

**HARTSTENE POINTE WATER-SEWER DISTRICT
REGULAR MEETING
DISTRICT OFFICE 119 E LIBERTY RD SHELTON WA 98584
TELECONFERENCE AVAILABLE
Per State of Emergency Declared in Washington State and Mason County
September 16, 2021 1:00 P.M.**

AGENDA

1. Call to Order
2. Roll Call
3. Subscriber Remarks
4. Correspondence
5. Present Agenda
6. Minutes of the September 2, 2021 Regular Meeting (2-3)

BUSINESS (PART I):

7. Presentation of Cybersecurity Audit Report by the WA State Auditor's Office Team
(*executive session expected*)

REPORTS:

8. Water Board Bible: Chapter Eleven
9. Commissioner Reports
10. Financial/Administrative Report:
 - Bills to Be Authorized:
 - Voucher 2021-36
 - Bills to Be Reviewed:
 - Voucher 2021-35
 - Monthly Financial Report (4-5)
11. General Manager's Report (6)

BUSINESS (PART II):

12. Update Fiscal Policies (7-8)

**As per the State of Emergency, the district's Open
Public Meetings will be available via teleconference.**

To join a meeting, follow the instructions below:

1. Call (425) 436-6260 or (800) 719-6100
2. Enter Access Code 535 9093 #

If you have a webcam-enabled computer, you may try to
connect to the meeting using the link below:

<https://hello.freeconference.com/conf/call/5359093>

*Note: Due to limited internet connection speeds at Hartstene
Pointe, joining meetings via webcam may lead to reduced
quality*

**HARTSTENE POINTE WATER-SEWER DISTRICT
REGULAR MEETING of the BOARD OF COMMISSIONERS
September 2, 2021
DISTRICT OFFICE 119 E LIBERTY RD SHELTON WA 98584
TELECONFERENCE AVAILABLE
Per State of Emergency Declared in Washington State and Mason County**

MINUTES

PRESENT: President E. J. Anderson, Secretary S. Swart, Audit Commissioner A. Hospador, General Manager (GM) J. Palmer, Project & Accounts Manager (PM) J. Sartori

CALL TO ORDER: The meeting was called to order at 1:00 pm.

SUBSCRIBER REMARKS: No subscribers present

- Commissioner Swart noted she had several conversations regarding the water leak on Pointes DR E

CORRESPONDENCE:

- Commissioner Swart received email communication fromm a subscriber regarding leak detection

PRESENT AGENDA: *Commissioner Hospador moved to adopt the agenda. Commissioner Swart seconded. Hearing 3 aye votes and 0 nay votes, the agenda was adopted as presented.*

MINUTES: The minutes of the August 19, 2021 regular meeting were presented. *Commissioner Hospador moved to approve the minutes. Commissioner Swart seconded. Hearing 3 aye votes and 0 nay votes, the minutes were approved as presented.*

REPORTS:

Water Board Bible: Commissioners reviewed and discussed Chapter Ten of the *Water Board Bible*.

Commissioner Reports: No Commissioner Reports.

Financial/Administrative Report:

- Bills to Be Authorized:
 - Voucher 2021-33, in the amount of \$1,000.37, was presented. *Commissioner Anderson moved to approve voucher 2021-33 in the amount of \$1,000.37. Commissioner Hospador seconded. Hearing 3 aye votes and 0 nay votes, the voucher was approved.*
 - Voucher 2021-34, in the amount of \$1,000.37, was presented. *Commissioner Anderson moved to approve voucher 2021-3 in the amount of \$7,839.23. Commissioner Hospador seconded. Hearing 3 aye votes and 0 nay votes, the voucher was approved.*
- Monthly Billing Report: PM presented the September 2021 billing report and sample bills reflecting the updated rate structure
- USDA Bond Payment: PM presented the bi-annual payment invoice

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

BUSINESS:

Discuss Q.U.E.S.T. 2.0 Program: GM shared the advantages of enrolling Apprentice/Trainee and PM in Evergreen Rural Water of Washington’s Q.U.E.S.T. 2.0 program. Commissioners indicated they all support the staff participating in the training program.

Discuss “Imagine a Day without Water” Promotion: Commissioners Swart shared potential promotional items for *Imagine a Day without Water*.

Commissioner Hospador moved to adjourn the meeting. Commissioner Anderson seconded. Hearing 3 aye votes and 0 nay votes, the meeting adjourned at 3:44 pm.

