



OPEN MEETING

REGULAR MEETING OF THE THIRD LAGUNA HILLS MUTUAL FINANCE COMMITTEE*

**Tuesday, April 2, 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 AND AGENDA

This Meeting May Be Recorded

1. Call Meeting to Order
2. Approval of the Agenda
3. Approval of the Meeting Report for February 6, 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 February 29, 2024
 - b. Endorsements from Standing Committee
 - c. Investment Policy Review
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.*
 - a. Third Annual Policy Review
 - i. Finance Committee Charter
 - ii. Collections and Lien Enforcement
10. Committee Member Comments
11. Date of Next Meeting – Tuesday, June 4, 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.

Closed Session Agenda

Approval of the Agenda

Approval of the Meeting Report

Remarks of the Chair

Discuss Contractual Matters

Discuss Legal Matters

Adjournment

*A quorum of the Third Board or more may also be present at the meeting.



FINANCE COMMITTEE MEETING REPORT OF THE REGULAR OPEN SESSION

Tuesday, February 6, 2024 – 1:30 p.m.
Hybrid Meeting

DIRECTORS PRESENT: Andy Ginocchio – Chair, Reza Karimi, S.K. Park, Moon Yun
DIRECTORS ABSENT: Brad Rinehart
ADVISORS PRESENT: Wei-Ming Tao
STAFF PRESENT: Steve Hormuth, Jose Campos, Erika Hernandez
OTHERS PRESENT: Third – Jules Zalon

Call to Order

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

Approval of Meeting Agenda

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

Approval of Meeting Report for December 5, 2023

A motion was made to approve the meeting report as presented; no changes were requested, and the report was approved by consent.

Remarks of the Chair

Director Ginocchio conveyed that the preliminary financials will undergo a comprehensive review during the audit. It is anticipated that the numbers will be subject to adjustments as deemed necessary by the auditors. Additionally, he stated that Third Mutual currently runs favorable when compared to the budget.

Member Comments (Items Not on the Agenda)

None.

Department Head Update

Steve Hormuth, Director of Financial Services, reported that the 2024 Annual Budget and Annual Policy Statement, containing the assessment breakdown, were mailed to members in November. He also noted that the 2023 Financial Audit will commence with a meeting on February 14, 2024, inviting all boards to participate.

Preliminary Financial Statements dated December 31, 2023

Jose Campos, Assistant Director of Financial Services, presented the Preliminary Financial Statements dated December 31, 2023. Questions and comments were noted by staff.

Endorsements from Standing Committees

None.

Future Agenda Items

Third Annual Policy Review

- a) Finance Committee Charter
- b) Investments
- c) Collections and Lien Enforcement

Committee Member Comments

None.

Date of Next Meeting

Tuesday, April 2, 2024 at 1:30 p.m.

Recess to Closed Session

The meeting recessed at 3:17 p.m.



[Andy Ginocchio \(Feb 29, 2024 11:12 PST\)](#)

Andy Ginocchio, Chair



MEMORANDUM

To: Third Finance Committee
 From: Steve Hormuth, Director of Financial Services
 Date: April 2, 2024
 Re: Department Head Update

Financial Highlights

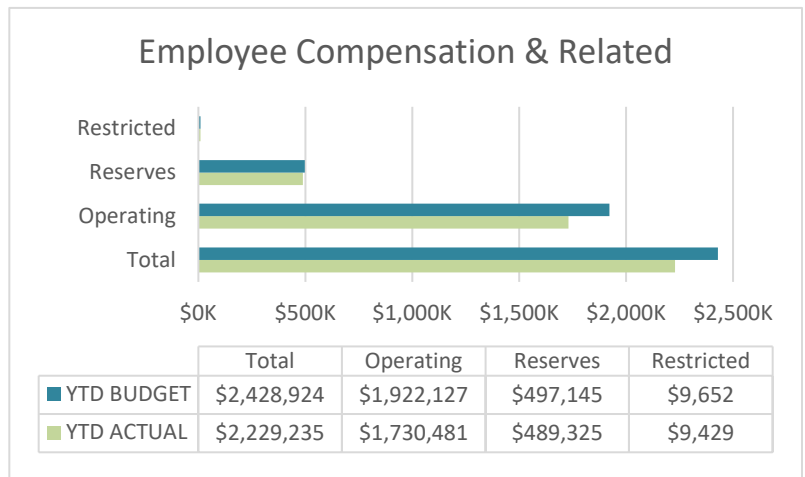
SUMMARY:

For the year-to-date period ending February 29, 2024, Third Laguna Hills Mutual was better than budget by \$160K primarily due to timing of outside services expenses in addition to open positions and more investment income, offset by less fees and charges to residents due to timing.

INCOME STATEMENT (in Thousands)			
	Actual	Budget	Variance
Assessment Revenues	\$7,246	\$7,246	\$0
Other Revenues	\$507	\$852	(\$346)
Expenses	\$6,230	\$6,735	\$505
Revenue/(Expense)	\$1,523	\$1,363	\$160

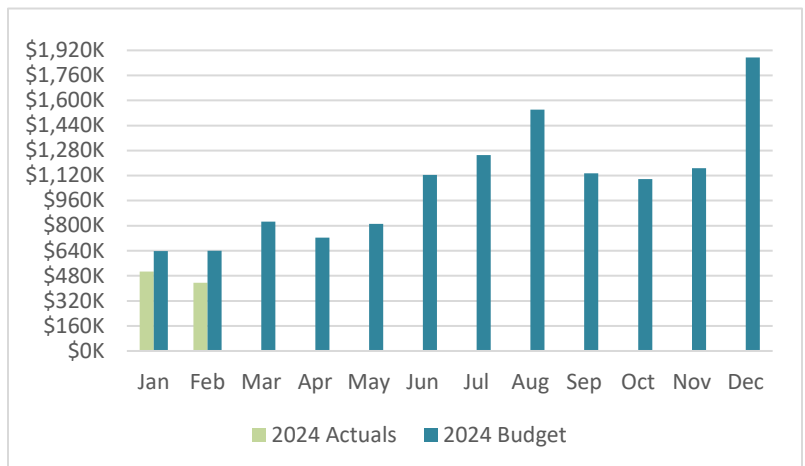
COMPENSATION:

Actual compensation and related costs came in at \$2,229K with \$1,730K in operations, \$489K in reserves, and \$9K in restricted. Combined, this category is 8.2% favorable to budget. The most significant impacts were in Landscape and Maintenance & Construction due to open positions.



OUTSIDE SERVICES:

Actual outside services cost came in at \$945K. In total, this category was favorable to budget by \$333K primarily in Landscape as a result of timing of the prior-to-paint landscaping program. The tree maintenance program furthered the variance due to timing of invoices. Work is in progress.



Discussions

Financial Statement Audit: Third's external auditor, KMPG, are progressing through their financial audit and have met with the Select Audit Task Force (made up of representatives from Third, United and GRF) to provide status updates and answer questions. While fieldwork is ongoing, the results are scheduled to be shared at the All Boards All Directors meeting to be held on April 4, 2024.

Budget: Staff representatives from Maintenance and Construction (M&C), Landscape and General Services presented to the Board on Wednesday, March 27, 2024 at 1:30 p.m. The purpose of the meeting was to share details of current year service levels provided by the departments in preparation of upcoming 2025 Business Plan meetings. All budget meetings have been updated on the TeamUp calendar which is available on LagunaWoodsVillage.com.

