

**SANTOS MANUEL STUDENT UNION, A COMPONENT UNIT
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
UNIVERSITY, SAN BERNARDINO**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2022



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**SANTOS MANUEL STUDENT UNION, A COMPONENT UNIT
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Santos Manuel Student Union
of California State University, San Bernardino
San Bernardino, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Santos Manuel Student Union, a component unit of California State University, San Bernardino, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Santos Manuel Student Union's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Santos Manuel Student Union, as of June 30, 2022, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Santos Manuel Student Union and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Santos Manuel Student Union's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Santos Manuel Student Union of CSUSB's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of changes in the net OPEB liability, schedule of OPEB plan contributions, and schedule of the employer's proportionate share of the plan's net pension liability and be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Santos Manuel Student Union's basic financial statements as a whole. The schedule of operating expenses by function, schedule of operating expenses by function – recreation and wellness, schedule of net position, and schedule of revenues, expenses and changes in net position (collectively, the 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 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.


Other Information

Management is responsible for the other information included in the annual report. The other information comprises the organizational data but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Board of Directors
Santos Manuel Student Union, a Component Unit of California State University, San Bernardino

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 12, 2022, on our consideration of the Santos Manuel Student Union’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 results of that testing, and not to provide an opinion on the effectiveness of the Santos Manuel Student Union’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 the Santos Manuel Student Union’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Glendora, California
October 12, 2022

**SANTOS MANUEL STUDENT UNION, A COMPONENT UNIT
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

The following section of the Santos Manuel Student Union of California State University, San Bernardino's annual financial report includes some of management's insights and analysis of the Student Union's financial performance for the year ended June 30, 2022.

INTRODUCTION TO THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board's Statement 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*.

The financial statements include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and, the Statement of Cash Flows. These statements are supported in the annual financial report by the notes to the financial statements, required supplementary information, and this section. All sections must be considered together to obtain a complete understanding of the financial picture of the Student Union.

Statement of Net Position: The Statement of Net Position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Assets and liabilities are reported at their book value, on an accrual basis, as of the statement date. However, investments are reported at their fair value. It also identifies major categories of restrictions on the net position of the Student Union.

Statement of Revenues, Expenses and Changes in Net Position: The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and the expenses incurred during the year on an accrual basis.

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

REPORTING ENTITY

The Santos Manuel Student Union of California State University, San Bernardino is a 501(c)(3) not-for-profit corporation that is an auxiliary organization of California State University, San Bernardino, and is therefore considered a component unit of the University.

SUMMARY

All students who attend California State University, San Bernardino are required to pay a mandatory Student Union fee. These fees are collected quarterly and support Santos Manuel Student Union and Student Recreation and Fitness Center operations, the annual bond payments, transfers to the repair and replacement funds and the construction funds, as needed and approved by the Board of Directors.

In general, Student Union funds may be spent in accordance with the California Education Code, Title 5 and the terms of past student fee referenda. A portion of the mandatory fees (return of surplus) returned to the Student Union is used to support the operating budgets of the Santos Manuel Student Union and the Student Recreation and Fitness Center in accordance with Title 5.

**SANTOS MANUEL STUDENT UNION, A COMPONENT UNIT
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS

Student Union's Summarized Statement of Net Position

	2022	2021
Current assets	\$ 10,124,713	\$ 6,915,380
Capital assets	1,619,915	396,243
Total Assets	11,744,628	7,311,623
Deferred outflows of resources	408,162	556,610
Current liabilities	354,061	207,265
Noncurrent liabilities	903,386	1,671,106
Total Liabilities	1,257,447	1,878,371
Deferred inflows of resources	2,501,374	446,493
Net position		
Net Investment in capital assets	446,835	351,243
Unrestricted	7,947,134 *	5,192,126
Total Net Position	\$ 8,393,969	\$ 5,543,369

* See Note 1, Page 14 for breakdown of unrestricted net position.

Assets

Total assets increased by \$4,433,005 compared to prior year. This change can be attributed to the increase in short-term investments and recognition of lease receivables due to the implementation of GASB 87 Leases (see Note 1).

Liabilities

Total liabilities decreased by \$620,922 compared to the prior year. This decrease is primarily due to the actuarial valuations reducing the net pension liability by \$789,710. The change was also affected by an increase in unearned revenue of \$391,765.

Net Position

The Student Union's assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$8,393,969 at the close of the most recent fiscal year. Of this, \$446,835 or 5.3% reflects its investment in capital assets (e.g., buildings, leasehold improvements, and machinery and equipment, net of accumulated depreciation).

**SANTOS MANUEL STUDENT UNION, A COMPONENT UNIT
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS (continued)

Changes in Net Position

Revenues increased by \$2,379,223 or 29%, which is attributed primarily to an increase in income from operations.

Expenses increased by \$1,999,105 or 32.4%, which is attributed primarily to an increase in activity due to the COVID-19 pandemic restrictions being lifted.

Student Union's Changes in Net Position

	2022	2021
<u>Revenues</u>		
Return of surplus	\$ 7,382,484	\$ 5,471,212
Income from operations	731,393	373,209
Program income	114,331	4,567
Investment income	56,295	67,981
Other nonoperating revenues	732,704	300,039
Total Revenues	9,017,207	6,217,008
<u>Expenses</u>		
Student services	3,099,988	1,830,988
Support services	3,066,620	2,336,514
Total Expenses	6,166,608	4,167,502
Change in net position	2,850,599	2,049,506
Net Position - Beginning of Year	5,543,370	3,493,864
Net Position - End of Year	\$ 8,393,969	\$ 5,543,370

Capital Assets and Long-Term Debt

As of June 30, 2022, the Student Union has \$446,835 invested in capital assets, net of accumulated depreciation of \$1,063,864. Long-term debt is managed by the Chancellor's Office, and is not included in the financial statements of the Student Union.

**SANTOS MANUEL STUDENT UNION, A COMPONENT UNIT
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Student Union's Capital Assets (Net of Depreciation)

	Capital Assets (Net of Depreciation)	
	2022	2021
Buildings and leasehold improvements	\$ 220,457	\$ 258,823
Equipment, furniture and fixtures	24,992	41,035
Works of art	201,385	51,385
Work in progress (CWIP)	-	45,000
Total	\$ 446,834	\$ 396,243

Factors Impacting Future Periods

Enrollment projections for the 2022-2023 academic year continue to be somewhat volatile with an anticipated slight decrease. The Student Union will be monitoring these enrollment predictions and will prioritize to ensure it can remain competitive and take care of its Human Capital.

Requests for Information

This financial report is designed to provide a general overview of the Student Union's finances for all those with an interest in the Student Union's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Santos Manuel Student Union, California State University, San Bernardino, 5500 University Parkway, San Bernardino, CA 92407-2397.

**SANTOS MANUEL STUDENT UNION, A COMPONENT UNIT
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
STATEMENT OF NET POSITION
JUNE 30, 2022**

ASSETS

Current assets:

Cash and cash equivalents	\$ 331,209
Short-term investments	8,961,213
Accrued interest receivable	3,403
Accounts receivable, net	13,645
Due from related party	564,432
Lease receivable	250,811
Total current assets	<u>10,124,713</u>

Noncurrent assets:

Lease receivable	946,689
Net OPEB asset	226,391
Capital assets, net	446,835
Total noncurrent assets	<u>1,619,915</u>
Total assets	<u>11,744,628</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension related items	264,129
OPEB related items	144,033
Total deferred outflows of resources	<u>408,162</u>

LIABILITIES

Current liabilities:

Accounts payable	211,180
Accrued compensated absences	77,092
Unearned Revenue	64,449
Other liabilities	1,340
Total current liabilities	<u>354,061</u>

Noncurrent liabilities:

Accrued compensated absences	77,092
Unearned revenues	327,316
Net pension liability	498,978
Total noncurrent liabilities	<u>903,386</u>
Total liabilities	<u>1,257,447</u>

DEFERRED INFLOWS OF RESOURCES

Pension related items	554,021
OPEB related items	753,703
Leases	1,193,650
Total deferred inflows of resources	<u>2,501,374</u>

NET POSITION

Net investment in capital assets	446,835
Unrestricted	7,947,134
Total net position	<u>\$ 8,393,969</u>

See accompanying Notes to Financial Statements.

**SANTOS MANUEL STUDENT UNION, A COMPONENT UNIT
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022**

OPERATING REVENUES

Return of surplus revenue bond funds (Student Union fees)	\$ 7,382,484
Local reserves	400,834
Sales and services:	
Program revenues	114,331
Facility lease and rental	216,594
Personnel services reimbursement revenues	60,013
Miscellaneous reimbursement revenues	53,952
	<hr/>
Total operating revenues	8,228,208

OPERATING EXPENSES

Student services:	
Program Board	102,138
Women's Resource Center	102,143
Student Centers	179,846
Cross Cultural Center	72,380
Adult Re-Entry Center	104,032
Recreation Center	2,128,340
Game Room	187,098
Pride Center	106,050
Palm Desert Campus	117,961
Support services:	
Administration and personnel services	666,225
Scheduling	156,710
Maintenance	346,702
Board of Directors	26,700
Graphics	202,284
Student Union operations	1,416,283
Audio visual	115,888
Technology	135,828
	<hr/>
Total operating expenses	6,166,608

Operating income	<hr/> 2,061,600
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NONOPERATING REVENUES

Investment income	56,295
Other nonoperating revenues	732,704
	<hr/>
Total nonoperating revenues	788,999

Change in net position	<hr/> 2,850,599
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Net position, beginning of year	<hr/> 5,543,370
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Net position, end of year	<hr/> <hr/> \$ 8,393,969
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See accompanying Notes to Financial Statements.

**SANTOS MANUEL STUDENT UNION, A COMPONENT UNIT
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Return of surplus	\$ 7,382,484
Sales and services	313,451
Payments to suppliers	(1,778,683)
Payments to employees	(4,171,047)
	<hr/>
Net cash provided by operating activities	1,746,205
	<hr/>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Other nonoperating revenue	732,704
	<hr/>
Net cash provided by noncapital financing activities	732,704
	<hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital assets purchased	(105,000)
	<hr/>
Net cash used for capital and related financing activities	(105,000)
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	53,766
	<hr/>
Net cash provided by investing activities	53,766
	<hr/>
Net increase in cash and cash equivalents	2,427,675
Cash and cash equivalents, beginning of year	6,864,749
	<hr/>
Cash and cash equivalents, end of year	\$ 9,292,424
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RECONCILIATION OF CASH TO THE STATEMENT OF NET POSITION	
Cash and cash equivalents	331,209
Short-term investments	8,961,213
	<hr/>
Total	\$ 9,292,422
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RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 2,061,600
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	54,408
(Increase) decrease in assets:	
Accounts receivable, net	1,539
Due from related parties	(529,965)
Lease receivable	(1,197,500)
Accrued interest receivable	(2,529)
Deferred outflows of resources	151,087
Increase (decrease) in liabilities:	
Accounts payable	98,910
Unearned revenues	391,764
Other liabilities	1,000
Accrued compensated absences	(10,539)
Accrued salaries	(12,642)
Net OPEB liability	(526,099)
Net pension liability	(789,710)
Deferred inflows of resources	2,054,881
	<hr/>
Net cash provided by operating activities	\$ 1,746,205
	<hr/>

See accompanying Notes to Financial Statements.

**SANTOS MANUEL STUDENT UNION, A COMPONENT UNIT
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Santos Manuel Student Union of California State University, San Bernardino (the Student Union) is a nonprofit organization incorporated on November 18, 1977, under the laws of the state of California. The Student Union is an auxiliary organization (component unit) of the California State University and Colleges as defined under Section 89901 of the Education Code of the State of California and California Administrative Code, Title 5, Section 42400. The Student Union was formed to finance, operate and construct a campus union facility at California State University, San Bernardino as a student body center for the benefit of the students, faculty, staff, alumni and guests of the University in order to promote and assist the educational programs of the University. The Student Union performs these functions under an operating agreement with trustees of the California State University (the Trustees). The Student Union agrees to apply the funds and properties it receives exclusively towards these purposes and to obtain written approval of the Trustees prior to initiating any additional functions. The current operating agreement was entered into, effective September 1, 2017 and expires on August 31, 2027.

Reporting Entity

Accounting principles generally accepted in the United States of America require that these financial statements present the accounts of the Student Union and any of its component units. Component units are legally separate entities for which the Student Union is considered to be financially accountable or otherwise has a relationship, which is such that the exclusion of the entity would cause the financial statements to be misleading. Blended component units are considered, in substance, part of the Student Union's operations, so the accounts of these entities are to be combined with the data of the Student Union. Component units, which do not meet these requirements, are reported in the financial statements as discrete units to emphasize their separate legal status. The Student Union has determined that it is not financially accountable for, nor has any other relationship with, any other organization, which would require its inclusion in these financial statements. However, the Student Union is a component unit of California State University, San Bernardino.

Basis of Accounting

As a component unit of California State University, San Bernardino, the Student Union has elected to follow the accounting standards and pronouncements issued by the Governmental Accounting Standards Board (GASB). The Student Union reports its operations as a proprietary fund, which is accounted for using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

**SANTOS MANUEL STUDENT UNION, A COMPONENT UNIT
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Student Union are the mandatory fees collected from the students at California State University, San Bernardino. Operating expenses for the Student Union include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fund Accounting

The accounts of the Student Union are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and uses them to aid management in demonstrating compliance with finance-related legal and contractual provisions. The Student Union's financial statements include only an enterprise fund, which is a proprietary fund type. Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or change in net position is necessary for management accountability.

Cash and Investments

The Student Union's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of purchase.

Investments are reported at net asset value.

Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts. Credit is generally extended on a short-term basis; thus accounts receivable do not bear interest.

Receivable balances are periodically reviewed for collectability based on past credit history with customers and their current financial condition. Management makes the determination concerning the amounts to be written off on a case by case basis. As of June 30, 2022 the organization estimated \$1,859 to be uncollectible.

**SANTOS MANUEL STUDENT UNION, A COMPONENT UNIT
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets including property and equipment are carried at cost. The Student Union's policy is to capitalize additions and improvements in excess of \$5,000. Repairs and maintenance are charged to operations as incurred. Costs and related allowances for depreciation of capital assets sold or otherwise retired are eliminated from the accounts and gains or losses on disposition are included in income. Contributed assets, if any, are stated at acquisition value at the time received by the Student Union. Depreciation is provided on the straight-line method over the estimated useful lives of five to fifteen years.

Income Taxes

The Student Union is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as an organization that is not a private foundation. A comparable exemption has been granted by the state of California under the Revenue and Taxation Code 23701(d).

The Student Union files informational tax returns in the U.S. federal jurisdictions and the state of California. The Student Union is no longer subject to U.S. federal and state examinations for years before 2013.

Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Change in Accounting Principle

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized 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 standard, 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. The Student Union adopted the requirements of the guidance effective July 1, 2021. Implementation required the Student Union to recognize a Lease Receivable and Deferred Inflow of Resources of \$1,411,002. Therefore implementation had no impact on July 1, 2021 net position

**SANTOS MANUEL STUDENT UNION, A COMPONENT UNIT
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrestricted Net Position

The Unrestricted Net Position of \$7,947,134 is designated to Program Funds as shown below. These are allocated fund reserves, which support programs such as Working Capital, the Long-Term Equipment Repair and Replacement Plan, Major Maintenance Plan, and SMSU Major Campus Event Funds.

Administrative Working Capital	\$829,245
Administrative Equip/Furnishings	25,000
Administrative Special Projects	22,514
Administrative OPEB Liability Reserve	243,556
Central Local Reserves	50,000
Maintenance Repairs	116,600
Programs	344,000
Unrestricted	6,316,219
	<u>\$7,947,134</u>

The statement defines net position as the residual of all other elements presented in a statement of net position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

When an expense is incurred that can be paid for either restricted or unrestricted resources, the Student Union's policy is to first fully expend all restricted resources and then use unrestricted resources.

NOTE 2 CASH AND INVESTMENTS

Cash and investments as of June 30, 2022 are classified in the accompanying financial statements as follows:

Current Assets

Cash and cash equivalents	\$ 331,209
Short-term investments	8,961,213
Total Cash and Investments	<u>\$ 9,292,422</u>

Cash and investments as of June 30, 2022 consist of the following:

Cash on hand	\$ 1,600
Deposits with financial institutions	329,609
Investments	8,961,213
Total Cash and Investments	<u>\$ 9,292,422</u>

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NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements

GASB Statement No. 72, Fair Value Measurements and Application, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs that are observable for an asset or liability, either directly or indirectly, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability. The Student Union does not have any investments categorized as Level 1, Level 2, or Level 3.

The following table presents the balances of the assets recorded at net asset value (NAV) as of June 30:

<u>Type</u>	<u>NAV</u>	<u>Total</u>
SWIFT Investments	7,888,031	7,888,031
LAIF	1,073,182	1,073,182
 Total investments	 <u>8,961,213</u>	 <u>8,961,213</u>

Investment Policy

State law and regulations require that surplus monies of the Student Union must be invested. The primary objective of the investment policy is to safeguard the principal. The secondary objective is to meet the liquidity needs of the Student Union. The third objective is to return an acceptable yield. The investment policy authorizes funds held in local trust accounts under Education Code Sections 89721 and 89724 to be invested in any of the securities authorized by Government Code Section 16430 and Education Code Section 89724, subject to certain limitations. In general, the investment policy permits investments in obligations of the federal and California state governments, certificates of deposit, and certain other investment instruments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Student Union manages its exposure to interest rate risk is that the pool purchases a combination of short-term and mid-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or nearing maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counter party to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

The California Government Code and the Student Union's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments.

As of June 30, 2022, Cash in Bank – Bank of America of the Student Union's deposits with financial institutions, was in excess of the Federal Deposit Insurance Corporation (FDIC) limits by \$79,609.

Concentration of Credit Risk

Concentration risk rises as investments become concentrated relative to a portfolio characteristic such as issuance, issuer, market sector, counterparty, or sovereign nation, and is best mitigated by diversification. The investment policy of the Student Union contains no limitations on the amount that can be invested in any one issuer beyond what is stipulated by the California Government Code.

Investment in CSU Systemwide Investment Fund Trust

Student Union has pooled investments with the CSU Systemwide Investment Fund Trust (SWIFT). As a result of a 2007 change in Education Code 89721(I) that allowed CSU to self-manage student tuition and fees, CSU created a central banking system and created the SWIFT investment portfolio for the purpose of enhancing centralized cash and investment management. Because the central banking system and SWIFT are inextricably linked, each member in the central banking system is also a member in SWIFT, also referred to collectively as The Bank of CSU. These funds are reported as a short-term investment. The SWIFT consists of investments of cash on an overnight and/or short-term basis, the funds representing the float on funds collected from all eligible sources prior to their use for payment of accounts payable and payroll. Excess cash over and above what is needed to fund short-term payables and payroll are transferred to medium or longer term investments.

Investment in CSU Systemwide Investment Fund Trust (Continued)

Student Union relies upon information provided by the SWIFT in estimating the fair value position of its holdings in it. SWIFT is not subject to a credit quality rating. The allocated totals presented are derived from the percentage of the Student Union's investment balance in relation to the pool's investment balance applied to the pools total balance for each investment category.

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NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investment in State Investment Pool

The Student Union is a voluntary participant in the Local Agency Investment Fund (LAIF), which is part of the Pooled part of the Pooled Money Investment Account that is regulated by the California Government Code under the oversight of the State Treasurer, Director of Finance and State Controller. The Student Union may invest up to \$75 million in the LAIF fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. All investments with LAIF are secured by the full faith and credit of the State of California. Separate LAIF financial statements are available from the California State Treasurer's Office on the Internet at www.treasurer.ca.gov.

The Student Union's investment in this pool is reported in the accompanying financial statements at cost which approximates fair value at amounts based upon the Student Union's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). LAIF's (and the Student Union's) exposure to risk (credit, market or legal) is not currently available.

NOTE 3 STUDENT UNION FEES

The Student Union fees that are collected are deposited into a campus trust fund, where a portion is kept by the Campus to pay for debt service and the remaining portion is returned to the Santos Manuel Student Union as a lump sum on an annual basis for the payment of expenses related to Student Union and Recreation Center expenses.

These financial statements do not include the Student Union Facility or the Recreation Center liability for debt incurred to finance either of the facilities or any reserves or other assets, liabilities or activities related to debt service. The Campus is required and legally responsible for paying the debt.

Reserved balances as of June 30, 2022 held by the Campus on behalf of the Santos Manuel Student Union were Designated for Operations, Designated for Maintenance and Repairs, and Designated for Capital Improvements for \$2,704,215, \$2,425,807, and \$2,878,251, respectively. Debt payments are funded through these reserve balances. The following are the outstanding debt issues related to the Student Union's arrangement with the Campus.

In August of 2013, the Trustees of the California State University issued the Systemwide Revenue Bonds Series 2013A. Proceeds were used to refinance certain maturities of the Revenue Bonds, Series 2005A Expansion Project bonds as well as to refund outstanding bond indebtedness issued by a related auxiliary organization. Bonds outstanding at June 30, 2022 amounted to \$5,665,000.

On August 1, 2012, the Trustees of the California State University issued the Student Union Revenue Bonds, Series 2012A to refund Series 2002A bonds which were issued to finance the construction, repair and maintenance of the Student Union facility. Bonds outstanding at June 30, 2022 amounted to \$205,000.

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NOTE 3 STUDENT UNION FEES (CONTINUED)

In April of 2005, the Trustees of the California State University issued the Student Union Revenue Bonds, Series 2005A Expansion Project. The Bonds were issued to refund the Revenue Bond Anticipation Notes issued on May 21, 2004 for the Student Union expansion project and on June 7, 2004 for the Student Recreation Center project. The 2005A Expansion Project bond was refunded during fiscal year 2015-16 when Series 2014A bonds were issued. Bonds outstanding at June 30, 2022 amounted to \$11,885,000.

In August of 2019, the Trustees of the California State University issued the Systemwide Revenue Bonds Series 2019A. The Bonds were issued to finance and refinance the acquisition, construction, renovation, and improvement of certain facilities of the California State University. Included in the projects financed with the Series 2019A Bonds was approximately \$80,000,000 designated for the expansion of the Santos Manuel Student Union. The project began in June 2019 and is expected to be completed in November 2021. Bonds outstanding at June 30, 2022 amounted to \$70,300,000.

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended June 30 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Work in progress (CWIP)	\$ 45,000		\$ (45,000)	\$ -
Works of art	51,385	\$ 150,000	-	201,385
Total capital assets, not being depreciated	<u>96,385</u>	<u>150,000</u>	<u>(45,000)</u>	<u>201,385</u>
Capital assets, being depreciated:				
Buildings	152,896	-	-	152,896
Leasehold improvements	614,470	-	-	614,470
Equipment, furniture and fixtures	541,947	-	-	541,947
Total capital assets, being depreciated	<u>1,309,313</u>	<u>-</u>	<u>-</u>	<u>1,309,313</u>
Less accumulated depreciation for:				
Buildings	(39,888)	(5,097)	-	(44,985)
Leasehold improvements	(468,655)	(33,269)	-	(501,924)
Equipment, furniture and fixtures	(500,913)	(16,042)	-	(516,955)
Total accumulated depreciation	<u>(1,009,456)</u>	<u>(54,408)</u>	<u>-</u>	<u>(1,063,864)</u>
Capital assets, net	<u>\$ 396,242</u>	<u>\$ 95,592</u>	<u>\$ (45,000)</u>	<u>\$ 446,834</u>

Total depreciation expenses for the year ended June 30, 2022 was \$54,408.

