



FIRST 2013 BOARD OF DIRECTORS MEETING

SEIU Local 1000
1325 S Street
Sacramento, Ca 95814

June 14, 2013

TIMES CERTAIN

Friday – June 14, 2013

SEIU Local 1000 Headquarters Building, 2nd Floor Conference Room
1808 14th Street Sacramento, Ca 95811

(9 a.m. – 12 p. m.) CSEA Board Workshop (closed)

Friday – June 14, 2013

SEIU Local 1000 Field Office Training Room
1325 S Street Sacramento, Ca 95811

(12:45 p.m. – 1:00 p.m.) CSEA Board Agenda Committee (open session)

(1:00 p.m. – 4:00 p.m.) Board of Directors Meeting (open session)

BOARD MEETING AGENDA

- Call to order on **June 14, 2013, at 1:00 p.m.** by President Marilyn F. Hamilton
- Roll Call – Secretary-Treasurer David Okumura
- Pledge of Allegiance – Vice President Russell Kilday-Hicks
- Communications – Secretary-Treasurer David Okumura
- Report of Executive Session – Secretary-Treasurer David Okumura
- Report of Agenda Committee – Secretary-Treasurer David Okumura
- Reading and Approval of **Third** 2012 Board of Directors Minutes – Secretary-Treasurer David Okumura
- Report of President
- Report of Vice President
- Report of Secretary-Treasurer
- Report of CSEA Foundation
- Report of General Manager
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NEW BUISNESS

- Discuss date for the 2nd CSEA Board of Directors meeting

Meeting Location: SEIU Local 1000 Field Office Training Room
1325 S Street Sacramento Ca 95811

ROLL CALL
FIRST 2013 CSEA Board of Directors Meeting
JUNE 14, 2013 1 PM – 4 PM

TITLE:	NAME:	√
President	Marilyn F. Hamilton Sitting in:	
Vice President	Russell Kilday-Hicks Sitting in:	
Secretary-Treasurer	David Okumura Sitting in:	
CSUEU President	Patrick N. Gantt Sitting in:	
SEIU Local 1000 President	Yvonne Walker Sitting in:	
CSR President	Tim Behrens Sitting in:	
ACSS, Inc. President	Arlene Espinoza Sitting in:	
CSUEU VP for Finance	Loretta Seva'aetasi Sitting in:	
CSUEU VP for Organizing	Michael Geck Sitting in:	
SEIU Local 1000 VP/Secretary-Treasurer	Cora Okumura Sitting in:	
SEIU Local 1000 VP for Bargaining	Margarita Maldonado Sitting in:	
CSR Executive VP	Fritz Walgenbach Sitting in:	
CSR Vice President	Gus Lease Sitting in:	
ACSS, Inc. VP of Governmental Affairs	Frank P. Ruffino Sitting in:	
ACSS, Inc. Executive VP	Elnora Hunter-Fretwell Sitting in:	

Board Alternates:

Todd D'Braunstein – ACSS, Inc./VP of Membership Development
Harold Rose – CSR/CFO, Secretary
Tamekia Robinson – SEIU Local 1000, VP for Organizing/Representation
Alisandra Brewer – CSUEU, VP for Representation

Meeting Location: SEIU Local 1000 Field Office Training Room
1325 S Street Sacramento Ca 95811

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August 30, 2012

The Westin Bonaventure Hotel & Suites
404 S. Figueroa Street, Los Angeles, CA 90071

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MINUTES

THIRD 2012 CSEA BOARD OF DIRECTORS MEETING

August 30, 2012

The Westin Bonaventure Hotel & Suites
404 S. Figueroa Street, Los Angeles, CA 90071

The meeting was called to order at 11:00 a.m. by President Dave Hart. The pledge of allegiance was led by Donna Snodgrass.

Members present were:

Dave Hart, President
Donna Snodgrass, Vice President
David Okumura, Secretary-Treasurer
Patrick N. Gantt, CSUEU President
Yvonne Walker, SEIU Local 1000 President
Susan Sears, CSR President
Arlene Espinoza, ACSS, Inc. President
Loretta Seva'aetasi, CSUEU Vice President for Finance
Michael Geck, CSUEU Vice President for Organizing
Cora Okumura, SEIU Local 1000 Vice President/Secretary-Treasurer
Margarita Maldonado, SEIU Local 1000 Vice President for Bargaining
Jerry Evans, CSR Executive Vice President
Tim Behrens, CSR Vice President
Frank P. Ruffino, ACSS, Inc. Vice President of Governmental Affairs
Elnora Hunter-Fretwell, ACSS, Inc. Executive Vice President

Headquarters office was represented by: Lee King, Janis Mickel-Szichak, Karen Jensen, Kay Thomas, Sherrie Golden, Stephanie Fowler and Lao Sok; Philip Sherwood (CSR), Rocco Paternoster (ACSS).

COMMUNICATIONS

Secretary-Treasurer David Okumura reported that there were no communications.

REPORT OF CLOSED SESSION

Secretary-Treasurer David Okumura reported that the board voted in closed teleconference session on August 20 to authorize the CSEA management bargaining team to impose the last, best and final offer with the CSEA employee staff union. Yvonne Walker noted that Local 1000 officers did not participate in the August 20 meeting and did not vote.

READING AND APPROVAL OF THE SECOND 2012 BOARD OF DIRECTORS MINUTES

BD 18/12/3 MOTION: That the Board of Directors approve the Minutes from the Second 2012 Board of Directors Meeting. Motion was adopted by general consent.
CARRIED.

REPORT OF AGENDA COMMITTEE

Secretary-Treasurer David Okumura reported that the Agenda Committee approved the following items for the Consent Calendar:

- BEN 3/12/3 Group Term Life Insurance Plan – Anthem Life Insurance Company – Annual Review
- BEN 4/12/3 Group Ordinary Life Insurance Plan – Anthem Life Insurance Company – Annual Review
- BEN 5/12/3 Accidental Death and Dismemberment Insurance Plan – New York Life Insurance Company – Annual Review
- BEN 6/12/3 Disability Income Insurance Plans (Short Term and Long Term) – New York Life Insurance Company – Annual Review
- BEN 7/12/3 Cancer Insurance Plans – Monumental Life Insurance Company – Annual Review
- BEN 8/12/3 Family Life Insurance Plan – American United Life Insurance Company – Annual Review
- BEN 9/12/3 Legal Plan – Legal Club of America – Annual Review
- BEN 10/12/3 Auto and Homeowners Insurance Plan – Unitrin Direct *preferred insurance* – Annual Review
- BEN 11/12/3 Emergency Assistance Plan (EA+) – OnCall International – Annual Review
- BEN 12/12/3 24PetWatch Pet Insurance Plan – Pethealth Incorporated – Annual Review
- BEN 13/12/3 Comprehensive Accident Plan (CAP) – Hartford Life and Accident Insurance Company – Annual Review
- BEN 14/12/3 Travel Accident Insurance Plan – New York Life Insurance Company – Annual Review
- BEN 15/12/3 Final Expense Life Insurance Plan
- BEN 16/12/3 Auto Insurance Plan – Request for Proposal (RFP)

FIS 4/12/3, CSEA History Project Non-Profit Status, was withdrawn from the agenda by the proponent.

The Agenda Committee added the following emergency item to the agenda:

- FIS 5/12/3 Adoption of State Employees Building Corporation Buy/Sell Agreement

The Agenda was adopted as reported by general consent.

REPORT OF PRESIDENT

President Hart reported that he is working nearly full time on the campaign for B&P 1/12, to establish a new governance structure for the Association. There is a group of people trying to do the best thing for CSEA and its members, concerning both B&P 1/12 and the proposed State Employees Building Corporation Buy/Sell Agreement. There is more work to be done on the CSEA History Project and he has confidence in the Board of Directors doing the right thing. While there was some initial mistrust, he and Janis Mickel Szichak and Lee King worked it out with daily meetings and have been working as a team for three years. He has been very grateful for the learning experiences that he never would have had on his state job and it has reinforced his trust in the group. He will be running out his vacation to his birthday, December 31, which will be his first day of retirement.

REPORT OF VICE PRESIDENT

Donna Snodgrass reported that it's been a busy time, raising money for the Scholarship Fund. The Foundation's goal is to raise \$30,000 by the end of the year. Donations are tax deductible, and if that goal is reached, scholarship amounts can be raised to \$1,000. This year, there were four scholarship recipients, chosen in a double-blind review so no one knew who the applicants were.

REPORT OF SECRETARY-TREASURER

Secretary-Treasurer Dave Okumura reported as follows:

The financial statement for the first seven months ending July 31, 2012 reflects no items of concern and we can safely project that we should be at least \$500,000 below budget in terms of total expenditures chargeable to the Affiliates. The chief reasons for this favorable variance are (1) salary savings due to unfilled positions; (2) lower than expected insurance costs; (3) union leave costs lower than budgeted; and (4) pension, supplies and capital purchases also lower than projected in the budget developed over three years ago.

The Member Benefits program is having a good year and should generate a net profit of between \$225,000 and \$250,000. Based on current projections and reduced staffing levels, it is conceivable that this department might start generating net annual profits of \$500,000 by 2014. These net profits can serve to offset the net central support costs chargeable to the Affiliates.

Finally, as this may be the last Board meeting as Secretary-Treasurer to CSEA, he reminded the Board of what we have been able to accomplish:

- (1) Merged our pension plan into SEIU International, thus ending the volatility of the annual pension contributions we faced as an organization.
- (2) Successfully wound down our print shop operations that were generating annual losses in excess of \$300,000 a year without significant financial impact to the Affiliates.
- (3) Replaced our old legacy accounting system with a modern "cloud based" system that allowed remote users, such as him and other Affiliate users, the ability to access financial information and drill down to the individual invoice level.
- (4) Reduced the internal processing time for expense claims.
- (5) Provided more transparency to the Affiliates on how central support resources are spent.
- (6) For the upcoming three-year budget cycle, had the most collaboration in terms of balancing Affiliates' needs for service versus their budgetary limitations.
- (7) Continued receiving unqualified annual audit reports and reduced the time for the annual closing of the books.

