



OPEN MEETING

REGULAR MEETING OF THE THIRD LAGUNA HILLS MUTUAL FINANCE COMMITTEE*

**Tuesday, April 4, 2023 – 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 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 February 7, 2023
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 February 28, 2022
 - b. Approve and Endorse a Supplemental Appropriation for Emergency Roof Repairs
 - c. Endorsements from Standing Committee
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, June 6, 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.

Third Laguna Hills Mutual
Finance Committee
Regular Open Session
April 4, 2023
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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.

Donna Rane-Szostak, Chair
Steve Hormuth, Staff Officer
Telephone: 949-597-4201



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

Tuesday, February 7, 2023 – 1:30 p.m.
Hybrid Meeting

DIRECTORS PRESENT: Donna Rane-Szostak – Chair, Mark Laws, Ralph Engdahl, Cris Prince, Cush Bhada, Jim Cook, Ira Lewis, Moon Yun. S.K. Park, Andy Ginocchio
DIRECTORS ABSENT: Jules Zalon
ADVISORS PRESENT: None.
STAFF PRESENT: Steve Hormuth, Jose Campos, Erika Hernandez

Call to Order

Director Donna Rane-Szostak, Treasurer, chaired and called the meeting to order at 1:32 p.m.

Approval of Meeting Agenda

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

Approval of Meeting Report for December 6, 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

None.

Member Comments (Items Not on the Agenda)

None.

Department Head Update

Steve Hormuth, Director of Financial Services, discussed the 2022 Financial Statement Audit meeting schedule and the 2024 budget timeline.

Preliminary Financial Statements dated December 31, 2022

Jose Campos, Assistant Director of Financial Services, presented the Preliminary Financial Statements dated December 31, 2022. Questions and comments were noted by staff.

Discretionary Investments

Bank of America representatives, Russell Goldstein, Senior Vice President and John Wong, Client Advisor, shared an overview of Third Mutual's current investment position and provided advising

guidance on current the interest rate environment, inflation and treasury bonds and suggested reinvestment options. Multiple questions and comments were made by members.

A motion was made by Director Ira Lewis to ladder investments and to be determined with a second motion. Director Bhada seconded. Discussion Ensued. By consensus, the motion passed by a 9-1 vote.

A second motion was made by Director Lewis to ladder \$25M investment in 4 equal parts of 25% for 3 months, 25% for 6 months, 25% for 9 months, and 25% for 12 months and revisit as they mature. Director Jim Cook seconded. Discussion ensued. By consensus, the motion passed by a 6-4 vote to approve and endorse the recommendation and present at the next Board meeting.

Investment Policy Review

Steve Hormuth, Director of Financial Services, presented a resolution of the proposed 2023 Third Investment Policy to be reviewed by the committee.

A motion was made by Director Moon Yun to approve the Third Investment Policy as presented. Director Mark Laws seconded. Discussions ensued.

The motion passed unanimously to approve and endorse the recommendation and will be presented at the next Board meeting.

Endorsements from Standing Committees

None.

Future Agenda Items

None.

Committee Member Comments

Multiple directors commented on current investments and the current market and Steve Hormuth thanked the committee for the efforts made regarding investments.

Date of Next Meeting

Tuesday, April 4, 2023 at 1:30 p.m.

Recess to Closed Session

The meeting recessed at 3:51 p.m.

Donna Rane-Szostak
Donna Rane-Szostak (Mar 15, 2023 11:58 PDT)

Donna Rane-Szostak, Chair



MEMORANDUM

To: Third Finance Committee
 From: Steve Hormuth, Director of Financial Services
 Date: April 4, 2023
 Re: Department Head Update

Financial Highlights

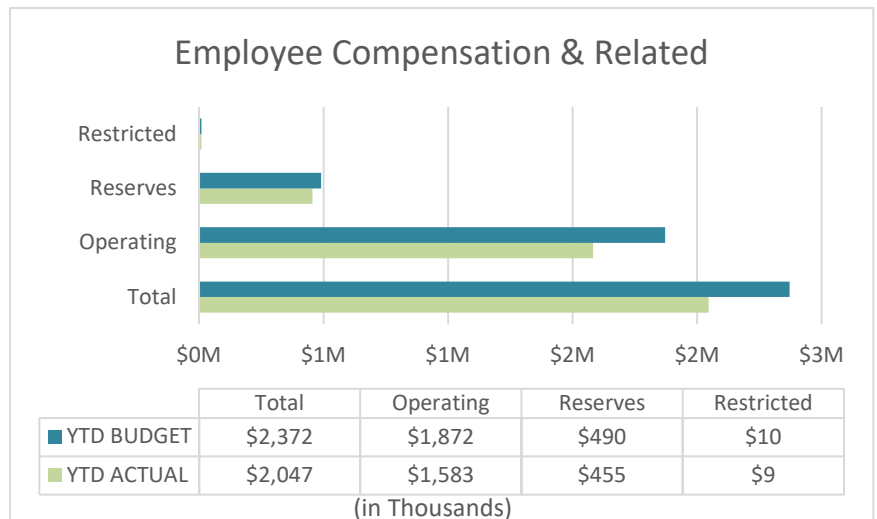
SUMMARY:

For the year-to-date period ending February 28, 2023, Third Laguna Hills Mutual was better than budget by \$1,352K primarily due to late start of programs affecting the areas of outside services and materials. Furthermore, favorable variance in compensation and related amounted to \$325K due to open positions.

INCOME STATEMENT (in Thousands)			
	Actual	Budget	Variance
Assessment Revenues	\$6,906	\$6,906	\$0
Other Revenues	\$399	\$407	(\$8)
Expenses	\$5,460	\$6,819	\$1,360
Revenue/(Expense)	\$1,846	\$494	\$1,352

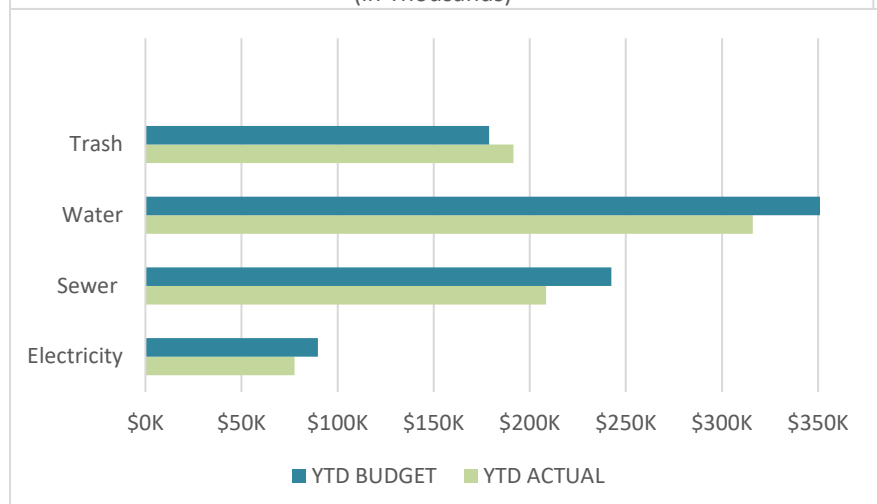
COMPENSATION:

Actual compensation and related costs came in at \$2,047K with \$1,583K in operations, \$455K in reserves, and \$9K in restricted. Combined, this category is 13.7% 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 favorable to budget by \$90K primarily due to water and sewer. Water was favorable \$57K. Water Consumption in 2023 was 34.4% lower than budgeted. Conservation efforts resulted in lower than budgeted water use between Jul 2022 and February 2023, which represents an 8 month stretch. Sewer was \$34K favorable resulting from lower sewer rates for domestic usage announced in July. The effective rate reduction of 18.6% took effect in September 2022.



Discussions

Financial Statement Audit: Third's external auditor, KMPG, are progressing through their financial audit and have met with the Select Audit Task Force (made up of representatives from United, Third and GRF) to provide status updates and answer questions. While fieldwork is ongoing, the results are scheduled to be shared at the All Boards All Directors meeting to be held on April 3, 2023. The final report is scheduled to be issued on April 10, 2023.

Budget: The budgetary timeline for the 2024 Business Plan (Green Book) has been completed. All budget meetings have been updated on the TeamUp calendar available on [LagunaWoodsVillage.com](https://www.lagunawoodsvillage.com).

Calendar

Apr 4, 2023 @ 1:30 p.m. Third Finance Committee (February Financials)
Apr 7, 2023 @ 9:30 a.m. Third Board Agenda Prep
Apr 18, 2023 @9:30 a.m. Third Board Meeting
May 5, 2023 @9:30 a.m. Third Board Agenda Prep
May 16, 2023 @9:30 Third Board Meeting
May 31, 2023 @9:30 Third Budget – Maintenance Review – OPEN
Jun 1, 2023 @1:30 p.m. Third Budget – Landscape Review – OPEN
Jun 2, 2023 @9:30 a.m. Third Board Agenda Prep
Jun 6, 2023 @1:30 p.m. Third Finance Committee (March Financials)
Jun 20, 2023 @9:30 a.m. Third Board Meeting
Jul 7, 2023 @9:30 a.m. Third Board Agenda Prep
Jul 13, 2023 @9:30 a.m. Third Budget – Business Plan Review – OPEN
Jul 18, 2023 @9:30 a.m. Third Board Meeting

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

Third Laguna Hills Mutual
Statement of Revenues & Expenses - Preliminary
2/28/2023
(\$ IN THOUSANDS)

		CURRENT MONTH			YEAR TO DATE			PRIOR YEAR	TOTAL
		ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET
Revenues:									
Assessments:									
1	Operating	\$2,388	\$2,388		\$4,776	\$4,776		\$4,767	\$28,657
2	Additions to restricted funds	1,065	1,065		2,130	2,130		2,135	12,780
3	Total assessments	3,453	3,453		6,906	6,906		6,902	41,437
Non-assessment revenues:									
4	Fees and charges for services to residents	71	88	(17)	196	176	19	110	1,075
5	Laundry	14	18	(3)	35	35		39	210
6	Investment income	49	35	14	80	70	10	6	420
7	Miscellaneous	46	63	(17)	88	125	(37)	109	753
8	Total non-assessment revenue	181	203	(22)	399	407	(8)	264	2,458
9	Total revenue	3,634	3,656	(22)	7,305	7,313	(8)	7,166	43,895
Expenses:									
10	Employee compensation and related	991	1,138	147	2,047	2,372	325	2,088	14,458
11	Materials and supplies	92	113	20	191	218	27	190	1,382
12	Utilities and telephone	290	391	101	793	884	90	758	5,977
13	Legal fees	25	30	5	39	56	17	10	393
14	Professional fees	8	12	4	11	25	14	9	149
15	Equipment rental	1	4	2	2	8	6		45
16	Outside services	372	842	469	636	1,420	784	368	9,390
17	Repairs and maintenance	29	32	2	53	63	10	47	379
18	Other Operating Expense	10	14	4	19	27	8	7	182
19	Insurance	732	744	11	1,477	1,487	10	1,230	8,923
20	Uncollectible Accounts	(5)	5	11	(5)	11	16	28	65
21	Depreciation and amortization	9	9		17	17		22	105
22	Net allocation to mutuals	91	113	22	177	231	54	214	1,412
23	Total expenses	2,646	3,446	800	5,460	6,819	1,360	4,972	42,861
24	Excess of revenues over expenses	\$988	\$210	\$778	\$1,846	\$494	\$1,352	\$2,194	\$1,034

Third Laguna Hills Mutual
Statement of Revenues & Expenses - By Fund Type - Preliminary
2/28/2023
(\$ 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	\$4,776	\$4,776								\$4,776	\$4,776	
2 Additions to restricted funds				1,965	1,965		165	165		2,130	2,130	
3 Total assessments	<u>4,776</u>	<u>4,776</u>		<u>1,965</u>	<u>1,965</u>		<u>165</u>	<u>165</u>		<u>6,906</u>	<u>6,906</u>	
Non-assessment revenues:												
4 Fees and charges for services to residents	196	176	19							196	176	19
5 Laundry	35	35								35	35	
6 Investment income				58	70	(12)	22		22	80	70	10
7 Miscellaneous	88	125	(37)							88	125	(37)
8 Total non-assessment revenue	<u>319</u>	<u>337</u>	<u>(18)</u>	<u>58</u>	<u>70</u>	<u>(12)</u>	<u>22</u>		<u>22</u>	<u>399</u>	<u>407</u>	<u>(8)</u>
9 Total revenue	<u>5,095</u>	<u>5,113</u>	<u>(18)</u>	<u>2,023</u>	<u>2,035</u>	<u>(12)</u>	<u>187</u>	<u>165</u>	<u>22</u>	<u>7,305</u>	<u>7,313</u>	<u>(8)</u>
Expenses:												
10 Employee compensation and related	1,583	1,872	289	455	490	35	9	10	1	2,047	2,372	325
11 Materials and supplies	114	115	1	77	101	23		3	3	191	218	27
12 Utilities and telephone	792	881	89	1	2	1				793	884	90
13 Legal fees	39	56	17							39	56	17
14 Professional fees	11	25	14							11	25	14
15 Equipment rental	1	1	1							2	8	6
16 Outside services	166	199	33	317	1,023	706	153	198	45	636	1,420	784
17 Repairs and maintenance	53	62	10		1					53	63	10
18 Other Operating Expense	16	23	7	3	4	1				19	27	8
19 Insurance	1,477	1,487	10							1,477	1,487	10
20 Uncollectible Accounts	(5)	11	16							(5)	11	16
21 Depreciation and amortization	17	17								17	17	
22 Net allocation to mutuals	153	199	46	24	32	8	1	1		177	231	54
23 Total expenses	<u>4,417</u>	<u>4,949</u>	<u>531</u>	<u>880</u>	<u>1,659</u>	<u>780</u>	<u>163</u>	<u>211</u>	<u>49</u>	<u>5,460</u>	<u>6,819</u>	<u>1,360</u>
24 Excess of revenues over expenses	<u>\$678</u>	<u>\$164</u>	<u>\$513</u>	<u>\$1,143</u>	<u>\$375</u>	<u>\$768</u>	<u>\$24</u>	<u>(\$46)</u>	<u>\$70</u>	<u>\$1,846</u>	<u>\$494</u>	<u>\$1,352</u>

**Third Laguna Hills Mutual
Operating Statement
2/28/2023
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
Revenues:					
Assessments:					
Operating					
41001000 - Monthly Assessments	\$4,776,129	\$4,776,247	(\$118)	0.00%	\$28,657,484
Total Operating	4,776,129	4,776,247	(118)	0.00%	28,657,484
Additions To Restricted Funds					
41002000 - Monthly Assessments - Disaster Fund	149,621	149,621	0	0.00%	897,726
41003500 - Monthly Assessments - Replacement Fund	1,879,416	1,879,416	0	0.00%	11,276,496
41004000 - Monthly Assessments - Elevator Replacement Fund	61,020	61,020	0	0.00%	366,120
41004500 - Monthly Assessments - Laundry Replacement Fund	24,408	24,408	0	0.00%	146,448
41006000 - Monthly Assessments - Garden Villa Recreation Room Fund	15,525	15,525	0	0.00%	93,150
Total Additions To Restricted Funds	2,129,990	2,129,990	0	0.00%	12,779,940
Total Assessments	6,906,119	6,906,237	(118)	0.00%	41,437,424
Non-Assessment Revenues:					
Fees and Charges for Services to Residents					
46501000 - Permit Fee	30,255	57,110	(26,855)	(47.02%)	342,660
46501500 - Inspection Fee	8,919	14,154	(5,235)	(36.99%)	84,928
46502000 - Resident Maintenance Fee	156,460	105,154	51,306	48.79%	647,532
Total Fees and Charges for Services to Residents	195,634	176,418	19,216	10.89%	1,075,119
Laundry					
46005000 - Coin Op Laundry Machine	35,079	35,000	79	0.23%	210,000
Total Laundry	35,079	35,000	79	0.23%	210,000
Investment Income					
49001000 - Investment Income - Nondiscretionary	22,639	0	22,639	0.00%	0
49002000 - Investment Income - Discretionary	57,742	70,000	(12,258)	(17.51%)	420,000
Investment Interest Income	80,381	70,000	10,381	14.83%	420,000
Miscellaneous					
46004500 - Resident Violations	1,800	10,574	(8,774)	(82.98%)	63,444
44501000 - Additional Occupant Fee	6,450	15,300	(8,850)	(57.84%)	91,805
44501510 - Lease Processing Fee - Third	32,740	41,632	(8,892)	(21.36%)	249,803
44502000 - Variance Processing Fee	900	2,647	(1,747)	(66.00%)	15,888
44502500 - Non-Sale Transfer Fee - Third	300	500	(200)	(40.00%)	3,000
44503520 - Resale Processing Fee - Third	17,712	27,200	(9,488)	(34.88%)	163,200
44505500 - Hoa Certification Fee	845	2,500	(1,655)	(66.20%)	15,000
44507000 - Golf Cart Electric Fee	11,126	11,166	(40)	(0.35%)	67,000
44507200 - Electric Vehicle Plug-In Fee	3,271	2,082	1,189	57.10%	12,500
44507500 - Cartport/Carport Space Rental Fee	0	732	(732)	(100.00%)	4,400
47001500 - Late Fee Revenue	12,505	10,166	2,339	23.01%	61,000
47002020 - Collection Administrative Fee - Third	0	200	(200)	(100.00%)	1,200
47002500 - Collection Interest Revenue	0	44	(44)	(100.00%)	273
47501000 - Recycling	556	666	(110)	(16.57%)	4,000
49009000 - Miscellaneous Revenue	(2)	0	(2)	0.00%	0
Total Miscellaneous	88,203	125,409	(37,206)	(29.67%)	752,512
Total Non-Assessment Revenue	399,296	406,827	(7,531)	(1.85%)	2,457,631
Total Revenue	7,305,416	7,313,065	(7,649)	(0.10%)	43,895,056
Expenses:					
Employee Compensation					
51011000 - Salaries & Wages - Regular	425,180	509,714	84,534	16.58%	3,220,777
51021000 - Union Wages - Regular	697,920	912,937	215,017	23.55%	5,647,830
51041000 - Wages - Overtime	2,378	3,923	1,545	39.39%	23,548
51051000 - Union Wages - Overtime	9,990	6,132	(3,857)	(62.90%)	36,808
51061000 - Holiday & Vacation	163,911	120,221	(43,690)	(36.34%)	749,370
51071000 - Sick	39,293	49,037	9,745	19.87%	305,664
51091000 - Missed Meal Penalty	813	598	(215)	(35.93%)	3,617
51101000 - Temporary Help	7,671	4,477	(3,194)	(71.36%)	26,863

**Third Laguna Hills Mutual
Operating Statement
2/28/2023**

THIRD LAGUNA HILLS MUTUAL

	YEAR TO DATE				TOTAL
	Actual	Budget	VAR\$ B/(W)	VAR% B/(W)	BUDGET
51981000 - Compensation Accrual	74,480	0	(74,480)	0.00%	0
Total Employee Compensation	1,421,637	1,607,040	185,404	11.54%	10,014,478
Compensation Related					
52411000 - F.I.C.A.	100,885	121,781	20,896	17.16%	753,615
52421000 - F.U.I.	6,206	7,443	1,237	16.62%	9,924
52431000 - S.U.I.	27,924	37,820	9,896	26.17%	52,781
52441000 - Union Medical	276,421	323,987	47,566	14.68%	1,943,923
52451000 - Workers' Compensation Insurance	60,370	86,898	26,528	30.53%	539,543
52461000 - Non Union Medical & Life Insurance	56,577	75,488	18,911	25.05%	452,930
52471000 - Union Retirement Plan	73,139	88,876	15,737	17.71%	549,826
52481000 - Non-Union Retirement Plan	12,858	22,385	9,527	42.56%	141,446
52981000 - Compensation Related Accrual	11,113	0	(11,113)	0.00%	0
Total Compensation Related	625,492	764,679	139,187	18.20%	4,443,987
Materials and Supplies					
53001000 - Materials & Supplies	59,669	98,354	38,685	39.33%	580,244
53003000 - Materials Direct	131,353	119,422	(11,931)	(9.99%)	797,881
53004000 - Freight	280	642	362	56.43%	3,892
Total Materials and Supplies	191,302	218,418	27,116	12.41%	1,382,017
Utilities and Telephone					
53301000 - Electricity	77,664	89,749	12,085	13.47%	399,821
53301500 - Sewer	208,479	242,400	33,921	13.99%	1,494,600
53302000 - Water	315,937	372,634	56,697	15.22%	3,009,336
53302500 - Trash	191,413	178,821	(12,592)	(7.04%)	1,072,920
Total Utilities and Telephone	793,492	883,604	90,111	10.20%	5,976,677
Legal Fees					
53401500 - Legal Fees	38,772	55,832	17,060	30.56%	393,325
Total Legal Fees	38,772	55,832	17,060	30.56%	393,325
Professional Fees					
53402000 - Audit & Tax Preparation Fees	(5,878)	0	5,878	0.00%	0
53402020 - Audit & Tax Preparation Fees - Third	5,878	7,944	2,066	26.01%	47,670
53403500 - Consulting Fees	8,438	1,877	(6,560)	(349.47%)	11,271
53403520 - Consulting Fees - Third	2,925	15,062	12,137	80.58%	90,416
Total Professional Fees	11,363	24,883	13,521	54.34%	149,357
Equipment Rental					
53501500 - Equipment Rental/Lease Fees	1,747	7,568	5,821	76.92%	44,576
Total Equipment Rental	1,747	7,568	5,821	76.92%	44,576
Outside Services					
53601000 - Bank Fees	(3,254)	6,219	9,473	152.31%	37,322
53601500 - Credit Card Transaction Fees	2,137	1,666	(471)	(28.28%)	10,000
53604500 - Marketing Expense	0	832	832	100.00%	5,000
54603500 - Outside Services Cost Collection	633,510	1,392,780	759,270	54.51%	9,223,931
53704000 - Outside Services	3,989	18,505	14,517	78.45%	114,213
Total Outside Services	636,382	1,420,003	783,621	55.18%	9,390,466
Repairs and Maintenance					
53701000 - Equipment Repair & Maint	627	2,116	1,490	70.39%	12,721
53703000 - Elevator /Lift Maintenance	52,410	61,042	8,632	14.14%	366,252
Total Repairs and Maintenance	53,036	63,158	10,122	16.03%	378,973
Other Operating Expense					
53801000 - Mileage & Meal Allowance	169	989	820	82.91%	5,960
53801500 - Travel & Lodging	0	286	286	100.00%	1,719
53802000 - Uniforms	10,272	14,501	4,229	29.16%	87,067
53802500 - Dues & Memberships	128	401	273	68.13%	2,423
53803000 - Subscriptions & Books	0	270	270	100.00%	1,628
53803500 - Training & Education	510	2,852	2,342	82.13%	18,166
53903000 - Safety	63	165	101	61.66%	993
54001020 - Board Relations - Third	558	1,666	1,108	66.51%	10,000
54002000 - Postage	7,425	6,179	(1,246)	(20.17%)	53,780
54002500 - Filing Fees / Permits	176	83	(93)	(111.58%)	514

**Third Laguna Hills Mutual
Operating Statement
2/28/2023
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
Total Other Operating Expense	19,301	27,391	8,091	29.54%	182,251
Insurance					
54401000 - Hazard & Liability Insurance	145,261	161,755	16,494	10.20%	970,532
54401500 - D&O Liability	14,804	15,975	1,171	7.33%	95,850
54402000 - Property Insurance	1,314,208	1,308,324	(5,884)	(0.45%)	7,849,953
54403000 - General Liability Insurance	3,102	1,179	(1,923)	(163.16%)	7,072
Total Insurance	1,477,374	1,487,233	9,859	0.66%	8,923,407
Uncollectible Accounts					
54602000 - Bad Debt Expense	(4,907)	10,832	15,739	145.30%	65,000
Total Uncollectible Accounts	(4,907)	10,832	15,739	145.30%	65,000
Depreciation and Amortization					
55001000 - Depreciation And Amortization	17,488	17,488	0	0.00%	104,928
Total Depreciation and Amortization	17,488	17,488	0	0.00%	104,928
Net Allocation to Mutuals					
54602500 - Allocated Expenses	177,413	231,286	53,874	23.29%	1,412,025
Total Net Allocation to Mutuals	177,413	231,286	53,874	23.29%	1,412,025
Total Expenses	5,459,891	6,819,415	1,359,524	19.94%	42,861,467
Excess of Revenues Over Expenses	\$1,845,525	\$493,649	\$1,351,875	273.85%	\$1,033,589

**Third Laguna Hills Mutual
Balance Sheet - Preliminary
2/28/2023**

		<u>Current Month End</u>	<u>Prior Year December 31</u>
	Assets		
1	Cash and cash equivalents	\$3,414,448	\$862,027
2	Non-discretionary investments	4,428,581	4,990,008
3	Discretionary investments	25,406,712	25,182,483
4	Receivable/(Payable) from mutuals	1,366,419	1,346,302
5	Accounts receivable and interest receivable	127,996	272,271
6	Prepaid expenses and deposits	2,003,926	3,332,534
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	4,932,723	4,950,211
10	Non-controlling interest in GRF	41,073,262	41,073,262
11	Total Assets	<u>\$82,754,067</u>	<u>\$82,009,098</u>
	Liabilities and Fund Balances		
	Liabilities:		
12	Accounts payable and accrued expenses	\$1,776,658	\$2,885,835
13	Accrued compensation and related costs	598,365	598,365
14	Deferred income	660,267	651,645
15	Income tax payable	(26,005)	(26,005)
16	Total liabilities	<u>\$3,009,285</u>	<u>\$4,109,840</u>
	Fund balances:		
17	Fund balance prior years	77,899,258	74,108,394
18	Change in fund balance - current year	1,845,525	3,790,864
19	Net fund balances	<u>79,744,782</u>	<u>77,899,258</u>
20	Total fund balances	<u>79,744,782</u>	<u>77,899,258</u>
21	Total Liabilities and Fund Balances	<u>\$82,754,067</u>	<u>\$82,009,098</u>

**Third Laguna Hills Mutual
Fund Balance Sheet - Preliminary
2/28/2023**

	Operating Fund	Replacement Fund	Elevator Replacement Fund	Laundry Replacement Fund	Garden Villa Rec Room Fund	Disaster Fund	Unappropriated Expenditures Fund	Total
Assets								
1 Cash and cash equivalents	\$772,882	\$484,139	\$442,538	\$9,196	\$39,495	\$227,225	\$1,438,972	\$3,414,448
2 Non-discretionary investments			338,492	62,756	12,510	3,569,063	445,760	4,428,581
3 Discretionary investments		19,904,372	1,933,659	265,260	71,695	2,694,160	537,566	25,406,712
4 Receivable/(Payable) from mutuals	1,366,419							1,366,419
5 Receivable/(Payable) from operating fund	(855,365)	(582,836)					1,438,201	
6 Accounts receivable and interest receivable	63,173					64,823		127,996
7 Prepaid expenses and deposits	2,003,926							2,003,926
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	4,932,723							4,932,723
11 Non-controlling interest in GRF	41,073,262							41,073,262
12 Total Assets	<u>\$49,357,020</u>	<u>\$19,805,675</u>	<u>\$2,714,689</u>	<u>\$337,212</u>	<u>\$123,701</u>	<u>\$6,555,270</u>	<u>\$3,860,499</u>	<u>\$82,754,067</u>
Liabilities and Fund Balances								
Liabilities:								
13 Accounts payable and accrued expenses	\$992,602	\$513,649				\$270,407		\$1,776,658
14 Accrued compensation and related costs	598,365							598,365
15 Deferred income	660,267							660,267
16 Income tax payable	(26,005)							(26,005)
17 Total liabilities	<u>\$2,225,229</u>	<u>\$513,649</u>				<u>\$270,407</u>		<u>\$3,009,285</u>
Fund balances:								
18 Fund balance prior years	46,453,934	18,219,267	2,647,544	333,625	111,427	6,278,965	3,854,496	77,899,258
19 Change in fund balance - current year	677,857	1,072,760	67,146	3,587	12,274	5,898	6,003	1,845,525
20 Net fund balances	<u>47,131,791</u>	<u>19,292,027</u>	<u>2,714,689</u>	<u>337,212</u>	<u>123,701</u>	<u>6,284,863</u>	<u>3,860,499</u>	<u>79,744,782</u>
21 Total fund balances	<u>47,131,791</u>	<u>19,292,027</u>	<u>2,714,689</u>	<u>337,212</u>	<u>123,701</u>	<u>6,284,863</u>	<u>3,860,499</u>	<u>79,744,782</u>
22 Total Liabilities and Fund Balances	<u>\$49,357,020</u>	<u>\$19,805,675</u>	<u>\$2,714,689</u>	<u>\$337,212</u>	<u>\$123,701</u>	<u>\$6,555,270</u>	<u>\$3,860,499</u>	<u>\$82,754,067</u>

**Third Laguna Hills Mutual
Changes in Fund Balances - Preliminary
2/28/2023**

	<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	\$4,776,129							\$4,776,129
2 Additions to restricted funds		1,879,416	61,020	24,408	15,525	149,621		2,129,990
3 Total assessments	<u>4,776,129</u>	<u>1,879,416</u>	<u>61,020</u>	<u>24,408</u>	<u>15,525</u>	<u>149,621</u>		<u>6,906,119</u>
Non-assessment revenues:								
4 Fees and charges for services to residents	195,634							195,634
5 Laundry	35,079							35,079
6 Interest income		51,145	6,126	1,157	227	15,722	6,003	80,381
7 Miscellaneous	88,357	(154)						88,203
8 Total non-assessment revenue	<u>319,070</u>	<u>50,991</u>	<u>6,126</u>	<u>1,157</u>	<u>227</u>	<u>15,722</u>	<u>6,003</u>	<u>399,296</u>
9 Total revenue	<u>5,095,199</u>	<u>1,930,407</u>	<u>67,146</u>	<u>25,565</u>	<u>15,752</u>	<u>165,343</u>	<u>6,003</u>	<u>7,305,416</u>
Expenses:								
10 Employee compensation and related	1,582,843	450,817		4,451	3,039	5,979		2,047,129
11 Materials and supplies	113,599	60,239		17,010	157	296		191,302
12 Utilities and telephone	792,401	1,054			3	34		793,492
13 Legal fees	38,772							38,772
14 Professional fees	11,363							11,363
15 Equipment rental	882	828			2	36		1,747
16 Outside services	166,175	317,434				152,773		636,382
17 Repairs and maintenance	52,606	416			1	13		53,036
18 Other Operating Expense	15,965	3,234		29	22	52		19,301
19 Insurance	1,477,374							1,477,374
20 Uncollectible Accounts	(4,907)							(4,907)
21 Depreciation and amortization	17,488							17,488
22 Net allocations to mutuals	152,782	23,626		488	254	263		177,413
23 Total expenses	<u>4,417,342</u>	<u>857,648</u>		<u>21,978</u>	<u>3,478</u>	<u>159,445</u>		<u>5,459,891</u>
24 Excess (deficit) of revenues over expenses	<u>\$677,857</u>	<u>\$1,072,760</u>	<u>\$67,146</u>	<u>\$3,587</u>	<u>\$12,274</u>	<u>\$5,898</u>	<u>\$6,003</u>	<u>\$1,845,525</u>
25 Excluding unrealized gain/(loss) and depreciation	<u>\$695,345</u>	<u>\$1,072,760</u>	<u>\$67,146</u>	<u>\$3,587</u>	<u>\$12,274</u>	<u>\$5,898</u>	<u>\$6,003</u>	<u>\$1,863,013</u>

**THIRD LAGUNA WOODS MUTUAL
NON-DISCRETIONARY ACCOUNT HELD BY BANK OF AMERICA
SCHEDULE OF INVESTMENTS
2/28/23**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECT. YIELD	ORIGINAL COST	BOOK VALUE	2/28/2023	
									MARKET VALUE	UNREALIZED GAIN/(LOSS)
912796CT4	U.S. TREASURY BILL	0.00%	2/8/2023	4/11/2023	\$2,000,000.00	4.390%	\$1,985,188.89	\$1,988,891.66	1,989,540.00	\$648.34
912796ZS1	U.S. TREASURY BILL	0.00%	1/5/2023	7/6/2023	\$1,000,000.00	4.570%	\$977,705.00	\$984,657.20	983,258.00	(\$1,399.20)
912796XY0	U.S. TREASURY BILL	0.00%	2/8/2023	8/10/2023	\$1,500,000.00	4.660%	\$1,465,687.50	\$1,468,546.88	1,467,583.50	(\$963.38)
TOTAL FOR NON-DISCRETIONARY INVESTMENTS					<u><u>\$4,500,000.00</u></u>		<u><u>\$4,428,581.39</u></u>	<u><u>\$4,442,095.74</u></u>	<u><u>\$4,440,381.50</u></u>	<u><u>(\$1,714.24)</u></u>

**THIRD LAGUNA WOODS MUTUAL
DISCRETIONARY ACCOUNT - BANK OF AMERICA
SCHEDULE OF INVESTMENTS
2/28/23**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECT. YIELD	ORIGINAL COST	BOOK VALUE	2/28/2023	
									MARKET VALUE	UNREALIZED GAIN/(LOSS)
912796U31 / 334168444	U.S. TREASURY BILL	0.00%	2/23/2023	3/23/2023	\$25,407,000.00	4.170%	\$25,325,970.02	\$25,346,227.52	25,340,128.78	(\$6,098.74)
912796U31 / 334168445	U.S. TREASURY BILL	0.00%	2/23/2023	3/23/2023	\$81,000.00	4.170%	\$80,741.67	\$80,806.25	80,786.81	(\$19.44)
TOTALS FOR DISCRETIONARY INVESTMENTS					<u><u>25,488,000.00</u></u>		<u><u>25,406,711.69</u></u>	<u><u>\$25,427,033.77</u></u>	<u><u>\$25,420,915.59</u></u>	<u><u>(\$6,118.18)</u></u>
TOTAL INVESTMENTS					<u><u>\$ 29,988,000.00</u></u>		<u><u>\$ 29,835,293.08</u></u>	<u><u>\$ 29,869,129.51</u></u>	<u><u>\$ 29,861,297.09</u></u>	

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF FEBRUARY 28, 2023**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET *	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
OPERATING FUND - MAINTENANCE & CONSTRUCTION								
APPLIANCE REPAIRS	\$5,694	\$7,447	\$14,032	\$14,906	\$98,270	14%	\$873	6%
CARPENTRY SERVICE	38,290	44,023	81,954	87,403	568,563	14%	5,449	6%
ELECTRICAL SERVICE	8,816	9,331	20,707	18,229	115,140	18%	(2,478)	(14%)
FIRE PROTECTION	8,178	5,081	13,479	14,302	144,347	9%	823	6%
MISC REPAIRS BY OUTSIDE SERVICE	550	4,055	1,182	8,110	48,664	2%	6,928	85%
PEST CONTROL	4,375	29,998	8,990	59,996	360,000	2%	51,006	85%
PLUMBING SERVICE	56,854	63,522	116,350	123,058	744,807	16%	6,708	5%
SOLAR MAINTENANCE	0	0	0	1,750	35,000	0%	1,750	100%
STREET LIGHT MAINTENANCE	1,639	1,416	1,639	2,832	17,000	10%	1,193	42%
TOTAL	\$124,395	\$164,872	\$258,334	\$330,586	\$2,131,791	12%	\$72,252	22%
OPERATING FUND - GENERAL SERVICES								
CONCRETE REPAIR/REPLACEMENT	\$28,595	\$31,433	\$50,070	\$60,875	\$368,399	14%	\$10,805	18%
JANITORIAL SERVICE	71,520	81,682	144,121	156,999	949,851	15%	12,878	8%
GUTTER CLEANING	8,791	13,725	16,845	26,688	161,337	10%	9,843	37%
TRAFFIC CONTROL	1,544	1,887	2,958	3,641	22,058	13%	683	19%
WELDING	7,174	9,473	13,688	18,331	110,964	12%	4,643	25%
TOTAL	\$117,623	\$138,200	\$227,682	\$266,533	\$1,612,609	14%	\$38,851	15%
OPERATING FUND - LANDSCAPE SERVICES								
LANDSCAPE ADMINISTRATION	\$26,980	\$29,664	\$54,983	\$57,993	\$358,085	15%	\$3,010	5%
NURSERY & COMPOSTING	20,682	21,337	39,768	41,218	250,331	16%	1,450	4%
GROUPS MAINTENANCE	236,054	285,423	469,461	547,678	3,308,668	14%	78,217	14%
IRRIGATION	57,851	88,860	124,017	171,315	1,039,801	12%	47,299	28%
SMALL EQUIPMENT REPAIR	15,329	17,822	29,724	34,376	208,268	14%	4,652	14%
PEST CONTROL	23,915	35,425	49,036	68,205	413,641	12%	19,169	28%
TOTAL	\$380,810	\$478,531	\$766,990	\$920,786	\$5,578,793	14%	\$153,796	17%

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF FEBRUARY 28, 2023**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET *	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
REPLACEMENT FUND - MAINTENANCE & CONSTRUCTION								
ALARM SYSTEMS	\$0	\$0	\$0	\$0	\$0	0%	\$0	0%
BUILDING NUMBERS	\$0	\$0	\$0	\$0	\$0	0%	\$0	0%
BUILDING STRUCTURES	43,612	164,188	97,123	332,624	2,054,840	5%	235,500	71%
ELECTRICAL SYSTEMS	0	2,500	0	5,000	30,000	0%	5,000	100%
ENERGY PROJECTS	0	0	0	0	0	0%	(1)	0%
EXTERIOR LIGHTING	0	1,041	0	2,082	12,500	0%	2,082	100%
FENCING	5,163	5,388	10,968	11,345	82,765	13%	377	3%
GARDEN VILLA LOBBY	0	0	0	0	0	0%	0	0%
GARDEN VILLA MAILROOM	24	37	48	71	431	11%	23	32%
GV REC ROOM WATER HEATER/HEAT PUMP	86	438	165	870	5,245	3%	706	81%
GUTTER REPLACEMENTS	4,469	9,070	9,503	18,048	113,127	8%	8,544	47%
MAILBOXES	893	2,128	1,873	4,173	25,180	7%	2,300	55%
PAINT PROGRAM - EXTERIOR	120,730	136,778	237,061	263,948	1,597,812	15%	26,887	10%
PRIOR TO PAINT	78,573	99,802	169,976	192,739	1,167,546	15%	22,763	12%
PAVING	0	0	0	0	439,421	0%	0	0%
ROOF REPLACEMENTS	79,317	10,250	133,079	269,136	1,468,968	9%	136,057	51%
SUPPLEMENTAL APPROPRIATIONS	0	0	0	0	0	0%	0	0%
WALL REPLACEMENTS	0	2,916	0	5,832	35,000	0%	5,832	100%
WASTE LINE REMEDIATION	65,102	83,333	72,397	166,666	1,000,000	7%	94,269	57%
WATER LINES - COPPER PIPE REMEDIATION	1,395	41,666	1,395	83,332	500,000	0%	81,937	98%
PLUMBING REPLACEMENT	0	16,666	0	33,332	200,000	0%	33,332	100%
TOTAL	\$399,364	\$576,202	\$733,589	\$1,389,198	\$8,732,835	8%	\$655,609	47%
REPLACEMENT FUND - GENERAL SERVICES								
PRIOR TO PAINT	\$884	\$1,087	\$1,694	\$2,096	\$12,700	13%	\$403	19%
PAVING	4,608	5,762	8,829	11,125	67,394	13%	2,297	21%
EXTERIOR WALLS	0	2,012	0	4,024	24,150	0%	4,024	100%
TOTAL	\$5,491	\$8,861	\$10,523	\$17,245	\$104,244	10%	\$6,723	39%
REPLACEMENT FUND - LANDSCAPE SERVICES								
LANDSCAPE MODIFICATION	\$899	\$27,718	\$42,873	\$55,326	\$841,671	5%	\$12,454	23%
IMPROVEMENT & RESTORATION	11,826	15,371	20,112	29,440	177,744	11%	9,329	32%
TREE MAINTENANCE	31,176	75,988	50,552	149,160	899,814	6%	98,607	66%
TOTAL	\$43,902	\$119,077	\$113,537	\$233,926	\$1,919,229	6%	\$120,390	51%
ELEVATOR REPLACEMENT FUND								
ELEVATOR REPLACEMENT	\$0	\$0	\$0	\$0	\$125,000	0%	\$0	0%
TOTAL	\$0	\$0	\$0	\$0	\$125,000	0%	\$0	0%

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF FEBRUARY 28, 2023**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET *	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
LAUNDRY REPLACEMENT FUND								
LAUNDRY APPLIANCES	\$5,703	\$8,517	\$20,051	\$16,885	\$101,579	20%	(\$3,166)	(19%)
LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	1,001	1,371	1,927	2,635	59,567	3%	708	27%
SUPPLEMENTAL APPROPRIATIONS	0	0	0	0	0	0%	0	0%
TOTAL	\$6,704	\$9,888	\$21,978	\$19,520	\$161,145	14%	(\$2,458)	(13%)
DISASTER FUND - MAINTENANCE & CONSTRUCTION								
MOISTURE INTRUSION - RAIN LEAKS	\$19,300	\$21,666	\$31,893	\$43,332	\$260,000	12%	\$11,439	26%
MOISTURE INTRUSION - PLUMBING LEAKS	74,522	41,666	95,664	83,332	500,000	19%	(12,332)	(15%)
MOISTURE INTRUSION - PLUMBING STOPPAGES	(2,559)	0	6,431	3,750	75,000	9%	(2,681)	(72%)
MOISTURE INTRUSION - MISCELLANEOUS	10,511	1,166	14,943	2,332	14,000	107%	(12,611)	(541%)
DAMAGE RESTORATION SERVICES	7,041	16,728	10,513	33,164	199,470	5%	22,651	68%
TOTAL	\$108,814	\$81,226	\$159,445	\$165,910	\$1,048,470	15%	\$6,465	4%
DISASTER FUND - LANDSCAPE SERVICES								
RISK FIRE MANAGEMENT	\$0	\$15,000	\$0	\$30,000	\$180,000	0%	\$30,000	100%
TOTAL	\$0	\$15,000	\$0	\$30,000	\$180,000	0%	\$30,000	100%
GARDEN VILLA RECREATION ROOM FUND								
GARDEN VILLA RECREATION ROOMS	\$1,722	\$7,858	\$3,478	\$15,551	\$93,641	4%	\$12,073	78%
TOTAL	\$1,722	\$7,858	\$3,478	\$15,551	\$93,641	4%	\$12,073	78%

**RESERVE EXPENDITURES COMPARED TO RESERVE STUDY
AS PRESENTED IN THE 2023 BUSINESS PLAN
AS OF FEBRUARY 28, 2023**

	2023	2023	2023	2023	2023
	YTD Actual	YTD Budget	YTD Variance	Annual Budget	% Expended
Paved Surfaces	\$8,829	\$11,125	\$2,296	\$506,815	2%
Roofing & Gutters	\$142,583	\$320,516	\$177,933	\$1,782,095	8%
Building Structures	\$97,123	\$324,292	\$227,169	\$2,004,840	5%
Decking Projects	\$50,757	\$67,908	\$17,151	\$410,998	12%
Prior to Painting & Painting Projects	\$357,973	\$399,207	\$41,234	\$2,417,060	15%
Elevators	\$0	\$0	\$0	\$125,000	0%
Garden Villas	\$213	\$942	\$729	\$5,676	4%
Lighting Replacement Projects	\$0	\$2,082	\$2,082	\$12,500	0%
Walls, Fencing, and Railings	\$10,968	\$21,667	\$10,699	\$144,721	8%
Laundry Facilities	\$21,978	\$19,054	(\$2,924)	\$158,339	14%
Sewer Lines, Water Lines and Elect	\$73,792	\$254,998	\$181,206	\$1,530,000	5%
Grounds & Miscellaneous	\$1,873	\$4,173	\$2,300	\$25,180	7%
Landscape Projects	\$113,537	\$233,926	\$120,390	\$1,919,229	6%
Total	\$879,626	\$1,659,889	\$780,263	\$11,042,454	8%

**THIRD LAGUNA HILLS
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES
REPORT AS OF FEBRUARY 28, 2023**

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

APPLIANCE REPAIRS	\$14,032	\$11,944	\$2,089	\$0
CARPENTRY SERVICE	81,954	76,680	5,274	0
ELECTRICAL SERVICE	20,707	17,157	2,559	991
FIRE PROTECTION	13,479	781	235	12,463
MISC REPAIRS BY OUTSIDE SERVICE	1,182	0	0	1,182
PEST CONTROL	8,990	0	0	8,990
PLUMBING SERVICE	116,350	91,135	9,904	15,311
SOLAR MAINTENANCE	0	0	0	0
STREET LIGHT MAINTENANCE	1,639	0	0	1,639
TOTAL	\$258,334	\$197,698	\$20,060	\$40,576

OPERATING FUND - GENERAL SERVICES

CONCRETE REPAIR/REPLACEMENT	\$50,070	\$44,279	\$5,456	\$335
JANITORIAL SERVICE	144,121	141,785	2,336	0
GUTTER CLEANING	16,845	16,845	0	0
TRAFFIC CONTROL	2,958	2,958	0	0
WELDING	13,688	13,571	118	0
TOTAL	\$227,682	\$219,438	\$7,910	\$335

OPERATING EXPENDITURES - LANDSCAPE SERVICES

LANDSCAPE ADMINISTRATION	\$54,983	\$54,983	\$0	\$0
NURSERY & COMPOSTING	39,768	39,768	0	0
GROUND MAINTENANCE	469,461	394,836	0	74,625
IRRIGATION	124,017	116,548	7,469	0
SMALL EQUIPMENT REPAIR	29,724	29,724	0	0
PEST CONTROL	49,036	49,036	0	0
TOTAL	\$766,990	\$684,896	\$7,469	\$74,625

OPERATING - CHARGEABLE SERVICES

CHARGEABLE SERVICES	\$107,520	\$26,023	\$33,009	\$48,487
TOTAL	\$107,520	\$26,023	\$33,009	\$48,487

RESERVE FUND - MAINTENANCE & CONSTRUCTION

BUILDING NUMBERS	\$0	\$0	\$0	\$0
BUILDING STRUCTURES	97,123	28,143	6,268	62,711
ELECTRICAL SYSTEMS	0	0	0	0
ENERGY PROJECTS	0	0	0	0
EXTERIOR LIGHTING	0	0	0	0
FENCING	10,968	9,733	1,235	0
GARDEN VILLA LOBBY	0	0	0	0
GARDEN VILLA MAILROOM	48	48	0	0
GARDEN VILLA RECESSED AREA	0	0	0	0
GV REC ROOM WATER HEATER/HEAT PUMP	165	152	13	0
GUTTER REPLACEMENTS	9,503	8,858	645	0
MAILBOXES	1,873	1,873	0	0
PAINT PROGRAM - EXTERIOR	237,061	212,984	24,077	0
PRIOR TO PAINT	169,976	155,023	13,832	1,120
PAVING	0	0	0	0
ROOF REPLACEMENTS	133,079	0	0	133,079
SUPPLEMENTAL APPROPRIATIONS	0	0	0	0
WALL REPLACEMENTS	0	0	0	0
WASTE LINE REMEDIATION	72,397	0	0	72,397
WATER LINES - COPPER PIPE REMEDIATION	1,395	0	0	1,395
PLUMBING REPLACEMENT	0	0	0	0
TOTAL	\$733,589	\$416,815	\$46,070	\$270,703

**THIRD LAGUNA HILLS
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES
REPORT AS OF FEBRUARY 28, 2023**

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

PRIOR TO PAINT	\$1,694	\$1,694	\$0	\$0
PAVING	8,829	8,829	0	0
EXTERIOR WALLS	0	0	0	0
TOTAL	\$10,523	\$10,523	\$0	\$0

RESERVE FUND - LANDSCAPE

LANDSCAPE MODIFICATION	\$42,873	\$2,007	\$0	\$40,866
IMPROVEMENT & RESTORATION	20,112	20,112	0	0
TREE MAINTENANCE	50,552	45,162	0	5,390
TOTAL	\$113,537	\$67,281	\$0	\$46,256

RESERVE FUND - ELEVATOR

ELEVATOR REPLACEMENT	\$0	\$0	\$0	\$0
TOTAL	\$0	\$0	\$0	\$0

RESERVE FUND - LAUNDRY

LAUNDRY APPLIANCES	\$20,051	\$3,304	\$16,747	\$0
LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	1,927	1,927	0	0
TOTAL	\$21,978	\$5,231	\$16,747	\$0

DISASTER FUND - MAINTENANCE & CONSTRUCTION

MOISTURE INTRUSION - RAIN LEAKS	\$31,893	\$0	\$0	\$31,893
MOISTURE INTRUSION - PLUMBING LEAKS	95,664	0	0	95,664
MOISTURE INTRUSION - PLUMBING STOPPAGES	6,431	0	0	6,431
MOISTURE INTRUSION - MISCELLANEOUS	14,943	0	0	14,943
DAMAGE RESTORATION SERVICES	10,513	6,586	87	3,840
TOTAL	\$159,445	\$6,586	\$87	\$152,772

DISASTER FUND - LANDSCAPE SERVICES

RISK FIRE MANAGEMENT	\$0	\$0	\$0	\$0
SUPPLEMENTAL APPROPRIATIONS	\$0	\$0	\$0	\$0
TOTAL	\$0	\$0	\$0	\$0

**THIRD LAGUNA HILLS
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES
REPORT AS OF FEBRUARY 28, 2023**

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

APPLIANCE REPAIRS	\$0	\$0	\$0
CARPENTRY SERVICE	0	2,916	2,916
ELECTRICAL SERVICE	991	125	(866)
FIRE PROTECTION	12,463	13,279	816
MISC REPAIRS BY OUTSIDE SERVICE	1,182	8,110	6,928
PEST CONTROL	8,990	59,996	51,006
PLUMBING SERVICE	15,311	15,832	522
SOLAR MAINTENANCE	0	1,750	1,750
STREET LIGHT MAINTENANCE	1,639	2,832	1,193
TOTAL	\$40,576	\$104,840	\$64,264

OPERATING FUND - GENERAL SERVICES

CONCRETE REPAIR/REPLACEMENT	\$335	\$0	(\$335)
JANITORIAL SERVICE	0	0	0
GUTTER CLEANING	0	6,332	6,332
TRAFFIC CONTROL	0	0	0
WELDING	0	1,666	1,666
TOTAL	\$335	\$7,998	\$7,663

OPERATING EXPENDITURES - LANDSCAPE SERVICES

LANDSCAPE ADMINISTRATION	\$0	\$0	\$0
NURSERY & COMPOSTING	0	0	0
GROUNDS MAINTENANCE	74,625	0	(74,625)
IRRIGATION	0	0	0
SMALL EQUIPMENT REPAIR	0	0	0
PEST CONTROL	0	0	0
TOTAL	\$74,625	\$0	(\$74,625)

OPERATING - CHARGEABLE SERVICES

CHARGEABLE SERVICES	\$48,487	\$60,236	11,749
TOTAL	\$48,487	\$60,236	11,749

OPERATING - SECURITY SERVICES

Smoke Detector Services	\$0	\$0	0
TOTAL	\$0	\$0	0

**THIRD LAGUNA HILLS
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES
REPORT AS OF FEBRUARY 28, 2023**

DESCRIPTION	OS Actuals	OS Budget	OS Variance
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RESERVE FUND - MAINTENANCE & CONSTRUCTION

BUILDING STRUCTURES	62,711	288,408	225,697
EXTERIOR LIGHTING	0	2,082	2,082
FENCING	0	0	0
GARDEN VILLA LOBBY	0	0	0
GARDEN VILLA MAILROOM	0	0	0
GV REC ROOM WATER HEATER/HEAT PUMP	0	378	378
GUTTER REPLACEMENTS	0	8,332	8,332
MAILBOXES	0	0	0
PAINT PROGRAM - EXTERIOR	0	9,580	9,580
PRIOR TO PAINT	1,120	9,166	8,046
PAVING	0	0	0
ROOF REPLACEMENTS	133,079	269,136	136,057
WALL REPLACEMENTS	0	5,832	5,832
WASTE LINE REMEDIATION	72,397	166,666	94,269
WATER LINES - COPPER PIPE REMEDIATION	1,395	83,332	81,937
TOTAL	\$270,703	\$881,244	\$610,541

