

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

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

Independent Auditor's Report, Financial Statements
and Supplementary Information

June 30, 2017



Certified
Public
Accountants

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

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Cal State L.A. University Auxiliary Services, Inc. (UAS), a component unit of California State University, Los Angeles, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise UAS' basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cal State L.A. University Auxiliary Services, Inc., as of June 30, 2017, and the changes in financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-7 and the schedule of funding progress on page 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements. The accompanying supplementary information on pages 31-43 is presented for purposes of additional analysis in accordance with an Administrative Directive dated June 24, 2003, *Financial Reporting Requirements for Auxiliary Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2017, on our consideration of UAS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UAS' internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Los Angeles, California
October 4, 2017

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

Management's Discussion and Analysis

June 30, 2017

(Unaudited)

This section of the Cal State L.A. University Auxiliary Services, Inc., (UAS) annual financial report presents management's discussion and analysis of the financial performance of UAS during the fiscal year ended June 30, 2017. This discussion has been prepared by management along with the financial statements and related note disclosures and should be read in conjunction with, and is qualified in its entirety by the financial statements and related notes. The financial statements, related notes and this discussion are the responsibility of management.

Overview of the Financial Statements

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

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

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

Statement of Net Position (Deficit)

The following is a summary of the UAS' assets, liabilities, deferred inflows of resources and net position (deficit) comparing FY 2016-17 with FY 2015-16.

	<u>FY 2016-17</u>	<u>FY 2015-16</u>	<u>Percent Change</u>
Assets:			
Current assets	\$ 17,796,855	\$ 16,189,139	10%
Capital assets, net	20,951,495	21,623,440	-3%
Total assets	<u>38,748,350</u>	<u>37,812,579</u>	2%
Liabilities:			
Current liabilities	11,285,246	10,779,236	5%
Long-term liabilities	26,753,760	28,941,818	-8%
Total liabilities	<u>38,039,006</u>	<u>39,721,054</u>	-4%
Deferred inflows of resources:	856,936	912,349	-6%
Net position (deficit):			
Net investment in capital assets	(3,393,303)	(3,890,844)	13%
Unrestricted	3,245,711	1,070,020	203%
Total net position (deficit)	<u>\$ (147,592)</u>	<u>\$ (2,820,824)</u>	95%

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

Management's Discussion and Analysis (Continued)

June 30, 2017

(Unaudited)

Assets

UAS' assets totaled \$38.7 million on June 30, 2017, an increase of \$0.9 million, or 2% compared to the previous year. Current assets increased \$1.6 million, or 10% primarily due to an increase in cash and short term investments which was attributed to the improvement in operating income due to an increase in student population and timing of billings and collections from grants resulting in a higher cash flow balance at year end. Capital assets, net, decreased by \$0.7 million, a 3% decrease primarily due to the \$1.5 million depreciation expense offset by \$0.1 million of new acquisitions, and \$0.7 million of construction of the BioSpace building.

Liabilities

UAS' liabilities totaled \$38.0 million on June 30, 2017, a decrease of \$1.7 million, or 4% compared to the previous year. The decrease was the net result of a \$0.2 million decrease in accounts payable, \$0.8 million increase in unearned revenue, \$0.5 million decrease in postemployment healthcare benefits, and a \$1.8 million decrease in debt services. The decrease in accounts payable is mainly due to a payment that was made prior to June closing and resulted in a smaller accrued liabilities carried forward to next fiscal year. The increase in unearned revenue is mainly due to timing of collections from grants. The decrease in postemployment healthcare benefits was due to UAS prefunding some of this obligation in the current fiscal year. The other postemployment healthcare benefits liability was calculated based on the annual required contribution of UAS, which is an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The decrease in debt and obligations was a result of the refinancing of capital lease and notes, and payments made on debt and obligations during the fiscal year.

Net Position (Deficit)

UAS' net position increased by \$2.7 million, or 95%, from the previous year, primarily due to the facts described in the following page.

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

Management's Discussion and Analysis (Continued)

June 30, 2017

(Unaudited)

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

The table below is a summary of the UAS' revenues, expenses and changes in net position (deficit) comparing FY 2016-17 with FY 2015-16.

	FY 2016-17	FY 2015-16	Change
Operating revenues:			
Grants and contracts	\$ 22,771,930	\$ 21,739,079	5%
Auxiliary activities	5,144,125	4,717,247	9%
Campus program activities	2,749,050	2,544,760	8%
Lease income	1,549,827	1,502,087	3%
Other income	877,644	536,733	64%
Total operating revenues	<u>33,092,576</u>	<u>31,039,906</u>	7%
Operating expenses:			
Sponsored programs	22,637,754	21,539,067	5%
Auxiliary activities	4,145,161	4,243,142	-2%
Campus program activities	2,621,531	1,991,145	32%
General and administrative	351,184	595,399	-41%
Total operating expenses	<u>29,755,630</u>	<u>28,368,753</u>	5%
Total operating income	<u>3,336,946</u>	<u>2,671,153</u>	25%
Nonoperating revenues (expenses):			
Interest income	45,501	27,489	66%
Interest expense	(709,215)	(955,151)	-26%
Loss on retirement of assets	-	(11,346)	-100%
Net nonoperating expenses	<u>(663,714)</u>	<u>(939,008)</u>	-29%
Change in net position:	2,673,232	1,732,145	54%
Net deficit – beginning	<u>(2,820,824)</u>	<u>(4,552,969)</u>	38%
Net deficit – ending	<u>\$ (147,592)</u>	<u>\$ (2,820,824)</u>	95%

Operating revenues increased by \$2.0 million, or 7%, compared to the previous year. The increase was primarily due to a \$1.0 million increase in grants and contracts revenue, \$0.4 million increase in auxiliary activities due to an increase in food and catering services, \$0.2 million increase in campus program revenue as a result of an increase in student population, and \$0.4 million increase in other income as a result of the receipts of capital contribution of the BioSpace Building.

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

Management's Discussion and Analysis (Continued)

June 30, 2017

(Unaudited)

Operating expenses increased by \$1.3 million, or 5%, compared to the previous year. The increase was primarily a result from the increase in sponsored program reimbursements, auxiliary activities and campus services due to an increase in student population.

Nonoperating expenses decreased \$0.3 million, or 29%, compared to the previous year. The decrease was primarily due to the refinancing of the capital lease and notes and resulted in a decrease in interest expense, together with the increase of interest income from the Cal State University investment pool.

UAS' net position at the end of 2017 reflected a deficit of \$0.1 million, a positive change of \$2.7 million from the previous year. The reduction in the deficit is attributed to the operating surplus achieved during the current fiscal year.

