



REGULAR MEETING OF THE FINANCE COMMITTEE

**Tuesday, March 30, 2021 – 1:30 p.m.
Laguna Woods Village Virtual Meeting
24351 El Toro Road**

AGENDA

1. Call to Order
2. Acknowledgment of Media
3. Approval of the Agenda
4. Approval of the Meeting Report for February 23, 2021
5. Chair Remarks
6. Member Comments (Items Not on the Agenda)

At this time Members only may address the Board of Directors regarding items not on the agenda and within the jurisdiction of this Board of Directors. The Board reserves the right to limit the total amount of time allotted for the Open Forum. Members can join the Zoom Meeting by clicking on the link <https://zoom.us/j/98285929304> or call (949) 268-2020 or email meeting@vmsinc.org to request to speak.

7. Department Head Update

Reports

8. Preliminary Financial Statements dated February 28, 2021
 - a. Compensation and Outside Services

Items for Discussion and Consideration

9. Temporary Borrowing from Operating and Reserves
10. Bank Fees
11. Budget Task Force
12. Endorsements from Standing Committees

Future Agenda Items

Mutual Owned Appliance Records
Prior Year Surplus or Deficit

Concluding Business:

13. Committee Member Comments
14. Date of Next Meeting – Tuesday, April 27, 2021 at 1:30 p.m.
15. Recess to Closed Session

Azar Asgari, Chair
Betty Parker, Staff Officer
Telephone: 949-597-4201



OPEN MEETING

FINANCE COMMITTEE MEETING REPORT OF THE REGULAR OPEN SESSION

Tuesday, February 23, 2021 – 1:30 p.m.
Virtual Meeting

MEMBERS PRESENT: Azar Asgari – Chair, Sue Margolis, Carl Randazzo, Andre Tornig, Diane Casey Advisor: Dick Rader

OTHERS PRESENT: Manuel Armendariz, Elsie Addington

VMS – Juanita Skillman

MEMBERS ABSENT: Brian Gilmore

STAFF PRESENT: Betty Parker, Steve Hormuth, Jose Campos, Christopher Swanson

Call to Order

Director Asgari chaired the meeting and called it to order at 1:31 p.m.

Acknowledgment of Media

The meeting was streamed live on the Laguna Woods Village website.

Approval of Agenda

By consensus, the agenda was approved as presented.

Approval of the Regular Meeting Report of January 26, 2021

By consensus, the committee meeting report was approved as presented.

Chair Remarks

Director Asgari thanked the Finance Committee members and the VMS Finance staff for finding a solution to receiving the financial information before our finance committee session, noting the importance of financial data being overseen by their entrusted directors. She further noted that receiving this finance information complies with Civil 5500 which may result in the ratifying of the finance report in a timely manner.

Member Comments (Items Not on the Agenda)

Director Tornig requested Financials Services send operating statements to the Landscape Department and included for review by the Landscape Committee.

Department Head Update

Betty Parker, Chief Financial Officer, provided updates on the 2021 process, financial statement audit and insurance broker services.

Review Preliminary Financial Statements dated January 31, 2021

The Committee reviewed financial statements for January 31, 2021 and questions were addressed. A motion was made and carried unanimously to remove all line items on the supplemental status report that reflect zero remaining encumbrances. Director Asgari requested that an explanation of funds transfers be placed onto a future agenda for discussion.

Compensation and Outside Services

The Committee reviewed a new ad hoc report that details a comparative history of compensation and outside services by month over the past few years.

Discuss Supplemental Property Tax Process

The Committee was presented with a sample supplemental tax assessment calculation to show why owners have an increase in their assessment upon transfer of title and how the timing of those assessments related to the Orange County Tax Assessor tax year.

Bank Fees

Staff summarized the review of bank fees and the following action items: 1) bank fee reductions of unit prices per transactions; 2) initiatives to increase electronic payments in accounts receivable (EZPay) and accounts payable (ACH); and 3) obtaining comparative service pricing.

Budget Task Force

Director Margolis provided an update on the next Budget Task Force meeting and encouraged input from the everyone.

Future Agenda Items

Bank Fees (closed session)
Budget Task Force
Explanations of Fund Transfers
United Investment Policy

Committee Member Comments

Advisor Rader commented on insurance.

Date of Next Meeting

Tuesday, March 30, 2021 at 1:30 p.m. and will be held virtually.

Recess to Closed Session

The meeting recessed to closed session at 3:26 p.m.

DRAFT

Azar Asgari, Chair

MEMORANDUM

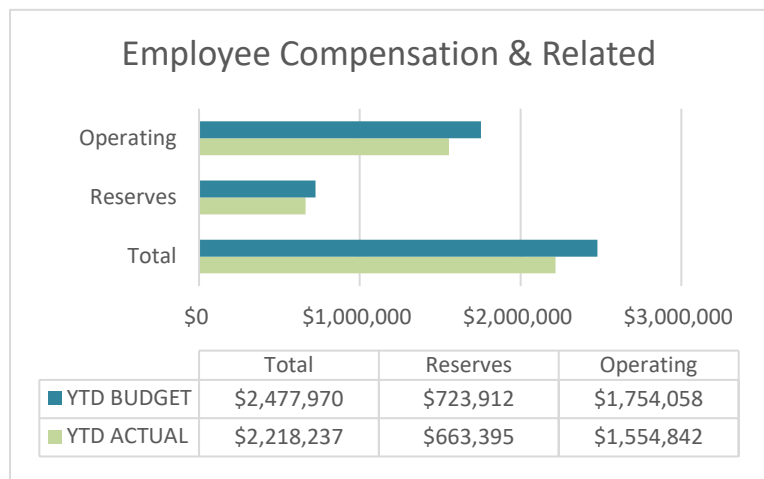
To: United Finance Committee
From: Betty Parker, CFO
Date: March 30, 2021
Re: Department Head Update

Financial Highlights

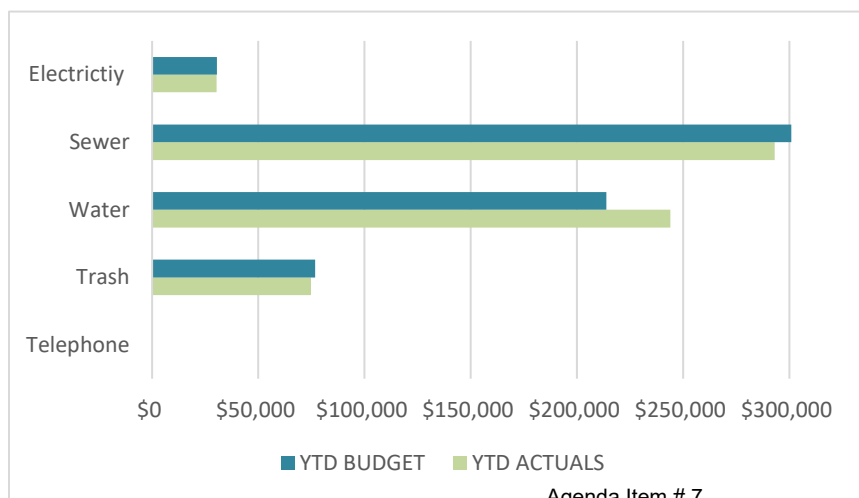
- SUMMARY:** For the year-to-date period ending February 28, 2021, United Mutual was better than budget by \$1,268K primarily due to timing of expenditures, affecting the areas of outside services \$974K, compensation \$260K, and materials \$159K.

	INCOME STATEMENT		
	Actual	Budget	Variance
Assessment Revenues	\$7,545,044	\$7,542,715	\$2,329
Other Revenues	67,725	298,314	(230,589)
Expenses	6,492,912	7,989,160	1,496,248
Revenue / (Expense)	\$1,119,857	(\$148,131)	\$1,267,988

- COMPENSATION:** Actual compensation and related costs came in at \$2.2 million, with \$1.6 million in operations and \$663K in reserves. Combined, this category is 10% favorable to budget. For United, the most significant variances were in Maintenance and Landscape due to open positions and timing of programs.



- UTILITIES:** In total, this category was unfavorable to budget by (\$19K) primarily due to water expenses coming in higher than budget. Water consumption was higher than budget due to less rainfall than prior years. Sewer (a fixed residential charge), electricity, trash and telephone expenditures remained within budget.



Discussions

2021 Budget: A workshop was held on February 10, 2021 to discuss the 2022 Business Planning Process. Members from all Boards within the Community were invited to attend. Departmental Budget workshops began March 22 and will continue through March 31. The workshops are open to all Board members.

Financial Statement Audit: The third meeting of the Select Audit Task Force was held on March 19, 2021. KPMG presented a status update on the progress of the audit and answered questions from the task force. The completed audit report is scheduled to be presented to the boards on April 5, 2021.

Insurance Update: An Insurance Ad Hoc Committee has been established to review and discuss insurance for the community. An RFP was issued for broker services, bidder presentations were held, and Marsh McLennan was named the broker of record to service existing policies and begin reviewing renewal options effective March 24, 2021.

Calendar

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

- Mar 30, 2021 @ 1:30 p.m. United Finance Committee Meeting (February Financials)
- Apr 01, 2021 @ 2:00 p.m. United Board Agenda Prep Meeting
- April 5, 2021 @ 2:00 p.m. Special United Board Meeting – 2020 Audit
- Apr 13, 2021 @ 9:30 a.m. United Board Meeting
- Apr 27, 2021 @ 1:30 p.m. United Finance Committee Meeting (March Financials)

March 2021							April 2021							May 2021						
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
6	7	8	9	10	11	12	4	5	6	7	8	9	10	2	3	4	5	6	7	8
13	14	15	16	17	18	19	11	12	13	14	15	16	17	9	10	11	12	13	14	15
20	21	22	23	24	25	26	18	19	20	21	22	23	24	16	17	18	19	20	21	22
27	28	29	30	31			25	26	27	28	29	30		23	24	25	26	27	28	29
														30	31					

United Laguna Woods Mutual
Statement of Revenues & Expenses - Preliminary
2/28/2021
(\$ IN THOUSANDS)

	CURRENT MONTH			YEAR TO DATE			PRIOR YEAR	TOTAL
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET
Revenues:								
Assessments:								
1 Operating	\$2,811	\$2,810	\$1	\$5,623	\$5,620	\$2	\$5,070	\$33,721
2 Additions to restricted funds	961	961		1,922	1,923		2,049	11,535
3 Total assessments	3,773	3,771	1	7,545	7,543	2	7,119	45,256
Non-assessment revenues:								
4 Merchandise sales				1		1	2	
5 Fees and charges for services to residents	53	51	2	122	103	19	50	629
6 Laundry	39	23	17	42	45	(3)	44	270
7 Investment income	13	20	(6)	21	39	(18)	43	234
8 Unrealized gain/(loss) on AFS investments	(153)	21	(173)	(204)	21	(225)	316	125
9 Miscellaneous	38	45	(7)	86	90	(4)	85	541
10 Total non-assessment revenue	(9)	159	(168)	68	298	(231)	540	1,799
11 Total revenue	3,764	3,931	(167)	7,613	7,841	(228)	7,659	47,055
Expenses:								
12 Employee compensation and related	1,078	1,183	105	2,218	2,478	260	2,251	15,045
13 Materials and supplies	178	267	89	361	520	159	354	3,087
14 Utilities and telephone	319	308	(11)	642	624	(19)	569	4,359
15 Legal fees	24	29	5	27	58	31	55	350
16 Professional fees	24	6	(18)		11	11	4	116
17 Equipment rental	8	2	(6)	11	3	(8)	4	20
18 Outside services	83	681	598	326	1,300	974	827	9,229
19 Repairs and maintenance	3	4	1	6	8	2	5	49
20 Other Operating Expense	9	24	15	14	40	26	22	206
21 Property and sales tax	1,007	1,013	6	1,961	2,026	66	1,886	12,158
22 Insurance	334	320	(14)	667	640	(27)	352	3,838
23 Investment expense	3		(3)	3		(3)	2	11
24 Uncollectible Accounts	(4)		4	(6)		6	5	30
25 Depreciation and amortization	16	33	16	33	33		33	196
26 Net allocation to mutuals	114	117	2	232	249	17	250	1,484
27 Total expenses	3,197	3,986	789	6,493	7,989	1,496	6,620	50,177
28 Excess of revenues over expenses	\$567	(\$55)	\$622	\$1,120	(\$148)	\$1,268	\$1,040	(\$3,122)

United Laguna Woods Mutual
Operating Statement
2/28/2021
UNITED LAGUNA WOODS MUTUAL

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
Revenues:					
Assessments:					
Operating					
41001000 - Monthly Assessments	\$3,090,177	\$3,090,282	(\$106)	0.00%	\$18,541,694
41007000 - Monthly Assessments - Property Taxes	1,980,583	2,026,333	(45,750)	(2.26%)	12,158,000
41007500 - Monthly Assessments - Supplemental Property Taxes	48,239	0	48,239	0.00%	0
41008000 - Monthly Assessments - Property Insurance	503,601	503,599	2	0.00%	3,021,594
Total Operating	5,622,599	5,620,215	2,385	0.04%	33,721,288
Additions To Restricted Funds					
41001500 - Monthly Assessments - Contingency Fund	126,460	126,460	0	0.00%	758,760
41003500 - Monthly Assessments - Replacement Fund	1,795,985	1,796,040	(55)	0.00%	10,776,240
Total Additions To Restricted Funds	1,922,445	1,922,500	(55)	0.00%	11,535,000
Total Assessments	7,545,044	7,542,715	2,329	0.03%	45,256,288
Non-Assessment Revenues:					
Merchandise Sales					
41501500 - Merchandise Sales - Warehouse	550	0	550	0.00%	0
Total Merchandise Sales	550	0	550	0.00%	0
Fees and Charges for Services to Residents					
46501000 - Permit Fee	62,266	27,565	34,701	125.89%	165,393
46501500 - Inspection Fee	12,522	13,215	(693)	(5.24%)	79,294
46502000 - Resident Maintenance Fee	47,619	62,592	(14,974)	(23.92%)	384,271
Total Fees and Charges for Services to Residents	122,407	103,373	19,034	18.41%	628,957
Laundry					
46005000 - Coin Op Laundry Machine	42,445	45,000	(2,555)	(5.68%)	270,000
Total Laundry	42,445	45,000	(2,555)	(5.68%)	270,000
Investment Income					
49001000 - Investment Income - Nondiscretionary	0	3,000	(3,000)	(100.00%)	18,000
49002000 - Investment Income - Discretionary	20,991	36,000	(15,009)	(41.69%)	216,000
Investment Interest Income	20,991	39,000	(18,009)	(46.18%)	234,000
Unrealized Gain/(Loss) On AFS Investments					
49008100 - Unrealized Gain/(Loss) On Available For Sale Investments	(204,465)	20,833	(225,299)	(1081.43%)	125,000
Total Unrealized Gain/(Loss) On AFS Investments	(204,465)	20,833	(225,299)	(1081.43%)	125,000
Miscellaneous					
46004500 - Resident Violations	(1,500)	5,000	(6,500)	(130.00%)	30,000
44501000 - Additional Occupant Fee	7,000	6,666	334	5.01%	40,000
44501500 - Lease Processing Fee - United	14,740	20,586	(5,846)	(28.40%)	123,526
44502000 - Variance Processing Fee	0	666	(666)	(100.00%)	4,000
44503000 - Stock Transfer Fee	1,050	2,566	(1,516)	(59.08%)	15,405
44503510 - Resale Processing Fee - United	26,950	21,372	5,578	26.10%	128,233
44506500 - Auto Decal Fee	(25)	0	(25)	0.00%	0
44507000 - Golf Cart Electric Fee	9,560	10,000	(440)	(4.40%)	60,000
44507200 - Electric Vehicle Plug-In Fee	2,680	2,334	346	14.82%	14,000
44507500 - Cartport/Carport Space Rental Fee	194	334	(140)	(41.99%)	2,000
47001500 - Late Fee Revenue	10,032	8,334	1,698	20.37%	50,000
47002010 - Collection Administrative Fee - United	14,840	10,250	4,590	44.78%	61,500
47002500 - Collection Interest Revenue	0	1,666	(1,666)	(100.00%)	10,000
47501000 - Recycling	270	334	(64)	(19.23%)	2,000
49009000 - Miscellaneous Revenue	7	0	7	0.00%	0
Total Miscellaneous	85,797	90,108	(4,311)	(4.78%)	540,664
Total Non-Assessment Revenue	67,725	298,314	(230,589)	(77.30%)	1,798,621
Total Revenue	7,612,769	7,841,029	(228,260)	(2.91%)	47,054,909
Expenses:					
Employee Compensation					
51011000 - Salaries & Wages - Regular	402,136	474,297	72,161	15.21%	2,966,423

United Laguna Woods Mutual
Operating Statement
2/28/2021
UNITED LAGUNA WOODS MUTUAL

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
51021000 - Union Wages - Regular	826,760	1,031,325	204,565	19.84%	6,380,230
51041000 - Wages - Overtime	4,251	3,930	(321)	(8.17%)	23,590
51051000 - Union Wages - Overtime	23,875	14,821	(9,054)	(61.09%)	88,955
51061000 - Holiday & Vacation	160,739	127,006	(33,733)	(26.56%)	788,381
51071000 - Sick	62,397	51,805	(10,592)	(20.45%)	321,577
51081000 - Sick - Part Time	5	42	36	87.42%	255
51091000 - Missed Meal Penalty	946	235	(711)	(303.14%)	1,426
51101000 - Temporary Help	13,517	3,982	(9,535)	(239.43%)	23,900
51981000 - Compensation Accrual	37,168	0	(37,168)	0.00%	0
Total Employee Compensation	1,531,793	1,707,441	175,649	10.29%	10,594,736
Compensation Related					
52411000 - F.I.C.A.	111,568	128,889	17,321	13.44%	793,354
52421000 - F.U.I.	6,950	8,162	1,211	14.84%	10,882
52431000 - S.U.I.	47,457	41,478	(5,979)	(14.41%)	55,304
52441000 - Union Medical	306,325	333,500	27,176	8.15%	2,001,002
52451000 - Workers' Compensation Insurance	66,817	93,601	26,784	28.61%	580,059
52461000 - Non Union Medical & Life Insurance	59,846	63,370	3,524	5.56%	380,221
52471000 - Union Retirement Plan	69,841	80,888	11,048	13.66%	500,411
52481000 - Non-Union Retirement Plan	9,945	20,641	10,696	51.82%	129,095
52981000 - Compensation Related Accrual	7,695	0	(7,695)	0.00%	0
Total Compensation Related	686,444	770,529	84,085	10.91%	4,450,327
Materials and Supplies					
53001000 - Materials & Supplies	91,657	114,316	22,658	19.82%	650,728
53003000 - Materials Direct	269,463	405,157	135,694	33.49%	2,431,902
53003500 - Materials Direct - Grf	(620)	0	620	0.00%	0
53004000 - Freight	315	685	370	53.97%	4,141
Total Materials and Supplies	360,815	520,158	159,342	30.63%	3,086,771
Utilities and Telephone					
53301000 - Electricity	30,289	30,500	211	0.69%	120,000
53301500 - Sewer	293,075	302,400	9,325	3.08%	1,840,200
53302000 - Water	244,004	213,832	(30,172)	(14.11%)	1,937,476
53302500 - Trash	74,774	76,708	1,934	2.52%	460,254
53304000 - Telephone	113	118	5	4.47%	706
Total Utilities and Telephone	642,255	623,558	(18,697)	(3.00%)	4,358,636
Legal Fees					
53401500 - Legal Fees	27,210	58,332	31,122	53.35%	349,985
Total Legal Fees	27,210	58,332	31,122	53.35%	349,985
Professional Fees					
53402010 - Audit & Tax Preparation Fees - United	0	0	0	0.00%	45,400
53403500 - Consulting Fees	(169)	2,127	2,296	107.95%	15,920
53403510 - Consulting Fees - United	0	9,166	9,166	100.00%	55,000
Total Professional Fees	(169)	11,293	11,462	101.50%	116,320
Equipment Rental					
53501500 - Equipment Rental/Lease Fees	10,668	3,024	(7,644)	(252.73%)	19,993
Total Equipment Rental	10,668	3,024	(7,644)	(252.73%)	19,993
Outside Services					
53601000 - Bank Fees	5,316	5,319	3	0.06%	31,921
53601500 - Credit Card Transaction Fees	1,645	0	(1,645)	0.00%	0
54603500 - Outside Services Cost Collection	271,082	1,271,971	1,000,889	78.69%	9,059,495
53704000 - Outside Services	48,127	22,679	(25,448)	(112.21%)	137,221
Total Outside Services	326,169	1,299,969	973,800	74.91%	9,228,637
Repairs and Maintenance					
53701000 - Equipment Repair & Maint	1,191	2,573	1,382	53.71%	18,394
53703000 - Elevator /Lift Maintenance	4,571	5,028	457	9.09%	30,166
Total Repairs and Maintenance	5,762	7,601	1,839	24.19%	48,559
Other Operating Expense					
53801000 - Mileage & Meal Allowance	227	2,491	2,264	90.88%	14,993
53801500 - Travel & Lodging	0	471	471	100.00%	2,829
53802000 - Uniforms	8,266	20,347	12,081	59.37%	94,090

United Laguna Woods Mutual
Operating Statement
2/28/2021
UNITED LAGUNA WOODS MUTUAL

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
53802500 - Dues & Memberships	354	321	(34)	(10.49%)	2,557
53803000 - Subscriptions & Books	442	339	(103)	(30.26%)	2,048
53803500 - Training & Education	166	4,538	4,372	96.35%	23,134
53903000 - Safety	0	129	129	100.00%	776
54001010 - Board Relations - United	(132)	1,254	1,386	110.56%	7,525
54002000 - Postage	4,615	9,638	5,023	52.11%	57,828
54002500 - Filing Fees / Permits	0	105	105	100.00%	348
Total Other Operating Expense	13,938	39,633	25,695	64.83%	206,128
Property and Sales Tax					
54301500 - State & Local Taxes	235	0	(235)	0.00%	0
54302000 - Property Taxes	1,960,345	2,026,334	65,989	3.26%	12,158,000
Total Property and Sales Tax	1,960,581	2,026,334	65,753	3.24%	12,158,000
Insurance					
54401000 - Hazard & Liability Insurance	132,047	123,722	(8,325)	(6.73%)	742,331
54401500 - D&O Liability	11,632	11,081	(550)	(4.97%)	66,490
54402000 - Property Insurance	522,507	503,599	(18,908)	(3.75%)	3,021,594
54403000 - General Liability Insurance	497	1,221	725	59.33%	7,328
Total Insurance	666,682	639,623	(27,059)	(4.23%)	3,837,743
Investment Expense					
54201000 - Investment Expense	2,700	0	(2,700)	0.00%	11,180
Total Investment Expense	2,700	0	(2,700)	0.00%	11,180
Uncollectible Accounts					
54602000 - Bad Debt Expense	(6,226)	0	6,226	0.00%	30,000
Total Uncollectible Accounts	(6,226)	0	6,226	0.00%	30,000
Depreciation and Amortization					
55001000 - Depreciation And Amortization	32,718	32,718	0	0.00%	196,310
Total Depreciation and Amortization	32,718	32,718	0	0.00%	196,310
Net Allocation to Mutuals					
54602500 - Allocated Expenses	231,572	248,947	17,374	6.98%	1,484,039
Total Net Allocation to Mutuals	231,572	248,947	17,374	6.98%	1,484,039
Total Expenses	6,492,912	7,989,160	1,496,248	18.73%	50,177,364
Excess of Revenues Over Expenses	\$1,119,857	(\$148,131)	\$1,267,988	855.99%	(\$3,122,455)

**United Laguna Woods Mutual
Balance Sheet - Preliminary
2/28/2021**

		<u>Current Month End</u>	<u>Prior Year December 31</u>
	Assets		
1	Cash and cash equivalents	\$5,984,718	\$3,703,195
2	Non-discretionary investments		1,999,972
3	Discretionary investments	15,245,825	15,431,999
4	Receivable/(Payable) from mutuals	3,950,974	1,217,853
5	Accounts receivable and interest receivable	710,646	751,495
6	Prepaid expenses and deposits	2,321,983	2,702,443
7	Property and equipment	91,989,605	91,989,605
8	Accumulated depreciation property and equipment	(83,759,763)	(83,759,253)
9	Beneficial interest in GRF of Laguna Hills Trust	5,571,497	5,603,705
10	Non-controlling interest in GRF	41,322,192	41,322,192
11	Total Assets	<u>\$83,337,676</u>	<u>\$80,963,206</u>
	Liabilities and Fund Balances		
	Liabilities:		
12	Accounts payable and accrued expenses	\$4,590,367	\$3,222,738
13	Accrued compensation and related costs	473,338	473,338
14	Deferred income	809,023	922,039
15	Asset retirement obligation	1,292,361	1,292,361
16	Total liabilities	<u>\$7,165,089</u>	<u>\$5,910,475</u>
	Fund balances:		
17	Fund balance prior years	75,052,731	71,244,405
18	Change in fund balance - current year	1,119,857	3,808,326
19	Total fund balances	<u>76,172,588</u>	<u>75,052,731</u>
20	Total Liabilities and Fund Balances	<u>\$83,337,676</u>	<u>\$80,963,206</u>

**United Laguna Woods Mutual
Fund Balance Sheet - Final
2/28/2021**

		<u>Operating Fund</u>	<u>Contingency Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
Assets					
1	Cash and cash equivalents	\$3,698,186	\$615,871	\$1,670,660	\$5,984,718
2	Discretionary investments		7,859	15,237,967	15,245,825
3	Receivable/(Payable) from mutuals	3,942,880			3,942,880
4	Receivable/(Payable) from operating fund	(5,462,788)	452,694	5,010,095	
5	Accounts receivable and interest receivable	650,609			650,609
6	Prepaid expenses and deposits	2,321,983			2,321,983
7	Property and equipment	91,989,605			91,989,605
8	Accumulated depreciation property and equipment	(83,759,763)			(83,759,763)
9	Beneficial interest in GRF of Laguna Hills Trust	5,571,497			5,571,497
10	Non-controlling interest in GRF	41,447,686			41,447,686
11	Total Assets	<u>\$60,399,895</u>	<u>\$1,076,424</u>	<u>\$21,918,721</u>	<u>\$83,395,040</u>
Liabilities and Fund Balances					
Liabilities:					
12	Accounts payable and accrued expenses	\$2,632,089	\$23,558	\$1,310,337	\$3,965,984
13	Accrued compensation and related costs	473,338			473,338
14	Deferred income	809,023			809,023
15	Asset retirement obligation	1,292,361			1,292,361
16	Total liabilities	<u>\$5,206,811</u>	<u>\$23,558</u>	<u>\$1,310,337</u>	<u>\$6,540,707</u>
Fund balances:					
17	Fund balance prior years	54,563,679	920,961	20,249,836	75,734,476
18	Change in fund balance - current year	629,405	131,904	358,548	1,119,857
19	Total fund balances	<u>55,193,084</u>	<u>1,052,865</u>	<u>20,608,384</u>	<u>76,854,333</u>
20	Total Liabilities and Fund Balances	<u>\$60,399,895</u>	<u>\$1,076,424</u>	<u>\$21,918,721</u>	<u>\$83,395,040</u>

3/23/2021

United Laguna Woods Mutual
Changes in Fund Balances - Preliminary
2/28/2021

		<u>Operating Fund</u>	<u>Contingency Fund</u>	<u>Replacement Fund</u>	<u>Total</u>
	Revenues:				
	Assessments:				
1	Operating	\$5,622,599			\$5,622,599
2	Additions to restricted funds		126,460	1,795,985	1,922,445
3	Total assessments	<u>5,622,599</u>	<u>126,460</u>	<u>1,795,985</u>	<u>7,545,044</u>
	Non-assessment revenues:				
4	Merchandise sales	550			550
5	Fees and charges for services to residents	122,407			122,407
6	Laundry	42,445			42,445
7	Interest income		1,253	19,738	20,991
8	Unrealized gain/(loss) on AFS investments		(12,205)	(192,260)	(204,465)
9	Miscellaneous	85,797			85,797
10	Total non-assessment revenue	<u>251,199</u>	<u>(10,952)</u>	<u>(172,522)</u>	<u>67,725</u>
11	Total revenue	<u>5,873,798</u>	<u>115,508</u>	<u>1,623,463</u>	<u>7,612,769</u>
	Expenses:				
12	Employee compensation and related	1,554,842		663,394	2,218,237
13	Materials and supplies	126,987		233,828	360,815
14	Utilities and telephone	640,896		1,359	642,255
15	Legal fees	27,210			27,210
16	Professional fees	(169)			(169)
17	Equipment rental	2,648		8,021	10,668
18	Outside services	35,638	(16,557)	307,088	326,169
19	Repairs and maintenance	5,354		408	5,762
20	Other Operating Expense	10,240		3,698	13,938
21	Property and sales tax	1,960,581			1,960,581
22	Insurance	666,682			666,682
23	Investment expense		161	2,539	2,700
24	Uncollectible Accounts	(6,226)			(6,226)
25	Depreciation and amortization	32,718			32,718
26	Net allocations to mutuals	186,992		44,581	231,572
27	Total expenses	<u>5,244,393</u>	<u>(16,396)</u>	<u>1,264,915</u>	<u>6,492,912</u>
28	Excess of revenues over expenses	<u>\$629,405</u>	<u>\$131,904</u>	<u>\$358,548</u>	<u>\$1,119,857</u>
29	Excluding unrealized gain/(loss) and depreciation	<u>\$662,124</u>	<u>\$144,109</u>	<u>\$550,808</u>	<u>\$1,357,041</u>

INVESTMENT REPORT
February 1, 2021 - February 28, 2021



Envelope # BKPPHCBBBNBXH

UNITED LAGUNA WOODS MUTUAL
PO BOX 2220
LAGUNA HILLS CA 92654-2220

Brokerage UNITED LAGUNA WOODS MUTUAL

► Account Number: [REDACTED]

Your Account Value: **\$15,245,824.52**

Change from Last Period: ▼ \$141,917.62

	This Period	Year-to-Date
Beginning Account Value	\$15,387,742.14	\$15,431,999.32
Subtractions	-2,700.60	-2,700.60
Change in Investment Value *	-139,217.02	-183,474.20
Ending Account Value **	\$15,245,824.52	\$15,245,824.52
Accrued Interest (AI)	0.00	
Ending Account Value Incl. AI	\$15,245,824.52	

Your Advisor/Agent

SAGEVIEW ADVISORY GROUP, LLC
RANDALL LONG
4000 MACARTHUR BLVD
SUITE 1050
NEWPORT BEACH CA 92660

Phone: (949) 955-1395

* Reflects appreciation or depreciation of your holdings due to price changes, transactions from Other Activity In or Out and Multi-currency transactions, plus any distribution and income earned during the statement period.

** Excludes unpriced securities.

Your Advisor is an independent organization and is not affiliated with Fidelity Investments. Brokerage services provided by **Fidelity Brokerage Services LLC** (**FBS**), Member NYSE, SIPC (800) 544-6666. Brokerage accounts carried with National Financial Services LLC (NFS), Member NYSE, SIPC.





Account Summary

Account Value: **\$15,245,824.52**

Change in Account Value ▼ **\$141,917.62**

	This Period	Year-to-Date
Beginning Account Value	\$15,387,742.14	\$15,431,999.32
Subtractions	-2,700.60	-2,700.60
Transaction Costs, Fees & Charges	-2,700.60	-2,700.60
Change in Investment Value *	-139,217.02	-183,474.20
Ending Account Value	\$15,245,824.52	\$15,245,824.52
Accrued Interest (AI)	0.00	
Ending Account Value Incl. AI	\$15,245,824.52	

* Reflects appreciation or depreciation of your holdings due to price changes, transactions from Other Activity In or Out and Multi-currency transactions, plus any distribution and income earned during the statement period.

Income Summary

	This Period	Year-to-Date
Taxable	\$13,420.33	\$20,991.18
Dividends	13,420.33	20,991.18
Total	\$13,420.33	\$20,991.18

Top Holdings

Description	Value	Percent of Account
Fidelity Short Term Treasury Bond Index	\$4,541,051.19	30%
Fid Inter Treasury Bond Index Fund	3,774,046.97	25
Vanguard Backed Securities Indx Adm	3,630,989.29	24
Vanguard Short Term Corp Bd Index Admrl	1,153,096.89	8
Vanguard Intermediate Term Corporate Bond ETF	1,147,255.40	8
Vanguard Short Term Treasury Admiral	756,123.38	5
Fidelity Government Cash Reserves	243,261.40	2
Total	\$15,245,824.52	100%

Core Account and Credit Balance Cash Flow

Core Account: FIDELITY GOVERNMENT CASH RESERVES

	This Period	Year-to-Date
Beginning Balance	\$232,541.67	\$224,970.82
Investment Activity		
Dividends, Interest & Other Income ^D	13,420.33	20,991.18
Total Investment Activity	\$13,420.33	\$20,991.18
Cash Management Activity		
Fees & Charges	-2,700.60	-2,700.60
Total Cash Management Activity	-\$2,700.60	-\$2,700.60
Ending Balance	\$243,261.40	\$243,261.40

^D Includes dividend reinvestments.





Account Summary

- The minimum base rate for the purposes of determining interest to be applied under the terms of the Margin Account Agreement for any credit extended or maintained based on the Federal Funds Target or the Call Money rate shall not fall below 0.00% for Federal Funds target or 1.75% for the Call Money rate. All terms and conditions of the Margin Account Agreement shall continue to apply. 933933.1.0



Account Summary

Estimated Cash Flow

(Rolling as of February 28, 2021)

Month	Bond & CD Income	Bond & CD Principal	Stock Income	ETP Income	Mutual Fund Income	Other Income	Total Est. Cash Flow
March 2021	--	--	--	\$2,431	\$16,695	--	\$19,126
April	--	--	--	2,431	16,695	--	19,126
May	--	--	--	2,431	16,695	--	19,126
June	--	--	--	2,431	16,695	--	19,126
July	--	--	--	2,431	16,695	--	19,126
August	--	--	--	2,431	16,695	--	19,126
September	--	--	--	2,431	16,695	--	19,126
October	--	--	--	2,431	16,695	--	19,126
November	--	--	--	2,431	16,695	--	19,126
December	--	--	--	2,431	16,695	--	19,126
January 2022	--	--	--	2,431	16,695	--	19,126
February	--	--	--	2,431	16,695	--	19,126
Total	--	--	--	\$29,172	\$200,340	--	\$229,512

This table presents the estimated monthly interest and dividend income and return of principal that your current holdings may generate over the next rolling 12 months. The cash flows displayed are estimates provided for informational purposes only and there is no guarantee that you will actually receive any of the amounts displayed. These estimates should not be relied upon for making investment, trading or tax decisions. The estimates for fixed income are calculated using the security's coupon rate. The estimates for all other securities are calculated using an indicated annual dividend (IAD). The IAD is an estimate of a security's dividend payments for the next 12 months calculated based on prior and/or declared dividends for that security. IADs are sourced from third party vendors believed to be reliable, but no assurance can be made as to accuracy. There are circumstances in which these estimates will not be presented for a specific security you hold.

Bond & CD Income includes interest payments for fixed and variable rate bonds, international bonds that pay in USD, and Certificates of Deposit (CDs).

Bond & CD Principal includes maturing principal payments for fixed and variable rate bonds, international bonds that pay in USD, and Certificates of Deposit (CDs).

Stock Income includes estimated dividend payments for common stocks, preferred stocks, ADRs, closed-end mutual funds, and MLPs.

ETP Income includes estimated dividend payments for Exchange Traded Funds (ETFs) and Exchange Traded Notes (ETNs).

Mutual Fund Income includes estimated dividend payments for Fidelity and non-Fidelity mutual funds.

Other Income includes, but is not limited to estimated dividend payments for Unit Investment Trusts (UITs), REITs, and LPs.

This table does not include cash flow from foreign denominated fixed income.

-- not available





Holdings

Core Account

Description	Quantity	Price Per Unit	Total Market Value	Total Cost Basis	Unrealized Gain/Loss	Est. Annual Income (EAI)	Est. Yield (EY)
FIDELITY GOVERNMENT CASH RESERVES (FDRXX)	243,261.400	\$1.0000	\$243,261.40	not applicable	not applicable	\$402.92	0.170%
-- 7-day yield: 0.01%							
Total Core Account (2% of account holdings)			\$243,261.40			\$402.92	

Mutual Funds

Description	Quantity	Price Per Unit	Total Market Value	Total Cost Basis	Unrealized Gain/Loss	Est. Annual Income (EAI)	Est. Yield (EY)
Bond Funds							
FIDELITY SHORT TERM TREASURY BOND INDEX (FUMBX)	422,030.780	\$10.7600	\$4,541,051.19	\$4,438,080.57	\$102,970.62	\$54,243.45	1.190%
-- 30-day yield: 0.19%							
FID INTER TREASURY BOND INDEX FUND (FUAMX)	331,638.574	11.3800	3,774,046.97	3,846,426.15	-72,379.18	57,482.58	1.520
-- 30-day yield: 0.82%							
VANGUARD SHORT TERM TREASURY ADMIRAL (VFIRX)	70,402.550	10.7400	756,123.38	746,342.06	9,781.32	5,702.86	0.750
VANGUARD SHORT TERM CORP BD INDEX ADMRL (VSCSX)	51,248.751	22.5000	1,153,096.89	1,129,385.45	23,711.44	24,502.03	2.120
VANGUARD BACKED SECURITIES INDX ADM (VMBSX)	169,198.010	21.4600	3,630,989.29	3,595,929.47	35,059.82	58,001.08	1.600
Total Bond Funds (91% of account holdings)			\$13,855,307.72	\$13,756,163.70	\$99,144.02	\$199,932.00	
Total Mutual Funds (91% of account holdings)			\$13,855,307.72	\$13,756,163.70	\$99,144.02	\$199,932.00	





Holdings

Exchange Traded Products

Includes exchange-traded funds (ETFs), exchange-traded notes (ETNs), and other exchange-traded vehicles.

Description	Quantity	Price Per Unit	Total Market Value	Total Cost Basis	Unrealized Gain/Loss	Est. Annual Income (EAI)	Est. Yield (EY)
Fixed Income ETPs							
VANGUARD INTERMEDIATE TERM CORPORATE BOND ETF (VCIT)	12,130.000	\$94.5800	\$1,147,255.40	\$1,110,102.11	\$37,153.29	\$29,166.59	2.540%
Total Fixed Income ETPs(8% of account holdings)			1,147,255.40	1,110,102.11	37,153.29	29,166.59	
Total Exchange Traded Products (8% of account holdings)			\$1,147,255.40	\$1,110,102.11	\$37,153.29	\$29,166.59	
Total Holdings			\$15,245,824.52	\$14,866,265.81	\$136,297.31	\$229,501.51	

Cost Basis - the original amount paid for a security, including the amount of reinvested dividends and capital gains, plus or minus certain adjustments. See last page of statement for details. Total Cost Basis does not include the cost basis on core, money market or other positions where cost basis is unknown or not applicable.

EAI **Estimated Annual Income (EAI) & Estimated Yield (EY)**- EAI is an estimate of annual income for a specific security position over the next rolling 12 months. EAI may be negative on short & EY positions. EY is calculated by dividing the current EAI for a security position by its statement closing date market value. EAI and EY are estimates only and may include return of principal and/or capital gains, which would render them overstated. Actual income and yield might be lower or higher than the estimated amounts. **For calculation details, refer to the "Additional Information and Endnotes" section.**

All positions held in cash account unless indicated otherwise.

Activity

Dividends, Interest & Other Income

(Includes dividend reinvestment)

Settlement Date	Security Name	Symbol/ CUSIP	Description	Quantity	Price	Amount
01/29	VANGUARD BACKED SECURITIES INDX ADM	92206C755	Dividend Received	-	-	\$2,927.13
01/29	VANGUARD SHORT TERM TREASURY ADMIRAL	922031851	Dividend Received	-	-	188.75





Activity

Dividends, Interest & Other Income (continued)

Settlement Date	Security Name	Symbol/ CUSIP	Description	Quantity	Price	Amount
01/29	VANGUARD SHORT TERM CORP BD INDEX ADMRL	92206C607	Dividend Received	-	-	1,711.71
02/04	VANGUARD INTERMEDIATE TERM CORPORATE BOND ETF	92206C870	Dividend Received	-	-	2,188.25
02/26	FID INTER TREASURY BOND INDEX FUND	31635V257	Dividend Received	-	-	3,528.49
02/26	FIDELITY GOVERNMENT CASH RESERVES	316067107	Dividend Received	-	-	1.82
02/26	FIDELITY SHORT TERM TREASURY BOND INDEX	31635V216	Dividend Received	-	-	2,874.18
Total Dividends, Interest & Other Income						\$13,420.33

Fees and Charges

Date	Description	Amount
02/03	Advisor Fee	-\$2,700.60
Total Fees and Charge		-\$2,700.60

Core Fund Activity

For more information about the operation of your core account, please refer to your Customer Agreement.

Settlement Date	Account Type	Transaction	Description	Quantity	Price	Amount	Balance
02/01	CASH	You Bought	FIDELITY GOVERNMENT CASH RESERVES @ 1	188.750	\$1.0000	\$188.75	\$232,730.42
02/01	CASH	You Bought	FIDELITY GOVERNMENT CASH RESERVES MORNING TRADE @ 1	4,638.840	1.0000	4,638.84	237,369.26
02/03	CASH	You Sold	FIDELITY GOVERNMENT CASH RESERVES @ 1	-2,700.600	1.0000	-2,700.60	234,668.66
02/04	CASH	You Bought	FIDELITY GOVERNMENT CASH RESERVES MORNING TRADE @ 1	2,188.250	1.0000	2,188.25	236,856.91
02/26	CASH	You Bought	FIDELITY GOVERNMENT CASH RESERVES @ 1	6,404.490	1.0000	6,404.49	243,261.40
Total Core Fund Activity						\$10,719.73	





Additional Information and Endnotes

A COPY OF YOUR INVESTMENT REPORT IS AVAILABLE TO:

SAGEVIEW ADVISORY GROUP, LLC
4000 MACARTHUR BLVD
SUITE 1050
NEWPORT BEACH CA 92660

STEVE HORMUTH
PO BOX 2220
LAGUNA HILLS CA 92654-2220

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- ▶ "Due to current events, mail may be delayed by circumstances beyond our control. You can always view your statements and other documents online. To learn more about paperless options please contact your Investment Advisor, Family Office, Authorized Agent or www.Fidelity.com/edelivery." 925785.1.0

Estimated Annual Income (EAI) & Estimated Yield (EY) - EAI for fixed income is calculated using the coupon rate. For all other securities, EAI is calculated using an indicated annual dividend (IAD). The IAD is an estimate of a security's dividend payments for the next 12 months calculated based on prior and/or declared dividends for that security. EY reflects only the income generated by an investment and not changes in its price which may fluctuate. Interest and dividend rates are subject to change at any time and may be affected by current and future economic, political and business conditions. EAI and EY are provided for informational purposes only and should not be used or relied on for making investment, trading or tax decisions. EAI and EY are based on data obtained from information providers believed to be reliable, but no assurance can be made as to accuracy, timeliness or completeness.

If you have a question about your account or require service, please call your investment advisor/authorized agent.

Lost or Stolen Cards - For Fidelity® Debit Card, call 800-323-5353. For details refer to your Fidelity Check Card Agreement and Disclosure Statement.

Additional Investments with Fidelity - Please make all checks payable to Fidelity Brokerage Services LLC (FBS). Please include your account number on the check. Do not include trading instructions with check deposits. We mail statements at least quarterly for any account with a balance. Please review your statement and report any inaccuracies or discrepancies immediately. Questions regarding your brokerage account or the activity therein should be directed to FBS at 800-544-6666, and National Financial Services LLC ("NFS"), who carries your brokerage accounts, at 866-408-1138. Any oral communications regarding inaccuracies or discrepancies should be reconfirmed in writing to protect your rights, including those under the Securities Investor Protection Act ("SIPA"). Please contact Fidelity or your authorized agent promptly of any material changes in your investment objectives or financial situation related to your brokerage account(s). If you request a reprint of your statement, the disclosure information may not be the same as the original.

Terms and Conditions of the Statement - Other than with respect to Fidelity-advised products and services, Fidelity does not endorse or recommend any particular investment, trading activity, or investment advisor/authorized agent, or have any responsibility for and will not review, monitor or supervise suitability of trading by any investment advisor/authorized agent. Fidelity has not verified the content of any logo or artwork on this statement identifying a firm other than Fidelity. The firm represented by such a logo or artwork is not an agent of or affiliated with Fidelity.

Changes in Portfolio Value and Account Summary - Shows activity in your portfolio and in each of your accounts for the statement period. To confirm that an authorized, direct deposit was made to your Fidelity Account, call Fidelity at 1-800-544-5555.

Value by Account - Shows the value of your account(s), for the current and previous statement periods.

Income Summary - Shows income by tax status for the statement and year-to-date periods. Except for interest earned on, or distributed by, tax-exempt securities, Fidelity reports dividends and capital gains held in taxable accounts as taxable income. A portion of this **tax-exempt** income may be subject to state and local taxes and the federal alternative minimum tax. Fidelity reports earnings on investments in Traditional IRAs, Rollover IRAs, SEP-IRAs and Keoghs as tax-deferred income. Earnings on Roth-IRAs are reported as tax-exempt income, since distributions may be tax-exempt after meeting the five-year aging requirement and certain other conditions.

Cost Basis, Gain/Loss, and Holding Period Information - NFS is required to report certain cost basis and holding period information to the IRS on Form 1099-B. Unless otherwise specified, NFS applies the average cost method for open-end mutual funds and the first-in, first-out (FIFO) method for all other securities. Cost basis is adjusted for wash sales on securities with the same CUSIP held in the same account (unless your account receives mark-to-market reporting). Your statement may not reflect all adjustments required for tax purposes. Customers should consult their tax advisors for further information.

Cost - Fidelity provides purchase cost information for securities held in retirement accounts. Such information may be adjusted for certain transactions and does not reflect reinvestments of dividends or capital gains. Fidelity reports transaction profit or loss information when securities are sold within a retirement account. Transaction profit or loss is calculated by subtracting purchase cost from sales proceeds using the FIFO method if shares were purchased at different times or prices.

Contributions/Distributions - Summarizes Traditional IRA and Roth IRA contributions, and taxable and non-taxable retirement distributions for these statement and year-to-date periods.

Total Value - The reported market value of an investment at the beginning or end of a statement period.

Unrealized Gain/Loss - For long positions, ending market value minus cost basis in non-retirement accounts and ending market value minus cost in retirement accounts. For short positions, proceeds minus ending market value. Unrealized gain/loss is calculated for pending sales because they are still in holdings. Unrealized gain/loss is not calculated for pending purchases because they are not in holdings.

Holding Type Percentage - Percentages by holding type only include long positions. Holding type percentages are rounded to the nearest percent and summed. If the sum is less than 100%, the difference between 100% and the sum is added to the holding type with the largest percentage.

Account Protection - Securities in accounts carried by NFS, a Fidelity Investments company, are protected in accordance with the Securities Investor Protection Corporation (SIPC) up to \$500,000 (including cash claims limited to \$250,000). For more information, including the SIPC brochure, please see www.sipc.org or call 1-202-371-8300. NFS has arranged for additional protection for cash and covered securities to supplement its SIPC coverage. Neither coverage protects against a decline in the market value of securities. Mutual funds and/or other securities are not backed or guaranteed by any bank, nor are they insured by the FDIC and involve investment risk including possible loss of principal. Bank deposits are not securities and are not covered by SIPC. Funds used to purchase or sweep to a bank deposit are SIPC protected until deposited to a Program Bank at which time funds may be eligible for FDIC insurance.

Information About Mutual Funds and Their Performance - Before investing consider the fund's or insurance product's investment objectives, risks, charges and expenses. Contact Fidelity or visit Fidelity.com for a prospectus containing this information. Read it carefully before investing. Performance data shown represents past performance, and is no guarantee of future results. Investment return and principal value will fluctuate, so you may have a loss or a gain when shares are sold. Current performance may be higher or lower than that quoted. Visit Fidelity.com/performance for most recent month-end performance. Each fund reserves the right to terminate or modify its exchange privilege. Foreign investment, especially those in emerging markets, may involve greater risks than U.S. investments. **Sales Loads and Fees**. In connection with (i) access to, purchase or redemption of, and/or maintenance of positions in mutual funds and other investment products such as alternative investments or private placements ("funds") or (ii) infrastructure needed to support such funds, some funds, or their investment

affiliates, pay FBS and/or NFS sales loads and 12b-1 fees described in the Offering Materials as well as additional compensation for shareholder services, start-up fees, infrastructure support and maintenance, and marketing, engagement and analytics programs. Additional information about the source(s) and amount(s) of compensation as well as other remuneration received by FBS or NFS will be furnished to you upon written request. At the time you purchase shares of funds those shares will be assigned either a load, transaction fee (TF) or no transaction fee (NTF) status. When you subsequently sell those shares, any fees applicable to your transaction will be assessed based on the status assigned to the shares at the time of purchase.

Customer Free Credit Balance - Free credit balances (FCB) are funds payable to you on demand. FCB are subject to open commitments such as uncleared checks and exclude proceeds from sales of certificated securities without delivery of the certificate. If your FCB is swept to a core position, you can liquidate the core position and have the proceeds sent to you or held in your account subject to the terms of your account agreement. Required rule 10b-10(a) information not contained herein will be provided on written request. Fidelity may use this free credit balance in connection with its business, subject to applicable law.

Assets Separate From Your Brokerage Account - Only securities in the margin portion of your brokerage account contribute to margin and maintenance requirements. Other Assets, that may be reported on your statement, maintained with Fidelity Investments Life Insurance Company and mutual fund only accounts held directly with the fund (Fidelity Mutual Fund Accounts) are not carried by NFS, not covered by the Securities Investor Protection Corporation (SIPC) and do not count toward your margin and maintenance requirements. Assets held in brokerage accounts managed by Fidelity Personal and Workplace Advisors LLC (FPWA) are carried by NFS and covered by SIPC but do not contribute to your margin and maintenance requirements.

Short Account Balances - Securities sold short are held in a segregated short account. These securities are marked-to-market for margin purposes and increase or decrease from the short sale price is transferred weekly to your margin account. Your short account balance is shown as of the last weekly mark-to-market, not statement end date.

Information About Your Option Transactions - Each transaction confirmation previously delivered to you contains full information about commissions and other charges, and such information is available promptly upon request. Assignments of American and European-style options are allocated among customer short positions pursuant to a random allocation procedure, a description is available upon request. Short positions in American-style options are liable for assignment anytime. The writer of a European-style option is subject to exercise assignment only during the exercise period. For more information about these, please call Fidelity at 800-544-6666.

Equity Dividend Reinvestment - Shares credited to your account resulted from transactions by FBS acting as agent for your account, or the Depository Trust Company (DTC).

Price Information/Total Market Value - The Total Market Value has been calculated to 9 decimal places; however, the individual unit price is displayed in 5 decimal places. The Total Market Value represents prices obtained from various sources, may be impacted by the frequency with which such prices are reported and such prices are not guaranteed. Prices received from pricing vendors are generally based on current market quotes, but when such quotes are not available pricing vendors use a variety of techniques to estimate value. These estimates, particularly for fixed income securities, may be based on certain minimum principal amounts (e.g. \$1 million) and may not reflect all factors that affect the value of the security, including liquidity risk. The prices provided are not firm bids or offers. Certain securities may reflect N/A or unavailable where the price for such security is generally not available from a pricing source. The Market Value of a security, including those priced at par value, may differ from its purchase price and may not closely reflect the value at which the security may be sold or purchased based on various market factors. The sale or redemption of any fixed income security prior to maturity may result in a loss. Prices for Certificates of Deposit (CDs) are generally estimates and are not based on actual market prices. The secondary market for CDs is generally illiquid. You should always request a current valuation for your securities prior to making a financial decision or placing an order. In executing orders on the Floor, the Floor broker may permit the Designated Market Maker to trade on parity with the order for some or all of the executions associated with filling that order, where such permission would not be inconsistent with the brokers best execution obligations.

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United Laguna Woods Mutual
 Supplemental Appropriation Schedule
 Period Ending: 2/28/2021

Fund/Item	Resolution	BUDGET	EXPENDITURES I-T-D*			Remaining Ecumbrance
		Total Appropriations	2021	Prior Years	Total	
Reserve Fund						
Emergency Panel Replacements	1-18-99	48,000	0	28,961	28,961	19,039
Laundry Room Coin Box Guards	1-19-64	20,000	0	0	0	20,000
Total		68,000	0	28,961	28,961	39,039
Contingency Fund						
2019 Fumigation Program	1-19-33	104,762	0	68,819	68,819	35,943
Total		104,762	0	68,819	68,819	35,943

*Incurred To Date

**UNITED LAGUNA WOODS MUTUAL
FUND EXPENDITURES REPORT
AS OF FEBRUARY 28, 2021**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		2021	%	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET	BUDGET	EXPENDED	\$	%
RESERVE FUND - MAINTENANCE & CONSTRUCTION								
REPLACEMENTS								
BUILDING STRUCTURES	\$27,998	\$128,048	\$49,213	\$257,749	\$1,548,984	3%	\$208,536	81%
ELECTRICAL SYSTEMS	39,677	38,290	56,748	76,580	459,495	12%	19,832	26%
EXTERIOR WALKWAY LIGHTING	1,438	8,263	2,940	16,690	100,391	3%	13,749	82%
FOUNDATIONS	0	3,653	0	7,306	43,836	0%	7,306	100%
GUTTER REPLACEMENT	3,983	8,363	56,190	16,905	102,215	55%	(39,285)	(232%)
PAINT - EXTERIOR	142,137	160,496	299,257	333,741	2,018,293	15%	34,484	10%
PRIOR TO PAINT	78,308	86,224	159,681	178,774	1,081,894	15%	19,093	11%
PLUMBING	17,021	52,046	34,569	105,569	635,618	5%	71,001	67%
PAVING	0	0	0	0	483,596	0%	0	100%
ROOF REPLACEMENTS	10,679	72,229	9,126	82,045	1,011,445	1%	72,919	89%
WALL REPLACEMENT	0	0	0	0	35,000	0%	0	100%
WASTE LINE REMEDIATION	107,462	191,666	124,790	383,332	2,300,000	5%	258,542	67%
WATER LINE - COPPER PIPE REMEDIATION	(370)	0	290	0	200,000	0%	(290)	100%
WINDOW/SLIDING SCREEN DOOR	7,489	10,100	9,923	20,539	123,735	8%	10,616	52%
SUB-TOTAL	\$435,822	\$759,378	\$802,726	\$1,479,230	\$10,144,502	8%	\$676,504	46%
APPLIANCE AND FIXTURE REPLACEMENTS								
COOKTOPS	\$6,870	\$5,916	\$12,128	\$11,928	\$71,716	17%	(\$200)	(2%)
DISHWASHERS	4,879	7,282	9,392	14,783	89,051	11%	5,391	36%
BASINS/SINKS/TOILETS	12,195	18,851	21,867	38,101	229,253	10%	16,234	43%
GARBAGE DISPOSALS	9,339	9,319	19,260	19,025	114,730	17%	(235)	(1%)
HOODS	1,833	2,967	3,315	6,025	36,299	9%	2,710	45%
COUNTER TOPS/FLOORS/SHOWER ENCLOSURES	46,561	112,012	135,232	226,736	1,364,445	10%	91,503	40%
OVENS	11,467	9,249	23,459	18,594	111,716	21%	(4,865)	(26%)
RANGES	1,083	1,036	1,941	2,120	12,799	15%	180	8%
REFRIGERATORS	12,129	18,949	24,694	38,230	229,892	11%	13,536	35%
WATER HEATERS & PERMITS	29,419	61,061	70,226	124,172	748,075	9%	53,946	43%
DRYERS	211	2,974	443	5,973	35,872	1%	5,530	93%
WASHING MACHINES	5,459	7,557	10,564	15,171	91,124	12%	4,607	30%
SUB-TOTAL	\$141,444	\$257,174	\$332,520	\$520,858	\$3,134,971	11%	\$188,338	36%
TOTAL RESERVE FUND	\$577,266	\$1,016,553	\$1,135,246	\$2,000,087	\$13,279,474	9%	\$864,841	43%
RESERVE FUND - GENERAL SERVICES								
PRIOR TO PAINT	\$707	\$757	\$1,438	\$1,578	\$9,546	15%	\$140	9%
PAVING	5,088	5,643	10,342	11,749	71,067	15%	1,407	12%
WALL REPLACEMENT	0	2,532	0	5,064	30,400	0%	5,064	100%
TOTAL	\$5,795	\$8,932	\$11,781	\$18,391	\$111,013	11%	\$6,610	36%

**UNITED LAGUNA WOODS MUTUAL
FUND EXPENDITURES REPORT
AS OF FEBRUARY 28, 2021**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		2021	%	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET	BUDGET	EXPENDED	\$	%
RESERVE FUND - LANDSCAPE								
REPLACEMENTS								
LANDSCAPE MODIFICATION	(\$78,373)	\$13,976	\$2,935	\$28,073	\$168,591	2%	\$25,138	90%
IMPROVEMENTS & RESTORATION	23,586	25,306	49,712	52,498	316,330	16%	2,786	5%
TREE MAINTENANCE	13,812	76,120	62,703	154,940	933,558	7%	92,237	60%
TOTAL RESERVE FUND	(\$40,975)	\$115,402	\$115,350	\$235,511	\$1,418,479	8%	\$120,161	51%
OPERATING EXPENDITURES - MAINTENANCE & CONSTRUCTION								
PLUMBING SERVICE	\$105,671	\$91,607	\$145,249	\$190,960	\$1,157,218	13%	\$45,710	24%
DAMAGE RESTORATION	32	62,501	32	125,002	750,051	0%	124,970	100%
CARPENTRY SERVICE	43,686	42,470	86,963	88,357	535,154	16%	1,394	2%
ELECTRICAL SERVICE	28,390	32,755	56,560	68,298	413,911	14%	11,737	17%
APPLIANCE REPAIRS	18,779	25,546	38,669	52,961	320,663	12%	14,292	27%
INTERIOR PREVENTIVE MAINTENANCE	20,830	27,748	42,670	57,877	350,791	12%	15,208	26%
PEST CONTROL	(225)	1,500	17,845	3,000	200,000	9%	(14,845)	(495%)
COUNTERTOP/FLOOR/TILE REPAIRS	7,329	9,604	15,710	19,949	120,807	13%	4,239	21%
ENERGY PROGRAM	2,902	2,083	2,902	4,166	25,000	12%	1,264	30%
MISC. REPAIRS BY OUTSIDE SERVICE	3,405	2,083	5,132	4,166	25,000	21%	(966)	(23%)
FIRE PROTECTION	285	2,727	583	5,487	32,981	2%	4,904	89%
TOTAL	\$231,084	\$300,625	\$412,315	\$620,223	\$3,931,576	10%	\$207,908	34%
OPERATING EXPENDITURES - GENERAL SERVICES								
CONCRETE REPAIR/REPLACEMENT	\$34,763	\$30,733	\$63,370	\$63,947	\$386,661	16%	\$577	1%
JANITORIAL SERVICE	27,772	28,511	56,916	59,688	359,689	16%	2,772	5%
GUTTER CLEANING	4,207	16,020	7,006	32,424	195,013	4%	25,419	78%
WELDING	7,722	8,345	15,815	17,384	105,144	15%	1,568	9%
TRAFFIC CONTROL	1,178	1,236	2,398	2,579	15,610	15%	181	7%
TOTAL	\$75,642	\$84,845	\$145,504	\$176,022	\$1,062,117	14%	\$30,518	17%
OPERATING EXPENDITURES - LANDSCAPE SERVICES								
LANDSCAPE ADMINISTRATION	\$14,627	\$18,304	\$32,082	\$38,263	\$234,842	14%	\$6,181	16%
NURSERY & COMPOSTING	19,997	15,021	34,253	30,924	187,358	18%	(3,329)	(11%)
GROUPS MAINTENANCE	183,540	221,163	382,285	457,791	2,742,171	14%	75,506	16%
IRRIGATION	53,875	60,968	111,767	126,060	761,282	15%	14,293	11%
SMALL EQUIPMENT REPAIR	9,534	16,851	23,374	34,677	208,891	11%	11,303	33%
PEST CONTROL	19,799	18,068	38,225	37,354	225,820	17%	(871)	(2%)
TOTAL CONTINGENCY FUND	\$301,372	\$350,374	\$621,985	\$725,069	\$4,360,364	14%	\$103,084	14%
CONTINGENCY FUND - MAINTENANCE & CONSTRUCTION								
MOISTURE INTRUSION - RAIN LEAKS	\$32	\$0	(\$8,639)	\$0	\$0	0%	\$8,639	0%
MOISTURE INTRUSION - PLUMBING LEAKS	(4,248)	0	(20,496)	0	0	0%	20,496	0%
MOISTURE INTRUSION - PLUMBING STOPPAGES	(1,892)	0	12,953	0	0	0%	(12,953)	0%
MOISTURE INTRUSION - MISCELLANEOUS	0	0	(376)	0	0	0%	376	0%
DAMAGE RESTORATION SERVICES	770	0	0	0	0	0%	0	0%
TOTAL CONTINGENCY FUND	(\$5,338)	\$0	(\$16,557)	\$0	\$0	0%	\$16,557	0%

**UNITED LAGUNA WOODS MUTUAL
MAINTENANCE PROGRAMS EXPENDITURES REPORT
AS OF FEBRUARY 28, 2021**

YTD ACTUAL

DESCRIPTION	TOTAL EXPENDITURES	LABOR	MATERIALS	OUTSIDE SERVICES
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RESERVE FUND - MAINTENANCE & CONSTRUCTION

BUILDING STRUCTURES	\$49,213	\$36,764	\$6,360	\$6,089
ELECTRICAL SYSTEMS	56,748	0	(58)	56,806
EXTERIOR WALKWAY LIGHTING	2,940	2,940	0	0
FOUNDATIONS	0	0	0	0
GUTTER REPLACEMENT	56,190	7,295	894	48,000
PAINT - EXTERIOR	299,257	256,114	43,143	0
PRIOR TO PAINT	159,681	140,681	19,000	0
PLUMBING	34,569	34,569	0	0
PAVING	0	0	0	0
ROOF REPLACEMENTS	9,126	0	0	9,126
WALL REPLACEMENT	0	0	0	0
WASTE LINE REMEDIATION	124,790	0	226	124,564
WATER LINE - COPPER PIPE REMEDIATION	290	0	(80)	370
WINDOW/SLIDING SCREEN DOOR	9,923	7,525	2,397	0
SUPPL. APPROPRIATIONS	0	0	0	0
COOKTOPS	12,128	1,779	7,230	3,119
DISHWASHERS	9,392	4,095	3,961	1,336
BASINS/SINKS/TOILETS	21,867	9,282	12,584	0
GARBAGE DISPOSALS	19,260	9,042	10,218	0
HOODS	3,315	1,692	722	901
COUNTER TOPS/FLOORS/SHOWER ENCLOSURES	135,232	55,214	34,908	45,110
OVENS	23,459	1,779	13,260	8,420
RANGES	1,941	893	0	1,048
REFRIGERATORS	24,694	6,224	12,591	5,879
WATER HEATERS & PERMITS	70,226	47,975	22,251	0
DRYERS	443	443	0	0
WASHING MACHINES	10,564	1,068	9,496	0
TOTAL	\$1,135,246	\$625,375	\$199,104	\$310,768

RESERVE FUND - GENERAL SERVICES

PRIOR TO PAINT	\$1,438	\$1,438	\$0	\$0
PAVING	10,342	10,333	9	0
WALL REPLACEMENT	0	0	0	0
TOTAL	\$11,781	\$11,772	\$9	\$0

RESERVE FUND - LANDSCAPE

LANDSCAPE MODIFICATION	\$2,935	\$2,935	\$0	\$0
IMPROVEMENTS & RESTORATION	49,712	49,712	0	0
TREE MAINTENANCE	62,703	66,484	0	(3,781)
TOTAL	\$115,350	\$119,131	\$0	(\$3,781)

**UNITED LAGUNA WOODS MUTUAL
MAINTENANCE PROGRAMS EXPENDITURES REPORT
AS OF FEBRUARY 28, 2021**

YTD ACTUAL

DESCRIPTION	TOTAL EXPENDITURES	LABOR	MATERIALS	OUTSIDE SERVICES
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OPERATING EXPENDITURES - MAINTENANCE & CONSTRUCTION

PLUMBING SERVICE	\$145,249	\$180,641	\$14,827	(\$50,218)
DAMAGE RESTORATION	32	0	0	32
CARPENTRY SERVICE	86,963	75,818	11,145	0
ELECTRICAL SERVICE	56,560	49,836	6,725	0
APPLIANCE REPAIRS	38,669	34,925	3,744	0
INTERIOR PREVENTIVE MAINTENANCE	42,670	42,670	0	0
PEST CONTROL	17,845	0	0	17,845
COUNTERTOP/FLOOR/TILE REPAIRS	15,710	15,095	614	0
ENERGY PROGRAM	2,902	0	0	2,902
MISC. REPAIRS BY OUTSIDE SERVICE	5,132	0	0	5,132
FIRE PROTECTION	583	583	0	0
TOTAL	\$412,315	\$399,568	\$37,055	(\$24,307)

OPERATING EXPENDITURES - GENERAL SERVICES

CONCRETE REPAIR/REPLACEMENT	\$63,370	\$55,334	\$8,036	\$0
JANITORIAL SERVICE	56,916	56,916	0	0
GUTTER CLEANING	7,006	8,559	0	(1,553)
WELDING	15,815	15,464	351	0
TRAFFIC CONTROL	2,398	2,398	0	0
TOTAL	\$145,504	\$138,670	\$8,387	(\$1,553)

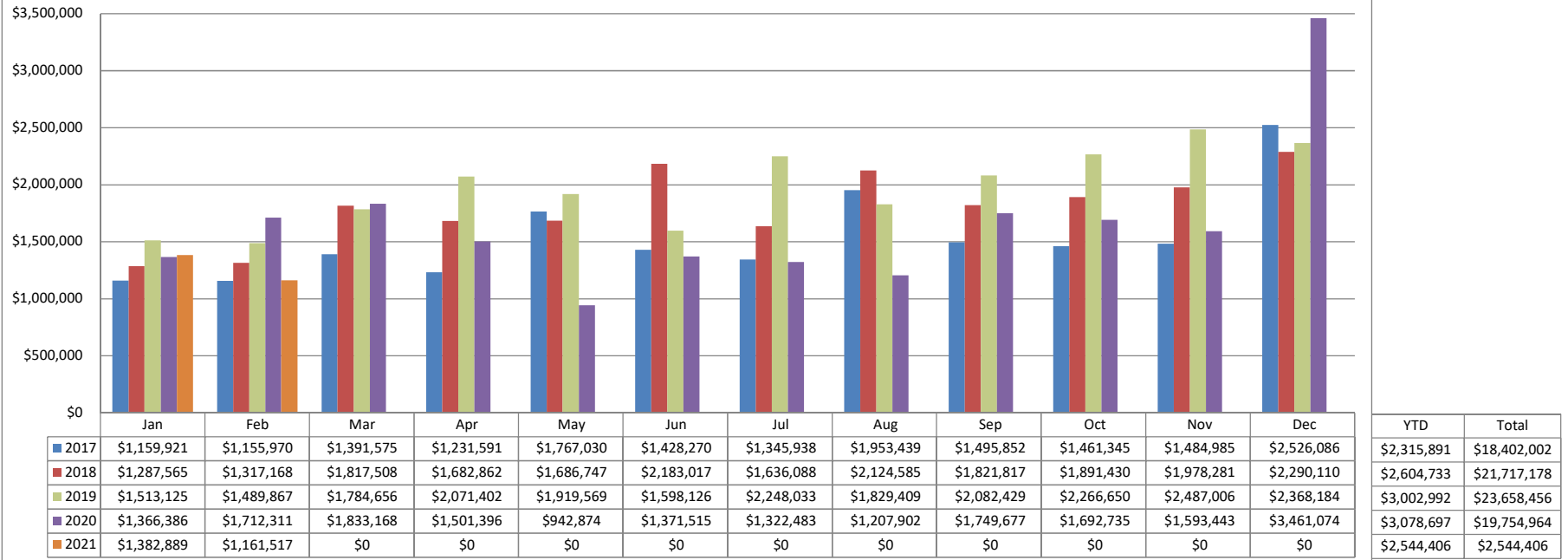
OPERATING EXPENDITURES - LANDSCAPE SERVICES

LANDSCAPE ADMINISTRATION	\$32,082	\$32,082	\$0	\$0
NURSERY & COMPOSTING	34,253	34,253	0	0
GROUPS MAINTENANCE	382,285	364,349	0	17,936
IRRIGATION	111,767	100,674	11,093	0
SMALL EQUIPMENT REPAIR	23,374	23,374	0	0
PEST CONTROL	38,225	38,225	0	0
TOTAL	\$621,985	\$592,957	\$11,093	\$17,936

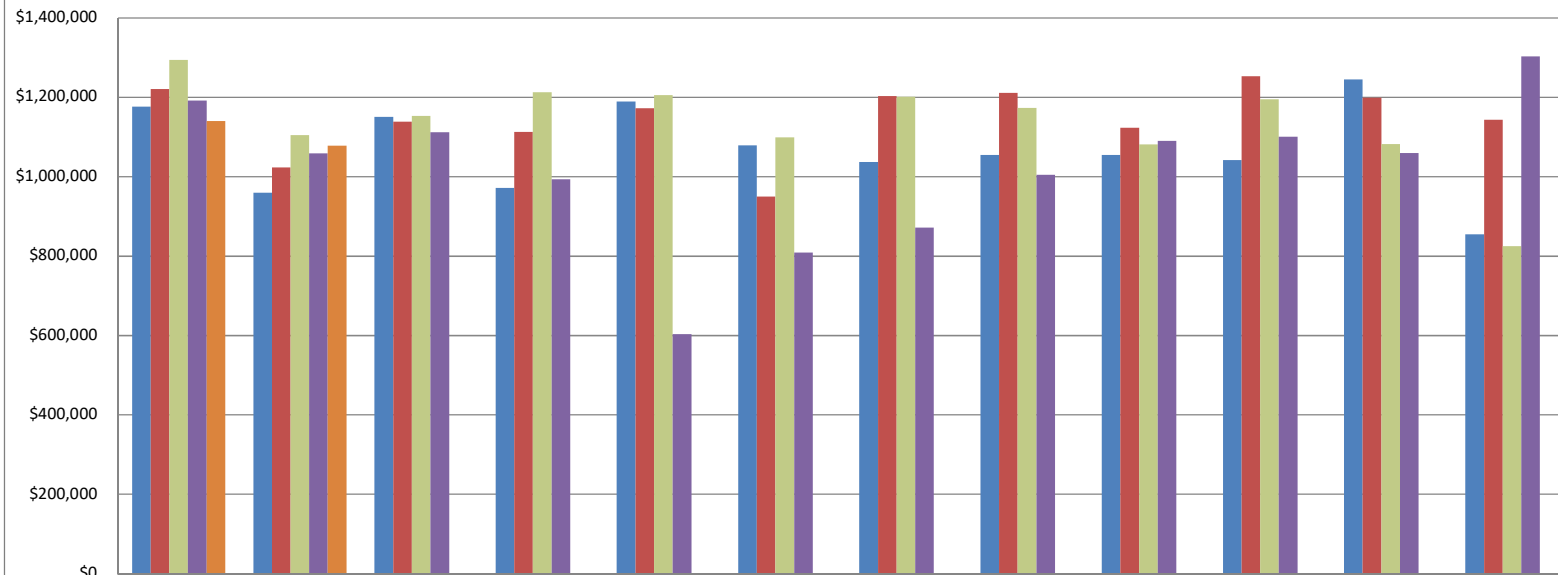
CONTINGENCY FUND - MAINTENANCE & CONSTRUCTION

MOISTURE INTRUSION - RAIN LEAKS	(\$8,639)	\$0	\$0	(\$8,639)
MOISTURE INTRUSION - PLUMBING LEAKS	(20,496)	0	0	(20,496)
MOISTURE INTRUSION - PLUMBING STOPPAGES	12,953	0	0	12,953
MOISTURE INTRUSION - MISCELLANEOUS	(376)	0	0	(376)
DAMAGE RESTORATION SERVICES	0	0	0	0
SUPPL. APPROPRIATIONS	0	0	0	0
TOTAL	(\$16,557)	\$0	\$0	(\$16,557)

United Mutual Employee Compensation, Related, and Outside Services

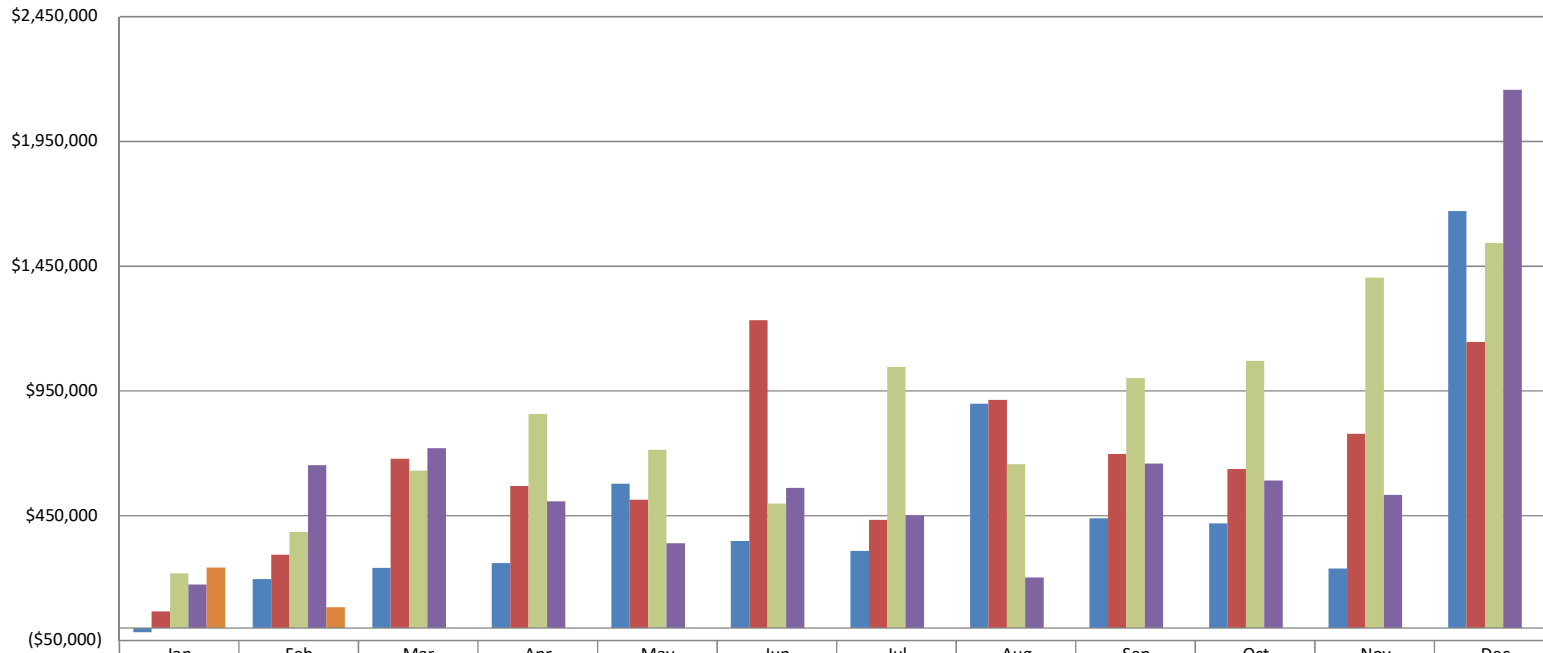


United Mutual Employee Compensation & Related



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Total
2017	\$1,177,064	\$959,675	\$1,151,044	\$971,901	\$1,189,319	\$1,079,357	\$1,037,059	\$1,054,719	\$1,055,291	\$1,041,959	\$1,245,740	\$855,260	\$2,136,739	\$12,818,388
2018	\$1,221,007	\$1,023,217	\$1,138,517	\$1,113,066	\$1,172,888	\$949,751	\$1,203,269	\$1,211,302	\$1,124,092	\$1,253,564	\$1,199,101	\$1,143,746	\$2,244,224	\$13,753,520
2019	\$1,293,898	\$1,105,132	\$1,153,385	\$1,213,210	\$1,205,780	\$1,099,270	\$1,201,926	\$1,173,447	\$1,081,638	\$1,195,109	\$1,082,372	\$825,193	\$2,399,030	\$13,630,360
2020	\$1,192,010	\$1,059,200	\$1,112,455	\$993,567	\$603,129	\$808,932	\$871,378	\$1,005,062	\$1,090,693	\$1,101,006	\$1,059,912	\$1,303,526	\$2,251,210	\$12,200,870
2021	\$1,139,995	\$1,078,242	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,218,237	\$2,218,237

