

## INTERNAL CONTROL REVIEW:

Submitted for the May 28, 2014 Board Meeting

Jane Dykstra, Sally Lyons & John Jones met on May 12, 2014 for a quarterly Internal Control Review. The review covered the items bellow. All observations by this board member and checks appeared to be adequate and appropriate. Our next review is scheduled for the 3<sup>rd</sup> calendar quarter, 2014.

This review included the following reviews items:

1. Review Local Agency Investment Fund (LAIF) activity for the quarter ending March 31, 2014.

The LAIF balance at the beginning of January was \$7,551,445.71. In January there were three transfers into the Investment Fund. Two were due to revenue received from our taxing authorities and the third was the 4<sup>th</sup> quarter interest payment at 0.26% on our 4<sup>th</sup> quarter 2013 balance. These transactions were: A \$750,000 transfer from our operating bank account at Bank of the West; A \$1,400,000 transfer from the same account and an interest payment of \$5,149.88. In March \$150,000 was moved from the LAIF account back into the Bank of the West account. The balance at the end of the quarter in the LAIF account was \$9,556,595.59.

2. Review Journal Entries posted during the quarter looking for unusual entries or entries where items may be posted to unrelated accounts or entries that do not have sufficient explanation.

There were four non-recurring journal entries in January, four in February and nine in March. Seventeen Journal Entries for the March quarter were reviewed. All entries were normal. There were no unusual entries and no postings to unrelated accounts.

3. Reviewed the aging of accounts receivables looking for older and large outstanding items.

March 31st account receivable agings were reviewed. Total receivables at quarters end were \$217 spread across 6 clients. The largest was a receivable

of \$1,300 for a hangar with offsetting negative receivables. There are no aged items over 30 days.

4. The testing of 3 disbursements making sure the appropriate original documentation is retained and supports these 3 transactions.  
Check numbers 52766 to Mead & Hunt for \$14,409.35; check number 52667 to Environmental Systems for \$7,223.77 and check number 52491 to ATGEO for \$825 were chosen at random. All checks had the appropriate documentation and support material.
5. The testing of 3 calendar 1<sup>st</sup> quarter deposits to ensure appropriate documentation supporting the receipts deposited.  
Deposit #1 totaling \$10,929 deposited on 1/10/14 was comprised of three items: Red Truck for \$424; Wholesale Resort for \$8,120 and REMSA for \$2,385. All items were reviewed and deemed appropriate. Deposit #2 totaling \$1,200 deposited on 2/28/14 was comprised of one item from Sierra Aero for rent. Deposit #3 totaling \$17,460.08 deposited on 3/21/14 was comprised of three items: Mountain Homes, Hertz and a \$27 reimbursement check from Phred Stoner. All items were reviewed and deemed appropriate. In addition, all three deposits reviewed were verified on the applicable bank statements during the quarter.