



**REGULAR MEETING OF THE FINANCE COMMITTEE**

**Tuesday, November 26, 2019 – 1:30 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 September 24, 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. Insurance Program Update

**Items for Discussion and Consideration**

10. 2020 Fee Update
11. 2020 Finance Committee Meeting Dates
12. Finance Committee Charter
13. Section 5500 Operating and Reserve Accounts
14. Endorsements from Standing Committees

**Future Agenda Items**

**Concluding Business:**

15. Committee Member Comments
16. Date of Next Meeting – Tuesday, January 28, 2020 at 1:30 p.m.
17. Recess to Closed Session

Elsie Addington, 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, September 24, 2019 – 1:30 p.m.  
Laguna Woods Village Community Center Sycamore Room, 24351 El Toro Road

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

**OTHERS PRESENT:** Dick Rader – VMS, Elizabeth Roper – Select Audit Task Force

**MEMBERS ABSENT:** Elsie Addington

**STAFF PRESENT:** Betty Parker, Steve Hormuth

**Call to Order**

Director Morrison chaired the meeting and called it to order at 1:30 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 July 30, 2019**

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

**Chair Remarks**

None.

**Member Comments (Items Not on the Agenda)**

Elizabeth Roper, Advisor on the Select Audit Task Force, commented on the accrual process and the timely recording of expenses by individual project. By consensus, the committee requested an inquiry be submitted to M&C Department asking for projects to be accrued at each quarter end; current practice is to accrue at year-end.

**Department Head Update**

Ms. Parker commented on the approval of the 2020 business plan, the next investment task force meeting on October 3, 2019 at 2:30 p.m. with an invitation to all boards, and the insurance program renewals for 2020.

**Section 5500 Operating and Reserve Accounts**

Ms. Parker provided an update on fund accounting between operating and reserves. Currently, two additional alternatives are being developed with projections on cost estimates and their associated anticipated benefits.

**Discuss Reserve and Contingency Funds**

Ms. Parker provided a verbal update to the committee on the differences between use of reserve and contingency funds for unexpected costs.

**Review Preliminary Financial Statements dated August 31, 2019**

The committee reviewed Financial Statements for August 31, 2019. Discussion ensued and questions were addressed.

**Member Comments**

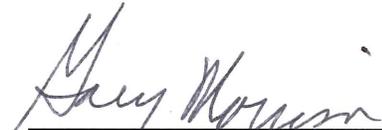
Director Margolis commented on going to small claims court and obtaining liens for unpaid chargeable services. Staff reminded the committee that liens are recorded for assessments but not for chargeable services.

**Date of Next Meeting**

Tuesday, November 26, 2019 at 1:30 p.m. in the Sycamore Room.

**Recess to Closed Session**

The meeting recessed to closed session at 2:30 p.m.

  
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Gary Morrison, Chair

**United Laguna Woods Mutual**  
**Statement of Revenues & Expenses - Preliminary**  
**10/31/2019**  
(\$ IN THOUSANDS)

	CURRENT MONTH			YEAR TO DATE			PRIOR YEAR ACTUAL	ANNUAL BUDGET	
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE			
<b>Revenues:</b>									
<b>Assessments:</b>									
1	Operating	\$2,337	\$2,229	\$108	\$23,372	\$22,290	\$1,082	\$22,690	\$26,750
2	Additions to restricted funds	1,031	1,031		10,306	10,306		9,927	12,368
3	Total assessments	3,368	3,260	108	33,679	32,596	1,082	32,617	39,118
<b>Non-assessment revenues:</b>									
4	Merchandise sales	1	2	(1)	6	25	(19)	22	30
5	Fees and charges for services to residents	51	40	12	491	396	95	322	475
6	Laundry	19	23	(4)	211	233	(22)	227	280
7	Interest income	33	24	9	371	241	130	319	289
8	Unrealized gain/(loss) on AFS investments				274		274		
9	Miscellaneous	57	53	3	471	534	(62)	511	641
10	Total non-assessment revenue	161	143	18	1,824	1,429	395	1,401	1,715
11	Total revenue	3,529	3,403	126	35,502	34,025	1,477	34,019	40,832
<b>Expenses:</b>									
12	Employee compensation and related	1,195	1,255	60	11,723	12,408	685	11,411	14,884
13	Materials and supplies	284	256	(29)	2,758	2,556	(201)	2,521	3,068
14	Utilities and telephone	358	359	1	3,554	3,569	16	3,635	4,232
15	Legal fees	29	15	(14)	187	146	(41)	169	175
16	Professional fees	8	9	1	131	149	17	127	168
17	Equipment rental	3	3		20	31	11	15	37
18	Outside services	1,072	654	(418)	7,080	6,540	(540)	6,038	7,848
19	Repairs and maintenance	3	4	1	29	39	10	41	47
20	Other Operating Expense	14	15	1	135	155	20	116	186
21	Income taxes				3		(3)	25	
22	Property and sales tax	892	818	(75)	9,165	8,176	(989)	8,494	9,811
23	Insurance	171	108	(64)	1,127	1,077	(50)	1,029	1,292
24	Investment expense	10	3	(7)	29	31	2	28	37
25	Uncollectible Accounts	(8)		8	22		(22)	34	
26	(Gain)/loss on sale or trade		(1)	(1)	2	(6)	(8)	(2)	(8)
27	Depreciation and amortization	17	17		173	173		177	208
28	Net allocation to mutuals	114	99	(15)	1,020	985	(35)	931	1,185
29	Total expenses	4,162	3,614	(548)	37,158	36,029	(1,129)	34,789	43,171
30	Excess of revenues over expenses	(\$633)	(\$211)	(\$422)	(\$1,656)	(\$2,004)	\$348	(\$770)	(\$2,339)

**United Laguna Woods Mutual  
Operating Statement  
10/31/2019**

UNITED LAGUNA WOODS MUTUAL

	<u>Actual</u>	<u>Budget</u>	<u>YEAR TO DATE VAR\$ B/(W)</u>	<u>VAR% B/(W)</u>	<u>ANNUAL BUDGET</u>
Revenues:					
Assessments:					
<b>Operating</b>					
41001000 - Monthly Assessments	\$13,448,389	\$13,448,389	\$0	0.00%	\$16,139,892
41007000 - Monthly Assessments - Property Taxes	8,901,740	8,175,650	726,090	8.88%	9,810,779
41007500 - Monthly Assessments - Supplemental Property Taxes	356,166	0	356,166	0.00%	0
41008000 - Monthly Assessments - Property Insurance	665,936	665,940	(4)	0.00%	799,133
<b>Total Operating</b>	<b>23,372,230</b>	<b>22,289,979</b>	<b>1,082,251</b>	<b>4.86%</b>	<b>26,749,804</b>
<b>Additions To Restricted Funds</b>					
41001500 - Monthly Assessments - Contingency Fund	948,450	948,450	0	0.00%	1,138,140
41003500 - Monthly Assessments - Replacement Fund	9,358,040	9,358,040	0	0.00%	11,229,648
<b>Total Additions To Restricted Funds</b>	<b>10,306,490</b>	<b>10,306,490</b>	<b>0</b>	<b>0.00%</b>	<b>12,367,788</b>
<b>Total Assessments</b>	<b>33,678,720</b>	<b>32,596,469</b>	<b>1,082,251</b>	<b>3.32%</b>	<b>39,117,592</b>
Non-Assessment Revenues:					
<b>Merchandise Sales</b>					
41501500 - Merchandise Sales - Warehouse	5,539	24,990	(19,451)	(77.84%)	30,000
<b>Total Merchandise Sales</b>	<b>5,539</b>	<b>24,990</b>	<b>(19,451)</b>	<b>(77.84%)</b>	<b>30,000</b>
<b>Fees and Charges for Services to Residents</b>					
46501000 - Permit Fee	143,294	62,681	80,612	128.61%	75,223
46501500 - Inspection Fee	48,917	44,870	4,047	9.02%	53,849
46502000 - Resident Maintenance Fee	298,397	288,292	10,105	3.51%	346,066
<b>Total Fees and Charges for Services to Residents</b>	<b>490,607</b>	<b>395,843</b>	<b>94,764</b>	<b>23.94%</b>	<b>475,138</b>
<b>Laundry</b>					
46005000 - Coin Op Laundry Machine	211,298	233,330	(22,032)	(9.44%)	280,000
<b>Total Laundry</b>	<b>211,298</b>	<b>233,330</b>	<b>(22,032)</b>	<b>(9.44%)</b>	<b>280,000</b>
<b>Interest Income</b>					
49001000 - Interest Income - Treasury Notes	103,759	59,601	44,158	74.09%	71,522
49001500 - Interest Income - Treasury Notes - Discretionary	190,824	126,159	64,665	51.26%	151,391
49002000 - Interest Income - Money Market	4,162	1,314	2,848	216.81%	1,576
49002500 - Interest Income - Gnma Securities - Discretionary	72,121	53,703	18,418	34.29%	64,444
<b>Total Interest Income</b>	<b>370,866</b>	<b>240,778</b>	<b>130,088</b>	<b>54.03%</b>	<b>288,933</b>
<b>Unrealized Gain/(Loss) On AFS Investments</b>					
49008100 - Unrealized Gain/(Loss) On Available For Sale Investments	273,961	0	273,961	0.00%	0
<b>Total Unrealized Gain/(Loss) On AFS Investments</b>	<b>273,961</b>	<b>0</b>	<b>273,961</b>	<b>0.00%</b>	<b>0</b>
<b>Miscellaneous</b>					
46004500 - Resident Violations	44,600	8,330	36,270	435.41%	10,000
44501000 - Additional Occupant Fee	33,840	60,000	(26,160)	(43.60%)	72,000
44501500 - Lease Processing Fee - United	107,800	100,000	7,800	7.80%	120,000
44502000 - Variance Processing Fee	3,150	10,410	(7,260)	(69.74%)	12,500
44503000 - Stock Transfer Fee	10,150	10,830	(680)	(6.28%)	13,000
44503510 - Resale Processing Fee - United	105,084	175,000	(69,916)	(39.95%)	210,000
44507000 - Golf Cart Electric Fee	49,531	50,000	(469)	(0.94%)	60,000
44507200 - Electric Vehicle Plug-In Fee	11,035	5,000	6,035	120.69%	6,000
44507500 - Cartport/Carport Space Rental Fee	2,125	2,500	(375)	(14.99%)	3,000
47001500 - Late Fee Revenue	34,991	40,000	(5,009)	(12.52%)	48,000
47002010 - Collection Administrative Fee - United	62,580	60,000	2,580	4.30%	72,000
47002500 - Collection Interest Revenue	6,893	0	6,893	0.00%	0
47501000 - Recycling	4,094	3,330	764	22.94%	4,000
48001000 - Legal Fee	0	8,330	(8,330)	(100.00%)	10,000
49009000 - Miscellaneous Revenue	(4,496)	0	(4,496)	0.00%	0
<b>Total Miscellaneous</b>	<b>471,377</b>	<b>533,730</b>	<b>(62,353)</b>	<b>(11.68%)</b>	<b>640,500</b>
<b>Total Non-Assessment Revenue</b>	<b>1,823,648</b>	<b>1,428,670</b>	<b>394,977</b>	<b>27.65%</b>	<b>1,714,571</b>
<b>Total Revenue</b>	<b>35,502,368</b>	<b>34,025,139</b>	<b>1,477,229</b>	<b>4.34%</b>	<b>40,832,163</b>

Expenses:  
**Employee Compensation**

**United Laguna Woods Mutual  
Operating Statement**

**10/31/2019**

UNITED LAGUNA WOODS MUTUAL

	YEAR TO DATE				ANNUAL
	Actual	Budget	VAR\$ B/(W)	VAR% B/(W)	BUDGET
51011000 - Salaries & Wages - Regular	2,053,628	2,188,786	135,158	6.18%	2,629,806
51021000 - Union Wages - Regular	4,945,092	5,438,398	493,306	9.07%	6,529,655
51041000 - Wages - Overtime	41,195	24,340	(16,855)	(69.25%)	29,215
51051000 - Union Wages - Overtime	109,026	53,624	(55,403)	(103.32%)	64,364
51061000 - Holiday & Vacation	737,637	644,164	(93,473)	(14.51%)	773,571
51071000 - Sick	268,641	262,750	(5,890)	(2.24%)	315,535
51091000 - Missed Meal Penalty	3,282	750	(2,532)	(337.56%)	910
51101000 - Temporary Help	85,502	42,271	(43,231)	(102.27%)	50,735
51981000 - Compensation Accrual	(64,596)	3,055	67,650	2214.71%	3,670
<b>Total Employee Compensation</b>	<b>8,179,407</b>	<b>8,658,138</b>	<b>478,732</b>	<b>5.53%</b>	<b>10,397,460</b>
<b>Compensation Related</b>					
52411000 - F.I.C.A.	612,869	648,424	35,555	5.48%	776,410
52421000 - F.U.I.	8,432	12,675	4,244	33.48%	13,222
52431000 - S.U.I.	64,757	58,011	(6,745)	(11.63%)	58,909
52441000 - Union Medical	1,567,876	1,762,055	194,179	11.02%	2,114,466
52451000 - Workers' Compensation Insurance	705,102	637,673	(67,429)	(10.57%)	765,713
52461000 - Non Union Medical & Life Insurance	267,324	247,334	(19,990)	(8.08%)	296,801
52471000 - Union Retirement Plan	321,189	287,803	(33,385)	(11.60%)	345,553
52481000 - Non-Union Retirement Plan	43,646	95,446	51,801	54.27%	114,678
52981000 - Compensation Related Accrual	(47,805)	631	48,436	7680.89%	765
<b>Total Compensation Related</b>	<b>3,543,387</b>	<b>3,750,052</b>	<b>206,665</b>	<b>5.51%</b>	<b>4,486,515</b>
<b>Materials and Supplies</b>					
53001000 - Materials & Supplies	469,266	487,043	17,777	3.65%	584,690
53003000 - Materials Direct	2,288,426	2,069,310	(219,116)	(10.59%)	2,483,765
<b>Total Materials and Supplies</b>	<b>2,757,692</b>	<b>2,556,353</b>	<b>(201,339)</b>	<b>(7.88%)</b>	<b>3,068,455</b>
<b>Utilities and Telephone</b>					
53301000 - Electricity	158,934	154,800	(4,134)	(2.67%)	185,320
53301500 - Sewer	1,465,327	1,477,400	12,073	0.82%	1,776,600
53302000 - Water	1,570,257	1,588,100	17,843	1.12%	1,850,960
53302500 - Trash	358,640	348,936	(9,705)	(2.78%)	418,741
53304000 - Telephone	526	0	(526)	0.00%	0
<b>Total Utilities and Telephone</b>	<b>3,553,684</b>	<b>3,569,236</b>	<b>15,552</b>	<b>0.44%</b>	<b>4,231,621</b>
<b>Legal Fees</b>					
53401500 - Legal Fees	186,684	145,830	(40,854)	(28.02%)	175,000
<b>Total Legal Fees</b>	<b>186,684</b>	<b>145,830</b>	<b>(40,854)</b>	<b>(28.02%)</b>	<b>175,000</b>
<b>Professional Fees</b>					
53402010 - Audit & Tax Preparation Fees - United	43,377	56,600	13,223	23.36%	57,600
53403500 - Consulting Fees	(14,810)	5,925	20,734	349.97%	7,116
53403510 - Consulting Fees - United	102,578	85,990	(16,588)	(19.29%)	103,199
<b>Total Professional Fees</b>	<b>131,145</b>	<b>148,515</b>	<b>17,369</b>	<b>11.70%</b>	<b>167,915</b>
<b>Equipment Rental</b>					
53501500 - Equipment Rental/Lease Fees	20,105	31,490	11,385	36.15%	37,424
<b>Total Equipment Rental</b>	<b>20,105</b>	<b>31,490</b>	<b>11,385</b>	<b>36.15%</b>	<b>37,424</b>
<b>Outside Services</b>					
53601000 - Bank Fees	5,378	3,391	(1,987)	(58.59%)	4,071
53601500 - Credit Card Transaction Fees	(33)	0	33	0.00%	0
54603500 - Outside Services Cost Collection	7,011,780	6,425,250	(586,530)	(9.13%)	7,710,601
53704000 - Outside Services	63,346	111,425	48,079	43.15%	133,771
<b>Total Outside Services</b>	<b>7,080,470</b>	<b>6,540,066</b>	<b>(540,404)</b>	<b>(8.26%)</b>	<b>7,848,443</b>
<b>Repairs and Maintenance</b>					
53701000 - Equipment Repair & Maint	6,271	13,152	6,881	52.32%	15,823
53703000 - Elevator /Lift Maintenance	22,853	25,840	2,987	11.56%	31,008
<b>Total Repairs and Maintenance</b>	<b>29,124</b>	<b>38,992</b>	<b>9,868</b>	<b>25.31%</b>	<b>46,831</b>
<b>Other Operating Expense</b>					
53801000 - Mileage & Meal Allowance	6,946	12,681	5,735	45.23%	15,244
53801500 - Travel & Lodging	961	856	(105)	(12.29%)	1,031
53802000 - Uniforms	63,862	71,801	7,939	11.06%	85,428
53802500 - Dues & Memberships	741	1,560	819	52.49%	2,054
53803000 - Subscriptions & Books	1,573	1,659	86	5.20%	1,992
53803500 - Training & Education	5,909	13,581	7,672	56.49%	16,324

