

**ASSOCIATED STUDENTS, INC. OF
CALIFORNIA STATE UNIVERSITY, EAST BAY
(a Component Unit of California
State University, East Bay)**

Basic Financial Statements and
Supplementary Information

Year Ended June 30, 2015

(With Independent Auditor's Report Thereon)

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Table of Contents

	<i>Page</i>
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis (Unaudited)	3
Basic Financial Statements:	
Statements of Net Position	7
Statements of Revenues, Expenses, and Changes in Net Position	8
Statements of Cash Flows	9
Notes to Financial Statements	10
Required Supplementary Information (Unaudited):	
Schedules of Required Supplementary Information - Pension	30
Schedule of Funding Progress – Other Postemployment Benefits	32
Other Supplementary Information for California State University Office of the Chancellor:	
Schedule of Net Position	34
Schedule of Revenues, Expenses and Changes in Net Position	35
Other Information.....	36
Note to Supplementary Information	42

Sacramento

Oakland

Independent Auditor's Report

LA/Century City

Newport Beach

Board of Directors
Associated Students, Inc. of
California State University, East Bay
Hayward, California

San Diego

Report on the Financial Statements

We have audited the accompanying financial statements of Associated Students, Inc. of California State University, East Bay (Associated Students), a component unit of California State University, East Bay, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Associated Students' 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 Associated Students, Inc. of California State University, East Bay as of June 30, 2015, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the Associated Students' implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, effective July 1, 2014. The implementation of these statements resulted in a restatement of net position as of July 1, 2014 in the amount of \$1,377,234. Our opinion is not modified with respect to this matter.

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 – 6 and the schedules of required supplementary pension information – pension and schedule of funding progress – other post employment benefits on pages 30-32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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 that collectively comprise the Associated Students' basic financial statements. The supplementary information for the California State University Office of the Chancellor on pages 34-42 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 October 1, 2015, on our consideration of the Associated Students' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Associated Students' internal control over financial reporting and compliance.

Macias Gini É O'Connell LAP

Walnut Creek, California
October 1, 2015

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Management's Discussion and Analysis

Year Ended June 30, 2015

(Unaudited)

This section of Associated Students, Inc. of California State University, East Bay (Associated Students) annual financial report includes some of management's insights and analyses of Associated Students' financial performance for the year ended June 30, 2015. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes, which follow this section.

Financial Highlights

- Operating revenues decreased by \$2.1 million, or 53%, primarily due to the decrease in fee revenue related to the transfer of University Union (UU) and Recreation and Wellness Center (RAWC) to California State University, East Bay (the University) and the result of the move of summer quarter offered through the University self-support program.
- Operating expenses decreased 58% to \$1.34 million mainly because of the transfer of UU and RAWC operations to the University that resulted to decrease in payroll expenses due to reduction of employees' headcount as well as the reduction other operating expenses related to the operations.
- The Associated Students implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, in the year ended June 30, 2015. This statement establishes standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. The implementation of the statement required the Associated Students to record a beginning net pension liability as of July 1, 2014 and a deferred outflow of resources for contributions made by the Associated Students after the measurement date (contributions made during the year ended June 30, 2014). As a result, net position was restated by approximately \$1.4 million. The comparative 2014 financial statements presented in this management's discussion and analysis were not restated for the implementation of GASB Statement No. 68 because prior year pension amounts were not available from the pension plans. Accordingly, certain financial statement accounts are not comparable.

Overview of the Financial Statements

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

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

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Management's Discussion and Analysis (Continued)

Year Ended June 30, 2015

(Unaudited)

Statement of net position: The statement of net position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of Associated Students. It is prepared under the accrual basis of accounting, whereby revenues and receivables are recognized when the service is provided and expenses and liabilities are recognized when incurred, regardless of when cash is exchanged. It also identifies major categories of restrictions on the net position of the Associated Students.

Statement of revenues, expenses, and changes in net position: The statement of revenues, expenses, and changes in net position presents the revenues earned and expenses incurred during the year on an accrual basis.

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

Notes to financial statements: The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the Associated Students' basic financial statements. The notes are included immediately following the basic financial statements within this report.

A summary of key financial statement information is presented below:

Condensed Statement of Net Position

	<u>2015</u>	<u>2014</u>
Assets:		
Current assets	\$ 4,786,408	4,330,329
Noncurrent assets	<u>180,711</u>	<u>278,999</u>
Total assets	<u>4,967,119</u>	<u>4,609,328</u>
Deferred outflows of resources	<u>41,239</u>	<u>-</u>
Liabilities		
Current liabilities	94,497	149,202
Noncurrent liabilities	<u>1,102,936</u>	<u>-</u>
Total liabilities	<u>1,197,433</u>	<u>149,202</u>
Deferred inflows of resources	<u>198,242</u>	<u>-</u>
Net position:		
Net investment in capital assets	3,447	6,115
Unrestricted	<u>3,609,236</u>	<u>4,454,011</u>
Total net position	<u>\$ 3,612,683</u>	<u>4,460,126</u>

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Management's Discussion and Analysis (Continued)

Year Ended June 30, 2015

(Unaudited)

Current assets increased \$0.5 million, or 11%, primarily the result of the overall reduction of spending in fiscal year 2015. It is also due to 78% increase in receivable from students and 53% decrease in prepaid expenses related to the reduction of worker's compensation premium as a result of decrease in employees' headcount due to transfer of operations of UU and RAWC to the University effective July 1, 2014.