Calendar

- April 2, 2024 @ 1:30 p.m. Third Finance Committee (February Financials)
- April 4, 2024 @ 1:00 p.m. Select Audit Task Force Audit Closing Meeting (Invite to all Boards)
- April 5, 2024 @ 9:30 a.m. Third Board Agenda Prep
- April 16, 2024 @ 9:30 a.m. Third Board Meeting
- May 3, 2024 @ 9:30 a.m. Third Board Agenda Prep
- May 21, 2024 @ 9:30 a.m. Third Board Meeting
- May 23, 2024 @ 9:30 a.m. Third Budget Maintenance & General Services Review
- June 3, 2024 @ 1:30 p.m. Third Budget Landscape Review
- June 4, 2024 @ 1:30 p.m. Third Finance Committee (March Financials)
- June 7, 2024 @ 9:30 a.m. Third Board Agenda Prep
- June 18, 2024 @ 9:30 a.m. Third Board Meeting

April 2024							May 2024							June 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	6				1	2	3	4							1
7	8	9	10	11	12	13	5	6	7	8	9	10	11	2	3	4	5	6	7	8
14	15	16	17	18	19	20	12	13	14	15	16	17	18	9	10	11	12	13	14	15
21	22	23	24	25	26	27	19	20	21	22	23	24	25	16	17	18	19	20	21	22
28	29	30					26	27	28	29	30	31		23	24	25	26	27	28	29
														30						

Third Laguna Hills Mutual
Statement of Revenues & Expenses - Preliminary
2/29/2024
(\$ 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		\$4,624	\$4,624		\$4,776	\$27,746
2	Additions to restricted funds	1,311	1,311		2,621	2,621		2,130	15,728
3	Total assessments	3,623	3,623		7,246	7,246		6,906	43,474
Non-assessment revenues:									
4	Fees and charges for services to residents	59	291	(232)	132	583	(452)	196	3,515
5	Laundry	22	17	4	39	35	4	35	209
6	Investment income	127	55	72	242	110	132	80	660
7	Miscellaneous	39	62	(23)	94	124	(30)	88	745
8	Total non-assessment revenue	247	426	(178)	507	852	(346)	399	5,130
9	Total revenue	3,870	4,049	(179)	7,752	8,098	(346)	7,305	48,604
Expenses:									
10	Employee compensation and related	1,086	1,165	80	2,229	2,429	200	2,047	14,816
11	Materials and supplies	82	128	47	212	256	45	191	1,546
12	Community Events								2
13	Utilities and telephone	498	460	(38)	983	929	(54)	793	6,777
14	Legal fees	46	26	(20)	91	44	(48)	39	300
15	Professional fees		14	14		28	27	11	168
16	Equipment rental	1	4	3	1	8	7	2	47
17	Outside services	437	640	203	945	1,278	333	636	12,832
18	Repairs and maintenance	13	30	17	74	60	(13)	53	361
19	Other Operating Expense	3	13	9	12	25	13	19	180
20	Insurance	716	641	(75)	1,399	1,405	5	1,477	9,167
21	Uncollectible Accounts	11	7	(4)	39	14	(25)	(5)	85
22	Depreciation and amortization	8	8		16	16		17	95
23	Cost Allocations	111	119	7	228	243	15	177	1,503
24	Total expenses	3,011	3,253	242	6,230	6,735	505	5,460	47,879
25	Excess of revenues over expenses	\$859	\$795	\$63	\$1,523	\$1,363	\$160	\$1,846	\$725

Third Laguna Hills Mutual
Statement of Revenues & Expenses - By Fund Type - Preliminary
2/29/2024
(\$ 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	\$4,624	\$4,624								\$4,624	\$4,624	
2 Additions to restricted funds				1,989	1,989		632	632		2,621	2,621	
3 Total assessments	4,624	4,624		1,989	1,989		632	632		7,246	7,246	
Non-assessment revenues:												
4 Fees and charges for services to residents	132	583	(452)							132	583	(452)
5 Laundry	39	35	4							39	35	4
6 Investment income				200	102	98	42	8	34	242	110	132
7 Miscellaneous	94	124	(30)							94	124	(30)
8 Total non-assessment revenue	265	743	(478)	200	102	98	42	8	34	507	852	(346)
9 Total revenue	4,889	5,367	(478)	2,190	2,092	98	674	640	34	7,752	8,098	(346)
Expenses:												
10 Employee compensation and related	1,730	1,922	192	489	497	8	9	10		2,229	2,429	200
11 Materials and supplies	115	137	22	96	115	19		4	4	212	256	45
12 Community Events												
13 Utilities and telephone	981	927	(54)	2	2					983	929	(54)
14 Legal fees	91	44	(48)							91	44	(48)
15 Professional fees		28	27								28	27
16 Equipment rental		2	2	1	6	5				1	8	7
17 Outside services	254	171	(84)	473	896	423	217	210	(7)	945	1,278	333
18 Repairs and maintenance	74	59	(15)	(1)	1	1				74	60	(13)
19 Other Operating Expense	10	21	11	2	4	2				12	25	13
20 Insurance	1,399	1,405	5							1,399	1,405	5
21 Uncollectible Accounts	39	14	(25)							39	14	(25)
22 Depreciation and amortization	16	16								16	16	
23 Cost Allocations	199	210	12	29	32	3	1	1		228	243	15
24 Total expenses	4,910	4,955	46	1,093	1,555	462	228	225	(2)	6,230	6,735	505
25 Excess of revenues over expenses	(\$21)	\$412	(\$432)	\$1,097	\$537	\$560	\$446	\$414	\$32	\$1,523	\$1,363	\$160

**Third Laguna Hills Mutual
Operating Statement - Preliminary
2/29/2024
THIRD LAGUNA HILLS MUTUAL**

	Actual	Budget	YEAR TO DATE VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
Revenues:					
Assessments:					
Operating					
41001000 - Monthly Assessments	\$4,624,327	\$4,624,359	(\$32)	0.00%	\$27,746,482
Total Operating	4,624,327	4,624,359	(32)	0.00%	27,746,482
Additions To Restricted Funds					
41002000 - Monthly Assessments - Disaster Fund	305,100	305,100	0	0.00%	1,830,600
41003000 - Monthly Assessments - Unappropriated Expenditures Fund	310,836	310,836	0	0.00%	1,865,015
41003500 - Monthly Assessments - Replacement Fund	1,903,824	1,903,824	0	0.00%	11,422,944
41004000 - Monthly Assessments - Elevator Replacement Fund	61,020	61,020	0	0.00%	366,120
41004500 - Monthly Assessments - Laundry Replacement Fund	24,408	24,408	0	0.00%	146,448
41006000 - Monthly Assessments - Garden Villa Recreation Room Fund	16,146	16,146	0	0.00%	96,876
Total Additions To Restricted Funds	2,621,334	2,621,334	0	0.00%	15,728,003
Total Assessments	7,245,661	7,245,692	(32)	0.00%	43,474,485
Non-Assessment Revenues:					
Fees and Charges for Services to Residents					
46501000 - Permit Fee	20,834	52,350	(31,517)	(60.20%)	314,105
46501500 - Inspection Fee	11,518	14,154	(2,636)	(18.62%)	84,928
46502000 - Resident Maintenance Fee	71,594	141,960	(70,366)	(49.57%)	866,366
46502999 - Resident Maintenance Fee Backlog	27,658	375,000	(347,342)	(92.62%)	2,250,000
Total Fees and Charges for Services to Residents	131,604	583,465	(451,861)	(77.44%)	3,515,398
Laundry					
46005000 - Coin Op Laundry Machine	38,613	34,884	3,729	10.69%	209,300
Total Laundry	38,613	34,884	3,729	10.69%	209,300
Investment Income					
49001000 - Investment Income	242,164	109,956	132,208	120.24%	659,736
Total Investment Income	242,164	109,956	132,208	120.24%	659,736
Miscellaneous					
46004500 - Resident Violations	0	10,336	(10,336)	(100.00%)	62,022
44501000 - Additional Occupant Fee	8,650	16,716	(8,066)	(48.25%)	100,305
44501510 - Lease Processing Fee - Third	33,240	41,632	(8,392)	(20.16%)	249,803
44502000 - Variance Processing Fee	0	250	(250)	(100.00%)	1,500
44502500 - Non-Sale Transfer Fee - Third	500	500	0	0.00%	3,000
44503520 - Resale Processing Fee - Third	22,160	27,200	(5,040)	(18.53%)	163,200
44505500 - Hoa Certification Fee	330	2,250	(1,920)	(85.33%)	13,500
44507000 - Golf Cart Electric Fee	10,506	11,000	(494)	(4.49%)	66,000
44507200 - Electric Vehicle Plug-In Fee	5,727	2,034	3,693	181.55%	12,200
44507500 - Cartport/Carport Space Rental Fee	800	700	100	14.29%	4,200
47001500 - Late Fee Revenue	11,905	9,866	2,039	20.66%	59,200
47002020 - Collection Administrative Fee - Third	50	216	(166)	(76.85%)	1,300
47002500 - Collection Interest Revenue	55	816	(761)	(93.31%)	4,900
47501000 - Recycling	537	666	(129)	(19.35%)	4,000
49009000 - Miscellaneous Revenue	(4)	0	(4)	0.00%	0
Total Miscellaneous	94,455	124,182	(29,727)	(23.94%)	745,129
Total Non-Assessment Revenue	506,836	852,487	(345,652)	(40.55%)	5,129,563
Total Revenue	7,752,496	8,098,180	(345,683)	(4.27%)	48,604,048
Expenses:					
Employee Compensation					
51011000 - Salaries & Wages - Regular	446,652	506,156	59,504	11.76%	3,201,282
51021000 - Union Wages - Regular	685,438	933,170	247,732	26.55%	5,774,132
51041000 - Wages - Overtime	10,581	8,717	(1,864)	(21.38%)	52,310
51051000 - Union Wages - Overtime	9,347	6,757	(2,590)	(38.32%)	40,569
51061000 - Holiday & Vacation	207,789	121,602	(86,187)	(70.88%)	757,895
51071000 - Sick	43,301	49,601	6,300	12.70%	309,142
51081000 - Sick - Part Time	0	7	7	100.00%	43

**Third Laguna Hills Mutual
Operating Statement - Preliminary
2/29/2024
THIRD LAGUNA HILLS MUTUAL**

	YEAR TO DATE				TOTAL
	Actual	Budget	VAR\$ B/(W)	VAR% B/(W)	BUDGET
51091000 - Missed Meal Penalty	458	489	31	6.27%	2,959
51101000 - Temporary Help	22,897	32,804	9,908	30.20%	196,829
51981000 - Compensation Accrual	126,139	0	(126,139)	0.00%	0
Total Employee Compensation	1,552,602	1,659,304	106,702	6.43%	10,335,161
Compensation Related					
52411000 - F.I.C.A.	105,256	123,206	17,949	14.57%	763,578
52421000 - F.U.I.	6,386	7,279	893	12.26%	9,705
52431000 - S.U.I.	24,479	36,963	12,484	33.77%	49,284
52441000 - Union Medical	292,776	322,814	30,038	9.31%	1,936,885
52451000 - Workers' Compensation Insurance	79,088	94,642	15,554	16.43%	587,413
52461000 - Non Union Medical & Life Insurance	55,608	61,978	6,370	10.28%	371,869
52471000 - Union Retirement Plan	79,004	100,533	21,529	21.41%	621,940
52481000 - Non-Union Retirement Plan	13,770	22,205	8,435	37.99%	140,326
52981000 - Compensation Related Accrual	20,266	0	(20,266)	0.00%	0
Total Compensation Related	676,633	769,620	92,986	12.08%	4,481,001
Materials and Supplies					
53001000 - Materials & Supplies	40,989	107,542	66,553	61.89%	652,254
53003000 - Materials Direct	170,361	148,282	(22,079)	(14.89%)	890,053
53004000 - Freight	383	555	172	30.92%	3,366
Total Materials and Supplies	211,733	256,379	44,646	17.41%	1,545,673
Community Events					
53201000 - Community Events	0	399	399	100.00%	2,400
Total Community Events	0	399	399	100.00%	2,400
Utilities and Telephone					
53301000 - Electricity	91,603	67,300	(24,303)	(36.11%)	454,730
53301500 - Sewer	255,600	255,600	0	0.00%	1,659,600
53302000 - Water	378,473	366,026	(12,447)	(3.40%)	3,219,638
53302500 - Trash	257,566	240,564	(17,002)	(7.07%)	1,443,389
Total Utilities and Telephone	983,242	929,490	(53,752)	(5.78%)	6,777,357
Legal Fees					
53401500 - Legal Fees	96,040	43,687	(52,354)	(119.84%)	300,000
53401550 - Legal Fees Contra	(4,608)	0	4,608	0.00%	0
Total Legal Fees	91,432	43,687	(47,745)	(109.29%)	300,000
Professional Fees					
53402020 - Audit & Tax Preparation Fees - Third	0	8,332	8,332	100.00%	50,000
53403500 - Consulting Fees	170	2,500	2,330	93.18%	17,327
53403520 - Consulting Fees - Third	0	16,746	16,746	100.00%	100,500
Total Professional Fees	170	27,578	27,408	99.38%	167,827
Equipment Rental					
53501500 - Equipment Rental/Lease Fees	899	7,995	7,095	88.75%	47,135
Total Equipment Rental	899	7,995	7,095	88.75%	47,135
Outside Services					
53601000 - Bank Fees	3	0	(3)	0.00%	0
53601500 - Credit Card Transaction Fees	2,267	1,666	(601)	(36.08%)	10,000
53604500 - Marketing Expense	0	834	834	100.00%	5,000
54603500 - Outside Services Cost Collection	961,870	1,256,634	294,764	23.46%	12,700,973
53704000 - Outside Services	(19,468)	18,493	37,961	205.27%	115,582
Total Outside Services	944,673	1,277,627	332,954	26.06%	12,831,555
Repairs and Maintenance					
53701000 - Equipment Repair & Maint	(538)	1,726	2,264	131.17%	10,390
53702500 - Building Repair & Maint	11,530	0	(11,530)	0.00%	0
53703000 - Elevator /Lift Maintenance	62,668	58,475	(4,193)	(7.17%)	350,852
Total Repairs and Maintenance	73,660	60,201	(13,459)	(22.36%)	361,241
Other Operating Expense					
53801000 - Mileage & Meal Allowance	196	1,020	824	80.78%	6,071
53801500 - Travel & Lodging	0	125	125	100.00%	749
53802000 - Uniforms	7,914	12,644	4,730	37.41%	90,258

**Third Laguna Hills Mutual
Operating Statement - Preliminary
2/29/2024
THIRD LAGUNA HILLS MUTUAL**

	Actual	Budget	YEAR TO DATE VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
53802500 - Dues & Memberships	833	394	(439)	(111.40%)	2,277
53803000 - Subscriptions & Books	609	246	(364)	(147.92%)	1,478
53803500 - Training & Education	0	2,932	2,932	100.00%	19,948
53903000 - Safety	0	192	192	100.00%	1,155
54001000 - Board Relations	10	0	(10)	0.00%	0
54001020 - Board Relations - Third	456	1,666	1,210	72.63%	10,000
54002000 - Postage	2,060	6,139	4,079	66.44%	47,786
54002500 - Filing Fees / Permits	243	66	(177)	(268.00%)	408
Total Other Operating Expense	12,321	25,423	13,102	51.53%	180,130
Insurance					
54401000 - Hazard & Liability Insurance	178,112	182,470	4,358	2.39%	1,094,820
54401500 - D&O Liability	9,797	11,405	1,609	14.11%	68,436
54402000 - Property Insurance	1,211,078	1,210,037	(1,042)	(0.09%)	8,000,000
54403000 - General Liability Insurance	209	589	381	64.59%	3,536
Total Insurance	1,399,195	1,404,501	5,306	0.38%	9,166,792
Uncollectible Accounts					
54602000 - Bad Debt Expense	39,346	14,166	(25,180)	(177.75%)	85,000
Total Uncollectible Accounts	39,346	14,166	(25,180)	(177.75%)	85,000
Depreciation and Amortization					
55001000 - Depreciation And Amortization	15,814	15,814	0	0.00%	94,884
Total Depreciation and Amortization	15,814	15,814	0	0.00%	94,884
Cost Allocations					
54602500 - Allocated Expenses	228,194	243,007	14,813	6.10%	1,503,182
Total Cost Allocations	228,194	243,007	14,813	6.10%	1,503,182
Total Expenses	6,229,915	6,735,190	505,275	7.50%	47,879,338
Excess of Revenues Over Expenses	\$1,522,581	\$1,362,990	\$159,591	11.71%	\$724,710

**Third Laguna Hills Mutual
Balance Sheet - Preliminary
2/29/2024**

		<u>Current Month End</u>	<u>Prior Year Same Period</u>	<u>Prior Year December 31</u>
	Assets			
1	Cash and cash equivalents	\$2,877,324	\$3,414,448	\$5,147,789
2	Investments	32,536,972	29,869,130	28,839,044
3	Receivable/(Payable) from mutuals	389,832	1,366,419	(406,882)
4	Accounts receivable	265,132	94,159	438,553
5	Prepaid expenses and deposits	1,853,901	2,003,926	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	4,839,519	4,932,723	4,855,333
9	Non-controlling interest in GRF	42,272,100	42,272,100	42,272,100
10	Total Assets	<u>\$85,034,780</u>	<u>\$83,952,906</u>	<u>\$84,228,267</u>
	Liabilities and Fund Balances			
	Liabilities:			
11	Accounts payable and accrued expenses	\$2,007,607	\$1,776,658	\$2,833,660
12	Accrued compensation and related costs	577,083	598,365	577,083
13	Deferred income	678,264	660,267	568,278
14	Income tax payable	(31,029)	(31,029)	(31,029)
15	Total liabilities	<u>\$3,231,924</u>	<u>\$3,004,261</u>	<u>\$3,947,992</u>
	Fund balances:			
16	Fund balance prior years	80,280,275	79,103,120	79,103,120
17	Change in fund balance - current year	1,522,581	1,845,525	1,177,155
18	Net fund balances	<u>81,802,856</u>	<u>80,948,645</u>	<u>80,280,275</u>
19	Total fund balances	<u>81,802,856</u>	<u>80,948,645</u>	<u>80,280,275</u>
20	Total Liabilities and Fund Balances	<u>\$85,034,780</u>	<u>\$83,952,906</u>	<u>\$84,228,267</u>

**Third Laguna Hills Mutual
Fund Balance Sheet - Preliminary
2/29/2024**

		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	\$407,274	\$2,113,035	\$32,430	\$2,422	\$31,638	\$33,285	\$257,240	\$2,877,324
2	Investments		19,483,722	3,049,153	300,081	111,856	5,879,242	3,712,918	32,536,972
3	Receivable/(Payable) from mutuals	389,832							389,832
4	Receivable/(Payable) from operating fund	(770,717)	770,717						
5	Accounts receivable	265,132							265,132
6	Prepaid expenses and deposits	1,853,901							1,853,901
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	4,839,519							4,839,519
10	Non-controlling interest in GRF	42,272,100							42,272,100
11	Total Assets	<u>\$49,257,041</u>	<u>\$22,367,474</u>	<u>\$3,081,583</u>	<u>\$302,503</u>	<u>\$143,494</u>	<u>\$5,912,527</u>	<u>\$3,970,157</u>	<u>\$85,034,780</u>
Liabilities and Fund Balances									
Liabilities:									
12	Accounts payable and accrued expenses	\$678,448	\$853,337	\$98,680		\$16,705	\$358,828	\$1,610	\$2,007,608
13	Accrued compensation and related costs	577,083							577,083
14	Deferred income	678,264							678,264
15	Income tax payable	(31,029)							(31,029)
16	Total liabilities	<u>\$1,902,765</u>	<u>\$853,337</u>	<u>\$98,680</u>		<u>\$16,705</u>	<u>\$358,828</u>	<u>\$1,610</u>	<u>\$3,231,924</u>
Fund balances:									
17	Fund balance prior years	47,374,857	20,393,302	3,000,301	309,143	113,559	5,439,495	3,649,618	80,280,275
18	Change in fund balance - current year	(20,581)	1,120,836	(17,397)	(6,640)	13,230	114,204	318,930	1,522,581
19	Net fund balances	<u>47,354,276</u>	<u>21,514,137</u>	<u>2,982,904</u>	<u>302,503</u>	<u>126,789</u>	<u>5,553,700</u>	<u>3,968,548</u>	<u>81,802,856</u>
20	Total fund balances	<u>47,354,276</u>	<u>21,514,137</u>	<u>2,982,904</u>	<u>302,503</u>	<u>126,789</u>	<u>5,553,700</u>	<u>3,968,548</u>	<u>81,802,856</u>
21	Total Liabilities and Fund Balances	<u>\$49,257,041</u>	<u>\$22,367,474</u>	<u>\$3,081,583</u>	<u>\$302,503</u>	<u>\$143,494</u>	<u>\$5,912,527</u>	<u>\$3,970,157</u>	<u>\$85,034,780</u>

**Third Laguna Hills Mutual
Changes in Fund Balances - Preliminary
2/29/2024**

	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	\$4,624,327							\$4,624,327
2 Additions to restricted funds		1,903,824	61,020	24,408	16,146	305,100	310,836	2,621,334
3 Total assessments	4,624,327	1,903,824	61,020	24,408	16,146	305,100	310,836	7,245,661
Non-assessment revenues:								
4 Fees and charges for services to residents	131,604							131,604
5 Laundry	38,613							38,613
6 Investment Income		179,208	18,463	2,676	684	33,039	8,094	242,164
7 Miscellaneous	94,455							94,455
8 Total non-assessment revenue	264,672	179,208	18,463	2,676	684	33,039	8,094	506,836
9 Total revenue	4,888,999	2,083,032	79,483	27,084	16,830	338,139	318,930	7,752,496
Expenses:								
10 Employee compensation and related	1,730,481	484,814		4,511	3,211	6,218		2,229,235
11 Materials and supplies	114,914	67,732		28,755	121	211		211,733
12 Utilities and telephone	980,877	2,285			7	74		983,242
13 Legal fees	91,432							91,432
14 Professional fees	170							170
15 Equipment rental	61	829			4	4		899
16 Outside services	254,290	376,430	96,880	2	2	217,068		944,673
17 Repairs and maintenance	74,195	(532)			(3)			73,660
18 Other Operating Expense	10,011	2,224		35	22	29		12,321
19 Insurance	1,399,195							1,399,195
20 Uncollectible Accounts	39,346							39,346
21 Depreciation and amortization	15,814							15,814
22 Cost Allocations	198,794	28,413		420	237	330		228,194
23 Total expenses	4,909,580	962,196	96,880	33,724	3,600	223,935		6,229,915
24 Excess (deficit) of revenues over expenses	(\$20,581)	\$1,120,836	(\$17,397)	(\$6,640)	\$13,230	\$114,204	\$318,930	\$1,522,581
25 Excluding unrealized gain/(loss) and depreciation	(\$4,767)	\$1,120,836	(\$17,397)	(\$6,640)	\$13,230	\$114,204	\$318,930	\$1,538,395

**THIRD LAGUNA HILLS MUTUAL
INVESTMENTS HELD BY BANK OF AMERICA
SCHEDULE OF INVESTMENTS
2/29/24**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECT. YIELD	ORIGINAL COST	BOOK VALUE	2/29/2024	
									MARKET VALUE	UNREALIZED GAIN/(LOSS)
912797GQ4	U.S. TREASURY BILL	0.00%	12/18/2023	3/7/2024	\$2,500,000.00	5.140%	\$2,472,222.22	\$2,495,370.38	\$2,497,809.18	\$2,438.80
912797HF7	U.S. TREASURY BILL	0.00%	1/26/2024	4/11/2024	\$2,000,000.00	5.120%	\$1,978,888.89	\$1,988,967.74	\$1,987,965.36	(\$1,002.38)
912797FH5	U.S. TREASURY BILL	0.00%	1/26/2024	5/16/2024	\$1,500,000.00	5.160%	\$1,476,875.00	\$1,484,760.94	\$1,483,417.76	(\$1,343.18)
TOTAL INVESTMENTS: INTENT TO HOLD FOR SHORT-TERM					<u>\$6,000,000.00</u>		<u>\$5,927,986.11</u>	<u>\$5,969,099.06</u>	<u>\$5,969,192.30</u>	<u>\$93.24</u>

**THIRD LAGUNA HILLS MUTUAL
INVESTMENTS HELD BY BANK OF AMERICA
SCHEDULE OF INVESTMENTS
2/29/24**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECT. YIELD	ORIGINAL COST	BOOK VALUE	MARKET VALUE	UNREALIZED GAIN/(LOSS)
912797LL9	U.S. TREASURY BILL	0.00%	3/24/2023	3/21/2024	\$6,633,000.00	4.070%	\$6,372,157.28	\$6,616,171.40	\$6,613,517.42	(\$2,653.98)
912797FS1	U.S. TREASURY BILL	0.00%	6/22/2023	6/13/2024	\$6,762,000.00	5.060%	\$6,441,030.40	\$6,663,034.40	\$6,660,029.04	(\$3,005.36)
912797GL5	U.S. TREASURY BILL	0.00%	9/22/2023	9/5/2024	\$6,847,000.00	5.260%	\$6,515,110.69	\$6,666,625.38	\$6,668,217.23	\$1,591.85
912796ZV4	U.S. TREASURY BILL	0.00%	12/28/2023	12/26/2024	\$6,877,000.00	4.620%	\$6,571,049.91	\$6,622,041.59	\$6,599,379.36	(\$22,662.23)
TOTAL INVESTMENTS: INTENT TO HOLD FOR LONG-TERM					<u>\$27,119,000.00</u>		<u>\$25,899,348.28</u>	<u>\$26,567,872.77</u>	<u>\$26,541,143.05</u>	<u>(\$26,729.72)</u>
TOTAL INVESTMENTS					<u>\$ 33,119,000.00</u>		<u>\$ 31,827,334.39</u>	<u>\$ 32,536,971.83</u>	<u>\$ 32,510,335.35</u>	

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF FEBRUARY 29, 2024**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
OPERATING FUND - MAINTENANCE & CONSTRUCTION								
APPLIANCE REPAIRS	\$8,153	\$9,191	\$15,346	\$19,039	\$115,384	13%	\$3,693	19%
CARPENTRY SERVICE	43,119	46,670	95,045	96,786	586,661	16%	1,741	2%
ELECTRICAL SERVICE	(2,861)	8,265	12,517	17,212	104,443	12%	4,695	27%
FIRE PROTECTION	7,205	12,577	7,574	25,184	151,185	5%	17,610	70%
MISC REPAIRS BY OUTSIDE SERVICE	18,240	2,500	24,698	5,000	128,100	19%	(19,698)	(394%)
PEST CONTROL	(8,932)	9,915	4,104	16,877	377,116	1%	12,773	76%
PLUMBING SERVICE	56,205	62,860	118,566	129,852	786,186	15%	11,285	9%
SOLAR MAINTENANCE	755	3,000	3,832	6,000	36,000	11%	2,168	36%
STREET LIGHT MAINTENANCE	851	1,416	280	2,832	17,000	2%	2,552	90%
TOTAL	\$122,736	\$156,393	\$281,963	\$318,782	\$2,302,075	12%	\$36,819	12%
OPERATING FUND - GENERAL SERVICES								
CONCRETE REPAIR/REPLACEMENT	\$14,649	\$26,795	\$39,253	\$55,442	\$336,286	12%	\$16,189	29%
JANITORIAL SERVICE	63,752	71,613	135,238	149,275	904,120	15%	14,037	9%
GUTTER CLEANING	5,382	16,769	15,725	34,337	207,597	8%	18,612	54%
TRAFFIC CONTROL	765	1,435	2,234	2,984	18,129	12%	750	25%
WELDING	4,268	8,584	12,224	17,772	107,821	11%	5,548	31%
TOTAL	\$88,817	\$125,196	\$204,673	\$259,810	\$1,573,952	13%	\$55,136	21%
OPERATING FUND - LANDSCAPE SERVICES								
LANDSCAPE ADMINISTRATION	\$30,291	\$30,679	\$63,083	\$63,083	\$393,940	16%	\$0	0%
NURSERY & COMPOSTING	17,387	18,175	37,677	37,627	229,670	16%	(50)	(0%)
GROUNDS MAINTENANCE	283,837	290,958	577,051	607,586	3,685,393	16%	30,535	5%
IRRIGATION	69,780	86,406	147,237	179,426	1,092,124	13%	32,189	18%
SMALL EQUIPMENT REPAIR	8,976	18,724	23,979	38,786	235,451	10%	14,807	38%
PEST CONTROL	25,498	29,388	55,554	61,062	371,285	15%	5,509	9%
TOTAL	\$435,768	\$474,330	\$904,581	\$987,570	\$6,007,865	15%	\$82,989	8%

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF FEBRUARY 29, 2024**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
RESERVE FUND - MAINTENANCE & CONSTRUCTION								
BUILDING STRUCTURES	122,704	77,755	152,931	158,030	2,300,426	7%	5,098	3%
ELECTRICAL SYSTEMS	0	0	0	2,500	30,000	0%	2,500	100%
EXTERIOR LIGHTING	0	1,041	0	2,082	12,500	0%	2,082	100%
FENCING	6,124	6,352	12,198	13,140	79,602	15%	942	7%
GARDEN VILLA MAILROOM	21	45	46	91	562	8%	45	49%
GARDEN VILLA REC ROOM	500	5,445	1,264	10,896	65,393	2%	9,632	88%
GUTTER REPLACEMENTS	(409)	5,284	5,209	15,966	126,486	4%	10,756	67%
MAILBOXES	907	2,244	1,933	4,572	27,582	7%	2,639	58%
PAINT PROGRAM - EXTERIOR	100,497	128,374	234,286	261,552	1,613,075	15%	27,266	10%
PRIOR TO PAINT	83,336	97,387	177,333	196,914	1,222,353	15%	19,582	10%
PAVING	0	0	0	5,000	431,851	0%	5,000	100%
ROOF REPLACEMENTS	29,789	23,845	35,139	46,845	1,684,823	2%	11,706	25%
WALL REPLACEMENTS	0	4,500	0	7,200	32,400	0%	7,200	100%
WASTE LINE REMEDIATION	231,733	0	308,807	0	1,500,000	21%	(308,807)	0%
WATER LINES - COPPER PIPE REMEDIATION	0	83,333	0	166,666	1,000,000	0%	166,666	100%
PLUMBING REPLACEMENT	0	16,666	0	33,332	200,000	0%	33,332	100%
SUPPLEMENTAL APPROPRIATIONS	0	0	166,212	166,212	166,212	100%	0	0%
TOTAL	\$575,201	\$452,270	\$1,095,359	\$1,090,998	\$10,493,265	10%	(\$4,361)	(0%)
RESERVE FUND - GENERAL SERVICES								
PRIOR TO PAINT	\$596	\$1,143	\$1,740	\$2,374	\$14,418	12%	\$634	27%
PAVING	3,294	6,536	9,624	13,562	82,343	12%	3,939	29%
EXTERIOR WALLS	0	2,012	0	4,024	24,150	0%	4,024	100%
TOTAL	\$3,890	\$9,691	\$11,364	\$19,960	\$120,911	9%	\$8,596	43%
RESERVE FUND - LANDSCAPE SERVICES								
LANDSCAPE MODERNIZATION	\$47,262	\$193,529	\$47,529	\$387,085	\$2,322,587	2%	\$339,556	88%
IMPROVEMENT & RESTORATION	27,504	15,452	27,845	32,307	195,858	14%	4,462	14%
TREE MAINTENANCE	21,993	79,755	69,949	162,369	980,188	7%	92,421	57%
SUPPLEMENTAL APPROPRIATIONS	10,150	10,150	10,150	10,150	10,150	100%	0	0%
TOTAL	\$106,910	\$298,886	\$155,473	\$591,912	\$3,508,783	4%	\$436,439	74%

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF FEBRUARY 29, 2024**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
ELEVATOR REPLACEMENT FUND								
ELEVATOR REPLACEMENT	\$0	\$0	\$96,880	\$0	\$125,000	78%	(\$96,880)	0%
TOTAL	\$0	\$0	\$96,880	\$0	\$125,000	78%	(\$96,880)	0%
LAUNDRY REPLACEMENT FUND								
LAUNDRY APPLIANCES	\$12,267	\$9,033	\$31,936	\$18,218	\$109,593	29%	(\$13,718)	(75%)
LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	840	4,873	1,788	9,833	59,173	3%	8,045	82%
SUPPLEMENTAL APPROPRIATIONS	0	0	0	0	0	0%	0	0%
TOTAL	\$13,106	\$13,906	\$33,724	\$28,050	\$168,766	20%	(\$5,673)	(20%)
DISASTER FUND - MAINTENANCE & CONSTRUCTION								
MOISTURE INTRUSION - RAIN LEAKS	\$46,036	\$18,333	\$56,429	\$36,666	\$220,000	26%	(\$19,763)	(54%)
MOISTURE INTRUSION - PLUMBING LEAKS	115,434	54,166	124,024	108,332	650,000	19%	(15,692)	(14%)
MOISTURE INTRUSION - PLUMBING STOPPAGES	19,180	6,666	23,630	13,332	80,000	30%	(10,298)	(77%)
MOISTURE INTRUSION - MISCELLANEOUS	10,781	4,166	11,785	8,332	50,000	24%	(3,453)	(41%)
DAMAGE RESTORATION SERVICES	3,238	3,999	6,867	8,294	50,280	14%	1,427	17%
SUPPLEMENTAL APPROPRIATIONS	0	0	0	0	0	0%	0	0%
TOTAL	\$194,669	\$87,330	\$222,735	\$174,956	\$1,050,280	21%	(\$47,779)	(27%)
DISASTER FUND - LANDSCAPE SERVICES								
RISK FIRE MANAGEMENT	\$0	\$15,000	\$1,200	\$30,000	\$180,000	1%	\$28,800	96%
TOTAL	\$0	\$15,000	\$1,200	\$30,000	\$180,000	1%	\$28,800	96%
GARDEN VILLA RECREATION ROOM FUND								
GARDEN VILLA RECREATION ROOMS	\$1,676	\$8,011	\$3,600	\$16,190	\$97,502	4%	\$12,589	78%
TOTAL	\$1,676	\$8,011	\$3,600	\$16,190	\$97,502	4%	\$12,589	78%
UNAPPROPRIATED EXPENDITURES FUND								
SUPPLEMENTAL APPROPRIATIONS	(2,500)	(2,500)	0	0	0	0%	0	0%
TOTAL	(\$2,500)	(\$2,500)	\$0	\$0	\$0	0%	\$0	0%

**RESERVE EXPENDITURES COMPARED TO RESERVE STUDY
AS PRESENTED IN THE 2024 BUSINESS PLAN
AS OF FEBRUARY 29, 2024**

	2024	2024	2024	2024	2024
	YTD Actual	YTD Budget	YTD Variance	Annual Budget	% Expended
Paved Surfaces	\$9,624	\$18,562	\$8,938	\$514,194	2%
Roofing & Gutters	\$40,348	\$62,811	\$22,462	\$1,811,309	2%
Building Structures	\$152,931	\$158,030	\$5,099	\$2,207,931	7%
Decking Projects	\$52,912	\$61,968	\$9,056	\$468,116	11%
Prior to Painting & Painting Projects	\$360,448	\$690,539	\$330,091	\$4,224,225	9%
Elevators	\$96,880	\$0	(\$96,880)	\$125,000	78%
Garden Villas	\$1,310	\$10,988	\$9,677	\$65,955	2%
Lighting Replacement Projects	\$0	\$2,082	\$2,082	\$12,500	0%
Walls, Fencing, and Railings	\$12,198	\$24,830	\$12,632	\$138,958	9%
Laundry Facilities	\$33,724	\$27,584	(\$6,139)	\$165,960	20%
Sewer Lines, Water Lines and Elect	\$308,807	\$202,498	(\$106,309)	\$2,730,000	11%
Grounds & Miscellaneous	\$1,933	\$4,572	\$2,639	\$27,582	7%
Landscape Projects	\$145,323	\$290,096	\$144,773	\$1,748,633	8%
Total	\$1,216,438	\$1,554,558	\$338,120	\$14,240,363	9%

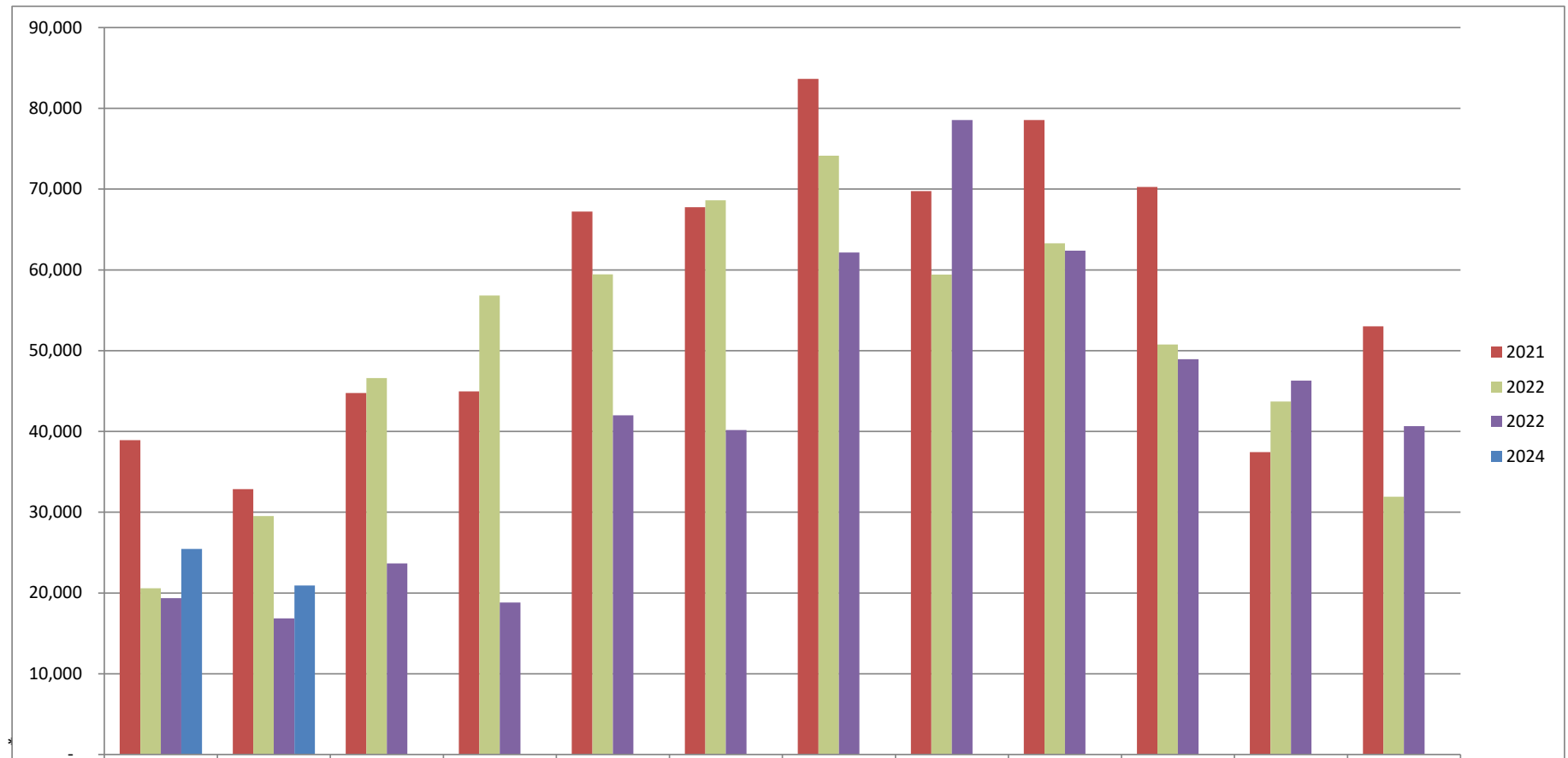
Third Laguna Hills Mutual
Fund Expenditure Schedule
Period Ending: 2/29/2024

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	\$24,473	\$72,211	\$96,684	\$1,416
Reserve Fund (Supplemental Appropriations)						
Turf Reduction	3-22-137	\$151,000	\$0	\$72,543	\$72,543	\$78,458
Landscape Improvement Projects	3-23-124	\$314,900	\$10,150	\$57,634	\$67,784	\$247,116
Slope Erosion Repairs	3-23-137	\$241,422	\$167,400	\$30,725	\$198,125	\$43,297
Unappropriated Expenditures Fund						
GV Garage Water Seepage	3-24-28	\$25,000	\$0	\$0	\$0	\$25,000
Gate 11 French Drain Construction	3-23-72	\$340,290	\$0	\$199,975	\$199,975	\$140,315
Total		\$1,170,712	\$202,023	\$433,087	\$635,111	\$535,601

*Incurred To Date

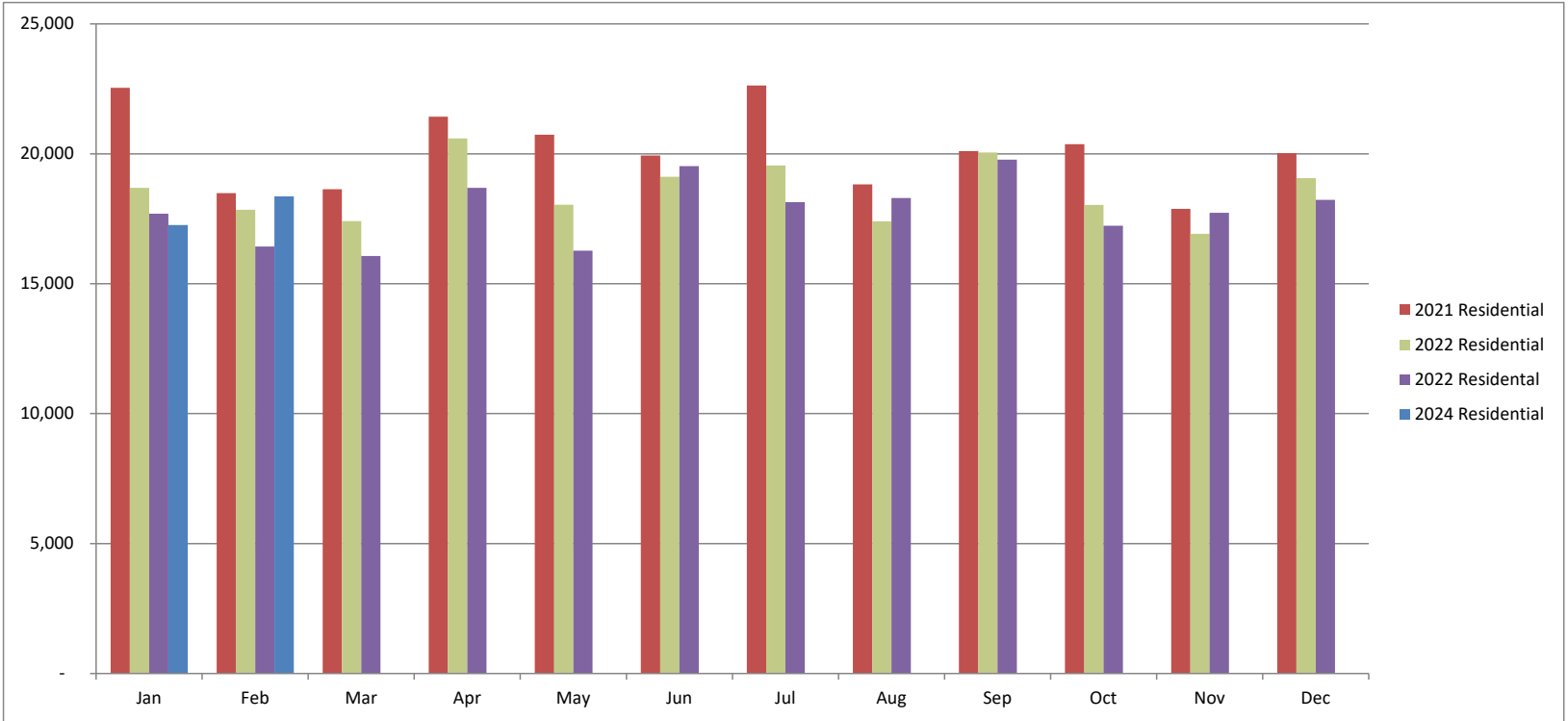
Third Mutual Water Usage in 100 cubic feet units

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD \$*	YTD ccf	Total
2021	38,929	32,844	44,745	44,946	67,232	67,759	83,660	69,752	78,563	70,259	37,446	53,014	\$377,847	71,773	689,149
2022	20,573	29,523	46,594	56,831	59,443	68,617	74,150	59,427	63,281	50,772	43,694	31,907	\$329,681	50,096	604,812
2023	19,363	16,857	23,667	18,805	41,986	40,165	62,154	78,546	62,385	48,947	46,302	40,659	\$309,002	36,220	499,836
2024	25,449	20,939	-	-	-	-	-	-	-	-	-	-	\$309,002	46,388	46,388



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
2021 Residential	22,539	18,488	18,641	21,433	20,735	19,937	22,631	18,823	20,107	20,369	17,883	20,022	\$223,388	41,027	241,608
2022 Residential	18,689	17,842	17,409	20,594	18,044	19,119	19,554	17,401	20,050	18,035	16,920	19,067	\$218,848	36,531	222,724
2023 Residential	17,693	16,435	16,065	18,691	16,268	19,524	18,135	18,302	19,774	17,233	17,734	18,224	\$224,958	34,128	214,078
2024 Residential	17,255	18,362	-	-	-	-	-	-	-	-	-	-	\$245,594	35,617	35,617

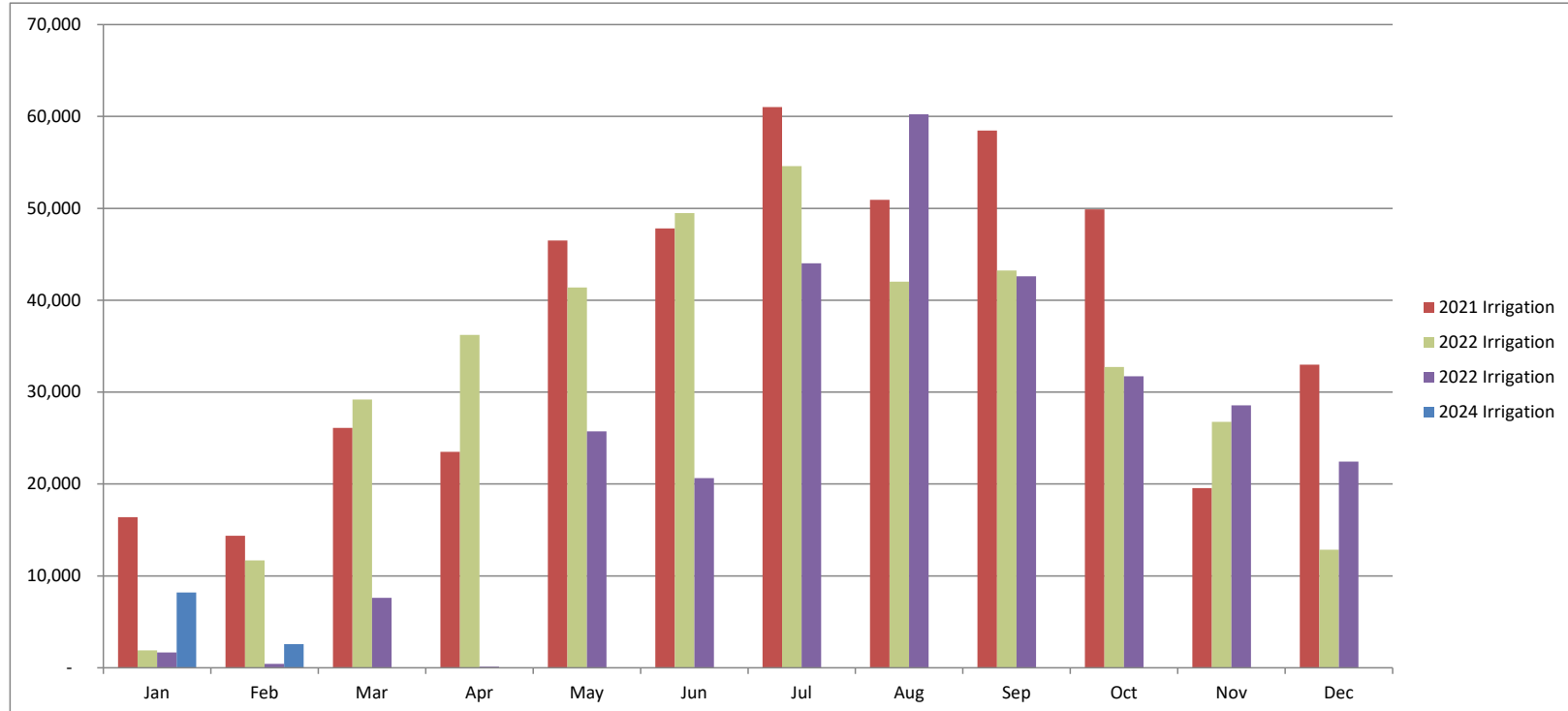


*Derived From ETWD Billing Statements

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
2021 Irrigation	16,390	14,356	26,104	23,513	46,497	47,822	61,029	50,929	58,456	49,890	19,563	32,992	\$154,458	30,746	447,541
2022 Irrigation	1,884	11,681	29,185	36,237	41,399	49,498	54,596	42,026	43,231	32,737	26,774	12,840	\$110,834	13,565	382,088
2023 Irrigation	1,670	422	7,602	114	25,718	20,641	44,019	60,244	42,611	31,714	28,568	22,435	\$84,044	2,092	285,758
2024 Irrigation	8,194	2,577	-	-	-	-	-	-	-	-	-	-	\$159,827	10,771	10,771



THIRD LAGUNA HILLS MUTUAL
Provision For Doubtful Accounts
As of February 29, 2024

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-23	291,694			87,565			23
January-24	307,438	-	-	99,901	-	28,080	26
February-24	327,450			91,155		11,266	28
March-24							
April-24							
May-24							
June-24							
July-24							
August-24							
September-24							
October-24							
November-24							
December-24							
YTD TOTAL						39,346	

(1) Delinquent Assessments: Represents the balance from the monthly Delinquency Report presented in the Closed Session of the Finance Committee and accounted for as a specific allowance against Accounts Receivable balance.

(2) Assessments Write-Offs: Represents write-off activities approved by the Third Board.

(3) Bad Debt Small Claims: Represents the change in the Small Claims Receivable account balance.

(4) Delinquent Fines, Fees and Chargeable Services: Balances represents a combination of a general allowance percentage and a specific allowance amount recorded for the purpose of reducing the Account Receivable balance to the amount the company anticipates to be collectible.

(5) Chargeable Services Write-Offs: Represents Chargeable Service write-off activities approved by the Third Board.

(6) Change in Provision: Calculated as the difference between the current and prior month Delinquent Assessments and Delinquent Fine, Fees and Chargeable Services balances plus current month activities from Assessment Write-Offs, Bad Debt Small Claims, and Chargeable Services Write-Offs.

(7) Total Delinquent Units: Units reported on the monthly Delinquency Reports - Assessments



STAFF REPORT

DATE: April 2, 2024
FOR: Finance Committee
SUBJECT: Investment Policy Review

RECOMMENDATION

Staff recommends the committee review the current 2023 Third Laguna Hills Mutual Investment Policy and provide any recommended changes deemed necessary.

BACKGROUND

The purpose of Third Laguna Hills Mutual Investment Policy is to provide guidelines and limitations for the responsible management of the corporation's investments.

On February 7, 2023 Steve Hormuth, Director of Financial Services, presented the 2023 Third Investment Policy to the finance committee and by unanimous decision, the motion passed to approve and endorse the recommendation. On March 21, 2023, the Board of Directors reviewed the policy and adopted it via Resolution 03-23-25 (Attachment 1).

A 28 Day notice will be required to comply with Civil Code §4360.

Prepared By: Erika Hernadnez, Assistant Financial Analyst

Reviewed By: Steve Hormuth, Director of Financial Services

ATTACHMENT(S)

Attachment 1: Resolution 03-23-25



RESOLUTION 03-23-25

THIRD LAGUNA HILLS MUTUAL INVESTMENT POLICY

BE IT RESOLVED, February 21, 2023, this Corporation, is hereby authorized to invest the assets of the Corporation. All investments on behalf of this Corporation must be made with the underlying principles in the following order of priority: (1) safety, (2) liquidity, where applicable, and (3) yield, and are subject to the following conditions; and

NON-DISCRETIONARY INVESTMENTS

RESOLVED FURTHER; Assets administered by the corporation's managing agent ("Managing Agent") must be invested in a "non-discretionary" account in accordance with the provisions of Civil Code §5380. Authorized investments administered by the Managing Agent are limited to obligations of, or fully guaranteed as to principal by, the United States of America; and

RESOLVED FURTHER; No non-discretionary investment may be sold, withdrawn, redeemed or otherwise converted to cash prior to maturity without a demonstrated immediate need for the funds and the consent of any two of the following: the Treasurer, the President or the 1st or 2nd Vice President of this corporation. Furthermore, if there is a request that a non-discretionary investment be sold, withdrawn or otherwise converted to cash prior to maturity where there has been no demonstrated immediate need, approval must be provided by the Board of Directors of this Corporation; and

DISCRETIONARY INVESTMENTS

RESOLVED FURTHER; in accordance with Civil Code §5515, the Board of this corporation has an obligation to exercise prudent fiscal management in preserving reserve funds ("discretionary investments"). The funds being invested as discretionary investments under this Investment Policy are not required within a reasonable time to pay obligations of the Corporation. The Board will determine the amount to be managed in this discretionary account; and

RESOLVED FURTHER; the Board may authorize either (1) a qualified Investment Advisor, interviewed and selected by the Board, or (2) the Managing Agent to transact purchases and sales of investments for Third



Laguna Hills Mutual's discretionary investment account. Such discretion is subject to the underlying conditions as stated below;

1. Assets shall be invested only in authorized investments as provided herein. Authorized investments are limited to:
 - a. Obligations of, or fully guaranteed as to principal by, the United States of America, including;
 - FDIC insured Certificates of Deposit with a maximum maturity value per institution not to exceed current FDIC insured limits; and
 - United States Treasury Bills and Treasury Notes
2. Investments on behalf of this corporation may be made concurrently with investments made on behalf of other corporations at Laguna Woods Village. However, separate investment receipts will be held in the name of this corporation. Any such investments may be held for the account of the corporation in book-entry form;
3. Any authorized investments, as defined in Item 1 above, previously made by said Managing Agent or Investment Manager, are hereby ratified; and

RESOLVED FURTHER, that Resolution 03-19-120 adopted on November 19, 2019, is hereby superseded and cancelled.

February Initial Notification

Should the Board endorse the proposed resolution, Staff recommends that a motion be made and seconded to accept the resolution and allow discussion to ensure that the resolution reads to the satisfaction of the Board. Staff then recommends that a Board Member postpones the resolution to the next available Board Meeting no less than 28-days from the postponement to comply with Civil Code §4360.