

**CALIFORNIA STATE UNIVERSITY  
CHANNEL ISLANDS  
SITE AUTHORITY**

**Financial Statements and Supplementary  
Information for the Year Ended June 30, 2018  
and Independent Auditors' Report**

**VASIN, HEYN & COMPANY**

*ABOVE THE BRIGHT LINE*

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AN ACCOUNTANCY CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS  
SITE AUTHORITY  
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# VASIN, HEYN & COMPANY

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AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of California State University Channel Islands Site Authority as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the organization's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of California State University Channel Islands Site Authority as of June 30, 2018, and the respective changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## INDEPENDENT AUDITORS' REPORT - Continued

### *Report on Summarized Comparative Information*

We previously audited California State University Channel Islands Site Authority's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 14, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

### *Other Matters*

#### *Required Supplementary Information*

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

#### *Other Information*

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

*Vorwin, Hahn + Co.*

Calabasas, California  
September 17, 2018

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS UNIVERSITY SITE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2018**

This section of California State University Channel Islands University Site Authority (the Site Authority) annual financial report presents our discussion and analysis of the financial performance of the Site Authority for the fiscal year ended June 30, 2018. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

**Introduction to the Financial Statements**

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

The financial statements include the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. These statements are supported by the notes to the financial statements and this section. All sections must be considered together to obtain a complete understanding of the financial picture of the Site 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 financial activities. Included are an analysis of current year activities and balances, and a summary of operations.

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS UNIVERSITY SITE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2018**

The Site Authority summary of net position as of June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Assets:</b>				
Current assets	\$ 16,885,798	\$ 22,807,320	\$ (5,921,522)	-26.0%
Other noncurrent assets	53,156,946	58,013,973	(4,857,027)	-8.4%
<b>Total assets</b>	<b><u>70,042,744</u></b>	<b><u>80,821,293</u></b>	<b><u>(10,778,549)</u></b>	<b><u>-13.3%</u></b>
<b>Liabilities:</b>				
Current liabilities	8,363,081	11,208,606	(2,845,525)	-25.4%
Other noncurrent liabilities	91,990,515	108,485,000	(16,494,485)	-15.2%
<b>Total liabilities</b>	<b><u>100,353,596</u></b>	<b><u>119,693,606</u></b>	<b><u>(19,340,010)</u></b>	<b><u>-16.2%</u></b>
<b>Net position:</b>				
Invested in capital assets, net of related debt	2,980,142	(2,446,454)	5,426,596	-221.8%
<b>Restricted for:</b>				
Debt Service	5,000,000	(108,001)	5,108,001	-4729.6%
Economic Uncertainty	1,500,000	-	1,500,000	100.0%
Maintenance Reserves	2,631,290	4,854,581	(2,223,291)	-45.8%
Unrestricted	(42,422,284)	(41,172,439)	(1,249,845)	3.0%
<b>Total net position</b>	<b><u>\$ (30,310,852)</u></b>	<b><u>\$ (38,872,313)</u></b>	<b><u>\$ 8,561,461</u></b>	<b><u>-22.0%</u></b>

*Assets*

Total assets decreased by \$10.8M or 13.3% compared to prior year. This change is attributed primarily to the reduction of \$9.2M in capital assets due to the sale of 48 of the 49 Townhomes and annual depreciation expense decreasing capital assets by \$7.6M and \$1.7M, respectively. Cash and cash equivalents increased by \$2.3M due to the sale of the Townhomes. Accounts receivable decreased by \$4.0M due to the County of Ventura settlement payment associated with the property tax increment and a reduction in Southern California Edison Energy payments due to the change to stand-by mode operation.

*Liabilities*

Total liabilities decreased by \$19.3M or 16.2% compared to prior year. Current Liabilities decreased due to a reduction to accounts payable (\$3.2M or 81.6%) and Other Noncurrent Liabilities decreased (\$16.4M or 15.2%) primarily due to the reduction of the capitalized lease obligations (\$14.9M or 27.2%) associated with the sale of the 88 Townhomes along with the \$14.9M bond defeasance with the proceeds from the sale.

*Net Position*

Total net position increased by \$8.6M or 22% compared to the prior year. This change is directly related to the sale of the 48 Townhomes, the net of the removal of the assets, and the \$13.5M defeasance of the bonds.

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS UNIVERSITY SITE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2018**

The Site Authority condensed summary of revenues, expenses, and changes in net position for the years ended June 30, 2018 and 2017 is as follows:

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

	Year ended June 30,		\$ Change	% Change
	2018	2017		
<b>Operating Revenues:</b>				
Home Sales	9,268,035	\$ 12,046,241	\$ (2,778,206)	-23.1%
Energy Sales	9,660,546	12,008,401	(2,347,855)	-19.6%
Rental Income	242,097	2,811,378	(2,569,281)	-91.4%
Other Income	2,070,460	33,198,203	(31,127,743)	-93.8%
Total Operating Revenues	<u>21,241,138</u>	<u>60,064,223</u>	<u>(38,823,085)</u>	<u>-64.6%</u>
<b>Operating Expenses:</b>				
Cost of Energy Sales	7,991,683	\$ 9,595,551	\$ (1,603,868)	-16.7%
Rental Housing Operations	626,353	2,998,439	(2,372,086)	-79.1%
Depreciation and amortization	1,672,742	3,506,933	(1,834,191)	-52.3%
Other Operating Expenses	2,594,887	1,486,093	1,108,794	74.6%
Total Operating Expenses	<u>12,885,665</u>	<u>17,587,016</u>	<u>(4,701,351)</u>	<u>-26.7%</u>
Operating Income (loss)	8,355,473	42,477,207	(34,121,734)	-80.3%
<b>Nonoperating Revenues (Expenses):</b>				
Gifts, noncapital	\$ -	\$ (1,000,003)	\$ 1,000,003	100.0%
Interest, Net	(4,754,016)	(7,507,805)	2,753,789	-36.7%
Property/Sales/Special Taxes	1,975,737	(114,202)	2,089,939	-1830.0%
Other	(662,940)	-	(662,940)	100.0%
Contributions for Debt Service	3,647,207	3,860,440	(213,233)	-5.5%
Nonoperating Revenues (Expenses), Net	205,988	(4,761,570)	4,967,558	-104.3%
Increase (Decrease) in Net Position	8,561,461	37,715,637	(29,154,176)	-77.3%
Beginning Net Position	(38,872,313)	(76,587,950)	37,715,637	-49.2%
Ending Net Position	<u>\$ (30,310,852)</u>	<u>\$ (38,872,313)</u>	<u>8,561,461</u>	<u>-22.0%</u>

