

# PINELOCH SUN BEACH CLUB HOA BOARD BUDGET STATEMENT

Dear Pineloch Sun Members,

Several members have recently asked excellent questions regarding the proposed HOA dues increase and the annual budget for 2026/2027. We want to provide clarity on what is included—and not included—in this budget.

In summary, we project operating expenses to rise by approximately **10.6%** compared to the 2024–2025 actuals, which includes contributions to reserve accounts. At the same time, we plan to increase revenue by **14.6%**. This represents only a **4% net increase** over the 2024–2025 actuals and does not include the five non-budgeted items outlined below.

## 4 Items Not Included In The Current Budget

The following costs are not reflected in the proposed budget, as the amounts remain undetermined while we continue working through these complex liabilities:

### 1. Legal Fees for Compliance & Governance Updates

Outstanding and anticipated legal expenses to assist with current legal situations, compliance updates, drafting of new bylaws to increase structure, reduce potential conflicts of interest, revise rules and regulations, and restructure for addressing fees/fines/liens.

More information on the upcoming HOA law changes can be found here:

- [RCW 64.38](#)
- [HCMP Client Alert on Senate Bill 5129](#)
- [Link To A Guide for Pre-WUCIOA Communities](#)

### 2. Outstanding Tax Liabilities

Within the past year, the Board discovered for the past 6 years the HOA's taxes were not filed and were incomplete. These several years of tax filings required and continue to require additional attention. The taxes have now been paid. The Board continues to work with tax professionals to ensure all filings are accurate and complete moving forward. We do not anticipate any material financial concern moving forward, however there is still an undetermined liability of fines/penalties for the late filings and payments made. The board is unsatisfied with the accounting firm that was under contract during this time, and is actively exploring remedies and/or engaging alternative service providers.

### **3. Staff Related Liability**

The HOA faces a staffing-related liability in the range of **\$100,000 to \$150,000**, stemming from an employment agreement signed in a previous year by a board member no longer on the board. This obligation remains under investigation, but must be considered as part of the Association's overall financial planning.

### **4. Community Requested Improvements**

Throughout the year(s), the Board receives feedback and requests from members for enhancements that contribute to safety, security, and overall community enjoyment. Examples of these improvements include installing additional speed bumps, upgrading or adding security cameras, enhancing gate functionality, and completing other non-budgeted upgrades as needs arise. While these projects are not always part of the annual budget, they are carefully reviewed and prioritized to ensure responsible spending while addressing member concerns and improving the community's quality of life.

### **Service Providers**

Over the past several years, member requests, concerns, and overall demands on the HOA Board and staff have steadily increased. At the same time, our current service providers have fallen short of the evolving services the Board expects. To better serve the community and improve day-to-day operations, the Board is exploring alternative service providers that could support us in multiple operational areas. While this change comes with incremental cost (roughly double current expenditure), it will provide substantial value to our HOA by modernizing operations, increasing efficiency, and ensuring the community receives the support it needs.

### **Reserve Contributions in This Budget:**

This proactive approach ensures that reserves are strengthened rather than slowly depleted without replenishment.

This proposed budget includes:

- **\$50,000 contributed to General Reserves**
- **\$26,000 contributed to Water Reserves**

### **Additional Budget Notes**

- **Areas Of Savings:** As a board, we are constantly evaluating opportunities to reduce costs and operate more efficiently.
- **Detailed Budget Outline:** A more detailed proposed budget is attached for members who wish to review further details.
- **Interest Income:** We have budgeted a conservative **\$8,000** in interest income. In reality, we expect to receive significantly more due to moving funds into higher-interest accounts (currently yielding 4%+ APY). Since interest rates fluctuate, we account for a conservative estimate. For the month of August 2025, we earned roughly \$2,800 of income from our interest bearing accounts. If the current rate remains, we will earn more than \$30,000 in interest over the course of 2026.

**Summary:** Over the past 10 years, dues have increased by less than 1% per year—well below inflation and rising maintenance costs.

This adjustment—less than **\$0.57 per day**—will help us:

- Maintain healthy reserve funds
- Plan proactively for community needs
- Increase bandwidth of community management
- Avoid special assessments or large, unexpected increases in the future

We appreciate the thoughtful questions from members and look forward to continued discussion at the **Annual Meeting on September 20, 2025**.

-Your PLS HOA Board