



OPEN MEETING

**REGULAR MEETING OF THE THIRD LAGUNA HILLS MUTUAL BOARD OF
DIRECTORS A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION**

**Tuesday, January 16, 2024 - 9:30 a.m.
Laguna Woods Village Community Center
Board Room/Virtual Meeting
24351 El Toro Road
Laguna Woods, California**

ADDENDUM TO THE AGENDA

**Please see attached document that was added after the agenda packet was printed
and distributed.**

13a (1). Treasurer's Report

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Treasurer's Report for January 16, 2023 Board Meeting

SLIDE 1 – Through the reporting period of **November 30, 2023**, total revenue for Third was \$40,883K compared to expenses of \$38,472K, resulting in a net revenue of \$2,411K.

SLIDE 2 – In Finance, we keep a close eye on the operating portion of our financial results. The Operating Fund shows a surplus of \$1,114K through the reporting period. This chart shows how much of our revenue went into operations, with \$26,269K coming in from assessments and \$1,853K coming from non-assessment revenue. This is compared to operating expenditures of \$27,008K (without Depreciation).

SLIDE 3 – This next chart takes the full income statement and compares those results to budget. We can see that Third ended the period better than budget by \$1,489K when combining both operating and reserve revenues and expenses.

SLIDE 4 – The most significant variances from budget were attributable to:

- **Employee Compensation and Related \$1,325K;** Favorable variance resulted primarily in the Landscape and M&C departments due to open positions. Impacted areas include grounds maintenance, irrigation, manor alterations, paint, and plumbing. Recruitment is in progress to fill in current open positions. Grounds maintenance contracted shrub-bed maintenance to outside vendors for the pruning/weeding cycle as they continue to fill open positions.
- **Investment Income \$659K;** Favorable variance resulted primarily from treasury bills yielding a higher return than anticipated. Investments have averaged a 4% return compared to a budgeted return of 1.5%.
- **Insurance \$306K;** Favorable variance resulted primarily from lower premiums upon renewal than anticipated at budget preparation.
- **Utilities and Telephone \$222K;** Favorable variance resulted primarily in water and sewer due to rainfall and conservation efforts. Water consumption was 12% lower than budgeted through November 30. Sewer ended the period favorable as a result of lower sewer rates for domestic use than anticipated at the time of budget preparation. The favorable variance was partially offset by electricity and trash.
- **Outside Services (\$1,080K);** Unfavorable variance primarily in M&C and Landscape due to more moisture intrusion events caused by rain than anticipated at the time of



Treasurer's Report for January 16, 2023 Board Meeting

budget preparation. Additionally, supplemental appropriations for emergency roof repairs and french drain construction at Gate 11 furthered the variance. These variances are partially offset by a favorable variance in the elevator replacement program due to timing of work. Expenses related to this program will be recorded in December financials. Landscape has contracted shrub-bed maintenance to outside vendors as they continue to fill open positions.

SLIDE 5 – On this slide, we chart our non-assessment revenues earned to date by category and compare them to the current year's budget and the prior year's YTD actuals. Our largest revenue generating categories on November 30, 2023 were Investment Income, Resident Maintenance Fees, and Sales and Leasing Fees. Non-assessment revenues totaled \$2,899K through the reporting period.

SLIDE 6 – On this slide, we chart our expenses to date by category and compare them to the current year's budget and the prior year's YTD actuals. Our largest expense categories on November 30, 2023 were Employee Compensation & Related, Outside Services, and Insurance. Expenses totaled \$38,472K through the reporting period.

SLIDE 7 – The non-operating fund balance on November 30, 2023 was \$33,757K. YTD contributions and interest were \$13,678K while YTD expenditures were \$11,365K.

SLIDE 8 – We compare the non-operating fund balances to historical fund balances for the past five years on this chart, which has averaged \$30.3 Million. Third Laguna Hills Mutual has been committed to supporting reserve requirements and having more contingency funds for unexpected events.

SLIDE 9 – We have a slide here to show resale history from 2021 - 2023. Through November 30, 2023, Third resales totaled 333, which is 53 lower resales than the prior year for the same time period. The average YTD resale price for a Third Mutual was \$552K, which is \$30K higher than the prior year for the same time period.

Financial Report

As of November 30, 2023



INCOME STATEMENT (in Thousands)		ACTUAL
Assessment Revenue		\$37,984
Non-assessment Revenue		\$2,899
Total Revenue		\$40,883
Total Expense		\$38,472
Net Revenue/(Expense)		\$2,411

Financial Report

As of November 30, 2023



OPERATING INCOME STATEMENT (in Thousands)		ACTUAL
Assessment Revenue		\$26,269
Non-assessment Revenue		\$1,853
Total Revenue		\$28,122
Total Expense ¹		\$27,008
Operating Surplus		\$1,114

1) excludes depreciation

Financial Report

As of November 30, 2023



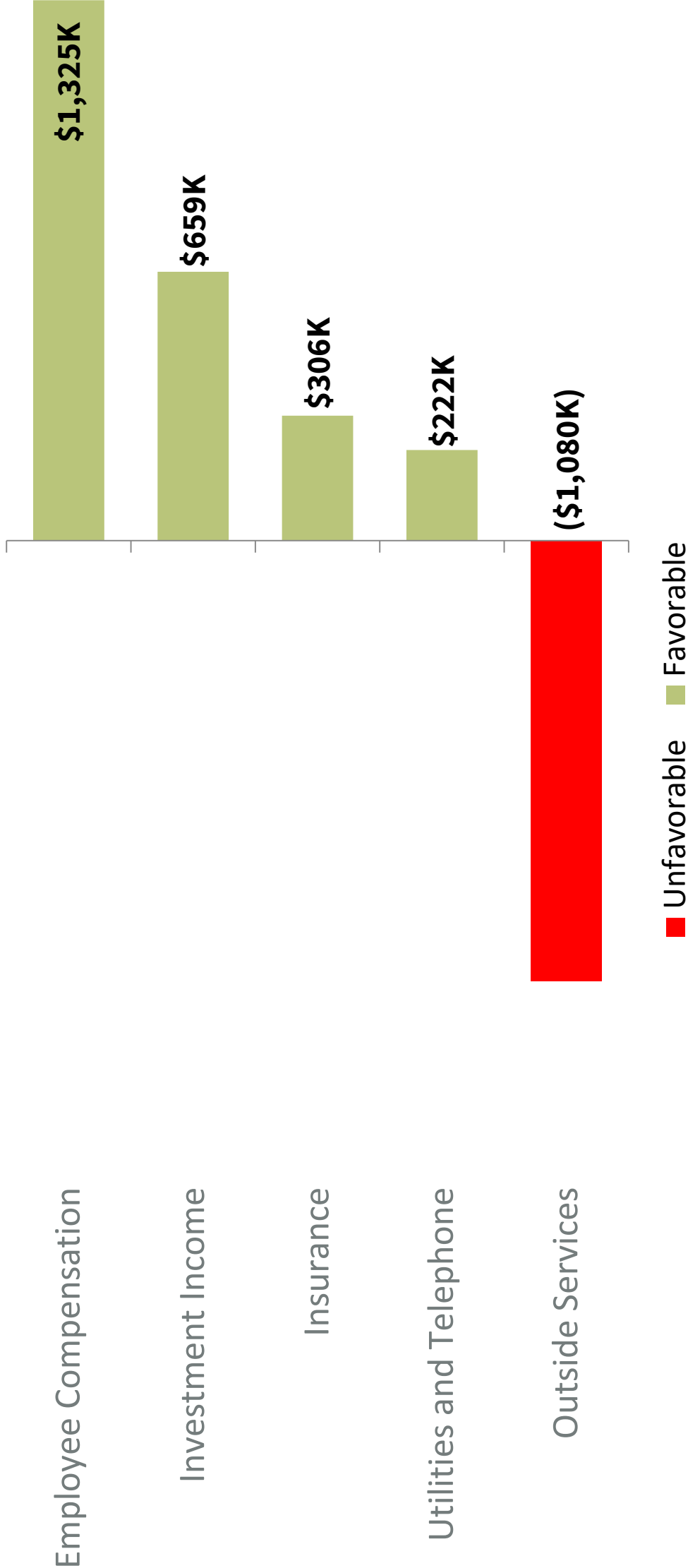
INCOME STATEMENT (in Thousands)	ACTUAL	BUDGET	VARIANCE B/(W)
Assessment Revenue	\$37,984	\$37,984	\$0
Non-assessment Revenue	\$2,899	\$2,254	\$645
Total Revenue	\$40,883	\$40,238	\$645
Total Expense	\$38,472	\$39,316	\$844
Net Revenue/(Expense)	\$2,411	\$922	\$1,489

Financial Report

As of November 30, 2023



Year to Date Variances



Financial Report

As of November 30, 2023



Total Non-Assessment Revenues - \$2,899,575 (in Thousands)

Category	2022 YTD Actual	2023 YTD Actual	2023 YTD Budget	2023 YTD Variance	2023 Total Budget
Investment Income	\$183	\$1,044	\$385	\$659	\$420
Resident Maintenance Fee*	\$629	\$768	\$594	\$82	\$648
Sales and Leasing Fees**	\$476	\$453	\$456	(\$3)	\$498
All Other Revenues	\$684	\$634	\$819	(\$93)	\$892
Total Non-Assessment Revenues	\$1,972	\$2,899	\$2,254	\$645	\$2,458

*Includes damage restoration backlog revenue

**Includes lease processing fee, resale processing fee, inspection fee revenue

Financial Report

As of November 30, 2023



Total Expenses - \$38,471,680
(in Thousands)

Category	2022 YTD Actual	2023 YTD Actual	2023 YTD Budget	2023 YTD Variance	2023 Total Budget
Employee Comp & Related	\$12,162	\$11,914	\$13,239	\$1,325	\$14,458
Outside Services*	\$6,875	\$9,794	\$8,780	(\$1,014)	\$9,540
Insurance	\$7,574	\$7,874	\$8,180	\$306	\$8,923
All Other Expenses	\$9,327	\$8,890	\$9,117	\$227	\$9,940
Total Expenses	\$35,938	\$38,472	\$39,316	\$844	\$42,861

*Includes professional fees

Financial Report

As of November 30, 2023



NON OPERATING FUND BALANCES (in Thousands)	Replacement Funds*	Garden Villa Fund	Disaster Fund	Unappropriated Expenditures Fund	TOTAL
Beginning Balances: 1/1/23	\$21,200	\$111	\$6,279	\$3,854	\$31,444
Contributions & Interest**	\$12,572	\$88	\$976	\$42	\$13,678
Expenditures	\$9,458	\$91	\$1,579	\$237	\$11,365
Current Balances: 11/30/23	\$24,314	\$108	\$5,676	\$3,659	\$33,757

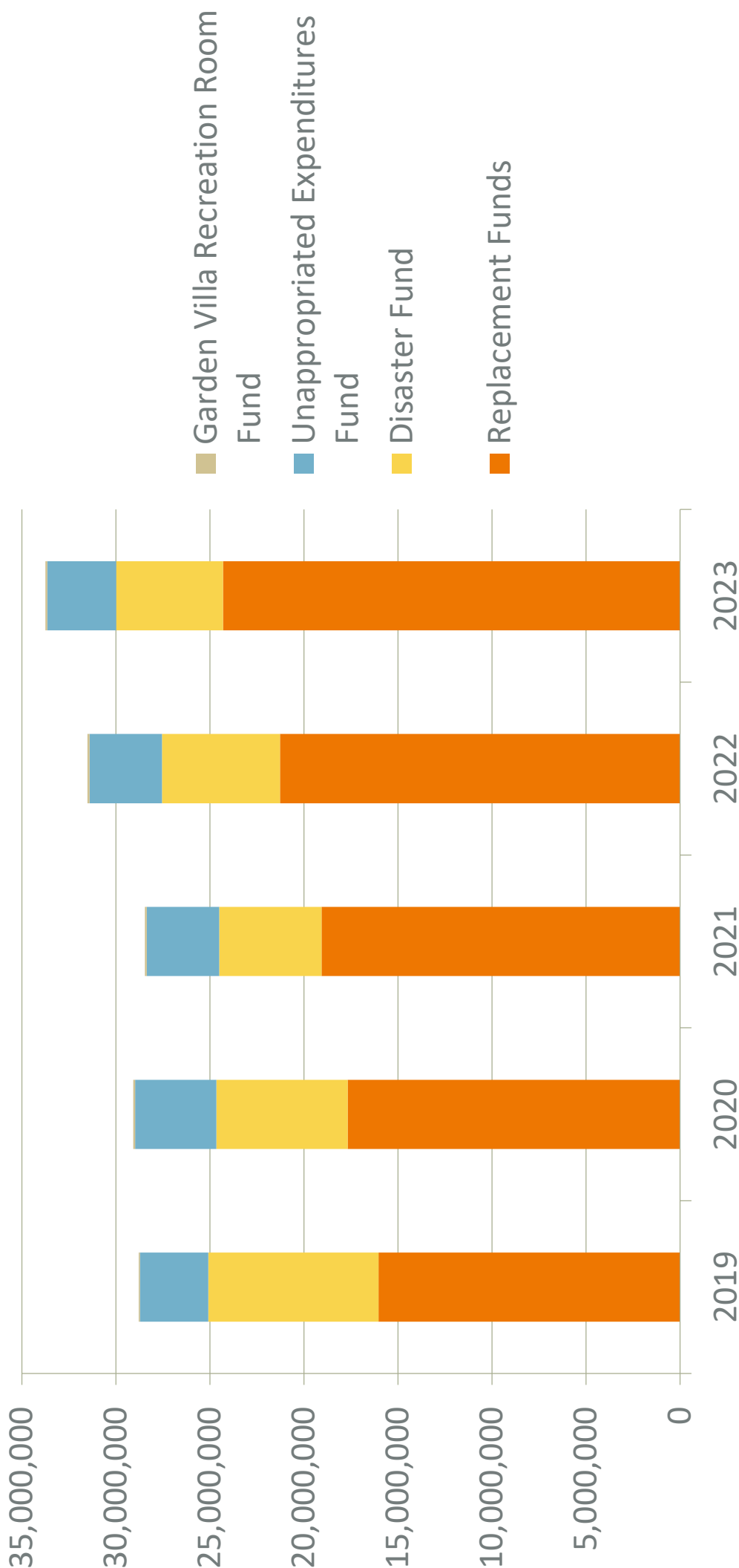
*Includes Elevator and Laundry Funds

**Includes 2022 operating surplus transfer of \$917,230 from the Operating Fund

Financial Report

As of November 30, 2023

FUND BALANCES – Third Mutual

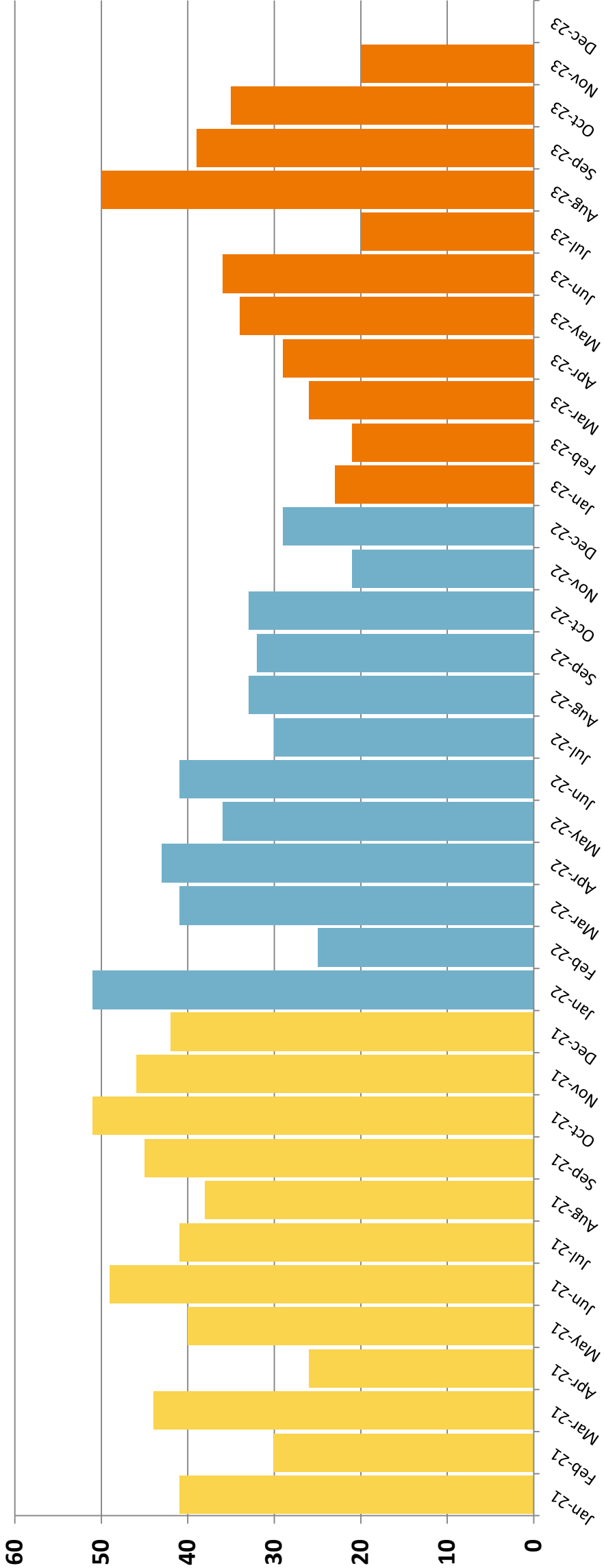


Financial Report

As of November 30, 2023

RESALE HISTORY – Third Mutual

	NO. OF RESALES	AVG. RESALE PRICE
YTD 2021	451	\$463,876
YTD 2022	386	\$521,773
YTD 2023	333	\$552,282



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