



November 4, 2011

Mr. Danny Barber, Financial Secretary
Musicians Local 86
1000 5th Avenue #2
Youngstown, OH 44504-1603

Case Number: [REDACTED]
LM Number: 037185

Dear Mr. Barber:

This office has recently completed an audit of Musicians Local 86 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 and Local 86 President Del Sinchak on November 1, 2011, 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 Violations

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 Local 86's 2010 records revealed the following recordkeeping violations:

General Receipts and Disbursement Records

Local 86 did not retain adequate documentation and/or receipts and invoices for some of its receipts and disbursements. For example, the records for the local's receipt of \$625.00 from a municipality in January 2010 for future concert performances did not contain the invoice showing why the receipt was obtained. The union must maintain itemized receipts and/or invoices provided by merchants, vendors and other sources. These itemized receipts are necessary to determine if such disbursements are for union business purposes and to sufficiently fulfill the recordkeeping requirement of LMRDA Section 206.

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. Also, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

Based on your assurance that Local 86 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(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 86 for the fiscal year ended December 31, 2010, was deficient in the following area:

Officers Salary Deductions Not Entered

The payroll deductions (approximately \$2,701.00) taken from officers' salary payments are not reported on Item 24, Line 10. Instead, the full amount of the officers' salary, including deductions, is reported on both Item 24, Line 11, and on Item 45. Thus, the deductions from officers' salaries are more than likely reported on Local 86's LM -3 under Item 48, Office & Administrative Expense, rather than under Item 24, Line 10. The payroll deductions from the officers should be reported under Item 24, Line 10.

In addition, the disbursements for the transmittal of withheld taxes, payroll deductions, and other deductions must be reported in Item 54, Other Disbursements. Local 86 had a value of \$0 entered under Item 54 on its LM-3 report for 2010.

I am not requiring that Local 86 file an amended LM report for 2010 to correct the deficient items, but Local 86 has agreed to properly report the deficient items on all future reports it files with OLMS.

Mr. Danny Barber

January 25, 2012

Page 3 of 3

I want to extend my personal appreciation to Musicians Local 86 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,

A solid black rectangular redaction box covering the signature of the sender.

Senior Investigator

cc: Mr. Del Sinchak, President