

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

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

June 30, 2024 and 2023

California State University, Channel Islands Site Authority

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of California State University, Channel Islands Site Authority (the "Site Authority"), a component unit of California State University, Channel Islands as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Site Authority's basic financial statements as listed in the index.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Site Authority as of June 30, 2024, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Site Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Site Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 to 10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Site Authority's basic financial statements. The accompanying supplementary information on pages 33 to 46 is presented for purposes of additional analysis as required by an Administrative Directive dated June 24, 2003, *Financial Reporting Requirements for Auxiliary Organizations*, from the California State University Office of the Chancellor, and is not a required part of the basic financial statements.

The accompanying supplementary information on pages 33 to 46 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information on pages 33 to 46 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the Site Authority's June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 15, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2024, on our consideration of the Site Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Site Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Site Authority's internal control over financial reporting and compliance.



Los Angeles, California
September 17, 2024

Management's Discussion and Analysis

California State University, Channel Islands Site Authority

Management's Discussion and Analysis For the Year Ended June 30, 2024 (Unaudited)

This section of California State University, Channel Islands Site Authority (the "Site Authority") annual financial report presents our discussion and analysis of the financial performance of the Site Authority for the fiscal year ended June 30, 2024. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes.

Introduction to the Financial Statements

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

The financial statements include the statement of net position; the statement of revenues, expenses and changes in net position; and the statement of cash flows. These statements are supported by the notes to the financial statements and this section. All sections must be considered together to obtain a complete understanding of the financial picture of the Site Authority.

Statement of Net Position

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

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position presents the revenues earned and expenses incurred during the year on an accrual basis.

Statement of Cash Flows

The statement of cash flows presents the inflows and outflows of cash for the year and is summarized by operating, noncapital financing, capital and related financing, and investing activities. The statement is prepared using the direct method of cash flows and, therefore, presents gross rather than net amounts for the year's activities.

Analytical Overview

Summary

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

California State University, Channel Islands Site Authority

**Management's Discussion and Analysis
For the Year Ended June 30, 2024
(Unaudited)**

The Site Authority's summary of net position as of June 30, 2024 and 2023 are as follows:

	2024	2023	\$ Change	% Change
Assets:				
Current assets	\$ 5,748,028	\$ 4,412,574	\$ 1,335,454	30.3%
Capital assets, net	32,298,683	34,744,601	(2,445,918)	-7.0%
Other noncurrent assets	15,944,776	14,557,827	1,386,949	9.5%
Total assets	53,991,487	53,715,002	276,485	0.5%
Deferred outflows of resources:				
Refunding of debt	4,639,775	5,105,625	(465,850)	-9.1%
Total deferred outflows of resources	4,639,775	5,105,625	(465,850)	-9.1%
Liabilities:				
Current liabilities	5,716,718	6,996,328	(1,279,610)	-18.3%
Other noncurrent liabilities	78,822,655	83,256,012	(4,433,357)	-5.3%
Total liabilities	84,539,373	90,252,340	(5,712,967)	-6.3%
Net position:				
Net investment in capital assets	(1,276,259)	(757,738)	(518,521)	68.4%
Restricted for:				
Capital projects	6,640,356	6,823,239	(182,883)	-2.7%
Debt service	3,330,000	3,330,000	-	0.0%
Economic uncertainty	1,448,000	1,448,000	-	0.0%
Maintenance reserves	4,526,420	3,679,877	846,543	23.0%
Unrestricted	(40,576,628)	(45,955,091)	5,378,463	-11.7%
Total net position	\$ (25,908,111)	\$ (31,431,713)	\$ 5,523,602	-17.6%

Assets

Total assets increased by \$276 thousand compared to the prior year. The current asset increased by \$1.3 million primarily due to sublease rent receivable in the amount of \$1.1 million and an increase of \$204 thousand reimbursement due from the Department of Water Resources ("DWR") as compared to the prior year. The capital assets decreased by \$2.4 million due to depreciation of the assets. Other noncurrent assets are comprised of restricted cash and long-term investments which increased by \$1.4 million primary due to an increase in operating and nonoperating income as well as investment gains.

California State University, Channel Islands Site Authority

**Management's Discussion and Analysis
For the Year Ended June 30, 2024
(Unaudited)**

Liabilities

Total liabilities decreased by \$5.7 million compared to the prior year representing a 6% change. The decrease in current liabilities by \$1.3 million is primarily due to a decrease in accrued expenses by \$582 thousand related to a penalty payment due from CI Powers in the prior year. There was also a decrease in the related party payables by \$756 thousand due to timely payments made compared to the previous year. Noncurrent liabilities decreased by \$4.4 million primarily due to the pay down of the infrastructure PPP liability by \$1.8 million compared to the prior year and the Broome library debt by \$2.4 million.

Net Position

Total net position increased by \$5.5 million due to operating income of \$1.5 million and nonoperating income of \$4.0 million. The net investment in capital assets decreased by \$519 thousand due to a decrease in the capital assets less lease liability and PPP liability. There is an increase of \$847 thousand of maintenance reserves which consists of \$774 thousand from University Glen CAM and \$73 thousand from Anacapa CAM. The unrestricted increase of \$5.4 million is due to net income received primarily from energy sales from CI Power and sublease rent from home sales and apartment rent.

California State University, Channel Islands Site Authority

Management's Discussion and Analysis For the Year Ended June 30, 2024 (Unaudited)

The Site Authority's condensed summary of revenues, expenses, and changes in net position for the years ended June 30, 2024 and 2023, is as follows:

	2024	2023	\$ Change	% Change
Operating revenues:				
Energy sales	\$ 2,877,674	\$ 4,357,292	\$ (1,479,618)	-34.0%
Maintenance rent	2,841,649	2,506,214	335,435	13.4%
Sublease rent	3,069,228	833,508	2,235,720	268.2%
Other income	59,215	286,791	(227,576)	-79.4%
Total operating revenues	8,847,766	7,983,805	863,961	10.8%
Operating expenses:				
Cost of energy sales	1,713,523	3,758,823	(2,045,300)	-54.4%
Depreciation and amortization	2,443,765	2,449,763	(5,998)	-0.2%
Other operating expenses	3,155,200	3,213,848	(58,648)	-1.8%
Total operating expenses	7,312,488	9,422,434	(2,109,946)	-22.4%
Operating income (loss)	1,535,278	(1,438,629)	2,973,907	-206.7%
Nonoperating revenues (expenses):				
Interest, net	(2,086,751)	(2,117,602)	30,851	-1.5%
Taxes	2,536,073	2,183,027	353,046	16.2%
Other	1,013,269	1,159,306	(146,037)	-12.6%
Contributions for debt service	2,525,733	2,519,044	6,689	0.3%
net	3,988,324	3,743,775	244,549	6.5%
Increase in net position	5,523,602	2,305,146	3,218,456	139.6%
Beginning net position	(31,431,713)	(33,736,859)	2,305,146	-6.8%
Ending net position	\$ (25,908,111)	\$ (31,431,713)	\$ 5,523,602	-17.6%

Operating Revenues and Expenses

Operating revenues and expenses come from sources that are connected directly to the Site Authority business function. Revenue sources are primarily from energy sales, sublease rent, common area maintenance revenue and home sales. Expenses include cost of energy sales, depreciation and amortization, and other expenses.

The operating revenues increased by \$864 thousand, a 10.8% increase from the prior year. Energy sales decreased by \$1.5 million but this is offset by a decrease in cost of energy sales by \$2.0 million with a net increase of \$500 thousand in net income for CI Power. This reflects that the transition to the DWR contract has been financially beneficial. The decrease in energy sales is offset by an increase in sublease rent by \$2.2 million. The increase is due to the substantial completion of the Anacapa project resulting in the collection of sublease rent for the single-family homes, town homes, age restricted apartments and market rate apartments.

California State University, Channel Islands Site Authority

**Management's Discussion and Analysis
For the Year Ended June 30, 2024
(Unaudited)**

Total operating expenses decreased by \$2.1 million, a 22.4% decrease from the prior year. The decrease is primarily due to a \$2 million reduction in cost of energy sales. In the current year the power plant was not required to be run due to the absence of the need for energy.

Nonoperating Revenues (Expenses)

Total nonoperating revenues increased \$245 thousand, a 6.5% increase from the prior year. The increase is primarily due to a \$353 thousand increase in net property and sales taxes collected. This is offset by a decrease in other nonoperating revenue by \$146 thousand. Other nonoperating revenue consists of an increase of \$308 thousand in investment gains offset by a reduction of \$454 thousand in other nonoperating revenue/expense. The reduction is primarily related to a CI Power penalty of \$1.4 million assessed offset with a \$2.5 million increase as a result of the implementation of GASB 94 in the prior year compared to a CI Power penalty reimbursement of \$644 thousand in the current year.

Basic Financial Statements

California State University, Channel Islands Site Authority

**Statement of Net Position
June 30, 2024
With Summarized Totals at June 30, 2023**

	<u>Assets</u>	
	<u>2024</u>	<u>2023</u>
Current assets		
Cash and cash equivalents	\$ 2,574,944	\$ 2,847,117
Accounts receivable	2,880,268	1,398,062
Related party receivables	249,145	121,144
Due from CSUCI Financing Authority - restricted	15,429	18,903
Other assets	<u>28,242</u>	<u>27,348</u>
Total current assets	<u>5,748,028</u>	<u>4,412,574</u>
Noncurrent assets		
Restricted cash	4,875,903	11,820,790
Restricted investments	11,068,873	2,737,037
Capital assets, net	<u>32,298,683</u>	<u>34,744,601</u>
Total noncurrent assets	<u>48,243,459</u>	<u>49,302,428</u>
Total assets	<u><u>\$ 53,991,487</u></u>	<u><u>\$ 53,715,002</u></u>
Deferred outflows of resources		
Refunding of debt	<u>\$ 4,639,775</u>	<u>\$ 5,105,625</u>
Total deferred outflows of resources	<u><u>\$ 4,639,775</u></u>	<u><u>\$ 5,105,625</u></u>

California State University, Channel Islands Site Authority

**Statement of Net Position
June 30, 2024
With Summarized Totals at June 30, 2023**

Liabilities and Net Position

	<u>2024</u>	<u>2023</u>
Current liabilities		
Accounts payable and accrued expenses	\$ 618,063	\$ 1,213,831
Interest payable to CSU		
Systemwide Revenue Bond Program	416,185	346,467
Unearned revenue	31,080	21,546
Related party payables	148,221	904,335
CAM reserves held by Kennedy Wilson	-	98,234
Lease obligations, current portion	179,154	170,471
Obligations under public-public partnerships, current portion	1,904,015	1,841,444
Loans payable - current portion	<u>2,420,000</u>	<u>2,400,000</u>
Total current liabilities	<u>5,716,718</u>	<u>6,996,328</u>
Noncurrent liabilities		
Lease obligations, net of current portion	488,846	668,000
Obligations under public-public partnerships, net of current portion	31,002,927	32,822,424
Unearned revenue, net of current portion	1,080,882	1,095,588
Loans payable, net of current portion	<u>46,250,000</u>	<u>48,670,000</u>
Total noncurrent liabilities	<u>78,822,655</u>	<u>83,256,012</u>
Total liabilities	<u>84,539,373</u>	<u>90,252,340</u>
Net position (deficit)		
Net investment in capital assets	(1,276,259)	(757,738)
Restricted for		
Capital projects	6,640,356	6,823,239
Debt service	3,330,000	3,330,000
Economic uncertainty	1,448,000	1,448,000
Maintenance reserves	4,526,420	3,679,877
Unrestricted	<u>(40,576,628)</u>	<u>(45,955,091)</u>
Total net deficit	<u>\$ (25,908,111)</u>	<u>\$ (31,431,713)</u>

See Notes to Financial Statements.

California State University, Channel Islands Site Authority

**Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2024
With Summarized Totals for the Year Ended June 30, 2023**

	<u>2024</u>	<u>2023</u>
Operating revenues		
Energy sales	\$ 2,877,674	\$ 4,357,292
Maintenance rent	2,841,649	2,506,214
Sublease rent	3,069,228	833,508
Home sales	46,475	56,379
Miscellaneous revenues	<u>12,740</u>	<u>230,412</u>
Total operating revenues	<u>8,847,766</u>	<u>7,983,805</u>
Operating expenses		
Cost of energy sales	1,713,523	3,758,823
Depreciation and amortization	2,443,765	2,449,763
General, administrative and other operating costs	<u>3,155,200</u>	<u>3,213,848</u>
Total operating expenses	<u>7,312,488</u>	<u>9,422,434</u>
Operating income (loss)	<u>1,535,278</u>	<u>(1,438,629)</u>
Nonoperating revenues (expenses)		
Interest, net	(1,172,827)	(1,099,441)
Property taxes	2,507,222	1,963,561
Property tax pass through expense	(793,552)	(587,564)
Contributions for debt service from CSU Chancellor's Office	2,525,733	2,519,044
Interest on loan payable to CSU Channel Islands	(913,924)	(1,018,161)
Special taxes	822,403	807,030
Investment gain	362,004	54,166
Other revenues	<u>651,265</u>	<u>1,105,140</u>
Total nonoperating revenues, net	<u>3,988,324</u>	<u>3,743,775</u>
Change in net position	5,523,602	2,305,146
Net deficit, beginning of year	<u>(31,431,713)</u>	<u>(33,736,859)</u>
Net deficit, end of year	<u><u>\$ (25,908,111)</u></u>	<u><u>\$ (31,431,713)</u></u>

See Notes to Financial Statements.

California State University, Channel Islands Site Authority

**Statement of Cash Flows
Year Ended June 30, 2024
With Summarized Totals for the Year Ended June 30, 2023**

	2024	2023
Cash flows from operating activities		
Home sales	\$ 46,475	\$ 56,379
Energy sales	2,666,221	2,973,982
Sublease rent	1,770,520	833,508
Miscellaneous revenues (expenses)	(120,186)	1,242,152
Payments to vendors	(5,523,317)	(5,765,185)
Maintenance rent	2,717,622	2,084,124
	<u>1,557,335</u>	<u>1,424,960</u>
Net cash provided by operating activities		
Cash flows from noncapital financing activities		
Property and sales taxes	3,333,099	2,762,986
Property tax pass through paid	(793,552)	(587,564)
	<u>2,539,547</u>	<u>2,175,422</u>
Net cash provided by noncapital financing activities		
Cash flows from capital and related financing activities		
Payments on loans payable	(245,000)	(235,000)
Interest paid on loans payable	(95,130)	(105,108)
PPP payment	(1,756,926)	(1,781,851)
PPP interest payments	(1,130,355)	(1,108,630)
Lease payment	(170,471)	(178,217)
Lease interest payments	(37,900)	(22,346)
	<u>(3,435,782)</u>	<u>(3,431,152)</u>
Net cash used in capital and related financing activities		
Cash flows from investing activities		
Purchases of investments	(8,331,836)	-
Sale of investments	-	18,400
Investment income, net	362,004	-
Proceeds from insurance	91,672	-
	<u>(7,878,160)</u>	<u>18,400</u>
Net cash (used in) provided by investing activities		
Net (decrease) increase in cash and cash equivalents	(7,217,060)	187,630
Cash and cash equivalents at beginning of year	<u>14,667,907</u>	<u>14,480,277</u>
Cash and cash equivalents at end of year	<u>\$ 7,450,847</u>	<u>\$ 14,667,907</u>
Summary of cash and cash equivalents at end of year		
Cash and cash equivalents	\$ 2,574,944	\$ 2,847,117
Restricted cash	<u>4,875,903</u>	<u>11,820,790</u>
Total cash and cash equivalents	<u>\$ 7,450,847</u>	<u>\$ 14,667,907</u>