Mr. Okumura thanked the staff, Fiscal Committee and the Board for the support that they have provided him in his five years of service as CSEA Secretary-Treasurer, with special thanks to Lee King. As a state auditor, he has dealt with many CPAs and never met one as knowledgeable.

REPORT OF GENERAL MANAGER/DIRECTOR OF ORGANIZATIONAL DEVELOPMENT

General Manager Lee King noted that General Council is an event that takes a lot of planning and recognized Janis Mickel-Szichak and her team for their efforts. Janis related that it was her pleasure to work with central support staff people who developed what needed to be done and developed teams and team leaders -- Karen Jensen and her team, Stephanie Fowler and Lao Sok were great.

Rosmaire Duffy reported that new programs had been developed for CSEA Member Benefits, improving the insurance plans and adding new products. We can now buy \$1 million of term insurance at market rates and Member Benefits continues to investigate new benefits.

AFFILIATE REPORTS

(CSR)

Susan Sears reported that CSR held its chapter officer training in July, with 11 new chapter presidents. There were two sessions, one in the north and one in the south, with members conducting the training. Feedback indicated that members learned from each other. The new CSR Goals and Objectives Committee will meet on October 16 and 17 in Sacramento, working to set the direction for our affiliate. CSR is continuing to seek options for a headquarters facility, and four options will be presented at the CSR Board meeting in November, including purchasing space, leasing a facility with the option to buy, leasing or moving to another location within the 1108 "O" Street building. The next Lobby Day is scheduled for April 9, 2013.

(ACSS, Inc.)

Arlene Espinoza reported that ACSS held its Delegate Assembly in July, where it made changes to its corporate structure, including new officer titles, and is moving forward on its program to develop and grow membership. She was fortunate to be reelected as President and will do everything she can to represent members on the board and for the affiliate. Frank Ruffino is Vice President of Governmental Affairs; Todd D'Braunstein is Vice President of Membership Development; Pam Robison is Secretary-Treasurer and Elnora Hunter-Fretwell is Executive Vice President. ACSS held its eleventh successful lobby day and is getting better at it each year.

(CSUEU)

Patrick Gantt reported that CSUEU conducted elections for statewide officers at its June board meeting. Alisandra Brewer is the new Vice President for Representation and Michael Geck, Vice President for Organizing. At its orientation and retreat, the board considered resources and structure, planning for how to move forward, out of a reactive mode and into a strategic mode. The first challenge is to understand what it costs to run an organization statewide – what we do and how it helps our members. CSUEU is also active in the campaigns for Yes on Proposition 30; No on Proposition 32, which was designed to take unions out of politics. CSUEU is working to maximize voter registration and communicate the message that we don't need another budget cut that could cause massive layoffs.

(SEIU Local 1000)

Yvonne Walker reported that she has really appreciated working with all the board members, who have been able to forge a relationship for the benefit of our organization and good of the members. Retirement security is a big thing for Local 1000, which was part of a pilot program on retirement security for SEIU International, and the next crisis will likely be health care. Local 1000 has supported SB 1234, which would create an opportunity for private sector retirement that would really be good for us. Local 1000 has been lobbying in the Capitol and talking to people in the community, and she encouraged other affiliates to take positions and write to the governor asking him to sign SB 1234. Current focus is on passing Proposition 30, defeating Proposition 32, and reelecting President Obama. Proponents of Proposition 32 had been calling it “payroll protection” but are now calling it “campaign reform.” However, the only thing they are after is unions. Local 1000 has already started phone banking and precinct walking and invites anybody to phone bank and precinct walk with them. In Sacramento, they are operating out of the Local 1000 office at 1808 “S” Street and other sites are listed on the website. Local 1000 is also focused on working with the community and demystifying state workers, with a “value added” program – such things as creek cleanups, and giving away backpacks. Local 1000 has a new Fresno office, and its grand opening on September 15 will be used as an opportunity for a community group fundraiser and local food bank.

As part of the Affordable Care Act, California is on the forefront in setting up its call center. Local 1000 worked to make sure that the call center would be staffed with state workers, which should be 1500 jobs. We have the opportunity to change the way labor relations happens in the State of California.

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BEN 3/12/3 (Snodgrass) Group Term Life Insurance Plan – Anthem Life Insurance Company – Annual Review

BD 19/12/3 MOTION: That the Board of Directors adopt the following recommendations: (1) conclude that there is substantial surplus in the contingency reserve; (2) continue working with the carrier to increase member participation; (3) monitor the impact of the new plan design on the contingency reserve. Motion was adopted by general consent. CARRIED.

BEN 4/12/3 (Snodgrass) Group Ordinary Life Insurance Plan – Anthem Life Insurance Company – Annual Review

BD 20/12/3 MOTION: That the Board of Directors adopt the following recommendations: (1) conclude that there is a small surplus in the contingency reserve; (2) continue working with the carrier to increase member participation. Motion was adopted by general consent. CARRIED.

BEN 5/12/3 (Snodgrass) Accidental Death and Dismemberment Insurance Plan – New York Life Insurance Company – Annual Review

BD 21/12/3 MOTION: That the Board of Directors adopt the following recommendations: (1) conclude that there is a surplus in the contingency reserve; (2) continue the plan with New York Life at current rates; (3) continue efforts to increase plan participation, particularly among active members. Motion was adopted by general consent. CARRIED.

BEN 6/12/3 (Snodgrass) Disability Income Insurance Plans (Short Term and Long Term) – New York Life Insurance Company - Annual Review

BD 22/12/3 MOTION: That the Board of Directors adopt the following recommendations:
(1) conclude that there is a surplus in the contingency reserve; (2) continue the plan with New York Life at current rates; (3) continue to market both plans to rebuild plan membership. Motion was adopted by general consent. CARRIED.

BEN 7/12/3 (Snodgrass) Cancer Insurance Plans – Monumental Life Insurance Company – Annual Review

BD 23/12/3 MOTION: That the Board of Directors adopt the following recommendations:
(1) conclude that the plans have begun to generate surplus in the contingency reserve; (2) continue the plans with Monumental Life at current premium rates. Motion was adopted by general consent. CARRIED.

BEN 8/12/3 (Snodgrass) Family Life Insurance Plan – American United Life Insurance Company – Annual Review

BD 24/12/3 MOTION: That the Board of Directors adopt the following recommendations:
(1) conclude that there is no contingency reserve surplus; (2) continue the plan with American United at current rates. Motion was adopted by general consent. CARRIED.

BEN 9/12/3 (Snodgrass) Legal Plan – Legal Club of America – Annual Review

BD 25/12/3 MOTION: That the Board of Directors adopt the following recommendations:
(1) conclude that there is no contingency reserve surplus; (2) continue the plan with Legal Club of America at current rates. Motion was adopted by general consent. CARRIED.

BEN 10/12/3 (Snodgrass) Auto and Homeowners Insurance Plan – Unitrin Direct *preferred insurance* – Annual Review

BD 26/12/3 MOTION: That the Board of Directors adopt the following recommendations:
(1) conclude there is no contingency reserve surplus; (2) continue the plan with Unitrin Direct *preferred insurance* at current rates, pending the outcome of RFP discussions; (3) continue marketing to increase plan participation; (4) negotiate a retention agreement or improved premium rates. Motion was adopted by general consent. CARRIED.

BEN 11/12/3 (Snodgrass) Emergency Assistance Plan (EA+) – OnCall International – Annual Review

BD 27/12/3 MOTION: That the Board of Directors adopt the following recommendations:
(1) conclude that there is no contingency reserve surplus; (2) continue the plan with OnCall International at current rates. Motion was adopted by general consent. CARRIED.

BEN 12/12/3 (Snodgrass) 24PetWatch Pet Insurance Plan – Pethealth Incorporated – Annual Review

BD 28/12/3 MOTION: That the Board of Directors adopt the following recommendations: (1) conclude that there is no contingency reserve surplus; (2) continue the plan with Pethealth at current rates, pending approval of the move to Hartville. Motion was adopted by general consent. CARRIED.

BEN 13/12/3 (Snodgrass) Comprehensive Accident Plan (CAP) – Hartford Life and Accident Insurance Company – Annual Review

BD 29/12/3 MOTION: That the Board of Directors adopt the following recommendations: (1) conclude that there is no contingency reserve surplus; (2) continue the plan with Hartford Life and Accident Insurance Company at current rates; (3) continue marketing to increase plan participation; (4) discuss potential for a retention agreement with the carrier as the plan grows. Motion was adopted by general consent. CARRIED.

BEN 14/12/3 (Snodgrass) Travel Accident Insurance Plan – New York Life Insurance Company – Annual Review

BD 30/12/3 MOTION: That the Board of Directors adopt the following recommendations: (1) conclude that there is no contingency reserve surplus; (2) continue the plan with New York Life at current rates; (3) work with the carrier to collect data necessary to evaluate plan experience. Motion was adopted by general consent. CARRIED.

BEN 15/12/3 (Snodgrass) Final Expense Life Insurance Plan

BD 31/12/3 MOTION: That the Board of Directors adopt the Anthem Life Final Expense Life Insurance Plan as a new Member Benefit program. Motion was adopted by general consent. CARRIED.

BEN 16/12/3 (Snodgrass) Auto Insurance Plan – Request for Proposal (RFP)

BD 32/12/3 MOTION: That the Board of Directors retain Kemper Select as the carrier of CSEA's Auto Insurance Plan. Motion was adopted by general consent. CARRIED.

FIS 4/12/3 (Hart) CSEA History Project Non-Profit Status

This item was pulled from the agenda by the proponent.

FIS 5/12/3 (Hart) Adoption of State Employees Building Corporation Buy/Sell Agreement

BD 33/12/3 MOTION: That the Board of Directors adopt acceptance of the Buy Sell Agreement. Motion was adopted by general consent. CARRIED.

MEETING ADJOURNMENT

With many expressions of thanks and appreciation, President Hart was presented with a red vest and beret to be worn in his upcoming position as a Past President of CSEA.

The meeting was adjourned by President Hart at 12:20 p.m.

Respectfully submitted,
Jerilyn Johnson

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BOARD AGENDA ITEM**B&P 1/13/1 (Hamilton)****ACTION ITEM**

Date: 6/14/13

SUBJECT:Full-time Paid President, Officer Expenses,
and Automobile Allowance**SOURCE AND/OR PROPONENT:**

Marilyn F. Hamilton, President

PRESENTATION BY:

Marilyn F. Hamilton

ASSIGNED TO:

Marilyn F. Hamilton

RECOMMENDED ACTION:

That the Board of Directors approves the following amendments to Policy File Sections 206.00, 1301.00, 1305.00, 1306.06, 1307.00 and 1313.00 as submitted.

BACKGROUND:

With the realignment of interests between the affiliates that have resulted in a smaller Central Support budget with the elimination of programs and the amended service agreement with Local 1000 wherein most services formerly provided for Local 1000 are now to be provided by Local 1000 on their own, there is no longer a need for a full-time president. Rather, the CSEA Board recognizes the need to change the relationship of the Board with the General Manager and let the business services of CSEA be managed by the General Manager with oversight by the CSEA Board as a body. The smaller budget also does not allocate expenditures for any full-time officers as recognition of the reduced role of the officers, the need to reduce governance costs and the need to put the responsibility and accountability for central support business functions into a single point of contact.

In addition, entertainment expenses and automobile allowances for the president are no longer appropriate for CSEA officers for the same, above stated reasons. CSEA officers will be reimbursed for expenses in the same manner and at the same rate as other CSEA Board members and as otherwise described in the Policy File.

ESTIMATED COST/SAVINGS: Savings dependent on who the elected president is and their respective member status (retired or currently employed). The savings could be from \$0 to \$100,000 plus annually.

FUNDING SOURCE:**BOARD ACTION:**

Division 2: Association Governance

206.00 Full Time Paid President

~~The Association shall pay a salary to a full-time president. (BD 33/91/3, BD 11/11/2, BD 24/11/2)~~

206.01 Duties of the President

~~The duties of the president shall include: (BD 34/91/3, BD 11/11/2, BD 24/11/2)~~

~~(a) Those duties prescribed in Bylaws Article IV: Governance, Section 2 (b); (BD 34/91/3, BD 59/94/2, BD 11/11/2, BD 24/11/2)~~

~~(b) Acting as chief spokesperson on all Association matters; (BD 34/91/3, BD 11/11/2, BD 24/11/2)~~

~~(c) Representing the Association at meetings and conferences within and without the State of California within budgeted funds at his/her discretion without curtailment, when in the best interest of the Association; (BD 34/91/3, BD 11/11/2, BD 24/11/2)~~

~~(d) Assigns duties to Association officers as and when necessary or appropriate; (BD 38/99/2, BD 11/11/2, BD 24/11/2)~~

~~(e) Prioritizes the duties of statewide officers in situations where duties assigned them by these Bylaws are conflicting. (BD 38/99/2, BD 11/11/2, BD 24/11/2)~~

206.02 Paid Leave for President

~~The Association shall attempt to secure paid leave from the president's state job, and may reimburse the state for the cost of leave, plus the cost of employer provided benefits. Should paid leave not be available, the Association shall pay directly to the president the state salary the president would have drawn while on paid leave, including any scheduled state salary adjustments during the president's term of office. In addition, the Association shall pay the cost of any benefits that would have been paid by the state employer for a period of paid leave. (BD 33/91/3, BD 101/98/5, BD 34/04/2, BD 11/11/2, BD 24/11/2)~~

206.03 President's Compensation

~~(a) The salary of an employed member serving as president shall be the continuing salary the member draws from the State of California following election, plus an amount as determined in (c) below. (BD 33/91/3, BD 101/98/5, BD 34/04/2, BD 11/11/2, BD 24/11/2)~~

~~(b) The salary of a retired member serving as president shall be equal to the current top step of the classification held at the time of retirement (or, if the classification no longer exists,~~

~~an equivalent classification), less the employee's gross state retirement, plus an amount as determined in (c) below. (BD 33/91/3, BD 101/98/5, BD 34/04/2, BD 11/11/2, BD 24/11/2)~~
~~(c) The president shall be paid \$50,000 annual salary or the amount under (a) or (b) above, whichever is greater, plus expenses and a leased automobile. (BD 38/01/1, BD 31/02/1, BD 22/03/2, BD 34/04/2, BD 11/11/2, BD 24/11/2)~~

~~206.04 Compensation for Replacement for Full-Time Paid President~~

~~(a) Permanent Replacement~~

~~In the event of the death, resignation or removal of the president, the vice president becomes the president for the remaining portion of the term. (BD 45/92/2, BD 101/98/5, BD 22/08/3, BD 11/11/2, BD 24/11/2)~~

~~(1) Compensation~~

~~When the vice president becomes president, his/her compensation shall be as provided in Division 2: Association Governance of the Policy File (BD 45/92/2, BD 59/94/2, BD 101/98/5, BD 22/08/3, BD 11/11/2, BD 24/11/2)~~

~~(b) Temporary Replacement~~

~~In the event the vice president becomes president on a temporary basis due to illness, injury or other similar incapacity that prevents the president from performing the duties of the office, the compensation for the vice president shall be determined as follows: (BD 45/92/2, BD 101/98/5, BD 22/08/3, BD 11/11/2, BD 24/11/2)~~

~~(1) No compensation for the first 15 days, except for related expenses incurred; (BD 45/92/2, BD 101/98/5, BD 11/11/2, BD 24/11/2)~~

~~(2) Starting with the 16th day and thereafter:~~

~~If leave of absence is taken, the prorata share of the compensation provided in Division 2: Association Governance of the Policy File.
(BD 45/92/2, BD 59/94/2, BD 101/98/5, BD 11/11/2, BD 24/11/2)~~

Division 13: Association Travel Expense

1301.00 Persons Eligible for Reimbursement

1301.01 Reimbursement on Association Business

The following persons may be reimbursed for expenses in connection with official business of the Association: (BD 17/77/1, BD 24/11/2)

(a) Delegates of General Council, when General Council is in session; (BD 17/77/1, BD 59/94/2, BD 24/11/2)

(b) Association Officers; (BD 17/77/1, BD 24/11/2)

(c) Affiliate/division officers including the designated alternate voting officer from each affiliate/division as defined in the Bylaws; (BD 17/77/1, BD 17/05/1, BD 19/09/1, BD 22/10/2, BD 24/11/2)

(d) Members of Association committees, councils, ad hoc committees, and advisory groups; (BD 17/77/1, BD 22/10/2, BD 24/11/2)

~~(e) Other members of the Association assigned by the president to perform duties for the Association; (BD 17/77/1, BD 24/11/2)~~

~~(f)~~ (e) Members of staff; and (BD 195/80/5, BD 24/11/2)

~~(g)~~ (f) Interpreters for the hearing impaired. (BD 75/77/3, BD 59/94/2, BD 17/05/1, BD 24/11/2)

~~(h)~~ (g) With prior approval of the president, any elected official of the Association including General Council delegates may be reimbursed for travel expenses incurred for personal care services when on authorized Association business. The president shall require medical verification of the need for personal care services prior to granting approval. The president shall also require, prior to granting approval, a written waiver of liability for the Association which shall be executed by both the member and the person(s) providing personal care services. (BD 49/97/3, BD 24/11/2)

1305.00 Entertainment

1305.01 Members of the Board of Directors

~~Entertainment may be an authorized expense only for officers and when incurred in the performance of official business of the Association. The names and titles of persons for whom this type of expense is claimed, an explanation of expenses, and receipts must be included with the expense claim. (BD 16/82/1, BD 17/05/1, BD 41/06/2, BD 18/09/1, BD 24/11/2)~~

1305.02 Designated Management Staff

~~Expenses for approved legislative and administrative business activities involving entertainment of non-Association persons are authorized for headquarters management staff members whose assignments require such entertainment. The names and titles of persons for whom this type of expense is claimed, explanation of expenses, and receipts for~~

~~entertainment expense, must be included with the claim. In the event it is impractical to list the names of each person in a sizeable group, the name and title of the main person in the group, the total number of persons, and the receipts will be sufficient. (BD 10/86/1, BD 24/11/2)~~

1306.06 Extraordinary Expenses

~~(a) Officers of the Association are reimbursed for all allowable expenses incurred in the performance of official business of the Association. In addition they may claim all reasonable and necessary out of pocket expenses incurred in fulfilling the requirements of their office, subject to the approval of the president and secretary treasurer. (BD 17/77/1, BD 24/11/2)~~

~~(b)~~ (a) General Council delegates (and alternate delegates as defined in Division 13: Association Travel Expense of the Policy File) are reimbursed only for actual authorized expenses necessary for attendance at General Council and related preliminary committee meetings. (BD 17/77/1, BD 59/94/2, BD 22/10/2, BD 16/11/2, BD 24/11/2)

~~(c)~~ (b) Claims for reimbursement of extraordinary expenses of members of General Council shall be submitted to the appropriate affiliate/division for approval and submission to the secretary-treasurer. Members of the Board of Directors shall submit claims directly to the secretary-treasurer for approval. (BD 17/77/1, BD 59/94/2, BD 22/10/2, BD 24/11/2)

~~(d)~~ (c) Expenses resulting from assignment of members of General Council to a hotel/motel more than one mile distance from General Council assembly location shall be approved by the appropriate affiliate/division prior to submission to the secretary-treasurer. (BD 17/77/1, BD 59/94/2, BD 22/10/2, BD 24/11/2)

1307.00 Affiliate/Division Representatives on the Board of Directors

Affiliate/division representatives on the Board of Directors or on the Executive Committee are reimbursed from their respective affiliate budgets for all allowable expenses incurred in attending those meetings. (BD 158/80/4, BD 59/94/2, BD 55/97/3, BD 22/10/2, BD 24/11/2)

1307.01 CSEA Officer Travel and Union Leave

(a) CSEA officers are authorized to attend all CSEA Board meetings, CSEA committee meetings and meetings for central support business operations and shall be reimbursed for all associated travel and union leave expenses. Union leave requests shall be routed to and signed by the CSEA President and the designated signatory for the affiliate in which the officer is a member. Travel expense claims are approved by the CSEA President or by the CSEA Secretary Treasurer for the President's travel.

