

Los Rios Classified Employees Association (LRCEA)

Finance Policy

1. Introduction

The LRCEA Constitution includes several provisions related to financial activity, and this Policy describes how those provisions are applied.

2. Annual Budget

Reference: LRCEA Constitution, Article VI, Section 7

a. Tentative Budget

A tentative budget proposal for the next fiscal year is prepared by the budget committee, and submitted to the Executive Board for review and modification, then submitted to the general membership for discussion and a vote, all before the end of the current fiscal year. The tentative budget proposal is constructed as a "program budget", stating composite totals for unallocated funds to be carried over from the current fiscal year to the next, and estimated income, expenses and investments for that next fiscal year. This tentative budget proposal, when approved by vote of the general membership, will remain in effect until a final budget for that next fiscal year has been approved by vote of the general membership.

(1) Budget Committee Activity - Tentative Budget Proposal

At the January meeting of the Executive Board the President appoints the budget committee to work with the Treasurer to develop a tentative budget proposal for the next fiscal year. Promptly, following its appointment, the budget committee commences preparation of the tentative budget proposal for the next fiscal year, and presents that proposal to the Executive Board at its March during the current fiscal year.

(2) Action by the Executive Board - Tentative Budget Proposal

At its April meeting during the current fiscal year the Executive Board will take official action to approve a tentative budget for presentation to the general membership for discussion and a vote to occur before the end of the current fiscal year. The schedule for this general membership meeting, voting on the proposal, voting rules, and a copy of the proposed tentative budget will be posted on the LRCEA Website promptly following this April meeting of the Executive Board.

(3) Action by the General Membership - Tentative Budget Proposal

At the general membership meeting held to discuss and vote on the tentative budget for the next fiscal year, members attending may vote on that proposal by secret ballot at the meeting. Members not attending that general membership meeting who want to vote on the proposed tentative budget may do so, however, their respective absentee ballots must be received by LRCEA no later than adjournment of that general membership meeting; the rules for absentee voting will be included in the notice of the meeting where the tentative budget proposal will be discussed and voted on.

b. Final Budget

A final budget proposal is prepared, presented and voted on during the  
Page 2: LRCEA Finance Policy

fiscal year it pertains to, and this cannot occur until after the audit of the financial records for the current fiscal year has been completed; this audit occurs during the sixty (60) calendar days immediately following the end of the fiscal year - the fiscal year ends June 30<sup>th</sup> and audit is to be completed within 60 calendar days immediately thereafter.

(1) Budget Committee Activity - Final Budget Proposal

The Treasurer, upon receipt of the audit report for the most recently ended fiscal year, will convene the budget committee to prepare a final budget proposal for now current fiscal year. This final budget proposal will be submitted to the Executive Board at its September meeting of the then current fiscal year. This final budget proposal will be constructed in the same manner as the tentative budget proposal was constructed, but considering the findings of the audit regarding carryover of unallocated funds, and any other changes that will effect income, expenses and/or investments in the now current fiscal year.

(2) Executive Board - Final Budget Proposal

The Executive Board, at its September meeting in the current fiscal year, will review the proposed final budget it received from the budget committee, making such changes at it deems necessary, and will submit that proposal to the general membership for discussion and a vote to occur before the end of that same September. The schedule for this general membership meeting, voting on the proposal, voting rules, and a copy of the proposed final budget will be posted on the LRCEA Website promptly following this September meeting of the Executive Board.

(3) Effect of Approved Final Budget: New Fiscal Year

Upon approval of a final budget by vote of the general membership, that budget will remain in full force and effect for the remainder of the fiscal year. However, in the event an increase in the overall amount of that final budget is proposed during the same fiscal year that budget applies to, that increase must be discussed and voted on by the general membership at a regular or special meeting, held during that same fiscal year.