**Operating Revenues and Expenses**

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

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2018**

*Operating Revenues*

Total revenues decreased by \$38.9M or 64.6% compared to prior year. Home sales decreased \$2.8M or 23.1% along with other miscellaneous revenues from the sale of the for-rent apartments that occurred in the prior year \$31.1M or 97.4% while rental income decreased (\$2.6M or 91.4%) due to no longer owning the Townhomes. Effective April of 2018 the CI Power moved into a stand-by mode operation agreement which resulted in a decrease of \$2.3M or 19.6% of Energy Sales.

*Operating Expenses*

Total operating expenses decreased by \$4.7M or 26.7% compared to prior year. Cost of Energy Sales decreased \$1.6M or 16.7% due to the change in stand-by mode operation. Rental operations decreased by \$2.4M or 79.1% and Depreciation expense decreased \$1.8M or 52.3% due to the sale of the 39 Townhomes in the previous year. Other operating expenses increased by \$1.1M or 74.6% due to CAM operating expenses.

**Nonoperating Revenues (Expenses)**

Total nonoperating revenues (expenses) increased \$4.9M or 104.3% primarily due to a decrease in contributions of \$1M. An increase in property tax revenues \$2.1M or 36.7% a decrease in interest expense (\$2.7M or 36.7%) and increase in Other expenses \$662K were also noted.



**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**  
**(WITH COMPARATIVE TOTALS FOR 2017)**

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 15,419,082	\$ 17,709,986
Accounts receivable	908,772	4,914,284
Related party receivables	543,713	182,775
Due from CSUCI Financing Authority – restricted	1,682	275
Other assets	12,549	—
	<hr/>	<hr/>
Total current assets	16,885,798	22,807,320
Noncurrent assets:		
Restricted cash	9,131,290	4,746,580
Real estate inventory	4,953,413	4,953,413
Capital assets, net	39,072,243	48,313,980
	<hr/>	<hr/>
Total noncurrent assets	53,156,946	58,013,973
	<hr/>	<hr/>
Total assets	\$ 70,042,744	\$ 80,821,293
<b>Liabilities and Net Deficit</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 712,679	\$ 3,883,267
Interest payable to CSU Systemwide Revenue Bond Program	452,812	461,979
Deferred revenue	7,400	—
Related party payables	4,475,190	4,573,360
Capitalized lease obligations, current portion	1,185,000	935,000
Loans payable – current portion	1,530,000	1,355,000
	<hr/>	<hr/>
Total current liabilities	8,363,081	11,208,606
Noncurrent liabilities:		
Security deposit	—	46,153
Capitalized lease obligations, net of current portion	39,860,515	54,778,847
Loans payable, net of current portion	52,130,000	53,660,000
	<hr/>	<hr/>
Total noncurrent liabilities	91,990,515	108,485,000
	<hr/>	<hr/>
Total liabilities	100,353,596	119,693,606
Net position (deficit):		
Invested in capital assets, net of related debt	2,980,142	(2,446,454)
Restricted for:		
Debt service	5,000,000	(108,001)
Economic uncertainty	1,500,000	—
Maintenance reserves	2,631,290	4,854,581
Unrestricted	(42,422,284)	(41,172,439)
	<hr/>	<hr/>
Total net position (deficit)	\$ (30,310,852)	\$ (38,872,313)
	<hr/>	<hr/>

See accompanying auditors' report and notes to financial statements.

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2018  
(WITH COMPARATIVE TOTALS FOR 2017)**

	<u>2018</u>	<u>2017</u>
Operating revenues:		
Home sales	\$ 9,268,035	12,046,241
Energy sales	9,660,546	12,008,401
Rental income	242,097	2,811,378
Miscellaneous revenues	830,214	31,975,725
Maintenance rent	1,240,246	1,222,478
Total operating revenues	<u>21,241,138</u>	<u>60,064,223</u>
Operating expenses:		
Cost of energy sales	7,991,683	9,595,551
Rental housing operations	626,353	2,998,439
Depreciation and amortization	1,672,742	3,506,933
General, administrative, and other operating costs	2,594,887	1,486,093
Total operating expenses	<u>12,885,665</u>	<u>17,587,016</u>
Operating surplus/(loss)	<u>8,355,473</u>	<u>42,477,207</u>
Nonoperating revenue (expense):		
Gifts noncapital	—	(1,000,003)
Interest, net	(2,046,308)	(4,744,993)
Property taxes	1,318,846	(455,803)
Sales taxes	36,458	75,890
Contributions for debt service from CSU Chancellor's Office	3,647,207	3,860,440
Interest on loan payable to CSU Channel Islands	(2,707,708)	(2,762,812)
Special taxes	620,433	265,711
Other expense	(662,940)	—
Total nonoperating revenue (expense), net	<u>205,988</u>	<u>(4,761,570)</u>
Changes in net position (deficit)	<u>8,561,461</u>	<u>37,715,637</u>
Net position (deficit), beginning of year	<u>(38,872,313)</u>	<u>(76,587,950)</u>
Net position (deficit), end of year	<u>\$ (30,310,852)</u>	<u>(38,872,313)</u>

See accompanying auditors' report and notes to financial statements.

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(WITH COMPARATIVE TOTALS FOR 2017)**

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Home sales	\$ 16,835,347	\$ 12,046,241
Rental income	253,426	2,826,331
Energy sales	11,570,621	11,720,858
Other receipts (payments)	654,502	32,724,665
Payments to vendors	(12,798,071)	(13,514,209)
Maintenance rent	1,214,859	1,222,478
Net cash provided by operating activities	<u>17,730,684</u>	<u>47,026,364</u>
Cash flows from noncapital financing activities:		
Interest paid	(2,271,805)	(5,847,833)
Property and sales taxes	1,460,798	988,638
Interest on loan payable to CSU, Channel Islands	(2,707,738)	(2,762,812)
Contributions for debt service from CSU Chancellor's Office	4,267,631	3,860,440
Other Income (expense)	(555,764)	(1,000,003)
Net cash used in noncapital financing activities	<u>193,122</u>	<u>(4,761,570)</u>
Cash flows from capital and related financing activities:		
Receipts of amounts due from CSUCI Financing Authority	—	(238,770)
Payments on long-term debt obligations	(15,830,000)	(29,065,335)
Capital Expenditures	—	—
Net cash used in capital and related financing activities	<u>(15,830,000)</u>	<u>(29,304,105)</u>
Net increase(decrease) in cash and cash equivalents	<u>2,093,806</u>	<u>12,960,689</u>
Cash and cash equivalents at beginning of year	22,456,566	9,495,877
Cash and cash equivalents at end of year	<u>\$ 24,550,372</u>	<u>\$ 22,456,566</u>
Summary of cash and cash equivalents at end of year:		
Cash and cash equivalents	15,419,082	17,709,986
Restricted cash and cash equivalents	9,131,290	4,746,580
Total cash and cash equivalents	<u>\$ 24,550,372</u>	<u>\$ 22,456,566</u>
Reconciliation of net operating income to net cash provided by operating activities:		
Operating profit/(loss)	\$ 8,355,473	\$ 42,477,207
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization expense	1,672,742	3,506,933
Sale of Assets	7,567,312	—
Bond Amortization	(191,332)	—
Change in assets and liabilities:		
Accounts receivable	4,005,512	(1,667,139)
Related party receivables	(360,938)	(87,275)
Due from CSUCI Financing Authority - restricted	(1,407)	238,770
Accounts payable and accrued expenses	(3,170,588)	2,844,235
Interest payable to CSU Systemwide Revenue Bond Program	(9,167)	(1,102,840)
Deferred revenue	7,400	(53,646)
Related party payables	(98,170)	1,045,637
Security deposit	(46,153)	(175,518)
Net cash provided by operating activities	<u>\$ 17,730,684</u>	<u>\$ 47,026,364</u>

See accompanying auditors' report and notes to financial statements.

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**1. ORGANIZATION**

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

The Property comprises two major sectors: the West Campus and East Campus. The West Campus consists of developed space on 42 acres of what was formerly the Camarillo State Hospital. This portion of the Campus is centered on academic uses and houses the California State University Channel Islands (the Campus). The East Campus comprises 162 acres of developable land, 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. 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.

**2. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Accounting and Reporting*

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

*Financial Statement Presentation*

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

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Election of Applicable FASB Statements*

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

*Financial Reporting Entity*

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

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

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

*Net Position (Deficit)*

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

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

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

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

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

*Cash and Cash Equivalents*

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

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Receivables*

Receivables consists related party receivables 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.

*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
Improvement other than buildings	10 years
Equipment	5 years

*Revenue Recognition*

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

*Classification of Revenues and Expenses*

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

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - Continued**

*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.

*Property Taxes*

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

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

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

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

*Income Taxes*

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

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - Continued**

*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.

*Comparative Totals*

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Site Authority's financial statements for the year ended June 30, 2017 from which the summarized information was derived.

*Fair Value Measurements*

The Site Authority reports its fair value measures 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 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 GAAP, 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 for identical assets or liabilities in active markets to which the Site Authority has access at the measurement date.
- *Level 2* - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets in markets that are not active;
  - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
  - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- *Level 3* - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.



**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

The carrying amounts of current 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.

**3. CASH AND CASH EQUIVALENTS**

The Site Authority's cash and cash equivalents as of June 30, 2018 are classified in the accompanying statement of net position as follows:

Cash and cash equivalents	\$ 15,419,082
Restricted cash and cash equivalents	<u>9,131,290</u>
Total cash and cash equivalents	<u>\$ 24,550,372</u>

*(a) Cash and Cash Equivalents*

The Site Authority's total cash at June 30, 2018 was \$24,550,372 and consisted of demand deposits held at financial institutions. The bank balance was \$23,341,499 at June 30, 2018. The Site Authority's cash balance includes \$15,419,082 in unrestricted cash and \$9,131,290 in restricted cash for debt service and maintenance reserves. The difference is related solely to outstanding checks.

*(b) Custodial Credit Risk for Deposits*

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

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

**4. REAL ESTATE INVENTORY**

Real estate inventory at June 30, 2018 consists of the following:

Construction in progress	<u>\$ 4,953,413</u>
Total real estate inventory	<u><u>\$ 4,953,413</u></u>

The construction in progress relates to site development and infrastructure improvements for the as-yet-unbuilt residential units, which, in July 2017 the Board of Trustees approved to increase from 242 units to 600 units in a public/private partnership.

**5. CAPITAL ASSETS**

Capital assets for the year ended June 30, 2018 consists of the following:

	Beginning of Year 7/1/17	Additions	Deletions	End of Year 6/30/18
Buildings and Improvements	\$ 13,285,809	\$ -	\$(12,970,380)	\$ 315,429
Accumulated depreciation	<u>(5,541,659)</u>	<u>-</u>	<u>5,401,385</u>	<u>(140,274)</u>
	7,744,150	-	(7,568,995)	175,155
Other Improvements	-	-	-	-
Accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-
Infrastructure	59,041,650	-	-	59,041,650
Accumulated depreciation	<u>(18,934,430)</u>	<u>(1,476,041)</u>	<u>-</u>	<u>(20,410,471)</u>
	40,107,220	(1,476,041)	-	38,631,179
Property and Equipment	998,612	-	-	998,612
Accumulated depreciation	<u>(536,002)</u>	<u>(196,701)</u>	<u>-</u>	<u>(732,703)</u>
	<u>462,610</u>	<u>(196,701)</u>	-	<u>265,909</u>
Net, capital assets	<u>\$ 48,313,980</u>	<u>\$(1,672,742)</u>	<u>\$(7,568,995)</u>	<u>\$ 39,072,243</u>

Depreciation expense for the year ended June 30, 2018 was \$1,672,742.

**6. DUE FROM CSUCI FINANCING AUTHORITY**

The due from CSUCI Financing Authority balance at June 30, 2018, \$1,682 consists of special tax receipts yet to be transferred to the Site Authority to ultimately be used for capitalized lease payments.

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

**7. CAPITALIZED LEASE OBLIGATIONS**

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

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 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 sale 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 \$38,190,000 will be repaid from revenues received by the Site Authority. Interest ranging from original 4.00% to 5.45% is paid semiannually on May 1 and November 1. The principal payments are paid on November 1 of each year beginning November 1, 2017 with the final payment due November 1, 2047.

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.

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.

Future minimum lease payments under capital leases having remaining terms as of June 30, 2018 are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2019	\$ 2,895,006
2020	2,892,731
2021	2,892,731
2022	2,893,856
2023	2,890,480
2024-2028	15,721,903
2029-2033	15,281,403
2034-2038	<u>12,391,568</u>
Total Minimum Lease Payments	57,859,678
Less Interest	<u>(19,669,778)</u>
Present Value of Future Minimum Lease Payments	38,190,000
Unamortized net premium (discount)	<u>2,855,515</u>
Total capital lease obligation	<u>\$ 41,045,515</u>

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

**8. LOANS PAYABLE**

Loans payable for the year ended June 30, 2018 are as follows:

<b>Description</b>	<b>Interest Rate</b>	<b>Fiscal Year Maturity Date</b>	<b>Original Issue Amount</b>	<b>Amount Outstanding June 30, 2018</b>
Other:				
California State University, Channel Islands – 2013A Refunded	2.00%-5.00%	2026	\$ 21,765,000	\$ 18,135,000
Channel Islands – 2014A Refunded	2.00%-5.00%	2037	<u>35,525,000</u>	<u>35,525,000</u>
<b>Total debt:</b>			<u>\$ 57,290,000</u>	<u>\$ 53,660,000</u>

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

On March 9, 2017 the Site Authority partially refunded its 2007A bonds due to the sale of its building which included a cash defeasance and a premium discount of \$4,048,570. Additionally the remaining proceeds from the sale were used to reduce bond indebtedness.

The new 2017C bond has an original loan amount of \$34,890,000 with an interest rate of 4.25% and matures on November 1, 2037. The loan is collateralized by personal guarantees: Trustees of the California State University. The principal payments are paid on November 1 of each year beginning November 1, 2017 with the final payment due November 1, 2037.

Long-term debt activity for the year ended June 30, 2018 was as follows:

	<b>Beginning Balance as of July 1, 2017</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance as of June 30, 2018</b>	<b>Current Portion</b>
Capitalized lease obligations:					
Gross balance	\$ 52,665,000	\$ -	\$ (14,475,000)	\$ 38,190,000	\$ 1,185,000
Unamortized lease premium	4,371,450	-	(364,645)	4,006,805	-
Unamortized loss on refunding	<u>(1,322,603)</u>	<u>-</u>	<u>171,313</u>	<u>(1,151,290)</u>	<u>-</u>
Total capitalized lease obligations:	55,713,847	-	(14,668,332)	41,045,515	1,185,000
Loans:					
CSU Channel Islands	<u>55,015,000</u>	<u>-</u>	<u>(1,355,000)</u>	<u>53,660,000</u>	<u>1,530,000</u>
Total loans, net	<u>55,015,000</u>	<u>-</u>	<u>(1,355,000)</u>	<u>53,660,000</u>	<u>1,530,000</u>
Total long-term debt obligations, net	<u>\$ 110,728,847</u>	<u>\$ -</u>	<u>\$ (16,023,332)</u>	<u>\$ 94,705,515</u>	<u>\$ 2,715,000</u>

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**8. LOANS PAYABLE - Continued**

The loans mature as follows:

	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,530,000	\$ 2,644,750
2020	1,725,000	2,563,375
2021	1,820,000	2,474,750
2022	1,915,000	2,381,375
2023	2,010,000	2,283,250
2024-2028	11,620,000	9,761,250
2029-2033	14,460,000	6,524,750
2034-2038	<u>18,580,000</u>	<u>2,414,750</u>
Total	<u>\$ 53,660,000</u>	<u>\$ 31,048,250</u>

**9. NET POSITION**

The Site Authority has a total net deficit of \$30,310,852 as of June 30, 2018. The net deficit is due to a net deficit in net position - invested in capital assets, net of related debt of \$2,980,142 and an unrestricted net deficit of \$42,422,284. The net deficit in net position invested in capital assets, net of related debt, is driven by the differences in timing of the depreciation of the assets as compared to the timing of the payments to liquidate the capital lease liability related to those assets. The Site Authority generates sufficient cash flows to support debt service payments on its capital lease liabilities. In 2005, the Site Authority agreed to pay the Campus' debt-service on certain revenue bonds to renovate certain campus buildings, but the ownership of the said assets was not transferred to the Site Authority. The amount outstanding on the loan payable to the Campus as of June 30, 2018 is \$53,660,000 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 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, in 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.

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

**10. RELATED PARTY TRANSACTIONS**

The Site Authority receives its financing and contributions from the CSU Trustees and the Financing Authority and has also entered into certain transactions with the Campus and recognized auxiliary organizations of the Campus relating to infrastructure, residential, commercial developments, and personnel cost reimbursement. The accompanying financial statements include the transaction with the CSU Trustees, the Financing Authority, the Campus and a recognized auxiliary organization of the Campus as of and for the year ended June 30, 2018.

Related party receivables consist of the following:

	<u>June 30, 2018</u>
Associated Students of CSU Channel Islands, Inc.	\$ 706
California State University Channel Islands	537,545
CI University Auxiliary Services, Inc.	<u>5,462</u>
Total	<u>\$ 543,713</u>

Related party payables consist of the following:

	<u>June 30, 2018</u>
Associated Students of CSU Channel Islands, Inc.	\$ 500
California State University Channel Islands	4,296,033
CI University Auxiliary Services, Inc.	<u>178,657</u>
Total:	<u>\$ 4,475,190</u>

The related party receivables/payable net amount at June 30, 2018 was (\$3,931,477).

**11. COMMITMENTS**

The Site Authority entered into a Tenant Placement agreement with Kennedy Wilson 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, 2018, amounted to \$711,779. The Ground Sublease generated \$753,290 in income. This nets to a surplus of \$41,511.

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

**12. RENTAL INCOME**

The Site Authority leases its building and building improvements under operating lease agreements for residential and commercial purposes. Total rental income for the year ended June 30, 2018 amounted to \$239,421. The cost and carrying amount of building and building improvements at June 30, 2018 are \$315,429 and \$140,274 respectively. The carrying amount is net of accumulated depreciation of \$175,155.

**13. 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 residence, townhome, rental property, or retail space. Maintenance rent for the year ended June 30, 2018 was \$1,240,246.

**14. ENERGY SALES**

In April 2018, the Site Authority subleased the Campus's cogeneration plant and entered into a new energy services agreement with the Campus to operate in stand-by mode operation. The Site Authority makes an annual payment of a \$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, who primarily consist of Southern California Edison and the Campus. Total energy sales for the year ended June 30, 2018 are \$9,660,546.

**15. SUBSEQUENT EVENTS**

The Site Authority has evaluated events subsequent to June 30, 2018, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through September 17, 2018, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

**SUPPLEMENTARY INFORMATION**



**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY**  
**GASB SCHEDULE OF NET POSITION**  
**JUNE 30, 2018**

Assets:	
Current assets:	
Cash and cash equivalents	\$ 15,419,082
Short-term investments	—
Accounts receivable, net	1,454,167
Capital lease receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	12,549
Total current assets	<u>16,885,798</u>
Noncurrent assets:	
Restricted cash and cash equivalents	9,131,290
Accounts receivable, net	—
Capital lease receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	—
Capital assets, net	39,072,243
Other assets	4,953,413
Total noncurrent assets	<u>53,156,946</u>
Total assets	<u>70,042,744</u>
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension liability	—
Net OPEB liability	—
Others	—
Total deferred outflows of resources	<u>—</u>
Liabilities:	
Current liabilities:	
Accounts payable	712,679
Accrued salaries and benefits	—
Accrued compensated absences, current portion	—
Unearned revenues	7,400
Capital lease obligations, current portion	1,185,000
Long-term debt obligations, current portion	1,530,000
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts	—
Other liabilities	4,928,002
Total current liabilities	<u>8,363,081</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenues	—
Grants refundable	—
Capital lease obligations, net of current portion	39,860,515
Long-term debt obligations, net of current portion	52,130,000
Claims liability for losses and loss adjustment expenses, net of current portion	—
Depository accounts	—
Net other postemployment benefits liability	—
Net pension liability	—
Other liabilities	—
Total noncurrent liabilities	<u>91,990,515</u>
Total liabilities	<u>100,353,596</u>
Deferred inflows of resources:	
Service concession arrangements	—
Net pension liability	—
Net OPEB liability	—
Unamortized gain on debt refunding	—
Nonexchange transactions	—
Others	—
Total deferred inflows of resources	<u>—</u>
Net Position:	
Net investment in capital assets	2,980,142
Restricted for:	—
Nonexpendable – endowments	—
Expendable:	—
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	5,000,000
Others	4,131,290
Unrestricted	(42,422,284)
Total net position	<u>\$ (30,310,852)</u>

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY  
GASB SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2018**

Revenues:	
Operating revenues:	
Student tuition and fees, gross	\$ —
Scholarship allowances (enter as negative)	—
Grants and contracts, noncapital:	
Federal	—
State	—
Local	—
Nongovernmental	—
Sales and services of educational activities	—
Sales and services of auxiliary enterprises, gross	—
Scholarship allowances (enter as negative)	—
Other operating revenues	21,241,138
Total operating revenues	<u>21,241,138</u>
Expenses:	
Operating expenses:	
Instruction	—
Research	—
Public service	—
Academic support	—
Student services	—
Institutional support	—
Operation and maintenance of plant	—
Student grants and scholarships	—
Auxiliary enterprise expenses	11,212,923
Depreciation and amortization	1,672,742
Total operating expenses	<u>12,885,665</u>
Operating income (loss)	<u>8,355,473</u>
Nonoperating revenues (expenses):	
State appropriations, noncapital	—
Federal financial aid grants, noncapital	—
State financial aid grants, noncapital	—
Local financial aid grants, noncapital	—
Nongovernmental and other financial aid grants, noncapital	—
Other federal nonoperating grants, noncapital	—
Gifts, noncapital	—
Investment income (loss), net	—
Endowment income (loss), net	—
Interest expense	(2,046,308)
Other nonoperating revenues (expenses) - excl. interagency transfers	2,252,296
Other nonoperating revenues (expenses) - interagency transfers	—
Net nonoperating revenues (expenses)	<u>205,988</u>
Income (loss) before other revenues (expenses)	8,561,461
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	—
Increase (decrease) in net position	8,561,461
Net position:	
Net position at beginning of year, as previously reported	(38,872,313)
Restatements	—
Net position at beginning of year, as restated	<u>(38,872,313)</u>
Net position at end of year	<u>\$ (30,310,852)</u>

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY  
OTHER INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>1</b>	<b>Restricted cash and cash equivalents at June 30, 2018:</b>		
	Portion of restricted cash and cash equivalents related to endowments	\$	—
	All other restricted cash and cash equivalents		<u>9,131,290</u>
	Total restricted cash and cash equivalents	\$	<u><u>9,131,290</u></u>



**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY  
OTHER INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

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

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

— — — — — — — —

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

	<b>Amount</b>
Add description	\$ —
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
<b>Total restricted current investments at June 30, 2018</b>	<b>\$ —</b>

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

	<b>Amount</b>
Endowment investment	\$ —
Scholarships	
Inflation reserves	
University projects	
Add description	—
Add description	—
Add description	—
Add description	—
<b>Total restricted noncurrent investments at June 30, 2018</b>	<b>\$ —</b>

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY  
OTHER INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

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

	Total	Fair Value Measurements Using			Net Asset Value (NAV)
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	—	—	—	—	—
Corporate bonds	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Mutual funds	—	—	—	—	—
Money Market funds	—	—	—	—	—
Repurchase agreements	—	—	—	—	—
Commercial paper	—	—	—	—	—
Asset backed securities	—	—	—	—	—
Mortgage backed securities	—	—	—	—	—
Municipal bonds	—	—	—	—	—
U.S. agency securities	—	—	—	—	—
U.S. treasury securities	—	—	—	—	—
Equity securities	—	—	—	—	—
Exchange traded funds (ETFs)	—	—	—	—	—
Alternative investments:					
Private equity (including limited partnerships)	—	—	—	—	—
Hedge funds	—	—	—	—	—
Managed futures	—	—	—	—	—
Real estate investments (including REITs)	—	—	—	—	—
Commodities	—	—	—	—	—
Derivatives	—	—	—	—	—
Other alternative investment types	—	—	—	—	—
Other external investment pools (excluding SWIFT)					
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Other major investments:					
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
Add description	—	—	—	—	—
<b>Total investments</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY**  
**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

**3.1 Composition of capital assets at June 30, 2018:**

	Balance June 30, 2017	Prior period Adjustments	Reclassifications	Balance June 30, 2017 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2018
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ —	—	—	—	—	—	—	—
Works of art and historical treasures	—	—	—	—	—	—	—	—
Construction work in progress (CWIP)	—	—	—	—	—	—	—	—
Intangible assets:								
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyrights and trademarks	—	—	—	—	—	—	—	—
Internally generated intangible assets in progress	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total nondepreciable/nonamortizable capital assets	—	—	—	—	—	—	—	—
Depreciable/amortizable capital assets:								
Buildings and building improvements	13,285,809	—	—	13,285,809	—	(12,970,380)	—	315,429
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	59,041,650	—	—	59,041,650	—	—	—	59,041,650
Leasehold improvements	—	—	—	—	—	—	—	—
Personal property:								
Equipment	998,612	—	—	998,612	—	—	—	998,612
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total depreciable/amortizable capital assets	73,326,071	—	—	73,326,071	—	(12,970,380)	—	60,355,691
Total capital assets	73,326,071	—	—	73,326,071	—	(12,970,380)	—	60,355,691
Less accumulated depreciation/amortization:								
Buildings and building improvements	(5,541,659)	—	—	(5,541,659)	—	5,401,385	—	(140,274)
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	(18,934,430)	—	—	(18,934,430)	(1,476,041)	—	—	(20,410,471)
Leasehold improvements	—	—	—	—	—	—	—	—
Personal property:								
Equipment	(536,002)	—	—	(536,002)	(196,701)	—	—	(732,703)
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total accumulated depreciation/amortization	(25,012,091)	—	—	(25,012,091)	(1,672,742)	5,401,385	—	(21,283,448)
Total capital assets, net	\$ 48,313,980	—	—	48,313,980	(1,672,742)	(7,568,995)	—	39,072,243

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

Depreciation and amortization expense related to capital assets	\$ 1,672,742
Amortization expense related to other assets	—
Total depreciation and amortization	\$ 1,672,742

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY**  
**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

**4 Long-term liabilities activity schedule:**

	Balance June 30, 2017	Prior period adjustments	Reclassifications	Balance June 30, 2017 (restated)	Additions	Reductions	Balance June 30, 2018	Current portion	Long-term portion
Accrued compensated absences	\$ —	—	—	—	—	—	—	—	—
Claims liability for losses and loss adjustment expenses	—	—	—	—	—	—	—	—	—
Capital lease obligations:									
Gross balance	52,665,000	—	—	52,665,000	—	(14,475,000)	38,190,000	1,185,000	37,005,000
Unamortized premium / (discount) on capital lease obligations	3,048,847	—	—	3,048,847	—	(193,332)	2,855,515	—	2,855,515
Total capitalized lease obligations	55,713,847	—	—	55,713,847	—	(14,668,332)	41,045,515	1,185,000	39,860,515
Long-term debt obligations:									
Auxiliary revenue bonds	—	—	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—	—	—
Notes payable related to SRB	—	—	—	—	—	—	—	—	—
Others: (list by type)									
Debt Service on revenue bond	55,015,000	—	—	55,015,000	—	(1,355,000)	53,660,000	1,530,000	52,130,000
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Add description	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	55,015,000	—	—	55,015,000	—	(1,355,000)	53,660,000	1,530,000	52,130,000
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	55,015,000	—	—	55,015,000	—	(1,355,000)	53,660,000	1,530,000	52,130,000
Total long-term liabilities	\$ 110,728,847	—	—	110,728,847	—	(16,023,332)	94,705,515	2,715,000	91,990,515



**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY  
OTHER INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

5 Future minimum lease payments - Capital lease obligations:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2019	1,185,000	1,710,006	2,895,006	—	—	—	1,185,000	1,710,006	2,895,006
2020	1,225,000	1,667,731	2,892,731	—	—	—	1,225,000	1,667,731	2,892,731
2021	1,275,000	1,617,731	2,892,731	—	—	—	1,275,000	1,617,731	2,892,731
2022	1,335,000	1,558,856	2,893,856	—	—	—	1,335,000	1,558,856	2,893,856
2023	1,400,000	1,490,480	2,890,480	—	—	—	1,400,000	1,490,480	2,890,480
2024 - 2028	9,425,000	6,296,903	15,721,903	—	—	—	9,425,000	6,296,903	15,721,903
2029 - 2033	11,290,000	3,991,403	15,281,403	—	—	—	11,290,000	3,991,403	15,281,403
2034 - 2038	11,055,000	1,336,568	12,391,568	—	—	—	11,055,000	1,336,568	12,391,568
2039 - 2043	—	—	—	—	—	—	—	—	—
2044 - 2048	—	—	—	—	—	—	—	—	—
2049 - 2053	—	—	—	—	—	—	—	—	—
2054 - 2058	—	—	—	—	—	—	—	—	—
2059 - 2063	—	—	—	—	—	—	—	—	—
2064 - thereafter	—	—	—	—	—	—	—	—	—
Total minimum lease payments	38,190,000	19,669,678	57,859,678	—	—	—	38,190,000	19,669,678	57,859,678
Less amounts representing interest									(19,669,678)
Present value of future minimum lease payments									38,190,000
Unamortized net premium (discount)									2,855,515
Total capital lease obligations									41,045,515
Less: current portion									(1,185,000)
<b>Capital lease obligations, net of current portion</b>									<b>\$ 39,860,515</b>

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY**  
**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2019	\$ —	—	—	1,530,000	2,644,750	4,174,750	1,530,000	2,644,750	4,174,750
2020	—	—	—	1,725,000	2,563,375	4,288,375	1,725,000	2,563,375	4,288,375
2021	—	—	—	1,820,000	2,474,750	4,294,750	1,820,000	2,474,750	4,294,750
2022	—	—	—	1,915,000	2,381,375	4,296,375	1,915,000	2,381,375	4,296,375
2023	—	—	—	2,010,000	2,283,250	4,293,250	2,010,000	2,283,250	4,293,250
2024 - 2028	—	—	—	11,620,000	9,761,250	21,381,250	11,620,000	9,761,250	21,381,250
2029 - 2033	—	—	—	14,460,000	6,524,750	20,984,750	14,460,000	6,524,750	20,984,750
2034 - 2038	—	—	—	18,580,000	2,414,750	20,994,750	18,580,000	2,414,750	20,994,750
2039 - 2043	—	—	—	—	—	—	—	—	—
2044 - 2048	—	—	—	—	—	—	—	—	—
2049 - 2053	—	—	—	—	—	—	—	—	—
2054 - 2058	—	—	—	—	—	—	—	—	—
2059 - 2063	—	—	—	—	—	—	—	—	—
2064 - thereafter	—	—	—	—	—	—	—	—	—
Total minimum payments	—	—	—	53,660,000	31,048,250	84,708,250	53,660,000	31,048,250	84,708,250
Less amounts representing interest									(31,048,250)
Present value of future minimum payments									53,660,000
Unamortized net premium (discount)									—
Total long-term debt obligations									53,660,000
Less: current portion									(1,530,000)
<b>Long-term debt obligations, net of current portion</b>									<b>\$ 52,130,000</b>

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY  
OTHER INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

**7 Calculation of net position:**

**7.1 Calculation of net position - Net investment in capital assets**

Capital assets, net of accumulated depreciation	\$ 39,072,243
Capital lease obligations, current portion	(1,185,000)
Capital lease obligations, net of current portion	(39,860,515)
Long-term debt obligations, current portion	(1,530,000)
Long-term debt obligations, net of current portion	(52,130,000)
Portion of outstanding debt that is unspent at year-end (enter as positive number)	—
Other adjustments: (please list)	
Real Estate	4,953,414
Debt Service on Revenue Bonds	53,660,000
Add description	—
Add description	—
Add description	—
<b>Net position - Net investment in capital assets</b>	<b>\$ 2,980,142</b>

**7.2 Calculation of net position - Restricted for nonexpendable - endowments**

Portion of restricted cash and cash equivalents related to endowments	\$ —
Endowment investments	—
Other adjustments: (please list)	
Restricted expendable endowments	
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
Add description	—
<b>Net position - Restricted for nonexpendable - endowments</b>	<b>\$ —</b>

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY  
OTHER INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

**8 Transactions with related entities:**

	<b>Amount</b>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ —
Payments to University for other than salaries of University personnel	19,632,747
Payments received from University for services, space, and programs	2,085,890
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)	(4,296,033)
Other amounts (payable to) University (enter as negative number)	
Accounts receivable from University (enter as positive number)	537,544
Other amounts receivable from University	—

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY  
OTHER INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

- 9 Other postemployment benefits (OPEB) liability**  
Intentionally left blank - not required/applicable eff FY17/18

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY  
OTHER INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

**10 Pollution remediation liabilities under GASB Statement No. 49:**

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

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY  
OTHER INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

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

	Net Position Class	Amount Dr. (Cr.)
Net position as of June 30, 2017, as previously reported	\$	(38,872,313)
Prior period adjustments:		
1 (list description of each adjustment)		—
2 (list description of each adjustment)		—
3 (list description of each adjustment)		—
4 (list description of each adjustment)		—
5 (list description of each adjustment)		—
6 (list description of each adjustment)		—
7 (list description of each adjustment)		—
8 (list description of each adjustment)		—
9 (list description of each adjustment)		—
10 (list description of each adjustment)		—
Net position as of June 30, 2017, as restated	\$	(38,872,313)

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

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

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY  
OTHER INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2018  
(CONTINUED)**

**12 Natural Classifications of Operating Expenses:**

	Salaries	Benefits	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	—	—	—	11,212,923	—	11,212,923
Depreciation and amortization	—	—	—	—	1,672,742	1,672,742
Total	—	—	—	11,212,923	1,672,742	12,885,665



**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY**  
**SCHEDULE 1 – SUPPLEMENTARY SCHEDULE OF**  
**NET POSITION (DEFICIT) BY PROGRAM – (UNAUDITED)**  
**JUNE 30, 2018**

