

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
AUDIT COMMITTEE MINUTES  
MONDAY, DECEMBER 7, 2015  
SAN DIEGO INTERNATIONAL AIRPORT  
BOARD ROOM**

**CALL TO ORDER:**

Chair Robinson called the special meeting of the Audit Committee and Special meeting of the Board to order at 10:40 a.m. on Monday, December 7, 2015, in the Board Room at the San Diego International Airport, Administration Building, 3225 North Harbor Drive, San Diego, CA 92101.

**PLEDGE OF ALLEGIANCE:**

**ROLL CALL:**

PRESENT: Committee Members: Gleason, Hollingworth, Hubbs,  
Robinson (Chair), Sessom, Tartre

Board Members: Boling

ABSENT: Committee Members: Van Sambeek

ALSO PRESENT: Thella F. Bowens, President/CEO; Breton K. Lobner, General Counsel; Lorraine Bennett, Assistant Authority Clerk II; Linda Gehlken, Assistant Authority Clerk I

**NON-AGENDA PUBLIC COMMENT:** None

**NEW BUSINESS:**

Chair Robinson stated that Item 3 would be heard first.

**3. EXTERNAL AUDITOR'S FISCAL YEAR ENDED JUNE 30, 2015, REPORTS:  
A) AUDITED FINANCIAL STATEMENTS, B) COMPLIANCE (SINGLE AUDIT)  
REPORT, C) PASSENGER FACILITY CHARGE COMPLIANCE REPORT, D)  
CUSTOMER FACILITY CHARGE COMPLIANCE REPORT, AND E) REPORT  
TO THE AUDIT COMMITTEE:**

Kathy Kiefer, Senior Director, Finance & Asset Management; Joseph Vande Bosche, Partner, and David Coleman, Director, BKD, LLP, provided a presentation on the Annual Audit - Year Ended June 30, 2015, which included 2015 Highlights; Assets and Deferred Outflows Composition as of June 30, 2015; Assets and Deferred Outflows Composition Trends; Liabilities and Deferred Inflows Composition as of June 30, 2015; Liabilities and Deferred Inflows Composition Trends; Total Revenues and Capital Contributions Composition for the Year Ended June 30, 2015; Total Revenues and Capital Contributions Trends; Expense Composition for the Year Ended June 30, 2015; Expense Trends; and Other Relevant Trends.

In response to Board Member Boling regarding whether the actuarial report received from the San Diego County Employee Retirement System requires modifications before it becomes compliant with GASB 68, Mr. Vande Bosche stated that the assumptions are acceptable and in compliance.

Board Member Gleason requested that the information under Nature of Organization and Summary of Significant Accounting Policies, in the Financial Statements page 22, Note 1, which referenced Insurance contingency as Note 9, and Capital projects and other commitments as Note 12, be revised to correctly identify them as 10 and 13, respectively. He also stated that the information needs to be revised in the Comprehensive Annual Financial Report (CAFR).

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

**ACTION: Moved by Committee Member Tartre and seconded by Board Member Sessom to approve staff's recommendation, and include the revision to the Financial Statement and CAFR. Motion carried unanimously, noting Committee Member Van Sambeek as ABSENT.**

**1. APPROVAL OF MINUTES:**

RECOMMENDATION: Approve the minutes of the August 17, 2015, regular meeting.

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

**2. PRESENTATION INTRODUCING GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) 68 IMPLEMENTED IN THE AUDITED FINANCIAL STATEMENTS AS OF JUNE 30, 2015:**

RECOMMENDATION: Information item only.

**ACTION: The presentation for this item was not given, but, the information was covered by the External Auditor during Item 3.**

**4. REVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2015:**

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

**ACTION: Moved by Board Member Gleason and seconded by Board Member Hubbs to approve staff's recommendation as amended, noting to revise the reports as directed under Item 3. Motion carried unanimously, noting Committee Member Van Sambeek as ABSENT.**

**5. FISCAL YEAR 2016 FIRST QUARTER ACTIVITIES REPORT AND AUDIT RECOMMENDATIONS ISSUED BY THE OFFICE OF THE CHIEF AUDITOR:**

Mark A. Burchyett, Chief Auditor; and Fred Bolger, Manager, Audit Services, presented an overview of the Fiscal Year 2016 First Quarter Audit Activities Report, which included Audit Activities; Audits in Progress as of September 30, 2015; Recommendation Follow-Up; Fiscal Year 2016 Measure Outcomes; and Summary of Ethics Inquiries.

In response to Committee Member Tartre's recommendation that Audits in Progress, which have been ongoing for an extended period of time, include a summary for additional clarity; Fred Bolger, Audit Manager, stated that going forward the recommendations will be presented in another format showing aging.

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

**NON-AGENDA PUBLIC COMMENT:** None

**COMMITTEE MEMBER COMMENTS:** None

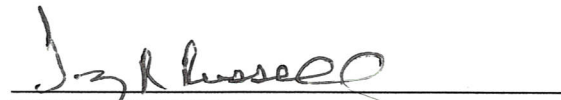
**ADJOURNMENT:** The meeting was adjourned at 11:24 a.m.

APPROVED BY A MOTION OF THE AUDIT COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY THIS 1<sup>th</sup> DAY OF FEBRUARY, 2016.



MARK A. BURCHYETT  
CHIEF AUDITOR

ATTEST:



TONY RUSSELL  
DIRECTOR OF CORPORATE & INFORMATION  
GOVERNANCE/AUTHORITY CLERK