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NOTE 5 LEASING ARRANGEMENTS

The Student Union, acting as lessor of the Student Union Facility and the Recreation Center, leases space under a long-term, non-cancelable lease agreements. The leases expire at periodic dates through June 2027. During the year ended June 30, 2022, the Student Union recognized \$173,436 and \$20,305 in lease revenue and interest revenue, respectively, pursuant to the contract.

Total future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 250,811	\$ 41,044	\$ 291,855
2024	253,144	38,711	291,855
2025	254,576	37,279	291,855
2026	256,871	34,984	291,855
2027	182,098	26,458	208,556
Total	<u>\$ 1,197,500</u>	<u>\$ 178,476</u>	<u>\$ 1,375,976</u>

NOTE 6 LONG-TERM OBLIGATIONS

A schedule of changes in long-term obligations during the fiscal year June 30, 2022 consist of the following:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>	<u>Due in One Year</u>
Compensated Absences	164,722	-	10,538	154,184	77,092
PPP Loan	-	-	-	-	-
Net OPEB Liability (Asset)	299,708	-	(526,099)	(226,391)	-
Net Pension Liability	1,288,688	-	(789,710)	498,978	-
Total Long-Term Obligation	<u>\$ 1,753,118</u>	<u>\$ -</u>	<u>\$(1,305,271)</u>	<u>\$ 426,771</u>	<u>\$ 77,092</u>

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NOTE 7 RELATED PARTY AND ECONOMIC DEPENDENCY

The Student Union operates under an agreement with the Trustees of the California State University, San Bernardino (CSUSB) as an auxiliary organization of the University. The majority of the Student Union's revenues and assets are dependent on its relationship with the University and its operating agreement with the Trustees. The University provides accounting services, utilities and various services for the Student Union. The Student Union leases space to Associated Student Incorporated (ASI), University Enterprises Corporation (UEC) and the Philanthropic Foundation (PHL) of California State University, all related parties. Below is a summary showing the related party transactions at June 30, 2022:

FOR THE YEAR ENDED JUNE 30, 2022	CSUSB	Associated Students	Philanthropic Foundation	University Enterprises Corporation	Total
<u>Expenses</u>					
Payments to Univ/Aux for salaries of personnel working on contracts, grants, and other programs	436,209	58,932	-	-	495,141
Payments to Univ/Aux for other than salaries of personnel	359,784	2,100	-	-	361,884
<u>Revenues</u>					
Payments received from Univ/Aux for services, space and programs	982,843	44,620	1,190	503,943	1,532,596
<u>Due to</u>					
Accounts Payable due to Univ/Aux as of June 30, 20CY	-	-	-	-	-
<u>Due from</u>					
Accounts Receivable due from Univ/Aux as of June 30, 20CY	472,827		890	90,715	564,432

NOTE 8 DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The Student Union sponsors two miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and Student Union resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

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NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonduty disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Plan Description (Continued)

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plan's provisions and benefits in effect at June 30, 2022 are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 55	2% @ 60
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	50 - 63
Monthly benefits, as a % of eligible compensation	1.4% to 2.4%	1.1% to 2.4%
Required employee contribution rates	7.00%	6.75%
Required employer contribution rates	9.680%	6.985%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by Miscellaneous risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability.

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NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer contributions to the Plan for the fiscal year ended June 30, 2022 were \$164,740. The actual employer payments of \$160,213 made to CalPERS by the Student Union during the measurement period ended June 30, 2021 differed from the Student Union's proportionate share of the employer's contributions of \$263,531 by \$103,318, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiemployer Plan.

B. Net Pension Liability

The Student Union's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

	<u>Miscellaneous</u>
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases (1)	3.3%-14.2%
Investment Rate of Return (2)	7.15%
Mortality Rate Table (3)	Derived using CALPERS' membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until purchasing power Protection allowance floor on purchasing power applies

(1) Annual increases vary by category, entry age, and duration of service

(2) Net of pension plan investment and administrative expenses; includes inflation

(3) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website

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NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Net Pension Liability (Continued)

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). 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. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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.

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NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Net Pension Liability (Continued)

Discount Rate (Continued)

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11+ ²
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

¹ An expected inflation of 2.00% used for this period

² An expected inflation of 2.92% used for this period

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at www.calpers.ca.gov. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

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NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

C. Proportionate Share of Net Pension Liability

The following table shows the Plan's proportion share of the net pension liability over the measurement period.

	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance as of measurement date 6/30/2020 (MD)	6,308,074	5,019,386	1,288,688
Balance as of measurement date 6/30/2021 (MD)	6,766,001	6,267,023	498,978
Net changes during measurement period 2020-2021	<u>\$ 457,927</u>	<u>\$ 1,247,637</u>	<u>\$ (789,710)</u>

Student Union's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. Student Union's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov. Student Union's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021 was as follows:

Proportion Share of NPL - June 30, 2020 (MD)	0.03055%
Proportion Share of NPL - June 30, 2021 (MD)	<u>0.02628%</u>
Change - Increase (Decrease)	(0.00427%)

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

The following presents the Agency's proportionate share of the net pension liability of the Plan 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 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Miscellaneous Plan's Net Pension Liability	\$ 1,392,299	\$ 498,978	\$ (239,518)

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

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NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

C. Proportionate Share of Net Pension Liability (Continued)

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position 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 deferred inflows of resources related to pensions and are to be recognized in future pension expense.

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

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

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

Recognition of Gains and Losses (Continued)

The EARSL for PERF C for the measurement date ending June 30, 2020 is 3.8 years, which was obtained by dividing the total service years of 548,581 (the sum of remaining service lifetimes of the active employees) by 145,663 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to zero. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2020), the Student Union's net pension liability was \$1,288,688. For the measurement period ending June 30, 2021 (the measurement date), Student Union incurred a pension expense/(income) of \$156,433.

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NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)

As of June 30, 2022, the Student Union has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ -	\$ -
Differences between Expected and Actual Experience	55,955	-
Differences between Projected and Actual Investment Earnings	-	435,581
Differences between Employer's Contributions and Proportionate Share of Contributions	-	118,440
Change in Employer's Proportion	43,434	-
Pension Contributions Made Subsequent to Measurement Date	164,740	-
Total	<u>\$ 264,129</u>	<u>\$ 554,021</u>

These amounts above are net of outflows and inflows recognized in the 2020-2021 measurement period expense. Contributions subsequent to the measurement date of \$164,740 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2020	\$ (119,264)
2021	(109,416)
2022	(105,581)
2023	(120,372)
2024	-
Thereafter	-

E. Payable to the Pension Plan

At June 30, 2022, Student Union reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

**SANTOS MANUEL STUDENT UNION OF CSUSB, A COMPONENT UNIT
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS

A. General Information about the Plan

Plan Description

The Santos Manuel Student Union provides medical and dental plan coverage for retirees and their eligible surviving dependents in certain HMO or other plans available through the program. Dental benefits are provided through Met Life and medical plan benefits are provided through PERS, as permitted by the Public Employees' Medical and Hospital and Care Act (PEMHCA). As a PEMHCA employer, the Student Union has selected the equal contribution method, where it is obligated to contribute the same amount for retirees as contributed toward active employees' medical plan coverage. The plan is a single-employer post-employment plan.

