

**INTERNAL CONTROL REVIEW:**  
Submitted for the May 25, 2016 Board Meeting

Sally Lyon & John Jones met on May 16, 2016 for a quarterly Internal Control Review. The review covered the items below. All observations by this board member and checks appeared to be adequate and appropriate. Our next review is scheduled for the middle of July 2016.

This review included the following reviews items:

1. Review of Bank Statement & Reconciliation making sure the accounts are reconciled and there were no unusual items.

The Bank of the West Statement for March 2016 was inspected. The account was reconciled and there were no unusual items. Both the LAIF account and the Wells Fargo Investment Account were reviewed. The WFB Investment account has \$1,500,000 in CD's currently valued at \$1,504,441.50 and the money market accounts total is \$53,980.64. The LAIF balance at the end of March was \$9,912,656.97 and it is earning interest at the rate of 0.46%.

2. Review of the Investment Statements and transaction during the quarter.

The Wells Fargo Investment Account has 6 CDs currently valued at \$1,504,441.50 that have staggered maturities between July 2016 and February 2018 with coupons returns ranging between 1.00% and 1.25%. The WF Investment Account at the end of the quarter had a balance of \$1,558,422.14. This included the money market account valued at \$53,980.64 with returns of 0.17%. There were no transfers during the quarter to the Bank of the West account from our Investment Account.

3. 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 33 non-recurring journal entries in January, 69 in February and 73 in March. We have moved, beginning January 1<sup>st</sup>, to a new accounting system named Caselle. The new system is automatically making insurance entries for all employees for health/life//dental and vision payments and our staff for the first three months of the year have been double booking expenses for these items which were needed to be reversed. Staff is in a

learning process with this new software package and I expect the level of non-recurring journal entries to be higher than historical numbers but down from the activity in the first three months of the year. A few dozen Journal Entries for the March quarter were reviewed. All entries were deemed normal. There were no unusual entries and no postings to unrelated accounts.

4. Review the payroll register for the month of June checking names for appropriateness, rates and overtime.

The first pay period of February was reviewed which started on February 7<sup>th</sup> and ended on February 20<sup>th</sup>. There were 32 payroll checks issued (21 employees of the Airport District; 6 ACAT member and 5 Airport Board members). All payments were deemed appropriate including vacation, holiday, sick, overtime, regular and special pay hours. There were no unusual items identified.

5. Review one of the Internal Employee Credit Cards confirming appropriate documentation is retained that supports the charges on the Card.

General Manager Kevin Smith's first calendar quarter charges were reviewed. In January we reviewed \$1,585.50 in charges; in February we reviewed \$2,714.40 in charges, and in March we reviewed \$1,915.19 in charges. Included in these charges were expenses for four conferences (Hawaii, Salt Lake City and two in Houston), expenses for the upcoming Air Show in July, expenses for technical software support, various business local business meetings and TTAD airport related purchases. Documentation was reviewed and all charges were deemed appropriate.