

## **PREFACE**

California State Retirees (CSR) ByLaws and Governing Rules provide the controlling authorities for CSR governance and guidelines for all operations.

This guide is intended to help chapter treasurers carry out their duties and responsibilities in a way which (1) increases the understanding of the financial status of the chapter and (2) does not require excessive volunteer hours to accomplish.

This guide will also be useful to chapter presidents, who have overall responsibility for chapter operations. Other chapter officers should familiarize themselves with all aspects of chapter operations as it pertains to their office.

Well-informed chapter officers will have an easier task of consistently explaining to the members where their dues money has been used and how members benefit from the program expenditures. The ultimate objective of each chapter treasurer is to produce financial reports that are accurate and easy to understand. We hope that the material in this handbook is helpful in achieving that objective.



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## **DUTIES OF THE CHAPTER TREASURER**

The chapter treasurer is the chief financial officer of the chapter and, as such, must maintain accurate records of all chapter financial activities. Generally, the Chapter Treasurer's duties are:

- ◆ Accounts for all chapter revenue from dues and other sources, and issues all checks for authorized expenditures;
- ◆ Completes the monthly reconciliation of check register with bank statement;
- ◆ Prepares written monthly financial reports, as required, for chapter and other meetings;
- ◆ Prepares written quarterly financial reports for submission by the chapter president to headquarters accounting;
- ◆ Acts as the custodian of all assets and financial records of the chapter;
- ◆ Arranges for audits of the financial records of the chapter;
- ◆ Prepares all financial reports required by law;
- ◆ Provides evaluation of previous expenditures and resources and provides estimates for use in drafting the annual budget;
- ◆ Works with the chapter secretary, if there is one, in the maintenance of membership and other records.

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

## **HANDLING CHAPTER FUNDS**

The treasurer is responsible for the funds of a chapter and thereby holds a vitally important position. The chapter relies on the treasurer to guard the funds and maintain accurate records, collect all the monies due the chapter and pay the chapter bills. It is important that good bookkeeping practices are followed and all monies are accounted for. This section provides guidance on procedures that can aid the treasurer in keeping the bookkeeping system functioning smoothly and effectively.

All chapter financial transactions should be carried out using a checking account that requires the signature of two authorized chapter members. **There must always be at least 2 authorized signers on all disbursement documents.** The signers on any check must not be a payee of that check and the dual signatures must be signatures of two authorized members that have no relation to each other, i.e. not husband and wife, mother and daughter.

All incoming money should be deposited without delay, to prevent loss.

### **BLANK CHECKS SHOULD NEVER BE SIGNED IN ADVANCE**

All checks shall be used **in numerical order**, immediately recorded in the check register and therefore accounted for.

Only one sequence of checks should be used.

**Bank statements shall be reconciled monthly**, soon after the bank statement becomes available

**A permanent running record** of all receipts and expenditures of the chapter must be maintained on a current basis. The recommended method is the use of a “Cash Receipts and Disbursements Register”.

Efforts should be made to establish the chapter’s checking account with a financial institution that makes cancelled checks available. Copies of cancelled checks printed from the internet are acceptable. The service charge or other checking account charges should be listed as expenditures in the “cash receipts and disbursements register” when the bank statement is received. Some banks do not charge monthly service charges if you have direct deposit or meet some other criteria, but you need to ask for this. If the bank charges for returning canceled checks, these charges should also be listed as monthly bank service charges.

The “Cash Receipts and Disbursements Register” should present an accurate record of the amount of cash remaining in the chapter’s basic checking account **and** any savings account or Certificate of Deposit (CD). To accomplish this, **all expenditures must be paid by check** and all monies received must be deposited in the bank **as soon as they are received.**

Chapters are **NOT AUTHORIZED** to have credit cards or debit cards in the name of the Chapter or California State Retirees (CSR). If a credit card or debit card transaction is mandatory, in a specific situation, then a member's personal credit or debit card may be used. The expenses should then be submitted on an approved Travel Expense Claim (TEC), and the member reimbursed by a properly signed check. The correct support for that TEC/check transaction would be the itemized invoice or bill from the vendor and not merely the credit card or debit card receipt, from the member. For example, a bill from a restaurant should itemize the individual meals that were purchased by the Chapter and a listing of those present.

Chapters could be allowed to have an ATM/deposit card, issued by the Chapter's bank. These cards provide the ability to make deposits to the Chapter account but not make any transfers or withdrawals.

All canceled checks, bank statements, receipts, vouchers, completed cash receipts and disbursement registers and other financial transaction records **must** be saved by the Treasurer, for at least **four** years.

All chapter financial records must be turned over to the new treasurer or the president, when a treasurer retires or resigns.

**A monthly financial statement** must be prepared by the treasurer and presented at all chapter meetings. It also should be available at all times for inspection by the members of the chapter. A copy of this chapter financial statement should be kept on file by the chapter president and secretary.

Financial statements should be uniform, from month to month, and arranged in logical order according to groups and categories, and must be audited regularly.

Chapters may choose to have their accounting done by Headquarters accounting. If they choose to have HQ keep their books, they may still write checks and maintain the checkbook. There is no charge to the chapter if they choose to use HQ to keep their books. HQ will prepare their quarterly financial reports for the chapter president and treasurer to review and sign. When the books are kept by HQ, audits would not be required.

## **FINANCIAL ACCOUNTING AND REPORTING TERMS**

1. **Fiscal Year.** For purposes of satisfying state and federal financial reporting and filing requirements, the fiscal year of the chapter is from January 1 to December 31, inclusive.
2. **State and Federal Reports.** California State Retirees (CSR) has obtained a federal tax ID number for each chapter, to be used by the chapter for the establishment of bank accounts and the filing of necessary federal tax forms.
3. **Chapter Accounting.** To comply with state and federal regulations regarding the collection and disbursement of dues, it is necessary for chapters to follow standardized procedures in accounting for the portion of dues allocated to them.

CSR shall provide each chapter with a handbook containing the information and forms necessary to account for and report its income and expenditures. Chapters are required to use the format provided in maintaining financial records, except that chapters may convert the format to an electronic spreadsheet.

4. **Chapter Financial Reporting.** On the Chapter's Quarterly Financial Report each chapter shall report its income, expenditures, reserves and assets as of the end of the quarter.

Quarterly Financial reports are due to CSR Headquarters, Suite 300, by the **end of the month following the end of each quarter**, unless the books are being kept at HQ.

5. **Budget.** Each chapter should submit a copy of its approved annual budget to CSR headquarters, Suite 300, no later than the **last working day of February**. Chapters are encouraged to prepare a three-year budget, which can be revised at a later date.
6. **Chapter Audits:** The Chapter will provide audit materials to be submitted to the CSR Headquarters (see page 20, 21 for complete information on the three choices).

Any chapter that chooses to have their accounting done by CSR Accounting will be exempt from submitting audit information.

7. **Certification.** Quarterly reports and copies of the budget and audit shall be **signed by the chapter President and Treasurer**, certifying that the information provided is correct.

8. **Assets.** Liquid assets include cash accounts on deposit in financial institutions, such as checking and savings accounts, Certificates of Deposit, Money Market Accounts, any other accounts that are convertible to cash, with or without penalty, and accounts receivables, including travel and standing advances.
9. **Funds Withheld.** Effective January 1, 2014, any chapter that fails to comply with the provisions of paragraphs 4, 5, 6 and 7, above will be notified and **future dues will be withheld until that chapter is in compliance.**
10. **Exceptions to Funds Withheld.** Extensions of the reporting requirement deadlines of paragraphs 4, 5, 6 and 7 may be granted for good cause, by the Chief Financial Officer. Extensions are limited to 30 days beyond the initial due date and may be renewed only once.
11. **Chapter Grant Fund.** The CSR Chapter Grant Fund is established, in headquarters, to assist chapters that require additional funding. The amount of a chapter grant will depend upon the sustained need and the availability of funds.

Upon approval of the Board of Directors, the Chief Financial Officer/Secretary shall issue a check to the chapter. Chapters are required to report the expenditure status of any Grant they have received, regularly, on their Quarterly Financial Reports.

12. **Dues Cap.** Chapters are authorized to maintain the equivalent of twelve months "cap" of dues allocations, in their funds, without penalty. When the chapter funds exceed that "cap", dues allocations will not be sent until the funds return to the authorized level. The "cap" will be calculated by the multiplying the average dues allocation by twelve.

Scholarship Funds, Grants and other "non-dues allocation funds" are not included in calculating the "cap".

13. **Equipment Inventory.** All purchases or retirements of equipment or sensitive property should be reported on the Inventory Listing, when the change occurs. Inventory records should be kept for five (5) years. For CSR purposes, Equipment consists of computers, printers, fax machines, computer software, scanners and projectors. The price, serial number and date of purchase and physical location, along with the intended use of the item should be shown on the Inventory Listing.

## **CHAPTER ACCOUNTS**

To provide a standardized system to help the chapters in accounting for receipts and expenditures of chapter funds, the Association has devised a list of accounts which corresponds to the format of the quarterly financial reports required by the Association. All chapters must use these accounts. This section provides a description of the accounts and their use. New account numbers must be approved by the Board/CFO.

### **Income**

All chapter income can be separated into three categories: dues, interest, and other.

001 Dues. This represents the total the chapter receives from CSR for dues or grants. It is important to note that this is the **gross income**, not the net amount of the check the chapter receives

001A Grants. Grants and other Board allocations should be listed separately as sub categories of "001 Dues", and can be received in varying amounts from various sources, i.e. Grant Committee or CSR Board motion. Chapters should consult the Governing Rules Section 14, for Grant procedures. Copies of the Grant Request Form and Chapter Grant Disbursements Report are included in the Exhibits at the back of this Guide.

002 Interest. This account is used for tracking and reporting all interest income. Interest is posted in the month in which the bank or credit union pays it. All interest should be posted, including interest from checking accounts, savings accounts, and CDs.

003 Other. As the title implies, this account is for all other income sources, such as crab feeds, raffles, etc.

If the chapter has a lunch or dinner meeting and members pay a portion of the cost, do not show that money received as income. Instead, show it as an offset to the actual expense incurred by posting it as a negative entry in the appropriate expense column. (Negative entries are indicated by brackets), then post the entire cost of the dinner to the correct expense column. The difference will reflect the actual expense incurred by the chapter for that function.

## Expenses

General. Accurate recording of expenses serves several purposes. It simplifies the procedure for completing the quarterly reports, simplifies the year-end audit, assists in the preparation of the Budget and allows the secretary-treasurer to spot trends in overspending in particular areas, so that he/she may inform the executive committee.

The following account codes cover all chapter expenses, and must be used on the quarterly financial reports. No additional accounts can be added and no changes are allowed without the Chief Financial Officer/Board's approval.

### Chapter Expense Account Code Definitions

**100 Local Operations.** All local (chapter) operations are charged to one of these accounts.

101 Chapter Meetings. All expenses incurred in conducting chapter meetings, such as general membership and committee meetings of the chapter. Expenses include banquet charges, announcements, door prizes, travel and any other expenses incurred directly as a result of having a meeting. **Door prizes and give always are permitted. Please Note: "Raffles" (which require purchasing a ticket) are permissible, but require the chapter to secure an annual permit.** Please check [www/ag.ca.gov](http://www/ag.ca.gov) to ensure compliance .

102 Chapter Executive Officer Meetings. All expenses incurred in conducting chapter executive committee meetings. Expenses include meals and travel expense or other direct costs related to executive committee meetings.

103 Officers' Stipends. This is a discretionary account used to offset out of pocket expenses of the officers. Stipends can be paid out monthly or quarterly and should also be set up as a budgeted item even if only provided on an "as needed" basis. **Written requests** are submitted for approval and payment, although receipts and expense claims are not usually required. Stipends, and how they are used, should be approved by a motion at a chapter meeting.

*NOTE: If the chapter pays **\$600 or more in a year to one individual**, an **IRS form 1099** must be issued, and the total amount paid must be reported to the Internal Revenue Service and Franchise Tax Board. Amounts of \$599 and less do not need to be reported by the chapter, to these authorities, although the recipient is still responsible for paying their taxes.*

104 Newsletter/Website. All costs involved in publishing a chapter newsletter and/or website on the internet, including supplies, printing, mailing labels, design, and postage are charged to this account.

106 Member Recruitment and Retention. Costs involved in recruitment and retention programs are charged to this account. Any expenses incurred by the chapter for the Ambassador Program, not reimbursed by HQ, would be reported here.

**200 Community Operations.** These accounts are used for charitable or scholarship donations. Please note that chapters should NOT make any political donations. The restrictions on political donations are very strict and over donating could result in tens of thousands of dollars in fines and additional restrictions on our political donations.

201 Community Relations Charges to this account include such items as donations to charities and special funds (i.e. CSEA Foundation or scholarship donations).

**300 Statewide Activities.** These accounts are for the costs of sending chapter leaders to the various statewide meetings of the Association. All chapters are encouraged to provide representation of their members by participating in the statewide activities of the Association and affiliate. Chapters should prioritize those activities that will be important to their members, by sending either one representative to everything or two or more representatives to selected meetings.

301 General Council (GC). This account is used for any chapter costs associated with General Council. Examples would include the cost of sending additional alternate delegates, additional nights for delegates (e.g., the meetings before and/or the night after GC), an additional expense to delegates for incidental expenses or the costs of a parlor used as a caucus/hospitality room for the chapter's delegates.

302 CSR Board Meetings. This account is for any chapter costs incurred to attend CSR Board of Directors meetings.

304 CSR Committee Meetings. This account is for any chapter costs incurred to attend CSR committee meetings, Bylaws, Policies and Procedures; Financial; and ad hoc committees.

305 CSR Delegate Assembly. This account is for any chapter costs, not paid by headquarters, incurred to attend the CSR Delegate Assembly.

306 California State Employees Association (CSEA) Statewide Meetings. This account is for any chapter costs incurred to attend CSEA meetings not reimbursed by CSEA.

307 CalPERS Board and Legislative Issues. This account is for expenses to attend California State Employees Retirement System (CalPERS) Board meetings as well as those involving legislative issues.

#### **400 Other Expenses.**

401 Training. This account is for costs incurred for member training and conferences. Examples could be the Women's Conference, officers' financial training, and any other Training not reimbursed by HQ.

402 Travel Advances. This "clearing" account is set up for any money issued as an advance prior to a meeting or event before actual costs are incurred. Expense claims must be submitted with receipts upon completion of travel or the money repaid to clear the advance. All advances should be listed when writing checks. When a travel claim is submitted, the advance should be cleared and the expenses posted to the appropriate expense account. **Please note: This account is not to be used as a budget line item. The balance should return to \$0.00, once the travel claims are submitted and cleared.**

Travel expense shall be reimbursed by the least expensive method of transport. A member may choose to travel by another method but CSR will only reimburse based on the least expensive method. i.e. if airfare, round trip mileage to the airport, parking and shuttle service at the destination total \$360.00 and the actual mileage traveled computes to \$388.50. (700 miles @ \$ .56 per mile) the member will be reimbursed for \$360.00. They could still drive but would **not** receive the full mileage calculation. Instead they would be entitled only to the less expensive calculation \$360.00). When calculating the airfare, the ticket must be calculated at the cost for a ticket purchased at least three weeks in advance (not at the last minute) and for the same timeframe. The amounts shall be calculated for each individual round-trip.

Additional meals are not allowed if the member's method of choice takes longer than the least expensive method of transportation.

The mileage rates are adjusted to the IRS rate on January 1<sup>st</sup> and July 1<sup>st</sup> each year. Sometimes there is a change and sometimes there isn't.

403 Telephone/Internet/Website. Telephone, internet and website costs are charged to this account. All reimbursements for **expenses must have backup in the form of an invoice or statement.**

404 Supplies. Miscellaneous supplies, such as paper, printer ink/toner or cartridges, etc. are charged to this account. **DO NOT** include supplies (paper, labels) for production of the chapter newsletter.

405 Postage. This account is for postage costs such as stamps and certified letters or greeting cards. **Postage used for a specific mailing**, such as a newsletter or a meeting flyer should be charged to 104 (Newsletters) or 101 (Chapter Meetings), whichever is the appropriate account.

406 Dues/Publications. This account is for membership and/or subscriptions paid to other organizations. Examples of charges would be dues to local labor councils, state federations, etc. It also covers the cost of any publications purchased by the chapter such as books, pamphlets, and newspapers.

407 Rent. This account is for any rent paid for a chapter office.

408 Equipment Maintenance/Rental. This account is for equipment rented or leased by the chapter, and the maintenance of chapter equipment. Examples include but are not limited to copiers, fax machines and computers.

409 Equipment Purchases. This account is for the purchase of equipment or sensitive property such as computers, software, phones, file cabinets, tape recorders. Equipment has been defined as items costing \$100 or more (except software). Other items costing less should be charged to miscellaneous expense.

410 Service Charges. This account is for any bank services charged to the chapter. These charges would be reflected on your monthly bank statement; service charges, printed checks, non-sufficient-funds (NSF) check charges or copying fees.

411 Miscellaneous. Other expenses that are unique to the chapter or do not fall into another category go into this account. Explain the expense in the comments section of the quarterly report.

## **CHAPTER REVENUE**

The basic source of revenue for all chapters is the Dues Allocation to local representation provided for in the Association's bylaws and Governing Rules.

Grants and Funds authorized by the Board and received from HQ, should be treated as Income and separately itemized under Account number 001A Grants

Section 5. Local Representation.

- (a) The CSR Board of Directors determines representation funding for chapters.
- (b) The amount of dues collected from members is fixed by CSR delegates at Delegate Assembly.
- (c) The amount of dues allocated to a specific chapter is determined by and may be augmented by the CSR Board of Directors, to meet the needs of the affiliate as a whole, as well as the needs of the specific chapter.

As of January, 2014, the approved dues allocation rate for CSR chapters is:

- ◆ \$1000.00 per chapter, plus \$.35 per member

All dues are collected by the Association, and each month the chapter receives from the Association a summary of the dues activity of the members assigned to the chapter, including a report showing the calculation of the chapter's share of dues for that month.

## CASH RECEIPTS AND DISBURSEMENTS

The “cash receipts and disbursements register” is used to record each item of revenue (dues, interest, etc.) and each check drawn on the account of the chapter, using the code number from the chart of accounts in Exhibit 1, page 16, to identify which chapter activity is affected by the transaction.

The first action of the Treasurer in connection with the “cash receipts and disbursements register” is to identify and record the correct balance in the checking account, taking into consideration all outstanding checks and charges. Similarly, the balance in any and all additional accounts should be posted to the register. The beginning balance of each account should agree with the ending balance of each account in the prior period.

Once the opening or beginning balances are determined, the cash receipts and disbursements register serves as the basic record of all chapter financial transactions, from which other more detailed reports can be developed. The ending balance of one month must always agree with the beginning balance of the following month.

Here is how the cash receipts and disbursements register works using the example on page 17:

On January 1, 2009, the correct checking and savings account balances are posted as the first entry in the register: \$825.15 in the checking account; \$3,000 in savings. After that, expenses are entered by date and check number, and income entered by type and source (example on page 17, line number, line (1).