RESERVE FUND - GENERAL SERVICES

PRIOR TO PAINT	\$0	\$0	\$0
PAVING	0	0	0
EXTERIOR WALLS	0	4,024	4,024
TOTAL	\$0	\$4,024	\$4,024

RESERVE FUND - LANDSCAPE

LANDSCAPE MODIFICATION	\$40,866	\$52,376	\$11,510
IMPROVEMENT & RESTORATION	0	0	0
TREE MAINTENANCE	5,390	83,852	78,462
TOTAL	\$46,256	\$136,228	\$89,972

RESERVE FUND - ELEVATOR

ELEVATOR REPLACEMENT	\$0	\$0	\$0
TOTAL	\$0	\$0	\$0

RESERVE FUND - LAUNDRY

LAUNDRY APPLIANCES	\$0	\$466	\$466
LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	0	0	0
TOTAL	\$0	\$466	\$466

**THIRD LAGUNA HILLS
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES
REPORT AS OF FEBRUARY 28, 2023**

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

MOISTURE INTRUSION - RAIN LEAKS	\$31,893	\$43,332	\$11,439
MOISTURE INTRUSION - PLUMBING LEAKS	95,664	83,332	(12,332)
MOISTURE INTRUSION - PLUMBING STOPPAGES	6,431	3,750	(2,681)
MOISTURE INTRUSION - MISCELLANEOUS	14,943	2,332	(12,611)
DAMAGE RESTORATION SERVICES	3,840	25,832	21,992
TOTAL	\$152,772	\$158,578	\$5,806

DISASTER FUND - LANDSCAPE SERVICES

RISK FIRE MANAGEMENT	\$0	\$30,000	\$30,000
SUPPLEMENTAL APPROPRIATIONS	\$0	\$0	\$0
TOTAL	\$0	\$30,000	\$30,000

DISASTER FUND - FINANCIAL SERVICES

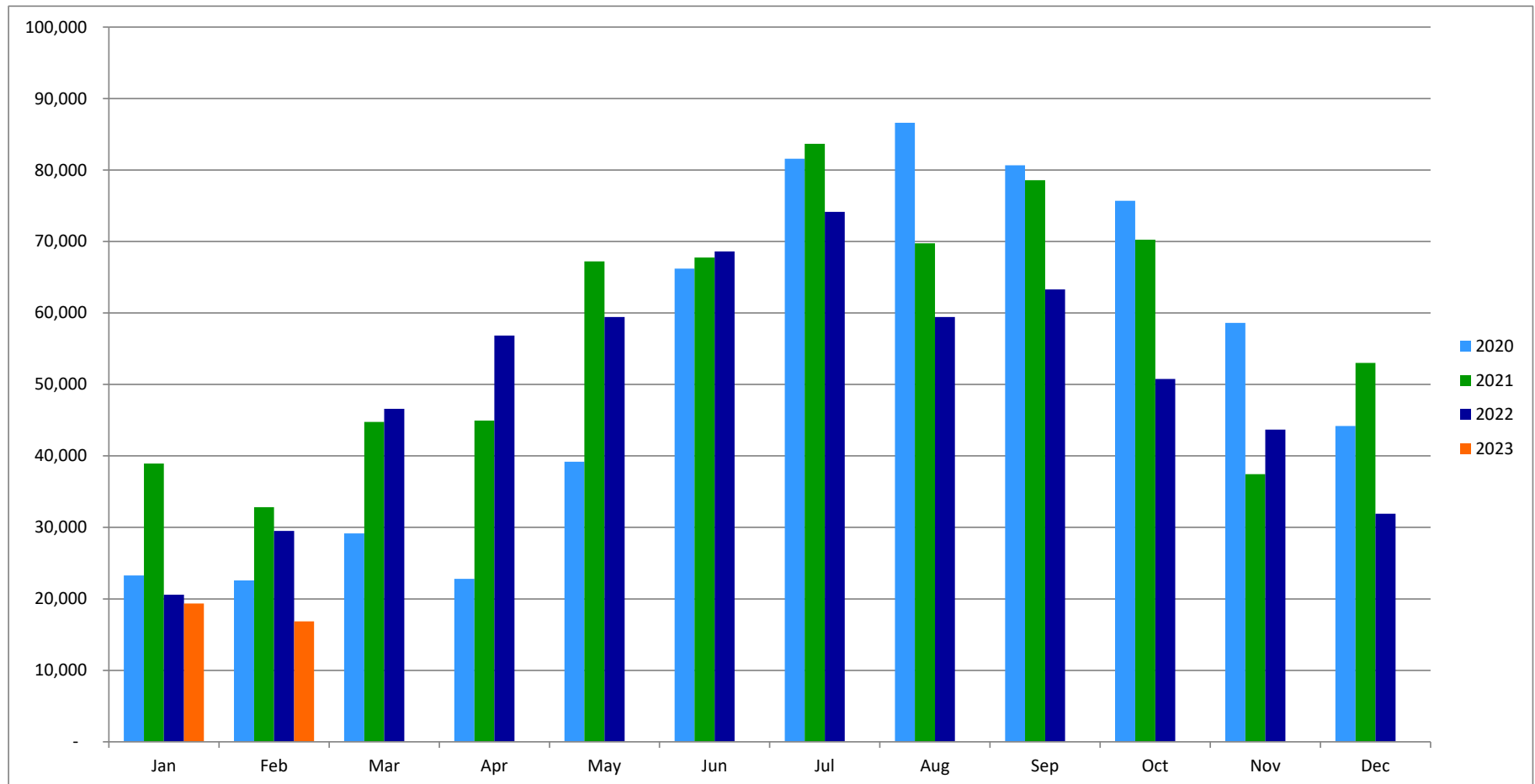
INSURANCE PREMIUMS	\$0	\$0	\$0
TOTAL	\$0	\$0	\$0

GARDEN VILLA REC ROOM FUND - MAINTENANCE & CONSTRUCTION

GARDEN VILLA RECREATION ROOMS	\$0	\$9,166	\$9,166
TOTAL	\$0	\$9,166	\$9,166

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
2020	23,285	22,570	29,169	22,804	39,197	66,203	81,581	86,612	80,664	75,700	58,608	44,199	\$292,803	45,855	630,592
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	\$377,847	71,773	689,149
2022	20,573	29,523	46,594	56,831	59,443	68,617	74,150	59,427	63,281	50,772	43,694	31,907	\$329,681	50,096	604,812
2023	19,363	16,857	-	-	-	-	-	-	-	-	-	-	\$309,002	36,220	36,220

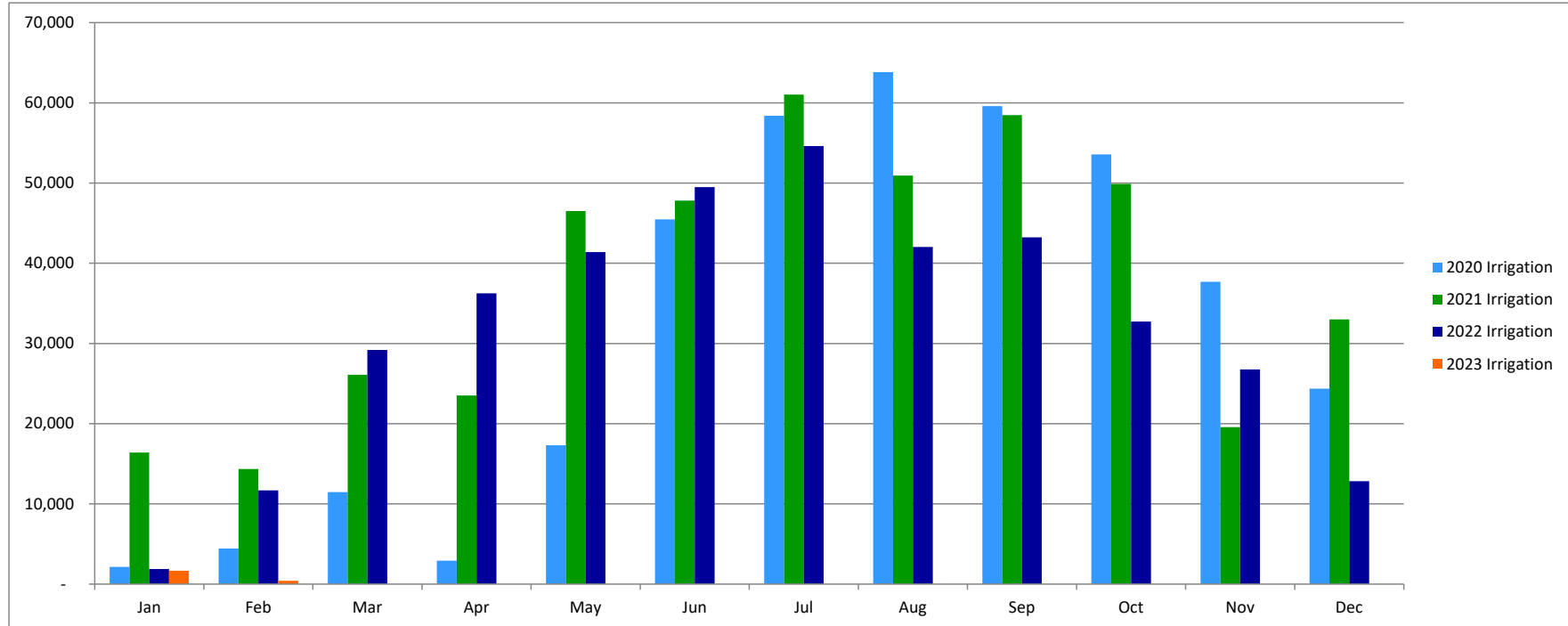


*Derived From ETWD Billing Statements

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
2020 Irrigation	2,146	4,430	11,464	2,923	17,310	45,463	58,399	63,816	59,592	53,554	37,681	24,378	\$82,525	6,576	381,156
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	\$154,458	30,746	447,541
2022 Irrigation	1,884	11,681	29,185	36,237	41,399	49,498	54,596	42,026	43,231	32,737	26,774	12,840	\$110,834	13,565	382,088
2023 Irrigation	1,670	422	-	-	-	-	-	-	-	-	-	-	\$84,044	2,092	2,092

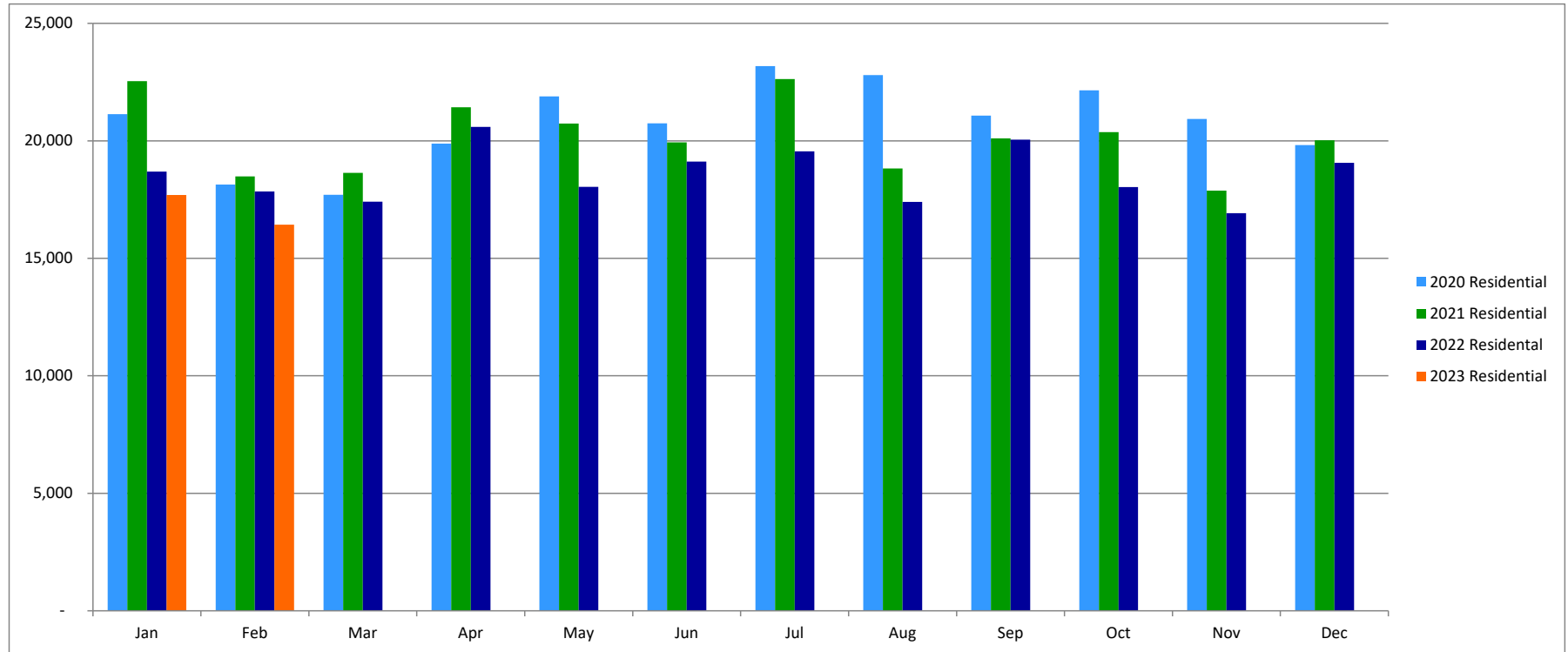


*Derived From ETWD Billing Statements

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
2020 Residential	21,139	18,140	17,705	19,881	21,887	20,740	23,182	22,796	21,072	22,146	20,927	19,821	\$210,278	39,279	249,436
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	\$223,388	41,027	241,608
2022 Residential	18,689	17,842	17,409	20,594	18,044	19,119	19,554	17,401	20,050	18,035	16,920	19,067	\$218,848	36,531	222,724
2023 Residential	17,693	16,435	-	-	-	-	-	-	-	-	-	-	\$224,958	34,128	34,128



*Derived From ETWD Billing Statements

THIRD LAGUNA HILLS MUTUAL
Provision For Doubtful Accounts
As of February 28, 2023

Month	Delinquent Assessments ⁽¹⁾	Assessments Write-Offs ⁽²⁾	Bad Debt Small Claims ⁽³⁾	Delinquent Fines, Fees, and Chargeable Services ⁽⁴⁾	Chargeable Services Write-Offs ⁽⁵⁾	Change in Provision ⁽⁶⁾	Total Delinquent Units ⁽⁷⁾
December-22	401,529			77,960			27
January-23	378,519	-	-	101,197	-	227	28
February-23	377,236			97,346		(5,134)	28
March-23							
April-23							
May-23							
June-23							
July-23							
August-23							
September-23							
October-23							
November-23							
December-23							
YTD TOTAL						(4,907)	

(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



STAFF REPORT

DATE: April 4, 2023
FOR: Finance Committee
SUBJECT: Supplemental Appropriation for Emergency Roof Repairs

RECOMMENDATION

Recommend that the Board of Directors approve a supplemental appropriation from the Reserve Fund and a purchase order in the amount of \$235,000 for emergency roofing repairs completed and projected for the remainder of 2023.

BACKGROUND

There are 1,405 buildings in Third Mutual with a mixture of flat and sloped roofs. Starting in late December 2022 through early March 2023, Laguna Woods Village has experienced an unusually wet rain season which has resulted in an unprecedented number of roof repair requests.

The approved budget allocation for emergency roof repairs in 2023 is \$123,000. This was determined based on the 3-year average of actual expenditures for repairs from 2020 through 2022. Through March 2023, emergency repairs in the amount of approximately \$276,100 were required due to roof leaks on 426 buildings. By comparison, we experienced 90 roof leaks during this same period last year. This necessitates a supplemental budget appropriation to allow for payment for services rendered and anticipated costs for the remainder of 2023.

DISCUSSION

The existing roofing contract includes pricing for emergency repairs. When roof leaks are reported to Resident Services or Security, an assessment is made to determine if the situation warrants an emergency response from the roofing contractor. In most cases, the damaged roof area is first secured by the roofing contractor to minimize damage to the Mutual and member's property. This is then followed by a permanent repair that is authorized by staff and is billed at the contract rate for repair work.

For the remaining months of 2023, staff estimates that another \$81,900 will be needed for emergency roof repairs based on the 3-year historic average during this same period for roofing repair expenditures. This estimate of \$81,900 combined with already approved repair work of \$276,100 exceeds the budget for emergency roof repairs. Staff recommends that the Board of Directors approve a supplemental appropriation in the amount of \$235,000 to cover these unanticipated expenses.

FINANCIAL ANALYSIS

The budget for emergency roof repairs is funded from the Reserve Fund in the amount of \$123,000 for 2023 (JA910010000). A supplemental appropriation in the amount of \$235,000 is necessary to pay for services rendered through March 2023 and to fund future roof repair work for the remainder of the fiscal year 2023. Funding for the supplemental appropriation is proposed from the Third Mutual Reserve Fund.

Prepared By: Erik Schneekluth, Project Manager

Reviewed By: Guy West, Projects Division Manager
Baltazar Mejia, Maintenance & Construction Assistant Director
Steve Hormuth, Director of Financial Services