

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
FINANCE COMMITTEE MEETING
FEBRUARY 21, 2019
MINUTES**

I. Call to Order

The meeting was called to order by Committee Chair, Jesus Suarez at 12:07 p.m.

II. Roll Call

Present	Absent	Staff/Guests
Paolo Aiello Student Committee Member (voting)	Joel Castellanos Student Committee Member (voting)	Jonathan Navarro, Accounting Manager
Sharon Eichten Director, Budget Planning & Management (voting)	Debra Hammond Executive Director (non-voting)	David Ross, Assistant Director, Facilities & Maintenance
Joe Illuminate Executive Secretary (non-voting)		
Michael Meneses Student Committee Member (voting)		
Diego Paniagua Student Committee Member (voting)		
Dr. Shelley Ruelas-Bischoff Student Affairs Representative (voting)		
Jesus Suarez Committee Co-Chair (voting)		

Paolo Aiello arrived at 12:15 p.m. Dr. Shelley Ruelas-Bischoff arrived at 12:10 p.m. Diego Paniagua left at 12:55 p.m.

III. Icebreaker

Chair, Jesus Suarez, requested that each committee member tell the committee a recent incident that was either interesting or embarrassing.

IV. Approval of Agenda

M/S/P (P. Aiello/S. Eichten) Motion to approve the agenda for February 21, 2019.

Main motion passes by general consensus

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V. **Approval of Minutes**

M/S/P (M. Meneses/P. Aiello) Motion to approve the minutes for November 28, 2018.

Main motion passes 4-0-1

VI. **Chair's Report**

Committee Chair, Jesus Suarez announced Arrah Ebot Enaw resigned her position as Finance Committee Chair due to scheduling conflicts with her classes. He encouraged the members to reach out to Arrah to thank her for her service on the committee. He also expressed his commitment to complete the Finance Committee goals for the 2018-19 fiscal year.

VII. **Action Items**

A. **2018-19 Capital Outlay Funds Reallocation**

M/S/P (S. Ruelas-Bischoff/P. Aiello) Motion to reallocate \$20,310 from the Games Room Renovation Project to the Gender Inclusive Restroom – Sol Center project

The \$51,578 Games Room Renovation project has been delayed to the 2019-20 fiscal year which is the reason the additional \$20,310 funding for the Gender Inclusive Restroom is available. The reallocation or transfer of funds between projects does not change the 2018-19 Capital Outlay Budget total amount of \$252,966.

The revised quotation from the vendor, KLD Construction, to complete the restroom is \$56,100. Adding a 10% contingency of \$5,610 brings the total cost to \$63,304. The Board approved budget for the restroom is \$42,944. Therefore, an additional allocation of \$20,310 is needed for this project [$\$63,304 - \$42,944 = \$20,310$].

David Ross, Assistant Director, Facilities & Maintenance, explained that the \$42,994 approved budget for the Gender Inclusive Restroom excluded fire alarm, sprinkler work, and additional lighting fixtures. The cost to modify the sprinkler and alarm systems is \$12,300. The cost of the additional lighting is \$2,400.

Motion passes 5-0-0

B. **Second Quarter Budget Report**

M/S/P (P. Aiello/S. Ruelas-Bischoff) Motion to accept the 2018-19 Second Quarter Budget Report as presented.

Jonathan Navarro, Accounting Manager, presented the Second Quarter Budget Report

Summary

The USU's financial performance for the second quarter is strong. Both total revenues and expenditures are within the operating range. We have a surplus of \$549,728, approximately \$5.2 million in cash, and unallocated reserves of \$280,341.

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Revenues

Total revenue is **\$8,640,588** which is **50.4%** of the revised budget of **\$17,131,986**.

○ **Rental Income: SRC Lockers & Towels (61.9%)**

This category is above the operating range because current members are allowed to renew their services for the spring semester in early December. This category is expected to be within the optimal range by fiscal year end.