The non-current assets decreased by \$0.1 million, or 35%, mainly due to the reduction in the post employment asset established in the prior year. The annual contribution was less than the annual required contributions to the post retirement obligations.

Total current liabilities decreased by 37% or \$0.1 million. Accounts payable decreased by 54% mostly due to the reduction of the operating expenditures related to the UU and RAWC transfer of operations in fiscal year 2015. This decrease was offset by an increase in unearned revenue in connection to the increase in collection of student fees related to the next fiscal year as well as the 41% increase in accrued compensated absences as a result of inclusion of 2% salary increase, employer retirement portion, and employer FICA relative to the vacation balance at June 30, 2015 to align with University's accrued compensated absences computation methodology.

Net position decreased \$0.9 million or 19% to 3.6 million, primarily due to the implementation of GASB Statement No. 68, that required Associated Students to restate beginning net position by approximately \$1.4 million. The decrease was offset by net operating and non-operating income of \$0.5 million.

Condensed Statement of Changes in Net Position

	<u>2015</u>	<u>2014</u>
Revenues:		
Operating revenues	\$ 1,820,135	\$ 3,907,153
Expenses:		
Operating expenses	1,341,499	3,197,134
Operating income	478,636	710,019
Non-operating revenues	51,155	227,784
Increase in net position	529,791	937,803
Net position at beginning of year, as previously reported	4,460,126	3,522,323
Restatement	(1,377,234)	-
Net position at beginning of year, as restated	3,082,892	3,522,323
Net position, end of year	<u>\$ 3,612,683</u>	<u>\$ 4,460,126</u>

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Management's Discussion and Analysis (Continued)

Year Ended June 30, 2015

(Unaudited)

Operating revenues decreased by \$2.1 million, or 53%, primarily due to the transfer of the UU and RAWC operations in fiscal year 2015 to the University. In fiscal year 2014, the University transferred funds to Associated Students as a service fee for the support of UU and RAWC operations. The transferred funds were portion of UU and RAW fees paid by the students as part of the mandatory fees. In addition to the loss of the UU and RAW fees, Associated Students fee collections fell in fiscal year 2015 as a result of the move of summer quarter offered through the University self-support program. Associated Student fees are not mandatory in the self-support summer session therefore this reduction seen with the summer 2014 implementation and will continue into future fiscal years. Additional income received in the RAWC operations like membership fees were all transferred to the University.

Operating expenses decreased 58% to \$1.3 million because of the transfer of UU and RAWC operations to the University that resulted to the decrease in payroll expenses due to reduction of employees' headcount and decrease of other operating expenses related to the operations. This is also partly the result of reduction of postemployment asset set in prior year.

Non-operating revenue decreased by 78% to \$0.1 million due to gains on investments in prior year coupled with increase in investment income in fiscal year 2015. Rental income related to student union and new university union building was part UU operations in fiscal year 2014 but transferred to the University in fiscal year 2015.

Capital Assets

Capital Assets, net of accumulated depreciation, totaled \$0.003 million and \$0.006 million as of June 30, 2015 and 2014, respectively. The following table summarizes the changes in capital assets for the fiscal years ended June 30:

	<u>2015</u>	<u>2014</u>
Furniture and fixtures	\$ 14,696	\$ 14,696
Equipment	45,922	56,450
Total	60,618	71,146
Less accumulated depreciation	<u>(57,171)</u>	<u>(65,031)</u>
Net capital assets	<u>\$ 3,447</u>	<u>\$ 6,115</u>

The decrease of equipment during the year ended June 30, 2015, is related to routine review of equipment inventory and subsequent disposal of equipment that is no longer in use. Additional information on capital assets can be found in Note 5 to the financial statements included in this report.

Request for Information

The financial report is designed to provide a general overview of the Associated Students' finances. For questions concerning any information in this report or for additional financial information, contact Sherry Pickering, Director Fiscal Services, California State University, East Bay, 25800 Carlos Bee Boulevard, Hayward, California 94542 or call (510) 885-7363.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
 Statements of Net Position
 June 30, 2015

Assets

Current assets:

Cash and cash equivalents	\$ -
Investments	4,767,154
Accounts receivable, net	14,101
Prepaid expenses and other assets	<u>5,153</u>
Total current assets	<u>4,786,408</u>

Noncurrent assets:

Capital assets, net	3,447
Other postemployment benefits	<u>177,264</u>
Total noncurrent assets	<u>180,711</u>
Total assets	<u>4,967,119</u>

Deferred outflows of resources

Pension contributions made subsequent to the measurement date	<u>41,239</u>
Total deferred outflows of resources	<u>41,239</u>

Liabilities

Current liabilities:

Accounts payable	41,559
Accrued salaries and benefits payable	19,060
Unearned revenue	13,163
Accrued compensated absences	18,920
Other liabilities	<u>1,795</u>
Total current liabilities	<u>94,497</u>

Noncurrent liabilities:

Net pension liability	<u>1,102,936</u>
Total noncurrent liabilities	<u>1,102,936</u>
Total liabilities	<u>1,197,433</u>

Deferred inflows of resources

Pension deferrals	<u>198,242</u>
Total deferred inflows of resources	<u>198,242</u>

Net Position

Net investment in capital assets	3,447
Unrestricted	<u>3,609,236</u>
Total net position	<u>\$ 3,612,683</u>

See accompanying notes to financial statements.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
 Statements of Revenues, Expenses, and Changes in Net Position
 Year ended June 30, 2015

