

INFORMATION



March 09, 2021

Subject: 5501 Subcommittee Report – 02/23/21 Meeting on January 2021 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 subcommittee met on February 23, 2021 - from 3:00pm to 4:40pm and reviewed items in (1) above for January 2021 financial records.
 - a. The subcommittee reviewed January Financial Statements/Report. [January Financial Presentation](#)
- b. Investments Reconciliation for January was separately reviewed by the Treasurer and the alternate board attendee (Charles Wu). Confirmation was sent by the Treasurer to the GM, DFA, alternate Board attendee (Wu) and the Chair and Vice-Chair of the Finance Committee. (**Attachment A**)
- c. The subcommittee 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 Accounts- General and Daily Sales Cash and tracked 3 randomly selected checks from check register to general ledger to bank statement. Reviewed back up for 3 separate checks from the check register over \$10,000.
- d. The subcommittee reviewed member delinquent accounts receivable reports. Note, the full Board is briefed in executive session monthly on this matter. Suggested to review in detail quarterly.
- e. Other discussion items included: Audit progress and potential 2020 adjustments including 401k employer match, interest income, and season pass contingency adjustments. Transfer from Operating Tri Counties to Reserve and Development fund.
- f. The subcommittee noted no adjustments necessary to the January 2021 financial statements. Items for follow-up at a future date include the following:

INFORMATION



Old, remains outstanding:

1. Investment account reconciliation training
2. Written Treasury Policy
3. Written Collection Policy
4. ASO Deposits on file to be investigated by ASO manager. (Pending)
5. January summary income and expense statement for operating and reserve accounts (Pending Budget upload)

*Follow up review:

1. RRF Savings for April (Stale- Removed from outstanding list)
2. Process for allocating capital projects payroll- Verbal explanation- T Oniel
3. Capital Funds Summary- Jon Mitchell and Accounting Staff to analyze forecast for FYE 2020 and for carry over projects into 2021.: Reviewed 012021 Capital Funds Summary MTD and Forecast vs budget.
4. Truckee Water Rivershed: Coyote Crossing, Euer Valley
5. Unclaimed wages: Unclaimed wages become abandoned after one year and must be reported to the state controller's office.
6. Delinquent Account Payment Plans: Platinum is directly handling all accounts on the TOP 25 on payment plans. There is often a lag time between payments being made from Platinum to Tahoe Donner.

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

1. Steve Mahoney, Treasurer
2. Charles C. Wu, Director
3. Cathy Ravano, Finance Committee designee
4. Jim Colbert, Finance Committee designee
5. John Dundas, Finance Committee designee
6. Terry Watson, Finance Committee designee
7. David Mickaelian, General Manager
8. Todd Martyn-Jones, Director of Finance
9. Tom O'Neil, Controller
10. Tracy Pearson, Accounting Manager
11. Additional Finance Committee Applicants: Julie Vietor, Joseph Niedringhaus

h. Next 5501 Meeting – January 2021 Review is scheduled for March 23, 2021.
(Board – Treasurer and Wu)

Prepared by: **Tracy Pearson, Accounting Manager**

Board Agenda Meeting Date for Ratification: March 26, 2021

GM Approval for Agenda:

From: [Steve Mahoney](#)
To: [David Mickaelian](#); [Todd Martyn-Jones](#); [Charles Wu](#); [Tom O'Neil](#)
Cc: [Robin Bennett](#); [John Dundas](#); [Terry Watson](#); [Tracy Pearson](#)
Subject: TDA January CA Civil Code 5501 Investment Reconciliation
Date: Thursday, March 4, 2021 10:36:03 PM
Attachments: [TDA Jan 2021 Reconciliation Spreadsheet.pdf](#)
[TDA Consolidated Investments Jan 2021 Annotated .pdf](#)

Ladies and Gentlemen,

This note is a formal acknowledgment that I have completed a review of reconciliations of Tahoe Donner Association's ("TDA") operating and capital funds reserve accounts for the month of January 2021 as called for in Section 5500 of the California Civil Code.

In connection with this review, I have reviewed (i) month-end account statements for Tahoe Donner's principal operating and investment accounts as provided by TDA's banks and investment/brokerage firms, (ii) a summary reconciliation of activity in these accounts prepared by TDA's Controller (Tom O'Neil), and (iii) reconciliations of our principal bank accounts provided by our Accounting Department identifying differences between the bank-provided month end balance and TDA's general ledger balance as of January 31, 2021. I have made appropriate inquiries of TDA staff as to satisfy me that my review of the operating and reserve accounts was conducted in accordance with the requirements of CA Civil Code 5500.

I have enclosed (i) a pdf of the reconciliation worksheet for January with my signature indicating that the reconciliation is correct in all material respects, and (ii) a pdf of the actual account statements.

There are several follow-up items (identified in my handwritten notes) that need management's attention:

1. Note 2, page 3 - The debits and credit in the spreadsheet reconciliation of GL account ending in 10269 do not match the deposits and withdrawals identified in the Tri Counties Bank statement. Tom, please explain.
2. Note 6, page 2 - A portion of the Development Fund cash invested in the Stifel Insured Bank Deposit Program (at Stifel Bank and Trust) exceeds FDIC insurance limits (\$781,260 vs \$250,000). Todd, please contact Stifel and ask them to correct this.
3. Note 7, page 2 - Most of the Stifel monthly statements still reflect Mike Salmon as addressee. Todd, please contact Stifel to correct.
4. Note 8, page 2 - The Finance Committee has asked that Eaton Vance include bonds' credit ratings in the monthly report. Todd, please ask K.C. Krichbaum if this can be done.
5. Note 8, page 2 - I would like to know more about the trading approach practiced by Eaton Vance in the Corporate Bond portfolio. Todd, please ask K.C. Krichbaum if we can speak to the Eaton Vance team to better understand their approach.
6. Note 9, page 2 - We have a market value loss in the Eaton Vance Municipal Bond portfolio of circa \$63,000. I would like not better understand how trading activity might serve to cristalize these losses. Todd, please ask K.C. Krichbaum to arrange a call with his Eaton Vance partners.

Given my concerns about the security of sensitive Tahoe Donner information, only senior staff members and the other member of TDA's Board of Directors who attended the December meeting of the 5501 Sub-Committee (Charles Wu) will receive the reconciliation and account statement materials.

Charles, please review the attached reconciliation and account statements and send an acknowledgment to all that you too are satisfied with the reconciliation. Thank you.

Tracy, please attach this note to the 5501 report that is circulated to the full Board at a future meeting, thanks.

Please reach out if you have any questions.

Regards,

Steve Mahoney
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