STAYING ON COURSE:

Budgeting, Bank Statements, Reporting & Record Keeping at the Local Union level
AGENDA

- Budgeting
- Reporting
- Record Keeping
- Bank Statement Reconciliation
“A budget is telling your money where to go instead of wondering where it went.”
~ Dave Ramsey
BUDGETING

- Budgets are a financial plan
  - Projection of revenue (how much you bring in) and expenses (how much you spend)
  - Cover a specific time period (a year)
  - Looks into the future using historical information
  - Allows locals to evaluate if all financial policies fit into the financial plan
  - Ensures a positive cash flow
**What a Budget Is**
- A plan
- Always changing
- Something you reference on a continual basis
- A way to be proactive
- A communication tool to help keep everyone on course

**What a Budget Is NOT**
- Blanket approval for spending
- Set in stone
- Something you create once and then forget
- Something that needs membership approval
  - Unless it is determined that a change in dues/salary/assessment is needed
- Easily understood by all
  - Local treasurers prepare first draft and communicate it to other officers, all officers agree upon the budget plan, then have periodic revues
BUDGETING

- Know Your Numbers
  - How many funds do you have? (Local Fund + LCA’s)
  - What are the balances of each fund?
    - How much money is received by each fund every month?
    - How much money is being disbursed out of each fund every month?
BUDGETING: REVENUE

- **Dues** – are *regular* dollar amounts that members pay monthly to fund the 5 parts of SMART TD: TD, GC, SLB, Local, LCA

- **Initiation Fee** – is a *one-time* payment to the Local when a new member joins ($25.00 maximum)

- **Assessments** – are *non-regular* dollar amounts that members vote on to pay for a defined period of time to offset certain costs for one of the 5 parts of SMART TD

- **Premiums** - are *contractual* payments for goods or services such as UTUIA policies, Group Disability plans and DIPP

- **Contributions** - are *voluntary* payments a member elects to give to PAC or possibly a personal investment type of account. Contributions may have a minimum amount required to participate.
### 5-PART DUES STRUCTURE

<table>
<thead>
<tr>
<th>Division/Committee</th>
<th>Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRANSPORTATION DIVISION</td>
<td>To SMART-TD</td>
</tr>
<tr>
<td>LEGISLATIVE</td>
<td>To SLB Fund</td>
</tr>
<tr>
<td>GENERAL COMMITTEE</td>
<td>To GCA Fund</td>
</tr>
<tr>
<td>LOCAL DUES</td>
<td>To Local</td>
</tr>
<tr>
<td>LOCAL COMMITTEE</td>
<td>To LCA</td>
</tr>
</tbody>
</table>

How much do you pay into each of the 5 parts?
This Local operates on $9.00 per member per month
100 members X $9.00 = $900.00 monthly
This Local Committee operates on $20.50 p/m/p/m
100 members X 20.50 = $2050.00 monthly

<table>
<thead>
<tr>
<th><strong>TRANSPORTATION DIVISION</strong></th>
<th><strong>31.50</strong></th>
<th><strong>To SMART-TD</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LEGISLATIVE</strong></td>
<td><strong>6.00</strong></td>
<td><strong>To SMART-TD</strong></td>
</tr>
<tr>
<td><strong>GENERAL COMMITTEE</strong></td>
<td><strong>20.00</strong></td>
<td><strong>To SMART-TD</strong></td>
</tr>
<tr>
<td><strong>LOCAL DUES</strong></td>
<td><strong>9.00</strong></td>
<td><strong>To Local</strong></td>
</tr>
<tr>
<td><strong>LOCAL COMMITTEE</strong></td>
<td><strong>20.50</strong></td>
<td><strong>To LCA</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>87.00</strong></td>
<td></td>
</tr>
</tbody>
</table>

---

**BUDGETING: REVENUE**

Staying on course: Budgeting, Bank Statements, Reporting & Record Keeping
BUDGETING:

Failure to maintain records that show what Local members owe and what Local members have paid can result in a financial crisis for the Local including:

- Bankrupting the Local
- Falsely inflating/deflating fund balances
- Restricting cash flow
- Depleting cash resources
- Loss in membership
BUDGETING

- Updating PRD
  - Print out Members Variance Report for review
  - Review Email for any notifications from UTUIA Field Supervisors notifying of change in Premiums
  - Make timely Payroll deduction changes by Updating in TWA on iLINK
  - Schedule One-Time deductions if need be or payment arrangement's with the member
  - Always strive to zero out the members variance report in WinStabs
PA1 Adjustments

- A PA1 report is sent to the Local after a billing is worked itemizing reconciled transactions either owed to the local or SMART TD based on the final Audit of the billing.

- Print and Review PA1

- If member specific, update the member's record to reflect overage or shortage due

- Mathematical errors do not need to be corrected.

- Often there are questions from the auditors about your billing that require a response form you.
SMART Constitution

- Article 21B Section 48

- Each Local shall maintain a Local fund to pay the expenses of the Local, by levying Local dues on all in-service members. The amount of Local dues shall be established by the members present, voting by secret ballot, when the Local is organized.

- Each Local shall maintain a Local Committee fund to pay the cost of representation by the Local Committee of Adjustment by levying Local Committee dues, as established by the members present under its jurisdiction, voting by secret ballot, when the committee is established.

BUDGETING: SEPARATE FUNDS
BUDGETING: SEPARATE FUNDS

- Local Union monies are managed with a method called “fund accounting”
- A fund segregates the monies of the local according to purpose.
- Locals generally have one checking account that is used for all funds
  - How does a local know how much of the checking account balance is allocated to each fund?
  - Proper record keeping using Winstabs or a General Ledger is essential

SMART Constitution - Article 21B, section 64:
It shall be the responsibility of the Treasurer to credit dues and assessments paid to the appropriate Local Committee of Adjustment and General Committee of Adjustment accounts of his/her Local in accordance with the provisions of Article Twenty-One B (21B)
BUDGETING: SEPARATE FUNDS

- Winstabs Statement of Accounts
  - Print this report for every month for the local meeting and attach a list of all disbursements since the last meeting

- REMEMBER:
  - All Local and LCA money is kept in one checking account
  - Within WinStabs that money is separated into different funds:
    - The Local Fund
    - One or more LCA Funds
  - The SMART TD Constitution requires each of these funds to be self-sustaining and money cannot be transferred from one fund to the other fund

The balance of any one of the funds should never fall below zero. Parentheses indicates a negative balance.
BUDGETING: PREPARING A LOCAL & LCA BUDGET

- Artifacts needed to prepare a budget
  - Average of Local/LCA Active Dues paying Members (12-Month Avg.)
  - Local & LCA Dues Rates
  - Local/LCA Officers Salaries
  - Lost Time for Local/LCA officers (Previous 12-month Avg.)
  - Expenses for Local/LCA fund
  - Bond Premium (Previous year)
  - Estimated Tax Liability
SMART Constitution - Article 21B, section 64: The Treasurer shall, with the President and Secretary, file all reports required by Federal, State, and local laws.
REPORTING

To DOL

- Annual LM Report
- New or Updated Bylaws
- If necessary, LM-30 to disclose an Officer’s conflict of interest

To IRS (SSA)

- Annual 990, 990-EZ, or 990-N
- Annual 940 (bus only)
- Quarterly 941 (or annual 944 with IRS approval)
- Annual CT-1 (rail only)
- Annual W2/W3 (to SSA)
To SMART-TD

- Updates
  - Bylaw changes (Send to President’s Dept.)
  - Local/LCA Officer changes (Send to Directory Dept.)
  - Changes in LCA and Local dues (To Updating Dept.)
- Member contact information
  - Phone number, mailing address and email address
  - Update information in WinStabs and in iLink
- Annual TAR/Local President receipt of bank statement form
- Quarterly OE1a
- Quarterly Winstabs data
- Copies of all other quarterly/annual reports filed with other organizations
To Members

- Yearly Dues Receipts must be supplied to every member that paid dues at any time during the year.
- W2 to any Local/LCA officer/employee/member receiving taxable income
- Monthly Treasurer Report – presented at each Local meeting

SMART Constitution - Article 21B, section 64: The Treasurer shall receive all money due to be collected by the Local and give his/her receipt for the same.
Monthly Treasurer Report Includes:

- Overview of Local Accounts from WinStabs
- Listing of anything paid since last meeting
- The roster of new/re-admitted members
- The roster of E-49 members
- Listing of all reports completed and submitted since last meeting
W/S Overview of Accts

- Date on top is print date
- Beginning Checkbook Balance should match beginning balance on bank statement
- Checkbook balance and bank statement balance will not always match due to transactions in progress
- Check that the billings are current
- Check that the bank statement reconciliation is current
- Check that none of the liabilities outside the norm
Copies of quarterly and annual reports are required by the TD.

The copy you send to SMART-TD should be a signed copy.

Do not send the worksheets you use to fill out the reports.

Include the reports with your monthly billing when mailed.
Message from the DOL:
Unions must maintain financial records and other related records that clarify or verify any report filed with the OLMS.

Message from the IRS:
The responsibility to prove entries, deductions, and statements made on your tax returns is known as the burden of proof. You should keep adequate records to prove your expenses or have sufficient evidence that will support your own statement. You generally must have documentary evidence, such as receipts, canceled checks, or bills, to support your expenses. Additional evidence is required for travel, entertainment, gifts, and auto expenses.

Keep your records organized by month by year. The appearance of your records is just as important as what is contained in them.
RECORD KEEPING

Generally, You should retain all types of records used in the normal course of doing business for at least 7 years.

- Bank Statements
- Deposit Slips
- Canceled Checks
- Check Stubs
- Bank debit & credit memos
- General Ledgers
- Cash Receipts & Disbursement Ledgers
- Payroll Records (incl. deductions)
- Dues Receipts/DR Spreadsheets
- Contribution Records
- Expense Reports & Receipts
- Hotel Bills
- Air Travel Receipts
- Receipts for Meals (if entertaining others, indicate on receipt who was there and what union business it was regarding)
- Investment Reports & Records, including proposed investments
- Vendor Invoices
- Vouchers for Expenditures
- Petty Cash Records
- Contracts
- Collective Bargaining Agreements
- Insurance Policies after expiration or close of a claim, which ever is later.
- Grants
- Monthly TD Billings
RECORD KEEPING

- ALL Records Pertaining to Elections including the following shall be Preserved for one (1) year.
  - Ballot Envelope's including unused
  - Void Ballots
  - Tabulations Sheets
  - Eligibility List
  - Any other related Material
Records retained **PERMANENTLY** include (but not limited to):

- MINUTES + Attendance Registers
- Annual Audit Reports & Financial Statements
- DOL or IRS Audit/IRS Rulings
- Merger Letters
- Property Deeds, Assessments, Records, Purchase/Lease Agreements
- Historical Material
- Tax Returns/Tax Exemption Documents

**RECORD KEEPING**
RECORD KEEPING

Revenue Records must include:
- Source of Funds
- Amount Received
- Purpose of Payment
- Date Payment was Received

Disbursement Records must include:
- Purpose of expense including benefit to union
- Who monies were disbursed to
- Date and place printed on expense receipts
Check Images

- DOL requires check images of the front and back of the canceled checks. Your Bank Statement should contain all check images, if your bank statement doesn’t have them you must make arrangements to get them.
- Some banks might charge a fee for this service.
- Usually you can print the images yourself with online bank account access.
- You are required to be able to access them and reproduce them for the required retention period.
Voided Checks

- Keep the Voided Check as part of the Local’s records
- Be sure to enter the Void check in WinStabs
Printed Records vs Electronic Records

- Original document sources must be maintained when possible and practical
- Electronic records must be legible and accessible for the required retention period
  - The necessary hardware and software must be maintained to locate, retrieve, read and reproduce any stored records
  - Must be able to retrieve and reproduce electronic records as necessary

RECORD KEEPING
- **Bond**
  - Keep the Local Bond Certificate on file for DOL inspection

- **Back Up Data**
  - Back up WinStabs regularly to an external drive or a cloud service
  - This is a basic responsibility and a crucial S&T task
  - Do not forget to upload your WinStabs data to SMART-TD through iLink every quarter
Print ALL ◆ reports from WinStabs and file in Binder.
Record Destruction

- At the end of the required retention period, the Local must authorize the destruction of older year records.
- When Local Authority is obtained the best way to destroy records is to have them shredded. Do not burn or shred all documents on your own authority.

EXCEPTION: Keep all Meeting Minutes, Attendance Registers, Tax Records, forever.
BANK STATEMENT RECONCILIATION

- What Does Reconciliation mean?
  - Account reconciliation is the process of comparing transactions you have recorded for a financial account against a monthly statement from a bank or other financial institution to ensure that your account records are identical.
  - Do you have front and back check images?
  - Did you complete the Local President Financial Oversight form?
  - Does the President have access to the account?
Reconcile previous month Bank Statement in WinStabs.

Beginning balance in WinStabs need to match Bank Statement

Enter Bank Statement ending Balance and Date

Clear all Receipt’s and Debits

Correct any errors

Balance to the penny before stopping. WinStabs needs to say Balanced in order to be complete.
- Reconcile Bank Statement
- Void a check
FIELD AUDIT AND SUPPORT HELP DESK

- Call for questions and guidance
  - 1-216-227-5444
- Email: fieldauditor@group.smart-union.org
- Visit:
  https://smart-union.org/td/secretary-and-treasurer-tools/