

ERNIE WIPF  
CHAIR

JULIE BAWCOM  
VICE-CHAIR

THERESA MCNERLIN  
DIRECTOR

DARWIN DICK  
DIRECTOR

CANDACE HORSLEY  
DIRECTOR

UKIAH VALLEY SANITATION DISTRICT REGULAR MEETING

**WEDNESDAY June 09, 2021 AT 6:00PM**

LOCATION: TELECONFERENCE VIA ZOOM

Call in number: 1-669-900-6833

Meeting ID: 813 2936 6409

Zoom Link: <https://us02web.zoom.us/j/81329366409>

*Note: Except for public expression, unless otherwise noted, all items are considered for action. 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**

*The Board welcomes participation in the Board meetings. Comments shall be limited so that everyone may be heard. This item is limited to matters under the jurisdiction of the Board which are not on the posted agenda and items which have not already been considered by the Board. The Board limits testimony on matters not on the agenda to 3 minutes per person and not more than 10 minutes for a particular subject at the discretion of the Chair of the Board. No action will be taken. Individuals wishing to address the Board on items on the agenda will be given an opportunity to do so when the item is addressed by the Board.*

**4. APPROVAL OF BOARD MEETING MINUTES**

- A. May 12, 2021 Regular Meeting
- B. May 14, 2021 Finance Committee Meeting

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**5. CONSENT CALENDAR**

- A. Check Register – May 2021
- B. LAIF Statement – May 2021
- C. Unaudited Monthly Financial Statements

**6. OLD BUSINESS**

- A. DISCUSSION AND POSSIBLE ACTION RE: Updates to Policy Number 5010 Relating to Board Meeting Procedures

Recommended Action: Approve Updates to Policy Number 5010

**7. NEW BUSINESS**

- A. PRESENTATION: District-Only Operating Expenses for Fiscal Year 2021-2022 Budget
- B. DISCUSSION AND POSSIBLE ACTION RE: Proposed Engagement Letter from Van Lant & Fankhanel, LLP, for Auditing Services for Fiscal Year Ending June 30, 2021

Recommended Action: Approve Engagement Letter from Van Lant & Fankanel, LLP

**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 Special Meeting – June 23, 2021 at 6pm
- g) Announce the Next Regular Meeting – July 14, 2021

**9. ADJOURNMENT**

## **UVSD Regular Board Meeting May 12, 2021 via teleconference**

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

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

Matt Froneberger made some comments regarding being a representative on the LAFCo Board, telling the Board to reach out to him if they need anything.

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

Motion to accept Board Meeting Minutes by Director Horsley, seconded by Director McNerlin. No public comment. Roll call vote: Ayes – 4 Nays – 0. Motion carries.

### **4. CONSENT CALENDAR**

Board discussion. No public comment. Motion to accept Consent Calendar by Vice-Chair Bawcom, seconded by Director Horsley. Roll call vote: Ayes – 4 Nays – 0. Motion carries.

### **5. OLD BUSINESS**

#### **A. DISCUSSION AND POSSIBLE ACTION RE: ADDENDUM AND AMENDMENT TO MASTER SERVICE AGREEMENT REGARDING THE ANNUAL RATE CHANGE PROVISION BETWEEN WILLOW COUNTY WATER DISTRICT AND UKIAH VALLEY SANITATION DISTRICT**

**-Recommended Action: Approve and direct Chair Wipf to execute the Addendum and Amendment to the Master Service Agreement.**

Board discussion. No public comment. Motion to approve and direct Chair Wipf to execute the Addendum and Amendment to the Master Service Agreement by Director Horsley, seconded by Director McNerlin. Roll call vote: Ayes – 4 Nays – 0. Motion carries.

### **6. NEW BUSINESS**

#### **A. DISCUSSION AND POSSIBLE ACTION RE: MOVING CONSOLIDATION EFFORTS FORWARD**

**-Recommended Action: Discuss and provide input on ways the District can help move consolidation efforts forward.**

Wing-See Fox addressed this item to the Board. Board discussion. Motion to direct staff to draft a proposal regarding consolidation efforts (roadmap) by Director Horsley, seconded by Vice-Chair Bawcom. No public comment. Roll call vote: Ayes – 4 Nays – 0. Motion carries.

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

- a) Wing-See gave a report re: The Ad Hoc Committee meetings with the City of Ukiah, Standing Committee meetings, budgets, and the LAFCo Regular Meeting
- b) Joanna Gin (District legal counsel) gave a report regarding the Potter Valley Project financial contribution. Direction to staff and counsel to report back at the District's next Regular Meeting. No public comment.
- c) Jared Walker gave an update re: URRWA's May Board Meeting and the issues our valley is facing due to a shortage in water supply.
- d) Chair Wipf gave a report re: the jail issue.
- e) No letters received or sent.
- f) Next Regular Meeting – June 09, 2021

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

## **UVSD Finance Committee Meeting May 14, 2021 via teleconference**

**1. CALL TO ORDER** by Vice-Chair Bawcom at 3:01p.m. Roll call by Chelsea Teague – all present (Vice-Chair Bawcom and Director Horsley).

### **2. PUBLIC-COMMENTS**

None.

### **3. DISCUSSION RE: UKIAH VALLEY SANITATION DISTRICT'S BUDGETED OPERATING EXPENSES FOR FISCAL YEAR 21/22**

**-Recommended Action: None.**

Wing -See Fox and Mark DeMeulenaere addressed the budget items in the packet to the Committee. Discussion amongst staff and the Committee. No public comment. No action taken.

**4. ADJOURNMENT** - Meeting adjourned at 3:46p.m.

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

Type	Num	Date	Name	Account	Paid Amount	Original Amount
<b>Bill Pmt -Check</b>	<b>1405</b>	<b>05/01/2021</b>	<b>City of Ukiah</b>	<b>100 - UVSD Checking</b>		<b>-85,358.45</b>
Bill	052021	05/01/2021		805 - Operating Expense Allocation	-85,358.45	194,138.45
TOTAL					-85,358.45	194,138.45
<b>Bill Pmt -Check</b>	<b>1406</b>	<b>05/12/2021</b>	<b>Clifton Larson Allen, LLP</b>	<b>100 - UVSD Checking</b>		<b>-2,500.00</b>
Bill	2862006	04/30/2021		615A - Financial Consultants	-2,500.00	2,500.00
TOTAL					-2,500.00	2,500.00
<b>Bill Pmt -Check</b>	<b>1407</b>	<b>05/12/2021</b>	<b>El Dorado Printing</b>	<b>100 - UVSD Checking</b>		<b>-894.11</b>
Bill	H39169	04/27/2021		610F - Printing Copying	-894.11	894.11
TOTAL					-894.11	894.11
<b>Bill Pmt -Check</b>	<b>1408</b>	<b>05/12/2021</b>	<b>Hildebrand Consulting, LLC</b>	<b>100 - UVSD Checking</b>		<b>-2,940.00</b>
Bill	308	04/30/2021		615A - Financial Consultants	-840.00	840.00
Bill	306	04/30/2021		615A - Financial Consultants	-2,100.00	2,100.00
TOTAL					-2,940.00	2,940.00
<b>Bill Pmt -Check</b>	<b>1409</b>	<b>05/12/2021</b>	<b>Mark DeMeulenaere</b>	<b>100 - UVSD Checking</b>		<b>-1,331.25</b>
Bill	042021	04/30/2021		615A - Financial Consultants	-1,331.25	1,331.25
TOTAL					-1,331.25	1,331.25
<b>Bill Pmt -Check</b>	<b>1410</b>	<b>05/12/2021</b>	<b>Mendocino County Clerk-Recorder</b>	<b>100 - UVSD Checking</b>		<b>-4,738.03</b>
Bill	2020/21-79	04/15/2021		640C - Election Costs	-4,738.03	4,738.03
TOTAL					-4,738.03	4,738.03
<b>Bill Pmt -Check</b>	<b>1411</b>	<b>05/12/2021</b>	<b>Rick Sands</b>	<b>100 - UVSD Checking</b>		<b>-579.50</b>
Bill	04302021	04/30/2021		643 - Professional Fees	-579.50	579.50
TOTAL					-579.50	579.50
<b>Bill Pmt -Check</b>	<b>1412</b>	<b>05/12/2021</b>	<b>Tri-Cities</b>	<b>100 - UVSD Checking</b>		<b>-99.50</b>
Bill	210400577101	04/30/2021		610C - Telephone & DSL	-99.50	99.50
TOTAL					-99.50	99.50
<b>Bill Pmt -Check</b>	<b>1413</b>	<b>05/12/2021</b>	<b>Upper Russian River Water Agency</b>	<b>100 - UVSD Checking</b>		<b>-100.00</b>
Bill	330	05/01/2021		640G - URRWA JPA	-100.00	100.00
TOTAL					-100.00	100.00
<b>Bill Pmt -Check</b>	<b>1414</b>	<b>05/12/2021</b>	<b>Urban Futures, Inc.</b>	<b>100 - UVSD Checking</b>		<b>-5,020.00</b>
Bill	0421-011	04/30/2021		605E - Management Contract (UFI)	-5,020.00	5,020.00
TOTAL					-5,020.00	5,020.00
<b>Bill Pmt -Check</b>	<b>1415</b>	<b>05/12/2021</b>	<b>Willow Water District</b>	<b>100 - UVSD Checking</b>		<b>-8,261.11</b>
Bill	116	04/30/2021		605C - MSA Admin	-6,102.84	6,102.84
				605D - MSA Billing & Collections	-1,463.17	1,463.17
				610J - Information Systems	-199.95	199.95
Bill	494	05/01/2021		610A - Office Rent	-425.00	425.00
				610B - Office Utilities	-70.15	70.15
TOTAL					-8,261.11	8,261.11
<b>Bill Pmt -Check</b>	<b>1416</b>	<b>05/25/2021</b>	<b>USPS</b>	<b>100 - UVSD Checking</b>		<b>-165.00</b>

