

MINUTES

MONROE COUNTY AIRPORT AUTHORITY

Audit Committee Meeting

February 15, 2012

Present:

Bernard J. Iacovangelo, Esq. Chairman
Stephen Tucciarello (excused tardiness – arrived at 11:07 am)
Don Johnson

Others Present:

Scott Adair	Treasurer
Angela Veltre	Assistant Treasurer
Brett Granville	Assistant Secretary
Randy Shepard	The Bonadio Group
Jim Marasco	StoneBridge Business Partners
Tom Niles	StoneBridge Business Partners
Jennifer Hanrahan	

Meeting was called to order by the Chairman at 11:01 am.

Approval of the Minutes from September 28, 2011

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

Audit Entrance Presentation by Bonadio & Co., LLP

Treasurer Adair introduced Randy Shepard of The Bonadio Group. Mr. Shepard presented to the Audit Committee members the external audit approach for the Authority that is required annually. Mr. Shepard reported that preliminary audit work was completed in early December 2011. The Year-End audit work started Monday, February 13th. Draft financial statements will be made available to the Audit Committee at the scheduled March meeting in order for the Authority to meet its deadline. The Audit consists of four main scopes of services: audit of financial statements, schedule of passenger facility charges cash receipts and disbursements, investment compliance report and debt compliance report. Four separate reports will be issued to the Audit Committee for all areas. Mr. Shepard reviewed and defined tolerable misstatement, test scope and adjustment scope. Mr. Shepard noted that historically there have been very few if any adjustments relating to the Airport Authority. Considerations regarding the external audit process were presented to the committee. Mr. Shepard also pointed out that new GASB exist and may or may not affect the Authority. The timetable for the external audit was presented as well as the client service team contact information for committee members.

Chairman Iacovangelo asked questions concerning whether the work on this account is still subject to peer review. Mr. Shepard responded yes that each individual engagement is reviewed by a second partner for each of the four individual reports. Treasurer Adair noted that Bonadio and other national firms have added quality assurance partners internally so that accounts are double checked by a second partner. An outside firm comes in and audits Bonadio to make sure they are in accordance with current requirements this is known as a peer review. Treasurer Adair added that State law indicates all auditing firms are subject to peer review going forward and that the industry is making a concerted effort to make sure there are normalcy standards and objective reviews.

Member Johnson asked questions concerning the GASB changes and if they affect the Authority. Mr. Shepard answered that the GASB changes take effect January 1, 2012.

Member Tucciarello asked questions concerning the number of years the Authority can have the same engagement partner. Mr. Shepard noted that this was his last year as the Authority engagement partner ending December 31, 2012 and that the position is rotated every five years.

Internal Audit 2012 Audit Plan - StoneBridge Business Partners

Treasurer Adair reported that an RFP was issued last spring/summer to obtain an internal auditor for the Authority. The contract was awarded to StoneBridge Business Partners. Treasurer Adair and Assistant Treasurer Veltre had previously met with their representatives Jim Marasco and Tom Niles. Mr. Marasco presented to the committee the internal audit plan for the Authority.

Mr. Marasco provided the committee with the background of his company and the approach that would be taken. Assistant Treasurer Veltre and Dave Haas had provided an overview of airport operations, budgets and contracts to StoneBridge, prior to today's meeting. Mr. Marasco presented that auditing of revenue contracts for parking, vehicle rental and food concessions will take place first. These contracts cover half of the non-airline revenue generated at the Airport.

Treasurer Adair noted that StoneBridge Business Partners experience is extensive. Treasurer Adair has the opportunity to meet with Southwest Airlines executives the week prior and keeping airline costs at the present level or below is critical for airlines and maximizing non-airline revenue is the way to do that. Treasurer Adair added that as the internal auditing process progresses ad hoc engagements will present themselves for the committee to consider should they choose. Mr. Marasco noted that draft reports for the committee will be presented in easy to read/follow formats to show areas where opportunities for recovery may exist.

Member Johnson asked questions concerning StoneBridge being required to sign non-disclosure statements and noted that Rotenberg is an auditor for one of his business accounts. Treasurer Adair responded that redaction of information for internal information would exist and clarified that procedural recommendations would be presented to the audit committee by StoneBridge but that anything requiring a full vote would go to the board.

Member Tucciarello asked if StoneBridge Business Partners was headquartered here in Rochester and Mr. Marasco answered yes. Conversation ensued; Treasurer Adair noted that StoneBridge is working on the audit committee's behalf and that concerns should be brought to their attention. Chairman Iacovangelo supported Treasurer Adair's statement noting the compliance focus of StoneBridge's auditing plan. Treasurer Adair added that internal auditing is "quasi new" and that as StoneBridge becomes more knowledgeable on Airport issues it will help to identify areas financially that can be brought to the committee. Assistant Treasurer Veltre added that the internal audit program is that of the audit committee and whatever they feel is most important at the time can be explored.

The audit committee approved the plan as presented by Stonebridge.

Directors Litigation Report

Acting Director Veltre stated that the lawsuit brought upon by concessionaire Taplo d/b/a Flower City Café is in the discovery phase. Monday, February 13th, a concession equipment firm sent by Banco Popular North America visited the Airport to assess the value of the 'moveable trade fixtures' that were named as collateral on the small business loan. Banco Popular will then determine if they will auction the equipment or supply the County with a release.

Member Johnson asked if the equipment is an asset of the County. Acting Director Veltre noted that it would only be a County asset if the County was supplied with a release from the bank.

Chairman Iacovangelo confirmed the location of the vacant space. Acting Director Veltre noted that the Airport will be issuing an RFP on Friday, February 17th, to fill that location with a food/beverage concession.

Member Johnson asked if anything new had transpired regarding Kodak Aviation. Acting Director Veltre responded that Kodak is discontinuing their aviation division and that Airport had not been contacted yet by Kodak regarding the land lease contract. Chairman Iacovangelo noted that if the hangar and office buildings became the Authority's that it could be bid for other tenants. Member Tucciarello asked about the useful life and condition of the hangar and office buildings at Kodak Aviation. Chairman Iacovangelo stated that they were well maintained and in good condition. Acting Director Veltre informed the committee that if we are notified of any change to the current status of Kodak Aviation that we would let the board know.

Ethics Hotline Report

Assistant Secretary Granville reported there were no calls to the hotline for December 2011 or January 2012.

Other Business

No other business presented

Meeting was adjourned @ 11:36 AM

The next Audit Committee Meeting will be March 28, 2012.

Respectfully Submitted,



Brett Granville

Assistant Secretary

Dated: