



REGULAR MEETING OF THE FINANCE COMMITTEE

**Tuesday, December 3, 2019 – 1:30 p.m.
Laguna Woods Village Community Center Board Room
24351 El Toro Road**

AGENDA

1. Call to Order
2. Acknowledgment of Media
3. Approval of the Agenda
4. Approval of Meeting Report for November 5, 2019
5. Chair Remarks
6. Member Comments (Items Not on the Agenda)
7. Department Head Update

Reports

8. Preliminary Financial Statements dated October 31, 2019
9. Chargeable Services Analysis

10. Updates

- a. Overtime / Temp Help / Turnover
- b. Insurance Program

Items for Discussion and Consideration

11. Other Endorsements from Standing Committees

Future Agenda Items

NOL Status (January, 2020)

Transfer of Funds to Discretionary Investment Account (January, 2020)

Solar System Update – Q4 (February, 2020)

Consolidation of Reserve Funds (April, 2020)

Concluding Business:

12. Committee Member Comments
13. Date of Next Meeting – Tuesday, January 7, 2020 at 1:30 p.m.
14. Recess to Closed Session

Jon Pearlstone, Chair
Betty Parker, Staff Officer
Telephone: 949-597-4201



FINANCE COMMITTEE MEETING REPORT OF THE REGULAR OPEN SESSION

Tuesday, November 5, 2019, 2019 – 1:30 p.m.
Laguna Woods Village Community Center Sycamore Room, 24351 El Toro Road

MEMBERS PRESENT: Jon Pearlstone – Chair, Steve Parsons, Bunny Carpenter, Lynn Jarrett, John Frankel, Annie McCary, Cush Bhada, Robert Mutchnick, Advisors: John Hess

MEMBERS ABSENT: Reza Karimi, Ralph Engdahl, Craig Wayne, Advisor: Wei-Ming Tao

STAFF PRESENT: Betty Parker, Steve Hormuth, Christopher Swanson, Francis Gomez, Brett Crane

Call to Order

Director Jon Pearlstone, Treasurer, chaired the meeting and called it to order at 1:32 p.m.

Approval of Meeting Agenda

A motion was made and carried unanimously to approve the agenda with the following additions: Insurance Updates and Alterations Updates

Approval of Meeting Report for October 1, 2019

A motion was made and carried and by a vote of 8-0-1 (Mutchnick abstained) to approve the report as presented.

Chair Remarks

The chair deferred his comments to later agenda items.

Department Head Update

Betty Parker, CFO, deferred her comments to later agenda items.

Member Comments (Items not on the Agenda)

Director Jarrett requested funding of \$1,000 for new signs to be installed in the Garden Villa laundry rooms. Betty Parker, CFO, recommended that Director Jarrett speak to Ernesto Munoz, Maintenance and Construction Director.

Preliminary Financial Statements dated September 30, 2019

The committee reviewed financials and questions were addressed. The Committee requested follow up responses on the following variances: state unemployment insurance and union retirement.

For future agendas, the committee requested a chargeable services analysis (December) and a recommendation to transfer additional funds into the discretionary investment account managed by SageView (January).

Third Quarter Year End Projections

The committee reviewed the Third Quarter Year End Projections for 2019. The chair noted that questions will be developed from M&C Committee based on the programs report projections.

Tax Impact of Net Operating Losses

Steve Hormuth, Controller, provided an update on the tax implications of a net operating loss (NOL). The committee requested additional research to determine if the NOL may offset additional non-exempt revenues.

Golf Cart Decal Enforcement

Francis Gomez, Operations Manager, provided an update on new golf cart decal payment enforcement procedures to take effect in 2020, to include removal of decal after warning letters.

Third Quarter Solar System Update

The committee reviewed a handout reporting the third quarter savings from energy production for all of its solar systems. Member Bill Walsh gave a verbal overview on the solar systems and expected future performance.

Overtime and Temp Help

A handout was provided to the committee with general ledger detail of overtime and temporary help usage and justifications by department.

Insurance Updates

The committee requested that a timeline of the insurance renewal process be prepared and available for discussion at the next meeting.

Revisions to Third Investment Policy

The committee reviewed revisions to the current investment policy, as recommended by the Investment Task Force and the new investment advisor SageView.

A motion was made and carried unanimously to recommend revising the Third Laguna Hills Mutual Investment Policy to allow bond holdings at investment grade ratings and directing SageView to proceed with conversion from individual holdings to an index fund portfolio.

2020 Third Finance Meeting Dates

The Chair requested that members review the scheduled committee meeting dates for 2020 and provide any recommendation for change at the next meeting.

Third Finance Committee Charter

The Chair requested that members review the current committee charter and provide any recommendation for change at the next meeting. The Chair requested additional language to indicate the voting status of committee advisors.

Alteration Fee Analysis

The committee reviewed the staff report on proposed changes to alteration fees. Brett Crane, Permits, Inspections & Restoration Manager, provided background information and answered questions.

A motion was made and carried by a vote of 8-1 (Director Carpenter against), recommending the proposed increase in fees associated with manor alteration requests to partially offset the costs incurred for the services provided by the Manor Alterations Division.

Future Agenda Items

Chargeable Services Analysis (December)

Increase Funds in Discretionary Investment Account (January)

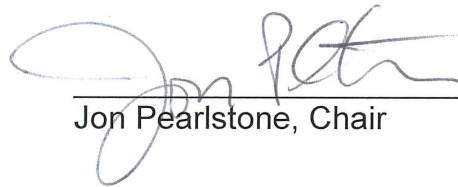
Solar System Update – Q4 (February)

Date of Next Meeting

Tuesday, December 3, 2019 at 1:30 p.m. in the Board Room.

Recess to Closed Session

The meeting recessed at 4:25 p.m.



Jon Pearlstone, Chair

Agenda Item 7 – Department Head Update

Will be distributed at the Finance Committee meeting.

Third Laguna Hills Mutual
Statement of Revenues & Expenses - Preliminary
10/31/2019
(\$ IN THOUSANDS)

		CURRENT MONTH			YEAR TO DATE			PRIOR YEAR	ANNUAL
		ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET
Revenues:									
Assessments:									
1	Operating	\$1,564	\$1,564		\$15,639	\$15,639		\$15,733	\$18,767
2	Additions to restricted funds	1,122	1,122		11,217	11,217		10,962	13,460
3	Total assessments	2,686	2,686		26,856	26,856		26,695	32,227
Non-assessment revenues:									
4	Fees and charges for services to residents	75	40	35	703	399	304	535	478
5	Laundry	17	18	(1)	171	183	(12)	110	220
6	Interest income	56	31	25	551	307	243	401	369
7	Unrealized gain/(loss) on AFS investments				333		333		
8	Miscellaneous	54	50	4	508	501	7	531	601
9	Total non-assessment revenue	202	139	63	2,266	1,390	876	1,577	1,668
10	Total revenue	2,887	2,825	63	29,122	28,246	876	28,272	33,895
Expenses:									
11	Employee compensation and related	1,110	1,104	(6)	10,685	10,911	227	11,040	13,088
12	Materials and supplies	151	129	(21)	1,186	1,295	109	1,134	1,554
13	Utilities and telephone	475	459	(16)	4,468	4,447	(21)	4,783	5,299
14	Legal fees	68	18	(49)	418	183	(234)	256	220
15	Professional fees	18	11	(7)	155	162	8	95	185
16	Equipment rental	3	4	1	22	34	12	15	40
17	Outside services	1,230	914	(315)	7,213	9,143	1,930	6,047	10,972
18	Repairs and maintenance	28	32	4	292	289	(3)	274	345
19	Other Operating Expense	15	15		120	151	31	116	181
20	Insurance	175	109	(66)	1,161	1,094	(67)	1,052	1,313
21	Investment expense	11	4	(7)	34	38	4	31	46
22	Uncollectible Accounts	54	12	(42)	168	115	(53)	36	138
23	(Gain)/loss on sale or trade				3		(3)	1	
24	Depreciation and amortization	12	12		119	119		122	143
25	Net allocation to mutuals	118	101	(18)	1,040	1,001	(38)	1,023	1,205
26	Total expenses	3,467	2,923	(544)	27,083	28,983	1,901	26,026	34,730
27	Excess of revenues over expenses	(\$580)	(\$99)	(\$481)	\$2,039	(\$738)	\$2,777	\$2,246	(\$835)

**Third Laguna Hills Mutual
Operating Statement
10/31/2019
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	ANNUAL BUDGET
Revenues:					
Assessments:					
Operating					
41001000 - Monthly Assessments	\$15,639,085	\$15,638,859	\$226	0.00%	\$18,766,631
Total Operating	15,639,085	15,638,859	226	0.00%	18,766,631
Additions To Restricted Funds					
41002000 - Monthly Assessments - Disaster Fund	1,690,254	1,690,254	0	0.00%	2,028,305
41003000 - Monthly Assessments - Unappropriated Expenditures Fund	488,160	488,160	0	0.00%	585,792
41003500 - Monthly Assessments - Replacement Fund	8,542,800	8,542,800	0	0.00%	10,251,360
41004000 - Monthly Assessments - Elevator Replacement Fund	366,120	366,120	0	0.00%	439,344
41004500 - Monthly Assessments - Laundry Replacement Fund	61,020	61,020	0	0.00%	73,224
41006000 - Monthly Assessments - Garden Villa Recreation Room Fund	68,310	68,310	0	0.00%	81,972
Total Additions To Restricted Funds	11,216,664	11,216,664	0	0.00%	13,459,997
Total Assessments	26,855,749	26,855,523	226	0.00%	32,226,628
Non-Assessment Revenues:					
Fees and Charges for Services to Residents					
46501000 - Permit Fee	139,091	60,489	78,602	129.94%	72,592
46501500 - Inspection Fee	70,689	43,300	27,388	63.25%	51,965
46502000 - Resident Maintenance Fee	493,214	294,857	198,358	67.27%	353,883
Total Fees and Charges for Services to Residents	702,994	398,646	304,348	76.35%	478,440
Laundry					
46005000 - Coin Op Laundry Machine	171,479	183,330	(11,851)	(6.46%)	220,000
Total Laundry	171,479	183,330	(11,851)	(6.46%)	220,000
Interest Income					
49001000 - Interest Income - Treasury Notes	242,892	128,036	114,857	89.71%	153,643
49001500 - Interest Income - Treasury Notes - Discretionary	245,307	140,555	104,751	74.53%	168,667
49002000 - Interest Income - Money Market	4,772	1,689	3,083	182.47%	2,027
49002500 - Interest Income - Gnma Securities - Discretionary	57,695	37,069	20,626	55.64%	44,483
Total Interest Income	550,667	307,350	243,317	79.17%	368,820
Unrealized Gain/(Loss) On AFS Investments					
49008100 - Unrealized Gain/(Loss) On Available For Sale Investments	333,327	0	333,327	0.00%	0
Total Unrealized Gain/(Loss) On AFS Investments	333,327	0	333,327	0.00%	0
Miscellaneous					
46002000 - Traffic Violation	(25)	0	(25)	0.00%	0
46004500 - Resident Violations	15,468	8,330	7,138	85.68%	10,000
44501510 - Lease Processing Fee - Third	220,410	187,500	32,910	17.55%	225,000
44502000 - Variance Processing Fee	(150)	0	(150)	0.00%	0
44502500 - Non-Sale Transfer Fee - Third	1,050	2,500	(1,450)	(58.00%)	3,000
44503520 - Resale Processing Fee - Third	136,848	166,660	(29,812)	(17.89%)	200,000
44505500 - Hoa Certification Fee	5,275	7,500	(2,225)	(29.67%)	9,000
44507000 - Golf Cart Electric Fee	59,452	56,670	2,782	4.91%	68,000
44507200 - Electric Vehicle Plug-In Fee	9,356	5,000	4,356	87.11%	6,000
44507500 - Cartport/Carport Space Rental Fee	3,286	2,500	786	31.43%	3,000
47001000 - Cash Discounts - Accounts Payable	701	0	701	0.00%	0
47001500 - Late Fee Revenue	40,751	50,000	(9,249)	(18.50%)	60,000
47002020 - Collection Administrative Fee - Third	1,200	0	1,200	0.00%	0
47002500 - Collection Interest Revenue	10,879	10,000	879	8.79%	12,000
47501000 - Recycling	4,221	4,170	51	1.21%	5,000
49009000 - Miscellaneous Revenue	(1,149)	0	(1,149)	0.00%	0
Total Miscellaneous	507,572	500,830	6,742	1.35%	601,000
Total Non-Assessment Revenue	2,266,037	1,390,156	875,882	63.01%	1,668,260
Total Revenue	29,121,786	28,245,679	876,108	3.10%	33,894,888
Expenses:					
Employee Compensation					
51011000 - Salaries & Wages - Regular	1,939,185	2,067,670	128,485	6.21%	2,484,383

**Third Laguna Hills Mutual
Operating Statement
10/31/2019
THIRD LAGUNA HILLS MUTUAL**

	YEAR TO DATE				ANNUAL
	Actual	Budget	VAR\$ B/(W)	VAR% B/(W)	BUDGET
51021000 - Union Wages - Regular	4,399,760	4,604,363	204,603	4.44%	5,528,264
51041000 - Wages - Overtime	33,542	20,906	(12,636)	(60.44%)	25,095
51051000 - Union Wages - Overtime	67,293	31,026	(36,267)	(116.89%)	37,244
51061000 - Holiday & Vacation	668,143	563,343	(104,800)	(18.60%)	676,533
51071000 - Sick	239,368	229,785	(9,583)	(4.17%)	275,954
51091000 - Missed Meal Penalty	2,149	705	(1,444)	(204.67%)	858
51101000 - Temporary Help	74,636	30,546	(44,089)	(144.34%)	36,664
51981000 - Compensation Accrual	(53,366)	4,850	58,216	1200.37%	5,826
Total Employee Compensation	7,370,710	7,553,195	182,485	2.42%	9,070,822
Compensation Related					
52411000 - F.I.C.A.	554,081	566,429	12,348	2.18%	677,880
52421000 - F.U.I.	7,700	12,308	4,608	37.44%	13,091
52431000 - S.U.I.	59,056	54,597	(4,459)	(8.17%)	56,129
52441000 - Union Medical	1,495,729	1,594,341	98,612	6.19%	1,913,209
52451000 - Workers' Compensation Insurance	642,702	556,304	(86,398)	(15.53%)	668,020
52461000 - Non Union Medical & Life Insurance	247,608	222,676	(24,932)	(11.20%)	267,211
52471000 - Union Retirement Plan	305,136	260,409	(44,727)	(17.18%)	312,663
52481000 - Non-Union Retirement Plan	43,971	90,249	46,278	51.28%	108,438
52981000 - Compensation Related Accrual	(42,114)	801	42,915	5360.33%	970
Total Compensation Related	3,313,870	3,358,115	44,245	1.32%	4,017,611
Materials and Supplies					
53001000 - Materials & Supplies	376,234	388,378	12,143	3.13%	466,289
53003000 - Materials Direct	808,118	906,390	98,272	10.84%	1,088,103
53004000 - Freight	1,386	0	(1,386)	0.00%	0
Total Materials and Supplies	1,185,739	1,294,768	109,029	8.42%	1,554,392
Utilities and Telephone					
53301000 - Electricity	310,168	273,547	(36,621)	(13.39%)	325,000
53301500 - Sewer	1,416,934	1,427,600	10,666	0.75%	1,716,600
53302000 - Water	2,288,811	2,290,300	1,489	0.07%	2,710,627
53302500 - Trash	452,186	455,560	3,374	0.74%	546,690
Total Utilities and Telephone	4,468,099	4,447,007	(21,092)	(0.47%)	5,298,917
Legal Fees					
53401500 - Legal Fees	417,551	183,330	(234,221)	(127.76%)	220,000
Total Legal Fees	417,551	183,330	(234,221)	(127.76%)	220,000
Professional Fees					
53402020 - Audit & Tax Preparation Fees - Third	43,377	56,600	13,223	23.36%	57,600
53403500 - Consulting Fees	1,410	5,040	3,630	72.03%	6,053
53403520 - Consulting Fees - Third	109,753	100,760	(8,993)	(8.93%)	120,936
Total Professional Fees	154,541	162,400	7,859	4.84%	184,589
Equipment Rental					
53501500 - Equipment Rental/Lease Fees	22,025	33,687	11,662	34.62%	40,090
Total Equipment Rental	22,025	33,687	11,662	34.62%	40,090
Outside Services					
53601000 - Bank Fees	5,190	3,273	(1,917)	(58.58%)	3,929
53601500 - Credit Card Transaction Fees	1,443	0	(1,443)	0.00%	0
53604500 - Marketing Expense	4,500	0	(4,500)	0.00%	0
54603500 - Outside Services Cost Collection	7,131,332	9,038,583	1,907,251	21.10%	10,846,711
53704000 - Outside Services	70,756	101,194	30,438	30.08%	121,480
Total Outside Services	7,213,221	9,143,051	1,929,829	21.11%	10,972,120
Repairs and Maintenance					
53701000 - Equipment Repair & Maint	7,203	13,498	6,295	46.64%	16,240
53703000 - Elevator /Lift Maintenance	284,819	275,100	(9,719)	(3.53%)	328,520
Total Repairs and Maintenance	292,021	288,598	(3,423)	(1.19%)	344,760
Other Operating Expense					
53801000 - Mileage & Meal Allowance	6,385	12,686	6,301	49.67%	15,252
53801500 - Travel & Lodging	1,005	802	(203)	(25.35%)	968
53802000 - Uniforms	60,861	69,516	8,655	12.45%	82,843
53802500 - Dues & Memberships	700	1,509	809	53.61%	1,992
53803000 - Subscriptions & Books	1,574	1,669	96	5.74%	2,004

**Third Laguna Hills Mutual
Operating Statement
10/31/2019
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	ANNUAL BUDGET
53803500 - Training & Education	5,571	12,399	6,828	55.07%	14,902
53901500 - Volunteer Support	0	881	881	100.00%	1,175
53903000 - Safety	0	153	153	100.00%	186
54001000 - Board Relations	4,620	3,053	(1,567)	(51.31%)	3,666
54001020 - Board Relations - Third	7,784	8,330	546	6.55%	10,000
54001500 - Public Relations	(1)	0	1	0.00%	0
54002000 - Postage	30,272	39,725	9,453	23.80%	47,672
54002500 - Filing Fees / Permits	1,695	627	(1,068)	(170.24%)	761
Total Other Operating Expense	120,467	151,351	30,884	20.41%	181,422
Income Taxes					
54301000 - State & Federal Income Taxes	10	0	(10)	0.00%	0
Total Income Taxes	10	0	(10)	0.00%	0
Insurance					
54401000 - Hazard & Liability Insurance	349,589	337,661	(11,928)	(3.53%)	405,194
54401500 - D&O Liability	38,862	39,847	985	2.47%	47,818
54402000 - Property Insurance	768,015	710,597	(57,417)	(8.08%)	852,719
54403000 - General Liability Insurance	4,059	5,894	1,835	31.13%	7,072
Total Insurance	1,160,524	1,093,998	(66,525)	(6.08%)	1,312,803
Investment Expense					
54201000 - Investment Expense	33,890	38,205	4,315	11.29%	45,978
Total Investment Expense	33,890	38,205	4,315	11.29%	45,978
Uncollectible Accounts					
54602000 - Bad Debt Expense	167,851	115,170	(52,681)	(45.74%)	138,200
Total Uncollectible Accounts	167,851	115,170	(52,681)	(45.74%)	138,200
(Gain)/Loss on Sale or Trade					
54101500 - (Gain)/Loss On Investments	3,171	0	(3,171)	0.00%	0
Total (Gain)/Loss on Sale or Trade	3,171	0	(3,171)	0.00%	0
Depreciation and Amortization					
55001000 - Depreciation And Amortization	119,210	119,210	0	0.00%	143,052
Total Depreciation and Amortization	119,210	119,210	0	0.00%	143,052
Net Allocation to Mutuals					
54602500 - Allocated Expenses	1,039,618	1,001,400	(38,217)	(3.82%)	1,204,782
Total Net Allocation to Mutuals	1,039,618	1,001,400	(38,217)	(3.82%)	1,204,782
Total Expenses	27,082,517	28,983,485	1,900,968	6.56%	34,729,537
Excess of Revenues Over Expenses	\$2,039,269	(\$737,806)	\$2,777,075	376.40%	(\$834,650)

**Third Laguna Hills Mutual
Balance Sheet - Preliminary
10/31/2019**

		<u>Current Month End</u>	<u>Prior Year December 31</u>
	Assets		
1	Cash and cash equivalents	\$431,281	\$3,321,543
2	Non-discretionary investments	15,848,759	11,831,351
3	Discretionary investments	17,199,857	16,831,676
4	Receivable/(Payable) from mutuals	428,545	1,605,868
5	Accounts receivable and interest receivable	(47,090)	(386,734)
6	Prepaid expenses and deposits	931,128	195,117
7	Property and equipment	141,239	141,239
8	Accumulated depreciation property and equipment	(141,239)	(141,239)
9	Beneficial interest in GRF of Laguna Hills Trust	5,341,532	5,460,742
10	Non-controlling interest in GRF	36,986,050	36,986,050
11	Total Assets	<u>\$77,120,063</u>	<u>\$75,845,613</u>
	Liabilities and Fund Balances		
	Liabilities:		
12	Accounts payable and accrued expenses	\$1,717,835	\$2,621,461
13	Accrued compensation and related costs	646,315	646,315
14	Deferred income	956,184	817,376
15	Total liabilities	<u>\$3,320,334</u>	<u>\$4,085,153</u>
	Fund balances:		
16	Fund balance prior years	71,760,460	70,676,034
17	Change in fund balance - current year	2,039,269	1,084,426
18	Total fund balances	<u>73,799,729</u>	<u>71,760,460</u>
19	Total Liabilities and Fund Balances	<u>\$77,120,063</u>	<u>\$75,845,613</u>

**Third Laguna Hills Mutual
Fund Balance Sheet - Preliminary
10/31/2019**

	Operating Fund	Unappropriated Expenditures Fund	Disaster Fund	Replacement Fund	Elevator Replacement Fund	Laundry Replacement Fund	Garden Villa Rec Room Fund	Total
Assets								
1 Cash and cash equivalents	\$431,281							\$431,281
2 Non-discretionary investments	15,848,759							15,848,759
3 Discretionary investments	17,199,857							17,199,857
4 Receivable/(Payable) from mutuals	428,545							428,545
5 Receivable/(Payable) from operating fund	(31,534,673)	3,559,174	9,836,532	15,702,689	1,969,748	406,280	60,249	(47,090)
6 Accounts receivable and interest receivable	(47,090)							931,128
7 Prepaid expenses and deposits	931,128							141,239
8 Property and equipment	141,239							(141,239)
9 Accumulated depreciation property and equipment	(141,239)							5,341,532
10 Beneficial interest in GRF of Laguna Hills Trust	5,341,532							36,986,050
11 Non-controlling interest in GRF	36,986,050							
12 Total Assets	<u>\$45,585,390</u>	<u>\$3,559,174</u>	<u>\$9,836,532</u>	<u>\$15,702,689</u>	<u>\$1,969,748</u>	<u>\$406,280</u>	<u>\$60,249</u>	<u>\$77,120,063</u>
Liabilities and Fund Balances								
Liabilities:								
13 Accounts payable and accrued expenses	\$1,375,697		\$294,115	\$48,022				\$1,717,834
14 Accrued compensation and related costs	646,315							646,315
15 Deferred income	956,184							956,184
16 Total liabilities	<u>\$2,978,196</u>		<u>\$294,115</u>	<u>\$48,022</u>				<u>\$3,320,334</u>
Fund balances:								
17 Fund balance prior years	42,499,880	3,212,981	9,216,805	14,347,032	1,708,610	713,855	61,299	71,760,460
18 Change in fund balance - current year	107,314	346,194	325,612	1,307,635	261,139	(307,575)	(1,050)	2,039,269
19 Total fund balances	<u>42,607,193</u>	<u>3,559,174</u>	<u>9,542,417</u>	<u>15,654,667</u>	<u>1,969,748</u>	<u>406,280</u>	<u>60,249</u>	<u>73,799,729</u>
20 Total Liabilities and Fund Balances	<u>\$45,585,390</u>	<u>\$3,559,174</u>	<u>\$9,836,532</u>	<u>\$15,702,689</u>	<u>\$1,969,748</u>	<u>\$406,280</u>	<u>\$60,249</u>	<u>\$77,120,063</u>

**Third Laguna Hills Mutual
Changes in Fund Balances - Preliminary
10/31/2019**

	Operating Fund	Unappropriated Expenditures Fund	Disaster Fund	Replacement Fund	Elevator Replacement Fund	Laundry Replacement Fund	Garden Villa Rec Room Fund	Total
Revenues:								
Assessments:								
1 Operating	\$15,639,085							\$15,639,085
2 Additions to restricted funds		488,160	1,690,254	8,542,800	366,120	61,020	68,310	11,216,664
3 Total assessments	15,639,085	488,160	1,690,254	8,542,800	366,120	61,020	68,310	26,855,749
Non-assessment revenues:								
4 Fees and charges for services to residents	702,994							702,994
5 Laundry	171,479							171,479
6 Interest income		60,071	170,886	276,303	32,961	9,306	1,140	550,667
7 Unrealized gain/(loss) on AFS investments	333,327							333,327
8 Miscellaneous	507,572							507,572
9 Total non-assessment revenue	1,715,371	60,071	170,886	276,303	32,961	9,306	1,140	2,266,037
10 Total revenue	17,354,456	548,231	1,861,140	8,819,103	399,081	70,326	69,450	29,121,786
Expenses:								
11 Employee compensation and related	7,991,736		4,038	2,630,969		24,869	32,969	10,684,580
12 Materials and supplies	659,685		239	482,995		34,817	8,002	1,185,739
13 Utilities and telephone	4,458,795		32	9,181			91	4,468,099
14 Legal fees	417,551							417,551
15 Professional fees	151,527			3,014				154,541
16 Equipment rental	3,917		27	17,902			179	22,025
17 Outside services	768,499	198,000	1,519,495	4,247,024	135,744	316,622	27,837	7,213,221
18 Repairs and maintenance	289,755		2	2,238			26	292,021
19 Other Operating Expense	102,778		22	17,291		144	232	120,467
20 Income taxes	10							10
21 Insurance	1,160,524							1,160,524
22 Investment expense		3,694	10,516	16,916	2,024	670	70	33,890
23 Uncollectible Accounts	167,851							167,851
24 (Gain)/loss on sale or trade		344	1,014	1,515	174	117	8	3,171
25 Depreciation and amortization	119,210							119,210
26 Net allocations to mutuals	955,305		144	82,422		661	1,085	1,039,618
27 Total expenses	17,247,142	202,037	1,535,527	7,511,469	137,942	377,900	70,500	27,082,517
28 Excess of revenues over expenses	\$107,314	\$346,194	\$325,612	\$1,307,635	\$261,139	(\$307,575)	(\$1,050)	\$2,039,269
29 Excluding unrealized gain/(loss) and depreciation	(\$106,803)	\$346,194	\$325,612	\$1,307,635	\$261,139	(\$307,575)	(\$1,050)	\$1,825,153

THIRD LAGUNA HILLS MUTUAL
Provision For Doubtful Accounts
As of October 31, 2019

Month	Delinquent Assessments ⁽¹⁾	Assessments Write-Offs ⁽²⁾	Bad Debt Small Claims ⁽³⁾	Delinquent Fines, Fees, and Chargeable Services ⁽⁴⁾	Chargeable Services Write-Offs ⁽⁵⁾	Change in Provision ⁽⁶⁾	Total Delinquent Units ⁽⁷⁾
December-18	258,868			84,233			19
January-19	227,406	26,803	(2,779)	81,244	2,087	(8,341)	18
February-19	192,432	6,457	-	213,926	-	104,165	22
March-19	189,332	17,315	-	260,308	16,818	77,416	21
April-19	175,467	26,428	-	250,844	211	3,309	24
May-19	138,644	(1,423)	-	277,710	-	(11,379)	11
June-19	144,982	28,298	-	232,927	-	(10,147)	10
July-19	142,544	-	(29,522)	203,831	-	(61,056)	9
August-19	147,481	-	-	215,586	-	16,692	10
September-19	149,033	(608)	-	218,109	-	3,468	10
October-19	137,001	-	-	283,866	-	53,725	9
November-19	-	-	-	-	-	-	
December-19	-	-	-	-	-	-	
YTD TOTAL						167,851	

(1) Delinquent Assessments: Represents the balance from the monthly Delinquency Report presented in the Closed Session of the Finance Committee and accounted for as a specific allowance against Accounts Receivable balance.

(2) Assessments Write-Offs: Represents write-off activities approved by the Third Board.

(3) Bad Debt Small Claims: Represents the change in the Small Claims Receivable account balance.

(4) Delinquent Fines, Fees and Chargeable Services: Balances represents a combination of a general allowance percentage and a specific allowance amount recorded for the purpose of reducing the Account Receivable balance to the amount the company anticipates to be collectible.

(5) Chargeable Services Write-Offs: Represents Chargeable Service write-off activities approved by the Third Board.

(6) Change in Provision: Calculated as the difference between the current and prior month Delinquent Assessments and Delinquent Fine, Fees and Chargeable Services balances plus current month activities from Assessment Write-Offs, Bad Debt Small Claims, and Chargeable Services Write-Offs.

(7) Total Delinquent Units: Units reported on the monthly Delinquency Reports - Assessments

NON-DISCRETIONARY ACCOUNT HELD BY BANK OF AMERICA
SCHEDULE OF INVESTMENTS
10/31/19

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECTIVE YIELD	ORIGINAL COST	ANNUALIZED YTD YIELD *
912796WG0	U.S. TREASURY BILL	0.00%	10-18-19	12-03-19	2,000,000.00	1.59%	1,995,987.78	
912796TA7	U.S. TREASURY BILL	0.00%	09-03-19	01-09-20	5,000,000.00	1.80%	4,968,702.22	
912796TA7	U.S. TREASURY BILL	0.00%	09-13-19	01-09-20	5,000,000.00	1.78%	4,971,401.39	
912796SM2	U.S. TREASURY BILL	0.00%	05-01-19	04-23-20	4,000,000.00	2.39%	3,912,667.89	
TOTAL FOR NON-DISCRETIONARY INVESTMENTS					\$ 16,000,000.00		\$ 15,848,759.28	2.36%

*Yield is based on all investments held during the year

THIRD LAGUNA HILLS MUTUAL
DISCRETIONARY ACCOUNT - SAGEVIEW/FIDELITY
SCHEDULE OF INVESTMENTS
10/31/19

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECTIVE YIELD	ORIGINAL COST	ANNUALIZED YTD YIELD *
	FIDELITY MONEY MARKET				\$ 843,116.05		\$ 843,116.05	
912828U32	U.S. TREASURY NOTE	1.00%	05-20-19	11-15-19	1,000,000.00	2.42%	993,126.68	
9128283N8	U.S. TREASURY NOTE	1.88%	01-02-18	12-31-19	400,000.00	1.90%	399,766.30	
05565QCX4	CorpBond-BP Capital Markets PLC Cor	2.32%	08-21-18	02-13-20	100,000.00	2.84%	99,239.00	
9128284C1	U.S. TREASURY NOTE	2.25%	04-20-18	03-31-20	250,000.00	2.43%	249,141.05	
912828K33	U.S. TIP NOTE	0.13%	03-08-17	04-15-20	300,000.00	0.12%	314,668.58	
912828ND8	U.S. TREASURY NOTE	3.50%	07-15-10	05-15-20	660,000.00	3.02%	686,557.33	
912828XE5	U.S. TREASURY NOTE	1.50%	06-08-15	05-31-20	350,000.00	1.73%	346,117.78	
437076BQ4	CorpBond-Home Depot Inc	1.80%	08-21-18	06-05-20	75,000.00	2.68%	73,851.00	
17275RAX0	CorpBond-Cisco System Inc	2.45%	08-21-17	06-15-20	150,000.00	1.73%	152,925.00	
912828XY1	U.S. TREASURY NOTE	2.50%	08-06-18	06-30-20	300,000.00	2.66%	299,109.88	
912828Y46	U.S. TREASURY NOTE	2.63%	07-17-19	07-31-20	200,000.00	1.99%	201,297.21	
912828NT3	U.S. TREASURY NOTE	2.63%	10-28-10	08-15-20	285,000.00	2.68%	283,542.74	
912828NT3	U.S. TREASURY NOTE	2.63%	11-29-11	08-15-20	100,000.00	1.75%	106,996.49	
06406HDD8	CorpBond-Bank of NY Mellon Corp	2.60%	12-08-15	08-17-20	200,000.00	2.39%	201,800.00	
857477AS2	CorpBond-State Street Corp	2.55%	12-31-15	08-18-20	150,000.00	2.26%	151,875.00	
06051GFT1	CorpBond-Bank of America Corp	2.63%	04-23-18	10-19-20	100,000.00	2.95%	99,216.00	
9128285G1	U.S. TREASURY NOTE	2.88%	11-02-18	10-31-20	250,000.00	2.87%	249,990.65	
912828M98	U.S. TREASURY NOTE	1.63%	12-15-15	11-30-20	250,000.00	1.69%	249,199.64	
912828M98	U.S. TREASURY NOTE	1.63%	12-24-15	11-30-20	300,000.00	1.72%	298,559.10	
931142EA7	CorpBond-Wal-Mart Stores Inc	1.90%	08-21-18	12-15-20	75,000.00	2.75%	73,575.75	
05531FAZ6	CorpBond-BB&T Corporation Ser Mtn	2.15%	08-21-18	02-01-21	150,000.00	3.10%	146,644.50	
9128283X6	U.S. TREASURY NOTE	2.25%	04-22-19	02-15-21	750,000.00	2.43%	747,540.32	
63946BAE0	CorpBond-BC Universal Media LLC	4.38%	12-08-15	04-01-21	100,000.00	2.50%	109,238.00	
89236TCZ6	CorpBond-Toyota Motor Credit Corp	1.90%	02-19-19	04-08-21	200,000.00	2.79%	196,306.00	
9128284G2	U.S. TREASURY NOTE	2.38%	04-20-18	04-15-21	250,000.00	2.57%	248,594.17	
0258M0EB1	CorpBond-American Express Credit	2.25%	04-23-18	05-05-21	150,000.00	2.25%	146,322.00	
037833AR1	CorpBond-Apple Inc	2.85%	10-23-17	05-06-21	75,000.00	2.06%	76,986.75	
369550BE7	CorpBond-General Dynamics Corp	3.00%	05-20-19	05-11-21	200,000.00	2.48%	201,972.00	
857477AV5	CorpBond-State Street Corp	1.95%	10-23-17	05-19-21	50,000.00	2.06%	49,801.00	
38141GGQ1	CorpBond-Goldman Sachs Group Inc	5.25%	12-27-18	07-27-21	300,000.00	3.80%	310,530.00	
594918BP8	CorpBond-Microsoft Corp	1.55%	11-01-16	08-08-21	100,000.00	1.79%	98,911.00	
912828RC6	U.S. TREASURY NOTE	2.13%	11-09-11	08-15-21	1,000,000.00	2.04%	1,007,269.63	
91324PBT8	CorpBond-Unitedhealth Group Inc	3.38%	01-05-16	11-15-21	150,000.00	2.64%	155,676.00	
375558AU7	CorpBond-Gilead Sciences Inc	4.40%	12-29-15	12-01-21	150,000.00	2.85%	162,072.00	
21685WDD6	CorpBond-Rabobank	3.88%	02-19-19	02-08-22	150,000.00	3.13%	153,139.50	
585055BR6	CorpBond-Medtronic Inc	3.15%	07-19-16	03-15-22	99,000.00	1.82%	106,077.51	
404280AN9	CorpBond-HSBC Holdings	4.00%	05-20-19	03-30-22	200,000.00	2.77%	206,678.00	
747525AE3	CorpBond-QualComm Inc	3.00%	08-21-18	05-20-22	150,000.00	3.38%	147,984.00	

**THIRD LAGUNA HILLS MUTUAL
DISCRETIONARY ACCOUNT - SAGEVIEW/FIDELITY
SCHEDULE OF INVESTMENTS**

10/31/19

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECTIVE YIELD	ORIGINAL COST	ANNUALIZED YTD YIELD *
20030NBD2	CorpBond-Comcast Corp	3.13%	07-09-14	07-15-22	100,000.00	2.97%	101,063.00	
91159JAA4	CorpBond-US Bancorp	2.95%	12-08-15	07-15-22	200,000.00	1.82%	200,306.00	
91324PCN0	CorpBond-UnitedHealth Group	3.35%	12-04-17	07-15-22	150,000.00	1.82%	154,786.50	
912828L24	U.S. TREASURY NOTE	1.88%	11-06-15	08-31-22	300,000.00	2.08%	296,098.26	
375558BC6	CorpBond-Gilead Sciences Inc	3.25%	07-20-16	09-01-22	100,000.00	2.04%	106,727.00	
375558BC6	CorpBond-Gilead Sciences Inc	3.25%	10-23-17	09-01-22	50,000.00	2.38%	51,901.00	
912828M80	U.S. TREASURY NOTE	2.00%	12-08-15	11-30-22	500,000.00	1.99%	500,215.84	
912828M80	U.S. TREASURY NOTE	2.00%	12-15-15	11-30-22	200,000.00	2.05%	199,258.21	
48128BAB7	CorpBond-JP Morgan Chase & Co	2.97%	10-23-17	01-15-23	50,000.00	2.58%	50,769.00	
912828P38	U.S. TREASURY NOTE	1.75%	02-22-16	01-31-23	250,000.00	1.58%	252,637.22	
037833AK6	CorpBond-Apple Inc	2.40%	01-10-17	05-03-23	200,000.00	2.75%	195,862.00	
912828S35	U.S. TREASURY NOTE	1.38%	07-19-16	06-30-23	200,000.00	1.35%	200,328.53	
68389XBL8	CorpBond-Oracle Corp	2.40%	07-12-16	09-15-23	150,000.00	2.16%	152,296.50	
59156RBH0	CorpBond-Metlife Inc	3.60%	12-04-17	04-10-24	150,000.00	2.82%	156,720.00	
94974BGA2	CorpBond-Wells Fargo Company	3.30%	12-04-17	09-09-24	150,000.00	3.01%	152,575.50	
36290YBU1/P621151	GNMA SECURITIES	5.50%	05-29-07	05-15-22	27,296.74	5.50%	27,296.74	
36296DDR6/P687812	GNMA SECURITIES	5.50%	09-22-08	08-15-23	26,368.50	3.37%	43,025.99	
36202FD78/P004626	GNMA SECURITIES	4.50%	02-24-10	02-20-25	73,888.19	2.89%	115,091.32	
36202FD78/P004626	GNMA SECURITIES	4.50%	09-17-13	02-20-25	82,171.92	3.28%	112,830.93	
36202FJC1/P004759	GNMA SECURITIES	4.00%	02-16-12	08-20-25	66,991.05	2.25%	118,966.68	
36202FJC1/P004759	GNMA SECURITIES	4.00%	03-19-12	08-20-25	28,181.24	2.27%	49,730.21	
3620AS6G9/P738971X	GNMA SECURITIES	3.00%	04-29-15	11-15-26	114,819.18	2.55%	134,871.93	
36202F2H8/P005276M	GNMA SECURITIES	3.00%	11-12-14	01-20-27	60,848.88	2.56%	71,170.82	
36179MAG5/PMA0007M	GNMA SECURITIES	3.00%	08-20-12	04-20-27	129,192.42	2.26%	171,215.38	
36179MGN4/PMA0205M	GNMA SECURITIES	3.00%	07-31-12	07-20-27	139,440.86	2.29%	182,702.58	
36179MP53/PMA0444M	GNMA SECURITIES	3.00%	12-18-12	10-20-27	210,551.34	2.33%	271,484.12	
36179MSB7/PMA0514M	GNMA SECURITIES	3.00%	05-14-14	11-20-27	156,198.48	2.59%	180,612.87	
36179MU32/PMA0602M	GNMA SECURITIES	3.00%	01-17-13	12-20-27	327,771.35	2.38%	413,086.75	
36179MZW3/PMA0757M	GNMA SECURITIES	3.00%	04-16-13	02-20-28	146,293.51	2.39%	183,490.65	
36179NMP0/PMA1266M	GNMA SECURITIES	3.50%	10-21-13	09-20-28	78,497.57	2.84%	96,609.08	
36179TY90/PMA5236M	GNMA SECURITIES	3.50%	06-13-18	06-20-33	252,832.19	3.40%	260,584.14	
36202T7B6/P609390x	GNMA SECURITIES	5.50%	09-22-03	04-15-33	28,931.10	3.56%	44,681.95	
36213CZ52/P550764	GNMA SECURITIES	5.50%	09-19-07	12-15-35	30,094.32	7.05%	23,469.81	
36202EYL7/P004315M	GNMA SECURITIES	5.50%	11-18-10	12-20-38	76,113.25	2.17%	192,655.11	
36297F6L1/P711075	GNMA SECURITIES	4.50%	09-21-10	01-15-40	143,734.78	3.30%	195,897.97	
36179QJT9/PMA2074M	GNMA SECURITIES	4.00%	11-13-17	07-20-44	121,162.83	3.68%	131,762.13	
36179QL74/PMA2150M	GNMA SECURITIES	4.50%	09-11-14	08-20-44	57,036.73	3.22%	79,626.09	
36179QT50/PMA2372M	GNMA SECURITIES	4.00%	12-22-14	11-20-44	116,365.17	3.10%	150,325.83	
36179RTA7/PMA3245m	GNMA SECURITIES	4.00%	12-17-15	11-20-45	144,110.84	3.40%	169,733.80	
36179SUV7/PMA4196m	GNMA SECURITIES	3.50%	02-28-17	01-20-47	168,315.22	3.29%	179,303.38	
36179UKY7/PMA5711M	GNMA SECURITIES	4.50%	07-16-19	01-20-49	173,172.22	4.27%	182,672.38	
TOTAL FOR DISCRETIONARY INVESTMENTS					16,292,495.93		17,199,856.81	2.01%
TOTAL INVESTMENTS					\$ 32,292,495.93		\$ 33,048,616.09	2.15%

*Yield is based on all investments held during the year

**Third Laguna Hills Mutual
Supplemental Appropriation Schedule
Period Ending: 10/31/2019**

ITEM	RESOLUTION #	BUDGET	EXPENDITURES		
		TOTAL Appropriations	I,T,D*	REMAINING Encumbrance	FINANCIAL STATUS

Replacement Fund

Ridge Route Perimeter Wall Improvements	03-18-84	\$330,000	253,937	\$76,063	In Progress
Cul-De-Sac Sign Replacement	03-19-73	\$23,000	0	\$23,000	Open
Totals		\$353,000	\$253,937	\$99,063	

Laundry Replacement Fund

Coin-Operated Dryers and Laundry Pedestals	03-18-171	\$377,000	402,108	(\$25,108)	Closed
Totals		\$377,000	\$402,108	(\$25,108)	

Unappropriated Expenditures Fund

3-Story Building Trash Chute Repairs	03-18-36	336,680	318,397	18,283	Completed
OCFA Fire Fuel Risk Reduction	03-18-96	200,000	205,630	-5,630	Completed
		\$536,680	\$524,027	\$12,653	

Disaster Fund

Slope Repairs Monte Hermosa	03-19-59	\$42,216	19,189	\$23,027	Open
Totals		\$42,216	\$19,189	\$23,027	

*Incurred To Date

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF OCTOBER 31, 2019**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
REPLACEMENT FUND								
MC ALARM SYSTEMS	\$0	\$0	\$0	\$0	\$0	0%	\$0	0%
MC BUILDING NUMBERS	0	2,830	33,001	28,300	33,970	97%	(4,701)	(17%)
MC BUILDING STRUCTURES	171,094	228,089	1,668,188	2,277,538	2,732,992	61%	609,350	27%
MC ELECTRICAL SYSTEMS	4,200	4,883	46,200	48,830	58,610	79%	2,630	5%
MC ENERGY PROJECTS	3,014	4,166	14,283	41,660	50,000	29%	27,378	66%
MC EXTERIOR LIGHTING	2,301	66,666	38,074	666,660	800,000	5%	628,586	94%
MC FENCING	687	11,505	102,181	114,040	136,817	75%	11,859	10%
MC GARDEN VILLA LOBBY	0	9,963	111,162	99,630	119,560	93%	(11,532)	(12%)
MC GARDEN VILLA MAILROOM	5,896	5,894	75,477	58,484	70,173	108%	(16,993)	(29%)
MC GARDEN VILLA RECESSED AREA	12,132	20,870	16,176	208,700	250,440	6%	192,524	92%
MC GV REC ROOM WATER HEATER/HEAT PUMP	55	1,625	23,476	16,248	19,505	120%	(7,228)	(44%)
MC GUTTER REPLACEMENTS	7,335	3,083	37,085	30,830	37,000	100%	(6,255)	(20%)
LS LANDSCAPE MODIFICATION	239,541	76,722	275,821	766,556	919,890	30%	490,735	64%
MC MAILBOXES	3,999	3,052	29,282	30,390	36,483	80%	1,108	4%
MC PAINT PROGRAM - EXTERIOR	171,600	168,864	1,690,320	1,674,352	2,008,631	84%	(15,969)	(1%)
MC PRIOR TO PAINT	104,855	107,349	993,802	1,064,402	1,277,033	78%	70,600	7%
MC PAVING	3,193	70,474	77,277	703,700	844,499	9%	626,423	89%
MC ROOF REPLACEMENTS	283,929	109,326	1,257,422	1,093,260	1,311,937	96%	(164,162)	(15%)
MC SUPPLEMENTAL APPROPRIATIONS	0	0	169,537	169,537	169,537	100%	0	0%
LS TREE MAINTENANCE	5,736	17,955	84,878	178,108	213,630	40%	93,231	52%
MC WALL REPLACEMENTS	67,765	16,666	112,910	166,660	200,000	56%	53,750	32%
MC WASTE LINE REMEDIATION	52,870	62,500	439,503	625,000	750,000	59%	185,497	30%
MC WATER LINES - COPPER PIPE REMEDIATION	634	16,666	196,983	166,660	200,000	98%	(30,323)	(18%)
TOTAL REPLACEMENT FUND	\$1,140,835	\$1,009,148	\$7,493,038	\$10,229,545	\$12,240,708	61%	\$2,736,507	27%
ELEVATOR REPLACEMENT FUND								
MC ELEVATOR REPLACEMENT	\$0	\$28,891	\$135,744	\$288,910	\$346,698	39%	\$153,166	53%
TOTAL ELEVATOR REPLACEMENT FUND	\$0	\$28,891	\$135,744	\$288,910	\$346,698	39%	\$153,166	53%
LAUNDRY REPLACEMENT FUND								
MC LAUNDRY APPLIANCES	\$0	\$821	\$20,935	\$8,194	\$9,844	213%	(\$12,741)	(155%)
MC LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	0	4,573	51,423	45,576	54,697	94%	(5,847)	(13%)
MC SUPPLEMENTAL APPROPRIATIONS	0	0	304,756	304,756	304,756	100%	0	0%
TOTAL LAUNDRY REPLACEMENT FUND	\$0	\$5,395	\$377,114	\$358,526	\$369,297	102%	(\$18,588)	(5%)
GARDEN VILLA RECREATION ROOM FUND								
MC GARDEN VILLA RECREATION ROOMS	\$3,579	\$8,151	\$70,422	\$81,271	\$97,580	72%	\$10,848	13%
TOTAL GARDEN VILLA REC ROOMS FUND	\$3,579	\$8,151	\$70,422	\$81,271	\$97,580	72%	\$10,848	13%

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF OCTOBER 31, 2019**

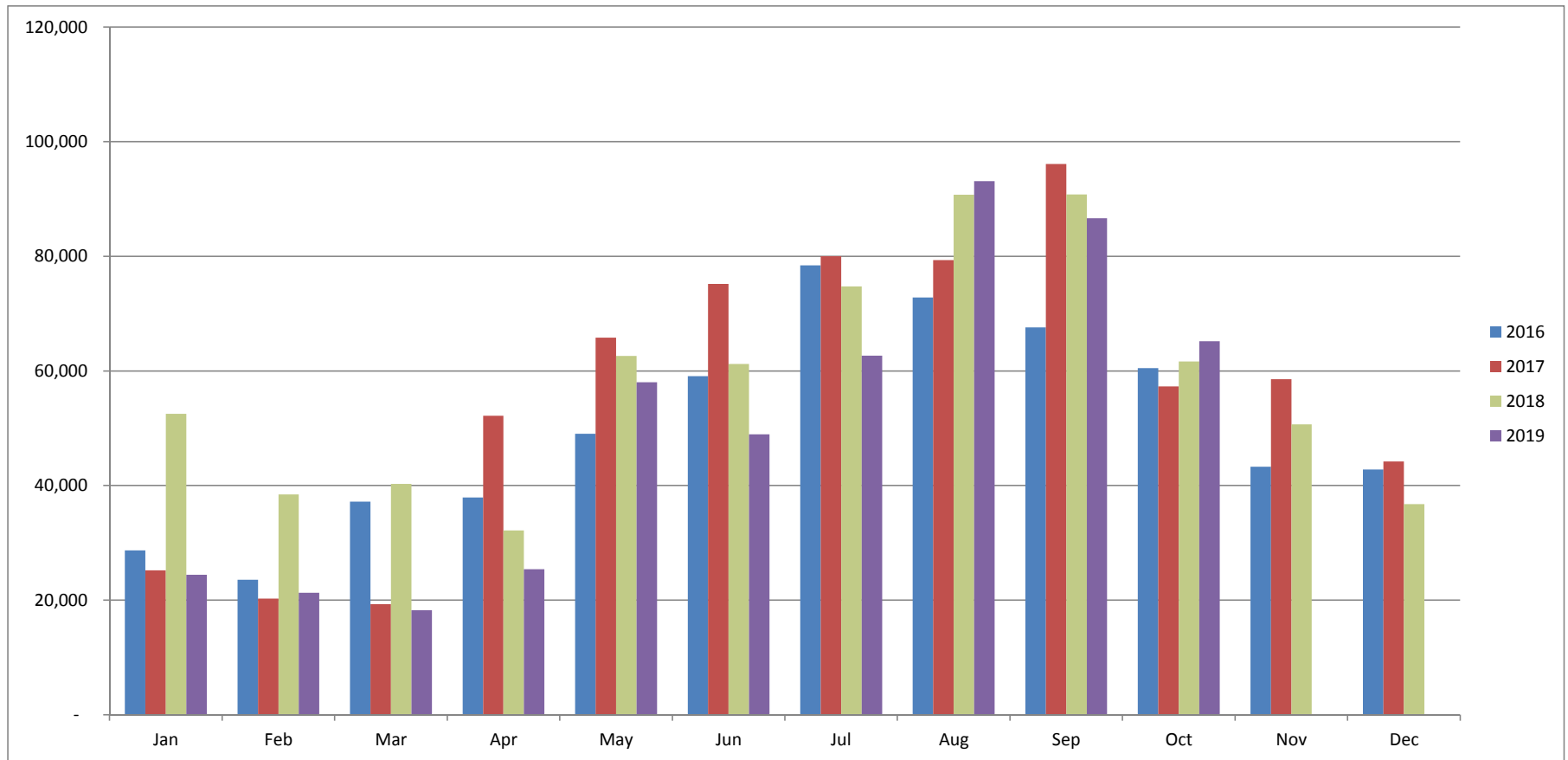
DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
OPERATING FUND								
MC APPLIANCE REPAIRS	\$10,795	\$7,185	\$106,003	\$71,165	\$85,379	124%	(\$34,838)	(49%)
MC CARPENTRY SERVICE	54,860	32,432	331,246	321,501	385,731	86%	(9,745)	(3%)
GS CONCRETE REPAIR/REPLACEMENT	41,983	35,595	333,378	353,155	423,853	79%	19,777	6%
MC CURB CUT/SIDEWALK RAMPS	0	833	0	8,333	10,000	0%	8,333	100%
MC ELECTRICAL SERVICE	11,145	10,240	81,441	101,368	121,615	67%	19,927	20%
MC FIRE PROTECTION	14,314	14,626	57,924	146,260	175,556	33%	88,336	60%
MC GUTTER CLEANING	0	12,639	44,703	126,287	151,554	29%	81,584	65%
GS JANITORIAL SERVICE	82,527	79,858	742,536	789,754	947,862	78%	47,219	6%
MC MISC REPAIRS BY OUTSIDE SERVICE	822	4,838	14,030	48,375	58,050	24%	34,345	71%
MC PEST CONTROL	51,442	21,699	137,867	216,990	260,405	53%	79,123	36%
MC PLUMBING SERVICE	57,836	56,697	712,700	562,181	674,483	106%	(150,519)	(27%)
MC SOLAR MAINTENANCE	0	2,083	15,272	20,830	25,000	61%	5,558	27%
GS TRAFFIC CONTROL	1,249	2,545	13,693	25,288	30,359	45%	11,595	46%
GS WELDING	13,931	7,176	92,656	71,069	85,307	109%	(21,587)	(30%)
TOTAL MAINTENANCE PROGRAMS	\$340,903	\$288,446	\$2,683,448	\$2,862,556	\$3,435,153	78%	\$179,108	6%
DISASTER FUND								
LS RISK FIRE MANAGEMENT	\$0	\$15,000	\$21,579	\$150,000	\$180,000	12%	\$128,422	86%
MC MOISTURE INTRUSION - RAIN LEAKS	\$109,472	\$39,585	630,489	\$395,850	\$475,025	133%	(234,639)	(59%)
MC MOISTURE INTRUSION - PLUMBING LEAKS	91,672	54,143	633,584	541,430	649,726	98%	(92,154)	(17%)
MC MOISTURE INTRUSION - PLUMBING STOPPAGES	1,296	10,512	146,151	105,120	126,155	116%	(41,031)	(39%)
MC MOISTURE INTRUSION - MISCELLANEOUS	16,653	7,757	41,118	77,570	93,095	44%	36,452	47%
MC DAMAGE RESTORATION SERVICES	(64,532)	30,920	31,889	308,708	370,445	9%	276,819	90%
LS SUPPLEMENTAL APPROPRIATIONS	0	0	19,189	19,189	19,189	100%	0	0%
TOTAL DISASTER FUND	\$154,560	\$157,917	\$1,523,997	\$1,597,866	\$1,913,635	80%	\$73,869	5%
UNAPPROPRIATED EXPENDITURES FUND								
LS SUPPLEMENTAL APPROPRIATIONS	\$675	\$675	\$198,000	\$198,000	\$198,000	100%	\$0	0%
TOTAL UNAPPROPRIATED EXPENDITURES FUND	\$675	\$675	\$198,000	\$198,000	\$198,000	100%	\$0	0%