Revenues:	
Operating revenues:	
Student fees	\$ 1,820,135
Total operating revenues	<u>1,820,135</u>
Expenses:	
Operating expenses:	
Auxiliary enterprise expenses	1,243,071
Student grants and scholarships	95,760
Depreciation	<u>2,668</u>
Total operating expenses	<u>1,341,499</u>
Operating income	<u>478,636</u>
Nonoperating revenues:	
Investment income, net	<u>51,155</u>
Total nonoperating revenues	<u>51,155</u>
Increase in net position	529,791
Net pension:	
Net position at beginning of year, as previously reported	4,460,126
Restatement	<u>(1,377,234)</u>
Net position at beginning of year, as restated	<u>3,082,892</u>
Net position, end of year	<u><u>\$ 3,612,683</u></u>

See accompanying notes to financial statements.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Statements of Cash Flows

Year ended June 30, 2015

Cash flows from operating activities:	
Student fees	\$ 1,828,885
Payments to suppliers	(722,570)
Payments to employees	(600,840)
Payments to students	(95,760)
Other operating activities	(5,283)
Net cash provided by operating activities	404,432
Cash flows from by investing activities:	
Purchase of investments	(1,291,269)
Proceeds from sales of investments	834,334
Investment income, net	52,503
Net cash used in investing activities:	(404,432)
Net change in cash	-
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	\$ -
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 478,636
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	2,668
Changes in assets and liabilities and deferred outflows and inflows of resources:	
Accounts receivable, net	(6,199)
Prepaid expenses and other assets	5,707
Postemployment benefits	95,620
Accounts payable	(48,485)
Accrued salaries and benefits payable	(21,392)
Unearned revenue	8,750
Accrued compensated absences	5,506
Net pension liability and related changes in deferred outflow and inflows of resources	(117,295)
Other liabilities	916
Net cash provided by operating activities	\$ 404,432

See accompanying notes to financial statements.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements

Year Ended June 30, 2015

(1) Organization and Summary of Significant Accounting Policies

(a) Nature of Activities

Associated Students, Inc. of California State University, East Bay (Associated Students) is a nonprofit, tax exempt, California State University auxiliary organization located on the campus of California State University, East Bay (University). The University is one of 23 campuses in the California State University System (System). Associated Students was established to advance and promote the common interest of its students, as follows:

Associated Students is the student government component of the campus and provides a means for responsible and effective participation in the governance of the campus; provides an official voice through which student opinion may be expressed; fosters awareness of this opinion in the campus, local, state, national and international communities; assists in the protection of the rights and interests of the individual student and the student body; and stimulates the educational, social, physical and cultural well-being of the University community.

Associated Students makes funds and resources available for events that broaden educational, social, political, and cultural awareness on campus while enhancing the experiences of students at the University. Associated Students arranges for public speakers, music, bands, and other cultural and recreational events for the students' enjoyment. Associated Students also provides miscellaneous services to students such as fax transmittals, copy services, sales of movie tickets, program tickets and scantrons.

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

(b) Basis of Presentation

The basic financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Voluntary non-exchange transactions are recognized as revenue as soon as all eligibility requirements have been met.

(c) Use of Estimates

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

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements (Continued)

Year Ended June 30, 2015

(d) Investments

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

(e) Accounts Receivable

The accounts receivable arise in the normal course of operations. It is the policy of the management to review the outstanding accounts receivable at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts.

(f) Capital Assets

Acquisitions of capital assets of \$5,000 or more are capitalized. Capital assets are stated at cost or, if donated, at the approximate fair market value at the date of donation. Expenditures for maintenance and repairs are charged against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets of 5 to 20 years. In accordance with instructions from the System, depreciation expense is shown separately in the statement of revenues, expenses, and changes in net position, rather than being allocated among other categories of operating expenses.

(g) Compensated Absences

Compensated absences are recognized when the right to receive the compensation is earned by employees. Vacation is accrued on a monthly basis. The Associated Students uses the employee's current pay rate, as of July 1, 2015, to calculate the liability for accrued compensated absences. The University employees' pay rates are based on the length of service and job classification.

(h) Restatement

Effective July 1, 2014, the Associated Students implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The statement established financial reporting requirements for pensions that are provided to employees of state and local governmental employers through pension plans that are administered through trusts. This statement establishes standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. The implementation of the statement required the Associated Students to record a beginning net pension liability and a deferred outflow of resources for contributions made by the Associated Students after the measurement date (contributions made during the year ended June 30, 2014).

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements (Continued)

Year Ended June 30, 2015

The effect of the change was to reduce the net position by the following amounts as of July 1, 2014:

Net position at beginning of year, as previously reported	\$ 4,460,126
Restatement	<u>(1,377,234)</u>
Net position at beginning of year, as restated	<u>\$ 3,082,892</u>

(i) Other Postemployment Benefits Other than Pensions (OPEB)

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, establishes the standards for the actuarial measurement, recognition, presentation, disclosure, and required supplemental information of postemployment benefits and related liabilities.

(j) Net Position

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

- *Net investment in capital assets*: Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- *Unrestricted*: All other categories of net position, including those amounts designated by the Board of Directors or management.

(k) Classification of Revenues and Expenses

Associated Students considers operating revenues and expenses in the Statement of Revenues, Expenses, and Changes in Net Position to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly with Associated Students' primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services. Certain other transactions are reported as non-operating revenues and expenses in accordance with GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. These nonoperating activities include Associated Students' net investment income.

(l) Student Fees

Each matriculated student of the University is required to pay quarterly student body fees. Student body fees are received by Associated Students directly and used for daily operations.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements (Continued)

Year Ended June 30, 2015

(m) Income Taxes

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

Associated Students recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There are no amounts accrued in the financial statements related to uncertain tax positions.

Associated Students files informational and income tax returns in various state and local jurisdictions in the United States. The Associated Students' Federal income tax and informational returns are subject to examination by the Internal Revenue Service generally for 3 years after the returns were filed. State and local jurisdictions have statutes of limitation that generally range from 3 to 5 years.

(n) Unearned Revenue

Associated Students bills annual student dues in advance. The unearned income is recorded as unearned revenue within the statement of net position.

(o) Functional Allocation of Expenses

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

(2) Cash and Cash Equivalents

Associated Students includes all cash accounts that are not subject to withdrawal restrictions or penalties, and considers highly liquid investments with a maturity of three months or less to be cash and cash equivalents. Each account is managed by the University and is held by the Office of the Chancellor.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements (Continued)

Year Ended June 30, 2015

(3) Investments

Investments are made on a short-term basis (less than one year). Associated Students' investment policy is to earn a rate of return consistent with a safety objective of 100% preservation of capital. Associated Students can invest in the following: Repurchase agreements using U.S. Government or any of its agencies, U.S. Treasury and Federal agency securities with maturities of one year or less, banker's acceptances eligible for purchase by the Federal Reserve, certificates of deposit (not to exceed \$100,000 per institution), notes and bonds due in one year or less (not rated less than D-1 or A-1 by Moody's or Standard & Poor's) money market accounts, mutual funds, Local Agency Investment Fund (LAIF), and all other investments managed by the University.

Associated Students participates in the CSU Consolidated Investment Pool, an internal investment pool (the Pool), managed in a 50/50 split by U.S. Bank Corp and Wells Capital Management, asset management and investment advisory firms that serve the University and separate accounting is maintained as to the amounts allocated to the Associated Students. Securities within the investment pool that are not insured are held in the name of the University. Such short-term investments are reported at fair market value. Associated Students investment in the pool was \$3,497,423 represents approximately .11% of the pool as of June 30, 2015. The pool is not rated as of June 30, 2015; however, Associated Students' share of the pool is included in the rating and risk disclosures below.

Investments consist of the following at June 30, 2015:

Corporate bonds	\$ 1,153,758
Certificates of deposit	162,256
Mutual funds	93,109
Money market funds	61,964
Repurchase agreements	8,965
Asset backed securities	235,598
Mortgage backed securities	1,744
Municipal bonds	24,360
U.S. agency securities	1,227,374
U.S. treasury securities	905,870
Equity securities	892,156
Total investments	<u>\$ 4,767,154</u>

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements (Continued)

Year Ended June 30, 2015

Investment income, net, consists of the following at June 30, 2015:

Interest and dividends	\$ 40,094
Unrealized gains (losses), net	<u>11,061</u>
Total investment income, net	<u><u>\$ 51,155</u></u>

(a) Credit Risk

This is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations. This is measured by the assignment of ratings by nationally recognized statistical rating organizations. Associated Student's investment policy generally prohibits investments in the following vehicles: private placements, venture capital investments, real estate properties, futures contracts, options, short sales, or margin sales. Investments in cash equivalents, fixed income securities, equity securities and mutual funds are done in a diversified manner that is risk averse with an objective to minimize risk while obtaining a reasonable return.

The following table presents the fair value, weighted average maturity, and actual rating by investment at June 30, 2015:

	Moody's Credit Rating	Maturity			Total
		Less than 3 months (90 days)	3 to 12 months (90-360 days)	Over 1 year (360+ days)	
Corporate bonds	Baa3-AAA	\$ 1,021,845	\$ 14,329	\$ 117,584	\$ 1,153,758
U.S. Agency securities	AA	347,783	-	-	347,783
Certificates of deposit	A-AA	162,256	-	-	162,256
Municipal securities	AA	3,823	20,537	-	24,360
Mortgage securities	AA	823	133	788	1,744
Asset backed securities	AAA	217,127	18,471	-	235,598
Repurchase agreements	NR-A	8,965	-	-	8,965
Equity Securities	NR	886,887	-	5,269	892,156

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements (Continued)

Year Ended June 30, 2015

(b) Custodial Credit Risk

Custodial credit risk for deposits is the risk that the Associated Students will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The California Government Code and Education Code do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the provision that a financial institution must secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The risk is mitigated in that the Associated Students' deposits are maintained at financial institutions that are fully insured or collateralized as required by state law.

(c) Interest Rate Risk

This is the risk of loss due to the fair value of an investment falling due to rising interest rates. As a means of limiting its exposure to fair value losses from rising interest rates, short-term investments are limited to relatively liquid instruments such as certificates of deposit, savings accounts, Federally guaranteed notes and bills, money market mutual funds. Interest rate risk is mitigated by ensuring sufficient liquidity to meet cash flow needs and only then investing in longer-term securities. There is no interest rate risk for money market mutual funds as they are available on demand.

(d) Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. In order to maximize the rate of return in Associated Students' long-term investment portfolio while preserving capital and limiting concentration of credit risk, Associated Students investment policy dictates a diverse asset allocation as follows: domestic equities (core) (25-50%), domestic equities (satellite-high alpha) (15-30%), international equities (20-40%), and fixed income (15-60%). U.S. Treasury and Agency securities are not subject to this limitation. More than 5% of Associated Students' investments are in Federal National Mortgage Association (\$288,666 or 6%) and in Federal Home Loan Banks (\$527,131 or 11%).

