CAL STATE L.A. UNIVERSITY
AUXILIARY SERVICES, INC.

(a Component Unit of
California State University, Los Angeles)

Independent Auditor's Report, Financial Statements
and Supplementary Information

June 30, 2016
CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.  
(a Component Unit of California State University,Los Angeles) 

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Independent Auditor’s Report

To the Board of Directors
Cal State L.A. University Auxiliary Services, Inc.
Los Angeles, California

We have audited the accompanying financial statements of Cal State L.A. University Auxiliary Services, Inc. (UAS), a component unit of California State University, Los Angeles, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the UAS’ basic financial statements, as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

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 Cal State L.A. University Auxiliary Services, Inc., as of June 30, 2016, and the changes in financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.
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 3-7 and schedule of funding progress on page 27 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. The accompanying supplementary information on pages 29-39 is presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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 30, 2016, on our consideration of UAS’ 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 UAS’ internal control over financial reporting and compliance.

Macias Gini & O’Connell LLP

Los Angeles, California
September 30, 2016
This section of the Cal State L.A. University Auxiliary Services, Inc. (UAS) annual financial report presents management’s discussion and analysis of the financial performance of UAS during the fiscal year ended June 30, 2016. This discussion has been prepared by management along with the financial statements and related note disclosures and should be read in conjunction with, and is qualified in its entirety by the financial statements and related notes. The financial statements, related notes and this discussion are the responsibility of management.

Overview of the Financial Statements

The financial statements presented herein include all of the activities of UAS as prescribed by statements of the Governmental Accounting Standards Board. UAS is a component unit of California State University, Los Angeles (University).

The statement of net position includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources of UAS. It is prepared under the accrual basis of accounting, whereby revenues and receivables are recognized when the services are provided and expenses and liabilities are recognized when incurred, regardless of when cash is exchanged.

The statement of revenues, expenses and changes in net position presents information showing how UAS’ net position changed during the fiscal year presented. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, certain revenues and expenses are reported in this statement will result in cash flows for future fiscal periods (e.g., uncollected interest receivable).

Statement of Net Position (Deficit)

The following is a summary of the UAS’ assets, liabilities, deferred inflows of resources and net position (deficit) comparing FY 2015-16 with FY 2014-15.

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2015-16</th>
<th>FY 2014-15</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>$16,189,139</td>
<td>$11,142,295</td>
<td>45%</td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>21,623,440</td>
<td>22,626,984</td>
<td>-4%</td>
</tr>
<tr>
<td>Total assets</td>
<td>37,812,579</td>
<td>33,769,279</td>
<td>12%</td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>10,779,236</td>
<td>9,302,125</td>
<td>16%</td>
</tr>
<tr>
<td>Long-term liabilities</td>
<td>28,941,818</td>
<td>28,824,085</td>
<td>0%</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>39,721,054</td>
<td>38,126,210</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Deferred inflows of resources:</strong></td>
<td>912,349</td>
<td>196,038</td>
<td>365%</td>
</tr>
<tr>
<td><strong>Net position (deficit):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>(3,890,844)</td>
<td>(3,785,101)</td>
<td>-3%</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>1,070,020</td>
<td>(767,868)</td>
<td>239%</td>
</tr>
<tr>
<td>Total net position (deficit)</td>
<td>$ (2,820,824)</td>
<td>$ (4,552,969)</td>
<td>38%</td>
</tr>
</tbody>
</table>
CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
Management’s Discussion and Analysis (Continued)
June 30, 2016
(Unaudited)

Assets

UAS’ assets totaled $37.8 million on June 30, 2016, an increase of $4.0 million, or 12% compared to the previous year. Current assets increased $5.1 million, or 45% primarily due to an increase in cash and short term investments which was attributed to the improvement in operating income due to an increase in student population and timing of billings and collections from grants resulting in a higher cash flow balance at year end. Capital assets, net, decreased by $1.0 million, a 4% decrease primarily due to the $1.5 million depreciation expense offset by $0.5 million of new acquisitions.

Liabilities

UAS’ liabilities totaled $39.7 million on June 30, 2016, an increase of $1.6 million, or 4% compared to the previous year. The increase was the net result of a $0.3 million increase in accounts payable, $3.0 million increase in unearned revenue and $0.5 million increase in postemployment healthcare benefits, offset by a $2.2 million decrease in debt services. The increase in accounts payable is mainly due to the increase in sponsored program reimbursements. The increase in unearned revenue is mainly due to timing of collections from grants. The increase in postemployment healthcare benefits was due to UAS opting not to prefund this obligation. The other postemployment healthcare benefits liability was calculated based on the annual required contribution of UAS, which is an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The decrease in debt and obligations was a result of the refinancing of capital lease and notes, and payments made on debt and obligations during the fiscal year.

Net Position (Deficit)

UAS’ net position increased by $1.7 million, or 38%, from the previous year, primarily due to the facts described in the following page.

Statement of Revenues, Expenses and Changes in Net Position (Deficit)

The table on the following page is a summary of the UAS’ revenues, expenses and changes in net position (deficit) comparing FY 2015-16 with FY 2014-15.
Operating revenues:

<table>
<thead>
<tr>
<th></th>
<th>FY 2015-16</th>
<th>FY 2014-15</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and contracts</td>
<td>$21,739,079</td>
<td>$20,514,511</td>
<td>6%</td>
</tr>
<tr>
<td>Auxiliary activities</td>
<td>4,717,247</td>
<td>4,171,361</td>
<td>13%</td>
</tr>
<tr>
<td>Campus program activities</td>
<td>2,544,760</td>
<td>2,212,797</td>
<td>15%</td>
</tr>
<tr>
<td>Lease income</td>
<td>1,502,087</td>
<td>1,631,625</td>
<td>-8%</td>
</tr>
<tr>
<td>Other income</td>
<td>536,733</td>
<td>503,836</td>
<td>7%</td>
</tr>
<tr>
<td>Total operating revenues</td>
<td>31,039,906</td>
<td>29,034,130</td>
<td>7%</td>
</tr>
</tbody>
</table>

Operating expenses:

<table>
<thead>
<tr>
<th></th>
<th>FY 2015-16</th>
<th>FY 2014-15</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsored programs</td>
<td>21,539,067</td>
<td>20,572,537</td>
<td>5%</td>
</tr>
<tr>
<td>Auxiliary activities</td>
<td>4,243,142</td>
<td>3,818,513</td>
<td>11%</td>
</tr>
<tr>
<td>Campus program activities</td>
<td>1,991,145</td>
<td>1,847,280</td>
<td>8%</td>
</tr>
<tr>
<td>General and administrative</td>
<td>595,399</td>
<td>657,931</td>
<td>-10%</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>28,368,753</td>
<td>26,896,261</td>
<td>5%</td>
</tr>
</tbody>
</table>

Total operating income  2,671,153  2,137,869  25%

Nonoperating revenues (expenses):

<table>
<thead>
<tr>
<th></th>
<th>FY 2015-16</th>
<th>FY 2014-15</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>27,489</td>
<td>11,291</td>
<td>143%</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(955,151)</td>
<td>(1,250,069)</td>
<td>-24%</td>
</tr>
<tr>
<td>Loss on retirement of assets</td>
<td>(11,346)</td>
<td>-</td>
<td>-100%</td>
</tr>
<tr>
<td>Net nonoperating expenses</td>
<td>(939,008)</td>
<td>(1,238,778)</td>
<td>-24%</td>
</tr>
</tbody>
</table>

Change in net position:

<table>
<thead>
<tr>
<th></th>
<th>FY 2015-16</th>
<th>FY 2014-15</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net deficit – beginning</td>
<td>(4,552,969)</td>
<td>(5,452,060)</td>
<td>16%</td>
</tr>
<tr>
<td>Net deficit – ending</td>
<td>$ (2,820,824)</td>
<td>$ (4,552,969)</td>
<td>38%</td>
</tr>
</tbody>
</table>

Operating revenues increased by $2.0 million, or 7%, compared to the previous year. The increase was primarily due to a $1.2 million increase in grants and contracts revenue, $0.5 million increase in auxiliary activities due to an increase in food and catering services and $0.3 million increase in campus services as a result of an increase in student population in current fiscal year.

Operating expenses increased by $1.5 million, or 5%, compared to the previous year. The increase was primarily a result from the increase in sponsored program reimbursements, auxiliary activities and campus services due to an increase in student population.
Nonoperating expenses decreased $0.3 million, or 24%, compared to the previous year. The decrease was primarily due to the refinancing of the capital lease and notes resulted in a decrease in interest expense, together with the increase of interest income from the Cal State University investment pool.

UAS’ net position at the end of 2016 reflected a deficit of $2.8 million, a positive change of $1.7 million from the previous year. The reduction in the deficit is attributed to the operating surplus achieved during the current fiscal year.

**Capital Assets**

Capital assets include land, buildings and improvements, fixtures and equipment, and software at June 30, 2016. Total capital assets before accumulated depreciation decreased by $1.8 million from the previous year primarily due to the net result of acquisition and retirement of capitalized equipment in the current year.

Accumulated depreciation decreased by $0.8 million from $21.7 million to $20.9 million. Depreciation expense for the year was $1.5 million. See note 4 for additional information.

**Debt Administration**

Debt including capital lease obligations and notes payable totaled $24.6 million at June 30, 2016, a decrease of $1.6 million, or 6% compared to the previous year. The decrease is primarily due to the principal payments for notes payable and capital lease, and the refinancing of the Federal Credit Union notes and Golden Eagle Facility lease by the California State University Revenue Bonds (SRB). See note 6 for additional information.

**Other Potentially Significant Matters**

California State University Los Angeles recognizes that UAS is central to the mission of the University. UAS supports the academic mission by providing the infrastructure for contracts and grants administration, making available facilities in support of the Division of Extended Education and Special Events, as well as providing additional services to our customers such as food services, educational supplies and textbooks through the bookstore, a campus day care center, and campus vending services. As such, UAS is a vital component of the University. The University thus recognizes the importance of UAS and will continue supporting UAS to ensure that it is a viable business entity.

Over the past years, UAS commenced full operations of the student meal program in the new Housing Dining Commons. In the current fiscal year, UAS expands food locations in order to serve an increased student population. As such, higher revenues resulted in most of the food operations due to an increase in student population. All previous and current revenue enhancements have allowed UAS to ensure its continued viability. The University understands the challenges faced by UAS. UAS’ ability to carry out its mission is dependent upon the University and the statewide California State University system (CSU). The transactions entered into between UAS, the University, and CSU continue to reflect this relationship. Because of the facilities and services provided by UAS and the University’s ultimate responsibility for the bond financing of the Golden Eagle Facility, management of the University remains committed to taking all reasonable actions to ensure that UAS continues to provide these vital functions.

The UAS Board of Directors also understands the challenges fully disclosed in the current financial reports and the need to seize potential opportunities to improve UAS’ financial position.
Contacting the Cal State L.A. University Auxiliary Services, Inc. Management

This financial report is designed to provide the public with an overview of UAS’ financial operations and condition. If you have questions about this report or need additional information, you can contact the UAS Executive Director at 5151 State University Drive, Los Angeles, CA 90032.
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## CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

**Statement of Net Position (Deficit)**  
**June 30, 2016**

### Assets

<table>
<thead>
<tr>
<th>Current assets:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 6,976,325</td>
</tr>
<tr>
<td>Restricted cash and cash equivalents</td>
<td>3,824,691</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>5,322,589</td>
</tr>
<tr>
<td>Inventory</td>
<td>25,931</td>
</tr>
<tr>
<td>Prepaid and other assets</td>
<td>39,603</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>16,189,139</strong></td>
</tr>
</tbody>
</table>

| Capital assets, net:           |       |
| Non-depreciable                | 639,000 |
| Depreciable                    | 20,984,440 |
| **Total capital assets, net**  | **21,623,440** |

**Total assets**  
**37,812,579**

### Liabilities

| Current liabilities:           |       |
| Accounts payable               | 1,639,498 |
| Accrued expenses               | 1,552,463 |
| Unearned revenue               | 5,588,361 |
| Due to the University          | 633,252 |
| Compensated absences           | 320,460 |
| Other postemployment healthcare benefits | 81,802 |
| Notes payable                  | 123,400 |
| Capital lease obligation       | 840,000 |
| **Total current liabilities**  | **10,779,236** |

| Long-term liabilities:         |       |
| Due to the University          | 636,419 |
| Compensated absences           | 95,292 |
| Other postemployment healthcare benefits | 4,571,572 |
| Notes payable                  | 1,906,173 |
| Capital lease obligation       | 21,732,362 |
| **Total long-term liabilities**| **28,941,818** |

**Total liabilities**  
**39,721,054**

### Deferred inflows of resources:

| Unamortized gain on sale of property | 185,147 |
| Unamortized gain on refunding        | 727,202 |
| **Total deferred inflow of resources** | **912,349** |

### Net position (deficit):

| Net investment in capital assets   | (3,890,844) |
| Unrestricted                      | 1,070,020 |
| **Total net position (deficit)**  | **$ (2,820,824)** |

See accompanying notes to basic financial statements.
CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
Statement of Revenues, Expenses and Changes in Net Position (Deficit)
For the Year Ended June 30, 2016

<table>
<thead>
<tr>
<th>Operating revenues:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and contracts</td>
<td>$21,739,079</td>
</tr>
<tr>
<td>Revenue from auxiliary activities</td>
<td>4,717,247</td>
</tr>
<tr>
<td>Campus program activities</td>
<td>2,544,760</td>
</tr>
<tr>
<td>Lease income</td>
<td>1,502,087</td>
</tr>
<tr>
<td>Other income</td>
<td>536,733</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td><strong>31,039,906</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating expenses:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsored programs</td>
<td>21,539,067</td>
</tr>
<tr>
<td>Auxiliary activities</td>
<td>4,243,142</td>
</tr>
<tr>
<td>Campus program activities</td>
<td>1,991,145</td>
</tr>
<tr>
<td>General and administrative</td>
<td>595,399</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>28,368,753</strong></td>
</tr>
<tr>
<td>Operating income</td>
<td>2,671,153</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nonoperating revenues (expenses):</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss on retirement of assets</td>
<td>(11,346)</td>
</tr>
<tr>
<td>Interest income</td>
<td>27,489</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(955,151)</td>
</tr>
<tr>
<td><strong>Net nonoperating expenses</strong></td>
<td><strong>(939,008)</strong></td>
</tr>
<tr>
<td>Change in net position</td>
<td>1,732,145</td>
</tr>
</tbody>
</table>

| Net deficit - beginning of year         | (4,552,969)|
| Net deficit - end of year               | $ (2,820,824) |

See accompanying notes to basic financial statements.
# Statement of Cash Flows
For the Year Ended June 30, 2016

**Cash flows from operating activities:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal grants and contracts</td>
<td>$19,542,024</td>
</tr>
<tr>
<td>State and local grants and contracts</td>
<td>$2,141,874</td>
</tr>
<tr>
<td>Nongovernmental grants and contracts</td>
<td>$2,201,338</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>$(8,887,949)</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>$(13,145,398)</td>
</tr>
<tr>
<td>Payments to students</td>
<td>$(3,926,979)</td>
</tr>
<tr>
<td>Sales and services of educational activities</td>
<td>$2,533,414</td>
</tr>
<tr>
<td>Sales and services of auxiliary enterprises</td>
<td>$6,127,353</td>
</tr>
<tr>
<td>Other receipts</td>
<td>$580,361</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>$7,166,038</td>
</tr>
</tbody>
</table>

**Cash flows from capital and related financing activities:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of capital assets</td>
<td>$(540,323)</td>
</tr>
<tr>
<td>Proceeds from capital debt</td>
<td>$25,668,852</td>
</tr>
<tr>
<td>Principal paid on capital debt and leases</td>
<td>$(27,003,502)</td>
</tr>
<tr>
<td>Interest paid on capital debt and leases</td>
<td>$(1,187,646)</td>
</tr>
<tr>
<td><strong>Net cash used for capital and related financing activities</strong></td>
<td>$(3,062,619)</td>
</tr>
</tbody>
</table>

**Cash flows from investing activities:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment income</td>
<td>$27,633</td>
</tr>
<tr>
<td><strong>Net cash provided by investing activities</strong></td>
<td>$27,633</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>$4,131,052</td>
</tr>
<tr>
<td>Cash and cash equivalents - beginning of year</td>
<td>$6,669,964</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents - end of year</strong></td>
<td>$10,801,016</td>
</tr>
</tbody>
</table>

Reconciliation of operating income to net cash provided by operating activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>$2,671,153</td>
</tr>
<tr>
<td>Adjustments to reconcile operating income to net cash provided by operating activities:</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>$1,532,521</td>
</tr>
<tr>
<td>Change in assets and liabilities:</td>
<td></td>
</tr>
<tr>
<td>Increase in accounts receivable</td>
<td>$(874,774)</td>
</tr>
<tr>
<td>Increase in inventory</td>
<td>$(1,558)</td>
</tr>
<tr>
<td>Increase in prepaid expenses and other current assets</td>
<td>$(39,604)</td>
</tr>
<tr>
<td>Increase in accounts payable</td>
<td>$337,625</td>
</tr>
<tr>
<td>Decrease in accrued expenses</td>
<td>$(67,287)</td>
</tr>
<tr>
<td>Increase in unearned revenue</td>
<td>$3,118,190</td>
</tr>
<tr>
<td>Increase in compensated absences</td>
<td>$14,171</td>
</tr>
<tr>
<td>Increase in other postemployment healthcare benefits</td>
<td>$475,601</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>$7,166,038</td>
</tr>
</tbody>
</table>

Noncash capital and related financing activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization of capital lease and note premiums</td>
<td>$(145,260)</td>
</tr>
<tr>
<td>Amortization of gain on refunding</td>
<td>$(37,102)</td>
</tr>
<tr>
<td>Amortization of gain on sale of property</td>
<td>$(10,891)</td>
</tr>
</tbody>
</table>

See accompanying notes to basic financial statements.
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NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Cal State L.A. University Auxiliary Services, Inc. (UAS) is a recognized nonprofit auxiliary and a component unit of California State University, Los Angeles (University). UAS serves as a multi-purpose auxiliary operating at the University. UAS exists to serve the California State University (CSU) and the University and provides the University with services, which are an integral part of the educational program of the CSU and the University. The principal activities of UAS are grants and contracts administration, management of the bookstore, food services, campus day care center, and campus vending services. In order for UAS to execute operations in support of the University’s mission, the CSU and University provide essential support and services to the auxiliary. UAS’ ability to carry out its mission is dependent upon the University and CSU, and transactions entered into between UAS, the University, and CSU reflects this relationship.

Basis of Accounting and Measurement Focus

The accompanying basic financial statements of the UAS have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), as promulgated by the Governmental Accounting Standards Board (GASB), the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The UAS operates as a business enterprise and the accompanying financial statements reflect the flow of economic resources measurement focus and the full accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

An enterprise fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund’s principal ongoing operations. The principal operating revenues of the UAS’ enterprise fund are grants and contracts, campus program revenue and revenue from auxiliary activities. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits, money market accounts, restricted cash from grants and contracts, and UAS’ share in the California State University system’s cash and investments pool, which are reported at fair value.

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates and have an original maturity of three months or less at time of purchase.
NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable consists of amounts due from grants and contracts, the University and others. Annually, a review of open receivables is conducted to determine collectability on past due receivables and an allowance is established based on historical data.

Capital Assets

Building and improvements, fixtures and equipment are stated at cost at the date of acquisition. UAS capitalizes all expenses for building improvements, fixtures and equipment with costs in excess of $5,000 and with a useful life of one year or more and for which it is deemed probable that the assets will not revert back to the granting agency. For fixtures and equipment, depreciation is calculated using the straight-line method over the assets’ estimated useful lives, which range from three to seven years. Building improvements are stated at cost and are amortized using the straight-line method over the estimated useful life of the asset or term of the lease, whichever is less. Buildings and housing are depreciated over 30 years.

Components of Net Position

Net investment in capital assets – This component of the net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.

Restricted - This component of net position consists of restricted assets reduced by liabilities related to those assets.

Unrestricted – This component of net position consists of the net amount of those assets that are not included in the determination of net investment in capital assets or the restricted component of net position.

Policy Regarding Use of Restricted vs. Unrestricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the UAS will utilize restricted resources first, and then unrestricted resources as needed.

Income Taxes

UAS is exempt from federal income and state franchise taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code, respectively. Accordingly, there is no provision for income taxes in the financial statements. UAS has implemented Accounting Standards Codification (ASC) topic 740-10-25, Income taxes – Overall – Recognition, for uncertainty in tax positions and has determined there is no material impact on the financial statements. UAS’ returns are subject to examination by federal and state taxing authorities, generally for three years, and four years, respectively, after they are filed.
NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

New Accounting Pronouncement

During the year ended June 30, 2016, UAS adopted Government Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (Statement No. 72).

Statement No. 72 requires UAS to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the assets or liabilities, which are typically based on an entity’s own assumptions, as there is little, if any, related market activity.

Statement No. 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that was used for the fair value measurements. There was no material impact on UAS’ financial statement as a result of the implementation of Statement No. 72. All required disclosures were added to Note 2.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2016 are composed of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td>$ 5,325</td>
</tr>
<tr>
<td>Cash in banks</td>
<td>6,426,792</td>
</tr>
<tr>
<td>Pooled cash and investments</td>
<td>4,368,899</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 10,801,016</strong></td>
</tr>
</tbody>
</table>

Cash in Bank

The *California Government Code* requires California banks and savings and loan associations to secure UAS’ deposits. Obligations pledged to secure deposits must be delivered to an institution other than the institution in which the deposit is made; however, the trust department of the same institution may hold them. Written custodial agreements are required that provide, among other things, that the collateral securities are held separate from the assets of the custodial institution. The pledge to secure deposits is administered by the California Superintendent of Banks. The market value of pledged securities must equal 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure an agency's deposits by pledging first trust deeds or first mortgages having a value of 150 percent of an agency's total deposits. All such collateral is considered to be held by the pledging
NOTE 2– CASH AND CASH EQUIVALENTS (Continued)

financial institutions’ trust departments or agents in the name of UAS. At June 30, 2016, cash held by
financial institutions for the UAS of $7,422,522 was entirely insured and collateralized as described above.
The book balance at June 30, 2016 for UAS was $6,426,792, of which $3,824,691 was restricted for grants
and contracts.

Pooled Cash and Investments in the California State University System

UAS categorizes its fair value measurements within the fair value hierarchy established by generally accepted
accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets.
Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other
observable inputs; and Level 3 inputs are significant unobservable inputs. Investment in an external government
investment pool are not subject to reporting within the level hierarchy.

UAS has the following recurring fair value measurement as of June 30, 2016:

UAS participates in the CSU investment pool (the Pool) managed by U.S. Bank, an asset management and
investment advisory firm that serves the CSU. Securities within the investment pool that are not insured are
held in the name of CSU. Such short-term investments are reported at fair value, which was $4,368,899,
and represents approximately 0.1% of the Pool as of June 30, 2016. There are no specific investments
belonging to UAS. The Pool is not rated as of June 30, 2016. The weighted average to maturity of the Pool
as of June 30, 2016 is 1.5 years.

NOTE 3 – ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at June 30, 2016:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and contracts (net of allowance of $243,427)</td>
<td>$ 4,751,009</td>
</tr>
<tr>
<td>Due from California State University, Los Angeles</td>
<td>255,779</td>
</tr>
<tr>
<td>Other (net of allowance of $2,315)</td>
<td>315,801</td>
</tr>
<tr>
<td>Total</td>
<td>$ 5,322,589</td>
</tr>
</tbody>
</table>
NOTE 4 – CAPITAL ASSETS

The capital assets balance at June 30, 2016 consists of the following activity:

<table>
<thead>
<tr>
<th>Capital assets, non-depreciable:</th>
<th>Balance</th>
<th>Increases</th>
<th>Decreases</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$639,000</td>
<td>-</td>
<td>-</td>
<td>$639,000</td>
</tr>
<tr>
<td>Total non-depreciable capital assets</td>
<td>639,000</td>
<td>-</td>
<td>-</td>
<td>639,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital assets, depreciable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings and building improvements under capital lease</td>
</tr>
<tr>
<td>Furniture, fixtures and equipment</td>
</tr>
<tr>
<td>Software</td>
</tr>
<tr>
<td>Total depreciable capital assets</td>
</tr>
</tbody>
</table>

Less accumulated depreciation:

<table>
<thead>
<tr>
<th>Capital assets, depreciable (net)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings and building improvements under capital lease</td>
</tr>
<tr>
<td>Furniture, fixtures and equipment</td>
</tr>
<tr>
<td>Software</td>
</tr>
<tr>
<td>Total accumulated depreciation</td>
</tr>
</tbody>
</table>

Capital assets – net

<table>
<thead>
<tr>
<th>Capital assets – net</th>
</tr>
</thead>
<tbody>
<tr>
<td>$22,626,984</td>
</tr>
</tbody>
</table>

Depreciation expense for the year ended June 30, 2016 was $1,532,521.

NOTE 5 – ACCOUNTS PAYABLE

The following is a summary of accounts payable at June 30, 2016:

| Accounts payable to third-party vendors | $1,187,198 |
| Payable to California State University, Los Angeles | 452,300 |
| Total | $1,639,498 |
NOTE 6 – LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended June 30, 2016 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Balance June 30, 2015</th>
<th>Increases</th>
<th>Decreases</th>
<th>Balance June 30, 2016</th>
<th>Due in one year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to the University</td>
<td>$1,899,773</td>
<td>$-</td>
<td>$(630,102)</td>
<td>$1,269,671</td>
<td>$633,252</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>401,581</td>
<td>345,051</td>
<td>(330,880)</td>
<td>415,752</td>
<td>320,460</td>
</tr>
<tr>
<td>Notes payable</td>
<td>2,174,600</td>
<td>1,685,000</td>
<td>(2,053,400)</td>
<td>1,806,200</td>
<td>123,400</td>
</tr>
<tr>
<td>Unamortized note premium</td>
<td>-</td>
<td>238,730</td>
<td>(15,357)</td>
<td>223,373</td>
<td>-</td>
</tr>
<tr>
<td>Capital lease</td>
<td>23,270,000</td>
<td>21,435,000</td>
<td>(24,320,000)</td>
<td>20,385,000</td>
<td>840,000</td>
</tr>
<tr>
<td>Unamortized capital lease premium</td>
<td>771,447</td>
<td>2,310,122</td>
<td>(894,207)</td>
<td>2,187,362</td>
<td>-</td>
</tr>
<tr>
<td>Other postemployment healthcare benefits (Note 9)</td>
<td>4,177,774</td>
<td>475,600</td>
<td>-</td>
<td>4,653,374</td>
<td>81,802</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32,695,175</strong></td>
<td><strong>26,489,503</strong></td>
<td><strong>(28,243,946)</strong></td>
<td><strong>30,940,732</strong></td>
<td><strong>1,998,914</strong></td>
</tr>
</tbody>
</table>

Less current portion: $1,998,914
Total long-term obligation: $28,941,818

Notes Payable

On April 1, 2008, UAS entered into an interest-free note payable with the University-Student Union Board, California State University, Los Angeles (USU), an affiliate, for borrowing up to $490,000. The purpose was to purchase furniture, fixtures or equipment or for tenant improvement costs for Starbucks and Sbarro stores located in USU. Principal payments are $38,400 annually for the first ten years, and $21,200 annually for the remaining five years. The agreement expires in March 2023. As of June 30, 2016, the outstanding balance is $221,200.

On August 1, 2015, the Board of Trustees of the California State University System (Trustees) issued Systemwide Revenue Bonds (SRB), Series 2015A. UAS simultaneously entered into a note agreement (Note) with the Trustees and a portion of the SRB, in the amount of $1,685,000, was issued to UAS to replace the Bond Anticipation Notes (BAN) and refinance the Television Film Media Studio building. Amounts outstanding under the Note totaled $1,585,000 at June 30, 2016. The interest rate of the SRB is ranged from 2.0% to 5.0% in next 14 years and total interest paid for the year is $52,466. In addition, UAS has deferred note premium, totaling of $238,730. This balance will be amortized over the term of the note and, at June 30, 2016, the unamortized premium was $223,373.
NOTE 6 – LONG-TERM DEBT OBLIGATIONS (Continued)

The principal maturities of notes payable outstanding as of June 30, 2016 are as follows:

<table>
<thead>
<tr>
<th>Year ending June 30:</th>
<th>University Student Union</th>
<th>Note with Trustees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Principal</td>
<td>Interest</td>
</tr>
<tr>
<td>2017</td>
<td>$38,400</td>
<td>$-</td>
</tr>
<tr>
<td>2018</td>
<td>38,400</td>
<td>-</td>
</tr>
<tr>
<td>2019</td>
<td>38,400</td>
<td>-</td>
</tr>
<tr>
<td>2020</td>
<td>21,200</td>
<td>-</td>
</tr>
<tr>
<td>2021</td>
<td>21,200</td>
<td>-</td>
</tr>
<tr>
<td>2022-2026</td>
<td>63,600</td>
<td>-</td>
</tr>
<tr>
<td>2027-2030</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$221,200</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year ending June 30:</th>
<th>Principal</th>
<th>Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$123,400</td>
<td>$68,763</td>
</tr>
<tr>
<td>2018</td>
<td>128,400</td>
<td>65,912</td>
</tr>
<tr>
<td>2019</td>
<td>128,400</td>
<td>62,638</td>
</tr>
<tr>
<td>2020</td>
<td>116,200</td>
<td>58,912</td>
</tr>
<tr>
<td>2021</td>
<td>121,200</td>
<td>55,437</td>
</tr>
<tr>
<td>2022-2026</td>
<td>628,600</td>
<td>207,769</td>
</tr>
<tr>
<td>2027-2030</td>
<td>560,000</td>
<td>57,750</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,806,200</strong></td>
<td><strong>$577,181</strong></td>
</tr>
</tbody>
</table>

Capital Lease Obligation

In connection with the issuance of the SRB, Series 2005A&B, by the Trustees, UAS agreed to sell, and the Trustees agreed to purchase, all of UAS’ rights, title and interest in and to the Golden Eagle Facility originally financed with the proceeds of the UAS 2001 Series Bonds.

UAS also simultaneously entered into a Ground and Facilities Lease (Lease) to lease back from the Trustees the Golden Eagle Facility for a lease commencing on April 15, 2005 through November 1, 2032. Based on the terms of the Ground and Facilities Lease, the transaction met the requirements to be treated as a Sale-Leaseback Transaction.

The carrying value of the Golden Eagle Facility was approximately $29,001,497 at the time of the Sale-Leaseback Transaction and the purchase price, agreed to as part of the transaction, was $29,352,161. This resulted in a net $350,664 gain on the sale for UAS. This balance is being amortized over the term of the capital lease and, at June 30, 2016, the unamortized gain on the sale was $185,147 and is classified as deferred inflows of resources. The Lease contains certain restrictive covenants including restrictions on
NOTE 6 – LONG-TERM DEBT OBLIGATIONS (Continued)

the issuance of debt, budget goals, and minimum net income available for debt service and tax code compliance requirements.

On August 1, 2015, the Trustees issued a $21,435,000 SRB, Series 2015A to UAS to refinance the SRB Series 2005A&B. The amount of defeased bond outstanding as of date of refunding total $23,270,000. The refinancing will result in an economic gain (difference between net present values of the debt service payments on the old lease and new lease) of approximately $3,892,000. In connection with the SRB, UAS renewed the Lease simultaneously with the Trustees through November 1, 2032. Amounts outstanding under the new lease totaled $20,385,000 at June 30, 2016. The interest rate of the SRB is ranged from 2.0% to 5.0% in next 17 years and total interest paid for the year is $641,494. In addition, UAS has deferred capital lease premium, totaling of $2,310,122 and deferred gain on refunding of the old lease, totaling of $764,304. These balances will be amortized over the term of the Lease and, at June 30, 2016, the unamortized premium and gain on refunding were $2,187,362 and $727,202, respectively. The gain on refunding is classified as a deferred inflow of resources.

The amount of the leased asset is $29,351,562 and accumulated amortization was $11,843,613 at June 30, 2016.

The minimum lease payments required by the lease are as follows:

<table>
<thead>
<tr>
<th>Year ending June 30:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$1,685,413</td>
</tr>
<tr>
<td>2018</td>
<td>1,692,312</td>
</tr>
<tr>
<td>2019</td>
<td>1,690,413</td>
</tr>
<tr>
<td>2020</td>
<td>1,688,637</td>
</tr>
<tr>
<td>2021</td>
<td>1,688,763</td>
</tr>
<tr>
<td>2022 - 2026</td>
<td>8,450,819</td>
</tr>
<tr>
<td>2027 - 2031</td>
<td>8,445,776</td>
</tr>
<tr>
<td>2032 - 2033</td>
<td>3,377,625</td>
</tr>
<tr>
<td>Total minimum lease payments</td>
<td>28,719,758</td>
</tr>
<tr>
<td>Less amount representing interest</td>
<td>(8,334,758)</td>
</tr>
<tr>
<td>Present value of future minimum lease payments</td>
<td>$20,385,000</td>
</tr>
</tbody>
</table>

NOTE 7 – FRANCHISE OF BOOKSTORE AND FOOD SERVICE

In May 1999, UAS entered into a management agreement with an unrelated corporation (the Franchisee) under which UAS transferred the management rights to the bookstore for a five-year period. The agreement has been renewed on May 1, 2009 for an additional three years with two one-year extensions. On March 22, 2012, the agreement was amended to extend for a five-year period through March 2017 with an automatic renew option through 2022. UAS receives a fixed fee of not less than $570,000 per year. This fee is to cover the management rights of the bookstore, Café LA, and Metro Express Convenience Store, including facilities rental and rental of UAS’ leasehold improvements and equipment. In addition, UAS
NOTE 7 – FRANCHISE OF BOOKSTORE AND FOOD SERVICE (Continued)

will receive all revenues in excess of the fixed and variable commission fees retained by the Franchisee. At the termination of the agreement, such leasehold improvements and equipment revert to UAS. During the year ended June 30, 2016, UAS recognized $750,411, in rental income from the bookstore lease. Under the terms of the amended agreement, UAS receives a fixed fee of $49,000 per year to cover utility expenses, a $100,000 unrestricted contribution to support UAS operations, a one-time $600,000 signing bonus to be used at the discretion of UAS and amortized over the term of the 10-year contract, and a $250,000 renovation cost to be used for the design, construction, equipment, and install fixtures in the bookstore, Café LA, and Metro Express Convenience Store. Both of the renovation costs and signing bonus are repayable should the agreement be terminated prior to March 22, 2022.

UAS has various agreements with Franchisees to operate food service units and vending machines on the University campus. Under the terms of the agreements, UAS is to receive a predetermined percentage of total net sales. The agreements expire on various dates through 2016, with most Franchisees renewing under the same terms and conditions, as defined in the agreements. During the year ended June 30, 2016, UAS recognized $908,216 in commission income from net sales. The commission income is included in revenue from auxiliary activities.

NOTE 8 – RETIREMENT PLANS

UAS Money Purchase Pension Plan (Plan) is a defined contribution plan covering all employees of the UAS who have one year of service and are age twenty-one or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is administered by Prudential Retirement Insurance and Annuity Company (Prudential). Although UAS has not expressed any intent to do so, UAS has the right under the Plan to modify or discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in their employer contribution. The Plan contributes an amount equal to 6% of eligible employees’ annual salaries. Total contribution payments to this plan for the year ended June 30, 2016 were $244,309.

UAS also has a tax-sheltered annuity plan whereby UAS will match up to 6% of eligible employees’ gross salary contributed by the employees. Total contribution payments to this plan for the year ended June 30, 2016 were $134,356.

NOTE 9 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB) PLAN

Plan Description

UAS’ Other Postemployment Healthcare Benefit (OPEB) Plan is a single-employer defined benefit healthcare plan administered by UAS. The OPEB plan provides lifetime postemployment medical coverage to its eligible employees and their spouses.

UAS employees hired prior to November 14, 2006 are eligible to receive UAS subsidized postemployment medical coverage for themselves and their spouse if they retire at age 55 or older with at least 10 years of service with UAS. Eligible retirees receive lifetime benefits from UAS as long as they remain enrolled in a medical plan sponsored by UAS. At age 65 retirees have the option of opting out of UAS sponsored coverage. In return, UAS agrees to pay the Medicare Part B premium for these retirees and their spouses. UAS employees hired after November 14, 2006 are eligible to receive UAS subsidized postemployment
NOTE 9 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB) PLAN (Continued)

medical coverage for themselves and their spouse if they retire at age 59.5 or older with at least 10 years of service with UAS. Eligible retirees receive lifetime benefits from UAS as long as they remain enrolled in a medical plan sponsored by UAS. Employees who retire with 10 to 19 years of service are eligible to receive 50% of the maximum UAS subsidy. Employees who retire with 20 or more years of service are eligible to receive 100% of the maximum UAS subsidy.

UAS currently sponsors Blue Cross and Kaiser HMOs and two Blue Cross PPOs. UAS contributes a significant portion of the cost of this coverage. Employees and retirees are required to contribute 10% of the monthly premium cost. The maximum UAS monthly contribution is “capped”. The monthly cap in effect for 2016 is:

- Employee only: $655
- Two party: $1,246

Benefit provisions of the plan are established and may be amended by the UAS Board of Directors. The defined benefit postemployment plan does not issue a separate stand-alone financial report.

Funding Policy

The contribution requirements of plan members and UAS are established and may be amended by UAS’ Board of Directors. Currently, UAS’ policy is to contribute to the plan on a pay-as-you-go basis. For the year ended June 30, 2016, UAS contributed $67,881, representing premium payments on behalf of its retired employees.

Annual OPEB Cost

UAS’ annual 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, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. Currently, UAS has not prefunded any of its OPEB obligation and is contributing on a pay-as-you-go basis.

The following table shows UAS’ annual required contribution (OPEB costs), for the year ended June 30, 2016, the amount actually contributed to the plan, and changes in UAS’ net OPEB obligation.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual required contribution</td>
<td>$603,154</td>
</tr>
<tr>
<td>Interest on net OPEB obligation</td>
<td>167,111</td>
</tr>
<tr>
<td>Adjustment to annual required contribution</td>
<td>$226,784</td>
</tr>
<tr>
<td>Annual OPEB cost (expense)</td>
<td>543,481</td>
</tr>
<tr>
<td>Contributions made</td>
<td>67,881</td>
</tr>
<tr>
<td>Increase in net OPEB obligation</td>
<td>475,600</td>
</tr>
<tr>
<td>Net OPEB obligation - beginning of year</td>
<td>4,177,774</td>
</tr>
<tr>
<td>Net OPEB obligation - end of year</td>
<td>$4,653,374</td>
</tr>
</tbody>
</table>
NOTE 9 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB) PLAN (Continued)

UAS’ annual OPEB cost, actual contributions, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014, 2015, and 2016 were as follows:

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>Annual OPEB Cost</th>
<th>Actual Contributions</th>
<th>Percentage of Annual OPEB Cost Contributed</th>
<th>Net OPEB Obligation</th>
</tr>
</thead>
<tbody>
<tr>
<td>6/30/2016</td>
<td>$543,481</td>
<td>$67,881</td>
<td>12%</td>
<td>$4,653,374</td>
</tr>
<tr>
<td>6/30/2015</td>
<td>513,788</td>
<td>90,302</td>
<td>18%</td>
<td>4,177,774</td>
</tr>
<tr>
<td>6/30/2014</td>
<td>483,678</td>
<td>77,812</td>
<td>16%</td>
<td>3,754,288</td>
</tr>
</tbody>
</table>

Funded Status and Funding Progress

The following reflects the funded status of the plan as of July 1, 2014:

- Actuarial value of plan assets  
  - $-
- Unfunded actuarial accrued liability  
  - (UAAL) $4,731,574

- Funded ratio (actuarial value of plan assets/actuarial accrued liability(AAL)) 0.0%
- Covered payroll (active plan members)  
  - $4,329,488

- UAAL as a percentage of covered payroll 109.3%

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

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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 short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.
NOTE 9 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB) PLAN (Continued)

In the July 1, 2014 actuarial valuation (with results rolled back to 7/1/2013), the entry age normal cost method was used. The actuarial assumptions used to determine the annual required contribution included a 4.0% investment rate of return, (net of administrative expenses) and an annual blended healthcare trend rate of 6.7% initially, reduced by decrements to an ultimate rate of 5.0% after ten years. A 3.25% annual rate of increase in payroll was used. The estimated age-adjusted “true cost” of retiree medical cost ranges from age 55 with an annual cost of $8,940 to age 64 with an annual cost of $12,994. The plan’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis over a period of 30 years. As of July 1, 2013, 6 years of amortization have occurred and 24 years remained. Under the entry age normal cost method the projected benefits allocates the present value of future benefits on a level basis over the earnings or service (in this case earnings) of each employee between the hire date and assumed retirement age.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Grants and Contracts

Amounts received or receivable from federal and state agencies are subject to audit and any claims may constitute a liability of the applicable funds. The amount, if any, of expenses which may be potentially disallowed cannot be determined at this time. UAS expects such amounts, if any, to be insignificant as of June 30, 2016.

NOTE 11 - RELATED PARTY TRANSACTIONS

UAS is one of the four recognized auxiliary organizations of the University that provide services primarily to the University’s students and faculty.

UAS received utilities, mainframe computer services, printing, faculty release time, office supplies, information technology management, accounting and financial services, and human resource services from the University and was charged $6,919,835 for the year ended June 30, 2016. This amount included $1,843,960 of the current year capital lease and note principal and interest expense payments, and $639,601 payment for principal and interest of current year’s balance due to the University.

UAS received $3,735,817 from the University for providing catering and campus program services, space to the University for the usage as classrooms, special events, and facilities for the Extended Education Division.

In August 2015, UAS participated in the SRB program to refinance the UAS Golden Eagle Building Facility and the Television Film Media Studio building. A capitalized ground lease agreement and a note agreement exist between the CSU Trustees, the University and UAS ending November, 2032 and November 2029 respectively (see note 6).

In April 2008, UAS entered into an interest-free note payable with the USU, an affiliate, for borrowing up to $490,000 (see note 6).
NOTE 12– LIQUIDITY

The Board of Directors reviewed a ten year projection in support of refinancing, the economic plans for the future, and approved the restructuring of the debt through the CSU SRB Program, and on this basis, is confident that the UAS has adequate resources to continue in operational existence for the foreseeable future.

Over the past years, UAS commenced full operations of the student meal program in the new Housing Dining Commons. In current fiscal year, UAS expands food locations in order to serve increased student population. As such, higher revenues are resulted in most of the food operations due to an increase in student population. All previous and current revenues enhancements have allowed UAS to continuously improve its operating income in the commercial and administrative operations. The changes implemented have improved fiscal viability, and during the current fiscal year, UAS had an improvement in net position of $1,732,145.
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REQUIRED SUPPLEMENTARY INFORMATION
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### Schedule of Funding Progress - Other Postemployment Healthcare Benefits

<table>
<thead>
<tr>
<th>Actuarial Valuation Date</th>
<th>Actuarial Value of Assets (A)</th>
<th>Actuarial Accrued Liability (AAL) Entry Age (B)</th>
<th>Unfunded AAL (UAAL) (B – A)</th>
<th>Funded Ratio (A / B)</th>
<th>Covered Payroll (C)</th>
<th>UAAL as Percentage of Covered Payroll ((B – A) / C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7/1/2008 (a)</td>
<td>$ -</td>
<td>$ 3,332,335</td>
<td>$ 3,332,335</td>
<td>0.0%</td>
<td>$ 3,766,933</td>
<td>88.5%</td>
</tr>
<tr>
<td>7/1/2011 (b)</td>
<td>-</td>
<td>4,292,142</td>
<td>4,292,142</td>
<td>0.0%</td>
<td>4,244,324</td>
<td>101.1%</td>
</tr>
<tr>
<td>7/1/2014 (c)</td>
<td>-</td>
<td>4,731,574</td>
<td>4,731,574</td>
<td>0.0%</td>
<td>4,329,488</td>
<td>109.3%</td>
</tr>
</tbody>
</table>

(a) with valuation result rolled back to July 1, 2007  
(b) with valuation result rolled back to July 1, 2010  
(c) with valuation result rolled back to July 1, 2013
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SUPPLEMENTARY INFORMATION
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### CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.

#### Schedule of Net Position

**June 30, 2016**

*(for inclusion in the California State University)*

**Assets:**

<table>
<thead>
<tr>
<th>Current assets:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$6,432,117</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>4,368,899</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>5,322,589</td>
</tr>
<tr>
<td>Leases receivable, current portion</td>
<td></td>
</tr>
<tr>
<td>Notes receivable, current portion</td>
<td></td>
</tr>
<tr>
<td>Pledges receivable, net</td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses and other current assets</td>
<td>65,534</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>16,189,139</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Noncurrent assets:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted cash and cash equivalents</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td></td>
</tr>
<tr>
<td>Leases receivable, net of current portion</td>
<td></td>
</tr>
<tr>
<td>Notes receivable, net of current portion</td>
<td></td>
</tr>
<tr>
<td>Student loans receivable, net</td>
<td></td>
</tr>
<tr>
<td>Pledges receivable, net</td>
<td></td>
</tr>
<tr>
<td>Endowment investments</td>
<td></td>
</tr>
<tr>
<td>Other long-term investments</td>
<td></td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>21,623,440</td>
</tr>
<tr>
<td><strong>Other assets</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total noncurrent assets</strong></td>
<td><strong>21,623,440</strong></td>
</tr>
</tbody>
</table>

| **Total assets**                      | **37,812,579** |

**Deferred outflows of resources:**

| Unamortized loss on debt refunding    |       |
| Net pension liability                |       |
| Others                                |       |
| **Total deferred outflows of resources** |       |

**Liabilities:**

<table>
<thead>
<tr>
<th>Current liabilities:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>1,639,498</td>
</tr>
<tr>
<td>Accrued salaries and benefits</td>
<td>1,552,463</td>
</tr>
<tr>
<td>Accrued compensated absences, current portion</td>
<td>320,460</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>5,588,361</td>
</tr>
<tr>
<td>Capitalized lease obligations, current portion</td>
<td>840,000</td>
</tr>
<tr>
<td>Long-term debt obligations, current portion</td>
<td>123,400</td>
</tr>
<tr>
<td>Claims liability for losses and loss adjustment expenses, current portion</td>
<td></td>
</tr>
<tr>
<td>Depository accounts</td>
<td></td>
</tr>
<tr>
<td>Other liabilities</td>
<td>715,054</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>10,779,236</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Noncurrent liabilities:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued compensated absences, net of current portion</td>
<td>95,292</td>
</tr>
<tr>
<td>Uncollected revenue</td>
<td></td>
</tr>
<tr>
<td>Grants refundable</td>
<td></td>
</tr>
<tr>
<td>Capitalized lease obligations, net of current portion</td>
<td>21,732,362</td>
</tr>
<tr>
<td>Long-term debt obligations, net of current portion</td>
<td>1,906,173</td>
</tr>
<tr>
<td>Claims liability for losses and loss adjustment expenses, net of current portion</td>
<td></td>
</tr>
<tr>
<td>Depository accounts</td>
<td></td>
</tr>
<tr>
<td>Other postemployment benefit obligations</td>
<td></td>
</tr>
<tr>
<td>Net pension liability</td>
<td></td>
</tr>
<tr>
<td>Other liabilities</td>
<td>636,419</td>
</tr>
<tr>
<td><strong>Total noncurrent liabilities</strong></td>
<td><strong>28,941,818</strong></td>
</tr>
</tbody>
</table>

| **Total liabilities**                 | **39,721,054** |

**Deferred inflows of resources:**

| Service concession arrangements       |       |
| Net pension liability                 |       |
| Unamortized gain on debt refunding    | 727,302 |
| Nonexchange transactions              |       |
| Others                                | 185,147 |
| **Total deferred inflows of resources** |       |

**Net Position (Deficit):**

| Net investment in capital assets      | (3,890,844) |
| Restricted for:                       |       |
| Nonexpendable – endowments            |       |
| Expendable:                           |       |
| Scholarships and fellowships          |       |
| Research                              |       |
| Loans                                 |       |
| Capital projects                      |       |
| Debt service                          |       |
| Others                                |       |
| Unrestricted                          | 1,070,020 |
| **Total net position (deficit)**      | **(2,820,824)** |

See accompanying notes to supplementary schedules.
## CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
### Schedule of Revenues, Expenses and Changes in Net Position
#### Year Ended June 30, 2016
*(for inclusion in the California State University)*

### Revenues:

#### Operating revenues:
- **Student tuition and fees (net of scholarship allowances of $_______)**
  - $ -
- Grants and contracts, noncapital:
  - Federal: 17,395,867
  - State: 2,141,874
  - Local: 830,234
  - Nongovernmental: 1,371,104
- Sales and services of educational activities: 2,544,760
- Sales and services of auxiliary enterprises (net of scholarship allowances of $0): 6,219,334
- Other operating revenues: 536,733

**Total operating revenues**: 31,039,906

### Expenses:

#### Operating expenses:
- Instruction: 21,214,614
- Research: -
- Public service: -
- Academic support: -
- Student services: -
- Institutional support: 1,978,597
- Operation and maintenance of plant: 3,643,021
- Student grants and scholarships: -
- Auxiliary enterprise expenses: -
- Depreciation and amortization: 1,532,521

**Total operating expenses**: 28,368,753

**Operating income (loss)**: 2,671,153

### 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: 27,489
- Endowment income (loss), net: -
- Interest expense: (955,151)
- Other nonoperating revenues (expenses): (11,346)

**Net nonoperating revenues (expenses)**: (939,008)

**Income (loss) before other revenues (expenses)**: 1,732,145

### Net position:

- Net position at beginning of year, as previously reported: (4,552,969)
- Restatements: -
- Net position at beginning of year, as restated: (4,552,969)
- Net position at end of year: $ (2,820,824)

See accompanying notes to supplementary schedules.
CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
Other Information
June 30, 2016
(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2016:
   Portion of restricted cash and cash equivalents related to endowments $ -
   All other restricted cash and cash equivalents -
   Total restricted cash and cash equivalents $ -

2.1 Composition of investments at June 30, 2016:

<table>
<thead>
<tr>
<th>Current Unrestricted</th>
<th>Current Restricted</th>
<th>Total Current</th>
<th>Noncurrent Unrestricted</th>
<th>Noncurrent Restricted</th>
<th>Total Noncurrent</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>State of California Surplus Money Investment Fund (SMIF)</td>
<td>$ 735</td>
<td>-</td>
<td>735</td>
<td>-</td>
<td>-</td>
<td>735</td>
</tr>
<tr>
<td>State of California Local Agency Investment Fund (LAIF)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Corporate bonds</td>
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<td>Certificates of deposit</td>
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<tr>
<td>Mutual funds</td>
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<td>Money Market funds</td>
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<td>Repurchase agreements</td>
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<td>Commercial paper</td>
<td>-</td>
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</tr>
<tr>
<td>Asset backed securities</td>
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<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Mortgage backed securities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Municipal bonds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>U.S. agency securities</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<td>U.S. treasury securities</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>Equity securities</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Exchange traded funds (ETFs)</td>
<td>-</td>
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<td>-</td>
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<tr>
<td>Alternative investments:</td>
<td>-</td>
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<td>-</td>
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</tr>
<tr>
<td>Private equity (including limited partnerships)</td>
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<td>Hedge funds</td>
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<td>Managed futures</td>
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<td>Real estate investments (including REITs)</td>
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<td>-</td>
<td>-</td>
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<td>Commodities</td>
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<td>Derivatives</td>
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<td>Other alternative investment types</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<td>Other external investment pools (excluding SWIFT)</td>
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<td>-</td>
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<tr>
<td>Add description</td>
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<tr>
<td>Add description</td>
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<tr>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total investments</td>
<td>4,368,899</td>
<td>-</td>
<td>4,368,899</td>
<td>-</td>
<td>-</td>
<td>4,368,899</td>
</tr>
<tr>
<td>Less endowment investments (enter as negative number)</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
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<td>4,368,899</td>
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<td>4,368,899</td>
</tr>
</tbody>
</table>

2.2 Investments held by the University under contractual agreements at June 30, 2016:
Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2016:
4,368,899 - 4,368,899 - 4,368,899

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

| Amount | $ - |

See accompanying notes to supplementary schedules.
### 2.4 Restricted noncurrent investments at June 30, 2016 related to:

<table>
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<th>Description</th>
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<td>Add description</td>
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<tr>
<td>Add description</td>
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</tr>
<tr>
<td>Total restricted noncurrent investments</td>
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</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Quoted Prices in Active Markets for Identical Assets</th>
<th>Significant Other Observable Inputs</th>
<th>Significant Unobservable Inputs</th>
<th>Net Asset Value (NAV)</th>
</tr>
</thead>
<tbody>
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<td>Total Total</td>
<td>(Level 1)</td>
<td>(Level 2)</td>
<td>(Level 3)</td>
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<td>State of California Surplus Money Investment Fund (SMIF)</td>
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<td>State of California Local Agency Investment Fund (LAIIF)</td>
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<td>Corporate bonds</td>
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<tr>
<td>Certificates of deposit</td>
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<td>Mutual funds</td>
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<td>Money Market funds</td>
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<td>Repurchase agreements</td>
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<td>Mortgage backed securities</td>
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<tr>
<td>Municipal bonds</td>
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<td>U.S. agency securities</td>
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<tr>
<td>U.S. treasury securities</td>
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<td>Equity securities</td>
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<td>Exchange traded funds (ETFs)</td>
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<td>Alternative investments:</td>
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</tr>
<tr>
<td>Private equity (including limited partnerships)</td>
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<tr>
<td>Hedge funds</td>
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<tr>
<td>Managed futures</td>
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<tr>
<td>Real estate investments (including REITs)</td>
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<td>Commodities</td>
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<tr>
<td>Derivatives</td>
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<tr>
<td>Other alternative investment types</td>
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<tr>
<td>Other external investment pools (excluding SWIFT)</td>
<td>735</td>
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<tr>
<td>State of California Surplus Money Investment Fund (SMIF)</td>
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<tr>
<td>Add description</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total investments</td>
<td>$ 4,368,899</td>
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</tbody>
</table>

See accompanying notes to supplementary schedules.
### 3.1 Composition of capital assets at June 30, 2016:

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<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land and land improvements</td>
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<td>639,000</td>
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<td>-</td>
<td>-</td>
<td>639,000</td>
</tr>
<tr>
<td>Works of art and historical treasures</td>
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</tr>
<tr>
<td>Construction work in progress (CWIP)</td>
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<tr>
<td>Intangible assets:</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Rights and easements</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>90,124</td>
<td>90,124</td>
</tr>
<tr>
<td>Patents, copyrights and trademarks</td>
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<td>-</td>
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</tr>
<tr>
<td>Internally generated intangible assets in progress</td>
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<tr>
<td>Licenses and permits</td>
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<tr>
<td>Other intangible assets</td>
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<td>-</td>
</tr>
<tr>
<td><strong>Total intangible assets</strong></td>
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<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>639,000</td>
</tr>
<tr>
<td><strong>Depreciable/amortizable capital assets:</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and building improvements:</td>
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<td>31,806,670</td>
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<td>31,806,670</td>
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<td>Improvements, other than buildings</td>
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<td>-</td>
</tr>
<tr>
<td>Leasehold improvements</td>
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<td>577,542</td>
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<td>577,542</td>
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<td>11,092,611</td>
<td>534,723</td>
<td>(2,333,982)</td>
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<td>9,293,352</td>
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</tr>
<tr>
<td>Rights and easements</td>
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<tr>
<td>Patents, copyrights and trademarks</td>
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</tr>
<tr>
<td>Licenses and permits</td>
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<td>-</td>
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<tr>
<td>Other intangible assets</td>
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<td>-</td>
</tr>
<tr>
<td><strong>Total intangible assets</strong></td>
<td>90,124</td>
<td>-</td>
<td>-</td>
<td>90,124</td>
<td>5,600</td>
<td>-</td>
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<td>95,724</td>
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<tr>
<td><strong>Total capital assets</strong></td>
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<td>45,666,868</td>
<td>540,323</td>
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<td><strong>Less accumulated depreciation/amortization:</strong></td>
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<td>Buildings and building improvements:</td>
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<td>(12,509,609)</td>
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<td>(26,029)</td>
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<td>(9,800,005)</td>
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<td>2,322,636</td>
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<td>(7,808,464)</td>
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<td>Library books and materials</td>
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<td>Intangible assets:</td>
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<td>Rights and easements</td>
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<td>Patents, copyrights and trademarks</td>
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<td>Licenses and permits</td>
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</tr>
<tr>
<td><strong>Total intangible assets</strong></td>
<td>(54,597)</td>
<td>-</td>
<td>-</td>
<td>(54,597)</td>
<td>(15,400)</td>
<td>-</td>
<td>-</td>
<td>(69,997)</td>
</tr>
<tr>
<td><strong>Total accumulated depreciation/amortization:</strong></td>
<td>(21,678,884)</td>
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<td>-</td>
<td>(21,678,884)</td>
<td>(1,522,521)</td>
<td>2,322,636</td>
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<td>(20,888,769)</td>
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<td><strong>Total capital assets, net</strong></td>
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<td>22,626,984</td>
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<td>21,623,440</td>
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See accompanying notes to supplementary schedules.
### 3.2 Detail of depreciation and amortization expense for the year ended June 30, 2016:

<table>
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<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Depreciation and amortization expense related to capital assets</td>
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<tr>
<td>Amortization expense related to other assets</td>
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</tr>
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</table>

**Total depreciation and amortization:**

### 4 Long-term liabilities activity schedule:

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<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accrued compensated absences</strong></td>
<td>$401,581</td>
<td>-</td>
<td>-</td>
<td>401,581</td>
<td>345,051</td>
<td>(330,880)</td>
<td>415,752</td>
<td>320,460</td>
<td>95,292</td>
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<tr>
<td><strong>Claims liability for losses and loss adjustment expenses</strong></td>
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<td>-</td>
<td>23,270,000</td>
<td>-</td>
<td>-</td>
<td>23,270,000</td>
<td>21,445,000</td>
<td>19,545,000</td>
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<tr>
<td><strong>Capitalized lease obligations</strong></td>
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<td>-</td>
<td>771,447</td>
<td>2,310,122</td>
<td>(894,207)</td>
<td>2,187,362</td>
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<td>2,187,362</td>
</tr>
<tr>
<td><strong>Total capitalized lease obligations</strong></td>
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<td>-</td>
<td>24,041,447</td>
<td>23,745,122</td>
<td>(25,214,207)</td>
<td>22,572,362</td>
<td>840,000</td>
<td>21,732,362</td>
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</tr>
<tr>
<td><strong>Auxiliary revenue bonds</strong></td>
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<td>-</td>
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<td>1,915,000</td>
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</tr>
<tr>
<td><strong>Commercial paper</strong></td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Notes payable related to SRB</strong></td>
<td>-</td>
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</tr>
<tr>
<td><strong>Others: (list by type)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Note Payable - University Student Union</strong></td>
<td>259,600</td>
<td>-</td>
<td>-</td>
<td>259,600</td>
<td>(38,400)</td>
<td>-</td>
<td>221,200</td>
<td>38,400</td>
<td>182,800</td>
</tr>
<tr>
<td><strong>Add description</strong></td>
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<tr>
<td><strong>Add description</strong></td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total long-term debt obligations</strong></td>
<td>2,174,600</td>
<td>-</td>
<td>-</td>
<td>2,174,600</td>
<td>1,685,000</td>
<td>(2,053,400)</td>
<td>1,806,200</td>
<td>123,400</td>
<td>1,682,800</td>
</tr>
<tr>
<td><strong>Unamortized bond premium / (discount)</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,174,600</td>
<td>1,922,730</td>
<td>(2,068,757)</td>
<td>2,029,573</td>
<td>123,400</td>
<td>1,906,173</td>
</tr>
<tr>
<td><strong>Total long-term liabilities</strong></td>
<td>$26,617,628</td>
<td>-</td>
<td>-</td>
<td>26,617,628</td>
<td>26,013,903</td>
<td>(27,613,844)</td>
<td>25,017,687</td>
<td>1,283,860</td>
<td>23,733,827</td>
</tr>
</tbody>
</table>

### 5 Future minimum lease payments - capitalized lease obligations:

**Capitalized lease obligations related to SRB**

<table>
<thead>
<tr>
<th>Year ending June 30:</th>
<th>Principal Only</th>
<th>Interest Only</th>
<th>Principal and Interest</th>
<th>All other capitalized lease obligations</th>
<th>Principal Only</th>
<th>Interest Only</th>
<th>Principal and Interest</th>
<th>Total capitalized lease obligations</th>
<th>Principal and Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>840,000</td>
<td>845,413</td>
<td>1,685,413</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>840,000</td>
<td>1,685,413</td>
</tr>
<tr>
<td>2018</td>
<td>875,000</td>
<td>817,312</td>
<td>1,692,312</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>875,000</td>
<td>1,692,312</td>
</tr>
<tr>
<td>2019</td>
<td>910,000</td>
<td>780,413</td>
<td>1,690,413</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>910,000</td>
<td>1,690,413</td>
</tr>
<tr>
<td>2020</td>
<td>950,000</td>
<td>738,637</td>
<td>1,688,637</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>950,000</td>
<td>1,688,637</td>
</tr>
<tr>
<td>2021</td>
<td>985,000</td>
<td>705,763</td>
<td>1,688,763</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>985,000</td>
<td>1,688,763</td>
</tr>
<tr>
<td>2022 - 2026</td>
<td>5,630,000</td>
<td>2,820,819</td>
<td>8,450,819</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,630,000</td>
<td>8,450,819</td>
</tr>
<tr>
<td>2027 - 2031</td>
<td>6,980,000</td>
<td>1,465,776</td>
<td>8,445,776</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,980,000</td>
<td>8,445,776</td>
</tr>
<tr>
<td>2032 - 2036</td>
<td>3,215,000</td>
<td>162,625</td>
<td>3,377,625</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,215,000</td>
<td>3,377,625</td>
</tr>
<tr>
<td>2037 - 2041</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>2042 - 2046</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2047 - 2051</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>2052 - 2056</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2057 - 2061</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2062 - 2066</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total minimum lease payments</strong></td>
<td>20,385,000</td>
<td>8,334,758</td>
<td>28,729,758</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,385,000</td>
<td>8,334,758</td>
</tr>
</tbody>
</table>

**Less amounts representing interest:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present value of future minimum lease payments</td>
<td>$20,385,000</td>
</tr>
<tr>
<td>Unamortized net premium (discount)</td>
<td>$2,187,362</td>
</tr>
<tr>
<td>Total capitalized lease obligations</td>
<td>$22,572,362</td>
</tr>
<tr>
<td>Less: current portion</td>
<td>$(840,000)</td>
</tr>
</tbody>
</table>
**Long-term debt obligation schedule**

<table>
<thead>
<tr>
<th>Year ending June 30:</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Principal Only</td>
<td>Interest Only</td>
<td></td>
<td></td>
<td>Principal Only</td>
<td>Interest Only</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>$</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>123,400</td>
<td>68,763</td>
<td>192,163</td>
<td>123,400</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>128,400</td>
<td>65,912</td>
<td>194,312</td>
<td>128,400</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>128,400</td>
<td>62,638</td>
<td>191,038</td>
<td>128,400</td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>116,200</td>
<td>58,912</td>
<td>175,112</td>
<td>116,200</td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>121,200</td>
<td>55,437</td>
<td>176,637</td>
<td>121,200</td>
</tr>
<tr>
<td>2022 - 2026</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>628,600</td>
<td>207,769</td>
<td>836,369</td>
<td>628,600</td>
</tr>
<tr>
<td>2027 - 2031</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>560,000</td>
<td>57,750</td>
<td>617,750</td>
<td>560,000</td>
</tr>
<tr>
<td>2032 - 2036</td>
<td></td>
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<tr>
<td>2037 - 2041</td>
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<tr>
<td>2042 - 2046</td>
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<td>2047 - 2051</td>
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<td>2052 - 2056</td>
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<td>2057 - 2061</td>
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</tr>
<tr>
<td>2062 - 2066</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total minimum payments</strong></td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,806,200</td>
<td>577,181</td>
<td>2,383,381</td>
<td>1,806,200</td>
</tr>
</tbody>
</table>

| Less amounts representing interest | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Present value of future minimum payments | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Unamortized net premium (discount) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Total long-term debt obligations** | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

7 **Calculation of net position**

7.1 **Calculation of net position - net investment in capital assets**

- Capital assets, net of accumulated depreciation $ 21,623,440
- Capitalized lease obligations, current portion (480,000)
- Capitalized lease obligations, net of current portion (21,732,362)
- Long-term debt obligations, current portion (123,400)
- Long-term debt obligations, net of current portion (1,906,173)
- Portion of outstanding debt that is unspent at year-end $ -
- Other adjustments: (please list)
  - Deferred inflows (912,349)
  - Add description -
  - Add description -
  - Add description -
  - Add description -
- **Net position - net investment in capital asset** $ (3,890,844)

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 -
- **Net position - Restricted for nonexpendable - endowments per SNP** $ -

See accompanying notes to supplementary schedules.
### 8 Transactions with related entities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments to University for salaries of University personnel</td>
<td>$2,436,201</td>
</tr>
<tr>
<td>Payments to University for other than salaries of University personnel</td>
<td>4,483,674</td>
</tr>
<tr>
<td>Payments received from University for services, space, and programs</td>
<td>3,735,817</td>
</tr>
<tr>
<td>Gifts-in-kind to the University from discretely presented component units</td>
<td>-</td>
</tr>
<tr>
<td>Gifts (cash or assets) to the University from discretely presented component units</td>
<td>-</td>
</tr>
<tr>
<td>Accounts (payable to) University (enter as negative number)</td>
<td>(452,300)</td>
</tr>
<tr>
<td>Other amounts (payable to) University (enter as negative number)</td>
<td>(1,424,347)</td>
</tr>
<tr>
<td>Accounts receivable from University</td>
<td>235,779</td>
</tr>
<tr>
<td>Other amounts receivable from University</td>
<td>-</td>
</tr>
</tbody>
</table>

### 9 Other postemployment benefits obligation (OPEB)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual required contribution (ARC)</td>
<td>$543,481</td>
</tr>
<tr>
<td>Contributions during the year</td>
<td>(67,881)</td>
</tr>
<tr>
<td>Increase (decrease) in net OPEB obligation (NOO)</td>
<td>475,600</td>
</tr>
<tr>
<td>Other adjustments</td>
<td>-</td>
</tr>
<tr>
<td>NOO - beginning of year</td>
<td>4,177,774</td>
</tr>
<tr>
<td>NOO - end of year</td>
<td>$4,653,374</td>
</tr>
</tbody>
</table>

### 10 Pollution remediation liabilities under GASB Statement No. 49:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add description</td>
<td>-</td>
</tr>
<tr>
<td>Add description</td>
<td>-</td>
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<td>Add description</td>
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<tr>
<td>Add description</td>
<td>-</td>
</tr>
<tr>
<td>Add description</td>
<td>-</td>
</tr>
<tr>
<td>Total pollution remediation liabilities</td>
<td>$-</td>
</tr>
<tr>
<td>Less: current portion</td>
<td>-</td>
</tr>
<tr>
<td>Pollution remediation liabilities, net of current portion</td>
<td>$-</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net position as of June 30, 2013, as previously reported</td>
<td>$(4,552,969)</td>
</tr>
<tr>
<td>Prior period adjustments:</td>
<td>-</td>
</tr>
<tr>
<td>(a) (list description of each adjustment)</td>
<td>-</td>
</tr>
<tr>
<td>(b) (list description of each adjustment)</td>
<td>-</td>
</tr>
<tr>
<td>(c) (list description of each adjustment)</td>
<td>-</td>
</tr>
<tr>
<td>(d) (list description of each adjustment)</td>
<td>-</td>
</tr>
<tr>
<td>(e) (list description of each adjustment)</td>
<td>-</td>
</tr>
<tr>
<td>(f) (list description of each adjustment)</td>
<td>-</td>
</tr>
<tr>
<td>(g) (list description of each adjustment)</td>
<td>-</td>
</tr>
<tr>
<td>(h) (list description of each adjustment)</td>
<td>-</td>
</tr>
<tr>
<td>(i) (list description of each adjustment)</td>
<td>-</td>
</tr>
<tr>
<td>(j) (list description of each adjustment)</td>
<td>-</td>
</tr>
<tr>
<td>Net position as of June 30, 2013, as restated</td>
<td>$(4,552,969)</td>
</tr>
</tbody>
</table>

See accompanying notes to supplementary schedules.

36
Provide a detailed breakdown of the journal entries (at the financial statement line item level) booked to record each prior period adjustment:

<table>
<thead>
<tr>
<th>Net position class:</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>(breakdown of adjusting journal entry)</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>(breakdown of adjusting journal entry)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>(breakdown of adjusting journal entry)</td>
<td>-</td>
<td></td>
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<tr>
<td>(breakdown of adjusting journal entry)</td>
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<td>(breakdown of adjusting journal entry)</td>
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<td>(breakdown of adjusting journal entry)</td>
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<td></td>
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<tr>
<td>(breakdown of adjusting journal entry)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>(breakdown of adjusting journal entry)</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes to supplementary schedules.
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1. **Basis of Presentation**

These schedules are prepared in accordance with the instructions listed in an Administrative Directive, dated June 24, 2003; *Financial Reporting Requirements for Auxiliary Organizations*, from the California State University Office of the Chancellor and revision dated August 15, 2016. As a result, these schedules do not purport to represent financial statements prepared fully in accordance with accounting principles generally accepted in the United States of America applicable to governmental not-for-profit organizations.