



OPEN MEETING

REGULAR MEETING OF THE THIRD LAGUNA HILLS MUTUAL FINANCE COMMITTEE*

**Tuesday, June 6, 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 April 4, 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 April 30, 2023
 - b. Endorsements from Standing Committee
 - i. Maintenance and Construction Services – Approve a Supplemental Appropriation for Damage Restoration Reimbursement Backlog Case Load
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, August 1, 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
June 6, 2023
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Closed Session Agenda

Approval of the Agenda

Approval of the Meeting Report

Remarks of the Chair

Discuss legal Matters

Discuss Contractual Matters

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, April 4, 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, Jules Zalon, Moon Yun, S.K. Park, Andy Ginocchio

DIRECTORS ABSENT: None.

ADVISORS PRESENT: Wei Ming Tao

STAFF PRESENT: Steve Hormuth, Jose Campos, Guy West, Ada Montesinos

Call to Order

Director Donna Rane-Szostak, Treasurer, chaired and called the meeting to order at 1:31 p.m.

Approval of Meeting Agenda

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

Approval of Meeting Report for February 7, 2023

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 briefly shared that the start of the budget season has begun and she looks forward to receive the final report from the 2022 Audit.

Member Comments (Items Not on the Agenda)

A member discussed Third Mutual's insurance criteria not meeting Fannie Mae's eligibility requirement for loan support.

Department Head Update

Steve Hormuth, Director of Financial Services, shared that the 2022 Audit performed by KPMG will be finalized and final report will be issued on April 10th, 2023 and he briefly shared details about the 2024 Budget process.

Preliminary Financial Statements dated February 28, 2023

Jose Campos, Assistant Director of Financial Services, presented the Preliminary Financial Statements dated February 28, 2023. Questions and comments were noted by staff.

Approve and Endorse a Supplemental Appropriation for Emergency Roof Repairs

Guy West, Projects Division Manager, presented a recommendation for approval of a supplemental appropriation from the Reserves Fund for a purchase order amount of \$235,000 for emergency roofing repairs completed and projected for the remainder of 2023.

A motion was made by Director Ralph Engdahl to approve and endorse staff's recommendation. Discussion ensued. Director Ira Lewis suggested to increase the amount from \$235,000 to \$300,000. Director Engdahl amended the original motion to approve a supplemental appropriation from the Reserves Fund in the amount of \$300,000. Director Jules Zalon seconded. Hearing no objection, the amended motion passed by unanimous consent and will be presented at the next board meeting.

Endorsements from Standing Committees

None.

Future Agenda Items

None.

Committee Member Comments

None.

Date of Next Meeting

Tuesday, June 6, 2023 at 1:30 p.m.

Recess to Closed Session

The meeting recessed at 3:30 p.m.

Donna Rane-Szostak

[Donna Rane-Szostak \(Apr 12, 2023 16:13 PDT\)](#)

Donna Rane-Szostak, Chair



MEMORANDUM

To: Third Finance Committee
 From: Steve Hormuth, Director of Financial Services
 Date: June 6, 2023
 Re: Department Head Update

Financial Highlights

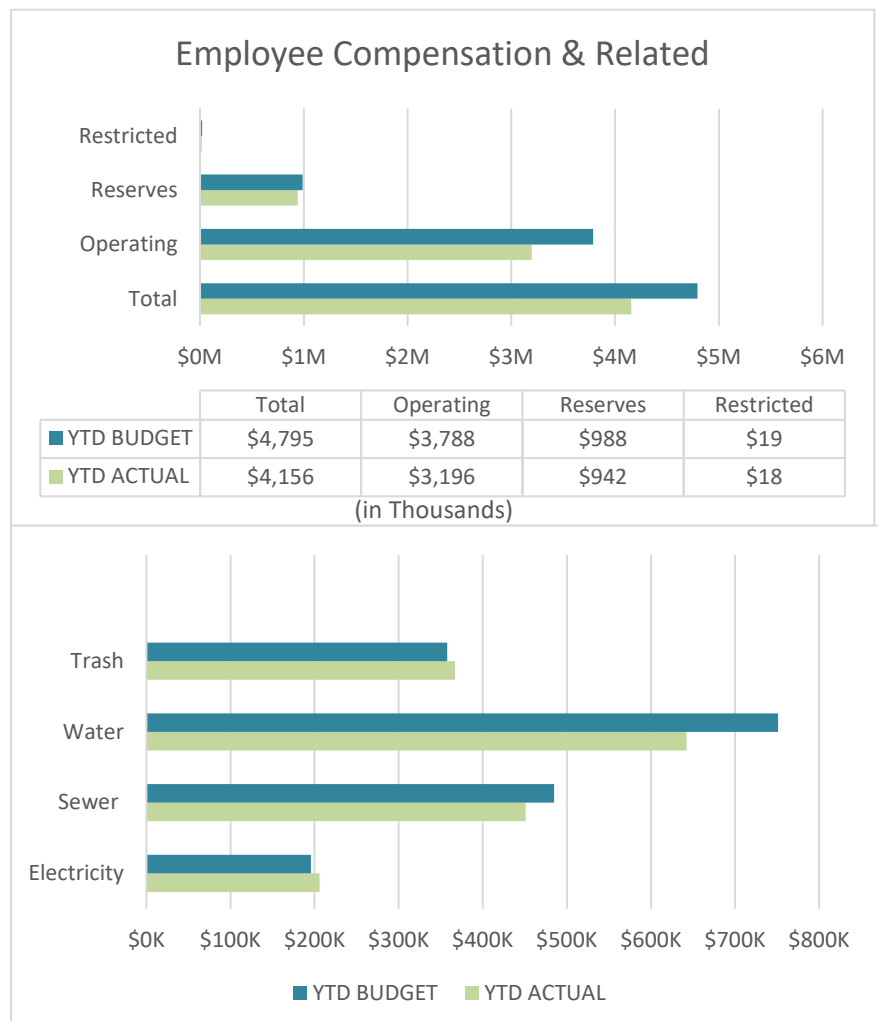
SUMMARY:

For the year-to-date period ending April 30, 2023, Third Laguna Hills Mutual was better than budget by \$1,862K primarily due to late start of programs affecting the areas of outside services and materials. Furthermore, favorable variance in compensation and related amounted to \$639K due to open positions.

INCOME STATEMENT (in Thousands)			
	Actual	Budget	Variance
Assessment Revenues	\$9,552	\$9,552	\$0
Other Revenues	\$983	\$815	\$167
Expenses	\$12,039	\$13,734	\$1,696
Revenue/(Expense)	\$2,757	\$894	\$1,862

COMPENSATION:

Actual compensation and related costs came in at \$4,156K with \$3,196K in operations, \$942K in reserves, and \$18K in restricted. Combined, this category is 13.3% 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 favorable to budget by \$124K primarily due to water and sewer. Water was favorable \$109K. Water Consumption in 2023 was 30% lower than budgeted due to water conservation efforts. Sewer was \$34K favorable resulting from lower sewer rates for domestic usage announced in July 2022.

Discussions

Budget: Third kicked off the 2024 Business Plan development in March by holding two meetings to review 2023 service levels. The Third Board also conducted a review of Version 1 of Maintenance & Construction, General Services, and Landscape budgets on May 31 and June 1. Budgets continue to be reviewed and adjusted and Version 2 will be reviewed on July 13.

Calendar

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, Version 2 – OPEN
Jul 18, 2023 @9:30 a.m. Third Board Meeting
Aug 1, 2023 @1:30 p.m. Third Finance Committee (May Financials)
Aug 4, 2023 @9:30 a.m. Third Board Agenda Prep
Aug 10, 2023 @9:30 a.m. Third Budget – Business Plan Review, Version 3 – TELEVISED – OPEN
Aug 15, 2023 @9:30 a.m. Third Board Meeting
Sep 1, 2023 @9:30 a.m. Third Board Agenda Prep
Sep 19, 2023 @9:30 a.m. Third Board Meeting

June 2023							July 2023							August 2023							September 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	2	3							1			1	2	3	4	5					1	2	
4	5	6	7	8	9	10	2	3	4	5	6	7	8	6	7	8	9	10	11	12	3	4	5	6	7	8	9
11	12	13	14	15	16	17	9	10	11	12	13	14	15	13	14	15	16	17	18	19	10	11	12	13	14	15	16
18	19	20	21	22	23	24	16	17	18	19	20	21	22	20	21	22	23	24	25	26	17	18	19	20	21	22	23
25	26	27	28	29	30		23	24	25	26	27	28	29	27	28	29	30	31			24	25	26	27	28	29	30
							30	31																			

Third Laguna Hills Mutual
Statement of Revenues & Expenses - Preliminary
4/30/2023
(\$ 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		\$9,552	\$9,552		\$9,534	\$28,657
2	Additions to restricted funds	1,065	1,065		4,260	4,260		4,270	12,780
3	Total assessments	3,453	3,453		13,812	13,812		13,804	41,437
Non-assessment revenues:									
4	Fees and charges for services to residents	87	90	(3)	430	355	75	315	1,075
5	Laundry	14	18	(3)	71	70	1	74	210
6	Investment income	104	35	69	282	140	142	44	420
7	Miscellaneous	54	63	(8)	199	251	(52)	218	753
8	Total non-assessment revenue	260	205	55	983	816	167	650	2,458
9	Total revenue	3,713	3,658	55	14,795	14,628	167	14,454	43,895
Expenses:									
10	Employee compensation and related	1,011	1,188	177	4,156	4,795	639	4,326	14,458
11	Materials and supplies	148	115	(32)	496	444	(52)	427	1,382
12	Utilities and telephone	395	392	(3)	1,666	1,790	124	1,701	5,977
13	Legal fees	17	34	17	107	124	17	27	393
14	Professional fees	38	12	(26)	50	50		14	149
15	Equipment rental	5	4	(1)	10	15	6	4	45
16	Outside services	894	762	(132)	2,050	2,830	780	810	9,390
17	Repairs and maintenance	24	32	8	100	126	26	99	379
18	Other Operating Expense	21	20	(1)	46	61	16	35	182
19	Insurance	768	744	(24)	2,963	2,974	12	2,515	8,923
20	Uncollectible Accounts	(15)	5	21	(24)	22	46	48	65
21	(Gain)/loss on sale or trade							4	
22	Depreciation and amortization	9	9		35	35		45	105
23	Net allocation to mutuals	99	116	18	384	467	84	462	1,412
24	Total expenses	3,412	3,433	22	12,039	13,734	1,696	10,516	42,861
25	Excess of revenues over expenses	\$301	\$225	\$76	\$2,757	\$894	\$1,862	\$3,939	\$1,034

Third Laguna Hills Mutual
Statement of Revenues & Expenses - By Fund Type - Preliminary
4/30/2023
(\$ 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	\$9,552	\$9,552								\$9,552	\$9,552	
2 Additions to restricted funds				3,930	3,930		330	330		4,260	4,260	
3 Total assessments	9,552	9,552		3,930	3,930		330	330		13,812	13,812	
Non-assessment revenues:												
4 Fees and charges for services to residents	428	355	73	2		2				430	355	75
5 Laundry	71	70	1							71	70	1
6 Investment income				216	140	76	67		67	282	140	142
7 Miscellaneous	199	251	(52)							199	251	(52)
8 Total non-assessment revenue	699	676	23	217	140	77	67		67	983	816	167
9 Total revenue	10,251	10,228	22	4,147	4,070	77	397	330	67	14,795	14,628	167
Expenses:												
10 Employee compensation and related	3,196	3,788	592	942	988	46	18	19	1	4,156	4,795	639
11 Materials and supplies	269	234	(35)	226	204	(23)	1	7	6	496	444	(52)
12 Utilities and telephone	1,664	1,785	121	2	5	2				1,666	1,790	124
13 Legal fees	107	124	17							107	124	17
14 Professional fees	50	50								50	50	
15 Equipment rental	3	3		7	12	5				10	15	6
16 Outside services	480	412	(68)	1,017	2,015	998	553	403	(150)	2,050	2,830	780
17 Repairs and maintenance	99	125	26	1	2	1				100	126	26
18 Other Operating Expense	39	53	14	6	8	2				46	61	16
19 Insurance	2,963	2,974	12							2,963	2,974	12
20 Uncollectible Accounts	(24)	22	46							(24)	22	46
21 (Gain)/loss on sale or trade												
22 Depreciation and amortization	35	35								35	35	
23 Net allocation to mutuals	327	402	74	55	65	9	1	1		384	467	84
24 Total expenses	9,208	10,006	798	2,257	3,298	1,041	574	431	(143)	12,039	13,734	1,696
25 Excess of revenues over expenses	\$1,043	\$223	\$820	\$1,891	\$772	\$1,119	(\$177)	(\$100)	(\$77)	\$2,757	\$894	\$1,862

**Third Laguna Hills Mutual
Operating Statement - Preliminary
4/30/2023
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
Revenues:					
Assessments:					
Operating					
41001000 - Monthly Assessments	\$9,552,259	\$9,552,495	(\$236)	0.00%	\$28,657,484
Total Operating	9,552,259	9,552,495	(236)	0.00%	28,657,484
Additions To Restricted Funds					
41002000 - Monthly Assessments - Disaster Fund	299,242	299,242	0	0.00%	897,726
41003500 - Monthly Assessments - Replacement Fund	3,758,832	3,758,832	0	0.00%	11,276,496
41004000 - Monthly Assessments - Elevator Replacement Fund	122,040	122,040	0	0.00%	366,120
41004500 - Monthly Assessments - Laundry Replacement Fund	48,816	48,816	0	0.00%	146,448
41006000 - Monthly Assessments - Garden Villa Recreation Room Fund	31,050	31,050	0	0.00%	93,150
Total Additions To Restricted Funds	4,259,980	4,259,980	0	0.00%	12,779,940
Total Assessments	13,812,239	13,812,475	(236)	0.00%	41,437,424
Non-Assessment Revenues:					
Fees and Charges for Services to Residents					
46501000 - Permit Fee	86,409	114,220	(27,811)	(24.35%)	342,660
46501500 - Inspection Fee	21,735	28,309	(6,573)	(23.22%)	84,928
46502000 - Resident Maintenance Fee	321,657	212,568	109,089	51.32%	647,532
Total Fees and Charges for Services to Residents	429,801	355,097	74,704	21.04%	1,075,119
Laundry					
46005000 - Coin Op Laundry Machine	71,438	70,000	1,438	2.05%	210,000
Total Laundry	71,438	70,000	1,438	2.05%	210,000
Investment Income					
49001000 - Investment Income - Nondiscretionary	52,616	0	52,616	0.00%	0
49002000 - Investment Income - Discretionary	229,806	140,000	89,806	64.15%	420,000
Investment Interest Income	282,423	140,000	142,423	101.73%	420,000
Miscellaneous					
46004500 - Resident Violations	6,100	21,148	(15,048)	(71.16%)	63,444
44501000 - Additional Occupant Fee	13,250	30,600	(17,350)	(56.70%)	91,805
44501510 - Lease Processing Fee - Third	76,290	83,264	(6,974)	(8.38%)	249,803
44502000 - Variance Processing Fee	1,500	5,294	(3,794)	(71.67%)	15,888
44502500 - Non-Sale Transfer Fee - Third	500	1,000	(500)	(50.00%)	3,000
44503520 - Resale Processing Fee - Third	39,296	54,400	(15,104)	(27.76%)	163,200
44505500 - Hoa Certification Fee	1,705	5,000	(3,295)	(65.91%)	15,000
44507000 - Golf Cart Electric Fee	21,631	22,332	(701)	(3.14%)	67,000
44507200 - Electric Vehicle Plug-In Fee	8,712	4,164	4,548	109.22%	12,500
44507500 - Cartport/Carport Space Rental Fee	960	1,464	(504)	(34.43%)	4,400
47001500 - Late Fee Revenue	27,460	20,332	7,128	35.06%	61,000
47002020 - Collection Administrative Fee - Third	0	400	(400)	(100.00%)	1,200
47002500 - Collection Interest Revenue	0	88	(88)	(100.40%)	273
47501000 - Recycling	1,828	1,332	496	37.24%	4,000
49009000 - Miscellaneous Revenue	(75)	0	(75)	0.00%	0
Total Miscellaneous	199,157	250,818	(51,662)	(20.60%)	752,512
Total Non-Assessment Revenue	982,818	815,915	166,903	20.46%	2,457,631
Total Revenue	14,795,057	14,628,390	166,667	1.14%	43,895,056
Expenses:					
Employee Compensation					
51011000 - Salaries & Wages - Regular	880,221	1,050,155	169,934	16.18%	3,220,777
51021000 - Union Wages - Regular	1,437,394	1,856,821	419,426	22.59%	5,647,830
51041000 - Wages - Overtime	4,994	7,846	2,852	36.35%	23,548
51051000 - Union Wages - Overtime	21,694	12,265	(9,429)	(76.88%)	36,808
51061000 - Holiday & Vacation	300,956	245,640	(55,317)	(22.52%)	749,370
51071000 - Sick	80,315	100,195	19,880	19.84%	305,664
51091000 - Missed Meal Penalty	1,323	1,197	(127)	(10.58%)	3,617
51101000 - Temporary Help	16,265	8,953	(7,312)	(81.66%)	26,863
51981000 - Compensation Accrual	174,267	0	(174,267)	0.00%	0