3. Annual Audit of LRCEA Financial Transactions

Pursuant to the Educational Employment Relations Act commencing with Section 3540 of the Government Code (EERA), and Regulations of the Public Employment Relations Board (PERB) commencing with Regulation 32990, LRCEA is required to have its financial records for its just ended fiscal year, subjected to an audit by a disinterested party, and to have that audit completed within the sixty (60) calendar days immediately following that just ended fiscal year.

Further, and within that same 60 calendar day period, based on results of the audit, LRCEA must report in writing on the results of that audit to its members, non-members (fee payers) it represents, and to the PERB. The following applies to the audit and these related written reports:

a. Audit Preparation - Reconciliation of Financial Records

Before the audit of the financial records can start, those records must be reconciled by a disinterested party (not CPA who conducts the audit  
Page 3: LRCEA Finance Policy

of those records). The Executive Board will employ the services of a disinterested party to reconcile those financial records, prior to the end of the current fiscal year. Reconciliation of the financial records for the current fiscal year must be completed with all records and reports related to the reconciliation to LRCEA, by July 15th immediately following the end of the fiscal year those reconciled records pertain to.

(1) Reconciliation - Employing a Disinterested Party

The disinterested party employed by LRCEA to reconcile the financial records, must provide the Executive Board with written proof of his/her experience and qualifications to perform such a reconciliation, as-well-as references regarding such experience. The disinterested party employed by LRCEA to reconcile the financial records for the just ended fiscal year must provide those reconciled records along with a thorough written report of his/her findings regarding that reconciliation, to the Executive Board by the July 15 th immediately following the end of the fiscal year the reconciled records pertain to.

b. Audit - Employing the Auditor

The disinterested party employed by LRCEA to conduct the audit will be a Certified Public Accountant (CPA), licensed as such in the State of California; each candidate to be the CPA employed by LRCEA to perform the audit of its financial records, must provide the Executive Board with written proof of his/her experience and qualifications to perform such an audit, accompanied by references verifying that experience.

As a condition of his/her employment to conduct the audit the CPA so employed must agree to enter into a written contract with LRCEA pursuant to the requirements of this Policy; the scope of work and compensation for such work will be included in that contract, and in addition to the standard audit of financial records required by laws, procedures and regulations CPA's are required to use, the CPA so employed must agree to the following:

(1) Completion of the Audit and Written Records and Reports Required

Complete the audit and provide LRCEA with all written financial records and reports pertaining to the audit, not later than August 15th of the fiscal year immediately following the fiscal year the audited financial records pertain to. Included in the audit report, in addition to normal and customary information provided by a CPA to a client regarding income, expenses and investments, will be clear and concise information regarding whether or not the financial transactions of LRCEA during the audited fiscal year, are consistent with good accounting practices, and if not, which were not and why, including but not limited to, the accuracy of internal controls by LRCEA regarding its financial matters, and written recommendations for changes to the financial record keeping procedures used by LRCEA.

(2) Balance Sheet and Operating Statement - Annual Notice to Members

A "balance sheet" and an "operating statement" for the audited fiscal year; these documents must include in addition to the financial calculations, provisions for the LRCEA President and the LRCEA Treasurer to affix their respective signatures attesting to the accuracy of the financial information included on those documents under penalty of Page 4: LRCEA Financial Policy

perjury - the balance sheet, operating statement, and testimonials by the President and Treasurer are required by Government Code Section 31546.5.

(3) Annual Notice to Fee Payers

Provide with all mathematical calculations necessary for LRCEA to prepare its Annual Notice to Fee Payers for the audited fiscal year; these calculations must include: the maximum amount of the annual fair share fee (fee) a fee payer was charged by LRCEA during the audited fiscal year, compared to the maximum amount of annual dues a member was charged during that same fiscal year, expressed as a percentage and as a whole dollar amount; total expenditures of LRCEA during the audited fiscal year, expressed as a whole dollar amount; total amount of those expenditures fully chargeable to fee payers, expressed as a whole dollar amount; total amount of those expenditures not chargeable to fee payers, expressed as a whole dollar amount; amount of any rebate due to each fee payer (by name) for the audited fiscal year, resulting from expenditures not chargeable to fee payers, expressed as a whole dollar amount.

4. Mileage Reimbursement

a. Authority for Reimbursement

Article V, Section 8, of the LRCEA Constitution, allows Officers and Representatives to claim mileage reimbursement for Union business. Article V, Section 9, of the LRCEA Constitution, allows the LRCEA Executive Board to set the rate for that mileage reimbursement.

b. Union Business - Eligible for Mileage Reimbursement

LRCEA Officers and Representatives required to attend LRCEA activity pursuant to the LRCEA Constitution, LRCEA Policy, or direction of the LRCEA President or Executive Board, are allowed mileage reimbursement for attending the following:

- (1) meetings of the Executive Board;
- (2) general membership meetings;
- (3) negotiations (negotiating sessions with the district and negotiating committee meetings);
- (4) meetings regarding grievances and/or arbitration of grievances;
- (5) meetings between LRCEA and the district;
- (6) activity for which the Officer or Representative is required to attend pursuant to the LRCEA Constitution and/or LRCEA Policy;
- (7) LRCEA committee meetings;

- (8) other LRCEA activity for which attendance of the Officer or Representative is required by the LRCEA President or LRCEA Executive Board.

c. Mileage Reimbursement Claims

A claim for mileage reimbursement must be provided to the LRCEA  
Page 5: LRCEA Finance Policy

Treasurer in writing, not later than the first meeting of the Executive Board after the activity for which the mileage being claimed, occurred.

The written request for mileage reimbursement must include the date of the activity, purpose of the activity, the mileage for which reimbursement is claimed, and that request must be signed and dated by the Officer or Representative claiming the reimbursement.

d. Limit on Claim for LRCEA Activity

Mileage reimbursement may be claimed for mileage occurring on a workday that is greater than the regular roundtrip mileage between work and home, and that is the direct result of activity requiring attendance of the Officer or Representative requesting the reimbursement. Further, mileage reimbursement may be claimed for mileage occurring on a date other than a workday for roundtrip mileage directly between home and the required LRCEA activity, and return.

Mileage reimbursement will not be paid for attendance at LRCEA or district activity the Officer or Representative is not required to attend pursuant to the LRCEA Constitution, LRCEA Policy, or direction of the LRCEA President or LRCEA Executive Board.

Mileage reimbursement described in this Policy applies only to mileage traveled by automobile, when the driver of the automobile is the Officer or Representative required to attend the LRCEA activity for which the reimbursement is claimed, and that he/she actually attended, in-person.

e. Mileage Reimbursement Rate

The mileage reimbursement rate is the same as the district mileage reimbursement rate in effect when the reimbursement is claimed.

5. Political Action (adopted 8/13/01)

a. Use of Dues for Political Action

Membership dues may be used for the type of political action described immediately below, however any other use of such dues for political action without prior approval of the general membership:

- (1) pursuant to prior approval of the Executive Board to do so, LRCEA may take such action as deemed necessary to support, oppose, or otherwise act on any initiative, legislation, or regulations that may or will affect the wages, fringe benefits, hours of work, and other terms and conditions of employment for employees represented by LRCEA pursuant to the Educational Employment Relations Act,

commencing with Section 3540 of the Government Code (EERA). Further, by prior approval of the general membership, LRCEA may take such action as it deems necessary to support, oppose, or otherwise act on any candidate for elective office. Such action by the Executive Board may include, but is not limited to, the expenditure of money and/or the use of other LRCEA resources however, such expenditure and/or use shall conform to the requirements of law regarding such matters.

b. Use of Fees for Political Action

The fair share service fee (fee) charged and collected by LRCEA from  
Page 6: LRCEA Finance Policy

non-members (fee payers) shall not be used for political action, unless and except as expressly allowed by law.

c. Political Action Committee

The President shall, subject to prior approval by the Executive Board, appoint a political action committee (PAC), consisting of members who are not on the Executive Board, to review proposals for initiatives, legislation, and/or regulations that may or will impact the wages, fringe benefits, hours of work, and/or other terms and conditions of employment for employees LRCEA represents, and to review the candidacy of any person seeking elective office, when the appointment of such PAC is necessary.

