



REGULAR MEETING OF THE FINANCE COMMITTEE

**Tuesday, July 30, 2019 – 2:00 p.m.
Laguna Woods Village Community Center Sycamore 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 May 28, 2019
5. Chair Remarks
6. Member Comments (Items Not on the Agenda)
7. Department Head Update

Reports

8. Preliminary Financial Statements dated June 30, 2019

Items for Discussion and Consideration

9. Endorsements from Standings Committees
 - a. Water Heater Installation Program

Future Agenda Items

10. Finance Committee Charter
11. Investment Policy
12. 2020 Collections and Lien Enforcement

Concluding Business:

13. Committee Member Comments
14. Date of Next Meeting – Tuesday, September 24, 2019 at 2:00 p.m.
15. Recess to Closed Session

Gary Morrison, Chair
Betty Parker, Staff Officer
Telephone: 949-597-4201



OPEN MEETING

REPORT OF THE REGULAR MEETING OF THE
UNITED LAGUNA WOODS MUTUAL FINANCE COMMITTEE

Tuesday, May 28, 2019 – 2:00 p.m.

Laguna Woods Village Community Center Sycamore Room, 24351 El Toro Road

MEMBERS PRESENT: Gary Morrison – Chair, Juanita Skillman, Carl Randazzo, Sue Margolis, Elsie Addington

OTHERS PRESENT: Manuel Armendariz, Andre Torng, Dick Rader (VMS), Ron Beldner (VMS)

MEMBERS ABSENT: None

STAFF PRESENT: Betty Parker, Steve Hormuth

Call to Order

Director Morrison chaired the meeting and called it to order at 2:00 p.m.

Approval of Agenda

A motion was made and carried unanimously to approve the agenda as presented.

Approval of the Regular Meeting Report of March 26, 2019

A motion was made and carried unanimously to approve the Committee report as presented.

Member Comments (Items Not on the Agenda)

Director Armendariz distributed a handout to all attendees titled Status of Compliance by United Laguna Woods Mutual and its Directors With the 2019 Changes in Davis-Stirling Act Regarding Finances and Accounting as of May 28, 2019. Director Armendariz verbally summarized the handout stating that his concerns over civil code section 5500 had been addressed with the exception of the cash account being reported entirely as an Operating Fund. A motion was made and carried by a vote of 4-0-1 (Director Addington abstained), to ask legal counsel to write an opinion letter regarding civil code section 5500 and the intent of the law.

Review Preliminary Financial Statements dated April 30, 2019

The Committee reviewed Financial Statements for April 30, 2019. Discussion ensued and questions were addressed.

Investment Policy

The Committee discussed the current investment policy that is approved by the United Board via resolution 01-17-38. Director Morrison asked for input on the Investment Policy and the potential adjustment of risk tolerance. Opinions ranged from status-quo to expanding the portfolio to include some equity exposure.

Director Randazzo left the meeting at 3:20 p.m.

Bank Reconciliation Procedures

Steve Hormuth, Controller, provided a verbal update on the process used to reconcile the Mutual Cash Account to the month-end bank statement. Director Torng commented on standard operating procedures utilized by staff and the need for documentation. Director Armendariz commented on the bank reconciliation process confirming that staff was following industry practices.

EZ Pay Service

The Committee discussed the EZ Pay Service utilization by the residents for payments of monthly assessments and requested follow up with legal counsel to determine if auto debit enrollment can be made mandatory for new members, or if an additional fee can be charged to those members who are not enrolled.

2019 Reserve Study Update

The Committee discussed the results of the 2019 Reserve Study. A motion was made to increase reserve contributions for the 2020 business plan by \$7.50 as a basis for discussions. The motion failed for a lack of a second. Director Skillman commented on reviewing reserve contributions amounts after the Special Landscape and M&C meetings occurring on May 30, 2019 and May 31, 2019 respectively. Staff will prepare 2020 Version 1 Budgets with the recommendations provided by the Reserve Study Specialist of increasing reserve contribution by \$7.78 per manor per month.

Member Comments

Director Beldner commented on upcoming 2020 budget meetings and ideas for reductions.

Date of Next Meeting

Tuesday, July 30, 2019 at 2:00 p.m.

Recess to Closed Session

The meeting recessed to closed session at 3:55 p.m.



Gary Morrison, Chair

United Laguna Woods Mutual
Statement of Revenues & Expenses - Preliminary
6/30/2019
(\$ IN THOUSANDS)

		CURRENT MONTH			YEAR TO DATE			PRIOR YEAR	ANNUAL
		ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET
Revenues:									
Assessments:									
1	Operating	\$2,337	\$2,229	\$108	\$14,023	\$13,374	\$649	\$13,614	\$26,750
2	Additions to restricted funds	1,031	1,031		6,184	6,184		5,956	12,368
3	Total assessments	<u>3,368</u>	<u>3,260</u>	<u>108</u>	<u>20,207</u>	<u>19,558</u>	<u>649</u>	<u>19,570</u>	<u>39,118</u>
Non-assessment revenues:									
4	Merchandise sales	1	2	(1)	2	15	(13)	13	30
5	Fees and charges for services to residents	50	40	11	322	237	85	156	475
6	Laundry	20	23	(3)	129	140	(11)	137	280
7	Interest income	38	24	14	226	144	82	176	289
8	Miscellaneous	287	53	233	525	320	205	283	641
9	Total non-assessment revenue	<u>396</u>	<u>143</u>	<u>253</u>	<u>1,205</u>	<u>857</u>	<u>348</u>	<u>765</u>	<u>1,715</u>
10	Total revenue	<u>3,764</u>	<u>3,402</u>	<u>362</u>	<u>21,412</u>	<u>20,415</u>	<u>997</u>	<u>20,336</u>	<u>40,832</u>
Expenses:									
11	Employee compensation and related	1,099	1,222	123	7,071	7,420	350	6,618	14,884
12	Materials and supplies	195	256	60	1,747	1,534	(213)	1,502	3,068
13	Utilities and telephone	298	363	65	1,872	2,000	128	1,969	4,232
14	Legal fees	12	15	3	79	87	8	90	175
15	Professional fees	4	9	5	94	103	8	73	168
16	Equipment rental	1	3	2	13	19	6	7	37
17	Outside services	499	654	155	3,306	3,924	618	3,356	7,848
18	Repairs and maintenance	3	4	1	17	23	6	16	47
19	Other Operating Expense	12	15	4	92	95	3	69	186
20	Income taxes	2		(2)	3		(3)	18	
21	Property and sales tax	960	818	(142)	5,579	4,905	(674)	5,224	9,811
22	Insurance	108	108	(1)	629	646	17	623	1,292
23	Investment expense				19	9	(9)	19	37
24	Uncollectible Accounts				20		(20)	6	
25	(Gain)/loss on sale or trade		(1)	(1)	1	(3)	(4)	(2)	(8)
26	Depreciation and amortization	17	17		104	104		106	208
27	Net allocation to mutuals	99	98		591	588	(4)	551	1,185
28	Total expenses	<u>3,309</u>	<u>3,581</u>	<u>271</u>	<u>21,238</u>	<u>21,455</u>	<u>218</u>	<u>20,245</u>	<u>43,171</u>
29	Excess of revenues over expenses	<u>\$455</u>	<u>(\$178)</u>	<u>\$633</u>	<u>\$174</u>	<u>(\$1,040)</u>	<u>\$1,215</u>	<u>\$91</u>	<u>(\$2,339)</u>

United Laguna Woods Mutual
Operating Statement
6/30/2019
UNITED LAGUNA WOODS MUTUAL

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	ANNUAL BUDGET
Revenues:					
Assessments:					
Operating					
41001000 - Monthly Assessments	\$8,069,033	\$8,069,033	\$0	0.00%	\$16,139,892
41007000 - Monthly Assessments - Property Taxes	5,341,044	4,905,390	435,654	8.88%	9,810,779
41007500 - Monthly Assessments - Supplemental Property Taxes	213,699	0	213,699	0.00%	0
41008000 - Monthly Assessments - Property Insurance	399,561	399,564	(3)	0.00%	799,133
Total Operating	14,023,338	13,373,987	649,351	4.86%	26,749,804
Additions To Restricted Funds					
41001500 - Monthly Assessments - Contingency Fund	569,070	569,070	0	0.00%	1,138,140
41003500 - Monthly Assessments - Replacement Fund	5,614,824	5,614,824	0	0.00%	11,229,648
Total Additions To Restricted Funds	6,183,894	6,183,894	0	0.00%	12,367,788
Total Assessments	20,207,232	19,557,881	649,351	3.32%	39,117,592
Non-Assessment Revenues:					
Merchandise Sales					
41501500 - Merchandise Sales - Warehouse	1,969	14,994	(13,025)	(86.87%)	30,000
Total Merchandise Sales	1,969	14,994	(13,025)	(86.87%)	30,000
Chargeable Service					
Fees and Charges for Services to Residents					
46501000 - Permit Fee	68,161	37,609	30,552	81.24%	75,223
46501500 - Inspection Fee	27,941	26,922	1,019	3.79%	53,849
46502000 - Resident Maintenance Fee	226,366	172,877	53,489	30.94%	346,066
Total Fees and Charges for Services to Residents	322,469	237,408	85,061	35.83%	475,138
Laundry					
46005000 - Coin Op Laundry Machine	128,591	139,998	(11,407)	(8.15%)	280,000
Total Laundry	128,591	139,998	(11,407)	(8.15%)	280,000
Interest Income					
49001000 - Interest Income - Treasury Notes	64,193	35,761	28,433	79.51%	71,522
49001500 - Interest Income - Treasury Notes - Discretionary	114,300	75,696	38,604	51.00%	151,391
49002000 - Interest Income - Money Market	2,855	788	2,067	262.26%	1,576
49002500 - Interest Income - Gmma Securities - Discretionary	44,886	32,222	12,663	39.30%	64,444
Total Interest Income	226,234	144,467	81,768	56.60%	288,933
Miscellaneous					
46004500 - Resident Violations	44,075	4,998	39,077	781.85%	10,000
44501000 - Additional Occupant Fee	20,840	36,000	(15,160)	(42.11%)	72,000
44501500 - Lease Processing Fee - United	63,900	60,000	3,900	6.50%	120,000
44502000 - Variance Processing Fee	2,100	6,246	(4,146)	(66.38%)	12,500
44503000 - Stock Transfer Fee	5,200	6,498	(1,298)	(19.98%)	13,000
44503510 - Resale Processing Fee - United	52,486	105,000	(52,514)	(50.01%)	210,000
44507000 - Golf Cart Electric Fee	30,295	30,000	295	0.98%	60,000
44507200 - Electric Vehicle Plug-In Fee	7,362	3,000	4,362	145.40%	6,000
44507500 - Cartport/Carport Space Rental Fee	1,418	1,500	(82)	(5.49%)	3,000
47001500 - Late Fee Revenue	24,305	24,000	305	1.27%	48,000
47002010 - Collection Administrative Fee - United	33,210	36,000	(2,790)	(7.75%)	72,000
47002500 - Collection Interest Revenue	3,372	0	3,372	0.00%	0
47501000 - Recycling	3,055	1,998	1,057	52.91%	4,000
48001000 - Legal Fee	0	4,998	(4,998)	(100.00%)	10,000
49008100 - Unrealized Gain(Loss) On Available For Sale Investments	238,668	0	238,668	0.00%	0
49009000 - Miscellaneous Revenue	(4,898)	0	(4,898)	0.00%	0
Total Miscellaneous	525,387	320,238	205,149	64.06%	640,500
Total Non-Assessment Revenue	1,204,650	857,104	347,546	40.55%	1,714,571
Total Revenue	21,411,882	20,414,985	996,897	4.88%	40,832,163

Expenses:

United Laguna Woods Mutual
Operating Statement
6/30/2019
UNITED LAGUNA WOODS MUTUAL

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	ANNUAL BUDGET
Employee Compensation					
51011000 - Salaries & Wages - Regular	1,172,543	1,299,516	126,973	9.77%	2,629,806
51021000 - Union Wages - Regular	2,971,786	3,237,995	266,209	8.22%	6,529,655
51041000 - Wages - Overtime	30,862	14,604	(16,258)	(111.32%)	29,215
51051000 - Union Wages - Overtime	61,951	32,174	(29,776)	(92.55%)	64,364
51061000 - Holiday & Vacation	480,652	383,229	(97,423)	(25.42%)	773,571
51071000 - Sick	166,713	156,317	(10,397)	(6.65%)	315,535
51091000 - Missed Meal Penalty	1,156	450	(706)	(156.80%)	910
51101000 - Temporary Help	56,906	25,363	(31,543)	(124.37%)	50,735
51981000 - Compensation Accrual	(25,418)	1,833	27,251	1486.89%	3,670
Total Employee Compensation	4,917,149	5,151,480	234,330	4.55%	10,397,460
Compensation Related					
52411000 - F.I.C.A.	367,836	387,514	19,678	5.08%	776,410
52421000 - F.U.I.	8,280	11,604	3,324	28.64%	13,222
52431000 - S.U.I.	63,594	56,231	(7,362)	(13.09%)	58,909
52441000 - Union Medical	969,481	1,057,233	87,752	8.30%	2,114,466
52451000 - Workers' Compensation Insurance	407,964	379,494	(28,470)	(7.50%)	765,713
52461000 - Non Union Medical & Life Insurance	157,239	148,400	(8,838)	(5.96%)	296,801
52471000 - Union Retirement Plan	194,662	171,357	(23,306)	(13.60%)	345,553
52481000 - Non-Union Retirement Plan	25,083	56,669	31,586	55.74%	114,678
52981000 - Compensation Related Accrual	(40,614)	378	40,993	10834.28%	765
Total Compensation Related	2,153,524	2,268,880	115,356	5.08%	4,486,515
Materials and Supplies					
53001000 - Materials & Supplies	261,600	292,226	30,626	10.48%	584,690
53003000 - Materials Direct	1,485,461	1,241,586	(243,875)	(19.64%)	2,483,765
Total Materials and Supplies	1,747,061	1,533,812	(213,249)	(13.90%)	3,068,455
Utilities and Telephone					
53301000 - Electricity	96,695	96,900	205	0.21%	185,320
53301500 - Sewer	879,226	879,000	(226)	(0.03%)	1,776,600
53302000 - Water	680,359	814,880	134,521	16.51%	1,850,960
53302500 - Trash	215,547	209,330	(6,216)	(2.97%)	418,741
53304000 - Telephone	334	0	(334)	0.00%	0
Total Utilities and Telephone	1,872,161	2,000,110	127,949	6.40%	4,231,621
Legal Fees					
53401500 - Legal Fees	79,250	87,498	8,248	9.43%	175,000
Total Legal Fees	79,250	87,498	8,248	9.43%	175,000
Professional Fees					
53402010 - Audit & Tax Preparation Fees - United	39,000	47,600	8,600	18.07%	57,600
53403500 - Consulting Fees	(16,311)	3,555	19,866	558.84%	7,116
53403510 - Consulting Fees - United	71,634	51,594	(20,040)	(38.84%)	103,199
Total Professional Fees	94,323	102,749	8,426	8.20%	167,915
Equipment Rental					
53501500 - Equipment Rental/Lease Fees	12,769	18,710	5,940	31.75%	37,424
Total Equipment Rental	12,769	18,710	5,940	31.75%	37,424
Outside Services					
53601000 - Bank Fees	0	2,035	2,035	100.00%	4,071
53601500 - Credit Card Transaction Fees	(8)	0	8	0.00%	0
54603500 - Outside Services Cost Collection	3,265,341	3,855,150	589,809	15.30%	7,710,601
53704000 - Outside Services	40,736	66,855	26,119	39.07%	133,771
Total Outside Services	3,306,069	3,924,039	617,971	15.75%	7,848,443
Repairs and Maintenance					
53701000 - Equipment Repair & Maint	4,110	7,891	3,781	47.91%	15,823
53703000 - Elevator /Lift Maintenance	13,276	15,504	2,228	14.37%	31,008
Total Repairs and Maintenance	17,387	23,395	6,008	25.68%	46,831
Other Operating Expense					
53801000 - Mileage & Meal Allowance	4,304	7,609	3,305	43.43%	15,244
53801500 - Travel & Lodging	442	513	72	14.00%	1,031
53802000 - Uniforms	43,542	44,627	1,085	2.43%	85,428
53802500 - Dues & Memberships	385	936	551	58.86%	2,054

United Laguna Woods Mutual
Operating Statement
6/30/2019
UNITED LAGUNA WOODS MUTUAL

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	ANNUAL BUDGET
53803000 - Subscriptions & Books	1,544	996	(548)	(55.08%)	1,992
53803500 - Training & Education	1,929	8,149	6,220	76.33%	16,324
53901500 - Volunteer Support	0	813	813	100.00%	1,626
53903000 - Safety	0	90	90	100.00%	182
54001000 - Board Relations	2,546	1,832	(714)	(38.98%)	3,666
54001010 - Board Relations - United	4,124	2,496	(1,628)	(65.22%)	5,000
54001500 - Public Relations	(1)	0	1	0.00%	0
54002000 - Postage	33,284	26,219	(7,065)	(26.95%)	52,439
54002500 - Filing Fees / Permits	89	562	473	84.12%	1,239
Total Other Operating Expense	92,188	94,841	2,653	2.80%	186,226
Income Taxes					
54301000 - State & Federal Income Taxes	3,000	0	(3,000)	0.00%	0
Total Income Taxes	3,000	0	(3,000)	0.00%	0
Property and Sales Tax					
54302000 - Property Taxes	5,578,934	4,905,390	(673,544)	(13.73%)	9,810,779
Total Property and Sales Tax	5,578,934	4,905,390	(673,544)	(13.73%)	9,810,779
Insurance					
54401000 - Hazard & Liability Insurance	208,527	209,971	1,444	0.69%	419,942
54401500 - D&O Liability	32,042	32,824	782	2.38%	65,650
54402000 - Property Insurance	385,882	399,566	13,684	3.42%	799,133
54403000 - General Liability Insurance	2,401	3,664	1,263	34.46%	7,328
Total Insurance	628,852	646,024	17,173	2.66%	1,292,054
Investment Expense					
54201000 - Investment Expense	18,858	9,385	(9,473)	(100.93%)	36,732
Total Investment Expense	18,858	9,385	(9,473)	(100.93%)	36,732
Uncollectible Accounts					
54602000 - Bad Debt Expense	19,670	0	(19,670)	0.00%	0
Total Uncollectible Accounts	19,670	0	(19,670)	0.00%	0
(Gain)/Loss on Sale or Trade					
54101000 - (Gain)/Loss - Warehouse Sales	(57)	(3,750)	(3,693)	(98.47%)	(7,500)
54101500 - (Gain)/Loss On Investments	1,137	1,137	0	0.00%	0
Total (Gain)/Loss on Sale or Trade	1,079	(2,613)	(3,693)	(141.30%)	(7,500)
Depreciation and Amortization					
55001000 - Depreciation And Amortization	104,005	104,005	0	0.00%	208,010
Total Depreciation and Amortization	104,005	104,005	0	0.00%	208,010
Net Allocation to Mutuals					
54602500 - Allocated Expenses	591,375	587,745	(3,630)	(0.62%)	1,184,743
Total Net Allocation to Mutuals	591,375	587,745	(3,630)	(0.62%)	1,184,743
Total Expenses	21,237,653	21,455,449	217,796	1.02%	43,170,708
Excess of Revenues Over Expenses	\$174,229	(\$1,040,464)	\$1,214,693	116.75%	(\$2,338,545)

**United Laguna Woods Mutual
Balance Sheet - Preliminary
6/30/2019**

		<u>Current Month End</u>	<u>Prior Year December 31</u>
	Assets		
1	Cash and cash equivalents	\$2,550,246	\$3,195,910
2	Non-discretionary investments	5,941,760	4,952,044
3	Discretionary investments	15,283,152	15,069,666
4	Receivable/(Payable) from mutuals	921,642	2,098,613
5	Accounts receivable and interest receivable	1,063,947	(63,374)
6	Prepaid expenses and deposits	629,999	527,252
7	Property and equipment	91,989,605	91,989,605
8	Accumulated depreciation property and equipment	(83,754,660)	(83,753,128)
9	Beneficial interest in GRF of Laguna Hills Trust	5,889,656	5,992,130
10	Non-controlling interest in GRF	38,325,598	38,325,598
11	Total Assets	<u>\$78,840,946</u>	<u>\$78,334,314</u>
	Liabilities and Fund Balances		
	Liabilities:		
12	Accounts payable and accrued expenses	\$1,092,547	\$1,509,166
13	Accrued compensation and related costs	612,761	612,761
14	Deferred income	1,722,841	973,818
15	Income tax payable	12,474	12,474
16	Asset retirement obligation	1,128,798	1,128,798
17	Total liabilities	<u>\$4,569,421</u>	<u>\$4,237,018</u>
	Fund balances:		
18	Fund balance prior years	74,097,297	75,340,207
19	Change in fund balance - current year	174,229	(1,242,911)
20	Total fund balances	74,271,526	74,097,297
21	Total Liabilities and Fund Balances	<u>\$78,840,946</u>	<u>\$78,334,314</u>

**United Laguna Woods Mutual
Fund Balance Sheet - Preliminary
6/30/2019**

		<u>Operating Fund</u>	<u>Contingency Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Assets					
1	Cash and cash equivalents	\$2,550,246			\$2,550,246
2	Non-discretionary investments	5,941,760			5,941,760
3	Discretionary investments	15,283,152			15,283,152
4	Receivable/(Payable) from mutuals	921,642			921,642
5	Receivable/(Payable) from operating fund	(21,425,775)	2,525,827	18,899,949	
6	Accounts receivable and interest receivable	1,063,947			1,063,947
7	Prepaid expenses and deposits	624,597	5,403		629,999
8	Property and equipment	91,989,605			91,989,605
9	Accumulated depreciation property and equipment	(83,754,660)			(83,754,660)
10	Beneficial interest in GRF of Laguna Hills Trust	5,889,656			5,889,656
11	Non-controlling interest in GRF	38,325,598			38,325,598
12	Total Assets	<u>\$57,409,769</u>	<u>\$2,531,229</u>	<u>\$18,899,949</u>	<u>\$78,840,946</u>
Liabilities and Fund Balances					
Liabilities:					
13	Accounts payable and accrued expenses	\$938,930	\$490	\$153,127	\$1,092,547
14	Accrued compensation and related costs	612,761			612,761
15	Deferred income	1,722,841			1,722,841
16	Income tax payable	12,474			12,474
17	Asset retirement obligation	1,128,798			1,128,798
18	Total liabilities	<u>\$4,415,804</u>	<u>\$490</u>	<u>\$153,127</u>	<u>\$4,569,421</u>
Fund balances:					
19	Fund balance prior years	52,383,943	2,661,010	19,052,344	74,097,297
20	Change in fund balance - current year	610,021	(130,271)	(305,521)	174,229
21	Total fund balances	<u>52,993,964</u>	<u>2,530,739</u>	<u>18,746,822</u>	<u>74,271,526</u>
22	Total Liabilities and Fund Balances	<u>\$57,409,769</u>	<u>\$2,531,229</u>	<u>\$18,899,949</u>	<u>\$78,840,946</u>

United Laguna Woods Mutual
Changes in Fund Balances - Preliminary
6/30/2019

	<u>Operating Fund</u>	<u>Contingency Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Revenues:				
Assessments:				
1 Operating	\$14,023,338			\$14,023,338
2 Additions to restricted funds		569,070	5,614,824	6,183,894
3 Total assessments	<u>14,023,338</u>	<u>569,070</u>	<u>5,614,824</u>	<u>20,207,232</u>
Non-assessment revenues:				
4 Merchandise sales			1,969	1,969
5 Fees and charges for services to residents	322,469			322,469
6 Laundry	128,591			128,591
7 Interest income		28,230	198,004	226,234
8 Miscellaneous	<u>525,387</u>			<u>525,387</u>
9 Total non-assessment revenue	<u>976,447</u>	<u>28,230</u>	<u>199,974</u>	<u>1,204,650</u>
10 Total revenue	<u>14,999,785</u>	<u>597,300</u>	<u>5,814,798</u>	<u>21,411,882</u>
Expenses:				
11 Employee compensation and related	4,729,117	4,625	2,336,931	7,070,673
12 Materials and supplies	377,830	266	1,368,965	1,747,061
13 Utilities and telephone	1,867,435	37	4,690	1,872,161
14 Legal fees	79,250			79,250
15 Professional fees	44,323		50,000	94,323
16 Equipment rental	2,792	28	9,950	12,769
17 Outside services	395,793	719,941	2,190,335	3,306,069
18 Repairs and maintenance	16,435	2	949	17,387
19 Other Operating Expense	73,499	26	18,663	92,188
20 Income taxes	3,000			3,000
21 Property and sales tax	5,578,934			5,578,934
22 Insurance	628,852			628,852
23 Investment expense		2,342	16,516	18,858
24 Uncollectible Accounts	19,670			19,670
25 (Gain)/loss on sale or trade	(57)	143	994	1,079
26 Depreciation and amortization	104,005			104,005
27 Net allocations to mutuals	<u>468,887</u>	<u>162</u>	<u>122,326</u>	<u>591,375</u>
28 Total expenses	<u>14,389,764</u>	<u>727,571</u>	<u>6,120,319</u>	<u>21,237,653</u>
29 Excess of revenues over expenses	<u>\$610,021</u>	<u>(\$130,271)</u>	<u>(\$305,521)</u>	<u>\$174,229</u>
30 Excluding depreciation	<u>\$714,026</u>	<u>(\$130,271)</u>	<u>(\$305,521)</u>	<u>\$278,234</u>

**UNITED LAGUNA WOODS MUTUAL
NON-DISCRETIONARY ACCOUNT HELD BY BANK OF AMERICA
SCHEDULE OF INVESTMENTS
6/30/19**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECT. YIELD	ORIGINAL COST	ANNUALIZED YTD YIELD *
912796QV4	U.S. TREASURY BILL	0.00%	03-11-19	08-15-19	2,000,000.00	2.38%	1,979,668.50	
912796SF7	U.S. TREASURY BILL	0.00%	06-06-19	08-29-19	2,000,000.00	2.25%	1,989,675.00	
912796RF8	U.S. TREASURY BILL	0.00%	03-11-19	10-10-19	2,000,000.00	2.39%	1,972,416.50	
TOTAL FOR NON-DISCRETIONARY INVESTMENTS					\$ 6,000,000.00		\$ 5,941,760.00	2.51%

*Yield is based on all investments held during the year

**UNITED LAGUNA WOODS MUTUAL
DISCRETIONARY ACCOUNT - BLACKROCK/MERRILL LYNCH
SCHEDULE OF INVESTMENTS
6/30/19**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECT. YIELD	ORIGINAL COST	ANNUALIZED YTD YIELD *
	M.L. MONEY MARKET				\$ 342,055.00		\$ 342,055.00	
02665WBE0	CORPORATE BOND	1.20%	11-02-10	07-12-19	150,000.00	1.57%	148,920.00	
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	350,000.00	1.90%	349,795.51	
94974BGF1	CORPORATE BOND	2.15%	01-10-17	01-30-20	175,000.00	2.22%	174,613.25	
912828MP2	U.S. TREASURY NOTE	3.63%	04-21-10	02-15-20	150,000.00	3.77%	148,131.47	
20030NBA8	CORPORATE BOND	5.15%	04-19-16	03-01-20	150,000.00	1.41%	171,006.00	
20030NBA8	CORPORATE BOND	5.15%	10-23-17	03-01-20	50,000.00	1.90%	53,715.50	
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%	314,656.48	
912828ND8	U.S. TREASURY NOTE	3.50%	07-15-10	05-15-20	500,000.00	3.02%	520,119.19	
912828ND8	U.S. TREASURY NOTE	3.50%	10-30-12	05-15-20	225,000.00	1.35%	259,524.34	
17275RAX0	CORPORATE BOND	2.45%	08-18-17	06-15-20	100,000.00	1.76%	101,878.00	
912828XY1	U.S. TREASURY NOTE	2.50%	08-06-18	06-30-20	150,000.00	2.66%	149,549.08	
912828NT3	U.S. TREASURY NOTE	2.63%	10-28-10	08-15-20	250,000.00	2.68%	248,721.70	
375558BB8	CORPORATE BOND	2.55%	04-18-16	09-01-20	100,000.00	1.72%	103,465.00	
06051GFT1	CORPORATE BOND	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%	12-24-15	11-30-20	300,000.00	1.72%	298,629.41	
05531FAZ6	CORPORATE BOND	2.15%	05-31-18	02-01-21	150,000.00	3.02%	146,655.00	
9128283X6	U.S. TREASURY NOTE	2.25%	04-22-19	02-15-21	700,000.00	2.43%	697,758.99	
46625HQJ2	CORPORATE BOND	2.55%	04-18-16	03-01-21	100,000.00	2.31%	101,049.00	
89236TCZ6	CORPORATE BOND	1.90%	05-31-18	04-08-21	125,000.00	2.74%	122,136.25	
9128284G2	U.S. TREASURY NOTE	2.38%	04-20-18	04-15-21	250,000.00	2.57%	248,594.17	
0258M0EB1	CORPORATE BOND	2.25%	04-23-18	05-05-21	150,000.00	3.10%	146,322.00	
037833AR1	CORPORATE BOND	2.85%	04-18-16	05-06-21	100,000.00	1.79%	105,086.00	
037833AR1	CORPORATE BOND	2.85%	10-23-17	05-06-21	50,000.00	2.06%	51,324.50	
369550BE7	CORPORATE BOND	3.00%	11-02-18	05-11-21	150,000.00	3.23%	149,140.50	
857477AV5	CORPORATE BOND	1.95%	10-23-17	05-19-21	50,000.00	2.06%	49,801.00	
38141GGQ1	CORPORATE BOND	5.25%	12-27-18	07-27-21	150,000.00	3.80%	155,265.00	

