

# **SURETY BOND**



## **SURETY BOND CLAIM INFORMATION**

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

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 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 four months after discovery of 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 AFSCME International Auditing Department at (202) 429-5032. Give as much information as possible. Do **not** wait until the amount of the 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 review the records to obtain additional information and attempt to verify whether a loss exists. This will be 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 can 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 possible. 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 shortage, the International Union will keep the bonding company advised of progress made. Following completion of the audit, 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 adhered to correctly. **To protect your rights**, follow the procedures described above if, at any time, a loss is known or suspected. If you have any questions about the proper steps to take in a given situation, contact the AFSCME International Auditing Department for the appropriate guidance.

# AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES

## 2023 SURETY BOND REPORT

**Section I. CASH** (Cash, savings, dues trust, health & welfare and other bank accounts. List CD's in Section II).

<u>Bank</u>	<u>Account Type</u>	<u>Account #</u>	<u>Balance as of 12/31/23</u>
_____	_____	_____	\$ _____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
<b>Section I Total</b>			\$ _____

**Section II. INVESTMENTS** (CD's, Money Market and other monetary instruments. Do not include real estate).

<u>Name</u>	<u>Account Type</u>	<u>Account # or Serial #</u>	<u>Balance as of 12/31/23</u>
_____	_____	_____	\$ _____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
<b>Section II Total</b>			\$ _____

### **Section III. RECEIPTS**

2023 Dues Received (only record amount handled by affiliate- see instructions) \$ \_\_\_\_\_

2024 Dues Adjustment (leave blank unless significant increase in Dues Received in 2024 is expected- see instructions) \_\_\_\_\_

Other 2023 Receipts (Specify below, e.g. insurance premiums, fundraisers, interest, initiation fees, etc.)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Section III Total** \$ \_\_\_\_\_

**GRAND TOTAL (Sum of the Sections I, II, and III Totals)** \$ \_\_\_\_\_

### **For Councils and Locals Only (see instructions):**

Does the union have any Private Sector Employers? YES \_\_\_\_ NO \_\_\_\_

If YES to the above, did the union file a Department of Labor Form LM last year? YES \_\_\_\_ NO \_\_\_\_

Prepared by: \_\_\_\_\_ State \_\_\_\_\_

Title: \_\_\_\_\_ Enter Affiliate # as applicable:

Personal Email: \_\_\_\_\_ Council \_\_\_\_\_

Cell Phone\*: \_\_\_\_\_ Local \_\_\_\_\_

Affiliate Employer Identification Number (EIN): \_\_\_\_\_ Ret Chapter \_\_\_\_\_

Signature: \_\_\_\_\_ Ret Subchapter \_\_\_\_\_

\*By providing your cell phone number you consent to receive calls (including recorded or autodialed calls, or texts) at that number from AFSCME and its affiliated labor, political, and charitable organizations on any subject matter. Your carrier's rates may apply. You may modify your preferences at <https://www.afscme.org/tcpa>

## 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 affiliate during 2024. As a rule of thumb, this amount comprises cash and investments on hand at 12/31/23 plus an estimate of 2024’s receipts using the actual 2023 receipts. The estimated amount of funds handled will determine if an increase to the affiliate’s Surety Bond Coverage is necessary. Please include all financial activities and balances of the affiliate.

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

#### Section I.

Record the cash balances using the reconciled balances as of December 31, 2023. Show the account numbers of all bank accounts.

If the affiliate has more than four (4) accounts, attach a separate list with the requested information for all of the accounts and the total. Indicate “Total- See Attached Detail” under the “Bank” column on the first line, provide the total on the same line under the “Balance as of 12/31/23” column, and carry the amount to the Section I Total.

#### Section II.

Record the balances as of December 31, 2023 on all certificates of deposit, money market accounts, and the market value of stocks, bonds, and other securities. Do not include real estate. Indicate the name of the financial institution in the space provided.

If the affiliate has more than four (4) investment line items, attach a separate list with the requested information for all of the line items and the total. Indicate “Total- See Attached Detail” under the “Name” column on the first line, provide the total on the same line under the “Balance as of 12/31/23” column, and carry the amount to the Section II Total.

#### Section III.

For the “2023 Dues Received” line item, dues and other receipts should be recorded using the actual amounts received (i.e. “handled”) by the affiliate during 2023. For example, Locals receiving a rebate of dues from a Council after the Council deducts other portions of the total dues should only record the Local’s rebate that is received.

The “2024 Dues Adjustment” line item is used to increase the 2024 estimate if using the 2023 Dues Received as a 2024 estimate would otherwise be insufficient. If for example there is a significant membership increase expected in 2024, an amount should be placed here that in total when added to the “2023 Dues Received” line item above will be an estimate of 2024 Dues receipts. Similarly, if the affiliate was only in operation for a portion of the year 2023 an additional amount should be included here that in total when added to the actual 2023 amount is an estimate of 2024.

Other 2023 non-dues related receipts should be also included in this section by category. Add all line items in Section III and indicate the sum in the Section III Total.

#### Grand Total

After completing all three sections, add the totals in Sections I, II, and III and record on the “Grand Total” line.

#### For Councils and Locals Only

Check the boxes as applicable. Private sector employers refer to any employer that is not a state, county, municipality, or agency thereof.

#### Lower Section

Please be sure that all of the requested information has been completed and that the report is signed by an officer. Affiliates completing this form electronically should type the signatory officer’s name in the signature line. The officer’s name will be treated as an electronic signature.

#### How to send

Electronic filings- Follow the instructions at [www.afscmetreasurer.org/forms](http://www.afscmetreasurer.org/forms)  
Paper filings: AFSCME- Attn: Auditing Department  
1625 L Street NW  
Washington, DC 20036-5687

#### Additional item to include

Attach a copy of the most recent financial statement presented to your executive board and/or membership. Electronic filings should include this item as an additional attachment.

**Due Date: FORWARD TO THE INTERNATIONAL HEADQUARTERS NO LATER THAN MARCH 1, 2024.**