources	99,005
Net cash used in operating activities	<u>\$ (307,413)</u>
Supplemental schedule of noncash transactions:	
State's contribution for pension benefits	\$ 60,361
State's contribution for OPEB	22,543
Amortization of net bond premium	1,228
Contributed capital assets	744
Amortization of loss on debt refundings	564
Non-cash payment of capital lease obligation	145
Non-cash receipt of capital lease receivable	145
Capital assets paid by the Office of the Chancellor	124
Change in accrued capital asset purchases	75

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, FULLERTON

Transactions with Related Entities

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 8,020
Payments from discretely presented component units for other than salaries	4,810
Payments to discretely presented component units for services, space, and programs	16,761
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	2,691
Accounts receivable from discretely presented component units	2,959
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(867)
Other amounts payable to discretely presented component units	(1)
Payments to the Office of the Chancellor for administrative activities	374
Payments to the Office of the Chancellor for state pro rata charges	1,005
Accounts receivable from the Office of the Chancellor	1,626
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	3,116
Other interagency payments or receipts for services, space, and programs	30

See accompanying independent auditors' report.

HUMBOLDT STATE UNIVERSITY

Statement of Net Position

June 30, 2018

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 12	5,178	5,190
Short-term investments	47,538	18,946	66,484
Accounts receivable, net	4,168	7,274	11,442
Capital lease receivable, current portion	—	25	25
Notes receivable, current portion	—	—	—
Pledges receivable, net	2,000	65	2,065
Prepaid expenses and other current assets	952	301	1,253
Total current assets	<u>54,670</u>	<u>31,789</u>	<u>86,459</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	—	—
Accounts receivable, net	2,182	83	2,265
Capital lease receivable, net of current portion	—	469	469
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	2,942	—	2,942
Pledges receivable, net	—	72	72
Endowment investments	987	29,539	30,526
Other long-term investments	15,088	1,242	16,330
Capital assets, net	178,980	3,455	182,435
Other assets	86	—	86
Total noncurrent assets	<u>200,265</u>	<u>34,860</u>	<u>235,125</u>
Total assets	<u>\$ 254,935</u>	<u>66,649</u>	<u>321,584</u>
Deferred Outflows of Resources			
Deferred outflows of resources	\$ 84,924	2,467	87,391
Liabilities			
Current liabilities:			
Accounts payable	\$ 3,529	1,571	5,100
Accrued salaries and benefits	9,105	679	9,784
Accrued compensated absences, current portion	2,087	313	2,400
Unearned revenues	2,819	2,398	5,217
Capital lease obligations, current portion	26	25	51
Long-term debt obligations, current portion	1,755	—	1,755
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	119	2	121
Other liabilities	961	2,264	3,225
Total current liabilities	<u>20,401</u>	<u>7,252</u>	<u>27,653</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	2,391	77	2,468
Unearned revenues	—	202	202
Grants refundable	3,679	—	3,679
Capital lease obligations, net of current portion	467	469	936
Long-term debt obligations, net of current portion	53,778	—	53,778
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Net other postemployment benefits liability	420,514	22	420,536
Net pension liability	208,780	1,591	210,371
Other liabilities	—	—	—
Total noncurrent liabilities	<u>689,609</u>	<u>2,361</u>	<u>691,970</u>
Total liabilities	<u>\$ 710,010</u>	<u>9,613</u>	<u>719,623</u>

HUMBOLDT STATE UNIVERSITY

Statement of Net Position

June 30, 2018

(In thousands)

Deferred Inflows of Resources	Campus	Discretely presented component units	Total
Deferred inflows of resources	\$ 44,906	1,829	46,735
Net Position			
Net position:			
Net investment in capital assets	\$ 130,211	2,960	133,171
Restricted for:			
Nonexpendable – endowments	987	25,617	26,604
Expendable:			
Scholarships and fellowships	2,323	—	2,323
Research	—	—	—
Loans	853	—	853
Capital projects	1,761	—	1,761
Debt service	2	—	2
Others	156	8,132	8,288
Unrestricted	(551,350)	20,965	(530,385)
Total net position	\$ (415,057)	57,674	(357,383)

See accompanying independent auditors' report.

HUMBOLDT STATE UNIVERSITY

Statement of Revenues, Expenses, and Changes in Net Position

June 30, 2018

(In thousands)

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$30,637)	\$ 33,132	1,991	—	35,123
Grants and contracts, noncapital:				
Federal	404	11,156	—	11,560
State	594	8,803	—	9,397
Local	—	702	—	702
Nongovernmental	—	4,617	—	4,617
Sales and services of educational activities	567	—	—	567
Sales and services of auxiliary enterprises (net of scholarship allowances of \$11,147)	4,771	14,041	—	18,812
Other operating revenues	10,109	3,335	(1,324)	12,120
Total operating revenues	<u>49,577</u>	<u>44,645</u>	<u>(1,324)</u>	<u>92,898</u>
Expenses:				
Operating expenses:				
Instruction	82,584	452	—	83,036
Research	277	12,190	—	12,467
Public service	740	11,379	—	12,119
Academic support	22,829	1,677	—	24,506
Student services	27,016	2,307	—	29,323
Institutional support	24,420	150	—	24,570
Operation and maintenance of plant	20,180	—	—	20,180
Student grants and scholarships	13,049	649	(649)	13,049
Auxiliary enterprise expenses	11,880	16,238	(1,106)	27,012
Depreciation and amortization	10,210	343	—	10,553
Total operating expenses	<u>213,185</u>	<u>45,385</u>	<u>(1,755)</u>	<u>256,815</u>
Operating loss	<u>(163,608)</u>	<u>(740)</u>	<u>431</u>	<u>(163,917)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	110,362	—	—	110,362
Federal financial aid grants, noncapital	23,009	—	—	23,009
State financial aid grants, noncapital	15,676	—	—	15,676
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	33	—	—	33
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	1,314	2,999	(155)	4,158
Investment income, net	638	240	—	878
Endowment income (loss), net	(6)	1,913	—	1,907
Interest expense	(2,131)	(58)	—	(2,189)
Other nonoperating revenues (expenses)	7,733	(2,165)	—	5,568
Net nonoperating income	<u>156,628</u>	<u>2,929</u>	<u>(155)</u>	<u>159,402</u>
Income (loss) before other revenues (expenses)	<u>(6,980)</u>	<u>2,189</u>	<u>276</u>	<u>(4,515)</u>
State appropriations, capital	—	—	—	—
Grants and gifts, capital	1,078	124	(276)	926
Additions to permanent endowments	—	647	—	647
Increase (decrease) in net position	<u>(5,902)</u>	<u>2,960</u>	<u>—</u>	<u>(2,942)</u>
Net position:				
Net position at beginning of year, as restated	<u>(409,155)</u>	<u>54,714</u>	<u>—</u>	<u>(354,441)</u>
Net position at end of year	<u>\$ (415,057)</u>	<u>57,674</u>	<u>—</u>	<u>(357,383)</u>

See accompanying independent auditors' report.

HUMBOLDT STATE UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 34,119
Federal grants and contracts	398
State grants and contracts	633
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(26,850)
Payments to employees	(124,875)
Payments to students	(13,072)
Collections of student loans	—
Sales and services of educational activities	567
Sales and services of auxiliary enterprises	4,837
Other receipts	7,550
Net cash used in operating activities	<u>(116,693)</u>
Cash flows from noncapital financing activities:	
State appropriations	82,705
Federal financial aid grants	22,974
State financial aid grants	15,676
Nongovernmental and other financial aid grants	33
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	1,314
Federal loan program receipts	36,212
Federal loan program disbursements	(36,442)
Monies received on behalf of others	5,100
Monies disbursed on behalf of others	(5,572)
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	8,061
Net cash provided by noncapital financing activities	<u>130,061</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	1,137
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	747
Proceeds from sale of capital assets	1,902
Acquisition of capital assets	(8,654)
Principal paid on capital debt and leases	(3,387)
Interest paid on capital debt and leases	(2,627)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash used in capital and related financing activities	<u>(10,882)</u>

HUMBOLDT STATE UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 233,795
Purchases of investments	(237,312)
Investment income proceeds	1,031
Net cash used in investing activities	<u>(2,486)</u>
Net increase (decrease) in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>12</u>
Cash and cash equivalents at end of year	<u>\$ 12</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 12
Restricted cash and cash equivalents	—
Total cash and cash equivalents at end of year	<u>\$ 12</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (163,608)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	10,210
Change in assets and liabilities:	
Accounts receivable, net	(2,093)
Student loans receivable, net	(26)
Prepaid expenses and other current assets	344
Other assets	(42)
Deferred outflows of resources	(6,265)
Accounts payable	(448)
Accrued salaries and benefits	514
Accrued compensated absences	(1,215)
Unearned revenues	492
Depository accounts	—
Net other postemployment benefits liability	(23,109)
Net pension liability	23,903
Other liabilities	159
Deferred inflows of resources	44,491
Net cash used in operating activities	<u>\$ (116,693)</u>
Supplemental schedule of noncash transactions:	
State's contribution for pension benefits	\$ 20,128
State's contribution for OPEB	7,530
Change in accrued capital asset purchases	1,320
Amortization of net bond premium	348
Contributed capital assets	331
Amortization of loss on debt refundings	246
Capital assets paid by the Office of the Chancellor	11

See accompanying independent auditors' report.

HUMBOLDT STATE UNIVERSITY

Transactions with Related Entities

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 2,560
Payments from discretely presented component units for other than salaries	4,851
Payments to discretely presented component units for services, space, and programs	1,600
Gifts in kind from discretely presented component units	280
Gifts (cash or assets) from discretely presented component units	1,258
Accounts receivable from discretely presented component units	163
Other amounts receivable from discretely presented component units	2,060
Accounts payable to discretely presented component units	(82)
Other amounts payable to discretely presented component units	(6)
Payments to the Office of the Chancellor for administrative activities	78
Payments to the Office of the Chancellor for state pro rata charges	407
Accounts receivable from the Office of the Chancellor	3,068
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	2
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	876
Other interagency payments or receipts for services, space, and programs	126

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, LONG BEACH

Statement of Net Position

June 30, 2018

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 600	13,104	13,704
Short-term investments	193,036	52,000	245,036
Accounts receivable, net	15,500	9,943	25,443
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	2,659	2,659
Prepaid expenses and other current assets	4,865	3,292	8,157
Total current assets	<u>214,001</u>	<u>80,998</u>	<u>294,999</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	—	—
Accounts receivable, net	2,785	16,385	19,170
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	6,515	—	6,515
Pledges receivable, net	—	5,528	5,528
Endowment investments	—	77,175	77,175
Other long-term investments	30,614	16,398	47,012
Capital assets, net	490,291	53,433	543,724
Other assets	282	—	282
Total noncurrent assets	<u>530,487</u>	<u>168,919</u>	<u>699,406</u>
Total assets	<u>\$ 744,488</u>	<u>249,917</u>	<u>994,405</u>
Deferred Outflows of Resources			
Deferred outflows of resources	\$ 275,064	3,076	278,140
Liabilities			
Current liabilities:			
Accounts payable	\$ 17,245	4,499	21,744
Accrued salaries and benefits	32,673	2,545	35,218
Accrued compensated absences, current portion	8,378	3,134	11,512
Unearned revenues	35,066	2,695	37,761
Capital lease obligations, current portion	—	—	—
Long-term debt obligations, current portion	3,660	1,205	4,865
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	386	1,125	1,511
Other liabilities	2,896	702	3,598
Total current liabilities	<u>100,304</u>	<u>15,905</u>	<u>116,209</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	6,325	—	6,325
Unearned revenues	363	—	363
Grants refundable	6,635	—	6,635
Capital lease obligations, net of current portion	—	—	—
Long-term debt obligations, net of current portion	122,533	31,036	153,569
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Net other postemployment benefits liability	1,001,709	24,146	1,025,855
Net pension liability	656,291	11,183	667,474
Other liabilities	—	7,937	7,937
Total noncurrent liabilities	<u>1,793,856</u>	<u>74,302</u>	<u>1,868,158</u>
Total liabilities	<u>\$ 1,894,160</u>	<u>90,207</u>	<u>1,984,367</u>

CALIFORNIA STATE UNIVERSITY, LONG BEACH

Statement of Net Position

June 30, 2018

(In thousands)

Deferred Inflows of Resources	Campus	Discretely presented component units	Total
Deferred inflows of resources	\$ 108,443	13,232	121,675
Net Position			
Net position:			
Net investment in capital assets	\$ 373,515	21,191	394,706
Restricted for:			
Nonexpendable – endowments	—	65,827	65,827
Expendable:			
Scholarships and fellowships	96	2,880	2,976
Research	—	3,706	3,706
Loans	301	—	301
Capital projects	2,438	747	3,185
Debt service	359	—	359
Others	—	39,681	39,681
Unrestricted	(1,359,760)	15,522	(1,344,238)
Total net position	\$ (983,051)	149,554	(833,497)

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, LONG BEACH

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$131,304)	\$ 149,428	12,838	—	162,266
Grants and contracts, noncapital:				
Federal	—	24,058	—	24,058
State	—	7,285	—	7,285
Local	—	2,141	—	2,141
Nongovernmental	—	6,545	—	6,545
Sales and services of educational activities	4,288	1,031	—	5,319
Sales and services of auxiliary enterprises (net of scholarship allowances of \$10,317)	22,992	43,145	—	66,137
Other operating revenues	14,162	7,286	(460)	20,988
Total operating revenues	<u>190,870</u>	<u>104,329</u>	<u>(460)</u>	<u>294,739</u>
Expenses:				
Operating expenses:				
Instruction	292,572	7,874	—	300,446
Research	4,514	14,371	—	18,885
Public service	2,904	4,313	—	7,217
Academic support	65,381	7,506	—	72,887
Student services	68,592	19,036	(658)	86,970
Institutional support	59,373	9,120	(2,175)	66,318
Operation and maintenance of plant	68,182	824	(21)	68,985
Student grants and scholarships	68,610	9,403	(7,863)	70,150
Auxiliary enterprise expenses	23,351	37,759	(573)	60,537
Depreciation and amortization	34,402	2,545	—	36,947
Total operating expenses	<u>687,881</u>	<u>112,751</u>	<u>(11,290)</u>	<u>789,342</u>
Operating loss	<u>(497,011)</u>	<u>(8,422)</u>	<u>10,830</u>	<u>(494,603)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	294,117	—	—	294,117
Federal financial aid grants, noncapital	82,804	—	—	82,804
State financial aid grants, noncapital	61,826	—	—	61,826
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	7,916	—	(7,916)	—
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	797	10,165	(717)	10,245
Investment income, net	2,211	3,246	—	5,457
Endowment income, net	—	5,313	—	5,313
Interest expense	(4,741)	(1,291)	—	(6,032)
Other nonoperating revenues (expenses)	44,757	(910)	—	43,847
Net nonoperating revenues	<u>489,687</u>	<u>16,523</u>	<u>(8,633)</u>	<u>497,577</u>
Loss before other revenues (expenses)	<u>(7,324)</u>	<u>8,101</u>	<u>2,197</u>	<u>2,974</u>
State appropriations, capital	—	—	—	—
Grants and gifts, capital	2,197	—	(2,197)	—
Additions to permanent endowments	—	8,794	—	8,794
Increase (decrease) in net position	<u>(5,127)</u>	<u>16,895</u>	<u>—</u>	<u>11,768</u>
Net position:				
Net position at beginning of year, as restated	<u>(977,924)</u>	<u>132,659</u>	<u>—</u>	<u>(845,265)</u>
Net position at end of year	<u>\$ (983,051)</u>	<u>149,554</u>	<u>—</u>	<u>(833,497)</u>

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, LONG BEACH

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 149,030
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(88,310)
Payments to employees	(386,772)
Payments to students	(68,718)
Collections of student loans	7
Sales and services of educational activities	4,288
Sales and services of auxiliary enterprises	22,765
Other receipts	8,276
Net cash used in operating activities	<u>(359,434)</u>
Cash flows from noncapital financing activities:	
State appropriations	205,288
Federal financial aid grants	82,804
State financial aid grants	61,826
Nongovernmental and other financial aid grants	7,952
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	872
Federal loan program receipts	105,582
Federal loan program disbursements	(106,201)
Monies received on behalf of others	6,773
Monies disbursed on behalf of others	(6,731)
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	43,352
Net cash provided by noncapital financing activities	<u>401,517</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	919
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	1,597
Proceeds from sale of capital assets	60
Acquisition of capital assets	(61,916)
Principal paid on capital debt and leases	(3,575)
Interest paid on capital debt and leases	(6,919)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash used in capital and related financing activities	<u>(69,834)</u>

CALIFORNIA STATE UNIVERSITY, LONG BEACH

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 791,791
Purchases of investments	(766,904)
Investment income proceeds	3,443
Net cash provided by investing activities	<u>28,330</u>
Net increase (decrease) in cash and cash equivalents	579
Cash and cash equivalents at beginning of year	<u>21</u>
Cash and cash equivalents at end of year	<u>\$ 600</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 600
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 600</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (497,011)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	34,402
Change in assets and liabilities:	
Accounts receivable, net	(5,484)
Student loans receivable, net	(96)
Prepaid expenses and other current assets	(557)
Other assets	(64)
Deferred outflows of resources	(30,764)
Accounts payable	4,614
Accrued salaries and benefits	543
Accrued compensated absences	(2,494)
Unearned revenues	(1,150)
Depository accounts	—
Net other postemployment benefits liability	(55,049)
Net pension liability	86,448
Other liabilities	73
Deferred inflows of resources	<u>107,155</u>
Net cash used in operating activities	<u>\$ (359,434)</u>
Supplemental schedule of noncash transactions:	
State's contribution for pension benefits	\$ 64,126
State's contribution for OPEB	23,174
Change in accrued capital asset purchases	1,567
Amortization of net bond premium	932
Contributed capital assets	600
Amortization of loss on debt refundings	496
Capital assets transferred from the Office of the Chancellor	105
Gifts in kind	69
Capital assets paid by the Office of the Chancellor	34

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, LONG BEACH

Transactions with Related Entities

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 5,558
Payments from discretely presented component units for other than salaries	19,662
Payments to discretely presented component units for services, space, and programs	7,299
Gifts in kind from discretely presented component units	712
Gifts (cash or assets) from discretely presented component units	10,117
Accounts receivable from discretely presented component units	2,255
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(309)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	967
Payments to the Office of the Chancellor for state pro rata charges	1,219
Accounts receivable from the Office of the Chancellor	8,966
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	2,646
Other interagency payments or receipts for services, space, and programs	890

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, LOS ANGELES

Statement of Net Position

June 30, 2018

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 9	6,476	6,485
Short-term investments	188,661	14,923	203,584
Accounts receivable, net	8,521	8,960	17,481
Capital lease receivable, current portion	910	—	910
Notes receivable, current portion	—	38	38
Pledges receivable, net	—	2,464	2,464
Prepaid expenses and other current assets	560	286	846
Total current assets	<u>198,661</u>	<u>33,147</u>	<u>231,808</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	5,590	5,590
Accounts receivable, net	2,391	—	2,391
Capital lease receivable, net of current portion	17,760	—	17,760
Notes receivable, net of current portion	—	106	106
Student loans receivable, net	838	—	838
Pledges receivable, net	—	4,960	4,960
Endowment investments	—	31,621	31,621
Other long-term investments	12,336	10,619	22,955
Capital assets, net	263,081	24,567	287,648
Other assets	258	455	713
Total noncurrent assets	<u>296,664</u>	<u>77,918</u>	<u>374,582</u>
Total assets	<u>\$ 495,325</u>	<u>111,065</u>	<u>606,390</u>
Deferred Outflows of Resources			
Deferred outflows of resources	\$ 188,768	1,549	190,317
Liabilities			
Current liabilities:			
Accounts payable	\$ 10,917	1,790	12,707
Accrued salaries and benefits	21,933	1,685	23,618
Accrued compensated absences, current portion	4,997	429	5,426
Unearned revenues	22,674	4,495	27,169
Capital lease obligations, current portion	—	910	910
Long-term debt obligations, current portion	2,440	128	2,568
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	271	—	271
Other liabilities	1,696	—	1,696
Total current liabilities	<u>64,928</u>	<u>9,437</u>	<u>74,365</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	5,083	153	5,236
Unearned revenues	—	—	—
Grants refundable	486	—	486
Capital lease obligations, net of current portion	—	19,680	19,680
Long-term debt obligations, net of current portion	70,015	6,141	76,156
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	31	—	31
Net other postemployment benefits liability	649,140	3,446	652,586
Net pension liability	420,858	—	420,858
Other liabilities	2,978	—	2,978
Total noncurrent liabilities	<u>1,148,591</u>	<u>29,420</u>	<u>1,178,011</u>
Total liabilities	<u>\$ 1,213,519</u>	<u>38,857</u>	<u>1,252,376</u>

CALIFORNIA STATE UNIVERSITY, LOS ANGELES

Statement of Net Position

June 30, 2018

(In thousands)

Deferred Inflows of Resources	Campus	Discretely presented component units	Total
Deferred inflows of resources	\$ 70,239	812	71,051
Net Position			
Net position:			
Net investment in capital assets	\$ 213,743	(3,105)	210,638
Restricted for:			
Nonexpendable – endowments	—	34,362	34,362
Expendable:			
Scholarships and fellowships	1,517	24,341	25,858
Research	—	—	—
Loans	559	—	559
Capital projects	2,273	—	2,273
Debt service	9	—	9
Others	1,897	—	1,897
Unrestricted	(819,663)	17,347	(802,316)
Total net position	\$ (599,665)	72,945	(526,720)

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, LOS ANGELES

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$115,532)	\$ 86,289	6,660	—	92,949
Grants and contracts, noncapital:				
Federal	—	19,575	—	19,575
State	—	1,699	—	1,699
Local	—	4,127	—	4,127
Nongovernmental	—	2,977	—	2,977
Sales and services of educational activities	40	2,877	—	2,917
Sales and services of auxiliary enterprises (net of scholarship allowances of \$2,286)	15,402	6,913	—	22,315
Other operating revenues	8,155	824	—	8,979
Total operating revenues	<u>109,886</u>	<u>45,652</u>	<u>—</u>	<u>155,538</u>
Expenses:				
Operating expenses:				
Instruction	197,677	24,183	—	221,860
Research	2,822	—	—	2,822
Public service	2,908	—	—	2,908
Academic support	62,837	—	—	62,837
Student services	37,153	4,223	—	41,376
Institutional support	48,540	4,329	—	52,869
Operation and maintenance of plant	35,148	5,899	—	41,047
Student grants and scholarships	76,022	1,857	—	77,879
Auxiliary enterprise expenses	12,914	—	—	12,914
Depreciation and amortization	16,077	1,552	—	17,629
Total operating expenses	<u>492,098</u>	<u>42,043</u>	<u>—</u>	<u>534,141</u>
Operating loss	<u>(382,212)</u>	<u>3,609</u>	<u>—</u>	<u>(378,603)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	207,026	—	—	207,026
Federal financial aid grants, noncapital	85,030	—	—	85,030
State financial aid grants, noncapital	58,287	—	—	58,287
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	48	—	—	48
Other federal nonoperating grants, noncapital	109	—	—	109
Gifts, noncapital	89	1,630	(77)	1,642
Investment income, net	2,675	352	—	3,027
Endowment income, net	—	1,926	—	1,926
Interest expense	(2,555)	—	—	(2,555)
Other nonoperating revenues (expenses)	15,952	(2,302)	1,206	14,856
Net nonoperating revenues	<u>366,661</u>	<u>1,606</u>	<u>1,129</u>	<u>369,396</u>
Loss before other revenues (expenses)	<u>(15,551)</u>	<u>5,215</u>	<u>1,129</u>	<u>(9,207)</u>
State appropriations, capital	71	—	—	71
Grants and gifts, capital	1,948	—	(1,129)	819
Additions to permanent endowments	—	2,222	—	2,222
Increase (decrease) in net position	<u>(13,532)</u>	<u>7,437</u>	<u>—</u>	<u>(6,095)</u>
Net position:				
Net position at beginning of year, as restated	<u>(586,133)</u>	<u>65,508</u>	<u>—</u>	<u>(520,625)</u>
Net position at end of year	<u>\$ (599,665)</u>	<u>72,945</u>	<u>—</u>	<u>(526,720)</u>

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, LOS ANGELES

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 85,820
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(74,235)
Payments to employees	(258,878)
Payments to students	(76,209)
Collections of student loans	35
Sales and services of educational activities	40
Sales and services of auxiliary enterprises	15,388
Other receipts	7,861
Net cash used in operating activities	<u>(300,178)</u>
Cash flows from noncapital financing activities:	
State appropriations	150,531
Federal financial aid grants	84,963
State financial aid grants	58,287
Nongovernmental and other financial aid grants	48
Other federal nonoperating grants	109
Gifts and grants received for other than capital purposes	89
Federal loan program receipts	76,078
Federal loan program disbursements	(75,981)
Monies received on behalf of others	4,290
Monies disbursed on behalf of others	(3,989)
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Principal collections on capital leases	875
Interest collections on capital leases	817
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	23,310
Net cash provided by noncapital financing activities	<u>319,427</u>
Cash flows from capital and related financing activities:	
Proceeds From Capital Debt	11,775
State Appropriations	286
State Appropriations – Spwb Lease Revenue Bond Program	—
Capital Grants and Gifts	—
Proceeds From Sale of Capital Assets	—
Acquisition of Capital Assets	(35,782)
Principal Paid on Capital Debt and Leases	(2,335)
Interest Paid on Capital Debt and Leases	(3,742)
Principal Collection on Capital Leases	637
Interest Collection on Capital Leases	—
Net cash used in capital and related financing activities	<u>(29,161)</u>

CALIFORNIA STATE UNIVERSITY, LOS ANGELES

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 552,641
Purchases of investments	(545,781)
Investment income proceeds	3,052
Net cash provided by investing activities	<u>9,912</u>
Net increase (decrease) in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>9</u>
Cash and cash equivalents at end of year	<u>\$ 9</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 9
Restricted cash and cash equivalents	—
Total cash and cash equivalents at end of year	<u>\$ 9</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (382,212)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	16,077
Change in assets and liabilities:	
Accounts receivable, net	(2,127)
Student loans receivable, net	(152)
Prepaid expenses and other current assets	(88)
Other assets	(3)
Deferred outflows of resources	(26,539)
Accounts payable	(7,889)
Accrued salaries and benefits	838
Accrued compensated absences	(1,938)
Unearned revenues	931
Depository accounts	—
Net other postemployment benefits liability	(35,674)
Net pension liability	69,112
Other liabilities	38
Deferred inflows of resources	<u>69,448</u>
Net cash used in operating activities	<u>\$ (300,178)</u>
Supplemental schedule of noncash transactions:	
State's contribution for pension benefits	\$ 42,079
State's contribution for OPEB	14,417
Change in accrued capital asset purchases	3,389
Contributed capital assets	1,948
Amortization of net bond premium	344
Amortization of loss on debt refundings	109
Capital assets paid by the Office of the Chancellor	36

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, LOS ANGELES

Transactions with Related Entities

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 3,037
Payments from discretely presented component units for other than salaries	6,018
Payments to discretely presented component units for services, space, and programs	4,813
Gifts in kind from discretely presented component units	1,637
Gifts (cash or assets) from discretely presented component units	—
Accounts receivable from discretely presented component units	964
Other amounts receivable from discretely presented component units	134
Accounts payable to discretely presented component units	(579)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	439
Payments to the Office of the Chancellor for state pro rata charges	639
Accounts receivable from the Office of the Chancellor	1,466
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	2,437
Other interagency payments or receipts for services, space, and programs	103

See accompanying independent auditors' report.

CALIFORNIA MARITIME ACADEMY

Statement of Net Position

June 30, 2018

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 218	1,930	2,148
Short-term investments	20,091	125	20,216
Accounts receivable, net	1,919	131	2,050
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	96	96
Prepaid expenses and other current assets	1,840	1	1,841
Total current assets	<u>24,068</u>	<u>2,283</u>	<u>26,351</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	1,338	1,338
Accounts receivable, net	390	—	390
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	1,251	—	1,251
Pledges receivable, net	—	156	156
Endowment investments	—	7,351	7,351
Other long-term investments	1,987	—	1,987
Capital assets, net	113,479	3,140	116,619
Other assets	12	—	12
Total noncurrent assets	<u>117,119</u>	<u>11,985</u>	<u>129,104</u>
Total assets	<u>\$ 141,187</u>	<u>14,268</u>	<u>155,455</u>
Deferred Outflows of Resources			
Deferred outflows of resources	\$ 29,548	—	29,548
Liabilities			
Current liabilities:			
Accounts payable	\$ 2,912	18	2,930
Accrued salaries and benefits	1,593	—	1,593
Accrued compensated absences, current portion	748	—	748
Unearned revenues	1,252	—	1,252
Capital lease obligations, current portion	208	—	208
Long-term debt obligations, current portion	1,810	4	1,814
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	30	—	30
Other liabilities	450	6	456
Total current liabilities	<u>9,003</u>	<u>28</u>	<u>9,031</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	1,273	—	1,273
Unearned revenues	—	—	—
Grants refundable	1,379	—	1,379
Capital lease obligations, net of current portion	633	—	633
Long-term debt obligations, net of current portion	34,897	22	34,919
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	131	—	131
Net other postemployment benefits liability	86,671	—	86,671
Net pension liability	65,623	—	65,623
Other liabilities	—	—	—
Total noncurrent liabilities	<u>190,607</u>	<u>22</u>	<u>190,629</u>
Total liabilities	<u>\$ 199,610</u>	<u>50</u>	<u>199,660</u>

CALIFORNIA MARITIME ACADEMY

Statement of Net Position

June 30, 2018

(In thousands)

Deferred Inflows of Resources	Campus	Discretely presented component units	Total
Deferred inflows of resources	\$ 9,481	—	9,481
Net Position			
Net position:			
Net investment in capital assets	\$ 78,225	3,140	81,365
Restricted for:			
Nonexpendable – endowments	—	8,711	8,711
Expendable:			
Scholarships and fellowships	21	—	21
Research	—	—	—
Loans	29	—	29
Capital projects	2,140	125	2,265
Debt service	1	—	1
Others	5,923	1,334	7,257
Unrestricted	(124,695)	908	(123,787)
Total net position	\$ (38,356)	14,218	(24,138)

See accompanying independent auditors' report.

CALIFORNIA MARITIME ACADEMY

Statement of Revenues, Expenses, and Changes in Net Position

June 30, 2018

(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$2,936)	\$ 9,845	212	—	10,057
Grants and contracts, noncapital:				
Federal	1,445	—	—	1,445
State	103	—	—	103
Local	—	—	—	—
Nongovernmental	3,393	—	—	3,393
Sales and services of educational activities	25	—	—	25
Sales and services of auxiliary enterprises (net of scholarship allowances of \$822)	9,046	—	—	9,046
Other operating revenues	2,302	3,538	(1)	5,839
Total operating revenues	<u>26,159</u>	<u>3,750</u>	<u>(1)</u>	<u>29,908</u>
Expenses:				
Operating expenses:				
Instruction	22,670	—	—	22,670
Research	2,107	—	—	2,107
Public service	24	—	—	24
Academic support	2,733	—	—	2,733
Student services	9,834	266	—	10,100
Institutional support	12,069	—	—	12,069
Operation and maintenance of plant	9,771	—	—	9,771
Student grants and scholarships	1,012	393	(393)	1,012
Auxiliary enterprise expenses	9,679	979	(113)	10,545
Depreciation and amortization	6,160	972	—	7,132
Total operating expenses	<u>76,059</u>	<u>2,610</u>	<u>(506)</u>	<u>78,163</u>
Operating income (loss)	<u>(49,900)</u>	<u>1,140</u>	<u>505</u>	<u>(48,255)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	42,229	—	—	42,229
Federal financial aid grants, noncapital	1,775	—	—	1,775
State financial aid grants, noncapital	1,121	—	—	1,121
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	391	—	(393)	(2)
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	233	—	(112)	121
Investment income (loss), net	254	(298)	—	(44)
Endowment income, net	—	561	—	561
Interest expense	(1,147)	—	—	(1,147)
Other nonoperating revenues	784	43	—	827
Net nonoperating income	<u>45,640</u>	<u>306</u>	<u>(505)</u>	<u>45,441</u>
Income (loss) before other revenues (expenses)	<u>(4,260)</u>	<u>1,446</u>	<u>—</u>	<u>(2,814)</u>
State appropriations, capital	—	—	—	—
Grants and gifts, capital	—	—	—	—
Additions (reductions) to permanent endowments	—	—	—	—
Increase (decrease) in net position	<u>(4,260)</u>	<u>1,446</u>	<u>—</u>	<u>(2,814)</u>
Net position:				
Net position at beginning of year, as restated	<u>(34,096)</u>	<u>12,772</u>	<u>—</u>	<u>(21,324)</u>
Net position at end of year	<u>\$ (38,356)</u>	<u>14,218</u>	<u>—</u>	<u>(24,138)</u>

See accompanying independent auditors' report.

CALIFORNIA MARITIME ACADEMY

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 9,498
Federal grants and contracts	1,372
State grants and contracts	35
Local grants and contracts	—
Nongovernmental grants and contracts	2,410
Payments to suppliers	(19,115)
Payments to employees	(38,750)
Payments to students	(959)
Collections of student loans	17
Sales and services of educational activities	25
Sales and services of auxiliary enterprises	8,585
Other receipts	2,317
Net cash used in operating activities	<u>(34,565)</u>
Cash flows from noncapital financing activities:	
State appropriations	33,616
Federal financial aid grants	1,775
State financial aid grants	1,121
Nongovernmental and other financial aid grants	391
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	233
Federal loan program receipts	7,266
Federal loan program disbursements	(7,463)
Monies received on behalf of others	212
Monies disbursed on behalf of others	(176)
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	(48)
Net cash provided by noncapital financing activities	<u>36,927</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	30
State appropriations	597
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	—
Proceeds from sale of capital assets	180
Acquisition of capital assets	(3,207)
Principal paid on capital debt and leases	(805)
Interest paid on capital debt and leases	(1,272)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash used in capital and related financing activities	<u>(4,477)</u>

CALIFORNIA MARITIME ACADEMY

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 68,164
Purchases of investments	(66,392)
Investment income proceeds	395
Net cash provided by investing activities	<u>2,167</u>
Net increase (decrease) in cash and cash equivalents	52
Cash and cash equivalents at beginning of year	<u>166</u>
Cash and cash equivalents at end of year	<u>\$ 218</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 218
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 218</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (49,900)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	6,160
Change in assets and liabilities:	
Accounts receivable, net	(1,094)
Student loans receivable, net	17
Prepaid expenses and other current assets	(935)
Other assets	(10)
Deferred outflows of resources	(3,669)
Accounts payable	1,402
Accrued salaries and benefits	71
Accrued compensated absences	(350)
Unearned revenues	(802)
Depository accounts	—
Net other postemployment benefits liability	(4,763)
Net pension liability	9,882
Other liabilities	66
Deferred inflows of resources	<u>9,360</u>
Net cash used in operating activities	<u>\$ (34,565)</u>
Supplemental schedule of noncash transactions:	
Acquisition of capital assets through long-term debt obligations	\$ 8,055
State's contribution for pension benefits	6,386
State's contribution for OPEB	2,227
Construction work in process acquired from the Office of the Chancellor	676
Amortization of net bond premium	148
Amortization of loss on debt refundings	68
Capital assets paid by the Office of the Chancellor	34
Acquisition of capital asset through capital lease obligations	30

See accompanying independent auditors' report.