Capital Assets

Capital assets include land, buildings and improvements, fixtures and equipment, and software at June 30, 2017. Total capital assets before accumulated depreciation increased by \$0.8 million from the previous year primarily due to the net result of new acquisition and the start of construction of the BioSpace building in the current year.

Accumulated depreciation increased by \$1.5 million from \$20.9 million to \$22.4 million. Depreciation expense for the year was \$1.5 million. See note 4 for additional information.

Debt Administration

Debt including capital lease obligations and notes payable totaled \$23.5 million at June 30, 2017, a decrease of \$1.1 million, or 5% compared to the previous year. The decrease is primarily due to the principal payments for notes payable and capital lease, and the refinancing of the Federal Credit Union notes and Golden Eagle Facility lease by the California State University Revenue Bonds (SRB). See note 6 for additional information.

Other Postemployment Healthcare Benefits (OPEB) Plan

Postemployment Healthcare Benefits Plan obligations totaled \$4.2 million at June 30, 2017, a decrease of \$0.4 million, or 9% compared to the previous year. The decrease in obligations is primarily due to a new actuarial valuation study that was performed in the current fiscal year, which resulted in a reduction in annual required contributions from \$0.5 million to \$0.4 million. In addition, UAS made a pre-funding payment of \$0.8 million during the current fiscal year. See note 9 for additional information.

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

Management's Discussion and Analysis (Continued)

June 30, 2017

(Unaudited)

Other Potentially Significant Matters

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

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

The UAS Board of Directors also understands the challenges fully disclosed in the current financial reports and the need to seize potential opportunities to improve UAS' financial position.

Contacting the Cal State L.A. University Auxiliary Services, Inc. Management

This financial report is designed to provide the public with an overview of UAS' financial operations and condition. If you have questions about this report or need additional information, you can contact the UAS Executive Director at 5151 State University Drive, Los Angeles, CA 90032.

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BASIC FINANCIAL STATEMENTS

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

Statement of Net Position (Deficit)

June 30, 2017

Assets

Current assets:

Cash and cash equivalents	\$	7,637,954
Restricted cash and cash equivalents		5,525,082
Accounts receivable, net		4,605,573
Inventory		28,246
Total current assets		<u>17,796,855</u>

Capital assets, net:

Non-depreciable		1,368,326
Depreciable		19,583,169
Total capital assets, net		<u>20,951,495</u>

Total assets

38,748,350

Liabilities

Current liabilities:

Accounts payable		1,413,159
Accrued expenses		1,501,438
Unearned revenue		6,412,985
Due to the University		637,091
Compensated absences		317,173
Notes payable		128,400
Capital lease obligation		875,000
Total current liabilities		<u>11,285,246</u>

Long-term liabilities:

Compensated absences		60,532
Other postemployment healthcare benefits		4,208,766
Notes payable		1,761,020
Capital lease obligation		20,723,442
Total long-term liabilities		<u>26,753,760</u>

Total liabilities

38,039,006

Deferred inflows of resources:

Unamortized gain on sale of property		174,256
Unamortized gain on refunding		682,680
Total deferred inflow of resources		<u>856,936</u>

Net position (deficit):

Net investment in capital assets		(3,393,303)
Unrestricted		3,245,711

Total net position (deficit)

\$ (147,592)

See accompanying notes to basic financial statements.

CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
Statement of Revenues, Expenses and Changes in Net Position (Deficit)
For the Year Ended June 30, 2017

Operating revenues:	
Grants and contracts	\$ 22,771,930
Revenue from auxiliary activities	5,144,125
Campus program activities	2,749,050
Lease income	1,549,827
Other income	877,644
Total operating revenues	<u>33,092,576</u>
Operating expenses:	
Sponsored programs	22,637,754
Auxiliary activities	4,145,161
Campus program activities	2,621,531
General and administrative	351,184
Total operating expenses	<u>29,755,630</u>
Operating income	<u>3,336,946</u>
Nonoperating revenues (expenses):	
Interest income	45,501
Interest expense	<u>(709,215)</u>
Net nonoperating expenses	<u>(663,714)</u>
Change in net position	2,673,232
Net deficit - beginning of year	(2,820,824)
Net deficit - end of year	<u><u>\$ (147,592)</u></u>

See accompanying notes to basic financial statements.

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

Statement of Cash Flows
For the Year Ended June 30, 2017

Cash flows from operating activities:

Federal grants and contracts	\$ 18,617,111
State and local grants and contracts	2,012,818
Nongovernmental grants and contracts	3,474,421
Payments to suppliers	(10,835,280)
Payments to employees	(14,810,784)
Payments to students	(3,313,060)
Sales and services of educational activities	2,749,050
Sales and services of auxiliary enterprises	6,826,994
Other receipts	953,822
Net cash provided by operating activities	<u>5,675,092</u>

Cash flows from capital and related financing activities:

Acquisition of capital assets	(842,667)
Principal paid on capital debt and leases	(1,595,980)
Interest paid on capital debt and leases	(920,516)
Net cash used for capital and related financing activities	<u>(3,359,163)</u>

Cash flows from investing activities:

Investment income	46,091
Net cash provided by investing activities	<u>46,091</u>

Net increase in cash and cash equivalents	2,362,020
Cash and cash equivalents - beginning of year	10,801,016
Cash and cash equivalents - end of year	<u>\$ 13,163,036</u>

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

Operating income	\$ 3,336,946
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,514,612
Change in assets and liabilities:	
Decrease in accounts receivable	717,016
Increase in inventory	(2,315)
Decrease in prepaid expenses and other current assets	39,603
Decrease in accounts payable	(226,339)
Decrease in accrued expenses	(46,400)
Increase in unearned revenue	824,624
Decrease in compensated absences	(38,047)
Decrease in other postemployment healthcare benefits	(444,608)
Net cash provided by operating activities	<u>\$ 5,675,092</u>

Noncash capital and related financing activities:

Amortization of capital lease and note premiums	\$ (150,673)
Amortization of gain on refunding	(44,522)
Amortization of gain on sale of property	(10,891)

See accompanying notes to basic financial statements.

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

Notes to Basic Financial Statements

June 30, 2017

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Basis of Accounting and Measurement Focus

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

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

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

Cash and Cash Equivalents

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

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates and have an original maturity of three months or less at time of purchase.

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

Notes to Basic Financial Statements (Continued)

June 30, 2017

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Accounts Receivable

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

Capital Assets

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

Components of Net Position

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

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

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

Policy Regarding Use of Restricted vs. Unrestricted Resources

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

Income Taxes

UAS is exempt from federal income and state franchise taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code, respectively. Accordingly, there is no provision for income taxes in the financial statements. UAS has implemented Accounting Standards Codification (ASC) topic 740-10-25, *Income taxes – Overall – Recognition*, for uncertainty in tax positions and has determined there is no material impact on the financial statements.

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

Notes to Basic Financial Statements (Continued)

June 30, 2017

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Management has considered its tax positions and believes that all of the positions taken by UAS in their federal and state exempt organization tax returns are more likely than not to be sustained upon examinations. As of June 30, 2017, UAS' returns are subject to examination by federal taxing authorities for years 2017, 2016, and 2015, and by state taxing authorities for the years 2017, 2016, 2015, and 2014.

Use of Estimates

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

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2017 are composed of the following:

Cash on hand	\$	5,325
Cash in banks		8,321,073
Pooled cash and investments		4,836,638
Total	\$	<u>13,163,036</u>

Cash in Bank

The *California Government Code* requires California banks and savings and loan associations to secure UAS' deposits. Obligations pledged to secure deposits must be delivered to an institution other than the institution in which the deposit is made; however, the trust department of the same institution may hold them. Written custodial agreements are required that provide, among other things, that the collateral securities are held separate from the assets of the custodial institution. The pledge to secure deposits is administered by the California Superintendent of Banks. The market value of pledged securities must equal 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure an agency's deposits by pledging first trust deeds or first mortgages having a value of 150 percent of an agency's total deposits. All such collateral is considered to be held by the pledging financial institutions' trust departments or agents in the name of UAS. At June 30, 2017, cash held by financial institutions for the UAS of \$9,645,656 was entirely insured and collateralized as described above. The book balance at June 30, 2017 for UAS was \$8,321,073, of which \$5,525,082 was restricted for grants and contracts.

Pooled Cash and Investments in the California State University System

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

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

Notes to Basic Financial Statements (Continued)

June 30, 2017

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

UAS has the following recurring fair value measurement as of June 30, 2017:

UAS participates in the CSU investment pool (the Pool) managed by U.S. Bank, an asset management and investment advisory firm that serves the CSU. Securities within the investment pool that are not insured are held in the name of CSU. Such short-term investments are reported at fair value, which was \$4,836,638, and represents approximately 0.1% of the Pool as of June 30, 2017. Investments in an external investment pool are not subject to reporting within the level hierarchy. There are no specific investments belonging to UAS. As UAS does not own identifiable investments of the Pool, but participates as a shareholder of the Pool, these investments are not individually identifiable and are not included in the leveling hierarchy. The fair value of UAS' share in the Pool approximates the fair value of the position in the Pool at June 30, 2017. The Pool is not rated as of June 30, 2017. The weighted average to maturity of the Pool as of June 30, 2017 is 1.5 years. Investments in an external investment pool are not subject to reporting within the level hierarchy. Additional information regarding the interest rate, credit, concentration of credit risks and fair value hierarch of UAS' investments in the Pool can be found in the notes to the California State University system's basic financial statements.

NOTE 3 – ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at June 30, 2017:

Grants and contracts (net of allowance of \$243,427)	\$ 4,231,581
Due from California State University, Los Angeles	162,088
Other (net of allowance of \$7,874)	211,904
Total	<u>\$ 4,605,573</u>

NOTE 4 – CAPITAL ASSETS

The capital assets balance at June 30, 2017 consists of the following activity:

	Balance			Balance
	June 30, 2016	Increases	Decreases	June 30, 2017
Capital assets, non-depreciable:				
Land	\$ 639,000	\$ -	\$ -	\$ 639,000
Construction in progress	-	729,326	-	729,326
Total non-depreciable capital assets	<u>639,000</u>	<u>729,326</u>	<u>-</u>	<u>1,368,326</u>
Capital assets, depreciable				
Buildings and building improvements under capital lease	32,484,133	10,965	-	32,495,098
Furniture, fixtures and equipment	9,293,352	102,376	(42,096)	9,353,632
Software	95,724	-	-	95,724
Total depreciable capital assets	<u>41,873,209</u>	<u>113,341</u>	<u>(42,096)</u>	<u>41,944,454</u>
Less accumulated depreciation:				
Buildings and building improvements under capital lease	(13,010,309)	(1,180,180)	-	(14,190,489)
Furniture, fixtures and equipment	(7,808,463)	(319,259)	42,096	(8,085,626)
Software	(69,997)	(15,173)	-	(85,170)
Total accumulated depreciation	<u>(20,888,769)</u>	<u>(1,514,612)</u>	<u>42,096</u>	<u>(22,361,285)</u>
Capital assets, depreciable (net)	<u>20,984,440</u>	<u>(1,401,271)</u>	<u>-</u>	<u>19,583,169</u>
Capital assets – net	<u>\$ 21,623,440</u>	<u>\$ (671,945)</u>	<u>\$ -</u>	<u>\$ 20,951,495</u>

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

Notes to Basic Financial Statements (Continued)

June 30, 2017

NOTE 4 – CAPITAL ASSETS (Continued)

Depreciation expense for the year ended June 30, 2017 was \$1,514,612.

NOTE 5 – ACCOUNTS PAYABLE

The following is a summary of accounts payable at June 30, 2017:

Accounts payable to third-party vendors	\$ 1,004,524
Payable to California State University, Los Angeles	408,635
Total	<u>\$ 1,413,159</u>

NOTE 6 – LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended June 30, 2017 is as follows:

	Balance				Balance	Due in
	June 30, 2016	Increases	Decreases		June 30, 2017	one year
Due to the University						
(Note 11)	\$ 1,269,671	\$ -	\$ (632,580)		\$ 637,091	\$ 637,091
Compensated absences	415,752	331,989	(370,036)		377,705	317,173
Notes payable	1,806,200	-	(123,400)		1,682,800	128,400
Unamortized note premium	223,373	-	(16,753)		206,620	-
Capital lease	20,385,000	-	(840,000)		19,545,000	875,000
Unamortized capital lease premium	2,187,362	-	(133,920)		2,053,442	-
Other postemployment healthcare benefits (Note 9)	4,653,374	-	(444,608)		4,208,766	-
	<u>\$ 30,940,732</u>	<u>\$ 331,989</u>	<u>\$ (2,561,297)</u>		<u>28,711,424</u>	<u>\$ 1,957,664</u>
Less current portion					1,957,664	
Total long-term obligation					<u>\$ 26,753,760</u>	

Notes Payable

On April 1, 2008, UAS entered into an interest-free note payable with the University-Student Union Board, California State University, Los Angeles (USU), an affiliate, for borrowing up to \$490,000. The purpose was to purchase furniture, fixtures or equipment, or for tenant improvement costs for Starbucks and Sbarro stores located in USU. Principal payments are \$38,400 annually for the first ten years, and \$21,200 annually for the remaining five years. The agreement expires in March 2023. As of June 30, 2017, the outstanding balance is \$182,800.

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

Notes to Basic Financial Statements (Continued)

June 30, 2017

NOTE 6 – LONG-TERM OBLIGATIONS (Continued)

On August 1, 2015, the Board of Trustees of the California State University System (Trustees) issued Systemwide Revenue Bonds (SRB), Series 2015A. UAS simultaneously entered into a note agreement (Note) with the Trustees and a portion of the SRB, in the amount of \$1,685,000, was issued to UAS to replace the Bond Anticipation Notes (BAN) and refinance the Television Film Media Studio building. Amounts outstanding under the Note totaled \$1,500,000 at June 30, 2017. The interest rate of the SRB ranged from 2.0% to 5.0% in the next 13 years and total interest paid for the year is \$67,747. In addition, UAS has deferred note premium, totaling of \$238,730. This balance will be amortized over the term of the note and, at June 30, 2017, the unamortized premium was \$206,620.

The principal maturities of notes payable outstanding as of June 30, 2017 are as follows:

	University Student Union		Note with Trustees	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2018	\$ 38,400	\$ -	\$ 90,000	\$ 65,913
2019	38,400	-	90,000	62,638
2020	21,200	-	95,000	58,913
2021	21,200	-	100,000	55,438
2022	21,200	-	105,000	51,613
2023-2027	42,400	-	590,000	180,906
2028-2030	-	-	430,000	33,000
	<u>\$ 182,800</u>	<u>\$ -</u>	<u>\$ 1,500,000</u>	<u>\$ 508,421</u>

	Total	
	Principal	Interest
Year ending June 30:		
2018	\$ 128,400	\$ 65,913
2019	128,400	62,638
2020	116,200	58,913
2021	121,200	55,438
2022	126,200	51,613
2023-2027	632,400	180,906
2028-2030	430,000	33,000
	<u>\$ 1,682,800</u>	<u>\$ 508,421</u>

Capital Lease Obligation

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

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

Notes to Basic Financial Statements (Continued)

June 30, 2017

NOTE 6 – LONG-TERM OBLIGATIONS (Continued)

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

The carrying value of the Golden Eagle Facility was approximately \$29,001,497 at the time of the Sale-Leaseback Transaction and the purchase price, agreed to as part of the transaction, was \$29,352,161. This resulted in a net \$350,664 gain on the sale for UAS. This balance is being amortized over the term of the capital lease and, at June 30, 2017, the unamortized gain on the sale was \$174,256 and is classified as deferred inflows of resources. The Lease contains certain restrictive covenants including restrictions on the issuance of debt, budget goals, and minimum net income available for debt service and tax code compliance requirements.

On August 1, 2015, the Trustees issued a \$21,435,000 SRB, Series 2015A to UAS to refinance the SRB Series 2005A&B. The amount of defeased bond outstanding as of date of refunding total \$23,270,000. The refinancing resulted in an economic gain (difference between net present values of the debt service payments on the old lease and new lease) of approximately \$3,892,000. In connection with the SRB, UAS renewed the Lease simultaneously with the Trustees through November 1, 2032. Amounts outstanding under the new lease totaled \$19,545,000 at June 30, 2017. The interest rate of the SRB ranges from 2.0% to 5.0% in the next 16 years and total interest paid for the year is \$841,212. In addition, UAS has deferred capital lease premium, totaling of \$2,310,122 and deferred gain on refunding of the old lease, totaling of \$764,304. These balances will be amortized over the term of the Lease and, at June 30, 2017, the unamortized premium and gain on refunding were \$2,053,442 and \$682,680, respectively. The gain on refunding is classified as a deferred inflow of resources.

The amount of the leased asset is \$29,351,562 and accumulated amortization was \$12,873,492 at June 30, 2017.

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

Year ending June 30:	
2018	\$ 1,692,313
2019	1,690,413
2020	1,688,638
2021	1,688,763
2022	1,695,713
2023 - 2027	8,442,181
2028 - 2032	8,450,201
2033	1,686,125
Total minimum lease payments	<u>27,034,347</u>
Less amount representing interest	<u>(7,489,347)</u>
Present value of future minimum lease payments	<u>\$ 19,545,000</u>

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

Notes to Basic Financial Statements (Continued)

June 30, 2017

NOTE 7 – FRANCHISE OF BOOKSTORE AND FOOD SERVICE

UAS has entered into a qualified management agreement with an unrelated corporation (the Franchisee) under which UAS transferred management responsibilities to the bookstore. On March 22, 2012, the agreement was amended, extending the agreement for a five-year period through March 2017, with an automatic renew option through 2022. Under the agreement, the Franchisee receives a predetermined fixed fee, and a lump-sum incentive award when a specific gross revenue is reached for each contract year. The predetermined fixed fee is designed to cover management costs incurred for the bookstore, Café 47, Golden Eagle express, and Metro Express Convenience Store, including facilities rental and rental of UAS' leasehold improvements and equipment. During the years ended June 30, 2017 and 2016, UAS recognized net income of \$879,926 and \$907,287, respectively, relating to this agreement. Under the terms of the amended agreement, UAS receives an additional \$49,000 per year to cover utility overhead expenses, a \$100,000 unrestricted contribution to support UAS operations, and a one-time \$600,000 signing bonus to be used at the discretion of UAS, amortized over the term of the 10-year contract. In addition, the Franchisee will spend up to \$250,000 in renovation costs to design, construct, equip, and install fixtures in the bookstore, Café 47, and Metro Express Convenience Store. Both the signing bonus and renovation costs are repayable should the agreement be terminated by UAS prior to March 22, 2022.

UAS has various agreements with Franchisees to operate food service units and vending machines on the University campus. Under the terms of the agreements, UAS is to receive a predetermined percentage of total net sales. The agreements expire on various dates through 2022, with most Franchisees renewing under the same terms and conditions, as defined in the agreements. During the years ended June 30, 2017 and 2016, UAS recognized \$744,045 and \$751,340, respectively, in commission income from net sales. The commission income is included in revenue from auxiliary activities.

NOTE 8 – RETIREMENT PLANS

UAS Money Purchase Pension Plan (Plan) is a defined contribution plan covering all employees of the UAS who have one year of service and are age twenty-one or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is administered by Prudential Retirement Insurance and Annuity Company (Prudential). Although UAS has not expressed any intent to do so, UAS has the right under the Plan to modify or discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in their employer contribution. The Plan contributes an amount equal to 6% of eligible employees' annual salaries. Total contribution payments to this plan for the year ended June 30, 2017, were \$254,182.

UAS also has a tax-sheltered annuity plan whereby UAS will match up to 6% of eligible employees' gross salary contributed by the employees. Total contribution payments to this plan for the year ended June 30, 2017, were \$156,979.

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

Notes to Basic Financial Statements (Continued)

June 30, 2017

NOTE 9 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB) PLAN

Plan Description

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

UAS employees hired prior to November 14, 2006, are eligible to receive UAS subsidized postemployment medical coverage for themselves and their spouse if they retire at age 55 or older with at least 10 years of service with UAS. Eligible retirees receive lifetime benefits from UAS as long as they remain enrolled in a medical plan sponsored by UAS. At age 65 retirees have the option of opting out of UAS sponsored coverage. In return, UAS agrees to pay the Medicare Part B premium for these retirees and their spouses. UAS employees hired after November 14, 2006, are eligible to receive UAS subsidized postemployment medical coverage for themselves and their spouse if they retire at age 59.5 or older with at least 10 years of service with UAS. Eligible retirees receive lifetime benefits from UAS as long as they remain enrolled in a medical plan sponsored by UAS. Employees who retire with 10 to 19 years of service are eligible to receive 50% of the maximum UAS subsidy. Employees who retire with 20 or more years of service are eligible to receive 100% of the maximum UAS subsidy.

UAS currently sponsors Blue Cross and Kaiser HMOs and two Blue Cross PPOs. UAS contributes a significant portion of the cost of this coverage. Employees and retirees are required to contribute 10% of the monthly premium cost. The maximum UAS monthly contribution is "capped". The monthly cap in effect for 2017 is:

Employee only	\$	707
Two party		1,349

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

Funding Policy

The contribution requirements of plan members and UAS are established and may be amended by UAS' Board of Directors. Currently, UAS' policy is to contribute to the plan on a pay-as-you-go basis. For the year ended June 30, 2017, UAS contributed \$827,886. The contribution consists of \$77,886 representing premium payments on behalf of its retired employees, and \$750,000 representing an additional payment to prefund this obligation.

Annual OPEB Cost

UAS' annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

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

Notes to Basic Financial Statements (Continued)

June 30, 2017

NOTE 9 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB) PLAN (Continued)

The following table shows UAS' annual required contribution (OPEB costs), for the year ended June 30, 2017, the amount actually contributed to the plan, and changes in UAS' net OPEB obligation.

Annual required contribution	\$ 396,944
Interest on net OPEB obligation	302,469
Adjustment to annual required contribution	<u>(316,135)</u>
Annual OPEB cost (expense)	383,278
Contributions made	<u>(827,886)</u>
Decrease in net OPEB obligation	(444,608)
Net OPEB obligation - beginning of year	<u>4,653,374</u>
Net OPEB obligation - end of year	<u><u>\$ 4,208,766</u></u>

UAS' annual OPEB cost, actual contributions, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015, 2016, and 2017 were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2017	\$ 383,278	\$ 827,886	216%	\$ 4,208,766
6/30/2016	543,481	67,881	12%	4,653,374
6/30/2015	513,788	90,302	18%	4,177,774

Funded Status and Funding Progress

The following reflects the funded status of the plan as of the date of the most recent valuation, July 1, 2016:

Actuarial value of plan assets	<u>\$ -</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 3,324,611</u></u>
Funded ratio (actuarial value of plan assets/actuarial accrued liability(AAL))	0.0%
Covered payroll (active plan members)	\$ 4,546,235
UAAL as a percentage of covered payroll	73.1%

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

Notes to Basic Financial Statements (Continued)

June 30, 2017

NOTE 9 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB) PLAN (Continued)

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

Actuarial Methods and Assumptions

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

In the July 1, 2016 actuarial valuation (with results rolled back to 7/1/2015), the entry age normal cost method was used. The actuarial assumptions used to determine the annual required contribution included a 4.0% investment rate of return, (net of administrative expenses) and an annual blended healthcare trend rate of 6.7% initially, reduced by decrements to an ultimate rate of 5.0% after ten years. A 3.25% annual rate of increase in payroll was used. The estimated age-adjusted “true cost” of retiree medical cost ranges from age 55 with an annual cost of \$8,940 to age 64 with an annual cost of \$12,994. The plan’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis over a period of 30 years. As of July 1, 2015, 8 years of amortization have occurred and 22 years remained. Under the entry age normal cost method the projected benefits allocates the present value of future benefits on a level basis over the earnings or service (in this case earnings) of each employee between the hire date and assumed retirement age.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Grants and Contracts

Amounts received or receivable from federal and state agencies are subject to audit and any claims may constitute a liability of the applicable funds. The amount, if any, of expenses which may be potentially disallowed cannot be determined at this time. UAS expects such amounts, if any, to be insignificant as of June 30, 2017.

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

Notes to Basic Financial Statements (Continued)

June 30, 2017

NOTE 11 - RELATED PARTY TRANSACTIONS

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

UAS received utilities, mainframe computer services, printing, faculty release time, office supplies, information technology management, accounting and financial services, and human resource services from the University and was charged \$7,797,618 for the year ended June 30, 2017. This amount included \$1,685,413 of the current year capital lease and note principal and interest expense payments, and \$638,922 payment for principal and interest of current year's balance due to the University.

UAS received \$4,979,739 from the University for providing catering and campus program services, and space to the University for the usage as classrooms, for special events, and as facilities for the Extended Education Division.

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

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

NOTE 12- LIQUIDITY

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

Over the past years, UAS commenced full operations of the student meal program in the new Housing Dining Commons. In current fiscal year, UAS expands food locations in order to serve increased student population. As such, higher revenues are resulted in most of the food operations due to an increase in student population. All previous and current revenues enhancements have allowed UAS to continuously improve its operating income in the commercial and administrative operations. The changes implemented have improved fiscal viability, and during the current fiscal year, UAS had an improvement in net position of \$2,673,232.

NOTE 13 – SUBSEQUENT EVENTS

UAS has evaluated subsequent events and transactions for potential recognition or disclosure through October 4, 2017, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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CAL STATE L.A. UNIVERSITY AUXILIARY SERVICES, INC.
Schedule of Funding Progress
June 30, 2017
(Unaudited)

Schedule of Funding Progress - Other Postemployment Healthcare Benefits

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B - A)	Funded Ratio (A / B)	Covered Payroll (C)	UAAL as Percentage of Covered Payroll ((B - A) / C)
7/1/2008 (a)	\$ -	\$ 3,332,335	\$ 3,332,335	0.0%	\$ 3,766,933	88.5%
7/1/2011 (b)	-	4,292,142	4,292,142	0.0%	4,244,324	101.1%
7/1/2014 (c)	-	4,731,574	4,731,574	0.0%	4,329,488	109.3%
7/1/2016 (d)	-	3,324,611	3,324,611	0.0%	4,546,235	73.1%

(a) with valuation result rolled back to July 1, 2007

(b) with valuation result rolled back to July 1, 2010

(c) with valuation result rolled back to July 1, 2013

(d) with valuation result rolled back to July 1, 2015

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SUPPLEMENTARY INFORMATION

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

Schedule of Net Position

June 30, 2017

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 2,801,316
Short-term investments	4,836,638
Accounts receivable, net	4,605,573
Leases receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	28,246
Total current assets	<u>12,271,773</u>
Noncurrent assets:	
Restricted cash and cash equivalents	5,525,082
Accounts receivable, net	-
Leases receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	-
Capital assets, net	20,951,495
Other assets	-
Total noncurrent assets	<u>26,476,577</u>
Total assets	<u>38,748,350</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	-
Others	-
Total deferred outflows of resources	<u>-</u>
Liabilities:	
Current liabilities:	
Accounts payable	1,413,159
Accrued salaries and benefits	1,501,438
Accrued compensated absences, current portion	317,173
Unearned revenue	6,412,985
Capitalized lease obligations, current portion	875,000
Long-term debt obligations, current portion	128,400
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	637,091
Total current liabilities	<u>11,285,246</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	60,532
Unearned revenue	-
Grants refundable	-
Capitalized lease obligations, net of current portion	20,723,442
Long-term debt obligations, net of current portion	1,761,020
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Other postemployment benefits obligations	4,208,766
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	<u>26,753,760</u>
Total liabilities	<u>38,039,006</u>
Deferred inflows of resources:	
Service concession arrangements	-
Net pension liability	-
Unamortized gain on debt refunding	682,680
Nonexchange transactions	-
Others	174,256
Total deferred inflows of resources	<u>856,936</u>
Net Position (Deficit):	
Net investment in capital assets	(3,393,303)
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	3,245,711
Total net position (deficit)	\$ <u>(147,592)</u>

See accompanying notes to supplementary schedules.

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

Schedule of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2017

(for inclusion in the California State University)

Revenues:

Operating revenues:

Student tuition and fees (net of scholarship allowances of \$_____)	\$	-
Grants and contracts, noncapital:		
Federal		17,284,691
State		2,012,818
Local		1,414,281
Nongovernmental		2,060,140
Sales and services of educational activities		2,749,050
Sales and services of auxiliary enterprises (net of scholarship allowances of \$0)		6,693,952
Other operating revenues		420,517
Total operating revenues		<u>32,635,449</u>

Expenses:

Operating expenses:

Instruction	22,314,605
Research	-
Public service	-
Academic support	-
Student services	-
Institutional support	2,611,717
Operation and maintenance of plant	3,314,696
Student grants and scholarships	-
Auxiliary enterprise expenses	-
Depreciation and amortization	1,514,612
Total operating expenses	<u>29,755,630</u>
Operating income (loss)	<u>2,879,819</u>

Nonoperating revenues (expenses):

State appropriations, noncapital	-
Federal financial aid grants, noncapital	-
State financial aid grants, noncapital	-
Local financial aid grants, noncapital	-
Nongovernmental and other financial aid grants, noncapital	-
Other federal nonoperating grants, noncapital	-
Gifts, noncapital	100,000
Investment income (loss), net	45,501
Endowment income (loss), net	-
Interest expense	(709,215)
Other nonoperating revenues (expenses)	-
Net nonoperating revenues (expenses)	<u>(563,714)</u>

Income (loss) before other revenues (expenses) 2,316,105

State appropriations, capital	-
Grants and gifts, capital	357,127
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	<u>2,673,232</u>

Net position:

Net position at beginning of year, as previously reported	(2,820,824)
Restatements	-
Net position at beginning of year, as restated	<u>(2,820,824)</u>
Net position at end of year	<u>\$ (147,592)</u>

See accompanying notes to supplementary schedules.

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

Other Information

June 30, 2017

(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2017:

Portion of restricted cash and cash equivalents related to endowments	\$	-
All other restricted cash and cash equivalents		<u>5,525,082</u>
Total restricted cash and cash equivalents	\$	<u>5,525,082</u>

2.1 Composition of investments at June 30, 2017:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ 1,332	-	1,332	-	-	-	1,332
State of California Local Agen16 Investment Fund (LAIF)	-	-	-	-	-	-	-
Corporate bonds	1,332,913	-	1,332,913	-	-	-	1,332,913
Certificates of deposit	205,110	-	205,110	-	-	-	205,110
Mutual funds	-	-	-	-	-	-	-
Money Market funds	20,776	-	20,776	-	-	-	20,776
Repurchase agreements	13,611	-	13,611	-	-	-	13,611
Commercial paper	-	-	-	-	-	-	-
Asset backed securities	413,648	-	413,648	-	-	-	413,648
Mortgage backed securities	479	-	479	-	-	-	479
Municipal bonds	21,910	-	21,910	-	-	-	21,910
U.S. agency securities	1,745,675	-	1,745,675	-	-	-	1,745,675
U.S. treasury securities	1,081,184	-	1,081,184	-	-	-	1,081,184
Equity securities	-	-	-	-	-	-	-
Exchange traded funds (ETFs)	-	-	-	-	-	-	-
Alternative investments:	-	-	-	-	-	-	-
Private equity (including limited partnerships)	-	-	-	-	-	-	-
Hedge funds	-	-	-	-	-	-	-
Managed futures	-	-	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-	-	-
Commodities	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-
Other alternative investment types	-	-	-	-	-	-	-
Other external investment pools (excluding SWIFT)	-	-	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Other major investments:	-	-	-	-	-	-	-
CSU Consolidated Investment Pool	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-
Total investments	<u>4,836,638</u>	<u>-</u>	<u>4,836,638</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,836,638</u>
Less endowment investments (enter as negative number)	-	-	-	-	-	-	-
Total investments	\$ <u>4,836,638</u>	<u>-</u>	<u>4,836,638</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,836,638</u>

2.2 Investments held by the University under contractual agreements at June 30, 2017:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2017 :	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---

2.3 Restricted current investments at June 30, 2017 related to:

	\$	<u>Amount</u>
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Add description		-
Total restricted current investments at June 30, 2017	\$	<u>-</u>

See accompanying notes to supplementary schedules.

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

Other Information

June 30, 2017

(for inclusion in the California State University)

2.4 Restricted noncurrent investments at June 30, 2017 related to:

	<u>Amount</u>
Endowment investment	\$ -
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Total restricted noncurrent investments at June 30, 2017	\$ -

2.5 Fair value hierarchy in investments at June 30, 2017:

	<u>Fair Value Measurements Using</u>				Net Asset Value (NAV)
	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	
State of California Surplus Money Investment Fund (SMIF)	\$ 1,332	-	-	-	1,332
State of California Local Agen16 Investment Fund (LAIF)	-	-	-	-	-
Corporate bonds	1,332,913	-	177,976	1,154,937	-
Certificates of deposit	205,110	-	205,110	-	-
Mutual funds	-	-	-	-	-
Money Market funds	20,776	6	-	-	20,770
Repurchase agreements	13,611	-	13,611	-	-
Commercial paper	-	-	-	-	-
Asset backed securities	413,648	413,648	-	-	-
Mortgage backed securities	479	-	479	-	-
Municipal bonds	21,910	-	21,910	-	-
U.S. agency securities	1,745,675	881,395	864,280	-	-
U.S. treasury securities	1,081,184	-	1,081,184	-	-
Equity securities	-	-	-	-	-
Exchange traded funds (ETFs)	-	-	-	-	-
Alternative investments:	-	-	-	-	-
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment types	-	-	-	-	-
Other external investment pools (excluding SWIFT)	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Other major investments:	-	-	-	-	-
CSU Consolidated Investment Pool	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Add description	-	-	-	-	-
Total investments	\$ 4,836,638	1,295,049	2,364,550	1,154,937	22,102

See accompanying notes to supplementary schedules.

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

Other Information

June 30, 2017

(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 2017:

	Balance June 30, 2016	Prior period Adjustments	Reclassifications	Balance June 30, 2016 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2017
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ 639,000	-	-	639,000	-	-	-	639,000
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	729,326	-	-	729,326
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	639,000	-	-	639,000	729,326	-	-	1,368,326
Depreciable/amortizable capital assets:								
Buildings and building improvements	31,806,670	-	-	31,806,670	10,965	-	-	31,817,635
Improvements, other than buildings	99,921	-	-	99,921	-	-	-	99,921
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	577,542	-	-	577,542	-	-	-	577,542
Personal property:								
Equipment	9,293,352	-	-	9,293,352	102,376	(42,096)	-	9,353,632
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	95,724	-	-	95,724	-	-	-	95,724
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	95,724	-	-	95,724	-	-	-	95,724
Total depreciable/amortizable capital assets	41,873,209	-	-	41,873,209	113,341	(42,096)	-	41,944,454
Total capital assets	42,512,209	-	-	42,512,209	842,667	(42,096)	-	43,312,780
Less accumulated depreciation/amortization:								
Buildings and building improvements	(12,509,609)	-	-	(12,509,609)	(1,125,224)	-	-	(13,634,833)
Improvements, other than buildings	(36,021)	-	-	(36,021)	(9,992)	-	-	(46,013)
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	(464,678)	-	-	(464,678)	(44,964)	-	-	(509,642)
Personal property:								
Equipment	(7,808,464)	-	-	(7,808,464)	(319,259)	42,096	-	(8,085,627)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	(69,997)	-	-	(69,997)	(15,173)	-	-	(85,170)
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Total intangible assets	(69,997)	-	-	(69,997)	(15,173)	-	-	(85,170)
Total accumulated depreciation/amortization	(20,888,769)	-	-	(20,888,769)	(1,514,612)	42,096	-	(22,361,285)
Total capital assets, net	\$ 21,623,440	-	-	21,623,440	(671,945)	-	-	20,951,495

See accompanying notes to supplementary schedules.

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

Other Information

June 30, 2017

(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2017:

Depreciation and amortization expense related to capital assets	\$	1,514,612
Amortization expense related to other assets		-
Total depreciation and amortization	\$	<u>1,514,612</u>

4 Long-term liabilities activity schedule:

	Balance June 30, 2016	Prior period adjustments	Reclassifications	Balance June 30, 2016 (restated)	Additions	Reductions	Balance June 30, 2017	Current portion	Long-term portion
Accrued compensated absences	\$ 415,752	-	-	415,752	331,989	(370,036)	377,705	317,173	60,532
Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-	-
Capitalized lease obligations:									
Gross balance	20,385,000	-	-	20,385,000	-	(840,000)	19,545,000	875,000	18,670,000
Unamortized premium / (discount) on capitalized lease obligations	2,187,362	-	-	2,187,362	-	(133,920)	2,053,442	-	2,053,442
Total capitalized lease obligations	<u>22,572,362</u>	<u>-</u>	<u>-</u>	<u>22,572,362</u>	<u>-</u>	<u>(973,920)</u>	<u>21,598,442</u>	<u>875,000</u>	<u>20,723,442</u>
Long-term debt obligations:									
Auxiliary revenue bonds	-	-	-	-	-	-	-	-	-
Commercial paper	-	-	-	-	-	-	-	-	-
Notes payable related to SRB	1,585,000	-	-	1,585,000	-	(85,000)	1,500,000	90,000	1,410,000
Others: (list by type)									
Note Payable - University Student Union	221,200	-	-	221,200	-	(38,400)	182,800	38,400	144,400
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-	-
Total long-term debt obligations	<u>1,806,200</u>	<u>-</u>	<u>-</u>	<u>1,806,200</u>	<u>-</u>	<u>(123,400)</u>	<u>1,682,800</u>	<u>128,400</u>	<u>1,554,400</u>
Unamortized bond premium / (discount)	223,373	-	-	223,373	-	(16,753)	206,620	-	206,620
Total long-term debt obligations, net	<u>2,029,573</u>	<u>-</u>	<u>-</u>	<u>2,029,573</u>	<u>-</u>	<u>(140,153)</u>	<u>1,889,420</u>	<u>128,400</u>	<u>1,761,020</u>
Total long-term liabilities	\$ <u>25,017,687</u>	<u>-</u>	<u>-</u>	<u>25,017,687</u>	<u>331,989</u>	<u>(1,484,109)</u>	<u>23,865,567</u>	<u>1,320,573</u>	<u>22,544,994</u>

5 Future minimum lease payments - capitalized lease obligations:

	Capitalized lease obligations related to SRB			All other capitalized lease obligations			Total capitalized lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2018	875,000	817,313	1,692,313	-	-	-	875,000	817,313	1,692,313
2019	910,000	780,413	1,690,413	-	-	-	910,000	780,413	1,690,413
2020	950,000	738,638	1,688,638	-	-	-	950,000	738,638	1,688,638
2021	985,000	703,763	1,688,763	-	-	-	985,000	703,763	1,688,763
2022	1,030,000	665,713	1,695,713	-	-	-	1,030,000	665,713	1,695,713
2023 - 2027	5,890,000	2,552,181	8,442,181	-	-	-	5,890,000	2,552,181	8,442,181
2028 - 2032	7,260,000	1,190,201	8,450,201	-	-	-	7,260,000	1,190,201	8,450,201
2033 - 2037	1,645,000	41,125	1,686,125	-	-	-	1,645,000	41,125	1,686,125
2038 - 2042	-	-	-	-	-	-	-	-	-
2043 - 2047	-	-	-	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-	-	-	-
2053 - 2057	-	-	-	-	-	-	-	-	-
2058 - 2062	-	-	-	-	-	-	-	-	-
2063 - 2067	-	-	-	-	-	-	-	-	-
Total minimum lease payments	<u>19,545,000</u>	<u>7,489,347</u>	<u>27,034,347</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,545,000</u>	<u>7,489,347</u>	<u>27,034,347</u>
Less amounts representing interest									<u>(7,489,347)</u>
Present value of future minimum lease payments									19,545,000
Unamortized net premium (discount)									<u>2,053,442</u>
Total capitalized lease obligations									21,598,442
Less: current portion									<u>(875,000)</u>
Capitalized lease obligation, net of current portion									\$ <u><u>20,723,442</u></u>

See accompanying notes to supplementary schedules.