	<b>All Other Funds</b>	<b>Low and Moderate Income Housing</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 24,550,372	\$ -	\$ 24,550,372
Accounts receivable	1,452,485	-	1,452,485
Other assets	12,549	-	12,549
Real estate inventory	4,953,413	-	4,953,413
Due from CSUCI Financing Authority – restricted	1,682	-	1,682
Capital assets, net	39,072,243	-	39,072,243
Total assets	<u>\$ 70,042,744</u>	<u>\$ -</u>	<u>\$ 70,042,744</u>
<b>Liabilities:</b>			
Accounts payable	\$ 712,679	\$ -	\$ 712,679
Security deposits	-	-	-
Interest payable to CSU Systemwide Revenue Bonds	452,812	-	452,812
Deferred revenue	7,400	-	7,400
Due to Associated Students of CSUCI	500	-	500
Due to CSU, Channel Islands	4,296,033	-	4,296,033
Due to CI University Auxiliary Services, Inc.	178,657	-	178,657
Loan from CSU Office of the Chancellor	53,660,000	-	53,660,000
Capitalized lease obligations, net	41,045,515	-	41,045,515
Total liabilities	<u>\$ 100,353,596</u>	<u>\$ -</u>	<u>\$ 100,353,596</u>
Net position (deficit)	<u>\$ (30,310,852)</u>	<u>\$ -</u>	<u>\$ (30,310,852)</u>

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY**  
**SCHEDULE 2 – SUPPLEMENTARY SCHEDULE OF**  
**REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION (DEFICIT) BY PROGRAM (UNAUDITED)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Common Area Maintenance	CI Power	CI2025	For Sale Housing	General Operations	CI Power and Maintenance Reserves	Rental Housing	Low and Moderate Income Housing	Total
Operating revenues:									
Home sales	\$ -	\$ -	\$ -	\$ 9,268,035	\$ -	\$ -	\$ -	\$ -	\$ 9,268,035
Energy Sales	-	9,660,546	-	-	-	-	-	-	9,660,546
Rental income	-	-	-	-	-	-	242,097	-	242,097
Miscellaneous revenues	-	-	753,289	-	71,432	-	5,493	-	830,214
Maintenance rent	1,240,246	-	-	-	-	-	-	-	1,240,246
Total operating revenues	<u>\$ 1,240,246</u>	<u>\$ 9,660,546</u>	<u>\$ 753,289</u>	<u>\$ 9,268,035</u>	<u>\$ 71,432</u>	<u>\$ -</u>	<u>\$ 247,590</u>	<u>\$ -</u>	<u>\$ 21,241,138</u>
Operating expenses:									
Cost of Energy Sales	\$ -	\$ 7,991,683	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,991,683
Rental housing operations	-	-	-	-	-	-	626,353	-	626,353
Depreciation of capital assets	-	193,827	-	1,478,915	-	-	-	-	1,672,742
General, administrative, and other expenses	1,237,644	-	911,469	445,774	-	-	-	-	2,594,887
Total operating expenses	<u>\$ 1,237,644</u>	<u>\$ 8,185,510</u>	<u>\$ 911,469</u>	<u>\$ 1,924,689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 626,353</u>	<u>\$ -</u>	<u>\$ 12,885,665</u>
Operating income (loss)	<u>\$ 2,602</u>	<u>\$ 1,475,036</u>	<u>\$ (158,180)</u>	<u>\$ 7,343,346</u>	<u>\$ 71,432</u>	<u>\$ -</u>	<u>\$ (378,763)</u>	<u>\$ -</u>	<u>\$ 8,355,473</u>
Nonoperating revenue (expense):									
Interest, net (expense)	\$ -	\$ -	\$ -	\$ (2,069,337)	\$ 23,029	\$ -	\$ -	\$ -	\$ (2,046,308)
Property taxes	-	-	-	-	1,318,846	-	-	-	1,318,846
Sales tax revenue	-	-	-	-	36,458	-	-	-	36,458
Contribution for debt service	-	-	-	1,519,129	1,850,118	-	-	277,960	3,647,207
Interest on loan payable to CSU, Channel Islands	-	-	-	-	(2,707,708)	-	-	-	(2,707,708)
Special taxes	-	-	-	-	620,433	-	-	-	620,433
Other expense	-	-	-	-	(662,940)	-	-	-	(662,940)
Total nonoperating revenue (expense)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (550,208)</u>	<u>\$ 478,236</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 277,960</u>	<u>\$ 205,988</u>
Income (loss) before transfers (to) from other CSU funds	<u>\$ 2,602</u>	<u>\$ 1,475,036</u>	<u>\$ (158,180)</u>	<u>\$ 6,793,138</u>	<u>\$ 549,668</u>	<u>\$ -</u>	<u>\$ (378,763)</u>	<u>\$ 277,960</u>	<u>\$ 8,561,461</u>
Transfer (to) from CSUCI Financing Authority	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer (to) from other programs	-	-	-	-	-	-	-	-	-
Transfer (to) from reserves	(267,523)	(7,290,373)	-	(6,173,190)	18,658,557	(1,778,773)	(2,970,730)	(177,968)	-
Total transfers	<u>\$ (267,523)</u>	<u>\$ (7,290,373)</u>	<u>\$ -</u>	<u>\$ (6,173,190)</u>	<u>\$ 18,658,557</u>	<u>\$ (1,778,773)</u>	<u>\$ (2,970,730)</u>	<u>\$ (177,968)</u>	<u>\$ -</u>
Changes in net assets	(264,921)	(5,815,337)	(158,180)	619,948	19,208,225	(1,778,773)	(3,349,493)	99,992	8,561,461
Net position (deficit), beginning of year	\$ 420,832	\$ 12,047,762	\$ 31,549	\$ 6,173,190	\$ (62,195,157)	\$ 1,778,773	\$ 2,970,730	\$ (99,992)	\$ (38,872,313)
Net position (deficit), end of year	<u>\$ 155,911</u>	<u>\$ 6,232,425</u>	<u>\$ (126,631)</u>	<u>\$ 6,793,138</u>	<u>\$ (42,986,932)</u>	<u>\$ -</u>	<u>\$ (378,763)</u>	<u>\$ -</u>	<u>\$ (30,310,852)</u>