

**UNIVERSITY STUDENT UNION  
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE  
FINANCE COMMITTEE MINUTES  
FRIDAY, JUNE 03, 2022  
MINUTES**

<https://csun.zoom.us/j/86874388813?pwd=SXlnNkJKTVRzRHpHRGxINTN6N3FtUT09>

**I. Call to Order**

Chair, Charlie Rodriguez-Salazar called the meeting to order at 3:00 P.M.

**II. Roll Call**

<b>Present</b>	<b>Absent</b>	<b>Staff/Guests</b>
Mia Armendariz, Student Committee Member (voting)	Adrian Mejia-Flores, Student Committee Member (voting)	Lakshmitha Ravindranath, Student Administrative Support Assistant II
Mishell De Leon, Committee Co-Chair (voting)	Karen Zavala, Student Committee Member (voting)	Lusine Dayan, Accounting Manager
Thalia Fernandez, Student Committee Member (voting)	Dr. Edith Winterhalter, Associate VP for Budget & Strategic Business Ops, Administration, and Finance (voting)	
Debra Hammond, Executive Director (non- voting)		
Joseph Illuminate, Executive Secretary (non-voting)		
Taylor Ketterling, Student Committee Member (voting)		
Charlie Rodriguez- Salazar, Committee Chair (voting)		
Dr. Freddie Sanchez, Assistant VP, Student Affairs, Equity & Inclusion Services (voting)		

- *Debra Hammond arrived at 3:08 P.M.*

**III. Approval of Agenda**

M/S/P (T. Ketterling/M. De Leon) Motion to approve the Agenda for June 03, 2022.

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***Main Motion approved by General Consensus***

**IV. Approval of Minutes**

M/S/P (M. De Leon/M. Armendariz) Motion to approve the Minutes for April 22, 2022.

***Main Motion approved by General Consensus***

**V. Chair's Report**

Committee Chair, C. Rodriguez- Salazar welcomed Dr. Freddie Sanchez to the committee and noted that Dr. Shelley Ruelas-Bischoff will be missed by the committee.

**VI. Action Items**

**A. 2022-23 Capital Outlay Allocation Proposal**

M/S/P (M. De Leon/M. Armendariz) Motion to recommend the approval of the 2022-23 Capital Outlay Allocation Proposal in the amount of \$70,268.

Co-Chair, M. De Leon presented the Capital Outlay Proposal. The table below provides the justifications for the items in the proposal:

Item No.	Dept No.	Dept Name	Requestor Name	Item Description	Fixed Asset Type	Qty	Base Cost	Contingency	Total Cost
1	31075	SRC Aquatics	Ryan Hairapetian	Pool Covers	Equipment	2	\$ 24,642	\$ 2,464	\$ 27,106
2	31075	SRC Aquatics	Ryan Hairapetian	Pool Vacuums	Equipment	2	\$ 19,998	\$ 2,000	\$ 21,998
3	35050	USU RES	Chris Jensen	Planar Display Monitor	Equipment	1	\$ 19,240	\$ 1,924	\$ 21,164
<b>Capital Outlay Total</b>							<b>\$</b>	<b>\$</b>	<b>\$</b>

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Item No.	Dept No.	Dept Name	Requestor Name	Item Description	Fixed Asset Type	Qty	Base Cost	Contingency	Total Cost
							63,880	6,388	70,268
<b>JUSTIFICATIONS</b>									
<b>1</b>				Pool covers for the Plaza Pool and Student Recreation Center pool were purchased in 2012 when the facility first opened. Since that time, the pool covers have become frayed and need to be replaced. The life expectancy of pool covers is 10 years.					
<b>2</b>				The USU has two pool vacuums. One vacuum for the Plaza Pool and one vacuum for the Student Recreation Center Pool. One vacuum is non-operational and cannot be repaired. The remaining vacuum is being used to clean both pools. Both pool vacuums were purchased in 2017-18 and the life expectancy of a pool vacuum is 3-4 years. It is anticipated that the current functioning pool vacuum will soon fall into disrepair because it is at the end of its life cycle and because it is being used to sweep both pools.					
<b>3</b>				The current display in the USU Conference room is a projector that would be replaced with a new 100" Planar Display Monitor. This monitor will provide a brighter image with greater contrast and color when compared to the current display. The Planar Display will connect to the existing control system and will be compatible with future plans to update the USU Conference Room for virtual meetings. The Planar Display is similar to other displays that have been installed in various USU meeting rooms.					

***Motion passes 6-0-0***

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**B. 2022-23 Major Purchase, Repair, and Replacement Allocation Proposal**

M/S/P (M. De Leon/T. Fernandez) Motion to recommend the approval of the 2022-23 Major Purchase, Repair, and Replacement Allocation Proposal in the amount of \$181,288.

Co-Chair, M. De Leon presented the 2022-23 Major Purchase, Repair, and Replacement Allocation Proposal. The table below provides the justification for the one item requested in the proposal.

Item No.	Dept No.	Dept Name	Request or Name	Item Description	Base Cost	Contingency (10%)	Total Cost
1	31071	SRC Facilities	Kaila Lavin	East Conference Center (ECC) Restroom Renovation	\$ 164,807	\$ 16,481	\$ 181,288
<b>Major R &amp; R Total</b>					<b>\$ 164,807</b>	<b>\$ 16,481</b>	<b>\$ 181,288</b>
<b>Justification</b>							
1	<p>This project encompasses replacement of the toilet partitions, demolition, wall repair, and the upgrade of all tiles in the six (6) restrooms on all three floors of the East Conference Center (ECC). This work is scheduled to be completed during the ECC 2nd floor construction project. The 1st and 2nd floor men’s restrooms require configuration due to ADA compliance issues: the urinals to be at the compliant height and the partitions are being replaced to make them larger. Since the two men's restrooms need reconfiguration, it is more efficient to upgrade all six restrooms in the ECC at the same time. The tile and partitions are extremely outdated and many tiles are cracked, missing, or damaged. With the pending upgrade to the 2nd floor, the upgrades completed on the 1st floor and the upgrades recently completed in the Games Room, the restrooms appear even more outdated. While most of the work is cosmetic, it will extend the useful life of the restrooms. It would eliminate the need for any further upgrades to the entire ECC for up to 20 years. Tiles and partitions will need to be replaced in the coming years</p>						

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Item No.	Dept No.	Dept Name	Request or Name	Item Description	Base Cost	Contingency (10%)	Total Cost
				if the work is not done now. The recommendation is to do the work now so that all of the renovation is completed at the same time. This minimizes any further disruption to use of the ECC. The cost estimate includes \$40,607 for partition replacement and \$124,200 for the tile work including demolition. The cost of this renovation is not included in the USU 30-Year Repair & Replacement Plan.			

**Motion passes 6-0-0**

**C. 2022-23 Designated Reserves Allocation Proposal**

M/S/P (M. De Leon/T. Ketterling) Motion to recommend the approval of the 2022-23 Designated Reserves Allocation Proposal in the amount of \$918,262.

Chair, C. Rodriguez-Salazar presented the 2022-23 Designated Reserves Allocation Proposal. The table provides the details of the Designated Reserves Proposal:

Designated Reserve Category	Amount	Description
Salaries & wages	548,432	General Salary Reserve*
Employer Paid Payroll Taxes - Staff Salaries	36,830	Employer-Paid Payroll Tax Reserve**
Retirement Health Benefits Plan Funding	400,000	RHBP Funding***
<b>Total Reserves</b>	<b>918,262</b>	

\*The General Salary Reserve includes funds for potential General Salary Increases (GSI) as well as accrued vacation taken as cash (vacation advances).

\*\*The Employer-Paid Payroll Tax Reserve is used to pay taxes on salaries and wages funded by the General Salary Reserve.

\*\*\*The Retirement Health Benefits Plan (RHBP) provides USU retirees reimbursement for

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approved healthcare-related expenses. This reserve does not increase the overall 2022-23 expenditure budget because the expense has already been incurred in previous fiscal years.

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***Motion passes 6-0-0***

**D. 2022-23 Operating Budget Allocation Proposal**

M/S/P (M. Armendariz /M. De Leon) Motion to recommend the approval of the 2022-23 Operating Budget Proposal with projected revenues and expenses of \$19,107,099.

Chair, C. Rodriguez-Salazar, and Co-Chair, M. De Leon, presented the Operating Budget Proposal.

The purpose of this message is to provide an overview of the Budget Allocation Proposals presented herein. The budget is the means by which the organization implements its strategic priorities and allocates resources to student programs, services, and facilities. These proposals reflect our commitment to the students of California State University, Northridge, as well as the campus community, to maintaining financial viability and integrity within the constraints of available resources.

Fiscal Year 2021-2022 has been a year of transition and challenge.

Our society is witnessing continuing political polarization, rising crime rates, and homelessness while the war raging in Ukraine is displacing millions and resulting in thousands of needless deaths.

Inflation is presenting itself with increasing prices for housing, food, and gasoline, which has been, and is continuing to, impact the economy. This is caused by an increase in the demand for goods and services that the global supply chain cannot keep up with. Major shipping traffic jams at west coast ports have led to shortages in goods in many industries. Prices are rising faster than wages and the average worker is experiencing even more difficulty making ends meet.

Rising prices for labor & commodities, a potential increase in borrowing rates, unprecedented escalation costs and potential decreases in student headcount have created the perfect financial storm for the New Heart of Campus Expansion Project. Commodities such as steel, iron, lumber, and copper have increased from 37.5% to 73.4%.

The USU, campus partners, the general contractor, architects and consultants are working tirelessly through the schematic design process to identify areas where cost savings can be attained to maintain fidelity to the New Heart of Campus student fee referendum and promises made to our students.

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Additionally, in an effort to keep up with inflation, the City of Los Angeles unexpectedly raised the minimum wage from \$15.00 per hour to \$16.04 per hour effective July 01, 2022. Although increases in wages are beneficial for student employees, it also means that less funding is available to allocate to the New Heart of Campus project and programs and services, creating more roadblocks for the New Heart of Campus Financial Plan and FY 2022-23 budget planning efforts.

Over the course of the last year, the USU and the nation as a whole have experienced an unprecedented number of staff resignations and position turnovers. The USU's employee turnover rate, which closed out at 8.5% for FY 2020-21, reached 23% as of May 2022 for FY 21-22. This coincides with a nationwide trend that culminated this March 2022 with a record 4.5 million Americans quitting their jobs.

While the USU provides a positive work environment and excellent benefits and perks, historic lower CSU wages for comparable positions, and inflation coupled with the increase in the City of Los Angeles' minimum wage, raises the need for an increase in staff wages. The USU Executive Director and the Associate Director, Human Resources & Professional Development are working with Student Affairs administrators and CSUN Human Resources to determine how to best address this situation.

At 249, student assistant employees are about one-third less than that which we had pre-pandemic, and the current average length of student employment is about 11 months versus about 13 months pre-pandemic. Some new hires have resigned employment within just weeks of hiring, with the most common reason cited as having found new employment that is more closely aligned with their career aspirations. Updated wage schedules reflecting the city's minimum wage increase were approved in the spring of 2022 for these employee groups.

We entered Fiscal Year 2021-22 with the expectation that students would be returning to campus in the fall of 2021, but the Delta and Omicron variant had other plans. The good news is that almost all CSUN faculty, students, and staff have since been fully vaccinated and boosted. Students began to return to campus in February 2022.

The CSUN parking lots are filling back up, students are zipping along to class on their scooters and skateboards, and foodservice locations are re-opening. The campus community and off-campus groups are meeting in person and the USU's programs are finally escaping from Zoom. The East Conference Center, Sol Center, Student Recreation Center, Oasis, and Computer Lab are all open and receiving students and clients. Enrollment in Sunny Days camp is almost at pre-pandemic levels.



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In our 2021-22 Budget Message we stated the following:

*Social injustice experienced during the pandemic provided inspiration to review the heart and soul of who we are and what we do as an organization.*

*The USU Internal Diversity, Equity & Inclusion Work Team embarked on a journey to review and redraft the USU Mission Statement. In May 2021, the Diversity & Inclusion Committee, in collaboration with the BOD Chair and Vice Chair, recommended for approval to the Board of Directors the following language for the revised Mission Statement:*

*The University Student Union, as the heart of campus, uplifts and empowers students to achieve educational, personal and professional goals by providing leadership development, meaningful employment, and innovative programs, services and facilities. We promote equity, inclusion and well-being, while encouraging social justice advocacy to help Matadors feel heard, respected and connected to CSUN.*

*This Mission Statement... encapsulates the overall purpose of the USU and its impact on student success.*

*The new Mission Statement, which was approved by the USU Board on 6/03/21, reflects the importance of diversity and inclusion. The USU continues to grow its diversity, equity and inclusion initiatives, programs, and services. Diversity, Equity and Inclusion is at the forefront of what we do at the USU.*

In 2022-23, the focus on diversity, equity, and inclusion continues with the addition of a new department (Equity, Programs, and Leadership). In addition, we are in the process of hiring an Associate Executive Director whose focus will be on diversity, equity, and inclusion issues.

The 2022-23 California budget is fiscally healthy. The “Rainy Day Fund” has increased from \$19.3 billion to \$20.3 billion meaning that the State has a larger financial reserve to absorb decreases in revenue during the economic downturn that will eventually come.

The Governor’s budget allocates funding for the following priorities:

- COVID-19 pandemic resources
- Education
- Expanding opportunity through workforce training and supportive services for displaced workers

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- Climate change

The Governor continues to support the CSU via the multi-year Compact. The Compact provides substantial and sustained funding increases (5%) through fiscal year 2026-27 in exchange for commitments to expand student success, equity, affordability, and creating pathways to high-demand career opportunities.

The funding increases in the Compact are provided in recognition of the CSU's commitment to the following:

- Increasing access to the CSU
- Improving student success and advancing equity
- Increasing the affordability of a CSU education
- Supporting workforce preparedness and high-demand career pipelines
- Providing access to online course offerings

The USU is projected to receive 85.2% of its 22-23 budget from student fees. Student fee revenue is based on student headcount (enrollment).

Projected CSUN headcount is a challenge for the 22-23 fiscal year. The projected headcount is 36,998 for fall 2022 and 33,403 for spring 2023 for an annual average of 35,200 students. 35,200 is below the 36,260 students projected in the USU's long-term financial plan. We will be closely monitoring the projected and actual headcount and make any adjustments to the financial plan as necessary.

The USU has implemented various strategies to ensure that it has the ability to withstand economic downturns and maintain our long-term financial viability.

Our first strategy is to ensure that total revenues and expenditures in the operating budget proposal align with the corresponding revenues and expenditures in the financial plan. We are continuing to work closely with our consultants Brailsford & Dunlavey to continually update the plan with the latest financial information.

The second strategy is to maintain the Debt Service Coverage Ratio (DSCR) above 1.251 which means that there is always a \$1.25 of net student fee revenue available for every \$1.00 of annual debt service.

The third strategy is to build up Unallocated Reserves to handle unexpected economic events and any other financial contingency. In 22-23, we will continue our successful strategy of

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increasing the Unallocated Reserve balance by transferring unutilized funds identified during quarterly budget reviews to Unallocated Reserves.

The fourth strategy is to retain a reserve for one-time, non-recurring Administrative Contingency purchases. Administrative Contingencies are included as a part of the Operating Budget Allocation Proposal. The 22-23 proposed budget for Administrative Contingencies is \$121,377.

The University Student Union’s 22-23 Budget Allocation Proposal totals \$19,107,099. The USU is proposing a breakeven Operating Budget which means that the total budget for revenue equals the total budget for expenditures.

The projected increase in revenue is \$1,111,064 or 6.2%. Student union fees provide 85% of the operating revenue budget and non-student fee revenue accounts for 15% of the operating revenue budget.

All revenue categories are projected to increase with the exception of Interest Income although this may change as interest rates begin to rise. Student fee income is based on the most recent student headcount forecast made available by the campus.

Decreases in student headcount may have an adverse financial impact on Student Union Fee revenue. Decreases in student fees are managed by realigning expenditures with revenues during quarterly budget reviews. The following table summarizes the dollar and percentage variances in each Revenue category:

REVENUE	2021-22 Adopted Budget	2022-23 Proposed Budget	\$ Variance	% Variance
Student Union Fees	\$ 15,905,060	\$ 16,271,507	\$ 366,447	2.3%
Food Service Commissions	\$ -	\$ 40,000	\$ 40,000	-
Rental Income	\$ 565,875	\$ 758,494	\$ 192,619	34.0%
Program Income	\$ 311,936	\$ 501,075	\$ 189,139	60.6%
SRC Income	\$ 280,459	\$ 534,949	\$ 254,490	90.7%

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REVENUE	2021-22 Adopted Budget	2022-23 Proposed Budget	\$ Variance	% Variance
Interest Income	\$ 84,516	\$ 70,600	\$ (13,916)	-16.5%
Grant Revenue	\$ 657,100	\$ 720,060	\$ 62,960	9.6%
Miscellaneous Income	\$ 191,089	\$ 210,414	\$ 19,325	10.1%
<b>Total Revenues</b>	<b>\$ 17,996,035</b>	<b>\$ 19,107,099</b>	<b>\$ 1,111,064</b>	<b>6.2%</b>

The projected increase in expenditures is \$1,111,064 or 6.2%. Salaries & benefits comprise 67.2% of the expenditure budget and Operating Expenditures comprise 32.8% of the expenditure budget. The percentage of total salaries and benefits to the total budget is higher

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than it has traditionally been (less than 65%).

It was necessary to reduce salary, benefits, and operating expenditures by approximately \$1 million in order keep the 22-23 budget in line with the long-term financial plan. The following table summarizes the dollar and percentage variances in each Expenditure category:

Expenditure Category	2021-22 Adopted Budget	2022-23 Proposed Budget	Variance \$	Variance %
Cost of Goods Sold	\$ 6,500	\$ 15,900	\$ 9,400	144.6%
Salaries	\$ 5,215,350	\$ 5,741,365	\$ 526,015	10.1%
Hourly	\$ 194,906	\$ 494,634	\$ 299,728	153.8%
Student	\$ 3,593,834	\$ 3,695,825	\$ 101,990	2.8%
Benefits	\$ 2,797,453	\$ 2,909,968	\$ 112,515	4.0%
General Operating Expenses	\$ 330,237	\$ 341,127	\$ 10,890	3.3%
Supplies & Services	\$ 2,079,043	\$ 2,131,114	\$ 52,071	2.5%
Travel	\$ 156,030	\$ 195,672	\$ 39,642	25.4%
Utilities	\$ 1,174,054	\$ 1,270,528	\$ 96,474	8.2%
Repairs & Maintenance	\$ 1,709,848	\$ 1,830,724	\$ 120,876	7.1%
Fees & Charges	\$ 69,404	\$ 64,301	\$ (5,103)	-7.4%
Reserves	\$ 404,504	\$ 121,377	\$ (283,127)	-70.0%
Grants & Scholarships	\$ 75,099	\$ 75,203	\$ 104	0.1%
Expendable Equipment	\$ 94,689	\$ 126,114	\$ 31,425	33.2%
Amortization & Depreciation	\$ 164,065	\$ 136,094	\$ (27,971)	-17.0%
Pension Related Charges	\$ (68,981)	\$ (42,847)	\$ 26,134	-37.9%
<b>Total Expenditures</b>	<b>\$ 17,996,035</b>	<b>\$ 19,107,099</b>	<b>\$ 1,111,064</b>	<b>6.2%</b>

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Once adopted by the Board of Directors, the budget establishes the direction for the USU's programs and services for the coming fiscal year. It represents the synthesis of the Board of Directors' direction on how best to accomplish the USU's strategic priorities in accordance with available resources, policies, and sound financial and business practices. With this in mind, the review and adoption of the operating budget is one of the most important roles for the Board of Directors.

Chair, C. Rodriguez-Salazar urged the Board to approve the Operation Allocation Budget proposal.

***Motion passes 6-0-0***

**E. 2022-23 Third Quarter Budget Report (9&3)**

M/S/P (T. Ketterling/F. Sanchez) Motion to recommend the approval of the 2022-23 Third Quarter (9 & 3) Budget Report.

Chair, C. Rodriguez-Salazar presented the Third Quarter Budget Report

The purpose of this report is to summarize the financial position of the University Student Union as of March 31, 2022. This report reflects financial operations for the nine-month period

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ending March 31, 2022. The optimal operating range is 75% of the yearly budget, though limits from 70% to 80% are acceptable.

In February 2022, the Board of Directors approved the allocation of \$1.7 million of the December 2021 surplus of \$2.1 million to fund the following four critical Major Repair & Replacement projects:

1. Sub-Pub Elevator
2. Associated Students Athletics Space Renovation
3. Sol Center Roof Repair
4. Thousand Oaks Room Window Repair

In spite of the \$1.7 million transfer, the actual surplus is \$1,560,923 because 100% of the Total Revenue budget expected on March 31, 2022, has been received. However, Total Expenditures are \$1.5 million under budget as of March 30, 2022.

**Revenues**

Total Revenue is \$12,327,000 which represents 75.2% of the revised budget of \$16,395,350.

**Expenditures**

Total Expenditures are \$10,766,077, which represents 65.8% of the revised budget of \$16,372,455. Expenditures are 9.2% below the operating range

**Statement of Changes in Financial Position**

Total assets are \$11,365,498 of which \$10,536,130 in cash. Total liabilities are \$4,537,809 of which \$3,055,690 is the estimated 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 are \$6,827,690.

**Investment Summary**

Total investment income is \$59,503 of which \$59,480 is from our investment in the CSU Consolidated Investment Pool. The balance of \$23 is from the investment in the US Treasury Cash Reserves fund at Farmers & Merchants Bank.

**Unallocated Reserves**

During the third quarter, Unallocated Reserves increased by \$414,624. This is due to the following reasons:

- Reduction in salaries and wages due to vacant positions

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- Post-Employment Benefits & Pension Related Charges
- utilities Adjustment
- Reduction in janitorial and building maintenance expenses, travel, marketing, and other operating expenses

These reserves will be used to fund a potential general salary increase if approved by campus officials.

**Designated Reserves**

A total of \$45,208 of Designated Reserves was transferred to the operating budget during the quarter for vacation advances, corresponding employer-paid payroll taxes, and a salary adjustment. The remaining balance is \$239,962.

**Capital Outlay**

The Capital Outlay Budget is \$29,550. The payment for the Microsoft Hub was received in the third quarter.

The Student Board Member Office Construction no longer qualifies as a Capital Outlay project because the work was completed in-house. This project was completed using funds budgeted in the Maintenance department.

**Foundation Account Balances**

The USU Foundation account has a cash balance of \$422,602 of which \$173,143 is unrestricted and \$249,460 is restricted.

**Work-Study**

The USU has received \$20,157 in work-study payments and has expended \$10,572 which leaves a surplus of \$9,585.

***Motion passes 6-0-0***

**VII. Discussion Items**

**A. 2021-22 Committee Goals Year-End Review**

Rodriguez led the discussion on the progress the committee made towards completing its goals for the 2021-22 fiscal year. Please refer to the table below:



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FRIDAY, JUNE 03, 2022  
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<https://csun.zoom.us/j/86874388813?pwd=SXlnNkJKTVRzRHpHRGxINTN6N3FtUT09>

<b>N O.</b>	<b>GO AL</b>	<b>PROG RESS</b>
<b>1</b>	Revise and update the USU long-term financial plan to determine the financial impact of the Heart of Campus Renovation Project. <b>(Ongoing throughout the Fiscal Year).</b>	<b>Completed</b> – the financial was updated several times during the fiscal year and is continually revised as new financial information comes available,
<b>2</b>	Update the following policies: <ol style="list-style-type: none"> <li>1. Fixed asset Policy <b>(January 2022).</b></li> <li>2. Procurement Policy <b>(March 2022).</b></li> </ol>	<b>Not Completed</b> - both policies postponed to 2022-23 due to time constraints. The committee approved the postponement at the Finance Committee meeting held on February 18, 2022.

**B. Committee Member Appreciation**

Chair, C. Rodriguez-Salazar, and Co-chair, M. De Leon expressed gratitude for each member's service on the committee during the 2021-22 fiscal year by presenting a Certificate of Appreciation to each student and staff member.

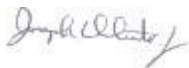
**VIII. Announcements**

Chair, C. Rodriguez-Salazar bid farewell, and stated his Co-chair, M. De Leon will be present for the next semester. In addition, he informed the committee that there are openings for the board of directors.

**IX. Adjournment**

The meeting was adjourned by Chair, C. Rodriguez-Salazar at 3:55 P.M.

Respectfully Submitted,



Joseph Illuminate  
Associate Director, USU Accounting & Finance