

**THE DONALD P. & KATHERINE B.
LOKER UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY,
DOMINGUEZ HILLS**

**Financial Statements and Supplementary
Information for the Year Ended June 30, 2016
and Independent Auditor's Report**

THE DONALD P. & KATHERINE B. LOKER UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Donald P. and Katherine B. Loker University Student Union, Inc.
California State University, Dominguez Hills Union (the Student Union)
Carson, California

We have audited the accompanying financial statements of The Donald P. and Katherine B. Loker University Student Union, Inc., California State University, Dominguez Hills as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the organization'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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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 respective financial position of The Donald P. and Katherine B. Loker University Student Union, Inc., California State University, Dominguez Hills as of June 30, 2016, and the respective changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We previously audited The Donald P. and Katherine B. Loker University Student Union, Inc., California State University, Dominguez Hills' 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 24, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The summary financial statements do not contain all the disclosures required by accounting principles generally accepted in the United States of America. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of The Donald P. and Katherine B. Loker University Student Union, Inc., California State University, Dominguez Hills.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information on pages 3 through 7, Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date in Relation to PERF C, Schedule of Plan Contributions, and Schedule of Postemployment Healthcare Benefits Funding Progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The GASB Schedule of Net Position, GASB Schedule of Revenues, Expenses and Changes in Net Position, Schedule of Expenses by Natural Classification, and Other Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The GASB Schedule of Net Position, GASB Schedule of Revenues, Expenses and Changes in Net Position, Schedule of Expenses by Natural Classification, and Other Information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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, the GASB Schedule of Net Position, GASB Schedule of Revenues, Expenses and Changes in Net Position, Schedule of Expenses by Natural Classification, and Other Information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Vorlein, Hagen + Co.

Calabasas, California
September 15, 2016

**THE DONALD P. & KATHERINE B. LOKER UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2016**

This section of The Donald P. and Katherine B. Loker University Student Union, Inc., California State University, Dominguez Hills' (the Student Union) annual financial report presents our discussion and analysis of the financial performance of the Student Union for the fiscal year ended June 30, 2016. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

Introduction to the Financial Statements

This annual report consists of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Student Unions*, No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Student Unions: Omnibus*, No. 38, *Certain Financial Statement Note Disclosures*, and No. 68 *Accounting and Financial Reporting for Pensions*. For reporting purposes, the University is considered a special-purpose government engaged only in business-type activities, which best represent the activities of the Student Union.

The financial statements include the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. These statements are supported by the notes to the financial statements and this section. All sections must be considered together to obtain a complete understanding of the financial picture of the Student Union.

Statement of Net Position – The statement of net position includes all assets and liabilities. Assets and liabilities are reported at their book value, on an accrual basis, as of the statement date. It also identifies major categories of restrictions on the net position of the Student Union.

Statement of Revenues, Expenses, and Changes in Net Position – The statement of revenues, expenses, and changes in net position presents the revenues earned and expenses incurred during the year on an accrual basis.

Statement of Cash Flows – The statement of cash flows presents the inflows and outflows of cash for the year and is summarized by operating, noncapital financing, capital and related financing, and investing activities. The statement is prepared using the direct method of cash flows and, therefore, presents gross rather than net amounts for the year's activities.

**THE DONALD P. & KATHERINE B. LOKER UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2016**

Analytical Overview

Summary

The Student Union's improvement projects intended to maintain the facility as current and relevant to students carried over from the prior year and were largely completed. Projects completed within the 2015/2016 fiscal year included adding furniture to the pre-function lobby of the ballroom, banquet chairs for the ballroom, study tables throughout the main level, and audio-visual components to support the new television and meditation lounges. Reserves to cover large expenses have been established and are being funded as part of the annual operating budget.

A number of service agreements with related parties were renewed reflecting increased charges applied to Student Union contracts for cost recovery of services rendered. Agreement renewals with considerable financial impact to Student Union expenses included the Executive Order 1000 agreement renewal with the University and the Accounting and Human Resources service agreement with Foundation.

Changes to California minimum wage and employment law are evident in continually increasing employee wage and benefit expenses. The contract for custodial services continues to increase as the State's minimum wage rises. Hourly wages for student assistant employees were also increased to address California minimum wage increases and to maintain attractiveness to fill the positions necessary to operate the facility.

Enrollment (which has caused challenges to the campus and to the Student Union - as it is a student fee funded operation) continues on the path to stabilization. However, State threats to CSU enrollment management and policy decisions continue to create an uncertain future. A temporary fee increase was approved by the campus effective fall 2007 to ensure the operation's ability to repay its debt service while still operating the facility to best serve the campus. This fee review in the 2015/2016 fiscal year was postponed to 2016/2017 due to changes in University administrative positions. Consideration will be given to making it permanent as discontinuing it will cause the Student Union to consider significant cuts to operating expenses. Such cuts may cause detrimental impacts to the gains made in student life co-curricular programs, services, student retention and success, and University appeal to prospective students.

The implementation of GASB 45 during the 2007/2008 fiscal year has required disclosure of the liability associated with other post-employment benefits for retirees. While the ideal would be to fund the liability according to actuarial projections of the desired funding level, current budget uncertainties make that difficult. The Student Union is a founding member and participant in a multi-employer Auxiliaries Voluntary Employees' Beneficiary Association (VEBA) trust to meet the GASB 45 requirements for a funding mechanism. Partial funding of the liability has been implemented through annual contributions being made to the VEBA trust.

Implementation of GASB 68 requires the organization to disclose its net pension liability, related inflows and outflows and pension expense associated with its pension plan. The Student Union participates in a cost-sharing multi-employer pooled pension plan through CalPERS and the net pension liability and related inflows and outflows are determined by an actuary and calculated using CalPERS valuation reports. The Student Union may experience fluctuations in the amounts recognized each year as its proportion of the pooled plan, contributions, assumptions and performance of the CalPERS cost-sharing pension plan may change from year to year.

The following discussion highlights Management's understanding of key financial aspects of the Student Union's financial activities. Included are significant differences between current and prior year activities and factors impacting future reporting periods.

**THE DONALD P. & KATHERINE B. LOKER UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

Comparative Analysis of Current and Prior Year Activities and Balances

The Student Union's summary of net position as of June 30, 2016 and 2015 are as follows:

Condensed Summary of Net Position

	<u>2016</u>	<u>June 30</u> <u>2015</u>	<u>\$ Change</u>
Assets:			
Current assets	\$ 2,163,601	\$ 2,131,696	\$ 31,905
Capital assets, net	<u>538,143</u>	<u>275,192</u>	<u>262,951</u>
Total assets	<u>2,701,744</u>	<u>2,406,888</u>	<u>294,856</u>
Deferred outflows of resources	<u>49,486</u>	<u>83,743</u>	<u>(34,257)</u>
Liabilities:			
Current liabilities	79,391	142,484	(63,093)
Noncurrent liabilities	<u>748,977</u>	<u>734,924</u>	<u>14,053</u>
Total liabilities	<u>828,368</u>	<u>877,408</u>	<u>(49,040)</u>
Deferred inflows of resources	<u>242,115</u>	<u>82,099</u>	<u>160,016</u>
Net position:			
Net investments in capital assets	538,143	275,192	262,951
Unrestricted	<u>1,142,604</u>	<u>1,255,932</u>	<u>(113,328)</u>
Total net position	<u>\$ 1,680,747</u>	<u>\$ 1,531,124</u>	<u>\$ 149,623</u>

Assets

Total assets increased by \$294,856 compared to prior year. This change can be attributed to the increase in cash brought back to support the operation along with the capitalization of furnishing enhancement projects throughout the facility and the replacement of chairs for use in the LSU Ballroom.

Liabilities

Total liabilities decreased by \$49,040 compared to the prior year. In its second year of implementation of the GASB 68 requirement to recognize the organizations net pension liability, the net pension liability was calculated to be 422,843. While the net pension liability saw a slight increase, total liabilities decreased as a result of the timely processing of invoices at year end.

The GASB 45 requirement to recognize postemployment benefit liability, as determined by an actuarial study dated July 1, 2014, found the unfunded actuarial accrued liability at June 30, 2016 to be \$296,845; however, the recorded liability will not change until the next actuarial report is completed. \$326,134 was recognized as of June 30, 2016.

THE DONALD P. & KATHERINE B. LOKER UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

Net Position

Total net position increased by \$149,623 compared to the prior year. This change is a result of an increase in cash due to an increase in funds to support the operating budget and the increase in capital assets related to enhancements to the facility.

The Student Union's condensed summary of revenues, expenses, and changes in net position for the years ended June 30, 2016 and 2015 is as follows:

Condensed Summary of Revenues, Expenses, and Changes in Net Position

	<u>Year ended June 30,</u>		
	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>
Operating revenues:			
Student fees	\$ 2,415,000	\$ 2,270,000	\$ 145,000
Sales and services of auxiliary enterprises	286,728	261,968	24,760
Other operating revenues	<u>29,467</u>	<u>31,371</u>	<u>(1,904)</u>
Total operating revenues	2,731,195	2,563,339	167,856
Nonoperating revenues:			
Investment income	<u>2,344</u>	<u>2,589</u>	<u>(245)</u>
Total revenues	2,733,539	2,565,928	167,611
Operating Expenses:			
Student services	111,026	116,978	(5,952)
Operating expense	2,400,420	2,240,254	160,166
Depreciation	<u>72,470</u>	<u>83,251</u>	<u>(10,781)</u>
Total expenses	<u>2,583,916</u>	<u>2,440,483</u>	<u>143,433</u>
Change in net position	149,623	125,445	24,178
Net position at beginning of year	<u>1,531,124</u>	<u>1,405,679</u>	<u>125,445</u>
Net position at end of year	<u>\$ 1,680,747</u>	<u>\$ 1,531,124</u>	<u>\$ 149,623</u>

Operating Revenues

Total operating revenues increased by \$167,856 compared to prior year. The overall increase in total revenues is attributed to an increase in the amount of revenues from student fees that were brought back to support the operation. Other contributing factors for the increase were revenues related to the addition of a financial institution occupying tenant space and an increase in the amount collected from the University for facility use space.

Operating Expenses

Total operating expenses increased by \$143,433 compared to prior year. The primary factors relating to the increase in operating expenses was the increase in pension expense recognized as a result of the GASB 68 calculation and shift in the hiring of the student staff to be hired directly through the Student Union payroll which included increases to hourly wages.

THE DONALD P. & KATHERINE B. LOKER UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

Non-operating Revenues (Expenses)

The decrease in other operating revenue for 2016 is attributed to the decrease in the amount received from the CSU Risk Management Authority in the form of a refund due to the organization's participation in the pooled insurance program.

Factors Impacting Future Periods

The Student Union building was last expanded and renovated in 2007. While funding all reserve designations is necessary and will continue to ensure a stable financial future, replacement of mechanical parts, worn furniture and equipment that has exceeded useful life has commenced. Expenses for the replacement of assets past their useful life began in 2013/2014.

The Student Union Board of Directors, through its advisory committees are expected to address long-term financial planning, updating of the reserve study, updating of the actuarial study, conducting a salary equity review to address impacts caused by CA minimum wage, and is expected to develop a long-term plan for space use designations within the building along with projecting if and when an expansion will be necessary. As of 2016/2017, the Student Union will increase the annual amount deposited to reserves to ensure that reserve levels are sufficient to cover major maintenance and replacement projects as they become due, and to set funding aside for prospective facility renovations or expansions.

Other factors anticipated to impact the Student Union's operating budget are changes to University student life programs (such as a Housing expansion) which are expected to cause a need for the Student Union to expand operating hours.

The Student Union will continue to closely monitor enrollment growth projections with the intent to off-set increasing operating expenses with increased student fee revenue. Service contract renewals are showing evidence of continually increasing costs from those contracted by the Student Union to support the operation.

Involvement in alternative insurance programs such as the CSURMA's self-funded workers' compensation program attempts to control the increases in insurance costs, but also requires financial commitment which is recorded as a liability. Group insurance plans within CSURMA/AORMA are anticipated to increase by 20% in the 2017/2018 fiscal year.

Each year, the unfunded liability for other postemployment benefits as measured under GASB 45 will increase. The Student Union has identified a source of funding a portion of this liability, but until financial conditions are more certain, will not be able to commit to full funding.

The Union is a student fee funded operation. As such, fluctuations in enrollment carry the potential to impact financial stability; in particular, the Union's ability to repay its debt service while still operating the facility to best serve the campus.

THE DONALD P. & KATHERINE B. LOKER UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,290,815	\$ 1,294,006
Short-term investments	814,134	811,790
Accounts receivable	31,823	900
Prepaid expenses	<u>26,829</u>	<u>25,000</u>
Total current assets	2,163,601	2,131,696
Property and equipment		
Capital assets, net	<u>538,143</u>	<u>275,192</u>
Total assets	<u>2,701,744</u>	<u>2,406,888</u>
Deferred outflows of resources:		
Net pension obligation	<u>49,486</u>	<u>83,743</u>
LIABILITIES		
Current liabilities		
Accounts payable	25,724	81,212
Accrued salaries and benefits payable	2,072	1,698
Accrued compensated absences	44,800	52,296
Unearned revenue	<u>6,795</u>	<u>7,278</u>
Total current liabilities	79,391	142,484
Noncurrent liabilities		
Postemployment benefits other than pensions	326,134	312,335
Net Pension Liability	<u>422,843</u>	<u>422,589</u>
Total noncurrent liabilities	<u>748,977</u>	<u>734,924</u>
Total liabilities	<u>828,368</u>	<u>877,408</u>
Deferred inflow of resources		
Net pension obligation	<u>242,115</u>	<u>82,099</u>
NET POSITION		
Net investment in capital assets	538,143	275,192
Unrestricted	<u>1,142,604</u>	<u>1,255,932</u>
Total net position	<u>\$ 1,680,747</u>	<u>\$ 1,531,124</u>

See accompanying auditors' report and notes to financial statements.

THE DONALD P. & KATHERINE B. LOKER UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	<u>2016</u>	<u>2015</u>
REVENUES		
Operating revenues		
Student fees	\$ 2,415,000	\$ 2,270,000
Sales and services of auxiliary enterprises	286,728	261,968
Other operating revenues	<u>29,467</u>	<u>31,371</u>
 Total operating revenues	 <u>2,731,195</u>	 <u>2,563,339</u>
EXPENSES		
Operating expenses		
Student services	111,026	116,978
Operating expenses	2,400,420	2,240,254
Depreciation	<u>72,470</u>	<u>83,251</u>
 Total operating expenses	 <u>2,583,916</u>	 <u>2,440,483</u>
 Operating income (loss)	 147,279	 122,856
NONOPERATING REVENUES (EXPENSES)		
Investment income (loss)	<u>2,344</u>	<u>2,589</u>
 INCREASE (DECREASE) IN NET POSITION	 149,623	 125,445
 NET POSITION - beginning of year	 <u>1,531,124</u>	 <u>1,405,679</u>
 NET POSITION - end of year	 <u>\$ 1,680,747</u>	 <u>\$ 1,531,124</u>

See accompanying auditors' report and notes to financial statements.

THE DONALD P. & KATHERINE B. LOKER UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Student fees	\$ 2,415,000	\$ 2,270,000
Payments to suppliers	(995,054)	(1,065,192)
Payments to employees	(1,403,911)	(1,268,448)
Sales and services to auxiliary	286,728	268,441
Other operating revenue	<u>29,467</u>	<u>31,371</u>
Net Cash Provided by Operating Activities	<u>332,230</u>	<u>236,172</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	<u>(335,421)</u>	<u>(138,766)</u>
Net Cash used by capital and related financing activities	<u>(335,421)</u>	<u>(138,766)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	-	750,000
Investment income	2,344	2,589
Net purchase of investments	<u>(2,344)</u>	<u>(2,588)</u>
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>750,001</u>
Net increase (decrease) in cash and cash equivalents	(3,191)	847,407
Cash and cash equivalents at beginning of year	<u>1,294,006</u>	<u>446,599</u>
Cash and cash equivalents at end of year	<u>\$ 1,290,815</u>	<u>\$ 1,294,006</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	147,279	122,856
Adjustments to reconcile operating income to net cash provided in operating activities:		
Depreciation	72,470	83,251
Change in assets and liabilities:		
Accounts receivable	(30,923)	5,870
Prepaid expenses	(1,829)	(25,000)
Accounts payable	(55,488)	31,337
Accrued salaries and benefits	374	(3,604)
Accrued compensated absences	(7,496)	7,939
Unearned revenue	(483)	603
Postemployment benefits other than pensions	13,799	15,130
Net pension liability	254	(566)
Deferred outflows of resources	34,257	(83,743)
Deferred inflows of resources	<u>160,016</u>	<u>82,099</u>
Net Cash Provided by Operating Activities	<u>\$ 332,230</u>	<u>\$ 236,172</u>

See accompanying auditors' report and notes to financial statements.

THE DONALD P. & KATHERINE B. LOKER UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. ORGANIZATION

Nature of Organization

The Donald P. and Katherine B. Loker University Student Union Inc., California State University, Dominguez Hills (the Student Union), a nonprofit California public benefit corporation, is an auxiliary organization of California State University, Dominguez Hills (the University). The Student Union operates the Student Union building as well as sponsoring various campus activities that complement the instructional programs of the University campus. The Student Union operates under an Operating Agreement and Support Services Lease (the Agreement) with the Board of Trustees of the California State University System (Trustees) which expires June 30, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Election of Applicable FASB Statements

The Student Union has elected to follow standards of accounting and financial reporting issued by the Financial Accounting Standards Board (FASB) prior to November 30, 1989, unless those standards conflict with or contradict guidance of the GASB. The Student Union also has the option of following subsequent private-sector guidance subject to the same limitation. The Student Union has elected not to adopt the pronouncements issued by the FASB after November 30, 1989.

Financial Reporting Entity

The financial statements include the accounts of the Student Union. The Student Union is a government organization under accounting principles generally accepted in the United States of America and is also a component unit of the University, a public university under the California State University system. The Student Union has chosen to use the reporting model for special-purpose governments engage only in business type activities.

Basis of Accounting and Reporting

The Student Union records revenue in part from fees and other charges for services to external users, and accordingly, has chosen to present its basic financial statements using the reporting model for special-purpose governments engaged only in business-type activities. This model allows all financial information for the Student Union to be reported in a single column in the basic financial statements. The effect of any internal activity between funds has been eliminated from these basic financial statements.

THE DONALD P. & KATHERINE B. LOKER UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Position

The Student Union's net position is classified into the following net asset categories:

Net investment in capital assets – Capital assets, net of accumulated depreciation. The Student Union does not have any outstanding principal balances of debt attributable to the acquisition construction, or improvement of those assets.

Unrestricted – All other categories of net position. In addition, unrestricted net position may be designated for use by management of the Student Union or have legislative or bond indenture requirements associated with their use. These requirements limit the area of operations for which expenditures of net position may be made and require that unrestricted net position be designated to support future operations in these areas. The Student Union has adopted a policy of utilizing temporarily restricted funds, when available, prior to unrestricted funds.

Restricted – expendable – Net position subject to externally imposed conditions that can be fulfilled by the actions of the Student Union or by the passage of time.

Classification of Current and Noncurrent Assets and Liabilities

The Student Union 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 Union 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 to be noncurrent.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of deposits with the California State University, Dominguez Hills Foundation, a related party organization that provides accounting and management services for the Student Union. The California State University, Dominguez Hills Foundation holds these funds on behalf of the Student Union, and a substantive portion of its reported cash and cash equivalents is composed of the cash and cash equivalents it holds on behalf of the auxiliary organizations of the California State University, Dominguez Hills campus, including the Student Union.

Investments

Investments are reflected at fair value using quoted market prices. Gains and losses are included in the statement of revenues, expenses, and changes in net position as investment income.

Prepaid Expenses

Prepaid insurance and other costs are expensed ratably over their respective terms of agreement.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Receivables

Accounts receivables primarily consist of related party receivables and other miscellaneous receivables. Receivables are stated at the amount management expects to collect from outstanding balances. The accounts receivables totaled \$31,823 at June 30, 2016. The Student Union uses the allowance method of accounting for receivables determined to be potentially uncollectable. In management’s opinion, all receivables were collectible at year-end and therefore no allowance has been established.

Capital Assets

Capital assets are stated at cost or estimated historical cost if purchased or if donated, at estimated fair value at date of donation. Capital assets with a value of less than \$5,000 are not capitalized. The Student Union is required to capitalize infrastructure assets that have been acquired, or that have received major improvements, in fiscal years ending after June 30, 1980. Title to all assets, whether purchased, constructed, or donated, is held by the Student Union. Depreciation is determined using the straight-line method over the estimated lives of the assets ranging from five to ten years. Leasehold improvements are amortized using the straight-line method over the shorter of their estimated useful lives or the term of the lease. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized.

Compensated Absences

Accrued compensated absences are accrued on a monthly basis based on length of service and job classification. Full-time employees accrue vacation time based upon job classification and years of service to the Student Union as follows:

<u>Years Employed</u>	<u>Annualized Accrual</u>
0 - 3 years	10 Days
3 - 6 years	15 Days
6 – 15 years	20 Days
15+ years	24 Days

Accrued leave will be paid at the time of termination. Total accrued compensated absences at June 30, 2016, were \$44,800.

Pensions

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Unearned Revenue

Unearned revenue consists primarily of fees collected in advance for the next year.

Deferred Outflows and Deferred Inflows

Deferred outflows and deferred inflows of resources related to pensions are certain changes in total pension liabilities and fiduciary net position that are to be recognized in future pension expense.

Classification of Revenues and Expenses

The Student Union considers operating revenues and expenses in the statement of revenues, expenses and changes in net position to be the revenues and expenses that result from exchange transactions or from other activities that are connected directly to the Student Union's primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services. Certain other transactions are reported as non-operating revenues and expenses in accordance with GASB Statement No. 33. These non-operating activities include the Student Union's net investment income, gifts, and interest expense.

Income Taxes

The Student Union is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California income taxes under section 23701(d) of the California Revenue and Taxation Code. The IRS classified the organization as one that is not a private Union within the meaning of section 509(a) of the Code because it is an organization described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

The Student Union has evaluated its tax positions and the certainty as to whether those tax positions will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated are related to the Student Union's continued qualification as a tax-exempt organization and whether there is unrelated business income activities conducted that would be taxable. Management has determined that all income tax positions will more likely than not be sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

The Student Union's Forms 990, *Return of Organization Exempt from Income Tax*, for each of the tax years ended June 30, 2015, 2014, and 2013, are subject to examination by the IRS, generally for 3 years after they were filed.

Estimates

The preparation of these financial statements requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates. Management also determines the accounting principles to be used in the preparation of the financial statements.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value Measurements

The Student Union reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value in accordance with GASB 72, *Fair Value Measurement and Application*. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The three levels of inputs used to measure fair value are as follows:

- *Level 1* - Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.
- *Level 2* - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets in markets that are not active;
 - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- *Level 3* - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The carrying amounts of cash and cash equivalents, and accounts receivable approximate fair value because of the terms and relatively short maturity of these financial instruments.

The carrying amounts of liabilities, approximate fair value because of the relatively short maturity of these financial instruments.

When available, the Student Union measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

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(CONTINUED)

3. CASH AND CASH EQUIVALENTS

The Student Union's deposits are included in the bank account of the California State University, Dominguez Hills Foundation because the accounting function for the Student Union is performed by the Foundation. The carrying amounts of the Student Union's deposits represent its share of the bank balance adjusted for the Student Union's outstanding checks and deposits in transit.

The Student Union, through the Foundation, maintains its cash balance at one financial institution. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk for cash and cash equivalents. Deposits in the financial institution, reported as components of cash had bank balances of \$1,290,815 for the year 2016. As of June 30, 2016 these balances were insured under the FDIC's Dodd-Frank Program. Under this program, non-interest bearing transaction accounts have unlimited deposit coverage through December 31, 2016.

4. INVESTMENTS

The Student Union, through the Foundation, maintains investments with the State of California Local Agency Investment Fund (LAIF) amounting to \$814,134 for the year ended June 30, 2016. LAIF pools these funds with other governmental agencies and invests in various investment vehicles. These pooled funds approximate fair value. Regulatory oversight is provided by the State Pooled Money Investment Board and the Local Investment Advisory Board. LAIF is not subject to categorization as prescribed by GASB Statements No. 3 and No. 40.

The Student Union measures fair value in accordance with GASB 72, *Fair Value Measurement and Application*. GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels; Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs, other than the quoted prices in active markets, are observable either directly or indirectly, and Level 3 unobservable inputs in which there is little or no market data, which requires the Student Union to develop its own assumptions. The Student Union uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Student Union fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. Assets reported at fair value at June 30, 2016, are Level 1 inputs.

Investments consist of the following at June 30, 2016:

	Fair Value Measurements Using				Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)	
State of CA Local Agency Investment Fund (LAIF)	\$ 814,134	\$ -	\$ -	\$ -	\$ 814,134
Total	<u>\$ 814,134</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 814,134</u>

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4. INVESTMENTS – Continued

At June 30, 2016, the Student Union did not have any investments measured using Level 2 or Level 3 inputs.

The composition of the investment return reported in the statement of revenues, expenses, and changes in net position is follows:

Investment income, net	<u>\$ 2,344</u>
Total investment return	<u>\$ 2,344</u>

5. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016 consisted of the following:

Accounts receivable – AS	\$ 2,494
Accounts receivable - regular	29,204
Other receivables	<u>125</u>
Total	<u>\$ 31,823</u>

6. CAPITAL ASSETS

Capital assets consist of the following at June 30, 2016:

	Beginning of Year 7/1/15	Additions	Deletions	End of Year 6/30/16
Equipment	\$ 6,974	\$ 41,108	\$ -	\$ 48,082
Accumulated depreciation	<u>(6,393)</u>	<u>(8,344)</u>	<u>-</u>	<u>(14,737)</u>
	581	32,764	-	33,345
Leasehold improvements	91,016	-	-	91,016
Accumulated depreciation	<u>(47,242)</u>	<u>(9,102)</u>	<u>-</u>	<u>(56,344)</u>
	43,774	(9,102)	-	34,672
Furniture and fixtures	335,011	294,313	-	629,324
Accumulated Depreciation	<u>(104,174)</u>	<u>(55,024)</u>	<u>-</u>	<u>(159,198)</u>
	<u>230,837</u>	<u>239,289</u>	<u>-</u>	<u>470,126</u>
Total	<u>\$ 275,192</u>	<u>\$ 262,951</u>	<u>\$ -</u>	<u>\$ 538,143</u>

Depreciation expense as of June 30, 2016 was \$72,470.

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(CONTINUED)

7. ACCRUED COMPENSATED ABSENCES

Accrued compensated absences at year end are included in the Statement of Net Position and consists of the following activity during the year ended June 30, 2016:

	<u>Beginning Balance as of July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance as of June 30, 2016</u>	<u>Current Portion</u>
Liabilities:					
Compensated absences	\$ 52,296	\$ 44,615	\$(52,111)	\$ 44,800	\$ 44,800
Total current liabilities, net	<u>\$ 52,296</u>	<u>\$ 44,615</u>	<u>\$(52,111)</u>	<u>\$ 44,800</u>	<u>\$ 44,800</u>

8. PENSION PLANS

A. General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the Student Union's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Student Union resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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8. PENSION PLANS - Continued

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

Hire Date	Prior to January 1, 2014	On or after January 1, 2014
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 – 55	52 – 67
Monthly benefits, as a % of eligible compensation	1.4 to 2.4%	1.0% to 2.5%
Required employee contribution rates	5.0%	6.25%
Required employer contribution rates	16.163%	6.25%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the active employee contribution rate is 5.000 percent of annual pay, and the average employer's contribution rate is 16.163 percent of annual payroll. Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

For the year ended June 30, 2016, the contributions recognized as part of pension expense for each Plan were as follows:

Contributions – employer – Classic	\$	42,699
Contributions – employer – PEPPRA	\$	8,300
Contributions – employee (paid by employer)		-

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8. PENSION PLANS - Continued

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2016, the Student Union reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share Of Net Position Liability
Miscellaneous	<u>\$ 422,843</u>

The Student Union's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The Student Union's proportion of the net pension liability was based on a projection of the Student Union's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Student Union's proportionate share of the net pension liability as of June 30, 2014 and 2015 was as follows:

Proportion – June 30, 2014	.01710%
Proportion – June 30, 2015	.01541%
Change – Increase (Decrease)	(.00169%)

For the year ended June 30, 2016, the Student Union recognized pension expense of \$240,661. At June 30, 2016, the Student Union reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Pension contributions subsequent to measurement date	\$ 46,134	\$ -
Differences between actual and expected experience	5,367	-
Changes in assumptions	-	(50,779)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	(56,195)
Net differences between projected and actual earnings on plan investments	-	(53,042)

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8. PENSION PLANS - Continued

\$46,134 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended	2014 Measurement	2015 Measurement	Total Deferred
<u>June 30</u>			
2017	\$ 29,946	\$ 51,473	\$ 81,449
2018	19,626	43,830	63,456
2019	-	13,261	32,887
2020	-	-	-
2021	-	-	-
Thereafter	-	-	-

The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Actuarial cost method	Entry-age Normal Cost Method
Actuarial Assumptions:	
Discount rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.30% to 14.20% (1)
Investment Rate of Return	7.5% (2)
Mortality	Derived using CalPERS' Membership Data for all Funds

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2007. Further details of the Experience Study can found on the CalPERS website.

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8. PENSION PLANS - Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.65% for each Plan. 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 testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.65% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.80%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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 and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound 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 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.

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8. PENSION PLANS - Continued

The table below reflects the 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. These rates of return are net of administrative expenses.

Asset Class	New Strategic Plan	Real Return Years 1 – 10(a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

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

The following presents the Student Union’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the Student Union’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.65%
Net Pension Liability	\$709,139
Current Discount Rate	7.65%
Net Pension Liability	422,843
1% Increase	8.65%
Net Pension Liability	186,484

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2016, the Student Union had no recorded payable to the pension plan.

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8. PENSION PLANS - Continued

Plan Description

In addition to the Student Union's employer defined benefit contribution plan, the Student Union provides lifetime postretirement medical coverage to employees who satisfy certain eligibility requirements. The Student Union provides retiree medical, dental and vision benefits to employees who retire from the Student Union at age 50 or later with at least 5 years of service.