**United Laguna Woods Mutual  
Operating Statement**

**10/31/2019**

UNITED LAGUNA WOODS MUTUAL

	YEAR TO DATE				ANNUAL
	Actual	Budget	VAR\$ B/(W)	VAR% B/(W)	BUDGET
53901500 - Volunteer Support	0	1,220	1,220	100.00%	1,626
53903000 - Safety	0	149	149	100.00%	182
54001000 - Board Relations	5,183	3,053	(2,130)	(69.77%)	3,666
54001010 - Board Relations - United	4,632	4,160	(472)	(11.34%)	5,000
54001500 - Public Relations	(1)	0	1	0.00%	0
54002000 - Postage	43,673	43,698	25	0.06%	52,439
54002500 - Filing Fees / Permits	1,738	1,026	(712)	(69.37%)	1,239
<b>Total Other Operating Expense</b>	<b>135,217</b>	<b>155,444</b>	<b>20,227</b>	<b>13.01%</b>	<b>186,226</b>
<b>Income Taxes</b>					
54301000 - State & Federal Income Taxes	3,010	0	(3,010)	0.00%	0
<b>Total Income Taxes</b>	<b>3,010</b>	<b>0</b>	<b>(3,010)</b>	<b>0.00%</b>	<b>0</b>
<b>Property and Sales Tax</b>					
54302000 - Property Taxes	9,164,657	8,175,650	(989,007)	(12.10%)	9,810,779
<b>Total Property and Sales Tax</b>	<b>9,164,657</b>	<b>8,175,650</b>	<b>(989,007)</b>	<b>(12.10%)</b>	<b>9,810,779</b>
<b>Insurance</b>					
54401000 - Hazard & Liability Insurance	362,313	349,952	(12,362)	(3.53%)	419,942
54401500 - D&O Liability	53,403	54,706	1,304	2.38%	65,650
54402000 - Property Insurance	707,204	665,943	(41,262)	(6.20%)	799,133
54403000 - General Liability Insurance	4,205	6,107	1,901	31.13%	7,328
<b>Total Insurance</b>	<b>1,127,126</b>	<b>1,076,707</b>	<b>(50,419)</b>	<b>(4.68%)</b>	<b>1,292,054</b>
<b>Investment Expense</b>					
54201000 - Investment Expense	28,847	30,655	1,808	5.90%	36,732
<b>Total Investment Expense</b>	<b>28,847</b>	<b>30,655</b>	<b>1,808</b>	<b>5.90%</b>	<b>36,732</b>
<b>Uncollectible Accounts</b>					
54602000 - Bad Debt Expense	22,111	0	(22,111)	0.00%	0
<b>Total Uncollectible Accounts</b>	<b>22,111</b>	<b>0</b>	<b>(22,111)</b>	<b>0.00%</b>	<b>0</b>
<b>(Gain)/Loss on Sale or Trade</b>					
54101000 - (Gain)/Loss - Warehouse Sales	(57)	(6,250)	(6,193)	(99.08%)	(7,500)
54101500 - (Gain)/Loss On Investments	2,127	0	(2,127)	0.00%	0
<b>Total (Gain)/Loss on Sale or Trade</b>	<b>2,069</b>	<b>(6,250)</b>	<b>(8,319)</b>	<b>(133.11%)</b>	<b>(7,500)</b>
<b>Depreciation and Amortization</b>					
55001000 - Depreciation And Amortization	173,342	173,342	0	0.00%	208,010
<b>Total Depreciation and Amortization</b>	<b>173,342</b>	<b>173,342</b>	<b>0</b>	<b>0.00%</b>	<b>208,010</b>
<b>Net Allocation to Mutuals</b>					
54602500 - Allocated Expenses	1,020,105	984,986	(35,119)	(3.57%)	1,184,743
<b>Total Net Allocation to Mutuals</b>	<b>1,020,105</b>	<b>984,986</b>	<b>(35,119)</b>	<b>(3.57%)</b>	<b>1,184,743</b>
<b>Total Expenses</b>	<b>37,158,183</b>	<b>36,029,205</b>	<b>(1,128,978)</b>	<b>(3.13%)</b>	<b>43,170,708</b>
<b>Excess of Revenues Over Expenses</b>	<b>(\$1,655,816)</b>	<b>(\$2,004,066)</b>	<b>\$348,250</b>	<b>17.38%</b>	<b>(\$2,338,545)</b>

**United Laguna Woods Mutual  
Balance Sheet - Preliminary  
10/31/2019**

		<u>Current Month End</u>	<u>Prior Year December 31</u>
<b>Assets</b>			
1	Cash and cash equivalents	\$3,511,665	\$3,195,910
2	Non-discretionary investments	5,979,810	4,952,044
3	Discretionary investments	15,388,640	15,069,666
4	Receivable/(Payable) from mutuals	996,253	2,098,613
5	Accounts receivable and interest receivable	1,061,566	(63,374)
6	Prepaid expenses and deposits	1,195,648	527,252
7	Property and equipment	91,989,605	91,989,605
8	Accumulated depreciation property and equipment	(83,755,680)	(83,753,128)
9	Beneficial interest in GRF of Laguna Hills Trust	5,821,340	5,992,130
10	Non-controlling interest in GRF	38,325,598	38,325,598
<b>11</b>	<b>Total Assets</b>	<b><u><u>\$80,514,444</u></u></b>	<b><u><u>\$78,334,314</u></u></b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
12	Accounts payable and accrued expenses	\$4,593,625	\$1,509,166
13	Accrued compensation and related costs	612,761	612,761
14	Deferred income	1,737,220	973,818
15	Income tax payable	558	12,474
16	Asset retirement obligation	1,128,798	1,128,798
17	Total liabilities	<u>\$8,072,963</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	(1,655,816)	(1,242,911)
20	Total fund balances	<u>72,441,481</u>	<u>74,097,297</u>
<b>21</b>	<b>Total Liabilities and Fund Balances</b>	<b><u><u>\$80,514,444</u></u></b>	<b><u><u>\$78,334,314</u></u></b>

11/15/2019

**United Laguna Woods Mutual  
Fund Balance Sheet - Preliminary  
10/31/2019**

	<u>Operating Fund</u>	<u>Contingency Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
<b>Assets</b>				
1	Cash and cash equivalents	\$3,511,665		\$3,511,665
2	Non-discretionary investments	5,979,810		5,979,810
3	Discretionary investments	15,388,640		15,388,640
4	Receivable/(Payable) from mutuals	996,253		996,253
5	Receivable/(Payable) from operating fund	(20,041,625)	2,080,990	17,960,634
6	Accounts receivable and interest receivable	1,061,566		1,061,566
7	Prepaid expenses and deposits	1,195,648		1,195,648
8	Property and equipment	91,989,605		91,989,605
9	Accumulated depreciation property and equipment	(83,755,680)		(83,755,680)
10	Beneficial interest in GRF of Laguna Hills Trust	5,821,340		5,821,340
11	Non-controlling interest in GRF	38,325,598		38,325,598
<b>12</b>	<b>Total Assets</b>	<b><u>\$60,472,819</u></b>	<b><u>\$2,080,990</u></b>	<b><u>\$17,960,634</u></b>
				<b><u>\$80,514,444</u></b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
13	Accounts payable and accrued expenses	\$4,412,108	\$39,890	\$141,627
14	Accrued compensation and related costs	612,761		612,761
15	Deferred income	1,737,220		1,737,220
16	Income tax payable	558		558
17	Asset retirement obligation	1,128,798		1,128,798
18	Total liabilities	<u>\$7,891,445</u>	<u>\$39,890</u>	<u>\$141,627</u>
				<u>\$8,072,963</u>
Fund balances:				
19	Fund balance prior years	52,383,943	2,661,010	19,052,344
20	Change in fund balance - current year	197,431	(619,910)	(1,233,337)
21	Total fund balances	<u>52,581,374</u>	<u>2,041,100</u>	<u>17,819,007</u>
				<u>72,441,481</u>
<b>22</b>	<b>Total Liabilities and Fund Balances</b>	<b><u>\$60,472,819</u></b>	<b><u>\$2,080,990</u></b>	<b><u>\$17,960,634</u></b>
				<b><u>\$80,514,444</u></b>

11/15/2019

**United Laguna Woods Mutual  
Changes in Fund Balances - Preliminary  
10/31/2019**

	<u>Operating Fund</u>	<u>Contingency Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Revenues:				
Assessments:				
1	Operating	\$23,372,230		\$23,372,230
2	Additions to restricted funds		948,450	10,306,490
3	Total assessments	<u>23,372,230</u>	<u>948,450</u>	<u>9,358,040</u>
Non-assessment revenues:				
4	Merchandise sales	1,560	3,979	5,539
5	Fees and charges for services to residents	490,607		490,607
6	Laundry	211,298		211,298
7	Interest income		45,257	370,866
8	Unrealized gain/(loss) on AFS investments	273,961		273,961
9	Miscellaneous	471,377		471,377
10	Total non-assessment revenue	<u>1,448,803</u>	<u>45,257</u>	<u>329,588</u>
11	Total revenue	<u>24,821,033</u>	<u>993,707</u>	<u>9,687,628</u>
Expenses:				
12	Employee compensation and related	7,982,909	5,353	3,734,532
13	Materials and supplies	687,945	303	2,069,444
14	Utilities and telephone	3,546,439	45	7,201
15	Legal fees	186,684		186,684
16	Professional fees	81,145		50,000
17	Equipment rental	4,325	32	15,747
18	Outside services	689,561	1,603,914	4,786,995
19	Repairs and maintenance	26,868	2	2,254
20	Other Operating Expense	108,070	31	27,116
21	Income taxes	3,010		3,010
22	Property and sales tax	9,164,657		9,164,657
23	Insurance	1,127,126		1,127,126
24	Investment expense		3,486	25,361
25	Uncollectible Accounts	22,111		22,111
26	(Gain)/loss on sale or trade	(57)	261	1,866
27	Depreciation and amortization	173,342		173,342
28	Net allocations to mutuals	819,467	189	200,449
29	Total expenses	<u>24,623,602</u>	<u>1,613,616</u>	<u>10,920,964</u>
30	Excess of revenues over expenses	<u>\$197,431</u>	<u>(\$619,910)</u>	<u>(\$1,233,337)</u>
31	Excluding unrealized gain/(loss) and depreciation	<u>\$96,812</u>	<u>(\$619,910)</u>	<u>(\$1,756,434)</u>

**UNITED LAGUNA WOODS MUTUAL  
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	EFFECT. YIELD	ORIGINAL COST	ANNUALIZED YTD YIELD *
912796ST7	U.S. TREASURY BILL	0.00%	09-03-19	11-21-19	4,000,000.00	1.88%	3,983,822.56	
912796WGO	U.S. TREASURY BILL	0.00%	10-18-19	12-03-19	2,000,000.00	1.59%	1,995,987.78	
<b>TOTAL FOR NON-DISCRETIONARY INVESTMENTS</b>					<b>\$ 6,000,000.00</b>		<b>\$ 5,979,810.34</b>	<b>2.28%</b>

\*Yield is based on all investments held during the year

**UNITED LAGUNA WOODS MUTUAL  
DISCRETIONARY ACCOUNT - SAGEVIEW/FIDELITY  
SCHEDULE OF INVESTMENTS  
10/31/19**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECT. YIELD	ORIGINAL COST	ANNUALIZED YTD YIELD *
	FIDELITY MONEY MARKET				\$ 792,183.62		\$ 792,183.62	
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	
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	
912828Y46	U.S. TREASURY NOTE	2.63%	07-17-19	07-31-20	200,000.00	1.99%	201,289.40	
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 - SAGEVIEW/FIDELITY  
SCHEDULE OF INVESTMENTS**

10/31/19

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	\$14,624.63	3.12%	25,803.92	
36290YBU1/P621151X	GNMA SECURITIES	5.50%	05-24-07	05-15-22	25,780.25	5.50%	25,780.25	
36296DDR6/P687812X	GNMA SECURITIES	5.50%	09-22-08	08-15-23	22,311.40	3.37%	36,406.49	
36202FD78/P004626M	GNMA SECURITIES	4.50%	02-24-10	02-20-25	78,030.04	2.89%	121,522.23	
36202FD78/P004626M	GNMA SECURITIES	4.50%	09-17-13	02-20-25	92,814.68	3.28%	127,459.36	
36202FJC1/P004759M	GNMA SECURITIES	4.00%	02-16-12	08-20-25	66,991.16	2.25%	118,966.79	
36202FJC1/P004759M	GNMA SECURITIES	4.00%	03-19-12	08-20-25	94,608.71	2.27%	166,951.19	
3620AS6G9/P738971X	GNMA SECURITIES	3.00%	04-29-15	11-15-26	153,092.31	2.55%	179,829.31	
36176W6N6/P778777X	GNMA SECURITIES	3.50%	05-17-12	01-15-27	255,083.32	2.46%	363,212.58	
36202F2H8/P005276M	GNMA SECURITIES	3.00%	11-12-14	01-20-27	69,541.56	2.56%	81,338.06	
36179MAG5/PMA0007M	GNMA SECURITIES	3.00%	08-20-12	04-20-27	133,977.34	2.26%	177,556.70	
36179MGN4/PMA0205M	GNMA SECURITIES	3.00%	07-31-12	07-20-27	89,242.12	2.29%	116,929.62	
36179MP53/PMA0444M	GNMA SECURITIES	3.00%	12-18-12	10-20-27	116,972.97	2.33%	150,824.51	
36179MSB7/PMA0514M	GNMA SECURITIES	3.00%	05-14-14	11-20-27	117,749.65	2.59%	136,154.34	
36179MU32/PMA0602M	GNMA SECURITIES	3.00%	01-17-13	12-20-27	288,438.88	2.38%	363,516.43	
36179MZW3/PMA0757M	GNMA SECURITIES	3.00%	04-16-13	02-20-28	132,994.12	2.39%	166,809.71	
36179NMP0/PMA1266M	GNMA SECURITIES	3.50%	10-21-13	09-20-28	67,283.59	2.84%	82,807.74	
36179TY90/PMA5236M	GNMA SECURITIES	3.50%	06-13-18	06-20-33	762,509.82	3.40%	785,888.73	
36202T7B6/P609390X	GNMA SECURITIES	5.50%	09-22-03	04-15-33	24,109.93	3.56%	37,234.96	
36213CZ52/P550764X	GNMA SECURITIES	5.50%	09-19-07	12-15-35	29,530.02	7.05%	23,029.76	
36202FGD2/P004696M	GNMA SECURITIES	4.50%	06-21-10	05-20-40	112,960.91	3.58%	141,870.52	
36179QJT9/PMA2074M	GNMA SECURITIES	4.00%	11-13-17	07-20-44	84,813.96	3.68%	92,233.47	
36179QL74/PMA2150M	GNMA SECURITIES	4.50%	09-11-14	08-20-44	171,110.11	3.22%	238,878.19	
36179QT50/PMA2372M	GNMA SECURITIES	4.00%	12-22-14	11-20-44	142,224.11	3.10%	183,731.59	
36179rvc0/PMA3311M	GNMA SECURITIES	4.00%	03-31-16	12-20-45	135,674.59	3.38%	160,698.67	
36179SUV7/PMA4196M	GNMA SECURITIES	3.50%	02-28-17	01-20-47	\$100,989.26	3.29%	107,582.17	
36179UKY7/PMA5711M	GNMA SECURITIES	4.50%	07-16-19	01-20-49	\$153,930.86	4.27%	162,375.44	
<b>TOTALS FOR DISCRETIONARY INVESTMENTS</b>					<b>14,479,573.92</b>		<b>15,388,639.91</b>	<b>1.87%</b>
<b>TOTAL INVESTMENTS</b>					<b>\$ 20,479,573.92</b>		<b>\$ 21,368,450.25</b>	<b>1.98%</b>

\*Yield is based on all investments held during the year

**United Laguna Woods Mutual  
Supplemental Appropriation Schedule  
Period Ending: 10/31/2019**

ITEM	RESOLUTION #	BUDGET	EXPENDITURES				FINANCIAL STATUS
		TOTAL Appropriations	I-T-D*	REMAINING Encumbrance	2019 Expenses	Prior to 2019	

**Reserve Fund**

Emergency Panel Replacements	01-18-99	48,000	28,961	19,039	0	28,961	Completed
Reserve Study	01-18-120	40,000	40,000	0	40,000	0	Completed
Reserve Study Additional Fund	01-19-24	10,000	10,000	0	10,000	0	Completed
Water Heater Replacement	01-19-66	940,000	761,520	178,480	761,520	0	Open
Laundry Room Coin Box Guards	01-19-64	20,000	0	20,000	0	0	Open
<b>Total</b>		<b>\$1,058,000</b>	<b>\$840,481</b>	<b>\$217,519</b>	<b>\$811,520</b>	<b>\$28,961</b>	

**Contingency Fund**

Energy Consultant Services	01-18-67	50,000	24,664	25,336	15,078	9,586	In Progress
2019 Fumigation Program	01-19-33	104,762	0	104,762	0	0	Open
Slope Repair Avenida Castilla	01-19-51	13,246	6,021	7,225	6,021	0	Open
<b>Total</b>		<b>\$168,008</b>	<b>\$30,685</b>	<b>\$137,323</b>	<b>\$21,099</b>	<b>\$9,586</b>	

\*Incurred To Date

**UNITED LAGUNA WOODS MUTUAL  
FUND EXPENDITURES REPORT  
AS OF OCTOBER 31, 2019**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		2019	%	NOTE	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET	BUDGET	EXPENDED		\$	%
<b>RESERVE EXPENDITURES</b>									
<b>REPLACEMENTS</b>									
BUILDING STRUCTURES	\$113,623	\$75,190	\$503,643	\$748,648	\$898,320	56%		\$245,005	33%
ELECTRICAL SYSTEMS	49,857	38,216	397,024	382,160	458,610	87%		(14,864)	(4%)
EXTERIOR WALKWAY LIGHTING	0	5,076	34,652	50,577	60,691	57%		15,925	31%
FOUNDATIONS	6,226	3,653	41,608	36,530	43,836	95%		(5,078)	(14%)
GUTTER REPLACEMENT	3,696	3,977	57,476	39,492	47,383	121%		(17,984)	(46%)
LANDSCAPE MODIFICATION	5,002	29,166	42,669	291,660	350,000	12%		248,991	85%
PAINT - EXTERIOR	189,053	153,389	1,610,375	1,520,360	1,823,867	88%		(90,015)	(6%)
PRIOR TO PAINT	99,908	83,047	791,509	822,782	987,116	80%		31,273	4%
PAVING	128,648	42,782	209,916	427,110	512,560	41%		217,193	51%
ROOF REPLACEMENTS	5,023	62,766	777,716	627,660	753,209	103%		(150,056)	(24%)
TREE MAINTENANCE	111,950	103,589	1,046,993	1,027,589	1,232,529	85%		(19,404)	(2%)
WALL REPLACEMENT	5,854	15,029	68,943	150,290	180,365	38%		81,347	54%
WASTE LINE REMEDIATION	122,457	174,999	1,404,479	1,749,993	2,100,000	67%		345,514	20%
WATER LINE - COPPER PIPE REMEDIATION	634	20,833	244,068	208,330	250,000	98%		(35,738)	(17%)
WINDOW/SLIDING SCREEN DOOR	1,678	7,248	56,021	72,227	86,676	65%		16,207	22%
SUPPL. APPROPRIATIONS	147,717	147,717	293,595	293,595	243,325	121%		0	0%
<b>SUB-TOTAL</b>	<b>\$991,325</b>	<b>\$966,677</b>	<b>\$7,580,688</b>	<b>\$8,449,002</b>	<b>\$10,028,486</b>	<b>76%</b>		<b>\$868,314</b>	<b>10%</b>
<b>APPLIANCE AND FIXTURE REPLACEMENTS</b>									
COOKTOPS	\$6,248	\$5,928	\$91,119	\$59,159	\$70,999	128%		(\$31,960)	(54%)
DISHWASHERS	6,971	7,131	80,053	71,062	85,280	94%		(8,991)	(13%)
BASINS/SINKS/TOILETS	24,546	26,479	217,703	264,342	317,250	69%		46,640	18%
GARBAGE DISPOSALS	9,013	9,628	89,049	96,045	115,257	77%		6,996	7%
HOODS	2,060	2,975	18,102	29,644	35,574	51%		11,542	39%
COUNTER TOPS/FLOORS/SHOWER ENCLOSURES	86,334	102,831	815,070	1,023,998	1,228,721	66%		208,927	20%
OVENS	6,526	9,262	109,034	92,499	110,999	98%		(16,535)	(18%)
RANGES	1,176	2,089	8,112	20,835	25,000	32%		12,722	61%
REFRIGERATORS	13,386	18,988	164,294	189,472	227,359	72%		25,177	13%
WATER HEATERS & PERMITS	2,626	94,945	1,714,246	945,100	1,133,990	151%		(769,146)	(81%)
DRYERS	0	1,125	3,551	11,226	13,474	26%		7,674	68%
WASHING MACHINES	0	2,437	2,717	24,331	29,200	9%		21,614	89%
<b>SUB-TOTAL</b>	<b>\$158,886</b>	<b>\$283,818</b>	<b>\$3,313,050</b>	<b>\$2,827,711</b>	<b>\$3,393,103</b>	<b>98%</b>		<b>(\$485,339)</b>	<b>(17%)</b>
<b>TOTAL RESERVE FUND</b>	<b>\$1,150,211</b>	<b>\$1,250,495</b>	<b>\$10,893,738</b>	<b>\$11,276,713</b>	<b>\$13,421,592</b>	<b>81%</b>		<b>\$382,976</b>	<b>3%</b>

\*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 OCTOBER 31, 2019**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		2019 BUDGET	%	NOTE	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET				\$	%
<b>OPERATING EXPENDITURES</b>									
PLUMBING SERVICE	\$147,467	\$104,229	\$1,358,930	\$1,032,908	\$1,239,218	110%		(\$326,022)	(32%)
CARPENTRY SERVICE	51,320	40,702	425,666	403,334	483,906	88%		(22,333)	(6%)
CONCRETE REPAIR/REPLACEMENT	44,805	31,043	367,430	307,630	369,203	100%		(59,800)	(19%)
ELECTRICAL SERVICE	26,104	34,631	264,001	343,057	411,587	64%		79,056	23%
APPLIANCE REPAIRS	26,489	25,768	238,417	255,406	306,455	78%		16,988	7%
INTERIOR PREVENTIVE MAINTENANCE	32,211	29,277	291,030	289,775	347,649	84%		(1,255)	(0%)
JANITORIAL SERVICE	20,790	31,145	251,389	307,968	369,615	68%		56,579	18%
PEST CONTROL	9,698	12,414	71,445	124,140	148,987	48%		52,695	42%
GUTTER CLEANING	0	14,528	46,960	145,020	174,032	27%		98,060	68%
COUNTERTOP/FLOOR/TILE REPAIRS	23,646	12,349	140,006	122,402	146,872	95%		(17,603)	(14%)
WELDING	4,602	7,034	51,020	69,665	83,626	61%		18,645	27%
ENERGY PROGRAM	3,268	4,166	16,593	41,660	50,000	33%		25,067	60%
MISC. REPAIRS BY OUTSIDE SERVICE	381	2,083	24,573	20,830	25,000	98%		(3,743)	(18%)
TRAFFIC CONTROL	318	1,423	8,239	14,102	16,935	49%		5,863	42%
FIRE PROTECTION	298	1,058	7,623	10,580	12,700	60%		2,957	28%
<b>TOTAL MAINTENANCE PROGRAMS</b>	<b>\$391,398</b>	<b>\$351,849</b>	<b>\$3,563,321</b>	<b>\$3,488,476</b>	<b>\$4,185,785</b>	<b>85%</b>	<b>0</b>	<b>(\$74,845)</b>	<b>(2%)</b>

**CONTINGENCY FUND EXPENDITURES**

MOISTURE INTRUSION - RAIN LEAKS	\$41,213	\$18,794	\$319,730	\$187,940	\$225,537	142%		(\$131,790)	(70%)
MOISTURE INTRUSION - PLUMBING LEAKS	195,609	53,729	872,788	537,290	644,752	135%		(335,498)	(62%)
MOISTURE INTRUSION - PLUMBING STOPPAGES	49,401	23,243	197,887	232,430	278,926	71%		34,543	15%
MOISTURE INTRUSION - MISCELLANEOUS	37,927	6,565	145,768	65,650	78,786	185%		(80,118)	(122%)
DAMAGE RESTORATION SERVICES	9,267	12,070	53,768	120,219	144,256	37%		76,606	64%
SUPPL. APPROPRIATIONS	0	0	21,099	21,099	21,099	100%		0	0%
<b>TOTAL CONTINGENCY FUND</b>	<b>\$333,417</b>	<b>\$114,401</b>	<b>\$1,611,040</b>	<b>\$1,164,628</b>	<b>\$1,393,355</b>	<b>116%</b>		<b>(\$436,257)</b>	<b>(37%)</b>

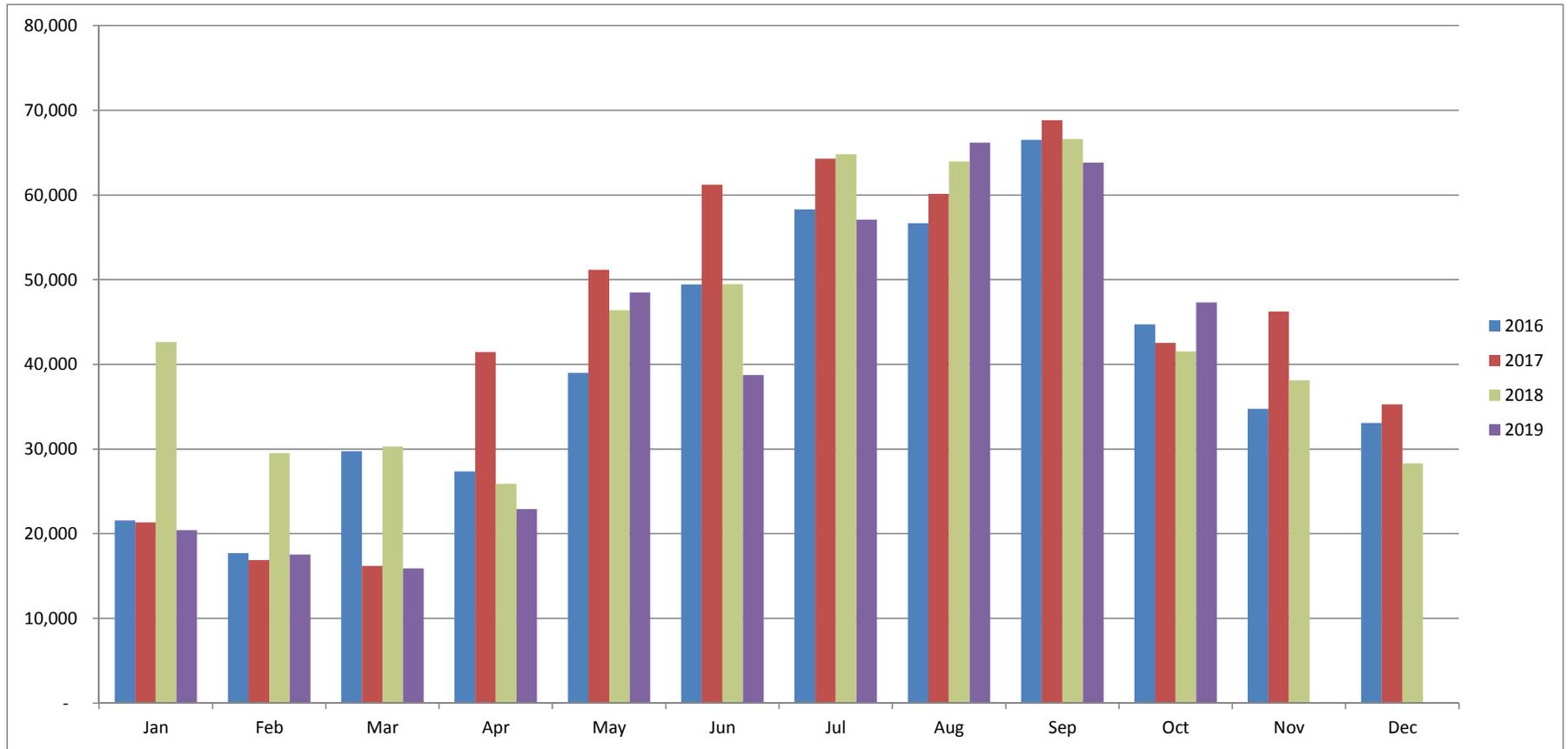
**UNITED LAGUNA WOODS MUTUAL  
MAINTENANCE PROGRAMS EXPENDITURES REPORT  
AS OF OCTOBER 31, 2019**

**YTD ACTUAL**

DESCRIPTION	TOTAL			OUTSIDE
	EXPENDITURES	LABOR	MATERIALS	SERVICES
R BUILDING STRUCTURES	\$555,154	\$112,328	\$22,855	\$419,971
R ELECTRICAL SYSTEMS	397,024	0	0	397,024
R EXTERIOR WALKWAY LIGHTING	34,652	4,035	10	30,607
R FOUNDATIONS	41,608	0	0	41,608
R GUTTER REPLACEMENT	57,476	53,754	3,721	0
R LANDSCAPE MODIFICATION	42,669	25,287	12,882	4,500
R PAINT - EXTERIOR	1,610,375	1,375,729	203,406	31,241
R PAVING	209,916	28,703	1,590	179,623
R PRIOR TO PAINT	791,509	672,247	119,777	(516)
R ROOF REPLACEMENTS	777,716	0	0	777,716
R TREE MAINTENANCE	1,046,993	1,046,993	0	0
R WALL REPLACEMENT	68,943	0	0	68,943
R WASTE LINE REMEDIATION	1,404,479	13,300	1,136	1,390,043
R WATER LINE - COPPER PIPE REMEDIATION	244,068	0	0	244,068
R WINDOW/SLIDING SCREEN DOOR	56,021	23,023	24,887	8,110
R BASINS/SINKS/TOILETS	217,049	54,096	162,952	0
R COOKTOPS	91,119	16,616	56,265	18,238
R COUNTER TOPS/FLOORS/SHOWER ENCLOSURES	799,224	416,397	265,770	117,057
R DISHWASHERS	80,053	28,538	45,289	6,226
R DRYERS	3,551	151	0	3,400
R GARBAGE DISPOSALS	89,049	28,217	60,832	0
R HOODS	18,102	6,101	9,170	2,831
R OVENS	109,034	28,259	59,698	21,076
R RANGES	8,112	2,306	4,136	1,670
R REFRIGERATORS	164,294	35,602	99,422	29,271
R RESALE INSPECTION REPLACEMENTS	0	0	0	0
R WASHING MACHINES	2,717	1,283	1,434	0
R WATER HEATERS & PERMITS	1,714,246	140,676	726,106	847,464
R SUPPL. APPROPRIATIONS	293,595	4,711	45,559	243,325
<b>TOTAL RESERVE FUND</b>	<b>\$10,928,749</b>	<b>\$4,118,353</b>	<b>\$1,926,898</b>	<b>\$4,883,498</b>
O CARPENTRY SERVICE	425,631	370,587	52,459	2,585
O CONCRETE REPAIR/REPLACEMENT	367,430	337,131	30,298	0
O COUNTERTOP/FLOOR/TILE REPAIRS	130,485	113,467	9,778	7,240
O ELECTRICAL SERVICE	264,001	223,509	38,150	2,342
O ENERGY PROGRAM	16,593	0	0	16,593
O FIRE PROTECTION	7,623	0	1,284	6,338
O GUTTER CLEANING	46,960	44,062	0	2,898
O INTERIOR PREVENTIVE MAINTENANCE	291,030	287,698	3,333	0
O JANITORIAL SERVICE	251,389	251,389	0	0
O MISCELLANEOUS REPAIRS BY OUTSIDE SERVICE	24,573	0	0	24,573
O PEST CONTROL	71,445	0	0	71,445
O PLUMBING SERVICE	1,358,919	953,435	65,454	340,030
O TRAFFIC CONTROL	8,239	8,191	48	0
O WELDING	51,020	47,333	1,392	2,295
O APPLIANCE REPAIRS	238,417	215,871	22,546	0
<b>TOTAL OPERATING FUND</b>	<b>\$3,553,755</b>	<b>\$2,852,673</b>	<b>\$224,742</b>	<b>\$476,339</b>
C MOISTURE INTRUSION - RAIN LEAKS	\$319,730	\$0	\$0	\$319,730
C MOISTURE INTRUSION - PLUMBING LEAKS	872,788	0	0	872,788
C MOISTURE INTRUSION - PLUMBING STOPPAGES	197,887	0	0	197,887
C MOISTURE INTRUSION - MISCELLANEOUS	145,768	0	0	145,768
C DAMAGE RESTORATION SERVICES	(7,898)	5,858	98	(13,854)
C SUPPL. APPROPRIATIONS	21,099	0	0	21,099
<b>TOTAL CONTINGENCY FUND</b>	<b>\$1,549,373</b>	<b>\$5,858</b>	<b>\$98</b>	<b>\$1,543,417</b>

### United Mutual Water Usage in 100 cubic feet units

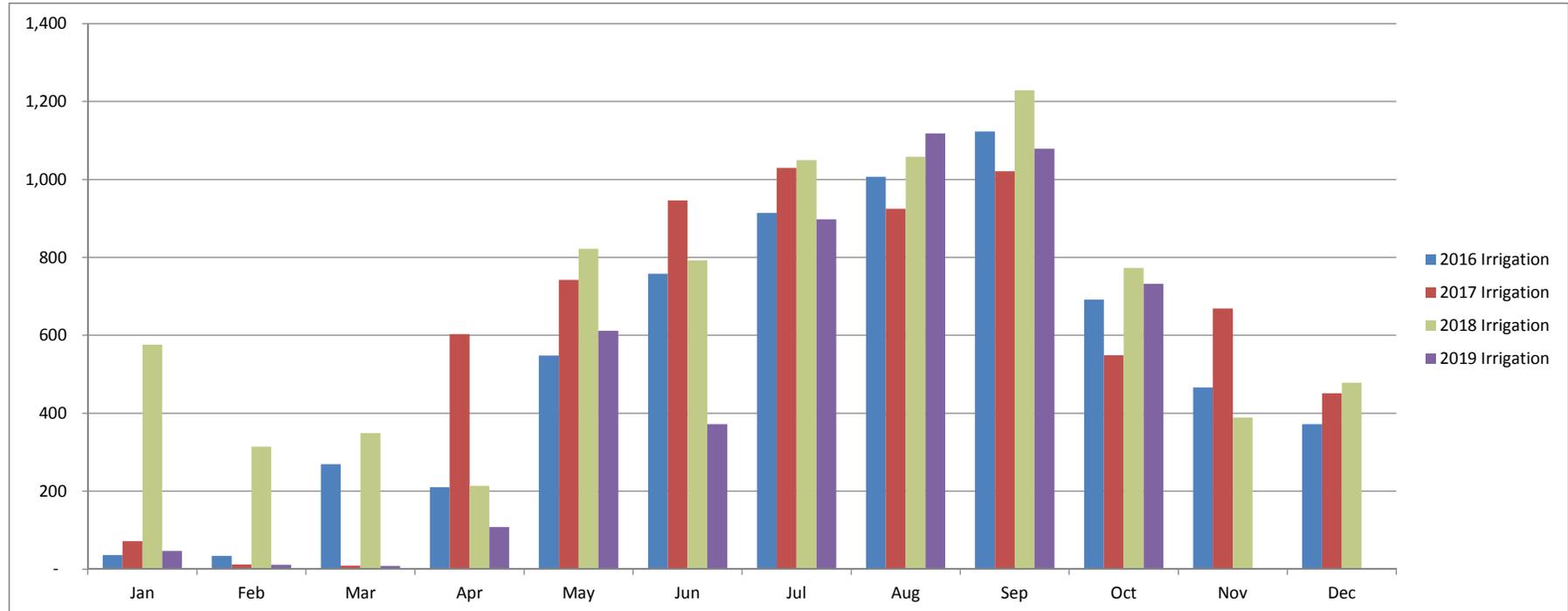
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Total
2016	21,572	17,707	29,756	27,350	38,988	49,431	58,301	56,657	66,517	44,732	34,747	33,096	411,011	478,854
2017	21,326	16,898	16,207	41,450	51,184	61,199	64,301	60,140	68,826	42,530	46,232	35,259	444,061	
2018	42,632	29,513	30,299	25,881	46,405	49,466	64,821	63,964	66,621	41,517	38,135	28,295	461,119	
2019	20,437	17,551	15,895	22,897	48,490	38,729	57,098	66,201	63,823	47,327	-	-	398,448	



## United Mutual

### Irrigation Water Usage in 100 cubic feet units

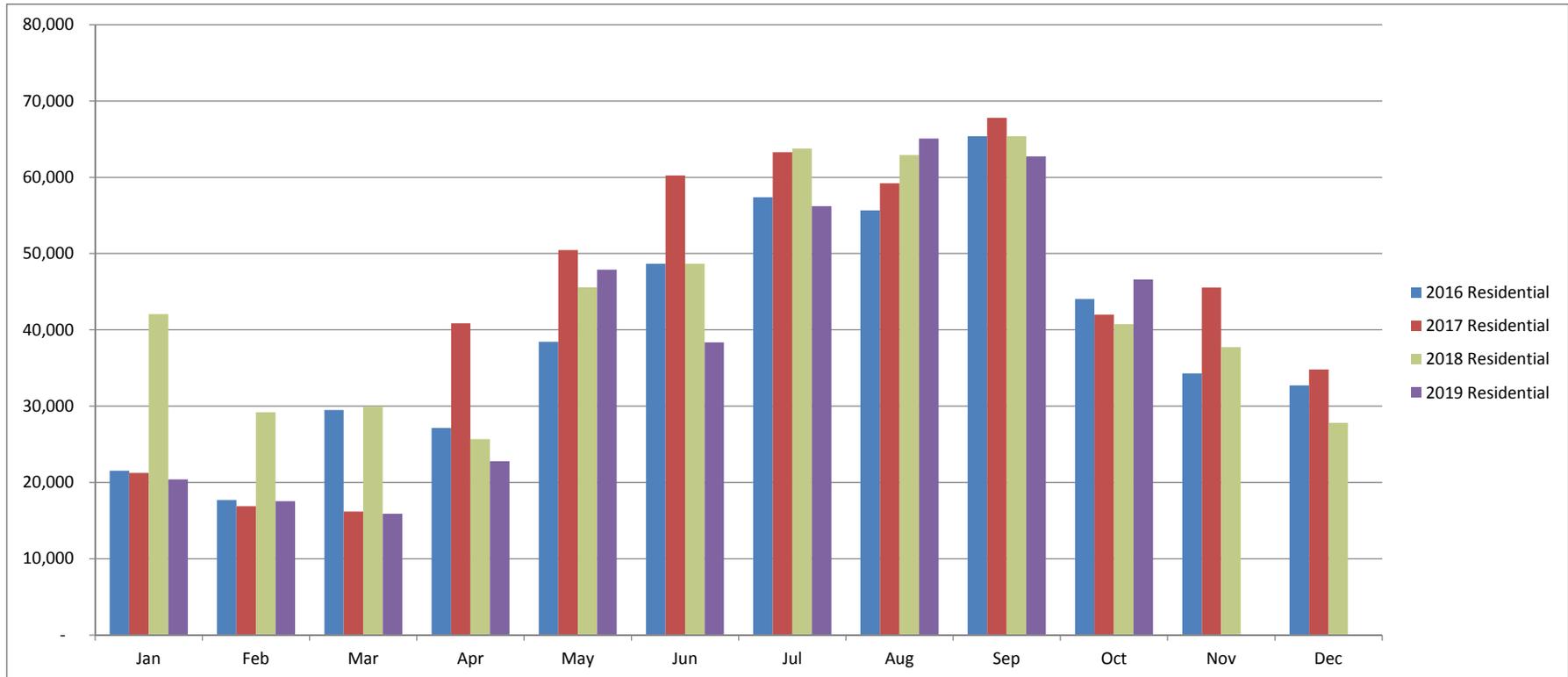
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Total
2016 Irrigation	36	34	269	210	548	758	914	1,007	1,123	692	466	372	5,591	6,429
2017 Irrigation	72	12	9	603	742	946	1,030	925	1,021	549	669	451	5,909	7,029
2018 Irrigation	576	314	349	214	822	792	1,050	1,058	1,229	773	389	478	7,177	8,044
2019 Irrigation	47	11	8	108	612	372	898	1,118	1,079	732	-	-	4,985	4,985



## 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	405,420	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	438,152	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	453,942	519,505
2019 Residential	20,390	17,540	15,887	22,789	47,878	38,357	56,200	65,083	62,744	46,595	-	-	393,463	393,463





## STAFF REPORT

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**DATE:** November 26, 2019  
**FOR:** Finance Committee  
**SUBJECT:** Insurance Renewal Timeline

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### **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



## STAFF REPORT

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**DATE:** November 26, 2019  
**FOR:** Finance Committee  
**SUBJECT:** Late Charge for Fines, Fees and Chargeable Services

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### **RECOMMENDATION**

Board approval of an increase in the Chargeable Service Late Charge from \$10.00 per month to \$35.00 per month of delinquency.

### **BACKGROUND**

On October 23, 2019 the GRF Finance Committee recommended an increase in the late charge from \$10.00 to \$35.00 per month of delinquency for unpaid fines, fees, and chargeable services. This proposal is currently on the 28-day notice requirement and is likely to be adopted by the Board in December and go into effect January 1, 2020. At the same finance meeting, United representatives requested that this same fee adjustment be brought forward for consideration in United Mutual.

A late charge (fee) is assessed on delinquent chargeable services accounts for services performed for members where the Mutuals are not financially responsible. This fee was established to offset the costs of collection and was last reference in a resolution on May 8, 2007 via resolution 01-07-49.

### **DISCUSSION**

Administrative costs that are offset by the late charge include labor hours incurred contacting residents, management reporting of delinquencies, supplies and postage.

### **FINANCIAL ANALYSIS**

In 2018, approximately \$6,500 was charged in late fees for unpaid fines, fees, and chargeable services. Using this as a basis, a net increase of \$11,000 in fee revenue may be generated from an increase in the late charge from \$10 to \$35 per month of delinquency.

**Prepared By:** Betty Parker, Chief Financial Officer

**Committee Routing:** Finance Committee



TO: United Mutual Board of Directors  
FROM: Betty Parker, Chief Financial Officer  
RE: 2020 United Finance Committee Meeting Dates  
DATE: November 21, 2019

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Listed below are the United Finance Committee meeting dates, times, and location for the calendar year 2020. The meetings are scheduled bi-monthly on the last Tuesday.

### 2019 UNITED FINANCE COMMITTEE MEETING DATES

Meeting Date	Start Time	Location
Tuesday, January 28	1:30 p.m.	Sycamore
Tuesday, March 24	1:30 p.m.	Sycamore
Tuesday, May 26	1:30 p.m.	Sycamore
Tuesday, July 28	1:30 p.m.	Sycamore
Tuesday, September 29	1:30 p.m.	Sycamore
Tuesday, November 24	1:30 p.m.	Sycamore



## **RESOLUTION 01-12-202**

### **UNITED LAGUNA WOODS MUTUAL FINANCE COMMITTEE CHARTER**

**WHEREAS**, the United Laguna Woods Mutual Finance Committee has been established pursuant to Article VII, Section 1 of the Bylaws of this Corporation;

**NOW THEREFORE BE IT RESOLVED**, November 13, 2012, that the board of directors of this corporation hereby assigns the duties and responsibilities of this Committee as follows:

1. To review the monthly financial statements and any other reports affecting the financial status of this corporation; to review the performance of the Managing Agent in relation to the annual operating budget and make recommendations to the board of directors as deemed necessary.
2. Review annually the adequacy of the corporation's reserves.
3. Review annually the proposed United Laguna Woods Mutual Business Plan and recommend to the Board action regarding same, including the amount of the assessment required to meet the following year's operating budget and reserve contributions.
4. Confer with the Managing Agent on financial matters of this corporation, including insurance programs as applicable.
5. Review the investment of funds of United to determine that standards set by the United Laguna Woods Board are being complied with, and recommend to the United Laguna Woods Board changes in such investment policy and procedures as may be deemed advisable.
6. Function as an advisory and liaison body to the Managing Agent in matters pertaining to membership occupancy and assessment delinquencies; and coordinate these matters with other standing committees having related concerns.
7. Review any unplanned reserve expenditures proposed by any other committee to determine the impact on and adequacy of related reserves, and recommend appropriate action to the United Laguna Woods Board; and



UNITED LAGUNA WOODS  
M U T U A L

**RESOLVED FURTHER**, that the committee shall perform such other tasks as are assigned by the United Laguna Woods Mutual President or Board of Directors; and

**RESOLVED FURTHER**, that Resolution 01-11-222, adopted on November 8, 2011 is hereby superseded and cancelled.



## STAFF REPORT

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**DATE:** November 26, 2019  
**FOR:** Finance Committee  
**SUBJECT:** Section 5500 Operating and Reserve Accounts

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### **RECOMMENDATION**

Receive and file for further discussion.

### **BACKGROUND**

In February 2016 the record keeping for United Laguna Woods Mutual transitioned from Platinum to Microsoft Dynamics AX as the primary enterprise financial software. The new system allows for expanded reporting of financial activity by fund type and corporation. Two new schedules that became part of the monthly financial package include: 1) Fund Balance Sheet, showing operating and reserve positions separately; and 2) Changes in Fund Balance Statement, detailing year-to-date revenue and expense activity by fund.

Assets and liabilities are reported by fund type in a single account line item on the Fund Balance Sheet labeled Receivable / (Payable) from operating fund. To meet a strict interpretation of Civil Code Section 5500 financial review requirement, some members of the board have requested reporting of assets and liability accounts with ledger account detail, specifically cash, investments and accounts payable.

### **DISCUSSION**

Staff reviewed current processes looking for ways to present the Fund Balance Sheet at an account level detail using current resources; however, a system limitation within AX was identified preventing entries from being booked to balance sheet ledger accounts by fund type.

The following three options were reviewed to achieve the reporting goal:

- 1) Open new cash and investment accounts in order for each fund type to have its own financial institution account. Staff currently manages one banking account and two investment accounts for United. Opening an account for each fund type would require a total of nine separate accounts to be managed and reconciled just for United. Across United, Third and GRF the number of accounts would increase from 12 to 50.
- 2) Staff could manually track fund type activities via spreadsheet. At month end staff could book adjustments into the financial system to reflect the correct balances by fund.

- 3) The financial system coding could be changed using a third-party support vendor to overcome the current system limitation allowing the system to calculate the correct balances in each fund type.

## **FINANCIAL ANALYSIS**

An estimated cost was prepared for each of the options noted above:

- 1) Opening thirty-eight new accounts would require additional staffing in Financial Services for accounting and accounts payable tasks. The incremental cost would be approximately \$70,000 annually. Staff does not recommend this option as it creates administrative inefficiencies.
- 2) Manually tracking fund activities through a spreadsheet analysis for all three corporations would require additional staffing in Financial Services for accounting activities. The incremental cost would be approximately \$40,000 annually; however, because of the potential for manual processes to create redundancy and error, staff does not consider this a viable option.
- 3) A third-party AX support vendor was provided the code modification requirements for the reporting changes and estimated the work to be completed at a one-time cost of \$25,000, without additional recurring charges. Staff recommends pursuing this alternative with the Golden Rain Foundation.

The use of a third party vendor to change the financial system code would be the most cost effective means to report asset and liability balances by account level detail on the Fund Balance Sheet, inclusive of cash, investments and accounts payable. The code modification would require an estimated \$25,000 to be funded from the GRF Equipment Fund.

**Prepared By:** Steve Hormuth, Controller

**Reviewed By:** Betty Parker, Chief Financial Officer