

Special Notice

Important information

Budget

There will be a **Special Meeting** (in addition to the annual meeting) of the membership to approve the 2008 bridge budget and the 2009 fiscal year budget. The meeting will be held on Saturday, July 19, 2008 at noon at the park pavilion.

Enclosed is an absentee ballot or you may attend the meeting. Registration will begin at 11am. The ballots must be received no later than Thursday, July 17th at the PSA address listed below. Please follow the same guidelines as noted in the last newsletter. This ballot, as pertaining to the budget will replace any choice you may have made on the previously mailed ballot if you already mailed it in.

Agenda for Special membership meeting to be held on July 17, 2008

Call meeting to order	
1. Vote 2008 general bridge budget	noon
2. Vote 2009 general fiscal year budget	12:15
3. Vote 2008 special assessment budget	12:35
4. Adjourn meeting	1:00

The reason for this meeting is twofold:

1. You have already received your pre-annual meeting newsletter containing important information regarding the final payment of the water upgrade assessment voted two years ago. The newsletter also contains the ballot to approve the next 18 months worth of budgeting. Copy It Mail It, in Belfair, who does our copying and mailing of the newsletter, inadvertently did NOT include the budgets for you to approve. So it is contained here. State law requires us to notify you not less than 14 days in advance. Therefore a second meeting is required by law.
2. The Budget has changed since last week and needed to be amended and therefore required a special meeting of the board to approve it before sending it to you.

For those of you who are confused about the budget: The board made a decision to change our fiscal year to a calendar year. This allows the board to create a budget, have the members vote on it and then the association will collect the money instead of the other way around. Since our current fiscal year ended on June 30th, we need a budget to "bridge" the time frame between July 1 and January 1. Therefore, you must vote for 2 budgets (the bridge budget is half the amount of the 2009 budget). Dues were not increased.

The second vote is for the special assessment budget. Please vote to approve or disapprove this budget. Explanation of funds: In 2006 the membership approved the \$3000 water upgrade assessment. You have already paid \$1040 of that. Your remaining obligation is \$1960. The remaining amount to complete the project is \$583 which will bring your total amount due to \$2543. You can choose to pay it in full or be part of the group loan package; Please indicate which on the enclosed finance package form. Since the last newsletter revisions were made after reviewing of the construction contracts which changed the total dollar amounts. Due to variables such as interest rates, possible change orders and timing of this letter with signing of construction contracts with rising material prices due to oil prices make it virtually impossible to pin down an exact dollar amount. Therefore you will find a "not to exceed" phrase on this form and in the budget. This means that the association will collect the first amount, but reserves the right to collect up to the "not to exceed" amount if necessary. If no contingency funds are used, and sufficient funds remain the emergency generator will be included. If there is not, it will be funded from the water maintenance and operations budget.

Water upgrade financing package form

Enclosed is a revised financing package choice form. Please use the one enclosed here and return with the water use (cross contamination) survey as soon as possible. This information is necessary for us to gather so we can inform the bank of how many people will be on the group loan and what the final loan amount will be.

Water Maintenance and Operation payments

Mail M&O payments to Northwest Water Systems at PO Box 123., Port Orchard, WA 98366 but make check payable to Paradise Service Associates. **Do NOT combine with any other payments for PSA as they get processed by two different agencies.**

Thank you for being patient and we apologize for any confusion.

PSA Board of Directors

261 E. Shore Dr.

Grapeview, WA 98546

PSA Water System Upgrade

Financial Analysis & Proposed Second Assessment

	Amount Per Lot	Total
Water System Upgrade Assessment 7/2006	\$ 3,000.00	\$ 684,000.00
Phase #1 Initial Billing	\$ 600.00	\$ 136,800.00
Phase #1 Second Billing	\$ 440.00	\$ 100,320.00
TOTAL Collected Assessment	\$ 1,040.00	\$ 237,120.00
TOTAL Uncollected Assessment 7/2006	\$ 1,960.00	\$ 446,880.00
<u>Phase I Construction Cost Items</u>		
Phase I Well, Connection, Design, Etc. Pump House, Elec. (Nicholson Contract)	\$ 718.21	\$ 163,753.00
	\$ 216.57	\$ 49,377.00
TOTAL Phase I	\$ 934.78	\$ 213,130.00
<u>Phase II Construction Cost Items</u>		
System Design (Northwest Water System)	\$ 184.21	\$ 42,000.00
Distribution (All American WW Contract)	\$ 2,150.02	\$ 490,205.19
Misc. Expenses (PUD, Brass Upgrade)	\$ 1.61	\$ 366.89
TOTAL Phase II	\$ 2,335.84	\$ 532,572.08
<u>Additional Construction Expenses</u>		
Construction Contingency	\$30,000 - Use Emergency Water Savings As Required	\$ -
Stand-by Propane Generator /Electrical	\$20,000 Purchase Only If Funds Available (Construction Savings or M&O)	\$ -
Mason Cty ROW Performance Bond	\$150,000 /Required By Mason County	\$ 17.54 \$ 4,000.00
Construction Performance Bond	\$500,000 /Required By PSA	\$ 43.86 \$ 10,000.00
Home-Owner Meter Connection	Includes Connection Within 6' of Box	\$ 250.00 \$ 57,000.00
TOTAL Additional Construction Expenses	\$ 311.40	\$ 71,000.00
TOTAL All Construction Cost	\$ 3,582.03	\$ 816,702.08
Proposed Second Water System Assessment 7/2008	\$ 583.00	\$ 132,924.00
TOTAL Assessment Due	Uncollected 2006 Assessment \$1960. plus New 2008 Assessment \$583	\$ 2,543.00 \$ 579,804.00

**PSA 2008-2009
PROPOSED BUDGET**

Revised 7/2/2008

GENERAL OPERATIONS

Proposed Budget Proposed Budget
July 1 - Dec 31 2008 Jan 1 - Dec 31, 2009

INFLOW

Annual Dues	228 x \$245 /Year	\$	27,930.00	\$	55,860.00
Interest - Savings		\$	25.00	\$	50.00
Late Fees & Int- Members		\$	1,250.00	\$	2,500.00
Boat Moorage		\$	-	\$	8,700.00

TOTAL GENERAL INFLOW

\$ 29,205.00 \$ 67,110.00

OUTFLOW

General Administration

Accounting	\$2000-Accountant /\$4000-Audit	\$	(5,000.00)	\$	(2,000.00)
Bookkeeper		\$	(3,500.00)	\$	(6,000.00)
Licenses, Training		\$	(55.00)	\$	(110.00)
Mileage		\$	(375.00)	\$	(750.00)
Communications (Website)		\$	(1,250.00)	\$	(2,500.00)
Bank Fees		\$	(50.00)	\$	(100.00)
Insurance		\$	-	\$	(6,500.00)
Legal Fees		\$	(500.00)	\$	(1,000.00)
Liens		\$	(250.00)	\$	(500.00)
Office Expense		\$	(500.00)	\$	(1,000.00)
Property Taxes		\$	-	\$	(100.00)
Utilities:	Street Lights Only	\$	(2,000.00)	\$	(4,000.00)

Total Administration

\$ (13,480.00) \$ (24,560.00)

Facilities

Park	Facilities Upgrade	\$	(2,000.00)	\$	(12,000.00)
	Maintenance /Repairs/Supplies	\$	(1,250.00)	\$	(2,500.00)
Caretaker	Payroll-Caretaker	\$	(6,750.00)	\$	(12,300.00)
	Payroll taxes-Caretaker	\$	(1,012.50)	\$	(1,845.00)
Utilities:	Electricity Park	\$	(750.00)	\$	(1,500.00)
	Garbage	\$	(600.00)	\$	(1,200.00)
	Telephone	\$	(200.00)	\$	(400.00)
Marina	Maintenance/Repairs/Supplies	\$	(500.00)	\$	(1,000.00)
	Facilities Improvement/ Docks/Buoys	\$	(1,000.00)	\$	(8,000.00)

Total Facilities

\$ (14,062.50) \$ (40,745.00)

TOTAL COMBINED OUTFLOW

\$ (27,542.50) \$ (65,305.00)

TOTAL COMBINED INFLOW LESS TOTAL OUTFLOW

\$ 1,662.50 \$ 1,805.00

Transfer to/(from) Savings/Reserves

\$ 1,662.50 \$ 1,805.00

Bank Balances @ July 2, 2008

Checking General	\$	14,619.60	
Checking Water M/O	\$	14,661.97	
Checking Water Construction	\$	20,458.99	\$ 49,740.56
Savings General	\$	13,190.28	
Savings Water M/O Reserve	\$	7,511.02	
Savings Park Equipment	\$	2,577.50	\$ 23,278.80
Water Reserve Emergency Savings	\$	27,649.66	
Water Reserve CD # (5/04/10 @ 3.58%)	\$	9,237.48	
Water Reserve CD # (9/14/08 @ 4.64%)	\$	57,345.75	
Water Reserve CD # (9/16/08 @ 4.5%)	\$	8,526.19	\$ 102,759.08
Total Cash & Investments	\$		175,778.44

Water System Maintenance and Operations Financial statement (non-voting item)

<u>WATER SYSTEM OPERATIONS</u>		Proposed Budget 2008 / 6 Month	Proposed Budget 2009
INFLOW			
	Water Maintenance & Operation 228 x \$240/Year	\$ 27,360.00	\$ 54,720.00
	Interest - Water Reserve	\$ 1,750.00	\$ 3,500.00
TOTAL WATER INFLOW		\$ 29,110.00	\$ 58,220.00
OUTFLOW			
	<u>Water System</u>		
	Permits & Licenses	\$ (4,300.00)	\$ (1,000.00)
	Mileage	\$ (500.00)	\$ (1,000.00)
	Off site Water Manager	\$ (3,300.00)	\$ (6,600.00)
	On site Water Manager	\$ (1,800.00)	\$ (3,600.00)
	Laboratory Testing	\$ (1,500.00)	\$ (3,000.00)
	Repairs & Maintenance	\$ (7,500.00)	\$ (15,000.00)
	Electrical	\$ (2,000.00)	\$ (4,000.00)
	Water M & O Misc	\$ -	\$ -
TOTAL WATER OUTFLOW		\$ (20,900.00)	\$ (34,200.00)
Transfer to/(from) Savings/Reserves		\$ 8,210.00	\$ 24,020.00