**UNITED LAGUNA WOODS MUTUAL
DISCRETIONARY ACCOUNT - BLACKROCK/MERRILL LYNCH
SCHEDULE OF INVESTMENTS
6/30/19**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECT. YIELD	ORIGINAL COST	ANNUALIZED YTD YIELD *
912828WY2	U.S. TREASURY NOTE	2.25%	05-30-18	07-31-21	300,000.00	2.65%	296,367.69	
594918BP8	CORPORATE BOND	1.55%	11-01-16	08-08-21	100,000.00	1.55%	98,911.00	
912828RC6	U.S. TREASURY NOTE	2.13%	11-09-11	08-15-21	750,000.00	2.04%	755,452.22	
912828W55	U.S. TREASURY NOTE	1.88%	04-22-19	02-28-22	200,000.00	2.38%	197,203.46	
404280AN9	CORPORATE BOND	4.00%	04-23-18	03-30-22	100,000.00	3.32%	102,466.00	
747525AE3	CORPORATE BOND	3.00%	12-26-18	05-20-22	125,000.00	3.57%	122,707.50	
91324PCN0	CORPORATE BOND	3.35%	07-19-16	07-15-22	100,000.00	1.99%	107,590.00	
912828L24	U.S. TREASURY NOTE	1.88%	11-06-15	08-31-22	600,000.00	1.88%	592,149.64	
375558BC6	CORPORATE BOND	3.25%	07-20-16	09-01-22	100,000.00	2.04%	106,727.00	
375558BC6	CORPORATE BOND	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	600,000.00	2.00%	599,954.33	
46625HJH4	CORPORATE BOND	3.20%	08-18-17	01-25-23	100,000.00	2.68%	102,577.00	
46625HJH4	CORPORATE BOND	3.20%	10-23-17	01-25-23	50,000.00	2.67%	51,270.50	
912828P38	U.S. TREASURY NOTE	1.75%	02-22-16	01-31-23	250,000.00	1.58%	252,666.52	
037833AK6	CORPORATE BOND	2.40%	04-23-18	05-03-23	100,000.00	3.17%	96,433.00	
912828S35	U.S. TREASURY NOTE	1.38%	07-16-16	06-30-23	150,000.00	1.35%	150,176.08	
68389XBL8	CORPORATE BOND	2.40%	07-12-16	09-15-23	100,000.00	2.16%	101,531.00	
36290TLG2/P616927X	GNMA SECURITIES	5.50%	12-23-05	12-15-20	\$20,853.98	3.58%	32,033.27	
36290YBU1/P621151X	GNMA SECURITIES	5.50%	05-24-07	05-15-22	29,540.48	5.50%	29,540.48	
36296DDR6/P687812X	GNMA SECURITIES	5.50%	09-22-08	08-15-23	25,153.45	3.52%	39,248.54	
36202FD78/P004626M	GNMA SECURITIES	4.50%	02-24-10	02-20-25	86,518.45	2.99%	130,010.64	
36202FD78/P004626M	GNMA SECURITIES	4.50%	09-17-13	02-20-25	102,911.47	3.37%	137,556.15	
36202FJC1/P004759M	GNMA SECURITIES	4.00%	02-16-12	08-20-25	75,394.16	2.37%	127,369.79	
36202FJC1/P004759M	GNMA SECURITIES	4.00%	03-19-12	08-20-25	106,475.87	2.38%	178,818.35	
3620AS6G9/P738971X	GNMA SECURITIES	3.00%	04-29-15	11-15-26	181,457.05	2.61%	208,194.05	
36176W6N6/P778777X	GNMA SECURITIES	3.50%	05-17-12	01-15-27	280,433.78	2.53%	388,563.04	
36202F2H8/P005276M	GNMA SECURITIES	3.00%	11-12-14	01-20-27	77,238.13	2.60%	89,034.63	
36179MAG5/PMA0007M	GNMA SECURITIES	3.00%	08-20-12	04-20-27	146,543.50	2.31%	190,122.86	
36179MGN4/PMA0205M	GNMA SECURITIES	3.00%	07-31-12	07-20-27	98,546.96	2.34%	126,234.46	
36179MP53/PMA0444M	GNMA SECURITIES	3.00%	12-18-12	10-20-27	127,453.96	2.37%	161,305.50	
36179MSB7/PMA0514M	GNMA SECURITIES	3.00%	05-14-14	11-20-27	127,721.27	2.62%	146,125.96	
36179MU32/PMA0602M	GNMA SECURITIES	3.00%	01-17-13	12-20-27	312,674.48	2.42%	387,752.03	
36179MZW3/PMA0757M	GNMA SECURITIES	3.00%	04-16-13	02-20-28	145,638.04	2.43%	179,453.63	
36179NMP0/PMA1266M	GNMA SECURITIES	3.50%	10-21-13	09-20-28	72,521.70	2.88%	88,045.85	
36179TY90/PMA5236M	GNMA SECURITIES	3.50%	06-13-18	06-20-33	837,839.95	3.40%	861,218.86	
36202T7B6/P609390X	GNMA SECURITIES	5.50%	09-22-03	09-15-33	24,772.53	3.60%	37,897.56	
36213CZ52/P550764X	GNMA SECURITIES	5.50%	09-19-07	09-15-35	32,683.25	6.87%	26,182.99	
36202FGD2/P004696M	GNMA SECURITIES	4.50%	06-21-10	06-15-40	120,954.71	3.63%	149,864.32	
36179QJT9/PMA2074M	GNMA SECURITIES	4.00%	11-13-17	07-20-44	91,644.03	3.70%	99,063.54	
36179QL74/PMA2150M	GNMA SECURITIES	4.50%	09-11-14	08-20-44	183,492.31	3.29%	251,260.39	
36179QT50/PMA2372M	GNMA SECURITIES	4.00%	12-22-14	11-20-44	152,957.72	3.15%	194,465.20	
36179rvc0/PMA3311M	GNMA SECURITIES	4.00%	03-31-16	12-20-45	147,063.03	3.42%	172,087.11	
36179SUV7/PMA4196M	GNMA SECURITIES	3.50%	02-28-17	01-20-47	\$109,639.62	3.30%	116,232.53	
TOTALS FOR DISCRETIONARY INVESTMENTS					14,360,178.88		15,283,152.39	1.89%
TOTAL INVESTMENTS					\$ 20,360,178.88		\$ 21,224,912.39	2.04%

*Yield is based on all investments held during the year

**UNITED LAGUNA WOODS MUTUAL
FUND EXPENDITURES REPORT
AS OF JUNE 30, 2019**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		2019	%	NOTE	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET	BUDGET	EXPENDED		\$	%
RESERVE EXPENDITURES									
REPLACEMENTS									
BUILDING STRUCTURES	\$29,492	\$74,431	\$154,438	\$448,648	\$898,320	17%		\$294,210	66%
ELECTRICAL SYSTEMS	30,016	38,216	215,721	229,296	458,610	47%		13,575	6%
EXTERIOR WALKWAY LIGHTING	2,650	5,034	26,976	30,316	60,691	44%		3,340	11%
FOUNDATIONS	0	3,653	4,615	21,918	43,836	11%		17,303	79%
GUTTER REPLACEMENT	2,337	3,912	50,880	23,649	47,383	107%		(27,231)	(115%)
LANDSCAPE MODIFICATION	0	29,166	37,667	174,996	350,000	11%		137,329	78%
PAINT - EXTERIOR	152,101	150,066	933,907	910,125	1,823,867	51%		(23,782)	(3%)
PRIOR TO PAINT	87,225	81,254	517,239	492,386	987,116	52%		(24,853)	(5%)
PAVING	8,986	42,644	21,630	256,121	512,560	4%		234,491	92%
ROOF REPLACEMENTS	86,602	62,766	466,125	376,596	753,209	62%		(89,529)	(24%)
TREE MAINTENANCE	92,679	101,166	632,541	615,600	1,232,529	51%		(16,940)	(3%)
WALL REPLACEMENT	0	15,029	9,838	90,174	180,365	5%		80,336	89%
WASTE LINE REMEDIATION	20,802	174,999	367,556	1,049,996	2,100,000	18%		682,440	65%
WATER LINE - COPPER PIPE REMEDIATION	94,992	20,833	174,131	124,998	250,000	70%		(49,133)	(39%)
WINDOW/SLIDING SCREEN DOOR	8,497	7,189	36,493	43,295	86,676	42%		6,801	16%
SUPPL. APPROPRIATIONS	0	0	50,000	50,000	50,000	100%		0	0%
SUB-TOTAL	\$616,379	\$810,359	\$3,699,758	\$4,938,114	\$9,835,161	38%		\$1,238,357	25%
APPLIANCE AND FIXTURE REPLACEMENTS									
COOKTOPS	\$4,851	\$5,901	\$61,299	\$35,476	\$70,999	86%		(\$25,823)	(73%)
DISHWASHERS	7,574	7,073	51,899	42,595	85,280	61%		(9,304)	(22%)
BASINS/SINKS/TOILETS	12,375	26,374	122,214	158,531	317,250	39%		36,316	23%
GARBAGE DISPOSALS	5,407	9,574	56,784	57,588	115,257	49%		804	1%
HOODS	1,236	2,950	11,782	17,768	35,574	33%		5,986	34%
COUNTER TOPS/FLOORS/SHOWER ENCLOSURES	73,614	101,803	491,017	613,701	1,228,721	40%		122,685	20%
OVENS	10,632	9,235	66,618	55,480	110,999	60%		(11,138)	(20%)
RANGES	1,098	2,076	4,678	12,491	25,000	19%		7,813	63%
REFRIGERATORS	17,437	18,893	99,970	113,615	227,359	44%		13,645	12%
WATER HEATERS & PERMITS	22,547	93,937	1,432,266	566,327	1,133,990	126%		(865,939)	(153%)
DRYERS	0	1,119	3,551	6,731	13,474	26%		3,179	47%
WASHING MACHINES	0	2,428	974	14,593	29,200	3%		13,619	93%
SUB-TOTAL	\$156,771	\$281,362	\$2,403,051	\$1,694,895	\$3,393,103	71%		(\$708,157)	(42%)
TOTAL RESERVE FUND	\$773,150	\$1,091,721	\$6,102,809	\$6,633,009	\$13,228,267	46%		\$530,200	8%

*Waste Line Remediation: Board authorized an early release of \$200,000 from the adopted 2019 Business Plan for additional work in 2018.

**UNITED LAGUNA WOODS MUTUAL
FUND EXPENDITURES REPORT
AS OF JUNE 30, 2019**

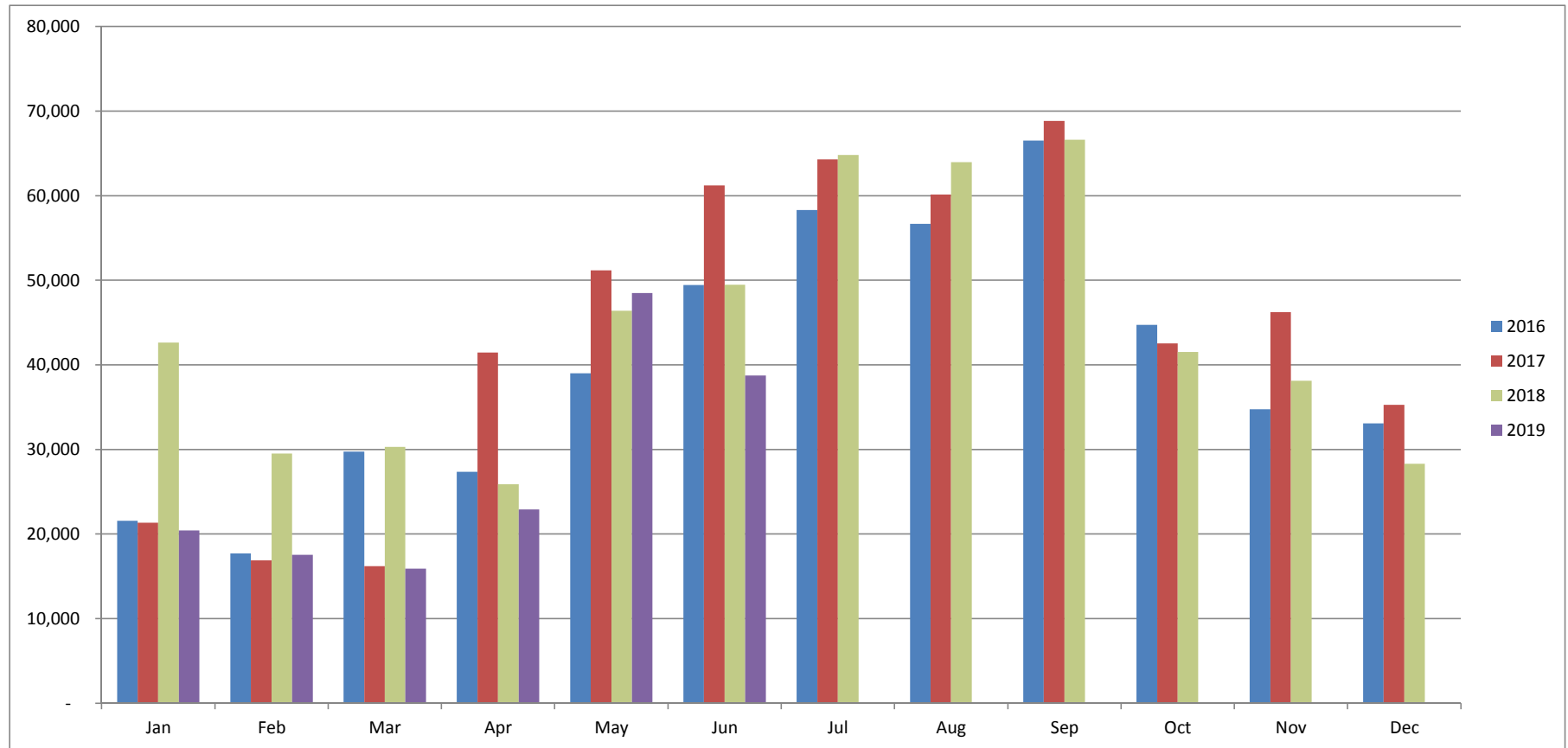
DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		2019	%	NOTE	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET	BUDGET	EXPENDED		\$	%
OPERATING EXPENDITURES									
PLUMBING SERVICE	\$132,466	\$102,055	\$830,470	\$618,165	\$1,239,218	67%		(\$212,306)	(34%)
CARPENTRY SERVICE	42,734	39,841	274,312	241,388	483,906	57%		(32,924)	(14%)
CONCRETE REPAIR/REPLACEMENT	45,446	30,497	200,052	184,003	369,203	54%		(16,049)	(9%)
ELECTRICAL SERVICE	25,994	33,874	147,993	205,290	411,587	36%		57,297	28%
APPLIANCE REPAIRS	20,168	25,239	143,203	152,861	306,455	47%		9,658	6%
INTERIOR PREVENTIVE MAINTENANCE	32,025	28,581	159,507	173,365	347,649	46%		13,858	8%
JANITORIAL SERVICE	22,656	30,382	160,154	184,208	369,615	43%		24,054	13%
PEST CONTROL	6,823	12,414	22,822	74,484	148,987	15%		51,662	69%
GUTTER CLEANING	561	14,478	45,726	86,960	174,032	26%		41,234	47%
COUNTERTOP/FLOOR/TILE REPAIRS	13,266	12,090	72,040	73,266	146,872	49%		1,226	2%
WELDING	11,247	6,903	37,989	41,661	83,626	45%		3,672	9%
ENERGY PROGRAM	0	4,166	8,646	24,996	50,000	17%		16,350	65%
MISC. REPAIRS BY OUTSIDE SERVICE	6,633	2,083	10,538	12,498	25,000	42%		1,960	16%
TRAFFIC CONTROL	1,283	1,398	6,252	8,434	16,935	37%		2,183	26%
FIRE PROTECTION	2,987	1,058	5,046	6,348	12,700	40%		1,302	21%
TOTAL MAINTENANCE PROGRAMS	\$364,288	\$345,058	\$2,124,749	\$2,087,926	\$4,185,785	51%	0	(\$36,823)	(2%)
CONTINGENCY FUND EXPENDITURES									
MOISTURE INTRUSION - RAIN LEAKS	\$36,666	\$18,794	\$224,841	\$112,764	\$225,537	100%		(\$112,077)	(99%)
MOISTURE INTRUSION - PLUMBING LEAKS	88,891	53,729	407,812	322,374	644,752	63%		(85,438)	(27%)
MOISTURE INTRUSION - PLUMBING STOPPAGES	21,464	23,243	73,342	139,458	278,926	26%		66,116	47%
MOISTURE INTRUSION - MISCELLANEOUS	7,966	6,565	51,565	39,390	78,786	65%		(12,175)	(31%)
DAMAGE RESTORATION SERVICES	213	11,958	5,371	72,052	144,256	4%		66,681	93%
SUPPL. APPROPRIATIONS	0	0	6,026	6,026	6,026	100%		0	0%
TOTAL CONTINGENCY FUND	\$155,200	\$114,289	\$768,957	\$692,064	\$1,378,283	56%		(\$76,894)	(11%)

