

**ASSOCIATED STUDENTS,
INCORPORATED
CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2008

ASSOCIATED STUDENTS, INCORPORATED
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
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JUNE 30, 2008

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ASSOCIATED STUDENTS, INCORPORATED
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
ORGANIZATION DATA
JUNE 30, 2008

Date of Organization:

Organized on January 25, 1966 as an unincorporated association under the Education Code, State of California, Section 23801. The Association was incorporated in January 1988.

Nature and Purpose:

The Association was formed to provide essential activities closely related to, but not normally included as, a regular part of the University instructional program, such as ticket office, art exhibits, student paper, intramural sports, and civic relations, to strengthen the bond between the faculty, administrators, and the students of the University.

Officers - 2007-2008:

Anthony Conley President
Joseph Martinez Executive Vice President
Armando Jones Vice President of Finance
Ashley Baugh Vice President of University Affairs
David Pomeroy Vice President of Palm Desert Campus

Faculty Advisors:

Helga Kray ASI Advisor
Dr. Terry Smith Faculty Representative
Dr. Frank Rincón President's Representative

Executive Director:

Patrick Areffi

DEBORAH L. CROWLEY, C.P.A.
TODD C. LANDRY, C.P.A.
JOHN F. PRENTICE, C.P.A.



DAVID M. THAYER, C.P.A.
FRANK M. ZABALETA, C.P.A.

*Certified Public Accountants
and
Business Advisors*

INDEPENDENT AUDITORS' REPORT

Board of Directors
Associated Students, Incorporated
California State University, San Bernardino
San Bernardino, California

We have audited the statements of financial position of Associated Students, Incorporated, California State University, San Bernardino as of June 30, 2008 and 2007, and the related statements of activity and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Associated Students, Incorporated, California State University, San Bernardino as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on pages 15 through 25 is presented for purposes of additional analysis and is not a required part of the basic financial statements. However, the PERS information on page 25 is required supplementary information for compliance with Governmental Accounting Standards Statement No. 5. The PERS information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it. The other supplemental information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

September 16, 2008

Eadie and Payne, LLP

DEBORAH L. CROWLEY, C.P.A.
TODD C. LANDRY, C.P.A.
JOHN F. PRENTICE, C.P.A.



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EXECUTIVE SUMMARY

Associated Students, Incorporated
California State University, San Bernardino
San Bernardino, California

We have audited the statement of financial position of Associated Students, Incorporated, California State University, San Bernardino as of June 30, 2008, and the related statements of activity and cash flows for the year then ended. Based on the results of our annual examination, we are providing you with the following Executive Summary.

INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS

We issued an unqualified opinion dated September 16, 2008. It is our opinion that the financial statements of Associated Students, Incorporated, California State University, San Bernardino (ASI) at June 30, 2008 are in conformity with generally accepted accounting principles and with specific standards prescribed by the Chancellor's Office.

CORRECTION OF AN ERROR

The financial statements for the year ended June 30, 2008 include an adjustment to correct an error in the accounting for postretirement medical benefits. Statement of Financial Accounting Standards (SFAS) No. 106, "Employer's Accounting for Postretirement Benefits Other Than Pensions," requires the recognition of the cost of postretirement benefits during the employees' years of active employment and was effective for ASI's year ended June 30, 1996. SFAS No. 158, "Employer's Accounting for Defined Benefit Pension and Other Postretirement Benefit Plans," requires the recognition of the underfunded status of a postretirement plan as a liability in the statement of financial position. ASI has continued to recognize the cost of postretirement benefits on a pay-as-you-go basis and has not recognized the liability for the underfunded status of the plan. Corrections were made during the year ended June 30, 2008 to implement these standards. The corrections included an adjustment to beginning net assets as of July 1, 2007 in the amount of \$245,567 to recognize the unfunded liability at that point in time and an increase in the benefit expense and actuarial loss for the year ended June 30, 2007 in the amount of \$40,870.

September 16, 2008

Eadie and Payne, LLP

ASSOCIATED STUDENTS, INCORPORATED
 CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2008 AND 2007

ASSETS		2008	2007
ASSETS			
Cash and cash equivalents		\$ 15,822	\$ 185,727
Short-term investments		1,116,429	894,117
Receivables		23,950	8,038
Inventory		45,828	51,117
		1,202,029	1,138,999
 EQUIPMENT AND FURNITURE			
Equipment, furniture, and fixtures		61,174	55,581
Less: Accumulated depreciation		40,925	34,891
		20,249	20,690
TOTAL ASSETS		\$ 1,222,278	\$ 1,159,689
 LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable		\$ 15,642	\$ 140,955
Accrued expenses		8,468	7,048
Accrued compensated absences		26,244	22,218
Deferred revenue		87,028	82,088
Other postretirement benefit obligation		286,873	286,437
Total Liabilities		424,255	538,746
 NET ASSETS - Unrestricted			
Undesignated		243,483	(7,262)
Designated		554,540	628,205
Total Net Assets		798,023	620,943
TOTAL LIABILITIES AND NET ASSETS		\$ 1,222,278	\$ 1,159,689

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

ASSOCIATED STUDENTS, INCORPORATED
 CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
STATEMENTS OF ACTIVITY
 FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
UNRESTRICTED REVENUE AND SUPPORT		
Student fees	\$ 1,102,218	\$ 842,209
Investment income	45,549	20,686
Sales and Service of Auxiliary Enterprises		
Ticket sales	283,695	289,330
Other	14,821	8,349
Total Revenue and Support	<u>1,446,283</u>	<u>1,160,574</u>
FUNCTIONAL EXPENSES		
Program services	1,083,153	976,324
Management and general	210,274	173,946
Total Expenses	<u>1,293,427</u>	<u>1,150,270</u>
CHANGE IN NET ASSETS before actuarial gains and losses	152,856	10,304
Actuarial gains and losses related to postretirement benefits	24,224	(22,809)
CHANGE IN NET ASSETS	<u>177,080</u>	<u>(12,505)</u>
NET ASSETS, BEGINNING OF YEAR		879,015
Correction of an error in reporting of postretirement medical benefits		(245,567)
NET ASSETS, BEGINNING OF YEAR, as restated for 2007	<u>620,943</u>	<u>633,448</u>
NET ASSETS, END OF YEAR	<u>\$ 798,023</u>	<u>\$ 620,943</u>

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

ASSOCIATED STUDENTS, INCORPORATED
 CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 177,080	\$ (12,505)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities		
Depreciation	6,035	5,863
Unrealized loss on LAIF investment		339
Prior-period adjustment		(245,567)
(Increase) Decrease in Operating Assets		
Receivables	(15,912)	(2,547)
Inventory	5,289	8,074
Increase (Decrease) in Operating Liabilities		
Accounts payable and accrued liabilities	(114,927)	355,264
Deferred revenue	436	12,602
Net Cash Provided By Operating Activities	<u>58,001</u>	<u>121,523</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(372,165)	(745,313)
Maturity of investments	149,853	242,586
Purchase of equipment	(5,594)	(21,413)
Net Cash Provided By (Used in) Investing Activities	<u>(227,906)</u>	<u>(524,140)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(169,905)	(402,617)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>185,727</u>	<u>588,344</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 15,822</u>	<u>\$ 185,727</u>

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

ASSOCIATED STUDENTS, INCORPORATED
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

1. **DESCRIPTION OF ACTIVITIES**

Associated Students, Incorporated, California State University, San Bernardino (ASI) was formed for the purpose of providing to students essential social and recreational activities related to, but not normally included in, the University instructional program. These activities are primarily funded by fees charged to students each quarter. Tickets to local events are offered to students at cost by the ASI box office.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **Management Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

B. **Basis of Accounting**

ASI prepares its financial statements on the accrual basis of accounting.

C. **Cash and Cash Equivalents**

All highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash equivalents. All certificates of deposit with a maturity in excess of three months are considered to be investments.

D. **Investments**

ASI has pooled investments with the State of California State Treasurer's Local Agency Investment Fund (LAIF). LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee, comprised of California State officials and various participants, provides oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. ASI is a voluntary participant in the investment pool.

ASI relied upon information provided by the State Treasurer in estimating ASI's fair value position of its holdings in LAIF. ASI had a contractual withdrawal value of \$882,511 and \$745,313 as of June 30, 2008 and 2007, respectively, and ASI's prorata share of fair value was estimated by the State Treasurer to be \$882,467 and \$744,974, respectively. LAIF is not subject to a credit quality rating.

NOTES TO FINANCIAL STATEMENTS (Continued)

ASI also has funds on deposit at a bank that are swept into a Systemwide Investment Fund Trust (SWIFT) on a daily basis. These funds are reported as a short-term investment. The SWIFT consists of investments of cash on an overnight and/or short-term basis, the funds representing the float on funds collected from all eligible sources prior to their use for payment of accounts payable and payroll. Excess cash over and above that needed to fund short-term payables and payroll are transferred to medium- or longer-term investments.

E. **Accounts Receivable**

Accounts receivable are primarily from student fees. Receivables are recorded when the student registers for courses and are presented in the statement of financial position net of the allowance for doubtful accounts. Accounts receivable are written off when they are deemed to be uncollectible. Any allowance for doubtful accounts is based on historical loss experience. There was no allowance for doubtful accounts as of June 30, 2008.

F. **Inventory**

Inventory is valued at cost determined on the first-in, first-out basis.

G. **Equipment and Furniture**

It is the policy of ASI to capitalize equipment, furniture, and fixture additions over \$1,500. Equipment and furniture are stated at cost and depreciation is calculated using the straight-line method over the estimated useful lives.

H. **Designated Net Assets**

Designated net assets include amounts set aside for emergency, administrative, equipment, and operational reserves as required by the California State University Manual of Policies and Procedures for Auxiliary Organizations.

3. **EXEMPT STATUS**

ASI was incorporated as a nonprofit organization under the laws of California. It has been granted tax-exempt status by the Internal Revenue Service under Code Section 501(c)(3).

4. **DEFERRED REVENUE**

Student fees for the upcoming summer and fall terms collected in advance through June 30, 2008 are deferred and recognized during the terms for which they are assessed.

5. **LEASING ARRANGEMENTS**

ASI, as lessee, has a lease agreement with the Student Union for exclusive use of a suite of offices including rooms 108, A through P. The leased space consists of approximately 2,200 square feet. Provisions of the lease agreement include annual payments of \$1 through June 30, 2012. However, ASI has to bear the expense for janitorial/custodial costs. The lease may be terminated by either party giving thirty (30) days written notice to the other party.

NOTES TO FINANCIAL STATEMENTS (Continued)

ASI, as lessee, also has a lease agreement with the Palm Desert Campus for an office in the Indian Wells Center for Education Excellence Building. Provisions of the lease agreement include annual payments of \$658 through June 30, 2012. The lease may be terminated for a variety of reasons set forth in the agreement or by either party giving written notice to the other party.

Total rent expense inclusive of janitorial/custodial costs for the years ended June 30, 2008 and 2007 was \$7,094 and \$7,824, respectively.

6. RELATED-PARTY TRANSACTIONS

ASI is an auxiliary organization of California State University, San Bernardino (CSUSB). CSUSB advances funds on behalf of ASI, all of which are considered current, and it provides accounting services to ASI. The fee for accounting services for the years ended June 30, 2008 and 2007 were \$58,000 and \$55,000, respectively, billed in ten monthly installments. ASI also donated \$7,000 to CSUSB for the Student Emergency Loan program during the year ended June 30, 2008.

The CSUSB Foundation provides services for the benefit of ASI's employees. ASI leases its office space from the Student Union as described in Note 5. ASI also co-sponsors events and activities with the Student Union for which ASI reimburses some of the expenses incurred by the Student Union. ASI donated \$26,408 to the Student Union for the expense of television monitors for the year ended June 30, 2008 and \$86,326 to the Children's Center for each of the years ended June 30, 2008 and 2007.

Included in the liabilities are the following amounts due to related and affiliated parties at June 30:

	<u>2008</u>	<u>2007</u>
CSUSB	\$ 8,424	\$ 2,145
CSUSB Foundation	<u>2,111</u>	<u>2,332</u>
TOTALS	<u>\$ 10,535</u>	<u>\$ 4,477</u>

7. RETIREE MEDICAL BENEFIT PLAN

ASI has an unfunded Supplemental Retirement Benefit Plan that provides medical benefits to retired employees and their dependants. Medical plan benefits are provided through the California Public Employees' Retirement System (CalPERS), as permitted by the Public Employees' Medical and Hospital and Care Act (PEMHCA). ASI currently pays the full medical plan premium for employees and their dependants not to exceed caps based on the level of coverage. Retiring employees age 50 or older with at least 5 years of service are eligible for benefits provided they elect to commence their retirement benefit within 120 days of their retirement date.

Disclosures about the Plan, based on an independent actuarial valuation as of June 30, 2008, are shown on the following pages.

NOTES TO FINANCIAL STATEMENTS (Continued)

	JUNE 30,	
	2008	2007
1. Change in accumulated postretirement benefit obligation (APBO)		
APBO at beginning of year	\$ 286,437	\$ 245,567
Service cost (excluding expenses)	9,260	4,202
Interest cost	17,814	15,320
Actuarial (gain) loss	(24,224)	22,809
Benefits paid	(2,414)	(1,461)
APBO at end of year	286,873	286,437
2. Change in plan assets		
Fair value of assets at beginning of year	-	
Employer contribution	2,414	1,461
Benefits paid	(2,414)	(1,461)
Fair value of plan assets at end of year	-	
3. Funded status	(286,873)	(286,437)
4. Amounts recognized in the statement of financial position consist of:		
Current liabilities	(5,387)	(2,869)
Noncurrent liabilities	(281,486)	(283,568)
Total	(286,873)	(286,437)
5. Components of net periodic postretirement benefit cost (NPPBC)		
Service cost (including expenses)	9,260	4,202
Interest cost	17,814	15,320
Amortization of unrecognized net (gain) loss	-	-
Net periodic postretirement benefit cost	27,074	19,522
6. Other changes in plan assets and benefit obligations		
Net actuarial (gain) loss	(24,224)	22,809
Amortization of actuarial (gain) loss	-	-
Total recognized	(24,224)	22,809
Total recognized in change in net assets	2,850	42,331
7. Accumulated benefit obligation	286,873	286,437

NOTES TO FINANCIAL STATEMENTS (Continued)

The assumptions used in the measurement of ASI's benefit obligation and net periodic post-retirement benefit cost included a 6.25 percent weighted-average discount rate as of and for the years ended June 30, 2008 and 2007.

Medical plan premiums and CalPERS minimum employer contributions are assumed to increase at rates shown in the following table:

<u>YEAR</u>	<u>RATE</u>		<u>YEAR</u>	<u>RATE</u>		<u>YEAR</u>	<u>RATE</u>
2008	10.00	%	2012	8.00	%	2016	5.50
2009	9.50	%	2013	7.50	%	2017 and later	4.50
2010	9.00	%	2014	7.00	%		
2011	8.50	%	2015	6.50	%		

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one percent increase in the assumed healthcare trend rates would have the following effects:

	<u>DOLLARS</u>	<u>PERCENT</u>
	<u>INCREASE</u>	<u>INCREASE</u>
Effect on service cost component of net periodic benefit cost	\$ 2,899	33.00 %
Effect on interest cost component of net periodic benefit cost	2,998	16.75 %
Accumulated post-retirement benefit obligation	47,973	16.72 %

The Plan is funded on a pay-as-you-go basis; the expected contribution for the following year is the same as the expected future benefit payments for such year. ASI paid \$2,414 and \$1,461 during the years ended June 30, 2008 and 2007, respectively, for current benefit costs.

The expected benefits to be paid are as follows:

<u>YEARS ENDING</u>	<u>AMOUNT</u>
<u>JUNE 30,</u>	
2009	\$ 5,387
2010	6,878
2011	8,697
2012	10,703
2013	12,330
2014-2018	73,944

NOTES TO FINANCIAL STATEMENTS (Continued)

8. DEFINED-BENEFIT PENSION PLAN

A. Plan Description

ASI contributes to the California Public Employees' Retirement System (CalPERS) an agent multiple-employer public employee defined-benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions, as well as other requirements, is established by State statutes within the Public Employees' Retirement Law. ASI selects optional benefit provisions from the benefit menu by contract with CalPERS. CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 "P" Street, Sacramento, California 95814.

B. Funding Policy

Participants are required to contribute 5% of their annual covered salary. ASI is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rates for the fiscal years 2007-2008 and 2006-2007 were 15.083% and 14.929%, respectively. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS.

C. Annual Pension Cost

For the year ended June 30, 2008, ASI's annual pension cost of \$25,675 for CalPERS was equal to ASI's required and actual contributions. The required contribution was determined as part of the June 30, 2006 actuarial valuation using the entry-age normal actuarial cost method with contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses) and (b) projected salary increases that vary by duration of service. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of Plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a two- to five-year period depending on the size of investment gains and/or losses. The remaining amortization period at June 30, 2008 was 13 years for the initial unfunded liability.

NOTES TO FINANCIAL STATEMENTS (Continued)

THREE-YEAR TREND INFORMATION FOR CALPERS

<u>FISCAL YEAR</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>PERCENTAGE OF APC CONTRIBUTED</u>	<u>NET PENSION OBLIGATION</u>
6-30-2006	\$ 13,122	100	-
6-30-2007	17,678	100	-
6-30-2008	25,675	100	-

9. CORRECTION OF AN ERROR

The financial statements for the year ended June 30, 2008 include an adjustment to correct an error in the accounting for postretirement medical benefits. Statement of Financial Accounting Standards (SFAS) No. 106, "Employer's Accounting for Postretirement Benefits Other Than Pensions," requires the recognition of the cost of postretirement benefits during the employees' years of active employment and was effective for ASI's year ended June 30, 1996. SFAS No. 158, "Employer's Accounting for Defined Benefit Pension and Other Postretirement Benefit Plans," requires the recognition of the underfunded status of a postretirement plan as a liability in the statement of financial position. ASI has continued to recognize the cost of postretirement benefits on a pay-as-you-go basis and has not recognized the liability for the underfunded status of the plan. Corrections were made during the year ended June 30, 2008 to implement these standards. The corrections included an adjustment to beginning net assets as of July 1, 2007, in the amount of \$245,567, to recognize the unfunded liability at that point in time and an increase in the benefit expense in the amount of \$18,061, and actuarial losses of \$22,809 for a total decrease in the change in net assets for the year ended June 30, 2007 of \$40,870.

ASSOCIATED STUDENTS, INCORPORATED
 CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
SCHEDULE OF NET ASSETS
 JUNE 30, 2008
 (FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)

**FASB
 Auxiliary
 Organizations**

Assets

Current assets:

Cash and cash equivalents	\$ 15,822
Short-term investments	1,116,429
Accounts receivable, net	23,950
Leases receivable, current portion	
Notes receivable, current portion	
Pledges receivable, net	
Prepaid expenses and other assets	45,828
Total current assets	<u>1,202,029</u>

Noncurrent assets:

Restricted cash and cash equivalents	
Accounts receivable, net	
Leases receivable, net of current portion	
Notes receivable, net of current portion	
Student loans receivable, net	
Pledges receivable, net	
Endowment investments	
Other long-term investments	
Capital assets, net	20,249
Other assets	
Total noncurrent assets	<u>20,249</u>
Total assets	<u>\$ 1,222,278</u>

Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 15,642
Accrued salaries and benefits payable	
Accrued compensated absences - current portion	26,244
Deferred revenue	87,028
Capitalized lease obligations - current portion	

SCHEDULE OF NET ASSETS (Continued)

**FASB
Auxiliary
Organizations**

Current liabilities (continued):	
Long-term debt obligations - current portion	
Self-insurance claims liability - current portion	
Other liabilities	\$ 13,855
Total current liabilities	<u>142,769</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	
Deferred revenue	
Grants refundable	
Capitalized lease obligations, net of current portion	
Long-term debt obligations, net of current portion	
Self-insurance claims liability, net of current portion	
Other liabilities	<u>281,486</u>
Total noncurrent liabilities	<u>281,486</u>
Total liabilities	<u>424,255</u>
Net assets:	
Invested in capital assets, net of related debt	20,249
Restricted for:	
Nonexpendable - endowments	
Expendable:	
Scholarships and fellowships	
Research	
Loans	
Capital projects	
Debt service	
Other	
Unrestricted	<u>777,774</u>
Total net assets	<u>\$ 798,023</u>

See accompanying independent auditors' report.

ASSOCIATED STUDENTS, INCORPORATED
CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)

	FASB Auxiliary Organizations
Revenues:	
Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$0)	\$ 1,102,218
Grants and contracts, noncapital:	
Federal	
State	
Local	
Nongovernmental	
Sales and services of educational activities	
Sales and services of auxiliary enterprises (net of scholarship allowances of \$0)	283,695
Other operating revenues	14,821
Total operating revenues	<u>1,400,734</u>
Expenses:	
Operating expenses:	
Instruction	
Research	
Public service	
Academic support	
Student services	891,897
Institutional support	
Operation and maintenance of plant	
Student grants and scholarships	117,428
Auxiliary enterprise expenses	278,068
Depreciation and amortization	6,034
Total operating expenses	<u>1,293,427</u>
Operating income (loss)	<u>107,307</u>

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

(Continued)

FASB Auxiliary Organizations

Nonoperating revenues (expenses):	
State appropriations, noncapital	
Federal grant - Pell	
Gifts, noncapital	
Investment income, net	\$ 45,549
Endowment income	
Interest on capital-related debt	
Other nonoperating revenues (expenses)	<u>24,224</u>
Net nonoperating revenues (expenses)	<u>69,773</u>
Income (loss) before other additions	177,080
State appropriations, capital	
Grants and gifts, capital	
Additions to permanent endowments	
Increase (decrease) in net assets	<u>177,080</u>
Net assets:	
Net assets at beginning of year, as previously reported	907,380
Restatements	<u>(286,437)</u>
Net assets at end of year	<u>\$ 798,023</u>

See accompanying independent auditors' report.

ASSOCIATED STUDENTS, INCORPORATED
 CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

OTHER INFORMATION

JUNE 30, 2008

(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)

Restricted cash and cash equivalents at June 30, 2008:

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

Composition of investments at June 30, 2008:

	<u>Current</u>	<u>Noncurrent Unrestricted</u>	<u>Noncurrent Restricted</u>	<u>Total Noncurrent</u>	<u>Total</u>
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	\$ 882,511	-	-	-	\$ 882,511
Wachovia Short Term Fund	-	-	-	-	-
Wachovia Medium Term Fund	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-
Debt securities	-	-	-	-	-
Equity securities	-	-	-	-	-
Fixed income securities (Treasury notes, GNMA's)	-	-	-	-	-
Real estate	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Notes receivable	-	-	-	-	-
Mutual funds	-	-	-	-	-
Collateralized mortgage obligations:					
Inverse floaters	-	-	-	-	-
Interest-only strips	-	-	-	-	-
Agency pass-through	-	-	-	-	-
Private pass-through	-	-	-	-	-
Other investment SWIFT	233,918	-	-	-	233,918
Total investments	<u>1,116,429</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,116,429</u>
Less endowment investments	-	-	-	-	-
Total investments	<u>\$ 1,116,429</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,116,429</u>

OTHER INFORMATION (Continued)

Composition of capital assets at June 30, 2008:

	Balance June 30, 2007	Prior period Adjustments	Reclassifications	Balance 30-Jun-07 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2008
Nondepreciable capital assets:								
Land and land improvements	-	-	-	-	-	-	-	-
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-
Total nondepreciable capital assets	-	-	-	-	-	-	-	-
Depreciable capital assets:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	\$ 55,581	-	-	\$ 55,581	\$ 5,593	-	-	\$ 61,174
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total depreciable capital assets	55,581	-	-	55,581	5,593	-	-	61,174
Total cost	55,581	-	-	55,581	5,593	-	-	61,174
Less accumulated depreciation:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	(34,891)	-	-	(34,891)	(6,034)	-	-	(40,925)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation	(34,891)	-	-	(34,891)	(6,034)	-	-	(40,925)
Net capital assets	\$ 20,690	\$ -	\$ -	\$ 20,690	\$ (441)	\$ -	\$ -	\$ 20,249
Depreciation and amortization expense related to capital assets	\$ 6,034							
Amortization expense related to other assets	-							
Total depreciation and amortization	\$ 6,034							

OTHER INFORMATION (Continued)

Long-term liabilities activity schedule:

	<u>Balance</u> <u>June 30, 2007</u>	<u>Prior</u> <u>period</u> <u>adjustments</u>	<u>Reclass-</u> <u>ifications</u>	<u>Balance</u> <u>June 30, 2007</u> <u>(restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Current</u> <u>portion</u>	<u>Long-</u> <u>term</u> <u>portion</u>
Accrued compensated absences	\$ 22,218	-	-	\$ 22,218	\$ 11,970	\$ (7,944)	\$ 26,244	\$ 26,244	-
Capitalized lease obligations:									
Gross balance	-	-	-	-	-	-	-	-	-
Unamortized premium / (discount) on capitalized lease obligations	-	-	-	-	-	-	-	-	-
Total capitalized lease obligations	-	-	-	-	-	-	-	-	-
Long-term debt obligations:									
Revenue Bonds	-	-	-	-	-	-	-	-	-
Other bonds (non-Revenue Bonds)	-	-	-	-	-	-	-	-	-
Commercial Paper	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-	-
Unamortized bond premium / (discount)	-	-	-	-	-	-	-	-	-
Unamortized loss on refunding	-	-	-	-	-	-	-	-	-
Total long-term debt obligations, net	-	-	-	-	-	-	-	-	-
Total long-term liabilities	<u>\$ 22,218</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,218</u>	<u>\$ 11,970</u>	<u>\$ (7,944)</u>	<u>\$ 26,244</u>	<u>\$ 26,244</u>	<u>\$ -</u>

Future minimum lease payments:

	<u>Principal</u>	<u>Interest</u>	<u>Principal and</u> <u>Interest</u>
Year ending June 30:			
2009	-	-	-
2010	-	-	-
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014 - 2018	-	-	-
2019 - 2023	-	-	-
Total minimum lease payments	-	-	-
Less amounts representing interest		-	-
Present value of future minimum lease payments		-	-
Less: current portion		-	-
Capitalized lease obligation, net of current portion			<u>\$ -</u>

OTHER INFORMATION (Continued)

Long-term debt obligation schedule

	<u>Revenue Bonds</u>			<u>All other long-term debt obligations</u>			<u>Total</u>		<u>Principal and Interest</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>	<u>Principal</u>	<u>Interest</u>	
	Year ending June 30:								
2009	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2014 - 2018	-	-	-	-	-	-	-	-	-
2019 - 2023	-	-	-	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	<u>Auxiliary Organizations</u>		<u>Total</u>
	<u>GASB</u>	<u>FASB</u>	<u>Auxiliaries</u>
Capital assets, net of accumulated depreciation	-	\$ 20,249	\$ 20,249
Capitalized lease obligations - current portion	-	-	-
Capitalized lease obligations, net of current portion	-	-	-
Long-term debt obligations - current portion	-	-	-
Long-term debt obligations, net of current portion	-	-	-
Portion of outstanding debt that is unspent at year-end	-	-	-
Other	-	-	-
Net assets - invested in capital assets, net of related debt	<u>\$ -</u>	<u>\$ 20,249</u>	<u>\$ 20,249</u>

Transactions with Related Entities

	Amount
Reimbursements to University for salaries of University personnel working on contracts, grants, and other programs	-
Reimbursements to University for other than salaries of University personnel	-
Payments received from University for services, space, and programs	-
Gifts-in-kind to the University from Auxiliary Organizations	-
Amounts (payable to) University	\$ (8,424)
Amounts receivable from University	-
See accompanying independent auditors' report.	

