



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

Financial Statements and Supplemental Information

Year Ended June 30, 2015



ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH
Financial Statements and Supplemental Information
Year Ended June 30, 2015

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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, 2015, 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.

Auditor's 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, 2015, 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.

Net Position Adjustment

Associated Students, Inc., California State University, Long Beach has adjusted the beginning 2015 net position to reflect the adjustments for the implementation of GASB Statement No. 68 Accounting and Financial Reporting for Pensions as discussed in Note 8.

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**INDEPENDENT AUDITORS' REPORT,
CONTINUED**

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 9, the schedule of Associated Students' proportionate share of net pension liability (asset) on page 28 and the schedule of Associated Students' contributions on page 29 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 audits were 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 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, 2015, 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.

AKT LLP

San Diego, California
September 18, 2015

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH
Management's Discussion and Analysis
Year Ended June 30, 2015

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 years ended June 30, 2015 and 2014. 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 statements of net position, the statements of revenues, expenses, and changes in net position, and the statements 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.

Statements of net position: The statements of net position include 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.

Statements of revenues, expenses, and changes in net position: The statements of revenues, expenses, and changes in net position present the revenues earned and expenses incurred during the year on an accrual basis.

Statements of cash flows: The statements of cash flows present the inflows and outflows of cash, summarized by operating, noncapital financing, capital and related financing, and investing activities. The statements are prepared using the direct method of cash flows, and therefore, present gross rather than net amounts for the year's operating activities.

Notes to the 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, 2015

Analytical Overview

A summary of key financial statement information is presented below:

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Assets:				
Current assets	\$ 4,713,056	\$ 4,111,224	\$ 601,832	15%
Long-term investments	2,586,040	2,594,749	(8,709)	(0%)
Capital assets, net of accumulated depreciation	3,523,769	3,259,141	264,628	8%
Deferred outflows of resources	<u>149,956</u>	<u>-</u>	<u>149,956</u>	#DIV/0!
Total Assets	<u>\$ 10,972,821</u>	<u>\$ 9,965,114</u>	<u>\$ 1,007,707</u>	10%
Liabilities:				
Current liabilities	\$ 1,825,446	\$ 2,105,835	\$ (280,389)	(13%)
Other post-employment retirement benefits other than pensions	7,154,857	6,682,161	472,696	7%
Net pension liability	<u>3,202,866</u>	<u>4,154,185</u>	<u>(951,319)</u>	(23%)
Total Liabilities	12,183,169	12,942,181	(759,012)	(6%)
Deferred Inflows of Resources	770,756	-	770,756	#DIV/0!
Net Position:				
Invested in capital assets, net of related debt	3,523,769	3,259,141	264,628	8%
Nonexpendable - endowments	-	45,973	(45,973)	(100%)
Unrestricted	<u>(5,504,873)</u>	<u>(6,282,181)</u>	<u>777,308</u>	12%
Total Net Deficit	<u>(1,981,104)</u>	<u>(2,977,067)</u>	<u>995,963</u>	(33%)
Total Liabilities, Deferred Inflows of Resources and Net Deficit	<u>\$ 10,972,821</u>	<u>\$ 9,965,114</u>	<u>\$ 1,007,707</u>	10%

The increase in current assets of \$601,832 primarily reflects an increase in revenue from student activity fees resulting from a \$16 fee increase approved by a student referendum held in spring 2014. That referendum increased the Associated Students fee from \$44 to \$60 per semester, effective with the fall 2014 semester. In addition, a change in the process by which the University disburses the fees to Associated Student has resulted in improved cash flow which has allowed for an increase in funds held in the Local Agency Investment Fund.

The \$264,628 increase in capital assets, net of accumulated depreciation is the result of building improvement projects completed on the Isabel Patterson Child Development Center, which were made possible by the fee increase.

The reduction in current liabilities is primarily due to a significant reduction in the amount of accounts payable remaining unpaid at year-end.

The other post-employment benefits (OPEB) other than pensions obligation is required to be recognized and booked in accordance with the parameters of GASB Statement No. 45. Although Associated Students has terminated this benefit for employees hired on or after January 1, 2013 and has begun to fund this liability, the liability continues to grow due to actuarial assumptions about life expectancy and health care costs. We have also taken a very conservative approach to estimating the appreciation of plan assets.

A reduction in the net pension liability also contributes the reduction in total liabilities

The increase in net position invested in capital assets net of related debt resulted from the completion of building improvement projects at the Isabel Patterson Child Development Center and University Student Union as well as the purchase of new equipment for the Recycling Center, K-Beach radio and the University Student Union.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH
Management's Discussion and Analysis
Year Ended June 30, 2015

The decrease in nonexpendable – endowments is the result of the Associated Students (AS) transferring its endowment funds to the CSULB Forty-Niner Foundation.

The decrease in unrestricted net deficit primarily resulted from increased revenue exceeding increased expenses.

Operating Results
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Revenues:				
Operating revenues	\$ 15,315,309	\$ 14,274,317	\$ 1,040,992	7%
Non-operating revenues	<u>150,960</u>	<u>288,844</u>	<u>(137,884)</u>	(48%)
Total Revenues	15,466,269	14,563,161	903,108	6%
Expenses:				
Operating expenses	<u>14,470,306</u>	<u>18,049,719</u>	<u>(3,579,413)</u>	(20%)
Change in Net Position	995,963	(3,486,558)	4,482,521	129%
Net Position, beginning	<u>(2,977,067)</u>	<u>509,491</u>	<u>(3,486,558)</u>	(684%)
Net Position, ending	<u>\$ (1,981,104)</u>	<u>\$ (2,977,067)</u>	<u>\$ 995,963</u>	(33%)

Operating revenues are a combination of student body fees and revenues derived from programs, user fees and services offered by Associated Students. Approximately 79% of operating revenues are student body fees and the remaining 21% are revenues derived from programs and services.

The increase in operating revenues reflects increased student activity fees resulting from an increase in the per student AS fee. This increase is offset by a \$137,884 reduction on earnings from investments.

The increase in expenses is attributable to the addition of new programs and services made possible by the fee increase. This included funding for major events, new scholarship programs, and capital improvements.

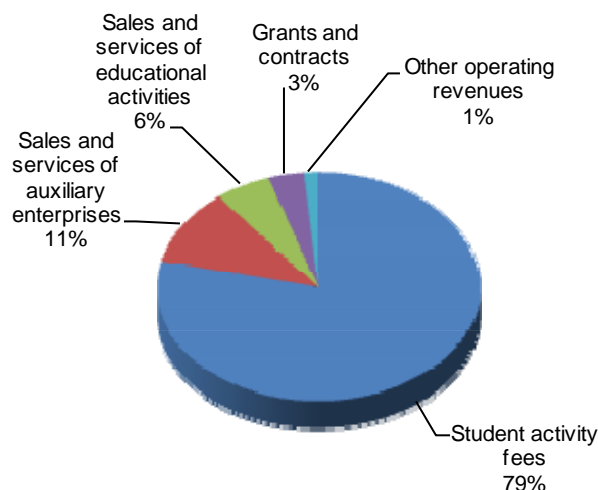
ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH
Management's Discussion and Analysis
Year Ended June 30, 2015

Operating Revenues
Years Ended June 30, 2015 and 2014

The following is detail of operating revenues by source:

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating Revenues:				
Student activity fees	\$ 12,061,693	\$ 11,082,129	\$ 979,564	9%
Sales and services of auxiliary enterprises	1,633,165	1,572,314	60,851	4%
Sales and services of educational activities	858,609	770,423	88,186	11%
Grants and contracts	547,524	576,521	(28,997)	(5%)
Other operating revenues	<u>214,318</u>	<u>272,930</u>	<u>(58,612)</u>	<u>(21%)</u>
Total Operating Revenues	<u>\$ 15,315,309</u>	<u>\$ 14,274,317</u>	<u>\$ 1,040,992</u>	<u>7%</u>

The following is a graphic illustration of 2015 operating revenues by source:



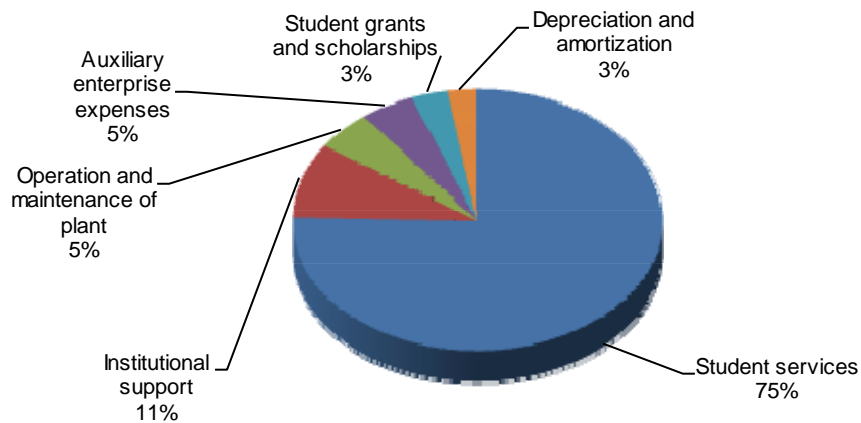
The bulk of the increase in operating revenues is the result of the \$16 per student AS fee increase approved in spring 2014. Sales of associate memberships in the Student Recreation and Wellness Center also continue to exceed expectations and income from leases and rentals of USU facilities increased.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH
Management's Discussion and Analysis
Year Ended June 30, 2015

Operating Expenses
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating Expenses:				
Student services	\$ 10,911,090	\$ 10,260,368	\$ 650,722	6%
Institutional support	1,320,893	1,216,319	104,574	9%
Operation and maintenance of plant	721,074	674,156	46,918	7%
Auxiliary enterprise expenses	681,667	899,261	(217,594)	(24%)
Student grants and scholarships	462,574	419,065	43,509	10%
Depreciation and amortization	<u>373,008</u>	<u>426,365</u>	<u>(53,357)</u>	(13%)
 Total Operating Expenses	 <u>\$ 14,470,306</u>	 <u>\$ 13,895,534</u>	 <u>\$ 574,772</u>	 4%

The following is a graphic illustration of 2015 operating expenses:



The increase in student services expense results from the increase spending supported by the AS fee increase. Substantial increases were made in student programs, including guest speakers and a major concert. This was in addition to substantial increase in student payroll expense resulting from the increase in the California minimum wage. The fee increase also supported increased spending on student grants and scholarships as well as the operation and maintenance of plant.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH
Management's Discussion and Analysis
Year Ended June 30, 2015

Cash Flows
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Net cash provided (used) by:				
Operating activities	\$ 1,578,517	\$ 1,537,455	\$ 41,062	3%
Investing activities	(642,825)	(651,877)	9,052	1%
Financing activities	<u>(1,036,769)</u>	<u>(1,018,588)</u>	<u>(18,181)</u>	(2%)
Net Change in Cash	(101,077)	(133,010)	31,933	(24%)
Cash, beginning	<u>232,055</u>	<u>365,065</u>	<u>(133,010)</u>	(36%)
Cash, ending	<u>\$ 130,978</u>	<u>\$ 232,055</u>	<u>\$ (101,077)</u>	(44%)

The increase in cash provided by operating activities primarily reflects the increase in the Associated Student fee of \$16 per semester combined with a slight increase in student population. This increase was largely offset by the increase in student payroll expense resulting from the increase in the California minimum wage.

The capital and related financing activities represent building improvement projects completed on the Isabel Patterson Child Development Center. In the prior year building improvements were made in both the University Student Union and the Student Recreation and Wellness Center. Both years had similar investments in capital assets. The growth in investing activities reflects the use of cash from operations to augment the Associated Students' investment holdings.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH
Management's Discussion and Analysis
Year Ended June 30, 2015

Capital Assets, Net
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Capital Assets:				
Leasehold improvements	\$ 3,043,793	\$ 2,984,693	\$ 59,100	2%
Equipment	2,192,107	1,855,368	336,739	18%
Buildings	627,326	627,326	-	0%
Construction in progress	<u>297,929</u>	<u>74,159</u>	<u>223,770</u>	0%
Total	6,161,155	5,541,546	619,609	11%
Less accumulated depreciation	<u>(2,637,386)</u>	<u>(2,282,405)</u>	<u>(354,981)</u>	(16%)
Net Capital Assets	<u>\$ 3,523,769</u>	<u>\$ 3,259,141</u>	<u>\$ 264,628</u>	8%

The increase in capital assets is the result of equipment purchases for the University Student Union, Recycling Center, and K-Beach radio, as well as capital improvements at the Isabel Patterson Child Development Center (Preschool). This included the replacement of all flooring in the Preschool building, replacement of the cooktop and oven in the Preschool kitchen, replacement of vinyl flooring in the adult restrooms, replacement of an asphalt play area, installation of new tree and irrigation, and upgrades to electrical wiring throughout entire Preschool facility.

Net Position
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Net Position:				
Invested in capital assets, net of related debt	\$ 3,523,769	\$ 3,259,141	\$ 264,628	8%
Nonexpendable - endowments	-	45,973	(45,973)	(100%)
Unrestricted	<u>(5,504,873)</u>	<u>(6,282,181)</u>	<u>777,308</u>	12%
Total Net Position	<u>\$ (1,981,104)</u>	<u>\$ (2,977,067)</u>	<u>\$ 995,963</u>	(33%)

ASI's net position increased as a result of increased investment in capital assets described above, a reduction in net pension liability, and operating revenues exceeding operating expenses.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH
Statement of Net Position
June 30, 2015

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current Assets:	
Cash	\$ 130,978
Short-term investments	4,256,152
Accounts receivable	271,541
Inventory	5,703
Prepaid expenses	48,682
Total Current Assets	<u>4,713,056</u>
Noncurrent Assets:	
Long-term investments	2,586,040
Capital assets, net of accumulated depreciation	<u>3,523,769</u>
Total Noncurrent Assets	<u>6,109,809</u>
Deferred Outflows of Resources:	
Deferred pension costs	<u>149,956</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 10,972,821</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)

Current Liabilities:	
Accounts payable	\$ 358,889
Accrued expenses	502,972
Funds held for others	856,339
Deferred revenue	<u>107,246</u>
Total Current Liabilities	1,825,446
Other Post-Employment Benefits Other than Pensions	7,154,857
Net Pension Liability	<u>3,202,866</u>
Total Liabilities	12,183,169
Deferred Inflows of Resources	<u>770,756</u>
Net Position (Deficit):	
Invested in capital assets, net of related debt	3,523,769
Unrestricted	<u>(5,504,873)</u>
Total Net Deficit	<u>(1,981,104)</u>
Total Liabilities, Deferred Inflows of Resources and Net Deficit	<u>\$ 10,972,821</u>

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2015

Operating Revenues:	
Student activity fees	\$ 12,061,693
Sales and services of auxiliary enterprises	1,633,165
Sales and services of educational activities	858,609
Grants and contracts	547,524
Other operating revenues	<u>214,318</u>
Total Operating Revenues	<u>15,315,309</u>
Operating Expenses:	
Student services	10,911,090
Institutional support	1,320,893
Auxiliary enterprise expenses	721,074
Operation and maintenance of plant	681,667
Student grants and scholarships	462,574
Depreciation and amortization	<u>373,008</u>
Total Operating Expenses	<u>14,470,306</u>
Operating Income	845,003
Non-Operating Revenues:	
Investment return, net	<u>150,960</u>
Change in Net Position	995,963
Net Position, beginning	1,177,118
Cumulative Effect of Restatement	<u>(4,154,185)</u>
Net Deficit, beginning (as restated)	<u>(2,977,067)</u>
Net Deficit, ending	<u>\$ (1,981,104)</u>

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH
Statement of Cash Flows
Year Ended June 30, 2015

Cash Flows from Operating Activities:	
Student activity fees	\$ 12,461,967
Grants and contracts	544,469
Sales and services of auxiliary enterprises	1,620,467
Other operating revenues	1,155,592
Payments to suppliers	(5,072,508)
Payments to employees	(8,668,896)
Payments to students	(462,574)
	<u>1,578,517</u>
Net Cash Provided by Operating Activities	
Cash Flows Used by Capital and Related Financing Activities:	
Acquisitions of capital assets	<u>(642,825)</u>
Cash Flows Used by Investing Activities:	
Purchase of investments, net	<u>(1,036,769)</u>
Net Decrease in Cash	
	(101,077)
Cash, beginning	<u>232,055</u>
Cash, ending	<u><u>\$ 130,978</u></u>
Cash Flows from Operating Activities:	
Operating income	\$ 845,003
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	373,008
Loss on disposal of capital assets	5,189
Pension loss	173,628
Pension contribution	(504,147)
Changes in operating assets and liabilities:	
Accounts receivable	458,233
Inventory	43,961
Prepaid expenses	(8,665)
Accounts payable	(351,807)
Accrued expenses	(37,316)
Funds held for others	99,781
Deferred revenue	8,953
Other post-employment benefits other than pensions	472,696
	<u>472,696</u>
Net Cash Provided by Operating Activities	
	<u><u>\$ 1,578,517</u></u>

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH
Notes to Financial Statements
Year Ended June 30, 2015

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, check cashing, and bus, movie, ski-lift, and ticket sales.

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, 2015, 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.

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

Nature of Activities, continued

3) University Student Union (Union) Operations

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

4) 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 CA Redemption Value beverage containers.

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 LEED (Leadership in Environmental and Energy Design) 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 (GAAP) and is also a component unit of the University, a public university under the California State University system. 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 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.

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

Investments

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

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 market, and is determined on a first-in, first-out basis.

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 over which it does not have the unilateral (variance) power to redirect the use of the money without the approval of the student organization. Money held without variance power is classified as a liability in the statement of net position.

Deferred Revenue

Deferred revenue consists of membership fees paid by staff, faculty, and alumni to the SRWC collected in advance.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 Note 8 to the financial statements.

In addition to liabilities, the statement of 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 Note 8 to the financial statements.

Other Post-Employment Benefits Other than Pensions (OPEB)

Associated Students implemented the provision of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. In accordance with the transition rules of that statement, Associated Students elected to apply its measurement and recognition requirement on a prospective basis. 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, 2015 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.

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

Pension Liability

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to 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 are classified into the following categories:

- Invested in capital assets, net of related debt: Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- Nonexpendable – endowments: Net position subject to irrevocable donor restrictions that the assets be maintained in perpetuity for the purpose of generating investment income to fund the agreed-up purpose of the donor's gift.
- Unrestricted: All other categories of net position, including net position designated by the Board or management.

Classification of Revenues and Expenses

Associated Students considers operating revenues and expenses in the statements 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.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH
Notes to Financial Statements
Year Ended June 30, 2015

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

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 accounting standards generally accepted in the United States of America 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, expense, and changes in net position, when applicable. Management has determined that Associated Students has no uncertain tax positions at June 30, 2015 and therefore no amounts have been accrued.

Associated Students files information and income tax returns in the United States, California, and in local jurisdictions. State and local jurisdictions have statutes of limitation that generally range from three to five years.

Change in Accounting Principle

During the year, Associated Students implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27 (GASB No. 68). The requirements of this Statement incorporate provisions intended to reflect the effects of transactions and events related to pensions in the measurement of employer liabilities for pensions and recognition of pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. As a result of the implementation of GASB No. 68 Associated students has restated the beginning net position, effectively decreasing net position as of July 1, 2014 by \$4,154,185. See Note 8 to the financial statements.

Subsequent Events

Associated Students has evaluated subsequent events through September 18, 2015, 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 statements 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. At June 30, 2015, the Associated Students' uninsured deposits with financial institutions were \$163,348. In addition, the Associated Students have deposited cash in the State Treasury's Local Agency Investment Fund (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. Deposits in LAIF are carried at fair value as reported by LAIF and are not insured by the federal government nor the State of California.

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 statements of net position.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH
Notes to Financial Statements
Year Ended June 30, 2015

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)

Investments consist of the following::

	<u>Short-term</u>		<u>Long-term</u>		<u>Total</u>
Local Agency Investment Fund (LAIF)	\$ 4,184,317	\$	-	\$	4,184,317
Money Market Funds	71,835		-		71,835
Fixed Income	-		1,107,775		1,107,775
Equities	-		1,478,265		1,478,265
	<u>\$ 4,256,152</u>	\$	<u>2,586,040</u>	\$	<u>6,842,192</u>

Note 5 - Accounts Receivable

Accounts receivable consist of the following:

Other	\$	175,637
Marketing		45,597
Conference and Events Center		36,434
Child Development Center		13,873
	<u>\$</u>	<u>271,541</u>

Note 6 – Capital Assets

Capital assets consist of the following:

<u>Description</u>	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Retirement/ Transfers</u>	<u>Balance June 30, 2015</u>
Cost:				
Building	\$ 627,326	\$ -	\$ -	\$ 627,326
Equipment	1,855,368	258,901	77,838	2,192,107
Leasehold improvements	2,984,693	59,100	-	3,043,793
Construction in progress	74,159	324,824	(101,054)	297,929
Total cost	<u>5,541,546</u>	<u>642,825</u>	<u>(23,216)</u>	<u>6,161,155</u>
Total accumulated depreciation	<u>2,282,405</u>	<u>373,008</u>	<u>(18,027)</u>	<u>2,637,386</u>
Capital assets, net	<u>\$ 3,259,141</u>	<u>\$ 269,817</u>	<u>\$ (5,189)</u>	<u>\$ 3,523,769</u>

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH
Notes to Financial Statements
Year Ended June 30, 2015

Note 7 - Other Post-Employment Benefits Other Than Pensions (OPEB)

Plan description

Associated Students participates in the Auxiliaries Multiple Employer VEBA Trust to fund the cost of health and welfare benefits provided to its employees, who have completed one month of continuous employment, defined as having worked eleven full days within one month, with group health insurance under a postretirement benefit plan. Associated Students' employees who reach age 50 with five 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.

Funding policy

For the year ended June 30, 2015, Associated Students' share of the monthly medical premiums was limited to \$655 (single), \$1,246 (two parties), and \$1,605 families. For the year ended June 30, 2015, Associated Students' share of the monthly dental premiums was limited to \$20 (single), \$34 (two parties), and \$50 (families) for its HMO plan and \$31 (single), \$58 (two parties), and \$117 (families) for its PPO plan. Retirees are responsible for premiums in excess of Associated Students' share.

Annual postemployment benefit cost and net OPEB obligation

Associated Students' annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed 30 years.

The following table shows the components of Associated Students' annual OPEB cost, the amount contributed to the plan, and changes in Associated Students' net OPEB obligation for the year ended June 30, 2015:

Determination of annual required contribution:	
Normal cost at end of year	\$ 296,888
Amortization of unfunded actuarial liability	<u>505,462</u>
Annual required contribution	<u>\$ 802,349</u>
Determination of net OPEB obligation:	
Annual required contribution	\$ 802,349
Interest on prior year net OPEB obligation	334,108
Adjustment to ARC	<u>(413,985)</u>
Annual OPEB cost	722,472
Contributions made	<u>(249,776)</u>
Increase in net OPEB obligation	472,696
Net OPEB obligation - beginning of year	<u>6,682,161</u>
Net OPEB obligation - end of year	<u>\$ 7,154,857</u>

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH
Notes to Financial Statements
Year Ended June 30, 2015

Note 7 - Accumulated Post-Retirement Benefit Obligation, continued

Associated Students' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2015 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ <u>722,472</u>	\$ <u>34.57%</u>	\$ <u>7,154,857</u>

Funded status and funding progress

As of June 30, 2015, the funded status of the plan was as follows:

Actuarial accrued liability	\$ 8,039,644
Fair value of plan assets	<u>(884,787)</u>
Unfunded actuarial accrued liability	<u>\$ 7,154,857</u>
Funded percentage	11.0%

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.

Actuarial methods and assumptions

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

In the June 30, 2015 actuarial valuation, the alternative measurement method in accordance with GASB methodology was used. Costs are allocated from hire age to expected retirement age. At June 30, 2015, the actuarial assumptions included a 5.0% discount rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.0%.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH
Notes to Financial Statements
Year Ended June 30, 2015

Note 8 – Pension Plan

General Information about the Pension Plan

Plan Descriptions - All qualified permanent and probationary employees are eligible to participate in the Associated Students miscellaneous cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (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, 2015, are summarized as follows:

	Miscellaneous		
	Tier One	Tier Two	Pepra
Hire date	3/1/1967	10/1/2008	1/1/2013
Benefit formula	2% @ 55	2% @ 60	2% @ 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%	2%	2%
Required employee contribution rates	5%	5%	6.5%
Required employer contribution rates	11.353%	9.51%	6.73%

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, 2014 (the measurement date), the active employee contribution rate is 5.000 percent of annual pay, and the average employer's contribution rate is 15.743 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.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH
Notes to Financial Statements
Year Ended June 30, 2015

Note 8 – Pensions, continued

For the year ended June 30, 2015, the contributions recognized as part of pension expense for the Plan were as follows:

	Miscellaneous		
	Tier One	Tier Two	Pepra
Contributions - employer	366,488	72,624	31,435
Contributions - employee (paid by employer)	24,600	9,000	-

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

As of June 30, 2015, Associated Students reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Tier One	Tier Two	Pepra	Total
Net Pension Liability	\$ 3,149,276	\$ 53,481	\$ 109	\$ 3,202,866

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, 2014, and the total pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 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, 2013 and 2014 was as follows:

	Tier One	Tier Two	Pepra
Proportion - June 30, 2013	0.00125%	0.00002%	0.00000%
Proportion - June 30, 2014	0.00127%	0.00002%	0.00000%
Change - Increase (Decrease)	0.00002%	0.00000%	0.00000%

For the year ended June 30, 2015, Associated Students recognized pension expense of \$451,879. At June 30, 2015, Associated Students reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net pension contributions subsequent to measurement date	\$ 149,956	\$ -
Differences between projected and actual earnings on pension plan investments	-	(899,685)
Adjustments due to difference in proportions	-	128,929
	<u>\$ 149,956</u>	<u>\$ (770,756)</u>

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH
Notes to Financial Statements
Year Ended June 30, 2015

Note 8 – Pensions, continued

The \$504,147 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,		
2016	\$	278,251
2017		268,807
2018		224,902
2019		-
2020		-
Thereafter		-
	\$	<u>771,960</u>

Actuarial Assumptions - The total pension liability in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous		
	Tier One	Tier Two	Pepra
Valuation Date	June 30, 2013	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method		
Actuarial Assumptions:			
Discount Rate	7.50%	7.50%	7.50%
Inflation	2.75%	2.75%	2.75%
Projected Salary Increase	(1)	(1)	(1)
Investment Rate of Return	7.50% (2)	7.50% (2)	7.50% (2)
Mortality Rate Table	(3)	(3)	(3)

(1) Varies by Entry Age and Service

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

(3) Derived using CalPERS' Membership Data for all Funds

The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, 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 7.50%. 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 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% 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.

Note 8 – Pensions, continued

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

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

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

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH
Notes to Financial Statements
Year Ended June 30, 2015

Note 8 – Pension, continued

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 7.50%, 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 (6.50%) or 1 percentage-point higher (8.50%) than the current rate:

	Miscellaneous		
	Tier One	Tier Two	Pepra
Discount Rate -1% (6.50%) Net Pension Liability	\$ 5,269,907	\$ 95,286	\$ 195
Current Discount Rate (7.50%) Net Pension Liability	\$ 3,149,276	\$ 53,481	\$ 109
Discount Rate +1% (8.50%) Net Pension Liability	\$ 1,389,354	\$ 18,786	\$ 38

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Note 9 - 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 September 2019. The monthly payments vary based on sales volume and other factors included in the contracts.

Note 10 - 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.

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH
Notes to Financial Statements
Year Ended June 30, 2015

Note 11 - Transactions with Affiliates

Associated Students enters into transactions with the University. During the year ended June 30, 2015, 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.

Payments made (received) were as follows:

Payments made to the University	\$ 1,862,457
Payments received by the University	<u>(279,268)</u>
Net payments made to the University	<u>\$ 1,583,189</u>

Amounts receivable (payable) are as follows:

University:	
Accounts Receivable	\$ 92,042
Accounts Payable	\$ (252,427)

SUPPLEMENTAL INFORMATION

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH
Schedule of Associated Students' Proportionate Share of Net Pension Liability
Year Ended June 30, 2015

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.

	Miscellaneous		
	Tier One	Tier Two	Pepra
Proportion of the Net Pension Liability/(Asset)	0.05061%	0.00086%	0.00000%
Proportionate Share of the Net Pension Liability/(Asset)	\$ 3,149,276	\$ 53,481	\$ 109
Covered-Employee Payroll	\$ 2,399,492	\$ 644,920	\$ 86,112
Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	131.25%	8.29%	0.13%
Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	80.30%	83.03%	83.07%
Proportionate Share of Aggregate Employer Contributions	\$ 347,102	\$ 7,075	\$ 14

ASSOCIATED STUDENTS, INC., CALIFORNIA STATE UNIVERSITY, LONG BEACH
Schedule of Associated Students' Contributions
Year Ended June 30, 2015

Schedule of Plan Contributions

	Miscellaneous		
	Tier One	Tier Two	Pepra
Actuarilly Determined Contribution	\$ 376,966	\$ 68,734	\$ 16,390
Contributions in Relation to the Actuarilly Determined Contribution	<u>(376,966)</u>	<u>(68,734)</u>	<u>(16,390)</u>
Contributions Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-Employee Payroll	\$ 2,399,492	\$ 644,920	\$ 86,112
Contributions as a Percentage of Covered-Employee Payroll	15.71%	10.66%	19.03%



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**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, 2015, 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, 2015.

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.

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**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**

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*.

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 the 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.

