

**EL CAMINO CLASSIFIED EMPLOYEES, LOCAL 6142**

Statement of General Fund Expenses and Allocation Between  
Chargeable Expenses and Nonchargeable Expenses  
For the Year Ended September 30, 2014

(With Independent Auditor's Report Thereon)

# *Rita C. Villa*

Certified Public Accountant

## **Independent Auditor's Report**

El Camino Classified Employees, Local 6142:

### **Report on Financial Statement**

I have audited the accompanying statement of general fund expenses and allocation between chargeable expenses and nonchargeable expenses and related notes of the El Camino Classified Employees, Local 6142 (the "ECCE") for the year ended September 30, 2014 (the "Financial Statement").

### **Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of this Financial Statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Financial Statement that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on the Financial Statement based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the Financial Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statement.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the Financial Statement referred to above presents fairly, in all material respects, the expenses of the general fund of the ECCE for the year ended September 30, 2014, with regard to the accounting policies explained in Note 2, and the allocated expenses between chargeable expenses and nonchargeable expenses, on the basis of the definitions and significant factors and assumptions described in Notes 3 and 4, in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

I draw attention to Note 2(a) to the Financial Statement, which describes that the Financial Statement was prepared for the purpose of complying with the legislation regarding the determination of fair share service fee and is not intended to be a complete presentation of the revenues and expenses of the ECCE's general fund. My opinion is not modified with respect to this matter.

### **Restriction on Use**

This report is intended solely for the information and use of the ECCE and its fair share fee payers, and is not intended to be used by anyone other than these specified parties and should not be used for any other purpose.

*Rita C. Villa*

January 7, 2015

**EL CAMINO CLASSIFIED EMPLOYEES, LOCAL 6142**

Statement of General Fund Expenses and Allocation  
Between Chargeable Expenses and Nonchargeable Expenses

For the Year Ended  
September 30, 2014

	Column A Total Expenses	Column B Chargeable Expenses	Column C Nonchargeable Expenses	Notes
Direct Expenses:				
American Federation of Teachers Per Capita Taxes	\$ 36,992	\$ 24,396	\$ 12,596	4(a)
California Federation of Teachers Per Capita Taxes	89,051	75,453	13,598	4(a)
Other Per Capita Taxes	3,764	0	3,764	4(a)
Members' Insurances	1,807	0	1,807	4(b)
Good & Welfare	740	0	740	4(c)
Meetings	3,480	3,410	70	4(d)
Conferences & Conventions	585	439	146	4(d)
Representation	1,585	1,585	0	4(d)
Solidarity	1,086	0	1,086	4(e)
Legal	28,085	28,085	0	4(f)
Agency Fee Costs	<u>5,330</u>	<u>5,330</u>	<u>0</u>	4(g)
Total Direct Expenses	<u>172,505</u>	<u>138,698</u>	<u>33,807</u>	
General, Administrative & Overhead:				
Office	111	89	22	4(h)
Rent	<u>420</u>	<u>338</u>	<u>82</u>	4(h)
Total General, Administrative & Overhead	<u>531</u>	<u>427</u>	<u>104</u>	
Total Expenses	<u>\$ 173,036</u>	<u>\$ 139,125</u>	<u>\$ 33,911</u>	
Percentage	<u>100.00%</u>	<u>80.40%</u>	<u>19.60%</u>	

See independent auditor's report and accompanying notes.

## EL CAMINO CLASSIFIED EMPLOYEES, LOCAL 6142

### Notes to Statement of General Fund Expenses and Allocation Between Chargeable Expenses and Nonchargeable Expenses

(1) El Camino Classified Employees, Local 6142

The El Camino Classified Employees, Local 6142 (the "ECCE ") was formed to: advance the economic, social, safety and political well being of the membership; foster the spirit of mutual assistance and cooperation among classified staff; represent the membership of this bargaining unit in their bargaining relationships and responsibilities with the district and to exercise exclusive collective bargaining rights including the right to strike, for all classified employees; improve standards for classified employees by promoting better preparations for our jobs, encouraging relevant in-service training, education and securing the working conditions essential to the best performance of professional service; provide all benefits of membership to which members of the ECCE are entitled; obtain for all classified employees of the district, through a collectively bargained contract, all the rights and benefits to which they are entitled; fight all forms of bias based on race, creed, sex, age, ability, sexual orientation, social, political or economic status or national origin. The ECCE is Local 6142 of the American Federation of Teachers. It is affiliated with the California Federation of Teachers and the AFL-CIO. The ECCE is the exclusive bargaining agent for all classified employees of the El Camino Community College District (the "District"). The District has approximately 350 classified employees of which approximately 250 are members of the ECCE.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying Statement of General Fund Expenses and Allocation Between Chargeable Expenses and Nonchargeable Expenses of the ECCE (the "Statement") was prepared for the purpose of determining the fair share cost of services rendered by the ECCE for employees represented by, but not members of, the ECCE. The accompanying statement is not intended to be a complete presentation of the ECCE's financial position, results of operations or changes in financial position in accordance with generally accepted accounting principles.

