

**CALIFORNIA STATE UNIVERSITY
CHANNEL ISLANDS
SITE AUTHORITY**

**Financial Statements and Supplementary
Information for the Year Ended June 30, 2015
and Independent Auditors' Report**

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS
SITE AUTHORITY
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
California State University Channel Islands
Site Authority
Camarillo, California

We have audited the accompanying financial statements of California State University Channel Islands Site Authority as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the organization's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of California State University Channel Islands Site Authority as of June 30, 2015, and the respective changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT - Continued

Report on Summarized Comparative Information

We have previously audited California State University Channel Islands Site Authority's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 9, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The summary financial statements do not contain all the disclosures required by accounting principles generally accepted in the United States of America. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of California State University Channel Islands Site Authority.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 6 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The GASB Schedule of Net Position, GASB Schedule of Revenues, Expenses and Changes in Net Position, Other Information, Schedule 1 – Supplementary Schedule of Net Position (Deficit) by Program – (Unaudited), and Schedule 2 – Supplementary Schedule of Revenues, Expenses, and Changes in Net Position (Deficit) by Program (Unaudited) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The GASB Schedule of Net Position, GASB Schedule of Revenues, Expenses and Changes in Net Position, Other Information, Schedule 1 – Supplementary Schedule of Net Position (Deficit) by Program – (Unaudited), and Schedule 2 – Supplementary Schedule of Revenues, Expenses, and Changes in Net Position (Deficit) by Program (Unaudited) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the GASB Schedule of Net Position, GASB Schedule of Revenues, Expenses and Changes in Net Position, Other Information, Schedule 1 – Supplementary Schedule of Net Position (Deficit) by Program – (Unaudited), and Schedule 2 – Supplementary Schedule of Revenues, Expenses, and Changes in Net Position (Deficit) by Program (Unaudited) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Vorwin, Hahn + Co.

Calabasas, California
September 15, 2015

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS UNIVERSITY SITE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2015**

This section of California State University Channel Islands University Site Authority (the Site Authority) annual financial report presents our discussion and analysis of the financial performance of the Site Authority for the fiscal year ended June 30, 2015. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

Introduction to the Financial Statements

This annual report consists of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and No. 38, *Certain Financial Statement Note Disclosures*. For reporting purposes, the University is considered a special-purpose government engaged only in business-type activities, which best represent the activities of the Site Authority.

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 by the notes to the financial statements and this section. All sections must be considered together to obtain a complete understanding of the financial picture of the Site and Financing Authority.

Statement of Net Position – The statement of net position includes all assets and liabilities. Assets and liabilities are reported at their book value, on an accrual basis, as of the statement date. It also identifies major categories of restrictions on the net position of the Site and Financing Authority.

Statement of Revenues, Expenses, and Changes in Net Position – The statement of revenues, expenses, and changes in net position presents the revenues earned and 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 for the year and is summarized by operating, noncapital financing, capital and related financing, and investing activities. The statement is prepared using the direct method of cash flows and, therefore, presents gross rather than net amounts for the year's activities.

Analytical Overview

Summary

The following discussion highlights management's understanding of the key financial aspects of the Site Authority financial activities. Included are an analysis of current year activities and balances, and a summary of operations.

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS UNIVERSITY SITE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2015**

The Site Authority summary of net position as of June 30, 2015 and 2014 are as follows:

Condensed Summary of Net Position

	Year ended June 30,		\$ Change	% Change
	2015	2014		
Assets:				
Current assets	\$ 4,495,299	\$ 5,103,490	(608,191)	-11.9%
Other noncurrent assets	115,883,403	119,228,048	(3,344,645)	-2.8%
Total assets	<u>120,378,702</u>	<u>124,331,538</u>	<u>(3,952,836)</u>	<u>-3.2%</u>
Liabilities:				
Current liabilities	6,178,288	6,689,917	(511,629)	-7.6%
Other noncurrent liabilities	190,167,663	195,976,291	(5,808,628)	-3.0%
Total liabilities	<u>196,345,951</u>	<u>202,666,208</u>	<u>(6,320,257)</u>	<u>-3.1%</u>
Net position				
Invested in capital assets, net of related debt	(23,758,187)	(21,158,428)	(2,599,759)	12.3%
Restricted for:				
Debt Service	6,092	5,913	179	3.0%
Maintenance Reserves	4,280,572	3,644,989	635,583	17.4%
Unrestricted	(56,495,726)	(60,827,144)	4,331,418	-7.1%
Total net position	<u>\$ (75,967,249)</u>	<u>\$ (78,334,670)</u>	<u>2,367,421</u>	<u>-3.0%</u>

Assets

Total assets decreased by \$4.0M or 3.2% compared to prior year. This change is attributed primarily to an increase in the accumulated depreciation of buildings (\$3.2M or 11.1%) and infrastructure (\$1.5M or 10.2%).

Liabilities

Total liabilities decreased by \$6.3M or 3.1% compared to the prior year. This change is due to a decrease in related party payables of \$1.4M, the refunding of the loan payable in the amount of \$4.0M, and the continued pay down of debt related to capitalized lease obligations of \$1.0M. Bond series 2005A was refunded and refinanced bond series 2013A and 2014A were issued for a net reduction of \$4.0M in principal debt.

Net Position

Total net position decreased by \$2.4M or 3.0% compared to the prior year. This change is a result of accumulated depreciation and bond refinancing.

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS UNIVERSITY SITE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2015**

The Site Authority condensed summary of revenues, expenses, and changes in net position for the years ended June 30, 2015 and 2014 is as follows:

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

	Year ended June 30,			
	2015	2014	\$ Change	% Change
Operating Revenues:				
Home Sales	\$ 54,785	\$ 32,390	\$ 22,395	69.1%
Energy Sales	13,043,356	14,047,563	(1,004,207)	-7.1%
Rental Income	8,991,044	8,261,947	729,097	8.8%
Other Income	1,121,018	1,112,177	8,841	0.8%
Total Operating Revenues	<u>23,210,203</u>	<u>23,454,077</u>	<u>(243,874)</u>	<u>-1.0%</u>
Operating Expenses:				
Cost of Energy Sales	\$ 10,812,094	\$ 10,403,583	\$ 408,511	3.9%
Rental Housing Operations	2,833,154	3,067,388	(234,234)	-7.6%
Depreciation and amortization	4,845,956	4,747,353	98,603	2.1%
Other Operating Expenses	579,026	597,183	(18,157)	-3.0%
Total Operating Expenses	<u>19,070,230</u>	<u>18,815,507</u>	<u>254,723</u>	<u>1.4%</u>
Operating Income (loss)	4,139,973	4,638,570	(498,597)	-10.7%
Nonoperating Revenues(Expenses):				
Interest, Net	\$ (8,309,712)	\$ (9,397,967)	\$ 1,088,255	-11.6%
Property/Sales Tax	1,264,822	1,366,850	(102,028)	-7.5%
Other	(353,327)	(2,558)	(350,769)	13712.6%
Contributions for Debt Service	<u>5,625,665</u>	<u>5,043,330</u>	<u>582,335</u>	<u>11.5%</u>
Nonoperating Revenues (Expenses), Net	(1,772,552)	(2,990,345)	1,217,793	-40.7%
Increase (Decrease) in Net Position	2,367,421	1,648,225	719,196	43.6%
Beginning Net Position	(78,334,670)	(79,982,895)	1,648,225	-2.1%
Ending Net Position	<u><u>\$ (75,967,249)</u></u>	<u><u>\$ (78,334,670)</u></u>	<u><u>2,367,421</u></u>	<u><u>-3.0%</u></u>

Operating Revenues and Expenses

Operating revenues and expenses come from sources that are connected directly to the Site Authority business function. Revenues come primarily from energy sales and rental income. Expense comes from cost of energy sales, depreciation and amortization, and rental housing operations.

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2015**

Operating Revenues

Total revenues decreased by \$244K or 1.0% compared to prior year due to a decrease in energy sales of \$1.0M due to the shutdown of the Cogeneration Plant on the weekends to meet contractual obligations with Southern California Edison, and an increase in rental income of \$729K due to an increase of base rental rates of 3.0% - 4.0%.

Operating Expenses

Total operating expenses increased by \$255K or 1.4% compared to prior year. Cost of energy sales increased by \$409K due to an increase in commodity expenses paid to the Department of General Services, and rental housing expenses decreased due to reduced reserve allocations compared to prior year.

Non-operating Revenues (Expenses)

Non-operating revenues (expenses) come from sources that are not part of the Site Authority primary business functions. Included in this classification are categories such as interest on bonds and loans payable, revenues from sales and property tax, and contributions to debt service.

Total non-operating revenues (expenses), in the form of interest expense, decreased \$1.2M or 40.7% due to the refunding and refinancing of bond series 2013A and 2014A.

CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	<u>2015</u>	<u>2014</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,335,447	\$ 2,163,155
Accounts receivable	3,070,316	2,811,483
Related party receivables	87,381	111,031
Due from CSUCI Financing Authority – restricted	2,155	17,821
Total current assets	4,495,299	5,103,490
Noncurrent assets:		
Restricted cash	4,286,664	3,650,902
Real estate inventory	4,953,413	4,953,413
Capital assets, net	106,643,326	110,623,733
Total assets	\$ 120,378,702	\$ 124,331,538
Liabilities Net Deficit		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,171,608	\$ 960,640
Interest payable to CSU Systemwide Revenue Bond Program	1,579,111	1,434,552
Deferred revenue	87,450	8,365
Related party payables	680,119	2,041,360
Capitalized lease obligations, current portion	1,715,000	1,380,000
Loans payable – current portion	945,000	865,000
Total current liabilities	6,178,288	6,689,917
Noncurrent liabilities:		
Security deposit	217,737	230,717
Capitalized lease obligations, net of current portion	133,639,926	135,355,574
Loans payable, net of current portion	56,310,000	60,390,000
Total liabilities	196,345,951	202,666,208
Net position (deficit):		
Invested in capital assets, net of related debt	(23,758,187)	(21,158,428)
Restricted for:		
Debt service	6,092	5,913
Maintenance reserves	4,280,572	3,644,989
Unrestricted	(56,495,726)	(60,827,144)
Total net deficit	(75,967,249)	(78,334,670)
Total liabilities and net deficit	\$ 120,378,702	\$ 124,331,538

See accompanying auditors' report and notes to financial statements.

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR 2014)**

	<u>2015</u>	<u>2014</u>
Operating revenues:		
Home sales	\$ 54,785	32,390
Energy Sales	13,043,356	14,047,563
Rental income	8,991,044	8,261,947
Miscellaneous revenues	458,834	523,480
Maintenance rent	662,184	588,697
Total operating revenues	<u>23,210,203</u>	<u>23,454,077</u>
Operating expenses:		
Cost of energy sales	10,812,094	10,403,583
Rental housing operations	2,833,154	3,067,388
Depreciation and amortization	4,845,956	4,747,353
General, administrative, and other operating costs	579,026	597,183
Total operating expenses	<u>19,070,230</u>	<u>18,815,507</u>
Operating surplus/(loss)	<u>4,139,973</u>	<u>4,638,570</u>
Nonoperating revenue (expense):		
Interest, net	(6,430,847)	(6,668,229)
Property taxes	736,392	850,489
Sales taxes	34,863	31,004
Contributions for debt service from CSU Chancellor's Office	5,625,665	5,043,330
Interest on loan payable to CSU Channel Islands	(1,878,865)	(2,729,738)
Special taxes	493,567	485,357
Other expense	(353,327)	(2,558)
Total nonoperating expense, net	<u>(1,772,552)</u>	<u>(2,990,345)</u>
Changes in net deficit	<u>2,367,421</u>	<u>1,648,225</u>
Net deficit, beginning of year	<u>(78,334,670)</u>	<u>(79,982,895)</u>
Net deficit, end of year	\$ <u>(75,967,249)</u>	<u>(78,334,670)</u>

See accompanying auditors' report and notes to financial statements.

CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE TOTALS FOR 2014)

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Home sales	\$ 54,785	\$ 32,390
Rental income	9,013,186	8,212,390
Energy Sales	13,367,808	14,356,687
Miscellaneous revenue	677,249	579,884
Payments to vendors	(15,501,295)	(16,608,283)
Maintenance rent	54,845	14,251
Net cash provided by operating activities	<u>7,666,578</u>	<u>6,587,319</u>
Cash flows from noncapital financing activities:		
Interest paid	(9,432,445)	(9,294,868)
Property and sales taxes	34,310	892,851
Interest on loan payable to CSU, Channel Islands	(4,688,628)	(4,109,281)
Contributions to Debt Service	11,591,815	7,718,159
Other Income (expense)	517,966	173,621
Net cash used in noncapital financing activities	<u>(1,976,982)</u>	<u>(4,619,518)</u>
Cash flows from capital and related financing activities:		
Receipts of amounts due from CSUCI Financing Authority	509,279	1,173,136
Payments on long-term debt obligations	(5,380,648)	(7,525,648)
Capital Expenditures	(1,010,173)	501,721
Net cash used in capital and related financing activities	<u>(5,881,542)</u>	<u>(5,850,791)</u>
Net decrease in cash and cash equivalents	(191,946)	(3,882,990)
Cash and cash equivalents at beginning of year	<u>5,814,057</u>	<u>9,697,047</u>
Cash and cash equivalents at end of year	<u>\$ 5,622,111</u>	<u>\$ 5,814,057</u>
Reconciliation of net operating Income to net cash provided by operating activities:		
Operating profit/(loss)	\$ 4,139,973	\$ 4,638,570
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization expense	4,845,956	4,747,353
Change in assets and liabilities:		
Accounts receivable	(258,833)	159,551
Related party receivables	23,650	(14,337)
Accounts payable and accrued expenses	210,968	(2,724,486)
Related party payables	(1,361,241)	(181,253)
Security deposit	(12,980)	(43,622)
Deferred revenue	79,085	5,543
Net cash provided by operating activities	<u>\$ 7,666,578</u>	<u>\$ 6,587,319</u>

See accompanying auditors' report and notes to financial statements.

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

1. ORGANIZATION

The California State University Channel Islands Site Authority (the Site Authority) was formed on September 28, 1998 for the purpose of providing a specific reuse plan that will finance and support the transition of the property previously known as the Camarillo State Hospital (the Property) from its former use to the California State University campus and other compatible uses. The Site Authority is governed by a board of seven members comprising four representatives of the trustees of the California State University and three representatives from the County of Ventura.

The Property comprises two major sectors: the West Campus and East Campus. The West Campus consists of developed space on 42 acres of what was formerly the Camarillo State Hospital. This portion of the Campus is centered on academic uses and houses the California State University Channel Islands (the Campus). The East Campus comprises 162 acres of developable land, which is expected to contain 900 residential units and approximately 31,000 square feet of retail commercial uses. The development of the East Campus began in October 2000. To date, 658 residential units and all retail space has been built.

The Site Authority is an integral part of the California State University Channel Islands (CSUCI), and the financial transactions of the Site Authority are also included in the financial statements of the CSUCI as a discretely presented component unit.

2. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Reporting

The accompanying financial statements for the Site Authority have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Financial Statement Presentation

The financial statements include a statement of net position (deficit), a statement of revenues, expenses, and changes in net position (deficit), and a statement of cash flows. The Site Authority is considered a special-purpose government under the provisions of GASB Statement No. 34. The Site Authority records revenue primarily from housing sales, apartment rentals, and tax increment revenues and, accordingly, has chosen to present its financial statements using the reporting model for special-purpose governments. This model allows all financial information for the Site Authority to be reported in a single column in each of the financial statements. In accordance with the business-type activities reporting model, the Site Authority prepares its statement of cash flows using the direct method.

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

2. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Election of Applicable FASB Statements

The Site Authority has elected to follow private-sector standards of accounting and financial reporting issued by the Financial Accounting Standards Board (FASB) prior to November 30, 1989, unless those standards conflict with or contradict guidance of the GASB. The Site Authority also has the option of following subsequent private-sector guidance subject to the same limitation. The Site Authority has elected not to follow subsequent private-sector guidance.

Financial Reporting Entity

The financial statements include the accounts of the Site Authority. The Site Authority is a government organization under accounting principles generally accepted in the United States of America and is also a component unit of the University, a public university under the California State University system. The Site Authority has chosen to use the reporting model for special-purpose governments engage only in business type activities.

Classification of Current and Noncurrent Assets (Other Than Investments) and Liabilities

The Site Authority considers assets to be current that can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the statement of net position date. Liabilities that reasonably can be expected, as part of normal business operations, to be liquidated within 12 months of the statement of net position date are considered to be current. All other assets and liabilities are considered to be noncurrent.

Net Position (Deficit)

The Site Authority's net assets are classified into the following categories:

Invested in capital assets, net of related debt - Capital assets, net of accumulated depreciation, amortization, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted - Net assets subject to externally imposed conditions that can be fulfilled by the actions of the Site Authority or the passage of time.

Unrestricted - All other categories of net assets (deficit). In addition, unrestricted net assets may be designated for use by the Site Authority.

The Site Authority has adopted a policy of utilizing restricted funds, when available, prior to unrestricted funds.

Cash Equivalents

The Site Authority considers highly liquid investments with an original maturity of three months or less to be cash equivalents.

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

2. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Real Estate Inventory

Real estate inventory is stated at cost. These costs include capitalized interest related to a project until development is substantially complete; such costs are charged to cost of home sales at the time residential units are sold. Additionally, the real estate inventory balance includes costs related to the purchase of real estate, which is carried at the lower of cost or fair market value.

Revenue Recognition

Revenues from home sales are recognized as homes are sold, title passes, and escrow closes. Rental revenues are recognized as amounts are earned and coincide with the lease agreement. Maintenance rent is recognized monthly upon receipt from homeowners and retail tenants. Tax increment revenues are recognized when the taxes are levied and sales tax revenues are recognized upon receipt. Energy sales are recognized as energy is provided to customers.

Classification of Revenues and Expenses

The Site Authority considers operating revenues and expenses in the statement of revenues, expenses, and changes in net position (deficit) to be those revenues and expenses that result from exchange transactions or other activities that are connected directly to the Site Authority's primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services. Nonexchange transactions include the collection of tax increment and sales tax revenues, which are reported as nonoperating revenues and expenses. Certain other transactions are reported as nonoperating activities and primarily include the Site Authority's investment income, interest expense, pass-through agency taxes, contribution for debt service, and transfers between the Site Authority and the CSUCI Financing Authority and other California State University (CSU) funds.

Property and Equipment

Capital assets are stated at cost and are capitalized over \$5,000, and depreciation is calculated using the straight-line method over the following estimated useful lives of the respective assets:

Infrastructure	40 years
Buildings and building improvements	30 years
Improvement other than buildings	10 years
Equipment	5 years

Maintenance Reserves

Maintenance reserve activities are based on the various ground subleases and retail leases reserve payments come from three sources: (1) homeowners, (2) leased units, and (3) retail tenants. Reserve contribution amounts are determined after review of the reserve study conducted by an outside firm every two to three years. Reserve expenditures consist of nonoperating and major repairs, which extend the life of an asset. Some examples include street repairs, roof replacement, and major repairs to the exteriors of townhomes and rental properties.

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

2. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Property Taxes

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the State Government Code and Revenue and Taxation Codes. Property is originally assessed at 100% of full cash or market value at the date of transfer or completion of construction pursuant to Article XIII(A) of the California State Constitution and statutory provisions by the County Assessor and State Board of Equalization.

Pursuant to the Community Development Area Specific Reuse Plan adopted June 5, 2000, the Site Authority is permitted to collect a maximum of \$250,000,000 of tax increment revenues. Tax increment revenues are derived from property taxes that result from increases in assessed property values. The Site Authority is required to deposit 20% of the tax increment revenues into a Low and Moderate Income Housing Fund to provide affordable housing for households with moderate and low incomes. The tax increment revenues required to be deposited in the Low and Moderate Income Housing Fund may be pledged to repay that portion of the capitalized lease obligation to Systemwide Revenue Bonds (SRB) related to infrastructure construction financing, and accordingly, all of the tax increment revenues are pledged to repay this portion of the capitalized lease.

Property taxes are levied on both real and personal property. The County Assessor levies taxes on all property developed by the Site Authority, including rental units. Secured property taxes become a lien on the property on January 1 or the date on which title to the property transfers or improvements to the property are completed. Secured property taxes are levied July 1 and payable in two equal installments; the first payment is generally due on November 1 and delinquent with penalties after December 10; the second payment is generally due on February 1 and delinquent with penalties after April 10. Tax increment revenues are recognized in the period in which they are levied, net of amounts determined to be uncollectible.

Supplemental property tax assessments/refunds associated with changes in assessed valuations due to transfers of title and completed property improvements are levied in two equal installments and have variable due dates based on the date of title transfer and/or completion of the property improvements.

Income Taxes

The Site Authority was formed pursuant to Articles 1 – 4, Chapter 5, division 7, title 1 of the Government Code of the State of California and, as a governmental entity, is not subject to federal or state income taxes.

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, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates. Management also determines the accounting principles to be used in the preparation of the financial statements. A description of the significant accounting policies employed in the preparation of these financial statements follows.

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

2. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Subsequent Events

The Site Authority has evaluated events subsequent to June 30, 2015, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through September 15, 2015, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

3. CASH AND CASH EQUIVALENTS

The Site Authority's cash and cash equivalents as of June 30, 2015 are classified in the accompanying statement of net position as follows:

	<u>Total</u>
Cash and cash equivalents	\$ 1,335,447
Restricted cash and cash equivalents	<u>4,286,664</u>
Total cash and cash equivalents	<u>\$ 5,622,111</u>

(a) Cash and Cash Equivalents

The Site Authority's total cash at June 30, 2015 was \$5,622,111 and consisted of demand deposits held at financial institutions. The bank balance was \$5,702,127 at June 30, 2015. The Site Authority's cash balance includes \$1,335,447 in unrestricted cash and \$4,286,664 in restricted cash for debt service and maintenance reserves. The difference is related to deposits in transit of \$5K and outstanding checks of \$85K.

(b) Custodial Credit Risk for Deposits

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

CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)

4. REAL ESTATE INVENTORY

Real estate inventory at June 30, 2015 consists of the following:

Construction in progress	<u>\$ 4,953,413</u>
	<u>\$ 4,953,413</u>

The construction in progress relates to site development and infrastructure improvements for the as-yet-un-built 242 residential units.

6. CAPITAL ASSETS

Capital assets for the year ended June 30, 2015 consists of the following:

	Beginning of Year 7/1/14	Additions	Deletions	End of Year 6/30/15
Buildings and Improvements	\$ 95,146,529	\$ 50,000	\$ -	\$ 95,196,529
Accumulated depreciation	<u>(29,248,818)</u>	<u>(3,242,376)</u>	-	<u>(32,491,194)</u>
	65,897,711	(3,192,376)	-	62,705,335
Other Improvements	43,641	-	-	43,641
Accumulated depreciation	<u>(35,395)</u>	<u>(4,364)</u>	-	<u>(39,759)</u>
	8,246	(4,364)	-	3,882
Infrastructure	58,975,759	65,891	-	59,041,650
Accumulated depreciation	<u>(14,483,128)</u>	<u>(1,475,218)</u>	-	<u>(15,958,346)</u>
	44,492,631	(1,409,327)	-	43,083,304
Property and Equipment	846,085	749,658	-	1,595,743
Accumulated depreciation	<u>(620,940)</u>	<u>(123,998)</u>	-	<u>(744,938)</u>
	<u>225,145</u>	<u>625,660</u>	-	<u>850,805</u>
Net Property and Equipment	<u>\$110,623,733</u>	<u>\$(3,980,407)</u>	<u>\$ -</u>	<u>\$106,643,326</u>

Depreciation expense for the year ended June 30, 2015 was \$4,845,956.

5. DUE FROM CSUCI FINANCING AUTHORITY

The due from CSUCI Financing Authority balance at June 30, 2015, \$2,155 consists of special tax receipts yet to be transferred to the Site Authority to ultimately be used for capitalized lease payments.

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)**

7. CAPITALIZED LEASE OBLIGATIONS

On March 14, 2007, the California State University (CSU) Trustees (the Trustees), Site Authority, and Financing Authority authorized the use of the Systemwide Revenue Bonds (SRB) Program to provide funds to refinance certain of the outstanding Financing Authority Bonds.

Concurrent with the defeasance of the bonds, the Site Authority entered into a capitalized lease arrangement with the Trustees of the CSU on March 14, 2007. The lease of \$139,670,000 will be repaid from revenues received by the Site Authority. Interest ranging from original 4.00% to 5.45% is paid semiannually on May 1 and November 1. The principal payments are paid on November 1 of each year beginning November 1, 2009 with the final payment due November 1, 2044.

In connection with the issuance of the lease, the Site Authority recorded a lease premium of \$6,424,084, which is being amortized on a straight-line basis over the life of the leases. At June 30, 2015, \$2,065,180 has been amortized.

The Site Authority incurred a loss on refunding of the bonds of \$6,268,778, which is being amortized on a straight-line basis over the life of the leases. At June 30, 2015, \$2,059,800 has been amortized.

Future minimum lease payments under capital leases having remaining terms as of June 30, 2015 are as follows:

Year ending June 30,	
2016	\$ 8,320,531
2017	8,459,031
2018	8,776,156
2019	8,989,156
2020	9,180,281
2021-2025	50,498,154
2026-2030	57,667,279
2031-2035	37,890,580
2036-2040	22,480,637
2041-2045	<u>22,464,949</u>
Total Minimum Lease Payments	234,726,754
Less Interest	<u>(99,521,754)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 135,205,000</u>

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)**

8. LOANS PAYABLE

Loans payable for the year ended June 30, 2015 are as follows:

Description	Interest Rate	Fiscal Year Maturity Date	Original Issue Amount	Amount Outstanding June 30, 2015
Other:				
California State University, Channel Islands – 2013A Refunded	2.00%-5.00%	2026	\$ 21,765,000	\$ 21,730,000
Channel Islands – 2014A Refunded	2.00%-5.00%	2037	<u>35,525,000</u>	<u>35,525,000</u>
Total debt:			<u>\$ 57,290,000</u>	<u>\$ 57,255,000</u>

On April 1, 2005, the Site Authority entered into an agreement with the Campus to pay the Campus's debt service on revenue bonds issued to build and renovate certain Campus buildings. The original loan amount was \$61,945,000, and has since been refinanced in 2013 and 2014 to \$57,290,000. Interest ranging from 2.0% to 5.0% is paid semiannually on May 1 and November 1. The principal payments are paid on November 1 of each year beginning November 1, 2009 with the final payment due November 1, 2037.

Long-term debt activity for the year ended June 30, 2015 was as follows:

	Beginning Balance as of July 1, 2014	Additions	Reductions	Ending Balance as of June 30, 2015	Current Portion
Capitalized lease obligations:					
Gross balance	\$ 136,585,000	\$ -	\$ (1,380,000)	\$ 135,205,000	\$ 1,715,000
Unamortized lease premium	4,607,970	-	(249,066)	4,358,904	-
Unamortized loss on refunding	<u>(4,457,396)</u>	-	<u>248,418</u>	<u>(4,208,978)</u>	-
Total capitalized lease obligations:	136,735,574	-	(1,380,648)	135,354,926	1,715,000
Loans:					
CSU Channel Islands	<u>61,255,000</u>	-	<u>(4,000,000)</u>	<u>57,255,000</u>	<u>945,000</u>
Total loans, net	<u>61,255,000</u>	-	<u>(4,000,000)</u>	<u>57,255,000</u>	<u>945,000</u>
Total long-term debt obligations, net	<u>\$ 197,990,574</u>	<u>\$ -</u>	<u>\$ (5,380,648)</u>	<u>\$ 192,609,926</u>	<u>\$ 2,660,000</u>

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

8. LOANS PAYABLE - Continued

The loans mature as follows:

	Principal	Interest
2016	\$ 945,000	\$ 2,809,625
2017	1,295,000	2,771,875
2018	1,355,000	2,716,875
2019	1,530,000	2,644,750
2020	1,725,000	2,563,375
2021-2025	10,085,000	11,391,125
2026-2030	12,635,000	8,549,125
2031-2035	15,990,000	5,003,250
2036-2040	<u>11,695,000</u>	<u>896,625</u>
Total	<u>\$ 57,255,000</u>	<u>\$ 39,346,625</u>

9. NET POSITION

The Site Authority has a total net deficit of \$75,967,249 as of June 30, 2015. The net deficit is due to a net deficit in net position - invested in capital assets, net of related debt of \$23,758,187 and an unrestricted net deficit of \$56,495,726. The net deficit in net position invested in capital assets, net of related debt, is driven by the differences in timing of the depreciation of the assets as compared to the timing of the payments to liquidate the capital lease liability related to those assets. The Site Authority generates sufficient cash flows to support debt service payments on its capital lease liabilities. In 2005, the Site Authority agreed to pay the Campus' debt-service on certain revenue bonds to renovate certain campus buildings, but the ownership of the said assets was not transferred to the Site Authority. The amount outstanding on the loan payable to the Campus as of June 30, 2015 is \$57,255,000 resulting in the net deficit. Although the Site Authority has not generated sufficient cash flows to satisfy the debt-service obligations for this loan, the CSU Chancellor's Office and has funded the shortfall in payment. Further, in the prior year, the Site Authority leased the Campus' cogeneration plant and signed an energy service agreement with the Campus, entitling the Site Authority to the net revenues of the cogeneration plan primarily to assist with those debt-services payments. As a result, there is not a significant risk of the Site Authority's ability to continue as a going concern.

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)**

10. RELATED PARTY

The Site Authority receives its financing and contributions from the CSU Trustees and the Financing Authority and has also entered into certain transactions with the Campus and recognized auxiliary organizations of the Campus relating to infrastructure, residential, commercial developments, and personnel cost reimbursement. The accompanying financial statements include the transaction with the CSU Trustees, the Financing Authority, the Campus and a recognized auxiliary organization of the Campus as of and for the year ended June 30, 2015:

Related party receivables consist of the following:

	<u>June 30, 2015</u>
Associated Students Incorporated	\$ 864
California State University Channel Islands	81,210
CSUCI Financing Authority	2,155
University Glen Corporation	<u>5,307</u>
Total	<u>\$ 89,536</u>

Related party payables consist of the following:

	<u>June 30, 2015</u>
California State University Channel Islands	\$ 548,731
University Glen Corporation	<u>131,388</u>
Total:	<u>\$ 680,119</u>

Net amounts payable at June 30, 2015 was (\$590,583).

