



**California State University, San Bernardino
Santos Manuel Student Union Board of Directors
Finance and Contracts Committee
December 18, 2025 | 12:00pm
Student Union North (SUN-3305)
Zoom: <https://csusb.zoom.us/j/89283580690>**

AGENDA

1. Call to Order
2. Roll Call
3. Approval of Minutes
 - a. October 30, 2025
4. Open Forum
5. Adoption of Agenda

New Business:

- | | |
|----------|--|
| FC 05/26 | Write Off Requests (Discussion, Bates) |
| FC 06/26 | DHRE Loan Review: Findings and Risk Mitigation Recommendations from Management (Action, Del Rossi) |
| FC 07/26 | Review and Allocate Reserves (Action, Najera-Neri) |
| FC 08/26 | Review Investment and Investment Income (Informational, Najera-Neri) |

Announcements

Adjournment



California State University, San Bernardino
Santos Manuel Student Union Board of Directors
Finance and Contracts Committee
October 30, 2025 – 12:00pm
Student Chambers (SUN-3305)
Zoom: <https://csusb.zoom.us/j/89283580690>

MINUTES

- Members Present:** Kesha Bates, Sophia Garcia, Rachel Liu, Maria Elena Najera-Neri, Kimberly Rosas
- Members Absent:** Karyme DeLaRosa,
- Staff Present:** Vilayat Del Rossi, Elizabeth Junker
- Guests Present:** None
- Call to Order:** The meeting was called to order at 12:10p.m.
- Roll Call:** A verbal roll call was conducted. Quorum was met.
- Approval of Minutes:** M/S Bates/Najera-Neri; motion to approve Finance and Contracts meeting minutes from April 17, 2025.
Motion passed.
- Open Forum:** No public comments.
- Adoption of Agenda:** M/S Najera-Neri/Bates; motion to approve October 30, 2025 agenda as presented.
Motion passed.

OLD BUSINESS:

FC 14/25 Financial Policies Manual (Discussion, Najera-Neri)

M/S Najera-Neri/Bates; motion to open FC 14/25 Financial Policies Manual.

The committee received an update on the status of the financial policy manual, which was tabled at the previous meeting. Staff explained that, beginning this academic year, the Finance & Contracts Committee will no longer review policy documents, as all policy review and revision responsibilities now fall under the Policies and Procedures Committee. The financial policy manual is currently being reformatted to align with the updated campuswide structure and to

separate true policy from procedural content. Portions of the revised manual are scheduled to move forward to the Board of Directors for review. No further action was required from this committee.

NEW BUSINESS:

FC 01/26 Review of Tasks & Assignments (Informational, Del Rossi)

M/S Bates/Liu; motion to open FC 01/26 Review of Tasks & Assignments.

The committee reviewed its anticipated schedule and scope of work for the 2025–2026 academic year. Topics to be addressed include review of five-year budget assumptions, quarterly budget reports, investment reviews, reserve allocations, subleases, and preparation of the annual operating budget. Specific items are tentatively assigned to monthly meetings from October through March, with December and April reserved in case additional meetings are required. Members were advised to retain all scheduled meeting dates on their calendars.

FC 02/26 Review of 5 Year Budget Assumption (Informational, Najera-Neri)

M/S Najera-Neri/Liu; motion to open FC 02/26 Review of 5 Year Budget Assumption.

The committee received an overview of the updated five-year budget assumptions, which are based on the 2024–2025 budget and informed by a 30-year pro forma used for bond obligations. The assumptions include conservative enrollment projections due to anticipated generational shifts, 3% annual inflation adjustments, and established equipment replacement cycles—four years for marketing staff and five years for others. The budget also incorporates projected salary increases aligned with university policy, annual reviews of funding levels for programs and centers, and dedicated fee allocations for the Palm Desert Campus. Adjustments to personnel plans were noted, particularly due to the loss of university funding for full-time positions in the Latinx Center, APIDA Center, and First Peoples Center. These centers were initially intended to be overseen by graduate assistants; the organization may return to this model. Lastly, the committee was reminded that reserve allocations, categorized by legal obligations, policy, construction, and contingency needs, will be reviewed at the next meeting.

FC 03/26 Quarterly Budget Reports (Informational, Najera-Neri)

M/S Najera-Neri/Liu; motion to open FC 03/26 Quarterly Budget Reports.

Ms. Najera-Neri presented the first-quarter budget reports using a new visual format designed to improve clarity and accessibility for committee members. The consolidated overview showed that the organization has expended 23% of its annual budget through September, consistent with expectations for first-quarter spending. Expenditure breakdowns were provided for shared services, operations, and program areas, including explanations for variances such as early-year insurance premium payments, Summer Bridge payroll timing, and utility cost

placement across units. Several line items displayed discrepancies due to budget allocations not yet transferred, which will be corrected in the next report. Committee members asked clarifying questions regarding subcategories, reserves, and communication expenses, and staff confirmed that more detailed line-item spreadsheets could be shared upon request. The committee also offered feedback on visualization tools and suggested exploring interactive or live reporting options for future quarterly updates.

M/S Rosas/ Bates; motion to extend meeting to 1:10pm.

