

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

Financial Statements and Supplemental Information

Year Ended June 30, 2020



**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Financial Statements and Supplemental Information**  
Year Ended June 30, 2020

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Associated Students, Inc., California State University, Long Beach (a nonprofit organization, referred to as "Associated Students"), which comprise the statement of net position as of June 30, 2020, and 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.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Associated Students, Inc., California State University, Long Beach as of June 30, 2020, 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.

### ***Emphasis of Matter***

As described in Note 11 to the financial statements, on March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time. Our opinion is unmodified with respect to that matter.

## INDEPENDENT AUDITORS' REPORT, CONTINUED

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require management's discussion and analysis on pages 3 - 9, the schedule of Associated Students' proportionate share of net pension liability on page 28, the schedule of Associated Students' contributions on page 29, the schedule of funding progress and employer contributions for other post-employment benefits plan on page 30, and the schedule of changes in other post-employment benefit obligation liability on page 31 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information for the California State University Chancellor's Office, beginning on page 34, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2020, on our consideration of Associated Students' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Associated Students' internal control over financial reporting and compliance.

*Aldrich CPAs + Advisors LLP*

San Diego, California  
September 18, 2020

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Management's Discussion and Analysis**  
Year Ended June 30, 2020

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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, 2020. 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 liabilities 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, 2020

*Analytical Overview*

A summary of key financial statement information is presented below:

	2020	2019	Increase (Decrease)	Percent Change
<b>Assets:</b>				
Current assets	\$ 9,019,597	\$ 8,221,070	\$ 798,527	10%
Long-term investments	3,018,861	3,034,536	(15,675)	(1%)
Capital assets, net of accumulated depreciation	6,202,079	5,617,828	584,251	10%
<b>Total Assets</b>	<b>18,240,537</b>	<b>16,873,434</b>	<b>1,367,103</b>	<b>8%</b>
Deferred Outflows of Resources	1,262,555	911,431	351,124	39%
<b>Liabilities:</b>				
Current liabilities	2,508,720	2,804,358	(295,638)	(11%)
Other post-employment benefits liability	6,041,214	8,628,347	(2,587,133)	(30%)
Net pension liability	5,410,868	4,945,778	465,090	9%
<b>Total Liabilities</b>	<b>13,960,802</b>	<b>16,378,483</b>	<b>(2,417,681)</b>	<b>(15%)</b>
Deferred Inflows of Resources	4,038,146	511,834	3,526,312	689%
<b>Net Position:</b>				
Net investment in capital assets	6,202,079	5,617,828	584,251	10%
Restricted for:				
Expendable:				
Capital projects	687,191	694,572	(7,381)	(1%)
Others	6,733,954	7,288,312	(554,358)	(8%)
Unrestricted	(12,119,080)	(12,706,164)	587,084	5%
<b>Total Net Position</b>	<b>\$ 1,504,144</b>	<b>\$ 894,548</b>	<b>\$ 609,596</b>	<b>68%</b>

The increase in the current assets is mainly due to the amount of cash in the checking account compared to last year. There was no contribution to the Auxiliaries Multiple Employer Voluntary Employees Benefit Association (VEBA) Plan during the year which resulted in a higher ending balance.

The increase in capital assets and related net investment in capital assets reflects the investment in capital improvements, specifically the mechanical, electrical, and plumbing (MEP) project for the University Student Union (Union). In addition, investments in equipment for the Student Recreation and Wellness Center (SRWC) were part of the increase along with the pool regrot.

The increase in deferred outflows of resources is due to improved market conditions for the pool of funds for the California Public Employees' Retirement System (CalPERS) as well as changes in actuarial assumptions and the difference between actual versus projected contributions to the pension fund.

The decrease in the current liabilities is due to the decrease in the amount of outstanding invoices at the end of the year due to the closure of Union.

The increase in deferred inflows and decrease in other post-employment benefits (OPEB) liability is due to reduced medical premium rates resulting in a lower overall OPEB liability valuation.

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Management's Discussion and Analysis**  
Year Ended June 30, 2020

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The increase in net position was due to an overall positive change in net position. This was lower than the positive change in net position in the prior year primarily due to decreased operating income and increased operating expense in comparison to the prior year. The overall positive ending net position is primarily due to the beginning net position that was carried over from prior years.

Operating Results  
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Revenues:				
Operating revenues	\$ 16,773,287	\$ 16,639,812	\$ 133,475	1%
Non-operating revenues	<u>222,582</u>	<u>422,218</u>	<u>(199,636)</u>	<u>(47%)</u>
Total Revenues	16,995,869	17,062,030	(66,161)	(0%)
Expenses:				
Operating expenses	<u>16,386,273</u>	<u>16,233,828</u>	<u>152,445</u>	1%
Change in Net Position	609,596	828,202	(218,606)	(26%)
Net Position, beginning	<u>894,548</u>	<u>66,346</u>	<u>828,202</u>	1248%
Net Position, ending	<u>\$ 1,504,144</u>	<u>\$ 894,548</u>	<u>\$ 609,596</u>	68%

Operating revenues are a combination of student body fees and revenues derived from programs, user fees, and services offered by Associated Students. Approximately 85% of operating revenues are student body fees. The remaining 15% are revenues derived from programs and services.

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

There were fluctuations in some categories of operating expenses, especially in repairs and maintenance of the Union building, but the overall increase is only approximately 1% in comparison to the prior year.

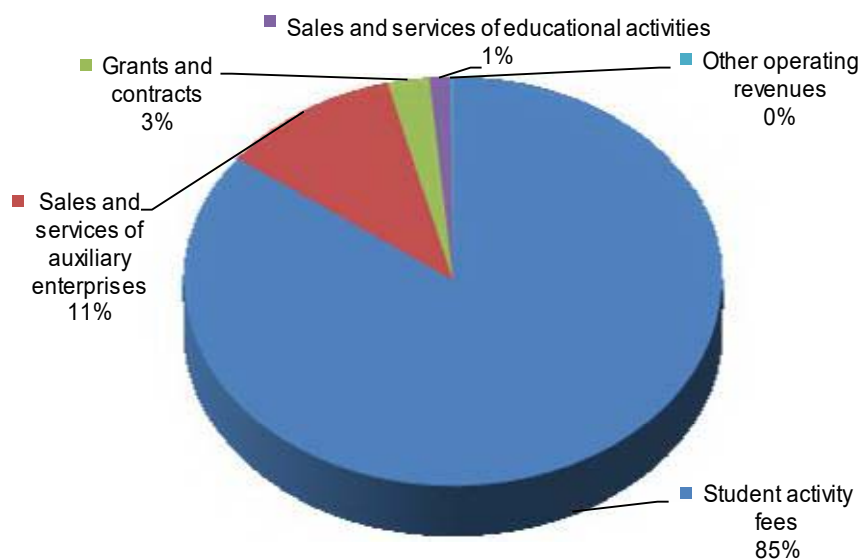
**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Management's Discussion and Analysis**  
Year Ended June 30, 2020

Operating Revenues  
Years Ended June 30, 2020 and 2019

The following is detail of operating revenues by source:

	2020	2019	Increase (Decrease)	Percent Change
Operating Revenues:				
Student activity fees	\$ 14,288,091	\$ 13,159,288	\$ 1,128,803	9%
Sales and services of auxiliary enterprises	1,822,824	2,536,635	(713,811)	(28%)
Grants and contracts	423,856	343,286	80,570	23%
Sales and services of educational activities	214,278	518,502	(304,224)	(59%)
Other operating revenues	24,238	82,101	(57,863)	(70%)
<b>Total Operating Revenues</b>	<b>\$ 16,773,287</b>	<b>\$ 16,639,812</b>	<b>\$ 133,475</b>	<b>1%</b>

The following is a graphic illustration of 2020 operating revenues by source:



The increase in student activity fees resulted due to both an increase in student enrollment and an increase in the Union's fee per student rate.

Sales and services of auxiliary enterprises revenue decreased due to closure of the Union. There were no events in the building from March to June and lease payments were not received for that period.

Grants and contracts revenue decreased as the Isabel Patterson Child Development Center was closed by mid-March and no tuition fees were collected through year-end.



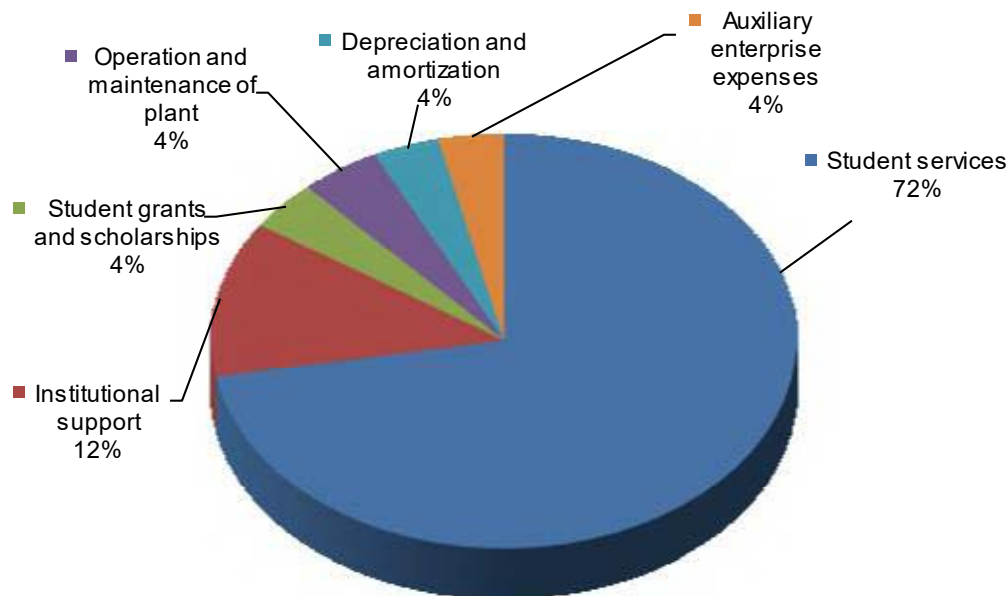
**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Management's Discussion and Analysis**  
Year Ended June 30, 2020

Operating Expenses  
Years Ended June 30, 2020 and 2019

The following is detail of operating expenses:

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating Expenses:				
Student services	\$ 11,825,272	\$ 12,100,344	\$ (275,072)	(2%)
Institutional support	2,000,216	1,666,758	333,458	20%
Student grants and scholarships	637,493	722,077	(84,584)	(12%)
Operation and maintenance of plant	727,784	707,279	20,505	3%
Depreciation and amortization	601,691	393,302	208,389	53%
Auxiliary enterprise expenses	593,817	644,068	(50,251)	(8%)
<b>Total Operating Expenses</b>	<b>\$ <u>16,386,273</u></b>	<b>\$ <u>16,233,828</u></b>	<b>\$ <u>152,445</u></b>	<b>1%</b>

The following is a graphic illustration of 2020 operating expenses:



The increase in operating expenses for institutional support is mainly due to the following: i) an increase in the new Executive Director's salary, ii) a new added position to the Associated Students' Administration, iii) the remodeling of an office for the new position, and iv) and a new conference room on the 2<sup>nd</sup> floor of the Union.

The decrease in operating expenses for operation and maintenance of plant was due to less activity resulting from the closure of facilities starting in mid-March. Fewer student employees were working after the closure and services with a cleaning contracted services company decreased during the closure.

Depreciation and amortization expense increased as the MEP project was finalized and began depreciating.

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Management's Discussion and Analysis**  
Year Ended June 30, 2020

Cash Flows  
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>	Increase (Decrease)	Percent Change
Net cash provided (used) by:				
Operating activities	\$ 1,797,162	\$ 865,669	\$ 931,493	108%
Capital and related financing activities	(1,184,167)	(2,538,129)	1,353,962	53%
Investing activities	<u>238,257</u>	<u>142,673</u>	<u>95,584</u>	67%
 Net Increase (Decrease) in Cash and Cash Equivalents	 851,252	 (1,529,787)	 2,381,039	 156%
 Cash and cash equivalents, beginning	 <u>7,939,664</u>	 <u>9,469,451</u>	 <u>(1,529,787)</u>	 (16%)
Cash and cash equivalents, ending	<u>\$ 8,790,916</u>	<u>\$ 7,939,664</u>	<u>\$ 851,252</u>	11%

The increase in net cash and cash equivalents is primarily due to the MEP project which was completed this year, resulting in lower current year cash expenditures in comparison to the prior year. In addition, there was no contribution made to the VEBA Plan in the current year while there was such a contribution in the prior year.

Capital Assets, Net  
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>	Increase (Decrease)	Percent Change
Capital Assets:				
Leasehold improvements	\$ 6,587,808	\$ 3,903,404	\$ 2,684,404	69%
Equipment	3,792,712	2,637,507	1,155,205	44%
Building	277,950	277,950	-	0%
Construction in progress	<u>-</u>	<u>2,668,156</u>	<u>(2,668,156)</u>	(100%)
 Total	 10,658,470	 9,487,017	 1,171,453	 12%
 Less Accumulated Depreciation	 <u>(4,456,391)</u>	 <u>(3,869,189)</u>	 <u>(587,202)</u>	 (15%)
Net Capital Assets	<u>\$ 6,202,079</u>	<u>\$ 5,617,828</u>	<u>\$ 584,251</u>	10%

The increase in leasehold improvements and decrease in construction in progress is mainly attributed to the MEP project which was completed this year.

The increase in equipment is attributed to upgrades in escalator and equipment purchased for the SRWC, as well as regrouting the pool at the SRWC.

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Management's Discussion and Analysis**  
Year Ended June 30, 2020

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	Net Position		Increase (Decrease)	Percent Change
	June 30, 2020 and 2019			
	2020	2019		
Net Position (Deficit):				
Net investment in capital assets	\$ 6,202,079	\$ 5,617,828	\$ 584,251	10%
Restricted for:				
Expendable:				
Capital projects	687,191	694,572	(7,381)	(1%)
Others	6,733,954	7,288,312	(554,358)	(8%)
Unrestricted	(12,119,080)	(12,706,164)	587,084	5%
Total Net Position	\$ 1,504,144	\$ 894,548	\$ 609,596	68%

The increase in net investment in capital assets reflects the investment in capital improvements, specifically the MEP project for the Union. In addition, investments in equipment for the SRWC were part of the increase along with the pool regrou.

As is the case with many businesses and organizations worldwide, the novel coronavirus (COVID-19) pandemic has had a significant impact on the operations and financial position of Associated Students. Despite this, the change in net position for the year remained positive. It was lower than the positive change in net position in the prior year primarily due to decreased operating income and increased operating expense in comparison to the prior year. The overall positive ending net position is primarily due to the beginning net position that was carried over from prior years.

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, 2020

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**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 8,790,916
Accounts receivable	119,282
Inventory	8,071
Prepaid expenses	101,328
Total Current Assets	<u>9,019,597</u>

Noncurrent Assets:

Long-term investments	3,018,861
Capital assets, net of accumulated depreciation	6,202,079
Total Noncurrent Assets	<u>9,220,940</u>
Total Assets	<u>18,240,537</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows of Resources:

Net pension liability	544,008
Net other post-employment benefits liability	718,547
Total Deferred Outflows of Resources	<u>1,262,555</u>

**LIABILITIES**

Current Liabilities:

Accounts payable	659,996
Accrued expenses	459,791
Funds held for others	1,381,883
Unearned revenues	7,050
Total Current Liabilities	<u>2,508,720</u>

Noncurrent Liabilities:

Net other post-employment benefits liability	6,041,214
Net pension liability	5,410,868
Total Noncurrent Liabilities	<u>11,452,082</u>
Total Liabilities	13,960,802

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows of Resources:

Net pension liability	552,610
Net other post-employment benefits liability	3,485,536
Total Deferred Inflows of Resources	<u>4,038,146</u>

**NET POSITION (DEFICIT)**

Net investment in capital assets	6,202,079
Restricted for:	
Expendable:	
Capital projects	687,191
Others	6,733,954
Unrestricted	<u>(12,119,080)</u>
Total Net Position	<u>\$ 1,504,144</u>

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
Year Ended June 30, 2020

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Operating Revenues:	
Student activity fees	\$ 14,288,091
Sales and services of auxiliary enterprises	1,822,824
Grants and contracts	423,856
Sales and services of educational activities	214,278
Other operating revenues	<u>24,238</u>
Total Operating Revenues	<u>16,773,287</u>
Operating Expenses:	
Student services	11,825,272
Institutional support	2,000,216
Student grants and scholarships	727,784
Operation and maintenance of plant	637,493
Depreciation and amortization	601,691
Auxiliary enterprise expenses	<u>593,817</u>
Total Operating Expenses	<u>16,386,273</u>
Operating Income	387,014
Non-Operating Revenues:	
Investment return, net	<u>222,582</u>
Change in Net Position	609,596
Net Position, beginning	<u>894,548</u>
Net Position, ending	<u>\$ 1,504,144</u>

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Statement of Cash Flows**  
Year Ended June 30, 2020

Cash Flows from Operating Activities:	
Student activity fees	\$ 14,295,799
Sales and services of auxiliary enterprises	1,838,685
Sales and services of educational activities	232,884
Other operating revenues	469,164
Payments to employees	(9,300,906)
Payments to suppliers	(5,136,773)
Payments to students	(601,691)
	1,797,162
Net Cash Provided by Operating Activities	
Cash Flows from Capital and Related Financing Activities:	
Acquisitions of capital assets	(1,185,967)
Proceeds from sale of capital assets	1,800
	(1,184,167)
Net Cash Used by Financing Activities	
Cash Flows from Investing Activities:	
Purchase of investments	(2,572,050)
Proceeds from investments	2,810,307
	238,257
Net Cash Provided by Investing Activities	
Net Increase in Cash and Cash Equivalents	
	851,252
Cash and Cash Equivalents, beginning	7,939,664
Cash and Cash Equivalents, ending	\$ 8,790,916
Cash Flows from Operating Activities:	
Operating income	\$ 387,014
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	601,691
Gain on disposal of capital assets	(1,775)
Pension loss	1,014,893
Other post-employment benefits loss	38,252
Changes in operating assets and liabilities:	
Accounts receivable	68,325
Inventory	7,309
Prepaid expenses	(22,909)
Accounts payable	(339,258)
Accrued expenses	(142,456)
Funds held for others	191,156
Unearned revenues	(5,080)
	1,797,162
Net Cash Provided by Operating Activities	
	\$ 1,797,162

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

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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. During the year ended June 30, 2020, the Center operated 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 child care services.

3) University Student Union (Union) Operations

Associated Students manages and maintains a building 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.

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

Nature of Activities, continued

4) Recycling Center Operations

Associated Students Recycling Center is a State-certified drop-off facility and redemption center, managing beverage containers and Union recycling. The Recycling Center provides a location where students and community members can donate recyclable materials and redeem their California Redemption Value beverage containers. The Recycling Center discontinued operations as of March 2020.

5) 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, filtered water fountains, and flat screens with touch technology.

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.

Use of Estimates

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

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.

Inventory

Inventory 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.



**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

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

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 \$5,000 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 Others

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.

Unearned Revenues

Unearned revenues consist of membership fees paid by staff, faculty, and alumni to the SRWC and payments to the Isabel Patterson Child Development Center collected in advance.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report 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 6 and 7 to the financial statements.

In addition to liabilities, the statement of net financial position will sometimes report 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 6 and 7 to the financial statements.

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, 2020 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 California Public Employees' Retirement System (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.

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Notes to Financial Statements**  
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**Note 1 – Organization and Summary of Significant Accounting Policies, continued**

Net Position, continued

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 income.

Student 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 fees based on cash requests made to the University during the year.

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, 2020 and therefore no amounts have been accrued.

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

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, 2020, due to the relative short maturities of these instruments.

Subsequent Events

Associated Students has evaluated subsequent events through September 18, 2020, which is the date the financial statements were available to be issued.

**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 \$7,770,848 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, 2020.

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

**Note 3 – Concentration of Credit Risk, continued**

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 – 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 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)
- 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	\$ 1,610,057
Fixed Income	570,578
Mutual Funds	346,242
Real Estate Investment Trusts (REIT)	491,984
	<u>\$ 3,018,861</u>

The fair market value of investments is categorized as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>	<u>Total</u>
Equities:					
Small cap - domestic	\$ 10,746	\$ -	\$ -	\$ -	\$ 10,746
Mid cap - domestic	180,596	-	-	-	180,596
Large cap - domestic	1,162,087	-	-	-	1,162,087
Mid cap - foreign	34,620	-	-	-	34,620
Large cap - foreign	222,008	-	-	-	222,008
Fixed Income:					
Government bonds - municipal	10,155	-	-	-	10,155
Corporate bonds - domestic	554,548	-	-	-	554,548
Asset backed securities - domestic	5,875	-	-	-	5,875
Mutual Funds:					
Bond funds	346,242	-	-	-	346,242
REIT - domestic	491,984	-	-	-	491,984
	<u>\$ 3,018,861</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,018,861</u>

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Notes to Financial Statements**  
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**Note 5 – Capital Assets**

Capital assets consist of the following:

Description	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020
Cost:				
Leasehold improvements	\$ 3,903,404	\$ 2,684,404	\$ -	\$ 6,587,808
Equipment	2,637,507	1,169,719	(14,514)	3,792,712
Building	277,950	-	-	277,950
Construction in progress	2,668,156	16,248	(2,684,404)	-
Total cost	9,487,017	3,870,371	(2,698,918)	10,658,470
Total accumulated depreciation	3,869,189	601,691	(14,489)	4,456,391
Capital assets, net	\$ 5,617,828	\$ 3,268,680	\$ (2,684,429)	\$ 6,202,079

**Note 6 – Other Post-Employment Benefits (OPEB) Plan**

General Information about the OPEB Plan

*Plan Description* – Associated Students participates in the Auxiliaries Multiple Employer VEBA (Voluntary Employees’ Beneficiary Association) 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 eleven full days within one month, with group health insurance under a postretirement benefit plan. Associated Students’ employees who reach age 50 with ten 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 5 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, 2020, Associated Students’ share of the monthly medical premiums was limited to \$767 (single), \$1,461 (two parties), and \$1,868 (families). For the year ended June 30, 2020, Associated Students’ share of the monthly dental premiums was limited to \$19 (single), \$31 (two parties), and \$46 (families) for its HMO plan and \$30 (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, 2020

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**Note 6 – 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 Board of Control. During the fiscal year ended June 30, 2020, Associated Students made no contribution to the VEBA Trust. However, Associated Students paid \$177,612 for retiree benefit expenses in the fiscal year ended June 30, 2020.

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, 2020, Associated Students reported a net OPEB liability of \$6,041,214 per the GASB actuarial report. The net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019. The total plan fiduciary net position (assets) as a percentage of the total OPEB liability was 26% or \$2,171,632 as of June 30, 2020.

The census data as of June 2020 used in the measurement of the total OPEB liability included 29 active members, average age of 50 and average years of service of 15, and 15 retired members including eight under age 65, seven age 65 and over, and an average age of 66, for a grand total of 44.

For the year ended June 30, 2020, Associated Students recognized OPEB expense of \$38,252. At June 30, 2020, 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	\$ 6,274	\$ (3,427,096)
Net difference between projected and actual earnings on investments	16,494	(12,326)
Adjustments due to changes in assumptions	<u>695,779</u>	<u>(46,114)</u>
	<u>\$ 718,547</u>	<u>\$ (3,485,536)</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, 2020.

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>	
2021	\$ (351,552)
2022	(351,554)
2023	(345,389)
2024	(346,913)
2025	(349,894)
Thereafter	<u>(1,021,687)</u>
	<u>\$ (2,766,989)</u>

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Notes to Financial Statements**  
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**Note 6 – Other Post-Employment Benefits (OPEB) Plan, continued**

*Actuarial Assumptions* – The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Valuation Date	July 1, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	3.88% based on a blend of the long-term investment return on the OPEB Trust assets and June 2020 Bond Buyer 20-Bond General Obligation Index
Inflation Rate	2.00%
Salary Increases	3.00%
Investment Rate of Return	4.30% based on a blend of the long-term investment return on the OPEB Trust assets and June 2019 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; 5-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 3.88%, as well as what the Associated Students' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.88%) or 1 percentage-point higher (4.88%) than the current rate:

Discount Rate -1% (2.88%)	
Net OPEB Liability	\$ 7,775,767
Current Discount Rate (3.88%)	
Net OPEB Liability	\$ 6,041,214
Discount Rate +1% (4.88%)	
Net OPEB Liability	\$ 4,720,588

*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 1 percentage-point lower (6.00%) or 1 percentage-point higher (8.00%) than the current rate:

Trend Rate -1% (6.00%)	
Net OPEB Liability	\$ 4,654,064
Current Trend Rate (7.00%)	
Net OPEB Liability	\$ 6,041,214
Trend Rate +1% (8.00%)	
Net OPEB Liability	\$ 7,835,721

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, 2020

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**Note 7 – 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, 2020, are summarized as follows:

	Tier 1	Tier 2	PEPRA
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, 2019 (the measurement date), the active employee contribution rate is 5.00 percent of annual pay for Tier 1 and Tier 2 and 7.88 percent of annual pay for PEPRA, and the average employer's contribution rate is 10.81 percent of annual payroll. Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

For the year ended June 30, 2020, the contributions recognized as part of pension expense for the Plan were as follows:

Contributions - employer	\$	387,054
Contributions - employee (paid by employer)	\$	20,750



**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

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**Note 7 – Pension Plan, continued**

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

As of June 30, 2020, Associated Students reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

Net Pension Liability	\$ 5,410,868
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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, 2019, and the total pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 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, 2018 and 2019 was as follows:

Proportion - June 30, 2018	0.13123%
Proportion - June 30, 2019	0.13512%
Change - Increase	0.00389%

For the year ended June 30, 2020, Associated Students recognized pension expense of \$1,200,531. At June 30, 2020, 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	\$ 326,447	\$ -
Adjustments due to changes in assumptions	156,826	-
Adjustments due to difference in actual and projected contributions	54,893	-
Adjustments due to difference in proportions	-	(463,535)
Differences between projected and actual earnings on plan investments	-	(89,075)
Net pension contributions subsequent to measurement date	<u>5,842</u>	<u>-</u>
	<u>\$ 544,008</u>	<u>\$ (552,610)</u>

The \$5,842 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2020	\$ 274,200
2021	(141,580)
2022	(58,518)
2023	(82,704)
Thereafter	<u>-</u>
	<u>\$ (8,602)</u>

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

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**Note 7 – Pension Plan, continued**

*Actuarial Assumptions* – The total pension liability in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
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	6.50%, 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 2017 experience study report.

All other actuarial assumptions used in the June 30, 2018 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 rounded down to the nearest one quarter of one percent.

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

**Note 7 – 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.

Asset Class	New Strategic Allocation	Real Return Years 1-10 (1)	Real Return Years 11+ (2)
Global 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
Infrastructure and Forestland			
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 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

Discount Rate -1% (6.15%)		
Net Pension Liability	\$	9,010,533
Current Discount Rate (7.15%)		
Net Pension Liability	\$	5,410,868
Discount Rate +1% (8.15%)		
Net Pension Liability	\$	2,816,528

*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 P Street, Sacramento, CA 95814.

**Note 8 – Operating Leases**

Associated Students leases space in the Union building to outside vendors for the operation of a food court. Leases with the vendors expire at various dates through June 2023. The monthly payments vary based on sales volume and other factors included in the contracts. Future minimum lease payments to be received are as follows:

Year Ended June 30,		
2021	\$	102,282
2022		38,835
2023		38,835
	\$	179,952

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

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**Note 9 – Contingencies**

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.

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.

**Note 10 – Transactions with Affiliates**

Associated Students enters into transactions with the University. During the year ended June 30, 2020, 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 others on the statement of net position.

Payments made (received) were as follows:

Payments made to the University	\$ 2,495,003
Payments received from the University	<u>(259,686)</u>
Net payments made to the University	<u>\$ 2,235,317</u>

Amounts receivable (payable) are as follows:

University:	
Accounts receivable	\$ 5,263
Accounts payable and accrued expenses	\$ (1,695,595)

**Note 11 – Subsequent Event**

In December 2019, a novel strain of coronavirus (COVID-19) was reported in Wuhan, China. 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 reasonable possible that this matter will negatively impact Associated Students. However, the financial impact and duration cannot be reasonably estimated at this time.

As of the date through which Associated Students has evaluated events occurring subsequent to the statement of financial position June 30, 2020, Associated Students believes it understands the risk associated with COVID-19. Associated Students is in the process of implementing 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.

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Notes to Financial Statements**  
Year Ended June 30, 2020

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**Note 11 – Subsequent Event, continued**

Continued closure of commercial programs, such as the Isabel Patterson Child Development Center, Student Recreation and Wellness Center, and University Student Union, will have ongoing impacts to Associated Students' revenues. These facilities, and the various services within them, typically generate about 20% of Associated Students' overall operating revenue. Recognizing that most of these commercial activities will be dormant for the entirety of the fiscal year ending June 30, 2021, management has revisited the consolidated operating budget and amended revenue projections and planned expenses to manage these impacts. The Board of Directors is scheduled to adopt an amended budget on October 6, 2021. Associated Students is confident it can navigate these impacts through these 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 University Student Union are experiencing complete or near-complete elimination of revenues due to the campus 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 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, 2021.

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 virtual learning and virtual student engagement that may dictate a long-term adjustment in how services are delivered upon 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.

**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, 2020

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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.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the Net Pension Liability	0.14028%	0.12795%	0.12370%
Proportionate Share of the Net Pension Liability	\$ 5,410,868	\$ 4,945,778	\$ 5,060,856
Covered-Employee Payroll	\$ 3,963,057	\$ 3,744,773	\$ 3,651,297
Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	136.53%	132.07%	138.60%
Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	101.81%	101.22%	138.60%
Proportionate Share of Aggregate Employer Contributions	\$ 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, 2020

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**Schedule of Plan Contributions**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarilly Determined Contribution	\$ 723,904	\$ 621,910	\$ 580,206
Contributions in Relation to the Actuarilly Determined Contribution	<u>(407,804)</u>	<u>(363,442)</u>	<u>(352,525)</u>
Contribution Deficiency	<u>\$ 316,100</u>	<u>\$ 258,468</u>	<u>\$ 227,681</u>
Covered-Employee Payroll	\$ 3,963,057	\$ 3,744,773	\$ 3,651,297
Contributions as a Percentage of Covered-Employee Payroll	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, 2020

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
7/1/2019	\$ 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%	\$ 1,397,280	632.71%

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
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, 2020

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

Year Ended June 30:	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 13,954	\$ 159,147	\$ 156,713
Interest cost	461,764	458,128	438,800
Benefit payments	(20,675)	(19,590)	(213,591)
Differences between expected and actual experience	(3,495,782)	(284,656)	(112,300)
Change in assumptions	528,830	275,866	(64,390)
Net change in Total OPEB Liability	<u>(2,511,909)</u>	<u>588,895</u>	<u>205,232</u>
Total OPEB Liability - beginning	10,724,755	10,135,860	9,930,628
Total OPEB Liability - ending	<u>\$ 8,212,846</u>	<u>\$ 10,724,755</u>	<u>\$ 10,135,860</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ -	\$ 600,000	\$ 250,000
Net investment income	85,160	85,960	78,223
Administrative expense	(9,936)	(7,680)	-
Net Change in Fiduciary Net Position	<u>75,224</u>	<u>678,280</u>	<u>328,223</u>
Plan Fiduciary Net Position - beginning	2,096,408	1,418,128	1,089,905
Plan Fiduciary Net Position - ending	<u>\$ 2,171,632</u>	<u>\$ 2,096,408</u>	<u>\$ 1,418,128</u>
Net OPEB Liability	<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	26.44%	19.55%	13.99%
Covered Employee Payroll	1,757,712	1,397,280	1,820,220
Plan Net OPEB Liability as a Percentage of Covered Employee Payroll	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 AUDITORS' 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, 2020, 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 18, 2020.

### **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) to determine the 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 may exist that have not been identified.

### **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 AUDITORS' 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 18, 2020

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

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

## Schedule of Net Position

June 30, 2020

(for inclusion in the California State University)

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### Assets:

#### Current assets:

Cash and cash equivalents	960,644
Short-term investments	7,830,272
Accounts receivable, net	119,282
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	109,399

**Total current assets** 9,019,597

#### Noncurrent assets:

Restricted cash and cash equivalents	-
Accounts receivable, net	-
Capital lease receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	3,018,861
Capital assets, net	6,202,079
Other assets	-

**Total noncurrent assets** 9,220,940

**Total assets** 18,240,537

#### Deferred outflows of resources:

Unamortized loss on debt refunding	-
Net pension liability	544,008
Net OPEB liability	718,547
Others	-

**Total deferred outflows of resources** 1,262,555

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

## Schedule of Net Position

June 30, 2020

(for inclusion in the California State University)

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### Liabilities:

#### Current liabilities:

Accounts payable	659,996
Accrued salaries and benefits	501
Accrued compensated absences, current portion	295,920
Unearned revenues	7,050
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	1,381,883
Other liabilities	163,370
	<hr/>
<b>Total current liabilities</b>	<b>2,508,720</b>

#### Noncurrent liabilities:

Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Capital lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	6,041,214
Net pension liability	5,410,868
Other liabilities	-
	<hr/>
<b>Total noncurrent liabilities</b>	<b>11,452,082</b>
	<hr/>
<b>Total liabilities</b>	<b>13,960,802</b>

#### Deferred inflows of resources:

Service concession arrangements	-
Net pension liability	552,610
Net OPEB liability	3,485,536
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	-
	<hr/>
<b>Total deferred inflows of resources</b>	<b>4,038,146</b>

### Net position:

Net investment in capital assets	6,202,079
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	687,191
Debt service	-
Others	6,733,954
Unrestricted	(12,119,080)
	<hr/>
<b>Total net position</b>	<b>1,504,144</b>

See independent auditors' report.

