

**CALIFORNIA STATE UNIVERSITY
CHANNEL ISLANDS
SITE AUTHORITY**

**Financial Statements and Supplementary
Information for the Year Ended June 30, 2019
and Independent Auditors' Report**

VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE

AN ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS
SITE AUTHORITY
TABLE OF CONTENTS**

Page

FINANCIAL STATEMENTS

Independent Auditors' Report	1
Management's Discussion and Analysis (Unaudited)	3
Statement of Net Position	7
Statement of Revenues, Expenses, and Changes in Net Position	8
Statement of Cash Flows	9
Notes to Financial Statements	10

SUPPLEMENTARY INFORMATION

GASB Schedule of Net Position	22
GASB Schedule of Revenues, Expenses and Changes in Net Position	23
Other Information	24
Schedule 1 – Supplementary Schedule of Net Position (Deficit) by Program – (Unaudited)	35
Schedule 2 – Supplementary Schedule of Revenues, Expenses, and Changes in Net Position (Deficit) by Program (Unaudited)	36



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of California State University Channel Islands Site Authority as of and for the year ended June 30, 2019, 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, 2019, 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.

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS UNIVERSITY SITE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019**

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, 2019. 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, 2019**

The Site Authority summary of net position as of June 30, 2019 and 2018 are as follows:

Condensed Summary of Net Position

	Year Ended June 30,		\$ Change	% Change
	2019	2018		
Assets:				
Current assets	\$ 7,004,652	\$ 16,885,798	\$ (9,881,146)	-58.5%
Other noncurrent assets	56,609,834	53,156,946	3,452,888	6.5%
Total assets	<u>63,614,486</u>	<u>70,042,744</u>	<u>(6,428,258)</u>	<u>-9.2%</u>
Liabilities:				
Current liabilities	5,366,538	8,363,081	(2,996,543)	-35.8%
Other noncurrent liabilities	89,168,485	91,990,515	(2,822,030)	-3.1%
Total liabilities	<u>94,535,023</u>	<u>100,353,596</u>	<u>(5,818,573)</u>	<u>-5.8%</u>
Net position:				
Invested in capital assets, net of related debt	2,189,227	2,980,142	(790,915)	-26.5%
Restricted for:				
Capital Projects	6,895,505	-	6,895,505	100.0%
Debt Service	3,330,000	5,000,000	(1,670,000)	-33.4%
Economic Uncertainty	1,500,000	1,500,000	-	100.0%
Maintenance Reserves	2,706,569	2,631,290	75,279	2.9%
Unrestricted	<u>(47,541,838)</u>	<u>(42,422,284)</u>	<u>(5,119,554)</u>	<u>12.1%</u>
Total net position	<u>\$ (30,920,537)</u>	<u>\$ (30,310,852)</u>	<u>\$ (609,685)</u>	<u>2.0%</u>

Assets

Total assets decreased by \$6.4M or -9.2% compared to prior year. This change is attributed primarily to the reduction in cash of \$4.2M due to a decrease in operating income of \$1.2M due to the move of CI Power into stand by operation and a \$1M shortfall of property and special taxes to service Infrastructure debt. Capital assets decreased by \$1.6M for depreciation.

Liabilities

Total liabilities decreased by \$5.8M or 5.8% compared to prior year. Current Liabilities decreased due to a reduction to related party payables (\$3.4M or 75.3%) and Other Noncurrent Liabilities decreased (\$2.8M or 3.1%) primarily due to the reduction of the capitalized lease obligations and loans payable.

Net Position

Total net position increased by \$609K or 2.0% compared to the prior year. Capital project designation increased by \$6.9M.

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS UNIVERSITY SITE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019**

The Site Authority condensed summary of revenues, expenses, and changes in net position for the years ended June 30, 2019 and 2018 is as follows:

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

	Year Ended June 30,			
	2019	2018	\$ Change	% Change
Operating Revenues:				
Home Sales	\$ 263,588	\$ 9,268,035	\$ (9,004,447)	-97.2%
Energy Sales	3,210,773	9,660,546	(6,449,773)	-66.8%
Rental Income	-	242,097	(242,097)	-100.0%
Other Income	2,196,439	2,070,460	125,979	6.1%
Total Operating Revenues	<u>5,670,800</u>	<u>21,241,138</u>	<u>(15,570,338)</u>	<u>-73.3%</u>
Operating Expenses:				
Cost of Energy Sales	2,656,599	7,991,683	\$ (5,335,084)	-66.8%
Rental Housing Operations	-	626,353	(626,353)	-100.0%
Depreciation and amortization	1,671,096	1,672,742	(1,646)	-0.1%
Other Operating Expenses	2,859,836	2,594,887	264,949	10.2%
Total Operating Expenses	<u>7,187,531</u>	<u>12,885,665</u>	<u>(5,698,134)</u>	<u>-44.2%</u>
Operating Income (loss)	(1,516,731)	8,355,473	(9,872,204)	-118.2%
Nonoperating Revenues (Expenses):				
Gifts, noncapital	\$ -	\$ -	\$ -	100.0%
Interest, Net	(4,702,968)	(4,754,016)	51,048	-1.1%
Property/Sales/Special Taxes	2,352,321	1,975,737	376,584	19.1%
Other	(481,182)	(662,940)	181,758	100.0%
Contributions for Debt Service	3,738,875	3,647,207	91,668	2.5%
Nonoperating Revenues (Expenses), Net	907,046	205,988	701,058	340.3%
Increase (Decrease) in Net Position	(609,685)	8,561,461	(9,171,146)	-107.1%
Beginning Net Position	<u>(30,310,852)</u>	<u>(38,872,313)</u>	8,561,461	-22.0%
Ending Net Position	<u>\$ (30,920,537)</u>	<u>\$ (30,310,852)</u>	<u>(609,685)</u>	<u>2.0%</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, 2019**

Operating Revenues

Total revenues decreased by \$15.6M or 73.3% compared to prior year. Home sales decreased \$9M or 97.1% from the sale of 48 townhomes that occurred in the prior year. Effective April of 2018 the CI Power moved into a stand-by mode operation agreement which resulted in a decrease of 6.4M or 66.7% of Energy Sales.

Operating Expenses

Total operating expenses decreased by \$5.7M or 44.2% compared to prior year. Cost of Energy Sales decreased \$5.3M or 66.8% due to the change in stand-by mode operation. Rental operations decreased by \$626K or 100%.

Nonoperating Revenues (Expenses)

Total nonoperating revenues (expenses) increased \$701K or 340.3% primarily due to an increase in property tax revenues of \$376K or 19.1% and a decrease in other expenses \$182K were also noted.

CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,875,179	\$ 15,419,082
Accounts receivable	862,921	908,772
Related party receivables	255,526	543,713
Due from CSUCI Financing Authority – restricted	1,682	1,682
Other assets	9,344	12,549
Total current assets	7,004,652	16,885,798
Noncurrent assets:		
Restricted cash	14,432,074	9,131,290
Real estate inventory	4,953,413	4,953,413
Capital assets, net	37,224,347	39,072,243
Total noncurrent assets	56,609,834	53,156,946
Total assets	\$ 63,614,486	\$ 70,042,744
Liabilities and Net Deficit		
Current liabilities:		
Accounts payable and accrued expenses	\$ 861,969	\$ 712,679
Interest payable to CSU Systemwide Revenue Bond Program	440,792	452,812
Deferred revenue	6,478	7,400
Related party payables	1,107,299	4,475,190
Capitalized lease obligations, current portion	1,225,000	1,185,000
Loans payable – current portion	1,725,000	1,530,000
Total current liabilities	5,366,538	8,363,081
Noncurrent liabilities:		
Security deposit	—	—
Capitalized lease obligations, net of current portion	38,763,485	39,860,515
Loans payable, net of current portion	50,405,000	52,130,000
Total noncurrent liabilities	89,168,485	91,990,515
Total liabilities	94,535,023	100,353,596
Net position (deficit):		
Invested in capital assets, net of related debt	2,189,227	2,980,142
Restricted for:		
Capital projects	6,895,505	—
Debt service	3,330,000	5,000,000
Economic uncertainty	1,500,000	1,500,000
Maintenance reserves	2,706,569	2,631,290
Unrestricted	(47,541,838)	(42,422,284)
Total net position (deficit)	\$ (30,920,537)	\$ (30,310,852)

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, 2019
(WITH COMPARATIVE TOTALS FOR 2018)**

	<u>2019</u>	<u>2018</u>
Operating revenues:		
Home sales	\$ 263,588	9,268,035
Energy sales	3,210,773	9,660,546
Rental income	—	242,097
Miscellaneous revenues	820,594	830,214
Maintenance rent	<u>1,375,845</u>	<u>1,240,246</u>
Total operating revenues	<u>5,670,800</u>	<u>21,241,138</u>
Operating expenses:		
Cost of energy sales	2,656,599	7,991,683
Rental housing operations	—	626,353
Depreciation and amortization	1,671,096	1,672,742
General, administrative, and other operating costs	<u>2,859,836</u>	<u>2,594,887</u>
Total operating expenses	<u>7,187,531</u>	<u>12,885,665</u>
Operating surplus/(loss)	<u>(1,516,731)</u>	<u>8,355,473</u>
Nonoperating revenue (expense):		
Gifts noncapital	—	—
Interest, net	(2,058,218)	(2,046,308)
Property taxes	1,607,561	1,318,846
Sales taxes	35,642	36,458
Contributions for debt service from CSU Chancellor's Office	3,738,875	3,647,207
Interest on loan payable to CSU Channel Islands	(2,644,750)	(2,707,708)
Special taxes	709,118	620,433
Other expense	<u>(481,182)</u>	<u>(662,940)</u>
Total nonoperating revenue (expense), net	<u>907,046</u>	<u>205,988</u>
Changes in net position (deficit)	<u>(609,685)</u>	<u>8,561,461</u>
Net position (deficit), beginning of year	<u>(30,310,852)</u>	<u>(38,872,313)</u>
Net position (deficit), end of year	<u>\$ (30,920,537)</u>	<u>(30,310,852)</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, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Home sales	\$ 263,588	\$ 16,835,347
Rental income	(923)	253,426
Energy sales	3,220,608	11,570,621
Other receipts (payments)	501,475	654,502
Payments to vendors	(6,255,093)	(12,798,071)
Maintenance rent	(600,764)	1,214,859
Net cash provided by operating activities	<u>(2,871,109)</u>	<u>17,730,684</u>
Cash flows from noncapital financing activities:		
Interest paid	(2,070,232)	(2,271,805)
Property and sales taxes	2,317,078	1,460,798
Interest on loan payable to CSU, Channel Islands	(2,644,750)	(2,707,738)
Contributions for debt service from CSU Chancellor's Office	3,738,875	4,267,631
Other Income (expense)	2,019	(555,764)
Net cash used in noncapital financing activities	<u>1,342,990</u>	<u>193,122</u>
Cash flows from capital and related financing activities:		
Receipts of amounts due from CSUCI Financing Authority	—	—
Payments on long-term debt obligations	(2,715,000)	(15,830,000)
Capital Expenditures	—	—
Net cash used in capital and related financing activities	<u>(2,715,000)</u>	<u>(15,830,000)</u>
Net increase(decrease) in cash and cash equivalents	<u>(4,243,119)</u>	<u>2,093,806</u>
Cash and cash equivalents at beginning of year	24,550,372	22,456,566
Cash and cash equivalents at end of year	<u>\$ 20,307,253</u>	<u>\$ 24,550,372</u>
Summary of cash and cash equivalents at end of year:		
Cash and cash equivalents	5,875,179	15,419,082
Restricted cash and cash equivalents	14,432,074	9,131,290
Total cash and cash equivalents	<u>\$ 20,307,253</u>	<u>\$ 24,550,372</u>
Reconciliation of net operating income to net cash provided by operating activities:		
Operating profit/(loss)	\$ (1,516,731)	\$ 8,355,473
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization expense	1,671,096	1,672,742
Sale of Assets	—	7,567,312
Bond Amortization	(127,969)	(191,332)
Change in assets and liabilities:		
Accounts receivable	45,851	4,005,512
Related party receivables	288,187	(360,938)
Due from CSUCI Financing Authority - restricted	—	(1,407)
Accounts payable and accrued expenses	149,290	(3,170,588)
Interest payable to CSU Systemwide Revenue Bond Program	(12,020)	(9,167)
Deferred revenue	(922)	7,400
Related party payables	(3,367,891)	(98,170)
Security deposit	—	(46,153)
Net cash provided by operating activities	<u>\$ (2,871,109)</u>	<u>\$ 17,730,684</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, 2019**

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, 2019**

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, 2019**

2. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Receivables

Receivables consists of 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, 2019**

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, 2019**

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, 2018 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, 2019**

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, 2019 are classified in the accompanying statement of net position as follows:

Cash and cash equivalents	\$ 5,875,179
Restricted cash and cash equivalents	<u>14,432,074</u>
Total cash and cash equivalents	<u>\$ 20,307,253</u>

(a) Cash and Cash Equivalents

Site Authority's total cash at June 30, 2019 was \$20,307,253 and consisted of demand deposits held at financial institutions. The bank balance was \$19,913,299 at June 30, 2019. The Site Authority's cash balance includes \$5,875,179 in unrestricted cash and \$14,432,074 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, 2019
(CONTINUED)**

4. REAL ESTATE INVENTORY

Real estate inventory at June 30, 2019 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, 2019 consists of the following:

	<u>Beginning of Year 7/1/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year 6/30/19</u>
Buildings and Improvements	\$ 315,429	\$ -	\$ (175,155)	\$ 140,274
Accumulated depreciation	<u>(140,274)</u>	<u>-</u>	<u>-</u>	<u>(140,274)</u>
	175,155	-	(175,155)	-
Other Improvements	-	-	-	-
Accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-
Infrastructure	59,041,650	-	-	59,041,650
Accumulated depreciation	<u>(20,410,471)</u>	<u>(1,473,160)</u>	<u>-</u>	<u>(21,883,631)</u>
	38,631,179	(1,473,160)	-	37,158,019
Property and Equipment	998,612	-	-	998,612
Accumulated depreciation	<u>(732,703)</u>	<u>(197,936)</u>	<u>(1,645)</u>	<u>(932,284)</u>
	<u>265,909</u>	<u>(197,936)</u>	<u>(1,645)</u>	<u>66,328</u>
Net, capital assets	<u>\$ 39,072,243</u>	<u>\$(1,671,096)</u>	<u>\$ (176,800)</u>	<u>\$ 37,224,347</u>

Depreciation expense for the year ended June 30, 2019 was \$1,671,096.

6. DUE FROM CSUCI FINANCING AUTHORITY

The due from CSUCI Financing Authority balance at June 30, 2019 was \$1,682 and 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, 2019
(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, 2019 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 2,892,731
2021	2,892,731
2022	2,893,856
2023	2,890,480
2024	2,893,606
2025-2029	14,467,903
2030-2034	14,462,317
2035-2038	<u>11,571,047</u>
Total Minimum Lease Payments	54,964,671
Less Interest	<u>(17,959,671)</u>
Present Value of Future Minimum Lease Payments	37,005,000
Unamortized net premium (discount)	<u>2,983,485</u>
Total capital lease obligation	<u><u>\$ 39,988,485</u></u>

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

8. LOANS PAYABLE

Loans payable for the year ended June 30, 2019 are as follows:

Description	Interest Rate	Fiscal Year Maturity Date	Original Issue Amount	Amount Outstanding June 30, 2019
Other:				
California State University, Channel Islands – 2013A Refunded	2.00%-5.00%	2026	\$ 21,765,000	\$ 16,605,000
Channel Islands – 2014A Refunded	2.00%-5.00%	2037	<u>35,525,000</u>	<u>35,525,000</u>
Total debt:			<u>\$ 57,290,000</u>	<u>\$ 52,130,000</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, 2019 was as follows:

	Beginning Balance as of July 1, 2018	Additions	Reductions	Ending Balance as of June 30, 2019	Current Portion
Capitalized lease obligations:					
Gross balance	\$ 38,190,000	\$ -	\$ (1,185,000)	\$ 37,005,000	\$ 1,225,000
Unamortized lease premium	4,006,805	200,340	-	4,207,145	-
Unamortized loss on refunding	<u>(1,151,290)</u>	<u>(72,370)</u>	<u>-</u>	<u>(1,223,660)</u>	<u>-</u>
Total capitalized lease obligations:	41,045,515	127,970	(1,185,000)	39,988,485	1,225,000
Loans:					
CSU Channel Islands	<u>53,660,000</u>	<u>-</u>	<u>(1,530,000)</u>	<u>52,130,000</u>	<u>1,725,000</u>
Total loans, net	<u>53,660,000</u>	<u>-</u>	<u>(1,530,000)</u>	<u>52,130,000</u>	<u>1,725,000</u>
Total long-term debt obligations, net	<u>\$ 94,705,515</u>	<u>\$ 127,970</u>	<u>\$ (2,715,000)</u>	<u>\$ 92,118,485</u>	<u>\$ 2,950,000</u>

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

8. LOANS PAYABLE - Continued

The loans mature as follows:

	<u>Principal</u>	<u>Interest</u>
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	2,115,000	2,180,125
2025-2029	12,115,000	9,167,185
2030-2034	15,205,000	5,783,125
2035-2039	<u>15,225,000</u>	<u>1,570,310</u>
Total	<u>\$ 52,130,000</u>	<u>\$ 28,403,495</u>

9. DISCLOSURE RELATED TO DEBT

GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, requires certain disclosures regarding 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.

10. NET POSITION

The Site Authority has a total net deficit of \$30,920,537 as of June 30, 2019. The net deficit is due to a net deficit in net position - invested in capital assets, net of related debt of \$2,189,227 and an unrestricted net deficit of \$47,541,838. 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, 2019 is \$52,130,000 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, 2019
(CONTINUED)**

11. 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, 2019.

Related party receivables consist of the following:

	<u>June 30, 2019</u>
California State University Channel Islands	<u>\$ 255,526</u>
Total	<u>\$ 255,526</u>

Related party payables consist of the following:

	<u>June 30, 2019</u>
Associated Students of CSU Channel Islands, Inc.	\$ 500
California State University Channel Islands	1,074,498
CI University Auxiliary Services, Inc.	<u>32,301</u>
Total:	<u>\$ 1,107,299</u>

The related party receivables/payable net amount at June 30, 2019 was (\$851,773).

12. 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, 2019, amounted to \$504,655. The Ground Sublease generated \$596,323 in income. This nets to a surplus of \$91,668.

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

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, 2019 was \$1,375,845.

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 \$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, 2019 are \$3,210,773.

15. SUBSEQUENT EVENTS

The Site Authority has evaluated events subsequent to June 30, 2019, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through September 19, 2019, 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.

Subsequent to September 19, 2019 Management became aware of an error in recording a liability for electricity generation services to which the amount was subsequently recorded in the June 30, 2019 financial statement of the Site Authority.

SUPPLEMENTARY INFORMATION

CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
GASB SCHEDULE OF NET POSITION
JUNE 30, 2019

Assets:	
Current assets:	
Cash and cash equivalents	\$ 5,875,179
Short-term investments	—
Accounts receivable, net	1,120,129
Capital lease receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	9,344
Total current assets	<u>7,004,652</u>
Noncurrent assets:	
Restricted cash and cash equivalents	14,432,074
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	37,224,347
Other assets	4,953,413
Total noncurrent assets	<u>56,609,834</u>
Total assets	<u>63,614,486</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	861,969
Accrued salaries and benefits	—
Accrued compensated absences, current portion	—
Unearned revenues	6,478
Capital lease obligations, current portion	1,225,000
Long-term debt obligations, current portion	1,725,000
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts	—
Other liabilities	1,548,091
Total current liabilities	<u>5,366,538</u>
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenues	—
Grants refundable	—
Capital lease obligations, net of current portion	38,763,485
Long-term debt obligations, net of current portion	50,405,000
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>89,168,485</u>
Total liabilities	<u>94,535,023</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	2,189,227
Restricted for:	—
Nonexpendable – endowments	—
Expendable:	—
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	6,895,505
Debt service	3,330,000
Others	4,206,569
Unrestricted	(47,541,838)
Total net position	<u>\$ (30,920,537)</u>

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
GASB SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

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	5,670,800
Total operating revenues	<u>5,670,800</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	5,516,435
Depreciation and amortization	1,671,096
Total operating expenses	<u>7,187,531</u>
Operating income (loss)	<u>(1,516,731)</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	(2,058,218)
Other nonoperating revenues (expenses) - excl. interagency transfers	2,965,264
Other nonoperating revenues (expenses) - interagency transfers	—
Net nonoperating revenues (expenses)	<u>907,046</u>
Income (loss) before other revenues (expenses)	(609,685)
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	—
Increase (decrease) in net position	(609,685)
Net position:	
Net position at beginning of year, as previously reported	(30,310,852)
Restatements	—
Net position at beginning of year, as restated	<u>(30,310,852)</u>
Net position at end of year	<u>\$ (30,920,537)</u>

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	
All other restricted cash and cash equivalents	14,432,074
Noncurrent restricted cash and cash equivalents	<u>14,432,074</u>
Current cash and cash equivalents	
Total	<u>\$ 14,432,074</u>

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

2.1 Composition of investments:

	Current	Noncurrent	Total
Money market funds			0
Repurchase agreements			0
Certificates of deposit			0
U.S. agency securities			0
U.S. treasury securities			0
Municipal bonds			0
Corporate bonds			0
Asset backed securities			0
Mortgage backed securities			0
Commercial paper			0
Mutual funds			0
Exchange traded funds			0
Equity securities			0
Alternative investments:			
Private equity (including limited partnerships)			0
Hedge funds			0
Managed futures			0
Real estate investments (including REITs)			0
Commodities			0
Derivatives			0
Other alternative investment types			0
Other external investment pools (excluding SWIFT)			0
Other investments			0
State of California Local Agency Investment Fund (LAIF)			0
State of California Surplus Money Investment Fund (SMIF)			0
Total investments	-	-	-
Less endowment investments (enter as negative number)	0		0
Total investments, net of endowments	\$ 0	0	0

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

2.2 Fair value hierarchy in investments:

	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	\$ 0				
Repurchase agreements	0				
Certificates of deposit	0				
U.S. agency securities	0				
U.S. treasury securities	0				
Municipal bonds	0				
Corporate bonds	0				
Asset backed securities	0				
Mortgage backed securities	0				
Commercial paper	0				
Mutual funds	0				
Exchange traded funds	0				
Equity securities	0				
Alternative investments:					
Private equity (including limited partnerships)	0				
Hedge funds	0				
Managed futures	0				
Real estate investments (including REITs)	0				
Commodities	0				
Derivatives	0				
Other alternative investment types	0				
Other external investment pools (excluding SWIFT)	0				
Other investments	0				
State of California Local Agency Investment Fund (LAIF)	0	0	0	0	
State of California Surplus Money Investment Fund (SMIF)	0	0	0	0	
Total investments	\$ -	-	-	-	-

-Agree with above-

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.

Investments held by the University under contractual agreements (e.g CSU Consolidated SWIFT Inv pool):

Current	Noncurrent	Total
0	\$ 0	0

CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)

3.1 Composition of capital assets:

	Balance June 30, 2018	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2018 (Restated)	Additions	Retirements	Transfer of completed CWIP	Balance June 30, 2019
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ 0				0				0
Works of art and historical treasures	0				0				0
Construction work in progress (CWIP)	0				0				0
Intangible assets:									
Rights and easements	0				0				0
Patents, copyrights and trademarks	0				0				0
Intangible assets in progress (PWIP)	0				0				0
Licenses and permits	0				0				0
Other intangible assets:	0				0				0
	0				0				0
	0				0				0
	0				0				0
	0				0				0
	0				0				0
Total intangible assets	0	0	0	0	0	0	0	0	0
Total non-depreciable/non-amortizable capital assets	0	0	0	0	0	0	0	0	0
Depreciable/Amortizable capital assets:									
Buildings and building improvements	315,429				315,429		(175,155)		140,274
Improvements, other than buildings	0				0				0
Infrastructure	59,041,650				59,041,650				59,041,650
Leasehold improvements	0				0				0
Personal property:									
Equipment	998,612				998,612				998,612
Library books and materials	0				0				0
Intangible assets:									
Software and websites	0				0				0
Rights and easements	0				0				0
Patents, copyrights and trademarks	0				0				0
Licenses and permits	0				0				0
Other intangible assets:	0				0				0
	0				0				0
	0				0				0
	0				0				0
	0				0				0
	0				0				0
Total intangible assets	0	0	0	0	0	0	0	0	0
Total depreciable/amortizable capital assets	60,355,691	0	0	0	60,355,691	0	(175,155)	0	60,180,536
Total capital assets	60,355,691	0	0	0	60,355,691	0	(175,155)	0	60,180,536
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvements	(140,274)				(140,274)	0			(140,274)
Improvements, other than buildings	0				0				0
Infrastructure	(20,410,471)				(20,410,471)	(1,473,160)			(21,883,631)
Leasehold improvements	0				0				0
Personal property:									
Equipment	(732,703)				(732,703)	(197,936)	(1,645)		(932,284)
Library books and materials	0				0				0
Intangible assets:									
Software and websites	0				0				0
Rights and easements	0				0				0
Patents, copyrights and trademarks	0				0				0
Licenses and permits	0				0				0
Other intangible assets:	0				0				0
	0				0				0
	0				0				0
	0				0				0
	0				0				0
Total intangible assets	0	0	0	0	0	0	0	0	0
Total accumulated depreciation/amortization	(21,283,448)	0	0	0	(21,283,448)	(1,671,096)	(1,645)	0	(22,956,189)
Total capital assets, net	\$ 39,072,243	0	0	0	39,072,243	(1,671,096)	(176,800)	0	37,224,347

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ 1,671,096
Amortization expense related to other assets	
Total depreciation and amortization	\$ 1,671,096

CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)

4 Long-term liabilities:

	Balance June 30, 2018	Prior Period Adjustments/Reclassi- fications	Balance June 30, 2018 (Restated)	Additions	Reductions	Balance June 30, 2019	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ 0		0	0	0	0	-	0
2. Claims liability for losses and loss adjustment expenses	0		0			0		0
3. Capital lease obligations:								
Gross balance	38,190,000		38,190,000		(1,185,000)	37,005,000	1,225,000	35,780,000
Unamortized net premium/(discount)	2,855,515		2,855,515	127,970		2,983,485	0	2,983,485
Total capital lease obligations	41,045,515	0	41,045,515	127,970	(1,185,000)	39,988,485	1,225,000	38,763,485
						-Agree with below-	-Agree with below-	
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	0		0			0	0	0
4.2 Commercial paper	0		0			0		0
4.3 Notes payable (SRB related)								
4.4 Others:								
Debt service on revenue bond	53,660,000		53,660,000		(1,530,000)	52,130,000	1,725,000	50,405,000
	0		0			0		0
	0		0			0		0
	0		0			0		0
Total others	53,660,000		53,660,000	0	(1,530,000)	52,130,000	1,725,000	50,405,000
Sub-total long-term debt	53,660,000	0	53,660,000	0	(1,530,000)	52,130,000	1,725,000	50,405,000
4.5 Unamortized net bond premium/(discount)	0		0			0	0	0
Total long-term debt obligations	53,660,000	0	53,660,000	0	(1,530,000)	52,130,000	1,725,000	50,405,000
						-Agree with below-	-Agree with below-	
Total long-term liabilities	\$ 94,705,515	0	94,705,515	127,970	(2,715,000)	92,118,485	2,950,000	89,168,485

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

5 Capital lease obligations schedule:

	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:									
2020	1,225,000	1,667,731	2,892,731			0	1,225,000	1,667,731	2,892,731
2021	1,275,000	1,617,731	2,892,731			0	1,275,000	1,617,731	2,892,731
2022	1,335,000	1,558,856	2,893,856			0	1,335,000	1,558,856	2,893,856
2023	1,400,000	1,490,480	2,890,480			0	1,400,000	1,490,480	2,890,480
2024	1,475,000	1,418,606	2,893,606			0	1,475,000	1,418,606	2,893,606
2025 - 2029	8,590,000	5,877,903	14,467,903			0	8,590,000	5,877,903	14,467,903
2030 - 2034	10,985,000	3,477,317	14,462,317			0	10,985,000	3,477,317	14,462,317
2035 - 2039	10,720,000	851,047	11,571,047			0	10,720,000	851,047	11,571,047
2040 - 2044			0			0	0	0	0
2045 - 2049			0			0	0	0	0
Thereafter			0			0	0	0	0
Total minimum lease payments	\$ 37,005,000	17,959,671	54,964,671	0	0	0	37,005,000	17,959,671	54,964,671
Less: amounts representing interest									(17,959,671)
Present value of future minimum lease payments									37,005,000
Unamortized net premium/(discount)									2,983,485
Total capital lease obligations									39,988,485
Less: current portion									(1,225,000)
Capital lease obligations, net of current portion									\$ 38,763,485

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

6 Long-term debt obligations schedule:

	Auxiliary revenue bonds (non-SRB related)			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:									
2020			0	1,725,000		2,563,375	1,725,000	0	1,725,000
2021			0	1,820,000		2,474,750	1,820,000	0	1,820,000
2022			0	1,915,000		2,381,375	1,915,000	0	1,915,000
2023			0	2,010,000		2,283,250	2,010,000	0	2,010,000
2024			0	2,115,000		2,180,125	2,115,000	0	2,115,000
2025 - 2029			0	12,115,000		9,167,185	12,115,000	0	12,115,000
2030 - 2034			0	15,205,000		5,783,125	15,205,000	0	15,205,000
2035 - 2039			0	15,225,000		1,570,310	15,225,000	0	15,225,000
2040 - 2044			0			0	0	0	0
2045 - 2049			0			0	0	0	0
Thereafter			0			0	0	0	0
Total minimum payments	\$ 0	0	0	52,130,000	0	28,403,495	52,130,000	0	52,130,000
Less: amounts representing interest									0
Present value of future minimum payments									52,130,000
Unamortized net premium/(discount)									0
Total long-term debt obligations									52,130,000
Less: current portion									(1,725,000)
Long-term debt obligations, net of current portion									\$ 50,405,000

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

7	Transactions with related entities:	
	Payments to University for salaries of University personnel working on contracts, grants, and other programs	314,955
	Payments to University for other than salaries of University personnel	7,501,032
	Payments received from University for services, space, and programs	2,107,859
	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)	(1,074,498)
	Other amounts (payable to) University (enter as negative number)	
	Accounts receivable from University (enter as positive number)	255,526
	Other amounts receivable from University (enter as positive number)	

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

8 Restatements/Prior period adjustments:
Provide a detailed breakdown of the journal entries (at the financial statement line items level) booked to record each restatement/PPA:

		Debit/(Credit)
Transaction #1	Enter transaction description	
Transaction #2	Enter transaction description	

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

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								0
Research								0
Public service								0
Academic support								0
Student services								0
Institutional support								0
Operation and maintenance of plant								0
Student grants and scholarships								0
Auxiliary enterprise expenses					5,516,435			5,516,435
Depreciation and amortization							1,671,096	1,671,096
Total operating expenses	\$ 0	0	0	0	5,516,435	0	1,671,096	7,187,531

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
OTHER INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019
(CONTINUED)**

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)
 Deferred outflows - net pension liability
 Deferred outflows - net OPEB liability
 Deferred outflows - others:

Total deferred outflows - others	0
Total deferred outflows of resources	\$ 0

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 - others:

Total deferred inflows - others	0
Total deferred inflows of resources	\$ 0

CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS SITE AUTHORITY
SCHEDULE 1 – SUPPLEMENTARY SCHEDULE OF
NET POSITION (DEFICIT) BY PROGRAM – (UNAUDITED)
JUNE 30, 2019

	All Other Funds	Low and Moderate Income Housing	Total
Assets:			
Cash and cash equivalents	\$ 20,307,253	\$ -	\$ 20,307,253
Accounts receivable	1,118,447	-	1,118,447
Other assets	9,344	-	9,344
Real estate inventory	4,953,413	-	4,953,413
Due from CSUCI Financing Authority – restricted	1,682	-	1,682
Capital assets, net	37,224,347	-	37,224,347
Total assets	\$ 63,614,486	\$ -	\$ 63,614,486
Liabilities:			
Accounts payable	\$ 861,969	\$ -	\$ 861,969
Security deposits	-	-	-
Interest payable to CSU Systemwide Revenue Bonds	440,792	-	440,792
Deferred revenue	6,478	-	6,478
Due to Associated Students of CSUCI	500	-	500
Due to CSU, Channel Islands	1,074,498	-	1,074,498
Due to CI University Auxiliary Services, Inc.	32,301	-	32,301
Loan from CSU Office of the Chancellor	52,130,000	-	52,130,000
Capitalized lease obligations, net	39,988,485	-	39,988,485
Total liabilities	\$ 94,535,023	\$ -	\$ 94,535,023
Net position (deficit)	\$ (30,920,537)	\$ -	\$ (30,920,537)

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, 2019

	Common Area Maintenance	CI Power	CI2025	For Sale Housing	General Operations	Maintenance Reserves	Rental Housing	Low and Moderate Income Housing	Total
Operating revenues:									
Home sales	\$ -	\$ -	\$ -	\$ 263,588	\$ -	\$ -	\$ -	\$ -	\$ 263,588
Energy Sales	-	3,210,773	-	-	-	-	-	-	3,210,773
Rental income	-	-	-	-	-	-	-	-	-
Miscellaneous revenues	-	-	596,343	-	224,251	-	-	-	820,594
Maintenance rent	1,375,845	-	-	-	-	-	-	-	1,375,845
Total operating revenues	<u>\$ 1,375,845</u>	<u>\$ 3,210,773</u>	<u>\$ 596,343</u>	<u>\$ 263,588</u>	<u>\$ 224,251</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,670,800</u>
Operating expenses:									
Cost of Energy Sales	\$ -	\$ 2,656,599	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,656,599
Rental housing operations	-	-	-	-	-	-	-	-	-
Depreciation of capital assets	-	-	-	-	1,671,096	-	-	-	1,671,096
General, administrative, and other expenses	1,422,183	-	511,014	-	926,639	-	-	-	2,859,836
Total operating expenses	<u>\$ 1,422,183</u>	<u>\$ 2,656,599</u>	<u>\$ 511,014</u>	<u>\$ -</u>	<u>\$ 2,597,735</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,187,531</u>
Operating income (loss)	<u>\$ (46,338)</u>	<u>\$ 554,174</u>	<u>\$ 85,329</u>	<u>\$ 263,588</u>	<u>\$ (2,373,484)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,516,731)</u>
Nonoperating revenue (expense):									
Interest, net (expense)	\$ -	\$ -	\$ -	\$ -	\$ (2,058,218)	\$ -	\$ -	\$ -	\$ (2,058,218)
Property taxes	-	-	-	-	1,361,965	-	-	245,596	1,607,561
Sales tax revenue	-	-	-	-	35,642	-	-	-	35,642
Contribution for debt service	-	-	-	-	3,738,875	-	-	-	3,738,875
Interest on loan payable to CSU, Channel Islands	-	-	-	-	(2,644,750)	-	-	-	(2,644,750)
Special taxes	-	-	-	-	709,118	-	-	-	709,118
Other expense	-	-	-	-	(467,319)	(13,863)	-	-	(481,182)
Total nonoperating revenue (expense)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 675,313</u>	<u>\$ (13,863)</u>	<u>\$ -</u>	<u>\$ 245,596</u>	<u>\$ 907,046</u>
Income (loss) before transfers (to) from other CSU funds	<u>\$ (46,338)</u>	<u>\$ 554,174</u>	<u>\$ 85,329</u>	<u>\$ 263,588</u>	<u>\$ (1,698,171)</u>	<u>\$ (13,863)</u>	<u>\$ -</u>	<u>\$ 245,596</u>	<u>\$ (609,685)</u>
Transfer (to) from CSUCI Financing Authority	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer (to) from other programs	-	-	-	-	-	-	-	-	-
Transfer (to) from reserves	76,736	(5,532,622)	41,302	(7,056,726)	9,617,711	2,720,432	378,763	(245,596)	-
Total transfers	<u>\$ 76,736</u>	<u>\$ (5,532,622)</u>	<u>\$ 41,302</u>	<u>\$ (7,056,726)</u>	<u>\$ 9,617,711</u>	<u>\$ 2,720,432</u>	<u>\$ 378,763</u>	<u>\$ (245,596)</u>	<u>\$ -</u>
Changes in net assets	30,398	(4,978,448)	126,631	(6,793,138)	7,919,540	2,706,569	378,763	-	(609,685)
Net position (deficit), beginning of year	\$ 155,911	\$ 6,232,425	\$ (126,631)	\$ 6,793,138	\$ (42,986,932)	\$ -	\$ (378,763)	\$ -	\$ (30,310,852)
Net position (deficit), end of year	<u>\$ 186,309</u>	<u>\$ 1,253,977</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (35,067,392)</u>	<u>\$ 2,706,569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30,920,537)</u>