**THIRD LAGUNA HILLS MUTUAL
MAINTENANCE PROGRAMS EXPENDITURES REPORT
AS OF OCTOBER 31, 2019**

YTD ACTUAL				
DESCRIPTION	TOTAL EXPENDITURES	LABOR	MATERIALS	OUTSIDE SERVICES
R ALARM SYSTEM	\$0	\$0	\$0	\$0
R BUILDING NUMBERS	33,001	0	0	33,001
R BUILDING STRUCTURES	1,668,188	207,844	33,217	1,427,128
R ELECTRICAL SYSTEMS	46,200	0	0	46,200
R ENERGY PROJECTS	14,283	0	0	14,283
R EXTERIOR LIGHTING	38,074	0	0	38,074
R FENCING	102,181	85,332	16,849	0
R GARDEN VILLA LOBBY	111,162	0	0	111,162
R GARDEN VILLA MAILROOM	75,477	53,475	22,002	0
R GARDEN VILLA RECESSED AREA	16,176	0	0	16,176
R GV REC ROOM WATER HEATER/HEAT PUMP	23,476	4,415	3,293	15,767
R GUTTER REPLACEMENTS	37,085	33,896	3,189	0
R LANDSCAPE MODIFICATION	275,821	(0)	0	275,821
R MAILBOXES	29,282	6,024	23,258	0
R PAINT PROGRAM - EXTERIOR	1,690,320	1,505,942	180,853	3,526
R PRIOR TO PAINT	993,802	857,737	99,040	37,026
R PAVING	77,277	20,581	483	56,213
R ROOF REPLACEMENTS	1,257,422	0	0	1,257,422
R TREE MAINTENANCE	84,878	82,399	0	2,478
R WALL REPLACEMENTS	112,910	0	0	112,910
R WASTE LINE REMEDIATION	439,503	1,874	299	437,330
R WATER LINES - COPPER PIPE REMEDIATION	196,983	0	0	196,983
R SUPPL. APPROPRIATIONS	169,537	0	0	169,537
R OTHER - INVESTMENTS EXPENDITURES	9,580	0	0	9,580
TOTAL RESERVE FUND	\$7,493,038	\$2,859,519	\$382,482	\$4,251,036
E ELEVATOR REPLACEMENT	\$135,744	\$0	\$0	\$135,744
E OTHER - INVESTMENTS EXPENDITURES	1,098	0	0	1,098
TOTAL ELEVATOR FUND	\$135,744	\$0	\$0	\$135,744
L LAUNDRY APPLIANCES	\$20,935	\$4,434	\$16,501	\$0
L LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	51,423	\$22,373	\$7,449	\$21,600
L SUPPL. APPROPRIATIONS	304,756	0	9,736	295,020
L OTHER - INVESTMENTS EXPENDITURES	449	0	0	449
TOTAL LAUNDRY FUND	\$377,114	\$26,808	\$33,686	\$316,620
G GARDEN VILLA RECREATION ROOMS	\$70,422	\$36,068	\$6,490	\$27,864
G OTHER - INVESTMENTS EXPENDITURES	41	0	0	41
TOTAL GARDEN VILLA REC ROOMS FUND	\$70,422	\$36,068	\$6,490	\$27,864
O APPLIANCE REPAIRS	106,003	92,343	13,660	0
O CARPENTRY SERVICE	331,246	269,123	58,748	3,375
O CONCRETE REPAIR/REPLACEMENT	333,378	298,714	34,663	0
O CURB CUT/SIDEWALK RAMPS	0	0	0	0
O ELECTRICAL SERVICE	81,441	68,451	6,515	6,474
O FIRE PROTECTION	57,924	0	28	57,895
O GUTTER CLEANING	44,703	30,288	0	14,415
O JANITORIAL SERVICE	742,536	719,681	22,855	0
O MISC REPAIRS BY OUTSIDE SERVICE	14,030	0	0	14,030
O PEST CONTROL	137,867	0	0	137,867
O PLUMBING SERVICE	712,700	546,883	24,989	140,829
O SOLAR MAINTENANCE	15,272	0	0	15,272
O TRAFFIC CONTROL	13,693	13,494	198	0
O WELDING	92,656	90,734	1,490	433
TOTAL OPERATING FUND	\$2,683,448	\$2,129,711	\$163,147	\$390,589
D RISK FIRE MANAGEMENT	\$21,579	\$0	\$0	\$21,579
D MOISTURE INTRUSION - RAIN LEAKS	\$630,489	\$0	\$0	\$630,489
D MOISTURE INTRUSION - PLUMBING LEAKS	633,584	0	0	\$633,584
D MOISTURE INTRUSION - PLUMBING STOPPAGES	146,151	0	0	\$146,151
D MOISTURE INTRUSION - MISCELLANEOUS	41,118	0	0	\$41,118
D DAMAGE RESTORATION SERVICES	31,889	4,422	81	27,386
D SUPPL. APPROPRIATIONS	19,189	0	0	19,189
TOTAL DISASTER FUND	\$1,523,998	\$4,422	\$81	\$1,519,495
U SUPPL. APPROPRIATIONS	198,000	0	0	198,000
U OTHER - INVESTMENTS EXPENDITURES	2,052	0	0	2,052
TOTAL UNAPPROPRIATED EXPENDITURES FUND	\$198,000	\$0	\$0	\$198,000

Third Mutual Water Usage in 100 cubic feet units

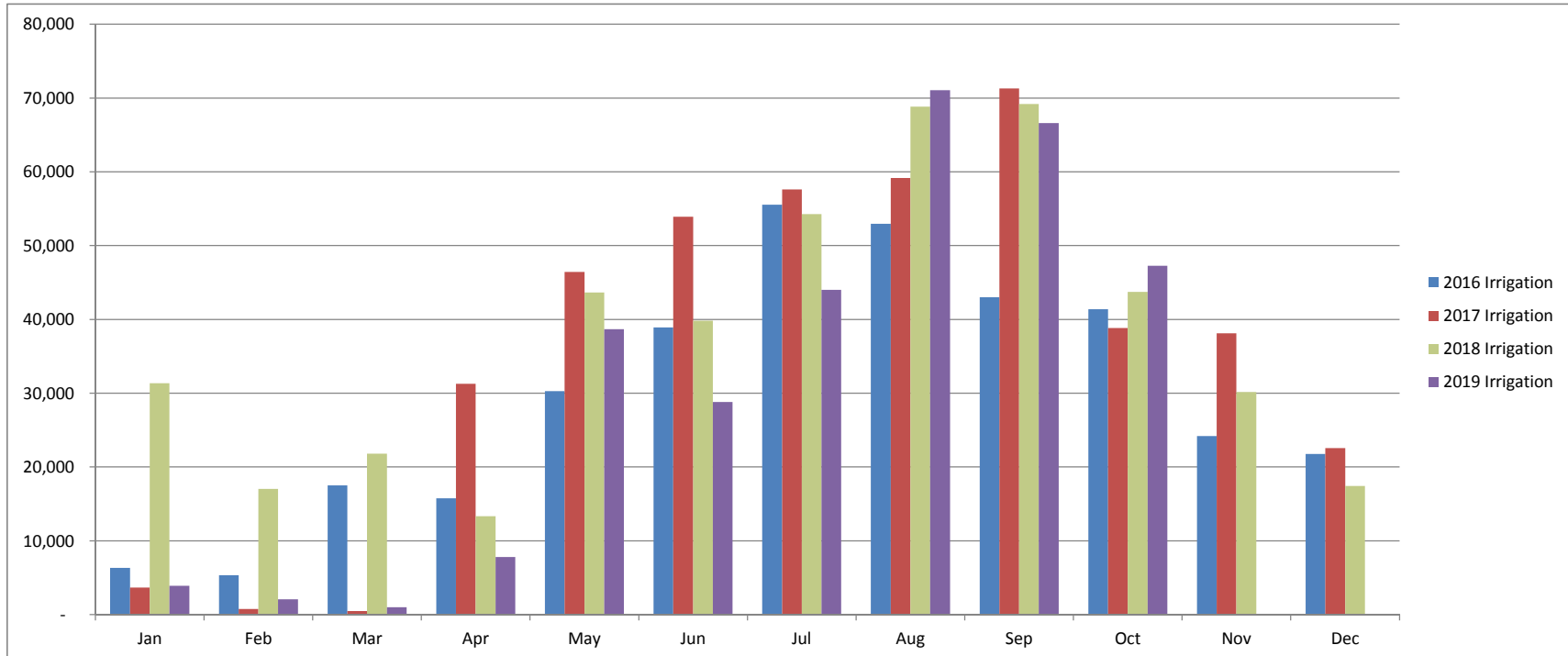
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Total
2016	28,692	23,565	37,198	37,935	49,039	59,069	78,415	72,805	67,591	60,506	43,261	42,786	514,815	600,862
2017	25,226	20,286	19,299	52,174	65,796	75,181	79,992	79,315	96,121	57,296	58,557	44,191	570,686	673,434
2018	52,495	38,446	40,263	32,183	62,631	61,214	74,756	90,767	90,776	61,661	50,693	36,777	605,192	692,662
2019	24,432	21,298	18,269	25,378	58,015	48,914	62,672	93,135	86,655	65,159	-	-	503,927	503,927



