



(Please Attend Union Meetings 3rd Sunday of each month 2PM)



An Interesting Beginning

Four Months as Your Financial Secretary

June 21st, 2010 was the beginning of my term of service to this membership as Financial Secretary. The term started out smoothly enough. The former Financial Secretary showed me how to access the financial software that we use to keep our books and keep our membership information. He gave me the combination to the safe and showed me how to write checks and record income with the Roberts Custom Software (RCS). He also told me that taxes, particularly Indiana State taxes were going to be a big hassle. I'll get to that a bit later in this report.

That week the commercial checking account with Citibank, and Certificate of Deposit with Heights Auto Workers Credit Union had the names of the new officers on them. I was able to write checks for both payroll and payable accounts, record income and deposits. The next weekend was the Local 551 annual membership picnic. It was a successful recreational activity; a chance for us to come together as a union family and enjoy the start of our summer vacation shutdown together.

Our vacation shutdown this year was the weeks of June 28th and July 5th. Two weeks is too long to let the unions bills pile up so a few hours of vacation was devoted to paying bills. I also spent plenty of time reading about the details of my duties in the UAW's publication Duties of Local Union Financial Officers. This book gave me an understanding of how big the Financial Secretary job is. I had a lot to learn. Gratefully, I would soon get training from an RCS representative. July 12th Darlene Sykes came to our union hall to train the trustees and me.

My training with Darlene was condensed and informative. We covered things like weekly IRS 941 tax deposits, the importance of having one day for all lost time payroll checks to be issued and having that coincide with the plants pay day. I learned to streamline the check writing process. We did a quarterly report for Federal withholding tax and a deposit for Federal and State Unemployment taxes. When I asked to be taught how to reconcile (balance) the checkbook, she told me that was part of the service she has been performing for our local for several years now. I told her that I planned to begin taking those responsibilities as I gained confidence with the software. The responsibilities she was performing for our local are:

- Reconciling the checkbook
- Preparing the monthly Financial Reports
- Preparing the Quarterly Withholding Tax Reports
- Preparing the Quarterly Unemployment Taxes

- Preparing the Annual LM2 and 990 Reports
- ### Financial Secretary's Responsibilities Taken Back

In late September the three Trustees, the Recording Secretary and I attended software training from RCS. The class was put on by the founder of RCS Ken Roberts and his staff. By the time we took this class I had already taken back the responsibility of reconciling the monthly bank statement and producing a balanced monthly financial report. The class gave me additional confidence to handle the Federal quarterly tax reports and state unemployment tax report. I am looking forward to the UAW Financial Officers Conference. We were informed that RCS would be doing training for the year end LM2 and 990 reports at that conference. I expect to get enough information from this conference to be doing these year end reports as well.

Reviewing the invoices from RCS for the past two years showed we were being charged for these services an extra \$4,973 for 2009 and \$4,178 thru this August. As of the beginning of September I have taken over these responsibilities. As an additional cost savings the lost time hours for the Financial Secretary have been cut to 24 per week. My office hours are:

Mondays 6 AM until 12:30 PM
Tuesdays 6 AM until 4:30 PM
Wednesdays 6 AM until 4:30 PM
Thursdays 6 AM until 12:30 PM.

My new hours have one drawback that I regret. Because most union orientation classes have been held on Monday afternoons I haven't been able to attend them. Our President, Carlo Bishop, has done a good job of explaining initiation dues and monthly dues to the new members. I should have received an Honorable Withdraw/ Transfer card from all transfers. Many were forwarded by the Financial Secretary from your previous local. To avoid being assessed an initiation fee please call (773) 646-1472 or stop by the union hall to be sure that I have received yours.

The President position, unlike the Financial Secretary's, is full time. Carlo is in the office much later than I am most days and attends countless functions on the weekends as well. I have relied on him to distribute lost time checks so that I could work reduced lost time hours. I couldn't have done this without the Presidents cooperation and I am grateful for his help. These reduced hours save the Local \$1130 per month in lost time.

State Tax Issues Resolved

State withholding taxes for Illinois and Indiana were an issue that would demand immediate attention.

Upon my return from the July shutdown, there was a notice from the Illinois Department of Revenue informing Local 551 that there were unfiled quarterly tax reports for the following quarters: 4th Q 2006; 4th Q 2007; 2nd Q, 3rd Q and 4th Q 2008; 1st Q, 2nd Q, 3rd Q and 4th Q 2009, 1st Q and 2nd Q 2010.