**UNITED LAGUNA WOODS MUTUAL
MAINTENANCE PROGRAMS EXPENDITURES REPORT
AS OF JUNE 30, 2019**

YTD ACTUAL				
DESCRIPTION	TOTAL EXPENDITURES	LABOR	MATERIALS	OUTSIDE SERVICES
R BUILDING STRUCTURES	\$154,438	\$43,755	\$11,333	\$99,350
R ELECTRICAL SYSTEMS	215,721	0	0	215,721
R EXTERIOR WALKWAY LIGHTING	26,976	3,397	0	23,579
R FOUNDATIONS	4,615	0	0	4,615
R GUTTER REPLACEMENT	50,880	47,054	3,826	0
R LANDSCAPE MODIFICATION	37,667	25,287	12,380	0
R PAINT - EXTERIOR	933,907	812,132	121,739	37
R PAVING	21,630	20,269	1,360	0
R PRIOR TO PAINT	517,239	443,056	73,800	383
R ROOF REPLACEMENTS	466,125	0	0	466,125
R TREE MAINTENANCE	632,541	632,541	0	0
R WALL REPLACEMENT	9,838	0	0	9,838
R WASTE LINE REMEDIATION	367,556	13,055	752	353,749
R WATER LINE - COPPER PIPE REMEDIATION	174,131	0	0	174,131
R WINDOW/SLIDING SCREEN DOOR	36,493	16,172	14,209	6,113
R BASINS/SINKS/TOILETS	122,214	32,765	89,450	0
R COOKTOPS	61,299	11,994	40,247	9,058
R COUNTER TOPS/FLOORS/SHOWER ENCLOSURES	491,017	277,109	150,863	63,045
R DISHWASHERS	51,899	18,171	29,280	4,449
R DRYERS	3,551	151	0	3,400
R GARBAGE DISPOSALS	56,784	17,150	39,634	0
R HOODS	11,782	4,224	5,847	1,711
R OVENS	66,618	20,717	35,752	10,148
R RANGES	4,678	1,472	2,521	684
R REFRIGERATORS	99,970	21,621	62,346	16,002
R RESALE INSPECTION REPLACEMENTS	0	0	0	0
R WASHING MACHINES	974	974	0	0
R WATER HEATERS & PERMITS	1,432,266	120,035	587,856	724,374
R SUPPL. APPROPRIATIONS	50,000	0	0	50,000
TOTAL RESERVE FUND	\$6,102,809	\$2,583,101	\$1,283,194	\$2,236,514
O CARPENTRY SERVICE	274,312	237,364	34,755	2,194
O CONCRETE REPAIR/REPLACEMENT	200,052	184,528	15,525	0
O COUNTERTOP/FLOOR/TILE REPAIRS	72,040	63,479	4,031	4,530
O ELECTRICAL SERVICE	147,993	123,971	21,680	2,342
O ENERGY PROGRAM	8,646	0	0	8,646
O FIRE PROTECTION	5,046	0	442	4,604
O GUTTER CLEANING	45,726	42,827	0	2,898
O INTERIOR PREVENTIVE MAINTENANCE	159,507	158,467	1,039	0
O JANITORIAL SERVICE	160,154	160,154	0	0
O MISCELLANEOUS REPAIRS BY OUTSIDE SERVICE	10,538	0	0	10,538
O PEST CONTROL	22,822	0	0	22,822
O PLUMBING SERVICE	830,470	569,482	42,858	218,131
O TRAFFIC CONTROL	6,252	6,204	48	0
O WELDING	37,989	34,753	941	2,295
O APPLIANCE REPAIRS	143,203	130,641	12,562	0
TOTAL OPERATING FUND	\$2,124,749	\$1,711,870	\$133,880	\$278,999
C MOISTURE INTRUSION - RAIN LEAKS	\$224,841	\$0	\$0	\$224,841
C MOISTURE INTRUSION - PLUMBING LEAKS	407,812	0	0	407,812
C MOISTURE INTRUSION - PLUMBING STOPPAGES	73,342	0	0	73,342
C MOISTURE INTRUSION - MISCELLANEOUS	51,565	0	0	51,565
C DAMAGE RESTORATION SERVICES	5,371	5,048	98	225
C SUPPL. APPROPRIATIONS	6,026	0	0	6,026
TOTAL CONTINGENCY FUND	\$768,957	\$5,048	\$98	\$763,812

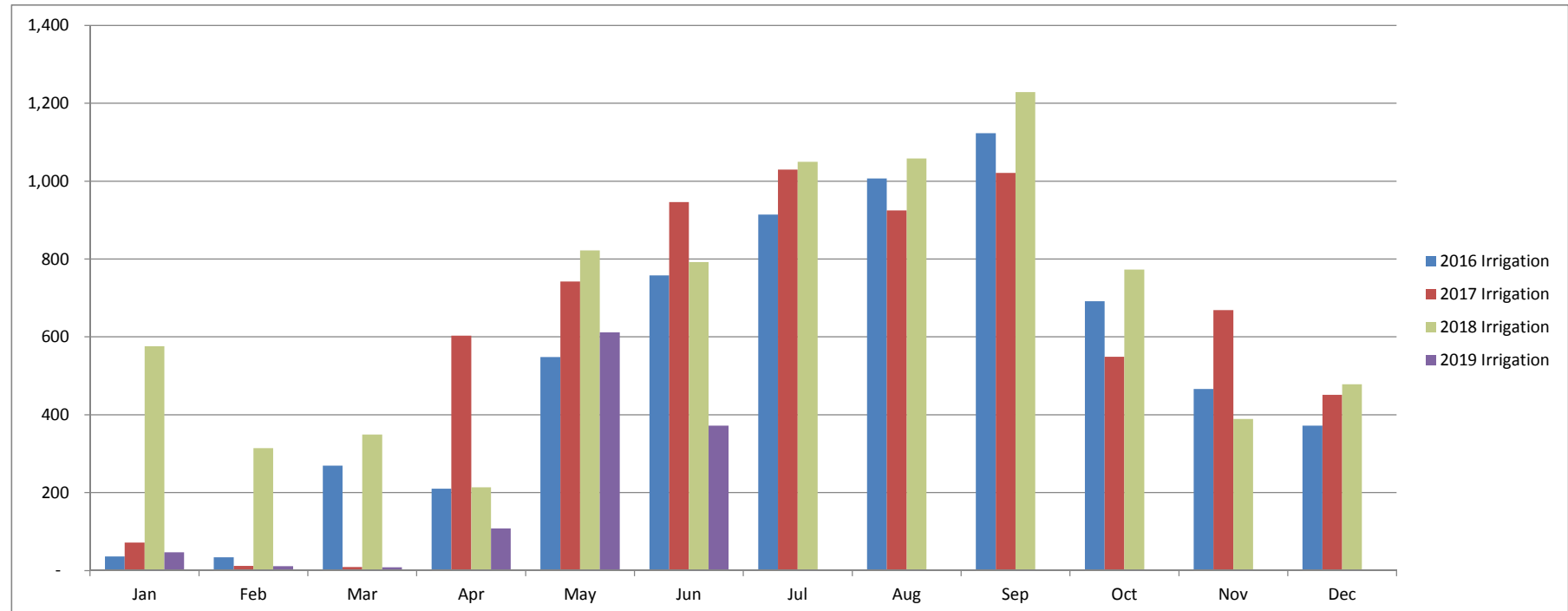
United Mutual Water Usage in 100 cubic feet units

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Total
2016	21,572	17,707	29,756	27,350	38,988	49,431	58,301	56,657	66,517	44,732	34,747	33,096	184,804	478,854
2017	21,326	16,898	16,207	41,450	51,184	61,199	64,301	60,140	68,826	42,530	46,232	35,259	208,264	525,552
2018	42,632	29,513	30,299	25,881	46,405	49,466	64,821	63,964	66,621	41,517	38,135	28,295	224,196	527,549
2019	20,437	17,551	15,895	22,897	48,490	38,729	-	-	-	-	-	-	163,999	163,999