**Third Laguna Hills Mutual
Operating Statement - Preliminary
4/30/2023
THIRD LAGUNA HILLS MUTUAL**

	Actual	Budget	YEAR TO DATE VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
Total Employee Compensation	2,917,429	3,283,072	365,642	11.14%	10,014,478
Compensation Related					
52411000 - F.I.C.A.	205,363	248,840	43,477	17.47%	753,615
52421000 - F.U.I.	6,837	9,924	3,087	31.10%	9,924
52431000 - S.U.I.	26,146	50,427	24,281	48.15%	52,781
52441000 - Union Medical	570,679	647,974	77,295	11.93%	1,943,923
52451000 - Workers' Compensation Insurance	122,532	177,131	54,599	30.82%	539,543
52461000 - Non Union Medical & Life Insurance	112,395	150,977	38,582	25.55%	452,930
52471000 - Union Retirement Plan	147,908	180,765	32,856	18.18%	549,826
52481000 - Non-Union Retirement Plan	26,416	46,119	19,704	42.72%	141,446
52981000 - Compensation Related Accrual	20,421	0	(20,421)	0.00%	0
Total Compensation Related	1,238,698	1,512,157	273,460	18.08%	4,443,987
Materials and Supplies					
53001000 - Materials & Supplies	140,117	194,584	54,467	27.99%	580,244
53003000 - Materials Direct	355,844	248,493	(107,351)	(43.20%)	797,881
53004000 - Freight	539	1,283	745	58.01%	3,892
Total Materials and Supplies	496,500	444,360	(52,140)	(11.73%)	1,382,017
Utilities and Telephone					
53301000 - Electricity	205,857	195,748	(10,109)	(5.16%)	399,821
53301500 - Sewer	450,834	484,800	33,966	7.01%	1,494,600
53302000 - Water	642,321	751,378	109,057	14.51%	3,009,336
53302500 - Trash	366,737	357,641	(9,096)	(2.54%)	1,072,920
Total Utilities and Telephone	1,665,750	1,789,567	123,818	6.92%	5,976,677
Legal Fees					
53401500 - Legal Fees	107,091	124,163	17,072	13.75%	393,325
Total Legal Fees	107,091	124,163	17,072	13.75%	393,325
Professional Fees					
53402020 - Audit & Tax Preparation Fees - Third	35,500	15,888	(19,612)	(123.44%)	47,670
53403500 - Consulting Fees	8,438	3,754	(4,683)	(124.74%)	11,271
53403520 - Consulting Fees - Third	6,100	30,124	24,024	79.75%	90,416
Total Professional Fees	50,038	49,766	(271)	(0.54%)	149,357
Equipment Rental					
53501500 - Equipment Rental/Lease Fees	9,546	15,136	5,590	36.93%	44,576
Total Equipment Rental	9,546	15,136	5,590	36.93%	44,576
Outside Services					
53601000 - Bank Fees	(9,441)	12,439	21,879	175.90%	37,322
53601500 - Credit Card Transaction Fees	5,682	3,332	(2,350)	(70.52%)	10,000
53604500 - Marketing Expense	0	1,664	1,664	100.00%	5,000
54603500 - Outside Services Cost Collection	2,038,521	2,775,276	736,755	26.55%	9,223,931
53704000 - Outside Services	15,455	37,011	21,556	58.24%	114,213
Total Outside Services	2,050,217	2,829,721	779,504	27.55%	9,390,466
Repairs and Maintenance					
53701000 - Equipment Repair & Maint	1,193	4,232	3,039	71.82%	12,721
53703000 - Elevator /Lift Maintenance	98,643	122,084	23,441	19.20%	366,252
Total Repairs and Maintenance	99,836	126,316	26,480	20.96%	378,973
Other Operating Expense					
53801000 - Mileage & Meal Allowance	576	1,979	1,402	70.87%	5,960
53801500 - Travel & Lodging	0	572	572	100.00%	1,719
53802000 - Uniforms	19,625	29,001	9,376	32.33%	87,067
53802500 - Dues & Memberships	329	894	565	63.23%	2,423
53803000 - Subscriptions & Books	0	540	540	100.00%	1,628
53803500 - Training & Education	2,382	5,954	3,572	59.99%	18,166
53903000 - Safety	107	329	223	67.65%	993
54001020 - Board Relations - Third	1,685	3,332	1,647	49.42%	10,000
54002000 - Postage	20,894	18,619	(2,275)	(12.22%)	53,780
54002500 - Filing Fees / Permits	176	166	(10)	(5.79%)	514
Total Other Operating Expense	45,774	61,386	15,612	25.43%	182,251
Insurance					
54401000 - Hazard & Liability Insurance	324,563	323,510	(1,053)	(0.33%)	970,532

**Third Laguna Hills Mutual
Operating Statement - Preliminary
4/30/2023
THIRD LAGUNA HILLS MUTUAL**

	YEAR TO DATE				TOTAL
	Actual	Budget	VAR\$ B/(W)	VAR% B/(W)	BUDGET
54401500 - D&O Liability	19,593	31,950	12,357	38.68%	95,850
54402000 - Property Insurance	2,615,973	2,616,649	676	0.03%	7,849,953
54403000 - General Liability Insurance	2,819	2,357	(461)	(19.57%)	7,072
Total Insurance	2,962,948	2,974,466	11,518	0.39%	8,923,407
Uncollectible Accounts					
54602000 - Bad Debt Expense	(23,996)	21,664	45,660	210.76%	65,000
Total Uncollectible Accounts	(23,996)	21,664	45,660	210.76%	65,000
Depreciation and Amortization					
55001000 - Depreciation And Amortization	34,976	34,976	0	0.00%	104,928
Total Depreciation and Amortization	34,976	34,976	0	0.00%	104,928
Net Allocation to Mutuals					
54602500 - Allocated Expenses	383,725	467,467	83,742	17.91%	1,412,025
Total Net Allocation to Mutuals	383,725	467,467	83,742	17.91%	1,412,025
Total Expenses	12,038,531	13,734,219	1,695,687	12.35%	42,861,467
Excess of Revenues Over Expenses	\$2,756,526	\$894,171	\$1,862,354	208.28%	\$1,033,589

**Third Laguna Hills Mutual
Balance Sheet - Preliminary
4/30/2023**

		<u>Current Month End</u>	<u>Prior Year December 31</u>
	Assets		
1	Cash and cash equivalents	\$1,189,992	\$862,027
2	Non-discretionary investments	8,414,565	4,990,008
3	Discretionary investments	25,488,820	25,182,483
4	Receivable/(Payable) from mutuals	1,091,070	1,346,302
5	Accounts receivable and interest receivable	321,139	272,271
6	Prepaid expenses and deposits	927,744	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	4,915,235	4,950,211
10	Non-controlling interest in GRF	42,272,100	42,272,100
11	Total Assets	<u>\$84,620,665</u>	<u>\$83,207,936</u>
	Liabilities and Fund Balances		
	Liabilities:		
12	Accounts payable and accrued expenses	\$1,569,569	\$2,885,835
13	Accrued compensation and related costs	598,365	598,365
14	Deferred income	624,115	651,645
15	Income tax payable	(31,029)	(31,029)
16	Total liabilities	<u>\$2,761,020</u>	<u>\$4,104,816</u>
	Fund balances:		
17	Fund balance prior years	79,103,120	74,108,394
18	Change in fund balance - current year	2,756,526	4,994,727
19	Net fund balances	<u>81,859,646</u>	<u>79,103,120</u>
20	Total fund balances	<u>81,859,646</u>	<u>79,103,120</u>
21	Total Liabilities and Fund Balances	<u>\$84,620,665</u>	<u>\$83,207,936</u>

**Third Laguna Hills Mutual
Fund Balance Sheet - Preliminary
4/30/2023**

	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	\$175,193	\$44,756	\$208,806	\$1,438	\$40,589	\$58,793	\$660,417	\$1,189,992
2 Non-discretionary investments		2,949,735	642,387	51,797	23,770	3,517,884	1,228,991	8,414,565
3 Discretionary investments		19,956,616	1,939,917	266,442	71,927	2,710,219	543,698	25,488,820
4 Receivable/(Payable) from mutuals	1,091,070							1,091,070
5 Receivable/(Payable) from operating fund	1,044,635	(2,482,836)					1,438,201	
6 Accounts receivable and interest receivable	256,316					64,823		321,139
7 Prepaid expenses and deposits	927,744							927,744
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	4,915,235							4,915,235
11 Non-controlling interest in GRF	42,272,100							42,272,100
12 Total Assets	<u>\$50,682,294</u>	<u>\$20,468,272</u>	<u>\$2,791,110</u>	<u>\$319,677</u>	<u>\$136,286</u>	<u>\$6,351,719</u>	<u>\$3,871,307</u>	<u>\$84,620,665</u>
Liabilities and Fund Balances								
Liabilities:								
13 Accounts payable and accrued expenses	\$790,121	\$488,099				\$285,076	\$6,272	\$1,569,568
14 Accrued compensation and related costs	598,365							598,365
15 Deferred income	624,115							624,115
16 Income tax payable	(31,029)							(31,029)
17 Total liabilities	<u>\$1,981,573</u>	<u>\$488,099</u>				<u>\$285,076</u>	<u>\$6,272</u>	<u>\$2,761,020</u>
Fund balances:								
18 Fund balance prior years	47,657,797	18,219,267	2,647,544	333,625	111,427	6,278,965	3,854,496	79,103,120
19 Change in fund balance - current year	1,042,925	1,760,905	143,566	(13,948)	24,860	(212,321)	10,539	2,756,526
20 Net fund balances	<u>48,700,722</u>	<u>19,980,172</u>	<u>2,791,110</u>	<u>319,677</u>	<u>136,286</u>	<u>6,066,643</u>	<u>3,865,035</u>	<u>81,859,646</u>
21 Total fund balances	<u>48,700,722</u>	<u>19,980,172</u>	<u>2,791,110</u>	<u>319,677</u>	<u>136,286</u>	<u>6,066,643</u>	<u>3,865,035</u>	<u>81,859,646</u>
22 Total Liabilities and Fund Balances	<u>\$50,682,294</u>	<u>\$20,468,272</u>	<u>\$2,791,110</u>	<u>\$319,677</u>	<u>\$136,286</u>	<u>\$6,351,719</u>	<u>\$3,871,307</u>	<u>\$84,620,665</u>

**Third Laguna Hills Mutual
Changes in Fund Balances - Preliminary
4/30/2023**

	Operating Fund	Replacement Fund	Elevator Replacement Fund	Laundry Replacement Fund	Garden Villa Rec Room Fund	Disaster Fund	Unappropriated Expenditures Fund	Total
Revenues:								
Assessments:								
1 Operating	\$9,552,259							\$9,552,259
2 Additions to restricted funds		3,758,832	122,040	48,816	31,050	299,242		4,259,980
3 Total assessments	9,552,259	3,758,832	122,040	48,816	31,050	299,242		13,812,239
Non-assessment revenues:								
4 Fees and charges for services to residents	427,901	1,900						429,801
5 Laundry	71,438							71,438
6 Interest income		190,468	21,526	3,719	798	49,101	16,812	282,423
7 Miscellaneous	199,311	(154)						199,157
8 Total non-assessment revenue	698,649	192,214	21,526	3,719	798	49,101	16,812	982,818
9 Total revenue	10,250,908	3,951,046	143,566	52,535	31,848	348,343	16,812	14,795,057
Expenses:								
10 Employee compensation and related	3,195,937	932,676		9,185	6,162	12,167		4,156,127
11 Materials and supplies	269,180	169,990		56,323	286	721		496,500
12 Utilities and telephone	1,663,511	2,162			6	70		1,665,750
13 Legal fees	107,091							107,091
14 Professional fees	50,038							50,038
15 Equipment rental	2,608	6,750			24	164		9,546
16 Outside services	479,865	1,017,171			1	546,908	6,272	2,050,217
17 Repairs and maintenance	98,974	843			3	16		99,836
18 Other Operating Expense	39,357	6,237		62	41	77		45,774
19 Insurance	2,962,948							2,962,948
20 Uncollectible Accounts	(23,996)							(23,996)
21 Depreciation and amortization	34,976							34,976
22 Net allocations to mutuals	327,496	54,311		912	464	541		383,725
23 Total expenses	9,207,983	2,190,140		66,483	6,988	560,664	6,272	12,038,531
24 Excess (deficit) of revenues over expenses	\$1,042,925	\$1,760,905	\$143,566	(\$13,948)	\$24,860	(\$212,321)	\$10,539	\$2,756,526
25 Excluding unrealized gain/(loss) and depreciation	\$1,077,901	\$1,760,905	\$143,566	(\$13,948)	\$24,860	(\$212,321)	\$10,539	\$2,791,502

**THIRD LAGUNA WOODS MUTUAL
NON-DISCRETIONARY INVESTMENTS HELD BY BANK OF AMERICA
SCHEDULE OF INVESTMENTS
4/30/23**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECT. YIELD	ORIGINAL COST	BOOK VALUE	4/30/2023	
									MARKET VALUE	UNREALIZED GAIN/(LOSS)
912796ZE2	U.S. TREASURY BILL	0.00%	4/28/2023	5/11/2023	\$1,000,000.00	3.650%	\$999,000.00	\$999,000.00	-	\$0.00
912796ZP7	U.S. TREASURY BILL	0.00%	4/28/2023	6/8/2023	\$2,000,000.00	4.380%	\$1,990,922.22	\$1,990,922.22	-	\$0.00
912797FP7	U.S. TREASURY BILL	0.00%	4/28/2023	6/20/2023	\$3,000,000.00	4.590%	\$2,981,250.00	\$2,981,250.00	-	\$0.00
912796ZS1	U.S. TREASURY BILL	0.00%	1/5/2023	7/6/2023	\$1,000,000.00	4.570%	\$977,705.00	\$992,088.86	991,048.75	(\$1,040.11)
912796XY0	U.S. TREASURY BILL	0.00%	2/8/2023	8/10/2023	\$1,500,000.00	4.660%	\$1,465,687.50	\$1,479,984.38	1,479,385.49	(\$598.89)
TOTAL INVESTMENTS: INTENT TO HOLD FOR SHORT-TERM					<u>\$8,500,000.00</u>		<u>\$8,414,564.72</u>	<u>\$8,443,245.46</u>	<u>\$2,470,434.24</u>	<u>(1,639.00)</u>

**THIRD LAGUNA WOODS MUTUAL
DISCRETIONARY INVESTMENTS HELD BY BANK OF AMERICA
SCHEDULE OF INVESTMENTS
4/30/23**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECT. YIELD	ORIGINAL COST	BOOK VALUE	MARKET VALUE	UNREALIZED GAIN/(LOSS)
912796ZQ5	U.S. TREASURY BILL	0.00%	3/24/2023	6/22/2023	\$6,441,000.00	4.400%	\$6,371,759.25	\$6,400,051.17	6,396,005.17	(\$4,046.00)
912796CR8	U.S. TREASURY BILL	0.00%	3/24/2023	9/21/2023	\$6,515,000.00	4.500%	\$6,372,511.52	\$6,401,622.07	6,391,097.66	(\$10,524.41)
912796ZN2	U.S. TREASURY BILL	0.00%	3/24/2023	12/28/2023	\$6,571,000.00	4.040%	\$6,372,391.53	\$6,399,442.15	6,379,097.16	(\$20,344.99)
912797LL9	U.S. TREASURY BILL	0.00%	3/24/2023	3/21/2024	\$6,633,000.00	4.070%	\$6,372,157.28	\$6,398,802.50	6,356,737.87	(\$42,064.63)
TOTAL INVESTMENTS: INTENT TO HOLD FOR LONG-TERM					<u>26,160,000.00</u>		<u>25,488,819.58</u>	<u>\$25,599,917.89</u>	<u>\$25,522,937.86</u>	<u>(\$76,980.03)</u>
TOTAL INVESTMENTS					<u>\$ 34,660,000.00</u>		<u>\$ 33,903,384.30</u>	<u>\$ 34,043,163.35</u>	<u>\$ 27,993,372.10</u>	

Third Laguna Hills Mutual
Supplemental Appropriation Schedule
Period Ending: 4/30/2023

Fund/Item	Resolution	BUDGET	EXPENDITURES I-T-D*			Remaining Ecumbrance
		Total Appropriations	2023	Prior Years	Total	
Unappropriated Expenditures Fund						
Mitigation of Nuisance Seepage - Gate 11	3-22-54	34,960	6,272	7,009	13,281	21,679
Funding for Turf Reduction Projects	3-23-137	151,000	0	0	0	151,000
Total		\$185,960	\$6,272	\$7,009	\$13,281	\$172,679

*Incurred To Date

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF APRIL 30, 2023**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET *	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
OPERATING FUND - MAINTENANCE & CONSTRUCTION								
APPLIANCE REPAIRS	\$6,698	\$8,286	\$27,791	\$31,146	\$98,270	28%	\$3,355	11%
CARPENTRY SERVICE	44,476	47,745	175,553	181,551	568,563	31%	5,998	3%
ELECTRICAL SERVICE	8,866	9,579	40,075	37,380	115,140	35%	(2,695)	(7%)
FIRE PROTECTION	11,515	13,413	27,765	36,967	144,347	19%	9,202	25%
MISC REPAIRS BY OUTSIDE SERVICE	715	4,055	2,547	16,220	48,664	5%	13,673	84%
PEST CONTROL	(18,825)	29,998	1,428	119,992	360,000	0%	118,564	99%
PLUMBING SERVICE	54,188	61,413	230,655	247,557	744,807	31%	16,902	7%
SOLAR MAINTENANCE	4,219	3,500	12,956	7,000	35,000	37%	(5,956)	(85%)
STREET LIGHT MAINTENANCE	0	1,416	2,641	5,664	17,000	16%	3,023	53%
TOTAL	\$111,851	\$179,405	\$521,412	\$683,478	\$2,131,791	24%	\$162,066	24%
OPERATING FUND - GENERAL SERVICES								
CONCRETE REPAIR/REPLACEMENT	\$28,227	\$30,611	\$108,077	\$123,519	\$371,540	29%	\$15,442	13%
JANITORIAL SERVICE	72,635	77,819	295,879	315,613	949,851	31%	19,734	6%
GUTTER CLEANING	10,187	13,311	37,102	53,653	161,337	23%	16,551	31%
TRAFFIC CONTROL	1,789	1,815	6,694	7,330	22,058	30%	636	9%
WELDING	8,605	9,139	30,463	36,886	110,964	27%	6,423	17%
TOTAL	\$121,443	\$132,696	\$478,215	\$537,002	\$1,615,751	30%	\$58,787	11%
OPERATING FUND - LANDSCAPE SERVICES								
LANDSCAPE ADMINISTRATION	\$26,886	\$29,505	\$110,322	\$118,086	\$358,085	31%	\$7,764	7%
NURSERY & COMPOSTING	13,528	20,596	71,700	83,129	250,331	29%	11,429	14%
GROUNDS MAINTENANCE	279,779	271,717	995,956	1,101,609	3,308,668	30%	105,653	10%
IRRIGATION	62,187	85,586	250,247	345,253	1,039,801	24%	95,006	28%
SMALL EQUIPMENT REPAIR	12,697	17,141	57,878	69,209	208,268	28%	11,330	16%
PEST CONTROL	18,215	34,034	111,779	137,387	413,641	27%	25,608	19%
TOTAL	\$413,293	\$458,579	\$1,597,882	\$1,854,673	\$5,578,793	29%	\$256,791	14%

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF APRIL 30, 2023**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET *	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
REPLACEMENT FUND - MAINTENANCE & CONSTRUCTION								
BUILDING STRUCTURES	210,488	174,527	427,612	676,699	2,054,840	21%	249,085	37%
ELECTRICAL SYSTEMS	0	2,500	0	10,000	30,000	0%	10,000	100%
EXTERIOR LIGHTING	0	1,041	0	4,164	12,500	0%	4,164	100%
FENCING	5,270	7,160	23,764	24,845	82,765	29%	1,081	4%
GARDEN VILLA MAILROOM	22	36	94	143	431	22%	49	34%
GV REC ROOM WATER HEATER/HEAT PUMP	70	435	312	1,743	5,245	6%	1,431	82%
GUTTER REPLACEMENTS	5,146	9,463	19,953	36,836	113,127	18%	16,883	46%
MAILBOXES	956	2,084	3,833	8,376	25,180	15%	4,543	54%
PAINT PROGRAM - EXTERIOR	137,165	131,563	490,979	531,138	1,597,812	31%	40,159	8%
PRIOR TO PAINT	91,335	96,174	355,680	387,946	1,167,546	30%	32,265	8%
PAVING	0	0	0	0	439,421	0%	0	0%
ROOF REPLACEMENTS	(43,500)	119,658	89,579	453,748	1,468,968	6%	364,169	80%
WALL REPLACEMENTS	0	2,916	0	11,664	35,000	0%	11,664	100%
WASTE LINE REMEDIATION	28,622	83,333	139,989	333,332	1,000,000	14%	193,343	58%
WATER LINES - COPPER PIPE REMEDIATION	118,065	41,666	129,103	166,664	500,000	26%	37,561	23%
PLUMBING REPLACEMENT	0	16,666	0	66,664	200,000	0%	66,664	100%
TOTAL	\$553,639	\$689,222	\$1,680,899	\$2,713,962	\$8,732,835	19%	\$1,033,063	38%
REPLACEMENT FUND - GENERAL SERVICES								
PRIOR TO PAINT	\$1,024	\$1,045	\$3,730	\$4,221	\$12,700	29%	\$490	12%
PAVING	5,080	5,287	18,501	21,352	64,253	29%	2,851	13%
EXTERIOR WALLS	0	2,012	0	8,048	24,150	0%	8,048	100%
TOTAL	\$6,104	\$8,344	\$22,232	\$33,620	\$101,103	22%	\$11,389	34%
REPLACEMENT FUND - LANDSCAPE SERVICES								
LANDSCAPE MODIFICATION	\$44,517	\$53,851	\$167,549	\$136,887	\$541,671	31%	(\$30,663)	(22%)
IMPROVEMENT & RESTORATION	17,533	14,587	49,302	59,188	177,744	28%	9,887	17%
TREE MAINTENANCE	144,375	74,526	270,158	299,370	899,814	30%	29,212	10%
TOTAL	\$206,425	\$142,964	\$487,010	\$495,445	\$1,619,229	30%	\$8,436	2%
ELEVATOR REPLACEMENT FUND								
ELEVATOR REPLACEMENT	\$0	\$15,625	\$0	\$15,625	\$125,000	0%	\$15,625	100%
TOTAL	\$0	\$15,625	\$0	\$15,625	\$125,000	0%	\$15,625	100%

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF APRIL 30, 2023**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET *	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
LAUNDRY REPLACEMENT FUND								
LAUNDRY APPLIANCES	\$18,510	\$8,438	\$62,497	\$33,824	\$101,579	62%	(\$28,672)	(85%)
LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	993	1,316	3,986	5,313	59,567	7%	1,327	25%
TOTAL	\$19,504	\$9,754	\$66,483	\$39,138	\$161,145	41%	(\$27,345)	(70%)
DISASTER FUND - MAINTENANCE & CONSTRUCTION								
MOISTURE INTRUSION - RAIN LEAKS	\$163,795	\$21,666	\$251,702	\$86,664	\$260,000	97%	(\$165,038)	(190%)
MOISTURE INTRUSION - PLUMBING LEAKS	78,572	41,666	234,312	166,664	500,000	47%	(67,648)	(41%)
MOISTURE INTRUSION - PLUMBING STOPPAGES	19,732	7,500	38,088	15,000	75,000	51%	(23,088)	(154%)
MOISTURE INTRUSION - MISCELLANEOUS	1,429	1,166	18,955	4,664	14,000	135%	(14,291)	(306%)
DAMAGE RESTORATION SERVICES	3,443	16,574	17,607	66,433	199,470	9%	48,826	73%
TOTAL	\$266,971	\$88,572	\$560,664	\$339,425	\$1,048,470	53%	(\$221,240)	(65%)
DISASTER FUND - LANDSCAPE SERVICES								
RISK FIRE MANAGEMENT	\$0	\$15,000	\$0	\$60,000	\$180,000	0%	\$60,000	100%
TOTAL	\$0	\$15,000	\$0	\$60,000	\$180,000	0%	\$60,000	100%
GARDEN VILLA RECREATION ROOM FUND								
GARDEN VILLA RECREATION ROOMS	\$1,694	\$7,771	\$6,988	\$31,163	\$93,642	7%	\$24,175	78%
TOTAL	\$1,694	\$7,771	\$6,988	\$31,163	\$93,642	7%	\$24,175	78%

**RESERVE EXPENDITURES COMPARED TO RESERVE STUDY
AS PRESENTED IN THE 2023 BUSINESS PLAN
AS OF APRIL 30, 2023**

	2023	2023	2023	2023	2023
	YTD Actual	YTD Budget	YTD Variance	Annual Budget	% Expended
Paved Surfaces	\$18,501	\$21,352	\$2,850	\$503,674	4%
Roofing & Gutters	\$109,533	\$557,248	\$447,716	\$1,782,095	6%
Building Structures	\$427,612	\$660,035	\$232,422	\$2,004,840	21%
Decking Projects	\$103,871	\$136,601	\$32,730	\$410,998	25%
Prior to Painting & Painting Projects	\$746,519	\$803,368	\$56,849	\$2,417,060	31%
Elevators	\$0	\$15,625	\$15,625	\$125,000	0%
Garden Villas	\$407	\$1,887	\$1,480	\$5,676	7%
Lighting Replacement Projects	\$0	\$4,164	\$4,164	\$12,500	0%
Walls, Fencing, and Railings	\$23,764	\$45,489	\$21,725	\$144,721	16%
Laundry Facilities	\$66,483	\$38,206	(\$28,277)	\$158,339	42%
Sewer Lines, Water Lines and Elect	\$269,092	\$509,996	\$240,904	\$1,530,000	18%
Grounds & Miscellaneous	\$3,833	\$8,376	\$4,543	\$25,180	15%
Landscape Projects	\$487,010	\$495,445	\$8,436	\$1,919,229	25%
Total	\$2,256,623	\$3,297,790	\$1,041,167	\$11,039,312	20%

**THIRD LAGUNA HILLS
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES
REPORT AS OF APRIL 30, 2023**

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

APPLIANCE REPAIRS	\$27,791	\$24,522	\$3,269	\$0
CARPENTRY SERVICE	175,553	157,853	17,700	0
ELECTRICAL SERVICE	40,075	34,048	5,036	991
FIRE PROTECTION	27,765	1,550	303	25,912
MISC REPAIRS BY OUTSIDE SERVICE	2,547	0	0	2,547
PEST CONTROL	1,428	0	0	1,428
PLUMBING SERVICE	230,655	179,849	23,132	27,675
SOLAR MAINTENANCE	12,956	0	0	12,956
STREET LIGHT MAINTENANCE	2,641	0	0	2,641
TOTAL	\$521,412	\$397,822	\$49,440	\$74,150

OPERATING FUND - GENERAL SERVICES

CONCRETE REPAIR/REPLACEMENT	\$108,077	\$98,093	\$7,299	\$2,685
JANITORIAL SERVICE	295,879	288,782	7,097	0
GUTTER CLEANING	37,102	37,102	0	0
TRAFFIC CONTROL	6,694	6,515	179	0
WELDING	30,463	29,891	573	0
TOTAL	\$478,215	\$460,383	\$15,148	\$2,685

OPERATING EXPENDITURES - LANDSCAPE SERVICES

LANDSCAPE ADMINISTRATION	\$110,322	\$110,322	\$0	\$0
NURSERY & COMPOSTING	71,700	71,700	0	0
GROUPS MAINTENANCE	995,956	807,819	0	188,138
IRRIGATION	250,247	224,411	25,836	0
SMALL EQUIPMENT REPAIR	57,878	57,878	0	0
PEST CONTROL	111,779	111,779	0	0
TOTAL	\$1,597,882	\$1,383,909	\$25,836	\$188,138

OPERATING - CHARGEABLE SERVICES

CHARGEABLE SERVICES	\$333,178	\$52,592	\$75,416	\$205,170
TOTAL	\$333,178	\$52,592	\$75,416	\$205,170

RESERVE FUND - MAINTENANCE & CONSTRUCTION

BUILDING NUMBERS	\$0	\$0	\$0	\$0
BUILDING STRUCTURES	427,612	57,968	17,906	351,739
ELECTRICAL SYSTEMS	0	0	0	0
ENERGY PROJECTS	0	0	0	0
EXTERIOR LIGHTING	0	0	0	0
FENCING	23,764	20,045	3,718	0
GARDEN VILLA LOBBY	0	0	0	0
GARDEN VILLA MAILROOM	94	94	0	0
GARDEN VILLA RECESSED AREA	0	0	0	0
GV REC ROOM WATER HEATER/HEAT PUMP	312	299	13	0
GUTTER REPLACEMENTS	19,953	18,245	1,708	0
MAILBOXES	3,833	3,833	0	0
PAINT PROGRAM - EXTERIOR	490,979	415,770	75,209	0
PRIOR TO PAINT	355,680	319,286	35,274	1,120
PAVING	0	0	0	0
ROOF REPLACEMENTS	89,579	0	0	89,579
SUPPLEMENTAL APPROPRIATIONS	0	0	0	0
WALL REPLACEMENTS	0	0	0	0
WASTE LINE REMEDIATION	139,989	0	0	139,989
WATER LINES - COPPER PIPE REMEDIATION	129,103	0	111	128,992
PLUMBING REPLACEMENT	0	0	0	0
TOTAL	\$1,680,899	\$835,541	\$133,939	\$711,420

**THIRD LAGUNA HILLS
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES
REPORT AS OF APRIL 30, 2023**

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

PRIOR TO PAINT	\$3,730	\$3,730	\$0	\$0
PAVING	18,501	18,501	0	0
EXTERIOR WALLS	0	0	0	0
TOTAL	\$22,232	\$22,232	\$0	\$0

RESERVE FUND - LANDSCAPE

LANDSCAPE MODIFICATION	\$167,549	\$3,864	\$0	\$163,685
IMPROVEMENT & RESTORATION	49,302	49,302	0	0
TREE MAINTENANCE	270,158	130,054	0	140,105
TOTAL	\$487,010	\$183,220	\$0	\$303,790

RESERVE FUND - ELEVATOR

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

RESERVE FUND - LAUNDRY

LAUNDRY APPLIANCES	\$62,497	\$6,635	\$55,861	\$0
LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	3,986	3,986	0	0
TOTAL	\$66,483	\$10,621	\$55,861	\$0

DISASTER FUND - MAINTENANCE & CONSTRUCTION

MOISTURE INTRUSION - RAIN LEAKS	\$251,702	\$0	\$0	\$251,702
MOISTURE INTRUSION - PLUMBING LEAKS	234,312	0	0	234,312
MOISTURE INTRUSION - PLUMBING STOPPAGES	38,088	0	0	38,088
MOISTURE INTRUSION - MISCELLANEOUS	18,955	0	0	18,955
DAMAGE RESTORATION SERVICES	17,607	13,564	203	3,840
TOTAL	\$560,664	\$13,564	\$203	\$546,898

DISASTER FUND - LANDSCAPE SERVICES

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

GARDEN VILLA REC ROOM FUND - MAINTENANCE & CONSTRUCTION

GARDEN VILLA RECREATION ROOMS	\$6,988	\$6,988	\$0	\$0
TOTAL	\$6,988	\$6,988	\$0	\$0

**THIRD LAGUNA HILLS
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES
REPORT AS OF APRIL 30, 2023**

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

APPLIANCE REPAIRS	\$0	\$0	\$0
CARPENTRY SERVICE	0	5,832	5,832
ELECTRICAL SERVICE	991	500	(491)
FIRE PROTECTION	25,912	34,908	8,996
MISC REPAIRS BY OUTSIDE SERVICE	2,547	16,220	13,673
PEST CONTROL	1,428	119,992	118,564
PLUMBING SERVICE	27,675	31,664	3,989
SOLAR MAINTENANCE	12,956	7,000	(5,956)
STREET LIGHT MAINTENANCE	2,641	5,664	3,023
TOTAL	\$74,150	\$221,780	\$147,630

OPERATING FUND - GENERAL SERVICES

CONCRETE REPAIR/REPLACEMENT	\$2,685	\$0	(\$2,685)
JANITORIAL SERVICE	0	0	0
GUTTER CLEANING	0	12,664	12,664
TRAFFIC CONTROL	0	0	0
WELDING	0	3,332	3,332
TOTAL	\$2,685	\$15,996	\$13,311

OPERATING EXPENDITURES - LANDSCAPE SERVICES

LANDSCAPE ADMINISTRATION	\$0	\$0	\$0
NURSERY & COMPOSTING	0	0	0
GROUNDS MAINTENANCE	188,138	0	(188,138)
IRRIGATION	0	0	0
SMALL EQUIPMENT REPAIR	0	0	0
PEST CONTROL	0	0	0
TOTAL	\$188,138	\$0	(\$188,138)

OPERATING - CHARGEABLE SERVICES

CHARGEABLE SERVICES	\$205,170	\$122,298	(82,872)
TOTAL	\$205,170	\$122,298	(82,872)

OPERATING - SECURITY SERVICES

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

**THIRD LAGUNA HILLS
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES
REPORT AS OF APRIL 30, 2023**

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

BUILDING STRUCTURES	351,739	587,816	236,077
EXTERIOR LIGHTING	0	4,164	4,164
FENCING	0	0	0
GARDEN VILLA LOBBY	0	0	0
GARDEN VILLA MAILROOM	0	0	0
GV REC ROOM WATER HEATER/HEAT PUMP	0	756	756
GUTTER REPLACEMENTS	0	16,664	16,664
MAILBOXES	0	0	0
PAINT PROGRAM - EXTERIOR	0	19,160	19,160
PRIOR TO PAINT	1,120	18,332	17,212
PAVING	0	0	0
ROOF REPLACEMENTS	89,579	453,748	364,169
WALL REPLACEMENTS	0	11,664	11,664
WASTE LINE REMEDIATION	139,989	333,332	193,343
WATER LINES - COPPER PIPE REMEDIATION	128,992	166,664	37,672
TOTAL	\$711,420	\$1,688,964	\$977,544

RESERVE FUND - GENERAL SERVICES

PRIOR TO PAINT	\$0	\$0	\$0
PAVING	0	0	0
EXTERIOR WALLS	0	8,048	8,048
TOTAL	\$0	\$8,048	\$8,048

RESERVE FUND - LANDSCAPE

LANDSCAPE MODIFICATION	\$163,685	\$130,941	(\$32,744)
IMPROVEMENT & RESTORATION	0	0	0
TREE MAINTENANCE	140,105	167,704	27,599
TOTAL	\$303,790	\$298,645	(\$5,145)

RESERVE FUND - ELEVATOR

ELEVATOR REPLACEMENT	\$0	\$15,625	\$15,625
TOTAL	\$0	\$15,625	\$15,625

RESERVE FUND - LAUNDRY

LAUNDRY APPLIANCES	\$0	\$932	\$932
LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	0	0	0
TOTAL	\$0	\$932	\$932

**THIRD LAGUNA HILLS
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES
REPORT AS OF APRIL 30, 2023**

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

MOISTURE INTRUSION - RAIN LEAKS	\$251,702	\$86,664	(\$165,038)
MOISTURE INTRUSION - PLUMBING LEAKS	234,312	166,664	(67,648)
MOISTURE INTRUSION - PLUMBING STOPPAGES	38,088	15,000	(23,088)
MOISTURE INTRUSION - MISCELLANEOUS	18,955	4,664	(14,291)
DAMAGE RESTORATION SERVICES	3,840	51,664	47,824
TOTAL	\$546,898	\$324,656	(\$222,242)

DISASTER FUND - LANDSCAPE SERVICES

RISK FIRE MANAGEMENT	\$0	\$60,000	\$60,000
SUPPLEMENTAL APPROPRIATIONS	\$0	\$0	\$0
TOTAL	\$0	\$60,000	\$60,000

DISASTER FUND - FINANCIAL SERVICES

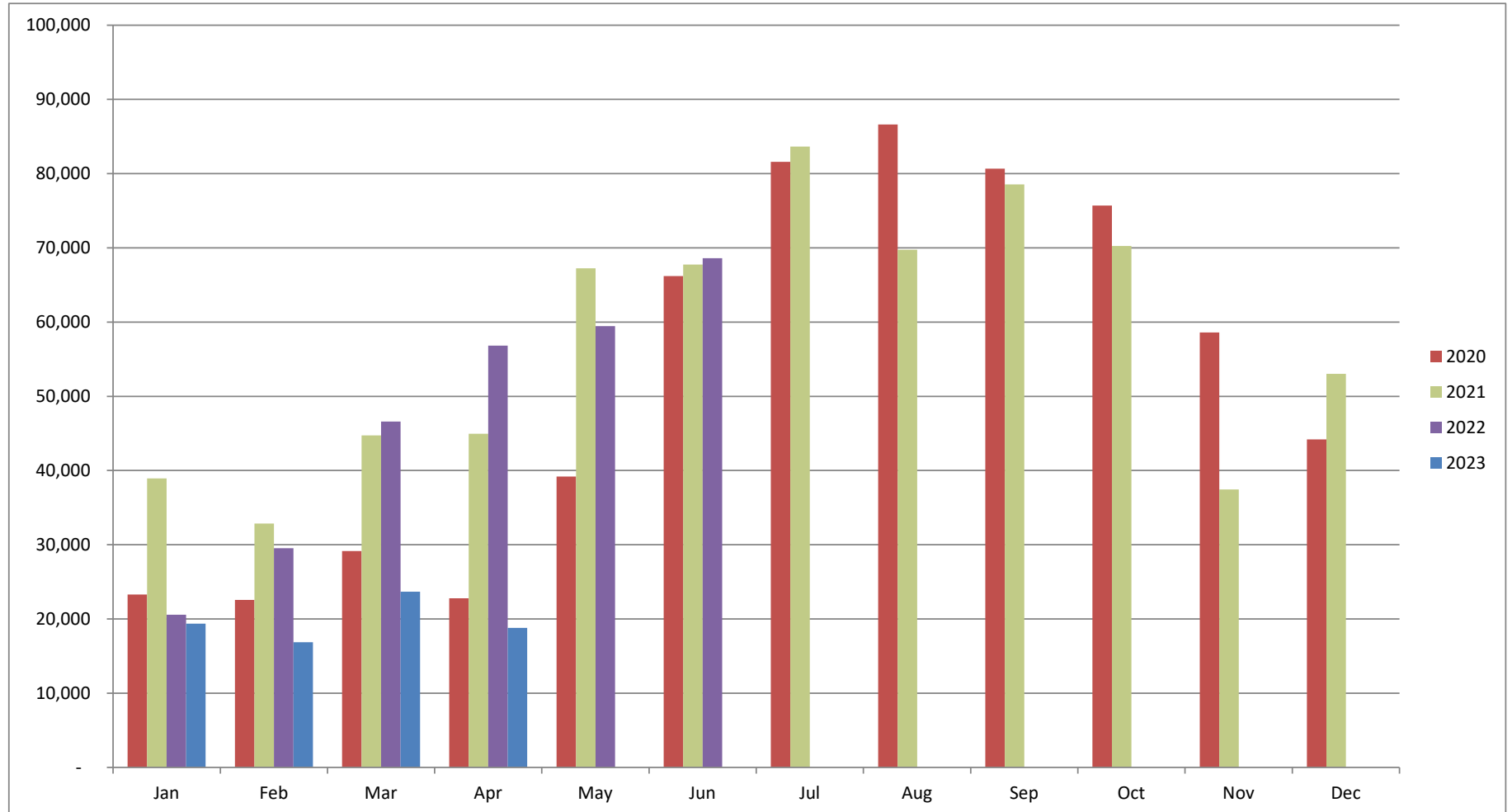
INSURANCE PREMIUMS	\$0	\$0	\$0
TOTAL	\$0	\$0	\$0

GARDEN VILLA REC ROOM FUND - MAINTENANCE & CONSTRUCTION

GARDEN VILLA RECREATION ROOMS	\$0	\$18,332	\$18,332
TOTAL	\$0	\$18,332	\$18,332

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	\$602,540	97,828	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	\$805,457	161,464	689,149
2022	20,573	29,523	46,594	56,831	59,443	68,617	-	-	-	-	-	-	\$811,962	153,521	281,581
2023	19,363	16,857	23,667	18,805	-	-	-	-	-	-	-	-	\$715,073	78,692	78,692

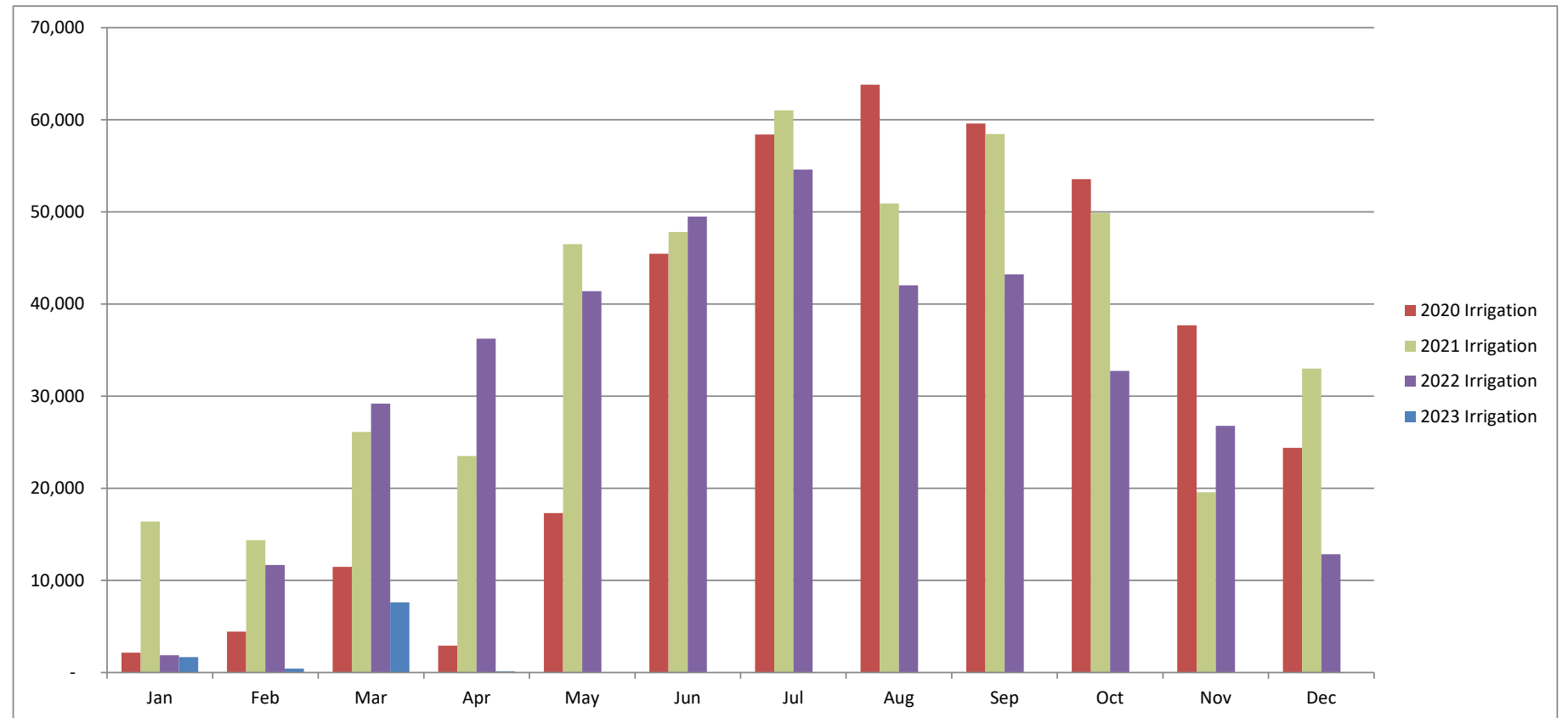


*Derived From ETWD Billing Statements

Third Mutual

Irrigation Water Usage in 100 cubic feet units

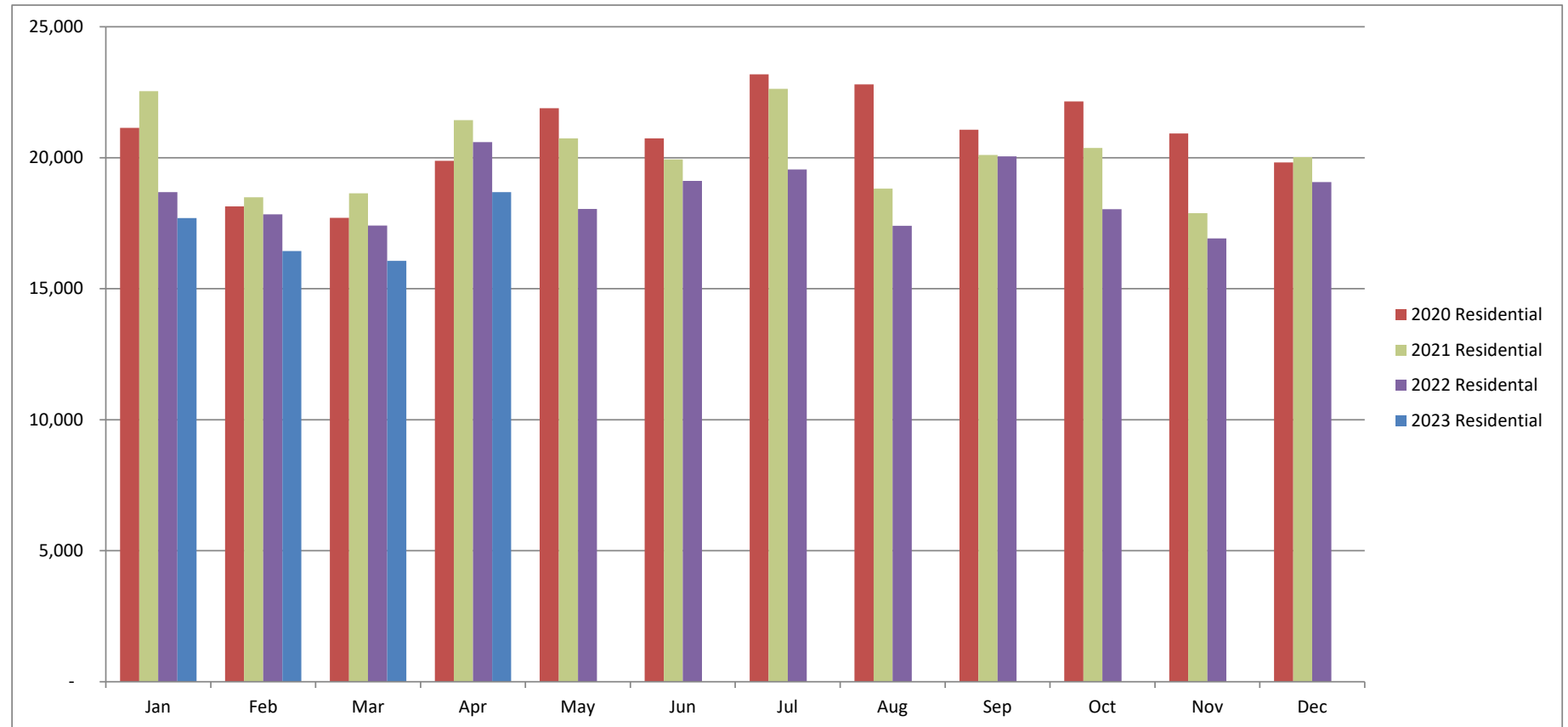
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD \$*	YTD ccf	Total
2020 Irrigation	2,146	4,430	11,464	2,923	17,310	45,463	58,399	63,816	59,592	53,554	37,681	24,378	\$186,730	20,963	381,156
2021 Irrigation	16,390	14,356	26,104	23,513	46,497	47,822	61,029	50,929	58,456	49,890	19,563	32,992	\$360,966	80,363	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	\$369,651	78,987	382,088
2023 Irrigation	1,670	422	7,602	114	-	-	-	-	-	-	-	-	\$184,540	9,808	9,808



*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	\$415,811	76,865	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	\$444,492	81,101	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	\$442,311	74,534	222,724
2023 Residential	17,693	16,435	16,065	18,691	-	-	-	-	-	-	-	-	\$451,252	68,884	68,884



*Derived From ETWD Billing Statements

THIRD LAGUNA HILLS MUTUAL
Provision For Doubtful Accounts
As of April 30, 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	367,624			103,031		(3,926)	28
April-23	346,049			109,444		(15,162)	29
May-23							
June-23							
July-23							
August-23							
September-23							
October-23							
November-23							
December-23							
YTD TOTAL						(23,996)	

(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: June 6, 2023
FOR: Finance Committee
SUBJECT: Supplemental Appropriation for Damage Restoration Reimbursement Backlog Case Load

RECOMMENDATION

Recommend that the Board of Directors approve a supplemental appropriation from the Operating Fund in the amount of \$98,100 for temporary staffing to assist with processing a backlog of reimbursement cases resulting from damage restoration events.

BACKGROUND

More than 710 damage restoration events occurred between 2020 to 2022 that may have been caused by a member's alteration or negligence. Each case in the backlog requires a responsibility evaluation to take place per Civil Code §5855, in order to impose a reimbursement assessment to the member. This evaluation requires extensive research to satisfy the procedural requirements set forth by the civil code. If the members accept responsibility, or the Third Executive Hearings Committee determines that a member is responsible for reimbursement for damage restoration costs, the potential amount recovered for the mutual is estimated at approximately \$3.0 million.

Staff presented a proposal to address the backlog of cases at the Third Mutual Operational Meeting in April 2023. The board members in attendance supported presenting the proposal to the Finance Committee and full board for consideration.

DISCUSSION

If approved by the Board of Directors, the supplemental funding will be used to hire a team of temporary-agency administrative personnel to assist VMS staff in processing the backlog of cases. The temporary-agency teams will be supervised by VMS staff and assigned to work exclusively on Third mutual reimbursement cases. The temporary staff is expected to be needed for a period of approximately 16 months working a 6-hour shift on Saturdays only. Staff is also exploring the possibility of recruiting Village residents to work in temporary part-time positions to assist with some of the administrative duties, in place of temporary-agency personnel.

Cases where members do not accept responsibility for the damage and associated restoration costs will be presented for consideration to the Third Executive Hearings Committee. The details of the proposal are included in Attachment 1.

FINANCIAL ANALYSIS

Funding for temporary-agency support staffing is not budgeted in the adopted 2023 business plan. Staff is recommending a supplemental appropriation in the amount of \$98,100 for the remainder of 2023 to pay for the temporary-agency services and for the overtime needed for VMS staff to supervise the work. An additional budget amount of \$179,100 will be included in the proposed 2024 business plan to pay for the temporary-agency backlog team services.

Funding for the supplemental appropriation is proposed from the Third Operating Fund. The proposed expenditure of \$277,200 is expected to result in recovering approximately \$3.0 million in damage reimbursement revenue to the mutual.

Prepared By: Jay Allen, Damage Restoration Manager

Reviewed By: Baltazar Mejia, Maintenance & Construction Assistant Director
Steve Hormuth, Director of Financial Services

ATTACHMENT(S)

Attachment 1 – Case Reimbursement Backlog Proposal
Attachment 2 – Resolution



**Third Laguna Hills Mutual
Damage Restoration Reimbursement Backlog
PROPOSAL**

Number of backlog cases

2020 – 189 cases
2021 – 264 cases
2022 – 259 cases
712 cases

Proposed Plan

- Hire 1 temporary full-time Claims Representative (18 months) to assist with Damage Restoration process and customer service inquiries
- Establish a backlog team consisting of:
 - 3 existing VMS staff with experience and access to Stellar
 - 6 temp agency contract staff to provide administrative clerical support
- Backlog team will be scheduled to work 6 hours every Saturday until backlog has been eliminated (estimate 16 months)
- Tasks for backlog team include:
 - Research and document individual case details from Stellar
 - Gather supporting documentation; Courtesy Notices for pending cases
 - Determine reimbursement amount due to Mutual
 - Prepare and process Reservation of Rights Letter
 - Prepare and process Hearing Notice
 - Prepare and process Determination Letter
 - Close file

Preliminary Estimated Cost

\$140,400 – Full time temp agency Claims Representative
\$ 90,000 – Part time temp agency contract staff
\$ 46,800 – Overtime pay for VMS staff
\$277,200



Resolution 03-23-XX

**Supplemental Appropriation for Damage Restoration Reimbursement Backlog
Case Load**

WHEREAS, there is a backlog of more than 710 damage restoration events between 2020 and 2022 that may have been caused by a member's alteration or negligence; and

WHEREAS, each case in the backlog requires a responsibility evaluation to take place per Civil Code §5855, in order to impose a reimbursement assessment to the member; and

WHEREAS, the potential amount recovered to the mutual is estimated at approximately \$3.0 million; and

WHEREAS, the amount of staff time it will take to complete a responsibility evaluation for each of the backlogged cases exceeds the resources of existing staff; and

WHEREAS, a supplemental appropriation in the amount of \$98,100 is needed to engage temporary staffing services to complete the evaluation of the backlogged cases;

NOW THEREFORE BE IT RESOLVED, on June 20, 2023, the Board of Directors of this Corporation hereby authorize a supplemental appropriation in the amount of \$98,100 to be funded from the Operating Fund, for temporary staffing services to assist with processing the backlog of reimbursement cases resulting from damage restoration events; and

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