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**ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY, EAST**  
Management's Discussion and Analysis  
Year Ended June 30, 2017  
(Unaudited)

This section of Associated Students, Inc. of California State University, East

**SS CAT EST A EAS C D C D A ST T E EST ESTI I**  
Management's Discussion and Analysis (Continued)  
Year Ended June 30, 2017  
(Unaudited)

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

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

A summary of key financial statement information is presented below:

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Current assets decreased \$0.2 million, or 4%, primarily the result of the overall Associated Students' increase in operating activities in fiscal year 2017 not fully offset by the increases in revenue.

Deferred outflow of resources related to pension increased \$0.18 million, or 121%, was the result of changes in the expected versus actual experience and the difference between the projected and actual investment earnings of \$0.17 million. In addition, the Associated Students contributed a total of \$0.09 million in fiscal year 2017 towards the pension liability compared to \$0.08 million in fiscal year 2016." P

**SS CAT EST A EAS C D C D A ST T E ES T ESTI I**  
Management's Discussion and Analysis (Continued)  
Year Ended June 30, 2017  
(Unaudited)

of 15% contributed to the overall variance due to increase in accrued vacation hours at June 30, 2017. The

**SS CAT EST A EAS C D C D A ST T E ES T ESTI I**  
 Management's Discussion and Analysis (Continued)  
 Year Ended June 30, 2017  
 (Unaudited)

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Capital Assets, net of accumulated depreciation, totaled \$0.0 million and \$0.001 million as of June 30, 2017 and 2016 respectively. The following table summarizes the changes in capital assets for the fiscal years ended June 30:

Furniture and fixtures	\$ 14,696	\$ 14,696
Equipment	43,740	44,840
Total	58,436	59,536
Less accumulated depreciation	(58,436)	(58,757)
Net capital assets	\$ -	\$ 779

The decrease of equipment during the year ended June 30, 2017 is related to routine review of equipment inventory and subsequent disposal of equipment that is no longer in use. Additional information on capital assets can be found in Note 5 to the financial statements included in this report.

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The financial report is designed to provide a general overview of the Associated Students' finances. For questions concerning any information in this report or for additional financial information, contact Debra Chaw, Vice President Admin & Finance/CFO, California State University, East Bay, 25800 Carlos Bee



**SS CAT EST A EAS C D C D A ST T E ES T ESTI I**  
 Statement of Net Position  
 June 30, 2017

Assets			
Current Assets			
Cash and cash equivalents		\$	-
Investments			

See accompanying notes to financial statements

**SS CAT EST A EAS C D C D A ST T E S T ESTI I**  
**Statement of Revenue, Expenses, and Changes in Net Position**  
**Year Ended June 30, 2017**

Revenues		
Operating revenues		
Student fees, net	\$ 1,932,000	
Sales and services of auxiliary enterprise	359	
Total operating revenues	<u>1,932,359</u>	
Expenses		
Operating expenses		
Auxiliary enterprise expenses	2,154,337	
Student grants and scholarships	180,118	
Depreciation and amortization	779	
Total operating expenses	<u>2,335,234</u>	
Operating loss	<u>(402,875)</u>	
Nonoperating Revenues / (Expenses)		
Investment income (loss), net	180,983	
Total nonoperating revenues (expenses)	<u>180,983</u>	
Decrease in net position	<u>(221,892)</u>	
Net Position		
Net position at beginning of year, as previously reported	4,098,910	
Restatement (see Note 10)	<u>(1,110,924)</u>	
Net position at beginning of year, as restated	<u>2,987,986</u>	
Net position, end of year	<u>\$ 2,766,094</u>	

See accompanying notes to financial statements

**SS CAT EST A EAS C D C D A S T T E E S T ESTI I**  
 Statement of Cash Flows  
 Year Ended June 30, 2017

Cash flows from operating activities:

Student fees	1,574,328.00	vPPPPPPPPPPPPPPPPPPPPPPPP	1,922,038
Sales and services of auxiliary enterprises			6,045
Payment to suppliers			(1,515,374)
Payment to employees			(614,535)
Payment to students			(180,328)
Other operating activities			1,304
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Notes to Financial Statements (Continued)  
Year Ended

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Notes to Financial Statements (Continued)  
Year Ended June 30, 2017

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GASB Statement No. 45, " 0 "  
" 1 & 2 & establishes the standards for the actuarial  
measurement, recognition, presentation, disclosure, and required supplemental information of

SS CAT EST A EAS C D C D A ST T E ES T ESTI I  
Notes to Financial Statements (Continued)  
Year Ended June 30, 2017

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

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

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

C C E

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

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Investments are made on a short-term basis (less than one y

**SS CAT EST A EAS C D C D A ST T E ES T ESTI I**  
Notes to Financial Statements (Continued)  
Year Ended June 30, 2017

Investments consist of the following at June 30, 2017:





**ASSOCIATED STUDENTS INVESTMENT ESTIMATES**  
 Notes to Financial Statements (Continued)  
 Year Ended June 30, 2017

**C C**

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

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

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Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. In order to maximize the rate of return in Associated Students' long-term investment portfolio while preserving capital and limiting concentration of credit risk, Associated Students investment policy dictates a diverse asset allocation as follows: domestic equities (30-50%), international equities (20- 40%), fixed income/intermediate (15-60%), and alternatives (0-25%). U.S. Treasury and Agency securities are not subject to this limitation. More than 5% of Associated Student's investment pool are in Federal National Mortgage Association, Inc. (\$367,880 or 8%), FHL Banks Office of Finance (\$431,847 or 9%), Government of the United States (\$868,497 or 18%), and remaining equities under threshold (\$767,651 or 16%).

As of June 30, 2017, **accounts** receivable consist of the following:

Student Fees	\$	20,801
Interest		2,222

**SS CAT EST A EAS C D C D A ST T E ES T ESTI I**  
 Notes to Financial Statements (Continued)  
 Year Ended June 30, 2017

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Capital assets' activity for the year ended June 30, 2017 consists of the following:

	Balance June 30, 2016	Additions	Retirements/ Transfers	Balance June 30, 2017
Furniture and fixtures	\$ 14,696	\$ -	\$ -	\$ 14,696
Equipment	44,840	-	(1,100)	43,740
Total	59,536	-	(1,100)	58,436

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**SS CAT EST A EAS C D C D A ST T E ES T ESTI I**  
 Notes to Financial Statements (Continued)  
 Year Ended June 30, 2017

measurement period ended June 30, 2016 (the measurement date), the covered classic employees are required to contribute 5% of their monthly earnings in excess of \$513 per month while those under PEPRA are required to contribute 6.5% of their salary. The Associated Students was required to contribute 11.558% and 6.5% on the classic and PEPRA, respectively in fiscal year 2017. The Associated Students contribution for the year ended June 30, 2017 was \$92,452.

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For the measurement period ended June 30, 2016 (the measurement date), the total pension liability was determined by rolling period forward the June 30, 2015 total pension liability determined in the June 30, 2015 actuarial accounting valuation. The June 30, 2016 total pension liability was 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
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

<sup>1</sup> 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.

All other assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period 1977 to 2011, including updates to salary increased, mortality, and retirement rates. Further details of the Experience Study can be found on CalPERS' website.

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The discount rate used

**SS CAT EST A EAS C D C D A ST T E ES T ESTI I**  
Notes to Financial Statements (Continued)  
Year Ended June 30, 2017

(expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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**SS CAT EST A EAS C D C D A ST T E ES T ESTI I**  
 Notes to Financial Statements (Continued)  
 Year Ended June 30, 2017

**O D D I**

Under GASB Statement No. 68, actuarial gains and losses related to changes in total pension liability and fiduciary net pension are recognized in pension expense systematically over time.

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

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

Net difference between projected and actual earnings on pension plan investments	5 year straight line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with pension (active, inactive, and retired) as of the beginning of measurement period

The Net Difference between Projected and Actual Investment Earning on Pension Plan Investments is amortized over a five-year period on a straight line basis. One-fifth is recognized in pension expense during the measurement period, and the remaining Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments at the measurement date is to be amortized over the remaining four-year period. The Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments in the Schedule of Collective Pension Amounts represents the unamortized balance relating to the current measurement period and prior measurement period on a net basis.

