

# FINANCIAL STATEMENTS

June 30, 2017



CSU CHICO



CSU MONTEREY BAY



CSU SAN BERNARDINO



CAL POLY POMONA



CSU NORTHRIDGE

- |                 |                  |                 |
|-----------------|------------------|-----------------|
| Bakersfield     | Long Beach       | San Diego       |
| Channel Islands | Los Angeles      | San Francisco   |
| Chico           | Maritime Academy | San José        |
| Dominguez Hills | Monterey Bay     | San Luis Obispo |
| East Bay        | Northridge       | San Marcos      |
| Fresno          | Pomona           | Sonoma          |
| Fullerton       | Sacramento       | Stanislaus      |
| Humboldt        | San Bernardino   |                 |

# CALIFORNIA STATE UNIVERSITY

## Table of Contents

	<b>Page(s)</b>
Letter from the Executive Vice Chancellor, Chief Financial Officer	1
Independent Auditors' Report	2–4
Management's Discussion and Analysis (Unaudited)	5–31
Basic Financial Statements:	
Statement of Net Position	32–33
Statement of Revenues, Expenses, and Changes in Net Position	34
Statement of Cash Flows	35–36
Notes to Financial Statements	37–80
Required Supplementary Information:	
Schedule 1: Schedule of University's Proportionate Share of the Net Pension Liability (Unaudited)	81
Schedule 2: Schedule of Employer Contributions (Unaudited)	82–83
Supplementary Information:	
Schedule 3: Systemwide Revenue Bond Program's Net Income Available for Debt Service	84
Schedule 4: Systemwide Revenue Bond Program's Residence and Dining Halls Operating Data by Campus (Unaudited)	85
Schedule 5: Systemwide Revenue Bond Program's Statement of Insurance Coverage (Unaudited)	86
Schedule 6: Campuses' Supplemental Information	87–201

## LETTER FROM THE EXECUTIVE VICE CHANCELLOR, CHIEF FINANCIAL OFFICER

The California State University is an extraordinary system of 23 campuses providing an outstanding education to over 472,000 students in the college year 2016-17. The University is dedicated to providing opportunities and opening doors for our students to learn and grow. As the nation's largest and most diverse university, it has become the economic engine for California; creating jobs, companies, and innovation. With more than three million degrees awarded since inception, the majority of California's leaders and policymakers received their degrees from one of the 23 campuses of the California State University.

The investment of tax dollars into the California State University is the best investment Californians can make in their future. For every \$1 invested in the California State University, \$5.43 is invested by the University back into California's economy. This investment helps ensure an educated and successful California populace that leads to economic and social prosperity.

The University has embarked on an ambitious goal to significantly decrease the time it takes for our students to earn their degree. As part of this initiative, we will double the number of students earning a degree in four years, and more importantly, decrease the time it takes for all students to earn a degree. Additional investments in the California State University by the State will ensure our success in this transformational initiative.

I am happy to say that the California State University's financial position is very strong, and the new financial authority granted to the University by the State will allow us to optimally use our resources for our highest priorities. While we continue to increase our enrollment capacity, the demand for admission to our campuses continues to increase at a much higher rate.

The campuses and University system are working hard to improve and streamline our operations so that we can best serve our students. We are investing in innovative new ways to provide students with tools to shorten the time it takes to get their degree, and provide faculty with the resources they need to be successful.

Our commitment to the people of California is to build on the foundation of a great University; to increase access to a high-quality education, and to help solve the State's greatest challenges in the years ahead.



STEVE RELYEA  
EXECUTIVE VICE CHANCELLOR, CFO  
THE CALIFORNIA STATE UNIVERSITY





KPMG LLP  
Suite 700  
20 Pacifica  
Irvine, CA 92618-3391

## Independent Auditors' Report

The Board of Trustees  
California State University:

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the California State University (the University), an agency of the State of California (the State), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the University's 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 U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of 88 of the 90 aggregate discretely presented component units, which reflect total assets constituting 96% and total revenues constituting 94% of the aggregate discretely presented component units totals. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the 88 discretely presented component units, is based solely on the reports of the other auditors. 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. The financial statements of 46 discretely presented component units were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 opinions.

### *Opinion*

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the California State University, as of June 30, 2017, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended, in accordance with U.S. generally accepted accounting principles.

### **Other Matters**

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 5–31, and the Schedules of University's proportionate share of the net pension liability and employer contributions in Schedules 1 and 2, 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 Standard 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.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The supplementary information included in Schedules 3 through 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Schedules 3 and 6 are the responsibility of management and were 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 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, based on our audit, Schedules 3 and 6 are fairly stated in all material respects, in relation to the basic financial statements that collectively comprise the University's basic financial statements.

Schedules 4 and 5 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2017 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 University's internal control over financial reporting and compliance.

*KPMG LLP*

Orange County, California  
November 17, 2017

## CALIFORNIA STATE UNIVERSITY

### Management's Discussion and Analysis

June 30, 2017

(Unaudited)

The Management's Discussion and Analysis provides an overview of the financial position and performance of the California State University (the University) as of and for the year ended June 30, 2017, including 23 campuses and the Office of the Chancellor (collectively referred to as the University), and 90 discretely presented component units. The discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes, which follow this section. Separate financial statements are issued for each of the discretely presented component units and may be obtained from the individual campuses.

#### **The California State University**

The University promotes student success through opportunity and a high-quality education that prepares students to become leaders in the changing workforce, making the University a vital economic engine for California.

The University was established under the State of California Education Code as a public university to offer undergraduate and graduate instruction for professional and occupational goals emphasizing a broad liberal arts education. As an agency of the State of California (the State), the University is also included in the State's financial statements. Responsibility for the University is vested in the Trustees of California State University (the Trustees) who, in turn, appoint the Chancellor, who is the chief executive officer of the University, and the University presidents, who are the chief executive officers of the respective campuses.

The discretely presented component units of the University are primarily recognized auxiliary organizations. These are nonprofit organizations which are separate legal entities created to perform essential functions.

These functions are classified into the following categories:

- Student self-governance
- Student body center, union, and recreation center
- Externally supported research and sponsored programs
- Commercial services such as bookstores or food services
- Philanthropic activities

#### **Financial Statements**

The financial statements of the University as of and for the year ended June 30, 2017 have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. For reporting purposes, the University is considered a special-purpose government engaged in business-type activities.

## CALIFORNIA STATE UNIVERSITY

### Management's Discussion and Analysis

June 30, 2017

(Unaudited)

This discussion and analysis is intended to serve as an introduction to the University's basic financial statements: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The financial statements are designed to provide readers with a broad overview of the University's finances from all sources of revenue, in a manner similar to the private sector. The University's discretely presented component units are presented in a separate column to enable the reader to distinguish between the University and these separate but related not-for-profit organizations.

#### *Statement of Net Position*

The Statement of Net Position is the University's balance sheet. It presents information on all of the University's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these four is reported as net position (equity). Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally reported at book value, except investments, which are reported at fair value. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the University. The University's net position is classified as net investment in capital assets, restricted or unrestricted.

Changes from one fiscal year to the next in total net position as presented on the Statement of Net Position are based on the activity presented on the Statement of Revenues, Expenses, and Changes in Net Position.

#### *Statement of Revenues, Expenses and Changes in Net Position*

The Statement of Revenues, Expenses, and Changes in Net Position is the University's income statement. Revenues earned and expenses incurred during the fiscal year on an accrual basis are classified as either operating or nonoperating. This distinction results in operating deficits, as the GASB Statement No. 35 reporting model requires classification of state appropriations, a significant revenue stream to fund current operations, as nonoperating revenue.

#### *Statement of Cash Flows*

The Statement of Cash Flows presents the changes in the University's cash and cash equivalents during the most recent fiscal year. This Statement is prepared using the direct method. The Statement breaks out the sources and uses of the University's cash and cash equivalents into four categories:

- Operating activities
- Noncapital financing activities
- Capital and related financing activities
- Investing activities

The University's routine activities appear in the operating and noncapital financing categories. Noncapital financing activities include borrowing money for purposes other than to acquire, construct, or improve capital assets and repaying those amounts borrowed, including interest. The proceeds from the issuance of Systemwide Revenue Bonds (SRB) that will be passed through to the discretely presented component units for capital purposes are reported as noncapital financing activities.



**CALIFORNIA STATE UNIVERSITY**  
Management's Discussion and Analysis  
June 30, 2017  
(Unaudited)

Capital and related financing sources include debt proceeds, state capital appropriations, capital grants and gifts, proceeds from sale of capital assets, and principal and interest payments received on capital leases. Within the capital and related financing activities, uses of funds consist of acquisition of capital assets, and debt repayments. Sales and purchases of investments are part of investing activities.

The Statement of Cash Flows for the discretely presented component units is not included in the University's financial statements.

**Financial Position**

The Statement of Net Position presents the financial position of the University and its discretely presented component units. The major components of the Statement of Net Position include assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. A condensed comparative Statements of Net Position is as follow:

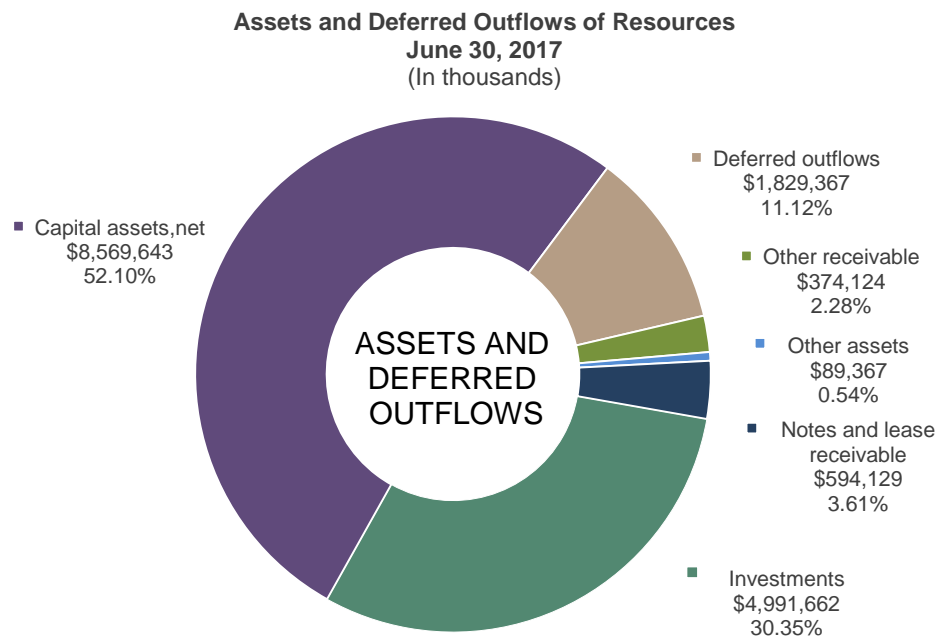
	<u>University</u>		<u>Discretely presented component units</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(In thousands)			
Assets:				
Current assets	\$ 3,579,682	3,412,561	1,250,207	1,197,643
Capital assets, net	8,569,643	8,307,666	826,412	815,871
Other noncurrent assets	<u>2,469,600</u>	<u>1,755,095</u>	<u>2,308,958</u>	<u>2,060,350</u>
Total assets	<u>14,618,925</u>	<u>13,475,322</u>	<u>4,385,577</u>	<u>4,073,864</u>
Deferred outflows of resources	<u>1,829,367</u>	<u>922,449</u>	<u>29,972</u>	<u>19,721</u>
Liabilities:				
Current liabilities	1,385,123	1,271,242	340,458	320,475
Noncurrent liabilities	<u>15,007,323</u>	<u>12,942,137</u>	<u>981,540</u>	<u>1,005,036</u>
Total liabilities	<u>16,392,446</u>	<u>14,213,379</u>	<u>1,321,998</u>	<u>1,325,511</u>
Deferred inflows of resources	<u>17,394</u>	<u>143,167</u>	<u>13,058</u>	<u>16,263</u>
Net position:				
Net investment in capital assets	3,443,607	3,522,905	264,544	227,166
Restricted:				
Nonexpendable	1,746	8,653	1,174,814	1,057,270
Expendable	256,809	119,896	1,001,637	893,104
Unrestricted	<u>(3,663,710)</u>	<u>(3,610,229)</u>	<u>639,498</u>	<u>574,271</u>
Total net position	<u>\$ 38,452</u>	<u>41,225</u>	<u>3,080,493</u>	<u>2,751,811</u>

**CALIFORNIA STATE UNIVERSITY**  
Management's Discussion and Analysis  
June 30, 2017  
(Unaudited)

**The University's Financial Position**

*Assets and Deferred Outflows of Resources*

Total assets increased from \$13.48 billion in 2016 to \$14.62 billion in 2017. Deferred outflows of resources increased from \$922.45 million in 2016 to \$1.83 billion in 2017.



Current and other noncurrent assets of the University are assets that are not capital assets and are used to meet current and noncurrent obligations. These assets consist of cash and cash equivalents, restricted cash and cash equivalents, investments, accounts receivable, notes receivable, leases receivable, student loans receivable, pledges receivable, prepaid expenses, and other assets.

**CALIFORNIA STATE UNIVERSITY**  
Management's Discussion and Analysis  
June 30, 2017  
(Unaudited)

*Capital Assets, Net*

The University's capital assets, net of accumulated depreciation and amortization, represents the largest portion of total assets. The University's capital assets, net of accumulated depreciation and amortization, are as follows:

	<b>2017</b>	<b>2016</b>
	(In thousands)	
Land and land improvements	\$ 268,821	268,821
Buildings and building improvements	6,432,766	6,052,778
Improvements other than buildings	202,100	181,290
Infrastructure	654,440	633,175
Equipment	225,538	228,774
Library books and materials	32,178	34,422
Works of art and historical treasures	44,713	38,833
Intangible assets	50,961	39,272
Construction work in progress	658,126	830,301
Total	\$ 8,569,643	8,307,666

Total capital assets, net of accumulated depreciation and amortization, increased by \$261.98 million as a result of additions on various capital projects, including the following:

- Completion of the \$126.52 million San Jose Campus Village, Phase 2
- Completion of the \$132.96 million San Jose Student Union Expansion and Renovation
- Completion of the \$49.65 million Channel Islands Student Housing, Phase 3
- Completion of the \$42.13 million Pomona Parking Structure II
- Construction in progress on the \$142.70 million San Diego South Campus Plaza
- Construction in progress on the \$131.63 million San Jose Student Recreation and Aquatics Center
- Construction in progress on the \$126.46 million Pomona Administration Replacement Facility (Seismic)
- Construction in progress on the \$93.96 million San Bernardino Student Housing and Dining Commons
- Construction in progress on the \$80.49 million San Francisco Recreation Wellness Center
- Construction in progress on the \$79.60 million San Diego Engineering and Interdisciplinary Sciences Complex

*Investments*

The University invests its funds mainly through the CSU Consolidated Investment Pool, whose objective is to maximize current income while ensuring asset safety and liquidity. In addition, funds are invested in Surplus Money Investment Fund (SMIF), which is managed by the State Treasurer to invest funds in a short-term pool.

## CALIFORNIA STATE UNIVERSITY

### Management's Discussion and Analysis

June 30, 2017

(Unaudited)

Investments increased by \$917.04 million due to an overall increase in operating resources provided by the State through noncapital appropriations and proceeds from the issuance of SRB Series 2017A, 2017B, and 2017C. Endowment investments comprise \$1.75 million of the total investments, a decrease of \$6.9 million from the prior year due to transfer of endowments from the University to the discretely presented component units (mainly Foundations).

In September 2016, the State Legislature passed Senate Bill (SB) 1412, which allows the University to invest in mutual funds including equity mutual funds, subject to registration by, and under the regulatory authority of the United States Securities and Exchange Commission, or in United States registered real estate investment trusts, effective January 1, 2017. Prior to SB 1412, the University was restricted to investing in fixed income securities.

Under SB 1412, the University is required to create an investment advisory committee reporting to the Board of Trustees. The total amount invested under the new investment authority shall not exceed: \$200 million in fiscal year 2017, \$400 million in fiscal year 2018, \$600 million in fiscal year 2019, and 30% of total investment in fiscal year 2020 and thereafter. The investment advisory committee was formed and approved by the Board of Trustees in September 2017.

All additional earnings from investment under the new authority shall be used only for capital outlay or maintenance, and shall not be used for ongoing operations. As of June 30, 2017, the University has not invested in securities allowed under the new investment authority.

#### *Notes and Leases Receivable*

The University has a program utilizing discretely presented component units to support a broad range of functions. In certain cases, the discretely presented component units are involved in the financing of campus facilities as well as off-campus facilities serving the needs of the campus. These facilities are mostly financed or refinanced by SRB using either lease or loan arrangements.

In the loan arrangement, facilities are financed or refinanced by a loan of SRB proceeds from the University to the discretely presented component unit pursuant to a loan agreement. Under the terms of the loan agreement, in return for the loan from the University, the component unit agrees to acquire, construct and/or maintain the facility and to repay the loan to the University. The outstanding loan balance is carried by the University as notes receivable.

Notes receivable from discretely presented component units increased from \$290.91 million in 2016 to \$341.25 million in 2017. It increased by \$50.34 million due mainly to the new loan agreement with the University Corporation at Monterey Bay for \$60.14 million. Current year notes receivable collections were \$9.82 million.

In a lease arrangement, the financed lease facility is leased from the University, as lessor, to discretely presented component, as lessee. Under the lease arrangement, the lessee agrees to operate the facility and to make certain rental payment to the University.

## CALIFORNIA STATE UNIVERSITY

### Management's Discussion and Analysis

June 30, 2017

(Unaudited)

The leases receivable from discretely presented component units decreased from \$333.71 million in 2016 to \$242.71 million in 2017. This is due to California State University Channel Islands Site Authority's advance lease payment of \$76.76 million after the sale of the financed capital assets and \$3.93 million due to refunding. The remainder of the decrease is due to the current year leases receivable collections.

#### *Other Receivable*

Other receivable includes accounts receivable, student loans receivable, and pledges receivable. The other receivable increased from \$362.93 million in 2016 to \$374.12 million in 2017.

The accounts receivable from State Public Works Board (SPWB) Lease Revenue Bond program for the capital outlay projects amounted to \$66.31 million and \$90.92 million as of June 30, 2017 and 2016, respectively. The decrease of \$24.61 million is due to the claims of funds used for current year construction for SPWB approved capital projects.

The accounts receivable from the State for capital and noncapital appropriations increased from \$33.96 million in 2016 to \$54.95 million in 2017. The increase is mainly from the current year appropriations amounted to \$35 million for the University's deferred maintenance and infrastructure needs.

Accounts receivable from student accounts increased from \$53.41 million in 2016 to \$68.44 million in 2017. Student loans receivable, on the other hand, decreased from \$81.25 million in 2016 to \$77.24 million in 2017.

#### *Other Assets*

Other assets include cash and cash equivalents, restricted cash and cash equivalents, and prepaid expenses and other current assets. The other assets decreased from \$96.42 million in 2016 to \$89.37 million in 2017. The construction reserves under the SPWB Lease Revenue Bonds program were released to fund construction costs which resulted to the decrease.

#### *Deferred Outflows of Resources*

Deferred outflows of resources are consumption of net assets that is applicable to a future reporting period, which has a positive effect on the net position. The University's deferred outflows of resources consist of unamortized loss on debt refundings and the changes in pension related items, as discussed below.

Deferred outflows of resources increased by \$906.92 million from \$922.45 million in 2016 to \$1.83 billion in 2017. The deferred outflows of resources related to pension represent 87.95% in 2016 and 94.34% in 2017 of the total account balance. The increase is due to the following:

- Increase due to recognition of the differences between projected and actual earnings on California Public Employees' Retirement System (CalPERS) pension plan investments used in determining the net pension liability;
- Increase in the University's retirement contributions subsequent to the measurement date; and
- Increase in the University's proportionate share in the State's pension plans.

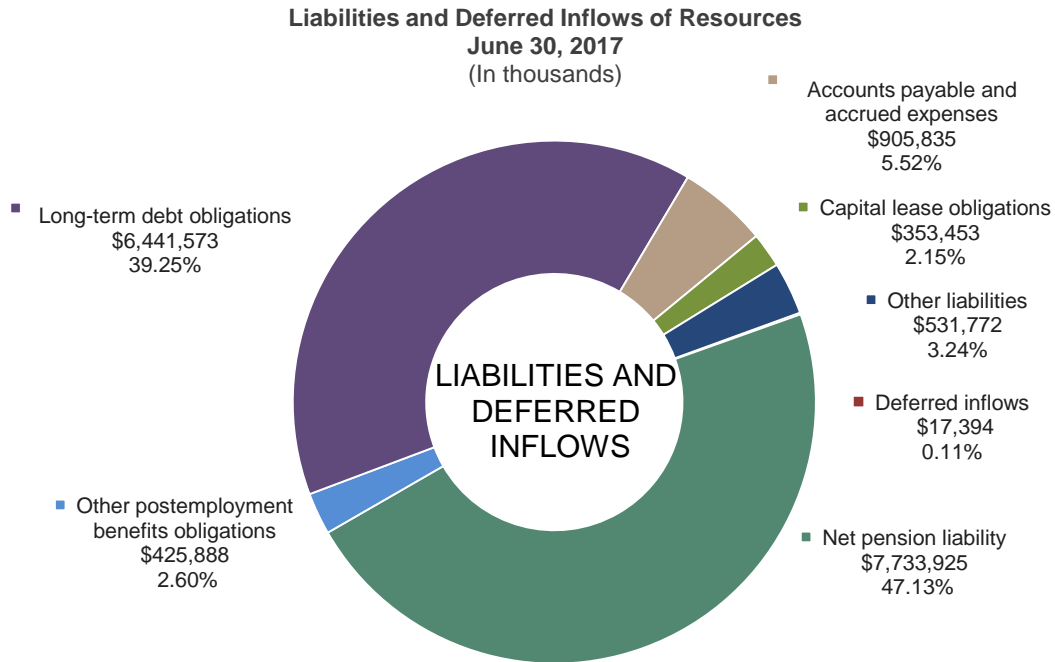


**CALIFORNIA STATE UNIVERSITY**  
Management's Discussion and Analysis  
June 30, 2017  
(Unaudited)

The increase is offset by the current year amortization of the deferred outflows of resources related to pension and loss on debt refunding, and the gain on current refunding of SRB Series 2007A and 2007D by SRB Series 2017A, 2017B, and 2017C.

*Liabilities and Deferred Inflows of Resources*

Total liabilities of \$16.39 billion represent an increase of \$2.18 billion compared to \$14.21 billion in 2016. Deferred inflows of resources related to pension decreased from \$143.17 million in 2016 to \$17.39 million in 2017.



Current liabilities (liabilities due within one year) and noncurrent liabilities (liabilities due in more than one year) include major components such as net pension liability, long-term debt obligations, accounts payable and accrued expenses, other postemployment benefits (OPEB) obligations, capital lease obligations, and other liabilities.

**CALIFORNIA STATE UNIVERSITY**  
Management's Discussion and Analysis  
June 30, 2017  
(Unaudited)

*Net Pension Liability*

The State's pension plans with CalPERS are agent multiple-employer defined-benefit pension plans and CalPERS functions as the investment and administrative agent for its members. The University, as a state agency, participates in the State's pension plans. The plans act as cost-sharing, multiple-employer defined-benefit pension plans for the University. The University's share in the net pension liability, which is actuarially determined, is based on its proportionate share in the total pensionable compensation of all the participating state agencies for the measurement period.

The net pension liability increased from \$6.58 billion in 2016 to \$7.73 billion in 2017. The \$1.15 billion increase is due to the following:

- Increase in the proportionate share of the University;
- Recognition of the service cost, interest on total pension liability, and administrative costs for the measurement period;

These were offset by the following:

- Retirement contributions from the University and its employees;
- Actual pension plan assets earnings; and
- Difference between expected and actual experience.

The University recognized \$704 million of the increase in net pension liability as pension expense in 2017 while \$1.11 billion will be recognized as pension expense over an amortization period in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pension*. The University as the employer contributed \$659.33 million for measurement period ended June 30, 2016 using primarily funds provided by the State through general fund appropriations.

**CALIFORNIA STATE UNIVERSITY**  
Management's Discussion and Analysis  
June 30, 2017  
(Unaudited)

*Long-Term Debt Obligations*

The University's capital assets are financed using the State's capital appropriations, SRB, leases, and equity contributions. Bond anticipation notes (BANs) provide short-term financing for capital assets during the construction period. The University's total long-term debt obligations increased by \$979.83 million in 2017. The University's long-term debt obligations are summarized as follows:

	<b>2017</b>	<b>2016</b>
	(In thousands)	
Systemwide revenue bonds	\$ 5,826,473	4,944,168
Bond anticipation notes	600	4,640
Other long-term debt obligations	8,583	6,180
Total	5,835,656	4,954,988
Unamortized net bond premium	605,917	506,760
Total long-term debt obligations	6,441,573	5,461,748
Less current portion	(122,026)	(112,404)
Long-term debt obligations, net of current portion	\$ 6,319,547	5,349,344

*Systemwide Revenue Bonds*

The University's SRB program issues revenue bonds to finance housing, parking, health centers, student body centers, continuing education facilities, and other special projects related to the educational mission of the University. The following revenues have been pledged as a security for outstanding SRB: student tuition fees, student housing fees, student body center fees, parking fees, health center facility fees, and fees from the continuing education program, as well as payments from various auxiliary organizations and special purpose government entities.

In July 2014, the State Legislature passed SB 860, which changed the State's approach to funding nonrevenue generating capital facilities at the University, such as campus infrastructure projects, academic and administrative buildings, and other capital facilities that are essential to the University's operations (collectively referred to as academic facilities). Historically, the State has funded academic facilities with proceeds from issuance of SPWB Lease Revenue Bonds and State General Obligation (GO) Bonds for which, in each case, the State made all debt service payments directly or through appropriations to the University.

SB 860 provided the University with statutory authority to issue bonds to finance academic facilities, as well as providing the University with the ability to pledge additional revenues to support its debt obligations, including but not limited to student tuition fees. The student tuition fees were added to the gross revenues pledged to secure outstanding SRB.

## CALIFORNIA STATE UNIVERSITY

### Management's Discussion and Analysis

June 30, 2017

(Unaudited)

Moody's Investors Service currently provides an intrinsic rating of Aa2, with a stable outlook, for the SRB. Standard & Poor's Ratings Services currently provides an intrinsic rating of AA-, with a stable outlook, for the SRB. All maturities in SRB Series 2007A, 2007B, and 2007C, and certain maturities in 2008A are insured. Since the middle of fiscal year 2008, some providers of insurance for SRB have been downgraded to ratings below Aaa/AAA. Those bonds that are uninsured bear the intrinsic ratings of the SRB, which are Aa2 from the Moody's Investors Service and AA- from the Standard & Poor's Ratings Services.

In March 2017, the University issued its SRB Series 2017A (Tax-Exempt), Series 2017B (Taxable), and Series 2017C (Tax-Exempt). The proceeds amounted to \$1.34 billion (including a bond premium of \$127.43 million, net of \$14.14 million bond premium recorded by certain discretely presented component units). The proceeds of the new bonds were used for the following:

- New construction projects
- Redemption of BANs
- Refunding of SRB Series 2007A and 2007D
- Capital interest for future debt service obligations

The above increase in SRB was offset by the refunding of SRB Series 2007A and 2007D, repayment of annual debt service of \$129.03 million, early redemption of a portion of SRB Series 2007A of \$77.19 million, and the current year amortization of net bond premiums of \$27.08 million.

#### *Bond Anticipation Notes*

New issuances of BANs amounted to \$200.13 million. Proceeds were used as short-term financing to acquire and construct capital assets. Certain BANs were also redeemed by SRB Series 2017A and 2017B. The redemptions and repayments totaled \$204.17 million.

#### *State General Obligation Bonds*

The State's GO Bond program has provided capital funding for various projects of the University. The debt related to these projects is not allocated to the University by the State and is not recorded in the University's financial statements. The total GO Bonds carried by the State related to University projects decreased from \$2.46 billion in 2016 to \$2.32 billion in 2017. As a result of SB 860, the University's share continues to decrease as bonds are paid by the State with no new debt issued for capital facilities.

#### *Accounts Payable and Accrued Expenses*

Accrued expenses for salaries, benefits, and compensated absences increased from \$595.61 million in 2016 to \$638.34 million in 2017. This is primarily due to increase in salary rates and employee headcount.

Accounts payable increased from \$230.50 million in 2016 to \$267.49 million in 2017. The increase of \$36.99 million is due mainly to the increase in the number of capital projects that are currently in progress. These capital projects were primarily funded by SRB. Accounts payable to third-party vendors for capital projects increased by \$13.28 million. The remainder of the increase is due to timing difference in the payments of invoices compared to the prior year.

## CALIFORNIA STATE UNIVERSITY

### Management's Discussion and Analysis

June 30, 2017

(Unaudited)

#### *Capital Lease Obligations*

The University has capital leases for campus facilities including computer, energy efficiency, and telecommunications equipment. The majority of the capital lease obligations are with the SPWB Lease Revenue Bond program for academic campus facilities. Capital lease obligations of the University decreased by \$35.93 million in 2017 due to current year payments of \$44.89 million and amortization of related premiums of \$0.96 million, offset by new capital lease obligations of \$9.92 million.

#### *Other Post-Employment Benefits Obligations*

OPEB obligations include the University's estimated funding liability of the State administered and sponsored plan as of the fiscal year end. The State's actuary has employed methods and assumptions considered reasonable and appropriate given the information currently available. Given the inherent uncertainty in the nature of such estimates, future amounts may deviate from those estimates.

The State provides retiree healthcare benefits to statewide employees, including the University employees, through programs administered by CalPERS. The responsibility for funding the employer's share of healthcare premium is shared between the State and the University based on the "billable" and "nonbillable" accounts. The University funds the healthcare costs of the billable accounts which have special revenue sources such as fees, licenses, penalties, assessments, and interest. The University is responsible for paying the cost of dental benefits for all the University's retirees using funds provided by the billable accounts and State through general fund appropriation.

OPEB obligations increased from \$368.80 million in 2016 to \$425.89 million in 2017. The net increase is mainly due to the current year annual required contribution of \$95.07 million less current year contributions of \$37.98 million.

Effective in 2018, the OPEB obligations will be measured using the provision of GASB Statement No. 75, *Financial Reporting for Postemployment-Benefit Plans Other Than Pension Plans*. The University will measure, recognize, display and disclose the long-term obligations and annual costs arising from the promise to provide OPEB to retired employees. The impact of the implementation of this new accounting standard has not yet been determined.

#### *Other Liabilities*

Other liabilities include unearned revenues, grants refundable, and depository accounts, decreased from \$589.14 million in 2016 to \$531.77 million in 2017.



## CALIFORNIA STATE UNIVERSITY

### Management's Discussion and Analysis

June 30, 2017

(Unaudited)

Unearned revenues, which represents the advance collections of student tuition and fees for the 2017 Fall enrollment, increased from \$304.03 million in 2016 to \$327.95 million in 2017. The Board of Trustees approved the tuition fee increase of approximately 5% for undergraduate courses effective in 2017 Fall enrollment. This resulted in the increase in the unearned revenues.

The decrease in the grants refundable and depository accounts totaled to \$4.65 million. The Federal Perkins and Nursing Loan Programs are reported as agency transactions. Any cash, investments, and receivable balances that are carried in these programs at the end of the fiscal year are considered to represent a refundable grant liability to the Federal government, as they must be repaid to the government if they are not continually loaned out to students. The Perkins Loan Program Extension Act of 2015 ended the University's authority to make new Perkins Loans to undergraduate students on September 30, 2017.

#### *Deferred Inflows of Resources*

Deferred inflows of resources related to certain changes in the net pension liability decreased from \$143.17 million in 2016 to \$17.39 million in 2017. In 2016, the cumulative actual earnings on CalPERS' pension plan investments was higher than the projected earnings resulting to deferred inflows of resources of \$143.17 million. However, this changed in 2017 as the actual earnings were lower than the projected earnings which reduced the deferred inflows of resources by \$143.17 million.

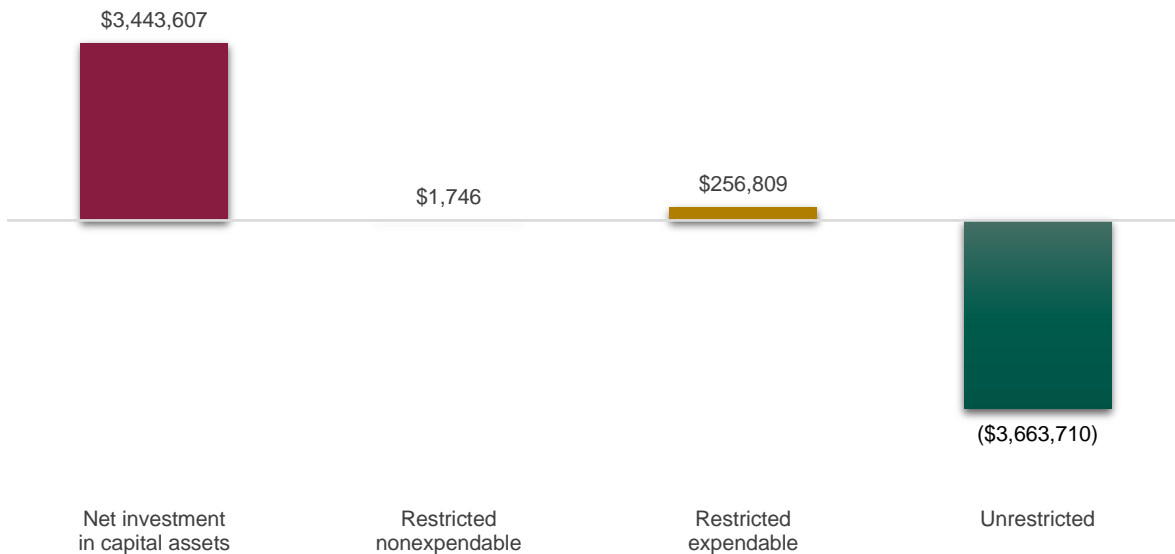
The favorable difference between the expected and actual experience for the State Miscellaneous Plan resulted to \$17.39 million of deferred inflows of resources in fiscal year 2017.

#### *Net Position*

Net position may serve over time as a useful indicator of the University's financial position. Net position represents the residual interest in the University's assets and deferred outflows of resources after all liabilities and deferred inflows of resources are deducted. Net position decreased from \$41.23 million in 2016 to \$38.45 million in 2017. Net position by category is as follows:

**CALIFORNIA STATE UNIVERSITY**  
Management's Discussion and Analysis  
June 30, 2017  
(Unaudited)

**Net Position  
June 30, 2017  
(In thousands)**



*Net Investment in Capital Assets*

The net position category “Net investment in capital assets” represents the University’s capital assets, net of accumulated depreciation and amortization, and also net of outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets and any related deferred outflows of resources. The University uses these capital assets in its day-to-day operations. The net investment in capital assets decreased from \$3.52 billion in 2016 to \$3.44 billion in 2017 as a result of depreciation of capital assets at a faster rate than repayment of the long-term debt obligations.

*Restricted*

Restricted net position has constraints on its use that are either externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes a government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for specific purposes. Such restrictions are primarily related to endowments, scholarships and fellowships, research, loans, capital projects,

## CALIFORNIA STATE UNIVERSITY

### Management's Discussion and Analysis

June 30, 2017

(Unaudited)

and debt service funds. The restricted net position category consists of two subcategories: "Restricted nonexpendable" and "Restricted expendable".

i. Restricted Nonexpendable

The restricted nonexpendable net position is made up of the permanent endowment funds, the corpus of which may not be expendable. Generally speaking, the University's foundations, which are discretely presented component units, hold the significant majority of the University-related endowments. The restricted nonexpendable net position decreased from \$8.65 million in 2016 to \$1.75 million in 2017 due to the donor-approved transfer of endowment investments to discretely presented component units.

ii. Restricted Expendable

Restricted expendable net position represents resources that are subject to external restrictions on how they may be used. Such restrictions are primarily related to scholarships and fellowships, research, loans, capital projects, and debt service funds. The restricted expendable net position increased from \$119.90 million in 2016 to \$256.81 million in 2017. This is mainly due to increase in investments restricted for capital projects and debt service use. These were primarily proceeds from the issuance of SRB Series 2017A and 2017B for funding new capital projects.

*Unrestricted*

The unrestricted net position represents all other net resources available to the University for general and educational obligations. Under U.S. generally accepted accounting principles, net position that is not subject to externally imposed restrictions governing their use must be classified as unrestricted for financial reporting purposes. Although unrestricted net position is not subject to externally imposed restrictions per accounting definitions, the predominant portions of the unrestricted net position are designated by statute for specific programs or projects related to certain revenue sources, as further explained in the following paragraphs.

As of June 30, 2017, the unrestricted net position (in thousands) consists of the following:

Designated resources	\$	1,398,910
Undesignated resources		<u>(5,062,620)</u>
Total unrestricted net position	\$	<u><u>(3,663,710)</u></u>

The designated resources are derived from fee collections and other activities that are designated for very specific purposes and are not to be repurposed and spent for other activities. For example, students pay fees, including housing, parking, and campus activities fees, all of which are to be used for specific designated purposes as described in the State of California Education Code. The University also has certain designated resources that represent amounts pledged to support the SRB program.

The undesignated resources are mainly from the operating fund. However, the undesignated resources is in a deficit position due to the recognition of the University's net pension liability.

## CALIFORNIA STATE UNIVERSITY

### Management's Discussion and Analysis

June 30, 2017

(Unaudited)

#### **Discretely Presented Component Units' Financial Position**

In 2017, the discretely presented component units managed \$4.39 billion, representing 23.08% of the University's \$19 billion combined total assets. In 2016, \$4.07 billion of assets were managed by the discretely presented component units, representing 23.21% of the combined total assets.

The philanthropic activities of the University are managed mostly by the discretely presented component units. The restricted cash and cash equivalents, pledges receivables, and endowment investments increased from \$1.52 billion in 2016 to \$1.73 billion in 2017. This represents 9.12% and 8.64% of the combined total assets for 2017 and 2016, respectively.

The claims liability for losses and loss adjustment expenses decreased from of \$82.12 million in 2016 to \$74.57 million in 2017. These are mainly the liabilities from the California State University Risk Management Authority, a discretely presented component unit.

The restricted net position, expendable and nonexpendable, of the discretely presented component units was \$2.18 billion, representing 89.38% of the combined restricted net position in 2017. In 2016, the restricted net position of discretely presented component units was \$1.95 billion, representing 93.82% of the combined restricted net position.

The combined University and discretely presented component units' net position was \$3.12 billion in 2017 and \$2.79 billion in 2016.

#### **Results of Operations**

The Statement of Revenues, Expenses and Changes in Net Position represents the University's and its discretely presented component units' result of operations. Major components are operating revenues, operating expenses, and nonoperating revenues (expenses). A condensed comparative presentation of the results of operations is as follows:

**CALIFORNIA STATE UNIVERSITY**  
Management's Discussion and Analysis  
June 30, 2017  
(Unaudited)

	<b>University</b>		<b>Discretely presented component units</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	(In thousands)			
Operating revenues:				
Student tuition and fees, net	\$ 2,185,444	2,204,940	193,227	194,337
Grants and contracts, noncapital	71,277	73,161	526,196	514,867
Sales and services of educational activities	48,198	48,869	49,997	41,907
Sales and services of auxiliary enterprises, net	499,383	485,090	526,139	500,000
Other operating revenues	208,480	200,497	284,413	243,049
Total operating revenues	<u>3,012,782</u>	<u>3,012,557</u>	<u>1,579,972</u>	<u>1,494,160</u>
Operating expenses	<u>7,986,652</u>	<u>7,328,256</u>	<u>1,723,859</u>	<u>1,621,855</u>
Operating loss	<u>(4,973,870)</u>	<u>(4,315,699)</u>	<u>(143,887)</u>	<u>(127,695)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	3,258,252	3,007,533	—	—
Federal financial aid grants, noncapital	992,007	994,954	1,630	1,221
State financial aid grants, noncapital	720,865	668,871	1,077	908
Local financial aid grants, noncapital	—	—	155	104
Nongovernmental and other financial aid grants, noncapital	38,391	35,826	977	300
Other federal nonoperating grants, noncapital	3,887	4,304	—	1,043
Gifts, noncapital	54,526	68,010	197,152	190,390
Investment income, net	52,662	65,962	91,231	3,298
Endowment income, net	15	58	121,341	(24,785)
Interest expense	(204,095)	(229,573)	(19,001)	(23,694)
Other nonoperating expenses, net	(23,739)	(168,114)	(24,262)	(32,380)
Net nonoperating revenues	<u>4,892,771</u>	<u>4,447,831</u>	<u>370,300</u>	<u>116,405</u>
Income (loss) before other revenues and (expenses)	(81,099)	132,132	226,413	(11,290)
State appropriations, capital	34,946	25,757	—	—
Grants and gifts, capital	50,256	61,007	11,372	28,540
Additions (reductions) to permanent endowments	(6,876)	(1,951)	90,897	79,749
Change in net position	(2,773)	216,945	328,682	96,999
Net position – beginning of year	<u>41,225</u>	<u>(175,720)</u>	<u>2,751,811</u>	<u>2,654,812</u>
Net position – end of year	<u>\$ 38,452</u>	<u>41,225</u>	<u>3,080,493</u>	<u>2,751,811</u>

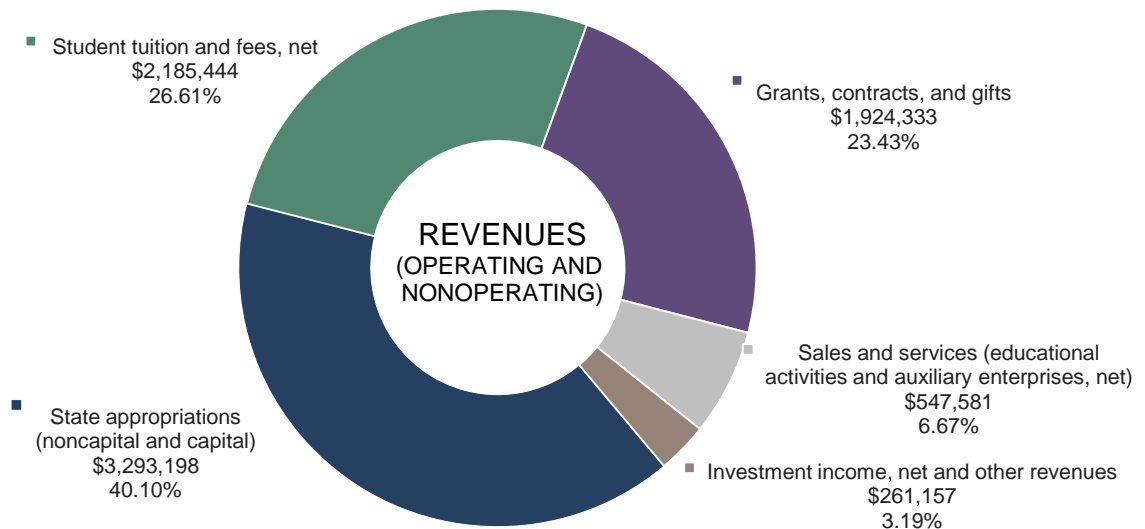


**CALIFORNIA STATE UNIVERSITY**  
 Management's Discussion and Analysis  
 June 30, 2017  
 (Unaudited)

**Revenues (Operating and Nonoperating)**

The University's two largest sources of revenues are state appropriations and student tuition and fees, net, which accounted for a combined 66.72% and 65.95% of total revenues in 2017 and 2016, respectively. State appropriations are received for both noncapital and capital purposes.

**Revenues (Operating and Nonoperating)**  
**June 30, 2017**  
 (In thousands)



**CALIFORNIA STATE UNIVERSITY**  
Management's Discussion and Analysis  
June 30, 2017  
(Unaudited)

	<u>2017</u> (In thousands)	<u>Percentage of total</u>	<u>2016</u> (In thousands)	<u>Percentage of total</u>
State appropriations (noncapital and capital)	\$ 3,293,198	40.10 %	\$ 3,033,290	38.19 %
Student tuition and fees, net	2,185,444	26.61	2,204,940	27.76
Grants, contracts, and gifts	1,924,333	23.43	1,904,182	23.97
Sales and services (educational activities and auxiliary enterprises), net	547,581	6.67	533,959	6.72
Investment income, net and other revenues	<u>261,157</u>	<u>3.19</u>	<u>266,517</u>	<u>3.36</u>
Total revenues (operating and nonoperating)	<u>\$ 8,211,713</u>	<u>100.00 %</u>	<u>\$ 7,942,888</u>	<u>100.00 %</u>

*State Appropriations (Noncapital and Capital)*

The state noncapital appropriations increased from \$3.01 billion in 2016 to \$3.26 billion in 2017. The \$250.72 million increase consists of the following:

- \$69.55 million to pay employee compensation increases
- \$43.83 million for retirement costs adjustments
- \$35.08 million for employer-paid healthcare premiums
- \$35 million to fund the Graduation Initiative 2025
- \$30.17 million to fund student enrollment growth
- \$27.21 million to fund the Student Success and Completion Program
- \$7.87 million to pay SPWB capital lease obligation debt service
- \$2.01 million for other items

The state capital appropriations increased from \$25.76 million in 2016 to \$34.95 million in 2017. The current year appropriation includes \$35 million funding for deferred maintenance projects.

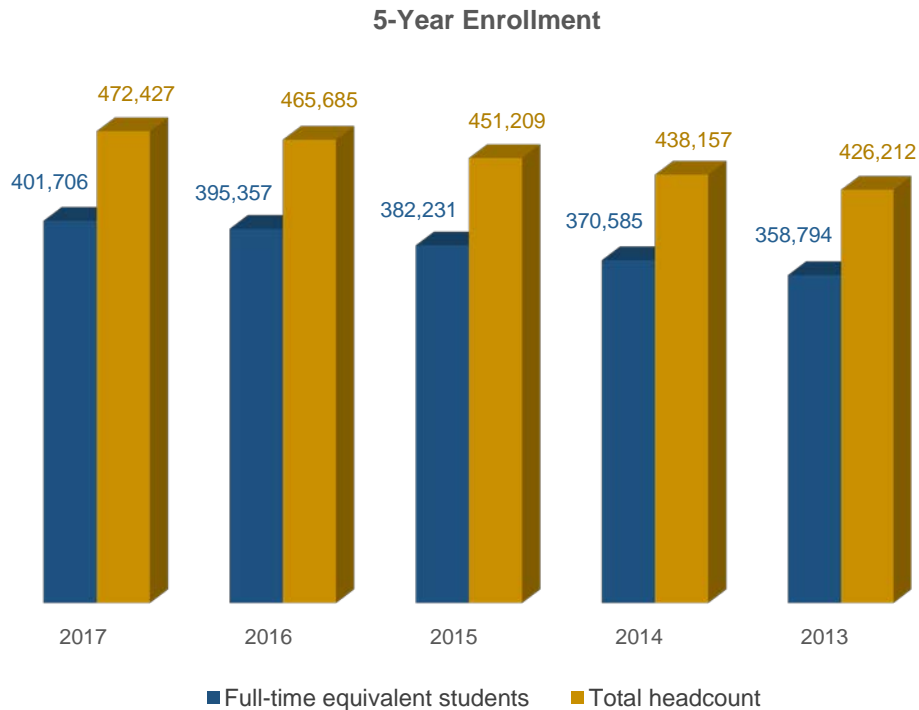
*Student Tuition and Fees, Net*

Gross student tuition and fees increased from \$3.68 billion in 2016 to \$3.74 billion in 2017. The increase is due mainly to student enrollment growth. Headcount enrollment grew by 1.45% from 465,685 in 2016 to 472,427 in 2017, as reflected in the following chart. As a result, Full-Time Equivalent Students grew by 1.61% from 395,357 in 2016 to 401,706 in 2017.

**CALIFORNIA STATE UNIVERSITY**  
Management's Discussion and Analysis  
June 30, 2017  
(Unaudited)

For the sixth consecutive year, the 2016-2017 systemwide undergraduate and graduate tuition rates remained unchanged. In March 2017, the Trustees approved an increase in tuition and fees for the academic year 2017-2018. The increase will depend on the student level and degree or certificate program. Revenue from the tuition and fees increase will be used for purposes of student achievement and success, as outlined in the University's Graduation Initiative 2025.

The following chart displays the University's historical enrollment data by fiscal year:



The increase in gross student tuition and fees was offset by an increase in scholarship allowances. The net student and tuition fees decreased by \$19.50 million.

Scholarship allowances, mainly financial aid, are the difference between the tuition and fees and the amount paid by the student and third parties on behalf of the student and are reported as an offset to the gross student tuition and fees. This includes State University Grant (SUG), which is a needs-based awards administered by the University for eligible students. The University's support budget for fiscal year 2018 includes an increase in SUG to reduce the impact of the approved tuition increase. Scholarship allowances of \$1.55 billion and \$1.48 billion in 2017 and 2016, respectively, were netted against student tuition and fees. The increase is a combination of the effect of increases in eligible students and allowable aid per student.

**CALIFORNIA STATE UNIVERSITY**  
Management's Discussion and Analysis  
June 30, 2017  
(Unaudited)

*Sales and Services (Educational Activities and Auxiliary Enterprise)*

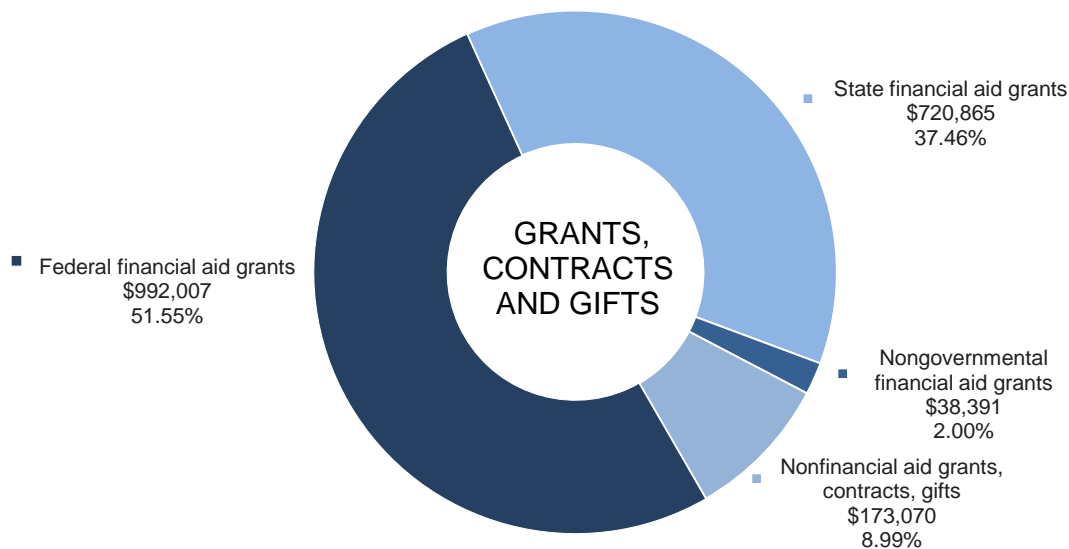
Sales and services of educational activities include (1) revenues related incidentally to the conduct of instruction, research, and public service, and (2) revenues for activities that exist to provide instructional and laboratory experience for students and that incidentally create goods and services that may be sold to faculty, students, staff, and the general public. Net revenues from sales and services of educational activities amounted to \$48.20 million, a slight decrease from \$48.87 million in 2016.

Auxiliary enterprises exist predominantly to furnish goods or services to students, faculty, or staff, for a fee. Net revenues from sales and services of auxiliary enterprises, which are primarily for student housing and parking, amounted to \$499.38 million, which is a \$14.29 million increase when compared to 2016. The increase is due mainly to new student housing facilities which operated for the first time in 2017 and increases in housing occupancy, space rentals, and parking permits issued to students, faculty, and employees.

*Grants, Contracts and Gifts*

Grants, contracts and gifts revenues are derived substantially from the student financial aid grants from federal agencies, state agencies, and nongovernmental grantors. Major federal financial aid grants came from the Pell Grant, Supplemental Educational Opportunity Grant, and Teacher Education Assistance. Major state financial aid grants came from Cal Grants and Middle Class Scholarship.

**Grants, Contracts and Gifts**  
**June 30, 2017**  
(In thousands)



## CALIFORNIA STATE UNIVERSITY

### Management's Discussion and Analysis

June 30, 2017

(Unaudited)

Student financial aid grants of \$1.75 billion represents 91.01% of the University's total grants, contracts, and gifts revenues of \$1.92 billion for 2017. Federal and state agencies contributed \$1.71 billion representing 97.81% of the University's total student financial aid grants in 2017 and \$1.66 billion representing 97.89% in 2016. State financial aid grants increased by \$51.99 million as there are more eligible students and higher aid per student. Federal student financial aid grants slightly decreased by \$2.95 million, offset by an increase in nongovernmental student financial aid grants of \$2.57 million.

The remainder of the grants, contracts and gifts include nonfinancial aid grants, contracts, changes to permanent endowments, and gifts (capital and noncapital), which amounted to \$173.07 million, or 8.99%, of total grants, contracts, and gifts. It decreased by \$31.46 million due mainly to decline in nonfinancial aid grants, gifts (capital and noncapital), and reductions in endowment investments. This is primarily due to one-time grants and gifts from third parties received in 2016. Further, gifts received from discretely presented component units amounted to \$79.70 million, which is \$5.50 million lower compared to 2016. The University transferred endowment investments of \$4.93 million more than the prior year to its discretely presented component units.

#### *Investment Income, Net and Other Revenues*

Other operating revenues for the fiscal year of \$208.48 million is an increase of \$7.98 million compared to the prior year. The increase is mainly due to certain revenues from student organizations being recognized by the University (some student organizations' revenues are recorded by discretely presented component units) starting in 2017. Additionally, there was also an increase in revenues from cost recoveries from discretely presented component units and from special noncapital related projects.

Investment income for the fiscal year is \$52.66 million, which is \$13.30 million lower when compared to the prior year. This includes the return on investments from the CSU Consolidated Investment Pool and SMIF investments, realized gains or losses on the sale of securities, unrealized gains or losses in the fair value of securities, investment income from capital leases receivable, and capital related loans with discretely presented component units, and is offset by investment service charges.

#### **Expenses (Operating and Nonoperating)**

The University's total expenses of \$8.21 billion comprises of operating expenses of \$7.99 billion, or 97.22%, and nonoperating expenses of \$227.83 million, or 2.78%.



**CALIFORNIA STATE UNIVERSITY**  
Management's Discussion and Analysis  
June 30, 2017  
(Unaudited)

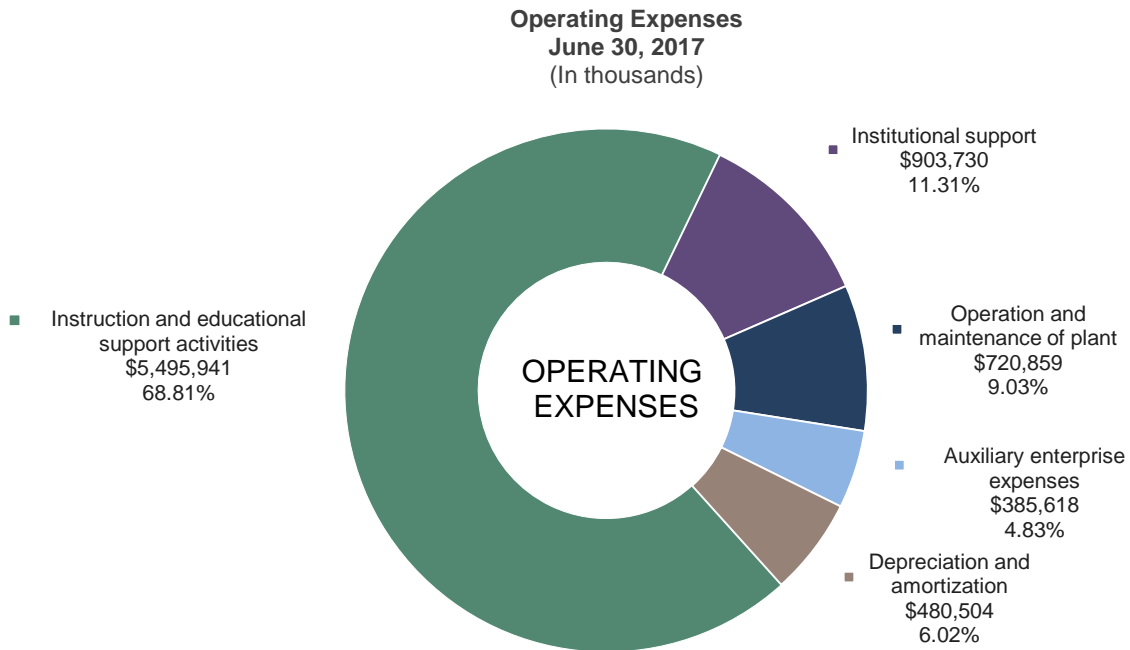
*Operating Expenses*

When the mission-critical educational support activities of student services, academic support, student grants and scholarships, public service, and research are added to direct classroom instruction, the total instruction and educational support activities account for 68.81% of the total operating expenses of the University, as shown below:

	<u>2017</u>	<u>Percentage of total</u>	<u>2016</u>	<u>Percentage of total</u>
	(In thousands)		(In thousands)	
Instruction	\$ 2,853,923	35.73%	2,503,564	34.16%
Research	54,468	0.68	51,691	0.71
Public service	47,013	0.59	57,376	0.78
Academic support	810,610	10.15	762,920	10.41
Student services	885,908	11.09	812,010	11.08
Student grants and scholarships	<u>844,019</u>	<u>10.57</u>	<u>881,578</u>	<u>12.03</u>
Total instruction and educational support activities	5,495,941	68.81	5,069,139	69.17
Institutional support	903,730	11.31	795,550	10.86
Operation and maintenance of plant	720,859	9.03	648,618	8.85
Auxiliary enterprise expenses	385,618	4.83	357,030	4.87
Depreciation and amortization	<u>480,504</u>	<u>6.02</u>	<u>457,919</u>	<u>6.25</u>
Total operating expenses	<u>\$ 7,986,652</u>	<u>100.00%</u>	<u>7,328,256</u>	<u>100.00%</u>

The operating expenses increased by \$658.40 million in 2017. This is primarily due to the increase in salaries of \$231.05 million, and benefits of \$358.73 million. The increase in benefits is mainly related to pension expense.

**CALIFORNIA STATE UNIVERSITY**  
Management's Discussion and Analysis  
June 30, 2017  
(Unaudited)



**Salaries**

The University's salaries increased from \$3.14 billion in 2016 to \$3.37 billion in 2017. The increase of \$231.05 million is mainly comprises of \$202.42 million, or 87.61%, for instruction and educational support; \$13.92 million, or 6.02%, for institutional support; \$9.83 million, or 4.25%, for operation and maintenance of plant; and \$4.88 million, or 2.11%, for auxiliary enterprise.

The combination of increases in salary rates and employee headcount contributed to the increase in salary expenses.

**Benefits**

The University's benefits increased from \$1.44 billion in 2016 to \$1.79 billion in 2017. The increase of \$358.73 million is mainly comprised of \$244.27 million, or 68.09%, for instruction and educational support; \$80.60 million, or 22.47%, for institutional support; \$30.19 million, or 8.42%, for operation and maintenance of plant; and \$3.67 million, or 1.02%, for auxiliary enterprise.

The employer-paid healthcare premiums increased effective January 2016. The full year impact of the increase in healthcare benefits expenses and a higher employee headcount in 2017 contributed to the increase in benefits expenses. The combination of increases in benefits rates and employee headcount, contributed to the increase in benefits expenses.

## CALIFORNIA STATE UNIVERSITY

### Management's Discussion and Analysis

June 30, 2017

(Unaudited)

The pension expense increased from \$571.95 million in 2016 to \$872.60 million in 2017. The increase is due to higher service costs and interest on the total pension liability, and higher amortization expense of deferred outflows/inflows of resources. The deferred outflows and inflows of resources are recognized as pension expense over an amortization period in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pension*.

#### *Scholarship and Fellowships*

The University's scholarship and fellowships expenses decreased from \$881.58 million in 2016 to \$844.02 million in 2017. The decrease of \$37.56 million is mainly due to more scholarships applied against tuition and fees reducing the amounts paid out to students as scholarship expense.

#### *Supplies and Services*

The University's supplies and services increased from \$1.41 billion in 2016 to \$1.49 billion in 2017. The increase of \$83.59 million is mainly comprised of \$17.66 million, or 21.13%, for instruction and educational support; \$13.67 million, or 16.35%, for institutional support; \$32.22 million, or 38.54%, for operation and maintenance of plant; and \$20.04 million, or 23.97%, for auxiliary enterprise.

New borrowings to fund capital and special projects, including deferred maintenance projects, contributed to the increase in supplies and services in the operation and maintenance of plant functional category.

#### *Depreciation and Amortization*

The depreciation and amortization expense increased from \$457.92 million in 2016 to \$480.50 million in 2017. The increase of \$22.58 million was due to the completion of construction projects for building, building improvements, improvements other than building, and infrastructure.

#### *Other Nonoperating Expenses, Net*

The University's other nonoperating expenses, net decreased from \$168.11 million in 2016 to \$23.74 million in 2017. The other non-operating expenses decreased due to the gains resulting from the restructuring of the agreements with SPWB.

### **Discretely Presented Component Units' Results of Operations**

The discretely presented component units managed \$2.10 billion of revenues, representing 20.33% of the University's \$10.31 billion combined total operating revenues. This is higher compared to the 18.26% in prior year due to increase in endowment income of \$146.13 million. The discretely presented component units can invest in a wider range of securities than the University.

The discretely presented component units managed \$738.56 million grants contracts, and gifts revenues, representing 27.31% of the \$2.70 billion combined total. Discretely presented component units fund many student co-curricular activities, administer research programs, raise funds, operate student unions, offer recreational programs, coordinate commercial enterprises, and develop public-private partnerships on behalf of the University.

## CALIFORNIA STATE UNIVERSITY

### Management's Discussion and Analysis

June 30, 2017

(Unaudited)

#### Factors Impacting Future Periods

##### *University Support Budget Plan for fiscal year 2017–2018*

The University's \$6.40 billion total budget is funded primarily from two sources: \$3.39 billion from State general fund appropriations and \$3.01 billion of net tuition and fee revenues. The fiscal year 2017–2018 budget includes an augmentation of \$314.01 million for the following:

- \$141.10 million for employee compensation
- \$75 million for the Graduation Initiative 2025
- \$39.56 million for State University Grants
- \$20.68 million for mandatory cost increases (e.g., health and dental benefits, retirement, new facilities, and Federal and State mandates)
- \$26.48 million increase in funded enrollment
- \$5.07 million for SPWB capital lease obligation debt service
- \$3.34 million for healthcare and dental premiums
- \$2.78 million for other items

##### *Graduation Initiative 2025*

The University's support budget for fiscal year 2017–2018 includes \$75 million for Graduation Initiative 2025. These resources will allow campuses to prioritize the investments they make to improve time to complete a degree, eliminate student achievement gaps, and ensure every student has access to the tools, resources, and guidance needed to achieve goals. The University aims to graduate more than one million students with baccalaureate degrees between 2015 and 2025. Below are the five priority areas for Graduation Initiative 2025:

- **Tenure-Track Faculty Hiring:** Campuses will continue to prioritize the hiring of tenure-track faculty and to improve the ratio of tenure and tenure-track faculty to lecturers, as well as improve student/faculty ratios. These funds will enable campuses to hire more tenured and tenure-track faculty systemwide. This increase will provide opportunities to offer more sections of high-demand courses.
- **Improved Course Taking Opportunities:** Campuses will develop infrastructure to accurately predict student demand for course sections, will organize the schedule of classes to prioritize the delivery of courses required for degree completion and will strategically allocate campus resources to align with demand throughout the college year.
- **Enhanced Advising and Education Plans:** Through the hiring of more professional staff advisors and investing in the use of technology to provide clear and accurate education plans, the University has prioritized these critical components of academic and student success. These will improve opportunities for students to focus on specific academic and career goals, improving both student services and institutional efficiency.
- **Academic and Student Support:** By identifying and supporting academic and student services and programs, which have systemic, campus-wide impact, campuses will scale-up a range of successful strategies to improve retention and completion.

**CALIFORNIA STATE UNIVERSITY**  
Management's Discussion and Analysis  
June 30, 2017  
(Unaudited)

- **Actively Leveraging Data:** Campuses will continue investment in improving student information systems and the use of available data to facilitate more strategic and intentional campus decision making.

**Subsequent Events**

*BANs Issuance*

The University issued \$48.2 million of BANs subsequent to June 30, 2017. \$21.97 million of these BANs were issued to finance the San Diego State University Tula/Tenochca Replacement Project and \$26.23 million were issued to finance the California Polytechnic State University, San Luis Obispo – Cal Poly Corporation Vista Grande Replacement Building Project.

**CALIFORNIA STATE UNIVERSITY**

Statement of Net Position

June 30, 2017

(In thousands)

<b>Assets</b>	<b>University</b>	<b>Discretely presented component units</b>	<b>Total</b>
Current assets:			
Cash and cash equivalents	\$ 9,024	252,580	261,604
Short-term investments	3,321,256	689,838	4,011,094
Accounts receivable, net	169,409	202,330	371,739
Capital lease receivable, current portion	11,055	1,683	12,738
Notes receivable, current portion	10,727	2,513	13,240
Pledges receivable, net	2,240	66,327	68,567
Prepaid expenses and other current assets	55,971	34,936	90,907
Total current assets	<u>3,579,682</u>	<u>1,250,207</u>	<u>4,829,889</u>
Noncurrent assets:			
Restricted cash and cash equivalents	745	34,934	35,679
Accounts receivable, net	124,992	18,724	143,716
Capital lease receivable, net of current portion	241,333	63,168	304,501
Notes receivable, net of current portion	331,014	21,558	352,572
Student loans receivable, net	77,243	963	78,206
Pledges receivable, net	240	127,804	128,044
Endowment investments	1,746	1,504,146	1,505,892
Other long-term investments	1,668,660	500,898	2,169,558
Capital assets, net	8,569,643	826,412	9,396,055
Other assets	23,627	36,763	60,390
Total noncurrent assets	<u>11,039,243</u>	<u>3,135,370</u>	<u>14,174,613</u>
Total assets	<u>14,618,925</u>	<u>4,385,577</u>	<u>19,004,502</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>1,829,367</u>	<u>29,972</u>	<u>1,859,339</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	267,491	94,529	362,020
Accrued salaries and benefits	376,708	27,019	403,727
Accrued compensated absences, current portion	140,963	14,911	155,874
Unearned revenues	317,108	80,944	398,052
Capital lease obligations, current portion	43,737	11,177	54,914
Long-term debt obligations, current portion	122,026	13,501	135,527
Claims liability for losses and loss adjustment expenses, current portion	—	22,031	22,031
Depository accounts	10,763	12,427	23,190
Other liabilities	106,327	63,919	170,246
Total current liabilities	<u>1,385,123</u>	<u>340,458</u>	<u>1,725,581</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	120,673	5,302	125,975
Unearned revenues	10,840	9,537	20,377
Grants refundable	78,470	2,716	81,186
Capital lease obligations, net of current portion	309,716	261,990	571,706
Long-term debt obligations, net of current portion	6,319,547	400,343	6,719,890
Claims liability for losses and loss adjustment expenses, net of current portion	—	52,543	52,543
Depository accounts	3,065	20,489	23,554
Other postemployment benefits obligations	425,888	103,433	529,321
Net pension liability	7,733,925	73,658	7,807,583
Other liabilities	5,199	51,529	56,728
Total noncurrent liabilities	<u>15,007,323</u>	<u>981,540</u>	<u>15,988,863</u>
Total liabilities	<u>16,392,446</u>	<u>1,321,998</u>	<u>17,714,444</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>17,394</u>	<u>13,058</u>	<u>30,452</u>

**CALIFORNIA STATE UNIVERSITY**

Statement of Net Position

June 30, 2017

(In thousands)

<b>Net Position</b>	<b>University</b>	<b>Discretely presented component units</b>	<b>Total</b>
Net position:			
Net investment in capital assets	\$ 3,443,607	264,544	3,708,151
Restricted for:			
Nonexpendable – endowments	1,746	1,174,814	1,176,560
Expendable:			
Scholarships and fellowships	17,178	254,130	271,308
Research	116	19,747	19,863
Loans	16,738	2,037	18,775
Capital projects	136,154	88,595	224,749
Debt service	67,956	3,096	71,052
Others	18,667	634,032	652,699
Unrestricted	(3,663,710)	639,498	(3,024,212)
Total net position	<u>\$ 38,452</u>	<u>3,080,493</u>	<u>3,118,945</u>

See accompanying notes to financial statements.

**CALIFORNIA STATE UNIVERSITY**

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2017

(In thousands)

	<u>University</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenues:				
Operating revenues:				
Student tuition and fees (net of University scholarship allowances of \$1,552,684)	\$ 2,185,444	193,227	(15,583)	2,363,088
Grants and contracts, noncapital:				
Federal	39,824	356,310	(286)	395,848
State	15,357	87,896	—	103,253
Local	3,872	14,502	—	18,374
Nongovernmental	12,224	67,488	(2,440)	77,272
Sales and services of educational activities	48,198	49,997	(3,257)	94,938
Sales and services of auxiliary enterprises (net of University scholarship allowances of \$97,899)	499,383	526,139	(132)	1,025,390
Other operating revenues	208,480	284,413	(1,486)	491,407
Total operating revenues	<u>3,012,782</u>	<u>1,579,972</u>	<u>(23,184)</u>	<u>4,569,570</u>
Expenses:				
Operating expenses:				
Instruction	2,853,923	175,371	(1,811)	3,027,483
Research	54,468	208,600	(56)	263,012
Public service	47,013	173,107	(3,144)	216,976
Academic support	810,610	73,049	(3,438)	880,221
Student services	885,908	200,707	(10,098)	1,076,517
Institutional support	903,730	240,905	(31,203)	1,113,432
Operation and maintenance of plant	720,859	38,600	(758)	758,701
Student grants and scholarships	844,019	64,420	(35,771)	872,668
Auxiliary enterprise expenses	385,618	496,098	(20,477)	861,239
Depreciation and amortization	480,504	53,002	—	533,506
Total operating expenses	<u>7,986,652</u>	<u>1,723,859</u>	<u>(106,756)</u>	<u>9,603,755</u>
Operating loss	<u>(4,973,870)</u>	<u>(143,887)</u>	<u>83,572</u>	<u>(5,034,185)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	3,258,252	—	—	3,258,252
Federal financial aid grants, noncapital	992,007	1,630	(30)	993,607
State financial aid grants, noncapital	720,865	1,077	—	721,942
Local financial aid grants, noncapital	—	155	—	155
Nongovernmental and other financial aid grants, noncapital	38,391	977	(20,878)	18,490
Other federal nonoperating grants, noncapital	3,887	—	—	3,887
Gifts, noncapital	54,526	197,152	(50,473)	201,205
Investment income, net	52,662	91,231	—	143,893
Endowment income	15	121,341	—	121,356
Interest expense	(204,095)	(19,001)	—	(223,096)
Other nonoperating expenses	(23,739)	(24,262)	17,037	(30,964)
Net nonoperating revenues	<u>4,892,771</u>	<u>370,300</u>	<u>(54,344)</u>	<u>5,208,727</u>
Income (loss) before other revenues (expenses)	(81,099)	226,413	29,228	174,542
State appropriations, capital	34,946	—	—	34,946
Grants and gifts, capital	50,256	11,372	(29,228)	32,400
Additions (reductions) to permanent endowments	(6,876)	90,897	—	84,021
Increase (decrease) in net position	<u>(2,773)</u>	<u>328,682</u>	<u>—</u>	<u>325,909</u>
Net position:				
Net position at beginning of year	41,225	2,751,811	—	2,793,036
Net position at end of year	\$ <u>38,452</u>	<u>3,080,493</u>	<u>—</u>	<u>3,118,945</u>

See accompanying notes to financial statements.



**CALIFORNIA STATE UNIVERSITY**

Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>University</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 2,191,142
Federal grants and contracts	36,719
State grants and contracts	17,739
Local grants and contracts	3,333
Nongovernmental grants and contracts	11,017
Payments to suppliers	(1,476,689)
Payments to employees	(4,951,735)
Payments to students	(847,354)
Collections of student loans	3,497
Sales and services of educational activities	49,280
Sales and services of auxiliary enterprises	501,095
Other receipts	206,440
	<hr/>
Net cash used in operating activities	(4,255,516)
Cash flows from noncapital financing activities:	
State appropriations	3,258,422
Federal financial aid grants	992,376
State financial aid grants	721,545
Nongovernmental and other financial aid grants	38,431
Other federal nonoperating grants	4,010
Gifts and grants received for other than capital purposes	55,399
Federal loan program receipts	1,515,654
Federal loan program disbursements	(1,516,494)
Monies received on behalf of others	152,285
Monies disbursed on behalf of others	(152,646)
Transfers to escrow agent	(43,973)
Proceeds from long-term debt	64,457
Principal paid on long-term debt	(15,191)
Interest paid on long-term debt	(19,561)
Issuance of notes receivable	(60,140)
Issuance of capital leases receivable	(34,890)
Principal collections on capital leases	123,166
Interest collections on capital leases	15,379
Principal collections on notes receivable	10,710
Interest collections on notes receivable	13,701
Other noncapital financing activities	(100,760)
	<hr/>
Net cash provided by noncapital financing activities	5,021,880
Cash flows from capital and related financing activities:	
Proceeds from capital debt	1,403,131
State appropriations	16,670
State appropriations – SPWB Lease Revenue Bond program	24,681
Capital grants and gifts	35,696
Proceeds from sale of capital assets	2,064
Acquisition of capital assets	(680,915)
Transfers to escrow agent	(86,874)
Principal paid on capital debt and leases	(353,068)
Interest paid on capital debt and leases	(244,012)
Principal collection on capital leases	727
Interest collection on capital leases	1,030
	<hr/>
Net cash provided by capital and related financing activities	119,130

**CALIFORNIA STATE UNIVERSITY**

Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>University</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 8,965,189
Purchases of investments	(9,904,594)
Investment income proceeds	54,492
Net cash used in investing activities	<u>(884,913)</u>
Net increase in cash and cash equivalents	581
Cash and cash equivalents at beginning of year	<u>9,188</u>
Cash and cash equivalents at end of year	\$ <u><u>9,769</u></u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 9,024
Restricted cash and cash equivalents	745
Total cash and cash equivalents at end of year	\$ <u><u>9,769</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (4,973,870)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	480,504
Change in assets and liabilities:	
Accounts receivable, net	(18,564)
Student loans receivable, net	(1,245)
Prepaid expenses and other current assets	(3,123)
Other assets	(4,152)
Deferred outflows of resources	(914,528)
Accounts payable	23,082
Accrued salaries and benefits	24,465
Accrued compensated absences	18,241
Unearned revenues	24,373
Depository accounts	62
Other postemployment benefits obligations	57,085
Net pension liability	1,155,731
Other liabilities	2,196
Deferred inflows of resources	(125,773)
Net cash used in operating activities	\$ <u><u>(4,255,516)</u></u>
Supplemental schedule of noncash transactions:	
Revenues resulting from restructuring agreement with SPWB	87,270
BAN proceeds paid directly to escrow agent by bank	68,915
Amortization of net bond premium	28,040
Decrease in SPWB construction reserve funds held by State	14,902
Contributed capital assets	14,801
Change in accrued capital asset purchases	13,284
Acquisition of capital assets through capital lease	9,092
Amortization of loss on debt refundings	6,114
Gifts in kind	1,683

See accompanying notes to financial statements.

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2017

(In thousands)

### (1) Organization

California State University (the University) was established under the State of California Education Code as a public university to offer undergraduate and graduate instruction for professional and occupational goals emphasizing a broad liberal arts education. As an agency of the State of California (the State), the University is also included in the State's financial statements. Responsibility for the University is vested in the Trustees of California State University (the Trustees) who, in turn, appoint the Chancellor, who is the chief executive officer of the University, and the University presidents, who are the chief executive officers of the respective campuses. In addition to the Office of the Chancellor, the following 23 campuses comprise the California State University at June 30, 2017:

- California State University, Bakersfield
- California State University Channel Islands
- California State University, Chico
- California State University, Dominguez Hills
- California State University, East Bay
- California State University, Fresno
- California State University, Fullerton
- Humboldt State University
- California State University, Long Beach
- California State University, Los Angeles
- California State University Maritime Academy
- California State University, Monterey Bay
- California State University, Northridge
- California State Polytechnic University, Pomona
- California State University, Sacramento
- California State University, San Bernardino
- San Diego State University
- San Francisco State University
- San José State University
- California Polytechnic State University, San Luis Obispo
- California State University San Marcos
- Sonoma State University
- California State University, Stanislaus

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2017

(In thousands)

The University provides instruction for baccalaureate, masters', doctorate, and certificate programs, and operates various auxiliary enterprises, such as student housing and parking facilities. In addition, the University administers a variety of financial aid programs that are funded primarily through state and federal programs.

### (2) Summary of Significant Accounting Policies

#### (a) Financial Reporting Entity

In accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*, the accompanying financial statements present the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows of the 23 campuses and the Office of the Chancellor of the University.

In addition, the accompanying financial statements include the accounts of the 90 discretely presented component units, which are primarily University-related recognized auxiliary organizations. These discretely presented component units are legally separate entities that provide services primarily to the University and its students. Recognized auxiliary organizations include foundations, associated students, student unions, food service entities, bookstores, and similar organizations. Foundations, whose net position comprises approximately 78.54% of the discretely presented component unit totals, carry out a variety of campus-related activities. Such activities consist primarily of administering grants from governmental and private agencies for research, as well as soliciting and accepting donations, gifts, and bequests for University-related use. Separate financial statements are issued for each of the discretely presented component units and may be obtained from the individual campuses.

The recognized discretely presented component units are as follows:

- California State University, Bakersfield, Foundation
- Associated Students, California State University, Bakersfield, Inc.
- California State University, Bakersfield Student Union
- California State University, Bakersfield, Auxiliary for Sponsored Programs Administration
- California State University Institute
- California State University Foundation
- California State University Risk Management Authority
- California State University, Channel Islands Foundation
- Associated Students of California State University, Channel Islands, Inc.
- California State University Channel Islands Financing Authority
- California State University Channel Islands Site Authority

## CALIFORNIA STATE UNIVERSITY

### Notes to Financial Statements

June 30, 2017

(In thousands)

- CI University Auxiliary Services, Inc. (formerly California State University Channel Islands University Glen Corporation)
- The CSU, Chico Research Foundation
- The University Foundation, California State University, Chico
- Associated Students of California State University, Chico
- California State University Dominguez Hills Foundation
- Associated Students, Inc., California State University, Dominguez Hills
- The Donald P. and Katherine B. Loker University Student Union, Inc., California State University, Dominguez Hills
- California State University Dominguez Hills Philanthropic Foundation
- California State University, East Bay Foundation, Inc.
- Associated Students, Inc. of California State University, East Bay
- Cal State East Bay Educational Foundation, Inc.
- California State University, Fresno Foundation
- Associated Students, Inc. of California State University, Fresno
- California State University, Fresno Association, Inc.
- The Agricultural Foundation of California State University, Fresno
- California State University, Fresno Athletic Corporation
- The Bulldog Foundation (Fresno)
- Fresno State Programs for Children, Inc.
- Cal State Fullerton Philanthropic Foundation
- Associated Students, California State University, Fullerton, Inc. (including Titan Student Centers)
- CSU Fullerton Auxiliary Services Corporation
- Humboldt State University Sponsored Programs Foundation
- Associated Students of Humboldt State University
- Humboldt State University Center board of directors
- Humboldt State University Advancement Foundation
- California State University, Long Beach Research Foundation
- CSULB 49er Foundation
- Associated Students, Inc., California State University, Long Beach
- Forty-Niner Shops, Inc. (Long Beach)
- Cal State L.A. University Auxiliary Services, Inc.

## CALIFORNIA STATE UNIVERSITY

### Notes to Financial Statements

June 30, 2017

(In thousands)

- California State University, Los Angeles Foundation
- Associated Students of California State University, Los Angeles, Inc.
- University – Student Union at California State University, Los Angeles
- California Maritime Academy Foundation, Inc.
- Associated Students of the California Maritime Academy
- University Corporation at Monterey Bay
- Foundation of California State University, Monterey Bay
- California State University, Northridge Foundation
- Associated Students, Inc., California State University, Northridge
- University Student Union, California State University, Northridge
- North Campus – University Park Development Corporation (Northridge)
- The University Corporation (Northridge)
- Cal Poly Pomona Foundation, Inc.
- Associated Students, Inc., California State Polytechnic University, Pomona
- The University Foundation at Sacramento State
- University Enterprises, Inc. (Sacramento)
- Associated Students of California State University, Sacramento
- University Union Operation of California State University, Sacramento
- Capital Public Radio, Inc. (Sacramento)
- Santos Manuel Student Union of California State University, San Bernardino
- Associated Students, Incorporated, California State University, San Bernardino
- CSUSB Philanthropic Foundation
- University Enterprises Corporation at CSUSB
- San Diego State University Research Foundation
- The Campanile Foundation (San Diego)
- Associated Students of San Diego State University
- Aztec Shops, Ltd. (San Diego)
- The University Corporation, San Francisco State
- Associated Students of San Francisco State University
- San Francisco State University Foundation
- Associated Students of San Jose State University

## CALIFORNIA STATE UNIVERSITY

### Notes to Financial Statements

June 30, 2017

(In thousands)

- The Student Union of San Jose State University
- The Tower Foundation of San Jose State University
- San Jose State University Research Foundation
- Spartan Shops, Inc. (San Jose)
- California Polytechnic State University Foundation (San Luis Obispo)
- Cal Poly Corporation (San Luis Obispo)
- Associated Students, Inc. (California Polytechnic State University, San Luis Obispo)
- University Auxiliary and Research Services Corporation (San Marcos)
- Associated Students, Inc. of California State University, San Marcos
- San Marcos University Corporation
- California State University San Marcos Foundation
- Sonoma State University Foundation, Inc.
- Associated Students of Sonoma State University
- Sonoma State Enterprises, Inc.
- California State University, Stanislaus Foundation
- Associated Students Incorporated of California State University, Stanislaus
- University Student Union of California State University, Stanislaus
- California State University, Stanislaus Auxiliary and Business Services

These component units are presented in the accompanying financial statements as discretely presented component units of the University due to the nature and significance of their relationship with the University. The relationships are such that exclusion of these organizations from the reporting entity would render the financial statements incomplete, primarily due to their close affiliation with the University. These organizations are discretely presented to allow the financial statement users to distinguish between the University and the component units. None of the component units are considered individually significant to the total discretely presented component units.

All significant nonexchange transactions have been eliminated.

The accompanying financial statements also include the Stockton Center Site Authority, and Fullerton Arboretum Authority, which are included as blended component units. These organizations primarily provide services to the University in the areas of asset management and student support. The University is financially accountable for these organizations.

#### **(b) Basis of Presentation**

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2017

(In thousands)

accounting principles. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

As a public institution, the University is considered a special-purpose government under the provisions of GASB Statements Nos. 34 and 35. The University records revenue in part from fees and other charges for services to external users and, accordingly, has chosen to present financial statements using the reporting model for special-purpose governments engaged in business-type activities. This model allows all financial information for the University to be reported in a single column in each of the financial statements, accompanied by aggregated financial information for the discretely presented component units, as discussed above. The effects of internal activities between funds or groups of funds have been eliminated from these financial statements.

### **(c) New Accounting Pronouncements**

In June 2015, the GASB issued statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the University's fiscal year beginning July 1, 2017. This Statement establishes how government employers should measure, recognize, display, and disclose the long-term obligations and annual costs arising from their promises to provide other postemployment benefits (OPEB) to their retired employees. The University has not yet determined the impact of GASB Statement No. 75 on the University's financial statements.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split Interest Agreements*, effective for the University's fiscal year beginning July 1, 2017. This Statement requires that a government that receives resources pursuant to an irrevocable split interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The University has not yet determined the impact of GASB Statement No. 81 on the University's financial statements.

In March 2016, the GASB issued Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for the University's fiscal year beginning July 1, 2016. This Statement addresses issues regarding (1) the presentation of payroll related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee contribution requirements. For disclosures on pension plan and liabilities, refer to note 12(a).

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for the University's fiscal year beginning July 1, 2018. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset



# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2017

(In thousands)

retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. The University has not yet determined the impact of GASB Statement No. 83 on the University's financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, effective for the University's fiscal year beginning July 1, 2018. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The University has not yet determined the impact of GASB Statement No. 84 on the University's financial statements.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*, effective for the University's fiscal year beginning July 1, 2017. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and OPEB). The University has not yet determined the impact of GASB Statement No. 85 on the University's financial statements.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, effective for the University's fiscal year beginning July 1, 2017. This Statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The University has not yet determined the impact of GASB Statement No. 86 on the University's financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*, effective for the University's fiscal year beginning July 1, 2019. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The University has not yet determined the impact of GASB Statement No. 87 on the University's financial statements.

## CALIFORNIA STATE UNIVERSITY

### Notes to Financial Statements

June 30, 2017

(In thousands)

#### **(d) Classification of Current and Noncurrent Assets (Other than Investments) and Liabilities**

The University considers assets to be current that can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the Statement of Net Position date. Liabilities that reasonably can be expected, as part of normal University business operations, to be liquidated within 12 months of the Statement of Net Position date are considered to be current. All other assets and liabilities are considered noncurrent. For classification of current and noncurrent investments, refer to note 2(f).

#### **(e) Cash and Cash Equivalents and Statement of Cash Flows**

The University considers highly liquid investments with an original maturity date of three months or less to be cash and cash equivalents. The University considers amounts included in the California State University (CSU) Consolidated Investment Pool to be investments. The Statement of Cash Flows does not include the cash flows of the discretely presented component units. Certain discretely presented component units are also participants in the CSU Consolidated Investment Pool. The University considers changes in the equity in the CSU Consolidated Investment Pool as investing cash flows of the University in the accompanying Statement of Cash Flows.

#### **(f) Investments**

Investments are reflected at fair value using quoted market prices. Realized and unrealized gains and losses are included in the accompanying Statement of Revenues, Expenses, and Changes in Net Position as a component of net investment income.

Investments that are used for current operations are classified as short-term investments. Investments that are restricted from withdrawal or use for other than current operations, designated or restricted for the acquisition or construction of noncurrent assets, designated or restricted for the liquidation of the noncurrent portion of long-term debt obligations, and restricted as to the liquidity of the investments are classified as other long-term investments.

The University invests in the Surplus Money Investment Fund (SMIF), an external investment pool. The State Treasurer invests the SMIF funds through the Pooled Money Investment Account (PMIA). PMIA policy sets as primary investment objectives safety, liquidity, and yield. The Investment Division of the State Treasurer's Office manages the PMIA under statutory authority granted by California Government Code Sections 16430 and 16480.4. The Pooled Money Investment Board governs the PMIA. The State Treasurer chairs this Board, which also includes the State Controller and the State Director of Finance.

#### **(g) Accounts Receivable**

The University maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable based on type of receivables and expectations of repayment. In establishing the required allowance, management considers one or more of the following: type of receivable, state guidelines, historical losses adjusted to take into account current market conditions, the amount of receivable in dispute, the current receivable aging, and current payment patterns. The University reviews its allowance for doubtful accounts annually. Past-due balances over 90 days and over a specified amount are reviewed individually for collectibility.

## CALIFORNIA STATE UNIVERSITY

### Notes to Financial Statements

June 30, 2017

(In thousands)

#### **(h) Capital Assets**

Capital assets are stated at cost or estimated historical cost if purchased, or, if donated, at estimated acquisition value (an entry price) at date of donation. Capital assets, including infrastructure and intangible assets, with an original value of \$5,000 or more and with a useful life of one year or more, are capitalized. Such cost includes, where applicable, interest capitalized as part of the cost of constructed capital assets. Title to all University assets, whether purchased, constructed, or donated, is held by the State. Although title is not with the University for land and buildings, the University has exclusive use of these assets and is responsible for the maintenance of these assets and thus has recorded the cost of these assets in the accompanying financial statements. Capital assets, with the exception of land and land improvements, works of art and historical treasures, construction work in progress, and certain intangible assets, are depreciated or amortized on a straight-line basis over their estimated useful lives, which ranges from 3 to 45 years. Library books, unless considered rare collections, are capitalized and depreciated over a 10-year period. Periodicals and subscriptions are expensed as purchased. Works of art and historical treasures are valued at cost, if purchased, or the acquisition value (an entry price) at the date of donation, if contributed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

Depreciation and amortization 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.

#### **(i) Unearned Revenues**

Unearned revenues consist primarily of fees collected in advance for summer and fall terms and continuing education programs.

#### **(j) Compensated Absences**

Compensated absences are recognized when the right to receive the compensation is earned by the employees. Vacation is accrued on a monthly basis. The University uses an employee's current pay rate as of July 1, 2017 to calculate the liability for accrued compensated absences. The University provides vacation based on length of service and job classifications.

#### **(k) Grants Refundable**

The University periodically receives contributions from the federal government in support of its operation of the Federal Perkins and Nursing Loan programs, both Title IV Loan programs. The federal government has the ability to terminate its support of these programs at any time and to request that the University return those contributions on a cumulative basis. Accordingly, the federal contributions received and retained by the University at year-end are considered liabilities of the University and are reflected as such in the accompanying Statement of Net Position.

## CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2017

(In thousands)

### **(l) Claims Liability for Losses and Loss Adjustment Expenses**

The claims liability for losses and loss adjustment expenses included in the aggregate discretely presented component units column of the financial statements includes California State University Risk Management Authority's (CSURMA) estimated ultimate cost of settling claims relating to events that have occurred on or before June 30, 2017. The liability includes the estimated amount that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not been reported. The liability is also reduced by estimated amounts recoverable from the reinsurance that is related to the liabilities for unpaid claims and claim adjustment expenses. The liability is estimated through an actuarial calculation using individual case basis valuations and statistical analyses. The liability is not discounted.

Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made.

In the estimate of the unpaid losses and loss adjustment expenses, CSURMA and its consulting actuary have employed methods and assumptions they considered reasonable and appropriate given the information currently available. Given the inherent uncertainty in the nature of such estimates, future losses may deviate from those estimates.

### **(m) Deferred Outflows of Resources and Deferred Inflows of Resources**

The University classifies losses on debt refundings as deferred outflows of resources and amortizes it as a component of interest expense over the remaining life of the old debt or the new debt, whichever is shorter.

Changes in net pension liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources. Deferred outflows and inflows of resources related to differences between expected and actual experience and related to change in the University's proportionate share of pensionable compensation made subsequent to the measurement date are amortized over a closed period equal to the average employees' remaining service lives. The deferred outflows and inflows of resources related to differences between projected and actual earnings on pension plan investments are netted and amortized over a closed 5-year period.

### **(n) Net Position**

The University's 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 and any related deferred outflows of resources.

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2017

(In thousands)

- **Restricted:**  
Nonexpendable: Net position subject to externally imposed conditions that the University retains in perpetuity. Net position in this category consists of endowments held by the University or its related discretely presented component units.  
  
Expendable: Net position subject to externally imposed conditions that can be fulfilled by the actions of the University or by the passage of time.
- **Unrestricted:** All other categories of net position. In addition, unrestricted net position may have legislative or bond indenture requirements associated with their use or may be designated for use by management of the University. These requirements limit the area of operations for which expenditures of net position may be made and require that unrestricted net position be designated to support future operations in these areas. University housing programs are a primary example of operations that have unrestricted net position with designated uses.

### **(o) Classification of Revenues and Expenses**

The University 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 and from other activities that are connected directly to the University's primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services. Certain other transactions are reported as nonoperating revenues and expenses in accordance with GASB Statement No. 35. These nonoperating activities include the University's capital and noncapital appropriations from the State, financial aid grants, net investment income, noncapital gifts, interest expense, capital grants and gifts, and changes in permanent endowments.

The State appropriates funds to the University on an annual basis. The appropriations are, in turn, allocated among the campuses by the Office of the Chancellor. Appropriations are recognized as revenue in general when authorization is received and are reported as either noncapital appropriations when used to support general operations or capital appropriations when used for capital projects.

Student tuition and fees revenue, and sales and services of auxiliary enterprises, including revenues from student housing programs, are presented net of scholarships and fellowships applied to student accounts. Certain other scholarship and fellowships are paid directly to, or refunded to, the student and are reflected as operating expenses.

### **(p) Other Postemployment Benefits Obligations**

The University's OPEB obligations included in the accompanying financial statements reflects the University's estimated funding liability of the State administered and sponsored plan as of the fiscal year end. The State's actuary has employed methods and assumptions considered reasonable and appropriate given the information currently available. Given the inherent uncertainty in the nature of such estimates, future amounts may deviate from those estimates.

## CALIFORNIA STATE UNIVERSITY

### Notes to Financial Statements

June 30, 2017

(In thousands)

#### **(q) Net Pension Liability**

The University records a pension liability equal to the net pension liability for its cost sharing defined-benefit plans with the State's Miscellaneous Plan and Peace Officers and Firefighters Plan (Agent Multiple-Employer Defined-Benefit Pension Plans). The net pension liability is measured as the University's proportionate share of the State's total pension liability, less the University's proportionate share of the pension plan's fiduciary net position. The fiduciary net position and changes in net position of the cost sharing defined-benefit plans has been measured consistent with the accounting policies used by the plans.

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

#### **(r) Grant Revenues and Expenses**

The University records grant revenue when all applicable grant eligibility requirements are met. Expenses are recorded as expenditures are incurred. Expenditure-driven grant revenue is recorded as the expenditures are incurred, in amounts equal to the expenditures.

#### **(s) Internal Services Activities**

Certain institutional internal service providers offer goods and services to University departments, as well as to their external customers. These include activities such as copy centers, postal services, and telecommunications. All internal service activities to University departments have been eliminated in the accompanying financial statements. These eliminations are recorded by removing the revenue and expense in the internal service sales and service units and, if significant, allocating any residual balances to those departments receiving the goods and services during the fiscal year.

#### **(t) Income Taxes**

The University is an agency of the State and is treated as a governmental entity for tax purposes. As such, the University is generally not subject to federal or state income taxes pursuant to Internal Revenue Code (IRC) §115. The component units are either governmental entities exempt pursuant to IRC §115 or not-for-profit organizations exempt under IRC Section 501(c)(3). However, the University and its component units remain subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded. If there is net income from any unrelated trade or business, such provision, in the opinion of management, is not material to the financial statements taken as a whole.

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2017

(In thousands)

**(u) Eliminations**

All significant nonexchange transactions between the University and the discretely presented component units have been eliminated from the total column and are separately presented in the eliminations column in the accompanying Statement of Revenues, Expenses, and Changes in Net Position.

**(v) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the accompanying financial statements. Actual results could differ from those estimates.

**(3) Cash, Cash Equivalents, and Investments**

The University's cash, cash equivalents, and investments as of June 30, 2017 are classified in the accompanying Statement of Net Position as follows:

Cash and cash equivalents	\$	9,024
Restricted cash and cash equivalents		<u>745</u>
Total cash and cash equivalents		<u>9,769</u>
Short-term investments		3,321,256
Endowment investments		1,746
Other long-term investments		<u>1,668,660</u>
Total investments		<u>4,991,662</u>
Total cash, cash equivalents, and investments	\$	<u><u>5,001,431</u></u>

**(a) Cash and Cash Equivalents**

At June 30, 2017, cash and cash equivalents consist of demand deposits held at the State Treasury, commercial banks, and petty cash. Total cash and cash equivalents of \$9,769 had a corresponding carrying balance with the State Treasury and commercial banks of \$9,878 at June 30, 2017. The difference was primarily related to deposits in transit and outstanding checks.

Cash in demand deposit accounts is minimized by sweeping available cash balances into the CSU Consolidated Investment Pool on a daily basis.

**(i) Custodial Credit Risk for Deposits**

Custodial credit risk for deposits is the risk that in the event of the failure of the custodian, the deposits may not be returned to the University. The University deposits are maintained at financial institutions that are Federal Deposit Insurance Corporation secured. As a result, custodial credit risk for deposits is remote.

## CALIFORNIA STATE UNIVERSITY

### Notes to Financial Statements

June 30, 2017

(In thousands)

#### **(b) Investments**

At June 30, 2017, the University's investment portfolio consists primarily of investments in the CSU Consolidated Investment Pool and SMIF. Separate accounting is maintained as to the amounts allocable to the various University funds and programs.

##### *(i) Investment Policy*

State law and regulations require that surplus monies of the University must be invested. The primary objective of the University's investment policy is to safeguard the principal. The secondary objective is to meet the liquidity needs of the University. The third objective is to return an acceptable yield.

The University's investment policy authorizes funds held in local trust accounts under Education Code Sections 89721 and 89724 to be invested in any of the securities authorized by Government Code Section 16430 and Education Code Section 89724, subject to certain limitations. In general, the University's investment policy permits investments in obligations of the Federal and California state governments, certificates of deposit, high-quality domestic corporate and fixed-income securities, and certain other investment instruments.

In September 2016, the State's legislature passed Senate Bill (SB) 1412, which allows the University to invest in mutual funds including equity mutual funds, subject to registration by, and under the regulatory authority of the United States Securities and Exchange Commission, or in United States registered real estate investment trusts, effective January 1, 2017. Prior to SB 1412, the University was restricted to investing in fixed-income securities.

Under SB 1412, the University is required to create an investment advisory committee reporting to the Board of Trustees. The total amount invested under the new investment authority shall not exceed \$200 million in fiscal year 2017, \$400 million in fiscal year 2018, \$600 million in fiscal year 2019, and 30% of total investment in fiscal year 2020 and thereafter.

All earnings from investment under the new authority shall be used only for capital outlay or maintenance, and shall not be used for ongoing operations.



**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2017

(In thousands)

(ii) *Interest Rate Risk*

Interest rate risk is the risk that fluctuations in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The University's investment guidelines manage its interest rate risk by limiting an eligible investment to maximum effective maturity and by limiting the average duration of the portfolio. The effective maturity date reflects a bond with embedded options such as a call, put, or reset date, and prepayment speed resulting in the maturity of a bond being less than the final maturity date. Duration is a measure of the sensitivity of the price of an investment relative to fluctuations in market interest rates. Durations of the University's investment portfolio for each investment type, except for SMIF in which weighted average life is used, as of June 30, 2017 are presented in the following table:

<u>Investment type</u>	<u>Fair value</u>	<u>Duration</u>
Money market funds	\$ 19,694	—
Repurchase agreements	10,391	0.00813
Certificates of deposit	156,581	0.28861
U.S. agency securities	1,332,652	1.33882
U.S. Treasury securities	825,378	1.37675
Municipal bonds	16,726	1.97600
Corporate bonds	1,017,548	1.26804
Asset-backed securities	315,780	1.53413
Mortgage-backed securities	365	1.93128
SMIF	1,296,547	0.53151
Total	\$ <u>4,991,662</u>	

Another way the University manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or nearing maturity evenly over time as necessary to provide cash flow and liquidity needed for operations.

(iii) *Credit Risk*

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2017

(In thousands)

By law, the University invests in low credit risk securities such as U.S. government securities, securities of federally sponsored agencies, highly rated domestic corporate bonds, prime-rated commercial paper, repurchase and reverse repurchase agreements, banker's acceptance, and negotiable certificates of deposit. Therefore, the occurrence of credit risk is remote. Ratings of the University's investment portfolio for each investment type as of June 30, 2017 are presented in the following table.

Investment type	Fair value	Rating as of year-end			
		AAA	AA	A	Not rated
Money market funds	\$ 19,694	3,838	—	5,717	10,139
Repurchase agreements	10,391	—	—	2,455	7,936
Certificates of deposit	156,581	66,045	19,644	70,892	—
U.S. agency securities	1,332,652	20,468	1,312,184	—	—
U.S. Treasury securities	825,378	—	825,378	—	—
Municipal bonds	16,726	—	16,726	—	—
Corporate bonds	1,017,548	10,235	237,782	769,531	—
Asset-backed securities	315,780	315,780	—	—	—
Mortgage-backed securities	365	—	365	—	—
SMIF	1,296,547	—	—	—	1,296,547
Total	\$ 4,991,662	416,366	2,412,079	848,595	1,314,622

By law, the SMIF only invests in U.S. government securities, securities of federally sponsored agencies, domestic corporate bonds, interest-bearing time deposits in California banks, savings and loan associations and credit unions, prime-rated commercial paper, repurchase and reverse repurchase agreements, security loans, banker's acceptances, negotiable certificates of deposit, and loans to various bond funds.

(iv) *Concentration Risk*

Concentration risk rises as investments become concentrated relative to a portfolio characteristic such as issuance, issuer, market sector, counterparty, or sovereign nation, and is best mitigated by diversification. The University's investment policy has concentration limits that provide sufficient diversification. As such, the concentration risk is remote.

As of June 30, 2017, the following investments (excluding U.S. Treasury securities, mutual funds, and external investment pools) represented 5% or more of the University's investment portfolio: Federal Home Loan Banks (\$458,528 or 9.19%) and Federal National Mortgage Association, Inc. (\$390,608 or 7.83%).

## CALIFORNIA STATE UNIVERSITY

### Notes to Financial Statements

June 30, 2017

(In thousands)

(v) *Risk and Uncertainties*

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

The University, through the CSU Consolidated Investment Pool, invests in securities with contractual cash flows, such as asset-backed securities and mortgage-backed securities. The value, liquidity, and related income of these securities are sensitive to changes in economic conditions, including real estate values, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

(vi) *Custodial Credit Risk for Investments*

Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be returned to the University. Substantially all of the University's securities are registered in the University's name by the custodial bank as an agent for the University. As a result, custodial credit risk for such investments is remote.

(vii) *Fair Value Measurements*

The University uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine the fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The University groups its assets and liabilities measured at fair value in three levels, based on markets in which the asset and liabilities are traded and the reliability of the assumptions used to determine fair value. The level in the fair value hierarchy with which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the University has the ability to access at the measurement date.
- 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 asset and liability. This valuation is accomplished using management's best estimate of fair value, with inputs into the determination of fair value that require significant management judgment or estimation.

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2017

(In thousands)

The following table presents investments that are measured at fair value on a recurring basis at June 30, 2017:

<u>Investment type</u>	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>NAV</u>
Money market funds	\$ 19,694	3,839	—	15,855
Repurchase agreements	10,391	—	10,391	—
Certificates of deposit	156,581	—	156,581	—
U.S. agency securities	1,332,652	672,859	659,793	—
U.S. Treasury securities	825,378	—	825,378	—
Municipal bonds	16,726	—	16,726	—
Corporate bonds	1,017,548	135,868	881,680	—
Asset-backed securities	315,780	315,780	—	—
Mortgage-backed securities	365	—	365	—
	<u>3,695,115</u>	<u>\$ 1,128,346</u>	<u>2,550,914</u>	<u>15,855</u>
SMIF	<u>1,296,547</u>			
Total	<u>\$ 4,991,662</u>			

The following discussions describe the valuation methodologies used for financial assets and liabilities measured at fair value. The techniques utilized in estimating the fair value are affected by the assumptions used.

Investments are classified in Level 1 as fair value is obtained at the last sale price on the last business day of the current fiscal year, as quoted on a recognized exchange or an industry standard pricing, when available. Investments for which no sale was reported as of the close of the last business day of the current fiscal year are valued at the quoted bid price provided by the University's external investment managers or their custodians.

Investments are classified in Level 2 as fair value is calculated using valuations that include observable market quoted prices for similar assets or liabilities. Observable inputs other than quoted prices such as price services or indices, estimates, appraisals, assumptions, and other methods that are reviewed by management. Changes in market conditions and economic environments may impact the net asset value (NAV) and consequently, the fair value of the University's interests in the funds.

There were no assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during 2017.

Certain money market funds are not categorized under the fair value hierarchy and are shown at NAV. These investments are measured at amortized cost when calculating NAV per share (or its equivalent) of the investment.

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2017

(In thousands)

*(viii) Discretely Presented Component Units' Investments*

Investments of the discretely presented component units at fair value consisted of the following at June 30, 2017:

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Money market funds	\$ 32,835	12,087	44,922
Repurchase agreements	190	3	193
Certificates of deposit	20,042	61,956	81,998
U.S. agency securities	32,528	20,248	52,776
U.S. Treasury securities	20,830	111,452	132,282
Municipal bonds	2,185	8,762	10,947
Corporate bonds	65,079	87,365	152,444
Asset-backed securities	5,883	4,756	10,639
Mortgage-backed securities	2,272	11,429	13,701
Local Agency Investment Fund (LAIF)	185,217	1,555	186,772
SMIF	2	—	2
Mutual funds	224,675	895,602	1,120,277
Exchange-traded funds	7,998	72,088	80,086
Equity securities	71,843	469,036	540,879
Alternative investments:			
Private equity (including limited partnerships)	8,883	46,781	55,664
Hedge funds	3,621	64,176	67,797
Real estate investments (including Real Estate Investment Trust)	2,374	34,768	37,142
Commodities	81	9,941	10,022
Other alternative investments	2,875	28,949	31,824
Other external investment pools	370	24,709	25,079
Other investments	55	39,381	39,436
	<u>\$ 689,838</u>	<u>2,005,044</u>	<u>2,694,882</u>

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2017

(In thousands)

The following table presents investments of the discretely presented component units that are measured at fair value on a recurring basis at June 30, 2017:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV</u>
Money market funds	\$ 44,922	36,339	7,035	—	1,548
Repurchase agreements	193	—	193	—	—
Certificates of deposit	81,998	53,383	28,615	—	—
U.S. agency securities	52,776	18,033	34,743	—	—
U.S. Treasury securities	132,282	25,323	106,959	—	—
Municipal bonds	10,947	1,885	9,062	—	—
Corporate bonds	152,444	87,605	63,683	1,156	—
Asset-backed securities	10,639	5,639	5,000	—	—
Mortgage-backed securities	13,701	6,036	7,665	—	—
Mutual funds	1,120,277	1,037,691	82,586	—	—
Exchange-traded funds	80,086	80,086	—	—	—
Equity securities	540,879	525,720	14,241	918	—
Alternative investments:					
Private equity (including limited partnerships)	55,664	1,487	498	15,232	38,447
Hedge funds	67,797	1,156	11,795	19,642	35,204
Real estate investments (including Real Estate Investment Trust)	37,142	8,453	1,478	26,207	1,004
Commodities	10,022	3,646	—	6,376	—
Other alternative investments	31,824	25,970	1,248	2,398	2,208
Other external investment pools	25,079	535	4,041	20,503	—
Other investments	39,436	34,037	1,776	3,603	20
	<u>2,508,108</u>	<u>\$ 1,953,024</u>	<u>380,618</u>	<u>96,035</u>	<u>78,431</u>
LAIF	186,772				
SMIF	2				
	<u>\$ 2,694,882</u>				

For additional information regarding the investments and investment policies of the individual discretely presented component units, refer to their separately issued financial statements.

Investments reported by the University of \$52,697 are invested under contractual agreements on behalf of the discretely presented component units of the University.

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2017

(In thousands)

**(4) Accounts Receivable**

Accounts receivable of the University at June 30, 2017 consisted of the following:

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
State appropriations	\$ 2,496	52,450	54,946
State appropriations – SPWB Lease			
Revenue Bond program	—	66,310	66,310
Discretely presented component units	39,929	1,298	41,227
Student accounts	68,436	—	68,436
Government grants and contracts	23,537	—	23,537
Others	43,426	5,402	48,828
	<u>177,824</u>	<u>125,460</u>	<u>303,284</u>
Less allowance for doubtful accounts	<u>(8,415)</u>	<u>(468)</u>	<u>(8,883)</u>
Total	\$ <u>169,409</u>	<u>124,992</u>	<u>294,401</u>

**(5) Capital Lease Receivable**

The University has entered into capital lease agreements with certain discretely presented component units using proceeds from issuance of SRB and BANs to lease existing and newly constructed facilities to the discretely presented component units amounting to \$242,705. Interest rates range from 1.50% to 5.55%. Lease payments are due twice a year on May 1 and November 1. Under the lease agreements, payments are due to the University as follows:

Fiscal year ending June 30:		
2018	\$	24,662
2019		20,452
2020		20,468
2021		20,419
2022		20,662
2023–2027		108,545
2028–2032		93,894
2033–2037		45,575
2038–2042		14,885
2043–2047		<u>6,765</u>
Total minimum lease payments to be received		376,327
Less amounts representing interest		<u>(123,939)</u>
Present value of future minimum lease payments to be received		252,388
Less current portion		<u>(11,055)</u>
Capital lease receivable, net of current portion	\$	<u>241,333</u>

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2017

(In thousands)

**(6) Notes Receivable**

The University has entered into note agreements with certain discretely presented component units to finance existing and newly constructed facilities for the discretely presented component units amounting to \$341,255. Interest rates range from 1.50% to 6.48%. Note payments are due twice a year, on May 1 and November 1.

Under the agreements, payments are due to the University as follows:

Fiscal year ending June 30:

2018	\$	27,764
2019		27,699
2020		27,383
2021		27,088
2022		26,966
2023–2027		131,089
2028–2032		121,907
2033–2037		93,535
2038–2042		54,508
2043–2047		<u>28,104</u>
Total minimum note payments to be received		566,043
Less amounts representing interest		<u>(224,302)</u>
Present value of future minimum note payments to be received		341,741
Less current portion		<u>(10,727)</u>
Notes receivable, net of current portion	\$	<u><u>331,014</u></u>



**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2017

(In thousands)

**(7) Capital Assets**

Capital assets activity for the University for the year ended June 30, 2017 consisted of the following:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending balance</u>
Nondepreciable/nonamortizable capital assets:					
Land and land improvements	\$ 268,821	—	—	—	268,821
Works of art and historical treasures	38,833	5,880	—	—	44,713
Construction work in progress	830,301	627,835	(6,653)	(793,357)	658,126
Intangible assets	18,570	13,130	(149)	(627)	30,924
	<u>1,156,525</u>	<u>646,845</u>	<u>(6,802)</u>	<u>(793,984)</u>	<u>1,002,584</u>
Total nondepreciable/ nonamortizable capital assets					
Depreciable/amortizable capital assets:					
Buildings and building improvements	11,244,160	22,366	(288)	702,028	11,968,266
Improvements other than buildings	636,479	4,727	(634)	43,456	684,028
Infrastructure	1,110,514	14,687	(2,481)	45,500	1,168,220
Personal property:					
Equipment	814,293	50,006	(25,830)	2,375	840,844
Library books and materials	393,699	5,345	(8,171)	—	390,873
Intangible assets	261,680	8,056	(4,557)	625	265,804
	<u>14,460,825</u>	<u>105,187</u>	<u>(41,961)</u>	<u>793,984</u>	<u>15,318,035</u>
Total depreciable/ amortizable capital assets					
Total cost	<u>15,617,350</u>	<u>752,032</u>	<u>(48,763)</u>	<u>—</u>	<u>16,320,619</u>
Less accumulated depreciation/ amortization:					
Buildings and building improvements	(5,191,382)	(344,261)	143	—	(5,535,500)
Improvements other than buildings	(455,189)	(27,192)	453	—	(481,928)
Infrastructure	(477,339)	(37,977)	1,536	—	(513,780)

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2017

(In thousands)

	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending balance</u>
Personal property:					
Equipment	\$ (585,519)	(54,359)	24,572	—	(615,306)
Library books and materials	(359,277)	(7,408)	7,990	—	(358,695)
Intangible assets	<u>(240,978)</u>	<u>(9,307)</u>	<u>4,518</u>	<u>—</u>	<u>(245,767)</u>
Total accumulated depreciation/ amortization	<u>(7,309,684)</u>	<u>(480,504)</u>	<u>39,212</u>	<u>—</u>	<u>(7,750,976)</u>
Net capital assets	\$ <u>8,307,666</u>	<u>271,528</u>	<u>(9,551)</u>	<u>—</u>	<u>8,569,643</u>

Capital assets activity of the discretely presented component units of the University for the year ended June 30, 2017 consisted of the following:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending balance</u>
Nondepreciable/nonamortizable capital assets:					
Land and land improvements	\$ 126,305	2,444	(304)	—	128,445
Works of art and historical treasures	10,300	1,094	(3,463)	—	7,931
Construction work in progress	20,684	28,858	(2,683)	(19,236)	27,623
Intangible assets	<u>5,098</u>	<u>53</u>	<u>—</u>	<u>(53)</u>	<u>5,098</u>
Total nondepreciable/ nonamortizable capital assets	<u>162,387</u>	<u>32,449</u>	<u>(6,450)</u>	<u>(19,289)</u>	<u>169,097</u>
Depreciable/amortizable capital assets:					
Buildings and building improvements	803,888	69,479	(99,495)	934	774,806
Improvements other than buildings	128,383	20,904	(2,244)	12,554	159,597
Infrastructure	67,693	—	—	—	67,693
Personal property:					
Equipment	207,909	12,130	(12,098)	5,718	213,659
Intangible assets	<u>9,336</u>	<u>1,240</u>	<u>(400)</u>	<u>83</u>	<u>10,259</u>
Total depreciable/ amortizable capital assets	<u>1,217,209</u>	<u>103,753</u>	<u>(114,237)</u>	<u>19,289</u>	<u>1,226,014</u>
Total cost	<u>1,379,596</u>	<u>136,202</u>	<u>(120,687)</u>	<u>—</u>	<u>1,395,111</u>

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2017

(In thousands)

	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending balance</u>
Less accumulated depreciation/ amortization:					
Buildings and building improvements	\$ (318,996)	(27,239)	45,708	—	(300,527)
Improvements other than buildings	(64,612)	(18,878)	1,897	—	(81,593)
Infrastructure	(19,137)	(1,718)	—	—	(20,855)
Personal property:					
Equipment	(153,459)	(15,349)	11,849	—	(156,959)
Intangible assets	(7,521)	(1,546)	302	—	(8,765)
Total accumulated depreciation/ amortization	<u>(563,725)</u>	<u>(64,730)</u>	<u>59,756</u>	<u>—</u>	<u>(568,699)</u>
Net capital assets	\$ <u>815,871</u>	<u>71,472</u>	<u>(60,931)</u>	<u>—</u>	<u>826,412</u>

For additional information regarding the capital assets of the individual discretely presented component units of the University, refer to their separately issued financial statements.

**(8) Lease Obligations**

The University is obligated under various capital and operating leases and installment purchase agreements for the acquisition of equipment and facility rentals. A substantial amount of the capital leases are a result of the University's participation with the State in the State Public Works Board (SPWB) Lease Revenue Bond program. The University has participated in this program since 1986 in connection with the construction of campus facilities and related equipment. Current California law permits the SPWB to authorize the sale of bonds to construct certain state facilities if there is a revenue stream that can be pledged to repay the obligations. The process in general is described in brief as follows:

- The University and the State of California Department of Finance agree to the construction of one or more facilities to be funded by SPWB bonds. The projects are approved as part of the University's capital outlay budget.
- The SPWB approves the sale of bonds for the project(s) and the University agrees to execute certain legal documents in connection with the financing, including a site lease to the SPWB, a construction agreement to construct the facility for the SPWB, and a facility lease to lease the completed facility from the SPWB for annual rental payments.
- Prior to the execution of the facility lease, the University receives a short-term loan from the State of California Pooled Money Investment Board to provide working capital for initial phases of the construction, and in some cases, the entire construction.
- Generally, during the construction phase of the project, the bonds are sold by the SPWB, the construction loan is repaid, and site leases and facility leases are executed requiring semiannual lease payments, beginning upon completion of the facilities, by the Trustees that are used to pay principal and interest on the bonds.

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2017

(In thousands)

As part of the annual budget process, the State of California Department of Finance augments the University's operating budget to provide additional funds for the required lease payments.

The capital lease obligations related to the SPWB Lease Revenue Bond program amounted to \$181,717. The University also enters into capital leases with financial institutions and via commercial paper issued by the California State University Institute (the Institute), a discretely presented component unit of the University.

Overall capital leases consist primarily of leases of campus facilities, but also include certain computer, energy efficiency, and telecommunications equipment. Total assets related to capital leases have a carrying value of \$462,987 at June 30, 2017. The leases bear interest at rates ranging from 1.39% to 9% and have terms expiring in various years through 2041.

Operating leases consist primarily of leases for the use of real property. The University's operating leases expire in various years through 2099. The leases can be canceled if the State does not provide adequate funding. Some of these leases are with discretely presented component units for the rental of office space used in the operations of the University. Total operating lease expenditures for the year ended June 30, 2017 were \$30,340 of which \$16,469 was paid to related discretely presented component units.

Future minimum lease payments under capital and operating leases having remaining terms in excess of one year as of June 30, 2017 are as follows:

	<u>Capital leases</u>	<u>Operating leases</u>
Year ending June 30:		
2018	\$ 61,803	26,421
2019	35,728	17,797
2020	34,181	16,053
2021	33,257	15,246
2022	32,226	11,914
2023–2027	143,701	28,413
2028–2032	125,477	15,401
2033–2037	71,504	3,135
2038–2042	10,263	2,085
2043–thereafter	—	1,024
	<u>548,140</u>	<u>137,489</u>
Total minimum lease payments		

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2017

(In thousands)

	<u>Capital leases</u>
Less amount representing interest	\$ <u>(195,539)</u>
Present value of future minimum lease payments	<u>352,601</u>
Unamortized net premium	<u>852</u>
Total capital lease obligations	353,453
Less current portion	<u>(43,737)</u>
Capital lease obligations, net of current portion	\$ <u><u>309,716</u></u>

**(9) Long-Term Debt Obligations**

**(a) State's General Obligation Bond Program**

The General Obligation Bond program of the State has provided capital outlay funds for the three segments of California Higher Education through voter-approved bonds. Each of the approved bond programs provides a pool of available funds, which is allocated on a project-by-project basis among the University, the University of California, and the Community Colleges. Financing provided to the University through the State's General Obligation Bonds is not allocated to the University by the State. This debt remains the obligation of the State and is funded by state tax revenues. Accordingly, such debt is not reflected in the accompanying financial statements. The total General Obligation Bonds carried by the State related to the University projects is approximately \$2,315,413 as of June 30, 2017.

**(b) Systemwide Revenue Bond Program**

The State University Revenue Bond Act of 1947, Sections 90010 through 90091 of the Education Code of the State of California (the Bond Act) authorizes the Trustee to issue revenue bonds to finance projects that support the University's educational mission. The University's financing program, referred to as the SRB Program, is designed to provide lower cost debt and greater flexibility to finance projects at the University than would be possible if projects were financed separately. Rather than relying on specific pledged revenues to support specific debt obligations, the SRB program pools several sources of revenue as the security for the debt. The University's total outstanding balance of revenue bond indebtedness under the SRB program was \$5,826,473 at June 30, 2017.

Under the Bond Act authority, the University has constructed or acquired facilities located at its 23 campuses and the Office of the Chancellor.

## CALIFORNIA STATE UNIVERSITY

### Notes to Financial Statements

June 30, 2017

(In thousands)

In 2014, the State enacted legislation that granted additional capital financing authorities to the University, leading to the SRB program expanding to allow the financing of academic facilities and energy conservation projects. Allowable academic projects include construction and equipping of new and existing academic facilities; infrastructure; deferred maintenance; and refunding of SPWB lease revenue bonds (which funded the construction of certain academic facilities of the University; see note 8, *Lease Obligations*).

Systemwide Revenue Bonds are not secured by mortgages on the facilities constructed or acquired and therefore the facilities do not act as security for the debt. Revenues pledged under the SRB program include program fees from continuing education, health center facilities, housing, parking, and student union; student tuition fees (effective in 2017); and designated auxiliary revenues, net of maintenance and operation expenses before extraordinary items (net income available for debt service), to repay \$6,908,568 in SRB issued through 2017.

#### **(c) Bond Anticipation Notes**

The Trustees have authorized the issuance of BANs to provide short-term financing to the University for certain projects. The BANs are purchased by the Institute with proceeds from the commercial paper issued by the Institute. The BANs are generally issued for periods of up to three years in anticipation of issuing permanent revenue bonds at a future date. State law was amended in 2008 to allow BAN maturities to extend beyond three years and the maturity date for the issuance of BANs to be determined by the Trustees. In 2010, the Trustees authorized three projects for financing with maturities beyond three years and they will remain in BANs until the debt is retired. BAN interest is variable and changes based upon the cost of the Institute's commercial paper program. The maximum and minimum weighted average interest rates for the year ended June 30, 2017 were 0.88% and 0.45%, respectively. The University's BANs totaled \$600 at June 30, 2017. The not-to-exceed amounts related to the outstanding amounts totaled \$16,930, of which \$1,215 has not been issued and \$15,115 has been issued and paid back.

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2017

(In thousands)

Long-term debt obligations of the University as of June 30, 2017 consisted of the following:

<u>Description</u>	<u>Interest rate percentage</u>	<u>Final maturity date</u>	<u>Original issue amount</u>	<u>Amount outstanding</u>
Systemwide Revenue Bonds,				
Housing Series J-K	3.00%	2019/20	\$ 8,558	1,063
Housing Series L-M	3.00	2020/21	5,510	920
Housing Series N, P & Q	3.00	2021/22	6,695	1,365
Series 2007A	4.50	2044/45	48,810	13,540
Series 2007B	5.27-5.55	2037/38	13,165	10,245
Series 2007C	5.00	2028/29	63,275	39,400
Series 2008A	4.00-5.00	2039/40	375,160	20,040
Series 2009A	4.00-5.00	2018/19	454,240	19,145
Series 2010A	3.00-5.00	2031/32	146,950	103,205
Series 2010B	5.45-6.48	2041/42	205,145	205,145
Series 2011A	2.50-5.25	2042/43	429,855	363,160
Series 2012A	3.00-5.00	2042/43	436,220	418,970
Series 2012B	2.79-4.17	2036/37	16,700	15,250
Series 2013A	3.00-5.00	2026/27	308,855	274,635
Series 2014A	3.00-5.00	2044/45	747,740	735,050
Series 2015A	2.00-5.00	2047/48	1,032,920	998,995
Series 2015B	0.98-4.41	2035/36	29,305	26,880
Series 2016A	2.00-5.00	2045/46	1,133,105	1,133,105
Series 2016B-1	3.00	2047/48	50,000	50,000
Series 2016B-2	4.00	2049/50	100,000	100,000
Series 2016B-3	4.00	2051/52	100,000	100,000
Series 2017A	3.00-5.00	2047/48	812,030	812,030
Series 2017B	0.95-3.90	2047/48	335,155	335,155
Series 2017C	2.00-5.00	2037/38	49,175	49,175
			\$ 6,908,568	5,826,473
Bond Anticipation Notes	Various			600
Others	Various			8,583
Total				5,835,656
Unamortized net bond premium				605,917
Total long-term debt				6,441,573
Less current portion				(122,026)
Long-term debt, net of current portion				\$ 6,319,547

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2017

(In thousands)

Long-term debt principal and interest are payable in the following fiscal years:

	<u>Principal</u>	<u>Interest</u>
Year ending June 30:		
2018	\$ 122,026	279,327
2019	135,932	265,681
2020	148,691	259,081
2021	156,146	252,043
2022	164,085	244,143
2023–2027	892,884	1,095,695
2028–2032	1,120,169	852,039
2033–2037	1,143,418	574,320
2038–2042	952,730	325,177
2043–2047	714,605	131,515
2048–2052	284,970	20,392
	<u>\$ 5,835,656</u>	<u>4,299,413</u>

Long-term debt obligations of the individual discretely presented component units have been issued to purchase or construct facilities for University-related uses. For additional information regarding long-term debt obligations of the individual discretely presented component units, refer to their separately issued financial statements.

The Board of Trustees does not have a specified debt limit or debt margin, as noted in the University's Policy for Financing Activities. However, the Board finds it appropriate to establish the lowest cost debt financing programs for the University, and to use the limited debt capacity in the most prudent manner.

As of June 30, 2017, the Board had approved SRB and BAN that were authorized but unissued in the aggregate principal amount of \$923,780, for projects including academic, infrastructure, housing, and parking facilities. In addition, as of June 30, 2017, there are approximately \$470,840 of remaining authorized and unissued debt for the purpose of refunding certain bonds of the SPWB not previously refunded.

**(10) Long-Term Debt Refunding**

*Current Year Refunding*

In March 2017, the University issued SRB Series 2017A (Tax-Exempt), 2017B (Taxable) and 2017C (Tax-Exempt). A portion of the proceeds of SRB Series 2017A was applied to refund a portion of SRB Series 2007A. A portion of the proceeds of SRB Series 2017A and 2017B were applied to refund all of the remaining SRB Series 2007D. The entire proceeds of Series 2017C was applied to refund a portion of the SRB Series 2007A.



## CALIFORNIA STATE UNIVERSITY

### Notes to Financial Statements

June 30, 2017

(In thousands)

The University placed these proceeds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. The proceeds were used to purchase U.S. federal, state, and local government securities that were placed in escrow accounts. The investments and fixed earnings from the investments are considered sufficient to fully service the refunded debt until the debt is called or matured.

The defeasance will reduce the University's total financing cost by approximately \$17,593 over the life of the refunded bonds. The economic gain (difference between net present values of the debt service payments on the old debt and new debt) from these transactions was approximately \$15,674. Accordingly, the refunded bonds have been considered defeased and, therefore, removed as a liability from the accompanying financial statements. The total par amount of bonds outstanding as of date of refunding totaled \$127,835. The entire outstanding balance was paid as of June 30, 2017.

The University recognized a gain on the debt refunding for SRB Series 2017A, 2017B, and 2017C of \$1,190. The gain on debt refunding is the difference between the reacquisition price and the net carrying amount of the old debt, together with any unamortized difference from the prior refunding. The gain on debt refunding is deferred and amortized over the shorter of the old debt (or original amortization period remaining in the prior refunding) or the life of the latest refunding debt. The unamortized gain on debt refunding is included in deferred outflows of resources in the statement of net position and amounted to \$1,184 as of June 30, 2017.

#### *Prior Year Refunding*

In prior years, the University refunded certain SRB by placing the proceeds from the issuance of SRB refunding bonds in an irrevocable trust with the State Treasurer to provide for all future debt service payments on the defeased bonds. The proceeds were used to purchase U.S. federal, state, and local government securities that were placed in escrow accounts. The investments and fixed earnings from the investments are considered sufficient to fully service the refunded debt until the debt is called or matured. Accordingly, the trust account assets and liability for the refunded bonds are not included in the University's financial statements. The amount of refunded bonds outstanding, excluding those bonds refunded in the current year, totaled \$689,135 as of June 30, 2017.

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2017

(In thousands)

**(11) Long-Term Liabilities Activity**

Long-term liabilities activity of the University for the year ended June 30, 2017 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>
Accrued compensated absences	\$ 243,362	156,602	(138,328)	261,636	140,963
Capital lease obligations (note 8)	389,385	9,917	(45,849)	353,453	43,737
Long-term debt obligations (note 9):					
Systemwide revenue bonds	4,944,168	1,196,360	(314,055)	5,826,473	120,370
Bond anticipation notes	4,640	200,125	(204,165)	600	400
Other	6,180	5,772	(3,369)	8,583	1,256
	4,954,988	1,402,257	(521,589)	5,835,656	122,026
Unamortized net bond premium	506,760	127,427	(28,270)	605,917	—
Total long-term debt obligations	5,461,748	1,529,684	(549,859)	6,441,573	122,026
Total long-term liabilities	\$ 6,094,495	1,696,203	(734,036)	7,056,662	306,726

Long-term liabilities activity of the aggregated discretely presented component units of the University for the year ended June 30, 2017 was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>
Accrued compensated absences	\$ 19,776	15,410	(14,973)	20,213	14,911
Claims liability for losses and loss adjustment expenses	82,119	28,309	(35,854)	74,574	22,031
Capital lease obligations	360,832	40,653	(128,318)	273,167	11,177
Long-term debt obligations:					
Revenue bonds	22,420	1,585	(920)	23,085	965
Commercial paper	5,964	608,427	(613,791)	600	400
Notes payable	234,600	60,140	(10,000)	284,740	9,170
Other	81,026	2,350	(6,938)	76,438	2,966
	344,010	672,502	(631,649)	384,863	13,501
Unamortized net bond premium	21,851	9,489	(2,359)	28,981	—
Total long-term debt obligations	365,861	681,991	(634,008)	413,844	13,501
Total long-term liabilities	\$ 828,588	766,363	(813,153)	781,798	61,620

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2017

(In thousands)

The University has entered into note agreements with certain discretely presented component units to finance existing and newly constructed facilities, using proceeds from issuance of SRB, for the discretely presented component units amounting to \$284,740 included in notes payable and \$55,015 in other long-term debt obligations as of June 30, 2017.

The University has also entered into capital lease agreements with certain discretely presented component units using proceeds from issuance of SRB and BANs to lease existing and newly constructed facilities to the discretely presented component units amounting to \$241,288 as of June 30, 2017.

For additional information regarding the long-term liabilities of the individual discretely presented component units of the University, refer to their separately issued financial statements.

### **(12) Pension Plan and Postretirement Benefits**

#### **(a) Pension Plan**

##### *(i) Plan Description*

The University, as an agency of the State, contributes to CalPERS. The State's plans with CalPERS are agent multiple-employer defined-benefit pension plans and CalPERS functions as an investment and administrative agent for its members. For the University, the plans act as cost sharing multiple-employer defined-benefit pension plan, which provide a defined-benefit pension and postretirement program for substantially all eligible University employees. The plans also provide survivor, death, and disability benefits. Eligible employees are covered by the Public Employees' Medical and Hospital Care Act (PEMHCA) for medical benefits.

A full description of the pension plans regarding numbers of employees covered, benefit provision, assumptions, and membership information are listed in the June 30, 2015 Annual Actuarial Valuation Reports. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation reports.

CalPERS issues a publicly available Actuarial Valuation Report and Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. Copies of the CalPERS Actuarial Valuation Report and CAFR may be obtained at CalPERS's website or from the California Public Employees' Retirement System Executive Office, 400 P Street, Sacramento, CA 95814.

##### *(ii) Pensionable Compensation*

The schedule of pensionable compensation is prepared by the State to provide the total pensionable compensation. This amount was used to calculate the University's proportionate share of pension amounts. The schedule of pensionable compensation and the schedule of pension amounts have the same measurement period of July 1, 2015 through June 30, 2016.

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2017

(In thousands)

*(iii) Contributions*

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. For the measurement period ended June 30, 2016, the average active employee contribution rates for State Miscellaneous and Peace Officer and Firefighters Plans are 6.67% and 11.31% of annual pay, respectively. For the measurement period ended June 30, 2016, the State's contribution rates for State Miscellaneous and Peace Officer and Firefighters Plans are 25.15% and 38.91% of annual payroll, respectively.

State Miscellaneous Plan members of the University are required to contribute 5% of their annual earnings in excess of \$513 per month to CalPERS. Effective January 1, 2013, all new University employees that are considered "new members" to CalPERS are required to contribute 50% of the normal cost for their category (e.g., State Miscellaneous Plan member is 6.50% of their annual earnings per month to CalPERS). The University is required to contribute at an actuarially determined rate.

State Peace Officers and Firefighters Plan members of the University are required to contribute 8% of their annual earnings in excess of \$238 per month to CalPERS. Effective January 1, 2013, all new University employees that are considered "new members" to CalPERS are required to contribute 50% of the normal cost for their category (e.g., State Peace Officers and Firefighters Plan members is 11% of their annual earnings per month to CalPERS). The University is required to contribute at an actuarially determined rate.

The contribution requirements of the plan members are established and may be amended by CalPERS. The contractual maximum contribution required for the University is determined by the annual CalPERS compensation limit(s), which are based on provisions of Assembly Bill (AB) 340 and the IRC 401 (a) 17 limits.

The University's contributions to CalPERS for the most recent three fiscal years were equal to the required contributions and were as follows:

2015	\$	602,995
2016		659,326
2017		757,170

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2017

(In thousands)

(iv) *Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

As of June 30, 2017, the University reported a liability of \$7,733,925 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined based on an actuarial valuation as of June 30, 2015 rolled forward to the measurement date. The University's proportion of the State's net pension liability was calculated based on its proportionate share of the State's pensionable compensation. The State considered this a practical, systematic, and a rational approach. At June 30, 2016, the University's proportionate share of the total State net pension liability for the State Miscellaneous and Peace Officers and Firefighters Plans (collectively the Plans) were 22.87662% and 1.15882%, respectively.

For the year ended June 30, 2017, the University recognized pension expense of \$850,207 for State Miscellaneous Plan and \$22,393 for State Peace Officers and Firefighters Plan, which were reported as benefits expense.

The following table presents deferred outflows and inflows of resources as of June 30, 2017. Deferred outflows of resources are recognized for the University's retirement contributions made subsequent to the measurement date, the difference between expected and actual experience, aggregate difference between projected and actual earnings on pension plan investments arising in different measurement periods and changes in the University's proportionate share of pensionable compensation. Deferred inflows of resources are recognized for the difference between expected and actual experience.

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
University retirement contribution subsequent to the measurement date	\$ 757,170	—
Difference between expected and actual experience	79,510	17,394
Difference due to change in proportionate share	35,352	—
Net difference between projected and actual earnings on pension plan investments	<u>853,829</u>	<u>—</u>
Total	<u>\$ 1,725,861</u>	<u>17,394</u>

The \$757,170 of deferred outflows of resources related to pension resulting from the University's contributions subsequent to the measurement date of June 30, 2016 will be recognized as a reduction of the net pension liability as of the measurement date of June 30, 2017.

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2017

(In thousands)

The deferred outflows of resources will be recognized as pension expense as follows:

(v) *Schedule of Differences between Expected and Actual Experience*

Measurement period ended June 30	Initial differences*	Recognition period (years)	Increase in pension expense arising from the recognition of the effects of differences between expected and actual experience (measurement dates)					Total
			2017	2018	2019	2020	2021	
Miscellaneous Plan:								
2015	\$ 158,681	3.9	\$ 40,687	36,619	—	—	—	77,306
Peace Officers and Firefighters Plan:								
2015	3,344	5.1	656	656	656	64	—	2,032
2016	213	5.2	41	41	41	41	8	172
Net increase in pension expense			\$ 41,384	37,316	697	105	8	79,510

(vi) *Schedule of Change in Proportionate Share*

Measurement period ended June 30	Initial differences*	Recognition period (years)	Increase in pension expense arising from the recognition of the effects of change in properties share (measurement dates)					Total
			2017	2018	2019	2020	2021	
Miscellaneous Plan:								
2015	\$ 34,438	3.9	\$ 8,830	7,947	—	—	—	16,777
2016	7,628	4.0	1,907	1,907	1,907	—	—	5,721
Peace Officers and Firefighters Plan:								
2015	7,537	5.1	1,478	1,478	1,478	148	—	4,582
2016	10,242	5.2	1,970	1,970	1,970	1,970	392	8,272
Net increase in pension expense			\$ 14,185	13,302	5,355	2,118	392	35,352

(vii) *Schedule of Differences between Projected and Actual Earnings on Pension Plan Investments*

Measurement period ended June 30	Initial differences*	Recognition period (years)	Increase in pension expense arising from the recognition of the differences between projected and actual earnings on pension plan investments (measurement dates)					Total
			2017	2018	2019	2020	2021	
Miscellaneous Plan:								
2014	\$ (1,344,501)	5	\$ (268,900)	(268,900)	—	—	—	(537,800)
2015	832,081	5	166,416	166,416	166,417	—	—	499,249
2016	1,094,241	5	218,848	218,848	218,848	218,849	—	875,393
Peace Officers and Firefighters Plan:								
2014	(26,039)	5	(5,208)	(5,208)	—	—	—	(10,416)
2015	16,421	5	3,285	3,285	3,285	—	—	9,855
2016	21,937	5	4,387	4,387	4,387	4,387	—	17,548
Net increase in pension expense			\$ 118,828	118,828	392,937	223,236	—	853,829

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2017

(In thousands)

\* *Adjusted for any changes in University's proportionate share*

The deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

(viii) *Schedule of Differences between Expected and Actual Experience*

Measurement period ended June 30	Initial differences*	Recognition period (years)	Recognition of the effects of differences between expected and actual experience (measurement dates)			
			2017	2018	2019	Total
Miscellaneous Plan: 2016	\$ (23,193)	4	\$ (5,798)	(5,798)	(5,798)	(17,394)
Net decrease in pension expense			\$ (5,798)	(5,798)	(5,798)	(17,394)

\* *Adjusted for any changes in University's proportionate share*

(ix) *Actuarial Assumptions*

For the measurement period ended June 30, 2016, the total pension liability was determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2016 and 2015 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	7.65%
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.65%, net of pension plan investment expense but without reduction for administrative expenses including inflation
Mortality rate of return	Derived using CalPERS' membership data for all funds
Postretirement benefit increase	Contract cost of living allowance up to 2.75% until purchasing power protection allowance floor on purchasing power applies; 2.75% thereafter

The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 CalPERS Experience Study and Review of Actuarial Assumptions report (Experience Study).

