

## **MINUTES**

### **MONROE COUNTY AIRPORT AUTHORITY**

Audit Committee Meeting

May 15, 2013

#### **Present:**

Bernard J. Iacovangelo, Esq. Chairman  
Don Johnson

#### **Late Arrival:**

Stephen Tucciarello

#### **Others Present:**

Michael Giardino	Administrative Director
Bob Franklin	Treasurer
Brett Granville, Esq.	Assistant Secretary
James Marasco	Stonebridge Business Partners
Tom Niles	Stonebridge Business Partners
Jennifer Hanrahan	
Andrew Moore	

Meeting was called to order by the Chairman at 11:05 am.

#### **Approval of the Minutes from March 27, 2013**

A motion was made to approve by Member Johnson and seconded by Chairman Iacovangelo. The motion passed 2-0.

#### **Internal Audit Update**

Tom Niles, Stonebridge Business Partners presented the Internal Audit update. Mr. Niles provided two reports for Thrifty (Westover) & National Car Rental (SNORAC).

The primary objective of the National (SNORAC) audit was to assess the accuracy of reporting and gross receipts to the Authority totaling \$5.5 million and \$550,000 in concession fees. Mr. Niles reported that the Audit had no significant findings. Mr. Niles said the procedures performed during the Audit process included interviews with key personnel to gain and understanding of their reporting in their system Odyssey. All documents were provided and there were no scope limitations. Mr. Niles stated that there was some difficulty in reconciling some accounts due to comingling of funds with Enterprise & Alamo however all of the information received was able to be reconciled. Revenues are reported each month to SNORAC from Alamo/National Corporate Headquarters. Stonebridge was able to audit those two pieces of information and reconciled all miscellaneous line items such as fuel surcharges, GPS and equipment such as car seats etc. Mr. Niles said that Stonebridge performed detailed transaction auditing for three months to compare and no deviations were found. Mr. Niles reported that the revenue reported was accurate as well as the Authority's concession fees. Mr. Niles said that Stonebridge had no significant recommendations based on their Audit.

Mr. Niles next reported the findings of the Thrifty (Westover) audit. Mr. Niles said that because Thrifty was a new concessionaire with only one year of data – the audit was scaled back slightly as this was their first full year of operations at the Airport. Mr. Niles stated this was done by limiting the scope of Stonebridge's detail testing to several months within the audit period – three months: March, July and August 2012. Mr. Niles stated that over the course of the audit period the gross receipts totaled \$1.17 million and concession fees \$360,000. Mr. Niles added that while Thrifty did provide information for the entire audit period, the

transactional/detailed audit was performed on three of the twelve months, an abbreviated audit as Thrifty (Westover) only had operations for twelve months.

Mr. Niles reported the results of this audit stating that initial reporting was inadequate with one line item for gross receipts to the Authority, no itemizing of revenue and Stonebridge was not able to see what each month was composed of until they received detailed information for each month and did not incorporate some things into the report. Mr. Niles said that while the Thrifty (Westover) Agreement does require it - the concession fee did not incorporate recovery fees. Mr. Niles also stated that Thrifty (Westover) refused to provide bank statements and sales information etc. due to the fact that it included information for operations in other markets. Mr. Niles recommended that it would be good if the company had separate bank statements and income tax filings etc., so that reports are accessible and viewable by the Authority. Mr. Niles said the audit process is better if you can separate the operations out and report individually incorporating the segregation of information, strengthening the contract language as it pertains to record keeping and keeping reports independent from other interests. Mr. Niles stated that reports were generated from a system called Bluebird and were reconciled without an issue therefore the process seems to be sound but strengthening of reporting is recommended.

Mr. Niles concluded his report saying that Stonebridge is currently working with Mapco and is engaged to help vet the possibility of a new revenue control system. Stonebridge will perform an analysis of current system, credit card expenses and fees/collection of payments from customers to see where cost savings to the Authority can be made.

### **Financials at March 31, 2013**

Treasurer Robert Franklin presented the Financials at March 31, 2013. Treasurer Franklin stated the balance sheet ending balance as \$26.4 million cash on hand and almost \$5.5 million of cash in trustee account. Cash on hand higher than beginning of year, cash in trustee account is half due to the advance transfer of the cash deposit made for the principle and interest payment.

Treasurer Franklin reported that for 2013 revenues are \$7.9 million and expenses are just over \$6.3 million. The debt principle and interest payment is paying down each year – interest expense on bonds is going down approximately \$158,000. Approximately \$419,000 in expenses were posted in April but were attributable to first three months of 2013.

Depreciation expense is running low due to the timing of the journal entry normally dated 3/31/13 but the transaction was dated the day it was made this will catch up in the April statements. Chairman Iacovangelo noted that there are only six more years of bond principle & interest payments left for the Authority and that financially this great for the Authority.

### **Budget to Actual at March 31, 2013**

Treasurer Robert Franklin presented the Budget to Actual at March 31, 2013. Treasurer Franklin drew attention to expenses under County Operation and Maintenance and commented that this number is actually a little low because of the March related costs posted in April.

Treasurer Franklin also pointed out that Professional Services for the year was budgeted a little higher due to costs of airline use/lease agreement in 2012. Treasurer Franklin said that 35% of the budget has been expensed through the first three months with debt service heavily front loaded. Treasurer Franklin stated that the Authority is operating well so far this year.

Director Giardino agreed and added that is why ROC is looking at bank fees/credit card fees to reduce expenses and to continue to look for efficiencies such as limiting overtime and monitoring utility costs.

### **Directors Litigation Report**

Director Giardino stated that there is no change in litigation report as reflected in last meeting minutes. Assistant Secretary Granville added that Taplo is in the discovery phase.

**Ethics Hotline Report**

Assistant Secretary Granville reported there were no calls to the hotline for this reporting period.

Meeting was adjourned @ 11:44 AM

The next Audit Committee Meeting is July 24, 2013.

Respectfully Submitted,



Brett Granville

Assistant Secretary

Dated: 6/27/13