

INTERNAL CONTROL REVIEW:

Submitted for the October 17, 2013 Board Meeting

Jane Dykstra & John Jones met on October 3, 2013 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 January 10, 2014.

This review included the following reviews items:

1. Review Local Agency Investment Fund (LAIF) activity for the quarter ending September 30, 2013.

The LAIF balance at the beginning of July was \$9,040,317.39. In July there was a \$300K transfer into the Bank of the West account on July 11th and 2Q interest of \$5,141.60 booked on July 12th. There was no activity in August. In September \$250K was transferred out of the LAIF account for operating needs into our Bank of the West account which was reflected in the bank statement on Sept. 11. The balance at the end of the quarter in the LAIF account was \$9,095,458.99.

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.

Journal Entries for September had not been finalized at the time of this review. We therefor reviewed entries from the last month of the 2nd quarter and entries for July and August. Thirteen Journal Entries for June, 9 entries for July and 6 entries for July 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.

September accounts receivable aging's were reviewed. Total receivables for September were \$4,261.01 spread across 12 clients. The two largest were Careflight for fuel - \$2,262.55 and hangar receivables totaling \$976. There are no aged items over 60 days with the exception of the EAA, which trues up annually at years end and the Joerger obligation to the Airport District.

4. The testing of 3 disbursements making sure the appropriate original documentation is retained and supports these 3 transactions.
Check numbers 51953 to System 4 for \$2,195; check number 51685 to Attitude Aviation for \$5,426.24 and check number 51993 to Pete Elmore for \$7,667.63 were chosen at random. All checks had the appropriate documentation and support material.