

Local Union Administration Seminar



- A Workshop for the Local Union Secretary & the Local Union Treasurer

Who Runs Your Union?

- The Board is a permanent part of the organization provided for in the by-laws.

Who Runs Your Union?

- Members of the Board are temporary agents elected to act in an administrative capacity.

Who Runs Your Union?

- The Board has only the power delegated to it in the Constitution & By-Laws or by vote of the general membership.

Who Runs Your Union?

- IAFF Constitution & By-Laws
- Local Union Constitution & By-Laws

Who Runs Your Union?

- State & Federal Laws
- Membership
- Executive Board
- Parliamentary Authority

Constitution & By-Laws

- A Constitution is a document adopted by the members which contains the basic rules for governing itself.

Constitution & By-Laws

- It defines the primary objectives of the Union.
- It describes how the Union will function.

Constitution & By-Laws

- It is a legally binding contract between your Union and its members.
- Is yours up-to-date?
- Is it on file with the IAFF?

Local Union Executive Board

- Each Executive Board member has specific duties & responsibilities.
- They should work together.

Local Union Executive Board

- It is the duty of the Executive Board to exercise general supervision of the Union.

Local Union Executive Board

- It is the duty of the Executive Board to exercise control of the invested funds and property of the Union.

Local Union Executive Board

- The Executive Board shall have the authority to act in the name of the Local during intervals between meetings, such acts being subject to confirmation by the membership at the next regular meetings of the Local.

The Jobs Nobody Want

- Union Secretary
- Union Treasurer

What's the Big Deal?

- Extensive Duties & Responsibilities
- No Room for Errors
- Extra Work



Local Union Administration Seminar



- Performing the Duties of the Local Union Secretary

Duties and Responsibilities of the Recording Secretary

- Keeping custody of all documents, records, books, and papers.

Duties and Responsibilities of the Recording Secretary

- Keeping an accurate record of your local union and executive board meetings.

Duties and Responsibilities of the Recording Secretary

- Attesting all official documents with your signature and seal of your local.

Duties and Responsibilities of the Recording Secretary

- Conducting correspondence of your local.
- Use Union Letterhead
- Post Office Box vs. Station or home?

Duties and Responsibilities of the Recording Secretary

- Maintaining an accurate and current list of members.

Duties and Responsibilities of the Recording Secretary

- Executing and maintaining records of reports that are filed with federal and state authorities.

Main Areas of Responsibilities

- Record Keeping
- Meeting Planning
- Minutes
- Correspondence and Communications

Record Keeping

Why Keep Records?

- An accurate, unbiased record of the history of your local union.

Record Keeping

Why Keep Records?

- Accurate and appropriate records are a requirement of the IAFF, Federal Laws, the Internal Revenue Service, and GOOD BUSINESS PRACTICE.

Record Keeping

What is a record?

- Records are all materials created, received, or used for the official business of an organization.
- Records consist of all the materials that your local generates *itself*.

Record Keeping

What is a record?

- Charter & Seal
- Constitution & By-Laws
- Minutes of meetings
- Contracts
- Accounting Records
- Grievance Records

Record Keeping

What is a record?

- Arbitration Awards
- Membership Records
- Election Records
- Correspondence
- Anything else?

Record Keeping

- Records created by local officers while conducting union business are the property of the union, not the individual.

Record Keeping

- Where should files be kept?
- All information should be kept in one place! – Probably NOT at home!
- A file cabinet at the station or union office.
- A **copy** of important documents can be kept offsite.

Record Keeping

- Permanently keep only those items required by law or union regulations.
- In other words, keep files with administrative, legal, and historical value.

Meeting Planning

- Every meeting of your local should be planned in detail.

Meeting Planning

- Union Meeting Agenda should be developed with Local Union President.

Meeting Planning

- How long do your union meetings last?
- Time allocation should be given serious attention when putting together the agenda.

What you Should Bring to each meeting

- Minutes Book
- Committee Report Book
- Local Union Constitution and By-Laws

What you Should Bring to each meeting

- IAFF Constitution and By-Laws
- Roberts Rules or Atwood's
- Notebook to take minutes
- Current Collective Bargaining Agreement

What you Should Bring to each meeting

- It is your responsibility to become familiar enough with the contents of these items so you can quickly find requested information.

How to Take Minutes

- Include the date, time, the number of members present when the meeting was called to order, and verify that a quorum was present.

How to Take Minutes

- Include all motions made, seconded and stated by the chair.

How to Take Minutes

- You should read back the motion until the person making the motion is satisfied with its wording.

How to Take Minutes

- Record the name of the person making the motion.
- The name of the person seconding the motion is not required to be recorded but can be if that is the custom in your local. Be consistent.

How to Take Minutes

- Always enter the number of votes for and against if a vote is taken by raising the hand, standing, or ballot

How to Take Minutes

If voice vote is taken, simply state that the motion was adopted or defeated.

How to Take Minutes

- No member has a right to request that his/her views on any matter be “placed on the record”.

How to Take Minutes

- The only way that a member's views can be recorded is by a roll call vote, which means that all members are recorded.

How to Take Minutes

- Your personal reaction to the proceedings should never appear in the minutes. Just record the factual situation.

How to Take Minutes

- Minutes of Executive Board meetings should be handled in precisely the same manner as the minutes of the local union meeting.

Helpful Suggestions

- Use a notebook for rough notes during the meeting.
- As soon as possible after the meeting, the minutes should be typed on a computer from your rough notes.

Helpful Suggestions

- Two copies should be printed out.
- All pages of both copies of the printed minutes should be numbered and signed in BLUE or RED ink by the person recording them.

Helpful Suggestions

- Each printed copy of the minutes should be placed in three ring binders.
- Keep one binder on site and one binder off site.

Helpful Suggestions

- A copy of the computer file of minutes should be put on a disk, CD, flash drive, or USB drive that can be kept in a different location than the computer and the minutes book.

Helpful Suggestions

- Promptly send a copy to the President.
- Alert the President to items of unfinished business.

Correspondence & Communications

- The Local Union Secretary is the direct link between the Local Union and all outside entities such as the IAFF, the MPFFU, and the Employer.
- All correspondence should be sent on Union letterhead.

Correspondence & Communications

- You are also the direct link between incoming correspondence and the other members of your Local Union Executive Board.
- It is your duty to keep the membership informed.

Correspondence & Communications

Key Obligations

- Notify IAFF and MPFFU of changes in your local union executive board.
- Notify the IAFF and the MPFFU of all membership changes and contact information.
- You can now do this ONLINE!

Correspondence & Communications

Key Obligations

- Submit any changes in your Local Union Constitution and By-Laws to the IAFF for approval.
- Submit copies of Collective Bargaining Agreements & Arbitration Awards to MPFFU.

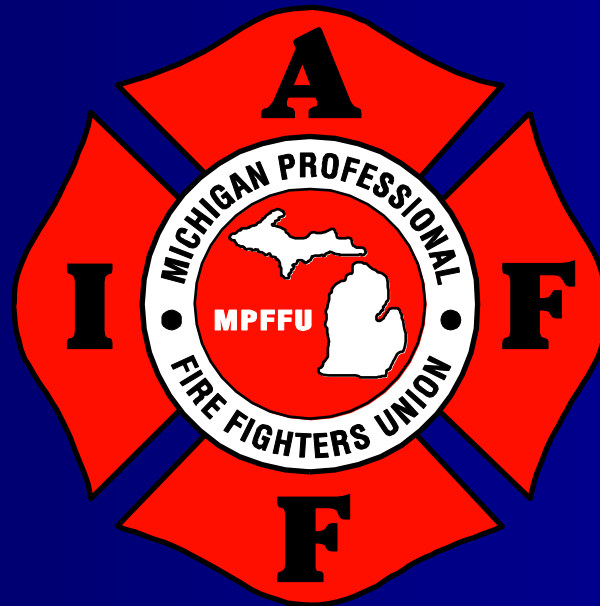
Correspondence & Communications

Key Obligations

- Make sure that seminar registration forms and convention credentials are submitted to the IAFF and the MPFFU in a timely fashion.

Where to Get Assistance

- Previous Secretaries of Local
- MPFFU or IAFF
- Network with other Locals
- All you have to do is ASK.



Local Union Administration Seminar



- Performing the Duties of the Local Union Treasurer

Duties of the Local Union Treasurer – IAFF C&B

- The Treasurer shall receive all monies due the Local, from whatever source, and shall disburse the same only by voucher signed by the President in conformity with a vote of the local.

Duties of the Local Union Treasurer – IAFF C&B

- Such disbursement shall be by check, which shall also be signed by the President.

Duties of the Local Union Treasurer – IAFF C&B

- He/she shall maintain and keep current a record of members with their dues payments, assessments, and all financial transactions promptly and accurately entered.

Duties of the Local Union Treasurer – IAFF C&B

- He/she shall forward the annual audit of the Local to the IAFF General Secretary-Treasurer, over the seal of the Local.

Duties of the Local Union Treasurer

- Maintain Records of Members & Dues
- Manage all Money Received and Disbursed
- Complete IRS Financial Reports
- Complete Annual IAFF Audit
- Prepare for IRS and/or DOL Audits

Financial Identity - EIN

- A nine digit Employer Identification Number obtained from the IRS
12-3456789
- (this is different from the nine digit social security number each individual has)
123-45-6789
- Apply by phone: 800-829-4933

Banking

- Selecting a Financial Institution.
- Establish more than one account?
- Separate accounts for general funds, designated funds, charity funds, and PAC funds.

Protection of Cash

- All funds should be deposited.
- All expenses paid by check or credit card.

Protection of Cash

- Two signatures required
- No pre-signed checks
- Monthly bank reconciliation
- Prepare financial statement

Protection of Non-Cash Assets

- List of all assets
- Tag all union owned property
(property of local, item #xxxx)
- Keep invoices of their purchase

Protection of Non-Cash Assets

- Add new items purchased to inventory
- Maintain list of the location of assets
- Inventory periodically

Reporting to Membership

- Give brief report at each meeting.
- Report should be a summary of the collections and expenditures.
- Call attention to any unusual item.

Reporting to Membership

- Treasurer's report is NOT adopted by membership

Reporting to Membership

- President should allow for questions, then state that the report will be filed for audit.
- The Annual Auditor's report IS voted on by the membership.

IAFF Audit

- Required by the IAFF Constitution
- Required for IAFF Bonding Insurance
- Easy to do – Only Two pages
- First side has 10 control style questions
- Second side is a financial statement

What is Bonding?

- Protection against financial loss through the failure of ANY officer or employee to discharge faithfully his/her duties in handling funds or other property of the Union as prescribed by law or by the Constitution & By-laws of the Union.

Bonding – Do You Have Enough?

Monitor Proper Bonding Amounts

- Calculation of amount (10% of total funds)
- Cost of coverage is minor

COVERAGE

3 YEAR PREMIUM

\$10,000

\$49.00

\$50,000

\$241.00

\$100,000

\$481.00

IAFF Local Union Auditor's Report

*10 Yes or No Questions based on
International Constitution and By-
Laws*

1. Are all cash receipts recorded and currently deposited?
2. Are all disbursements paid by check?
3. Do checks require the signature of at least two officers?

IAFF Local Union Auditor's Report

4. Were all expenditures approved and supported by invoices and other supporting documents?
5. Was there evidence of any check being signed in blank or in advance by any officer or officers?

IAFF Local Union Auditor's Report

6. Were any checks made payable to cash?
7. Are adequate minutes of membership and executive meetings maintained?

IAFF Local Union Auditor's Report

8. Was the trustees annual audit report for the prior year submitted to membership?
9. Are required federal and state payroll tax returns currently filed with the respective agencies?

IAFF Local Union Auditor's Report

10. Does the U.S. local union file "Return of Organization Exempt From Income Tax" (Form 990) with the IRS (required if receipts are >\$25,000)?

Managing the Fiduciary Responsibilities

- All dues must be paid monthly by each member – Payroll Deduction most common method.
- The treasurer is responsible for making a monthly report of any members who are delinquent in their dues.

Dues Check Off

- Must be an active IAFF member
- Do not deduct check off from paycheck unless membership paperwork has been sent into the IAFF
- Do not include non member in check offs (i.e. secretary's, etc.)

Maintenance and Filing of Per Capita

- Per Capita reports are due the 15th of each month
- Based on the number of members on 1st day of month.
- MPFFU Per Capita can be paid electronically.

Does Your Local Should Have a Budget

- No matter how small your budget, you have an obligation to the membership to ensure that funds are properly accounted for and spent efficiently.

Why Budget?

- Provides a plan for the local union to spend within its limits or permits a conscious choice to incur a deficit or surplus in a prudent manner.

Why Budget?

- Compels officers to create a plan and establish priorities.
- Gives reality to strategies, priorities, and plans.

Why Budget?

- Can help identify areas of unnecessary spending.
- Can indicate need for income to be increased. (assessments or increase in dues)

Recordkeeping

- Sound financial record management
- Limit your exposure
- Records must be accurate
- Records must be appropriate

Record Retention

- Filing system (file by month, vender, alphabetical or category)
- Secure location
- Ledger records
- Computer records must be backed up

What to Keep?

- Accounting records
- Financial reports to the members
- Signed contracts and executed contracts
- Employee tax records

How Long to Keep It?

- Most accounting records (4,5,7 years)
- LM records keep 5 years from filing
- Membership records keep 4 years

How Long to Keep It?

- IRS statute of limitations vary:
 - recommend 4 years from filing
 - understatement over 25% increases period to 6 years
 - permanent items require permanent records

Audits

- IAFF Sec-Treasurer Audits
- IRS Audits

IRS Audits

- Need Constitution & By-Laws
- Minutes
- Financial Statement
- Invoices
- Travel Vouchers and Support
- Office Site Inspection Possible

Tax Exempt Status

- Exempt under IRS code 501(C)5
- Exempt from income tax for:
 - member dues
 - interest earned
 - special event income

Common IRS Tax Mistakes

IRS Mistake 1. Poor Recordkeeping and Reporting

The IRS will fine any organization that does not report required financial information in a timely or accurate manner.

All IRS records must be maintained for four years.

Failure to report will increase the chance of an IRS audit.

How to Avoid IRS Mistake #1

Keep up to date with IRS forms.

The IRS has forms for:

- Employment
- Employee Benefits
- Business Expenses and Revenue

IRS Forms and Deadlines

Form

- W-2

- W-3

Reporting Deadline

Last day of
January

Last day of
February

IRS Forms and Deadlines

- 1099 Last day of January
- 940 Last day of January
- 941 End of month after each quarter

IRS Forms and Deadlines

Form

- 990

Reporting Deadline

15th day of the 5th month

- 1099

Last day of January

Which 990 Forms?

- Gross income under \$25,000=no return
- Gross income under \$100,000 And assets under \$250,000 = 990-EZ
- All others = 990
- Unrelated business income – 990-T

990 Forms

- Due 15th of 5th month
- Penalty for late filing is \$20 a day
- Use Form 8868 to request and extension
- 90 day extensions routine
- Can file extension for up to 6 months
- Open to public inspection

Form 990 Public Inspection

Inspection includes:

- Exemption application (if you have it)
- Form 990, 990EZ
- Officer's and Key employees salaries & benefits
- Supporting schedules
- Additional information provided to IRS up to past 3 years of returns

Form 990 Public Inspection

Penalties for Failure to Comply

- \$20 for each day, maximum \$10,000 per return
- Additional \$5,000 per return if willful

Mistake 2. Treating Employees as Contractors

Employee: An individual that performs services which are subject to the will and control of an employer

How to Prevent:

Assume that local officers are employees under IRS guidelines.

File appropriate forms.

Employment Taxes

- FICA tax (regular) = 6.2% of the first \$90,000
- FICA Med. tax = 1.45% of all wages
- Federal withholding tax = rate set by federal government
- State withholding tax = rate set by local government

Employment Taxes

- State Unemployment tax = rate set by local government
- FUTA (Federal Unemployment Tax) = 6.2% of first \$7,000 but 5.4% credit given if state unemployment tax paid:
(6.2% – 5.4% = 0.8%)

Mistake 3. Failure to Pay Tax on Unrelated Business Income

Problem:

Local is generating over \$1,000 in profits through a business they own (advertising, restaurant sales, or a t-shirt company that provides products to the general public for retail purposes, etc.)