CALIFORNIA MARITIME ACADEMY

Transactions with Related Entities

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 25
Payments from discretely presented component units for other than salaries	131
Payments to discretely presented component units for services, space, and programs	—
Gifts in kind from discretely presented component units	112
Gifts (cash or assets) from discretely presented component units	394
Accounts receivable from discretely presented component units	8
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	—
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	21
Payments to the Office of the Chancellor for state pro rata charges	171
Accounts receivable from the Office of the Chancellor	52
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	3
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	251
Other interagency payments or receipts for services, space, and programs	(124)

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, MONTEREY BAY

Statement of Net Position

June 30, 2018

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 6	5,545	5,551
Short-term investments	55,768	1,242	57,010
Accounts receivable, net	6,548	10,004	16,552
Capital lease receivable, current portion	2,255	—	2,255
Notes receivable, current portion	—	305	305
Pledges receivable, net	—	436	436
Prepaid expenses and other current assets	929	828	1,757
Total current assets	<u>65,506</u>	<u>18,360</u>	<u>83,866</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	372	372
Accounts receivable, net	808	49	857
Capital lease receivable, net of current portion	47,330	—	47,330
Notes receivable, net of current portion	—	3,699	3,699
Student loans receivable, net	71	—	71
Pledges receivable, net	—	269	269
Endowment investments	—	23,701	23,701
Other long-term investments	49,216	48,846	98,062
Capital assets, net	257,021	126,426	383,447
Other assets	165	40	205
Total noncurrent assets	<u>354,611</u>	<u>203,402</u>	<u>558,013</u>
Total assets	<u>\$ 420,117</u>	<u>221,762</u>	<u>641,879</u>
Deferred Outflows of Resources			
Deferred outflows of resources	\$ 79,917	1,568	81,485
Liabilities			
Current liabilities:			
Accounts payable	\$ 6,439	4,506	10,945
Accrued salaries and benefits	6,466	699	7,165
Accrued compensated absences, current portion	2,925	512	3,437
Unearned revenues	2,389	1,886	4,275
Capital lease obligations, current portion	341	2,255	2,596
Long-term debt obligations, current portion	2,631	945	3,576
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	3	—	3
Other liabilities	2,389	57	2,446
Total current liabilities	<u>23,583</u>	<u>10,860</u>	<u>34,443</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	1,428	—	1,428
Unearned revenues	—	—	—
Grants refundable	4	—	4
Capital lease obligations, net of current portion	1,066	52,496	53,562
Long-term debt obligations, net of current portion	101,742	67,768	169,510
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	819	819
Net other postemployment benefits liability	228,269	—	228,269
Net pension liability	179,619	—	179,619
Other liabilities	5	—	5
Total noncurrent liabilities	<u>512,133</u>	<u>121,083</u>	<u>633,216</u>
Total liabilities	<u>\$ 535,716</u>	<u>131,943</u>	<u>667,659</u>

CALIFORNIA STATE UNIVERSITY, MONTEREY BAY

Statement of Net Position

June 30, 2018

(In thousands)

Deferred Inflows of Resources	Campus	Discretely presented component units	Total
Deferred inflows of resources	\$ 25,015	—	25,015
Net Position			
Net position:			
Net investment in capital assets	\$ 244,569	4,530	249,099
Restricted for:			
Nonexpendable – endowments	—	13,877	13,877
Expendable:			
Scholarships and fellowships	695	6,991	7,686
Research	—	121	121
Loans	56	—	56
Capital projects	915	—	915
Debt service	3,308	—	3,308
Others	5	8,855	8,860
Unrestricted	(310,245)	57,013	(253,232)
Total net position	\$ (60,697)	91,387	30,690

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, MONTEREY BAY

Statement of Revenues, Expenses, and Changes in Net Position

June 30, 2018

(In thousands)

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$26,188)	\$ 38,006	—	—	38,006
Grants and contracts, noncapital:				
Federal	—	13,145	—	13,145
State	—	1,896	—	1,896
Local	250	214	—	464
Nongovernmental	—	1,535	—	1,535
Sales and services of educational activities	—	—	—	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$-)	1,854	40,692	—	42,546
Other operating revenues	8,901	17	—	8,918
Total operating revenues	<u>49,011</u>	<u>57,499</u>	<u>—</u>	<u>106,510</u>
Expenses:				
Operating expenses:				
Instruction	64,747	53	—	64,800
Research	1,126	4,910	—	6,036
Public service	889	5,231	—	6,120
Academic support	18,174	3,481	—	21,655
Student services	28,504	5,819	—	34,323
Institutional support	24,037	3,604	—	27,641
Operation and maintenance of plant	26,549	—	—	26,549
Student grants and scholarships	15,428	2,963	(314)	18,077
Auxiliary enterprise expenses	1,537	19,868	—	21,405
Depreciation and amortization	16,182	7,326	—	23,508
Total operating expenses	<u>197,173</u>	<u>53,255</u>	<u>(314)</u>	<u>250,114</u>
Operating income (loss)	<u>(148,162)</u>	<u>4,244</u>	<u>314</u>	<u>(143,604)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	101,174	—	—	101,174
Federal financial aid grants, noncapital	17,362	—	—	17,362
State financial aid grants, noncapital	11,913	—	—	11,913
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	—	—	—	—
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	1,380	2,918	(314)	3,984
Investment income, net	2,777	3,087	—	5,864
Endowment income (loss), net	—	—	—	—
Interest expense	(2,512)	(4,505)	—	(7,017)
Other nonoperating revenues (expenses)	18,117	(392)	—	17,725
Net nonoperating income	<u>150,211</u>	<u>1,108</u>	<u>(314)</u>	<u>151,005</u>
Income before other revenues	2,049	5,352	—	7,401
State appropriations, capital	—	—	—	—
Grants and gifts, capital	145	(141)	—	4
Additions to permanent endowments	—	286	—	286
Increase in net position	2,194	5,497	—	7,691
Net position:				
Net position at beginning of year, as restated	<u>(62,891)</u>	<u>85,890</u>	<u>—</u>	<u>22,999</u>
Net position at end of year	<u>\$ (60,697)</u>	<u>91,387</u>	<u>—</u>	<u>30,690</u>

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, MONTEREY BAY

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 37,438
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	250
Nongovernmental grants and contracts	—
Payments to suppliers	(33,690)
Payments to employees	(103,567)
Payments to students	(15,469)
Collections of student loans	1
Sales and services of educational activities	—
Sales and services of auxiliary enterprises	1,854
Other receipts	7,045
Net cash used in operating activities	<u>(106,138)</u>
Cash flows from noncapital financing activities:	
State appropriations	77,487
Federal financial aid grants	17,362
State financial aid grants	11,913
Nongovernmental and other financial aid grants	—
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	1,380
Federal loan program receipts	24,502
Federal loan program disbursements	(24,625)
Monies received on behalf of others	3
Monies disbursed on behalf of others	—
Principal paid on long-term debt	(2,150)
Interest paid on long-term debt	(2,316)
Issuance of notes receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	2,316
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	17,223
Net cash provided by noncapital financing activities	<u>123,095</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	3,500
State appropriations	912
State appropriations – SPWB Lease Revenue Bond program	419
Capital grants and gifts	—
Proceeds from sale of capital assets	32
Acquisition of capital assets	(16,943)
Principal paid on capital debt and leases	(470)
Interest paid on capital debt and leases	(3,653)
Principal collection on capital leases	2,150
Interest collection on capital leases	—
Net cash used in capital and related financing activities	<u>(14,053)</u>

CALIFORNIA STATE UNIVERSITY, MONTEREY BAY

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 210,789
Purchases of investments	(215,419)
Investment income proceeds	1,725
Net cash used in investing activities	<u>(2,905)</u>
Net decrease in cash and cash equivalents	(1)
Cash and cash equivalents at beginning of year	<u>7</u>
Cash and cash equivalents at end of year	<u>\$ 6</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 6
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 6</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (148,162)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	16,182
Change in assets and liabilities:	
Accounts receivable, net	(2,509)
Student loans receivable, net	(43)
Prepaid expenses and other current assets	(114)
Other assets	97
Deferred outflows of resources	(6,270)
Accounts payable	(2,049)
Accrued salaries and benefits	23
Accrued compensated absences	(918)
Unearned revenues	(59)
Depository accounts	(73)
Net other postemployment benefits liability	(12,545)
Net pension liability	25,316
Other liabilities	312
Deferred inflows of resources	24,674
Net cash used in operating activities	<u>\$ (106,138)</u>
Supplemental schedule of noncash transactions:	
State's contribution for pension benefits	\$ 17,419
State's contribution for OPEB	6,268
Change in accrued capital asset purchases	1,501
Gifts in kind	834
Capital assets paid by the Office of the Chancellor	531
Amortization of bond premium	235
Contributed capital assets	145
Capital assets transferred from the Office of the Chancellor	9

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, MONTEREY BAY

Transactions with Related Entities

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 2,316
Payments from discretely presented component units for other than salaries	6,943
Payments to discretely presented component units for services, space, and programs	—
Gifts in kind from discretely presented component units	834
Gifts (cash or assets) from discretely presented component units	3,592
Accounts receivable from discretely presented component units	1,297
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(328)
Other amounts payable to discretely presented component units	(4,004)
Payments to the Office of the Chancellor for administrative activities	532
Payments to the Office of the Chancellor for state pro rata charges	374
Accounts receivable from the Office of the Chancellor	3,463
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	26
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	664
Other interagency payments or receipts for services, space, and programs	78

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, NORTHRIDGE

Statement of Net Position

June 30, 2018

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 13	9,423	9,436
Short-term investments	276,576	71,668	348,244
Accounts receivable, net	7,217	8,751	15,968
Capital lease receivable, current portion	400	—	400
Notes receivable, current portion	—	29	29
Pledges receivable, net	—	21,668	21,668
Prepaid expenses and other current assets	3,349	726	4,075
Total current assets	<u>287,555</u>	<u>112,265</u>	<u>399,820</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	—	—
Accounts receivable, net	1,329	1,158	2,487
Capital lease receivable, net of current portion	6,105	—	6,105
Notes receivable, net of current portion	—	45	45
Student loans receivable, net	1,866	—	1,866
Pledges receivable, net	—	—	—
Endowment investments	—	104,403	104,403
Other long-term investments	6,641	16,783	23,424
Capital assets, net	508,987	31,060	540,047
Other assets	71	3,788	3,859
Total noncurrent assets	<u>524,999</u>	<u>157,237</u>	<u>682,236</u>
Total assets	<u>\$ 812,554</u>	<u>269,502</u>	<u>1,082,056</u>
Deferred Outflows of Resources			
Deferred outflows of resources	\$ 250,350	—	250,350
Liabilities			
Current liabilities:			
Accounts payable	\$ 11,579	2,363	13,942
Accrued salaries and benefits	28,980	2,470	31,450
Accrued compensated absences, current portion	8,974	759	9,733
Unearned revenues	25,197	2,688	27,885
Capital lease obligations, current portion	—	400	400
Long-term debt obligations, current portion	8,300	525	8,825
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	127	2,955	3,082
Other liabilities	2,960	95	3,055
Total current liabilities	<u>86,117</u>	<u>12,255</u>	<u>98,372</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	6,197	238	6,435
Unearned revenues	—	—	—
Grants refundable	2,012	—	2,012
Capital lease obligations, net of current portion	—	6,879	6,879
Long-term debt obligations, net of current portion	135,147	5,096	140,243
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Net other postemployment benefits liability	949,635	7,016	956,651
Net pension liability	625,313	—	625,313
Other liabilities	—	—	—
Total noncurrent liabilities	<u>1,718,304</u>	<u>19,229</u>	<u>1,737,533</u>
Total liabilities	<u>\$ 1,804,421</u>	<u>31,484</u>	<u>1,835,905</u>

CALIFORNIA STATE UNIVERSITY, NORTHRIDGE

Statement of Net Position

June 30, 2018

(In thousands)

Deferred Inflows of Resources	Campus	Discretely presented component units	Total
Deferred inflows of resources	\$ 102,828	44	102,872
Net Position			
Net position:			
Net investment in capital assets	\$ 375,253	18,160	393,413
Restricted for:			
Nonexpendable – endowments	—	84,660	84,660
Expendable:			
Scholarships and fellowships	420	20,716	21,136
Research	—	—	—
Loans	779	1,318	2,097
Capital projects	999	1,649	2,648
Debt service	7	—	7
Others	1	49,160	49,161
Unrestricted	(1,221,804)	62,311	(1,159,493)
Total net position	\$ (844,345)	237,974	(606,371)

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, NORTHRIDGE

Statement of Revenues, Expenses, and Changes in Net Position

June 30, 2018

(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$154,998)	\$ 158,688	21,705	—	180,393
Grants and contracts, noncapital:				
Federal	—	27,872	—	27,872
State	—	2,413	—	2,413
Local	—	864	—	864
Nongovernmental	—	2,034	—	2,034
Sales and services of educational activities	1,567	—	—	1,567
Sales and services of auxiliary enterprises (net of scholarship allowances of \$7,512)	30,764	22,567	—	53,331
Other operating revenues	17,946	4,496	—	22,442
Total operating revenues	<u>208,965</u>	<u>81,951</u>	<u>—</u>	<u>290,916</u>
Expenses:				
Operating expenses:				
Instruction	272,719	—	—	272,719
Research	9,153	29,139	—	38,292
Public service	1,856	—	—	1,856
Academic support	64,340	5,389	(34)	69,695
Student services	95,006	23,865	—	118,871
Institutional support	57,636	9,809	(2,041)	65,404
Operation and maintenance of plant	61,679	409	—	62,088
Student grants and scholarships	92,419	3,317	—	95,736
Auxiliary enterprise expenses	23,229	17,734	—	40,963
Depreciation and amortization	33,235	2,739	—	35,974
Total operating expenses	<u>711,272</u>	<u>92,401</u>	<u>(2,075)</u>	<u>801,598</u>
Operating loss	<u>(502,307)</u>	<u>(10,450)</u>	<u>2,075</u>	<u>(510,682)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	297,844	—	—	297,844
Federal financial aid grants, noncapital	102,647	—	—	102,647
State financial aid grants, noncapital	74,627	—	—	74,627
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	7,091	—	—	7,091
Other federal nonoperating grants, noncapital	655	—	—	655
Gifts, noncapital	835	8,131	—	8,966
Investment income, net	2,540	12,888	—	15,428
Endowment income, net	—	777	—	777
Interest expense	(6,096)	(425)	—	(6,521)
Other nonoperating revenues (expenses)	43,898	(1,268)	—	42,630
Net nonoperating income	<u>524,041</u>	<u>20,103</u>	<u>—</u>	<u>544,144</u>
Income before other revenues	21,734	9,653	2,075	33,462
State appropriations, capital	1,727	—	—	1,727
Grants and gifts, capital	2,075	—	(2,075)	—
Additions to permanent endowments	—	15,612	—	15,612
Increase in net position	<u>25,536</u>	<u>25,265</u>	<u>—</u>	<u>50,801</u>
Net position:				
Net position at beginning of year, as restated	<u>(869,881)</u>	<u>212,709</u>	<u>—</u>	<u>(657,172)</u>
Net position at end of year	<u>\$ (844,345)</u>	<u>237,974</u>	<u>—</u>	<u>(606,371)</u>

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, NORTHRIDGE

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 158,504
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(109,085)
Payments to employees	(380,556)
Payments to students	(92,383)
Collections of student loans	—
Sales and services of educational activities	1,567
Sales and services of auxiliary enterprises	30,599
Other receipts	19,120
Net cash used in operating activities	<u>(372,234)</u>
Cash flows from noncapital financing activities:	
State appropriations	213,973
Federal financial aid grants	102,647
State financial aid grants	74,627
Nongovernmental and other financial aid grants	7,091
Other federal nonoperating grants	655
Gifts and grants received for other than capital purposes	835
Federal loan program receipts	110,088
Federal loan program disbursements	(110,950)
Monies received on behalf of others	—
Monies disbursed on behalf of others	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Principal collections on capital leases	365
Interest collections on capital leases	69
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	41,284
Net cash provided by noncapital financing activities	<u>440,684</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	2,421
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	1,736
Proceeds from sale of capital assets	—
Acquisition of capital assets	(17,372)
Principal paid on capital debt and leases	(8,020)
Interest paid on capital debt and leases	(7,126)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash used in capital and related financing activities	<u>(28,361)</u>

CALIFORNIA STATE UNIVERSITY, NORTHRIDGE

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 733,649
Purchases of investments	(777,944)
Investment income proceeds	4,206
Net cash used in investing activities	<u>(40,089)</u>
Net increase (decrease) in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>13</u>
Cash and cash equivalents at end of year	<u>\$ 13</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 13
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 13</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (502,307)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	33,235
Change in assets and liabilities:	
Accounts receivable, net	1,826
Student loans receivable, net	—
Prepaid expenses and other current assets	(440)
Other assets	125
Deferred outflows of resources	(21,635)
Accounts payable	(628)
Accrued salaries and benefits	727
Accrued compensated absences	(3,114)
Unearned revenues	(934)
Depository accounts	—
Net other postemployment benefits liability	(52,187)
Net pension liability	71,547
Other liabilities	(25)
Deferred inflows of resources	<u>101,576</u>
Net cash used in operating activities	<u>\$ (372,234)</u>
Supplemental schedule of noncash transactions:	
State's contribution for pension benefits	\$ 61,471
State's contribution for OPEB	22,401
Amortization of net bond premium	1,089
Contributed capital assets	338
Amortization of loss on debt refundings	186
Capital assets paid by the Office of the Chancellor	70
Change in accrued capital asset purchases	36

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, NORTHRIDGE

Transactions with Related Entities

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 5,323
Payments from discretely presented component units for other than salaries	10,524
Payments to discretely presented component units for services, space, and programs	18,764
Gifts in kind from discretely presented component units	34
Gifts (cash or assets) from discretely presented component units	2,041
Accounts receivable from discretely presented component units	319
Other amounts receivable from discretely presented component units	51
Accounts payable to discretely presented component units	(288)
Other amounts payable to discretely presented component units	(22)
Payments to the Office of the Chancellor for administrative activities	372
Payments to the Office of the Chancellor for state pro rata charges	1,374
Accounts receivable from the Office of the Chancellor	773
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	2,844
Other interagency payments or receipts for services, space, and programs	(76)

See accompanying independent auditors' report.

CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Statement of Net Position

June 30, 2018

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 11	5,885	5,896
Short-term investments	236,418	87,906	324,324
Accounts receivable, net	16,438	9,944	26,382
Capital lease receivable, current portion	940	—	940
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	2,322	2,322
Prepaid expenses and other current assets	3,832	2,885	6,717
Total current assets	<u>257,639</u>	<u>108,942</u>	<u>366,581</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	1,254	1,254
Accounts receivable, net	2,152	—	2,152
Capital lease receivable, net of current portion	20,995	—	20,995
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	5,216	—	5,216
Pledges receivable, net	—	2,249	2,249
Endowment investments	—	98,739	98,739
Other long-term investments	114,113	—	114,113
Capital assets, net	580,498	46,099	626,597
Other assets	10	—	10
Total noncurrent assets	<u>722,984</u>	<u>148,341</u>	<u>871,325</u>
Total assets	<u>\$ 980,623</u>	<u>257,283</u>	<u>1,237,906</u>
Deferred Outflows of Resources			
Deferred outflows of resources	\$ 179,503	7,589	187,092
Liabilities			
Current liabilities:			
Accounts payable	\$ 32,375	3,164	35,539
Accrued salaries and benefits	21,545	1,626	23,171
Accrued compensated absences, current portion	5,599	712	6,311
Unearned revenues	6,509	1,775	8,284
Capital lease obligations, current portion	1,571	940	2,511
Long-term debt obligations, current portion	7,165	102	7,267
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	170	—	170
Other liabilities	8,732	12,762	21,494
Total current liabilities	<u>83,666</u>	<u>21,081</u>	<u>104,747</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	3,360	400	3,760
Unearned revenues	—	—	—
Grants refundable	6,046	—	6,046
Capital lease obligations, net of current portion	6,870	23,716	30,586
Long-term debt obligations, net of current portion	391,126	—	391,126
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Net other postemployment benefits liability	648,427	11,474	659,901
Net pension liability	417,877	9,589	427,466
Other liabilities	—	578	578
Total noncurrent liabilities	<u>1,473,706</u>	<u>45,757</u>	<u>1,519,463</u>
Total liabilities	<u>\$ 1,557,372</u>	<u>66,838</u>	<u>1,624,210</u>

CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Statement of Net Position

June 30, 2018

(In thousands)

Deferred Inflows of Resources	Campus	Discretely presented component units	Total
Deferred inflows of resources	\$ 70,143	3,165	73,308
Net Position			
Net position:			
Net investment in capital assets	\$ 265,916	21,691	287,607
Restricted for:			
Nonexpendable – endowments	—	99,717	99,717
Expendable:			
Scholarships and fellowships	65	5,028	5,093
Research	—	—	—
Loans	650	—	650
Capital projects	2,565	1,963	4,528
Debt service	9,767	—	9,767
Others	—	36,546	36,546
Unrestricted	(746,352)	29,924	(716,428)
Total net position	\$ (467,389)	194,869	(272,520)

See accompanying independent auditors' report.

CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Statement of Revenues, Expenses, and Changes in Net Position

June 30, 2018

(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$96,215)	\$ 110,696	18,904	(11,991)	117,609
Grants and contracts, noncapital:				
Federal	—	11,276	—	11,276
State	—	2,291	—	2,291
Local	—	—	—	—
Nongovernmental	—	1,677	—	1,677
Sales and services of educational activities	3	6,465	—	6,468
Sales and services of auxiliary enterprises (net of scholarship allowances of \$7,375)	28,940	44,531	—	73,471
Other operating revenues	7,361	4,728	—	12,089
Total operating revenues	<u>147,000</u>	<u>89,872</u>	<u>(11,991)</u>	<u>224,881</u>
Expenses:				
Operating expenses:				
Instruction	189,499	8,989	—	198,488
Research	2,500	8,409	—	10,909
Public service	299	1,266	—	1,565
Academic support	46,733	6,672	—	53,405
Student services	53,463	13,482	—	66,945
Institutional support	37,739	2,187	—	39,926
Operation and maintenance of plant	41,590	45	—	41,635
Student grants and scholarships	40,405	1,285	(2,641)	39,049
Auxiliary enterprise expenses	16,459	42,745	(11,991)	47,213
Depreciation and amortization	25,594	3,831	—	29,425
Total operating expenses	<u>454,281</u>	<u>88,911</u>	<u>(14,632)</u>	<u>528,560</u>
Operating income (loss)	<u>(307,281)</u>	<u>961</u>	<u>2,641</u>	<u>(303,679)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	204,922	—	—	204,922
Federal financial aid grants, noncapital	57,789	—	—	57,789
State financial aid grants, noncapital	48,320	—	—	48,320
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	3,492	—	(2,574)	918
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	2,103	7,207	(471)	8,839
Investment income, net	3,200	2,411	—	5,611
Endowment income, net	—	7,240	—	7,240
Interest expense	(14,529)	(948)	—	(15,477)
Other nonoperating revenues (expenses)	46,998	(824)	1,522	47,696
Net nonoperating income	<u>352,295</u>	<u>15,086</u>	<u>(1,523)</u>	<u>365,858</u>
Income before other revenues	45,014	16,047	1,118	62,179
State appropriations, capital	32	—	—	32
Grants and gifts, capital	1,976	—	(1,118)	858
Additions (reductions) to permanent endowments	—	—	—	—
Increase in net position	<u>47,022</u>	<u>16,047</u>	<u>—</u>	<u>63,069</u>
Net position:				
Net position at beginning of year, as restated	<u>(514,411)</u>	<u>178,822</u>	<u>—</u>	<u>(335,589)</u>
Net position at end of year	<u>\$ (467,389)</u>	<u>194,869</u>	<u>—</u>	<u>(272,520)</u>

See accompanying independent auditors' report.

CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 106,314
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(67,632)
Payments to employees	(248,072)
Payments to students	(40,125)
Collections of student loans	—
Sales and services of educational activities	3
Sales and services of auxiliary enterprises	27,810
Other receipts	8,853
Net cash used in operating activities	<u>(212,849)</u>
Cash flows from noncapital financing activities:	
State appropriations	148,422
Federal financial aid grants	57,710
State financial aid grants	48,357
Nongovernmental and other financial aid grants	3,492
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	2,471
Federal loan program receipts	66,991
Federal loan program disbursements	(65,992)
Monies received on behalf of others	20,197
Monies disbursed on behalf of others	(20,331)
Principal paid on long-term debt	(885)
Interest paid on long-term debt	(1,185)
Issuance of notes receivable	—
Principal collections on capital leases	885
Interest collections on capital leases	1,131
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	33,197
Net cash provided by noncapital financing activities	<u>294,460</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	551
State appropriations – SPWB Lease Revenue Bond program	9,699
Capital grants and gifts	—
Proceeds from sale of capital assets	41
Acquisition of capital assets	(93,171)
Principal paid on capital debt and leases	(8,387)
Interest paid on capital debt and leases	(18,927)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash used in capital and related financing activities	<u>(110,194)</u>

CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 559,279
Purchases of investments	(536,047)
Investment income proceeds	5,351
Net cash provided by investing activities	<u>28,583</u>
Net increase (decrease) in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>11</u>
Cash and cash equivalents at end of year	<u>\$ 11</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 11
Restricted cash and cash equivalents	—
Total cash and cash equivalents at end of year	<u>\$ 11</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (307,281)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	25,594
Change in assets and liabilities:	
Accounts receivable, net	(20)
Student loans receivable, net	(159)
Prepaid expenses and other current assets	64
Other assets	(10)
Deferred outflows of resources	(15,656)
Accounts payable	1,088
Accrued salaries and benefits	3,487
Accrued compensated absences	(1,556)
Unearned revenues	(4,083)
Depository accounts	—
Net other postemployment benefits liability	(35,634)
Net pension liability	51,630
Other liabilities	368
Deferred inflows of resources	69,319
Net cash used in operating activities	<u>\$ (212,849)</u>
Supplemental schedule of noncash transactions:	
State's contribution for pension benefits	\$ 41,371
Change in accrued capital asset purchases	19,746
State's contribution for OPEB	15,129
Amortization of net bond premium	2,073
Contributed capital assets	1,976
Capital assets paid by the Office of the Chancellor	947
Amortization of loss on debt refundings	523
Gifts in kind	368

See accompanying independent auditors' report.

CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Transactions with Related Entities

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 1,585
Payments from discretely presented component units for other than salaries	10,180
Payments to discretely presented component units for services, space, and programs	29,600
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	1,522
Accounts receivable from discretely presented component units	1,385
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(1,466)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	1,017
Payments to the Office of the Chancellor for state pro rata charges	586
Accounts receivable from the Office of the Chancellor	12,112
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	(818)
State lottery allocation received	1,998
Other interagency payments or receipts for services, space, and programs	(10)

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, SACRAMENTO

Statement of Net Position

June 30, 2018

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 27	4,918	4,945
Short-term investments	176,432	44,911	221,343
Accounts receivable, net	22,052	19,462	41,514
Capital lease receivable, current portion	741	772	1,513
Notes receivable, current portion	116	363	479
Pledges receivable, net	240	167	407
Prepaid expenses and other current assets	4,332	1,673	6,005
Total current assets	<u>203,940</u>	<u>72,266</u>	<u>276,206</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	5,042	5,042
Accounts receivable, net	1,255	—	1,255
Capital lease receivable, net of current portion	18,402	40,731	59,133
Notes receivable, net of current portion	60	2,393	2,453
Student loans receivable, net	3,998	—	3,998
Pledges receivable, net	—	372	372
Endowment investments	14	43,513	43,527
Other long-term investments	46,118	29,210	75,328
Capital assets, net	469,978	60,431	530,409
Other assets	735	210	945
Total noncurrent assets	<u>540,560</u>	<u>181,902</u>	<u>722,462</u>
Total assets	<u>\$ 744,500</u>	<u>254,168</u>	<u>998,668</u>
Deferred Outflows of Resources			
Deferred outflows of resources	\$ 208,338	7,467	215,805
Liabilities			
Current liabilities:			
Accounts payable	\$ 12,988	4,898	17,886
Accrued salaries and benefits	23,091	2,801	25,892
Accrued compensated absences, current portion	10,526	1,604	12,130
Unearned revenues	23,332	2,039	25,371
Capital lease obligations, current portion	1,386	626	2,012
Long-term debt obligations, current portion	7,374	3,066	10,440
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	869	1,596	2,465
Other liabilities	2,837	1,693	4,530
Total current liabilities	<u>82,403</u>	<u>18,323</u>	<u>100,726</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	867	200	1,067
Unearned revenues	—	—	—
Grants refundable	5,556	3,404	8,960
Capital lease obligations, net of current portion	35,890	16,566	52,456
Long-term debt obligations, net of current portion	264,041	58,059	322,100
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Net other postemployment benefits liability	841,029	11,371	852,400
Net pension liability	483,141	15,175	498,316
Other liabilities	700	1,899	2,599
Total noncurrent liabilities	<u>1,631,224</u>	<u>106,674</u>	<u>1,737,898</u>
Total liabilities	<u>\$ 1,713,627</u>	<u>124,997</u>	<u>1,838,624</u>

CALIFORNIA STATE UNIVERSITY, SACRAMENTO

Statement of Net Position

June 30, 2018

(In thousands)

Deferred Inflows of Resources	Campus	Discretely presented component units	Total
Deferred inflows of resources	\$ 90,416	1,165	91,581
Net Position			
Net position:			
Net investment in capital assets	\$ 205,198	23,616	228,814
Restricted for:			
Nonexpendable – endowments	14	39,077	39,091
Expendable:			
Scholarships and fellowships	388	5,699	6,087
Research	—	—	—
Loans	1,415	—	1,415
Capital projects	3,235	968	4,203
Debt service	1,029	3,260	4,289
Others	310	20,938	21,248
Unrestricted	(1,062,794)	41,915	(1,020,879)
Total net position	\$ (851,205)	135,473	(715,732)

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, SACRAMENTO

Statement of Revenues, Expenses, and Changes in Net Position

June 30, 2018

(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$110,228)	\$ 131,629	14,006	—	145,635
Grants and contracts, noncapital:				
Federal	844	16,367	—	17,211
State	5,757	24,836	—	30,593
Local	295	3,019	—	3,314
Nongovernmental	249	4,619	(3,256)	1,612
Sales and services of educational activities	3,230	14,771	—	18,001
Sales and services of auxiliary enterprises (net of scholarship allowances of \$6,096)	28,741	44,902	—	73,643
Other operating revenues	17,428	4,320	—	21,748
Total operating revenues	<u>188,173</u>	<u>126,840</u>	<u>(3,256)</u>	<u>311,757</u>
Expenses:				
Operating expenses:				
Instruction	231,883	9,714	—	241,597
Research	1,617	16,544	—	18,161
Public service	8,178	36,942	—	45,120
Academic support	47,533	4,040	—	51,573
Student services	60,713	11,620	—	72,333
Institutional support	51,697	39,514	(4,328)	86,883
Operation and maintenance of plant	47,777	5,927	—	53,704
Student grants and scholarships	69,659	1,695	—	71,354
Auxiliary enterprise expenses	23,446	5,875	—	29,321
Depreciation and amortization	28,771	3,646	—	32,417
Total operating expenses	<u>571,274</u>	<u>135,517</u>	<u>(4,328)</u>	<u>702,463</u>
Operating loss	<u>(383,101)</u>	<u>(8,677)</u>	<u>1,072</u>	<u>(390,706)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	234,422	—	—	234,422
Federal financial aid grants, noncapital	74,394	—	—	74,394
State financial aid grants, noncapital	59,076	—	—	59,076
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	—	—	—	—
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	957	6,970	(400)	7,527
Investment income, net	3,399	6,225	—	9,624
Endowment income (loss), net	—	—	—	—
Interest expense	(7,549)	(3,524)	—	(11,073)
Other nonoperating revenues	34,497	8,398	(11)	42,884
Net nonoperating income	<u>399,196</u>	<u>18,069</u>	<u>(411)</u>	<u>416,854</u>
Income before other revenues	16,095	9,392	661	26,148
State appropriations, capital	76	—	—	76
Grants and gifts, capital	1,014	—	(661)	353
Additions to permanent endowments	—	1,252	—	1,252
Increase in net position	<u>17,185</u>	<u>10,644</u>	<u>—</u>	<u>27,829</u>
Net position:				
Net position at beginning of year, as restated	<u>(868,390)</u>	<u>124,829</u>	<u>—</u>	<u>(743,561)</u>
Net position at end of year	<u>\$ (851,205)</u>	<u>135,473</u>	<u>—</u>	<u>(715,732)</u>

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, SACRAMENTO

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 131,013
Federal grants and contracts	902
State grants and contracts	5,159
Local grants and contracts	244
Nongovernmental grants and contracts	259
Payments to suppliers	(80,922)
Payments to employees	(307,190)
Payments to students	(69,897)
Collections of student loans	130
Sales and services of educational activities	3,194
Sales and services of auxiliary enterprises	29,083
Other receipts	12,969
Net cash used in operating activities	<u>(275,056)</u>
Cash flows from noncapital financing activities:	
State appropriations	169,425
Federal financial aid grants	74,355
State financial aid grants	59,076
Nongovernmental and other financial aid grants	—
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	957
Federal loan program receipts	101,685
Federal loan program disbursements	(101,761)
Monies received on behalf of others	10,190
Monies disbursed on behalf of others	(10,224)
Principal paid on long-term debt	(560)
Interest paid on long-term debt	—
Issuance of notes receivable	(700)
Principal collections on capital leases	156
Interest collections on capital leases	58
Principal collections on notes receivable	112
Interest collections on notes receivable	9
Other noncapital financing activities	33,506
Net cash provided by noncapital financing activities	<u>336,284</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	5,973
State appropriations	1,193
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	194
Proceeds from sale of capital assets	915
Acquisition of capital assets	(119,217)
Principal paid on capital debt and leases	(7,825)
Interest paid on capital debt and leases	(16,407)
Principal collection on capital leases	560
Interest collection on capital leases	853
Net cash used in capital and related financing activities	<u>(133,761)</u>

CALIFORNIA STATE UNIVERSITY, SACRAMENTO

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 668,163
Purchases of investments	(600,629)
Investment income proceeds	5,000
Net cash provided by investing activities	<u>72,534</u>
Net increase in cash and cash equivalents	1
Cash and cash equivalents at beginning of year	<u>26</u>
Cash and cash equivalents at end of year	<u>\$ 27</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 27
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 27</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (383,101)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	28,771
Change in assets and liabilities:	
Accounts receivable, net	(5,598)
Student loans receivable, net	(6)
Prepaid expenses and other current assets	(457)
Other assets	(4)
Deferred outflows of resources	(18,767)
Accounts payable	(2,015)
Accrued salaries and benefits	1,542
Accrued compensated absences	—
Unearned revenues	(1,640)
Depository accounts	416
Net other postemployment benefits liability	(46,219)
Net pension liability	62,068
Other liabilities	487
Deferred inflows of resources	<u>89,467</u>
Net cash used in operating activities	<u>\$ (275,056)</u>
Supplemental schedule of noncash transactions:	
State's contribution for pension benefits	\$ 48,096
State's contribution for OPEB	16,901
Change in accrued capital asset purchases	13,461
Amortization of net bond premium	1,573
Contributed capital assets	1,061
Amortization of loss on debt refundings	544
Capital assets paid by the Office of the Chancellor	18
Acquisition of capital assets through capital lease	13

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, SACRAMENTO

Transactions with Related Entities

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 2,897
Payments from discretely presented component units for other than salaries	5,406
Payments to discretely presented component units for services, space, and programs	15,365
Gifts in kind from discretely presented component units	29
Gifts (cash or assets) from discretely presented component units	1,060
Accounts receivable from discretely presented component units	2,360
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(686)
Other amounts payable to discretely presented component units	(920)
Payments to the Office of the Chancellor for administrative activities	1,529
Payments to the Office of the Chancellor for state pro rata charges	1,227
Accounts receivable from the Office of the Chancellor	6,535
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	2,345
Other interagency payments or receipts for services, space, and programs	185

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

Statement of Net Position

June 30, 2018

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 410	5,581	5,991
Short-term investments	78,593	21,391	99,984
Accounts receivable, net	6,542	9,448	15,990
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	1,294	1,294
Prepaid expenses and other current assets	1,913	96	2,009
Total current assets	<u>87,458</u>	<u>37,810</u>	<u>125,268</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	—	—
Accounts receivable, net	19	—	19
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	1,513	—	1,513
Pledges receivable, net	—	—	—
Endowment investments	—	39,642	39,642
Other long-term investments	48,821	5,303	54,124
Capital assets, net	430,096	3,446	433,542
Other assets	38	245	283
Total noncurrent assets	<u>480,487</u>	<u>48,636</u>	<u>529,123</u>
Total assets	<u>\$ 567,945</u>	<u>86,446</u>	<u>654,391</u>
Deferred Outflows of Resources			
Deferred outflows of resources	\$ 137,480	2,511	139,991
Liabilities			
Current liabilities:			
Accounts payable	\$ 11,764	1,981	13,745
Accrued salaries and benefits	12,373	656	13,029
Accrued compensated absences, current portion	4,988	295	5,283
Unearned revenues	4,464	4,370	8,834
Capital lease obligations, current portion	1,055	—	1,055
Long-term debt obligations, current portion	3,625	—	3,625
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	852	—	852
Other liabilities	7,072	2,438	9,510
Total current liabilities	<u>46,193</u>	<u>9,740</u>	<u>55,933</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	3,993	283	4,276
Unearned revenues	—	—	—
Grants refundable	1,415	—	1,415
Capital lease obligations, net of current portion	1,068	—	1,068
Long-term debt obligations, net of current portion	208,137	—	208,137
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Net other postemployment benefits liability	480,435	4,280	484,715
Net pension liability	339,534	4,935	344,469
Other liabilities	154	3,766	3,920
Total noncurrent liabilities	<u>1,034,736</u>	<u>13,264</u>	<u>1,048,000</u>
Total liabilities	<u>\$ 1,080,929</u>	<u>23,004</u>	<u>1,103,933</u>

CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

Statement of Net Position

June 30, 2018

(In thousands)

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Total</u>
Deferred Inflows of Resources			
Deferred inflows of resources	\$ 52,257	2,454	54,711
Net Position			
Net position:			
Net investment in capital assets	\$ 236,572	3,446	240,018
Restricted for:			
Nonexpendable – endowments	—	39,642	39,642
Expendable:			
Scholarships and fellowships	—	—	—
Research	—	—	—
Loans	840	—	840
Capital projects	156	—	156
Debt service	2,786	—	2,786
Others	—	11,396	11,396
Unrestricted	(668,115)	9,015	(659,100)
Total net position	\$ (427,761)	63,499	(364,262)

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
Statement of Revenues, Expenses, and Changes in Net Position
June 30, 2018
(In thousands)

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$89,953)	\$ 64,606	1,778	—	66,384
Grants and contracts, noncapital:				
Federal	—	19,326	—	19,326
State	—	10,072	—	10,072
Local	—	2,937	—	2,937
Nongovernmental	—	251	—	251
Sales and services of educational activities	103	—	—	103
Sales and services of auxiliary enterprises (net of scholarship allowances of \$6,617)	11,275	220	—	11,495
Other operating revenues	7,110	10,477	—	17,587
Total operating revenues	<u>83,094</u>	<u>45,061</u>	<u>—</u>	<u>128,155</u>
Expenses:				
Operating expenses:				
Instruction	144,397	702	—	145,099
Research	602	17,182	—	17,784
Public service	1,014	6,334	—	7,348
Academic support	28,057	298	—	28,355
Student services	34,624	12,090	—	46,714
Institutional support	47,241	5,485	—	52,726
Operation and maintenance of plant	29,773	—	—	29,773
Student grants and scholarships	43,867	1,551	(1,159)	44,259
Auxiliary enterprise expenses	12,143	2,820	—	14,963
Depreciation and amortization	19,123	491	—	19,614
Total operating expenses	<u>360,841</u>	<u>46,953</u>	<u>(1,159)</u>	<u>406,635</u>
Operating loss	<u>(277,747)</u>	<u>(1,892)</u>	<u>1,159</u>	<u>(278,480)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	168,256	—	—	168,256
Federal financial aid grants, noncapital	56,982	—	—	56,982
State financial aid grants, noncapital	42,674	—	—	42,674
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	1,159	—	(1,159)	—
Other federal nonoperating grants, noncapital	85	—	—	85
Gifts, noncapital	6	3,264	—	3,270
Investment income, net	1,454	2,734	—	4,188
Endowment income (loss), net	—	—	—	—
Interest expense	(6,640)	—	—	(6,640)
Other nonoperating revenues	28,953	1,117	—	30,070
Net nonoperating income	<u>292,929</u>	<u>7,115</u>	<u>(1,159)</u>	<u>298,885</u>
Income before other revenues	15,182	5,223	—	20,405
State appropriations, capital	49	—	—	49
Grants and gifts, capital	61	—	—	61
Additions to permanent endowments	—	863	—	863
Increase in net position	15,292	6,086	—	21,378
Net position:				
Net position at beginning of year, as restated	<u>(443,053)</u>	<u>57,413</u>	<u>—</u>	<u>(385,640)</u>
Net position at end of year	<u>\$ (427,761)</u>	<u>63,499</u>	<u>—</u>	<u>(364,262)</u>

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 64,105
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(42,878)
Payments to employees	(202,820)
Payments to students	(43,828)
Collections of student loans	2
Sales and services of educational activities	103
Sales and services of auxiliary enterprises	11,201
Other receipts	11,382
	<u>11,382</u>
Net cash used in operating activities	<u>(202,733)</u>
Cash flows from noncapital financing activities:	
State appropriations	123,451
Federal financial aid grants	56,952
State financial aid grants	42,540
Nongovernmental and other financial aid grants	1,159
Other federal nonoperating grants	85
Gifts and grants received for other than capital purposes	6
Federal loan program receipts	64,358
Federal loan program disbursements	(61,689)
Monies received on behalf of others	69
Monies disbursed on behalf of others	(187)
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	28,254
	<u>28,254</u>
Net cash provided by noncapital financing activities	<u>254,998</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	20,570
State appropriations	709
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	61
Proceeds from sale of capital assets	293
Acquisition of capital assets	(101,964)
Principal paid on capital debt and leases	(4,091)
Interest paid on capital debt and leases	(10,328)
Principal collection on capital leases	—
Interest collection on capital leases	—
	<u>—</u>
Net cash used in capital and related financing activities	<u>(94,750)</u>

CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 473,199
Purchases of investments	(432,566)
Investment income proceeds	2,237
Net cash provided by investing activities	<u>42,870</u>
Net increase in cash and cash equivalents	385
Cash and cash equivalents at beginning of year	<u>25</u>
Cash and cash equivalents at end of year	<u>\$ 410</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 410
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 410</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (277,747)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	19,123
Change in assets and liabilities:	
Accounts receivable, net	4,555
Student loans receivable, net	(118)
Prepaid expenses and other current assets	310
Other assets	233
Deferred outflows of resources	(18,495)
Accounts payable	168
Accrued salaries and benefits	31
Accrued compensated absences	(1,551)
Unearned revenues	(767)
Depository accounts	—
Net other postemployment benefits liability	(26,402)
Net pension liability	46,173
Other liabilities	159
Deferred inflows of resources	<u>51,595</u>
Net cash used in operating activities	<u>\$ (202,733)</u>
Supplemental schedule of noncash transactions:	
State's contribution for pension benefits	\$ 32,931
State's contribution for OPEB	11,874
Change in accrued capital asset purchases	4,963
Amortization of net bond premium	1,076
Amortization of loss on debt refundings	129
Capital assets paid by the Office of the Chancellor	17

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

Transactions with Related Entities

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 4,846
Payments from discretely presented component units for other than salaries	9,419
Payments to discretely presented component units for services, space, and programs	2,309
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	—
Accounts receivable from discretely presented component units	1,280
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(36)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	390
Payments to the Office of the Chancellor for state pro rata charges	607
Accounts receivable from the Office of the Chancellor	725
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	1,862
Other interagency payments or receipts for services, space, and programs	(127)

See accompanying independent auditors' report.

SAN DIEGO STATE UNIVERSITY

Statement of Net Position

June 30, 2018

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 1,027	13,622	14,649
Short-term investments	414,308	39,321	453,629
Accounts receivable, net	14,437	34,017	48,454
Capital lease receivable, current portion	218	—	218
Notes receivable, current portion	—	703	703
Pledges receivable, net	—	6,603	6,603
Prepaid expenses and other current assets	3,569	5,293	8,862
Total current assets	<u>433,559</u>	<u>99,559</u>	<u>533,118</u>
Noncurrent assets:			
Restricted cash and cash equivalents	103	736	839
Accounts receivable, net	1,877	393	2,270
Capital lease receivable, net of current portion	2,457	—	2,457
Notes receivable, net of current portion	—	12,985	12,985
Student loans receivable, net	5,850	—	5,850
Pledges receivable, net	—	6,210	6,210
Endowment investments	—	305,836	305,836
Other long-term investments	67,924	66,746	134,670
Capital assets, net	871,029	140,727	1,011,756
Other assets	7,532	5,893	13,425
Total noncurrent assets	<u>956,772</u>	<u>539,526</u>	<u>1,496,298</u>
Total assets	<u>\$ 1,390,331</u>	<u>639,085</u>	<u>2,029,416</u>
Deferred Outflows of Resources			
Deferred outflows of resources	\$ 253,526	806	254,332
Liabilities			
Current liabilities:			
Accounts payable	\$ 23,788	11,661	35,449
Accrued salaries and benefits	28,659	5,377	34,036
Accrued compensated absences, current portion	6,730	1,888	8,618
Unearned revenues	51,183	13,835	65,018
Capital lease obligations, current portion	1,450	266	1,716
Long-term debt obligations, current portion	14,269	3,664	17,933
Claims liability for losses and loss adjustment expenses, current portion	—	1,574	1,574
Depository accounts	646	—	646
Other liabilities	5,703	33,402	39,105
Total current liabilities	<u>132,428</u>	<u>71,667</u>	<u>204,095</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	10,776	2,545	13,321
Unearned revenues	3,606	—	3,606
Grants refundable	6,776	—	6,776
Capital lease obligations, net of current portion	24,999	2,481	27,480
Long-term debt obligations, net of current portion	461,816	92,815	554,631
Claims liability for losses and loss adjustment expenses, net of current portion	—	2,386	2,386
Depository accounts	55	—	55
Net other postemployment benefits liability	1,130,110	14,481	1,144,591
Net pension liability	638,189	1,707	639,896
Other liabilities	1,206	8,604	9,810
Total noncurrent liabilities	<u>2,277,533</u>	<u>125,019</u>	<u>2,402,552</u>
Total liabilities	<u>\$ 2,409,961</u>	<u>196,686</u>	<u>2,606,647</u>

SAN DIEGO STATE UNIVERSITY

Statement of Net Position

June 30, 2018

(In thousands)

Deferred Inflows of Resources	Campus	Discretely presented component units	Total
Deferred inflows of resources	\$ 121,390	804	122,194
Net Position			
Net position:			
Net investment in capital assets	\$ 378,910	41,767	420,677
Restricted for:			
Nonexpendable – endowments	—	199,473	199,473
Expendable:			
Scholarships and fellowships	—	37,223	37,223
Research	—	6,213	6,213
Loans	285	—	285
Capital projects	6,026	6,848	12,874
Debt service	21	—	21
Others	1,241	107,098	108,339
Unrestricted	(1,273,977)	43,779	(1,230,198)
Total net position	\$ (887,494)	442,401	(445,093)

See accompanying independent auditors' report.

SAN DIEGO STATE UNIVERSITY

Statement of Revenues, Expenses, and Changes in Net Position

June 30, 2018

(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$125,597)	\$ 215,743	28,338	—	244,081
Grants and contracts, noncapital:				
Federal	73	88,567	—	88,640
State	71	7,060	—	7,131
Local	—	1,998	—	1,998
Nongovernmental	2,630	21,601	—	24,231
Sales and services of educational activities	24,236	6,495	—	30,731
Sales and services of auxiliary enterprises (net of scholarship allowances of \$15,841)	47,861	88,161	—	136,022
Other operating revenues	21,216	16,556	—	37,772
Total operating revenues	<u>311,830</u>	<u>258,776</u>	<u>—</u>	<u>570,606</u>
Expenses:				
Operating expenses:				
Instruction	263,367	36,931	—	300,298
Research	7,608	41,417	—	49,025
Public service	5,801	48,274	(3,786)	50,289
Academic support	73,986	20,571	(677)	93,880
Student services	105,359	3,619	(2,012)	106,966
Institutional support	49,138	22,258	—	71,396
Operation and maintenance of plant	65,975	5,062	—	71,037
Student grants and scholarships	19,565	6,288	(6,197)	19,656
Auxiliary enterprise expenses	41,729	86,925	—	128,654
Depreciation and amortization	44,751	10,191	—	54,942
Total operating expenses	<u>677,279</u>	<u>281,536</u>	<u>(12,672)</u>	<u>946,143</u>
Operating loss	<u>(365,449)</u>	<u>(22,760)</u>	<u>12,672</u>	<u>(375,537)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	284,542	—	—	284,542
Federal financial aid grants, noncapital	52,611	—	—	52,611
State financial aid grants, noncapital	38,619	—	—	38,619
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	8,678	—	(6,197)	2,481
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	8,544	33,710	(8,544)	33,710
Investment income, net	4,431	2,248	—	6,679
Endowment income, net	—	9,362	—	9,362
Interest expense	(17,816)	(4,315)	—	(22,131)
Other nonoperating revenues (expenses)	11,311	(27,896)	28,624	12,039
Net nonoperating income	<u>390,920</u>	<u>13,109</u>	<u>13,883</u>	<u>417,912</u>
Income (loss) before other revenues (expenses)	25,471	(9,651)	26,555	42,375
State appropriations, capital	—	—	—	—
Grants and gifts, capital	26,554	2,662	(26,555)	2,661
Additions to permanent endowments	—	31,783	—	31,783
Increase in net position	<u>52,025</u>	<u>24,794</u>	<u>—</u>	<u>76,819</u>
Net position:				
Net position at beginning of year, as restated	<u>(939,519)</u>	<u>417,607</u>	<u>—</u>	<u>(521,912)</u>
Net position at end of year	<u>\$ (887,494)</u>	<u>442,401</u>	<u>—</u>	<u>(445,093)</u>

See accompanying independent auditors' report.

SAN DIEGO STATE UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 235,834
Federal grants and contracts	106
State grants and contracts	71
Local grants and contracts	—
Nongovernmental grants and contracts	2,630
Payments to suppliers	(125,838)
Payments to employees	(372,506)
Payments to students	(19,786)
Collections of student loans	2
Sales and services of educational activities	24,580
Sales and services of auxiliary enterprises	47,759
Other receipts	19,715
Net cash used in operating activities	<u>(187,433)</u>
Cash flows from noncapital financing activities:	
State appropriations	199,286
Federal financial aid grants	52,611
State financial aid grants	38,619
Nongovernmental and other financial aid grants	8,678
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	8,544
Federal loan program receipts	121,226
Federal loan program disbursements	(120,475)
Monies received on behalf of others	41,006
Monies disbursed on behalf of others	(40,954)
Principal paid on long-term debt	(190)
Interest paid on long-term debt	—
Issuance of notes receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	9,158
Net cash provided by noncapital financing activities	<u>317,509</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	64,226
State appropriations	1,511
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	24,552
Proceeds from sale of capital assets	133
Acquisition of capital assets	(97,969)
Principal paid on capital debt and leases	(12,761)
Interest paid on capital debt and leases	(19,601)
Principal collection on capital leases	210
Interest collection on capital leases	—
Net cash used in capital and related financing activities	<u>(39,699)</u>

SAN DIEGO STATE UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 782,357
Purchases of investments	(880,909)
Investment income proceeds	7,069
Net cash used in investing activities	<u>(91,483)</u>
Net decrease in cash and cash equivalents	(1,106)
Cash and cash equivalents at beginning of year	<u>2,236</u>
Cash and cash equivalents at end of year	<u>\$ 1,130</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 1,027
Restricted cash and cash equivalents	103
Total cash and cash equivalents at end of year	<u>\$ 1,130</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (365,449)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	44,751
Change in assets and liabilities:	
Accounts receivable, net	(4,928)
Student loans receivable, net	(242)
Prepaid expenses and other current assets	(1,176)
Other assets	(834)
Deferred outflows of resources	(19,307)
Accounts payable	2,589
Accrued salaries and benefits	1,555
Accrued compensated absences	(3,576)
Unearned revenues	24,445
Depository accounts	—
Net other postemployment benefits liability	(62,105)
Net pension liability	76,549
Other liabilities	171
Deferred inflows of resources	120,124
Net cash used in operating activities	<u>\$ (187,433)</u>
Supplemental schedule of noncash transactions:	
State's contribution for pension benefits	\$ 61,942
State's contribution for OPEB	23,314
Contributed capital assets	2,002
Amortization of net bond premium	1,957
Change in accrued capital asset purchases	1,562
Capital assets paid by the Office of the Chancellor	1,235
Amortization of loss on debt refundings	119
Acquisition of capital assets through capital lease	55

See accompanying independent auditors' report.