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
Notes to Financial Statements (Continued)
Year Ended June 30, 2015

(4) Accounts Receivable

Accounts receivable consist of the following at June 30:

	2015
Student Fees	\$ 17,050
Interest	1,892
Other	40
	18,982
Less: allowance for doubtful accounts	(4,881)
Accounts receivable, net	\$ 14,101

(5) Capital Assets

Capital assets' activity for the year ended June 30, 2015 consisted of the following:

	Balance June 30, 2014	Additions	Retirements/ Transfers	Balance June 30, 2015
Furniture and fixtures	\$ 14,696	\$ -	\$ -	\$ 14,696
Equipment	56,450	-	(10,528)	45,922
Total	71,146	-	(10,528)	60,618
Less accumulated depreciation:				
Furniture and fixtures	(10,900)	(2,668)	-	(13,568)
Equipment	(54,131)	-	10,528	(43,603)
Total accumulated depreciation	(65,031)	(2,668)	10,528	(57,171)
Capital assets, net	\$ 6,115	\$ (2,668)	\$ -	\$ 3,447

(6) Pension

(a) Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the California Public Employees' Retirement System (CalPERS) Financial Office for the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements (Continued)

Year Ended June 30, 2015

GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD) June 30, 2013

Measurement Date (MD) June 30, 2014

Measurement Period (MP) July 1, 2013 to June 30, 2014

(b) General Information About the Pension Plan

Plan Description, Benefits Provided, and Employees Covered

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS. A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2013 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

Contributions

In January 2013, the California Public Employees' Pension Act (PEPRA) took effect which changes the way CalPERS retirement and health benefits are applied, and places compensation limits on members. Individuals hired on or after January 2013 are under PEPRA. All members, who do not fall under this category, are considered classic member. Classic member will retain existing benefit levels for future service with the same employer.

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public agency employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the covered classic employees are required to contribute 5.0% of their monthly earnings in excess of \$513 per month while those under PEPRA are required to contribute 6.5% of their salary. The Associated Students was required to contribute 17.412% and 6.7% on the classic and PEPRA, respectively in fiscal year 2015. The Associated Students contribution including employees' contribution for the year ended June 30, 2015 was \$53,419.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements (Continued)

Year Ended June 30, 2015

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. Both the June 30, 2013 total pension liability and the June 30, 2014 total pension liability were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

¹The mortality table used was developed based on CalPERS's specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements (Continued)

Year Ended June 30, 2015

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan.

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

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

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

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements (Continued)

Year Ended June 30, 2015

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 – 10¹	Real Return Years 11+²
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

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

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

Allocation of Net Pension Liability and Pension Expense to Individual Plans

A key aspect of GASB 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. Paragraph 49 of GASB 68 indicates that for pools where contribution rates within the pool are based on separate relationships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer's share by reflecting these relationships through the plans they sponsor within the risk pool. Plan liability and asset-related information are used where available, and proportional allocations of individual plan amounts as of the valuation date are used where not available.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements (Continued)

Year Ended June 30, 2015

(c) Changes in the Plan's Proportionate Share of Net Pension Liability

The following tables show the Plan's proportionate share of the risk pool collective net pension liability over the measurement period of June 30, 2014.

Miscellaneous Plan – Classic

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2013 (VD)	\$ 3,848,377	\$ 2,550,832	\$ 1,297,545
Balance at: 6/30/2014 (MD)	4,077,393	2,974,844	1,102,549
Net Changes during 2013-14	<u>\$ 229,016</u>	<u>\$ 424,012</u>	<u>\$ (194,996)</u>

Miscellaneous Plan – PEPRRA

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2013 (VD)	\$ 2,155	\$ 1,626	\$ 529
Balance at: 6/30/2014 (MD)	2,283	1,896	387
Net Changes during 2013-14	<u>\$ 128</u>	<u>\$ 270</u>	<u>\$ (142)</u>

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

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

Miscellaneous Plan – Classic

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Plan's Net Pension Liability	\$ 1,643,467	\$ 1,102,549	\$ 653,638

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements (Continued)

Year Ended June 30, 2015

Miscellaneous Plan – PEPRRA

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Plan's Net Pension Liability	\$ 690	\$ 387	\$ 136

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings 5 year straight-line amortization

All other amounts Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

(d) Pension Expense and Deferred Outflows and Deferred Inflows of Resources

For the measurement period ended June 30, 2014 (the measurement date), the Associated Students incurred a pension expense of \$157,093 and \$2,563 for the Classic and PEPRRA Plans, respectively.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements (Continued)

Year Ended June 30, 2015

Subsequent to the measurement date, the Associated Students contributed \$41,239 to the plan. These contributions are reported as deferred outflows of resources as of June 30, 2015. The Associated Students also recognized pension expense in amounts of \$75,122 and \$934 related to the amortization of deferred outflows/inflows for Classic and PEPRAs Plans, respectively. As of June 30, 2015, the Associated Students reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Miscellaneous Plan - Classic</u>		<u>Miscellaneous Plan - PEPRAs</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ -
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on Pension Plan investments	-	(147,829)	-	(83)
Adjustment due to differences in proportions	-	(48,693)	-	(1,637)
	<u>\$ -</u>	<u>\$ (196,522)</u>	<u>\$ -</u>	<u>\$ (1,720)</u>

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	<u>Miscellaneous Plan - Classic</u>		<u>Miscellaneous Plan - PEPRAs</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2016	\$ -	\$ (75,122)	\$ -	\$ (934)
2017	-	(70,314)	-	(755)
2018	-	(51,086)	-	(31)
Total	<u>\$ -</u>	<u>\$ (196,522)</u>	<u>\$ -</u>	<u>\$ (1,720)</u>

(7) Other Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

The Associated Students sponsors a single-employer postemployment healthcare plan, which covers substantially all full-time, central staff employees of the Associated Students. This plan provides lifetime medical benefits to retirees who have attained age 50 with five years of service. Spouses and dependents of eligible retirees are also eligible for life. During the year ended June 30, 2009,

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements (Continued)

Year Ended June 30, 2015

the plan was amended to provide lifetime medical benefits to retirees who have attained the age of 50 with ten years of service. The Governing Board of the Associated Students has the authority to establish and amend benefit provisions of the Plan.

