

NST ADVISOR

AFGE



Nov/Dec 2011

Questions &
Answers

QuickBooks
Pro 2012

Preparing Local &
Council Budgets

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IRS Form 1099 Requirements

DOL's Bonding Requirements

How To: Bookkeeping Basics

MyLocal Mobile

MyLocal 2.0

Department of Labor's **LM Reporting**

It's never been as important to file timely



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IN THIS ISSUE



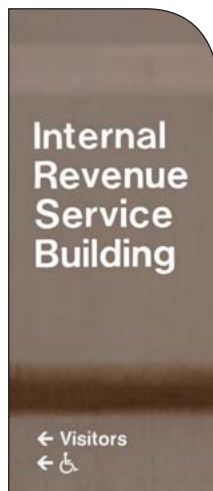
FEATURES



IMPORTANCE OF DOL'S LM REPORT

It's never been as important to file the LM reports. Presidents and Treasurers will be held personally responsible.

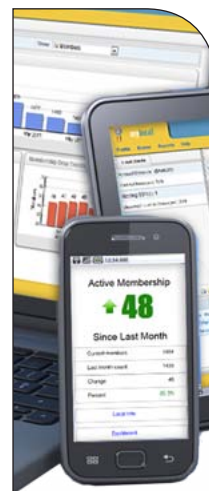
p04



IRS FORM 1099 FILING TIMELY

Learn what AFGE Locals and Councils should know about filing Form 1099-MISC and consequences if ignored.

p05



IT UPDATE: MYLOCAL 2.0

It's here; it's live; it's real-time. What could be better? How about MyLocalMobile. Get it on your smartphone, iPad, or tablet.

p09



FINANCIAL BASICS

In this recurring section we'll explain some of the basics of book-keeping & managing Local or Council finances.

p10

From the National Secretary-Treasurer	03
What's a Bond?	07
Local and Council Budgets.....	11
Internal Audits and Financial Review.....	12
Audit Committee Checklist	13
Financial Officers Checklist	14
Questions and Answers	16

Next issue: AFGE Convention Credentialing – What you should know.

From the National Secretary-Treasurer

Welcome to the NST Advisor

The inaugural bi-monthly resource to help your success



Gleneden Beach, Oregon — One of the most beautiful places on Earth!

Before getting into the critical topic of LM reporting, I'd like to welcome you to this first issue of the NST Advisor. Although we envision this as a bi-monthly publication, you can expect to see special deliveries on single, important, or time-sensitive topics.

I'm sure many of you can remember the excitement and feeling of pride after hearing the election results of your first win. A win propelling you into a select group of AFGE members: an AFGE officer. If you remember your first win, then you may also recall a feeling of "great, I won, now what?" This is where the NST Advisor comes in—a practical publication assisting AFGE officers to successfully perform their duties.

The NST Advisor is an extension of the popular NST Financial Training held several times throughout the country and throughout the year as well as the online course available on the AFGE website. The NST Advisor is being written as a resource that financial officers can easily tap into at their convenience. It will be there on our website at www.afge.org or www.nstadvisor.org for your use and reference.

In keeping with our policy to go green and paperless, we are offering the NST Advisor as an E-publication.

Now that I've properly welcomed you, let's get into a more serious discussion:

LM REPORTING

One of the feature articles in this edition of the NST Advisor is on filing your LM report. You'll note that we emphasize the importance of filing. It's not only important, it's **CRITICAL** and required. File it! File it on time.

Ignoring the Department of Labor's (DOL) filing requirements could lead to your Local losing its bargaining rights. You can be assured, you don't want to be an officer with that kind of liability. Liability from other officers. Liability from members. And liability from AFGE. If this doesn't scare you into complying, consider that your liability does not end when your officer term ends. If you're responsible for filing, that responsibility follows you, even in retirement.

We would love to get your feedback on our first edition. Please feel free to email your comments, questions, and any suggestions you'd like us to include in an upcoming issue to feedback@nstadvisor.org.

J. David Cox

J. David Cox
AFGE National Secretary-Treasurer

Organize, Organize, Organize

About the NST Advisor

It is with extreme pride and jubilation that the staff responsible for producing the NST Advisor disclose: this publication is meant to be a practical one. It's practical because we're explaining issues on the minds of the majority of AFGE Local and Council financial officers. We explain these issues in clear, easy-to-understand, simple English. We promise not to rehash the word-by-word laws, regulations, or even mind-numbing form instructions.

As you may have already concluded, it is important that you understand, **this publication is NOT intended to give conclusive legal or accounting advice.** If you have specific questions or issues that you don't completely understand, we encourage you to get professional legal or accounting opinions.



Filing **LM** with **DOL**

*It's **CRITICAL** to file timely*

*By Sandy Williams, AFGE Special Assistant to the National Secretary-Treasurer
Randy Stewart, CPA AFGE Analyst*

It's never been more important to file your Local or Council LM report on a timely basis. The Department of Labor (DOL) is prepared to track down Locals and Local officers to ensure the forms are prepared and filed.

All presidents and secretary-treasurers of Locals and Councils should understand that the DOL holds them responsible for filing the forms. This responsibility does NOT end when your term ends as an officer. If you're the person responsible for filing, the DOL can come after you whether you continue to be an officer or not. If you're unable to complete the reports due to time or just understanding, you should obtain the services of a professional that has this experience.

WHICH FORM SHOULD I FILE?

The LM form you file with the DOL is dependent on the total gross receipts for the year. Gross receipts is an accounting term that means the total cash received. To determine which LM report you should file, add the total receipts of the organization and find your LM in the following:

Gross Receipts	File Form
less than \$10,000	LM-4
greater than \$10,000 and less than \$250,000	LM-3
greater than \$250,000	LM-2

WHEN TO FILE LM WITH DOL?

The law that requires the DOL to enforce filing of LM reports provide no flexibility as to timing. The reports must be filed with the DOL within 90 days after the Local's year end. The DOL has no authorization to grant an extension of time for filing the report—none!

One more interesting fact to know about the due date of the LM. The 90 day period is based on the actual number of days; this means you have to count weekends, holidays, and adjust for leap years. Based on the 90 day due date rule, you should file your LM

report with the DOL according to the following schedule:

Year End	LM Due Date
December 31, 2011	3/30/2012
January 31, 2012	4/30/2012
February 28, 2012	5/29/2012
March 31, 2012	6/29/2012
April 30, 2012	7/29/2012
May 31, 2012	8/29/2012
June 30, 2012	9/28/2012
July 31, 2012	10/29/2012
August 30, 2012	11/29/2012
September 30, 2012	12/29/2012
October 31, 2012	1/29/2013
November 30, 2012	2/28/2013
December 31, 2012	3/30/2013

WHAT HAPPENS IF YOU DON'T FILE?

According to DOL, responsible officers—both the president AND treasurer—are personally liable for filing an LM. Liability can come from either (1) the willful failure to file or (2) the false reporting of a LM report.

Willful failure is pretty easy to understand: basically, it means you ignored your responsibility. False reporting is a little trickier. False reporting can mean you made a material mistake on the report, you misrepresented something on the report, or you failed to disclose something on the report. Although in all of these situations, the mistake, the misrepresentation, or the failure to disclose require that the issue be material; material may not just mean the dollar amount.

WHAT SHOULD YOU TAKE AWAY FROM THIS ARTICLE?

File! File! File! And, file on time. ■

If you're unable to complete the reports due to time or just understanding, you should obtain the services of a professional that has this experience.

Internal
Revenue
Service
Building

Internal Revenue Service

Form 1099

*Really, it's easier than you think to comply...
Penalties for failure to file are worse than you think!*

By Lynn Edwards Henderson, Assistant Director of Finance

As the financial officer of your Local or Council, you are required by law to prepare, mail, and file Form 1099-MISC each year. Form 1099-MISC is prepared in January for all individuals or non-corporate (with the exception of attorneys) businesses where you've paid \$600 or more for the previous calendar year. It's important to note, these rules do not apply to vouchered expenses reimbursed for travel or business.

Form 1099-MISC requirements come from the U.S. Tax Code and regulations and are enforced by the Internal Revenue Service (IRS). Substantial penalties may be applied to your organization or you if these rules are not followed or ignored.

considering a Limited Liability Company (LLC). LLCs could be taxed as a corporation, a partnership, or an individual (schedule C). Therefore, in order to "technically" know if you need to prepare a Form 1099-MISC for an LLC, you'll need to know how it's taxed. You can find out by simply calling the LLC business office and asking. If you can't get the information, be conservative and prepare the Form 1099-MISC. As long as you're not frequently mailing these forms, there's no penalty for sending one to a business when it's not needed.

mailed
to the IRS by
February 28.

FILING 1099S WITH THE IRS

The IRS requires that the original (red) Form 1099 be filed with a transmittal Form 1096. It seems odd to me, but the IRS says the red form can be scanned while a black one cannot (I'm with you...I don't get it). In addition, you need to include a Form 1096 with your original Form 1099s. The 1096 is simply a summary of the attached 1099s. On the 1096, you'll include your Local or Council information and how many 1099s are included. Finally, you'll need to add the amounts of all the 1099 boxes and include the total on the 1096.

WHAT INFORMATION YOU'LL NEED TO PREPARE FORM 1099

In most cases you'll already have most of the information needed to prepare a Form 1099-MISC. You'll need the name, address, and tax identification number for the payee. The tax identification number for an individual is normally his or her social security number; for businesses, this

This is one of those tasks that must get done timely. If you don't have the time, hire a professional that does!

WHO SHOULD YOU PREPARE A FORM 1099 FOR?

In general, you're going to prepare a Form 1099-MISC for any non-corporate (except attorneys) payees for whom you've paid \$600 or more services or products in a calendar year, such as attorneys, arbitrators, accounting firms, or bookkeepers. There are a couple of questions that almost always come up when preparing these forms. First is the attorney exception: you must prepare Form 1099-MISC for attorney fees regardless if the firm is incorporated or not. However, the \$600 minimum level applies to attorneys just like other payments.

Second, there's always confusion when

REPORTING BONUS BUCKS

In the case of recruitment bonuses, the organization responsible for preparing 1099s is the one that actually makes the payment to the individual.

Therefore, when AFGE national pays the recruiter, AFGE national will prepare the 1099. If the Local makes the payment to the recruiter, the Local must prepare the 1099. This is the case even if the Local is reimbursed for the recruitment rebates.

DUE DATE OF THE FORM 1099

Form 1099s must be mailed to payees by January 31. The original forms and a summary transmittal Form 1096 must be



IRS Form 1099

continued

number could be an employer identification number (EIN, issued by the IRS).

Other information you'll need to prepare the Form 1099-MISC will be the total amount paid for the calendar year and the category of the payment. The category will determine the box on the Form 1099-MISC the total amounts will be reported. Here are the likely boxes and descriptions For the commonly used boxes used by AFGE Locals and Councils see the chart on the next page.:

PENALTIES FOR NOT FILING

As I'm sure you're already aware, the IRS is the federal governments organization

to ensure compliance of the tax laws and to collect taxes. Penalties for the ignoring these tax laws, and in this case for ignoring the filing requirements in preparing IRS Form 1099 can be substantial.

In general, Form 1099 penalties for returns filed fall within one of five categories. See the chart for details.

EXTENSIONS

You can request a 30 day extension to file Form 1099s with the IRS by completing an extension request on Form 8809. However, the extension only delays the date due to the IRS—it does not apply to the date due

to the payee.

CONCLUSION

Penalties for non-compliance could accumulate rapidly. In addition to the Local being assessed penalties, the IRS could also levy penalties and/or initiate criminal proceedings against the responsible officer if the Form 1099-MISC rules are ignored.

As the financial officer of the Local or Council, you are responsible for complying with the tax laws. If you don't have the time or know-how, hire someone that does. ■

Table A: Form 1099-MISC Commonly Used Boxes by AFGE

Box	Box Name	In excess of:	Description
3	Other income	\$600	Include payments made in that are not reported on another box. For instance, a member wins a TV at a raffle and the TV is valued at \$800, the value of the prize should be reported in Box 3.
7	Nonemployee compensation	\$600	Payments made to individuals, partnerships, or other non-corporate entity (except law firms, which you report even if incorporated) should be reported in box 7. This would include payments in connection with other services rendered to the Local or Council.
14	Gross payments to an attorney	\$600	There's always confusion whether attorney fees should be reported in box 7 or box 14. Here's the difference: if you make payments to an attorney or law firm (even if a corporation) that are a part of a legal settlement; the amount should be reported in box 14. Normal legal fees paid in connection with the Local or Council should be reported in box 7.

Table B: Penalties

	Penalty	Correct information filed by:	Penalty	Max Penalty
1	Filing Late	February 28 - March 30	\$30 Per 1099	\$250,000
2	Filing Late	April 1 - August 1	\$60 Per 1099	\$500,000
3	Filing Late	After August 1	\$100 Per 1099	\$1,500,000
4	Sending the wrong form to IRS	Not using the proper (red) form for IRS copy	\$50 Per 1099	
5	Ignoring	Intentional disregard of filing requirements	\$250 Per 1099	No Maximum



What's a Bond?

By Cathy Butz, Executive Assistant to National Secretary-Treasurer

The Labor-Management Reporting Disclosure Act of 1959 (LMRDA) requires nearly all AFGE Locals and Councils to be bonded. In addition to the LMRDA, AFGE's Constitution requires such bonding and that the National President negotiates a blanket bond for all affiliates.

WHAT IS BOND COVERAGE?

Bond coverage is simply an insurance policy that provides coverage to locals and councils against losses due to fraud or embezzlement.

WHO IS COVERED BY THE BOND INSURANCE?

All officers and employees of an affiliate who handle money are covered under AFGE's blanket policy. Failure to comply with the LMRDA bonding requirement could result in a fine of not more than \$10,000 or imprisonment for not more than one year, or both. It is the duty of the affiliate's officers to insure that bonding requirements are met annually.

HOW MUCH BOND COVERAGE DOES MY LOCAL/COUNCIL NEED?

In compliance with the Civil Service Reform Act of 1978, the Labor Management Reporting and Disclosure Act of 1959, as amended, and the national AFGE constitution, Article XXIV, Section 8(b), all officers and employees of an affiliate who handle money must be bonded for at least 10% of the annual gross receipts and liquid assets. To determine the annual gross receipts and liquid assets, total all cash balances at the beginning of the fiscal year, including checking and savings account balances and investments plus all monies received during the fiscal year. Ten percent of this total is the minimal amount of coverage required.

Cash in the bank	\$ 50,000
Prior year's total receipts	550,000
Base amount for calculation	\$ 600,000
Multiplier	10%
Minimum bond required	\$ 60,000

Even though minimum coverage is required, it is

important for each local and council to determine an adequate amount of coverage in the event a loss is experienced. For example, if the annual gross receipts and assets total \$100,000, 10% minimum coverage is \$10,000. While the 10% coverage meets the minimum requirement, it is not adequate. If the local/council experiences a loss of \$40,000 and the local/council is only bonded for \$10,000, the bond company will only pay the \$10,000 coverage. Please seriously consider what is adequate coverage for your local/council.

BOND INSURANCE PREMIUMS

The premiums for bond insurance are based on the amount of coverage. The chart below represents the 2011 rates. The 2012 rates have not yet been provided to AFGE. The 2012 bond certificates will be mailed to all locals/councils in February 2012 along with the actual premium rates.

Bond Amount	Annual Cost
\$ 5,000	\$ 72
15,000	173
50,000	527
100,000	1,033
300,000	1,693
500,000	2,353

BILLING FOR BOND INSURANCE COVERAGE

Locals/Councils will be charged for their bond premiums. For locals where the dues monies come directly to AFGE (tape process), the premium will be automatically deducted from the dues. For all other locals/councils, a check should be mailed

Annual Audit
Certification
(AFGE Form 41)
is Required to
be filed each
year for bond
claims

Local & Council Bonding

continued



to AFGE with a notation that the check represents payment for the bond premium.

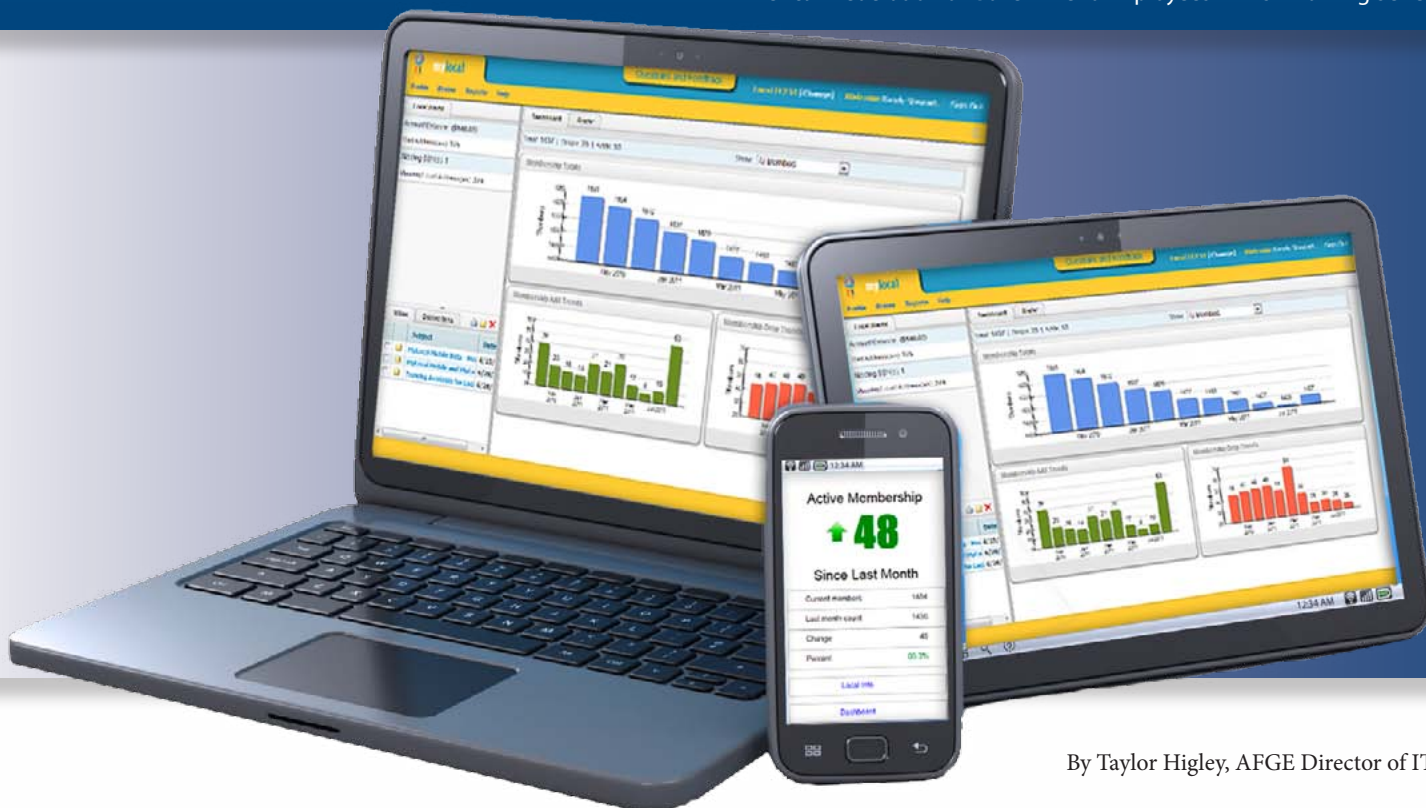
HOW ARE BOND CLAIMS FILED?

If a local/council has a loss through fraud or embezzlement, it should be immediately reported to the NST's Office. All transactions and correspondence are made between the local/council and the bond company through the NST's Office. The NST's Office will notify the bond company of the loss; the bond company issues proof of loss forms; the proof of loss forms are mailed by the NST's Office to the local/council with an instruction letter; the proof of loss forms are completed by the local/council and returned to NST's Office which are in turn sent to the bond company. The bond company assigns a claims

attorney to the case for investigation. Once the claims attorney reaches a finding, a check for the loss is issued.

IMPORTANCE OF FILING AFGE FORM 41 ANNUALLY

It is important for each local/council to conduct an audit at least once a year and a certification made to the National Secretary-Treasurer's (NST) Office that such an audit has been done. The certification is made by completing the Annual Audit Form 41 which can be found on AFGE's website under NST - Financial Resources. It is the fiduciary responsibility of all local/council officers to conduct an annual audit. If annual audits have not been done as constitutionally required, the claims attorney could deny a claim. ■



By Taylor Higley, AFGE Director of IT

MyLocal

AFGE continues to improve your and your members ability to manage membership data with MyLocal and MyProfile. In addition to the improvements made to these Internet applications, AFGE released MyLocal Mobile and MyCouncil during 2011.

CONNECTING TO MYLOCAL

In your favorite Internet Browser, login to afge.org and click the MyLocal 2.0 link on your Members Only page. If you don't see the link, contact helpdesk@afge.org; after confirming your position, you'll be granted access to the Local.

SECURITY

MyLocal 2.0 integrates enhanced security. All data transferred between your computer and AFGE servers are secured and encrypted.

The site is secure because it only allows two Local officers to access and make changes to your membership data. And, any changes made are tracked allowing you to know when a change was made and who did it.

Access to MyLocal 2.0 automatically ends when an officer term ends. (But, it can only end if you report the change in officers to AFGE National).

CRITICAL NEW FEATURES

When logging into MyLocal 2.0, you'll instantly notice the differences. Some of the new popular features include: instant, searchable access to your membership; real-time processing (when you add a member, you'll have a member id); a history report showing adds, drops, and reinstatements; you have the ability to add notes or upload documents

that are attached the related member record, and finally, a history report showing changes made to a member, when the change was made, and who did it.

Before the end of the year, you can expect to have the ability to make online payments for your PCT account.

MYCOUNCIL

The MyCouncil BETA version is available to all Council presidents and treasurers, MyCouncil provides many of the features of MyLocal. These officers can have read-only rights to a list of all the Locals with members in their council and all the related members. Even though Council officers cannot make changes, these officers can download data for mailing labels and roster details. ■

MyLocal Mobile

Instantly, live updates to your member count, check a member's status, contact information, and request a member card right from your phone and when the member is right in front of you.

To access MyLocal Mobile, type: <https://mylocalmobile.afge.org> and login with your normal MyLocal username and password.



Accounting & Bookkeeping

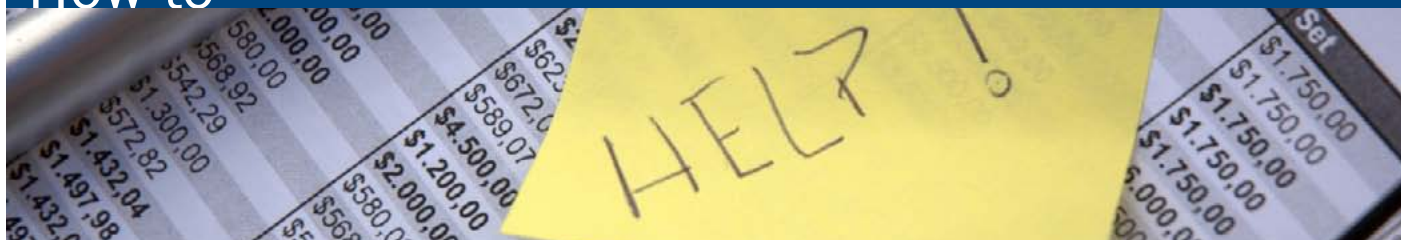
For AFGE Locals and Councils



Nearly all of the more than 2,000 financial officers of AFGE Locals and Councils actually have full-time positions in something other than the financial fields. The Internal Revenue Service, the Department of Labor, and even their membership assume these officers are experts in accounting and bookkeeping. This section of the NST Advisor will feature some of the basics of accounting. We'll explain the terms, processes, and importance of performing some of these most basic of bookkeeping tasks.

More important than understanding how to do some of these basic procedures, you must understand that the IRS, DOL, and even AFGE are holding you (as the financial officer) responsible for fulfilling these duties. If you don't have time to perform these tasks: get help. It could be others in your membership that you can recruit or hiring a professional bookkeeper or accountant, but you need to get it done and you need to get it done right!

How to



What to consider when preparing Local or Council Budgets

By Sandy Williams, AFGE Special Assistant to the National Secretary-Treasurer

AFGE's constitution requires all Local and Council Treasurers to prepare a budget before each fiscal year. It's critical for financial officers to understand, the e-Board is not authorized to spend more than \$500 for expenditures not included in an approved budget or a vote by the membership.

Once the budget is approved a copy must be sent to AFGE's National Secretary-Treasurer.

Most find it helpful to use QuickBooks or Excel to prepare their budgets, however you are totally free to do it the old fashion way—pencil and paper. Although you won't distribute the details to your membership, prepare your budget for each month for the next year.

Keep in mind, a budget is a projection and guideline; it may need adjustments during the year based on unexpected events. Here are some items to consider:

Revenues	
Dues	Find your latest Dues Deduction (or Tape) report and calculate your expected receipts for the upcoming year.
Events	Don't budget revenues from events unless you're absolutely sure the event will occur (consider weather) and you'll raise the expected amount of receipts.
General	Once you've calculated your expected revenues for the upcoming year, be conservative and reduce the amount by 10%.
Disbursements	
PCT	From your latest roster, calculate the PCT amount for the National and Council organizations. Be sure to use the PCT rate effective for the year of the budget—National PCT increases to \$19.75 for 2012.
Conventions	Is the national convention or district caucus held in the year budgeted? If so, plan on the extra travel expenditures.
Local or Council Elections	Add additional expenses if the Local or Council elections are held in the upcoming year.
Travel	Estimate the costs for the upcoming year and compare them to the prior year.
Equipment	Are you planning to purchase any new equipment for the upcoming year? (Phones, computers, or office)
Training	Be sure to plan for trainings and related travel expenditures.
Organizing	Consider any expected increases in organizing costs.
LAF	Plan for your LAF contribution. The delegates at the National Convention made these amounts mandatory for all Locals and Councils. Take your active membership at multiply it by \$4 per member.
General	Once you've estimate your expenses, be conservative and increase them by 10%.