SAN DIEGO STATE UNIVERSITY

Transactions with Related Entities

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 7,166
Payments from discretely presented component units for other than salaries	9,375
Payments to discretely presented component units for services, space, and programs	20,434
Gifts in kind from discretely presented component units	2,656
Gifts (cash or assets) from discretely presented component units	20,840
Accounts receivable from discretely presented component units	6,284
Other amounts receivable from discretely presented component units	2,674
Accounts payable to discretely presented component units	(737)
Other amounts payable to discretely presented component units	(734)
Payments to the Office of the Chancellor for administrative activities	914
Payments to the Office of the Chancellor for state pro rata charges	756
Accounts receivable from the Office of the Chancellor	661
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	2,925
Other interagency payments or receipts for services, space, and programs	(153)

See accompanying independent auditors' report.

SAN FRANCISCO STATE UNIVERSITY

Statement of Net Position

June 30, 2018

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 14	4,514	4,528
Short-term investments	185,040	74,265	259,305
Accounts receivable, net	19,342	4,970	24,312
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	11	11
Pledges receivable, net	—	364	364
Prepaid expenses and other current assets	3,997	76	4,073
Total current assets	<u>208,393</u>	<u>84,200</u>	<u>292,593</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	—	—
Accounts receivable, net	4,582	—	4,582
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	5,756	—	5,756
Pledges receivable, net	—	1,237	1,237
Endowment investments	—	57,827	57,827
Other long-term investments	12,474	2,926	15,400
Capital assets, net	543,524	1,396	544,920
Other assets	10	—	10
Total noncurrent assets	<u>566,346</u>	<u>63,386</u>	<u>629,732</u>
Total assets	<u>\$ 774,739</u>	<u>147,586</u>	<u>922,325</u>
Deferred Outflows of Resources			
Deferred outflows of resources	\$ 223,995	—	223,995
Liabilities			
Current liabilities:			
Accounts payable	\$ 14,293	4,116	18,409
Accrued salaries and benefits	26,609	214	26,823
Accrued compensated absences, current portion	9,099	67	9,166
Unearned revenues	22,599	238	22,837
Capital lease obligations, current portion	213	—	213
Long-term debt obligations, current portion	8,915	—	8,915
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	3,770	—	3,770
Other liabilities	5,092	65	5,157
Total current liabilities	<u>90,590</u>	<u>4,700</u>	<u>95,290</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	6,463	205	6,668
Unearned revenues	—	—	—
Grants refundable	7,084	—	7,084
Capital lease obligations, net of current portion	795	—	795
Long-term debt obligations, net of current portion	262,795	—	262,795
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Net other postemployment benefits liability	897,204	1,008	898,212
Net pension liability	580,666	—	580,666
Other liabilities	—	—	—
Total noncurrent liabilities	<u>1,755,007</u>	<u>1,213</u>	<u>1,756,220</u>
Total liabilities	<u>\$ 1,845,597</u>	<u>5,913</u>	<u>1,851,510</u>

SAN FRANCISCO STATE UNIVERSITY

Statement of Net Position

June 30, 2018

(In thousands)

Deferred Inflows of Resources	Campus	Discretely presented component units	Total
Deferred inflows of resources	\$ 97,075	181	97,256
Net Position			
Net position:			
Net investment in capital assets	\$ 273,810	1,396	275,206
Restricted for:			
Nonexpendable – endowments	—	57,827	57,827
Expendable:			
Scholarships and fellowships	—	47,907	47,907
Research	—	—	—
Loans	1,071	—	1,071
Capital projects	1,128	—	1,128
Debt service	64	—	64
Others	—	98	98
Unrestricted	(1,220,011)	34,264	(1,185,747)
Total net position	\$ (943,938)	141,492	(802,446)

See accompanying independent auditors' report.

SAN FRANCISCO STATE UNIVERSITY

Statement of Revenues, Expenses, and Changes in Net Position

June 30, 2018

(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$111,801)	\$ 142,007	6,729	—	148,736
Grants and contracts, noncapital:				
Federal	21,173	212	—	21,385
State	2,782	175	—	2,957
Local	1,882	442	—	2,324
Nongovernmental	2,900	805	—	3,705
Sales and services of educational activities	197	11,322	—	11,519
Sales and services of auxiliary enterprises (net of scholarship allowances of \$8,014)	57,554	—	—	57,554
Other operating revenues	10,905	3,316	—	14,221
Total operating revenues	<u>239,400</u>	<u>23,001</u>	<u>—</u>	<u>262,401</u>
Expenses:				
Operating expenses:				
Instruction	249,873	3,371	—	253,244
Research	17,959	364	—	18,323
Public service	5,544	535	—	6,079
Academic support	64,179	2,735	—	66,914
Student services	51,987	5,914	—	57,901
Institutional support	42,857	2,675	—	45,532
Operation and maintenance of plant	45,603	1,749	—	47,352
Student grants and scholarships	48,435	2,409	(1,622)	49,222
Auxiliary enterprise expenses	51,095	5,647	—	56,742
Depreciation and amortization	29,811	326	—	30,137
Total operating expenses	<u>607,343</u>	<u>25,725</u>	<u>(1,622)</u>	<u>631,446</u>
Operating loss	<u>(367,943)</u>	<u>(2,724)</u>	<u>1,622</u>	<u>(369,045)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	254,022	—	—	254,022
Federal financial aid grants, noncapital	61,673	—	—	61,673
State financial aid grants, noncapital	42,429	—	—	42,429
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	—	—	—	—
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	2,892	4,895	(1,622)	6,165
Investment income, net	1,764	6,905	—	8,669
Endowment income (loss), net	—	—	—	—
Interest expense	(9,741)	—	—	(9,741)
Other nonoperating revenues (expenses)	13,725	(2,642)	—	11,083
Net nonoperating income	<u>366,764</u>	<u>9,158</u>	<u>(1,622)</u>	<u>374,300</u>
Income (loss) before other revenues (expenses)	<u>(1,179)</u>	<u>6,434</u>	<u>—</u>	<u>5,255</u>
State appropriations, capital	—	—	—	—
Grants and gifts, capital	100	—	—	100
Additions to permanent endowments	—	1,693	—	1,693
Increase (decrease) in net position	<u>(1,079)</u>	<u>8,127</u>	<u>—</u>	<u>7,048</u>
Net position:				
Net position at beginning of year, as restated	<u>(942,859)</u>	<u>133,365</u>	<u>—</u>	<u>(809,494)</u>
Net position at end of year	<u>\$ (943,938)</u>	<u>141,492</u>	<u>—</u>	<u>(802,446)</u>

See accompanying independent auditors' report.

SAN FRANCISCO STATE UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 140,476
Federal grants and contracts	24,512
State grants and contracts	2,737
Local grants and contracts	1,948
Nongovernmental grants and contracts	2,851
Payments to suppliers	(92,228)
Payments to employees	(348,822)
Payments to students	(48,754)
Collections of student loans	236
Sales and services of educational activities	197
Sales and services of auxiliary enterprises	57,772
Other receipts	8,946
Net cash used in operating activities	<u>(250,129)</u>
Cash flows from noncapital financing activities:	
State appropriations	177,230
Federal financial aid grants	61,774
State financial aid grants	42,429
Nongovernmental and other financial aid grants	—
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	2,892
Federal loan program receipts	108,818
Federal loan program disbursements	(107,882)
Monies received on behalf of others	6,400
Monies disbursed on behalf of others	(6,087)
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	11,116
Net cash provided by noncapital financing activities	<u>296,690</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	1,609
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	—
Proceeds from sale of capital assets	—
Acquisition of capital assets	(25,386)
Principal paid on capital debt and leases	(7,294)
Interest paid on capital debt and leases	(12,449)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash used in capital and related financing activities	<u>(43,520)</u>

SAN FRANCISCO STATE UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 711,055
Purchases of investments	(717,248)
Investment income proceeds	2,815
Net cash used in investing activities	<u>(3,378)</u>
Net decrease in cash and cash equivalents	(337)
Cash and cash equivalents at beginning of year	<u>351</u>
Cash and cash equivalents at end of year	<u>\$ 14</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 14
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 14</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (367,943)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	29,811
Change in assets and liabilities:	
Accounts receivable, net	823
Student loans receivable, net	(83)
Prepaid expenses and other current assets	275
Other assets	(10)
Deferred outflows of resources	(25,112)
Accounts payable	2,079
Accrued salaries and benefits	68
Accrued compensated absences	(2,762)
Unearned revenues	(924)
Depository accounts	—
Net other postemployment benefits liability	(49,306)
Net pension liability	66,635
Other liabilities	403
Deferred inflows of resources	<u>95,917</u>
Net cash used in operating activities	<u>\$ (250,129)</u>
Supplemental schedule of noncash transactions:	
State's contribution for pension benefits	\$ 56,683
State's contribution for OPEB	20,109
Change in accrued capital asset purchases	5,242
Capital assets paid by the Office of the Chancellor	2,419
Amortization of net bond premium	1,933
Acquisition of capital assets through capital lease	1,054
Amortization of loss on debt refundings	273
Contributed capital assets	100

See accompanying independent auditors' report.

SAN FRANCISCO STATE UNIVERSITY

Transactions with Related Entities

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 3,149
Payments from discretely presented component units for other than salaries	3,891
Payments to discretely presented component units for services, space, and programs	7,815
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	2,585
Accounts receivable from discretely presented component units	2,987
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(312)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	216
Payments to the Office of the Chancellor for state pro rata charges	1,834
Accounts receivable from the Office of the Chancellor	1,513
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	3
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	2,460
Other interagency payments or receipts for services, space, and programs	(88)

See accompanying independent auditors' report.

SAN JOSE STATE UNIVERSITY

Statement of Net Position

June 30, 2018

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 25	30,071	30,096
Short-term investments	239,225	29,511	268,736
Accounts receivable, net	15,435	9,960	25,395
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	707	707
Pledges receivable, net	—	5,460	5,460
Prepaid expenses and other current assets	3,485	938	4,423
Total current assets	<u>258,170</u>	<u>76,647</u>	<u>334,817</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	2,652	2,652
Accounts receivable, net	1,177	—	1,177
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	1,722	1,722
Student loans receivable, net	5,724	—	5,724
Pledges receivable, net	—	16,483	16,483
Endowment investments	—	151,355	151,355
Other long-term investments	122,032	9,673	131,705
Capital assets, net	704,701	23,926	728,627
Other assets	3,807	9,793	13,600
Total noncurrent assets	<u>837,441</u>	<u>215,604</u>	<u>1,053,045</u>
Total assets	<u>\$ 1,095,611</u>	<u>292,251</u>	<u>1,387,862</u>
Deferred Outflows of Resources			
Deferred outflows of resources	\$ 239,117	738	239,855
Liabilities			
Current liabilities:			
Accounts payable	\$ 20,253	6,261	26,514
Accrued salaries and benefits	23,221	2,523	25,744
Accrued compensated absences, current portion	8,129	1,994	10,123
Unearned revenues	44,835	5,871	50,706
Capital lease obligations, current portion	—	5	5
Long-term debt obligations, current portion	11,765	543	12,308
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	66	—	66
Other liabilities	7,197	1,643	8,840
Total current liabilities	<u>115,466</u>	<u>18,840</u>	<u>134,306</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	11,459	227	11,686
Unearned revenues	5,797	867	6,664
Grants refundable	6,867	—	6,867
Capital lease obligations, net of current portion	—	11	11
Long-term debt obligations, net of current portion	500,134	—	500,134
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	405	405
Net other postemployment benefits liability	948,565	17,176	965,741
Net pension liability	571,604	—	571,604
Other liabilities	1,351	381	1,732
Total noncurrent liabilities	<u>2,045,777</u>	<u>19,067</u>	<u>2,064,844</u>
Total liabilities	<u>\$ 2,161,243</u>	<u>37,907</u>	<u>2,199,150</u>

SAN JOSE STATE UNIVERSITY

Statement of Net Position

June 30, 2018

(In thousands)

Deferred Inflows of Resources	Campus	Discretely presented component units	Total
Deferred inflows of resources	\$ 102,246	844	103,090
Net Position			
Net position:			
Net investment in capital assets	\$ 210,228	23,366	233,594
Restricted for:			
Nonexpendable – endowments	—	111,923	111,923
Expendable:			
Scholarships and fellowships	6,550	3,858	10,408
Research	—	30	30
Loans	5,820	—	5,820
Capital projects	429	—	429
Debt service	3,819	—	3,819
Others	3	85,175	85,178
Unrestricted	(1,155,610)	29,886	(1,125,724)
Total net position	\$ (928,761)	254,238	(674,523)

See accompanying independent auditors' report.

SAN JOSE STATE UNIVERSITY

Statement of Revenues, Expenses, and Changes in Net Position

June 30, 2018

(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$110,099)	\$ 187,943	16,987	—	204,930
Grants and contracts, noncapital:				
Federal	—	27,940	—	27,940
State	—	7,547	—	7,547
Local	—	2,622	—	2,622
Nongovernmental	—	5,634	—	5,634
Sales and services of educational activities	10,276	—	—	10,276
Sales and services of auxiliary enterprises (net of scholarship allowances of \$10,117)	58,948	32,573	—	91,521
Other operating revenues	15,338	11,026	—	26,364
Total operating revenues	<u>272,505</u>	<u>104,329</u>	<u>—</u>	<u>376,834</u>
Expenses:				
Operating expenses:				
Instruction	265,463	10,783	—	276,246
Research	207	30,107	—	30,314
Public service	3,059	487	—	3,546
Academic support	57,580	10,568	(301)	67,847
Student services	75,117	17,379	—	92,496
Institutional support	53,541	22,439	—	75,980
Operation and maintenance of plant	65,404	664	—	66,068
Student grants and scholarships	38,639	7,135	(6,948)	38,826
Auxiliary enterprise expenses	51,493	33,319	—	84,812
Depreciation and amortization	35,741	2,954	—	38,695
Total operating expenses	<u>646,244</u>	<u>135,835</u>	<u>(7,249)</u>	<u>774,830</u>
Operating loss	<u>(373,739)</u>	<u>(31,506)</u>	<u>7,249</u>	<u>(397,996)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	240,962	—	—	240,962
Federal financial aid grants, noncapital	57,202	1,510	—	58,712
State financial aid grants, noncapital	43,206	1,266	—	44,472
Local financial aid grants, noncapital	—	170	—	170
Nongovernmental and other financial aid grants, noncapital	—	112	—	112
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	5,637	16,751	(7,050)	15,338
Investment income, net	3,639	4,914	—	8,553
Endowment income, net	—	6,706	—	6,706
Interest expense	(15,463)	(41)	—	(15,504)
Other nonoperating revenues	13,634	1,059	—	14,693
Net nonoperating income	<u>348,817</u>	<u>32,447</u>	<u>(7,050)</u>	<u>374,214</u>
Income (loss) before other revenues (expenses)	<u>(24,922)</u>	<u>941</u>	<u>199</u>	<u>(23,782)</u>
State appropriations, capital	—	—	—	—
Grants and gifts, capital	1,353	—	(199)	1,154
Additions to permanent endowments	—	5,590	—	5,590
Increase (decrease) in net position	<u>(23,569)</u>	<u>6,531</u>	<u>—</u>	<u>(17,038)</u>
Net position:				
Net position at beginning of year, as restated	<u>(905,192)</u>	<u>247,707</u>	<u>—</u>	<u>(657,485)</u>
Net position at end of year	<u>\$ (928,761)</u>	<u>254,238</u>	<u>—</u>	<u>(674,523)</u>

See accompanying independent auditors' report.

SAN JOSE STATE UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 184,207
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(135,385)
Payments to employees	(341,142)
Payments to students	(38,940)
Collections of student loans	16
Sales and services of educational activities	10,276
Sales and services of auxiliary enterprises	61,025
Other receipts	18,061
Net cash used in operating activities	<u>(241,882)</u>
Cash flows from noncapital financing activities:	
State appropriations	164,793
Federal financial aid grants	56,886
State financial aid grants	43,206
Nongovernmental and other financial aid grants	—
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	5,637
Federal loan program receipts	99,848
Federal loan program disbursements	(103,283)
Monies received on behalf of others	6,222
Monies disbursed on behalf of others	(6,533)
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Principal collections on capital leases	134
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	12,003
Net cash provided by noncapital financing activities	<u>278,913</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	1,341
State appropriations – SPWB Lease Revenue Bond program	213
Capital grants and gifts	1,151
Proceeds from sale of capital assets	—
Acquisition of capital assets	(55,851)
Principal paid on capital debt and leases	(12,734)
Interest paid on capital debt and leases	(23,367)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash used in capital and related financing activities	<u>(89,247)</u>

SAN JOSE STATE UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 817,704
Purchases of investments	(775,024)
Investment income proceeds	5,599
Net cash provided by investing activities	<u>48,279</u>
Net decrease in cash and cash equivalents	(3,937)
Cash and cash equivalents at beginning of year	<u>3,962</u>
Cash and cash equivalents at end of year	<u>\$ 25</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 25
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 25</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (373,739)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	35,741
Change in assets and liabilities:	
Accounts receivable, net	1,050
Student loans receivable, net	(104)
Pledges receivable, net	—
Prepaid expenses and other current assets	(324)
Other assets	(823)
Deferred outflows of resources	(35,982)
Accounts payable	(3,492)
Accrued salaries and benefits	(1,942)
Accrued compensated absences	3,814
Unearned revenues	(257)
Depository accounts	—
Net other postemployment benefits liability	(52,129)
Net pension liability	82,003
Other liabilities	3,154
Deferred inflows of resources	<u>101,148</u>
Net cash used in operating activities	<u>\$ (343,030)</u>
Supplemental schedule of noncash transactions:	
State's contribution for pension benefits	\$ 56,752
State's contribution for OPEB	19,417
Change in accrued capital asset purchases	4,086
Amortization of net bond premium	2,931
Amortization of loss on debt refundings	531
Capital assets paid by the Office of the Chancellor	258
Contributed capital assets	202

See accompanying independent auditors' report.