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2017

(In thousands)

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality, and retirement rates. The Experience Study report can be obtained from CalPERS' website.

(x) *Discount Rate*

The discount rate used to measure the total pension liability was 7.65%. 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, the plans do not exhaust assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund. The stress test result is presented in the GASB Crossover Testing Report, which can be obtained from CalPERS' website under the GASB Statement No. 68 section.

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, but without reduction for administrative expenses, 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.



**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2017

(In thousands)

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. The target allocation shown was adopted by the CalPERS Board of Administration effective on July 1, 2015.

<b>Asset class</b>	<b>Current target allocation</b>	<b>Real return years 1–10<sup>1</sup></b>	<b>Real return years 11+<sup>2</sup></b>
Global equity	47.00%	5.25%	5.71%
Global fixed income	19.00	0.99	2.43
Inflation sensitive	6.00	0.45	3.36
Private equity	12.00	6.83	6.95
Real estate	11.00	4.50	5.13
Infrastructure and forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

<sup>1</sup> An expected inflation of 2.5% used for this period

<sup>2</sup> An expected inflation of 3.0% used for this period

In December 2016, the CalPERS Board of Administration voted to lower the discount rate used in its actuarial assumptions from 7.65% to 7.15% (including administrative expenses) effective July 1, 2017 over three year period. As shown in the table below, a similar reduction to the discount rate in accordance with GASB Statement No. 68 will increase the net pension liability. This increase will be amortized over the expected remaining service lives of all employees provided with benefits through the pension plans.

(xi) *Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following table presents the University's proportionate share of net pension liability of the Plans as of the measurement date, calculated using the discount rate of 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6.65%) or one-percentage point higher (8.65%) than the current rate:

<b>Plan</b>	<b>Discount rate -1% (6.65%)</b>	<b>Current discount rate (7.65%)</b>	<b>Discount rate + 1% (8.65%)</b>
Miscellaneous Plan	\$ 10,312,941	7,575,326	5,277,051
Peace Officers and Firefighters Plan	223,425	158,599	105,373
Net pension liability	\$ 10,536,366	7,733,925	5,382,424

# CALIFORNIA STATE UNIVERSITY

## Notes to Financial Statements

June 30, 2017

(In thousands)

(xii) *Pension Plan Fiduciary Net Position*

The plan fiduciary net position disclosed in the GASB Statement No. 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance included as assets. These amounts are excluded for rate setting purposes in your funding actuarial valuation.

**(b) Postretirement Healthcare Plan**

(i) *Plan Description*

The State provides retiree healthcare benefits to statewide employees, including the University employees, through the programs administered by CalPERS. The State's plan represents a substantive single-employer defined-benefit OPEB Plan, which includes medical and prescription drug benefits (collectively, healthcare benefits) to the retired University employees. The University provides dental benefits to eligible University's retirees. Eligible retirees receive healthcare and dental benefits upon retirement at age 50 with five years of service credit.

For healthcare benefits, CalPERS offers Preferred Provider Organizations (PPOs), Health Maintenance Organizations (HMOs), and Exclusive Provider Organizations (EPOs) (limited to members in certain California counties); for dental benefits, a Dental Maintenance Organization (DMO) and dental indemnity plans to the University's retirees. Health plans offered, covered benefits, monthly rates, and copayments are determined by the CalPERS Board, which reviews health plan contracts annually.

The contribution requirements of retirees and the State are established and may be amended by the State legislature. For healthcare benefits, the State makes a contribution toward the retiree's monthly health premiums, with the retirees covering the difference between the State's contribution and the actual healthcare premium amount. The State contribution is normally established through collective bargaining agreements. No retiree contribution is required for dental benefits.

(ii) *Funding Policy*

For healthcare benefits, responsibility for funding the cost of the employer share of premiums is apportioned between the State and the University based on "billable" and "nonbillable" accounts. Billable accounts have special revenue sources such as fees, licenses, penalties, assessments, and interest, which offset the costs incurred by a State department during the year. The University reimburses the State for retiree's health benefit costs allocated to billable accounts but not for costs allocated to nonbillable accounts. The University is responsible for funding the costs of the billable accounts on a pay-as-you-go basis as part of the statewide general administrative costs charged to the University. The State is responsible for funding the cost of the employer share of healthcare premiums of retirees for all nonbillable accounts.

The University is responsible for paying the cost of dental benefits for all University retirees using funds provided by the State through general fund appropriations. The University makes payments directly to Delta Dental for the retiree's monthly dental premiums. The University is paying these benefits on a pay-as-you-go basis.

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2017

(In thousands)

*(iii) Annual OPEB Cost and Net OPEB Obligation*

The following table shows the components of the total annual required contribution (ARC) for the University's allocated portion of the postretirement healthcare plan, the amount contributed to the plan by the University, and changes in the University's net OPEB obligation (NOO) for the fiscal years ended 2017, 2016, and 2015:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual required contribution (ARC):			
Billable accounts	\$ 53,324	50,349	40,931
Nonbillable accounts (dental only)	<u>41,742</u>	<u>40,862</u>	<u>38,765</u>
Total ARC	<u>95,066</u>	<u>91,211</u>	<u>79,696</u>
Contributions:			
Billable accounts	(19,970)	(18,665)	(16,293)
Nonbillable accounts (dental only)	<u>(18,011)</u>	<u>(17,103)</u>	<u>(17,056)</u>
Total contributions	<u>(37,981)</u>	<u>(35,768)</u>	<u>(33,349)</u>
Increase in net OPEB obligation (NOO)	57,085	55,443	46,347
NOO – beginning of year	368,803	313,360	267,013
NOO – end of year:			
Billable accounts	216,984	183,630	151,946
Nonbillable accounts (dental only)	<u>208,904</u>	<u>185,173</u>	<u>161,414</u>
Total NOO	<u>\$ 425,888</u>	<u>368,803</u>	<u>313,360</u>
Percentage of annual OPEB cost contributed during the years ended June 30, 2017, 2016, and 2015	39.95%	39.21%	41.85%

*(iv) Actuarial Methods and Assumptions and Plan Funding Information*

As an agency of the State, the University was included in the State's OPEB actuarial study. The analysis of the statewide ARC by accounts is performed by the State Controller's Office (SCO) and a portion related to billable accounts is allocated to the University. Since the ARC allocated by the SCO does not provide a breakdown of the ARC for health and dental benefits separately, the ARC for the nonbillable accounts, which related only to dental benefits, was estimated based on dental contributions as a percentage of the total OPEB contributions.

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2017

(In thousands)

Projections of benefits for financial statement reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the State and the plan members to that point. The actuarial methods and assumptions used are consistent with a long-term perspective. In the June 30, 2016 actuarial valuation, the individual entry age normal cost method was used. The actuarial assumptions included a 4.25% investment rate of return and 4.25% discount rate. Both rates included a 2.75% annual inflation assumption. Annual wage inflation is assumed to be 3.00%. The unfunded actuarial accrued liabilities are being amortized as a level percentage of projected payroll on an open basis over a 30-year period.

Funding progress information specifically related to the University's portion of the statewide OPEB plan is not available. For more details about the actuarial methods and assumptions used by the State, as well as the statewide plans' funding progress and status, refer to the State of California's Comprehensive Annual Financial Report.

**(13) Deferred Outflows and Inflows of Resources**

The composition of deferred outflows and inflows of resources at June 30, 2017 is summarized as follows:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Related to net pension liability	\$ 1,725,861	17,394
Net loss on debt refundings:		
Systemwide revenue bonds	103,449	—
SPWB capital lease obligations	<u>57</u>	<u>—</u>
Total	<u>\$ 1,829,367</u>	<u>17,394</u>

**(14) Claims Liability for Losses and Loss Adjustment Expenses**

The University and certain auxiliary organizations have established the CSURMA, a discretely presented component unit of the University, to centrally manage workers' compensation, general liability, industrial and nonindustrial disability, unemployment insurance coverage, and other risk-related programs. The claims liability included in the discretely presented component unit column reflects the estimated ultimate cost of settling claims related to events that have occurred on or before June 30, 2017. The liability includes estimated amounts that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not yet been reported. The liability is also reduced by estimated amounts recoverable from the reinsurer that are related to the liabilities for unpaid claims and claim adjustment expenses. The liability is estimated through an actuarial calculation using individual case basis valuations and statistical analyses. Although considerable variability is inherent in such estimates, management believes that the liability is a reasonable estimate at June 30, 2017.

The information of the change in claims liability for losses and loss adjustment expenses may be obtained from the separate financial statements issued for CSURMA.

## CALIFORNIA STATE UNIVERSITY

Notes to Financial Statements

June 30, 2017

(In thousands)

### **(15) Commitments and Contingencies**

The State is a defendant in multiple lawsuits involving University matters not covered by the CSURMA as discussed in note 14. Management of the University is of the opinion that the liabilities, if any, arising from litigation will not have a material effect on the financial position of the University.

Federal grant programs are subject to review by the grantor agencies, which could result in requests for reimbursement to grantor agencies for disallowed expenditures. Management believes that it has adhered to the terms of its grants and that any disallowed expenditures resulting from such reviews would not have a material effect on the financial position of the University.

Authorized but unexpended costs for construction projects as of June 30, 2017 totaled \$567,510. These expenditures will be funded primarily by State appropriations and bond proceeds.

In order to secure access to natural gas and electricity used for normal operation, the University participates in forward purchase contracts of natural gas and electricity operated by the Department of General Service and Shell Energy North America, respectively. The University's obligation under these special purchase arrangements requires it to purchase an estimated total of \$1,497 and \$28,759 of natural gas and electricity at fixed prices through June 2018 and December 2019, respectively. The University estimates that the special purchase contracts in place represent approximately 7.19% and 14.31% of its total annual natural gas and electricity expenses, respectively.

**CALIFORNIA STATE UNIVERSITY**

Notes to Financial Statements

June 30, 2017

(In thousands)

**(16) Classification of Operating Expenses**

The University has elected to report operating expenses by functional classification in the Statement of Revenues, Expenses, and Changes in Net Position, and to provide the natural classification of those expenses as an additional disclosure. For the year ended June 30, 2017, operating expenses by natural classification consisted of the following:

	<u>Salaries</u>	<u>Benefits</u>	<u>Scholarships and fellowships expense</u>	<u>Supplies and other services</u>	<u>Depreciation and amortization</u>	<u>Total operating expenses</u>
Instruction	\$ 1,777,139	859,563	—	217,221	—	2,853,923
Research	28,338	8,828	—	17,302	—	54,468
Public service	27,781	3,654	—	15,578	—	47,013
Academic support	401,456	209,258	—	199,896	—	810,610
Student services	419,421	233,183	—	233,304	—	885,908
Institutional support	413,228	259,734	—	230,768	—	903,730
Operation and maintenance of plant	223,989	151,493	—	345,377	—	720,859
Student grants and scholarships	—	—	844,019	—	—	844,019
Auxiliary enterprise expenses	81,849	69,837	—	233,932	—	385,618
Depreciation and amortization	—	—	—	—	480,504	480,504
Total	\$ <u>3,373,201</u>	<u>1,795,550</u>	<u>844,019</u>	<u>1,493,378</u>	<u>480,504</u>	<u>7,986,652</u>

**(17) Transactions with Related Entities**

The University is an agency of the State and receives about 40.10% of total revenues through state appropriations. State appropriations allocated to the University aggregated approximately \$3,293,198 for the year ended June 30, 2017. State appropriations receivable is \$121,256 at June 30, 2017.

**(18) Subsequent Events**

*BANs Issuance*

The University issued \$48,200 of BANs subsequent to June 30, 2017. \$21,965 of these BANs are issued to finance San Diego State University Tula/Tenochca Replacement Project and \$26,235 are issued to finance the California Polytechnic State University, San Luis Obispo – Cal Poly Corporation Vista Grande Replacement Building Project.

## CALIFORNIA STATE UNIVERSITY

## Schedule of University's Proportionate Share of the Net Pension Liability

June 30, 2017

(Unaudited)

(In thousands)

*Last Ten Fiscal Years*<sup>1</sup>

	<u>2016<sup>2</sup></u>	<u>2015<sup>2</sup></u>	<u>2014<sup>2</sup></u>
<b>State of California Miscellaneous Plan</b>			
University's proportion of the net pension liability	22.87662%	22.84970%	22.72891%
University's proportionate share of the net pension liability	\$ 7,575,326	6,453,200	5,411,439
University's covered payroll	\$ 2,567,251	2,407,821	2,209,786
University's proportionate share of the net pension liability as a percentage of covered payroll	295.07539%	268.00996%	244.88521%
Plan fiduciary net position as a percentage of the total pension liability	66.81100%	70.68274%	74.17418%
 <b>State of California Peace Officers and Firefighters Plan</b>			
University's proportion of the net pension liability	1.15882%	1.07094%	1.00623%
University's proportionate share of the net pension liability	\$ 158,599	124,994	102,216
University's covered payroll	\$ 37,528	33,341	30,160
University's proportionate share of the net pension liability as a percentage of covered payroll	422.61507%	374.89140%	338.91247%
Plan fiduciary net position as a percentage of the total pension liability	66.09678%	69.61241%	72.18915%

<sup>1</sup> The University implemented GASB Statement No. 68 effective July 1, 2014, therefore, no information is available for the measurement periods prior to June 30, 2014.

<sup>2</sup> The date in the column heading represents the end of the measurement period of the net pension liability, which is one year prior to the reporting period.

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY

## Schedule of Employer Contributions

Year ended June 30, 2017

(Unaudited)

(In thousands)

*Last Ten Fiscal Years\****State of California Miscellaneous Plan**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 737,766	641,710	588,353
Contributions in relation to the actuarially determined contributions	<u>(740,570)</u>	<u>(644,679)</u>	<u>(589,385)</u>
Contribution excess	<u>\$ (2,804)</u>	<u>(2,969)</u>	<u>(1,032)</u>
University's covered payroll	\$ 2,768,770	2,559,878	2,431,410
Contributions as a percentage of covered payroll	26.74726%	25.18397%	24.24046%

**State of California Peace Officers and Firefighters Plan**

Actuarially determined contribution	\$ 15,858	14,027	11,737
Contributions in relation to the actuarially determined contributions	<u>(16,600)</u>	<u>(14,647)</u>	<u>(13,610)</u>
Contribution excess	<u>\$ (742)</u>	<u>(620)</u>	<u>(1,873)</u>
University's covered payroll	\$ 39,372	37,568	33,363
Contributions as a percentage of covered payroll	42.16076%	38.98940%	40.79391%

\* The University implemented GASB Statement No. 68 effective July 1, 2014, therefore, no information is available for the measurement periods prior to June 30, 2014.



## CALIFORNIA STATE UNIVERSITY

## Schedule of Employer Contributions

Year ended June 30, 2017

(Unaudited)

(In thousands)

**Notes to required supplementary information schedule for the most recent fiscal year presented:**

Valuation date	Actuarially calculated contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.
Methods and assumption used to determine contribution rates:	
Actuarial cost method	Entry age normal in accordance with the requirement of GASB.
Amortization method/period	For details, see June 30, 2015 Funding Valuation Report.
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2015 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3%
Investment rate of return	7.5%, net of pension plan investment and administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality is based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.
Significant factors affecting contribution rates	For details, see June 30, 2015 Funding Valuation Report.

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY

## Systemwide Revenue Bond Program's Net Income Available for Debt Service

Year ended June 30, 2017

Gross revenues:	
Tuition fees	\$ 3,116,566,106
Student housing	468,503,481
Student unions/recreation centers	228,922,251
Parking	119,976,698
Health centers	10,858,515
Extended and continuing education	390,084,608
Auxiliary organization <sup>1</sup>	597,511,899
Other related entity <sup>2</sup>	6,651,768
Total gross revenues	<u>4,939,075,326</u>
Maintenance and operations expenses:	
Academic facilities	285,871,459
Student housing	297,320,239
Student unions/recreation centers	108,482,999
Parking	80,714,279
Health centers	5,295,229
Extended and continuing education	397,675,380
Auxiliary organization <sup>1</sup>	512,656,989
Total maintenance and operations expenses	<u>1,688,016,574</u>
Net income available for debt service	<u>\$ 3,251,058,752</u>
Debt service:	
Systemwide revenue bonds debt	\$ 299,433,842
Designated auxiliary organization debt	<u>2,017,374</u>
Total debt service	<u>\$ 301,451,216</u>

The purpose of this schedule is to meet bond reporting covenants covering the operations of the projects by showing the gross revenues, and maintenance and operations expenses for the fiscal year.

- (1) This includes gross revenues and maintenance and operations expenses of 17 auxiliary organizations that have financed with SRB through lease or loan arrangements. This excludes research grants and contracts activity and restricted gifts. Gross revenues under the SRB Indenture are a smaller amount derived from payments under certain leases or loans with the Board of Trustees.
- (2) This includes gross revenues derived from lease with California State University, Channel Islands Site Authority which are used solely to pay debt service. The maintenance and operations expense are excluded as these are not paid by the pledged gross revenues.

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY

## Systemwide Revenue Bond Program's Residence and Dining Halls Operating Data by Campus (1)

Year ended June 30, 2017

(Unaudited)

	Operating and other revenues	Operating expenditures	Excess of revenues over expenditures	Design capacity	Operational capacity (2)	Average number of spaces occupied	% of spaces occupied (3)
CSU, Bakersfield	\$ 5,113,532	4,722,289	391,243	576	563	374	66%
CSU, Channel Islands	17,009,107	8,431,996	8,577,111	1,528	1,571	1,520	97
CSU, Chico	24,086,864	16,676,011	7,410,853	2,128	2,222	2,131	96
CSU, Dominguez Hills	4,734,055	3,532,640	1,201,415	712	660	642	97
CSU, East Bay	12,535,321	7,761,676	4,773,645	1,296	1,716	1,440	84
CSU, Fullerton	28,343,464	13,460,063	14,883,401	1,918	1,906	1,944	102
Humboldt State University	15,265,652	7,062,929	8,202,723	2,070	2,096	1,999	95
CSU, Long Beach	22,036,701	12,461,570	9,575,131	1,826	2,049	2,010	98
CSU, Los Angeles	8,190,947	6,049,812	2,141,135	1,069	1,012	1,024	101
California Maritime Academy	9,308,998	5,793,909	3,515,089	732	732	722	99
CSU, Northridge	22,570,445	13,050,191	9,520,254	3,604	3,314	2,634	79
CSPU, Pomona	25,770,307	10,650,946	15,119,361	2,440	2,471	2,392	97
CSU, Sacramento	19,830,981	14,962,049	4,868,932	1,672	1,711	1,688	99
CSU, San Bernardino	11,286,939	7,429,277	3,857,662	1,529	1,431	1,317	92
San Diego State University	45,380,340	27,060,269	18,320,071	3,570	4,051	3,526	87
San Francisco State University (5)	57,981,085	37,235,367	20,745,718	3,713	3,819	3,675	96
San Jose State University	52,829,258	31,892,972	20,936,286	3,722	3,968	3,732	94
CPSU, San Luis Obispo	49,843,436	28,321,781	21,521,655	6,239	7,334	6,930	94
Sonoma State University	28,434,757	18,414,269	10,020,488	3,146	3,211	3,014	94
CSU, Stanislaus	5,222,735	4,339,593	883,142	460	492	486	99
	465,774,924	279,309,609	186,465,315	43,950	46,329	43,200	93%
Systemwide Offices	—	82,704	(82,704)				
Interest income	2,728,557	—	2,728,557				
Total	\$ 468,503,481	279,392,313	189,111,168				

## Average annual rates per academic year (4)

	Residence Halls			Apartments		
	Single	Double	Suite	Single	Double	Suite
CSU, Bakersfield	\$ 10,800	8,803	—	—	—	—
CSU, Channel Islands	10,820	9,740	—	12,670	11,060	—
CSU, Chico	9,275	7,657	—	9,275	7,657	—
CSU, Dominguez Hills	—	—	—	—	8,712	—
CSU, East Bay	—	—	7,854	9,363	7,590	—
CSU, Fullerton	—	11,466	—	12,210	9,300	—
Humboldt State University	7,596	6,136	—	7,596	6,136	—
CSU, Long Beach	8,650	7,650	—	—	—	—
CSU, Los Angeles	—	—	—	8,346	6,446	—
California Maritime Academy	7,262	5,562	—	—	—	—
CSU, Northridge	—	—	6,335	11,125	6,569	—
CSPU, Pomona	10,350	9,027	—	—	—	—
CSU, Sacramento	7,567	7,015	—	—	7,801	8,915
CSU, San Bernardino	6,924	5,559	—	9,426	—	9,378
San Diego State University	10,984	9,512	—	9,760	8,136	—
San Francisco State University (5)	—	8,330	9,122	11,618	10,090	—
San Jose State University	9,488	8,322	—	12,948	10,292	—
CPSU, San Luis Obispo	—	7,360	—	8,516	6,812	—
Sonoma State University	8,622	6,616	—	10,206	8,158	—
CSU, Stanislaus	7,255	—	—	7,727	6,447	—
	\$ 115,593	118,755	23,311	140,786	121,206	18,293

(1) Housing facilities at the Fresno, Monterey Bay, and San Marcos campuses are operated by Auxiliary Organizations.

(2) This column reflects capacity adjusted for increase or decrease in permanent conversions and temporary adjustments.

(3) Percentage of spaces occupied is based on Operational Capacity. In certain cases, Percentage occupancy by Design Capacity is over 100%.

(4) This section primarily reflects an average of the more traditional rates to students. Each campus has different rates depending on accommodations, such as super doubles, cluster occupancy, etc.

(5) The operational capacity does not include 468 apartment units that were occupied by students, faculty, and staff. The annual rates for the one-bedroom, two-bedroom, or three-bedroom units (not bed spaces) vary between \$1,500 and \$4,250.

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY**  
Systemwide Revenue Bond Program's Statement of Insurance Coverage  
Year ended June 30, 2017  
(Unaudited)

Expiration date*	Coverage	Amount	Company	Policy number
July 1, 2017	CSU Master Property Policy, "All Risk" Building, Equipment, and Rental Income	\$ 1,000,000,000 per occurrence	Alliant Property Insurance Program (APIP)	017471590/03
July 1, 2017	CSU Master Property Policy, Boiler, and Machinery	100,000,000	APIP	017471590/03
July 1, 2017	Bodily Injury and Property Damage Liability (Primary)	up to 5,000,000	CSURMA (Self-insured portion)	N/A
July 1, 2017	Bodily Injury and Property Damage Liability (Reinsurance)	5,000,000	Ironshore	000541306
July 1, 2017	Bodily Injury and Property Damage Liability (Reinsurance)	10,000,000	Allied World Assurance Company	03102286
July 1, 2017	Workers Compensation and Employer's Liability	CA WC Statutes	CSC-EIA	EIA PE 16 EWC-143

\* Additional insurance policies are maintained for the period from July 1, 2017 to July 1, 2018. These policies provide the same coverage indicated above.

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, BAKERSFIELD

Schedule 6

Statement of Net Position

June 30, 2017

(In thousands)

Assets	Campus	Discretely presented component units	Total
<b>Current assets:</b>			
Cash and cash equivalents	\$ 6	9,922	9,928
Short-term investments	65,335	228	65,563
Accounts receivable, net	7,969	1,982	9,951
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	482	482
Prepaid expenses and other current assets	179	35	214
Total current assets	<u>73,489</u>	<u>12,649</u>	<u>86,138</u>
<b>Noncurrent assets:</b>			
Restricted cash and cash equivalents	—	—	—
Accounts receivable, net	1,216	—	1,216
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	1,549	—	1,549
Pledges receivable, net	—	1,952	1,952
Endowment investments	—	20,398	20,398
Other long-term investments	5,071	12,322	17,393
Capital assets, net	150,319	2,166	152,485
Other assets	—	—	—
Total noncurrent assets	<u>158,155</u>	<u>36,838</u>	<u>194,993</u>
Total assets	<u>231,644</u>	<u>49,487</u>	<u>281,131</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>39,372</u>	<u>—</u>	<u>39,372</u>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	4,567	2,035	6,602
Accrued salaries and benefits	7,535	—	7,535
Accrued compensated absences, current portion	3,016	92	3,108
Unearned revenue	2,411	1,293	3,704
Capital lease obligations, current portion	225	—	225
Long-term debt obligations, current portion	1,301	—	1,301
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	129	—	129
Other liabilities	920	1,249	2,169
Total current liabilities	<u>20,104</u>	<u>4,669</u>	<u>24,773</u>
<b>Noncurrent liabilities:</b>			
Accrued compensated absences, net of current portion	2,355	—	2,355
Unearned revenue	—	—	—
Grants refundable	2,155	—	2,155
Capital lease obligations, net of current portion	631	—	631
Long-term debt obligations, net of current portion	60,691	—	60,691
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Other postemployment benefits obligations	2,986	1,237	4,223
Net pension liability	158,557	—	158,557
Other liabilities	3	—	3
Total noncurrent liabilities	<u>227,378</u>	<u>1,237</u>	<u>228,615</u>
Total liabilities	<u>247,482</u>	<u>5,906</u>	<u>253,388</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>353</u>	<u>—</u>	<u>353</u>
<b>Net Position</b>			
<b>Net position:</b>			
Net investment in capital assets	89,455	2,166	91,621
<b>Restricted for:</b>			
Nonexpendable – endowments	—	16,033	16,033
<b>Expendable:</b>			
Scholarships and fellowships	141	6,486	6,627
Research	—	—	—
Loans	53	—	53
Capital projects	513	—	513
Debt service	7	—	7
Others	550	8,081	8,631
Unrestricted	<u>(67,538)</u>	<u>10,817</u>	<u>(56,721)</u>
Total net position	<u>\$ 23,181</u>	<u>43,583</u>	<u>66,764</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD**  
Statement of Revenues, Expenses, and Changes in Net Position  
Year ended June 30, 2017  
(In thousands)

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$36,724)	\$ 29,148	6,609	(3,027)	32,730
Grants and contracts, noncapital:				
Federal	3,976	6,404	—	10,380
State	321	252	—	573
Local	45	237	—	282
Nongovernmental	346	1,075	—	1,421
Sales and services of educational activities	2,980	—	—	2,980
Sales and services of auxiliary enterprises (net of scholarship allowances of \$849)	5,770	431	—	6,201
Other operating revenues	797	4,441	(205)	5,033
Total operating revenues	<u>43,383</u>	<u>19,449</u>	<u>(3,232)</u>	<u>59,600</u>
Expenses:				
Operating expenses:				
Instruction	49,325	452	(907)	48,870
Research	2,664	1,355	—	4,019
Public service	316	1,519	(26)	1,809
Academic support	22,154	409	(634)	21,929
Student services	22,377	8,900	(3,632)	27,645
Institutional support	17,635	4,532	(47)	22,120
Operation and maintenance of plant	14,115	385	(29)	14,471
Student grants and scholarships	25,027	4,513	—	29,540
Auxiliary enterprise expenses	6,716	—	—	6,716
Depreciation and amortization	9,740	258	—	9,998
Total operating expenses	<u>170,069</u>	<u>22,323</u>	<u>(5,275)</u>	<u>187,117</u>
Operating income (loss)	<u>(126,686)</u>	<u>(2,874)</u>	<u>2,043</u>	<u>(127,517)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	68,793	—	—	68,793
Federal financial aid grants, noncapital	25,572	—	—	25,572
State financial aid grants, noncapital	18,087	—	—	18,087
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	674	—	(188)	486
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	856	2,760	(38)	3,578
Investment income, net	465	766	—	1,231
Endowment income (loss)	—	2,450	—	2,450
Interest expense	(2,103)	—	—	(2,103)
Other nonoperating revenues (expenses)	9,012	(164)	—	8,848
Net nonoperating revenues (expenses)	<u>121,356</u>	<u>5,812</u>	<u>(226)</u>	<u>126,942</u>
Income (loss) before other revenues (expenses)	<u>(5,330)</u>	<u>2,938</u>	<u>1,817</u>	<u>(575)</u>
State appropriations, capital	546	—	—	546
Grants and gifts, capital	1,636	—	(1,817)	(181)
Additions (reductions) to permanent endowments	—	579	—	579
Increase (decrease) in net position	<u>(3,148)</u>	<u>3,517</u>	<u>—</u>	<u>369</u>
Net position:				
Net position at beginning of year	<u>26,329</u>	<u>40,066</u>	<u>—</u>	<u>66,395</u>
Net position at end of year	<u>\$ 23,181</u>	<u>43,583</u>	<u>—</u>	<u>66,764</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, BAKERSFIELD

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 28,684
Federal grants and contracts	4,600
State grants and contracts	238
Local grants and contracts	45
Nongovernmental grants and contracts	281
Payments to suppliers	(28,611)
Payments to employees	(101,217)
Payments to students	(25,055)
Collections of student loans	—
Sales and services of educational activities	2,980
Sales and services of auxiliary enterprises	5,934
Other receipts	(651)
Net cash provided by (used in) operating activities	<u>(112,772)</u>
Cash flows from noncapital financing activities:	
State appropriations	68,793
Federal financial aid grants	25,572
State financial aid grants	18,087
Nongovernmental and other financial aid grants	—
Other federal nonoperating grants	674
Gifts and grants received for other than capital purposes	—
Federal loan program receipts	856
Federal loan program disbursements	30,980
Monies received on behalf of others	(31,206)
Monies disbursed on behalf of others	3,938
Transfers to escrow agent	(3,941)
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	9,537
Net cash provided by (used in) noncapital financing activities	<u>123,290</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	739
State appropriations – SPWB Lease Revenue Bond program	54
Capital grants and gifts	1,215
Proceeds from sale of capital assets	—
Acquisition of capital assets	(12,728)
Transfers to escrow agent	—
Principal paid on capital debt and leases	—
Interest paid on capital debt and leases	(1,534)
Principal collection on capital leases	(3,203)
Interest collection on capital leases	—
Net cash provided by (used in) capital and related financing activities	<u>(15,457)</u>

## CALIFORNIA STATE UNIVERSITY, BAKERSFIELD

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 219,729
Purchases of investments	(215,768)
Investment income proceeds	978
Net cash provided by (used in) investing activities	<u>4,939</u>
Net increase (decrease) in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>6</u>
Cash and cash equivalents at end of year	<u>\$ 6</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 6
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 6</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (126,686)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	9,740
Change in assets and liabilities:	
Accounts receivable, net	(1,279)
Student loans receivable, net	(28)
Prepaid expenses and other current assets	66
Other assets	8
Deferred outflows of resources	(21,197)
Accounts payable	1,243
Accrued salaries and benefits	551
Accrued compensated absences	410
Unearned revenues	147
Other postemployment benefits obligations	421
Net pension liability	26,560
Other liabilities	(211)
Deferred inflows of resources	<u>(2,517)</u>
Net cash provided by (used in) operating activities	<u>\$ (112,772)</u>
Supplemental schedule of noncash transactions:	
Change in accrued capital asset purchases	\$ 752
Contributed capital assets	420
Amortization of net bond premium	301
Capital assets paid by the Office of the Chancellor	255
Amortization of loss on debt refundings	67

See accompanying independent auditors' report.



**CALIFORNIA STATE UNIVERSITY, BAKERSFIELD**

## Transactions with Related Entities

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 4,052
Payments from discretely presented component units for other than salaries	8,371
Payments to discretely presented component units for services, space, and programs	3,803
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	—
Accounts receivable from discretely presented component units	2,397
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(64)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	113
Payments to the Office of the Chancellor for state pro rata charges	156
Accounts receivable from the Office of the Chancellor	1,172
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	1
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	900
Other interagency payments or receipts for services, space, and programs	89

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS

Schedule 6

Statement of Net Position

June 30, 2017

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 4	19,576	19,580
Short-term investments	69,915	1,289	71,204
Accounts receivable, net	9,304	7,591	16,895
Capital lease receivable, current portion	935	—	935
Notes receivable, current portion	1,355	—	1,355
Pledges receivable, net	—	1,623	1,623
Prepaid expenses and other current assets	2,081	158	2,239
Total current assets	<u>83,594</u>	<u>30,237</u>	<u>113,831</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	10,482	10,482
Accounts receivable, net	1,639	—	1,639
Capital lease receivable, net of current portion	51,730	—	51,730
Notes receivable, net of current portion	53,660	—	53,660
Student loans receivable, net	2	—	2
Pledges receivable, net	—	754	754
Endowment investments	—	12,878	12,878
Other long-term investments	1,274	2,479	3,753
Capital assets, net	379,289	48,576	427,865
Other assets	5,187	4,953	10,140
Total noncurrent assets	<u>492,781</u>	<u>80,122</u>	<u>572,903</u>
Total assets	<u>576,375</u>	<u>110,359</u>	<u>686,734</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>42,093</u>	<u>—</u>	<u>42,093</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	8,514	3,974	12,488
Accrued salaries and benefits	1,213	124	1,337
Accrued compensated absences, current portion	2,153	19	2,172
Unearned revenue	1,932	7	1,939
Capital lease obligations, current portion	2,144	935	3,079
Long-term debt obligations, current portion	5,039	1,367	6,406
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	—	54	54
Other liabilities	4,314	5,850	10,164
Total current liabilities	<u>25,309</u>	<u>12,330</u>	<u>37,639</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	3,229	197	3,426
Unearned revenue	—	—	—
Grants refundable	—	—	—
Capital lease obligations, net of current portion	—	54,779	54,779
Long-term debt obligations, net of current portion	244,847	53,873	298,720
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	123	123
Other postemployment benefits obligations	2,140	—	2,140
Net pension liability	150,372	—	150,372
Other liabilities	374	251	625
Total noncurrent liabilities	<u>400,962</u>	<u>109,223</u>	<u>510,185</u>
Total liabilities	<u>426,271</u>	<u>121,553</u>	<u>547,824</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>332</u>	<u>—</u>	<u>332</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	184,919	(2,411)	182,508
Restricted for:			
Nonexpendable – endowments	—	7,437	7,437
Expendable:			
Scholarships and fellowships	—	1,282	1,282
Research	—	977	977
Loans	18	—	18
Capital projects	1,544	35	1,579
Debt service	1,175	(108)	1,067
Others	545	17,458	18,003
Unrestricted	3,664	(35,865)	(32,201)
Total net position	<u>\$ 191,865</u>	<u>(11,195)</u>	<u>180,670</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS**  
Statement of Revenues, Expenses, and Changes in Net Position  
Year ended June 30, 2017  
(In thousands)

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$17,166)	\$ 30,625	1,889	—	32,514
Grants and contracts, noncapital:	—	—	—	—
Federal	2,555	—	—	2,555
State	1,630	—	—	1,630
Local	46	—	—	46
Nongovernmental	776	—	—	776
Sales and services of educational activities	—	—	—	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$3,862)	15,736	—	—	15,736
Other operating revenues	2,995	65,818	—	68,813
Total operating revenues	<u>54,363</u>	<u>67,707</u>	<u>—</u>	<u>122,070</u>
Expenses:				
Operating expenses:				
Instruction	45,615	982	—	46,597
Research	2,704	186	—	2,890
Public service	249	4,689	—	4,938
Academic support	16,293	76	(13)	16,356
Student services	14,571	1,184	—	15,755
Institutional support	20,682	2,979	(20)	23,641
Operation and maintenance of plant	14,946	66	—	15,012
Student grants and scholarships	15,211	460	—	15,671
Auxiliary enterprise expenses	11,203	14,080	—	25,283
Depreciation and amortization	14,647	3,531	—	18,178
Total operating expenses	<u>156,121</u>	<u>28,233</u>	<u>(33)</u>	<u>184,321</u>
Operating income (loss)	<u>(101,758)</u>	<u>39,474</u>	<u>33</u>	<u>(62,251)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	79,090	—	—	79,090
Federal financial aid grants, noncapital	15,577	—	—	15,577
State financial aid grants, noncapital	11,334	—	—	11,334
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	—	809	—	809
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	33	1,000	(33)	1,000
Investment income, net	2,387	1,444	—	3,831
Endowment income (loss)	—	—	—	—
Interest expense	(13,954)	(4,996)	—	(18,950)
Other nonoperating revenues (expenses)	6,037	3,491	—	9,528
Net nonoperating revenues (expenses)	<u>100,504</u>	<u>1,748</u>	<u>(33)</u>	<u>102,219</u>
Income (loss) before other revenues (expenses)	<u>(1,254)</u>	<u>41,222</u>	<u>—</u>	<u>39,968</u>
State appropriations, capital	250	—	—	250
Grants and gifts, capital	1,595	—	—	1,595
Additions (reductions) to permanent endowments	—	166	—	166
Increase (decrease) in net position	<u>591</u>	<u>41,388</u>	<u>—</u>	<u>41,979</u>
Net position:				
Net position at beginning of year	<u>191,274</u>	<u>(52,583)</u>	<u>—</u>	<u>138,691</u>
Net position at end of year	<u>\$ 191,865</u>	<u>(11,195)</u>	<u>—</u>	<u>180,670</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 30,058
Federal grants and contracts	2,379
State grants and contracts	1,904
Local grants and contracts	38
Nongovernmental grants and contracts	523
Payments to suppliers	(19,285)
Payments to employees	(99,360)
Payments to students	(14,728)
Collections of student loans	—
Sales and services of educational activities	—
Sales and services of auxiliary enterprises	14,873
Other payments	(768)
Net cash provided by (used in) operating activities	<u>(84,366)</u>
Cash flows from noncapital financing activities:	
State appropriations	79,110
Federal financial aid grants	15,534
State financial aid grants	11,358
Nongovernmental and other financial aid grants	42
Other federal nonoperating grants	123
Gifts and grants received for other than capital purposes	33
Federal loan program receipts	27,720
Federal loan program disbursements	(27,619)
Monies received on behalf of others	421
Monies disbursed on behalf of others	(407)
Transfers to escrow agent	(39,299)
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	(34,890)
Principal collections on capital leases	115,715
Interest collections on capital leases	6,514
Principal collections on notes receivable	1,295
Interest collections on notes receivable	2,772
Other noncapital financing activities	5,791
Net cash provided by (used in) noncapital financing activities	<u>164,213</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	50,557
State appropriations	320
State appropriations – SPWB Lease Revenue Bond program	342
Capital grants and gifts	1,595
Proceeds from sale of capital assets	15
Acquisition of capital assets	(17,040)
Transfers to escrow agent	(15,165)
Principal paid on capital debt and leases	(83,161)
Interest paid on capital debt and leases	(23,367)
Principal collection on capital leases	—
Interest collection on capital leases	965
Net cash provided by (used in) capital and related financing activities	<u>(84,939)</u>

## CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 338,654
Purchases of investments	(335,125)
Investment income proceeds	1,562
Net cash provided by (used in) investing activities	<u>5,091</u>
Net increase (decrease) in cash and cash equivalents	(1)
Cash and cash equivalents at beginning of year	<u>5</u>
Cash and cash equivalents at end of year	<u>\$ 4</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 4
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 4</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (101,758)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	14,647
Change in assets and liabilities:	
Accounts receivable, net	(330)
Student loans receivable, net	(2)
Prepaid expenses and other current assets	(182)
Other assets	(1,147)
Deferred outflows of resources	(18,945)
Accounts payable	2,196
Accrued salaries and benefits	(515)
Accrued compensated absences	143
Unearned revenues	(348)
Other postemployment benefits obligations	920
Net pension liability	25,516
Other liabilities	(2,184)
Deferred inflows of resources	<u>(2,377)</u>
Net cash provided by (used in) operating activities	<u>\$ (84,366)</u>
Supplemental schedule of noncash transactions:	
Amortization of net bond premium	\$ 1,134
Amortization of loss on debt refundings	271
Capital assets paid by the Office of the Chancellor	245
Change in accrued capital asset purchases	(3,979)

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY, CHANNEL ISLANDS**

## Transactions with Related Entities

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 922
Payments from discretely presented component units for other than salaries	7,056
Payments to discretely presented component units for services, space, and programs	3,942
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	—
Accounts receivable from discretely presented component units	5,177
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(2,192)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	81
Payments to the Office of the Chancellor for state pro rata charges	299
Accounts receivable from the Office of the Chancellor	52
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	9
Accounts payable to campuses other than the Office of the Chancellor	(1)
State lottery allocation received	313
Other interagency payments or receipts for services, space, and programs	26

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, CHICO

Schedule 6

Statement of Net Position

June 30, 2017

(In thousands)

Assets	Campus	Discretely presented component units	Total
<b>Current assets:</b>			
Cash and cash equivalents	\$ 3	3,961	3,964
Short-term investments	96,379	18,169	114,548
Accounts receivable, net	5,183	9,229	14,412
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	—	—
Prepaid expenses and other current assets	2,279	583	2,862
Total current assets	<u>103,844</u>	<u>31,942</u>	<u>135,786</u>
<b>Noncurrent assets:</b>			
Restricted cash and cash equivalents	619	1,121	1,740
Accounts receivable, net	5,334	—	5,334
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	22	22
Student loans receivable, net	3,519	504	4,023
Pledges receivable, net	—	5,473	5,473
Endowment investments	—	55,652	55,652
Other long-term investments	43,159	31,332	74,491
Capital assets, net	307,111	13,807	320,918
Other assets	5	209	214
Total noncurrent assets	<u>359,747</u>	<u>108,120</u>	<u>467,867</u>
Total assets	<u>463,591</u>	<u>140,062</u>	<u>603,653</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>71,787</u>	<u>—</u>	<u>71,787</u>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	6,617	2,175	8,792
Accrued salaries and benefits	14,491	1,717	16,208
Accrued compensated absences, current portion	4,906	566	5,472
Unearned revenue	5,241	2,182	7,423
Capital lease obligations, current portion	637	—	637
Long-term debt obligations, current portion	4,520	95	4,615
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	264	—	264
Other liabilities	1,258	679	1,937
Total current liabilities	<u>37,934</u>	<u>7,414</u>	<u>45,348</u>
<b>Noncurrent liabilities:</b>			
Accrued compensated absences, net of current portion	3,434	193	3,627
Unearned revenue	—	3,130	3,130
Grants refundable	5,422	—	5,422
Capital lease obligations, net of current portion	6,028	—	6,028
Long-term debt obligations, net of current portion	142,899	2,635	145,534
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	504	11	515
Other postemployment benefits obligations	8,154	1,797	9,951
Net pension liability	288,489	—	288,489
Other liabilities	—	255	255
Total noncurrent liabilities	<u>454,930</u>	<u>8,021</u>	<u>462,951</u>
Total liabilities	<u>492,864</u>	<u>15,435</u>	<u>508,299</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>651</u>	<u>—</u>	<u>651</u>
<b>Net Position</b>			
<b>Net position:</b>			
Net investment in capital assets	164,456	11,078	175,534
Restricted for:			
Nonexpendable – endowments	—	58,053	58,053
Expendable:			
Scholarships and fellowships	42	1,711	1,753
Research	—	1,155	1,155
Loans	41	612	653
Capital projects	5,021	1,476	6,497
Debt service	9	—	9
Others	2	15,746	15,748
Unrestricted	(127,708)	34,795	(92,913)
Total net position	<u>\$ 41,863</u>	<u>124,626</u>	<u>166,489</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY, CHICO**  
Statement of Revenues, Expenses, and Changes in Net Position  
Year ended June 30, 2017  
(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$57,149)	\$ 71,222	7,511	—	78,733
Grants and contracts, noncapital:	—	—	—	—
Federal	—	19,539	—	19,539
State	—	5,112	—	5,112
Local	—	1,060	—	1,060
Nongovernmental	—	2,233	—	2,233
Sales and services of educational activities	150	4,398	—	4,548
Sales and services of auxiliary enterprises (net of scholarship allowances of \$2,659)	23,206	13,185	—	36,391
Other operating revenues	5,913	2,836	—	8,749
Total operating revenues	<u>100,491</u>	<u>55,874</u>	<u>—</u>	<u>156,365</u>
Expenses:				
Operating expenses:				
Instruction	105,307	4,722	—	110,029
Research	958	1,351	(50)	2,259
Public service	1,044	19,876	(6)	20,914
Academic support	29,629	4,933	(211)	34,351
Student services	28,071	5,829	(68)	33,832
Institutional support	28,119	8,262	(373)	36,008
Operation and maintenance of plant	30,046	3,377	(444)	32,979
Student grants and scholarships	33,996	2,092	(1,910)	34,178
Auxiliary enterprise expenses	19,172	11,851	—	31,023
Depreciation and amortization	17,275	1,634	—	18,909
Total operating expenses	<u>293,617</u>	<u>63,927</u>	<u>(3,062)</u>	<u>354,482</u>
Operating income (loss)	<u>(193,126)</u>	<u>(8,053)</u>	<u>3,062</u>	<u>(198,117)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	114,746	—	—	114,746
Federal financial aid grants, noncapital	37,653	—	(30)	37,623
State financial aid grants, noncapital	26,028	—	—	26,028
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	1,960	—	(1,960)	—
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	308	5,227	(309)	5,226
Investment income, net	1,005	1,040	—	2,045
Endowment income (loss)	—	5,408	—	5,408
Interest expense	(5,622)	(94)	—	(5,716)
Other nonoperating revenues (expenses)	9,304	(19)	—	9,285
Net nonoperating revenues (expenses)	<u>185,382</u>	<u>11,562</u>	<u>(2,299)</u>	<u>194,645</u>
Income (loss) before other revenues (expenses)	(7,744)	3,509	763	(3,472)
State appropriations, capital	4,800	—	—	4,800
Grants and gifts, capital	780	—	(763)	17
Additions (reductions) to permanent endowments	—	4,743	—	4,743
Increase (decrease) in net position	<u>(2,164)</u>	<u>8,252</u>	<u>—</u>	<u>6,088</u>
Net position:				
Net position at beginning of year	44,027	116,374	—	160,401
Net position at end of year	<u>\$ 41,863</u>	<u>124,626</u>	<u>—</u>	<u>166,489</u>

See accompanying independent auditors' report.



## CALIFORNIA STATE UNIVERSITY, CHICO

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 70,732
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(52,118)
Payments to employees	(186,635)
Payments to students	(34,174)
Collections of student loans	—
Sales and services of educational activities	150
Sales and services of auxiliary enterprises	22,281
Other receipts	6,300
Net cash provided by (used in) operating activities	<u>(173,464)</u>
Cash flows from noncapital financing activities:	
State appropriations	114,746
Federal financial aid grants	37,653
State financial aid grants	26,041
Nongovernmental and other financial aid grants	1,960
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	308
Federal loan program receipts	58,592
Federal loan program disbursements	(58,871)
Monies received on behalf of others	9,548
Monies disbursed on behalf of others	(9,568)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	8,616
Net cash provided by (used in) noncapital financing activities	<u>189,025</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	7,000
State appropriations	723
State appropriations – SPWB Lease Revenue Bond program	3,676
Capital grants and gifts	764
Proceeds from sale of capital assets	675
Acquisition of capital assets	(17,929)
Transfers to escrow agent	—
Principal paid on capital debt and leases	(4,395)
Interest paid on capital debt and leases	(6,940)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash provided by (used in) capital and related financing activities	<u>(16,426)</u>

## CALIFORNIA STATE UNIVERSITY, CHICO

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 350,363
Purchases of investments	(350,830)
Investment income proceeds	1,951
Net cash provided by (used in) investing activities	<u>1,484</u>
Net increase (decrease) in cash and cash equivalents	619
Cash and cash equivalents at beginning of year	<u>3</u>
Cash and cash equivalents at end of year	<u>\$ 622</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 3
Restricted cash and cash equivalents	<u>619</u>
Total cash and cash equivalents at end of year	<u>\$ 622</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (193,126)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	17,275
Change in assets and liabilities:	—
Accounts receivable, net	327
Student loans receivable, net	(31)
Prepaid expenses and other current assets	(224)
Other assets	2
Deferred outflows of resources	(32,967)
Accounts payable	(1,319)
Accrued salaries and benefits	1,032
Accrued compensated absences	773
Unearned revenues	(1,314)
Other postemployment benefits obligations	869
Net pension liability	40,180
Other liabilities	(185)
Deferred inflows of resources	<u>(4,756)</u>
Net cash provided by (used in) operating activities	<u>\$ (173,464)</u>
Supplemental schedule of noncash transactions:	
Acquisition of capital asset through capital lease	\$ 7,000
Amortization of net bond premium	862
Capital assets paid by the Office of the Chancellor	789
Amortization of loss on debt refundings	517
Contributed capital assets	16
Change in accrued capital asset purchases	(1,046)

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, CHICO

## Transactions with Related Entities

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 2,562
Payments from discretely presented component units for other than salaries	5,283
Payments to discretely presented component units for services, space, and programs	14,461
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	1,072
Accounts receivable from discretely presented component units	317
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(250)
Other amounts payable to discretely presented component units	(584)
Payments to the Office of the Chancellor for administrative activities	274
Payments to the Office of the Chancellor for state pro rata charges	395
Accounts receivable from the Office of the Chancellor	2,178
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	7
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	1,656
Other interagency payments or receipts for services, space, and programs	73

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS

Schedule 6

Statement of Net Position

June 30, 2017

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 2	22,898	22,900
Short-term investments	71,382	4,533	75,915
Accounts receivable, net	10,460	1,575	12,035
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	—	—
Prepaid expenses and other current assets	522	76	598
Total current assets	<u>82,366</u>	<u>29,082</u>	<u>111,448</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	—	—
Accounts receivable, net	1,875	328	2,203
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	1,000	—	1,000
Pledges receivable, net	—	—	—
Endowment investments	—	9,943	9,943
Other long-term investments	966	9,987	10,953
Capital assets, net	147,067	1,152	148,219
Other assets	2	—	2
Total noncurrent assets	<u>150,910</u>	<u>21,410</u>	<u>172,320</u>
Total assets	<u>233,276</u>	<u>50,492</u>	<u>283,768</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>52,725</u>	<u>295</u>	<u>53,020</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	5,475	735	6,210
Accrued salaries and benefits	10,456	—	10,456
Accrued compensated absences, current portion	2,543	251	2,794
Unearned revenue	10,610	353	10,963
Capital lease obligations, current portion	550	—	550
Long-term debt obligations, current portion	1,345	11	1,356
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	67	20	87
Other liabilities	1,671	1	1,672
Total current liabilities	<u>32,717</u>	<u>1,371</u>	<u>34,088</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	6,250	23	6,273
Unearned revenue	—	—	—
Grants refundable	1,094	—	1,094
Capital lease obligations, net of current portion	1,428	—	1,428
Long-term debt obligations, net of current portion	21,748	169	21,917
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	12,087	12,087
Other postemployment benefits obligations	7,461	4,621	12,082
Net pension liability	207,490	510	208,000
Other liabilities	—	503	503
Total noncurrent liabilities	<u>245,471</u>	<u>17,913</u>	<u>263,384</u>
Total liabilities	<u>278,188</u>	<u>19,284</u>	<u>297,472</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>459</u>	<u>28</u>	<u>487</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	122,327	971	123,298
Restricted for:			
Nonexpendable – endowments	—	10,238	10,238
Expendable:			
Scholarships and fellowships	85	10,378	10,463
Research	—	—	—
Loans	199	—	199
Capital projects	1,569	—	1,569
Debt service	4	—	4
Others	378	999	1,377
Unrestricted	(117,208)	8,891	(108,317)
Total net position	<u>\$ 7,354</u>	<u>31,477</u>	<u>38,831</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS**  
Statement of Revenues, Expenses, and Changes in Net Position  
Year ended June 30, 2017  
(In thousands)

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$54,342)	\$ 47,263	4,344	—	51,607
Grants and contracts, noncapital:				
Federal	—	12,798	—	12,798
State	—	780	—	780
Local	18	—	—	18
Nongovernmental	—	567	—	567
Sales and services of educational activities	219	9	—	228
Sales and services of auxiliary enterprises (net of scholarship allowances of \$1,847)	6,248	5,508	—	11,756
Other operating revenues	2,415	1,278	—	3,693
Total operating revenues	<u>56,163</u>	<u>25,284</u>	<u>—</u>	<u>81,447</u>
Expenses:				
Operating expenses:				
Instruction	81,030	9,482	—	90,512
Research	335	1,277	—	1,612
Public service	92	666	—	758
Academic support	22,485	1	—	22,486
Student services	24,641	4,715	(184)	29,172
Institutional support	22,583	1,168	—	23,751
Operation and maintenance of plant	20,547	—	—	20,547
Student grants and scholarships	31,071	946	—	32,017
Auxiliary enterprise expenses	5,418	8,327	—	13,745
Depreciation and amortization	9,283	180	—	9,463
Total operating expenses	<u>217,485</u>	<u>26,762</u>	<u>(184)</u>	<u>244,063</u>
Operating income (loss)	<u>(161,322)</u>	<u>(1,478)</u>	<u>184</u>	<u>(162,616)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	85,258	—	—	85,258
Federal financial aid grants, noncapital	36,314	—	—	36,314
State financial aid grants, noncapital	21,610	—	—	21,610
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	1,150	—	—	1,150
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	161	5,460	(161)	5,460
Investment income, net	509	1,292	—	1,801
Endowment income (loss)	—	1,031	—	1,031
Interest expense	(841)	(10)	—	(851)
Other nonoperating revenues (expenses)	6,437	70	—	6,507
Net nonoperating revenues (expenses)	<u>150,598</u>	<u>7,843</u>	<u>(161)</u>	<u>158,280</u>
Income (loss) before other revenues (expenses)	<u>(10,724)</u>	<u>6,365</u>	<u>23</u>	<u>(4,336)</u>
State appropriations, capital	1,050	—	—	1,050
Grants and gifts, capital	23	—	(23)	—
Additions (reductions) to permanent endowments	—	—	—	—
Increase (decrease) in net position	<u>(9,651)</u>	<u>6,365</u>	<u>—</u>	<u>(3,286)</u>
Net position:				
Net position at beginning of year	<u>17,005</u>	<u>25,112</u>	<u>—</u>	<u>42,117</u>
Net position at end of year	<u>\$ 7,354</u>	<u>31,477</u>	<u>—</u>	<u>38,831</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 46,781
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	18
Nongovernmental grants and contracts	—
Payments to suppliers	(27,523)
Payments to employees	(137,613)
Payments to students	(31,283)
Collections of student loans	89
Sales and services of educational activities	219
Sales and services of auxiliary enterprises	6,329
Other receipts	555
Net cash provided by (used in) operating activities	<u>(142,428)</u>
Cash flows from noncapital financing activities:	
State appropriations	85,258
Federal financial aid grants	36,314
State financial aid grants	21,634
Nongovernmental and other financial aid grants	1,150
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	161
Federal loan program receipts	48,169
Federal loan program disbursements	(48,299)
Monies received on behalf of others	—
Monies disbursed on behalf of others	—
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	5,577
Net cash provided by (used in) noncapital financing activities	<u>149,964</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	—
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	—
Proceeds from sale of capital assets	29
Acquisition of capital assets	(6,523)
Transfers to escrow agent	—
Principal paid on capital debt and leases	(1,914)
Interest paid on capital debt and leases	(1,107)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash provided by (used in) capital and related financing activities	<u>(9,515)</u>

## CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 251,285
Purchases of investments	(250,289)
Investment income proceeds	983
Net cash provided by (used in) investing activities	<u>1,979</u>
Net increase (decrease) in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>2</u>
Cash and cash equivalents at end of year	<u>\$ 2</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 2
Restricted cash and cash equivalents	—
Total cash and cash equivalents at end of year	<u>\$ 2</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (161,322)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	9,283
Change in assets and liabilities:	
Accounts receivable, net	(1,847)
Student loans receivable, net	(62)
Prepaid expenses and other current assets	184
Other assets	2
Deferred outflows of resources	(27,094)
Accounts payable	2,255
Accrued salaries and benefits	1,036
Accrued compensated absences	1,861
Unearned revenues	(464)
Other postemployment benefits obligations	1,150
Net pension liability	35,831
Other liabilities	27
Deferred inflows of resources	(3,268)
Net cash provided by (used in) operating activities	<u>\$ (142,428)</u>
Supplemental schedule of noncash transactions:	
Capital assets paid by the Office of the Chancellor	\$ 861
Amortization of net bond premium	245
Change in accrued capital asset purchases	76
Amortization of loss on debt refundings	34
Contributed capital assets	23

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS

## Transactions with Related Entities

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 732
Payments from discretely presented component units for other than salaries	2,959
Payments to discretely presented component units for services, space, and programs	1,440
Gifts in kind from discretely presented component units	26
Gifts (cash or assets) from discretely presented component units	185
Accounts receivable from discretely presented component units	252
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(83)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	112
Payments to the Office of the Chancellor for state pro rata charges	555
Accounts receivable from the Office of the Chancellor	2,626
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	1,859
Other interagency payments or receipts for services, space, and programs	358

See accompanying independent auditors' report.



CALIFORNIA STATE UNIVERSITY, EAST BAY

Schedule 6

Statement of Net Position

June 30, 2017

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 17	1,010	1,027
Short-term investments	103,115	32,275	135,390
Accounts receivable, net	9,722	1,838	11,560
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	731	731
Prepaid expenses and other current assets	1,039	3	1,042
Total current assets	<u>113,893</u>	<u>35,857</u>	<u>149,750</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	—	—
Accounts receivable, net	2,146	—	2,146
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	2,242	—	2,242
Pledges receivable, net	—	1,002	1,002
Endowment investments	—	11,166	11,166
Other long-term investments	817	—	817
Capital assets, net	235,635	4,301	239,936
Other assets	1	—	1
Total noncurrent assets	<u>240,841</u>	<u>16,469</u>	<u>257,310</u>
Total assets	<u>354,734</u>	<u>52,326</u>	<u>407,060</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>75,205</u>	<u>893</u>	<u>76,098</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	10,801	2,171	12,972
Accrued salaries and benefits	11,711	19	11,730
Accrued compensated absences, current portion	5,775	32	5,807
Unearned revenue	8,190	1,277	9,467
Capitalized lease obligations, current portion	753	—	753
Long-term debt obligations, current portion	2,785	220	3,005
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	343	3,681	4,024
Other liabilities	1,451	33	1,484
Total current liabilities	<u>41,809</u>	<u>7,433</u>	<u>49,242</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	3,465	—	3,465
Unearned revenue	—	—	—
Grants refundable	2,918	—	2,918
Capitalized lease obligations, net of current portion	2,288	—	2,288
Long-term debt obligations, net of current portion	100,785	2,123	102,908
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Other postemployment benefits obligations	5,747	2,535	8,282
Net pension liability	281,632	4,772	286,404
Other liabilities	49	—	49
Total noncurrent liabilities	<u>396,884</u>	<u>9,430</u>	<u>406,314</u>
Total liabilities	<u>438,693</u>	<u>16,863</u>	<u>455,556</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>634</u>	<u>316</u>	<u>950</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	132,840	1,941	134,781
Restricted for:			
Nonexpendable – endowments	—	11,167	11,167
Expendable:			
Scholarships and fellowships	972	2,978	3,950
Research	—	—	—
Loans	489	—	489
Capital projects	1,757	—	1,757
Debt service	14	—	14
Others	1,344	4,030	5,374
Unrestricted	(146,802)	15,926	(130,876)
Total net position	<u>\$ (9,386)</u>	<u>36,042</u>	<u>26,656</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, EAST BAY

## Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2017

(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$47,484)	\$ 89,638	1,932	—	91,570
Grants and contracts, noncapital:				
Federal	3	7,882	—	7,885
State	—	914	—	914
Local	179	—	—	179
Nongovernmental	1	1,925	—	1,926
Sales and services of educational activities	135	—	—	135
Sales and services of auxiliary enterprises (net of scholarship allowances of \$3,086)	13,635	—	—	13,635
Other operating revenues	9,666	686	—	10,352
Total operating revenues	<u>113,257</u>	<u>13,339</u>	<u>—</u>	<u>126,596</u>
Expenses:				
Operating expenses:				
Instruction	86,501	3,606	—	90,107
Research	1,372	1,886	—	3,258
Public service	1,935	3,851	—	5,786
Academic support	46,191	261	—	46,452
Student services	35,135	1,115	—	36,250
Institutional support	29,314	—	—	29,314
Operation and maintenance of plant	29,819	—	—	29,819
Student grants and scholarships	23,128	180	—	23,308
Auxiliary enterprise expenses	14,524	8,431	(3,891)	19,064
Depreciation and amortization	14,201	151	—	14,352
Total operating expenses	<u>282,120</u>	<u>19,481</u>	<u>(3,891)</u>	<u>297,710</u>
Operating income (loss)	<u>(168,863)</u>	<u>(6,142)</u>	<u>3,891</u>	<u>(171,114)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	93,029	—	—	93,029
Federal financial aid grants, noncapital	29,796	—	—	29,796
State financial aid grants, noncapital	19,668	—	—	19,668
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	607	—	—	607
Other federal nonoperating grants, noncapital	400	—	—	400
Gifts, noncapital	1,774	1,442	(1,174)	2,042
Investment income, net	1,246	3,822	—	5,068
Endowment income (loss)	—	147	—	147
Interest expense	(4,330)	(72)	—	(4,402)
Other nonoperating revenues (expenses)	4,726	307	—	5,033
Net nonoperating revenues (expenses)	<u>146,916</u>	<u>5,646</u>	<u>(1,174)</u>	<u>151,388</u>
Income (loss) before other revenues (expenses)	<u>(21,947)</u>	<u>(496)</u>	<u>2,717</u>	<u>(19,726)</u>
State appropriations, capital	1,000	—	—	1,000
Grants and gifts, capital	2,723	—	(2,717)	6
Additions (reductions) to permanent endowments	—	944	—	944
Increase (decrease) in net position	<u>(18,224)</u>	<u>448</u>	<u>—</u>	<u>(17,776)</u>
Net position:				
Net position at beginning of year	<u>8,838</u>	<u>35,594</u>	<u>—</u>	<u>44,432</u>
Net position at end of year	<u>\$ (9,386)</u>	<u>36,042</u>	<u>—</u>	<u>26,656</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, EAST BAY

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 89,126
Federal grants and contracts	—
State grants and contracts	23
Local grants and contracts	238
Nongovernmental grants and contracts	1
Payments to suppliers	(61,819)
Payments to employees	(169,211)
Payments to students	(23,081)
Collections of student loans	54
Sales and services of educational activities	135
Sales and services of auxiliary enterprises	13,634
Other receipts	11,271
Net cash provided by (used in) operating activities	<u>(139,629)</u>
Cash flows from noncapital financing activities:	
State appropriations	93,049
Federal financial aid grants	29,796
State financial aid grants	19,668
Nongovernmental and other financial aid grants	607
Other federal nonoperating grants	400
Gifts and grants received for other than capital purposes	1,774
Federal loan program receipts	57,572
Federal loan program disbursements	(57,112)
Monies received on behalf of others	910
Monies disbursed on behalf of others	(937)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	4,322
Net cash provided by (used in) noncapital financing activities	<u>150,049</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	266
State appropriations – SPWB Lease Revenue Bond program	95
Capital grants and gifts	2,723
Proceeds from sale of capital assets	2
Acquisition of capital assets	(2,617)
Transfers to escrow agent	—
Principal paid on capital debt and leases	(3,302)
Interest paid on capital debt and leases	(4,860)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash provided by (used in) capital and related financing activities	<u>(7,693)</u>

## CALIFORNIA STATE UNIVERSITY, EAST BAY

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 340,732
Purchases of investments	(345,330)
Investment income proceeds	1,871
Net cash provided by (used in) investing activities	<u>(2,727)</u>
Net increase (decrease) in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>17</u>
Cash and cash equivalents at end of year	<u>\$ 17</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 17
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 17</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (168,863)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	14,201
Change in assets and liabilities:	
Accounts receivable, net	(1,117)
Student loans receivable, net	(9)
Prepaid expenses and other current assets	(94)
Other assets	(3)
Deferred outflows of resources	(34,644)
Accounts payable	3,038
Accrued salaries and benefits	752
Accrued compensated absences	566
Unearned revenues	1,975
Other postemployment benefits obligations	1,089
Net pension liability	47,590
Other liabilities	351
Deferred inflows of resources	(4,461)
Net cash provided by (used in) operating activities	<u>\$ (139,629)</u>
Supplemental schedule of noncash transactions:	
Change in accrued capital asset purchases	\$ 1,422
Amortization of net bond premium	632
Capital assets paid by the Office of the Chancellor	403
Amortization of loss on debt refundings	214

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY, EAST BAY**

## Transactions with Related Entities

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 5,199
Payments from discretely presented component units for other than salaries	2,043
Payments to discretely presented component units for services, space, and programs	292
Gifts in kind from discretely presented component units	8
Gifts (cash or assets) from discretely presented component units	3,831
Accounts receivable from discretely presented component units	4,354
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(3)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	162
Payments to the Office of the Chancellor for state pro rata charges	463
Accounts receivable from the Office of the Chancellor	286
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	180
Accounts payable to campuses other than the Office of the Chancellor	(8)
State lottery allocation received	1,420
Other interagency payments or receipts for services, space, and programs	24

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, FRESNO

Schedule 6

Statement of Net Position

June 30, 2017

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 11	16,942	16,953
Short-term investments	85,852	53,650	139,502
Accounts receivable, net	13,447	30,224	43,671
Capital lease receivable, current portion	3,745	—	3,745
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	5,551	5,551
Prepaid expenses and other current assets	907	2,717	3,624
Total current assets	<u>103,962</u>	<u>109,084</u>	<u>213,046</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	122	122
Accounts receivable, net	1,584	53	1,637
Capital lease receivable, net of current portion	45,045	—	45,045
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	1,937	320	2,257
Pledges receivable, net	—	17,263	17,263
Endowment investments	738	143,570	144,308
Other long-term investments	14,305	13,147	27,452
Capital assets, net	243,569	86,990	330,559
Other assets	6	521	527
Total noncurrent assets	<u>307,184</u>	<u>261,986</u>	<u>569,170</u>
Total assets	<u>411,146</u>	<u>371,070</u>	<u>782,216</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>78,452</u>	<u>888</u>	<u>79,340</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	8,812	9,589	18,401
Accrued salaries and benefits	20,477	1,872	22,349
Accrued compensated absences, current portion	5,723	209	5,932
Unearned revenue	3,360	14,042	17,402
Capital lease obligations, current portion	1,695	3,745	5,440
Long-term debt obligations, current portion	2,430	590	3,020
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	66	389	455
Other liabilities	3,976	2,524	6,500
Total current liabilities	<u>46,539</u>	<u>32,960</u>	<u>79,499</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	7,355	554	7,909
Unearned revenue	—	—	—
Grants refundable	2,572	—	2,572
Capital lease obligations, net of current portion	29,321	51,144	80,465
Long-term debt obligations, net of current portion	61,104	6,030	67,134
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	2,670	2,670
Other postemployment benefits obligations	3,355	4,681	8,036
Net pension liability	348,674	2,215	350,889
Other liabilities	—	883	883
Total noncurrent liabilities	<u>452,381</u>	<u>68,177</u>	<u>520,558</u>
Total liabilities	<u>498,920</u>	<u>101,137</u>	<u>600,057</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>784</u>	<u>481</u>	<u>1,265</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	196,150	27,480	223,630
Restricted for:			
Nonexpendable – endowments	738	106,627	107,365
Expendable:			
Scholarships and fellowships	71	41,506	41,577
Research	110	—	110
Loans	367	1,425	1,792
Capital projects	1,414	—	1,414
Debt service	607	—	607
Others	26	39,929	39,955
Unrestricted	(209,589)	53,374	(156,215)
Total net position	<u>\$ (10,106)</u>	<u>270,341</u>	<u>260,235</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY, FRESNO**  
Statement of Revenues, Expenses, and Changes in Net Position  
Year ended June 30, 2017  
(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
<b>Revenues:</b>				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$91,971)	\$ 80,798	5,082	—	85,880
Grants and contracts, noncapital:				
Federal	—	22,288	—	22,288
State	481	8,941	—	9,422
Local	—	—	—	—
Nongovernmental	—	3,498	—	3,498
Sales and services of educational activities	52	—	—	52
Sales and services of auxiliary enterprises (net of scholarship allowances of \$0)	4,687	61,462	(7,274)	58,875
Other operating revenues	9,597	7,474	(1,011)	16,060
Total operating revenues	<u>95,615</u>	<u>108,745</u>	<u>(8,285)</u>	<u>196,075</u>
<b>Expenses:</b>				
Operating expenses:				
Instruction	131,354	13,920	—	145,274
Research	2,403	5,812	—	8,215
Public service	3,997	16,622	—	20,619
Academic support	38,416	16	—	38,432
Student services	48,095	9,887	(7,274)	50,708
Institutional support	38,577	121	—	38,698
Operation and maintenance of plant	43,549	1,646	—	45,195
Student grants and scholarships	60,705	11,057	(3,879)	67,883
Auxiliary enterprise expenses	4,689	71,881	(2,037)	74,533
Depreciation and amortization	17,408	5,334	—	22,742
Total operating expenses	<u>389,193</u>	<u>136,296</u>	<u>(13,190)</u>	<u>512,299</u>
Operating income (loss)	<u>(293,578)</u>	<u>(27,551)</u>	<u>4,905</u>	<u>(316,224)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	147,956	—	—	147,956
Federal financial aid grants, noncapital	62,520	—	—	62,520
State financial aid grants, noncapital	44,940	—	—	44,940
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	—	—	—	—
Other federal nonoperating grants, noncapital	120	—	—	120
Gifts, noncapital	4,411	15,915	(4,059)	16,267
Investment income, net	2,860	4,340	—	7,200
Endowment income (loss)	9	13,885	—	13,894
Interest expense	(4,009)	(194)	—	(4,203)
Other nonoperating revenues (expenses)	4,048	(8,671)	—	(4,623)
Net nonoperating revenues (expenses)	<u>262,855</u>	<u>25,275</u>	<u>(4,059)</u>	<u>284,071</u>
Income (loss) before other revenues (expenses)	<u>(30,723)</u>	<u>(2,276)</u>	<u>846</u>	<u>(32,153)</u>
State appropriations, capital	1,600	—	—	1,600
Grants and gifts, capital	1,577	1,029	(846)	1,760
Additions (reductions) to permanent endowments	—	944	—	944
Increase (decrease) in net position	<u>(27,546)</u>	<u>(303)</u>	<u>—</u>	<u>(27,849)</u>
<b>Net position:</b>				
Net position at beginning of year	17,440	270,644	—	288,084
Net position at end of year	<u>\$ (10,106)</u>	<u>270,341</u>	<u>—</u>	<u>260,235</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, FRESNO

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 78,707
Federal grants and contracts	—
State grants and contracts	579
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(67,717)
Payments to employees	(233,389)
Payments to students	(61,058)
Collections of student loans	4
Sales and services of educational activities	52
Sales and services of auxiliary enterprises	4,688
Other receipts	10,712
Net cash provided by (used in) operating activities	<u>(267,422)</u>
Cash flows from noncapital financing activities:	
State appropriations	147,956
Federal financial aid grants	63,190
State financial aid grants	44,455
Nongovernmental and other financial aid grants	—
Other federal nonoperating grants	120
Gifts and grants received for other than capital purposes	4,411
Federal loan program receipts	62,266
Federal loan program disbursements	(61,899)
Monies received on behalf of others	53
Monies disbursed on behalf of others	(55)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	(1,925)
Interest paid on long-term debt	(2,078)
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	2,290
Interest collections on capital leases	2,078
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	3,522
Net cash provided by (used in) noncapital financing activities	<u>264,384</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	138
State appropriations – SPWB Lease Revenue Bond program	3
Capital grants and gifts	—
Proceeds from sale of capital assets	77
Acquisition of capital assets	(7,520)
Transfers to escrow agent	—
Principal paid on capital debt and leases	(2,734)
Interest paid on capital debt and leases	(3,071)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash provided by (used in) capital and related financing activities	<u>(13,107)</u>



## CALIFORNIA STATE UNIVERSITY, FRESNO

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 488,859
Purchases of investments	(473,951)
Investment income proceeds	1,236
Net cash provided by (used in) investing activities	<u>16,144</u>
Net increase (decrease) in cash and cash equivalents	(1)
Cash and cash equivalents at beginning of year	<u>12</u>
Cash and cash equivalents at end of year	<u>\$ 11</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 11
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 11</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (293,578)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	17,408
Change in assets and liabilities:	
Accounts receivable, net	(4,446)
Student loans receivable, net	(92)
Prepaid expenses and other current assets	46
Other assets	10
Deferred outflows of resources	(42,234)
Accounts payable	2,362
Accrued salaries and benefits	2,331
Accrued compensated absences	1,036
Unearned revenues	1,335
Depository accounts	62
Other postemployment benefits obligations	566
Net pension liability	52,099
Other liabilities	1,344
Deferred inflows of resources	<u>(5,671)</u>
Net cash provided by (used in) operating activities	<u>\$ (267,422)</u>
Supplemental schedule of noncash transactions:	
Contributed capital assets	\$ 1,577
Gifts in kind	785
Capital assets paid by the Office of the Chancellor	249
Acquisition of capital assets through capital lease	157
Amortization of loss on debt refundings	27
Change in accrued capital asset purchases	(956)

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, FRESNO

## Transactions with Related Entities

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 3,891
Payments from discretely presented component units for other than salaries	1,692
Payments to discretely presented component units for services, space, and programs	8,597
Gifts in kind from discretely presented component units	1,444
Gifts (cash or assets) from discretely presented component units	16
Accounts receivable from discretely presented component units	2,840
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(370)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	82
Payments to the Office of the Chancellor for state pro rata charges	196
Accounts receivable from the Office of the Chancellor	486
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	(281)
State lottery allocation received	2,299
Other interagency payments or receipts for services, space, and programs	42

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, FULLERTON

Schedule 6

Statement of Net Position

June 30, 2017

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 13	25,584	25,597
Short-term investments	176,406	26,270	202,676
Accounts receivable, net	9,753	5,980	15,733
Capital lease receivable, current portion	145	990	1,135
Notes receivable, current portion	—	38	38
Pledges receivable, net	—	2,421	2,421
Prepaid expenses and other current assets	5,229	3,414	8,643
Total current assets	<u>191,546</u>	<u>64,697</u>	<u>256,243</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	3,645	3,645
Accounts receivable, net	2,832	—	2,832
Capital lease receivable, net of current portion	4,795	21,170	25,965
Notes receivable, net of current portion	—	1,175	1,175
Student loans receivable, net	3,498	—	3,498
Pledges receivable, net	—	6,447	6,447
Endowment investments	—	59,400	59,400
Other long-term investments	25,341	1,094	26,435
Capital assets, net	508,612	69,557	578,169
Other assets	5,022	465	5,487
Total noncurrent assets	<u>550,100</u>	<u>162,953</u>	<u>713,053</u>
Total assets	<u>741,646</u>	<u>227,650</u>	<u>969,296</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>135,863</u>	<u>—</u>	<u>135,863</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	9,096	8,103	17,199
Accrued salaries and benefits	29,992	273	30,265
Accrued compensated absences, current portion	9,238	764	10,002
Unearned revenue	11,573	1,203	12,776
Capital lease obligations, current portion	2,613	145	2,758
Long-term debt obligations, current portion	7,518	2,092	9,610
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	319	2,161	2,480
Other liabilities	8,703	5,380	14,083
Total current liabilities	<u>79,052</u>	<u>20,121</u>	<u>99,173</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	6,969	284	7,253
Unearned revenue	—	—	—
Grants refundable	4,593	—	4,593
Capital lease obligations, net of current portion	31,479	4,795	36,274
Long-term debt obligations, net of current portion	247,140	63,096	310,236
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Other postemployment benefits obligations	12,300	3,729	16,029
Net pension liability	549,750	6,582	556,332
Other liabilities	—	3,435	3,435
Total noncurrent liabilities	<u>852,231</u>	<u>81,921</u>	<u>934,152</u>
Total liabilities	<u>931,283</u>	<u>102,042</u>	<u>1,033,325</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>1,239</u>	<u>—</u>	<u>1,239</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	235,856	21,639	257,495
Restricted for:			
Nonexpendable – endowments	—	58,411	58,411
Expendable:			
Scholarships and fellowships	—	3,745	3,745
Research	—	—	—
Loans	438	—	438
Capital projects	2,571	—	2,571
Debt service	25	—	25
Others	393	26,174	26,567
Unrestricted	(294,295)	15,640	(278,655)
Total net position	<u>\$ (55,012)</u>	<u>125,609</u>	<u>70,597</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY, FULLERTON**  
Statement of Revenues, Expenses, and Changes in Net Position  
Year ended June 30, 2017  
(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
<b>Revenues:</b>				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$116,300)	\$ 181,898	13,619	—	195,517
Grants and contracts, noncapital:				
Federal	228	16,608	—	16,836
State	—	4,209	—	4,209
Local	—	555	—	555
Nongovernmental	—	2,185	—	2,185
Sales and services of educational activities	—	—	—	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$3,821)	40,609	38,671	(1,558)	77,722
Other operating revenues	14,391	13,246	(105)	27,532
Total operating revenues	<u>237,126</u>	<u>89,093</u>	<u>(1,663)</u>	<u>324,556</u>
<b>Expenses:</b>				
Operating expenses:				
Instruction	214,970	7,227	—	222,197
Research	894	5,450	—	6,344
Public service	(3,411)	5,099	—	1,688
Academic support	45,097	838	—	45,935
Student services	45,540	18,487	—	64,027
Institutional support	88,623	2,555	—	91,178
Operation and maintenance of plant	42,566	8,394	—	50,960
Student grants and scholarships	68,794	2,602	—	71,396
Auxiliary enterprise expenses	23,250	39,988	(2,779)	60,459
Depreciation and amortization	32,168	2,213	—	34,381
Total operating expenses	<u>558,491</u>	<u>92,853</u>	<u>(2,779)</u>	<u>648,565</u>
Operating income (loss)	<u>(321,365)</u>	<u>(3,760)</u>	<u>1,116</u>	<u>(324,009)</u>
<b>Nonoperation revenues (expenses):</b>				
State appropriations, noncapital	180,293	—	—	180,293
Federal financial aid grants, noncapital	76,753	—	—	76,753
State financial aid grants, noncapital	57,570	—	—	57,570
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	371	—	—	371
Other federal nonoperating grants, noncapital	1,500	—	—	1,500
Gifts, noncapital	1,138	8,212	(703)	8,647
Investment income, net	1,562	6,179	—	7,741
Endowment income (loss)	—	152	—	152
Interest expense	(12,836)	—	—	(12,836)
Other nonoperating revenues (expenses)	18,995	(3,738)	—	15,257
Net nonoperating revenues (expenses)	<u>325,346</u>	<u>10,805</u>	<u>(703)</u>	<u>335,448</u>
Income (loss) before other revenues (expenses)	3,981	7,045	413	11,439
State appropriations, capital	1,800	—	—	1,800
Grants and gifts, capital	1,395	—	(413)	982
Additions (reductions) to permanent endowments	—	5,735	—	5,735
Increase (decrease) in net position	7,176	12,780	—	19,956
<b>Net position:</b>				
Net position at beginning of year	(62,188)	112,829	—	50,641
Net position at end of year	<u>\$ (55,012)</u>	<u>125,609</u>	<u>—</u>	<u>70,597</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, FULLERTON

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 182,576
Federal grants and contracts	228
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(87,711)
Payments to employees	(357,791)
Payments to students	(69,120)
Collections of student loans	—
Sales and services of educational activities	—
Sales and services of auxiliary enterprises	39,534
Other receipts	12,049
	<hr/>
Net cash provided by (used in) operating activities	(280,235)
Cash flows from noncapital financing activities:	
State appropriations	178,516
Federal financial aid grants	76,704
State financial aid grants	57,569
Nongovernmental and other financial aid grants	371
Other federal nonoperating grants	1,500
Gifts and grants received for other than capital purposes	1,138
Federal loan program receipts	102,914
Federal loan program disbursements	(104,091)
Monies received on behalf of others	6,262
Monies disbursed on behalf of others	(6,273)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	(135)
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	21,562
	<hr/>
Net cash provided by (used in) noncapital financing activities	336,037
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	1,800
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	—
Proceeds from sale of capital assets	—
Acquisition of capital assets	(18,387)
Transfers to escrow agent	—
Principal paid on capital debt and leases	(9,177)
Interest paid on capital debt and leases	(13,580)
Principal collection on capital leases	—
Interest collection on capital leases	—
	<hr/>
Net cash provided by (used in) capital and related financing activities	(39,344)

## CALIFORNIA STATE UNIVERSITY, FULLERTON

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 754,296
Purchases of investments	(773,852)
Investment income proceeds	3,098
Net cash provided by (used in) investing activities	<u>(16,458)</u>
Net increase (decrease) in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>13</u>
Cash and cash equivalents at end of year	<u>\$ 13</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 13
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 13</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (321,365)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	32,168
Change in assets and liabilities:	
Accounts receivable, net	(3,902)
Student loans receivable, net	(127)
Prepaid expenses and other current assets	(1,512)
Other assets	20
Deferred outflows of resources	(62,171)
Accounts payable	1,229
Accrued salaries and benefits	(361)
Accrued compensated absences	768
Unearned revenues	559
Other postemployment benefits obligations	2,142
Net pension liability	81,175
Other liabilities	104
Deferred inflows of resources	<u>(8,962)</u>
Net cash provided by (used in) operating activities	<u>\$ (280,235)</u>
Supplemental schedule of noncash transactions:	
Contributed capital assets	\$ 1,395
Amortization of net bond premium	1,246
Change in accrued capital asset purchases	1,226
Capital assets paid by the Office of the Chancellor	1,157
Amortization of loss on debt refundings	564
Non-cash payment of capital lease obligation	135
Non-cash receipt of capital lease receivable	135

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, FULLERTON

## Transactions with Related Entities

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 8,663
Payments from discretely presented component units for other than salaries	5,216
Payments to discretely presented component units for services, space, and programs	14,553
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	2,471
Accounts receivable from discretely presented component units	2,297
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(1,219)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	253
Payments to the Office of the Chancellor for state pro rata charges	749
Accounts receivable from the Office of the Chancellor	3,021
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	2,655
Other interagency payments or receipts for services, space, and programs	(537)

See accompanying independent auditors' report.

HUMBOLDT STATE UNIVERSITY

Schedule 6

Statement of Net Position

June 30, 2017

(In thousands)

Assets	Discretely presented component		Total
	Campus	units	
<b>Current assets:</b>			
Cash and cash equivalents	\$ 12	3,012	3,024
Short-term investments	52,481	15,519	68,000
Accounts receivable, net	2,057	7,133	9,190
Capital lease receivable, current portion	—	25	25
Notes receivable, current portion	—	—	—
Pledges receivable, net	2,000	43	2,043
Prepaid expenses and other current assets	1,297	467	1,764
<b>Total current assets</b>	<b>57,847</b>	<b>26,199</b>	<b>84,046</b>
<b>Noncurrent assets:</b>			
Restricted cash and cash equivalents	—	—	—
Accounts receivable, net	3,284	—	3,284
Capital lease receivable, net of current portion	—	494	494
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	2,836	—	2,836
Pledges receivable, net	—	52	52
Endowment investments	993	29,568	30,561
Other long-term investments	7,011	1,337	8,348
Capital assets, net	181,191	3,520	184,711
Other assets	43	2,533	2,576
<b>Total noncurrent assets</b>	<b>195,358</b>	<b>37,504</b>	<b>232,862</b>
<b>Total assets</b>	<b>253,205</b>	<b>63,703</b>	<b>316,908</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	40,728	2,824	43,552
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	2,657	1,399	4,056
Accrued salaries and benefits	8,591	642	9,233
Accrued compensated absences, current portion	2,577	256	2,833
Unearned revenue	2,327	2,376	4,703
Capital lease obligations, current portion	103	25	128
Long-term debt obligations, current portion	1,685	—	1,685
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	595	2	597
Other liabilities	812	2,541	3,353
<b>Total current liabilities</b>	<b>19,347</b>	<b>7,241</b>	<b>26,588</b>
<b>Noncurrent liabilities:</b>			
Accrued compensated absences, net of current portion	3,117	80	3,197
Unearned revenue	—	53	53
Grants refundable	3,825	—	3,825
Capital lease obligations, net of current portion	2,091	494	2,585
Long-term debt obligations, net of current portion	55,881	—	55,881
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Other postemployment benefits obligations	5,189	772	5,961
Net pension liability	184,877	1,300	186,177
Other liabilities	—	—	—
<b>Total noncurrent liabilities</b>	<b>254,980</b>	<b>2,699</b>	<b>257,679</b>
<b>Total liabilities</b>	<b>274,327</b>	<b>9,940</b>	<b>284,267</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	414	2,425	2,839
<b>Net Position</b>			
<b>Net position:</b>			
Net investment in capital assets	130,609	3,001	133,610
Restricted for:			
Nonexpendable – endowments	993	22,507	23,500
Expendable:			
Scholarships and fellowships	2,297	—	2,297
Research	—	34	34
Loans	820	—	820
Capital projects	8,739	—	8,739
Debt service	5	—	5
Others	—	11,164	11,164
Unrestricted	(124,269)	17,455	(106,814)
<b>Total net position</b>	<b>\$ 19,194</b>	<b>54,161</b>	<b>73,355</b>

See accompanying independent auditors' report.



## HUMBOLDT STATE UNIVERSITY

## Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2017

(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$28,973)	\$ 34,829	1,988	—	36,817
Grants and contracts, noncapital:				
Federal	686	10,491	—	11,177
State	586	8,459	—	9,045
Local	—	677	—	677
Nongovernmental	—	3,660	—	3,660
Sales and services of educational activities	605	—	—	605
Sales and services of auxiliary enterprises (net of scholarship allowances of \$10,556)	5,499	14,163	—	19,662
Other operating revenues	6,172	3,379	(266)	9,285
Total operating revenues	<u>48,377</u>	<u>42,817</u>	<u>(266)</u>	<u>90,928</u>
Expenses:				
Operating expenses:				
Instruction	59,398	2	—	59,400
Research	279	12,576	—	12,855
Public service	519	9,281	—	9,800
Academic support	18,802	723	—	19,525
Student services	22,025	868	—	22,893
Institutional support	17,491	62	—	17,553
Operation and maintenance of plant	17,685	14	—	17,699
Student grants and scholarships	12,921	284	(284)	12,921
Auxiliary enterprise expenses	8,145	19,850	—	27,995
Depreciation and amortization	11,007	358	—	11,365
Total operating expenses	<u>168,272</u>	<u>44,018</u>	<u>(284)</u>	<u>212,006</u>
Operating income (loss)	<u>(119,895)</u>	<u>(1,201)</u>	<u>18</u>	<u>(121,078)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	78,319	—	—	78,319
Federal financial aid grants, noncapital	22,490	—	—	22,490
State financial aid grants, noncapital	15,180	—	—	15,180
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	1,160	—	—	1,160
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	227	2,925	(1,214)	1,938
Investment income, net	438	300	—	738
Endowment income (loss)	(1)	3,557	—	3,556
Interest expense	(2,096)	(44)	—	(2,140)
Other nonoperating revenues (expenses)	5,085	(3,574)	1,716	3,227
Net nonoperating revenues (expenses)	<u>120,802</u>	<u>3,164</u>	<u>502</u>	<u>124,468</u>
Income (loss) before other revenues (expenses)	907	1,963	520	3,390
State appropriations, capital	1,139	—	—	1,139
Grants and gifts, capital	520	—	(520)	—
Additions (reductions) to permanent endowments	—	956	—	956
Increase (decrease) in net position	2,566	2,919	—	5,485
Net position:				
Net position at beginning of year	16,628	51,242	—	67,870
Net position at end of year	<u>\$ 19,194</u>	<u>54,161</u>	<u>—</u>	<u>73,355</u>

See accompanying independent auditors' report.

## HUMBOLDT STATE UNIVERSITY

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 34,274
Federal grants and contracts	815
State grants and contracts	492
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(24,524)
Payments to employees	(118,641)
Payments to students	(12,927)
Collections of student loans	—
Sales and services of educational activities	605
Sales and services of auxiliary enterprises	5,498
Other receipts	6,324
	<hr/>
Net cash provided by (used in) operating activities	(108,084)
Cash flows from noncapital financing activities:	
State appropriations	78,320
Federal financial aid grants	22,451
State financial aid grants	15,180
Nongovernmental and other financial aid grants	1,160
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	227
Federal loan program receipts	37,143
Federal loan program disbursements	(37,183)
Monies received on behalf of others	5,082
Monies disbursed on behalf of others	(4,625)
Transfers to escrow agent	—
Proceeds from long-term debt	1,800
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	2,524
	<hr/>
Net cash provided by (used in) noncapital financing activities	122,079
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	—
State appropriations – SPWB Lease Revenue Bond program	111
Capital grants and gifts	289
Proceeds from sale of capital assets	—
Acquisition of capital assets	(3,938)
Transfers to escrow agent	—
Principal paid on capital debt and leases	(2,596)
Interest paid on capital debt and leases	(2,571)
Principal collection on capital leases	—
Interest collection on capital leases	—
	<hr/>
Net cash provided by (used in) capital and related financing activities	(8,705)

## HUMBOLDT STATE UNIVERSITY

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 213,414
Purchases of investments	(219,503)
Investment income proceeds	800
Net cash provided by (used in) investing activities	<u>(5,289)</u>
Net increase (decrease) in cash and cash equivalents	1
Cash and cash equivalents at beginning of year	<u>11</u>
Cash and cash equivalents at end of year	<u>\$ 12</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 12
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 12</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (119,895)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	11,007
Change in assets and liabilities:	
Accounts receivable, net	(124)
Student loans receivable, net	(9)
Prepaid expenses and other current assets	(534)
Other assets	(35)
Deferred outflows of resources	(20,670)
Accounts payable	148
Accrued salaries and benefits	260
Accrued compensated absences	63
Unearned revenues	(280)
Other postemployment benefits obligations	728
Net pension liability	24,231
Other liabilities	107
Deferred inflows of resources	<u>(3,081)</u>
Net cash provided by (used in) operating activities	<u>\$ (108,084)</u>
Supplemental schedule of noncash transactions:	
Pledges receivable during the year	\$ 2,000
Acquisition of capital asset through capital lease	1,675
Capital assets paid by the Office of the Chancellor	598
Amortization of net bond premium	351
Change in accrued capital asset purchases	293
Amortization of loss/ (gain) on debt refundings	245
Contributed capital assets	230

See accompanying independent auditors' report.

**HUMBOLDT STATE UNIVERSITY**

## Transactions with Related Entities

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 2,367
Payments from discretely presented component units for other than salaries	4,776
Payments to discretely presented component units for services, space, and programs	2,050
Gifts in kind from discretely presented component units	164
Gifts (cash or assets) from discretely presented component units	988
Accounts receivable from discretely presented component units	63
Other amounts receivable from discretely presented component units	2,034
Accounts payable to discretely presented component units	(72)
Other amounts payable to discretely presented component units	(23)
Payments to the Office of the Chancellor for administrative activities	78
Payments to the Office of the Chancellor for state pro rata charges	288
Accounts receivable from the Office of the Chancellor	284
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	(1)
State lottery allocation received	909
Other interagency payments or receipts for services, space, and programs	36

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, LONG BEACH

Schedule 6

Statement of Net Position

June 30, 2017

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 21	9,075	9,096
Short-term investments	206,327	59,716	266,043
Accounts receivable, net	8,521	8,389	16,910
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	3,352	3,352
Prepaid expenses and other current assets	4,309	2,943	7,252
Total current assets	<u>219,178</u>	<u>83,475</u>	<u>302,653</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	—	—
Accounts receivable, net	3,649	16,352	20,001
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	6,575	—	6,575
Pledges receivable, net	—	5,849	5,849
Endowment investments	—	66,613	66,613
Other long-term investments	43,484	7,283	50,767
Capital assets, net	458,920	54,401	513,321
Other assets	216	—	216
Total noncurrent assets	<u>512,844</u>	<u>150,498</u>	<u>663,342</u>
Total assets	<u>732,022</u>	<u>233,973</u>	<u>965,995</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>132,143</u>	<u>2,931</u>	<u>135,074</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	11,064	3,385	14,449
Accrued salaries and benefits	32,130	2,641	34,771
Accrued compensated absences, current portion	10,209	3,103	13,312
Unearned revenue	36,206	5,029	41,235
Capital lease obligations, current portion	—	—	—
Long-term debt obligations, current portion	3,575	1,205	4,780
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	323	1,058	1,381
Other liabilities	2,955	674	3,629
Total current liabilities	<u>96,462</u>	<u>17,095</u>	<u>113,557</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	6,988	—	6,988
Unearned revenue	356	—	356
Grants refundable	7,295	—	7,295
Capital lease obligations, net of current portion	—	—	—
Long-term debt obligations, net of current portion	127,125	32,498	159,623
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Other postemployment benefits obligations	15,370	17,040	32,410
Net pension liability	569,843	13,380	583,223
Other liabilities	—	12,566	12,566
Total noncurrent liabilities	<u>726,977</u>	<u>75,484</u>	<u>802,461</u>
Total liabilities	<u>823,439</u>	<u>92,579</u>	<u>916,018</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>1,288</u>	<u>231</u>	<u>1,519</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	349,502	20,698	370,200
Restricted for:			
Nonexpendable – endowments	—	57,091	57,091
Expendable:			
Scholarships and fellowships	84	2,908	2,992
Research	—	3,356	3,356
Loans	254	—	254
Capital projects	2,630	—	2,630
Debt service	1,144	—	1,144
Others	—	44,565	44,565
Unrestricted	(314,176)	15,477	(298,699)
Total net position	<u>\$ 39,438</u>	<u>144,095</u>	<u>183,533</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, LONG BEACH

## Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2017

(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$122,137)	\$ 150,880	12,600	—	163,480
Grants and contracts, noncapital:				
Federal	—	23,543	—	23,543
State	—	5,620	—	5,620
Local	—	2,101	—	2,101
Nongovernmental	—	4,303	—	4,303
Sales and services of educational activities	4,032	945	—	4,977
Sales and services of auxiliary enterprises (net of scholarship allowances of \$9,710)	22,472	44,069	—	66,541
Other operating revenues	14,549	6,970	(242)	21,277
Total operating revenues	<u>191,933</u>	<u>100,151</u>	<u>(242)</u>	<u>291,842</u>
Expenses:				
Operating expenses:				
Instruction	222,885	8,155	—	231,040
Research	1,327	13,492	—	14,819
Public service	2,135	3,796	—	5,931
Academic support	47,492	7,453	—	54,945
Student services	57,838	17,922	(458)	75,302
Institutional support	55,925	12,541	(3,568)	64,898
Operation and maintenance of plant	45,881	386	(16)	46,251
Student grants and scholarships	66,134	10,372	(8,180)	68,326
Auxiliary enterprise expenses	19,781	39,213	(312)	58,682
Depreciation and amortization	31,240	2,509	—	33,749
Total operating expenses	<u>550,638</u>	<u>115,839</u>	<u>(12,534)</u>	<u>653,943</u>
Operating income (loss)	<u>(358,705)</u>	<u>(15,688)</u>	<u>12,292</u>	<u>(362,101)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	194,813	—	—	194,813
Federal financial aid grants, noncapital	78,900	—	—	78,900
State financial aid grants, noncapital	56,164	—	—	56,164
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	8,198	—	(8,198)	—
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	786	12,810	(511)	13,085
Investment income, net	1,571	4,974	—	6,545
Endowment income (loss)	—	6,589	—	6,589
Interest expense	(4,447)	(1,363)	—	(5,810)
Other nonoperating revenues (expenses)	17,266	766	—	18,032
Net nonoperating revenues (expenses)	<u>353,251</u>	<u>23,776</u>	<u>(8,709)</u>	<u>368,318</u>
Income (loss) before other revenues (expenses)	(5,454)	8,088	3,583	6,217
State appropriations, capital	2,075	—	—	2,075
Grants and gifts, capital	4,384	—	(3,583)	801
Additions (reductions) to permanent endowments	—	6,537	—	6,537
Increase (decrease) in net position	1,005	14,625	—	15,630
Net position:				
Net position at beginning of year	38,433	129,470	—	167,903
Net position at end of year	<u>\$ 39,438</u>	<u>144,095</u>	<u>—</u>	<u>183,533</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, LONG BEACH

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 152,208
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(75,282)
Payments to employees	(363,134)
Payments to students	(66,223)
Collections of student loans	—
Sales and services of educational activities	4,032
Sales and services of auxiliary enterprises	21,685
Other receipts	13,450
Net cash provided by (used in) operating activities	<u>(313,264)</u>
Cash flows from noncapital financing activities:	
State appropriations	194,813
Federal financial aid grants	78,900
State financial aid grants	56,164
Nongovernmental and other financial aid grants	8,197
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	788
Federal loan program receipts	110,943
Federal loan program disbursements	(110,849)
Monies received on behalf of others	13,775
Monies disbursed on behalf of others	(13,889)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	16,606
Net cash provided by (used in) noncapital financing activities	<u>355,448</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	16,147
State appropriations	679
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	3,950
Proceeds from sale of capital assets	253
Acquisition of capital assets	(30,867)
Transfers to escrow agent	—
Principal paid on capital debt and leases	(3,215)
Interest paid on capital debt and leases	(5,640)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash provided by (used in) capital and related financing activities	<u>(18,693)</u>

## CALIFORNIA STATE UNIVERSITY, LONG BEACH

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 713,325
Purchases of investments	(739,815)
Investment income proceeds	2,886
Net cash provided by (used in) investing activities	<u>(23,604)</u>
Net increase (decrease) in cash and cash equivalents	(113)
Cash and cash equivalents at beginning of year	<u>134</u>
Cash and cash equivalents at end of year	<u>\$ 21</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 21
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 21</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (358,705)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	31,240
Change in assets and liabilities:	
Accounts receivable, net	(2,146)
Student loans receivable, net	(73)
Prepaid expenses and other current assets	279
Other assets	211
Deferred outflows of resources	(64,533)
Accounts payable	2,247
Accrued salaries and benefits	2,277
Accrued compensated absences	851
Unearned revenues	2,179
Other postemployment benefits obligations	1,990
Net pension liability	79,954
Other liabilities	349
Deferred inflows of resources	<u>(9,384)</u>
Net cash provided by (used in) operating activities	<u>\$ (313,264)</u>
Supplemental schedule of noncash transactions:	
Amortization of net bond premium	\$ 881
Change in accrued capital asset purchases	547
Amortization of loss on debt refundings	496
Capital assets paid by the Office of the Chancellor	479
Contributed capital assets	434
Gifts in kind	29

See accompanying independent auditors' report.



## CALIFORNIA STATE UNIVERSITY, LONG BEACH

## Transactions with Related Entities

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 4,296
Payments from discretely presented component units for other than salaries	21,863
Payments to discretely presented component units for services, space, and programs	8,897
Gifts in kind from discretely presented component units	11,789
Gifts (cash or assets) from discretely presented component units	505
Accounts receivable from discretely presented component units	1,445
Other amounts receivable from discretely presented component units	996
Accounts payable to discretely presented component units	(412)
Other amounts payable to discretely presented component units	(15)
Payments to the Office of the Chancellor for administrative activities	648
Payments to the Office of the Chancellor for state pro rata charges	934
Accounts receivable from the Office of the Chancellor	2,515
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	2,747
Other interagency payments or receipts for services, space, and programs	(352)

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, LOS ANGELES

Schedule 6

Statement of Net Position

June 30, 2017

(In thousands)

Assets	Campus	Discretely presented component units	Total
<b>Current assets:</b>			
Cash and cash equivalents	\$ 9	8,274	8,283
Short-term investments	166,007	11,180	177,187
Accounts receivable, net	12,180	4,743	16,923
Capital lease receivable, current portion	875	—	875
Notes receivable, current portion	—	38	38
Pledges receivable, net	—	3,488	3,488
Prepaid expenses and other current assets	471	493	964
Total current assets	<u>179,542</u>	<u>28,216</u>	<u>207,758</u>
<b>Noncurrent assets:</b>			
Restricted cash and cash equivalents	—	6,256	6,256
Accounts receivable, net	2,607	—	2,607
Capital lease receivable, net of current portion	18,670	—	18,670
Notes receivable, net of current portion	—	144	144
Student loans receivable, net	857	—	857
Pledges receivable, net	—	4,146	4,146
Endowment investments	—	30,541	30,541
Other long-term investments	42,941	13,395	56,336
Capital assets, net	237,410	21,083	258,493
Other assets	254	—	254
Total noncurrent assets	<u>302,739</u>	<u>75,565</u>	<u>378,304</u>
Total assets	<u>482,281</u>	<u>103,781</u>	<u>586,062</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>89,448</u>	<u>—</u>	<u>89,448</u>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	15,416	1,700	17,116
Accrued salaries and benefits	21,095	1,556	22,651
Accrued compensated absences, current portion	5,956	439	6,395
Unearned revenue	21,743	6,567	28,310
Capital lease obligations, current portion	—	875	875
Long-term debt obligations, current portion	2,335	128	2,463
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	161	—	161
Other liabilities	1,630	648	2,278
Total current liabilities	<u>68,336</u>	<u>11,913</u>	<u>80,249</u>
<b>Noncurrent liabilities:</b>			
Accrued compensated absences, net of current portion	6,062	115	6,177
Unearned revenue	—	—	—
Grants refundable	621	—	621
Capital lease obligations, net of current portion	—	20,723	20,723
Long-term debt obligations, net of current portion	61,024	1,761	62,785
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	38	—	38
Other postemployment benefits obligations	6,936	4,324	11,260
Net pension liability	351,746	—	351,746
Other liabilities	—	1	1
Total noncurrent liabilities	<u>426,427</u>	<u>26,924</u>	<u>453,351</u>
Total liabilities	<u>494,763</u>	<u>38,837</u>	<u>533,600</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>792</u>	<u>857</u>	<u>1,649</u>
<b>Net Position</b>			
<b>Net position:</b>			
Net investment in capital assets	194,847	(3,262)	191,585
Restricted for:			
Nonexpendable – endowments	—	32,105	32,105
Expendable:			
Scholarships and fellowships	1,829	24,906	26,735
Research	—	—	—
Loans	439	—	439
Capital projects	2,709	—	2,709
Debt service	13	—	13
Others	1,620	—	1,620
Unrestricted	(125,281)	10,342	(114,939)
Total net position	<u>\$ 76,176</u>	<u>64,091</u>	<u>140,267</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, LOS ANGELES

## Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2017

(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$107,937)	\$ 85,905	6,262	—	92,167
Grants and contracts, noncapital:				
Federal	—	17,285	—	17,285
State	—	2,013	—	2,013
Local	—	1,414	—	1,414
Nongovernmental	—	2,060	—	2,060
Sales and services of educational activities	109	2,749	—	2,858
Sales and services of auxiliary enterprises (net of scholarship allowances of \$2,870)	13,614	7,029	—	20,643
Other operating revenues	6,876	723	—	7,599
Total operating revenues	<u>106,504</u>	<u>39,535</u>	<u>—</u>	<u>146,039</u>
Expenses:				
Operating expenses:				
Instruction	147,294	22,315	—	169,609
Research	1,647	—	—	1,647
Public service	2,783	—	—	2,783
Academic support	49,682	—	—	49,682
Student services	28,230	4,379	—	32,609
Institutional support	41,059	3,824	(357)	44,526
Operation and maintenance of plant	30,926	4,334	—	35,260
Student grants and scholarships	65,423	1,325	—	66,748
Auxiliary enterprise expenses	12,767	—	—	12,767
Depreciation and amortization	15,643	1,578	—	17,221
Total operating expenses	<u>395,454</u>	<u>37,755</u>	<u>(357)</u>	<u>432,852</u>
Operating income (loss)	<u>(288,950)</u>	<u>1,780</u>	<u>357</u>	<u>(286,813)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	140,217	—	—	140,217
Federal financial aid grants, noncapital	79,245	—	—	79,245
State financial aid grants, noncapital	49,785	—	—	49,785
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	49	—	—	49
Other federal nonoperating grants, noncapital	109	—	—	109
Gifts, noncapital	—	239	—	239
Investment income, net	2,124	5,475	—	7,599
Endowment income (loss)	—	308	—	308
Interest expense	(2,604)	2,623	—	19
Other nonoperating revenues (expenses)	12,025	(458)	—	11,567
Net nonoperating revenues (expenses)	<u>280,950</u>	<u>8,187</u>	<u>—</u>	<u>289,137</u>
Income (loss) before other revenues (expenses)	<u>(8,000)</u>	<u>9,967</u>	<u>357</u>	<u>2,324</u>
State appropriations, capital	1,800	—	—	1,800
Grants and gifts, capital	198	357	(357)	198
Additions (reductions) to permanent endowments	—	5,532	—	5,532
Increase (decrease) in net position	<u>(6,002)</u>	<u>15,856</u>	<u>—</u>	<u>9,854</u>
Net position:				
Net position at beginning of year	82,178	48,235	—	130,413
Net position at end of year	<u>\$ 76,176</u>	<u>64,091</u>	<u>—</u>	<u>140,267</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, LOS ANGELES

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 84,081
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(55,957)
Payments to employees	(238,682)
Payments to students	(65,568)
Collections of student loans	2
Sales and services of educational activities	109
Sales and services of auxiliary enterprises	13,555
Other receipts	7,441
Net cash provided by (used in) operating activities	<u>(255,019)</u>
Cash flows from noncapital financing activities:	
State appropriations	140,282
Federal financial aid grants	79,218
State financial aid grants	50,665
Nongovernmental and other financial aid grants	49
Other federal nonoperating grants	109
Gifts and grants received for other than capital purposes	—
Federal loan program receipts	78,061
Federal loan program disbursements	(78,131)
Monies received on behalf of others	4,088
Monies disbursed on behalf of others	(4,433)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	840
Interest collections on capital leases	851
Principal collections on notes receivable	633
Interest collections on notes receivable	6
Other noncapital financing activities	6,662
Net cash provided by (used in) noncapital financing activities	<u>278,900</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	50
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	—
Proceeds from sale of capital assets	—
Acquisition of capital assets	(11,655)
Transfers to escrow agent	—
Principal paid on capital debt and leases	(2,240)
Interest paid on capital debt and leases	(2,995)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash provided by (used in) capital and related financing activities	<u>(16,840)</u>

## CALIFORNIA STATE UNIVERSITY, LOS ANGELES

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 493,592
Purchases of investments	(503,202)
Investment income proceeds	<u>2,568</u>
Net cash provided by (used in) investing activities	<u>(7,042)</u>
Net increase (decrease) in cash and cash equivalents	(1)
Cash and cash equivalents at beginning of year	<u>10</u>
Cash and cash equivalents at end of year	\$ <u><u>9</u></u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 9
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	\$ <u><u>9</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (288,950)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	15,643
Change in assets and liabilities:	
Accounts receivable, net	(1,346)
Student loans receivable, net	(144)
Prepaid expenses and other current assets	187
Other assets	11
Deferred outflows of resources	(47,612)
Accounts payable	7,246
Accrued salaries and benefits	2,737
Accrued compensated absences	1,268
Unearned revenue	(76)
Other postemployment benefits obligations	1,187
Net pension liability	60,250
Other liabilities	133
Deferred inflows of resources	<u>(5,553)</u>
Net cash provided by (used in) operating activities	\$ <u><u>(255,019)</u></u>
Supplemental schedule of noncash transactions:	
Capital assets paid by the Office of the Chancellor	\$ 501
Amortization of net bond premium	344
Change in accrued capital asset purchases	304
Contributed capital assets	198
Amortization of loss on debt refundings	109

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY, LOS ANGELES**

## Transactions with Related Entities

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 2,826
Payments from discretely presented component units for other than salaries	5,959
Payments to discretely presented component units for services, space, and programs	5,266
Gifts in kind from discretely presented component units	68
Gifts (cash or assets) from discretely presented component units	—
Accounts receivable from discretely presented component units	573
Other amounts receivable from discretely presented component units	637
Accounts payable to discretely presented component units	(193)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	137
Payments to the Office of the Chancellor for state pro rata charges	524
Accounts receivable from the Office of the Chancellor	7,429
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	2,942
Other interagency payments or receipts for services, space, and programs	174

See accompanying independent auditors' report.

CALIFORNIA MARITIME ACADEMY

Schedule 6

Statement of Net Position

June 30, 2017

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 166	1,544	1,710
Short-term investments	21,797	119	21,916
Accounts receivable, net	831	107	938
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	117	117
Prepaid expenses and other current assets	906	45	951
Total current assets	<u>23,700</u>	<u>1,932</u>	<u>25,632</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	669	669
Accounts receivable, net	988	—	988
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	1,384	—	1,384
Pledges receivable, net	—	85	85
Endowment investments	—	7,444	7,444
Other long-term investments	2,187	—	2,187
Capital assets, net	107,748	2,688	110,436
Other assets	2	—	2
Total noncurrent assets	<u>112,309</u>	<u>10,886</u>	<u>123,195</u>
Total assets	<u>136,009</u>	<u>12,818</u>	<u>148,827</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>15,127</u>	<u>—</u>	<u>15,127</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	1,510	13	1,523
Accrued salaries and benefits	1,522	—	1,522
Accrued compensated absences, current portion	970	—	970
Unearned revenue	2,054	—	2,054
Capital lease obligations, current portion	205	—	205
Long-term debt obligations, current portion	600	2	602
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	—	—	—
Other liabilities	359	5	364
Total current liabilities	<u>7,220</u>	<u>20</u>	<u>7,240</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	1,400	—	1,400
Unearned revenue	—	—	—
Grants refundable	1,691	—	1,691
Capital lease obligations, net of current portion	811	—	811
Long-term debt obligations, net of current portion	28,769	26	28,795
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	123	—	123
Other postemployment benefits obligations	2,209	—	2,209
Net pension liability	55,742	—	55,742
Other liabilities	—	—	—
Total noncurrent liabilities	<u>90,745</u>	<u>26</u>	<u>90,771</u>
Total liabilities	<u>97,965</u>	<u>46</u>	<u>98,011</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>121</u>	<u>—</u>	<u>121</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	79,900	2,688	82,588
Restricted for:			
Nonexpendable – endowments	—	8,153	8,153
Expendable:			
Scholarships and fellowships	8	—	8
Research	—	—	—
Loans	46	—	46
Capital projects	2,770	121	2,891
Debt service	61	—	61
Others	3,970	1,081	5,051
Unrestricted	<u>(33,704)</u>	<u>729</u>	<u>(32,975)</u>
Total net position	<u>\$ 53,051</u>	<u>12,772</u>	<u>65,823</u>

See accompanying independent auditors' report.

## CALIFORNIA MARITIME ACADEMY

## Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$2,861)	\$ 9,922	225	—	10,147
Grants and contracts, noncapital:				
Federal	813	—	—	813
State	78	—	—	78
Local	23	—	—	23
Nongovernmental	1,765	—	—	1,765
Sales and services of educational activities	33	—	—	33
Sales and services of auxiliary enterprises (net of scholarship allowances of \$837)	8,965	—	—	8,965
Other operating revenues	2,453	2,555	(199)	4,809
Total operating revenues	<u>24,052</u>	<u>2,780</u>	<u>(199)</u>	<u>26,633</u>
Expenses:				
Operating expenses:				
Instruction	18,204	—	—	18,204
Research	2,144	—	—	2,144
Public service	27	—	—	27
Academic support	2,454	—	—	2,454
Student services	6,968	248	—	7,216
Institutional support	10,253	—	—	10,253
Operation and maintenance of plant	7,971	—	—	7,971
Student grants and scholarships	838	345	(341)	842
Auxiliary enterprise expenses	6,848	821	(226)	7,443
Depreciation and amortization	6,090	758	—	6,848
Total operating expenses	<u>61,797</u>	<u>2,172</u>	<u>(567)</u>	<u>63,402</u>
Operating income (loss)	<u>(37,745)</u>	<u>608</u>	<u>368</u>	<u>(36,769)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	30,596	—	—	30,596
Federal financial aid grants, noncapital	1,604	—	—	1,604
State financial aid grants, noncapital	963	—	—	963
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	341	—	(341)	—
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	27	—	(27)	—
Investment income, net	160	442	—	602
Endowment income (loss)	—	196	—	196
Interest expense	(1,135)	—	—	(1,135)
Other nonoperating revenues (expenses)	1,702	(84)	—	1,618
Net nonoperating revenues (expenses)	<u>34,258</u>	<u>554</u>	<u>(368)</u>	<u>34,444</u>
Income (loss) before other revenues (expenses)	<u>(3,487)</u>	<u>1,162</u>	<u>—</u>	<u>(2,325)</u>
State appropriations, capital	782	—	—	782
Grants and gifts, capital	—	—	—	—
Additions (reductions) to permanent endowments	—	—	—	—
Increase (decrease) in net position	<u>(2,705)</u>	<u>1,162</u>	<u>—</u>	<u>(1,543)</u>
Net position:				
Net position at beginning of year	55,756	11,610	—	67,366
Net position at end of year	<u>\$ 53,051</u>	<u>12,772</u>	<u>—</u>	<u>65,823</u>

See accompanying independent auditors' report.



## CALIFORNIA MARITIME ACADEMY

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 10,150
Federal grants and contracts	807
State grants and contracts	80
Local grants and contracts	23
Nongovernmental grants and contracts	1,896
Payments to suppliers	(16,820)
Payments to employees	(36,513)
Payments to students	(2,846)
Collections of student loans	1,986
Sales and services of educational activities	33
Sales and services of auxiliary enterprises	8,926
Other receipts	2,055
Net cash provided by (used in) operating activities	<u>(30,223)</u>
Cash flows from noncapital financing activities:	
State appropriations	30,597
Federal financial aid grants	1,591
State financial aid grants	963
Nongovernmental and other financial aid grants	341
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	27
Federal loan program receipts	7,898
Federal loan program disbursements	(7,741)
Monies received on behalf of others	1,645
Monies disbursed on behalf of others	(1,632)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	998
Net cash provided by (used in) noncapital financing activities	<u>34,687</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	736
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	—
Proceeds from sale of capital assets	—
Acquisition of capital assets	(2,423)
Transfers to escrow agent	—
Principal paid on capital debt and leases	(968)
Interest paid on capital debt and leases	(974)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash provided by (used in) capital and related financing activities	<u>(3,629)</u>

## CALIFORNIA MARITIME ACADEMY

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 63,866
Purchases of investments	(64,996)
Investment income proceeds	300
Net cash provided by (used in) investing activities	<u>(830)</u>
Net increase (decrease) in cash and cash equivalents	5
Cash and cash equivalents at beginning of year	<u>161</u>
Cash and cash equivalents at end of year	<u>\$ 166</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 166
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 166</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (37,745)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	6,090
Change in assets and liabilities:	
Accounts receivable, net	(326)
Student loans receivable, net	—
Prepaid expenses and other current assets	290
Other assets	8
Deferred outflows of resources	(6,131)
Accounts payable	(178)
Accrued salaries and benefits	(251)
Accrued compensated absences	263
Unearned revenues	255
Other postemployment benefits obligations	343
Net pension liability	8,163
Other liabilities	(94)
Deferred inflows of resources	<u>(910)</u>
Net cash provided by (used in) operating activities	<u>\$ (30,223)</u>
Supplemental schedule of noncash transactions:	
Construction work in process acquired from the Office of the Chancellor	\$ 493
Capital assets paid by the Office of the Chancellor	211
Amortization of net bond premium	148
Amortization of loss / (gain) on debt refundings	68

See accompanying independent auditors' report.

**CALIFORNIA MARITIME ACADEMY**

## Transactions with Related Entities

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 25
Payments from discretely presented component units for other than salaries	145
Payments to discretely presented component units for services, space, and programs	—
Gifts in kind from discretely presented component units	57
Gifts (cash or assets) from discretely presented component units	365
Accounts receivable from discretely presented component units	4
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	—
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	20
Payments to the Office of the Chancellor for state pro rata charges	132
Accounts receivable from the Office of the Chancellor	188
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	1
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	213
Other interagency payments or receipts for services, space, and programs	164

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, MONTEREY BAY

Schedule 6

Statement of Net Position

June 30, 2017

(In thousands)

Assets	Campus	Discretely presented component units	Total
<b>Current assets:</b>			
Cash and cash equivalents	\$ 7	7,958	7,965
Short-term investments	50,605	2,038	52,643
Accounts receivable, net	4,081	6,813	10,894
Capital lease receivable, current portion	2,150	—	2,150
Notes receivable, current portion	—	68	68
Pledges receivable, net	—	220	220
Prepaid expenses and other current assets	815	1,145	1,960
Total current assets	<u>57,658</u>	<u>18,242</u>	<u>75,900</u>
<b>Noncurrent assets:</b>			
Restricted cash and cash equivalents	—	29	29
Accounts receivable, net	2,141	50	2,191
Capital lease receivable, net of current portion	49,585	—	49,585
Notes receivable, net of current portion	—	573	573
Student loans receivable, net	33	—	33
Pledges receivable, net	—	446	446
Endowment investments	—	22,838	22,838
Other long-term investments	50,147	46,447	96,594
Capital assets, net	252,072	132,388	384,460
Other assets	262	40	302
Total noncurrent assets	<u>354,240</u>	<u>202,811</u>	<u>557,051</u>
Total assets	<u>411,898</u>	<u>221,053</u>	<u>632,951</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>44,126</u>	<u>1,732</u>	<u>45,858</u>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	6,987	5,096	12,083
Accrued salaries and benefits	6,443	593	7,036
Accrued compensated absences, current portion	3,494	473	3,967
Unearned revenue	2,448	2,617	5,065
Capital lease obligations, current portion	332	2,150	2,482
Long-term debt obligations, current portion	2,287	490	2,777
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	73	—	73
Other liabilities	2,557	43	2,600
Total current liabilities	<u>24,621</u>	<u>11,462</u>	<u>36,083</u>
<b>Noncurrent liabilities:</b>			
Accrued compensated absences, net of current portion	1,777	—	1,777
Unearned revenue	—	—	—
Grants refundable	8	—	8
Capital lease obligations, net of current portion	1,406	55,220	56,626
Long-term debt obligations, net of current portion	101,108	69,033	170,141
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	1,181	1,181
Other postemployment benefits obligations	3,061	—	3,061
Net pension liability	154,304	—	154,304
Other liabilities	6	—	6
Total noncurrent liabilities	<u>261,670</u>	<u>125,434</u>	<u>387,104</u>
Total liabilities	<u>286,291</u>	<u>136,896</u>	<u>423,187</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>342</u>	<u>—</u>	<u>342</u>
<b>Net Position</b>			
<b>Net position:</b>			
Net investment in capital assets	241,678	7,228	248,906
Restricted for:			
Nonexpendable – endowments	—	13,591	13,591
Expendable:			
Scholarships and fellowships	296	6,459	6,755
Research	—	177	177
Loans	26	—	26
Capital projects	2,063	—	2,063
Debt service	5,761	—	5,761
Others	—	8,029	8,029
Unrestricted	<u>(80,439)</u>	<u>50,406</u>	<u>(30,033)</u>
Total net position	<u>\$ 169,385</u>	<u>85,890</u>	<u>255,275</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY, MONTEREY BAY**  
Statement of Revenues, Expenses, and Changes in Net Position  
Year ended June 30, 2017  
(In thousands)

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
<b>Revenues:</b>				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$23,257)	\$ 35,709	—	—	35,709
Grants and contracts, noncapital:				
Federal	—	12,218	—	12,218
State	—	1,142	—	1,142
Local	—	304	—	304
Nongovernmental	—	1,234	—	1,234
Sales and services of educational activities	—	—	—	—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$0)	1,768	37,980	—	39,748
Other operating revenues	6,770	622	—	7,392
Total operating revenues	<u>44,247</u>	<u>53,500</u>	<u>—</u>	<u>97,747</u>
<b>Expenses:</b>				
Operating expenses:				
Instruction	57,074	13	—	57,087
Research	901	4,617	—	5,518
Public service	634	3,974	—	4,608
Academic support	13,190	2,384	—	15,574
Student services	22,791	5,595	—	28,386
Institutional support	19,613	3,945	—	23,558
Operation and maintenance of plant	26,914	—	—	26,914
Student grants and scholarships	15,933	2,891	—	18,824
Auxiliary enterprise expenses	2,011	19,527	(1,394)	20,144
Depreciation and amortization	16,814	6,674	—	23,488
Total operating expenses	<u>175,875</u>	<u>49,620</u>	<u>(1,394)</u>	<u>224,101</u>
Operating income (loss)	<u>(131,628)</u>	<u>3,880</u>	<u>1,394</u>	<u>(126,354)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	72,948	—	—	72,948
Federal financial aid grants, noncapital	16,479	—	—	16,479
State financial aid grants, noncapital	10,794	—	—	10,794
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	—	—	—	—
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	1,242	3,732	(1,242)	3,732
Investment income, net	2,794	5,200	—	7,994
Endowment income (loss)	—	—	—	—
Interest expense	(2,462)	(4,101)	—	(6,563)
Other nonoperating revenues (expenses)	12,807	(642)	—	12,165
Net nonoperating revenues (expenses)	<u>114,602</u>	<u>4,189</u>	<u>(1,242)</u>	<u>117,549</u>
Income (loss) before other revenues (expenses)	<u>(17,026)</u>	<u>8,069</u>	<u>152</u>	<u>(8,805)</u>
State appropriations, capital	1,750	—	—	1,750
Grants and gifts, capital	290	(151)	(152)	(13)
Additions (reductions) to permanent endowments	—	754	—	754
Increase (decrease) in net position	<u>(14,986)</u>	<u>8,672</u>	<u>—</u>	<u>(6,314)</u>
<b>Net position:</b>				
Net position at beginning of year	184,371	77,218	—	261,589
Net position at end of year	<u>\$ 169,385</u>	<u>85,890</u>	<u>—</u>	<u>255,275</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, MONTEREY BAY

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 36,015
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(33,399)
Payments to employees	(99,336)
Payments to students	(15,952)
Collections of student loans	1
Sales and services of educational activities	—
Sales and services of auxiliary enterprises	1,767
Other receipts	6,421
Net cash provided by (used in) operating activities	<u>(104,483)</u>
Cash flows from noncapital financing activities:	
State appropriations	72,947
Federal financial aid grants	16,478
State financial aid grants	10,794
Nongovernmental and other financial aid grants	—
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	1,242
Federal loan program receipts	24,530
Federal loan program disbursements	(24,343)
Monies received on behalf of others	440
Monies disbursed on behalf of others	(461)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	(2,070)
Interest paid on long-term debt	(2,429)
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	2,070
Interest collections on capital leases	2,429
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	11,741
Net cash provided by (used in) noncapital financing activities	<u>113,368</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	51,810
State appropriations	2,371
State appropriations – SPWB Lease Revenue Bond program	4,047
Capital grants and gifts	—
Proceeds from sale of capital assets	—
Acquisition of capital assets	(13,345)
Transfers to escrow agent	—
Principal paid on capital debt and leases	—
Interest paid on capital debt and leases	(399)
Principal collection on capital leases	(1,407)
Interest collection on capital leases	—
Net cash provided by (used in) capital and related financing activities	<u>43,077</u>

## CALIFORNIA STATE UNIVERSITY, MONTEREY BAY

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 200,920
Purchases of investments	(253,772)
Investment income proceeds	804
Net cash provided by (used in) investing activities	<u>(52,048)</u>
Net increase (decrease) in cash and cash equivalents	(86)
Cash and cash equivalents at beginning of year	<u>93</u>
Cash and cash equivalents at end of year	\$ <u><u>7</u></u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 7
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	\$ <u><u>7</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (131,628)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	16,814
Change in assets and liabilities:	
Accounts receivable, net	270
Student loans receivable, net	(33)
Prepaid expenses and other current assets	55
Other assets	(260)
Deferred outflows of resources	(21,294)
Accounts payable	3,043
Accrued salaries and benefits	220
Accrued compensated absences	322
Unearned revenues	(211)
Other postemployment benefits obligations	642
Net pension liability	29,776
Other liabilities	163
Deferred inflows of resources	<u>(2,362)</u>
Net cash provided by (used in) operating activities	\$ <u><u>(104,483)</u></u>
Supplemental schedule of noncash transactions:	
Amortization of loss/(gain) on debt refundings	\$ 1,087
Contributed capital assets	290
Amortization of bond (premium)/discount	78
Change in accrued capital asset purchases	(1,600)

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, MONTEREY BAY

## Transactions with Related Entities

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 1,621
Payments from discretely presented component units for other than salaries	3,348
Payments to discretely presented component units for services, space, and programs	—
Gifts in kind from discretely presented component units	547
Gifts (cash or assets) from discretely presented component units	3,777
Accounts receivable from discretely presented component units	1,403
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(498)
Other amounts payable to discretely presented component units	(641)
Payments to the Office of the Chancellor for administrative activities	54
Payments to the Office of the Chancellor for state pro rata charges	244
Accounts receivable from the Office of the Chancellor	1,403
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	32
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	775
Other interagency payments or receipts for services, space, and programs	(69)

See accompanying independent auditors' report.



CALIFORNIA STATE UNIVERSITY, NORTHRIDGE

Schedule 6

Statement of Net Position

June 30, 2017

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 13	9,429	9,442
Short-term investments	229,762	67,057	296,819
Accounts receivable, net	8,950	8,936	17,886
Capital lease receivable, current portion	365	—	365
Notes receivable, current portion	—	9	9
Pledges receivable, net	—	11,907	11,907
Prepaid expenses and other current assets	2,910	615	3,525
Total current assets	<u>242,000</u>	<u>97,953</u>	<u>339,953</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	—	—
Accounts receivable, net	2,024	1,110	3,134
Capital lease receivable, net of current portion	6,505	—	6,505
Notes receivable, net of current portion	—	254	254
Student loans receivable, net	2,101	—	2,101
Pledges receivable, net	—	—	—
Endowment investments	—	96,021	96,021
Other long-term investments	10,937	13,024	23,961
Capital assets, net	524,280	31,934	556,214
Other assets	195	3,779	3,974
Total noncurrent assets	<u>546,042</u>	<u>146,122</u>	<u>692,164</u>
Total assets	<u>788,042</u>	<u>244,075</u>	<u>1,032,117</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>120,971</u>	<u>—</u>	<u>120,971</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	12,243	1,932	14,175
Accrued salaries and benefits	28,251	2,243	30,494
Accrued compensated absences, current portion	11,000	727	11,727
Unearned revenue	26,131	3,285	29,416
Capital lease obligations, current portion	—	365	365
Long-term debt obligations, current portion	8,020	494	8,514
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	342	2,134	2,476
Other liabilities	3,908	94	4,002
Total current liabilities	<u>89,895</u>	<u>11,274</u>	<u>101,169</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	7,284	220	7,504
Unearned revenue	—	—	—
Grants refundable	2,473	—	2,473
Capital lease obligations, net of current portion	—	7,376	7,376
Long-term debt obligations, net of current portion	144,536	5,671	150,207
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	640	—	640
Other postemployment benefits obligations	17,598	6,826	24,424
Net pension liability	553,767	—	553,767
Other liabilities	—	—	—
Total noncurrent liabilities	<u>726,298</u>	<u>20,093</u>	<u>746,391</u>
Total liabilities	<u>816,193</u>	<u>31,367</u>	<u>847,560</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>1,252</u>	<u>—</u>	<u>1,252</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	381,988	18,028	400,016
Restricted for:			
Nonexpendable – endowments	—	67,894	67,894
Expendable:			
Scholarships and fellowships	474	20,992	21,466
Research	—	1,367	1,367
Loans	676	—	676
Capital projects	2,027	2,078	4,105
Debt service	204	—	204
Others	1	49,887	49,888
Unrestricted	(293,803)	52,461	(241,342)
Total net position	<u>\$ 91,567</u>	<u>212,707</u>	<u>304,274</u>

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY, NORTHRIDGE**  
Statement of Revenues, Expenses, and Changes in Net Position  
Year ended June 30, 2017  
(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
<b>Revenues:</b>				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$140,322)	\$ 164,074	20,331	—	184,405
Grants and contracts, noncapital:				
Federal	—	27,971	—	27,971
State	—	2,141	—	2,141
Local	—	1,017	—	1,017
Nongovernmental	78	1,353	—	1,431
Sales and services of educational activities	1,648	—	—	1,648
Sales and services of auxiliary enterprises (net of scholarship allowances of \$6,307)	27,603	21,205	—	48,808
Other operating revenues	19,389	4,344	—	23,733
Total operating revenues	<u>212,792</u>	<u>78,362</u>	<u>—</u>	<u>291,154</u>
<b>Expenses:</b>				
Operating expenses:				
Instruction	208,161	5,563	—	213,724
Research	7,963	28,958	—	36,921
Public service	1,676	—	—	1,676
Academic support	53,784	4,818	(140)	58,462
Student services	80,818	22,422	—	103,240
Institutional support	50,973	5,683	(2,934)	53,722
Operation and maintenance of plant	48,349	42	—	48,391
Student grants and scholarships	87,761	455	—	88,216
Auxiliary enterprise expenses	21,161	19,173	—	40,334
Depreciation and amortization	32,518	2,539	—	35,057
Total operating expenses	<u>593,164</u>	<u>89,653</u>	<u>(3,074)</u>	<u>679,743</u>
Operating income (loss)	<u>(380,372)</u>	<u>(11,291)</u>	<u>3,074</u>	<u>(388,589)</u>
<b>Nonoperating revenues (expenses):</b>				
State appropriations, noncapital	192,021	—	—	192,021
Federal financial aid grants, noncapital	91,672	—	—	91,672
State financial aid grants, noncapital	68,842	—	—	68,842
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	6,046	—	—	6,046
Other federal nonoperating grants, noncapital	654	—	—	654
Gifts, noncapital	104	8,460	—	8,564
Investment income, net	2,021	16,290	—	18,311
Endowment income (loss)	—	689	—	689
Interest expense	(6,398)	(530)	—	(6,928)
Other nonoperating revenues (expenses)	11,271	3,142	—	14,413
Net nonoperating revenues (expenses)	<u>366,233</u>	<u>28,051</u>	<u>—</u>	<u>394,284</u>
Income (loss) before other revenues (expenses)	(14,139)	16,760	3,074	5,695
State appropriations, capital	2,000	—	—	2,000
Grants and gifts, capital	3,073	—	(3,074)	(1)
Additions (reductions) to permanent endowments	—	8,277	—	8,277
Increase (decrease) in net position	(9,066)	25,037	—	15,971
<b>Net position:</b>				
Net position at beginning of year	100,633	187,670	—	288,303
Net position at end of year	<u>\$ 91,567</u>	<u>212,707</u>	<u>—</u>	<u>304,274</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, NORTHRIDGE

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 161,877
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	77
Payments to suppliers	(105,806)
Payments to employees	(353,410)
Payments to students	(87,762)
Collections of student loans	—
Sales and services of educational activities	1,648
Sales and services of auxiliary enterprises	28,325
Other receipts	19,448
	<hr/>
Net cash provided by (used in) operating activities	(335,603)
Cash flows from noncapital financing activities:	
State appropriations	192,021
Federal financial aid grants	91,672
State financial aid grants	68,842
Nongovernmental and other financial aid grants	6,046
Other federal nonoperating grants	654
Gifts and grants received for other than capital purposes	104
Federal loan program receipts	105,801
Federal loan program disbursements	(105,477)
Monies received on behalf of others	—
Monies disbursed on behalf of others	—
Transfers to escrow agent	(2,450)
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	(344)
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	375
Interest collections on capital leases	334
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	13,239
	<hr/>
Net cash provided by (used in) noncapital financing activities	370,817
Cash flows from capital and related financing activities:	
Proceeds from capital debt	2,130
State appropriations	970
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	2,657
Proceeds from sale of capital assets	—
Acquisition of capital assets	(29,226)
Transfers to escrow agent	—
Principal paid on capital debt and leases	(7,840)
Interest paid on capital debt and leases	(7,364)
Principal collection on capital leases	—
Interest collection on capital leases	—
	<hr/>
Net cash provided by (used in) capital and related financing activities	(38,673)

## CALIFORNIA STATE UNIVERSITY, NORTHRIDGE

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 700,002
Purchases of investments	(700,147)
Investment income proceeds	3,604
Net cash provided by (used in) investing activities	<u>3,459</u>
Net increase (decrease) in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>13</u>
Cash and cash equivalents at end of year	<u>\$ 13</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 13
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 13</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (380,372)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	32,518
Change in assets and liabilities:	
Accounts receivable, net	(541)
Student loans receivable, net	—
Prepaid expenses and other current assets	193
Other assets	13
Deferred outflows of resources	(65,372)
Accounts payable	2,166
Accrued salaries and benefits	1,595
Accrued compensated absences	1,213
Unearned revenues	(1,566)
Other postemployment benefits obligations	2,369
Net pension liability	80,781
Other liabilities	450
Deferred inflows of resources	<u>(9,050)</u>
Net cash provided by (used in) operating activities	<u>\$ (335,603)</u>
Supplemental schedule of noncash transactions:	
Amortization of net bond premium	\$ 1,099
Contributed capital assets	416
Capital assets paid by the Office of the Chancellor	261
Amortization of loss on debt refundings	186
Change in accrued capital asset purchases	(2,910)

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, NORTHRIDGE

## Transactions with Related Entities

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 5,313
Payments from discretely presented component units for other than salaries	10,657
Payments to discretely presented component units for services, space, and programs	17,167
Gifts in kind from discretely presented component units	296
Gifts (cash or assets) from discretely presented component units	3,446
Accounts receivable from discretely presented component units	299
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(401)
Other amounts payable to discretely presented component units	(956)
Payments to the Office of the Chancellor for administrative activities	442
Payments to the Office of the Chancellor for state pro rata charges	1,060
Accounts receivable from the Office of the Chancellor	1,904
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	3,067
Other interagency payments or receipts for services, space, and programs	55

See accompanying independent auditors' report.

CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

Schedule 6

Statement of Net Position

June 30, 2017

(In thousands)

Assets	Discretely presented component units		Total
	Campus		
Current assets:			
Cash and cash equivalents	\$ 11	3,862	3,873
Short-term investments	215,954	72,774	288,728
Accounts receivable, net	4,717	8,944	13,661
Capital lease receivable, current portion	885	—	885
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	2,038	2,038
Prepaid expenses and other current assets	3,896	2,625	6,521
Total current assets	225,463	90,243	315,706
Noncurrent assets:			
Restricted cash and cash equivalents	—	1,115	1,115
Accounts receivable, net	12,370	—	12,370
Capital lease receivable, net of current portion	21,935	—	21,935
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	5,958	—	5,958
Pledges receivable, net	—	3,076	3,076
Endowment investments	—	95,441	95,441
Other long-term investments	159,498	—	159,498
Capital assets, net	489,048	47,181	536,229
Other assets	—	1,320	1,320
Total noncurrent assets	688,809	148,133	836,942
Total assets	914,272	238,376	1,152,648
Deferred Outflows of Resources			
Deferred outflows of resources	91,450	3,975	95,425
Liabilities			
Current liabilities:			
Accounts payable	11,541	3,763	15,304
Accrued salaries and benefits	18,058	1,096	19,154
Accrued compensated absences, current portion	6,483	634	7,117
Unearned revenue	10,646	1,477	12,123
Capital lease obligations, current portion	2,056	885	2,941
Long-term debt obligations, current portion	6,860	100	6,960
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	305	—	305
Other liabilities	9,462	3,958	13,420
Total current liabilities	65,411	11,913	77,324
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	4,032	297	4,329
Unearned revenue	—	—	—
Grants refundable	5,947	—	5,947
Capital lease obligations, net of current portion	8,798	24,888	33,686
Long-term debt obligations, net of current portion	400,364	103	400,467
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Other postemployment benefits obligations	7,059	4,791	11,850
Net pension liability	366,247	8,353	374,600
Other liabilities	—	1,530	1,530
Total noncurrent liabilities	792,447	39,962	832,409
Total liabilities	857,858	51,875	909,733
Deferred Inflows of Resources			
Deferred inflows of resources	824	2,204	3,028
Net Position			
Net position:			
Net investment in capital assets	222,430	21,594	244,024
Restricted for:			
Nonexpendable – endowments	—	96,175	96,175
Expendable:			
Scholarships and fellowships	35	4,874	4,909
Research	—	—	—
Loans	540	—	540
Capital projects	11,956	1,436	13,392
Debt service	17,643	—	17,643
Others	—	32,373	32,373
Unrestricted	(105,565)	31,820	(73,745)
Total net position	\$ 147,039	188,272	335,311

See accompanying independent auditors' report.

## CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

## Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2017

(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowance of \$88,396)	\$ 104,051	18,316	(11,200)	111,167
Grants and contracts, noncapital:				
Federal	38	9,790	—	9,828
State	—	2,213	—	2,213
Local	—	—	—	—
Nongovernmental	—	1,708	—	1,708
Sales and services of educational activities	9	7,714	—	7,723
Sales and services of auxiliary enterprises (net of scholarship allowances of \$7,108)	28,520	43,640	—	72,160
Other operating revenues	6,911	4,852	—	11,763
Total operating revenues	<u>139,529</u>	<u>88,233</u>	<u>(11,200)</u>	<u>216,562</u>
Expenses:				
Operating expenses:				
Instruction	141,469	10,538	—	152,007
Research	1,761	5,006	—	6,767
Public service	189	1,565	—	1,754
Academic support	42,678	6,229	—	48,907
Student services	43,395	11,613	—	55,008
Institutional support	30,069	2,116	—	32,185
Operation and maintenance of plant	29,593	156	—	29,749
Student grants and scholarships	36,163	1,065	(2,174)	35,054
Auxiliary enterprise expenses	15,125	44,536	(11,200)	48,461
Depreciation and amortization	24,954	3,983	—	28,937
Total operating expenses	<u>365,396</u>	<u>86,807</u>	<u>(13,374)</u>	<u>438,829</u>
Operating income (loss)	<u>(225,867)</u>	<u>1,426</u>	<u>2,174</u>	<u>(222,267)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	138,708	—	—	138,708
Federal financial aid grants, noncapital	52,608	—	—	52,608
State financial aid grants, noncapital	42,364	—	—	42,364
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	2,824	—	(2,106)	718
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	2,043	7,663	(588)	9,118
Investment income, net	2,519	3,422	—	5,941
Endowment income (loss)	—	11,678	—	11,678
Interest expense	(10,198)	(1,008)	—	(11,206)
Other nonoperating revenues (expenses)	4,492	(1,223)	1,053	4,322
Net nonoperating revenues (expenses)	<u>235,360</u>	<u>20,532</u>	<u>(1,641)</u>	<u>254,251</u>
Income (loss) before other revenues (expenses)	9,493	21,958	533	31,984
State appropriations, capital	2,549	—	—	2,549
Grants and gifts, capital	1,642	—	(533)	1,109
Additions (reductions) to permanent endowments	—	—	—	—
Increase (decrease) in net position	13,684	21,958	—	35,642
Net position:				
Net position at beginning of year	133,355	166,314	—	299,669
Net position at end of year	<u>\$ 147,039</u>	<u>188,272</u>	<u>—</u>	<u>335,311</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 104,523
Federal grants and contracts	38
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(61,920)
Payments to employees	(230,186)
Payments to students	(35,856)
Collections of student loans	—
Sales and services of educational activities	9
Sales and services of auxiliary enterprises	27,972
Other receipts	4,826
Net cash provided by (used in) operating activities	<u>(190,594)</u>
Cash flows from noncapital financing activities:	—
State appropriations	138,708
Federal financial aid grants	52,592
State financial aid grants	42,641
Nongovernmental and other financial aid grants	2,824
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	2,912
Federal loan program receipts	69,438
Federal loan program disbursements	(70,285)
Monies received on behalf of others	20,546
Monies disbursed on behalf of others	(20,416)
Transfers to escrow agent	(2,224)
Proceeds from long-term debt	2,224
Principal paid on long-term debt	(875)
Interest paid on long-term debt	(1,120)
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	875
Interest collections on capital leases	1,174
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	3,143
Net cash provided by (used in) noncapital financing activities	<u>242,157</u>
Cash flows from capital and related financing activities:	—
Proceeds from capital debt	153,601
State appropriations	107
State appropriations – SPWB Lease Revenue Bond program	13,647
Capital grants and gifts	—
Proceeds from sale of capital assets	69
Acquisition of capital assets	(41,508)
Transfers to escrow agent	—
Principal paid on capital debt and leases	—
Interest paid on capital debt and leases	(6,894)
Principal collection on capital leases	(10,609)
Interest collection on capital leases	—
Net cash provided by (used in) capital and related financing activities	<u>108,413</u>



## CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 496,251
Purchases of investments	(658,943)
Investment income proceeds	<u>2,716</u>
Net cash provided by (used in) investing activities	<u>(159,976)</u>
Net increase (decrease) in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>11</u>
Cash and cash equivalents at end of year	<u>\$ 11</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 11
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 11</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (225,867)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	24,954
Change in assets and liabilities:	
Accounts receivable, net	(669)
Student loans receivable, net	(109)
Prepaid expenses and other current assets	225
Other assets	—
Deferred outflows of resources	(41,550)
Accounts payable	(571)
Accrued salaries and benefits	1,483
Accrued compensated absences	673
Unearned revenues	1,882
Other postemployment benefits obligations	917
Net pension liability	53,434
Other liabilities	591
Deferred inflows of resources	<u>(5,987)</u>
Net cash provided by (used in) operating activities	<u>\$ (190,594)</u>
Supplemental schedule of noncash transactions:	
Contributed capital assets	\$ 1,642
Amortization of net bond premium	1,599
Gifts in kind	870
Acquisition of capital assets through capitalized lease	523
Capital assets paid by the Office of the Chancellor	244
Change in accrued capital asset purchases	(3,018)

See accompanying independent auditors' report.

## CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

## Transactions with Related Entities

Year ended June 30, 2017

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 1,385
Payments from discretely presented component units for other than salaries	10,031
Payments to discretely presented component units for services, space, and programs	31,762
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	1,053
Accounts receivable from discretely presented component units	803
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(660)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	1,179
Payments to the Office of the Chancellor for state pro rata charges	447
Accounts receivable from the Office of the Chancellor	855
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	2,259
Other interagency payments or receipts for services, space, and programs	69

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, SACRAMENTO

Schedule 6

Statement of Net Position

June 30, 2017

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 26	3,475	3,501
Short-term investments	196,466	34,703	231,169
Accounts receivable, net	16,415	16,653	33,068
Capital lease receivable, current portion	716	668	1,384
Notes receivable, current portion	112	151	263
Pledges receivable, net	240	1,427	1,667
Prepaid expenses and other current assets	3,875	1,579	5,454
Total current assets	<u>217,850</u>	<u>58,656</u>	<u>276,506</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	7,764	7,764
Accounts receivable, net	2,372	429	2,801
Capital lease receivable, net of current portion	19,144	41,503	60,647
Notes receivable, net of current portion	176	646	822
Student loans receivable, net	4,737	—	4,737
Pledges receivable, net	240	215	455
Endowment investments	14	44,287	44,301
Other long-term investments	94,801	25,062	119,863
Capital assets, net	386,778	61,842	448,620
Other assets	30	213	243
Total noncurrent assets	<u>508,292</u>	<u>181,961</u>	<u>690,253</u>
Total assets	<u>726,142</u>	<u>240,617</u>	<u>966,759</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>103,976</u>	<u>6,667</u>	<u>110,643</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	28,464	3,740	32,204
Accrued salaries and benefits	21,549	3,685	25,234
Accrued compensated absences, current portion	9,111	1,528	10,639
Unearned revenue	22,915	2,031	24,946
Capital lease obligations, current portion	1,324	600	1,924
Long-term debt obligations, current portion	6,088	2,777	8,865
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	834	1,548	2,382
Other liabilities	3,650	383	4,033
Total current liabilities	<u>93,935</u>	<u>16,292</u>	<u>110,227</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	3,922	182	4,104
Unearned revenue	—	7	7
Grants refundable	6,301	2,716	9,017
Capital lease obligations, net of current portion	37,264	17,235	54,499
Long-term debt obligations, net of current portion	267,987	60,496	328,483
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Other postemployment benefits obligations	17,277	6,132	23,409
Net pension liability	421,073	12,362	433,435
Other liabilities	—	2,461	2,461
Total noncurrent liabilities	<u>753,824</u>	<u>101,591</u>	<u>855,415</u>
Total liabilities	<u>847,759</u>	<u>117,883</u>	<u>965,642</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>950</u>	<u>1,983</u>	<u>2,933</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	143,331	22,907	166,238
Restricted for:			
Nonexpendable – endowments	14	38,109	38,123
Expendable:			
Scholarships and fellowships	402	5,316	5,718
Research	—	—	—
Loans	1,361	—	1,361
Capital projects	6,641	495	7,136
Debt service	5,132	3,204	8,336
Others	629	15,098	15,727
Unrestricted	(176,101)	42,291	(133,810)
Total net position	<u>\$ (18,591)</u>	<u>127,420</u>	<u>108,829</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, SACRAMENTO

## Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2017

(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$100,716)	\$ 128,273	14,069	—	142,342
Grants and contracts, noncapital:				
Federal	1,001	14,892	—	15,893
State	5,414	19,559	—	24,973
Local	209	2,513	—	2,722
Nongovernmental	183	5,749	—	5,932
Sales and services of educational activities	4,590	13,436	(3,256)	14,770
Sales and services of auxiliary enterprises (net of scholarship allowances of \$4,529)	—	—	—	—
Other operating revenues	25,040	44,779	—	69,819
	14,402	1,998	—	16,400
Total operating revenues	<u>179,112</u>	<u>116,995</u>	<u>(3,256)</u>	<u>292,851</u>
Expenses:				
Operating expenses:				
Instruction	167,173	11,248	—	178,421
Research	1,723	13,774	—	15,497
Public service	9,018	32,331	—	41,349
Academic support	34,270	1,342	—	35,612
Student services	49,169	11,239	—	60,408
Institutional support	47,830	35,818	(3,777)	79,871
Operation and maintenance of plant	40,587	5,588	—	46,175
Student grants and scholarships	68,158	1,675	—	69,833
Auxiliary enterprise expenses	19,573	5,612	—	25,185
Depreciation and amortization	25,895	3,766	—	29,661
Total operating expenses	<u>463,396</u>	<u>122,393</u>	<u>(3,777)</u>	<u>582,012</u>
Operating income (loss)	<u>(284,284)</u>	<u>(5,398)</u>	<u>521</u>	<u>(289,161)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	160,166	—	—	160,166
Federal financial aid grants, noncapital	69,358	—	—	69,358
State financial aid grants, noncapital	55,208	—	—	55,208
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	—	—	—	—
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	858	5,003	(321)	5,540
Investment income, net	2,657	6,050	—	8,707
Endowment income (loss)	2	—	—	2
Interest expense	(8,395)	(3,635)	—	(12,030)
Other nonoperating revenues (expenses)	12,002	9,533	(12)	21,523
Net nonoperating revenues (expenses)	<u>291,856</u>	<u>16,951</u>	<u>(333)</u>	<u>308,474</u>
Income (loss) before other revenues (expenses)	7,572	11,553	188	19,313
State appropriations, capital	1,406	—	—	1,406
Grants and gifts, capital	442	—	(188)	254
Additions (reductions) to permanent endowments	(4,438)	7,483	—	3,045
Increase (decrease) in net position	4,982	19,036	—	24,018
Net position:				
Net position at beginning of year	(23,573)	108,384	—	84,811
Net position at end of year	<u>\$ (18,591)</u>	<u>127,420</u>	<u>—</u>	<u>108,829</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, SACRAMENTO

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 127,903
Federal grants and contracts	1,082
State grants and contracts	6,225
Local grants and contracts	281
Nongovernmental grants and contracts	176
Payments to suppliers	(78,119)
Payments to employees	(282,588)
Payments to students	(68,180)
Collections of student loans	2
Sales and services of educational activities	4,523
Sales and services of auxiliary enterprises	24,826
Other receipts	13,196
Net cash provided by (used in) operating activities	<u>(250,673)</u>
Cash flows from noncapital financing activities:	
State appropriations	160,166
Federal financial aid grants	69,326
State financial aid grants	55,208
Nongovernmental and other financial aid grants	—
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	858
Federal loan program receipts	102,456
Federal loan program disbursements	(102,029)
Monies received on behalf of others	10,555
Monies disbursed on behalf of others	(10,645)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	(525)
Interest paid on long-term debt	(881)
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	151
Interest collections on capital leases	881
Principal collections on notes receivable	109
Interest collections on notes receivable	12
Other noncapital financing activities	7,229
Net cash provided by (used in) noncapital financing activities	<u>292,871</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	63,939
State appropriations	384
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	269
Proceeds from sale of capital assets	35
Acquisition of capital assets	(50,737)
Transfers to escrow agent	—
Principal paid on capital debt and leases	(6,799)
Interest paid on capital debt and leases	(12,055)
Principal collection on capital leases	525
Interest collection on capital leases	65
Net cash provided by (used in) capital and related financing activities	<u>(4,374)</u>

## CALIFORNIA STATE UNIVERSITY, SACRAMENTO

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 558,522
Purchases of investments	(601,775)
Investment income proceeds	4,318
Net cash provided by (used in) investing activities	<u>(38,935)</u>
Net increase (decrease) in cash and cash equivalents	(1,111)
Cash and cash equivalents at beginning of year	<u>1,137</u>
Cash and cash equivalents at end of year	<u>\$ 26</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 26
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 26</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (284,284)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	25,895
Change in assets and liabilities:	
Accounts receivable, net	(1,106)
Student loans receivable, net	(73)
Prepaid expenses and other current assets	(445)
Other assets	(5)
Deferred outflows of resources	(47,865)
Accounts payable	(1,020)
Accrued salaries and benefits	1,390
Accrued compensated absences	903
Unearned revenue	(135)
Other postemployment benefits obligations	2,149
Net pension liability	60,934
Other liabilities	(120)
Deferred inflows of resources	(6,891)
Net cash provided by (used in) operating activities	<u>\$ (250,673)</u>
Supplemental schedule of noncash transactions:	
Change in accrued capital asset purchases	\$ 16,527
Amortization of net bond premium	1,369
Amortization of loss on debt refundings	544
Contributed capital assets	413
Capital assets paid by the Office of the Chancellor	336
Acquisition of capital assets through capital lease	194

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY, SACRAMENTO**

## Transactions with Related Entities

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 3,267
Payments from discretely presented component units for other than salaries	7,777
Payments to discretely presented component units for services, space, and programs	10,347
Gifts in kind from discretely presented component units	29
Gifts (cash or assets) from discretely presented component units	510
Accounts receivable from discretely presented component units	1,863
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(1,410)
Other amounts payable to discretely presented component units	(872)
Payments to the Office of the Chancellor for administrative activities	434
Payments to the Office of the Chancellor for state pro rata charges	939
Accounts receivable from the Office of the Chancellor	2,565
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	(2)
State lottery allocation received	2,276
Other interagency payments or receipts for services, space, and programs	91

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

Schedule 6

Statement of Net Position

June 30, 2017

(In thousands)

Assets	Campus	Discretely presented component units	Total
<b>Current assets:</b>			
Cash and cash equivalents	\$ 25	7,731	7,756
Short-term investments	79,150	19,471	98,621
Accounts receivable, net	10,984	7,382	18,366
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	2,139	2,139
Prepaid expenses and other current assets	2,223	21	2,244
Total current assets	<u>92,382</u>	<u>36,744</u>	<u>129,126</u>
<b>Noncurrent assets:</b>			
Restricted cash and cash equivalents	—	8	8
Accounts receivable, net	679	—	679
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	1,480	—	1,480
Pledges receivable, net	—	—	—
Endowment investments	—	37,702	37,702
Other long-term investments	89,629	5,409	95,038
Capital assets, net	350,389	2,921	353,310
Other assets	271	—	271
Total noncurrent assets	<u>442,448</u>	<u>46,040</u>	<u>488,488</u>
Total assets	<u>534,830</u>	<u>82,784</u>	<u>617,614</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>62,105</u>	<u>2,281</u>	<u>64,386</u>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	16,559	2,903	19,462
Accrued salaries and benefits	12,342	703	13,045
Accrued compensated absences, current portion	5,881	194	6,075
Unearned revenue	5,230	5,569	10,799
Capital lease obligations, current portion	543	—	543
Long-term debt obligations, current portion	3,435	—	3,435
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	937	—	937
Other liabilities	5,114	1,333	6,447
Total current liabilities	<u>50,041</u>	<u>10,702</u>	<u>60,743</u>
<b>Noncurrent liabilities:</b>			
Accrued compensated absences, net of current portion	4,652	221	4,873
Unearned revenue	—	—	—
Grants refundable	1,454	—	1,454
Capital lease obligations, net of current portion	2,110	—	2,110
Long-term debt obligations, net of current portion	192,394	—	192,394
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Other postemployment benefits obligations	6,559	5,353	11,912
Net pension liability	293,361	3,981	297,342
Other liabilities	—	1,641	1,641
Total noncurrent liabilities	<u>500,530</u>	<u>11,196</u>	<u>511,726</u>
Total liabilities	<u>550,571</u>	<u>21,898</u>	<u>572,469</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>662</u>	<u>1,905</u>	<u>2,567</u>
<b>Net Position</b>			
<b>Net position:</b>			
Net investment in capital assets	211,325	2,921	214,246
Restricted for:			
Nonexpendable – endowments	—	37,710	37,710
Expendable:			
Scholarships and fellowships	—	2,463	2,463
Research	—	—	—
Loans	711	—	711
Capital projects	451	—	451
Debt service	7,225	—	7,225
Others	5	11,913	11,918
Unrestricted	(174,015)	6,256	(167,759)
Total net position	<u>\$ 45,702</u>	<u>61,263</u>	<u>106,965</u>

See accompanying independent auditors' report.



**CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO**  
Statement of Revenues, Expenses, and Changes in Net Position  
Year ended June 30, 2017  
(In thousands)

	<u>Campus</u>	<u>Discretely presented component units</u>	<u>Eliminations</u>	<u>Total</u>
<b>Revenues:</b>				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$85,333)	\$ 66,182	1,855	—	68,037
Grants and contracts, noncapital:				
Federal	—	17,852	—	17,852
State	—	8,820	—	8,820
Local	—	—	—	—
Nongovernmental	—	589	—	589
Sales and services of educational activities	105	—	—	105
Sales and services of auxiliary enterprises (net of scholarship allowances of \$6,502)	—	—	—	—
Other operating revenues	10,851	5,590	—	16,441
	9,127	2,810	—	11,937
Total operating revenues	<u>86,265</u>	<u>37,516</u>	<u>—</u>	<u>123,781</u>
<b>Expenses:</b>				
Operating expenses:				
Instruction	107,267	591	—	107,858
Research	957	13,562	—	14,519
Public service	947	4,634	—	5,581
Academic support	23,355	429	—	23,784
Student services	28,348	12,596	—	40,944
Institutional support	40,838	4,756	—	45,594
Operation and maintenance of plant	25,082	—	—	25,082
Student grants and scholarships	43,206	1,492	(1,032)	43,666
Auxiliary enterprise expenses	11,429	2,747	—	14,176
Depreciation and amortization	18,960	471	—	19,431
Total operating expenses	<u>300,389</u>	<u>41,278</u>	<u>(1,032)</u>	<u>340,635</u>
Operating income (loss)	<u>(214,124)</u>	<u>(3,762)</u>	<u>1,032</u>	<u>(216,854)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	109,451	—	—	109,451
Federal financial aid grants, noncapital	56,147	—	—	56,147
State financial aid grants, noncapital	42,146	—	—	42,146
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	1,032	—	(1,032)	—
Other federal nonoperating grants, noncapital	85	—	—	85
Gifts, noncapital	—	5,034	—	5,034
Investment income, net	916	4,551	—	5,467
Endowment income (loss)	—	—	—	—
Interest expense	(4,018)	—	—	(4,018)
Other nonoperating revenues (expenses)	14,711	(1,138)	—	13,573
Net nonoperating revenues (expenses)	<u>220,470</u>	<u>8,447</u>	<u>(1,032)</u>	<u>227,885</u>
Income (loss) before other revenues (expenses)	6,346	4,685	—	11,031
State appropriations, capital	1,600	—	—	1,600
Grants and gifts, capital	3,574	—	—	3,574
Additions (reductions) to permanent endowments	—	1,701	—	1,701
Increase (decrease) in net position	11,520	6,386	—	17,906
<b>Net position:</b>				
Net position at beginning of year	34,182	54,877	—	89,059
Net position at end of year	<u>\$ 45,702</u>	<u>61,263</u>	<u>—</u>	<u>106,965</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

Statement of Cash Flows  
Year ended June 30, 2017  
(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 64,687
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(42,360)
Payments to employees	(190,604)
Payments to students	(43,309)
Collections of student loans	—
Sales and services of educational activities	105
Sales and services of auxiliary enterprises	10,765
Other receipts	4,604
Net cash provided by (used in) operating activities	<u>(196,112)</u>
Cash flows from noncapital financing activities:	
State appropriations	109,452
Federal financial aid grants	56,207
State financial aid grants	42,477
Nongovernmental and other financial aid grants	1,032
Other federal nonoperating grants	85
Gifts and grants received for other than capital purposes	—
Federal loan program receipts	66,642
Federal loan program disbursements	(67,395)
Monies received on behalf of others	268
Monies disbursed on behalf of others	(589)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	14,234
Net cash provided by (used in) noncapital financing activities	<u>222,413</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	138,656
State appropriations	2,085
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	74
Proceeds from sale of capital assets	146
Acquisition of capital assets	(44,781)
Transfers to escrow agent	(1,871)
Principal paid on capital debt and leases	(44,240)
Interest paid on capital debt and leases	(5,412)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash provided by (used in) capital and related financing activities	<u>44,657</u>

## CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 465,678
Purchases of investments	(537,987)
Investment income proceeds	<u>1,355</u>
Net cash provided by (used in) investing activities	<u>(70,954)</u>
Net increase (decrease) in cash and cash equivalents	4
Cash and cash equivalents at beginning of year	<u>21</u>
Cash and cash equivalents at end of year	<u>\$ 25</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 25
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 25</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (214,124)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	—
Depreciation and amortization	18,960
Change in assets and liabilities:	
Accounts receivable, net	(5,307)
Student loans receivable, net	(101)
Prepaid expenses and other current assets	(16)
Other assets	(109)
Deferred outflows of resources	(31,783)
Accounts payable	242
Accrued salaries and benefits	955
Accrued compensated absences	807
Unearned revenues	(944)
Other postemployment benefits obligations	1,073
Net pension liability	39,110
Other liabilities	(2)
Deferred inflows of resources	<u>(4,873)</u>
Net cash provided by (used in) operating activities	<u>\$ (196,112)</u>
Supplemental schedule of noncash transactions:	
Change in accrued capital asset purchases	\$ 8,618
Contributed capital assets	3,500
Amortization of net bond premium	877
Capital assets paid by the Office of the Chancellor	476
Acquisition of capital asset through capital lease	223
Amortization of loss on debt refundings	139

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO

## Transactions with Related Entities

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 3,841
Payments from discretely presented component units for other than salaries	6,289
Payments to discretely presented component units for services, space, and programs	1,130
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	—
Accounts receivable from discretely presented component units	1,690
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(179)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	1,010
Payments to the Office of the Chancellor for state pro rata charges	432
Accounts receivable from the Office of the Chancellor	5,033
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	2,027
Other interagency payments or receipts for services, space, and programs	123

See accompanying independent auditors' report.

SAN DIEGO STATE UNIVERSITY

Schedule 6

Statement of Net Position

June 30, 2017

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 2,133	11,522	13,655
Short-term investments	338,875	50	388,479
Accounts receivable, net	9,746	37,306	47,052
Capital lease receivable, current portion	210	—	210
Notes receivable, current portion	—	243	243
Pledges receivable, net	—	7,452	7,452
Prepaid expenses and other current assets	2,393	6,682	9,075
Total current assets	<u>353,357</u>	<u>63,255</u>	<u>466,166</u>
Noncurrent assets:			
Restricted cash and cash equivalents	103	501	604
Accounts receivable, net	3,388	378	3,766
Capital lease receivable, net of current portion	2,674	—	2,674
Notes receivable, net of current portion	—	13,688	13,688
Student loans receivable, net	6,573	—	6,573
Pledges receivable, net	—	6,450	6,450
Endowment investments	—	268,394	268,394
Other long-term investments	47,625	63,903	111,528
Capital assets, net	813,089	140,593	953,682
Other assets	6,698	5,745	12,443
Total noncurrent assets	<u>880,150</u>	<u>499,652</u>	<u>1,379,802</u>
Total assets	<u>1,233,507</u>	<u>562,907</u>	<u>1,845,968</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>120,642</u>	<u>549</u>	<u>121,191</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	19,637	10,022	29,659
Accrued salaries and benefits	27,104	5,097	32,201
Accrued compensated absences, current portion	8,199	1,811	10,010
Unearned revenue	28,516	10,861	39,377
Capital lease obligations, current portion	1,394	261	1,655
Long-term debt obligations, current portion	11,230	3,076	14,306
Claims liability for losses and loss adjustment expenses, current portion	—	1,637	1,637
Depository accounts	538	—	538
Other liabilities	5,811	32,271	38,082
Total current liabilities	<u>102,429</u>	<u>65,036</u>	<u>167,465</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	12,883	2,393	15,276
Unearned revenue	1,828	1,899	3,727
Grants refundable	6,990	—	6,990
Capital lease obligations, net of current portion	26,406	2,722	29,128
Long-term debt obligations, net of current portion	414,132	96,849	510,981
Claims liability for losses and loss adjustment expenses, net of current portion	—	2,099	2,099
Depository accounts	111	—	111
Other postemployment benefits obligations	9,915	15,919	25,834
Net pension liability	561,640	2,571	564,211
Other liabilities	872	5,914	6,786
Total noncurrent liabilities	<u>1,034,777</u>	<u>130,366</u>	<u>1,165,143</u>
Total liabilities	<u>1,137,206</u>	<u>195,402</u>	<u>1,332,608</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>1,265</u>	<u>—</u>	<u>1,265</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	364,223	38,170	402,393
Restricted for:			
Nonexpendable – endowments	—	167,708	167,708
Expendable:			
Scholarships and fellowships	—	35,809	35,809
Research	—	4,016	4,016
Loans	215	—	215
Capital projects	3,585	9,031	12,616
Debt service	570	—	570
Others	15	106,081	106,096
Unrestricted	(152,932)	56,791	(96,141)
Total net position	<u>\$ 215,676</u>	<u>417,606</u>	<u>633,282</u>

See accompanying independent auditors' report.

## SAN DIEGO STATE UNIVERSITY

## Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2017

(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$99,708)	\$ 214,530	32,693	—	247,223
Grants and contracts, noncapital:				
Federal	109	87,400	—	87,509
State	103	6,756	—	6,859
Local	—	1,542	—	1,542
Nongovernmental	885	21,864	—	22,749
Sales and services of educational activities	20,269	5,486	—	25,755
Sales and services of auxiliary enterprises (net of scholarship allowances of \$14,207)	41,372	82,256	—	123,628
Other operating revenues	19,108	15,311	—	34,419
Total operating revenues	<u>296,376</u>	<u>253,308</u>	<u>—</u>	<u>549,684</u>
Expenses:				
Operating expenses:				
Instruction	193,308	47,169	—	240,477
Research	4,664	43,631	—	48,295
Public service	4,316	46,747	(3,112)	47,951
Academic support	60,062	19,970	(1,107)	78,925
Student services	86,645	3,496	(2,348)	87,793
Institutional support	37,359	20,024	—	57,383
Operation and maintenance of plant	57,424	4,989	—	62,413
Student grants and scholarships	35,792	5,583	(6,050)	35,325
Auxiliary enterprise expenses	39,436	82,099	—	121,535
Depreciation and amortization	39,376	9,827	—	49,203
Total operating expenses	<u>558,382</u>	<u>283,535</u>	<u>(12,617)</u>	<u>829,300</u>
Operating income (loss)	<u>(262,006)</u>	<u>(30,227)</u>	<u>12,617</u>	<u>(279,616)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	187,225	—	—	187,225
Federal financial aid grants, noncapital	50,642	—	—	50,642
State financial aid grants, noncapital	35,816	—	—	35,816
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	6,760	—	(6,050)	710
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	9,220	28,885	(9,184)	28,921
Investment income, net	3,103	3,432	—	6,535
Endowment income (loss)	—	25,526	—	25,526
Interest expense	(13,291)	(4,441)	—	(17,732)
Other nonoperating revenues (expenses)	21,424	(7,383)	14,555	28,596
Net nonoperating revenues (expenses)	<u>300,899</u>	<u>46,019</u>	<u>(679)</u>	<u>346,239</u>
Income (loss) before other revenues (expenses)	38,893	15,792	11,938	66,623
State appropriations, capital	2,000	—	—	2,000
Grants and gifts, capital	11,902	385	(11,938)	349
Additions (reductions) to permanent endowments	—	27,832	—	27,832
Increase (decrease) in net position	52,795	44,009	—	96,804
Net position:				
Net position at beginning of year	162,881	373,597	—	536,478
Net position at end of year	<u>\$ 215,676</u>	<u>417,606</u>	<u>—</u>	<u>633,282</u>

See accompanying independent auditors' report.

## SAN DIEGO STATE UNIVERSITY

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 218,170
Federal grants and contracts	99
State grants and contracts	103
Local grants and contracts	—
Nongovernmental grants and contracts	885
Payments to suppliers	(125,137)
Payments to employees	(351,491)
Payments to students	(34,977)
Collections of student loans	108
Sales and services of educational activities	21,420
Sales and services of auxiliary enterprises	41,368
Other receipts	19,181
Net cash provided by (used in) operating activities	<u>(210,271)</u>
Cash flows from noncapital financing activities:	
State appropriations	187,225
Federal financial aid grants	50,642
State financial aid grants	35,816
Nongovernmental and other financial aid grants	6,760
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	9,220
Federal loan program receipts	118,400
Federal loan program disbursements	(118,293)
Monies received on behalf of others	37,879
Monies disbursed on behalf of others	(38,924)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	(180)
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	27,441
Net cash provided by (used in) noncapital financing activities	<u>315,986</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	20,238
State appropriations	1,517
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	9,535
Proceeds from sale of capital assets	125
Acquisition of capital assets	(110,173)
Transfers to escrow agent	—
Principal paid on capital debt and leases	(16,933)
Interest paid on capital debt and leases	(19,042)
Principal collection on capital leases	202
Interest collection on capital leases	—
Net cash provided by (used in) capital and related financing activities	<u>(114,531)</u>

## SAN DIEGO STATE UNIVERSITY

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 760,584
Purchases of investments	(755,002)
Investment income proceeds	5,421
Net cash provided by (used in) investing activities	<u>11,003</u>
Net increase (decrease) in cash and cash equivalents	2,187
Cash and cash equivalents at beginning of year	<u>49</u>
Cash and cash equivalents at end of year	<u>\$ 2,236</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 2,133
Restricted cash and cash equivalents	<u>103</u>
Total cash and cash equivalents at end of year	<u>\$ 2,236</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (262,006)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	39,376
Change in assets and liabilities:	
Accounts receivable, net	308
Student loans receivable, net	(88)
Prepaid expenses and other current assets	160
Other assets	(2,209)
Deferred outflows of resources	(59,768)
Accounts payable	(3,966)
Accrued salaries and benefits	1,720
Accrued compensated absences	1,407
Unearned revenues	6,463
Other postemployment benefits obligations	1,300
Net pension liability	76,282
Other liabilities	50
Deferred inflows of resources	<u>(9,300)</u>
Net cash provided by (used in) operating activities	<u>\$ (210,271)</u>
Supplemental schedule of noncash transactions:	
Contributed capital assets	\$ 2,366
Amortization of net bond premium	1,909
Change in accrued capital asset purchases	990
Capital assets paid by the Office of the Chancellor	584
Amortization of loss on debt refundings	119

See accompanying independent auditors' report.



## SAN DIEGO STATE UNIVERSITY

## Transactions with Related Entities

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 8,013
Payments from discretely presented component units for other than salaries	9,861
Payments to discretely presented component units for services, space, and programs	17,063
Gifts in kind from discretely presented component units	2,366
Gifts (cash or assets) from discretely presented component units	17,766
Accounts receivable from discretely presented component units	2,933
Other amounts receivable from discretely presented component units	3,186
Accounts payable to discretely presented component units	(1,134)
Other amounts payable to discretely presented component units	(837)
Payments to the Office of the Chancellor for administrative activities	256
Payments to the Office of the Chancellor for state pro rata charges	555
Accounts receivable from the Office of the Chancellor	1,080
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	2,670
Other interagency payments or receipts for services, space, and programs	49

See accompanying independent auditors' report.

SAN FRANCISCO STATE UNIVERSITY

Schedule 6

Statement of Net Position

June 30, 2017

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 351	7,091	7,442
Short-term investments	177,486	75,129	252,615
Accounts receivable, net	20,216	4,193	24,409
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	23	23
Pledges receivable, net	—	635	635
Prepaid expenses and other current assets	4,272	98	4,370
Total current assets	<u>202,325</u>	<u>87,169</u>	<u>289,494</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	—	—
Accounts receivable, net	6,291	—	6,291
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	7,213	—	7,213
Pledges receivable, net	—	1,951	1,951
Endowment investments	—	47,802	47,802
Other long-term investments	14,969	390	15,359
Capital assets, net	549,886	1,545	551,431
Other assets	—	—	—
Total noncurrent assets	<u>578,359</u>	<u>51,688</u>	<u>630,047</u>
Total assets	<u>780,684</u>	<u>138,857</u>	<u>919,541</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>99,694</u>	—	<u>99,694</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	17,455	2,535	19,990
Accrued salaries and benefits	26,542	229	26,771
Accrued compensated absences, current portion	11,716	63	11,779
Unearned revenue	23,523	222	23,745
Capital lease obligations, current portion	26	11	37
Long-term debt obligations, current portion	7,205	—	7,205
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	3,458	—	3,458
Other liabilities	5,175	2,149	7,324
Total current liabilities	<u>95,100</u>	<u>5,209</u>	<u>100,309</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	6,609	260	6,869
Unearned revenue	—	—	—
Grants refundable	7,688	—	7,688
Capital lease obligations, net of current portion	16	22	38
Long-term debt obligations, net of current portion	273,643	—	273,643
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Other postemployment benefits obligations	22,999	—	22,999
Net pension liability	514,031	—	514,031
Other liabilities	—	—	—
Total noncurrent liabilities	<u>824,986</u>	<u>282</u>	<u>825,268</u>
Total liabilities	<u>920,086</u>	<u>5,491</u>	<u>925,577</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>1,158</u>	—	<u>1,158</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	272,239	1,512	273,751
Restricted for:			
Nonexpendable – endowments	—	53,208	53,208
Expendable:			
Scholarships and fellowships	—	43,565	43,565
Research	—	—	—
Loans	879	—	879
Capital projects	4,044	7,596	11,640
Debt service	4,370	—	4,370
Others	—	220	220
Unrestricted	<u>(322,399)</u>	<u>27,265</u>	<u>(295,134)</u>
Total net position	<u>\$ (40,867)</u>	<u>133,366</u>	<u>92,499</u>

See accompanying independent auditors' report.

## SAN FRANCISCO STATE UNIVERSITY

## Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2017

(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$84,823)	\$ 129,985	6,802	—	136,787
Grants and contracts, noncapital:				
Federal	20,749	258	—	21,007
State	2,129	486	—	2,615
Local	1,781	—	—	1,781
Nongovernmental	2,382	2,097	—	4,479
Sales and services of educational activities	136	9,961	—	10,097
Sales and services of auxiliary enterprises (net of scholarship allowances of \$6,130)	56,193	—	—	56,193
Other operating revenues	11,184	2,919	—	14,103
Total operating revenues	<u>224,539</u>	<u>22,523</u>	<u>—</u>	<u>247,062</u>
Expenses:				
Operating expenses:				
Instruction	190,606	855	—	191,461
Research	14,283	284	—	14,567
Public service	2,341	700	—	3,041
Academic support	45,102	2,681	(7)	47,776
Student services	35,912	5,414	—	41,326
Institutional support	52,809	3,375	—	56,184
Operation and maintenance of plant	36,403	1,264	—	37,667
Student grants and scholarships	45,477	2,174	(1,351)	46,300
Auxiliary enterprise expenses	42,499	6,866	—	49,365
Depreciation and amortization	28,204	305	—	28,509
Total operating expenses	<u>493,636</u>	<u>23,918</u>	<u>(1,358)</u>	<u>516,196</u>
Operating income (loss)	<u>(269,097)</u>	<u>(1,395)</u>	<u>1,358</u>	<u>(269,134)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	163,962	—	—	163,962
Federal financial aid grants, noncapital	53,595	—	—	53,595
State financial aid grants, noncapital	36,440	—	—	36,440
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	—	—	—	—
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	2,106	10,751	(1,351)	11,506
Investment income, net	1,351	8,627	—	9,978
Endowment income (loss)	6	—	—	6
Interest expense	(9,068)	—	—	(9,068)
Other nonoperating revenues (expenses)	6,347	(732)	—	5,615
Net nonoperating revenues (expenses)	<u>254,739</u>	<u>18,646</u>	<u>(1,351)</u>	<u>272,034</u>
Income (loss) before other revenues (expenses)	<u>(14,358)</u>	<u>17,251</u>	<u>7</u>	<u>2,900</u>
State appropriations, capital	2,110	—	—	2,110
Grants and gifts, capital	7	—	(7)	—
Additions (reductions) to permanent endowments	<u>(2,430)</u>	<u>2,045</u>	<u>—</u>	<u>(385)</u>
Increase (decrease) in net position	<u>(14,671)</u>	<u>19,296</u>	<u>—</u>	<u>4,625</u>
Net position:				
Net position at beginning of year	<u>(26,196)</u>	<u>114,070</u>	<u>—</u>	<u>87,874</u>
Net position at end of year	<u>\$ (40,867)</u>	<u>133,366</u>	<u>—</u>	<u>92,499</u>

See accompanying independent auditors' report.

## SAN FRANCISCO STATE UNIVERSITY

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 127,725
Federal grants and contracts	17,190
State grants and contracts	2,295
Local grants and contracts	1,413
Nongovernmental grants and contracts	1,879
Payments to suppliers	(83,598)
Payments to employees	(326,531)
Payments to students	(45,634)
Collections of student loans	15
Sales and services of educational activities	136
Sales and services of auxiliary enterprises	55,498
Other receipts	5,523
	<hr/>
Net cash provided by (used in) operating activities	(244,089)
Cash flows from noncapital financing activities:	
State appropriations	163,962
Federal financial aid grants	53,466
State financial aid grants	36,440
Nongovernmental and other financial aid grants	—
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	2,106
Federal loan program receipts	102,744
Federal loan program disbursements	(103,337)
Monies received on behalf of others	5,658
Monies disbursed on behalf of others	(5,481)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	2,940
	<hr/>
Net cash provided by (used in) noncapital financing activities	258,498
Cash flows from capital and related financing activities:	
Proceeds from capital debt	70,019
State appropriations	886
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	—
Proceeds from sale of capital assets	—
Acquisition of capital assets	(46,509)
Transfers to escrow agent	(69,838)
Principal paid on capital debt and leases	(7,692)
Interest paid on capital debt and leases	(11,318)
Principal collection on capital leases	—
Interest collection on capital leases	—
	<hr/>
Net cash provided by (used in) capital and related financing activities	(64,452)

## SAN FRANCISCO STATE UNIVERSITY

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 800,370
Purchases of investments	(752,707)
Investment income proceeds	<u>2,722</u>
Net cash provided by (used in) investing activities	<u>50,385</u>
Net increase (decrease) in cash and cash equivalents	342
Cash and cash equivalents at beginning of year	<u>9</u>
Cash and cash equivalents at end of year	<u>\$ 351</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 351
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 351</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (269,097)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	28,204
Change in assets and liabilities:	—
Accounts receivable, net	(5,378)
Student loans receivable, net	(142)
Prepaid expenses and other current assets	(621)
Other assets	—
Deferred outflows of resources	(55,053)
Accounts payable	(1,349)
Accrued salaries and benefits	1,871
Accrued compensated absences	865
Unearned revenues	(3,318)
Other postemployment benefits obligations	3,691
Net pension liability	65,196
Other liabilities	(349)
Deferred inflows of resources	<u>(8,609)</u>
Net cash provided by (used in) operating activities	<u>\$ (244,089)</u>
Supplemental schedule of noncash transactions:	
Change in accrued capital asset purchases	\$ 2,531
Amortization of net bond premium	1,650
Capital assets paid by the Office of the Chancellor	1,017
Amortization of loss on debt refundings	281
Contributed capital assets	7

See accompanying independent auditors' report.

## SAN FRANCISCO STATE UNIVERSITY

## Transactions with Related Entities

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 568
Payments from discretely presented component units for other than salaries	6,211
Payments to discretely presented component units for services, space, and programs	10,900
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	1,939
Accounts receivable from discretely presented component units	2,247
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(130)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	204
Payments to the Office of the Chancellor for state pro rata charges	1,509
Accounts receivable from the Office of the Chancellor	867
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	2
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	2,681
Other interagency payments or receipts for services, space, and programs	117

See accompanying independent auditors' report.

SAN JOSE STATE UNIVERSITY

Schedule 6

Statement of Net Position

June 30, 2017

(In thousands)

Assets	Campus	Discretely presented component units	Total
<b>Current assets:</b>			
Cash and cash equivalents	\$ 3,962	29,976	33,938
Short-term investments	263,051	29,502	292,553
Accounts receivable, net	16,084	12,191	28,275
Capital lease receivable, current portion	134	—	134
Notes receivable, current portion	—	680	680
Pledges receivable, net	—	7,162	7,162
Prepaid expenses and other current assets	3,162	1,285	4,447
Total current assets	<u>286,393</u>	<u>80,796</u>	<u>367,189</u>
<b>Noncurrent assets:</b>			
Restricted cash and cash equivalents	—	1,186	1,186
Accounts receivable, net	2,730	—	2,730
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	2,404	2,404
Student loans receivable, net	6,565	—	6,565
Pledges receivable, net	—	16,813	16,813
Endowment investments	—	144,906	144,906
Other long-term investments	142,828	8,869	151,697
Capital assets, net	675,392	24,407	699,799
Other assets	2,983	8,075	11,058
Total noncurrent assets	<u>830,498</u>	<u>206,660</u>	<u>1,037,158</u>
Total assets	<u>1,116,891</u>	<u>287,456</u>	<u>1,404,347</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>103,635</u>	<u>—</u>	<u>103,635</u>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	19,660	8,830	28,490
Accrued salaries and benefits	25,163	2,226	27,389
Accrued compensated absences, current portion	6,405	2,027	8,432
Unearned revenue	45,091	4,048	49,139
Capital lease obligations, current portion	1,444	139	1,583
Long-term debt obligations, current portion	11,290	98	11,388
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	378	—	378
Other liabilities	7,449	1,739	9,188
Total current liabilities	<u>116,880</u>	<u>19,107</u>	<u>135,987</u>
<b>Noncurrent liabilities:</b>			
Accrued compensated absences, net of current portion	9,369	266	9,635
Unearned revenue	6,110	967	7,077
Grants refundable	9,128	—	9,128
Capital lease obligations, net of current portion	—	16	16
Long-term debt obligations, net of current portion	514,830	1,293	516,123
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	391	391
Other postemployment benefits obligations	21,680	16,200	37,880
Net pension liability	489,602	—	489,602
Other liabilities	758	491	1,249
Total noncurrent liabilities	<u>1,051,477</u>	<u>19,624</u>	<u>1,071,101</u>
Total liabilities	<u>1,168,357</u>	<u>38,731</u>	<u>1,207,088</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>1,098</u>	<u>—</u>	<u>1,098</u>
<b>Net Position</b>			
<b>Net position:</b>			
Net investment in capital assets	232,218	22,860	255,078
Restricted for:			—
Nonexpendable – endowments	—	106,878	106,878
Expendable:			—
Scholarships and fellowships	4,251	5,084	9,335
Research	—	31	31
Loans	5,641	—	5,641
Capital projects	2,044	—	2,044
Debt service	8,160	—	8,160
Others	(1)	81,190	81,189
Unrestricted	(201,242)	32,678	(168,564)
Total net position	<u>\$ 51,071</u>	<u>248,721</u>	<u>299,792</u>

See accompanying independent auditors' report.

