

Peter George, Director and Jeffrey Altshuler, Partner, McGladrey LLP, provided a presentation of the external auditor's Fiscal Year Ended June 30.

2013, reports that included Auditor Responsibilities; Communications to the Audit Committee; Types of Deficiencies in Internal Control; Specific Findings Applicable to the Authority; Current Assets as of June 30, 2013; Noncurrent & Restricted Assets, and Deferred Outflows of Resources as of June 30, 2013; Current Liabilities as of June 30, 2013; Noncurrent Liabilities as of June 30, 2013; 2011-2013 Total Net Position; 2013 Operating Revenue; 2013 Operating Expenses; Investments as of June 30, 2013; Capital Asset Activity for the Fiscal Year Ended June 30, 2013; Debt Activity for the Fiscal Year Ended June 30, 2013; 2013 Federal Expenditures; and Passenger Facility Charge (PFC) and Customer Facility Charge (CFC) Activity for the Fiscal Year Ended June 30, 2013.

Board Member Gleason requested that the information in Note 1, Notes to Financial Statements, relating to Reclassifications, in the Financial Report (Attachment A), be expanded to include that these were necessary due to changes in State accounting methods and terminology; and the information in Note 11, Lease Commitments, include a notation separating the "Building Lease" information from other Lease Commitments.

RECOMMENDATION: Staff recommends that the Audit Committee forward this item to the Board for acceptance.

**ACTION: Moved by Board Member Hubbs and seconded by Committee Member Tartre to approve staff's recommendation. Motion carried unanimously, noting Committee Member Hollingworth as ABSENT.**

**3. REVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2013:**

Vernon Evans, Vice President, Finance/Treasurer, provided an overview of the Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2013.

RECOMMENDATION: Staff recommends that the Audit Committee forward this item to the Board for information.

**ACTION: Moved by Committee Member Van Sambeek and seconded by Board Member Gleason to approve staff's recommendation. Motion carried unanimously, noting Committee Member Hollingworth as ABSENT.**

**4. QUARTERLY AUDIT ACTIVITIES REPORT – FISCAL YEAR 2014  
FIRST QUARTER, AND REPORT ON AUDIT RECOMMENDATIONS  
ISSUED BY THE OFFICE OF THE CHIEF AUDITOR:**

Fred Bolger, Manager, Audit Services, provided a presentation that included Audit Activities; Audits in Progress; Recommendation Follow Up; Fiscal Year 2014 Performance Measure Outcomes; and Summary of Ethics Inquiries.

In response to Board Member Gleason regarding an update on the Aircraft Rescue & Fire Fighting Expense Billings Audit Report No. 13026, and the amount owed to the Authority from the City of San Diego, Thella F. Bowens, President/CEO, stated that the Authority and the City of San Diego are in the process of finalizing the issue. She stated that the City of San Diego has reviewed and accepted the Audit recommendations from the past audit results, and is expected to generate a letter rescinding the 180 days' notice to cancel the contract.

**RECOMMENDATION:** Staff recommends that the Audit Committee forward this item to the Board for information and provide, if necessary, direction to staff on audit recommendations.

**ACTION:** Moved by Committee Member Tartre and seconded by Board Member Hubbs to approve staff's recommendation. Motion carried unanimously, noting Committee Member Hollingworth as ABSENT.

**5. SELECTION OF INDEPENDENT ASSESSOR TO PERFORM QUALITY  
ASSESSMENT REVIEW OF THE OFFICE OF THE CHIEF AUDITOR:**

Mark A. Burchyett, Chief Auditor, provided a presentation that included an overview of the Quality Assessment Review (QAR) Requirement; External QAR Assessor Qualifications; Association of Local Government Auditors (ALGA); ALGA QAR Costs, and a Request for Audit Committee Action.

**RECOMMENDATION:** Staff recommends that the Audit Committee approve the Quality Assessment Review engagement with the Association of Local Government Auditors.

**ACTION:** Moved by Committee Member Van Sambeek and seconded by Committee Member Tartre to approve staff's recommendation. Motion carried unanimously, noting Committee Member Hollingworth as ABSENT.

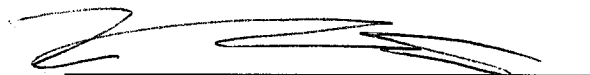
**CLOSED SESSION:** None

**REPORT ON CLOSED SESSION:** None

**COMMITTEE MEMBER COMMENTS:** Board Member Gleason requested that reports be provided to the Committee and/or Board relating to, 1) the expiration of the Commercial Paper Program; and, 2) the terminating contract of the external auditor. He also requested that the Board be provided with a report regarding bond covenants.

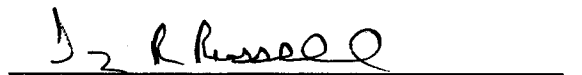
**ADJOURNMENT:** The meeting was adjourned at 10:55 a.m.

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY THIS 10<sup>TH</sup> DAY OF FEBRUARY, 2014.



MARK A. BURCHYETT  
CHIEF AUDITOR

ATTEST:

  
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TONY R. RUSSELL  
DIRECTOR, CORPORATE SERVICES/  
AUTHORITY CLERK