

**Minutes of Meeting**  
**Airport Audit**  
**May 8, 2014**  
**10:00 a.m.**

The Kootenai County Board of Commissioners: Chairman Todd Tondee, Commissioner Dan Green and Commissioner Jai Nelson met to discuss the following agenda items. Also present were Chief Deputy Clerk Pat Raffee, Airport Director Greg Delavan, Finance Director David McDowell, Staff Accountants Kim Stevenson and Melissa Merrifield, Administrative Assistant Mary Hopkins, Senior Secretary II Linda Leigh and Deputy Clerk Pamela Bogaert.

- A. Call to Order:** Chairman Tondee called the meeting to order at 10:03 a.m.
- B. Introductions:** There were no introductions made.
- C. Changes to the Agenda:** There were no changes made to the agenda.
- D. Old Business:** There was no old business discussed.
- E. New Business:**  
Finance Director David McDowell presented the Board with the final Airport Leases Internal Audit report that was performed to assist with the improvement of business practices at the Airport.

Staff Accountant Melissa Merrifield explained the objectives of auditing the Airport Leases and the methodologies used:

- Interviews with various Airport employees
- Review and analysis of Idaho Code and departmental procedures from the Airport
- Interviews with other city and county owned airports
- Performance of lease file testing using a random statistical sample of account numbers including fuel flowage and sewer records
- Review of the Airport job descriptions for Senior Secretary II, administrative Assistant, Airport Operations Specialist, Deputy Director and Airport Director
- Review of Auditor's Office Airport lease files
- Review of the Coeur d'Alene Airport Advisory Board Minutes
- Review of FAA Grant Assurances Airport Sponsors

Further, Ms. Merrifield outlined the critical, significant and important findings as well as the audit follow up recommendations. The Auditor's office will perform a follow up audit in one (1) year to assess the success of procedural changes.

The group discussed the gaps in communication between the Auditor's office and the Airport and agreed to develop and implement a checklist of information required from each lease that will be available no later than July 7, 2014. Airport staff will be responsible to distribute this checklist of information to all interested parties.

Ms. Merrifield pointed out that there is no consistent reporting on whether or not a lessee's building has a sewer connection. Administrative Assistant Mary Hopkins will include a sewer line on the proposed checklist.

Ms. Merrifield also recommended that lease addendums be given to the Auditor's office in a more timely manner. Airport Director Greg Delavan advised that lease addendums are no longer required to increase a lessee's monthly lease amount because increases are stipulated in the Lease Agreement. However, Mr. Delavan agreed to provide the Auditor's Department with notification of lease increases no later than June 6 of each year.

Ms. Merrifield further provided a list of Airport lessees who are in arrears in lease amounts as well as sewer fees. Commissioner Green directed Auditor's staff to bill out all amounts in arrears and to inform Airport staff when this task has been accomplished.

It was suggested by Ms. Merrifield that Airport staff create and maintain a master sewer record and verify all sewer hook-ups with the Hayden Area Regional Sewer Board (HARSB). It was also suggested that, after verification of all sewer hook-ups, the master sewer record be shared with the Auditor's Office. Airport staff agreed to create a master sewer record no later than July 7, 2014.

Ms. Merrifield recommended that the current process being used to track fuel flowage fees be reviewed and improved as it lacks sufficient information to audit fuel flowage activity. It was found that in the past three years, there have been sixty-six (66) gallons in fuel flowage activity that was not reported. Mr. Delavan suggested that Airport staff work with the Legal Department to create a Release Form for tenants to sign that allows Kootenai County to audit their fuel purchases. It was agreed that an update on this issue would be brought before the Board prior to July 7, 2014.

Ms. Merrifield went on to outline inadequacies in the Airport's current database and recommended a review of the database and paper files to verify the accuracy of all existing information. Ms. Hopkins is working on updating the records but was unable to provide a definite completion timeframe.

Ms. Merrifield also recommended that Airport staff develop an extensive written procedure covering all aspects of the lease process. In addition, it was suggested that Airport staff develop a checklist to document all steps in the lease process, including new leases, adjustments and/or terminations. Ms. Hopkins advised that she is currently in the process of developing a procedure manual as suggested and it would be completed by July 7, 2014.

Ms. Merrifield suggested that the Auditor's office create and implement a procedures manual for entry of Airport leases into the County's Logos system. Accounting Manager Pamela Bogaert explained that a complete procedures manual is already in place and recommended invoicing Airport clients only once per year. Further, the Board instructed Ms. Bogaert to begin the implementation of late fees and penalties for lessees who are in arrears.

Finally, Ms. Merrifield recommended that Airport staff perform annual inspections of lessees' property to verify that all properties are being kept in good condition and no hazardous materials are being kept. Mr. Delavan was opposed to annual inspections because the buildings are the personal property of each lessee; however, he advised the Board that Airport staff is vigilant about watching for any misuse of the property.

Commissioner Nelson left the meeting at 11:46 a.m.

Chairman Tondee asked Mr. Delavan to update the Board in regard to the status of correcting the issues noted in the Internal Audit of the Airport Leases by July 7, 2014.

- F. Staff Reports:** There were no staff reports.
- G. Public Comment:** This section is reserved for citizens wishing to address the Board regarding a County related issue. There was no public comment.

The meeting was adjourned at 11:55 a.m.

Respectfully submitted,

JIM BRANNON, CLERK

TODD TONDEE, CHAIRMAN

BY: \_\_\_\_\_  
Pamela B. Bogaert, Deputy Clerk

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