○ **Food Service Commission (56.3%)**

This category is slightly above the optimal range. The budget was reduced by \$20,000 because our food service commission budget was based on an incorrect total campus food sales forecast for the 2018-19 fiscal year. The revised commission budget reflects the correct total campus sales forecast.

○ **Summer Camp (47.4%)**

A methodical and gradual decrease in enrollment is being implemented starting in summer 2019. As a result, the budget for Summer Camp revenue is being decreased by \$29,970. This is based on lower enrollment for the three weeks of camp that will take place in June 2019 and based on decreased overall deposits that will be received in 2018-19 for camp sessions in July 2019 and August 2019.

The enrollment decrease is attributable to the scheduled renovation of the second floor of the East Conference Center (ECC) which is the current camp location. The renovation will require camp to move to the first floor of the ECC which has less space than the second floor.

The enrollment reduction is being gradually phased in over two summers beginning with June 2019 Summer Camp. This phased-in approach is being implemented now in order to reduce the adverse impact on customers that would happen if the reduction took place all at once as a result of fewer camp spots being available.

○ **SRC-Related Income (59.2%)**

This category is above the optimal range because current members are allowed to renew their spring semester memberships in early December. An analysis of membership revenue will be conducted during the 9&3 budget process to determine if the budget for this category should be increased.

○ **Grant Income (0%)**

This revenue category is for Grant Income related to the USU's Campus Quality Fee (CQF) award for the WISDOM and Black Male Scholars (BMS) Programs. CQF procedures requires CQF award recipients (USU) to invoice Student Affairs in order to be reimbursed for the expenses incurred for these programs.

The USU did not submit any invoices during the first two quarters. An invoice in the amount of \$16,943 was processed in January. Invoices will be submitted for reimbursement again in March 2019 and June 2019. The Grant Income budget will be reduced by \$6,768 in January 2019 because the total CQF award will not be utilized.

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○ **Interest Income (94.4%)**

This category is above the optimal range because the method for computing investment earnings for the System Wide Investment Trust Fund (SWIFT) was changed resulting in a higher amount of interest income being recorded at the beginning of the fiscal year. We will determine during the 9&3 budget process if the budget should be increased.

○ **Miscellaneous Income (63.6%)**

This category is above the optimal range due to the following:

1. The Auxiliary Organization Risk Management Alliance (AORMA) workers compensation (\$10,629) and general liability (\$27,947) dividend were received in the second quarter.
2. A transfer (e.g. chargeback) of \$22,000 was made from Summer Camp to the Aquatics Department for student Lifeguards for service during camp in July and August 2018 and for service for camp to take place in June 2019.

Expenditures

The total expenses for this period were \$8,090,860 which represents 47.2% of the revised budget of \$17,131,769.

○ **Staff Salaries (48.9%)**

Funds from this category were transferred to the Hourly expenditure category for emergency hires for the Veterans Resource Center (VRC) due to the vacancy in the VRC Manager position

○ **Hourly (56.1%)**

Funds were transferred from Staff Salaries into this category for emergency hires due to the vacancy in the VRC Manager position.

○ **Benefits (49.9%)**

The budget for this category was increased by \$74,231 which is primary attributable to an increase in expense related to the Retirement Health Benefits Plan (RHBP).

○ **Cost of Goods Sold (35.5%)**

This category is below the optimal range because items purchased for resale in the SRC Pro Shop are bought only when stock runs low. An inventory was done prior to the start of the spring semester to evaluate which items need replenishment. The remaining funds will be used for bulk purchases of popular selling items like blender bottles, combination locks, and socks. It is expected this category will be within the operating range by fiscal year end.

○ **General Operating Expense (53.3%)**

The budget for this category was increased by \$26,888 for property insurance premiums charged by the campus for USU-occupied buildings. This premium was not included in the 2018-19 budget because the campus made the decision to pass the cost of property insurance to auxiliaries for the very first time after the 2018-19 budget process was completed.

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○ **Supplies and Services (42.6%)**

This category had transfers-in totaling \$203,238 during the quarter. Most of the amount was transferred from the Administration Contingency account for the following items:

1. SRC Program Review
2. CSUN Matador Grand Reunion
3. USU Renovation Consultant Fees (LPA & Brailsford & Dunleavy)

In addition, this category is slightly under the operating range due to Program Costs for the following reasons:

1. Diversity & Inclusion Department – late October start in the implementation of the WISDOM and the Black Male Scholars Program.
2. Commercial Leased Department - \$35,000 allocated to support the Matador Involvement Center (MIC) is invoiced in spring.
3. Human Resources Department – \$20,000 allocated for the Year-End Celebration does not take place until May 2019.

○ **Travel (30.3%)**

This category is below the optimal range because major conferences (ACUI Annual, AOA Conference, and NIRSA National) that comprise the greatest cost percentage of the Travel budget occur in the third and fourth quarters.

○ **Repairs & Maintenance (46.6%)**

This category had a transfer-in of \$40,506 to sandblast and seal the SRC pool deck.

○ **Fees and Charges (44.3%)**

This category is slightly below the optimal ranges because merchant charges on credit card payment for Sunny Days camp registration begins in February. The majority of camp registration fees are paid by credit card.

○ **Reserves**

Please refer to the Reserves Summary included as part of this report.

○ **Expendable Equipment (62.7%)**

This category is significantly above the operating range because the Technology Support Services department has purchased the majority of its budget for Expendable Computers & Peripherals.

\$92,000 was spent in the first quarter and \$18,000 was spent in second quarter which leaves a remaining budget of \$30,000 for the rest of the fiscal year. First and second quarter purchases included the following:

1. Dell Desktops & Laptop computers
2. Mice and keyboards

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3. Scanners
4. iPad replacement
5. Hard drives
6. Laptop cases, power supplies, batteries, and smartphone charging stations.

Total assets are \$6,116,038 of which \$5,184,273 is liquid cash. Total liabilities are \$3,544,558 of which \$2,339,230 is the estimate to pay for the projected medical expenses of current and future USU retirees who are participants in the Retirement Health Benefits Plan (RHBP). Total Net Assets is \$2,571,481.

Investment Summary

The USU has earned \$55,308 in interest income through its investment in the CSU Systemwide Investment Fund Trust (SWIFT) and the U.S. Treasury Cash Reserves money market account at Farmers & Merchants Bank.

Unallocated Reserves

During the second quarter, the Unallocated Reserves budget decreased by \$51,048 leaving a remaining budget of \$280,341. The Unallocated Reserves Budget has increased from \$250,000 to \$280,341 because Department Managers have identified savings in their budgets which are transferred to unallocated reserves. These additional reserves are repurposed for other USU priorities.

The significant transfers during the quarter were to cover the projected increase in employee benefits (\$42,669) and for the property insurance premiums billed by the campus to the USU. (\$25,929).

Designated Reserves

A total of \$77,201 of designated reserves was transferred to the operating budget during the second quarter for vacation advances, bonuses, and payroll tax expense. The remaining budget is \$34,072.

Capital Outlay

The capital outlay budget is \$252,966, with actual expenditures of \$70,307. All capital outlay projects are expected to be completed with the exception of the Games Room Renovation which is being deferred to 2019-20.

USU/CSUN Foundation

The USU Foundation account balance is \$261,297 of which \$197,377 is unrestricted and \$63,920 is restricted. There is \$15,000 remaining of a Board approved gift to pay for DACA application fees to be transferred to campus.

Work Study

The USU has received \$31,261 and expended \$7,825 leaving a balance of \$23,436.

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VIII. Announcements

Committee Chair, Jesus Suarez, stated that the committee needs to recruit more student members. He requested that the members assist in the recruitment by telling their fellow students about the opportunity.

IX. Adjournment

Committee Chair, Jesus Suarez adjourned the meeting at 1:22 p.m.

Respectfully submitted by,

Joseph Illuminate
Associate Director, USU Accounting & Finance