

**HARTSTENE POINTE WATER-SEWER DISTRICT
REGULAR MEETING
DISTRICT OFFICE 119 E LIBERTY RD SHELTON WA 98584
February 15, 2024 1:00 P.M.**

AGENDA

1. Call to Order
2. Roll Call
3. Subscriber Remarks
4. Correspondence
5. Present Agenda
6. Minutes of the February 1, 2024 Regular Meeting (2-3)

REPORTS:

7. Sewer Rehabilitation Project Updates from Century West Engineering
8. Water Board Bible Review: Chapter One
9. Commissioner Reports
10. Financial/Administrative Report:
 - Bills to Be Authorized:
 - Voucher 2024-07
 - Bills to Be Reviewed:
 - Voucher 2024-06
11. General Manager's Report

BUSINESS:

12. Schedule a Public Hearing
13. Review District Funds Structure (4-5)
14. Voucher Audit Procedures Review (6-7)

OLD BUSINESS

**HARTSTENE POINTE WATER-SEWER DISTRICT
REGULAR MEETING of the BOARD OF COMMISSIONERS
February 1, 2024
DISTRICT OFFICE 119 E LIBERTY RD SHELTON WA 98584**

MINUTES

PRESENT: President E. J. Anderson, Secretary S. Swart, General Manager (GM) J. Palmer, Project & Accounts Manager (PM) J. Sartori, Matt M. from Century West Engineering; Audit Commissioner C. Anderson scheduled absence

CALL TO ORDER: The meeting was called to order at 1:07 pm

SUBSCRIBER REMARKS: One subscriber present:

- Subscriber noted continued presence of water on the north end of Pointes Drive East at Chesapeake Drive intersection
- Subscriber asked about the changes to the signers of the petty cash account from the meeting minutes
- Subscriber asked about the District's ten-year strategic plan

CORRESPONDENCE: No Correspondence

PRESENT AGENDA: *Commissioner Swart moved to adopt the agenda. Commissioner E.J. Anderson seconded. Hearing 2 aye votes and 0 nay votes, the agenda was adopted as amended.*

MINUTES:

The minutes of the January 18, 2024 regular meeting were presented. *Commissioner Swart moved to approve the minutes. Commissioner E.J. Anderson seconded. Hearing 2 aye votes and 0 nay votes, the minutes were approved.*

REPORTS:

Commissioner Reports:

- Commissioner Swart noted an upcoming RCAC training, "Board Roles & Responsibilities"
- Commissioner Swart invited others to join an RCAC training on Cyber Security
- Commissioner Swart requested an assessment of fire tolerance of wood structures that house District facilities

Financial/Administrative Report:

- Bills to Be Authorized:
 - Voucher 2024-05 in the amount of \$13,937.13 was presented. *Commissioner E.J. Anderson moved to approve voucher 2024-05 in the amount of \$13,937.13. Commissioner Swart seconded. Hearing 2 aye votes and 0 nay votes, the voucher was approved.*
- Bills to Be Authorized:
 - PM presented Voucher 2024-04

General Manager's Report: GM presented his report on the current state of the District

BUSINESS:

Emergency Response Planning: DOH Expectations for Provision of Potable Water & Potential Sources: Commissioners discussed and identified potential sources to pursue

Review 10-year Strategic Plan, 2021-2031: Commissioners reviewed the taxk timeline and committed to ongoing periodic review, updating as needed

OLD BUSINESS:

Safety Training: Commissioners discussed the importance of the GM reviewing training and District-issued safety gear, with newer operators on staff

Commissioner E.J. Anderson moved to adjourn the meeting. Commissioner Swart seconded. Hearing 2 aye votes and 0 nay votes, the meeting adjourned at 3:00 pm.

Respectfully Submitted By:

Signature

Stacy Swart, Secretary, Commissioner #3
Name and Title

Approved at the Regular Meeting of the Board on: 2-15-2024

Hartstene Pointe Water-Sewer District

District Funds Policies

The District shall utilize “proprietary fund accounting” as the organizational structure for its financial activities. The following funds have been established with the Mason County Treasurer’s Office for budgeting and accounting purposes.

- **690-005-010 – General Operating Fund:** The General Operating Fund accounts for all financial resources and transactions, except those required to be accounted for in another fund. The minimum fund balance shall be targeted at 25% of the annual operating and maintenance budget. Projected variances from the 25% minimum target shall be disclosed during the annual budget process or during the current year if unanticipated circumstances occur that negatively impact current year revenue and/or expenditure projections. Fund balance targets may be modified during the annual budget process to reflect extraordinary circumstances (e.g., projected future extraordinary expenditure demands, projected revenue uncertainty, etc.). At least 20% of the annual operating and maintenance budget is to be invested in the State Investment Pool.
- **690-005-020 – Water/Sewer Committed Fund:** The Water/Sewer Committed Fund accounts for monies held for specified purposes but not designated for debt service. Use of monies held within this fund is subject to a vote of the District Commission. The Water/Sewer Committed Fund is divided into three sub-funds:
 - *Risk Management Fund:* For operating shortfalls due to unforeseen cost increases, unanticipated revenue losses, or unforeseen emergency expenditures. The minimum balance for this sub-fund shall be targeted at \$200,000 by 2025. The sub-fund must maintain no less than 12.5% of annual operating revenue in order to meet requirements set forth in the District’s DWSRF Loan contract.
 - *Capital Improvement Fund:* For the accrual of monies to fund capital projects laid out in the District’s six year Capital Improvement Plan.
 - *Inflow & Infiltration:* For future repairs to the district’s water and sewer mains/laterals. The District Commissioners purpose to allocate \$20,000 from each year’s budget to contribute to this reserve. “Metered Water Charges” will contribute to this fund and transfers will be swept into this fund from 010 Operating Fund monthly.
 - *Reservoir Fund:* For future repairs to reservoir. The target balance for this sub-fund shall be \$150,000 by 2027.
 - *Asset Replacement Fund:* For the replacement of short-lived equipment. This reserve receives a \$9,000 annual contribution from the General Operating Fund, per the District’s USDA Bond Covenants.
- **690-005-030 – Ecology Loan Reserve:** Used to hold in reserve an amount equal to one full year of debt service payments (\$38,111.40) for the District’s Department of Ecology Loan. The balance of this fund is invested in the State Investment Pool.

- **690-005-050 – DWSRF Loan Reserve:** The District shall make regular transfers from the General Operating Fund into this fund such that by September 30th of each year the fund balance equals the annual DWSRF loan debt service payment. The balance of this fund is to be invested in the State Investment Pool until withdrawn for disbursement for the annual debt service payment. All interest earned on funds held within this fund shall accrue and be applied toward reducing the amount of the Drinking Water State Revolving Fund loan. For the life of the loan, monthly transfers shall be made to the DWSRF Loan Reserve so that the annual payment amount is accrued by October of each year, in accordance with the loan contract.
- **690-005-060 – Hartstene Pointe Bond Fund:** Used to make semi-annual debt service payments of \$19,665. District must transfer the payment amount from the General Operating Fund into the Bond Fund at least 5 days prior to payment due dates (March 5 and September 5). The payment is electronically transferred from this fund to the USDA on the payment due date.
- **690-005-065 – Hartstene Pointe Capital Project Fund:** Used to accept construction loan funds and pay contractors for financed capital projects.
- **690-005-070 – Water Revenue Bond, 2012 Debt Service Reserve:** Used to hold one full year of USDA Bond debt service payments (\$39,330). Per bond covenants, monthly transfers of \$327.75 should be made from the General Operating Fund into this fund so that the balance is reached no later than September 2022. The balance of this fund is to be invested in the State Investment Pool.

For the purposes of annual financial reporting to the Washington State Auditor’s Office, all funds are rolled into one general fund, designated as fund 401.

HARTSTENE POINTE WATER-SEWER DISTRICT AUDIT REVIEW RECORD

Date Reviewed: 2/1/24 Cash/Budget Acct: 690-005-010
Voucher Number: 2024-05 Dated: 2/1/24 Voucher Total: \$ 13,937.13

Exceptions:

Audited By: _____

Stacy Swart, Secretary, Board of Commissioner

Notes:

- \$104.63 to CASCADIA LAW GROUP PLLC for Legal Services Regarding WAP
- \$1,000.00 to HPMA for Office Rent
- \$262.69 to HOOD CANAL COMMUNICATIONS for Telecommunications Services
- \$164.30 to JARED DISHON for Exam Fees and Travel Reimbursements
- \$363.80 to JOE SARTORI for Travel and Purchases Reimbursements
- \$113.78 to KELLEY CONNECT for Copier Contract
- \$298.38 to MADRONA PEST CONTROL SERVICES for Pest Control Service
- \$2,295.72 to MASON CO PUD NO 3 for Electricity Services
- \$7,590.11 to ROBISON PLUMBING for Sewer Line Repairs
- \$201.00 to S.J. ELECTRO SYSTEMS LLC for Quarterly SCADA Service Charges
- \$403.26 to USA BLUEBOOK for W/WW Supplies
- \$570.00 to WATER MANAGEMENT LABORATORIES INC for WW Laboratory Testing
- \$506.65 to WITTENBERG CPA for Payroll Services through January and 1099 Preparation

Approved for Payment at _____ Meeting

Warrants verified against approved voucher: _____(Date) _____(Initials)

Audit Commissioner Voucher Request Audit Procedures:

All goods and services are paid by County-issued warrant. Warrants are requested using a Voucher that shows the District fund to charge, the name of the vendor to be paid, that vendor's County issued identification code, the District issued voucher number and the signature of at least one District Commissioner authorizing the obligation of District funds.

1. The Audit Commissioner shall review each County-issued Voucher request form prior to presentation and authorization for payment at a Board of Commissioners' Regular Meeting. The Audit Commissioner shall use the following procedures for review:
 - a. At least 30 minutes prior to a Regular Meeting of the Board of Commissioners, the Audit Commissioner will collect Voucher Requests from the location agreed upon between the Audit Commissioner and the Accounting & Administrative Services Manager;
 - b. assure the expenditure is appropriate and was anticipated in the annual budget or identified at a prior Board meeting or was expended from the Petty Cash Fund in an appropriate manner;
 - c. assure the total amount of each Voucher request matches an approved invoice;
 - d. assure the warrant is to be drawn from the proper District fund;
 - e. assure the budget line item to be debited is appropriate for the expenditure;
 - f. assure the beginning and ending fund balance to be debited is sufficient to cover the expenditure;
 - g. assure the last batch of warrants issued agree with the prior approved voucher.
2. Review shall be documented using the District-issued Audit Review Form.

3. Any exceptions to normal review, processing and approval procedures shall be noted on the Audit Review Form. Examples of exceptions include but are not limited to Voucher Requests approved outside a Regular Board meeting.
4. Any special instructions shall be noted on the Audit Review Form. Examples of special instructions include but are not limited to; holding release of warrants pending approval at a Regular Board meeting.