

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTH RIDGE
FINANCE COMMITTEE MEETING
NOVEMBER 20, 2015
MINUTES**

I. Call to Order

The meeting was called to order by Committee Chair, Sara Yousuf at 2:18 p.m.

II. Roll Call

Present	Absent	Staff/Guests
Khusbeen Dhillon, Student Representative (voting)	Ferny Arana, Student Representative (voting)	Tina Jensen Kronqvist, Student Assistant
Natalie Esparza, Student Board Representative (voting)	Sharon Eichten, University Representative (voting)	
J. Illuminate, Executive Secretary (non-voting)	Debra Hammond, Executive Director (non-voting)	
Michael Odinlo, Student Representative (voting)	Shahtaj Khan, Board Chair (non-voting)	
Dr. Shelley Ruelas-Bischoff, Student Affairs Representative (voting)		
Lele Situ, Student Representative (voting)		
Sara Yousuf, Committee Chair (voting)		

Dr. Shelley Ruelas-Bischoff arrived at 2:20 p.m.

III. Approval of Agenda

M/S/P (M. Odinlo/K. Dhillon) Motion to approve the agenda for November 20, 2015.

Main motion passes by general consensus

IV. Approval of Minutes

M/S/P (N. Esparza/M. Odinlo) Motion to approve the minutes for November 06, 2015.

Main motion passes by general consensus

V. Chair's Report

Chair, S. Yousuf informed the members that the next Finance Committee Meeting is scheduled for December 18, 2015. If all the members will have completed their final exams before then, and wish for the meeting to be held earlier, they can contact Chair S. Yousuf to let her know. She also informed the committee members that some Board members are leaving the Board, and if anyone is interested in a position as a Board member, they can attend the next BOD Meeting on December 7, 2015.

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VI. Action Items

A. First Quarter Budget Report

M/S/P (M. Odinlo/K. Dhillon) Motion to accept the 2015-2016 First Quarter Budget Report as presented.

Chair, S. Yousuf presented the first quarter report.

The USU's financial performance for the first quarter is very positive. Both revenue and expenditures are solidly within the operating range (26.5% and 25.0% respectively). A surplus of \$216,900 was generated and the USU has \$3 million cash on hand.

In addition, a strategy was put into place to transfer surplus funds identified during the quarterly budget review to working capital reserves so that the USU has the flexibility to repurpose these funds throughout the year.

Revenue

All revenue generating areas are currently operating at a combined 26.5% to budget. The revised revenue budget increased by \$7,473 during the first quarter when compared to the approved budget.

The Statement of Activities included as part of this package highlights revenue categories that are outside the optimal range and/or budget adjustments greater than \$10,000 that occurred during the quarter.

Rental Income: SRC Lockers and Towels – This category is above the optimal range because the majority of semester locker services and semester towel services are sold at the beginning of each semester. It is anticipated this category will be within the optimal range by December 2015 as sales naturally decrease over the course of the semester.

Food Service Income – This account is below the operating range because the September commission check from The University Corporation was not received until October, after the September accounting period had closed.

Program Income – This account is below the operating range because the Games Room does not open until late August. The revenue stream in this category is generated from billiards, table tennis, and console gaming.

Summer Camp – This category is above the optimal range because deferred summer camp revenue carried over from 2014-15 is recorded as actual revenue in the first quarter of 2015-16. The balance of the revenue budget is projected to be received in the third and fourth quarters when payments for camp sessions will be received for summer 2016.

SRC-Related Income – This category is above the optimal range due to (1) deferred membership income carried over from 2014-15 and due to (2) the majority of the memberships purchased occur

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at the beginning of the semester. It is anticipated that this category will be within the optimal range by December 2015 as membership sales naturally decrease over the course of the semester.

Miscellaneous Income - This category is above the optimal range because the annual AORMA workers compensation and general liability dividends were received during the first quarter.

Interest Income – Please reference the Investment Summary section of this report.

Expenditures

Total expenses are operating at 25.0% to budget. Salaries & Benefits are at 25.4% to budget and operating expenses are at 24.3% to budget. Total budgeted expenses increased by \$7,474 when compared to the approved budget.

The Statement of Activities included as part of this package indicates categories that were outside the optimal range and/or budget adjustments greater than \$10,000 that transpired during the first quarter.

Staff Salaries – The budget for this category was reduced by \$14,667. Both the Veterans Resource Center and Pride Center reduced staff salaries in order to fund a consultant to assist with special projects while the recruitment for the Assistant Director, Resource Centers is being conducted.

In addition, Membership Services reduced staff salaries because the Manager, Membership & Aquatics position is no longer active. The Membership Services Coordinator position has been reinstated and is currently being filled by a temporary staff member. This is due to the promotion of the Manager, Membership & Aquatics to Assistant Director, Facility Operations.

Student Wages – The budget for this category was decreased by \$50,476. The Maintenance department decreased student wages by \$24,000 (primarily due to vacancies) in order to fund the following expenses in the building supplies account:

- A cabinet for blueprint storage
- Repair of the Genie lift
- Replacement of the automatic transfer switches on the generator
- Purchase of Heating, Ventilation, and Air Conditioning (HVAC) filters

Additional reductions in student wages were made from the following departments due to vacancies: SRC Fitness Programs; Operations; Commercial Leased; and USU Reservations & Events.

Cost of Goods Sold – The budget for this category is above the operating range because revenue from Pro Shop sales are higher than expected. Purchases of merchandise for resale to customers at the Pro Shop increase as Pro Shop sales increase.

