

**Seal Beach Mutual Four
Operating Budget
Year Ended December 31, 2021**

396 Apartments	Average Monthly Per Apartment			Operating Budget In Dollars		
	2021	2020	Change	2021	2020	Change
Electricity	2.95	2.95	0.00	14,018	14,018	0
Water	13.68	12.63	1.05	65,007	60,018	4,989
Trash	9.50	8.89	0.61	45,144	42,245	2,899
Total Utilities	26.13	24.47	1.66	124,169	116,281	7,888
Management Fee	0.56	0.56	0.00	2,661	2,661	0
Legal Fees	0.21	0.16	0.05	998	760	238
Investment Fees	0.00	0.00	0.00	0	0	0
Total Professional Fees	0.77	0.72	0.05	3,659	3,421	238
Landscape - Contract	37.63	37.59	0.04	178,818	178,628	190
Landscape - Extras	5.79	5.68	0.11	27,514	26,991	523
Green Waste Bins	0.00	0.00	0.00	0	0	0
Painting	0.38	0.32	0.06	1,806	1,521	285
Pest Control	3.27	2.33	0.94	15,539	11,072	4,467
Structural Repairs	1.68	1.79	(0.11)	7,983	8,506	(523)
Miscellaneous Services	0.32	0.84	(0.52)	1,521	3,992	(2,471)
Escrow Expenses	0.00	0.00	0.00	0	0	0
Standard Service	12.63	10.73	1.90	60,018	50,989	9,029
Total Services	61.70	59.28	2.42	293,199	281,699	11,500
State & Federal Taxes	1.07	1.88	(0.81)	5,085	8,934	(3,849)
Property & Liability Insurance	24.32	23.35	0.97	115,569	110,959	4,610
Total Taxes & Insurance	25.39	25.23	0.16	120,654	119,893	761
Operating Expenses	113.99	109.70	4.29	541,681	521,294	20,387
Income from Services						
Merchandise Sales	0.00	0.20	(0.20)	0	950	(950)
Laundry Machines	2.31	2.53	(0.22)	10,977	12,023	(1,046)
Total Services Income	2.31	2.73	(0.42)	10,977	12,973	(1,996)
Financial Income						
Interest Income	3.79	6.78	(2.99)	18,010	32,219	(14,209)
Interest Income Allocation	0.00	0.00	0.00	0	0	0
Late Charges	0.11	0.12	(0.01)	523	570	(47)
Inspection Fees	5.89	5.26	0.63	27,989	24,996	2,993
Miscellaneous	0.00	0.02	(0.02)	0	95	(95)
Parking Fines	0.00	0.00	0.00	0	0	0
Total Financial Income	9.79	12.18	(2.39)	46,522	57,880	(11,358)
Operating Income	12.10	14.91	(2.81)	57,499	70,853	(13,354)
Net Operating Cost	101.89	94.79	7.10	484,182	450,441	33,741
Reserve Funding	117.61	120.03	(2.42)	558,860	570,360	(11,500)
Total Mutual Costs	219.50	214.82	4.68	1,043,042	1,020,801	22,241
Allocated Trust Cost	165.05	163.11	1.94	784,318	775,099	9,219
Regular assessment	384.55	377.93	6.62	1,827,360	1,795,900	31,460

Property taxes are assessed to the stockholder's unit and are added to the regular assessment and become part of the monthly payment. Accordingly, they are excluded from the operating budget.

**Seal Beach Mutual Four
Assessment And Reserve Funding Disclosure Summary**

- 1) The current regular assessment per ownership interest per month is \$ 384.55 and the portion allocated to reserves per ownership interest per month is \$ 108.38 .
- 2) Neither the board nor the members have approved additional assessments for any purpose.
- 3) Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major component during the next 30 years?
 Yes X No
- 4) If the answer to #3 is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the board or the members?
- 5) All major components are included in the reserve study and are included in its calculations.
- 6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570, the estimated required amount to be in the reserve fund at the end of the 2020 fiscal year is \$ 3,135,438 based in whole or in part on the last reserve study or update prepared by the board as of 8/04/2020. The projected reserve fund cash balance at the end of the 2020 fiscal year is \$ 1,783,908 reserves being 56.9% funded at this date.
- 7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570, the estimated required amount to be in the reserve fund, the projected fund balance of those years, taking into account only assessments approved and other known revenues, and the percentage funded at the end of each of the next five years is:

Year	Required Funding	Projected Fund Bal.	% Funded
2021	\$ 1,767,324	511,559	28.9%
2022	1,652,759	505,070	30.6%
2023	1,457,696	426,566	29.3%
2024	1,673,583	789,032	47.1%
2025	1,901,818	1,134,408	59.6%

This financial representation set forth in this summary are based on the best estimates of the board at this time and is further predicated on the board maintaining the current Reserve Funding Plan.

**Seal Beach Mutual Four
Replacement Reserve Summary
Budget Year 2021**

While preparing the annual operating budget, the board reviews the conditions and assumptions regarding the common interest of the Mutual. This review consists of updating the replacement cost and remaining useful life of the Mutual's common interest property. This data is used to develop reserve requirements using the formula set forth in Civil Code 5570 (b) (4). The board expects to finance all replacements through regular assessments to the shareholders. Accordingly, the board does not plan any special assessments.

Fund	Estimated			Reserve Funding			
	Useful Life	Remaining Life	Replacement Cost	Required Funding	Estimated Beg. Bal.	Planned 2021 Funding	Estimated % Funded
Paint	10	5	293,150	146,575	83,536	20,000	70.6%
Roof	25 - 30	0 - 24	3,504,000	1,309,048	1,001,169	145,000	87.6%
Infrastructure	1 - 50	0 - 47	2,059,100	1,679,815	699,204	350,000	62.5%
Total			5,856,250	3,135,438	1,783,908	515,000	73.3%

**Seal Beach Mutual Four
Project Listing for Budget Year
2021**

Painting Reserve Projects

Description	Unit		Base Line		Year Acquird	Repl Year	Yrs. In Serv.	Useful Life	Years Left	Fnding Ratio	Required Balance	Est. Beg Bal	(Surplus)/ Deficit	% Funded
	#	Cost	Year	Cost										
High Pitch	6	8,417	2021	50,500	2016	2026	5	10	5	50.0%	25,250	14,390	10,860	57.0%
Low Pitch	27	7,778	2021	210,000	2016	2026	5	10	5	50.0%	105,000	59,842	45,158	57.0%
Carports	9	3,056	2021	27,500	2016	2026	5	10	5	50.0%	13,750	7,836	5,914	57.0%
Laundry Rooms	8	644	2021	5,150	2016	2026	5	10	5	50.0%	2,575	1,468	1,107	57.0%
<i>Set aside for painting</i>				293,150							146,575	\$ 83,536	63,039	57.0%

Roofing Reserve Projects

Description	Unit		Base Line		Year Acquird	Repl Year	Yrs. In Serv.	Useful Life	Years Left	Fnding Ratio	Required Balance	Est. Beg Bal	(Surplus)/ Deficit	% Funded
	#	Cost	Year	Cost										
Composite Shingle (2021)	7	85,400	2021	597,800	1996	2021	25	25	0	100.0%	597,800	457,201	140,599	76.5%
Composite Shingle (2040)	6	85,333	2021	512,000	2015	2040	6	25	19	24.0%	122,880	93,979	28,901	76.5%
Composite Shingle (2041)	6	85,333	2021	512,000	2016	2041	5	25	20	20.0%	102,400	78,316	24,084	76.5%
Composite Shingle (2042)	5	85,400	2021	427,000	2017	2042	4	25	21	16.0%	68,320	52,252	16,068	76.5%
Composite Shingle (2043)	5	85,400	2021	427,000	2018	2043	3	25	22	12.0%	51,240	39,189	12,051	76.5%
Composite Shingle (2044)	5	85,400	2021	427,000	2019	2044	2	25	23	8.0%	34,160	26,126	8,034	76.5%
Composite Shingle (2045)	3	85,400	2021	256,200	2020	2045	1	25	24	4.0%	10,248	7,838	2,410	76.5%
Carports Roofs (2023)	9	38,333	2021	345,000	1993	2023	28	30	2	93.3%	322,000	246,268	75,732	76.5%
<i>Set aside for roofing</i>				3,504,000							1,309,048	1,001,169	307,879	76.5%

76.5%

Infrastructure Reserve Projects

Description	Unit		Base Line		Year Acquird	Repl Year	Yrs. In Serv.	Useful Life	Years Left	Fnding Ratio	Required Balance	Est. Beg Bal	(Surplus)/ Deficit	% Funded
	#	Cost	Year	Cost										
Concrete Sidewalks/Drains -	1	8,900	2021	8,900	2016	2021	5	5	0	100.0%	8,900	3,705	5,195	41.6%
Asphalt - Resurface	1	170,000	2021	170,000	2017	2037	4	20	16	20.0%	34,000	14,152	19,848	41.6%
Asphalt - Repair/Seal	1	32,000	2021	32,000	2017	2021	4	4	0	100.0%	32,000	13,320	18,680	41.6%
Concrete Drives & Carports -	1	10,750	2021	10,750	2011	2021	10	10	0	100.0%	10,750	4,475	6,275	41.6%
Fire Extinguisher Cabinets -	8	213	2021	1,700	2001	2021	20	20	0	100.0%	1,700	708	992	41.6%
Meter Doors - Replace	66	265	2021	17,500	2001	2021	20	20	0	100.0%	17,500	7,284	10,216	41.6%
Plumbing - Annual Repairs/R	1	180,000	2021	180,000	2020	2021	1	1	0	100.0%	180,000	74,923	105,077	41.6%
Wood - Repairs	1	11,000	2021	11,000	2020	2021	1	1	0	100.0%	11,000	4,579	6,421	41.6%

**Seal Beach Mutual Four
Project Listing for Budget Year
2021**

Infrastructure Reserve Projects, continued

Description	Unit		Base Line		Year Acquird	Repl Year	Yrs. In Serv.	Useful Life	Years Left	Fnding Ratio	Required Balance	Est. Beg Bal	(Surplus)/ Deficit	% Funded	
	#	Cost	Year	Cost											
Attic Entry Screens - Replace	132	46	2021	6,100	1982	2027	39	45	6	86.7%	5,287	2,201	3,086	41.6%	
Bldg ID Signs - Replace	1	18,500	2021	18,500	2014	2029	7	15	8	46.7%	8,633	3,594	5,040	41.6%	
Auto-Out Fire Suppressors -	1	29,000	2021	29,000	2015	2030	6	15	9	40.0%	11,600	4,828	6,772	41.6%	
Re-Piping (2018)	5	42,500	2021	212,500	2018	2068	3	50	47	6.0%	12,750	5,307	7,443	41.6%	
Re-Piping (2019)	5	42,500	2021	212,500	1971	2021	50	50	0	100.0%	212,500	88,451	124,049	41.6%	
Re-Piping (2020)	5	42,500	2021	212,500	1971	2021	50	50	0	100.0%	212,500	88,451	124,049	41.6%	
Re-Piping (2021)	10	42,500	2021	425,000	1971	2021	50	50	0	100.0%	425,000	176,901	248,099	41.6%	
Re-Piping (2022)	8	42,500	2021	340,000	1972	2022	49	50	1	98.0%	333,200	138,691	194,509	41.6%	
Pole Lights - Replace	144	524	2021	75,500	1999	2023	22	24	2	91.7%	69,208	28,807	40,401	41.6%	
Block Wall - Repair	1	24,000	2021	24,000	1996	2021	25	25	0	100.0%	24,000	9,990	14,010	41.6%	
Irrigation Time Clocks - Rep	5	1,700	2021	8,500	2009	2021	12	12	0	100.0%	8,500	3,538	4,962	41.6%	
Storage Sheds - Replace	3	1,600	2021	4,800	2004	2024	17	20	3	85.0%	4,080	1,698	2,382	41.6%	
Laundry Doors - Replace	16	391	2021	6,250	2001	2021	20	20	0	100.0%	6,250	2,601	3,649	41.6%	
Laundry Water Heaters (2009)	3	2,817	2021	8,450	2009	2021	12	12	0	100.0%	8,450	3,517	4,933	41.6%	
Laundry Water Heaters (2010)	1	2,800	2021	2,800	2010	2022	11	12	1	91.7%	2,567	1,068	1,498	41.6%	
Laundry Water Heaters (2011)	1	2,800	2021	2,800	2011	2023	10	12	2	83.3%	2,333	971	1,362	41.6%	
Laundry Water Heaters (Pre-)	11	2,773	2021	30,500	2009	2021	12	12	0	100.0%	30,500	12,695	17,805	41.6%	
Laundry Sinks	5	1,510	2021	7,550	2000	2024	21	24	3	87.5%	6,606	2,750	3,856	41.6%	
Set aside for infra				2,059,100							1,679,815	\$ 699,204	980,611	41.6%	
				5,856,250							Total requirement for repl. Reserves	3,135,438	1,783,908	1,351,529	56.9%

**Seal Beach Mutual Four
Reserve Contributions Work Sheet
Budget Year 2021**

Fund	Estimated Remaining Life	Current Replacement Cost	Reserve Balance Required	Est. Beg. Bal.	Annual Contribution	
Appliance	Note (1)	41,360	41,360	-	41,360	\$ 8.70
Painting	5	293,150	146,575	83,536	20,000	Note (2)
Roofing	0 - 24	3,504,000	1,309,048	1,001,169	145,000	Note (3)
Infrastructure	0 - 47	2,059,100	1,679,815	699,204	350,000	Note (4)
Contributions to the Replacement fund			3,135,438	1,783,908	515,000	\$ 108.38
Emergency				\$ 108,336	\$ 2,500	Note (5)
Contingency				18,342	0	
Total for budget				1,910,586	558,860	\$ 117.61

Project Reserve Contribution Comparison				
Project	2021	2020	Change	Chg PAPM
Appliance	41,360	41,360	-	-
Painting	20,000	20,000	-	-
Roofing	145,000	160,000	(15,000)	(3.16)
Infrastructure	350,000	346,500	3,500	0.74
Emergency	2,500	2,500	-	-
Contingency	-	-	-	-
Total	558,860	570,360	(11,500)	(2.42)

Notes:

1) The appliance fund is used to fund the replacement of appliances and fixtures. The value of this fund is calculated annually and is the five-year average units replaced times the current replacement cost adjusted for planned expenditures during the budget year. Current installed replacement cost for this calculation is \$79,542 and the adjustment is a \$38,182 decrease for a total requirement of \$41,360. The board approved the 2021 funding of this reserve for \$40,360.

2) The board determined funding of \$20,000 for 2021.

3) The board determined funding of \$145,000 for 2021.

4) The board determined funding of \$350,000 for 2021.

5) The board determined funding of 2,500 for 2021.

6) The board determined no funding was necessary for 2021.

**Seal Beach Mutual Four
Appliance Replacement History**

Item															Unit	Installed Cost		
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	Total	5 yr Avg.	Unit	Extended
Cooktops	4	4	15	6	7	9	2	1	5	7	17	7	47	5	136	7	\$ 520	\$ 3,641
Ovens	9	8	10	4	12	13	9	6	6	6	6	6	4	8	107	9	1,147	10,322
Refrigerators	16	30	16	14	29	18	7	14	14	10	17	22	16	19	242	21	1,126	23,649
Hot Water Heaters	10	23	23	5	10	9	15	35	75	76	55	12	13	9	370	14	778	10,896
Garbage Disposals	9	9	10	13	14	9	12	6	9	7	20	9	26	19	172	11	233	2,562
Sinks - Bath	0	6	7	4	11	6	3	2	6	2	0	7	13	6	73	6	156	938
Sinks - Kitchen	3	4	6	5	6	11	1	4	7	6	4	11	2	1	71	5	662	3,310
Counters - Bath	0	4	2	0	2	4	0	0	1	1	2	5	7	0	28	2	624	1,248
Counters - Kitchen	3	4	3	3	6	14	2	4	5	4	4	15	7	0	74	4	1,470	5,881
Bath Heaters and Fan	11	10	3	3	6	9	4	7	7	11	17	8	12	9	117	7	538	3,763
Toilets	13	18	15	13	16	7	1	1	10	9	8	10	5	6	132	15	275	4,132
Faucet - Bath	5	11	10	8	10	4	6	1	8	10	6	8	14	10	111	9	143	1,285
Faucet - Kitchen	29	17	18	12	21	15	16	14	24	12	19	19	19	11	246	19	191	3,630
Hot Water Tanks - Laund	0	0	0	0	0	0	0	1	1	0	0	1	1	2	6	-	833	-
Washers	0	0	4	6	2	4	2	1	0	2	0	2	2	2	27	2	936	1,872
Dryers	0	0	4	4	2	3	2	0	3	4	2	5	4	6	39	2	722	1,444
Estimated replacement cost based on average replacement history - 2015 to 2019 x current pricing																	\$ 78,573	

Adjustment to reflect projected spending for 2021 \$ (37,213)
 Combined current and contingent appliance replacements **\$ 41,360**

Appliances can be billed on bill codes other than replacement. As such, total replacement expenditures to the right may be less than the total value of replacement items listed above.

Actual expenditures:

2019	\$ 38,990
2018	\$ 54,770
2017	\$ 47,162
2016	\$ 35,335
2015	\$ 46,734
2014	\$ 28,838
2013	\$ 33,083
2012	\$ 33,024
5 yr average	\$ 44,598

Seal Beach Mutual Four
FLOW OF RESERVE FUNDS

	Beginning	Annual	Interest*	Loans or	Expenses	Ending
Year	Fund	Funding**	0.00%	Assessments		Fund
2020						1,783,909
2021	1,783,909	515,000	0		1,787,350	511,559
2022	511,559	543,325	0		549,814	505,070
2023	505,070	573,208	0		651,712	426,566
2024	426,566	584,672	0		222,206	789,032
2025	789,032	596,365	0		250,989	1,134,408
2026	1,134,408	608,292	0		571,580	1,171,120
2027	1,171,120	620,458	0		235,348	1,556,230
2028	1,556,230	632,867	0		234,906	1,954,191
2029	1,954,191	645,524	0		305,925	2,293,790
2030	2,293,790	658,434	0		287,050	2,665,174
2031	2,665,174	671,603	0		283,096	3,053,681
2032	3,053,681	685,035	0		264,389	3,474,327
2033	3,474,327	698,736	0		385,597	3,787,466
2034	3,787,466	712,711	0		284,602	4,215,575
2035	4,215,575	726,965	0		293,139	4,649,401
2036	4,649,401	741,504	0		768,156	4,622,749
2037	4,622,749	756,334	0		630,650	4,748,433
2038	4,748,433	771,461	0		315,694	5,204,200
2039	5,204,200	786,890	0		325,165	5,665,925
2040	5,665,925	802,628	0		1,232,715	5,235,838
2041	5,235,838	818,681	0		1,408,947	4,645,572
2042	4,645,572	835,055	0		1,149,662	4,330,965
2043	4,330,965	851,756	0		1,184,152	3,998,569
2044	3,998,569	868,791	0		1,265,660	3,601,700
2045	3,601,700	886,167	0		1,129,522	3,358,345
2046	3,358,345	903,890	0		2,340,112	1,922,123
2047	1,922,123	921,968	0		580,770	2,263,321
2048	2,263,321	940,407	0		441,037	2,762,691
2049	2,762,691	959,215	0		510,208	3,211,698
2050	3,211,698	978,399	0		450,104	3,739,993
Totals		22,296,341	0	0	20,340,257	

*Interest earned on reserve funds are used to offset operating costs and therefore are not reinvested in the reserve funds.