2. On January 11, 2009, 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 no need to restate the \$3,000 balance. (example on page 17, line 2)

3. On January 11, 2009, check number 145 was issued to Ace Printing for printing the Chapter newsletter. A check in the amount of \$58.50 was charged to account 104 and the checking account balance reduced by the same amount. (example page 17, line 3).

4. On January 19, 2009, check number 146 was issued to J. Jones to reimburse her for \$16.80 for expenses incurred for a sub-chapter meeting (account number 101) and the checking account again was reduced by that same amount. (example page 17, line 4).

5. On January 28, 2009, the chapter received its dues income check for January from the statewide Association 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 chapter checking account and the balance appropriately increased. (example below, line 5).
6. On February 16, 2009, the chapter was notified by the credit union in which its savings are deposited that the \$3,000 account had increased to \$3,016.67 by payment of a dividend by the credit union. Dividend income of \$16.67 is posted to the cash receipts and disbursements register against account 002 and, since the Chapter continued to keep the money at the Credit Union, the reserve account of \$3,000 is increased to \$3,016.67. (See example below, line 6).

|   | Date    | Check No. | Description             | Acct # | Exp.   | Income | Bank Balance Checking. | Bank Balance Savings |
|---|---------|-----------|-------------------------|--------|--------|--------|------------------------|----------------------|
| 1 | 1/01/09 |           | <b>Balance Forward</b>  |        |        |        | <b>\$825.15</b>        | <b>\$3,000.00</b>    |
| 2 | 1/11/09 | 144       | T. Green-Travel Adv     | 402    | 400.00 |        | 425.15                 |                      |
| 3 | 1/11/09 | 145       | Ace Printing            | 104    | 58.50  |        | 366.65                 |                      |
| 4 | 1/19/09 | 146       | J. Jones                | 101    | 16.80  |        | 349.85                 |                      |
| 5 | 1/28/09 | DEP       | Jan. dues               | 001    |        | 832.50 | 1182.35                |                      |
| 6 | 2/16/09 |           | C.U. Dividend           | 002    |        | 16.67  |                        | 3016.67              |
| 7 | 3/10/09 | TR        | <b>From Svgs to Ckg</b> |        | 500.00 |        |                        | 2516.67              |
| 8 | 3/10/09 | TR        | <b>From Svgs to Ckg</b> |        |        | 500.00 | 1682.35                |                      |
| 9 | 3/15/09 | 147       | S. Smith - Pres.        | 103    | 150.00 |        | 1532.35                | 2516.67              |

7. On March 10, 2009, the treasurer withdrew \$500.00 from the savings account at the credit union and deposited it into the chapter checking account. No account is recorded because the transaction does not involve either additional income or expenditure to the Chapter. The checking account and savings account balances on the cash receipts and disbursements register are adjusted. If the chapter had anticipated using chapter 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. If the transaction was not expected, the chapter treasurer must immediately inform the appropriate chapter executive committee of the event. (example above, lines 7 and 8).
8. The chapter has a policy of providing the chapter president with a \$50 monthly stipend for out-of-pocket expenses and, on March 15, 2009, the check for \$150 is issued to the president covering the first three months of 2009. Account number 103 is recorded and the checking account reduced by the \$150 payment. (example see above, line 9).

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 2009, the chapter paid expenses of \$625.30 and received income from dues and dividends of \$849.17. Its beginning bank balance was \$3825.15 (\$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, 2009 should be \$4,049.02.

Chapter Financial Reports can be prepared as easily as the check register was done. After the Cash Receipts and Disbursement Register is balanced, totals for the quarter are transferred to the corresponding account numbers on the Quarterly Financial Report. Notation should be made regarding the transfer of funds to checking from savings.

A copy of this check register should be attached to the Quarterly Financial Report and submitted to CSR headquarters each quarter with the Quarterly Financial Report.

10. Now, let us develop an example of how the chapter treasurer should report authorized cash advances. The chapter president is authorized to attend the statewide board of directors meeting and the estimated costs in connection with that attendance will be \$300. The President can request a cash advance. This can minimize the impact of volunteer activities on their personal finances. When the authorized advance is made for the chapter president to attend a board meeting, charge it to account 402. 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 chapter president submits a travel expense claim with receipts for reimbursement. The final entry by the chapter treasurer is to issue a check for \$62.50 to the president showing account 402 credited for \$300 and account 302 debited for \$362.50.

## PREPARING THE BUDGET

Prior to the end of each calendar year, a budget (an estimate of expected costs) should be prepared for each account for which there is expected activity for the next year. This budget shall be approved by the general membership of the Chapter, by a **motion**, and then submitted to CSR headquarters. CSR recommends that chapters make a three-year budget, which can be revised at a later date.

For example, the budget for account 101, chapter meetings, is developed by establishing the number of meetings, and estimating the expenses (travel, room costs, refreshments, etc.) which will be incurred at each meeting.

Remember, for every account you should anticipate what you think will happen and estimate the cost of these events. When you add up the estimates for all accounts, you will have developed a chapter budget.

The Travel Advance account is not included in the Budget because it acts only as a temporary clearing account.

Whether or not your first draft budget now remains intact depends on the amount of chapter revenue and reserves. There are two basic sources of revenue, dues and interest income. Unless there is a change in the formula which determines the chapter's share of CSR's dues revenue, it should be relatively easy to estimate what the chapter dues revenues will be for the calendar year being budgeted. The amount of actual interest income can be estimated depending upon the projected interest rates and whether chapter funds will increase, decrease or stay the same for the budget period.

Budgets are developed based upon anticipated events and, therefore, budget reductions must follow the development process in reverse.

If the total of the projected chapter revenue is less than the first draft budget for expenditures, reduction must be made in the budget for selected expenditure accounts. This should not be accomplished by across-the-board cuts but by reducing select budgeted activities which will produce cost reductions. For example, if the budget for chapter participation in board meetings was developed based upon reimbursing the dinner meal costs for five representatives of the chapter at the meetings, the budget reduction can only be accomplished by (1) sending fewer representatives who are authorized to claim the dinner meal, or (2) sending the same number of representatives but withdrawing or reducing the meal authorization, or (3) some other combination of (1) and (2).

After the budget has been developed and approved, the primary function of the Chapter Treasurer is to accurately record the cash receipts and disbursements of the chapter and measure the actual financial activity against what was expected to happen in the budget.

## Chapter Audits

Chapter financial records will be subject to audits.

- Audits ensure compliance with the Fair Political Practices, Internal Revenue, Franchise Tax Board, Secretary of State, Corporate Rules and Laws of the State of California and CSR ByLaws and Rules.
- Members have a right to see that we are spending their dues money in a reasonable way to accomplish the goals of CSR.
- Having more frequent audits also ensures a smooth transition when a Treasurer leaves and a new one comes on board.
- CSR manages about \$1,216,000 from members' dues and the Chapters control close to another \$340,000.
- Doing audits more often will likely find many small errors which will help avoid big mistakes and missing funds plus, the chapter will know that records are accurate throughout the year.

All standard finance forms are available on our web site and chapters are encouraged to use them. Most are in both Excel and PDF format.

Chapters have a choice of one of three methods that will satisfy chapter financial reporting requirements:

**Choice #1:** On a monthly basis Chapters submit all financial records, consisting of:

- ✓ Cash Receipts Register and a copy of the checkbook register;
- ✓ bank statements and cancelled checks;
- ✓ listing of checks not yet paid and unpaid chapter bills;
- ✓ sign-in sheets for chapter meetings, if meeting was held;
- ✓ expense vouchers to support all checks written;
- ✓ Equipment Inventory, whenever any items are added or removed, a copy will be included.

