

## INTERNAL CONTROL REVIEW:

Submitted for the October 29, 2014 Board Meeting

Sally Lyon & John Jones met on October 7, 2014 for a quarterly Internal Control Review. The review covered the items bellow. All observations and checks by this board member appeared to be adequate and appropriate. Our next review is scheduled for mid-January 2015.

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 statements and reconciliation for the months of August and September were reviewed. All deposits for each month were reviewed. Both reconciliation statements were balanced back to the cash balances in the general ledger.

2. Review of the Investment Statements and transaction during the quarter. The Airport District keeps two types of Investment Accounts, Wells Fargo Bank (WFB) and the Local Agency Investment Fund (LAIF).

WFB holds four \$250,000 certificates of deposit owned by the District. The value of these CD's at the beginning of the September quarter was \$999,965. It had dropped by the end of the quarter to \$999,591. These CD's are marked to the market on a monthly basis. There were no transaction during the quarter. WFB also holds a money market account for The District. Its value on July 1, 2014 was \$28,281.15. During the quarter we received interest payments of \$3,843.94 which increased the value in the account to \$32,125.09. Interest payments were the only transaction in this account.

The LAIF account on July 1, 2014 had a balance totaling \$10,661,851.60. During the quarter there was one transfer of \$600,000 from this account to our Bank of the West account in anticipation of making a large contractor payment. There were also 2 transfers during the quarter into the LAIF account from Bank of the West totaling \$450,000 as payments from the Joerger's and the FAA increased our cash balances. Lastly, there was a 2<sup>nd</sup>

quarter interest payment received on July 15<sup>th</sup> in the amount of \$5,566.57. The ending balance is the LAIF account on September 30<sup>th</sup> was \$10,517,418.17.

3. Reviewed the aging of accounts payables looking for older items, large items while reviewing the vendor lists.

The aging of accounts payables were reviewed in both the months of August and September. Total payables in August were \$121,235 with \$28,611 aged. Of the aged items \$28,355 were under 30 days. A majority (\$16,849) were credit card payments that become a payable the day they are received, with the remainder embodied in 4 transaction that were also due on receipt. Total payables due over 30 days in August was \$256. September payables totaled \$43,752. There were no payables over 30 days with 12 transaction due on receipt totaling \$5,651.75.

4. The testing of 3 June deposits to ensure appropriate documentation supporting the receipts deposited.

The three deposits that were chosen were:

- a. 9-05-14      \$112,339.22
- b. 9-26-14      \$6,767.60
- c. 8-1-14        \$17,787.00

- a. This deposit included 8 batches of approximately 225 credit card transactions processed at the beginning of the month. This included a significant amount of hangar rental payments
- b. This deposit was a combination of checks and cash from the daily processing that occurred on 9/11, 9/12 and 9/13
- c. This deposit was one large hangar payment for L06 totaling \$16,726 with \$1,061 in checks and cash.

All deposits were reviewed and deemed appropriate.