

**UNIVERSITY STUDENT UNION, INC.  
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE  
FINANCE COMMITTEE MEETING  
NOVEMBER 16, 2012  
MINUTES**

**I. Call to Order**

The meeting was called to order by Chair, C. Johnson at 2:16 p.m.

**II. Roll Call**

<b>Present</b>	<b>Absent</b>	<b>Staff/Guests</b>
Breanne Acio, Student Representative (voting)	Debra Hammond, Executive Director (non-voting)	K. Lavin, Membership Services Coordinator
Shoorideh Asgari, BOD Student Representative (voting)	Sahireny Ortega, Student Representative (voting)	Sandra Salute, Fitness & Wellness Manager
Sharon Eichten, University Representative (voting)	Nicole Riley, BOD Chair Representative (non-voting)	
J. Illuminate, Executive Secretary (non-voting)		
Debra Hammond, Executive Director (non-voting)		
Collin Johnson, Committee Chair (voting)		
David O' Neill, Student Representative (voting)		
Dr. Shelley Ruelas-Bischoff, Student Affairs Representative (voting)		
Sven Saaretalu, Student Representative (voting)		

*Dr. Shelley Ruelas-Bischoff arrived at 2:26 p.m.*

**III. Approval of Agenda**

M/S/P (S. Eichten/B. Acio) motion to approve the agenda for November 16, 2012

*Motion approved by general consensus*

**IV. Approval of Minutes**

M/S/P (S. Eichten/S. Saaretalu) motion to approve the minutes of October 26, 2012

*Motion approved by general consensus*

**V. Chair's Report**

None

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**VI. Discussion Items**

**A. SRC Refund Policy & Procedure**

Kaila Lavin and Sandra Salute presented proposed changes to the Student Recreation Center Refund Policy. The purpose of the proposed changes is to clarify refunds for programs and services in addition to explaining the no show/cancellation policy. Current members have requested to transfer purchased services, have not shown up for paid sessions, and have failed to cancel services with ample advance notice.

**B. Finance Committee Goals Follow Up**

Student members of the committee were encouraged to participate in accomplishing the Finance Committee goals for the 2012-13 fiscal year. Sven Saaretalu and David O' Neill expressed interest in assisting reviewing the HRMS Policy and Procedure. Breanne Acio expressed interest in investigating the feasibility of offering scholarships. Sven Saaretalu also expressed interest participating in determining the feasibility of delaying the \$2.00 operational fee increase \$2.00 inflation factor. David O' Neill would like to be involved in the approval process for the proposed CSUN/USU Wellness Center.

**VII. Action Items**

**A. First Quarter (3 &9) Budget Report**

M/S/P (S. Ruelas-Bischoff/S. Saaretalu) motion to accept the 2012-13 First Quarter Budget Report.

Chair, Collin Johnson presented the following First Quarter Budget Report memo prepared by the Executive Secretary to the committee:

**Comparison of the First Quarter Budget to the Adopted Budget**

Projected revenue has increased by \$110,604 and projected expenditures have increased by \$7,978. As a result, the budget surplus is projected to increase from \$4,982 to \$107,607.

**Actual Change in Net Assets**

The actual change in net assets of \$639,513 is \$531,906 greater than the budgeted net assets of \$107,607. It is not unusual for the actual surplus to be greater than the budget surplus the first quarter of each fiscal year. The typical reason is that revenues are at the higher end of the operating range and expenses are at the lower end of the operating range.

Revenues typically exceed the optimal operating range in the first quarter because 50% of the Summer Camp revenue for the fiscal year is received in July and August. The exact same amount of student fee revenue is recorded each month throughout the fiscal which guarantees that this large number will be at the optimal operating range of 25%. Student Fees typically account for 80%-85% of the total actual revenue generated.

Another revenue factor that has magnified the variance between the actual and budget surplus this fiscal year is that SRC-related income is exceeding expectations which is explained in further detail in the Revenue section of this report.

Expenditures in the first quarter are typically at the lower end of the operating range because the fall semester does not commence until the end of August. Expenditures for all major events do not place until later in the fall semester.

Another expenditure factor that magnifies the variance between the actual and budget surplus is the amount of unallocated reserves that have not been expended. For example, only \$43,117 or 10.5% of the \$453,200 unallocated reserves budget had been expended.

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**Revenues**

Projected revenue has increased by \$110,604 and is 26.8% to budget which is within the operating range. The following table breaks down the components of the projected increase in the revenue budget:

Revenue Source	Amount
SRC-Related Income	\$120,978
Grant Revenue	\$(21,260)
Miscellaneous Income	\$10,886
Total	\$110,604

The positive increase in SRC-related income for memberships; fitness classes; guest passes; locker and towel rentals; and Pro Shop sales has exceeded expectations. At the time the 12/13 budget was completed, the USU had less than two months of actual SRC revenue history. As a result, very conservative projections were used. The budget for SRC-Related Income will be revised upward again during the second quarter budget review because SRC Income is already 60.5% to budget after three months.

The net decrease in Grant Revenue is due to removing an \$80,000 anonymous grant from the budget for the Veterans Resource Center (VRC) and the addition of \$58,740 of campus quality fee (CQF) money to the budget for both the Pride Center and VRC. The deletion of the \$80,000 grant from the budget does not mean that the funds are not available for use by the VRC. These funds are deposited in the USU's account with the CSUN Foundation. The issue is that after the 12/13 budget process was completed, the USU was made aware that the Foundation records all deposits on their books as revenue; therefore, including the grant on the USU's books would double count the revenue which accounting rules do not permit.

The Campus Quality Fee grant money was added to the budget because these funds were awarded after the budget was completed. These funds are not deposited with the Foundation because the Foundation will not accept CQF funds for deposit that are student fee based.

The increase in the budget for Miscellaneous Income is due to a refund of USU paid employee medical premiums from Anthem Blue Cross required by the Affordable Health Care Act.

**Expenditures**

Total budgeted expenses have increased slightly by \$7,978 which is 21.7% to budget. This is at the lower end of the operating range. Total expenditures include salaries, benefits, and operating expenses.

**Expenditures – Salaries & Benefits**

Projected salaries and benefits are within the optimal range at 23.9%. However, the overall budget for salaries and benefits is projected to increase by \$48,873:

Expenditure	Amount*
Staff Salaries	\$51,487
Student Salaries	\$(8,198)
Benefits	\$5,584
Total	\$48,873

The increase in staff salaries is attributable to the creation of two staff positions that were not budgeted. A Fitness & Wellness Manager position was created to better manage the operations of a department with over 70 employees. A temporary hourly position was created in the SRC to handle priority projects for SRC management. The budget for student wages decreased slightly as a result of transferring funds from student

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salaries to staff salaries. The student salaries were available to transfer because some students typically do not work all the hours budgeted for their positions.

Benefits increased slightly due to an increase in employer paid payroll taxes. This is the result of some student assistants not taking advantage of the FICA exemption. Student assistants who attend classes are eligible for the FICA (Social Security & Medicare tax) exemption which means that FICA taxes are not deducted from their paychecks. The USU is required to pay \$1.00 of FICA tax for every \$1.00 of FICA tax deducted from all employees' pay. Therefore, if the expected numbers of students do not choose to take advantage of the FICA exemption, the USU's actual and budgeted payroll tax expense increases.

**Expenditures – Operating Expenses**

Projected operating expenses have decreased by \$40,895 which is only 18.5% to budget. This is 1.5% below the lower end of the operating range of 20%. The following table breaks down the components of the projected decrease in the expenditure budget:

Expenditure	Amount*
General Operating Expenses	\$20,730
Expendable Equipment	\$23,095
Fees & Charges	\$14,135
Grants & Scholarships	\$(949)
Reserves	-\$ (6,805)
Repairs & Maintenance	\$10,765
Supplies & Services	\$(1,292)
Travel	\$566
Utilities	\$(101,141)
Total	\$(40,895)

The General Operating Expenses category is 33.6% to budget. The increase in projected expense is due to increasing the budget for the purchase of Sundial newspaper advertising for student programs. These funds were already in the budget but were transferred from the budget for program costs in the Supplies & Services category.

The increase in the Expendable Equipment category is the result of purchases of furniture for the Pride Center and VRC and computer equipment for the computer lab using CQF funds carried over from the previous fiscal year. The CQF funds were awarded in 11/12 but were not entirely expended until 12/13. The unexpended portion was not budgeted in 12/13 since the expectation was that the funds would be completely expended in 11/12.

The increase in the projected budget in the Fees & Charges category is due to credit card fees. Increases in SRC-related sales and online Summer Camp sales resulted in an increase in credit card fees associated with those sales.

The principal reason for the projected increase in the Repairs & Maintenance category was to establish a budget for the repair and maintenance of fitness and sports equipment not accounted for during the 12/13 budget process.

The largest component of the decrease in utilities expense was a reversal of accruals for SRC-related BTU heating & cooling costs. At the time the 12/13 budget was completed, there was no actual BTU heating and cooling data available from the SRC. As a result, very conservative expense figures were used for the

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budget. Now that actuals are less than budget, the funds set aside in the accrual to pay for these expenses were reversed.

**Statement of Changes in Financial Position Highlights**

Category	Amount
General Ledger Cash	\$5,401,075
Accounts Receivable	\$173,102
Fixed Assets (net)	\$1,212,510
Post Employment Liability	\$792,990
Net Assets	\$5,459,671

The Accounts Receivable balance as of 9/30/2012 is larger than usual due to the timing of a \$150,000 money transfer from the USU's American Century money market fund to the Wells Fargo operating account. The disbursement was reflected on the American Century statement dated 09/30/12 but the cash had not been received by 9/30/12. This created the necessity to record the \$150,000 deposit in transit as a receivable.

**Investment Summary**

The USU has earned \$125.74 in interest this fiscal year as a result of an ultra-low interest rate environment for investments that offer safety of principal and immediate liquidity. The USU had approximately \$5,117,100 in short-term United States Treasury bills as of 9/30/2012. The Investment Policy of the USU states that liquidity and safety of principal takes priority over the rate of return earned on the investment.

**Reserves**

A total of \$43,117 of unallocated working capital reserves has been transferred to the operating budget this fiscal year:

Reserves Transferred	Amount
Air Conditioning Repairs	\$25,583
WTS Consultants	\$5,000
Retirement Health Plan Administration Fee	\$3,600
Office Furniture for a new cubicle	\$8,934
Total	\$43,117

**Capital Outlay**

There were no capital outlay (fixed asset) purchases made from the approved capital outlay budget in the first quarter. However, there were fixed assets purchased made with CQF funds carried over from the 11/12 fiscal year. The following table breaks down the components of those purchases:

CQF Project	Amount
SRC Bike Racks	\$57,455
Computer Lab	\$226,164
Pride Center	\$5,120
Veterans Resource Center	\$5,120
Total	\$293,858

**Work Study**

The USU has expended \$18.29 in work stud funds. The September 2012 work study receipt in the amount \$6,965.18 was received in October 2012.

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*Motion passes 6-0-0*

**VIII. Announcements**

The next Finance Committee meeting will take place Friday, December 07, 2012 at 2:15 p.m. in the Executive Board room.

**IX. Adjournment**

The meeting was adjourned by Chair, C. Johnson at 3:12 p.m.

Respectfully submitted by,

Joseph Illuminate  
Associate Director, Finance & Business Services