



## **OPEN MEETING**

### **REGULAR MEETING OF THE THIRD LAGUNA HILLS MUTUAL FINANCE COMMITTEE\***

**Tuesday, December 6, 2022 – 1:30 p.m.  
24351 El Toro Road, Laguna Woods, CA 92637  
Board Room and Virtual with Zoom**

Laguna Woods Village owners/residents are welcome to participate in all open committee meetings in-person and virtually. To submit comments or questions virtually for committee meetings, please use one of the following options:

1. Join the committee meeting via Zoom by clicking this link:  
<https://us06web.zoom.us/j/81161366511> or by calling 1-669-900-6833, Webinar ID: 81161366511.
2. Via email to [meeting@vmsinc.org](mailto:meeting@vmsinc.org) any time before the meeting is scheduled to begin or during the meeting. Please use the name of the committee in the subject line of the email. Name and unit number must be included.

### **NOTICE AND AGENDA**

*This Meeting May Be Recorded*

1. Call Meeting to Order
2. Approval of the Agenda
3. Approval of the Meeting Report for November 1, 2022
4. Remarks of the Chair
5. Member Comments - (Items Not on the Agenda)
6. Response to Member Comments
7. Department Head Update
8. Items for Discussion and Consideration
  - a. Preliminary Financial Statements dated October 31, 2022
    - i. Year End Forecast
  - b. Education - Annual Financial Services Review
  - c. Discretionary Investments – Treasury Bill Reinvestment
  - d. Endorsements from Standing Committee
    - i. Landscape Services – Supplemental Appropriation for Water Saving Landscaping
9. Future Agenda Items: *All matters listed under Future Agenda Items are items for a future committee meeting. No action will be taken by the committee on these agenda items at this meeting.*
10. Committee Member Comments
11. Date of Next Meeting – Tuesday, February 7, 2023 at 1:30 p.m.

12. Recess to Closed Session – At this time, the meeting will recess for a short break and reconvene to Closed Session to discuss the following matters.

Closed Session Agenda

*Approval of the Agenda*

*Approval of the Meeting Report*

*Remarks of the Chair*

*Review Legal Tracker Analysis*

*Review Delinquency Reports*

*Adjournment*

\*A quorum of the Third Board or more may also be present at the meeting.



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

Tuesday, November 1, 2022 – 1:30 p.m.  
Hybrid Meeting

**DIRECTORS PRESENT:** Donna Rane-Szostak – Chair, Mark Iaws, Annie McCary, Ralph Engdahl, Cris Prince, Cush Bhada, Jim Cook, Ira Lewis, Jules Zalon  
**DIRECTORS ABSENT:** Moon Yun  
**ADVISORS PRESENT:** Wei-Ming Tao  
**STAFF PRESENT:** Steve Hormuth, Jose Campos, Erika Hernandez

**Call to Order**

Director Donna Rane-Szostak, Treasurer, chaired and called the meeting to order at 1:30 p.m.

**Approval of Meeting Agenda**

A motion was made and the agenda was approved as presented by consent.

**Approval of Meeting Report for October 4, 2022**

A motion was made to approve the meeting report as presented; no changes were requested, and the report was approved by consent.

**Chair Remarks**

Director Rane-Szostak expressed appreciation to all individuals who participated in creating the 2023 budget, briefly commented on the adopted 2023 Business Plan, and summarized the cost saving initiatives that took place year to date.

**Member Comments (Items Not on the Agenda)**

None.

**Department Head Update**

Steve Hormuth, Director of Financial Services, provided an update on the upcoming Discretionary Investments maturity of Treasury Bills set for February 23, 2023.

**Preliminary Financial Statements dated September 30, 2022**

Jose Campos, Assistant Director of Financial Services, presented the Preliminary Financial Statements dated September 30, 2022. Questions and comments were noted by staff.

**Highlights – Solar Update**

Director Rane-Szostak elaborated on the \$2.5M Solar Project that was established 5 years prior which is projecting to earn the Third Mutual a positive return by the eleventh year based on current rates.

**Endorsements from Standing Committees**

None.

**Future Agenda Items**

Education – Annual Financial Services Review  
Discretionary Investments – Treasury Bill Reinvestment  
Year-End Financial Statement Projection

**Committee Member Comments**

Director Ira Lewis commented on future savings and exploring ideas to continue to do so.

**Date of Next Meeting**

Tuesday, November 29, 2022 at 1:30 p.m.

**Recess to Closed Session**

The meeting recessed at 2:29 p.m.



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Mark Laws, President (Alternate for Donna Rane-Szostak)



## MEMORANDUM

To: Third Finance Committee  
 From: Steve Hormuth, Director of Financial Services  
 Date: December 6, 2022  
 Re: Department Head Update

### Financial Highlights

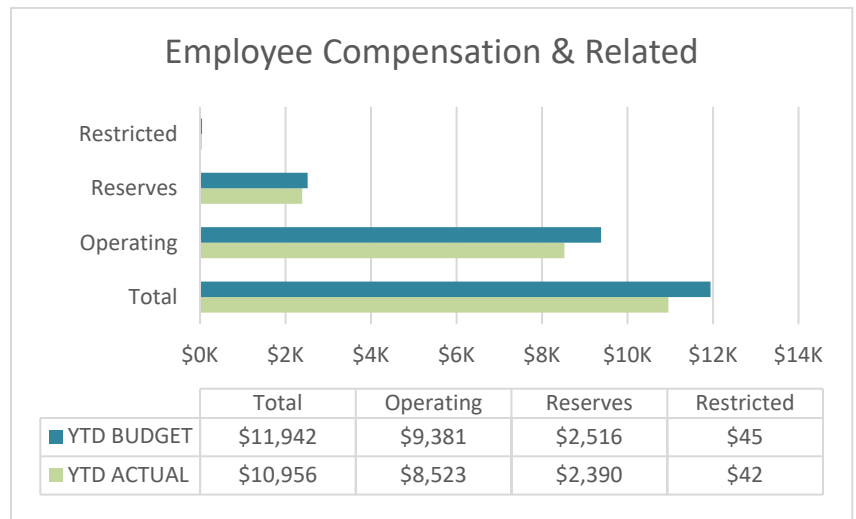
#### SUMMARY:

For the year-to-date period ending October 31, 2022, Third Laguna Hills Mutual was better than budget by \$3,215K primarily due to late start of programs affecting the areas of outside services and materials. Furthermore, favorable variance in compensation and related amounted to \$987K due to open positions.

INCOME STATEMENT (in Thousands)			
	Actual	Budget	Variance
Assessment Revenues	\$34,511	\$34,512	(\$1)
Other Revenues	\$1,786	\$1,747	(\$39)
Expenses	\$32,346	\$35,523	\$3,178
<b>Revenue/(Expense)</b>	<b>\$3,951</b>	<b>\$736</b>	<b>\$3,215</b>

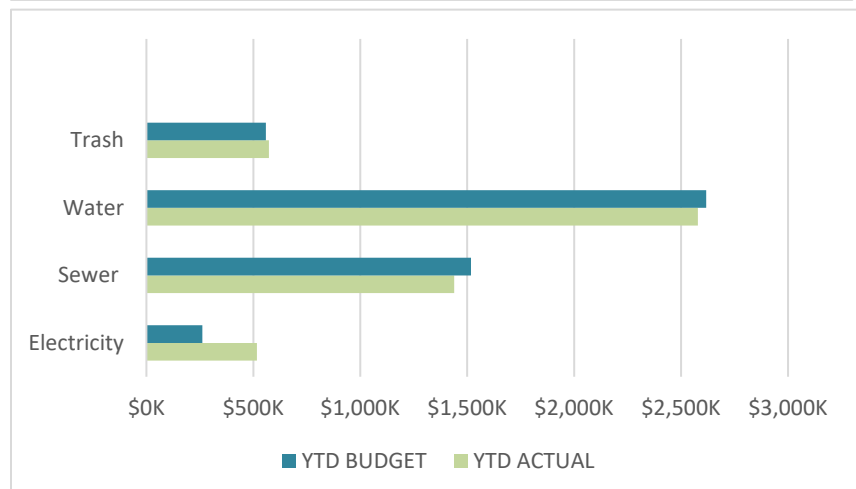
#### COMPENSATION:

Actual compensation and related costs came in at \$10,956K with \$8,523K in operations, \$2,390K in reserves, and \$42K in restricted. Combined, this category is 8.3% favorable to budget. For Third, the most significant savings were due to open positions in Maintenance & Construction and Landscape.



#### UTILITIES:

In total, this category was unfavorable to budget by (\$152K) primarily due to electricity. Due to an SCE system change approximately \$161K of 2021 electricity charges were paid in 2022. Additionally, electricity rates are higher than anticipated at the time of budget preparation. The variance was partially offset by sewer, which had reduced rates for residential customers beginning July 2022.



## Discussions

**Finance Committee Meeting Frequency:** Beginning in 2023, Third Laguna Hills Mutual Finance Committee meetings will be held on the first Tuesday of every other month. In months without a scheduled Finance Committee meeting, financial statements will continue to be provided to all board members along with a summarized budget vs actual variance analysis. Below is a listing of dates for committee meetings in 2023:

Feb 7 – December Financial Statement Review  
Apr 4 – February Financial Statement Review  
Jun 6 – April Financial Statement Review  
Aug 1 – June Financial Statement Review  
Oct 3 – August Financial Statement Review  
Dec 5 – October Financial Statement Review

## Calendar

Dec 6, 2022 @ 1:30 p.m. Third Finance Committee Meeting (October Financials)  
Dec 20, 2022 @ 9:30 a.m. Third Board Meeting  
Jan 3, 2023 @ 1:30 p.m. Third Finance Committee (November Financials)  
Jan 6, 2023 @ 9:30 a.m. Third Board Agenda Prep  
Jan 17, 2023 @ 9:30 a.m. Third Board Meeting  
Feb 3, 2023 @ 9:30 a.m. Third Board Agenda Prep  
Feb 7, 2023 @ 1:30 p.m. Third Finance Committee (December Financials)  
Feb 21, 2023 @ 9:30 a.m. Third Board Meeting

December 2022							January 2023							February 2023						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3	1	2	3	4	5	6	7				1	2	3	4
4	5	6	7	8	9	10	8	9	10	11	12	13	14	5	6	7	8	9	10	11
11	12	13	14	15	16	17	15	16	17	18	19	20	21	12	13	14	15	16	17	18
18	19	20	21	22	23	24	22	23	24	25	26	27	28	19	20	21	22	23	24	25
25	26	27	28	29	30	31	29	30	31					26	27	28				

**Third Laguna Hills Mutual**  
**Statement of Revenues & Expenses - Preliminary**  
**10/31/2022**  
(\$ IN THOUSANDS)

	CURRENT MONTH			YEAR TO DATE			PRIOR YEAR	TOTAL
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET
Revenues:								
Assessments:								
1 Operating	\$2,384	\$2,384		\$23,835	\$23,836	(\$1)	\$17,473	\$28,603
2 Additions to restricted funds	1,068	1,068		10,676	10,676		11,360	12,811
3 Total assessments	3,451	3,451		34,511	34,512	(1)	28,833	41,415
Non-assessment revenues:								
4 Fees and charges for services to residents	125	81	44	863	799	64	595	960
5 Laundry	14	18	(3)	180	175	5	178	210
6 Investment income	20	20		159	203	(44)	84	244
7 Miscellaneous	59	57	2	583	569	14	484	683
8 Total non-assessment revenue	218	175	43	1,786	1,747	39	1,340	2,097
9 Total revenue	3,669	3,627	43	36,297	36,259	38	30,173	43,512
Expenses:								
10 Employee compensation and related	1,040	1,207	167	10,956	11,942	987	10,486	14,324
11 Materials and supplies	129	118	(11)	1,197	1,173	(24)	1,211	1,411
12 Utilities and telephone	243	537	294	5,107	4,955	(152)	4,942	5,968
13 Legal fees	4	44	40	169	427	258	315	527
14 Professional fees	10	10		114	132	18	51	155
15 Equipment rental	10	4	(7)	27	37	11	41	45
16 Outside services	1,527	762	(766)	6,060	7,480	1,420	5,686	8,624
17 Repairs and maintenance	28	29	1	267	290	23	238	349
18 Other Operating Expense	10	14	3	98	153	55	107	193
19 Property and sales tax							2	
20 Insurance	730	754	24	6,841	7,541	700	5,231	9,049
21 Investment expense		2	2		18	18	21	21
22 Uncollectible Accounts	31	5	(25)	137	54	(83)	33	65
23 (Gain)/loss on sale or trade				4		(4)	15	
24 Depreciation and amortization	11	11		112	112		112	134
25 Net allocation to mutuals	117	121	4	1,258	1,209	(49)	1,132	1,449
26 Total expenses	3,891	3,617	(274)	32,346	35,523	3,178	29,625	42,314
27 Excess of revenues over expenses	(\$221)	\$10	(\$231)	\$3,951	\$736	\$3,215	\$549	\$1,198

**Third Laguna Hills Mutual**  
**Statement of Revenues & Expenses - By Fund Type - Preliminary**  
**10/31/2022**  
(\$ IN THOUSANDS)

	OPERATING YEAR TO DATE			RESERVE YEAR TO DATE			RESTRICTED YEAR TO DATE			COMBINED YEAR TO DATE		
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
Revenues:												
Assessments:												
1 Operating	\$23,835	\$23,836	(\$1)							\$23,835	\$23,836	(\$1)
2 Additions to restricted funds				9,275	9,275		1,401	1,401		10,676	10,676	
3 Total assessments	23,835	23,836	(1)	9,275	9,275		1,401	1,401		34,511	34,512	(1)
Non-assessment revenues:												
4 Fees and charges for services to residents	863	799	64							863	799	64
5 Laundry	180	175	5							180	175	5
6 Investment income				116	115	1	44	88	(45)	159	203	(44)
7 Miscellaneous	583	569	14							583	569	14
8 Total non-assessment revenue	1,626	1,543	83	116	115	1	44	88	(45)	1,786	1,747	39
9 Total revenue	25,461	25,380	82	9,391	9,390	1	1,445	1,489	(45)	36,297	36,259	38
Expenses:												
10 Employee compensation and related	8,523	9,381	858	2,390	2,516	125	42	45	3	10,956	11,942	987
11 Materials and supplies	707	642	(66)	470	515	46	19	16	(3)	1,197	1,173	(24)
12 Utilities and telephone	5,099	4,943	(156)	8	12	4				5,107	4,955	(152)
13 Legal fees	169	427	258							169	427	258
14 Professional fees	101	132	31	2		(2)	11		(11)	114	132	18
15 Equipment rental	6	6		21	31	10				27	37	11
16 Outside services	1,449	733	(716)	3,947	5,829	1,882	663	918	255	6,060	7,480	1,420
17 Repairs and maintenance	264	285	21	2	4	2				267	290	23
18 Other Operating Expense	81	132	51	17	21	4				98	153	55
19 Property and sales tax												
20 Insurance	6,841	7,541	700							6,841	7,541	700
21 Investment expense					10	10		8	8		18	18
22 Uncollectible Accounts	137	54	(83)							137	54	(83)
23 (Gain)/loss on sale or trade				3		(3)	1		(1)	4		(4)
24 Depreciation and amortization	112	112								112	112	
25 Net allocation to mutuals	1,039	1,018	(21)	217	189	(28)	2	2		1,258	1,209	(49)
26 Total expenses	24,529	25,406	877	7,077	9,127	2,050	740	990	250	32,346	35,523	3,178
27 Excess of revenues over expenses	\$932	(\$26)	\$959	\$2,314	\$263	\$2,051	\$705	\$499	\$206	\$3,951	\$736	\$3,215



**Third Laguna Hills Mutual  
Operating Statement  
10/31/2022  
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
Revenues:					
Assessments:					
<b>Operating</b>					
41001000 - Monthly Assessments	\$23,835,112	\$23,836,244	(\$1,132)	0.00%	\$28,603,493
<b>Total Operating</b>	<b>23,835,112</b>	<b>23,836,244</b>	<b>(1,132)</b>	<b>0.00%</b>	<b>28,603,493</b>
<b>Additions To Restricted Funds</b>					
41002000 - Monthly Assessments - Disaster Fund	1,326,575	1,326,575	0	0.00%	1,591,890
41003500 - Monthly Assessments - Replacement Fund	8,908,920	8,908,920	0	0.00%	10,690,704
41004000 - Monthly Assessments - Elevator Replacement Fund	305,100	305,100	0	0.00%	366,120
41004500 - Monthly Assessments - Laundry Replacement Fund	61,020	61,020	0	0.00%	73,224
41006000 - Monthly Assessments - Garden Villa Recreation Room Fund	74,520	74,520	0	0.00%	89,424
<b>Total Additions To Restricted Funds</b>	<b>10,676,135</b>	<b>10,676,135</b>	<b>0</b>	<b>0.00%</b>	<b>12,811,362</b>
<b>Total Assessments</b>	<b>34,511,247</b>	<b>34,512,379</b>	<b>(1,132)</b>	<b>0.00%</b>	<b>41,414,855</b>
Non-Assessment Revenues:					
<b>Fees and Charges for Services to Residents</b>					
46501000 - Permit Fee	239,062	198,517	40,545	20.42%	238,222
46501500 - Inspection Fee	71,535	61,279	10,256	16.74%	73,537
46502000 - Resident Maintenance Fee	552,716	539,499	13,218	2.45%	648,636
<b>Total Fees and Charges for Services to Residents</b>	<b>863,314</b>	<b>799,295</b>	<b>64,019</b>	<b>8.01%</b>	<b>960,396</b>
<b>Laundry</b>					
46005000 - Coin Op Laundry Machine	179,950	175,000	4,950	2.83%	210,000
<b>Total Laundry</b>	<b>179,950</b>	<b>175,000</b>	<b>4,950</b>	<b>2.83%</b>	<b>210,000</b>
<b>Investment Income</b>					
49001000 - Investment Income - Nondiscretionary	3,981	3,327	654	19.65%	4,000
49002000 - Investment Income - Discretionary	155,416	200,000	(44,584)	(22.29%)	240,000
<b>Investment Interest Income</b>	<b>159,396</b>	<b>203,327</b>	<b>(43,930)</b>	<b>(21.61%)</b>	<b>244,000</b>
<b>Miscellaneous</b>					
46004500 - Resident Violations	21,000	45,162	(24,162)	(53.50%)	54,198
44501000 - Additional Occupant Fee	25,700	0	25,700	0.00%	0
44501510 - Lease Processing Fee - Third	221,880	216,220	5,660	2.62%	259,475
44502000 - Variance Processing Fee	2,850	13,235	(10,385)	(78.47%)	15,888
44502500 - Non-Sale Transfer Fee - Third	1,550	1,380	170	12.32%	1,666
44503520 - Resale Processing Fee - Third	152,304	159,780	(7,476)	(4.68%)	191,740
44505500 - Hoa Certification Fee	10,070	10,000	70	0.70%	12,000
44507000 - Golf Cart Electric Fee	50,897	58,330	(7,433)	(12.74%)	70,000
44507200 - Electric Vehicle Plug-In Fee	11,706	9,170	2,536	27.66%	11,000
44507500 - Cartport/Carport Space Rental Fee	2,800	3,670	(870)	(23.71%)	4,400
47001500 - Late Fee Revenue	78,470	42,500	35,970	84.63%	51,000
47002020 - Collection Administrative Fee - Third	0	2,250	(2,250)	(100.00%)	2,700
47002500 - Collection Interest Revenue	(446)	4,170	(4,616)	(110.70%)	5,000
47501000 - Recycling	4,221	3,330	891	26.77%	4,000
49009000 - Miscellaneous Revenue	13	0	13	0.00%	0
<b>Total Miscellaneous</b>	<b>583,015</b>	<b>569,197</b>	<b>13,818</b>	<b>2.43%</b>	<b>683,067</b>
<b>Total Non-Assessment Revenue</b>	<b>1,785,675</b>	<b>1,746,818</b>	<b>38,856</b>	<b>2.22%</b>	<b>2,097,463</b>
<b>Total Revenue</b>	<b>36,296,922</b>	<b>36,259,198</b>	<b>37,724</b>	<b>0.10%</b>	<b>43,512,318</b>
Expenses:					
<b>Employee Compensation</b>					
51011000 - Salaries & Wages - Regular	2,361,658	2,654,937	293,280	11.05%	3,188,996
51021000 - Union Wages - Regular	4,111,368	4,648,990	537,622	11.56%	5,581,847
51041000 - Wages - Overtime	31,348	21,017	(10,331)	(49.16%)	25,234
51051000 - Union Wages - Overtime	58,133	41,734	(16,399)	(39.29%)	50,106
51061000 - Holiday & Vacation	652,993	616,724	(36,269)	(5.88%)	740,584
51071000 - Sick	241,677	251,558	9,881	3.93%	302,080
51091000 - Missed Meal Penalty	3,615	2,952	(664)	(22.49%)	3,572
51101000 - Temporary Help	53,264	91,332	38,068	41.68%	109,606
51981000 - Compensation Accrual	196,128	0	(196,128)	0.00%	0

**Third Laguna Hills Mutual  
Operating Statement  
10/31/2022  
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
<b>Total Employee Compensation</b>	<b>7,710,183</b>	<b>8,329,243</b>	<b>619,060</b>	<b>7.43%</b>	<b>10,002,024</b>
<b>Compensation Related</b>					
52411000 - F.I.C.A.	560,582	620,654	60,072	9.68%	742,748
52421000 - F.U.I.	7,892	10,220	2,328	22.78%	10,220
52431000 - S.U.I.	35,516	51,947	16,431	31.63%	51,947
52441000 - Union Medical	1,493,102	1,588,642	95,540	6.01%	1,906,370
52451000 - Workers' Compensation Insurance	385,326	441,963	56,637	12.81%	530,688
52461000 - Non Union Medical & Life Insurance	298,403	360,686	62,283	17.27%	432,813
52471000 - Union Retirement Plan	380,449	422,574	42,126	9.97%	507,367
52481000 - Non-Union Retirement Plan	59,117	116,369	57,252	49.20%	139,778
52981000 - Compensation Related Accrual	25,001	0	(25,001)	0.00%	0
<b>Total Compensation Related</b>	<b>3,245,389</b>	<b>3,613,056</b>	<b>367,667</b>	<b>10.18%</b>	<b>4,321,933</b>
<b>Materials and Supplies</b>					
53001000 - Materials & Supplies	367,014	417,332	50,318	12.06%	503,088
53003000 - Materials Direct	826,791	750,866	(75,925)	(10.11%)	902,417
53004000 - Freight	2,708	4,665	1,957	41.95%	5,630
<b>Total Materials and Supplies</b>	<b>1,196,513</b>	<b>1,172,863</b>	<b>(23,650)</b>	<b>(2.02%)</b>	<b>1,411,135</b>
<b>Utilities and Telephone</b>					
53301000 - Electricity	516,727	261,841	(254,886)	(97.34%)	372,829
53301500 - Sewer	1,439,004	1,518,000	78,996	5.20%	1,829,400
53302000 - Water	2,578,451	2,617,264	38,813	1.48%	3,095,794
53302500 - Trash	573,165	558,326	(14,838)	(2.66%)	669,993
<b>Total Utilities and Telephone</b>	<b>5,107,346</b>	<b>4,955,431</b>	<b>(151,915)</b>	<b>(3.07%)</b>	<b>5,968,016</b>
<b>Legal Fees</b>					
53401500 - Legal Fees	239,246	426,657	187,411	43.93%	526,652
53401550 - Legal Fees Contra	(70,655)	0	70,655	0.00%	0
<b>Total Legal Fees</b>	<b>168,591</b>	<b>426,657</b>	<b>258,066</b>	<b>60.49%</b>	<b>526,652</b>
<b>Professional Fees</b>					
53402020 - Audit & Tax Preparation Fees - Third	42,500	43,200	700	1.62%	47,670
53403500 - Consulting Fees	32,578	11,638	(20,940)	(179.92%)	13,597
53403520 - Consulting Fees - Third	39,389	77,230	37,841	49.00%	93,500
<b>Total Professional Fees</b>	<b>114,467</b>	<b>132,068</b>	<b>17,602</b>	<b>13.33%</b>	<b>154,767</b>
<b>Equipment Rental</b>					
53501500 - Equipment Rental/Lease Fees	26,870	37,422	10,552	28.20%	45,077
<b>Total Equipment Rental</b>	<b>26,870</b>	<b>37,422</b>	<b>10,552</b>	<b>28.20%</b>	<b>45,077</b>
<b>Outside Services</b>					
53601000 - Bank Fees	39,879	35,264	(4,615)	(13.09%)	42,322
53601500 - Credit Card Transaction Fees	11,427	0	(11,427)	0.00%	0
53604500 - Marketing Expense	0	4,170	4,170	100.00%	5,000
54603500 - Outside Services Cost Collection	5,910,502	7,380,712	1,470,210	19.92%	8,470,258
53704000 - Outside Services	97,963	60,121	(37,841)	(62.94%)	106,430
<b>Total Outside Services</b>	<b>6,059,771</b>	<b>7,480,267</b>	<b>1,420,496</b>	<b>18.99%</b>	<b>8,624,010</b>
<b>Repairs and Maintenance</b>					
53701000 - Equipment Repair & Maint	4,052	10,260	6,208	60.51%	12,340
53703000 - Elevator /Lift Maintenance	262,460	279,330	16,870	6.04%	336,584
<b>Total Repairs and Maintenance</b>	<b>266,512</b>	<b>289,590</b>	<b>23,078</b>	<b>7.97%</b>	<b>348,924</b>
<b>Other Operating Expense</b>					
53801000 - Mileage & Meal Allowance	2,324	8,760	6,436	73.47%	10,540
53801500 - Travel & Lodging	9	2,090	2,081	99.55%	2,511
53802000 - Uniforms	52,810	73,915	21,105	28.55%	89,998
53802500 - Dues & Memberships	1,086	2,282	1,196	52.41%	2,683
53803000 - Subscriptions & Books	238	1,601	1,363	85.16%	1,931
53803500 - Training & Education	3,175	17,795	14,620	82.16%	21,162
53903000 - Safety	568	1,237	669	54.11%	1,489
54001020 - Board Relations - Third	3,279	6,270	2,991	47.71%	7,525
54001500 - Public Relations	(3)	0	3	0.00%	0
54002000 - Postage	34,051	38,790	4,740	12.22%	54,488
54002500 - Filing Fees / Permits	279	413	134	32.49%	510
<b>Total Other Operating Expense</b>	<b>97,815</b>	<b>153,153</b>	<b>55,337</b>	<b>36.13%</b>	<b>192,837</b>

**Third Laguna Hills Mutual  
Operating Statement  
10/31/2022  
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
<b>Insurance</b>					
54401000 - Hazard & Liability Insurance	712,721	711,467	(1,254)	(0.18%)	853,762
54401500 - D&O Liability	69,440	73,962	4,522	6.11%	88,758
54402000 - Property Insurance	6,051,030	6,749,595	698,565	10.35%	8,099,520
54403000 - General Liability Insurance	7,808	5,992	(1,816)	(30.31%)	7,190
<b>Total Insurance</b>	<b>6,840,998</b>	<b>7,541,016</b>	<b>700,017</b>	<b>9.28%</b>	<b>9,049,230</b>
<b>Investment Expense</b>					
54201000 - Investment Expense	30	17,600	17,570	99.83%	21,120
<b>Total Investment Expense</b>	<b>30</b>	<b>17,600</b>	<b>17,570</b>	<b>99.83%</b>	<b>21,120</b>
<b>Uncollectible Accounts</b>					
54602000 - Bad Debt Expense	137,299	54,170	(83,129)	(153.46%)	65,000
<b>Total Uncollectible Accounts</b>	<b>137,299</b>	<b>54,170</b>	<b>(83,129)</b>	<b>(153.46%)</b>	<b>65,000</b>
<b>(Gain)/Loss on Sale or Trade</b>					
54101500 - (Gain)/Loss On Investments	3,699	0	(3,699)	0.00%	0
<b>Total (Gain)/Loss on Sale or Trade</b>	<b>3,699</b>	<b>0</b>	<b>(3,699)</b>	<b>0.00%</b>	<b>0</b>
<b>Depreciation and Amortization</b>					
55001000 - Depreciation And Amortization	112,080	112,080	0	0.00%	134,496
<b>Total Depreciation and Amortization</b>	<b>112,080</b>	<b>112,080</b>	<b>0</b>	<b>0.00%</b>	<b>134,496</b>
<b>Net Allocation to Mutuals</b>					
54602500 - Allocated Expenses	1,258,213	1,208,731	(49,482)	(4.09%)	1,449,122
<b>Total Net Allocation to Mutuals</b>	<b>1,258,213</b>	<b>1,208,731</b>	<b>(49,482)</b>	<b>(4.09%)</b>	<b>1,449,122</b>
<b>Total Expenses</b>	<b>32,345,776</b>	<b>35,523,346</b>	<b>3,177,570</b>	<b>8.95%</b>	<b>42,314,341</b>
<b>Excess of Revenues Over Expenses</b>	<b>\$3,951,145</b>	<b>\$735,852</b>	<b>\$3,215,294</b>	<b>436.95%</b>	<b>\$1,197,976</b>

**Third Laguna Hills Mutual  
Balance Sheet - Preliminary  
10/31/2022**

		<u>Current Month End</u>	<u>Prior Year December 31</u>
	<b>Assets</b>		
1	Cash and cash equivalents	\$2,532,586	\$3,967,068
2	Non-discretionary investments	1,993,010	
3	Discretionary investments	25,182,483	25,180,400
4	Receivable/(Payable) from mutuals	1,193,007	532,799
5	Accounts receivable and interest receivable	252,764	218,076
6	Prepaid expenses and deposits	4,659,612	2,818,713
7	Property and equipment	141,239	141,239
8	Accumulated depreciation property and equipment	(141,239)	(141,239)
9	Beneficial interest in GRF of Laguna Hills Trust	4,943,060	5,055,140
10	Non-controlling interest in GRF	41,073,262	41,073,262
<b>11</b>	<b>Total Assets</b>	<u><b>\$81,829,783</b></u>	<u><b>\$78,845,457</b></u>
	<b>Liabilities and Fund Balances</b>		
	Liabilities:		
12	Accounts payable and accrued expenses	\$2,577,719	\$3,429,790
13	Accrued compensation and related costs	596,103	596,103
14	Deferred income	622,427	737,176
15	Income tax payable	(26,005)	(26,005)
16	Total liabilities	<u>\$3,770,244</u>	<u>\$4,737,064</u>
	Fund balances:		
17	Fund balance prior years	74,108,394	74,218,083
18	Change in fund balance - current year	3,951,145	(109,690)
19	Net fund balances	<u>78,059,539</u>	<u>74,108,394</u>
20	Total fund balances	<u>78,059,539</u>	<u>74,108,394</u>
<b>21</b>	<b>Total Liabilities and Fund Balances</b>	<u><b>\$81,829,783</b></u>	<u><b>\$78,845,457</b></u>

**Third Laguna Hills Mutual  
Fund Balance Sheet - Preliminary  
10/31/2022**

	<b>Operating Fund</b>	<b>Replacement Fund</b>	<b>Elevator Replacement Fund</b>	<b>Laundry Replacement Fund</b>	<b>Garden Villa Rec Room Fund</b>	<b>Disaster Fund</b>	<b>Unappropriated Expenditures Fund</b>	<b>Total</b>
<b>Assets</b>								
1 Cash and cash equivalents	\$629,622	\$28,865	\$604,491	\$57,494	\$23,939	\$499,724	\$688,451	\$2,532,586
2 Non-discretionary investments		618,133	151,883	28,692	5,630	1,039,819	148,853	1,993,010
3 Discretionary investments		19,761,697	1,916,571	262,032	71,062	2,650,302	520,819	25,182,483
4 Receivable/(Payable) from mutuals	1,193,007							1,193,007
5 Receivable/(Payable) from operating fund	(4,039,301)	(960,699)				2,500,000	2,500,000	
6 Accounts receivable and interest receivable	252,764							252,764
7 Prepaid expenses and deposits	4,659,612							4,659,612
8 Property and equipment	141,239							141,239
9 Accumulated depreciation property and equipment	(141,239)							(141,239)
10 Beneficial interest in GRF of Laguna Hills Trust	4,943,060							4,943,060
11 Non-controlling interest in GRF	41,073,262							41,073,262
<b>12 Total Assets</b>	<b><u>\$48,712,025</u></b>	<b><u>\$19,447,996</u></b>	<b><u>\$2,672,945</u></b>	<b><u>\$348,218</u></b>	<b><u>\$100,631</u></b>	<b><u>\$6,689,845</u></b>	<b><u>\$3,858,123</u></b>	<b><u>\$81,829,783</u></b>
<b>Liabilities and Fund Balances</b>								
Liabilities:								
13 Accounts payable and accrued expenses	\$940,379	\$1,086,409				\$550,930		\$2,577,718
14 Accrued compensation and related costs	596,103							596,103
15 Deferred income	622,427							622,427
16 Income tax payable	(26,005)							(26,005)
17 Total liabilities	<u>\$2,132,905</u>	<u>\$1,086,409</u>				<u>\$550,930</u>		<u>\$3,770,244</u>
Fund balances:								
18 Fund balance prior years	45,646,657	16,348,615	2,355,983	364,571	104,231	5,441,633	3,846,704	74,108,394
19 Change in fund balance - current year	932,463	2,012,972	316,963	(16,352)	(3,600)	697,282	11,419	3,951,145
20 Net fund balances	<u>46,579,120</u>	<u>18,361,587</u>	<u>2,672,945</u>	<u>348,218</u>	<u>100,631</u>	<u>6,138,915</u>	<u>3,858,123</u>	<u>78,059,539</u>
21 Total fund balances	<u>46,579,120</u>	<u>18,361,587</u>	<u>2,672,945</u>	<u>348,218</u>	<u>100,631</u>	<u>6,138,915</u>	<u>3,858,123</u>	<u>78,059,539</u>
<b>22 Total Liabilities and Fund Balances</b>	<b><u>\$48,712,025</u></b>	<b><u>\$19,447,996</u></b>	<b><u>\$2,672,945</u></b>	<b><u>\$348,218</u></b>	<b><u>\$100,631</u></b>	<b><u>\$6,689,845</u></b>	<b><u>\$3,858,123</u></b>	<b><u>\$81,829,783</u></b>

**Third Laguna Hills Mutual  
Changes in Fund Balances - Preliminary  
10/31/2022**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Elevator Replacement Fund</u>	<u>Laundry Replacement Fund</u>	<u>Garden Villa Rec Room Fund</u>	<u>Disaster Fund</u>	<u>Unappropriated Expenditures Fund</u>	<u>Total</u>
Revenues:								
Assessments:								
1 Operating	\$23,835,112							\$23,835,112
2 Additions to restricted funds		8,908,920	305,100	61,020	74,520	1,326,575		10,676,135
3 Total assessments	<u>23,835,112</u>	<u>8,908,920</u>	<u>305,100</u>	<u>61,020</u>	<u>74,520</u>	<u>1,326,575</u>		<u>34,511,247</u>
Non-assessment revenues:								
4 Fees and charges for services to residents	863,314							863,314
5 Laundry	179,950							179,950
6 Interest income		101,420	12,147	2,295	450	31,180	11,905	159,396
7 Miscellaneous	<u>583,015</u>							<u>583,015</u>
8 Total non-assessment revenue	<u>1,626,279</u>	<u>101,420</u>	<u>12,147</u>	<u>2,295</u>	<u>450</u>	<u>31,180</u>	<u>11,905</u>	<u>1,785,675</u>
9 Total revenue	<u>25,461,391</u>	<u>9,010,340</u>	<u>317,247</u>	<u>63,315</u>	<u>74,970</u>	<u>1,357,755</u>	<u>11,905</u>	<u>36,296,922</u>
Expenses:								
10 Employee compensation and related	8,523,207	2,368,288		22,131	18,450	23,495		10,955,572
11 Materials and supplies	707,475	414,080		55,726	11,328	7,905		1,196,513
12 Utilities and telephone	5,098,821	8,280			42	204		5,107,346
13 Legal fees	168,591							168,591
14 Professional fees	101,276	1,954				11,237		114,467
15 Equipment rental	5,943	20,525			109	293		26,870
16 Outside services	1,449,314	3,947,332		32	47,528	615,358	207	6,059,771
17 Repairs and maintenance	264,190	2,298			13	11		266,512
18 Other Operating Expense	80,989	16,419		145	123	139		97,815
19 Insurance	6,840,998							6,840,998
20 Investment expense		19	2			6	2	30
21 Uncollectible Accounts	137,299							137,299
22 (Gain)/loss on sale or trade		2,354	282	53	10	723	276	3,699
23 Depreciation and amortization	112,080							112,080
24 Net allocations to mutuals	<u>1,038,744</u>	<u>215,820</u>		<u>1,580</u>	<u>968</u>	<u>1,100</u>		<u>1,258,213</u>
25 Total expenses	<u>24,528,928</u>	<u>6,997,368</u>	<u>284</u>	<u>79,667</u>	<u>78,571</u>	<u>660,473</u>	<u>486</u>	<u>32,345,776</u>
26 Excess (deficit) of revenues over expenses	<u>\$932,463</u>	<u>\$2,012,972</u>	<u>\$316,963</u>	<u>(\$16,352)</u>	<u>(\$3,600)</u>	<u>\$697,282</u>	<u>\$11,419</u>	<u>\$3,951,145</u>
27 Excluding unrealized gain/(loss) and depreciation	<u>\$1,044,543</u>	<u>\$2,012,972</u>	<u>\$316,963</u>	<u>(\$16,352)</u>	<u>(\$3,600)</u>	<u>\$697,282</u>	<u>\$11,419</u>	<u>\$4,063,225</u>

**THIRD LAGUNA HILLS MUTUAL  
FUND EXPENDITURES REPORT  
AS OF OCTOBER 31, 2022**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
OPERATING FUND - MAINTENANCE & CONSTRUCTION								
APPLIANCE REPAIRS	\$7,470	\$7,846	\$71,412	\$77,730	\$93,270	77%	\$6,317	8%
CARPENTRY SERVICE	44,236	42,900	390,045	425,093	510,004	76%	35,048	8%
ELECTRICAL SERVICE	8,158	9,762	98,203	96,635	115,944	85%	(1,568)	(2%)
FIRE PROTECTION	8,933	15,455	86,498	117,801	144,380	60%	31,303	27%
MISC REPAIRS BY OUTSIDE SERVICE	2,300	4,888	10,529	48,880	58,664	18%	38,351	78%
PEST CONTROL	5,684	22,645	136,526	141,450	174,633	78%	4,924	3%
PLUMBING SERVICE	49,289	59,196	559,263	587,166	704,474	79%	27,903	5%
SOLAR MAINTENANCE	3,574	2,083	19,965	20,830	25,000	80%	865	4%
TOTAL	\$129,645	\$164,775	\$1,372,442	\$1,515,585	\$1,826,369	75%	\$143,143	9%
OPERATING FUND - GENERAL SERVICES								
CONCRETE REPAIR/REPLACEMENT	\$24,713	\$31,042	\$269,785	\$307,977	\$369,462	73%	\$38,192	12%
JANITORIAL SERVICE	72,012	82,142	812,866	815,370	977,822	83%	2,504	0%
GUTTER CLEANING	44,397	22,411	128,399	115,171	160,758	80%	(13,229)	(11%)
TRAFFIC CONTROL	1,148	1,856	15,860	18,398	22,074	72%	2,538	14%
WELDING	13,677	10,617	90,522	105,326	126,349	72%	14,804	14%
TOTAL	\$155,947	\$148,068	\$1,317,431	\$1,362,241	\$1,656,465	80%	\$44,810	3%
OPERATING FUND - LANDSCAPE SERVICES								
LANDSCAPE ADMINISTRATION	\$27,453	\$28,702	\$276,054	\$284,608	\$341,287	81%	\$8,555	3%
NURSERY & COMPOSTING	17,744	24,423	212,525	242,311	290,925	73%	29,786	12%
GROUNDS MAINTENANCE	261,195	269,922	2,807,589	2,677,410	3,211,030	87%	(130,178)	(5%)
IRRIGATION	75,996	87,427	854,564	866,979	1,040,845	82%	12,414	1%
SMALL EQUIPMENT REPAIR	22,678	19,082	196,163	189,319	227,135	86%	(6,845)	(4%)
PEST CONTROL	26,330	32,252	334,926	319,539	383,391	87%	(15,387)	(5%)
TOTAL	\$431,395	\$461,808	\$4,681,821	\$4,580,166	\$5,494,612	85%	(\$101,655)	(2%)

