

SUMMARY MINUTES
RISK MANAGEMENT COMMITTEE
MEETING OF APRIL 19, 2017

Mr. Sudow chaired the April 19 Risk Management Committee Meeting, calling it to order at 11:40 a.m. A quorum was present during the Meeting: Mr. Williams, Co-Chair, Mr. Griffin, Mr. Pozen, Mr. Speck, and Mr. McDermott (*ex officio*). Mr. Adams, Ms. Hanley, Ms. Lang, Mr. Lazaro, Ms. Merrick, Mr. Mims, Mr. Session, Mr. Tejada, Mr. Uncapher, and Ms. Wells were also present.

External Financial Statement Audit. Lee Wyckoff, Vice President for Audit, advised that he serves as the Contracting Officer's Technical Representative for the contract for the external audit services. He invited Krista Edoff, Partner, Cherry Bekaert, LLP (Cherry Bekaert) to share the details of the audit, as reported earlier [by Andy Rountree, Vice President for Finance and Chief Financial Officer]. Ms. Edoff stated that Cherry Bekaert was engaged to audit the financial statements of the Airports Authority as of December 31, 2016. She further stated that a different external auditor had conducted a separate single audit for the federal grants and Passenger Facility Charges. Ms. Edoff reviewed the audit timeline and advised that the Report had been issued as of March 31, 2017. She also reviewed a chart that identified the members of the engagement team, as well as some of the responsibilities and guidance that members of the team provided. Ms. Edoff introduced Greg Miller, Audit Manager. He reviewed the audit methodology, as well as some of the significant audit areas that had been reviewed and monitored throughout the audit. Mr. Miller reported that the planning phase began in November 2016. At that time, members of the Cherry Bekaert team met with management, tested controls and developed expectations for the audit. During the completion phase, the team developed and executed an audit plan. Mr. Miller highlighted the key audit areas, including operating revenues, receivables, investments, construction in process, pensions, and financial reporting, as well as some of the functions performed in each area.

Ms. Edoff reported that Cherry Bekaert had issued an unmodified or clean opinion on the financial statements for the year ended December 31, 2016. She advised that under the Government Auditing Standards, Cherry Bekaert is also required to gain an understanding and conduct an assessment of the internal controls environment and significant laws and regulations that impact the operations of the Airports Authority. A

separate report is issued on the Government Auditing Standards. Ms. Edoff noted that while a separate report is not issued on the effectiveness of the controls, Cherry Bekaert is responsible to communicate any significant matters regarding internal controls. She reported that Cherry Bekaert had issued an unmodified clean audit for the year ending December 31, 2016. Ms. Edoff further reported that Cherry Bekaert had also issued a report on internal controls and compliance with no significant matters and no material weaknesses. She noted that there was a reclassification of 2015 numbers that she was required to disclose. Ms. Edoff explained that as a result of a comparison of last year's chart to this year's information, slight classification differences existed. She reported that detailed information regarding the differences had been disclosed in the footnotes of the financial statements.

Ms. Edoff reported that the team preferred to advise the members of the Risk Management Committee of any upcoming standards that will impact the comparability of financial statements or disclosures that will be effective in future years. Ms. Edoff reviewed GASB Statements 74 and 75, which would potentially affect financial reporting for postemployment benefit liabilities, retiree healthcare liabilities, and additional disclosures related to pensions.

Mr. Sudow stated that the Committee would need to meet into executive session to further discuss the External Financial Statement Audit (Tab 20) pursuant to Article IX, Section 3(g) of the Airports Authority Bylaws which permits the Board and its Committees to move into executive session for matters that the professional standards applicable to financial statement auditors, when conducting a financial statement audit, require to be discussed in executive session, and for matters that involve proprietary or confidential information of vendors or of the Airports Authority. The executive session began at 11:48 a.m.

Upon the conclusion of the executive session at 12:10 p.m., the meeting was thereupon adjourned.