ASSOCIATED STUDENTS, INCORPORATED
 CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED JUNE 30, 2008

	PROGRAM SERVICES					
	MANAGEMENT AND GENERAL	STUDENT GOVERNMENT	EXTERNAL AFFAIRS	ASI BOX OFFICE	LEGAL AID	GRANT AND SERVICE PROGRAM
Wages	\$ 77,714	\$157,782				
Employee benefits	32,240	48,361				
Payroll taxes	4,191	8,509				
Total Wages and Related Expenses	114,145	214,652				
Utilities and telephone	3,914	7,948				
Travel		3,749	\$23,726			
Grants and programs						\$ 92,428
Scholarship/stipends						97,850
Supplies and services	7,898	5,564	345	\$ 183	\$ 198	
Building and equipment repairs	729	1,480				
Postage		1,891				
Accounting	58,000					
Audit	13,939					
AOA dues		355	9,887			
Hospitality	1,904					
AS transition		7,926				
Orientation		25,143				
Insurance		15,722				
Advertising						
Legal consultant	660	1,340			7,346	
Prizes						
Depreciation	1,991	4,043				
Rent	659					
Student Union custodian	6,435					
Box Office tickets				277,885		
Graduation reception						
Donations						122,213
Special events						
Speaker series						
TOTAL EXPENSES	<u>\$210,274</u>	<u>\$289,813</u>	<u>\$33,958</u>	<u>\$278,068</u>	<u>\$ 7,544</u>	<u>\$312,491</u>

PUBLIC RELATIONS	CLUB ALLOCATION BUDGET	ACTIVITIES BOARD	LEADERSHIP PROGRAM	COMMITTEES	PALM DESERT CAMPUS	TOTAL PROGRAM SERVICES	TOTAL EXPENSES	
							2008	2007
						\$ 157,782	\$ 235,496	\$ 177,155
						48,361	80,601	55,123
						8,509	12,700	9,836
						214,652	328,797	242,114
						7,948	11,862	10,607
					\$ 356	27,831	27,831	85,817
						92,428	92,428	86,326
						97,850	97,850	86,300
\$ 1,452	\$49,733	\$ 396	\$ 91	\$86		58,048	65,946	64,006
						1,480	2,209	4,750
						1,891	1,891	1,702
						-	58,000	55,000
						-	13,939	14,574
						10,242	10,242	10,214
						-	1,904	2,006
						7,926	7,926	9,184
						25,143	25,143	16,184
						15,722	15,722	15,470
18,884					4,531	23,415	23,415	24,418
						8,686	9,346	7,346
11,852						11,852	11,852	
						4,043	6,034	5,863
						-	659	7,823
						-	6,435	-
						277,885	277,885	301,334
					5,588	5,588	5,588	2,155
						122,213	122,213	14,225
		61,630	174		833	62,637	62,637	68,469
		5,673				5,673	5,673	14,383
<u>\$32,188</u>	<u>\$49,733</u>	<u>\$67,699</u>	<u>\$265</u>	<u>\$ 86</u>	<u>\$11,308</u>	<u>\$1,083,153</u>	<u>\$1,293,427</u>	<u>\$1,150,270</u>

ASSOCIATED STUDENTS, INCORPORATED
 CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
 PERS REQUIRED SUPPLEMENTARY INFORMATION
 JUNE 30, 2008

	(A)	(B)	(C)	(D)	(E)	(F)
			UNFUNDED ACTUARIAL ACCRUED LIABILITY (B)-(A)	FUNDED RATIO (A)/(B)	COVERED PAYROLL	UNFUNDED ACTUARIAL LIABILITY AS PERCENTAGE OF COVERED PAYROLL (C)/(E)
ACTUARIAL VALUATION DATE	ACTUARIAL ASSET VALUE	ENTRY AGE ACTUARIAL ACCRUED LIABILITY				
6-30-2004	\$2,460,944,656	\$2,746,095,668	\$285,151,012	90%	\$743,691,970	38%
6-30-2005	2,588,713,000	2,891,460,651	302,747,651	90%	755,046,679	40%
6-30-2006	2,492,226,176	2,754,396,608	262,170,432	90%	699,897,835	37%

Information shown here is for a cost-sharing multiple-employer defined benefit plan.