- (b) Reimbursement of travel expenses and union leave by CSEA officers to attend any affiliate-sponsored meeting is the responsibility of the affiliate and requires prior authorization by the affiliate president or designee. Union leave requests shall be routed to and signed by the designated signatory for the affiliate sponsoring the meeting and the designated signatory for the affiliate in which the officer is a member. Travel expense claims are approved by the designated affiliate officer.
- (c) Reimbursement for travel expenses and union leave by CSEA officers to attend any other meeting or event not covered by (a) or (b) above must be authorized by Board action and is subject to all other travel and reimbursement rules in this division. Union leave requests shall be routed to and signed by the CSEA President and the designated signatory for the affiliate in which the officer is a member. Travel expense claims are approved by the designated CSEA officer as described in section (a) above.

1313.00 Automobile for the President

~~The Association shall:~~

- ~~(a) Furnish a union-made vehicle for the president's use on Association business. The Association shall also furnish insurance on the vehicle and pay the actual cost of gasoline, oil, maintenance and repairs, or; (BD 7/91/1, BD 17/05/1, BD 22/10/2, BD 24/11/2)~~
- ~~(b) In lieu of using an Association-furnished vehicle, the president may receive business mileage reimbursement for use of a private vehicle in accordance with the provisions of this Division and a stipend equivalent to the cost of a leased vehicle. Should the president elect this option, the Association will not furnish insurance on the vehicle, nor will the Association pay for maintenance, repairs or the actual cost of gas and oil. (BD 7/91/1, BD 22/10/2, BD 24/11/2)~~

BOARD AGENDA ITEM**B&P 2/13/1** (Hamilton)**ACTION ITEM**

Date: 6/14/13

SUBJECT:

40 Miles Limit For Housing General Council Delegate

SOURCE AND/OR PROPONENT:

Marilyn F. Hamilton, President

PRESENTATION BY:

Marilyn F. Hamilton

ASSIGNED TO:

Marilyn F. Hamilton

RECOMMENDED ACTION:

That the Board of Directors adopt the following amendment to Policy File Section 1304.00 Lodging Section (b):

(b) Lodging ~~other than General Council lodging~~ shall not be allowed if residence is within 40 miles from the meeting location. Only actual expenses within the above limits are reimbursed and receipts are required.

~~Lodging for General Council shall be for the negotiated rate or less, based upon single occupancy by delegates. Only actual expense within the above limitations is reimbursed and receipts are required.~~

~~General Council delegates opting not to take lodging may claim \$25.00 a day, without receipts, to cover mileage, parking and other incidental expenses.~~

General Council Delegates not using housing may claim mileage and parking.

BACKGROUND:

There is a need to cut the cost of General Council. One way is to eliminate the housing for delegates that are within driving distance to the site of General Council. CSEA should not require affiliates to cover lodging of those delegates within 40 miles of GC. Affiliates may make their own rules for housing of GC Delegates.

ESTIMATED COST/SAVINGS:

Savings depending on location of GC and number of delegates in the location.

FUNDING SOURCE: NA**BOARD ACTION:**

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BOARD AGENDA ITEM**B&P 3/13/1** (Hamilton)**ACTION ITEM**

Date: 6/14/13

SUBJECT:

General Council Child Care 407.01

SOURCE AND/OR PROPONENT:

Marilyn F. Hamilton, President

PRESENTATION BY:

Marilyn F. Hamilton

ASSIGNED TO:

Marilyn F. Hamilton

RECOMMENDED ACTION:

That the Board of Directors delete Policy File Section 407.01(Child Care) and that the section following be renumbered accordingly.

~~407.00~~ Child Care**~~407.01~~ Provision of Child Care**

~~Every attempt will be made to provide child care to members attending General Council. When a member requests child care, an agreement will be sent to that member specifying that the member will be responsible for any additional charges incurred if the child is not picked up within half an hour after recess/adjournment of the meeting for which child care was provided. The member must also agree to sign in/sign out, to present identification when leaving or picking up their child, to provide all meals and to be available at the meeting facility at all times while child care is provided. (BD 7/98/1, BD 64/03/2, BD 10/05/1, BD 10/11/2, BD 24/11/2)~~

~~408.00~~ 407.00 Oath of Office for Statewide Officers

I do hereby solemnly affirm that I will faithfully discharge the duties of the office to which I have been elected in accordance with the Bylaws and Policy File of the California State Employees Association to the best of my ability. I will deliver to my successor in office all books, papers and other property of this Association that may be in my possession at the close of my official term. (BD 61/90/2, BD 59/94/2, BD 64/03/2, BD 10/11/2, BD 24/11/2)

BACKGROUND:

CSEA has discontinued providing child care at General council. The section of the Policy File be deleted to be sure someone does not demand child care since it is provided in the Policy File.

ESTIMATED COST/SAVINGS:

Savings depending on GC location.

FUNDING SOURCE: NA**BOARD ACTION:**

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BOARD AGENDA ITEM**B&P 4/13/1** (Hamilton)**ACTION ITEM**

Date: 6/14/13

SUBJECT:

Committee Appointments

SOURCE AND/OR PROPONENT:

Marilyn F. Hamilton, President

PRESENTATION BY:

Marilyn F. Hamilton

ASSIGNED TO:

Marilyn F. Hamilton

RECOMMENDED ACTION:

That the Board of Directors approves the amendment to Policy File Section 605.00 as submitted.

BACKGROUND:

With the realignment of interests between the affiliates and discussions that have lead to more harmonious relations between the affiliates, the CSEA Board would like to carry on past practices pursued since 2007 regarding the appointment and size of CSEA committees. The intent of this change is to permit to the greatest extent possible, the control over the composition and size of CSEA committees. These changes would also allow the affiliates and the CSEA Board of Directors to exercise greater control over governance costs.

ESTIMATED COST/SAVINGS: The savings would vary depending on who sits on the committee, the number of individuals, distances traveled, etc.

FUNDING SOURCE:**BOARD ACTION:**

Division 6: Committees

605.00 Committee Appointments

605.01 Appointments

Unless otherwise provided, the president coordinates the appointment of members nominated by their affiliates to General Council subject committees. The president may not appoint any member to a subject committee unless that member is nominated by an affiliate. The president may not veto an affiliate appointment without cause subject to review by the CSEA Board of Directors. Such subject committees shall consist of active members of the Association's affiliates; shall be appointed within 50 days of the close of General Council; and shall serve until the adjournment of the next succeeding General Council unless previously removed. (Bylaws Article X: Committees, Sections 4 and 5) (BD 195/80/5, BD 59/94/2, BD 16/05/1, BD 12/11/2, BD 24/11/2)

To ensure the greatest possible member involvement, the president should not appoint members of the Board of Directors to standing committees. (BD 43/81/3, BD 59/94/2, BD 22/08/3, BD 24/11/2)

BOARD AGENDA ITEM

FIS 1/13/1

ACTION ITEM

Date: 6/14/13

SUBJECT:

Adoption of 2012 CSEA Audit Report and
Report to the Finance Committee

SOURCE AND/OR PROPONENT:

David Okumura

PRESENTATION BY:

Leeland King

ASSIGNED TO:

RECOMMENDED ACTION: That the Board of Directors adopt the acceptance of the 2012 audit report.

BACKGROUND: The annual audit report has been received and reviewed by the Finance Committee and they recommend adoption of said report.

ESTMATED COST/SAVINGS: N/A

FUNDING SOURCE: N/A

BOARD ACTION:

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COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

In accordance with professional standards, we are providing the California State Employees Association (Association) Board of Directors with information regarding the scope and results of the audit to assist the Board of Directors in overseeing management's financial reporting and disclosure process. Below we summarize these required communications.

Area	Comments
Auditors' Responsibilities under Generally Accepted Auditing Standards (GAAS) As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.	We issued an unqualified opinion on the financial statements of the Association for the years ended December 31, 2012 and 2011.
Planned Scope and Timing of the Audit	We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.
Significant Accounting Policies Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application.	The significant accounting policies used by the Association are described in notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Area	Comments
Disagreements with Management For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.	We are pleased to report that no such disagreements arose during the course of our audit.
Management Representations	We have requested certain representations from management that are included in their letter to us.
Management Consultations with Other Independent Accountants In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.	To our knowledge, there were no such consultations with other accountants.
Difficulties Encountered in Performing the Audit	We encountered no significant difficulties in dealing with management in performing and completing our audit. Management and staff were well prepared and cooperative.

Area	Comments
<p>Management Judgments and Accounting Estimates</p> <p>Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.</p>	<p>We considered the methodologies and judgments used in assessing the collectability of accounts receivable, the allocation of indirect expenditures among the affiliates, the valuation of the State Employees Building Company, and selection of useful lives of property and equipment. We found the judgments used to be appropriate.</p>

Area	Comments
<p>Other Audit Findings or Issues</p>	<p>We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.</p>
<p>Significant Adjustments or Disclosures Not Reflected in the Financial Statements</p> <p>Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.</p>	<p>The following misstatement detected as a result of audit procedures was corrected by management: decrease accrued vacation and salaries expense by \$52,846.</p>

**CALIFORNIA STATE
EMPLOYEES ASSOCIATION**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED
DECEMBER 31, 2012 AND 2011**

INDEPENDENT AUDITOR'S REPORT

**Board of Directors
California State Employees Association
Sacramento, California**

We have audited the accompanying financial statements of the California State Employees Association (the Association), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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, we 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 statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

April 18, 2013

CALIFORNIA STATE EMPLOYEES ASSOCIATION

STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2012 AND 2011

ASSETS	<u>2012</u>	<u>2011</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,171,024	\$ 3,468,605
Accounts receivable, net	102,203	108,395
Due from affiliates	1,347,606	1,566,795
Current portion of note receivable	43,663	99,955
Prepaid expenses and other assets	340,136	347,443
Current portion of deferred tax asset	<u>132,800</u>	<u> </u>
Total current assets	5,137,432	5,591,193
INVESTMENT IN BUILDING CORPORATION	381,438	366,900
PROPERTY AND EQUIPMENT, Net	711,673	1,005,923
NOTE RECEIVABLE, Net		52,267
DEFERRED TAX ASSET, Net	<u>593,700</u>	<u> </u>
TOTAL ASSETS	<u>\$ 6,824,243</u>	<u>\$ 7,016,283</u>
LIABILITIES AND ACCUMULATED DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	\$ 608,685	\$ 311,423
Accrued payroll and benefits	288,820	938,116
Accrued vacation	444,226	1,792,164
Current portion of capital lease obligations	3,075	7,138
Current portion of notes payable	161,947	492,425
Current portion of post-retirement benefit liability	<u>1,993,000</u>	<u>1,856,000</u>
Total current liabilities	3,499,753	5,397,266
LONG-TERM LIABILITIES:		
Deposits due to affiliates	805,462	805,462
Capital lease obligations, net	882	3,957
Notes payable, net	1,350,187	7,535,044
Post-retirement benefit liability, net	46,194,000	47,703,000
Supplemental retirement plan liability	<u>158,508</u>	<u>161,995</u>
Total long-term liabilities	48,509,039	56,209,458
TOTAL LIABILITIES	52,008,792	61,606,724
ACCUMULATED DEFICIT	<u>(45,184,549)</u>	<u>(54,590,441)</u>
TOTAL LIABILITIES AND ACCUMULATED DEFICIT	<u>\$ 6,824,243</u>	<u>\$ 7,016,283</u>

The accompanying notes are an integral part of these financial statements.

CALIFORNIA STATE EMPLOYEES ASSOCIATION

STATEMENTS OF ACTIVITIES YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
REVENUES:		
Affiliate cost reimbursements	\$ 16,546,678	\$ 34,396,139
Insurance company reimbursements	1,525,487	1,463,552
Dues and fees	51,790	103,150
Discount ticket sales, net of purchases	24,003	(82,784)
Equity gain (loss) on investment in Building Corporation	14,538	(5,025)
Interest income	6,948	5,301
Sales and services	2,864	54,531
Loss on disposal of fixed assets	(2,405)	
Miscellaneous	40,268	73,507
Total revenues	<u>18,210,171</u>	<u>36,008,371</u>
EXPENSES:		
Salaries and related expenses	15,119,754	32,285,603
Rent, office expense, general and administrative	695,638	427,643
Professional fees	594,683	847,088
Depreciation and amortization	388,661	366,102
Political Action Fund expenses	149,717	21,727
Travel, meetings and conferences	149,444	184,150
Interest expense	89,287	657,632
Union leave expense (net of recoveries)	38,057	109,364
Printing, postage and publications	24,019	122,083
Other expenses	62,178	71,027
Total expenses	<u>17,311,438</u>	<u>35,092,419</u>
OTHER INCREASES (DECREASES):		
Post-retirement changes other than net periodic benefit cost	5,713,000	(5,875,000)
Net post-retirement periodic benefit cost, net of contributions	(4,341,000)	(3,210,000)
Gain on transfer of notes payable to affiliates	6,408,659	
Income tax benefit	726,500	
Total other increases (decreases)	<u>8,507,159</u>	<u>(9,085,000)</u>
DECREASE (INCREASE) IN ACCUMULATED DEFICIT FROM CONTINUING OPERATIONS	9,405,892	(8,169,048)
GAIN ON DISCONTINUED OPERATIONS		<u>281,224</u>
DECREASE (INCREASE) IN ACCUMULATED DEFICIT	9,405,892	(7,887,824)
ACCUMULATED DEFICIT, Beginning of year	<u>(54,590,441)</u>	<u>(46,702,617)</u>
ACCUMULATED DEFICIT, End of Year	<u>\$ (45,184,549)</u>	<u>\$ (54,590,441)</u>

The accompanying notes are an integral part of these financial statements.

CALIFORNIA STATE EMPLOYEES ASSOCIATION

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease (increase) in accumulated deficit	\$ 9,405,892	\$ (7,887,824)
Reconciliation to net cash provided (used) by operating activities:		
Depreciation and amortization	388,661	366,102
Loss on disposal of property and equipment	2,405	
Gain on transfer of notes payable to affiliates	(6,408,659)	
Gain on cancellation of print shop related debt		(304,327)
Gain on sale of print shop assets		(696,944)
Equity (gain) loss in subsidiary	(14,538)	5,025
Changes in:		
Accounts receivable	6,192	81,491
Due from affiliates	219,189	839,733
Prepaid expenses and other assets	7,307	117,469
Deferred tax asset	(726,500)	
Accounts payable and accrued expenses	(1,699,972)	(405,344)
Pension and post-retirement benefit liabilities	(1,340,700)	9,798,000
Supplemental retirement plan liability	(3,487)	(6)
Net cash provided (used) by operating activities	<u>(164,210)</u>	<u>1,913,375</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Principal collections on note receivable	108,559	47,778
Contributed capital to investment in Building Corporation		(50,000)
Proceeds from sale of print shop assets		868,736
Purchases of property and equipment	(96,816)	(90,728)
Net cash provided by investing activities	<u>11,743</u>	<u>775,786</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on capital lease obligations	(7,138)	(308,568)
Principal payments on notes payable	(137,976)	(817,445)
Principal payments on long-term debt with affiliates		(503,843)
Net cash used by financing activities	<u>(145,114)</u>	<u>(1,629,856)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(297,581)	1,059,305
CASH AND CASH EQUIVALENTS, Beginning of year	<u>3,468,605</u>	<u>2,409,300</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 3,171,024</u>	<u>\$ 3,468,605</u>
NON-CASH INVESTING ACTIVITY:		
Assumption of note receivable from sale of assets held for sale	<u>\$</u>	<u>\$ 200,000</u>
NON-CASH FINANCING ACTIVITIES:		
Assumption of additional note payable resulting from pension plan merger	<u>\$ 31,300</u>	<u>\$ 713,000</u>
Notes payable assumed by affiliates	<u>\$ 6,408,659</u>	<u>\$</u>
Cancellation of print shop related debt	<u>\$</u>	<u>\$ 304,327</u>
OTHER CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 89,287</u>	<u>\$ 674,648</u>

The accompanying notes are an integral part of these financial statements.

CALIFORNIA STATE EMPLOYEES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The California State Employees Association (Association) is a nonprofit, mutual benefit corporation, whose purpose is to provide shared administrative services to four affiliated entities: Association of California State Supervisors, Inc. (ACSS), the Union of California State Workers S.E.I.U. Local 1000 (Local 1000), the California State University Employees Union S.E.I.U. Local 2579 (CSUEU), and the CSEA Retirees, Inc. (Retirees). Local 1000 restructured its service agreement with the Association and beginning January 2013, will be performing a majority of its own administrative services.

The Association sponsors two unincorporated political action committees (collectively, the PACs): the California State Employees Association Membership Action Committee, and the California State Employees Association Initiative Committee. These PACs were established to help elect legislators and other statewide political leaders who support state employees. The accompanying financial statements include the activities of the PACs. The California State Employees Association Membership Action Committee was terminated as of April 8, 2011.

Basis of presentation – The Association's financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. The Association reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The Association has no temporarily or permanently restricted net assets.

Revenue recognition – The principal revenue source of the Association is cost reimbursements from affiliates for payroll, related overhead items, other miscellaneous items and reimbursements from affiliates for their share of allocated central support costs. Allowable reimbursable costs are governed by the services agreements with affiliates. Affiliate cost reimbursements, insurance company reimbursements and other income are recognized when earned.

Cash and cash equivalents – For financial statement purposes, the Association considers all investments with an initial maturity of three months or less to be cash equivalents.

Accounts receivable and due from affiliates are stated at the amount management expects to collect from outstanding balances. The Association uses the allowance method to determine uncollectible receivables. The allowance is based on prior years' experience and management's analysis of specific accounts. The allowance for doubtful accounts at December 31, 2012 and 2011 was \$22,000 and \$60,000, respectively.

Investment in affiliate – The Association accounts for its fifty percent interest in the State Employees Building Corporation under the equity method.

Property and equipment is stated at cost and depreciated using the straight-line method over estimated useful lives of 3 to 15 years. The Association capitalizes all expenditures for property and equipment in excess of \$5,000.

CALIFORNIA STATE EMPLOYEES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

Software development costs – Costs for the Association’s internally developed software are accounted for in accordance with professional standards. Capitalized costs include those costs directly associated with developing the software and upgrade and enhancement costs resulting in additional functionality, following the preliminary project-planning phase up to its implementation and operational stage. Capitalized costs are amortized over the estimated useful life of the software on a straight-line basis. Amortization begins when the software is available for its intended use.

Income taxes – The Association is exempt from income taxes under Section 501(c)(5) of the Internal Revenue Code, but is subject to income taxes from activities unrelated to its tax-exempt purpose. The Association has implemented the amended accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the financial statements.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Employee union representation – The Association recognizes United Automobile, Aerospace, and Agricultural Implement Workers of America, AFL-CIO Local 2350 as the sole and exclusive bargaining agent for the non-management employees of the Association.

Accrued postretirement benefit liabilities – The Association accounts for its postretirement benefit liabilities in accordance with professional standards, which requires employers to (a) recognize the overfunded or underfunded status of a single-employer defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in unrestricted net assets in the year in which the changes occur, and (b) measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions.

Reclassifications – Certain 2011 amounts have been reclassified to conform to the 2012 financial statement presentation.

Subsequent events have been reviewed through April 18, 2013, the date the financial statements were issued.

2. INVESTMENT IN STATE EMPLOYEES BUILDING CORPORATION

The Association holds a fifty percent interest in the State Employees Building Corporation (the Building Corporation). The remaining fifty percent interest is held by Golden One Credit Union (Credit Union). The Association and the Credit Union are tenants of the property owned by the Building Corporation, and each hold 4,500 shares of common stock in the Building Corporation, which represents the total shares outstanding. The Association accounts for its interest in the Building Corporation at cost plus its share of undistributed earnings or loss.

CALIFORNIA STATE EMPLOYEES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

Summarized information for the Building Corporation as of December 31, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Property, net	\$ 1,321,226	\$ 1,276,126
Cash	94,999	151,750
Other assets	2,269	2,230
Liabilities	<u>(655,618)</u>	<u>(696,306)</u>
Stockholder's equity	762,876	733,800
Capital contribution		100,000
Net gain (loss)	29,076	(10,050)
Carrying amount of the Association's investment	<u>381,438</u>	<u>366,900</u>
Equity gain (loss) on investment	<u>\$ 14,538</u>	<u>\$ (5,025)</u>

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2012</u>	<u>2011</u>
Buildings and improvements	\$ 703,180	\$ 643,926
Furniture and equipment	2,639,584	2,716,013
Software	778,830	778,830
Work in progress	<u>37,662</u>	
Total	4,159,256	4,138,769
Less accumulated depreciation	<u>(3,447,583)</u>	<u>(3,132,846)</u>
Property and equipment, net	<u>\$ 711,673</u>	<u>\$ 1,005,923</u>

Property and equipment includes equipment acquired under capital leases, with a net book value of \$4,574 and \$12,323 at December 31, 2012 and 2011, respectively.

4. NOTE RECEIVABLE

During 2011, the Association sold assets relating to the closure of its print shop operations (see Note 9). The transaction resulted in the Association issuing an unsecured note receivable to the purchaser in the amount \$200,000 with a stated interest rate of 6% per annum, monthly payments of \$8,864, and maturing June 2013.

CALIFORNIA STATE EMPLOYEES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

5. NOTES PAYABLE

Effective June 1, 2010, the California State Employees Association Retirement Plan (Pension Plan) was merged into the SEIU Affiliates Officers and Employees Pension Plan (SEIU Plan) (see Note 10). As consideration for accepting the net liabilities of the pension plan, the Association entered into a note payable with the SEIU Plan. The note was payable at \$84,877 per month and included interest at 8.0% per annum.

In January 2012, the note payable was paid in full by S.E.I.U. Local 1000 (Local 1000), the Association's related affiliate (see Note 15). The Association then entered into a note payable with Local 1000 in the amount of \$905,810, payable at \$13,341 per month, including a stated interest rate of 6.25% per annum, and maturing January 2019.

Prior to the merger of the Pension Plan into the SEIU Plan, the Association became aware that the Pension Plan failed to provide automatic actuarial increases to participants whose benefits do not commence at or before their normal retirement date. As a result, the Pension Plan filed a Voluntary Compliance Plan (VCP) with the Internal Revenue Service (IRS) in 2010 offering to correct this plan failure for all affected participants on or after January 1, 2004. The IRS completed its review in November 2011 and accepted the proposed assessment of \$713,000. The SEIU Plan agreed to finance this assessment over 10 years at a monthly payment amount of \$8,885 through 2022 including interest at 8% per annum. As of December 31, 2012, the remaining liability was \$703,694. The Association has included this liability as part of notes payable on the statements of financial position.

Principal payments on notes payable as of December 31, 2012, are as follows:

2013	\$ 161,947
2014	176,049
2015	188,420
2016	201,673
2017	215,873
Thereafter	<u>568,172</u>
Total	1,512,134
Less current portion	<u>(161,947)</u>
Long-term portion	<u>\$ 1,350,187</u>

6. REVOLVING LOAN

On September 24, 2011, the Association entered into an agreement with Wells Fargo Bank for a \$250,000 revolving loan. As of January 3, 2013, the revolving loan was increased to \$300,000. Interest accrues subject to the greater of 5% or prime rate plus 1.75%. Interest is due and payable monthly and any unpaid principal shall be due and payable on January 1, 2014. The loan is collateralized by inventory and equipment of the Association. As of December 31, 2012 and 2011, there were no draws taken from this account and no outstanding balance due.

CALIFORNIA STATE EMPLOYEES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

7. CAPITAL LEASE OBLIGATIONS

The Association leases equipment under various long-term capital lease agreements. Future minimum lease payments are as follows:

2013	\$ 3,660
2014	<u>907</u>
Total	4,567
Less amount representing interest	<u>(610)</u>
Present value of minimum lease payments	3,957
Less current portion	<u>(3,075)</u>
Long-term capital lease obligations	<u>\$ 882</u>

8. OPERATING LEASE AGREEMENT

The Association has an operating lease agreement for office facilities which operates on a month to month basis. Rent expense under this lease for the years ended December 31, 2012 and 2011 was \$202,744.

9. DISCONTINUED OPERATIONS

In 2011, the Association discontinued its print shop operations and liquidated all related assets. The land, building, and equipment related to the print shop were sold during 2011, resulting in a net gain of \$696,944. The Association entered into an agreement to cancel remaining debt related to the equipment resulting in a gain of \$304,327.

Operating results of the discontinued operations in summary form for the year ended December 31, 2011 is as follows:

OPERATING CHANGES:

Total revenues	\$ 594,552
Total expenses	<u>1,314,599</u>
Net operating loss	<u>(720,047)</u>

OTHER CHANGES:

Gain on sale of related assets	696,944
Gain on cancelation of related debt	<u>304,327</u>
Total other changes	<u>1,001,271</u>
Gain on discontinued operations	<u>\$ 281,224</u>

CALIFORNIA STATE EMPLOYEES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

10. RETIREMENT PLANS

SEIU Defined Benefit Plan

Plan name:	SEIU Affiliates Officers and Employees Pension Plan
Plan's EIN:	52-0812348
Plan number:	001
Certified zone status:	Green Zone

Qualified employees are covered under the SEIU Affiliates Officers and Employees Pension Plan (SEIU Plan). The SEIU Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The SEIU Plan is a multiple-employer plan administered by the Service Employees International Union (SEIU), which acts as a common investment and administrative agent for participating organizations. The SEIU Plan selects optional benefit provisions by contract with SEIU and adopts those benefits through Board approval. Multiple-employer plans differ from single-employer plans in that much of the fiduciary responsibilities and risks under a single-employer plan would lie with the Association. Under this multiple-employer plan, the fiduciary responsibilities and risks lie with SEIU.

The Association is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members based on the actuarial methods and assumptions adopted by the SEIU Board of Directors. The required employer contribution rate for 2012 and 2011 was 14% of annual covered payroll. The Association's contributions to the SEIU Plan for 2012 and 2011 were \$2,793,586 and \$2,793,345, respectively, and equaled 100% of the required contributions. The contributions for 2012 and 2011 represent more than 5% of the SEIU Plan's total contributions for the plan year ending December 31, 2011 (most recent available annual report). Future contribution rates as a percentage of covered annual payrolls have been adopted as follows:

2013	16%
2014	18%
2015	20%
2016 and thereafter	21%

Retiree Health Plan

In addition to the SEIU Plan, the Association provides health, dental, and vision coverage to eligible retired participants through the California State Employees Association Retiree Health Benefit Plan (Retiree Health Plan). The participant must have at least 10 years of service; 15 years of services are required for full coverage. The Association allows the participant to choose between several health benefit plan options provided by Kaiser Permanente and Pacificare. All the plan options are HMO plans, except that transitionally, some employees were allowed to choose a PPO-type plan option. The Association pays the premiums for each retiree and the retiree's dependents according to the plan vesting schedule. In addition, for retirees covered by Medicare, the Association reimburses retirees for their Medicare premium payments.

CALIFORNIA STATE EMPLOYEES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

The Association's funding policy is to make contributions on a pay-as-you-go basis. The following information has been computed by the Association's actuary (in thousands):

	<u>2012</u>	<u>2011</u>
Net post-retirement periodic benefit cost	\$ 5,928	\$ 4,707
Employer contributions	1,587	1,497

The following table sets forth the Retiree Health Plan's funded status at years ended December 31 (in thousands):

	<u>2012</u>	<u>2011</u>
Actuarial present value of accumulated post-retirement benefit obligation	\$ (48,187)	\$ (49,559)
Funded status (liability)	\$ (48,187)	\$ (49,559)
Current liability recorded on the statements of financial position	\$ (1,993)	\$ (1,856)
Noncurrent liability recorded on the statements of financial position	\$ (46,194)	\$ (47,703)

Net post-retirement periodic benefit cost for the years ended December 31 included the following components (in thousands):

	<u>2012</u>	<u>2011</u>
Service cost – benefits earned during the period	\$ 2,749	\$ 1,957
Interest cost	2,232	2,225
Amortization of loss	947	525
Net post-retirement periodic benefit cost	<u>\$ 5,928</u>	<u>\$ 4,707</u>

Net Retiree Health Plan changes other than net post-retirement periodic benefit cost for the years ended December 31 included the following components (in thousands):

	<u>2012</u>	<u>2011</u>
(Gain) loss during the year	\$ (2,538)	\$ 6,400
Service costs during the year	(2,228)	
Amortization of (gain) loss	(947)	(525)
Post-retirement changes other than net periodic benefit cost	<u>\$ (5,713)</u>	<u>\$ 5,875</u>

Amounts in unrestricted net assets that are expected to be recognized as components of net post-retirement periodic benefit cost for the year ending December 31, 2013, included the following components (in thousands):

Amortization of loss	<u>\$ 815</u>
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CALIFORNIA STATE EMPLOYEES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

The following is a summary of the key assumptions used at December 31:

	<u>2012</u>	<u>2011</u>
Discount rate	3.85%	4.59%

Expected medical inflation trend assumptions for the Retiree Health Plan are as follows:

2013	7.0%
2014	6.7%
2015	6.4%
2016	6.1%
2017	5.8%
2018 and thereafter	5.5%

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. Increasing the health care cost trend rate by 1% in each future year would increase the accumulated post-retirement benefit obligation by \$7,555,000 and the aggregate annual service and interest cost by \$1,189,000.

The estimated annual benefit payments required for the Retiree Health Plan for the next ten years are as follows (in thousands):

Year ending December 31:

2013	\$ 1,993
2014	1,992
2015	2,114
2016	2,178
2017	2,257
2018-2022	<u>12,415</u>
Total	<u>\$ 22,949</u>

Defined Contribution Plan

The Association sponsors a defined contribution plan under IRC Section 401(k) in which all employees 21 years of age and over are eligible to participate. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Participants may contribute by salary reduction of their annual wages before bonuses and overtime. This amount is limited by the IRS to a maximum dollar amount per year. Each participant's account is credited with the participant's contribution and allocation of plan earnings. The Association makes matching contributions of 200% of the first 1.50% of employee contributions to a maximum of 1.50% of gross wages. Employer contributions are not vested until the participant reaches three years of service. Plan expenses amounted to \$159,149 and \$457,774 for 2012 and 2011, respectively.

CALIFORNIA STATE EMPLOYEES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

Supplemental Retirement Plan

In addition, the Association has a supplemental retirement plan that is an eligible deferred compensation plan as defined in Section 457(a) of the Internal Revenue Code. The plan is not intended to conform to the requirements of Internal Revenue Code Section 401. Participants are a select group of management or highly compensated employees. Currently, there is one prior employee benefitting under the plan. No other participants have been identified at December 31, 2012. Plan contributions are actuarially determined to fund current costs. This plan and the Association's liability under it will terminate upon the Association's legal dissolution, adjudication as bankrupt, or the making of a general assignment to or for the benefit of creditors. The Association's financial statements include the activity of the plan. At December 31, 2012 and 2011, assets of \$19,343 and \$31,523, respectively, were held for the plan and included in the Association's cash and cash equivalents. At December 31, 2012 and 2011, liabilities of \$158,508 and \$161,995, respectively, were held for the plan and shown as supplemental retirement plan liability on the statements of financial position.

11. FUNCTIONAL EXPENSES

The Association allocates expenditures functionally between direct expenditures on behalf of affiliates and indirect general and administrative costs. Accordingly, certain costs have been allocated based on employees' time incurred directly on behalf of affiliates and direct utilization of resources. For 2012, 59% of the Association's expenses consist of services provided on behalf of affiliates, while 41% are general and administrative costs. For 2011, services provided on behalf of affiliates were 80% of total expenses and general and administrative costs were 20%.

12. TAX STATUS

The Association is subject to Federal and State unrelated business income tax in any year they have activities that are unrelated to their exempt purpose. The Association is subject to tax on advertising revenues, print shop revenue, discount ticket sale revenues and insurance commissions, net of any related expenses. A provision for unrelated business income taxes has been made for the year ended December 31, 2012 to reflect changes in the deferred tax balances. No provision for unrelated business income taxes has been made for the year ended December 31, 2011 because of the Association's net operating loss carryovers (NOLs).

The Association has Federal and State NOLs as of December 31, 2012 in the amount of \$1,894,739 and \$1,913,007, respectively. The Federal NOLs expire in tax years ranging from 2021 to 2031. The State NOLs expire in tax years ranging from 2013 to 2031. These NOLs can be carried forward to offset taxable income in future years, which creates a deferred tax asset. In 2011, a full valuation allowance was recorded against the related deferred tax asset since it was not assured that the benefit would be fully realized. In 2012, an \$832,500 decrease in the valuation allowance was recognized due to changes in the expected realization of the NOLs.

CALIFORNIA STATE EMPLOYEES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

Income taxes for 2012 and 2011 were comprised of the following:

	<u>2012</u>	<u>2011</u>
Federal income tax provision	\$ 79,000	\$ (208,000)
State income tax provision	27,000	(62,000)
Change in deferred tax asset	<u>(832,500)</u>	<u>270,000</u>
Income tax benefit	<u>\$ (726,500)</u>	<u>\$ -</u>

The Association's net deferred tax balances are as follows for the year ended December 31, 2012:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Deferred tax asset, current	\$ 105,400	\$ 71,900	\$ 177,300
Less valuation allowance		<u>(44,500)</u>	<u>(44,500)</u>
Net current deferred tax asset	<u>105,400</u>	<u>27,400</u>	<u>132,800</u>
Deferred tax asset, non-current	<u>496,600</u>	<u>97,100</u>	<u>593,700</u>
Net deferred tax asset	<u>\$ 602,000</u>	<u>\$ 124,500</u>	<u>\$ 726,500</u>

The Association's net deferred tax balances are as follows for the year ended December 31, 2011:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Deferred tax asset	\$ 681,000	\$ 196,000	\$ 877,000
Less valuation allowance	<u>(681,000)</u>	<u>(196,000)</u>	<u>(877,000)</u>
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

13. CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Association to credit risk consist primarily of cash and cash equivalents and amounts due from affiliates.

The Association minimizes credit risk associated with cash and cash equivalents by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. The Association has not experienced any losses in such accounts and management believes the Association is not exposed to any significant credit risk related to cash and cash equivalents.

Amounts due from affiliates, as disclosed in Note 15, are for services provided during the year and are generally collected within three months after they are billed.

CALIFORNIA STATE EMPLOYEES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

14. CONTINGENCIES

The Association and an affiliate, Local 1000, are parties to pending claims and litigation related to operations. The Association believes that the outcomes of such matters will not have a significant effect on the financial position or results of activities of the Association.

15. AFFILIATES

The Association is affiliated with the ACSS, Local 1000, CSUEU, and Retirees. These affiliates reimburse the Association for their allocated share of central support, payroll, related overhead items, and other miscellaneous items paid by the Association. The Association also charged the affiliates for services provided by the CSEA print shop.

The Association earned the following affiliate cost reimbursement revenue amounts for 2012 and 2011:

<u>2012</u>	<u>ACSS</u>	<u>Local 1000</u>	<u>CSUEU</u>	<u>Retirees</u>	<u>Total</u>
Central support	\$ 393,025	\$ 5,911,042	\$ 595,234	\$ 220,721	\$ 7,120,022
Payroll, related overhead, & other miscellaneous items	<u>1,870,480</u>	<u>4,213,329</u>	<u>2,509,806</u>	<u>833,041</u>	<u>9,426,656</u>
Total	<u>\$ 2,263,505</u>	<u>\$10,124,371</u>	<u>\$ 3,105,040</u>	<u>\$ 1,053,762</u>	<u>\$16,546,678</u>
 <u>2011</u>	 <u>ACSS</u>	 <u>Local 1000</u>	 <u>CSUEU</u>	 <u>Retirees</u>	 <u>Total</u>
Central support	\$ 390,061	\$ 5,866,456	\$ 590,744	\$ 219,056	\$ 7,066,317
Payroll, related overhead, & other miscellaneous items	1,466,944	22,723,223	2,316,975	822,680	27,329,822
Print shop	<u>17,335</u>	<u>260,318</u>	<u>21,021</u>	<u>25,319</u>	<u>323,993</u>
Total	<u>\$ 1,874,340</u>	<u>\$28,849,997</u>	<u>\$ 2,928,740</u>	<u>\$ 1,067,055</u>	<u>\$34,720,132</u>

CALIFORNIA STATE EMPLOYEES ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

The Association had the following amounts receivable from (due to) the affiliates:

<u>December 31, 2012</u>	<u>ACSS</u>	<u>Local 1000</u>	<u>CSUEU</u>	<u>Retirees</u>	<u>Total</u>
Central support, payroll, overhead, & miscellaneous items	\$ 145,774	\$ 517,230	\$ (10,327)	\$ 324,612	\$ 977,289
Misc. A/R	2,678	79,309	3,016	2,008	87,011
Unbilled accrued vacation	<u>117,949</u>	<u> </u>	<u>138,970</u>	<u>26,387</u>	<u>283,306</u>
Total	<u>\$ 266,401</u>	<u>\$ 596,539</u>	<u>\$ 131,659</u>	<u>\$ 353,007</u>	<u>\$ 1,347,606</u>

<u>December 31, 2011</u>	<u>ACSS</u>	<u>Local 1000</u>	<u>CSUEU</u>	<u>Retirees</u>	<u>Total</u>
Central support, payroll, overhead, & miscellaneous items	\$ 137,540	\$ (1,018,548)	\$ 66,773	\$ 306,660	\$ (507,575)
Print shop	14,968	451,601	23,235	50,441	540,245
Unbilled accrued vacation	<u>97,102</u>	<u>1,197,475</u>	<u>219,032</u>	<u>20,516</u>	<u>1,534,125</u>
Total	<u>\$ 249,610</u>	<u>\$ 630,528</u>	<u>\$ 309,040</u>	<u>\$ 377,617</u>	<u>\$ 1,566,795</u>

The Association maintains a one-month central support service reserve (as required by the service agreement) and is included in deposits due to affiliates and cash and cash equivalents on the statements of financial position as follows for the years ended December 31, 2012 and 2011:

	<u>ACSS</u>	<u>Local 1000</u>	<u>CSUEU</u>	<u>Retirees</u>	<u>Total</u>
Central support service reserve	\$ 80,000	\$ 545,462	\$ 140,000	\$ 40,000	\$ 805,462

BOARD AGENDA ITEM:**B**

INFORMATION ITEM

DATE: 6/14/2013

SUBJECT:

Status of B&P 2/12 2012 General Council
Resolutions

SUBMITTED BY:

Marilyn F. Hamilton, President

ASSIGNED TO:

Lee King

STATUS OF B&P 2/12 2012 GENERAL COUNCIL RESOLUTIONS**BYLAWS, POLICIES, PROCEDURES AND PROGRAMS**

B&P 2/12 Pending	BYLAWS ARTICLE II: Purposes and Objectives Accepted Committee Recommendation to Refer to Board of Directors for Study and Report at the Next General Council.
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B&P 2/12

SUBJECT: Bylaws Article II: Purposes and Objectives

SUBMITTED BY: Board of Directors

REFERENCE: Bylaws Article II: Purposes and Objectives
Sections 1(a), (b), (c); 2, 2(l); 3; 4(a), 4(a)(2),
4(b), 4(b)(1), 4(c), 4(d); 5; 6 and 7

WHEREAS, (1) Bylaws Article II, Section 1(a) and (c) are in need of changes to delete obsolete wording; sub-section (b) should be deleted in its entirety and the following sub-section re-lettered, and

WHEREAS, (2) Bylaws Article II, Section 2 and 4; is in need of the addition of language changes to clarify the Objectives of the Association, and

WHEREAS, (3) Bylaws Article II, Section 3 should be deleted in its entirety as the right to organize, negotiate collectively and represent members has been diverted to the affiliates, and the following section renumbered, and

WHEREAS, (4) Bylaws Article II, Section 4, is in need of changes to affirm Association responsibility where appropriate, and

WHEREAS, (5) Bylaws Article II, Sections 2(l); 4(a), 4(a)(2), 4(b), 4(b)(1), 4(c), 4(d); 5; 6 and 7 should be renumbered and minor language changes made to clarify the representation of members and minor word order changes where appropriate, and

WHEREAS, (6) Bylaws Article II, Section 6 should be deleted in its entirety, because this sections falls under the jurisdiction of an “affiliate” of the Association, and the following section be renumbered, now therefore be it

RESOLVED: (a) that Bylaws Article II, Sections as referenced above be amended as follows:

Article II: Purposes and Objectives

Section 1. Purposes of the Association

- (a) The Association was formed ~~and exists~~ to further the interests of the current and retired employees of the State of California in connection with their service to the people of the state.
- ~~(b) The Association shall represent organized employees participating collectively in the mutual formulation of wages, hours, working conditions and retirement benefits except and to the extent such representation rights have been transferred to a duly chartered affiliate organization.~~

(e**b**) The Association shall serve as the central support system ~~to~~of a federation of related organizations, each representing the particular interests of a class or classes of members united by occupational, collective bargaining, retirement status, or other common interests.

Section 2. Objectives of the Association

The Association is established to provide service to and support the affiliates/divisions in order to their efforts:

- (a) foster acquaintanceship, cooperation, efficiency, and harmony among state employees and to develop a fuller knowledge among them of the state's organization, functions, and activities;
- (b) encourage and preserve a true merit system in state government;
- (c) promote the welfare of employed and retired state employees in all ways compatible with the public interest, including the support of legislation deemed beneficial and resistance to legislation deemed detrimental to their interest;
- (d) represent those employees for whom it has, or may acquire, lawful authority to serve as majority representative including members and nonmembers of the Association in discussions and negotiations with the state, its agencies and with other employers relating to all personnel and employment matters;
- (e) undertake and perform lawful acts in concert including such acts as pertain to the employment relationship and to mutual aid and protection;
- (f) support the continuity and integrity of government;
- (g) encourage the maintenance of high standards of employee conduct in governmental affairs;
- (h) advocate and defend a just and efficacious administration of laws;
- (i) aid in the improvement of government and in the development of the state's resources and the advancement of the state's economy;
- (j) inspire and maintain in its members a constant dedication to the principles of constitutional democracy as exemplified in our American form of government;
- (k) in all ways render the most effective service to the people of the United States of America and the State of California;

(l) support and promote the independent public employee movement both within and without the Association, including the ~~Association of California State Supervisors, Inc.,~~ affiliates/divisions through programs of education, cooperation, representation, and affiliation, of and among all political subdivisions of the State of California;

(m) represent the interests of its members in all matters relating to the negotiation of wages, hours and all other terms and conditions of employment without regard to sex, race, religious creed, color, national origin, ancestry, age or sexual orientation (except as provided in Government Code Section 18932); and

(n) follow the work, organize and represent employees in the private sector and non-state employment who continue to perform the work formerly carried out in the civil service, for the state universities, or which was public work or publicly funded.

~~Section 3. Right to Organize, to Negotiate Collectively, and to Represent Members~~

~~The Association and its members have earned, and they expect and demand, that government recognize the right of organized employees to participate collectively in the mutual formulation of wages, hours and other terms and conditions of employment for submission by agreement and with bilateral recommendation to the legislature, in all instances where legislative action is constitutionally required and otherwise for settlement through direct agreement or by the aid of fact-finding, mediation, conciliation, arbitration, or such other negotiating techniques as may be mutually acceptable.~~

~~Notwithstanding any other provisions of these Bylaws, the Association shall retain the right to represent its members in all matters of labor conflict resulting from the failure of any of the provisions in this section to achieve their desired result, providing however, that all related procedures of the Association and affiliates/divisions have been complied with.~~

Section 43. Areas of Responsibility

(a) Association Responsibility

~~(a) The Association shall be primarily responsible for matters on which it is necessary, advisable, or advantageous to the members of the affiliates/divisions of the Association to take a common stand to secure securing the greatest possible benefits for active and retired state employees affiliate/division members.~~

(1) The Association shall have the exclusive responsibility for business services, printing, and personnel management.

(2) The Association shall have the lead responsibility for legal services, legislative and political action-services, and member benefits, but policy-making authority in these areas shall be shared with the affiliates/divisions.

(b) Affiliate/Division Responsibility

~~(b)~~ Each affiliate/division shall be primarily responsible for pursuing those goals and objectives which are particular to its members, as provided in Articles VII and VIII.

(1) The affiliates/divisions shall have the exclusive responsibility for contract negotiations, meet and confer sessions, organizing, member recruitment, member representation, training and education, member communications, and research, and dues/fees collections.

(2) Affiliates/divisions shall not enter into any agreement which will adversely affect the benefits of any other affiliate or division members.

(c) Mutual Responsibility

~~(c)~~ The Association and the affiliates/divisions have the responsibility to promptly resolve any area of concern that cannot be met by the parties.

(d) Association Responsibility to Non-Association Organizations

~~(d)~~ The Association's Board of Directors shall have the authority to offer services that include printing, personnel management, business and legislative services, and membership services, except for representation services, to any non-Association organization it deems advantageous, provided that the board shall consider the following:

(1) that there is no diminution of services to affiliates/divisions; and

(2) that there is no adverse impact on any affiliate/division.

Section 54. Representation of Membership

The Association, through its affiliates/divisions, shall maintain such recognition, registration, or identification as an employee organization as may be required or permitted by law on behalf of the members, ~~chapters, and councils of the Association,~~ of the affiliates/divisions and except as otherwise provided by the Board of Directors or the General Council, shall be the representative of the members, ~~chapters, and councils of the Association~~ of those affiliates/divisions for all purposes stated in Section 1 of this Article.

~~Section 6. Supervisory, Management, and Confidential Personnel~~

~~The interests of supervisory, management, and confidential personnel shall be provided for by the Association through the Association of California State Supervisors, Inc., in its representation, so far as permitted by law, and such representation shall be~~

~~accomplished without placing members or the Association in a conflict of interest position.~~

Section 75. Anti-Discrimination

The Association shall not accept or uphold any form of discrimination against any member on the basis of race, color, sex, religion, national origin, sexual orientation, ancestry, disability (as defined by the Americans with Disabilities Act), age or classification.

ESTIMATED CSEA COST: (Staff estimate: None.)

ACTION: Accepted Committee Recommendation to Refer to Board of Directors for Study and Report at the Next General Council.

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