PINEBROOK HOA

Financial Plan & Financial Outlook

Fiscal Year 2026–2027

Executive Financial Outlook

Pinebrook HOA enters Fiscal Year 2026–2027 in a stable financial position. However, rising utility costs, increased contractor expenses, reduced volunteer participation, and aging infrastructure require continued financial discipline and forward planning.

The goal for the coming fiscal year is to maintain Pinebrook's reputation as a **high-value, low-cost HOA** while strengthening its financial position and ability to address future repairs, replacements, and unexpected expenses.

Financial Priorities

For FY 2026–2027, the Association will focus on four primary priorities:

- Maintain a balanced operating budget and positive cash flow.
- Protect and strengthen capital and reserve funds.
- Prepare for aging infrastructure repairs and replacements.
- Continue providing recreational, social, and community amenities at a reasonable cost.

Proposed Assessments

The proposed assessments for FY 2026–2027 reflect the increased costs of operating and maintaining Pinebrook while also rebuilding reserves following significant unexpected expenses during the 2025–2026 season.

Assessment Type	FY 2025–2026	FY 2026–2027	Change
Improved Lot	$315	**$378**	20%
Unimproved Lot	$185	**$222**	20%
UFM	$415	**$600**	$185

Why the Increase?

The assessment increases are necessary to meet projected FY 2026–2027 operating expenses while replenishing prudent reserves that were significantly impacted during the previous season.

Major unexpected expenses during FY 2025–2026 included:

- Winter storm damage and cleanup.
- The unexpected failure and replacement of the Town Hall HVAC system prior to its anticipated useful life.
- Increased reliance on contracted labor due to a significant decline in volunteer participation.

Even with the proposed increases, **Pinebrook remains one of the lowest-cost HOAs in Arnold offering comparable amenities and facilities.**

Capital & Reserve Funds

The previous financial outlook reported a Capital Account balance of approximately **$37,843**.

As Pinebrook transitions from a period of major improvements toward ongoing maintenance and replacement of aging infrastructure, protecting these funds is a primary financial objective.

FY 2026–2027 Capital Priorities

- Identify and prioritize aging infrastructure requiring repair or replacement.
- Avoid using capital funds for routine operating expenses.
- Work toward a recommended capital/reserve target of approximately **$40,000–$50,000**, depending on upcoming project requirements.
- Develop a **five-year capital plan** so major expenses can be anticipated and planned for rather than addressed as emergencies.

Major Budget Drivers & Concerns

Utilities

Water, electricity, propane, and other utilities continue to represent a significant financial risk.

Pinebrook will:

- Monitor utility usage and bills monthly.
- Investigate unusual increases in consumption or cost.
- Pursue reasonable conservation and efficiency measures.

The FY 2026–2027 budget anticipates approximately **5–8% annual growth in utility costs.**

Maintenance & Contracted Labor

Historically, Pinebrook has relied heavily on volunteers for routine maintenance, spring and fall cleanups, and other community projects.

Volunteer participation has declined significantly since COVID-19, reaching near-zero participation during the 2025–2026 season. As a result, Pinebrook must increasingly rely on paid contractors to complete essential work.

Contractors are primarily used for:

- Specialized maintenance.
- Infrastructure repairs.
- HVAC work.
- Electrical and plumbing.
- Major repairs and projects.
- Work requiring professional licensing or specialized equipment.

The FY 2026–2027 budget recognizes contracted labor as an ongoing operating expense rather than assuming volunteer participation will return to previous levels.

Paid Staff

Pinebrook currently employs **three part-time employees**:

Bookkeeper

A specialized bookkeeper with significant experience in HOA accounting, California HOA laws and regulations, and state tax requirements.

Office Manager

A specialized office manager with significant property management and HOA operational experience.

Beach Attendant

Responsible for supporting beach operations and assisting with maintaining a safe and enjoyable beach environment for members.

Inflation and a more competitive employment market for experienced employees are expected to increase labor costs during FY 2026–2027. These increases have been incorporated into the proposed budget.

California HOA Regulations & Insurance

Pinebrook continues to monitor changes in California laws, regulations, permitting requirements, and insurance costs that could affect the Association.

Privacy Law

A recent change in California privacy law may affect Pinebrook's current beach check-in procedures. The Association has not yet determined whether changes will be necessary.

If modifications are required, the anticipated cost is expected to remain within the FY 2026–2027 budget.

Property Tax

Pinebrook is closely monitoring potential changes to California property tax laws that could affect benefits currently available under Proposition 13.

No major changes have been included in the FY 2026–2027 budget beyond normal anticipated property tax increases.

Insurance

Pinebrook currently maintains what the Association considers a reasonable annual insurance premium.

However, insurance costs can change suddenly and significantly. The FY 2026–2027 budget **does not include a significant increase in insurance premiums.**

Any substantial increase could require future budget adjustments.

Codes & Permitting

Pinebrook is monitoring increased code and permitting costs affecting other local HOA projects in Arnold.

The Association will continue evaluating these requirements when planning future projects. No significant additional permitting or code-related costs have been included in the current budget because no specific project requiring such expenditures has been identified.

Social Events & Recreation

Pinebrook's social and recreational programs remain an important part of the community and will continue during FY 2026–2027.

However, the Association must balance these programs with increasing operating costs and reduced volunteer participation.

Changes for FY 2026–2027

To help control costs:

- Pinebrook will no longer provide **free meals** at planned social events.
- Meals will be offered on an **RSVP and prepaid, per-person basis**.
- The Association's budget will continue to provide for drinks, paper goods, and entertainment where appropriate.
- Fireworks will be provided on a **donation basis only**.

These changes allow Pinebrook to continue offering community events while reducing the financial burden on the Association.

UFM Program

The UFM program remains extremely popular, as demonstrated by the program's significant waiting list.

Pinebrook recently consulted with two well-known and respected realtors in Arnold regarding the potential value of Pinebrook membership amenities. Their estimates indicated that access to Pinebrook's lake, beach, and other amenities and facilities may contribute to property values by approximately **15–25%**.

Given the program's popularity and its financial contribution to the Association, the **UFM program will continue during FY 2026–2027.**

Financial Controls & Oversight

Pinebrook will continue to maintain regular financial oversight throughout the fiscal year.

Monthly Review

The Association will:

- Compare income and expenses against the approved budget.
- Monitor utility, employment, and contractor expenses.
- Review cash and capital balances.
- Identify unusual or rapidly increasing expenses.

Quarterly Review

The Board will:

- Review budget-to-actual financial results.
- Review capital and repair projects and remaining costs.
- Update infrastructure priorities.
- Determine whether expenses are tracking within the annual financial plan.

Annual Review

At the end of each fiscal year, the Association will:

- Review assessments and reserve requirements.
- Review major vendor and employee contracts.
- Update the five-year capital plan.
- Establish the following year's operating and capital budgets.
- Evaluate progress toward the Association's financial goals.

FY 2026–2027 Financial Scorecard

The Board will use the following goals to measure Pinebrook's financial performance:

- Operate within the approved annual budget.
- Maintain positive operating cash flow.
- Protect capital and reserve funds for future infrastructure needs.
- Work toward maintaining **$40,000–$50,000** in capital and reserves when practical.
- Develop a prioritized infrastructure replacement plan.
- Maintain the UFM program.
- Continue funding major community and recreational programs responsibly.
- Provide quarterly financial reporting to the Board.
- Keep future assessment increases predictable and reasonable.

Conclusion

Pinebrook's history of volunteer participation, community donations, careful spending, and responsible financial management has allowed the Association to provide significant amenities while maintaining comparatively low costs for its members.

The financial environment is changing. Aging infrastructure, rising utility expenses, increased contractor costs, and reduced volunteer availability require Pinebrook to plan further ahead and maintain stronger financial reserves.

For FY 2026–2027, the recommended financial approach is **moderate, conservative, and forward-looking**:

Maintain reasonable assessments.
Protect reserves.
Control expenses.
Complete priority projects.
Plan ahead for infrastructure needs.

The objective is not simply to balance the budget for one year, but to position Pinebrook HOA for **long-term financial stability while preserving the amenities and community experience that make Pinebrook valuable to its members.**