



REGULAR MEETING OF THE FINANCE COMMITTEE

**Tuesday, September 29, 2020 – 1:30 p.m.
Laguna Woods Village
Virtual Meeting**

AGENDA

1. Call to Order
2. Acknowledgment of Media
3. Approval of the Agenda
4. Approval of Meeting Report for August 25, 2020
5. Chair Remarks
6. Member Comments (Items Not on the Agenda)
 - a) *Send email to meeting@vmsinc.org any time before the meeting is scheduled to begin or during the meeting. Please use the name United Finance Committee in the subject line of the email. Name and unit number must be included.*
 - b) *Call (949) 268-2020 no more than thirty minutes before the meeting begins and throughout the remainder of the meeting. Provide your name and unit number.*
7. Department Head Update

Reports

8. Preliminary Financial Statements dated August 31, 2020

Items for Discussion and Consideration

9. Contingency Fund Classifications
10. Reserve Expenditure Category
11. Update on Reserve Bank Account
12. Update on Insurance Renewal
13. Update on AP Invoice Approval Process
14. Update on Budget Ad-Hoc Committee
15. Endorsements from Standing Committees

Future Agenda Items

Financial Presentations (CFO)

Concluding Business:

16. Committee Member Comments
17. Date of Next Meeting – Tuesday, October 27, 2020 at 1:30 p.m.
18. Recess to Closed Session

Brian Gilmore, Chair
Betty Parker, Staff Officer
Telephone: 949-597-4201



OPEN MEETING

**FINANCE COMMITTEE MEETING
REPORT OF THE REGULAR OPEN SESSION**

Tuesday, August 25, 2020 – 1:30 p.m.
Virtual Meeting

MEMBERS PRESENT: Brian Gilmore – Chair, Sue Margolis, Carl Randazzo, Manuel Armendariz, Elsie Addington

OTHERS PRESENT: Juanita Skillman, Andre Tornng, Cash Achrekar

MEMBERS ABSENT: None

STAFF PRESENT: Jeff Parker, Siobhan Foster, Steve Hormuth, Jose Campos
Christopher Swanson

Call to Order

Director Gilmore chaired the meeting and called it to order at 1:33 p.m.

Acknowledge of Media

The meeting is being streamed lived via the website and is a form of media.

Approval of Agenda

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

Approval of the Regular Meeting Report of June 30, 2020

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

Chair Remarks

Director Gilmore commented the need to get resolution on the section 5500 checklist at this meeting.

Department Head Update

Steve Hormuth, Controller, provided update in Betty Parker's absence on Civil Code 5500 reporting, insurance and investments and the 2021 Budget.

Member Comments (Items Not on the Agenda)

Director Armendariz commented on the discrepancy between the approved United Finance Checklist having 5 items against 6 items listed in Civil Code 5500. Additionally, Director Armendariz commented on section Civil Code 5502 and the resolution allowing staff to perform this transaction on behalf of the board.

Director Margolis commented on addressing insurance items at weekly Friday meeting with staff and Beecher Carlson.

Review Preliminary Financial Statements dated July 31, 2020

The committee reviewed Financial Statements for July 31, 2020. Discussion ensued and questions were addressed. The following items were requested:

- Present a summary and timeline of how the Contingency fund expenses will be treated for the remainder of 2020 and going forward on January 1, 2021.
- Present an analysis for staff recommendations of reclasses from moisture intrusion expenses from the Contingency Fund to the Reserves fund.

Civil Code Section 5500 & 5510 Verification and Compliance

Director Gilmore commented on needing to address gaps in 5500 and 5510 verification and compliance. Director Gilmore asked Director Armendariz to provide background information on this topic. Discussion ensued and questions were addressed. A motion was made by Director Margolis, seconded by Director Armendariz, and passed by a vote of (3-2), to recommend the board approve the creation of a separate bank account for reserves at the next open session board meeting. Additionally, the committee requested a staff report being included at the next board meeting that reflected the pros and cons of adding an additional depository account for reserves.

Reserve Expenditure Category

Director Gilmore commented on labor expenditures being reflected in the Reserve Accounts for expenses for United Mutual. Steve Hormuth, provided a verbal update on how these expense are placed into the Mutual Reserve accounts via the monthly closing process and intercompany allocations. By consensus, the Committee requested staff present an introductory report at the next meeting as well as having this topic be indefinitely placed on the agenda until further notice by the committee or the committee chair. The committee requested the following:

- Do the actual individuals, no matter who they are, fill out their own time cards for what they are working on that day? Or does someone else put this information into the time card?

Future Agenda Items

Updated Section 5500 report regarding the additional bank account
Discuss Contingency Fund Classifications
Reserve Expenditure Category
Creation of Budget Ad-Hoc Committee (for 2022 Business Planning)

Member Comments

Director Margolis commented on wanting to see the staff report for the additional bank account at the United board meeting. Also, commented on speaking with Jeff Parker about a possible re-approval on the 2021 business plan.

Director Randazzo clarified that its not two banks, but two deposit accounts at the same banking institution.

Director Armendariz commented on insurance and the possibility that if annual insurance premiums are lower, there is no reason why we couldn't adjust the budget approval.

Director Achrekar commented on limiting time of discussion to three minutes.

Director Torng commented on disagreeing with Director Achrekar.

Date of Next Meeting

Tuesday, September 29, 2020 at 1:30 p.m.

Recess to Closed Session

The meeting recessed to closed session at 3:10 p.m.

DRAFT

Brian Gilmore, Chair

MEMORANDUM

To: United Finance Committee
From: Betty Parker, CFO
Date: September 29, 2020
Re: Department Head Update

Financial Highlights

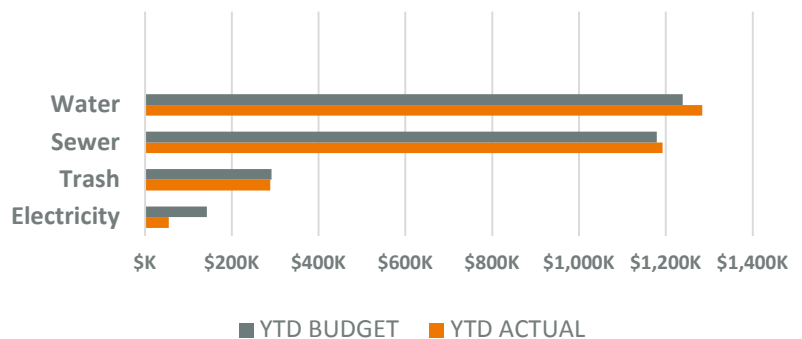
- SUMMARY:** For the year-to-date period ending August 31, 2020, United Mutual was better than budget by \$5.5 million primarily due to timing of programs, especially in the areas of compensation \$2.1M, outside services \$2.1M, and materials \$1M. Various programs were put on hold in mid-March due to the COVID-19 pandemic; however by August, most were restarted.

INCOME STATEMENT (in Thousands)			
	Actual	Budget	Variance
Assessment Revenues	\$28,477,496	\$28,108,574	\$368,922
Other Revenues	1,385,413	1,195,769	189,644
Expenses	25,690,605	30,624,765	4,934,160
Revenue / (Expense)	\$4,172,304	(\$1,320,422)	\$5,492,726

- COMPENSATION:** Actual compensation and related costs came in at \$7.6 million, with just under \$6.2 million in operations and \$1.4 million in reserves. Combined, this category is 22% favorable to budget. Staffing was reduced through employee furloughs beginning mid-March due to the Covid-19 pandemic. For United, the most significant impacts were in Maintenance and Landscape.

BUDGET			VARIANCE	
	Comp	Related	Total	
All Units				Total \$ Total %
Operating	\$5,021,002	\$2,016,401	\$7,037,403	\$812,107 11.5%
Reserves	1,886,002	816,263	2,702,265	1,281,838 47.4%
TOTAL	\$6,907,004	\$2,832,664	\$9,739,668	\$2,093,945 21.5%

- UTILITIES:** In total, this category was favorable to budget by \$33K. Trash came in on budget; electricity was favorable due to energy consumption offset by solar credits. Unfavorable variance in water resulted from high water usage during the summer.



Discussions

2021 Budget: On September 8, 2020, United Board of Directors approved the 2021 Business Plan with no increase in the basic assessment. Review of funding for property insurance premiums, which vary by manor, is ongoing through renewal. Assessment letters, along with required annual disclosures, will be mailed to members by December 1, 2020.

2021 Collection & Lien Enforcement Policy: On September 8, 2020 the Board approved the 2021 Collection & Lien Enforcement Policy through Resolution 01-20-61. The updated policy highlights owners continuing obligation to pay assessments despite temporary closures or modified availability of common area facilities and amenities, absent a mandate from state officials or as otherwise determined by the Board.

Section 5500/5510 Update: Due to Covid-19 orders, information required for Board review of monthly financials is being provided to all board members via email. For signature requirements, authorization is obtained from two board members prior to remittance of reserve payments to vendors. Procedures for review of labor charges will be discussed further.

Insurance Update: Property valuation for the community was completed by Duff & Phelps. The insurance broker Beecher Carlson presented a renewal strategy update to All Boards All Directors on Monday, July 20, 2020, indicating significant increases driven by the markets for both casualty and property lines. Carrier negotiations have been ongoing and policies will be bound by October 1.

Reserve Bank Account: On September 8, 202, via resolution 01-20-60, the Board requested the opening of a new bank account for the purpose of depositing and disbursing monies from the Reserve Fund. The relationship team at Bank of America is currently working on the implementation of the new account including adding check signors and mirroring the functionality of the existing bank account. Use of the Reserve Fund bank account is anticipated to begin in October 2020.

Investment Update: Based on current market conditions, the portfolio target allocations were adjusted modestly by SageView in early April to shift from corporate bonds to intermediary Treasury bonds. The United portfolio balance has grown from \$14,828,044 on 12/31/19 to \$15,409,563 as of August 31, 2020, representing a gain of \$581,519 or 3.9%.

Calendar

The following scheduled meetings will be held remotely during COVID-19 stay home orders:

- Sep 29, 2020 @ 1:30 p.m. United Finance Committee Meeting (August Financials)
- Oct 1, 2020 @ 2:00 p.m. United Board Agenda Prep Meeting
- Oct 13, 2020 @ 9:30 a.m. United Board Meeting
- Oct 27, 2020 @ 1:30 p.m. United Finance Committee Meeting (September Financials)

September 2020							October 2020							November 2020						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
		1	2	3	4	5					1	2	3	1	2	3	4	5	6	7
6	7	8	9	10	11	12	4	5	6	7	8	9	10	8	9	10	11	12	13	14
13	14	15	16	17	18	19	11	12	13	14	15	16	17	15	16	17	18	19	20	21
20	21	22	23	24	25	26	18	19	20	21	22	23	24	22	23	24	25	26	27	28
27	28	29	30				25	26	27	28	29	30	31	29	30					

United Laguna Woods Mutual
Statement of Revenues & Expenses - Preliminary
8/31/2020
(\$ IN THOUSANDS)

		CURRENT MONTH			YEAR TO DATE			PRIOR YEAR	TOTAL
		ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET
Revenues:									
Assessments:									
1	Operating	\$2,535	\$2,489	\$46	\$20,282	\$19,913	\$369	\$18,698	\$29,869
2	Additions to restricted funds	1,024	1,024		8,196	8,196		8,245	12,294
3	Total assessments	<u>3,560</u>	<u>3,514</u>	<u>46</u>	<u>28,477</u>	<u>28,109</u>	<u>369</u>	<u>26,943</u>	<u>42,163</u>
Non-assessment revenues:									
4	Merchandise sales	1	2	(1)	5	13	(8)	4	20
5	Fees and charges for services to residents	38	45	(7)	237	360	(123)	382	540
6	Laundry	25	23	2	171	180	(9)	174	270
7	Investment income	19	32	(13)	186	257	(71)	300	385
8	Unrealized gain/(loss) on AFS investments	(43)		(43)	468		468	239	
9	Miscellaneous	45	48	(4)	318	386	(68)	371	579
10	Total non-assessment revenue	<u>84</u>	<u>150</u>	<u>(65)</u>	<u>1,385</u>	<u>1,196</u>	<u>190</u>	<u>1,469</u>	<u>1,794</u>
11	Total revenue	<u>3,644</u>	<u>3,663</u>	<u>(19)</u>	<u>29,863</u>	<u>29,304</u>	<u>559</u>	<u>28,412</u>	<u>43,957</u>
Expenses:									
12	Employee compensation and related	1,005	1,219	214	7,646	9,740	2,094	9,446	14,548
13	Materials and supplies	190	263	72	1,066	2,104	1,038	2,263	3,141
14	Utilities and telephone	442	404	(38)	2,820	2,853	33	2,768	4,326
15	Legal fees	15	29	15	171	233	62	136	350
16	Professional fees	(3)	10	13	46	96	49	114	122
17	Equipment rental		1	1	11	11		17	17
18	Outside services	203	717	515	3,612	5,748	2,136	5,008	8,638
19	Repairs and maintenance	2	4	2	18	31	14	23	47
20	Other Operating Expense	6	16	11	71	134	63	115	201
21	Income taxes		2	2		17		3	25
22	Property and sales tax	973	926	(47)	7,726	7,408	(318)	7,382	11,112
23	Insurance	177	125	(51)	1,360	1,002	(358)	847	1,504
24	Investment expense		3	3	5	24	19	19	37
25	Uncollectible Accounts	(1)	5	6	4	40	35	29	60
26	(Gain)/loss on sale or trade		(1)	(1)	55	(5)	(60)	1	(8)
27	Depreciation and amortization	17	17		132	132		139	198
28	Net allocation to mutuals	114	131	17	946	1,056	111	806	1,584
29	Total expenses	<u>3,139</u>	<u>3,873</u>	<u>734</u>	<u>25,691</u>	<u>30,625</u>	<u>4,934</u>	<u>29,115</u>	<u>45,902</u>
30	Excess of revenues over expenses	<u>\$505</u>	<u>(\$210)</u>	<u>\$715</u>	<u>\$4,172</u>	<u>(\$1,320)</u>	<u>\$5,493</u>	<u>(\$703)</u>	<u>(\$1,945)</u>

**United Laguna Woods Mutual
Operating Statement
8/31/2020
UNITED LAGUNA WOODS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
Revenues:					
Assessments:					
Operating					
41001000 - Monthly Assessments	\$11,854,866	\$11,855,312	(\$446)	0.00%	\$17,782,968
41007000 - Monthly Assessments - Property Taxes	7,575,492	7,407,996	167,496	2.26%	11,111,994
41007500 - Monthly Assessments - Supplemental Property Taxes	202,090	0	202,090	0.00%	0
41008000 - Monthly Assessments - Property Insurance	649,428	649,426	2	0.00%	974,142
Total Operating	20,281,876	19,912,734	369,142	1.85%	29,869,104
Additions To Restricted Funds					
41001500 - Monthly Assessments - Contingency Fund	505,840	505,840	0	0.00%	758,760
41003500 - Monthly Assessments - Replacement Fund	7,689,780	7,690,000	(220)	0.00%	11,535,000
Total Additions To Restricted Funds	8,195,620	8,195,840	(220)	0.00%	12,293,760
Total Assessments	28,477,496	28,108,574	368,922	1.31%	42,162,864
Non-Assessment Revenues:					
Merchandise Sales					
41501500 - Merchandise Sales - Warehouse	4,902	13,328	(8,426)	(63.22%)	20,000
Total Merchandise Sales	4,902	13,328	(8,426)	(63.22%)	20,000
Fees and Charges for Services to Residents					
46501000 - Permit Fee	111,574	99,142	12,432	12.54%	148,715
46501500 - Inspection Fee	31,768	52,860	(21,092)	(39.90%)	79,294
46502000 - Resident Maintenance Fee	93,466	207,660	(114,194)	(54.99%)	311,513
Total Fees and Charges for Services to Residents	236,808	359,663	(122,855)	(34.16%)	539,522
Laundry					
46005000 - Coin Op Laundry Machine	171,126	180,000	(8,874)	(4.93%)	270,000
Total Laundry	171,126	180,000	(8,874)	(4.93%)	270,000
Investment Income					
49001000 - Investment Income - Nondiscretionary	7,588	58,859	(51,271)	(87.11%)	88,289
49002000 - Investment Income - Discretionary	178,541	198,137	(19,595)	(9.89%)	297,205
Investment Interest Income	186,130	256,996	(70,866)	(27.57%)	385,494
Unrealized Gain/(Loss) On AFS Investments					
49008100 - Unrealized Gain/(Loss) On Available For Sale Investments	468,253	0	468,253	0.00%	0
Total Unrealized Gain/(Loss) On AFS Investments	468,253	0	468,253	0.00%	0
Miscellaneous					
46004500 - Resident Violations	7,175	33,332	(26,157)	(78.47%)	50,001
44501000 - Additional Occupant Fee	33,170	28,000	5,170	18.46%	42,000
44501500 - Lease Processing Fee - United	86,530	85,328	1,202	1.41%	128,000
44502000 - Variance Processing Fee	1,650	2,664	(1,014)	(38.06%)	4,000
44503000 - Stock Transfer Fee	4,200	8,664	(4,464)	(51.52%)	13,000
44503510 - Resale Processing Fee - United	74,494	83,328	(8,834)	(10.60%)	125,000
44507000 - Golf Cart Electric Fee	39,716	41,333	(1,618)	(3.91%)	62,000
44507200 - Electric Vehicle Plug-In Fee	11,188	10,000	1,188	11.88%	15,000
44507500 - Cartport/Carport Space Rental Fee	1,550	1,667	(117)	(7.00%)	2,500
47001500 - Late Fee Revenue	17,107	33,333	(16,226)	(48.68%)	50,000
47002010 - Collection Administrative Fee - United	39,690	48,000	(8,310)	(17.31%)	72,000
47002500 - Collection Interest Revenue	2,475	3,200	(725)	(22.65%)	4,800
47501000 - Recycling	967	4,000	(3,033)	(75.83%)	6,000
48001000 - Legal Fee	0	2,933	(2,933)	(100.00%)	4,400
49009000 - Miscellaneous Revenue	(1,717)	0	(1,717)	0.00%	0
Total Miscellaneous	318,194	385,782	(67,589)	(17.52%)	578,701
Total Non-Assessment Revenue	1,385,413	1,195,769	189,644	15.86%	1,793,717
Total Revenue	29,862,908	29,304,343	558,566	1.91%	43,956,581
Expenses:					
Employee Compensation					
51011000 - Salaries & Wages - Regular	1,683,736	1,917,642	233,907	12.20%	2,883,900

United Laguna Woods Mutual
Operating Statement
8/31/2020
UNITED LAGUNA WOODS MUTUAL