The Student Union pays the CalPERS monthly medical premiums for eligible retirees, subject to a cap which increases each year. This benefit continues for the life of the retiree and then for the life of a surviving spouse, if any. Retirees may select any retiree medical plan offered by CalPERS, including spouse or family coverage, but must incur the cost of premiums exceeding the cap.

Eligibility

The Student Union currently provides retiree health benefits to eligible employees. Membership of the plan consisted of the following at July 1, 2014, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>9</u>
Total	<u>9</u>

Funding Policy

The Student Union currently finances benefits on a pay-as-you-go basis. There are currently no retirees receiving benefits.

Voluntary Employers Beneficiary Association (VEBA)

In fiscal year ended June 2011, the Student Union participated in the Auxiliaries Multiple Employer VEBA (Voluntary Employees' Beneficiary Association) and contributed \$41,664 in fiscal year ended June 30, 2016. The Auxiliaries Multiple Employer VEBA is a separate 501(c)(9) organization established in August 2010 to assist in funding postretirement health care benefits for recognized auxiliaries of the California State University System. The plan does not issue separate financial statements.

Trust assets are invested and held in custody by Benefit Trust Company serving as the Corporate Trustee, in a mix that includes approximately 23% equity, 50% fixed income, 21% international equity, and 6% real estate. As of June 30, 2016, the market value of Student Union's VEBA account was \$319,018. As of July 1, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits as well as the unfunded actuarial accrued liability (UAAL) was \$296,845.

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8. PENSION PLANS - Continued

The fair value composition of the Voluntary Employers Beneficiary Association consists of the following at June 30, 2016:

	Fair Value Measurements Using				Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)	
Cash	\$ -	\$ -	\$ -	\$ 598	\$ 598
Due to/from broker	-	-	-	(509)	(509)
Mutual Funds:					
Domestic equity	74,344	-	-	-	74,344
Fixed income	157,995	-	-	-	157,995
International equity	67,388	-	-	-	67,388
Real estate	<u>19,202</u>	-	-	-	<u>19,202</u>
Total investments	<u>\$ 318,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89</u>	<u>\$ 319,018</u>

9. POSTEMPLOYMENT HEALTHCARE BENEFITS

Annual OPEB Cost and Net OPEB Obligation

The Student Union's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Student Union's annual OPEB cost for the year, the amount actually contributed, and changes in the OPEB obligation:

	2016
Annual required contribution	\$ 58,749
Interest on net OPEB obligation	19,521
Adjustment to annual required contribution	<u>(20,044)</u>
Annual OPEB cost (expense)	58,226
Contributions (trust deposit)	(41,124)
Contributions (retiree benefit cost)	<u>(3,303)</u>
Change in net OPEB obligation	13,799
Net OPEB obligation – beginning of year	<u>312,335</u>
Net OPEB obligation – end of year	<u>\$ 326,134</u>

THE DONALD P. & KATHERINE B. LOKER UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

9. POSTEMPLOYMENT HEALTHCARE BENEFITS - Continued

The Student Union's annual OPEB cost for the year, the percentage of annual OPEB cost contributed, and the net OPEB obligation was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/14	\$ 81,461	74.0%	\$ 297,205
6/30/15	\$ 55,399	72.7%	\$ 312,335
6/30/16	\$ 58,226	76.3%	\$ 326,134

Funding Status and Funding Progress

Actuarial valuations of an ongoing benefit plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of postemployment healthcare benefits funding progress, presented as required supplementary information following the notes to the financial statements, presents information about whether the actuarial value of plan assets, if any, is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, if any, consistent with the long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 6.25% discount rate and an annual healthcare cost trend rate of 6.4% initially, reduced to an ultimate rate of 5.5% after 8 years. The UAAL is being amortized on a level dollar approach and closed basis over 30 years as allowed under GASB Statement No. 45. The remaining amortization period will end on June 30, 2037.

THE DONALD P. & KATHERINE B. LOKER UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

10. TRANSACTIONS WITH RELATED ENTITIES

The Student Union building is leased from the Trustees in an Operating Agreement and Lease that expires June 30, 2017. In lieu of a rental fee, the Student Union shall operate the auxiliary organization and shall manage and operate the facilities in accordance with the Agreement, the System-wide Revenue Bond Program bond indenture, the policies of the University, and for the benefit of the University. The Student Union recognizes expenses related to Union-promoted or sponsored events as student services in the accompanying basic financial statements.

The Student Union building was partially financed from revenue bonds. The principal and interest on these bonds as well as the cost of operations is funded through mandatory student fees paid by all students enrolled at CSU Dominguez Hills. These fees, which are held in trust by the University, totaled \$4,647,132 for the year ending June 30, 2016. For this same period, \$645,000 in principal was retired and \$925,625 was paid in interest on the outstanding debt associated with the revenue bonds. From the remaining funds, \$2,415,000 was returned to support the operation of the facility.

The University bills the Student Union for payroll costs associated with certain reimbursed positions and other direct costs including utilities, maintenance, postage, and refuse removal related to the Student Union building as well as indirect cost recovery for campus support as allowed under Executive Order 1000. The total amount billed by the University during the year ended June 30, 2016 was \$534,069, and the amount payable to the University at June 30, 2016 totaled \$4,813. Additionally, the Student Union has subleases with the campus for two University Departments which are housed in the Student Union.

The Student Union has two subleases and a MOU with the Foundation. The two subleases are for Campus Dining and the University Bookstore while the MOU is for accounting and administrative services provided by the Foundation to the Student Union. For campus dining, the Student Union receives 20% of commissions on select vended spaces in the building. The Student Union also bills the Foundation for shared services including pest control and utilities. The total amount billed by the Student Union to the Foundation for campus dining during the year ended June 30, 2016 was \$172,195. The Student Union does not have a receivable from the Foundation related to Campus Dining at June 30, 2016. The sublease expires June 30, 2017.

The term of the sublease with the Foundation for University Bookstore was January 1, 2005 to May 31, 2014 and is extended from July 1, 2014 through June 30, 2016. The Foundation contracts with Follett to operate the Bookstore. Beginning July 1, 2005, annual lease payments will be equal to 2.5% of the first \$6,000,000 in bookstore sales and increasing as sales exceed that amount. The fee is invoiced on a periodic basis based on sales records provided by the Foundation to the Student Union. Additionally, the Student Union bills the Foundation for shared building expenses related to the Bookstore operation. For the fiscal year ended June 30, 2016 the total amount billed by the Student Union to the Foundation related to the bookstore was \$86,905. The Student Union does not have a receivable from the Foundation related to the bookstore at June 30, 2016.

The Student Union pays for administrative and accounting services billed by the Foundation on a monthly basis, including services provided under the MOU. For the fiscal year ended June 30, 2016, the amount totaled \$60,000 and the amount payable at June 30, 2016 was \$0.

THE DONALD P. & KATHERINE B. LOKER UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

10. TRANSACTIONS WITH RELATED ENTITIES - Continued

The Student Union also subleases space in the Student Union building to the Associated Student, Inc., (ASI) California State University, Dominguez Hills. The term of their sublease is January 2007 through June 30, 2017. ASI has agreed to provide student programming as in-kind payment in lieu of rent in connection with this sublease. Effective July 1, 2009, the Student Union began invoicing ASI for shared building expenses, janitorial services and shared programming costs. The total billed by the Student Union to ASI during the fiscal year ended June 30, 2016 was \$11,047. The outstanding balance at June 30, 2016 was \$2,494.

During the fiscal year ended June 30, 2016, the Student Union purchased workers' compensation insurance for \$20,162 through an approved self-insurance program in which the Student Union is a member (as are ASI and the Foundation), and which is administered by the California State University Risk Management Authority (CSURMA).

11. SUBSEQUENT EVENTS

The Student Union has evaluated events subsequent to June 30, 2016, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through September 15, 2016, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**THE DONALD P. & KATHERINE B. LOKER UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS
SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND
RELATED RATIOS AS OF THE MEASUREMENT DATE IN RELATION TO PERF C
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>6/30/2015</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.00616%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 422,843
Plan's Covered-Employee Payroll	\$ 444,576
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	95.11%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	74.79%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 43,400

**THE DONALD P. & KATHERINE B. LOKER UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS
SCHEDULE OF PLAN CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2016**

	Fiscal Year 2014-15
Actuarially Determined Contribution	\$ 83,732
Contributions in Relation to the Actuarially Determined Contribution	<u>(50,999)</u>
Contribution Deficiency (Excess)	32,733
Covered-Employee Payroll	444,576
Contributions as a Percentage of Covered-Employee Payroll	11.47%

**THE DONALD P. & KATHERINE B. LOKER UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS
SCHEDULE OF POSTEMPLOYMENT HEALTHCARE BENEFITS FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (Unit Cost Method) (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funding Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2008	\$ -	\$ 452,204	\$ 452,204	0.00%	\$ 495,000	91.40%
7/1/2011	*	-	397,437	0.00%	532,380	74.70%
7/1/2014	237,661	519,015	281,354	45.79%	656,750	42.84%

Note: In 2015-2016 the Student Union contributed \$41,664 to the Auxiliaries Multiple Employer VEBA Trust.

**THE DONALD P. & KATHERINE B. LOKER UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS
NOTES TO SCHEDULE OF
POSTEMPLOYMENT HEALTHCARE BENEFITS FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2016**

1. PURPOSE OF SCHEDULE

Schedule of Postemployment Healthcare Benefits Funding Progress

This schedule is prepared to show information for the most recent actuarial valuation and in future years, the information from the three most recent actuarial valuations in accordance with Statement No. 45 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The schedule is intended to show trends about the funding progress of the Student Union's actuarially determined liability for postemployment benefits other than pensions.

OTHER SUPPLEMENTARY INFORMATION

THE DONALD P. & KATHERINE B. LOKER UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS
GASB SCHEDULE OF NET POSITION
JUNE 30, 2016

Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,290,815
Short-term investments	814,134
Accounts receivable, net	31,823
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	26,829
Total current assets	2,163,601
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	538,143
Other assets	—
Total noncurrent assets	538,143
Total assets	2,701,744
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension liability	49,486
Others	—
Total deferred outflows of resources	49,486
Liabilities:	
Current liabilities:	
Accounts payable	25,724
Accrued salaries and benefits	2,072
Accrued compensated absences, current portion	—
Unearned revenue	6,795
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	—
Total current liabilities	34,591
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	44,800
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	326,134
Net pension liability	422,843
Other liabilities	—
Total noncurrent liabilities	793,777
Total liabilities	828,368
Deferred inflows of resources:	
Service concession arrangements	—
Net pension liability	242,115
Unamortized gain on debt refunding	—
Nonexchange transactions	—
Others	—
Total deferred inflows of resources	242,115
Net Position:	
Net investment in capital assets	538,143
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	1,142,604
Total net position	\$ 1,680,747

THE DONALD P. & KATHERINE B. LOKER UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS
GASB SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

Revenues:

Operating revenues:		
Student tuition and fees (net of scholarship allowances of \$_____)	\$	2,415,000
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 \$_____)		286,728
Other operating revenues		29,467
		<hr/>
Total operating revenues		2,731,195

Expenses:

Operating expenses:		
Instruction		—
Research		—
Public service		—
Academic support		—
Student services		111,026
Institutional support		—
Operation and maintenance of plant		—
Student grants and scholarships		—
Auxiliary enterprise expenses		2,400,420
Depreciation and amortization		72,470
		<hr/>
Total operating expenses		2,583,916
		<hr/>
Operating income (loss)		147,279

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		2,344
Endowment income (loss), net		—
Interest expense		—
Other nonoperating revenues (expenses)		—
		<hr/>
Net nonoperating revenues (expenses)		2,344
		<hr/>
Income (loss) before other revenues (expenses)		149,623

State appropriations, capital

Grants and gifts, capital		—
Additions (reductions) to permanent endowments		—
		<hr/>
Increase (decrease) in net position		149,623

Net position:

Net position at beginning of year, as previously reported		1,531,124
Restatements		—
Net position at beginning of year, as restated		<hr/> 1,531,124
Net position at end of year	\$	<hr/> 1,680,747

THE DONALD P. & KATHERINE B. LOKER UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS
SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION
FOR THE YEAR ENDED JUNE 30, 2016

	<u>2016</u>	<u>2015</u>
EXPENSES		
Salaries and wages	\$ 987,356	\$ 948,608
Employee benefits	529,036	326,127
Administrative fees	60,000	38,407
Advertising	680	-
Computer costs	33,889	39,872
Depreciation	72,470	83,251
Dues and subscriptions	3,361	1,295
Education and training	8,482	35,401
Facilities and admin cost	126,913	81,450
Fees and service charges	5,012	5,627
Insurance	45,644	22,977
Miscellaneous expense	7,274	17,605
Outside services	232,033	220,520
Postage	523	373
Printing	721	297
Professional fees	22,970	14,480
Public relations	12,013	8,622
Repairs and maintenance	92,969	207,923
Small equipment	27,275	67,387
Special events- student activities	111,026	116,978
Supplies	25,217	31,516
Taxes and licenses	168	-
Telephone	9,720	9,930
Travel	25,641	14,852
Utilities	<u>143,523</u>	<u>146,985</u>
 Total expenses	 <u>\$2,583,916</u>	 <u>\$2,440,483</u>

**THE DONALD P. & KATHERINE B. LOKER UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016**

1 Restricted cash and cash equivalents at June 30, 2016:

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

THE DONALD P. & KATHERINE B. LOKER UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

2.1 Composition of investments at June 30, 2016:

	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)	814,134	—	814,134	—	—	—	814,134
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)							
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Other major investments:							
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**THE DONALD P. & KATHERINE B. LOKER UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

2.2 Investments held by the University under contractual agreements at June 30, 2016:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2016 :

— — — — — — —

2.3 Restricted current investments at June 30, 2016 related to:

Amount

Add description	\$	—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
		—

Total restricted current investments at June 30, 2016

\$ —

2.4 Restricted noncurrent investments at June 30, 2016 related to:

Amount

Endowment investment	\$	—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—

Total restricted noncurrent investments at June 30, 2016

\$ —

THE DONALD P. & KATHERINE B. LOKER UNIVERSITY STUDENT UNION, INC.
CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

2.5 Fair value hierarchy in investments at June 30, 2016:

	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)	814,134	814,134	—	—	—
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	814,134	814,134	—	—	—

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3.1 Composition of capital assets at June 30, 2016:

	Balance June 30, 2015	Prior period Adjustments	Reclassifications	Balance June 30, 2015 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2016
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	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total nondepreciable/nonamortizable capital assets	—	—	—	—	—	—	—	—
Depreciable/amortizable capital assets:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	91,016	—	—	91,016	—	—	—	91,016
Personal property:								
Equipment	341,985	—	—	341,985	335,421	—	—	677,406
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	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total depreciable/amortizable capital assets	433,001	—	—	433,001	335,421	—	—	768,422
Total capital assets	433,001	—	—	433,001	335,421	—	—	768,422
Less accumulated depreciation/amortization:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	(47,242)	—	—	(47,242)	(9,102)	—	—	(56,344)
Personal property:								
Equipment	(110,567)	—	—	(110,567)	(63,368)	—	—	(173,935)
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	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total accumulated depreciation/amortization	(157,809)	—	—	(157,809)	(72,470)	—	—	(230,279)
Total capital assets, net	\$ 275,192	—	—	\$ 275,192	262,951	—	—	538,143

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2016:

Depreciation and amortization expense related to capital assets	\$ 72,470
Amortization expense related to other assets	—
Total depreciation and amortization	\$ 72,470

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4 Long-term liabilities activity schedule:

	Balance June 30, 2015	Prior period adjustments	Reclassifications	Balance June 30, 2015 (restated)	Additions	Reductions	Balance June 30, 2016	Current portion	Long-term portion
Accrued compensated absences	\$ 52,296	—	—	52,296	44,615	(52,111)	44,800	—	44,800
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	\$ 52,296	—	—	52,296	44,615	(52,111)	44,800	—	44,800

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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:									
2017	—	—	—	—	—	—	—	—	—
2018	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022 - 2026	—	—	—	—	—	—	—	—	—
2027 - 2031	—	—	—	—	—	—	—	—	—
2032 - 2036	—	—	—	—	—	—	—	—	—
2037 - 2041	—	—	—	—	—	—	—	—	—
2042 - 2046	—	—	—	—	—	—	—	—	—
2047 - 2051	—	—	—	—	—	—	—	—	—
2052 - 2056	—	—	—	—	—	—	—	—	—
2057 - 2061	—	—	—	—	—	—	—	—	—
2062 - 2066	—	—	—	—	—	—	—	—	—
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:									
2017	\$ —	—	—	—	—	—	—	—	—
2018	—	—	—	—	—	—	—	—	—
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022 - 2026	—	—	—	—	—	—	—	—	—
2027 - 2031	—	—	—	—	—	—	—	—	—
2032 - 2036	—	—	—	—	—	—	—	—	—
2037 - 2041	—	—	—	—	—	—	—	—	—
2042 - 2046	—	—	—	—	—	—	—	—	—
2047 - 2051	—	—	—	—	—	—	—	—	—
2052 - 2056	—	—	—	—	—	—	—	—	—
2057 - 2061	—	—	—	—	—	—	—	—	—
2062 - 2066	—	—	—	—	—	—	—	—	—
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									\$ —

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7 Calculation of net position

7.1 Calculation of net position - net investment in capital assets

Capital assets, net of accumulated depreciation	\$	538,143
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	\$	538,143

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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8 Transactions with related entities

	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ —
Payments to University for other than salaries of University personnel	534,069
Payments received from University for services, space, and programs	121,632
Gifts-in-kind to the University from discretely presented component units	22,964
Gifts (cash or assets) to the University from discretely presented component units	—
Accounts (payable to) University (enter as negative number)	(4,813)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	18,440
Other amounts receivable from University	—

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9 Other postemployment benefits obligation (OPEB)

Annual required contribution (ARC)	\$ 58,226
Contributions during the year	<u>(44,427)</u>
Increase (decrease) in net OPEB obligation (NOO)	13,799
Other adjustments	—
NOO - beginning of year	<u>312,335</u>
NOO - end of year	<u>\$ 326,134</u>

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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	—
	<hr/>
Total pollution remediation liabilities	\$ —
Less: current portion	—
	<hr/>
Pollution remediation liabilities, net of current portion	<hr/> —

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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, 2015, as previously reported		\$ 1,531,124
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, 2015, as restated		\$ 1,531,124

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)	—	—