Third Mutual

Irrigation Water Usage in 100 cubic feet units

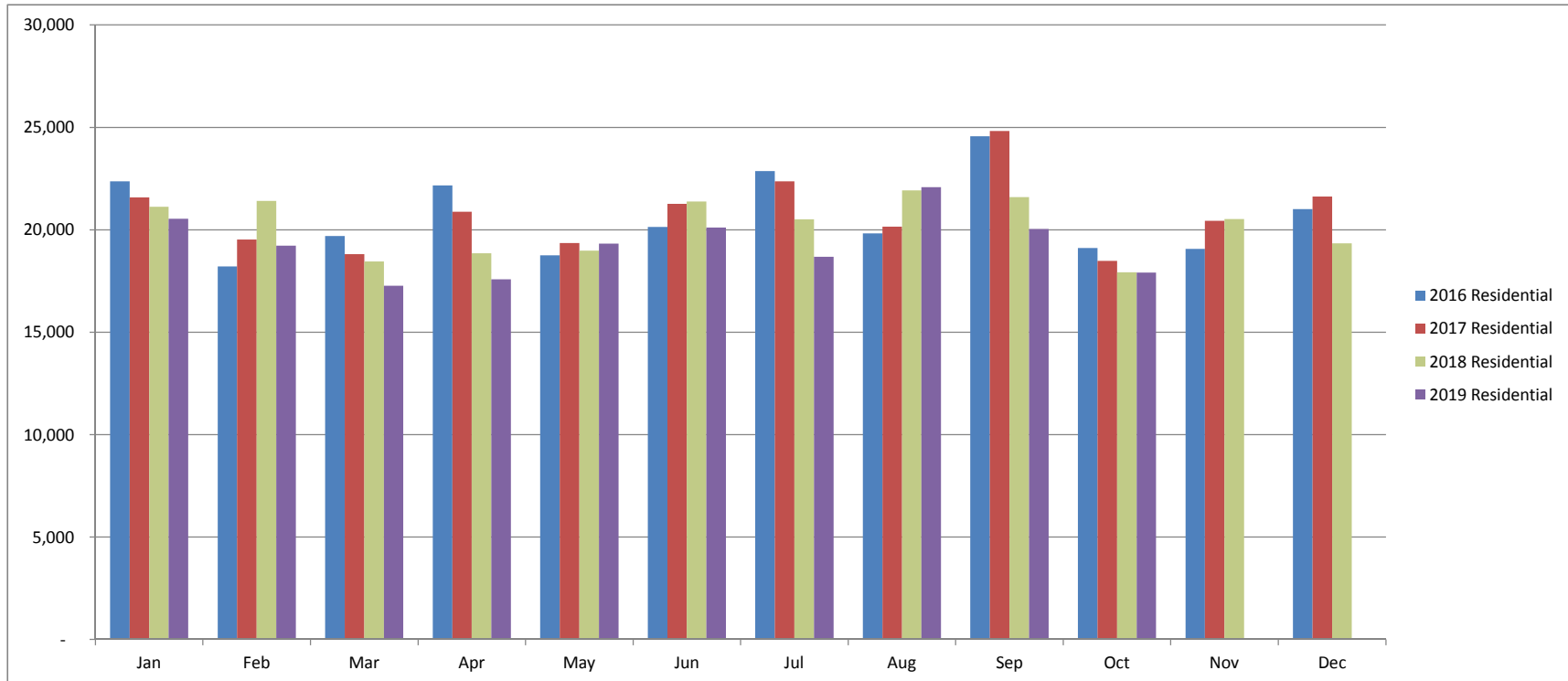
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Total
2016 Irrigation	6,329	5,349	17,506	15,776	30,280	38,926	55,543	52,976	43,024	41,402	24,192	21,779	307,111	353,082
2017 Irrigation	3,646	766	494	31,291	46,437	53,911	57,625	59,166	71,293	38,819	38,114	22,567	363,448	424,129
2018 Irrigation	31,368	17,039	21,814	13,332	43,653	39,833	54,254	68,843	69,176	43,741	30,171	17,434	403,053	450,658
2019 Irrigation	3,892	2,081	1,000	7,803	38,696	28,811	43,994	71,051	66,612	47,253	-	-	311,193	311,193



Third Mutual

Residential Water Usage in 100 cubic feet units

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Total
2016 Residential	22,363	18,216	19,692	22,159	18,759	20,143	22,872	19,829	24,567	19,104	19,069	21,007	207,704	247,780
2017 Residential	21,580	19,520	18,805	20,883	19,359	21,270	22,367	20,149	24,828	18,477	20,443	21,624	207,238	249,305
2018 Residential	21,127	21,407	18,449	18,851	18,978	21,381	20,502	21,924	21,600	17,920	20,522	19,343	202,139	242,004
2019 Residential	20,540	19,217	17,269	17,575	19,319	20,103	18,678	22,083	20,043	17,905	-	-	192,732	192,732



Agenda Item 9 – Chargeable Services Analysis

Will be distributed at the Finance Committee meeting.

Agenda Item 10a – Overtime/Temp Help/Turnover

Will be distributed at the Finance Committee meeting.



STAFF REPORT

DATE: December 3, 2019
FOR: Finance Committee
SUBJECT: Insurance Renewal Timeline

RECOMMENDATION

Receive and file for further discussion.

BACKGROUND

As part of the October 1, 2019 insurance renewal process beginning in early July 2019, Beecher Carlson Insurance Services, the insurance broker for the Community, provided a casualty and property renewal proposal. The proposal included property, general liability, auto, excess, directors and officers, and workers compensation insurance. Due to market conditions the property and liability portions of the proposal came in higher than budgeted for the 2019/2020 policy period.

On July 18, 2019 staff met with Beecher Carlson Insurance Services to discuss renewal plans and difficulties in the property and liability markets. The brokers marketed the program and provided quotes in early September. All lines of insurance were renewed and bound by October 1, 2019 but costs exceeded the contingencies included in the operating budget.

DISCUSSION

Subsequent to the recent renewal, and with the anticipation of continued tightening of the insurance market, the timeline below provides an overview of the of the steps that will be taken to stay abreast of market conditions and available options for the insurance program:

November 2019 – Statement of Values. Staff is currently working with CBIZ Valuation Group to get a budgetary estimate for an updated valuation of the community. The existing statement of property values is based on a 1987 valuation with annual inflationary adjustments. Once budgetary estimates are received, the bidding process will start and a contract will be awarded to a qualified vendor that can provide a full property valuation of Laguna Woods Village.

December 2019 – Broker and Carrier Reviews. Meetings with the broker will focus on the past renewal and options moving forward after the guaranteed premiums are earned. The focus of the meetings with the General Liability carrier (Philadelphia Insurance) and Umbrella carrier (Great American) will be on loss prevention and to update relevant underwriting information concerning community operations.

Q1 and Q2 2020 – Market Evaluations. Each quarter staff will be working with the broker to look at market conditions for both property and liability insurance and to evaluate the possibility of renewing lines of insurance to achieve premium savings, including possible cancellation options if market conditions improve. The broker has sent a 4th quarter update from AmWINS

which is a global specialty insurance broker and market conditions are still unfavorable. An excerpt from the update is provided below and the information they provided for property can be found at: <https://www.amwins.com/insights/article/state-of-the-market-property>

The current conditions in the property market are expected to continue well into 2020. The property market continues to harden, and carriers continue to look for increases, particularly on cat-exposed business. Rates are expected to maintain their climb through the first quarter of next year, as many feel the Q1 2019 accounts did not receive the full correction as those in later quarters, especially in tougher exposures.

May 2020 – Networking. Staff will attend the Risk Management Society (RIMS) conference which will be held in early May, as recommended by the broker. The conference is where the risk community gathers to generate ideas and learn the latest strategies in risk management, meet with current providers to continue discussions about the community, and discover potential providers with over 400 companies in attendance.

June 2020 – Broker Selection. Staff will complete a bid process for the broker agreement to ensure competitive pricing and exceptional service levels. The last bid process was completed in June 2016.

June thru September 2020 – Renewals. Staff will work with broker on October 1 renewals and provide budgetary estimates based on a new statement of values and market conditions.

Throughout this process, staff will be working with the existing broker to determine a renewal schedule that is better aligned with the budget process. Currently, final budgets are adopted by the boards in September, at the same time cost proposals are received from the carriers. The timeline above will be adjusted if a change is advantageous to the community before the October 1, 2020 renewal.

FINANCIAL ANALYSIS

None.

Prepared By: Dan Yost, Insurance & Risk Analyst

Reviewed By: Betty Parker, Chief Financial Officer