



## **SPECIAL OPEN SESSION**

### **SPECIAL OPEN MEETING OF THE THIRD LAGUNA HILLS MUTUAL BOARD OF DIRECTORS A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION**

**Thursday, July 13, 2023, at 9:30 a.m.**  
24351 El Toro Road, Laguna Woods, California  
Board Room/Virtual Meeting

### **NOTICE OF MEETING AND AGENDA**

The purpose of this meeting is to review the proposed 2024 Business Plan – Version 2

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1. Call meeting to order / Establish Quorum – President Mark Laws
2. State Purpose of Meeting – President Laws
3. Acknowledgement of the Media
4. Approval of Agenda
5. Chair Remarks
6. Open Forum (Three Minutes per Speaker) - *At this time Members only may address the Board of Directors regarding items not on the agenda and within the jurisdiction of this Board of Directors. The Board reserves the right to limit the total amount of time allotted for the Open Forum. Members can join the Zoom Meeting by clicking on the link <https://us06web.zoom.us/j/92081839160> or call (669) 900-6833 or email [meeting@vmsinc.org](mailto:meeting@vmsinc.org) to request to speak*
7. Responses to Open Forum Speakers
8. Review of the proposed 2024 Third Business Plan – Version 2
9. Director's Comments
10. Adjournment



## STAFF REPORT

**DATE:** July 13, 2023  
**FOR:** Board of Directors  
**SUBJECT:** 2024 Business Plan – Version 2

### RECOMMENDATION

Staff recommends the Board review the Proposed 2024 Business Plan – Version 2 and provide direction for change or revision at the meeting on July 13, 2023.

### DISCUSSION

#### BUSINESS PLAN SUMMARY

The proposed budget for 2024 plan year (Attachment 1) shows that the sum of \$41,531,055 is required by the Corporation to meet the Third Laguna Hills Mutual operating expenses and reserve contributions along with the \$447,742 in surcharges to units with common elevators and/or Garden Villa Rec Rooms for the year 2024. In addition, the sum of \$16,776,442 is required by the Corporation to meet the Golden Rain Foundation and Golden Rain Foundation Trust operating expenses and reserve contributions for the year 2024. Therefore, a total of \$58,755,239 is required to be collected from and paid by members of the Corporation as monthly assessments. The budget equates to a Total Basic Assessment of \$796.29 per manor per month PMPM, reflecting a net increase of \$15.36 or 2.0% when compared to current year.

	2023	2024	Increase
<i>Third Portion</i>	\$559.62	\$567.17	\$7.55
<i>GRF Portion</i>	\$221.31	\$229.12	\$7.81
<i>Total Basic Assessment</i>	<b>\$780.93</b>	<b>\$796.29</b>	<b>\$15.36</b>

Brief notations for line items with significant change from current year are noted below as increases or (decreases) in the assessment, and listed in order of appearance on the proposed Business Plan by Account – Version 2 (Attachment 1):

#### Revenues:

**Line 1: Fees and Charges to Residents** additional revenue of (\$2,440,273) decreased the assessment by (\$33.33) PMPM due to planned efforts to recover anticipated revenue from a backlog of open chargeable damage tickets. In 2024, Third expects to receive \$2,250,000 from the backlog of tickets pertaining to damage restoration cases.

### Expenses:

**Line 5: Employee Compensation** increased by \$250,214 or \$3.41 PMPM primarily due to planned wage adjustments partially offset by a decrease in funded positions between 2023 and 2024. A six-month strategic objectives plan was put in place in which department heads reviewed actual and budgeted staffing levels for 2018 to 2022 to determine which vacant positions could be unfunded and determine what staffing levels would be reasonable based on efficiencies and process adjustments.

**Line 6: Expenses Related to Compensation** decreased by (\$49,095) or (\$0.67) PMPM primarily due to switching medical insurance providers for non-union insurance which will result in a decrease in rate from 2023..

**Line 7: Materials and Supplies** increased by \$100,291 or \$1.37 PMPM due to the higher cost of all materials and supplies throughout the organization. Some main elements are irrigation components, hand tools and replacement parts.

**Line 8: Electricity** increased by \$54,909 or \$0.75 PMPM based on current consumption and a projected rate increase.

**Line 9: Sewer** increased by \$165,000 or \$2.25 PMPM based on recent years consumption and projected rate decreases. El Toro Water District (ETWD) will publish proposed rates that will be ratified at the August 1<sup>st</sup>, 2023 ETWD meeting.

**Line 10: Water** increased by \$210,302 or \$2.87 PMPM based on projected consumption and rate increase provided by ETWD with a partial offset from the implementation of the master irrigation control project. The project is expected to save \$280,000 community-wide; \$55,000 in GRF, \$83,000 in United, and \$142,000 in Third.

**Line 11: Trash** increased by \$370,469 or \$5.06 PMPM based on current consumption and a contracted rate increase.

**Line 12: Legal** decreased by (\$93,325) or (\$1.27) PMPM based on board discretion.

**Line 13: Professional Fees** increased by \$18,470 or \$0.25 PMPM due to a planned expense to utilize a structural engineer for dry rot repair programs.

**Line 15: Outside Services** increased by \$109,505 or \$1.50 PMPM based on the addition of funds to programs in Maintenance and Construction. The programs with added funds are Garden Villa rec room window replacement and gutter cover pilot program.

**Line 18: Insurance** increased by \$95,696 or \$1.31 PMPM due to increased Hazard & Liability Insurance to reflect anticipated premium increases at renewal.

**Line 19: Property Insurance** increased by \$150,047 or \$2.05 PMPM due to an expected increase in property insurance premiums at the renewal period.

**Line 20: Uncollectable Accounts** increased by \$20,000 or \$0.27 PMPM due to an expected increase based on upward trend in long term unpaid assessments and chargeable services.

**Line 21: Net Allocation to Mutuals** increased by \$73,315 or \$1.00 PMPM due to the net result of interdepartmental allocations in 2024 to reflect existing service levels throughout the departments.

**Line 26: Reserve Fund Contribution** increased by \$146,448 to adequately plan for future expenditures, the Mutual adopts a 30-Year Funding Plan that projects contributions and

disbursements to Reserve Funds over the next 30 years. A reserve study was conducted by Association Reserves, Inc. Based on the funding plans included in the reserves study, the contribution to reserve funds is proposed to increase from \$161.00 to \$163.00 PMPM in 2024, an increase of \$2.00 PMPM.

**Line 27: Restricted Fund Contribution – Disaster Fund** increased by \$786,426 or \$10.74 PMPM to help rebuild fund balances available for the repair or replacement of mutual assets damaged by uninsured or unexpected damage.

**Line 28: Restricted Fund Contribution – Unappropriated Expenditure Fund** increased by \$585,792 or \$8.00 PMPM to reestablish funding levels from 2021.

**Line 32-34: GRF Operating, Reserve, and Contingency Contribution** for Version 2, GRF shows an increase of \$571,166 or \$7.81 PMPM primarily due to surplus recovery. GRF will review all aspects of Version 2 of their Business Plan on July 10.

## **FINANCIAL ANALYSIS**

The financial impact of this proposed business plan would be a Third basic assessment of \$567.17 PMPM, an increase of \$7.55 or 1.3%. Including the GRF contributions, the proposed Total Basic Assessment is \$796.29 PMPM, an increase of \$15.36 or 2.0%.

**Prepared By:** Jose Campos, Assistant Director of Financial Services

**Reviewed By:** Siobhan Foster, Chief Executive Officer

## **ATTACHMENT(S)**

**Attachment 1: 2024 Third Business Plan by Account**

**Attachment 2: 2024 Third Business Plan by Department**

**Attachment 3: 2024 Third Budget Comparison Report – Operating**

**Attachment 4: 2024 Third Budget Comparison Report – by Fund**

**Attachment 5: Proposed 2024 Programs Report**

**Attachment 6: Definition of Funds**

**Attachment 7: Contracted Reserve Study Dated June 22, 2023 - Excerpts**



## 2024 BUSINESS PLAN - BY ACCOUNT

						ASSESSMENT			
DESCRIPTION	2020 ACTUAL*	2021 ACTUAL*	2022 ACTUAL	2023 PLAN	2024 PLAN	Per Manor Per Month			
						2023	2024	Change	
REVENUES									
Non-Assessment Revenues									
1	Fees and Charges to Residents	\$401,033	\$732,032	\$1,085,097	\$1,075,119	\$3,515,392	\$14.68	\$48.01	(\$33.33)
2	Laundry Revenue	198,525	214,443	213,498	210,000	209,300	2.87	2.86	0.01
3	Miscellaneous	543,647	604,039	1,879,688	752,512	753,045	10.28	10.28	0.00
4	Total Revenue	\$1,143,205	\$1,550,514	\$3,178,283	\$2,037,631	\$4,477,737	\$27.83	\$61.15	(\$33.32)
EXPENSES									
5	Employee Compensation	\$6,594,953	\$7,074,776	\$7,230,319	\$7,978,557	\$8,228,771	\$108.96	\$112.37	\$3.41
6	Expenses Related to Compensation	2,842,894	2,972,229	3,102,923	3,447,867	3,398,772	47.09	46.42	(0.67)
7	Material and Supplies	633,276	790,544	833,296	726,964	827,255	9.93	11.30	1.37
8	Electricity	295,759	348,719	602,032	399,821	454,730	5.46	6.21	0.75
9	Sewer	1,698,515	1,774,945	1,680,160	1,494,600	1,659,600	20.41	22.66	2.25
10	Water	2,817,315	3,093,848	2,895,128	3,009,336	3,219,638	41.10	43.97	2.87
11	Trash	546,524	583,345	678,406	1,058,445	1,428,914	14.45	19.51	5.06
12	Legal Fees	627,448	245,767	198,123	393,325	300,000	5.37	4.10	(1.27)
13	Professional Fees	216,775	62,024	116,969	149,357	167,827	2.04	2.29	0.25
14	Equipment Rental	4,688	9,043	6,437	7,957	8,714	0.11	0.12	0.01
15	Outside Services	1,255,418	1,638,025	2,111,894	1,296,140	1,405,645	17.70	19.20	1.50
16	Repairs and Maintenance	2,554	3,874	1,844	7,673	5,331	0.10	0.07	(0.03)
17	Other Operating Expense	123,010	115,394	105,346	156,704	156,964	2.14	2.14	0.00
18	Insurance	542,735	888,596	952,126	1,073,454	1,169,150	14.66	15.97	1.31
19	Property Insurance	1,368,240	2,658,682	7,359,685	7,849,953	8,000,000	107.20	109.25	2.05
20	Uncollectible Accounts	71,798	45,737	179,544	65,000	85,000	0.89	1.16	0.27
21	Cost Allocations	1,291,881	1,173,905	1,257,835	1,213,710	1,287,025	16.58	17.58	1.00
22	Total Expenses	\$20,933,783	\$23,479,453	\$29,312,067	\$30,328,863	\$31,803,336	\$414.19	\$434.32	\$20.13
RESERVE CONTRIBUTIONS									
23	Replacement Fund	\$10,690,704	\$10,690,704	\$10,690,704	\$11,276,496	\$11,422,944	\$154.00	\$156.00	\$2.00
24	Elevator Replacement Fund	366,120	366,120	366,120	366,120	366,120	5.00	5.00	0.00
25	Laundry Replacement Fund	73,224	73,224	73,224	146,448	146,448	2.00	2.00	0.00
26	Total Reserve Contribution	\$11,130,048	\$11,130,048	\$11,130,048	\$11,789,064	\$11,935,512	\$161.00	\$163.00	\$2.00
RESTRICTED CONTRIBUTIONS									
27	Disaster Fund	\$1,133,508	\$1,830,600	\$1,591,890	\$897,726	\$1,684,152	\$12.26	\$23.00	\$10.74
28	Unappropriated Exp. Fund	585,792	585,792	0	0	585,792	0.00	8.00	8.00
29	Total Restricted Contribution	\$1,719,300	\$2,416,392	\$1,591,890	\$897,726	\$2,269,944	\$12.26	\$31.00	\$18.74
30	Total Reserve/Restricted Contribution	\$12,849,348	\$13,546,440	\$12,721,938	\$12,686,790	\$14,205,456	\$173.26	\$194.00	\$20.74
31	TOTAL MUTUAL	\$32,639,926	\$35,475,379	\$38,855,722	\$40,978,022	\$41,531,055	\$559.62	\$567.17	\$7.55
GOLDEN RAIN FOUNDATION									
32	GRF Operating	\$13,297,478	\$13,663,283	\$14,316,115	\$14,960,469	\$15,531,634	\$204.31	\$ 212.12	\$7.81
33	GRF Reserve Contributions	1,391,256	1,391,256	1,244,808	1,244,808	1,244,808	17.00	17.00	0.00
34	GRF Contingency Contributions	366,120	0	366,120	0	0	0.00	0.00	0.00
35	Total GRF	\$15,054,854	\$15,054,539	\$15,927,043	\$16,205,277	\$16,776,442	\$221.31	\$229.12	\$7.81
36	TOTAL BASIC ASSESSMENTS	\$47,694,780	\$50,529,918	\$54,782,765	\$57,183,299	\$58,307,497	\$780.93	\$796.29	\$15.36
37	SURCHARGES (unique to units with common laundry facilities, elevators, and/or Garden Villa Rec Rooms)								
38	Elevator Operating	303,146	315,135	352,283	366,252	350,866	16.52	15.83	(0.69)
39	Laundry Replacement Fund	73,224	0	0	0	0	0.00	0.00	0.00
40	Garden Villa Rec Room Fund	85,698	89,424	89,424	93,150	96,876	6.25	6.50	0.25
41		\$462,068	\$404,559	\$441,707	\$459,402	\$447,742	\$22.77	\$22.33	(\$0.44)
42	TOTAL BUSINESS PLAN	\$48,156,848	\$50,934,477	\$55,224,472	\$57,642,701	\$58,755,239			

\*2020 and 2021 actuals were affected by COVID-19 Pandemic.



## 2024 BUSINESS PLAN - BY DEPARTMENT

DESCRIPTION	2020 ACTUAL*	2021 ACTUAL*	2022 ACTUAL	2023 PLAN	2024 PLAN	ASSESSMENT		
						Per Manor Per Month		
						2023	2024	Change
<b>OPERATING:</b>								
Office of the CEO	\$504,373	\$297,452	\$324,591	\$386,014	\$380,892	\$5.27	\$5.20	(\$0.07)
Information Services	528,637	545,841	594,847	521,917	482,106	7.13	6.58	(0.55)
General Services	1,573,194	1,625,810	1,584,324	1,615,751	1,356,151	22.07	18.52	(3.55)
Financial Services	734,565	720,873	767,126	776,870	778,846	10.61	10.64	0.03
Security Services	204,477	156,251	161,006	409,414	428,928	5.59	5.86	0.27
Landscape Services	4,990,251	5,306,281	5,602,317	5,578,793	6,006,162	76.19	82.02	5.83
Human Resource Services	143,303	77,648	56,051	83,325	83,325	1.14	1.14	0.00
Insurance	1,910,975	3,547,279	8,311,811	8,936,869	9,175,283	122.04	125.30	3.26
Maintenance & Construction	3,616,706	3,979,830	4,143,727	4,044,522	3,875,662	55.23	52.93	(2.30)
Damage Restoration Reimbursement Backlog	0	0	0	0	(2,250,000)	0.00	(30.73)	(30.73)
Non Work Center	5,584,097	5,671,674	4,587,984	5,937,757	7,008,244	81.09	95.71	14.62
<b>Net Operating</b>	<b>\$19,790,578</b>	<b>\$21,928,939</b>	<b>\$26,133,784</b>	<b>\$28,291,232</b>	<b>\$27,325,599</b>	<b>\$386.36</b>	<b>\$373.17</b>	<b>(\$13.19)</b>
<b>RESERVE CONTRIBUTIONS</b>								
Replacement Fund	\$10,690,704	\$10,690,704	\$10,690,704	\$11,276,496	\$11,422,944	\$154.00	\$156.00	\$2.00
Elevator Replacement Fund	366,120	366,120	366,120	366,120	366,120	5.00	5.00	0.00
Laundry Replacement Fund	73,224	73,224	73,224	146,448	146,448	2.00	2.00	0.00
<b>Total Reserve Contribution</b>	<b>\$11,130,048</b>	<b>\$11,130,048</b>	<b>\$11,130,048</b>	<b>\$11,789,064</b>	<b>\$11,935,512</b>	<b>\$161.00</b>	<b>\$163.00</b>	<b>\$2.00</b>
<b>RESTRICTED CONTRIBUTIONS</b>								
Disaster Fund	\$1,133,508	\$1,830,600	\$1,591,890	\$897,726	\$1,684,152	\$12.26	\$23.00	\$10.74
Unappropriated Exp. Fund	585,792	585,792	0	0	585,792	0.00	8.00	8.00
<b>Total Restricted Contribution</b>	<b>\$1,719,300</b>	<b>\$2,416,392</b>	<b>\$1,591,890</b>	<b>\$897,726</b>	<b>\$2,269,944</b>	<b>\$12.26</b>	<b>\$31.00</b>	<b>\$18.74</b>
<b>Total Reserve/Restricted Contribution</b>	<b>\$12,849,348</b>	<b>\$13,546,440</b>	<b>\$12,721,938</b>	<b>\$12,686,790</b>	<b>\$14,205,456</b>	<b>\$173.26</b>	<b>\$194.00</b>	<b>\$20.74</b>
<b>TOTAL MUTUAL</b>	<b>\$32,639,926</b>	<b>\$35,475,379</b>	<b>\$38,855,722</b>	<b>\$40,978,022</b>	<b>\$41,531,055</b>	<b>\$559.62</b>	<b>\$567.17</b>	<b>\$7.55</b>
<b>GOLDEN RAIN FOUNDATION</b>								
GRF Operating	\$13,297,478	\$13,663,283	\$14,316,115	\$14,960,469	\$15,531,634	\$204.31	\$212.12	\$7.81
GRF Reserve Contributions	1,391,256	1,391,256	1,244,808	1,244,808	1,244,808	17.00	17.00	0.00
GRF Contingency Contributions	366,120	0	366,120	0	0	0.00	0.00	0.00
<b>Total GRF</b>	<b>\$15,054,854</b>	<b>\$15,054,539</b>	<b>\$15,927,043</b>	<b>\$16,205,277</b>	<b>\$16,776,442</b>	<b>\$221.31</b>	<b>\$229.12</b>	<b>\$7.81</b>
<b>TOTAL BASIC ASSESSMENTS</b>	<b>\$47,694,780</b>	<b>\$50,529,918</b>	<b>\$54,782,765</b>	<b>\$57,183,299</b>	<b>\$58,307,497</b>	<b>\$780.93</b>	<b>\$796.29</b>	<b>\$15.36</b>
<b>SURCHARGES</b> (unique to units with common laundry facilities, elevators, and/or Garden Villa Rec Rooms)								
Elevator Operating	303,146	315,135	\$352,283	366,252	350,866	16.52	15.83	(0.69)
Laundry Replacement Fund	73,224	0	0	0	0	0.00	0.00	0.00
Garden Villa Rec Room Fund	85,698	89,424	89,424	93,150	96,876	6.25	6.50	0.25
	<b>\$462,068</b>	<b>\$404,559</b>	<b>\$441,707</b>	<b>\$459,402</b>	<b>\$447,742</b>	<b>\$22.77</b>	<b>\$22.33</b>	<b>(\$0.44)</b>
<b>TOTAL BUSINESS PLAN</b>	<b>\$48,156,848</b>	<b>\$50,934,477</b>	<b>\$55,224,472</b>	<b>\$57,642,701</b>	<b>\$58,755,239</b>			

\*2020 and 2021 actuals were affected by COVID-19.

Attachment 3  
**Third Laguna Hills Mutual**  
**Budget Comparison Report by Account**  
**12/31/2024**  
 THIRD LAGUNA HILLS MUTUAL

	<u>2020 Actuals</u>	<u>2021 Actuals</u>	<u>2022 Actuals</u>	<u>2023 Budget</u>	<u>2024 Budget</u>	<u>Assessment Increase/ (Decrease)</u>	<u>VAR %</u>
Non-Assessment Revenues:							
Fees and Charges for Services to Residents							
46501000 - Permit Fee	\$149,933	\$272,885	\$281,100	\$342,660	\$314,105	\$28,555	8%
46501500 - Inspection Fee	60,676	105,969	80,346	84,928	84,928	0	0%
46502000 - Resident Maintenance Fee	190,424	353,178	723,651	647,532	3,116,359	(2,468,827)	(381%)
Total Fees and Charges for Services to Residents	401,033	732,032	1,085,098	1,075,119	3,515,391	(2,440,272)	(227%)
Laundry							
46005000 - Coin Op Laundry Machine	198,525	214,443	213,498	210,000	209,300	700	0%
Total Laundry	198,525	214,443	213,498	210,000	209,300	700	0%
Investment Income							
49001000 - Investment Income - Nondiscretionary	0	(29)	0	0	0	0	0%
Total Investment Income	0	(29)	0	0	0	0	0%
Miscellaneous							
46004500 - Resident Violations	12,336	10,675	23,750	63,444	69,937	(6,493)	(10%)
44501000 - Additional Occupant Fee	0	(1,200)	29,230	91,805	100,305	(8,500)	(9%)
44501510 - Lease Processing Fee - Third	236,435	242,720	267,410	249,803	249,803	0	0%
44502000 - Variance Processing Fee	0	0	4,050	15,888	1,500	14,388	91%
44502500 - Non-Sale Transfer Fee - Third	1,450	1,300	1,950	3,000	3,000	0	0%
44503520 - Resale Processing Fee - Third	133,408	201,568	172,704	163,200	163,200	0	0%
44505500 - Hoa Certification Fee	13,040	14,810	10,860	15,000	13,500	1,500	10%
44507000 - Golf Cart Electric Fee	68,930	62,436	60,883	67,000	66,000	1,000	1%
44507200 - Electric Vehicle Plug-In Fee	11,910	12,095	13,687	12,500	12,200	300	2%
44507500 - Cartport Space Rental Fee	4,800	4,320	3,360	4,400	4,200	200	5%
47001500 - Late Fee Revenue	46,004	49,965	89,452	61,000	59,200	1,800	3%
47002020 - Collection Administrative Fee - Third	1,275	375	0	1,200	1,300	(100)	(8%)
47002500 - Collection Interest Revenue	12,089	273	(446)	273	4,900	(4,627)	(1695%)
47501000 - Recycling	2,013	4,861	4,722	4,000	4,000	0	0%
49009000 - Miscellaneous Revenue	(42)	(129)	(762)	0	0	0	0%
Total Miscellaneous	543,647	604,068	680,849	752,512	753,044	(532)	0%
Total Non-Assessment Revenue	1,143,205	1,550,514	1,979,445	2,037,631	4,477,735	(2,440,104)	(120%)
Expenses:							
Employee Compensation							
51011000 - Salaries & Wages - Regular	2,419,055	2,632,722	2,874,297	3,220,777	3,254,271	33,493	1%
51021000 - Union Wages - Regular	3,384,949	3,312,937	3,301,302	3,838,814	3,849,976	11,162	0%
51041000 - Wages - Overtime	23,109	29,057	35,049	23,548	52,310	28,762	122%
51051000 - Union Wages - Overtime	82,693	95,384	53,512	26,791	29,218	2,427	9%
51061000 - Holiday & Vacation	647,290	690,287	695,033	595,412	598,967	3,555	1%
51071000 - Sick	216,340	202,850	195,882	242,866	244,316	1,450	1%
51091000 - Missed Meal Penalty	3,820	4,201	4,286	3,486	2,886	(600)	(17%)
51101000 - Temporary Help	46,844	73,750	76,392	26,863	196,829	169,965	633%
51981000 - Compensation Accrual	(229,148)	33,589	(5,434)	0	0	0	0%
Total Employee Compensation	6,594,953	7,074,776	7,230,320	7,978,557	8,228,772	250,215	3%
Compensation Related							
52411000 - F.I.C.A.	502,347	515,150	532,289	598,643	603,604	4,961	1%
52421000 - F.U.I.	5,951	6,480	6,473	7,983	7,708	(276)	(3%)
52431000 - S.U.I.	40,656	43,611	32,380	43,079	41,190	(1,889)	(4%)
52441000 - Union Medical	1,282,935	1,249,956	1,265,109	1,408,821	1,363,540	(45,281)	(3%)
52451000 - Workers' Compensation Insurance	378,392	444,644	505,552	396,489	423,116	26,626	7%
52461000 - Non Union Medical & Life Insurance	315,125	331,603	353,760	452,930	378,960	(73,970)	(16%)
52471000 - Union Retirement Plan	285,388	307,830	333,571	398,476	437,837	39,361	10%
52481000 - Non-Union Retirement Plan	62,389	66,057	74,794	141,446	142,817	1,371	1%
52981000 - Compensation Related Accrual	(30,287)	6,897	(1,005)	0	0	0	0%
Total Compensation Related	2,842,894	2,972,229	3,102,923	3,447,867	3,398,771	(49,096)	(1%)
Materials and Supplies							
53001000 - Materials & Supplies	292,343	371,892	330,558	443,522	504,560	61,038	14%
53003000 - Materials Direct	340,393	416,701	501,134	281,062	320,602	39,540	14%
53004000 - Freight	540	1,950	1,604	2,381	2,093	(287)	(12%)
Total Materials and Supplies	633,276	790,544	833,296	726,964	827,255	100,291	14%
Community Events							
53201000 - Community Events	0	0	0	0	2,400	2,400	0%
Total Community Events	0	0	0	0	2,400	2,400	0%

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Attachment 3  
**Third Laguna Hills Mutual**  
**Budget Comparison Report by Account**  
**12/31/2024**  
 THIRD LAGUNA HILLS MUTUAL

	2020 Actuals	2021 Actuals	2022 Actuals	2023 Budget	2024 Budget	Assessment Increase/ (Decrease)	VAR %
Utilities and Telephone							
53301000 - Electricity	303,146	358,322	618,611	399,821	454,730	54,909	14%
53301500 - Sewer	1,698,515	1,774,945	1,680,160	1,494,600	1,659,600	165,000	11%
53302000 - Water	2,817,315	3,093,848	2,895,128	3,009,336	3,219,638	210,302	7%
53302500 - Trash	546,524	583,345	678,406	1,058,445	1,428,914	370,469	35%
53304000 - Telephone	0	0	4,244	0	0	0	0%
Total Utilities and Telephone	5,365,499	5,810,461	5,876,549	5,962,202	6,762,882	800,680	13%
Legal Fees							
53401500 - Legal Fees	627,448	382,074	268,778	393,325	300,000	(93,325)	(24%)
53401550 - Legal Fees Contra	0	(136,307)	(70,655)	0	0	0	0%
Total Legal Fees	627,448	245,767	198,124	393,325	300,000	(93,325)	(24%)
Professional Fees							
53402000 - Audit & Tax Preparation Fees	0	0	5,878	0	0	0	0%
53402020 - Audit & Tax Preparation Fees - Third	44,628	46,466	42,500	47,670	50,000	2,330	5%
53403500 - Consulting Fees	2,533	4,725	26,991	11,271	17,327	6,056	54%
53403520 - Consulting Fees - Third	169,615	10,833	41,600	90,416	100,500	10,084	11%
Total Professional Fees	216,775	62,024	116,969	149,357	167,827	18,470	12%
Equipment Rental							
53501500 - Equipment Rental/Lease Fees	4,688	9,043	6,437	7,957	8,714	756	10%
Total Equipment Rental	4,688	9,043	6,437	7,957	8,714	756	10%
Outside Services							
53601000 - Bank Fees	39,669	32,969	32,792	37,322	0	(37,322)	(100%)
53601500 - Credit Card Transaction Fees	6,147	10,787	14,163	10,000	10,000	0	0%
53603000 - Permit Fees	0	1,215	0	0	0	0	0%
53604500 - Marketing Expense	4,420	5,840	0	5,000	5,000	0	0%
54603500 - Outside Services CC	1,097,156	1,451,651	1,914,552	1,137,865	1,280,506	142,641	13%
53704000 - Outside Services	108,026	135,563	150,387	105,953	110,139	4,186	4%
Total Outside Services	1,255,418	1,638,025	2,111,894	1,296,140	1,405,645	109,505	8%
Repairs and Maintenance							
53701000 - Equipment Repair & Maint	2,554	3,874	1,844	7,673	5,331	(2,342)	(31%)
53703000 - Elevator /Lift Maintenance	295,759	305,532	335,704	366,252	350,866	(15,386)	(4%)
Total Repairs and Maintenance	298,313	309,406	337,547	373,925	356,197	(17,728)	(5%)
Other Operating Expense							
53801000 - Mileage & Meal Allowance	2,146	2,222	2,289	5,846	5,815	(31)	(1%)
53801500 - Travel & Lodging	246	36	9	1,719	749	(970)	(56%)
53802000 - Uniforms	49,348	51,419	49,074	62,796	63,094	297	0%
53802500 - Dues & Memberships	701	1,843	1,288	2,271	2,126	(145)	(6%)
53803000 - Subscriptions & Books	1,317	2,184	238	1,628	1,478	(150)	(9%)
53803500 - Training & Education	4,237	3,877	3,123	17,179	18,723	1,545	9%
53804000 - Staff Support	104	0	0	0	0	0	0%
53903000 - Safety	0	965	599	971	1,129	158	16%
54001000 - Board Relations	158	0	0	0	0	0	0%
54001020 - Board Relations - Third	2,522	5,024	4,644	10,000	10,000	0	0%
54001500 - Public Relations	(17)	0	(8)	0	0	0	0%
54002000 - Postage	45,274	57,709	48,392	53,780	51,042	(2,738)	(5%)
54002500 - Filing Fees / Permits	183	527	337	514	408	(106)	(21%)
Total Other Operating Expense	106,218	125,806	109,984	156,704	154,563	(2,141)	(1%)
Income, Property, and Sales Tax							
54301000 - State & Federal Income Taxes	16,295	0	(9,264)	0	0	0	0%
54302000 - Property Taxes	497	3,128	381	0	0	0	0%
Total Income, Property, and Sales Tax	16,792	3,128	(8,883)	0	0	0	0%
Insurance							
54401000 - Hazard & Liability Insurance	501,005	808,222	855,827	970,532	1,094,820	124,288	13%
54401500 - D&O Liability	38,931	75,135	79,236	95,850	68,436	(27,414)	(29%)
54402000 - Property Insurance	1,368,240	2,658,682	7,359,685	7,849,953	8,000,000	150,047	2%
54403000 - General Liability Insurance	2,799	5,239	17,063	7,072	5,894	(1,179)	(17%)
Total Insurance	1,910,975	3,547,279	8,311,811	8,923,407	9,169,149	245,742	3%
Net Allocation to Mutuals							
54602500 - Allocated Expenses	1,291,881	1,173,905	1,257,835	1,213,710	1,287,025	73,315	6%
Total Net Allocation To Mutuals	1,291,881	1,173,905	1,257,835	1,213,710	1,287,025	73,315	6%
Uncollectible Accounts							
54602000 - Bad Debt Expense	71,798	45,737	179,544	65,000	85,000	20,000	31%

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Attachment 3  
**Third Laguna Hills Mutual**  
**Budget Comparison Report by Account**  
**12/31/2024**  
 THIRD LAGUNA HILLS MUTUAL

	<u>2020 Actuals</u>	<u>2021 Actuals</u>	<u>2022 Actuals</u>	<u>2023 Budget</u>	<u>2024 Budget</u>	Assessment Increase/ (Decrease)	VAR %
Total Uncollectible Accounts	71,798	45,737	179,544	65,000	85,000	20,000	31%
(Gain)/Loss on Sale or Trade							
54101500 - (Gain)/Loss On Investments	0	(13,540)	0	0	0	0	0%
Total (Gain)/Loss on Sale or Trade	0	(13,540)	0	0	0	0	0%
Total Expenses	<u>21,236,928</u>	<u>23,794,588</u>	<u>29,664,350</u>	<u>30,695,116</u>	<u>32,154,201</u>	<u>1,459,085</u>	<u>5%</u>
Excess of Revenues Over Expenses	<u>(\$20,093,722)</u>	<u>(\$22,244,074)</u>	<u>(\$27,684,905)</u>	<u>(\$28,657,485)</u>	<u>(\$27,676,465)</u>	<u>(\$981,019)</u>	<u>(3%)</u>

Attachment 4  
**Third Laguna Hills Mutual**  
**Budget Comparison Report by Fund Type**  
**12/31/2024**  
 THIRD LAGUNA HILLS MUTUAL

	2024 Budget Operating	2024 Budget Reserves	2024 Budget Restricted	Total
Non-Assessment Revenues:				
Fees and Charges for Services to Residents				
46501000 - Permit Fee	\$314,105	\$0	\$0	\$314,105
46501500 - Inspection Fee	84,928	0	0	84,928
46502000 - Resident Maintenance Fee	3,116,359	0	0	3,116,359
Total Fees and Charges for Services to Residents	3,515,391	0	0	3,515,391
Laundry				
46005000 - Coin Op Laundry Machine	209,300	0	0	209,300
Total Laundry	209,300	0	0	209,300
Investment Income				
49001000 - Investment Income - Nondiscretionary	0	700,000	0	700,000
Total Investment Income	0	700,000	0	700,000
Miscellaneous				
46004500 - Resident Violations	69,937	0	0	69,937
44501000 - Additional Occupant Fee	100,305	0	0	100,305
44501510 - Lease Processing Fee - Third	249,803	0	0	249,803
44502000 - Variance Processing Fee	1,500	0	0	1,500
44502500 - Non-Sale Transfer Fee - Third	3,000	0	0	3,000
44503520 - Resale Processing Fee - Third	163,200	0	0	163,200
44505500 - Hoa Certification Fee	13,500	0	0	13,500
44507000 - Golf Cart Electric Fee	66,000	0	0	66,000
44507200 - Electric Vehicle Plug-In Fee	12,200	0	0	12,200
44507500 - Cartport Space Rental Fee	4,200	0	0	4,200
47001500 - Late Fee Revenue	59,200	0	0	59,200
47002020 - Collection Administrative Fee - Third	1,300	0	0	1,300
47002500 - Collection Interest Revenue	4,900	0	0	4,900
47501000 - Recycling	4,000	0	0	4,000
Total Miscellaneous	753,044	0	0	753,044
Total Non-Assessment Revenue	4,477,735	700,000	0	5,177,735
Expenses:				
Employee Compensation				
51011000 - Salaries & Wages - Regular	3,254,271	0	0	3,254,271
51021000 - Union Wages - Regular	3,849,976	1,788,914	34,917	5,673,807
51041000 - Wages - Overtime	52,310	0	0	52,310
51051000 - Union Wages - Overtime	29,218	10,802	474	40,493
51061000 - Holiday & Vacation	598,967	152,248	2,972	754,187
51071000 - Sick	244,316	62,101	1,212	307,629
51081000 - Sick - Part Time	0	43	0	43
51091000 - Missed Meal Penalty	2,886	68	6	2,959
51101000 - Temporary Help	196,829	0	0	196,829
Total Employee Compensation	8,228,772	2,014,175	39,580	10,282,527
Compensation Related				
52411000 - F.I.C.A.	603,604	153,250	2,991	759,844
52421000 - F.U.I.	7,708	1,856	35	9,598
52431000 - S.U.I.	41,190	9,278	174	50,641
52441000 - Union Medical	1,363,540	519,413	9,732	1,892,685
52451000 - Workers' Compensation Insurance	423,116	153,811	3,002	579,928
52461000 - Non Union Medical & Life Insurance	378,960	0	0	378,960
52471000 - Union Retirement Plan	437,837	166,785	3,125	607,747
52481000 - Non-Union Retirement Plan	142,817	0	0	142,817
Total Compensation Related	3,398,771	1,004,392	19,059	4,422,221
Materials and Supplies				
53001000 - Materials & Supplies	504,560	142,700	3,762	651,022
53003000 - Materials Direct	320,602	547,423	22,028	890,053

Attachment 4  
**Third Laguna Hills Mutual**  
**Budget Comparison Report by Fund Type**  
**12/31/2024**  
 THIRD LAGUNA HILLS MUTUAL

	2024 Budget Operating	2024 Budget Reserves	2024 Budget Restricted	Total
53004000 - Freight	2,093	1,227	42	3,363
Total Materials and Supplies	827,255	691,351	25,832	1,544,438
Community Events				
53201000 - Community Events	2,400	0	0	2,400
Total Community Events	2,400	0	0	2,400
Utilities and Telephone				
53301000 - Electricity	454,730	0	0	454,730
53301500 - Sewer	1,659,600	0	0	1,659,600
53302000 - Water	3,219,638	0	0	3,219,638
53302500 - Trash	1,428,914	13,981	494	1,443,389
Total Utilities and Telephone	6,762,882	13,981	494	6,777,357
Legal Fees				
53401500 - Legal Fees	300,000	0	0	300,000
Total Legal Fees	300,000	0	0	300,000
Professional Fees				
53402020 - Audit & Tax Preparation Fees - Third	50,000	0	0	50,000
53403500 - Consulting Fees	17,327	0	0	17,327
53403520 - Consulting Fees - Third	100,500	0	0	100,500
Total Professional Fees	167,827	0	0	167,827
Equipment Rental				
53501500 - Equipment Rental/Lease Fees	8,714	37,744	679	47,136
Total Equipment Rental	8,714	37,744	679	47,136
Outside Services				
53601500 - Credit Card Transaction Fees	10,000	0	0	10,000
53604500 - Marketing Expense	5,000	0	0	5,000
54603500 - Outside Services CC	1,280,506	9,150,767	1,237,750	11,669,023
53704000 - Outside Services	110,139	8,749	91	118,979
Total Outside Services	1,405,645	9,159,516	1,237,841	11,803,002
Repairs and Maintenance				
53701000 - Equipment Repair & Maint	5,331	4,941	73	10,346
53703000 - Elevator /Lift Maintenance	350,866	0	0	350,866
Total Repairs and Maintenance	356,197	4,941	73	361,212
Other Operating Expense				
53801000 - Mileage & Meal Allowance	5,815	285	0	6,099
53801500 - Travel & Lodging	749	0	0	749
53802000 - Uniforms	63,094	26,086	419	89,599
53802500 - Dues & Memberships	2,126	151	0	2,277
53803000 - Subscriptions & Books	1,478	0	0	1,478
53803500 - Training & Education	18,723	1,217	6	19,947
53903000 - Safety	1,129	26	0	1,155
54001020 - Board Relations - Third	10,000	0	0	10,000
54002000 - Postage	51,042	0	0	51,042
54002500 - Filing Fees / Permits	408	0	0	408
Total Other Operating Expense	154,563	27,766	425	182,754
Insurance				
54401000 - Hazard & Liability Insurance	1,094,820	0	0	1,094,820
54401500 - D&O Liability	68,436	0	0	68,436
54402000 - Property Insurance	8,000,000	0	0	8,000,000
54403000 - General Liability Insurance	5,894	0	0	5,894
Total Insurance	9,169,149	0	0	9,169,149
Net Allocation to Mutuals				
54602500 - Allocated Expenses	1,287,025	194,281	3,799	1,485,104
Total Net Allocation To Mutuals	1,287,025	194,281	3,799	1,485,104

Attachment 4  
**Third Laguna Hills Mutual**  
**Budget Comparison Report by Fund Type**  
**12/31/2024**  
 THIRD LAGUNA HILLS MUTUAL

	<u>2024 Budget Operating</u>	<u>2024 Budget Reserves</u>	<u>2024 Budget Restricted</u>	<u>Total</u>
Uncollectible Accounts				
54602000 - Bad Debt Expense	<u>85,000</u>	<u>0</u>	<u>0</u>	<u>85,000</u>
Total Uncollectible Accounts	<u>85,000</u>	<u>0</u>	<u>0</u>	<u>85,000</u>
 Total Expenses	 <u>32,154,201</u>	 <u>13,148,146</u>	 <u>1,327,781</u>	 <u>46,630,128</u>
 Excess of Revenues Over Expenses	 <u><u>(\$27,676,465)</u></u>	 <u><u>(\$12,448,146)</u></u>	 <u><u>(\$1,327,781)</u></u>	 <u><u>(\$41,452,392)</u></u>

**THIRD LAGUNA HILLS MUTUAL  
2024 PLAN  
PROGRAMS REPORT**

DESCRIPTION	2020	2021	2022	2023	2024	Assessment	
	ACTUALS	ACTUALS	ACTUALS	BUDGET	BUDGET	Increase/(Decrease)	
						\$	%
OPERATING FUND - MAINTENANCE & CONSTRUCTION							
PLUMBING SERVICE	\$828,543	\$716,714	\$691,819	\$744,807	\$786,186	\$41,378	6%
CARPENTRY SERVICE	515,640	424,622	535,988	568,563	586,660	18,097	3%
PEST CONTROL	87,989	366,892	180,881	360,000	377,116	17,116	5%
FIRE PROTECTION	101,400	88,415	142,282	144,347	151,185	6,838	5%
ELECTRICAL SERVICE	107,651	126,478	16,030	115,140	104,443	(10,696)	(9%)
APPLIANCE REPAIRS	115,550	84,181	87,868	98,270	115,384	17,114	17%
MISCELLANEOUS REPAIRS BY OUTSIDE SERVICES	11,191	39,560	11,079	48,664	90,000	41,336	85%
SOLAR MAINTENANCE	23,981	14,348	23,539	35,000	36,000	1,000	3%
STREET LIGHT MAINTENANCE	0	0	0	17,000	17,000	0	0%
GUTTER CLEANING	29,988	0	0	0	15,000	15,000	100%
CURB CUTS	0	0	0	0	0	0	0%
TOTAL	\$1,821,933	\$1,861,209	\$1,689,487	\$2,131,791	\$2,278,974	\$147,182	7%

Line 9 Funding for this Line was moved from Reserves to Operating in 2023.

Line 10 Funding for this Line is included in General Services under the Gutter Cleaning Line.

**OPERATING FUND - GENERAL SERVICES**

12 JANITORIAL SERVICE	\$963,848	\$979,609	\$969,445	\$949,851	\$702,889	(\$246,962)	(26%)
13 CONCRETE SERVICE	348,028	403,056	317,129	371,540	335,423	(36,118)	(10%)
14 GUTTER CLEANING	123,469	73,777	144,267	161,337	192,224	30,887	19%
15 WELDING	111,697	118,439	106,756	110,964	107,539	(3,425)	(3%)
16 TRAFFIC CONTROL	14,118	20,648	18,999	22,058	18,076	(3,983)	(18%)
<b>TOTAL</b>	<b>\$1,561,161</b>	<b>\$1,595,528</b>	<b>\$1,556,596</b>	<b>\$1,615,751</b>	<b>\$1,356,151</b>	<b>(\$259,600)</b>	<b>(16%)</b>

**OPERATING FUND - LANDSCAPE**

17 GROUNDS MAINTENANCE	\$3,035,110	\$3,071,234	\$3,337,817	\$3,308,668	\$3,684,931	\$376,263	11%
Shrub-Bed Maintenance	2,138,753	2,012,678	2,187,378	2,181,742	2,414,853	233,112	11%
Turf Maintenance	670,385	607,600	660,340	767,841	729,011	(38,830)	(5%)
Miscellaneous Tasks	190,309	382,959	416,199	281,191	459,482	178,291	63%
Garden Villa Maintenance	35,662	67,998	73,900	77,894	81,585	3,691	5%
18 IRRIGATION	1,051,492	1,014,017	1,034,089	1,039,801	1,091,924	52,123	5%
19 PEST CONTROL	313,692	385,185	394,441	413,642	371,253	(42,389)	(10%)
20 LANDSCAPE ADMINISTRATION	145,024	316,948	340,320	358,085	392,994	\$34,909	10%
21 NURSERY & COMPOSTING	237,480	282,912	260,529	250,330	229,639	(20,691)	(8%)
22 SMALL EQUIPMENT REPAIR	206,371	233,039	233,928	208,268	235,421	27,153	13%
23 TREE MAINTENANCE	1,082	2,947	1,193	0	0	0	0%
<b>TOTAL</b>	<b>\$4,990,251</b>	<b>\$5,306,282</b>	<b>\$5,602,317</b>	<b>\$5,578,793</b>	<b>\$6,006,162</b>	<b>\$427,369</b>	<b>8%</b>

Line 23 Funding for this item moved to reserves in 2020.

**THIRD LAGUNA HILLS MUTUAL  
2024 PLAN  
PROGRAMS REPORT**

DESCRIPTION		2020	2021	2022	2023	2024	Assessment	
		ACTUALS	ACTUALS	ACTUALS	BUDGET	BUDGET	Increase/(Decrease)	%
							\$	
RESERVE FUNDS - MAINTENANCE & CONSTRUCTION								
24	BUILDING NUMBERS	\$0	\$14,088	\$0	\$0	\$0	\$0	0%
25	BUILDING STRUCTURES	1,404,870	2,091,312	1,809,120	2,054,840	2,300,876	246,036	12%
26	ELECTRICAL SYSTEMS	16,690	16,588	0	30,000	30,000	0	0%
27	ENERGY PROJECTS	923	0	0	0	0	0	0%
28	EXTERIOR LIGHTING	760,369	24,840	14,473	12,500	12,500	0	0%
29	FENCING	57,416	73,009	62,837	82,765	79,602	(3,163)	(4%)
30	GARDEN VILLA LOBBY	109,636	111,882	1,418	0	0	0	0%
31	GARDEN VILLA MAILROOM	32,510	300	285	431	562	130	30%
32	GARDEN VILLA RECESSED AREAS	65,016	0	0	0	0	0	0%
33	GARDEN VILLA REC ROOM HEAT PUMP/WATER HEATER	12,473	7,859	2,759	5,245	5,393	149	3%
34	GUTTERS	134,135	(15,844)	29,973	113,127	126,486	13,359	12%
35	MAILBOXES	63,844	37,175	2,743	25,180	27,582	2,403	10%
36	PAINT PROGRAM	1,619,789	1,527,920	1,413,218	1,597,812	1,613,076	15,264	1%
37	PRIOR TO PAINT	915,496	1,024,160	1,042,713	1,167,546	1,222,356	54,809	5%
38	PAVING/CONCRETE	695,094	618,985	423,955	439,421	431,851	(7,570)	(2%)
39	ROOFS	1,429,531	1,341,440	1,403,246	1,468,968	1,684,823	215,855	15%
40	EXTERIOR WALLS	137,928	29,280	29,994	35,000	0	(35,000)	(100%)
41	WASTE LINE REMEDIATION	417,586	530,595	617,558	1,000,000	1,000,000	0	0%
42	WATER LINES - COPPER PIPE REMEDIATION	154,939	367,397	196,116	500,000	500,000	0	0%
43	PLUMBING REPLACEMENT	0	0	0	200,000	200,000	0	0%
44	ELEVATORS	115,890	151,170	89,872	125,000	125,000	0	0%
45	LAUNDRY COUNTERTOP/FLOOR	62,093	40,498	14,977	59,567	59,173	(394)	(1%)
46	LAUNDRY APPLIANCES	46,932	60,836	92,085	101,579	109,593	8,014	8%
<b>TOTAL</b>		<b>\$8,253,160</b>	<b>\$8,053,489</b>	<b>\$7,247,341</b>	<b>\$9,018,981</b>	<b>\$9,528,872</b>	<b>\$509,892</b>	<b>6%</b>
Line 24 Beginning in 2022 funding for this item is included in the Paint Program.								
RESERVE FUNDS - GENERAL SERVICES								
47	PRIOR TO PAINT	\$1,842	\$10,437	\$10,869	\$12,700	\$14,378	\$1,678	13%
48	PAVING/CONCRETE	65,491	68,284	69,114	64,253	82,114	17,861	28%
49	EXTERIOR WALLS	0	5,600	0	24,150	24,150	0	0%
<b>TOTAL</b>		<b>\$67,333</b>	<b>\$84,321</b>	<b>\$79,983</b>	<b>\$101,103</b>	<b>\$120,642</b>	<b>\$19,539</b>	<b>19%</b>
RESERVE FUNDS - LANDSCAPE								
50	LANDSCAPE MODERNIZATION	\$837,542	\$422,111	\$614,885	\$541,671	\$2,322,587	\$1,780,916	329%
51	IMPROVEMENT & RESTORATION	0	120,344	253,565	177,744	195,857	18,113	10%
52	TREE MAINTENANCE	830,447	843,160	965,034	899,814	980,188	80,374	9%
<b>TOTAL</b>		<b>\$1,667,989</b>	<b>\$1,385,616</b>	<b>\$1,833,484</b>	<b>\$1,619,229</b>	<b>\$3,498,632</b>	<b>\$1,879,403</b>	<b>116%</b>

**THIRD LAGUNA HILLS MUTUAL  
2024 PLAN  
PROGRAMS REPORT**

DESCRIPTION	2020	2021	2022	2023	2024	Assessment	
	ACTUALS	ACTUALS	ACTUALS	BUDGET	BUDGET	Increase/(Decrease)	
						\$	%
DISASTER FUND - MAINTENANCE & CONSTRUCTION							
MOISTURE INTRUSION - RAIN LEAKS	\$707,469	\$253,951	\$242,184	\$260,000	\$220,000	(\$40,000)	(15%)
MOISTURE INTRUSION - PLUMBING LEAKS	1,254,082	614,090	183,156	500,000	650,000	150,000	30%
MOISTURE INTRUSION - PLUMBING STOPPAGES	151,227	118,104	141,150	75,000	80,000	5,000	7%
MOISTURE INTRUSION - MISCELLANEOUS	146,221	14,507	49,599	14,000	50,000	36,000	257%
DAMAGE RESTORATION SERVICES	217,829	162,802	165,336	199,470	50,280	(149,190)	(75%)
TOTAL	\$2,476,828	\$1,163,454	\$781,424	\$1,048,470	\$1,050,280	\$1,810	0%
DISASTER FUND - LANDSCAPE							
FIRE RISK MANAGEMENT	\$106,597	\$83,108	\$86,577	\$180,000	\$180,000	\$0	0%
TOTAL	\$106,597	\$83,108	\$86,577	\$180,000	\$180,000	\$0	0%
DISASTER FUND - FINANCIAL SERVICES							
INSURANCE PREMIUMS	\$918,432	\$1,931,334	\$0	\$0	\$0	\$0	0%
TOTAL	\$918,432	\$1,931,334	\$0	\$0	\$0	\$0	0%
GARDEN VILLA REC ROOM FUND - MAINTENANCE & CONSTRUCTION							
GARDEN VILLA RECREATION ROOMS	\$71,247	\$70,118	\$82,796	\$93,642	\$97,501	\$3,860	4%
TOTAL	\$71,247	\$70,118	\$82,796	\$93,642	\$97,501	\$3,860	4%



## DEFINITION OF FUNDS

### RESERVE FUNDS

#### REPLACEMENT RESERVE FUND

This fund was established at the original construction of the Mutual. The purpose of the Reserve Fund is to provide for repair, restoration, replacement, or maintenance of structural elements and mechanical equipment within the Mutual including, but not limited to, building structures, plumbing, roofs, paving, and walls.

<i>Fund</i>	<i>Year</i>	<i>Beginning Balance</i>	<i>Interest</i>	<i>Contributions*</i>	<i>Assessment PMPM</i>	<i>Planned Expenditures</i>	<i>ENDING BALANCE</i>
REPLACEMENT RESERVE FUND	2023	\$ 18,219,267	\$ 571,944	\$ 13,392,564	\$ 154.00	\$ (8,839,753)	\$ 23,344,022
	<b>2024</b>	<b>\$ 23,344,022</b>	<b>\$ 636,839</b>	<b>\$ 11,422,944</b>	<b>\$ 156.00</b>	<b>\$ (12,854,380)</b>	<b>\$ 22,549,425</b>
	2025	\$ 22,549,425	\$ 408,667	\$ 11,715,840	\$ 160.00	\$ (13,034,115)	\$ 21,639,816
	2026	\$ 21,639,816	\$ 390,475	\$ 12,008,736	\$ 164.00	\$ (13,540,365)	\$ 20,498,662
	2027	\$ 20,498,662	\$ 367,652	\$ 12,301,632	\$ 168.00	\$ (13,678,735)	\$ 19,489,211
	2028	\$ 19,489,211	\$ 347,463	\$ 12,594,528	\$ 172.00	\$ (14,117,547)	\$ 18,313,655
	<i>*2023 Contributions includes 2022 Operating Surplus of \$2,116,068</i> <i>*2024 Reserve Fund Contributions exceed alternate minimum contributions recommended by the contracted reserve specialist.</i>						

#### ELEVATOR REPLACEMENT RESERVE FUND

This Elevator Replacement Fund was established in the 1978 Business Plan and only manors located within buildings containing common elevators contributed to this fund. The Board adopted Resolution M3-97-10, which changed this from a surcharge to a shared cost for all members of the Mutual effective January 1, 1998. The purpose of this fund is to provide for repair, restoration, replacement, or maintenance of elevator components including, but not limited to, cab doors, buttons and refurbishment, controllers, hoistway doors, hydraulic cylinders, and pit water proofing.

<i>Fund</i>	<i>Year</i>	<i>Beginning Balance</i>	<i>Interest</i>	<i>Contributions*</i>	<i>Assessment PMPM</i>	<i>Planned Expenditures</i>	<i>ENDING BALANCE</i>
ELEVATOR REPLACEMENT RESERVE FUND	2023	\$ 2,647,544	\$ 64,578	\$ 366,120	\$ 5.00	\$ (125,000)	\$ 2,953,242
	<b>2024</b>	<b>\$ 2,953,242</b>	<b>\$ 88,597</b>	<b>\$ 366,120</b>	<b>\$ 5.00</b>	<b>\$ (125,000)</b>	<b>\$ 3,282,959</b>
	2025	\$ 3,282,959	\$ 65,659	\$ 366,120	\$ 5.00	\$ (104,777)	\$ 3,609,961
	2026	\$ 3,609,961	\$ 72,199	\$ 366,120	\$ 5.00	\$ (107,920)	\$ 3,940,360
	2027	\$ 3,940,360	\$ 78,807	\$ 366,120	\$ 5.00	\$ (111,158)	\$ 4,274,129
	2028	\$ 4,274,129	\$ 85,483	\$ 366,120	\$ 5.00	\$ (114,493)	\$ 4,611,239





## LAUNDRY REPLACEMENT RESERVE FUND

The Laundry Replacement Fund was one of the first funds established by the Mutual. Only manors originally built to be served by Mutual-owned laundry facilities contribute to this fund. As part of the 2019 Business Plan approval, this fund was changed from a surcharge to a shared cost for all members of the Mutual effective January 1, 2019. The purpose of this fund is to provide for repair, restoration, replacement, or maintenance of equipment in common laundry facilities including, but not limited to, washers, dryers, water heaters and plumbing fixtures.

<i>Fund</i>	<i>Year</i>	<i>Beginning Balance</i>	<i>Interest</i>	<i>Contributions*</i>	<i>Assessment PMPM</i>	<i>Planned Expenditures</i>	<i>ENDING BALANCE</i>
LAUNDRY REPLACEMENT RESERVE FUND	2023	\$ 333,625	\$ 11,157	\$ 146,448	\$ 2.00	\$ (161,146)	\$ 330,084
	<b>2024</b>	<b>\$ 330,084</b>	<b>\$ 9,903</b>	<b>\$ 146,448</b>	<b>\$ 2.00</b>	<b>\$ (168,766)</b>	<b>\$ 317,669</b>
	2025	\$ 317,669	\$ 6,353	\$ 146,448	\$ 2.00	\$ (159,727)	\$ 310,742
	2026	\$ 310,742	\$ 6,215	\$ 146,448	\$ 2.00	\$ (151,559)	\$ 311,846
	2027	\$ 311,846	\$ 6,237	\$ 219,672	\$ 3.00	\$ (149,517)	\$ 388,237
	2028	\$ 388,237	\$ 7,765	\$ 219,672	\$ 3.00	\$ (160,748)	\$ 454,926

## RESTRICTED FUNDS

### DISASTER FUND

The Disaster Fund is used for the repair or replacement of mutual assets damaged by uninsured or unexpected disasters in addition to providing for certain insurance premiums as directed by the Board. This fund may also be used for write-offs of uncollectible accounts according to original definition of the General Operating Fund. This fund is not required by Civil Code and is not included in the reserve plan calculations.

<i>Fund</i>	<i>Year</i>	<i>Beginning Balance</i>	<i>Interest</i>	<i>Contributions*</i>	<i>Assessment PMPM</i>	<i>Planned Expenditures</i>	<i>ENDING BALANCE</i>
DISASTER FUND	2023	\$ 6,278,965	\$ 31,624	\$ 897,726	\$ 12.26	\$ 1,665,661	\$ 8,873,976
	<b>2024</b>	<b>\$ 8,873,976</b>	<b>\$ 44,370</b>	<b>\$ 1,684,152</b>	<b>\$ 23.00</b>	<b>\$ 1,230,280</b>	<b>\$ 11,832,778</b>
	2025	\$ 11,832,778	\$ 59,164	\$ 1,830,600	\$ 25.00	\$ 1,267,000	\$ 14,989,542
	2026	\$ 14,989,542	\$ 74,948	\$ 1,830,600	\$ 25.00	\$ 1,305,000	\$ 18,200,090
	2027	\$ 18,200,090	\$ 91,000	\$ 1,830,600	\$ 25.00	\$ 1,344,000	\$ 21,465,690
	2028	\$ 21,465,690	\$ 107,328	\$ 1,830,600	\$ 25.00	\$ 1,384,000	\$ 24,787,618



## UNAPPROPRIATED EXPENDITURES FUND

In 1977, Resolution No. 696 established the Supplemental Appropriations Fund. The fund name was changed to the Unappropriated Expenditures Fund in 1991. This contingency fund is used for significant expenditures not otherwise identified in the Business Plan. This fund is not required by Civil Code and is not included in the reserve plan calculations.

<i>Fund</i>	<i>Year</i>	<i>Beginning Balance</i>	<i>Interest</i>	<i>Contributions*</i>	<i>Assessment PMPM</i>	<i>Planned Expenditures</i>	<i>ENDING BALANCE</i>
<b>UNAPPROPRIATED EXPENDITURES FUND</b>	2023	\$ 3,854,496	\$ 10,284	\$ 0	\$ 0	\$ (300,000)	\$ 3,564,780
	<b>2024</b>	<b>\$ 3,564,780</b>	<b>\$ 17,824</b>	<b>\$ 585,792</b>	<b>\$ 8.00</b>	<b>\$ (300,000)</b>	<b>\$ 3,868,396</b>
	2025	\$ 3,868,396	\$ 19,342	\$ 585,792	\$ 8.00	\$ (309,000)	\$ 4,164,530
	2026	\$ 4,164,530	\$ 20,823	\$ 585,792	\$ 8.00	\$ (318,000)	\$ 4,453,145
	2027	\$ 4,453,145	\$ 22,266	\$ 585,792	\$ 8.00	\$ (328,000)	\$ 4,733,203
	2028	\$ 4,733,203	\$ 23,666	\$ 585,792	\$ 8.00	\$ (338,000)	\$ 5,004,661

## GARDEN VILLA RECREATION ROOM FUND

*Surcharge Fund: Only manors located within the 53 Garden Villa buildings contribute to this fund.* The Replacement Reserve-Villa Furnishings Fund was established in 1975 for the replacement of furnishings in the Villa buildings. Several policy changes were made through the years regarding the fund name and usage. On September 19, 1995, the Board of Directors adopted Resolution M3-95-82 approving a fund name of Garden Villa Recreation Room Fund. The purpose of this fund is to provide for all expenditures in the recreation rooms of Garden Villa buildings (repairs, replacements and preventive maintenance), other than janitorial services. On June 16, 2009 the Board directed that water heater and heat pump components previously paid from this fund will be paid from the Replacement Fund. This fund is not required by Civil Code and is not included in the reserve plan calculations.

<i>Fund</i>	<i>Year</i>	<i>Beginning Balance</i>	<i>Interest</i>	<i>Contributions*</i>	<i>Assessment PMPM</i>	<i>Planned Expenditures</i>	<i>ENDING BALANCE</i>
<b><u>SURCHARGE:</u> GARDEN VILLA REC ROOM FUND</b>	2023	\$ 111,427	\$ 539	\$ 93,150	\$ 6.25	\$ (93,642)	\$ 111,474
	<b>2024</b>	<b>\$ 111,474</b>	<b>\$ 557</b>	<b>\$ 96,876</b>	<b>\$ 6.50</b>	<b>\$ (97,501)</b>	<b>\$ 111,406</b>
	2025	\$ 111,406	\$ 557	\$ 100,602	\$ 6.75	\$ (100,400)	\$ 112,165
	2026	\$ 112,165	\$ 561	\$ 100,602	\$ 6.75	\$ (103,400)	\$ 109,928
	2027	\$ 109,928	\$ 550	\$ 100,602	\$ 6.75	\$ (106,500)	\$ 104,580
	2028	\$ 104,580	\$ 523	\$ 100,602	\$ 6.75	\$ (109,700)	\$ 96,005



## Reserve Study Executive Summary

No-Site-Visit

### Third Mutual - Laguna Woods Village

Laguna Woods, CA

Level of Service: **Update "No-Site-Visit"**

Report #: **31071-4**

# of Units: 6,102

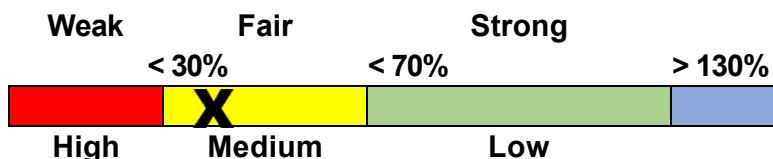
**January 1, 2024 through December 31, 2024**

### Findings & Recommendations

as of January 1, 2024

Projected Starting Reserve Balance .....	\$22,897,866
Current Full Funding Reserve Balance .....	\$58,163,951
Average Reserve Deficit (Surplus) Per Unit .....	\$5,779
Percent Funded .....	39.4 %
Recommended 2024 "Annual Full Funding Contributions" .....	\$13,566,000
Alternate minimum contributions to keep Reserve above \$0 .....	\$11,670,000
Most Recent Reserve Contribution Rate .....	\$11,130,048
Annual Deterioration Rate .....	\$21,793,590

**Reserve Fund Strength: 39.4%**



**Risk of Special Assessment:**

### Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves ..... **2.00 %**

Annual Inflation Rate ..... **3.00 %**

This is an Update "No-Site-Visit", and is based on a prior Report prepared by Association Reserves. No site inspection was performed as part of this Reserve Study.

This Reserve Study was prepared by a credentialed Reserve Specialist, Sean Erik Andersen, PRA, RS #68.

The Association is a Mutual community.

The Reserve Fund is between the 30% funded level and the 70% funded level at 39.4 % funded, which is a fair position for the fund to be in. This means that the association's special assessment & deferred maintenance risk is currently medium. The objective of this multi-year Funding Plan is to Fully Fund Reserves and ultimately achieve a position of strength in the fund, where associations enjoy a low risk of Reserve cash flow problems.

The Annual Deterioration rate for your Reserve Components is \$21,793,590.

Based on this starting point, your annual deterioration rate, your anticipated future expenses, and your historical Reserve contribution rate, our recommendation is to increase your Reserve contributions to \$13,566,000.

\*The Alternative Contribution rate, also called Baseline Funding will keep the Reserve Funds above \$0. This figure for your Mutual is \$11,670,000.

To receive a copy of the full Reserve Study, contact the Mutual.



# 30-Year Reserve Plan Summary (Alternate Funding Plan)

Report # 31071-4  
No-Site-Visit

Fiscal Year Start: 2024

Interest:

2.00 %

Inflation:

3.00 %

Reserve Fund Strength: as-of Fiscal Year Start Date

Projected Reserve Balance Changes

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded		Special Assmt Risk	Reserve Funding	Loan or Special Assmts	Interest Income	Reserve Expenses
2024	\$22,897,866	\$58,163,951	39.4 %		Medium	\$11,670,000	\$0	\$458,544	\$12,030,178
2025	\$22,996,232	\$60,285,434	38.1 %		Medium	\$12,020,100	\$0	\$468,922	\$11,548,620
2026	\$23,936,635	\$63,164,474	37.9 %		Medium	\$12,380,703	\$0	\$486,485	\$12,049,845
2027	\$24,753,977	\$65,770,444	37.6 %		Medium	\$12,752,124	\$0	\$505,322	\$12,189,411
2028	\$25,822,012	\$68,766,643	37.6 %		Medium	\$13,134,688	\$0	\$526,165	\$12,642,788
2029	\$26,840,077	\$71,689,055	37.4 %		Medium	\$13,528,728	\$0	\$551,287	\$12,583,685
2030	\$28,336,408	\$74,972,603	37.8 %		Medium	\$13,934,590	\$0	\$569,215	\$14,205,847
2031	\$28,634,366	\$76,984,210	37.2 %		Medium	\$14,352,628	\$0	\$565,752	\$15,562,876
2032	\$27,989,871	\$78,797,749	35.5 %		Medium	\$14,783,207	\$0	\$547,604	\$16,502,688
2033	\$26,817,994	\$80,197,953	33.4 %		Medium	\$15,226,703	\$0	\$527,685	\$16,576,132
2034	\$25,996,250	\$82,252,138	31.6 %		Medium	\$15,683,504	\$0	\$505,346	\$17,602,955
2035	\$24,582,145	\$83,816,124	29.3 %		High	\$16,154,009	\$0	\$480,410	\$17,716,083
2036	\$23,500,482	\$85,827,333	27.4 %		High	\$16,638,630	\$0	\$437,098	\$20,328,991
2037	\$20,247,219	\$85,739,911	23.6 %		High	\$17,137,788	\$0	\$348,776	\$23,073,152
2038	\$14,660,631	\$83,422,501	17.6 %		High	\$17,651,922	\$0	\$265,536	\$20,662,083
2039	\$11,916,007	\$84,653,963	14.1 %		High	\$18,181,480	\$0	\$189,826	\$23,204,273
2040	\$7,083,039	\$83,904,235	8.4 %		High	\$18,726,924	\$0	\$123,331	\$20,672,552
2041	\$5,260,742	\$86,358,020	6.1 %		High	\$19,288,732	\$0	\$77,093	\$22,171,336
2042	\$2,455,231	\$86,690,738	2.8 %		High	\$19,867,394	\$0	\$56,709	\$19,158,742
2043	\$3,220,592	\$90,753,763	3.5 %		High	\$20,463,416	\$0	\$69,615	\$20,006,661
2044	\$3,746,962	\$94,978,522	3.9 %		High	\$21,077,318	\$0	\$81,448	\$20,500,834
2045	\$4,404,893	\$96,811,639	4.5 %		High	\$21,604,251	\$0	\$117,497	\$18,771,650
2046	\$7,354,991	\$101,017,884	7.3 %		High	\$22,144,357	\$0	\$174,749	\$19,539,001
2047	\$10,135,097	\$105,179,047	9.6 %		High	\$22,697,966	\$0	\$236,305	\$19,553,514
2048	\$13,515,855	\$110,087,770	12.3 %		High	\$23,265,415	\$0	\$307,378	\$19,840,068
2049	\$17,248,580	\$115,505,407	14.9 %		High	\$23,847,051	\$0	\$355,257	\$23,142,950
2050	\$18,307,937	\$118,360,113	15.5 %		High	\$24,443,227	\$0	\$367,960	\$24,599,167
2051	\$18,519,958	\$121,752,967	15.2 %		High	\$25,054,308	\$0	\$326,735	\$29,719,119
2052	\$14,181,882	\$121,196,441	11.7 %		High	\$25,680,665	\$0	\$234,391	\$30,819,429
2053	\$9,277,509	\$118,762,726	7.8 %		High	\$26,322,682	\$0	\$178,909	\$27,150,217