

**California State University,  
Channel Islands Site Authority**

**Financial Statements  
(With Supplementary Information)  
and Independent Auditor's Report**

**June 30, 2022**

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**California State University, Channel Islands Site Authority**

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## Independent Auditor's Report

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

Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of California State University, Channel Islands Site Authority (the "Site Authority"), which comprise the statement of net position as of June 30, 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Site Authority as of June 31, 2022, and the changes in its financial position and its cash flows 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Site Authority 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.

### *Change in Accounting Principle*

As discussed in Note 2 to the financial statements, the Site Authority adopted new accounting guidance GASB No. 87 - *Leases*. Our opinion is not modified with respect to this matter.

### *Responsibilities of Management for the Financial Statements*

Site Authority's 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 the Site Authority'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.

### *Auditor's 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 auditor's 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 Site Authority'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 Site Authority'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 the management's discussion and analysis on pages 6 to 10 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 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.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Site Authority's basic financial statements. The accompanying supplementary information on pages 31 to 45 is presented for purposes of additional analysis as required by an Administrative Directive dated June 24, 2003, *Financial Reporting Requirements for Auxiliary Organizations*, from the California State University Office of the Chancellor, and is not a required part of the basic financial statements.

The accompanying supplementary information on pages 31 to 45 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 accompanying supplementary information on pages 31 to 45 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2022, on our consideration of the Site Authority'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 Site Authority'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 Site Authority's internal control over financial reporting and compliance.



Los Angeles, California  
September 20, 2022

## **Management's Discussion and Analysis**

## **California State University, Channel Islands Site Authority**

### **Management's Discussion and Analysis For the Year Ended June 30, 2022 (Unaudited)**

This section of California State University, Channel Islands 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, 2022. 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 Site Authority 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 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 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's financial activities. Included are an analysis of current year activities and balances, and a summary of operations.

**California State University, Channel Islands Site Authority**

**Management's Discussion and Analysis  
For the Year Ended June 30, 2022  
(Unaudited)**

The Site Authority's summary of net position as of June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Assets:</b>				
Current assets	\$ 4,443,131	\$ 2,849,883	\$ 1,593,248	55.9%
Capital assets, net	32,909,852	39,401,458	(6,491,606)	-16.5%
Other noncurrent assets	13,975,837	16,477,161	(2,501,324)	-15.2%
 Total assets	 51,328,820	 58,728,502	 (7,399,682)	 -12.6%
<b>Deferred outflows of resources:</b>				
Refunding of debt	5,571,475	-	5,571,475	100.0%
 Total deferred outflows of resources	 5,571,475	 -	 5,571,475	 100.0%
<b>Liabilities:</b>				
Current liabilities	5,693,092	4,825,478	867,614	18.0%
Other noncurrent liabilities	84,944,062	82,244,643	2,699,419	3.3%
 Total liabilities	 90,637,154	 87,070,121	 3,567,033	 4.1%
<b>Net position:</b>				
Net investment in capital assets	2,690,161	2,461,598	228,563	9.3%
Restricted for:				
Capital projects	6,004,558	6,895,505	(890,947)	-12.9%
Debt service	3,330,000	5,000,000	(1,670,000)	-33.4%
Economic uncertainty	1,500,000	1,500,000	-	0.0%
Maintenance reserves	3,237,087	3,081,656	155,431	5.0%
Unrestricted	(50,498,665)	(47,280,378)	(3,218,287)	6.8%
 Total net position	 \$ (33,736,859)	 \$ (28,341,619)	 \$ (5,395,240)	 19.0%

**Assets**

Total assets decreased by approximately \$7.4 million. This was caused by the disposal of real estate infrastructure worth approximately \$5 million, depreciation in the current year of approximately \$1.7 million, and the disposal of property with a net value of approximately \$250. Remaining difference relates to Site Authority continuing to operate at an operating loss.

**Capital Assets**

The Site Authority's capital assets include infrastructure projects, property and equipment, and various leased buildings and building improvements. The balance of these amounts decreased by \$6.4 million. This was caused by an approximate \$5 million disposal in real estate infrastructure as well as annual depreciation of \$1.7 million. This decrease was partially mitigated by a \$350 thousand increase caused



California State University, Channel Islands Site Authority

Management's Discussion and Analysis  
For the Year Ended June 30, 2022  
(Unaudited)

by adoption of GASB Statement 87, *Leases*, and the required capitalization of the related right to use asset.

**Deferred Outflow of Resources**

There are various costs associated with the refunding of debt, including a change in principal as well as various fees and a change in interest. The total of these items was approximately \$6 million. The amount was amortized over eleven months leading to a decrease in this amount by \$427 thousand.

**Liabilities**

Total liabilities increased by \$3.6 million or 4.1% compared to prior year. Liabilities increased primarily due to refinancing of the library debt resulting in an increase in principal of approximately \$3 million.

**Long Term Debt**

The Site Authority's long term debt consists of the following:

	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
Lease obligations	\$ 178,217	\$ -	\$ 178,217	100.0%
Obligations under public public partnerships	35,424,352	36,909,643	(1,485,291)	-4.0%
Loan payable	<u>53,360,000</u>	<u>48,585,000</u>	<u>4,775,000</u>	<u>9.8%</u>
Total	<u>\$ 88,962,569</u>	<u>\$ 85,494,643</u>	<u>\$ 3,467,926</u>	<u>4.1%</u>

Lease obligations increased by \$178 thousand due to the adoption of GASB Statement 87, *Leases*, and the recognition of the related lease liability. The change in obligations under public public partnerships is due to the required payments during the year.

Loan payable increased by \$4.8 million due to partial refunding of the debt replacing approximately \$44 million of debt with new debt worth \$49 million.

**Net Position**

Total net position increased by approximately \$5.4 million or 19.0% compared to the prior year. This change is attributed to a \$1.7 million decrease in debt service and a \$3.2 million decrease in unrestricted net position related to apartment sales, infrastructure and East Campus development. The remaining change is associated with maintenance reserves, capital projects, and net investment in capital assets which changed by a net decrease of approximately \$500 thousand.

# California State University, Channel Islands Site Authority

## Management's Discussion and Analysis For the Year Ended June 30, 2022 (Unaudited)

The Site Authority's condensed summary of revenues, expenses, and changes in net position for the years ended June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Operating revenues:</b>				
Home sales	\$ 72,811	\$ 53,435	\$ 19,376	36.3%
Energy sales	3,171,587	4,016,726	(845,139)	-21.0%
Other income	2,891,593	2,561,784	329,809	12.9%
Total operating revenues	<u>6,135,991</u>	<u>6,631,945</u>	<u>(495,954)</u>	<u>-7.5%</u>
<b>Operating expenses:</b>				
Cost of energy sales	3,070,972	3,441,224	\$ (370,252)	-10.8%
Depreciation and amortization	1,668,894	1,523,192	145,702	9.6%
Other operating expenses	2,984,197	3,245,372	(261,175)	-8.0%
Total operating expenses	<u>7,724,063</u>	<u>8,209,788</u>	<u>(485,725)</u>	<u>-5.9%</u>
Operating loss	<u>(1,588,072)</u>	<u>(1,577,843)</u>	<u>\$ (10,229)</u>	<u>0.6%</u>
<b>Nonoperating revenues (expenses):</b>				
Interest, net	(3,042,118)	(4,058,578)	\$ 1,016,460	-25.0%
Taxes	2,683,591	2,807,201	(123,610)	-4.4%
Other	(5,566,761)	(139,667)	(5,427,094)	3885.7%
Contributions for debt service	2,118,120	3,856,375	(1,738,255)	-45.1%
Nonoperating (expenses) revenues, net	<u>(3,807,168)</u>	<u>2,465,331</u>	<u>(6,272,499)</u>	<u>-254.4%</u>
<b>(Decrease) increase in net position</b>	<b>(5,395,240)</b>	<b>887,488</b>	<b>(6,282,728)</b>	<b>-707.9%</b>
<b>Beginning net position</b>	<u>(28,341,619)</u>	<u>(29,229,107)</u>	<u>887,488</u>	<u>-3.0%</u>
<b>Ending net position</b>	<u><u>\$ (33,736,859)</u></u>	<u><u>\$ (28,341,619)</u></u>	<u><u>\$ (5,395,240)</u></u>	<u><u>19.0%</u></u>

### Operating Revenues and Expenses

Operating revenues and expenses come from sources that are connected directly to the Site Authority's business function. Revenues come primarily from energy sales, home sales and rental income. During the year ended June 30, 2022, CAM income from University Glen was reported at \$1.8 million. Expenses come from cost of energy sales, depreciation and amortization, and rental housing operations.

Total revenues decreased by \$496 thousand, or a 7.5% drop compared to prior year. CI Power sales through our California Independent System Operator agreement decreased by \$845 thousand. This was somewhat offset by an increase of \$330 thousand in other income with the major drivers being a \$250 thousand increase in income from Anacapa Canyon and a \$100 thousand increase in maintenance rent.

**California State University, Channel Islands Site Authority**

**Management's Discussion and Analysis  
For the Year Ended June 30, 2022  
(Unaudited)**

Total operating expenses decreased by \$485 thousand due to a \$370 thousand decrease in cost of energy sales caused by a decrease in energy sales, a \$145 thousand increase in depreciation, and finally an overall decrease in other operating expense of approximately \$261 thousand caused by decreases in management fees and maintenance fees.

CI Power's Reliability Must Run (or "RMR") agreement is under review and a decision is expected to be issued in October. The current outlook is that it will renew for another year and determined year-by-year moving forward.

**Nonoperating Revenues (Expenses)**

Total nonoperating revenues (expenses) decreased by approximately \$6.2 million or 254.4%. This is primarily due to the \$4.9 million write off of disposable property related to the Anacapa Canyon development and a \$1 million increase in the interest on loan payable.

## **Basic Financial Statements**

**California State University, Channel Islands Site Authority**

**Statement of Net Position  
June 30, 2022**

Assets	
Current assets	
Cash and cash equivalents	\$ 3,205,711
Accounts receivable	1,089,327
Related party receivables	116,560
Due from CSUCI Financing Authority - restricted	11,298
Other assets	20,235
	<hr/>
Total current assets	4,443,131
	<hr/>
Noncurrent assets	
Restricted cash	11,274,566
Restricted investments	2,701,271
Capital assets, net	32,909,852
	<hr/>
Total noncurrent assets	46,885,689
	<hr/>
Total assets	\$ 51,328,820
	<hr/>
Deferred outflows of resources	
Refunding of debt	\$ 5,571,475
	<hr/>
Total deferred outflows of resources	\$ 5,571,475
	<hr/>
Current liabilities	
Accounts payable and accrued expenses	\$ 515,085
Interest payable to California State University ("CSU")	
Systemwide Revenue Bond Program	435,404
Unearned revenue	5,207
Related party payables	280,149
Security deposits held by Kennedy Wilson	438,740
Lease obligations, current portion	178,217
Obligations under public public partnerships, current portion	1,550,290
Loans payable - current portion	2,290,000
	<hr/>
Total current liabilities	5,693,092
	<hr/>
Noncurrent liabilities	
Obligations under public public partnerships, net of current portion	33,874,062
Loans payable, net of current portion	51,070,000
	<hr/>
Total noncurrent liabilities	84,944,062
	<hr/>
Total liabilities	90,637,154
	<hr/>
Net position (deficit)	
Net investment in capital assets	2,690,161
Restricted for:	
Capital projects	6,004,558
Debt service	3,330,000
Economic uncertainty	1,500,000
Maintenance reserves	3,237,087
Unrestricted	(50,498,665)
	<hr/>
Total net deficit	\$ (33,736,859)
	<hr/>

See Notes to Financial Statements.

**California State University, Channel Islands Site Authority**

**Statement of Revenues, Expenses and Changes in Net Position  
Year Ended June 30, 2022**

Operating revenues:	
Home sales	\$ 72,811
Energy sales	3,171,587
Miscellaneous revenues	1,053,947
Maintenance rent	<u>1,837,646</u>
Total operating revenues	<u>6,135,991</u>
Operating expenses:	
Cost of energy sales	3,070,972
Depreciation and amortization	1,668,894
General, administrative, and other operating costs	<u>2,984,197</u>
Total operating expenses	<u>7,724,063</u>
Operating loss	<u>(1,588,072)</u>
Nonoperating revenues (expenses):	
Interest, net	(1,662,810)
Property taxes	1,896,999
Contributions for debt service from CSU Chancellor's Office	2,118,120
Interest on loan payable to CSU Channel Islands	(1,379,308)
Special taxes	786,592
Loss on disposal of property	(4,953,413)
Investment loss	(42,196)
Other expenses	<u>(571,152)</u>
Total nonoperating expenses, net	<u>(3,807,168)</u>
Change in net position	(5,395,240)
Net deficit, beginning of year	<u>(28,341,619)</u>
Net deficit, end of year	<u><u>\$ (33,736,859)</u></u>

See Notes to Financial Statements.

**California State University, Channel Islands Site Authority**

**Statement of Cash Flows  
Year Ended June 30, 2022**

Cash flows from operating activities:	
Home sales	\$ 132,134
Energy sales	3,070,643
Miscellaneous revenues	1,053,947
Payments to vendors	(5,995,503)
Maintenance rent	1,768,756
	<hr/>
Net cash provided by operating activities	29,977
	<hr/>
Cash flows from noncapital financing activities:	
Property and sales taxes	2,681,848
Property tax pass through paid	(571,152)
	<hr/>
Net cash provided by noncapital financing activities	2,110,696
	<hr/>
Cash flows from capital and related financing activities:	
Payments on obligations under public public partnerships	(1,335,000)
Retirement of loan payable	(42,545,000)
Refunding of debt payment	(5,998,504)
Payments on loan payable	(1,915,000)
Issuance of loan payable	49,235,000
Interest paid on loan payable	(1,610,686)
Interest paid under public public partnerships	(1,558,856)
Contributions for debt service from CSU Chancellor's Office	2,545,149
Lease payment	(189,059)
	<hr/>
Net cash used in capital and related financing activities	(3,371,956)
	<hr/>
Cash flows from investing activities:	
Purchases of investments	(2,743,467)
	<hr/>
Net cash used in investing activities	(2,743,467)
	<hr/>
Net decrease in cash and cash equivalents	(3,974,750)
	<hr/>
Cash and cash equivalents at beginning of year	18,455,027
	<hr/>
Cash and cash equivalents at end of year	\$ 14,480,277
	<hr/>
Summary of cash and cash equivalents at end of year	
Cash and cash equivalents	\$ 3,205,711
Restricted cash	11,274,566
	<hr/>
Total cash and cash equivalents	\$ 14,480,277
	<hr/>

