The Audit Committee was called to order by Chair Crystal Ekanayake at 10:04 a.m.


In reviewing the required annual communications to the Committee, Robertson stated that UEI received a clean or unqualified opinion from MGO. There was one finding on the amortization of loss on bond refunding. In July 2005, bonds were issued to refinance existing bonds, and as a result, a loss on bond refunding was recorded in the financial statements. According to GASB 23, the loss on bond refunding should be recognized as interest expense and amortized over the shorter life of the old debt or new debt. As part of the refinancing agreement, the redemption of the old bonds through Bank of New York Mellon was scheduled for and occurred in October, 2012. UEI management amortized the loss based on the old redemption (28 years) instead of the new redemption (7.25) years. In addition UEI elected to implement GASB 65 in 2013, resulting in deferred bond issuance costs being fully expensed rather than amortized, requiring a prior period adjustment of $1.13 million, which was included in the beginning of the year balance.

UEI had no significant changes in accounting policies or new management recommendations for fiscal year ended June 30, 2013.

Robertson reported the most sensitive estimates affecting the financial statements were as follows:

- Depreciation on capital assets
- OPEB costs and unfunded obligation
- Pension costs
- Fair market value of investments
Robertson stated that five to six programs in Research Administration and Contract Administration for Single Audit were reviewed with no findings reported in either of the programs.

Craig Barth asked if there were any new accounting principles to be aware of in the future. Macias stated that MGO will send UEI a listing of any new pronouncements.

Ekanayake called for a motion that the Committee approve the audited financial statements for the fiscal year ended June 30, 2013. (Fuller/Ekanayake) The seconded motion will go to the Board for approval at the September 26, 2013 UEI Board of Directors meeting.

At this time (10:30 a.m.) the Committee met with the auditors without the staff. The meeting was adjourned at 10:47 a.m.

Respectfully submitted:

Arlette Barnard
Recording Secretary