



OPEN MEETING

REGULAR MEETING OF THE THIRD LAGUNA HILLS MUTUAL* FINANCE COMMITTEE

**Tuesday, August 6, 2024 – 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 OF MEETING 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 4, 2024
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, 2024
 - b. 2023 Operating Surplus Transfer
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.*
 - Purchasing Policy – Special Open Meeting
10. Committee Member Comments
11. Date of Next Meeting – Tuesday, October 1, 2024 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
August 6, 2024
Page 2 of 2

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.

David Veeneman, Chair
Steve Hormuth, Staff Officer
Telephone: 949-597-4201



FINANCE COMMITTEE MEETING REPORT OF THE REGULAR OPEN SESSION

Tuesday, June 4, 2024 – 1:30 p.m.
Hybrid Meeting

DIRECTORS PRESENT: Andy Ginocchio- Chair, S. K. Park, Moon Yun, Brad Rinehart, David Veeneman, Reza Karimi (Alternate)

DIRECTORS ABSENT: Jules Zalon

ADVISORS PRESENT: None.

STAFF PRESENT: Steve Hormuth, Jose Campos, Pam Jensen, Ian Barnette, Blake Lefante, Ada Sigler, Karina Vargas

Call Meeting to Order

Director Andy Ginocchio, Treasurer, chaired and called the meeting to order at 1:30 p.m.

Approval of the Agenda

Director Venneman made a motion to approve the Agenda as presented, Director Park seconded, hearing no objections the motion passed.

Approval of Meeting Report for April 2, 2024

Director Park made a motion to approve the meeting report as presented, Director Rinehart seconded, and the report was approved by consent.

Remarks of the Chair

None.

Member Comments (Items Not on the Agenda)

None.

Response to Member Comments

None.

Department Head Update

Steve Hormuth, Director of Financial Services, provided a brief update on the Third Mutual budget meetings for the 2025 Business Plan, informing the completion of version 1 review for Maintenance & Construction budget on May 23 and the Landscape budget

on June 3. Steve Hormuth announced staff continues to work on the recommendations to be provided for the upcoming review of version 2 scheduled for July 15.

Preliminary Financial Statements dated April 30, 2024

Jose Campos, Assistant Director of Financial Services, presented the Preliminary Financial Statements dated April 30, 2024. Questions and comments were noted by staff.

Director Rinehart stepped out at 2:59 pm.

2025 Collection and Lien Enforcement Policy

Staff and confirmed no changes affecting assessment collection policies. Thus, the 2025 Collection and Lien Enforcement remains consistent with the 2024 version, with the exception of a title update from “2024” to “2025”. Director Park made a motion to approve as recommended. Director Veneman seconded, discussion ensued, of the voting Directors present the motion passed 4:1. This policy will be presented at the next board meeting and placed on the Consent Calendar and 28-day notice.

Purchase Task Force (Oral)

Director Ginocchio shared with the committee that they have agenda prep this upcoming week and plan to discuss the board-initiated changes to the Purchasing Policy. Staff strongly urged the committee members to not vote on the proposed changes to the Purchasing Policy at their upcoming board meeting without having first shared their proposal with representatives from GRF and United as members of the Purchasing Task Force. Staff shared potential negative impacts that could be created by no longer having an aligned policy amongst all three corporations. Some of those potential impacts are vendor confusion, delayed work, and increased pricing due to loss of economies of scale (i.e. Third may contract with vendors on its own without the benefit of including United and GRF). Staff recommends Third delay its vote on this matter and instead meet as members of the Purchasing Task Force to discuss their concern(s).

Director Rinehart returned at 3:11pm.

Future Agenda Items

None.

Committee Member Comments

None.

Date of Next Meeting

Tuesday, August 6, 2024 at 1:30 p.m.

Recess to Closed Session

The meeting recessed at 3:21 p.m.

DRAFT

Andy Ginocchio, Chair

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MEMORANDUM

To: Third Finance Committee
 From: Steve Hormuth, Director of Financial Services
 Date: August 6, 2024
 Re: Department Head Update

Financial Highlights

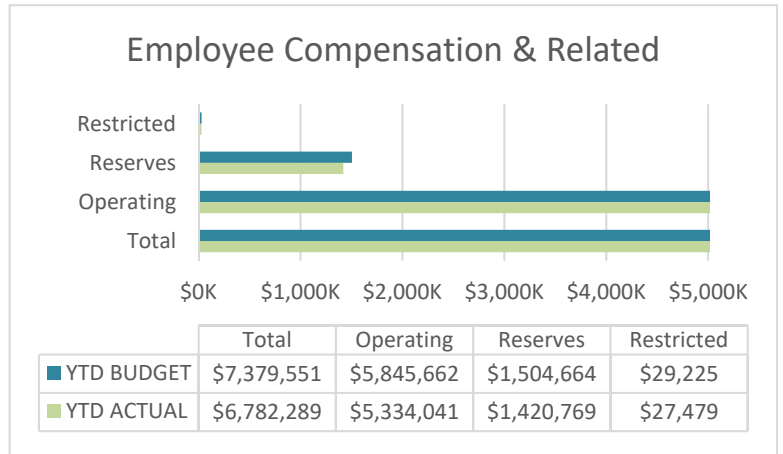
SUMMARY:

For the year-to-date period ending June 30, 2024, Third Laguna Hills Mutual was worse than budget by (\$696K) primarily due to the timing of billing requests for the damage restoration backlog in addition to more outside service expense. The variance was partially offset by employee compensation and more investment income than anticipated.

| INCOME STATEMENT (in Thousands) | | | |
|------------------------------------|----------------|----------------|----------------|
| | Actual | Budget | Variance |
| Assessments | \$21,737 | \$21,737 | \$0 |
| Other Revenues | \$1,910 | \$2,563 | (\$653) |
| Expenses | \$21,746 | \$21,703 | (\$43) |
| Revenue/(Expense) | \$1,901 | \$2,597 | (\$696) |

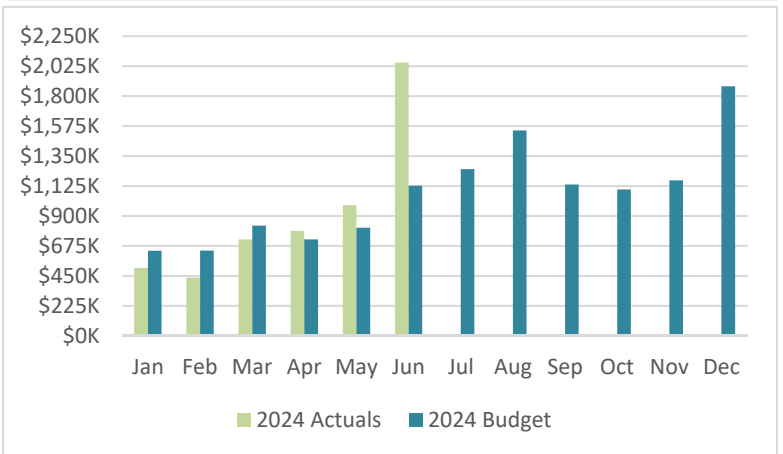
COMPENSATION:

Actual compensation and related costs came in at \$6,782K with \$5,334K in operations, \$1,421K in reserves, and \$27K in restricted. Combined, this category is 8.8% favorable to budget. The most significant impact was in Landscape due to open positions.



OUTSIDE SERVICES:

Actual outside services cost came in at \$5,487K. In total, this category was unfavorable to budget by (\$722K) primarily in M&C due to more damage restoration related events occurring than anticipated through the reporting period in addition to timing of the Waste Line Replacement program as more work took place earlier in the year. The budget reflected most of the work taking place in the second half of the year. Landscape partially offset the variance due to timing of the Prior to Paint Landscaping program, which didn't begin until June.



Discussions

Budget: Third kicked off the 2025 Business Plan development in April by holding a meeting to review service levels. The Third Board conducted a review of Version 1 of the Maintenance & Construction budget on May 23 and Version 1 of the Landscape budget on June 3. Version 2 was reviewed July 15 and is undergoing changes and revisions. The Version 3 review will be televised on August 19. The final version of the 2025 Business Plan will be proposed for adoption at the September 17 Board meeting. All budget meetings have been updated on the TeamUp calendar and are available on LagunaWoodsVillage.com.

Insurance Update: On June 1, 2024 property insurance was renewed and bound in partnership with United, with Third's portion of the payment being \$6.2M versus a prior year payment of \$7.0M.

Calendar

- August 6, 2024 @ 1:30 p.m. Third Finance Committee (June Financials)
- August 16, 2024 @ 10:30 a.m. Third Board Special Open Meeting (Meet the Candidates)
- August 19, 2024 @ 1:30 p.m. Third Budget Business Plan Review - Televised (Version 3)
- August 20, 2024 @ 9:30 a.m. Third Board Meeting
- September 6, 2024 @ 9:30 a.m. Third Board Agenda Prep
- September 17, 2024 @ 9:30 a.m. Third Board Meeting
- October 1, 2024 @ 1:30 p.m. Third Finance Committee (August Financials)
- October 3, 2024 @ 9:30 a.m. Third Annual/Organizational Meeting
- October 4, 2024 @ 9:30 a.m. Third Board Agenda Prep
- October 15, 2024 @ 9:30 a.m. Third Board Meeting
- November 1, 2024 @ 9:30 a.m. Third Board Agenda Prep
- November 19, 2024 @ 9:30 a.m. Third Board Meeting

| August 2024 | | | | | | | September 2024 | | | | | | | October 2024 | | | | | | | November 2024 | | | | | | |
|-------------|----|----|----|----|----|----|----------------|----|----|----|----|----|----|--------------|----|----|----|----|----|----|---------------|----|----|----|----|----|----|
| 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 | 2 | 3 | 4 | 5 | 6 | 7 | | | 1 | 2 | 3 | 4 | 5 | | | | | | 1 | 2 |
| 4 | 5 | 6 | 7 | 8 | 9 | 10 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 18 | 19 | 20 | 21 | 22 | 23 | 24 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 25 | 26 | 27 | 28 | 29 | 30 | 31 | 29 | 30 | | | | | | 27 | 28 | 29 | 30 | 31 | | | 24 | 25 | 26 | 27 | 28 | 29 | 30 |

Third Laguna Hills Mutual
Statement of Revenues & Expenses - By Fund Type - Preliminary
6/30/2024
(\$ 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 | \$13,873 | \$13,873 | | | | | | | | \$13,873 | \$13,873 | |
| 2 Additions to restricted funds | | | | 5,968 | 5,968 | | 1,896 | 1,896 | | 7,864 | 7,864 | |
| 3 Total assessments | 13,873 | 13,873 | | 5,968 | 5,968 | | 1,896 | 1,896 | | 21,737 | 21,737 | |
| Non-assessment revenues: | | | | | | | | | | | | |
| 4 Fees and charges for services to residents | 715 | 1,756 | (1,041) | | | | | | | 715 | 1,756 | (1,041) |
| 5 Laundry | 109 | 105 | 4 | | | | | | | 109 | 105 | 4 |
| 6 Investment income | | | | 627 | 307 | 320 | 131 | 23 | 108 | 758 | 330 | 428 |
| 7 Miscellaneous | 328 | 373 | (44) | | | | | | | 328 | 373 | (44) |
| 8 Total non-assessment revenue | 1,152 | 2,233 | (1,081) | 627 | 307 | 320 | 131 | 23 | 108 | 1,910 | 2,563 | (653) |
| 9 Total revenue | 15,025 | 16,106 | (1,081) | 6,595 | 6,275 | 320 | 2,027 | 1,919 | 108 | 23,647 | 24,300 | (653) |
| Expenses: | | | | | | | | | | | | |
| 10 Employee compensation and related | 5,334 | 5,846 | 512 | 1,421 | 1,505 | 84 | 27 | 29 | 2 | 6,782 | 7,380 | 597 |
| 11 Materials and supplies | 417 | 414 | (3) | 293 | 346 | 53 | 5 | 13 | 8 | 715 | 772 | 57 |
| 12 Community Events | | 1 | 1 | | | | | | | | 1 | 1 |
| 13 Utilities and telephone | 3,096 | 3,089 | (7) | 6 | 7 | 1 | | | | 3,102 | 3,096 | (6) |
| 14 Legal fees | 305 | 146 | (158) | | | | | | | 305 | 146 | (158) |
| 15 Professional fees | 50 | 84 | 33 | 1 | | (1) | | | | 51 | 84 | 33 |
| 16 Equipment rental | 4 | 4 | 1 | 12 | 19 | 7 | | | | 16 | 24 | 7 |
| 17 Outside services | 1,759 | 496 | (1,264) | 2,732 | 3,637 | 905 | 996 | 631 | (364) | 5,487 | 4,764 | (722) |
| 18 Repairs and maintenance | 186 | 178 | (8) | | 2 | 2 | | | | 186 | 181 | (6) |
| 19 Other Operating Expense | 69 | 82 | 13 | 9 | 14 | 6 | | | | 78 | 96 | 19 |
| 20 Income taxes | 98 | | (98) | | | | | | | 98 | | (98) |
| 21 Insurance | 4,099 | 4,319 | 220 | | | | | | | 4,099 | 4,319 | 220 |
| 22 Uncollectible Accounts | 64 | 42 | (21) | | | | | | | 64 | 42 | (21) |
| 23 Depreciation and amortization | 47 | 47 | | | | | | | | 47 | 47 | |
| 24 Cost Allocations | 622 | 652 | 29 | 90 | 97 | 7 | 2 | 2 | | 714 | 751 | 36 |
| 25 Total expenses | 16,151 | 15,400 | (751) | 4,564 | 5,627 | 1,063 | 1,031 | 676 | (355) | 21,746 | 21,703 | (42) |
| 26 Excess of revenues over expenses | (\$1,126) | \$707 | (\$1,833) | \$2,031 | \$647 | \$1,384 | \$996 | \$1,243 | (\$247) | \$1,901 | \$2,597 | (\$696) |

Third Laguna Hills Mutual
Statement of Revenues & Expenses - Preliminary
6/30/2024
(\$ IN THOUSANDS)

| | | CURRENT MONTH | | | YEAR TO DATE | | | PRIOR YEAR | TOTAL |
|--------------------------|--|---------------|---------|----------|--------------|----------|----------|------------|----------|
| | | ACTUAL | BUDGET | VARIANCE | ACTUAL | BUDGET | VARIANCE | ACTUAL | BUDGET |
| Revenues: | | | | | | | | | |
| Assessments: | | | | | | | | | |
| 1 | Operating | \$2,312 | \$2,312 | | \$13,873 | \$13,873 | | \$14,328 | \$27,746 |
| 2 | Additions to restricted funds | 1,311 | 1,311 | | 7,864 | 7,864 | | 6,390 | 15,728 |
| 3 | Total assessments | 3,623 | 3,623 | | 21,737 | 21,737 | | 20,718 | 43,474 |
| Non-assessment revenues: | | | | | | | | | |
| 4 | Fees and charges for services to residents | 135 | 293 | (158) | 715 | 1,756 | (1,041) | 595 | 3,515 |
| 5 | Laundry | 21 | 17 | 3 | 109 | 105 | 4 | 110 | 209 |
| 6 | Investment income | 138 | 55 | 83 | 758 | 330 | 428 | 514 | 660 |
| 7 | Miscellaneous | 74 | 62 | 12 | 328 | 373 | (44) | 321 | 745 |
| 8 | Total non-assessment revenue | 368 | 427 | (59) | 1,910 | 2,563 | (653) | 1,541 | 5,130 |
| 9 | Total revenue | 3,991 | 4,050 | (59) | 23,647 | 24,300 | (653) | 22,260 | 48,604 |
| Expenses: | | | | | | | | | |
| 10 | Employee compensation and related | 1,094 | 1,217 | 123 | 6,782 | 7,380 | 597 | 6,423 | 14,816 |
| 11 | Materials and supplies | 123 | 128 | 6 | 715 | 772 | 57 | 728 | 1,546 |
| 12 | Community Events | | | | | 1 | 1 | | 2 |
| 13 | Utilities and telephone | 623 | 592 | (32) | 3,102 | 3,096 | (6) | 2,632 | 6,777 |
| 14 | Legal fees | 37 | 26 | (11) | 305 | 146 | (158) | 174 | 300 |
| 15 | Professional fees | 3 | 15 | 11 | 51 | 84 | 33 | 54 | 168 |
| 16 | Equipment rental | 2 | 4 | 1 | 16 | 24 | 7 | 13 | 47 |
| 17 | Outside services | 2,052 | 1,125 | (926) | 5,487 | 4,764 | (722) | 4,267 | 12,832 |
| 18 | Repairs and maintenance | 28 | 30 | 2 | 186 | 181 | (6) | 148 | 361 |
| 19 | Other Operating Expense | 11 | 21 | 9 | 78 | 96 | 19 | 66 | 180 |
| 20 | Income taxes | | | | 98 | | (98) | | |
| 21 | Insurance | 599 | 808 | 209 | 4,099 | 4,319 | 220 | 4,398 | 9,167 |
| 22 | Uncollectible Accounts | (2) | 7 | 9 | 64 | 42 | (21) | (1) | 85 |
| 23 | Depreciation and amortization | 8 | 8 | | 47 | 47 | | 52 | 95 |
| 24 | Cost Allocations | 104 | 127 | 23 | 714 | 751 | 36 | 612 | 1,503 |
| 25 | Total expenses | 4,683 | 4,108 | (575) | 21,746 | 21,703 | (42) | 19,566 | 47,879 |
| 26 | Excess of revenues over expenses | (\$692) | (\$58) | (\$634) | \$1,901 | \$2,597 | (\$696) | \$2,693 | \$725 |

**Third Laguna Hills Mutual
Operating Statement - Preliminary
6/30/2024
THIRD LAGUNA HILLS MUTUAL**

| | <u>Actual</u> | <u>YEAR TO DATE Budget</u> | <u>VAR\$ B/(W)</u> | <u>VAR% B/(W)</u> | <u>TOTAL BUDGET</u> |
|--|-------------------|--------------------------------|--------------------|-------------------|-------------------------|
| Revenues: | | | | | |
| Assessments: | | | | | |
| Operating | | | | | |
| 41001000 - Monthly Assessments | \$13,872,981 | \$13,873,076 | (\$95) | 0.00% | \$27,746,482 |
| Total Operating | 13,872,981 | 13,873,076 | (95) | 0.00% | 27,746,482 |
| Additions To Restricted Funds | | | | | |
| 41002000 - Monthly Assessments - Disaster Fund | 915,300 | 915,300 | 0 | 0.00% | 1,830,600 |
| 41003000 - Monthly Assessments - Unappropriated Expenditures Fund | 932,508 | 932,508 | 0 | 0.00% | 1,865,015 |
| 41003500 - Monthly Assessments - Replacement Fund | 5,711,472 | 5,711,472 | 0 | 0.00% | 11,422,944 |
| 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 | 48,438 | 48,438 | 0 | 0.00% | 96,876 |
| Total Additions To Restricted Funds | 7,864,002 | 7,864,002 | 0 | 0.00% | 15,728,003 |
| Total Assessments | 21,736,982 | 21,737,077 | (95) | 0.00% | 43,474,485 |
| Non-Assessment Revenues: | | | | | |
| Fees and Charges for Services to Residents | | | | | |
| 46501000 - Permit Fee | 75,435 | 157,051 | (81,617) | (51.97%) | 314,105 |
| 46501500 - Inspection Fee | 41,614 | 42,463 | (849) | (2.00%) | 84,928 |
| 46502000 - Resident Maintenance Fee | 213,706 | 431,658 | (217,951) | (50.49%) | 866,366 |
| 46502999 - Resident Maintenance Fee Backlog | 384,180 | 1,125,000 | (740,820) | (65.85%) | 2,250,000 |
| Total Fees and Charges for Services to Residents | 714,935 | 1,756,172 | (1,041,237) | (59.29%) | 3,515,398 |
| Laundry | | | | | |
| 46005000 - Coin Op Laundry Machine | 108,644 | 104,652 | 3,992 | 3.81% | 209,300 |
| Total Laundry | 108,644 | 104,652 | 3,992 | 3.81% | 209,300 |
| Investment Income | | | | | |
| 49001000 - Investment Income | 757,865 | 329,868 | 427,997 | 129.75% | 659,736 |
| Total Investment Income | 757,865 | 329,868 | 427,997 | 129.75% | 659,736 |
| Miscellaneous | | | | | |
| 46004500 - Resident Violations | 0 | 31,008 | (31,008) | (100.00%) | 62,022 |
| 44501000 - Additional Occupant Fee | 25,900 | 50,148 | (24,248) | (48.35%) | 100,305 |
| 44501510 - Lease Processing Fee - Third | 130,160 | 124,896 | 5,264 | 4.21% | 249,803 |
| 44502000 - Variance Processing Fee | 1,800 | 750 | 1,050 | 140.00% | 1,500 |
| 44502500 - Non-Sale Transfer Fee - Third | 1,400 | 1,500 | (100) | (6.67%) | 3,000 |
| 44503520 - Resale Processing Fee - Third | 70,554 | 81,600 | (11,046) | (13.54%) | 163,200 |
| 44505500 - Hoa Certification Fee | 2,090 | 6,750 | (4,660) | (69.04%) | 13,500 |
| 44507000 - Golf Cart Electric Fee | 31,842 | 33,000 | (1,158) | (3.51%) | 66,000 |
| 44507200 - Electric Vehicle Plug-In Fee | 19,723 | 6,102 | 13,621 | 223.22% | 12,200 |
| 44507500 - Cartport/Carport Space Rental Fee | 1,530 | 2,100 | (570) | (27.14%) | 4,200 |
| 47001500 - Late Fee Revenue | 39,737 | 29,598 | 10,139 | 34.26% | 59,200 |
| 47002020 - Collection Administrative Fee - Third | 150 | 648 | (498) | (76.85%) | 1,300 |
| 47002500 - Collection Interest Revenue | 147 | 2,448 | (2,301) | (94.01%) | 4,900 |
| 47501000 - Recycling | 3,019 | 1,998 | 1,021 | 51.11% | 4,000 |
| 49009000 - Miscellaneous Revenue | 395 | 0 | 395 | 0.00% | 0 |
| Total Miscellaneous | 328,447 | 372,546 | (44,100) | (11.84%) | 745,129 |
| Total Non-Assessment Revenue | 1,909,889 | 2,563,238 | (653,348) | (25.49%) | 5,129,563 |
| Total Revenue | 23,646,872 | 24,300,315 | (653,443) | (2.69%) | 48,604,048 |
| Expenses: | | | | | |
| Employee Compensation | | | | | |
| 51011000 - Salaries & Wages - Regular | 1,582,166 | 1,579,634 | (2,532) | (0.16%) | 3,201,282 |
| 51021000 - Union Wages - Regular | 2,403,482 | 2,862,777 | 459,295 | 16.04% | 5,774,132 |
| 51041000 - Wages - Overtime | 34,308 | 26,151 | (8,157) | (31.19%) | 52,310 |
| 51051000 - Union Wages - Overtime | 25,037 | 20,272 | (4,765) | (23.51%) | 40,569 |
| 51061000 - Holiday & Vacation | 446,350 | 375,287 | (71,063) | (18.94%) | 757,895 |
| 51071000 - Sick | 136,413 | 153,078 | 16,665 | 10.89% | 309,142 |
| 51081000 - Sick - Part Time | 0 | 21 | 21 | 100.00% | 43 |
| 51091000 - Missed Meal Penalty | 1,433 | 1,467 | 34 | 2.30% | 2,959 |

**Third Laguna Hills Mutual
Operating Statement - Preliminary
6/30/2024
THIRD LAGUNA HILLS MUTUAL**

| | YEAR TO DATE | | | | TOTAL |
|---|------------------|------------------|------------------|------------------|-------------------|
| | Actual | Budget | VAR\$ B/(W) | VAR% B/(W) | BUDGET |
| 51101000 - Temporary Help | 163,669 | 98,413 | (65,255) | (66.31%) | 196,829 |
| 51981000 - Compensation Accrual | 468 | 0 | (468) | 0.00% | 0 |
| Total Employee Compensation | 4,793,326 | 5,117,100 | 323,775 | 6.33% | 10,335,161 |
| Compensation Related | | | | | |
| 52411000 - F.I.C.A. | 347,113 | 380,265 | 33,152 | 8.72% | 763,578 |
| 52421000 - F.U.I. | 7,269 | 9,705 | 2,435 | 25.10% | 9,705 |
| 52431000 - S.U.I. | 25,417 | 49,284 | 23,868 | 48.43% | 49,284 |
| 52441000 - Union Medical | 886,857 | 968,443 | 81,586 | 8.42% | 1,936,885 |
| 52451000 - Workers' Compensation Insurance | 252,869 | 291,106 | 38,237 | 13.14% | 587,413 |
| 52461000 - Non Union Medical & Life Insurance | 167,155 | 185,934 | 18,780 | 10.10% | 371,869 |
| 52471000 - Union Retirement Plan | 255,585 | 308,414 | 52,830 | 17.13% | 621,940 |
| 52481000 - Non-Union Retirement Plan | 47,020 | 69,299 | 22,279 | 32.15% | 140,326 |
| 52981000 - Compensation Related Accrual | (320) | 0 | 320 | 0.00% | 0 |
| Total Compensation Related | 1,988,964 | 2,262,451 | 273,487 | 12.09% | 4,481,001 |
| Materials and Supplies | | | | | |
| 53001000 - Materials & Supplies | 244,972 | 325,575 | 80,603 | 24.76% | 652,254 |
| 53003000 - Materials Direct | 468,962 | 444,846 | (24,116) | (5.42%) | 890,053 |
| 53004000 - Freight | 1,474 | 1,664 | 191 | 11.45% | 3,366 |
| Total Materials and Supplies | 715,408 | 772,085 | 56,677 | 7.34% | 1,545,673 |
| Community Events | | | | | |
| 53201000 - Community Events | 0 | 1,198 | 1,198 | 100.00% | 2,400 |
| Total Community Events | 0 | 1,198 | 1,198 | 100.00% | 2,400 |
| Utilities and Telephone | | | | | |
| 53301000 - Electricity | 291,229 | 241,463 | (49,766) | (20.61%) | 454,730 |
| 53301500 - Sewer | 807,590 | 766,800 | (40,790) | (5.32%) | 1,659,600 |
| 53302000 - Water | 1,241,321 | 1,366,228 | 124,907 | 9.14% | 3,219,638 |
| 53302500 - Trash | 762,110 | 721,693 | (40,417) | (5.60%) | 1,443,389 |
| Total Utilities and Telephone | 3,102,250 | 3,096,184 | (6,066) | (0.20%) | 6,777,357 |
| Legal Fees | | | | | |
| 53401500 - Legal Fees | 313,979 | 146,211 | (167,768) | (114.74%) | 300,000 |
| 53401550 - Legal Fees Contra | (9,393) | 0 | 9,393 | 0.00% | 0 |
| Total Legal Fees | 304,586 | 146,211 | (158,375) | (108.32%) | 300,000 |
| Professional Fees | | | | | |
| 53402020 - Audit & Tax Preparation Fees - Third | 41,000 | 24,996 | (16,004) | (64.03%) | 50,000 |
| 53403500 - Consulting Fees | 4,156 | 8,285 | 4,129 | 49.84% | 17,327 |
| 53403520 - Consulting Fees - Third | 5,849 | 50,238 | 44,389 | 88.36% | 100,500 |
| Total Professional Fees | 51,005 | 83,519 | 32,514 | 38.93% | 167,827 |
| Equipment Rental | | | | | |
| 53501500 - Equipment Rental/Lease Fees | 16,075 | 23,566 | 7,490 | 31.79% | 47,135 |
| Total Equipment Rental | 16,075 | 23,566 | 7,490 | 31.79% | 47,135 |
| Outside Services | | | | | |
| 53601000 - Bank Fees | 3 | 0 | (3) | 0.00% | 0 |
| 53601500 - Credit Card Transaction Fees | 6,603 | 4,998 | (1,605) | (32.11%) | 10,000 |
| 53604500 - Marketing Expense | 0 | 2,502 | 2,502 | 100.00% | 5,000 |
| 54603500 - Outside Services Cost Collection | 5,435,742 | 4,701,478 | (734,264) | (15.62%) | 12,700,973 |
| 53704000 - Outside Services | 44,571 | 55,478 | 10,908 | 19.66% | 115,582 |
| Total Outside Services | 5,486,918 | 4,764,456 | (722,462) | (15.16%) | 12,831,555 |
| Repairs and Maintenance | | | | | |
| 53701000 - Equipment Repair & Maint | 610 | 5,178 | 4,568 | 88.22% | 10,390 |
| 53703000 - Elevator /Lift Maintenance | 185,567 | 175,424 | (10,143) | (5.78%) | 350,852 |
| Total Repairs and Maintenance | 186,177 | 180,603 | (5,575) | (3.09%) | 361,241 |
| Other Operating Expense | | | | | |
| 53801000 - Mileage & Meal Allowance | 1,389 | 3,043 | 1,654 | 54.37% | 6,071 |
| 53801500 - Travel & Lodging | 0 | 374 | 374 | 100.00% | 749 |
| 53802000 - Uniforms | 38,003 | 52,293 | 14,289 | 27.33% | 90,258 |
| 53802500 - Dues & Memberships | 1,333 | 1,176 | (158) | (13.42%) | 2,277 |
| 53803000 - Subscriptions & Books | 701 | 737 | 37 | 4.97% | 1,478 |
| 53803500 - Training & Education | 877 | 10,466 | 9,589 | 91.62% | 19,948 |

**Third Laguna Hills Mutual
Operating Statement - Preliminary
6/30/2024
THIRD LAGUNA HILLS MUTUAL**

| | Actual | YEAR TO DATE Budget | VAR\$ B/(W) | VAR% B/(W) | TOTAL BUDGET |
|--|--------------------|------------------------|--------------------|-----------------|-------------------|
| 53903000 - Safety | 201 | 576 | 375 | 65.10% | 1,155 |
| 54001000 - Board Relations | 10 | 0 | (10) | 0.00% | 0 |
| 54001020 - Board Relations - Third | 2,173 | 4,998 | 2,825 | 56.52% | 10,000 |
| 54002000 - Postage | 32,505 | 22,340 | (10,164) | (45.50%) | 47,786 |
| 54002500 - Filing Fees / Permits | 343 | 198 | (145) | (73.52%) | 408 |
| Total Other Operating Expense | 77,534 | 96,200 | 18,666 | 19.40% | 180,130 |
| Income Taxes | | | | | |
| 54301000 - State & Federal Income Taxes | 98,143 | 0 | (98,143) | 0.00% | 0 |
| Total Income Taxes | 98,143 | 0 | (98,143) | 0.00% | 0 |
| Property and Sales Tax | | | | | |
| 54302000 - Property Taxes | 409 | 0 | (409) | 0.00% | 0 |
| Total Property and Sales Tax | 409 | 0 | (409) | 0.00% | 0 |
| Insurance | | | | | |
| 54401000 - Hazard & Liability Insurance | 527,764 | 547,409 | 19,645 | 3.59% | 1,094,820 |
| 54401500 - D&O Liability | 29,390 | 34,216 | 4,827 | 14.11% | 68,436 |
| 54402000 - Property Insurance | 3,537,155 | 3,735,793 | 198,638 | 5.32% | 8,000,000 |
| 54403000 - General Liability Insurance | 4,968 | 1,768 | (3,200) | (181.00%) | 3,536 |
| Total Insurance | 4,099,277 | 4,319,186 | 219,909 | 5.09% | 9,166,792 |
| Uncollectible Accounts | | | | | |
| 54602000 - Bad Debt Expense | 63,864 | 42,498 | (21,366) | (50.28%) | 85,000 |
| Total Uncollectible Accounts | 63,864 | 42,498 | (21,366) | (50.28%) | 85,000 |
| Depreciation and Amortization | | | | | |
| 55001000 - Depreciation And Amortization | 47,442 | 47,442 | 0 | 0.00% | 94,884 |
| Total Depreciation and Amortization | 47,442 | 47,442 | 0 | 0.00% | 94,884 |
| Cost Allocations | | | | | |
| 54602500 - Allocated Expenses | 714,289 | 750,502 | 36,213 | 4.83% | 1,503,182 |
| Total Cost Allocations | 714,289 | 750,502 | 36,213 | 4.83% | 1,503,182 |
| Total Expenses | 21,745,666 | 21,703,200 | (42,466) | (0.20%) | 47,879,338 |
| Excess of Revenues Over Expenses | \$1,901,205 | \$2,597,115 | (\$695,910) | (26.80%) | \$724,710 |

**Third Laguna Hills Mutual
Balance Sheet - Preliminary
6/30/2024**

| | | <u>Current Month End</u> | <u>Prior Year Same Period</u> | <u>Prior Year December 31</u> |
|-----------|--|------------------------------|-----------------------------------|-----------------------------------|
| | Assets | | | |
| 1 | Cash and cash equivalents | \$6,408,561 | \$1,340,986 | \$5,147,789 |
| 2 | Investments | 31,996,553 | 28,274,969 | 28,839,044 |
| 3 | Receivable/(Payable) from mutuals | 356,829 | 1,297,901 | (406,882) |
| 4 | Accounts receivable | 310,923 | 47,730 | 438,553 |
| 5 | Prepaid expenses and deposits | 251,559 | 6,639,685 | 3,082,330 |
| 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 | 4,807,891 | 4,897,747 | 4,855,333 |
| 9 | Non-controlling interest in GRF | 43,779,552 | 42,272,100 | 43,779,552 |
| 10 | Total Assets | <u>\$87,911,868</u> | <u>\$84,771,119</u> | <u>\$85,735,719</u> |
| | Liabilities and Fund Balances | | | |
| | Liabilities: | | | |
| 11 | Accounts payable and accrued expenses | \$3,188,331 | \$1,664,978 | \$2,833,660 |
| 12 | Accrued compensation and related costs | 577,083 | 598,365 | 577,083 |
| 13 | Deferred income | 655,408 | 742,438 | 568,278 |
| 14 | Income tax payable | | (31,029) | 166,857 |
| 15 | Total liabilities | <u>\$4,420,822</u> | <u>\$2,974,752</u> | <u>\$4,145,878</u> |
| | Fund balances: | | | |
| 16 | Fund balance prior years | 81,589,841 | 79,103,120 | 79,103,120 |
| 17 | Change in fund balance - current year | 1,901,205 | 2,693,247 | 2,486,720 |
| 18 | Net fund balances | <u>83,491,046</u> | <u>81,796,367</u> | <u>81,589,841</u> |
| 19 | Total fund balances | <u>83,491,046</u> | <u>81,796,367</u> | <u>81,589,841</u> |
| 20 | Total Liabilities and Fund Balances | <u>\$87,911,868</u> | <u>\$84,771,119</u> | <u>\$85,735,719</u> |

**Third Laguna Hills Mutual
Fund Balance Sheet - Preliminary
6/30/2024**

| | | 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 | \$1,016,739 | \$3,887,143 | \$224,078 | \$43,091 | \$1,916 | \$321,381 | \$914,212 | \$6,408,561 |
| 2 | Investments | | 19,608,797 | 3,007,951 | 274,110 | 105,329 | 5,305,511 | 3,694,854 | 31,996,553 |
| 3 | Receivable/(Payable) from mutuals | 356,829 | | | | | | | 356,829 |
| 4 | Accounts receivable | 310,923 | | | | | | | 310,923 |
| 5 | Prepaid expenses and deposits | 251,559 | | | | | | | 251,559 |
| 6 | Property and equipment | 141,239 | | | | | | | 141,239 |
| 7 | Accumulated depreciation property and equipment | (141,239) | | | | | | | (141,239) |
| 8 | Beneficial interest in GRF of Laguna Hills Trust | 4,807,891 | | | | | | | 4,807,891 |
| 9 | Non-controlling interest in GRF | 43,779,552 | | | | | | | 43,779,552 |
| 10 | Total Assets | <u>\$50,523,493</u> | <u>\$23,495,940</u> | <u>\$3,232,029</u> | <u>\$317,201</u> | <u>\$107,245</u> | <u>\$5,626,893</u> | <u>\$4,609,066</u> | <u>\$87,911,868</u> |
| Liabilities and Fund Balances | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| 11 | Accounts payable and accrued expenses | \$1,732,527 | \$1,311,458 | | | \$23,240 | \$119,497 | \$1,610 | \$3,188,332 |
| 12 | Accrued compensation and related costs | 577,083 | | | | | | | 577,083 |
| 13 | Deferred income | 655,408 | | | | | | | 655,408 |
| 14 | Total liabilities | <u>\$2,965,017</u> | <u>\$1,311,458</u> | | | <u>\$23,240</u> | <u>\$119,497</u> | <u>\$1,610</u> | <u>\$4,420,822</u> |
| Fund balances: | | | | | | | | | |
| 15 | Fund balance prior years | 48,684,423 | 20,393,302 | 3,000,301 | 309,143 | 113,559 | 5,439,495 | 3,649,618 | 81,589,841 |
| 16 | Change in fund balance - current year | <u>(1,125,947)</u> | <u>1,791,181</u> | <u>231,728</u> | <u>8,057</u> | <u>(29,554)</u> | <u>67,900</u> | <u>957,839</u> | <u>1,901,205</u> |
| 17 | Net fund balances | <u>47,558,476</u> | <u>22,184,483</u> | <u>3,232,029</u> | <u>317,201</u> | <u>84,005</u> | <u>5,507,395</u> | <u>4,607,457</u> | <u>83,491,046</u> |
| 18 | Total fund balances | <u>47,558,476</u> | <u>22,184,483</u> | <u>3,232,029</u> | <u>317,201</u> | <u>84,005</u> | <u>5,507,395</u> | <u>4,607,457</u> | <u>83,491,046</u> |
| 19 | Total Liabilities and Fund Balances | <u>\$50,523,493</u> | <u>\$23,495,940</u> | <u>\$3,232,029</u> | <u>\$317,201</u> | <u>\$107,245</u> | <u>\$5,626,893</u> | <u>\$4,609,066</u> | <u>\$87,911,868</u> |

**Third Laguna Hills Mutual
Changes in Fund Balances - Preliminary
6/30/2024**

| | 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 | \$13,872,981 | | | | | | | \$13,872,981 |
| 2 Additions to restricted funds | | 5,711,472 | 183,060 | 73,224 | 48,438 | 915,300 | 932,508 | 7,864,002 |
| 3 Total assessments | <u>13,872,981</u> | <u>5,711,472</u> | <u>183,060</u> | <u>73,224</u> | <u>48,438</u> | <u>915,300</u> | <u>932,508</u> | <u>21,736,982</u> |
| Non-assessment revenues: | | | | | | | | |
| 4 Fees and charges for services to residents | 714,935 | | | | | | | 714,935 |
| 5 Laundry | 108,644 | | | | | | | 108,644 |
| 6 Investment Income | | 560,840 | 57,780 | 8,374 | 2,141 | 103,398 | 25,332 | 757,865 |
| 7 Miscellaneous | <u>328,447</u> | | | | | | | <u>328,447</u> |
| 8 Total non-assessment revenue | <u>1,152,025</u> | <u>560,840</u> | <u>57,780</u> | <u>8,374</u> | <u>2,141</u> | <u>103,398</u> | <u>25,332</u> | <u>1,909,889</u> |
| 9 Total revenue | <u>15,025,006</u> | <u>6,272,312</u> | <u>240,840</u> | <u>81,598</u> | <u>50,579</u> | <u>1,018,698</u> | <u>957,839</u> | <u>23,646,872</u> |
| Expenses: | | | | | | | | |
| 10 Employee compensation and related | 5,334,041 | 1,407,370 | | 13,399 | 9,395 | 18,084 | | 6,782,290 |
| 11 Materials and supplies | 417,089 | 234,414 | | 58,543 | 4,567 | 794 | | 715,408 |
| 12 Utilities and telephone | 3,096,221 | 5,823 | | | 17 | 189 | | 3,102,250 |
| 13 Legal fees | 304,586 | | | | | | | 304,586 |
| 14 Professional fees | 50,310 | 695 | | | | | | 51,005 |
| 15 Equipment rental | 3,666 | 12,166 | | | 53 | 190 | | 16,075 |
| 16 Outside services | 1,759,374 | 2,722,532 | 9,112 | 195 | 65,296 | 930,410 | | 5,486,918 |
| 17 Repairs and maintenance | 185,679 | 495 | | | 3 | 1 | | 186,177 |
| 18 Other Operating Expense | 68,611 | 8,664 | | 99 | 63 | 98 | | 77,534 |
| 19 Income taxes | 98,143 | | | | | | | 98,143 |
| 20 Property and sales tax | 409 | | | | | | | 409 |
| 21 Insurance | 4,099,277 | | | | | | | 4,099,277 |
| 22 Uncollectible Accounts | 63,864 | | | | | | | 63,864 |
| 23 Depreciation and amortization | 47,442 | | | | | | | 47,442 |
| 24 Cost Allocations | <u>622,242</u> | <u>88,971</u> | | <u>1,304</u> | <u>740</u> | <u>1,032</u> | | <u>714,289</u> |
| 25 Total expenses | <u>16,150,952</u> | <u>4,481,131</u> | <u>9,112</u> | <u>73,540</u> | <u>80,133</u> | <u>950,798</u> | | <u>21,745,666</u> |
| 26 Excess (deficit) of revenues over expenses | <u>(\$1,125,947)</u> | <u>\$1,791,181</u> | <u>\$231,728</u> | <u>\$8,057</u> | <u>(\$29,554)</u> | <u>\$67,900</u> | <u>\$957,839</u> | <u>\$1,901,205</u> |
| 27 Excluding unrealized gain/(loss) and depreciation | <u>(\$1,078,505)</u> | <u>\$1,791,181</u> | <u>\$231,728</u> | <u>\$8,057</u> | <u>(\$29,554)</u> | <u>\$67,900</u> | <u>\$957,839</u> | <u>\$1,948,647</u> |

**THIRD LAGUNA HILLS MUTUAL
INVESTMENTS HELD BY BANK OF AMERICA
SCHEDULE OF INVESTMENTS
6/30/24**

| I.D. NO. | DESCRIPTION | STATED RATE | SETTLEMENT DATE | MATURITY DATE | PAR VALUE | EFFECT. YIELD | ORIGINAL COST | BOOK VALUE | 6/30/2024 | |
|---|--------------------|----------------|--------------------|------------------|------------------------------|------------------|------------------------------|------------------------------|------------------------------|---------------------------|
| | | | | | | | | | MARKET VALUE | UNREALIZED GAIN/(LOSS) |
| 912797KH9 | U.S. TREASURY BILL | 0.00% | 6/20/2024 | 7/2/2024 | \$5,000,000.00 | 5.070% | \$4,991,666.67 | \$5,000,000.00 | \$4,999,272.20 | (\$727.80) |
| TOTAL INVESTMENTS: INTENT TO HOLD FOR SHORT-TERM | | | | | <u>\$5,000,000.00</u> | | <u>\$4,991,666.67</u> | <u>\$5,000,000.00</u> | <u>\$4,999,272.20</u> | <u>(\$727.80)</u> |

**THIRD LAGUNA HILLS MUTUAL
INVESTMENTS HELD BY BANK OF AMERICA
SCHEDULE OF INVESTMENTS
6/30/24**

| I.D. NO. | DESCRIPTION | STATED RATE | SETTLEMENT DATE | MATURITY DATE | PAR VALUE | EFFECT. YIELD | ORIGINAL COST | BOOK VALUE | MARKET VALUE | UNREALIZED GAIN/(LOSS) |
|--|--------------------|----------------|--------------------|------------------|--------------------------------|------------------|--------------------------------|--------------------------------|--------------------------------|-----------------------------|
| | | | | | | | | | | |
| 912797GL5 | U.S. TREASURY BILL | 0.00% | 9/22/2023 | 9/5/2024 | \$6,847,000.00 | 5.260% | \$6,515,110.69 | \$6,782,065.14 | \$6,781,568.36 | (\$496.78) |
| 912796ZV4 | U.S. TREASURY BILL | 0.00% | 12/28/2023 | 12/26/2024 | \$6,877,000.00 | 4.620% | \$6,571,049.91 | \$6,724,024.95 | \$6,703,074.96 | (\$20,949.99) |
| 912797KJ5 | U.S. TREASURY BILL | 0.00% | 6/6/2024 | 3/20/2025 | \$6,949,000.00 | 4.900% | \$6,688,624.83 | \$6,714,662.35 | \$6,699,025.78 | (\$15,636.57) |
| 912797LN5 | U.S. TREASURY BILL | 0.00% | 6/14/2024 | 6/12/2025 | \$7,091,000.00 | 4.830% | \$6,762,095.78 | \$6,775,800.13 | \$6,759,779.39 | (\$16,020.74) |
| TOTAL INVESTMENTS: INTENT TO HOLD FOR LONG-TERM | | | | | <u>\$27,764,000.00</u> | | <u>\$26,536,881.21</u> | <u>\$26,996,552.57</u> | <u>\$26,943,448.49</u> | <u>(\$53,104.08)</u> |
| TOTAL INVESTMENTS | | | | | <u>\$ 32,764,000.00</u> | | <u>\$ 31,528,547.88</u> | <u>\$ 31,996,552.57</u> | <u>\$ 31,942,720.69</u> | |

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF JUNE 30, 2024**

| DESCRIPTION | CURRENT MONTH | | YEAR-TO-DATE | | TOTAL BUDGET | % EXPENDED | VARIANCE | |
|---|---------------|-----------|--------------|-------------|--------------|------------|-----------|-------|
| | ACTUAL | BUDGET | ACTUAL | BUDGET | | | \$ | % |
| OPERATING FUND - MAINTENANCE & CONSTRUCTION | | | | | | | | |
| APPLIANCE REPAIRS | \$7,721 | \$9,507 | \$49,917 | \$57,539 | \$115,384 | 43% | \$7,622 | 13% |
| CARPENTRY SERVICE | 38,864 | 48,328 | 270,292 | 292,557 | 586,661 | 46% | 22,266 | 8% |
| ELECTRICAL SERVICE | 9,777 | 8,591 | 49,891 | 52,067 | 104,443 | 48% | 2,176 | 4% |
| FIRE PROTECTION | 7,425 | 12,592 | 58,110 | 75,573 | 151,185 | 38% | 17,462 | 23% |
| MISC REPAIRS BY OUTSIDE SERVICE | (48,618) | 2,500 | 4,233 | 15,000 | 128,100 | 3% | 10,767 | 72% |
| PEST CONTROL | 12,298 | 18,477 | 25,307 | 71,551 | 377,116 | 7% | 46,244 | 65% |
| PLUMBING SERVICE | 50,518 | 64,841 | 482,733 | 392,176 | 786,186 | 61% | (90,557) | (23%) |
| SOLAR MAINTENANCE | 0 | 0 | 16,195 | 15,000 | 36,000 | 45% | (1,195) | (8%) |
| STREET LIGHT MAINTENANCE | 0 | 1,416 | 6,598 | 8,496 | 17,000 | 39% | 1,898 | 22% |
| TOTAL | \$77,985 | \$166,251 | \$963,277 | \$979,960 | \$2,302,075 | 42% | \$16,683 | 2% |
| OPERATING FUND - GENERAL SERVICES | | | | | | | | |
| CONCRETE REPAIR/REPLACEMENT | \$21,472 | \$27,767 | \$135,853 | \$167,762 | \$336,286 | 40% | \$31,909 | 19% |
| JANITORIAL SERVICE | 61,151 | 74,355 | 397,241 | 450,846 | 904,120 | 44% | 53,604 | 12% |
| GUTTER CLEANING | 8,372 | 10,522 | 51,984 | 96,966 | 207,597 | 25% | 44,981 | 46% |
| TRAFFIC CONTROL | 1,189 | 1,495 | 7,492 | 9,041 | 18,129 | 41% | 1,550 | 17% |
| WELDING | 6,437 | 8,901 | 40,293 | 53,783 | 107,821 | 37% | 13,490 | 25% |
| TOTAL | \$98,621 | \$123,039 | \$632,863 | \$778,397 | \$1,573,952 | 40% | \$145,534 | 19% |
| OPERATING FUND - LANDSCAPE SERVICES | | | | | | | | |
| LANDSCAPE ADMINISTRATION | \$30,141 | \$33,046 | \$192,985 | \$196,213 | \$393,940 | 49% | \$3,228 | 2% |
| NURSERY & COMPOSTING | 17,430 | 19,145 | 115,570 | 114,717 | 229,670 | 50% | (853) | (1%) |
| GROUNDS MAINTENANCE | 293,792 | 306,713 | 1,775,227 | 1,843,926 | 3,685,393 | 48% | 68,699 | 4% |
| IRRIGATION | 84,530 | 90,773 | 474,299 | 545,398 | 1,092,124 | 43% | 71,099 | 13% |
| SMALL EQUIPMENT REPAIR | 11,977 | 19,577 | 98,955 | 117,644 | 235,451 | 42% | 18,689 | 16% |
| PEST CONTROL | 32,087 | 30,878 | 177,578 | 185,478 | 371,285 | 48% | 7,900 | 4% |
| TOTAL | \$469,957 | \$500,132 | \$2,834,614 | \$3,003,375 | \$6,007,865 | 47% | \$168,761 | 6% |

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF JUNE 30, 2024**

| DESCRIPTION | CURRENT MONTH | | YEAR-TO-DATE | | TOTAL BUDGET | % EXPENDED | VARIANCE | |
|---|---------------|-------------|--------------|-------------|--------------|------------|-----------|--------|
| | ACTUAL | BUDGET | ACTUAL | BUDGET | | | \$ | % |
| RESERVE FUND - MAINTENANCE & CONSTRUCTION | | | | | | | | |
| ALARM SYSTEMS | \$0 | \$0 | \$0 | \$0 | \$0 | 0% | \$0 | 0% |
| BUILDING NUMBERS | \$0 | \$0 | \$0 | \$0 | \$0 | 0% | \$0 | 0% |
| BUILDING STRUCTURES | 392,440 | 258,768 | 984,504 | 891,151 | 2,300,426 | 43% | (93,354) | (10%) |
| ELECTRICAL SYSTEMS | 0 | 2,500 | 0 | 12,500 | 30,000 | 0% | 12,500 | 100% |
| ENERGY PROJECTS | 0 | 0 | 0 | 0 | 0 | 0% | (1) | 0% |
| EXTERIOR LIGHTING | 0 | 1,041 | 0 | 5,205 | 12,500 | 0% | 5,205 | 100% |
| FENCING | 5,093 | 6,562 | 33,851 | 39,700 | 79,602 | 43% | 5,849 | 15% |
| GARDEN VILLA LOBBY | 0 | 0 | 0 | 0 | 0 | 0% | 0 | 0% |
| GARDEN VILLA MAILROOM | 22 | 46 | 142 | 275 | 562 | 25% | 134 | 49% |
| GARDEN VILLA RECESSED AREA | 0 | 0 | 0 | 0 | 0 | 0% | 0 | 0% |
| GARDEN VILLA REC ROOM | 1,754 | 448 | 3,670 | 27,494 | 65,393 | 6% | 23,823 | 87% |
| GUTTER REPLACEMENTS | 4,598 | 10,475 | 32,746 | 58,151 | 126,486 | 26% | 25,405 | 44% |
| MAILBOXES | 887 | 2,284 | 5,763 | 13,768 | 27,582 | 21% | 8,005 | 58% |
| PAINT PROGRAM - EXTERIOR | 105,997 | 132,844 | 693,281 | 799,582 | 1,613,075 | 43% | 106,301 | 13% |
| PRIOR TO PAINT | 82,190 | 100,732 | 531,726 | 604,803 | 1,222,353 | 44% | 73,077 | 12% |
| PAVING | 0 | 5,000 | 0 | 25,000 | 431,851 | 0% | 25,000 | 100% |
| ROOF REPLACEMENTS | 114,140 | 213,000 | 287,986 | 535,845 | 1,684,823 | 17% | 247,859 | 46% |
| WALL REPLACEMENTS | 0 | 2,700 | 0 | 13,500 | 32,400 | 0% | 13,500 | 100% |
| WASTE LINE REMEDIATION | 61,294 | 150,000 | 1,066,822 | 450,000 | 1,500,000 | 71% | (616,822) | (137%) |
| WATER LINES - COPPER PIPE REMEDIATION | 141,975 | 83,333 | 253,119 | 416,665 | 1,000,000 | 25% | 163,546 | 39% |
| PLUMBING REPLACEMENT | 0 | 16,666 | 0 | 83,330 | 200,000 | 0% | 83,330 | 100% |
| SUPPLEMENTAL APPROPRIATIONS | 91,086 | 91,086 | 278,648 | 278,648 | 278,648 | 100% | 0 | 0% |
| TOTAL | \$1,001,476 | \$1,077,485 | \$4,172,258 | \$4,255,617 | \$10,605,701 | 39% | \$83,359 | 2% |
| RESERVE FUND - GENERAL SERVICES | | | | | | | | |
| PRIOR TO PAINT | \$926 | \$1,189 | \$5,753 | \$7,191 | \$14,418 | 40% | \$1,438 | 20% |
| PAVING | 5,124 | 6,793 | 31,816 | 41,065 | 82,343 | 39% | 9,250 | 23% |
| EXTERIOR WALLS | 0 | 2,012 | 0 | 10,060 | 24,150 | 0% | 10,060 | 100% |
| TOTAL | \$6,050 | \$9,994 | \$37,568 | \$58,316 | \$120,911 | 31% | \$20,747 | 36% |
| RESERVE FUND - LANDSCAPE SERVICES | | | | | | | | |
| LANDSCAPE MODERNIZATION | \$343 | \$193,547 | \$180,362 | \$968,105 | \$2,322,587 | 8% | \$787,743 | 81% |
| IMPROVEMENT & RESTORATION | 0 | 16,287 | 77,597 | 97,971 | 195,858 | 40% | 20,374 | 21% |
| TREE MAINTENANCE | 61,069 | 81,508 | 303,196 | 441,527 | 980,188 | 31% | 138,331 | 31% |
| SUPPLEMENTAL APPROPRIATIONS | 0 | 0 | 10,150 | 10,150 | 10,150 | 100% | 0 | 0% |
| TOTAL | \$61,412 | \$291,342 | \$571,305 | \$1,517,753 | \$3,508,783 | 16% | \$946,448 | 62% |

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF JUNE 30, 2024**

| DESCRIPTION | CURRENT MONTH | | YEAR-TO-DATE | | TOTAL BUDGET | % EXPENDED | VARIANCE | |
|--|---------------|----------|--------------|-----------|-----------------|---------------|-------------|--------|
| | ACTUAL | BUDGET | ACTUAL | BUDGET | | | \$ | % |
| ELEVATOR REPLACEMENT FUND | | | | | | | | |
| ELEVATOR REPLACEMENT | \$0 | \$0 | 9,112 | \$0 | \$125,000 | 7% | (\$9,112) | 0% |
| TOTAL | \$0 | \$0 | \$9,112 | \$0 | \$125,000 | 7% | (\$9,112) | 0% |
| LAUNDRY REPLACEMENT FUND | | | | | | | | |
| LAUNDRY APPLIANCES | \$1,598 | \$9,106 | \$68,331 | \$54,750 | \$109,593 | 62% | (\$13,582) | (25%) |
| LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS | 695 | 4,916 | 5,209 | 29,559 | 59,173 | 9% | 24,351 | 82% |
| SUPPLEMENTAL APPROPRIATIONS | 0 | 0 | 0 | 0 | 0 | 0% | 0 | 0% |
| TOTAL | \$2,293 | \$14,021 | \$73,540 | \$84,309 | \$168,766 | 44% | \$10,769 | 13% |
| DISASTER FUND - MAINTENANCE & CONSTRUCTION | | | | | | | | |
| MOISTURE INTRUSION - RAIN LEAKS | \$105,784 | \$18,333 | \$530,755 | \$109,998 | \$220,000 | 241% | (\$420,757) | (383%) |
| MOISTURE INTRUSION - PLUMBING LEAKS | 79,499 | 54,166 | 322,411 | 324,996 | 650,000 | 50% | 2,585 | 1% |
| MOISTURE INTRUSION - PLUMBING STOPPAGES | 13,117 | 6,666 | 76,584 | 39,996 | 80,000 | 96% | (36,588) | (91%) |
| MOISTURE INTRUSION - MISCELLANEOUS | 5,893 | 4,166 | 17,364 | 24,996 | 50,000 | 35% | 7,632 | 31% |
| DAMAGE RESTORATION SERVICES | 3,146 | 4,141 | 29,224 | 25,070 | 50,280 | 58% | (4,154) | (17%) |
| SUPPLEMENTAL APPROPRIATIONS | 0 | 0 | 0 | 0 | 0 | 0% | 0 | 0% |
| TOTAL | \$207,439 | \$87,472 | \$976,337 | \$525,056 | \$1,050,280 | 93% | (\$451,281) | (86%) |
| DISASTER FUND - LANDSCAPE SERVICES | | | | | | | | |
| RISK FIRE MANAGEMENT | \$10,000 | \$15,000 | (\$25,539) | \$90,000 | \$180,000 | -14% | \$115,539 | 128% |
| TOTAL | \$10,000 | \$15,000 | (\$25,539) | \$90,000 | \$180,000 | -14% | \$115,539 | 128% |
| GARDEN VILLA RECREATION ROOM FUND | | | | | | | | |
| GARDEN VILLA RECREATION ROOMS | \$38,239 | \$8,091 | \$80,133 | \$48,675 | \$97,502 | 82% | (\$31,458) | (65%) |
| TOTAL | \$38,239 | \$8,091 | \$80,133 | \$48,675 | \$97,502 | 82% | (\$31,458) | (65%) |
| UNAPPROPRIATED EXPENDITURES FUND | | | | | | | | |
| SUPPLEMENTAL APPROPRIATIONS | 0 | 0 | 0 | 0 | 0 | 0% | 0 | 0% |
| TOTAL | \$0 | \$0 | \$0 | \$0 | \$0 | 0% | \$0 | 0% |

**RESERVES EXPENDITURES COMPARED TO RESERVE STUDY
AS PRESENTED IN THE 2024 BUSINESS PLAN
AS OF JUNE 30, 2024**

| | 2024 YTD Actual | 2024 YTD Budget | 2024 YTD Variance | 2024 Annual Budget | 2024 % Expended |
|---------------------------------------|--------------------|--------------------|----------------------|-----------------------|--------------------|
| Paved Surfaces | \$31,816 | \$66,065 | \$34,249 | \$514,194 | 6% |
| Roofing & Gutters | \$353,393 | \$593,996 | \$240,603 | \$1,811,309 | 20% |
| Building Structures | \$898,677 | \$863,405 | (\$35,272) | \$2,207,931 | 41% |
| Decking Projects | \$209,701 | \$215,060 | \$5,359 | \$468,116 | 45% |
| Prior to Painting & Painting Projects | \$1,074,225 | \$1,953,428 | \$879,203 | \$4,224,225 | 25% |
| Elevators | \$9,112 | \$0 | (\$9,112) | \$125,000 | 7% |
| Garden Villas | \$3,812 | \$27,769 | \$23,957 | \$65,955 | 6% |
| Lighting Replacement Projects | \$0 | \$5,205 | \$5,205 | \$12,500 | 0% |
| Walls, Fencing, and Railings | \$33,851 | \$64,658 | \$30,807 | \$138,958 | 24% |
| Laundry Facilities | \$73,540 | \$82,911 | \$9,371 | \$165,960 | 44% |
| Sewer Lines, Water Lines and Elect | \$1,319,941 | \$962,495 | (\$357,446) | \$2,730,000 | 48% |
| Grounds & Miscellaneous | \$5,763 | \$13,768 | \$8,005 | \$27,582 | 21% |
| Landscape Projects | \$561,155 | \$778,438 | \$217,283 | \$1,748,633 | 32% |
| Total | \$4,574,986 | \$5,627,197 | \$1,052,211 | \$14,240,363 | 32% |

Third Laguna Hills Mutual
Fund Expenditure Schedule
Period Ending: 6/30/2024

| Fund/Item | Resolution | BUDGET | EXPENDITURES I-T-D* | | | Remaining Encumbrance |
|--|------------|-------------|---------------------|-------------|-----------|--------------------------|
| | | | 2024 | Prior Years | Total | |
| Operating Fund (Approved Unbudgeted Expenses) | | | | | | |
| Damage Restoration Reimbursement Backlog Case Load | 03-23-71 | \$98,100 | \$0 | \$72,211 | \$72,211 | \$0 |
| Reserve Fund (Supplemental Appropriations) | | | | | | |
| Turf Reduction | 03-22-137 | \$151,000 | \$0 | \$72,543 | \$72,543 | \$78,458 |
| Landscape Improvement Projects | 03-23-124 | \$314,900 | \$10,150 | \$57,634 | \$67,784 | \$247,116 |
| Slope Erosion Repairs | 03-23-137 | \$241,422 | \$188,750 | \$30,725 | \$219,475 | \$21,947 |
| Emergency Roof Repairs | 03-24-53 | \$300,000 | \$91,086 | \$0 | \$91,086 | \$208,914 |
| Unappropriated Expenditures Fund | | | | | | |
| Gate 11 French Drain Construction | 03-23-72 | \$340,290 | \$0 | \$199,975 | \$199,975 | \$140,315 |
| GV Garage Water Seepage | 03-24-28 | \$25,000 | \$0 | \$0 | \$0 | \$25,000 |
| Total | | \$1,470,712 | \$289,986 | \$433,087 | \$723,073 | \$747,639 |

*Incurred To Date



STAFF REPORT

DATE: August 6, 2024
FOR: Finance Committee
SUBJECT: Operating Surplus Transfer

RECOMMENDATION

Staff recommends approval of a \$531,282 transfer from the Operating Fund to the Unappropriated Expenditures Fund (UEF) due to the Operating Fund surplus in 2023.

BACKGROUND

Third's Business Plan is approved each year with no 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 2023 fiscal year with \$31,119,300 in OPR Revenues (less unrealized gain in GRF) and \$30,588,018 in OPR Expenses (less depreciation), a net OPR income of \$531,282. Staff recommends applying a consistent approach to operating surpluses and deficits as illustrated below:

Operating Fund Surplus: Transfer OPR → UEF
Operating Fund Deficit: Transfer UEF → OPR

FINANCIAL ANALYSIS

The balance in the Operating Fund as of June 30, 2024 was \$47,558,476 allowing sufficient funds available for the \$531,282 transfer.

Prepared By: Jose Campos, Assistant Director of Financial Services
Reviewed By: Steve Hormuth, Director of Financial Services