



OPEN MEETING

REGULAR MEETING OF THE THIRD LAGUNA HILLS MUTUAL FINANCE COMMITTEE*

**Tuesday, October 1, 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 and submit comments or questions regarding virtual meetings using one of two 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. Acknowledgment of Media
3. Approval of the Agenda
4. Approval of the Meeting Report for September 6, 2024
5. Remarks of the Chair
6. Member Comments (Items Not on the Agenda)
7. Response to Members Comments
8. Department Head Update
9. Items for Discussion and Consideration
 - a. Preliminary Financial Statements dated August 31, 2024
 - b. Damage Restoration Backlog
 - c. Update on Taxable Offsets (Oral)
10. Future Agenda Items
 - *None*
11. Committee Member Comments
12. Date of Next Meeting – Tuesday, December 3, 2024 at 1:30 p.m.
13. 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

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

Friday, September 6, 2024 – 10:30 a.m.
Hybrid Meeting

DIRECTORS PRESENT: David Veeneman – Chair, S. K. Park, Nathaniel Lewis, Reza Karimi, Jim Cook (substitute)
DIRECTORS ABSENT: Moon Yun
ADVISORS PRESENT: None.
STAFF PRESENT: Steve Hormuth, Jose Campos, Dan Hoxie, Karina Vargas
OTHERS PRESENT: Third – Cris Prince

Call Meeting to Order

Director David Veeneman, Treasurer, chaired and called the meeting to order at 10:31 a.m.

Acknowledgement of Media

The meeting is being streamed via Granicus and zoom for members of the community to participate virtually.

Approval of the Agenda

Director Lewis made a motion to approve the agenda as presented. Director Karimi seconded. Hearing no objections, the motion to approve the agenda passed unanimously.

Approval of Meeting Report for August 6, 2024

Director Karimi made a motion to approve the meeting report as presented. Director Park seconded. Hearing no objections, the report was approved unanimously.

Remarks of the Chair

The purpose of this meeting is to review the Purchasing Policy with some adjustments, and discuss the prior to paint program.

Member Comments (Items Not on the Agenda)

A member expressed his concern over two items not listed for the 2025 Budget, the first item was the approved budget assigned to hire an engineer to study the water intrusion concern in three story building parking garages. The second item of concern was the railings for three story buildings and whether there was a budget assigned to them as well.

Response to Member Comments

Director Park has confirmed there is a 2025 budget allocated to have an engineering firm investigate the moisture intrusion issue in three-story buildings. Staff informed the member the latter item is scheduled to be brought to the Maintenance and Construction Committee and may be approved as a supplemental to the budget should the board approve.

Purchasing Policy

Steve Hormuth, Director of Financial Services, provided a brief overview of the outcome of the initial review of the Purchasing Policy that occurred in October of 2023. Third adopted a similar Purchasing Policy in December 2023 with a minor edit in comparison to United and GRF. Steve Hormuth further presented a summary of board member requested edits received in early 2024. In June 2024 these edits were brought to the Third board and were pushed back down to committee. Each of the policy edits were discussed at length in the meeting. Upon conclusion, the committee directed staff to take an edited version of the changes to both United and GRF to determine if they would entertain accepting the proposal.

Prior to Paint Discussion (Oral)

Steve Hormuth provided an overview of the Prior-to-Paint program explaining the benefits and associated costs over 15 years. Director Veeneman expressed the importance of understanding how the funds are being spent as the program contributes to the decreasing reserve fund balances in the next few years. While no formal action was taken, the committee was in agreement over the importance of the Prior-to-Paint program and its proper inclusion within the 2025 Business Plan.

Future Agenda Items

- Purchasing Policy- Special Open Meeting
- Damage Restoration Backlog

Committee Member Comments

Action Items

- Damage Restoration backlog listing to be provided by VMS Finance at the next regularly scheduled committee meeting (requested by member Stuart Hack).
- Update on taxable offsets to interest rate gains to be provided by VMS Finance at next regularly scheduled committee meeting (requested by Director Park).

Date of Next Meeting

Tuesday, October 1, 2024 at 1:30 p.m.

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

Third Laguna Hills Mutual
Finance Committee
Special Open Session
September 6, 2024
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Adjournment

The meeting adjourned at 12:14 p.m.

DRAFT

David Veeneman, Chair

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

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MEMORANDUM

To: Third Finance Committee
 From: Steve Hormuth, Director of Financial Services
 Date: October 1, 2024
 Re: Department Head Update

Financial Highlights

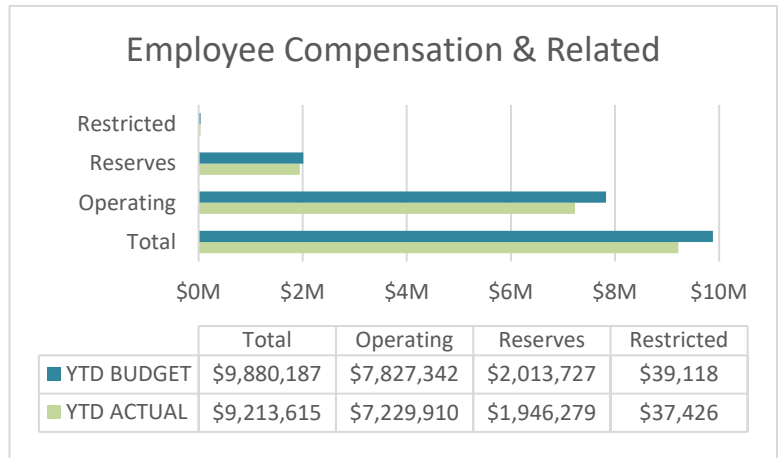
▪ **SUMMARY:**

For the year-to-date period ending August 31, 2024, Third Laguna Hills Mutual was better than budget by \$1,287K primarily in compensation due to open positions, property insurance as a result of savings in premiums, and investment income as a result of a higher rate of return than anticipated.

INCOME STATEMENT (in Thousands)			
	Actual	Budget	Variance
Assessments	\$28,983	\$28,983	\$0
Other Revenues	\$3,019	\$3,418	(\$399)
Expenses	\$28,918	\$30,604	\$1,686
Revenue/(Expense)	\$3,084	\$1,797	\$1,287

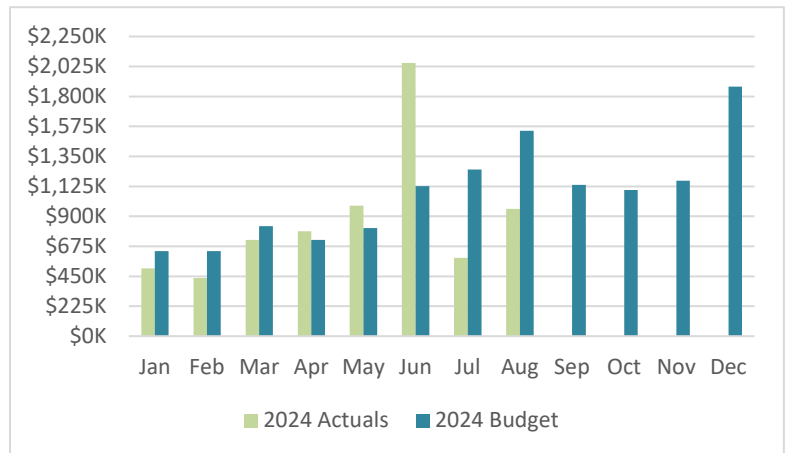
▪ **COMPENSATION:**

Actual compensation and related costs came in at \$9.2M with \$7.2M in operations, \$1.9M in reserves, and \$37K in restricted. Combined, this category is 6.8% favorable to budget. The most significant impact was in Landscape due to open positions.



▪ **OUTSIDE SERVICES:**

Actual outside services cost came in at \$7,032K. In total, this category was favorable to budget by \$526K primarily due to timing of program expenditures within Landscape and M&C compared to the budget spread. The most significant areas include prior-to-paint, paving, roofs, and waste line remediation. For the favorable programs, work began later than the budget anticipated but is expected to be completed by the end of the year.



Discussions

2025 Business Plan Adoption: The Third Board approved and adopted the 2025 Business Plan at their September 17 meeting. Including the GRF portion, the 2025 Business Plan includes a total basic assessment of \$855.17 per manor per month (PMPM) which represents an increase of \$39.35 (or 4.8%) compared to the current year.

Annual Budget Report and Annual Policy Statement: Owners should anticipate receiving their annual notification of their manor specific assessment amount in late November.

Calendar

- 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
- December 3, 2024 @ 1:30 p.m. Third Finance Committee (November Financials)
- December 6, 2024 @ 9:30 a.m. Third Board Agenda Prep
- December 17, 2024 @ 9:30 a.m. Third Board Meeting

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

Third Laguna Hills Mutual
Statement of Revenues & Expenses - Preliminary
8/31/2024
(\$ IN THOUSANDS)

	CURRENT MONTH			YEAR TO DATE			PRIOR YEAR ACTUAL	TOTAL BUDGET	
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE			
Revenues:									
Assessments:									
1	Operating	\$2,312	\$2,312	\$18,497	\$18,497		\$19,105	\$27,746	
2	Additions to restricted funds	1,311	1,311	10,485	10,485		8,520	15,728	
3	Total assessments	<u>3,623</u>	<u>3,623</u>	<u>28,983</u>	<u>28,983</u>		<u>27,624</u>	<u>43,474</u>	
Non-assessment revenues:									
4	Fees and charges for services to residents	478	293	184	1,433	2,343	(910)	801	3,515
5	Laundry	14	17	(4)	142	140	3	145	209
6	Investment income	122	55	67	999	440	560	712	660
7	Miscellaneous	57	62	(5)	445	497	(52)	434	745
8	Total non-assessment revenue	<u>671</u>	<u>428</u>	<u>243</u>	<u>3,019</u>	<u>3,419</u>	<u>(399)</u>	<u>2,091</u>	<u>5,130</u>
9	Total revenue	<u>4,294</u>	<u>4,051</u>	<u>243</u>	<u>32,002</u>	<u>32,402</u>	<u>(400)</u>	<u>29,715</u>	<u>48,604</u>
Expenses:									
10	Employee compensation and related	1,233	1,250	18	9,214	9,880	667	8,621	14,816
11	Materials and supplies	127	128	1	969	1,028	60	1,018	1,546
12	Community Events					2	1		2
13	Utilities and telephone	614	647	33	4,356	4,377	21	3,761	6,777
14	Legal fees	27	26	(2)	365	197	(167)	186	300
15	Professional fees		14	13	54	111	57	63	168
16	Equipment rental	1	4	3	22	32	9	17	47
17	Outside services	957	1,541	585	7,032	7,557	526	6,372	12,832
18	Repairs and maintenance	32	30	(2)	250	241	(9)	237	361
19	Other Operating Expense	9	13	4	94	122	27	90	180
20	Income taxes				98		(98)		
21	Insurance	666	808	142	5,364	5,935	571	5,780	9,167
22	Uncollectible Accounts	(14)	7	21	60	57	(3)	4	85
23	Depreciation and amortization	8	8		63	63		70	95
24	Cost Allocations	126	126		977	1,003	26	914	1,503
25	Total expenses	<u>3,786</u>	<u>4,602</u>	<u>816</u>	<u>28,918</u>	<u>30,605</u>	<u>1,687</u>	<u>27,134</u>	<u>47,879</u>
26	Excess of revenues over expenses	<u>\$508</u>	<u>(\$551)</u>	<u>\$1,059</u>	<u>\$3,084</u>	<u>\$1,797</u>	<u>\$1,287</u>	<u>\$2,582</u>	<u>\$725</u>

Third Laguna Hills Mutual
Statement of Revenues & Expenses - By Fund Type - Preliminary
8/31/2024
(\$ 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	\$18,497	\$18,497							\$18,497	\$18,497		
2	Additions to restricted funds			7,957	7,957		2,528	2,528		10,485	10,485		
3	Total assessments	18,497	18,497	7,957	7,957		2,528	2,528		28,983	28,983		
Non-assessment revenues:													
4	Fees and charges for services to residents	1,433	2,343	(910)						1,433	2,343	(910)	
5	Laundry	142	140	3						142	140	3	
6	Investment income				827	409	418	173	31	142	999	560	
7	Miscellaneous	445	497	(52)						445	497	(52)	
8	Total non-assessment revenue	2,020	2,979	(959)	827	409	418	173	31	142	3,019	(399)	
9	Total revenue	20,517	21,476	(959)	8,784	8,366	418	2,701	2,559	142	32,002	(400)	
Expenses:													
10	Employee compensation and related	7,230	7,827	597	1,946	2,014	68	37	39	2	9,214	9,880	667
11	Materials and supplies	571	551	(21)	390	461	71	8	17	10	969	1,028	60
12	Community Events		2	1							2	1	
13	Utilities and telephone	4,347	4,367	20	9	9	1				4,356	4,377	21
14	Legal fees	365	197	(167)							365	197	(167)
15	Professional fees	53	111	58	1		(1)				54	111	57
16	Equipment rental	6	6		16	25	9				22	32	9
17	Outside services	1,252	694	(559)	4,449	6,022	1,573	1,330	842	(488)	7,032	7,557	526
18	Repairs and maintenance	249	237	(12)	1	3	3				250	241	(9)
19	Other Operating Expense	82	103	20	12	19	7				94	122	27
20	Income taxes				81		(81)	17		(17)	98		(98)
21	Insurance	5,364	5,935	571							5,364	5,935	571
22	Uncollectible Accounts	60	57	(3)							60	57	(3)
23	Depreciation and amortization	63	63								63	63	
24	Cost Allocations	849	870	21	125	130	5	2	3		977	1,003	26
25	Total expenses	20,493	21,020	528	7,029	8,683	1,653	1,396	902	(494)	28,918	30,605	1,687
26	Excess of revenues over expenses	\$25	\$456	(\$431)	\$1,754	(\$317)	\$2,071	\$1,305	\$1,657	(\$352)	\$3,084	\$1,797	\$1,287

**Third Laguna Hills Mutual
Operating Statement - Preliminary
8/31/2024
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
Revenues:					
Assessments:					
Operating					
41001000 - Monthly Assessments	\$18,497,308	\$18,497,434	(\$127)	0.00%	\$27,746,482
Total Operating	18,497,308	18,497,434	(127)	0.00%	27,746,482
Additions To Restricted Funds					
41002000 - Monthly Assessments - Disaster Fund	1,220,400	1,220,400	0	0.00%	1,830,600
41003000 - Monthly Assessments - Unappropriated Expenditures Fund	1,243,344	1,243,344	0	0.00%	1,865,015
41003500 - Monthly Assessments - Replacement Fund	7,615,296	7,615,296	0	0.00%	11,422,944
41004000 - Monthly Assessments - Elevator Replacement Fund	244,080	244,080	0	0.00%	366,120
41004500 - Monthly Assessments - Laundry Replacement Fund	97,632	97,632	0	0.00%	146,448
41006000 - Monthly Assessments - Garden Villa Recreation Room Fund	64,584	64,584	0	0.00%	96,876
Total Additions To Restricted Funds	10,485,336	10,485,336	0	0.00%	15,728,003
Total Assessments	28,982,643	28,982,770	(127)	0.00%	43,474,485
Non-Assessment Revenues:					
Fees and Charges for Services to Residents					
46501000 - Permit Fee	107,586	209,402	(101,816)	(48.62%)	314,105
46501500 - Inspection Fee	77,609	56,617	20,992	37.08%	84,928
46502000 - Resident Maintenance Fee	314,945	576,766	(261,822)	(45.39%)	866,366
46502999 - Resident Maintenance Fee Backlog	932,708	1,500,000	(567,292)	(37.82%)	2,250,000
Total Fees and Charges for Services to Residents	1,432,847	2,342,785	(909,938)	(38.84%)	3,515,398
Laundry					
46005000 - Coin Op Laundry Machine	142,453	139,536	2,917	2.09%	209,300
Total Laundry	142,453	139,536	2,917	2.09%	209,300
Investment Income					
49001000 - Investment Income	999,398	439,824	559,575	127.23%	659,736
Total Investment Income	999,398	439,824	559,575	127.23%	659,736
Miscellaneous					
46004500 - Resident Violations	500	41,344	(40,844)	(98.79%)	62,022
44501000 - Additional Occupant Fee	34,550	66,865	(32,315)	(48.33%)	100,305
44501510 - Lease Processing Fee - Third	169,970	166,528	3,442	2.07%	249,803
44502000 - Variance Processing Fee	3,750	1,000	2,750	275.00%	1,500
44502500 - Non-Sale Transfer Fee - Third	1,850	2,000	(150)	(7.50%)	3,000
44503520 - Resale Processing Fee - Third	101,914	108,800	(6,886)	(6.33%)	163,200
44505500 - Hoa Certification Fee	2,750	9,000	(6,250)	(69.44%)	13,500
44507000 - Golf Cart Electric Fee	41,803	44,000	(2,197)	(4.99%)	66,000
44507200 - Electric Vehicle Plug-In Fee	25,163	8,136	17,027	209.28%	12,200
44507500 - Cartport/Carport Space Rental Fee	2,420	2,800	(380)	(13.57%)	4,200
47001500 - Late Fee Revenue	49,973	39,464	10,509	26.63%	59,200
47002020 - Collection Administrative Fee - Third	5,375	864	4,511	522.11%	1,300
47002500 - Collection Interest Revenue	271	3,264	(2,993)	(91.69%)	4,900
47501000 - Recycling	4,011	2,664	1,347	50.55%	4,000
49009000 - Miscellaneous Revenue	466	0	466	0.00%	0
Total Miscellaneous	444,767	496,728	(51,962)	(10.46%)	745,129
Total Non-Assessment Revenue	3,019,465	3,418,873	(399,409)	(11.68%)	5,129,563
Total Revenue	32,002,108	32,401,643	(399,535)	(1.23%)	48,604,048
Expenses:					
Employee Compensation					
51011000 - Salaries & Wages - Regular	2,077,915	2,125,172	47,257	2.22%	3,201,282
51021000 - Union Wages - Regular	3,255,445	3,843,397	587,952	15.30%	5,774,132
51041000 - Wages - Overtime	47,097	34,868	(12,229)	(35.07%)	52,310
51051000 - Union Wages - Overtime	39,525	27,029	(12,495)	(46.23%)	40,569
51061000 - Holiday & Vacation	574,267	504,210	(70,058)	(13.89%)	757,895
51071000 - Sick	176,753	205,665	28,911	14.06%	309,142
51081000 - Sick - Part Time	0	28	28	100.00%	43
51091000 - Missed Meal Penalty	1,864	1,956	92	4.69%	2,959

**Third Laguna Hills Mutual
Operating Statement - Preliminary
8/31/2024**

THIRD LAGUNA HILLS MUTUAL

	YEAR TO DATE				TOTAL BUDGET
	Actual	Budget	VAR\$ B/(W)	VAR% B/(W)	
51101000 - Temporary Help	217,029	131,218	(85,811)	(65.40%)	196,829
51981000 - Compensation Accrual	180,746	0	(180,746)	0.00%	0
Total Employee Compensation	6,570,641	6,873,542	302,901	4.41%	10,335,161
Compensation Related					
52411000 - F.I.C.A.	462,246	510,338	48,092	9.42%	763,578
52421000 - F.U.I.	7,360	9,705	2,344	24.16%	9,705
52431000 - S.U.I.	25,735	49,284	23,549	47.78%	49,284
52441000 - Union Medical	1,174,388	1,291,257	116,869	9.05%	1,936,885
52451000 - Workers' Compensation Insurance	330,370	390,949	60,579	15.50%	587,413
52461000 - Non Union Medical & Life Insurance	222,327	247,913	25,586	10.32%	371,869
52471000 - Union Retirement Plan	335,067	414,059	78,992	19.08%	621,940
52481000 - Non-Union Retirement Plan	62,524	93,232	30,708	32.94%	140,326
52981000 - Compensation Related Accrual	22,957	0	(22,957)	0.00%	0
Total Compensation Related	2,642,974	3,006,737	363,762	12.10%	4,481,001
Materials and Supplies					
53001000 - Materials & Supplies	343,513	433,117	89,604	20.69%	652,254
53003000 - Materials Direct	622,866	593,128	(29,738)	(5.01%)	890,053
53004000 - Freight	2,283	2,219	(64)	(2.89%)	3,366
Total Materials and Supplies	968,663	1,028,464	59,801	5.81%	1,545,673
Community Events					
53201000 - Community Events	247	1,597	1,350	84.55%	2,400
Total Community Events	247	1,597	1,350	84.55%	2,400
Utilities and Telephone					
53301000 - Electricity	275,802	299,669	23,867	7.96%	454,730
53301500 - Sewer	1,113,348	1,064,400	(48,948)	(4.60%)	1,659,600
53302000 - Water	1,955,325	2,050,588	95,263	4.65%	3,219,638
53302500 - Trash	1,011,589	962,257	(49,332)	(5.13%)	1,443,389
Total Utilities and Telephone	4,356,065	4,376,914	20,849	0.48%	6,777,357
Legal Fees					
53401500 - Legal Fees	389,770	197,472	(192,298)	(97.38%)	300,000
53401550 - Legal Fees Contra	(24,977)	0	24,977	0.00%	0
Total Legal Fees	364,793	197,472	(167,321)	(84.73%)	300,000
Professional Fees					
53402020 - Audit & Tax Preparation Fees - Third	41,000	33,328	(7,672)	(23.02%)	50,000
53403500 - Consulting Fees	4,500	10,785	6,285	58.27%	17,327
53403520 - Consulting Fees - Third	8,349	66,984	58,635	87.54%	100,500
Total Professional Fees	53,849	111,097	57,248	51.53%	167,827
Equipment Rental					
53501500 - Equipment Rental/Lease Fees	22,352	31,560	9,209	29.18%	47,135
Total Equipment Rental	22,352	31,560	9,209	29.18%	47,135
Outside Services					
53601000 - Bank Fees	3	0	(3)	0.00%	0
53601500 - Credit Card Transaction Fees	10,089	6,664	(3,425)	(51.40%)	10,000
53604500 - Marketing Expense	0	3,336	3,336	100.00%	5,000
54603500 - Outside Services Cost Collection	6,972,552	7,468,828	496,276	6.64%	12,700,973
53704000 - Outside Services	49,133	78,539	29,406	37.44%	115,582
Total Outside Services	7,031,777	7,557,367	525,590	6.95%	12,831,555
Repairs and Maintenance					
53701000 - Equipment Repair & Maint	891	6,904	6,014	87.10%	10,390
53703000 - Elevator /Lift Maintenance	249,008	233,899	(15,109)	(6.46%)	350,852
Total Repairs and Maintenance	249,899	240,803	(9,095)	(3.78%)	361,241
Other Operating Expense					
53801000 - Mileage & Meal Allowance	1,655	4,046	2,391	59.09%	6,071
53801500 - Travel & Lodging	0	499	499	100.00%	749
53802000 - Uniforms	46,004	64,937	18,933	29.16%	90,258
53802500 - Dues & Memberships	1,587	1,570	(17)	(1.08%)	2,277
53803000 - Subscriptions & Books	2,080	983	(1,097)	(111.57%)	1,478
53803500 - Training & Education	1,169	13,506	12,337	91.35%	19,948

**Third Laguna Hills Mutual
Operating Statement - Preliminary
8/31/2024
THIRD LAGUNA HILLS MUTUAL**

	YEAR TO DATE				TOTAL BUDGET
	Actual	Budget	VAR\$ B/(W)	VAR% B/(W)	
53903000 - Safety	201	767	567	73.83%	1,155
54001000 - Board Relations	10	0	(10)	0.00%	0
54001020 - Board Relations - Third	3,521	6,664	3,143	47.17%	10,000
54002000 - Postage	37,814	28,479	(9,335)	(32.78%)	47,786
54002500 - Filing Fees / Permits	343	264	(79)	(30.14%)	408
Total Other Operating Expense	94,383	121,715	27,332	22.46%	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	705,876	729,879	24,003	3.29%	1,094,820
54401500 - D&O Liability	39,186	45,622	6,436	14.11%	68,436
54402000 - Property Insurance	4,613,964	5,157,195	543,231	10.53%	8,000,000
54403000 - General Liability Insurance	5,045	2,357	(2,688)	(114.00%)	3,536
Total Insurance	5,364,071	5,935,053	570,982	9.62%	9,166,792
Uncollectible Accounts					
54602000 - Bad Debt Expense	59,805	56,664	(3,141)	(5.54%)	85,000
Total Uncollectible Accounts	59,805	56,664	(3,141)	(5.54%)	85,000
Depreciation and Amortization					
55001000 - Depreciation And Amortization	63,256	63,256	0	0.00%	94,884
Total Depreciation and Amortization	63,256	63,256	0	0.00%	94,884
Cost Allocations					
54602500 - Allocated Expenses	976,511	1,002,563	26,052	2.60%	1,503,182
Total Cost Allocations	976,511	1,002,563	26,052	2.60%	1,503,182
Total Expenses	28,917,837	30,604,804	1,686,967	5.51%	47,879,338
Excess of Revenues Over Expenses	\$3,084,271	\$1,796,839	\$1,287,432	71.65%	\$724,710

**Third Laguna Hills Mutual
Balance Sheet - Preliminary
8/31/2024**

	<u>Current Month End</u>	<u>Prior Year Same Period</u>	<u>Prior Year December 31</u>	
Assets				
1	Cash and cash equivalents	\$1,045,342	\$1,731,066	\$5,147,789
2	Investments	32,176,254	28,935,593	28,839,044
3	Receivable/(Payable) from mutuals	274,768	1,247,627	(406,882)
4	Accounts receivable	654,055	(12,537)	438,553
5	Prepaid expenses and deposits	4,694,128	5,396,069	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	4,792,077	4,880,259	4,855,333
9	Non-controlling interest in GRF	43,779,552	42,272,100	43,779,552
10	Total Assets	<u>\$87,416,177</u>	<u>\$84,450,177</u>	<u>\$85,735,719</u>
Liabilities and Fund Balances				
Liabilities:				
11	Accounts payable and accrued expenses	\$1,543,431	\$1,526,471	\$2,833,660
12	Accrued compensation and related costs	577,083	598,365	577,083
13	Deferred income	621,552	671,629	568,278
14	Income tax payable		(31,029)	166,857
15	Total liabilities	<u>\$2,742,066</u>	<u>\$2,765,436</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	3,084,271	2,581,621	2,486,720
18	Net fund balances	<u>84,674,111</u>	<u>81,684,741</u>	<u>81,589,841</u>
19	Total fund balances	<u>84,674,111</u>	<u>81,684,741</u>	<u>81,589,841</u>
20	Total Liabilities and Fund Balances	<u>\$87,416,177</u>	<u>\$84,450,177</u>	<u>\$85,735,719</u>

**Third Laguna Hills Mutual
Fund Balance Sheet - Preliminary
8/31/2024**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Elevator Replacement Fund</u>	<u>Laundry Replacement Fund</u>	<u>Garden Villa Rec Room Fund</u>	<u>Disaster Fund</u>	<u>Unappropriated Expenditures Fund</u>	<u>Total</u>	
Assets									
1	Cash and cash equivalents	\$371,396	\$48,530	\$262,329	\$2,246	\$706	\$236,302	\$123,834	\$1,045,342
2	Investments		18,641,781	3,041,651	256,096	104,837	5,331,029	4,800,861	32,176,254
3	Receivable/(Payable) from mutuals	274,768							274,768
4	Receivable/(Payable) from operating fund	(4,631,282)	4,100,000					531,282	
5	Accounts receivable	654,055							654,055
6	Prepaid expenses and deposits	4,694,128							4,694,128
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	4,792,077							4,792,077
10	Non-controlling interest in GRF	43,779,552							43,779,552
11	Total Assets	<u>\$49,934,694</u>	<u>\$22,790,311</u>	<u>\$3,303,980</u>	<u>\$258,341</u>	<u>\$105,543</u>	<u>\$5,567,331</u>	<u>\$5,455,977</u>	<u>\$87,416,177</u>
Liabilities and Fund Balances									
Liabilities:									
12	Accounts payable and accrued expenses	\$558,225	\$895,532			\$22,348	\$65,717	\$1,610	\$1,543,432
13	Accrued compensation and related costs	577,083							577,083
14	Deferred income	621,552							621,552
15	Total liabilities	<u>\$1,756,859</u>	<u>\$895,532</u>			<u>\$22,348</u>	<u>\$65,717</u>	<u>\$1,610</u>	<u>\$2,742,066</u>
Fund balances:									
16	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
17	Change in fund balance - current year	24,694	1,501,478	303,680	(50,802)	(30,365)	62,119	1,273,467	3,084,271
18	Fund transfers	(531,282)						531,282	
19	Net fund balances	<u>48,177,834</u>	<u>21,894,779</u>	<u>3,303,980</u>	<u>258,341</u>	<u>83,195</u>	<u>5,501,614</u>	<u>5,454,367</u>	<u>84,674,111</u>
20	Total fund balances	<u>48,177,834</u>	<u>21,894,779</u>	<u>3,303,980</u>	<u>258,341</u>	<u>83,195</u>	<u>5,501,614</u>	<u>5,454,367</u>	<u>84,674,111</u>
21	Total Liabilities and Fund Balances	<u>\$49,934,694</u>	<u>\$22,790,311</u>	<u>\$3,303,980</u>	<u>\$258,341</u>	<u>\$105,543</u>	<u>\$5,567,331</u>	<u>\$5,455,977</u>	<u>\$87,416,177</u>

**Third Laguna Hills Mutual
Changes in Fund Balances - Preliminary
8/31/2024**

	<u>Operating Fund</u>	<u>Replacement Fund</u>	<u>Elevator Replacement Fund</u>	<u>Laundry Replacement Fund</u>	<u>Garden Villa Rec Room Fund</u>	<u>Disaster Fund</u>	<u>Unappropriated Expenditures Fund</u>	<u>Total</u>
Revenues:								
Assessments:								
1	Operating							\$18,497,308
2	Additions to restricted funds	7,615,296	244,080	97,632	64,584	1,220,400	1,243,344	10,485,336
3	Total assessments	<u>18,497,308</u>	<u>7,615,296</u>	<u>244,080</u>	<u>97,632</u>	<u>1,220,400</u>	<u>1,243,344</u>	<u>28,982,643</u>
Non-assessment revenues:								
4	Fees and charges for services to residents							1,432,847
5	Laundry							142,453
6	Investment Income	739,582	76,195	11,042	2,823	136,351	33,405	999,398
7	Miscellaneous	444,767						444,767
8	Total non-assessment revenue	<u>2,020,066</u>	<u>739,582</u>	<u>76,195</u>	<u>11,042</u>	<u>136,351</u>	<u>33,405</u>	<u>3,019,465</u>
9	Total revenue	<u>20,517,374</u>	<u>8,354,878</u>	<u>320,275</u>	<u>108,674</u>	<u>1,356,751</u>	<u>1,276,748</u>	<u>32,002,108</u>
Expenses:								
10	Employee compensation and related	7,229,910	1,928,312		17,968	12,816	24,609	9,213,615
11	Materials and supplies	571,422	251,270		138,311	6,260	1,400	968,663
12	Community Events	247						247
13	Utilities and telephone	4,347,172	8,590			25	279	4,356,065
14	Legal fees	364,793						364,793
15	Professional fees	53,154	695					53,849
16	Equipment rental	5,793	16,227			69	263	22,352
17	Outside services	1,252,450	4,439,690	9,112	195	77,219	1,253,112	7,031,777
18	Repairs and maintenance	249,202	686			3	7	249,899
19	Other Operating Expense	82,069	11,976		118	82	138	94,383
20	Income taxes	(10)	72,636	7,483	1,085	277	13,391	98,143
21	Property and sales tax	409						409
22	Insurance	5,364,071						5,364,071
23	Uncollectible Accounts	59,805						59,805
24	Depreciation and amortization	63,256						63,256
25	Cost Allocations	848,938	123,319		1,800	1,021	1,433	976,511
26	Total expenses	<u>20,492,680</u>	<u>6,853,400</u>	<u>16,595</u>	<u>159,477</u>	<u>97,772</u>	<u>1,294,632</u>	<u>28,917,837</u>
27	Excess (deficit) of revenues over expenses	<u>\$24,694</u>	<u>\$1,501,478</u>	<u>\$303,680</u>	<u>(\$50,802)</u>	<u>(\$30,365)</u>	<u>\$62,119</u>	<u>\$1,273,467</u>
28	Excluding unrealized gain/(loss) and depreciation	<u>\$87,950</u>	<u>\$1,501,478</u>	<u>\$303,680</u>	<u>(\$50,802)</u>	<u>(\$30,365)</u>	<u>\$62,119</u>	<u>\$3,147,527</u>

**THIRD LAGUNA HILLS MUTUAL
INVESTMENTS HELD BY BANK OF AMERICA
SCHEDULE OF INVESTMENTS
8/31/24**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECT. YIELD	ORIGINAL COST	BOOK VALUE	8/31/2024	
									MARKET VALUE	UNREALIZED GAIN/(LOSS)
912797LG0	U.S. TREASURY BILL	0.00%	8/30/2024	9/10/2024	\$1,000,000.00	5.070%	\$998,472.22	\$998,472.22	\$998,984.90	\$512.68
912797LH8	U.S. TREASURY BILL	0.00%	7/22/2024	9/17/2024	\$1,000,000.00	5.110%	\$992,083.33	\$998,020.84	\$997,966.11	(\$54.73)
912797LC9	U.S. TREASURY BILL	0.00%	8/5/2024	11/7/2024	\$1,000,000.00	4.920%	\$987,466.67	\$991,644.45	\$990,930.69	(\$713.76)
912797MB0	U.S. TREASURY BILL	0.00%	7/22/2024	11/12/2024	\$1,000,000.00	5.150%	\$984,305.56	\$990,190.97	\$990,287.62	\$96.65
912797MP9	U.S. TREASURY BILL	0.00%	8/30/2024	12/17/2024	\$1,000,000.00	4.830%	\$985,769.44	\$985,769.44	\$985,652.19	(\$117.25)
TOTAL INVESTMENTS: INTENT TO HOLD FOR SHORT-TERM					\$5,000,000.00		\$4,948,097.22	\$4,964,097.92	\$4,963,821.51	(\$276.41)

**THIRD LAGUNA HILLS MUTUAL
INVESTMENTS HELD BY BANK OF AMERICA
SCHEDULE OF INVESTMENTS
8/31/24**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECT. YIELD	ORIGINAL COST	BOOK VALUE	8/31/2024	
									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	\$6,839,785.02	\$6,845,014.16	\$5,229.14
912796ZV4	U.S. TREASURY BILL	0.00%	12/28/2023	12/26/2024	\$6,877,000.00	4.620%	\$6,571,049.91	\$6,775,016.63	\$6,770,901.64	(\$4,114.99)
912797KJ5	U.S. TREASURY BILL	0.00%	6/6/2024	3/20/2025	\$6,949,000.00	4.900%	\$6,688,624.83	\$6,766,737.39	\$6,783,175.11	\$16,437.72
912797LN5	U.S. TREASURY BILL	0.00%	6/14/2024	6/12/2025	\$7,091,000.00	4.830%	\$6,762,095.78	\$6,830,617.51	\$6,850,971.14	\$20,353.63
TOTAL INVESTMENTS: INTENT TO HOLD FOR LONG-TERM					\$27,764,000.00		\$26,536,881.21	\$27,212,156.55	\$27,250,062.05	\$37,905.50
TOTAL INVESTMENTS					\$ 32,764,000.00		\$ 31,484,978.43	\$ 32,176,254.46	\$ 32,213,883.56	

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF AUGUST 31, 2024**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
OPERATING FUND - MAINTENANCE & CONSTRUCTION								
APPLIANCE REPAIRS	\$9,027	\$9,704	\$66,601	\$76,947	\$115,384	58%	\$10,346	13%
CARPENTRY SERVICE	46,218	47,827	364,272	389,742	586,661	62%	25,469	7%
ELECTRICAL SERVICE	10,107	8,796	68,018	69,658	104,443	65%	1,641	2%
FIRE PROTECTION	4,717	7,715	64,327	90,838	151,185	43%	26,511	29%
MISC REPAIRS BY OUTSIDE SERVICE	(50,430)	2,500	(10,588)	20,000	128,100	-8%	30,588	153%
PEST CONTROL	59,821	9,514	137,002	131,992	377,116	36%	(5,010)	(4%)
PLUMBING SERVICE	55,249	66,076	593,618	514,746	786,186	76%	(78,872)	(15%)
SOLAR MAINTENANCE	0	3,000	19,769	21,000	36,000	55%	1,231	6%
STREET LIGHT MAINTENANCE	875	1,416	10,544	9,912	17,000	62%	(632)	(6%)
TOTAL	\$135,583	\$156,548	\$1,313,563	\$1,324,836	\$2,302,075	57%	\$11,273	1%
OPERATING FUND - GENERAL SERVICES								
CONCRETE REPAIR/REPLACEMENT	\$27,866	\$28,273	\$194,028	\$224,299	\$336,286	58%	\$30,271	13%
JANITORIAL SERVICE	80,883	75,938	553,784	602,697	904,120	61%	48,913	8%
GUTTER CLEANING	18,401	17,407	82,629	131,776	207,597	40%	49,146	37%
TRAFFIC CONTROL	1,507	1,526	10,852	12,093	18,129	60%	1,241	10%
WELDING	8,122	8,233	57,920	71,079	107,821	54%	13,159	19%
TOTAL	\$136,779	\$131,376	\$899,214	\$1,041,943	\$1,573,952	57%	\$142,730	14%
OPERATING FUND - LANDSCAPE SERVICES								
LANDSCAPE ADMINISTRATION	\$32,871	\$33,234	\$262,046	\$262,608	\$393,940	67%	\$561	0%
NURSERY & COMPOSTING	21,511	19,297	158,966	153,308	229,670	69%	(5,658)	(4%)
GROUPS MAINTENANCE	305,263	309,371	2,400,237	2,462,633	3,685,393	65%	62,396	3%
IRRIGATION	84,987	91,790	638,448	728,962	1,092,124	58%	90,513	12%
SMALL EQUIPMENT REPAIR	18,975	19,761	132,461	157,163	235,451	56%	24,702	16%
PEST CONTROL	30,415	31,190	237,713	247,856	371,285	64%	10,143	4%
TOTAL	\$494,022	\$504,643	\$3,829,872	\$4,012,529	\$6,007,865	64%	\$182,658	5%

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF AUGUST 31, 2024**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET	%	VARIANCE		
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%	
REPLACEMENT 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	185,613	252,159	1,170,158	1,395,469	2,300,426	51%	225,310	16%	
ELECTRICAL SYSTEMS	0	2,500	0	17,500	30,000	0%	17,500	100%	
ENERGY PROJECTS	0	0	0	0	0	0%	(1)	0%	
EXTERIOR LIGHTING	0	1,041	0	7,287	12,500	0%	7,287	100%	
FENCING	6,581	6,692	46,716	53,085	79,602	59%	6,368	12%	
GARDEN VILLA LOBBY	0	0	0	0	0	0%	0	0%	
GARDEN VILLA MAILROOM	29	46	196	368	562	35%	172	47%	
GARDEN VILLA RECESSED AREA	0	0	0	0	0	0%	0	0%	
GARDEN VILLA REC ROOM	869	5,450	4,629	38,394	65,393	7%	33,765	88%	
GUTTER REPLACEMENTS	5,294	10,594	43,345	79,339	126,486	34%	35,994	45%	
MAILBOXES	1,113	2,309	7,954	18,386	27,582	29%	10,432	57%	
PAINT PROGRAM - EXTERIOR	127,001	135,680	937,719	1,070,941	1,613,075	58%	133,222	12%	
PRIOR TO PAINT	98,364	102,808	725,870	810,420	1,222,353	59%	84,550	10%	
PAVING	0	322,975	0	352,975	431,851	0%	352,975	100%	
ROOF REPLACEMENTS	198,857	213,000	655,896	961,845	1,684,823	39%	305,949	32%	
WALL REPLACEMENTS	28,546	2,700	28,546	18,900	32,400	88%	(9,646)	(51%)	
WASTE LINE REMEDIATION	88,464	150,000	1,589,816	750,000	1,500,000	106%	(839,816)	(112%)	
WATER LINES - COPPER PIPE REMEDIATION	81,052	83,333	334,776	583,331	1,000,000	33%	248,555	43%	
PLUMBING REPLACEMENT	0	16,666	0	116,662	200,000	0%	116,662	100%	
SUPPLEMENTAL APPROPRIATIONS	1,078	1,078	425,378	425,378	425,378	100%	0	0%	
TOTAL	\$822,861	\$1,309,032	\$5,970,998	\$6,700,279	\$10,752,431	56%	\$729,281	11%	
REPLACEMENT RESERVE FUND - GENERAL SERVICES									
PRIOR TO PAINT	\$1,174	\$1,213	\$8,281	\$9,617	\$14,418	57%	\$1,337	14%	
PAVING	6,491	6,927	45,800	54,916	82,343	56%	9,116	17%	
EXTERIOR WALLS	0	2,012	0	14,084	24,150	0%	14,084	100%	
TOTAL	\$7,665	\$10,152	\$54,081	\$78,617	\$120,911	45%	\$24,536	31%	
REPLACEMENT RESERVE FUND - LANDSCAPE SERVICES									
LANDSCAPE MODERNIZATION	\$72,199	\$193,551	\$400,376	\$1,355,206	\$2,322,587	17%	\$954,830	70%	
IMPROVEMENT & RESTORATION	7,385	16,440	84,982	130,850	195,858	43%	45,868	35%	
TREE MAINTENANCE	106,247	82,022	500,376	605,571	980,188	51%	105,195	17%	
SUPPLEMENTAL APPROPRIATIONS	7,000	7,000	69,950	69,950	69,950	100%	0	0%	
TOTAL	\$192,831	\$299,012	\$1,055,684	\$2,161,578	\$3,568,583	30%	\$1,105,893	51%	

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF AUGUST 31, 2024**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
<i>ELEVATOR REPLACEMENT RESERVE FUND</i>								
ELEVATOR REPLACEMENT	\$0	\$62,500	9,112	\$125,000	\$125,000	7%	\$115,888	93%
TOTAL	\$0	\$62,500	\$9,112	\$125,000	\$125,000	7%	\$115,888	93%
<i>LAUNDRY REPLACEMENT RESERVE FUND</i>								
LAUNDRY APPLIANCES	\$34,510	\$9,151	\$146,428	\$73,053	\$109,593	134%	(\$73,375)	(100%)
LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	5,884	4,942	11,964	39,444	59,173	20%	27,481	70%
SUPPLEMENTAL APPROPRIATIONS	0	0	0	0	0	0%	0	0%
TOTAL	\$40,394	\$14,094	\$158,392	\$112,497	\$168,766	94%	(\$45,895)	(41%)
<i>DISASTER FUND - MAINTENANCE & CONSTRUCTION</i>								
MOISTURE INTRUSION - RAIN LEAKS	\$63,944	\$18,333	\$618,702	\$146,664	\$220,000	281%	(\$472,038)	(322%)
MOISTURE INTRUSION - PLUMBING LEAKS	77,884	54,166	483,221	433,328	650,000	74%	(49,893)	(12%)
MOISTURE INTRUSION - PLUMBING STOPPAGES	25,574	6,666	112,092	53,328	80,000	140%	(58,764)	(110%)
MOISTURE INTRUSION - MISCELLANEOUS	(44,369)	4,166	26,167	33,328	50,000	52%	7,161	21%
DAMAGE RESTORATION SERVICES	6,609	4,230	39,669	33,530	50,280	79%	(6,139)	(18%)
SUPPLEMENTAL APPROPRIATIONS	0	0	0	0	0	0%	0	0%
TOTAL	\$129,642	\$87,561	\$1,279,850	\$700,178	\$1,050,280	122%	(\$579,673)	(83%)
<i>DISASTER FUND - LANDSCAPE SERVICES</i>								
RISK FIRE MANAGEMENT	\$450	\$15,000	\$1,391	\$120,000	\$180,000	1%	\$118,609	99%
TOTAL	\$450	\$15,000	\$1,391	\$120,000	\$180,000	1%	\$118,609	99%
<i>GARDEN VILLA RECREATION ROOM FUND</i>								
GARDEN VILLA RECREATION ROOMS	\$2,207	\$8,141	\$97,495	\$64,958	\$97,502	100%	(\$32,537)	(50%)
TOTAL	\$2,207	\$8,141	\$97,495	\$64,958	\$97,502	100%	(\$32,537)	(50%)

**RESERVES EXPENDITURES COMPARED TO RESERVE STUDY
AS PRESENTED IN THE 2024 BUSINESS PLAN
AS OF AUGUST 31, 2024**

	2024 YTD Actual	2024 YTD Budget	2024 YTD Variance	2024 Annual Budget	2024 % Expended
Paved Surfaces	\$45,800	\$407,891	\$362,090	\$514,194	9%
Roofing & Gutters	\$699,242	\$1,041,184	\$341,942	\$1,811,309	39%
Building Structures	\$1,116,991	\$1,349,225	\$232,233	\$2,207,931	51%
Decking Projects	\$269,305	\$296,763	\$27,457	\$468,116	58%
Prior to Painting & Painting Projects	\$1,497,145	\$2,661,292	\$1,164,147	\$4,224,225	35%
Elevators	\$9,112	\$125,000	\$115,888	\$125,000	7%
Garden Villas	\$4,824	\$38,762	\$33,937	\$65,955	7%
Lighting Replacement Projects	\$0	\$7,287	\$7,287	\$12,500	0%
Walls, Fencing, and Railings	\$75,262	\$87,933	\$12,671	\$138,958	54%
Laundry Facilities	\$158,392	\$110,633	(\$47,759)	\$165,960	95%
Sewer Lines, Water Lines and Elect	\$1,924,592	\$1,467,493	(\$457,099)	\$2,730,000	70%
Grounds & Miscellaneous	\$7,954	\$18,386	\$10,432	\$27,582	29%
Landscape Projects	\$944,321	\$1,070,797	\$126,476	\$1,748,633	54%
Total	\$6,752,940	\$8,682,643	\$1,929,703	\$14,240,363	47%

**Third Laguna Hills Mutual
Fund Expenditure Schedule - Supplemental Appropriations
Period Ending: 8/31/2024**

Fund/Item	Resolution	BUDGET	EXPENDITURES I-T-D*			Remaining Encumbrance
			2024	Prior Years	Total	
Reserve Fund						
Turf Reduction	03-22-137	\$151,000	\$52,800	\$72,543	\$125,343	\$25,658
Landscape Improvement Projects	03-23-124	\$314,900	\$17,150	\$57,634	\$74,784	\$240,116
Slope Erosion Repairs	03-23-137	\$241,422	\$188,750	\$30,725	\$219,475	\$21,947
Emergency Roof Repairs	03-24-53	\$300,000	\$237,816	\$0	\$237,816	\$62,184
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	\$1,372,612	\$496,516	\$360,877	\$857,392	\$515,220

*Incurred To Date



STAFF REPORT

DATE: October 1, 2024
FOR: Finance Committee
SUBJECT: Damage Restoration Backlog Update

RECOMMENDATION

Review and file.

BACKGROUND

In June 2023, the Third Board approved a supplemental appropriation for temporary staffing to research, evaluate, and process a backlog of open damage restoration cases. These cases needed to be evaluated in accordance with Civil Code to determine responsibility of the damage. Evaluation and investigation require overtime expense of in-house employees and the utilization of administrative personnel from an outside agency. Based on a sample of open cases, this project was estimated to yield approximately \$3.0M in reimbursements to Third.

DISCUSSION

In 2023, Staff identified 712 backlogged cases from 2020 to 2022. The hearings resulted in \$881,537 being awarded to Third as reimbursements in 2023. Through August 31, 2024 year to date, Third was awarded an additional \$932,708 in reimbursements. This project is ongoing and is expected to be completed by the end of 2024.

Year	Reimbursement
2023	\$881,537
2024 (year to date)	\$932,708
Total	\$1,814,245

FINANCIAL ANALYSIS

By the end of 2024, Staff anticipates that Third will hold determination hearings and find members responsible for reimbursement totaling approximately \$2,000,000 resulting in a \$1,000,000 shortfall of what the sample data represented before the initiation of the program. Total expenses related to this project are expected to finish at approximately \$313,000.

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