

# INFORMATION



February 2, 2022

Subject: 5501 Subcommittee Report – 2/1/2022 Meeting on December 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 1 - from 3:00 pm to 4:55 pm and reviewed items in (1) above for December 2021 financial records.
  1. The subcommittee reviewed December Financial Statements/Report presented by Todd Martyn-Jones, Director of Finance.
- b. Investments Reconciliation for December 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 reviewed \$10,000+ ACH and Checks report. Reviewed reconciliation detail for Pacific Premier Accounts and Tri Counties Bank Accounts- General, Payroll and Cash Receipts and tracked 3 randomly selected checks from check register to general ledger to bank statement. Using eUnify, reviewed checks, approvals, and backup all stored within the system. These included Helly Hansen check 545, Gutierrez Forest Management check 581, and Davey Coach Sales check 593.
- d. The subcommittee reviewed changes to member delinquent accounts receivable report.
- e. Other discussion items included: (1) discussed adding board signers for Pacific Premier bank accounts, (2) reviewed Pacific Premier bank account reconciliations for November activity (3) reviewed all transfers between accounts and funds.

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

\*Follow up review:

1. The committee has requested an annual assessment pace report along with the top 25 delinquent report. This report was missing from the 5501 presentation due to finance staff members being with Covid during the meeting preparation window. The reports were subsequently emailed to attendees.
  2. Outstanding check PFM #495. Director Mahoney pointed out this stale check to PFM. This was a lost payment to PFM in October. A stop payment had been issued, but the check was not voided in eunify. The check is now voided in eunify and will no longer be outstanding on the Pacific Premier AP account.
  3. The committee questioned the "SE True Up" amount on the DHS retail inventory reconciliation. This amount was mislabeled as a Season End True up but it is in fact a timing discrepancy between the General Ledger and the RTP inventory module where 12/31 inventory activity posted to 1/1/22.
  4. The committee wanted a better understanding of the bonus incentive policy, and how to account for the budgeted amount vs. "kicker" amount. Todd to work with Laura and Steve on accounting policy to reflect new incentive policy changes going into effect on 1/1/22. The committee will also address November and December 2021 bonus accruals before new annual incentive begins.
  5. The committee would like to see an analysis of the operating fund contingency balance each month. Staff will consider this request and implement a contingency balance to the monthly operating fund financial reports.
- g. Committee Attendees (Acknowledgment received via email confirmation for all listed below)
1. Steve Mahoney, Board Treasurer
  2. Don Koenes, Board President
  3. Laura Kodres, Finance Committee designee
  4. John Dundas, Finance Committee designee
  5. Todd Martyn-Jones, Director of Finance
  6. Tom O'Neil, Controller
- h. Next 5501 Meeting – January 2022 Review is scheduled for February 22, 2022  
(Board – Treasurer Steve Mahoney and Board Member Charles Wu)

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

Board Agenda Meeting Date for Ratification: February 25, 2022

GM Approval for Agenda: