



Report of the Audit Committee Meeting
of the Board of Trustees of the Utah Transit Authority (UTA)
Wednesday, February 10th, 2016
FrontLines Headquarters, 669 West 200 South, Salt Lake City, UT

Attending:

Robert McKinley, Committee Chair

Troy Walker

H. David Burton

Chris Sloan

Staff: Isaac Clarke, Bob Biles, Jayme Blakesley, Rianna De Villiers, Cathie Griffiths, Rebecca Cruz,
Danyce Steck, Dave Goeres, Richard Swenson, Brian Ledbetter, Jerry Benson, Teri Black

Guests: Brian Baker, Steven Rowley

Call to Order and Safety Message

Chair McKinley called the meeting to order at 12:50 pm. Chair McKinley yielded the floor to Dave Goeres, Chief Safety and Security Officer at UTA for a safety message.

Action Item 2a Approve Meeting Report for December 02, 2015

Motion to approve the minutes of Dec 2nd was made by Trustee Walker and seconded by Trustee Sloan. The motion carried by unanimous consent.

Information Item 4a UTA/ATU JIC and Trust Account

Bob Biles, Vice President of Finance for UTA, made a presentation on the Joint Insurance Committee (JIC).

- The Joint Insurance Committee (JIC) was set up in 1989 and has been audited regularly.
- It was decided to move the JIC funds to Contango at Zions Bank for investing.
- In this process it was discovered that the JIC is not a trust.
- Some, but not all of the investments of the JIC are outside of the Utah Money Management Act rules.
- The purpose of the account is to fund health insurance for the bargaining employees at UTA.

Upon discovering the nature of the JIC, the staff took the following actions:

- Investments were liquidated and reinvested in accordance with the Utah Money Management Act.
- The 2014 and 2015 financials have been restated.
- The 2015 Deposits and Investments Report to the Utah Money Management Council has been revised.

The Impact of Trust Account Actions:

- The liquidation of the investments incurred a loss of \$139,440. UTA will make the JIC account whole.
- The 2015 CAFR will report a prior period adjustment and restatement for the Trust Account.
- The independent auditors are required to issue findings for 2015 and 2016 due to the Trust

Account being out of compliance with the Utah Money Management Act.

Action Plan to prevent and detect future issues:

- Internal survey of any potential accounts that should be under UTA control conducted. None have been identified thus far.
- Continue with current procedures to establish bank accounts.
- Use new accounts payable data analytic software
- Conduct an annual review of State Treasurer's report of unclaimed funds.

It is noted that action was taken by staff quickly and decisively once this issue was identified. The issue was immediately brought to the attention of Legal Counsel and the Chief Internal Audit Officer and was put on the agenda for the Audit Committee Meeting.

Information Item 4b Municipal Bond Overview

Richard Swenson, Deputy Treasurer at UTA and Brian Baker, UTA's investment advisor at Zions Bank presented a Bond Overview – An Introduction to UTA Bond Financing.

Discussion included the following:

- Characteristics of Bond Financing
- UTA Bonds and Ratings
- Total Outstanding Debt Service
- Debt Service Reserve and Rate Stabilization Fund

Items of note from the discussion:

- The sales tax bill currently before the Utah State Legislature would have a favorable impact on UTA's ratings
- This group should begin thinking about the most advantageous use of the bond refunding savings.
- This presentation has been very helpful to board members.

Information Item 4c New Internal Auditors

Isaac Clarke, Chief of Internal Audit for UTA, introduced two new Senior Internal Auditors for UTA.

- Rianna De Villiers originally comes from South Africa. She has worked for Price Waterhouse. She relocated to Utah two years ago.
- Brian Ledbetter went to the University of Utah where he received his master's degree in accounting. He has worked for Grant Thornton and done work in the gold mining industry. He is excited to be here and believes in the mission of UTA.

UTA extends a welcome to both new Senior Internal Auditors.

Next meeting items:

- Audit plan adjustments will be updated and will be reported to the committee now that staff has been hired.
- Isaac Clarke, Chief Internal Auditor at UTA will provide a list of safeguards to prevent issues with UTA accounts in the future.
- Next meeting will be in April.

Adjourn

Motion to adjourn at 1:56 pm made by Trustee Walker and seconded by Trustee Sloan. Meeting adjourned.

Transcribed by Teri Black
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