11. RENTAL INCOME

The Site Authority leases its building and building improvements under operating lease agreements for residential and commercial purposes. Total rental income for the year ended June 30, 2015 amounted to \$8,991,044. The cost and carrying amount of building and building improvements at June 30, 2015 are \$95,196,529 and \$62,705,335, respectively. The carrying amount is net of accumulated depreciation of \$32,491,194. Minimum future rental payments to be received under the non-cancelable leases for each of the next five years and thereafter are as follows:

Year ending June 30,:	<u>Amount</u>
2016	\$ 621,144
2017	217,303
2018	135,008
2019	135,906
2020	<u>26,260</u>
Total lease payments due:	<u>\$ 1,135,621</u>

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)**

12. MAINTENANCE RENT

The CSUCI Site Authority manages the common area for homeowners, renters, and the Town Center tenants. Common area charges include all costs and expenses incurred by the CSUCI Site Authority in the operation, maintenance, replacement, and repair of the common areas during the term of the sublease. Common area expenses are allocated among all units based on type, such as single-family residence, townhome, rental property, or retail space. Maintenance rent for the year ended June 30, 2015 was \$662,184.

13. ENERGY SALES

In August 2010, the Site Authority subleased the Campus's cogeneration plant and entered into an energy services agreement with the Campus. The Site Authority makes quarterly payments of \$440,650 to the Campus to sublease the cogeneration plant. Under the terms of the agreement, the Site Authority is the operator of the plant, which includes being responsible for the costs of the plant's operations as well as entitling the Site Authority to the plant's net earnings. Revenue is recognized as energy is provided to the plant's customers, who primarily consist of Southern California Edison and the Campus. Total energy sales for the year ended June 30, 2015 are \$13,043,356.

14. CONTINGENCY

During the year ended June 30, 2015 the Site Authority was involved in a Tax Increment dispute with the County of Ventura (County) which, among other issues, involves collection of an existing claim receivable of \$733,086. Counsel for the Site Authority has indicated that the matter remains unasserted by the County and, accordingly, Management has deemed the ultimate resolution of this issue not susceptible to reasonable estimation.

SUPPLEMENTARY INFORMATION

CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
GASB SCHEDULE OF NET POSITION
JUNE 30, 2015

Assets:

Current assets:	
Cash and cash equivalents	\$ 1,335,447
Short-term investments	—
Accounts receivable, net	3,159,852
Leases receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other assets	—
Total current assets	<u>4,495,299</u>
Noncurrent assets:	
Restricted cash and cash equivalents	4,286,664
Accounts receivable, net	—
Leases receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	—
Capital assets, net	106,643,326
Other assets	4,953,413
Total noncurrent assets	<u>115,883,403</u>
Total assets	<u>120,378,702</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension obligation	—
Total deferred outflows of resources	<u>—</u>

Liabilities:

Current liabilities:	
Accounts payable	1,171,608
Accrued salaries and benefits payable	—
Accrued compensated absences— current portion	—
Unearned revenue	87,450
Capitalized lease obligations – current portion	1,715,000
Long-term debt obligations – current portion	945,000
Claims Liability for losses and LAE - current portion	—
Depository accounts	—
Other liabilities	2,259,230
Total current liabilities	<u>6,178,288</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenue	—
Grants refundable	—
Capitalized lease obligations, net of current portion	133,639,926
Long-term debt obligations, net of current portion	56,310,000
Claims Liability for losses and LAE, net of current portion	—
Depository accounts	—
Other postemployment benefits obligation	—
Pension obligation	—
Other liabilities	217,737
Total noncurrent liabilities	<u>190,167,663</u>
Total liabilities	<u>196,345,951</u>
Deferred inflows of resources:	
Unamortized gain on debt refunding	—
Non-exchange transactions	—
Service concession arrangements	—
Net pension obligation	—
Total deferred inflows of resources	<u>—</u>

Net Position:

Net investment in capital assets	(23,758,187)
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	6,092
Other	4,280,572
Unrestricted	<u>(56,495,726)</u>
Total net position	<u>\$ (75,967,249)</u>

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
GASB SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

Revenues:

Operating revenues:		
Student tuition and fees (net of scholarship allowances of \$_____)	\$	—
Grants and contracts, noncapital:		
Federal		—
State		—
Local		—
Nongovernmental		—
Sales and services of educational activities		—
Sales and services of auxiliary enterprises (net of scholarship allowances of \$_____)		—
Other operating revenues		23,210,203
Total operating revenues		<u>23,210,203</u>

Expenses:

Operating expenses:		
Instruction		—
Research		—
Public service		—
Academic support		—
Student services		—
Institutional support		—
Operation and maintenance of plant		—
Student grants and scholarships		—
Auxiliary enterprise expenses		14,224,274
Depreciation and amortization		4,845,956
Total operating expenses		<u>19,070,230</u>
Operating income (loss)		<u>4,139,973</u>

Nonoperating revenues (expenses):

State appropriations, noncapital		—
Federal financial aid grants, noncapital		—
State financial aid grants, noncapital		—
Local financial aid grants, noncapital		—
Nongovernmental and other financial aid grants, noncapital		—
Other federal nonoperating grants, noncapital		—
Gifts, noncapital		—
Investment income (loss), net		—
Endowment income (loss), net		—
Interest Expenses		(6,430,847)
Other nonoperating revenues (expenses)		4,658,295
Net nonoperating revenues (expenses)		<u>(1,772,552)</u>
Income (loss) before other additions		2,367,421

State appropriations, capital

Grants and gifts, capital		—
Additions (reductions) to permanent endowments		—
Increase (decrease) in net position		<u>2,367,421</u>

Net position:

Net position at beginning of year, as previously reported		(78,334,670)
Restatements		—
Net position at beginning of year, as restated		<u>(78,334,670)</u>
Net position at end of year	\$	<u>(75,967,249)</u>

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

1	Restricted cash and cash equivalents at June 30, 2015:	
	Portion of restricted cash and cash equivalents related to endowments	\$ -
	All other restricted cash and cash equivalents	<u>4,286,664</u>
	Total restricted cash and cash equivalents	<u><u>\$ 4,286,664</u></u>

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)**

2.2 Investments held by the University under contractual agreements at June 30, 2015:
Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2015 :

- - - - -

2.3 Restricted current investments at June 30, 2015 related to:	<u>Amount</u>
Add description	—
Total restricted current investments at June 30, 2015	<u><u>—</u></u>

2.4 Restricted noncurrent investments at June 30, 2015 related to:	<u>Amount</u>
Endowment investment	—
Add description	—
Total restricted noncurrent investments at June 30, 2015	<u><u>—</u></u>

CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)

Less accumulated depreciation/amortization:								
Buildings and building improvements	(29,248,818)	-	-	(29,248,818)	(3,242,376)	-	-	(32,491,194)
Improvements, other than buildings	(35,395)	-	-	(35,395)	(4,364)	-	-	(39,759)
Infrastructure	(14,483,128)	-	-	(14,483,128)	(1,475,218)	-	-	(15,958,346)
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	(620,940)	-	-	(620,940)	(123,998)	-	-	(744,938)
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Add description	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	<u>(44,388,281)</u>	<u>-</u>	<u>-</u>	<u>(44,388,281)</u>	<u>(4,845,956)</u>	<u>-</u>	<u>-</u>	<u>(49,234,237)</u>
Total capital assets, net	<u>\$ 110,623,733</u>	<u>-</u>	<u>-</u>	<u>110,623,733</u>	<u>(3,980,407)</u>	<u>-</u>	<u>-</u>	<u>106,643,326</u>

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2015:

Depreciation and amortization expense related to capital assets	\$ 4,845,956
Amortization expense related to other assets	<u>—</u>
Total depreciation and amortization	<u>\$ 4,845,956</u>

CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)

4 Long-term liabilities activity schedule:

	Balance June 30, 2014	Prior period adjustments	Reclassifications	Balance June 30, 2014 (restated)	Additions	Reductions	Balance June 30, 2015	Current portion	Long-term portion
Accrued compensated absences	\$ —	—	—	—	-	-	—	—	—
Capitalized lease obligations:									
Gross balance	136,585,000	—	—	136,585,000	-	(1,380,000)	135,205,000	1,715,000	133,490,000
Unamortized premium / (discount) on capitalized lease obligations	150,574	—	—	150,574	-	(648)	149,926	—	149,926
Total capitalized lease obligations	136,735,574	—	—	136,735,574	-	(1,380,648)	135,354,926	1,715,000	133,639,926
Long-term debt obligations:									
Revenue Bonds	—	—	—	—	-	-	—	—	—
Other bonds (non-Revenue Bonds)	—	—	—	—	-	-	—	—	—
Commercial Paper	—	—	—	—	-	-	—	—	—
Note Payable related to SRB	—	—	—	—	-	-	—	—	—
Other:									
Debt service on revenue bonds for campus	61,255,000	—	—	61,255,000	-	(4,000,000)	57,255,000	945,000	56,310,000
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Add description	—	—	—	—	-	-	—	—	—
Total long-term debt obligations	61,255,000	—	—	61,255,000	-	(4,000,000)	57,255,000	945,000	56,310,000
Unamortized bond premium / (discount)	—	—	—	—	-	-	—	—	—
Total long-term debt obligations, net	61,255,000	—	—	61,255,000	—	(4,000,000)	57,255,000	945,000	56,310,000
Total long-term liabilities	\$ 197,990,574	—	—	197,990,574	—	(5,380,648)	192,609,926	2,660,000	189,949,926

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)**

5 Future minimum lease payments - capital lease obligations:

	<u>Principal</u>	<u>Interest</u>	<u>Principal and Interest</u>
Year ending June 30:			
2015	1,715,000	6,605,531	8,320,531
2016	1,945,000	6,514,031	8,459,031
2017	2,370,000	6,406,156	8,776,156
2018	2,710,000	6,279,156	8,989,156
2019	3,045,000	6,135,281	9,180,281
2020 - 2024	22,775,000	27,723,154	50,498,154
2025 - 2029	37,450,000	20,217,279	57,667,279
2030 - 2034	27,080,000	10,810,580	37,890,580
2035 - 2039	15,995,000	6,485,637	22,480,637
2040 - 2044	20,120,000	2,344,949	22,464,949
2045 - 2049	-	-	—
2050 - 2054	-	-	—
2055 - 2059	-	-	—
2060 - 2064	-	-	—
	<hr/>	<hr/>	<hr/>
Total minimum lease payments			234,726,754
Less amounts representing interest			<u>(99,521,754)</u>
Present value of future minimum lease payments			135,205,000
Less: current portion			<u>(1,715,000)</u>
Capitalized lease obligation, net of current portion			\$ <u>133,490,000</u>

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)**

6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
	Year ending June 30:								
2015	\$ -	-	-	945,000	2,809,625	3,754,625	945,000	2,809,625	3,754,625
2016	-	-	-	1,295,000	2,771,875	4,066,875	1,295,000	2,771,875	4,066,875
2017	-	-	-	1,355,000	2,716,875	4,071,875	1,355,000	2,716,875	4,071,875
2018	-	-	-	1,530,000	2,644,750	4,174,750	1,530,000	2,644,750	4,174,750
2019	-	-	-	1,725,000	2,563,375	4,288,375	1,725,000	2,563,375	4,288,375
2020 - 2024	-	-	-	10,085,000	11,391,125	21,476,125	10,085,000	11,391,125	21,476,125
2025 - 2029	-	-	-	12,635,000	8,549,125	21,184,125	12,635,000	8,549,125	21,184,125
2030 - 2034	-	-	-	15,990,000	5,003,250	20,993,250	15,990,000	5,003,250	20,993,250
2035 - 2039	-	-	-	11,695,000	896,625	12,591,625	11,695,000	896,625	12,591,625
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
2050 - 2054	-	-	-	-	-	-	-	-	-
2055 - 2059	-	-	-	-	-	-	-	-	-
2060 - 2064	-	-	-	-	-	-	-	-	-
Total	\$ -	-	-	57,255,000	39,346,625	96,601,625	57,255,000	39,346,625	96,601,625

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)**

8 Transactions with Related Entities

	Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ —
Payments to University for other than salaries of University personnel	12,172,315
Payments received from University for services, space, and programs	2,257,182
Gifts-in-kind to the University from discretely presented component units	—
Gifts (cash or assets) to the University from discretely presented component units	—
Accounts (payable to) University (enter as negative number)	(548,731)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University	81,210
Other amounts receivable from University	—

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)**

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	\$	—
Contributions during the year		—
		<hr/>
Increase (decrease) in net OPEB obligation (NOO)		—
NOO - beginning of year		—
NOO - end of year	\$	<hr/> <hr/>

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)**

10 Pollution remediation liabilities under GASB Statement No. 49:

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

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)**

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

	Net Position Class	Amount Dr. (Cr.)
Net position as of June 30, 2014, as previously reported		\$ (78,334,670)
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2014, as restated		\$ (78,334,670)

