

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
FINANCE COMMITTEE MEETING
FEBRUARY 19, 2016
MINUTES**

I. Call to Order

The meeting was called to order by Student Board Representative, Adrianna Natalie Esparza at 11:10 a.m.

II. Roll Call

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

Sara Yousuf arrived at 11:27 a.m.

III. Approval of Agenda

M/S/P (M. Odinlo/F. Arana) Motion to approve the agenda for February 19, 2016.

M/S/P (F. Arana/K. Dhillon) Motion to amend the agenda to change Action Item C: Reallocation of Reserves to Action Item A, and in turn, move Action Item A to Action Item B, and Action Item B to Action Item C.

Main motion, as amended, passes by general consensus

IV. Approval of Minutes

M/S/P (L. Situ/K. Dhillon) Motion to approve the minutes for January 15, 2016.

Main motion passes by general consensus

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V. **Chair's Report**

None

VI. **Action Items**

A. **Reallocation of Designated Reserves**

M/S/P (K. Dhillon/L. Situ) Motion to approve the reallocation of reserves as presented.

M/S/P (F. Arana/N. Esparza) Motion to amend the second part of the motion from “\$15,000 from reserves designated for the student assistant **minimum wage increase** to reserves designated for general salary increases” to “\$15,000 from reserves designated for the student assistant **sick leave** to reserves designated for general salary increases.”

The amount of designated reserves for bonuses approved by the Board in the 2015-16 budget is \$10,000. This reserve of \$10,000 designated for bonuses was an estimate, but this amount is not sufficient based on the following number of significant major initiatives engaged in during the 2014-15 year:

1. Wellness Center
2. AB1522 implementation of sick time accrual for all hourly and student assistant employees
3. Program Review
4. Relocation of the Pride and Veterans Resource Centers
5. Inclusive Language Campaign
6. Internal compliance and operational review
7. Implementation of the student assistant minimum wage increase

All of these initiatives (with the exception items 1, 3, and 7 above) were in addition to the planned strategic priorities.

Additionally, bonuses have been used to reward employees who are doing good work, but have not been compensated appropriately because of the overall low general salary increases in the CSU and at CSUN.

In 2013-14, the general salary increase was only 1.34% while the 2014-15 general salary increase was only 2.0%. Most of our eligible employees would receive a 2.0% bonus. Other employees who were working on major initiatives (previously listed) and special projects or have special skills would receive an additional bonus ranging from 0.05% to 3.0%.

It is important to note that no additional designated reserves are being requested. There are sufficient funds in the reserves designated for the organizational compensation analysis and the funds designated for the student assistant sick leave reserve to fund the bonuses and replenish the reserve designated for general salary increases. The funds designated for the student assistant sick leave reserve are no longer needed. The \$120,000 designated for the organizational compensation analysis will not be expended this fiscal year because the compensation survey will not be completed until 2016-17.

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Main motion, as amended, passes 5-0-0

B. Second Quarter (6&6) Budget Report

M/S/P (F. Arana/L. Situ) Motion to accept the 2015-2016 Second Quarter Budget Report as presented.

The USU does a thorough budget review every quarter. The Second Quarter budget report is for the Second Quarter ended December 31, 2015. The term “6 & 6” signifies that there are six months of actual data and six months of projected data.

Summary

The USU’s financial performance for the first quarter is positive! Both revenue and expenditures are solidly within the operating range (50.0% and 48.3% respectively). A surplus of \$239,927 was generated; there is a cash balance of approximately \$3.3 million; and there is \$208,580 remaining in unallocated reserves.

Reasons will be provided for the revenue and expense categories outside the operating range and/or those that have positive or negative budget adjustments greater than \$10,000 when compared to the first quarter revised budget. Please reference the Statement of Activities included as part of this report.

Revenue

Total revenue is operating 50.0% to budget. The revenue budget decreased by \$14,757 when compared to the first quarter budget as of September 30, 2015.

Rental Income: Subleases, Room & Equipment – The budget for this category increased by \$12,392. An increase of \$10,000 was due to a rise in the number of reservations for meeting rooms. The additional \$2,392 is a result of the recent signing of the sublease with CSUN EOP’s Dream Center.

Rental Income: SRC Lockers & Towels – Income is 43.1% to budget because daily locker sales are below expectations. An analysis will be done to determine if the budget for daily locker sales should be reduced.

Summer Camp – Revenue is 44.5% to budget because payments for the 2016 summer season will not be received until the third and fourth quarters. Also, the revenue budget was adjusted downward by \$9,000 due to the LAUSD¹ ending their school year one week later than anticipated².

SRC-Related Income – The revenue budget decreased by \$16,918.

The Fitness & Wellness department decreased the personal training income budget by \$13,000 because sales have been lower than anticipated due to the highly unpredictable nature of this

¹ LAUSD = Los Angeles Unified School District

² The school year ending one week later means that children will not be able to enroll in camp for that week.

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revenue stream.

The Fitness Programs department decreased the fitness program income budget by \$3,918 because the number of revenue-based fitness classes offered during the summer and fall was lower than expected.

The budget for the personal training and fitness program income will be assessed during the third quarter budget review to determine if adjustments are needed to bring the account within range by fiscal year end.

Interest Income – Income is 68.5% due to interest that has been earned in the System Wide Investment Fund Trust (SWIFT). This budget will be increased to reflect the higher level of interest income.

Miscellaneous Income - this category is 65.0% to budget because the annual AORMA³ workers compensation and general liability dividends⁴ were received during the first quarter.

Expenditures

Total expenditures are 48.3% to budget and total operating expenditures are 46.5% to budget. Salaries & Benefits are 49.4% to budget. The total operating expenditures budget decreased by \$14,758 when compared to the first quarter budget as of September 30, 2015.

Hourly Wages – The budget was increased by \$10,000 due to the hiring of the temporary Boxing Supervisor in the Fitness Programs department.

Student Wages – The budget for this category was decreased by a net amount of \$52,000. The Maintenance department decreased wages by \$27,430⁵ in order to fund the temporary hire of a contracted landscape worker and staff overtime required for special projects.

Additional reductions in student wages were made from the following departments due to vacancies:

- Fitness & Wellness
- Computer Labs
- USU Reservations & Events

General Operating Expenses – Expense is 42.7% to budget due to the delay in The University Corporation's (TUC) invoicing of \$39,000 for summer 2015 Sunny Days camp meals. TUC has indicated it will invoice the USU in the third quarter.

Supplies & Services – Expense is 42.3% to budget and the budget was increased by \$108,983. The increase is due to a transfer of unallocated reserves to fund the Brailsford & Dunlavey consulting services contract in order to create a facilities master plan for the USU.

³ AORMA = Auxiliary Organization Risk Management Authority.

⁴ Dividends are return of insurance premiums paid by the USU for general liability and workers compensation. The payment of dividends by AORMA is based on a positive claims history.

⁵ Student wages were available to reallocate due to vacancies in student assistant positions in the Maintenance department. These students position will remain vacant for the remainder of the fiscal year.

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Repairs and Maintenance – the expense budget for this category increased by \$78,804. There was an increase of approximately \$45,700 in the custodial services account to cover the cost of a temporary landscape worker, landscaping projects, and pool pressure washings.

In addition, the equipment and facility repair account increased by approximately \$33,000 to cover the following projects:

- Student Recreation Center (SRC) Uninterrupted Power System (UPS) inspection
- Northridge Center storage area water leak repair
- Northridge Center water pipe camera survey
- Inspection of the Plaza del Sol Performance Hall (PDSPH) fire door
- Excavation of the PDSPH water service pipe
- East Conference Center first floor door closure upgrades
- F plant building roof repairs

Reserves – Please reference the Reserves Summary table included as part of this package for further details.

Grants and Scholarships – Expense is 69.2% to budget because the graduate assistant and the BOD Chair and Vice-Chair tuition reimbursement for the spring semester were paid in December 2015.

Expendable Equipment – Expense is 63.9% to budget. The primary reason is that the expendable equipment and expendable computer & peripheral accounts are at 81.4% and 71.9% to budget. The budget for these two accounts will be assessed during the third quarter budget review to determine if adjustments are needed to bring the accounts within the operating range by fiscal year end.

In addition, the budget for this category increased by \$18,732 of which approximately \$12,000 was attributable to a variety of computer & peripheral technology purchases by the Technology Support Services department. Also, there was an increase of \$6,000 for the purchase of video and photo equipment by the Marketing department.

Amortization & Depreciation – Expense is 68.7% to budget and is above the operating range for two reasons:

- An \$114,773 loss on the disposal of fixed assets as a result of the recent fixed asset inventory.
- There is more depreciation expense than budgeted for the furniture and fixtures and computer and peripherals expense accounts. The budget for these two accounts will be assessed during the third quarter budget review to determine if adjustments are needed to bring the account within the operating range by fiscal year end.

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 \$4,102,955 of which \$3,288,861 is liquid cash. Total liabilities are \$2,762,951 of which \$1,605,116 is the amount set aside to fund retiree medical benefits for employees in the Retirement Health Benefits Plan (RHBP). Total net assets are \$1,340,003.

Investment Summary

The USU continues to yield positive investment returns in SWIFT. The USU has earned \$5,136 year-to-date in interest income when compared to \$440 earned year-to-date in the prior fiscal year.

Asset Allocation	Market Value	YTD Total Interest Earned	Rate of Return
Capital Preservation Fund	\$ 75,146	\$ 20	0.01%
US Treasury Cash Reserves	\$ 1,587,208	\$ 18	-
SWIFT	\$ 1,505,101	\$ 5,098	-
	\$ 3,167,456	\$ 5,136	

Reserves

The unallocated reserves budget was reduced by \$254,163 during the quarter due to the following:

1. A reduction of \$109,500 for the consulting services of Brailsford & Dunlavey to create a facilities master plan for the USU.
2. A reduction of \$114,773 to account for the loss of the disposal of fixed assets as a result of the recent fixed asset inventory.
3. A reduction of \$38,335 for a decrease in the projected fitness wellness income and summer camp income.

A total of \$47,181 of designated reserves was transferred to the operating budget during the quarter for the reclassification of staff positions and vacation advances.

Capital Outlay

There was no activity or change to the capital outlay budget during the quarter. The following is a summary of the status of the remaining projects:

1. Budget Preparation Software – this expenditure will not occur because the purchase is not cost effective. This capital outlay item may be removed from the budget.
2. NRC Event Lighting Equipment – estimates were obtained in January with the purchase scheduled for late February.
3. PDSPH Fire Curtain Upgrade – three quotations have been submitted by the Valley Performing Arts Center with the purchase scheduled for February.

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4. Executive Board Room Furniture – a meeting with the vendor furniture representative is scheduled for February with the purchase to take place in March.

Work Study⁶

The USU received \$40,146 and expended \$15,073 leaving a balance of \$25,072. The work study balance will be fully expended by the end of the fiscal year.

Main motion passes 5-0-0

C. **Hospitality Policy**

M/S/P (F. Arana/K. Dhillon) Motion to recommend approval of the Hospitality Policy as presented.

The Finance Committee was assigned the task of creating a hospitality policy during the 2014-15 fiscal year. During this time, the campus hospitality policy was in the process of revision. As a result, the decision was made to delay creation of the USU's policy until the revisions to the campus policy were completed (so that revisions to the campus policy could be included in the USU's newly created policy).

In June 2015, the USU was cited in the latest internal compliance audit for not having a hospitality policy in place. Therefore, the committee restarted the process to create the policy in fall 2015 in order to comply with the finding. The USU moved forward with the approval of a hospitality policy in order to rectify the citing indicated in the internal compliance audit.

The committee recommended the Hospitality Policy to the Board of Directors for approval on January 15, 2016. However, the Board returned the policy to the committee for further review on January 25, 2016. The point was raised that meals and light refreshments provided for meetings (e.g. Student Summit) that involve training and development should be a non-hospitality expense even though the campus policy allows hospitality to be provided for meetings involving training and development.

Board members pointed out that even though auxiliaries' policies should be consistent with campus policies, they are not required to be in complete conformity with campus policies. Autonomy is needed to tailor policies to each auxiliary's specific needs.

The revisions made to the hospitality policy and procedure formalize what has long been the USU's hospitality practice. The only difference is that a Hospitality Approval Form is now required to document hospitality expenses greater than \$250.

The following key revisions were made to the **policy** in the "Definitions" section:

⁶ Work Study is a federal program whereby the campus reimburses 55% of the gross salaries of student assistants who participate in the work study program.

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1. The definition of “Award” was deleted since a variation of the definition of “Awards” is included in the definition of “Awards and Service Recognition.”
2. The sentence *Recognition events also include employee morale functions* was deleted from the definition of “Employee Recognition Events”.
3. The title of the definition for “Employee Meetings” has been changed to “Meetings & Trainings”.
 - a. The definition of “Meetings & Trainings” was revised to clarify that meetings and trainings may include Board members and volunteers in addition to employees.
4. The definition of “Hospitality” has been revised to add illustrations of what are considered to be non-hospitality expenses.

The following key revisions were made to the **procedure** section:

1. The “Employee Recognition Events” category in Section III is now limited to memorial services, celebrations of retirement, and farewell gatherings for individual employees separating *with at least five years of service*.
 - a. Employee gatherings such as June Rejuvenation, Graduate appreciation lunches, and U Day that have large groups of employees are now defined as non-hospitality expenses.
2. The “Employee Meetings and Trainings” category has been moved from Section III to Section VI.E because employee meetings and trainings are now defined as non-hospitality expenses.
3. The category “Employee Recruitment” has been moved from Section III to Section VI.E because employee recruitment is now defined as a non-hospitality expense.
4. The maximum per meal rates for “Hors d’oeuvres” was increased from \$20 per person to \$25 per person.
5. Section V. C-D was moved to the new Section VI Acceptance of Hospitality Donations & Discounts.

Main motion passes 5-0-0

VII. Discussion Items

None

VIII. Announcements

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Committee Chair, Sarah Yousuf asked the committee members if it is possible that the next two Finance Committee meetings start one hour later, at 12:00 p.m. instead of 11:00 a.m. The committee members agreed to this.

She thanked all the members for their contributions to the committee, and encouraged them to run in the upcoming Board of Directors election.

IX. Adjournment

The meeting was adjourned by Committee Chair, Sara Yousuf at 12:12 p.m.

Respectfully submitted by,

Joseph Illuminate
Associate Director, Finance & Business Services