

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

492 Apartments	Average Monthly Per Apartment			Operating Budget In Dollars		
	2021	2020	Change	2021	2020	Change
Electricity	3.74	3.56	0.18	22,081	21,018	1,063
Telephone	0.02	0.03	(0.01)	118	177	(59)
Water	13.01	13.72	(0.71)	76,811	81,003	(4,192)
Trash	9.50	8.89	0.61	56,088	52,487	3,601
Total Utilities	26.27	26.20	0.07	155,098	154,685	413
Management Fee	0.56	0.56	0.00	3,306	3,306	0
Legal Fees	1.58	1.58	0.00	9,328	9,328	0
Audit Fees	0.00	0.00	0.00	0	0	0
Investment Fees	0.00	0.00	0.00	0	0	0
Total Professional Fees	2.14	2.14	0.00	12,634	12,634	0
Landscape - Contracts	28.78	27.88	0.90	169,917	164,604	5,313
Landscape - Extras	3.40	3.39	0.01	20,074	20,015	59
Landscape - Trees	3.05	3.05	0.00	18,007	18,007	0
Green Waste Bins	0.00	1.69	(1.69)	0	9,978	(9,978)
Painting Repairs	1.61	0.71	0.90	9,505	4,192	5,313
Pest Control	2.29	1.81	0.48	13,520	10,686	2,834
Structural Repairs	4.40	3.05	1.35	25,978	18,007	7,971
Miscellaneous Services	0.93	0.93	0.00	5,491	5,491	0
Escrow Expense	0.00	0.00	0.00	0	0	0
Office Supplies	0.17	0.05	0.12	1,004	295	709
Standard Service	17.45	16.26	1.19	103,025	95,999	7,026
Total Services	62.08	58.82	3.26	366,521	347,274	19,247
State & Federal Taxes	0.53	1.37	(0.84)	3,129	8,088	(4,959)
Property & Liability Insurance	24.32	23.35	0.97	143,585	137,858	5,727
Total Taxes & Insurance	24.85	24.72	0.13	146,714	145,946	768
Operating Expenses	115.34	111.88	3.46	680,967	660,539	20,428
Income from Services						
Merchandise Sales	0.00	0.00	0.00	0	0	0
Laundry Machines	0.00	0.00	0.00	0	0	0
Total Services Income	0.00	0.00	0.00	0	0	0
Financial Income						
Interest Income	1.36	4.57	(3.21)	8,029	26,981	(18,952)
Late Charges	0.59	0.66	(0.07)	3,483	3,897	(414)
Inspection Fees	5.93	5.25	0.68	35,011	30,996	4,015
Buyers Premium	3.81	0.00	3.81	22,494	0	22,494
Carport Rental	0.00	0.00	0.00	0	0	0
Miscellaneous	0.00	0.00	0.00	0	0	0
Parking Fines	0.00	0.00	0.00	0	0	0
Total Financial Income	11.69	10.48	1.21	69,017	61,874	7,143
Operating Income	11.69	10.48	1.21	69,017	61,874	7,143
Net Operating Cost	103.65	101.40	2.25	611,950	598,665	13,285
Reserve Funding	122.59	107.23	15.36	723,782	633,099	90,683
Total Mutual Costs	226.24	208.63	17.61	1,335,732	1,231,764	103,968
Allocated Trust Cost	165.05	163.11	1.94	974,455	963,001	11,454
Regular assessment	391.29	371.74	19.55	2,310,187	2,194,765	115,421

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 Five
Assessment And Reserve Funding Disclosure Summary**

- 1) The current regular assessment per ownership interest per month is \$ 391.29 and the portion allocated to reserves per ownership interest per month is \$ 110.67 .
- 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 \$ 5,079,534 based in whole or in part on the last reserve study or update prepared by the board as of 8/14/2020. The projected reserve fund cash balance at the end of the 2020 fiscal year is \$ 1,087,468 reserves being 21.4% 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	\$ 4,608,967	1,025,018	22.2%
2022	4,309,640	1,156,658	26.8%
2023	3,972,721	1,301,076	32.8%
2024	3,262,058	1,100,971	33.8%
2025	2,765,017	1,182,363	42.8%

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 Five
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	5 - 10	0 - 3	456,650	362,420	302,026	8,000	85.5%
Roof	25 - 30	0 - 28	3,705,000	2,308,854	331,618	516,320	36.7%
Infrastructure	1 - 50	0 - 9	2,781,500	2,408,260	453,824	129,080	24.2%
Total			6,943,150	5,079,534	1,087,468	653,400	34.3%

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

Painting Reserve Projects

Description	Unit		Base Line		Year Acqurd	Repl Year	Yrs. In Serv.	Useful Life	Years Left	Fnding Ratio	Required Balance	Est. Beg Bal	(Surplus)/ Deficit	% Funded
	#	Cost	Year	Cost										
Laundry Rm Repaint	1	6,150	2021	6,150	2013	2023	8	10	2	80.0%	4,920	4,100	820	83.3%
Stucco - Repaint	1	310,000	2021	310,000	2014	2024	7	10	3	70.0%	217,000	180,839	36,161	83.3%
Wood Surfaces - Repaint	1	87,000	2021	87,000	2016	2021	5	5	0	100.0%	87,000	72,502	14,498	83.3%
Wood Surfaces - Repair	1	53,500	2021	53,500	2016	2021	5	5	0	100.0%	53,500	44,585	8,915	83.3%
<i>Set aside for painting</i>				456,650							362,420	302,026	60,394	83.3%

Roofing Reserve Projects

Description	Unit		Base Line		Year Acqurd	Repl Year	Yrs. In Serv.	Useful Life	Years Left	Fnding Ratio	Required Balance	Est. Beg Bal	(Surplus)/ Deficit	% Funded
	#	Cost	Year	Cost										
High Pitch Roofs Replace	1	382,000	2021	382,000		2024			3	88.0%	336,160	48,282	287,878	14.4%
High Pitch Roofs Replace	1	394,000	2021	394,000		2025			4	84.0%	330,960	47,535	283,425	14.4%
Low Slope Roofs Replace	1	350,000	2021	350,000		2021			0	100.0%	350,000	50,270	299,730	14.4%
Low Slope Roofs Replace	1	450,000	2021	450,000		2022			1	96.7%	435,000	62,479	372,521	14.4%
Low Slope Roofs Replace	1	464,000	2021	464,000		2023			2	93.3%	433,067	62,201	370,866	14.4%
Low Slope Roofs Replace	1	680,000	2021	680,000		2047			26	13.3%	90,667	13,022	77,645	14.4%
Low Slope Roofs Replace	1	320,000	2021	320,000		2048			27	10.0%	32,000	4,596	27,404	14.4%
Low Slope Roofs Replace	1	315,000	2021	315,000		2049			28	6.7%	21,000	3,016	17,984	14.4%
Carports Roofs - Replace	12	29,167	2021	350,000		2026			5	80.0%	280,000	40,216	239,784	14.4%
<i>Set aside for roofing</i>				3,705,000							2,308,854	331,618	1,977,237	14.4%

Infrastructure Reserve Projects

Description	Unit		Base Line		Year Acqurd	Repl Year	Yrs. In Serv.	Useful Life	Years Left	Fnding Ratio	Required Balance	Est. Beg Bal	(Surplus)/ Deficit	% Funded
	#	Cost	Year	Cost										
Concrete - Carport Pavement	1	115,200	2021	115,200		2021			0	100.0%	115,200	21,709	93,491	18.8%
Concrete - Carport Pavement	1	20,000	2021	20,000		2022			1	98.0%	19,600	3,694	15,906	18.8%
Concrete - Carport Pavement	1	106,000	2021	106,000		2023			2	96.0%	101,760	19,176	82,584	18.8%
Concrete Walkways/Drains (2	1	100,000	2021	100,000		2021			0	100.0%	100,000	18,844	81,156	18.8%
Concrete Walkways/Drains (2	1	100,000	2021	100,000		2022			1	98.0%	98,000	18,468	79,532	18.8%
Concrete Walkways/Drains -	1	15,000	2021	15,000		2021			0	100.0%	15,000	2,827	12,173	18.8%

**Seal Beach Mutual Five
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										
Pole Lights Repaint	1	10,150	2021	10,150		2021			0	100.0%	10,150	1,913	8,237	18.8%
Pole Lights Replace	1	78,500	2021	78,500		2025			4	80.0%	62,800	11,834	50,966	18.8%
Laundry Doors - Replace	1	4,050	2021	4,050		2023			2	90.0%	3,645	687	2,958	18.8%
Meter Cabinet Doors Replace	1	9,600	2021	9,600		2023			2	90.0%	8,640	1,628	7,012	18.8%
Irrigation Controllars Replace	1	14,000	2021	14,000		2026			5	58.3%	8,167	1,539	6,628	18.8%
Sewer Project (2024)	1	272,000	2021	272,000		2024			3	94.0%	255,680	48,182	207,498	18.8%
Sewer Project (2025)	1	280,000	2021	280,000		2025			4	92.0%	257,600	48,543	209,057	18.8%
Sewer Project (2026)	1	289,000	2021	289,000		2026			5	90.0%	260,100	49,014	211,086	18.8%
Sewer Project (2027)	1	297,500	2021	297,500		2027			6	88.0%	261,800	49,335	212,465	18.8%
Sewer Project (2028)	1	307,000	2021	307,000		2028			7	86.0%	264,020	49,753	214,267	18.8%
Sewer Project (2029)	1	316,000	2021	316,000		2029			8	84.0%	265,440	50,021	215,419	18.8%
Sewer Project (2030)	1	271,000	2021	271,000		2030			9	82.0%	222,220	41,876	180,344	18.8%
Gutters/Downspouts - Repair	1	4,300	2021	4,300		2023			2	60.0%	2,580	486	2,094	18.8%
Attic Entry Screens Replace	1	6,700	2021	6,700		2028			7	84.4%	5,658	1,066	4,592	18.8%
Signage Replace	1	16,000	2021	16,000		2028			7	65.0%	10,400	1,960	8,440	18.8%
Solar System Replace	1	137,500	2021	137,500		2030			9	40.0%	55,000	10,364	44,636	18.8%
Solar Panel Cabinets Replace	1	12,000	2021	12,000		2030			9	40.0%	4,800	905	3,895	18.9%
<i>Set aside for infrastructure</i>				2,781,500							2,408,260	\$ 453,824	1,954,436	18.8%
<i>Total requirement for replacement reserve</i>				6,943,150							5,079,534	1,087,468	3,992,067	21.4%

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

Fund	Estimated	Current	Reserve Balance		Annual		
	Remaining	Replacement	Required	Est. Beg. Bal.	Contribution		
	Life	Cost					
Appliance	Note (1)	90,976	90,976	20,582	70,382	\$	11.92
Painting	0 - 3	456,650	362,420	302,026	8,000		Note (2)
Roofing	0 - 28	3,705,000	2,308,854	331,618	516,320		Note (3)
Infrastructure	0 - 9	2,781,500	2,408,260	453,824	129,080		Note (4)
Contributions to Replacement Funds			5,079,534	1,087,468	653,400	\$	110.67
Emergency				85,697	0		Note (5)
Contingency				20,706	0		Note (6)
Total for budget				\$ 1,214,453	\$ 723,782	\$	122.59

Project Reserve Contribution Comparison				
Project	2021	2020	Change	Chg PAMP
Appliance	70,382	57,739	12,643	2.14
Painting	8,000	8,000	-	-
Roofing	516,320	283,680	232,640	39.40
Infrastruct	129,080	283,680	(154,600)	(26.19)
Emergency	-	-	-	-
Contingency	-	-	-	-
Total	723,782	633,099	90,683	15.36

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 \$123,010 and the adjustment is a \$32,034 decrease for a total requirement of \$90,976. The board approved the 2021 funding of this reserve for \$70,382.
- 2) The board determined funding of \$8,000 for 2021.
- 3) The board determined funding of \$516,320 for 2021.
- 3) The board determined funding of \$129,080 for 2021.
- 5) The board determined no funding was necessary for 2021.
- 6) The board determined no funding was necessary for 2021.

**Seal Beach Mutual Five
Appliance Replacement History**

Item												Unit	Installed Cost		
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	Total	5 yr. ave	Unit	Extended
Cooktops	4	12	19	9	7	6	5	6	5	9	14	154	10	\$ 520	\$ 5,202
Ovens	11	14	6	12	10	13	7	10	7	12	9	150	11	1,147	12,615
Refrigerators	32	21	30	21	23	21	30	20	16	14	25	321	25	1,126	28,154
Hot Water Heaters	95	78	7	19	14	11	63	45	38	22	38	489	43	778	33,466
Garbage Disposals	14	16	5	15	21	12	15	12	9	13	13	245	14	233	3,261
Sinks - Bath	8	7	4	4	8	3	4	2	6	8	3	106	6	156	938
Sinks - Kitchen	3	5	3	3	6	5	4	3	5	9	5	111	4	662	2,648
Counters - Bath	3	4	2	2	1	3	6	2	1	4	2	57	2	624	1,248
Counters - Kitchen	5	6	6	5	3	5	2	1	6	6	3	83	5	1,470	7,351
Bath Heaters and Fan	47	16	6	6	6	4	8	5	5	7	11	200	16	538	8,601
Toilets	8	27	17	23	20	15	9	12	4	11	7	200	19	275	5,234
Faucet - Bath	18	9	7	9	16	5	9	8	8	10	6	152	12	143	1,714
Faucet - Kitchen	33	32	17	16	26	22	32	12	19	15	16	317	25	191	4,776
Hot Water Tanks - Laundry	0	0	0	0	0	0	0	0	1	0	0	12	0	833	0
Washers	12	4	3	2	5	4	4	5	3	3	3	48	5	936	4,679
Dryers	3	5	12	4	3	1	0	3	4	4	2	53	5	722	3,610
Estimated replacement cost based on average replacement history - 2015 to 2019 x current pricing															\$ 123,497

Adjustment for estimated expenditures in 2021 **\$ (32,522)**
 Combined current and contingent appliance replacements **\$ 90,976**

Actual expenditures:	
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.	2019 \$135,322
	2018 \$103,228
	2017 \$52,801
	2016 \$127,612
	2015 \$49,194
	2014 \$38,009
	2013 \$45,502
	2012 \$71,647
	<u>5 yr average \$93,631</u>

SEAL BEACH MUTUAL FIVE
FLOW OF RESERVE FUNDS

Year	Beginning Fund	Annual Funding*	Interest** 0.00%	Loans or Assessments	Expenses	Ending Fund
2020						1,087,468
2021	1,087,468	653,400	0		715,850	1,025,018
2022	1,025,018	718,740	0		587,100	1,156,658
2023	1,156,658	790,614	0		646,196	1,301,076
2024	1,301,076	869,675	0		1,069,780	1,100,971
2025	1,100,971	956,643	0		875,251	1,182,363
2026	1,182,363	1,052,307	0		937,273	1,297,397
2027	1,297,397	1,073,353	0		373,142	1,997,608
2028	1,997,608	1,094,820	0		429,225	2,663,203
2029	2,663,203	1,116,716	0		432,159	3,347,760
2030	3,347,760	1,139,050	0		568,229	3,918,581
2031	3,918,581	1,161,831	0		208,980	4,871,432
2032	4,871,432	1,185,068	0		20,764	6,035,736
2033	6,035,736	1,208,769	0		50,756	7,193,749
2034	7,193,749	1,232,944	0		477,273	7,949,420
2035	7,949,420	1,257,603	0		22,689	9,184,334
2036	9,184,334	1,282,755	0		242,264	10,224,825
2037	10,224,825	1,308,410	0		40,359	11,492,876
2038	11,492,876	1,334,578	0		55,040	12,772,414
2039	12,772,414	1,361,270	0		25,536	14,108,148
2040	14,108,148	1,388,495	0		26,303	15,470,340
2041	15,470,340	1,416,265	0		299,183	16,587,422
2042	16,587,422	1,444,590	0		27,904	18,004,108
2043	18,004,108	1,473,482	0		74,920	19,402,670
2044	19,402,670	1,502,952	0		641,416	20,264,206
2045	20,264,206	1,533,011	0		514,602	21,282,615
2046	21,282,615	1,563,671	0		325,583	22,520,703
2047	22,520,703	1,594,944	0		1,498,831	22,616,816
2048	22,616,816	1,626,843	0		789,224	23,454,435
2049	23,454,435	1,659,380	0		1,652,226	23,461,589
2050	23,461,589	1,692,568	0		996,827	24,157,330
Totals		37,694,747	0	0	14,624,885	

* Annual funding amount is scheduled to increase by 10% each year through 2024 and then by 3.25% thereafter. A significant reduction in contribution is assumed in year 2028.

** Interest earned on the fund is currently not reinvested in the fund.