

MINUTES  
MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM  
AUDIT OVERSIGHT COMMITTEE

November 2, 2023

[Clerk's note: Except where noted, public, staff and board member comments are paraphrased. The full comment can be heard by reviewing the recording at the [MTS website](#).]

**1. Roll Call**

Chair Whitburn called the Audit Oversight Committee meeting to order at 9:49 a.m. A roll call sheet listing Audit Oversight Committee member attendance is attached.

**2. Public Comments**

There were no Public Comments.

**3. Approval of Minutes**

Vice Chair Goble moved to approve the minutes of the July 13, 2023, MTS Audit Oversight Committee meeting. Board Member Hall seconded the motion, and the vote was 5 to 0 in favor with Board Member Vargas and Board Member Bush absent.

**COMMITTEE DISCUSSION ITEMS**

**4. Draft of Fiscal Year 2023 Annual Comprehensive Financial Report (ACFR) (Erin Dunn with Ken Pun and Coley Delaney of the Pun Group)**

Erin Dunn, MTS Controller, and Ken Pun and Coley Delaney, with the Pun Group, presented on the FY 23 ACFR. They outlined: management's and auditors' responsibilities, overview of the financial statements, key pension and OPEB information, and audit results.

Vice Chair Goble referenced slide 14 and asked about the net investment income differences between 2023 and the previous year. Mr. Delaney replied that the slide refers to the activity of the San Diego Transit employee retirement plan for the current year given that MTS is a fiduciary of the Plan. Vice Chair Goble asked if that change affects the amount of pension expenses. Larry Marinesi, MTS Chief Financial Officer, confirmed that it did, and added that the \$11.4 million was primarily due to positive investment returns for the current year. He assured the committee that the agency would be bringing back the pension financial statements and actuarial analysis at the February Board meeting. Investment returns that exceed the target number does positively impact net contributions in future years. Vice Chair Goble asked staff to clarify if the negative \$22 million and the positive \$11 million would be adjusted out over five years to leverage variance in expenses. Mr. Marinesi confirmed that and added that as target investment returns are lowered over time, there is more opportunity to achieve the target annually.

Chair Whitburn congratulated MTS staff on the Fiscal Year 2022 Certificate of Achievement for Excellence in Financial Reporting.

**Action Taken**

Chair Whitburn moved to receive a draft of the Fiscal Year (FY) 2023 ACFR for review and discussion. Board Member Elo-Rivera seconded the motion, and the vote was 5 to 0 in favor with Board Member Vargas and Board Member Bush absent.

OTHER ITEMS

**5. Committee Member Communications and Other Business**

Sharon Cooney, MTS Chief Executive Officer, asked for a volunteer who would ask questions of the auditors directly when this item is taken to November 9<sup>th</sup> Board for approval. Vice Chair Goble volunteered.

**6. Next Meeting Date**

The next Audit Oversight Committee meeting is to be determined.

**7. Adjournment**

Chair Whitburn adjourned the meeting at 10:14 a.m.

/S/ Stephen Whitburn  
Chairperson  
San Diego Metropolitan Transit System

/S/ Dalia Gonzalez  
Clerk of the Board  
San Diego Metropolitan Transit System

Attachment: Roll Call Sheet

SAN DIEGO METROPOLITAN TRANSIT SYSTEM  
AUDIT OVERSIGHT COMMITTEE

## ROLL CALL

|                     |                             |                       |                             |
|---------------------|-----------------------------|-----------------------|-----------------------------|
| MEETING OF (DATE):  | <u>November 2, 2023</u>     | CALL TO ORDER (TIME): | <u>9:49 am</u>              |
| RECESS:             | <u>                    </u> | RECONVENE:            | <u>                    </u> |
| CLOSED SESSION:     | <u>                    </u> | RECONVENE:            | <u>                    </u> |
| PUBLIC HEARING:     | <u>                    </u> | RECONVENE:            | <u>                    </u> |
| ORDINANCES ADOPTED: | <u>                    </u> | ADJOURN:              | <u>10:14 am</u>             |

| REPRESENTING                          | BOARD MEMBER                                   | ALTERNATE                                     | PRESENT<br>(TIME<br>ARRIVED) | ABSENT<br>(TIME LEFT) |
|---------------------------------------|--|---|------------------------------|-----------------------|
| Chair                                 | Whitburn <input checked="" type="checkbox"/>   | No Alternate <input type="checkbox"/>         | 9:49 am                      | 10:14 am              |
| City of San Diego                     | Elo-Rivera <input checked="" type="checkbox"/> | Montgomery<br>Steppe <input type="checkbox"/> | 9:49 am                      | 10:14 am              |
| County of San Diego                   | Vacant <input type="checkbox"/>                | Vargas <input type="checkbox"/>               | ABSENT                       | ABSENT                |
| East County                           | Hall <input checked="" type="checkbox"/>       | Frank <input type="checkbox"/>                | 9:49 am                      | 10:14 am              |
| SANDAG<br>Transportation<br>Committee | Moreno <input checked="" type="checkbox"/>     | Bush <input type="checkbox"/>                 | 9:49 am                      | 10:14 am              |
| South Bay                             | Bush <input type="checkbox"/>                  | Leyba-<br>Gonzalez <input type="checkbox"/>   | ABSENT                       | ABSENT                |
| Vice Chair                            | Goble <input checked="" type="checkbox"/>      | No Alternate <input type="checkbox"/>         | 9:49 am                      | 10:14 am              |

SIGNED BY THE CLERK OF THE BOARD: /S/ Dalia Gonzalez