



FINANCE COMMITTEE MEETING REPORT OF THE REGULAR OPEN SESSION

Tuesday, March 26, 2024 – 1:30 p.m.
Hybrid Meeting

DIRECTORS PRESENT: Mickie Choi Hoe – Chair, Thomas Tuning

DIRECTORS ABSENT: Alison Bok (excused)

ADVISORS PRESENT: Ken Benson, Eric Carlson

STAFF PRESENT: Steve Hormuth, Jose Campos, Pam Jensen, Erika Hernandez

OTHERS PRESENT: United – Ellen Leonard, Georgiana Willis

Call to Order

Director Mickie Choi Hoe, Treasurer, chaired the meeting and called it to order at 1:30 p.m.

Acknowledgment of Media

The meeting was recorded via Granicus and made available via Zoom for members of the community to participate virtually.

Approval of Agenda

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

Approval of the Regular Meeting Report of January 30, 2024

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

Chair Remarks

Director Choi Hoe shared that the Finance Department has begun their busiest season starting with the 2023 Audit kick-off being performed by KPMG and 2025 Budget process preparations. Additionally, she briefly touched on the United cashflow status.

Member Comments (Items Not on the Agenda)

A member requested that staff begin to upload full agendas onto the website 4 days prior to the meeting. Steve Hormuth, Director of Financial Services, responded and shared civil code requires the agenda only be provided 4 days prior to the date of the meeting. Staff will continue to strive towards providing the full agenda packet along with the meeting notice in advance and will keep the Treasurer aware of obstacles. No further action or follow-up required.

Department Head Update

Steve Hormuth, Director of Financial Services, provided an update on the on-going 2023 Audit with KPMG, the 2025 Budget preparations and shared that staff is currently working with the Orange County Assessors Department exploring options of creating separate parcel numbers

for each manor.

Review Preliminary Financial Statements dated February 29, 2024

The committee reviewed financial statements for February 29, 2024 and questions were addressed and noted by staff.

Property Tax: Annual Tax Letter Versus Assessment

Pam Jensen, Controller, provided an informational presentation on the United Mutual Property taxes and common Property Tax facts and disclosures for the purpose to provide background on how property tax payments are made by United Mutual to the Orange County Assessor and how reimbursements are managed that are received by members (collected through assessments).

A member commented on the United reimbursements received by members and asked about the IRS code reduction Factor. Pam Jensen responded and said she will gather the information from the IRS and will email it over to the Director of Financial Services to be forwarded on via email. Secondly, the member elaborated on property tax payments and how they are calculated. The Controller and Director of Financial Services requested that the member provide staff with details pertaining to her manor to conduct research on their property tax payments collected from previous years.

A member asked if direct billing to members is being considered. Steve Hormuth responded and shared that staff is exploring options and weighing in on the pros and cons.

A member asked if there is a legal consideration as to why the HOA is paying on behalf of the member. Steve Hormuth responded stating that United pays the property tax bill since they are the owner and legalities will be discussed with the County Assessor before changes will be made (if any).

A member commented on the 2021 through 2024 property taxes noting a 6% increase from 2022 to 2023 and an 8% increase from 2023 to 2024 and asked about the calculations used by the county to determine the tax amount per unit. Pam Jensen responded stating she will delegate the question to the staff Account Specialist for clarification. Also, the member asked how property taxes are being paid for the delinquent units. Steve Hormuth responded and stated that United pays the property taxes in full with no exception.

A member asked why collected property tax payments aren't being kept in a trust account rather than keeping funds in the Operating account. Steve Hormuth responded stated that money is not required to be kept in a trust account.

A member asked if Property Taxes are divided equally among members and how manor alterations are being considered in the re-assessed value of the unit. Steve Hormuth responded and shared that when a manor is being altered and proper permits are being pulled from the city, the city will re-assess the unit based on the permits to calculate the new property value, thus the mutual will receive the information and calculate the re-assessment into the subsequent HOA payment for that particular manor.

A member asked if there are tax penalties for the manors that alternated their unit without pulling proper permits. Steve Hormuth shared that an answer will be provided in a future meeting.

Temporary Borrowing

Steve Hormuth presented a staff report requesting approval of a temporary borrowing in the amount of \$6,500,000 by the Operating Fund from the Reserve Fund with \$4,000,000 moving from Cash and \$2,500,000 moving from Investments to meet cashflow needs resulting from the property tax payment scheduled for April 2024 and the residual effects of prepaying 12 months of insurance in October 2023. Director Choi Hoe moved to endorse and approve the staff's recommendation as presented. Director Thomas Tuning Seconded. Discussion ensued. The motion passed unanimously and will be presented at the upcoming board meeting.

Endorsements from Standing Committees

Landscape Committee – Approve a supplemental appropriation in the amount of \$83,385 for United Turf Reduction Projects, to be funded from the Reserve Fund. In the 2023 Business Plan, \$1,175,003 was budgeted from the Reserve Fund for turf removal, landscape modernization, and tree maintenance but due to unforeseen events and staff vacancies, \$83,385 remained unspent. The funds will be used for contracted turf reduction performed by in-house staff. Director Thomas Tuning moved to endorse and approve the staff's recommendation as presented. Director Choi Hoe Seconded. Discussion ensued. The motion passed unanimously and will be presented at the upcoming board meeting.

Future Agenda Items

United Annual Policy Review

- a) Finance Committee Charter
- b) Investments
- c) Collections and Lien Enforcement

Committee Member Comments


None.

Date of Next Meeting

Tuesday, May 28, 2024 at 1:30 p.m.

Recess to Closed Session

The meeting recessed to closed session at 3:36 p.m.


[Mickie Choi Hoe \(Apr 3, 2024 15:56 PDT\)](#)

Mickie Choi Hoe, Chair






United Finance Report 2024-3-26 Open (draft)

Final Audit Report

2024-04-03

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