Funding Policy

For the year ended June 30, 2015, the Associated Students' share of the monthly medical premiums was limited to \$622 (single), \$1,183 (two parties) and \$1,515 (three or more parties). Retirees are responsible for premiums in excess of the Associated Students' share. In addition, the Associated Students' share of dental premiums was limited to \$54.37 (single), \$89.61 (two parties) and \$136.28 (three or more parties). The Associated Students contributes annually based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits. The Associated Students contributed \$0 toward the actuarially accrued liability and retirees contributed \$58,622 for the year ended June 30, 2015.

Annual OPEB Cost and Net OPEB Obligation

The Associated Students' annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Associated Students has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over the remaining period of 17 years.

The following table shows the components of the Associated Students' annual OPEB cost for the year, the amount actually contributed to the plan, and changes in its net OPEB obligation (asset) to the Retiree Health Plan as of June 30, 2015:

Annual required contribution	\$	152,991
Interest on prior year net OPEB obligation		(14,939)
Adjustments to annual required contribution		<u>16,190</u>
Annual OPEB cost (expense)		154,242
Contributions made		<u>(58,622)</u>
Decrease (Increase) in net OPEB asset		95,620
Net OPEB asset - beginning of year		<u>(272,884)</u>
Net OPEB asset - end of year	\$	<u><u>(177,264)</u></u>

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements (Continued)

Year Ended June 30, 2015

The Associated Students' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for the most recent three fiscal years as follow:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Amount Contributed</u>	<u>Percentage Annual OPEB Cost Contributed</u>	<u>Net OPEB Liability (Asset)</u>
6/30/2015	\$ 154,242	58,622	38%	\$ (177,264)
6/30/2014	155,150	59,645	38%	(272,884)
6/30/2013	149,315	\$ 1,145,309	767%	(368,569)

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan invoice estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision of actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. As of June 30, 2013 the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$1,267,535 and actuarial value of the plan asset was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,267,535, or a funded status of 0%. The covered payroll (annual payroll of active employees covered by the plan) was \$991,961 and the ratio of the UAAL to be covered payroll was 127.8%.

The schedule of funding progress, presented as required supplementary information following notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term prospective of the calculations. The following simplifying assumptions were made:

Retirement age for active employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 62, or at the first subsequent year in which the member would qualify for benefits.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements (Continued)

Year Ended June 30, 2015

Mortality – Life expectancies at the calculation date are based on the most recent mortality tables published by the National Center for Health Statistics website (www.cdc.gov). The calculation of OPEB liability for each year is based on the assumption that all participants will live until their expected age as displayed in the mortality tables.

Turnover – The probability that an employee will remain employed until the assumed retirement age was determined using non-group-specific age-based turnover data provided in Table 1 in paragraph 35 of GASB Statement No. 45. In addition the expected future working lifetimes of employees were determined using Table 2 in paragraph 35c of GASB Statement No. 45.

Healthcare cost trend rate – Healthcare cost trend rates were selected based on a combination of national and state trend surveys as well as professional judgment. The ultimate trend rate was 5.0%.

Health insurance premiums – The 2015 health insurance premiums for retirees were used as a basis for calculation of the present value of total benefits to be paid. An employee is assumed to continue with the same medical plan upon retirement. If an employee waived medical coverage, then such waiver is assumed to continue into retirement.

Medicare Coordination – Medicare was assumed as the primary payer for current and future retirees at age 65.

Payroll increase – Changes in the payroll for current employees are expected to increase at a rate of approximately 2.0% annually.

Discount rate – The calculation uses an annual discount rate of 7.0%. This is based on the assumed long-term return on plan assets or employer assets.

Actuarial cost method – The entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2015 was seventeen years.

Plan for Funding

On an ongoing basis, the Associated Students will be reviewing its assumptions, comparing them against actual experience and recalculating the needed funding with the goal of paying for postemployment benefits out of interest earned on designated funds.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY

Notes to Financial Statements (Continued)

Year Ended June 30, 2015

(8) Board Designated Net Position

Unrestricted net position was designated by the Board for the following purposes at June 30, 2015:

Current operations and working capital	\$	1,000,000
Other Post Employment Benefit		2,009,236
Undesignated		<u>600,000</u>
Total Board designated net position	\$	<u><u>3,609,236</u></u>

(9) Transactions with Affiliates

Associated Students enters into transactions with the University and other auxiliaries: The Foundation and Cal State East Bay Educational Foundation, Inc. (Educational Foundation). Associated Students pays the University for accounting services, indirect cost allocations, and reimbursements for professional fees, utilities, special events and students' activities through an internal cost recovery process. For the years ended June 30, 2015, Associated Students paid the University \$138,726. Associated Students reimburses the Foundation for benefits administration and coordination. For the year ended June 30, 2015, Associated Students paid the Foundation \$58,177. The Associated Students contributes funds to the University student clubs for events and functions throughout the academic year. The contributions for the year ended June 30, 2015 was \$63,840.

Amounts receivable (payable) at June 30, 2015:

California State University, East Bay	\$	(2,924)
California State University, East Bay Foundation, Inc.		<u>(4,556)</u>
Total	\$	<u><u>(7,480)</u></u>

As of July 1, 2014, management of the University Union reverted to the University. As a result of this change, there were no payments from the University during the fiscal year that transferred University Union or RWAC mandatory fees to Associated Students.

REQUIRED SUPPLEMENTARY INFORMATION

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.

Required Supplementary Information

Year Ended June 30, 2015

Schedules of Required Supplementary Information - Pension

Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date in Relation to PERF C

Net pension liability and fiduciary net position are allocated to the plan based on its proportion of the Miscellaneous Risk Pool. However, GASB Statement No. 68 requires that employers report certain proportions as a percentage of the total plan (PERF C, excluding the 1959 Survivors Risk Pool), which includes both the Miscellaneous and Safety Risk Pools. All cost-sharing public agency plans, are categorized as either Miscellaneous or Safety within PERF C. Therefore, to assist employers in meeting the requirements of GASB Statement No. 68, proportions shown in the table below represent the plan's proportion of PERF C, excluding the 1959 Survivors Risk Pool, and not its proportion of the Miscellaneous Risk Pool.

Miscellaneous Plan - Classic

<u>6/30/2014¹</u>	
Plan's Proportion of the Net Pension Liability	0.01772%
Plan's Proportionate Share of the Net Pension Liability	\$1,102,549
Plan's Covered-Employee Payroll	\$913,840
Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	120.65%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	72.96%
Plan's Proportionate Share of Aggregate Employee Contributions	\$80,445

Miscellaneous Plan - PEPR

<u>6/30/2014¹</u>	
Plan's Proportion of the Net Pension Liability	0.00001%
Plan's Proportionate Share of the Net Pension Liability	\$387
Plan's Covered-Employee Payroll	\$50,470
Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	0.77%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.05%
Plan's Proportionate Share of Aggregate Employee Contributions	\$51

¹ Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable.

CALIFORNIA STATE UNIVERSITY, EAST BAY FOUNDATION, INC.
 Required Supplementary Information (Continued)
 Year Ended June 30, 2015

Schedules of Required Supplementary Information – Pension (Continued)

Schedule of Plan Contributions

Miscellaneous Plan - Classic

<u>Fiscal Year 2013-14</u>	
Actuarially Determined Contribution (Contractually Required)	\$129,148
Contributions in Relation to the Actuarially Determined Contribution	(129,148)
Contribution Deficiency (Excess)	-
Covered-Employee Payroll	\$913,840
Contributions as a Percentage of Covered-Employee Payroll	14.13%

Miscellaneous Plan - PEPRA

<u>Fiscal Year 2013-14</u>	
Actuarially Determined Contribution (Contractually Required)	\$3,940
Contributions in Relation to the Actuarially Determined Contribution	(3,940)
Contribution Deficiency (Excess)	-
Covered-Employee Payroll	\$50,470
Contributions as a Percentage of Covered-Employee Payroll	7.81%

Change in Assumptions: None

CALIFORNIA STATE UNIVERSITY, EAST BAY ASSOCIATED STUDENTS, INC.
 Required Supplementary Information (Continued)
 Year Ended June 30, 2015

Schedule of Funding Progress – Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) Entry Age (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a-b)	Funded Status (b/a)	Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((a-b) / c)
July 1, 2012	\$ 1,267,535	\$ -	\$ 1,267,535	0%	\$ 991,961	127.8%
July 1, 2011	\$ 1,240,858	\$ -	\$ 1,240,858	0%	\$ 1,864,392	66.6%

OTHER SUPPLEMENTARY INFORMATION

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

Assets:	
Current assets:	
Cash and cash equivalents	\$ -
Short-term investment	4,767,154
Accounts receivable, net	14,101
Leases receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other assets	5,153
Total current assets	<u>4,786,408</u>
Noncurrent assets:	
Restricted cash and cash equivalents	-
Accounts receivable, net	-
Leases receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	-
Capital assets, net	3,447
Other assets	177,264
Total noncurrent assets	<u>180,711</u>
Total assets	<u>4,967,119</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension obligation	41,239
Others	-
Total deferred outflows of resources	<u>41,239</u>
Liabilities:	
Current liabilities:	
Accounts payable	41,559
Accrued salaries and benefits payable	19,060
Accrued compensated absences– current portion	18,920
Unearned revenue	13,163
Capitalized lease obligations – current portion	-
Long-term debt obligations – current portion	-
Claims Liability for losses and LAE - current portion	-
Depository accounts	-
Other liabilities	1,795
Total current liabilities	<u>94,497</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenue	-
Grants refundable	-
Capitalized lease obligations, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims Liability for losses and LAE, net of current portion	-
Depository accounts	-
Other postemployment benefits obligation	-
Pension obligation	1,102,936
Other liabilities	-
Total noncurrent liabilities	<u>1,102,936</u>
Total liabilities	<u>1,197,433</u>
Deferred inflows of resources:	
Unamortized gain on debt refunding	-
Non-exchange transactions	-
Service concession arrangements	-
Net pension obligation	198,242
Others	-
Total deferred inflows of resources	<u>198,242</u>
Net Position:	
Net investment in capital assets	3,447
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Other	-
Unrestricted	3,609,236
Total net position	<u>\$ 3,612,683</u>

