

INTERNAL CONTROL REVIEW:

Submitted for the February 22, 2017 Board Meeting

Sally Lyons & John Jones met on February 17, 2017 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 in the 2nd calendar quarter of 2017.

This review included the following reviews items:

1. Review of the Investment Statements and transaction during the quarter.

The Wells Fargo Investment Account has 6 CDs currently valued at \$1,499,556.25 that have staggered maturities between January 2017 and July 2019 with coupons returns ranging between 1.00% and 1.25%. The WF Investment Account at the end of the quarter had a balance of \$1,564,937.59. This included the money market account valued at \$65,381.34 with returns of 0.37%. There were no transfers during the quarter to the Bank of the West account from our Investment Account. The LAIF account at the end of the quarter was valued at \$6,049,963 yielding .68%.

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

The December 31, 2017 account receivables aging were reviewed. Total receivables at quarters end was a credit balance of \$218,890. In our 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 \$1,845, a balance over 60 days of \$1,750 and a total over 90 days of \$3,867 with \$2,450 of this amount due as of this review. This amount due over 90 days today (\$2,450) is from 7 long term parking clients. Long term parking is paid annually and there is an assumption, but not a verification, these clients are not renewing their parking. The amount outside the parking AR is viewed as immaterial. We will review parking AR in three months.

3. The testing of 3 disbursements making sure the appropriate original documentation is retained and supports these 3 transactions.
Check numbers 56956 to the Boys & Girls Club of North Lake Tahoe for \$45,000; check number 57005 to Ian Mason for \$1,790 and check number 57213 to Jason's Family Tree Service for \$28,752 were chosen at random. All checks had the appropriate documentation and support material.

4. The testing of 3 December quarter deposits to ensure appropriate documentation supporting the receipts deposited.
The three deposits that were chosen were:
 - a. 10-21-16 \$15,491
 - b. 12-9-16 \$8,465
 - c. 12-30-16 \$1,122
 - a. This deposit included a combination of 7 checks for hangar space.
 - b. This deposit was a combination of 2 checks that totaled \$8,465 when added together.
 - c. This deposit consisted of 3 on-line banking transfers of \$367; \$405 and \$350.All deposits were reviewed and deemed appropriate.

5. Review one of the Internal Employee Credit Cards confirming appropriate documentation is retained that supports the charges on the Card.
Kevin Smith's November 2016 charges were reviewed. Six charges were reviewed totaling \$2,458.82. All 6 charges had appropriate documentation regarding the approval process and details of the items purchased. All were viewed as appropriate business charges.