

CohnReznick



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 Student Union of San José State University'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 Student Union of San José State University'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.

Report on Summarized Comparative Information

We have previously audited The Student Union of San José State University's June 30, 2023 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 2, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 9, Schedule of Changes in the Net OPEB Liability and Related Ratios on page 30, and the Schedule of OPEB Contributions on page 31 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 Student Union of San José State University's basic financial statements. The accompanying supplementary information on pages 33 to 38 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2024, on our consideration of The Student Union of San José State University'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 Student Union of San José State University'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 Student Union of San José State University's internal control over financial reporting and compliance.



The Student Union's financial statements include the statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows. These statements are supported by the notes to the financial statements and management's discussion and analysis. All sections must be considered together to obtain a complete understanding of the financial position of the Student Union.

The statement of net position includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources. Assets, deferred outflows of resources, liabilities and deferred inflows of resources are reported on an accrual basis as of the statement date. It also identifies major categories of restrictions (if any) on the net position of the Student Union.

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

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

Summary

The following discussion highlights management's understanding of the key financial aspects of the Student Union's financial activities as of and for the year ended June 30, 2024. Included are comparative analyses of the current and prior years' activities and balances and a discussion of restrictions (if any) of the Student Union's net position.

The Student Union's condensed summary of net position as of June 30 is as follows:

	2024	2023	Change
Assets:			
Current assets	\$ 974,747	\$ 2,078,928	\$ (1,104,181)
Capital assets, net	724,346	1,087,058	(362,712)
Noncurrent assets	5,994,678	5,706,488	288,190
Total assets	<u>7,693,771</u>	<u>8,872,474</u>	<u>(1,178,703)</u>
Deferred outflows of resources	<u>1,486,382</u>	<u>1,700,265</u>	<u>(213,883)</u>
Liabilities:			
Current liabilities	<u>907,335</u>	<u>838,974</u>	<u>68,361</u>
Total liabilities	<u>907,335</u>	<u>838,974</u>	<u>68,361</u>
Deferred inflows of resources	<u>1,635,265</u>	<u>1,798,299</u>	<u>(163,034)</u>
Net position:			
Net investment in capital assets	724,346	1,087,058	(362,712)
Unrestricted - Student Services	5,913,207	6,848,408	(935,201)
Total net position	<u>\$ 6,637,553</u>	<u>\$ 7,935,466</u>	<u>\$ (1,297,913)</u>

The Student Union's condensed summary of revenues, expenses and changes in net position for the

Wages and benefits increased by approximately \$0.5 million from fiscal year 2023 to fiscal year 2024. There were increases of \$0.1 million in insurance, \$0.2 million in event costs, \$0.1 million of equipment purchases, \$0.4 million of business services, and \$0.1 million in club and intramural sports programs.

	2024	2023
Current assets		
Cash and cash equivalents	\$ 753,222	\$ 892,648
Investments	18	973,675
Accounts receivable	31,659	51,904
Prepaid expenses and other current assets	189,848	160,701
Total current assets	974,747	2,078,928
Noncurrent assets		
Investments	5,340,221	5,311,445
Capital assets, net	724,346	1,087,058
Net OPEB asset	654,457	395,043
Total noncurrent assets	6,719,024	6,793,546
Total assets	\$ 7,693,771	\$ 8,872,474
Deferred outflows of resources		
OPEB deferred outflows—differences between projected and actual experience and changes in assumptions	\$ 1,027,284	\$ 1,265,183
OPEB deferred outflows—other post-employment benefits (OPEB) contributions after the measurement date	459,098,9(1,824,071.83(5,082)TJ8.2003 0 T

See Notes to Financial Statements.

	<u>2024</u>	<u>2023</u>
Operating revenues		
Student union fee funding	\$ 9,577,426	\$ 11,373,385
Service fees	662,989	584,935
Rental income	190,127	185,959
Event services revenue	108,736	78,814
Club and intramural sports revenue	1,034,156	1,004,585
Other	317	2,234
	<u>11,573,751</u>	<u>13,229,912</u>
Operating expenses		
Wages, benefits and taxes	8,040,745	7,589,948
Insurance	221,490	159,817
Supplies	308,742	330,386
Communications	384,269	376,895
Repairs and maintenance	235,410	221,532
Event costs	784,886	572,967
Small equipment purchases	72,311	11,920
Depreciation and amortization	362,712	411,024
Business services	1,932,839	1,552,345
Club and intramural sports program	995,047	868,008
Miscellaneous	101,532	83,960
Project expenditures	67,987	24,342
	<u>13,507,970</u>	<u>12,203,144</u>
Operating (loss) income	<u>(1,934,219)</u>	<u>1,026,768</u>
Nonoperating revenues (expenses)		
Loss on sale of capital assets	-	(55,241)
Investment income, net	636,306	277,690
	<u>636,306</u>	<u>222,449</u>
Net nonoperating revenues	<u>636,306</u>	<u>222,449</u>
Change in net position	(1,297,913)	1,249,217
Net position, beginning of year	<u>7,935,466</u>	<u>6,686,249</u>
Net position, end of year	<u>\$ 6,637,553</u>	<u>\$ 7,935,466</u>

See Notes to Financial Statements.

	2024	2023
Cash flows from operating activities		
Sales and services of auxiliary enterprises	\$ 11,485,260	\$ 15,714,695
Payments to suppliers	(5,100,542)	(5,274,046)
Payments to employees	(5,360,864)	(4,920,452)
Payments to students	(2,598,215)	(2,598,215)
Other payments	(146,252)	(94,120)
Net cash (used in) provided by operating activities	<u>(1,720,613)</u>	<u>2,827,862</u>
Cash flows from capital and related financing activities		
Acquisitions of capital assets	-	(25,991)
Net cash used in capital and related financing activities	<u>-</u>	<u>(25,991)</u>
Cash flows from investing activities		
Interest income	253,395	174,550
Proceeds from sales of investments	8,304,580	11,920,431
Purchases of investments	(6,976,788)	(15,210,000)
Net cash provided by (used in) investing activities	<u>1,581,187</u>	<u>(3,115,019)</u>
Net decrease in cash and cash equivalents	(139,426)	(313,148)
Cash and cash equivalents, beginning	<u>892,648</u>	<u>1,205,796</u>
Cash and cash equivalents, end	<u>\$ 753,222</u>	<u>\$ 892,648</u>
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities		
Operating (loss) income	\$ (1,934,219)	\$ 1,026,768
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities		
Depreciation and amortization	362,712	411,024
Change in assets and liabilities		
Accounts receivable	20,245	2,631,002
Prepaid expenses and other current assets	(29,147)	(92,277)
Deferred outflows of resources	213,883	(1,031,932)
Accounts payable	2,717	(962,370)
Accrued payroll and related expenses	35,243	71,281
Other accrued liabilities	30,401	(17,229)
Deferred inflows of resources	(163,034)	(265,038)
Net OPEB asset/liability	(259,414)	1,056,633
Net cash (used in) provided by operating activities	<u>\$ (1,720,613)</u>	<u>\$ 2,827,862</u>

See Notes to Financial Statements.

funds. A proposal was approved on June 24, 2022 to provide one-time funding for development of an e-sports program for the two-year period covering fiscal year 2022-2023 through 2023-2024. Under the terms of this proposal, funding for the e-sports program was approved at \$130,000 for the fiscal year ended June 30, 2023 with an increase to \$133,900 for the fiscal year ending June 30, 2024. During the fiscal year ended June 30, 2024, \$133,900 was received from the e-sports program. The IRA, student dues, and e-sports accounts are reported as cash and cash equivalents and designated for club sports programs within unrestricted net position on the statement of net position. At June 30, 2024, unspent cash totaled \$393,537.

Investments are carried at fair market value, as determined by quoted market prices, with realized and unrealized gains and losses included on the statement of revenues, expenses and changes in net position. The Student Union has certain investments in which fair value is determined by using independent quotation bureaus that utilize computerized valuation formulas to calculate current value, which approximates fair value. Dividends and interest income are accrued when earned.

Accounts receivable and the receivable from affiliates are recorded when services are performed at the actual amount expected to be collected. Management has determined that no allowance for doubtful accounts is necessary at June 30, 2024.

The Student Union's premises are leased from the Trustees of the CSU system. All building costs, capital equipment, operating expenses, and repairs and maintenance costs, however, are obligations of the Student Union. The Student Union capitalizes all equipment purchases over \$5,000.

Capital assets are recorded at acquisition price less accumulated depreciation. Donated capital assets are recorded at their estimated acquisition value. Depreciation is provided for using the straight-line method over the estimated useful lives of the respective assets, generally three to seven years or, in the case of leasehold improvements, generally the lesser of 15 years or the life of the lease.

The Student Union accrues vacation benefits for eligible employees at various rates, depending upon the length of service. Eligible full-time employees accrue sick leave at the rate of 96 hours at January 1 each year. The Student Union adopted the mandated sick leave for non-benefited employees as of July 1, 2015. All non-benefited employees accrue 24 hours of sick leave annually. Unused sick leave balances at December 31 of each year are forfeited. Employees are not paid for unused sick leave upon termination of employment. At June 30, 2024, the Student Union had a balance of \$292,229 of compensated absences included in accrued payroll and related expenses in the statement of net position. The Student Union considers compensated absences at June 30, 2024 to be current due to unused amounts of sick leave being forfeited every 12 months. During 2024, \$262,401 of compensated absences were earned and \$249,247 were used.

The Student Union's net position is classified into the following net asset categories:

Net investment in capital assets – Capital assets less accumulated depreciation and outstanding balances of bonds, mortgages, notes, lease liabilities, or other borrowings attributable to the acquisition, construction, or improvement of those assets.

Restricted – expendable – Net position subject to externally imposed conditions that can be fulfilled by the actions of the Student Union or by the passa

would be taxable. Management has determined that all income tax positions will more likely than not be sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

In preparing financial statements, management is required to make estimates and assumptions that affect the amounts of reported assets and liabilities in the financial statements and accompanying notes, as well as revenues and expenses during the reporting period. Actual results could differ from those estimates.

The financial statements include certain prior year summarized comparative information in total but not by net position class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Student Union's financial statements for the year ended June 30, 2023 from which the summarized information was derived.

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

The Student Union regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Student Union has various sources of liquidity at its disposal, including cash and cash equivalents and receivables. At June 30, 2024, the Student Union had the following financial assets and liquidity resources available over the next 12 months:

Cash and cash equivalents	\$ 753,222
Accounts receivable	31,659
Less: club sports cash	<u>(393,537)</u>
	<u>\$ 391,344</u>

Investments consist of the following at June 30, 2024:

UBS Financial Services, Inc. ("UBS")	
Exchange traded funds	\$ 2,091,877
Fixed income mutual and exchange traded funds	1,747,098
Mutual funds	129,536
Equity securities	612,024
Hedge funds	284,044
Private equity funds	402,856
Cash	<u>72,804</u>
	<u>\$ 5,340,239</u>

The Student Union's investment policy (the "Policy") sets forth the guidelines for the investments of the Student Union, which includes cash accounts that are classified as investments.

Interest rate risk is the risk that the changes in market interest rate will adversely affect the fair value of an investment. In accordance with the Policy, the Student Union manages the risk of market value fluctuations due to overall changes in general levels of interest rates by limiting the average maturity and effective duration of investments within the portfolios.

	Market Value	<1 Year	<2 Years	<3 Years	<4 Years	<5 Years	>5 Years
Fixed income mutual and exchange traded funds	1,747,098						

Union's operations, deposit balances in checking accounts can exceed the Federal Deposit Insurance

The following table summarizes the Student Union's investments' fair value hierarchy:

Description	June 30, 2024	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Exchange traded funds	\$ 2,091,877	\$ 2,091,877	\$ -	\$ -
Fixed income mutual and exchange traded funds	1,747,098	1,747,098	-	-
Mutual funds	129,536	129,536	-	-
Equity securities	612,024	612,024	-	-
Hedge funds	284,044	284,044	-	-
Total investments by fair value level	4,864,579	\$ 4,864,579	\$ -	\$ -
Investments measured at net asset value (NAV)				
Private equity funds	402,856			
Cash	72,804			
Total investments	\$ 5,340,239			

earned in the future, as well as those already accrued. The plan uses a 6.25% discount rate for year ended June 30, 2024, assuming the Student Union continues prefunding 100% of each future year's annual required contribution. The Student Union assumes an open 30-year level dollar amortization of the unfunded actuarial accrued liability.

The Student Union has selected the equal contribution method, where it is obligated to contribute the same amount for retirees as contributed toward the active employees' medical plan coverage. The Student Union currently pays the medical plan premiums for both retirees and active employees and their dependents at a rate approved by the Board annually.

The Student Union has voluntarily opted for a funding policy under which it will contribute 100% of its actuarially determined annual required contribution. Contributions to the OPEB plan from the Student Union for the year ended June 30, 2024 were \$459,098.

At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	15
Active employees	44
	<hr/>
	59
	<hr/> <hr/>

The Student Union's net OPEB asset was \$654,457 at June 30, 2024. The Student Union's net OPEB asset was measured as of June 30, 2023 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2023 for the year ended June 30, 2024 as allowed per the standard.

The changes in net OPEB asset are as follows for the year ended June 30, 2024:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2023 <i>Measurement date June 30, 2022</i>	\$ 3,763,949	\$ 4,158,992	\$ (395,043)
Expected changes during the period			
Service cost	313,192	-	313,192
Interest cost	262,629	-	262,629
Expected investment income	-	281,604	(281,604)
Employer contributions	-	435,082	(435,082)
Administrative fees	-	(19,378)	19,378
Benefit payments	(135,082)	(135,082)	-
Total expected changes during the period	440,739	562,226	(121,487)
	4,204,688	4,721,218	(516,530)
Unexpected changes during the period			
Changes due to investment experience	-	98,754	(98,754)
Plan experience:			
Premiums and estimated claims	38,220	-	38,220
Terminations and retirements	(4,090)	-	(4,090)
Retiree mortality	(46,282)	-	(46,282)
New entrants	78,639	-	78,639
Medical plan election changes	17,440	-	17,440
Other plan experience	(12,951)	-	(12,951)
Change due to plan experience	70,976	-	70,976
Assumption changes:			
Change in discount rate	150,475	-	150,475
Change in spouse coverage assumption	(119,775)	-	(119,775)
Change in healthcare trend	90,314	-	90,314
Updated demographic assumptions	(231,163)	-	(231,163)
Change due to assumption changes	(110,149)	-	(110,149)
Total unexpected changes during the period	(39,173)	98,754	(137,927)
Balance at June 30, 2024 <i>Measurement date June 30, 2023</i>	<u>\$ 4,165,515</u>	<u>\$ 4,819,972</u>	<u>\$ (654,457)</u>

For the year ended June 30, 2024, the Student Union recognized OPEB expense of \$250,533 which is included in wages, benefits and taxes on the statement of revenues, expenses and changes in net position.

OPEB expense for the year ended June 30, 2024 is as follows:

Service cost	\$ 313,192
Interest on OPEB liability	262,629
Projected earnings	(281,604)
Administrative expenses	19,378
Deferred (inflows) outflows of resources	
Change in assumptions	(45,830)
Differences between expected and actual experience	(139,379)
Differences between projected and actual earnings	122,147
	<u>122,147</u>
OPEB expense	<u>\$ 250,533</u>

At June 30 2024, the Student Union reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 62,947	\$ (876,214)
Changes of assumptions	199,742	(406,680)
Net difference between projected and actual earnings on OPEB plan investments	<u>764,595</u>	<u>(352,371)</u>
Total	<u>\$ 1,027,284</u>	<u>\$ (1,635,265)</u>

Of the total amount reported as deferred outflows at June 30, 2024, related to OPEB, \$459,098 resulting from Student Union contributions subsequent to the measurement date of June 30, 2023 and before the end of the fiscal year will be included as a reduction of the net OPEB liability for the year ended June 30, 2025.

Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:	
2025	\$ (74,784)
2026	(92,778)
2027	43,909
2028	(204,959)
2029	(143,998)
Thereafter	<u>(135,371)</u>
Total	<u>\$ (607,981)</u>

The June 30, 2024 total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%
Investment rate of return	6.25%
Health care cost trend rates	6.50% in 2025 fluctuating down to 3.9% by 2075
Dental rate	4.00%

Mortality rates for June 30, 2024 were based on the CalPERS 2021 Mortality Pre- and Post-retirement Table for Males or Females, as appropriate.

The retirement rates used in the most recent CalPERS Public Agency Miscellaneous were 2.0% at 55 for actives hired before January 1, 2013, and 2.0% at 62 for actives hired on or after January 1, 2013.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weight; the expected future real rates of return by the target asset allocation percentage; and by adding expected inflation.

As of June 30, 2024, the long-term expected rates of return for each major investment class in the plan's portfolio are as follows:

	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	41.0%	6.00%
Fixed income	39.0%	1.30%
Real assets		

The following presents the net OPEB liability of the Student Union, as well as what the Student Union's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.25%) or one percentage point higher (7.25%) than the current discount rate:

	1% Decrease <u>5.25%</u>	Discount Rate 6.25%	1% Increase 7.25%
Net OPEB liability (asset)	\$ (84,714)	\$ (654,457)	\$ (1,124,787)

At June 30, 2024, there were 54 full time employees and 303 part time and student employees that were covered by the CSURMA–AORMA workers' compensation and unemployment insurance program. For the fiscal year ending June 30, 2025, deposits to the workers compensation program have been calculated to be \$97,919 and are invoiced quarterly by CSURMA during the fiscal year.

During the fiscal year ending June 30, 2025, deposits to the Unemployment Insurance Program have been calculated to be \$15,452 and are invoiced quarterly by CSURMA during the fiscal year.

In June 2024, the Student Union was notified of a special assessment related to the AORMA Property Program totaling \$23,143, which the Student Union funded by June 30, 2024; therefore, there is no liability accrued as there are no unfunded claims as of June 30, 2024.

	2024	2023	2022	2021	2020
Total OPEB liability:					
Service cost	\$ 313,192	\$ 304,070	\$ 252,842	\$ 213,651	\$ 222,014
Interest	262,629	235,196	282,923	256,530	247,140
Differences between expected and actual experience	-	-	(1,101,878)	(16,081)	(77,164)
Change in benefit terms	70,976	-	-	-	-
Changes in assumptions	(110,149)	-	(134,099)	288,802	(174,689)
Benefit payments	(135,082)	(124,061)	(101,717)	(85,144)	(64,787)
	401,566	415,205	(801,929)	657,758	152,514
Total OPEB liability - beginning	3,763,949	3,348,744	4,150,673	3,492,915	3,340,401
	4,165,515	3,763,949	3,348,744	4,150,673	3,492,915
Plan fiduciary net position:					
Contributions - employer	435,082	424,061	501,717	628,940	308,583
Net investment income	380,358	(920,761)	922,532	125,802	121,901
Benefit payments	(135,082)	(124,061)	(101,717)	(85,144)	(64,787)
Administrative expense	(19,378)	(20,667)	(1,599)	(9,851)	(9,700)
	660,980	(641,428)	1,320,933	659,747	355,997
Plan fiduciary net position - beginning	4,158,992	4,800,420	3,479,487	2,819,740	2,463,743
	4,819,972	4,158,992	4,800,420	3,479,487	2,819,740
	\$ (654,457)	\$ (395,043)	\$ (1,451,676)	\$ 671,186	\$ 673,175

Information presented prospectively beginning with 2018 due to implementation of GASB 75.

Plan fiduciary net position as a percentage of the total OPEB liability	116%	110%	143%	84%	81%
Covered payroll	\$ 3,609,951	\$ 3,136,187	\$ 3,492,100	\$ 3,552,453	\$ 2,978,976
Student Union's net OPEB liability as a percentage of covered payroll	-18%	-13%	-42%	19%	23%

	2024	2023	2022	2021	2020
Actuarially determined contribution	\$ 218,407	\$ 206,941	\$ 212,244	\$ 283,978	\$ 283,023
Contributions in relation to the actuarially determined contribution	459,098	435,082	424,061	501,717	308,583
Contribution excess	\$ (240,691)	\$ (228,141)	\$ (211,817)	\$ (217,739)	\$ (25,560)
Covered payroll	\$ 3,880,702	\$ 3,609,951	\$ 3,780,708	\$ 3,492,100	\$ 3,552,453
Contributions as a percentage of covered payroll	11.83%	12.05%	11.22%	14.37%	8.69%

Information presented prospectively beginning with 2018 due to implementation of GASB 75.

Valuation date: 6/30/2023
Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level Dollar
Amortization period	Open 30 year
Asset valuation method	Market value of assets as of the measurement date
Inflation	2.50%
Health care cost trend rates at June 30, 2024	6.5% in 2025 fluctuating down to 3.9% by 2075
Dental rate	4.00%
Salary increases	3.00%
Investment rate of return	6.25%
Retirement age	50 to 75
	Retirement rates that were used in the most recent CalPERS Public Agency Miscellaneous 2% at 55 for actives hired before January 1, 2013, and 2% at 62 for actives hired on or after January 1, 2013
Mortality	The mortality rates used in this valuation are those used in the most recent 2021 CalPERS experience study
Mortality Improvement	MW Scale 2022 generational
Benefit changes	None

Assets:		
Current assets:		
Cash and cash equivalents	\$	753,222
Short-term investments		18
Accounts receivable, net		31,659
Lease receivable, current portion		-
P3 receivable, current portion		-
Notes receivable, current portion		-
Pledges receivable, net		-
Prepaid expenses and other current assets		189,848
Total current assets		974,747
Noncurrent assets:		
Restricted cash and cash equivalents		-
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		5,340,221
Capital assets, net		724,346
Other assets		654,457
Total noncurrent assets		6,719,024
Total assets		7,693,771
Deferred outflows of resources:		
Unamortized loss on debt refunding		-
Net pension liability		-
Net OPEB liability		1,486,382
Leases		-
P3		-
Others		-
Total deferred outflows of resources		1,486,382
Liabilities:		
Current liabilities:		
Accounts payable		146,532
Accrued salaries and benefits		279,899
Accrued compensated absences, current portion		292,229
Unearned revenues		-
Lease liabilities, current portion		-
SBITA liabilities - current portion		-
P3 liabilities - current portion		-
Long-term debt obligations, current portion		-
Claims liability for losses and loss adjustment expenses, current portion		-
Depository accounts		-
Other liabilities		188,675
Total current liabilities		907,335
Noncurrent liabilities:		
Accrued compensated absences, net of current portion		-
Unearned revenues		-
Grants refundable		-
Lease liabilities, net of current portion		-
SBITA liabilities, net of current portion		-
P3 liabilities, net of current portion		-
Long-term debt obligations, net of current portion		-
Claims liability for losses and loss adjustment expenses, net of current portion		-
Depository accounts		-
Net other postemployment benefits liability		-
Net pension liability		-
Other liabilities		-
Total noncurrent liabilities		-

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		1,996,325
Scholarship allowances (enter as negative)		-
Other operating revenues		9,577,426
Total operating revenues		11,573,751

Expenses:

Operating expenses:

Instruction		-
Research		-
Public service		-
Academic support		-
Student services		13,145,258
Institutional support		-
Operation and maintenance of plant		-
Student grants and scholarships		-
Auxiliary enterprise expenses		-
Depreciation and amortization		362,712
Total operating expenses		13,507,970

1 Cash and cash equivalents:

Current cash and cash equivalents	\$ 753,222
Total	\$ 753,222

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds	\$ 18	\$ 72,786	\$ 72,804
Mutual funds	-	987,343	987,343
Exchange traded funds	-	2,981,168	2,981,168
Equity securities	-	612,024	612,024
Alternative investments:			
Private equity (including limited partnerships)	-	402,856	402,856
Hedge funds	-	284,044	284,044
Total investments	18	5,340,221	5,340,239
Less endowment investments (enter as negative number)	-	-	-
Total investments, net of endowments	\$ 18	\$ 5,340,221	\$ 5,340,239

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	\$ 72,804	\$ 72,804	\$ -	\$ -	\$ -
Mutual funds	987,343	987,343	-	-	-
Exchange traded funds	2,981,168	2,981,168	-	-	-
Equity securities	612,024	612,024	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	402,856	-	-	-	402,856
Hedge funds	284,044	284,044	-	-	-
Total investments	\$ 5,340,239	\$ 4,937,383	\$ -	\$ -	\$ 402,856

2.3 Investments held by the University under contractual agreements:

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3.1 Capital Assets, excluding ROU assets:

Composition of capital assets, excluding ROU assets:


	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
Depreciable/Amortizable capital assets:									
Leasehold improvements	\$ 3,266,796	\$ -	\$ -	\$ -	\$ 3,266,796	\$ -	\$ -	\$ -	\$ 3,266,796
Personal property:									
Equipment	4,229,682	-	-	-	4,229,682	-	-	-	4,229,682
Total depreciable/amortizable capital assets	7,496,478	-	-	-	7,496,478	-	-	-	7,496,478

4 Long-term liabilities:

Balance June 30, 2023	Prior Period Adjustments/Reclassi- fications	Balance June 30, 2023 (Restated)	Additions	Reductions	Balance
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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
Student services	\$ 6,290,975	\$ 1,274,186	\$ 225,051	\$ 250,533	\$ -	\$ 5,104,513	\$ -	\$ 13,145,258



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
The Student Union of San José State University
(A California State University Auxiliary Organization)

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 The Student Union of San José State University (the "Student Union"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Student Union'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 Student Union'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 Student Union's internal control. Accordingly, we do not express an opinion on the effectiveness of the Student Union'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 Student Union'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.

A handwritten signature in black ink that reads "CohnReznick LLP".

Los Angeles, California
September 17, 2024



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