

AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES
2010 SURETY BOND REPORT

Section I. CASH (List the balances of all checking and savings accounts, including trust fund accounts).

Table with 4 columns: Bank, Account Type, Account Number, Balance as of December 31, 2010. Includes three blank rows for data entry.

Section II. INVESTMENTS (Not including real estate).

Table with 4 columns: Name, Type, Account Number or Serial Number, Balance or Market Value as of December 31, 2010. Includes three blank rows for data entry.

Section III. RECEIPTS (record total amounts received, including all amounts received for transmittal to others).

Dues received during 2010 (if council collects dues for local, only actual amount received by the local from the council should be recorded) \$
Anticipated increase in 2011 (record only the additional amount expected, NOT total dues anticipated in 2011) \$

Other Receipts Handled During 2010 (Specify, e.g., insurance premiums, fund-raisers, interest, initiation fees, etc.)

Three blank lines for recording other receipts, each followed by a dollar sign and a line for the amount.

GRAND TOTAL (Sum of the amounts in Section I, Section II and Section III) \$

Are any of the employers of the members of this local union Private Sector Employers (i.e., any employer that is not a state, county or municipality, or agency thereof)?..... YES NO

If YES to the above, did the local file Department of Labor Form LM last year?..... YES NO

Prepared by: _____ Local: _____

Signature: _____ State: _____

Title: _____ Affiliated with Council No.: _____

Email Address: _____ Telephone Number: _____

Local's Employer Identification Number: _____

(LOCAL)

**GENERAL INSTRUCTIONS
FOR COMPLETING SURETY BOND REPORT**

The purpose of this report is to estimate the amount of funds that will be available to or "handled" by the local union during 2011. The total amount of funds handled will determine if an increase in your Surety Bond Coverage is necessary. Please include all financial activities and balances of the local union, including chapters and committees. If your council handles receipts and disbursements of dues and/or other funds, only those funds actually received by the local should be reflected in this report.

FAILURE TO FILE THIS REPORT MAY RESULT IN INSUFFICIENT BOND COVERAGE.

Section I.

Cash balances should be recorded using the reconciled balances as of December 31, 2010. Show the account numbers of all bank accounts.

Section II.

Record the balances as of December 31, 2010, on all certificates of deposit, money market accounts and the market value of stocks, bonds and other securities. Do not include real estate.

Section III.

Dues and other receipts should be recorded using the actual amounts received during 2010. If a local was not in operation for the full calendar year of 2010, the additional amount that would have been received in a full year should be included with any anticipated increases on the "Anticipated Increase in 2011" line.

An increase in dues and/or a projected increase in membership will probably result in more funds handled by the local union.

After completing all three sections, total all of the figures and record on the "Grand Total" line. Please be sure the report is signed and that the lines for your local number, state and council affiliation have been completed.

NOTE: ATTACH A COPY OF THE LAST FINANCIAL STATEMENT PRESENTED TO YOUR EXECUTIVE BOARD AND/OR MEMBERSHIP.

THIS REPORT MUST BE FORWARDED TO THE INTERNATIONAL HEADQUARTERS NO LATER THAN MARCH 1, 2011.

SURETY BOND CLAIM INFORMATION

The purpose of the surety bond is to protect the union and its members from losses that occur as a result of the mishandling or misuse of union funds or property by a union officer or union employee.

The bond requires certain actions by the union when a loss is incurred. If these actions are not taken, it may result in the disallowance of a claim for recovery of a loss. Therefore, it is extremely important that the each affiliate's officers know the bond requirements, so that they can take the proper action when a loss is discovered or suspected.

The key points of our surety bond are as follows:

1. **Prompt notice** must be given to the International Union as soon as any officers or employees become aware of a loss.
2. A detailed **Proof of Loss** must be received by the insurance company within 120 days after the affiliate discovers the loss. The **Proof of Loss** form is prepared by the International Union when the loss is reported.
3. From the date the loss is discovered, the **individual(s)** responsible for the loss is **no longer** covered by the bond.

To ensure compliance with the requirements of the bond, the affiliate should take the following actions:

4. Immediately upon discovery of the loss, or if a loss is suspected, notify the International Union Financial Services – Auditing Department at (202) 429-5032. Give as much information as possible. Do **not** wait until the amount of loss is known, or a full examination of the records has been made. The International must give the insurance company prompt notice of a loss or suspected loss.
5. If the loss is only suspected, the officers and trustees should immediately make a review of the records to obtain additional information and attempt to verify whether a loss exists. This is a temporary step to try to clarify the situation.
6. Immediately, when it is known that a loss exists, the individual(s) involved should be suspended as an officer or employee of the affiliate. **Remember, additional losses caused by the individual(s) after the date the initial loss is discovered are not covered by the bond.**

7. Upon suspension, the affiliate's executive board shall **immediately notify** the International President. If the affiliate's executive board does not file formal charges within (30) days, the suspension is terminated in accordance with Article IX, Section 48 of the International Constitution.
8. If possible, **obtain a statement** from the individual involved acknowledging his/her responsibility for the loss.
 - a. If the individual offers to repay the amount, request that he/she give you his/her offer **in writing**. However, you may not agree to any offer other than full and immediate repayment. Any other offer must be submitted to the bonding company for their concurrence if we are to preserve any rights under the bond.
 - b. Even though the individual reimburses the amount of the loss, the bonding company must be notified.
9. **An audit of the records may be necessary** so that a full report can be prepared on the loss. This audit should be started as soon as possible after a loss or suspected loss is discovered. The International Union will provide direction to a local CPA or public accounting firm as required. If an International auditor is available, direct assistance to the affiliate may be available. Arrangements for an audit will be discussed with the local immediately after receipt of the notice of a loss or potential loss.

During the investigation of the loss, the International Union will keep the bonding company advised of progress made. Following completion of the investigation, International Union staff will prepare the formal **Proof of Loss statement** and submit a claim for recovery of the loss. Usually within one month after the claim is filed, the bonding company will contact the affiliate to discuss the report or obtain additional information. The length of time for the bonding company to investigate and settle a claim varies with each specific claim.

Remember – the surety bond coverage is **for your protection**, but you may lose your right to recover losses if the terms of the bond are not followed faithfully. **To protect your rights**, follow the procedures described above if a loss is known or suspected. If you have any questions about the proper steps to take in a given situation, contact the International Union Financial Services – Auditing Department for the appropriate guidance.