

# Associated Students, Inc., California State University, Long Beach

Financial Statements and Supplemental Information

Year Ended June 30, 2022



# ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH

## Financial Statements and Supplemental Information

Year Ended June 30, 2022

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## INDEPENDENT AUDITOR'S REPORT

To the Audit Committee  
Associated Students, Inc., California State University, Long Beach

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Associated Students, Inc., California State University, Long Beach (a nonprofit organization), which comprise the statement of net position as of June 30, 2022, the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Associated Students, Inc., California State University, Long Beach as of June 30, 2022, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Associated Students, Inc., California State University, Long Beach and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, in 2022 Associated Students, Inc., California State University, Long Beach adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Associated Students, Inc., California State University, Long Beach's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

## INDEPENDENT AUDITOR'S REPORT, CONTINUED

### ***Auditor's Responsibilities for the Audit of the Financial Statements, continued***

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Associated Students, Inc., California State University, Long Beach's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Associated Students, Inc., California State University, Long Beach's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-10, the schedule of Associated Students, Inc., California State University, Long Beach's proportionate share of net pension liability on page 30, the schedule of Associated Students, Inc., California State University, Long Beach's contributions on page 31, the schedule of funding progress and employer contributions for other post-employment benefits plan on page 32, and the schedule of changes in other post-employment benefit obligation liability on page 33 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplemental Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information for the California State University Chancellor's Office, beginning on page 36, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## INDEPENDENT AUDITOR'S REPORT, CONTINUED

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2022, on our consideration of Associated Students, Inc., California State University, Long Beach's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Associated Students, Inc., California State University, Long Beach's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Associated Students, Inc., California State University, Long Beach's internal control over financial reporting and compliance.

*Aldrich CPAs + Advisors LLP*

San Diego, California  
September 19, 2022

# ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH

## Management's Discussion and Analysis

Year Ended June 30, 2022

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This section of Associated Students, Inc., California State University, Long Beach (Associated Students) annual financial report includes some of management's insights and analyses of Associated Students' financial performance for the year ended June 30, 2022. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

### Introduction to the Basic Financial Statements

The annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. This standard is applicable to Associated Students because it is a component unit of California State University, Long Beach (University). Consistent with the University, Associated Students has adopted the business-type activity (BTA) reporting model to represent its activities.

The financial statements include: The statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows. These statements are supported in the annual report by the notes to the financial statements and this section. All sections should be considered together to obtain a complete understanding of the financial picture of Associated Students.

*Statement of Net Position:* The statement of net position includes all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting as of the statement date. The difference between the two classifications is represented as "Net Position." This section of the statement identifies major categories of restrictions and reflects the overall financial position of Associated Students as a whole. Over time, increases and decreases in total net position can be an indicator of whether the financial health of the organization is improving or declining.

*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, 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 operating activities.

*Notes to Financial Statements:* This additional information is essential to a full understanding of the data reported in the basic financial statements.

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH****Management's Discussion and Analysis**

Year Ended June 30, 2022

Analytical Overview

A summary of key financial statement information is presented below:

	2022	2021	Increase (Decrease)	Percent Change
Assets:				
Current assets	\$ 16,635,397	\$ 13,838,128	\$ 2,797,269	20%
Long-term investments	3,307,358	3,694,372	(387,014)	(10%)
Leases receivable, net of current portion	1,003,793	-	1,003,793	100%
Capital assets, net of accumulated depreciation	5,127,638	5,500,311	(372,673)	(7%)
Total Assets	26,074,186	23,032,811	3,041,375	13%
Deferred Outflows of Resources	3,167,846	2,055,171	1,112,675	54%
Liabilities:				
Current liabilities	3,082,073	2,450,103	631,970	26%
Other post-employment benefits liability	4,636,940	4,950,341	(313,401)	(6%)
Net pension liability	3,258,694	5,884,167	(2,625,473)	(45%)
Total Liabilities	10,977,707	13,284,611	(2,306,904)	(17%)
Deferred Inflows of Resources	8,710,184	4,220,026	4,490,158	106%
Net Position (Deficit):				
Net investment in capital assets	5,127,638	5,500,311	(372,673)	(7%)
Restricted for:				
Expendable:				
Capital projects	1,170,307	896,097	274,210	31%
Others	10,325,312	5,895,165	4,430,147	75%
Unrestricted	(7,069,116)	(4,708,228)	(2,360,888)	(50%)
Total Net Position	\$ 9,554,141	\$ 7,583,345	\$ 1,970,796	26%

The increase in the current assets results from the accumulation of cash receipts in excess of cash payments, which have been invested in the Local Agency Investment Fund (LAIF) until needed for expenditure. Due to the partial campus closure during the first half of the year, there were fewer expenditures in many areas including student staff payroll, maintenance, cleaning, and contracted services, as well as the Isabel Patterson Child Development Center (IPCDC) and the Student Recreation and Wellness Center (SRWC).

The decrease in long-term investments represents the decrease in market value. The loss on investments was about 10% during the year ended June 30, 2022.

In June 2017, the Government Accounting Standards Board (GASB) issued Statement No. 87, Leases (GASB 87). GASB 87 increases the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for all leases, including those that previously were classified as operating leases and recognized as income by lessors and expenditures by lessees. GASB 87 replaces the previous lease accounting methodology and establishes a single model for lease accounting based on the foundational principle that leases are a financing of the right to use an underlying asset. The standard was adopted this fiscal year and a lease receivable was established.

The increase in deferred outflows of resources is due to differences between expected and actual experience and projected and actual earnings on investments related to other post-employment benefits.

## ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH

### Management's Discussion and Analysis

Year Ended June 30, 2022

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The increase in current liabilities results from the timing of invoicing and billing from the campus for utilities, telecommunications, and other chargebacks issued in June. This caused accounts payable to increase significantly compared to the prior year.

The decrease in the net pension liability is based on results of an actuarial study conducted on the California Public Employees' Retirement System (CalPERS) pension plan.

The majority of the decrease in the total liabilities is attributable to the decrease in the net pension liability.

The increase in deferred inflows of resources is due to differences between expected and actual experience in the payment of pension benefits, as well as changes in Associated Students' proportion of the CalPERS pooled pension liability. In addition, GASB 87 was adopted in the current year, resulting in an additional deferred inflow balance related to leases receivable.

The increase in capital projects offset with current year depreciation expense reflects the investment in capital improvements, specifically the installation of the new pin-setting machines in the bowling alley and re-plastering of the jacuzzi at the SRWC.

The increase in net position resulted from revenues exceeding expenses during the year.

#### Operating Results Years Ended June 30, 2022 and 2021

	2022	2021	Increase (Decrease)	Percent Change
Revenues:				
Operating revenues	\$ 17,404,179	\$ 16,119,607	\$ 1,284,572	8%
Non-operating revenues	-	703,219	(703,219)	(100%)
Total Revenues	17,404,179	16,822,826	581,353	3%
Expenses:				
Operating expenses	15,105,125	10,743,625	4,361,500	41%
Non-operating expenses	328,258	-	328,258	100%
Total Expenses	15,433,383	10,743,625	4,689,758	44%
Change in Net Position	1,970,796	6,079,201	(4,108,405)	(68%)
Net Position, beginning	7,583,345	1,504,144	6,079,201	404%
Net Position, ending	\$ 9,554,141	\$ 7,583,345	\$ 1,970,796	26%

Operating revenues are a combination of student activity fees and revenues derived from programs, user fees, and services offered by Associated Students. Approximately 89% of operating revenues are student activity fees. The remaining 11% are revenues derived from programs and services. There was a slight increase in student activity fee revenues as well as a modest increase in other operating revenues compared to last fiscal year as the facilities remained opened for majority of the fiscal year, including the SRWC, IPCDC, the shops, and gaming center.

The decrease in non-operating revenues reflects a decrease in unrealized gains on investments.

See independent auditor's report.



**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**

**Management’s Discussion and Analysis**

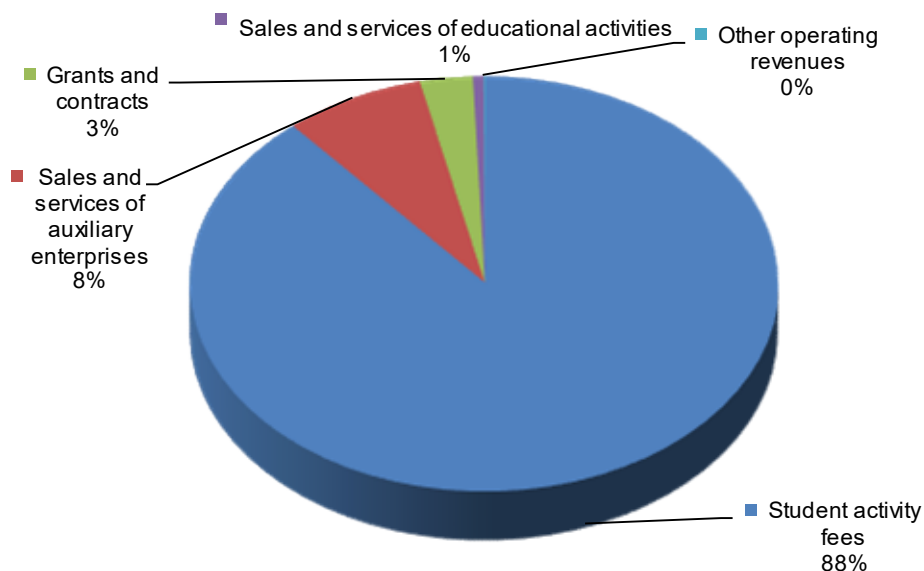
Year Ended June 30, 2022

Operating Revenues  
Years Ended June 30, 2022 and 2021

The following is detail of operating revenues by source:

	2022	2021	Increase (Decrease)	Percent Change
Operating Revenues:				
Student activity fees	\$ 15,452,192	\$ 15,116,489	\$ 335,703	2%
Sales and services of auxiliary enterprises	1,338,315	557,632	780,683	140%
Grants and contracts	501,464	403,415	98,049	24%
Sales and services of educational activities	101,439	16,556	84,883	513%
Other operating revenues	10,769	25,515	(14,746)	(58%)
<b>Total Operating Revenues</b>	<b>\$ 17,404,179</b>	<b>\$ 16,119,607</b>	<b>\$ 1,284,572</b>	<b>8%</b>

The following is a graphic illustration of 2022 operating revenues by source:



Sales and services of auxiliary enterprises and sales and services of educational activities revenues both increased due to reopening the University Student Union building and other facilities after the novel coronavirus (COVID-19) closure. As a result, more events took place in the buildings for the majority of the year and lease payment collections resumed during the year.

The increase in grants and contracts is attributable to the increase in the enrollment capacity at the IPCDC.

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**

**Management’s Discussion and Analysis**

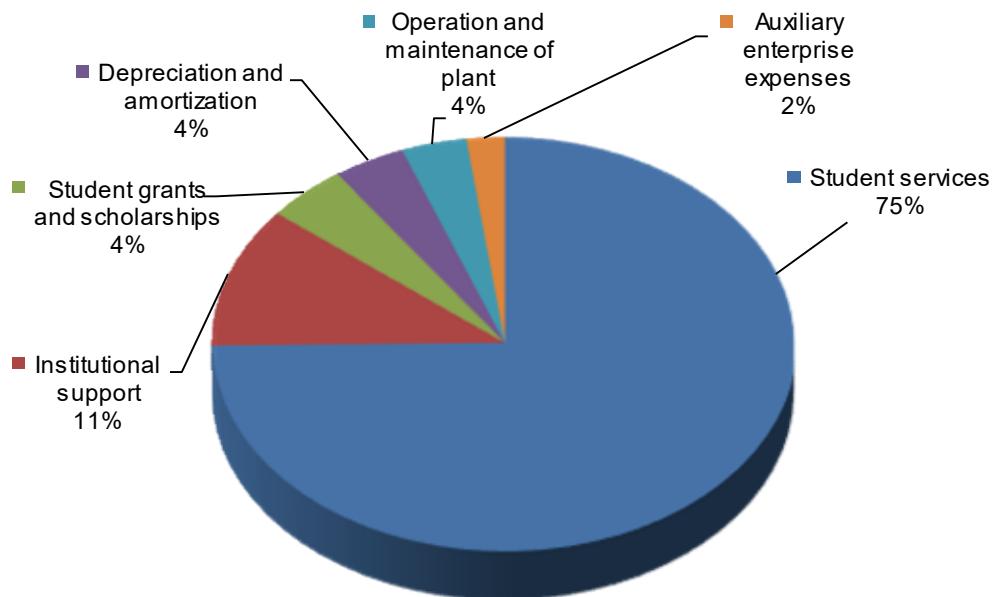
Year Ended June 30, 2022

Operating Expenses  
Years Ended June 30, 2022 and 2021

The following is detail of operating expenses:

	2022	2021	Increase (Decrease)	Percent Change
Operating Expenses:				
Student services	\$ 11,297,943	\$ 7,212,260	\$ 4,085,683	57%
Institutional support	1,655,617	1,604,514	51,103	3%
Student grants and scholarships	677,442	561,030	116,412	21%
Depreciation and amortization	604,483	637,015	(32,532)	(5%)
Operation and maintenance of plant	548,290	583,323	(35,033)	(6%)
Auxiliary enterprise expenses	321,350	145,483	175,867	121%
<b>Total Operating Expenses</b>	<b>\$ 15,105,125</b>	<b>\$ 10,743,625</b>	<b>\$ 4,361,500</b>	<b>41%</b>

The following is a graphic illustration of 2022 operating expenses:



The increase in operating expenses is primarily due to increased activities resulting from the opening of facilities. There were also more student employees employed and more contracted cleaning and landscaping services throughout the year.

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH****Management's Discussion and Analysis**

Year Ended June 30, 2022

Cash Flows  
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Net cash provided (used) by:				
Operating activities	\$ 3,626,659	\$ 3,745,928	\$ (119,269)	(3%)
Capital and related financing activities	(231,810)	(113,570)	(118,240)	(104%)
Investing activities	57,422	206,031	(148,609)	(72%)
 Net Increase in Cash and Cash Equivalents	 3,452,271	 3,838,389	 (386,118)	 (10%)
 Cash and cash equivalents, beginning	 <u>12,629,305</u>	 <u>8,790,916</u>	 <u>3,838,389</u>	 44%
Cash and cash equivalents, ending	<u>\$ 16,081,576</u>	<u>\$ 12,629,305</u>	<u>\$ 3,452,271</u>	27%

The increase in cash used for capital and related financing activities reflects investments in capital improvements, specifically the installation of the new pin-setting machines in the bowling alley and re-plastering of the jacuzzi at the SRWC.

The decrease in cash provided by investing activities is due to reduced proceeds from investments.

Capital Assets, Net  
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Capital Assets:				
Leasehold improvements	\$ 6,570,876	\$ 6,570,876	\$ -	0%
Equipment	3,906,296	3,674,486	231,810	6%
Building	70,757	70,757	-	0%
 Total	 10,547,929	 10,316,119	 231,810	 2%
 Less Accumulated Depreciation	 <u>(5,420,291)</u>	 <u>(4,815,808)</u>	 <u>(604,483)</u>	 (13%)
Net Capital Assets	<u>\$ 5,127,638</u>	<u>\$ 5,500,311</u>	<u>\$ (372,673)</u>	(7%)

The increase in equipment reflects investments in capital improvements, specifically the installation of the new pin-setting machines in the bowling alley and re-plastering of the jacuzzi at the SRWC.

# ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH

## Management's Discussion and Analysis

Year Ended June 30, 2022

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### Net Position June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Net Position (Deficit):				
Net investment in capital assets	\$ 5,127,638	\$ 5,500,311	\$ (372,673)	(7%)
Restricted for:				
Expendable:				
Capital projects	1,170,307	896,097	274,210	31%
Others	10,325,312	5,895,165	4,430,147	75%
Unrestricted	<u>(7,069,116)</u>	<u>(4,708,228)</u>	<u>(2,360,888)</u>	(50%)
Total Net Position	<u>\$ 9,554,141</u>	<u>\$ 7,583,345</u>	<u>\$ 1,970,796</u>	26%

Associated Students' total net position has increased as a result of operating revenues exceeding operating expenses. As is the case with many businesses and organizations worldwide, the COVID-19 pandemic has had a significant impact on the operations and financial position of Associated Students. Despite this, management's efforts to decrease expenditures and reopening of facilities has resulted in the change in net position for the year remaining positive.

#### Contacting the Associated Students' Financial Management

The Associated Students' financial report is designed to provide the Associated Students' Board of Directors, management, legislative and oversight agencies, citizens and customers with an overview of the California State University, Long Beach, Associated Students, Inc.'s finances and to demonstrate its accountability for funds received. For additional information about this report, please contact Miles Nevin, Ed.D., Executive Director at 1212 Bellflower Blvd., Long Beach, CA 90815.

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH****Statement of Net Position**June 30, 2022

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**ASSETS**

## Current Assets:

Cash and cash equivalents	\$ 16,081,576
Accounts receivable - related parties	11,280
Current portion of lease receivables	213,391
Other current assets	329,150
Total Current Assets	<u>16,635,397</u>

## Noncurrent Assets:

Long-term investments	3,307,358
Lease receivables, net of current portion	1,003,793
Capital assets, net of accumulated depreciation	5,127,638
Total Noncurrent Assets	<u>9,438,789</u>
Total Assets	26,074,186

**DEFERRED OUTFLOWS OF RESOURCES**

Net Pension Liability	1,242,640
Net Other Post-Employment Benefits Liability	1,925,206
Total Deferred Outflows of Resources	<u>3,167,846</u>

**LIABILITIES**

## Current Liabilities:

Accounts payable	1,080,529
Accrued expenses	573,154
Funds held for affiliates	1,422,690
Unearned revenues	5,700
Total Current Liabilities	<u>3,082,073</u>

## Noncurrent Liabilities:

Net other post-employment benefits liability	4,636,940
Net pension liability	3,258,694
Total Noncurrent Liabilities	<u>7,895,634</u>
Total Liabilities	10,977,707

**DEFERRED INFLOWS OF RESOURCES**

Deferred Lease Resources	1,168,287
Net Pension Liability	3,123,892
Net Other Post-Employment Benefits Liability	4,418,005
Total Deferred Inflows of Resources	<u>8,710,184</u>

**NET POSITION (DEFICIT)**

Net investment in capital assets	5,127,638
Restricted for:	
Expendable:	
Capital projects	1,170,307
Others	10,325,312
Unrestricted	<u>(7,069,116)</u>
Total Net Position	<u>\$ 9,554,141</u>

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH****Statement of Revenues, Expenses, and Changes in Net Position**Year Ended June 30, 2022

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## Operating Revenues:

Student activity fees	\$ 15,452,192
Sales and services of auxiliary enterprises	1,338,315
Grants and contracts	501,464
Sales and services of educational activities	101,439
Other operating revenues	<u>10,769</u>
Total Operating Revenues	<u>17,404,179</u>

## Operating Expenses:

Student services	11,297,943
Institutional support	1,655,617
Student grants and scholarships	677,442
Depreciation and amortization	604,483
Operation and maintenance of plant	548,290
Auxiliary enterprise expenses	<u>321,350</u>
Total Operating Expenses	<u>15,105,125</u>

Operating Income 2,299,054

## Non-Operating Revenues (Expenses):

Investment return, net	(341,494)
Interest income on leases	<u>13,236</u>
Total Non-Operating Expenses	<u>(328,258)</u>

Change in Net Position 1,970,796

Net Position, beginning 7,583,345Net Position, ending \$ 9,554,141

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH****Statement of Cash Flows**Year Ended June 30, 2022

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Cash Flows from Operating Activities:	
Student activity fees	\$ 16,504,507
Sales and services of auxiliary enterprises	1,291,461
Sales and services of educational activities	99,339
Other operating revenues	475,191
Payments to employees	(10,172,715)
Payments to suppliers	(3,893,682)
Payments to students	(677,442)
	<hr/>
Net Cash Provided by Operating Activities	3,626,659
Cash Flows Used by Capital and Related Financing Activities:	
Acquisitions of capital assets	(231,810)
Cash Flows from Investing Activities:	
Proceeds from investments	1,546,939
Purchases of investments	(1,501,419)
Interest received on leases	11,902
	<hr/>
Net Cash Provided by Investing Activities	57,422
Net Increase in Cash and Cash Equivalents	3,452,271
Cash and Cash Equivalents, beginning	<hr/>
	12,629,305
Cash and Cash Equivalents, ending	\$ <hr/> <hr/>
	16,081,576
Cash Flows from Operating Activities:	
Operating income	\$ 2,299,054
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	604,483
Pension loss	(96,845)
Other post-employment benefits gain	(632,833)
Amortization of deferred lease resources	(47,563)
Changes in operating assets and liabilities:	
Accounts receivable - related parties	1,058,443
Other current assets	(190,050)
Accounts payable	534,057
Accrued expenses	68,579
Funds held for affiliates	23,634
Unearned revenues	5,700
	<hr/>
Net Cash Provided by Operating Activities	\$ <hr/> <hr/>
	3,626,659

# ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH

## Notes to Financial Statements

Year Ended June 30, 2022

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### Note 1 - Organization and Summary of Significant Accounting Policies

#### Nature of Activities

Associated Students, Inc., California State University, Long Beach (Associated Students) is a nonprofit, tax exempt, California State University auxiliary organization located on the campus of California State University, Long Beach (University). The University is one of 23 campuses in the California State University System (System). Associated Students was established to administer various student programs and activities which include the following significant operations:

#### 1) Associated Students Operations

The charitable purpose of Associated Students is to promote and assist in carrying out the educational services of the student body and perform other functions related to the student activities of the University; promote and maintain a student self-government organization under the supervision of University officials for the purpose of providing essential activities closely related to, but not normally included as part of, the regular instructional program of the University, specifically designed to contribute to the development of leadership ability and the recreational and social needs of the students; to build, construct, lease, or purchase buildings, which may be necessary to carry out the purposes of the University; and, to apply funds and property coming within its possession toward furthering the education services and/or welfare of the students and to perform other functions related to the student activities of the University.

The mission of Associated Students is to facilitate the achievement of students' educational objectives and life goals through programs, services, and facilities that advocate student needs and interests, compel student representation in campus decision making and provide students with resources that they identify as necessary for their intellectual, social and physical development.

Associated Students is the student government component of the campus and arranges for public speakers, music, bands, and other cultural and recreational events for the students' enjoyment. Associated Students' main purpose is to represent students' interests to the University administration and provide out-of-classroom experiences for students. Associated Students also provides miscellaneous services to students such as fax transmittals, notary public services, movie and amusement park ticket sales, and a food pantry.

#### 2) Childcare Center Operations

The Isabel Patterson Child Development Center (Center) is a childcare facility operated by Associated Students on the campus of the University under a lease and operating agreement with the System. The Center provides the following programs:

- a) Associated Students component for fee-paying parents (students, staff, and faculty) who do not qualify for programs b) and c) described below.
- b) Full-day State Preschool Program – Under contract with the California State Department of Education, Office of Child Development.
- c) Child Care Food Program – Provides free and subsidized meals.
- d) Child Care Access Means Parents in School Program – Supports the participation of low-income parents in postsecondary education through the provision of campus-based childcare services.



# ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH

## Notes to Financial Statements

Year Ended June 30, 2022

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### Note 1 - Organization and Summary of Significant Accounting Policies, continued

#### Nature of Activities, continued

#### 3) University Student Union (Union) Operations

Associated Students manages and maintains a building (Student Union) on behalf of the System and University campus. The building contains a food court operated under contract with outside vendors, a game room for student use, a bowling alley, administrative offices used by Associated Students, and a room to be used by student organizations as well as the Associated Students' Board Room. A variety of conference rooms are available in the building for use by the University and community organizations for a fee.

#### 4) Student Recreation and Wellness Center Operations

The Student Recreation and Wellness Center (SRWC) is a 126,500-square-foot, two-story, state-of-the-art recreation facility located on the east side of the University campus. The facility is a hub for recreational activities, programs, and opportunities for intramural sports, fitness, and wellness services. The SRWC is managed by Associated Students, Inc. Recreation and is open to all University students, associates, and affiliates. The facility contains a three-court gym, a multi activity court gym, indoor jogging track, 20,000 square feet of weight and cardio equipment, racquetball courts, activity rooms for group exercise, a custom-made rock-climbing wall, a wellness center, swimming pool and spa, as well as many other services. The SRWC is Leadership in Environmental and Energy Design (LEED) certified and offers many technological advances, such as biometric hand scanners for entry along with contactless building entry via a smart phone application, filtered water fountains, and flat screens with touch technology. Due to partial campus closures, the SRWC provided virtual and outdoor programming including virtual personal training and fitness programs, outdoor adventure events, and online health education courses.

#### Financial Reporting Entity

The basic financial statements include the accounts of Associated Students. Associated Students is a government organization under accounting principles generally accepted in the United States of America (US GAAP) and is also a component unit of the University. Associated Students has chosen to use the reporting model for special-purpose governments engaged only in business-type activities.

#### Basis of Presentation

The basic financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with US GAAP 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. Voluntary non-exchange transactions are recognized as revenue as soon as all eligibility requirements have been met.

#### New Accounting Standard

During the fiscal year ended June 30, 2022, Associated Students implemented GASB Statement No. 87, *Leases* (GASB 87). GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Management has analyzed the provisions of GASB Statement No. 87, *Leases*, and has updated the financial statements to conform to the new standard, including the necessary disclosure in Note 4.

# ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH

## Notes to Financial Statements

Year Ended June 30, 2022

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### Note 1 - Organization and Summary of Significant Accounting Policies, continued

#### Use of Estimates

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

#### Cash and Cash Equivalents

Associated Students considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

#### Accounts Receivable

Accounts receivable arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year-end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. Management believes that all accounts receivable are fully collectible, therefore, no allowance for doubtful accounts is considered necessary.

#### Leases Receivable

Leases receivable are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by Associated Students, reduced by principal payments received.

#### Inventory

Inventory, which is included in other current assets on the statement of net position, consists of gifts, candy, and other food and supplies sold at the candy counter and snack shop. Inventory is stated at the lower of cost or net realizable value, and is determined on a first-in, first-out basis.

#### Investments

Investments are carried at fair value in the statement of net position. Unrealized gains and losses are reflected in the change in net position in the statement of revenues, expenses, and changes in net position.

#### Capital Assets

Acquisitions of capital assets of \$10,000 or more are capitalized. Capital assets are stated at cost or, if donated, at the approximate fair market value at the date of donation. Expenditures for maintenance and repairs are charged against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets of three to 40 years.

#### Funds Held for Affiliates

Associated Students receives and holds resources for student organizations on behalf of the University over which it does not have the unilateral (variance) power to redirect the use of the money without the approval of the student organization. Money held without variance power is classified as a liability in the statement of net position.

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 7 and 8 to the financial statements.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and thus, will not be recognized as revenue until then. See Notes 4, 7, and 8 to the financial statements.

# ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH

## Notes to Financial Statements

Year Ended June 30, 2022

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### Note 1 - Organization and Summary of Significant Accounting Policies, continued

#### Other Post-Employment Benefits (OPEB)

The annual OPEB cost reported in the accompanying financial statements is equal to the annual required contributions (ARC) of Associated Students plus or minus ARC adjustments and interest. The ARC is calculated using an actuarial valuation based upon the same methods and assumptions applied in determining the plan's funding requirements. The OPEB obligation at June 30, 2022 is determined by adding the annual OPEB cost to the net OPEB obligation at the beginning of the year and deducting any contributions to the plan during the year.

#### Pension Liability

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to the pension, and pension expense, information about the fiduciary net position of the CalPERS plan (Plan) and additions to/deductions from the Plan's fiduciary net position has 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.

#### Net Position

Associated Students' net position is classified into the following categories:

- Net investment in capital assets: Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- Restricted - expendable: Amounts subject to externally imposed conditions that can be fulfilled by the actions of Associated Students.
- Unrestricted: All other categories of net position.

The purpose of restricted - expendable net position (reserves) is to ensure the stability of the mission, programs, employment, and ongoing operations of Associated Students. The reserves are intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or sudden reductions in enrollment. In determining the amount of funds to be held in reserve, Associated Students employs a risk-based approach that examines plausible risks associated with the current operations of Associated Students. These reserves are not intended to replace a permanent loss of funds or to eliminate an ongoing budget gap.

In the event any of the reserves fall below their targeted reserve levels, the shortfall must be eliminated within a minimum of three years, with at least one third of the deficit balance being funded in the each of the three subsequent years' operating budgets, until the reserve is restored to the target balance.

#### Classification of Revenues and Expenses

Associated Students considers operating revenues and expenses in the statement of revenues, expenses, and changes in net position to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly with Associated Students' 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. 35. These non-operating activities include Associated Students' net investment return and interest earned on leases.

#### Student Activity Fees

Each matriculated student of the University is required to pay student body fees each semester. These payments support Associated Students' operations and other activities and are collected by the University Business Office, who makes disbursements to Associated Students on a regular basis to cover its operating budget. Undisbursed funds are withheld by the University in a reserve account and can be requested by Associated Students on an as-needed basis. Associated Students records revenues from student activity fees based on cash requests made to the University during the year.

## ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH

### Notes to Financial Statements

Year Ended June 30, 2022

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#### Note 1 - Organization and Summary of Significant Accounting Policies, continued

##### Student Activity Fees, continued

Additionally, each matriculated student is required to pay student body fees to service debt related to the construction of the Union and SRWC buildings and their operations. These funds are collected by the University Business Office. The System's Board of Trustees has the right of first call on these funds for revenue bond debt service requirements and repairs and replacement of plant assets, with remaining funds available for use in operating the Union for the benefit of the students.

##### Advertising

Associated Students follows the policy of charging the costs of advertising to expense as incurred.

##### Income Taxes

Associated Students is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. In addition, Associated Students qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). However, Associated Students remains subject to taxes on any net income which is derived from a trade or business, regularly carried on, and unrelated to its exempt purpose.

Associated Students follows US GAAP related to the recognition of uncertain tax positions. Associated Students recognizes accrued interest and penalties associated with uncertain tax positions as part of the statement of revenues, expenses, and changes in net position, when applicable. Management has determined that Associated Students has no uncertain tax positions at June 30, 2022 and therefore no amounts have been accrued.

##### Fair Value Measurements

Accounting standards provide the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

As a practical expedient, certain financial instruments may be valued using net asset value (NAV) per share. NAV is the amount of net assets attributable to each share of outstanding capital stock at the end of the period.

The carrying value of cash, receivables, and payables are approximate fair values as of June 30, 2022, due to the relative short maturities of these instruments.

##### Subsequent Events

Associated Students has evaluated subsequent events through September 19, 2022, which is the date the financial statements were available to be issued.

# ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH

## Notes to Financial Statements

Year Ended June 30, 2022

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### Note 2 - Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of revenues, expenses, and changes in net position. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### Note 3 - Concentration of Credit Risk

Associated Students maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor. The balance at times may exceed FDIC limits. Associated Students manages this risk by using high-quality financial institutions. In addition, the Associated Students had \$15,420,588 deposited in the State Treasury's Local Agency Investment Fund (LAIF). Deposits in LAIF are guaranteed by the State of California. LAIF deposits are included in cash and cash equivalents on the statement of net position.

#### Investments in LAIF

LAIF is a voluntary program created by statute as an alternative for California's local governments and special districts that allows them to participate in a major investment portfolio. It is under the administration of the California State Treasurer's Office. The investment is considered a cash equivalent as it is used to fund any operating deficit. Realized gains, losses, and interest income are included in investment return in the statement of revenues, expenses, and changes in net position. Associated Students' investments in LAIF are measured and reported at NAV. The investments in LAIF have no unfunded commitment, no redemption frequency, and no redemption notice period as of June 30, 2022.

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

### Note 4 - Leases

Associated Students leases space in the Student Union building to outside vendors for the operation of a food court and various other services with agreements ranging from 2 years to 5 years with varying optional extension periods expiring at various dates through August 2031 with interest rates between 0.28% and 1.423%.

Future maturities related to these leases are as follows:

Year Ended June 30,	Principal	Interest
2023	\$ 226,928	\$ 13,537
2024	205,329	13,237
2025	207,458	9,557
2026	205,539	6,946
2027	154,922	4,659
2028-2032	269,927	4,983
	<u>\$ 1,270,103</u>	<u>\$ 52,919</u>

Deferred inflows of resources related to leases recognized during the year ended June 30, 2022 were \$1,168,287.

Included in the above, Associated Students leased space to the University for Union use under a non-cancellable two-year agreement with a five-year option to extend at a monthly rate of \$9,827.

# ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH

## Notes to Financial Statements

Year Ended June 30, 2022

### Note 4 - Leases, continued

In addition, Associated Students leases space in the Student Union building to outside vendors with varying monthly payments based on sales volume and other factors listed in the contracts. Since these contracts do not contain payments that are fixed in substance, they do not meet the criteria for recognition in the statement of net position. Associated Students also leases space on a short-term basis with contracts that do not meet the criteria for recognition in the statement of net position. Leases with varying lease payments and short-term leases are recognized as revenue in the period in which the payments relate.

Associated Students recognized \$429,311 of revenue, included in sales and services of auxiliary enterprises on the statement of revenues, expenses, and changes in net position, for all leases during the year ended June 30, 2022.

### Note 5 - Investments

Associated Students' investment policy is to earn a rate of return consistent with a safety objective of 100% preservation of capital. Associated Students can invest in the following:

- Repurchase agreements using the U.S. Government or any of its agencies
- U.S. Treasury and Federal agency securities with maturities of one year or less
- Banker's acceptances eligible for purchase by the Federal Reserve
- Certificates of deposit (not to exceed \$100,000 per institution)
- Equities (with market capitalization in excess of \$100 million or foreign entities, real estate investment trusts, and commodities up to 15% of the asset allocation)
- Notes and bonds due in one year or less (not rated less than P-1 or A-1 by Moody's or Standard & Poor's)
- Money market accounts
- Mutual funds
- Local Agency Investment Fund (LAIF)

Long-term investments consist of the following:

Equities	\$	1,821,171
Mutual funds		780,408
Real Estate Investment Trusts (REIT)		591,920
Fixed income		113,859
	\$	<u>3,307,358</u>

The fair market value of investments is categorized as follows:

	Level 1	Level 2	Level 3	NAV	Total
Equities:					
Small cap - domestic	\$ 266,057	\$ -	\$ -	\$ -	266,057
Mid cap - domestic	153,891	-	-	-	153,891
Large cap - domestic	1,092,149	-	-	-	1,092,149
Mid cap - foreign	39,921	-	-	-	39,921
Large cap - foreign	269,153	-	-	-	269,153
Fixed Income:					
Corporate bonds - domestic	113,859	-	-	-	113,859
Mutual Funds:					
Bond funds	780,408	-	-	-	780,408
REIT - domestic	591,920	-	-	-	591,920
	<u>\$ 3,307,358</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,307,358</u>

# ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH

## Notes to Financial Statements

Year Ended June 30, 2022

### Note 6 - Capital Assets

Capital assets consist of the following:

Description	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022
Cost:				
Leasehold improvements	\$ 6,570,876	\$ -	\$ -	\$ 6,570,876
Equipment	3,674,486	231,810	-	3,906,296
Building	70,757	-	-	70,757
Total cost	10,316,119	231,810	-	10,547,929
Total accumulated depreciation	4,815,808	604,483	-	5,420,291
Capital assets, net	\$ 5,500,311	\$ (372,673)	\$ -	\$ 5,127,638

### Note 7 - Other Post-Employment Benefits (OPEB) Plan

#### General Information about the OPEB Plan

*Plan Description* – Associated Students participates in the Auxiliaries Multiple Employer Voluntary Employees' Beneficiary Association (VEBA) Trust, to fund the cost of health and welfare benefits provided to its employees, who have completed one month of continuous employment, defined as having worked 11 full days within one month, with group health insurance under a postretirement benefit plan. Associated Students' employees who reach age 50 with 10 years of full-time employment are eligible to receive lifetime medical and dental insurance coverage upon retirement. Spouses of eligible retirees are also eligible for life.

*Eligibility and Benefits Provided* – Associated Students pays a portion of the health care premium for an eligible retiree and an eligible retiree plus spouse. Eligibility is determined as at least 50 years of age with five years of service. Associated Students' portion of the health care premium is multiplied by a percentage factor as defined in the following table, but not to exceed the Associated Students' dollar maximum as defined in the funding policy below.

<u>Plan</u>	<u>Percentage Factor</u>
I (Unequal Method)	5% multiplied by the number of calendar years from 8/1/2000 (including 2000) until the year of contribution (to a maximum of 20 years)
II (Vesting Schedule)	5% multiplied by the number of years of service at retirement with the following limits of the definition of "number of years of service at retirement" Minimum – 10 Maximum – 20

Plan I contains all participants who are not in Plan II. Plan II contains: a) all participants hired on or after July 1, 2003, b) all participants hired before July 1, 2003 and retired prior to August 1, 2000, and c) all participants hired before July 1, 2003 and retired on or after August 1, 2000, if elected such plan. Employees hired on or after January 1, 2013 are ineligible for benefits under the defined benefit healthcare plan for retirees.

*Funding Policy* – For the year ended June 30, 2022, Associated Students' share of the monthly medical premiums was limited to \$816 (single), \$1,548 (two parties), and \$1,985 (families). For the year ended June 30, 2022, Associated Students' share of the monthly dental premiums was limited to \$18 (single), \$30 (two parties), and \$44 (families) for its HMO plan and \$60 (single), \$58 (two parties), and \$115 (families) for its PPO plan. Retirees are responsible for premiums in excess of Associated Students' share.

# ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH

## Notes to Financial Statements

Year Ended June 30, 2022

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### Note 7 - Other Post-Employment Benefits (OPEB) Plan, continued

#### OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

Associated Students' contribution to the defined benefit healthcare plan is annually approved by the Business and Finance Committee. During the fiscal year ended June 30, 2022, Associated Students made \$100,000 of contributions to the VEBA Trust. In addition, Associated Students paid \$458,560 for retiree benefit expenses in the fiscal year ended June 30, 2022.

Associated Students' annual OPEB cost is an amount actuarially determined in accordance with GASB Statement No. 75. The actuarially determined contribution (ADC) is an amount actuarially determined by the Actuarial Standards of Practice and applicable Federal and State laws. The ADC 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 30 years.

At June 30, 2022, Associated Students reported a net OPEB liability of \$4,636,940 per the GASB actuarial report. The net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021. The total plan fiduciary net position (assets) as a percentage of the total OPEB liability was 37% or \$2,773,506 as of June 30, 2022.

The census data as of June 2022 used in the measurement of the total OPEB liability included 25 active members, average age of 50 and average years of service of 16, and 13 retired members including seven under age 65, six age 65 and over, and an average age of 61, for a grand total of 38 members.

For the year ended June 30, 2022, Associated Students recognized OPEB recovered expense of \$632,833. At June 30, 2022, Associated Students reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 685,724	\$ (2,863,629)
Net difference between projected and actual earnings on investments	670,907	(311,416)
Adjustments due to changes in assumptions	<u>568,575</u>	<u>(1,242,960)</u>
	<u>\$ 1,925,206</u>	<u>\$ (4,418,005)</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB resulting from employer contributions and withdrawals subsequent to the measurement date will be recognized as a net reduction of the net OPEB liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ended June 30,</u>	
2023	\$ (413,874)
2024	(415,398)
2025	(418,380)
2026	(314,576)
2027	(465,679)
Thereafter	<u>(464,892)</u>
	<u>\$ (2,492,799)</u>



## ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH

### Notes to Financial Statements

Year Ended June 30, 2022

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#### Note 7 - Other Post-Employment Benefits (OPEB) Plan, continued

##### OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB, continued

*Actuarial Assumptions* – The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Valuation Date	July 1, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	4.61% based on a blend of the long-term investment return on the OPEB Trust assets and June 2022 S&P Municipal Bond 20 Year High Grade Rate Index
Inflation Rate	1.55%
Salary Increases	3.00%
Investment Rate of Return	3.85% based on a blend of the long-term investment return on the OPEB Trust assets and June 2021 Bond Buyer 20-Bond General Obligation Index
Mortality Rate	RP 2014 Mortality Table projected to 2024 with Scale BB
Premium Increases	7.00% initial rates; 5.00% ultimate rate; five-year grading period

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate* – The following presents the net OPEB liability of the Associated Students, calculated using the discount rate of 4.61%, as well as what the Associated Students' net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (3.61%) or one percentage-point higher (5.61%) than the current rate:

Discount Rate +1% (5.61%)	
Net OPEB Liability	\$ 3,445,340
Current Discount Rate (4.61%)	
Net OPEB Liability	\$ 4,636,940
Discount Rate -1% (3.61%)	
Net OPEB Liability	\$ 6,202,026

*Sensitivity of the Net OPEB Liability to Changes in the Trend Rate* – The following presents the net OPEB liability of the Associated Students, calculated using the trend rate of 7.00%, as well as what the Associated Students' net OPEB liability would be if it were calculated using a trend rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

Trend Rate -1% (6.00%)	
Net OPEB Liability	\$ 3,385,315
Current Trend Rate (7.00%)	
Net OPEB Liability	\$ 4,636,940
Trend Rate +1% (8.00%)	
Net OPEB Liability	\$ 6,256,122

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

# ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH

## Notes to Financial Statements

Year Ended June 30, 2022

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### Note 8 - Pension Plan

#### General Information about the Pension Plan

*Plan Descriptions* – All qualified permanent and probationary employees are eligible to participate in the Associated Students miscellaneous cost-sharing multiple-employer defined benefit pension plan (Plan) administered by CalPERS. Benefit provisions under the Plan are established by State statute and Local Government 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.

The Plan's provisions and benefits in effect at June 30, 2022, are summarized as follows:

	<u>Tier 1</u>	<u>Tier 2</u>	<u>PEPRA</u>
Hire date	3/1/1967	10/1/2008	1/1/2013
Benefit formula	2.00% @ 55	2.00% @ 60	2.00% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly	Monthly	Monthly
Retirement age	50	50	50
Monthly benefits, as a % of eligible compensation	2.00%	2.00%	2.00%
Required employee contribution rates	5.00%	5.00%	7.88%
Required employer contribution rates	13.746%	11.442%	7.250%

*Contributions* – Section 20814(c) of the California Public Employees' Retirement Law 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. Funding contributions are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Associated Students is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2021 (the measurement date), the active employee contribution rate is 5.00% of annual pay for Tier 1 and Tier 2 and 7.88% of annual pay for PEPRA, and the average employer's contribution rate is 10.81% 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, 2022, the contributions paid to the Plan were as follows:

Contributions - employer	\$	863,293
Contributions - employee (paid by employer)	\$	15,600

# ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH

## Notes to Financial Statements

Year Ended June 30, 2022

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### Note 8 - Pension Plan, continued

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

As of June 30, 2022, Associated Students reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

Net Pension Liability	\$ 3,258,694
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The Associated Students net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2021, and the total pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. Associated Students' proportion of the net pension liability was based on a projection of Associated Students' long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. Associated Students' proportionate share of the net pension liability for each Plan as of June 30, 2020 and 2021 was as follows:

Proportion - June 30, 2020	0.13950%
Proportion - June 30, 2021	0.17162%
Change - Increase	0.03212%

For the year ended June 30, 2022, Associated Students recognized pension expenses of \$187,313. At June 30, 2022, Associated Students reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 268,590	\$ -
Adjustments due to difference in actual and projected contributions	-	(171,364)
Adjustments due to difference in proportions	110,756	(861,689)
Net differences between projected and actual earnings on plan investments	-	(2,090,839)
Net pension contributions subsequent to measurement date	<u>863,294</u>	<u>-</u>
	<u>\$ 1,242,640</u>	<u>\$ (3,123,892)</u>

The \$863,294 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. All other deferred inflows of resources or deferred outflows of resources are amortized over the expected remaining service life (EARSL) of the plan participants. The EARSL for the June 30, 2021 measurement date is 3.7 years. Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2022	\$ 80,570
2023	(694,710)
2024	(689,312)
2025	<u>(577,800)</u>
	<u>\$ (1,881,252)</u>

# ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH

## Notes to Financial Statements

Year Ended June 30, 2022

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### Note 8 - Pension Plan, continued

*Actuarial Assumptions* – The total pension liability in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation Rate	2.50%
Salary Increases	Varies by entry age and service
Investment Rate of Return	22.40%, net of pension plan investment expenses, including inflation
Mortality Rate Table	Derived using CalPERS Membership Data for all Funds
Post-Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report.

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

*Discount Rate* – The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% 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 GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.15% 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 including administrative expenses would have been 6.50%. Using this higher discount rate has resulted in a slightly lower 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.

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 adjusted to account for assumed administrative expenses.

## ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH

### Notes to Financial Statements

Year Ended June 30, 2022

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#### Note 8 - Pension Plan, 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.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (1)</u>	<u>Real Return Years 11+ (2)</u>
Public Equity	50.00%	4.80%	5.98%
Fixed Income	28.00	1.00	2.62
Inflation Assets	0.00	0.77	1.81
Private Equity	8.00	6.30	7.23
Real Assets	13.00	3.75	4.93
Liquidity	1.00	0.00	(0.92)

(1) An expected inflation of 2.00% used for this period.

(2) An expected inflation of 2.92% used for this period.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* – The following presents the net pension liability of the Associated Students' for each Plan, calculated using the discount rate of 7.15%, as well as what the Associated Students' net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.15%) or one percentage-point higher (8.15%) than the current rate:

Discount Rate -1% (6.15%)	
Net Pension Liability	\$ 15,496,566
Current Discount Rate (7.15%)	
Net Pension Liability	\$ 3,258,694
Discount Rate +1% (8.15%)	
Net Pension Liability	\$ (957,848)

*Pension Plan Fiduciary Net Position* – Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, CA 95814.

#### Note 9 - Contingencies

##### Grant Programs

The Center participates in Federal and State grant programs that are subject to review and audit by the grantor agencies, which could result in requests for reimbursement to grantor agencies for disallowed expenses. Management believes that it has adhered to the terms of its grants and that any disallowed expenses resulting from such review would not have a material effect on the statement of net position of Associated Students.

##### Litigation

From time to time, Associated Students is subject to various litigation as a result of their activities. Management believes that the outcome of any such litigation will not have a material adverse effect on Associated Students' financial position, changes in net position, or liquidity.

## **ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**

### **Notes to Financial Statements**

Year Ended June 30, 2022

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#### **Note 9 - Contingencies, continued**

##### Coronavirus Pandemic

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States of America (U.S.) has caused business disruption through mandated and voluntary closings of businesses and shelter-in-place orders, including California, where Associated Students is headquartered. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of business closures, shelter-in-place orders, and the ultimate impact of governmental initiatives. It is at least reasonably possible that this matter will negatively impact Associated Students. However, the financial impact and duration cannot be reasonably estimated at this time.

Associated Students has implemented risk mitigation tactics for Associated Students as to the risk of the impact of COVID-19 related to all aspects of Associated Students' business transactions with customers and vendors and human interaction within and outside of Associated Students.

Continued partial closure of commercial programs, such as the Student Recreation and Wellness Center and Student Union, will have ongoing impacts to Associated Students' revenues. These facilities, and the various services within them, typically generate about 10% of Associated Students' overall operating revenue and were dormant for half of the fiscal year ended June 30, 2022. Management has taken these factors into consideration when preparing the consolidated operating budget, revenue projections, and planned expenses for the fiscal year ended June 30, 2023. Associated Students is confident it can continue to navigate these impacts through expense reductions which primarily fall within the areas of student payroll, non-critical capital expenditures, travel and professional development funds, and reserve allocations in excess of policy requirements.

Relatedly, several of Associated Students' business vendors that operate storefronts in the Student Union are experiencing some reduction of revenues due to the partial closure, requiring adjustment of their lease agreements. This is a measure Associated Students is taking in support of their needs and in recognition that a shared approach to managing the impacts of COVID-19 will help sustain these businesses for an eventual full reopening when it is feasible and allowed by health and safety officials.

Through these measures, Associated Students believes it will be able to manage the financial strains of COVID-19 through the mentioned expense reductions while not utilizing reserve funds during the fiscal year ending June 30, 2023.

Aside from a strict look at Associated Students' fiscal health, it is important to note that Associated Students' primary stakeholders – students, student leaders, and customers of commercial operations (who are mostly comprised of students) – are navigating about 10% virtual learning and virtual student engagement that may dictate a long-term adjustment in how services are delivered upon a full repopulation on the physical campus. Through this pandemic, Associated Students' staff have effectively transitioned programming and, in some contexts, have learned how to operate more efficiently and, potentially, more effectively on a long-term basis. This is one potential impact that will continue to be monitored moving forward.

# ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH

## Notes to Financial Statements

Year Ended June 30, 2022

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### Note 10 - Transactions with Affiliates

Associated Students enters into transactions with the University. During the year ended June 30, 2022, Associated Students paid the University for salaries, utilities, information technology management, and reimbursements for special events and students' activities. Associated Students leased space to the University for Union use. Accounts payable and accrued expense balance includes amounts from accounts payable, accrued expenses, and the total balance of funds held for affiliates on the statement of net position.

Payments made (received) were as follows:

Payments made to the University	\$ 1,956,127
Payments received from the University	<u>(15,811,951)</u>
Net payments received from the University	<u>\$ (13,855,824)</u>

Amounts receivable (payable) are as follows:

University:	
Accounts receivable	\$ 11,280
Accounts payable and accrued expenses	\$ (1,722,982)

## SUPPLEMENTAL INFORMATION



**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Schedule of Associated Students' Proportionate Share of Net Pension Liability (Unaudited)**

Year Ended June 30, 2022

Net pension liability and fiduciary net position are allocated to the plan based on its proportion of the Miscellaneous Risk Pool. However, GASB 68 requires that employers report certain proportions as a percentage of the total plan (PERF C, excluding the 1959 Survivors Risk Pool), which includes both the Miscellaneous and Safety Risk Pools. All cost-sharing public agency plans, are categorized as either Miscellaneous or Safety within PERF C. Proportions shown in the table below represent the plan's proportion of PERF C, excluding the 1959 Survivors Risk Pool, and not its proportion of the Miscellaneous Risk Pool.

	2022	2021	2020	2019	2018
Proportion of the Net Pension Liability	0.34173%	0.14044%	0.14028%	0.12795%	0.12370%
Proportionate Share of the Net Pension Liability	\$ 3,258,694	\$ 5,884,167	\$ 5,410,868	\$ 4,945,778	\$ 5,060,856
Covered-Employee Payroll	\$ 4,126,524	\$ 3,755,610	\$ 3,963,057	\$ 3,744,773	\$ 3,651,297
Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	78.97%	156.68%	136.53%	132.07%	138.60%
Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	103.94%	103.19%	101.81%	101.22%	138.60%
Proportionate Share of Aggregate Employer Contributions	\$ 862,331	\$ 801,742	\$ 723,904	\$ 621,910	\$ 580,206

Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH****Schedule of Associated Students' Contributions (Unaudited)**Year Ended June 30, 2022

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**Schedule of Plan Contributions**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 862,331	\$ 801,742	\$ 723,904	\$ 621,910	\$ 580,206
Contributions in Relation to the Actuarially Determined Contribution	<u>(863,293)</u>	<u>(776,742)</u>	<u>(741,253)</u>	<u>(632,323)</u>	<u>(584,262)</u>
Contribution (Surplus) Deficiency	<u>\$ (962)</u>	<u>\$ 25,000</u>	<u>\$ (17,349)</u>	<u>\$ (10,413)</u>	<u>\$ (4,056)</u>
Covered-Employee Payroll	\$ 4,126,524	\$ 3,755,610	\$ 3,963,057	\$ 3,744,773	\$ 3,651,297
Contributions as a Percentage of Covered-Employee Payroll	20.90%	21.35%	18.27%	16.61%	15.89%

Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Schedule of Funding Progress and Employer Contributions for Other Post-Employment Benefit Plan**  
**(Unaudited)**

Year Ended June 30, 2022

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Liability (Entry Age Normal Cost Method) (AAL)	Unfunded Actuarial Liability (UAAL)	Funding Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2021	\$ 3,335,586	\$ 8,787,720	\$ 5,452,134	37.96%	\$ 1,786,020	305.27%
7/1/2019	\$ 2,096,408	\$ 7,475,551	\$ 5,379,143	28.04%	\$ 1,757,712	306.03%
7/1/2017	\$ 1,089,905	\$ 9,930,628	\$ 8,840,723	10.98%	\$ 1,820,220	485.70%

Schedule of Employer Contributions

Year Ended June 30	Actuarial Determined Contribution	Contribution in Relation to Actuarially Required	Contribution Deficiency	Covered Payroll	Percentage of Covered Payroll Contributed
2022	\$ 425,372	\$ 100,000	\$ (325,372)	\$ 1,786,020	5.60%
2021	\$ 832,562	\$ 550,000	\$ (282,562)	\$ 1,810,443	30.38%
2020	\$ 20,675	\$ -	\$ (20,675)	\$ 1,757,712	0.00%
2019	\$ 619,590	\$ 600,000	\$ (19,590)	\$ 1,397,280	42.94%
2018	\$ 575,891	\$ 250,000	\$ (325,891)	\$ 1,820,220	13.73%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no other data prior to 2018 is available. However, additional years will be included as they become available.

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**

**Schedule of Changes in Other Post-Employment Benefit Obligation Liability (Unaudited)**

Year Ended June 30, 2022

**Schedule of Changes in Net OPEB Liability and Related Ratios**

Year Ended June 30:	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 58,513	\$ 15,647	\$ 13,954	\$ 159,147	\$ 156,713
Interest cost	321,261	319,265	461,764	458,128	438,800
Benefit payments	(325,372)	(282,562)	(20,675)	(19,590)	(213,591)
Differences between expected and actual experience	480,651	(31,305)	(3,495,782)	(284,656)	(112,300)
Change in assumptions	<u>(1,410,534)</u>	<u>52,036</u>	<u>528,830</u>	<u>275,866</u>	<u>(64,390)</u>
Net change in Total OPEB Liability	(875,481)	73,081	(2,511,909)	588,895	205,232
Total OPEB Liability - beginning	<u>8,285,927</u>	<u>8,212,846</u>	<u>10,724,755</u>	<u>10,135,860</u>	<u>9,930,628</u>
Total OPEB Liability - ending	<u>\$ 7,410,446</u>	<u>\$ 8,285,927</u>	<u>\$ 8,212,846</u>	<u>\$ 10,724,755</u>	<u>\$ 10,135,860</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 100,000	\$ 550,000	\$ -	\$ 600,000	\$ 250,000
Net investment income (expense)	(647,723)	625,752	85,160	85,960	78,223
Administrative expense	<u>(14,357)</u>	<u>(11,798)</u>	<u>(9,936)</u>	<u>(7,680)</u>	<u>-</u>
Net Change in Fiduciary Net Position	(562,080)	1,163,954	75,224	678,280	328,223
Plan Fiduciary Net Position - beginning	<u>3,335,586</u>	<u>2,171,632</u>	<u>2,096,408</u>	<u>1,418,128</u>	<u>1,089,905</u>
Plan Fiduciary Net Position - ending	<u>\$ 2,773,506</u>	<u>\$ 3,335,586</u>	<u>\$ 2,171,632</u>	<u>\$ 2,096,408</u>	<u>\$ 1,418,128</u>
Net OPEB Liability	<u>\$ 4,636,940</u>	<u>\$ 4,950,341</u>	<u>\$ 6,041,214</u>	<u>\$ 8,628,347</u>	<u>\$ 8,717,732</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	37.43%	40.26%	26.44%	19.55%	13.99%
Covered Employee Payroll	1,786,020	1,810,443	1,757,712	1,397,280	1,820,220
Plan Net OPEB Liability as a Percentage of Covered Employee Payroll	259.62%	273.43%	343.70%	617.51%	478.94%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no other data prior to 2018 is available. However, additional years will be included as they become available.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Audit Committee  
Associated Students, Inc., California State University, Long Beach

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Associated Students, Inc., California State University, Long Beach (Associated Students), which comprise the statement of net position for the year ended June 30, 2022, and the related statements of revenues, expenses, and changes net position, and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated September 19, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Associated Students' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Associated Students' internal control. Accordingly, we do not express an opinion on the effectiveness of Associated Students' internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Associated Students' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, CONTINUED

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Associated Students' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Aldrich CPAs + Advisors LLP*

San Diego, California  
September 19, 2022

**INFORMATION FOR THE CALIFORNIA STATE  
UNIVERSITY CHANCELLOR'S OFFICE**

# ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH

## Schedule of Net Position

June 30, 2022

(for inclusion in the California State University)

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### Assets:

#### Current assets:

Cash and cash equivalents	590,247
Short-term investments	15,491,329
Accounts receivable, net	120,712
Lease receivables, current portion	213,391
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	219,718
<b>Total current assets</b>	<b>16,635,397</b>

#### Noncurrent assets:

Restricted cash and cash equivalents	-
Accounts receivable, net	-
Lease receivables, net of current portion	1,003,793
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	3,307,358
Capital assets, net	5,127,638
Other assets	-
<b>Total noncurrent assets</b>	<b>9,438,789</b>
<b>Total assets</b>	<b>26,074,186</b>

#### Deferred outflows of resources:

Unamortized loss on debt refunding	-
Net pension liability	1,242,640
Net OPEB liability	1,925,206
Leases	-
Others	-
<b>Total deferred outflows of resources</b>	<b>3,167,846</b>



**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH****Schedule of Net Position**

June 30, 2022

(for inclusion in the California State University)

**Liabilities:****Current liabilities:**

Accounts payable	1,080,529
Accrued salaries and benefits	71
Accrued compensated absences, current portion	349,657
Unearned revenues	5,700
Lease liabilities, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	1,422,690
Other liabilities	223,426
<b>Total current liabilities</b>	<b>3,082,073</b>

**Noncurrent liabilities:**

Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Lease liabilities, 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	-
Net other postemployment benefits liability	4,636,940
Net pension liability	3,258,694
Other liabilities	-
<b>Total noncurrent liabilities</b>	<b>7,895,634</b>
<b>Total liabilities</b>	<b>10,977,707</b>

**Deferred inflows of resources:**

Service concession arrangements	-
Net pension liability	3,123,892
Net OPEB liability	4,418,005
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	1,168,287
Others	-
<b>Total deferred inflows of resources</b>	<b>8,710,184</b>

**Net position:**

Net investment in capital assets	5,127,638
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	1,170,307
Debt service	-
Others	10,325,312
Unrestricted	(7,069,116)
<b>Total net position</b>	<b>9,554,141</b>

See independent auditor's report.

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH****Schedule of Revenues, Expenses, and Changes in Net Position**

Year Ended June 30, 2022

(for inclusion in the California State University)

**Revenues:****Operating revenues:**

Student tuition and fees, gross	-
Scholarship allowances (enter as negative)	-

**Grants and contracts, noncapital:**

Federal	172,086
State	329,378
Local	-
Nongovernmental	-
Sales and services of educational activities	101,439
Sales and services of auxiliary enterprises, gross	1,338,315
Scholarship allowances (enter as negative)	-
Other operating revenues	15,462,961

**Total operating revenues** 17,404,179

**Expenses:****Operating expenses:**

Instruction	-
Research	-
Public service	-
Academic support	-
Student services	11,297,943
Institutional support	1,655,617
Operation and maintenance of plant	548,290
Student grants and scholarships	677,442
Auxiliary enterprise expenses	321,350
Depreciation and amortization	604,483

**Total operating expenses** 15,105,125

**Operating income (loss)** 2,299,054

**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	(341,494)
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses)	13,236

**Net nonoperating revenues (expenses)** (328,258)

**Income (loss) before other revenues (expenses)** 1,970,796

State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-

**Increase (decrease) in net position** 1,970,796

**Net position:**

Net position at beginning of year, as previously reported	7,583,345
Restatements	-

**Net position at beginning of year, as restated** 7,583,345

**Net position at end of year** 9,554,141



# ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH

## Other Information

June 30, 2022

(for inclusion in the California State University)

### 2.2 Fair value hierarchy in investments:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ 70,741	70,741	-	-	-
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	113,859	113,859	-	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	780,408	780,408	-	-	-
Exchange traded funds	-	-	-	-	-
Equity securities	1,821,171	1,821,171	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	591,920	591,920	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment	-	-	-	-	-
Other external investment pools	-	-	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	15,420,588	-	-	-	15,420,588
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments:					
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Total Other investments	\$ -	-	-	-	-
<b>Total investments</b>	<b>18,798,687</b>	<b>3,378,099</b>	<b>-</b>	<b>-</b>	<b>15,420,588</b>

### 2.3 Investments held by the University under contractual agreements:

	Current	Noncurrent	Total
Investments held by the University under contractual agreements e.g. - CSU Consolidated Investment Pool (formerly SWIFT):	-	- \$	-





**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**

**Other Information**

June 30, 2022

(for inclusion in the California State University)

4 Long-term liabilities:

	Balance June 30,2021	Prior Period Adjustments/ Reclassifications	Balance June 30,2021 (Restated)	Additions	Reductions	Balance 6/30/2022	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 338,094	-	338,094	259,108	(247,545)	\$ 349,657	\$ 349,657	\$ -
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations:								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
<b>Total capital lease obligations</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	\$ -	-	-	-	\$ -	-	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Others:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
<b>Sub-total long-term debt</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.5 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
<b>Total long-term debt obligations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5. Lease Liabilities								
<b>Total long-term liabilities</b>						349,657	349,657	-
Lease liabilities	Balance	Additions	Remeasurements	Reductions	Balance	Current Portion	Noncurrent Portion	
Total	\$ -	-	-	-	\$ -	-	-	

5 Lease Liabilities schedule:

	Lease Liabilities related to SRB			All other lease liabilities			Total lease liabilities		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
<b>Year ending June 30:</b>									
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028 - 2032	-	-	-	-	-	-	-	-	-
2033 - 2037	-	-	-	-	-	-	-	-	-
2038 - 2042	-	-	-	-	-	-	-	-	-
2043 - 2047	-	-	-	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
<b>Total minimum lease payments</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Less: amounts representing interest									-
<b>Present value of future minimum lease payments</b>									<b>-</b>
<b>Total lease liabilities</b>									<b>-</b>
Less: current portion									-
<b>Lease liabilities, net of current portion</b>									<b>\$ -</b>

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**

**Other Information**

June 30, 2022

(for inclusion in the California State University)

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
<b>Year ending June 30:</b>									
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028 - 2032	-	-	-	-	-	-	-	-	-
2033 - 2037	-	-	-	-	-	-	-	-	-
2038 - 2042	-	-	-	-	-	-	-	-	-
2043 - 2047	-	-	-	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
<b>Total minimum payments</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Less: amounts representing interest									-
<b>Present value of future minimum payments</b>									-
Unamortized net premium (discount)									-
<b>Total long-term debt obligations</b>									-
Less: current portion									-
<b>Long-term debt obligations, net of current portion</b>									-

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	5,500
Payments to University for other than salaries of University personnel	1,638,660
Payments received from University for services, space, and programs	15,811,951
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	311,967
Accounts (payable to) University (enter as negative number)	(1,722,982)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University (enter as positive number)	11,280
Other amounts receivable from University (enter as positive number)	-

8 Restatements

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

Restatement #	Enter transaction description	Debit/(Credit)
Restatement #1	Enter transaction description	
		-
Restatement #2	Enter transaction description	
		-



