

New York State Laborers'  
 Political Action Committee  
 9 Corporate Vices Boulevard  
 Albany, New York 12211  
 Tel: 518 449 1711 • 800 497 2081  
 Fax: 518 442 1621  
 www.nyslaborers.org

RECEIVED  
 FED MAIL  
 OPERATIONS CENTER

2003 OCT 21 A 9 40

October 16, 2003



Ms. Kristen Davis  
 Campaign Finance Analyst  
 Federal Election Commission  
 Washington, DC 20463

Identification Number: C00220566

Reference: Mid-Year Report (1/01/03-6/30/03)

Dear Ms. Davis:

This letter is in response to your letter dated October 1, 2003 regarding several items in our mid-year report.

1. **Schedule B Reported Transfers to Non-federal Account:** This concerns transfers to our New York State PAC fund that totaled \$170,000 during the reporting period. This non-federal portion of our PAC fund is registered with the IRS under the appropriate regulations regarding the submission of Forms 8871 and reports all transactions to the New York State Board of Elections in compliance with their regulations and procedures. Our fund has traditionally paid most of our administrative expenses through the federal account. To my knowledge, this procedure has never been questioned. However, I have requested that our attorneys and accountants review these procedures. I do not believe that this review (and any necessary reallocation) could be completed by October 31 and am requesting that we be given an extension until November 15, 2003 to complete this process including the submission of any amended reports.

2. Schedule B Line 21(b) includes disbursements totaling \$25,589.81 to the New York State Laborers' Health and Safety Fund and New York State LECET to reimburse shared administrative expenses. The PAC fund shares office space with the other two funds mentioned above. The funds also share certain other expenses related to joint meetings (e.g., separate meetings at a common facility). In cooperation with our accountants, we allocate those shared expenses based on amount of the expense attributable to the PAC (e.g., proportion of rented floor space occupied by the PAC). For each FEC reporting period, the appropriate PAC expenses due to each fund are tallied and included as a debt to the other funds. After the accountants have completed their quarterly financial statement, the PAC then reimburses the other funds for the appropriate amounts (which reduces the debt owed and is recorded as a negative debt owed). The reason for the delay is the accounting for other two funds is on an accrual basis while the PAC fund's accounts are kept on a cash basis. Therefore, some PAC expenses may be allocated from the other funds after the FEC report has been submitted requiring a later adjustment of the amount owed. The original activity recorded in the debt owed by the PAC fund would all take place within the FEC reporting time period while the reimbursement would occur at a later time. At any point in time, the PAC would have an outstanding debt to the other funds. However, this total amount owed is modest and well within the cash resources available to the PAC. To my knowledge, this approach to shared expenses has always been used by the PAC and has never been questioned other than to clarify the general category of expenses involved. Additional documentation of these shared expenses is available, but it would be very cumbersome to provide all of the detailed information on the current forms. I have amended the recent report to provide a better explanation of these charges.
3. Line 11(a)(ii)—These unitemized receipts do not include any single source aggregating to more than \$200. The original report has been amended to reflect that clarification. We usually include this as a clarification on our report, but it was inadvertently attached to an item that did not meet the threshold for reporting during this time period (the computer program does not allow a memo to be attached to unitemized receipts).

4. Reimbursement of shared administrative expenses. The report has been amended to clarify this item although full itemization is difficult as explained above.
5. Schedule D Debts - See #2 above. As described above, all of these debts relate to administrative and meeting expenses and are not related to federal election activity. Also, described above, the negative entries, reflect the reimbursement to the two related funds for shared administrative and meeting expenses. None of the debts or payments of debts are related to the election or defeat of any federal candidate. The two related funds do not support any other federal election activity. The only financial relationship between the PAC fund and the other two funds (LECET and Health and Safety) concerns these shared administrative expenses where the expenses are billed to one of the other funds and the services being billed are shared in some way (e.g., office space).

I hope that these clarifications are helpful. An amended report has been submitted. We are requesting additional time to review and evaluate the issue of the allocation of expenses between federal and non-federal activity and request an extension until November 15, 2003 to clarify that issue and submit any amended reports. I can be reached at 518-449-1715 if you have any questions.

Sincerely,

  
James M. Melius, MD, Dr.P.H  
Administrator

JMM/kf

Federal Election Commission

### ENVELOPE REPLACEMENT PAGE FOR INCOMING DOCUMENTS

The Commission has added this page to the end of this filing to indicate how it was received.

|                                     |  |                                      |
|-------------------------------------|--|--------------------------------------|
| <input type="checkbox"/>            | Hand Delivered   | Date of Receipt                      |
| <input checked="" type="checkbox"/> | First Class Mail   | POSTMARKED<br>10-16-03               |
| <input type="checkbox"/>            | Registered/Certified Mail                                  | POSTMARKED (R/C)                     |
| <input type="checkbox"/>            | No Postmark  |                                      |
| <input type="checkbox"/>            | Postmark Illegible   |                                      |
| <input type="checkbox"/>            | Received from the House office of Records and Registration | Date of Receipt                      |
| <input type="checkbox"/>            | Received from the Senate Office of Public Records          | Date of Receipt                      |
| <input type="checkbox"/>            | Other (Specify):   | Postmarked<br>and/or Date of Receipt |
| <input type="checkbox"/>            | Electronic Filing  |                                      |
| <i>Hand</i>                         | PREPARER   | 10-21-03<br>DATE PREPARED            |