(b) Accrued Expenses

The Statement has been prepared on the accrual basis. The accrual basis recognizes expenses when incurred rather than when paid.

(c) Income Taxes

The ECCE is exempt from income taxes under Section 501(c)(5) of the Internal Revenue Code and Section 23701(a) of the Revenue and Taxation Code of the State of California.

## EL CAMINO CLASSIFIED EMPLOYEES, LOCAL 6142

### Notes to Statement of General Fund Expenses and Allocation Between Chargeable Expenses and Nonchargeable Expenses

(d) Lease

The EEC rents office space from the District on a month to month basis for \$420 per year.

(e) Use of Estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates, primarily related to the collectibility of receivables and depreciable lives of equipment. In the preparation of the Statement, management's estimates have been included in the allocation of expenses between chargeable and nonchargeable expenses. Actual results could differ from those estimates.

(3) Definitions

(a) Chargeable Expenses

Chargeable expenses are those incurred by the ECCE that reflect the share of the costs of operations of the ECCE which are considered necessarily and reasonably incurred for the purpose of performance of their duties as a representative of the employees in dealing with the employer on labor management issues, including the costs of: negotiating and administering the collective bargaining contract; settling grievances and disputes by mutual agreement, or in arbitration, court or otherwise; activities and undertakings normally and reasonably employed to implement the duties of the ECCE as representative of the employees in the bargaining unit; and the maintenance of the ECCE's associational existence. The following are examples of expenditures classified as chargeable: preparation for and negotiations of collective bargaining agreements; contract administration including investigation and processing grievances; meetings, conferences, administrative, arbitral and court proceedings and pertinent investigation and research in connection with work-related subjects and issues; handling work-related problems of employees; communications with community organizations, civic groups, government agencies and the media respecting the ECCE's position on work-related matters; maintaining records; and providing legal, economic and technical expertise on behalf of employees in all work-related matters.

(b) Nonchargeable Expenses

Nonchargeable expenses are those of an ideological or political nature and those that are not germane to work-related interests of employees. The term "political" is defined as support for or against candidates for political office of any level of government and any office in the union structure. The term "ideological" is defined as support for or against certain positions that the union may take which are not work-related. The following expenses are classified as nonchargeable: member-only benefits, lobbying, electoral or political activities outside the

## EL CAMINO CLASSIFIED EMPLOYEES, LOCAL 6142

### Notes to Statement of General Fund Expenses and Allocation Between Chargeable Expenses and Nonchargeable Expenses

limited context of contract ratification or implementation; litigation expenses that do not concern the objecting employees' bargaining unit; public relations efforts designed to enhance the reputation of the teaching profession; and the costs of activities primarily aimed at recruiting new members.

(4) Significant Factors and Assumptions used in the Allocation of Expenses Between Chargeable and Nonchargeable

(a) Per Capita Taxes

The AFT and the CFT provided the ECCE with audited reports of chargeable and nonchargeable expenses. Based on those reports, the ECCE allocated as chargeable expense 65.95% and 84.73% of per capita taxes, respectively. In the absence of such a report, per capita taxes are deemed to be 100% nonchargeable.

(b) Members' Insurances

The ECCE pays for insurance on members only, which is therefore considered 100% nonchargeable.

(c) Good & Welfare

Good & welfare expenses include public relations activities. All such expenses are nonchargeable.

(d) Meetings, Conferences & Conventions, and Representation

Except for costs of activities which were not associated with the ECCE's function as collective bargaining representative, these expenses are considered 100% chargeable.

(e) Solidarity

Expenditures for social events primarily benefitting union members are fully nonchargeable.

(f) Legal

Legal costs, which were part of contract enforcement or in defense of the ECCE's associational existence, are considered fully chargeable.

## EL CAMINO CLASSIFIED EMPLOYEES, LOCAL 6142

### Notes to Statement of General Fund Expenses and Allocation Between Chargeable Expenses and Nonchargeable Expenses

(g) Agency Fee Costs

The costs of preparing and printing this report are considered fully chargeable.

(h) General, Administrative and Overhead

These expenses have been allocated in the same ratio as the direct expenses.

(5) Subsequent Events

The ECCE has evaluated subsequent events through January 7, 2015, the date the Statement was available to be issued.