

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Associated Students, Inc. of California State University, East Bay, a component unit of California State University, East Bay, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

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

We believe that the audit evidence we have obtained is

Other Matters

Required Supplementary Information

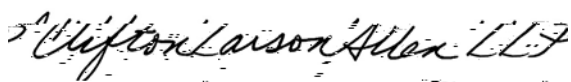
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the net OPEB liability and related ratios, schedule of proportionate share of the net pension liability, and the schedule of contributions as listed in the table of contents 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 opinions on the financial statements that collectively comprise the Associated Students, Inc. of California State University, East Bay's basic financial statements. The schedule of net position, the schedule of revenues, expenses, and changes in net position, and other information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This 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 schedules of the Associated Students, Inc. of California State University, East Bay, referred to above, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 9, 2020, on our consideration of the Associated Students, Inc. of California State University, East Bay's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Associated Students, Inc. of California State University, East Bay's 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 Associated Students, Inc. of California State University, East Bay's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
September 9, 2020

**ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

Statement of Cash Flows: The statement of cash flows presents the inflows and outflows of cash, summarized by operating, noncapital financing, capital and related financing, and investing activities.

The statement is prepared using the direct method of cash flows, and therefore, presents gross rather than net amounts for the year's operating activities.

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

A summary of key financial statement information is presented below:

Statement of Net Position

| | | 2020 | | 2019 |
|-------------------|----|-------------|----|---|
| Asset | | | | |
| Current assets | \$ | 4,884,556 | \$ | 4,713,435 |
| Noncurrent assets | | 279,699 | | 291,181 |
| Total assets | | \$ | 3 | (a[\$ 5.6 5.13.6 (l)follow-5.al as)-.al o 5.1 |
| 291,181 | \$ | | | |

**ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

Deferred Outflows of Resources

The deferred outflows of resources related to pension increased by \$69,000, or 20%, mainly due to an increase in the net difference between expected and actual experience, offset by a \$3,000 decrease in deferred outflows of resources related to other post employment benefit.

Liabilities

Total current liabilities decreased \$13,000, or 6%, mostly due to a lower accounts payable balance at the end of the year compared to the previous year.

The noncurrent liabilities increased by \$281,000, or 10%, due to the overall change in pension liability as well as other post employment benefits, which recognized changes in benefit terms as a result of the adoption of plan provision changes.

Deferred Inflows of Resources

The deferred inflows of resources increased by \$129,000, or 103%, due to deferred inflows related to the difference between employer's contribution and proportionate share of contributions for pension liability and changes in assumptions for other post employment benefits.

Net Position

Total net position decreased by \$170,000, or 8%, primarily resulting from the overall Associated Students' operating activities not fully funded by revenues earned in the current fiscal year.

Statement of Revenues, Expenses, and Changes in Net Position

| | <u>2020</u> | <u>2019</u> |
|-------------------------------------|----------------------------|----------------------------|
| Revenues | | |
| Operating revenues | \$ 1,835,345 | \$ 1,823,560 |
| Expenses | | |
| Operating expenses | <u>2,095,848</u> | <u>1,986,715</u> |
| Operating loss | (260,503) | (163,155) |
| Nonoperating revenues | <u>90,283</u> | <u>165,032</u> |
| Increase (Decrease) in net position | (170,220) | 1,877 |
| Net position at beginning of year | <u>2,100,531</u> | <u>2,098,654</u> |
| Net position at end of year | <u><u>\$ 1,930,311</u></u> | <u><u>\$ 2,100,531</u></u> |

Operating Revenues

Operating revenues increased by \$12,000, or 1%, mainly due to an overall increase in student headcount.

**ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

Operating Expenses

Operating expenses increased by \$109,000, or 5%, primarily due to higher student scholarships/grants awarded and an increase in auxiliary enterprise expenses from the overall change in other post employment benefits. This increase is partially offset by a decrease in costs from Spring special events cancelled due to the COVID-19 shelter-in-place and public health orders.

Nonoperating Revenues

Nonoperating revenues decreased by \$75,000, or 45%, due to the global pandemic negatively impacting investment returns causing significant lower gains on the value of invested funds as compared to the previous year.

Changes in Capital Assets

Capital Assets, net of accumulated depreciation, totaled \$280,000. The following table summarizes the changes in capital assets for the fiscal years ended June 30:

| | <u>2020</u> | <u>2019</u> |
|--------------------------------|-------------------|-------------------|
| Furniture and Fixtures | \$ 109,858 | \$ 109,858 |
| Equipment | 251,012 | 238,220 |
| Total | 360,870 | 348,078 |
| Less: Accumulated Depreciation | (81,171) | (56,897) |
| Capital Assets, Net | <u>\$ 279,699</u> | <u>\$ 291,181</u> |

Equipment increased due to purchases made during the year ended June 30, 2020 partially offset by a decrease following the routine review of equipment inventory and subsequent disposal of an equipment that is no longer used. Additional information on capital assets can be found in Note 5 to the financial statements included in this report.

Request for Information

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

**ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
STATEMENT OF NET POSITION
JUNE 30, 2020**

See accompanying Notes to Financial Statements.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|--------------|
| Student tuition and fees | \$ 1,835,958 |
| Sales and services of auxiliary enterprises | 52 |
| Payments to suppliers | (605,223) |
| Payments to employees | (888,405) |
| Payments to students | (232,266) |
| Other operating activities | (12,586) |
| Net cash provided by operating activities | 97,530 |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

| | |
|--|-------|
| Other noncapital financing activities | 6,716 |
| Net cash provided by noncapital financing activities | 6,716 |

Cash flows from capital and related financing activities:

| | |
|--|----------|
| Acquisition of capital assets | (26,134) |
| Net cash used by noncapital financing activities | (26,134) |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---------------------------------------|-------------|
| Purchases of investments | (4,807,761) |
| Proceeds from sale of investment | 4,625,727 |
| Investment income | 103,922 |
| Net cash used by investing activities | (78,112) |

NET CHANGE IN CASH

-

Cash and cash equivalents - beginning of year

-

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ -

RECONCILIATION OF OPERATING LOSS TO NET CASH

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See accompanying Notes to Financial Statements.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

D. Investments

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

E. Accounts Receivable

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

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**ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

O. Functional Allocation of Expenses

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

P. Risks Financing Activities

The Associated Students is exposed to various ri

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 INVESTMENTS (CONTINUED)

Associated Students participates in the CSU Consolidated Investment Pool (the Pool), an internal investment pool, managed in a 50/50 split by U.S. Bank Corp and Wells Capital Management, asset management and investment advisory firms that serve the University and separate accounting is maintained as to the amounts allocated to the Associated Students. Securities within the Pool that are not insured are held in the name of the University. Associated Students investment in the pool was \$3,392,952, which

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 INVESTMENTS (CONTINUED)

B. Fair Value Measurement and Application

GASB Statement No. 72, *Fair Value Measurement and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Investments in an external government investment pool are not subject to reporting within the level hierarchy.

The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Associated Students has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The valuation technique utilized to measure the Associated Students' investments is the market approach using prices and other relevant information generated by market transactions involving identical or comparable assets.

Money Market Funds are not categorized under the fair value hierarchy and are shown at Net Asset Value (NAV). These investments are measured at amortized cost when calculating NAV per share (or its equivalent) of the investment.

The value of Associated Students' investment in the CSU investment pool is measured using NAV per share as reported by the Pool.

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 INVESTMENTS (CONTINUED)

E. Concentration of Credit Risk

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%).

NOTE 4 ACCOUNTS RECEIVABLE

As of June 30, 2020, accounts receivable consists of the following:

| | |
|---------------------------------------|-------------------------|
| Student Fees | \$ 28,250 |
| Other | 13,223 |
| Total | <u>41,473</u> |
| Less: Allowance for Doubtful Accounts | <u>(21,213)</u> |
| Accounts Receivable, Net | <u><u>\$ 20,260</u></u> |

NOTE 5 CAPITAL ASSETS

Capital assets' activity for the year ended June 30, 2020 consists of the following:

| | Balance June 30, 2019 | Additions | Retirements/ Transfers | Balance June 30, 2020 |
|--------------------------------|--------------------------|---------------------------|---------------------------|--------------------------|
| Furniture and Fixtures | \$ 109,858 | \$ - | \$ - | \$ 109,858 |
| Equipment | 238,220 | 26,134 | (13,341) | 251,013 |
| Total | <u>348,078</u> | <u>26,134</u> | <u>(13,341)</u> | <u>360,871</u> |
| Less: Accumulated Depreciation | | | | - |
| Furniture and Fixtures | (27,078) | (9,516) | | (36,594) |
| Equipment | <u>(29,819)</u> | <u>(28,100)</u> | 13,341 | <u>(44,578)</u> |
| Total accumulated depreciation | <u>(56,897)</u> | <u>(37,616)</u> | <u>13,341</u> | <u>(81,172)</u> |
| Capital Assets, Net | <u><u>\$ 291,181</u></u> | <u><u>\$ (11,482)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 279,699</u></u> |

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 PENSION

A. General Information About the Pension Plan

Plan Description, Benefits Provided, and Employees Covered

The Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan or PERF C) is administered by the California Public Employees' Retirement System (CalPERS). A full description regarding the number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information for the respective rate plan is listed in the respective rate plan's June 30, 2018 Annual Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the funding valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be found on CalPERS' website at <https://www.calpers.ca.gov/page/forms-publications>.

Contributions

In January 2013, the California Public Empl

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 PENSION (CONTINUED)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The collective total pension liability for the June 30, 2019 measurement period was determined by an actuarial valuation as of June 30, 2018, with updated procedures used to roll forward the total pension liability to June 30, 2019. The collective total pension liability was based on the following assumptions:

| | |
|---------------------------------|---|
| Actuarial Cost Method | Entry Age Normal in accordance with the requirements of GASB Statement No. 68 |
| Actuarial Assumptions: | |
| Discount rate | 7.15% |
| Inflation | 2.50% |
| Salary increases | Varies by Entry Age and Service |
| Mortality rate table | Derived using CalPERS' Membership Data for all Funds |
| Postretirement benefit increase | Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies |

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvement using Society of Actuaries Scale 90% of scale MP 2016. All other assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period 1997 to 2015, including updates to salary increases, mortality, and retirement rates. Further details of the Experience Study can be found on the CalPERS' website.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020**

NOTE 6 PENSION (CONTINUED)

Investment Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

| | Assumed Asset | Real Return | Real Return |
|------------------------|---------------------|----------------------|---|
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ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 PENSION (CONTINUED)

Allocation of Net Pension Liability and Pension Expense to Individual Plans

A key aspect of the GASB Statement No. 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. Paragraph 49 of GASB Statement No. 68 indicated that for pools where contribution rates within the pool are based on separate relationships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer's share by reflecting these relationships through the plans they sponsor within the risk pool. Plan liability and asset-related information are used where available, and proportionate allocation of individual plan amounts as of the valuation date are used where not available.

Amortization of Deferred Outflows and Deferred Inflows of Resources

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 Investment Earnings on Pension Plan Investments | 5-Year Straight-Line Amortization |
| All Other Amounts | Straight-Line Amortization over the Expected Average |

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 PENSION (CONTINUED)

Amortization of Deferred Outflows and Deferred Inflows of Resources (Continued)

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.

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 was obtained by dividing the total service years of the sum of remaining service lifetimes of all active employees by 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 appropriate treatment of the employer-specific amounts such as changes in proportion, differences between actual employer contributions and employers' proportionated shares of contributions, and employer contributions to PERF C subsequent to the measurement date as defined in GASB Statement No. 68 paragraphs 54, 55, and 57 is the responsibility of the employers.

B. Changes in the Plan's Proportionate Share of Net Pension Liability

The following tables show the Plan's proportionate share of the risk pool collective net pension liability over the measurement period of June 30, 2019.

| | Increase (Decrease) | | |
|--------------------------|---------------------|----------------|-------------------|
| | Plan Total | Plan Fiduciary | Plan Net |
| | Pension Liability | Net Pension | Pension Liability |
| Balance at: 6/30/18 (MD) | 3,880,165 | 2,450,437 | 1,429,728 |
| Balance at: 6/30/19 (MD) | 4,319,802 | 2,742,815 | 1,576,987 |
| Net Changes | \$ 439,637 | \$ 292,378 | \$ 147,259 |

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 PENSION (CONTINUED)

B. Changes in the Plan's Proportionate Share of Net Pension Liability

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

The following presents the net pension liability of the as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.15%), or one percentage-point higher (8.15%) that the current rate.

| | Discount Rate -1% (6.15%) | Current Discount Rate (7.15%) | Discount Rate +1% (8.15%) |
|------------------------------|------------------------------|-------------------------------------|------------------------------|
| Plan's Net Pension Liability | \$ 2,158,014 | \$ 1,576,987 | \$ 1,097,391 |

C. Pension Expense and Deferred Outflows and Deferred Inflows of Resources

For the measurement period ended June 30, 2019 (the measurement date), the Associated Students incurred a pension expense of \$299,083 (the pension expense for the risk pool for the measurement period is \$943,590,814). As of June 30, 2019 (the measurement date), the Associated Students reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pension as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences Between Expected and Actual Experience | \$ 109,528 | \$ (8,486) |
| Changes of Assumptions | 75,198 | (26,657) |
| Net Difference Between Projected and Actual Earnings on Pension Plan investments | | (27,571) |
| Differences between Employer's Contributions and Proportionate Share of Contributions | 12,348 | (4,235) |
| Change in Employer's Proportion | | (47,368) |
| Pension Contributions Subsequent to Measurement Date | 143,957 | - |
| Total | \$ 341,031 | \$ (114,317) |

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
(CONTINUED)

B. Employees Covered

As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the postretirement healthcare plan:

| | |
|--|----|
| Active Employees | 6 |
| Inactive Employees or Beneficiaries Currently Receiving Benefits | 8 |
| Inactive Employees Entitled to, But Not Yet Receiving Benefits | - |
| Total | 14 |

C. Net OPEB Liability

Associated Students' net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019.

Actuarial Assumptions

| | |
|-----------------------|--|
| Discount Rate | 3.50% as of June 30, 2019 3.87% as of June 30, 2018 |
| Inflation | 2.00% |
| Payroll Increases | 3.25% Annual Increase |
| Net Investment Return | The plan is not prefunded with assets in an irrevocable trust. |

| <u>Year Beginning</u> | <u>Increase in Premium Rate</u> | |
|-----------------------|---------------------------------|----------------|
| | <u>Pre-65</u> | <u>Post-65</u> |
| 2021 | 6.85 % | 4.60 % |
| 2022 | 6.60 | 4.35 |
| 2023 | 6.35 | 4.25 |
| 2024 | 6.10 | 4.25 |
| 2025 | 5.85 | 4.25 |
| 2026 | 5.60 | 4.25 |
| 2027 | 5.35 | 4.25 |
| 2028 | 5.10 | 4.25 |
| 2029 | 4.85 | 4.25 |
| 2030 | 4.60 | 4.25 |
| 2031 | 4.35 | 4.25 |
| 2032 and Later | 4.25 | 4.25 |

**ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020**

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
 (CONTINUED)**

C. Net OPEB Liability

Actuarial Assumptions (Continued)

| | Plan | Pre-Medicare | Post-Medicare |
|--|---------------------------------|--------------|---------------|
| Plan Distribution for Calculating | Kaiser | 83 % | 63 % |
| Baseline Cost | PERS | 17 | 25 |
| | United Healthcare | - | 12 |
| | Total | 100 % | 100 % |
| Baseline Cost | Pre-Medicare: \$8,653 per Year | | |
| | Post-Medicare: \$4,008 per Year | | |
| Morbidity Factors | CalPERS 2017 Study | | |
| Population for Curving | CalPERS 2017 Study | | |
| Age-Weighted Claims Costs ¹ | Age | Premium | |
| | 50 | | |

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
(CONTINUED)

G. Recognition of Deferred Outflows and Deferred Inflows of Resources

Gain and losses related to the changes in total OPEB liability is recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amount is categorized as deferred outflows and deferred inflows of resources related to OPEB and are recognized in future OPEB expense.

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

| | |
|--|--|
| Net Difference Between Projected and Actual Earnings on OPEB Plan Investments | 5-Year Straight-Line Amortization |
| All Other Amounts | Straight-Line Amortization over Average Future Working Lifetime, Averages over all Active and Retirees (Retirees Assumed no Working Hours) |

H. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, as reported in the OPEB Valuation report, the Associated Students recognized OPEB expense of \$244,987. As of fiscal year ended June 30, 2020, the Associated Students reported deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences Between Expected and Measurement Date | \$ - | \$ - |
| Changes of Assumptions | - | 85,124 |
| Net Difference Between Projected and Actual Earnings on OPEB Plan Investments | - | - |
| OPEB Contributions Subsequent to Measurement Date | 57,199 | |
| Total | <u>\$ 57,199</u> | <u>\$ 138,512</u> |

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)
(CONTINUED)

H. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB
(Continued)

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

| Fiscal Year Ended June 30, | Deferred Inflows of Resources |
|----------------------------|-------------------------------------|
| 2021 | \$ (54,426) |
| 2022 | (30,952) |
| 2023 | (25,194) |
| 2024 | (25,194) |
| 2025 | (2,746) |
| Thereafter | - |
| Total | \$ (138,512) |

NOTE 8 BOARD-DESIGNATED NET POSITION

Unrestricted net position was designated by the Board for the following purposes at June 30, 2020:

| | |
|--|--------------|
| Current Operations and Working Capital | \$ 1,000,000 |
| Other Post Employment Benefit | 50,611 |
| Undesignated | 600,000 |
| Total Board Designated Net Position | \$ 1,650,611 |

NOTE 9 TRANSACTIONS WITH AFFILIATES

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, 2020, Associated Students paid the University \$188,207; received \$69,514 from the University for services, space, and programs; provided \$104,323 in contribution to the University for student events, functions, capital projects, and other programs. In addition, amounts due to the University at June 30, 2020 was \$2,871.

REQUIRED SUPPLEMENTARY INFORMATION

**ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

Schedules of Required Supplementary Information - Pension

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

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

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Plan's Proportion of the Net Pension Liability | | | | | | |

**ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

Schedule of Changes in the Net OPEB Liability and Related Ratios

| | 2019 | 2018 |
|---|---------------------|---------------------|
| <u>Total OPEB Liability</u> | | |
| Service cost | \$ 29,512 | \$ 30,036 |
| Interest | 56,128 | 52,909 |
| Change of benefit terms | 236,255 | - |
| Differences between expected and actual experience | (104,224) | (3,164) |
| Changes of assumptions | (24,492) | (46,436) |
| Benefit payments, including refunds of employee contributions | (59,754) | (61,078) |
| Net change in Total OPEB Liability | 133,425 | (27,733) |
| Total OPEB Liability – beginning (a) | 1,450,414 | 1,478,147 |
| Total OPEB Liability – ending (b) | \$ 1,583,839 | \$ 1,450,414 |
| <u>Plan Fiduciary Net Position</u> | | |
| Contributions – employer | 59,754 | 61,078 |
| Contributions – employee | - | |