	YEAR TO DATE				TOTAL
	Actual	Budget	VAR\$ B/(W)	VAR% B/(W)	BUDGET
51021000 - Union Wages - Regular	2,974,463	4,180,661	1,206,197	28.85%	6,279,593
51041000 - Wages - Overtime	18,110	18,795	686	3.65%	28,203
51051000 - Union Wages - Overtime	86,766	63,259	(23,507)	(37.16%)	94,908
51061000 - Holiday & Vacation	445,605	514,636	69,030	13.41%	773,301
51071000 - Sick	236,689	209,917	(26,771)	(12.75%)	315,425
51081000 - Sick - Part Time	0	15	15	100.00%	24
51091000 - Missed Meal Penalty	3,242	835	(2,407)	(288.42%)	1,268
51101000 - Temporary Help	7,065	1,244	(5,821)	(468.08%)	1,870
51981000 - Compensation Accrual	(217,196)	0	217,196	0.00%	0
Total Employee Compensation	5,238,480	6,907,004	1,668,524	24.16%	10,378,493
Compensation Related					
52411000 - F.I.C.A.	420,384	520,339	99,955	19.21%	776,727
52421000 - F.U.I.	7,696	10,834	3,137	28.96%	10,834
52431000 - S.U.I.	52,558	55,120	2,562	4.65%	55,120
52441000 - Union Medical	1,169,853	1,259,523	89,670	7.12%	1,889,284
52451000 - Workers' Compensation Insurance	292,032	455,462	163,431	35.88%	639,961
52461000 - Non Union Medical & Life Insurance	229,992	225,070	(4,921)	(2.19%)	337,605
52471000 - Union Retirement Plan	223,871	222,683	(1,189)	(0.53%)	334,482
52481000 - Non-Union Retirement Plan	39,745	83,634	43,889	52.48%	125,775
52981000 - Compensation Related Accrual	(28,887)	0	28,887	0.00%	0
Total Compensation Related	2,407,243	2,832,664	425,421	15.02%	4,169,789
Materials and Supplies					
53001000 - Materials & Supplies	273,828	406,632	132,804	32.66%	594,628
53003000 - Materials Direct	791,897	1,696,968	905,071	53.33%	2,545,928
53004000 - Freight	46	0	(46)	0.00%	0
Total Materials and Supplies	1,065,770	2,103,600	1,037,830	49.34%	3,140,556
Utilities and Telephone					
53301000 - Electricity	54,873	142,900	88,027	61.60%	189,000
53301500 - Sewer	1,192,441	1,179,200	(13,241)	(1.12%)	1,779,600
53302000 - Water	1,284,178	1,239,016	(45,162)	(3.64%)	1,919,116
53302500 - Trash	288,320	291,811	3,491	1.20%	437,719
53304000 - Telephone	448	457	9	2.04%	685
Total Utilities and Telephone	2,820,259	2,853,384	33,125	1.16%	4,326,120
Legal Fees					
53401500 - Legal Fees	171,357	233,323	61,966	26.56%	349,985
Total Legal Fees	171,357	233,323	61,966	26.56%	349,985
Professional Fees					
53402010 - Audit & Tax Preparation Fees - United	42,000	44,500	2,500	5.62%	44,500
53403500 - Consulting Fees	19	7,712	7,692	99.75%	12,479
53403510 - Consulting Fees - United	4,263	43,320	39,057	90.16%	65,000
Total Professional Fees	46,282	95,532	49,249	51.55%	121,979
Equipment Rental					
53501500 - Equipment Rental/Lease Fees	10,940	11,048	108	0.98%	17,038
Total Equipment Rental	10,940	11,048	108	0.98%	17,038
Outside Services					
53601000 - Bank Fees	21,527	16,879	(4,648)	(27.54%)	25,321
53601500 - Credit Card Transaction Fees	2,521	0	(2,521)	0.00%	0
54603500 - Outside Services Cost Collection	3,543,499	5,631,696	2,088,197	37.08%	8,447,910
53704000 - Outside Services	44,753	99,445	54,691	55.00%	164,394
Total Outside Services	3,612,300	5,748,019	2,135,719	37.16%	8,637,624
Repairs and Maintenance					
53701000 - Equipment Repair & Maint	2,033	11,188	9,155	81.83%	16,823
53703000 - Elevator /Lift Maintenance	15,573	20,105	4,532	22.54%	30,157
Total Repairs and Maintenance	17,605	31,292	13,687	43.74%	46,979
Other Operating Expense					
53801000 - Mileage & Meal Allowance	944	10,084	9,140	90.64%	15,153
53801500 - Travel & Lodging	245	2,017	1,772	87.87%	3,027
53802000 - Uniforms	38,853	59,164	20,311	34.33%	88,787
53802500 - Dues & Memberships	349	971	622	64.07%	1,687
53803000 - Subscriptions & Books	839	1,344	505	37.57%	2,026

United Laguna Woods Mutual
Operating Statement
8/31/2020
UNITED LAGUNA WOODS MUTUAL

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
53803500 - Training & Education	3,831	13,316	9,485	71.23%	19,682
53804000 - Staff Support	133	940	807	85.88%	1,409
53901500 - Volunteer Support	0	1,111	1,111	100.00%	1,668
53903000 - Safety	0	336	336	100.00%	508
54001000 - Board Relations	397	0	(397)	0.00%	0
54001010 - Board Relations - United	1,028	5,000	3,972	79.43%	7,500
54002000 - Postage	24,164	39,142	14,978	38.27%	58,717
54002500 - Filing Fees / Permits	95	495	400	80.77%	847
Total Other Operating Expense	70,877	133,921	63,043	47.08%	201,011
Income Taxes					
54301000 - State & Federal Income Taxes	0	16,668	16,668	100.00%	25,000
Total Income Taxes	0	16,668	16,668	100.00%	25,000
Property and Sales Tax					
54302000 - Property Taxes	7,726,125	7,407,996	(318,129)	(4.29%)	11,111,994
Total Property and Sales Tax	7,726,125	7,407,996	(318,129)	(4.29%)	11,111,994
Insurance					
54401000 - Hazard & Liability Insurance	395,590	303,852	(91,738)	(30.19%)	455,779
54401500 - D&O Liability	42,722	44,273	1,551	3.50%	66,412
54402000 - Property Insurance	919,901	649,426	(270,475)	(41.65%)	974,142
54403000 - General Liability Insurance	2,280	4,885	2,605	53.33%	7,328
Total Insurance	1,360,492	1,002,436	(358,056)	(35.72%)	1,503,660
Investment Expense					
54201000 - Investment Expense	5,047	24,488	19,441	79.39%	36,732
Total Investment Expense	5,047	24,488	19,441	79.39%	36,732
Uncollectible Accounts					
54602000 - Bad Debt Expense	4,495	39,733	35,238	88.69%	59,600
Total Uncollectible Accounts	4,495	39,733	35,238	88.69%	59,600
(Gain)/Loss on Sale or Trade					
54101000 - (Gain)/Loss - Warehouse Sales	(4,778)	(5,000)	(222)	(4.44%)	(7,500)
54101500 - (Gain)/Loss On Investments	60,228	0	(60,228)	0.00%	0
Total (Gain)/Loss on Sale or Trade	55,450	(5,000)	(60,450)	(1209.00%)	(7,500)
Depreciation and Amortization					
55001000 - Depreciation And Amortization	132,162	132,162	0	0.00%	198,242
Total Depreciation and Amortization	132,162	132,162	0	0.00%	198,242
Net Allocation to Mutuals					
54602500 - Allocated Expenses	945,719	1,056,493	110,774	10.49%	1,584,319
Total Net Allocation to Mutuals	945,719	1,056,493	110,774	10.49%	1,584,319
Total Expenses	25,690,605	30,624,765	4,934,160	16.11%	45,901,622
Excess of Revenues Over Expenses	\$4,172,303	(\$1,320,422)	\$5,492,726	415.98%	(\$1,945,042)

**United Laguna Woods Mutual
Balance Sheet - Preliminary
8/31/2020**

		<u>Current Month End</u>	<u>Prior Year December 31</u>
	Assets		
1	Cash and cash equivalents	\$5,443,755	\$2,159,882
2	Non-discretionary investments	3,999,290	1,992,808
3	Discretionary investments	15,409,563	14,828,044
4	Receivable/(Payable) from mutuals	1,343,512	1,518,100
5	Accounts receivable and interest receivable	673,186	675,921
6	Prepaid expenses and deposits	579,108	1,118,128
7	Property and equipment	91,989,605	91,989,605
8	Accumulated depreciation property and equipment	(83,758,232)	(83,756,191)
9	Beneficial interest in GRF of Laguna Hills Trust	5,666,829	5,796,949
10	Non-controlling interest in GRF	39,116,237	39,116,237
11	Total Assets	<u>\$80,462,853</u>	<u>\$75,439,483</u>
	Liabilities and Fund Balances		
	Liabilities:		
12	Accounts payable and accrued expenses	\$2,497,534	\$1,453,947
13	Accrued compensation and related costs	385,466	596,765
14	Deferred income	955,330	936,551
15	Asset retirement obligation	1,207,814	1,207,814
16	Total liabilities	<u>\$5,046,145</u>	<u>\$4,195,078</u>
	Fund balances:		
17	Fund balance prior years	71,244,405	74,614,944
18	Change in fund balance - current year	4,172,303	(3,370,539)
19	Total fund balances	<u>75,416,708</u>	<u>71,244,405</u>
20	Total Liabilities and Fund Balances	<u>\$80,462,853</u>	<u>\$75,439,483</u>

9/17/2020

**United Laguna Woods Mutual
Fund Balance Sheet - Final
8/31/2020**

		<u>Operating Fund</u>	<u>Contingency Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Assets					
1	Cash and cash equivalents	\$2,973,191		\$2,470,565	\$5,443,755
2	Non-discretionary investments			3,999,290	3,999,290
3	Discretionary investments		689,388	14,720,176	15,409,563
4	Receivable/(Payable) from mutuals	1,343,512			1,343,512
5	Receivable/(Payable) from operating fund	(344,812)	30,150	314,662	
6	Accounts receivable and interest receivable	673,151			673,151
7	Prepaid expenses and deposits	579,108			579,108
8	Property and equipment	91,989,605			91,989,605
9	Accumulated depreciation property and equipment	(83,758,232)			(83,758,232)
10	Beneficial interest in GRF of Laguna Hills Trust	5,666,829			5,666,829
11	Non-controlling interest in GRF	39,116,237			39,116,237
12	Total Assets	<u>\$58,238,589</u>	<u>\$719,537</u>	<u>\$21,504,692</u>	<u>\$80,462,818</u>
Liabilities and Fund Balances					
	Liabilities:				
13	Accounts payable and accrued expenses	\$2,163,984	\$18,889	\$314,661	\$2,497,534
14	Accrued compensation and related costs	385,466			385,466
15	Deferred income	955,295			955,295
16	Asset retirement obligation	1,207,814			1,207,814
17	Total liabilities	<u>\$4,712,560</u>	<u>\$18,889</u>	<u>\$314,661</u>	<u>\$5,046,110</u>
	Fund balances:				
18	Fund balance prior years	52,881,436	1,106,755	17,256,214	71,244,405
19	Change in fund balance - current year	644,593	(406,107)	3,933,817	4,172,303
20	Total fund balances	<u>53,526,029</u>	<u>700,648</u>	<u>21,190,031</u>	<u>75,416,708</u>
21	Total Liabilities and Fund Balances	<u>\$58,238,589</u>	<u>\$719,537</u>	<u>\$21,504,692</u>	<u>\$80,462,818</u>

9/24/2020

**United Laguna Woods Mutual
Changes in Fund Balances - Preliminary
8/31/2020**

		Operating Fund	Contingency Fund	Replacement Fund	Total
	Revenues:				
	Assessments:				
1	Operating	\$20,281,876			\$20,281,876
2	Additions to restricted funds	162	505,830	7,689,628	8,195,620
3	Total assessments	<u>20,282,038</u>	<u>505,830</u>	<u>7,689,628</u>	<u>28,477,496</u>
	Non-assessment revenues:				
4	Merchandise sales	420		4,482	4,902
5	Fees and charges for services to residents	236,808			236,808
6	Laundry	171,126			171,126
7	Interest income		11,082	175,047	186,130
8	Unrealized gain/(loss) on AFS investments		43,966	424,288	468,253
9	Miscellaneous	318,194			318,194
10	Total non-assessment revenue	<u>726,548</u>	<u>55,048</u>	<u>603,817</u>	<u>1,385,413</u>
11	Total revenue	<u>21,008,586</u>	<u>560,878</u>	<u>8,293,445</u>	<u>29,862,908</u>
	Expenses:				
12	Employee compensation and related	6,225,297	818	1,419,609	7,645,723
13	Materials and supplies	443,182	45	622,543	1,065,770
14	Utilities and telephone	2,818,477	4	1,778	2,820,259
15	Legal fees	171,357			171,357
16	Professional fees	46,282			46,282
17	Equipment rental	2,496	5	8,440	10,940
18	Outside services	508,986	962,148	2,141,166	3,612,300
19	Repairs and maintenance	17,259		346	17,605
20	Other Operating Expense	61,555	3	9,319	70,877
21	Property and sales tax	7,726,125			7,726,125
22	Insurance	1,360,492			1,360,492
23	Investment expense		301	4,745	5,047
24	Uncollectible Accounts	4,495			4,495
25	(Gain)/loss on sale or trade	(4,778)	3,595	56,633	55,450
26	Depreciation and amortization	132,162			132,162
27	Net allocations to mutuals	850,605	64	95,049	945,719
28	Total expenses	<u>20,363,993</u>	<u>966,985</u>	<u>4,359,627</u>	<u>25,690,605</u>
29	Excess of revenues over expenses	<u>\$644,593</u>	<u>(\$406,107)</u>	<u>\$3,933,817</u>	<u>\$4,172,303</u>
30	Excluding unrealized gain/(loss) and depreciation	<u>\$776,755</u>	<u>(\$450,072)</u>	<u>\$3,509,529</u>	<u>\$3,836,212</u>

**UNITED LAGUNA WOODS MUTUAL
NON-DISCRETIONARY ACCOUNT HELD BY BANK OF AMERICA
SCHEDULE OF INVESTMENTS
8/31/20**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECT. YIELD	ORIGINAL COST	BOOK VALUE	8/31/2020	
									MARKET VALUE	UNREALIZED GAIN/(LOSS)
9127962H1	U.S. TREASURY BILL	0.00%	07-31-20	09-24-20	2,000,000.00	0.07%	1,999,783.33	1,999,783.33	1,999,884.00	100.67
9127963A5	U.S. TREASURY BILL	0.00%	07-30-20	11-19-20	2,000,000.00	0.08%	1,999,506.67	1,999,506.67	1,999,528.00	21.33
TOTAL FOR NON-DISCRETIONARY INVESTMENTS					\$ 4,000,000.00		\$ 3,999,290.00	3,999,290.00	\$3,999,412.00	\$122.00

*Yield is based on all investments held during the year

**UNITED LAGUNA WOODS MUTUAL
DISCRETIONARY ACCOUNT - SAGEVIEW/FIDELITY
SCHEDULE OF INVESTMENTS
8/31/20**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECT. YIELD	ORIGINAL COST	BOOK VALUE	MARKET VALUE	UNREALIZED GAIN/(LOSS)
	FIDELITY GOVT CASH RESERVES				\$ 62,925.99		\$ 62,925.99	\$ 62,925.99	\$ 62,925.99	\$0.00
92206C870	VCIT-Vanguard Corp Bond Index	0.00%	12-17-19	-	834,932.81	0.00%	\$834,932.81	834,932.81	\$879,389.71	\$44,456.90
92206C870	VCIT-Vanguard Corp Bond Index	0.00%	12-18-19	-	95,080.05	0.00%	95,080.05	95,080.05	\$100,142.69	\$5,062.64
92206C870	VCIT-Vanguard Corp Bond Index	0.00%	03-30-20	-	180,089.25	0.00%	180,089.25	180,089.25	\$189,678.30	\$9,589.05
31635V216	FUMBX-Fidelity Short Term Trsry Bond Index	0.00%	12-13-19	-	4,438,080.57	0.00%	4,438,080.57	4,438,080.57	\$4,591,694.89	\$153,614.32
31635V257	FUAMX-Fidelity Inter Trsry Bond Index	0.00%	12-13-19	-	3,846,426.15	0.00%	3,846,426.15	3,846,426.15	\$3,986,295.66	\$139,869.51
922031851	VFIRX-Vanguard Short Term Trsry Admiral	0.00%	12-13-19	-	746,342.06	0.00%	746,342.06	746,342.06	\$768,795.84	\$22,453.78
92206C607	VSCSX-Vanguard Short Term Corp Bd Index Adm	0.00%	12-13-19	-	1,129,385.45	0.00%	1,129,385.45	1,129,385.45	\$1,155,659.33	\$26,273.88
92206C755	VMBSX-Vanguard Backed Securities Indx Adm	0.00%	12-13-19	-	3,595,929.47	0.00%	3,595,929.47	3,595,929.47	\$3,674,980.77	\$79,051.30
TOTALS FOR DISCRETIONARY INVESTMENTS					14,929,191.80		14,929,191.80	\$14,929,191.80	\$15,409,563.18	\$480,371.38
TOTAL INVESTMENTS					\$ 18,929,191.80		\$ 18,928,481.80			

*Yield is based on all investments held during the year

**United Laguna Woods Mutual
Supplemental Appropriation Schedule
Period Ending: 08/31/2020**

Fund / Item	Resolution	BUDGET	EXPENDITURES I-T-D*			Remaining Encumbrance
		Total Appropriations	2020	Prior Years	Total	
Reserve Fund						
Emergency Panel Replacements	01-18-99	48,000	0	28,961	28,961	19,039
Water Heater Replacement	01-19-66	940,000	1,389	865,107	866,495	73,505
Laundry Room Coin Box Guards	01-19-64	20,000	0	0	0	20,000
2021 Reserve Study	01-20-XX	5,000	5,000	0	5,000	0
Total		\$1,013,000	\$6,389	\$894,068	\$900,456	\$112,544
Contingency Fund						
Energy Consultant Services	01-18-67	50,000	1,410	29,679	31,089	18,911
2019 Fumigation Program	01-19-33	104,762	0	68,819	68,819	35,943
Slope Repair Avenida Castilla	01-19-51	13,246	0	12,042	12,042	1,204
Total		\$168,008	\$1,410	\$110,539	\$111,949	\$56,059

*Incurred To Date

**UNITED LAGUNA WOODS MUTUAL
FUND EXPENDITURES REPORT
AS OF AUGUST 31, 2020**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		2020	%	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET	BUDGET	EXPENDED	\$	%
RESERVE FUND - MAINTENANCE & CONSTRUCTION								
REPLACEMENTS								
BUILDING STRUCTURES	\$34,267	\$55,974	\$218,172	\$446,741	\$670,009	33%	\$228,569	51%
CDS SIGNAGE	29,078	4,166	29,078	33,328	50,000	58%	4,250	13%
ELECTRICAL SYSTEMS	9,314	38,290	135,815	306,320	459,495	30%	170,505	56%
EXTERIOR WALKWAY LIGHTING	0	6,280	5,821	50,088	75,121	8%	44,266	88%
FOUNDATIONS	0	3,653	0	29,224	43,836	0%	29,224	100%
GUTTER REPLACEMENT	4,894	8,228	26,552	65,543	98,289	27%	38,992	59%
PAINT - EXTERIOR	69,818	157,758	662,113	1,251,766	1,876,061	35%	589,653	47%
PRIOR TO PAINT	112,582	84,359	379,891	669,440	1,003,518	38%	289,549	43%
PAVING	0	33,052	58,102	264,416	396,628	15%	206,314	78%
ROOF REPLACEMENTS	0	77,565	344,885	620,520	930,804	37%	275,635	44%
WALL REPLACEMENT	0	13,750	0	110,000	165,000	0%	110,000	100%
WASTE LINE REMEDIATION	8,730	191,666	730,073	1,533,328	2,300,000	32%	803,255	52%
WATER LINE - COPPER PIPE REMEDIATION	5,830	16,666	165,394	133,328	200,000	83%	(32,066)	(24%)
WINDOW/SLIDING SCREEN DOOR	4,880	9,998	17,531	79,696	119,518	15%	62,165	78%
SUPPL. APPROPRIATIONS	0	0	6,389	6,389	6,389	100%	0	0%
SUB-TOTAL	\$279,393	\$701,405	\$2,779,816	\$5,600,127	\$8,394,668	33%	\$2,820,311	50%
APPLIANCE AND FIXTURE REPLACEMENTS								
COOKTOPS	\$7,104	\$5,938	\$31,485	\$47,412	\$71,112	44%	\$15,926	34%
DISHWASHERS	6,269	7,151	33,833	57,018	85,523	40%	23,185	41%
BASINS/SINKS/TOILETS	15,375	19,941	70,765	159,114	238,679	30%	88,349	56%
GARBAGE DISPOSALS	6,936	9,669	48,179	76,980	115,440	42%	28,802	37%
HOODS	577	2,984	5,110	23,788	35,681	14%	18,677	79%
COUNTER TOPS/FLOORS/SHOWER ENCLOSURES	57,562	116,371	331,712	928,310	1,392,191	24%	596,598	64%
OVENS	12,291	9,271	63,497	74,076	111,112	57%	10,579	14%
RANGES	895	1,045	3,863	8,314	12,469	31%	4,451	54%
REFRIGERATORS	15,458	19,022	71,500	151,858	227,754	31%	80,357	53%
WATER HEATERS & PERMITS	36,107	62,889	189,446	501,144	751,503	25%	311,697	62%
DRYERS	0	2,981	123	23,825	35,735	0%	23,702	99%
WASHING MACHINES	8,569	7,571	31,717	60,512	90,773	35%	28,794	48%
SUB-TOTAL	\$167,144	\$264,832	\$881,232	\$2,112,350	\$3,167,971	28%	\$1,231,118	58%
TOTAL RESERVE FUND	\$446,537	\$966,237	\$3,661,048	\$7,712,477	\$11,562,639	32%	\$4,051,429	53%

RESERVE FUND - GENERAL SERVICES

PRIOR TO PAINT	0	772	0	6,129	9,186	0%	6,129	100%
PAVING	2,983	5,754	16,062	45,674	68,481	23%	29,612	65%
WALL REPLACEMENT	0	2,529	0	20,232	30,365	0%	20,232	100%
TOTAL	\$2,983	\$9,055	\$16,062	\$72,035	\$108,032	15%	\$55,973	78%

**UNITED LAGUNA WOODS MUTUAL
FUND EXPENDITURES REPORT
AS OF AUGUST 31, 2020**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		2020	%	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET	BUDGET	EXPENDED	\$	%
RESERVE FUND - LANDSCAPE								
REPLACEMENTS								
LANDSCAPE MODIFICATION	0	37,636	61,951	301,020	451,543	14%	239,068	79%
TREE MAINTENANCE	82,215	72,690	559,188	576,879	864,752	65%	17,691	3%
TOTAL RESERVE FUND	\$82,215	\$110,326	\$621,139	\$877,898	\$1,316,295	47%	\$256,759	29%

OPERATING EXPENDITURES - MAINTENANCE & CONSTRUCTION

PLUMBING SERVICE	\$114,362	\$116,311	\$1,034,920	\$922,156	\$1,382,295	75%	(\$112,764)	(12%)
CARPENTRY SERVICE	29,167	41,569	313,647	329,614	494,100	63%	15,967	5%
ELECTRICAL SERVICE	22,347	34,485	201,514	273,281	409,634	49%	71,767	26%
APPLIANCE REPAIRS	21,905	25,942	160,482	205,771	308,507	52%	45,289	22%
INTERIOR PREVENTIVE MAINTENANCE	30,134	29,169	141,850	231,135	346,454	41%	89,285	39%
PEST CONTROL	10,169	18,830	26,884	150,640	225,980	12%	123,756	82%
COUNTERTOP/FLOOR/TILE REPAIRS	5,936	10,803	71,547	85,698	128,480	56%	14,151	17%
ENERGY PROGRAM	1,451	2,083	9,746	16,664	25,000	39%	6,918	42%
MISC. REPAIRS BY OUTSIDE SERVICE	325	2,083	20,279	16,664	25,000	81%	(3,615)	(22%)
FIRE PROTECTION	1,281	1,058	1,862	8,464	12,700	15%	6,602	78%
TOTAL	\$237,077	\$282,333	\$1,982,731	\$2,240,088	\$3,358,151	59%	\$257,357	11%

OPERATING EXPENDITURES - GENERAL SERVICES

CONCRETE REPAIR/REPLACEMENT	30,137	31,350	237,501	248,901	373,111	64%	11,400	5%
JANITORIAL SERVICE	32,147	28,957	319,202	230,274	345,015	93%	(88,928)	(39%)
GUTTER CLEANING	2,138	16,112	36,202	128,602	192,872	19%	92,401	72%
WELDING	2,338	8,511	47,469	67,555	101,275	47%	20,086	30%
TRAFFIC CONTROL	784	1,261	4,941	10,009	15,010	33%	5,068	51%
TOTAL	\$67,543	\$86,191	\$645,314	\$685,341	\$1,027,283	63%	\$40,026	6%

CONTINGENCY FUND - MAINTENANCE & CONSTRUCTION

MOISTURE INTRUSION - RAIN LEAKS	\$12,880	\$12,666	\$222,262	\$101,328	\$152,000	146%	(\$120,934)	(119%)
MOISTURE INTRUSION - PLUMBING LEAKS	10,988	62,949	409,110	503,592	755,390	54%	94,482	19%
MOISTURE INTRUSION - PLUMBING STOPPAGES	(4,449)	23,243	189,651	185,944	278,926	68%	(3,707)	(2%)
MOISTURE INTRUSION - MISCELLANEOUS	1,425	6,565	123,283	52,520	78,786	156%	(70,763)	(135%)
DAMAGE RESTORATION SERVICES	4,033	12,019	17,373	95,784	143,640	12%	78,412	82%
SUPPL. APPROPRIATIONS	0	0	1,410	1,410	1,410	100%	0	0%
TOTAL CONTINGENCY FUND	\$24,877	\$117,442	\$963,088	\$940,578	\$1,410,152	68%	(\$22,510)	(2%)

**UNITED LAGUNA WOODS MUTUAL
MAINTENANCE PROGRAMS EXPENDITURES REPORT
AS OF AUGUST 31, 2020**

YTD ACTUAL

DESCRIPTION	TOTAL			OUTSIDE
	EXPENDITURES	LABOR	MATERIALS	SERVICES

RESERVE FUND - MAINTENANCE & CONSTRUCTION

BUILDING STRUCTURES	\$218,172	\$16,867	\$2,781	\$198,524
CDS SIGNAGE	29,078	0	0	29,078
ELECTRICAL SYSTEMS	135,815	0	0	135,815
EXTERIOR WALKWAY LIGHTING	5,821	0	0	5,821
FOUNDATIONS	0	0	0	0
GUTTER REPLACEMENT	26,552	24,390	2,162	0
PAINT - EXTERIOR	662,113	605,109	57,004	0
PAVING	58,102	0	0	58,102
PRIOR TO PAINT	379,891	322,918	56,973	0
ROOF REPLACEMENTS	344,885	0	0	344,885
WALL REPLACEMENT	0	0	0	0
WASTE LINE REMEDIATION	730,073	5,608	186	724,280
WATER LINE - COPPER PIPE REMEDIATION	165,394	0	0	165,394
WINDOW/SLIDING SCREEN DOOR	17,531	6,738	7,600	3,193
BASINS/SINKS/TOILETS	70,765	23,086	47,679	0
COOKTOPS	31,485	4,993	19,891	6,601
COUNTER TOPS/FLOORS/SHOWER ENCLOSURES	331,712	157,368	78,998	95,346
DISHWASHERS	33,833	10,224	20,339	3,270
DRYERS	123	123	0	0
GARBAGE DISPOSALS	48,179	18,206	29,973	0
HOODS	5,110	1,524	2,155	1,432
OVENS	63,497	5,030	41,384	17,083
RANGES	3,863	1,090	1,930	843
REFRIGERATORS	71,500	14,045	47,376	10,079
WASHING MACHINES	31,717	3,158	28,559	0
WATER HEATERS & PERMITS	189,446	56,132	133,314	0
SUPPL. APPROPRIATIONS	6,389	900	489	5,000
TOTAL	\$3,661,048	\$1,277,508	\$578,793	\$1,804,747

