



OPEN MEETING

REGULAR MEETING OF THE THIRD LAGUNA HILLS MUTUAL FINANCE COMMITTEE*

**Tuesday, February 7, 2023 – 1:30 p.m.
24351 El Toro Road, Laguna Woods, CA 92637
Board Room and Virtual with Zoom**

Laguna Woods Village owners/residents are welcome to participate in all open committee meetings in-person and virtually. To submit comments or questions virtually for committee meetings, please use one of the following options:

1. Join the committee meeting via Zoom by clicking this link:
<https://us06web.zoom.us/j/81161366511> or by calling 1-669-900-6833, Webinar ID: 81161366511.
2. Via email to meeting@vmsinc.org any time before the meeting is scheduled to begin or during the meeting. Please use the name of the committee in the subject line of the email. Name and unit number must be included.

NOTICE AND AGENDA

This Meeting May Be Recorded

1. Call Meeting to Order
2. Approval of the Agenda
3. Approval of the Meeting Report for December 6, 2022
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 December 31, 2022
 - b. Investment Policy Review
 - c. Discretionary Investments
 - d. Endorsements from Standing Committee
9. Future Agenda Items: *All matters listed under Future Agenda Items are items for a future committee meeting. No action will be taken by the committee on these agenda items at this meeting.*
10. Committee Member Comments
11. Date of Next Meeting – Tuesday, April 4, 2023 at 1:30 p.m.
12. Recess to Closed Session – At this time, the meeting will recess for a short break and reconvene to Closed Session to discuss the following matters.

Third Laguna Hills Mutual
Finance Committee
Regular Open Session
February 7, 2023
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Closed Session Agenda

Approval of the Agenda

Approval of the Meeting Report

Remarks of the Chair

Review Legal Tracker Analysis

Review Delinquency Reports

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, December 6, 2022 – 1:30 p.m.
Hybrid Meeting

DIRECTORS PRESENT: Donna Rane-Szostak – Chair, Mark Laws, Ralph Engdahl, Cris Prince, Cush Bhada, Jim Cook, Ira Lewis, Moon Yun
DIRECTORS ABSENT: Jules Zalon
ADVISORS PRESENT: Wei-Ming Tao
STAFF PRESENT: Steve Hormuth, Jose Campos, Ada Montesinos

Call to Order

Director Donna Rane-Szostak, Treasurer, chaired and called the meeting to order at 1:31 p.m.

Approval of Meeting Agenda

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

Approval of Meeting Report for November 1, 2022

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

Chair Remarks

Director Rane-Szostak deferred remarks to agenda item # 8c and announced that Finance Committee meetings will be held Bi-monthly beginning February 07, 2023.

Member Comments (Items Not on the Agenda)

None.

Department Head Update

Steve Hormuth, Director of Financial Services, provided the dates for the new bi-monthly 2023 Finance Committee meetings.

Preliminary Financial Statements dated October 31, 2022

Jose Campos, Assistant Director of Financial Services, presented the Preliminary Financial Statements dated October 31, 2022. Questions and comments were noted by staff.

Annual Financial Services Review

Steve Hormuth provided a brief presentation on the GAAP method used to present financial statements and explained the data displayed on each Financial Statement that is reviewed by the committee during the monthly meetings.

Discretionary Investments – Treasury Bill Reinvestment

Director Rane-Szostak shared an overview of the Davis-Stirling Civil Code §5380 regarding guiding principles for HOA Reserve Funds and the current Third Mutual investment strategy. Additionally, Steve Hormuth presented a report displaying two discretionary investment portfolio options in accordance with the guiding principles: Safety, Liquidity and Yield. Any change to the investments would take place upon maturation of the current treasury bills scheduled on February 23, 2023. Discussion ensued. Questions and Comments were addressed and noted by staff. No action was taken.

Endorsements from Standing Committees

Landscape Services – Supplemental Appropriation for Water Saving Landscaping. Kurt Wiemann, Director of Landscape Services, presented a staff report requesting approval of a supplemental appropriation in the amount of \$151,000 to be funded from the Replacement Fund to hire an architect to design water saving landscape plantings to replace existing plantings and turf areas in order to reduce the impacts of water usage on the budget. Discussion ensued. A motion was made by director Cush Bhada to follow staff's recommendation with necessary corrections to staff report and resolution. Director Ira Lewis seconded.

Hearing no objections, the motion passed unanimously to approve and endorse the recommendation and present at the next board meeting.

Future Agenda Items

None.

Committee Member Comments

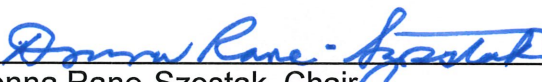
None.

Date of Next Meeting

Tuesday, February 7, 2022 at 1:30 p.m.

Recess to Closed Session

The meeting recessed at 3:13 p.m.


Donna Rane-Szostak, Chair



MEMORANDUM

To: Third Finance Committee
 From: Steve Hormuth, Director of Financial Services
 Date: February 7, 2023
 Re: Department Head Update

Financial Highlights

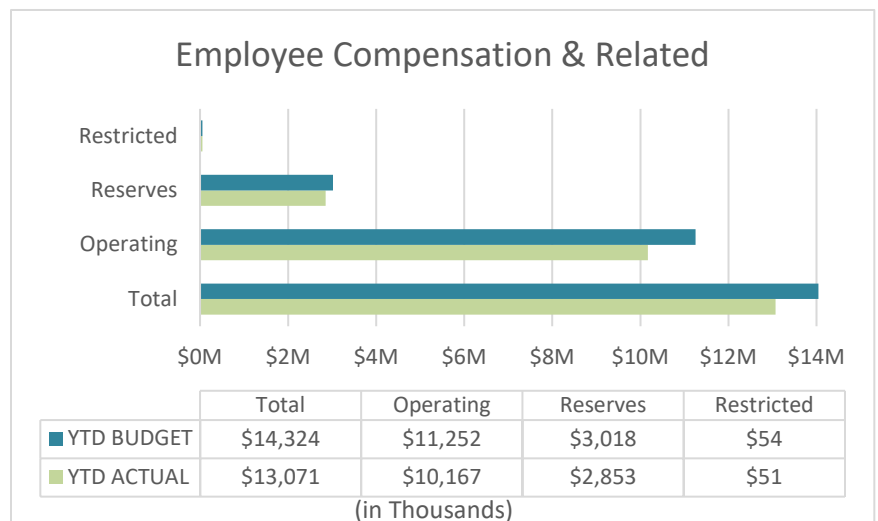
SUMMARY:

For the year-to-date period ending December 31, 2022, Third Laguna Hills Mutual was better than budget by \$3,016K primarily due to late start of programs affecting the areas of outside services and materials. Furthermore, favorable variance in compensation and related amounted to \$1,253K due to open positions.

INCOME STATEMENT (in Thousands)			
	Actual	Budget	Variance
Assessment Revenues	\$41,413	\$41,415	\$2
Other Revenues	\$2,187	\$2,097	(\$90)
Expenses	\$39,386	\$42,314	\$2,928
Revenue/(Expense)	\$4,214	\$1,198	\$3,016

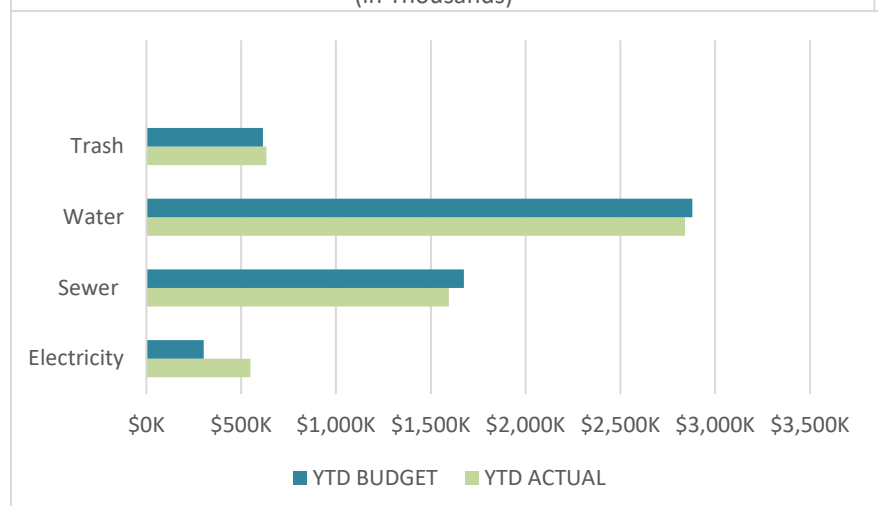
COMPENSATION:

Actual compensation and related costs came in at \$13,071K with \$10,167K in operations, \$2,853K in reserves, and \$51K in restricted. Combined, this category is 8.7% favorable to budget. For Third, the most significant savings were due to open positions in Maintenance & Construction and Landscape.



UTILITIES:

In total, this category was favorable to budget by \$80K primarily due to water and sewer. Water was favorable \$201K. Water Consumption was 6.6% lower than budgeted. Conservation efforts resulted in lower than budgeted water use between July 2022 and December 2022. Sewer was \$149K favorable resulting from lower sewer rates for domestic usage announced in July. The effective rate reduction of 18.6% took effect in September 2022.



Discussions

Financial Statement Audit: An All Boards Pre-Audit Communication meeting will be held on February 15, 2023 at 1:00 in the board room. At this meeting, Third's external auditor, KMPG, will give a presentation on their required auditing procedures and will be available to answer questions from members of the board as well as members in attendance. Audit fieldwork is scheduled to begin on February 27, 2023 and the final report is scheduled to be issued on April 10, 2023.

Budget: The budgetary timeline for the 2024 Business Plan (Green Book) has been completed. All budget meetings have been updated on the TeamUp calendar available on [LagunaWoodsVillage.com](https://www.lagunawoodsvillage.com).

Calendar

Feb 7, 2023 @ 1:30 p.m. Third Finance Committee (December Financials)

Feb 15, 2023 @ 1:00 p.m All Boards Pre-Audit Communication

Feb 21, 2023 @ 9:30 a.m Third Board Meeting

Mar 3, 2023 @ 9:30 a.m. Third Board Agenda Prep

Mar 21, 2023 @ 9:30 a.m. Third Board Meeting

Apr 3, 2023 @ 1:30 p.m All Boards Presentation of Annual Audit Report

Apr 4, 2023 @ 1:30 p.m. Third Finance Committee (February Financials)

Apr 7, 2023 @ 9:30 a.m. Third Board Agenda Prep

Apr 18, 2023 @9:30 a.m. Third Board Meeting

January 2023							February 2023							March 2023							April 2023						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7				1	2	3	4				1	2	3	4							1
8	9	10	11	12	13	14	5	6	7	8	9	10	11	5	6	7	8	9	10	11	2	3	4	5	6	7	8
15	16	17	18	19	20	21	12	13	14	15	16	17	18	12	13	14	15	16	17	18	9	10	11	12	13	14	15
22	23	24	25	26	27	28	19	20	21	22	23	24	25	19	20	21	22	23	24	25	16	17	18	19	20	21	22
29	30	31					26	27	28					26	27	28	29	30	31		23	24	25	26	27	28	29
																					30						

Third Laguna Hills Mutual
Statement of Revenues & Expenses - Preliminary
12/31/2022
(\$ IN THOUSANDS)

		CURRENT MONTH			YEAR TO DATE			PRIOR YEAR	TOTAL
		ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET
Revenues:									
Assessments:									
1	Operating	\$2,384	\$2,384		\$28,602	\$28,603	(\$1)	\$20,968	\$28,603
2	Additions to restricted funds	1,068	1,068		12,811	12,811		13,632	12,811
3	Total assessments	3,451	3,451		41,413	41,415	(1)	34,600	41,415
Non-assessment revenues:									
4	Fees and charges for services to residents	120	81	39	1,088	960	128	739	960
5	Laundry	17	18		213	210	3	214	210
6	Investment income	22	20	2	205	244	(39)	89	244
7	Miscellaneous	55	57	(2)	681	683	(2)	2,083	683
8	Total non-assessment revenue	215	176	39	2,187	2,097	90	3,125	2,097
9	Total revenue	3,666	3,627	39	43,601	43,512	88	37,725	43,512
Expenses:									
10	Employee compensation and related	909	1,207	298	13,071	14,324	1,253	12,916	14,324
11	Materials and supplies	98	121	23	1,408	1,411	3	1,421	1,411
12	Utilities and telephone	266	497	231	5,887	5,968	81	5,822	5,968
13	Legal fees	20	56	36	198	527	329	246	527
14	Professional fees	14	13	(2)	130	155	25	68	155
15	Equipment rental	3	4	1	31	45	14	46	45
16	Outside services	1,203	583	(620)	8,078	8,624	546	8,771	8,624
17	Repairs and maintenance	51	30	(20)	341	349	8	312	349
18	Other Operating Expense	12	14	2	129	193	64	146	193
19	Income taxes	(4)		4	(4)		4		
20	Property and sales tax							3	
21	Insurance	738	754	16	8,312	9,049	737	6,492	9,049
22	Investment expense		2	2		21	21	21	21
23	Uncollectible Accounts	19	5	(13)	180	65	(115)	46	65
24	(Gain)/loss on sale or trade				4		(4)	15	
25	Depreciation and amortization	(18)	11	30	105	134	30	134	134
26	Net allocation to mutuals	138	122	(17)	1,516	1,449	(67)	1,376	1,449
27	Total expenses	3,448	3,419	(29)	39,386	42,314	2,928	37,835	42,314
28	Excess of revenues over expenses	\$218	\$208	\$10	\$4,214	\$1,198	\$3,016	(\$110)	\$1,198

Third Laguna Hills Mutual
Statement of Revenues & Expenses - By Fund Type - Preliminary
12/31/2022
(\$ 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	\$28,602	\$28,603	(\$1)							\$28,602	\$28,603	(\$1)
2 Additions to restricted funds				11,130	11,130		1,681	1,681		12,811	12,811	
3 Total assessments	28,602	28,603	(1)	11,130	11,130		1,681	1,681		41,413	41,415	(1)
Non-assessment revenues:												
4 Fees and charges for services to residents	1,085	960	125	3		3				1,088	960	128
5 Laundry	213	210	3							213	210	3
6 Investment income				149	138	10	56	106	(50)	205	244	(39)
7 Miscellaneous	681	683	(2)							681	683	(2)
8 Total non-assessment revenue	1,979	1,853	126	152	138	13	56	106	(50)	2,187	2,097	90
9 Total revenue	30,582	30,457	125	11,282	11,268	13	1,737	1,787	(50)	43,601	43,512	88
Expenses:												
10 Employee compensation and related	10,167	11,252	1,085	2,853	3,018	165	51	54	4	13,071	14,324	1,253
11 Materials and supplies	833	772	(61)	556	620	64		19		1,409	1,411	3
12 Utilities and telephone	5,877	5,953	77	10	14	4	20			5,887	5,968	81
13 Legal fees	198	527	329							198	527	329
14 Professional fees	117	155	38	2		(2)	11		(11)	130	155	25
15 Equipment rental	6	7	1	24	37	13		1		31	45	14
16 Outside services	2,064	946	(1,118)	5,349	6,577	1,228	666	1,101	435	8,078	8,624	546
17 Repairs and maintenance	338	344	6	4	5	2				341	349	8
18 Other Operating Expense	110	167	57	19	25	6				129	193	64
19 Income taxes	(4)		4							(4)		4
20 Property and sales tax												
21 Insurance	8,312	9,049	737							8,312	9,049	737
22 Investment expense					12	12		9	9		21	21
23 Uncollectible Accounts	180	65	(115)							180	65	(115)
24 (Gain)/loss on sale or trade				3		(3)	1		(1)	4		(4)
25 Depreciation and amortization	105	134	30							105	134	30
26 Net allocation to mutuals	1,258	1,220	(38)	255	227	(29)	2	2		1,516	1,449	(67)
27 Total expenses	29,559	30,591	1,032	9,075	10,535	1,460	752	1,188	436	39,386	42,314	2,928
28 Excess of revenues over expenses	\$1,022	(\$134)	\$1,157	\$2,207	\$733	\$1,474	\$985	\$599	\$386	\$4,214	\$1,198	\$3,016

**Third Laguna Hills Mutual
Operating Statement
12/31/2022
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR \$ B/(W)	VAR% B/(W)	TOTAL BUDGET
Revenues:					
Assessments:					
Operating					
41001000 - Monthly Assessments	\$28,602,134	\$28,603,493	(\$1,359)	0.00%	\$28,603,493
Total Operating	28,602,134	28,603,493	(1,359)	0.00%	28,603,493
Additions To Restricted Funds					
41002000 - Monthly Assessments - Disaster Fund	1,591,890	1,591,890	0	0.00%	1,591,890
41003500 - Monthly Assessments - Replacement Fund	10,690,704	10,690,704	0	0.00%	10,690,704
41004000 - Monthly Assessments - Elevator Replacement Fund	366,120	366,120	0	0.00%	366,120
41004500 - Monthly Assessments - Laundry Replacement Fund	73,224	73,224	0	0.00%	73,224
41006000 - Monthly Assessments - Garden Villa Recreation Room Fund	89,424	89,424	0	0.00%	89,424
Total Additions To Restricted Funds	12,811,362	12,811,362	0	0.00%	12,811,362
Total Assessments	41,413,496	41,414,855	(1,359)	0.00%	41,414,855
Non-Assessment Revenues:					
Fees and Charges for Services to Residents					
46501000 - Permit Fee	281,100	238,222	42,878	18.00%	238,222
46501500 - Inspection Fee	80,346	73,537	6,809	9.26%	73,537
46502000 - Resident Maintenance Fee	726,549	648,636	77,913	12.01%	648,636
Total Fees and Charges for Services to Residents	1,087,996	960,396	127,600	13.29%	960,396
Laundry					
46005000 - Coin Op Laundry Machine	213,498	210,000	3,498	1.67%	210,000
Total Laundry	213,498	210,000	3,498	1.67%	210,000
Investment Income					
49001000 - Investment Income - Nondiscretionary	11,838	4,000	7,838	195.96%	4,000
49002000 - Investment Income - Discretionary	192,835	240,000	(47,165)	(19.65%)	240,000
Investment Interest Income	204,674	244,000	(39,326)	(16.12%)	244,000
Miscellaneous					
46004500 - Resident Violations	23,750	54,198	(30,448)	(56.18%)	54,198
44501000 - Additional Occupant Fee	29,230	0	29,230	0.00%	0
44501510 - Lease Processing Fee - Third	267,410	259,475	7,935	3.06%	259,475
44502000 - Variance Processing Fee	4,050	15,888	(11,838)	(74.51%)	15,888
44502500 - Non-Sale Transfer Fee - Third	1,950	1,666	284	17.05%	1,666
44503520 - Resale Processing Fee - Third	172,704	191,740	(19,036)	(9.93%)	191,740
44505500 - Hoa Certification Fee	10,860	12,000	(1,140)	(9.50%)	12,000
44507000 - Golf Cart Electric Fee	60,883	70,000	(9,117)	(13.02%)	70,000
44507200 - Electric Vehicle Plug-In Fee	13,687	11,000	2,687	24.42%	11,000
44507500 - Cartport/Carport Space Rental Fee	3,360	4,400	(1,040)	(23.64%)	4,400
47001500 - Late Fee Revenue	89,452	51,000	38,452	75.40%	51,000
47002020 - Collection Administrative Fee - Third	0	2,700	(2,700)	(100.00%)	2,700
47002500 - Collection Interest Revenue	(446)	5,000	(5,446)	(108.93%)	5,000
47501000 - Recycling	4,722	4,000	722	18.05%	4,000
49009000 - Miscellaneous Revenue	(762)	0	(762)	0.00%	0
Total Miscellaneous	680,849	683,067	(2,218)	(0.32%)	683,067
Total Non-Assessment Revenue	2,187,017	2,097,463	89,554	4.27%	2,097,463
Total Revenue	43,600,513	43,512,318	88,195	0.20%	43,512,318
Expenses:					
Employee Compensation					
51011000 - Salaries & Wages - Regular	2,874,297	3,188,996	314,699	9.87%	3,188,996
51021000 - Union Wages - Regular	4,974,843	5,581,847	607,004	10.87%	5,581,847
51041000 - Wages - Overtime	35,049	25,234	(9,816)	(38.90%)	25,234
51051000 - Union Wages - Overtime	68,053	50,106	(17,947)	(35.82%)	50,106
51061000 - Holiday & Vacation	897,965	740,584	(157,381)	(21.25%)	740,584
51071000 - Sick	273,018	302,080	29,062	9.62%	302,080
51091000 - Missed Meal Penalty	4,339	3,572	(767)	(21.49%)	3,572
51101000 - Temporary Help	76,392	109,606	33,214	30.30%	109,606
51981000 - Compensation Accrual	(5,009)	0	5,009	0.00%	0

**Third Laguna Hills Mutual
Operating Statement
12/31/2022
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
Total Employee Compensation	9,198,948	10,002,024	803,076	8.03%	10,002,024
Compensation Related					
52411000 - F.I.C.A.	682,856	742,748	59,892	8.06%	742,748
52421000 - F.U.I.	8,071	10,220	2,149	21.03%	10,220
52431000 - S.U.I.	40,323	51,947	11,625	22.38%	51,947
52441000 - Union Medical	1,772,759	1,906,370	133,611	7.01%	1,906,370
52451000 - Workers' Compensation Insurance	473,334	530,688	57,354	10.81%	530,688
52461000 - Non Union Medical & Life Insurance	353,760	432,813	79,053	18.26%	432,813
52471000 - Union Retirement Plan	466,623	507,367	40,744	8.03%	507,367
52481000 - Non-Union Retirement Plan	74,794	139,778	64,984	46.49%	139,778
52981000 - Compensation Related Accrual	(766)	0	766	0.00%	0
Total Compensation Related	3,871,755	4,321,933	450,177	10.42%	4,321,933
Materials and Supplies					
53001000 - Materials & Supplies	447,582	503,088	55,506	11.03%	503,088
53003000 - Materials Direct	957,539	902,417	(55,122)	(6.11%)	902,417
53004000 - Freight	3,164	5,630	2,465	43.79%	5,630
Total Materials and Supplies	1,408,285	1,411,135	2,849	0.20%	1,411,135
Utilities and Telephone					
53301000 - Electricity	618,611	372,829	(245,782)	(65.92%)	372,829
53301500 - Sewer	1,680,160	1,829,400	149,240	8.16%	1,829,400
53302000 - Water	2,895,128	3,095,794	200,666	6.48%	3,095,794
53302500 - Trash	689,174	669,993	(19,181)	(2.86%)	669,993
53304000 - Telephone	4,244	0	(4,244)	0.00%	0
Total Utilities and Telephone	5,887,317	5,968,016	80,699	1.35%	5,968,016
Legal Fees					
53401500 - Legal Fees	268,778	526,652	257,874	48.96%	526,652
53401550 - Legal Fees Contra	(70,655)	0	70,655	0.00%	0
Total Legal Fees	198,124	526,652	328,528	62.38%	526,652
Professional Fees					
53402000 - Audit & Tax Preparation Fees	5,878	0	(5,878)	0.00%	0
53402020 - Audit & Tax Preparation Fees - Third	42,500	47,670	5,170	10.85%	47,670
53403500 - Consulting Fees	38,228	13,597	(24,632)	(181.16%)	13,597
53403520 - Consulting Fees - Third	43,554	93,500	49,946	53.42%	93,500
Total Professional Fees	130,160	154,767	24,607	15.90%	154,767
Equipment Rental					
53501500 - Equipment Rental/Lease Fees	30,795	45,077	14,281	31.68%	45,077
Total Equipment Rental	30,795	45,077	14,281	31.68%	45,077
Outside Services					
53601000 - Bank Fees	32,792	42,322	9,531	22.52%	42,322
53601500 - Credit Card Transaction Fees	14,163	0	(14,163)	0.00%	0
53604500 - Marketing Expense	0	5,000	5,000	100.00%	5,000
54603500 - Outside Services Cost Collection	7,877,514	8,470,258	592,744	7.00%	8,470,258
53704000 - Outside Services	153,861	106,430	(47,431)	(44.57%)	106,430
Total Outside Services	8,078,330	8,624,010	545,680	6.33%	8,624,010
Repairs and Maintenance					
53701000 - Equipment Repair & Maint	5,464	12,340	6,876	55.72%	12,340
53703000 - Elevator /Lift Maintenance	335,704	336,584	880	0.26%	336,584
Total Repairs and Maintenance	341,168	348,924	7,756	2.22%	348,924
Other Operating Expense					
53801000 - Mileage & Meal Allowance	2,534	10,540	8,006	75.96%	10,540
53801500 - Travel & Lodging	9	2,511	2,502	99.63%	2,511
53802000 - Uniforms	67,159	89,998	22,839	25.38%	89,998
53802500 - Dues & Memberships	1,319	2,683	1,365	50.86%	2,683
53803000 - Subscriptions & Books	238	1,931	1,693	87.70%	1,931
53803500 - Training & Education	3,995	21,162	17,167	81.12%	21,162
53903000 - Safety	625	1,489	864	58.03%	1,489
54001020 - Board Relations - Third	4,644	7,525	2,881	38.28%	7,525
54001500 - Public Relations	(8)	0	8	0.00%	0
54002000 - Postage	48,392	54,488	6,096	11.19%	54,488

**Third Laguna Hills Mutual
Operating Statement
12/31/2022
THIRD LAGUNA HILLS MUTUAL**

	Actual	YEAR TO DATE Budget	VAR\$ B/(W)	VAR% B/(W)	TOTAL BUDGET
54002500 - Filing Fees / Permits	337	510	173	33.97%	510
Total Other Operating Expense	129,243	192,837	63,594	32.98%	192,837
Income Taxes					
54301000 - State & Federal Income Taxes	(4,240)	0	4,240	0.00%	0
Total Income Taxes	(4,240)	0	4,240	0.00%	0
Property and Sales Tax					
54302000 - Property Taxes	381	0	(381)	0.00%	0
Total Property and Sales Tax	381	0	(381)	0.00%	0
Insurance					
54401000 - Hazard & Liability Insurance	855,827	853,762	(2,064)	(0.24%)	853,762
54401500 - D&O Liability	79,236	88,758	9,522	10.73%	88,758
54402000 - Property Insurance	7,359,685	8,099,520	739,835	9.13%	8,099,520
54403000 - General Liability Insurance	17,063	7,190	(9,873)	(137.31%)	7,190
Total Insurance	8,311,811	9,049,230	737,419	8.15%	9,049,230
Investment Expense					
54201000 - Investment Expense	30	21,120	21,090	99.86%	21,120
Total Investment Expense	30	21,120	21,090	99.86%	21,120
Uncollectible Accounts					
54602000 - Bad Debt Expense	179,544	65,000	(114,544)	(176.22%)	65,000
Total Uncollectible Accounts	179,544	65,000	(114,544)	(176.22%)	65,000
(Gain)/Loss on Sale or Trade					
54101500 - (Gain)/Loss On Investments	3,699	0	(3,699)	0.00%	0
Total (Gain)/Loss on Sale or Trade	3,699	0	(3,699)	0.00%	0
Depreciation and Amortization					
55001000 - Depreciation And Amortization	104,928	134,496	29,568	21.98%	134,496
Total Depreciation and Amortization	104,928	134,496	29,568	21.98%	134,496
Net Allocation to Mutuals					
54602500 - Allocated Expenses	1,515,778	1,449,122	(66,656)	(4.60%)	1,449,122
Total Net Allocation to Mutuals	1,515,778	1,449,122	(66,656)	(4.60%)	1,449,122
Total Expenses	39,386,057	42,314,341	2,928,285	6.92%	42,314,341
Excess of Revenues Over Expenses	\$4,214,456	\$1,197,976	\$3,016,480	251.80%	\$1,197,976

**Third Laguna Hills Mutual
Balance Sheet - Preliminary
12/31/2022**

		<u>Current Month End</u>	<u>Prior Year December 31</u>
	Assets		
1	Cash and cash equivalents	\$862,027	\$3,967,068
2	Non-discretionary investments	4,990,008	
3	Discretionary investments	25,182,483	25,180,400
4	Receivable/(Payable) from mutuals	1,512,784	532,799
5	Accounts receivable and interest receivable	272,271	218,076
6	Prepaid expenses and deposits	3,332,534	2,818,713
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	4,950,211	5,055,140
10	Non-controlling interest in GRF	41,073,262	41,073,262
11	Total Assets	<u>\$82,175,580</u>	<u>\$78,845,457</u>
	Liabilities and Fund Balances		
	Liabilities:		
12	Accounts payable and accrued expenses	\$2,628,725	\$3,429,790
13	Accrued compensation and related costs	598,365	596,103
14	Deferred income	651,645	737,176
15	Income tax payable	(26,005)	(26,005)
16	Total liabilities	<u>\$3,852,730</u>	<u>\$4,737,064</u>
	Fund balances:		
17	Fund balance prior years	74,108,394	74,218,083
18	Change in fund balance - current year	4,214,456	(109,690)
19	Net fund balances	<u>78,322,850</u>	<u>74,108,394</u>
20	Total fund balances	<u>78,322,850</u>	<u>74,108,394</u>
21	Total Liabilities and Fund Balances	<u>\$82,175,580</u>	<u>\$78,845,457</u>

**Third Laguna Hills Mutual
Fund Balance Sheet - Preliminary
12/31/2022**

	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	\$135,623	\$2,738	\$349,695	\$755	\$26,269	\$962	\$345,985	\$862,027
2 Non-discretionary investments		2,545,093	381,277	70,838	14,096	1,491,011	487,692	4,990,008
3 Discretionary investments		19,761,697	1,916,571	262,032	71,062	2,650,302	520,819	25,182,483
4 Receivable/(Payable) from mutuals	1,512,784							1,512,784
5 Receivable/(Payable) from operating fund	(2,139,301)	(2,860,699)				2,500,000	2,500,000	
6 Accounts receivable and interest receivable	207,449					64,823		272,271
7 Prepaid expenses and deposits	3,332,534							3,332,534
8 Property and equipment	141,239							141,239
9 Accumulated depreciation property and equipment	(141,239)							(141,239)
10 Beneficial interest in GRF of Laguna Hills Trust	4,950,211							4,950,211
11 Non-controlling interest in GRF	41,073,262							41,073,262
12 Total Assets	\$49,072,561	\$19,448,829	\$2,647,544	\$333,625	\$111,427	\$6,707,098	\$3,854,496	\$82,175,580
Liabilities and Fund Balances								
Liabilities:								
13 Accounts payable and accrued expenses	\$1,179,486	\$1,153,930				\$295,308		\$2,628,724
14 Accrued compensation and related costs	598,365							598,365
15 Deferred income	651,645							651,645
16 Income tax payable	(26,005)							(26,005)
17 Total liabilities	<u>\$2,403,491</u>	<u>\$1,153,930</u>				<u>\$295,308</u>		<u>\$3,852,730</u>
Fund balances:								
18 Fund balance prior years	45,646,657	16,348,615	2,355,983	364,571	104,231	5,441,633	3,846,704	74,108,394
19 Change in fund balance - current year	1,022,412	1,946,284	291,561	(30,945)	7,195	970,157	7,792	4,214,456
20 Net fund balances	<u>46,669,070</u>	<u>18,294,899</u>	<u>2,647,544</u>	<u>333,625</u>	<u>111,427</u>	<u>6,411,790</u>	<u>3,854,496</u>	<u>78,322,850</u>
21 Total fund balances	<u>46,669,070</u>	<u>18,294,899</u>	<u>2,647,544</u>	<u>333,625</u>	<u>111,427</u>	<u>6,411,790</u>	<u>3,854,496</u>	<u>78,322,850</u>
22 Total Liabilities and Fund Balances	\$49,072,561	\$19,448,829	\$2,647,544	\$333,625	\$111,427	\$6,707,098	\$3,854,496	\$82,175,580

**Third Laguna Hills Mutual
Changes in Fund Balances - Preliminary
12/31/2022**

	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	\$28,602,134							\$28,602,134
2 Additions to restricted funds		10,690,704	366,120	73,224	89,424	1,591,890		12,811,362
3 Total assessments	28,602,134	10,690,704	366,120	73,224	89,424	1,591,890		41,413,496
Non-assessment revenues:								
4 Fees and charges for services to residents	1,085,098	2,898						1,087,996
5 Laundry	213,498							213,498
6 Interest income		130,229	15,597	2,946	578	40,036	15,287	204,674
7 Miscellaneous	680,849							680,849
8 Total non-assessment revenue	1,979,445	133,127	15,597	2,946	578	40,036	15,287	2,187,017
9 Total revenue	30,581,579	10,823,831	381,717	76,170	90,002	1,631,925	15,287	43,600,513
Expenses:								
10 Employee compensation and related	10,166,762	2,826,476		26,742	22,246	28,478		13,070,703
11 Materials and supplies	833,027	477,507		78,208	11,514	8,030		1,408,285
12 Utilities and telephone	5,876,549	10,457			53	258		5,887,317
13 Legal fees	198,124							198,124
14 Professional fees	116,969	1,954				11,237		130,160
15 Equipment rental	6,437	23,909			127	322		30,795
16 Outside services	2,063,510	5,258,885	89,872	65	47,546	611,235	7,216	8,078,330
17 Repairs and maintenance	337,547	3,586			20	14		341,168
18 Other Operating Expense	109,984	18,772		179	145	163		129,243
19 Income taxes	(4,240)							(4,240)
20 Property and sales tax	381							381
21 Insurance	8,311,811							8,311,811
22 Investment expense		19	2			6	2	30
23 Uncollectible Accounts	179,544							179,544
24 (Gain)/loss on sale or trade		2,354	282	53	10	723	276	3,699
25 Depreciation and amortization	104,928							104,928
26 Net allocations to mutuals	1,257,835	253,629		1,868	1,145	1,301		1,515,778
27 Total expenses	29,559,167	8,877,547	90,156	107,116	82,807	661,769	7,495	39,386,057
28 Excess (deficit) of revenues over expenses	\$1,022,412	\$1,946,284	\$291,561	(\$30,945)	\$7,195	\$970,157	\$7,792	\$4,214,456
29 Excluding unrealized gain/(loss) and depreciation	\$1,127,341	\$1,946,284	\$291,561	(\$30,945)	\$7,195	\$970,157	\$7,792	\$4,319,385

**THIRD LAGUNA WOODS MUTUAL
NON-DISCRETIONARY ACCOUNT HELD BY BANK OF AMERICA
SCHEDULE OF INVESTMENTS
12/31/22**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECT. YIELD	ORIGINAL COST	ANNUALIZED YTD YIELD *	BOOK VALUE	12/31/2022	
										MARKET VALUE	UNREALIZED GAIN/(LOSS)
912796X95	U.S. TREASURY BILL	0.00%	12/30/2022	1/5/2023	\$1,000,000.00	1.950%	\$999,678.33		\$999,770.24	999,798.00	\$27.76
912796X95	U.S. TREASURY BILL	0.00%	12/30/2022	1/5/2023	\$500,000.00	1.950%	\$499,839.17		\$499,885.12	499,899.00	\$13.88
912796XR5	U.S. TREASURY BILL	0.00%	12/30/2022	1/12/2023	\$500,000.00	2.970%	\$499,470.88		\$499,546.47	499,566.00	\$19.53
912796ZL6	U.S. TREASURY BILL	0.00%	12/30/2022	1/24/2023	\$1,000,000.00	3.380%	\$997,687.15		\$997,865.06	997,760.00	(\$105.06)
912796XT1	U.S. TREASURY BILL	0.00%	12/30/2022	2/2/2023	\$2,000,000.00	3.590%	\$1,993,332.22		\$1,993,808.49	1,993,654.00	(\$154.49)
TOTAL FOR NON-DISCRETIONARY INVESTMENTS					\$5,000,000.00		\$4,990,007.75	0.62%	\$4,990,875.38	\$4,990,677.00	(\$198.38)

*Yield is based on all investments held during the year

**THIRD LAGUNA WOODS MUTUAL
DISCRETIONARY ACCOUNT - BANK OF AMERICA
SCHEDULE OF INVESTMENTS
12/31/22**

I.D. NO.	DESCRIPTION	STATED RATE	SETTLEMENT DATE	MATURITY DATE	PAR VALUE	EFFECT. YIELD	ORIGINAL COST	ANNUALIZED YTD YIELD *	BOOK VALUE	MARKET VALUE	UNREALIZED GAIN/(LOSS)
912796T33 / 334158341	U.S. TREASURY BILL	0.00%	3/4/2022	2/23/2023	\$1,000,000.00	0.910%	\$991,100.00		\$998,516.66	993,982.00	(\$4,534.66)
912796T33 / 334158342	U.S. TREASURY BILL	0.00%	3/4/2022	2/23/2023	\$1,000,000.00	0.910%	\$991,100.00		\$998,516.66	993,982.00	(\$4,534.66)
912796T33 / 334158343	U.S. TREASURY BILL	0.00%	3/4/2022	2/23/2023	\$1,000,000.00	0.910%	\$991,100.00		\$998,516.66	993,982.00	(\$4,534.66)
912796T33 / 334158344	U.S. TREASURY BILL	0.00%	3/4/2022	2/23/2023	\$1,000,000.00	0.910%	\$991,100.00		\$998,516.66	993,982.00	(\$4,534.66)
912796T33 / 334158350	U.S. TREASURY BILL	0.00%	3/4/2022	2/23/2023	\$1,000,000.00	0.910%	\$991,175.00		\$998,529.16	993,982.00	(\$4,547.16)
912796T33 / 334158351	U.S. TREASURY BILL	0.00%	3/4/2022	2/23/2023	\$1,000,000.00	0.910%	\$991,175.00		\$998,529.16	993,982.00	(\$4,547.16)
912796T33 / 334158352	U.S. TREASURY BILL	0.00%	3/4/2022	2/23/2023	\$1,000,000.00	0.910%	\$991,175.00		\$998,529.16	993,982.00	(\$4,547.16)
912796T33 / 334158353	U.S. TREASURY BILL	0.00%	3/4/2022	2/23/2023	\$1,000,000.00	0.910%	\$991,175.00		\$998,529.16	993,982.00	(\$4,547.16)
912796T33 / 334158354	U.S. TREASURY BILL	0.00%	3/4/2022	2/23/2023	\$1,000,000.00	0.910%	\$991,175.00		\$998,529.16	993,982.00	(\$4,547.16)
912796T33 / 334158368	U.S. TREASURY BILL	0.00%	3/4/2022	2/23/2023	\$1,000,000.00	0.910%	\$991,175.00		\$998,529.16	993,982.00	(\$4,547.16)
912796T33 / 334158355	U.S. TREASURY BILL	0.00%	3/4/2022	2/23/2023	\$15,000,000.00	0.910%	\$14,867,625.00		\$14,977,937.50	14,909,730.00	(\$68,207.50)
912796T33 / 334158367	U.S. TREASURY BILL	0.00%	3/4/2022	2/23/2023	\$407,000.00	0.910%	\$403,408.23		\$406,401.38	404,550.67	(\$1,850.71)
TOTALS FOR DISCRETIONARY INVESTMENTS					25,407,000.00		25,182,483.23	0.77%	\$25,369,580.48	\$25,254,100.67	(\$115,479.81)
TOTAL INVESTMENTS					\$ 30,407,000.00		\$ 30,172,490.98	0.73%	\$ 30,360,455.86	\$ 30,244,777.67	

*Yield is based on all investments held during the year

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF DECEMBER 31, 2022**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET *	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
OPERATING FUND - MAINTENANCE & CONSTRUCTION								
APPLIANCE REPAIRS	(\$13,595)	\$7,864	\$87,868	\$93,270	\$93,270	94%	\$5,402	6%
CARPENTRY SERVICE	91,627	42,914	466,057	510,004	510,004	91%	43,948	9%
ELECTRICAL SERVICE	21,536	9,774	117,107	115,944	115,944	101%	(1,163)	(1%)
FIRE PROTECTION	55,958	11,135	142,282	144,380	144,380	99%	2,097	1%
MISC REPAIRS BY OUTSIDE SERVICE	550	4,896	11,079	58,664	58,664	19%	47,585	81%
PEST CONTROL	17,672	10,538	180,881	174,633	174,633	104%	(6,248)	(4%)
PLUMBING SERVICE	(25,103)	59,221	691,843	704,474	704,474	98%	12,631	2%
SOLAR MAINTENANCE	1,787	2,087	23,539	25,000	25,000	94%	1,461	6%
TOTAL	\$150,433	\$148,428	\$1,720,656	\$1,826,370	\$1,826,369	94%	\$105,714	6%
OPERATING FUND - GENERAL SERVICES								
CONCRETE REPAIR/REPLACEMENT	\$25,777	\$31,076	\$317,238	\$369,462	\$369,462	86%	\$52,224	14%
JANITORIAL SERVICE	85,623	82,210	970,136	977,822	977,822	99%	7,686	1%
GUTTER CLEANING	9,686	23,419	144,309	160,758	160,758	90%	16,449	10%
TRAFFIC CONTROL	1,710	1,862	19,007	22,074	22,074	86%	3,067	14%
WELDING	8,784	10,624	106,793	126,349	126,349	85%	19,556	15%
TOTAL	\$131,581	\$149,191	\$1,557,483	\$1,656,465	\$1,656,465	94%	\$98,982	6%
OPERATING FUND - LANDSCAPE SERVICES								
LANDSCAPE ADMINISTRATION	\$33,403	\$28,744	\$337,679	\$341,287	\$341,287	99%	\$3,608	1%
NURSERY & COMPOSTING	25,172	24,476	260,595	290,924	290,925	90%	30,328	10%
GROUNDS MAINTENANCE	255,419	270,020	3,313,164	3,211,030	3,211,030	103%	(102,134)	(3%)
IRRIGATION	87,310	87,487	1,018,237	1,040,845	1,040,845	98%	22,607	2%
SMALL EQUIPMENT REPAIR	20,686	19,112	231,976	227,135	227,135	102%	(4,841)	(2%)
PEST CONTROL	29,994	32,306	391,191	383,391	383,391	102%	(7,801)	(2%)
TOTAL	\$451,983	\$462,145	\$5,552,844	\$5,494,611	\$5,494,612	101%	(\$58,232)	(1%)

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF DECEMBER 31, 2022**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET *	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
REPLACEMENT FUND - MAINTENANCE & CONSTRUCTION								
BUILDING STRUCTURES	276,651	214,723	1,653,642	2,502,043	2,502,042	66%	848,400	34%
ELECTRICAL SYSTEMS	0	3,000	0	30,000	30,000	0%	30,000	100%
EXTERIOR LIGHTING	1,576	2,098	14,473	25,000	25,000	58%	10,527	42%
FENCING	14,748	5,387	62,837	63,996	63,996	98%	1,160	2%
GARDEN VILLA LOBBY	(7,050)	0	1,828	12,000	12,000	15%	10,172	85%
GARDEN VILLA MAILROOM	284	38	285	412	412	69%	128	31%
GV REC ROOM WATER HEATER/HEAT PUMP	(4,131)	253	2,759	2,984	2,984	92%	225	8%
GUTTER REPLACEMENTS	(17,161)	6,617	29,973	78,926	78,926	38%	48,953	62%
MAILBOXES	2,536	767	2,743	9,143	9,143	30%	6,400	70%
PAINT PROGRAM - EXTERIOR	104,907	133,445	1,415,152	1,586,079	1,586,079	89%	170,928	11%
PRIOR TO PAINT	(190,906)	99,474	1,042,713	1,166,430	1,166,430	89%	123,717	11%
PAVING	0	0	423,955	433,960	433,960	98%	10,005	2%
ROOF REPLACEMENTS	173,344	10,250	1,446,746	1,461,792	1,461,792	99%	15,046	1%
WALL REPLACEMENTS	0	0	29,994	35,000	35,000	86%	5,006	14%
WASTE LINE REMEDIATION	39,797	70,000	617,558	700,000	700,000	88%	82,442	12%
WATER LINES - COPPER PIPE REMEDIATION	358,944	0	358,944	500,000	500,000	72%	141,056	28%
TOTAL	\$753,539	\$546,052	\$7,103,600	\$8,607,765	\$8,607,764	83%	\$1,504,165	17%
REPLACEMENT FUND - GENERAL SERVICES								
PRIOR TO PAINT	\$971	\$1,070	\$10,873	\$12,712	\$12,712	86%	\$1,839	14%
PAVING	5,076	5,702	69,136	67,606	67,606	102%	(1,529)	(2%)
EXTERIOR WALLS	0	2,018	0	24,150	24,150	0%	24,150	100%
TOTAL	\$6,047	\$8,790	\$80,009	\$104,469	\$104,469	77%	\$24,460	23%
REPLACEMENT FUND - LANDSCAPE SERVICES								
LANDSCAPE MODIFICATION	\$141,613	\$43,665	\$614,885	\$523,702	\$823,702	75%	(\$91,184)	(17%)
IMPROVEMENT & RESTORATION	5,035	10,877	111,646	129,214	129,214	86%	17,567	14%
TREE MAINTENANCE	90,409	79,012	965,034	943,424	943,424	102%	(21,609)	(2%)
TOTAL	\$237,057	\$133,555	\$1,691,566	\$1,596,339	\$1,896,339	89%	(\$95,226)	(6%)
ELEVATOR REPLACEMENT FUND								
ELEVATOR REPLACEMENT	\$0	\$8,750	\$89,872	\$105,000	\$105,000	86%	\$15,128	14%
TOTAL	\$0	\$8,750	\$89,872	\$105,000	\$105,000	86%	\$15,128	14%

**THIRD LAGUNA HILLS MUTUAL
FUND EXPENDITURES REPORT
AS OF DECEMBER 31, 2022**

DESCRIPTION	CURRENT MONTH		YEAR-TO-DATE		TOTAL BUDGET *	% EXPENDED	VARIANCE	
	ACTUAL	BUDGET	ACTUAL	BUDGET			\$	%
LAUNDRY REPLACEMENT FUND								
LAUNDRY APPLIANCES	\$12,608	\$7,844	\$92,085	\$93,712	\$93,712	98%	\$1,627	2%
LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	14,372	1,351	14,977	16,028	16,028	93%	1,051	7%
TOTAL	\$26,980	\$9,195	\$107,062	\$109,740	\$109,740	98%	\$2,678	2%
DISASTER FUND - MAINTENANCE & CONSTRUCTION								
MOISTURE INTRUSION - RAIN LEAKS	\$87,336	\$19,801	\$165,226	\$237,513	\$237,513	70%	\$72,287	30%
MOISTURE INTRUSION - PLUMBING LEAKS	(107,489)	33,337	143,139	400,000	400,000	36%	256,861	64%
MOISTURE INTRUSION - PLUMBING STOPPAGES	44,823	4,174	128,035	50,000	50,000	256%	(78,035)	(156%)
MOISTURE INTRUSION - MISCELLANEOUS	(164,885)	3,879	48,749	46,548	46,548	105%	(2,201)	(5%)
DAMAGE RESTORATION SERVICES	(13,173)	15,959	85,261	190,935	190,935	45%	105,674	55%
TOTAL	(\$153,389)	\$77,150	\$570,411	\$924,996	\$924,996	62%	\$354,585	38%
DISASTER FUND - LANDSCAPE SERVICES								
RISK FIRE MANAGEMENT	\$0	\$15,000	\$90,629	\$180,000	\$180,000	50%	\$89,371	50%
TOTAL	\$0	\$15,000	\$90,629	\$180,000	\$180,000	50%	\$89,371	50%
GARDEN VILLA RECREATION ROOM FUND								
GARDEN VILLA RECREATION ROOMS	\$9,303	\$5,907	\$82,796	\$73,460	\$73,459	113%	(\$9,336)	(13%)
TOTAL	\$9,303	\$5,907	\$82,796	\$73,460	\$73,459	113%	(\$9,336)	(13%)

**RESERVE EXPENDITURES COMPARED TO RESERVE STUDY
AS PRESENTED IN THE 2022 BUSINESS PLAN
AS OF DECEMBER 31, 2022**

	2022	2022	2022	2022	2022	2022
	YTD Actual	YTD Budget	YTD Variance	Annual Budget	% Expended	Annual Projected
Paved Surfaces	\$493,091	\$501,566	\$8,476	\$501,566	98%	\$495,787
Roofing & Gutters	\$1,476,720	\$1,540,718	\$63,999	\$1,540,718	96%	\$1,488,518
Building Structures	\$1,653,642	\$2,502,043	\$848,401	\$2,502,043	66%	\$1,928,670
Decking Projects	\$375,407	\$436,454	\$61,047	\$436,454	86%	\$375,407
Prior to Painting & Painting Projects	\$2,093,331	\$2,328,768	\$235,437	\$2,328,768	90%	\$2,115,886
Elevators	\$89,872	\$105,000	\$15,128	\$105,000	86%	\$89,872
Garden Villas	\$4,871	\$15,396	\$10,525	\$15,396	32%	\$15,458
Lighting Replacement Projects	\$14,473	\$25,000	\$10,527	\$25,000	58%	\$14,208
Walls, Fencing, and Railings	\$92,831	\$125,952	\$33,121	\$125,952	74%	\$96,837
Laundry Facilities	\$107,062	\$106,934	(\$128)	\$106,934	100%	\$106,660
Sewer Lines, Water Lines and Elect	\$976,501	\$1,230,000	\$253,498	\$1,230,000	79%	\$820,000
Grounds & Miscellaneous	\$2,743	\$9,143	\$6,400	\$9,143	30%	\$2,743
Landscape Projects	\$1,691,566	\$1,596,339	(\$95,226)	\$1,896,339	89%	\$1,986,171
Total	\$9,072,109	\$10,523,313	\$1,451,205	\$10,823,313	84%	\$9,536,217

**THIRD LAGUNA HILLS
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES
REPORT AS OF DECEMBER 31, 2022**

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

APPLIANCE REPAIRS	\$87,868	\$75,817	\$12,051	\$0
CARPENTRY SERVICE	466,057	412,060	53,996	0
ELECTRICAL SERVICE	117,107	101,193	10,659	5,255
FIRE PROTECTION	142,282	4,605	1,108	136,569
MISC REPAIRS BY OUTSIDE SERVICE	11,079	0	0	11,079
PEST CONTROL	180,881	0	0	180,881
PLUMBING SERVICE	691,843	500,106	53,424	138,312
SOLAR MAINTENANCE	23,539	0	0	23,539
TOTAL	\$1,720,656	\$1,093,782	\$131,239	\$495,636

OPERATING FUND - GENERAL SERVICES

CONCRETE REPAIR/REPLACEMENT	\$317,238	\$289,131	\$26,131	\$1,976
JANITORIAL SERVICE	970,136	944,169	25,967	0
GUTTER CLEANING	144,309	108,449	0	35,860
TRAFFIC CONTROL	19,007	18,993	13	0
WELDING	106,793	97,575	1,448	7,770
TOTAL	\$1,557,483	\$1,458,317	\$53,560	\$45,606

OPERATING EXPENDITURES - LANDSCAPE SERVICES

LANDSCAPE ADMINISTRATION	\$337,679	\$337,679	\$0	\$0
NURSERY & COMPOSTING	260,595	260,595	0	0
GROUNDS MAINTENANCE	3,313,164	2,900,310	1,955	410,900
IRRIGATION	1,018,237	879,958	138,279	0
SMALL EQUIPMENT REPAIR	231,976	231,976	0	0
PEST CONTROL	391,191	391,191	0	0
TOTAL	\$5,552,844	\$5,001,710	\$140,234	\$410,900

OPERATING - CHARGEABLE SERVICES

CHARGEABLE SERVICES	\$1,238,639	\$137,815	\$177,284	\$923,540
TOTAL	\$1,238,639	\$137,815	\$177,284	\$923,540

RESERVE FUND - MAINTENANCE & CONSTRUCTION

BUILDING NUMBERS	\$0	\$0	\$0	\$0
BUILDING STRUCTURES	1,653,642	323,129	57,059	1,273,454
ELECTRICAL SYSTEMS	0	0	0	0
EXTERIOR LIGHTING	14,473	0	0	14,473
FENCING	62,837	49,179	13,657	0
GARDEN VILLA LOBBY	1,828	0	410	1,418
GARDEN VILLA MAILROOM	285	285	0	0
GARDEN VILLA RECESSED AREA	0	0	0	0
GV REC ROOM WATER HEATER/HEAT PUMP	2,759	902	1,857	0
GUTTER REPLACEMENTS	29,973	24,846	5,127	0
MAILBOXES	2,743	2,743	0	0
PAINT PROGRAM - EXTERIOR	1,415,152	1,246,428	154,497	14,227
PRIOR TO PAINT	1,042,713	916,888	117,513	8,312
PAVING	423,955	0	0	423,955
ROOF REPLACEMENTS	1,446,746	0	0	1,446,746
WALL REPLACEMENTS	29,994	0	0	29,994
WASTE LINE REMEDIATION	617,558	0	0	617,558
WATER LINES - COPPER PIPE REMEDIATION	358,944	0	0	358,944
PLUMBING REPLACEMENT	0	0	0	0
TOTAL	\$7,103,600	\$2,564,400	\$350,119	\$4,189,081

**THIRD LAGUNA HILLS
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES
REPORT AS OF DECEMBER 31, 2022**

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

PRIOR TO PAINT	\$10,873	\$10,873	\$0	\$0
PAVING	69,136	56,834	12,302	0
EXTERIOR WALLS	0	0	0	0
TOTAL	\$80,009	\$67,708	\$12,302	\$0

RESERVE FUND - LANDSCAPE

LANDSCAPE MODIFICATION	\$614,885	\$8,216	\$0	\$606,670
IMPROVEMENT & RESTORATION	111,646	111,646	0	0
TREE MAINTENANCE	965,034	505,257	0	459,777
TOTAL	\$1,691,566	\$625,119	\$0	\$1,066,447

RESERVE FUND - ELEVATOR

ELEVATOR REPLACEMENT	\$89,872	\$0	\$0	\$89,872
TOTAL	\$89,872	\$0	\$0	\$89,872

RESERVE FUND - LAUNDRY

LAUNDRY APPLIANCES	\$92,085	\$15,185	\$76,901	\$0
LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	14,977	14,777	199	0
TOTAL	\$107,062	\$29,962	\$77,100	\$0

DISASTER FUND - MAINTENANCE & CONSTRUCTION

MOISTURE INTRUSION - RAIN LEAKS	\$165,226	\$0	\$0	\$165,226
MOISTURE INTRUSION - PLUMBING LEAKS	143,139	0	0	143,139
MOISTURE INTRUSION - PLUMBING STOPPAGES	128,035	0	0	128,035
MOISTURE INTRUSION - MISCELLANEOUS	48,749	0	0	48,749
DAMAGE RESTORATION SERVICES	85,261	31,904	6,673	46,685
TOTAL	\$570,411	\$31,904	\$6,673	\$531,834

DISASTER FUND - LANDSCAPE SERVICES

RISK FIRE MANAGEMENT	\$90,629	\$11,237	\$0	\$79,392
SUPPLEMENTAL APPROPRIATIONS	\$0	\$0	\$0	\$0
TOTAL	\$90,629	\$11,237	\$0	\$79,392

**THIRD LAGUNA HILLS
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES
REPORT AS OF DECEMBER 31, 2022**

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

APPLIANCE REPAIRS	\$0	\$0	\$0
CARPENTRY SERVICE	0	17,500	17,500
ELECTRICAL SERVICE	5,255	2,500	(2,755)
FIRE PROTECTION	136,569	138,150	1,581
MISC REPAIRS BY OUTSIDE SERVICE	11,079	58,664	47,585
PEST CONTROL	180,881	174,633	(6,248)
PLUMBING SERVICE	138,312	95,000	(43,312)
SOLAR MAINTENANCE	23,539	25,000	1,461
TOTAL	\$495,636	\$511,447	\$15,812

OPERATING FUND - GENERAL SERVICES

CONCRETE REPAIR/REPLACEMENT	\$1,976	\$0	(\$1,976)
JANITORIAL SERVICE	0	0	0
GUTTER CLEANING	35,860	37,000	1,140
TRAFFIC CONTROL	0	0	0
WELDING	7,770	15,000	7,230
TOTAL	\$45,606	\$52,000	\$6,394

OPERATING EXPENDITURES - LANDSCAPE SERVICES

LANDSCAPE ADMINISTRATION	\$0	\$0	\$0
NURSERY & COMPOSTING	0	0	0
GROUPS MAINTENANCE	410,900	0	(410,900)
IRRIGATION	0	0	0
SMALL EQUIPMENT REPAIR	0	0	0
PEST CONTROL	0	0	0
TOTAL	\$410,900	\$0	(\$410,900)

OPERATING - CHARGEABLE SERVICES

CHARGEABLE SERVICES	\$923,540	\$235,600	(687,940)
TOTAL	\$923,540	\$235,600	(687,940)

OPERATING - SECURITY SERVICES

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

**THIRD LAGUNA HILLS
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES
REPORT AS OF DECEMBER 31, 2022**

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

BUILDING STRUCTURES	1,273,454	2,059,561	786,107
EXTERIOR LIGHTING	14,473	25,000	10,527
FENCING	0	0	0
GARDEN VILLA LOBBY	1,418	12,000	10,582
GARDEN VILLA MAILROOM	0	0	0
GV REC ROOM WATER HEATER/HEAT PUMP	0	0	0
GUTTER REPLACEMENTS	0	50,000	50,000
MAILBOXES	0	0	0
PAINT PROGRAM - EXTERIOR	14,227	57,500	43,273
PRIOR TO PAINT	8,312	55,000	46,688
PAVING	423,955	433,960	10,005
ROOF REPLACEMENTS	1,446,746	1,461,792	15,046
WALL REPLACEMENTS	29,994	35,000	5,006
WASTE LINE REMEDIATION	617,558	700,000	82,442
WATER LINES - COPPER PIPE REMEDIATION	358,944	500,000	141,056
TOTAL	\$4,189,081	\$5,419,813	\$1,230,732

RESERVE FUND - GENERAL SERVICES

PRIOR TO PAINT	\$0	\$0	\$0
PAVING	0	0	0
EXTERIOR WALLS	0	24,150	24,150
TOTAL	\$0	\$24,150	\$24,150

RESERVE FUND - LANDSCAPE

LANDSCAPE MODIFICATION	\$606,670	\$515,166	(\$91,504)
IMPROVEMENT & RESTORATION	0	0	0
TREE MAINTENANCE	459,777	503,120	43,343
TOTAL	\$1,066,447	\$1,018,286	(\$48,161)

RESERVE FUND - ELEVATOR

ELEVATOR REPLACEMENT	\$89,872	\$105,000	\$15,128
TOTAL	\$89,872	\$105,000	\$15,128

RESERVE FUND - LAUNDRY

LAUNDRY APPLIANCES	\$0	\$2,806	\$2,806
LAUNDRY COUNTERTOP/FLOOR/TILE REPAIRS	0	0	0
TOTAL	\$0	\$2,806	\$2,806

**THIRD LAGUNA HILLS
MUTUAL MAINTENANCE PROGRAMS EXPENDITURES
REPORT AS OF DECEMBER 31, 2022**

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

MOISTURE INTRUSION - RAIN LEAKS	\$165,226	\$237,513	\$72,287
MOISTURE INTRUSION - PLUMBING LEAKS	143,139	400,000	256,861
MOISTURE INTRUSION - PLUMBING STOPPAGES	128,035	50,000	(78,035)
MOISTURE INTRUSION - MISCELLANEOUS	48,749	46,548	(2,201)
DAMAGE RESTORATION SERVICES	46,685	155,000	108,315
TOTAL	\$531,834	\$889,061	\$357,227

DISASTER FUND - LANDSCAPE SERVICES

RISK FIRE MANAGEMENT	\$79,392	\$180,000	\$100,608
SUPPLEMENTAL APPROPRIATIONS	\$0	\$0	\$0
TOTAL	\$79,392	\$180,000	\$100,608

DISASTER FUND - FINANCIAL SERVICES

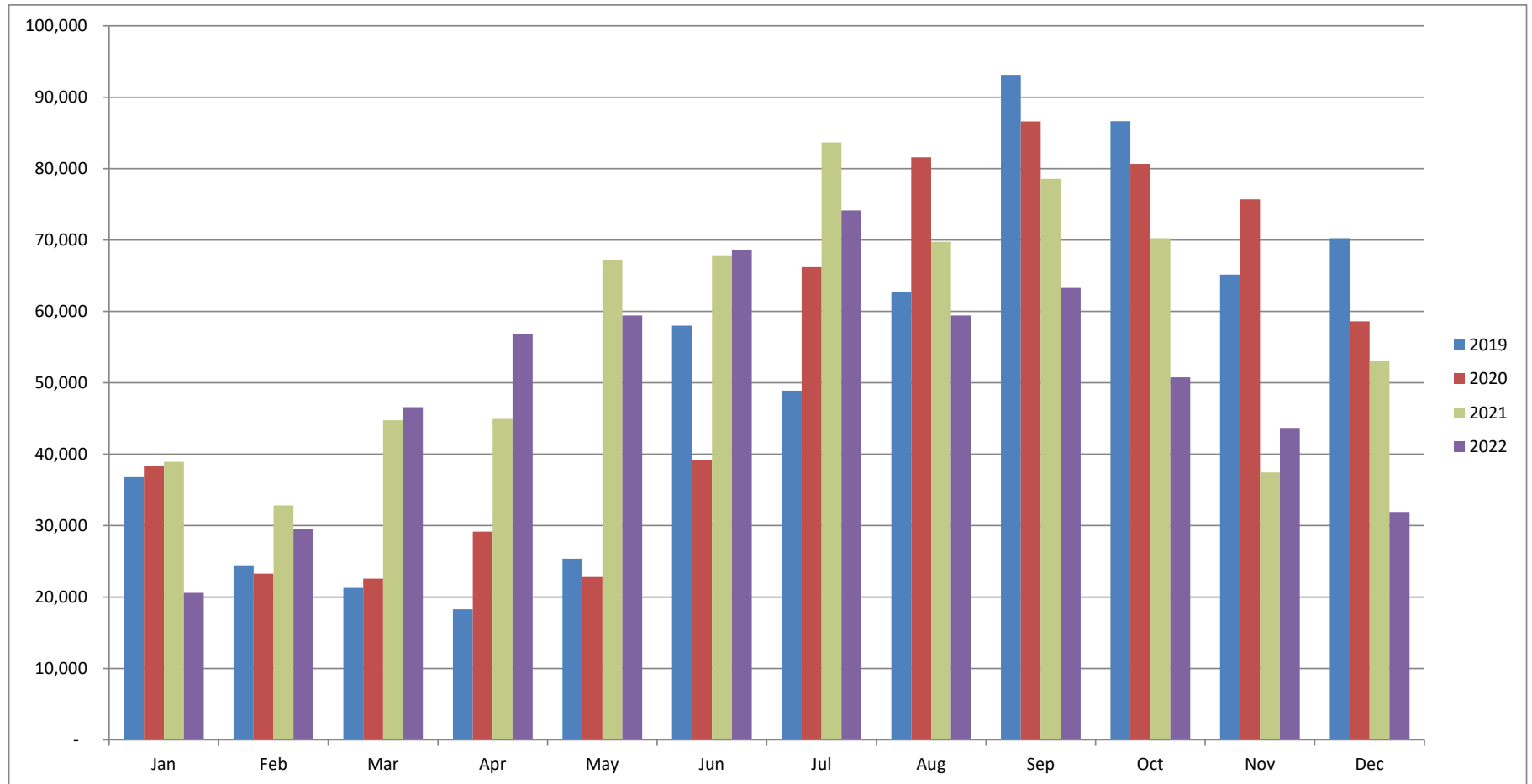
INSURANCE PREMIUMS	\$0	\$0	\$0
TOTAL	\$0	\$0	\$0

GARDEN VILLA REC ROOM FUND - MAINTENANCE & CONSTRUCTION

GARDEN VILLA RECREATION ROOMS	\$47,505	\$32,095	(\$15,410)
TOTAL	\$47,505	\$32,095	(\$15,410)

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
2019	36,777	24,432	21,298	18,269	25,378	58,015	48,914	62,672	93,135	86,655	65,159	70,254	\$2,652,552	610,958	610,958
2020	38,350	23,285	22,570	29,169	22,804	39,197	66,203	81,581	86,612	80,664	75,700	58,608	\$2,769,686	624,743	624,743
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	\$3,045,270	689,149	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	\$2,893,092	604,812	604,812

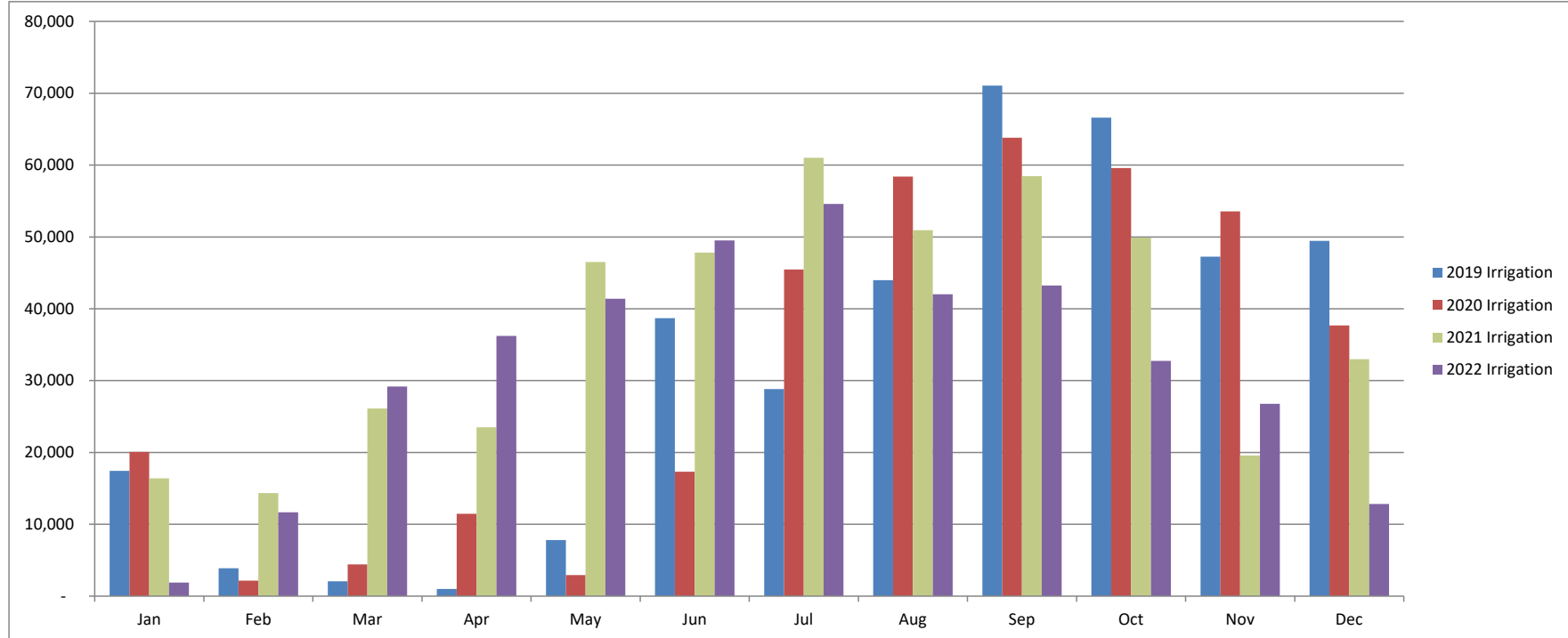


*Derived From ETWD Billing Statements

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
2019 Irrigation	17,434	3,892	2,081	1,000	7,803	38,696	28,811	43,994	71,052	66,612	47,254	49,451	\$1,434,830	378,080	378,080
2020 Irrigation	20,096	2,146	4,430	11,464	2,923	17,310	45,463	58,399	63,816	59,592	53,554	37,681	\$1,450,528	376,874	376,874
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	\$1,688,072	447,541	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	\$1,542,118	382,088	382,088

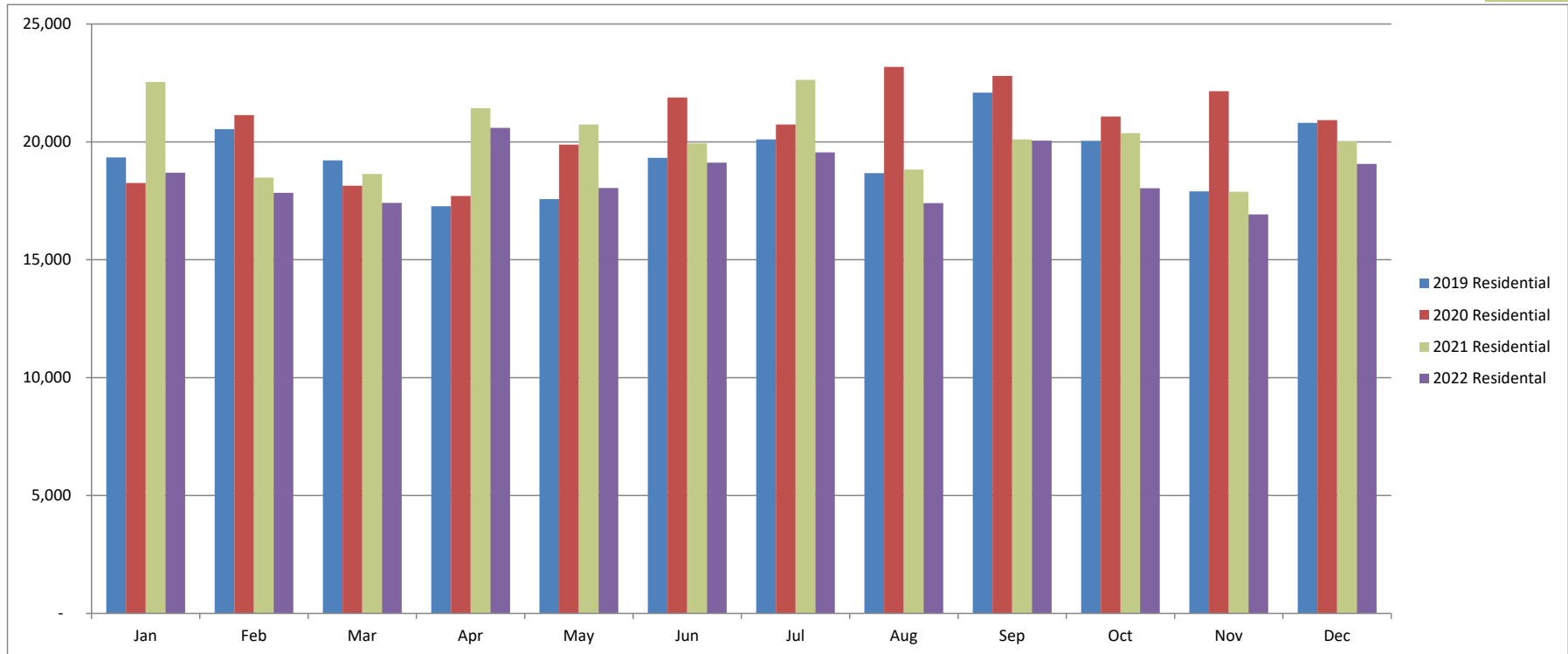


*Derived From ETWD Billing Statements

Third Mutual

Residential Water Usage in 100 cubic feet units

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD \$*	YTD ccf	Total
2019 Residential	19,343	20,540	19,217	17,269	17,575	19,319	20,103	18,678	22,083	20,043	17,905	20,803	\$1,217,722	232,878	232,878
2020 Residential	18,254	21,139	18,140	17,705	19,881	21,887	20,740	23,182	22,796	21,072	22,146	20,927	\$1,319,157	247,869	247,869
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	\$1,357,198	241,608	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	\$1,350,974	222,724	222,724



*Derived From ETWD Billing Statements

Third Laguna Hills Mutual
Supplemental Appropriation Schedule
Period Ending: 12/31/2022

Fund/Item	Resolution	BUDGET	EXPENDITURES I-T-D*			Remaining Ecumbrance
		Total Appropriations	2022	Prior Years	Total	
Disaster Fund						
Insurance Renewal	3-21-44	1,736,403	0	1,012,902	1,012,902	1,736,403
	Total	\$1,736,403	\$0	\$1,012,902	\$1,012,902	\$1,736,403

Fund/Item	Resolution	BUDGET	EXPENDITURES I-T-D*			Remaining Ecumbrance
		Total Appropriations	2022	Prior Years	Total	
Unappropriated Expenditures Fund						
Insurance Renewal	3-21-44	1,736,403	0	1,012,902	1,012,902	1,736,403
Mitigation of Nuisance Seepage - Gate 11	3-22-54	34,960	7,009	0	7,009	27,951
	Total	\$1,771,363	\$7,009	\$1,012,902	\$1,019,911	\$1,764,354

*Incurred To Date

RESOLUTION 03-23-XX

THIRD LAGUNA HILLS MUTUAL INVESTMENT POLICY

BE IT RESOLVED, February 14, 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:

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.

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.

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.

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.



STAFF REPORT

DATE: February 7, 2023
FOR: Finance Committee
SUBJECT: Discretionary Investments

RECOMMENDATION

The Finance Committee shall develop and approve a recommendation to the Third Laguna Hills Mutual Board for reinvesting the discretionary investments upon the portfolio's maturity on February 23, 2023 based on guidance from a financial advisor.

BACKGROUND

In March of 2022, Third's available discretionary investment funds of \$25,182,483 were used to purchase \$25,407,000 of treasury bills with an approximate 12-month maturity. The interest rate available for the 12-month T-bill as of March 2022 was 90 basis points, or 0.9%. The treasury bills are scheduled to mature on February 23, 2023 with interest earned equaling \$224,517. Upon maturity, the portfolio of treasury bills will be converted to cash and deposited to the bank account belonging to Third Laguna Hills Mutual.

DISCUSSION

The intent of this staff report is to educate the members of the Third Finance Committee in advance of the upcoming February 2023 treasury bill maturities. If the Committee approves a recommendation on February 7, 2023, the Third board may approve the Committee's recommendation at their next regularly scheduled meeting on February 21, 2023.

Per direction from the board, staff has included below the current annualized rates of return for treasuries with maturities of 3 – 24 months in addition to FDIC insured certificates of deposits:

- Federally backed treasuries
 - Treasury Bill (T-Bill) = Maturity less than 12 months

Maturity	Interest Rate
Treasury 3 month	4.406%
Treasury 6 month	4.560%
Treasury 9 month	4.366%
Treasury 12 month	4.503%

- Treasury Note (T-Bill) = Maturity 12 months or greater

Maturity	Interest Rate
Treasury 15 month	4.674%
Treasury 18 month	4.521%
Treasury 21 month	4.358%
Treasury 24 month	4.259%

- IntraFi CDARS (Certificate of Deposit Account Registry Service)
 - FDIC insured certificates of deposits (CDs) spread across multiple banks under as single managing bank

Maturity	Interest Rate
IntraFi CDARS 12 month	3.375%

FINANCIAL ANALYSIS

The rates and maturities have been provided by staff based on current available published data and are subject to change. The board is responsible for making decision on the reinvestment of discretionary funds in consultation with a financial advisor.

Prepared By: Steve Hormuth, Director of Financial Services

Reviewed By: Pam Jensen, Controller