How to



Performing an Internal Audit or Financial Review

By Faye Beardsley, CPA AFGE Director of Finance

AFGE CONSTITUTIONAL REQUIREMENT

Each year, AFGE affiliates (Locals and Councils) are required to file an annual audit form (AFGE Form 41) with the National Secretary-Treasurer. Even though Form 41 is a simple to complete one page document, those signing the form are certifying they have examined the records of the affiliate and “to the best of their ability” are satisfied that the financial and other information are true and correct.

WHO SHOULD PERFORM THE INTERNAL AUDIT OR FINANCIAL REVIEW?

The affiliated president should appoint 3 to 5 members to an Audit Committee. These members should be independent (non-officers) and cannot have signature authority over any of the affiliates financial accounts.

WHEN SHOULD THE AUDIT BE PERFORMED?

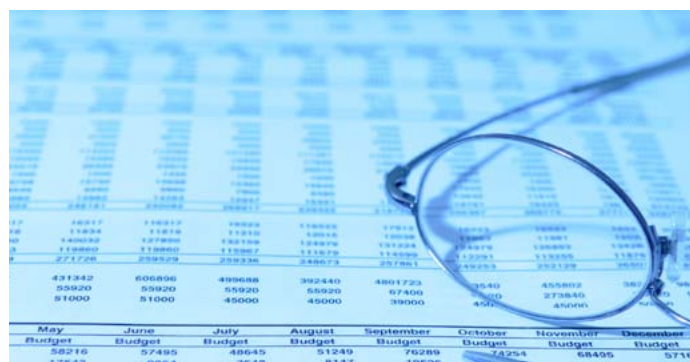
Form 41 is due to the National office within 90 days after the end of the affiliate's fiscal year. Ideally, the audit committee should be organized well in advance of the affiliate's year end. The committee should be ready to start their review as soon after the year end as possible.

To minimize the amount of time required at the end of the year, audit committees could perform their duties

on a monthly or quarterly basis.

AUDIT REPORT

The Audit Committee should prepare an audit report to be presented to the officers and e-board. The audit report will include the findings of the review and recommendations for corrective action.



ITEMS TO REVIEW

Although the audit committee is not required to verify every transaction, the members must review a sufficient number of transactions as needed to satisfy themselves that the finances are accounted for properly. Members of the audit committee should be free to ask any questions to the officers regarding financial transactions. In addition, when performing the audit consider the following:

Audit Committee Checklist

✓	Ref	Source Documents	Review for
<input type="checkbox"/>	A	Checking, savings, and investment accounts	Ensure reconciliations are performed on a regular basis (ideally, monthly).
<input type="checkbox"/>	B	Cancelled checks	Ensure that all cancelled or voided checks are accounted for.
<input type="checkbox"/>	C	Cash receipts	Scan amounts recorded as cash receipts. Look for unusual or missing transactions. For instance, if the affiliate receives dues directly from members, the monthly deposits for these dues should be relatively consistent.
<input type="checkbox"/>	D	Cash disbursements	In addition to choosing transactions to look at back-up documentation, review the disbursements for unusual amounts.
<input type="checkbox"/>	E	Dues Deduction Listings	Review the listing for unusual trends and if the affiliate is not on the AFGE tape process, tie some of the listing totals to the checking account.
<input type="checkbox"/>	F	Tape Reports	For those Locals on the AFGE tape process, select a few of the tape reports and trace the refunded amounts to the Local's cash accounts.
<input type="checkbox"/>	G	Local Constitution & By-Laws	All AFGE affiliates are required to attach any changes to their organizing documents to the annual LM filing with the DOL. These documents should also be attached to the Form 41 filing with the National Secretary-Treasurer.
<input type="checkbox"/>	H	Meeting Minutes	Review the minutes of membership and e-board meetings for impact on the affiliate's finances. For instance, if the minutes reflect an increase in the dues structure, follow through to ensure the increase was implemented.
<input type="checkbox"/>	I	Previous LM Reports	Review the last couple years LM reports filed with the DOL. Look for unusual increases or decreases in reported revenue and expenses. Scan the detail reports for possible related party transactions with attorneys or other professionals.
<input type="checkbox"/>	J	IRS 990 Reports	Like the LM reports, compare prior year reports for unexpected trends
<input type="checkbox"/>	K	IRS 1099s	Evaluate the 1099s from prior years and compare to the current year.
<input type="checkbox"/>	L	Budgets	Track the selected disbursements to ensure they valid budgeted expenditures. Also, compare the actual financial category totals to the approved budgeted categories.
<input type="checkbox"/>	M	Prior Audit Committee Reports	Review prior year's audit reports for open issues to determine if corrective action (if any) was taken.
<input type="checkbox"/>	N	Prior Form 41s	Review the past few AFGE Form 41s filed with the National office for information to include on the current year form.
<input type="checkbox"/>	O	Current Roster	Scan the current Local roster for duplicate members and calculate an approximate dues amount to compare to the actual dues collected for a pay period. The numbers won't be exact, but they should be in the ball park.
<input type="checkbox"/>	P	Fixed Asset Inventory (if applicable)	Check the policy for tracking the Local or Council's fixed assets. These are items such as computers, printers, phones, and iPads, etc. Users should return these items to the Local when their term expires.
<input type="checkbox"/>	Q	Payroll Tax Reports (if applicable)	If the Local or Council has employees, check to ensure the payroll reports have been filed.



