

U.S. Department of Labor

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February 7, 2008

Ms. Elizabeth Yeager, President
Electrical Workers AFL-CIO
Local Union 2118
PO Box 153
Boyertown, PA 19512

LM File Number 058-806
Case Number: [REDACTED]

Dear Ms. Yeager:

This office has recently completed an audit of Electrical Workers Local 2118 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 January 23, 2008, 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 2118 for fiscal year ending June 30, 2007, was deficient in the following areas:

1. Disbursements to Officers

Local 2118 did not report the names of some officers and the total amounts of payments to them or on their behalf in Item 24 (All Officers and Disbursements to

Officers). The union must report in Item 24 all persons who held office during the year, regardless of whether they received any payments from the union.

The union must report most direct disbursements to Local 2118 officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

2. Fixed Assets

It appears that the union incorrectly reported fixed assets for the fiscal year in Item 42. The book value at the start and end of the reporting period of all fixed assets should be reported in Item 29, not Item 42. The union reported fixed assets in Item 29 and also in Item 42

Even though the union erroneously reported fixed assets in Item 42, the cash figures reported in Item 25 are the cash figures according to the union's books after reconciliation to the bank statements. The union reported the correct cash figure in Item 25, because the union used the total amount recorded in Item 31(A) when determining the correct figures reported for total receipts and total disbursements for the reporting year. In the future, please determine the cash at the end of the period Item 25(B), by adding Item 25(A) to Item 44 then subtracting Item 55 from that total. This figure should be the correct figure for Item 25(B), which should match the cash figure according to the union's books after reconciliation to the bank statements. See the instructions for Item 25, Item 31, Item 42, and Item 55 for more information concerning this matter.

3. Failure to File Bylaws

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. Local 2118 amended its constitution and bylaws in 2005, but did not file a copy with its LM report for that year.

Local 2118 has now filed a copy of its constitution and bylaws.

I am not requiring that Local 2118 file an amended LM report for 2007 to correct the deficient items, but Local 2118 has agreed to properly report the deficient items on all future reports it files with OLMS.

I want to extend my personal appreciation to Electrical Workers Local 2118 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,



Investigator

cc: Denise Lessig, Financial-Secretary
Nancy Kuser, CPA