Mistake 3. Failure to Pay Tax on Unrelated Business Income

How to Prevent:

If this exists, then check this three part test:

1. Must be a trade or business
2. Regularly carried on, and
3. Not related to exempt purpose, then

Must file Form 990T

(Note: only pay tax on net income)

Mistake 4. Failure to account for Non-Charitable Fund Raising Solicitations

Problem:

Local does not state that their fundraising for the local or fire department is non-charitable, misleading the public to think that they can deduct their donation on their individual tax return.

- *Penalty is \$1,000 a day up to \$10,000, unless intentional*
- *If intentional, there is no limit*

Mistake 4. Failure to account for Non-Charitable Fund Raising Solicitations

How to Prevent:

- Must include an explicit statement that clearly states that contributions or gifts to it are not deductible as charitable contributions

Mistake 5. Raising Red Flags

Problem:

Part VII Other Information has series of questions that require you to tell the IRS of potential audit areas

How to Prevent:

- Review such questions as 78 (990-T), 81 (1120-POL), 83 (public inspection), and 84 (solicit of contributions) a head of time
- Answer true fully, but be aware of consequences

Mistake 6. Improper reporting of political activity on Form 990

Problem:

Local does not report political activity to the IRS on Form 990.

How to Prevent:

- Form 990 Question 85 (a)-(h)
- Answer "Yes" to question 85 (a) and skip lines 85 (b) through (h).

Mistake 7. Improper reporting of political activity on Form 990

Problem:

Local does not separate their political activity funds from their other interest bearing accounts. This leads to the IRS taxing the interest of all the local's revenue.

How to Prevent:

Create and maintain a separate segregated political fund. If the interest on this separate account goes above \$100, file IRS form 1120-POL

990 Filing Hints

- Organization is 501 (c) 5
- This is a separate return filed with group exemption #0160
- Part II: only needs totals
- Part III: list exempt purpose, (i.e., improve the working conditions of members) do not show expenses

990 Filing Hints

- Part VII: Amount must equal Part I and use exclusion 01 for occasional fundraisers and exclusion 14 for interest income
- Part VIII: Be sure to give adequate explanation (dues are a PCT assessed to each member to pay the cost of negotiation of better working conditions)

Miscellaneous

BINGO

- Must be conducted in the presence of players
- Use volunteer labor
- Responsible for paying withholding tax on prize

Michigan Raffle Guide

- www.michigan.gov.cg
- Charitable Gaming Division of Michigan Lottery.
- Almost all raffles conducted in the State of Michigan need to be licensed.

What is a Raffle?

- If you are charging people or requiring them to donate or provide something of value to participate in a drawing where a prize will be awarded, then you are conducting a raffle.

What is a Raffle?

No license needed if:

1. Conducted at an organizations single gathering.
2. No tickets sold prior to the scheduled beginning time of the gathering.
3. Total value of All prizes < \$100

What is a Raffle?

A license is needed for:

- 50/50 tickets
- Door prizes
- Raffle Tickets
- Calendar Raffles
- Duck Race

What is a Raffle?

A license is needed for:

- Animal raffles – Cow drop
- Door prizes
- Texas Hold-em and other card games
- Daily 3/Daily 4

Applying for 501(c)(3) Tax-Exempt Status

- Must have a charitable, educational, religious, scientific, or testing for public safety mission
- Permanent commitment of assets to exempt purpose
- Public support (or be private foundation)

Applying for 501(c)(3) Tax-Exempt Status

- No political or lobbying activities
- Defined class of open ended beneficiaries
- Application for EIN on Form SS-4
- Application for Exemption on Form 1023

Responsibilities of 501(c)(3) Status

- Segregate all funds
- Recordkeeping detail by sources
- Provide receipts to large contributors
- No political or lobbying activities

Responsibilities of 501(c)(3) Status

- Classification of expenses by Program, Management, and Fundraising
- File Annual Information return (990s)
- File Schedules A and B (disb. & donors totals)

Documentation of Business Expenses

Accountable
Vs.
Non-Accountable Plans

Documentation of Business Expenses

Accountable Plans

- Business Connections
- Substantiation
- Return amounts in excess of expenses
- Timeliness of both Substantiation and return of excess

Documentation of Business Expenses

Accountable Plans (continued)

- Business Connections: Must be able to show the primary purpose of the trip is for business.

Documentation of Business Expenses

Accountable Plans (continued)

- Substantiation
- Travel and Automobile Expenses
 - Amount
 - Time
 - Place
 - Business Purpose

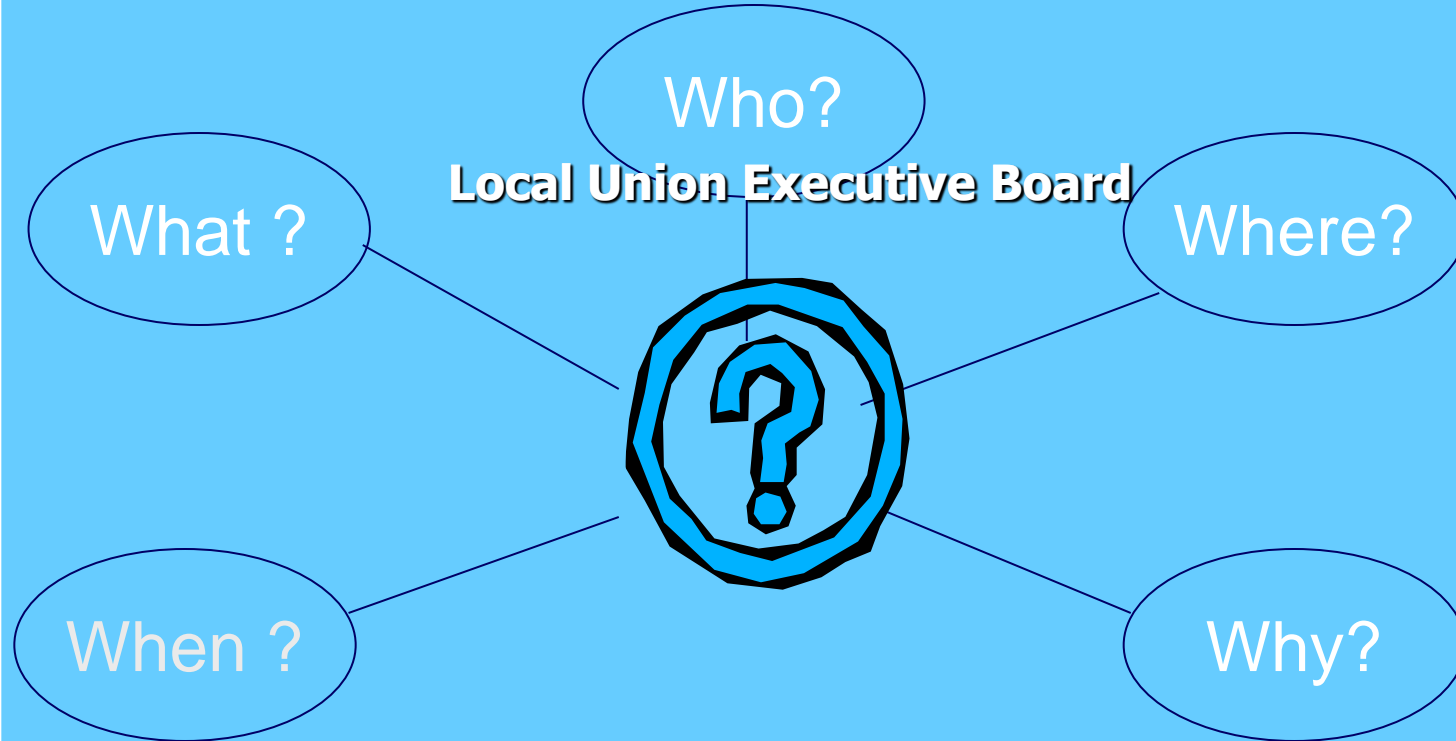
Documentation of Business Expenses

Accountable Plans (continued)

- Return Amounts Not Substantiated
- If per diem allowance is higher than federal rate, excess does not have to be returned as long as other elements of substantiation are provided

Documentation of Business Expenses

IRS Substantiation Rules



Individual Tax Questions

Where to Get Assistance

- Previous Treasurers of Local
- MPFFU or IAFF
- Network with other Locals
- C.P.A.
- All you have to do is ASK.



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