

INTERNAL CONTROL REVIEW:

Submitted for the August 22, 2013 Board Meeting

Jane Dykstra & John Jones met on July 22, 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 October 3, 2013.

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 June 2013 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 Investment account has \$1 million in CD's (market value of \$1,001,645.85) and a money market account with a total of \$21,051.60. The LAIF balance at the end of June was \$9,040,317.35
2. Review of the Investment Statements and transaction during the quarter.
This Wells Fargo Investment Account had a \$250K CD mature on July 8th that was reviewed. It was replaced with a 3 year CD from Discover Bank yielding 1.1%. The market value of four CD's was \$1,001,645.85. The account at the end of the quarter had a balance of \$1,022,696.85. This included a money market account valued at \$21,051.60. The LAIF account, which is yielding 0.244%, had three transfers during the quarter (\$500,000, \$100,000 and \$150,000) to the Bank of the West account. It had one transfer of \$1,500,000 into the account and interest credited of \$5,558.46 bringing the quarter's end LAIF account total at \$9,040,317.35.
3. Reviewed the aging of accounts payables looking for older items, large items while reviewing the vendor lists.
There were 44 payables in the month of June. The only items aged over 45 days dealt with situations where there was a credit balance owed to the TTAD and these were small amounts.
4. The testing of 3 June deposits to ensure appropriate documentation supporting the receipts deposited.
Deposit #1 totaled \$4,765.23. It was comprised of 6 checks which were reviewed and deemed appropriate. Deposit #2 totaled \$16,313.27. This

deposit was made up from three credit card (OMNI) transfers of \$2,869.35, \$6,635.16 and \$6,808.76. Deposit #3 totaled \$10,972.81. This was made up from a \$10,507.49 tax payment plus interest of \$465.32. All 3 deposits were deemed appropriate.

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

The first pay period of June was reviewed which started on May 19th and ended on June 1st. There were 30 payroll checks issued (19 employees of the Airport District; 6 ACAT member and 5 Airport Board members). All payments were deemed appropriate and there was a total of 1.72 hours of overtime.

The second pay period of June was reviewed which started on June 2nd and ended on June 15th. There were 19 checks representing payroll to the 19 employees of the Airport District. These were reviewed and deemed appropriate. During this pay period there were 25.4 hours of overtime and 1.63 hours of double overtime. Eight hours of the total overtime was spread across five employees. This was deemed normal. A sixth employee had received 19.22 hours of overtime. Upon further analysis it was found the time was used to attend an AAA-BSOS training session in Reno for an Airport Safety and Operations Specialist School during this employee's normal non-work day. We appreciated him giving of his personal time for important training.