HQ will prepare the Quarterly Financial Reports and forward them to the Chapter President and Treasurer for signatures. The Chapter will not have to prepare their Quarterly Financial Reports.

Chapter records will be audited by HQ accounting personnel, at no charge to the chapter, and a full year audit will not be required.

**Choice #2:** Chapter will allow CSEA Headquarters to open a checking account in the chapter's name.

- ◆ HQ will issue checks for all bills, invoices and TEC's that are submitted and approved by the officers of the Chapter. Chapters may submit documents by email, fax or US Mail, with the chapter number prominently displayed. It is imperative that all documents be labeled with the chapter number and have the proper approvals. There may be a delay in receiving payment for bills, based on how slowly the chapter submits invoices and TEC's for payment.
- ◆ All chapter dues will be deposited into the chapter's account established by HQ in Sacramento.
- ◆ HQ will prepare the quarterly financial statements for the review and signatures of the Chapter President and Treasurer.
- ◆ Any chapter that chooses to have their accounting done by CSR Accounting will be exempt from submitting additional audit information.

The Chapter may continue to use a chapter checking account for money collected from members at a meeting for scholarships, fire, floods, community services.

**Choice #3:** Chapter will continue maintaining their own checking account, writing their own checks and submitting quarterly financial reports, along with complete audit information on a quarterly basis.

Chapters are encouraged to submit their records, in their entirety, to HQ to have their audit performed. Chapters who chose to have their audits completed locally, can do so, but must keep in mind, that checking account signatories and officers are forbidden from performing that audit. Rather, the audit must be performed by a non-related party, such as another chapter member or an outside associate.

Each year, prior to December 31, an audit packet will be mailed to these chapter treasurers and presidents. The lower right-hand corner of the audit forms will show the revision date of the form. Any forms submitted with incorrect or outdated materials will be returned to the chapter as unacceptable.

The completed annual audit is due in the CSR headquarters office, Suite 300, no later than the last working day of February, as stated in the CSR Governing Rules.

Any cost for the audit, if applicable, is borne by the chapter.

All standard finance forms are available on the CSR web site and chapters are encouraged to use them. Most are in both Excel and PDF format.

**NOTES:**

## CSR CHAPTER CHART OF ACCOUNTS

### INCOME ACCOUNTS

|           |              |
|-----------|--------------|
| 001 ..... | Dues Revenue |
| 001A..... | Grants       |
| 002.....  | Interest     |
| 003.....  | Other Income |

### EXPENSE (DISBURSEMENT) ACCOUNTS

#### Local Operations

|           |                                    |
|-----------|------------------------------------|
| 101 ..... | Chapter Meetings                   |
| 102.....  | Chapter Executive Officer Meetings |
| 103.....  | Officer's Stipends                 |
| 104.....  | Newsletter/Website                 |
| 106.....  | Member Recruitment and Retention   |

#### Community Operations

|           |                     |
|-----------|---------------------|
| 201 ..... | Community Relations |
|-----------|---------------------|

#### Statewide Activity

|           |                                   |
|-----------|-----------------------------------|
| 301 ..... | General Council                   |
| 302.....  | CSR Board of Directors Meetings   |
| 304.....  | CSR Committee Meetings            |
| 305.....  | CSR Delegate Assembly             |
| 306.....  | CSEA Statewide Meetings           |
| 307.....  | PERS Board and Legislative Issues |

#### Other Expense

|           |   |
|-----------|---|
| 401 ..... | Training  |
| 402.....  | Travel Advances ( <b><i>DO NOT SHOW ON BUDGET</i></b> ) |
| 403.....  | Telephone/Internet                                      |
| 404.....  | Supplies  |
| 405.....  | Postage   |
| 406.....  | Dues/Publications                                       |
| 407.....  | Rent  |
| 408.....  | Equipment Maintenance/Rental                            |
| 409.....  | Equipment Purchase                                      |
| 410.....  | Service Charges   |
| 411.....  | Miscellaneous Expense                                   |