California State University, Channel Islands Site Authority

**Statement of Cash Flows
Year Ended June 30, 2024
With Summarized Totals for the Year Ended June 30, 2023**

	<u>2024</u>	<u>2023</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ 1,535,278	\$ (1,438,629)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation and amortization	2,443,765	2,449,763
Other revenue	-	(1,360,095)
Change in assets and liabilities		
Accounts receivable	(837,525)	(308,735)
Related party receivables	(128,001)	(4,584)
Other assets	(894)	(7,113)
Accounts payable and accrued expenses	(595,768)	698,746
Unearned revenue	(5,172)	1,111,927
Reserve held for CAM	(98,234)	(340,506)
Related party payables	(756,114)	624,186
Net cash provided by operating activities	<u>\$ 1,557,335</u>	<u>\$ 1,424,960</u>
Supplemental disclosure of noncash capital and related financing activities		
Contribution of debt service payment from CSU Chancellor's Office	<u>\$ 2,155,000</u>	<u>\$ 2,055,000</u>
Contribution of interest payment from CSU Chancellor's Office	<u>\$ 836,583</u>	<u>\$ 929,894</u>
Amortization of loss on refunding	<u>\$ 465,850</u>	<u>\$ 465,850</u>
Leases assets acquired in exchange for lease obligations	<u>\$ -</u>	<u>\$ 842,152</u>
Loss on disposal of capital asset recorded in nonoperating other revenue	<u>\$ 6,473</u>	<u>\$ -</u>
Receivables recorded in nonoperating other revenue	<u>\$ 644,681</u>	

See Notes to Financial Statements.

California State University, Channel Islands Site Authority

Notes to Financial Statements June 30, 2024

Note 1 - Organization

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

The Property comprises two major sectors: the West Campus and East Campus. The West Campus consists of developed space on 42 acres of what was formerly the Camarillo State Hospital. This portion of the Campus is centered on academic uses and houses the California State University, Channel Islands (the "Campus" or "University"). The East Campus comprises 162 acres of developable land, originally expected to contain 900 residential units and approximately 31,000 square feet of retail commercial uses; however, in July 2017, the Trustees adopted a revised Master Plan that increases the density to 1,189 units. To date, 1,167 units are completed and the remaining 22 are expected to be completed by the end of 2024.

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

Note 2 - Summary of significant accounting policies

Basis of presentation

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

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

Election of applicable FASB statements

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

California State University, Channel Islands Site Authority

Notes to Financial Statements June 30, 2024

Financial reporting entity

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

Classification of current and noncurrent assets and liabilities

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

Net position

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

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

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

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

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

Cash and cash equivalents

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

Investments

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

Accounts receivable

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

California State University, Channel Islands Site Authority

Notes to Financial Statements June 30, 2024

Capital assets

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

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

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

Revenue recognition

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

Classification of revenues and expenses

The Site Authority considers operating revenues and expenses in the statement of revenues, expenses and changes in net position to be those revenues and expenses that result from exchange transactions or other activities that are connected directly to the Site Authority's primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services. Certain other transactions are reported as nonoperating revenues and expenses in accordance with GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis - for Public Colleges and Universities - an amendment of GASB Statement No. 34*. These nonoperating activities include the Site Authority's net investment income and interest expense, collection of tax increment and sales tax revenues, which are reported as nonoperating revenues and expenses. Certain other transactions are reported as nonoperating activities and primarily include pass-through agency taxes, contribution for debt service, and transfers between the Site Authority and the CSUCI Financing Authority and other California State University ("CSU") funds.

Maintenance reserves

Maintenance reserve activities are based on the various ground subleases, and retail leases reserve payments come from three sources: (1) homeowners, (2) leased units, and (3) retail tenants. Reserve contribution amounts are determined after review of the reserve study conducted by an outside firm every two to three years. Reserve expenditures consist of maintenance expense 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.

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

June 30, 2024

Property taxes

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

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

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

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

Use of estimates

The preparation of these financial statements requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates. Management also determines the accounting principles to be used in the preparation of the financial statements.

Fair value measurements

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

California State University, Channel Islands Site Authority

Notes to Financial Statements June 30, 2024

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

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

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

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

Reclassifications

Certain amounts in the 2023 financial statements have been reclassified to conform to the 2024 presentation.

Note 3 - Liquidity and availability

The Site Authority regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Site Authority has various sources of liquidity at its disposal, including cash and cash equivalents, receivables and investments. Management continues to regularly monitor liquidity and consider all expenditures related to its ongoing activities.

At June 30, 2024, the Site Authority had the following financial assets and liquidity resources available over the next 12 months:

Cash and cash equivalents	\$ 2,574,944
Accounts receivable	2,880,268
Related party receivables	<u>249,145</u>
	<u><u>\$ 5,704,357</u></u>

California State University, Channel Islands Site Authority

Notes to Financial Statements
June 30, 2024

Note 4 - Cash and cash equivalents

The Site Authority's cash and cash equivalents as of June 30, 2024 is classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 2,574,944
Restricted cash	<u>4,875,903</u>
	<u>\$ 7,450,847</u>

Cash and cash equivalents

At June 30, 2024, cash and cash equivalents consisted of demand deposits maintained at the bank. Total cash and cash equivalents of \$7,450,847 had a corresponding carrying value balance with the bank of \$7,634,253 at June 30, 2024. The difference is related to outstanding checks of \$187,813 and deposits in transit of \$4,407.

Custodial credit risk for deposits

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

Note 5 - Restricted investments

The Site Authority holds restricted investments with CalTRUST, which are measured at net asset value ("NAV") per share and are not subject to fair value leveling.

There are no significant restrictions on the ability to redeem investments at the NAV per share. Investments in CalTRUST can be redeemed daily without any significant liquidity constraints. As of the June 30, 2024, there are no unfunded capital commitments related to the investments in CalTRUST. Restricted investments held with CalTRUST as of June 30, 2024 totaled \$11,068,873.

Financial assets valued using Level 1 inputs are based on quoted market prices within active markets and are valued on a recurring basis. At June 30, 2024, the Site Authority did not have any investments measured using Level 1, Level 2 or Level 3 inputs.

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

The Site Authority's policy is to recognize transfers in and transfers out as of the actual date of the event or change in circumstance that caused the transfer. There were no transfers during the year ended June 30, 2024.

California State University, Channel Islands Site Authority

**Notes to Financial Statements
June 30, 2024**

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

Interest and dividend income	\$ 346,516
Realized and unrealized gain on investments	<u>15,488</u>
Total investment gain	<u>\$ 362,004</u>

Custodial credit risk

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

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

Note 6 - Concentrations of credit risk

Financial instruments which potentially subject the Site Authority to concentrations of credit risk include cash and cash equivalents. The Site Authority maintains its cash and cash equivalents and investments with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits, which are currently \$250,000 per institution. As of June 30, 2024, Site Authority's bank deposits exceeded the balance insured by the FDIC by \$4,287,347, which are collateralized by securities held by the pledging financial institution.

Note 7 - Due from CSUCI Financing Authority

The due from CSUCI Financing Authority balance at June 30, 2024 was \$15,429 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 June 30, 2024

Note 8 - Capital assets

Capital assets for the year ended June 30, 2024, consists of the following:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Infrastructure				
Right-of-use asset	\$ 36,115,839	\$ -	\$ -	\$ 36,115,839
Other	65,891	-	-	65,891
Accumulated depreciation: right-of-use asset	(2,257,241)	(2,257,240)	-	(4,514,481)
Accumulated depreciation: other	(14,000)	(1,645)	-	(15,645)
	<u>33,910,489</u>	<u>(2,258,885)</u>	<u>-</u>	<u>31,651,604</u>
Leased building and building improvements	1,209,428	-	-	1,209,428
Accumulated amortization	(379,629)	(184,880)	2,160	(562,349)
	<u>829,799</u>	<u>(184,880)</u>	<u>2,160</u>	<u>647,079</u>
Property and equipment	998,612	-	(28,734)	969,878
Accumulated depreciation	(994,299)	-	24,421	(969,878)
	<u>4,313</u>	<u>-</u>	<u>(4,313)</u>	<u>-</u>
Capital assets, depreciable (net)	<u>\$ 34,744,601</u>	<u>\$ (2,443,765)</u>	<u>\$ (2,153)</u>	<u>\$ 32,298,683</u>

Depreciation expense for the year ended June 30, 2024 was \$2,443,765.

Note 9 - Obligations under Public-Public Partnerships

Public-Public Partnership

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

In August 2016, the Site Authority entered into an agreement to sell the apartment and town center rental facilities. The sale included 328 apartments, 12 retail units, and 58 units in the Town Center, and the Site Authority retained the infrastructure, 88 rental town homes, 112 for sale town homes, and 72 for the sale of single-family homes. In May 2017, the Site Authority defeased \$74,000,000, and in October 2017, \$13,540,000 in bonds, and refinanced the remaining portion of the infrastructure bond. Concurrent with the defeasance and refinancing of the bonds, the Site Authority entered into a public-public partnership with the Trustees of the CSU. The amount of \$38,938,000 will be repaid from revenues received by the Site Authority. Interest ranging from the original 4.00% to 5.45% is paid semiannually on May 1 and November 1. The principal payments are paid on November 1 of each year beginning November 1, 2017, with the final payment due on November 1, 2037.

The interest rate is based on the incremental borrowing rate of 3.09%.

Obligations under public-public partnerships for the year ended June 30, 2024 are as follows:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Current portion
Obligations under public-public partnerships	\$ 34,663,868	\$ -	\$ (1,756,926)	\$ 32,906,942	\$ 1,904,015

California State University, Channel Islands Site Authority

Notes to Financial Statements
June 30, 2024

Annual maturity analysis of the Site Authority's obligations under public-public partnerships as of June 30, 2024:

<u>Year ending June 30,</u>		
2025	\$	2,892,980
2026		2,893,480
2027		2,894,855
2028		2,891,981
2029		2,894,606
2030-2034		14,462,317
2035-2038		<u>11,571,049</u>
Total obligations under public-public		
partnerships payments		40,501,268
Less interest		<u>(7,594,326)</u>
Present value of future minimum obligations		
under public-public partnerships payments		<u>\$ 32,906,942</u>

Public-Private Partnerships

Ground Sublease-East Campus University Glen: 328 Apartments and Town Center: 58 Apartments and Ground Floor Retail

On August 2016, CSU CI Site Authority ("Site Authority") entered into a ground sublease agreement with KW University Glen LLC ("KW") in which the KW improved the Property by constructing 328 multifamily apartment buildings (University Glen) and another 58 multifamily apartment units and ground floor retail units (Town Center). The term of the agreement is from August 2016 to June 30, 2098. KW shall pay Percentage Rent, which is seven percent of the effective gross income received.

The rights retained by the Site Authority includes the right to select the tenants and the rental rate for 100 Sublease Units. In addition, tenants are to be selected in accordance with the Priority System set out by the Site Authority. KW agrees to invest an amount of not less than \$2,296,000 (\$7,000 per University Glen Units) in upgrades to the interiors of the Units at the Property. All Improvement on the Property shall, during the Term, be and remain the property of KW and the Site Authority shall not have title. At the end of the Term, all Improvements which constitute or are a part of the Property shall become without payment or any compensation to KW, the Property of the Site Authority.

Ground Sublease Phase II Master Sublease

In September 2021, Site Authority entered into a Phase II Master Sublease agreement with KW Camarillo Land, LLC ("KW Camarillo") for development of 32 acres including building infrastructure to support age/income restricted housing, multifamily housing, and single-family housing. As the infrastructure supporting the individual residential development types are completed and other conditions are met, the portion of the Property related to that phase of residential development will be released from the Master Ground Sublease and a longer-term ground sublease specific to that phase of residential development will be entered into. As of June 30, 2024, all residential developments have been released from the Master Ground Sublease with the longer-term ground sublease for each residential development in force. The phase ground subleases for each of the residential development type, age/income restricted housing, multifamily housing, and single-family housing, were negotiated up front.

California State University, Channel Islands Site Authority

Notes to Financial Statements June 30, 2024

The Master Ground Sublease term is two years with two possible one-year extensions upon the payment of \$500,000 per extension, which are either refundable to KW Camarillo upon completion of the infrastructure improvement or retained by the Site Authority if the Master Ground Sublease expires without completion of all the infrastructure improvements. The Site Authority received \$250,000 in advanced rent on execution of the Master Ground Sublease.

Sublease for Age Restricted

On September 3, 2021, the Site Authority entered into a Ground Sublease agreement with Vintage at University Glen, LP ("Vintage"). The term of the agreement is through June 30, 2098. The Sublease requires development of 170 rental units with all but two units restricted based on age qualification of 55 years or older. Household income of residents of the Property are required to be below 60% of the area median income.

The Age Restricted Sublease commenced when the Memorandum of Ground Lease (Age Restricted Apartment) was recorded with Ventura County. This took place on May 18, 2022. Vintage will have an initial four years, plus two optional one-year extension upon payment of \$200,000 per extension, to complete the construction of the age restricted housing. Extension payments are refundable upon completion of the age restricted housing. As of June 30, 2024, 170 units have been completed.

The Site Authority received \$1,125,000 advanced rent on commencement of the Age Restricted Sublease. This is being amortized over the life of the lease term. The Site Authority will also receive seven percent of the effective gross income received from the age restricted housing project through the term of the sublease. As of June 30, 2024, the Site Authority has recorded \$39,877 in rent.

Sublease for Multifamily Apartments

On August 25, 2022, a Memorandum of Ground Lease (Multifamily Apartments) was executed between the Site Authority and UG2 MR, LLC ("UG2"). The term of the Lease is through June 30, 2098. The agreement restricts UG2's right to encumber, assign or transfer the Site Authority's leasehold interest in the Multifamily Housing Property. The Lease further provides the Site Authority with a Right of First Offer regarding assignments of Lease.

The Sublease requires the development of 310 Market Rate Multifamily Apartments in which the construction must be complete in four years plus two optional one-year extension upon payment of \$200,000 per extension. Extension payments are refundable upon completion of the housing project. As of June 30, 2024, 100 units are rented.

The Site Authority received \$1,125,000 in advanced rent with the execution of the first Market Rate Multifamily Sublease. The Site Authority will also receive seven percent of the effective gross income received from all market rate apartments through the term of the sublease. As of June 30, 2024, the Site Authority has recorded \$44,322 in rent not including the advance rent.

Sublease for Single Family/Townhouse Agreements

On December 28, 2022, the Site Authority executed a Memorandum of Ground Lease (Single Family Housing Property-Phase One) with University Glen-Camarillo, LP ("University Glen"). The Tenant will construct 109 single-family homes, which is comprised of 64 townhouses and 45 single family detached houses. A joint venture between University Glen, Comstock Homes and Hearthstone will be the assigned entity to enter into these subleases.

California State University, Channel Islands Site Authority

Notes to Financial Statements

June 30, 2024

The term of the development sublease will be four years, plus two optional one-year extensions upon payment of \$2,000 per lot per extension to complete construction of the unit. Extension payments are refundable upon completion of each applicable single-family unit. The term of the homebuyer subleases will be through June 30, 2098.

The Site Authority will receive a total of \$25,000 per lot on the initial sale of each single-family home. \$1,000 per lot will be paid to the Site Authority when each developer sublease commences. The remaining \$24,000 per lot will be paid to the Site Authority through escrow at closing of the homebuyer sublease. The fee will constitute a complete prepayment of the ground sublease rent to the Site Authority. No further ground lease rent will be payable to the Site Authority under the homebuyer's sublease with the Site Authority other than rents for the Site Authority's maintenance and service obligations. As of June 30, 2024, the Site Authority recorded \$87,000 for 87 completed lots, and \$936,000 for 39 homes sold.

Note 10 - Leases

Electricity Supply Strategic Reserve - Capacity and Energy Purchase Agreement

The site and facility were leased from the Board of Trustees of the California State University to the Site Authority. The lease is expected to be continuously renewed through December 31, 2027, as the site is necessary for the Site Authority to meet the requirements under the Electricity Supply Strategic Reserve - Capacity and Energy Purchase ("ESSR") agreement with the California Department of Water Resources ("DWR"). The site rent is increased annually by the Consumer Price Index ("CPI") for all Urban Consumers ("CPI-U"), published by the United States Bureau of Labor Statistics from the immediately preceding calendar year, calculated on October 31 or any replacement index reasonably agreed to by the parties if such index is no longer available. The interest rate is based on the incremental borrowing rate of 4.98%.

Lease activity for the year ended June 30, 2024 was as follows:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Current portion
Lease obligations	\$ 838,471	\$ -	\$ (170,471)	\$ 668,000	\$ 179,154

Annual maturity analysis of the Site Authority's leases as of June 30, 2024:

Year ending June 30,		
2025	\$	208,368
2026		208,368
2027		208,368
2028		104,184
Total lease payments		729,288
Less interest		(61,288)
Present value of future minimum lease payments		\$ 668,000

California State University, Channel Islands Site Authority

Notes to Financial Statements June 30, 2024

Note 11 - Deferred outflows of resources

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

Note 12 - Partial bond refunding

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

On April 1, 2005, the Site Authority, entered into an agreement with the Campus to pay the Campus' debt service on revenue bonds issued to build and renovate certain Campus buildings. The original loan amount was \$61,945,000 and has since been refinanced in 2013 and 2014 to \$57,290,000. It was refinanced again in 2021. Interest ranging from 0.50% to 3.00% is paid semiannually on May 1 and November 1. The principal payments are paid on November 1 of each year beginning November 1, 2021, with the final payment due November 1, 2038.

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

The effect of the refunding is summarized as follows:

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

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

California State University, Channel Islands Site Authority

**Notes to Financial Statements
June 30, 2024**

Deferred and amortized amounts on the Site Authority's bond refunding are reported as deferred outflows of resources at June 30, 2024. The total deferred outflow of resources generated from the refunding of debt on July 29, 2021 was \$5,998,504, which is made up of increases in principal of \$6,690,000 and decreases in interest charges of \$691,496. Site Authority recorded amortization of total deferred outflows of resources for \$465,850 for the year ended June 30, 2024. The balance of deferred outflows of resources as of June 30, 2024 is \$4,639,775.

Note 13 - Loans payable

Loans payable for the year ended June 30, 2024 are as follows:

	<u>Interest rate</u>	<u>Fiscal year maturity date</u>	<u>Original issue amount</u>	<u>Amount outstanding June 30, 2024</u>
California State University, SRB 21B - Refunding of Channel Islands BAN	0.50% - 3.00%	2038	\$ 5,050,000	\$ 4,990,000
SRB 21B - Refunding of Channel Islands Information Resource Center	0.50% - 3.00%	2038	44,185,000	43,680,000
Series 2013A - Channel Islands BAN	5%	2024	615,000	-
Series 2013A - Channel Islands Information Resource Center	5%	2024	5,425,000	-
			<u>\$ 55,275,000</u>	<u>\$ 48,670,000</u>

Long-term debt activity for the year ended June 30, 2024 was as follows:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2024</u>	<u>Current portion</u>
Loans					
CSU Channel Islands	\$ 51,070,000	\$ -	\$ (2,400,000)	\$ 48,670,000	\$ 2,420,000

The loans mature as follows, as of June 30, 2024:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 2,420,000	\$ 871,886
2026	3,335,000	850,699
2027	3,375,000	817,054
2028	3,275,000	775,497
2029	3,325,000	727,924
2030-2034	17,510,000	2,735,880
2034-2038	<u>15,430,000</u>	<u>767,689</u>
	<u>\$ 48,670,000</u>	<u>\$ 7,546,629</u>

California State University, Channel Islands Site Authority

**Notes to Financial Statements
June 30, 2024**

Note 14 - Disclosure related to debt

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

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

Note 15 - Commitments

The Site Authority entered into a Tenant Placement agreement with Kennedy Wilson Properties, LTD. for 100 of the 328 apartments sold in August of 2016. These apartments are exclusively used by CSUCI faculty and staff and are typically 5% below market rental rates. The Site Authority agreed to pay for the subsidy through proceeds from the annual Ground Sublease Payment. Total rental expense for the year ended June 30, 2024 amounted to \$304,070. The Ground Sublease generated \$847,322 in income, which nets to a surplus of \$543,252.

Note 16 - Net position

The Site Authority has a total net deficit of \$25,908,111 as of June 30, 2024. The net deficit in net position is due to an agreement in 2005 where the Site Authority agreed to pay the Campus' debt service on certain revenue bonds to renovate certain Campus buildings, but the ownership of the said assets was not transferred to the Site Authority. The amount outstanding on the loan payable to the Campus as of June 30, 2024 is \$48,670,000, resulting in the net deficit. This is documented in correspondence from the Chancellor's Office to the CSUCI President dated October 18, 2016 regarding Debt Service Payments for the CSUCI Broome Library. The intent of the agreement is that the Chancellor's Office was to cover any debt service payments for the CSUCI Broome Library. Further, on April 12, 2018, the Site Authority leased the Campus' cogeneration plant on a stand-by mode operation and signed a new energy service agreement with the Campus, entitling the Site Authority to the net revenues of the cogeneration plant primarily to assist the Campus. As a result, there is not a significant risk of the Site Authority's ability to continue as a going concern.

Note 17 - Related party transactions

The Site Authority receives its financing and contributions from the CSU Trustees, and the Site Authority has also entered into certain transactions with the Campus and recognized auxiliary organizations of the Campus relating to infrastructure, residential, commercial developments, and personnel cost reimbursement. The accompanying financial statements include the transactions with the CSU Trustees, the Site Authority, the Campus and a recognized auxiliary organization of the Campus as of and for the year ended June 30, 2024.

California State University, Channel Islands Site Authority

Notes to Financial Statements June 30, 2024

As of June 30, 2024, total related party receivable consists of the following:

California State University Channel Islands	\$ 249,145
Total related party receivables	<u>\$ 249,145</u>

As of June 30, 2024, total related party payables consist of the following:

CI University Auxiliary Services, Inc.	\$ 399
California State University Channel Islands	<u>147,822</u>
Total related party payables	<u>\$ 148,221</u>

The accompanying financial statements also include the following transactions with the University and other related parties as of and for the year ended June 30, 2024:

Payments received from University	\$ 1,633,930
Payments made to University	4,763,234
Payments made to CI University Auxiliary Services, Inc.	1,140

Note 18 - Maintenance rent

The CSUCI Site Authority contracts with Kennedy-Wilson Properties, LTD to manage the common area for homeowners, renters, and the Town Center tenants. Common area charges include all costs and expenses incurred by the CSUCI Site Authority in the operation, maintenance, replacement, and repair of the common areas during the term of the sublease. Common area expenses are allocated among all units based on type, such as single-family residences, townhomes, rental property, or retail space. Maintenance rent for the year ended June 30, 2024 was \$2,841,649.

Note 19 - Energy sales

In April 2018, the Site Authority subleased the Campus' cogeneration plant and entered into an energy services agreement with the Campus to operate a RMR operation through December 31, 2022. The Site Authority makes an annual payment of \$1 to the Campus to sublease the cogeneration plant. Under the terms of the agreement, the Site Authority is the operator of the plant, which includes being responsible for the costs of the plant's operations as well as entitling the Site Authority to the plant's net earnings. Revenue is recognized as energy is provided to the plant's customers, which primarily consist of Southern California Edison and the Campus.

On January 1, 2023, the Site Authority subleased the Campus's cogeneration plant to operate as an ESSR asset for DWR through December 31, 2027. 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. The revenue recognized is the Performance Based Availability Charge ("PBAC") paid to the Site Authority from DWR for ownership of the plant's electricity capacity. The PBAC is paid monthly and based on the plant's availability, weighted for seasonality, with summer months having a higher payment value. The Site Authority will also receive revenue from the CAISO Settlements Market when the plant is dispatched. However, any Market Settlement Revenue is owned by DWR and will be passed through when payments are received from California Independent System Operator ("CAISO"). All costs to operate

California State University, Channel Islands Site Authority

**Notes to Financial Statements
June 30, 2024**

the plant under the approved budget are reimbursable by DWR. Costs in excess of the approved budget require DWR approval. Total energy sales for the year ended June 30, 2024 are \$2,877,674.

Note 20 - Contingencies

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

Supplementary Information

California State University, Channel Islands Site Authority

GASB Schedule of Net Position June 30, 2024 (for Inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	\$ 2,574,944
Short-term investments	-
Accounts receivable, net	3,144,842
Lease receivable, current portion	-
P3 receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	-
Prepaid expenses and other current assets	28,242
Total current assets	5,748,028
Noncurrent assets:	
Restricted cash and cash equivalents	4,875,903
Accounts receivable, net	-
Lease receivable, net of current portion	-
P3 receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	-
Endowment investments	-
Other long-term investments	11,068,873
Capital assets, net	32,298,683
Other assets	-
Total noncurrent assets	48,243,459
Total assets	53,991,487
Deferred outflows of resources:	
Unamortized loss on debt refunding	4,639,775
Net pension liability	-
Net OPEB liability	-
Leases	-
P3	-
Others	-
Total deferred outflows of resources	4,639,775
Liabilities:	
Current liabilities:	
Accounts payable	607,494
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	31,080
Lease liabilities, current portion	2,083,169
SBITA liabilities - current portion	-
P3 liabilities - current portion	-
Long-term debt obligations, current portion	2,420,000
Depository accounts	-
Other liabilities	574,975
Total current liabilities	5,716,718
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenues	1,080,882
Grants refundable	-
Lease liabilities, net of current portion	31,491,773
SBITA liabilities, net of current portion	-
P3 liabilities, net of current portion	-
Long-term debt obligations, net of current portion	46,250,000
current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	78,822,655
Total liabilities	84,539,373
Deferred inflows of resources:	
P3 service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	-
P3	-
Others	-
Total deferred inflows of resources	-
Net position:	
Net investment in capital assets	(1,276,259)
Restricted for:	
Nonexpendable – endowments	-
Expendable:	
Scholarships and fellowships	-
Research	-
Loans	-
Capital projects	11,166,776
Debt service	3,330,000
Others	1,448,000
Unrestricted	(40,576,628)
Total net position	\$ (25,908,111)

California State University, Channel Islands Site Authority

**GASB Schedule of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2024
(for Inclusion in the California State University)**

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	8,847,766
Total operating revenues	8,847,766

Expenses:

Operating expenses:

Instruction	-
Research	-
Public service	3,155,200
Academic support	-
Student services	-
Institutional support	-
Operation and maintenance of plant	1,713,523
Student grants and scholarships	-
Auxiliary enterprise expenses	-
Depreciation and amortization	2,443,765
Total operating expenses	7,312,488
Operating income (loss)	1,535,278

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	362,004
Endowment income (loss), net	-
Interest expense	(2,086,751)
Other nonoperating revenues (expenses)	5,713,071
Net nonoperating revenues (expenses)	3,988,324
Income (loss) before other revenues (expenses)	5,523,602

State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	-
Increase (decrease) in net position	5,523,602

Net position:

Net position at beginning of year	(31,431,713)
Net position at end of year	\$ (25,908,111)

California State University, Channel Islands Site Authority

Other Information

June 30, 2024

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments

\$ -

All other restricted cash and cash equivalents

4,875,903

Noncurrent restricted cash and cash equivalents

4,875,903

Current cash and cash equivalents

2,574,944

Total

\$ 7,450,847

California State University, Channel Islands Site Authority

**Other Information
June 30, 2024**

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds	\$ -	\$ -	-
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	-	-	-
Municipal bonds	-	-	-
Corporate bonds	-	-	-
Asset-backed securities	-	-	-
Mortgage-backed securities	-	-	-
Commercial paper	-	-	-
Supranational	-	-	-
Mutual funds	-	-	-
Exchange-traded funds	-	-	-
Equity securities	-	-	-
Alternative investments:	-	-	-
Private equity (including limited partnerships)	-	-	-
Hedge funds	-	-	-
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investments	-	-	-
Other external investment pools	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-
Other investments:			
CalTRUST Short-Term Fund	\$ -	\$ 3,730,655	\$ 3,730,655
CalTRUST Medium-Term Fund	-	7,338,218	7,338,218
			-
			-
			-
Total other investments	-	11,068,873	11,068,873
Total investments	-	11,068,873	11,068,873
Less endowment investments (enter as negative number)		-	-
Total investments, net of endowments	\$ -	11,068,873	11,068,873

California State University, Channel Islands Site Authority

Other Information June 30, 2024

2.2 Fair value hierarchy in investments:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ -	\$ -	\$ -	\$ -	\$ -
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	-	-	-	-	-
Asset-backed securities	-	-	-	-	-
Mortgage-backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Supranational	-	-	-	-	-
Mutual funds	-	-	-	-	-
Exchange-traded funds	-	-	-	-	-
Equity securities	-	-	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investments	-	-	-	-	-
Other external investment pools	-	-	-	-	-
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-	-	-
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	-
Other investments:					
CalTRUST Short-Term Fund	\$ 3,730,655	\$ -	\$ -	\$ -	\$ 3,730,655
CalTRUST Medium-Term Fund	7,338,218	-	-	-	7,338,218
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Total other investments	11,068,873	-	-	-	11,068,873
Total investments	\$ 11,068,873	-	-	-	11,068,873

2.3 Investments held by the University under contractual agreements: Not applicable

California State University, Channel Islands Site Authority

Other Information June 30, 2024

3.1 Capital Assets, excluding ROU assets:

<u>Composition of capital assets, excluding ROU assets:</u>	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2023 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2024
Non-depreciable/Non-amortizable 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	-	-	-	-	-	-	-		-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-		-
Other intangible assets:									
	-	-	-	-	-	-	-		-
	-	-	-	-	-	-	-		-
	-	-	-	-	-	-	-		-
	-	-	-	-	-	-	-		-
	-	-	-	-	-	-	-		-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciable/Amortizable capital assets:									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	65,891	-	-	-	65,891	-	-	-	65,891
Personal property:									
Equipment	998,612	-	-	-	998,612	-	(28,734)	-	969,878
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	1,064,503	-	-	-	1,064,503	-	(28,734)	-	1,035,769
Total capital assets	\$ 1,064,503	-	-	-	\$ 1,064,503	-	(28,734)	-	1,035,769
Less accumulated depreciation/amortization:									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	(14,000)	-	-	-	(14,000)	(1,645)	-	-	(15,645)
Personal property:									
Equipment	(994,299)	-	-	-	(994,299)	-	24,421	-	(969,878)
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(1,008,299)	-	-	-	(1,008,299)	(1,645)	24,421	-	(985,523)
Total capital assets, net excluding ROU assets	\$ 56,204	-	-	-	\$ 56,204	(1,645)	(4,313)	-	50,246

California State University, Channel Islands Site Authority

Other Information June 30, 2024

<u>Composition of capital assets - Lease ROU, net:</u>	Balance June 30, 2023	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
Non-depreciable/Non-amortizable lease assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable lease assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable lease assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	1,209,428	-	-	-	1,209,428	-	-	-	1,209,428
Improvements, other than buildings	38,373,078	-	-	-	38,373,078	-	-	-	38,373,078
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable lease assets	39,582,506	-	-	-	39,582,506	-	-	-	39,582,506
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	(379,629)	-	-	-	(379,629)	(184,880)	2,160	-	(562,349)
Improvements, other than buildings	(4,514,480)	-	-	-	(4,514,480)	(2,257,240)	-	-	(6,771,720)
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	(4,894,109)	-	-	-	(4,894,109)	(2,442,120)	2,160	-	(7,334,069)
Total capital assets - lease ROU, net	34,688,397	-	-	-	34,688,397	(2,442,120)	2,160	-	\$ 32,248,437

<u>Composition of capital assets - SBITA ROU, net</u>	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
Depreciable/Amortizable SBITA assets:									
Software	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable SBITA assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Software	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - SBITA ROU, net	-	-	-	-	-	-	-	-	-

California State University, Channel Islands Site Authority

Other Information June 30, 2024

<u>Composition of capital assets - P3 ROU, net:</u>	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
Non-depreciable/Non-amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable P3 assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable P3 assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - P3 ROU, net	-	-	-	-	-	-	-	-	\$ -
Total capital assets, net including ROU assets									\$ 32,298,683

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense - capital assets, excluding ROU assets	\$ 1,645
Amortization expense - Leases ROU	2,442,120
Amortization expense - SBITA ROU	-
Amortization expense - P3 ROU	-
Depreciation and Amortization expense - Others	-
Total depreciation and amortization	\$ 2,443,765

California State University, Channel Islands Site Authority

Other Information June 30, 2024

4 Long-term liabilities:

	Balance June 30, 2023	Prior Period Adjustments/Reclassifica tions	Balance June 30, 2023 (Restated)	Additions	Reductions	Balance June 30, 2024	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations (pre-ASC 842):								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations (pre ASC 842)	-	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	-	-	-	-	-	-	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Finance purchase of capital assets	-	-	-	-	-	-	-	-
4.5 Others:	-	-	-	-	-	-	-	-
Debt services on revenue bond	51,070,000	-	51,070,000	-	(2,400,000)	48,670,000	2,420,000	46,250,000
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total others	51,070,000	-	51,070,000	-	(2,400,000)	48,670,000	2,420,000	46,250,000
Sub-total long-term debt	51,070,000	-	51,070,000	-	(2,400,000)	48,670,000	2,420,000	46,250,000
4.6 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	\$ 51,070,000	\$ -	\$ 51,070,000	\$ -	\$ (2,400,000)	\$ 48,670,000	\$ 2,420,000	\$ 46,250,000

5. Lease, SBITA, P3 liabilities:

	Balance June 30, 2023	Prior Period Adjustments/Reclassifica tions	Additions	Remeasurements	Reductions	Balance June 30, 2024	Current Portion	Noncurrent Portion
Lease liabilities	35,502,339	-	-	-	(1,927,397)	33,574,942	2,083,169	31,491,773
SBITA liabilities	-	-	-	-	-	-	-	-
P3 liabilities - SCA	-	-	-	-	-	-	-	-
P3 liabilities - non-SCA	-	-	-	-	-	-	-	-
Sub-total P3 liabilities	-	-	-	-	-	-	-	-
Total Lease, SBITA, P3 liabilities	\$ 35,502,339	\$ -	\$ -	\$ -	\$ (1,927,397)	\$ 33,574,942	\$ 2,083,169	\$ 31,491,773
Total long-term liabilities						\$ 82,244,942	\$ 4,503,169	\$ 77,741,773

California State University, Channel Islands Site Authority

Other Information June 30, 2024

5 Future minimum payments schedule - leases, SBITA, P3:

	Lease Liabilities			SBITA liabilities			Public-Private or Public-Public Partnerships (P3)			Total Leases, SBITA, P3 liabilities		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:												
2025	\$ 2,083,169	\$ 1,018,179	\$ 3,101,348	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,083,169	\$ 1,018,179	\$ 3,101,348
2026	2,153,116	948,732	3,101,848	-	-	-	-	-	-	2,153,116	948,732	3,101,848
2027	2,226,359	876,864	3,103,223	-	-	-	-	-	-	2,226,359	876,864	3,103,223
2028	2,192,521	803,644	2,996,165	-	-	-	-	-	-	2,192,521	803,644	2,996,165
2029	2,158,743	735,863	2,894,606	-	-	-	-	-	-	2,158,743	735,863	2,894,606
2030 - 2034	11,853,098	2,609,219	14,462,317	-	-	-	-	-	-	11,853,098	2,609,219	14,462,317
2035 - 2039	10,907,936	663,113	11,571,049	-	-	-	-	-	-	10,907,936	663,113	11,571,049
2040 - 2044	-	-	-	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-	-	-	-
2050 - 2054	-	-	-	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-	-	-	-
Total minimum payments	\$ 33,574,942	7,655,614	41,230,556	-	-	-	-	-	-	33,574,942	7,655,614	41,230,556
Less: amounts representing interest												(7,655,614)
Present value of future minimum payments												33,574,942
Total Leases, SBITA, P3 liabilities												33,574,942
Less: current portion												(2,083,169)
Leases, SBITA, P3 liabilities, net of current portion												\$ 31,491,773

6 Future minimum payments schedule - Long-term debt obligations:

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
Year ending June 30:									
2025	\$ -	\$ -	\$ -	\$ 2,420,000	\$ 871,886	\$ 3,291,886	\$ 2,420,000	\$ 871,886	\$ 3,291,886
2026	-	-	-	3,335,000	850,699	4,185,699	3,335,000	850,699	4,185,699
2027	-	-	-	3,375,000	817,054	4,192,054	3,375,000	817,054	4,192,054
2028	-	-	-	3,275,000	775,497	4,050,497	3,275,000	775,497	4,050,497
2029	-	-	-	3,325,000	727,924	4,052,924	3,325,000	727,924	4,052,924
2030 - 2034	-	-	-	17,510,000	2,735,880	20,245,880	17,510,000	2,735,880	20,245,880
2035 - 2039	-	-	-	15,430,000	767,689	16,197,689	15,430,000	767,689	16,197,689
2040 - 2044	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-
2050 - 2054	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
Total minimum payments	\$ -	\$ -	\$ -	\$ 48,670,000	\$ 7,546,629	\$ 56,216,629	\$ 48,670,000	\$ 7,546,629	\$ 56,216,629
Less: amounts representing interest									(7,546,629)
Present value of future minimum payments									48,670,000
Unamortized net premium/(discount)									48,670,000
Total long-term debt obligations									(2,420,000)
Less: current portion									-
Long-term debt obligations, net of current portion									\$ 46,250,000

California State University, Channel Islands Site Authority

Other Information June 30, 2024

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ 114,860
Payments to University for other than salaries of University personnel	4,648,374
Payments received from University for services, space, and programs	1,633,930
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	(147,822)
Other amounts payable to University	-
Accounts receivable from University	249,145
Other amounts receivable from University	-

8 Restatements: Not applicable

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	\$ -	-	-	-	-	-	-	-
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	3,155,200	-	3,155,200
Academic support	-	-	-	-	-	-	-	-
Student services	-	-	-	-	-	-	-	-
Institutional support	-	-	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	1,713,523	-	1,713,523
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	2,443,765	2,443,765
Total operating expenses	\$ -	-	-	-	-	4,868,723	2,443,765	\$ 7,312,488

California State University, Channel Islands Site Authority

Other Information June 30, 2024

10 Deferred outflows/inflows of resources:

1. Deferred Outflows of Resources

Deferred outflows - unamortized loss on refunding(s)	\$	4,639,775
Deferred outflows - net pension liability		-
Deferred outflows - net OPEB liability		-
Deferred outflows - leases		-
Deferred outflows - P3		-
Deferred outflows - others:		-
Sales/intra-entity transfers of future revenues		-
Gain/loss on sale leaseback		-
Loan origination fees and costs		-
Change in fair value of hedging derivative instrument		-
Irrevocable split-interest agreements		-
		-
		-
		-
Total deferred outflows - others		-
Total deferred outflows of resources	\$	4,639,775

2. Deferred Inflows of Resources

Deferred inflows - P3 service concession arrangements	\$	-
Deferred inflows - net pension liability		-
Deferred inflows - net OPEB liability		-
Deferred inflows - unamortized gain on debt refunding(s)		-
Deferred inflows - nonexchange transactions		-
Deferred inflows - leases		-
Deferred inflows - P3		-
Deferred inflows - others:		-
Sales/intra-entity transfers of future revenues		-
Gain/loss on sale leaseback		-
Loan origination fees and costs		-
Change in fair value of hedging derivative instrument		-
Irrevocable split-interest agreements		-
		-
		-
		-
Total deferred inflows - others		-
Total deferred inflows of resources	\$	-

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	\$	6,591,711
Other nonoperating (expenses)		(878,640)
Total other nonoperating revenues (expenses)	\$	5,713,071

California State University, Channel Islands Site Authority

**Schedule 1 - Supplementary Schedule of
Net Position (Deficit) by Program
June 30, 2024**

Assets:	
Cash and cash equivalents	\$ 7,450,847
Accounts receivable	2,880,268
Due from CSU Channel Islands	249,145
Investments	11,068,873
Prepaid expense	28,242
Due from CSUCI Financing Authority - restricted	15,429
Other assets - refunding of debt	4,639,775
Capital assets, net	32,298,683
Total assets	<u>\$ 58,631,262</u>
Liabilities:	
Accounts payable	\$ 618,063
Interest payable to CSU Systemwide Revenue Bonds	416,185
Deferred Revenue	1,111,962
Due to CSU Channel Islands	148,221
Loan from CSU Office of the Chancellor	48,670,000
Lease liability	668,000
PPP liability	32,906,942
Total liabilities	<u>84,539,373</u>
Net assets (deficit)	<u>(25,908,111)</u>
Total liabilities and net assets	<u>\$ 58,631,262</u>

California State University, Channel Islands Site Authority

**Schedule 2 - Supplementary Schedule of
Revenues, Expenses, and Changes in
Net Position (Deficit) by Program
For the Year Ended June 30, 2024**

	General Operations	CI Power	32 Acres	Common Area Maintenance	Mission Hills & Anacapa Apts	Low & Moderate Income	East Campus	Broome Library	Total
Operating revenues:									
Energy sales	\$ -	\$ 2,877,674	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,877,674
Maintenance rent and reserve	-	-	-	2,841,649	-	-	-	-	2,841,649
Sublease rent	-	-	2,137,706	-	931,522	-	-	-	3,069,228
Home sales	46,475	-	-	-	-	-	-	-	46,475
Miscellaneous revenues	10,850	-	1,890	-	-	-	-	-	12,740
Total operating revenues	<u>57,325</u>	<u>2,877,674</u>	<u>2,139,596</u>	<u>2,841,649</u>	<u>931,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,847,766</u>
Operating expenses:									
Cost of energy sales	-	1,713,523	-	-	-	-	-	-	1,713,523
Depreciation of capital assets	1,645	184,880	-	-	-	-	2,257,240	-	2,443,765
General, administrative, and other expenses	<u>455,653</u>	<u>-</u>	<u>43,737</u>	<u>2,282,470</u>	<u>304,070</u>	<u>-</u>	<u>69,270</u>	<u>-</u>	<u>3,155,200</u>
Total operating expenses	<u>457,298</u>	<u>1,898,403</u>	<u>43,737</u>	<u>2,282,470</u>	<u>304,070</u>	<u>-</u>	<u>2,326,510</u>	<u>-</u>	<u>7,312,488</u>
Operating income (loss)	<u>(399,973)</u>	<u>979,271</u>	<u>2,095,859</u>	<u>559,179</u>	<u>627,452</u>	<u>-</u>	<u>(2,326,510)</u>	<u>-</u>	<u>1,535,278</u>
Nonoperating revenue (expense):									
Interest expense	-	(40,672)	-	-	-	-	(1,132,155)	-	(1,172,827)
Investment income	175,794	-	-	186,210	-	-	-	-	362,004
Property tax	-	-	-	-	-	495,606	1,982,424	-	2,478,030
Sales tax	29,192	-	-	-	-	-	-	-	29,192
Special tax	-	-	-	-	-	36,149	786,254	-	822,403
Pass through tax	-	-	-	-	-	-	(793,552)	-	(793,552)
Contribution for debt service	-	-	-	-	-	-	-	2,525,733	2,525,733
Interest on loan payable to CSU, Channel Islands	-	-	-	-	-	-	-	(913,924)	(913,924)
Other nonoperating revenue (expense)	<u>87,359</u>	<u>644,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(80,775)</u>	<u>-</u>	<u>651,265</u>
Total nonoperating revenue (expense)	<u>292,345</u>	<u>604,009.00</u>	<u>-</u>	<u>186,210</u>	<u>-</u>	<u>531,755</u>	<u>762,196</u>	<u>1,611,809</u>	<u>3,988,324</u>
Transfer for payment of infrastructure debt	-	-	-	-	-	(531,755)	531,755	-	-
Income (loss) before transfers (to) from other CSU funds	<u>(107,628)</u>	<u>1,583,280</u>	<u>2,095,859</u>	<u>745,389</u>	<u>627,452</u>	<u>-</u>	<u>(1,032,559)</u>	<u>1,611,809</u>	<u>5,523,602</u>
Changes in net position	<u>(107,628)</u>	<u>1,583,280</u>	<u>2,095,859</u>	<u>745,389</u>	<u>627,452</u>	<u>-</u>	<u>(1,032,559)</u>	<u>1,611,809</u>	<u>5,523,602</u>
Net position (deficit), beginning of year	<u>700,445</u>	<u>8,710,154</u>	<u>182,883</u>	<u>3,781,030</u>	<u>1,750,282</u>	<u>-</u>	<u>933,386</u>	<u>(47,489,893)</u>	<u>(31,431,713)</u>
Net position (deficit), end of year	<u>\$ 592,817</u>	<u>\$ 10,293,434</u>	<u>\$ 2,278,742</u>	<u>\$ 4,526,419</u>	<u>\$ 2,377,734</u>	<u>\$ -</u>	<u>\$ (99,173)</u>	<u>\$ (45,878,084)</u>	<u>\$ (25,908,111)</u>

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities of California State University, Channel Islands Site Authority ("Site Authority"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Site Authority's basic financial statements, and have issued our report thereon dated September 17, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

CohnReznick LLP

Los Angeles, California
September 17, 2024



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