

Harmon Motor Services & Construction Inc.

7000 North Avenue  
Chicago, Illinois 60624

Employer Number:35321

September 1, 2013 through March 31, 2016

2016 SGIN Report

**Exhibit B**

**LEGACY**  
PROFESSIONALS LLP  
CERTIFIED PUBLIC ACCOUNTANTS

April 10, 2017

Board of Trustees  
Pension and Welfare Funds of Construction and General  
Laborers' District Council of Chicago and Vicinity  
11465 Cermak Rd.  
Westchester, Illinois 60154

We have applied certain procedures, as discussed below, to the payroll records of Harmon Motor Services & Construction Inc., a contributing employer to the Pension and Welfare Funds of Construction and General Laborers' District Council of Chicago and Vicinity, for the period September 1, 2013 to March 31, 2016. The purpose of our review was to assist you in determining whether contributions to the Trust Funds are being made in accordance with the collective bargaining agreements in effect and with the Trust Agreements of the Funds. The propriety of the contributions is the responsibility of the employer's management.

Our procedures included a review of the pertinent provision of the collective bargaining agreements and compared underlying employer payroll records to Fund contribution records. The employer records we reviewed included payroll journals, individual earnings records, payroll tax returns, contribution reports, job classifications, and general disbursement records as appropriate. The scope of this engagement was limited to records made available by the employer and would not necessarily disclose all exceptions in employer contributions to the Trust Funds. Any compensation paid to employees not disclosed to us or made part of the written record was not determinable by us and was not included in our review.

Our procedures related to a review of the employer's payroll records only and did not extend to any financial statements of the contributing employer. The procedures were substantially less in scope than an audit of the financial statements of the contributing employer, the objective of which is the expression of an opinion on the contributing employer's financial statements. Accordingly, no such opinion is expressed.

The findings of this audit report should not be construed as an endorsement or ratification of any of the Employer's contribution practices. The finding is based solely on those documents that the Employer provided to the auditors. This firm has not been retained to provide, and does not provide, any interpretation or advice concerning any terms of the collective bargaining agreement between the Employer and the Union or the terms of the Funds' respective Agreement and Declarations of Trust. All questions concerning the Employer's contribution practices, or any contributions or benefits-related issue, should be directed to the Union or the Fund office. No failure to note an exception to any of the employer's contribution practices should be construed as a ratification of such practice or waiver of the Union or the Funds' ability to challenge such practice in the future.

The exceptions to employer contributions noted are detailed on the accompanying schedule.

*Legacy Professionals LLP*

**LEGACY PROFESSIONALS, LLP**  
**COMPLIANCE AUDIT INFORMATION SHEET**

EMPLOYER NAME	<u>Harmon Motor Services &amp; Construction Inc.</u>	EMPLOYER #	<u>35321</u>
ADDRESS	<u>7000 North Avenue</u>	PHONE #	<u>(773) 626-8891</u>
CITY/STATE/ZIP	<u>Chicago, Illinois 60624</u>	FEIN #	<u></u>
DATE OF CONTACT	<u>May 12, 2016</u>	AUDIT PERIOD	<u>September 1, 2013 through March 31, 2016</u>
CONTACT'S NAME	<u>Lorenzo Harmon</u>	TITLE	<u>President</u>
PERSON FUND IS TO CONTACT	<u>SAME AS ABOVE</u>	TITLE	<u>SAME AS ABOVE</u>
ENTITY TYPE	<u>CORPORATION</u>	FIELD REPRESENTATIVE	<u>Rocco Marcello</u>
MAIN BUSINESS ACTIVITY	<u>Asphalt Repair</u>		

AVERAGE NUMBER OF EMPLOYEES: 9

AVERAGE NUMBER OF CHICAGO LABORERS: -

<u>OWNERSHIP-PRINCIPALS</u>	<u>TITLE</u>	<u>%</u>	<u>ADDRESS</u>
<u>Lorenzo Harmon</u>	<u>President</u>	<u>100</u>	<u></u>
<u></u>	<u></u>	<u></u>	<u></u>
<u></u>	<u></u>	<u></u>	<u></u>

Chase Bank-XXXX (Operating) - Opened February 2016

BANKING FACILITIES USED AND ACCOUNT NUMBER: Chase Bank-XXXX (Operating)

Chase Bank-XXXX (Payroll)

DOES EMPLOYER HAVE INTEREST IN OTHER OPERATIONS ?  YES  NO

IF YES, LIST NAME OF SAME Josh Transport Inc.

IS EMPLOYER A MEMBER OF ANY TRADE ORGANIZATION/ASSOCIATION?  YES  NO

IF YES, LIST NAME OF SAME

AUDIT DATE

June 14, 2016

AUDIT SITE (IF DIFFERENT FROM EMPLOYER'S ADDRESS):

N/A

ALL REQUIRED ACCOUNTING RECORDS WERE AVAILABLE WITH THE EXCEPTION OF:

The employer does not maintain time cards.

The fund did not want to pursue the records of Josh Transport at this time. We did notice some transfers to Josh Transport's account.

BRIEFLY DESCRIBE THE NATURE OF THE DELINQUENCY, IF ANY:

The employer made numerous clerical errors. The employer

paid covered employees through disbursements.

DID YOUR EXAMINATION UNCOVER ANYTHING SPECIAL OR UNUSUAL WHICH SHOULD BE BROUGHT TO  
THE ATTENTION OF THE FUND COUNSEL OR OTHER INTERESTED PERSONS?

