

# Audio Script: Governance 310

## Treasurer's Workshop

This is the actual audio that was recorded for Governance 310.  
Use it for a reference or study guide.

### Governance 310 - Treasurer's Workshop

#### Welcome to Governance 310

This course should take you about one hour and thirty minutes to complete.

This course is required for treasurers to get the Certificate of Completion for the Governance track. Be sure you have taken the two prerequisite courses - Governance 100 and 110 - before taking this course.

The topics covered in this course are:

### SkillBrief

Overview	Preparing the Budget
DLC Accounts	Deadlines and Due Dates
Financial Accounting and Reporting	Forfeiture of Local Representation Funds (Dues)
Duties of the Treasurer	Cash Receipts and Disbursements
Handling DLC Funds	DLC Revenue
Expense Claims	Death Benefit Program
Invoices	DLC Chart of Accounts
Meeting Minutes	DLC Requests for Grants

#### Overview

This course is intended to help DLC treasurers carry out their duties and responsibilities in a way which increases the understanding of the financial status of the DLC and will not require excessive volunteer hours to accomplish.

The course will also be helpful to DLC presidents and other officers who have responsibilities for DLC operations.

The course is based on the contents of the 2011 SEIU Local 1000 DLC Treasurers' Handbook.

Well-informed DLC officers will have an easier task of explaining to members where the dues money has been used and how members benefit from the

program expenditures.

An important note - throughout this course you will see asterisks (\*) next to various items. The DLC *does not have to do* those items if the accounting is done by the DLC Finance Office.

*You should pay attention to these items because, even though you will not have to produce them you will need to read and understand them.*

## **DLC Accounts**

To provide a standardized system to help the DLCs account for receipts and expenditures of DLC funds, SEIU Local 1000 uses a list of accounts which matches the quarterly financial reports required by SEIU Local 1000.

All DLCs must use these accounts. Accounts have also been set up to track activities that are chargeable and non-chargeable expenses to Fair Share Fee payers.

You can download the Chart of Accounts from the Resource Tab in this course, or from the Local 1000 website.

### *[Two Kinds of Accounts]*

There are two kinds of accounts used by DLCs - Income and Expense.

Income from all sources is grouped into three accounts:

001 - for all income from Dues; 002 - for all income from Interest; and 003 - income from any Other Sources.

There are many ways to account for Expenses. DLCs use four types of accounts ...account numbers in the 100's track expenses for Local Operations. The 200 accounts track expenses for Regional Operations. The 300 accounts are expenses for any Statewide Activities, and the 400 accounts are for any Other Expenses. Let's look at these accounts in detail.

## **DLC Income Accounts**

All DLC income can be separated into three categories: Dues, Interest, and Other.

[001 - Dues] This represents the total amount that the DLC receives from SEIU Local 1000 for dues and grants. It is important to note that the amount that should be reported as income is the gross income, which is the monthly dues allocation *before* any reductions, not the net amount of the check.

Reductions are a result of expenses incurred by the DLC that have been paid upfront by either CSEA or SEIU Local 1000. Examples are business cards for union stewards, T-shirt orders, and union leave used in the performance of DLC duties. These reductions are itemized on the union dues check stub and should be posted to the appropriate expense accounts.

For example, if the calculated monthly union dues allocation of \$1,200 is reduced by \$200.00 for business cards for the DLC stewards, the journal entries would be the full amount of \$1,200 to income and \$200 to Steward Training Expense.

[002 - Interest] This account is used for tracking and reporting interest income in the month in which the bank pays it. This can be determined by reviewing the DLC's bank statement. All interest should be posted from checking accounts, savings accounts and any other accounts held by the DLC.

[003 - Other] Any income that is not classified as 001 or 002 is reported here. As the title implies, this account is for all other income, such as realignment funds or raffles.

However, for example, if you have a dinner meeting and members pay a portion of the cost, do not show the money received as income. Instead, show it as an offset to the total expenses of the meeting.

Post it as a negative entry in the expense column. Negative entries are indicated by brackets: < >. Then, post the entire cost of the dinner to the correct expense column. The difference will be the actual expense incurred by the DLC for the function.

## **DLC Expense Accounts**

There are two kinds of expenses: chargeable and non-chargeable. The main difference is non-chargeable expenses cannot be charged to non-germane objectors. Non-chargeable expenses have the effect of reducing the fees charged to non-germane objectors.

It is important that expenses are posted to the appropriate expense accounts *when they are incurred*. Accurate records that are fully supported by documents such as receipts and sign-in sheets make it easier to prepare periodic financial reports. DLC financial reports and records are subject to annual independent audit. They also form part of the required Hudson Report; therefore, it is imperative that the DLC financial reports are accurate and are prepared in a timely fashion.

These account headings cover all DLC expenses. The DLC is required to use these accounts to create their financial reports.

The 100 expense accounts are for Local Operations. All local DLC operations are charged to one of the following accounts.

*101 - DLC Meetings:* In this account, record all expenses incurred conducting DLC general membership and committee meetings and any other meetings of the DLC. Examples include banquet charges and announcements for the meeting.

*102 - DLC Executive Committee Meetings:* all expenses incurred in conducting

DLC executive committee meetings belong in 102. Expenses include meals and travel expense or other direct costs of executive committee meetings.

*103 – Officer’s Stipends:* this is a discretionary account used to offset the pocket pocket expenses of the officers. A flat amount may be paid to the DLC officer in lieu of frequent expense claims for *small* amounts. Written requests are submitted for approval and payment, although receipts and expense claims are usually not required.

NOTE: Stipends paid to one person that total \$600.00 and above during a calendar year are subject to IRS form 1099 reporting. Whether the stipends are subject to IRS form 1099, the officer receiving the stipends is responsible for the payment of applicable taxes.

*104 – Newsletter/Website:* This account includes all costs involved in publishing a DLC newsletter including supplies, printing, mailing labels and postage and all related charges to set-up and maintain the DLC’s website.

*105 – Job Stewards:* Includes costs associated with DLC steward activity such as periodic steward meetings, training for stewards, grievance meetings, printing of business cards and any other related expenses.

*106 – Member Recruitment and Retention:* Includes costs involved in member recruitment and retention.

NOTE: This account is a non-chargeable expense account and together with the other non-chargeable expense accounts, is subject to the guideline limit of 10% of budgeted revenue for that given budget year.

*107 – Worksite Meetings:* all costs associated with the meetings at the worksite locations with DLC members within that worksite for a specific reason regarding activities such as rallies and bargaining activities are charged to this account.

The 200 accounts are for Regional Operations, that is, costs related to regional activities. Both of these accounts are now obsolete as this expense account was primarily created to report member costs for participating in activities conducted by Regional Directors of CSEA under the old structure.

*201 – Regional Meeting:* This used to cover costs associated with attendance at regional meetings. Such costs included any amount the DLC paid toward meals and travel.

*202 – Community Relations:* Charges to this account included such items as donations to charities, non-profit organizations and special funds of a non-political nature only, such as the CSEA Foundation, Secret Witness Fund, etc.

NOTE: This account was non-chargeable expense and together with other non-chargeable expense accounts must not exceed the guideline limit of 10% of budgeted revenue for that given budget year.

The 300 accounts cover Statewide Activities - the costs of sending DLC leaders to any of the statewide meetings of SEIU Local 1000 or CSEA. The DLCs are encouraged to provide representation of their members by participating in the statewide of the SEIU local 1000 and CSEA.

DLCs should prioritize those activities that will be important to their members. A DLC could send one representative to everything, or choose to send two representatives to select meetings.

NOTE: SEIU Local 1000 is only responsible for the travel expenses of Council *members* who are attending Council meetings. The DLC is responsible for the expenses of a *steward* or a *member* who is not a Council member and has been authorized by the DLC E-Board to attend the Council meeting or other statewide activities.

*301 - General Council* - this includes any DLC costs associated with the CSEA General Council. Examples would include the costs of sending alternate delegates, discretionary *additional* nights for delegates and the costs of a suite used as a caucus or hospitality room *exclusively* for the DLC's delegates.

*302 - CSEA Board and Committee Meetings:* any DLC costs to attend CSEA Board of Directors and CSEA Committee meetings are charged to 302.

*304 - SEIU Local 1000 SBAC and BUNC Meetings* - This is for any costs incurred by the DLC for travel of stewards or members who are not elected DBURs, to SEIU Local 1000 SBAC or BUNC meetings.

NOTE: SEIU Local 1000 is only responsible for funding the travel expenses of elected DBURs to SBAC and BUNC meetings.

*305 - SEIU Local 1000 Meetings:* 305 includes the costs of attending all SEIU Local 1000 meetings. This includes meetings of the Council, generally held quarterly, Local 1000 Committees, and any other Local 1000 meeting for which the DLC incurs a cost.

The 400 accounts cover Other Expenses.

*401 - Training* includes the costs of member training and conferences. Examples are the Human Rights Conference, the Women's Conference, or officer's financial training.

An important note: Steward training should *not* be charged to this account but to Account 105, the Job Steward Expense account.

**402 – Travel Advances:** This is a ‘suspense’ account for any money issued to a DLC officer, steward or member as an advance prior to a meeting or event before actual costs are incurred.

Expense claims must be submitted with receipts after the travel or the money repaid within 30 days of the travel date.

All advances should be listed when writing checks. Then when a travel claim is submitted, a credit for the advance should be posted. When *creating* annual budgets, this line should be \$0.00.

**403 – Telephone:** This account covers costs related to initial set-up of the telephone including the purchase of the telephone equipment, the connection, any internet charges, monthly recurring charges, and other applicable fees and licenses.

All requests for reimbursements for telephone expenses are required to be supported by original copies of all the pages of the billing statement from the telephone company. This requirement is for verification purposes and also for audit purposes.

**404 – Supplies:** Includes the cost of miscellaneous supplies, such as note paper, typewriter ribbons or print cartridges. *Exclude* supplies for production of the DLC newsletter or meeting supplies that are *directly* related to a meeting or activity.

For example: announcement fliers for a worksite meeting are charged to Account 107, Worksite Meetings.

**405 – Postage** covers postage costs such as stamps and certified letters. If the postage is for a specific mailing such as a newsletter or a DLC meeting notice it should be charged to either 101 or 104.

**406 – Publications** - This account includes the cost of any publications purchased by the DLC such as books, pamphlets, and newspapers that benefit the stewards or the DLC officers.

**407 – Rent** - is any rent paid for a DLC office.

**408 – Equipment Maintenance and Rental:** Use this account for equipment rented or leased by the DLC, as well as the maintenance of the DLC equipment. Examples include, but are not limited to, copiers, fax machines and computers.

**409 – Equipment Purchase:** This account covers the purchase of equipment such as computers, phones, file cabinets, tape recorders, etc. that have a value of more than \$100.00 each.

An updated inventory and a quarterly financial report must be completed

and submitted to SEIU Local 1000 headquarters when any equipment is purchased.

*410 - Service Charges:* These are fees or charges from the bank that appear in the monthly bank statement of the DLC. It is important that these fees or charges be reviewed by the DLC for legitimacy and reasonableness.

NOTE: Bank charges are waived for DLCs whose books are done in the Finance Office. This is because the bank waives those charges or fees.

*411 - Miscellaneous Chargeable:* Other expenses that are unique to the DLC or do not fall into another category are charged to 411. These other miscellaneous expenses may be incurred as long as there is an identifiable direct benefit to the members and fee payers. These expenses need to be explained in the comments section of the quarterly report.

*412 - Miscellaneous Non-Chargeable:* This account includes other expenses that are not covered in the above descriptions that are non-chargeable to fee payers. Anything that is distributed as items for 'members only' would fall under this category. The expenses need to be explained in the comments section of the quarterly report.

NOTE: This is a non-chargeable expense account and together with the other non-chargeable accounts is subject to the guideline limit of 10% of the budgeted revenue for that given budget year.

*414 - SEIU Activities and Events* includes costs related to activities that SEIU Local 1000 supports for SEIU International and other SEIU Locals. Activities in the past have included the Bridge Walk for Health Care, Health Care Rally at Capital and SEIU International Convention.

NOTE: This is a non-chargeable account and together with the other non-chargeable accounts is subject to the guideline limit of 10% of the budgeted revenue for that given budget year.

## **Financial Accounting and Reporting**

### *[Calendar Year]*

The accounting period for the DLCs is the calendar year, which is January 1 through December 31.

*State and Federal Reports:* Local 1000 provides each DLC with the federal tax ID number to be used by each DLC for the establishment of bank accounts and the filing of necessary federal tax forms. Local 1000 will notify DLCs of any federal and state tax reporting requirements and provide necessary assistance, with the exception of the actual preparation and filing of the tax documents.

### *[DLC Accounting]*

To comply with state and federal regulations regarding the collection and disbursement of dues, DLCs are required to follow standardized accounting procedures for the portion of dues allocated to them.

Local 1000 will provide each DLC with a handbook with information and forms to account for and report income and expenditures. DLCs will use the format provided, but they may convert the format to an electronic spreadsheet.

In addition, each DLC has the valuable option of having SEIU Local 1000's DLC Finance Office perform the accounting services for them as stated in the Policy File. This service is available to all DLCs at no cost to the DLC and relieves the DLC Treasurer of a lot of work related to the maintenance of the books and records of the DLC, and complying with the filing and audit requirements.

If you choose to use this service, the DLC president must approve all expenses submitted for payment. Because checks are required to be signed by at least two officers, each issued check will be signed by SEIU Local 1000's Vice President/Secretary-Treasurer and another officer.

The DLC treasurer must monitor expenses to ensure compliance with policy, budget, executive board approvals, available cash and other considerations.

The treasurer and the DLC finance committee are charged with preparing the DLC budget and the reports of financial status to the membership.

If the *DLC* prepares the DLC finances, the DLC will:

- Issue all approved DLC checks that are appropriately documented
- Deposit all DLC income
- Maintain Accounts Receivable ledgers for all advances
- Issue collection letters for any unpaid bills owed to the DLC and
- File federal 1099s as required by the IRS

DLC Finance will also maintain and file all reports required by Local 1000, except the annual budget and inventory, and send monthly financial statements and bank reconciliations to DLC officers.

### *[\*DLC Financial Reporting]*

DLCs report income, expenditures, reserves and assets at the end of each quarter on the DLC Financial Report form. These reports are required to be submitted to the state-wide Vice President/Secretary-Treasurer no later than the last day of the month following the end of each quarter.

Include copies of the three months of reconciled banks statements along with worksheets for all checking and savings accounts and a copy of the check register. It



is desirable to also include all documents that support the entries to the financial report such as original receipts and sign-in sheets.

#### *[Budget]*

Each DLC should submit a copy of its member-approved budget to the state-wide Vice President/Secretary-Treasurer no later than the last working day of February each year.

The budget must be prepared by the DLC Treasurer and the Finance Committee and submitted for E-Board review prior to the end of the operating calendar year, around October or November. The budget then goes to the members for review and ratification in December or earlier.

#### *[Audit]*

Each DLC shall provide all financial records to headquarters for the Fair Share Fee Annual review done by an independent auditor at the end of each fiscal year.

NOTE: There are *no extensions or exemptions* allowed for year-end reports due to the required annual audit of the DLC books and records that commences shortly after the calendar year ends.

#### *[\*Certification]*

Quarterly reports and copies of the budget shall be signed as certified by the DLC president and treasurer.

*Reserves:* The total accumulation of liquid assets of DLCs shall not exceed the greater of \$6,000 or six month's dues. Some examples are cash accounts, money market accounts, and accounts receivable.

#### *[\*Reasons for Forfeiture]*

1. Any DLC whose reserves exceed the stated threshold shall forfeit its share of dues and fees for each month that the reserves exceed such level.
2. Any DLC that fails to comply with the filing requirement shall forfeit its share of dues and fees.

Extensions of the reporting and filing requirements may be granted for good cause by the SEIU Local 1000 Vice President /Secretary-Treasurer upon written request by the DLC President. The granted extension is limited to 30 days. Furthermore, it is desirable to submit a written request for extension at least two weeks prior to the due date of the filing requirement.

#### *[DLC Grant Fund]*

Forfeited DLC union dues and fees are reported and segregated in the DLC Fund Grant account of Local 1000. DLCs that are very active - holding DLC meetings and disseminating information to members, and thereby running short of funds - can

apply for a DLC grant.

Information and applications regarding applying for a DLC grant are available from the DLC Finance Office in Sacramento. See page 28 of the 2011 Treasurer's Handbook for details about these available funds.

### **Duties of the Treasurer**

The ultimate objective of each DLC treasurer is to produce financial reports that are accurate and easy to understand.

The DLC Treasurer is the chief financial officer of the DLC, and as such, must maintain accurate records of all DLC financial activities. The treasurer should have a general understanding of record-keeping.

Since the treasurer is responsible for money that comes from member dues and Fair Share Fees, there is a requirement and an assumption that treasurers are absolutely honest and always fiscally responsible. You must keep in mind that the funds being spent come from people who count on our union to use them responsibly.

The treasurer must also monitor the DLC to make sure it is operating within the member-approved budget.

Generally, the DLC Treasurer:

- Is the custodian of all assets and records of the DLC
- Is responsible for ensuring compliance with Local 1000 financial policy and procedures as well as government regulations and standard accounting practices
- Presents financial information to the E-board and general membership of the DLC
- Serves on the DLC E-board
- Leads preparation of the DLC annual budget as a member of the finance committee
- Provides information for all DLC income from dues and other sources, and all checks for authorized expenditures\*
- Arranges for all DLC financial records and required information to be sent to headquarters for the annual Fair Share Fee audit that must be done by a CPA firm arranged by SEIU Local 1000, and
- Prepares financial reports required by law

#### *[Additional duties for DLCs Opting out of the DLC Finance Service]*

DLCs that choose not to use the DLC Financial service have bookkeeping duties in addition to those just listed. Those duties are:

- \*Maintains accounts for all revenue from dues and other sources, and issues all checks for authorized expenditures

- \*Prepares monthly financial reports for the DLC officers and, as required, for DLC and other meetings
- \*Prepares quarterly financial reports in the format specified by headquarters and submits them to DLC Finance
- \*Submits DLC financial records quarterly to DLC Finance for reporting purposes and annual audit
- \*Prepares and submits reports and forms required by state and federal law
- \*Prepares background material and estimates based on past activity and other sources for use in drafting the annual DLC budget.
- \*Cooperates with the DLC secretary, if there is one, in the maintenance of membership records.

Although the above duties may sound as though the DLC treasurer should have an accounting background, only a general understanding of basic record keeping is necessary to accomplish the treasurer's tasks.

## **Handling DLC Funds**

### *[Overview]*

The treasurer handles the funds of a DLC and holds a financially accountable position. The DLC relies on the treasurer to safeguard the funds, to maintain accurate records, to collect all the monies due to the DLC and to pay the DLC's bills. It is important that the Treasurer's Manual and generally accepted accounting practices are followed and all monies are accounted for. This section provides some suggestions on procedures that can help the treasurer keep effective financial records.

### *[All DLCs]*

All expense claims and invoices should be approved by the signature of the DLC president, except as noted in this section. No individual can approve his or her own expenses. Expense claims for the DLC president should be approved by signature of the DLC treasurer.

### *[\*DLCs Not Using DLC Finance]*

All DLC financial transactions should be carried out using a checking account that requires the signature of the treasurer and the countersignature of one other officer, usually the president. Therefore, it is advisable that at least the president, the vice president and the treasurer of the DLC be joint bank account holders for the DLC.

This will guarantee that the two required signatures are on any check at all times. All incoming money or checks should be deposited to the DLC bank account without delay.

## **BLANK CHECKS MUST NEVER BE SIGNED BY AN OFFICER.**

All checks should be used in numerical order and accounted for. A check that has

been voided should be listed, and accounted for in the register as “VOID.”

Bank statements should be reconciled monthly by an officer or E-board member who does not make deposits or withdrawals.

A permanent running record of all receipts and expenditures of the DLC must be maintained on a current basis. The technique recommended is the use of a manual cash receipts and disbursements register.

Most banks levy a service charge or other charges on checking account customers. These charges must be posted as expenditures in the cash receipts and disbursements register on the date that they are posted in the bank statement.

The bank statement will show the amount of such charges when they are made. The person reconciling the bank statement with the cash receipts and disbursements register or journal must carefully review the bank charges for legitimacy and correctness.

If the DLC prepares its own finances, the DLC should establish the checking account with a financial institution that returns or provides electronic images of canceled checks. This is required for audit purposes.

The cash receipts and disbursements register should present an accurate record of the amount of cash remaining in the DLC’s basic checking and savings accounts. To accomplish this, all expenditures must be paid by check and all monies received must be deposited in the bank when they are received.

**No cash withdrawals should be made from accounts. Also, automatic payments and ATM cards may *not* be used for withdrawals or any other DLC transactions. *There are no exceptions.***

You must save all check images or canceled checks, bank statements, receipts, vouchers, completed cash receipts and disbursement registers for at least five years. In addition, all DLCs must keep any other financial records and minutes of all meetings for a minimum of 5 years.

#### *[Reporting]*

DLCs have the option of archiving DLC records with the DLC Finance Office following the annual Fair Share Fee audit review.

A monthly financial statement should be prepared\* and presented at all DLC meetings. If your accounting is being done by DLC Finance, they will do the preparation of your report for presentation to the DLC members or E-Board.

Approval of monthly financial reports should be done by the DLC E-board. Also, financial reports should be available for inspection at all times at the request of DLC members.

Financial statements should be presented in the standardized format. Postings or entries to the cash receipts and disbursement journal must be in chronological order, or by the date the checks are issued and the date the money or checks are deposited in the bank. All postings or entries to the journal must be fully supported by required documents and receipts.

## **Expense Claims**

Specific guidelines must be met in order to be reimbursed for any expenses that a steward incurs for DLC union business.

### *[Approval]*

The information provided in the travel expense claim, or 'TEC' form, must be complete, true, accurate and signed. Unsigned TEC's will be returned without being reviewed. Claims requiring receipts and other documents must be fully supported by these documents; otherwise the claims will not be paid.

### *[Guidelines]*

The following are the principal guidelines for travel expense claims to be reimbursed by the DLC:

The all-encompassing rule is: all expenses must first be authorized by the DLC president or the E-Board. Do not spend your own money without prior authorization by the DLC.

- Expenses are limited to the approved DLC budget. The DLC must operate

The expense claim form must be signed by the individual, or claimant, requesting reimbursement; The expense claim form must be reviewed, approved and signed by the DLC president with the exception of the president's claims which must be approved by the DLC treasurer;

Donations of any amount must be approved by the DLC E-board and evidenced or included in the E-Board meeting minutes attached to the claim;

Expenses incurred by a member attending a Local 1000 Council or SBAC meeting at the expense of the DLC must be approved by the DLC's E-board and evidenced by E-Board meeting minutes attached to the claim;

All equipment purchases of \$500 or more must be approved by the DLC's E-board and evidenced by E-Board meeting minutes attached to the claim;

All non-recurring or un-ordinary expenses of \$500 or more must be approved by the DLC's E-board and evidenced by E-Board meeting minutes attached to the form;

The DLC may *not* authorize expenses related to political activities. Any expenses of this nature must be coordinated with SEIU Local 1000 Political Director; the parameters of the member-approved budget.

### *[Documentation]*

The following is a list of the kinds of documentation that are required for reimbursement of expenses.

- Receipts are required for all expenses with the exception of bridge tolls, mileage, per diem meals *for overnight travel*, and parking up to \$5.
- Taxi, air-porter, shuttle, bus, BART and other transportation costs all require receipts. These can usually be obtained simply by asking for them. For BART, purchase your ticket with a major credit card or purchase a ticket for \$.05 your transportation cost and keep the ticket as your receipt.
- Sign-in sheets are required for any meeting expenses you want to be reimbursed.
- All activities and purchases should be described clearly on the expense form in order to charge the expenses to the correct expense account for reporting purposes

NOTE: the mileage rate fluctuates periodically Members are advised to contact Mileage claims should be supported by the physical address of the meeting and a mileage calculation. It is recommended but not required that a mileage/route report be printed in support of the claim. This additional information facilitates the review of the expense claims.

DLC Finance for the current rate.

- Meal allowances are only permitted for overnight travel. Departure and arrival times must be included on the form because there are certain time limitations. See the DLC Expense Claim instructions sheet for more information.
- When the cost of mileage exceeds the cost of standard airfare, the lower amount will be paid.

### *[Submission]*

Since things can get lost while traveling, it is highly recommended that you keep copies of the expense claim form and all supporting documents and receipts for your records.

Mail the completed and approved DLC expense claims to the DLC Finance office.

## **Invoices**

### *[Approval]*

All invoices must be approved by a signature of the DLC president either on the invoice or on a DLC check request form.

Invoices for donations of any amount must be approved by the DLC's E-board and evidenced or included in meeting minutes which are then attached to the invoice.

All equipment invoices for \$500 or more must be approved by the DLC's E-board and evidenced in meeting minutes attached to the invoice.

All invoiced non-recurring or un-ordinary expenses of \$500 or more must be approved by the DLC's E-board and evidenced in meeting minutes attached to the invoice. Examples of this include the purchasing of t-shirts or sending a member on

an overnight trip for a conference or training.

Remember, any and all expenses must be limited to the approved DLC budget.

#### *[Documentation]*

Invoices that are to be paid must show the name and address of the vendor that is billing the DLC, the date of the purchase or service, the invoice number, the total dollar amount of the purchase and all details of the purchase. Also, you will need to write a note on the invoice stating “Billed-to” and your DLC number.

#### *[Submission]*

When your invoice is complete and approved, mail it to the DLC Finance Office in Sacramento.

### **Meeting Minutes**

It is important that minutes be properly recorded for every executive board meeting, membership meeting, and committee meeting of the DLC. Minutes are a record of the meeting and they are used to document decisions, discussions and even dissenting or minority opinions that are voiced at the meeting.

