



April 13, 2016

Mr. Craig Peachy, State Director
SMART Transportation Division
State Legislative Board 56
7 N. Pinckney Street
Madison, WI 53703

Case Number: 320-6006246 [REDACTED]
LM Number: 035055

Dear Mr. Peachy:

This office has recently completed an audit of SMART Transportation Division, State Legislative Board (SLB) 56 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, Secretary Chris Tassone, and Legislative Representative William Hauck on April 4, 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.

Recordkeeping Violation

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records for at least five years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, labor organizations must maintain all records used or received in the course of union business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipient(s) of the goods or services. In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt or invoice. If an expense receipt is not sufficiently descriptive, a union officer or employee should write a note on it providing the additional information. For money it receives, the labor organization must keep at least one record showing the date, amount, purpose, and source of that money. The labor organization must also retain bank records for all accounts.

The audit of SLB 56's 2014 records revealed the following recordkeeping violation:

Lack of Fixed Asset Records

The audit revealed that SLB 56 has significant fixed assets, including but not limited to

computers, printers, and various furniture items; however, SLB 56 failed to retain any records that identified these assets. During the audit, Secretary Tassone advised that the SLB does not keep an inventory list of its fixed assets, but agreed to create an inventory list and maintain the list by adding new purchases, removing old equipment that has been sold, donated, or destroyed, and recording the cost and depreciation of each asset.

In the case of fixed assets, the union must maintain an inventory or other similar record identifying each fixed asset and the cost and depreciation of each fixed asset. Such records are required to be retained to verify, clarify, and support information required to be reported in Schedule 6 (Fixed Assets) of the LM-2.

Based on your assurance that SLB 56 will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violation.

Reporting Violations

The audit disclosed a violation of LMRDA Section 201(a), which requires that a union submit a copy of its revised constitution and bylaws with its LM report when it makes changes to its constitution or bylaws. SLB 56 amended its constitution and bylaws in 2012 at the quadrennial meeting, but did not file a copy with its LM report for that year. SLB 56 has now filed a copy of its constitution and bylaws.

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-2) filed by SLB 56 for the fiscal year ended December 31, 2014, was deficient in that:

Fixed Assets (Schedule 6/Item 27)

SLB 56 did not report the value of their fixed assets in Schedule 6 (Fixed Assets) and Item 27 (Fixed Assets). As mentioned above, SLB 56 has significant fixed assets such as computers, printers, and furniture, but SLB 56 reported \$0 in Schedule 6 (Fixed Assets) Line D (Office Furniture and Equipment). As noted above, the union failed to keep adequate records identifying the union's fixed assets required to be reported in Schedule 6 and Item 27.

SLB 56 must report the book value of all their fixed assets, including office furniture and equipment, owned by the labor organization at the end of the reporting period in Schedule 6 and Item 27. The book value of fixed assets is cost less depreciation.

I am not requiring that SLB 56 file an amended LM report for 2014 to correct the deficient items, but SLB 56 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Transportation Union, SLB 56 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure

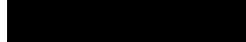
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this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Mr. Chris Tassone, Secretary
Mr. Jeff Thompson, Assistant State Director