



July 28, 2016

Ms. Nicole Deligianis, Bus. Mgr./Sec'y-Treas.
Laborers Local 245
2220 Center Street
North Kingsville, OH 44068

Case Number: 350-6006256
LM Number: 002008

Dear Ms. Deligianis:

This office has recently completed an audit of Laborers Local 245 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you on June 21, 2016, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

Reporting Violations

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report (Form LM-3) filed by Local 245 for fiscal year ending December 31, 2014, was deficient in the following areas:

1. Cash Reconciliation

It appears that the figures reported for receipts, disbursements, and cash are not correctly reported on the amended LM-3 filed for the period ending December 31, 2014. The cash at the start of the reporting period (Item 25, column A) plus the total receipts for the reporting period (Item 44), less the total disbursements for the reporting period (Item 55), should equal the cash at the end of the reporting period (Item 25, column B).

2. Subsidiary Organization

The original and amended LM-3 reports filed for 2014 indicated in item 10 that Local 245 did not have a subsidiary organization as defined in Section X of the LM-3 instructions. The OLMS audit revealed the existence of a subsidiary organization which was established as a real estate holding company.

The LM-3 instructions require the subsidiary organization to be reported in one of two ways: 1. Consolidate the financial information for the subsidiary organization and the labor organization on a single Form LM-3, or 2. File with the labor organization's Form LM-3 the regular annual report of the financial condition and operations of the subsidiary organization, accompanied by a statement signed by an independent public accountant certifying that the financial report presents fairly the financial condition and operations of the subsidiary organization.

3. Automobile Expenses

Local 245 did not include in the amounts reported in Item 24 (All Officers and Disbursements to Officers) disbursements for the operation and maintenance of the union vehicle. These amounts were charged to the personal credit card of the business manager, and reimbursed by the union. The LM-3 instructions for Item 24 require that the local report in Column E of Item 24 (Allowances and Other Disbursements) the total maintenance and operating costs of any vehicle it owned or leased and assigned to an officer, whether the use was for official business or for the personal benefit of the officer.

4. PAC Funds

Item 12 [LM-3] (During the reporting period did your organization have a political action committee (PAC) fund?) was incorrectly answered, "No." Local 245 had a PAC fund during 2014. As stated in the LM-3 report instructions, Item 56 must include the full name of each separate political action committee (PAC) and list the name of any government agency, such as the Federal Election Commission or a state agency, with which the PAC has filed a report.

5. Deductions from Salary

Deductions for federal, state, and local payroll taxes were not reported on Line 10 of Form LM-3. The entry on Line 10 should include the total amount of withheld taxes, payroll deductions, and other deductions. This amount is subtracted from Line 9, column F, and the difference is entered on Line 11 and in Item 45 (To Officers).

Local 245 must file an amended Form LM-3 for fiscal year ending December 31, 2014, to correct the cash reconciliation and deductions from salary errors discussed above. I provided you with a blank form and instructions, and advised you that the reporting forms and instructions

are available on the OLMS website (www.olms.dol.gov). The amended Form LM-3 should be submitted to this office at the above address as soon as possible, but not later than August 31, 2016. Before filing, review the report thoroughly to be sure it is complete, accurate, and signed properly with original signatures.

I want to extend my personal appreciation to Laborers Local 245 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter is passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,

A solid black rectangular box redacting the signature of the investigator.

Investigator

cc: Mr. Ryan Wilms, President