

INTERNAL CONTROL REVIEW:

Submitted for the May 27, 2015 Board Meeting

Sally Lyon & John Jones met on August 26, 2016 for a quarterly Internal Control Review. The review covered the items bellow. All observations by this board member and checks appeared to be appropriate, although there is evidence of the challenges incurred upon the financial staff in converting to our new accounting government software package, Caselle, and a new Point of Sale System, Total Aviation. The move to Caselle appears to be a good move, especially since a credit card processing capability has been added. Something we did not have with our old system. The move to Total Aviation as our POS system has been more problematic and I am expecting a move to the POS system AvfuelHub to solve our remaining challenges. We will be monitoring the progress of this transition in our next review which is scheduled for October 27, 2016.

This review included the following reviews items:

1. Review Local Agency Investment Fund (LAIF) activity for the quarter ending June 30, 2016.

The LAIF balance at the beginning of April was \$9,896,188.01. In April there was one transfer into the Investment Fund of \$611,036.41 for our 1st quarter interest. In April there was one transfer out of the Investment Fund into the operating bank account at Bank of the West. The total of this transfer was \$200,000. This transfer was verified in our Bank of the West Statements. The balance at the end of the quarter (6/30/16) in the LAIF account was \$9,707,225.38.

2. Reviewed the aging of accounts receivables looking for older and large outstanding items.

The June 30, 2016 account receivables aging were reviewed. Total receivables at quarters end was a credit balance of \$171,009. In our new accounting system we have been able to add the hangar and long-term parking tenants. Many of them pay annually and therefor have a credit balance in the total AR aging account. Breaking out those who owe TTAD, we find a total balance over 30 days of \$1,500 with \$40 of the balance over 60 days. Virtually all of the over 30 day balance is due to the transition from our old accounting system, (FBO Mgr.), to the POS system, Total Aviation,

and Caselle. Updating credit card information has been problematic and we therefore have 5 or 6 accounts that have not been processed

3. The testing of 3 disbursements making sure the appropriate original documentation is retained and supports these 3 transactions.
Check numbers 55991 to Prodigy for \$2,370; check number 56096 to Mead & Hunt, Inc. for \$18,980.69 and check number 55216 to Furguson Family Enterprises for \$70,775 were chosen at random. All checks had the appropriate documentation and support material.
4. Review one of the Internal Employee Credit Cards confirming appropriate documentation is retained that supports the charges on the Card.
Hardy Bullock's June calendar quarter charges were reviewed. In October two charges were reviewed totaling \$246.24; In November five charges were reviewed totaling \$783.29 and in December there were no charges on the Card. All 7 charges had appropriate documentation regarding the approval process and details of the items purchased.