

ERNIE WIPF  
CHAIR

JULIE BAWCOM  
VICE-CHAIR

THERESA MCNERLIN  
DIRECTOR

DARWIN DICK  
DIRECTOR

CANDACE HORSLEY  
DIRECTOR

UKIAH VALLEY SANITATION DISTRICT REGULAR MEETING

**WEDNESDAY December 8, 2021 AT 6:00PM**

LOCATION: TELECONFERENCE VIA ZOOM

Call in number: 1-669-900-6833

Meeting ID: 897 3952 0325

Zoom Link: <https://us02web.zoom.us/j/89739520325>

*The Ukiah Valley Sanitation District Board meeting will be conducted pursuant to AB 361. The Board welcomes participation in the Board meetings. If you are joining the meeting via Zoom and wish to make a comment on an item, press the "raise a hand" button. If you are joining the meeting by phone, press \*9 to indicate a desire to make a comment. The chair will call you by name or phone number when it is your turn to comment. Speakers will be limited to 3 minutes. If you choose not to observe the meeting via Zoom and wish to make a comment on a specific agenda item, please submit your comment via email to the Board Secretary at [aa@uvsd.org](mailto:aa@uvsd.org) at least one hour before the meeting. All public comments submitted to the Board Secretary will be read verbatim for up to 3 minutes.*

*In compliance with the Americans with Disabilities Act, if you are a disabled person and you need disability-related modifications or accommodation to participate in this meeting, then please contact Chelsea Teague, Board Secretary at 707-462-4429. Requests must be made as early as possible, and at least one-full business day before the start of the meeting. The times indicated for agenda items are estimated and the Board reserves the right to address items either earlier or later than scheduled.*

- 1. CALL TO ORDER**
- 2. APPROVAL OF THE AGENDA**
- 3. PUBLIC EXPRESSION OF NON-AGENDIZED ITEMS**
- 4. APPROVAL OF BOARD MEETING MINUTES**
  - November 10, 2021 Regular Meeting
- 5. CONSENT CALENDAR**
  - Resolution 2021-02.3 Making Findings and Determinations Under AB 361 for Continued Virtual Meetings
  - Check Register for November 2021
  - LAIF Statement - November 2021
  - Unaudited Monthly Financial Statements

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**6. OLD BUSINESS**

None

**7. NEW BUSINESS**

- A. DISCUSSION AND POSSIBLE ACTION RE: Fiscal Year 2020-2021 Audit

Recommended Action: Accept the Audit for Fiscal Year 2020-2021 as presented.

- B. DISCUSSION AND POSSIBLE ACTION RE: Consider Recording of Virtual Public Meetings and Provide Staff Direction

Recommended Action: Consider recording of virtual public meeting proceedings and, by motion, direct staff as appropriate.

- C. DISCUSSION AND POSSIBLE ACTION RE: Formally Making a Request to the Mendocino LAFCO Commission that it Renders a Determination on the District's Current Sphere of Influence ("SOI")

Recommended Action: Provide direction to staff

**8. ANNOUNCEMENTS/OTHER BUSINESS/MATTERS FROM STAFF**

- a) General Manager Report of Ongoing District Activities
- b) Staff Report
- c) Report on JPA
- d) Directors' Reports
- e) Letters Received or Sent
- f) Announce Annual Meeting - January 12, 2022

**9. ADJOURNMENT**

## **UVSD Regular Board Meeting November 10, 2021, via teleconference**

**1. CALL TO ORDER** by Chair Wipf at 6:00pm. Roll call by Chelsea Teague – Director Dick absent.

### **2. APPROVAL OF THE AGENDA**

Motion to approve the agenda by Director Horsley, seconded by Director McNerlin. Roll call vote: Ayes – 4 Nays – 0. Motion carries.

### **3. PUBLIC EXPRESSION OF NON-AGENDIZED ITEMS**

No public comment.

### **4. APPROVAL OF BOARD MEETING MINUTES**

No public comment. Motion to approve Board Meeting Minutes by Vice-Chair Bawcom, seconded by Director McNerlin. Roll call vote: Ayes – 4 Nays – 0. Motion carries.

### **5. CONSENT CALENDAR**

Board discussion. No public comment. Motion to accept Resolution 2021-02.2 by Director Horsley, seconded by Director McNerlin. Roll call vote: Ayes – 4 Nays – 0. Motion carries. Board discussion continued. Motion to accept the remaining items on the consent calendar by Vice-Chair Bawcom, seconded by Director Horsley. Roll call vote: Ayes – 4 Nays – 0. Motion carries.

### **6. OLD BUSINESS**

None.

### **7. NEW BUSINESS**

#### **A. DISCUSSION AND POSSIBLE ACTION RE: UVSD CONTINUED PARTICIPATION IN URRWA AND CONSOLIDATION OF URRWA MEMBERS**

**Recommended Action: No action at this time**

Wing-See Fox addressed this item to the Board. No public comment. Board discussion regarding UVSD participation in URRWA and consolidation of URRWA Members and other potential options staff is discussing at Ad Hoc Committee Meetings with the City of Ukiah. No action taken.

### **8. ANNOUNCEMENTS/OTHER BUSINESS/MATTERS FROM STAFF**

- a) Wing-See Fox gave a report regarding the Audit for FY 2020-21.
- b) None.
- c) Discussions regarding URRWA and their past meetings were discussed on item 7A.
- d) None.
- e) Letter attached to the packet.
- f) Next Regular Meeting – December 08, 2021

**9. ADJOURNMENT** - Meeting adjourned at 7:09p.m.

## RESOLUTION 2021-02.3

### A RESOLUTION OF THE BOARD OF DIRECTORS OF THE UKIAH VALLEY SANITATION DISTRICT MAKING FINDINGS AND DETERMINATIONS UNDER AB 361 FOR CONTINUED VIRTUAL MEETINGS

**WHEREAS**, the Board of Directors of the Ukiah Valley Sanitation District (the “Board”) is committed to preserving and nurturing public access to and participation in meetings of the Board; and

**WHEREAS**, the Ralph M. Brown Act (Gov. Code § 54950 *et seq.*) generally requires local agencies meeting via teleconference, including through other virtual or electronic means, to provide public access at each location in which members of the legislative body are teleconferencing; and

**WHEREAS**, the Legislature recently enacted Assembly Bill 361, Chapter 165, Statutes of 2021 (“AB 361”), which amended Government Code section 54953 to allow local agencies to meet fully virtually during a proclaimed state of emergency if state or local officials have imposed or recommended measures to promote social distancing; and

**WHEREAS**, the Governor issued a proclamation declaring a state of emergency on March 4, 2020 due to the COVID-19 pandemic, pursuant to section 8625 of the California Emergency Services Act, and this proclaimed state of emergency currently remains in effect; and

**WHEREAS**, starting in March 2020, in response to the spread of COVID-19 in the State of California, the Governor issued a number of executive orders aimed at containing the COVID-19 virus; and

**WHEREAS**, among other things, these orders waived certain requirements of the Brown Act to allow legislative bodies to meet virtually; and

**WHEREAS**, pursuant to the Governor’s executive orders, the Board has been holding virtual meetings during the pandemic in the interest of protecting the health and safety of the public, staff, and Board members; and

**WHEREAS**, the Governor’s Executive Order N-29-20 related to the suspension of certain provisions of the Brown Act expired on September 30, 2021; and

**WHEREAS**, AB 361, effective as of October 1, 2021 allows legislative bodies to meet virtually provided there is a state of emergency, and either (1) state or local officials have imposed or recommended measures to promote social distancing; or (2)

the legislative body determines by majority vote that meeting in person would present imminent risks to the health and safety of attendees; and

**WHEREAS**, the Board has considered the circumstances of the state of emergency; and

**WHEREAS**, state or local officials continue to recommend measures to promote social distancing; and

**WHEREAS**, on September 29, 2021, the Mendocino County Health Officer issued a Health Recommendation urging public bodies in Mendocino County to continue meeting remotely through online meetings to lower the risk of COVID-19 transmission; and

**WHEREAS**, the continuation of virtual meetings will allow for full participation by members of the public until the present state of emergency has ended; and

**WHEREAS**, the Board desires to continue to hold virtual meetings pursuant to AB 361 and Government Code section 54953(e).

**NOW THEREFORE**, the Board of Directors of the Ukiah Valley Sanitation District, County of Mendocino, State of California does hereby resolve as follows:

1. The above recitals are true and correct.
2. Consistent with the provisions of Government Code Section 54953(e), the Board finds and determines that (1) a state of emergency related to COVID-19 is currently in effect; and (2) state and local officials have recommended measures to promote social distancing in connection with COVID-19. Based on such facts, findings and determinations, the Board authorizes staff to conduct remote teleconference meetings of the Board under the provisions of Government Code Section 54953(e).
3. This Resolution shall take effect immediately.

**PASSED AND ADOPTED** by the Board of Directors of the Ukiah Valley Sanitation District, County of Mendocino, State of California, this 8th day of December, 2021 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Ernie Wipf, Board Chair

ATTEST:

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Chelsea Teague  
Board Secretary

APPROVED AS TO FORM:

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Joanna Gin  
General Counsel



**Public Health Department  
of Mendocino County**

*Healthy People, Healthy Communities*

**Andy Coren, MD, County Health Officer**



**Recommendation Regarding Continued Remote Public Meetings of Governmental Bodies**

September 29, 2021

In light of the continued state of emergency related to COVID-19, as the County Health Officer, I recommend that public bodies continue to meet remotely to the extent possible.

This recommendation is made due to the continued threat of COVID-19 to this community with the ongoing surge in cases and deaths experienced since the Labor Day holiday, the current county vaccination rate, and a concern for continued risk during the upcoming holidays. Additionally, I make this recommendation based on the unique characteristics of public governmental meetings (such as the increased mixing associated with bringing people together from across the community, the need to enable those who are immunocompromised or unvaccinated to be able to safely continue to fully participate in such governmental meetings, and the challenges with fully ascertaining and ensuring compliance with vaccination and other safety recommendations at such meetings), and the continued increased safety protection that physical/social distancing provides as one means by which to reduce the risk of COVID-19 transmission.

Therefore, I strongly recommend teleconferencing through online meetings as this type of meeting presents the lowest risk of transmission of SARS-CoV-2, and allows for the participation of the community, local agency staff, presenters, and local agency governing bodies in a safe environment, with no risk of contagion.

I will continue to evaluate this recommendation on an ongoing basis, paying particular attention to the pandemic stage of our community. I will communicate when there is no longer such a recommendation with respect to meetings for public bodies.

A handwritten signature in blue ink, appearing to read "Howard A. Coren, MD".

Dr. Howard A. Coren, M.D.,  
Mendocino County Health Officer

Dated: September 29, 2021



**Ukiah Valley Sanitation District  
Check Detail  
November 2021**

Type	Num	Date	Name	Account	Paid Amount	Original Amount
<b>Bill Pmt -Check</b>	<b>1494</b>	<b>11/01/2021</b>	<b>City of Ukiah</b>	<b>1001 - UVSD Checking</b>		<b>-213,030.20</b>
Bill	112021	11/01/2021		6300 - Operating Expense Allocation	-213,030.20	213,030.20
TOTAL					-213,030.20	213,030.20
<b>Check</b>	<b>1495</b>	<b>11/08/2021</b>	<b>Evan Friedrich</b>	<b>1001 - UVSD Checking</b>		<b>-33.33</b>
				4001 - Residential Fees	-33.33	33.33
TOTAL					-33.33	33.33
<b>Check</b>	<b>1496</b>	<b>11/08/2021</b>	<b>Sharon Moyle</b>	<b>1001 - UVSD Checking</b>		<b>-25.87</b>
				4001 - Residential Fees	-25.87	25.87
TOTAL					-25.87	25.87
<b>Check</b>	<b>1497</b>	<b>11/15/2021</b>	<b>Dan &amp; Vicky Pardini</b>	<b>1001 - UVSD Checking</b>		<b>-160.41</b>
				4001 - Residential Fees	-160.41	160.41
TOTAL					-160.41	160.41
<b>Bill Pmt -Check</b>	<b>1498</b>	<b>11/15/2021</b>	<b>Best Best &amp; Krieger LLP</b>	<b>1001 - UVSD Checking</b>		<b>-7,037.50</b>
Bill	917804	09/30/2021		5601 - General Counsel	-3,337.50	3,337.50
Bill	919339	10/31/2021		5601 - General Counsel	-3,700.00	3,700.00
TOTAL					-7,037.50	7,037.50
<b>Bill Pmt -Check</b>	<b>1499</b>	<b>11/15/2021</b>	<b>Clifton Larson Allen, LLP</b>	<b>1001 - UVSD Checking</b>		<b>-2,500.00</b>
Bill	3070718	10/31/2021		5307 - Financial Review/Monthly Report	-2,500.00	2,500.00
TOTAL					-2,500.00	2,500.00
<b>Bill Pmt -Check</b>	<b>1500</b>	<b>11/15/2021</b>	<b>Hildebrand Consulting, LLC</b>	<b>1001 - UVSD Checking</b>		<b>-2,205.00</b>
Bill	381	10/31/2021		5305 - Financial & Managerial Support	-2,205.00	2,205.00
TOTAL					-2,205.00	2,205.00
<b>Bill Pmt -Check</b>	<b>2001</b>	<b>11/15/2021</b>	<b>Mark DeMeulenaere</b>	<b>1001 - UVSD Checking</b>		<b>-1,350.00</b>
Bill	102021	10/31/2021		5305 - Financial & Managerial Support	-1,350.00	1,350.00
TOTAL					-1,350.00	1,350.00
<b>Bill Pmt -Check</b>	<b>2002</b>	<b>11/15/2021</b>	<b>RespecTech, Inc.</b>	<b>1001 - UVSD Checking</b>		<b>-99.00</b>
Bill	43786	10/31/2021		5206 - Supplies	-99.00	99.00
TOTAL					-99.00	99.00
<b>Bill Pmt -Check</b>	<b>2003</b>	<b>11/15/2021</b>	<b>Ron W. Franz</b>	<b>1001 - UVSD Checking</b>		<b>-1,050.00</b>
Bill	10312021	10/31/2021		550A - Engineering	-1,050.00	1,050.00
TOTAL					-1,050.00	1,050.00
<b>Bill Pmt -Check</b>	<b>2004</b>	<b>11/15/2021</b>	<b>The Ukiah Daily Journal</b>	<b>1001 - UVSD Checking</b>		<b>-110.71</b>
Bill	0001316083	10/31/2021		5500 - Publications & Legal Notices	-110.71	110.71
TOTAL					-110.71	110.71
<b>Bill Pmt -Check</b>	<b>2005</b>	<b>11/15/2021</b>	<b>Tri-Cities</b>	<b>1001 - UVSD Checking</b>		<b>-105.35</b>
Bill	211000577101	10/31/2021		5201 - Telephone & DSL	-105.35	105.35
TOTAL					-105.35	105.35

**Ukiah Valley Sanitation District  
Check Detail  
November 2021**

Type	Num	Date	Name	Account	Paid Amount	Original Amount
Bill Pmt -Check	2006	11/15/2021	Urban Futures, Inc.	1001 - UVSD Checking		-5,937.50
Bill	1021-003	10/31/2021		5101 - Management - UFI	-5,937.50	5,937.50
TOTAL					-5,937.50	5,937.50
Bill Pmt -Check	2007	11/15/2021	Van Lant & Fankhanel, LLP	1001 - UVSD Checking		-12,500.00
Bill	11122021	11/12/2021		5301 - Audit Services-FS Preparation	-12,500.00	12,500.00
TOTAL					-12,500.00	12,500.00
Bill Pmt -Check	2008	11/15/2021	Willow Water District	1001 - UVSD Checking		-12,023.89
Bill	132	10/31/2021		5102 - MSA - Willow	-11,346.00	11,346.00
Bill	515	11/01/2021		5209 - Information Technology-All	-199.95	199.95
Bill				5203 - Office Rent	-425.00	425.00
Bill				5204 - Office Utilities	-52.94	52.94
TOTAL					-12,023.89	12,023.89
Bill Pmt -Check	2009	11/17/2021	USPS	1001 - UVSD Checking		-55.00
Bill	11172021	11/17/2021		5205 - Postage	-55.00	55.00
TOTAL					-55.00	55.00
<b>Savings Bank of Mendocino County</b>						
<b>Beginning Balance</b> as of 11/01/2021					\$2,086,534.07	
<b>Ending Balance</b> as of 11/30/2021					\$836,668.27	

California State Treasurer  
**Fiona Ma, CPA**



Local Agency Investment Fund  
P.O. Box 942809  
Sacramento, CA 94209-0001  
(916) 653-3001

December 02, 2021

[LAIF Home](#)  
[PMIA Average Monthly Yields](#)

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UKIAH VALLEY SANITATION DISTRICT

GENERAL MANAGER  
151 LAWS AVENUE, SUITE B  
UKIAH, CA 95482

[Tran Type Definitions](#)

**Account Number:** 70-23-001

November 2021 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
11/2/2021	10/27/2021	RD	1689509	N/A	MARK DEMEULENAERE	1,500,000.00

**Account Summary**

Total Deposit:	1,500,000.00	Beginning Balance:	7,355,718.53
Total Withdrawal:	0.00	Ending Balance:	8,855,718.53

**UKIAH VALLEY SANITATION DISTRICT**

**FINANCIAL STATEMENTS  
MONTH ENDED AND FISCAL YEAR TO DATE  
OCTOBER 31, 2021**

Working Draft For  
Discussion Purposes  
Only

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Working Draft For  
Discussion Purposes  
Only

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Working Draft For  
Discussion Purposes  
Only

These accrual basis financial statements have not been subjected to an audit, review, or compilation engagement, and no opinion nor assurance is provided hereon. Substantially all disclosures and RSI required by US generally accepted accounting principles have been omitted. See Selected Information.

**UKIAH VALLEY SANITATION DISTRICT  
STATEMENT OF NET POSITION  
OCTOBER 31, 2021**

**ASSETS**

Current Assets:

Cash and Investments	\$ 9,647,402
Accounts Receivable	911,557
Interest Receivable	2,500
Restricted Cash	501,966
Due from City of Ukiah	1,000,000
Prepaid Expenses	3,011
Total Current Assets	<u>12,066,436</u>

Noncurrent Assets:

Capital Assets:

Depreciable, Net	28,728,767
Total Noncurrent Assets	<u>28,728,767</u>
Total Assets	<u>40,795,203</u>

**LIABILITIES**

Current Liabilities:

Accounts Payable	31,941
Accrued Interest	92,404
Customer Deposits Payable	26,500
Bonds Payable - Due in One Year	1,448,000
Total Current Liabilities	<u>1,598,845</u>

Long-Term Liabilities:

Bonds Payable - Due in More Than One Year	21,462,000
Total Long-Term Liabilities	<u>21,462,000</u>
Total Liabilities	<u>23,060,845</u>

**NET POSITION**

Net Investment in Capital Assets	5,818,767
Unrestricted	11,915,591
Total Net Position	<u>\$ 17,734,358</u>

These accrual basis financial statements have not been subjected to an audit, review, or compilation engagement, and no opinion nor assurance is provided hereon. Substantially all disclosures and RSI required by US generally accepted accounting principles have been omitted. See Selected Information.

**UKIAH VALLEY SANITATION DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**MONTH ENDED AND FISCAL YEAR TO DATE OCTOBER 31, 2021**

	Month Ended October 31, 2021	Fiscal Year to Date October 31, 2021
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 449,095	\$ 1,791,629
Connection Fees	-	4,857
Total Operating Revenues	449,095	1,796,486
<b>OPERATING EXPENSES</b>		
Services and Supplies	26,708	124,126
Operating Expense Allocation - City of Ukiah	204,247	852,121
Legal Expense	7,037	15,880
Depreciation and Amortization	65,598	262,434
Total Operating Expenses	303,590	1,254,561
<b>OPERATING INCOME (LOSS)</b>	145,505	541,925
<b>NONOPERATING REVENUE (EXPENSES)</b>		
Taxes and Assessments	-	3,239
Interest Income	2,506	22,193
Interest and Bond Expense	(46,202)	(187,692)
Total Nonoperating Revenue (Expenses)	(43,696)	(162,260)
<b>CHANGE IN NET POSITION</b>	101,809	379,665
Net Position - September 30, 2021 and June 30, 2021	17,632,549	17,354,693
<b>NET POSITION - END OF PERIOD</b>	\$ 17,734,358	\$ 17,734,358

These accrual basis financial statements have not been subjected to an audit, review, or compilation engagement, and no opinion nor assurance is provided hereon. Substantially all disclosures and RSI required by US generally accepted accounting principles have been omitted. See Selected Information.



**UKIAH VALLEY SANITATION DISTRICT  
SELECTED NOTES TO THE FINANCIAL STATEMENTS  
FISCAL YEAR TO DATE OCTOBER 31, 2021**

**Ukiah Valley Sanitation District**

Selected Information

For the month ended and fiscal year to date October 31, 2021

The accompanying financial statements include the following departures from accounting principles generally accepted in the United States of America:

The financial statements omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America.

The financial statements omit all required supplementary information, such as management discussion and analysis as required by accounting principles generally accepted in the United States of America.

The effects of these departures have not been determined.

These accrual basis financial statements have not been subjected to an audit, review, or compilation engagement, and no opinion nor assurance is provided hereon. Substantially all disclosures and RSI required by US generally accepted accounting principles have been omitted. See Selected Information.

Ukiah Valley Sanitation District  
151 Laws Avenue  
Ukiah, CA 95482

STAFF REPORT  
December 8, 2021

To: Board of Directors  
From: Wing-See Fox  
Meeting Date: December 8, 2021

Item #7A: Fiscal Year 2020-2021 Audit

**Background:**

The Board of Directors adopted Policy Number 7010 entitled Accounting and Financial Reporting which directs the District to have an annual audit of its finances prepared by a qualified independent certified public accountant. The District requires the external auditor to use GAAP in preparing its annual financial statements. Further, the District strives to issue these annual financial statements within 180 days after the District's Fiscal Year end but may issue them later due to extenuating circumstances. These annual financial statements are also required by BBVA, the lender to the District for the 2020 Refinancing, and must be provided to BBVA within 240 days after the District's Fiscal Year end. A copy will also be sent to the County.

**Discussion:**

The agenda packet includes the District's Audited Financial Statements for Fiscal Year 2020-2021. The Audit was prepared by a qualified independent certified public accountant, Van Lant & Fankhanel, LLP, who gave an unmodified opinion to the District's Fiscal Year 2020-2021 Audit. The Audit Report was submitted to the District on November 10, 2021; and if it is accepted by the Board, the Audit Report will be submitted to BBVA in a timely manner in accordance with the related Bond Indenture.

**Recommendation:**

Staff recommends that the Board accept the Audit for Fiscal Year 2020-2021 as presented.

**Attachment:**

1. Audit for Fiscal Year 2020-2021
2. Budget to Actual for Fiscal Year 2020-2021 (for informational purposes only)

Respectfully submitted,



WING-SEE FOX  
Interim District Manager

**UKIAH VALLEY SANITATION DISTRICT**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Ukiah Valley Sanitation District  
Ukiah, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Ukiah Valley Sanitation District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Ukiah Valley Sanitation District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cashflows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the California State Controller’s Office and state regulations governing special districts.

**Other Matters**

*Required Supplementary Information*

Management has omitted management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented in the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context.

*Van Lant + Fankhanel, LLP*

Murrieta, CA  
November 4, 2021

**UKIAH VALLEY SANITATION DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2021**

**ASSETS**

Current Assets:

Cash and Investments	\$ 8,818,741
Accounts Receivable	867,203
Interest Receivable	50,898
Restricted Cash	502,015
Due from City of Ukiah	1,000,000
Prepaid Expenses	3,210
Total Current Assets	11,242,067

Noncurrent Assets:

Due from City of Ukiah	1,000,000
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Capital Assets:

Depreciable, Net	28,991,201
Total Noncurrent Assets	29,991,201
Total Assets	41,233,268

**LIABILITIES**

Current Liabilities:

Accounts Payable	43,100
Accrued Interest	190,575
Customer Deposits Payable	19,900
Bonds Payable - Due in One Year	1,430,000
Total Current Liabilities	1,683,575

Long-Term Liabilities:

Bonds Payable - Due in More Than One Year	22,195,000
Total Long-Term Liabilities	22,195,000
Total Liabilities	23,878,575

**NET POSITION**

Net Investment in Capital Assets	5,366,201
Unrestricted	11,988,492
Total Net Position	\$ 17,354,693

See accompanying Notes to Financial Statements.



**UKIAH VALLEY SANITATION DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
YEAR ENDED JUNE 30, 2021**

<b>OPERATING REVENUES</b>	
Charges for Services	\$ 5,282,116
Connection Fees	760,817
Total Operating Revenues	<u>6,042,933</u>
<b>OPERATING EXPENSES</b>	
Services and Supplies	377,947
Operating Expense Allocation - City of Ukiah	2,190,756
Depreciation and Amortization	787,162
Total Operating Expenses	<u>3,355,865</u>
<b>OPERATING INCOME</b>	<u>2,687,068</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>	
Taxes and Assessments	56,618
Interest Income	102,642
Other Revenue (Expenses)	(5,207)
Interest and Bond Expense	(590,774)
Total Nonoperating Revenue (Expenses)	<u>(436,721)</u>
<b>CHANGE IN NET POSITION</b>	2,250,347
<b>Net Position - Beginning of Year</b>	<u>15,104,346</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 17,354,693</u></u>

See accompanying Notes to Financial Statements.

**UKIAH VALLEY SANITATION DISTRICT  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2021**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers	\$ 6,273,958
Payments to Suppliers	<u>(2,589,300)</u>
Net Cash Provided by Operating Activities	<u>3,684,658</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Tax & Assessment Receipts	51,411
Settlement Receipts	<u>1,090,000</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,141,411</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of Capital Assets	(7,609)
Principal Payments on Bonds Payable	(1,380,000)
Interest and Fees Paid on Bonds Payable	<u>(609,750)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(1,997,359)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Received	<u>29,244</u>
Net Cash Provided by Investing Activities	<u>29,244</u>
 <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	
	2,857,954
Cash and Cash Equivalents - Beginning of Year	<u>6,462,802</u>
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	
	<u>\$ 9,320,756</u>
 <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>	
Cash and Investments	\$ 8,818,741
Restricted Cash	<u>502,015</u>
 <b>TOTAL CASH AND CASH EQUIVALENTS</b>	
	<u>\$ 9,320,756</u>

See accompanying Notes to Financial Statements.

**UKIAH VALLEY SANITATION DISTRICT  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH  
PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ 2,687,068
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	787,162
Changes in Assets and Liabilities:	
(Increase) Decrease in:	
Accounts Receivable	211,125
Prepaid Expenses	(3,210)
Increase (Decrease) in:	
Accounts Payable	(17,387)
Deposits from Customers	19,900
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,684,658</u>

*See accompanying Notes to Financial Statements.*

**UKIAH VALLEY SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Ukiah Valley Sanitation District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

The District is a public agency formed on July 6, 1954, by Resolution No. 1294 of the Mendocino County Board of Supervisors. The District was formed to provide sewer facilities and services in the Ukiah Valley and is governed by an independent five member board of directors.

Reporting for a component unit can be blended or discretely presented. Blended component units, although legally separate entities, are in substance, part of the District's operations. Blended component units are an extension of the District, so data from these units is combined with data of the District. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the District.

There are no component units of the District which meet the criteria of either the blended or discrete presentation.

**B. Basis of Presentation**

The fund financial statements provide information about the District's funds. The District's financial statements have been prepared on the basis of the governmental proprietary fund concept adopted by the GASB. The governmental proprietary fund concept provides that financial activities be presented as a single proprietary fund which includes enterprise funds. The District maintains a single Waste Water Fund.

**C. Basis of Accounting and Measurement Focus**

The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include revenues from grants, entitlements, and donations. Under the accrual basis, revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing

**UKIAH VALLEY SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

operations. The principal operating revenue of proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Cash and Investments**

Cash and investments are used in preparing the statement of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year. Investments are stated at fair value.