Employees Covered by Benefit Terms

As of the June 30, 2022 valuation, the following current and former employees were covered by the benefit terms under the plan:

	2021
Active plan members	29
Retirees and beneficiaries receiving benefits	4
Separated plan members entitled to but not yet receiving benefits	1
	34

Benefits and Contributions

For medical coverage, the Student Union currently pays up to \$767 per month for retiree coverage, \$1,461 per month for coverage with one dependent, and \$1,868 for coverage with two or more dependents. For dental and vision coverage, the Student Union currently pays 100% of the cost of premiums for the retiree and his or her eligible dependents so long as they remain eligible for coverage under the contract. Coverage under the Plan is available for employees who satisfy the requirements for retirement under the California Public Employees' Retirement System (PERS), which is age 50 or older with at least five years of state or public agency service. The contribution requirements of the Student Union are established and may be amended by the board of directors. In fiscal year 2014-2015 the annual required contribution determination method changed from pay-as-you-go basis to prefunding policy. The Student Union contributed \$54,256 to the plan during the year ended June 30, 2022. On March 1, 2020, SMSU modified the retiree medical benefits for employees hired on or after March 1, 2020. This change had no impact on the Total OPEB liability as of the current measurement date. However, as new employees are added, this change is expected to result in a reduction in plan costs that would have otherwise occurred.

**SANTOS MANUEL STUDENT UNION OF CSUSB, A COMPONENT UNIT
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

B. Net OPEB Liability

The Student Union's net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2020, based on the following actuarial methods and assumptions:

Discount rate	5.90%	
Inflation	2.50%	
Salary increases	3.00%	
Investment rate of return	6.30%	
Mortality	MacLeod Watts Scale 2020 applied	
Pre-retirement turnover healthcare trend rate	5.30%	2022
	5.60%	2023
	5.40%	2024
	5.20%	2025
	5.10%	2026
	5.00%	2027
	Various	thereafter

Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in the valuation. Demographic actuarial assumptions used in the valuation are based on the 2017 experience study of the California Public Employees Retirement System using data from 1997 to 2015.

C. Discount Rate

The discount rate used to measure the total OPEB liability was 5.90%. The Student Union has established an irrevocable OPEB trust with assets dedicated toward paying future retiree medical benefits. The Student Union expects the trust assets to yield 5.80% over the long-term, based on the current mix of assets.

The projection of cash flows used to determine the discount rate assumed that Student Union contributions will be made at rates equal to or in excess of 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. Therefore, 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.

**SANTOS MANUEL STUDENT UNION OF CSUSB, A COMPONENT UNIT
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

D. Changes in Net OPEB Liability

The change in the net OPEB liability for the Plan are as follows as of June 30, 2022:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c)= (a) - (b)
Balance at June 30, 2021 (Measurement Date June 30, 2020)	\$ 2,564,922	\$ 2,265,214	\$ 299,708
Changes recognized for the measurement period:			
Service Cost	185,329	-	185,329
Interest Cost	157,941	-	157,941
Changes of assumptions	(120,805)	-	(120,805)
Plan experience differences	(94,640)	-	(94,640)
Expected investment income	-	131,046	(131,046)
Employer contributions	-	54,256	(54,256)
Administrative expenses	-	(11,591)	11,591
Benefit payments	(54,256)	(54,256)	-
Investment experience	-	480,213	(480,213)
Net Changes	73,569	599,668	(526,099)
Balance at June 30, 2022 (Measurement Date June 30, 2021)	\$ 2,638,491	\$ 2,864,882	\$ (226,391)

E. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability (asset) of the Student Union if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021:

	Discount Rate -1% 4.90%	Current Discount Rate 5.90%	Discount Rate +1% 6.90%
Net OPEB Liability (Asset)	\$ 208,204	\$ (226,391)	\$ (577,646)

F. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability (asset) of the Student Union if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability (Asset)	\$ (643,843)	\$ (226,391)	\$ 310,785

**SANTOS MANUEL STUDENT UNION OF CSUSB, A COMPONENT UNIT
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NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

G. OPEB Plan Fiduciary Net Position

The change in the Fiduciary Net Position for the Plan are as follows as of June 30, 2022:

	Plan Fiduciary Net Position
Balance at June 30, 2020 (Measurement Date June 30, 2019)	\$ 2,265,214
Changes recognized for the measurement period:	
Investment income	611,259
Employer contributions	54,256
Administrative expenses	(11,591)
Benefit payments	(54,256)
Investment experience	-
Net Changes	599,668
Balance at June 30, 2021 (Measurement Date June 30, 2020)	\$ 2,864,882

H. Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

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

<p>Net difference between projected and actual earnings on OPEB plan investments</p>	<p>Five year straight-line amortization.</p>
<p>All other amounts</p>	<p>Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period. In determining the EARSL, all active, retired and inactive (vested) members are counted, with the latter two groups having -0- remaining service years.</p>

**SANTOS MANUEL STUDENT UNION OF CSUSB, A COMPONENT UNIT
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

For the fiscal year ended June 30, 2022, the Student Union recognized OPEB expense of \$180,080. As of fiscal year ended June 30, 2022, the Student Union reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 75,088	\$ -
Differences between expected and actual experience in the measurement of the Total OPEB Liability	-	378,852
Net difference between projected and actual earnings of OPEB plan investments	-	374,851
Contributions to OPEB plan after the measurement date	68,945	-
Total	\$ 144,033	\$ 753,703

I. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

The \$68,945 reported as deferred outflows of resources related to contributions to the OPEB plan after the measurement date will be recognized as a reduction of the net OPEB liability during the subsequent fiscal year. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2023	\$ (127,912)
2024	(125,930)
2025	(120,164)
2026	(127,773)
2027	(31,732)
Thereafter	(145,104)
	\$ (678,615)

J. OPEB Trust

The long-term expected rate of return on OPEB plan investments was determined using historic 20 year real rates of return for each asset class along with assumed long-term inflation assumptions to set the discount rate. The expected investment return was offset by investment expenses of 25 basis points. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021, (see the discussion of the Plan's investment policy) are summarized herein.

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equities	30.00 %	7.80 %
International Equities	21.50 %	6.70 %
Fixed Income & Preferreds	39.00 %	1.40 %
REITs	9.50 %	0.60 %

**SANTOS MANUEL STUDENT UNION OF CSUSB, A COMPONENT UNIT
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 SELF-INSURANCE

The Student Union is subject to risks of loss such as general liabilities, torts and employee health expenses. The Student Union participates in the California State University risk management pool, California State University Risk Management Authority (CSURMA), for its insurance needs. CSURMA provides insurance and risk management services for California State University campuses and auxiliary organizations, including insurance and self-insurance. Auxiliary Organizations Risk Management Alliance (AORMA) operates within CSURMA to offer tailored coverage for California State University auxiliary organizations. CSURMA AORMA assumes charge of the control, negotiation, investigation, settlement, defense, or appeal of any claims made, or suits brought, or proceedings instituted against the Student Union for areas covered by the pool. For their services, the Student Union remits annual contribution payments computed in accordance with CSURMA AORMA's rules and rates.

There have been no settlements in the past year that have exceeded insurance limits. There no self-insurance claims liabilities recorded in the accompanying financial statement because any amounts at June 30, 2022, are expected to be minimal. Likewise, no amounts have been paid to CSURMA/AORMA by June 30, 2022, related to the Student Union's estimated future funding for claims liability.

NOTE 11 COMPENSATED ABSENCES

The changes to compensated absences balances for the years ended June 30 were as follows:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Due within</u> <u>one year</u>
Compensated absences	\$ 164,722	\$ 133,887	\$ (144,426)	\$ 154,183	\$ 77,092

NOTE 12 NEW ACCOUNTING PRONOUNCEMENTS

GASB issued several pronouncements that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 94

In March 2020, GASB issued Statement No. 94, *Public-Private & Public-Public Partnerships and Availability Payment Arrangements*. This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The statement is effective for the year 2023.

Governmental Accounting Standards Board Statement No. 96

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The statement is effective for the year 2023.

REQUIRED SUPPLEMENTARY INFORMATION

**SANTOS MANUEL STUDENT UNION, A COMPONENT UNIT
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE MEASUREMENT PERIOD ENDED JUNE 30, 2021**

Measurement Period	2018	2019	2020	2021	2022
Total OPEB Liability					
Service cost	\$ 148,664	\$ 153,496	\$ 158,485	\$ 179,931	\$ 185,329
Interest	117,905	131,461	145,667	142,013	157,941
Differences between expected and actual experience	-	-	(404,392)	-	(94,640)
Changes of assumptions	-	-	257,087	-	(120,805)
Benefit payments	(53,392)	(55,610)	(69,705)	(51,198)	(54,256)
Net change in total OPEB liability	213,177	229,347	87,142	270,746	73,569
Total OPEB liability - beginning	1,764,510	1,977,687	2,207,034	2,294,176	2,564,922
Total OPEB liability - ending (a)	<u>\$ 1,977,687</u>	<u>\$ 2,207,034</u>	<u>\$ 2,294,176</u>	<u>\$ 2,564,922</u>	<u>\$ 2,638,491</u>
Plan Fiduciary Net Position					
Contributions – employer	\$ 53,392	\$ 55,610	\$ 738,705	\$ 51,198	\$ 54,256
Net investment income	133,272	91,418	136,373	88,503	611,259
Benefit payments	(53,392)	(55,610)	(69,705)	(51,198)	(54,256)
Administrative expense	(7,655)	(9,279)	(9,162)	(10,365)	(11,591)
Net change in plan fiduciary net position	125,617	82,139	796,211	78,138	599,668
Plan fiduciary net position - beginning	1,183,109	1,308,726	1,390,865	2,187,076	2,265,214
Plan fiduciary net position - ending (b)	<u>\$ 1,308,726</u>	<u>\$ 1,390,865</u>	<u>\$ 2,187,076</u>	<u>\$ 2,265,214</u>	<u>\$ 2,864,882</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 668,961</u>	<u>\$ 816,169</u>	<u>\$ 107,100</u>	<u>\$ 299,708</u>	<u>\$ (226,391)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	66%	63%	95%	88%	109%
Covered-employee payroll	\$ 1,441,278	\$ 1,534,505	\$ 1,361,978	\$ 1,714,631	\$ 1,790,030
Net OPEB liability as a percentage of covered	46.41%	53.19%	7.86%	17.48%	-12.65%

NOTES TO SCHEDULE

Changes in assumptions: Discount rate changed to 5.90% and the Investment rate of return changed to 6.30%

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Fiscal Year 2017-18 was the first year of implementation.

**SANTOS MANUEL STUDENT UNION, A COMPONENT UNIT
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
SCHEDULE OF OPEB PLAN CONTRIBUTIONS LAST 10 YEARS
YEAR ENDED JUNE 30, 2022**

Fiscal Year Ended June 30	2018	2019	2020	2021	2022
Actuarially Determined Contribution (ADC)	\$ 206,027	\$ 212,877	\$ 226,316	\$ 245,863	\$ 146,241
Contributions in relation to the ADC	55,610	738,705	51,198	54,256	68,945
Contribution deficiency (excess)	<u>\$ 150,417</u>	<u>\$ (525,828)</u>	<u>\$ 175,118</u>	<u>\$ 191,607</u>	<u>\$ 77,296</u>
Covered-employee payroll	\$ 1,534,505	\$ 1,361,978	\$ 1,714,631	\$ 1,790,030	\$ 1,902,376
Contributions as a percentage of covered-employee payroll	3.62%	54.24%	2.99%	3.03%	3.62%

NOTES TO SCHEDULE

Actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2022 were from the June 30, 2020 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Methodology	Level percentage of pay; 30 years closed
Asset Valuation Method	Market value
Inflation	2.50%
Payroll Growth	3.00% per annum
Investment Rate of Return	6.30% per annum
Healthcare Trend Rates	5.30% in 2023, fluctuates until ultimate rate of 3.9% in 2076
Retirement Age	From 50 to 75
Mortality	CalPERS 2017 Study

* Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Fiscal Year 2017-18 was the first year of implementation.

**SANTOS MANUEL STUDENT UNION, A COMPONENT UNIT
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE PLAN'S NET PENSION
LIABILITY AND RELATED RATIOS AS OF THE MEASUREMENT DATE-LAST 10 YEARS
YEAR ENDED JUNE 30, 2022**

Measurement Date	Employer's Proportion of the Collective Net Pension Liability ¹	Employer's Proportionate Share of the Collective Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Collective Net Pension Liability as a percentage of the Employer's Covered Payroll	Pension Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
6/30/2014	0.03411%	\$ 842,938	\$ 848,953	99.29%	75.21%
6/30/2015	0.03039%	833,871	893,752	93.30%	77.24%
6/30/2016	0.02954%	1,026,052	1,107,257	92.67%	75.02%
6/30/2017	0.02963%	1,167,982	1,108,239	105.39%	75.02%
6/30/2018	0.02937%	1,106,826	1,605,657	68.93%	78.23%
6/30/2019	0.02974%	1,191,023	1,479,993	80.47%	79.62%
6/30/2020	3.05500%	1,288,688	1,714,631	75.16%	79.57%
6/30/2021	0.02628%	498,978	1,782,458	27.99%	92.63%

¹ Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

* Measurement date 6/30/2014 (fiscal year 2014-15) was the first year of implementation, therefore, only seven years are presented.

**SANTOS MANUEL STUDENT UNION, A COMPONENT UNIT
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
SCHEDULE OF PLAN CONTRIBUTIONS
LAST 10 YEARS
YEAR ENDED JUNE 30, 2022**

Fiscal Year	Measurement Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll ¹	Contributions as a Percentage of Covered Payroll
6/30/2015	6/30/2014	\$ 139,396	\$ (139,396)	\$ -	\$ 893,752	15.60%
6/30/2016	6/30/2015	151,401	(151,401)	-	1,107,257	13.67%
6/30/2017	6/30/2016	88,515	(88,515)	-	1,108,239	7.99%
6/30/2018	6/30/2017	122,585	(122,585)	-	1,605,657	7.63%
6/30/2019	6/30/2018	118,089	(118,089)	-	1,479,993	7.98%
6/30/2020	6/30/2019	140,361	(140,361)	-	1,714,631	8.19%
6/30/2021	6/30/2020	160,213	(160,213)	-	1,782,458	8.99%
6/30/2022	6/30/2021	164,740	(164,740)	-	1,902,376	8.66%

¹ Covered payroll is defined as the payroll on which contributions to a pension plan are based, in accordance with GASB 82.

* Measurement period 2013-14 (fiscal year 2014-15) was the first year of implementation, therefore, only seven years are presented.

NOTES TO SCHEDULE

Change in Benefit Terms: None

Change in Assumptions: None

**SANTOS MANUEL STUDENT UNION, A COMPONENT UNIT
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
ORGANIZATIONAL DATA
YEAR ENDED JUNE 30, 2022**

OFFICERS

Alexandra Thambi – Chair
Angelica Agudo – Vice Chair
Chantal Moran - Secretary
Jose Hernandez – Controller
Jesse Felix – Chief Financial Officer

FACULTY REPRESENTATIVES

Dr. Marc Robinson
Dr. John Reitzel

STUDENT REPRESENTATIVES

Esteban Hernandez
Emily Alvarez-Zurita

ASI EXECUTIVE PRESIDENTS

Paola Galvez

ASI VICE PRESIDENT OF FINANCE

Catherine Orellana

UNIVERSITY ADMINISTRATIVE REPRESENTATIVE

Davina Lindsey

PRESIDENT'S DESIGNEE

Dr. Daria Graham

EXECUTIVE DIRECTOR

Jesse Felix

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
SCHEDULE OF OPERATING EXPENSES BY FUNCTION
YEAR ENDED JUNE 30, 2022**

