

INFORMATION



July 06, 2021

Subject: 5501 Subcommittee Report – 07/02/21 Meeting on May 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 July 02, 2021 - from 9:01am to 10:24am and reviewed items in (1) above for May 2021 financial records.
 - a. The subcommittee reviewed May Financial Statements/Report. May Financials: [Financial Presentation](#)
- b. Investments Reconciliation for May separately reviewed by the Treasurer and the alternate board attendee (Charles Wu). Confirmation 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+ ACH and Checks report. Reviewed reconciliation detail for Tri Counties Bank Accounts- General and Cash Receipts and tracked 3 randomly selected checks from check register to general ledger to bank statement. Reviewed back up for 3 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: Rec fee pace report, 38.7% of properties have purchased rec fee for 2021/22 cycle, Vs 38.3% 20/21 and 47.2% 19/20- Total Revenue as of 5/31/21 \$1,191,281
- f. The subcommittee noted no adjustments necessary to the May 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 Procedures
4. Check to see if Tri Counties has any way to integrate with EUnify

*Follow up review:

1. Tri Counties Bank Accounts Reconciliations: June bank activity was booked to May by mistake, reversed and corrected, new general ledger balances have been uploaded to Sharepoint reflecting the changes.
2. Absorb Software: \$3,655 Check is for onboarding fees, \$12,325 is for Annual Subscription.

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

1. Steve Mahoney, Treasurer
2. Charles Wu, Director
3. John Dundas, Finance Committee designee
4. Tom O'Neil, Controller
5. Tracy Pearson, Accounting Manager

h. Next 5501 Meeting – June 2021 Review is scheduled for July 20, 2021.
(Board – Treasurer and Murrell)

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

Board Agenda Meeting Date for Ratification: July 25, 2021

GM Approval for Agenda:

Attachment A

From: [Steve Mahoney](#)
To: [David Mickaelian](#); [Todd Martyn-Jones](#); [Tom O'Neil](#); [Charles Wu](#)
Cc: [Tracy Pearson](#); [John Dundas](#); [Terry Watson](#)
Subject: TDA May 2021 Account Reconciliation as required by Section 5500 of Davis-Stirling
Date: Sunday, July 4, 2021 3:14:11 PM
Attachments: [TDA Treasurer's Review May 2021 vf.pdf](#)
[TDA Bank & Brokerage Statements May 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 May 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 as of May 31, 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 May 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. These follow-up items are as follows:

Notes 1-4 - There are minor discrepancies in the bank vs. general ledger account reconciliations. We also need to add to the monthly package a reconciliation for the account ending in 10255.

Note 5 - Please contact our CIT Bank account representative and confirm the next CD renewal date. From memory, I recall that it might be in August. Suggest that we close this account to simplify our administration efforts.

Note 6 - Please confirm that action has been taken to reduce excessive balances in Stifel's Insured Bank CD program. See page 83 of the attached statements.

Note 7 - Please confirm that our holdings of Oracle Corp. senior notes have been sold as they are no longer compliant with TDA's 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 (Charles Wu) will receive the reconciliation and account statement materials.

Charles, 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.

Please reach out if you have any questions. Thanks to all.

Regards,

Steve Mahoney

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