



**The Student Union of San
José State University**
(A California State University Auxiliary
Organization)

Financial Report
June 30, 2018

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Independent Auditor's Report

To the Board of Directors
The Student Union of San José State University
San José, California

Report on the Financial Statements

We have audited the accompanying financial statements of The Student Union of San José State University (a California State University auxiliary organization) (the Student Union), which comprise the statements of net position as of June 30, 2018 and 2017, the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 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 The Student Union of San José State University as of June 30, 2018 and 2017, and the changes in its net position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 6 to the financial statements, the Student Union retroactively adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9, and the schedule of changes in the net OPEB liability and related ratios on page 27, and the schedule of contributions on page 28 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements and other knowledge we obtained during our audits of the 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 audits were conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

RSM US LLP

Tacoma, Washington
September 25, 2018

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

**Management's Discussion and Analysis
Years Ended June 30, 2018 and 2017**

Management's Discussion and Analysis

This section of The Student Union of San José State University's (the Student Union) annual financial report includes management's discussion and analysis (MD&A) of the financial performance of the Student Union for fiscal years ended June 30, 2018 and 2017. This discussion should be read in conjunction with the financial statements and notes to the financial statements.

Introduction to The Student Union of San José State University

The Student Union is a California State University auxiliary organization that manages and maintains major facilities at the San José State University campus located in downtown San José, California. The Student Union began its operations at San José State University in October 1969 and became incorporated in March 1982. The facilities include the Student Union building, the Aquatic Center, the Event Center building and a small ATM building. The nonprofit corporation has been in business for more than 46 years in California and receives no state funding. Revenue is derived from collected student fees, various service fees and rental of space in its facilities. Students interact with the Student Union on a daily basis, through the use of facilities, participation in sponsored events, or through a Student Union program. The Student Union also acts as a bridge to the greater campus community, whose members make use of recreational opportunities and attend the diverse concerts and events on the San José State University campus.

The Student Union underwent major renovations starting in 2010 in anticipation of the needs of future students. This project included the expansion of the current Student Union building to the west and east sides, as well as the complete renovation of the current Student Union building. The east and west additions opened in fall semester 2014 and the renovated middle section of the Student Union opened its doors in April 2016. The student fees currently being collected will also pay for the future expansion and renovation of the upcoming Recreation & Aquatic Center Project, which began construction in early fall 2016, with an expected completion date of spring 2019. This upcoming facility expansion will better meet the needs and demands of our growing student clubs and organizations, as well as provide social, recreational and educational space for all our students, which include all of our new and returning residential students. Student Union facilities enhance the opportunities for students, faculty and staff to socialize, congregate and engage outside of the classroom.

The Student Union is governed by its Board of Directors, composed of eleven (11) voting members:

- Students—Six (6)
- Faculty—Two (2)
- Administrators—Two (2)
- Community Member—One (1)

The Student Union's executive director is the board secretary, which is a non-voting position. The Board of Directors meets at least once quarterly, reviews and develops policy and approves the annual budget. The executive director manages and is administratively responsible for the day-to-day operations of the corporation.

There are four subcommittees of the board that address: personnel, facilities and programs, audits, and the finances and reserves of the corporation.

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

**Management's Discussion and Analysis
Years Ended June 30, 2018 and 2017**

The Student Union's financial reserves consist of local reserves held locally by the corporation and the balance of the collected student fees held in trust by San José State University. These reserves are reviewed quarterly by the Board of Directors to ensure financial stability of the Student Union as well as provide adequate funding for future capital improvements and the continued expansion of its facilities.

Introduction to the Financial Statements

The Student Union's financial statements include the statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows. These statements are supported by notes to the financial statements and management's discussion and analysis. All sections must be considered together to obtain a complete understanding of the financial position of the Student Union.

Statements of net position: The statements of net position include all assets, deferred outflows of resources, liabilities and deferred inflows of resources. Assets, deferred outflows of resources, liabilities and deferred inflows of resources are reported on an accrual basis as of the statement date. It also identifies major categories of restrictions (if any) on the net position of the Student Union.

Statements of revenues, expenses and changes in net position: The statements of revenues, expenses and changes in net position present the revenues earned and expenses incurred during the year on an accrual basis.

Statements of cash flows: The statements of cash flows present the inflows and outflows of cash for the year and are summarized by operating, capital and related financing, and investing activities. These statements are prepared using the direct method of cash flows and therefore present gross rather than net amounts for the year's activities.

Overview

Summary

The following discussion highlights management's understanding of the key financial aspects of the Student Union's financial activities as of and for the years ended June 30, 2018, 2017 and 2016. Included are comparative analyses of current and prior years' activities and balances and a discussion of restrictions (if any) of the Student Union's net position.

In 2018, the Student Union adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB). The provision of this statement required the Student Union to record its net OPEB liability by restating the beginning 2018 net position. The restatement decreased beginning net position by approximately \$1,600,000. The net OPEB liability at June 30, 2018, was \$661,652. Further discussion of the impacts of the adoption of GASB No.75 can be found in this MD&A and in Note 6 to the financial statements.

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

**Management's Discussion and Analysis
Years Ended June 30, 2018 and 2017**

Condensed Summary of Net Position

The Student Union's condensed summary of net position as of June 30 is as follows:

	2018	2017 (As Restated)	2016
Assets:			
Current assets	\$ 2,786,125	\$ 4,675,382	\$ 1,039,964
Noncurrent assets	11,146,425	10,754,804	11,299,516
Total assets	<u>\$ 13,932,550</u>	<u>\$ 15,430,186</u>	<u>\$ 12,339,480</u>
 Deferred outflows of resources	 <u>\$ 243,796</u>	 <u>\$ 237,966</u>	 <u>\$ -</u>
Liabilities:			
Current liabilities	\$ 2,578,120	\$ 4,933,330	\$ 1,900,191
Noncurrent liabilities	781,322	1,393,148	102,399
Total liabilities	<u>\$ 3,359,442</u>	<u>\$ 6,326,478</u>	<u>\$ 2,002,590</u>
 Deferred inflows of resources	 <u>\$ 508,384</u>	 <u>\$ 514,360</u>	 <u>\$ -</u>
 Net position:			
Unrestricted:			
Investment in capital assets	\$ 4,115,440	\$ 4,050,435	\$ 3,024,725
Board-designated	989,912	1,622,570	2,401,383
Unallocated	5,203,168	3,154,309	4,910,782
Total net position	<u>\$ 10,308,520</u>	<u>\$ 8,827,314</u>	<u>\$ 10,336,890</u>

Net position for 2017 has been adjusted to reflect the adoption of GASB 75 (see Note 6).

Assets: Total assets decreased \$1.5 million overall from fiscal year (FY) 2017 to FY 2018 due primarily to the collection of a receivable from the University. Total assets increased \$3 million overall from FY 2016 to FY 2017 primarily due to a receivable from the University.

Current assets decreased by \$1.9 million FY 2017 to FY 2018 primarily due to the collection of a receivable from the University of \$3 million offset by the increase in cash and cash equivalents and investments at year-end. Current assets increased by \$3.6 million FY 2016 to FY 2017 primarily due to a receivable from the University of \$3 million and an increase in cash and cash equivalents of \$460 thousand at year-end.

Noncurrent assets increased \$392 thousand overall from FY 2017 to FY 2018 due to an increase in the investment portfolio of \$316 thousand and an increase in capital assets of \$65 thousand. Noncurrent assets decreased \$545 thousand overall from FY 2016 to FY 2017 due to a decrease in the investment portfolio of \$1.6 million and an increase in capital assets of \$1 million.

**The Student Union of San José State University
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**Management's Discussion and Analysis
Years Ended June 30, 2018 and 2017**

Liabilities: Current liabilities decreased \$2.4 million overall from FY 2017 to FY 2018 primarily due to the payment of \$3 million on the payable to the Tower Foundation of SJSU. Current liabilities increased \$3 million overall from FY 2016 to FY 2017 due primarily to a payable to the Tower Foundation of SJSU.

Noncurrent liabilities decreased by \$612 thousand from FY 2017 to FY 2018 due to the adoption of GASB No. 75 and recording the net OPEB expense as the change in the net OPEB liability. Noncurrent liabilities increased by \$1.2 million from FY 2016 to FY 2017 due to the adoption of GASB No. 75 and recording the net OPEB liability.

Net position: Total net position increased \$1.5 million from FY 2017 to FY 2018 due to an increase of \$2 million in unallocated net position and \$65 thousand in investments in capital assets, offset by a decrease of \$633 thousand in board-designated projects. Net position at June 30, 2017, was restated from \$10.3 million to \$8.8 million due to the adoption of GASB 75, which required the restatement in net position of \$1.5 million. Total net position decreased \$1.5 million from FY 2016 to FY 2017 due to an increase in investments in capital assets of \$1 million, a decrease of \$779 thousand in board-designated projects and a decrease of \$1.8 million in unallocated net position, which accounts for the changes between the net asset categories.

Restricted resources: Net position of the Student Union does not include any restricted resources.

Restricted net position: All net position of the Student Union is unrestricted.

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

**Management's Discussion and Analysis
Years Ended June 30, 2018 and 2017**

The Student Union's condensed summary of revenues, expenses and changes in net position for the years ended June 30 is as follows:

Condensed Summary of Revenues, Expenses and Changes in Net Position:

	2018	2017 (As Restated)	2016
Operating revenues:			
Student Union fees	\$ 7,774,169	\$ 9,542,110	\$ 8,144,892
Service fees	274,444	185,875	181,340
Reimbursement of event costs	954,119	830,387	1,071,975
Rental income	2,684,755	1,885,053	1,750,024
Reimbursement of wages and benefits	440,669	354,029	339,912
Commissions	179,614	171,489	199,087
Other	41,392	44,948	38,078
Total operating revenues	<u>12,349,162</u>	<u>13,013,891</u>	<u>11,725,308</u>
Operating expenses:			
Wages, benefits and taxes	5,393,541	5,462,451	4,812,036
Contribution to Tower Foundation (Note 9)	-	3,000,000	-
Insurance	218,797	205,384	171,128
Supplies	285,696	319,071	308,311
Communications	206,722	172,443	157,230
Repairs and maintenance	198,669	171,630	150,338
Utilities	1,194,946	1,037,615	898,126
Event costs	1,220,907	925,339	1,148,066
Small equipment purchases	32,577	76,626	115,897
Depreciation and amortization	687,712	465,528	1,057,461
Business services	1,423,537	1,446,296	1,283,838
Miscellaneous	73,850	92,498	66,884
Project expenditures	351,387	314,662	177,506
Total operating expenses	<u>11,288,341</u>	<u>13,689,543</u>	<u>10,346,821</u>
Total operating income (loss)	1,060,821	(675,652)	1,378,487
Nonoperating revenues (expenses):			
Investment income (loss), net	420,385	726,411	(169,849)
Increase in net position	<u>1,481,206</u>	<u>50,759</u>	<u>1,208,638</u>
Net position:			
Beginning of year as previously reported	8,827,314	10,336,890	9,128,252
Adjustment for adoption of GASB 75 (Note 6)	-	(1,560,335)	-
Beginning of year, restated	<u>8,827,314</u>	<u>8,776,555</u>	<u>9,128,252</u>
End of year	<u>\$ 10,308,520</u>	<u>\$ 8,827,314</u>	<u>\$ 10,336,890</u>

Net position for 2017 has been adjusted to reflect the adoption of GASB 75 (see Note 6).

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

**Management's Discussion and Analysis
Years Ended June 30, 2018 and 2017**

Operating revenues: Total operating revenues decreased \$665 thousand from FY 2017 to FY 2018 due primarily to a decrease in the return of student fees for operations and board-designated projects. Total operating revenues increased \$1.3 million from FY 2016 to FY 2017 due primarily to an increase in the return of student fees for operations and for board-designated projects.

Student Union fees returned for operations were approximately 63 percent of total operating revenues in FY 2018 compared to 73 percent of total operating revenues in FY 2017, a decrease of \$1.8 million from prior year. Student Union fees returned for operations were approximately 73 percent of total operating revenues in FY 2017 compared to 69 percent of total operating revenues in FY 2016, an increase of \$1.4 million from prior year.

Rental income increased by \$800 thousand from FY 2017 to FY 2018 and \$135 thousand from FY 2016 to FY 2017 due to increases in rental income activities in the Event Center Arena, C.I.E.S, Student Affairs Space and Bowling Center.

Reimbursement of event costs increased by \$124 thousand from FY 2017 to FY 2018 due to the increase in activity in the Event Center Arena. Reimbursement of event costs decreased by \$242 thousand from FY 2016 to FY 2017 due to the decrease in activity in the Event Center Arena.

Commission income increased \$8 thousand from FY 2017 to FY 2018 due primarily to the increase in concerts and other events in the Event Center Arena. Commission income decreased \$28 thousand from FY 2016 to FY 2017, again due primarily to the decrease in concerts and other events in the Event Center Arena.

The remaining operating revenues increased by \$172 thousand from FY 2017 to FY 2018 due to an increase in service fees of \$89 thousand, an increase of \$87 thousand in reimbursement of wages and benefits, and a decrease of \$4 thousand in other operating revenues. The remaining operating revenues increased by \$25 thousand from FY 2016 to FY 2017 due to an increase in service fees of \$5 thousand, an increase of \$14 thousand in reimbursement of wages and benefits, and an increase of \$6 thousand in other operating revenues.

Operating expenses: Total operating expenses decreased \$2.4 million overall from FY 2017 to FY 2018 primarily due to no contribution being made during the year, in conjunction with the increase in utilities, event costs, and depreciation and amortization. Total operating expenses increased \$3.3 million overall from FY 2016 to FY 2017 due primarily to a \$3 million contribution made to the Tower Foundation of SJSU for a Student Union project as well as an increase in wages.

The operating expenses for the Student Union are made up principally of wages, benefits, and taxes, which decreased approximately \$69 thousand from FY 2017 to FY 2018 due to the implementation of GASB 75 and the change in OPEB liability (see Note 6). There was an increase in utilities of \$157 thousand, an increase of \$296 thousand in event costs, and an increase of \$222 thousand in depreciation and amortization. The wages and benefits increased approximately \$650 thousand from FY 2016 to FY 2017. There was an increase in overall utilities of \$139 thousand, a decrease of \$592 thousand in depreciation and amortization, an increase of \$162 thousand in business services, and an increase in project expenditures of \$137 thousand from FY 2016 to FY 2017.

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

**Management's Discussion and Analysis
Years Ended June 30, 2018 and 2017**

Nonoperating revenues (expenses): Nonoperating revenues (expenses) come from sources that are not part of the Student Union's primary business functions. Included in this classification are interest expense, investment income and changes in the fair value of investments.

Investment income for the year ended June 30, 2018, was \$420 thousand, a decrease of \$306 thousand. The investment income is made up of \$319 thousand in interest, \$97 thousand in unrealized gains and \$4 thousand in realized gains. Investment income for the year ended June 30, 2017, was \$726 thousand, a significant increase of \$896 thousand from prior year FY 2016. The \$726 thousand investment income is made up of \$412 thousand in interest, \$607 thousand in unrealized gains and \$293 thousand in realized losses.

Transfer of assets from affiliated organizations: The Student Union does not have any transfer of assets from affiliated organizations.

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

**Statements of Net Position
June 30, 2018 and 2017**

	2018	2017 (As Restated)
Assets		
Current assets:		
Cash and cash equivalents (Note 10)	\$ 1,338,091	\$ 902,775
Investments (Notes 3 and 10)	1,068,224	319,234
Accounts receivable (Note 9)	219,858	323,255
Receivable from the University (Note 9)	70,170	3,016,305
Prepaid expenses and other	89,782	113,813
Total current assets	2,786,125	4,675,382
Noncurrent assets:		
Restricted cash	25,000	25,000
Investments (Notes 3 and 10)	6,886,315	6,570,162
Funds held in trust	119,670	109,207
Capital assets, net (Notes 4 and 5)	4,115,440	4,050,435
Total noncurrent assets	11,146,425	10,754,804
Total assets	\$ 13,932,550	\$ 15,430,186
Deferred outflows of resources:		
OPEB deferred outflow (Note 6)	\$ 243,796	\$ 237,966
Liabilities and Net Position		
Current liabilities:		
Accounts payable (Note 9)	\$ 1,689,691	\$ 1,070,954
Accrued payroll and related expenses	569,559	463,796
Payable to the Tower Foundation (Note 9)	-	3,000,000
Other accrued liabilities (Note 9)	318,870	398,580
Total current liabilities	2,578,120	4,933,330
Net OPEB liability (Note 6)	661,652	1,283,941
Funds held in trust liability	119,670	109,207
Total liabilities	3,359,442	6,326,478
Deferred inflows of resources:		
OPEB deferred inflow (Note 6)	\$ 508,384	\$ 514,360
Net position:		
Investment in capital assets	4,115,440	4,050,435
Unrestricted:		
Board-designated (Note 5)	989,912	1,622,570
Unallocated	5,203,168	3,154,309
Total net position	\$ 10,308,520	\$ 8,827,314

See notes to financial statements.

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

**Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2018 and 2017**

	2018	2017 (As Restated)
Operating revenues:		
Student Union fees (Note 9)	\$ 7,774,169	\$ 9,542,110
Service fees	274,444	185,875
Reimbursement of event costs	954,119	830,387
Rental income	2,684,755	1,885,053
Reimbursed wages and benefits	440,669	354,029
Commissions	179,614	171,489
Other	41,392	44,948
Total operating revenues	12,349,162	13,013,891
Operating expenses:		
Wages, benefits and taxes (Note 6)	5,393,541	5,462,451
Contribution to Tower Foundation (Note 9)	-	3,000,000
Insurance	218,797	205,384
Supplies	285,696	319,071
Communications	206,722	172,443
Repairs and maintenance	198,669	171,630
Utilities	1,194,946	1,037,615
Event costs	1,220,907	925,339
Small equipment purchases	32,577	76,626
Depreciation and amortization	687,712	465,528
Business services (Note 8)	1,423,537	1,446,296
Miscellaneous	73,850	92,498
Project expenditures	351,387	314,662
Total operating expenses	11,288,341	13,689,543
Operating income (loss)	1,060,821	(675,652)
Nonoperating revenue (expenses):		
Investment income, net	420,385	726,411
Increase in net position	1,481,206	50,759
Net position:		
Beginning of year as previously reported	8,827,314	10,336,890
Adjustment for adoption of GASB 75 (Note 6)	-	(1,560,335)
Beginning of year, restated	8,827,314	8,776,555
End of year	\$ 10,308,520	\$ 8,827,314

See notes to financial statements.

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

**Statements of Cash Flows
Years Ended June 30, 2018 and 2017**

	2018	2017
Cash flows from operating activities:		
Sales and services of auxiliary enterprises	\$ 12,177,688	\$ 6,693,165
Payments to suppliers	(4,644,030)	(1,779,473)
Payments to employees	(4,538,591)	(4,273,934)
Payments to students	(1,383,283)	(1,150,131)
Other receipts	221,006	216,437
Net cash provided by (used in) operating activities	1,832,790	(293,936)
Cash flows from capital and related financing activities:		
Acquisitions of capital assets	(752,717)	(1,491,238)
Cash flows from investing activities:		
Investment income reinvested	322,983	119,280
Sales of investments	8,653,832	3,910,522
Purchase of investments	(9,621,572)	(1,784,511)
Net cash (used in) provided by investing activities	(644,757)	2,245,291
Net increase in cash and cash equivalents	435,316	460,117
Cash and cash equivalents:		
Beginning of year	902,775	442,658
End of year	<u>\$ 1,338,091</u>	<u>\$ 902,775</u>
Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 1,060,821	\$ (675,652)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	687,712	465,528
Change in assets and liabilities:		
Accounts receivable, net and due from University	3,049,532	(3,104,289)
Prepaid expenses and other current assets	24,031	(12,662)
Accounts payable	618,737	(237,753)
Accrued salaries and benefits	105,763	38,386
Other liabilities	(3,079,711)	3,232,506
Deferred outflows/inflows	(11,806)	-
Net OPEB liabilities	(622,289)	-
Net cash provided by (used in) operating activities	\$ 1,832,790	\$ (293,936)

See notes to financial statements.

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 1. General Information

The Student Union of San José State University (the Student Union) is an auxiliary organization in the California State University (CSU) system. The purposes of the Student Union are to provide cultural, educational, social and recreational services to the San José State University (the University) campus community, and to manage and operate the newly renovated Student Union building, the Event Center building, the Aquatic Center and the ATM building, which are leased from the University.

Note 2. Summary of Significant Accounting Policies

Measurement focus and basis of presentation: The financial statements of the Student Union have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Student Union has chosen to continue to follow accounting standards applicable to private sector entities, issued prior to November 30, 1989, that do not conflict with or contradict GASB pronouncements. The Student Union is accounted for on a flow of economic resources measurement focus and the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

Classification of current and noncurrent assets and liabilities: The Student Union considers those assets to be current which can be reasonably expected, as part of its normal business operation, to be converted to cash and available for liquidation of current liabilities within 12 months of the statements of net position date. Liabilities that can be reasonably expected, as the normal operation, to be liquidated within 12 months of the statements of net position are considered current. All other assets and liabilities are considered to be noncurrent.

Cash and cash equivalents: The Student Union considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Accounts receivable: Accounts receivable are recorded when services are performed at the actual amount expected to be collected. Management has determined that no allowance for doubtful accounts is necessary at June 30, 2018 and 2017.

Restricted cash: The Student Union contracts with Ticketmaster to gain access to its hardware and software. The Student Union serves as a Ticketmaster outlet that allows the sale of all tickets on the system as well as Event Center Arena ticket sales and tickets for other campus events. As part of the agreement, a letter of credit is required in the amount of \$25,000, payable to Ticketmaster.

Funds held in trust: The Student Union holds three accounts in trust:

Glass Reserve Account: This account was established upon mutual agreement between the Student Union and Spartan Shops, Inc., another auxiliary on the campus. The funds are specifically designated for the repair and replacement of any exterior glass in the Student Union building. All repairs and replacement of glass are handled by the Student Union, as well as payment of any vendor invoices. The balances in this account as of June 30, 2018 and 2017, were \$2,814 and \$14,303, respectively.

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Instructionally Related Activities (IRA) Trust Account: This account was established upon mutual agreement with the University in a Memorandum of Understanding dated August 1, 2006, allowing the Student Union to manage and oversee the SJSU Club Sports Program. The Student Union inherited Intramural Sports from Associated Students Inc. in 2017. The funds are held in trust for the following obligations:

- Insurance for SJSU Club Sports and Intramural Sports participants.
- Insurance for other recognized student clubs and organizations events.
- Annual allocations for SJSU Club Sports and Intramural Sports teams and contingency funds.
- Reimbursement to the Student Union for SJSU Club Sports departmental expenditures.

The IRA Trust Account balance at June 30, 2018 and 2017, was \$45,033 and \$19,358, respectively.

SJSU Club Sports Checking Account: This account was established as a result of a CSU Chancellor's Office Executive Order prohibiting any recognized student organizations from having off-campus bank accounts. As a result of the Executive Order, SJSU Club Sports has one bank account, which is overseen by the Student Union as well as the processing of all its financial transactions. The balance in this checking account as of June 30, 2018 and 2017, was \$71,823 and \$75,546, respectively.

Investments: Investments are carried at fair market value, as determined by quoted market prices, with realized and unrealized gains and losses included on the statements of revenues, expenses and changes in net position. The Student Union has certain investments in which fair value is determined by using independent quotation bureaus that utilize computerized valuation formulas to calculate current value, which approximates fair value. Dividends and interest income are accrued when earned.

Premises and equipment: The Student Union's premises are leased from the Trustees of the California State University system. All building costs, capital equipment, operating expenses, and repairs and maintenance costs, however, are obligations of the Student Union. The Student Union capitalizes all equipment purchases over \$5,000.

Depreciation and amortization: Capital assets are stated at cost less accumulated depreciation. Depreciation is provided for using the straight-line method over the estimated useful lives of the respective assets, generally three to seven years or, in the case of leasehold improvements, generally 15 years or the life of the lease.

Compensated absences: The Student Union accrues vacation benefits for eligible employees at various rates, depending upon length of service. Eligible full-time employees accrue sick leave at the rate of 96.0 hours at January 1 each year and are paid a portion of the remaining unused sick leave at the end of December. Employees are not paid for unused sick leave at the end of employment. The Student Union adopted the mandated sick leave for non-benefited employees as of July 1, 2015. All non-benefited employees will accrue 24.0 hours of sick leave annually. At June 30, 2018 and 2017, the Student Union had balances of \$365,711 and \$296,553 of compensated absences, respectively. During 2018 and 2017, \$333,725 and \$310,322, respectively, of compensated absences were earned and \$264,567 and \$262,212, respectively, were used.

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Student Union employees: Certain Student Union employees are employees of the University, and are reimbursed by the Student Union for wages. The wage reimbursements totaled \$40,960 and \$294,208 for the years ended June 30, 2018 and 2017, respectively.

Net position: The Student Union's net position is classified as unrestricted. In addition, unallocated net position may be designated by the Board of Directors of the Student Union.

Revenue: The University allocates a portion of the students' fees, following debt service obligations, based on the Student Union's University-approved annual budget request. These fees are recognized as revenue when earned. Rental income is recognized as revenue when earned and consists of fees from conference room rentals, audio-visual operations and other services within the Student Union building, the Event Center building and the Aquatic Center. The Student Union receives a share of entrance fees, parking fees and concession sales collected at events held in the Event Center Arena. Commission revenue (from event concessions, parking, ticket sales, vending, etc.) is recognized when earned. The Student Union also charges a rental fee to promoters who stage events in the Event Center Arena, which represents a reimbursement of costs incurred by the Student Union. This reimbursement is reflected as revenue when earned.

Postemployment Benefits Other Than Pensions (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Student Union's OPEB plan and additions to/deductions from the Student Union's fiduciary net position have been determined on the same basis as they are reported by the Student Union. For this purpose, the Student Union recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Concentrations: The Student Union's customer base is composed primarily of San José State University students, faculty, staff, alumni and other auxiliary organizations.

Income taxes: The Student Union is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and Section 23701(d) of the California Revenues and Taxation Code, respectively. Accordingly, no provision for income taxes has been recorded. Form 990, filed by the Student Union, is subject to examination by the Internal Revenue Service up to three years from the extended due date of each return. Generally, the Student Union is no longer subject to income tax examinations by the U.S., federal, state or local tax authorities for years before 2015.

Use of estimates: In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, at the date of the financial statements, as well as revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent accounting pronouncements: In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligations and establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The requirements of this statement are effective for reporting periods beginning after June 15, 2018. The Student Union is currently evaluating the effect of the adoption of this statement on its financial statements and related disclosures.

**The Student Union of San José State University
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Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

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

Note 3. Investments

	2018	2017
Local Agency Investment Fund	\$ 226,765	\$ 224,117
Mutual funds, equities	2,539,842	2,521,360
Mutual funds, fixed income	3,979,523	2,907,666
Mutual funds, others	1,108,638	1,141,136
Cash and money balances	99,771	95,117
	<u>\$ 7,954,539</u>	<u>\$ 6,889,396</u>

Investment policy: The Student Union's investment policy (the Policy) sets forth the guidelines for the investments of the Student Union.

The Student Union held investments in Local Agency Investment Fund (LAIF), mutual funds and miscellaneous other assets. These investments are classified as deposits covered by depository insurance and are: (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution's Trust Department or agent but not in the depositor-government's name.

Interest rate risk: Interest rate risk is the risk that the changes in market interest rate will adversely affect the fair value of an investment. In accordance with the Policy, the Student Union manages the risk of market value fluctuations due to overall changes in general levels of interest rates by limiting the average maturity and effective duration of investments within the portfolios.

		June 30, 2018						
		Market Value	<1 Year	<2 Years	<3 Years	<4 Years	<5 Years	>5 Years
Intermediate-term	investments	\$ 3,979,523	\$ 2,853,550	\$ -	\$ 612,455	\$ -	\$ 316,888	\$ 196,630
		June 30, 2017						
		Market Value	<1 Year	<2 Years	<3 Years	<4 Years	<5 Years	>5 Years
Intermediate-term	investments	\$ 2,907,666	\$ 472,040	\$ 718,953	\$ 628,261	\$ 309,092	\$ -	\$ 779,320

**The Student Union of San José State University
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Notes to Financial Statements

Note 3. Investments (Continued)

Credit risk: Fixed income securities are subject to credit risk, which is the risk that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. The circumstances may arise due to a variety of factors, such as financial weakness, bankruptcy, litigation and/or adverse political developments. A bond's credit quality is an assessment of the issuer's ability to pay interest on the bond and, ultimately, to pay the principal. Credit quality is evaluated by one of the independent bond rating agencies such as Moody's Investors Service or Standard & Poor's (S&P). The lower the rating, the greater the chance that the bond issuer will default or fail to meet its payment obligations. Generally, the lower a bond's credit rating, the higher the yield should be to compensate for the additional risk.

Certain fixed income securities, including obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have risk.

The credit risk profile for fixed income securities at June 30 is as follows:

Investment Type	2018	2017	S&P Credit Rating
Fixed Income Mutual Funds	\$ 1,888,284	\$ 1,244,772	AAA
Fixed Income Mutual Funds	202,558	218,656	AA
Fixed Income Mutual Funds	253,893	267,796	A
Fixed Income Mutual Funds	362,136	396,606	BBB
Fixed Income Mutual Funds	528,481	355,317	BB
Fixed Income Mutual Funds	609,265	325,077	B
Fixed Income Mutual Funds	134,906	99,442	Below B
Total fixed income securities	\$ 3,979,523	\$ 2,907,666	

Concentration of credit risk: The Policy of the Student Union contains certain limitations on the amount that can be invested in any one issuer and is listed above. The Student Union did not have any investments in any one issuer (other than mutual funds) that represent 5 percent or more of the Student Union's total investments as of June 30, 2018 and 2017.

Custodial credit risk: Custodial credit risk for deposits is the risk that the Student Union will not be able to recover its deposits in the event of a failure of a depository institution. In the ordinary course of the Student Union's operations, deposit balances in checking accounts can exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. In accordance with the Policy, all certificates of deposit are FDIC-insured and limited to \$250,000 at any one institution.

Custodial credit risk for investments is the risk that if the counterparty to an investment transaction were to fail, the Student Union would not be able to recover its investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to indirect investment in securities through the use of mutual funds and government investment pools. U.S. Treasury issues and federally sponsored enterprise issues are held by Securities Investor Protection Corporation-insured brokers and are not registered with the issuer in the Student Union's name.

**The Student Union of San José State University
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Notes to Financial Statements

Note 3. Investments (Continued)

Fair value measurement: GASB Statement No. 72, *Fair Value Measurement and Application*, requires assets and liabilities to be measured at fair value and disclosures to be made on the fair value measurements, the level of fair value hierarchy, and valuation techniques. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and disclosed in one of the following hierarchies:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices in active markets for identical assets or liabilities, either directly or indirectly.

Level 3: Inputs that are unobservable in situations where there is little or no market activity for the asset or liability and significant to the overall fair value measurement.

Investments held by the Student Union are measured and recorded at fair value. The Student Union's valuation techniques used to measure the fair value of equity investments, including LAIF, mutual funds and miscellaneous other assets, were derived from quoted prices in active markets, and they are categorized in Level 1 of the fair value hierarchy.

The following table summarizes the Student Union's investments fair value hierarchy as of June 30, 2018 and 2017:

Description	June 30, 2018	Fair Value Measurement at Reporting Date Using		
		Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Local Agency Investment Fund	\$ 226,765	\$ 226,765	\$ -	\$ -
Mutual funds, equities	2,539,842	2,539,842	-	-
Mutual funds, fixed income	3,979,523	3,979,523	-	-
Mutual funds, others	1,108,638	1,108,638	-	-
Cash and money balances	99,771	99,771	-	-
	<u>\$ 7,954,539</u>	<u>\$ 7,954,539</u>	<u>\$ -</u>	<u>\$ -</u>

**The Student Union of San José State University
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Notes to Financial Statements

Note 3. Investments (Continued)

Description	June 30, 2017	Fair Value Measurement at Reporting Date Using		
		Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Local Agency Investment Fund	\$ 224,117	\$ 224,117	\$ -	\$ -
Mutual funds, equities	2,521,360	2,521,360	-	-
Mutual funds, fixed income	2,907,666	2,907,666	-	-
Mutual funds, others	1,141,136	1,141,136	-	-
Cash and money balances	95,117	95,117	-	-
	<u>\$ 6,889,396</u>	<u>\$ 6,889,396</u>	<u>\$ -</u>	<u>\$ -</u>

Note 4. Capital Assets

Capital assets consist of the following at June 30:

	2017	Additions	Retirements	Transfers	2018
Computer equipment	\$ 150,725	\$ -	\$ -	\$ -	\$ 150,725
Software	48,395	-	-	-	48,395
Furniture and equipment	2,866,113	-	-	1,915,241	4,781,354
Leasehold improvements	5,171,819	-	-	-	5,171,819
Projects in progress	1,634,820	752,717	-	(1,915,241)	472,296
	<u>9,871,872</u>	<u>752,717</u>	<u>-</u>	<u>-</u>	<u>10,624,589</u>
Less accumulated depreciation and amortization	(5,821,437)	(687,712)	-	-	(6,509,149)
Net book value	<u>\$ 4,050,435</u>	<u>\$ 65,005</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,115,440</u>

	2016	Additions	Retirements	Transfers	2017
Computer equipment	\$ 150,725	\$ -	\$ -	\$ -	\$ 150,725
Software	48,395	-	-	-	48,395
Furniture and equipment	2,092,294	-	-	773,819	2,866,113
Leasehold improvements	5,171,819	-	-	-	5,171,819
Projects in progress	917,401	1,491,238	-	(773,819)	1,634,820
	<u>8,380,634</u>	<u>1,491,238</u>	<u>-</u>	<u>-</u>	<u>9,871,872</u>
Less accumulated depreciation and amortization	(5,355,909)	(465,528)	-	-	(5,821,437)
Net book value	<u>\$ 3,024,725</u>	<u>\$ 1,025,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,050,435</u>

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 5. Board-Designated Net Position

Board-designated net position comprises the following at June 30:

	2018	2017
Board-designated:		
Capital equipment	\$ 413,674	\$ 475,112
Other designated assets	576,238	1,147,458
	<u>\$ 989,912</u>	<u>\$ 1,622,570</u>

Other designated assets represent projects approved by the board for leasehold improvements. The projects include improvements to the Bowling Center, the addition of retractable seating in the Event Center Arena and new branding for the new Student Union building.

Note 6. Employment Benefit and Compensation Plans

Other Postemployment Benefit Obligation (OPEB)

During fiscal year 2018, the Student Union adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB). The primary objective of this statement is to improve information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This OPEB plan is considered an agent-multiemployer plan.

The adoption of this standard requirement a restatement of net position in 2017 to reflect the Student Union's net OPEB liability. The restatement resulted in a decrease to the beginning balance of net position of approximately \$1,600,000.

General information about the OPEB Plan

Plan description: The Student Union provides lifetime retiree medical coverage to eligible employees and their dependents who retire at the age of 50 or older, with five or more years of employment with the Student Union. The medical plan benefits are contracted with the California Public Employees' Retirement System (CalPERS) under the Public Employees' Medical and Hospital Care Act (PEMHCA).

Benefits provided: The plan provides health care benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the plan

Contributions: The Student Union adopted the entry age normal actuarial cost method prefunding prospectively. The entry age normal actuarial cost method, with the contributions determined as a percent of payroll, is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future, as well as those already accrued. The plan uses a 7 percent discount rate, assuming the Student Union continues prefunding 100 percent of each future year's annual required contribution. The Student Union assumes a closed 30-year level dollar amortization of the unfunded actuarial accrued liability.

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 6. Employment Benefit and Compensation Plans (Continued)

The Student Union has selected the equal contribution method, where it is obligated to contribute the same amount for retirees as contributed toward the active employees' medical plan coverage. The Student Union currently pays the medical plan premiums for both retirees and active employees and their dependents at a rate approved by the Board of Directors annually.

The Student Union has voluntarily opted for a funding policy under which it will contribute 100 percent of its actuarially determined annual required contribution. Contributions to the OPEB Plan from the Student Union for the years ended June 30, 2018 and 2017, were \$243,796 and \$237,966, respectively.

Employees covered by benefit terms: At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	8
Active employees	41
	<u>49</u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEB

The Student Union's net OPEB liability was \$661,652 at June 30, 2018. The Student Union's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2018, the Student Union recognized OPEB expense of \$622,289 and included in wages, benefits and taxes on the statements of revenue, expenses, and changes in net position. At June 30, 2018, the Student Union reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 174,189
Changes of assumptions	-	276,289
Net difference between projected and actual earnings on OPEB plan investments	-	57,906
Contributions subsequent to the measurement date	243,796	-
Total	<u>\$ 243,796</u>	<u>\$ 508,384</u>

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 6. Employment Benefit and Compensation Plans (Continued)

Of the total amount reported as deferred outflows related to OPEB, \$243,796 resulting from Student Union contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:	
2019	\$ (59,176)
2020	(59,176)
2021	(59,176)
2022	(59,176)
2023	(44,699)
Thereafter	(226,981)
Total	<u>\$ (508,384)</u>

Actuarial assumptions: The total OPEB liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.26 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	7.0 percent, net of OPEB plan investment expense, including inflation
Health care cost trend rates	7.7 percent (pre-65) and 5.3 percent (post-65) for 2019, decreasing to an ultimate rate of 5 percent for 2030 and later years.

Mortality rates were based on the CalPERS 2014 Mortality Pre- and Post-Retirement Table for Males or Females, as appropriate.

The retirement rates that were used in the most recent CalPERS Public Agency Miscellaneous 2 percent at 60 for actives hired before January 1, 2013, and 2 percent at 62 for actives hired on or after January 1, 2013.

**The Student Union of San José State University
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Notes to Financial Statements

Note 6. Employment Benefit and Compensation Plans (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weight the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. As of June 30, 2017, the long-term expected rates of return for each major investment class in the Plan's portfolio are as follows:

Investment Class	Target Allocation	Long-Term Expected Real Rate of Return ¹
Equity	43%	5.54%
Fixed Income	50%	1.70%
REITs	7%	5.06%
Cash	0%	0%
Total	100%	

¹JPMorgan arithmetic Long-Term Capital Market assumptions and expected inflation of 2.26%

Discount rate: The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that Student Union contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. There, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate and health care cost trend rates: The following presents the net OPEB liability of the Student Union, as well as what the Student Union's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.0 percent) or one percentage point higher (8.0 percent) than the current discount rate:

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Net OPEB liability	\$ 1,078,733	\$ 661,652	\$ 322,120

**The Student Union of San José State University
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Notes to Financial Statements

Note 6. Employment Benefit and Compensation Plans (Continued)

Sensitivity of the net OPEB liability to changes in the health care cost trend rates: The following presents the net OPEB liability of the Student Union, as well as what the Student Union's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rate:

	1% Decrease (6.7% Decreasing to 4.0%)	Health care Cost Trend Rates (7.7% Decreasing to 5.0%)	1% Increase (8.7% Decreasing to 6.0%)
Net OPEB liability	\$ 306,875	\$ 661,652	\$ 1,074,416

Retirement plan: The Student Union has an annuity purchase plan under Section 403(b) of the IRC. Under this qualified plan, eligible employees may defer their salary through contributions to the plan, subject to IRC limits, and the Student Union will match up to 4 percent for eligible employees as well as employer discretionary contributions. The Student Union's plan contributions for fiscal years 2018 and 2017 were \$202,204 and \$202,029, respectively.

Note 7. Event Activity

The Student Union Event Center box office collects monies from ticket sales for major concerts, cultural events and athletic events, for which the organization is responsible for settling. Of the total amounts collected, a portion was recognized as rental revenue and a portion was recognized as reimbursement of direct costs. The remaining box office receipts were forwarded to the various event promoters.

Note 8. Operating Leases

The following properties are leased from the Trustees of the California State University: the Student Union building, the ATM kiosk, the Aquatic Center and the Event Center building. The renewed lease agreement expires June 30, 2021, and requires the Student Union's compliance with various conditions concerning operation of the facilities. The Student Union does not pay monthly rent to the University but does reimburse the University for Cost Allocations to Non-CSU Fund Entities for Expenses incurred by the CSU Operating Fund. These cost allocations are billed quarterly. The Student Union paid the University \$665,772 and \$608,278 in 2018 and 2017, respectively, for these cost allocations. Cost allocations amounts mentioned below include reimbursement for SJSU Business and Financial Services, Chancellor's Office annual audit fees, University police security fees, property and building insurance as well as facility use fees which were \$281,484 and \$271,028 in 2018 and 2017, respectively, and are estimated at \$281,984 for 2019. These facility use fees are a part of the total cost allocations listed above. The opening of the east and west wings of the new Student Union is the main reason for increased facility use fees in 2018 and 2017. Facility use fees are reduced in 2017 due to the demolishing of the Aquatic Center. Total cost allocations payable to the University are expected to be \$625,817 in 2019.

The Student Union leases space in its facilities to other auxiliary organizations of the University, departments of the University and organizations external to the University. The Student Union's rental revenue for fiscal years 2018 and 2017 was \$2,684,755 and \$1,885,053, respectively.

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

Notes to Financial Statements

Note 9. Related Parties

The Student Union is a nonprofit organization incorporated to provide various services to the students and the campus community at the University. Accordingly, related parties include the University, other auxiliary organizations of the University, its students and student organizations, as well as the Student Union Board of Directors (consisting of students, faculty, community and administrative personnel).

At June 30, 2017, the Student Union pledged \$3 million to the Tower Foundation of SJSU to participate in the funding of athletic facilities on the University campus. The SJSU Club Sports and intramural programs managed by the Student Union will share in the use of these facilities. The Student Union requested and received the release of \$3 million in student fees from the University to support this pledge which was paid during the year ended June 30, 2018.

Receivables from affiliates at June 30 are as follows:

	2018	2017
Receivable from San José State University	\$ 70,170	\$ 3,016,305
Receivable from auxiliary organizations:		
Spartan Shops, Inc.	159,533	167,485
Associated Students, Inc.	3,363	8,259
SJSU Research Foundation	-	1,169
Tower Foundation	-	27,435
	<u>\$ 233,066</u>	<u>\$ 3,220,652</u>

The receivables from affiliates are included on the accompanying statements of net position as accounts receivable.

Payables to affiliates at June 30 are as follows:

	2018	2017
Payable to San José State University	\$ 291,160	\$ 500,601
Payable to auxiliary organizations:		
Spartan Shops, Inc.	-	1,800
Associated Students, Inc.	1,819	3,235
Tower Foundation	-	3,000,000
	<u>\$ 292,979</u>	<u>\$ 3,505,636</u>

The payables to affiliates are included on the accompanying statements of net position as accounts payable and other accrued liabilities.

Note 10. Concentration of Credit Risk

The Student Union maintains its cash balances in several financial institutions in the Greater Bay Area and, at times, may exceed federally insured limits. The majority of the liquid funds are in mutual funds that are maintained by UBS Financial Services, Inc. The Student Union has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

**The Student Union of San José State University
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Notes to Financial Statements

Note 11. Subsequent Events

In preparing the financial statements, the Student Union has evaluated events and transactions for subsequent event disclosure through September 25, 2018, the date of the auditor's report.

**The Student Union of San José State University
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**Schedule of Changes in the Net OPEB Liability and Related Ratios
June 30, 2018**

Total OPEB Liability	
Service cost	\$ 128,947
Interest	212,590
Differences between expected and actual experience	(191,473)
Changes in assumptions	(303,704)
Benefit payments	(44,122)
Net change in total OPEB liability	<u>(197,762)</u>
Total OPEB liability - beginning	<u>2,929,737</u>
Total OPEB liability - ending (a)	<u><u>\$ 2,731,975</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 282,088
Net investment income	195,470
Benefit payments	(44,122)
Administrative expense	(8,909)
Net change in plan fiduciary net position	<u>424,527</u>
Plan fiduciary net position - beginning	<u>1,645,796</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 2,070,323</u></u>
Student Union's net OPEB liability - ending (a) - (b)	<u><u>\$ 661,652</u></u>

Information presented prospectively beginning with 2018 due to implementation of GASB 75.

Plan fiduciary net position as a percentage of the total OPEB liability 76%

Covered-employee payroll \$ 2,452,176

Student Union's net OPEB liability as a percentage of covered-employee payroll 27%

Notes to Schedule:

Changes of assumptions. In 2018, the average per capital claims costs was updated to reflect actual 2017 and 2018 premiums and caps, the health care cost trend rate was updated to reflect 2018 industry survey data, and the mortality rates were updated to reflect the most recent CalPERS studies.

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

**Schedule of Contributions
June 30, 2018**

Actuarially determined contribution	\$ 243,796
Contributions in relation to the actuarially determined contribution	243,796
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 2,452,176
Contributions as a percentage of covered-employee payroll	10%

Information presented prospectively beginning with 2018 due to implementation of GASB 75.

Notes to Schedule:

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Straight-line
Amortization period	5 years
Asset valuation method	Market value of assets as of the measurement date
Inflation	2.26 percent
Health care cost trend rates	7.70 percent initial, decreasing 0.15 percent per year to an ultimate rate of 5.00 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	7.00 percent, net of OPEB plan investment expense, including inflation
Retirement age	Retirement rates that were used in the most recent CalPERS Public Agency Miscellaneous 2 percent at 60 for actives hired before January 1, 2013 and 2 percent at 62 for actives hired on or after 1, 2013
Mortality	The mortality rates used in this valuation are those used in the most recent CalPERS valuations (CalPERS 2014).

The Student Union of San Jose State University
Schedule of Net Position
Year Ended June 30, 2018
(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,338,091
Short-term investments	1,068,224
Accounts receivable, net	290,028
Capital lease receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	89,782
Total current assets	<u>2,786,125</u>
Noncurrent assets:	
Restricted cash and cash equivalents	25,000
Accounts receivable, net	—
Capital lease receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	6,886,315
Capital assets, net	4,115,440
Other assets	119,670
Total noncurrent assets	<u>11,146,425</u>
Total assets	<u>13,932,550</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension liability	—
Net OPEB liability	243,796
Others	—
Total deferred outflows of resources	<u>243,796</u>
Liabilities:	
Current liabilities:	
Accounts payable	1,689,691
Accrued salaries and benefits	203,848
Accrued compensated absences, current portion	365,711
Unearned revenues	—
Capital lease obligations, current portion	—
Long-term debt obligations, current portion	—
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts	—
Other liabilities	318,870
Total current liabilities	<u>2,578,120</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenues	—
Grants refundable	—
Capital lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Claims liability for losses and loss adjustment expenses, net of current portion	—
Depository accounts	119,670
Net other postemployment benefits liability	661,652
Net pension liability	—
Other liabilities	—
Total noncurrent liabilities	<u>781,322</u>
Total liabilities	<u>3,359,442</u>
Deferred inflows of resources:	
Service concession arrangements	—
Net pension liability	—
Net OPEB liability	508,384
Unamortized gain on debt refunding	—
Nonexchange transactions	—
Others	—
Total deferred inflows of resources	<u>508,384</u>
Net Position:	
Net investment in capital assets	4,115,440
Restricted for:	—
Nonexpendable – endowments	—
Expendable:	—
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	6,193,080
Total net position	<u>\$ 10,308,520</u>

The Student Union of San Jose State University
Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2018
(for inclusion in the California State University)

Revenues:

Operating revenues:		
Student tuition and fees, gross	\$	7,774,169
Scholarship allowances (enter as negative)		—
Grants and contracts, noncapital:		
Federal		—
State		—
Local		—
Nongovernmental		—
Sales and services of educational activities		—
Sales and services of auxiliary enterprises, gross		4,533,601
Scholarship allowances (enter as negative)		—
Other operating revenues		41,392
		<u>41,392</u>
Total operating revenues		<u>12,349,162</u>

Expenses:

Operating expenses:		
Instruction		—
Research		—
Public service		—
Academic support		—
Student services		—
Institutional support		7,497,775
Operation and maintenance of plant		—
Student grants and scholarships		—
Auxiliary enterprise expenses		3,102,854
Depreciation and amortization		687,712
		<u>11,288,341</u>
Total operating expenses		<u>11,288,341</u>
Operating income (loss)		<u>1,060,821</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		—
Investment income (loss), net		420,385
Endowment income (loss), net		—
Interest expense		—
Other nonoperating revenues (expenses) - excl. interagency transfers		—
Other nonoperating revenues (expenses) - interagency transfers		—
		<u>420,385</u>
Net nonoperating revenues (expenses)		<u>420,385</u>
Income (loss) before other revenues (expenses)		1,481,206

State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	—
Increase (decrease) in net position	1,481,206

Net position:

Net position at beginning of year, as previously reported	10,387,649
Restatements	(1,560,335)
Net position at beginning of year, as restated	<u>8,827,314</u>
Net position at end of year	<u>\$ 10,308,520</u>

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

Other Information

June 30, 2018

(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 2018:

Portion of restricted cash and cash equivalents related to endowments	\$	—
All other restricted cash and cash equivalents		<u>25,000</u>
Total restricted cash and cash equivalents	\$	<u>25,000</u>

2.1 Composition of investments at June 30, 2018:

	<u>Current Unrestricted</u>	<u>Current Restricted</u>	<u>Total Current</u>	<u>Noncurrent Unrestricted</u>	<u>Noncurrent Restricted</u>	<u>Total Noncurrent</u>	<u>Total</u>
State of California Surplus Money Investment Fund (SMIF)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
State of California Local Agency Investment Fund (LAIF)	226,765	—	226,765	—	—	—	226,765
Corporate bonds	—	—	—	—	—	—	—
Certificates of deposit	—	—	—	—	—	—	—
Mutual funds	741,688	—	741,688	6,886,315	—	6,886,315	7,628,003
Money Market funds	99,771	—	99,771	—	—	—	99,771
Repurchase agreements	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—
Asset backed securities	—	—	—	—	—	—	—
Mortgage backed securities	—	—	—	—	—	—	—
Municipal bonds	—	—	—	—	—	—	—
U.S. agency securities	—	—	—	—	—	—	—
U.S. treasury securities	—	—	—	—	—	—	—
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)							
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Other major investments:							
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—
Total investments	<u>1,068,224</u>	<u>—</u>	<u>1,068,224</u>	<u>6,886,315</u>	<u>—</u>	<u>6,886,315</u>	<u>7,954,539</u>
Less endowment investments (enter as negative number)	—	—	—	—	—	—	—
Total investments	<u>\$ 1,068,224</u>	<u>\$ —</u>	<u>\$ 1,068,224</u>	<u>\$ 6,886,315</u>	<u>\$ —</u>	<u>\$ 6,886,315</u>	<u>\$ 7,954,539</u>

2.2 Investments held by the University under contractual agreements at June 30, 2018:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2018 :	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—
---	----	---	----	---	----	---	----	---	----	---	----	---

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

Other Information

June 30, 2018

(for inclusion in the California State University)

2.3 Restricted current investments at June 30, 2018 related to:

Add description
Add description
Add description
Add description
Add description
Add description
Add description

Amount
\$ —
—
—
—
—
—
—
—
\$ —

Total restricted current investments at June 30, 2018

2.4 Restricted noncurrent investments at June 30, 2018 related to:

Endowment investment
Scholarships
Inflation reserves
University projects
Add description
Add description
Add description
Add description

Amount
\$ —
—
—
—
—
—
—
—
\$ —

Total restricted noncurrent investments at June 30, 2018

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

Other Information

June 30, 2018

(for inclusion in the California State University)

2.5 Fair value hierarchy in investments at June 30, 2018:

	Fair Value Measurements Using				
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
State of California Surplus Money Investment Fund (SMIF)	\$ —	\$ —	\$ —	\$ —	\$ —
State of California Local Agency Investment Fund (LAIF)	226,765	226,765	—	—	—
Corporate bonds	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Mutual funds	7,628,003	7,628,003	—	—	—
Money Market funds	99,771	99,771	—	—	—
Repurchase agreements	—	—	—	—	—
Commercial paper	—	—	—	—	—
Asset backed securities	—	—	—	—	—
Mortgage backed securities	—	—	—	—	—
Municipal bonds	—	—	—	—	—
U.S. agency securities	—	—	—	—	—
U.S. treasury securities	—	—	—	—	—
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)					
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Other major investments:					
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Total investments	\$ 7,954,539	\$ 7,954,539	\$ —	\$ —	\$ —

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

**Other Information
June 30, 2018
(for inclusion in the California State University)**

3.1 Composition of capital assets at June 30, 2018:

	Balance June 30, 2017	Prior period Adjustments	Reclassifications	Balance June 30, 2017 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2018
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Works of art and historical treasures	—	—	—	—	—	—	—	—
Construction work in progress (CWIP)	1,634,820	—	—	1,634,820	752,717	—	(1,915,241)	472,296
Intangible assets:								
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyrights and trademarks	—	—	—	—	—	—	—	—
Internally generated intangible assets in progress	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total nondepreciable/nonamortizable capital assets	1,634,820	—	—	1,634,820	752,717	—	(1,915,241)	472,296
Depreciable/amortizable capital assets:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	5,171,819	—	—	5,171,819	—	—	—	5,171,819
Personal property:								
Equipment	3,065,233	—	—	3,065,233	—	—	1,915,241	4,980,474
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
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	—	—	—	—	—	—	—	—
Total depreciable/amortizable capital assets	8,237,052	—	—	8,237,052	—	—	1,915,241	10,152,293
Total capital assets	9,871,872	—	—	9,871,872	752,717	—	—	10,624,589
Less accumulated depreciation/amortization:								
Buildings and building improvements	—	—	—	—	—	—	—	—
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	(3,931,314)	—	—	(3,931,314)	(161,038)	—	—	(4,092,352)
Personal property:								
Equipment	(1,890,123)	—	—	(1,890,123)	(526,674)	—	—	(2,416,797)
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
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	—	—	—	—	—	—	—	—
Total accumulated depreciation/amortization	(5,821,437)	—	—	(5,821,437)	(687,712)	—	—	(6,509,149)
Total capital assets, net	\$ 4,050,435	\$ —	\$ —	\$ 4,050,435	\$ 65,005	\$ —	\$ —	\$ 4,115,440

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

Other Information

June 30, 2018

(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2018:

Depreciation and amortization expense related to capital assets	\$	687,712
Amortization expense related to other assets		—
Total depreciation and amortization	\$	<u>687,712</u>

4 Long-term liabilities activity schedule:

	<u>Balance June 30, 2017</u>	<u>Prior Period Adjustments</u>	<u>Reclassifications</u>	<u>Balance June 30, 2017 (restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
Accrued compensated absences	\$ 296,553	\$ —	\$ —	\$ 296,553	\$ 333,725	\$ (264,567)	\$ 365,711	\$ 365,711	\$ —
Claims liability for losses and loss adjustment expenses	—	—	—	—	—	—	—	—	—
Capital lease obligations:									
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium / (discount) on capital lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Long-term debt obligations:									
Auxiliary revenue bonds	—	—	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—	—	—
Notes payable related to SRB	—	—	—	—	—	—	—	—	—
Others: (list by type)									
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	—	—	—	—	—	—	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$ 296,553	\$ —	\$ —	\$ 296,553	\$ 333,725	\$ (264,567)	\$ 365,711	\$ 365,711	\$ —

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

**Other Information
June 30, 2018
(for inclusion in the California State University)**

5 Future minimum lease payments - Capital lease obligations:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Years ending June 30:									
2019	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—	—
2023	—	—	—	—	—	—	—	—	—
2024 - 2028	—	—	—	—	—	—	—	—	—
2029 - 2033	—	—	—	—	—	—	—	—	—
2034 - 2038	—	—	—	—	—	—	—	—	—
2039 - 2043	—	—	—	—	—	—	—	—	—
2044 - 2048	—	—	—	—	—	—	—	—	—
2049 - 2053	—	—	—	—	—	—	—	—	—
2054 - 2058	—	—	—	—	—	—	—	—	—
2059 - 2063	—	—	—	—	—	—	—	—	—
2064 - thereafter	—	—	—	—	—	—	—	—	—
Total minimum lease payments	—	—	—	—	—	—	—	—	—
Less amounts representing interest									—
Present value of future minimum lease payments									—
Unamortized net premium (discount)									—
Total capital lease obligations									—
Less: current portion									—
Capital lease obligations, net of current portion									\$ —

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

**Other Information
June 30, 2018
(for inclusion in the California State University)**

6 Long-term debt obligations 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
Years ending June 30:									
2019	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—	—
2023	—	—	—	—	—	—	—	—	—
2024 - 2028	—	—	—	—	—	—	—	—	—
2029 - 2033	—	—	—	—	—	—	—	—	—
2034 - 2038	—	—	—	—	—	—	—	—	—
2039 - 2043	—	—	—	—	—	—	—	—	—
2044 - 2048	—	—	—	—	—	—	—	—	—
2049 - 2053	—	—	—	—	—	—	—	—	—
2054 - 2058	—	—	—	—	—	—	—	—	—
2059 - 2063	—	—	—	—	—	—	—	—	—
2064 - thereafter	—	—	—	—	—	—	—	—	—
Total minimum payments	—	—	—	—	—	—	—	—	—
Less amounts representing interest									—
Present value of future minimum payments									—
Unamortized net premium (discount)									—
Total long-term debt obligations									—
Less: current portion									—
Long-term debt obligations, net of current portion									\$ —

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

Other Information

June 30, 2018

(for inclusion in the California State University)

7 Calculation of net position:

7.1 Calculation of net position - Net investment in capital assets

Capital assets, net of accumulated depreciation	\$	4,115,440
Capital lease obligations, current portion		—
Capital lease obligations, net of current portion		—
Long-term debt obligations, current portion		—
Long-term debt obligations, net of current portion		—
Portion of outstanding debt that is unspent at year-end (enter as positive num		—
Other adjustments: (please list)		—
Add description		—
Net position - Net investment in capital assets	\$	<u>4,115,440</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)		—
Restricted expendable endowments		—
Add description		—
Net position - Restricted for nonexpendable - endowments	\$	<u>—</u>

8 Transactions with related entities:

	<u>Amount</u>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 40,960
Payments to University for other than salaries of University personnel	2,741,968
Payments received from University for services, space, and programs	5,511,182
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)	(291,160)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University (enter as positive number)	70,170
Other amounts receivable from University	—

**The Student Union of San José State University
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Other Information

June 30, 2018

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9 Other postemployment benefits (OPEB) liability

Intentionally left blank - not required/applicable eff FY17/18

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	—
	<hr/>
Total pollution remediation liabilities	—
Less: current portion	—
	<hr/>
Pollution remediation liabilities, net of current portion	\$ <u><u>—</u></u>

**The Student Union of San José State University
(A California State University Auxiliary Organization)**

**Other Information
June 30, 2018
(for inclusion in the California State University)**

11 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, 2017, as previously reported	\$	10,387,649
Prior period adjustments:		
1 (GASB 75 OPEB Adjustment		(1,560,335)
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2017, as restated	\$	<u>8,827,314</u>

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: _____ 1 (breakdown of adjusting journal entry)	\$ —	—
Net position class: _____ 2 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 3 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 4 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 5 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 6 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 7 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 8 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 9 (breakdown of adjusting journal entry)	—	—
Net position class: _____ 10 (breakdown of adjusting journal entry)	—	—

**The Student Union of San José State University
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Other Information

June 30, 2018

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12 Natural Classifications of Operating Expenses:

	<u>Salaries</u>	<u>Benefits</u>	<u>Scholarships and Fellowships</u>	<u>Supplies and Other Services</u>	<u>Depreciation and Amortization</u>	<u>Total Operating Expenses</u>
Instruction	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Research	—	—	—	—	—	—
Public service	—	—	—	—	—	—
Academic support	—	—	—	—	—	—
Student services	—	—	—	—	—	—
Institutional support	7,497,775	—	—	—	—	7,497,775
Operation and maintenance of plant	—	—	—	—	—	—
Student grants and scholarships	—	—	—	—	—	—
Auxiliary enterprise expenses	3,102,854	—	—	—	—	3,102,854
Depreciation and amortization	—	—	—	—	687,712	687,712
Total	<u>\$ 10,600,629</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 687,712</u>	<u>\$ 11,288,341</u>