	Student Services									Support Services									Total Support Services		Grand Total
	Program Board	Women's Resource Center	Student Centers	Cross Cultural Center	Adult Re-Entry Center	Recreation Center	Game Room	Pride Center	Palm Desert Campus	Total Student Services	Administration and Personnel Services	Student Union Operations	Maintenance	Board of Directors	Graphics	Scheduling	Audio Visual	Technology			
Salaries, wages and stipends	\$ 62,819	\$ 81,997	\$ 108,910	\$ 54,876	\$ 90,242	\$ 1,181,522	\$ 163,769	\$ 83,205	\$ 75,320	\$ 1,902,659	\$ 641,781	\$ -	\$ 260,901	\$ -	\$ 153,182	\$ 127,696	\$ 95,719	\$ 75,802	\$ 1,355,082	\$ 3,257,741	
Employee benefits and taxes	-	1,680	3,755	-	-	274,503	-	-	-	279,939	-	832	608,590	-	-	-	-	-	609,422	889,361	
Pension/OPEB adjustments	-	-	-	-	-	-	-	-	-	-	-	-	(306,130)	-	-	-	-	-	(306,130)	(306,130)	
Contract Svs-Contingency Reserve	-	2,167	12,755	2,406	2,437	44,478	-	2,640	-	66,882	-	240,215	-	-	-	3,475	3,462	-	247,152	314,034	
Communications	-	-	-	-	-	5,792	-	-	5	5,796	-	-	-	-	814	-	-	-	10,352	16,149	
Utilities	-	-	-	-	-	94,401	-	-	-	94,401	-	-	-	-	-	-	-	-	91,098	185,499	
Travel	-	-	-	-	-	28,648	638	-	-	33,795	-	-	7,497	-	-	-	-	-	28,284	62,078	
Equipment	-	321	1,045	335	1,681	153	-	-	717	2,630	-	-	1,135	-	-	-	12,031	31,310	44,476	47,107	
Postage	-	-	-	-	-	64	-	-	-	64	-	-	407	-	-	-	-	-	407	472	
Supplies and services	1,678	4,602	8,722	1,913	3,781	115,734	16,722	1,482	1,244	155,879	8,537	92,223	85,605	369	5,441	19,071	4,590	28,027	243,863	399,741	
Duplicating	2,773	996	3,381	639	557	4,805	456	1,250	528	15,385	-	-	-	36	639	46	-	-	722	16,107	
Accounting fees	-	-	-	-	-	73,110	-	-	-	73,110	-	-	-	-	-	-	-	-	130,097	203,207	
Audit fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,675	15,675	
Professional fees	-	-	-	-	-	3,558	-	-	-	3,558	-	2,371	-	-	-	-	-	-	2,371	5,929	
Hospitality	214	12	796	3,532	-	16,505	204	-	-	23,264	1,829	907	52	3,994	-	2,070	86	-	6,939	32,202	
Specialized training	-	-	-	-	165	3,413	934	-	-	4,513	-	-	-	-	-	-	-	-	-	4,513	
Insurance	-	-	-	-	-	22,070	-	-	-	22,070	-	135,407	-	-	-	-	-	-	135,407	157,477	
Repairs and maintenance	-	-	-	-	-	43,141	-	-	-	43,141	-	137,287	-	-	-	-	-	-	137,287	180,428	
Advertising	-	-	-	-	-	10,246	-	-	-	10,246	-	-	-	-	4,964	-	-	-	4,964	15,210	
Rental expense	-	-	-	-	-	(3,600)	-	-	-	7,697	-	-	-	-	-	-	-	-	7,697	7,697	
Program expenses	33,068	9,348	41,192	7,333	6,698	60,033	4,374	17,217	11,297	24,964	130	14,747	-	19,300	-	-	-	-	71,348	275,576	
Campus services	1,265	-	-	-	-	138,094	-	-	-	3,886	-	188,002	-	-	-	24	-	-	188,026	331,270	
Resource materials	-	297	-	-	-	-	-	-	-	297	375	-	-	188	-	-	-	-	563	859	
Bank fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation	-	-	-	-	-	7,192	-	-	-	7,192	-	47,216	-	-	-	-	-	-	47,216	54,408	
Total	\$ 102,138	\$ 102,143	\$ 179,846	\$ 72,380	\$ 104,032	\$ 2,128,340	\$ 187,098	\$ 106,050	\$ 117,961	\$ 3,099,988	\$ 666,225	\$ 1,416,283	\$ 346,702	\$ 26,700	\$ 202,284	\$ 156,710	\$ 115,888	\$ 135,828	\$ 3,066,620	\$ 6,166,608	

**SANTOS MANUEL STUDENT UNION, A COMPONENT UNIT
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
SCHEDULE OF OPERATING EXPENSES BY FUNCTION – RECREATION AND WELLNESS CENTER
YEAR ENDED JUNE 30, 2022**

	Recreation and Wellness Center														Grand Total	
	Rec Sports Admin	Office	Membership Services	Marketing	Operations	Group Exercise	Fitness	Rec Classes	Climbing Wall	Outings	Aquatics	Intramural Sports	Sport Clubs	Special Events		Wellbeing
Salaries, wages and stipends	\$ 109,400	\$ 52,277	\$ 88,202	\$ 57,502	\$ 288,300	\$ 111,339	\$ 90,586	\$ 12	\$ 79,600	\$ 34,428	\$ 32,287	\$ 112,014	\$ 521	\$ 30,879	\$ 94,176	\$ 1,181,522
Employee benefits and taxes	250,726	11,194	-	-	3,333	-	5,460	-	3,790	-	-	-	-	-	-	274,503
Pension/OPEB adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract Svs-Contingency Reserve	2,876	-	-	-	19,640	-	-	21,962	-	-	-	-	-	-	-	44,478
Communications	5,792	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,792
Utilities	-	-	-	-	94,792	-	-	(391)	-	-	-	-	-	-	-	94,401
Travel	10,834	84	-	-	2,088	-	1,018	-	325	2,219	1,022	1,362	2,377	5,476	1,843	28,648
Equipment	-	-	-	2,078	-	-	-	-	-	-	-	-	552	-	-	2,630
Postage	1	64	-	-	-	-	-	-	-	-	-	-	-	-	-	64
Supplies and services	1,392	7,699	2,203	2,588	43,709	8,201	9,073	(133)	2,411	14,089	638	6,280	831	4,916	11,837	115,734
Duplicating	-	82	-	224	-	-	444	87	87	3,149	-	140	-	-	592	4,805
Accounting fees	72,968	142	-	-	-	-	-	-	-	-	-	-	-	-	-	73,110
Audit fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional fees	3,558	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,558
Hospitality	1,497	-	79	7,856	34	-	76	-	113	8,217	31	-	-	602	-	18,505
Specialized training	-	-	-	-	-	-	979	-	-	2,105	-	-	-	329	-	3,413
Insurance	22,070	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,070
Repairs and maintenance	-	-	-	-	30,740	2,366	-	61	-	-	-	-	-	2,397	7,577	43,141
Advertising	-	-	-	9,859	-	-	-	-	-	387	-	-	-	-	-	10,246
Rental expense	-	-	-	-	-	-	-	(3,600)	-	-	-	-	-	-	-	(3,600)
Program expenses	1,876	-	144	21,780	-	-	1,407	-	-	27,094	-	-	-	-	3,957	60,033
Campus services	73,405	-	30,860	-	33,830	-	-	-	-	-	-	-	-	-	-	138,094
Resource materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	3,136	-	-	-	-	2,813	-	1,243	-	-	-	-	-	-	-	7,192
Total	\$ 559,529	\$ 71,542	\$ 121,488	\$ 101,887	\$ 516,465	\$ 124,718	\$ 109,044	\$ 19,240	\$ 86,326	\$ 91,688	\$ 33,978	\$ 119,796	\$ 8,057	\$ 44,599	\$ 119,983	\$ 2,128,340

**SANTOS MANUEL STUDENT UNION, A COMPONENT UNIT
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
SCHEDULE OF NET POSITION
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
YEAR ENDED JUNE 30, 2022**

Assets:	
Current assets:	
Cash and cash equivalents	\$ 331,209
Short-term investments	8,961,213
Accounts receivable, net	581,480
Lease receivable, current portion	250,811
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	-
Total current assets	10,124,713
Noncurrent assets:	
Restricted cash and cash equivalents	-
Accounts receivable, net	-
Lease receivable, net of current portion	946,689
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	-
Capital assets, net	446,835
Other assets	226,391
Total noncurrent assets	1,619,914
Total assets	11,744,628
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	264,129
Net OPEB liability	144,033
Leases	-
Others	-
Total deferred outflows of resources	408,162
Liabilities:	
Current liabilities:	
Accounts payable	211,179
Accrued salaries and benefits	(871)
Accrued compensated absences, current portion	77,092
Unearned revenues	64,449
Lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	2,211
Total current liabilities	354,061
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	77,092
Unearned revenues	327,315
Grants refundable	-
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	-
Net other postemployment benefits liability	-
Net pension liability	498,978
Other liabilities	-
Total noncurrent liabilities	903,385
Total liabilities	1,257,445
Deferred inflows of resources:	
Service concession arrangements	-
Net pension liability	554,021
Net OPEB liability	753,703
Unamortized gain on debt refunding	1,193,650
Nonexchange transactions	-
Lease	-
Others	-
Total deferred inflows of resources	2,501,374
Net position:	
Net investment in capital assets	446,835
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	-
Unrestricted	7,947,134
Total net position	\$ 8,393,969

**SANTOS MANUEL STUDENT UNION, A COMPONENT UNIT
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
YEAR ENDED JUNE 30, 2022**

Revenues:	
Operating revenues:	
Student tuition and fees, gross	\$ -
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	-
Scholarship allowances (enter as negative)	-
Lease operating revenues	167,347
Other operating revenues	8,060,863
Total operating revenues	8,228,210
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	6,112,201
Institutional support	-
Operation and maintenance of plant	-
Student grants and scholarships	-
Auxiliary enterprise expenses	-
Depreciation and amortization	54,408
Total operating expenses	6,166,608
Operating income (loss)	2,061,601
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	56,295
Endowment income (loss), net	-
Interest expense	-
Other nonoperating revenues (expenses) - excl. interagency transfers	732,704
Net nonoperating revenues (expenses)	788,999
Income (loss) before other revenues (expenses)	2,850,600
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	2,850,600
Net position:	
Net position at beginning of year, as previously reported	5,543,371
Restatements	-
Net position at beginning of year, as restated	5,543,371
Net position at end of year	\$ 8,393,971

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
OTHER INFORMATION (CONTINUED)
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
YEAR ENDED JUNE 30, 2022**

Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)					
Buildings and building improvements	(39,888)	(39,888)	(5,097)	-	(44,985)
Improvements, other than buildings		-			-
Infrastructure					-
Leasehold improvements	(468,655)	(468,655)	(33,269)	-	(501,924)
Personal property:					
Equipment	(500,913)	(500,913)	(16,042)	-	(516,955)
Library books and materials		-			-
Intangible assets:					
Software and websites		-			-
Rights and easements		-			-
Patents, copyrights and trademarks		-			-
Licenses and permits		-			-
Other intangible assets:		-			-
		-			-
		-			-
		-			-
		-			-
		-			-
		-			-
Total Other intangible assets:	-	-	-	-	-
Total intangible assets	-	-	-	-	-
Total accumulated depreciation/amortization	(1,009,456)	(1,009,456)	(54,408)	-	(1,063,864)
Total capital assets, net	\$ 396,243	\$ 396,243	95,592	-	(45,000)
					446,835

Lease assets, net					
Total capital assets, net					446,835

Composition of lease assets:	Beg Balance 7/1/20CY	Additions	Remeasurements	Reductions	End Balance 6/30/20CY
Non-depreciable/Non-amortizable lease assets:					
Land and land improvements					\$ -
Total non-depreciable/non-amortizable lease assets	-	-	-	-	\$ -
Depreciable/Amortizable lease assets:					
Buildings and building improvements					-
Improvements, other than buildings					-
Infrastructure					-
Personal property:					
Equipment					-
Total depreciable/amortizable lease assets	-	-	-	-	-
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)					
Buildings and building improvements					-
Improvements, other than buildings					-
Infrastructure					-
Personal property:					
Equipment					-
Total accumulated depreciation/amortization	-	-	-	-	-
Total lease assets, net	\$ -	-	-	-	\$ -

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
OTHER INFORMATION (CONTINUED)
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
YEAR ENDED JUNE 30, 2022**

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2023			-			-			-
2024			-			-			-
2025			-			-			-
2026			-			-			-
2027			-			-			-
2028 - 2032			-			-			-
2033 - 2037			-			-			-
2038 - 2042			-			-			-
2043 - 2047			-			-			-
2048 - 2052			-			-			-
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									-

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	436,209
Payments to University for other than salaries of University personnel	359,784
Payments received from University for services, space, and programs	982,843
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)	-
Other amounts (payable to) University (enter as negative number)	
Accounts receivable from University (enter as positive number)	472,827
Other amounts receivable from University (enter as positive number)	

8 Restatements

Provide a detailed breakdown of the journal entries (at the financial statement line items level) booked to record each restatement:

		Debit/(Credit)
Restatement #1	Enter transaction description	
		-
Restatement #2	Enter transaction description	

**SANTOS MANUEL STUDENT UNION
OF CALIFORNIA STATE UNIVERSITY, SAN BERNARDINO
OTHER INFORMATION (CONTINUED)
(FOR INCLUSION IN THE CALIFORNIA STATE UNIVERSITY)
YEAR ENDED JUNE 30, 2022**

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
Instruction	-	-	-	-	-	-	-	-
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	-	-	-
Academic support	-	-	-	-	-	-	-	-
Student services	3,257,741	601,792	(33,601)	15,041	-	2,271,229	-	6,112,201
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	54,408	54,408
Total operating expenses	\$ 3,257,741	601,792	(33,601)	15,041	-	2,271,229	54,408	6,166,608

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)	-
Deferred outflows - net pension liability	264,129
Deferred outflows - net OPEB liability	144,033
Deferred outflows - others:	
Sales/intra-entity transfers of future revenues	
Gain/loss on sale leaseback	
Loan origination fees and costs	
Change in fair value of hedging derivative instrument	
Irrevocable split-interest agreements	

Total deferred outflows - others

Total deferred outflows of resources

-
\$ 408,162

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	-
Deferred inflows - net pension liability	554,021
Deferred inflows - net OPEB liability	753,703
Deferred inflows - unamortized gain on debt refunding(s)	1,193,650
Deferred inflows - nonexchange transactions	-
Deferred inflows - others:	
Sales/intra-entity transfers of future revenues	
Gain/loss on sale leaseback	
Loan origination fees and costs	
Change in fair value of hedging derivative instrument	
Irrevocable split-interest agreements	

Total deferred inflows - others

Total deferred inflows of resources

-
\$ 2,501,374

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	732,704
Other nonoperating (expenses)	-
Total other nonoperating revenues (expenses)	\$ 732,704



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Santos Manuel Student Union
of California State University, San Bernardino
San Bernardino, California

We have audited 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, the financial statements of Santos Manuel Student Union of CSU San Bernardino (Student Union), a component unit of California State University, San Bernardino, as of and for the year then ended June 30, 2022, and the related notes to the financial statements and have issued our report thereon dated October 12, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Student Union's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Student Union's internal control. Accordingly, we do not express an opinion on the effectiveness of the Student Union's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

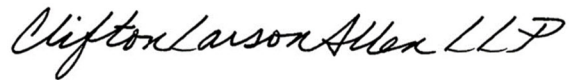
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Student Union’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
October 12, 2022



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