



OPEN MEETING

REGULAR MEETING OF THE THIRD LAGUNA HILLS MUTUAL FINANCE COMMITTEE*

**Tuesday, August 1, 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 June 6, 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 June 30, 2023
 - b. 2022 Operating Surplus/Deficit
 - 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, October 3, 2023 at 1:30 p.m.
12. Recess to Closed Session – At this time, the meeting will recess for a short break and reconvene to Closed Session to discuss the following matters.

Closed Session Agenda
Approval of the Agenda

Third Laguna Hills Mutual
Finance Committee
Regular Open Session
August 1, 2023
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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.

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



FINANCE COMMITTEE MEETING REPORT OF THE REGULAR OPEN SESSION

Tuesday, June 6, 2023 – 1:30 p.m.
Hybrid Meeting

DIRECTORS PRESENT: Donna Rane-Szostak – Chair, Mark Laws, Ralph Engdahl, Cris Prince, Cush Bhada, Moon Yun, S.K. Park, Andy Ginocchio
DIRECTORS ABSENT: Cush Bhada (excused), Ira Lewis (excused), Jules Zalon
ADVISORS PRESENT: Wei Ming Tao
STAFF PRESENT: Jose Campos, Pam Jensen Erika Hernandez

Call to Order

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

Approval of Meeting Agenda

A motion was made to approve the agenda as presented. Director Rane-Szostak amended the agenda and added the following item for discussion:

- Agenda Item # 8a – Treasury Bill Reinvestment

Hearing no objections, the amended agenda was approved.

Approval of Meeting Report for April 4, 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

None.

Member Comments (Items Not on the Agenda)

None.

Department Head Update

Jose Campos, Assistant Director of Financial Services, provided a brief update on the Third Mutual budget meeting kick off for the 2024 Business Plan.

Preliminary Financial Statements dated May 31, 2023

Jose Campos presented the Preliminary Financial Statements dated May 31, 2023. Questions and comments were noted by staff.

Treasury Bill Reinvestment

Director Rane-Szostak led a discussion on the current Third Mutual investment strategy and the upcoming June 2023 treasury bill maturity. The committee directed staff to reinvest into a 12-month treasury bill. A motion was made to continue with the planned investment strategy for all Treasury Bills upon maturation and roll over them into 1-year. Director Cris Prince moved the motion and Director Mark Laws seconded. Discussion ensued.

The motion passed by a 7-0-1 vote (Director Moon Yun abstained) and will be presented at the next board meeting.

Endorsements from Standing Committees

Maintenance and Construction Services - Approve and Endorse a Supplemental Appropriation for Damage Restoration Reimbursement Backlog Case Load. Jay Allen, Damage Restoration Manager, presented a recommendation for approval of a supplemental appropriation from the Operating Fund in the amount of \$98,100 for temporary staffing and current employee over time compensation to assist with processing a backlog of 712 cases resulting from damage restoration events. A motion was made by Director Laws to approve and endorse staff's recommendation as presented. Discussion ensued. Director Prince seconded.

The motion passed by a 7-0-1 vote (Director Yun abstained) and will be presented at the next board meeting.

Future Agenda Items

None.

Committee Member Comments


None.

Date of Next Meeting

Tuesday, August 1, 2023 at 1:30 p.m.

Recess to Closed Session

The meeting recessed at 3:33 p.m.


[Donna Rane-Szostak \(Jun 15, 2023 13:38 PDT\)](#)
Donna Rane-Szostak, Chair

Budget Considerations

External Factors

Affecting Third Mutual Costs

What we cannot control:

- **Inflation**
- **Regulations:** i.e. organic waste
- **Utility rate increases:** i.e. water, sewer, electricity
- **Salaries:** i.e. minimum wage increases, etc
- **Insurance industry rate increases**

Third Mutual Re-Evaluation

Prior to re-evaluation:

\$ 700,000 Million

After re-evaluation:

\$1.6 Billion ! ! !



Insurance Rates across the industry

Why Are We Here?



Source: Insurance Information Institute.



What can we do

To help control costs?

Get Involved!

- **Attend Committee and Mutual Meetings**
In-person, Via Zoom, or on TV 6
- *Special thanks to our Committee Advisors*



Be informed!

- Attend Town Hall Sessions (4th Wed CH 2)
- Read “*The Breeze*” informative articles
- Keep up with “What’s Up in the Village” emails
- Read President’s Weekly “Wednesday Email”



Consider Money Saving Options

‘EZ Pay’ for Monthly Assessments!

‘Opt Out’ of mailed documents



‘Opt In’ to electronic communications

Be Energy Conscious!

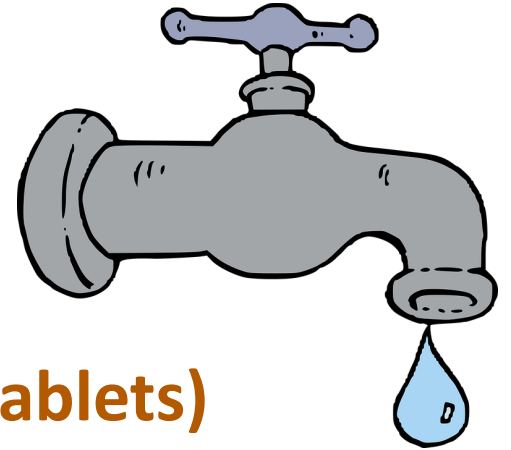
Conserve Water!

Fix leaks

Kitchen, bathroom, laundry areas

Look for dripping faucets, leaking valves

Check for toilet leaks (running toilets--free blue dye tablets)



Be conscious of water usage:

Shorter showers; Shut off water while brushing teeth, shaving

Decrease use of outside hose!!!

Limit number of exterior potted plants

No driveway/patio hosing or car washing

It's up to all of us!!!





MEMORANDUM

To: Third Finance Committee
 From: Steve Hormuth, Director of Financial Services
 Date: August 1, 2023
 Re: Department Head Update

Financial Highlights

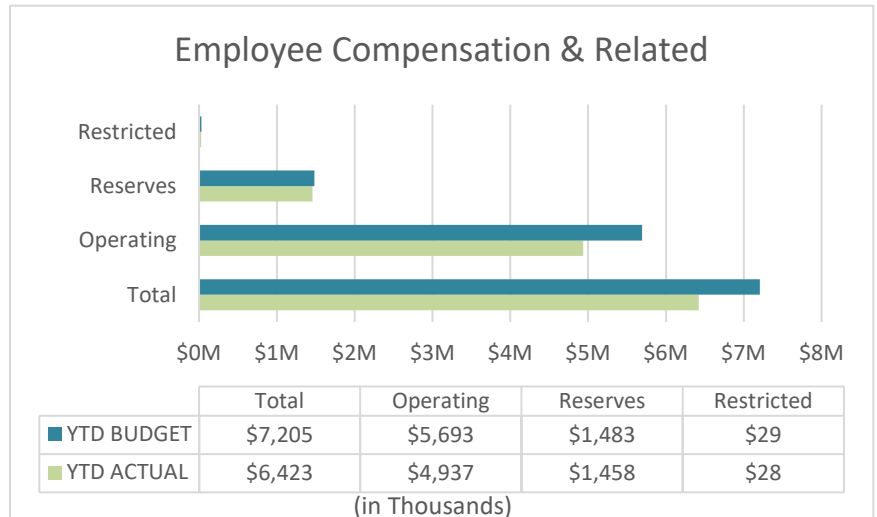
SUMMARY:

For the year-to-date period ending June 30, 2023, Third Laguna Hills Mutual was better than budget by \$1,562K primarily due to late start of programs affecting the areas of outside services and materials. Furthermore, favorable variance in compensation and related amounted to \$781K primarily due to open positions.

INCOME STATEMENT (in Thousands)			
	Actual	Budget	Variance
Assessment Revenues	\$20,718	\$20,718	(\$0)
Other Revenues	\$1,541	\$1,227	\$314
Expenses	\$19,566	\$20,814	\$1,248
Revenue/(Expense)	\$2,693	\$1,131	\$1,562

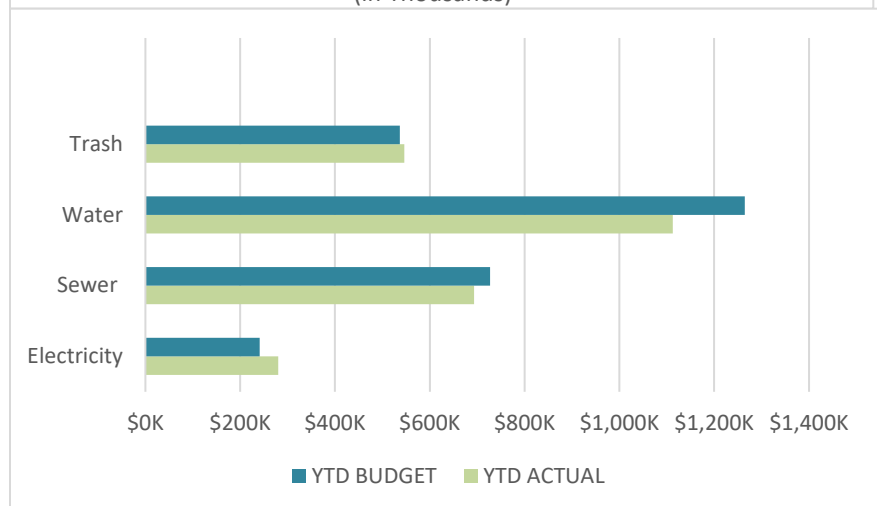
COMPENSATION:

Actual compensation and related costs came in at \$6,423K with \$4,937K in operations, \$1,458K in reserves, and \$28K in restricted. Combined, this category is 10.9% 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 \$137K primarily due to water and sewer. Water was favorable \$152K. Water Consumption in 2023 was 25% lower than budgeted due to water conservation efforts. Sewer was \$34K favorable resulting from lower sewer rates for domestic usage.



Discussions

Budget: Third kicked off the 2024 Business Plan development in March by holding two meetings to review 2023 service levels. Staff is currently in the budget development portion of the planning process working closely with the Board of Directors to make changes or revisions to each version of the Business Plan before it reaches its final iteration. Third reviewed Version 1 in May and June with an emphasis on the Landscape and Maintenance & Construction departments. Version 2 was recently reviewed July 13 and is undergoing changes and revisions. Version 3 will be reviewed at the televised Business Plan meeting scheduled for August 10. The final version of the 2024 business plan will be proposed for adoption at the September 19 Board meeting.

Calendar

Aug 1, 2023 @1:30 p.m. Third Finance Committee (June 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 (Business Plan Adoption)
Oct 3, 2023 @1:30 p.m. Third Finance Committee (August Financials)
Oct 6, 2023 @9:30 a.m. Third Board Agenda Prep
Oct 17, 2023 @9:30 a.m. Third Board Meeting
Nov 3, 2023 @9:30 a.m. Third Board Agenda Prep
Nov 21, 2023 @9:30 a.m. Third Board Meeting

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

Third Laguna Hills Mutual
Statement of Revenues & Expenses - Preliminary
6/30/2023
(\$ 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		\$14,328	\$14,329		\$14,301	\$28,657
2	Additions to restricted funds	1,065	1,065		6,390	6,390		6,406	12,780
3	Total assessments	3,453	3,453		20,718	20,719		20,707	41,437
Non-assessment revenues:									
4	Fees and charges for services to residents	73	90	(17)	595	535	60	519	1,075
5	Laundry	17	18	(1)	110	105	5	106	210
6	Investment income	114	35	79	514	210	304	83	420
7	Miscellaneous	62	63	(1)	321	376	(55)	360	753
8	Total non-assessment revenue	267	205	61	1,541	1,227	315	1,067	2,458
9	Total revenue	3,720	3,658	61	22,260	21,945	314	21,774	43,895
Expenses:									
10	Employee compensation and related	1,131	1,188	57	6,423	7,204	781	6,615	14,458
11	Materials and supplies	144	116	(28)	728	676	(52)	681	1,382
12	Utilities and telephone	473	494	21	2,632	2,769	137	2,771	5,977
13	Legal fees	42	34	(8)	174	192	19	84	393
14	Professional fees	4	12	8	54	75	21	70	149
15	Equipment rental	1	4	2	13	22	9	11	45
16	Outside services	1,143	757	(386)	4,267	4,348	81	1,604	9,390
17	Repairs and maintenance	25	32	7	148	189	42	155	379
18	Other Operating Expense	10	14	4	66	89	23	52	182
19	Insurance	692	744	52	4,398	4,462	64	3,895	8,923
20	Uncollectible Accounts	1	5	4	(1)	32	33	106	65
21	(Gain)/loss on sale or trade							4	
22	Depreciation and amortization	9	9		52	52		67	105
23	Net allocation to mutuals	116	116	1	612	703	91	728	1,412
24	Total expenses	3,792	3,524	(267)	19,566	20,814	1,248	16,842	42,861
25	Excess of revenues over expenses	(\$72)	\$134	(\$206)	\$2,693	\$1,131	\$1,562	\$4,931	\$1,034

Third Laguna Hills Mutual
Statement of Revenues & Expenses - By Fund Type - Preliminary
6/30/2023
(\$ 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		\$14,328	\$14,329								\$14,328	\$14,329	
2	Additions to restricted funds					5,895	5,895		495	495		6,390	6,390	
3	Total assessments		14,328	14,329		5,895	5,895		495	495		20,718	20,719	
Non-assessment revenues:														
4	Fees and charges for services to residents		593	535	58	2		2				595	535	60
5	Laundry		110	105	5							110	105	5
6	Investment income					407	210	197	107		107	514	210	304
7	Miscellaneous		321	376	(55)							321	376	(55)
8	Total non-assessment revenue		1,025	1,017	8	410	210	200	107		107	1,541	1,227	315
9	Total revenue		15,353	15,345	8	6,304	6,105	200	602	495	107	22,260	21,945	314
Expenses:														
10	Employee compensation and related		4,937	5,693	756	1,458	1,483	25	28	29	1	6,423	7,204	781
11	Materials and supplies		403	358	(45)	320	308	(12)	5	10	5	728	676	(52)
12	Utilities and telephone		2,627	2,762	135	5	7	2				2,632	2,769	137
13	Legal fees		174	192	19							174	192	19
14	Professional fees		54	75	21							54	75	21
15	Equipment rental		4	4		10	18	8				13	22	9
16	Outside services		839	632	(206)	2,550	3,104	554	878	612	(266)	4,267	4,348	81
17	Repairs and maintenance		147	187	40	1	2	2				148	189	42
18	Other Operating Expense		55	76	21	11	13	2				66	89	23
19	Insurance		4,398	4,462	64							4,398	4,462	64
20	Uncollectible Accounts		(1)	32	33							(1)	32	33
21	(Gain)/loss on sale or trade													
22	Depreciation and amortization		52	52								52	52	
23	Net allocation to mutuals		520	604	84	90	97	7	2	2		612	703	91
24	Total expenses		14,209	15,129	920	4,444	5,032	587	913	653	(260)	19,566	20,814	1,248
25	Excess of revenues over expenses		\$1,144	\$216	\$928	\$1,860	\$1,073	\$787	(\$311)	(\$158)	(\$153)	\$2,693	\$1,131	\$1,562

**Third Laguna Hills Mutual
Operating Statement - Preliminary
6/30/2023
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
Revenues:					
Assessments:					
Operating					
41001000 - Monthly Assessments	\$14,328,388	\$14,328,742	(\$354)	0.00%	\$28,657,484
Total Operating	14,328,388	14,328,742	(354)	0.00%	28,657,484
Additions To Restricted Funds					
41002000 - Monthly Assessments - Disaster Fund	448,863	448,863	0	0.00%	897,726
41003500 - Monthly Assessments - Replacement Fund	5,638,248	5,638,248	0	0.00%	11,276,496
41004000 - Monthly Assessments - Elevator Replacement Fund	183,060	183,060	0	0.00%	366,120
41004500 - Monthly Assessments - Laundry Replacement Fund	73,224	73,224	0	0.00%	146,448
41006000 - Monthly Assessments - Garden Villa Recreation Room Fund	46,575	46,575	0	0.00%	93,150
Total Additions To Restricted Funds	6,389,970	6,389,970	0	0.00%	12,779,940
Total Assessments	20,718,358	20,718,712	(354)	0.00%	41,437,424
Non-Assessment Revenues:					
Fees and Charges for Services to Residents					
46501000 - Permit Fee	128,865	171,330	(42,465)	(24.79%)	342,660
46501500 - Inspection Fee	35,190	42,463	(7,272)	(17.13%)	84,928
46502000 - Resident Maintenance Fee	431,295	321,658	109,636	34.08%	647,532
Total Fees and Charges for Services to Residents	595,350	535,451	59,899	11.19%	1,075,119
Laundry					
46005000 - Coin Op Laundry Machine	110,480	105,000	5,480	5.22%	210,000
Total Laundry	110,480	105,000	5,480	5.22%	210,000
Investment Income					
49001000 - Investment Income	514,198	210,000	304,198	144.86%	420,000
Investment Interest Income	514,198	210,000	304,198	144.86%	420,000
Miscellaneous					
46004500 - Resident Violations	6,200	31,722	(25,522)	(80.46%)	63,444
44501000 - Additional Occupant Fee	24,250	45,900	(21,650)	(47.17%)	91,805
44501510 - Lease Processing Fee - Third	127,840	124,896	2,944	2.36%	249,803
44502000 - Variance Processing Fee	2,250	7,941	(5,691)	(71.67%)	15,888
44502500 - Non-Sale Transfer Fee - Third	950	1,500	(550)	(36.67%)	3,000
44503520 - Resale Processing Fee - Third	67,856	81,600	(13,744)	(16.84%)	163,200
44505500 - Hoa Certification Fee	2,640	7,500	(4,860)	(64.80%)	15,000
44507000 - Golf Cart Electric Fee	32,495	33,498	(1,003)	(2.99%)	67,000
44507200 - Electric Vehicle Plug-In Fee	13,304	6,246	7,058	113.00%	12,500
44507500 - Cartport/Carport Space Rental Fee	1,920	2,196	(276)	(12.57%)	4,400
47001500 - Late Fee Revenue	38,105	30,498	7,607	24.94%	61,000
47002020 - Collection Administrative Fee - Third	0	600	(600)	(100.00%)	1,200
47002500 - Collection Interest Revenue	0	132	(132)	(100.27%)	273
47501000 - Recycling	3,539	1,998	1,541	77.12%	4,000
49009000 - Miscellaneous Revenue	(80)	0	(80)	0.00%	0
Total Miscellaneous	321,269	376,227	(54,959)	(14.61%)	752,512
Total Non-Assessment Revenue	1,541,296	1,226,678	314,618	25.65%	2,457,631
Total Revenue	22,259,654	21,945,391	314,264	1.43%	43,895,056
Expenses:					
Employee Compensation					
51011000 - Salaries & Wages - Regular	1,451,542	1,590,596	139,054	8.74%	3,220,777
51021000 - Union Wages - Regular	2,422,392	2,800,705	378,313	13.51%	5,647,830
51041000 - Wages - Overtime	8,160	11,769	3,609	30.67%	23,548
51051000 - Union Wages - Overtime	33,628	18,397	(15,231)	(82.79%)	36,808
51061000 - Holiday & Vacation	426,749	371,058	(55,691)	(15.01%)	749,370
51071000 - Sick	139,367	151,353	11,986	7.92%	305,664
51091000 - Missed Meal Penalty	2,021	1,795	(226)	(12.61%)	3,617
51101000 - Temporary Help	28,275	13,430	(14,844)	(110.53%)	26,863
51981000 - Compensation Accrual	12,615	0	(12,615)	0.00%	0
Total Employee Compensation	4,524,749	4,959,103	434,354	8.76%	10,014,478

**Third Laguna Hills Mutual
Operating Statement - Preliminary
6/30/2023
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
Compensation Related					
52411000 - F.I.C.A.	338,195	375,867	37,673	10.02%	753,615
52421000 - F.U.I.	7,160	9,924	2,764	27.85%	9,924
52431000 - S.U.I.	27,383	51,016	23,633	46.32%	52,781
52441000 - Union Medical	866,391	971,961	105,570	10.86%	1,943,923
52451000 - Workers' Compensation Insurance	201,854	267,364	65,510	24.50%	539,543
52461000 - Non Union Medical & Life Insurance	169,415	226,465	57,049	25.19%	452,930
52471000 - Union Retirement Plan	243,531	272,653	29,122	10.68%	549,826
52481000 - Non-Union Retirement Plan	43,614	69,854	26,240	37.56%	141,446
52981000 - Compensation Related Accrual	912	0	(912)	0.00%	0
Total Compensation Related	1,898,455	2,245,104	346,649	15.44%	4,443,987
Materials and Supplies					
53001000 - Materials & Supplies	212,766	291,354	78,588	26.97%	580,244
53003000 - Materials Direct	513,377	382,389	(130,988)	(34.26%)	797,881
53004000 - Freight	1,396	1,925	529	27.47%	3,892
Total Materials and Supplies	727,539	675,668	(51,872)	(7.68%)	1,382,017
Utilities and Telephone					
53301000 - Electricity	280,405	240,825	(39,580)	(16.44%)	399,821
53301500 - Sewer	693,168	727,200	34,032	4.68%	1,494,600
53302000 - Water	1,112,379	1,264,512	152,133	12.03%	3,009,336
53302500 - Trash	546,499	536,462	(10,037)	(1.87%)	1,072,920
Total Utilities and Telephone	2,632,451	2,768,999	136,548	4.93%	5,976,677
Legal Fees					
53401500 - Legal Fees	173,827	192,494	18,668	9.70%	393,325
Total Legal Fees	173,827	192,494	18,668	9.70%	393,325
Professional Fees					
53402020 - Audit & Tax Preparation Fees - Third	39,500	23,832	(15,668)	(65.74%)	47,670
53403500 - Consulting Fees	8,438	5,632	(2,806)	(49.82%)	11,271
53403520 - Consulting Fees - Third	6,100	45,186	39,086	86.50%	90,416
Total Professional Fees	54,038	74,650	20,612	27.61%	149,357
Equipment Rental					
53501500 - Equipment Rental/Lease Fees	13,472	22,285	8,813	39.55%	44,576
Total Equipment Rental	13,472	22,285	8,813	39.55%	44,576
Outside Services					
53601000 - Bank Fees	(10,579)	18,658	29,237	156.70%	37,322
53601500 - Credit Card Transaction Fees	8,280	4,998	(3,282)	(65.67%)	10,000
53604500 - Marketing Expense	0	2,496	2,496	100.00%	5,000
54603500 - Outside Services Cost Collection	4,241,357	4,266,416	25,059	0.59%	9,223,931
53704000 - Outside Services	27,631	55,516	27,884	50.23%	114,213
Total Outside Services	4,266,690	4,348,084	81,394	1.87%	9,390,466
Repairs and Maintenance					
53701000 - Equipment Repair & Maint	1,278	6,348	5,070	79.87%	12,721
53703000 - Elevator /Lift Maintenance	146,424	183,126	36,702	20.04%	366,252
Total Repairs and Maintenance	147,702	189,474	41,772	22.05%	378,973
Other Operating Expense					
53801000 - Mileage & Meal Allowance	1,083	2,968	1,885	63.52%	5,960
53801500 - Travel & Lodging	0	857	857	100.00%	1,719
53802000 - Uniforms	35,655	43,502	7,846	18.04%	87,067
53802500 - Dues & Memberships	415	1,303	888	68.15%	2,423
53803000 - Subscriptions & Books	0	810	810	100.00%	1,628
53803500 - Training & Education	3,994	9,056	5,061	55.89%	18,166
53903000 - Safety	185	494	309	62.62%	993
54001020 - Board Relations - Third	2,533	4,998	2,465	49.32%	10,000
54002000 - Postage	21,788	24,798	3,010	12.14%	53,780
54002500 - Filing Fees / Permits	176	249	74	29.47%	514
Total Other Operating Expense	65,828	89,035	23,207	26.06%	182,251
Insurance					
54401000 - Hazard & Liability Insurance	486,701	485,265	(1,436)	(0.30%)	970,532

**Third Laguna Hills Mutual
Operating Statement - Preliminary
6/30/2023
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
54401500 - D&O Liability	29,390	47,925	18,535	38.68%	95,850
54402000 - Property Insurance	3,877,055	3,924,973	47,918	1.22%	7,849,953
54403000 - General Liability Insurance	4,413	3,536	(877)	(24.81%)	7,072
Total Insurance	4,397,559	4,461,699	64,140	1.44%	8,923,407
Uncollectible Accounts					
54602000 - Bad Debt Expense	(628)	32,496	33,124	101.93%	65,000
Total Uncollectible Accounts	(628)	32,496	33,124	101.93%	65,000
Depreciation and Amortization					
55001000 - Depreciation And Amortization	52,464	52,464	0	0.00%	104,928
Total Depreciation and Amortization	52,464	52,464	0	0.00%	104,928
Net Allocation to Mutuals					
54602500 - Allocated Expenses	612,261	702,784	90,524	12.88%	1,412,025
Total Net Allocation to Mutuals	612,261	702,784	90,524	12.88%	1,412,025
Total Expenses	19,566,407	20,814,339	1,247,932	6.00%	42,861,467
Excess of Revenues Over Expenses	\$2,693,247	\$1,131,052	\$1,562,195	138.12%	\$1,033,589

**Third Laguna Hills Mutual
Balance Sheet - Preliminary
6/30/2023**

		<u>Current Month End</u>	<u>Prior Year Same Period</u>	<u>Prior Year December 31</u>
	Assets			
1	Cash and cash equivalents	\$1,340,986	\$8,537,481	\$862,027
2	Investments	28,001,483	26,681,200	30,172,491
3	Receivable/(Payable) from mutuals	1,297,901	1,240,347	1,346,302
4	Accounts receivable and interest receivable	321,216	220,877	272,271
5	Prepaid expenses and deposits	6,639,685	224,922	3,332,534
6	Property and equipment	141,239	141,239	141,239
7	Accumulated depreciation property and equipment	(141,239)	(141,239)	(141,239)
8	Beneficial interest in GRF of Laguna Hills Trust	4,897,747	4,987,892	4,950,211
9	Non-controlling interest in GRF	42,272,100	41,073,262	42,272,100
10	Total Assets	<u>\$84,771,119</u>	<u>\$82,965,980</u>	<u>\$83,207,936</u>
	Liabilities and Fund Balances			
	Liabilities:			
11	Accounts payable and accrued expenses	\$1,664,978	\$2,550,712	\$2,885,835
12	Accrued compensation and related costs	598,365	596,103	598,365
13	Deferred income	742,438	805,509	651,645
14	Income tax payable	(31,029)	(26,005)	(31,029)
15	Total liabilities	<u>\$2,974,752</u>	<u>\$3,926,319</u>	<u>\$4,104,816</u>
	Fund balances:			
16	Fund balance prior years	79,103,120	74,108,394	74,108,394
17	Change in fund balance - current year	2,693,247	4,931,267	4,994,727
18	Net fund balances	<u>81,796,367</u>	<u>79,039,661</u>	<u>79,103,120</u>
19	Total fund balances	<u>81,796,367</u>	<u>79,039,661</u>	<u>79,103,120</u>
20	Total Liabilities and Fund Balances	<u>\$84,771,119</u>	<u>\$82,965,980</u>	<u>\$83,207,936</u>

**Third Laguna Hills Mutual
Fund Balance Sheet - Preliminary
6/30/2023**

	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	\$312,491	\$62,207	\$324,438	\$4,670	\$49,556	\$4,571	\$583,052	\$1,340,986
2 Investments		15,692,338	2,545,363	304,969	99,044	6,078,450	3,281,319	28,001,483
3 Receivable/(Payable) from mutuals	1,297,901							1,297,901
4 Receivable/(Payable) from operating fund	(4,753,487)	4,753,487						
5 Accounts receivable and interest receivable	256,393					64,823		321,216
6 Prepaid expenses and deposits	6,639,685							6,639,685
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	4,897,747							4,897,747
10 Non-controlling interest in GRF	42,272,100							42,272,100
11 Total Assets	<u>\$50,922,832</u>	<u>\$20,508,032</u>	<u>\$2,869,801</u>	<u>\$309,639</u>	<u>\$148,600</u>	<u>\$6,147,844</u>	<u>\$3,864,371</u>	<u>\$84,771,119</u>
Liabilities and Fund Balances								
Liabilities:								
12 Accounts payable and accrued expenses	\$810,881	\$627,216			\$2,326	\$223,932	\$623	\$1,664,978
13 Accrued compensation and related costs	598,365							598,365
14 Deferred income	742,438							742,438
15 Income tax payable	(31,029)							(31,029)
16 Total liabilities	<u>\$2,120,655</u>	<u>\$627,216</u>			<u>\$2,326</u>	<u>\$223,932</u>	<u>\$623</u>	<u>\$2,974,752</u>
Fund balances:								
17 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
18 Change in fund balance - current year	<u>1,144,380</u>	<u>1,661,548</u>	<u>222,257</u>	<u>(23,986)</u>	<u>34,847</u>	<u>(355,052)</u>	<u>9,253</u>	<u>2,693,247</u>
19 Net fund balances	48,802,177	19,880,816	2,869,801	309,639	146,274	5,923,913	3,863,749	81,796,367
20 Total fund balances	<u>48,802,177</u>	<u>19,880,816</u>	<u>2,869,801</u>	<u>309,639</u>	<u>146,274</u>	<u>5,923,913</u>	<u>3,863,749</u>	<u>81,796,367</u>
21 Total Liabilities and Fund Balances	<u>\$50,922,832</u>	<u>\$20,508,032</u>	<u>\$2,869,801</u>	<u>\$309,639</u>	<u>\$148,600</u>	<u>\$6,147,844</u>	<u>\$3,864,371</u>	<u>\$84,771,119</u>

**Third Laguna Hills Mutual
Changes in Fund Balances - Preliminary
6/30/2023**

	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	\$14,328,388							\$14,328,388
2 Additions to restricted funds		5,638,248	183,060	73,224	46,575	448,863		6,389,970
3 Total assessments	14,328,388	5,638,248	183,060	73,224	46,575	448,863		20,718,358
Non-assessment revenues:								
4 Fees and charges for services to residents	593,116	2,299				(65)		595,350
5 Laundry	110,480							110,480
6 Investment Income		361,987	39,197	6,279	1,453	80,723	24,559	514,198
7 Miscellaneous	321,423	(154)						321,269
8 Total non-assessment revenue	1,025,018	364,132	39,197	6,279	1,453	80,658	24,559	1,541,296
9 Total revenue	15,353,406	6,002,380	222,257	79,503	48,028	529,521	24,559	22,259,654
Expenses:								
10 Employee compensation and related	4,936,791	1,443,971		14,245	9,560	18,637		6,423,204
11 Materials and supplies	403,094	232,165		87,731	2,775	1,152	623	727,539
12 Utilities and telephone	2,627,233	5,040			14	164		2,632,451
13 Legal fees	173,827							173,827
14 Professional fees	54,038							54,038
15 Equipment rental	3,580	9,649			37	206		13,472
16 Outside services	838,780	2,549,797		7	4	863,420	14,683	4,266,690
17 Repairs and maintenance	146,919	759		1	3	20		147,702
18 Other Operating Expense	55,001	10,576		79	60	112		65,828
19 Insurance	4,397,559							4,397,559
20 Uncollectible Accounts	(628)							(628)
21 Depreciation and amortization	52,464							52,464
22 Net allocations to mutuals	520,369	88,875		1,426	728	863		612,261
23 Total expenses	14,209,026	4,340,832		103,489	13,181	884,573	15,306	19,566,407
24 Excess (deficit) of revenues over expenses	\$1,144,380	\$1,661,548	\$222,257	(\$23,986)	\$34,847	(\$355,052)	\$9,253	\$2,693,247
25 Excluding unrealized gain/(loss) and depreciation	\$1,196,844	\$1,661,548	\$222,257	(\$23,986)	\$34,847	(\$355,052)	\$9,253	\$2,745,711

**THIRD LAGUNA WOODS MUTUAL
INVESTMENTS HELD BY BANK OF AMERICA
SCHEDULE OF INVESTMENTS
6/30/23**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECT. YIELD	ORIGINAL COST	BOOK VALUE	6/30/2023	
									MARKET VALUE	UNREALIZED GAIN/(LOSS)
912796ZS1	U.S. TREASURY BILL	0.00%	1/5/2023	7/6/2023	\$1,000,000.00	4.570%	\$977,705.00	\$999,520.52	999,587.40	\$66.88
912796XY0	U.S. TREASURY BILL	0.00%	2/8/2023	8/10/2023	\$1,500,000.00	4.660%	\$1,465,687.50	\$1,491,421.88	1,491,877.50	\$455.62
TOTAL INVESTMENTS: INTENT TO HOLD FOR SHORT-TERM					<u>\$2,500,000.00</u>		<u>\$2,443,392.50</u>	<u>\$2,490,942.40</u>	<u>\$2,491,464.90</u>	<u>522.50</u>

**THIRD LAGUNA WOODS MUTUAL
INVESTMENTS HELD BY BANK OF AMERICA
SCHEDULE OF INVESTMENTS
6/30/23**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECT. YIELD	ORIGINAL COST	BOOK VALUE	MARKET VALUE	UNREALIZED GAIN/(LOSS)
912796CR8	U.S. TREASURY BILL	0.00%	3/24/2023	9/21/2023	\$6,515,000.00	4.500%	\$6,372,511.52	\$6,449,118.23	6,440,210.21	(\$8,908.02)
912796ZN2	U.S. TREASURY BILL	0.00%	3/24/2023	12/28/2023	\$6,571,000.00	4.040%	\$6,372,391.53	\$6,443,577.37	6,400,693.15	(\$42,884.22)
912797LL9	U.S. TREASURY BILL	0.00%	3/24/2023	3/21/2024	\$6,633,000.00	4.070%	\$6,372,157.28	\$6,442,276.28	6,385,899.99	(\$56,376.29)
912797FS1	U.S. TREASURY BILL	0.00%	6/22/2023	6/13/2024	\$6,762,000.00	5.060%	\$6,441,030.40	\$6,449,054.64	6,428,518.38	(\$20,536.26)
TOTAL INVESTMENTS: INTENT TO HOLD FOR LONG-TERM					<u>26,481,000.00</u>		<u>25,558,090.73</u>	<u>\$25,784,026.52</u>	<u>\$25,655,321.73</u>	<u>(\$128,704.79)</u>
TOTAL INVESTMENTS					<u>\$ 28,981,000.00</u>		<u>\$ 28,001,483.23</u>	<u>\$ 28,274,968.92</u>	<u>\$ 28,146,786.63</u>	

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

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET *	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
OPERATING FUND - MAINTENANCE & CONSTRUCTION								
APPLIANCE REPAIRS	\$6,895	\$8,286	\$42,026	\$47,883	\$98,270	43%	\$5,856	12%
CARPENTRY SERVICE	49,875	47,745	274,820	278,049	568,563	48%	3,229	1%
ELECTRICAL SERVICE	9,612	9,579	60,029	56,763	115,140	52%	(3,266)	(6%)
FIRE PROTECTION	1,697	13,413	32,551	63,802	144,347	23%	31,252	49%
MISC REPAIRS BY OUTSIDE SERVICE	70,167	4,055	72,714	24,330	48,664	149%	(48,384)	(199%)
PEST CONTROL	43,065	29,998	64,164	179,988	360,000	18%	115,824	64%
PLUMBING SERVICE	55,145	61,413	340,882	371,567	744,807	46%	30,685	8%
SOLAR MAINTENANCE	2,561	3,500	27,289	14,000	35,000	78%	(13,289)	(95%)
STREET LIGHT MAINTENANCE	1,702	1,416	5,194	8,496	17,000	31%	3,302	39%
TOTAL	\$240,720	\$179,405	\$919,668	\$1,044,878	\$2,131,791	43%	\$125,210	12%
OPERATING FUND - GENERAL SERVICES								
CONCRETE REPAIR/REPLACEMENT	\$29,461	\$30,611	\$166,152	\$185,360	\$371,540	45%	\$19,209	10%
JANITORIAL SERVICE	82,540	78,113	454,676	473,694	949,851	48%	19,019	4%
GUTTER CLEANING	10,567	13,311	57,295	80,511	161,337	36%	23,216	29%
TRAFFIC CONTROL	1,856	1,815	10,240	11,000	22,058	46%	760	7%
WELDING	8,712	9,139	47,045	55,355	110,964	42%	8,310	15%
TOTAL	\$133,136	\$132,989	\$735,407	\$805,920	\$1,615,751	46%	\$70,513	9%
OPERATING FUND - LANDSCAPE SERVICES								
LANDSCAPE ADMINISTRATION	\$30,963	\$29,485	\$171,476	\$177,894	\$358,085	48%	\$6,418	4%
NURSERY & COMPOSTING	21,269	20,596	115,714	124,798	250,331	46%	9,084	7%
GROUNDS MAINTENANCE	300,093	271,717	1,569,406	1,651,697	3,308,668	47%	82,291	5%
IRRIGATION	63,731	85,586	380,132	518,391	1,039,801	37%	138,259	27%
SMALL EQUIPMENT REPAIR	20,578	17,141	90,291	103,869	208,268	43%	13,578	13%
PEST CONTROL	30,611	34,034	168,921	206,244	413,641	41%	37,323	18%
TOTAL	\$467,244	\$458,559	\$2,495,939	\$2,782,893	\$5,578,793	45%	\$286,954	10%

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

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET *	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
REPLACEMENT FUND - MAINTENANCE & CONSTRUCTION								
BUILDING STRUCTURES	377,017	169,527	992,178	1,021,123	2,054,840	48%	28,944	3%
ELECTRICAL SYSTEMS	0	2,500	0	15,000	30,000	0%	15,000	100%
EXTERIOR LIGHTING	0	1,041	0	6,246	12,500	0%	6,246	100%
FENCING	4,864	7,160	35,535	39,293	82,765	43%	3,758	10%
GARDEN VILLA MAILROOM	26	36	145	215	431	34%	70	32%
GV REC ROOM WATER HEATER/HEAT PUMP	472	435	870	2,615	5,245	17%	1,745	67%
GUTTER REPLACEMENTS	5,373	9,463	30,573	55,878	113,127	27%	25,305	45%
MAILBOXES	1,054	2,084	5,925	12,569	25,180	24%	6,644	53%
PAINT PROGRAM - EXTERIOR	139,087	131,563	731,766	797,083	1,597,812	46%	65,317	8%
PRIOR TO PAINT	103,034	96,174	553,166	582,327	1,167,546	47%	29,161	5%
PAVING	0	0	0	0	439,421	0%	0	0%
ROOF REPLACEMENTS	171,388	119,658	527,306	693,064	1,468,968	36%	165,758	24%
WALL REPLACEMENTS	0	2,916	0	17,496	35,000	0%	17,496	100%
WASTE LINE REMEDIATION	7,451	83,333	155,532	499,998	1,000,000	16%	344,466	69%
WATER LINES - COPPER PIPE REMEDIATION	37,193	41,666	359,436	249,996	500,000	72%	(109,440)	(44%)
PLUMBING REPLACEMENT	0	16,666	0	99,996	200,000	0%	99,996	100%
TOTAL	\$846,960	\$684,222	\$3,392,432	\$4,092,899	\$8,732,835	39%	\$700,467	17%
REPLACEMENT FUND - GENERAL SERVICES								
PRIOR TO PAINT	\$1,063	\$1,045	\$5,761	\$6,334	\$12,700	45%	\$574	9%
PAVING	5,269	5,287	28,571	32,043	64,253	44%	3,473	11%
EXTERIOR WALLS	0	2,012	0	12,072	24,150	0%	12,072	100%
TOTAL	\$6,332	\$8,344	\$34,331	\$50,449	\$101,103	34%	\$16,118	32%
REPLACEMENT FUND - LANDSCAPE SERVICES								
LANDSCAPE MODIFICATION	\$108,100	\$53,851	\$276,620	\$244,622	\$541,671	51%	(\$31,998)	(13%)
IMPROVEMENT & RESTORATION	709	14,587	61,866	88,726	177,744	35%	26,860	30%
TREE MAINTENANCE	96,894	74,526	575,582	449,260	899,814	64%	(126,322)	(28%)
TOTAL	\$205,703	\$142,964	\$914,069	\$782,609	\$1,619,229	56%	(\$131,460)	(17%)
ELEVATOR REPLACEMENT FUND								
ELEVATOR REPLACEMENT	\$0	\$15,625	\$0	\$46,875	\$125,000	0%	\$46,875	100%
TOTAL	\$0	\$15,625	\$0	\$46,875	\$125,000	0%	\$46,875	100%

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

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET *	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
LAUNDRY REPLACEMENT FUND								
LAUNDRY APPLIANCES	\$14,555	\$8,438	\$97,165	\$50,745	\$101,579	96%	(\$46,419)	(91%)
LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	1,144	1,316	6,325	7,978	59,567	11%	1,654	21%
SUPPLEMENTAL APPROPRIATIONS	0	0	0	0	0	0%	0	0%
TOTAL	\$15,699	\$9,754	\$103,489	\$58,724	\$161,145	64%	(\$44,766)	(76%)
DISASTER FUND - MAINTENANCE & CONSTRUCTION								
MOISTURE INTRUSION - RAIN LEAKS	(\$740)	\$21,666	\$335,659	\$129,996	\$260,000	129%	(\$205,663)	(158%)
MOISTURE INTRUSION - PLUMBING LEAKS	22,064	41,666	298,931	249,996	500,000	60%	(48,935)	(20%)
MOISTURE INTRUSION - PLUMBING STOPPAGES	26,500	7,500	81,904	30,000	75,000	109%	(51,904)	(173%)
MOISTURE INTRUSION - MISCELLANEOUS	138,995	1,166	146,910	6,996	14,000	1049%	(139,914)	(2000%)
DAMAGE RESTORATION SERVICES	3,729	16,574	21,169	99,666	199,470	11%	78,497	79%
TOTAL	\$190,548	\$88,572	\$884,573	\$516,654	\$1,048,470	84%	(\$367,919)	(71%)
DISASTER FUND - LANDSCAPE SERVICES								
RISK FIRE MANAGEMENT	\$0	\$15,000	\$0	\$90,000	\$180,000	0%	\$90,000	100%
TOTAL	\$0	\$15,000	\$0	\$90,000	\$180,000	0%	\$90,000	100%
GARDEN VILLA RECREATION ROOM FUND								
GARDEN VILLA RECREATION ROOMS	\$4,243	\$7,771	\$13,181	\$46,754	\$93,642	14%	\$33,573	72%
TOTAL	\$4,243	\$7,771	\$13,181	\$46,754	\$93,642	14%	\$33,573	72%

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

	2023	2023	2023	2023	2023
	YTD Actual	YTD Budget	YTD Variance	Annual Budget	% Expended
Paved Surfaces	\$28,571	\$32,043	\$3,472	\$503,674	6%
Roofing & Gutters	\$557,879	\$848,938	\$291,059	\$1,782,095	31%
Building Structures	\$942,228	\$996,127	\$53,899	\$2,004,840	47%
Decking Projects	\$209,463	\$205,031	(\$4,433)	\$410,998	51%
Prior to Painting & Painting Projects	\$1,131,179	\$1,205,710	\$74,530	\$2,417,060	47%
Elevators	\$0	\$46,875	\$46,875	\$125,000	0%
Garden Villas	\$1,015	\$2,830	\$1,815	\$5,676	18%
Lighting Replacement Projects	\$0	\$6,246	\$6,246	\$12,500	0%
Walls, Fencing, and Railings	\$35,535	\$70,259	\$34,724	\$144,721	25%
Laundry Facilities	\$103,489	\$57,326	(\$46,164)	\$158,339	65%
Sewer Lines, Water Lines and Elect	\$514,968	\$764,994	\$250,026	\$1,530,000	34%
Grounds & Miscellaneous	\$5,925	\$12,569	\$6,644	\$25,180	24%
Landscape Projects	\$914,069	\$782,609	(\$131,460)	\$1,919,229	48%
Total	\$4,444,321	\$5,031,555	\$587,234	\$11,039,312	40%

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

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

APPLIANCE REPAIRS	\$42,026	\$37,218	\$4,808	\$0
CARPENTRY SERVICE	274,820	244,172	30,648	0
ELECTRICAL SERVICE	60,029	51,984	7,054	991
FIRE PROTECTION	32,551	2,367	532	29,651
MISC REPAIRS BY OUTSIDE SERVICE	72,714	0	0	72,714
PEST CONTROL	64,164	0	0	64,164
PLUMBING SERVICE	340,882	276,829	33,874	30,179
SOLAR MAINTENANCE	27,289	0	0	27,289
STREET LIGHT MAINTENANCE	5,194	0	0	5,194
TOTAL	\$919,668	\$612,570	\$76,917	\$230,182

OPERATING FUND - GENERAL SERVICES

CONCRETE REPAIR/REPLACEMENT	\$166,152	\$152,976	\$10,491	\$2,685
JANITORIAL SERVICE	454,676	443,740	10,935	0
GUTTER CLEANING	57,295	57,295	0	0
TRAFFIC CONTROL	10,240	10,061	179	0
WELDING	47,045	46,158	886	0
TOTAL	\$735,407	\$710,230	\$22,492	\$2,685

OPERATING EXPENDITURES - LANDSCAPE SERVICES

LANDSCAPE ADMINISTRATION	\$171,476	\$171,476	\$0	\$0
NURSERY & COMPOSTING	115,714	115,714	0	0
GROUPS MAINTENANCE	1,569,406	1,270,992	2,427	295,988
IRRIGATION	380,132	337,604	42,528	0
SMALL EQUIPMENT REPAIR	90,291	90,291	0	0
PEST CONTROL	168,921	168,921	0	0
TOTAL	\$2,495,939	\$2,154,997	\$44,955	\$295,988

OPERATING - CHARGEABLE SERVICES

CHARGEABLE SERVICES	\$470,424	\$80,971	\$103,885	\$285,568
TOTAL	\$470,424	\$80,971	\$103,885	\$285,568

RESERVE FUND - MAINTENANCE & CONSTRUCTION

BUILDING NUMBERS	\$0	\$0	\$0	\$0
BUILDING STRUCTURES	992,178	89,686	27,440	875,052
ELECTRICAL SYSTEMS	0	0	0	0
ENERGY PROJECTS	0	0	0	0
EXTERIOR LIGHTING	0	0	0	0
FENCING	35,535	31,002	4,532	0
GARDEN VILLA LOBBY	0	0	0	0
GARDEN VILLA MAILROOM	145	145	0	0
GARDEN VILLA RECESSED AREA	0	0	0	0
GV REC ROOM WATER HEATER/HEAT PUMP	870	461	409	0
GUTTER REPLACEMENTS	30,573	28,218	2,355	0
MAILBOXES	5,925	5,925	0	0
PAINT PROGRAM - EXTERIOR	731,766	640,633	82,332	8,802
PRIOR TO PAINT	553,166	493,808	57,794	1,565
PAVING	0	0	0	0
ROOF REPLACEMENTS	527,306	0	0	527,306
SUPPLEMENTAL APPROPRIATIONS	0	0	0	0
WALL REPLACEMENTS	0	0	0	0
WASTE LINE REMEDIATION	155,532	0	0	155,532
WATER LINES - COPPER PIPE REMEDIATION	359,436	0	111	359,326
PLUMBING REPLACEMENT	0	0	0	0
TOTAL	\$3,392,432	\$1,289,877	\$174,972	\$1,927,583

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

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

PRIOR TO PAINT	\$5,761	\$5,761	\$0	\$0
PAVING	28,571	28,571	0	0
EXTERIOR WALLS	0	0	0	0
TOTAL	\$34,331	\$34,331	\$0	\$0

RESERVE FUND - LANDSCAPE

LANDSCAPE MODIFICATION	\$278,290	\$7,484	\$0	\$270,807
IMPROVEMENT & RESTORATION	60,196	60,196	0	0
TREE MAINTENANCE	575,582	227,435	0	348,147
TOTAL	\$914,069	\$295,115	\$0	\$618,954

RESERVE FUND - ELEVATOR

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

RESERVE FUND - LAUNDRY

LAUNDRY APPLIANCES	\$97,165	\$10,149	\$87,015	\$0
LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	6,325	6,325	0	0
TOTAL	\$103,489	\$16,474	\$87,015	\$0

DISASTER FUND - MAINTENANCE & CONSTRUCTION

MOISTURE INTRUSION - RAIN LEAKS	\$335,659	\$0	\$0	\$335,659
MOISTURE INTRUSION - PLUMBING LEAKS	298,931	0	0	298,931
MOISTURE INTRUSION - PLUMBING STOPPAGES	81,904	0	0	81,904
MOISTURE INTRUSION - MISCELLANEOUS	146,910	0	0	146,910
DAMAGE RESTORATION SERVICES	21,169	20,978	192	0
TOTAL	\$884,573	\$20,978	\$192	\$863,404

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	\$13,181	\$10,855	\$2,326	\$0
TOTAL	\$13,181	\$10,855	\$2,326	\$0

**THIRD LAGUNA HILLS
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES
REPORT AS OF JUNE 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	8,748	8,748
ELECTRICAL SERVICE	991	1,000	9
FIRE PROTECTION	29,651	60,712	31,061
MISC REPAIRS BY OUTSIDE SERVICE	72,714	24,330	(48,384)
PEST CONTROL	64,164	179,988	115,824
PLUMBING SERVICE	30,179	47,496	17,317
SOLAR MAINTENANCE	27,289	14,000	(13,289)
STREET LIGHT MAINTENANCE	5,194	8,496	3,302
TOTAL	\$230,182	\$344,770	\$114,588

OPERATING FUND - GENERAL SERVICES

CONCRETE REPAIR/REPLACEMENT	\$2,685	\$0	(\$2,685)
JANITORIAL SERVICE	0	0	0
GUTTER CLEANING	0	18,996	18,996
TRAFFIC CONTROL	0	0	0
WELDING	0	4,998	4,998
TOTAL	\$2,685	\$23,994	\$21,309

OPERATING EXPENDITURES - LANDSCAPE SERVICES

LANDSCAPE ADMINISTRATION	\$0	\$0	\$0
NURSERY & COMPOSTING	0	0	0
GROUNDS MAINTENANCE	295,988	0	(295,988)
IRRIGATION	0	0	0
SMALL EQUIPMENT REPAIR	0	0	0
PEST CONTROL	0	0	0
TOTAL	\$295,988	\$0	(\$295,988)

OPERATING - CHARGEABLE SERVICES

CHARGEABLE SERVICES	\$285,568	\$186,186	(99,382)
TOTAL	\$285,568	\$186,186	(99,382)

OPERATING - SECURITY SERVICES

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

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

DESCRIPTION	OS Actuals	OS Budget	OS Variance
RESERVE FUND - MAINTENANCE & CONSTRUCTION			
BUILDING STRUCTURES	875,052	887,724	12,672
EXTERIOR LIGHTING	0	6,246	6,246
FENCING	0	0	0
GARDEN VILLA LOBBY	0	0	0
GARDEN VILLA MAILROOM	0	0	0
GV REC ROOM WATER HEATER/HEAT PUMP	0	1,134	1,134
GUTTER REPLACEMENTS	0	24,996	24,996
MAILBOXES	0	0	0
PAINT PROGRAM - EXTERIOR	8,802	28,740	19,938
PRIOR TO PAINT	1,565	27,498	25,933
PAVING	0	0	0
ROOF REPLACEMENTS	527,306	693,064	165,758
WALL REPLACEMENTS	0	17,496	17,496
WASTE LINE REMEDIATION	155,532	499,998	344,466
WATER LINES - COPPER PIPE REMEDIATION	359,326	249,996	(109,330)
TOTAL	\$1,927,583	\$2,551,888	\$624,305
RESERVE FUND - GENERAL SERVICES			
PRIOR TO PAINT	\$0	\$0	\$0
PAVING	0	0	0
EXTERIOR WALLS	0	12,072	12,072
TOTAL	\$0	\$12,072	\$12,072
RESERVE FUND - LANDSCAPE			
LANDSCAPE MODIFICATION	\$270,807	\$235,695	(\$35,112)
IMPROVEMENT & RESTORATION	0	0	0
TREE MAINTENANCE	348,147	251,556	(96,591)
TOTAL	\$618,954	\$487,251	(\$131,703)
RESERVE FUND - ELEVATOR			
ELEVATOR REPLACEMENT	\$0	\$46,875	\$46,875
TOTAL	\$0	\$46,875	\$46,875
RESERVE FUND - LAUNDRY			
LAUNDRY APPLIANCES	\$0	\$1,398	\$1,398
LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	0	0	0
TOTAL	\$0	\$1,398	\$1,398

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

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

MOISTURE INTRUSION - RAIN LEAKS	\$335,659	\$129,996	(\$205,663)
MOISTURE INTRUSION - PLUMBING LEAKS	298,931	249,996	(48,935)
MOISTURE INTRUSION - PLUMBING STOPPAGES	81,904	30,000	(51,904)
MOISTURE INTRUSION - MISCELLANEOUS	146,910	6,996	(139,914)
DAMAGE RESTORATION SERVICES	0	77,496	77,496
TOTAL	\$863,404	\$494,484	(\$368,920)

DISASTER FUND - LANDSCAPE SERVICES

RISK FIRE MANAGEMENT	\$0	\$90,000	\$90,000
SUPPLEMENTAL APPROPRIATIONS	\$0	\$0	\$0
TOTAL	\$0	\$90,000	\$90,000

DISASTER FUND - FINANCIAL SERVICES

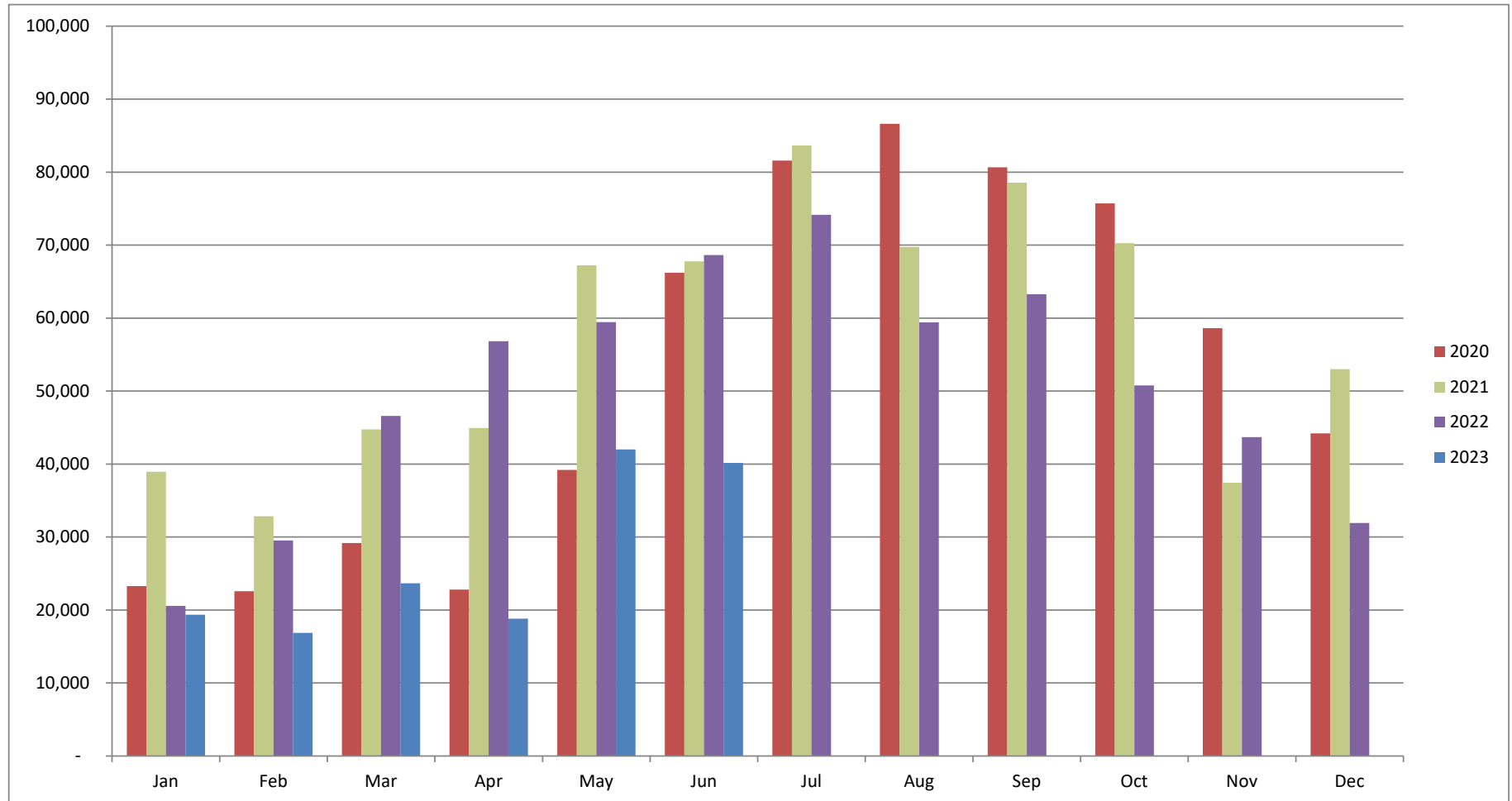
INSURANCE PREMIUMS	\$0	\$0	\$0
TOTAL	\$0	\$0	\$0

GARDEN VILLA REC ROOM FUND - MAINTENANCE & CONSTRUCTION

GARDEN VILLA RECREATION ROOMS	\$0	\$27,498	\$27,498
TOTAL	\$0	\$27,498	\$27,498

Third Mutual Water Usage in 100 cubic feet units

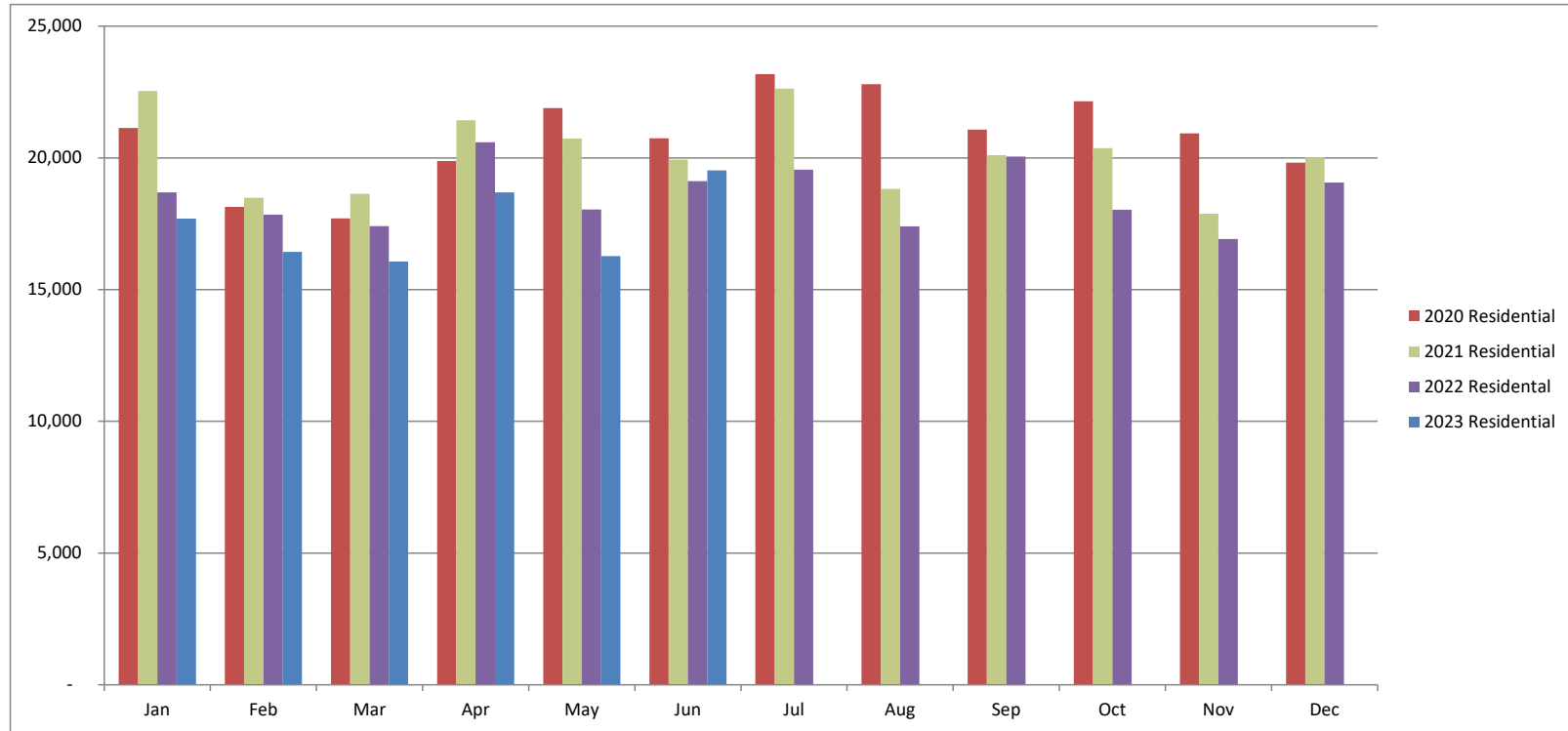
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD \$*	YTD ccf	Total
2020	23,285	22,570	29,169	22,804	39,197	66,203	81,581	86,612	80,664	75,700	58,608	44,199	\$1,061,853	203,228	630,592
2021	38,929	32,844	44,745	44,946	67,232	67,759	83,660	69,752	78,563	70,259	37,446	53,014	\$1,363,065	296,455	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	\$1,363,739	281,581	604,812
2023	19,363	16,857	23,667	18,805	41,986	40,165	-	-	-	-	-	-	\$1,078,134	160,843	160,843



*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	\$636,547	119,492	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	\$668,088	121,773	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	\$662,530	111,697	222,724
2023 Residential	17,693	16,435	16,065	18,691	16,268	19,524	-	-	-	-	-	-	\$680,726	104,676	104,676

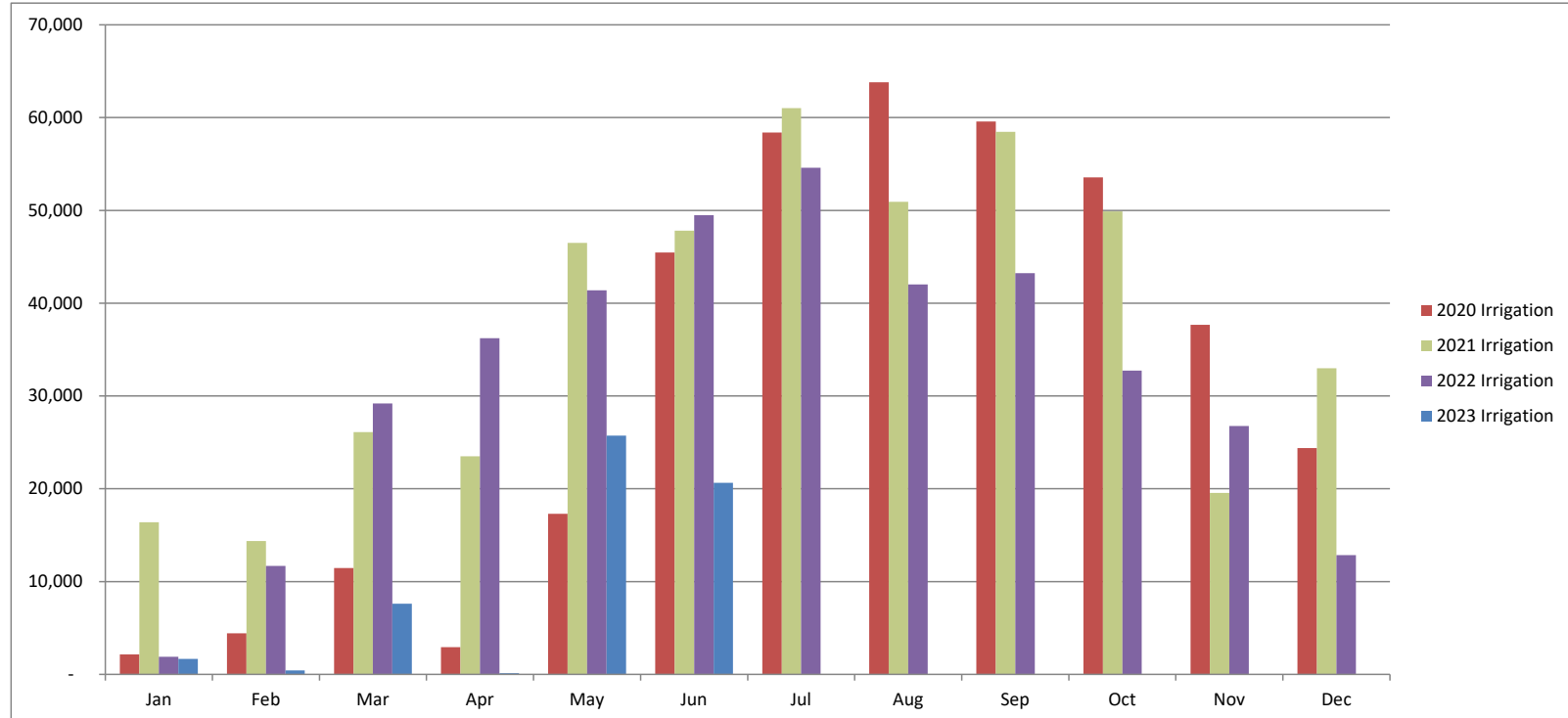


*Derived From ETWD Billing Statements

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	\$425,306	83,736	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	\$694,977	174,682	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	\$701,209	169,884	382,088
2023 Irrigation	1,670	422	7,602	114	25,718	20,641	-	-	-	-	-	-	\$397,408	56,167	56,167



THIRD LAGUNA HILLS MUTUAL
Provision For Doubtful Accounts
As of June 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	380,061			97,347		21,915	25
June-23	385,327			93,534		1,453	26
July-23							
August-23							
September-23							
October-23							
November-23							
December-23							
YTD TOTAL						(628)	

(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: August 1, 2023
FOR: Finance Committee
SUBJECT: Operating Surplus Transfer

RECOMMENDATION

Staff recommends approval of a \$917,230 transfer from the Operating Fund to the Replacement Reserve Fund (RPF) due to the Operating Fund surplus in 2022.

BACKGROUND

Third's annual business plan is approved each year with zero anticipated Operating Fund (OPR) surplus or deficit. If actual OPR revenues exceed actual OPR expenses at the close of the fiscal year, IRS Revenue Ruling 70-604 requires the surplus to either be returned to the membership or be applied to next year's assessment. Historically, surpluses have been transferred to the Unappropriated Expenditure Fund (UEF) or the Disaster Fund (DSF) at the Board's discretion.

DISCUSSION

Third ended the 2022 fiscal year with \$30,581,580 in OPR Revenues (less unrealized gain in GRF) and \$29,664,350 in OPR Expenses (less depreciation), a net OPR income of \$917,230. The primary driver of the surplus was a reduction in property insurance premiums that began June 1, 2022 that were not anticipated at the time of budget, resulting in a savings. Staff recommends the transfer of the operating surplus to the Replacement Reserve Fund (RPF) to supplement additional reserve programs expected to begin in 2024.

Operating Fund Surplus: Transfer OPR → RPF

FINANCIAL ANALYSIS

The balance in the Operating Fund as of June 30, 2023 was \$48,802,177 allowing sufficient funds available for the \$917,230 transfer.

Prepared By: Jose Campos, Assistant Director of Financial Services
Reviewed By: Pam Jensen, Controller