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

Other Information

June 30, 2017

(for inclusion in the California State University)

6 Long-term debt obligation schedule

	Auxiliary revenue bonds			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
	Year ending June 30:								
2018	\$ 90,000	65,913	155,913	38,400	-	38,400	128,400	65,913	194,313
2019	90,000	62,638	152,638	38,400	-	38,400	128,400	62,638	191,038
2020	95,000	58,913	153,913	21,200	-	21,200	116,200	58,913	175,113
2021	100,000	55,438	155,438	21,200	-	21,200	121,200	55,438	176,638
2022	105,000	51,613	156,613	21,200	-	21,200	126,200	51,613	177,813
2023 - 2027	590,000	180,906	770,906	42,400	-	42,400	632,400	180,906	813,306
2028 - 2032	430,000	33,000	463,000	-	-	-	430,000	33,000	463,000
2033 - 2037	-	-	-	-	-	-	-	-	-
2038 - 2042	-	-	-	-	-	-	-	-	-
2043 - 2047	-	-	-	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-	-	-	-
2053 - 2057	-	-	-	-	-	-	-	-	-
2058 - 2062	-	-	-	-	-	-	-	-	-
2063 - 2067	-	-	-	-	-	-	-	-	-
Total minimum payments	<u>1,500,000</u>	<u>508,421</u>	<u>2,008,421</u>	<u>182,800</u>	<u>-</u>	<u>182,800</u>	<u>1,682,800</u>	<u>508,421</u>	<u>2,191,221</u>
Less amounts representing interest									<u>(508,421)</u>
Present value of future minimum payments									1,682,800
Unamortized net premium (discount)									<u>206,620</u>
Total long-term debt obligations									1,889,420
Less: current portion									<u>(128,400)</u>
Long-term debt obligations, net of current portion									<u>\$ 1,761,020</u>

7 Calculation of net position

7.1 Calculation of net position - net investment in capital assets

Capital assets, net of accumulated depreciation	\$ 20,951,495
Capitalized lease obligations, current portion	(875,000)
Capitalized lease obligations, net of current portion	(20,723,442)
Long-term debt obligations, current portion	(128,400)
Long-term debt obligations, net of current portion	(1,761,020)
Portion of outstanding debt that is unspent at year-end	-
Other adjustments: (please list)	-
Deferred inflows	-
Unamortized gain on sale of property	(174,256)
Unamortized gain on refunding	(682,680)
Add description	-
Add description	-
Net position - net investment in capital asset	<u>\$ (3,393,303)</u>

7.2 Calculation of net position - restricted for nonexpendable - endowments

Portion of restricted cash and cash equivalents related to endowments	\$ -
Endowment investments	-
Other adjustments: (please list)	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Add description	-
Net position - Restricted for nonexpendable - endowments per SNP	<u>\$ -</u>

See accompanying notes to supplementary schedules.

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

Other Information

June 30, 2017

(for inclusion in the California State University)

8 Transactions with related entities

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 2,530,509
Payments to University for other than salaries of University personnel	5,267,109
Payments received from University for services, space, and programs	4,979,739
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	-
Accounts (payable to) University (enter as negative number)	(408,635)
Other amounts (payable to) University (enter as negative number)	(637,091)
Accounts receivable from University	162,088
Other amounts receivable from University	-

9 Other postemployment benefits obligation (OPEB)

Annual required contribution (ARC)	\$ 383,278
Contributions during the year	<u>(827,886)</u>
Increase (decrease) in net OPEB obligation (NOO)	(444,608)
Other adjustments	-
NOO - beginning of year	4,653,374
NOO - end of year	\$ <u>4,208,766</u>

10 Pollution remediation liabilities under GASB Statement No. 49:

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

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

	<u>Net Position Class</u>	<u>Amount Dr. (Cr.)</u>
Net position as of June 30, 2016, as previously reported	\$	(2,820,824)
Prior period adjustments:		
## (list description of each adjustment)		-
## (list description of each adjustment)		-
## (list description of each adjustment)		-
## (list description of each adjustment)		-
## (list description of each adjustment)		-
## (list description of each adjustment)		-
## (list description of each adjustment)		-
## (list description of each adjustment)		-
## (list description of each adjustment)		-
## (list description of each adjustment)		-
Net position as of June 30, 2016, as restated	\$	<u>(2,820,824)</u>

See accompanying notes to supplementary schedules.

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

Other Information

June 30, 2017

(for inclusion in the California State University)

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

	<u>Debit</u>	<u>Credit</u>
Net position class: _____ ## (breakdown of adjusting journal entry)	\$ -	-
Net position class: _____ ## (breakdown of adjusting journal entry)	-	-
Net position class: _____ ## (breakdown of adjusting journal entry)	-	-
Net position class: _____ ## (breakdown of adjusting journal entry)	-	-
Net position class: _____ ## (breakdown of adjusting journal entry)	-	-
Net position class: _____ ## (breakdown of adjusting journal entry)	-	-
Net position class: _____ ## (breakdown of adjusting journal entry)	-	-
Net position class: _____ ## (breakdown of adjusting journal entry)	-	-
Net position class: _____ ## (breakdown of adjusting journal entry)	-	-
Net position class: _____ ## (breakdown of adjusting journal entry)	-	-
Net position class: _____ ## (breakdown of adjusting journal entry)	-	-
Net position class: _____ ## (breakdown of adjusting journal entry)	-	-
Net position class: _____ ## (breakdown of adjusting journal entry)	-	-
Net position class: _____ ## (breakdown of adjusting journal entry)	-	-

See accompanying notes to supplementary schedules.

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

Note to Supplementary Information

June 30, 2017

1. Basis of Presentation

These schedules are prepared in accordance with the instructions listed in an Administrative Directive, dated June 24, 2003; *Financial Reporting Requirements for Auxiliary Organizations*, from the California State University Office of the Chancellor and revision dated September 29, 2017. As a result, these schedules do not purport to represent financial statements prepared fully in accordance with accounting principles generally accepted in the United States of America applicable to governmental not-for-profit organizations.