Upon completing a timely review of the proposed initiative, legislation, regulation, or candidacy of a person or persons seeking elective office, the PAC shall promptly make a written recommendation on the matter to the Executive Board. The PAC members shall vote on the position it recommends to the Executive Board, and the results of that vote (vote count, not names) shall be forwarded to the Executive Board.

Upon receipt of the written recommendation of the PAC the Executive Board may take such action it deems necessary regarding the recommendation, however, should the PAC fail to provide its written recommendation to the Executive Board in a timely manner, the Executive Board is authorized to take such action it deems necessary on the matter, as long as that action is in compliance with the LRCEA Constitution and this Policy.

d. Funding Political Action

Funding the cost and expense of political action is subject to the requirements of the LRCEA Finance Policy.

6. Investments

The Executive Board may invest LRCEA financial reserves in a manner consistent with sound business practices and, if such investment is to the benefit of LRCEA, however, in such cases official action of the Executive Board is required before the investment is made, subject to the following:

a. Investment Committee

A committee consisting of the President, Treasurer, and one Representative from each college and from the district office, comprise the "committee"

and, in all cases of investments, reinvestments, and/or moving investments, up to five thousand dollars (\$5,000.00) the committee must vote on such action at a meeting of the committee before the action is taken, and a record of this vote must be made and reported to the Executive Board at its next meeting. For any investment, reinvestment and/or moving any investment(s) that are for \$5000.00, or more, such action must be brought before the Executive Board for official action.

b. Prohibition

LRCEA funds shall not be used to purchase membership in or otherwise support, any club, business, or organization, which is known to prohibit  
Page 7: LRCEA Finance Policy

or deny membership on the basis of age, ancestry, color, gender, national origin, race, religious creed, or sexual orientation.

7. Bonding

Each member of the Executive Board and any staff of LRCEA whose duties involve handling the financial records and financial assets of LRCEA, shall be bonded in an amount sufficient to cover the loss of the amount being handled by such Executive Board member or staff member, and the premium of such bond shall be paid by LRCEA. Any person employed by LRCEA to perform financial services shall have sufficient bonding to totally protect LRCEA from any financial loss resulting from the action(s) of such person.

8. Monthly Financial Report by the Treasurer

Each calendar month the Treasurer will submit a written "operating statement" to the Executive Board, describing the financial condition of LRCEA for the fiscal year, up to and including the calendar month immediately preceding the calendar month in which this written operating statement is submitted. This operating statement will be prepared in a spreadsheet format and include:

- a. the beginning balance for each budget category of the budget in effect at the time the operating statement is submitted;
- b. the reconciled balance for each budget category of the budget in effect at the time the report is made, for each calendar month up to and including the calendar month for which the operating statement is submitted;
- c. the remaining balance for each budget category of the budget in effect at the time the operating statement is submitted, considering all expenditures from those categories up to and including the calendar month for which the operating statement is submitted;
- d. a copy of each check written against LRCEA funds during the most recent calendar month;
- e. a copy of each check written against LRCEA funds during the current calendar year that has not cleared the bank account for which it was written;

- f. a list of new members accrued during the current fiscal year, listed by calendar month through the calendar month for which the operating statement is submitted.
- g. a list of new fee payers accrued during the current fiscal year, listed by calendar month through the calendar month for which the operating statement is submitted;
- h. a list of members who are no longer listed as members, showing the calendar month in which they dropped from the membership list;
- i. a list of fee payers who are no longer listed as fee payers, showing the calendar month in which they dropped from the fee payer list;

Page 8: LRCEA Finance Policy

9. Financial Records

The Treasurer is responsible for the financial records that apply to the period during which he/she holds the office, even though the audit of those records occurs after his/her term in the office ends.

LRCEA financial records are retained for a period of eighth consecutive calendar years from the close of the fiscal year the records pertain to, and these records for each fiscal year shall include :

- a. all bank statements and cancelled checks for each account;
- b. all reporting documents including but not limited to, expense vouchers, expenditure request forms, receipts, invoices, and bills for checks issued and deposits made for all accounts, and all check stubs and check registers;
- c. all official minutes of meetings of the Executive Board;
- d. all financial reports;
- e. all bank reconciliation documents;
- f. all federal and state tax exemption forms;
- g. a list of all equipment and other assets owned by LRCEA as of the end of the fiscal year;
- h. all outstanding unpaid bills as of the end of the fiscal year;
- i. all cash receipts and disbursement registers and related records;
- j. all records of escrow accounts established pursuant to the Government Code pertaining to fair share service fees paid by non-members (fee payers) to LRCEA during the fiscal year;
- k. a copy of the Annual Notice to Members, a copy of the Annual Notice to Fee Payers, and a copy of the Annual Notice to the Public Employment Relations Board regarding those Annual Notices, for the particular fiscal year;



- l. a copy of the audit of the LRCEA financial records for the fiscal year, and any and all reports and recommendations made by the auditor;
- m. all records pertaining to the not-for-profit and corporation status of LRCEA.

10. Annual Notices to Members and Fee Payers

a. Annual Notice to Members

Pursuant to Government Code Section 3546.5, as a result of the audit of financial records for the fiscal year, LRCEA must deliver its Annual Notice to Members (Member Notice) to each member within the sixty (60) calendar days immediately following the end of the audited fiscal year the Member Notice pertains to. This Member Notice must include a "balance sheet" and an "operating statement", each signed and certified as to its accuracy by the President and the Treasurer under penalty of

Page 9: LRCEA Finance Policy

perjury. The 60 calendar days described herein are the same 60 calendar days in which the audit of the financial records must be conducted.

b. Annual Notice to Fee Payers

Subject to regulations of the Public Employment Relations Board (PERB), and the audit of the financial records for the fiscal year, LRCEA must deliver its Annual Notice to Fee Payers (Fee Notice) to each fee payer from which LRCEA collected a fair share service fee during the fiscal year, within sixty (60) calendar days immediately following the end of the audited fiscal year. This Fee Notice must include:

- (1) The amount of the annual fee, expressed as a percentage of the annual dues, and expressed as a whole dollar amount;
- (2) The basis for charging the fee;
- (3) an evaluation of the fee expenditures during the audited fiscal year, described by categories that are fully, partially, and not chargeable to fee payers;
- (4) an appeal procedure for the fee payer to use to appeal the fee he/she was charged during the audited fiscal year.

c. Notice to Continuing Fee Payers

Not later than 30 calendar days before the end of the current fiscal year, each fee payer in the LRCEA unit must be notified in writing of the following:

- (1) whether or not the amount of the annual fee he/she will be charged in the next fiscal year, will increase, and if so, how much, what will the increase be used for, and how was the increase determined;
- (2) an appeal procedure for the fee payer to use to appeal the fee he/she will be charged in that next fiscal year.

d. Notice to New Fee Payers

Thirty (30) calendar days before any fair share service fee is deducted from the pay of a new fee payer, LRCEA must provide that fee payer written notice regarding the fee he/she will be charged during the fiscal year he/she becomes a new fee payer, what that fee will be used for, and an appeal procedure he/she can use to appeal the fee he/she will be charged; a cover letter with the Annual Notice to Continuing Fee Payers that applies to the particular fiscal year could suffice for this written Notice.

11. Contracts with Vendors

Any contract between LRCEA with a vendor for goods and/or services, is subject to review and official action by the Executive Board, before the contract is executed by and between LRCEA and the vendor. Amendment(s) to an existing contract between LRCEA and a vendor also require review and official action by the Executive Board, before the amendment(s) to an existing contract can be executed by LRCEA and the vendor.