

California State University, Bakersfield Student Union

Financial Statements and Supplemental Information

Years Ended June 30, 2017 and 2016



CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION
Financial Statements and Supplemental Information
Years Ended June 30, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
California State University, Bakersfield Student Union

We have audited the accompanying financial statements of California State University, Bakersfield Student Union (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California State University, Bakersfield Student Union as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, which is the responsibility of management, included on pages 11 – 24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for the portion marked “unaudited,” was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked “unaudited” has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Aldrich CPAs + Advisors LLP

San Diego, California
September 13, 2017

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION**Statements of Financial Position**

June 30, 2017 and 2016

ASSETS	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash	\$ 1,243,164	\$ 1,028,290
Due from related parties	92,948	14,446
Other current assets	<u>32,319</u>	<u>2,010</u>
Total Current Assets	1,368,431	1,044,746
Property and equipment, net of accumulated depreciation	<u>935,706</u>	<u>736,712</u>
Total Assets	<u>\$ 2,304,137</u>	<u>\$ 1,781,458</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 17,271	\$ 42,635
Due to related parties	<u>201,749</u>	<u>264,439</u>
Total Current Liabilities	219,020	307,074
Net Assets - Unrestricted	<u>2,085,117</u>	<u>1,474,384</u>
Total Liabilities and Net Assets	<u>\$ 2,304,137</u>	<u>\$ 1,781,458</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION**Statements of Activities**

Years Ended June 30, 2017 and 2016

	2017	2016
Unrestricted Revenue and Other Support:		
Student fees	\$ 3,026,971	\$ 2,560,871
In-kind contribution	1,395,270	1,395,270
Facility rental	203,583	175,955
Other	130,161	50,853
Membership fees	70,927	73,646
Contracted space rentals	26,206	26,613
	<u>4,853,118</u>	<u>4,283,208</u>
Total Unrestricted Revenue and Other Support	4,853,118	4,283,208
Expenses:		
Program services	3,151,230	3,046,985
General and administrative	1,091,155	949,100
	<u>4,242,385</u>	<u>3,996,085</u>
Total Expenses	4,242,385	3,996,085
Change in Net Assets	610,733	287,123
Net Assets - Unrestricted, beginning	<u>1,474,384</u>	<u>1,187,261</u>
Net Assets - Unrestricted, ending	\$ <u><u>2,085,117</u></u>	\$ <u><u>1,474,384</u></u>

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION**Statements of Cash Flows**

Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 610,733	\$ 287,123
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	147,893	127,240
Changes in operating assets and liabilities:		
Due from related parties	(78,502)	798
Other current assets	(30,309)	26,132
Accounts payable	(25,364)	(3,569)
Due to related parties	<u>(62,690)</u>	<u>124,253</u>
Net Cash Provided by Operating Activities	561,761	561,977
Cash Flows Used by Investing Activities:		
Purchases of property and equipment	<u>(346,887)</u>	<u>(67,801)</u>
Net Increase in Cash	214,874	494,176
Cash, beginning	<u>1,028,290</u>	<u>534,114</u>
Cash, ending	\$ <u><u>1,243,164</u></u>	\$ <u><u>1,028,290</u></u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Notes to Financial Statements

Years Ended June 30, 2017 and 2016

Note 1 – Organization and Summary of Significant Accounting Policies

Nature of Activities

California State University, Bakersfield Student Union (Organization or Student Union) was incorporated in the State of California on March 9, 1994, and opened its facility in May 1994. In May 2009 the Student Union opened its Student Recreation Center. The Organization was formed and operates as a non-profit auxiliary organization of California State University, Bakersfield (CSU Bakersfield or the University). The Organization operates a student union facility to enhance the quality of the student experience through the development of and exposure to, campus programs, activities, and organizations in a student centered environment. The Organization's primary source of revenue is student fees that have been remitted to CSU Bakersfield.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

The Organization had no temporarily or permanently restricted net assets during the years ended June 30, 2017 and 2016.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, the Organization remains subject to taxes on any net income which is derived from a trade or business regularly carried on and unrelated to its exempt purpose.

The Organization follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Organization recognizes accrued interest and penalties associated with uncertain tax positions as part of the statement of activities, when applicable. Management has determined that the Organization has no uncertain tax positions at June 30, 2017 and 2016 and therefore no amounts have been accrued.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. Equipment and improvements are recorded at cost or at estimated fair value at date of gift if donated. Expenditures for maintenance and repairs are charged against operations. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets of 3 to 10 years.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Notes to Financial Statements

Years Ended June 30, 2017 and 2016

Note 1 – Organization and Summary of Significant Accounting Policies, continued

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

The Organization has evaluated subsequent events through September 13, 2017, which is the date the financial statements were available to be issued.

Note 2 – Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor per financial institution. As of June 30, 2017, the Organization had approximately \$1,015,181 that was exposed to uninsured deposit risk. The Organization manages this risk by using high-quality financial institutions.

Note 3 – Property and Equipment

Property and equipment consist of the following:

	2017	2016
Leasehold improvements	\$ 1,010,825	\$ 723,253
Equipment	688,592	629,277
	1,699,417	1,352,530
Less accumulated depreciation	(763,711)	(615,818)
	\$ 935,706	\$ 736,712

Note 4 – Student Union Fees

In November 1992, CSU, Bakersfield issued bonds to finance the construction, repair and maintenance of the Student Union building. As specified in the bond resolution, the bonds are secured by the future revenue streams generated by the Student Union, therefore student fees are remitted to service the bonds. Section 5.02(d) of the Bond Resolution provides authorization for surplus fees (as defined) to be remitted to the Student Union for purpose of operating the Student Union. In accordance with the Bond Resolution, the Student Union received student fees in the amounts of \$3,026,971 and \$2,560,871 for the years ending June 30, 2017 and 2016, respectively.

Note 5 – Operating Leases

The Organization leases office spaces to various organizations under non-cancellable agreement through June 2019. Those leases require monthly payments ranging from \$525 to \$2,184. The Organization also leases office spaces to various organizations on a year to year basis.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Notes to Financial Statements

Years Ended June 30, 2017 and 2016

Note 5 – Operating Leases, continued

Minimum future lease payments to be received as of June 30, 2017 were due as follows:

Year Ending June 30,	
2018	\$ 41,479
2019	28,255
Thereafter	-
	<u>\$ 69,734</u>

Note 6 –Commitments/In-Kind Contributions

The Student Union leases the campus union facility and the recreation center facility under a non-cancelable operating agreement and lease from the Trustees of the California State University. The lease expires on June 30, 2019. In exchange for managing and operating the campus union and recreation center facilities, the Student Union pays no rent. The estimated fair market value of this rent is \$1,395,270 for the years ended June 30, 2017 and 2016 and has been recognized as an in-kind contribution and an operating expense in the statements of activities.

In addition, the Student Union has entered into various agreements for the maintenance of facilities and equipment under non-cancelable agreements through July 2020.

Minimum future payments at June 30, 2017 were due as follows:

Year Ending June 30,	
2018	\$ 52,900
2019	52,900
2020	44,500
Thereafter	-
	<u>\$ 150,300</u>

Total rental expense was \$1,396,692 and \$1,396,407 for the years ended June 30, 2017 and 2016, respectively.

Note 7 – Related Party Transactions

The Organization's salaries are paid by the University and billed to the Organization. Accounting and other services are provided to the Organization by the University. The Organization has a non-cancelable agreement with the University for the University to provide custodial services to the Organization for \$15,324 per month which expired June 30, 2017. The Organization and the University are currently in the process of renegotiating this contract. Additionally, the Organization has a non-cancelable agreement with the University for the University to provide landscape maintenance services to the Organization for \$11,160 annually through September 2019.

California State University, Bakersfield Foundation (Foundation) functions to benefit the student body of the University by operating various campus programs. The Organization pays the University and/or the Foundation for these services as provided by the student body.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Notes to Financial Statements

Years Ended June 30, 2017 and 2016

Note 7 – Related Party Transactions, continued

Associated Students, California State University, Bakersfield, Inc. (Associated Students) functions to benefit the student body of the University by operating various campus programs. The Organization pays the Associated Students for these services as provided by the student body.

California State University, Bakersfield, Auxiliary for Sponsored Programs Administration (Sponsored Programs Administration) functions to benefit the student body of the University by administering grants on behalf of the campus. The Organization provides program services for student services for the Children's Center. The Organization pays the Sponsored Programs Administration for these services as provided by the student body.

Associated Students and the University lease office space from the Student Union (See Note 5).

Transactions for the years ended June 30, 2017 and 2016 with related parties are reflected in the accompanying financial statements.

	<u>2017</u>	<u>2016</u>
Revenue:		
Cost Recoveries:		
University	\$ 3,089,133	\$ 2,571,715
Sponsored Programs Administration	15,563	-
Foundation	100,611	6,800
Associated Students	<u>26,206</u>	<u>25,181</u>
Total Cost Recoveries	3,231,513	2,603,696
Facility Rental:		
University	63,121	51,282
Sponsored Programs Administration	-	19,596
Foundation	-	3,631
Associated Students	<u>12,229</u>	<u>8,593</u>
Total Facility Rental	<u>75,350</u>	<u>83,102</u>
	<u>\$ 3,306,863</u>	<u>\$ 2,686,798</u>
Expense:		
Services from other agencies:		
University	\$ 2,267,088	\$ 2,111,446
Foundation	12,713	7,761
Associated Students	<u>1,000</u>	<u>10,104</u>
	<u>\$ 2,280,801</u>	<u>\$ 2,129,311</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION**Notes to Financial Statements**Years Ended June 30, 2017 and 2016

Note 7 – Related Party Transactions, continued

	<u>2017</u>	<u>2016</u>
Due from related parties:		
University	\$ 2,298	\$ 1,823
Sponsored Programs Administration	540	150
Foundation	90,110	4,634
Associated Students	<u>-</u>	<u>7,839</u>
	<u>\$ 92,948</u>	<u>\$ 14,446</u>
Due to related parties:		
University	\$ 201,149	\$ 263,170
Foundation	600	1,005
Associated Students	<u>-</u>	<u>264</u>
	<u>\$ 201,749</u>	<u>\$ 264,439</u>

Note 8 – Reclassifications

Certain items in the 2016 supplemental schedule of expenses by natural classification and schedule of activities by fund have been reclassified to conform to current year classifications. Such reclassifications had no effect on previously reported changes in net assets.

SUPPLEMENTAL INFORMATION

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION**Schedule of Expenses by Natural Classification**

Year Ended June 30, 2017

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and taxes	\$ 937,093	\$ 472,854	\$ 1,409,947
Rent	1,395,270	1,422	1,396,692
Benefits	135,790	226,443	362,233
Utilities	292,875	25,837	318,712
Supplies	199,070	40,404	239,474
Depreciation	-	147,893	147,893
Professional fees	-	109,447	109,447
Repairs and maintenance	83,502	-	83,502
Expendable equipment	36,308	-	36,308
Insurance	-	34,647	34,647
Travel	31,780	-	31,780
Services from other agencies	-	28,000	28,000
Advertising	14,445	-	14,445
Telephone	5,830	3,210	9,040
Conference and meetings	8,195	-	8,195
Dues and subscriptions	7,095	-	7,095
Printing and publications	3,977	998	4,975
	<u> </u>	<u> </u>	<u> </u>
Total Expenses	\$ <u>3,151,230</u>	\$ <u>1,091,155</u>	\$ <u>4,242,385</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION**Schedule of Expenses by Natural Classification**

Year Ended June 30, 2016

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Rent	\$ 1,395,270	\$ 1,137	\$ 1,396,407
Salaries and taxes	842,532	448,429	1,290,961
Benefits	110,611	235,173	345,784
Utilities	314,952	21,364	336,316
Supplies	154,540	29,839	184,379
Depreciation	-	127,240	127,240
Repairs and maintenance	117,064	-	117,064
Insurance	-	35,536	35,536
Travel	30,901	-	30,901
Services from other agencies	-	27,378	27,378
Expendable equipment	25,344	-	25,344
Professional fees	-	18,300	18,300
Advertising	15,332	-	15,332
Recruitment	12,642	-	12,642
Conference and meetings	10,246	-	10,246
Telephone	5,996	2,882	8,878
Dues and subscriptions	7,801	-	7,801
Printing and publications	3,754	1,822	5,576
	<u> </u>	<u> </u>	<u> </u>
Total Expenses	\$ <u>3,046,985</u>	\$ <u>949,100</u>	\$ <u>3,996,085</u>

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION**Schedule of Activities by Fund**

Year Ended June 30, 2017

	Student Union	Student Recreation Center	Total
Unrestricted Revenue and Other Support:			
Student fees	\$ 792,128	\$ 2,234,843	\$ 3,026,971
In-kind contribution	268,320	1,126,950	1,395,270
Facility rental	105,236	98,347	203,583
Other	2,624	127,537	130,161
Membership fees	-	70,927	70,927
Contracted space rentals	26,206	-	26,206
Total Unrestricted Revenue and Other Support	1,194,514	3,658,604	4,853,118
Expenses:			
Program services	449,599	2,701,631	3,151,230
General and administrative	658,479	432,676	1,091,155
Total Expenses	1,108,078	3,134,307	4,242,385
Change in Net Assets	86,436	524,297	610,733
Net Assets - Unrestricted, beginning	646,560	827,824	1,474,384
Net Assets - Unrestricted, ending	\$ 732,996	\$ 1,352,121	\$ 2,085,117

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION**Schedule of Activities by Fund**

Year Ended June 30, 2016

	Student Union	Student Recreation Center	Total
Unrestricted Revenue and Other Support:			
Student fees	\$ 720,728	\$ 1,840,143	\$ 2,560,871
In-kind contribution	268,320	1,126,950	1,395,270
Facility rental	101,886	74,069	175,955
Membership fees	-	73,646	73,646
Other	10,688	40,165	50,853
Contracted space rentals	26,613	-	26,613
Total Unrestricted Revenue and Other Support	1,128,235	3,154,973	4,283,208
Expenses:			
Program services	376,956	2,670,029	3,046,985
General and administrative	586,934	362,166	949,100
Total Expenses	963,890	3,032,195	3,996,085
Change in Net Assets	164,345	122,778	287,123
Net Assets - Unrestricted, beginning	482,215	705,046	1,187,261
Net Assets - Unrestricted, ending	\$ 646,560	\$ 827,824	\$ 1,474,384

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION**Schedule of Student Union Revenue Bonds, Series A**

Year Ended June 30, 2017

(Unaudited)

The Systemwide Revenue Bond (SRB) program was approved by the California State University Trustees in fiscal year 2003. This program provides funding for various construction projects, including student residence and dining hall facilities, continuing education buildings, student unions, parking facilities, health facilities, and auxiliary organization facilities designated campuses with the System as specified by the individual bond documents. It is designed to provide lower cost debt and greater flexibility to finance revenue bond projects of the System. Rather than relying on specific pledged revenues to support specific debt obligations, this program pools several sources of revenue as the pledge for the revenue producing projects.

The University participates in the SRB program and its allocated share of outstanding SRB debt as of June 30, 2017 is \$21,129,428, which has been used to finance the Organization and Student Recreation Center. These assets are reported and depreciated on the University's financial statements.

SRB debt obligations of the University as of June 30, 2017 consist of the following:

Description	Interest Rate	Fiscal Year Maturity Date	Original Issue Amount	Amount Outstanding at June 30, 2017
Systemwide revenue bonds:				
Series 2008A (Student Union)	3.50-5.00%	2017/2018	\$ 22,385,000	\$ 495,000
Series 2012A (Student Union)	4.00-5.00%	2022/2023	895,000	580,000
Series 2016A (Student Union)	2.00-5.00%	2038/2039	17,040,000	17,040,000
Total				18,115,000
Unamortized bond premium				3,014,428
Total SRB debt obligations				\$ 21,129,428

SRB debt principal obligations and related interest mature in the following fiscal years:

Year ending June 30:	Principal	Interest	Total
2018	\$ 600,000	\$ 833,200	\$ 1,433,200
2019	570,000	810,000	1,380,000
2020	590,000	784,325	1,374,325
2021	620,000	755,025	1,375,025
2022	655,000	724,150	1,379,150
2023-2027	3,310,000	3,133,250	6,443,250
2028-2032	4,105,000	2,221,375	6,326,375
2033-2037	5,235,000	1,098,975	6,333,975
2038	2,430,000	98,200	2,528,200
Total	\$ 18,115,000	\$ 10,458,500	\$ 28,573,500

The original capitalized cost of buildings, improvements, and equipment at completion of construction was recorded by the California State University. These assets are leased to the Organization. The lease, which expires June 30, 2019, provides no annual rental fee.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

Schedule of Net Position

June 30, 2017

(for inclusion in the California State University)

Assets:

Current assets:

Cash and cash equivalents	\$ 1,243,164
Short-term investments	—
Accounts receivable, net	92,948
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	32,319
Total current assets	1,368,431

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	935,706
Other assets	—
Total noncurrent assets	935,706

Total assets

2,304,137

Deferred outflows of resources:

Unamortized loss on debt refunding	—
Net pension liability	—
Others	—

Total deferred outflows of resources

—

Liabilities:

Current liabilities:

Accounts payable	17,271
Accrued salaries and benefits	—
Accrued compensated absences, current portion	—
Unearned revenue	—
Capitalized lease obligations, current portion	—
Long-term debt obligations, current portion	—
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts	—
Other liabilities	148,795

Total current liabilities

166,066

Noncurrent liabilities:

Accrued compensated absences, net of current portion	52,954
Unearned revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Claims liability for losses and loss adjustment expenses, net of current portion	—
Depository accounts	—
Other postemployment benefits obligations	—
Net pension liability	—
Other liabilities	—

Total noncurrent liabilities

52,954

Total liabilities

219,020

Deferred inflows of resources:

Service concession arrangements	—
Net pension liability	—
Unamortized gain on debt refunding	—
Nonexchange transactions	—
Others	—

Total deferred inflows of resources

—

Net Position:

Net investment in capital assets	935,706
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	1,149,411
Total net position	\$ 2,085,117

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION**Schedule of Revenues, Expenses, and Changes in Net Position**

Year Ended June 30, 2017

(for inclusion in the California State University)

Revenues:

Operating revenues:

Student tuition and fees (net of scholarship allowances of \$0)	\$	3,026,971
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)		430,877
Other operating revenues		1,395,270
Total operating revenues		<u>4,853,118</u>

Expenses:

Operating expenses:

Instruction		—
Research		—
Public service		—
Academic support		—
Student services		4,094,492
Institutional support		—
Operation and maintenance of plant		—
Student grants and scholarships		—
Auxiliary enterprise expenses		—
Depreciation and amortization		147,893
Total operating expenses		<u>4,242,385</u>
Operating income (loss)		<u>610,733</u>

Nonoperating revenues (expenses):

State appropriations, noncapital		—
Federal financial aid grants, noncapital		—
State financial aid grants, noncapital		—
Local financial aid grants, noncapital		—
Nongovernmental and other financial aid grants, noncapital		—
Other federal nonoperating grants, noncapital		—
Gifts, noncapital		—
Investment income (loss), net		—
Endowment income (loss), net		—
Interest expense		—
Other nonoperating revenues (expenses)		—
Net nonoperating revenues (expenses)		<u>—</u>
Income (loss) before other revenues (expenses)		610,733

State appropriations, capital

Grants and gifts, capital

Additions (reductions) to permanent endowments

Increase (decrease) in net position	610,733
-------------------------------------	---------

Net position:

Net position at beginning of year, as previously reported	1,474,384
Restatements	—
Net position at beginning of year, as restated	<u>1,474,384</u>
Net position at end of year	<u><u>\$ 2,085,117</u></u>

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

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1 Noncurrent restricted cash and cash equivalents at June 30, 2017:

Portion of restricted cash and cash equivalents related to endowments	\$	—
All other restricted cash and cash equivalents		—
Total restricted cash and cash equivalents	\$	—

2.1 Composition of investments at June 30, 2017:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$	—	—	—	—	—	—
State of California Local Agency Investment Fund (LAIF)		—	—	—	—	—	—
Corporate bonds	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—
Mutual funds	—	—	—	—	—	—	—
Money Market funds	—	—	—	—	—	—	—
Repurchase agreements	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—
Asset backed securities	—	—	—	—	—	—	—
Mortgage backed securities	—	—	—	—	—	—	—
Municipal bonds	—	—	—	—	—	—	—
U.S. agency securities	—	—	—	—	—	—	—
U.S. treasury securities	—	—	—	—	—	—	—
Equity securities	—	—	—	—	—	—	—
Exchange traded funds (ETFs)	—	—	—	—	—	—	—
Alternative investments:							
Private equity (including limited partnerships)	—	—	—	—	—	—	—
Hedge funds	—	—	—	—	—	—	—
Managed futures	—	—	—	—	—	—	—
Real estate investments (including REITs)	—	—	—	—	—	—	—
Commodities	—	—	—	—	—	—	—
Derivatives	—	—	—	—	—	—	—
Other alternative investment types	—	—	—	—	—	—	—
Other external investment pools (excluding SWIFT)							
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Other major investments:							
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Total investments	—	—	—	—	—	—	—
Less endowment investments (enter as negative number)	—	—	—	—	—	—	—
Total investments	—	—	—	—	—	—	—

2.2 Investments held by the University under contractual agreements at June 30, 2017:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2017:	—	—	—	—	—	—	—
--	---	---	---	---	---	---	---

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

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2.3 Restricted current investments at June 30, 2017 related to:

Amount
\$ —
—
—
—
—
—
—

Total restricted current investments at June 30, 2017

\$ —

2.4 Restricted noncurrent investments at June 30, 2017 related to:

Endowment investment

Amount
\$ —
—
—
—
—
—
—
—

Total restricted noncurrent investments at June 30, 2017

\$ —

2.5 Fair value hierarchy in investments at June 30, 2017:

	Total	Fair Value Measurements Using			Net Asset Value (NAV)
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	—	—	—	—	—
Corporate bonds	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Mutual funds	—	—	—	—	—
Money Market funds	—	—	—	—	—
Repurchase agreements	—	—	—	—	—
Commercial paper	—	—	—	—	—
Asset backed securities	—	—	—	—	—
Mortgage backed securities	—	—	—	—	—
Municipal bonds	—	—	—	—	—
U.S. agency securities	—	—	—	—	—
U.S. treasury securities	—	—	—	—	—
Equity securities	—	—	—	—	—
Exchange traded funds (ETFs)	—	—	—	—	—
Alternative investments:					
Private equity (including limited partnerships)	—	—	—	—	—
Hedge funds	—	—	—	—	—
Managed futures	—	—	—	—	—
Real estate investments (including REITs)	—	—	—	—	—
Commodities	—	—	—	—	—
Derivatives	—	—	—	—	—
Other alternative investment types	—	—	—	—	—
Other external investment pools (excluding SWIFT)					
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Other major investments:					
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Total investments	—	—	—	—	—

See independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

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3.1 Composition of capital assets at June 30, 2017:

	Balance June 30, 2016	Prior period Adjustments	Reclassifications	Balance June 30, 2016 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2017
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ —	—	—	—	—	—	—	—
Works of art and historical treasures	—	—	—	—	—	—	—	—
Construction work in progress (CWIP)	—	—	—	—	—	—	—	—
Intangible assets:								
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyrights and trademarks	—	—	—	—	—	—	—	—
Internally generated intangible assets in progress	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total nondepreciable/nonamortizable capital assets	—	—	—	—	—	—	—	—
Depreciable/amortizable capital assets:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	418,870	—	—	418,870	—	—	—	418,870
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	304,383	—	—	304,383	287,572	—	—	591,955
Personal property:								
Equipment	629,277	—	—	629,277	59,315	—	—	688,592
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total depreciable/amortizable capital assets	1,352,530	—	—	1,352,530	346,887	—	—	1,699,417
Total capital assets	1,352,530	—	—	1,352,530	346,887	—	—	1,699,417
Less accumulated depreciation/amortization:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	(80,779)	—	—	(80,779)	(41,887)	—	—	(122,666)
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	(200,027)	—	—	(200,027)	(38,005)	—	—	(238,032)
Personal property:								
Equipment	(335,012)	—	—	(335,012)	(68,001)	—	—	(403,013)
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total accumulated depreciation/amortization	(615,818)	—	—	(615,818)	(147,893)	—	—	(763,711)
Total capital assets, net	\$ 736,712	—	—	736,712	198,994	—	—	935,706

See independent auditors' report.

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3.2 Detail of depreciation and amortization expense for the year ended June 30, 2017:

Depreciation and amortization expense related to capital assets	\$	147,893
Amortization expense related to other assets		—
Total depreciation and amortization	\$	147,893

4 Long-term liabilities activity schedule:

	Balance June 30, 2016	Prior period adjustments	Reclassifications	Balance June 30, 2016 (restated)	Additions	Reductions	Balance June 30, 2017	Current portion	Long-term portion
Accrued compensated absences	\$ 49,179	—	—	49,179	35,799	(32,024)	52,954	—	52,954
Claims liability for losses and loss adjustment expenses	—	—	—	—	—	—	—	—	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Long-term debt obligations:									
Auxiliary revenue bonds	—	—	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—	—	—
Notes payable related to SRB	—	—	—	—	—	—	—	—	—
Others: (list by type)									
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	—	—	—	—	—	—	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$ 49,179	—	—	49,179	35,799	(32,024)	52,954	—	52,954

5 Future minimum lease payments - capitalized lease obligations:

	Capitalized lease obligations related to SRB			All other capitalized lease obligations			Total capitalized lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2018	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—	—
2023 - 2027	—	—	—	—	—	—	—	—	—
2028 - 2032	—	—	—	—	—	—	—	—	—
2033 - 2037	—	—	—	—	—	—	—	—	—
2038 - 2042	—	—	—	—	—	—	—	—	—
2043 - 2047	—	—	—	—	—	—	—	—	—
2048 - 2052	—	—	—	—	—	—	—	—	—
2053 - 2057	—	—	—	—	—	—	—	—	—
2058 - 2062	—	—	—	—	—	—	—	—	—
2063 - 2067	—	—	—	—	—	—	—	—	—
Total minimum lease payments	—	—	—	—	—	—	—	—	—
Less amounts representing interest									—
Present value of future minimum lease payments									—
Unamortized net premium (discount)									—
Total capitalized lease obligations									—
Less: current portion									—
Capitalized lease obligation, net of current portion									\$ —

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6 Long-term debt obligation schedule

	Auxiliary revenue bonds			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2018	\$ —	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—	—
2023 - 2027	—	—	—	—	—	—	—	—	—
2028 - 2032	—	—	—	—	—	—	—	—	—
2033 - 2037	—	—	—	—	—	—	—	—	—
2038 - 2042	—	—	—	—	—	—	—	—	—
2043 - 2047	—	—	—	—	—	—	—	—	—
2048 - 2052	—	—	—	—	—	—	—	—	—
2053 - 2057	—	—	—	—	—	—	—	—	—
2058 - 2062	—	—	—	—	—	—	—	—	—
2063 - 2067	—	—	—	—	—	—	—	—	—
Total minimum payments	—	—	—	—	—	—	—	—	—
Less amounts representing interest									—
Present value of future minimum payments									—
Unamortized net premium (discount)									—
Total long-term debt obligations									—
Less: current portion									—
Long-term debt obligations, net of current portion									\$ —

7 Calculation of net position

7.1 Calculation of net position - net investment in capital assets

Capital assets, net of accumulated depreciation	\$ 935,706
Capitalized lease obligations, current portion	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, current portion	—
Long-term debt obligations, net of current portion	—
Portion of outstanding debt that is unspent at year-end	—
Other adjustments: (please list)	
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Net position - net investment in capital asset	\$ 935,706

7.2 Calculation of net position - restricted for nonexpendable - endowments

Portion of restricted cash and cash equivalents related to endowments	\$ —
Endowment investments	—
Other adjustments: (please list)	
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Net position - Restricted for nonexpendable - endowments per SNP	\$ —

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CALIFORNIA STATE UNIVERSITY, BAKERSFIELD STUDENT UNION

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8 Transactions with related entities

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 1,759,966
Payments to University for other than salaries of University personnel	507,122
Payments received from University for services, space, and programs	3,152,254
Gifts-in-kind to the University from discretely presented component units	—
Gifts (cash or assets) to the University from discretely presented component units	—
Accounts (payable to) University (enter as negative number)	(201,149)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	2,298
Other amounts receivable from University	—

9 Other postemployment benefits obligation (OPEB)

Annual required contribution (ARC)	\$ —
Contributions during the year	<u>—</u>
Increase (decrease) in net OPEB obligation (NOO)	—
Other adjustments	—
NOO - beginning of year	<u>—</u>
NOO - end of year	<u><u>\$ —</u></u>

10 Pollution remediation liabilities under GASB Statement No. 49:

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

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

	Net Position Class	Amount Dr. (Cr.)
Net position as of June 30, 2016, as previously reported		\$ 1,474,384
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2016, as restated		\$ <u>1,474,384</u>

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

	Debit	Credit
Net position class: _____		
1 (breakdown of adjusting journal entry)	\$ —	—
Net position class: _____		
2 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
3 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
4 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
5 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
6 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
7 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
8 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
9 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
10 (breakdown of adjusting journal entry)	—	—

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