RESERVE FUND - GENERAL SERVICES

PRIOR TO PAINT	0	0	0	0
PAVING	16,062	15,604	458	0
WALL REPLACEMENT	0	0	0	0
TOTAL	\$16,062	\$15,604	\$458	\$0

RESERVE FUND - LANDSCAPE

LANDSCAPE MODIFICATION	61,951	0	609	61,342
TREE MAINTENANCE	559,188	289,037	0	270,151
TOTAL	\$621,139	\$289,037	\$609	\$331,493

**UNITED LAGUNA WOODS MUTUAL
MAINTENANCE PROGRAMS EXPENDITURES REPORT
AS OF AUGUST 31, 2020**

YTD ACTUAL

DESCRIPTION	TOTAL			OUTSIDE
	EXPENDITURES	LABOR	MATERIALS	SERVICES

OPERATING EXPENDITURES - MAINTENANCE & CONSTRUCTION

CARPENTRY SERVICE	313,647	293,243	20,405	0
COUNTERTOP/FLOOR/TILE REPAIRS	71,547	66,634	1,863	3,050
ELECTRICAL SERVICE	201,514	178,567	22,947	0
ENERGY PROGRAM	9,746	0	0	9,746
FIRE PROTECTION	1,862	0	686	1,176
INTERIOR PREVENTIVE MAINTENANCE	141,850	140,701	1,149	0
MISCELLANEOUS REPAIRS BY OUTSIDE SERVICE	20,279	0	0	20,279
PEST CONTROL	26,884	0	0	26,884
PLUMBING SERVICE	1,034,920	794,822	38,508	201,589
APPLIANCE REPAIRS	160,482	141,738	18,743	0
TOTAL	\$1,982,731	\$1,615,706	\$104,301	\$262,724

OPERATING EXPENDITURES - GENERAL SERVICES

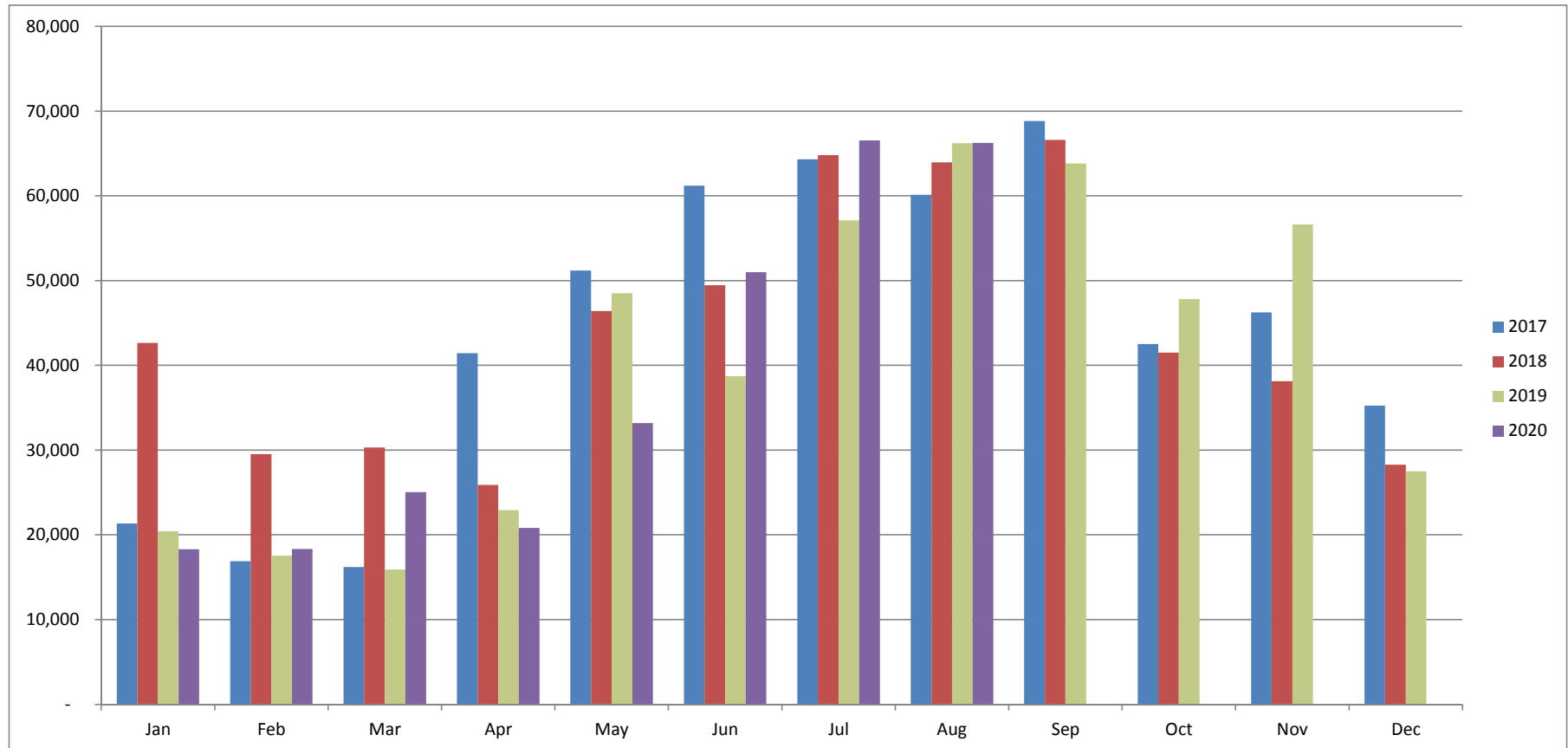
CONCRETE REPAIR/REPLACEMENT	237,501	223,014	14,487	0
GUTTER CLEANING	36,202	36,144	58	0
JANITORIAL SERVICE	319,202	318,965	237	0
TRAFFIC CONTROL	4,941	4,941	0	0
WELDING	47,469	46,434	1,035	0
TOTAL	\$645,314	\$629,497	\$15,817	\$0

CONTINGENCY FUND - MAINTENANCE & CONSTRUCTION

MOISTURE INTRUSION - RAIN LEAKS	\$222,262	\$0	\$0	\$222,262
MOISTURE INTRUSION - PLUMBING LEAKS	409,110	0	0	409,110
MOISTURE INTRUSION - PLUMBING STOPPAGES	189,651	0	0	189,651
MOISTURE INTRUSION - MISCELLANEOUS	123,283	0	0	123,283
DAMAGE RESTORATION SERVICES	17,373	940	0	16,433
SUPPL. APPROPRIATIONS	1,410	0	0	1,410
TOTAL	\$963,088	\$940	\$0	\$962,148

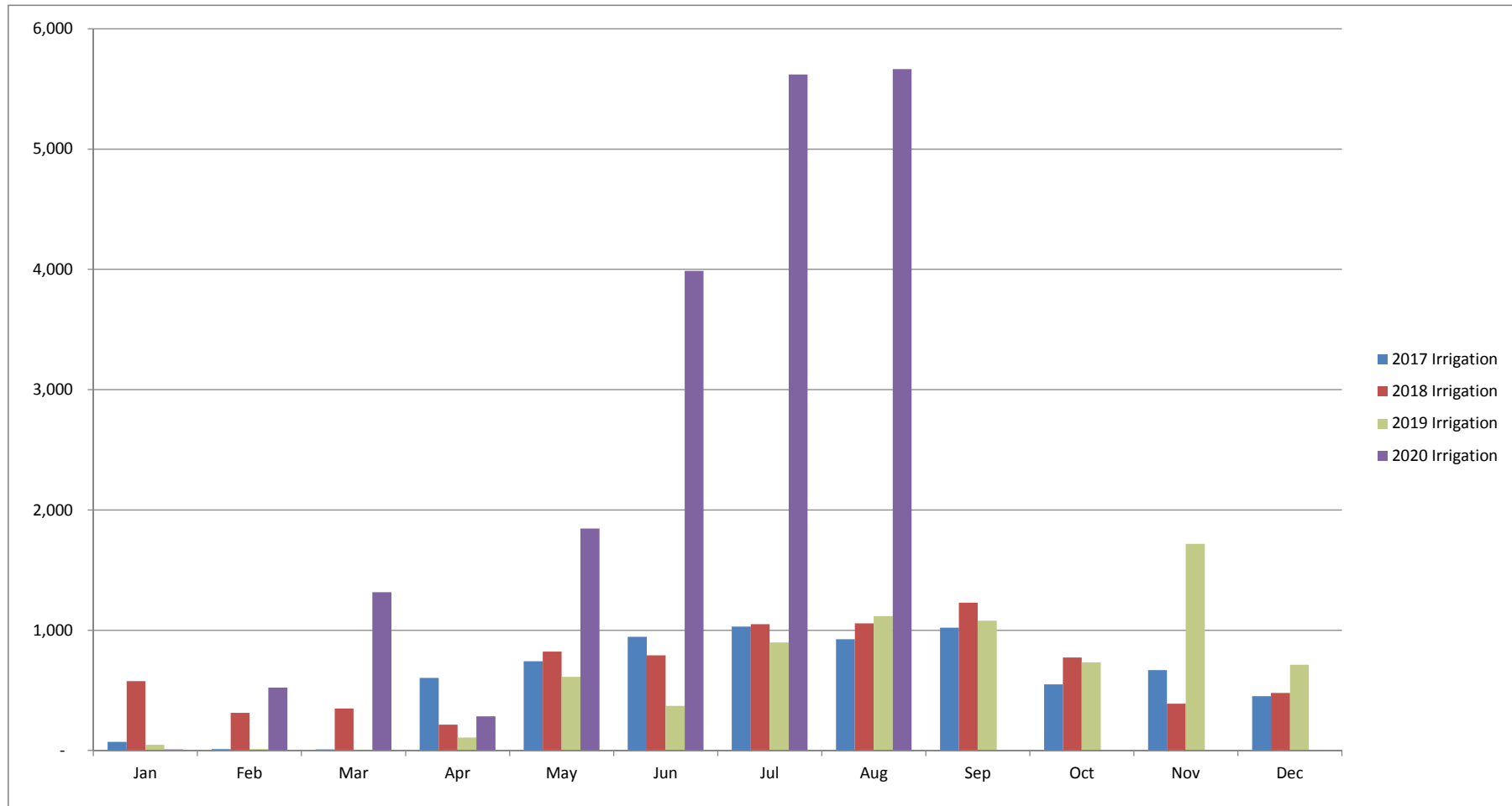
United Mutual Water Usage in 100 cubic feet units

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Total
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	332,705	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	352,981	527,549
2019	20,437	17,551	15,895	22,897	48,490	38,729	57,098	66,201	63,823	47,827	56,613	27,488	287,298	483,049
2020	18,294	18,329	25,035	20,833	33,194	50,996	66,548	66,237	-	-	-	-	299,466	299,466



United Mutual
Irrigation Water Usage in 100 cubic feet units

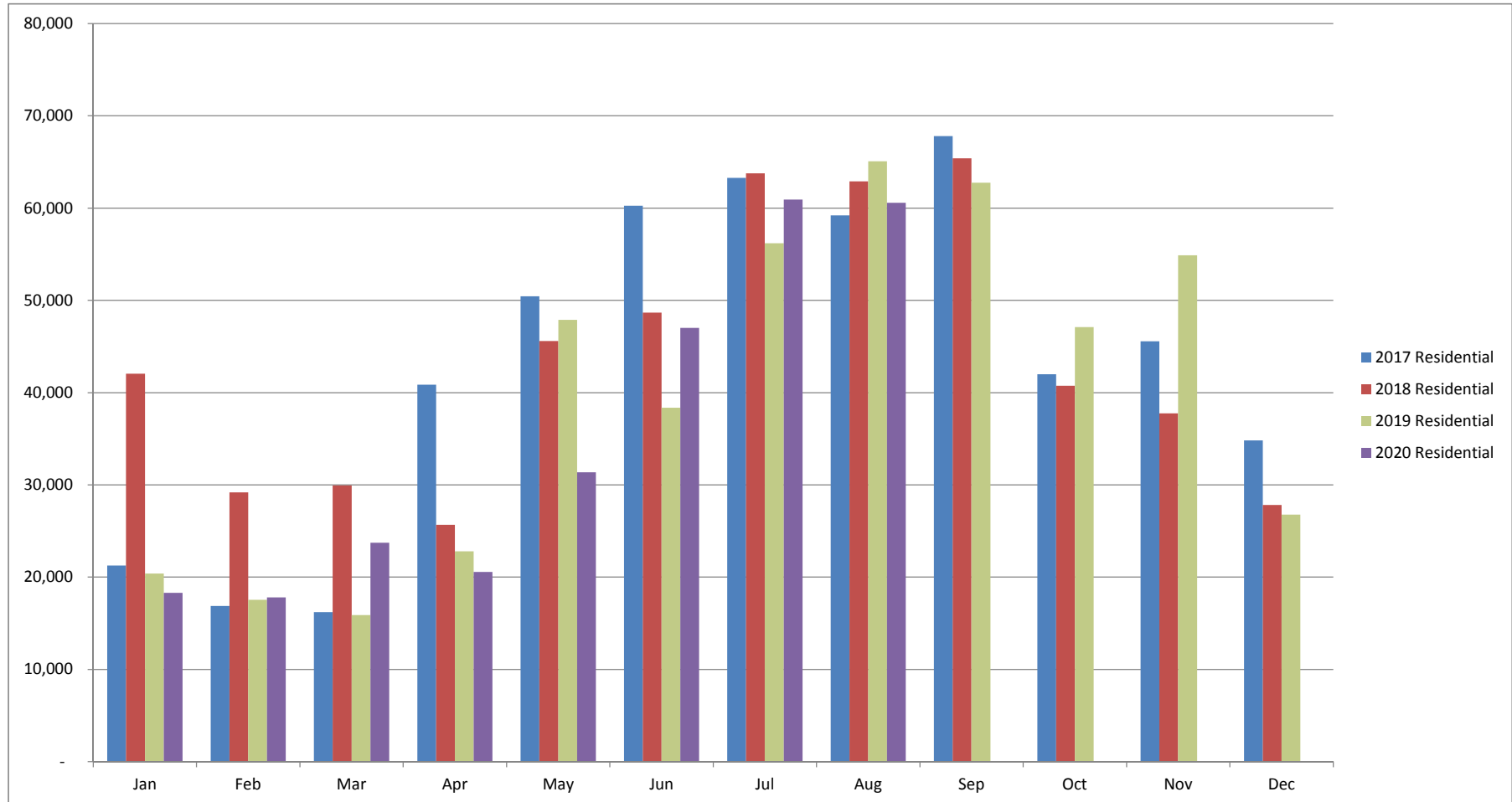
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Total
2017 Irrigation	72	12	9	603	742	946	1,030	925	1,021	549	669	451	4,339	7,029
2018 Irrigation	576	314	349	214	822	792	1,050	1,058	1,229	773	389	478	5,175	8,044
2019 Irrigation	47	11	8	108	612	372	898	1,118	1,079	732	1,718	713	3,174	7,416
2020 Irrigation	9	523	1,315	284	1,845	3,987	5,621	5,666	-	-	-	-	19,250	19,250



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
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	328,366	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	347,806	519,505
2019 Residential	20,390	17,540	15,887	22,789	47,878	38,357	56,200	65,083	62,744	47,095	54,895	26,775	284,124	475,633
2020 Residential	18,285	17,806	23,720	20,549	31,349	47,009	60,927	60,571	-	-	-	-	280,216	280,216





STAFF REPORT

DATE: September 29, 2020
FOR: Finance Committee
SUBJECT: Damage Restoration Reclassification

RECOMMENDATION

Staff recommends the board approve a reclassification of \$510,877 from the Contingency Fund to the Reserve Fund for damage restoration construction expenses incurred from January 1, 2020 to August 31, 2020. Furthermore, damage restoration construction expenses will be coded to the Reserve Fund for the remainder of the year.

BACKGROUND

The Maintenance and Construction Department provides restoration services from damages resulting from plumbing leaks, plumbing stoppages, rain leaks, moisture from tub/shower enclosures, cracked tile/missing grout, humidity, irrigation, loose sink/countertop connections, washing machines (non-alteration), service work related, foundations, window condensation, and mold. Expenses can be broken down into two general categories: 1) general cleanup, including dry down, environmental testing, abatement & misc. repairs; and 2) reconstruction. To date, these expenses have been budgeted and charged to the Contingency Fund (previously the General Operating Fund).

The Contingency Fund is used for the repair or replacement of mutual assets damaged by uninsured or unexpected disasters in addition to providing funding for unanticipated significant expenditures not otherwise identified in the business plan.

The Reserve Fund was established at the original construction of the Mutuals. The purpose of the Reserve Fund is to provide for repair, restoration, replacement, or maintenance of structural elements and mechanical equipment within the Mutual. To date, the Reserve Fund has not been used for invoices classified as damage restoration.

During the 2021 Business Planning meetings, the Board asked that costs related to the reconstruction or replacement of mutual owned components be moved from the Contingency Fund to the Reserve Fund to better fit the purpose of the funds. Beginning in 2021, the Business Plan includes funding for damage restoration cleanup from the Operating Fund and damage restoration construction from the Reserve Fund. The reserve funding is included in the Building Structures line of the Programs Report.

Since damage restoration cleanup expense and reconstruction are planned to be funded from the Operating and Reserve Funds respectively, only minimal expenditures are projected from the Contingency Fund. With almost no expenses planned, the Board elected to have an assessment contribution of \$0.00 per manor, per month.

Whether damage restoration costs are cleanup or reconstruction, costs above the deductible amount are submitted to insurance for reimbursement. The deductible amount for the policy ending 10/1/2020 is \$10,000 per event; the 10/1/2021 renewal deductible is projected to be \$25,000. The increased deductible is expected to increase the out-of-pocket expense to the Mutual.

DISCUSSION

In 2020, expenses related to damage restoration were coded to the Contingency Fund. Staff reviewed each damage restoration invoice from January 1, 2020 to August 31, 2020 that was coded to the Contingency Fund and identified \$510,877 of expense that related to reconstruction (see Attachment 1). Based on the purpose of the Reserve Fund, Staff recommends a reclassification of construction related expenses from the Contingency Fund to the Reserve Fund.

FINANCIAL ANALYSIS

The 2021 Business Plan includes projected fund balances that assume the reclassification of 2020 reconstruction expense from the Contingency Fund to the Reserve Fund. Furthermore, damage restoration reconstruction expenses will be coded to the Reserve Fund for the remainder of the year.

The financial impact of the proposed reclassification is an increased balance in the Contingency Fund, as projected in the 2021 Business Plan below:

<i>Year</i>	<i>Beginning Balance</i>	<i>Investment Income</i>	<i>Contributions*</i>	<i>Assessment PMPM</i>	<i>Planned Expenditures**</i>	<i>ENDING BALANCE</i>
2020	\$ 1,095,494	\$ 15,400	\$ 1,158,760	\$ 10.00	\$ (908,792)	\$ 1,360,862
2021	\$ 1,360,862	\$ 27,062	\$ 0	\$ 0	\$ (15,540)	\$ 1,372,384
2022	\$ 1,372,384	\$ 31,552	\$ 75,876	\$ 1.00	\$ (16,000)	\$ 1,463,812
2023	\$ 1,463,812	\$ 34,457	\$ 151,752	\$ 2.00	\$ (16,500)	\$ 1,633,521
2024	\$ 1,633,521	\$ 39,124	\$ 227,628	\$ 3.00	\$ (17,000)	\$ 1,883,273
2025	\$ 1,883,273	\$ 45,591	\$ 303,504	\$ 4.00	\$ (17,500)	\$ 2,214,868

*2020 contribution includes a \$400,000 transfer from operating surplus.

Prepared By: Jose Campos, Financial Services Manager

Reviewed By: Betty Parker, Chief Financial Officer

ATTACHMENT(S)

ATT1 – 2020 Contingency Fund Expenditures, through August

Attachment 1

2020 Contingency Fund Expenditures

	Total Expenditure	Reconstruction	Cleanup
January	\$88,765.05	\$48,456.66	\$40,308.39
February	149,146.54	97,195.65	\$51,950.89
March	121,321.49	102,092.90	\$19,228.59
April	128,389.75	95,241.36	\$33,148.39
May	74,801.13	31,931.59	\$42,869.54
June	155,980.64	102,231.13	\$53,749.51
July	14,634.70	10,797.96	\$3,836.74
August	27,828.04	22,929.48	\$4,898.56
Total	\$760,867.34	\$510,876.73	\$249,990.61



STAFF REPORT

DATE: September 29, 2020
FOR: Finance Committee
SUBJECT: Labor Expenses Charged to Reserve

RECOMMENDATION

Receive and file.

BACKGROUND

Employee compensation often represents the largest expense category for the Mutual and is comprised of both Operating and Reserve Fund expenses. Payroll expenses are initially recorded under the Operating Fund and are subsequently allocated to the Reserve Fund during month-end closing procedures based on submitted labor hours (cost collection).

Labor hours originate from employee timecards prepared either electronically using Dayforce Time & Attendance or the ADS System for Landscape union employees, or manually using hand-written labor sheets for union employees in Maintenance, Janitorial, and Paving. With few exceptions, both electronic and manual timecards are entered by the employee completing the work and include both hours and the job code specific to the assignment they are working on. Once the timecards are completed they are approved by the employee's supervisor and submitted to Payroll for processing. In a few instances such as Landscape and Paint, foremen enter the time and job codes for their teams. In these cases the employee and foreman both sign the timecard at the end of the week evidencing their review. Payroll begins by entering the manual labor sheets into ICE / Stellar and confirming the ADS System contains data for the relevant period. After initial review the data is imported into Dayforce for further processing and recording to the General Ledger within AX.

During month-end close, the Financial Services team downloads the ADS System and the ICE / Stellar hours worked. An allocation summary report containing hours, job codes and work centers is developed (See ATT1). The summary lists hours as a percentage of the total for each job code and work center. Once the payroll and preliminary accounting entries are recorded, the summary percentages are applied to all respective compensation and related expense accounts (for example union wages and workers compensation) with the objective of allocating expenses to the correct funding source, Operating or Reserve.

FINANCIAL ANALYSIS

The practice of allocating compensation and related expenses using hours worked is consistently applied throughout the year. Furthermore, the allocation approach has been tested and validated annually by both staff and external auditors. See ATT2 for further details.

Prepared By: Steve Hormuth, Controller
Reviewed By: Betty Parker, Chief Financial Officer
Attachments: ATT1 – Sample Allocation
ATT2 – Hourly Employee Timecard ProcessingTime Narrative

Labor Expenses Charged to Reserve
ATT1: Sample Allocation August 2020

WorkCenter 917

Mutual	JobCodes	JobName	FundingSourceName	Sum of Hours	Allocation %
001	JA320010000	Carpentry Service DMO Only	OPERATING FUND	1.3	0.23%
001	JA917100000	Tile Repairs	OPERATING FUND	24.7	4.31%
001	JA917130000	Tile Grout Repair/Replacement	OPERATING FUND	34.5	6.02%
001	JA917169916	Vinyl Floor Repairs	OPERATING FUND	1.5	0.26%
001	JA917269919	Bath Enclosure Repairs	OPERATING FUND	6.7	1.17%
001	JA917280000	Tile Replacement	REPLACEMENT FUND	53.4	9.32%
001	JA917309901	Replace Kitchen Countertop	REPLACEMENT FUND	184.9	32.28%
001	JA917319902	Replace Bath Countertop	REPLACEMENT FUND	98.3	17.16%
001	JA917329903	Replace Kitchen Vinyl Floor	REPLACEMENT FUND	19.3	3.37%
001	JA917339904	Replace Bath Vinyl Floor	REPLACEMENT FUND	27.7	4.84%
001	JA917349934	Replace Bath Enclosure	REPLACEMENT FUND	23.8	4.16%
001	JA917359935	Replace In Line Shower Door	REPLACEMENT FUND	17.1	2.99%
001	JA917369936	Replace Surround/90 Enclosure	REPLACEMENT FUND	13.2	2.30%
001	JA917460000	Toilet Replacement	REPLACEMENT FUND	13.2	2.30%
003	JA917169916	Vinyl Floor Repairs	OPERATING FUND	12.2	2.13%
003	JA917239923	Laundry Room Floors – 3 Story Buildings	REPLACEMENT FUND	38.8	6.77%
003	JA917510000	Refridgerator Install/Replacement	GARDEN VILLA RECEPTION ROOM FUND	1.2	0.21%
090	JA917500000	Misc Repairs and Replacements GRF	OPERATING FUND	1.0	0.17%
Grand Total				572.8	100.00%

Number 300.710: Hourly Employee Timecard Processing**1. Purpose**

The procedures set for Village Management Services (VMS) use of electronic timecards and manual labor sheets.

2. Scope

VMS Hourly (non-exempt) employee timecards

3. Procedures

Hourly employees, excluding divisional exceptions noted below, complete an electronic timecard on the Dayforce Time & Attendance system. Employees log into the system through their computer (after password verification) or a timeclock. Employees electronically sign their timecards at the end of the bi-weekly payroll period. The employee's supervisor or manager reviews the timesheet including hours worked, overtime, sick and vacation. The supervisor or manager may edit the timesheet if necessary after discussing the change with the employee and adding a note within Dayforce. After the review is complete the supervisor or manager approves the timesheet electronically.

On Tuesdays of payroll week, the Payroll Coordinator sends an email to the supervisor and manager email group (Group - Executives, Managers, Supervisors) reminding them to review and authorize timesheets if they have not done so already. Approvers have until 10:00 AM PST to make edits and approve time. After the deadline the Payroll admin will lock the timesheet system so that no further changes can be made. The Payroll team runs Dayforce analysis reports looking for errors and incomplete / missing punches due to possible oversight by timesheet approvers. Prior to making a manual change the Payroll team confirms the change with the timesheet approver. Payroll cannot be committed until all errors are corrected and saved. Once Payroll has resolved outstanding issues the payroll data file is committed to the third party service provide for further processing and payroll distribution. This process includes approximately 460 employees.

Divisional exceptions

Labor hours for Landscape union non-exempt employees are entered by the work center foreman on daily electronic Labor Sheets via the ADS System. Each day the employee reports to work the foreman punches them into the ADS and enters the appropriate job code for the work they are being assigned. On the Monday of a payroll week the timecards are printed for employees to review and sign. After all reviews have been completed the employee's foreman systematically approves the time which posts the details into the Information & Community Explorer (ICE) application. After the Payroll team reviews the records they import the data into Dayforce. This process includes about 120 employees.

Maintenance, Janitorial and Paving union non-exempt employees record their time on daily paper Labor Sheets, which are approved by the supervisor or foreman. Start times, meal breaks and end times are hand written on Labor Sheets and hours worked are allocated to the specific event codes. This process includes approximately 120 employees. The Labor Sheets are signed by the supervisor or foreman as evidence of their review. The Labor Sheets are then scanned by the foreman or lead employee and saved daily to OnBase (electronic document retention tool). The purpose for the employee filling out a daily labor sheet is to support the job cost collection system. The day after the Labor Sheets are saved, Payroll retrieves the scanned files and processes the data in ICE. Once per week, generally Tuesdays, Payroll downloads the information processed in ICE from the previous week and imports it into Dayforce.

Labor hours for Paint union non-exempt employees are entered on a pre-printed labor sheet including the names of the entire paint crew. The foreman completes the form by allocating hours worked with the corresponding job code. The manual labor sheets are reviewed and signed by both the employee and foreman before being sent Payroll for processing.

Manual entries (add / change / delete) to an employee's timecard are limited to the supervisor, manager or Payroll team and can be performed in both the electronic and manual labor sheet time keeping systems. Human Resources policies recommend employees submit in writing any adjustment needed on their timecard. Furthermore, the Human Resource policies require that all manual entries be accompanied by an embedded comment from the supervisor or manager justifying the reason for the change. Edits performed by Payroll also require supporting evidence for the change documented in Dayforce.

4. Review Procedures

Daily exception reports are generated and reviewed by Payroll. The exception reports note information such as employee number, name, and a reason for the exception (i.e., any overtime worked > normal 8 hour work day, any special pay rate for that day, if the employee did not turn in a labor sheet). Any exceptions are identified and resolved in a timely manner. A weekly report of hours is printed from the data and reviewed for reasonableness by Payroll. Total hours worked per employee is reviewed, including hours for overtime, sick, vacation, etc.



Agenda Item 13 – Update on AP Invoice Approval Process

Will be issued at the Finance meeting.