**THIRD LAGUNA HILLS MUTUAL  
FUND EXPENDITURES REPORT  
AS OF OCTOBER 31, 2022**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
REPLACEMENT FUND - MAINTENANCE & CONSTRUCTION								
BUILDING STRUCTURES	289,055	214,634	1,427,983	2,073,371	2,502,042	57%	645,387	31%
ELECTRICAL SYSTEMS	0	3,000	0	24,000	30,000	0%	24,000	100%
EXTERIOR LIGHTING	1,768	2,082	12,897	20,820	25,000	52%	7,923	38%
FENCING	5,454	5,380	51,813	53,337	63,996	81%	1,523	3%
GARDEN VILLA LOBBY	0	0	1,828	12,000	12,000	15%	10,172	85%
GARDEN VILLA MAILROOM	24	34	238	340	412	58%	103	30%
GV REC ROOM WATER HEATER/HEAT PUMP	(420)	249	2,591	2,483	2,984	87%	(108)	(4%)
GUTTER REPLACEMENTS	2,503	6,600	24,429	65,763	78,926	31%	41,335	63%
MAILBOXES	224	764	2,278	7,617	9,143	25%	5,339	70%
PAINT PROGRAM - EXTERIOR	135,494	133,377	1,205,352	1,322,072	1,586,079	76%	116,720	9%
PRIOR TO PAINT	86,876	99,423	867,128	969,539	1,166,430	74%	102,411	11%
PAVING	423,955	0	423,955	433,960	433,960	98%	10,005	2%
ROOF REPLACEMENTS	366,040	210,826	1,007,769	1,441,292	1,461,792	69%	433,523	30%
WALL REPLACEMENTS	0	0	29,994	35,000	35,000	86%	5,006	14%
WASTE LINE REMEDIATION	77,510	70,000	546,657	560,000	700,000	78%	13,344	2%
WATER LINES - COPPER PIPE REMEDIATION	0	0	0	500,000	500,000	0%	500,000	100%
TOTAL	\$1,388,483	\$746,369	\$5,604,911	\$7,521,594	\$8,607,764	65%	\$1,916,683	25%
REPLACEMENT FUND - GENERAL SERVICES								
PRIOR TO PAINT	\$657	\$1,069	\$9,079	\$10,598	\$12,712	71%	\$1,518	14%
PAVING	8,341	5,684	59,761	56,347	67,606	88%	(3,412)	(6%)
EXTERIOR WALLS	0	2,012	0	20,120	24,150	0%	20,120	100%
TOTAL	\$8,999	\$8,765	\$68,840	\$87,065	\$104,469	66%	\$18,225	21%
REPLACEMENT FUND - LANDSCAPE SERVICES								
LANDSCAPE MODIFICATION	\$41,472	\$43,647	\$431,746	\$436,399	\$823,702	52%	\$4,654	1%
IMPROVEMENT & RESTORATION	16,777	10,844	100,445	107,607	129,214	78%	7,162	7%
TREE MAINTENANCE	151,543	78,963	789,054	785,998	943,424	84%	(3,056)	(0%)
TOTAL	\$209,792	\$133,453	\$1,321,244	\$1,330,004	\$1,896,339	70%	\$8,760	1%
ELEVATOR REPLACEMENT FUND								
ELEVATOR REPLACEMENT	\$0	\$8,750	\$0	\$87,500	\$105,000	0%	\$87,500	100%
TOTAL	\$0	\$8,750	\$0	\$87,500	\$105,000	0%	\$87,500	100%



**THIRD LAGUNA HILLS MUTUAL  
FUND EXPENDITURES REPORT  
AS OF OCTOBER 31, 2022**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
LAUNDRY REPLACEMENT FUND								
LAUNDRY APPLIANCES	\$6,794	\$7,823	\$67,251	\$78,079	\$93,712	72%	\$10,828	14%
LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	1,371	1,350	12,362	13,360	16,028	77%	998	7%
TOTAL	\$8,164	\$9,173	\$79,613	\$91,439	\$109,740	73%	\$11,826	13%
DISASTER FUND - MAINTENANCE & CONSTRUCTION								
MOISTURE INTRUSION - RAIN LEAKS	\$7,225	\$19,792	\$70,783	\$197,920	\$237,513	30%	\$127,137	64%
MOISTURE INTRUSION - PLUMBING LEAKS	45,090	33,333	212,151	333,330	400,000	53%	121,179	36%
MOISTURE INTRUSION - PLUMBING STOPPAGES	7,458	4,166	73,936	41,660	50,000	148%	(32,276)	(77%)
MOISTURE INTRUSION - MISCELLANEOUS	(11,344)	3,879	192,904	38,790	46,548	414%	(154,114)	(397%)
DAMAGE RESTORATION SERVICES	18,921	15,941	70,094	159,105	190,935	37%	89,011	56%
TOTAL	\$67,350	\$77,111	\$619,869	\$770,805	\$924,996	67%	\$150,936	20%
DISASTER FUND - LANDSCAPE SERVICES								
RISK FIRE MANAGEMENT	\$7,185	\$15,000	\$39,875	\$150,000	\$180,000	22%	\$110,125	73%
TOTAL	\$7,185	\$15,000	\$39,875	\$150,000	\$180,000	22%	\$110,125	73%
GARDEN VILLA RECREATION ROOM FUND								
GARDEN VILLA RECREATION ROOMS	\$2,417	\$6,467	\$78,560	\$61,141	\$73,459	107%	(\$17,419)	(28%)
TOTAL	\$2,417	\$6,467	\$78,560	\$61,141	\$73,459	107%	(\$17,419)	(28%)

**RESERVE EXPENDITURES COMPARED TO RESERVE STUDY  
AS PRESENTED IN THE 2022 BUSINESS PLAN  
AS OF OCTOBER 31, 2022**

	2022	2022	2022	2022	2022	2022
	YTD Actual	YTD Budget	YTD Variance	Annual Budget	% Expended	Annual Projected
Paved Surfaces	\$483,715	\$490,307	\$6,592	\$501,566	96%	\$452,186
Roofing & Gutters	\$1,032,197	\$1,507,055	\$474,858	\$1,540,718	67%	\$1,458,545
Building Structures	\$1,427,983	\$2,073,371	\$645,388	\$2,502,043	57%	\$1,430,451
Decking Projects	\$314,312	\$362,945	\$48,633	\$436,454	72%	\$419,083
Prior to Painting & Painting Projects	\$1,767,248	\$1,939,264	\$172,016	\$2,328,768	76%	\$2,372,911
Elevators	\$0	\$87,500	\$87,500	\$105,000	0%	\$89,872
Garden Villas	\$4,657	\$14,824	\$10,167	\$15,396	30%	\$13,248
Lighting Replacement Projects	\$12,897	\$20,820	\$7,923	\$25,000	52%	\$14,208
Walls, Fencing, and Railings	\$81,808	\$110,787	\$28,979	\$125,952	65%	\$103,084
Laundry Facilities	\$79,613	\$89,109	\$9,496	\$106,934	74%	\$95,963
Sewer Lines, Water Lines and Elect	\$546,657	\$1,084,000	\$537,343	\$1,230,000	44%	\$820,000
Grounds & Miscellaneous	\$2,278	\$7,617	\$5,339	\$9,143	25%	\$3,038
Landscape Projects	\$1,321,244	\$1,330,004	\$8,760	\$1,896,339	70%	\$1,997,098
<b>Total</b>	<b>\$7,074,609</b>	<b>\$9,117,603</b>	<b>\$2,042,995</b>	<b>\$10,823,313</b>	<b>65%</b>	<b>\$9,269,687</b>

**THIRD LAGUNA HILLS  
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES  
REPORT AS OF OCTOBER 31, 2022**

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

APPLIANCE REPAIRS	\$71,412	\$61,787	\$9,625	\$0
CARPENTRY SERVICE	390,045	340,438	49,607	0
ELECTRICAL SERVICE	98,203	83,687	9,261	5,255
FIRE PROTECTION	86,498	3,807	1,003	81,688
MISC REPAIRS BY OUTSIDE SERVICE	10,529	0	0	10,529
PEST CONTROL	136,526	0	0	136,526
PLUMBING SERVICE	559,263	414,075	46,918	98,270
SOLAR MAINTENANCE	19,965	0	0	19,965
<b>TOTAL</b>	<b>\$1,372,442</b>	<b>\$903,795</b>	<b>\$116,414</b>	<b>\$352,233</b>

**OPERATING FUND - GENERAL SERVICES**

CONCRETE REPAIR/REPLACEMENT	\$269,785	\$242,445	\$25,574	\$1,766
JANITORIAL SERVICE	812,866	789,389	23,477	0
GUTTER CLEANING	128,399	90,559	0	37,840
TRAFFIC CONTROL	15,860	15,860	0	0
WELDING	90,522	81,479	1,272	7,770
<b>TOTAL</b>	<b>\$1,317,431</b>	<b>\$1,219,732</b>	<b>\$50,323</b>	<b>\$47,376</b>

**OPERATING EXPENDITURES - LANDSCAPE SERVICES**

LANDSCAPE ADMINISTRATION	\$276,054	\$276,054	\$0	\$0
NURSERY & COMPOSTING	212,525	212,525	0	0
GROUNDS MAINTENANCE	2,807,589	2,436,072	1,692	369,825
IRRIGATION	854,564	729,260	125,304	0
SMALL EQUIPMENT REPAIR	196,163	196,163	0	0
PEST CONTROL	334,926	334,926	0	0
<b>TOTAL</b>	<b>\$4,681,821</b>	<b>\$4,184,999</b>	<b>\$126,996</b>	<b>\$369,825</b>

**OPERATING - CHARGEABLE SERVICES**

CHARGEABLE SERVICES	\$795,493	\$114,367	\$140,211	\$540,845
<b>TOTAL</b>	<b>\$795,493</b>	<b>\$114,367</b>	<b>\$140,211</b>	<b>\$540,845</b>

**RESERVE FUND - MAINTENANCE & CONSTRUCTION**

BUILDING NUMBERS	\$0	\$0	\$0	\$0
BUILDING STRUCTURES	1,427,983	260,294	44,745	1,122,944
ELECTRICAL SYSTEMS	0	0	0	0
EXTERIOR LIGHTING	12,897	0	0	12,897
FENCING	51,813	40,436	11,377	0
GARDEN VILLA LOBBY	1,828	0	410	1,418
GARDEN VILLA MAILROOM	238	238	0	0
GARDEN VILLA RECESSED AREA	0	0	0	0
GV REC ROOM WATER HEATER/HEAT PUMP	2,591	750	1,841	0
GUTTER REPLACEMENTS	24,429	20,218	4,211	0
MAILBOXES	2,278	2,278	0	0
PAINT PROGRAM - EXTERIOR	1,205,352	1,047,437	143,688	14,227
PRIOR TO PAINT	867,128	756,618	103,349	7,162
PAVING	423,955	0	0	423,955
ROOF REPLACEMENTS	1,007,769	0	0	1,007,769
WALL REPLACEMENTS	29,994	0	0	29,994
WASTE LINE REMEDIATION	546,657	0	0	546,657
WATER LINES - COPPER PIPE REMEDIATION	0	0	0	0
PLUMBING REPLACEMENT	0	0	0	0
<b>TOTAL</b>	<b>\$5,604,911</b>	<b>\$2,128,270</b>	<b>\$309,620</b>	<b>\$3,167,022</b>

**THIRD LAGUNA HILLS  
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES  
REPORT AS OF OCTOBER 31, 2022**

DESCRIPTION	YTD TOTAL EXPENDITURES	LABOR	MATERIALS	OUTSIDE SERVICES
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**RESERVE FUND - GENERAL SERVICES**

PRIOR TO PAINT	\$9,079	\$9,079	\$0	\$0
PAVING	59,761	47,459	12,302	0
EXTERIOR WALLS	0	0	0	0
<b>TOTAL</b>	<b>\$68,840</b>	<b>\$56,538</b>	<b>\$12,302</b>	<b>\$0</b>

**RESERVE FUND - LANDSCAPE**

LANDSCAPE MODIFICATION	\$431,746	\$6,809	\$0	\$424,937
IMPROVEMENT & RESTORATION	100,445	100,445	0	0
TREE MAINTENANCE	789,054	434,370	0	354,684
<b>TOTAL</b>	<b>\$1,321,244</b>	<b>\$541,623</b>	<b>\$0</b>	<b>\$779,621</b>

**RESERVE FUND - ELEVATOR**

ELEVATOR REPLACEMENT	\$0	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**RESERVE FUND - LAUNDRY**

LAUNDRY APPLIANCES	\$67,251	\$12,566	\$54,685	\$0
LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	12,362	12,163	199	0
<b>TOTAL</b>	<b>\$79,613</b>	<b>\$24,729</b>	<b>\$54,884</b>	<b>\$0</b>

**DISASTER FUND - MAINTENANCE & CONSTRUCTION**

MOISTURE INTRUSION - RAIN LEAKS	\$70,783	\$0	\$0	\$70,783
MOISTURE INTRUSION - PLUMBING LEAKS	212,151	0	0	212,151
MOISTURE INTRUSION - PLUMBING STOPPAGES	73,936	0	0	73,936
MOISTURE INTRUSION - MISCELLANEOUS	192,904	0	0	192,904
DAMAGE RESTORATION SERVICES	70,094	26,483	6,673	36,938
<b>TOTAL</b>	<b>\$619,869</b>	<b>\$26,483</b>	<b>\$6,673</b>	<b>\$586,713</b>

**DISASTER FUND - LANDSCAPE SERVICES**

RISK FIRE MANAGEMENT	\$39,875	\$11,237	\$0	\$28,638
SUPPLEMENTAL APPROPRIATIONS	\$0	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$39,875</b>	<b>\$11,237</b>	<b>\$0</b>	<b>\$28,638</b>

**THIRD LAGUNA HILLS  
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES  
REPORT AS OF OCTOBER 31, 2022**

DESCRIPTION	OS Actuals	OS Budget	OS Variance
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**OPERATING FUND - MAINTENANCE & CONSTRUCTION**

APPLIANCE REPAIRS	\$0	\$0	\$0
CARPENTRY SERVICE	0	14,580	14,580
ELECTRICAL SERVICE	5,255	2,080	(3,175)
FIRE PROTECTION	81,688	112,610	30,922
MISC REPAIRS BY OUTSIDE SERVICE	10,529	48,880	38,351
PEST CONTROL	136,526	141,450	4,924
PLUMBING SERVICE	98,270	79,160	(19,110)
SOLAR MAINTENANCE	19,965	20,830	865
<b>TOTAL</b>	<b>\$352,233</b>	<b>\$419,590</b>	<b>\$67,358</b>

**OPERATING FUND - GENERAL SERVICES**

CONCRETE REPAIR/REPLACEMENT	\$1,766	\$0	(\$1,766)
JANITORIAL SERVICE	0	0	0
GUTTER CLEANING	37,840	12,000	(25,840)
TRAFFIC CONTROL	0	0	0
WELDING	7,770	12,500	4,730
<b>TOTAL</b>	<b>\$47,376</b>	<b>\$24,500</b>	<b>(\$22,876)</b>

**OPERATING EXPENDITURES - LANDSCAPE SERVICES**

LANDSCAPE ADMINISTRATION	\$0	\$0	\$0
NURSERY & COMPOSTING	0	0	0
GROUNDS MAINTENANCE	369,825	0	(369,825)
IRRIGATION	0	0	0
SMALL EQUIPMENT REPAIR	0	0	0
PEST CONTROL	0	0	0
<b>TOTAL</b>	<b>\$369,825</b>	<b>\$0</b>	<b>(\$369,825)</b>

**OPERATING - CHARGEABLE SERVICES**

CHARGEABLE SERVICES	\$540,845	\$195,310	(345,535)
<b>TOTAL</b>	<b>\$540,845</b>	<b>\$195,310</b>	<b>(345,535)</b>

**OPERATING - SECURITY SERVICES**

Smoke Detector Services	\$0	\$0	0
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>0</b>

**THIRD LAGUNA HILLS  
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES  
REPORT AS OF OCTOBER 31, 2022**

DESCRIPTION	OS Actuals	OS Budget	OS Variance
<b>RESERVE FUND - MAINTENANCE &amp; CONSTRUCTION</b>			
BUILDING NUMBERS	\$0	\$0	\$0
BUILDING STRUCTURES	1,122,944	1,704,580	581,636
ELECTRICAL SYSTEMS	0	24,000	24,000
ENERGY PROJECTS	0	0	0
EXTERIOR LIGHTING	12,897	20,820	7,923
FENCING	0	0	0
GARDEN VILLA LOBBY	1,418	12,000	10,582
GARDEN VILLA MAILROOM	0	0	0
GARDEN VILLA RECESSED AREA	0	0	0
GV REC ROOM WATER HEATER/HEAT PUMP	0	0	0
GUTTER REPLACEMENTS	0	41,660	41,660
MAILBOXES	0	0	0
PAINT PROGRAM - EXTERIOR	14,227	47,900	33,673
PRIOR TO PAINT	7,162	44,000	36,839
PAVING	423,955	433,960	10,005
ROOF REPLACEMENTS	1,007,769	1,441,292	433,523
SUPPLEMENTAL APPROPRIATIONS	0	0	0
WALL REPLACEMENTS	29,994	35,000	5,006
WASTE LINE REMEDIATION	546,657	560,000	13,344
WATER LINES - COPPER PIPE REMEDIATION	0	500,000	500,000
PLUMBING REPLACEMENT	0	0	0
<b>TOTAL</b>	<b>\$3,167,022</b>	<b>\$4,865,212</b>	<b>\$1,698,190</b>

**RESERVE FUND - GENERAL SERVICES**

PRIOR TO PAINT	\$0	\$0	\$0
PAVING	0	0	0
EXTERIOR WALLS	0	20,120	20,120
<b>TOTAL</b>	<b>\$0</b>	<b>\$20,120</b>	<b>\$20,120</b>

**RESERVE FUND - LANDSCAPE**

LANDSCAPE MODIFICATION	\$424,937	\$429,290	\$4,353
IMPROVEMENT & RESTORATION	0	0	0
TREE MAINTENANCE	354,684	419,260	64,576
<b>TOTAL</b>	<b>\$779,621</b>	<b>\$848,550</b>	<b>\$68,929</b>

**RESERVE FUND - ELEVATOR**

ELEVATOR REPLACEMENT	\$0	\$87,500	\$87,500
<b>TOTAL</b>	<b>\$0</b>	<b>\$87,500</b>	<b>\$87,500</b>

**RESERVE FUND - LAUNDRY**

LAUNDRY APPLIANCES	\$0	\$2,330	\$2,330
LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	0	0	0
<b>TOTAL</b>	<b>\$0</b>	<b>\$2,330</b>	<b>\$2,330</b>

**THIRD LAGUNA HILLS  
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES  
REPORT AS OF OCTOBER 31, 2022**

DESCRIPTION	OS Actuals	OS Budget	OS Variance
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***DISASTER FUND - MAINTENANCE & CONSTRUCTION***

MOISTURE INTRUSION - RAIN LEAKS	\$70,783	\$197,920	\$127,137
MOISTURE INTRUSION - PLUMBING LEAKS	212,151	333,330	121,179
MOISTURE INTRUSION - PLUMBING STOPPAGES	73,936	41,660	(32,276)
MOISTURE INTRUSION - MISCELLANEOUS	192,904	38,790	(154,114)
DAMAGE RESTORATION SERVICES	36,938	129,160	92,222
<b>TOTAL</b>	<b>\$586,713</b>	<b>\$740,860</b>	<b>\$154,148</b>

***DISASTER FUND - LANDSCAPE SERVICES***

RISK FIRE MANAGEMENT	\$28,638	\$150,000	\$121,362
SUPPLEMENTAL APPROPRIATIONS	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$28,638</b>	<b>\$150,000</b>	<b>\$121,362</b>

***DISASTER FUND - FINANCIAL SERVICES***

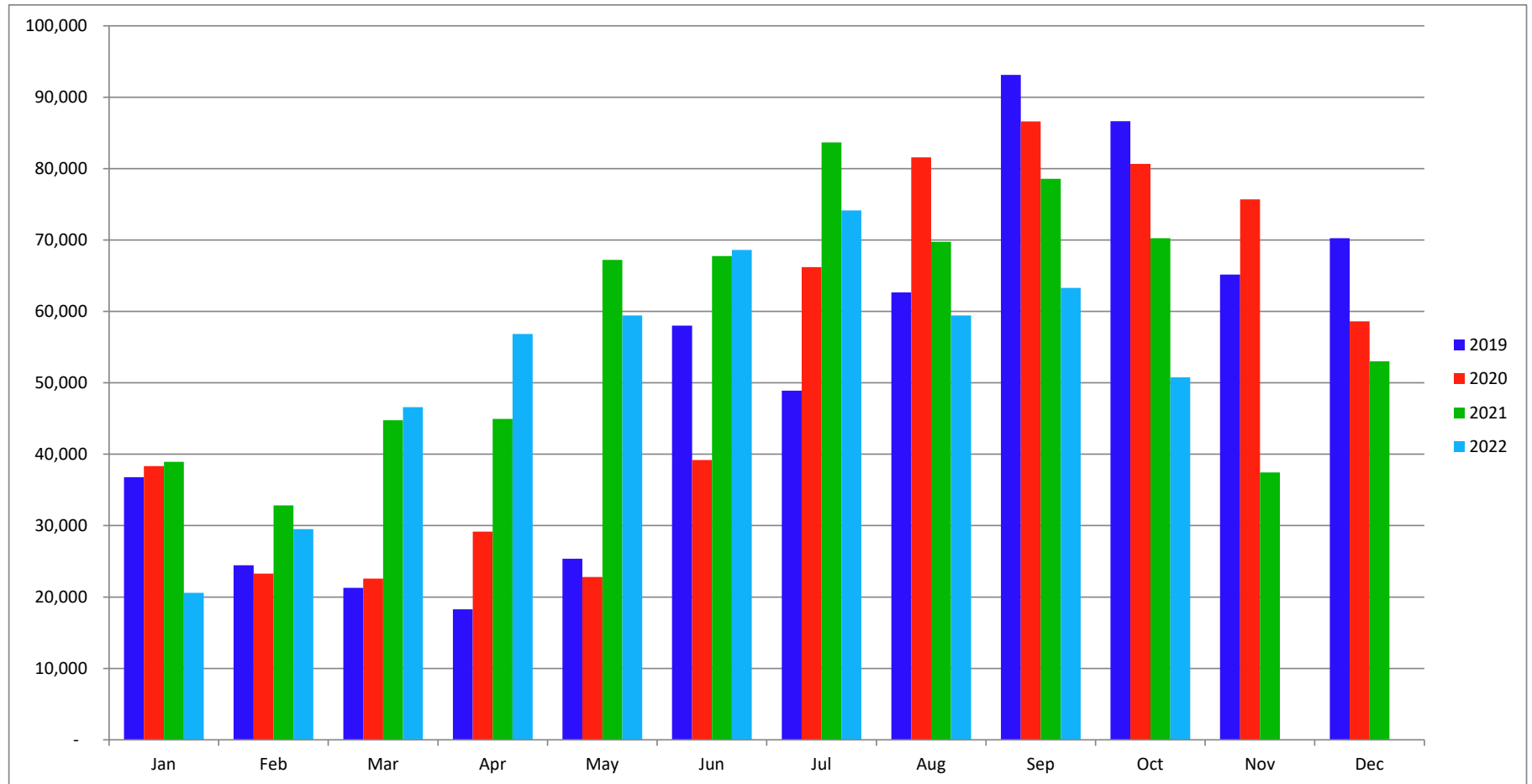
INSURANCE PREMIUMS	\$0	\$0	\$0
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

***GARDEN VILLA REC ROOM FUND - MAINTENANCE & CONSTRUCTION***

GARDEN VILLA RECREATION ROOMS	\$47,505	\$26,740	(\$20,765)
<b>TOTAL</b>	<b>\$47,505</b>	<b>\$26,740</b>	<b>(\$20,765)</b>

### Third Mutual Water Usage in 100 cubic feet units

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD \$*	YTD ccf	Total
2019	36,777	24,432	21,298	18,269	25,378	58,015	48,914	62,672	93,135	86,655	65,159	70,254	\$2,181,484	475,545	610,958
2020	38,350	23,285	22,570	29,169	22,804	39,197	66,203	81,581	86,612	80,664	75,700	58,608	\$2,303,657	490,435	624,743
2021	38,929	32,844	44,745	44,946	67,232	67,759	83,660	69,752	78,563	70,259	37,446	53,014	\$2,595,780	598,689	689,149
2022	20,573	29,523	46,594	56,831	59,443	68,617	74,150	59,427	63,281	50,772	-	-	\$2,468,235	529,211	529,211



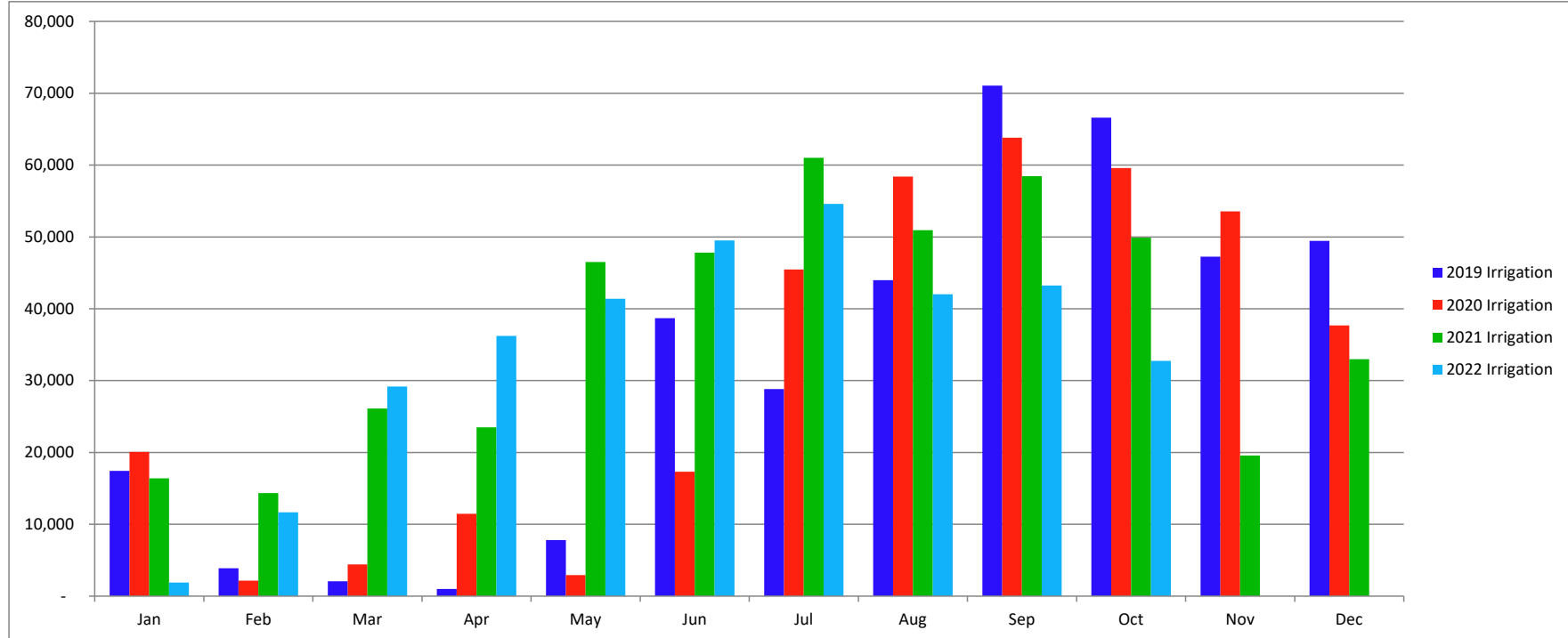
\*Derived From ETWD Billing Statements



### Third Mutual

#### Irrigation Water Usage in 100 cubic feet units

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD \$*	YTD ccf	Total
2019 Irrigation	17,434	3,892	2,081	1,000	7,803	38,696	28,811	43,994	71,052	66,612	47,254	49,451	\$1,174,525	281,375	378,080
2020 Irrigation	20,096	2,146	4,430	11,464	2,923	17,310	45,463	58,399	63,816	59,592	53,554	37,681	\$1,208,312	285,639	376,874
2021 Irrigation	16,390	14,356	26,104	23,513	46,497	47,822	61,029	50,929	58,456	49,890	19,563	32,992	\$1,463,314	394,986	447,541
2022 Irrigation	1,884	11,681	29,185	36,237	41,399	49,498	54,596	42,026	43,231	32,737	-	-	\$1,348,032	342,474	342,474

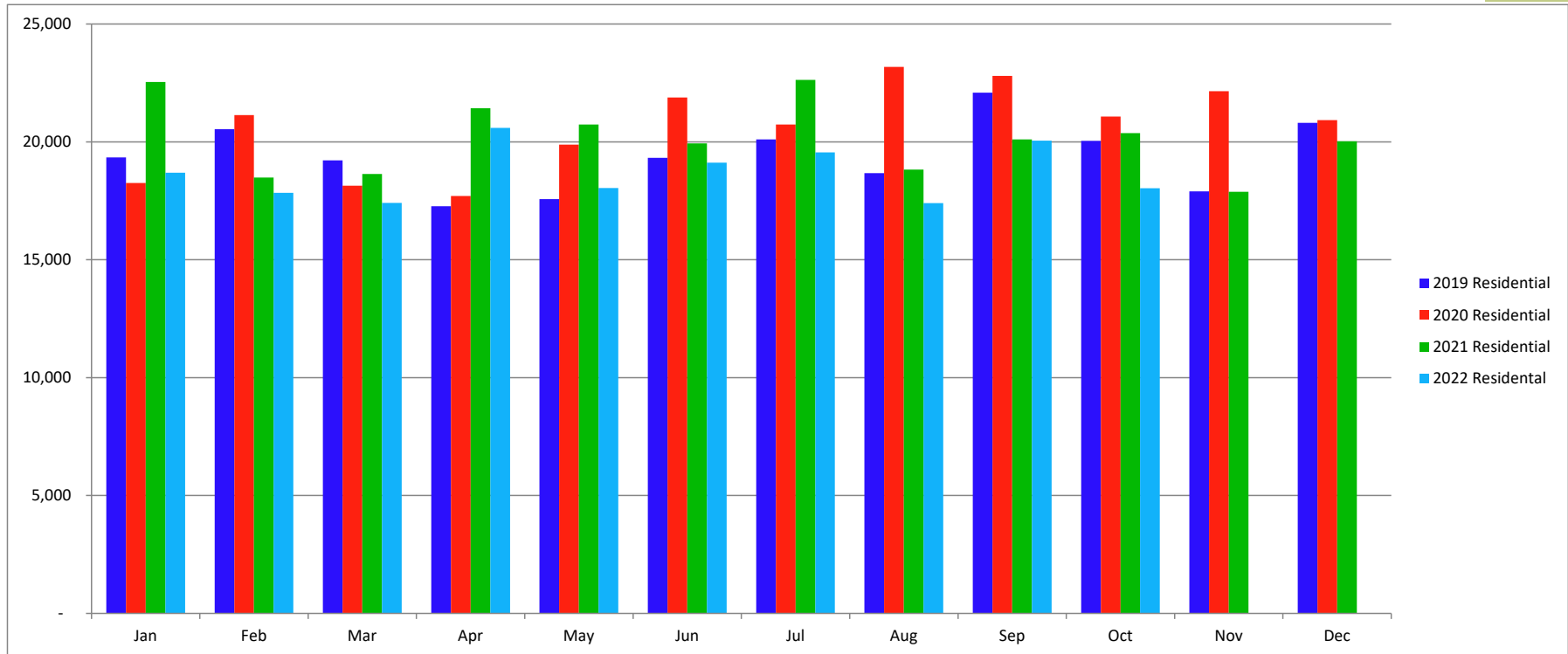


\*Derived From ETWD Billing Statements

### Third Mutual

#### Residential Water Usage in 100 cubic feet units

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD \$*	YTD ccf	Total
2019 Residential	19,343	20,540	19,217	17,269	17,575	19,319	20,103	18,678	22,083	20,043	17,905	20,803	\$1,006,964	194,170	232,878
2020 Residential	18,254	21,139	18,140	17,705	19,881	21,887	20,740	23,182	22,796	21,072	22,146	20,927	\$1,095,345	204,796	247,869
2021 Residential	22,539	18,488	18,641	21,433	20,735	19,937	22,631	18,823	20,107	20,369	17,883	20,022	\$1,132,465	203,703	241,608
2022 Residential	18,689	17,842	17,409	20,594	18,044	19,119	19,554	17,401	20,050	18,035	-	-	\$1,120,203	186,737	186,737



\*Derived From ETWD Billing Statements

**THIRD LAGUNA HILLS MUTUAL**  
**Provision For Doubtful Accounts**  
**As of October 31, 2022**

Month	Delinquent Assessments <sup>(1)</sup>	Assessments Write-Offs <sup>(2)</sup>	Bad Debt Small Claims <sup>(3)</sup>	Delinquent Fines, Fees, and Chargeable Services <sup>(4)</sup>	Chargeable Services Write-Offs <sup>(5)</sup>	Change in Provision <sup>(6)</sup>	Total Delinquent Units <sup>(7)</sup>
December-21	241,289			56,026			16
January-22	245,082	-	-	60,563	-	8,330	14
February-22	269,247		-	55,971	-	19,574	14
March-22	253,843		(2,630)	61,153	-	(12,852)	13
April-22	277,196		-	70,749	-	32,949	19
May-22	290,924		-	72,539	-	15,517	20
June-22	328,687		-	76,854	-	42,079	29
July-22	326,027		-	72,444	-	(7,070)	26
August-22	340,452		-	66,537	-	8,518	23
September-22	345,063		-	61,435	-	(491)	26
October-22	367,086		-	70,158	-	30,746	27
November-22			-		-	-	
December-22		-	-		-	-	
YTD TOTAL						137,299	

(1) Delinquent Assessments: Represents the balance from the monthly Delinquency Report presented in the Closed Session of the Finance Committee and accounted for as a specific allowance against Accounts Receivable balance.

(2) Assessments Write-Offs: Represents write-off activities approved by the Third Board.

(3) Bad Debt Small Claims: Represents the change in the Small Claims Receivable account balance.

(4) Delinquent Fines, Fees and Chargeable Services: Balances represents a combination of a general allowance percentage and a specific allowance amount recorded for the purpose of reducing the Account Receivable balance to the amount the company anticipates to be collectible.

(5) Chargeable Services Write-Offs: Represents Chargeable Service write-off activities approved by the Third Board.

(6) Change in Provision: Calculated as the difference between the current and prior month Delinquent Assessments and Delinquent Fine, Fees and Chargeable Services balances plus current month activities from Assessment Write-Offs, Bad Debt Small Claims, and Chargeable Services Write-Offs.

(7) Total Delinquent Units: Units reported on the monthly Delinquency Reports - Assessments

**Third Laguna Hills Mutual**  
**Statement of Revenue & Expenses - Preliminary**  
**9/30/2022**  
 THIRD LAGUNA HILLS MUTUAL

YEAR TO DATE - OPERATING FUND ONLY				TOTAL	YEAR-END	EXPLANATION	
ACTUAL	BUDGET	VARIANCE	BUDGET	PROJECTION			
Revenues:							
Assessments:							
1	Operating	\$21,453	\$21,453	\$0	\$28,603	\$28,603	Equal to budget
2	Total assessments	21,453	21,453	0	28,603	28,603	
Non-assessment revenues:							
3	Fees and charges for services to residents	738	719	20	960	1,266	YTD actuals plus remaining Oct-Dec budget
4	Laundry	166	158	8	210	221	Annualized
5	Miscellaneous	524	512	12	683	725	Annualized
6	Total non-assessment revenue	1,428	1,389	40	1,853	2,212	
7	Total revenue	22,881	22,842	39	30,456	30,815	
Expenses:							
8	Employee compensation and related	7,726	8,433	707	11,252	10,430	Annualized, adjusted for trends
9	Materials and supplies	635	578	(58)	772	822	Projections provided by the departments
10	Utilities and telephone	4,857	4,408	(449)	5,953	6,441	YTD actuals plus remaining Oct-Dec budget
11	Legal fees	165	383	218	527	309	YTD actuals plus remaining Oct-Dec budget
12	Professional fees	99	122	24	155	131	YTD actuals plus remaining Oct-Dec budget
13	Equipment rental	4	6	2	7	3	Annualized
14	Outside services	1,276	637	(638)	946	1,679	Projections provided by the departments
15	Repairs and maintenance	236	257	20	344	322	YTD actuals plus remaining Oct-Dec budget
16	Other Operating Expense	73	121	47	167	112	Annualized
17	Property and sales tax						
18	Insurance	6,111	6,787	676	9,049	8,301	Projections provided by the departments
19	Uncollectible Accounts	107	49	(58)	65	123	YTD actuals plus remaining Oct-Dec budget
20	(Gain)/loss on sale or trade						
21	Depreciation and amortization	101	101		134	134	Annualized
22	Net allocation to mutuals	942	916	(25)	1,220	1,255	Annualized
23	Total expenses	22,332	22,798	466	30,591	30,063	
24	Excess of revenues over expenses	\$549	\$44	\$504	(\$135)	\$753	
25	Excluding Depreciation and amortization	\$650	\$145	\$504	(\$1)	\$887	

# Annual Financial Services Review

Understanding Financials

# Understanding Financial Statements

Financial statements for a community association should be prepared in a way that meets regulatory guidelines while providing stakeholders with clear and accurate information that presents the financial health of the corporation.

Schedules included in the financial package support the commitment of full transparency to members and the corporation.

# GAAP – Generally Accepted Accounting Principles

Financials are presented on an accrual basis, as required by GAAP, are useful for community associations.

Accrual based accounting is especially helpful when members are assessed based on annual budgets and comparative data is used to evaluate actual performance to budget, either as required under the bylaws or by state law.

Revenue is recorded when earned, not when received, and expenses are recorded when incurred, not when paid.

# Finance Committee

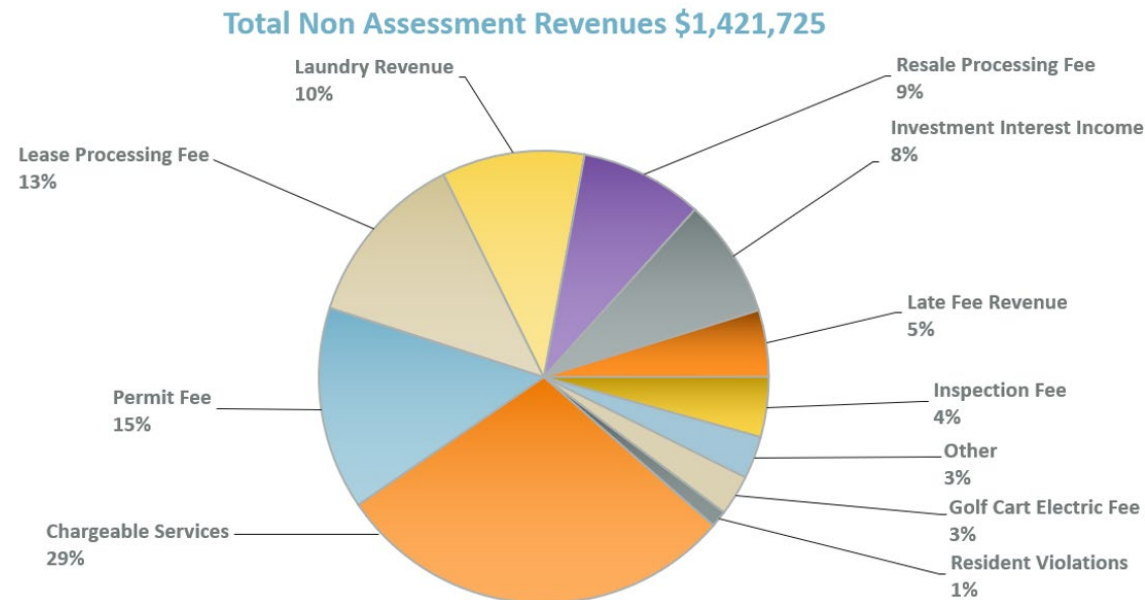
Financials are reviewed in detail at the Finance Committee meetings. The reports are presented in GAAP format and include additional schedules so readers can easily see how money is being spent and how well the association is performing to expectations.

	Operating Fund	Replacement Fund	Elevator Replacement Fund	Laundry Replacement Fund	Garden Villa Rec Room Fund	Disaster Fund	Unappropriated Expenditures Fund	Total
Revenues:								
Assessments:								
Operating	\$19,068,090							\$19,068,090
Additions to restricted funds		7,127,136	244,080	48,816	59,616	1,061,260		8,540,908
Total assessments	19,068,090	7,127,136	244,080	48,816	59,616	1,061,260		27,608,997
Non-assessment revenues:								
Fees and charges for services to residents	680,416							680,416
Laundry	145,999							145,999
Interest income		76,862	9,206	1,739	341	23,631	9,022	120,802
Miscellaneous	474,510							474,510
Total non-assessment revenue	1,300,924	76,862	9,206	1,739	341	23,631	9,022	1,421,726
Total revenue	20,369,014	7,203,998	253,286	50,555	59,957	1,084,891	9,022	29,030,723



# Finance Chair's Report

A financial summary is then presented by the Finance Committee Chair at a televised board meeting and includes graphics that highlight key areas of interest such as major components of revenue and expense.



## Balance Sheet

A point in time snapshot of the financial condition on the last day of the month: total assets, liabilities, and fund balances.

## Change in Fund Balances

Details the current year activity that contributed to the reported fund balances.

## Statement of Revenues & Expenses

Reports revenues and expenses for current month with comparison to budget. The same information is show with year-to-date results.

## Operating Statement

A further breakdown of the operating revenues and expenditures, this report shows year-to-date results for each ledger account number and compares to budget.

## Reporting Period

	Last Day of Month	Month-to -Date	Year-to -Date
Balance Sheet	X		
Changes in Fund Balances			X
Statement of Operation Revenues & Expense		X	X
Operating Statement			X

**Third Laguna Hills Mutual  
Fund Balance Sheet - Preliminary  
8/31/2022**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Elevator Replacement Fund</u>	<u>Laundry Replacement Fund</u>	<u>Garden Villa Rec Room Fund</u>	<u>Disaster Fund</u>	<u>Unappropriated Expenditures Fund</u>	<u>Total</u>	
<b>Assets</b>									
Cash and cash equivalents	\$616,726	\$17,262	\$692,413	\$98,542	\$38,832	\$1,025,974	\$834,421	\$3,324,170	
Discretionary investments		14,761,697	1,916,571	262,032	71,062	5,150,302	3,020,819	25,182,483	
Receivable/(Payable) from mutuals	1,228,558							1,228,558	
Receivable/(Payable) from operating fund	(5,000,000)	5,000,000							
Accounts receivable and interest receivable	157,946							157,946	
Prepaid expenses and deposits	5,870,072							5,870,072	
Property and equipment	141,239							141,239	
Accumulated depreciation property and equipment	(141,239)							(141,239)	
Beneficial interest in GRF of Laguna Hills Trust	4,965,476							4,965,476	
Non-controlling interest in GRF	41,073,262							41,073,262	
<b>Total Assets</b>	<b><u>\$48,912,040</u></b>	<b><u>\$19,778,959</u></b>	<b><u>\$2,608,984</u></b>	<b><u>\$360,574</u></b>	<b><u>\$109,894</u></b>	<b><u>\$6,176,276</u></b>	<b><u>\$3,855,240</u></b>	<b><u>\$81,801,968</u></b>	<b>← =</b>
<b>Liabilities and Fund Balances</b>									
Liabilities:									
Accounts payable and accrued expenses	\$1,111,622	\$966,171			\$19,753	\$7,442		\$2,104,988	
Accrued compensation and related costs	596,103							596,103	
Deferred income	681,085							681,085	
Income tax payable	(26,005)							(26,005)	
Total liabilities	<u>\$2,362,805</u>	<u>\$966,171</u>			<u>\$19,753</u>	<u>\$7,442</u>		<u>\$3,356,171</u>	
Fund balances:									
Fund balance prior years	45,646,657	16,348,615	2,355,983	364,571	104,231	5,441,633	3,846,704	74,108,394	
Change in fund balance - current year	902,578	2,464,174	253,002	(3,997)	(14,091)	727,201	8,536	4,337,403	
Net fund balances	46,549,235	18,812,789	2,608,984	360,574	90,140	6,168,834	3,855,240	78,445,797	
Total fund balances	<u>46,549,235</u>	<u>18,812,789</u>	<u>2,608,984</u>	<u>360,574</u>	<u>90,140</u>	<u>6,168,834</u>	<u>3,855,240</u>	<u>78,445,797</u>	
<b>Total Liabilities and Fund Balances</b>	<b><u>\$48,912,040</u></b>	<b><u>\$19,778,959</u></b>	<b><u>\$2,608,984</u></b>	<b><u>\$360,574</u></b>	<b><u>\$109,894</u></b>	<b><u>\$6,176,276</u></b>	<b><u>\$3,855,240</u></b>	<b><u>\$81,801,968</u></b>	<b>← =</b>

**Third Laguna Hills Mutual  
Fund Balance Sheet - Preliminary  
8/31/2022**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Elevator Replacement Fund</u>	<u>Laundry Replacement Fund</u>	<u>Garden Villa Rec Room Fund</u>	<u>Disaster Fund</u>	<u>Unappropriated Expenditures Fund</u>	<u>Total</u>
<b>Assets</b>								
Cash and cash equivalents	\$616,726	\$17,262	\$692,413	\$98,542	\$38,832	\$1,025,974	\$834,421	\$3,324,170
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Receivable/(Payable) from mutuals	1,228,558							1,228,558
Receivable/(Payable) from operating fund	(5,000,000)	5,000,000						
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Prepaid expenses and deposits	5,870,072							5,870,072
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Non-controlling interest in GRF	41,073,262							41,073,262
<b>Total Assets</b>	<b>\$48,912,040</b>	<b>\$19,778,959</b>	<b>\$2,608,984</b>	<b>\$360,574</b>	<b>\$109,894</b>	<b>\$6,176,276</b>	<b>\$3,855,240</b>	<b>\$81,801,968</b> ← =
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts payable and accrued expenses	\$1,111,622	\$966,171			\$19,753	\$7,442		\$2,104,988
Accrued compensation and related costs	596,103							596,103
Deferred income	681,085							681,085
Income tax payable	(26,005)							(26,005)
Total liabilities	\$2,362,805	\$966,171			\$19,753	\$7,442		\$3,356,171
Fund balances:								
Fund balance prior years	45,646,657	16,348,615	2,355,983	364,571	104,231	5,441,633	3,846,704	74,108,394
Change in fund balance - current year	902,578	2,464,174	253,002	(3,997)	(14,091)	727,201	8,536	4,337,403
Net fund balances	46,549,235	18,812,789	2,608,984	360,574	90,140	6,168,834	3,855,240	78,445,797
Total fund balances	46,549,235	18,812,789	2,608,984	360,574	90,140	6,168,834	3,855,240	78,445,797
<b>Total Liabilities and Fund Balances</b>	<b>\$48,912,040</b>	<b>\$19,778,959</b>	<b>\$2,608,984</b>	<b>\$360,574</b>	<b>\$109,894</b>	<b>\$6,176,276</b>	<b>\$3,855,240</b>	<b>\$81,801,968</b> ← =

**Third Laguna Hills Mutual  
Changes in Fund Balances - Preliminary  
8/31/2022**

	Operating Fund	Replacement Fund	Elevator Replacement Fund	Laundry Replacement Fund	Garden Villa Rec Room Fund	Disaster Fund	Unappropriated Expenditures Fund	Total	
Revenues:									
Assessments:									
Operating	\$19,068,090							\$19,068,090	
Additions to restricted funds		7,127,136	244,080	48,816	59,616	1,061,260		8,540,908	
Total assessments	19,068,090	7,127,136	244,080	48,816	59,616	1,061,260		27,608,997	
Non-assessment revenues:									
Fees and charges for services to residents	680,416							680,416	
Laundry	145,999							145,999	
Interest income		76,862	9,206	1,739	341	23,631	9,022	120,802	
Miscellaneous	474,510							474,510	
Total non-assessment revenue	1,300,924	76,862	9,206	1,739	341	23,631	9,022	1,421,726	
Total revenue	20,369,014	7,203,998	253,286	50,555	59,957	1,084,891	9,022	29,030,723	← +
Expenses:									
Employee compensation and related	6,871,066	1,904,758		17,665	14,740	18,819		8,827,048	
Materials and supplies	558,083	324,896		35,400	10,782	2,364		931,524	
Utilities and telephone	4,140,240	5,558			28	137		4,145,963	
Legal fees	145,489							145,489	
Professional fees	81,232	1,954				4,052		87,237	
Equipment rental	3,652	11,795			63	166		15,676	
Outside services	996,249	2,296,387		28	47,525	330,395	207	3,670,792	
Repairs and maintenance	208,551	2,102			12	10		210,675	
Other Operating Expense	61,792	12,096		117	96	113		74,214	
Insurance	5,373,526							5,373,526	
Investment expense		19	2			6	2	30	
Uncollectible Accounts	107,044							107,044	
(Gain)/loss on sale or trade		2,354	282	53	10	723	276	3,699	
Depreciation and amortization	89,664							89,664	
Net allocations to mutuals	829,848	177,906		1,288	792	904		1,010,738	
Total expenses	19,466,436	4,739,825	284	54,552	74,048	357,690	486	24,693,320	← -
Excess of revenues over expenses	\$902,578	\$2,464,174	\$253,002	(\$3,997)	(\$14,091)	\$727,201	\$8,536	\$4,337,403	← =
Excluding unrealized gain/(loss) and depreciation	\$992,242	\$2,464,174	\$253,002	(\$3,997)	(\$14,091)	\$727,201	\$8,536	\$4,427,067	



**Third Laguna Hills Mutual  
Changes in Fund Balances - Preliminary  
8/31/2022**

	Operating Fund	Replacement Fund	Elevator Replacement Fund	Laundry Replacement Fund	Garden Villa Rec Room Fund	Disaster Fund	Unappropriated Expenditures Fund	Total	
Revenues:									
Assessments:									
Operating	\$19,068,090							\$19,068,090	
Additions to restricted funds		7,127,136	244,080	48,816	59,616	1,061,260		8,540,908	
Total assessments	19,068,090	7,127,136	244,080	48,816	59,616	1,061,260		27,608,997	
Non-assessment revenues:									
Fees and charges for services to residents	680,416							680,416	
Laundry	145,999							145,999	
Interest income		76,862	9,206	1,739	341	23,631	9,022	120,802	
Miscellaneous	474,510							474,510	
Total non-assessment revenue	1,300,924	76,862	9,206	1,739	341	23,631	9,022	1,421,726	
Total revenue	20,369,014	7,203,998	253,286	50,555	59,957	1,084,891	9,022	29,030,723	← +
Expenses:									
Employee compensation and related	6,871,066	1,904,758		17,665	14,740	18,819		8,827,048	
Materials and supplies	558,083	324,896		35,400	10,782	2,364		931,524	
Utilities and telephone	4,140,240	5,558			28	137		4,145,963	
Legal fees	145,489							145,489	
Professional fees	81,232	1,954				4,052		87,237	
Equipment rental	3,652	11,795			63	166		15,676	
Outside services	996,249	2,296,387		28	47,525	330,395	207	3,670,792	
Repairs and maintenance	208,551	2,102			12	10		210,675	
Other Operating Expense	61,792	12,096		117	96	113		74,214	
Insurance	5,373,526							5,373,526	
Investment expense		19	2			6	2	30	
Uncollectible Accounts	107,044							107,044	
(Gain)/loss on sale or trade		2,354	282	53	10	723	276	3,699	
Depreciation and amortization	89,664							89,664	
Net allocations to mutuals	829,848	177,906		1,288	792	904		1,010,738	
Total expenses	19,466,436	4,739,825	284	54,552	74,048	357,690	486	24,693,320	← -
Excess of revenues over expenses	\$902,578	\$2,464,174	\$253,002	(\$3,997)	(\$14,091)	\$727,201	\$8,536	\$4,337,403	← =
Excluding unrealized gain/(loss) and depreciation	\$992,242	\$2,464,174	\$253,002	(\$3,997)	(\$14,091)	\$727,201	\$8,536	\$4,427,067	

