

INFORMATION



June 04, 2021

Subject: 5501 Subcommittee Report – 05/25/21 Meeting on April 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 May 25, 2021 - from 3:03pm to 5:00pm and reviewed items in (1) above for April 2021 financial records.
 - a. The subcommittee reviewed March Financial Statements/Report. April Financials: [Financial Presentation](#)
- b. Investments Reconciliation for April separately reviewed by the Treasurer and the alternate board attendee (Don Koenes). Confirmation sent by the Treasurer to the GM, DFA, alternate Board attendee (Koenes) 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+ ACH and Checks report. Reviewed reconciliation detail for Tri Counties Bank Accounts- Daily Sales Cash, and Daily Sales Credit Cards and tracked 4 randomly selected checks from check register to general ledger to bank statement. Reviewed back up for 4 checks from the check register.
- d. The subcommittee reviewed member delinquent accounts receivable reports. Note, the full Board is briefed in executive session monthly on this matter. To review in detail quarterly.
- e. Other discussion items included: Discussed integration of Square (Aspenware) and RTP. Capital Funds summary for April.
- f. The subcommittee noted no adjustments necessary to the April 2021 financial statements. Items for follow-up at a future date include the following:

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Old, remains outstanding:

1. Investment account reconciliation training
2. Written Treasury Policy
3. Written Collection Procedures
4. Bonus incentive accrual to be looked at by Todd

*Follow up review:

1. Special Assessments Receivable: Showing old balance from 2008 Special Assessment- Actually paid but booked to wrong AR account (11110-901) To be reclassified in June

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

1. Steve Mahoney, Treasurer
2. Don Koenes, President
3. Jim Colbert, Finance Committee designee
4. John Dundas, Finance Committee designee
5. Terry Watson, Finance Committee designee
6. Cathy Ravano, Finance Committee designee
7. Todd Martyn-Jones, Director of Finance
8. Tom O'Neil, Controller
9. Tracy Pearson, Accounting Manager
10. Additional Finance Committee Applicants: Joe Niedringhaus, Michael Rudolph

h. Next 5501 Meeting – May 2021 Review is scheduled for June 22, 2021.
(Board – Treasurer and Wu)

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

Board Agenda Meeting Date for Ratification: June 25, 2021

GM Approval for Agenda:

From: [Steve Mahoney](#)
To: [David Mickaelian](#); [Don Koenes](#); [Todd Martyn-Jones](#); [Tom O'Neil](#)
Cc: [John Dundas](#); [Terry Watson](#); [Tracy Pearson](#); [Robin Bennett](#)
Subject: April 2021 TDA Bank & Investment Account Reconciliation
Date: Monday, June 7, 2021 7:00:45 PM
Attachments: [TDA Account Reconciliation April 2021.pdf](#)
[TDA Consolidated Statements April 2021.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 April 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 April 30, 2021. I have made appropriate inquiries of TDA staff as to satisfy me that my review of the operating and reserve account investment and bank accounts was conducted in accordance with the requirements of CA Civil Code 5500.

I have enclosed (i) a pdf of the reconciliation worksheet for April containing a statement that in my opinion the reconciliation is correct in all material respects, and (ii) a pdf of the actual account statements that were reviewed.

There are several follow-up items (identified in my handwritten notes on the reconciliation) that need management's attention. The most important of them include:

Note 1 - There are Operating Fund balances at Stifel invested in their Bank Insured Deposit Program that exceed FDIC insurance limits. *Todd; please provide an update on our program to correct this.*

Note 2 - It appears that the Oracle Corp. Notes due 10/15/22 held in the Stifel Development Fund account have been downgraded by Moodys to "Baa2" or below our investment policy limits. Note that the Standard & Poor's rating is still "A" and thus in compliance with our investment policy. *Todd, please speak with Evan Price at Stifel for background on the rating change. We have discretion to continue to hold the Oracle notes despite the Baa2 rating. However, I'd like to better understand the reasons for the downgrade.*

Note 3 - There is \$2.5 MM of Treasury Bills that matured between 5/31/2021 and 6/3/2021 within the Stifel Replacement Reserve Fund account. In the past, maturing T-Bills were rolled into the Stifel Insured Bank Deposit program creating an issue with FDCIC insurance coverage limits. *Todd, please speak with Evan and confirm that these maturing T-Bills were invested in other than the Stifel Insured Bank Deposit Program. Please also confirm that Evan is arranging to set up a government backed money market account that can be used to temporarily invest maturing investments in a way that is compliant with our investment policy.*

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

Don, please review the attached reconciliation and account statements and send an email to this group acknowledging 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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