Deferred outflow of resources and deferred inflows of resources relating to the Difference between Expected and Actual Experience, Changes of Assumptions, and employer-specific amounts should be amortized over the EARSL of members provided with pensions through the Plan. The EARSL for PERF C for the June 30, 2016, measurement date is 3.7 years, which was obtained by dividing the total service years of 475,689 (the sum of remaining service times of all active employees) by 127,009 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

The Schedule of Collective Pension Amounts does not reflect employer-specific amounts such as



**SS CAT EST A EAS C D C D A ST T E ES T ESTI I**  
Notes to Financial Statements (Continued)  
Year Ended June 30, 2017

Measurement Period  
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**SS CAT EST A EAS C D C D A ST T E EST ESTI I**  
Notes to Financial Statements (Continued)  
Year Ended June 30, 2017

Annual required contribution	\$	93,825
Interest on net OPEB obligations		64,182
Adjustment to annual required contribution		(78,457)
Annual OPEB cost		79,550
Contribution made		59,430
Increase in net OPEB		20,120
Net OPEB liability - beginning of the year		916,862
Net OPEB liability - end of year	\$	936,982

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

Fiscal Year Ended	Annual OPEB Cost	Percentage Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
June 30, 2015	\$ 147,979	40%	\$ 885,510
June 30, 2016			

SS CAT EST A EAS C D C D A ST T E EST ESTI I  
Notes to Financial Statements (Continued)  
Year Ended June 30, 2017

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

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

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

6 & – Healthcare cost trend rates were selected based on a combination of national and state trend surveys as well as professional judgment. The ultimate trend rate was 4.0%.

6 & " – The 2017 health insurance premiums for retirees were used as a basis for calculation of the present value of total benefits to be paid. An employee is assumed to continue with the same medical plan upon retirement. If an employee waived medical coverage, then such waiver is assumed to continue into retirement.

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

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

– The calculation uses an annual discount rate of 7.0%.

& – The entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2017 was fourteen years.

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

**ASSOCIATED STUDENTS**  
**Notes to Financial Statements (Continued)**  
**Year Ended June 30, 2017**

**D**

Unrestricted net position was designated by the Board for the following purposes at June 30, 2017:

Current operations and working capital	\$	1,000,000
Other Post Employment Benefit		1,166,094
Undesignated		600,000
Total Board designated net position	\$	2,766,094

**A T**

Associated Students enters into transactions with the University. Associated Students pays the University for accounting services, indirect cost allocations, and reimbursements for professional fees, utilities, special events and students' activities through an internal cost recovery process. For the year ended June 30, 2017, Associated Students paid the University \$239,182. The Associated Students received \$45,049 from the University for services, space, and programs. Associated Students provided \$390,197 in contribution to the University for student events, functions, capital projects, and other programs during the year ended June 30, 2017. In addition, amounts due to the University at June 30, 2017 was \$9,781.

Net position has been restated to correct for an error in the previous years. The Associated Students erroneously included investments that f pr o Dbe f0 ~P[â C / 2

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Required Supplementary Information (Continued)



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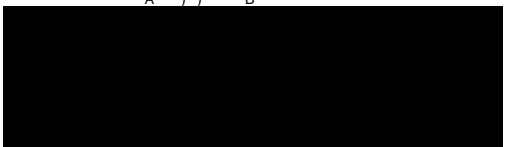
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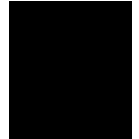
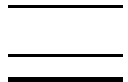
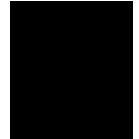
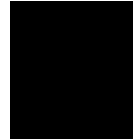
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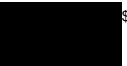
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ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY  
Note to Supplementary Information  
Year Ended June 30, 2017

ASSOCIATED STUDENTS OF CALIFORNIA STATE UNIVERSITY

As an auxiliary organization of the California State University (CSU), Associated Students, Inc. of California State University, East Bay is required to include audited supplementary information in its financial statements in the form and content specified by CSU. As a result, there are differences in reporting format between the Associated Students' financial statements and supplementary schedules for CSU.