United Mutual
Irrigation Water Usage in 100 cubic feet units

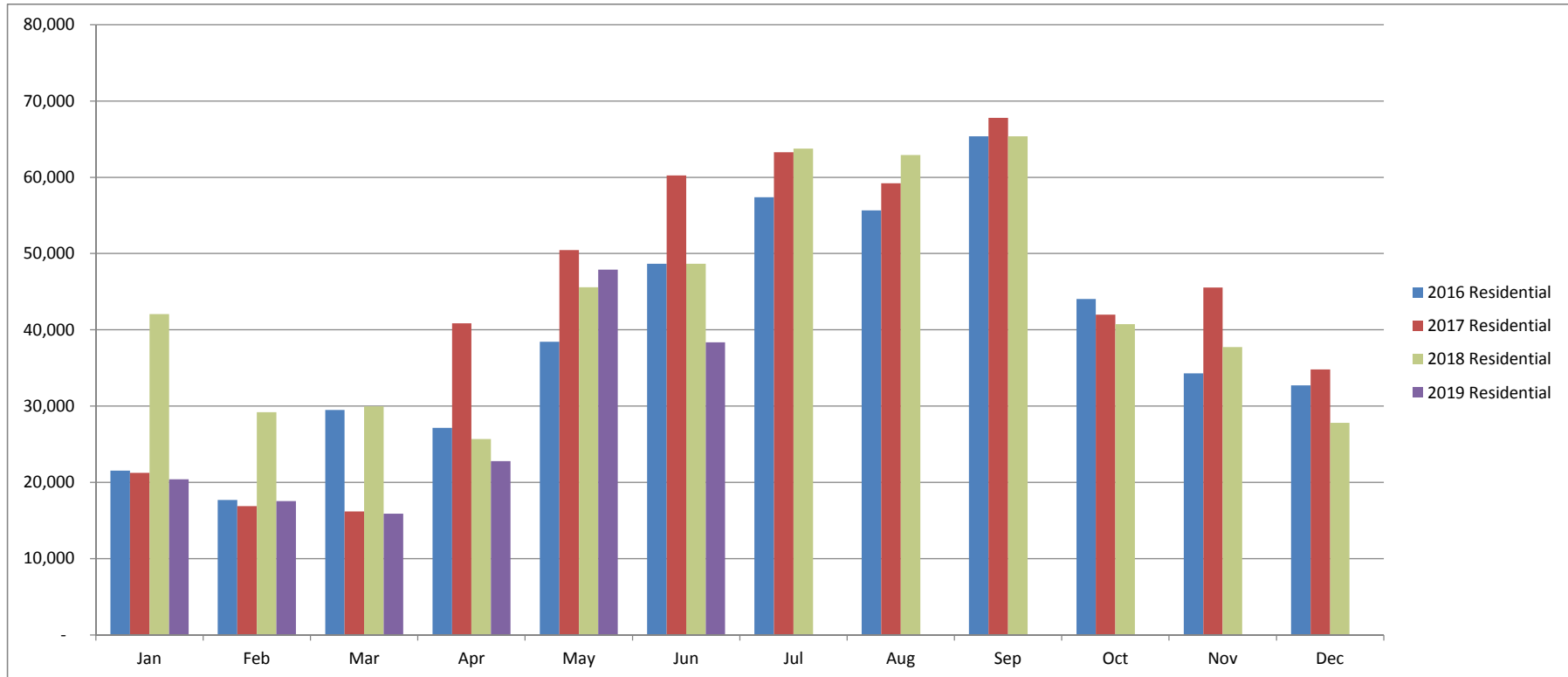
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Total
2016 Irrigation	36	34	269	210	548	758	914	1,007	1,123	692	466	372	1,855	6,429
2017 Irrigation	72	12	9	603	742	946	1,030	925	1,021	549	669	451	2,384	7,029
2018 Irrigation	576	314	349	214	822	792	1,050	1,058	1,229	773	389	478	3,067	8,044
2019 Irrigation	47	11	8	108	612	372	-	-	-	-	-	-	1,158	1,158



United Mutual

Residential Water Usage in 100 cubic feet units

Date	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Total
2016 Residential	21,536	17,673	29,487	27,140	38,440	48,673	57,387	55,650	65,394	44,040	34,281	32,724	182,949	472,425
2017 Residential	21,254	16,886	16,198	40,847	50,442	60,253	63,271	59,215	67,805	41,981	45,563	34,808	205,880	518,523
2018 Residential	42,056	29,199	29,950	25,667	45,583	48,674	63,771	62,906	65,392	40,744	37,746	27,817	221,129	519,505
2019 Residential	20,390	17,540	15,887	22,789	47,878	38,357	-	-	-	-	-	-	162,841	162,841





STAFF REPORT

DATE: July 30, 2019
FOR: Finance Committee
SUBJECT: Supplemental Funding for the 2019 Water Heater Replacement Program

RECOMMENDATION

Approve a supplemental appropriation in the amount of \$940,000 from the Replacement Fund to complete the backlog of water heater replacements in 2019.

BACKGROUND

The Board established a Reserve Fund for the replacement of residential water heaters on a proactive basis, replacing units during their 10th year in service, to coincide with the manufacturer's warranty. Planned expenditures are estimated on the basis of material cost and labor, plus inflation. The estimated cost also includes the code-required electrical work associated with the replacement, the water shut-off device and the cost for a city permit and inspection. The 2019 reserve expenditures plan includes \$1.1 Million for water heater replacements. The projection for total expenditures in the current year is close to \$2 Million.

In 2015, the City of Laguna Woods Building Department began enforcing the 2013 California Plumbing Code (CPC) regarding the installation of new replacement water heaters with temperature pressure (TP) relief valves. The Laguna Woods Village community was constructed in the mid 1960's and the original water heaters did not have TP valves, therefore drain lines were not installed in most units. When replacing the existing water heaters, the City began requiring that the new TP valve drain lines be routed from the unit's interior location to the exterior of the building. The water heater replacement program was placed on hold while alternatives were evaluated to this costly requirement, thus creating a significant backlog.

Staff worked with the City Building Official and eventually received approval for the use of a water shut off device in addition to the installation of a Smitty pan at the base of the water heater, as a secondary containment method, when directing a drain line to the exterior is not possible. The device cuts off the water supply and power to the water heater in the event of a failure.

DISCUSSION

In 2018, the water heater program restarted with a backlog of approximately 2,800 units past the 10-year life cycle. This number proved to be much larger than in-house staff resources could accommodate and outside vendors were contracted to assist.

At the start of 2019, the Mutual had 1,576 water heaters that required replacement. From January to May staff and contractors have installed 1,080 water heaters. There are currently 496 left to replace.

In June 2019, M&C staff halted non-emergency water heater replacements when it was determined that the program had exceeded the 2019 appropriation by \$275,000. On June 26, 2019, the M&C Committee directed staff to continue the water heater replacement program, and bring a report to the Finance Committee and Board in order to secure supplemental funding to cover the 2019 budget variance and complete the backlog of installations this year.

Although a large amount of water heaters were replaced in 2018 and 2019, staff has revised the water heater replacement program to maintain a standard amount of water heater replacements, during the 10-year cycle. This will ensure that the budget allocation in future years remain level. Completion of the existing backlog will also result in future cost reductions to the Mutual, as there will be less electrical labor required to replace units as they reach their warranty life.

FINANCIAL ANALYSIS

In order to bring the Mutual current with water heaters that have reached the end of their life cycle, a supplemental appropriation in the amount of \$940,000 from the Replacement Fund is required.

Prepared By: Ian Barnette, Maintenance Services Manager

Reviewed By: Ernesto Munoz, P.E., Maintenance and Construction Director
Betty Parker, CFO

Resolution 01-19-XX

Supplemental Funding for 2019 Water Heater Program

WHEREAS, United Laguna Woods Mutual was constructed in the mid 1960's and the original water heaters did not have temperature pressure (TP) relief valves, therefore drain lines were not installed in most units; and

WHEREAS, in 2015, the City of Laguna Woods Building Department began enforcing the 2013 California Plumbing Code (CPC) regarding the installation of new replacement water heaters with (TP) relief valves; and

WHEREAS, the water heater replacement program was placed on hold while staff researched alternatives to this costly requirement, thus creating a significant backlog; and

WHEREAS, United Mutual eventually received approval to use of a water shut off device in addition to the installation of a Smitty pan at the base of the water heater, as a secondary containment method, when directing a drain line to the exterior is not possible; and

WHEREAS, current funding is not sufficient to complete the backlog of water heater installations; and

WHEREAS, the completion of the water heater program would require a supplemental appropriation in the amount of \$940,000 to be funded from the Replacement Fund to cover the 2019 budget variance and complete the backlog of installations this year; and

WHEREAS, on June 26, 2019, the M&C Committee directed staff to continue the water heater replacement program, and bring a report to the Finance Committee and Board in order to secure supplemental funding.

NOW THEREFORE BE IT RESOLVED, on August 13, 2019, the Board of Directors of this Corporation hereby authorizes a supplemental appropriation in the amount of \$940,000, to be funded from the Replacement Fund, to fund the budget variance and complete the backlog of water heater replacements in 2019; and

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out this resolution.