

**UNIVERSITY STUDENT UNION
CALIFORNIA STATE UNIVERSITY, NORTHRIDGE
FINANCE COMMITTEE MEETING
NOVEMBER 29, 2017
MINUTES**

I. Call to Order

The meeting was called to order by Committee Chair, Jazmin Hernandez at 11:17 a.m.

II. Roll Call

Present	Absent	Staff/Guests
Aisha Bahadar, Student Committee Member (voting)	Debra Hammond, Executive Director (non-voting)	Emery Hernandez, Student Administrative Assistant
Sharon Eichten, University Representative (voting)	Cassidy Jimenez, Student Committee Member (voting)	Jonathan Navarro, Accounting Manager
Jazmin Hernandez, Committee Chair (voting)	Clarissa Mejia, Student Committee Member (voting)	Michael Odinlo, Board Vice Chair
Joseph Illuminate, Executive Secretary (non-voting)	Angela Pham, Student Committee Member (voting)	
Alexis Lopez, Student Committee Member (voting)	Iris Ramirez, Board Chair (non-voting)	
Habiba Naqvi, Committee Co- Chair (voting)	Dr. Shelley Ruelas-Bischoff, Student Affairs Representative (voting)	
Guadalupe Perez Barrios, Student Committee Member (voting)		

III. Approval of Agenda

M/S/P (A. Bahadar/G. Perez Barrios) Motion to approve the agenda for November 29, 2017.

Main motion passes by general consensus

IV. Approval of Minutes

M/S/P (A. Lopez /A. Bahadar) Motion to approve the minutes for October 25, 2017.

Main motion passes by general consensus

V. Review of the Minutes

Due to not having quorum at the previous meeting, no approval was required on the minutes for November 08, 2017. There was no discussion.

VI. Chair's Report

Chair, Jazmin Hernandez hoped everyone had a great Thanksgiving. She thanked everyone for attending today's meeting and informed the committee that the December 20, 2017 meeting has been cancelled.

Jazmin recognized Guadalupe for volunteering to present the Finance Committee Code to the committee and to the Board of Directors.

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VII. Action Items

A. Cash & Equipment Donation Policy

M/S/P (G. Perez Barrios/A. Lopez) Motion to recommend approval of the Cash & Equipment Donation Policy as presented.

The Cash & Equipment Donation Policy was discussed at the October 25, 2017 and November 08, 2017 Finance Committee meetings.

Changes since the last meeting included the addition of the following types of organizations to whom the USU is authorized to donate:

- Enterprise areas e.g. Extended Education, Health Facilities, Housing, and Parking.
- Enrolled CSUN students authorized to receive grants from the Veterans Emergency Fund or funds from any other grant programs established by the USU.

Main motion passes 5-0-0

B. Credit Card Policy

M/S/P (A. Bahadar/G. Perez Barrios) Motion to recommend approval of the Corporate Credit Card Policy as presented.

Committee Co-Chair, Habiba Naqvi, informed the committee that the Corporate Credit Card Policy had been discussed at the October 25, 2017 and November 08, 2017 Finance Committee meetings. There have been no changes to the policy since the previous meeting.

Main motion passes 5-0-0

C. 3&9 Quarterly Budget Report

M/S/P (A. Lopez / A. Bahadar) Motion to accept the 2017-18 First Quarter Budget Report as presented.

Accounting Manager, Jonathan Navarro presented the budget report to the committee. He stated that The optimal operating range is 25% of the yearly budget, with limits between 20% and 30% considered acceptable. The operating range is calculated by dividing actual revenue or expenditure amount by the revised budget amount. This percentage then determines the total amount of revenue received or the total amount of expenditures incurred for the quarter.

Summary:

The first quarter's financial standpoint is very positive due to the following:

- Revenue and Expenditures are within the operating range with percentages of 26.2% and 22.4%.
- A surplus of \$646,371.
- Cash on hand is approximately \$4.7 million.
- An increase in unallocated reserves of \$103,716.

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Year-to-Date Revenues:

Total revenue is \$4,369,297, which represents 26.2% of the revised budget of \$16,659,713.

Student Union Fee

This category is within the optimal range although the budget was decreased by \$26,599 to correct a budget input error.

