

# INFORMATION



October 05, 2020

**Subject: 5501 Committee Report – 9/22/20 Meeting on August 2020 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 September 22, 2020 - from 2:06pm to 3:21pm and reviewed items in (1) above for August 2020 financial records.
- b. The committee reviewed August Financial Statements/Report.
- c. Investments Reconciliation for August to be reviewed with Treasurer and sent to meeting attendees.
- 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. Reviewed reconciliation detail for Tri Counties Bank Account- Daily Sales Cash and tracked balance back to the general ledger.
- 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: Rec Fee Revenue, Reserve and Development fund expense savings due to delayed capital projects, Marina visitation and Rec Fee Refunds.
- g. The committee noted no adjustments necessary to the August 2020 financial statements. Items for follow-up at a future date include the following:

New,

1. Investment Reconciliation for August
2. Capital Funds Summary Report
3. Financials on to Tahoe Donner Website (Financials section) April – August

# INFORMATION



Old, remains outstanding:

1. Investment account reconciliation training
2. RRF Savings for April
3. Process for allocating capital projects payroll
4. Rec Fee and Overhead adjustment write up
5. Written Treasury Policies

\*Follow up review:

1. Chipper Truck: Did not appear as in the new equipment fund because it was an “accelerated” reserve replacement of the existing 2003 truck which reached end of life. See **Attachment 1** -the decision paper where the BOD approved moving the capex from 2021 to 2020. This was posted in July 2020 to reserve replacement fund.
  2. F&B COGS- Currently have a consultant looking at our overall F&B operations.
  3. Refiling of prior year tax returns- Filed
  4. Report to the Board on the ADA remodel of Northwoods bathrooms (contractors, costs) STALE
  5. Gift Card Escheatment Law – 48k balance at 6/30/20- Gift card Escheatment Law only applies to gift cards with an expiration – Tahoe Donners gift cards do not expire.
  6. Mutual of Omaha CD Investment Research- Details Obtained
- h. Committee Attendees (Acknowledgment received via email confirmation for all listed below)
1. Steve Mahoney, Treasurer
  2. Don Koenes, President
  3. Cathy Ravano, Finance Committee designee
  4. Jeffrey Connors, Member
  5. Jim Colbert, Finance Committee designee
  6. John Dundas, Finance Committee designee
  7. Terry Watson, Finance Committee designee
  8. David Mickaelian, General Manager
  9. Brian Dunn, Director of Finance (Interim)
  10. Tom O’Neil, Controller
  11. Tracy Pearson, Senior Accountant
- i. Next 5501 Meeting – September 2020 Review is scheduled for October 27, 2020  
(Board – Treasurer and Charles Wu) (Finance Committee – Ravano, Dundas, Watson)

Prepared by: **Tracy Pearson, Senior Accountant**

Board Agenda Meeting Date for Ratification: October 23, 2020

GM Approval for Agenda:

# DECISION PAPER



July 13, 2020

## DESIRED ACTION

The Board of Directors will consider accelerating scheduled replacement reserve funds for the 2003 Ford F550 Forestry Chipper Truck from 2021 to this summer due to the truck expiring its useful life and is not operable.

## BACKGROUND:

Tahoe Donner Forestry department has three chipping crews budgeted for 2020. This includes three street chippers and three chipping dump trucks. In 2019 a third chipping crew was added to include a new truck and chipper to increase the efficiencies of removing material created by property owners completing their defensible space requirements. The three-year rolling average of properties chipped is 3,007, with the program running mid-May through mid-October.

During the fall of 2019, after the 2020 budget approval process, a notice was received from California Air Resources Board (CARB) indicating that the oldest chip truck, the 2003 Ford F550, would no longer be eligible for registration renewal in the State of California, which was scheduled for renewal at the end of June. The registration was extended due to COVID impacts at the DMV, which covered the period of time when the truck would be needed. Thus, during the spring when this issue was identified, management informed the board that the truck could stay on its replacement schedule for 2021.

Since initiating the chipping program in May, the seventeen year old truck started presenting engine issues with it frequently going out of service for diagnostics and servicing. In order for the truck to continue running, it would require either an engine rebuild of at least \$3,000 or engine replacement. Given that the truck will not be able to be registered we should not invest in an engine rebuild or replacement and should accelerate the replacement by six months.

## FISCAL IMPACT:

The 2003 Ford F550 is schedule for replacement in 2021 in the Replacement Reserve Funds (RRF) with a budget of \$92,000. Therefore, the replacement is fully funded with no impact projected.

## OPTIONS:

1. **New Vehicle:** A quote was received from Cal-Line Equipment, Inc. for a 2020 Ford F550 for \$92,000 which includes estimated DMV fees, Sales Tax, and a 10% contingency. This 2020 model truck is available and can be delivered within the next couple of weeks.
2. **Used Vehicle:** In reviewing available inventory in western states, a newer used diesel chip truck for \$68,500 plus tax and license or a used gas chip truck with high milage for \$5,000 plus tax and license can be purchased. Considering the heavy summer use as well as payload and towing

# DECISION PAPER



requirements of the chip trucks, staff recommends purchasing a new diesel powered truck. Additionally, none of the used vehicles found would comply with CARB requirements.

3. **Short-Term Lease Option to Buy:** quotes on short-term lease option to buy the Cal-Line 2020 Ford F550 is \$8,000 per month.
4. **Do Not Replace Now:** Run only two chipper crews during this summer 2020 and replace in 2021.

## **RECOMMENDATION:**

Staff recommends Board consider Option 1 – New Vehicle Purchase and accelerate the scheduled replacement reserve funds for the 2003 Ford F550 Forestry Chipper Truck from 2021 to 2020 with a not to exceed budget of \$92,000, which includes estimated DMV fees, Sales Tax, and a 10% contingency.

---

**Prepared by:** Bill Houdyschell / Annie Rosenfeld

**Reviewed by:** Jon Mitchell

**Board Meeting Date:** July 16, 2020