United Mutual Outside Services



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2017	(\$17,143)	\$196,295	\$240,531	\$259,690	\$577,711	\$348,913	\$308,879	\$898,720	\$440,561	\$419,386	\$239,245	\$1,670,826
2018	\$66,558	\$293,951	\$678,991	\$569,796	\$513,859	\$1,233,266	\$432,819	\$913,283	\$697,725	\$637,866	\$779,180	\$1,146,364
2019	\$219,227	\$384,735	\$631,271	\$858,192	\$713,789	\$498,856	\$1,046,107	\$655,962	\$1,000,791	\$1,071,541	\$1,404,634	\$1,542,991
2020	\$174,376	\$653,111	\$720,713	\$507,829	\$339,745	\$562,583	\$451,105	\$202,840	\$658,984	\$591,729	\$533,531	\$2,157,548
2021	\$242,894	\$83,275	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

YTD	Total
\$179,152	\$5,583,614
\$360,509	\$7,963,658
\$603,962	\$10,028,096
\$827,487	\$7,554,094
\$326,169	\$326,169



STAFF REPORT

DATE: March 30, 2021
FOR: Finance Committee
SUBJECT: Temporary Borrowing from Operating and Reserve Funds

RECOMMENDATION

Staff recommends the board authorize the managing agent for United Laguna Woods Mutual (Mutual) to temporarily borrow monies from the reserve fund to pay for operating expenditures consistent with the Davis Stirling Act and Civil Code Section 5515, and when necessary, borrow monies from the operating fund to pay for reserve expenditures. Temporary borrowings, calculated as the Interfund Payable balance less Intrafund Cash, are to be paid back to the advancing fund within 12 months and with the amount borrowed not to exceed an equivalent of four months of total property tax assessments as reported each month-end.

GOVERNING AUTHORITY

California Civil Code § 5510 Expenditure of Reserve Accounts

- (b) The board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components that the association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established.

California Civil Code § 5515 Borrowing from Reserve Accounts

- (a) Notwithstanding Section 5510, the board may authorize the temporary transfer of moneys from a reserve fund to the association's general operating fund to meet short-term cashflow requirements or other expenses, if the board has provided notice of the intent to consider the transfer in a board meeting notice provided pursuant to Section 4920 (Notice of Board Meeting).
- (b) The notice shall include the reasons the transfer is needed, some of the options for repayment, and whether a special assessment may be considered.
- (c) If the board authorizes the transfer, the board shall issue a written finding, recorded in the board's minutes, explaining the reasons that the transfer is needed, and describing when and how the moneys will be repaid to the reserve fund.
- (d) The transferred funds shall be restored to the reserve fund within one year of the date of the initial transfer, except that the board may, after giving the same notice required for considering a transfer, and, upon making a finding supported by documentation that a

temporary delay would be in the best interest of the common interest development, temporarily delay the restoration.

BACKGROUND

During 2019 and 2020, and continuing through present, the United board directed staff to review existing procedures governed by the Davis Stirling Act to ensure compliance. As a result of the ongoing review, a number of financial reporting changes have been made along with the implementation of new processes requiring participation from both staff and members of the board.

Financial Reporting

- Financial statements are reviewed by a subcommittee of the board and ratified at the board meeting to meet Civil Code Section 5501.
- The Fund Balance Sheet now presents Cash, Non-Discretionary Investments and Discretionary Investments by fund source. In contrast, the previous reporting presented those asset balances as an operating fund balance with an offset presented in Receivable/(Payable) from operating fund. The changes made to the Fund Balance Sheet provide more detail to the account balances and allow for a more thorough review of the financials and thus a more efficient means of complying with Civil Code Section 5501.

New Processes

- A package of financial documents is sent monthly to all directors in compliance with Civil Code Section 5500. The package consists of financial statements from the most recent period, a check register, a detailed monthly general ledger, banking and investment statements, and a delinquent assessment receivable report.
- In compliance with Civil Code Section 5510, checks issued from the reserve fund are reviewed and authorized by two members of the board prior to releasing the check to the vendor.

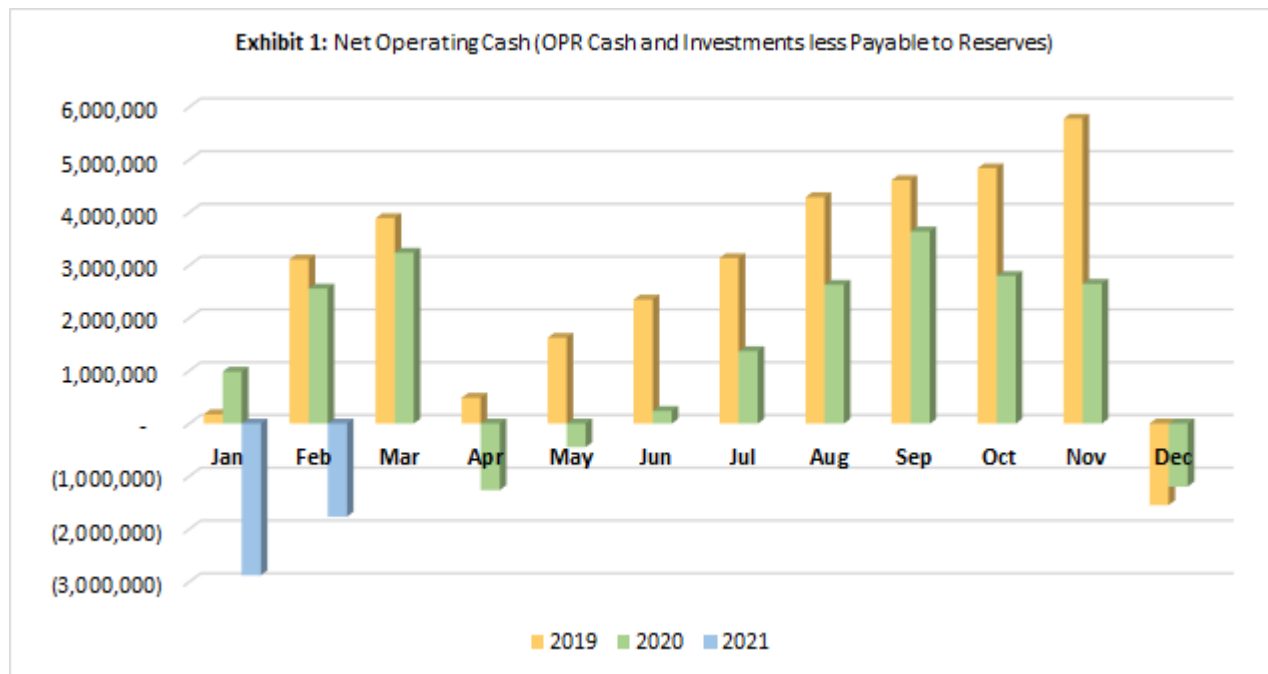
Having implemented the changes noted above, the board made a further request to review interfund borrowings. It can be noted here that during the course of the calendar year, there are instances where timing differences are the cause of United not collecting operating assessments in sufficient amounts to pay for operating expenditures. This results in a temporary borrowing from reserve funds until additional operating funds can be collected. Two examples of this occurring can be seen in property tax and insurance payments.

Property Taxes

- Each United resident pays their proportionate share of the Mutual property taxes as part of the monthly operating assessment. Since assessments are collected evenly over the year, only four months of assessments will have been collected by April despite six months of taxes being due. For instance, in 2021 approximately \$4M has been assessed and collected from residents specifically for property taxes yet a payment of \$5.9M will be

issued to the County of Orange before the due date of April 10. To fund these annual payments in April, a temporary borrowing from reserve funds has been made.

In Exhibit 1 below, a sharp decline in available net operating cash resulted from the first installment of property tax payments in April for each year presented followed by another decline in December when the second installment of property taxes was paid. For the purpose of this report net operating cash is defined as cash and investment from the operating fund less payables owed to the reserve fund(s).



Insurance

- In October 2020, the Mutual experienced a 93% increase in monthly insurance expenses resulting from updated property values and unfavorable market conditions within the insurance industry. While monthly operating assessments include an amount intended to be spent on insurance, the unforeseen increase in expense required a drawdown on net operating cash in the fourth quarter of 2020 as seen in Exhibit 1 above. By December 2020 net operating cash should have built up a \$6M balance sufficient to pay the second installment of property taxes. However, due to the increase in insurance premiums, a temporary borrowing from reserve funds was required.

DISCUSSION

Staff reviewed current processes looking for ways to maintain compliance with Civil Code Section 5515, allowing the board to approve the temporary use of reserve funds before the advance takes place.

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

- 1) Staff shall present a 12-month net operating cash requirement projection to the Finance Committee prior to the start of the calendar year. The projection shall highlight the month(s) where the temporary borrowing is anticipated and shall include the reasons borrowing is needed, some of the options for repayment, and whether a special assessment may be considered (see Civil Code Section 5515 (b)). A staff recommendation will be made to allow the temporary borrowing to occur. The recommendation will be presented to the board requesting approval during open session and a resolution will be recorded to document the authorization of the borrowing as required by Civil Code Section 5515(c).

Subsequent to the board approval of the temporary borrowing, staff will present a monthly comparison of the actual net operating cash versus the annual projection. If instances arise where borrowings are anticipated above the pre-approved annual projection, staff will prepare a supplemental recommendation for additional borrowing requirements.

- 2) Staff shall project short-term net operating cash requirement at a frequency of no less than twice per year. Prior to net operating cash falling below zero, staff will present a financial projection to the Finance Committee and recommend a temporary use of reserve funds to meet operating cash flow needs. The recommendation will be presented to the board for approval in open session.

FINANCIAL ANALYSIS

In both April and December of recent years, the Mutual's net operating cash balance has experienced a depletion of net operating cash due to the first and second installment of property tax payments being made. Due to upcoming first installment of the 2021 property tax payment, it is projected that net operating cash will once again take a sharp decline. While net operating cash is projected to be near zero at the end of March 2021, the April 2021 \$5.9M property tax payment will drive down net operating cash to approximately (\$4M), inclusive of a positive cash inflow.

It should be noted that in the second half of the year, positive net operating cash becomes available for advancement to the reserve fund. In previous years these advances have occurred to pay for reserve expenditures and not have to sell investments.

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