



STATE OF NORTH CAROLINA
Office of the State Auditor

Leslie W. Merritt, Jr., CPA, CFP
State Auditor

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December 15, 2006

Mr. Wayne Perry, Chairman
Elizabeth City-Pasquotank County Airport Authority
1028 Consolidated Rd.
Elizabeth City, North Carolina 27909

Dear Mr. Perry:

We received a complaint through the State Auditor's Hotline alleging the Elizabeth City/Pasquotank Airport Authority (Authority) violated its enabling legislation by paying its board members for attending meetings.

We have completed a special review of this allegation and are submitting the following findings and recommendations for your review and written response. The findings and recommendations are based on our examination of various documents and records, review of applicable legislation, and interviews of Authority personnel.

Violation of the Authority's Enabling Act

Our review revealed eight board members of the Authority received compensation for attending quarterly board meetings from September 1, 2003 through June 30, 2004. Authority records indicate eight board members received \$2,064.44 in total payments over the ten-month period. According to the Authority's enabling legislation, board members are only allowed reimbursements for actual expenses incurred. Board members did not submit documentation for expenses during this period.

In May 1987 the General Assembly passed Chapter 198 of House Bill 769 entitled, "*An act enabling the City of Elizabeth City and the County of Pasquotank to establish an airport authority for the construction, operation, use and maintenance of airport facilities in the County of Pasquotank.*" Section 2, part D of the act states:

"The Chairperson and members of the Airport Authority shall serve without compensation as such, but shall be compensated for expenses actually incurred in connection with the performance of their duties."

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During a board meeting on June 30, 2004, board members were informed the Authority's enabling act prohibited them from receiving compensation for attending meetings. As a result, the Authority discontinued paying board members for attending meetings. However, the Authority did not require the eight board members to repay the compensation they received.

Recommendations

We recommend that each board member of the Authority who received compensation for attending board meetings from September 1, 2003 to June 30, 2004 reimburse the Authority for this compensation. Further, all board members should review existing legislation pertaining to the Authority to ensure compliance with state laws and regulations.

Please provide your written response to these findings and recommendations, including corrective action taken or planned, by December 29, 2006. In accordance with North Carolina General Statute 147 -64 (c)(12), the Governor, the Attorney General and other appropriate officials will receive a copy of this management letter. We appreciate the cooperation received from the employees of the Elizabeth City/Pasquotank Airport Authority during our review. If you have any questions or wish to discuss this matter further, please contact us.

Sincerely,

Leslie W. Merritt, Jr., CPA, CFP
State Auditor

Management letters and responses receive the same distribution as audit reports.



ELIZABETH CITY-PASQUOTANK COUNTY
AIRPORT AUTHORITY

POST OFFICE BOX 1798
ELIZABETH CITY, NORTH CAROLINA 27909

December 28, 2006

Mr. Leslie W. Merritt, Jr.
North Carolina State Auditor
2 S. Salisbury St.
20601 Mail Service Center
Raleigh, NC 27699-0601

Mr. Merritt:

I am in receipt of your letter dated December 15, 2007 concerning the investigation resulting from an anonymous call to the State Auditors Hotline.

As you have noted, in June 2004 the Elizabeth City-Pasquotank County Airport Authority stopped the practice of paying a stipend to board members for meeting attendance. At that time it was determined that the practice violated our enabling legislation. Rest assured, this board is keenly aware of the tenants of the legislation and will at all times abide by its requirements.

As to your recommendation that the Authority recoup the errant payments; I will present your recommendation to the full Airport Authority at our next regular meeting for consideration by the board. I appreciate the kind comment noting our assistance during the investigation. It was our pleasure.

Sincerely,

Wayne Perry
Chairman
Elizabeth City-Pasquotank County Airport Authority