MINUTES AT THE SPECIAL CALLED MEETING OF THE COLUMBUS AIRPORT COMMISSION HELD AT THE COLUMBUS AIRPORT WEDNESDAY, NOVEMBER 29, 2022

The following commission members were present for the entire meeting:

NAME	**EXPIRES**
Mr. James Barker, Chairman	December 31, 2023
Mr. Art Guin, Vice Chairman	December 31, 2025
Mr. Don Cook, Treasurer	December 31, 2022
Mrs. Dannell Marks, Commissioner	December 31, 2026

Staff Members Present:

Amber Clark, C.M., Airport Director
Pamela Knight, Finance Director
Maggie Turnham, Executive Assistant

Others present: Steven Voynich, Robinson, Grimes & Company

BUSINESS OF THE MEETING

Mr. James Barker called the November 29, 2022, Special Called Commission Meeting to order at 9:30 a.m.

Consider Approval of the FY2022 Financial Audit

No minutes to approve.

Mr. Barker turned over this discussion to Mr. Voynich for a review of the audit and recommendations moving forward.

Mr. Voynich stated:

Thank you. As stated, these are the audited June 30, 2022, financial statements for the commission. I will go over a few points briefly just to point out.

Number one, it is a clean opinion, so the financial statement is presented fairly. There were two major accounting and auditing standards changes that were affected for this fiscal year. The first one related to the auditing standards, the main thing that you’ll see is that our opinion in the audit report is at the top of the page rather than further down. So, if you're looking for it, it is in the first two paragraphs rather than buried in the back.

The second one is government accounting standards, which is the new leasing standard. It is similar to what is in the private industry, which basically says that if you have a lease, then the right to use that asset is put on the balance sheet rather than just buried in the footnotes and disclosed. Airports are a little tricky in this because most of those leases are regulated and so there is limited applicability to these financial statements for that, however, going forward when like the car rental agencies contracts are renewed, those would certainly be ones that you would consider so I would expect there to be more impact to next years financial statements for that.

Mr. Guin asked:

So, when you say impact, what type of impact would we expect?

Mr. Voynich answered:

It really changes to the balance sheet, in the way that the... your bottom-line numbers are not going to change, but the way it shows up in the balance sheet will. You recognize the present value of the lease and then ametrias the income over the term of the lease and stuff like that so bottom line, the impact is pretty minimum but the disclosure and all and classifications on the balance sheets are going to be different. Little bit less of an impact to a lessor in that most of the leases are ones that you are leasing out; ground leases, hangars, things like that and also a little bit less given that many of those are regulated. I think the car rentals are going to be the ones that raise the question.

Mrs. Marks asked:

Will that eventually just be showing up as like a variance that people, you know, because before it'll maybe not have been there to a zero and them it will have an actual amount, so we will see a variance but then over time that will even out?

Mr. Voynich answered:

Yes, and we would make sure that the financial statements if you're looking at it compared to one year to the next that that presentation is consistent.

Okay, so I will take you to the balance sheet on page 7. At the top of the page, you'll see cash is up 4.6 million versus 3.4 million last year. And then cash and total restricted assets 1.7 million versus 1.3 million. So, assets are up, good. The current liabilities, you will see there is a decrease in current liabilities of 1.5 million versus about 4 million last year. The main reasons for those changes are due to the receipt of grant funding on the terminal renovation and then the timing of payment of those construction payables. Good news there. The net pension liability is probably about 7 or 8 lines up from the bottom. $221 thousand liability versus $2.1 million liability last year, and this is mainly due to actuarial fluctuations. Two things were in your favor this year, one, investment income was up during the measurement period as of June 30, 2021, so investment income during that period was up and they were giving graphic changes. I don't expect that to continue next year from looking at the reports, it is probably going to go right back to where it was.

As far as your income and the income statement, I will take you to the last page of this report, page 49. This is not a part of the required fixed financial statement, we put it in here just because it makes it a lot easier to read and see the trend. So, we got a five-year trend out of here. The total operating revenue is $5.8 million versus $4.7 million last year. So, a great year for operating revenue. Operating expenses were also up $8.2 million versus $6.6 million last year. It has to do to a couple factors; depreciation amortization is a non-cash expense and that was up about $300-400,000. That is mainly due to just recognizing the wear and tear on the assets. But the main reason for the increase is the terminal renovation. That $20 million was added to the balance sheet and then depreciated. VNA expenses were up and there are a couple factors involved in that payroll, repairs and maintenance, which also included a lot of hangar maintenance, and then some design and engineering costs related to the master plan. So, those are the main factors driving the increase in other general administrative expenses.

Mrs. Marks asked:

Do we expect that to go down next year comparatively based on the two factors that you mentioned at the end, around infrastructure and hangar repairs?

Mr. Voynich answered:

Any of those repairs really depend on what you have budgeted for this next year but usually you're doing those repairs in the last several years, it's not every single year.

Mr. Guin asked:

And that's also, I guess to confirm, one of the things that we need to follow up on is, we had talked about scheduling those so we can have it evenly distributed over the years, so we do not have to come up with such big outlays, right?

Ms. Clark answered:

Right.

Mr. Voynich stated:

And to the extent that any of those design costs related to the master plan are grant reimbursable then you can get that back too. So, some of those individual items were enough to capitalize them all this year and so some of them are expensed. So, offsetting some of those expenses, you do have grant revenues this year of $3.6 million and then you had collections on passenger facility charges and customer facility charges of $333,000 and $300,000 each. On the grants, of the $3.6 million, that's FAA, GDOT, as well as some of the airport coronavirus response funding that was a reimbursement of payroll costs. And that was about $2.3 million. So, you know a great help to your finances this year, but not one of those things that you can expect ongoing.

Mr. Guin asked:

So, since you're on this one, I did have a question about this. So this could be some level of just educating me on airport financials, but when I look at that I say so you know operating revenue increased the $1.1 million, which is a good year. Operating loss widened by about $500k at $2.4 million, and I made the comment that we seem to rely on the capital contributions, i.e., the grants is the largest part of that. And I did note that the depreciation is so large. When I look at that and I go, that is such a large operating loss and we had a great year revenue and the loss widened, is there anything to be concerned with that based on what you saw in our financials? Or is this just kind of how they work? Because one of the things that I am going to need to do is dig in and just try to get more comfortable in my mind how they work a little bit because I just concerned when I see an operating loss even on the back end of such a great revenue year.

Mr. Voynich answered:

Right, right. Well, I would certainly say to keep monitoring the expenses because while any of the capital expenses and even some of your repairs and maintenance expenses are reimbursed and typically, historically for you guys to spend 90% FAA funding and then GDOT will cover 5%, so you're down to about 5%, but that's typically on capital improvements and not your typical repairs and maintenance. You do have a policy to expense repairs and maintenance and any type of infrastructure type improvements that are under $100,000 each and that number has gone up within the last five or so years. Just because those are routine maintenance costs. I guess what I would say, is of the operating loss, yes, monitor the expenses but you probably have some more repairs expenses on there than you have historically, I mean they're repairs because they are under your capitalization threshold, but you have more maintenance costs related to the hangars and things like that that are on the income statement, rather than being capitalized. It is kind of a tradeoff, either you capitalize it and then your depreciation expense gets bigger, or you just go ahead and expense it each year. So, I would monitor it, I would, and I would look for ways to save just regular operational expenses. And if you can get any of the repair's expenses funded through grants then that is what I would do with that.

Mr. Guin stated:

And I think for me it is just going to take diving in. I just didn't have time to do a whole lot of diving in and I didn't have… I mean this is the level of detail, right? I would probably want to go further to truly understand where it is coming from.

Mrs. Knight added:

And I did add the report in the packet, and I added the expenditures so you can see it in more detail. The two items that drove up the operating costs was that expensing and engineering costs, which was about $400,000, and then the hangar repairs we spent over $300,000. Like historically, that has not been done. We have basically patched the hangars or done a little bit here and there, so that is probably a once and every ten-year kind of thing. It should be a maybe $100,000 every three years or so instead of $300,000 every ten years. The other part was all the design and engineering. Some of that we may recoup, and it end up being capitalized like Steven said, and then it would not be expensed and then you would see it as an asset. And then on the other side, last years pension. If you compare the two years, that gave us an advantage this year because if it was looking at last year, you would have seen a lot larger expense in that category, and I noted that on there too.

Mr. Voynich stated:

In 2021, you had pension expense of $290,000. In 2022, you had essentially a pension income of $75,000.

Mr. Guin asked:

But that is what you were saying is based on interest rates?

Mr. Voynich answered:

Right, and it is not something that you really have any control over, that comes from the city. It does show up in your operating portion.

Mrs. Knight stated:

So, when you're comparing that five-year comparison, it would have been consistent with previous year.

Mr. Guin stated:

And to Stevens point, I do not think the pension is something, I am not that familiar with it, but I am familiar enough to know that it is very limited control, if any.

Mrs. Marks stated:

I think Art, if you look at page 46 which is three pages back, it gives a detailed itemization of the things added into the $3.7 million of general administrative expense and you can… kind of going through the line items, just like across the board things are just more expensive, it looks like. In addition to that design and engineering but utilities were up. I don't know if that is a factor or 2022 people being here more than they were in 2021. It all kind of adds up.

Mr. Guin stated:

Yeah, I think that is what it is going to take, and I trust Amber and Pam are all over this. I feel comfortable when we go through the budgeting and that sort of stuff. I just want to make sure that when I start seeing operating loss, a lot of it is my ignorance related to airport financials and how it gets reported. I just want to make sure we are watching it and making sure we are not starting a new trend.

Mr. Voynich stated:

One other thing to look at would be, if you consider the depreciations $2.5 million, and that is funding that, it's an expense, yes, but it's an expense that for you guys is typically 90%+ reimbursed.

Mr. Guin asked:

Which comes under that capital contribution section?

Mr. Voynich answered:

It does, right.

So, cash flow, before you consider any capital activity, was $106,000 based on the last year. So not bad. On the bottom, that has, talking about the maturity on that, that's about a five-year maturity and then it gets refinanced. Is that what I am understanding? I think it's…

Mr. Guin asked:

Is that right, Pam? Do you know?

Mr. Voynich stated:

I think it is five-years and then you're looking at either a below…

Mrs. Knight answered:

I think it would be called after a period of time.

Mr. Voynich stated:

Overall, a good report. I did not come across anything that keeps me up at night that I think should keep you up at night. I think I would just continue to monitor expenses and just, get the oversight that you do. I know you guys do a good job and I've always felt comfortable with it. Amber is on top of everything. Pam is on top of it. And then you guys are overseeing it, so I would keep with that. Call me if you have any questions.

Mr. Guin asked:

So, one additional question is something that was noted in a significant deficiency. So, basically it was we, I think we lack, and this is me paraphrasing, but we lack some level of knowledge of the ability to produce all notes to the financial statement. And you noted that. And then you know are currently relying on, I guess it's you guys' as external auditors to do those for us, right?

Mr. Voynich answered:

That's correct. Which is not a bad thing, that's common. Probably a majority of any of the government entities that we do, we are associating a substantial welcome in operational financial statements. So, as a significant deficiency, it's pointing out that that's the status but it's not something that you should necessarily change.

Mr. Guin asked:

Okay. So, the response, and I am assuming this was probably collected between you (Amber) and Pam? It's an assumption. And I think it noted it as, you know somebody's the owner's response. I am guessing that is our response to do that? Which said we would continue to invest, or we would invest in the accounting staff, as well as continue to rely on y'all to produce this. Is that correct?

Mr. Voynich answered:

That's correct.

Mr. Guin asked:

Okay. So, is the intent behind that that we would look to start developing that skill set over time in house or what is that additional investment in accounting staff? What are we looking to do there?

Ms. Clark answered:

I don't think our intention is to get to the point where we don't use Robinson and Grimes for accounting consultant to provide these financials. I just don't think we have the bandwidth for that. I think it's more that we just refine our skills to help assist in that, but we are not looking to replace that because of our size of an organization.

Mr. Voynich stated:

That was consistent in my reading as well. I don't think there is a… the sweet spot is to be able to oversee what we are doing and be able to engage in the discussion as to what goes into the disclosures and audit and maintain that kind of knowledge. You do not need a CPA on staff, that's just cost prohibited.

Mr. Guin stated:

No, no. That's part of where my question is coming from... I said it like based on the size of our airport accounting, is it reasonable for our staff to have that knowledge? Is our response to that deficiency appropriate? And it sounds like the answer to that is based on our size and current situation, that no, we shouldn't necessarily expect to have all of that thorough knowledge.

Mr. Voynich stated:

I would expect that, no. Unfortunately, my hands are a bit tied as far as reporting this as a "deficiency," but it's realistic that you and anyone else at this size vanity would have that deficiency.

Mr. Guin answered:

Okay, good.

Mr. Voynich stated:

Sorry.

Mr. Guin answered:

No, no. It's fine. I get it. I just wanted to make sure that how we're addressing it, because you know I don't want to see something continue to show up and not be diligently looking to solve that deficiency if we really need to.

Mr. Voynich answered:

Right, and I do not think that this is something that you necessarily solve as much as just…

Ms. Clark stated:

Continue to conform.

Mr. Guin answered:

Okay, fair enough.

Mr. Barker asked:

Is there any additional training that we can give Pam to help kind of give you additional knowledge that you might need to I guess assist in any of this document preparation?

Mr. Voynich answered:

I mean I'll be happy to invite you to any of the training that we have. University of Georgia does offer some things and the Georgia Government Finance Officers Association, it's an organization that they provide continued education on that. In fact, I go to the conferences just because it is a good way to stay up to knowledge on accounting. A conference like that would be great to go to. They have minimal fees. I think it is like $50 for the year membership.

Mrs. Knight stated:

I just wanted to comment. One of the more detailed areas that specialized in even when they first start to do it, when you go through there and look at how many pages is on the pension part at one time, I know we were having to subcontract that out when the legislation changed on that because it is very complicated and detailed and even larger firms specialize and just handle that part and I think that is one thing that I looked over would be the most difficult to tackle, would be that.

Mr. Guin asked:

Like a pension?

Mrs. Knight answered:

Yeah.

Mr. Guin stated:

I can see that.

Mrs. Knight stated:

I mean it takes a team of people to do that and it's specialized. So, even if I did everything else, I still couldn't do that.

Mr. Barked asked:

Are there any other questions?

Mr. Guin asked:

So, in general, I noticed that it was not necessarily in here but any other feedback? Anything we should work towards improving? Anything worth noting?

Mr. Voynich answered:

I mean I think we already discussed the things at the top of my list which is just keeping an eye on the budget and looking at the individual departments and things like that, you know? And see where there are opportunities for cost savings. I do not dig into that as far as preparing financial statements on the budgeting side. I can look at something and see if it's a significant change. But no, just continue diligence.

Mr. Guin stated:

And part of the reason I ask that is, you know Pam came in and had some significant challenges too. You know she had to do a lot of clean up and get things in order. Everything from policy's, procedures, and all that. And I know she worked really hard to get it done. I just want to make sure that we are progressing good, and we are not missing something.

Mr. Voynich stated:

I think that all of that has been significant improvement in the last couple of years. And having timely information and all the stuff like that, that is the main thing that you can do to help with any kind of theft or fraud or other issues from festering. I think you're in a good place now.

Mr. Barker asked:

Do you have anything?

Mrs. Marks answered:

I'm fine.

Mr. Barker asked:

I guess the last question I had was I know we are getting this done in the last couple of days in November. What was in the way? Why did that happen?

Mr. Voynich answered:

This was a major year with a lot of different grant funding coming from different directions and different types of funding and honestly there was just a lot.

Mr. Barker stated:

Okay.

Mr. Voynich stated:

I know there were some delays in getting accurate reports from the FBO. There were just a couple different factors.

Mr. Barker asked:

Is there anything that we can do to improve that, so we are getting this done more towards the first of November or end of October or maybe even sooner?

Mr. Voynich answered:

Right, because that is our typical timeline is the end of October.

Mr. Barker asked:

What can we do to facilitate that?

Mrs. Knight answered:

I would say that probably our biggest thing was if we could have gotten the financial reports from the year in and get them started a two or three weeks earlier. We probably started about two weeks later than last year. Like Steven said, this was probably the perfect storm between the FBO and not having their June reports. I had to learn their whole system so that gets done for June. Michelle left and she had May done so I had to go in there and finish May, do June, and she left in the beginning of June, end of May. So, that took me a month or longer to learn. The reports come from about six different locations. It's rather complicated the way their process is. Once I did that, I couldn't really give it to someone else until I felt comfortable. It all had to tie into the cash for that to happen. That was one thing and then like Steven said, besides closing out the terminal grant, we had about four or five other grants going on. Some of them are GDOT, some are FAA, and then we have some that go back to about eight, seven years ago that we closed out this year. So, there were just different layers.

Mr. Voynich added:

And then recognizing the receivable on grants used to be pretty simple, in that it was more 90% funding and now those percentages are all over the board. I do think it was a combination of things and an untimely staff turnover that all contributed.

Mrs. Knight added:

And then we had the COVID grants that we normally don't have which was several of those.

Ms. Clark stated:

One comment on the untimeliness, there was some information that was given that the customer service manager was capable of producing a lot of those reports for our month end and after we got over there, it was determined that she was not capable and so Pam did have to go in and learn a lot more than we anticipated. We have now got that rectified and with our new FBO manager starting on the second of January I think we will be okay going forward. I don't anticipate any problems.

Mr. Barker stated:

Okay, backing up to one last detail. We had a jump in cost of almost $400,000 for the design and engineering.

Ms. Clark answered:

That is because we added the finishing of the terminal project, closing all that out and that is just a large project. Plus, we started another project with Holt, so that overlap of those two projects.

Mr. Barker asked:

Was that the new project we discussed earlier?

Ms. Clark answered:

That's the runway safety area at 13/31 and the marking, not the new one that's about to come.

Pam added:

I think too, just to address again, if it can be associated with a project that is going to be capitalized and depreciate, then we will end up putting it as an asset, like land improvement or building improvement. But with the master plan, there is no project really associate that and capitalize, so we've talked about that. We may have some expenses on the book and what we've been doing, it's called CIP miscellaneous asset, and then it may sit there for two or three years and then we end up having to expense. They will tell us we have to design something. The engineering cost for the design can't be capitalized if we do not then build that road or whatever it is. It's just an expense. If we end up building a road, then it can be added to the cost of the road and then can be capitalized.

Mr. Voynich added:

It might be reimbursed down the road.

Mr. Barker stated:

You're holding on to it in the hopes that in that three-year period it'll be paid off otherwise it'll be an expense.

Ms. Clark stated:

So state and federal, it is two different ways, so state will not reimburse you for design. So, we did have that 13/31 project was all state. So, all of that would not be reimbursable. But the FAA will reimburse you for design so it all just depends on which project we are doing within the year. That is kind of what Steven was talking about. I mean we had several different projects going on. With state it would be 75/25 but then with the FAA, it is 95/5. With the terminal, what was so difficult about that and finishing that piece up, it's not just straight 90/5/5, it's "Well, we take the building and look at it and we are only going to take you know 75% of this building and consider

90% of this 70 because that is where there is public access. Anything you make money off of, we are not going to reimburse you for.” So, it gets very confusing when it comes to those percentages. It is not just straight forward as it has been in the past, because typically it is just the runway, so they will just do the whole amount and just do the 90% off of that. But with the terminal, that’s a different animal. So, we won’t see that type of thing in the future.

Mr. Barker asked:

Does that bring up any more questions from anybody?

If there is nothing else, I would like to consider approval for the FY2022 financial audit.

Mr. Guin recommended approval for the audit.

Mr. Barker asked if there was a second.

Mr. Cook seconded.

Ayes: 3 / No: 0

Mr. Barker passed the audit.

Mr. Barker asked for a motion to adjourn the meeting.

Ayes: 3 / No: 0

The meeting adjourned at 10:04 a.m.