



OFFICE OF THE  
STATE AUDITOR

January 12, 2017

**60 Day Warning**

Per *Utah Code 67-3-1(8)*, this letter serves as the required 60 day notice of our intent to withhold state-allocated funds and property tax for failure to comply with reporting requirements.

Utah Municipal Finance Cooperative II  
c/o Kenneth Bullock  
50 S. 600 E., Suite 150  
Salt Lake City, UT 84102

Dear Kenneth Bullock:

Our records indicate we have not received the following required financial reports for Utah Municipal Finance Cooperative II:

**1986 – 2015 Financial Statement**

If these reports are not submitted within 60 days, state allocated funds and property tax distributions will be withheld from your entity at that time.

Sincerely,

Jeremy Walker, CPA  
Local Government Manager  
[jeremywalker@utah.gov](mailto:jeremywalker@utah.gov)  
801-538-1040



OFFICE OF THE  
STATE AUDITOR

January 12, 2017

**60 Day Warning**

Per *Utah Code 67-3-1(8)*, this letter serves as the required 60 day notice of our intent to withhold state-allocated funds and property tax for failure to comply with reporting requirements.

Utah Municipal Finance Cooperative II  
Michelle Reilly  
55 S 500 W #408  
Salt Lake City, UT 84101

Dear Michelle Reilly:

Our records indicate we have not received the following required financial reports for Utah Municipal Finance Cooperative II:

**1986 – 2015 Financial Statement**

If these reports are not submitted within 60 days, state allocated funds and property tax distributions will be withheld from your entity at that time.

Sincerely,

Jeremy Walker, CPA  
Local Government Manager  
[jeremywalker@utah.gov](mailto:jeremywalker@utah.gov)  
801-538-1040



OFFICE OF THE  
**STATE AUDITOR**

December 8, 2016

**60 Day Warning**

Per *Utah Code 67-3-1(8)*, this letter serves as the required 60 day notice of our intent to withhold state-allocated funds and property tax for failure to comply with reporting requirements.

Utah Municipal COOP II  
50 S 600 E STE 150  
Salt Lake City, Utah 84102-1016

Dear Utah Municipal COOP II:

Our records indicate we have not received the following required financial reports for Utah Municipal COOP II.

**1985 – 2015 Financial Statement**  
**1985 – 2016 Approved Budget**

If these reports are not submitted within 60 days, state allocated funds and property tax distributions will be withheld from your entity at that time.

Sincerely,

Van Christensen, CPA, CFE  
Local Government Director  
[vchristensen@utah.gov](mailto:vchristensen@utah.gov)  
801-538-1394



OFFICE OF THE  
STATE AUDITOR

Order to Suspend Disbursements

December 9, 2016

Utah Municipal COOP II  
50 S 600 E STE 150  
Salt Lake City, Utah 84102-1016

Dear Utah Municipal COOP II:

The Office of the State Auditor has not received the Utah Municipal COOP II 2017 budget. *Utah Code* 11-13-517 prohibits the disbursement of public funds without a legally adopted budget. Therefore, as authorized by *Utah Code* 67-3-3 the State Auditor is ordering you to immediately suspend all disbursements, expenditures, or payments by your entity until a budget has been adopted and provided to our office.

If a 2017 budget is not adopted and provided to our office or disbursements, expenditures, or payments are made in violation of this notice, the State Auditor may exercise authority provided in *Utah Code* 67-3-1(8)(d) which prohibits accessing entity funds held by the State Treasurer in the Public Treasurers' Investment Fund (PTIF) or deposits held at a financial institution. Also, the State Auditor may cause any disbursements, expenditures, or payments made prior to the adoption of the budget to be voided.

If your entity has legally adopted a budget for the year in question, please immediately submit that budget via our website; [reporting.auditor.utah.gov](http://reporting.auditor.utah.gov). If you have any questions regarding this letter, please contact Van Christensen at 801-538-1394 or [vchristensen@utah.gov](mailto:vchristensen@utah.gov).

Sincerely,

John Dougall  
State Auditor



# Office of the Utah State Auditor

HOLDING FUNDS

The Office of the Utah State Auditor has not received the required financial reports from Utah Municipal Finance Agency. **The entity's funds will be held until we have received the required financial reports** through the [reporting.auditor.utah.gov](http://reporting.auditor.utah.gov) website. Below is a list of the delinquent reports and a description of how to submit them to our Office. Please contact Kylie Cone with any questions at [kccone@utah.gov](mailto:kccone@utah.gov) or 801-538-1364.

### Delinquent Reports

2014 Budget	
2013 Financial Report 2013 Budget	2008 Financial Report 2008 Budget
2012 Financial Report	2007 Budget
	2006 Financial Report 2004 Financial Report 2003 Financial Report 2002 Financial Report 2001 Financial Report

### How to Submit Reports

1. Go to [reporting.auditor.utah.gov](http://reporting.auditor.utah.gov)
2. Create a username and password
3. Use **Option 1** to submit the delinquent reports

After submission, the reports will be online within 10 business days.



# Office of the Utah State Auditor

HOLDING FUNDS

The Office of the Utah State Auditor has not received the required financial reports from Virgin Town. **The entity's funds will be held until we have received the required financial reports** through the [reporting.auditor.utah.gov](http://reporting.auditor.utah.gov) website. Below is a list of the delinquent reports and a description of how to submit them to our Office. Please contact Kylie Cone with any questions at [kccone@utah.gov](mailto:kccone@utah.gov) or 801-538-1364.

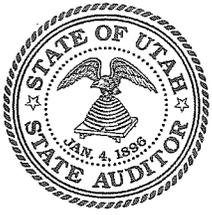
### Delinquent Reports

2014 Financial Report	
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### How to Submit Reports

1. Go to [reporting.auditor.utah.gov](http://reporting.auditor.utah.gov)
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3. Use **Option 1** to submit the delinquent reports

After submission, the reports will be online within 10 business days.



OFFICE OF THE  
UTAH STATE AUDITOR

Order to Suspend Disbursements

January 12, 2017

Utah Municipal Finance Cooperative II  
c/o Kenneth Bullock  
50 S. 600 E., Suite 150  
Salt Lake City, UT 84102

Dear Kenneth Bullock:

The Office of the Utah State Auditor has not received the Utah Municipal Finance Cooperative II 2017 budget. *Utah Code* 11-13-517 prohibits the disbursement of public funds without a legally adopted budget. Therefore, as authorized by *Utah Code* 67-3-3 the State Auditor is ordering you to immediately suspend all disbursements, expenditures, or payments by your entity until a budget has been adopted and provided to our office.

If a 2017 budget is not adopted and provided to our office or disbursements, expenditures, or payments are made in violation of this notice, the State Auditor may exercise authority provided in *Utah Code* 67-3-1(8)(d) which prohibits accessing entity funds held by the State Treasurer in the Public Treasurers' Investment Fund (PTIF) or deposits held at a financial institution. Also, the State Auditor may cause any disbursements, expenditures, or payments made prior to the adoption of the budget to be voided.

If your entity has legally adopted a budget for the year in question, please immediately submit that budget via our website; [reporting.auditor.utah.gov](http://reporting.auditor.utah.gov). If you have any questions regarding this letter, please contact me at 801-538-1040 or [jeremywalker@utah.gov](mailto:jeremywalker@utah.gov).

Sincerely,

Jeremy Walker, CPA  
Local Government Manager



OFFICE OF THE  
UTAH STATE AUDITOR

Order to Suspend Disbursements

January 12, 2017

Utah Municipal Finance Cooperative II  
c/o Michelle Reilly  
55 S 500 W #408  
Salt Lake City, UT 84101

Dear Michelle Reilly:

The Office of the Utah State Auditor has not received the Utah Municipal Finance Cooperative II 2017 budget. *Utah Code* 11-13-517 prohibits the disbursement of public funds without a legally adopted budget. Therefore, as authorized by *Utah Code* 67-3-3 the State Auditor is ordering you to immediately suspend all disbursements, expenditures, or payments by your entity until a budget has been adopted and provided to our office.

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If your entity has legally adopted a budget for the year in question, please immediately submit that budget via our website; [reporting.auditor.utah.gov](http://reporting.auditor.utah.gov). If you have any questions regarding this letter, please contact me at 801-538-1040 or [jeremywalker@utah.gov](mailto:jeremywalker@utah.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Jeremy Walker".

Jeremy Walker, CPA  
Local Government Manager

## COOP II Checks 2008-2016

Row Labels	Sum of Withdrawal
<b>AI Rounds</b>	<b>10,000</b>
2012	10,000
<b>American Express</b>	<b>4,432</b>
<b>Ashley Morfin</b>	<b>4,082</b>
2011	1,000
2012	1,250
2013	1,352
2014	480
<b>Brand Iconic, LLC</b>	<b>14,062</b>
2015	14,062
<b>Cari Boyer</b>	<b>1,000</b>
2012	1,000
<b>Carla Brooks</b>	<b>936</b>
2013	436
2015	250
2016	250
<b>Celebrity Talent Interr</b>	<b>16,000</b>
2013	16,000
<b>Craig Janis</b>	<b>52,428</b>
2013	22,978
2014	29,450
<b>Deseret News Media</b>	<b>10,000</b>
<b>Fast Forward 152 Wes</b>	<b>1,575</b>
2010	1,575
<b>Jason Reilly</b>	<b>600</b>
2013	600
<b>JoAnn Seghini</b>	<b>4,150</b>
2008	600
2009	400
2010	400
2011	900
2012	500
2013	550
2014	300
2015	250
2016	250
<b>Jonathan Wilcox</b>	<b>2,000</b>
2016	2,000
<b>Karl Brooks</b>	<b>4,667</b>
2008	693
2009	400
2010	851
2011	765
2012	750
2013	908
2014	300
<b>Kay Spatafore/Spatafo</b>	<b>14,150</b>
2011	3,000
2012	10,600
2013	300
2014	250
<b>Kenneth H. Bullock</b>	<b>79,483</b>
2008	1,620
2009	9,576

## COOP II Checks 2008-2016

2010	6,573
2011	9,288
2012	10,835
2013	10,132
2014	10,217
2015	13,383
2016	7,861
<b>Lincoln Shurtz</b>	<b>2,500</b>
2009	2,500
<b>Lone Peak Productior</b>	<b>10,000</b>
2015	10,000
<b>Lori Garfield</b>	<b>1,150</b>
2012	600
2013	300
2014	250
<b>Mark Walker</b>	<b>2,500</b>
2008	2,500
<b>Michelle Reilly</b>	<b>52,783</b>
2008	950
2009	1,332
2010	5,395
2011	5,334
2012	2,441
2013	13,341
2014	10,658
2015	12,970
2016	364
<b>Mike Lee Productions</b>	<b>10,000</b>
2016	10,000
<b>Pictureline</b>	<b>458</b>
<b>PTIF</b>	
<b>Ray Grant</b>	<b>2,500</b>
2015	2,500
<b>Roger Tew</b>	<b>29,667</b>
2008	10,667
2009	13,000
2010	6,000
<b>Salt TV Network</b>	<b>1,350</b>
<b>Spencer Kinard</b>	<b>1,500</b>
2009	1,500
<b>Tom Godfrey</b>	<b>3,650</b>
2008	400
2009	400
2010	400
2011	650
2012	750
2013	250
2014	300
2015	250
2016	250
<b>Utah League of Cities</b>	<b>97,033</b>
<b>Utah Local Gov't Trus</b>	<b>7,774</b>
<b>Utah Local Gov't Trus</b>	<b>2,256</b>
<b>Zions Bank</b>	<b>2,092</b>
<b>Grand Total</b>	<b>446,776</b>



Memo:

To: The File

RE: Scope of Coop II Audit

From: Jeremy Walker

Date: February 13, 2017

- Purpose  
To document the background and scope of this audit.

We received an anonymous tip from our hotline email (Hotline form) indicating that the Director of the Utah League of Cities and Towns had a “secret” stash of money that he used at his discretion for ULCT projects. An internal audit was performed at the direction of the ULCT board chairman in July of 2016. That internal audit was to investigate potential personal use of credit cards by the ULCT Director and CFO. During that audit, the auditor came across some bank statements for an organization called Coop II Trust (Coop). The auditor documented the recipients of payments from Coop and included them in his report (RMA Report). During our audit of ULCT (ULCT17SP) we asked staff and board members of ULCT about Coop. The results of our interviews combined with the details provided from the RMA Report provided enough information to justify a separate audit focusing on Coop.

Scope:

This audit is intended to determine the nature of the organization called Coop and to determine if its funds are public or private and if they have been managed in accordance with applicable requirements.

Testwork:

We requested bank statements for Coop going back as far the bank had records. We reviewed the cleared checks to determine who received payments from Coop. We requested supporting documentation for these payments to determine the purpose for each payments. We also requested budgets, financial reports, organizational documents and minutes to help us determine if the financial transactions were approved and reported appropriately. We also interviewed current and former ULCT staff and other individuals who had worked with ULCT or Coop that might be able to provide an understanding about Coop II Trust.

Memo:

To: The File

RE: Interviews

From: Jeremy Walker

Date: January 27, 2017

### **Joann Segini**

On 1/27/2017 Jeremy Spoke with Joann Seghini, Chairman of the Coop on the telephone. Joann confirmed that she was the Chairman of the Trust, but was unsure if there was any difference between the Trust and the Coop.

- Joann indicated that she was not aware of either Ken or Michelle receiving any compensation from Coop II for anything beyond the meeting stipend. She further indicated that if they were receiving compensation, it was not authorized.
- Joann indicated that on January 16, 2017 the board had directed Ken to submit Trust reports and documents to the OSA as requested by the OSA.
- Joann was unaware of the Trust Agreement provisions to terminate the trust and distribute the assets of the trust to ULCT no later than December 31, 2012.

### **Tom Godfrey**

On 1/27/2017 Jeremy Spoke with Tom Godfrey, Board member of the Coop on the telephone. Tom confirmed that Joann was the Chairman of the Trust, but was unsure if there was any difference between the Trust and the Coop.

- Tom indicated that she was not aware of either Ken or Michelle receiving any compensation from Coop II for anything beyond the meeting stipend. He further indicated that if they were receiving compensation, it was not authorized.
- Tom indicated that on January 16, 2017 the board had directed Ken to submit Trust reports and documents to the OSA as requested by the OSA.
- Tom was aware of the Trust Agreement provisions to terminate the trust and distribute the assets of the trust to ULCT no later than December 31, 2012 but did not think it was a mandate. He explained that the original plan was for the Trust to distribute one tenth of the corpus each year for ten years, but since they had distributed less than that amount, they just continued beyond that date. However, Tom did indicate that the Trust board members discussed the concern that if the ULCT Board member were aware of the funds in the Trust, they would want to take it over.
- Tom indicated that the Trust was a private entity but did not intend to keep the ULCT board in the dark. He saw Joann as the liaison to the ULCT Board since she was the Treasurer of that board. He also thought that the Trust was receiving feedback from the ULCT Board on projects to fund through Ken, since Ken as the Exec Director of ULCT.
- Tom indicated that Ken was a voting board member, but Michelle was not.