**California State University, Channel Islands Site Authority**

**Statement of Cash Flows  
Year Ended June 30, 2022**

Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (1,588,072)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	1,668,894
Loss on disposal of capital assets	236,575
Change in assets and liabilities:	
Accounts receivable	(457,752)
Related party receivables	116,809
Due from CSUCI Financing Authority - restricted	(2,483)
Other assets	(20,235)
Accounts payable and accrued expenses	(430,958)
Unearned revenue	(2,317)
Security deposits held by Kennedy Wilson	438,740
Related party payables	70,776
	<hr/>
Net cash provided by operating activities	<u>\$ 29,977</u>

See Notes to Financial Statements.



## **California State University, Channel Islands Site Authority**

### **Notes to Financial Statements June 30, 2022**

#### **Note 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" or "University"). The East Campus comprises 162 acres of developable land, originally expected to contain 900 residential units and approximately 31,000 square feet of retail commercial uses; however, in July 2017 the Trustees adopted a revised Master Plan that increases the density to 1,258 units. To date, 658 units are completed and the remaining 600 are expected to be completed March 2023.

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.

#### **Note 2 - Summary of significant accounting policies**

##### **Basis of presentation**

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.

The financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, 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.

##### **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.

## California State University, Channel Islands Site Authority

### Notes to Financial Statements June 30, 2022

#### **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 Campus, a public university under the California State University system. The Site Authority has chosen to use the reporting model for special-purpose governments that engage only in business-type activities.

#### **Classification of current and noncurrent assets 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**

The Site Authority's net position is classified into the following net position categories:

**Net investment in capital assets** - Capital assets, net of accumulated depreciation, amortization, and outstanding principal balances of debt and lease liabilities attributable to the acquisition, construction, or improvement of those assets.

**Restricted** - Net position 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 position. In addition, unrestricted net position 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 and cash equivalents**

For purposes of the statement of cash flows, cash and cash equivalents include all highly-liquid debt instruments with a maturity of three months or less from date of purchase. The Site Authority maintains its cash and cash equivalents in bank accounts which, at times, may exceed federally insured limits. The Site Authority has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

#### **Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of net position. Unrealized gains and losses are included in the change in net position in the accompanying statement of revenues, expenses and changes in net position. All investments are restricted for maintenance reserve.

#### **Accounts receivable**

Receivables consist of related party receivables and other miscellaneous receivables. The Site Authority uses the allowance method of accounting for receivables determined to be potentially uncollectable. In management's opinion, all receivables were collectible at year-end and, therefore, no allowance has been established.

## California State University, Channel Islands Site Authority

### Notes to Financial Statements June 30, 2022

#### 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.

#### Capital assets

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
Improvements other than buildings	10 years
Equipment	5 years

Capital assets are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

#### 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 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. Certain other transactions are reported as nonoperating revenues and expenses in accordance with GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis - for Public Colleges and Universities - an amendment of GASB Statement No. 34*. These nonoperating activities include the Site Authority's net investment income and interest expense, 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.

#### 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 June 30, 2022

#### **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.

#### **Property taxes**

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the State Government Codes 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 on July 1 and are 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.

#### **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.

#### **Fair value measurements**

The Site Authority reports its fair value measurements using a three-level hierarchy that prioritizes the inputs used to measure fair value in accordance with GASB 72, *Fair Value Measurement and Application*. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs

## California State University, Channel Islands Site Authority

### Notes to Financial Statements June 30, 2022

may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy, established by Generally Accepted Accounting Principles, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The three levels of inputs used to measure fair value are as follows:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.
- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The carrying amounts of cash and cash equivalents and accounts receivable approximate fair value because of the terms and relatively short maturity of these financial instruments.

The carrying amounts of liabilities approximate fair value because of the relatively short maturity of these financial instruments.

When available, the Site Authority measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

#### **New accounting pronouncements adopted**

For 2022, the Site Authority implemented GASB Statement 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. 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. These changes were incorporated in the Site Authority's 2022 financial statements. The Site Authority recognized a right to use asset and a lease liability of \$367,276 as of June 30, 2021, due to the implementation of GASB Statement No. 87. Certain leases that are part of the public public partnership discussed in Note 10 are excluded from GASB Statement No. 87. The implementation of GASB Statement No. 87 had no impact on the net position reported as of June 30, 2021 because the lease liability and right to use asset were equal as of this date.

# California State University, Channel Islands Site Authority

## Notes to Financial Statements June 30, 2022

### New accounting pronouncements not yet adopted

The Site Authority will implement GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* in FY 2023. GASB Statement No. 94 defines a Public-Private Partnerships ("PPP") as an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The statement will require the separate recognition of certain assets and liabilities that fall under PPP definition. The statement comes into effect for fiscal years beginning after June 15, 2022. Early adoption is allowed but Site Authority has chosen not to adopt this pronouncement early.

### Note 3 - Liquidity and availability

The Site Authority regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Site Authority has various sources of liquidity at its disposal, including cash and cash equivalents, receivables and investments.

The emergence of COVID-19 may impact the Site Authority's liquidity (see Note 21). Management continues to regularly monitor liquidity and consider all expenditures related to its ongoing activities.

At June 30, 2022, the Site Authority had the following financial assets and liquidity resources available over the next 12 months:

Cash and cash equivalents	\$ 3,205,711
Accounts receivable	1,089,327
Related party receivables	<u>116,560</u>
	<u><u>\$ 4,411,598</u></u>

### Note 4 - Cash and cash equivalents

The Site Authority's cash and cash equivalents as of June 30, 2022 is classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 3,205,711
Restricted cash	<u>11,274,566</u>
	<u><u>\$ 14,480,277</u></u>

### Cash and cash equivalents

At June 30, 2022, cash and cash equivalents consisted of demand deposits maintained at the bank. Total cash and cash equivalents of \$14,480,277 had a corresponding carrying value balance with the bank of \$14,535,683 at June 30, 2022. The difference is related to outstanding checks of \$71,709 and deposits in transit of \$16,303.

# California State University, Channel Islands Site Authority

## Notes to Financial Statements June 30, 2022

### 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.

### Note 5 - Restricted investments

Restricted Investments consist of the following at June 30, 2022:

	Fair Value Measurements				Investments measured at NAV	Total
	Level 1	Level 2	Level 3			
Government funds						
CalTRUST Short Term Fund	\$ 563,252	\$ -	\$ -	\$ -	\$ -	\$ 563,252
CalTRUST Medium Term Fund	2,138,019	-	-	-	-	2,138,019
Total government funds	2,701,271	-	-	-	-	2,701,271
Total investments	<u>\$ 2,701,271</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,701,271</u>

The amounts in these accounts are restricted for maintenance reserves. At June 30, 2022, the Site Authority did not have any investments measured using Level 2 or Level 3 inputs.

Financial assets valued using Level 1 inputs are based on quoted market prices within active markets and are valued on a recurring basis. For the year ended June 30, 2022, there have been no changes in the valuation methodologies.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Site Authority believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Site Authority's policy is to recognize transfers in and transfers out as of the actual date of the event or change in circumstance that caused the transfer. There were no transfers during the year ended June 30, 2022.

The composition of the investment return reported in the statement of revenues, expenses and changes in net position are as follows:

Interest and dividend income	\$ 22,058
Realized and unrealized loss on investments	<u>(64,254)</u>
Total investment loss	<u>\$ (42,196)</u>

**California State University, Channel Islands Site Authority**

**Notes to Financial Statements  
June 30, 2022**

**Custodial credit risk**

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

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

**Note 6 - Concentrations of credit risk**

Financial instruments which potentially subject the Site Authority to concentrations of credit risk include cash and cash equivalents. The Site Authority maintains its cash and cash equivalents and investments with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits, which are currently \$250,000 per institution. As of June 30, 2022, Site Authority's bank deposits exceeded the balance insured by the FDIC by \$13,570,723, which is also uncollateralized.

**Note 7 - Real estate inventory**

The real estate inventory was primarily made up of infrastructure construction costs associated with a previously planned construction of 242 dwelling units started in 2004. This project was paused due to economic uncertainty in the market with the intention of restarting the project when economic conditions improved. The state and county indicated that there is a high demand for reasonably priced housing. In response the Site Authority decided to start a new project to build 598 dwelling units. This new project would focus on developing rental properties, whereas the prior project was focused on for-sale properties. In order to start this new project, the 2004 infrastructure had to be demolished. Site Authority recognized a loss on disposal of property for the year ended June 30, 2022 for \$4,953,413.



**California State University, Channel Islands Site Authority**

**Notes to Financial Statements  
June 30, 2022**

**Note 8 - Capital assets**

Capital assets for the year ended June 30, 2022 consists of the following:

	Balance July 1, 2021, as restated	Increases	Decreases	Balance June 30, 2022
Infrastructure	\$ 59,041,650	\$ -	\$ -	\$ 59,041,650
Accumulated depreciation	(24,838,594)	(1,476,041)	-	(26,314,635)
	<u>34,203,056</u>	<u>(1,476,041)</u>	<u>-</u>	<u>32,727,015</u>
Leased building and building improvements	367,276	-	-	367,276
Accumulated amortization	-	(191,622)	-	(191,622)
	<u>367,276</u>	<u>(191,622)</u>	<u>-</u>	<u>175,654</u>
Property and equipment	1,235,187	-	(236,575)	998,612
Accumulated depreciation	(990,198)	(1,231)	-	(991,429)
	<u>244,989</u>	<u>(1,231)</u>	<u>(236,575)</u>	<u>7,183</u>
Capital assets, depreciable (net)	<u>\$ 34,815,321</u>	<u>\$ (1,668,894)</u>	<u>\$ (236,575)</u>	<u>\$ 32,909,852</u>

Depreciation expense for the year ended June 30, 2022 was \$1,668,894.

**Note 9 - Due from CSUCI Financing Authority**

The due from CSUCI Financing Authority balance at June 30, 2022 was \$11,298 and consists of special tax receipts yet to be transferred to the Site Authority to ultimately be used for capitalized lease payments.

**Note 10 - Obligations under Public Public Partnerships**

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

In August 2016, the Site Authority entered into an agreement to sell the apartment and town center rental facilities. The sale included 328 apartments, 12 retail units, and 58 units in the Town Center, and the Site Authority retained the Infrastructure, 88 rental town homes, 112 for sale town homes, and 72 for the sale of single family homes. In May 2017, the Site Authority defeased \$74,000,000, and in October 2017, \$13,540,000 in bonds, and refinanced the remaining portion of the Infrastructure bond. Concurrent with the defeasance and refinancing of the bonds, the Site Authority entered into a capitalized lease arrangement with the Trustees of the CSU. The lease of \$38,938,000 will be repaid from revenues received by the Site Authority. Interest ranging from the 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, 2017, with the final payment due on November 1, 2037.

In connection with the defeasance and refinancing of the lease, the Site Authority recorded a lease premium of \$4,371,450, which is being amortized on a straight-line basis over the life of the leases. As of June 30, 2022, the balance of the premium is \$3,163,266.

# California State University, Channel Islands Site Authority

## Notes to Financial Statements June 30, 2022

The Site Authority incurred a loss on refunding of the bonds of \$1,322,603, which is being amortized on a straight-line basis over the life of the leases. As of June 30, 2022, the balance of the loss on refunding of the bonds is \$908,914, and this amount is netted against unamortized premium.

Obligations under public public partnerships for the year ended June 30, 2022 are as follows:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Current portion
Obligations under public public partnerships					
Gross balance	\$ 34,505,000	\$ -	\$ (1,335,000)	\$ 33,170,000	\$ 1,550,290
Unamortized lease premium	3,374,151	(210,885)	-	3,163,266	-
Unamortized loss on refunding	(969,508)	60,594	-	(908,914)	-
Total obligations under public public partnerships	<u>\$ 36,909,643</u>	<u>\$ (150,291)</u>	<u>\$ (1,335,000)</u>	<u>\$ 35,424,352</u>	<u>\$ 1,550,290</u>

Future minimum payments under these obligations have remaining terms as of June 30, 2022 are as follows:

<u>Year ending June 30,</u>	
2023	\$ 2,890,481
2024	2,893,606
2025	2,892,981
2026	2,893,481
2027	2,894,856
2028-2032	14,462,779
2033-2037	14,464,328
2038-2042	<u>2,892,844</u>
Total minimum lease payments	46,285,356
Less interest	<u>(13,115,356)</u>
Present value of future minimum lease payments	33,170,000
Unamortized net premium	<u>2,254,352</u>
Total minimum lease payments	<u>\$ 35,424,352</u>

### Note 11 - Leases

Lease agreements are summarized as follows:

Description	Date	Payment Terms	Payment amount	Total lease liability	Balance June 30, 2022
Reliability Must Run (RMR) contract	January 1, 2021	1 years	\$ 15,289	\$ 183,468	\$ 178,217

The site and facility was leased from the Board of Trustees of the California State University to the Site Authority. The lease is expected to be continuously renewed as the site is necessary for the Site Authority to meet the requirements under the Reliability Must Run ("RMR") contract with the California Independent System Operator. The interest rate is based on the incremental borrowing rate of the Site Authority and is 2.5%.

California State University, Channel Islands Site Authority

Notes to Financial Statements  
June 30, 2022

Lease activity for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021, as restated	Additions	Reductions	Balance June 30, 2022	Current portion
Lease obligations					
Gross balance	\$ 367,276	\$ -	\$ (189,059)	\$ 178,217	\$ 178,217

The remaining balance of \$178,217 is expected to be paid during the year ended June 30, 2023. The interest on the liability is \$4,455.