Supplies and Services – This category was increased by \$37,507. The professional services line item was increased in order to fund a consultant to assist with special projects for the Veterans Resource Center and Pride Center while the recruitment for the Assistant Director, Resource

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Centers is conducted. In addition, the computer support services line item was increased to fund additional expenses associated with a memorandum of understanding with Campus Information Technology to provide backup services and offsite data storage.

Utilities - This category is within the optimal range but was decreased by \$65,300 based on average costs for electricity, gas, and water for a rolling twelve month period e.g., July 2014-June 2015.

Repairs and Maintenance – The budget for this category was increased by \$115,124 primarily due to major repairs to four air handling units totaling \$108,018. This category is above the operating range because more repairs than normal took place during the quarter:

- Removal and replacement of the concrete curb in the F Plant building
- Repair of the 6" main pipe that provides irrigation water to areas surrounding the SRC field
- Plumbing to add an additional loop to reduce the water pressure in the pipes that flow to and from Shake Smart
- SRC turf field fence repair
- Installation and programming of the Shake Smart fire alarm
- Installation of window tinting in various locations throughout the USU
- Repair of the Genie lift

Fees and Charges – This category is above the operating range due to licensing permits paid in the first quarter for the spray booth and generator.

Reserves – This category includes unallocated working capital reserves and administrative contingencies. This category is significantly below the operating range as a result of department managers proactively identifying surplus funds in their budgets which were transferred to working capital reserves. Please reference the Reserves Summary table included as part of this report package for further details.

Grant and Scholarships – This category is above the operating range because graduate assistant and BOD Chair and Vice-Chair tuition reimbursement for the fall semester were paid in July 2015.

Expendable Equipment – This category is significantly above the operating range, but it is expected to be within range by fiscal year-end. This category was above the range due to purchases of approximately \$21,000 of computers and peripherals made by the Technology Support Services department which include:

- Dell computers and monitors
- Cisco hardware and telephones
- Computer privacy filters
- Alcatel hardware
- Radios
- USB cables and cradles

Statement of Changes in Financial Position

Please reference the Statement of Changes in Financial position included as part of this packet.

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Total assets are \$3,989,603 of which \$3,010,219 is liquid cash. Total liabilities are \$2,664,982 of which \$1,556,437 is the estimate to pay for the projected medical expenses of current and future USU retirees who are in the Retirement Health Benefits Plan (RHBP). Total net assets increased in the first quarter by a healthy \$216,900 which is the actual surplus for the quarter.

Investment Summary

The USU responded to the Board's request to increase interest income by moving funds from money market accounts to the CSU Systemwide Investment Fund Trust (SWIFT). The USU earned \$2,224 in interest income compared to \$264 in the first quarter of the prior fiscal year. Please reference the table below.

Asset Allocation	Market Value	Interest Income
American Century Capital Preservation Fund	\$ 75,144	\$ 18
Farmers & Merchants Bank Treasury Cash Reserves	\$ 986,332	\$ -
Wells Fargo Bank Treasury Fund	\$ 5	\$ -
SWIFT	\$ 1,502,209	\$ 2,206
Totals	\$ 2,563,690	\$ 2,224

Reserves

The amount of working capital reserves actually **increased** by \$3,758 during the quarter. Department managers proactively identified surplus funds in their budgets which were transferred to working capital reserves. The return of surplus funds offset the actual amount of working capital reserves used during the quarter.

A total of \$31,496 of designated reserves was transferred to the operating budget during the first quarter for staff salary increases due to reclassifications of positions.

Capital Outlay

A total of \$53,963 of capital outlay was expended during the quarter to replace a water heater that controls the flow of hot water to the East Conference Center.

Work Study

The USU received \$4,371 and expended \$6,947 leaving a negative balance of \$2,576. The work study balance should be positive by December 2015.

Main motion passes 5-0-0

VII. Discussion Items

A. Hospitality Policy & Procedure

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There was a discussion concerning whether or not all the hospitality expenses allowed/disallowed in the USU's draft Hospitality Policy must be in exact agreement with the hospitality expenses allowed/disallowed in the campus Hospitality Expenses Matrix.

With only three exceptions, the treatment of hospitality expenses listed in the campus matrix were either in agreement with or did not apply to the treatment of hospitality expenses in USU's Hospitality Policy. The three exceptions were the following:

- Gifts to faculty and staff
- New employee/student assistant job training
- New employee welcome receptions

For example, the USU policy allows gifts to be given to faculty or staff members in recognition of service or achievement benefiting the University or USU. The campus Hospitality Expenses Matrix indicates that auxiliary funds cannot be used to provide gifts to faculty or staff members.

The question discussed is how much flexibility does the USU have to slightly deviate from the Hospitality Expenses Matrix? There was a general consensus among the committee members that the USU should not have to be in compliance with the campus Hospitality Expenses Matrix for the three exceptions listed above as long as the conditions of these hospitality expenses are made clear.

J. Illuminate will do the following prior to the next meeting:

1. Contact Deborah Wallace, Associate Vice President, Financial Services, to determine if the USU has the flexibility to deviate from the campus Hospitality Expenses Matrix.
2. Inquire as to what is the rationale for not allowing auxiliaries to use hospitality funds for the three exceptions listed above.
3. Develop a USU Hospitality Expenses Matrix.

VIII. Announcements

None

IX. Adjournment

The meeting was adjourned by Committee Chair, Sara Yousuf at 3:47 p.m.

Respectfully submitted by,

Joseph Illuminate
Associate Director, Finance & Business Services