Rental Income: SRC Lockers and Towels (41.7%)

This category is above the acceptable operating range because locker and towel service sold out at the beginning of the fall semester. This occurrence is typical every fiscal year so SRC Rental Income will normally be above the operating range as of September 30.

Summer Camp (40.2%)

Summer camp takes place in the months of June, July and August. This category is above the optimal range because of deferred summer camp revenue carried over from the 2016-17 fiscal year. This occurrence is typical every year, meaning summer camp will always be above the operating range as of September 30.

SRC – Related Income (45.3%)

This category includes income generated from the Pro Shop, intramurals, and membership income. Membership income is the largest revenue source in this category.

This category is above the optimal range because deferred membership income is carried over from the 2016-17 fiscal year. This occurrence is typical every fiscal year so SRC-related revenue will normally be above the operating range as of September 30.

Grant Income

A budget was created because the USU received Campus Quality Fee funding to support the African American/Black Student Success Initiative.

Interest Income

This budget for this category was increased by \$18,854 due to a steady rise in the rate of return for the USU's investment in the State-Wide Investment Fund Trust (SWIFT). In addition, the USU consistently has maintained \$4 million investment balance in SWIFT over a time period.

Miscellaneous Income (45.3%)

This category is above the optimal range because the Auxiliary Organization Risk Management Alliance (AORMA) workers compensation (\$17,697) and general liability (\$19,451) dividends were received during the first quarter. This occurrence is typical every fiscal year so this category income will usually be above the operating range as of September 30.

Year-to-Date Expenditures:

The total expenses for this period were \$3,722,926, which represents 22.4% of the revised budget of \$16,638,469.

Staff Salaries

The budget for this category was reduced by \$75,233 due to staff vacancies in various departments.

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Hourly

The budget for this account was increased by \$19,033 because of temporary hourly positions added in Human Resources and the Events department until staff vacancies are filled. In addition, the Marketing department hired a temporary art curator through December 2017.

Student Wages

The budget for this account was decreased by \$26,550 for the following reasons:

1. The clerical student assistant position in the Maintenance department will not be filled resulting in a savings of \$14,496.
2. The clerical student assistant in the SRC Administration department has been vacant for the entire first quarter.
3. The clerical student assistant position for the Board of Directors department was budgeted to work 20 hours per week, but actual hours worked were 5-10 hours per week.

General Operating Expenses (41.4%)

This category is significantly above the operating range due to the following:

1. Sunny Days Camp food costs paid in the first quarter for eight weeks of camp in July and August.
2. Advertising expenses were higher due to a large payment to the Sundial to achieve cost savings.

Supplies and Services (20.4%)

This category had a \$363,069 budget transfer from unallocated reserves and administrative contingencies to fund the USU renovation feasibility study performed by Brailsford & Dunleavy.

Travel (10.3%)

This category is below the optimal range since travel for major regional and national conferences, such as ACUI, AOA, and NIRSA, do not take place in the first quarter. This occurrence is typical every fiscal year so travel will be below the operating range as of September 30.

Repairs & Maintenance (19.0%)

This category is slightly below the operating range, but had a budget increase of \$67,578 to replace the shower partitions in the Student Recreation Center locker rooms and the scoreboards in the MatArena and Red Ring Courts.

Fees and Charges (17.1%)

This category is slightly below optimal range because credit cards fees were lower than anticipated. Credit card fees will be monitored to determine if there will be savings that could be transferred to unallocated reserves.

Reserves

Please reference the unallocated and designated Reserves Summary included as part of this package.

Grants and Scholarships (33.7%)

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This category is above the operating range because the tuition reimbursement for the graduate assistant, BOD Chair and Vice-Chair were paid in August 2017. Tuition is consistently paid during the first quarter, so this category will be above the operating range as of September 30.

Expendable Equipment (65.0%)

This category is significantly above the operating range because the Technology Support Services department purchased a vast majority of their planned expendable equipment items in the first quarter. The purchases include the following:

- Dell Desktops and Laptops
- Mac Minis
- Cisco Desktop phones
- Hard drives and memory upgrades

Amortization & Depreciation (15.5%)

This category is below the optimal range because the majority of the capital outlay items were not scheduled for purchase in the first quarter. It is anticipated that unutilized funds will be transferred to unallocated reserves during the second quarter budget review.

Statement of Changes in Financial Position

Total assets are \$5,613,609 of which \$4,656,052 is liquid cash. Total liabilities are \$3,074,581 of which \$2,375,374 is the estimate to pay for the projected medical expenses of current and future USU retirees eligible to participate in the Retirement Health Benefits Plan (RHBP).

Investment Summary

The USU continues to yield positive returns with money invested in the CSU Systemwide Investment Fund Trust (SWIFT). The USU has earned \$14,703 in the first quarter.

Unallocated Reserves

The unallocated reserves balance increased by \$103,716. The board approved unallocated budget was \$201,000. The balance is now \$304,716 which indicates department managers identified funds approved in the budget that no longer will be used. Identified funds include the following:

1. Staff wages due to vacancies
2. Unemployment insurance
3. Student assistant wage savings
4. Various administrative contingencies e.g. scoreboard replacement, umbrella frames, and shower partition replacement

Designated Reserves

A total of \$106,104 of designated reserves were transferred to the operating budget during the first quarter for salary adjustments, general salary increases, employer-paid taxes, and vacation advances.

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Capital Outlay

The capital outlay budget is \$218,548. The following capital outlay (fixed asset) purchases were completed during the first quarter:

1. Replacement Roll Down Fire Doors - Plaza Del Sol Performance Hall
2. Pool Vacuums – Student Recreation and Plaza swimming pools
3. Mindful Garden Awning Structure – Oasis Wellness Center

USU/CSUN Foundation

The total cash balance on deposit at the CSUN Foundation is \$305,996 of which \$240,962 is unrestricted and \$65,034 is restricted.

Work Study

The USU has expended \$5,249 of September 30. The first work study payment will be received in November.

Main motion passes 5-0-0

VIII. Discussion Items

A. **Risk Management Presentation**

Emery Hernandez, Student Administrative Support Assistant II, presented the Risk Management PowerPoint to the committee. The purpose of this presentation is to familiarize committee members with the USU's risk management practices. One of the Finance Committee's goals is to update the Risk Management & Contracts Policy.

This presentation reflects necessary requirements when dealing with contracts and insurance that the USU must assess prior to a contractor commencing work. The USU's goal is to reduce the risk of monetary loss, should an insurance claim arise. When the USU is examining the contract and the insurance provided by the contractor, the USU must verify that the contractor will be the first to cover any claims. This is achieved by the USU being added as an additional insured on the commercial general liability policy, which is a separate policy aside from the certificate of insurance. As an additional insured, the USU has the same rights as the contractor in regards to the general liability insurance policy.

The minimum insurance scope requirements are as follows:

- Commercial General Liability: \$1,000,000 per occurrence, \$2,000,000 aggregate.
- Business Auto Liability: \$1,000,000 per occurrence.
- Worker's Compensation: \$1,000,000 as required by law.
- Professional Liability (Errors & Omissions): \$1,000,000 per occurrence, \$2,000,000 aggregate.
- Cyber Liability: \$2,000,000 per occurrence, \$2,000,000 aggregate

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Using AM Best's Ratings, the USU verifies the financial strength of the contractor's insurance company by ensuring the company has an A- minimum rating and a minimum financial size category of VII. The ratings indicate the ability of the insurance company to pay claims.

If the minimum insurance requirements are not met, a risk assessment is required which documents if the insurance limits provided are acceptable with the associated risks. There are three different types of risk assessment forms, Risk Assessment for Artistic Services, Risk Assessment for General & Professional Services, and Risk Assessment for IT Vendor Services. The USU uses the corresponding form depending on which type of contract is being issued.

IX. Announcements

Committee Chair, Jazmin Hernandez thanked the students for participating in the Finance Committee this semester. She asked the students to provide their spring 2018 schedules as soon as possible.

Jazmin praised the work of the committee because several of the goals were completed e.g. passing the revisions to Cash & Equipment Donation and Corporate Credit Card policies; accepting the 3&9 Budget Report; and revising the Finance Committee Code. She wished the students good luck on their finals and thanked them for being consistent with their attendance in the meetings.

X. Adjournment

Committee Chair, Jazmin Hernandez adjourned the meeting at 12:08 p.m.

Respectfully submitted by,

Joseph Illuminate
Associate Director, USU Accounting & Finance