**Note 12 - Deferred outflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Site Authority has only one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**Note 13 - Partial bond refunding**

Bonds are refunded to retire all or a portion of an outstanding bond issue. Most typically, refundings are done to refinance at a lower interest rate to reduce overall debt service. Certain issues of bonds may be refunded prior to the call date, known as an advance refunding.

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. It was refinanced again in 2021. Interest ranging from 0.50% to 3.00% is paid semiannually on May 1 and November 1. The principal payments are paid on November 1 of each year beginning November 1, 2021, with the final payment due November 1, 2038.

**California State University, Channel Islands Site Authority**

**Notes to Financial Statements  
June 30, 2022**

In July 2021, on behalf of Site Authority the Trustees of California State University issued Systemwide Revenue Bond, Series 2021B. These bonds are labeled internally in Site Authority as SRB 21B - Refunding of Channel Islands Information Resource Center and SRB 21B - Refunding of Channel Islands BAN. These bonds reduced the present value of future debt service payments. The savings were available due to improved lower interest rates during the year. The effect of the refunding is summarized as follows:

Title and series	Systemwide Revenue Bond, Series 2021B
Closing date	July 29, 2021
Net interest rate	2.03%
Refunding bonds issued	\$ 49,235,000
Premium	-
Issuance costs and insurance	<u>(159,684)</u>
Net Proceeds	<u>\$ 49,075,316</u>
Economic gain on refunding	\$ 11,469,341
Number of years affected	16

The difference between the cash flows required to service the old debt and that required to service the new debt and complete the refunding was \$4,779,341.

Deferred and amortized amounts on the Site Authority's bond refunding are reported as deferred outflows of resources at June 30, 2022. The total deferred outflow of resources generated from the refunding of debt on July 29, 2021 was \$5,998,504, which is made up of increases in principal of \$6,690,000 and decreases in interest charges of \$691,496. Site Authority recorded eleven months of amortization of total deferred outflows of resources for \$427,029. The balance of deferred outflows of resources as of June 30, 2022 is \$5,571,475.

**California State University, Channel Islands Site Authority**

**Notes to Financial Statements  
June 30, 2022**

**Note 14 - Loans payable**

Loans payable for the year ended June 30, 2022 are as follows:

	<u>Interest rate</u>	<u>Fiscal year maturity date</u>	<u>Original issue amount</u>	<u>Amount outstanding June 30, 2022</u>
California State University, SRB 21B - Refunding of Channel Islands BAN	0.50% - 3.00%	2037	\$ 5,050,000	\$ 5,050,000
SRB 21B - Refunding of Channel Islands Information Resource Center	0.50% - 3.00%	2037	44,185,000	44,185,000
Series 2013A - Channel Islands BAN	5%	2024	615,000	420,000
Series 2013A - Channel Islands Information Resource Center	5%	2024	5,425,000	3,705,000
			<u>\$ 55,275,000</u>	<u>\$ 53,360,000</u>

Long-term debt activity for the year ended June 30, 2022 was as follows:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2022</u>	<u>Current portion</u>
Loans: CSU Channel Islands	\$ 48,585,000	\$ 49,235,000	\$ (44,460,000)	\$ 53,360,000	\$ 2,290,000

The loans mature as follows, as of June 30, 2022:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 2,290,000	\$ 1,035,958
2024	2,400,000	932,066
2025	2,420,000	871,886
2026	3,335,000	850,699
2027	3,375,000	817,054
2028-2032	16,900,000	3,345,388
2033-2037	18,640,000	1,611,102
2038	4,000,000	50,500
	<u>\$ 53,360,000</u>	<u>\$ 9,514,654</u>

## California State University, Channel Islands Site Authority

### Notes to Financial Statements June 30, 2022

#### **Note 15 - Disclosure related to debt**

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, requires certain disclosures regarding the amount of unused lines of credit, assets pledged as collateral for debt and terms specified in debt agreements related to significant (1) events of default with finance-related consequences, (2) termination events with finance-related consequences, and (3) subjective acceleration clauses.

The Site Authority's future annual loan payments of the Broome Library will be funded and paid by the Chancellor's Office and defaults of finance-related consequences are held to the Chancellor's Office. Since the loan is not directly funded, GASB Statement No. 88 does not apply to the Site Authority.

#### **Note 16 - Commitments**

The Site Authority entered into a Tenant Placement agreement with Kennedy Wilson Properties, LTD. for 100 of the 328 apartments sold in August of 2016. These apartments are exclusively used by CSUCI faculty and staff and are typically 5% below market rental rates. The Site Authority agreed to pay for the subsidy through proceeds from the annual Ground Sublease Payment. Total rental expense for the year ended June 30, 2022 amounted to \$328,217. The Ground Sublease generated \$792,697 in income, which nets to a surplus of \$464,480.

#### **Note 17 - Net position**

The Site Authority has a total net deficit of \$33,736,859 as of June 30, 2022. The net deficit in net position is due to an agreement in 2005 where 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, 2022 is \$53,360,000, resulting in the net deficit. This is documented in correspondence from the Chancellor's Office to the CSUCI President dated October 18, 2016 regarding Debt Service Payments for the CSUCI Broome Library. The intent of the agreement is that the Chancellor's Office was to cover any debt service payments for the CSUCI Broome Library. Further, on April 12, 2018, the Site Authority leased the Campus' cogeneration plant on a stand-by mode operation and signed a new energy service agreement with the Campus, entitling the Site Authority to the net revenues of the cogeneration plant primarily to assist the Campus. As a result, there is not a significant risk of the Site Authority's ability to continue as a going concern.

#### **Note 18 - Related party transactions**

The Site Authority receives its financing and contributions from the CSU Trustees, and the Site Authority 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 transactions with the CSU Trustees, the Site Authority, the Campus and a recognized auxiliary organization of the Campus as of and for the year ended June 30, 2022.

## California State University, Channel Islands Site Authority

### Notes to Financial Statements June 30, 2022

As of June 30, 2022, the Site Authority balances with related parties are as follows:

	Related party receivable	Related party payable	Net related party receivable (payable)
California State University, Channel Islands	\$ 115,480	\$ (254,767)	\$ (139,287)
CI University Auxiliary Services, Inc.	1,080	(25,382)	(24,302)
	<u>\$ 116,560</u>	<u>\$ (280,149)</u>	<u>\$ (163,589)</u>

The accompanying financial statements also include the following transactions with the University and other related parties as of and for the year ended June 30, 2022:

Payments received from University for services, space and programs	\$ 1,607,050
Payments made to University	3,876,584
Payments made to University for salaries	36,977
Payments made to CI University Auxiliary Services, Inc.	18,131

#### Note 19 - Maintenance rent

The CSUCI Site Authority contracts with Kennedy-Wilson Properties, LTD to manage 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 residences, townhomes, rental property, or retail space. Maintenance rent for the year ended June 30, 2022 was \$1,837,646.

#### Note 20 - Energy sales

In April 2018, the Site Authority subleased the Campus's cogeneration plant and entered into an energy services agreement with the Campus to operate a RMR operation through the end of June 2023. An extension of the RMR agreement beyond 2023 will be determined year-by-year. The Site Authority makes an annual payment of \$1 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, which primarily consist of Southern California Edison and the Campus. Total energy sales for the year ended June 30, 2022 are \$3,171,587.

#### Note 21 - Contingencies

From time to time, the Site Authority may have claims against it arising from its normal operations. Currently, there are no claims or litigation against the Site Authority.

#### Coronavirus

In December 2019, a novel strain of the coronavirus ("COVID-19") was reported. On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of this disruption. Therefore, the extent of the financial impact and duration cannot be reasonably estimated at this time.

## **Supplementary Information**



# California State University, Channel Islands Site Authority

## GASB Schedule of Net Position June 30, 2022 (for Inclusion in the California State University)

<b>Assets:</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 3,205,711
Short-term investments	-
Accounts receivable, net	1,217,185
Lease receivables, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	20,235
<b>Total current assets</b>	<b>4,443,131</b>
<b>Noncurrent assets:</b>	
Restricted cash and cash equivalents	11,274,566
Accounts receivable, net	-
Lease receivables, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	2,701,271
Capital assets, net	32,909,852
Other assets	-
<b>Total noncurrent assets</b>	<b>46,885,689</b>
<b>Total assets</b>	<b>51,328,820</b>
<b>Deferred outflows of resources:</b>	
Unamortized loss on debt refunding	5,571,475
Net pension liability	-
Net OPEB liability	-
Leases	-
Others	-
<b>Total deferred outflows of resources</b>	<b>5,571,475</b>
<b>Liabilities:</b>	
<b>Current liabilities:</b>	
Accounts payable	1,233,974
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	5,207
Lease liabilities, current portion	178,217
Long-term debt obligations, current portion	3,840,290
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	435,404
<b>Total current liabilities</b>	<b>5,693,092</b>
<b>Noncurrent liabilities:</b>	
Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Lease liabilities, net of current portion	-
Long-term debt obligations, net of current portion	84,944,062
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	-
<b>Total noncurrent liabilities</b>	<b>84,944,062</b>
<b>Total liabilities</b>	<b>90,637,154</b>
<b>Deferred inflows of resources:</b>	
Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	-
Others	-
<b>Total deferred inflows of resources</b>	<b>-</b>
<b>Net position:</b>	
Net investment in capital assets	-
Restricted for:	
Nonexpendable – endowments	2,690,161
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	9,241,645
Debt service	3,330,000
Others	1,500,000
Unrestricted	(50,498,665)
<b>Total net position</b>	<b>\$ (33,736,859)</b>

# California State University, Channel Islands Site Authority

## GASB Schedule of Revenues, Expenses and Changes in Net Position Year Ended June 30, 2022 (for Inclusion in the California State University)

### Revenues:

#### Operating revenues:

Student tuition and fees, gross	\$	-
Scholarship allowances (enter as negative)		-
<b>Grants and contracts, noncapital:</b>		
Federal		-
State		-
Local		-
Nongovernmental		-
Sales and services of educational activities		-
Sales and services of auxiliary enterprises, gross		-
Scholarship allowances (enter as negative)		-
Other operating revenues		6,135,991
<b>Total operating revenues</b>		<b>6,135,991</b>

### 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	6,055,169
Depreciation and amortization	1,668,894
<b>Total operating expenses</b>	<b>7,724,063</b>
<b>Operating income (loss)</b>	<b>(1,588,072)</b>

#### 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	(42,196)
Endowment income (loss), net	-
Interest expense	(3,042,118)
Other nonoperating revenues (expenses)	(722,854)
<b>Net nonoperating revenues (expenses)</b>	<b>(3,807,168)</b>
<b>Income (loss) before other revenues (expenses)</b>	<b>(5,395,240)</b>

State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
<b>Increase (decrease) in net position</b>	<b>(5,395,240)</b>

### Net position:

Net position at beginning of year, as previously reported	(28,341,619)
Restatements	-
<b>Net position at beginning of year, as restated</b>	<b>(28,341,619)</b>
<b>Net position at end of year</b>	<b>(33,736,859)</b>

California State University, Channel Islands Site Authority

Other Information  
June 30, 2022

**1 Cash and cash equivalents:**

Portion of restricted cash and cash equivalents related to endowments	\$	-
All other restricted cash and cash equivalents		11,274,566
<b>Noncurrent restricted cash and cash equivalents</b>		<b>11,274,566</b>
Current cash and cash equivalents		3,205,711
<b>Total</b>	<b>\$</b>	<b>14,480,277</b>

**California State University, Channel Islands Site Authority**

**Other Information  
June 30, 2022**

**2.1 Composition of investments:**

<b>Investment Type</b>	<b>Current</b>	<b>Noncurrent</b>	<b>Total</b>
Money market funds	\$ -	\$ -	-
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	-	-	-
Municipal bonds	-	-	-
Corporate bonds	-	-	-
Asset backed securities	-	-	-
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Mutual funds	-	-	-
Exchange traded funds	-	-	-
Equity securities	-	-	-
Alternative investments:			
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investment	-	-	-
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments:			
CalTRUST Short Term Fund		563,252	<b>563,252</b>
CalTRUST Medium Term Fund		2,138,019	<b>2,138,019</b>
Total Other investments	-	<b>2,701,271</b>	<b>2,701,271</b>
<b>Total investments</b>	-	<b>2,701,271</b>	<b>2,701,271</b>
Less endowment investments (enter as negative number)		-	-
<b>Total investments, net of endowments</b>	<b>\$ -</b>	<b>2,701,271</b>	<b>2,701,271</b>

# California State University, Channel Islands Site Authority

## Other Information June 30, 2022

### 2.2 Fair value hierarchy in investments:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ -	\$ -	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	-	-	-	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	-	-	-	-	-
Exchange traded funds	-	-	-	-	-
Equity securities	-	-	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment	-	-	-	-	-
Other external investment pools	-	-	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments:					
CalTRUST Short Term Fund	563,252	563,252	-	-	-
CalTRUST Medium Term Fund	2,138,019	2,138,019	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Total Other investments	\$ 2,701,271	\$ 2,701,271	\$ -	\$ -	\$ -
Total investments	\$ 2,701,271	\$ 2,701,271	\$ -	\$ -	\$ -

### 2.3 Investments held by the University under contractual agreements:

Instruction: Amounts should agree with University's investments held on behalf of Discretely Presented Component Units.

	Current	Noncurrent	Total
Investments held by the University under contractual agreements	-	-	\$ -
e.g - CSU Consolidated Investment Pool (formerly SWIFT):			

# California State University, Channel Islands Site Authority

## Other Information June 30, 2022

### 3.1 Composition of capital assets:

	Balance June 30, 2021	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2021 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2022
<b>Non-depreciable/Non-amortizable capital assets:</b>									
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-	-
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	-	-	-	-	-	-	-	-	-
<b>Total non-depreciable/non-amortizable capital assets</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>
<b>Depreciable/Amortizable capital assets:</b>									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	59,041,650	-	-	-	59,041,650	-	-	-	59,041,650
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	1,235,187	-	-	-	1,235,187	-	(236,575)	-	998,612
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:	-	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total depreciable/amortizable capital assets</b>	<b>60,276,837</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,276,837</b>	<b>-</b>	<b>(236,575)</b>	<b>-</b>	<b>60,040,262</b>
<b>Total capital assets</b>	<b>\$ 60,276,837</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 60,276,837</b>	<b>\$ -</b>	<b>(236,575)</b>	<b>\$ -</b>	<b>\$ 60,040,262</b>
<b>Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)</b>									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	(24,838,594)	-	-	-	(24,838,594)	(1,476,041)	-	-	(26,314,635)
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	(990,198)	-	-	-	(990,198)	(1,231)	-	-	(991,429)
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:	-	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total accumulated depreciation/amortization</b>	<b>(25,828,792)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(25,828,792)</b>	<b>(1,477,272)</b>	<b>-</b>	<b>-</b>	<b>(27,306,064)</b>
<b>Total capital assets, net excluding lease assets</b>	<b>\$ 34,448,045</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 34,448,045</b>	<b>(1,477,272)</b>	<b>(236,575)</b>	<b>\$ -</b>	<b>\$ 32,734,198</b>
<b>Lease assets, net</b>									175,654
<b>Total capital assets, net</b>									<b>\$ 32,909,852</b>

# California State University, Channel Islands Site Authority

## Other Information June 30, 2022

### Composition of lease assets:

	Balance June 30, 2021	Additions	Remeasurements	Reductions	Balance June 30, 2022
<b>Non-depreciable/Non-amortizable lease assets:</b>					
Land and land improvements	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total non-depreciable/non-amortizable lease assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciable/Amortizable lease assets:</b>					
Land and land improvements	-	-	-	-	-
Buildings and building improvements	367,276	-	-	-	367,276
Improvements, other than buildings	-	-	-	-	-
Infrastructure	-	-	-	-	-
Personal property:					
Equipment	-	-	-	-	-
<b>Total depreciable/amortizable lease assets</b>	<b>367,276</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>367,276</b>
<b>Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)</b>					
Land and land improvements	-	-	-	-	-
Buildings and building improvements	-	(191,622)	-	-	(191,622)
Improvements, other than buildings	-	-	-	-	-
Infrastructure	-	-	-	-	-
Personal property:					
Equipment	-	-	-	-	-
<b>Total accumulated depreciation/amortization</b>	<b>-</b>	<b>(191,622)</b>	<b>-</b>	<b>-</b>	<b>(191,622)</b>
<b>Total lease assets, net</b>	<b>\$ 367,276</b>	<b>\$ (191,622)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 175,654</b>

### 3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 1,668,894
Amortization expense related to other assets	-
<b>Total depreciation and amortization</b>	<b>\$ 1,668,894</b>

# California State University, Channel Islands Site Authority

## Other Information June 30, 2022

### 4 Long-term liabilities:

	Balance June 30, 2021	Prior Period Adjustments/Reclassification s	Balance June 30, 2021 (Restated)	Additions	Reductions	Balance June 30, 2022	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations:								
Gross balance	34,505,000	(34,505,000)	-	-	-	-	-	-
Unamortized net premium/(discount)	2,404,643	(2,404,643)	-	-	-	-	-	-
Total capital lease obligations	\$ 36,909,643	(36,909,643)	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	\$ -	-	-	-	\$ -	-	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	34,505,000	34,505,000	-	(1,335,000)	33,170,000	1,400,000	31,770,000
4.4 Others:								
Debt service on revenue bond	48,585,000	-	48,585,000	49,235,000	(44,460,000)	53,360,000	2,290,000	51,070,000
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total others	48,585,000	-	48,585,000	49,235,000	(44,460,000)	53,360,000	2,290,000	51,070,000
Sub-total long-term debt	\$ 48,585,000	34,505,000	83,090,000	49,235,000	(45,795,000)	\$ 86,530,000	3,690,000	82,840,000
4.5 Unamortized net bond premium/(discount)	-	2,404,643	2,404,643	-	(150,291)	2,254,352	150,290	2,104,062
Total long-term debt obligations	\$ 85,494,643	\$ 36,909,643	\$ 85,494,643	\$ 49,235,000	\$ (45,945,291)	\$ 88,784,352	\$ 3,840,290	\$ 84,944,062

### 5. Lease Liabilities

#### Total long-term liabilities

	Balance	Additions	Remeasurements	Reductions	Balance	Current Portion	Noncurrent Portion
Lease liabilities	- \$	178,217 \$	- \$	- \$	178,217 \$	178,217 \$	-
Total	\$ -	\$ 178,217	\$ -	\$ -	\$ 178,217	\$ 178,217	\$ -



# California State University, Channel Islands Site Authority

## Other Information June 30, 2022

### 5 Lease Liabilities schedule:

	Lease Liabilities related to SRB			All other lease liabilities			Total lease liabilities		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
<b>Year ending June 30:</b>									
2023	\$ -	\$ -	\$ -	\$ 178,217	\$ -	\$ 178,217	\$ 178,217	\$ -	\$ 178,217
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028 - 2032	-	-	-	-	-	-	-	-	-
2033 - 2037	-	-	-	-	-	-	-	-	-
2038 - 2042	-	-	-	-	-	-	-	-	-
2043 - 2047	-	-	-	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
<b>Total minimum lease payments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 178,217</b>	<b>\$ -</b>	<b>\$ 178,217</b>	<b>\$ 178,217</b>	<b>\$ -</b>	<b>\$ 178,217</b>
Less: amounts representing interest									-
<b>Present value of future minimum lease payments</b>									<u>178,217</u>
Total lease liabilities									<u>178,217</u>
Less: current portion									<u>(178,217)</u>
<b>Lease liabilities, net of current portion</b>									<u>\$ -</u>

### 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
<b>Year ending June 30:</b>									
2023	\$ -	\$ -	\$ -	\$ 3,690,000	\$ 2,526,439	\$ 6,216,439	\$ 3,690,000	\$ 2,526,439	\$ 6,216,439
2024	-	-	-	3,875,000	2,350,672	6,225,672	3,875,000	2,350,672	6,225,672
2025	-	-	-	3,970,000	2,214,867	6,184,867	3,970,000	2,214,867	6,184,867
2026	-	-	-	4,965,000	2,114,180	7,079,180	4,965,000	2,114,180	7,079,180
2027	-	-	-	5,090,000	1,996,910	7,086,910	5,090,000	1,996,910	7,086,910
2028 - 2032	-	-	-	26,875,000	7,833,167	34,708,167	26,875,000	7,833,167	34,708,167
2033 - 2037	-	-	-	31,230,000	3,485,430	34,715,430	31,230,000	3,485,430	34,715,430
2038 - 2042	-	-	-	6,835,000	108,340	6,943,340	6,835,000	108,340	6,943,340
2043 - 2047	-	-	-	-	-	-	-	-	-
2048 - 2052	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
<b>Total minimum payments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 86,530,000</b>	<b>\$ 22,630,005</b>	<b>\$ 109,160,005</b>	<b>\$ 86,530,000</b>	<b>\$ 22,630,005</b>	<b>\$ 109,160,005</b>
Less: amounts representing interest									<u>(22,630,005)</u>
<b>Present value of future minimum payments</b>									<u>86,530,000</u>
Unamortized net premium/(discount)									<u>2,254,352</u>
<b>Total long-term debt obligations</b>									<u>88,784,352</u>
Less: current portion									<u>(3,840,290)</u>
<b>Long-term debt obligations, net of current portion</b>									<u>\$ 84,944,062</u>

**California State University, Channel Islands Site Authority**

**Other Information  
June 30, 2022**

**7 Transactions with related entities:**

Payments to University for salaries of University personnel working on contracts, grants, and other programs	36,977
Payments to University for other than salaries of University personnel	3,876,584
Payments received from University for services, space, and programs	1,607,050
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)	(254,767)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University (enter as positive number)	115,480
Other amounts receivable from University (enter as positive number)	-

**California State University, Channel Islands Site Authority**

## Other Information

### June 30, 2022

## 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	
	-

# California State University, Channel Islands Site Authority

## Other Information 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	-	-	-	-	-	-	-	-
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	-	-	-	6,055,169	-	6,055,169
Depreciation and amortization	-	-	-	-	-	-	1,668,894	1,668,894
<b>Total operating expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,055,169</b>	<b>\$ 1,668,894</b>	<b>\$ 7,724,063</b>

# California State University, Channel Islands Site Authority

## Other Information June 30, 2022

### 10 Deferred outflows/inflows of resources:

#### 1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)	5,571,475
Deferred outflows - net pension liability	-
Deferred outflows - net OPEB liability	-
Deferred outflows - leases	-
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	-
<b>Total deferred outflows of resources</b>	<b>\$ 5,571,475</b>

#### 2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements	\$ -
Deferred inflows - net pension liability	-
Deferred inflows - net OPEB liability	-
Deferred inflows - unamortized gain on debt refunding(s)	-
Deferred inflows - nonexchange transactions	-
Deferred inflows - leases	-
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	-
<b>Total deferred inflows of resources</b>	<b>\$ -</b>

### 11 Other nonoperating revenues (expenses)

Other nonoperating revenues	\$ 4,801,711
Other nonoperating (expenses)	(5,524,565)
<b>Total other nonoperating revenues (expenses)</b>	<b>\$ (722,854)</b>

**California State University, Channel Islands Site Authority**  
**Schedule 1 - Supplementary Schedule of**  
**Net Position (Deficit) by Program**  
**June 30, 2022**

	<b>All Other Funds</b>	<b>Low and Moderate Income Housing</b>	<b>Total</b>
Assets:			
Cash and cash equivalents	\$ 14,480,277	\$ -	\$ 14,480,277
Accounts receivable	1,089,327	-	1,089,327
Due from CSU Channel Islands	115,480	-	115,480
Due from CI University Auxiliary Services, Inc.	1,080	-	1,080
Due from CSUCI Financing Authority – restricted	11,298	-	11,298
Other assets	20,235	-	20,235
Restricted investments	2,701,271	-	2,701,271
Capital assets, net	32,909,852	-	32,909,852
Total assets	51,328,820	-	51,328,820
Deferred outflows of resources - Refunding of debt	5,571,475	-	5,571,475
Total assets and deferred outflows of resources	<u>\$ 56,900,295</u>	<u>\$ -</u>	<u>\$ 56,900,295</u>
Liabilities:			
Accounts payable	\$ 515,085	\$ -	\$ 515,085
Interest payable to CSU Systemwide Revenue Bonds	435,404	-	435,404
Unearned revenue	5,207	-	5,207
Due to CSU, Channel Islands	254,767	-	254,767
Due to CI University Auxiliary Services, Inc.	25,382	-	25,382
Funds held by KW	438,740	-	438,740
Loan from CSU Office of the Chancellor	53,360,000	-	53,360,000
Capitalized lease obligations, net	35,602,569	-	35,602,569
Total liabilities	90,637,154	-	90,637,154
Net assets (deficit)	(33,736,859)	-	(33,736,859)
Total liabilities and net assets	<u>\$ 56,900,295</u>	<u>\$ -</u>	<u>\$ 56,900,295</u>

**California State University, Channel Islands Site Authority**  
**Schedule 2 - Supplementary Schedule of**  
**Revenues, Expenses, and Changes in**  
**Net Position (Deficit) by Program**  
**For the Year Ended June 30, 2022**

	General Operations	CI Power	Common Area Maintenance	Mission Hills	East Campus	32 Acres	Total
Operating revenues:							
Home sales	\$72,811	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,811
Energy Sales	-	3,171,587	-	-	-	-	3,171,587
Miscellaneous revenues	11,250	-	-	792,697	-	250,000	1,053,947
Maintenance rent	-	-	1,837,646	-	-	-	1,837,646
Total operating revenues	84,061	3,171,587	1,837,646	792,697	-	250,000	6,135,991
Operating expenses:							
Cost of Energy Sales	-	3,070,972	-	-	-	-	3,070,972
Depreciation of capital assets	4,521	189,979	-	-	1,474,394	-	1,668,894
General, administrative, and other expenses	720,980	-	1,706,682	327,141	-	229,394	2,984,197
Total operating expenses	725,501	3,260,951	1,706,682	327,141	1,474,394	229,394	7,724,063
Operating income (loss)	(641,440)	(89,364)	130,964	465,556	(1,474,394)	20,606	(1,588,072)
Nonoperating revenue (expense):							
Interest expense	-	-	-	-	(1,662,810)	-	(1,662,810)
Investment income (loss)	1,510	-	(43,706)	-	-	-	(42,196)
Property tax	-	-	-	-	1,884,586	-	1,884,586
Sales tax	12,413	-	-	-	-	-	12,413
Special tax	-	-	-	-	786,592	-	786,592
Pass through tax	-	-	-	-	(571,152)	-	(571,152)
Contribution for debt service	2,118,120	-	-	-	-	-	2,118,120
Interest on loan payable to CSU, Channel Islands	(1,379,308)	-	-	-	-	-	(1,379,308)
Loss on disposal of property	-	-	-	-	(4,953,413)	-	(4,953,413)
Total nonoperating revenue (expense)	752,735	-	(43,706)	-	(4,516,197)	-	(3,807,168)
Income (loss) before transfers (to) from other CSU funds	111,295	(89,364)	87,258	465,556	(5,990,591)	20,606	(5,395,240)
Changes in net position	111,295	(89,364)	87,258	465,556	(5,990,591)	20,606	(5,395,240)
Net position (deficit), beginning of year	(47,676,680)	9,798,428	3,149,829	721,286	5,633,969	31,549	(28,341,619)
Net position (deficit), end of year	\$ (47,565,385)	\$ 9,709,064	\$ 3,237,087	\$ 1,186,842	\$ (356,622)	\$ 52,155	\$ (33,736,859)
Transfer (to) from CSUCI Financing Authority	-	-	-	-	786,592	-	786,592
Transfer (to) from other programs	-	-	-	-	-	-	-
Transfer (to) from reserves	(129,487)	-	129,487	-	-	-	-
Total transfers	(129,487)	-	129,487	-	786,592	-	786,592

Independent Auditor's 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*

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

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 California State University, Channel Islands Site Authority ("Site Authority"), which comprise the statement of net position as of June 30, 2022, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 20, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Site Authority's internal control over financial reporting ("internal control") as a basis for designing 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 Site Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Site Authority'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 were not identified.

*Report on Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the Site Authority'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.



Los Angeles, California  
September 20, 2022



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