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

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

CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
SCHEDULE 1 – SUPPLEMENTARY SCHEDULE OF
NET POSITION (DEFICIT) BY PROGRAM – (UNAUDITED)
JUNE 30, 2015

	All Other Funds	Low and Moderate Income Housing	Total
Assets:			
Cash and cash equivalents	\$ 5,620,889	\$ 1,222	\$ 5,622,111
Accounts receivable	3,008,565	149,132	3,157,697
Real estate inventory	4,953,413	-	4,953,413
Due from CSUCI Financing Authority – restricted	2,155	-	2,155
Capital assets, net	106,643,326	-	106,643,326
Total assets	\$ 120,228,348	\$ 150,354	\$ 120,378,702
Liabilities:			
Accounts payable	\$ 1,171,608	\$ -	\$ 1,171,608
Security Deposits	217,737	-	217,737
Interest payable to CSU Systemwide Revenue Bonds	1,579,111	-	1,579,111
Deferred Revenue	87,450	-	87,450
Due to CSU, Channel Islands	548,731	-	548,731
Due to University Glen Corporation	131,388	-	131,388
Loan from CSU Office of the Chancellor	57,255,000	-	57,255,000
Capitalized lease obligations, net	135,354,926	-	135,354,926
Total liabilities	\$ 196,345,951	\$ -	\$ 196,345,951
Net position (deficit)	(76,117,603)	150,354	(75,967,249)
Total liabilities and net assets	\$ 120,228,348	\$ 150,354	\$ 120,378,702

CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
SCHEDULE 2 – SUPPLEMENTARY SCHEDULE OF
REVENUES, EXPENSES, AND CHANGES IN
NET POSITION (DEFICIT) BY PROGRAM (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2015

	Common Area Maintenance	CI Power	For Sale Housing	General Operations	CI Power and Maintenance Reserves	Rental Housing	Low and Moderate Income Housing	Total
Operating revenues:								
Home sales	\$ -	\$ -	\$ 54,785	\$ -	\$ -	\$ -	\$ -	\$ 54,785
Energy Sales	-	13,043,356	-	-	-	-	-	13,043,356
Rental income	-	-	-	-	-	8,991,044	-	8,991,044
Miscellaneous revenues	37,367	-	-	-	8,235	413,232	-	458,834
Maintenance rent	662,184	-	-	-	-	-	-	662,184
Total operating revenues	<u>\$ 699,551</u>	<u>\$ 13,043,356</u>	<u>\$ 54,785</u>	<u>\$ -</u>	<u>\$ 8,235</u>	<u>\$ 9,404,276</u>	<u>\$ -</u>	<u>\$ 23,210,203</u>
Operating expenses:								
Cost of home sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of Energy Sales	-	10,812,094	-	-	-	-	-	10,812,094
Rental housing operations	-	-	-	-	-	2,833,154	-	2,833,154
Depreciation of capital assets	-	118,927	179,034	1,316,781	833	3,230,381	-	4,845,956
General, administrative, and other expenses	507,624	-	67,618	2,479	1,305	-	-	579,026
Total operating expenses	<u>\$ 507,624</u>	<u>\$ 10,931,021</u>	<u>\$ 246,652</u>	<u>\$ 1,319,260</u>	<u>\$ 2,138</u>	<u>\$ 6,063,535</u>	<u>\$ -</u>	<u>\$ 19,070,230</u>
Operating income (loss)	<u>\$ 191,927</u>	<u>\$ 2,112,335</u>	<u>\$ (191,867)</u>	<u>\$ (1,319,260)</u>	<u>\$ 6,097</u>	<u>\$ 3,340,741</u>	<u>\$ -</u>	<u>\$ 4,139,973</u>
Nonoperating revenue (expense):								
Interest, net (expense)	\$ -	\$ -	\$ -	-	\$ -	(6,430,847)	\$ -	\$ (6,430,847)
Property taxes	-	-	-	736,392	-	-	-	736,392
Sales tax revenue	-	-	-	34,863	-	-	-	34,863
Contribution for debt service	-	1,842,187	-	(286,032)	-	4,069,510	-	5,625,665
Local agency pass-through taxes	-	-	-	-	-	-	-	-
Interest on loan payable to CSU, Channel Islands	-	-	-	(1,878,865)	-	-	-	(1,878,865)
Special taxes	-	-	-	493,567	-	-	-	493,567
Other expense	-	-	-	(353,327)	-	-	-	(353,327)
Total nonoperating revenue (expense)	<u>\$ -</u>	<u>\$ 1,842,187</u>	<u>\$ -</u>	<u>\$ (1,253,402)</u>	<u>\$ -</u>	<u>\$ (2,361,337)</u>	<u>\$ -</u>	<u>\$ (1,772,552)</u>
Income (loss) before transfers (to) from other CSU funds	<u>\$ 191,927</u>	<u>\$ 3,954,522</u>	<u>\$ (191,867)</u>	<u>\$ (2,572,662)</u>	<u>\$ 6,097</u>	<u>\$ 979,404</u>	<u>\$ -</u>	<u>\$ 2,367,421</u>
Transfer (to) from CSUCI Financing Authority	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer (to) from other programs	-	(1,842,187)	-	15,665	-	1,826,522	-	-
Transfer (to) from reserves	-	804,000	-	-	(804,000)	-	-	-
Total transfers	<u>\$ -</u>	<u>\$ (1,038,187)</u>	<u>\$ -</u>	<u>\$ 15,665</u>	<u>\$ (804,000)</u>	<u>\$ 1,826,522</u>	<u>\$ -</u>	<u>\$ -</u>
Changes in net assets	191,927	2,916,335	(191,867)	(2,556,997)	(797,903)	2,805,926	-	2,367,421
Net position (deficit), beginning of year	<u>\$ (113,781)</u>	<u>\$ 2,433,343</u>	<u>\$ 10,340,580</u>	<u>\$ (19,484,441)</u>	<u>\$ 4,443,364</u>	<u>\$ (75,954,920)</u>	<u>\$ 1,185</u>	<u>\$ (78,334,670)</u>
Net position (deficit), end of year	<u>\$ 78,146</u>	<u>\$ 5,349,678</u>	<u>\$ 10,148,713</u>	<u>\$ (22,041,438)</u>	<u>\$ 3,645,461</u>	<u>\$ (73,148,994)</u>	<u>\$ 1,185</u>	<u>\$ (75,967,249)</u>