Financial Officer Checklist

By Sandy Williams, AFGE Special Assistant to the National Secretary-Treasurer
Randy Stewart, CPA AFGE Analyst

Face it! Duties of financial officers are critical and at some times overwhelming. The checklist below includes many of the tasks that should be considered for each Local and Council. It's important to understand, the list below is not "all-inclusive." Your Local or your Council will likely have additional items to add. If you're a new officer, use this list as a basis for performing your duties. For those of you that have been around for a while, review the list for details you may have overlooked.

✓ #	Item Description	Date Due (for calendar year filers)	Description
a. Board and Membership Meetings			
<input type="checkbox"/> a1	Update your accounting records	Throughout the year	You'll be reporting your financial condition at each Board and Membership meeting. Keep your accounting records current and accurate.
<input type="checkbox"/> a2	Reconcile all cash accounts	Monthly	As soon as possible after the close of each month.
<input type="checkbox"/> a3	Review transactions posted to your accounting system (Quick-Books)	Monthly	After posting all the receipts and disbursements to your accounting system and you've reconciled the cash accounts, review the transactions posted by printing a detail general ledger to ensure you've posted items to the proper accounts.
<input type="checkbox"/> a4	Print financial statements to report to the Board and Membership	Monthly	After confirming that the revenues and expenses were posted to the proper accounts, print a balance sheet and revenue/expense report to present at your meetings.
<input type="checkbox"/> a5	Prepare & get approved a budget for the next fiscal year	Third-Fourth Quarter of each year for the upcoming year.	Each Local and Council is required by the AFGE Constitution to prepare a detailed budget of revenue and expenditures for the upcoming year. This budget should be approved by the Board and Membership.
b. Internal Revenue Service & State Taxing Agency (non-payroll)			
<input type="checkbox"/> b1	Prepare & Mail Form 1099s to payees	All: Jan 31, 2012	You're required to prepare and mail an IRS Form 1099 for every non-corporate entity (except employees) and every law firm you pay fees in excess of \$600.
<input type="checkbox"/> b2	Prepare Form 1096 as a summary of the Form 1099s you are sending to the IRS	All: Feb 28, 2012	By the end of January you're required to mail Form 1099 to
<input type="checkbox"/> b3	Prepare and file appropriate Form 990 to IRS	15th day of 5th month (May 15)	IRS Form 990, 990EZ, or 990-N
<input type="checkbox"/> b4	Prepare and file any returns required by your State (if applicable)	As required	As long as your Local or Council is in good standing as to their tax exemption, most states do not require any additional annual filings except that you've filed the IRS Form 990. However, you should check with your State's department of assessment and taxation to ensure you have no filing requirement.
<input type="checkbox"/> b5	Prepare and file any required State Use Tax Return	As required	Some States require organizations to pay use tax on items purchased that have not had sales tax charged. An example would be buying a product from an Internet merchant and no sales tax is charged. Check with your State for applicability.
c. Department of Labor (DOL)			
<input type="checkbox"/> c1	Prepare & file the appropriate LM report.	90 days after the close of your year-end. (March 30, 2012)	Check the article on DOL filing requirements for the LM in this issue. Also note, the 90 day period is exactly 90 days after the close of your year—it's not the end of the third month. This means your due date could change depending on the month of your close and if it's a leap year.