Respectfully Submitted By:

Signature

Stacy Swart, Secretary, Commissioner #3
Name and Title

Approved at the Regular Meeting of the Board on: 9-16-2021

Hartstene Pointe Water Sewer District Monthly Financial Report - Fund Activity

August 2021

	Beginning Balances	Payments & Transfers Out	Deposits & Transfers In	Ending Balances	Fund Balance Change
Reserve Funds					
030 - Ecology Reserve	40,536.27	-	5.80	40,542.07	5.80
050 - DWSRF Loan Reserve	67,900.05	-	6,787.51	74,687.56	6,787.51
060 - Bond Fund	0.00	-	-	0.00	-
070 - USDA Revenue Bond Reserve	36,103.53	-	332.91	36,436.44	332.91
Total Reserve Funds	144,539.85	-	7,126.22	151,666.07	7,126.22
Unreserved Funds					
EFT Account - Columbia Bank	31,753.21	(51,304.61)	50,678.01	31,126.61	(626.60)
Petty Cash Account	1,817.32	(608.44)	680.72	1,889.60	72.28
Xpress Deposit Account	6,734.11	(35,185.43)	41,429.72	12,978.40	6,244.29
010 - Operating Fund					
<i>Operating Investment Fund</i>	50,000.00	80,000.00	-	130,000.00	80,000.00
<i>010 - Operating Fund - Other</i>	165,388.88	(234,134.64)	153,766.45	85,020.69	(80,368.19)
Total 010 - Operating Fund	215,388.88	(154,134.64)	153,766.45	215,020.69	(368.19)
065 - Capital Project Account	0.00	-	-	0.00	-
Total Unreserved Funds	255,693.52	(241,233.12)	246,554.90	261,015.30	5,321.78
Committed Funds					
020 - Water/Sewer Committed Fund					
Asset Replacement Fund	9,344.37	-	-	9,344.37	-
Capital Improvement Fund					
<i>I&I Repair</i>	50,697.25	-	-	50,697.25	-
<i>Reservoir Repair</i>	70,041.39	-	-	70,041.39	-
Total Capital Improvement Fund	120,738.64	-	-	120,738.64	-
Risk Management Fund	139,712.99	-	38.66	139,751.65	38.66
Total 020 - Water/Sewer Committed Fund	269,796.00	-	38.66	269,834.66	38.66
Total Committed Funds	269,796.00	-	38.66	269,834.66	38.66
Total Funds	670,029.37	(241,233.12)	253,719.78	682,516.03	12,486.66

I hereby certify that the above statement is true.

Project & Accounts Manager

Date

Audit Commissioner

Date

**Hartstene Pointe Water Sewer District
 Profit & Loss Budget vs. Actual
 January through August 2021**

	<u>Profit & Loss</u>	<u>Budget v Actual</u>			
	<u>August '21</u>	<u>Jan - Aug '21 (66.7% of Yr)</u>	<u>Total 2021 Budget</u>	<u>\$ Over (Under) Budget</u>	<u>% of Total Budget</u>
Ordinary Income/Expense					
Income					
Non-Operating Revenue	7,366.29	67,871.17	10,735.00	57,136.17	632.24%
Operating Revenue	71,622.29	572,968.10	846,186.00	-273,217.90	67.71%
Total Income	<u>78,988.58</u>	<u>640,839.27</u>	<u>856,921.00</u>	<u>-216,081.73</u>	<u>74.78%</u>
Expense					
534 - Water Expenditures	16,102.64	156,077.46	262,731.00	-106,653.54	59.41%
535 - WW Treatment Expenditures	27,320.56	129,935.60	311,827.00	-181,891.40	41.67%
538 - Combined W/S Expenditures	23,165.58	209,633.10	313,840.00	-104,206.90	66.8%
Total Expense	<u>66,588.78</u>	<u>495,646.16</u>	<u>888,398.00</u>	<u>-392,751.84</u>	<u>55.79%</u>
Net Ordinary Income	<u>12,399.80</u>	<u>145,193.11</u>	<u>-31,477.00</u>		
Net Income	<u><u>12,399.80</u></u>	<u><u>145,193.11</u></u>	<u><u>-31,477.00</u></u>		

HARTSTENE POINTE WATER-SEWER DISTRICT
General Manager's Report
September 16, 2021

Water Treatment and Distribution:

Our water usage has gone down since the leak repair and since we've had some people leave for the summer. This last weekend, it did go up quite a bit on Sunday – perhaps people wanted to come out here to watch the game.

Water system flushing started today. Only so much can be done per day since we try not to get too low in the reservoir.

On Thursday 9/16, we are scheduled to have Well #3 test pumped.

Wastewater Collection and Treatment:

We still are limping along due to the waste pump issue. I try to do some “wasting” by opening the drain valve to SBR #1, but it has to be done in a certain time frame. So it's not as effective as the automatic wasting that occurs each cycle. Loren w/ERWoW is scheduled to be here next Tues 9/21 and hopefully we can get this issue resolved.

We will be posting for the WWTPPO position again.

General Comments:

The repair work at 562 PDE was completed. This was the lot where we damaged the power line. The electrician repaired the line on 9/2, the L&I inspector approved it last Friday and Dave Swart backfilled the holes today.

After the leak repair at 380/382 PDE, we partially backfilled the hole with sand to protect the pipes from rocks. After waiting a few days for the dirt to dry that we dug out, the hole was completely filled. Last week, HPMA maintenance offered to take crushed rock down to spread around and haul off excess dirt. We need to go by and do some touch-up to finish it.

Submitted by Jeff Palmer, General Manager

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 ~~10~~ 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.