

# INFORMATION



February 14, 2020

**Subject: 5501 Committee Report – 1/28/20 Meeting on December 2019 Financial Records**

## **BACKGROUND:**

California legislature Assembly Bill #2912, effective January 1, 2019, 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 January 28, 2020 - from 2:00pm to 3:55pm and reviewed items in (1) above for December 2019 financial records.
- b. The committee reviewed December Financial Statements/Report. December Operating Fund NOR of \$2,000 was favorable to Budget \$294,000/101%. YTD December Operating Fund NOR loss of \$4,846,000 is favorable \$850,000/15% to Budget. On a consolidated, all funds basis, Net Result Loss (before Assessment Revenue) was \$9,062,000 and is favorable to Budget \$1.2 million or 12% and favorable to prior year \$527,000 or 5%. As part of year end close, depreciation expense was formally calculated at \$3.4 million and was \$140,000 or 4% over budget and \$146,000 or 5% over prior year. Capital expenditures for the year of \$3.2 million were \$2.6m/44% less than Budget and \$1.1 million less than prior year. Section F04 provides a Q4 and 2019 financial briefing (starts on page 20 of financial report package). This F04 section will be refined over time based on Board and other feedback. The complete financial report can be referenced at this link [December 2019 Financial Report](#). Reminder the 1<sup>st</sup> page is handy index to section of the report.
- c. The committee performed a review of December investments reconciliation and reporting. Investments remain heavy in US Treasuries and short on maturities. The investments subcommittee continues to evaluate the long-term strategy. Review noted no exceptions to compliance with current Investment Policy # 2015-5.
- d. The committee reviewed the trial balance, General Ledger, check register and supporting reconciliations. Several check payments and reconciliations were reviewed noting no exceptions. The committee review \$10,000+ payments report. (attachment A).

# INFORMATION



e. The committee reviewed member delinquent accounts receivable reports. Note, the full Board is briefed in executive session monthly on this matter. Suggestion was again made to add a change from prior month column to report.

f. Other discussion items included:

The committee discussed replacement reserve fund expenses and whether Operating Fund was more appropriate for all or certain items within this category. Section F05 (page 34) and F14 pages (pages 68 & 69) of monthly financial report were reviewed, which provide information regarding this subject. The auditors will be reviewing this subject as part of 2019 audit. The 2019 RRF expense expenditures of \$988,000 were under budget \$331,000 or 25% and under prior year \$30,000 or 3%. The subject treatment has been consistent, and costs are charged where budgeted.

The committee also discussed accounting policies versus financial policies of the association. The former primarily GAAP driven, whereas, the latter is primarily Association policy driven. A latter example being the level of savings for building replacement in assessment.

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

New,

1. Audit in progress. The auditors will be reviewing RRF expense expenditures policy discussed above.

Old, remains outstanding:

1. Investments accounting and reconciliation, cross-training (target by June 2020). [Salmon]
2. Report to the Board on the ADA remodel of Northwoods bathrooms (contractors, costs) [Salmon]
3. Refine delinquent accounts report for changes month to month. [Rives]

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

1. Jeff Connors, Treasurer
2. Charles Wu, President
3. Steve Mahoney, Finance Committee designee
4. John Dundas, Finance Committee designee
5. Michael Salmon, Director of Finance
6. Melanie Rives, Controller
7. Tracy Pearson, Senior Accountant

i. Next 5501 Meeting – January 2020 Review is scheduled for February 25, 2020 (Board – Treasurer and Koenes) (Finance Committee – Ravano)

Prepared by: Michael Salmon, Director of Finance

Board Agenda Meeting Date for Ratification: February 22, 2020

GM Approval for Agenda: MSalmon 2/14/2020

attachment A

Date: Thursday, January 23, 2020  
 Time: 05:36PM  
 User: MRIVES

**Tahoe Donner Association**  
**Check Register - Standard**  
 Period: 12-19 As of: 12/31/2019

Page: 1 of 3  
 Report: 03630.rpt  
 Company: TDA

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
<b>Company: TDA</b>										
Acct / Sub:	10267		901							
201662	CK	12/6/2019	V5764 Blue Shield of California	12-19 12-19	465210	VO	193220001986	11/18/2019	0.00	80,544.26
201663	-	201710	Missing							
201711	VC	12/6/2019	V1754 Shaffer Paving Co.	12-19 11-19						
201712	-	201715	Missing							
201716	CK	12/6/2019	V3261 Southwest Gas Corporation	12-19 12-19	465248	VO	1519900002001	11/27/2019	0.00	10,999.34
201717	-	201729	Missing							
201730	CK	12/6/2019	V0246 Truckee Donner PUD	12-19 12-19	465249	VO	Various Account	12/3/2019	0.00	26,221.76
201731	-	201734	Missing							
201735	CK	12/4/2019	V1754 Shaffer Paving Co.	12-19	464980	VO	19318	11/13/2019	0.00	19,995.00
201735	CK	12/4/2019	V1754 Shaffer Paving Co.	12-19	465252	AD	19318	11/13/2019	0.00	-19,995.00
201735	CK	12/4/2019	V1754 Shaffer Paving Co.	12-19	465253	VO	19318	11/13/2019	0.00	17,995.50
201735	CK	12/4/2019	V1754 Shaffer Paving Co.	12-19	465254	VO	19318	11/13/2019	0.00	17,995.50
201735	CK	12/4/2019	V1754 Shaffer Paving Co.	12-19	465262	AD	19318	11/13/2019	0.00	-17,995.50
<b>Check Total</b>										<b>17,995.50</b>
201736	-	201737	Missing							
201738	VC	12/13/2019	IC386 JM Reforestation & Tree Servic	12-19 11-19						
201739	-	201740	Missing							
201741	VC	12/13/2019	T1312 Mt Lincoln Construction	12-19 11-19						
201742	-	201763	Missing							
201764	VC	12/13/2019	V1999 SWRCB Fees	12-19 11-19						

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Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
201765	-	201780	Missing							
201781	VC	12/13/2019	V5653 AM-X Construction & Excavatin	12-19	11-19					
201782	-	201798	Missing							
201799	VC	12/13/2019	V6304 Resource Concepts, Inc	12-19	11-19					
201800	-	201801	Missing							
201802	VC	12/13/2019	V6336 Ragghianti, Freitas LLP	12-19	11-19					
201803	-	201805	Missing							
201806	CK	12/13/2019	V5653 AM-X Construction & Excavatin	12-19	12-19	465321	VO 12070	12/4/2019	0.00	24,587.02
201807	-	201813	Missing							
201814	CK	12/13/2019	V6336 Ragghianti, Freitas LLP	12-19	12-19	465273	VO 19157	11/12/2019	0.00	13,292.50
201815	-	201820	Missing							
201821	CK	12/13/2019	IC386 JM Reforestation & Tree Servic	12-19	12-19	465310	VO 112519	11/25/2019	0.00	13,200.00
201822	-	201832	Missing							
201833	CK	12/13/2019	T1312 Mt Lincoln Construction	12-19	12-19	465351	VO 12	12/5/2019	0.00	151,845.75
201834	-	201841	Missing							
201842	CK	12/13/2019	V6304 Resource Concepts, Inc	12-19	12-19	465353	VO 192075	12/6/2019	0.00	5,648.49
201842	CK	12/13/2019	V6304 Resource Concepts, Inc	12-19	12-19	465355	VO 191875	10/31/2019	0.00	13,957.52
<b>Check Total</b>										<b>19,606.01</b>
201843	-	201857	Missing							
201858	CK	12/13/2019	V1999 SWRCB Fees	12-19	12-19	465276	VO WD0164142	11/6/2019	0.00	14,073.00
201859	-	201883	Missing							
201884	CK	12/20/2019	V0610 Tri Counties Bank	12-19	12-19	465605	VO ATM Refills	12/16/2019	0.00	12,000.00

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Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
201885	-	201936	Missing							
201937	VC	12/20/2019	V4286 Smith Sport Optics Inc	12-19	12-19					
201938	-	201987	Missing							
201988	CK	12/20/2019	V4286 Smith Sport Optics Inc	12-19	12-19	464791	VO 6884612	11/6/2019	0.00	8,947.20
201988	CK	12/20/2019	V4286 Smith Sport Optics Inc	12-19	12-19	465454	VO 6945333	12/4/2019	0.00	1,411.45
<b>Check Total</b>										<b>10,358.65</b>
201989	-	202041	Missing							
202042	CK	12/27/2019	V6333 Life Fitness	12-19		465784	VO 3346091	12/23/2019	0.00	45,899.56
202043	-	202065	Missing							
202066	CK	12/27/2019	V6343 Tahoe Prosperity Center	12-19	12-19	465789	VO 211	12/23/2019	0.00	41,000.00
202067	-	202074	Missing							
202075	CK	12/27/2019	V0610 Tri Counties Bank	12-19	12-19	465855	VO ATM Refills	12/24/2019	0.00	10,000.00

Check Count: 23

**Acct Sub Total: 491,623.35**

Check Type	Count	Amount Paid
Regular	15	491,623.35
Hand	0	0.00
Electronic Payment	0	0.00
Void	8	0.00
Stub	0	0.00
Zero	0	0.00
Mask	0	0.00
<b>Total:</b>	<b>23</b>	<b>491,623.35</b>

**Company Disc Total 0.00 Company Total 491,623.35**

attachment A

**Tahoe Donner Association**  
**12-2019 Bank Activity**  
**ACH over \$10,000**

**General- 2232**

Account	ChkRef	Debit	Credit	Date	Description
6.41E+08		59871.32		12/11/2019	AMEX EPAYMENT ACH PMT_TAHOE DONNER ASSOC
6.41E+08		25970		12/23/2019	FRANCHISE TAX BO PAYMENTS_TAHOE DO
6.41E+08		14969.94		12/13/2019	JOHN HANCOCK ACH DEBIT_TAHOE DONNER ASSOCIATI
6.41E+08		15992.68		12/2/2019	JOHN HANCOCK ACH DEBIT_TAHOE DONNER ASSOCIATI
6.41E+08		1000000		12/9/2019	Wire Out/65741/Wells Fargo Ban
6.41E+08		1000000		12/23/2019	Wire Out/66801/Stifel
6.41E+08		1000000		12/27/2019	Wire Out/67020/Wells Fargo Ban

**Payroll- 2216**

Account	ChkRef	Debit	Credit	Date	Description
6.41E+08	62041	14446.67		12/11/2019	CHECK 62041
6.41E+08	62160	163038.84		12/27/2019	CHECK 62160
6.41E+08		270852.42		12/19/2019	PAYCHEX PAYROLL_TAHOE DONNER ASSOCIATI
6.41E+08		221057.74		12/5/2019	PAYCHEX - RCX PAYROLL_TAHOE DONNER ASSOCIATI
6.41E+08		119602.53		12/31/2019	PAYCHEX TPS TAXES_TAHOE DONNER ASSOCIATI
6.41E+08		148352.32		12/20/2019	PAYCHEX TPS TAXES_TAHOE DONNER ASSOCIATI
6.41E+08		82629.29		12/6/2019	PAYCHEX TPS TAXES_TAHOE DONNER ASSOCIATI