

INTERNAL CONTROL REVIEW

Presented to Board of Directors on September 27, 2012

Meeting: Mary Hetherington with Jane Dykstra on August 31, 2012.

Reviewed the AP Check Register for the period from 4/19/2012 through 8/15/2012 (check numbers 49738 through 50253).

Reviewed the LAIF transfers in April, May, June and July, 2012.

1. Three voided checks.
 - 49742 on 4/19/12 to West Coast Asphalt Maintenance for \$15,140.00. Retention amount due was the first amount shown when selecting invoices for payment. This amount was incorrectly selected for payment; a check was printed and then subsequently voided.
 - 49758 on 4/27/12 to Truckee Football. Original check that was issued in November was thought to be lost; they asked for a reissued check and then they found and cashed the original check.
 - 50175 on 8/8/12 to Nevada County Clerk-Recorder for \$14.00. Check was to record final on building but when Peter Beaupre got to County, they said he didn't need to pay.
2. One blank missing check. 50068 was photocopied and sent to insurance broker for COBRA payment. Original was in file.
3. Outstanding checks: 1 check from June (\$253 related to typically late clearance for insurance). 23 checks were outstanding from July. Bank reconciliation was to be performed after the date of the interview.
4. Chose the following checks for review:
 - 49816 for \$1,562.50 on 5/10/12 and 50107 for \$1250.00 on 7/8/12 to TLC Sweeping. This company has vacuum capabilities whereas TTAD sweeper does not. The first check was for Spring sweeping and the second was for sweeping after the Air Fair. Purchase Orders in file.
 - 49865 for \$133,132.00 on 5/24/12, to Kreitlein Law Group Trust Account. This was payment into an escrow account for work done by West Coast Asphalt Maintenance in 2011. They had used a striping subcontractor and there was some confusion related to company names. Contract in file.
 - 50067 for \$945.00 on 7/5/12 to Wise Consulting & Training for work related to demolishing of the old administration building. They performed asbestos removal and testing. Their efforts were within the budget amount defined by Prosser Building and Peter Beaupre signed off on this invoice.
5. There were a total of eleven transactions with LAIF in the period from 4/13 through 7/13. Four were deposits to LAIF (+\$1,315,524.70) and seven were withdrawals from LAIF (-\$1,055,000). The deposits were from two interest payments and two

property tax additions. The withdrawals were to pay bills and invoices. Verified Kevin Smith signature on transfer papers.

5. Chose one bankcard to review purchases in May.
Check 49830 for \$2,521.23: These costs related to lodging, food and Reno parking costs for two staff members to attend the Snow Symposium in Buffalo from April 13-19, 2012.
6. The new auditors suggested that we review non-recurring journal entries to the General Ledger. For the month of July, there were sixteen of these events, not inclusive of payroll, which can be considered recurring but the amount changes.
 1. The original cost of paving Hangar Rows D, E, and F, which was done in September 2000, was \$398,946.16. The current book value was \$161,252.85 (40% of its value); it was written off. This work was not done under an AIP and was funded directly by the District; Agra designed the work and Granite Construction performed the work.
 2. A pending invoice by GLA Morris for approximately \$60,000.
 3. Air Fair fuel certificates (\$6,493.26) were issued and are valid through the end of September. Jet fuel amount was \$158.50. 100 LL amount was \$6,334.76, which included 500 gallons provided to the P51 Mustang aircraft.
 4. Signatory Incentives related to annual tiedown fees totaled \$1,587.30, of which \$109.20 was related to homebasing of aircraft and \$1,478.10 was related to the Fly QT program. This change was related to the POS system ringing up the net fees but the gross amount has to be logged in the journal.
 5. Granite Construction used 182,700 gallons of water in the reconstruction of Hangar Rows J & K. This cost of \$273.36 was paid by them to the District.
 6. The GIS system, setup and training costs of \$67,556.36 were moved out of Construction In Progress into Computer Network and Equipment. It will be depreciated over three years.
 7. Reconstruction of Runway 10/28 had a bidding cost of \$11,081.23. This was originally covered in a District account but was then moved into AIP 27.
 8. An individual purchased some personal shirts at the same time that the District purchased Air Fair shirts and paid \$100.12, post-tax, into the Merchandise Account.
 9. Flight Tracking costs for the year were changed from a one-time fee to a twelve-month recurring fee of \$5,419.42.

10. Conferences/Conventions costs were realigned into Training/Education costs.
11. District staff performed some of the inspection work of Hangar Rows J & K and \$587.28 was taken out of payroll and moved into AIP 26.
12. AirNav fees of \$350 were moved from Public Relations to Media/Ads.
13. A barbeque was provided for staff after the Air Fair and the \$296.17 cost was moved from Meals to Employee Relations Activities.
14. The project management costs for the ineligible portion of the improvements to Hangar Rows J&K (\$5,881.04) are also ineligible and were moved from AIP 26 to District Pavement Projects.
15. District staff performed some of the inspection work of the reconstruction of Runway 10/28 and \$3,972.60 was taken out of payroll and moved into AIP 27.
16. There was a drawdown on the FAA grants after paying the construction contractors and project managers. The money was paid in August but it was accrued in July because that is when the work was done. AIP 27 at \$517,574 and AIP 26 at \$89,893.