



Utah Local Governments Trust Reacts to State Audit

Trust Pares Back Expenses in Accordance with State Audit

NORTH SALT LAKE (July 20, 2016) — The Utah Local Governments Trust (the Trust) has taken several actions in response to a recent audit by Utah State Auditor’s Office.

Since receiving preliminary findings of the audit, the Trust has pared back board meetings, expenses at member activities, and accompanying meals. In addition, the board recently voted to eliminate paying for spouse meals or inclusion in activities, and changed its iPad loan policy. The board will continue to review policies and processes organization-wide to ensure the Trust is using funding effectively to enable the organization to continue to provide strong service and returns for its members.

“The focus of our organization has always been and continues to be to run as efficiently as possible to bring the greatest value to our members,” Trust CEO Steve Hansen said. “The improvements suggested in this audit will only help us to get better and continue serving our members.”

The Trust is what is commonly referred to as risk pool and is owned by its government members. It is not an insurance company, although it serves a similar function. More than 85 percent of all governmental entities in the United States participate in pools rather than purchasing insurance through private markets. Risk pools are better able to cover the unique risks of government entities that may not be covered by commercial insurance or which may be prohibitively expensive to cover.

The audit also focused on executive compensation. Trust CEO Steve Hansen’s salary was set by the board based on a national salary survey of organizations in other states with similar sizes, holdings, and earnings. That survey places Hansen’s salary plus bonus slightly above the middle of the pack of similarly situated professionals.

Board Chair and Price City Mayor Joe Piccolo attributed the Trust’s unprecedented growth and results to Hansen’s leadership. Piccolo said Hansen has streamlined operations, maintained or reduced coverage costs, increased coverage terms, acquired and retained talented employees, and placed the Trust in the position of being one of the most efficiently and successfully run pools in the country. This is all while returning \$6.5 million in dividends to members of the Trust over the past five years, when there had never been a dividend in the organization’s preceding 36-year history.

“Our board commissioned a thorough, scientific survey, and Steve’s salary was squarely in the middle. Based on our research and the unprecedented performance of the Trust, Steve is worth every penny we pay him,” Piccolo said. “There is nobody else who could lead our organization to such consistently high performance and incredible returns to our members.”

Piccolo said the board will continue to set performance standards and compare the CEO’s compensation with industry standards moving forward and make any adjustments necessary to ensure the Trust is run in the most efficient manner possible for the benefit of its members.

A full copy of the Trust’s response to the audit is available on the Utah Local Governments Trust website (utahtrust.gov/audit).

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