

# INFORMATION



August 25, 2021

**Subject: 5501 Subcommittee Report – 08/24/21 Meeting on July 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 August 24, 2021 - from 3:02pm to 4:55pm and reviewed items in (1) above for July 2021 financial records.
  1. The subcommittee reviewed July Financial Statements/Report. [Finance Report.](#)
  
- b. Investments Reconciliation for July separately reviewed by the Treasurer and the alternate board attendee (Jim Roth). Confirmation sent by the Treasurer to the GM, DFA, alternate Board attendee (Roth) 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 reviewed \$10,000+ ACH and Checks report. Reviewed reconciliation detail for Tri Counties Bank Accounts- General, Payroll 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 including Landmark Golf check #206909, American Express check #207094, and PFM check #207257.
  
- d. The subcommittee reviewed member delinquent accounts receivable reports with Dagmara Macierzanka-Rung. Note, the full Board is briefed in executive session monthly on this matter. To review in detail quarterly.
  
- e. Other discussion items included: (1)American Express usage, (2)variance in cash on hand from June of \$300 on GL vs. location sheet due to variance on POTH change bank issued in June, (3)combined balances at local WFB accounts \$12k over FDIC limit: Todd and Tom to pursue options to insure these excess funds. (4)Maturing CD at CIT bank scheduled for August 26. Steve Mahoney has drafted

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a letter to CIT requesting cash out of this CD and Tom O'Neil has requested a check sent to 11509 Northwoods Blvd. for deposit into TDA Tri-Counties operating account x2232.

- f. The subcommittee noted no adjustments necessary to the July 2021 financial statements. Items for follow-up at a future date include the following:

Old, remains outstanding:

1. Investment account reconciliation training
2. Written Treasury Policy
3. Written Collection Procedures

\*Follow up review:

1. Capital SQL report for July. Committee has requested a deeper look at each project performance vs. budget in our next 5501 meeting. TDA staff will present a longer, more detailed report to be examined in tandem with the Capital Funds Summary (Capital SQL) report.
2. Forestry positive variance to budget of \$372k YTD. This variance is caused primarily by the operating expenses in this department being spread evenly across 12 months in the 2021 budget, rather than accounting for the seasonality of Forestry operations. Staff forecasts to land closer to budget departmental NOR for year-end 2021 and have noted to spread the 2022 Forestry expenses across months as they are planned to occur.
3. Operating Fund Contingency: Steve Mahoney mentioned a visual/graph that previously existed that displays the 2021 current and year end projected operating fund contingency balances. Steve to provide the existing sample or otherwise TDA staff to create for presentation purposes.

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

1. Steve Mahoney, Board Treasurer
2. Jim Roth, Board Secretary
3. John Dundas, Finance Committee designee
4. Michael Rudolph, Finance Committee designee
5. Todd Martyn-Jones, Director of Finance
6. Tom O'Neil, Controller
7. Damara Macierzanka-Rung, Accounting Tech III

- h. Next 5501 Meeting – August 2021 Review is scheduled for September 28, 2021.  
(Board – Treasurer Steve Mahoney and President Don Koenes)

Prepared by: **Tom O'Neil, Controller**

Board Agenda Meeting Date for Ratification: October 22, 2021

GM Approval for Agenda: