

MICE & RATS

Mutual One is experiencing mice and rat infestations in many of our buildings. We had this serious problem years ago and the Board of Directors at that time prohibited planting fruit and vegetables in Mutual One. The problem went away. Several years ago the Board of Directors at that time allowed fruits and vegetables to be planted in the Mutual if they were planted in pots. The mice and rats don't know the difference if a fruit or vegetable is in the ground or in a pot! The food is an attraction either way. In addition, we now have the compost bins in the trash can area and that could be their "HomeTown Buffet"! Director St.Aubin is in constant contact with our contracted pest control company-*Fenn Pest Control*. She has ordered special treatments for those infested buildings. There are several signs that indicate mice are in your home: Scratching noises in the walls, cabinets and behind appliances, spotting live or dead mice and mice feces and urine. The mice and rats will eat almost anything you have for food.

MUTUAL ONE BOARD MEETINGS TAKE PLACE ON THE 4TH THURSDAY OF THE MONTH IN BLDG. 5; CONFERENCE ROOM B AT 9:00 AM

MUTUAL ONE MATTERS

LEISURE WORLD SEAL BEACH



Message from President Lt. Dan

Congratulations on living in Leisure World Mutual One. You have unique advantages being a Shareholder in this community, so let's highlight some benefits: Leisure World Mutual One was incorporated on August 1, 1961 as a not-for-profit corporation, and owns the structures/buildings and lawns that comprise the Mutual. You became a Shareholder in the Mutual One Corporation, with rights to live in a specific residence, in effect, renting the residence from the Mutual. The Mutual maintains landscaping, building structures and "original equipment" in the unit. Similarly, the Golden Rain Foundation ((GRF), a not-for-profit corporation owns and maintains community assets including most roadways, clubhouses, the golf course, pickleball courts, bocce ball courts, amphitheater, fitness center, swimming pool, RV Lot, etc. As a resident you pay for these services from both the Mutual and Golden Rain Foundation through you're monthly assessments.

You have a tremendous cost advantage, living as a retiree in Leisure World. In a sample of residences for sale in Leisure World, the average is \$377 per square foot. Compare this to a sample of Los Alamitos and Rossmore; average \$641 per square foot. (*) **It costs 70% more to live outside of Leisure World gates.** Residents have access to all GRF facilities including 200 clubs, specifically for your use. You also have services from the Security Department, as well as access to local law enforcement.

BTW: Some Mutuals allow renting—Mutual One does not. Of course, an investor would like to purchase a unit from a not-for-profit and rent it at higher, local market rates! **We want the savings to go to you, the residents, not investors!**

Mutual One sewers are in the last stages of re-lining, copper plumbing has been installed, residences, laundry rooms and carports have been painted and roofs have been replaced. Mutual One monthly fees (2023) are the 3rd lowest of the 16 Mutuals in Leisure World, and by far the best funded.

Be on the lookout for some planned future Mutual get-togethers. It is about time we celebrate as a community!

(*) Prices for units that are listed for sale online via Zillow - samples for Leisure World; 1BR, vs 2 BR units vary in \$ per square foot by 3%. This excludes GRF and Mutual fees. Samples of Los Alamitos/Rossmore townhome vs single family residence variance is 1%.

MARK YOUR CALENDAR!!! MEET & GREET ON APRIL 14, 2024

Message from Corporate Financial Officer John Markovich

Proposed Mutual One Budget

It is time to finalize the 2024 Mutual One Budget. This article is a brief overview of the proposed budget and how it affects you. First, some important background information. You own a share of stock in the Mutual One Corporation (hereinafter M1). You are a Shareholder in the Seal Beach Mutual One, a not-for-profit corporation. This corporation, like any other corporation, has a net worth, an operating budget, and a board of directors. Also, M1 (like all other Mutuals in Leisure World), is interconnected with the Golden Rain Foundation (GRF). This relationship is a bit complex, but for the purposes of this article, we'll think of the GRF as our property management company. More specifically, it's the corporate accountant for M1. It collects shareholder assessments, pays bills, and prepares financial reports. Be assured, this accounting service is efficient and valuable.

Every January you receive a statement from the GRF that tells you how much your Monthly Carrying Charge will be for the coming year. This charge is mainly the total of three items: 1) Property tax, 2) the GRF Assessment, and 3) the Mutual Assessment. The property tax is based on how much you paid for the unit's share of stock and certain improvements you've made to the unit. The current GRF Assessment is the same for all Shareholders in Leisure World, \$193.23. The current M1 Assessment is the same for all M1 Shareholders, \$238.71.

Let's look at the equity and budget numbers.

Net Worth/Equity. CINC Systems is the new accounting and property management software used by GRF. It breaks down the net worth number in a somewhat different way from what we've seen before in GRF financial reports. Reserve Funding is categorized separately from Total Liabilities and Equity. Therefore, we take \$5,398,683.42 in the reserve accounts and add it to the \$14,476,052.21 in total liabilities and equity to calculate M1's net worth. The result is \$19,874,735.63. Thus, you are a Shareholder in a corporation that is worth about 19.9 million dollars. These numbers are based on the July 2023 Financial Report. Do you want the details? You can get them online at your personalized CINC portal.

2024 Budget. The Finance Committee has prepared the 2024 Budget, in compliance with the Davis-Stirling Act, and vetted it with Mallorie Hall, the GRF Director of Finance. The Budget will be discussed and voted on at the October Meeting of the Board of Directors. If you know a little about accounting then you know the credits and debits (you can call them receipts and disbursements or income and expenses) should equal out on the ledger. If they don't, you have deficit spending or are running a surplus. Neither is desirable in a not-for-profit corporation. What about unexpected repair or replacement expenses for damaged infrastructure components? Shouldn't we have "extra" money for that? The short answer is no. Of course, there is a long, detailed answer to that question! But remember, we have 5.4 million dollars in the reserve accounts. These accounts are used to repair or replace infrastructure components. The reserve accounts are projected to be funded at nearly 101% in 2024.

Income. By far, monthly M1 assessment payments are the largest source of mutual income. There are 844 units in M1. The current monthly assessment is \$238.71. These payments generate \$201,471.24 per month, \$2,417,654.88 per year. For a number of reasons, the actual assessment income varies. Total M1 income is projected to be \$2,875,961.10.

Expenses. The proposed 2024 M1 Budget estimates total annual expenses to be \$2,875,961.10. Where does the money go? Here is the list of the 5 largest expense line items: Reserve Contribution \$404,981; Landscaping (combined) \$363,062; Insurance \$341,730; Water \$168,090; Trash \$114,636. That adds up to \$2,392,499, about 83.2% of the budget. It is very important to note that these line items are essentially non-discretionary. That means we have little or no control over their funding levels.

And now the conclusions we're all waiting for. The Finance Committee does not recommend an assessment increase in the proposed 2024 M1 Budget. The Finance Committee is recommending that the M1 Assessment remain the same at \$238.71 per month. Finally, please remember that the M1 Board of Directors has no authority or input with respect to the GRF Budget or their 2024 assessment amount.