SAN JOSE STATE UNIVERSITY

Transactions with Related Entities

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 3,832
Payments from discretely presented component units for other than salaries	9,326
Payments to discretely presented component units for services, space, and programs	23,214
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	7,322
Accounts receivable from discretely presented component units	1,913
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(910)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	302
Payments to the Office of the Chancellor for state pro rata charges	1,676
Accounts receivable from the Office of the Chancellor	228
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	1
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	2,304
Other interagency payments or receipts for services, space, and programs	269

See accompanying independent auditors' report.

CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO

Statement of Net Position

June 30, 2018

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 12	42,889	42,901
Short-term investments	168,909	90,190	259,099
Accounts receivable, net	6,007	18,471	24,478
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	17,632	17,632
Prepaid expenses and other current assets	2,376	2,007	4,383
Total current assets	<u>177,304</u>	<u>171,189</u>	<u>348,493</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	346	346
Accounts receivable, net	1,009	25	1,034
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	3,569	—	3,569
Pledges receivable, net	—	58,400	58,400
Endowment investments	—	220,530	220,530
Other long-term investments	90,458	67,719	158,177
Capital assets, net	913,594	49,824	963,418
Other assets	578	702	1,280
Total noncurrent assets	<u>1,009,208</u>	<u>397,546</u>	<u>1,406,754</u>
Total assets	<u>\$ 1,186,512</u>	<u>568,735</u>	<u>1,755,247</u>
Deferred Outflows of Resources			
Deferred outflows of resources	\$ 240,396	5,851	246,247
Liabilities			
Current liabilities:			
Accounts payable	\$ 31,466	4,700	36,166
Accrued salaries and benefits	23,110	2,188	25,298
Accrued compensated absences, current portion	6,919	1,034	7,953
Unearned revenues	12,674	11,284	23,958
Capital lease obligations, current portion	414	—	414
Long-term debt obligations, current portion	11,281	3,266	14,547
Claims liability for losses and loss adjustment expenses, current portion	—	21	21
Depository accounts	254	1,597	1,851
Other liabilities	6,122	200	6,322
Total current liabilities	<u>92,240</u>	<u>24,290</u>	<u>116,530</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	5,545	—	5,545
Unearned revenues	—	—	—
Grants refundable	2,793	—	2,793
Capital lease obligations, net of current portion	414	—	414
Long-term debt obligations, net of current portion	609,810	25,894	635,704
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	4,146	4,146
Net other postemployment benefits liability	842,099	6,531	848,630
Net pension liability	548,958	19,677	568,635
Other liabilities	13,975	8,293	22,268
Total noncurrent liabilities	<u>2,023,594</u>	<u>64,541</u>	<u>2,088,135</u>
Total liabilities	<u>\$ 2,115,834</u>	<u>88,831</u>	<u>2,204,665</u>

CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO

Statement of Net Position

June 30, 2018

(In thousands)

Deferred Inflows of Resources	Campus	Discretely presented component units	Total
Deferred inflows of resources	\$ 91,137	18,006	109,143
Net Position			
Net position:			
Net investment in capital assets	\$ 301,909	20,552	322,461
Restricted for:			
Nonexpendable – endowments	—	126,459	126,459
Expendable:			
Scholarships and fellowships	4,397	23,415	27,812
Research	—	9,344	9,344
Loans	3,425	—	3,425
Capital projects	1,450	61,130	62,580
Debt service	4,866	—	4,866
Others	162	147,083	147,245
Unrestricted	(1,096,272)	79,766	(1,016,506)
Total net position	\$ (780,063)	467,749	(312,314)

See accompanying independent auditors' report.

CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$54,740)	\$ 193,404	7,037	—	200,441
Grants and contracts, noncapital:				
Federal	—	14,644	—	14,644
State	—	3,536	—	3,536
Local	—	709	—	709
Nongovernmental	—	6,343	—	6,343
Sales and services of educational activities	3,481	—	—	3,481
Sales and services of auxiliary enterprises (net of scholarship allowances of \$2,656)	53,535	41,425	(108)	94,852
Other operating revenues	14,256	23,973	(3,614)	34,615
Total operating revenues	<u>264,676</u>	<u>97,667</u>	<u>(3,722)</u>	<u>358,621</u>
Expenses:				
Operating expenses:				
Instruction	230,600	3,286	(1,073)	232,813
Research	1,269	17,520	—	18,789
Public service	227	16,732	—	16,959
Academic support	57,055	8,472	(392)	65,135
Student services	71,169	15,180	(3,208)	83,141
Institutional support	56,649	26,038	(17,453)	65,234
Operation and maintenance of plant	48,388	22,197	(9,014)	61,571
Student grants and scholarships	18,317	3,026	—	21,343
Auxiliary enterprise expenses	44,680	36,727	(1)	81,406
Depreciation and amortization	40,380	2,105	—	42,485
Total operating expenses	<u>568,734</u>	<u>151,283</u>	<u>(31,141)</u>	<u>688,876</u>
Operating loss	<u>(304,058)</u>	<u>(53,616)</u>	<u>27,419</u>	<u>(330,255)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	221,305	—	—	221,305
Federal financial aid grants, noncapital	19,388	—	—	19,388
State financial aid grants, noncapital	21,489	—	—	21,489
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	7,030	—	—	7,030
Other federal nonoperating grants, noncapital	1,103	—	—	1,103
Gifts, noncapital	17,664	36,716	(18,188)	36,192
Investment income, net	2,915	4,561	—	7,476
Endowment income, net	—	14,739	—	14,739
Interest expense	(14,467)	(319)	—	(14,786)
Other nonoperating revenues (expenses)	9,154	(1,469)	—	7,685
Net nonoperating revenues	<u>285,581</u>	<u>54,228</u>	<u>(18,188)</u>	<u>321,621</u>
Loss before other revenues (expenses)	<u>(18,477)</u>	<u>612</u>	<u>9,231</u>	<u>(8,634)</u>
State appropriations, capital	96	—	—	96
Grants and gifts, capital	18,376	12,993	(9,231)	22,138
Additions to permanent endowments	—	7,785	—	7,785
Increase (decrease) in net position	<u>(5)</u>	<u>21,390</u>	<u>—</u>	<u>21,385</u>
Net position:				
Net position at beginning of year, as restated	<u>(780,058)</u>	<u>446,359</u>	<u>—</u>	<u>(333,699)</u>
Net position at end of year	<u>\$ (780,063)</u>	<u>467,749</u>	<u>—</u>	<u>(312,314)</u>

See accompanying independent auditors' report.

CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 192,838
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(94,656)
Payments to employees	(315,731)
Payments to students	(18,407)
Collections of student loans	23
Sales and services of educational activities	3,481
Sales and services of auxiliary enterprises	50,144
Other receipts	17,004
Net cash used in operating activities	<u>(165,304)</u>
Cash flows from noncapital financing activities:	
State appropriations	146,594
Federal financial aid grants	19,388
State financial aid grants	21,489
Nongovernmental and other financial aid grants	7,030
Other federal nonoperating grants	817
Gifts and grants received for other than capital purposes	17,664
Federal loan program receipts	84,709
Federal loan program disbursements	(85,007)
Monies received on behalf of others	14,715
Monies disbursed on behalf of others	(1,328)
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	8,085
Net cash provided by noncapital financing activities	<u>234,156</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	1,966
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	17,574
Proceeds from sale of capital assets	302
Acquisition of capital assets	(123,067)
Principal paid on capital debt and leases	(10,729)
Interest paid on capital debt and leases	(28,779)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash used in capital and related financing activities	<u>(142,733)</u>

CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 762,081
Purchases of investments	(693,470)
Investment income proceeds	4,412
Net cash provided by investing activities	<u>73,023</u>
Net decrease in cash and cash equivalents	(858)
Cash and cash equivalents at beginning of year	<u>870</u>
Cash and cash equivalents at end of year	<u>\$ 12</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 12
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 12</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (304,058)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	40,380
Change in assets and liabilities:	
Accounts receivable, net	1,627
Student loans receivable, net	(67)
Prepaid expenses and other current assets	1,243
Other assets	(10)
Deferred outflows of resources	(26,813)
Accounts payable	7,638
Accrued salaries and benefits	830
Accrued compensated absences	(2,274)
Unearned revenues	(3,927)
Depository accounts	—
Net other postemployment benefits liability	(46,278)
Net pension liability	76,177
Other liabilities	162
Deferred inflows of resources	<u>90,066</u>
Net cash used in operating activities	<u>\$ (165,304)</u>
Supplemental schedule of noncash transactions:	
State's contribution for pension benefits	\$ 54,922
State's contribution for OPEB	19,789
Change in accrued capital asset purchases	4,744
Amortization of net bond premium	3,202
Acquisition of capital assets through capital lease	828
Contributed capital assets	802
Amortization of loss on debt refundings	678
Capital assets paid by the Office of the Chancellor	17

See accompanying independent auditors' report.

CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO

Transactions with Related Entities

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 6,608
Payments from discretely presented component units for other than salaries	23,854
Payments to discretely presented component units for services, space, and programs	4,632
Gifts in kind from discretely presented component units	538
Gifts (cash or assets) from discretely presented component units	27,346
Accounts receivable from discretely presented component units	777
Other amounts receivable from discretely presented component units	1,162
Accounts payable to discretely presented component units	(995)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	473
Payments to the Office of the Chancellor for state pro rata charges	1,630
Accounts receivable from the Office of the Chancellor	356
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	818
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	1,683
Other interagency payments or receipts for services, space, and programs	29

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, SAN MARCOS

Statement of Net Position

June 30, 2018

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 8	7,996	8,004
Short-term investments	45,803	7,875	53,678
Accounts receivable, net	5,062	7,532	12,594
Capital lease receivable, current portion	820	—	820
Notes receivable, current portion	20	—	20
Pledges receivable, net	—	1,223	1,223
Prepaid expenses and other current assets	10,412	8	10,420
Total current assets	<u>62,125</u>	<u>24,634</u>	<u>86,759</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	193	193
Accounts receivable, net	762	—	762
Capital lease receivable, net of current portion	16,625	—	16,625
Notes receivable, net of current portion	178	—	178
Student loans receivable, net	304	50	354
Pledges receivable, net	—	3,331	3,331
Endowment investments	—	24,933	24,933
Other long-term investments	11,109	8,382	19,491
Capital assets, net	228,246	42,836	271,082
Other assets	12	60	72
Total noncurrent assets	<u>257,236</u>	<u>79,785</u>	<u>337,021</u>
Total assets	<u>\$ 319,361</u>	<u>104,419</u>	<u>423,780</u>
Deferred Outflows of Resources			
Deferred outflows of resources	\$ 125,172	—	125,172
Liabilities			
Current liabilities:			
Accounts payable	\$ 2,097	6,168	8,265
Accrued salaries and benefits	12,435	355	12,790
Accrued compensated absences, current portion	4,175	613	4,788
Unearned revenues	7,484	589	8,073
Capital lease obligations, current portion	940	964	1,904
Long-term debt obligations, current portion	3,000	20	3,020
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	828	—	828
Other liabilities	1,400	122	1,522
Total current liabilities	<u>32,359</u>	<u>8,831</u>	<u>41,190</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	2,571	—	2,571
Unearned revenues	—	9,488	9,488
Grants refundable	213	—	213
Capital lease obligations, net of current portion	2,753	17,806	20,559
Long-term debt obligations, net of current portion	100,350	15,078	115,428
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Net other postemployment benefits liability	322,252	1,532	323,784
Net pension liability	272,560	—	272,560
Other liabilities	4,312	—	4,312
Total noncurrent liabilities	<u>705,011</u>	<u>43,904</u>	<u>748,915</u>
Total liabilities	<u>\$ 737,370</u>	<u>52,735</u>	<u>790,105</u>

CALIFORNIA STATE UNIVERSITY, SAN MARCOS

Statement of Net Position

June 30, 2018

(In thousands)

Deferred Inflows of Resources	Campus	Discretely presented component units	Total
Deferred inflows of resources	\$ 35,487	194	35,681
Net Position			
Net position:			
Net investment in capital assets	\$ 140,810	4,323	145,133
Restricted for:			
Nonexpendable – endowments	—	20,777	20,777
Expendable:			
Scholarships and fellowships	—	3,258	3,258
Research	—	—	—
Loans	159	—	159
Capital projects	1,095	44	1,139
Debt service	3	—	3
Others	—	6,098	6,098
Unrestricted	(470,391)	16,990	(453,401)
Total net position	\$ (328,324)	51,490	(276,834)

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, SAN MARCOS

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2018

(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$61,981)	\$ 78,587	2,113	—	80,700
Grants and contracts, noncapital:				
Federal	—	11,638	—	11,638
State	—	1,180	—	1,180
Local	—	76	—	76
Nongovernmental	—	161	—	161
Sales and services of educational activities	84	3,808	—	3,892
Sales and services of auxiliary enterprises (net of scholarship allowances of \$-)	8,091	7,867	—	15,958
Other operating revenues	7,159	140	—	7,299
Total operating revenues	<u>93,921</u>	<u>26,983</u>	<u>—</u>	<u>120,904</u>
Expenses:				
Operating expenses:				
Instruction	120,702	5,170	—	125,872
Research	2,152	7,958	—	10,110
Public service	452	1,297	—	1,749
Academic support	33,709	755	—	34,464
Student services	30,761	5,078	(280)	35,559
Institutional support	32,766	1,594	(1,028)	33,332
Operation and maintenance of plant	19,881	—	—	19,881
Student grants and scholarships	24,658	2,126	(2,074)	24,710
Auxiliary enterprise expenses	3,579	4,718	—	8,297
Depreciation and amortization	13,871	1,621	—	15,492
Total operating expenses	<u>282,531</u>	<u>30,317</u>	<u>(3,382)</u>	<u>309,466</u>
Operating loss	<u>(188,610)</u>	<u>(3,334)</u>	<u>3,382</u>	<u>(188,562)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	126,191	—	—	126,191
Federal financial aid grants, noncapital	33,328	—	—	33,328
State financial aid grants, noncapital	25,698	—	—	25,698
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	—	—	—	—
Other federal nonoperating grants, noncapital	74	—	—	74
Gifts, noncapital	2,909	6,271	(2,904)	6,276
Investment income, net	1,418	541	—	1,959
Endowment income, net	—	1,206	—	1,206
Interest expense	(4,604)	(713)	—	(5,317)
Other nonoperating revenues (expenses)	8,285	(3,918)	—	4,367
Net nonoperating revenues	<u>193,299</u>	<u>3,387</u>	<u>(2,904)</u>	<u>193,782</u>
Loss before other revenues (expenses)	4,689	53	478	5,220
State appropriations, capital	—	—	—	—
Grants and gifts, capital	478	—	(478)	—
Additions to permanent endowments	—	568	—	568
Increase (decrease) in net position	<u>5,167</u>	<u>621</u>	<u>—</u>	<u>5,788</u>
Net position:				
Net position at beginning of year, as restated	<u>(333,491)</u>	<u>50,869</u>	<u>—</u>	<u>(282,622)</u>
Net position at end of year	<u>\$ (328,324)</u>	<u>51,490</u>	<u>—</u>	<u>(276,834)</u>

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, SAN MARCOS

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 77,252
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(45,160)
Payments to employees	(161,672)
Payments to students	(24,742)
Collections of student loans	60
Sales and services of educational activities	84
Sales and services of auxiliary enterprises	8,457
Other receipts	9,703
Net cash used in operating activities	<u>(136,018)</u>
Cash flows from noncapital financing activities:	
State appropriations	90,282
Federal financial aid grants	32,846
State financial aid grants	26,033
Nongovernmental and other financial aid grants	—
Other federal nonoperating grants	74
Gifts and grants received for other than capital purposes	2,909
Federal loan program receipts	51,866
Federal loan program disbursements	(51,900)
Monies received on behalf of others	3,787
Monies disbursed on behalf of others	(3,897)
Principal paid on long-term debt	(780)
Interest paid on long-term debt	(886)
Issuance of notes receivable	—
Principal collections on capital leases	780
Interest collections on capital leases	886
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	7,757
Net cash provided by noncapital financing activities	<u>159,757</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	482
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	—
Proceeds from sale of capital assets	27
Acquisition of capital assets	(4,924)
Principal paid on capital debt and leases	(3,512)
Interest paid on capital debt and leases	(4,165)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash used in capital and related financing activities	<u>(12,092)</u>

CALIFORNIA STATE UNIVERSITY, SAN MARCOS

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 338,558
Purchases of investments	(351,085)
Investment income proceeds	880
Net cash used in investing activities	<u>(11,647)</u>
Net increase (decrease) in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>8</u>
Cash and cash equivalents at end of year	<u>\$ 8</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 8
Restricted cash and cash equivalents	—
Total cash and cash equivalents at end of year	<u>\$ 8</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (188,610)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	13,871
Change in assets and liabilities:	
Accounts receivable, net	651
Student loans receivable, net	(24)
Prepaid expenses and other current assets	(6,853)
Other assets	(7)
Deferred outflows of resources	(11,984)
Accounts payable	(297)
Accrued salaries and benefits	961
Accrued compensated absences	(1,280)
Unearned revenues	(795)
Depository accounts	—
Net other postemployment benefits liability	(17,709)
Net pension liability	38,633
Other liabilities	2,458
Deferred inflows of resources	34,967
Net cash used in operating activities	<u>\$ (136,018)</u>
Supplemental schedule of noncash transactions:	
State's contribution for pension benefits	\$ 26,821
State's contribution for OPEB	9,087
Payments received from vendor	1,172
Rental revenue deferral from vendor	1,172
Contributed capital assets	478
Amortization of net bond premium	456
Change in accrued capital asset purchases	305
Amortization of loss on debt refundings	197
Capital assets paid by the Office of the Chancellor	9

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, SAN MARCOS

Transactions with Related Entities

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 1,814
Payments from discretely presented component units for other than salaries	6,357
Payments to discretely presented component units for services, space, and programs	8,009
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	—
Accounts receivable from discretely presented component units	1,236
Other amounts receivable from discretely presented component units	198
Accounts payable to discretely presented component units	(318)
Other amounts payable to discretely presented component units	(3,944)
Payments to the Office of the Chancellor for administrative activities	128
Payments to the Office of the Chancellor for state pro rata charges	1,020
Accounts receivable from the Office of the Chancellor	643
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	1,240
Other interagency payments or receipts for services, space, and programs	(17)

See accompanying independent auditors' report.