Motion passed.

FC 04/26 Other Committee Business (Discussion, Del Rossi)

M/S Bates/Liu; motion to open FC 04/26 Other Committee Business.

The committee held an open discussion on the evolving scope of its responsibilities, particularly the shift of policy review duties to the Policies Committee for greater consistency across operational and fiscal policies. Members were invited to reflect on whether any additional responsibilities should be added or removed from the committee's scope as part of upcoming bylaw revisions. It was noted that while the Finance and Contracts Committee had historically reviewed fiscal policies, these are now being reorganized and handled by the Policies Committee. Updates were shared on efforts to reformat the financial policy manual into individual policies for easier review and compliance tracking. Additionally, staff previewed future improvements to budget presentation materials intended to enhance clarity, narrative context, and accessibility for board and committee members. Members were encouraged to provide feedback on both committee scope and reporting formats.

Announcements

- A reminder was shared that committee members will receive an email invitation to join OnBoard, a platform for accessing meeting documents in one centralized location. Members were asked to create an account upon receiving the email, which is not spam. The platform will not be used to run meetings but will serve as a file repository. Staff and students are encouraged to provide feedback on its usability, which will help determine whether the subscription should be renewed after the initial annual payment.

Adjournment

M/S Najera-Neri/Liu motion to adjourn meeting at 1:10 p.m.

Reviewed and respectfully submitted by:

Sophia Garcia, Committee Chair

Date

Write-Off of Aged Invoices

Date: 12/11/2025

Santos Manuel Student Union Board of Directors

Proposed By: Kesha Bates and Finance and Contracts Committee

Background:

The invoices in question are between **720 and 2,440 days old**, dating back to **2019–2023**. These invoices include charges from both on-campus and off-campus partners. Despite extensive collection efforts—emails, phone calls, and research—these aged items remain unresolved. These remaining invoices have proven difficult to collect due to several factors:

- Individuals who originally booked these items are no longer employed.
- Current employees or officers and off-campus partners are reluctant to pay due to the age of the invoices and lack of prior notification.
- Several departments were grant-funded programs that have since ended, leaving no available funds.

Proposal:

Approve the **write-off of \$135,429.34** in aged invoices to maintain accurate financial records and focus on current collectable accounts.

Rationale:

- Removes uncollectible balances.
- Improves financial accuracy and compliance.
- Frees resources for active collections.

Budget Impact:

- Non-cash adjustment; total write-off: **\$135,429.34**.

Timeline:

Process upon Board approval; complete within the current fiscal quarter.

Chartfield: N/A

Attachments:

- Attachment A: Longform Proposal
- Attachment B: List of Invoices to be waived

Santos Manuel Student Union
Invoices for All Customers
All Transactions

Customer	Num	Date	Due Date	Aging	Amount	Open Balance
Black Student Union	4968	03/07/2019	04/06/2019	2,440	45.00	45.00
HACU Alumni Club	4969	03/07/2019	04/06/2019	2,440	127.50	127.50
San Bernardino City Unified School Dist.	5052	05/06/2019	06/05/2019	2,380	1,800.00	1,800.00
Serrano Middle School- PALS	5053	05/06/2019	06/05/2019	2,380	429.00	429.00
San Bernardino County Superintendant	5055	05/06/2019	06/05/2019	2,380	1,320.00	1,320.00
University Development	5071A	05/07/2019	06/06/2019	2,379	1,637.50	1,637.50
Black Student Union	5136	06/04/2019	07/04/2019	2,351	132.50	132.50
California College Guidance Initiative	5207	08/19/2019	09/18/2019	2,275	7,641.27	3,820.63
Quail Valley Middle School	5328	12/05/2019	01/04/2020	2,167	1,782.00	1,782.00
Student Success & Educational Equality	5335	12/18/2019	01/17/2020	2,154	1,935.00	1,935.00
University Enterprise Corp.@ CSUSB	5336	12/18/2019	01/17/2020	2,154	337.50	337.50
JHBC- Dean's Office	5342	12/18/2019	01/17/2020	2,154	50.00	50.00
JHBC- Dean's Office	5380	01/21/2020	02/20/2020	2,120	535.00	535.00
University Honors Program	5388	02/04/2020	03/05/2020	2,106	1,170.00	1,170.00
LGBTQ + Faculty Staff & Student Assoc.	5414	02/19/2020	03/20/2020	2,091	250.00	250.00
Student African American Brotherhood	5423	03/03/2020	04/02/2020	2,078	120.00	120.00
Educational Talent Search	5426	03/03/2020	04/02/2020	2,078	100.00	100.00
CSUSB Honors Program	5445	03/25/2020	04/24/2020	2,056	240.00	240.00
University Enterprise Corp.@ CSUSB	5447	04/28/2020	05/28/2020	2,022	259.00	259.00
Veterans Success center	5462	04/30/2020	05/30/2020	2,020	277.50	277.50
University Enterprise Corp.@ CSUSB	5471	05/08/2020	06/07/2020	2,012	135.00	135.00
Special Events & Guest Services	5495	10/27/2021	11/26/2021	1,475	2,112.00	2,112.00
Yucaipa High School Law/ Public Safety	5516A	11/23/2021	12/23/2021	1,448	1,320.00	1,320.00
Athletics Department	5518	12/20/2021	01/19/2022	1,421	208.00	208.00
University Enterprise Corp.@ CSUSB	5530	02/07/2022	03/09/2022	1,372	35.00	35.00
Mountain High Resorts & Powder Alliance	5533	02/09/2022	03/11/2022	1,370	100.00	100.00
Assoc of Latino Faculty Staff & Students	5536	02/16/2022	03/18/2022	1,363	174.25	174.25
Doctoral Studies	5540	02/24/2022	03/26/2022	1,355	1,171.50	1,171.50
Educational Talent Search	5541	02/24/2022	03/26/2022	1,355	1,750.50	1,750.50
CSUSB Philanthropic Foundation	5547	02/24/2022	03/26/2022	1,355	535.00	535.00

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Human Resources	5560	03/23/2022	04/22/2022	1,328	60.00	60.00
Athletics Department	5561	03/23/2022	04/22/2022	1,328	247.00	247.00
Arroyo Valley High School	5566	03/23/2022	04/22/2022	1,328	1,197.00	1,197.00
CRU Christian Fellowship	5580	03/30/2022	04/29/2022	1,321	56.00	56.00
Assoc of Latino Faculty Staff & Students	5583	04/01/2022	05/01/2022	1,319	1,187.83	1,187.83
UEC- Gear Up	5586	04/01/2022	05/01/2022	1,319	583.95	583.95
ITS-Acad Technologies & Innovation	5605	05/10/2022	06/09/2022	1,280	3,595.00	3,595.00
Startegic Communication	5616	05/23/2022	06/22/2022	1,267	140.50	140.50
Special Events & Guest Services	5624	05/23/2022	06/22/2022	1,267	878.00	878.00
University Enterprise Corp.@ CSUSB	5632	05/24/2022	06/23/2022	1,266	224.50	224.50
ITS- User Experience	5637	05/24/2022	06/23/2022	1,266	140.00	140.00
College of Extended & Global Edu.- Dean's	5671	05/24/2022	06/23/2022	1,266	326.50	326.50
UEC- Upward Bound	5673	05/24/2022	06/23/2022	1,266	602.00	602.00
College of Natural Sciences	5675	05/24/2022	06/23/2022	1,266	777.50	777.50
Black Student Union	5695	05/25/2022	06/24/2022	1,265	10.00	10.00
New Vision Middle School	5706	06/06/2022	07/06/2022	1,253	3,712.50	3,712.50
University Advancement	5719	06/07/2022	07/07/2022	1,252	140.00	140.00
Educational Talent Search	5725	06/09/2022	07/09/2022	1,250	104.00	104.00
Norton Science & Language Academy	5731	06/29/2022	07/29/2022	1,230	1,980.00	1,980.00
Verizon Innovative Learning Program	5743	08/03/2022	09/02/2022	1,195	4,389.00	4,389.00
UEC- First Star Academy	5747	08/15/2022	09/14/2022	1,183	153.00	153.00
CSUSB Department of Physics	5752	09/07/2022	10/07/2022	1,160	125.00	125.00
JHBC- Management	5766	10/14/2022	11/13/2022	1,123	448.50	448.50
CSBS- Social Work	5779	10/17/2022	11/16/2022	1,120	396.00	396.00
University Enterprise Corp.@ CSUSB	5797	12/20/2022	01/19/2023	1,056	1,137.80	1,137.80
CASA Of San Bernardino	5801	01/11/2023	02/10/2023	1,034	300.00	300.00
UEC- First Star Academy	5806	01/11/2023	02/10/2023	1,034	240.00	240.00
Graduate Studies	5807	01/11/2023	02/10/2023	1,034	225.00	225.00
UEC- CalSOAP	5815	01/20/2023	02/19/2023	1,025	2,684.00	2,684.00
COE - Dean's Office	5865	02/03/2023	03/05/2023	1,011	861.00	861.00
University Enterprise Corp.@ CSUSB	5867	02/03/2023	03/05/2023	1,011	450.00	450.00