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
SCHEDULE OF NET POSITION
JUNE 30, 2020
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)

| | | |
|--------------------------------------|----|-----------|
| Assets: | | |
| Current assets: | | |
| | \$ | |
| | \$ | |
| | \$ | |
| | - | |
| | - | |
| | - | |
| | \$ | |
| Total current assets | | 4,884,556 |
| Noncurrent assets: | | |
| | - | |
| | - | |
| | - | |
| | - | |
| | - | |
| | - | |
| | - | |
| | - | |
| | \$ | |
| | - | |
| Total noncurrent assets | | 279,699 |
| Total assets | | 5,164,255 |
| Deferred outflows of resources: | | |
| | - | |
| | \$ | 0 |
| | \$ | 9 |
| | - | |
| Total deferred outflows of resources | | 398,230 |
| Liabilities: | | |
| Current liabilities: | | |
| | | |
| | | |
| | | |

**ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 30, 2020
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)**

**ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
OTHER INFORMATION
JUNE 30, 2020
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)**

1 Cash and cash equivalents:

■

■

Noncurrent restricted cash and cash equivalents

-

■

**ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
OTHER INFORMATION
JUNE 30, 2020
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)**

See accompanying note to supplementary information.

**ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
OTHER INFORMATION
JUNE 30, 2020
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)**

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
OTHER INFORMATION
JUNE 30, 2020
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)

6 Long-term debt obligations schedule:

| | Principal | Interest | Principal and Interest | Principal | Interest | Principal and Interest | Principal | Interest | Principal and Interest |
|--|-----------|----------|------------------------|-----------|----------|------------------------|-----------|----------|------------------------|
| Year ending June 30: | | | | | | | | | |
| 2019 | | - | - | | - | - | | - | - |
| 2020 | | - | - | | - | - | | - | - |
| 2021 | | - | - | | - | - | | - | - |
| 2022 | | - | - | | - | - | | - | - |
| 2023 | | - | - | | - | - | | - | - |
| 2024 | | - | - | | - | - | | - | - |
| 2025 | | - | - | | - | - | | - | - |
| 2026 | | - | - | | - | - | | - | - |
| 2027 | | - | - | | - | - | | - | - |
| 2028 | | - | - | | - | - | | - | - |
| 2029 | | - | - | | - | - | | - | - |
| 2030 | | - | - | | - | - | | - | - |
| 2031 | | - | - | | - | - | | - | - |
| 2032 | | - | - | | - | - | | - | - |
| 2033 | | - | - | | - | - | | - | - |
| 2034 | | - | - | | - | - | | - | - |
| 2035 | | - | - | | - | - | | - | - |
| 2036 | | - | - | | - | - | | - | - |
| 2037 | | - | - | | - | - | | - | - |
| 2038 | | - | - | | - | - | | - | - |
| 2039 | | - | - | | - | - | | - | - |
| 2040 | | - | - | | - | - | | - | - |
| 2041 | | - | - | | - | - | | - | - |
| 2042 | | - | - | | - | - | | - | - |
| 2043 | | - | - | | - | - | | - | - |
| 2044 | | - | - | | - | - | | - | - |
| 2045 | | - | - | | - | - | | - | - |
| 2046 | | - | - | | - | - | | - | - |
| 2047 | | - | - | | - | - | | - | - |
| 2048 | | - | - | | - | - | | - | - |
| 2049 | | - | - | | - | - | | - | - |
| 2050 | | - | - | | - | - | | - | - |
| Total minimum payments | \$ | - | - | | - | - | | - | - |
| Present value of future minimum payments | | | | | | | | | |
| Total long-term debt obligations | | | | | | | | | |
| Long-term debt obligations, net of current portion | | | | | | | | | |

7 Transactions with related entities:

2019
2020
2021

ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
OTHER INFORMATION
JUNE 30, 2020
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)

9 Natural classifications of operating expenses:

| | Salaries | Benefits - Other | Benefits - Pension | Benefits - OPEB | Scholarships and fellowships | Supplies and other services | Depreciation and amortization | Total operating expenses |
|---|----------|------------------|--------------------|-----------------|------------------------------|-----------------------------|-------------------------------|--------------------------|
| ■ | ----- | | | | | | | |

**ASSOCIATED STUDENTS, INC. OF CALIFORNIA STATE UNIVERSITY, EAST BAY
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

NOTE 1 – SUPPLEMENTARY SCHEDULES

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.