SONOMA STATE UNIVERSITY

Statement of Net Position

June 30, 2018

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 14	2,341	2,355
Short-term investments	91,474	7,306	98,780
Accounts receivable, net	4,196	654	4,850
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	1,045	1,045
Prepaid expenses and other current assets	810	208	1,018
Total current assets	<u>96,494</u>	<u>11,554</u>	<u>108,048</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	112	112
Accounts receivable, net	734	—	734
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	1,316	—	1,316
Pledges receivable, net	—	1,204	1,204
Endowment investments	—	36,774	36,774
Other long-term investments	10,699	11,094	21,793
Capital assets, net	341,062	1,034	342,096
Other assets	—	1,152	1,152
Total noncurrent assets	<u>353,811</u>	<u>51,370</u>	<u>405,181</u>
Total assets	<u>\$ 450,305</u>	<u>62,924</u>	<u>513,229</u>
Deferred Outflows of Resources			
Deferred outflows of resources	\$ 94,237	—	94,237
Liabilities			
Current liabilities:			
Accounts payable	\$ 8,259	910	9,169
Accrued salaries and benefits	9,225	24	9,249
Accrued compensated absences, current portion	3,700	14	3,714
Unearned revenues	11,564	738	12,302
Capital lease obligations, current portion	111	—	111
Long-term debt obligations, current portion	5,935	—	5,935
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	—	—	—
Other liabilities	1,502	242	1,744
Total current liabilities	<u>40,296</u>	<u>1,928</u>	<u>42,224</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	2,409	13	2,422
Unearned revenues	384	—	384
Grants refundable	1,379	—	1,379
Capital lease obligations, net of current portion	356	—	356
Long-term debt obligations, net of current portion	186,832	—	186,832
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	290	—	290
Net other postemployment benefits liability	388,771	—	388,771
Net pension liability	227,735	—	227,735
Other liabilities	74	—	74
Total noncurrent liabilities	<u>808,230</u>	<u>13</u>	<u>808,243</u>
Total liabilities	<u>\$ 848,526</u>	<u>1,941</u>	<u>850,467</u>

SONOMA STATE UNIVERSITY

Statement of Net Position

June 30, 2018

(In thousands)

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Total</u>
Deferred Inflows of Resources			
Deferred inflows of resources	\$ 41,850	—	41,850
Net Position			
Net position:			
Net investment in capital assets	\$ 153,330	1,034	154,364
Restricted for:			
Nonexpendable – endowments	—	38,010	38,010
Expendable:			
Scholarships and fellowships	1,494	968	2,462
Research	—	—	—
Loans	108	—	108
Capital projects	1,476	—	1,476
Debt service	9	—	9
Others	5,035	7,828	12,863
Unrestricted	<u>(507,286)</u>	<u>13,143</u>	<u>(494,143)</u>
Total net position	<u>\$ (345,834)</u>	<u>60,983</u>	<u>(284,851)</u>

See accompanying independent auditors' report.

SONOMA STATE UNIVERSITY

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2018

(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$26,562)	\$ 50,483	2,080	—	52,563
Grants and contracts, noncapital:				
Federal	7,155	95	—	7,250
State	924	181	—	1,105
Local	152	—	—	152
Nongovernmental	845	—	—	845
Sales and services of educational activities	433	9	—	442
Sales and services of auxiliary enterprises (net of scholarship allowances of \$2,924)	28,411	11,352	—	39,763
Other operating revenues	15,567	616	—	16,183
Total operating revenues	<u>103,970</u>	<u>14,333</u>	<u>—</u>	<u>118,303</u>
Expenses:				
Operating expenses:				
Instruction	82,142	—	—	82,142
Research	864	—	—	864
Public service	15,546	—	—	15,546
Academic support	21,299	—	—	21,299
Student services	28,068	2,200	—	30,268
Institutional support	21,173	128	—	21,301
Operation and maintenance of plant	19,164	—	—	19,164
Student grants and scholarships	11,293	—	—	11,293
Auxiliary enterprise expenses	26,876	11,030	—	37,906
Depreciation and amortization	17,042	149	—	17,191
Total operating expenses	<u>243,467</u>	<u>13,507</u>	<u>—</u>	<u>256,974</u>
Operating loss	<u>(139,497)</u>	<u>826</u>	<u>—</u>	<u>(138,671)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	103,480	—	—	103,480
Federal financial aid grants, noncapital	15,373	—	—	15,373
State financial aid grants, noncapital	13,461	—	—	13,461
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	—	—	—	—
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	5,528	(3,909)	2,605	4,224
Investment income, net	945	113	—	1,058
Endowment income, net	—	2,371	—	2,371
Interest expense	(7,067)	—	—	(7,067)
Other nonoperating revenues (expenses)	5,515	(160)	—	5,355
Net nonoperating revenues	<u>137,235</u>	<u>(1,585)</u>	<u>2,605</u>	<u>138,255</u>
Loss before other revenues (expenses)	<u>(2,262)</u>	<u>(759)</u>	<u>2,605</u>	<u>(416)</u>
State appropriations, capital	222	—	—	222
Grants and gifts, capital	6,462	(3,118)	(2,605)	739
Additions to permanent endowments	—	310	—	310
Increase (decrease) in net position	<u>4,422</u>	<u>(3,567)</u>	<u>—</u>	<u>855</u>
Net position:				
Net position at beginning of year, as restated	<u>(350,256)</u>	<u>64,550</u>	<u>—</u>	<u>(285,706)</u>
Net position at end of year	<u>\$ (345,834)</u>	<u>60,983</u>	<u>—</u>	<u>(284,851)</u>

See accompanying independent auditors' report.

SONOMA STATE UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 47,794
Federal grants and contracts	7,120
State grants and contracts	760
Local grants and contracts	170
Nongovernmental grants and contracts	975
Payments to suppliers	(44,498)
Payments to employees	(131,638)
Payments to students	(11,233)
Collections of student loans	—
Sales and services of educational activities	435
Sales and services of auxiliary enterprises	27,671
Other receipts	14,415
Net cash used in operating activities	<u>(88,029)</u>
Cash flows from noncapital financing activities:	
State appropriations	73,176
Federal financial aid grants	15,382
State financial aid grants	13,461
Nongovernmental and other financial aid grants	—
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	5,528
Federal loan program receipts	38,736
Federal loan program disbursements	(38,866)
Monies received on behalf of others	59
Monies disbursed on behalf of others	(117)
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	5,746
Net cash provided by noncapital financing activities	<u>113,105</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	602
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	3,283
Proceeds from sale of capital assets	—
Acquisition of capital assets	(16,785)
Principal paid on capital debt and leases	(5,846)
Interest paid on capital debt and leases	(8,155)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash used in capital and related financing activities	<u>(26,901)</u>

SONOMA STATE UNIVERSITY

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 290,359
Purchases of investments	(291,163)
Investment income proceeds	1,476
Net cash provided by investing activities	<u>672</u>
Net increase (decrease) in cash and cash equivalents	(1,153)
Cash and cash equivalents at beginning of year	<u>1,167</u>
Cash and cash equivalents at end of year	<u>\$ 14</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 14
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 14</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (139,497)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	17,042
Change in assets and liabilities:	
Accounts receivable, net	(1,219)
Student loans receivable, net	—
Prepaid expenses and other current assets	188
Other assets	(1)
Deferred outflows of resources	(5,671)
Accounts payable	453
Accrued salaries and benefits	903
Accrued compensated absences	(1,157)
Unearned revenues	(3,306)
Depository accounts	—
Net other postemployment benefits liability	(21,365)
Net pension liability	24,367
Other liabilities	(161)
Deferred inflows of resources	<u>41,395</u>
Net cash used in operating activities	<u>\$ (88,029)</u>
Supplemental schedule of noncash transactions:	
State's contribution for pension benefits	\$ 22,373
State's contribution for OPEB	7,930
Contributed capital assets	3,179
Amortization of net bond premium	1,195
Change in accrued capital asset purchases	1,020
Capital assets paid by the Office of the Chancellor	597
Acquisition of capital assets through capital lease	467
Amortization of loss on debt refundings	307

See accompanying independent auditors' report.

SONOMA STATE UNIVERSITY

Transactions with Related Entities

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 6,101
Payments from discretely presented component units for other than salaries	4,493
Payments to discretely presented component units for services, space, and programs	13,703
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	8,067
Accounts receivable from discretely presented component units	815
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(342)
Other amounts payable to discretely presented component units	(23)
Payments to the Office of the Chancellor for administrative activities	195
Payments to the Office of the Chancellor for state pro rata charges	740
Accounts receivable from the Office of the Chancellor	771
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	27
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	996
Other interagency payments or receipts for services, space, and programs	593

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, STANISLAUS

Statement of Net Position

June 30, 2018

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ —	1,569	1,569
Short-term investments	82,216	4,127	86,343
Accounts receivable, net	4,636	1,103	5,739
Capital lease receivable, current portion	105	—	105
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	1,811	1,811
Prepaid expenses and other current assets	845	15	860
Total current assets	<u>87,802</u>	<u>8,625</u>	<u>96,427</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	448	448
Accounts receivable, net	6	—	6
Capital lease receivable, net of current portion	3,700	—	3,700
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	734	—	734
Pledges receivable, net	—	2,041	2,041
Endowment investments	—	13,605	13,605
Other long-term investments	19,881	3,506	23,387
Capital assets, net	124,413	6,541	130,954
Other assets	72	739	811
Total noncurrent assets	<u>148,806</u>	<u>26,880</u>	<u>175,686</u>
Total assets	<u>\$ 236,608</u>	<u>35,505</u>	<u>272,113</u>
Deferred Outflows of Resources			
Deferred outflows of resources	\$ 77,779	—	77,779
Liabilities			
Current liabilities:			
Accounts payable	\$ 1,878	387	2,265
Accrued salaries and benefits	10,129	21	10,150
Accrued compensated absences, current portion	2,475	36	2,511
Unearned revenues	9,602	509	10,111
Capital lease obligations, current portion	69	105	174
Long-term debt obligations, current portion	985	285	1,270
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	373	64	437
Other liabilities	1,585	44	1,629
Total current liabilities	<u>27,096</u>	<u>1,451</u>	<u>28,547</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	2,364	—	2,364
Unearned revenues	—	—	—
Grants refundable	771	—	771
Capital lease obligations, net of current portion	340	3,700	4,040
Long-term debt obligations, net of current portion	47,268	1,382	48,650
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Net other postemployment benefits liability	294,788	1,455	296,243
Net pension liability	182,791	1,774	184,565
Other liabilities	—	—	—
Total noncurrent liabilities	<u>528,322</u>	<u>8,311</u>	<u>536,633</u>
Total liabilities	<u>\$ 555,418</u>	<u>9,762</u>	<u>565,180</u>

CALIFORNIA STATE UNIVERSITY, STANISLAUS

Statement of Net Position

June 30, 2018

(In thousands)

Deferred Inflows of Resources	Campus	Discretely presented component units	Total
Deferred inflows of resources	\$ 31,825	—	31,825
Net Position			
Net position:			
Net investment in capital assets	\$ 97,333	1,069	98,402
Restricted for:			
Nonexpendable – endowments	—	11,719	11,719
Expendable:			
Scholarships and fellowships	2	1,652	1,654
Research	—	—	—
Loans	124	—	124
Capital projects	64	—	64
Debt service	1	—	1
Others	317	10,128	10,445
Unrestricted	(370,697)	1,175	(369,522)
Total net position	\$ (272,856)	25,743	(247,113)

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, STANISLAUS

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$40,830)	\$ 43,194	2,360	(1,144)	44,410
Grants and contracts, noncapital:				
Federal	2,697	—	—	2,697
State	2,090	—	—	2,090
Local	1,035	—	—	1,035
Nongovernmental	1,025	—	—	1,025
Sales and services of educational activities	1	138	—	139
Sales and services of auxiliary enterprises (net of scholarship allowances of \$1,746)	4,845	1,297	—	6,142
Other operating revenues	4,726	619	(181)	5,164
Total operating revenues	<u>59,613</u>	<u>4,414</u>	<u>(1,325)</u>	<u>62,702</u>
Expenses:				
Operating expenses:				
Instruction	86,023	134	(208)	85,949
Research	1,261	—	—	1,261
Public service	815	—	—	815
Academic support	17,913	24	—	17,937
Student services	24,132	6,751	(4,178)	26,705
Institutional support	23,887	1,105	(299)	24,693
Operation and maintenance of plant	16,669	222	(14)	16,877
Student grants and scholarships	31,604	877	(873)	31,608
Auxiliary enterprise expenses	7,870	749	(1,144)	7,475
Depreciation and amortization	8,232	413	—	8,645
Total operating expenses	<u>218,406</u>	<u>10,275</u>	<u>(6,716)</u>	<u>221,965</u>
Operating loss	<u>(158,793)</u>	<u>(5,861)</u>	<u>5,391</u>	<u>(159,263)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	97,798	—	—	97,798
Federal financial aid grants, noncapital	28,529	—	—	28,529
State financial aid grants, noncapital	21,658	—	—	21,658
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	877	—	(873)	4
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	197	3,782	(37)	3,942
Investment income, net	895	242	—	1,137
Endowment income, net	—	616	—	616
Interest expense	(1,334)	(243)	—	(1,577)
Other nonoperating revenues	5,774	(426)	(310)	5,038
Net nonoperating revenues	<u>154,394</u>	<u>3,971</u>	<u>(1,220)</u>	<u>157,145</u>
Loss before other revenues (expenses)	<u>(4,399)</u>	<u>(1,890)</u>	<u>4,171</u>	<u>(2,118)</u>
State appropriations, capital	2	—	—	2
Grants and gifts, capital	4,171	—	(4,171)	—
Additions to permanent endowments	—	2,342	—	2,342
Increase (decrease) in net position	<u>(226)</u>	<u>452</u>	<u>—</u>	<u>226</u>
Net position:				
Net position at beginning of year, as restated	<u>(272,630)</u>	<u>25,291</u>	<u>—</u>	<u>(247,339)</u>
Net position at end of year	<u>\$ (272,856)</u>	<u>25,743</u>	<u>—</u>	<u>(247,113)</u>

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, STANISLAUS

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 43,835
Federal grants and contracts	2,405
State grants and contracts	2,123
Local grants and contracts	1,065
Nongovernmental grants and contracts	736
Payments to suppliers	(31,449)
Payments to employees	(117,697)
Payments to students	(31,642)
Collections of student loans	1
Sales and services of educational activities	1
Sales and services of auxiliary enterprises	4,177
Other receipts	4,940
Net cash used in operating activities	<u>(121,505)</u>
Cash flows from noncapital financing activities:	
State appropriations	72,355
Federal financial aid grants	28,529
State financial aid grants	21,658
Nongovernmental and other financial aid grants	877
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	197
Federal loan program receipts	30,867
Federal loan program disbursements	(30,819)
Monies received on behalf of others	6,191
Monies disbursed on behalf of others	(6,232)
Principal paid on long-term debt	(115)
Interest paid on long-term debt	(181)
Issuance of notes receivable	—
Principal collections on capital leases	115
Interest collections on capital leases	181
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	5,360
Net cash provided by noncapital financing activities	<u>128,983</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	15,740
State appropriations	916
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	4,171
Proceeds from sale of capital assets	—
Acquisition of capital assets	(11,334)
Principal paid on capital debt and leases	(1,022)
Interest paid on capital debt and leases	(1,412)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash used in capital and related financing activities	<u>7,059</u>

CALIFORNIA STATE UNIVERSITY, STANISLAUS

Statement of Cash Flows

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 234,897
Purchases of investments	(250,634)
Investment income proceeds	1,200
Net cash provided by investing activities	<u>(14,537)</u>
Net increase (decrease) in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>—</u>
Cash and cash equivalents at end of year	<u>\$ —</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ —
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ —</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (158,793)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	8,232
Change in assets and liabilities:	
Accounts receivable, net	(21)
Student loans receivable, net	(49)
Prepaid expenses and other current assets	(16)
Other assets	(44)
Deferred outflows of resources	(8,926)
Accounts payable	(574)
Accrued salaries and benefits	343
Accrued compensated absences	(594)
Unearned revenues	(360)
Depository accounts	—
Net other postemployment benefits liability	(16,200)
Net pension liability	24,032
Other liabilities	(4)
Deferred inflows of resources	<u>31,469</u>
Net cash used in operating activities	<u>\$ (121,505)</u>
Supplemental schedule of noncash transactions:	
State's contribution for pension benefits	\$ 18,919
State's contribution for OPEB	6,524
Change in accrued capital asset purchases	291
Amortization of net bond premium	251
Amortization of loss on debt refundings	115
Capital assets paid by the Office of the Chancellor	42

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, STANISLAUS

Transactions with Related Entities

Year ended June 30, 2018

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 3
Payments from discretely presented component units for other than salaries	2,967
Payments to discretely presented component units for services, space, and programs	2,891
Gifts in kind from discretely presented component units	37
Gifts (cash or assets) from discretely presented component units	4,171
Accounts receivable from discretely presented component units	294
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(463)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	90
Payments to the Office of the Chancellor for state pro rata charges	296
Accounts receivable from the Office of the Chancellor	228
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	2
Accounts payable to campuses other than the Office of the Chancellor	(187)
State lottery allocation received	943
Other interagency payments or receipts for services, space, and programs	(25)

See accompanying independent auditors' report.



CSU NORTHRIDGE



CSU SAN BERNARDINO



CSU DOMINGUEZ HILLS



CSU EAST BAY



STANISLAUS STATE

CSU The California State University

CSU OFFICE OF THE CHANCELLOR
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