As it turns out in 2006 and 2007 withholding taxes were paid, but the fourth quarter reports (IL*941's) were not filed. In fact, for 2007 there was a sizeable overpayment of Illinois state withholding taxes. This left a cushion for me to work with for the unpaid taxes from 21 consecutive months: the last 3/4 of 2008 and all of 2009. When I called the Illinois Dept. of Revenue they confirmed the overpayment and told me to file the quarterly returns and request that the overpayments be applied to 2008 and 2009.

Just when I thought the state taxes were figured out another oversight popped up. As I was preparing my second monthly state tax report for Indiana, on August 4th, it struck me as odd that the amount the RCS software was instructing me to pay to Indiana for a whole month was less than the amount withheld from just one of my lost time checks. The way it's supposed to work is what you withhold in State Tax, dollar for dollar, is the amount that is supposed to be forwarded to that state.

In order to find out what the problem was; I made a tally of the Illinois State Taxes, Indiana State Taxes and Indiana Local taxes (*Indiana local taxes are a county income tax assessed in every county except Lake County*) taken out of all the lost time checks written for July. As it turns out the tally showed the amount we had been sending to Indiana was the Local tax. The state withholding taxes were being combined and sent to Illinois.

I called the RCS office in East Moline, Illinois to report the problem. The RCS representative walked me right to the fix. There was a software switch in the setup menu that if set to yes combines the state taxes, and if set to no separates the state taxes on the report which Financial Secretaries rely on to fill out our state and federal tax reports. She asked how long it had been like that. I said I'd have to look into it.

The past records still on the computer went back to 2006. As it turns out both state taxes were being sent to Illinois going back to at least 2006. I contacted both states Departments of Revenue and begin the process of correcting the situation.

First I called the Indiana Department of Revenue. Over the past couple years Indiana had been taking legal action against our local demanding and collecting up to \$1,000.00 at a time, most recently as a levy against our checking account in May of this year. I explained what I had found and sent amended tax reports for the first six months of 2010. With each payment I sent a letter explaining that I am new

and that I had taken the initiative on correcting this situation to justify forgiving interest and penalties. In a letter received in mid September the Indiana Department of Revenue agreed and called our obligation for 2010 settled.

For the Illinois Department of Revenue I have filed amended returns for the first three quarters of 2007, the first quarter of 2008 and the first two quarters of 2010. Correct returns for the last three quarters of 2008 and all of 2009 have been filed requesting to apply overpayments from 2007. I am awaiting their response to those filings. I'm optimistic that the overpayments will be sufficient to cover most of the unpaid taxes from 2008 and 2009. As you can see the State tax issue is not over, but is under control.

Securing the remaining Certificates of Deposit

One of the CD's, Capital One, required setting up the transfer over the phone since the closest branch is over 600 miles away in Hagerstown MD. Stephanie Overton was the Financial Secretary of record on that CD, and she was very helpful in setting up the transfer. The CD with Charter One bank was transferred near the end of July. The only one remaining to be transferred was the Chase bank CD for \$150,000. It took a while, but we were finally able to arrange a time the previous Financial Secretary would be available to make the transfer of the remaining CD at Chase bank. That was accomplished on October 19th.

Additional cost saving measures

In the course of doing my job I occasionally run across bills that are questionable. That was the case with a separate phone bill that cost us about \$1116 per year. When called it didn't ring in the office. It wasn't used for the alarm, it wasn't for the fax machine. When a tech came out he found it abandoned behind a bookcase. We cancelled it!

We've leased a Pitney-Bowes postage machine for the past two years at a cost of \$2,500 per year. The lease on that is due for renewal. We will let that contract expire and send our mail the old fashioned way; with stamps from the post office. Carlo and I also looked at savings on trash collection. We now have bimonthly pick up saving us \$260 per month.

The cost savings described in this letter amount to more than \$25,000 in annual savings. I would like to propose that the savings be applied towards the budget for our Local Union newspaper. Without one we are doing a disservice to our active and retired members; nor are we in compliance with our By-Laws. Our members need to be informed of upcoming activities while those that volunteer time for those activities ought to be recognized. A Local Union Newspaper would serve both of these functions and more.

It is a pleasure serving as your Financial Secretary.
Scott Houldieson