YES

NO

IF YES, EXPLAIN:

The payroll hours for the laborers seemed odd that they never worked a 40 hour week. The members pay was routinely  
between 16 and 34.5 regular hours and 5.5 to 6 hours of OT. We did not have certified payroll or time cards to compare the payroll to. However, we  
wanted to bring it to the Funds attention.

AUDITOR:

Dominic Mazzarelli

**Employers' District Council**  
**Reconciliation of Differences Per Year**

Fiscal Year Ending	5-31-2011	5-31-2012	5-31-2013	5-31-2014	5-31-2015	5-31-2016	Total Due
Fringe Hours Not Reported	-	-	-	90.75	512.00	-	602.75
Dues Hours Not Reported	-	-	-	90.75	512.00	-	602.75
Dues Wages Not Reported	-	-	-	4,828.50	19,980.95	-	24,809.45
<b>Dollar Amount Due</b>							
Welfare (Active)	-	-	-	1,214.24	5,109.77	-	6,324.01
Welfare (Retiree)	-	-	-	863.94	1,945.60	-	1,945.60
Pension	-	-	-	45.38	5,181.44	-	6,045.38
Training	-	-	-	6.35	256.01	-	301.39
LECET	-	-	-	10.89	35.84	-	42.19
LDCLMCC	-	-	-	7.26	61.44	-	72.33
CAICA	-	-	-	156.93	40.96	-	48.22
Working Dues	-	-	-	649.38	649.38	-	806.31
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,304.99</b>	<b>\$ 13,280.44</b>	<b>\$ -</b>	<b>\$ 15,585.43</b>
<i>Plus previous late charges assessed by Laborers' Pension and Welfare Funds</i>							
<i>Plus previous underpayments incurred to Laborers' District Council Funds</i>							
<i>Plus previous penalties incurred to Laborers' District Council Funds</i>							
Audit Fee							<b>\$ 2,501.28</b>
							<b>\$ 18,086.71</b>

Employer Name:	Harmon Motor Services & Construction Inc.	Person Contacted:	Lorenzo Harmon
Employer #:	35321	Date of Contact:	May 12, 2016
Date of Audit:	June 14, 2016	Telephone:	(773) 626-8891
Audit Period :	September 1, 2013 through March 31, 2016	Auditor:	Dominic Mazzarelli

# Employers' District Council

Employer Name: Harmon Motor Services & Construction Inc.  
 Employer Number: 35321  
 Agreement Type: \*CAICA

Audit Period: September 1, 2013 through March 31, 2016  
 Date of Audit: June 14, 2016  
 Field Auditor: Dominic Muzzarelli

## Schedule of Deficiencies

SSN	Name	2013										2014				Total
		Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May			
ARREZ, RAMIRO	Fringe Hours					6.75										6.75
	Dues Hours					6.75										6.75
	Dues Wages					527.25										527.25
CARBAJAL, ELISEO	Fringe Hours					23.25										23.25
	Dues Hours					23.25										23.25
	Dues Wages					1,258.00										1,258.00
HARMON, LAWRENCE	Fringe Hours					14.25										14.25
	Dues Hours					14.25										14.25
	Dues Wages					527.25										527.25
HUESTON, TYRONE	Fringe Hours					23.25										23.25
	Dues Hours					23.25										23.25
	Dues Wages					1,258.00										1,258.00
VILLAGOMEZ, RODOLFO	Fringe Hours					23.25										23.25
	Dues Hours					23.25										23.25
	Dues Wages					1,258.00										1,258.00
	Fringe Hours					23.25										-
	Dues Hours					23.25										-
	Dues Wages					1,258.00										-
	Fringe Hours					23.25										-
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	Fringe Hours					23.25										-
	Dues Hours					23.25										-
	Dues Wages															

# **Laborers' District Council**

## **Schedule of Deficiencies**

### Schedule of Deficiencies

Employer Name: Harmon Motor Services & Construction Inc.  
Employer Number: 35321  
Agreement Type: \*CAIGA

**Audit Period:** September 1, 2013 through March 31, 2016  
**Date of Audit:** June 14, 2016  
**Field Auditor:** Dominic Muzzarelli

Legacy Professionals LLP  
Payroll Audit Information Sheet

I, Lorenzo Harmon, declare and state as follows:

I am an Officer and/or Shareholder of Harmon Motor Services & Construction

(hereinafter, the "Company") and I am duly authorized to make the representations and enter into the agreements set forth herein on behalf of the Company.

Company Name: Harmon Motor Services & Construction

Entity Type: Trucking & Construction

Business Activity: Trucking

Ownership-Principals Title %  
100 %

Banking Facilities Used and Account Number: Chase Bank

Do any of the Company's Owners shareholders or officers have a shareholder or officer position in another company or entity? Yes        No ✓

If Yes, List Names of Other companies or entities: \_\_\_\_\_

Has the Company employed any subcontractors owned or operated by any Officer, Shareholder, or family members of the Company's Officers and/or Shareholders? Yes        No ✓

If Yes, List Names of the subcontractors and the related Owners/Operators: \_\_\_\_\_

Has the Company subcontracted work covered by the Laborers' collective bargaining agreement to any subcontractors that are not signatory with the Chicago Laborers' Union?

Yes \_\_\_\_\_ No

If Yes, List Names of the subcontractors:

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I, the undersigned, certify under penalty of perjury that the foregoing is true and correct.

George Hahn as Officer and/or Shareholder of  
Hakemon Motor Services & Construction

Dated: 6-14-16