



SPECIAL OPEN SESSION

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

Friday, July 15, 2022, at 9:30 a.m.
24351 El Toro Road, Laguna Woods, California
Board Room/Virtual Meeting

NOTICE OF MEETING AND AGENDA

The purpose of this meeting is to review the proposed 2023 Business Plan – Version 2

1. Call meeting to order / Establish Quorum – President Mark Laws
2. State Purpose of Meeting – President Laws
3. Acknowledgement of the Media
4. Approval of Agenda
5. Chair Remarks
6. Open Forum (Three Minutes per Speaker) - *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://us06web.zoom.us/j/81644096078> or call (669) 900-6833 or email meeting@vmsinc.org to request to speak*
7. Responses to Open Forum Speakers
8. Review of the proposed 2023 Third Business Plan – Version 2
9. Director's Comments
10. Adjournment



STAFF REPORT

DATE: July 15, 2022
FOR: Board of Directors
SUBJECT: 2022 Business Plan – Version 2

RECOMMENDATION

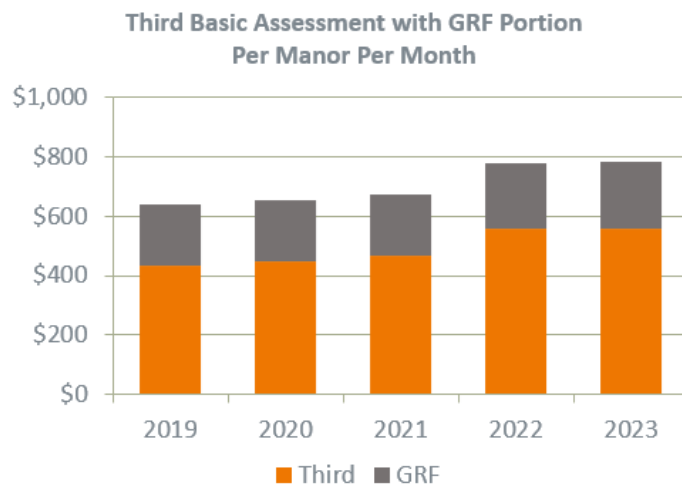
Staff recommends the Board review the Proposed 2023 Business Plan and provide direction for change or revision at the meeting on July 15, 2022.

DISCUSSION

BUSINESS PLAN SUMMARY

The proposed budget for 2023 plan year (ATT 1) shows that the sum of \$40,978,021 is required by the Corporation to meet the Third Laguna Hills Mutual operating expenses and reserve contributions along with the \$459,399 in surcharges to units with common elevators and/or Garden Villa Rec Rooms for the year 2023. In addition, the sum of \$16,205,121 is required by the Corporation to meet the Golden Rain Foundation and Golden Rain Foundation Trust operating expenses and reserve contributions for the year 2023. Therefore, a total of \$57,642,541 is required to be collected from and paid by members of the Corporation as monthly assessments. The budget equates to a Total Basic Assessment of \$780.93 per manor per month PMPM, reflecting a net increase of \$3.81 or 0.5% when compared to current year.

Year	Assessment
2019	\$637.22
2020	\$652.22
2021	\$672.22
2022	\$777.12
2023 (Proposed)	\$780.93



Brief notations for line items with significant change from current year are noted below as increases or (decreases) in the assessment, and listed in order of appearance on the proposed Business Plan by Account – Version 2 (Attachment 1):

Revenues:

Line 1: Fees and Charges to Residents additional revenue of \$114,721 decreased the assessment by (\$1.56) PMPM due to more anticipated chargeable services.

Line 3: Miscellaneous Revenue additional revenue of \$69,446 decreased the assessment by (\$0.95) PMPM primarily due to projected increase of lease processing fee revenue. In the first quarter of 2022 leasing volume was up 10% year over year and revenue was up 25% compared to 2021. The volume and revenue are projected to continue through into 2023. Additionally, collection administration fee budget has been adjusted to return to prior year actual. To a lesser extent, stock transfer fee increased due to an increase in price of each transfer and an additional fee for recording memorandums.

Expenses:

Line 5: Employee Compensation increased by \$59,398 or \$0.82 PMPM primarily due to planned wage adjustments.

Line 6: Expenses Related to Compensation increased by \$115,524 or \$1.58 PMPM due to higher medical insurance and increased taxes and benefits on wage adjustments. The increase in this category also resulted from contractual increases for medical and retirement contributions, as stipulated in the Union agreement.

Line 7: Materials and Supplies decreased by (\$45,422) or (\$0.62) PMPM primarily due to a reduction of materials and supplies in Landscape. The switch to electric landscape equipment is funded as a capital item and results in savings in Materials and Supplies.

Line 8: Electricity increased by \$36,985 or \$0.50 PMPM based on current consumption and a projected rate increase.

Line 9: Sewer decreased by (\$334,800) or (\$4.57) PMPM based on recent years consumption and projected rate decreases. El Toro Water District (ETWD) recently published proposed rates that will be ratified at a July 28, 2022 ETWD meeting. Proposed rates indicated a significant decrease in residential sewer rates.

Line 10: Water decreased by (\$86,458) or (\$1.18) PMPM based on a 30% reduction of irrigation use and projected rate increases provided by ETWD.

Line 11: Trash increased by \$403,170 or \$5.50 PMPM based on current consumption and a projected rate increase. New waste removal provider for 2022 is now CR&R Incorporated.

Line 12: Legal decreased by (\$133,327) or (\$1.82) PMPM based on a decline in litigation trend.

Line 15: Outside Services increased by \$350,342 or \$4.78 PMPM due to Damage Restoration and Building Maintenance. Fumigation (Pest Control) costs spreading across motel bills, pest control, tenting and landscaping account for \$185K of the budget increase. Damage Restoration chargeable services increase of \$130K was offset with an increase in Revenue Fees and Charges to Residents.

Line 17: Other Operating Expenses decreased by (\$10,420) or (\$0.14) PMPM based on prior year usage for mileage and meal allowance and uniforms.

Line 18: Insurance increased by \$123,744 or \$1.69 PMPM due to increased Hazard & Liability and D&O Liability Insurance to reflect anticipated premium increases at renewal.

Line 19: Property Insurance decreased by (\$249,567) or (\$3.41) PMPM due to lower insurance premiums at renewal compared to projected premiums at this time last year.

Line 26: Reserve Fund Contribution increased by \$659,016 to adequately plan for future expenditures, the Mutual adopts a 30-Year Funding Plan that projects contributions and disbursements to Reserve Funds over the next 30 years. A reserve study was conducted by Association Reserves, Inc. Based on the funding plans included in the reserves study, the contribution to reserve funds is proposed to increase from \$152.00 to \$161.00 PMPM in 2023, an increase of \$9.00 PMPM.

Line 29: Restricted Fund Contribution is used for the repair or replacement of mutual assets damaged by uninsured or unexpected disasters in addition to providing for unanticipated significant expenditures not otherwise identified in the business plan.

The contribution to restricted funds is proposed to decrease by (\$694,164) or (\$9.48) PMPM in 2023. For 2023, Third anticipates to draw down the Disaster Fund balance.

Line 32-34: GRF Operating, Reserve, and Contingency Contribution for Version 2, GRF shows an increase of \$278,077 or \$3.81 PMPM primarily due to planned wage adjustments partially offset by the elimination of a contribution to the Contingency Fund. GRF will review all aspects of Version 2 of their Business Plan on July 13.

FINANCIAL ANALYSIS

The financial impact of this proposed business plan would be a Third assessment of \$559.62 PMPM, no change from the current year.

Prepared By: Jose Campos, Assistant Director of Financial Services

Reviewed By: Steve Hormuth, Director of Financial Services
Siobhan Foster, Chief Executive Officer

ATTACHMENT(S)

- Attachment 1: Third Business Plan by Account
- Attachment 2: 2023 Third Business Plan by Department
- Attachment 3: 2023 Third Budget Comparison Report – Operating
- Attachment 4: 2023 Third Budget Comparison Report – by Fund
- Attachment 5: Proposed 2023 Programs Report
- Attachment 6: Definition of Funds
- Attachment 7: Contracted Reserve Study Dated July 7, 2022 - Excerpts



2023 BUSINESS PLAN - BY ACCOUNT

						ASSESSMENT			
DESCRIPTION	2019 ACTUAL	2020 ACTUAL	2021 ACTUAL	2022 PLAN	2023 PLAN	Per Manor Per Month			
						2022	2023	Change	
REVENUES									
Non-Assessment Revenues									
1	Fees and Charges to Residents	\$1,087,533	\$401,033	\$732,032	\$960,396	\$1,075,117	\$13.12	\$14.68	(\$1.56)
2	Laundry Revenue	210,085	198,525	214,443	210,000	210,000	2.87	2.87	0.00
3	Miscellaneous	995,189	543,647	604,039	683,067	752,513	9.33	10.28	(0.95)
4	Total Revenue	\$2,292,807	\$1,143,205	\$1,550,514	\$1,853,463	\$2,037,630	\$25.32	\$27.83	(\$2.51)
EXPENSES									
5	Employee Compensation	\$6,604,601	\$6,594,953	\$7,074,776	\$7,919,157	\$7,978,555	\$108.14	\$108.96	\$0.82
6	Expenses Related to Compensation	2,647,957	2,842,894	2,972,229	3,332,343	3,447,867	45.51	47.09	1.58
7	Material and Supplies	759,948	633,276	790,544	772,386	726,964	10.55	9.93	(0.62)
8	Electricity	360,114	295,759	348,719	362,837	399,822	4.96	5.46	0.50
9	Sewer	1,685,382	1,698,515	1,774,945	1,829,400	1,494,600	24.98	20.41	(4.57)
10	Water	2,610,093	2,817,315	3,093,848	3,095,794	3,009,336	42.28	41.10	(1.18)
11	Trash	531,455	546,524	583,345	655,275	1,058,445	8.95	14.45	5.50
12	Legal Fees	726,416	627,448	245,767	526,652	393,325	7.19	5.37	(1.82)
13	Professional Fees	149,906	216,775	62,024	154,767	149,357	2.11	2.04	(0.07)
14	Equipment Rental	5,128	4,688	9,043	7,368	7,957	0.10	0.11	0.01
15	Outside Services	1,293,726	1,255,418	1,638,025	945,798	1,296,140	12.92	17.70	4.78
16	Repairs and Maintenance	5,990	2,554	3,874	7,104	7,673	0.10	0.10	0.00
17	Other Operating Expense	226,844	123,010	115,394	167,123	156,703	2.28	2.14	(0.14)
18	Insurance	495,924	542,735	888,596	949,710	1,073,454	12.97	14.66	1.69
19	Property Insurance	1,016,612	1,368,240	2,658,682	8,099,520	7,849,953	110.61	107.20	(3.41)
20	Uncollectible Accounts	361,190	71,798	45,737	65,000	65,000	0.89	0.89	0.00
21	Net Allocation to Mutuals	1,162,127	1,291,881	1,173,905	1,220,146	1,213,710	16.66	16.58	(0.08)
22	Total Expenses	\$20,643,412	\$20,933,783	\$23,479,453	\$30,110,380	\$30,328,861	\$411.20	\$414.19	\$2.99
RESERVE CONTRIBUTIONS									
23	Replacement Fund*	\$10,251,360	\$10,690,704	\$10,690,704	\$10,690,704	\$11,276,496	\$146.00	\$154.00	\$8.00
24	Elevator Replacement Fund*	439,344	366,120	366,120	366,120	366,120	5.00	5.00	0.00
25	Laundry Replacement Fund*	0	73,224	73,224	73,224	146,448	1.00	2.00	1.00
26	Total Reserve Contribution	\$10,690,704	\$11,130,048	\$11,130,048	\$11,130,048	\$11,789,064	\$152.00	\$161.00	\$9.00
RESTRICTED CONTRIBUTIONS									
27	Disaster Fund*	\$2,028,305	\$1,133,508	\$1,830,600	\$1,591,890	\$897,726	\$21.74	\$12.26	(\$9.48)
28	Unappropriated Exp. Fund*	585,792	585,792	585,792	0	0	0.00	0.00	0.00
29	Total Restricted Contribution	\$2,614,097	\$1,719,300	\$2,416,392	\$1,591,890	\$897,726	\$21.74	\$12.26	(\$9.48)
30	Total Reserve/Restricted Contribution	\$13,304,801	\$12,849,348	\$13,546,440	\$12,721,938	\$12,686,790	\$173.74	\$173.26	(\$0.48)
31	TOTAL MUTUAL	\$31,655,406	\$32,639,926	\$35,475,379	\$40,978,855	\$40,978,021	\$559.62	\$559.62	\$0.00
GOLDEN RAIN FOUNDATION									
32	GRF Operating	\$13,460,408	\$13,297,478	\$13,663,283	\$14,316,115	\$14,960,313	\$195.50	\$204.31	\$8.81
33	GRF Reserve Contributions*	1,244,808	1,391,256	1,391,256	1,244,808	1,244,808	17.00	17.00	0.00
34	GRF Contingency Contributions*	146,448	366,120	0	366,120	0	5.00	0.00	(5.00)
35	Total GRF	\$14,851,664	\$15,054,854	\$15,054,539	\$15,927,043	\$16,205,121	\$217.50	\$221.31	\$3.81
36	TOTAL BASIC ASSESSMENTS	\$46,507,070	\$47,694,780	\$50,529,918	\$56,905,898	\$57,183,142	\$777.12	\$780.93	\$3.81
SURCHARGES (unique to units with common laundry facilities, elevators, and/or Garden Villa Rec Rooms)									
38	Elevator Operating	363,183	303,146	315,135	346,576	366,249	15.64	16.52	0.88
39	Laundry Replacement Fund	73,224	73,224	0	0	0	0.00	0.00	0.00
40	Garden Villa Rec Room Fund*	81,972	85,698	89,424	89,424	93,150	6.00	6.25	0.25
41		\$518,379	\$462,068	\$404,559	\$436,000	\$459,399	\$21.64	\$22.77	\$1.13
42	TOTAL BUSINESS PLAN	\$47,025,449	\$48,156,848	\$50,934,477	\$57,341,898	\$57,642,541			

*2020 and 2021 actuals were affected by COVID-19



2023 BUSINESS PLAN - BY DEPARTMENT

DESCRIPTION	2019 ACTUAL	2020 ACTUAL	2021 ACTUAL	2022 PLAN	2023 PLAN	ASSESSMENT Per Manor Per Month		
						2022	2023	Change
OPERATING:								
Office of the CEO	\$300,423	\$504,373	\$297,452	\$451,247	\$386,014	\$6.16	\$5.27	(\$0.89)
Information Services	385,215	528,637	545,841	667,144	521,917	9.11	7.13	(1.98)
General Services	1,423,231	1,573,194	1,625,810	1,656,465	1,615,751	22.62	22.07	(0.55)
Financial Services	740,926	734,565	720,873	791,517	776,870	10.81	10.61	(0.20)
Security Services	189,761	204,477	156,251	158,876	409,414	2.17	5.59	3.42
Landscape Services	4,850,661	4,990,251	5,306,281	5,494,606	5,578,794	75.04	76.19	1.15
Human Resource Services	453	143,303	77,648	146,652	83,325	2.00	1.14	(0.86)
Insurance	1,519,140	1,910,975	3,547,279	9,059,053	8,936,868	123.72	122.04	(1.68)
Maintenance & Construction	3,417,238	3,616,706	3,979,830	3,802,744	4,044,522	51.93	55.23	3.30
Non Work Center	5,523,557	5,584,097	5,671,674	6,028,613	5,937,757	82.32	81.09	(1.23)
Net Operating	\$18,350,605	\$19,790,578	\$21,928,939	\$28,256,917	\$28,291,232	\$385.88	\$386.36	\$0.48
RESERVE CONTRIBUTIONS								
Replacement Fund*	\$10,251,360	\$10,690,704	\$10,690,704	\$10,690,704	\$11,276,496	\$146.00	\$154.00	\$8.00
Elevator Replacement Fund*	439,344	366,120	366,120	366,120	366,120	5.00	5.00	0.00
Laundry Replacement Fund*	0	73,224	73,224	73,224	146,448	1.00	2.00	1.00
Total Reserve Contribution	\$10,690,704	\$11,130,048	\$11,130,048	\$11,130,048	\$11,789,064	\$152.00	\$161.00	\$9.00
RESTRICTED CONTRIBUTIONS								
Disaster Fund*	\$2,028,305	\$1,133,508	\$1,830,600	\$1,591,890	\$897,726	\$21.74	\$12.26	(\$9.48)
Unappropriated Exp. Fund*	585,792	585,792	585,792	0	0	0.00	0.00	0.00
Total Restricted Contribution	\$2,614,097	\$1,719,300	\$2,416,392	\$1,591,890	\$897,726	\$21.74	\$12.26	(\$9.48)
Total Reserve/Restricted Contribution	\$13,304,801	\$12,849,348	\$13,546,440	\$12,721,938	\$12,686,790	\$173.74	\$173.26	(\$0.48)
TOTAL MUTUAL	\$31,655,406	\$32,639,926	\$35,475,379	\$40,978,855	\$40,978,022	\$559.62	\$559.62	\$0.00
GOLDEN RAIN FOUNDATION								
GRF Operating	\$13,460,408	\$13,297,478	\$13,663,283	\$14,316,115	\$14,960,313	\$195.50	\$204.31	\$8.81
GRF Reserve Contributions*	1,244,808	1,391,256	1,391,256	1,244,808	1,244,808	17.00	17.00	0.00
GRF Contingency Contributions*	146,448	366,120	0	366,120	0	5.00	0.00	(5.00)
Total GRF	\$14,851,664	\$15,054,854	\$15,054,539	\$15,927,043	\$16,205,121	\$217.50	\$221.31	\$3.81
TOTAL BASIC ASSESSMENTS	\$46,507,070	\$47,694,780	\$50,529,918	\$56,905,898	\$57,183,143	\$777.12	\$780.93	\$3.81
SURCHARGES (unique to units with common laundry facilities, elevators, and/or Garden Villa Rec Rooms)								
Elevator Operating	363,183	303,146	\$315,135	346,576	366,249	15.64	16.52	0.88
Laundry Replacement Fund	73,224	73,224	0	0	0	0.00	0.00	0.00
Garden Villa Rec Room Fund*	81,972	85,698	89,424	89,424	93,150	6.00	6.25	0.25
	\$518,379	\$462,068	\$404,559	\$436,000	\$459,399	\$21.64	\$22.77	\$1.13
TOTAL BUSINESS PLAN	\$47,025,449	\$48,156,848	\$50,934,477	\$57,341,898	\$57,642,542			

*2020 and 2021 actuals were affected by COVID-19

**Third Laguna Hills Mutual
Budget Comparison Report by Account
12/31/2023**

Attachment 3

THIRD LAGUNA HILLS MUTUAL

	<u>2019 Actuals</u>	<u>2020 Actuals</u>	<u>2021 Actuals</u>	<u>2022 Budget</u>	<u>2023 Budget</u>	<u>Assessment Increase/ (Decrease)</u>	<u>VAR %</u>
Non-Assessment Revenues:							
Fees and Charges for Services to Residents							
46501000 - Permit Fee	\$160,232	\$149,933	\$272,885	\$238,222	\$342,660	(\$104,438)	(44%)
46501500 - Inspection Fee	81,310	60,676	105,969	73,537	84,928	(11,390)	(15%)
46502000 - Resident Maintenance Fee	845,991	190,424	353,178	648,636	647,529	1,107	0%
Total Fees and Charges for Services to Residents	1,087,533	401,033	732,032	960,396	1,075,116	(114,720)	(12%)
Laundry							
46005000 - Coin Op Laundry Machine	210,085	198,525	214,443	210,000	210,000	0	0%
Total Laundry	210,085	198,525	214,443	210,000	210,000	0	0%
Investment Income							
49001000 - Investment Income - Nondiscretionary	0	0	(29)	0	0	0	0%
Total Investment Income	0	0	(29)	0	0	0	0%
Miscellaneous							
46002000 - Traffic Violation	(25)	0	0	0	0	0	0%
46004500 - Resident Violations	18,580	12,336	10,675	54,198	63,444	(9,246)	(17%)
44501000 - Additional Occupant Fee	0	0	(1,200)	0	91,805	(91,805)	0%
44501510 - Lease Processing Fee - Third	259,475	236,435	242,720	259,475	249,803	9,672	4%
44502000 - Variance Processing Fee	(150)	0	0	15,888	15,888	0	0%
44502500 - Non-Sale Transfer Fee - Third	1,500	1,450	1,300	1,666	3,000	(1,334)	(80%)
44503520 - Resale Processing Fee - Third	163,072	133,408	201,568	191,740	163,200	28,540	15%
44505500 - Hoa Certification Fee	8,015	13,040	14,810	12,000	15,000	(3,000)	(25%)
44507000 - Golf Cart Electric Fee	70,609	68,930	62,436	70,000	67,000	3,000	4%
44507200 - Electric Vehicle Plug-In Fee	10,657	11,910	12,095	11,000	12,500	(1,500)	(14%)
44507500 - Cartport Space Rental Fee	4,006	4,800	4,320	4,400	4,400	0	0%
47001000 - Cash Discounts - Accounts Payable	701	0	0	0	0	0	0%
47001500 - Late Fee Revenue	49,541	46,004	49,965	51,000	61,000	(10,000)	(20%)
47002020 - Collection Administrative Fee - Third	1,800	1,275	375	2,700	1,200	1,500	56%
47002500 - Collection Interest Revenue	13,658	12,089	273	5,000	273	4,727	95%
47501000 - Recycling	4,360	2,013	4,861	4,000	4,000	0	0%
48001000 - Legal Fee	390,534	0	0	0	0	0	0%
49009000 - Miscellaneous Revenue	(1,143)	(42)	(129)	0	0	0	0%
Total Miscellaneous	995,190	543,647	604,068	683,067	752,512	(69,445)	(10%)
Total Non-Assessment Revenue	2,292,808	1,143,205	1,550,514	1,853,463	2,037,628	(184,166)	(10%)
Expenses:							
Employee Compensation							
51011000 - Salaries & Wages - Regular	2,291,242	2,419,055	2,632,722	3,188,996	3,220,778	31,782	1%
51021000 - Union Wages - Regular	3,262,675	3,384,949	3,312,937	3,731,722	3,838,814	107,092	3%
51041000 - Wages - Overtime	38,477	23,109	29,057	25,234	23,547	(1,686)	(7%)
51051000 - Union Wages - Overtime	73,656	82,693	95,384	39,157	26,791	(12,366)	(32%)
51061000 - Holiday & Vacation	615,424	647,290	690,287	583,126	595,412	12,285	2%
51071000 - Sick	202,487	216,340	202,850	237,854	242,865	5,011	2%
51091000 - Missed Meal Penalty	2,856	3,820	4,201	3,462	3,486	23	1%
51101000 - Temporary Help	78,125	46,844	73,750	109,606	26,863	(82,742)	(75%)
51981000 - Compensation Accrual	39,659	(229,148)	33,589	0	0	0	0%
Total Employee Compensation	6,604,601	6,594,953	7,074,776	7,919,157	7,978,555	59,398	1%
Compensation Related							
52411000 - F.I.C.A.	488,684	502,347	515,150	584,255	598,643	14,388	2%
52421000 - F.U.I.	5,985	5,951	6,480	8,206	7,983	(223)	(3%)
52431000 - S.U.I.	45,954	40,656	43,611	41,877	43,079	1,203	3%
52441000 - Union Medical	1,232,634	1,282,935	1,249,956	1,372,279	1,408,821	36,542	3%
52451000 - Workers' Compensation Insurance	299,979	378,392	444,644	387,913	396,489	8,576	2%
52461000 - Non Union Medical & Life Insurance	299,952	315,125	331,603	432,813	452,930	20,117	5%
52471000 - Union Retirement Plan	251,473	285,388	307,830	365,222	398,476	33,254	9%
52481000 - Non-Union Retirement Plan	52,322	62,389	66,057	139,778	141,446	1,668	1%
52981000 - Compensation Related Accrual	(29,025)	(30,287)	6,897	0	0	0	0%
Total Compensation Related	2,647,957	2,842,894	2,972,229	3,332,343	3,447,867	115,523	3%
Materials and Supplies							
53001000 - Materials & Supplies	327,122	292,343	371,892	364,369	443,522	79,153	22%
53003000 - Materials Direct	432,752	340,393	416,701	404,601	281,062	(123,539)	(31%)
53004000 - Freight	74	540	1,950	3,416	2,380	(1,036)	(30%)
Total Materials and Supplies	759,948	633,276	790,544	772,386	726,964	(45,422)	(6%)

**Third Laguna Hills Mutual
Budget Comparison Report by Account
12/31/2023**

Attachment 3

THIRD LAGUNA HILLS MUTUAL

	2019 Actuals	2020 Actuals	2021 Actuals	2022 Budget	2023 Budget	Assessment Increase/ (Decrease)	VAR %
Cost of Goods Sold							
53101000 - Cost Of Sales - Warehouse	12,569	0	0	0	0	0	0%
Total Cost of Goods Sold	12,569	0	0	0	0	0	0%
Utilities and Telephone							
53301000 - Electricity	370,031	303,146	358,322	372,829	399,822	26,993	7%
53301500 - Sewer	1,685,382	1,698,515	1,774,945	1,829,400	1,494,600	(334,800)	(18%)
53302000 - Water	2,610,093	2,817,315	3,093,848	3,095,794	3,009,336	(86,458)	(3%)
53302500 - Trash	531,455	546,524	583,345	655,275	1,058,445	403,170	62%
Total Utilities and Telephone	5,196,961	5,365,499	5,810,461	5,953,298	5,962,203	8,905	0%
Legal Fees							
53401500 - Legal Fees	726,416	627,448	382,074	526,652	393,325	(133,327)	(25%)
53401550 - Legal Fees Contra	0	0	(136,307)	0	0	0	0%
Total Legal Fees	726,416	627,448	245,767	526,652	393,325	(133,327)	(25%)
Professional Fees							
53402020 - Audit & Tax Preparation Fees - Third	43,377	44,628	46,466	47,670	47,670	0	0%
53403500 - Consulting Fees	2,756	2,533	4,725	13,597	11,271	(2,325)	(17%)
53403520 - Consulting Fees - Third	103,772	169,615	10,833	93,500	90,416	(3,084)	(3%)
Total Professional Fees	149,906	216,775	62,024	154,767	149,357	(5,409)	(3%)
Equipment Rental							
53501500 - Equipment Rental/Lease Fees	5,128	4,688	9,043	7,368	7,957	589	8%
Total Equipment Rental	5,128	4,688	9,043	7,368	7,957	589	8%
Outside Services							
53601000 - Bank Fees	6,604	39,669	32,969	42,322	37,323	(5,000)	(12%)
53601500 - Credit Card Transaction Fees	2,343	6,147	10,787	0	10,000	10,000	0%
53603000 - Permit Fees	0	0	1,215	0	0	0	0%
53604500 - Marketing Expense	5,960	4,420	5,840	5,000	5,000	0	0%
54603500 - Outside Services CC	1,176,756	1,097,156	1,451,651	799,047	1,137,865	338,818	42%
53704000 - Outside Services	102,063	108,026	135,563	99,428	105,952	6,524	7%
Total Outside Services	1,293,726	1,255,418	1,638,025	945,798	1,296,140	350,342	37%
Repairs and Maintenance							
53701000 - Equipment Repair & Maint	5,990	2,554	3,874	7,104	7,673	569	8%
53703000 - Elevator /Lift Maintenance	353,266	295,759	305,532	336,584	366,249	29,665	9%
Total Repairs and Maintenance	359,256	298,313	309,406	343,688	373,922	30,234	9%
Other Operating Expense							
53801000 - Mileage & Meal Allowance	8,214	2,146	2,222	10,433	5,846	(4,587)	(44%)
53801500 - Travel & Lodging	1,005	246	36	2,511	1,719	(792)	(32%)
53802000 - Uniforms	53,999	49,348	51,419	65,437	62,796	(2,641)	(4%)
53802500 - Dues & Memberships	1,314	701	1,843	2,526	2,271	(256)	(10%)
53803000 - Subscriptions & Books	1,641	1,317	2,184	1,931	1,628	(302)	(16%)
53803500 - Training & Education	6,231	4,237	3,877	20,297	17,179	(3,119)	(15%)
53804000 - Staff Support	0	104	0	0	0	0	0%
53903000 - Safety	0	0	965	1,466	970	(495)	(34%)
54001000 - Board Relations	6,931	158	0	0	0	0	0%
54001020 - Board Relations - Third	8,556	2,522	5,024	7,525	10,000	2,475	33%
54001500 - Public Relations	(1)	(17)	0	0	0	0	0%
54002000 - Postage	43,798	45,274	57,709	54,488	53,780	(708)	(1%)
54002500 - Filing Fees / Permits	1,866	183	527	510	514	5	1%
Total Other Operating Expense	133,554	106,218	125,806	167,123	156,703	(10,421)	(6%)
Income, Property, and Sales Tax							
54301000 - State & Federal Income Taxes	80,720	16,295	0	0	0	0	0%
54302000 - Property Taxes	0	497	3,128	0	0	0	0%
Total Income, Property, and Sales Tax	80,720	16,792	3,128	0	0	0	0%
Insurance							
54401000 - Hazard & Liability Insurance	444,073	501,005	808,222	853,762	970,532	116,770	14%
54401500 - D&O Liability	46,634	38,931	75,135	88,758	95,850	7,091	8%
54402000 - Property Insurance	1,016,612	1,368,240	2,658,682	8,099,520	7,849,953	(249,567)	(3%)
54403000 - General Liability Insurance	5,217	2,799	5,239	7,190	7,072	(118)	(2%)
Total Insurance	1,512,536	1,910,975	3,547,279	9,049,230	8,923,407	(125,823)	(1%)
Net Allocation to Mutuals							
48502500 - Mutual General Operating	(20,513)	0	0	0	0	0	0%
54602500 - Allocated Expenses	1,182,640	1,291,881	1,173,905	1,220,146	1,213,710	(6,436)	(1%)

OPERATING FUND ONLY

Version 2

**Third Laguna Hills Mutual
Budget Comparison Report by Account
12/31/2023**

THIRD LAGUNA HILLS MUTUAL

Attachment 3

	<u>2019 Actuals</u>	<u>2020 Actuals</u>	<u>2021 Actuals</u>	<u>2022 Budget</u>	<u>2023 Budget</u>	<u>Assessment Increase/ (Decrease)</u>	<u>VAR %</u>
Total Net Allocation To Mutuals	1,162,127	1,291,881	1,173,905	1,220,146	1,213,710	(6,436)	(1%)
Uncollectible Accounts							
54602000 - Bad Debt Expense	361,190	71,798	45,737	65,000	65,000	0	0%
Total Uncollectible Accounts	361,190	71,798	45,737	65,000	65,000	0	0%
(Gain)/Loss on Sale or Trade							
54101500 - (Gain)/Loss On Investments	0	0	(13,540)	0	0	0	0%
Total (Gain)/Loss on Sale or Trade	0	0	(13,540)	0	0	0	0%
Total Expenses	21,006,595	21,236,928	23,794,588	30,456,957	30,695,110	238,153	1%
Excess of Revenues Over Expenses	<u>(\$18,713,787)</u>	<u>(\$20,093,722)</u>	<u>(\$22,244,074)</u>	<u>(\$28,603,494)</u>	<u>(\$28,657,482)</u>	<u>\$53,987</u>	<u>0%</u>

Third Laguna Hills Mutual
Budget Comparison Report by Fund Type
12/31/2023
 THIRD LAGUNA HILLS MUTUAL

Attachment 4

	2023 Budget Operating	2023 Budget Reserves	2023 Budget Restricted	Total
Non-Assessment Revenues:				
Fees and Charges for Services to Residents				
46501000 - Permit Fee	\$342,660	\$0	\$0	\$342,660
46501500 - Inspection Fee	84,928	0	0	84,928
46502000 - Resident Maintenance Fee	647,529	0	0	647,529
Total Fees and Charges for Services to Residents	1,075,116	0	0	1,075,116
Laundry				
46005000 - Coin Op Laundry Machine	210,000	0	0	210,000
Total Laundry	210,000	0	0	210,000
Investment Income				
49002000 - Investment Income - Discretionary	0	420,000	0	420,000
Total Investment Income	0	420,000	0	420,000
Miscellaneous				
46004500 - Resident Violations	63,444	0	0	63,444
44501000 - Additional Occupant Fee	91,805	0	0	91,805
44501510 - Lease Processing Fee - Third	249,803	0	0	249,803
44502000 - Variance Processing Fee	15,888	0	0	15,888
44502500 - Non-Sale Transfer Fee - Third	3,000	0	0	3,000
44503520 - Resale Processing Fee - Third	163,200	0	0	163,200
44505500 - Hoa Certification Fee	15,000	0	0	15,000
44507000 - Golf Cart Electric Fee	67,000	0	0	67,000
44507200 - Electric Vehicle Plug-In Fee	12,500	0	0	12,500
44507500 - Cartport Space Rental Fee	4,400	0	0	4,400
47001500 - Late Fee Revenue	61,000	0	0	61,000
47002020 - Collection Administrative Fee - Third	1,200	0	0	1,200
47002500 - Collection Interest Revenue	273	0	0	273
47501000 - Recycling	4,000	0	0	4,000
Total Miscellaneous	752,512	0	0	752,512
Total Non-Assessment Revenue	2,037,628	420,000	0	2,457,628
Expenses:				
Employee Compensation				
51011000 - Salaries & Wages - Regular	3,220,778	0	0	3,220,778
51021000 - Union Wages - Regular	3,838,814	1,774,260	34,756	5,647,831
51041000 - Wages - Overtime	23,547	0	0	23,547
51051000 - Union Wages - Overtime	26,791	9,579	438	36,808
51061000 - Holiday & Vacation	595,412	151,001	2,958	749,370
51071000 - Sick	242,865	61,592	1,207	305,664
51091000 - Missed Meal Penalty	3,486	125	6	3,617
51101000 - Temporary Help	26,863	0	0	26,863
Total Employee Compensation	7,978,555	1,996,558	39,365	10,014,478
Compensation Related				
52411000 - F.I.C.A.	598,643	151,994	2,977	753,614
52421000 - F.U.I.	7,983	1,905	36	9,924
52431000 - S.U.I.	43,079	9,523	179	52,781
52441000 - Union Medical	1,408,821	525,257	9,845	1,943,923
52451000 - Workers' Compensation Insurance	396,489	140,306	2,748	539,543
52461000 - Non Union Medical & Life Insurance	452,930	0	0	452,930
52471000 - Union Retirement Plan	398,476	148,566	2,785	549,826
52481000 - Non-Union Retirement Plan	141,446	0	0	141,446
Total Compensation Related	3,447,867	977,551	18,570	4,443,987
Materials and Supplies				
53001000 - Materials & Supplies	443,522	133,265	3,458	580,244
53003000 - Materials Direct	281,062	500,443	16,376	797,881
53004000 - Freight	2,380	1,468	42	3,891

Third Laguna Hills Mutual
Budget Comparison Report by Fund Type
12/31/2023
 THIRD LAGUNA HILLS MUTUAL

Attachment 4

	2023 Budget Operating	2023 Budget Reserves	2023 Budget Restricted	Total
Total Materials and Supplies	726,964	635,176	19,876	1,382,016
Utilities and Telephone				
53301000 - Electricity	399,822	0	0	399,822
53301500 - Sewer	1,494,600	0	0	1,494,600
53302000 - Water	3,009,336	0	0	3,009,336
53302500 - Trash	1,058,445	13,981	494	1,072,920
Total Utilities and Telephone	5,962,203	13,981	494	5,976,678
Legal Fees				
53401500 - Legal Fees	393,325	0	0	393,325
Total Legal Fees	393,325	0	0	393,325
Professional Fees				
53402020 - Audit & Tax Preparation Fees - Third	47,670	0	0	47,670
53403500 - Consulting Fees	11,271	0	0	11,271
53403520 - Consulting Fees - Third	90,416	0	0	90,416
Total Professional Fees	149,357	0	0	149,357
Equipment Rental				
53501500 - Equipment Rental/Lease Fees	7,957	36,002	617	44,576
Total Equipment Rental	7,957	36,002	617	44,576
Outside Services				
53601000 - Bank Fees	37,323	0	0	37,323
53601500 - Credit Card Transaction Fees	10,000	0	0	10,000
53604500 - Marketing Expense	5,000	0	0	5,000
54603500 - Outside Services CC	1,137,865	6,847,066	1,239,000	9,223,931
53704000 - Outside Services	105,952	8,171	89	114,212
Total Outside Services	1,296,140	6,855,238	1,239,089	9,390,466
Repairs and Maintenance				
53701000 - Equipment Repair & Maint	7,673	4,973	74	12,720
53703000 - Elevator /Lift Maintenance	366,249	0	0	366,249
Total Repairs and Maintenance	373,922	4,973	74	378,969
Other Operating Expense				
53801000 - Mileage & Meal Allowance	5,846	114	0	5,960
53801500 - Travel & Lodging	1,719	0	0	1,719
53802000 - Uniforms	62,796	23,884	387	87,067
53802500 - Dues & Memberships	2,271	153	0	2,424
53803000 - Subscriptions & Books	1,628	0	0	1,628
53803500 - Training & Education	17,179	980	7	18,165
53903000 - Safety	970	22	0	993
54001020 - Board Relations - Third	10,000	0	0	10,000
54002000 - Postage	53,780	0	0	53,780
54002500 - Filing Fees / Permits	514	0	0	514
Total Other Operating Expense	156,703	25,153	394	182,250
Insurance				
54401000 - Hazard & Liability Insurance	970,532	0	0	970,532
54401500 - D&O Liability	95,850	0	0	95,850
54402000 - Property Insurance	7,849,953	0	0	7,849,953
54403000 - General Liability Insurance	7,072	0	0	7,072
Total Insurance	8,923,407	0	0	8,923,407
Net Allocation to Mutuals				
54602500 - Allocated Expenses	1,213,710	194,682	3,633	1,412,025
Total Net Allocation To Mutuals	1,213,710	194,682	3,633	1,412,025
Uncollectible Accounts				
54602000 - Bad Debt Expense	65,000	0	0	65,000
Total Uncollectible Accounts	65,000	0	0	65,000

Third Laguna Hills Mutual
Budget Comparison Report by Fund Type
12/31/2023
 THIRD LAGUNA HILLS MUTUAL

Attachment 4

	<u>2023 Budget Operating</u>	<u>2023 Budget Reserves</u>	<u>2023 Budget Restricted</u>	<u>Total</u>
Total Expenses	<u>30,695,110</u>	<u>10,739,313</u>	<u>1,322,111</u>	<u>42,756,534</u>
Excess of Revenues Over Expenses	<u>(\$28,657,482)</u>	<u>(\$10,319,313)</u>	<u>(\$1,322,111)</u>	<u>(\$40,298,906)</u>

**THIRD LAGUNA HILLS MUTUAL
2023 PLAN
PROGRAMS REPORT**

DESCRIPTION	2019	2020	2021	2022	2022	2023	Assessment	
	ACTUALS	ACTUALS	ACTUALS	PROJECTED	BUDGET	BUDGET	Increase/(Decrease)	
							\$	%
OPERATING FUND - MAINTENANCE & CONSTRUCTION								
PLUMBING SERVICE	\$827,584	\$828,543	\$716,714	\$675,956	\$704,474	\$744,807	\$40,333	6%
CARPENTRY SERVICE	149,952	515,640	424,622	477,901	510,004	568,563	58,560	11%
PEST CONTROL	194,008	87,989	366,892	174,633	174,633	360,000	185,367	106%
FIRE PROTECTION	86,599	101,400	88,415	144,174	144,380	144,347	(32)	(0%)
ELECTRICAL SERVICE	99,796	107,651	126,478	127,525	115,944	115,140	(804)	(1%)
APPLIANCE REPAIRS	130,996	115,550	84,181	98,842	93,270	98,269	4,999	5%
MISCELLANEOUS REPAIRS BY OUTSIDE SERVI	58,234	11,191	39,560	58,000	58,664	58,664	0	0%
SOLAR MAINTENANCE	28,149	23,981	14,348	25,000	25,000	25,000	0	0%
STREET LIGHT MAINTENANCE	0	0	0	0	0	17,000	17,000	100%
GUTTER CLEANING	132,957	29,988	0	0	0	0	0	0%
CURB CUTS	10,000	0	0	0	0	0	0	0%
TOTAL	\$1,718,276	\$1,821,933	\$1,861,209	\$1,782,031	\$1,826,369	\$2,131,791	\$305,422	17%

Line 9 Funding for this Line was moved from Reserves to Operating in 2023.

Line 10 Funding for this Line is included in General Services under the Gutter Cleaning Line.

OPERATING FUND - GENERAL SERVICES								
12 JANITORIAL SERVICE	\$882,450	\$963,848	\$979,609	\$978,146	\$977,822	\$949,851	(\$27,971)	(3%)
13 CONCRETE SERVICE	393,686	348,028	403,056	326,941	369,462	371,541	2,079	1%
14 GUTTER CLEANING	41,466	123,469	73,777	148,553	160,758	161,337	579	0%
15 WELDING	99,041	111,697	118,439	101,367	126,349	110,964	(15,385)	(12%)
16 TRAFFIC CONTROL	14,238	14,118	20,648	19,837	22,074	22,058	(16)	(0%)
TOTAL	\$1,430,881	\$1,561,161	\$1,595,528	\$1,574,844	\$1,656,465	\$1,615,751	(\$40,714)	(2%)

OPERATING FUND - LANDSCAPE								
17 GROUNDS MAINTENANCE	2,910,763	3,035,110	3,035,959	3,097,214	3,211,025	\$3,308,669	97,644	3%
18 IRRIGATION	1,043,777	1,051,492	1,002,546	1,040,845	1,040,845	1,039,800	(1,045)	(0%)
19 PEST CONTROL	291,533	313,692	377,679	431,551	383,391	413,642	30,251	8%
20 LANDSCAPE ADMINISTRATION	148,803	145,024	316,948	341,287	341,287	358,085	\$16,798	5%
21 NURSERY & COMPOSTING	257,239	237,480	276,053	290,924	290,925	250,330	(40,595)	(14%)
22 SMALL EQUIPMENT REPAIR	204,044	206,371	233,039	227,135	227,135	208,268	(18,867)	(8%)
23 TREE MAINTENANCE	(5,498)	1,082	0	0	0	0	0	0%
TOTAL	\$4,850,661	\$4,990,251	\$5,242,224	\$5,428,956	\$5,494,608	\$5,578,794	\$84,186	2%

Line 23 Funding for this item moved to reserves in 2020.

**THIRD LAGUNA HILLS MUTUAL
2023 PLAN
PROGRAMS REPORT**

DESCRIPTION	2019	2020	2021	2022	2022	2023	Assessment	
	ACTUALS	ACTUALS	ACTUALS	PROJECTED	BUDGET	BUDGET	Increase/(Decrease)	
							\$	%
RESERVE FUNDS - MAINTENANCE & CONSTRUCTION								
BUILDING NUMBERS	\$33,961	\$0	\$14,088	\$0	\$0	\$0	\$0	0%
BUILDING STRUCTURES	2,534,260	1,404,870	2,091,312	2,451,528	2,502,042	2,054,840	(447,203)	(18%)
ELECTRICAL SYSTEMS	50,400	16,690	16,588	30,000	30,000	30,000	0	0%
ENERGY PROJECTS	27,491	923	0	0	0	0	0	0%
EXTERIOR LIGHTING	59,319	760,369	24,840	12,500	25,000	12,500	(12,500)	(50%)
FENCING	123,758	57,416	73,009	63,996	63,996	82,765	18,770	29%
GARDEN VILLA LOBBY	111,162	109,636	111,882	12,000	12,000	0	(12,000)	(100%)
GARDEN VILLA MAILROOM	75,477	32,510	300	412	412	431	20	5%
GARDEN VILLA RECESSED AREAS	40,436	65,016	0	0	0	0	0	0%
GARDEN VILLA REC ROOM HEAT PUMP/WATER	23,584	12,473	7,859	2,984	2,984	5,245	2,262	76%
GUTTERS	39,017	134,135	(15,844)	81,373	78,926	113,127	34,201	43%
MAILBOXES	29,282	63,844	37,175	9,143	9,143	25,180	16,037	175%
PAINT PROGRAM	2,031,797	1,619,789	1,527,920	1,587,279	1,586,079	1,597,813	11,734	1%
PRIOR TO PAINT	1,228,861	915,496	1,024,160	1,166,351	1,166,430	1,167,546	1,116	0%
PAVING/CONCRETE	693,336	695,094	618,985	431,372	433,960	439,421	5,461	1%
ROOFS	1,550,899	1,429,531	1,341,440	1,438,792	1,461,792	1,468,968	7,176	0%
EXTERIOR WALLS	148,913	137,928	29,280	35,000	35,000	35,000	0	0%
WASTE LINE REMEDIATION	741,873	417,586	530,595	700,000	700,000	1,000,000	300,000	43%
WATER LINES - COPPER PIPE REMEDIATION	199,817	154,939	367,397	500,000	500,000	500,000	0	0%
PLUMBING REPLACEMENT	0	0	0	0	0	200,000	200,000	100%
ELEVATORS	332,267	115,890	151,170	105,000	105,000	125,000	20,000	19%
LAUNDRY COUNTERTOP/FLOOR	51,423	62,093	40,498	16,028	16,028	59,567	43,538	272%
LAUNDRY APPLIANCES	20,935	46,932	60,836	93,712	93,712	101,579	7,865	8%
Supplemental Appropriation	494,597	0	0	0	0	0		
TOTAL	\$10,148,267	\$8,253,160	\$8,053,489	\$8,737,470	\$8,822,504	\$9,018,982	\$196,476	2%
Line 24 Beginning in 2022 funding for this item is included in the Paint Program.								
RESERVE FUNDS - GENERAL SERVICES								
PRIOR TO PAINT	\$3,735	\$1,842	\$10,437	\$11,284	\$12,712	\$12,700	(\$13)	(0%)
PAVING/CONCRETE	32,375	65,491	68,284	67,054	67,606	64,253	(3,353)	(5%)
EXTERIOR WALLS	0	0	5,600	0	24,150	24,150	0	0%
TOTAL	\$36,111	\$67,333	\$84,321	\$78,338	\$104,468	\$101,103	(\$3,366)	(3%)
RESERVE FUNDS - LANDSCAPE								
LANDSCAPE MODERNIZATION	\$797,341	\$837,542	\$422,111	\$523,702	\$523,702	\$541,671	\$17,969	3%
IMPROVEMENT & RESTORATION	0	0	120,344	129,214	129,214	177,744	48,530	38%
TREE MAINTENANCE	228,647	830,447	843,160	943,424	943,424	899,814	(43,610)	(5%)
TOTAL	\$1,025,988	\$1,667,989	\$1,385,615	\$1,596,340	\$1,596,340	\$1,619,229	\$22,889	1%

**THIRD LAGUNA HILLS MUTUAL
2023 PLAN
PROGRAMS REPORT**

DESCRIPTION	2019	2020	2021	2022	2022	2023	Assessment	
	ACTUALS	ACTUALS	ACTUALS	PROJECTED	BUDGET	BUDGET	Increase/(Decrease)	
							\$	%
DISASTER FUND - MAINTENANCE & CONSTRUCTION								
MOISTURE INTRUSION - RAIN LEAKS	\$873,957	\$707,469	\$253,951	\$237,513	\$237,513	\$260,000	\$22,487	9%
MOISTURE INTRUSION - PLUMBING LEAKS	882,146	1,254,082	614,090	400,000	400,000	500,000	100,000	25%
MOISTURE INTRUSION - PLUMBING STOPPAGE	208,893	151,227	118,104	50,000	50,000	75,000	25,000	50%
MOISTURE INTRUSION - MISCELLANEOUS	148,226	146,221	14,507	46,548	46,548	14,000	(32,548)	(70%)
DAMAGE RESTORATION SERVICES	108,912	217,829	162,802	190,935	190,935	199,470	8,535	4%
TOTAL	\$2,222,135	\$2,476,828	\$1,163,454	\$924,996	\$924,996	\$1,048,470	\$123,474	13%

DISASTER FUND - LANDSCAPE

58 FIRE RISK MANAGEMENT	\$31,335	\$106,597	\$83,108	\$180,000	\$180,000	\$180,000	\$0	0%
TOTAL	\$31,335	\$106,597	\$83,108	\$180,000	\$180,000	\$180,000	\$0	0%

DISASTER FUND - FINANCIAL SERVICES

59 INSURANCE PREMIUMS	\$0	\$918,432	\$1,931,334	\$0	\$0	\$0	\$0	0%
TOTAL	\$0	\$918,432	\$1,931,334	\$0	\$0	\$0	\$0	0%

GARDEN VILLA REC ROOM FUND - MAINTENANCE & CONSTRUCTION

60 GARDEN VILLA RECREATION ROOMS	\$71,036	\$71,247	\$70,118	\$73,736	\$73,460	\$93,641	\$20,181	27%
TOTAL	\$71,036	\$71,247	\$70,118	\$73,736	\$73,460	\$93,641	\$20,181	27%



DEFINITION OF FUNDS

RESERVE FUNDS

REPLACEMENT RESERVE FUND

This fund was established at the original construction of the Mutual. The purpose of the Reserve Fund is to provide for repair, restoration, replacement, or maintenance of structural elements and mechanical equipment within the Mutual including, but not limited to, building structures, plumbing, roofs, paving, and walls.

