

# INFORMATION



September 30, 2021

**Subject: 5501 Subcommittee Report – 09/29/21 Meeting on August 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 September 29, 2021 - from 3:01 pm to 4:40 pm and reviewed items in (1) above for August 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 (Don Koenes). 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 Monterey Club check #206955, Menig Weed Control check #20762, and Fountaingrove Club check #207551.
- d. The subcommittee reviewed member delinquent accounts receivable reports with Dagmara Macierzanka-Rung. Confirmed that all owners in arrears on 2021 assessment have had suspension of membership access benefits. Note, the full Board is briefed in executive session monthly on this matter.
- e. Other discussion items included: (1) Pursuing more consolidated orders and purchases at local vendors. The committee opined that the Mountain Hardware orders were too frequent and too small to warrant the time and travel spent on collecting these orders. Staff agreed and have directed

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responsible managers to consolidate these orders, reducing the number of trips required, (2) Discussed reserve for bad debt on assessment accounts. The committee requested that staff review the adequacy of the reserve at year end, propose an adjustment to the committee, and book this adjustment prior to 2021 year-end financial audit, (3) Discussed the closure of the Tri Counties bank Truckee branch scheduled for 10/20/21. Discussed and planned alternate local bank relationships to handle operating cash needs. TDA currently holds a balance at Bank of the West which will likely become the first option.

- f. The subcommittee noted no adjustments necessary to the August 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. Monterey Club check #206955 was voided. It was replaced with a corrected check #207704. Backup including invoice and P.O. were emailed to committee attendees on September 30, 2021
2. Rec pass 21/22 reconciliation was showing quantities sold that were not adding up to \$385 per transaction. This is due to RTP counting the individual rec passes issued per person rather than the 4-person rec pass. Moving forward, this quantity column will not be included in the reconciliation as it is misleading.
3. Approval limits. It was observed by the committee that the Menig Weed Control invoice for the Forestry department was in excess of the manager's authority level. Due to this being a pre-approved blanket PO for 2021, this approval for procurement was not necessary, and the appropriate approval-level signatures appeared on the check issued. Backup of signed agreement by GM was emailed to committee attendees on September 30, 2021

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

1. Steve Mahoney, Board Treasurer
2. Don Koenes, Board President
3. John Dundas, Finance Committee designee
4. Jim Colbert, 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 – September 2021 Review is scheduled for October 26, 2021.  
(Board – Treasurer Steve Mahoney and Director Charles Wu)

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

Board Agenda Meeting Date for Ratification: October 22, 2021

GM Approval for Agenda: