

**HARTSTONE POINTE WATER-SEWER DISTRICT
REGULAR MEETING
DISTRICT OFFICE 119 E LIBERTY RD SHELTON WA 98584
March 21, 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 March 7, 2024 Regular Meeting **(2-3)**

REPORTS:

7. Commissioner Reports
8. Financial/Administrative Report:
 - Bills to Be Authorized:
 - Voucher 2024-12
 - Bills to Be Reviewed:
 - Voucher 2024-11
9. General Manager's Report

BUSINESS:

10. Review District Funds Structure **(4-5)**
11. Review Voucher Audit Procedure **(6)**

OLD BUSINESS

**HARTSTENE POINTE WATER-SEWER DISTRICT
REGULAR MEETING of the BOARD OF COMMISSIONERS
March 7, 2024
DISTRICT OFFICE 119 E LIBERTY RD SHELTON WA 98584**

MINUTES

PRESENT: President E. J. Anderson, Secretary S. Swart, Audit Commissioner Carl Anderson, 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: One subscriber present

CORRESPONDENCE: Commissioner Swart emailed HPMA's board president on March 5th regarding the use of potential abandoned sewerage

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

MINUTES:

The minutes of the February 15, 2024 regular meeting were presented. *Commissioner Swart moved to approve the minutes. Commissioner C. Anderson seconded. Hearing 3 aye votes and 0 nay votes, the minutes were approved.*

The minutes of the March 2, 2024 special meeting were presented. *Commissioner Swart moved to approve the minutes. Commissioner C. Anderson seconded. Hearing 3 aye votes and 0 nay votes, the minutes of the special meeting were approved.*

REPORTS:

Water Board Bible Review, Chapter One: Commissioners reviewed and discussed chapter one of the Water Board Bible

Commissioner Reports:

- Commissioner C. Anderson shared concerns and figures regarding the Wastewater Infrastructure Rehabilitation Project
- Commissioner Swart acknowledged PM maintained website updates
- Commissioner Swart reviewed WASWD legislative updates

Financial/Administrative Report:

- Bills to Be Authorized:
 - Voucher 2024-10 in the amount of \$12,869.54 was presented. *Commissioner C. Anderson moved to approve voucher 2024-10 in the amount of \$12,869.54. Commissioner Swart seconded. Hearing 3 aye votes and 0 nay votes, the voucher was approved.*
- Bills to Be Authorized:
 - PM presented Voucher 2024-08
 - PM presented Voucher 2024-09

- December 2023 Monthly Financial Report: PM presented
- January 2024 Monthly Financial Report: PM presented
- March 2024 Monthly Billing Report: PM presented

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

BUSINESS:

Schedule a Board Retreat: *Commissioner Swart moved to schedule a special meeting on March 29, 2024 at 9:15 am at Mason County PUD #3’s Auditorium (2621 E JOHNS PRAIRIE RD, SHELTON WA 98584), accessible from the west side of the building for the purpose of conducting a board retreat. Commissioner C. Anderson seconded. Hearing 3 aye votes and 0 nay votes, the special meeting is scheduled.*

Schedule a Special Meeting: *Commissioner Swart moved to schedule a special meeting on April 27, 2024 at 10:00 am at HPMA’s Club House (202 E POINTES DR E, SHELTON WA 98584) for the purpose of conducting a public hearing regarding the Wastewater Infrastructure Rehabilitation Project. Commissioner C. Anderson seconded. Hearing 3 aye votes and 0 nay votes, the special meeting is scheduled.*

Authorize GM to Purchase Influent Flow Meter: GM discussed the need for a new *Influent Flow Meter* and answered questions posed by commissioners. *Commissioner Swart moved to authorize the GM to purchase a new Influent Flow Meter, allocating up to \$3,700 in funds. Commissioner C. Anderson seconded. Hearing 3 aye votes and 0 nay votes, GM is authorized to purchase a new Influent Flow Meter at a cost of up to \$3,700.*

Review District Funds Structure: Commissioners tabled this for a future meeting when all three commissioners could be present

Voucher Audit Procedures Review: Commissioners tabled this for a future meeting when all three commissioners could be present

Commissioner C. Anderson moved to adjourn the meeting. Commissioner E. J. Anderson seconded. Hearing 3 aye votes and 0 nay votes, the meeting adjourned at 3:30 pm.

Respectfully Submitted By:

Signature

Stacy Swart, Secretary, Commissioner #3

Name and Title

Approved at the Regular Meeting of the Board on: 3-21-2024

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: 2/15/24 Cash/Budget Acct: 690-005-010

Voucher Number: 2024-07 Dated: 2/15/24

Voucher Total: \$ 41,607.93

Exceptions:

Audited By:

Carl Anderson, Audit Commissioner

Notes:

- \$176.93 to BUILDERS FIRSTSOURCE for Tools & Supplies
- \$330.00 to CARISA AMES for Cleaning Services
- \$30,126.12 to HPWSD for EFT Account Replenishment
- \$966.98 to HPWSD for Petty Cash Account Replenishment
- \$105.07 to JARED DISHON for Reimbursements
- \$7,879.00 to JAYSONCASTILLO OR KRISTEN SCHULTZ for CFCs Refund

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.