

# INFORMATION



August 16, 2019

**Subject: 5501 Committee Report - 7/23/2019 Meeting on June 2019 Financial Records**

## **BACKGROUND:**

California recently passed AB2912, effective January 1, 2019, that created new civil code 5500/5501.

1. Civil Code 5500 Items Monthly Review Meeting Items
  - a. Current reconciliation of the association's operating accounts,
  - b. Current reconciliation of the association's reserve accounts,
  - c. Current year's actual operating revenues and expenses compared to budget,
  - d. Latest account statements prepared by the financial institutions for all accounts,
  - e. An income and expense statement for the association's operating and reserve accounts, and
  - f. Check register, monthly general ledger, and delinquent assessment receivable reports
2. Civil Code Monthly CA5501 Report
  - a. A statement that subcommittee members have reviewed the items in (1) above,
  - b. A statement regarding any noteworthy findings, including any corrections to be made in a further review of the month and or subsequent months, and
  - c. Acknowledgment by subcommittee participants of their participation in the review.

## **REPORT:**

- a. The committee met on July 23, 2019 from 2pm to 330pm and reviewed items in (1) above for June 2019 financial records.
- b. The committee performed a drill-down on a randomly selected amenity, Equestrian Center, and reviewed all aspects of general ledger details and related accounting policies and procedures. This will be performed on one department each 5501 meeting. June payroll was noted to be 6% over Budget and 23% of last year June. Researching, the flux is due to the big winter causing delayed startup of equine season this year as compared to budget and last year. YTD June payroll is favorable 2% to Budget and up 3% to last year.
- c. The committee reviewed investments report. Municipal bonds again discussed, given TDA is a non-profit and pays minimal income taxes. One question is are Munis really necessary for a diversified portfolio, or can diversification be adequately achieved without using Munis. This subject is being addressed by the Investment subcommittee of Finance Committee.
- d. The committee reviewed the trial balance, General Ledger, check register and supporting reconciliations. One random selection on check register was traced back through to General Ledger detail with no exceptions.
- e. The committee reviewed member delinquent accounts receivable reports. Note, the full Board is briefed in executive session monthly on this matter.
- f. Other discussion items included:
  - The committee reviewed the Development Fund's 2019 Expenditures Forecast.

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- g. The committee noted no adjustments necessary to the June 2019 financial statements. Items for follow-up at a future date include the following:

New: none

Old, remains outstanding:

1. Follow up with Mountain Hardware and determine if we can obtain better than 5% discount on charges. [Salmon]

- h. Committee Attendees (Acknowledgment received via email confirmation for all listed below)

1. Jeff Connors, Treasurer
2. Don Koenes, Vice President
3. Tom Johns, Finance Committee designee
4. Michael Salmon, Director of Finance
5. Melanie Rives, Controller
6. Tracy Pearson, Senior Accountant
7. Robb Etnyre, General Manager

- i. Next 5501 Meeting – July Review is scheduled for August 22, 2019  
(Board – Treasurer and Roth) (Finance Committee – Jeff Bonzon, Michael Eaton Lloyd)

Prepared by: Michael Salmon, Director of Finance

Board Agenda Meeting Date for Ratification: August 24, 2019

GM Approval for Agenda: \_\_\_\_\_