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Office of Student Engagement	5869	02/03/2023	03/05/2023	1,011	703.50	703.50
Athletics Department	5870	02/03/2023	03/05/2023	1,011	135.00	135.00
Coachella Valley Unified School	5830	02/08/2023	03/10/2023	1,006	1,650.00	1,650.00
Enrollment Management	5834	02/09/2023	03/11/2023	1,005	366.50	366.50
Athletics Department	5837	02/09/2023	03/11/2023	1,005	240.00	240.00
Athletics Department	5839	02/09/2023	03/11/2023	1,005	559.50	559.50
Project Rebound	5840	02/09/2023	03/11/2023	1,005	85.00	85.00
CAL - Fullerton Art Museum	5855	02/10/2023	03/12/2023	1,004	559.50	559.50
Obershaw Den	5879	02/23/2023	03/25/2023	991	120.00	120.00
University Enterprise Corp.@ CSUSB	5882	02/23/2023	03/25/2023	991	2,459.50	2,459.50
Human Resources	5886	02/24/2023	03/26/2023	990	1,214.00	1,214.00
University Enterprise Corp.@ CSUSB	5889	02/24/2023	03/26/2023	990	174.50	174.50
UEC- CalSOAP	5893	03/01/2023	03/31/2023	985	695.00	695.00
UEC- CalSOAP	5909	03/07/2023	04/06/2023	979	688.50	688.50
COE - Dean's Office	5912	03/07/2023	04/06/2023	979	873.00	873.00
CNS- Biological Sciences	5914	03/07/2023	04/06/2023	979	627.00	627.00
Parking & Transportation	5918	03/07/2023	04/06/2023	979	165.50	165.50
Administration & Finance	5921	03/07/2023	04/06/2023	979	551.00	551.00
Student Health Center	5922	03/07/2023	04/06/2023	979	551.00	33.00
COE - Dean's Office	5924	03/09/2023	04/08/2023	977	671.50	671.50
CNS- Biological Sciences	5925	03/09/2023	04/08/2023	977	1,265.00	1,265.00
Black Faculty, Student, Staff Association	5926	03/09/2023	04/08/2023	977	670.00	670.00
UEC- Upward Bound	5929	03/09/2023	04/08/2023	977	671.50	671.50
Yotie Eats	5946	04/21/2023	05/21/2023	934	396.00	396.00
Facilities Management- Administration	5948	04/21/2023	05/21/2023	934	680.00	680.00
Office Of Student Leadership & Engagmentt	5949	04/21/2023	05/21/2023	934	85.00	85.00
CNS-Nursing	5952	04/21/2023	05/21/2023	934	745.50	745.50
HR- Student Employment	6093	05/30/2023	05/30/2023	925	712.00	712.00
CSUSB Department of Physics	6007	05/04/2023	06/03/2023	921	393.50	393.50
Enrollment Management	5967	05/05/2023	06/04/2023	920	280.00	280.00
Black Faculty, Student, Staff Association	6009	05/08/2023	06/07/2023	917	2,848.13	2,848.13

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Student Affairs	6015	05/08/2023	06/07/2023	917	140.50	140.50
UEC- CalSOAP	5987	05/09/2023	06/08/2023	916	585.00	585.00
Undergraduate Studies	5997	05/11/2023	06/10/2023	914	213.50	213.50
Be-Well Yotes LLC	6058	05/12/2023	06/11/2023	913	70.00	70.00
Corona-Norco Unified School District	6060	05/12/2023	06/11/2023	913	620.00	620.00
Student Assistance In Learning Program	6062	05/12/2023	06/11/2023	913	130.00	130.00
UEC- DO NOT PUBLISH	6128	06/12/2023	06/12/2023	912	287.00	287.00
University Enterprise Corp.@ CSUSB	6022	05/15/2023	06/14/2023	910	4,373.00	4,373.00
University Advancement	6030	05/15/2023	06/14/2023	910	3,405.00	3,405.00
Univ Adv-Philanthropic Giving	6177	06/20/2023	06/20/2023	904	518.00	518.00
Parking & Transportation	6052	05/22/2023	06/21/2023	903	140.50	140.50
Title IX & Gender Equity	6057	05/24/2023	06/23/2023	901	250.00	250.00
University Police	6068	05/25/2023	06/24/2023	900	953.50	953.50
University Enterprise Corp.@ CSUSB	6069	05/25/2023	06/24/2023	900	171.50	171.50
UEC- CalSOAP	6072	05/25/2023	06/24/2023	900	240.00	240.00
Black Scholars Program	6075	05/25/2023	06/24/2023	900	308.50	308.50
Research-Academic Administration	6084	05/30/2023	06/29/2023	895	969.50	969.50
Veterans Success center	6114	06/06/2023	07/06/2023	888	568.00	568.00
ITS-Information Security	6116	06/06/2023	07/06/2023	888	793.00	793.00
Academic Affairs VP	6118	06/06/2023	07/06/2023	888	68.00	68.00
CNS- Geological Sciences	6131	06/12/2023	07/12/2023	882	421.50	421.50
UEC-Advising Undergraduate Success	6132	06/12/2023	07/12/2023	882	264.50	264.50
UEC- DO NOT PUBLISH	6141	06/12/2023	07/12/2023	882	301.00	301.00
Athletics	6149	06/12/2023	07/12/2023	882	189.00	189.00
CSBS- Psychology	6152	06/12/2023	07/12/2023	882	430.00	430.00
San Bernardino Community College District	6162	06/13/2023	07/13/2023	881	3,594.00	3,594.00
JHBC- Dean's Office	6164	06/13/2023	07/13/2023	881	957.50	957.50
Faculty Affairs & Development	6166	06/13/2023	07/13/2023	881	573.50	573.50
HR- Diversity & Inclusion	6168	06/13/2023	07/13/2023	881	593.50	593.50
University Police	6185	06/20/2023	07/20/2023	874	84.00	84.00
University Advancement	6206	07/10/2023	08/09/2023	854	558.00	558.00

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Customer	Num	Date	Due Date	Aging	Amount	Open Balance
FM- Custodial Services	6212	07/10/2023	08/09/2023	854	36.00	36.00
Orientation and First Year Experience	6214	07/10/2023	08/09/2023	854	2,834.50	2,834.50
RM- Environmental Health & Safety	6218	07/10/2023	08/09/2023	854	18.00	18.00
Title IX & Gender Equity	6221	08/01/2023	08/31/2023	832	250.00	250.00
Inland Empire Center for Entrepreneurship	6222	08/01/2023	08/31/2023	832	3,000.00	3,000.00
Ombuds Services	6223	08/01/2023	08/31/2023	832	50.00	50.00
UEC- CalSOAP	6238	08/09/2023	09/08/2023	824	288.00	288.00
UnivADV-Alumni Relations	6243	08/14/2023	09/13/2023	819	144.00	144.00
Univ Adv-Philanthropic Giving	6248	08/14/2023	09/13/2023	819	726.00	726.00
University Enterprise Corp.@ CSUSB	6261	09/12/2023	10/12/2023	790	568.90	568.90
Procurement & Contracts	6276	09/28/2023	10/28/2023	774	324.00	324.00
San Bernardino Community College District	6279	09/28/2023	10/28/2023	774	120.00	120.00
Special Events & Guest Services	6288	10/04/2023	11/03/2023	768	612.00	612.00
Faculty Center of Excellence	6291	10/05/2023	11/04/2023	767	1,733.00	1,733.00
College of Natural Sciences	6293	10/19/2023	11/18/2023	753	1,033.58	1,033.58
Student Health Center	6294	10/19/2023	11/18/2023	753	4,207.00	4,207.00
HR- Student Employment	6299	10/20/2023	11/19/2023	752	1,050.00	1,050.00
COE - Dean's Office	6300	10/20/2023	11/19/2023	752	671.50	671.50
JHBC- Dean's Office	6304	10/20/2023	11/19/2023	752	144.00	144.00
HR- Student Employment	6312	10/20/2023	11/19/2023	752	185.50	185.50
Student Affairs	6314	10/20/2023	11/19/2023	752	436.50	436.50
ASUA- Professional Advising	6321	10/20/2023	11/19/2023	752	27.00	27.00
CSBS- Social Work	6329A	10/25/2023	11/24/2023	747	1,052.96	1,052.96
CAL- English	6331	10/25/2023	11/24/2023	747	875.00	875.00
UEC- CalSOAP	6333	10/25/2023	11/24/2023	747	4,779.67	4,779.67
Student Affairs - VP	6338	10/26/2023	11/25/2023	746	275.00	275.00
CSUSB Palm Desert Campus	6344	10/26/2023	11/25/2023	746	276.00	276.00
UnivADV-Alumni Relations	6346	11/01/2023	12/01/2023	740	6,060.00	6,060.00
Enrollment Management	6357	11/02/2023	12/02/2023	739	572.50	572.50
Student Veterans Organization	6364	11/02/2023	12/02/2023	739	50.00	50.00
E-Sports Club	6366	11/08/2023	12/08/2023	733	34.00	34.00

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Customer	Num	Date	Due Date	Aging	Amount	Open Balance
University Enterprise Corp.@ CSUSB	6383	11/14/2023	12/14/2023	727	49.00	49.00
University Enterprise Corp.@ CSUSB	6384	11/15/2023	12/15/2023	726	14.00	14.00
Parking & Transportation	6400	11/16/2023	12/16/2023	725	155.00	155.00
College Assistance Migrant Program	6401	11/17/2023	12/17/2023	724	4,408.30	4,408.30
California Faculty Association	6415	11/21/2023	12/21/2023	720	248.00	248.00
BYA CHURCH	6418	11/21/2023	12/21/2023	720	1,942.84	1,942.84
Risk Management	6424	11/21/2023	12/21/2023	720	67.00	67.00
University Advancement	6425	11/21/2023	12/21/2023	720	740.50	740.50
					\$135,429.34	out of \$510,953.16

Executive Summary and Risk Mitigation Recommendations

Subject: DHRE Loan Review Findings and Risk Mitigation Recommendations

Prepared by: Vilayat Del Rossi, Interim Executive Director & CFO

Date: 12/18/2025

Executive Summary

During the 2025 fall semester, management conducted an internal control review of a loan provided to the Department of Housing & Residential Education (DHRE). The review found that the transaction complied with applicable legal requirements; however, it also identified opportunities to strengthen organizational practices, particularly in the areas of co-governance, fiscal oversight, and policy documentation.

The review identified some procedural and structural gaps that could create governance or audit risks if not addressed. This report outlines those gaps and recommends mitigation efforts to reinforce internal controls, policy compliance, and Board accountability.

Best Practice Gaps Identified

- **Governance Oversight**
 - Loan authorized without a prior first reading or full Board review.
 - Executive Board action occurred outside the regular fiscal cycle and without established authority thresholds.
 - Limited documentation of fiscal impact, repayment structure, and interest application.
 - **Policy Framework**
 - Absence of a formal Special Fund Loan Policy defining eligibility, terms, and approval hierarchy.
 - Lack of clear procedures distinguishing Board-level approvals from management-level financial transfers.
 - **Internal Control and Documentation**
 - Inconsistent application of prevailing interest requirements under CSU and Ed Code expectations.
 - Insufficient documentation for internal fund movements to demonstrate compliance and transparency.
 - Limited cross-references between loan approvals, budgets, and subsequent reconciliation records.
 - **Training and Awareness**
 - Board and management not uniformly versed in CSU auxiliary governance distinctions.
 - Need for greater familiarity with policies governing budget, inter-fund activity, and emergency authority.
-

Risk Mitigation Recommendations

1. Adopt a Special Fund Loan Policy

- Define conditions and limits for loans between SMSU special or reserve accounts.
- Require:
 - Prevailing interest rate or documented justification for deviation.
 - Written repayment plan including source of repayment.

- First and second Board readings for any loan above a defined threshold.
- Consultation with University Chief Financial Officer and organizational legal counsel for structural compliance.
- Incorporate into SMSU Fiscal Policies and ensure periodic review.

2. Establish Limited Summer Authority for the Executive Board

- Define E-Board authority between the final spring and first fall Board meetings.
- Restrict E-Board actions to:
 - Emergency (life/safety), time-sensitive contractual or fiscal matters required to maintain operations or compliance.
 - Personnel decisions previously authorized in the approved budget.
 - Items explicitly delegated by the full Board prior to recess.
- Prohibit the E-Board from:
 - Approving new loans or inter-fund transfers.
 - Making unbudgeted capital or fiscal commitments exceeding specific amount.
 - Adopting or amending Board policy.
- Require all E-Board meetings to be publicly noticed, recorded, and reported to the full Board at the next regular meeting as information items.
- Review authority limits annually and reaffirm by Board resolution before summer recess.
- Provide clear guidance for when a Special Meeting must be convened instead of E-Board action.

3. Reinforce Governance Training and Compliance Orientation

- Conduct annual Board and management training on:
 - CSU auxiliary governance and Education Code provisions.
 - SMSU bylaws, operating agreement, and fiscal policy framework.
 - Board fiduciary duties, first/second reading process, and conflict-of-interest standards.
- Integrate compliance content into Board onboarding and retreat materials.
- Provide refresher sessions following policy changes or audit findings.

4. Strengthen Internal Controls and Fiscal Documentation

- Require thorough documentation for all inter-fund transactions, including purpose, source, repayment plan, and interest rate determination.
- Add internal compliance checks during budget closeout and annual audit preparation.
- Cross-reference loan activity within financial statements to ensure transparency and oversight.
- Reinforce dual-signature and verification protocols for financial actions not pre-approved in the annual budget.

5. Continuous Improvement and Oversight

- Establish annual review of loan and special fund transactions by the Finance & Contracts Committee.
- Incorporate policy compliance metrics into management performance reviews.
- Maintain a governance action log to track implementation progress and follow-up on prior audit recommendations.

Conclusion

Implementing these recommendations will strengthen SMSU/RecWell's governance posture, align practices with CSU auxiliary standards, and reinforce accountability and transparency in all fiscal activities. These measures will also ensure that future Board actions, especially those involving special fund or reserve transactions, occur within clearly defined policy and authority limits.

Santos Manuel Student Union (SMSU) Reserve Allocation Proposal

Date: 12/18/2025

Santos Manuel Student Union Finance & Contracts Committee

Proposed By: Maria Elena Najera-Neri, Budget Analyst

Background: The CSU requires that auxiliaries operating student unions maintain designated balances and reserves to:

- sustain year-to-year operational consistency.
- prepare for economic uncertainty and cyclical recession impacts.
- fund capital renewal, major repairs, long term maintenance and equipment replacement.
- manage catastrophic events or natural disasters; and ensure capacity for strategic investments and program development.
- compliance with bond debt and debt service obligations

Per CSU policy:

- Every CSU operating activity fund, including Campus Union (Fund 534), must maintain a Reserve for Economic Uncertainty equal to *at least 5% of its annual operating budget*.
- Over time, this reserve should accumulate between *three and six months of operating expenses*.
- Additional reserves—categorized under specific FIRMS object codes—must be established and tracked for future obligations, capital projects, program development, debt service, and facilities maintenance.

To remain compliant and financially stable, SMSU must adopt a reserve-accumulation structure that mirrors these system standards while responding to the unique operational realities of student union enterprises. Last fiscal year the Finance & Contacts Committee presented these recommendations to the Board, and the Reserve Accumulation Policy was revised to be in compliance with CSU policy.

Proposal: The purpose of this proposal is to designate balances and allocate unrestricted reserves. To provide long-term financial sustainability practices, and risk management expectations for Santos Manuel Student Union facilities, services, and programs. By having a clear compliant reserve policy and allocation strategy, it will ensure financial resilience, promote responsible stewardship of student fees, and support the continuity of student services, capital renewal, and emergency preparedness.

Rationale: SMSU Reserve Categories which align with CSU Object Codes:

The following reserve classifications are recommended for annual budgeting, reporting, and long-term planning. Each category is mapped to CSU object codes and defined according to SMSU needs: 1) Economic Uncertainty, 2) Capital Improvement & Construction, 3) Facilities Maintenance & Repairs, 4) Equipment Acquisition, 5) Future Debt Service, 6) Program Development, 7) Outstanding Commitments, 8) Catastrophic Event, and 9) Encumbrance Reserve.

Attachments:

- Exhibit A – Individual Reserve Category Details
- Exhibit B – Funding Strategy Overview
- Exhibit c – Account Category Recommendations

Exhibit A – Individual Reserve Category Details

1. Reserve for Economic Uncertainty — Object Code 304022

Purpose: Ensures essential SMSU operations can continue during periods of economic or budget instability (e.g., statewide recession, fee-revenue fluctuations, emergencies).

Requirements:

- Minimum: **5% of annual operating budget**
- Long-term goal: **3–6 months of operating expenses**

SMSU Proposal: Target **25% of annual operating expenditures (approximately 3 months)**, with annual progress toward a 6-month maximum as feasible.

2. Capital Improvement & Construction Reserve — Object Code 304010

Purpose: Funds long-term capital needs, including new facility projects, major expansions, and structural modernization of SMSU facilities.

SMSU Proposal: Maintain a multi-year capital accumulation plan tied to the campus Facilities Condition Assessment (FCA) and SMSU Master Plan. Annual contributions should support future large-scale renovations or expansions. This would include the expansion of the Student Recreation & Wellness Center as well as our Palm Desert Campus.

3. Facilities Maintenance & Repairs Reserve — Object Code 304014

Purpose: Supports scheduled and preventive maintenance, including HVAC, roofing, flooring, electrical, and plumbing systems, as well as ADA compliance upgrades.

SMSU Proposal: Maintain a reserve equal to **3–5% of the current replacement value (CRV)** of the SMSU facility, as recommended by the Association of College Unions International (ACUI) and CSU auxiliary best practices.

4. Equipment Acquisition Reserve — Object Code 304011

Purpose: Funds replacement and purchase of operational equipment, including furniture, technology, AV systems, event equipment, and building infrastructure systems.

SMSU Proposal: Maintain an equipment reserve based on the useful life cycle of major equipment categories. Recommended target **\$X annually** (to be determined via inventory analysis).

5. Future Debt Service Reserve — Object Code 304013

Purpose: Sets aside one to two years of debt payments associated with SMSU building financing or future capital debt.

SMSU Proposal: Maintain a minimum of **one year of future debt service obligations**, increasing to **two years** as revenue growth allows.

6. Program Development Reserve — Object Code 304012

Purpose: Funds new initiatives, feasibility studies, student engagement programming, and innovation projects.

SMSU Proposal: Annual allocation based on strategic priorities identified by SMSU leadership and the board, typically ranging **1–2% of operating budget**.

7. Outstanding Commitments Reserve — Object Code 304016

Purpose:

Ensures SMSU can pay for commitments that are not yet encumbered by purchase orders or contracts (e.g., future staffing costs, planned program allocations).

SMSU Proposal:

Maintain a variable reserve based on approved—but not yet executed—commitments at fiscal year-end.

8. Catastrophic Event Reserve — Object Code 304017

Purpose: Provides coverage for catastrophic losses, emergencies, or natural disasters. May fund insurance deductibles or self-insured retentions.

SMSU Proposal: Maintain **\$X annually** (to be determined using risk assessment) with gradual accumulation toward industry benchmarks for facilities of similar size.

9. Encumbrance Reserve — Object Code 304018

Purpose: Holds funds for legally obligated purchase orders or service contracts not yet completed.

SMSU Proposal: Maintain at year-end equal to the total encumbered amount.

Exhibit B – Funding Strategy Overview

Reserve Funding Strategy:

SMSU will employ a deliberate and incremental funding strategy:

1. Annual Budget Contribution Model

Each reserve category will receive annual contributions proportionate to:

- SMSU operational surpluses
- revenue growth
- long-term capital and maintenance schedules
- Board-approved financial priorities

2. Multi-Year Reserve Accumulation Plan

A rolling 5-year reserve development schedule will be created each fiscal year to ensure steady progress toward reserve targets.

3. Use of Reserves

Per CSU & SMSU policy, reserves:

- may only be used for one-time expenses
- shall not be used to cover recurring operating costs
- require approval from SMSU leadership and governing boards prior to expenditure

Reporting, Transparency, and Compliance:

To maintain compliance with CSU requirements:

1. Annual Reserve Report
SMSU will prepare an annual report summarizing reserve levels by category, aligned with FIRMS object codes.
2. Year-End Review
After year-end close, SMSU will realign reserve fund balances based on actual operating results.
3. Public Transparency
Reserve information will be made available consistent with CSU's Financial Transparency Portal practices.
4. Policy Review Cycle
This policy will be reviewed every three years or sooner if CSU systemwide policies change.

Recommendations and Request for Approval:

It is recommended that the Finance & Contracts Committee approve this Reserve Accumulation Policy to:

- SMSU remains fully compliant with CSU ICSUAM 02001.00,
- students benefit from long-term continuity of services and facilities,
- proper fiscal safeguards exist for both daily operations and long-range planning, and
- SMSU continues to be a financially resilient and student-centered auxiliary organization.

Approval will authorize SMSU administration to begin implementing the reserve accumulation and allocation framework and include the reserve targets in annual budget planning. The use of reserves requires approval from:

- SMSU Executive Director,
- SMSU Board of Directors, and
- in some cases, campus and CSU review (for CSU-held reserves).

Exhibit C – Account Category Recommendations

<u>Student Union-Student Fee (HDD01)</u>			
<u>24/25 Mandatory Reserve Designation</u>	<u>Amount*</u>	<u>Amount needed in Reserve Accounts</u>	<u>Difference</u>
<u>Capital Improvement/Construction</u>			<u>\$-</u>
<u>Equipment Acquisition</u>			<u>\$-</u>
<u>Program Development</u>			<u>\$-</u>
<u>Future Debt Service</u>	<u>6,619,681</u>	<u>6,619,681</u>	<u>\$-</u>
<u>Facilities Maintenance and Repairs</u>			<u>\$-</u>
<u>Outstanding Commitments</u>			<u>\$-</u>
<u>Catastrophic Events</u>			<u>\$-</u>
<u>Encumbrances</u>			<u>\$-</u>
<u>Economic Uncertainty</u>	<u>1,000,000</u>	<u>\$1,000,000.00</u>	<u>\$-</u>
			<u>\$-</u>
<u>Total Reserve Designation</u>	<u>7,619,681</u>	<u>\$7,619,681.00</u>	<u>\$-</u>
<u>Student Union-Operating (RO001)</u>			
<u>24/25 Mandatory Reserve Designation</u>	<u>Amount*</u>	<u>Amount needed in Reserve Accounts</u>	<u>Difference</u>
<u>Capital Improvement/Construction</u>	<u>3,040,000</u>	<u>\$10,000,000.00</u>	<u>\$(6,960,000.00)</u>
<u>Equipment Acquisition (Group 1)</u>	<u>1,500,000</u>	<u>\$2,500,000.00</u>	<u>\$(1,000,000.00)</u>
<u>Program Development</u>	<u>360,000</u>	<u>\$1,500,000.00</u>	<u>\$(1,140,000.00)</u>
<u>Future Debt Service</u>	<u>0</u>	<u>=</u>	<u>\$-</u>
<u>Facilities Maintenance and Repairs (Group 2)</u>	<u>1,140,700</u>	<u>\$9,000,000.00</u>	<u>\$(7,859,300.00)</u>
<u>Outstanding Commitments</u>	<u>1,000,000</u>	<u>\$3,996,739.00</u>	<u>\$(2,996,739.00)</u>
<u>Catastrophic Events</u>	<u>800,000</u>	<u>\$1,000,000.00</u>	<u>\$(200,000.00)</u>
<u>Encumbrances</u>			<u>\$-</u>
<u>Economic Uncertainty</u>	<u>3,316,164</u>	<u>\$6,632,328.00</u>	<u>\$(3,316,164.00)</u>
			<u>\$-</u>
<u>Total Reserve Designation</u>	<u>11,156,864</u>	<u>\$34,629,067.00</u>	<u>\$(23,472,203.00)</u>

Santos Manuel Student Union Investments FY 25/26

As of 11/30/2025

	11/30/2025 Fund HDD01 SMSU & RW State Operating Revenue	11/30/2025 Fund RO001 SMSU & RW Operations	11/30/2025 Fund FDD01 SMSU Repairs & Replacement	11/30/2025 Fund FFD01 RW Repairs & Replacement	11/30/2025 Total
Investments in:					
Wells Fargo Bank	\$ 10,432,096.28	\$ 6,967,170.72	\$ 2,076,631.84	\$ 1,380,201.40	\$ 20,856,100.24
Local Agency Investment Fund-LAIF	\$ -	\$ 1,212,322.73	\$ -	\$ -	\$ 1,212,322.73
Total Average Daily Cash Balance by Fund	<u>\$ 10,432,096.28</u>	<u>\$ 8,179,493.45</u>	<u>\$ 2,076,631.84</u>	<u>\$ 1,380,201.40</u>	<u>\$ 22,068,422.97</u>

	11/30/2025 Fund HDD01 SMSU & RW State Operating Revenue	11/30/2025 Fund RO001 SMSU & RW Operations	11/30/2025 Fund FDD01 SMSU Repairs & Replacement	11/30/2025 Fund FFD01 RW Repairs & Replacement	11/30/2025 Total
Interest Earned:					
Wells Fargo Bank	\$ 554,089.14	\$ 249,854.24	\$ -	\$ 23,633.15	\$ 827,576.53
Local Agency Investment Fund-LAIF **	\$ -	\$ 13,100.09	\$ -	\$ -	\$ 13,100.09
Total Interest Received by Fund	<u>\$ 554,089.14</u>	<u>\$ 262,954.33</u>	<u>\$ -</u>	<u>\$ 23,633.15</u>	<u>\$ 840,676.62</u>

** LAIF interest is calculated on a quarterly basis the figures.