The District's investments are in accordance with the California Government Code. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk. Cash and investments held and invested by fiscal agents on behalf of the District are pledged for payment or security of certain long-term debt issuances. Fiscal agents are mandated by bond indentures as to the types of investments in which such funds can be invested.

**E. Receivables**

The District's accounts receivable are reported at their estimated realizable value and consist primarily of sewer service charges to District customers. The allowance for doubtful accounts was \$700 as of June 30, 2021.

**F. Capital Assets**

Capital assets, including collection lines and nonstructural improvements are defined by the District as assets with a cost of more than \$5,000 for and an estimated useful life of more than two years. Capital assets are recorded at acquisition or estimated historical cost if actual historical cost is unavailable. Donated capital assets, donated works of art and similar items and capital assets received in a service concession arrangement are reported at acquisition value, which is the amount that would be paid to acquire an asset with equivalent service potential at the acquisition date.

Capital assets used in operations are depreciated or amortized using the straight-line method over the assets estimated useful life which range from 5 to 65 years.

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

**G. Taxes and Assessments**

The State of California (State) Constitution Article XIII-A provides that the combined maximum property tax rate on any given property may not exceed one percent of its assessed value unless voters have approved an additional amount for general obligation debt. Assessed value is calculated at 100% of market value as defined by Article XIII-A,

**UKIAH VALLEY SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

and may be adjusted by no more than two percent per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a one percent tax levy among the counties, cities, school districts and other districts, such as the Ukiah Valley Sanitation District.

The District receives a portion of Mendocino County property taxes. The taxes are levied as of July 1, and installments are collected in December and April. The District also receives unsecured, SB813, supplemental, prior years and HOPTR taxes which are allocated at various times throughout each year. Mendocino County collects and administers the taxes. The District records these amounts as non-operating revenues at the time of the levy.

**H. Net Position**

The proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

When outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position is available, it is considered that restricted resources are used first, followed by the unrestricted resources.

**I. Estimates**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**UKIAH VALLEY SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 2 CASH AND INVESTMENTS**

At June 30, 2021, the District's cash and investments consisted of the following:

Cash and Investments:	
Cash on Hand	\$ 650
District Deposits	832,929
LAIF	7,985,162
Restricted Cash	502,015
Total Cash and Investments	<u>\$ 9,320,756</u>

**Custodial Credit Risk for Deposits**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code requires that a financial institution secure the District's cash deposits by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of pledged securities in the collateral pool must equal at least 110% of the District's cash deposits. California law also allows institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total cash deposits.

At June 30, 2021, the carrying value of the County's deposits was \$832,929 and the bank balance was \$774,995. The difference between the carrying amount and the bank balance is a result of transactions in transit. Of the bank balance, \$250,000 was covered by Federal Depository Insurance Corporation (FOIC) and the remainder was covered by the multiple financial institution collateral pool that insures public deposits.

**Concentration of Credit Risk**

The investment policy of the District contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. At June 30, 2021 and 2020, the District had no investments in any one issuer (other than external pools) that represent 5% or more of total District investments.

**Local Agency Investment Fund**

The District maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisory Board (LIAB) has oversight responsibility for LAIF. LIAB consists of five members as designated by State Statute. The credit quality of LAIF is unrated.

**UKIAH VALLEY SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

At June 30, 2021, the District's investment position in LAIF was \$7,985,162, which approximates fair value and is the same value of pool shares. The total amount invested by all public agencies in LAIF on that day was \$193.32 billion. Of that amount, 100% was invested in nonderivative financial products. Fair value is based on information provided by the State for the Local Agency Investment Fund.

**Restricted Cash**

Restricted cash represents bond debt service reserves held by the bond trustee related to the Ukiah Valley Sanitation District Wastewater Revenue Refunding Bonds, Series 2020.

**NOTE 3 CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Additions	Retirements and Adjustments	Balance June 30, 2021
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Total Capital Assets, Not Being Depreciated	-	-	-	-
Capital Assets, Being Depreciated:				
Land Improvements	108,986	-	-	108,986
Trunk Lines	4,411,033	-	-	4,411,033
Lateral Lines	41,309	-	-	41,309
Buildings	124,303	-	-	124,303
Machinery & Equipment	234,853	-	-	234,853
Software	6,430	-	-	6,430
Intangible Assets	30,179,441	7,609	-	30,187,050
Total Capital Assets, Being Depreciated	35,106,355	7,609	-	35,113,964
Less Accumulated Depreciation for:				
Land Improvements	(108,986)	-	-	(108,986)
Trunk Lines	(2,174,966)	(93,040)	-	(2,268,006)
Lateral Lines	(41,309)	-	-	(41,309)
Buildings	(124,303)	-	-	(124,303)
Machinery & Equipment	(218,055)	(2,032)	-	(220,087)
Software	-	(643)	-	(643)
Intangible Assets	(2,667,982)	(691,447)	-	(3,359,429)
Total Accumulated Depreciation	(5,335,601)	(787,162)	-	(6,122,763)
Total Capital Assets, Being Depreciated, Net	29,770,754	(779,553)	-	28,991,201
Total Capital Assets, Net	\$ 29,770,754	\$ (779,553)	\$ -	\$ 28,991,201



**UKIAH VALLEY SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 4 LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities transactions for the year ended June 30:

Types of Indebtedness	Balance July 1, 2020	Additions/ Adjustments	Retirements/ Adjustments	Balance June 30, 2021	Amounts Due Within One Year
Bonds Payable	\$ 25,005,000	-	\$ (1,380,000)	\$ 23,625,000	\$ 1,430,000

**Bonds Payable**

On February 24, 2020 the district entered into an agreement with the City of Ukiah (City) to facilitate refunding the City's 2006 Water and Wastewater Revenue Bonds, Series A (2006 Bonds) issued in the original principal amount of \$75,060,000. As a result of this agreement the District issued its Ukiah Valley Sanitation District Wastewater Revenue Refunding Bonds, Series 2020 (District's 2020 Bonds) in the amount of \$25,005,000. The proceeds of the District's 2020 Bonds combined with a \$2.5 million cash contribution from the District was used to pay off the District's debt payable to the City and fully prepay the District's allocable share of the 2006 Bonds. The District's 2020 Bonds carry an interest rate of 2.42%. Semiannual payments beginning on September 1, 2020, with principal payments ranging from \$689,000 to \$986,000, maturing on March 1, 2035. The District is required to have Adjusted Net Revenues for the specified period, as defined in the Indenture Agreement, equal to at least 120% of the debt service.

Following is a schedule of bond payment requirements to maturity:

Year Ending June 30.	Bonds Payable		
	Principal	Interest	Total
2022	\$ 1,430,000	\$ 563,074	\$ 1,993,074
2023	1,466,000	528,250	1,994,250
2024	1,504,000	492,543	1,996,543
2025	1,541,000	455,928	1,996,928
2026	1,580,000	418,406	1,998,406
2027-2031	8,504,000	1,495,572	9,999,572
2032-2035	7,600,000	419,447	8,019,447
Total	<u>\$ 23,625,000</u>	<u>\$ 4,373,220</u>	<u>\$ 27,998,220</u>

**NOTE 5 COMMITMENTS AND CONTINGENCIES**

**Pending Litigation and Claims**

The District is involved in various claims and litigation arising in the ordinary course of business. District management, based upon the opinion of legal counsel, is of the opinion that the ultimate resolution of such matters will not have a materially adverse effect on the District's financial position or results of operations.

**Participation Agreement**

The District has a participation agreement with the City for joint operation of the sewer system that provides sewer facility and services to residents within the City and the areas suburban to the City. Under an amendment to this participation agreement on July 19, 1995,

**UKIAH VALLEY SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

the annual costs for sewage treatment including maintenance, operation, expansion, upgrade, administration, insurance and financial services of the entire sewer system (treatment plant, trunk sewer, and collection system) shall be proportioned between the City and the District each year based on the ratio of the City to District sewer service units for each year of operation. The cost apportionment between the City and the District shall be adjusted annual at the beginning of each fiscal year of operation based upon the ratio of City to District equivalent sewer service units on record as of March 31 of each year.

Under the terms of the agreement, the City retains title, management and control of the sewer treatment plant including any additions or changes made to it. The City is responsible for maintaining and furnishing personnel for the operation of the sewer treatment plant and also provides inspection services and maintenance sewer trunk and collection lines in the sewer system.

The following schedule presents the amount of joint costs allocated to the District:

Year ended June 30, 2021	Total Joint Costs	Allocation Percentage	District's Share of Costs
Salaries and Benefits	\$ 2,157,596	50.16%	\$ 1,082,250
Indirect Cost Allocation	585,381	50.16%	293,627
Contract Services	383,919	50.16%	192,574
Utilities	361,065	50.16%	181,110
Repairs and Maintenance	360,483	50.16%	180,818
Other Operating	201,944	50.16%	101,296
Supplies	165,930	50.16%	83,230
Water Treatment	151,219	50.16%	75,851
Subtotal Operating Expense	<u>4,367,537</u>		<u>2,190,756</u>
Capital Outlay	15,170	50.16%	7,609
Total	<u>\$ 4,382,707</u>		<u>\$ 2,198,365</u>

The District's share of costs is included in operating expense allocation – City of Ukiah on the statement of revenues, expenses, and changes in fund net position.

**NOTE 6 RISK MANAGEMENT**

The District is exposed to various risk of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to insure for the risk of loss, the District purchased insurance through commercial insurance carriers. The District's insurance coverage included general liability insurance with liability limit of \$1,000,000 and property liability limit of \$25,000,000.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

**UKIAH VALLEY SANITATION DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 7 DUE FROM CITY OF UKIAH**

On October 1, 2018 the District and the City entered into a Settlement Agreement where the City agreed to transfer funds and pay to the District the monetary sum of \$7,500,000 with each party agreeing to release, with certain exceptions, claims associated with the then-pending lawsuit between them. Of the \$7,500,000: (1) the City was required to transfer and deposit \$2,515,689.80, representing the District’s share (through August 31, 2018) of unspent bond proceeds held by City, to a fiscal agent for the exclusive purpose of prepaying the District’s share of the principal amount due on the revenue bonds described in Note 5 and with additional requirement that the District receive application of the entire \$2,515,689.80 (regardless of future events) against the total principal amount of the revenue bonds for which the District is ultimately obligated to pay; (2) the City was required to pay directly to the District \$984,310.20 on or before October 30, 2018; and (3) the City was required to pay directly to the District an additional \$4,000,000 in equal annual installments of \$1,000,000, commencing October 30, 2019. The following is a schedule of payments required by the City to the District in accordance with the Settlement Agreement.

<u>Year Ending June 30,</u>	<u>Principal</u>
2022	\$ 1,000,000
2023	1,000,000
Total	<u>\$ 2,000,000</u>

**Ukiah Valley Sanitation District**  
**Budget for Fiscal Year Ending June 30,2021**  
**Approved**

<b>Operating Budget</b>	<b>Budget for Fiscal Year Ended June 30, 2021</b>	<b>Actual Fiscal Year Ended Fiscal 20/21</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Operating Revenues</b>			
Charge for Services	5,191,171	5,239,095	47,924
Connection Fees	186,896	760,817	573,921
Delinquent Accounts Collected at District	25,000	846	(24,154)
Delinquent Accounts Collected by County from Property Tax	55,000	42,175	(12,825)
Estimated Loss of Revenue due to COVID-19	<u>(100,000)</u>		<u>100,000</u>
Total Operating Revenue	<u>5,358,067</u>	<u>6,042,933</u>	<u>684,866</u>
<b>Operating Expenses</b>			
District's Portion Of Shared Expenses with the City			
Personnel	1,072,881	1,082,250	(9,369)
Operations	968,719	814,879	153,840
Internal Service Use	<u>288,061</u>	<u>293,627</u>	<u>(5,566)</u>
Sub Total Shared City Expenses	<u>2,329,661</u>	<u>2,190,756</u>	<u>138,905</u>
District Expenses	545,709	377,947	167,762
Depreciation and Amortization Expense	<u>785,000</u>	<u>787,162</u>	<u>(2,162)</u>
Total Operating Expenses	<u>3,660,370</u>	<u>3,355,865</u>	<u>304,505</u>
Operating Income (Loss)	1,697,697	2,687,068	989,371
<b>Nonoperation Revenue (Expenses)</b>			
Taxes and Assessments	51,536	56,618	5,082
Interest Income	80,000	35,142	(44,858)
Other Revenues	5,000	(5,207)	(10,207)
Interest on Settlement Receivable from The City of Ukiah	60,000	67,500	7,500
Interest Expense Bond	<u>(608,550)</u>	<u>(590,774)</u>	<u>17,776</u>
Total Nonoperation Revenue (Expenses)	<u>(412,014)</u>	<u>(436,721)</u>	<u>(24,707)</u>
Net Surplus/ (Deficit) Before Capital Projects and Principal Debt Service	1,285,682	2,250,347	964,665
<b>Proposed Capital Budget</b>			
Shared Capital Projects- Collection and Treatment	128,010	7,609	120,401
Shared Capital Projects-Internal Allocations	5,800	0	5,800
Ackerman Creek Project	<u>400,000</u>	<u>0</u>	<u>400,000</u>
Total Budgeted Capital Expenditures	<u>533,810</u>	<u>0</u>	<u>533,810</u>

Ukiah Valley Sanitation District  
151 Laws Avenue  
Ukiah, CA 95482

STAFF REPORT  
December 8, 2021

To: Board of Directors  
From: Wing-See Fox  
Meeting Date: December 8, 2021

Item #7B: Consider Recording of Virtual Public Meetings and Provide Staff Direction

**Background:**

Previously, when the Board met in person, the District's practice was to record meetings. Since March 2020, in response to the COVID-19 pandemic, social distancing protocols, and the suspension of Brown Act requirements for teleconference meetings, the Board has regularly met via Zoom, but has not recorded its meetings. This item is for the Board to consider whether it wishes to record future virtual Board meetings.

**Discussion:**

There is no legal requirement to record meetings. However, if the Board elects to record Board meetings on the Zoom platform, the Brown Act (Government Code section 54953.5(b)) specifies that "[a]ny audio or video recording of an open and public meeting made for whatever purpose by or at the direction of the local agency shall be subject to inspection pursuant to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title I), but, notwithstanding Section 34090, may be erased or destroyed 30 days after recording. Any inspection of an audio or video recording shall be provided without charge on equipment made available by the local agency."

Based on the above, if the Board did authorize the recording of the virtual Board meeting, and other public meetings, those recordings would be considered a public record under the California Public Records Act. This means, the District would need to ensure that the recording is made available if the public wants to request a copy under the Public Records Act. However, pursuant to Government Code Section 54953.5(b), the District can destroy the recording after 30 days.

**Recommended Action:**

1. Consider recording of virtual public meeting proceedings and, by motion, direct staff as appropriate.

Respectfully submitted,



WING-SEE FOX  
Interim District Manager

Ukiah Valley Sanitation District  
151 Laws Avenue  
Ukiah, CA 95482

STAFF REPORT  
December 8, 2021

To: Board of Directors  
From: Wing-See Fox  
Meeting Date: December 8, 2021

Item #7C: Formally Making a Request to the Mendocino LAFCO Commission that it  
Renders a Determination on the District's Current Sphere of Influence ("SOI")

**Background:**

The District and City agree that an application for an Out of Area Service Agreement should be submitted to LAFCO for the area commonly referred to as Ford Road, along with other applicable areas as circumstances dictate, where District lines have been placed. There are certain developers and commercial businesses that would like to connect to sewer rather than develop septic systems. However, since these properties are located out of the District's and out of the City's current service areas, an Out of Area Service Agreement needs to be approved by LAFCO in order for these businesses to connect to sewer lines.

It is staff's understanding that in order to apply for an Out of Area Service Agreement, the proposed service area needs to be within the applicant's Sphere of Influence. (There are other standards and requirements for Out of Area Service Agreements that this report will not go into detail on.) It is unclear whether the Ford Road area is within the District's Sphere of Influence because LAFCO has not been able to confirm with staff what the District's current SOI is. There appear to be no records of a final determination/decision regarding the District's current SOI.

**Discussion:**

The Ford Road area is in the City's SOI, and the City has offered to submit the Out of Area Service Agreement application for the Ford Road area, and then enter into an agreement with the District to provide sewer service. Staff believes that it may be more efficient for the District to serve as the applicant. Whichever agency is the applicant, staff believes that both agencies will need to caveat that the Out of Area Service Agreement does not preclude either agency from applying to annex the service area. In order to determine whether it is possible for the District to apply for the Out of Area Service Agreement, the Board may consider directing staff to formally request that the LAFCO Commission render a final determination in regard to the District's current SOI.

**Recommendation:**

Provide direction to staff.

Respectfully submitted,



WING-SEE FOX  
Interim District Manager