



August 22, 2017

Mr. James Obermoller, Secretary Treasurer  
Letter Carriers, Rural, Independent  
Minnesota State Association  
184 Railroad Drive  
Round Lake, MN 56167-9775

Case Number: 320-6011611 [REDACTED]  
LM Number: 088385

Dear Mr. Obermoller:

This office has recently completed an audit of National Rural Letter Carriers Association (NRLCA) Minnesota State Association 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 August 10, 2017, 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 the Minnesota State Association's records for the fiscal year ended June 30, 2017, revealed the following recordkeeping violation:

Receipt Dates Not Recorded and Failure to Record Receipts

The Minnesota State Association's receipt records reflect the date the union deposited money, not the date the money was received for all of the receipts received during the audit year. During the opening interview you stated that the union's receipt records in QuickBooks show the dates money was deposited, not the dates that money was received. Union receipts records must show the date of receipt.

The Minnesota State Association also did not adequately record in its receipt records money collected from the sale of T-shirts and meal tickets. At the state convention held in June 2017, the State Association collected \$395.50 in cash from the sale of t-shirts and \$770 in cash from the sale meal tickets. This cash was on hand as of July 19, 2017, but the receipt of this money had not been entered in any union record. In addition, the union failed to retain any records showing the date of sale, the names of the individuals who purchased the t-shirts and meal tickets, and the amount receive.

You were advised that union receipts records must include an adequate identification of all money the union receives. The records should show the date and amount received, and the source of the money. The date of receipt is required to verify, explain, or clarify amounts required to be reported in Statement B (Receipts and Disbursements) of the LM-3. The LM-3 instructions for Statement B state that the labor organization must record receipts when it actually receives money and disbursements when it actually pays out money. Failure to record the date money was received could result in the union reporting some receipts for a different year than when it actually received them.

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

I want to extend my personal appreciation to the Minnesota State Association for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure 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,



Senior Investigator

cc: Mr. Mark Glatzel, President