<i>Fund</i>	<i>Year</i>	<i>Beginning Balance</i>	<i>Interest</i>	<i>Contributions</i>	<i>Assessment PMPM</i>	<i>Planned Expenditures</i>	<i>ENDING BALANCE</i>
REPLACEMENT RESERVE FUND	2022	\$ 16,637,656	\$ 95,623	\$ 10,690,704	\$ 146.00	\$ (10,414,735)	\$ 17,009,248
	2023	\$ 17,009,248	\$ 20,869	\$ 11,276,496	\$ 154.00	\$ (10,512,735)	\$ 17,793,878
	2024	\$ 17,793,878	\$ 352,835	\$ 11,422,944	\$ 156.00	\$ (11,727,157)	\$ 17,842,500
	2025	\$ 17,842,500	\$ 353,460	\$ 11,642,616	\$ 159.00	\$ (11,981,612)	\$ 17,856,964
	2026	\$ 17,856,964	\$ 355,924	\$ 11,862,288	\$ 162.00	\$ (11,983,771)	\$ 18,091,405
	2027	\$ 18,091,405	\$ 360,509	\$ 12,155,184	\$ 166.00	\$ (12,287,048)	\$ 18,320,050

ELEVATOR REPLACEMENT RESERVE FUND

This Elevator Replacement Fund was established in the 1978 Business Plan and only manors located within buildings containing common elevators contributed to this fund. The Board adopted Resolution M3-97-10, which changed this from a surcharge to a shared cost for all members of the Mutual effective January 1, 1998. The purpose of this fund is to provide for repair, restoration, replacement, or maintenance of elevator components including, but not limited to, cab doors, buttons and refurbishment, controllers, hoistway doors, hydraulic cylinders, and pit water proofing.

<i>Fund</i>	<i>Year</i>	<i>Beginning Balance</i>	<i>Interest</i>	<i>Contributions</i>	<i>Assessment PMPM</i>	<i>Planned Expenditures</i>	<i>ENDING BALANCE</i>
ELEVATOR REPLACEMENT RESERVE FUND	2022	\$ 2,355,983	\$ 11,453	\$ 366,120	\$ 5.00	\$ (229,500)	\$ 2,504,056
	2023	\$ 2,504,056	\$ 3,150	\$ 366,120	\$ 5.00	\$ (125,000)	\$ 2,748,326
	2024	\$ 2,748,326	\$ 56,014	\$ 366,120	\$ 5.00	\$ (261,375)	\$ 2,909,085
	2025	\$ 2,909,085	\$ 59,164	\$ 366,120	\$ 5.00	\$ (267,909)	\$ 3,066,459
	2026	\$ 3,066,459	\$ 62,244	\$ 366,120	\$ 5.00	\$ (274,607)	\$ 3,220,216
	2027	\$ 3,220,216	\$ 65,251	\$ 366,120	\$ 5.00	\$ (281,472)	\$ 3,370,115



LAUNDRY REPLACEMENT RESERVE FUND

The Laundry Replacement Fund was one of the first funds established by the Mutual. Only manors originally built to be served by Mutual-owned laundry facilities contribute to this fund. As part of the 2019 Business Plan approval, this fund was changed from a surcharge to a shared cost for all members of the Mutual effective January 1, 2019. The purpose of this fund is to provide for repair, restoration, replacement, or maintenance of equipment in common laundry facilities including, but not limited to, washers, dryers, water heaters and plumbing fixtures.

<i>Fund</i>	<i>Year</i>	<i>Beginning Balance</i>	<i>Interest</i>	<i>Contributions</i>	<i>Assessment PMPM</i>	<i>Planned Expenditures</i>	<i>ENDING BALANCE</i>
LAUNDRY REPLACEMENT RESERVE FUND	2022	\$ 364,571	\$ 2,164	\$ 73,224	\$ 1.00	\$ (151,842)	\$ 288,117
	2023	\$ 288,117	\$ 373	\$ 146,448	\$ 2.00	\$ (101,579)	\$ 333,359
	2024	\$ 333,359	\$ 6,708	\$ 146,448	\$ 2.00	\$ (142,396)	\$ 344,119
	2025	\$ 344,119	\$ 7,092	\$ 146,448	\$ 2.00	\$ (125,453)	\$ 372,206
	2026	\$ 372,206	\$ 7,536	\$ 146,448	\$ 2.00	\$ (137,299)	\$ 388,891
	2027	\$ 388,891	\$ 8,234	\$ 183,060	\$ 2.50	\$ (137,461)	\$ 442,724

RESTRICTED FUNDS

DISASTER FUND

The Disaster Fund is used for the repair or replacement of mutual assets damaged by uninsured or unexpected disasters in addition to providing for certain insurance premiums as directed by the Board. This fund may also be used for write-offs of uncollectible accounts according to original definition of the General Operating Fund. This fund is not required by Civil Code and is not included in the reserve plan calculations.

<i>Fund</i>	<i>Year</i>	<i>Beginning Balance</i>	<i>Interest</i>	<i>Contributions</i>	<i>Assessment PMPM</i>	<i>Planned Expenditures</i>	<i>ENDING BALANCE</i>
DISASTER FUND	2022	\$ 5,583,783	\$ 29,402	\$ 1,591,890	\$ 21.74	\$ (1,104,996)	\$ 6,100,079
	2023	\$ 6,100,079	\$ 7,122	\$ 897,726	\$ 12.26	\$ (1,228,470)	\$ 5,776,457
	2024	\$ 5,776,457	\$ 7,275	\$ 1,830,600	\$ 25.00	\$ (1,259,000)	\$ 6,355,332
	2025	\$ 6,355,332	\$ 7,951	\$ 1,830,600	\$ 25.00	\$ (1,290,000)	\$ 6,903,883
	2026	\$ 6,903,883	\$ 8,590	\$ 1,830,600	\$ 25.00	\$ (1,322,000)	\$ 7,421,073
	2027	\$ 7,421,073	\$ 9,191	\$ 1,830,600	\$ 25.00	\$ (1,355,000)	\$ 7,905,864



UNAPPROPRIATED EXPENDITURES FUND

In 1977, Resolution No. 696 established the Supplemental Appropriations Fund. The fund name was changed to the Unappropriated Expenditures Fund in 1991. This contingency fund is used for significant expenditures not otherwise identified in the Business Plan. This fund is not required by Civil Code and is not included in the reserve plan calculations.

<i>Fund</i>	<i>Year</i>	<i>Beginning Balance</i>	<i>Interest</i>	<i>Contributions</i>	<i>Assessment PMPM</i>	<i>Planned Expenditures</i>	<i>ENDING BALANCE</i>
UNAPPROPRIATED EXPENDITURES FUND	2022	\$ 3,901,680	\$ 11,225	\$ 0	\$ 0	\$ (1,676,496)	\$ 2,236,409
	2023	\$ 2,236,409	\$ 2,444	\$ 0	\$ 0	\$ (400,000)	\$ 1,838,853
	2024	\$ 1,838,853	\$ 2,312	\$ 585,792	\$ 8.00	\$ (410,000)	\$ 2,016,957
	2025	\$ 2,016,957	\$ 2,520	\$ 585,792	\$ 8.00	\$ (420,000)	\$ 2,185,269
	2026	\$ 2,185,269	\$ 2,715	\$ 585,792	\$ 8.00	\$ (431,000)	\$ 2,342,776
	2027	\$ 2,342,776	\$ 2,898	\$ 585,792	\$ 8.00	\$ (442,000)	\$ 2,489,466

GARDEN VILLA RECREATION ROOM FUND

Surcharge Fund: Only manors located within the 53 Garden Villa buildings contribute to this fund. The Replacement Reserve-Villa Furnishings Fund was established in 1975 for the replacement of furnishings in the Villa buildings. Several policy changes were made through the years regarding the fund name and usage. On September 19, 1995, the Board of Directors adopted Resolution M3-95-82 approving a fund name of Garden Villa Recreation Room Fund. The purpose of this fund is to provide for all expenditures in the recreation rooms of Garden Villa buildings (repairs, replacements and preventive maintenance), other than janitorial services. On June 16, 2009 the Board directed that water heater and heat pump components previously paid from this fund will be paid from the Replacement Fund. This fund is not required by Civil Code and is not included in the reserve plan calculations.

<i>Fund</i>	<i>Year</i>	<i>Beginning Balance</i>	<i>Interest</i>	<i>Contributions</i>	<i>Assessment PMPM</i>	<i>Planned Expenditures</i>	<i>ENDING BALANCE</i>
<u>SURCHARGE:</u> GARDEN VILLA REC ROOM FUND	2022	\$ 105,338	\$ 425	\$ 89,424	\$ 6.00	\$ (73,736)	\$ 121,451
	2023	\$ 121,451	\$ 145	\$ 93,150	\$ 6.25	\$ (93,641)	\$ 121,105
	2024	\$ 121,105	\$ 146	\$ 96,876	\$ 6.50	\$ (96,000)	\$ 122,127
	2025	\$ 122,127	\$ 146	\$ 96,876	\$ 6.50	\$ (98,400)	\$ 120,749
	2026	\$ 120,749	\$ 142	\$ 96,876	\$ 6.50	\$ (100,900)	\$ 116,867
	2027	\$ 116,867	\$ 136	\$ 96,876	\$ 6.50	\$ (103,400)	\$ 110,479



Reserve Study Executive Summary

With-Site-Visit

Third Mutual - Laguna Woods Village

Laguna Woods, CA

Level of Service: **Update "With-Site-Visit"**Report #: **31071-3**

of Units: 6,102

January 1, 2023 through December 31, 2023**Findings & Recommendations****as of January 1, 2023**

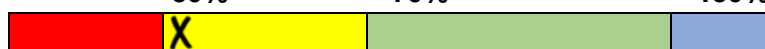
Projected Starting Reserve Balance	\$17,009,248
Current Full Funding Reserve Balance	\$50,481,613
Average Reserve Deficit (Surplus) Per Unit	\$5,485
Percent Funded	33.7 %
Recommended 2023 "Annual Full Funding Contributions"	\$13,300,000
Alternate minimum contributions to keep Reserve above \$8,290,000	\$11,670,000
Most Recent Reserve Contribution Rate	\$11,130,048
Annual Deterioration Rate	\$19,452,931

Reserve Fund Strength: 33.7%**Weak****Fair****Strong**

< 30%

< 70%

> 130%

**Risk of Special Assessment:****High****Medium****Low****Economic Assumptions:**Net Annual "After Tax" Interest Earnings Accruing to Reserves **2.00 %**Annual Inflation Rate **3.00 %**

This is an Update "With-Site-Visit", and is based on a prior Report prepared by Association Reserves for your 2022 Fiscal Year. We performed the site inspection on 5/26/2022.

This Reserve Study was prepared by a credentialed Reserve Specialist, Sean Erik Andersen RS #68.

The Association is Mutual Community Association.

The Reserve Fund is between the 30% funded level and the 70% funded level at 33.7 % Funded, which is a fair position for the fund to be in. This means that the association's special assessment & deferred maintenance risk is currently medium. The objective of your multi-year Funding Plan is to Fully Fund Reserves and ultimately achieve a position of strength in the fund, where associations enjoy a low risk of Reserve cash flow problems.

The Annual Deterioration rate for your Reserve Components is \$19,452,931.

Based on this starting point, your annual deterioration rate, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to increase your Reserve contributions to \$13,300,000.

*The Alternative Contribution rate, also called Baseline Funding will keep the Reserve Funds above \$8,290,000. This figure for your association is \$11,670,000.

To receive a copy of the full Reserve Study, contact the Association.



30-Year Reserve Plan Summary (Alternate Funding Plan)

Report # 31071-3
With-Site-Visit

Fiscal Year Start: 2023

Interest:

2.00 %

Inflation:

3.00 %

Reserve Fund Strength: as-of Fiscal Year Start Date

Projected Reserve Balance Changes

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded		Special Assmt Risk	Reserve Funding	Loan or Special Assmts	Interest Income	Reserve Expenses
2023	\$17,009,248	\$50,481,613	33.7 %		Medium	\$11,670,000	\$0	\$339,698	\$12,029,000
2024	\$16,989,946	\$52,490,905	32.4 %		Medium	\$11,903,400	\$0	\$340,635	\$12,130,928
2025	\$17,103,052	\$54,941,820	31.1 %		Medium	\$12,141,468	\$0	\$342,858	\$12,374,974
2026	\$17,212,404	\$57,286,241	30.0 %		Medium	\$12,384,297	\$0	\$347,306	\$12,395,677
2027	\$17,548,331	\$59,658,289	29.4 %		High	\$12,631,983	\$0	\$353,455	\$12,705,982
2028	\$17,827,788	\$62,177,094	28.7 %		High	\$12,884,623	\$0	\$357,537	\$13,113,013
2029	\$17,956,936	\$63,911,170	28.1 %		High	\$13,142,315	\$0	\$368,844	\$12,508,653
2030	\$18,959,442	\$56,905,420	33.3 %		Medium	\$13,405,162	\$0	\$387,112	\$12,966,437
2031	\$19,785,278	\$58,956,658	33.6 %		Medium	\$13,673,265	\$0	\$388,109	\$14,787,387
2032	\$19,059,265	\$59,317,789	32.1 %		Medium	\$13,946,730	\$0	\$397,174	\$12,710,578
2033	\$20,692,592	\$62,243,570	33.2 %		Medium	\$14,225,665	\$0	\$415,245	\$14,465,647
2034	\$20,867,854	\$63,898,696	32.7 %		Medium	\$14,510,178	\$0	\$414,634	\$15,161,237
2035	\$20,631,429	\$65,274,888	31.6 %		Medium	\$14,800,382	\$0	\$408,265	\$15,609,658
2036	\$20,230,418	\$66,682,752	30.3 %		Medium	\$15,096,389	\$0	\$398,307	\$16,090,283
2037	\$19,634,831	\$67,746,663	29.0 %		High	\$15,398,317	\$0	\$384,003	\$16,618,370
2038	\$18,798,782	\$68,767,655	27.3 %		High	\$15,706,284	\$0	\$370,666	\$16,575,839
2039	\$18,299,893	\$69,919,397	26.2 %		High	\$16,020,409	\$0	\$356,012	\$17,344,149
2040	\$17,332,166	\$70,676,876	24.5 %		High	\$16,340,817	\$0	\$345,711	\$16,749,793
2041	\$17,268,901	\$72,655,227	23.8 %		High	\$16,667,634	\$0	\$320,834	\$19,415,057
2042	\$14,842,312	\$71,172,188	20.9 %		High	\$17,000,986	\$0	\$299,525	\$17,006,729
2043	\$15,136,094	\$72,615,280	20.8 %		High	\$17,341,006	\$0	\$315,145	\$16,386,486
2044	\$16,405,759	\$75,246,750	21.8 %		High	\$17,687,826	\$0	\$335,692	\$17,236,745
2045	\$17,192,532	\$77,601,329	22.2 %		High	\$18,041,583	\$0	\$349,586	\$17,787,380
2046	\$17,796,321	\$79,935,716	22.3 %		High	\$18,402,414	\$0	\$342,613	\$20,046,705
2047	\$16,494,643	\$80,562,849	20.5 %		High	\$18,770,463	\$0	\$331,997	\$18,863,313
2048	\$16,733,790	\$82,994,005	20.2 %		High	\$19,145,872	\$0	\$303,486	\$22,542,032
2049	\$13,641,116	\$82,292,320	16.6 %		High	\$19,528,789	\$0	\$266,181	\$20,436,075
2050	\$13,000,011	\$81,038,134	16.0 %		High	\$19,919,365	\$0	\$257,482	\$20,406,316
2051	\$12,770,543	\$83,756,678	15.2 %		High	\$20,317,752	\$0	\$217,388	\$24,318,612
2052	\$8,987,072	\$83,035,265	10.8 %		High	\$20,724,108	\$0	\$160,360	\$22,808,726