Financial Officer ✓ Checklist

Page 2 of 2

✓ #	Item Description	Date Due (for calendar year filers)	Description
d. AFGE			
<input type="checkbox"/> d1	Evaluate the Bond Amount	Throughout the year	Several times a year evaluate your Local or Council's bond coverage to ensure it's adequate to cover potential financial losses and that it meets the DOL minimum standard. Request any changes to your bond coverage with AFGE's NST office.
<input type="checkbox"/> d2	Transmit a copy of your Local or Council's approved budget to AFGE	As soon as available	Each Local or Council is required by the AFGE Constitution to send its approved budget to the National Secretary-Treasurer.
<input type="checkbox"/> d3	Prepare and transmit AFGE Annual Audit Certification (Form 41)	After the close of your fiscal year and the audit or review of your financial records has concluded.	Each Local or Council is required by the AFGE Constitution to certify an audit (or review) of its organizations finances. This form cannot be signed by an individual with signatory authority of the bank or investment accounts. Failing to file this certification could impose on any claims made on the bond coverage for any financial loss.
<input type="checkbox"/> d4	Transmit a copy of the organizations filing of the IRS Form 990	After filing	
<input type="checkbox"/> d5	Transmit a copy of the organizations filing of the DOL LM report	After filing	
<input type="checkbox"/> d6	Evaluate the Bargaining Size of the Local or Council and report on MyLocal or MyCouncil	Throughout the year	Accurate Information is critical to the success of any organization. For AFGE's management purposes, it's important that we're able to evaluate our growth potential as well as the potential of the Locals.
<input type="checkbox"/> d7	Review your Local membership and make appropriate updates on MyLocal.	As often as possible	One of your primary responsibilities is to manage your membership and update any roster changes. Unless all of the members in your Local is on the tape process, it's important that you manage the members added and dropped by your Local.
<input type="checkbox"/> d8	Review Local Roster for members with a Bad Address Codes and update needed. Also update the member's phone and home e-mail address.	As often as possible	Many of our members drop because we cannot keep them up-to-date on issues affecting their employment. There's no way for us to communicate through mail or e-mail unless we have their current contact information.
<input type="checkbox"/> d9	Transmit officer changes	As needed	All officer changes should be reported to the AFGE office of the NST. When new officers are elected (or appointed), transmit the tally sheet and/or minutes of the meeting approving the change.
<input type="checkbox"/> d10	Transmit Constitution or By Law changes.	As needed	Locals and Councils should transmit their latest Constitution and By Laws to the NST office.
<input type="checkbox"/> d11	Locals on tape: review dues deduction (tape) report	Each Pay period	For those Locals on the tape process, your dues deduction reports are available online at MyLocal. Review the reports for membership changes and refund amounts.
<input type="checkbox"/> d12	Review AFGE Billing Statement	Each Month	Review the Local billing statement online. For non-insured Locals statements are normally available on the 1st or 2nd day of the month. Billing statements for Insured Locals are available on 10th or 11th day of the month.
<input type="checkbox"/> d13	Review Local/Council AFGE Ledger	Each Month	Your AFGE financial ledger is available online through MyLocal or My-Council. The data on the ledger is updated in real-time and you should review it each month to find your balance due and to verify its accuracy.
<input type="checkbox"/> d14	Organize, Organize, Organize	Constantly	



WHAT IS PCT?

PCT (Per Capita Tax) is the amount billed to your Local for each member on its roster. These PCT rates are debated, included as an amendment to the organization's constitution, and voted on by convention delegates every three years. Although the rates charged for a member is dependent on the member type (i.e. regular, retired, active military, etc.), rates are applied uniformly to every Local.

WHAT IS MY LOCAL'S MONTHLY BILLING BASED ON?

Local billings are determined by applying the appropriate PCT rate for the various member types (as prescribed in the AFGE Constitution) to the monthly membership snapshot.

WHAT IS A MEMBERSHIP SNAPSHOT?

AFGE's official member count is based on a process called the membership snapshot. You can visualize this snapshot process by imagining taking a picture of all the member records at the end of that last day of the month. The snapshot saves the member id, Local, Council, member type, and other important information on the membership. Local presidents and treasurers can always login to MyLocal to view the Local's results from this snapshot process.

I'M A NEW TREASURER AND THE PREVIOUS ONE DID NOT FILE THE REQUIRED LM REPORT. WHAT SHOULD I DO?

All labor unions are regulated by the Department of Labor according to the LMDRA and its regulations. If a previous officer did not file the required informational reports, as the new officer you are required to file them as soon as possible. As long as you're the new officer and not responsible for the late filing, you should not be penalized. However, if you let the situation continue you're opening yourself up to potential liability.

WHAT SHOULD I DO IF I'M A NEW TREASURER AND THE OLD ONE DIDN'T LEAVE ANY RECORDS?

Unfortunately, this situation happens far too often. Nonetheless, as to the DOL's LM reports, when your predecessor did not do their job, regulations require you (as the current responsible officer) to get it done.

You can recreate the details by obtaining the IRS Form 990, DOL LM, or payroll reports. If you're still missing information, you can always contact your bank to get copies of the statements and transactions posted to the Local's accounts.

Penalties failure to file IRS Form 1099s are also increasing. You should check with the IRS if required informational returns are not filed.

HOW CAN I DOWNLOAD A MEMBER ROSTER?

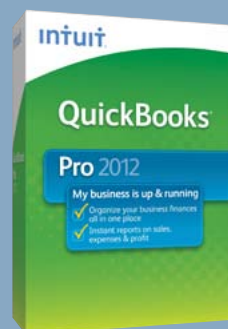
Local and Council Officers having access to MyLocal or MyCouncil can download a member roster directly from the website. After navigating and logging in, click the tab to ensure your member list is displayed. Then click the Excel icon to download the list. You'll notice that the data looks pretty scrambled and difficult to read. Since we could fit everything about a member on one sheet of paper, we've provided you the ability to format the roster and include only those bits of data you'd like to show in your report.

QUICKBOOKS PRO 2012: SHOULD YOU UPGRADE?

Intuit recently released a new version of QuickBooks Pro—QuickBooks Pro 2012. We consistently get questioned from AFGE Local and Council financial officers if they should upgrade to this new version.

Although most of the enhancements of the 2012 release of QuickBooks does not affect AFGE Locals or Councils, there is one feature of this upgrade that stands out. This feature is the ability to scan and attach documents to nearly any type of transaction. This is not a completely new feature, but you no longer are required to pay Intuit for the ability for your Local to go paperless.

If you're considering keeping electronic copies of your billing, invoices, or notes you will find this a very cost effective solution. For most of you, you can upgrade your version of QuickBooks for less than \$200.



There are other enhancements that some of our larger Locals and Councils could benefit from, but for most (unless you'd like to store your records electronically) you may want to wait until next year.