**Third Laguna Hills Mutual**  
**Statement of Revenues & Expenses - Preliminary**  
**8/31/2022**  
(\$ IN THOUSANDS)

	CURRENT MONTH			YEAR TO DATE			PRIOR YEAR ACTUAL	TOTAL BUDGET
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE		
Revenues:								
Assessments:								
Operating	\$2,384	\$2,384		\$19,068	\$19,069	(\$1)	\$13,978	\$28,603
Additions to restricted funds	1,068	1,068		8,541	8,541		9,088	12,811
Total assessments	3,451	3,451		27,609	27,610	(1)	23,066	41,415
Non-assessment revenues:								
Fees and charges for services to residents	69	81	(11)	680	638	42	495	960
Laundry	16	18	(2)	146	140	6	143	210
Investment income	19	20	(2)	121	163	(42)	80	244
Miscellaneous	53	57	(4)	475	455	19	384	683
Total non-assessment revenue	157	175	(18)	1,422	1,396	25	1,101	2,097
Total revenue	3,608	3,627	(18)	29,031	29,006	25	24,168	43,512
Expenses:								
Employee compensation and related	1,134	1,208	73	8,827	9,560	733	8,405	14,324
Materials and supplies	135	117	(18)	932	937	6	960	1,411
Utilities and telephone	615	587	(28)	4,146	3,844	(302)	3,968	5,968
Legal fees	46	44	(2)	145	339	193	266	527
Professional fees	2	12	10	87	112	25	57	155
Equipment rental	4	4	(1)	16	30	14	34	45
Outside services	1,410	766	(644)	3,671	5,519	1,848	3,787	8,624
Repairs and maintenance	31	29	(2)	211	232	21	190	349
Other Operating Expense	14	16	2	74	124	50	86	193
Property and sales tax							2	
Insurance	737	754	17	5,374	6,033	659	4,194	9,049
Investment expense		2	2		14	14	21	21
Uncollectible Accounts	9	5	(3)	107	43	(64)	29	65
(Gain)/loss on sale or trade				4		(4)	15	
Depreciation and amortization	11	11		90	90		90	134
Net allocation to mutuals	152	121	(31)	1,011	969	(42)	902	1,449
Total expenses	4,300	3,676	(624)	24,693	27,845	3,152	23,007	42,314
Excess of revenues over expenses	(\$691)	(\$49)	(\$642)	\$4,337	\$1,161	\$3,176	\$1,161	\$1,198



**Third Laguna Hills Mutual  
Operating Statement  
8/31/2022  
THIRD LAGUNA HILLS MUTUAL**

	<u>Actual</u>	<u>YEAR TO DATE Budget</u>	<u>VAR\$ B/(W)</u>	<u>VAR% B/(W)</u>	<u>TOTAL BUDGET</u>
Revenues:					
Assessments:					
<b>Operating</b>					
41001000 - Monthly Assessments	\$19,068,090	\$19,068,995	(\$906)	0.00%	\$28,603,493
<b>Total Operating</b>	<b>19,068,090</b>	<b>19,068,995</b>	<b>(906)</b>	<b>0.00%</b>	<b>28,603,493</b>
<b>Additions To Restricted Funds</b>					
41002000 - Monthly Assessments - Disaster Fund	1,061,260	1,061,260	0	0.00%	1,591,890
41003500 - Monthly Assessments - Replacement Fund	7,127,136	7,127,136	0	0.00%	10,690,704
41004000 - Monthly Assessments - Elevator Replacement Fund	244,080	244,080	0	0.00%	366,120
41004500 - Monthly Assessments - Laundry Replacement Fund	48,816	48,816	0	0.00%	73,224
41006000 - Monthly Assessments - Garden Villa Recreation Room Fund	59,616	59,616	0	0.00%	89,424
<b>Total Additions To Restricted Funds</b>	<b>8,540,908</b>	<b>8,540,908</b>	<b>0</b>	<b>0.00%</b>	<b>12,811,362</b>
<b>Total Assessments</b>	<b>27,608,997</b>	<b>27,609,903</b>	<b>(906)</b>	<b>0.00%</b>	<b>41,414,855</b>
Non-Assessment Revenues:					
<b>Fees and Charges for Services to Residents</b>					
46501000 - Permit Fee	206,270	158,814	47,456	29.88%	238,222
46501500 - Inspection Fee	61,138	49,023	12,115	24.71%	73,537
46502000 - Resident Maintenance Fee	413,008	430,450	(17,442)	(4.05%)	648,636
<b>Total Fees and Charges for Services to Residents</b>	<b>680,416</b>	<b>638,287</b>	<b>42,129</b>	<b>6.60%</b>	<b>960,396</b>

## Variance Explanations

At each Finance Committee meeting, staff provide verbal explanations for the Actual versus Budget Variances listed on the Statement of Revenues & Expenses.

As months progress and the variance amounts increase, staff will focus the discussions on the larger variances.

**Third Laguna Hills Mutual**  
**Statement of Revenues & Expenses - Preliminary**  
**8/31/2022**  
(\$ IN THOUSANDS)

	CURRENT MONTH			YEAR TO DATE			PRIOR YEAR ACTUAL	TOTAL BUDGET
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE		
Revenues:								
Assessments:								
Operating	\$2,384	\$2,384		\$19,068	\$19,069	(\$1)	\$13,978	\$28,603
Additions to restricted funds	1,068	1,068		8,541	8,541		9,088	12,811
Total assessments	3,451	3,451		27,609	27,610	(1)	23,066	41,415
Non-assessment revenues:								
Fees and charges for services to residents	69	81	(11)	680	638	42	495	960
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Materials and supplies	135	117	(18)	932	937	6	960	1,411
Utilities and telephone	615	587	(28)	4,146	3,844	(302)	3,968	5,968
Legal fees	46	44	(2)	145	339	193	266	527
Professional fees	2	12	10	87	112	25	57	155
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Outside services	1,410	766	(644)	3,671	5,519	1,848	3,787	8,624
Repairs and maintenance	31	29	(2)	211	232	21	190	349
Other Operating Expense	14	16	2	74	124	50	86	193
Property and sales tax							2	
Insurance	737	754	17	5,374	6,033	659	4,194	9,049
Investment expense		2	2		14	14	21	21
Uncollectible Accounts	9	5	(3)	107	43	(64)	29	65
(Gain)/loss on sale or trade				4		(4)	15	
Depreciation and amortization	11	11		90	90		90	134
Net allocation to mutuals	152	121	(31)	1,011	969	(42)	902	1,449
Total expenses	4,300	3,676	(624)	24,693	27,845	3,152	23,007	42,314
Excess of revenues over expenses	(\$691)	(\$49)	(\$642)	\$4,337	\$1,161	\$3,176	\$1,161	\$1,198

# Questions?

Agenda Item # 8C - Discretionary Investments - Treasury Bill Reinvestment  
Will be distributed under separate cover



## STAFF REPORT

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**DATE:** December 1, 2022  
**FOR:** Third Laguna Hills Mutual Finance Committee  
**SUBJECT:** Supplemental Appropriation for Water Saving Landscaping

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### **RECOMMENDATION**

Approve a supplemental appropriation in the amount of \$151,000 to be funded from the 2022 Water Expense Account, for water saving landscaping projects within Third Mutual.

### **BACKGROUND**

On June 21, 2022, the Board of Directors approved Resolution 03-22-65, directing staff to reduce irrigation water use by 15 percent (Attachment 1). Staff began reducing irrigation water usage in early July by decreasing run times on shrub beds and reducing watering days for turf, from three days to two. These reductions have lowered expenditures for water significantly. Staff has forecasted these savings to the end of the year (Attachment 2). Staff predicts an estimated savings of \$151,000 to the budgeted amount for 2022 based on five-year averages.

This report was reviewed by the Third Landscape Committee at the regular meeting on December 1, 2022. The committee voted unanimously to recommend approval to the Finance Committee.

### **DISCUSSION**

The Third Landscape Committee has expressed a desire to hire a landscape architect to design attractive water saving landscape plantings to replace existing plantings and turf areas. The designs are intended to have two parts, specific designs for large non-functional turf areas and templates for staff to use to replace turf in hard to maintain and irrigate areas.

These designs, when implemented, will further reduce the impacts of water use on the budget of Third Mutual. The funds from this supplemental appropriation will be used for these design services and for the planting of these new designs.

### **FINANCIAL ANALYSIS**

A supplemental appropriation of \$151,000 per year from the 2022 Water Expense Account to the Landscape Expense Fund will accomplish the design and installation of water saving landscaping.

**Prepared By:** Kurt Wiemann, Director of Landscape Services  
**Reviewed By:** Jayanna Abolmoloki, Landscape Administrative Assistant

Third Laguna Woods Mutual  
Third Laguna Hills Mutual Landscape Committee  
December 1, 2022  
Page 2

**ATTACHMENT(S)**

**Attachment 1:** Resolution 03-22-65  
**Attachment 2:** Water Saving Comparison  
**Attachment 3:** Resolution 03-23-XX

**Attachment 1**

**RESOLUTION 03-22-65**

**Recycled Water Mandate**

**WHEREAS**, June 2, 2022, the Landscape Committee recognized that the State of California is experiencing record drought conditions requiring parts of Southern California to reduce exterior irrigation water use; and

**WHEREAS**, the irrigation water sources in Third Mutual are a mixture of potable water and recycled water; and

**WHEREAS**, at this time, state and local mandates do not apply to recycled water; and

**WHEREAS**, the Landscape Committee determined that irrigation reductions shall be equitable across the Mutual, regardless of water source;

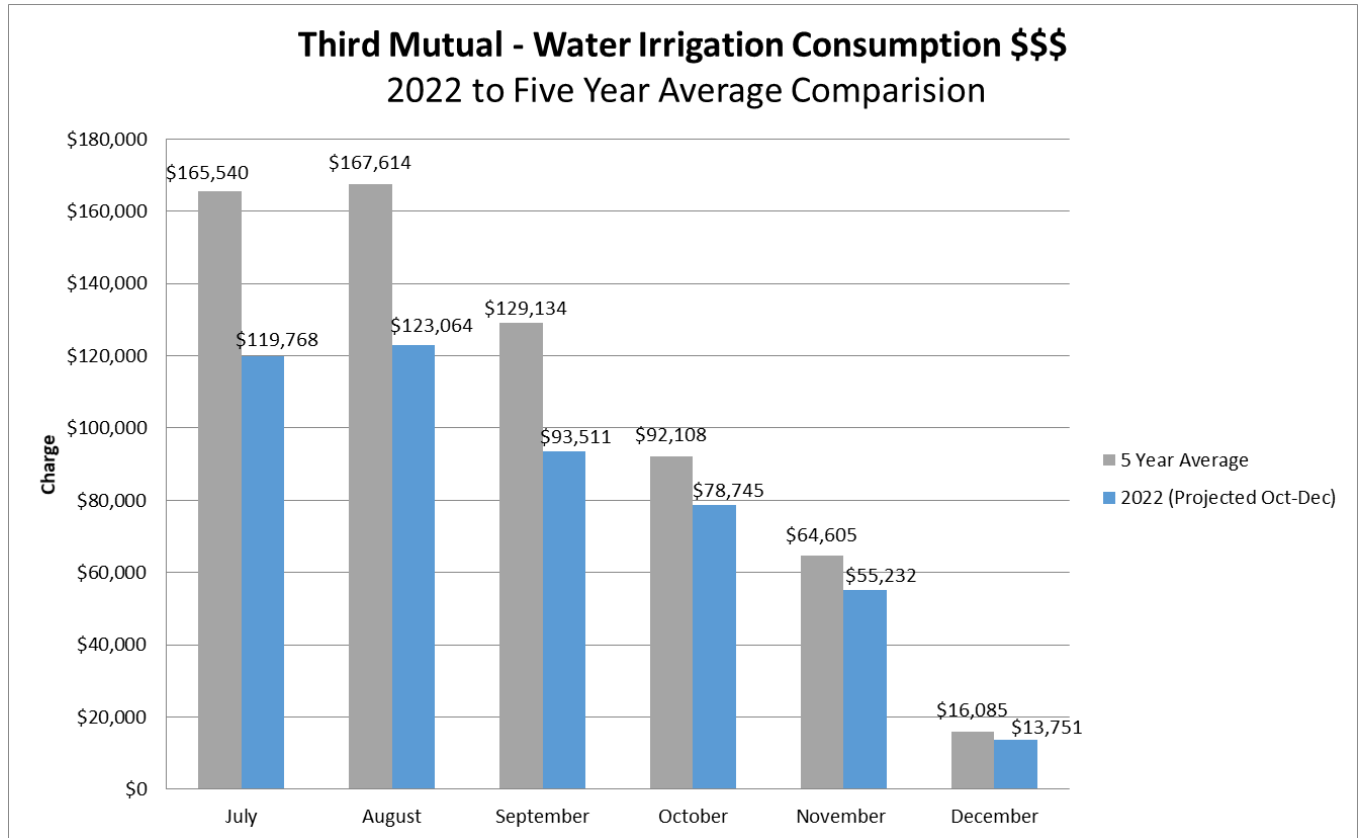
**NOW THEREFORE BE IT RESOLVED**, on June 21, 2022, that all state and local irrigation water use restrictions and mandates shall be applied to all irrigation within Third Mutual; and

**RESOLVED FURTHER**, this resolution shall become in full force and effect on June 21, 2022; and

**RESOLVED FURTHER**, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out this resolution as written.



**Attachment 2**



**Attachment 3**

**RESOLUTION 03-22-XX**  
**Supplemental Funding for Turf Reduction Projects**

**WHEREAS**, June 21, 2022, the Third Board of Directors recognized that the State of California is experiencing record drought conditions requiring parts of Southern California to reduce exterior irrigation water use and directed staff to reduce irrigation by 15 percent; and

**WHEREAS**, the Third Landscape Committee determined that funding for turf reduction projects should be appropriated from savings to the Water Expense account based on savings from these reductions;

**WHEREAS**, December 1, 2022, the Third Mutual Landscape Committee endorsed the recommendation;

**NOW THEREFORE BE IT RESOLVED**, on December 20, 2022, that a supplemental appropriation of \$151,000 per year has been approved to be used for turf reduction projects throughout Third Mutual; and

**RESOLVED FURTHER**, this resolution shall become in full force and effect on January 17, 2022; and

**RESOLVED FURTHER**, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out this resolution as written