## SAN JOSE STATE UNIVERSITY

## Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2017

(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$88,313)	\$ 191,312	20,132	—	211,444
Grants and contracts, noncapital:	—	—	—	—
Federal	—	22,805	—	22,805
State	—	6,174	—	6,174
Local	—	2,308	—	2,308
Nongovernmental	—	4,762	—	4,762
Sales and services of educational activities	7,893	—	—	7,893
Sales and services of auxiliary enterprises (net of scholarship allowances of \$0)	52,909	27,910	—	80,819
Other operating revenues	14,426	18,142	—	32,568
Total operating revenues	<u>266,540</u>	<u>102,233</u>	<u>—</u>	<u>368,773</u>
Expenses:				
Operating expenses:				
Instruction	193,654	10,540	—	204,194
Research	146	31,244	—	31,390
Public service	1,956	470	—	2,426
Academic support	45,434	10,315	—	55,749
Student services	67,023	19,373	—	86,396
Institutional support	42,344	18,625	(846)	60,123
Operation and maintenance of plant	63,734	506	—	64,240
Student grants and scholarships	30,938	8,213	(7,572)	31,579
Auxiliary enterprise expenses	37,138	33,479	(3,000)	67,617
Depreciation and amortization	30,803	2,503	—	33,306
Total operating expenses	<u>513,170</u>	<u>135,268</u>	<u>(11,418)</u>	<u>637,020</u>
Operating income (loss)	<u>(246,630)</u>	<u>(33,035)</u>	<u>11,418</u>	<u>(268,247)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	154,779	—	—	154,779
Federal financial aid grants, noncapital	50,690	1,630	—	52,320
State financial aid grants, noncapital	36,195	1,077	—	37,272
Local financial aid grants, noncapital	—	155	—	155
Nongovernmental and other financial aid grants, noncapital	—	169	(1)	168
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	5,416	14,308	(11,417)	8,307
Investment income, net	2,585	5,272	—	7,857
Endowment income (loss)	—	15,036	—	15,036
Interest expense	(7,559)	(1)	—	(7,560)
Other nonoperating revenues (expenses)	23,311	1,246	—	24,557
Net nonoperating revenues (expenses)	<u>265,417</u>	<u>38,892</u>	<u>(11,418)</u>	<u>292,891</u>
Income (loss) before other revenues (expenses)	18,787	5,857	—	24,644
State appropriations, capital	4,109	—	—	4,109
Grants and gifts, capital	8,049	—	—	8,049
Additions (reductions) to permanent endowments	—	7,524	—	7,524
Increase (decrease) in net position	<u>30,945</u>	<u>13,381</u>	<u>—</u>	<u>44,326</u>
Net position:				
Net position at beginning of year	20,126	235,340	—	255,466
Net position at end of year	<u>\$ 51,071</u>	<u>248,721</u>	<u>—</u>	<u>299,792</u>

See accompanying independent auditors' report.



## SAN JOSE STATE UNIVERSITY

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 202,548
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(137,343)
Payments to employees	(313,409)
Payments to students	(30,953)
Collections of student loans	16
Sales and services of educational activities	7,893
Sales and services of auxiliary enterprises	58,637
Other receipts	16,285
Net cash provided by (used in) operating activities	<u>(196,326)</u>
Cash flows from noncapital financing activities:	
State appropriations	154,809
Federal financial aid grants	50,699
State financial aid grants	36,195
Nongovernmental and other financial aid grants	—
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	5,416
Federal loan program receipts	100,044
Federal loan program disbursements	(99,121)
Monies received on behalf of others	5,840
Monies disbursed on behalf of others	(5,798)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	174
Interest collections on notes receivable	—
Other noncapital financing activities	22,438
Net cash provided by (used in) noncapital financing activities	<u>270,696</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	88,744
State appropriations	848
State appropriations – SPWB Lease Revenue Bond program	2,265
Capital grants and gifts	7,803
Proceeds from sale of capital assets	209
Acquisition of capital assets	(78,988)
Transfers to escrow agent	—
Principal paid on capital debt and leases	(10,299)
Interest paid on capital debt and leases	(19,854)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash provided by (used in) capital and related financing activities	<u>(9,272)</u>

## SAN JOSE STATE UNIVERSITY

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 725,118
Purchases of investments	(791,097)
Investment income proceeds	4,817
Net cash provided by (used in) investing activities	<u>(61,162)</u>
Net increase (decrease) in cash and cash equivalents	3,936
Cash and cash equivalents at beginning of year	<u>26</u>
Cash and cash equivalents at end of year	<u>\$ 3,962</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 3,962
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 3,962</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (246,630)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	30,803
Change in assets and liabilities:	
Accounts receivable, net	(8,051)
Student loans receivable, net	(125)
Prepaid expenses and other current assets	(37)
Other assets	(634)
Deferred outflows of resources	(63,287)
Accounts payable	(1,418)
Accrued salaries and benefits	1,180
Accrued compensated absences	1,307
Unearned revenues	22,287
Other postemployment benefits obligations	2,989
Net pension liability	71,844
Other liabilities	1,435
Deferred inflows of resources	<u>(7,989)</u>
Net cash provided by (used in) operating activities	<u>\$ (196,326)</u>
Supplemental schedule of noncash transactions:	
Amortization of net bond premium	\$ 2,660
Capital assets paid by the Office of the Chancellor	560
Amortization of loss on debt refundings	531
Contributed capital assets	247
Change in accrued capital asset purchases	(11,600)

See accompanying independent auditors' report.

**SAN JOSE STATE UNIVERSITY**

## Transactions with Related Entities

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 4,145
Payments from discretely presented component units for other than salaries	15,251
Payments to discretely presented component units for services, space, and programs	17,625
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	8,417
Accounts receivable from discretely presented component units	2,500
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(3,371)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	925
Payments to the Office of the Chancellor for state pro rata charges	1,457
Accounts receivable from the Office of the Chancellor	2,882
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	282
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	2,440
Other interagency payments or receipts for services, space, and programs	10

See accompanying independent auditors' report.

CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO

Schedule 6

Statement of Net Position

June 30, 2017

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 871	33,354	34,225
Short-term investments	115,949	83,625	199,574
Accounts receivable, net	7,367	7,094	14,461
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	11,810	11,810
Prepaid expenses and other current assets	3,619	3,880	7,499
Total current assets	<u>127,806</u>	<u>139,763</u>	<u>267,569</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	340	340
Accounts receivable, net	2,880	25	2,905
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	3,922	—	3,922
Pledges receivable, net	—	49,240	49,240
Endowment investments	—	209,756	209,756
Other long-term investments	213,311	82,392	295,703
Capital assets, net	813,578	37,105	850,683
Other assets	568	749	1,317
Total noncurrent assets	<u>1,034,259</u>	<u>379,607</u>	<u>1,413,866</u>
Total assets	<u>1,162,065</u>	<u>519,370</u>	<u>1,681,435</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>118,218</u>	<u>6,934</u>	<u>125,152</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	19,084	5,037	24,121
Accrued salaries and benefits	22,280	1,905	24,185
Accrued compensated absences, current portion	8,754	1,044	9,798
Unearned revenue	16,600	14,245	30,845
Capital lease obligations, current portion	—	—	—
Long-term debt obligations, current portion	10,729	80	10,809
Claims liability for losses and loss adjustment expenses, current portion	—	20	20
Depository accounts	287	1,355	1,642
Other liabilities	6,232	1,493	7,725
Total current liabilities	<u>83,966</u>	<u>25,179</u>	<u>109,145</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	5,984	—	5,984
Unearned revenue	—	—	—
Grants refundable	3,512	—	3,512
Capital lease obligations, net of current portion	—	—	—
Long-term debt obligations, net of current portion	624,294	2,602	626,896
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	3,937	3,937
Other postemployment benefits obligations	18,582	4,518	23,100
Net pension liability	472,780	16,233	489,013
Other liabilities	555	8,697	9,252
Total noncurrent liabilities	<u>1,125,707</u>	<u>35,987</u>	<u>1,161,694</u>
Total liabilities	<u>1,209,673</u>	<u>61,166</u>	<u>1,270,839</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>1,070</u>	<u>2,408</u>	<u>3,478</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	272,930	34,695	307,625
Restricted for:			
Nonexpendable – endowments	—	123,132	123,132
Expendable:			
Scholarships and fellowships	4,891	22,065	26,956
Research	—	8,633	8,633
Loans	3,285	—	3,285
Capital projects	3,864	66,277	70,141
Debt service	14,094	—	14,094
Others	167	134,737	134,904
Unrestricted	(229,693)	73,189	(156,504)
Total net position	<u>\$ 69,538</u>	<u>462,728</u>	<u>532,266</u>

See accompanying independent auditors' report.

## CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO

## Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2017

(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
<b>Revenues:</b>				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$49,296)	\$ 179,223	6,617	—	185,840
Grants and contracts, noncapital:				
Federal	—	15,073	—	15,073
State	—	3,492	—	3,492
Local	—	758	—	758
Nongovernmental	—	6,411	—	6,411
Sales and services of educational activities	4,650	—	—	4,650
Sales and services of auxiliary enterprises (net of scholarship allowances of \$2,425)	52,837	47,854	(132)	100,559
Other operating revenues	17,807	23,345	(533)	40,619
Total operating revenues	<u>254,517</u>	<u>103,550</u>	<u>(665)</u>	<u>357,402</u>
<b>Expenses:</b>				
Operating expenses:				
Instruction	192,264	2,649	(857)	194,056
Research	2,042	17,310	—	19,352
Public service	586	16,582	—	17,168
Academic support	44,075	7,227	(1,013)	50,289
Student services	58,998	12,178	(3,383)	67,793
Institutional support	39,061	26,275	(16,212)	49,124
Operation and maintenance of plant	35,713	5,833	(247)	41,299
Student grants and scholarships	16,045	2,894	—	18,939
Auxiliary enterprise expenses	33,032	42,352	(17)	75,367
Depreciation and amortization	40,164	2,097	—	42,261
Total operating expenses	<u>461,980</u>	<u>135,397</u>	<u>(21,729)</u>	<u>575,648</u>
Operating income (loss)	<u>(207,463)</u>	<u>(31,847)</u>	<u>21,064</u>	<u>(218,246)</u>
<b>Nonoperating revenues (expenses):</b>				
State appropriations, noncapital	131,696	—	—	131,696
Federal financial aid grants, noncapital	17,610	—	—	17,610
State financial aid grants, noncapital	19,752	—	—	19,752
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	6,212	—	—	6,212
Other federal nonoperating grants, noncapital	945	—	—	945
Gifts, noncapital	16,142	47,998	(19,667)	44,473
Investment income, net	2,266	6,930	—	9,196
Endowment income (loss)	—	24,949	—	24,949
Interest expense	(15,451)	(107)	—	(15,558)
Other nonoperating revenues (expenses)	8,005	532	—	8,537
Net nonoperating revenues (expenses)	<u>187,177</u>	<u>80,302</u>	<u>(19,667)</u>	<u>247,812</u>
Income (loss) before other revenues (expenses)	<u>(20,286)</u>	<u>48,455</u>	<u>1,397</u>	<u>29,566</u>
State appropriations, capital	2,926	—	—	2,926
Grants and gifts, capital	4,977	9,119	(1,397)	12,699
Additions (reductions) to permanent endowments	—	6,392	—	6,392
Increase (decrease) in net position	<u>(12,383)</u>	<u>63,966</u>	<u>—</u>	<u>51,583</u>
<b>Net position:</b>				
Net position at beginning of year	<u>81,921</u>	<u>398,762</u>	<u>—</u>	<u>480,683</u>
Net position at end of year	<u>\$ 69,538</u>	<u>462,728</u>	<u>—</u>	<u>532,266</u>

See accompanying independent auditors' report.

## CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 180,541
Federal grants and contracts	—
State grants and contracts	15
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(95,693)
Payments to employees	(291,550)
Payments to students	(16,275)
Collections of student loans	58
Sales and services of educational activities	4,650
Sales and services of auxiliary enterprises	53,372
Other receipts	20,480
Net cash provided by (used in) operating activities	<u>(144,402)</u>
Cash flows from noncapital financing activities:	
State appropriations	131,696
Federal financial aid grants	17,610
State financial aid grants	19,752
Nongovernmental and other financial aid grants	6,212
Other federal nonoperating grants	945
Gifts and grants received for other than capital purposes	16,142
Federal loan program receipts	82,265
Federal loan program disbursements	(82,178)
Monies received on behalf of others	13,475
Monies disbursed on behalf of others	(13,430)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	7,476
Net cash provided by (used in) noncapital financing activities	<u>199,965</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	24,006
State appropriations	558
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	3,558
Proceeds from sale of capital assets	337
Acquisition of capital assets	(86,414)
Transfers to escrow agent	—
Principal paid on capital debt and leases	(10,170)
Interest paid on capital debt and leases	(28,489)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash provided by (used in) capital and related financing activities	<u>(96,614)</u>

## CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 676,401
Purchases of investments	(643,800)
Investment income proceeds	<u>3,658</u>
Net cash provided by (used in) investing activities	<u>36,259</u>
Net increase (decrease) in cash and cash equivalents	(4,792)
Cash and cash equivalents at beginning of year	<u>5,662</u>
Cash and cash equivalents at end of year	<u>\$ 870</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 870
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 870</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (207,463)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	40,164
Change in assets and liabilities:	
Accounts receivable, net	2,768
Student loans receivable, net	(173)
Prepaid expenses and other current assets	(612)
Other assets	107
Deferred outflows of resources	(55,006)
Accounts payable	2,385
Accrued salaries and benefits	1,733
Accrued compensated absences	894
Unearned revenues	1,869
Other postemployment benefits obligations	2,993
Net pension liability	73,618
Other liabilities	(53)
Deferred inflows of resources	<u>(7,626)</u>
Net cash provided by (used in) operating activities	<u>\$ (144,402)</u>
Supplemental schedule of noncash transactions:	
Change in accrued capital asset purchases	\$ 3,975
Amortization of net bond premium	3,137
Contributed capital assets	1,419
Amortization of loss / (gain) on debt refundings	678
Capital assets paid by the Office of the Chancellor	581

See accompanying independent auditors' report.

## CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO

## Transactions with Related Entities

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 6,274
Payments from discretely presented component units for other than salaries	10,489
Payments to discretely presented component units for services, space, and programs	6,371
Gifts in kind from discretely presented component units	557
Gifts (cash or assets) from discretely presented component units	18,643
Accounts receivable from discretely presented component units	886
Other amounts receivable from discretely presented component units	1,655
Accounts payable to discretely presented component units	(393)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	226
Payments to the Office of the Chancellor for state pro rata charges	1,120
Accounts receivable from the Office of the Chancellor	2,337
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	1,703
Other interagency payments or receipts for services, space, and programs	79

See accompanying independent auditors' report.



CALIFORNIA STATE UNIVERSITY, SAN MARCOS

Schedule 6

Statement of Net Position

June 30, 2017

(In thousands)

Assets	Discretely presented component units		Total
	Campus		
<b>Current assets:</b>			
Cash and cash equivalents	\$ 8	10,856	10,864
Short-term investments	44,325	4,396	48,721
Accounts receivable, net	5,557	5,438	10,995
Capital lease receivable, current portion	780	—	780
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	1,122	1,122
Prepaid expenses and other current assets	3,559	59	3,618
<b>Total current assets</b>	<b>54,229</b>	<b>21,871</b>	<b>76,100</b>
<b>Noncurrent assets:</b>			
Restricted cash and cash equivalents	—	169	169
Accounts receivable, net	1,244	—	1,244
Capital lease receivable, net of current portion	17,445	—	17,445
Notes receivable, net of current portion	197	—	197
Student loans receivable, net	329	139	468
Pledges receivable, net	—	2,481	2,481
Endowment investments	—	24,097	24,097
Other long-term investments	401	6,144	6,545
Capital assets, net	235,728	26,847	262,575
Other assets	5	64	69
<b>Total noncurrent assets</b>	<b>255,349</b>	<b>59,941</b>	<b>315,290</b>
<b>Total assets</b>	<b>309,578</b>	<b>81,812</b>	<b>391,390</b>
	<b>Deferred Outflows of Resources</b>		
Deferred outflows of resources	69,228	—	69,228
	<b>Liabilities</b>		
<b>Current liabilities:</b>			
Accounts payable	2,700	3,575	6,275
Accrued salaries and benefits	11,474	369	11,843
Accrued compensated absences, current portion	4,971	625	5,596
Unearned revenue	8,280	962	9,242
Capital lease obligations, current portion	1,437	926	2,363
Long-term debt obligations, current portion	2,855	—	2,855
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	937	—	937
Other liabilities	2,116	351	2,467
<b>Total current liabilities</b>	<b>34,770</b>	<b>6,808</b>	<b>41,578</b>
<b>Noncurrent liabilities:</b>			
Accrued compensated absences, net of current portion	3,056	—	3,056
Unearned revenue	—	3,480	3,480
Grants refundable	295	—	295
Capital lease obligations, net of current portion	3,693	18,770	22,463
Long-term debt obligations, net of current portion	103,806	198	104,004
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Other postemployment benefits obligations	8,824	1,464	10,288
Net pension liability	233,926	—	233,926
Other liabilities	—	—	—
<b>Total noncurrent liabilities</b>	<b>353,600</b>	<b>23,912</b>	<b>377,512</b>
<b>Total liabilities</b>	<b>388,370</b>	<b>30,720</b>	<b>419,090</b>
	<b>Deferred Inflows of Resources</b>		
Deferred inflows of resources	520	219	739
	<b>Net Position</b>		
<b>Net position:</b>			
Net investment in capital assets	145,650	3,113	148,763
Restricted for:			
Nonexpendable – endowments	—	20,209	20,209
Expendable:			
Scholarships and fellowships	—	2,687	2,687
Research	—	—	—
Loans	102	—	102
Capital projects	1,288	51	1,339
Debt service	102	—	102
Others	—	5,419	5,419
Unrestricted	(157,225)	19,391	(137,834)
<b>Total net position</b>	<b>\$ (10,083)</b>	<b>50,870</b>	<b>40,787</b>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, SAN MARCOS

## Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2017

(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$46,649)	\$ 71,515	6,174	—	77,689
Grants and contracts, noncapital:				
Federal	—	11,115	—	11,115
State	—	645	—	645
Local	—	15	—	15
Nongovernmental	—	104	—	104
Sales and services of educational activities	80	5,289	—	5,369
Sales and services of auxiliary enterprises (net of scholarship allowances of \$0)	8,526	8,755	—	17,281
Other operating revenues	7,601	194	—	7,795
Total operating revenues	<u>87,722</u>	<u>32,291</u>	<u>—</u>	<u>120,013</u>
Expenses:				
Operating expenses:				
Instruction	90,163	5,093	—	95,256
Research	1,019	6,708	(6)	7,721
Public service	355	593	—	948
Academic support	34,060	659	—	34,719
Student services	23,138	9,491	(25)	32,604
Institutional support	28,320	3,754	(626)	31,448
Operation and maintenance of plant	17,372	—	—	17,372
Student grants and scholarships	21,707	2,088	(1,994)	21,801
Auxiliary enterprise expenses	3,104	4,761	—	7,865
Depreciation and amortization	13,751	1,585	—	15,336
Total operating expenses	<u>232,989</u>	<u>34,732</u>	<u>(2,651)</u>	<u>265,070</u>
Operating income (loss)	<u>(145,267)</u>	<u>(2,441)</u>	<u>2,651</u>	<u>(145,057)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	79,889	—	—	79,889
Federal financial aid grants, noncapital	27,724	—	—	27,724
State financial aid grants, noncapital	21,938	—	—	21,938
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	—	—	—	—
Other federal nonoperating grants, noncapital	74	—	—	74
Gifts, noncapital	2,752	3,144	(2,621)	3,275
Investment income, net	1,341	764	—	2,105
Endowment income (loss)	—	2,676	—	2,676
Interest expense	(4,737)	(753)	—	(5,490)
Other nonoperating revenues (expenses)	4,143	—	—	4,143
Net nonoperating revenues (expenses)	<u>133,124</u>	<u>5,831</u>	<u>(2,621)</u>	<u>136,334</u>
Income (loss) before other revenues (expenses)	<u>(12,143)</u>	<u>3,390</u>	<u>30</u>	<u>(8,723)</u>
State appropriations, capital	1,100	—	—	1,100
Grants and gifts, capital	30	276	(30)	276
Additions (reductions) to permanent endowments	—	—	—	—
Increase (decrease) in net position	<u>(11,013)</u>	<u>3,666</u>	<u>—</u>	<u>(7,347)</u>
Net position:				
Net position at beginning of year	930	47,204	—	48,134
Net position at end of year	<u>\$ (10,083)</u>	<u>50,870</u>	<u>—</u>	<u>40,787</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, SAN MARCOS

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 70,686
Federal grants and contracts	—
State grants and contracts	—
Local grants and contracts	—
Nongovernmental grants and contracts	—
Payments to suppliers	(43,949)
Payments to employees	(144,602)
Payments to students	(21,831)
Collections of student loans	77
Sales and services of educational activities	80
Sales and services of auxiliary enterprises	8,264
Other receipts	6,586
Net cash provided by (used in) operating activities	<u>(124,689)</u>
Cash flows from noncapital financing activities:	
State appropriations	79,904
Federal financial aid grants	27,703
State financial aid grants	21,555
Nongovernmental and other financial aid grants	—
Other federal nonoperating grants	74
Gifts and grants received for other than capital purposes	2,752
Federal loan program receipts	50,648
Federal loan program disbursements	(50,640)
Monies received on behalf of others	1,304
Monies disbursed on behalf of others	(1,246)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	(745)
Interest paid on long-term debt	(930)
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	745
Interest collections on capital leases	930
Principal collections on notes receivable	—
Interest collections on notes receivable	5
Other noncapital financing activities	2,014
Net cash provided by (used in) noncapital financing activities	<u>134,073</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	57
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	6
Proceeds from sale of capital assets	44
Acquisition of capital assets	(1,716)
Transfers to escrow agent	—
Principal paid on capital debt and leases	(3,586)
Interest paid on capital debt and leases	(4,235)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash provided by (used in) capital and related financing activities	<u>(9,430)</u>

## CALIFORNIA STATE UNIVERSITY, SAN MARCOS

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 291,300
Purchases of investments	(291,965)
Investment income proceeds	711
Net cash provided by (used in) investing activities	<u>46</u>
Net increase (decrease) in cash and cash equivalents	—
Cash and cash equivalents at beginning of year	<u>8</u>
Cash and cash equivalents at end of year	<u>\$ 8</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 8
Restricted cash and cash equivalents	—
Total cash and cash equivalents at end of year	<u>\$ 8</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (145,267)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	13,751
Change in assets and liabilities:	
Accounts receivable, net	(1,973)
Student loans receivable, net	(47)
Prepaid expenses and other current assets	(1,517)
Other assets	1
Deferred outflows of resources	(35,010)
Accounts payable	(803)
Accrued salaries and benefits	719
Accrued compensated absences	783
Unearned revenues	(582)
Other postemployment benefits obligations	2,017
Net pension liability	46,829
Other liabilities	(43)
Deferred inflows of resources	<u>(3,547)</u>
Net cash provided by (used in) operating activities	<u>\$ (124,689)</u>
Supplemental schedule of noncash transactions:	
Forgiveness of debt	\$ 1,295
Capital assets paid by the Office of the Chancellor	826
Amortization of net bond premium	456
Change in accrued capital asset purchases	384
Amortization of loss on debt refundings	197
Contributed capital assets	24

See accompanying independent auditors' report.

**CALIFORNIA STATE UNIVERSITY, SAN MARCOS**

## Transactions with Related Entities

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 2,889
Payments from discretely presented component units for other than salaries	8,482
Payments to discretely presented component units for services, space, and programs	5,046
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	—
Accounts receivable from discretely presented component units	900
Other amounts receivable from discretely presented component units	625
Accounts payable to discretely presented component units	(1,066)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	121
Payments to the Office of the Chancellor for state pro rata charges	663
Accounts receivable from the Office of the Chancellor	976
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	797
Other interagency payments or receipts for services, space, and programs	(63)

See accompanying independent auditors' report.

## SONOMA STATE UNIVERSITY

Schedule 6

## Statement of Net Position

June 30, 2017

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ 1,167	2,046	3,213
Short-term investments	88,199	8,215	96,414
Accounts receivable, net	2,919	369	3,288
Capital lease receivable, current portion	—	—	—
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	1,532	1,532
Prepaid expenses and other current assets	999	99	1,098
Total current assets	<u>93,284</u>	<u>12,261</u>	<u>105,545</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	55	55
Accounts receivable, net	1,113	—	1,113
Capital lease receivable, net of current portion	—	—	—
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	1,481	—	1,481
Pledges receivable, net	—	1,827	1,827
Endowment investments	—	36,387	36,387
Other long-term investments	13,753	10,095	23,848
Capital assets, net	335,482	4,251	339,733
Other assets	—	1,262	1,262
Total noncurrent assets	<u>351,829</u>	<u>53,877</u>	<u>405,706</u>
Total assets	<u>445,113</u>	<u>66,138</u>	<u>511,251</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>48,790</u>	<u>—</u>	<u>48,790</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	3,144	478	3,622
Accrued salaries and benefits	8,321	25	8,346
Accrued compensated absences, current portion	4,713	17	4,730
Unearned revenue	14,639	769	15,408
Capital lease obligations, current portion	6	—	6
Long-term debt obligations, current portion	5,840	—	5,840
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	—	—	—
Other liabilities	1,473	285	1,758
Total current liabilities	<u>38,136</u>	<u>1,574</u>	<u>39,710</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	2,552	15	2,567
Unearned revenue	2,547	—	2,547
Grants refundable	1,673	—	1,673
Capital lease obligations, net of current portion	—	—	—
Long-term debt obligations, net of current portion	193,962	—	193,962
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	348	—	348
Other postemployment benefits obligations	6,686	—	6,686
Net pension liability	203,368	—	203,368
Other liabilities	307	—	307
Total noncurrent liabilities	<u>411,443</u>	<u>15</u>	<u>411,458</u>
Total liabilities	<u>449,579</u>	<u>1,589</u>	<u>451,168</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>455</u>	<u>—</u>	<u>455</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	141,478	4,251	145,729
Restricted for:			
Nonexpendable – endowments	—	37,677	37,677
Expendable:			
Scholarships and fellowships	1,284	1,056	2,340
Research	6	—	6
Loans	71	—	71
Capital projects	2,628	—	2,628
Debt service	22	—	22
Others	5,053	8,037	13,090
Unrestricted	(106,672)	13,530	(93,142)
Total net position	<u>\$ 43,870</u>	<u>64,551</u>	<u>108,421</u>

See accompanying independent auditors' report.

## SONOMA STATE UNIVERSITY

## Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2017

(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$36,062)	\$ 51,269	1,993	—	53,262
Grants and contracts, noncapital:				
Federal	6,705	100	—	6,805
State	614	171	—	785
Local	107	—	—	107
Nongovernmental	767	—	—	767
Sales and services of educational activities	500	11	—	511
Sales and services of auxiliary enterprises (net of scholarship allowances of \$0)	27,793	11,465	—	39,258
Other operating revenues	10,630	1,538	—	12,168
Total operating revenues	98,385	15,278	—	113,663
Expenses:				
Operating expenses:				
Instruction	57,359	—	—	57,359
Research	1,035	—	—	1,035
Public service	15,156	—	—	15,156
Academic support	18,635	—	—	18,635
Student services	21,007	2,355	—	23,362
Institutional support	20,025	131	—	20,156
Operation and maintenance of plant	15,189	—	—	15,189
Student grants and scholarships	10,519	—	—	10,519
Auxiliary enterprise expenses	21,302	10,883	—	32,185
Depreciation and amortization	16,534	324	—	16,858
Total operating expenses	196,761	13,693	—	210,454
Operating income (loss)	(98,376)	1,585	—	(96,791)
Nonoperating revenues (expenses):				
State appropriations, noncapital	67,109	—	—	67,109
Federal financial aid grants, noncapital	13,767	—	—	13,767
State financial aid grants, noncapital	11,529	—	—	11,529
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	—	—	—	—
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	4,888	(2,650)	1,120	3,358
Investment income, net	652	388	—	1,040
Endowment income (loss)	—	4,025	—	4,025
Interest expense	(7,221)	—	—	(7,221)
Other nonoperating revenues (expenses)	4,530	(59)	60	4,531
Net nonoperating revenues (expenses)	95,254	1,704	1,180	98,138
Income (loss) before other revenues (expenses)	(3,122)	3,289	1,180	1,347
State appropriations, capital	869	—	—	869
Grants and gifts, capital	1,391	—	(1,180)	211
Additions (reductions) to permanent endowments	—	178	—	178
Increase (decrease) in net position	(862)	3,467	—	2,605
Net position:				
Net position at beginning of year	44,732	61,084	—	105,816
Net position at end of year	\$ 43,870	64,551	—	108,421

See accompanying independent auditors' report.

## SONOMA STATE UNIVERSITY

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 51,604
Federal grants and contracts	6,560
State grants and contracts	724
Local grants and contracts	68
Nongovernmental grants and contracts	887
Payments to suppliers	(49,454)
Payments to employees	(116,203)
Payments to students	(10,591)
Collections of student loans	—
Sales and services of educational activities	499
Sales and services of auxiliary enterprises	27,617
Other receipts	7,276
Net cash provided by (used in) operating activities	<u>(81,013)</u>
Cash flows from noncapital financing activities:	
State appropriations	67,109
Federal financial aid grants	13,768
State financial aid grants	11,529
Nongovernmental and other financial aid grants	—
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	4,888
Federal loan program receipts	39,450
Federal loan program disbursements	(39,318)
Monies received on behalf of others	58
Monies disbursed on behalf of others	(50)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	—
Interest paid on long-term debt	—
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	—
Interest collections on capital leases	—
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	4,447
Net cash provided by (used in) noncapital financing activities	<u>101,881</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	506
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	1,255
Proceeds from sale of capital assets	—
Acquisition of capital assets	(4,677)
Transfers to escrow agent	—
Principal paid on capital debt and leases	(5,567)
Interest paid on capital debt and leases	(8,275)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash provided by (used in) capital and related financing activities	<u>(16,758)</u>



## SONOMA STATE UNIVERSITY

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 268,262
Purchases of investments	(273,557)
Investment income proceeds	1,291
Net cash provided by (used in) investing activities	<u>(4,004)</u>
Net increase (decrease) in cash and cash equivalents	106
Cash and cash equivalents at beginning of year	<u>1,061</u>
Cash and cash equivalents at end of year	<u>\$ 1,167</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ 1,167
Restricted cash and cash equivalents	<u>—</u>
Total cash and cash equivalents at end of year	<u>\$ 1,167</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (98,376)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	16,534
Change in assets and liabilities:	
Accounts receivable, net	(176)
Student loans receivable, net	—
Prepaid expenses and other current assets	(190)
Other assets	—
Deferred outflows of resources	(22,263)
Accounts payable	(310)
Accrued salaries and benefits	649
Accrued compensated absences	(232)
Unearned revenues	(3,067)
Other postemployment benefits obligations	1,112
Net pension liability	28,517
Other liabilities	137
Deferred inflows of resources	<u>(3,348)</u>
Net cash provided by (used in) operating activities	<u>\$ (81,013)</u>
Supplemental schedule of noncash transactions:	
Change in accrued capital asset purchases	\$ 2,274
Amortization of net bond premium	1,205
Capital assets paid by the Office of the Chancellor	207
Contributed capital assets	136

See accompanying independent auditors' report.

## SONOMA STATE UNIVERSITY

## Transactions with Related Entities

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 6,312
Payments from discretely presented component units for other than salaries	4,770
Payments to discretely presented component units for services, space, and programs	1,710
Gifts in kind from discretely presented component units	60
Gifts (cash or assets) from discretely presented component units	3,260
Accounts receivable from discretely presented component units	125
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(241)
Other amounts payable to discretely presented component units	(11)
Payments to the Office of the Chancellor for administrative activities	166
Payments to the Office of the Chancellor for state pro rata charges	598
Accounts receivable from the Office of the Chancellor	127
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	—
State lottery allocation received	881
Other interagency payments or receipts for services, space, and programs	(477)

See accompanying independent auditors' report.

CALIFORNIA STATE UNIVERSITY, STANISLAUS

Schedule 6

Statement of Net Position

June 30, 2017

(In thousands)

Assets	Campus	Discretely presented component units	Total
Current assets:			
Cash and cash equivalents	\$ —	3,035	3,035
Short-term investments	86,679	4,450	91,129
Accounts receivable, net	4,547	928	5,475
Capital lease receivable, current portion	115	—	115
Notes receivable, current portion	—	—	—
Pledges receivable, net	—	466	466
Prepaid expenses and other current assets	829	8	837
Total current assets	<u>92,170</u>	<u>8,887</u>	<u>101,057</u>
Noncurrent assets:			
Restricted cash and cash equivalents	—	328	328
Accounts receivable, net	921	—	921
Capital lease receivable, net of current portion	3,805	—	3,805
Notes receivable, net of current portion	—	—	—
Student loans receivable, net	769	—	769
Pledges receivable, net	—	2,285	2,285
Endowment investments	—	12,170	12,170
Other long-term investments	188	3,526	3,714
Capital assets, net	121,450	7,156	128,606
Other assets	28	749	777
Total noncurrent assets	<u>127,161</u>	<u>26,214</u>	<u>153,375</u>
Total assets	<u>219,331</u>	<u>35,101</u>	<u>254,432</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows of resources	<u>36,081</u>	<u>—</u>	<u>36,081</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	2,742	306	3,048
Accrued salaries and benefits	9,785	4	9,789
Accrued compensated absences, current portion	2,525	37	2,562
Unearned revenue	9,962	486	10,448
Capital lease obligations, current portion	67	115	182
Long-term debt obligations, current portion	1,000	275	1,275
Claims liability for losses and loss adjustment expenses, current portion	—	—	—
Depository accounts	407	—	407
Other liabilities	1,558	204	1,762
Total current liabilities	<u>28,046</u>	<u>1,427</u>	<u>29,473</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion	2,907	—	2,907
Unearned revenue	—	—	—
Grants refundable	813	—	813
Capital lease obligations, net of current portion	409	3,805	4,214
Long-term debt obligations, net of current portion	32,834	1,687	34,521
Claims liability for losses and loss adjustment expenses, net of current portion	—	—	—
Depository accounts	—	—	—
Other postemployment benefits obligations	4,048	1,492	5,540
Net pension liability	158,759	1,400	160,159
Other liabilities	—	—	—
Total noncurrent liabilities	<u>199,770</u>	<u>8,384</u>	<u>208,154</u>
Total liabilities	<u>227,816</u>	<u>9,811</u>	<u>237,627</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources	<u>356</u>	<u>—</u>	<u>356</u>
<b>Net Position</b>			
Net position:			
Net investment in capital assets	93,746	1,274	95,020
Restricted for:			
Nonexpendable – endowments	—	9,515	9,515
Expendable:			
Scholarships and fellowships	18	1,686	1,704
Research	—	—	—
Loans	66	—	66
Capital projects	629	—	629
Debt service	2	—	2
Others	54	8,055	8,109
Unrestricted	<u>(67,275)</u>	<u>4,762</u>	<u>(62,513)</u>
Total net position	<u>\$ 27,240</u>	<u>25,292</u>	<u>52,532</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, STANISLAUS

## Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2017

(In thousands)

	Campus	Discretely presented component units	Eliminations	Total
Revenues:				
Operating revenues:				
Student tuition and fees (net of scholarship allowances of \$36,063)	\$ 40,709	2,186	(1,356)	41,539
Grants and contracts, noncapital:				
Federal	1,656	—	—	1,656
State	2,088	—	—	2,088
Local	1,403	—	—	1,403
Nongovernmental	1,236	—	—	1,236
Sales and services of educational activities	2	—	—	2
Sales and services of auxiliary enterprises (net of scholarship allowances of \$1,688)	5,453	1,353	—	6,806
Other operating revenues	3,816	776	(40)	4,552
Total operating revenues	<u>56,363</u>	<u>4,315</u>	<u>(1,396)</u>	<u>59,282</u>
Expenses:				
Operating expenses:				
Instruction	66,587	152	(46)	66,693
Research	1,092	—	—	1,092
Public service	(867)	—	—	(867)
Academic support	13,897	26	(27)	13,896
Student services	17,521	1,857	—	19,378
Institutional support	18,697	1,134	(325)	19,506
Operation and maintenance of plant	16,024	222	(22)	16,224
Student grants and scholarships	28,192	1,003	(1,004)	28,191
Auxiliary enterprise expenses	6,999	437	(1,355)	6,081
Depreciation and amortization	8,729	427	—	9,156
Total operating expenses	<u>176,871</u>	<u>5,258</u>	<u>(2,779)</u>	<u>179,350</u>
Operating income (loss)	<u>(120,508)</u>	<u>(943)</u>	<u>1,383</u>	<u>(120,068)</u>
Nonoperating revenues (expenses):				
State appropriations, noncapital	64,205	—	—	64,205
Federal financial aid grants, noncapital	25,293	—	—	25,293
State financial aid grants, noncapital	18,512	—	—	18,512
Local financial aid grants, noncapital	—	—	—	—
Nongovernmental and other financial aid grants, noncapital	1,006	—	(1,004)	2
Other federal nonoperating grants, noncapital	—	—	—	—
Gifts, noncapital	22	2,912	(32)	2,902
Investment income, net	512	272	—	784
Endowment income (loss)	—	1,135	—	1,135
Interest expense	(1,249)	(276)	—	(1,525)
Other nonoperating revenues (expenses)	7,016	(275)	(335)	6,406
Net nonoperating revenues (expenses)	<u>115,317</u>	<u>3,768</u>	<u>(1,371)</u>	<u>117,714</u>
Income (loss) before other revenues (expenses)	<u>(5,191)</u>	<u>2,825</u>	<u>12</u>	<u>(2,354)</u>
State appropriations, capital	780	—	—	780
Grants and gifts, capital	13	—	(12)	1
Additions (reductions) to permanent endowments	—	—	—	—
Increase (decrease) in net position	<u>(4,398)</u>	<u>2,825</u>	<u>—</u>	<u>(1,573)</u>
Net position:				
Net position at beginning of year	31,638	22,467	—	54,105
Net position at end of year	<u>\$ 27,240</u>	<u>25,292</u>	<u>—</u>	<u>52,532</u>

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, STANISLAUS

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from operating activities:	
Student tuition and fees	\$ 40,516
Federal grants and contracts	1,633
State grants and contracts	2,075
Local grants and contracts	1,203
Nongovernmental grants and contracts	1,566
Payments to suppliers	(29,305)
Payments to employees	(105,300)
Payments to students	(28,272)
Collections of student loans	—
Sales and services of educational activities	2
Sales and services of auxiliary enterprises	5,666
Other receipts	3,158
Net cash provided by (used in) operating activities	<u>(107,058)</u>
Cash flows from noncapital financing activities:	
State appropriations	64,205
Federal financial aid grants	25,293
State financial aid grants	18,512
Nongovernmental and other financial aid grants	1,006
Other federal nonoperating grants	—
Gifts and grants received for other than capital purposes	22
Federal loan program receipts	30,977
Federal loan program disbursements	(31,074)
Monies received on behalf of others	10,063
Monies disbursed on behalf of others	(9,845)
Transfers to escrow agent	—
Proceeds from long-term debt	—
Principal paid on long-term debt	(105)
Interest paid on long-term debt	(93)
Issuance of notes receivable	—
Issuance of capital leases receivable	—
Principal collections on capital leases	105
Interest collections on capital leases	191
Principal collections on notes receivable	—
Interest collections on notes receivable	—
Other noncapital financing activities	6,766
Net cash provided by (used in) noncapital financing activities	<u>116,023</u>
Cash flows from capital and related financing activities:	
Proceeds from capital debt	—
State appropriations	898
State appropriations – SPWB Lease Revenue Bond program	—
Capital grants and gifts	—
Proceeds from sale of capital assets	47
Acquisition of capital assets	(6,586)
Transfers to escrow agent	—
Principal paid on capital debt and leases	(895)
Interest paid on capital debt and leases	(1,343)
Principal collection on capital leases	—
Interest collection on capital leases	—
Net cash provided by (used in) capital and related financing activities	<u>(7,879)</u>

## CALIFORNIA STATE UNIVERSITY, STANISLAUS

## Statement of Cash Flows

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Cash flows from investing activities:	
Proceeds from sales of investments	\$ 206,796
Purchases of investments	(209,156)
Investment income proceeds	849
Net cash provided by (used in) investing activities	<u>(1,511)</u>
Net increase (decrease) in cash and cash equivalents	(425)
Cash and cash equivalents at beginning of year	<u>425</u>
Cash and cash equivalents at end of year	\$ <u>—</u>
Summary of cash and cash equivalents at end of year:	
Cash and cash equivalents	\$ (425)
Restricted cash and cash equivalents	<u>425</u>
Total cash and cash equivalents at end of year	<u>\$ —</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (120,508)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and amortization	8,729
Change in assets and liabilities:	
Accounts receivable, net	42
Student loans receivable, net	(42)
Prepaid expenses and other current assets	(98)
Other assets	26
Deferred outflows of resources	(16,990)
Accounts payable	1,004
Accrued salaries and benefits	1,081
Accrued compensated absences	713
Unearned revenues	(12)
Other postemployment benefits obligations	518
Net pension liability	21,673
Other liabilities	(569)
Deferred inflows of resources	<u>(2,625)</u>
Net cash provided by (used in) operating activities	<u>\$ (107,058)</u>
Supplemental schedule of noncash transactions:	
Amortization of net bond premium	\$ 253
Capital assets paid by the Office of the Chancellor	215
Amortization of loss on debt refundings	115
Contributed capital assets	13
Change in accrued capital asset purchases	(224)

See accompanying independent auditors' report.

## CALIFORNIA STATE UNIVERSITY, STANISLAUS

## Transactions with Related Entities

Year ended June 30, 2017

(In thousands)

	<u>Campus</u>
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	\$ 2
Payments from discretely presented component units for other than salaries	3,238
Payments to discretely presented component units for services, space, and programs	4,235
Gifts in kind from discretely presented component units	—
Gifts (cash or assets) from discretely presented component units	51
Accounts receivable from discretely presented component units	271
Other amounts receivable from discretely presented component units	—
Accounts payable to discretely presented component units	(347)
Other amounts payable to discretely presented component units	—
Payments to the Office of the Chancellor for administrative activities	102
Payments to the Office of the Chancellor for state pro rata charges	227
Accounts receivable from the Office of the Chancellor	445
Accounts payable to the Office of the Chancellor	—
Accounts receivable from campuses other than the Office of the Chancellor	—
Accounts payable to campuses other than the Office of the Chancellor	(222)
State lottery allocation received	1,180
Other interagency payments or receipts for services, space, and programs	45

See accompanying independent auditors' report.

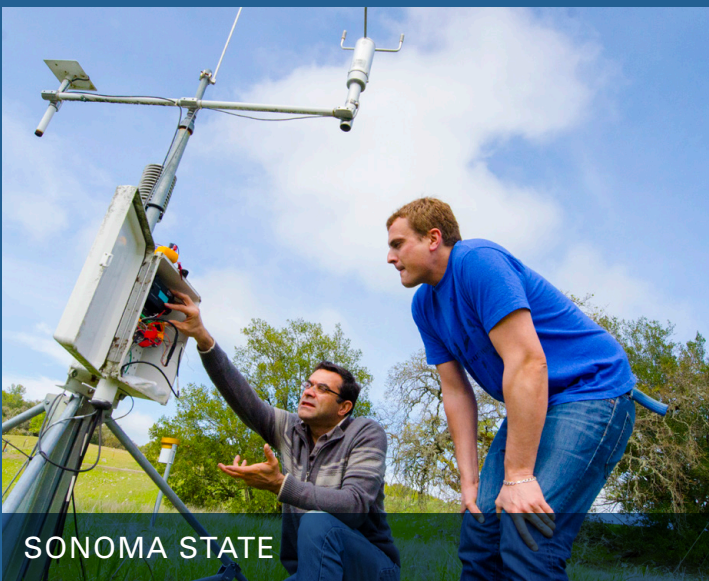




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