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

Revenues:

Operating revenues:	
Student tuition and fees (net of scholarship allowances of \$_____)	\$ 1,820,135
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____)	-
Other operating revenues	-
Total operating revenues	1,820,135

Expenses:

Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	-
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	95,760
Auxiliary enterprise expenses	1,243,071
Depreciation and amortization	2,668
Total operating expenses	1,341,499
Operating income (loss)	478,636

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	51,155
Endowment income (loss), net	-
Interest Expenses	-
Other nonoperating revenues (expenses)	-
Net nonoperating revenues (expenses)	51,155
Income (loss) before other additions	529,791

State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	529,791

Net position:

Net position at beginning of year, as previously reported	4,460,126
Restatements	(1,377,234)
Net position at beginning of year, as restated	3,082,892
Net position at end of year	\$ 3,612,683

See note to supplementary information.

Associated Students, Inc. of California State University, East Bay
Other Information (Continued)
June 30, 2015
(for inclusion in the California State University)

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

Depreciation and amortization expense related to capital assets	\$ 2,668
Amortization expense related to other asset	<u>—</u>
Total depreciation and amortization	<u>\$ 2,668</u>

4 Long-term liabilities activity schedule:

	Balance June 30, 2014	Prior period adjustments	Reclassifications	Balance June 30, 2014 (restated)	Additions	Reductions	Balance June 30, 2015	Current portion	Long-term portion
Accrued compensated absences	\$ 13,414	—	—	13,414	5,506	-	18,920	18,920	—
Capitalized lease obligations:									
Gross balance	—	—	—	—	-	-	—	—	—
Unamortized premium / (discount) on capitalized lease obligator	—	—	—	—	-	-	—	—	—
Total capitalized lease obligations	—	—	—	—	-	-	—	—	—
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	-	-	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	-	-	—	—	—
Commercial Paper	—	—	—	—	-	-	—	—	—
Note Payable related to SRB	—	—	—	—	-	-	—	—	—
Other:									
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Total long-term debt obligations	—	—	—	—	-	-	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	-	-	—	—	—
Total long-term debt obligations, net	—	—	—	—	-	-	—	—	—
Total long-term liabilities	\$ 13,414	—	—	13,414	5,506	—	18,920	18,920	—

5 Future minimum lease payments - capital lease obligations:

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

Associated Students, Inc. of California State University, East Bay
Other Information (Continued)
June 30, 2015
(for inclusion in the California State University)

6 Long-term debt obligation schedule

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

7 Calculation of net position

	Auxiliary Organizations		Total
	GASB	FASB	Auxiliaries
7.1 Calculation of net position - Net investment in capital assets			
Capital assets, net of accumulated depreciation	\$ 3,447	-	3,447
Capitalized lease obligations - current portion	-	-	-
Capitalized lease obligations, net of current portion	-	-	-
Long-term debt obligations - current portion	-	-	-
Long-term debt obligations, net of current portion	-	-	-
Portion of outstanding debt that is unspent at year-end	-	-	-
Other adjustments: (please list)			
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Net position - net investment in capital asset	\$ 3,447	-	3,447
7.2 Calculation of net position - Restricted for nonexpendable - endowments			
Portion of restricted cash and cash equivalents related to endowments	\$ -	-	-
Endowment investments	-	-	-
Other adjustments: (please list)			
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Add description	-	-	-
Net position - Restricted for nonexpendable - endowments per SNP	\$ -	-	-

Associated Students, Inc. of California State University, East Bay
Other Information (Continued)
June 30, 2015
(for inclusion in the California State University)

8 Transactions with Related Entities

	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other program	\$ —
Payments to University for other than salaries of University personnel	138,726
Payments received from University for services, space, and program	39,324
Gifts-in-kind to the University from discretely presented component unit	—
Gifts (cash or assets) to the University from discretely presented component unit	63,840
Accounts (payable to) University (enter as negative number)	(2,924)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	—
Other amounts receivable from University	—

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$ 154,242
Contributions during the year	<u>(58,622)</u>
Increase (decrease) in net OPEB obligation (NOO)	95,620
NOO - beginning of year	<u>(272,884)</u>
NOO - end of year	<u><u>\$ (177,264)</u></u>

10 Pollution remediation liabilities under GASB Statement No. 49:

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

Associated Students, Inc. of California State University, East bay
Other Information (Continued)
June 30, 2015
(for inclusion in the California State University)

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

	Net Position Class	Amount Dr. (Cr.)
Net position as of June 30, 2014, as previously reported		\$ 4,460,126
Prior period adjustments:		
1 GASB 68 - establishment of net pension liability		(1,377,234)
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2014, as restated		<u>\$ 3,082,892</u>

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

	Debit	Credit
Net position class: _____		
1 (to record the cumulative adjustment for implementation of GASB statement No. 68):		
Unrestricted	\$ 1,377,234	
Pension Obligation		1,102,936
Deferred inflows of resource:		274,298
Net position class: _____		
3 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
4 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
5 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
6 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
7 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
8 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
9 (breakdown of adjusting journal entry)	—	—
Net position class: _____		
10 (breakdown of adjusting journal entry)	—	—

CALIFORNIA STATE UNIVERSITY, EAST BAY ASSOCIATED STUDENTS, INC.

Note to Supplementary Information

Year Ended June 30, 2015

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 as a result, do not purport to represent financial statements prepared in accordance with generally accepted accounting principles applicable to governmental not-for-profit organizations.