There is no required format for the minutes but they must have the following information:

All meeting minutes are required to be submitted to the office of the Vice President

The DLC #

The location/address, date and time of the meeting

The names of E-Board members present and absent during the meeting

A brief description of business discussed during the meeting

Whether the required quorum was present if any action items were submitted for review and approval.

(A quorum exists when 50% plus 1 of the voting E-Board members are present during voting.) There should be a clear description of such action items, or motions, and a record of who made and seconded the motion and also the number of ‘yes,’ ‘no’ and abstained votes, and finally,

A statement that the meeting was adjourned.

of Bargaining at the end of the year.

In addition, copies of all minutes involving *financial* decisions must be submitted to the Vice President Secretary/Treasurer at the DLC Finance Office at the end of the year. All minutes are subject to an independent auditor’s review. It is recommended that these minutes be submitted immediately after the meeting because some purchases require written approval of the E-board to be on file before a check is issued.

### **Preparing the Budget**

The DLC budget is an estimate of expected expenses or costs for a given budget year. The budget year for the DLC and SEIU Local 1000 begins on January 1 and ends on December 31. Each DLC is required to submit a budget for the upcoming year. The budget is subject to review and approval by the E-Board and the members in that

DLC. The following are guidelines for preparing the DLC budget.

*[Prepare the Budget]*

The budget should be prepared by the DLC Finance Committee headed by the DLC treasurer sometime around October of the current operating year. It is highly recommended that the E-Board discuss and approve the activities for the next budget year first, so that the Finance Committee can appropriately budget for those activities.

It is appropriate for the E-Board to review the proposed budget and make recommendations to the Finance Committee. The DLC secretary must schedule a DLC general membership meeting no later than December of the current operating year for the exclusive purpose of submitting the proposed budget for members' review and approval.

The proposed budget requires approval by registered union members of the DLC no later than December 31<sup>st</sup> before the new budget year. A majority vote from union members attending the meeting is required for approval. Non-union members cannot vote.

The member-approved budget that is signed by both the DLC president and the treasurer is required to be submitted to the statewide Vice President/Secretary-President/Secretary-Treasurer no later than February 1<sup>st</sup> of the new budget year.

E-Board members must meet around October and discuss the DLC planned activities for the following year.

The treasurer should make note of the E-Board approved activities for the upcoming year, then review the budget and the actual year-to-date financial reports of the DLC for the last 2 or 3 years.

Start the budget with the average amount for each account for the last 2 or 3 years. For example, if the amounts incurred under expense account number 101 were \$6,000.00 in 2009 and \$4,000.00 in 2010, the average amount will be \$5,500.00. That is, \$6,000.00 plus \$4,000.00 divided by 2 years. So you will start with \$5,500 for the new budget for account 101. You will do this for each account.

Next, adjust each expense account according to the activities planned by the E-Board for the upcoming year until a good balance has been achieved together with all the other accounts.

The total amount of the non-chargeable accounts must not exceed 10% of the budgeted revenue of 12 months of the DLC's union dues allocation. If possible limit the expenses that are non-chargeable.

Revenue should be based on the most current monthly union dues allocation. Use the gross amount without deduction for any expenses multiplied by 12 months to get the



annual amount.

The budget must not result in a deficit or a negative amount. This occurs when total estimated expenses are higher than the total of estimated revenue or income plus the estimated year-ending cash balance.

Contact DLC Finance Office for additional help or guidance in preparing the DLC budget.

Throughout the year, the DLC treasurer will accurately record the cash receipts\* and disbursements\* of the DLC and measure the actual financial activity against the member-approved budget

DLCs taking advantage of the DLC Financial service will receive monthly 'Budget vs. Actual' activity reports from Local 1000. The treasurer can then compare the actual costs for each expense account to the member-approved budget.

### **Deadlines and Due Dates**

Monthly financial reports must be reviewed and approved by the DLC E-board. These financial reports should be available for inspection by a DLC union member upon request.

Due Date	Item
January 31	*4 <sup>th</sup> quarter reports
February 1	Budget received by DLC Finance
February 1	Complete inventory list as of December 31
February 1	All minutes of DLC and E-board meetings
April 30	*1 <sup>st</sup> quarter reports
July 31	*2 <sup>nd</sup> quarter reports
October 31	*3 <sup>rd</sup> quarter reports
December 31	Budget approved by DLC membership
25 <sup>th</sup> of each month	All invoices, claims, etc. submitted for processing

This is a chart of the items that are required for submission to the office of the statewide Vice President/Secretary-Treasurer. The due dates are the dates when these documents should be *received* at Local 1000, in the DLC Finance Office. Therefore, you should allow at least seven days for mailing time. Certified or tracked mailing is recommended - a delivery signature is not required.

### **Forfeiture of Local Representation Funds (Dues)**

The SEIU Local 1000 Policy File allows for the monthly funding of the DLCs from member dues. The monthly union dues allocation to the DLC is currently (January 2012) a flat amount of \$220.00 plus \$.85 per registered union member within the DLC.

A DLC will forfeit the monthly dues allocation if either its current fund balance exceeds the larger of \$6,000.00 or six months of monthly dues allocation and/or if it fails to meet the filing requirements. Dues will continue to be forfeited if the DLC fund balance remains above the said threshold and/or the DLC continues to miss the filing requirements.

*[Request for Waiver of Forfeiture]*

Requests for extensions of time to file quarterly reports, budgets and other reports may be submitted in writing to the statewide Vice President/Secretary-Treasurer before the due date. Waivers are not automatically approved but may be granted on a case-by-case basis.

There are no extensions granted at the end of the year. The accounting records are audited annually by an independent CPA firm and end-of-year extensions are not permitted on the basis that it would prevent the auditors from completing the audit in compliance with state regulations.

### **Cash Receipts and Disbursements Register**

*[The Register]*

A cash receipts and disbursements register\* is used to record each item of revenue such as dues and interest, and each check drawn on the account of the DLC.

The treasurer identifies which DLC account is affected by the activity or transaction using the code numbers from the chart of accounts addressed earlier in this course.

Date	Ck. No.	Description	Acct	Exp	Inc	Bal-Ckg	Bal-Svgs
1/1		Bal Fwd				\$825.15	\$3,000.00
1/11	144	T. Green - TravAdv	402	400.00		425.15	
1/11	145	Ace Printing	104	58.50		366.65	
1/19	146	J. Brown	105	16.80		349.85	
2/4	DEP	Jan. dues	001		832.50	1182.35	
2/16		Bank Div	002		16.67		3016.67
3/10	TR	<b>From Svgs to Ckg</b>		500.00			2516.67
3/10	TR	From Svgs <b>to Ckg</b>			500.00	1682.35	
3/15	147	S. Smith - Pres.	103	150.00		1532.35	2516.67

The treasurer then records the balance in the checking account along with the outstanding checks and charges. All reserve accounts should also be posted to the register.

This register is the basis for all the reports that are developed whether they are for members or officers.

*[Exhibit 1]*

Be sure you have downloaded the SkillBrief titled 'Exhibit 1: Receipts and Disbursements Register' before you start this next portion of the course so you can refer to it for the following examples of register entries.

Note that any DLC using the central accounting service is not responsible for *keeping* the register, just for reporting on it to officers and members.

READER SKIP TO #1 below - do not read the table

- 1) On January 1, the correct checking and savings account balances are posted as the first entry in the register: \$825.15 in the checking account; \$3,000.00 in savings.

After that, expenses are entered by date and check number, and income entered by type and source.

*See Line 1 on Exhibit 1.*

- 2) On January 11, an advance for travel was issued to T. Green in the amount of \$400.

Using the chart of accounts you will see that 402 is the correct account for travel advances.

The amount is charged to 402 and the checking account balance is reduced by \$400.

Since no action was taken against the savings, there is not need to restate the \$3,000 balance.

*See Line 2*

- 3) On January 11, check number 145 was issued to Ace Printing for printing of the DLC newsletter.

A check in the amount of \$58.50 was charged to account 104.

The checking account balance was reduced by the same amount.

*See Line 3*

- 4) On January 19, check number 146 was issued to J. Brown to reimburse her for \$16.80 for expenses incurred for a steward meeting using account number 105, and the checking account again was reduced by that same amount.

*See Line 4*

- 5) On February 4 the DLC received its dues income check for January from SEIU Local 1000 in the amount of \$832.50. That amount was recorded on the cash receipts and disbursements register against account 001. The check was deposited into the DLC checking account and the balance appropriately increased.

*See Line 5*

- 6) On February 16 the DLC was notified by the bank in which its savings are deposited that the \$3,000 account had increased to \$3,016.67 by payment of a dividend by the bank. Dividend income of \$16.67 is posted to the cash receipts and disbursements register against account 002 and, since the bank kept the money, the reserve account of \$3,000 is increased to \$3,016.67.

*See Line 6*

- 7) On March 10<sup>th</sup> the treasurer withdrew \$500.00 from the savings account at the bank and deposited it into the DLC checking account. No account is recorded because the transaction does not involve either additional income or expenditure to the DLC. The checking account and savings account balances on the cash receipts and disbursements register are adjusted.

If the DLC had anticipated using DLC savings to balance its budget, and the \$500 amount withdrawn from savings and transferred to the checking account is within the amount expected to be used, no report of the transaction is necessary.

However, if the transaction was not expected, the DLC treasurer must immediately inform the appropriate DLC executive committee of the event.

*See Lines 7 & 8*

- 8) The DLC has a policy of providing the DLC president with a \$50 monthly for out-of-pocket expenses and on March 15 the check for \$150 is issued to the president covering the first three months of the year. Account number 103 is recorded and the checking account reduced by the \$150 payment.

*See line 9*

At the end of each month the treasurer checks the accuracy of the register by totaling the expense and income columns. As can be observed in the first three

months of this register, the DLC paid expenses of \$625.30 and received income from dues and dividends of \$849.17. Its beginning bank balance was \$3,825.15 (\$825.15 plus \$3,000). When the expenses of \$625.30 are subtracted from that balance and the income of \$849.17 is added to it, the balance at March 31 should be \$4,049.02.

## **Financial Reports**

DLC Financial Reports can be prepared as easily as the check register.

For more information and to see the actual budget and report examples, take a look at the SkillBriefs listed on this slide. You can download them from the Resources Tab at the bottom of the screen.

These documents are also part of the 2011 Treasurer's Handbook.

After the Cash Receipts and Disbursement Register is balanced, totals for the quarter are transferred to the corresponding account numbers on the Financial Report.

Notation should be made regarding the transfer of funds to checking from savings. Copies of all three months' bank statements and the check register should be attached to the Financial Report and submitted to SEIU Local 1000.

### *[Two special cases]*

A complete year of Cash Receipts and Disbursements Registers, one for each quarter, and the quarterly Financial Report that show activities posted on each of the registers is in SkillBrief Exhibit 4-B.

Occasionally there will be an expense that is unusual. One Special Case deals with a DLC having work performed for them by SEIU Local 1000 or by CSEA. When this occurs, CSEA's accounting unit will subtract the charges for the work performed by CSEA for the DLC from its monthly dues check, if you do not have your books managed by DLC Finance. See line 7 on the 3<sup>rd</sup> Quarter Cash Receipts and Disbursements Register. The dues income in this case is \$765 and the net DLC check is \$442. The \$765 is reported as income with the \$323 expense for printing and mailing costs of the DLC quarterly newsletter is charged to account 104. So the net amount of the increase to the checking account is \$442. *The rule here is that the full amount of revenue and expense must be accounted for, not just the net amount.*

Another Special Case report is an example of how the DLC treasurer should report authorized advances. The DLC's DBUR for Unit 4 is authorized to attend the SEIU Local 1000 Council meeting and the estimated costs in connection with that attendance will be \$300. It is a common practice for activists within each DLC who the DLC has authorized travel expenses to attend SEIU Local 1000 or CSEA meetings

to request a cash advance. This will minimize the impact of volunteer activities on their personal finances.

When the authorized advance is made for the DLCs DBUR to attend SEIU Local 1000 Council meeting, charge it to account 402 (See check #155, line 1). Keep a separate log of advance amounts to be accounted for and note the name and amount in this log. When the trip's actual expenses are filed, \$362.50 in this example, the DBUR submits a travel claim with receipts for reimbursement. The final entry by the DLC treasurer is to issue a check for \$62.50 to the DBUR showing account 402 credited for \$300 and account 302 debited for \$362.50. See Exhibit 4-B line 9.

### **DLC Revenue - Recap**

To recap - the basic source of revenue, or income, for all DLCs is the allocation of member dues to local representation. Dues are collected by SEIU Local 1000, and each month the DLC receives a portion of those dues for their local representation activity as mandated by the Policy File.

SEIU Local 1000's policy for use of funds issued to DLCs is outlined in Division 10CSD1.00 of the Local 1000 Policy File. See the SkillBrief titled, "Policy File Division 10 - Local Representation" for the official language about authorized and prohibited use of funds.

DLC officers must keep themselves informed with new language pertaining to the DLC's use and requirements.

### **Death Benefit Program**

SEIU Local 1000 offers a death benefit program to its members. The amount of coverage for rank-and-file members is \$1,000 as of the initial date of membership, and an additional \$1,000 per year up to \$3,000 total coverage.

The appropriate Notice of Benefit is included with the new member packet.

When an SEIU Local 1000 member dies, a SEIU Local 1000-CSEA Death Benefit Claim Form must be filled out and returned to CSEA Member Benefits Section within 12 months of the date of the member's death.

All appropriate forms and information can be requested from CSEA Member Benefits Department.

### **DLC Requests for Grants**

Grant funds are available for distribution by SEIU Local 1000.

DLC grants may be awarded by the Grants Committee based on a number of criteria. DLCs seeking a grant from the DLC Grants fund must

- Submit a request in the format specified by the Grants Committee. A request package may be obtained from DLC Finance.
- Also submit a total DLC budget for local representation and indicate the current revenue and the additional amount needed to fund the budget.
- Along with the request and the budget, provide a copy of the latest financial statement, including any DLC reserve balances.
- The request must include certification that the proposed DLC budget was approved by the DLC membership in accordance with the DLC Bylaws.
- In the request, be sure to specify the DLC's activities in the following areas:
  - a. Support of stewards
  - b. Any scheduled newsletters
  - c. Costs of membership recruitment programs
  - d. Crisis response team expenses
  - e. The cost of the DLCs communications network
  - f. Expenses for any regularly scheduled meetings
  - g. And any other area of benefit for members

Information and applications for these funds are available from the DLC finance office in Sacramento.

### **Review Questions**

1. Which of the following are true statements? [Choose all that apply]
  - a. *A DLC treasurer prepares reports required by law.*
  - b. *A DLC treasurer prepares quarterly financial reports*
  - c. A DLC treasurer prepares audits for other DLCs annually
  - d. A DLC treasurer prepares guidelines for registration

A and B are correct. A DLC treasurer prepares other reports, such as monthly financial reports for officers' meetings.

2. Statements should be reconciled:
  - a. Weekly
  - b. *Monthly*
  - c. Quarterly
  - d. Annually

The answer is B - Statements should be reconciled monthly by an officer or an E-board member - one who is not signing the checks.

3. Which of these are reasons to be accurate when charging expenses to specific account numbers? [Choose all that apply]
- a. Simplifies the procedure for completing the quarterly reports*
  - b. Simplifies the year-end audit*
  - c. Allows the secretary-treasurer to spot trends in overspending*

All three are correct - accuracy in using account coding simplifies accounting for many reasons and helps track trends in spending.

## **End of Course**

This completes Governance 310.

Your next step is to take and pass the Final Exam to complete this course.

Treasurers, take the other required courses to receive the Certificate of Completion in the Governance track.