**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Schedule of Revenues, Expenses, and Changes in Net Position**  
Year Ended June 30, 2020  
(for inclusion in the California State University)

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**Revenues:**

**Operating revenues:**

Student tuition and fees, gross	14,288,091
Scholarship allowances (enter as negative)	-

**Grants and contracts, noncapital:**

Federal	116,252
State	307,604
Local	-
Nongovernmental	-
Sales and services of educational activities	214,278
Sales and services of auxiliary enterprises, gross	1,822,824
Scholarship allowances (enter as negative)	-
Other operating revenues	24,238

**Total operating revenues**

**16,773,287**

**Expenses:**

**Operating expenses:**

Instruction	-
Research	-
Public service	-
Academic support	-
Student services	11,825,272
Institutional support	2,000,216
Operation and maintenance of plant	637,493
Student grants and scholarships	727,784
Auxiliary enterprise expenses	593,817
Depreciation and amortization	601,691

**Total operating expenses**

**16,386,273**

**Operating income (loss)**

**387,014**



**ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**Schedule of Revenues, Expenses, and Changes in Net Position**  
Year Ended June 30, 2020  
(for inclusion in the California State University)

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**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	222,582
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses) - excl. interagency transfers	-

<b>Net nonoperating revenues (expenses)</b>	<b>222,582</b>
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<b>Income (loss) before other revenues (expenses)</b>	<b>609,596</b>
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State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-

<b>Increase (decrease) in net position</b>	<b>609,596</b>
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**Net position:**

Net position at beginning of year, as previously reported	894,548
Restatements	-

<b>Net position at beginning of year, as restated</b>	<b>894,548</b>
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<b>Net position at end of year</b>	<b>1,504,144</b>
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# ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH

## Other Information

June 30, 2020

(for inclusion in the California State University)

### 1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	\$	-
All other restricted cash and cash equivalents		-
<b>Noncurrent restricted cash and cash equivalents</b>		<b>-</b>
Current cash and cash equivalents		960,644
<b>Total</b>	<b>\$</b>	<b>960,644</b>

### 2.1 Composition of investments:

Investment Type	Current	Noncurrent	Fair Value
Money market funds	59,424	-	59,424
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	-	-	-
Municipal bonds	-	10,155	10,155
Corporate bonds	-	554,548	554,548
Asset backed securities	-	5,875	5,875
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	-	346,242	346,242
Exchange traded funds	-	-	-
Equity securities	-	1,610,057	1,610,057
Alternative investments:			
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	-	491,984	491,984
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment	-	-	-
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-
State of California Local Agency Investment Fund (LAIF)	7,770,848	-	7,770,848
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments:			
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
<b>Total Other investments</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total investments</b>	<b>7,830,272</b>	<b>3,018,861</b>	<b>10,849,133</b>
Less endowment investments (enter as negative number)		-	-
<b>Total investments, net of endowments</b>	<b>\$ 7,830,272</b>	<b>3,018,861</b>	<b>10,849,133</b>

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

## Other Information

June 30, 2020

(for inclusion in the California State University)

### 2.2 Fair value hierarchy in investments:

Investment Type	Fair Value	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	\$ 59,424	59,424	-	-	-
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-
Municipal bonds	10,155	10,155	-	-	-
Corporate bonds	554,548	554,548	-	-	-
Asset backed securities	5,875	5,875	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	346,242	346,242	-	-	-
Exchange traded funds	-	-	-	-	-
Equity securities	1,610,057	1,610,057	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	491,984	491,984	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment	-	-	-	-	-
Other external investment pools	-	-	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	7,770,848	-	-	-	7,770,848
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments:					
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Total Other investments	\$ -	-	-	-	-
<b>Total investments</b>	<b>10,849,133</b>	<b>3,078,285</b>	<b>-</b>	<b>-</b>	<b>7,770,848</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

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### 3.1 Composition of capital assets:

	Balance June 30, 2019	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2019 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2020
<b>Non-depreciable/Non-amortizable capital assets:</b>									
Land and land improvements	-	-	-	-	\$ -	-	-	\$ -	-
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	2,668,156	-	-	-	2,668,156	16,248	-	(2,684,404)	-
<b>Intangible assets:</b>									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	-	-	-	-	-	-	-	-	-
<b>Total non-depreciable/non-amortizable capital assets</b>	<b>\$ 2,668,156</b>	-	-	-	<b>\$ 2,668,156</b>	<b>16,248</b>	-	<b>(2,684,404)</b>	<b>\$ -</b>
<b>Depreciable/Amortizable capital assets:</b>									
Buildings and building improvements	277,950	-	-	-	277,950	-	-	-	277,950
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	3,903,404	-	-	-	3,903,404	-	-	2,684,404	6,587,808
<b>Personal property:</b>									
Equipment	2,637,507	-	-	-	2,637,507	1,169,719	(14,514)	-	3,792,712
Library books and materials	-	-	-	-	-	-	-	-	-
<b>Intangible assets:</b>									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	-	-	-	-	-	-	-	-	-
<b>Total depreciable/amortizable capital assets</b>	<b>6,818,861</b>	-	-	-	<b>6,818,861</b>	<b>1,169,719</b>	<b>(14,514)</b>	<b>2,684,404</b>	<b>10,658,470</b>
<b>Total capital assets</b>	<b>\$ 9,487,017</b>	-	-	-	<b>\$ 9,487,017</b>	<b>1,185,967.0</b>	<b>(14,514.0)</b>	-	<b>\$ 10,658,470</b>
<b>Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)</b>									
Buildings and building improvements	(103,754)	-	-	-	(103,754)	(13,898)	-	-	(117,652)
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(1,969,560)	-	-	-	(1,969,560)	(341,016)	-	-	(2,310,576)
<b>Personal property:</b>									
Equipment	(1,795,875)	-	-	-	(1,795,875)	(246,777)	14,489	-	(2,028,163)
Library books and materials	-	-	-	-	-	-	-	-	-
<b>Intangible assets:</b>									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	-	-	-	-	-	-	-	-	-
<b>Total accumulated depreciation/amortization</b>	<b>(3,869,189)</b>	-	-	-	<b>(3,869,189)</b>	<b>(601,691)</b>	<b>14,489</b>	-	<b>(4,456,391)</b>
<b>Total capital assets, net</b>	<b>\$ 5,617,828</b>	-	-	-	<b>\$ 5,617,828</b>	<b>584,276</b>	<b>(25)</b>	-	<b>6,202,079</b>

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### 3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 601,691
Amortization expense related to other assets	-
<b>Total depreciation and amortization</b>	<b>\$ 601,691</b>

### 4 Long-term liabilities:

	Balance June 30, 2019	Prior Period Adjustments/Reclas- sifications	Balance June 30, 2019 (Restated)	Additions	Reductions	Balance June 30, 2020	Current Portion	Noncurrent Portion
<b>1. Accrued compensated absences</b>	\$ 224,279	-	224,279	140,484	(68,843)	\$ 295,920	295,920	\$ -
<b>2. Claims liability for losses and loss adjustment expenses</b>	-	-	-	-	-	-	-	-
<b>3. Capital lease obligations:</b>								
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>
<b>4. Long-term debt obligations:</b>								
4.1 Auxiliary revenue bonds (non-SRB related)	\$ -	-	-	-	-	\$ -	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Others:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
<b>Total others</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<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>
<b>Total long-term liabilities</b>	<b>\$ 224,279</b>	<b>-</b>	<b>224,279</b>	<b>140,484</b>	<b>(68,843)</b>	<b>\$ 295,920</b>	<b>295,920</b>	<b>\$ -</b>

### 5 Capital lease obligations schedule:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	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>									
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026 - 2030	-	-	-	-	-	-	-	-	-
2031 - 2035	-	-	-	-	-	-	-	-	-
2036 - 2040	-	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-
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>									-
Unamortized net premium/(discount)									-
<b>Total capital lease obligations</b>									-
Less: current portion									-
<b>Capital lease obligations, net of current portion</b>									<b>\$ -</b>

See independent auditors' report.

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

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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>									
2021	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026 - 2030	-	-	-	-	-	-	-	-	-
2031 - 2035	-	-	-	-	-	-	-	-	-
2036 - 2040	-	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-
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	99,595
Payments to University for other than salaries of University personnel	2,095,408
Payments received from University for services, space, and programs	259,686
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	300,000
Accounts (payable to) University	(1,695,595)
Other amounts (payable to) University	-
Accounts receivable from University	5,263
Other amounts receivable from University	-

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	-
		-
		-
		-
		-

See independent auditors' report.

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

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### 9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	-	-	-	-	-	-	-	-
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-
Student services	5,825,707	1,644,254	746,109	(39,168)	-	3,648,370	-	11,825,272
Institutional support	967,813	415,116	227,336	77,420	-	312,531	-	2,000,216
Operation and maintenance of plant	-	-	-	-	-	637,493	-	637,493
Student grants and scholarships	-	-	-	-	727,784	-	-	727,784
Auxiliary enterprise expenses	376,663	13,504	41,448	-	-	162,202	-	593,817
Depreciation and amortization	-	-	-	-	-	-	601,691	601,691
<b>Total operating expenses</b>	<b>\$ 7,170,183</b>	<b>2,072,874</b>	<b>1,014,893</b>	<b>38,252</b>	<b>727,784</b>	<b>4,760,596</b>	<b>601,691</b>	<b>16,386,273</b>

### 10 Deferred outflows/inflows of resources:

#### 1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)	-
Deferred outflows - net pension liability	544,008
Deferred outflows - net OPEB liability	718,547
Deferred outflows - others:	
Sales/intra-entity transfers of future revenues	-
Gain/loss on sale leaseback	-
Loan origination fees and costs	-
Change in fair value of hedging derivative instrument	-
Irrevocable split-interest agreements	-
-	-
-	-
-	-
Total deferred outflows - others	-
<b>Total deferred outflows of resources</b>	<b>\$ 1,262,555</b>

#### 2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	-
Deferred inflows - net pension liability	552,610
Deferred inflows - net OPEB liability	3,485,536
Deferred inflows - unamortized gain on debt refunding(s)	-
Deferred inflows - nonexchange transactions	-
Deferred inflows - others:	
Sales/intra-entity transfers of future revenues	-
Gain/loss on sale leaseback	-
Loan origination fees and costs	-
Change in fair value of hedging derivative instrument	-
Irrevocable split-interest agreements	-
-	-
-	-
-	-
Total deferred inflows - others	-
<b>Total deferred inflows of resources</b>	<b>\$ 4,038,146</b>

See independent auditors' report.