AKT LLP

San Diego, California
September 18, 2015

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

Associated Students, Inc., California State University, Long Beach
Schedule of Net Position
June 30, 2015
(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 130,978
Short-term investments	4,256,152
Accounts receivable, net	271,541
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other assets	54,385
Total current assets	4,713,056
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Leases receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	2,586,040
Capital assets, net	3,523,769
Other assets	—
Total noncurrent assets	6,109,809
Total assets	10,822,865
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension obligation	149,956
Others	—
Total deferred outflows of resources	149,956
Liabilities:	
Current liabilities:	
Accounts payable	467,117
Accrued salaries and benefits payable	80,366
Accrued compensated absences— current portion	196,046
Unearned revenue	107,246
Capitalized lease obligations – current portion	—
Long-term debt obligations – current portion	—
Claims Liability for losses and LAE - current portion	—
Depository accounts	856,339
Other liabilities	118,332
Total current liabilities	1,825,446
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Claims Liability for losses and LAE, net of current portion	—
Depository accounts	—
Other postemployment benefits obligation	7,154,857
Pension obligation	3,202,866
Other liabilities	—
Total noncurrent liabilities	10,357,723
Total liabilities	12,183,169
Deferred inflows of resources:	
Unamortized gain on debt refunding	—
Non-exchange transactions	—
Service concession arrangements	—
Net pension obligation	770,756
Others	—
Total deferred inflows of resources	770,756
Net Position:	
Net investment in capital assets	3,523,769
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Other	—
Unrestricted	(5,504,873)
Total net position	\$ (1,981,104)
	OK

Associated Students, Inc., California State University, Long Beach
Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2015
(for inclusion in the California State University)

Revenues:

Operating revenues:

Student tuition and fees (net of scholarship allowances of \$_____)	\$	12,061,693
Grants and contracts, noncapital:		
Federal		41,389
State		337,175
Local		168,960
Nongovernmental		—
Sales and services of educational activities		858,609
Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____)		1,633,165
Other operating revenues		214,318
		15,315,309

Expenses:

Operating expenses:

Instruction		—
Research		—
Public service		—
Academic support		—
Student services		10,911,090
Institutional support		1,320,893
Operation and maintenance of plant		681,667
Student grants and scholarships		462,574
Auxiliary enterprise expenses		721,074
Depreciation and amortization		373,008
		14,470,306
Total operating expenses		14,470,306
Operating income (loss)		845,003

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		150,960
Endowment income (loss), net		—
Interest Expenses		—
Other nonoperating revenues (expenses)		—

Net nonoperating revenues (expenses)		150,960
--------------------------------------	--	---------

Income (loss) before other additions		995,963
--------------------------------------	--	---------

State appropriations, capital		—
Grants and gifts, capital		—
Additions (reductions) to permanent endowments		—
		995,963

Increase (decrease) in net position

Net position:

Net position at beginning of year, as previously reported		1,177,118
Restatements		(4,154,185)
Net position at beginning of year, as restated		(2,977,067)
Net position at end of year	\$	(1,981,104)

Associated Students, Inc., California State University, Long Beach
Other Information
June 30, 2015
(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2015:

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

2.1 Composition of investments at June 30, 2015:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	4,184,317	-	4,184,317	-	-	-	4,184,317
Corporate bonds	-	-	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	-	-
Mutual funds	-	-	-	-	-	-	-
Money Market funds	-	-	-	-	-	-	-
Repurchase agreements	-	-	-	-	-	-	-
Commercial paper	-	-	-	-	-	-	-
Asset backed securities	-	-	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-	-	-
Municipal bonds	-	-	-	-	-	-	-
U.S. agency securities	-	-	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-	-
Exchange traded funds (ETFs)	-	-	-	-	-	-	-
Alternative investments:							
Private equity (including limited partnerships)	-	-	-	-	-	-	-
Hedge funds	-	-	-	-	-	-	-
Managed futures	-	-	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-	-	-
Commodities	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-
Other alternative investment types	-	-	-	-	-	-	-
Other external investment pools (excluding SWIFT)							
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Other major investments:							
City National Bank - Managed Investment Account	71,835	-	71,835	2,586,040	-	2,586,040	2,657,875
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	4,256,152	-	4,256,152	2,586,040	-	2,586,040	6,842,192
Less endowment investments (enter as negative number)	-	-	-	-	-	-	-
Total investments	4,256,152	-	4,256,152	2,586,040	-	2,586,040	6,842,192

2.2 Investments held by the University under contractual agreements at June 30, 2015:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2015 :	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---

2.3 Restricted current investments at June 30, 2015 related to:

Amount	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Total restricted current investments at June 30, 2015	-

2.4 Restricted noncurrent investments at June 30, 2015 related to:

Amount	-
Endowment investment	-
Add description	-
Add description	-
Add description	-
Add description	-
Total restricted noncurrent investments at June 30, 2015	-

Associated Students, Inc., California State University, Long Beach
Other Information
June 30, 2015
(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2015:

Depreciation and amortization expense related to capital assets	\$ 373,008
Amortization expense related to other assets	<u>—</u>
Total depreciation and amortization	<u>\$ 373,008</u>

4 Long-term liabilities activity schedule:

	Balance June 30, 2014	Prior period adjustments	Reclassifications	Balance June 30, 2014 (restated)	Additions	Reductions	Balance June 30, 2015	Current portion	Long-term portion
Accrued compensated absences	\$ 194,743	—	—	194,743	308,263	(306,960)	196,046	196,046	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	-	-	—	—	—
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	-	-	—	—	—
Total capitalized lease obligations	—	—	—	—	-	-	—	—	—
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	-	-	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	-	-	—	—	—
Commercial Paper	—	—	—	—	-	-	—	—	—
Note Payable related to SRB	—	—	—	—	-	-	—	—	—
Other:									
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Total long-term debt obligations	—	—	—	—	-	-	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	-	-	—	—	—
Total long-term debt obligations, net	—	—	—	—	-	-	—	—	—
Total long-term liabilities	\$ 194,743	—	—	194,743	308,263	(306,960)	196,046	196,046	—

5 Future minimum lease payments - capital lease obligations:

	Principal	Interest	Principal and Interest
Year ending June 30:			
2016	-	-	—
2017	-	-	—
2018	-	-	—
2019	-	-	—
2020	-	-	—
2021 - 2025	-	-	—
2026 - 2030	-	-	—
2031 - 2035	-	-	—
2036 - 2040	-	-	—
2041 - 2045	-	-	—
2046 - 2050	-	-	—
2051 - 2055	-	-	—
2056 - 2060	-	-	—
2061 - 2065	-	-	—
Total minimum lease payments			—
Less amounts representing interest			—
Present value of future minimum lease payments			—
Less: current portion			—
Capitalized lease obligation, net of current portion			<u>\$ —</u>

Associated Students, Inc., California State University, Long Beach
 Other Information
 June 30, 2015
 (for inclusion in the California State University)

6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2016	\$ -	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-
2021 - 2025	-	-	-	-	-	-	-	-	-
2026 - 2030	-	-	-	-	-	-	-	-	-
2031 - 2035	-	-	-	-	-	-	-	-	-
2036 - 2040	-	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-
2051 - 2055	-	-	-	-	-	-	-	-	-
2056 - 2060	-	-	-	-	-	-	-	-	-
2061 - 2065	-	-	-	-	-	-	-	-	-
Total	\$ -	-	-	-	-	-	-	-	-

7 Calculation of net position

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net position - Net investment in capital assets			
Capital assets, net of accumulated depreciation	\$ 3,523,769	—	3,523,769
Capitalized lease obligations - current portion	—	—	—
Capitalized lease obligations, net of current portion	—	—	—
Long-term debt obligations - current portion	—	—	—
Long-term debt obligations, net of current portion	—	—	—
Portion of outstanding debt that is unspent at year-end	—	—	—
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net position - net investment in capital asset	\$ 3,523,769	—	3,523,769
7.2 Calculation of net position - Restricted for nonexpendable - endowments			
Portion of restricted cash and cash equivalents related to endowments	\$ —	—	—
Endowment investments	—	—	—
Other adjustments: (please list)			
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Add description	—	—	—
Net position - Restricted for nonexpendable - endowments per SNP	\$ —	—	—

Associated Students, Inc., California State University, Long Beach
 Other Information
 June 30, 2015
 (for inclusion in the California State University)

8 Transactions with Related Entities

	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 83,921
Payments to University for other than salaries of University personnel	1,478,536
Payments received from University for services, space, and programs	279,268
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 (enter as negative number)	(252,427)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	92,042
Other amounts receivable from University	—

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$	722,472
Contributions during the year		(249,776)
Increase (decrease) in net OPEB obligation (NOO)		472,696
NOO - beginning of year		6,682,161
NOO - end of year	\$	7,154,857

10 Pollution remediation liabilities under GASB Statement No. 49:

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

Associated Students, Inc., California State University, Long Beach
 Other Information
 June 30, 2015
 (for inclusion in the California State University)

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

	Net Position Class	Amount	
		Dr.	(Cr.)
Net position as of June 30, 2014, as previously reported		\$	1,177,118
Prior period adjustments:			
1 To properly record effect of pension liability (GASB 68)	Unrestricted	(4,154,185)	
2 (list description of each adjustment)		—	
3 (list description of each adjustment)		—	
4 (list description of each adjustment)		—	
5 (list description of each adjustment)		—	
6 (list description of each adjustment)		—	
7 (list description of each adjustment)		—	
8 (list description of each adjustment)		—	
9 (list description of each adjustment)		—	
10 (list description of each adjustment)		—	
Net position as of June 30, 2014, as restated		\$	<u>(2,977,067)</u>

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

	Debit	Credit
Net position class: <u>Unrestricted</u>		
1 To properly record prior period adjustment for pension liability. Reservations Against Net Assets - CalPERS Pension Long-Term Liab - CalPERS Pension Obligation	\$ 4,154,185	4,154,185
Net position class: _____		
2 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
3 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
4 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
5 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
6 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
7 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
8 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
9 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
10 (breakdown of adjusting journal entry)	—	—