

BROOKLYN COLLEGE AUXILIARY  
ENTERPRISE CORPORATION

Financial Statements and  
Supplementary Information

June 30, 2015 and 2014

(With Independent Auditors' Report Thereon)

# BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

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INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Brooklyn College Auxiliary Enterprise Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of Brooklyn College Auxiliary Enterprise Corporation (the Auxiliary) as of and for the years ended June 30, 2015 and 2014, and the related notes to financial statements, which collectively comprise the Auxiliary's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Brooklyn College Auxiliary Enterprise Corporation as of June 30, 2015 and 2014, and the respective changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### Other Matter

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Toski & Co., CPAs, P.C.

Williamsville, New York  
October 1, 2015

## BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

### Management's Discussion and Analysis

June 30, 2015 and 2014

The intent of management's discussion and analysis (MD&A) is to provide readers with a comprehensive overview of the Brooklyn College Auxiliary Enterprise Corporation's (the Auxiliary) financial position as of June 30, 2015, and changes in its net position for the year then ended. Since this MD&A is designed to focus on current activities, resulting changes, and currently known facts, it should be read in conjunction with the accompanying audited financial statements and related notes.

#### Financial Highlights

- The Auxiliary's net position increased by \$426,070 or 59%. This variance is mainly due to increase in facility rentals revenue and decrease in college support expenses.
- Operating revenue increased by \$203,430 or 27%. This variance is a result of the additional facility rentals revenue.
- Operating expenses increased by \$32,463 or 6%. This variance is a result of the additional parking expenses.

#### Financial Position

The Auxiliary's net position, the difference between assets and liabilities, is one way to measure the Auxiliary's financial health. Over time, increases and decreases in the Auxiliary's net position is just one indicator of whether its financial position is improving.

#### Statements of Net Position

The following summarizes the Auxiliary's assets, liabilities, and net position as of June 30, 2015 and 2014, under the accrual basis of accounting:

	<u>2015</u>	<u>2014</u>	<u>Dollar change</u>	<u>Percent change</u>
Assets	\$ <u>1,191,667</u>	<u>751,356</u>	<u>440,311</u>	59%
Liabilities	\$ <u>45,602</u>	<u>31,361</u>	<u>14,241</u>	45%
Net position	\$ <u>1,146,065</u>	<u>719,995</u>	<u>426,070</u>	59%

## BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

### Management's Discussion and Analysis, Continued

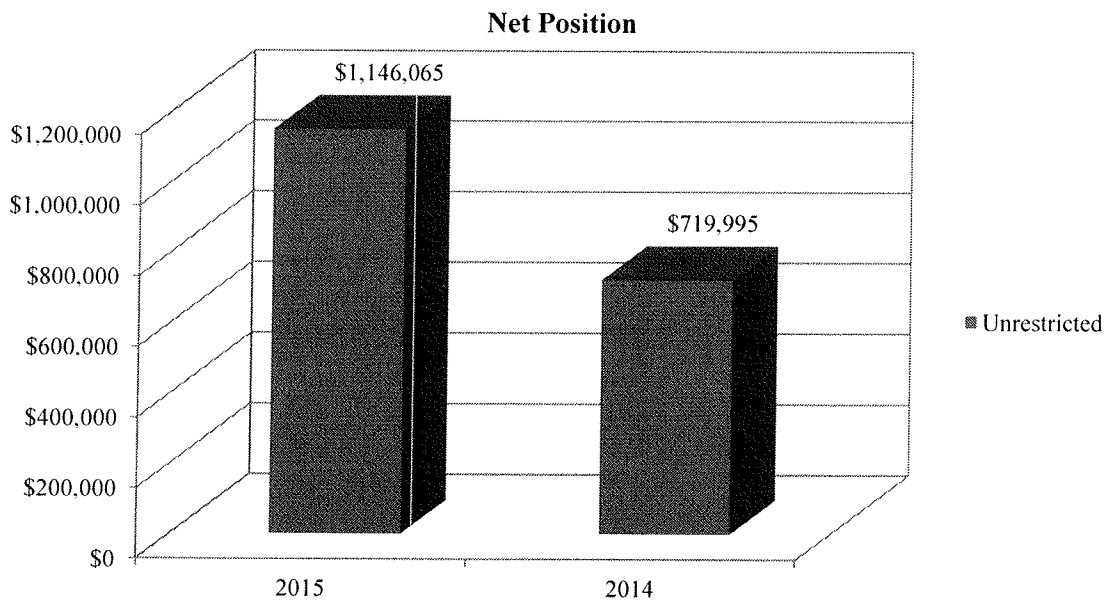
At June 30, 2015, the Auxiliary's total net position increased by \$426,070 or 59%, compared to the previous year.

At June 30, 2015, the Auxiliary's assets increased by \$440,311 or 59%, compared to the previous year. This variance resulted mainly from an increase in revenue, disaster insurance payments, and contributions from a related party in fiscal year 2015.

At June 30, 2015, the Auxiliary's total current liabilities increased by \$14,241 or 45%, compared to the previous year. This variance resulted mainly from an increase in security deposit payable for metropolitan cafeteria contract in fiscal year 2015.

There were no other significant or unexpected changes in the Auxiliary's assets and liabilities.

The following illustrates the Auxiliary's net position at June 30, 2015 and 2014 by category:



# BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

## Management's Discussion and Analysis, Continued

### Statements of Revenue, Expenses and Changes in Net Position

The statements of revenue, expenses and changes in net position present the operating results of the Auxiliary, as well as nonoperating revenue and expenses, if any. The major components of revenue and expenses for the years ended June 30, 2015 and 2014, are as follows:

#### Revenue

	<u>2015</u>	<u>2014</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
Bookstore commissions	\$ 124,167	118,601	5,566	5%
Cafeteria and vending commissions	178,388	122,847	55,541	45%
Parking fees	212,845	204,145	8,700	4%
Facility rentals	330,820	166,585	164,235	99%
Royalty	112,740	151,362	(38,622)	(26%)
ATM revenue	8,550	-	8,550	100%
Other	<u>30</u>	<u>570</u>	<u>(540)</u>	<u>(95%)</u>
Total operating revenue	967,540	764,110	203,430	27%
Nonoperating revenue:				
Interest income	1,974	2,236	(262)	(12%)
Contributions	<u>102,500</u>	<u>75,000</u>	<u>27,500</u>	<u>37%</u>
Total revenue	\$ <u>1,072,014</u>	<u>841,346</u>	<u>230,668</u>	<u>27%</u>

The Auxiliary's total revenue for the year ended June 30, 2015 amounted to \$1,072,014, an increase of \$230,668 or 27%, compared to the previous year. The major components of this variance were related to the increase of facility rentals and the new cafeteria commissions contract.

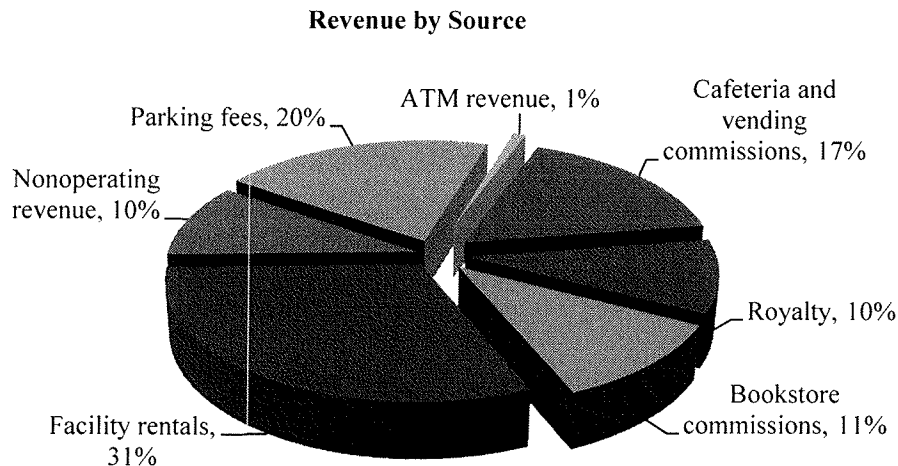
For the year ended June 30, 2015, cafeteria and vending commissions, parking fees, and facility rentals represented 17%, 20% and 31% of total revenue, respectively. Accordingly, the Auxiliary is dependent upon this level of operational support.

There were no other significant or unexpected changes in the Auxiliary's revenue.

## BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

### Management's Discussion and Analysis, Continued

The following illustrates the Auxiliary's revenue, by source, for the year ended June 30, 2015:



### Expenses

	<u>2015</u>	<u>2014</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating expenses:				
Parking	\$ 290,570	263,993	26,577	10%
Student services	161,934	156,518	5,416	3%
Management and general	<u>112,308</u>	<u>111,838</u>	<u>470</u>	1%
Total operating expenses	564,812	532,349	32,463	6%
Nonoperating expenses - College support	<u>81,132</u>	<u>211,858</u>	<u>(130,726)</u>	(62%)
Total expenses	\$ <u>645,944</u>	<u>744,207</u>	<u>(98,263)</u>	(13%)

Total expenses for the year ended June 30, 2015 were \$645,944, a decrease of \$98,263 or 13%, compared to the previous year. The major component of this variance was related to a decrease in college support of \$130,726. This was a result of a decrease in special technology project expense related to college festivities.

There were no other significant or unexpected changes in the Auxiliary's expenses.

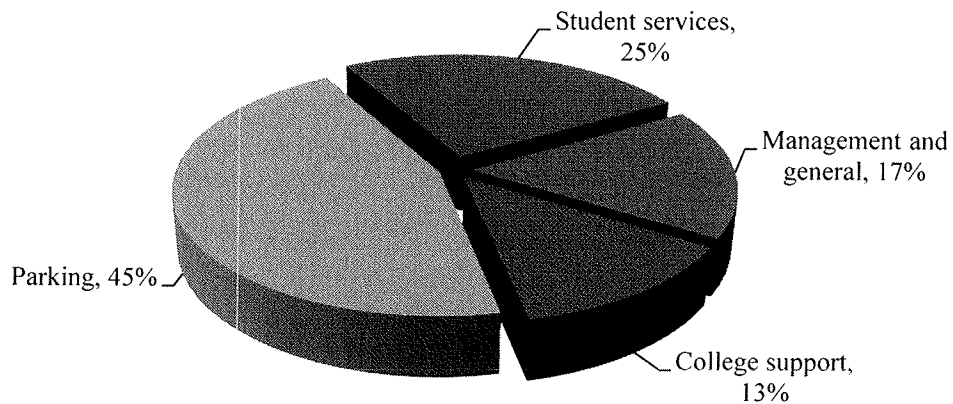


## BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

### Management's Discussion and Analysis, Continued

The following illustrates the Auxiliary's expenses, by category, for the year ended June 30, 2015:

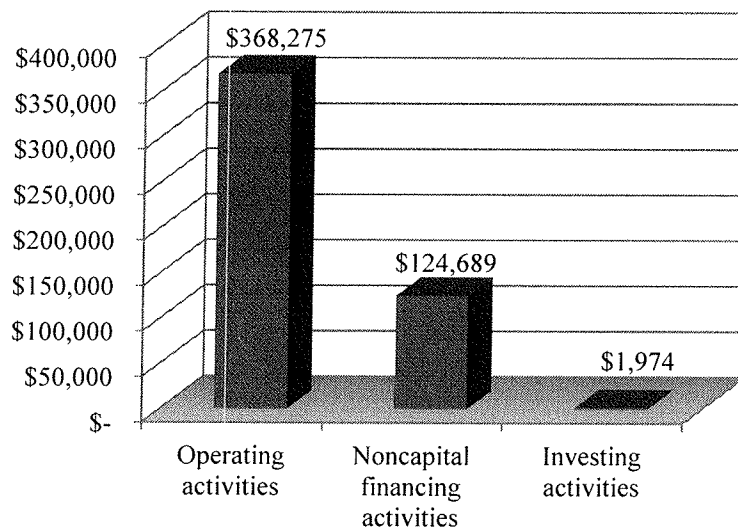
**Expenses by Category**



### Cash Flows

The statement of cash flows provides information about cash receipts and cash payments during the year. This statement assists users to assess the Auxiliary's ability to generate net cash flows, meet its obligations upon maturity, and its dependency on external financing. The following summarizes the Auxiliary's cash flows for the year ended June 30, 2015:

**Cash flows**



BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Management's Discussion and Analysis, Continued

**Economic Factors That May Affect the Future**

There are no known economic factors that may influence the future, with the exception of student enrollment, which directly relates to the amount of revenue earned, as well as related expenses incurred.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION  
Statements of Net Position  
June 30, 2015 and 2014

<u>Assets</u>	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and equivalents	\$ 1,056,291	561,353
Commissions receivable	48,091	10,262
Accounts receivable - other	80,938	173,105
Prepaid expenses and other assets	<u>6,347</u>	<u>6,636</u>
Total assets	<u>1,191,667</u>	<u>751,356</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable and accrued expenses	34,352	17,905
Unearned revenue	<u>11,250</u>	<u>13,456</u>
Total current liabilities	<u>45,602</u>	<u>31,361</u>
<u>Net Position</u>		
Unrestricted	<u>\$ 1,146,065</u>	<u>719,995</u>

See accompanying notes to financial statements.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION  
Statements of Revenue, Expenses and Changes in Net Position  
Years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenue:		
Commissions:		
Bookstore	\$ 124,167	118,601
Cafeteria and vending	178,388	122,847
Parking fees	212,845	204,145
Facility rentals	330,820	166,585
Royalty	112,740	151,362
ATM revenue	8,550	-
Other	<u>30</u>	<u>570</u>
Total operating revenue	<u>967,540</u>	<u>764,110</u>
Operating expenses:		
Parking	290,570	263,993
Student services	161,934	156,518
Management and general	<u>112,308</u>	<u>111,838</u>
Total operating expenses	<u>564,812</u>	<u>532,349</u>
Income from operations	<u>402,728</u>	<u>231,761</u>
Nonoperating revenue (expenses):		
Interest income	1,974	2,236
Contributions	102,500	75,000
College support:		
College activities	(56,726)	(44,210)
Facilities construction	(15,250)	(13,654)
Technology project	(7,800)	(152,617)
Other	<u>(1,356)</u>	<u>(1,377)</u>
Total nonoperating revenue (expenses), net	<u>23,342</u>	<u>(134,622)</u>
Increase in net position	426,070	97,139
Net position at beginning of year	<u>719,995</u>	<u>622,856</u>
Net position at end of year	<u>\$ 1,146,065</u>	<u>719,995</u>

See accompanying notes to financial statements.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Statements of Cash Flows

Years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Cash receipts from:		
Bookstore commissions	\$ 125,973	123,599
Cafeteria and vending commissions	138,753	136,480
Parking fees	212,845	204,145
Facility rentals	317,460	179,240
Royalty	112,740	159,135
ATM revenue	8,550	-
Other	30	570
Cash payments to/for:		
Employees' salaries and benefits	(283,697)	(258,824)
Vendors	(152,071)	(189,930)
Dues and fees	(110,485)	(109,460)
Other	(1,823)	(2,378)
Net cash provided by operating activities	<u>368,275</u>	<u>242,577</u>
Cash flows from noncapital financing activities:		
Contributions	102,500	75,000
College support	(81,132)	(211,858)
Accounts receivable - other	<u>103,321</u>	<u>(172,305)</u>
Net cash provided by (used by) noncapital financing activities	<u>124,689</u>	<u>(309,163)</u>
Cash flows from investing activities - interest income	<u>1,974</u>	<u>2,236</u>
Net increase (decrease) in cash and equivalents	494,938	(64,350)
Cash and equivalents at beginning of the year	<u>561,353</u>	<u>625,703</u>
Cash and equivalents at end of the year	<u><u>\$ 1,056,291</u></u>	<u><u>561,353</u></u>

(Continued)

See accompanying notes to financial statements.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION  
Statements of Cash Flows, Continued

	<u>2015</u>	<u>2014</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 402,728	231,761
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Changes in:		
Commissions receivable	(37,829)	26,404
Accounts receivable - other	(11,154)	(800)
Prepaid expenses and other assets	289	(1,724)
Accounts payable and accrued expenses	16,447	(13,064)
Unearned revenue	<u>(2,206)</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 368,275</u>	<u>242,577</u>

See accompanying notes to financial statements.

# BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

## Notes to Financial Statements

June 30, 2015 and 2014

### (1) Nature of Organization

The Brooklyn College Auxiliary Enterprise Corporation (the Auxiliary) is a not-for-profit organization created for the principal purpose of developing and cultivating educational, social, cultural, and recreational activities among students of Brooklyn College (the College) of the City University of New York (CUNY or the University).

### (2) Summary of Significant Accounting Policies

#### (a) Basis of Accounting

The Auxiliary's accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and applicable Governmental Accounting Standards Board (GASB) pronouncements.

For financial reporting purposes, the Auxiliary is considered to be a special-purpose government engaged only in business-type activities. GASB defines business-type activities as activities financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP, as prescribed by GASB. For financial reporting purposes, the Auxiliary is also considered to be a discretely presented component unit of the University, as defined by GASB.

#### (b) Accounting Pronouncements

The significant GASB standards followed by the Auxiliary are summarized below:

- GASB Statement No. 63 - "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position." This Statement amends the net asset reporting requirements in Statement No. 34 - "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.
- GASB Statement No. 65 - "Items Previously Reported as Assets and Liabilities." This Statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes as outflows of resources or inflows of resources, certain items that were previously reported as assets or liabilities.

## BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

### Notes to Financial Statements, Continued

#### (2) Summary of Significant Accounting Policies, Continued

##### (c) Net Position

The Auxiliary is required to report information regarding its financial position and activities according to three classes of net position:

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

Restricted - non-expendable - Net position subject to externally imposed stipulations requiring the Auxiliary to maintain them in perpetuity.

Restricted - expendable - Net position whose use is subject to externally imposed stipulations that can be fulfilled by the actions of the Auxiliary or the passage of time.

Unrestricted - All other net position, including net position designated by actions, if any, of the Auxiliary's Board of Directors.

The Auxiliary had only unrestricted net position in 2015 and 2014.

##### (d) Cash and Equivalents

Cash and equivalents are comprised of highly liquid instruments with original maturities of 90 days or less.

##### (e) Accounts Receivable

Accounts receivable are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

##### (f) Revenue Recognition

Revenue is recognized in the period earned and is primarily derived from agreements with certain third-party organizations to provide the College with bookstore and cafeteria services, as well as other food services and fees charged for the use of parking facilities.

Revenue collected prior to year end, if any, relating to the summer and fall semesters of the subsequent year, are recorded as unearned revenue.

##### (g) Commissions

Bookstore commissions represent income earned under a contract with a third-party vendor, who operates and maintains the campus bookstore. The terms of the contract provide the Auxiliary with annual commissions equal to the greater of a fixed amount or an amount based on a percentage of sales. The contract expired on June 30, 2012. This agreement was extended during August 2012 for a one year period expiring on June 30, 2013. The contract was renewed for a three year term commencing as of July 1, 2013 and expiring on June 30, 2016. Total bookstore commissions earned during the years ended June 30, 2015 and 2014 amounted to \$124,167 and \$118,601, respectively.



## BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

### Notes to Financial Statements, Continued

#### (2) Summary of Significant Accounting Policies, Continued

##### (g) Commissions, Continued

Cafeteria and vending commissions represent income earned under a contract with a third-party vendor for the sale of food and nonalcoholic beverages on the College's premises. The terms of the contract provide the Auxiliary with annual commissions based on a percentage of sales. During May 2013, this contract was extended for a one year period expiring May 10, 2014. The contract was renewed for a five year term commencing on July 8, 2014 and expiring on July 7, 2019. Total cafeteria and vending commissions earned during the years ended June 30, 2015 and 2014 amounted to \$178,388 and \$122,847, respectively.

##### (h) Donated Space and Services

The Auxiliary operates on the campus of the College and utilizes office space and certain services made available to it. The cost savings associated with any such arrangements are not reflected in the accompanying financial statements because neither the Auxiliary nor the College have a clearly measurable and objective basis for determining such values.

##### (i) Royalty Income

As of July 1, 2013, the University entered into a ten-year CUNY-wide pouring rights contract with Pepsi-Cola Bottling Company of New York, Inc. regarding the supply and distribution of certain beverages for consumption at the University. This contract replaces all previous pouring rights contracts, whether with Coke or Pepsi, and including those with college auxiliary enterprise corporations.

##### (j) Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of revenue, expenses and changes in net position. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

##### (k) Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

##### (l) Subsequent Events

The Auxiliary has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

## BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

### Notes to Financial Statements, Continued

#### (2) Summary of Significant Accounting Policies, Continued

##### (m) Income Taxes

The Auxiliary is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The Auxiliary has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Auxiliary presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Auxiliary has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Auxiliary are subject to examination by taxing authorities. The Auxiliary is no longer subject to tax examination for the years ended June 30, 2011, and prior.

##### (n) Reclassifications

Reclassifications have been made to certain 2014 balances in order to conform them to the 2015 presentation.

#### (3) Cash and Equivalents

Custodial credit risk of deposits is the risk that the Auxiliary's deposits may not be returned in the event of a bank failure. At June 30, 2015, \$825,192 of the Auxiliary's bank balance of \$1,075,192 was exposed to custodial credit risk as it was uninsured and uncollateralized.

#### (4) Unrestricted Net Position Designated by the Board

During 1993, the Auxiliary received a reimbursement of approximately \$130,000 from the Dormitory Authority of the State of New York for expenses relating to dining facilities made in prior years. The Board of Directors of the Auxiliary agreed to set aside this reimbursement to be used at the discretion of the President of the College to support student-centered operations, such as the dining facilities. During the years ended June 30, 2015 and 2014, the Auxiliary did not incur any related expenses, and, accordingly, unrestricted net position at June 30, 2015 and 2014 include approximately \$81,132 and \$211,858, respectively, designated by the Board of the Auxiliary to support student-centered operations.

Additionally, unrestricted net position at June 30, 2015 and 2014 include approximately \$7,056 and \$5,445, respectively, designated by the Board to fund costs related to the operation and maintenance of the parking lots on the premises of the College, as required by action of the Board of Trustees of CUNY.

## BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

### Notes to Financial Statements, Continued

#### (5) Accounts Receivable - Other

On June 30, 2015 and 2014 accounts receivable - other included funds in the amount of \$68,984 and \$172,305, respectively, that will be provided to the College for storm damage sustained during October 2012 which is expected to be reimbursed by FEMA.

#### (6) Accounting Standards Issued But Not Yet Implemented

- GASB Statement No. 72 - "Fair Value Measurement and Application." This Statement, which was issued in February 2015, provides guidance regarding accounting and financial reporting issues related to fair value measurements for certain investments and disclosures related to fair value measurements. The requirements of this Statement are effective for periods beginning after June 15, 2015, which is the fiscal year beginning July 1, 2015 for the Auxiliary. The Statement is being evaluated for its effect on the financial statements of the Auxiliary.
- GASB Statement No. 73 - "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." This Statement, issued in June 2015, establishes requirements for defined benefit pensions and defined contribution pensions that are not within the scope of Statement No. 68, "Accounting and Financial Reporting for Pensions," as well as requirements for the assets accumulated for purposes of providing those pensions. The requirements of this Statement for pensions that are not within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2016. Requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions as well as the requirements for pension plans within the scope of Statements 67 and 68 are effective for fiscal years beginning after June 15, 2015, which is the fiscal year beginning July 1, 2015. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.
- GASB Statement No. 74 - "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This Statement, issued in June 2015, replaces existing standards of accounting and financial reporting for postemployment benefit plans other than pension plans and also replaces existing requirements for defined contribution OPEB plans. The provisions of this Statement are effective for financial statements for fiscal years beginning after June 15, 2016, which is the fiscal year beginning July 1, 2016 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

(6) Accounting Standards Issued But Not Yet Implemented, Continued

- GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This Statement, issued in June 2015, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This Statement is effective for fiscal years beginning after June 15, 2017, which is the fiscal year beginning July 1, 2017 for the Auxiliary. This Statement is not expected to have a material effect on the financial statements of the Auxiliary.
- GASB Statement No. 76 - "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." This Statement, issued in June 2015, supersedes Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," and reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements for this Statement are effective for financial statements for periods beginning after June 15, 2015, which is the fiscal year beginning July 1, 2015 for the Auxiliary. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Auxiliary.