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

Type	Num	Date	Name	Account	Paid Amount	Original Amount
Bill	5252021	05/25/2021		610E - Postage	-165.00	165.00
TOTAL					-165.00	165.00

**Savings Bank of Mendocino County**

**Beginning Balance** as of 05/01/2021 \$459,966.18

**Ending Balance** as of 05/31/2021 \$474,552.09

California State Treasurer  
**Fiona Ma, CPA**



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

June 01, 2021

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

UKIAH VALLEY SANITATION DISTRICT

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

[Tran Type Definitions](#)

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

May 2021 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
5/21/2021	5/18/2021	RD	1675246	N/A	MARK DEMEULENAERE	650,000.00

**Account Summary**

Total Deposit:	650,000.00	Beginning Balance:	6,935,162.12
Total Withdrawal:	0.00	Ending Balance:	7,585,162.12



**UKIAH VALLEY SANITATION DISTRICT**

**FINANCIAL STATEMENTS  
MONTH ENDED AND FISCAL YEAR TO DATE  
APRIL 30, 2021**

Working Draft For  
Discussion Purposes  
Only

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Working Draft For  
Discussion Purposes  
Only

**UKIAH VALLEY SANITATION DISTRICT  
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MONTH ENDED AND FISCAL YEAR TO DATE APRIL 30, 2021**

Basic Financial Statements

Fund Financial Statements

Statement of Net Position	1
Statement of Revenues, Expenses, and Changes in Fund Net Position	2
Selected Notes To The Financial Statements	3

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  
APRIL 30, 2021**

**ASSETS**

Current Assets:

Cash and Investments	\$ 7,557,055
Accounts Receivable	1,157,728
Receivable from the City of Ukiah	108,780
Interest Receivable	35,000
Restricted Cash	502,011
Due from City of Ukiah	1,000,000
Prepaid Expenses	1,746
Total Current Assets	10,362,320

Noncurrent Assets:

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

Depreciable, Net	29,114,785
Total Noncurrent Assets	30,114,785
Total Assets	40,477,105

**LIABILITIES**

Current Liabilities:

Accounts Payable	34,313
Accrued Interest	95,288
Customer Deposits Payable	16,000
Bonds Payable - Due in One Year	1,430,000
Total Current Liabilities	1,575,601

Long-Term Liabilities:

Bonds Payable - Due in More Than One Year	22,195,000
Total Long-Term Liabilities	22,195,000
Total Liabilities	23,770,601

**NET POSITION**

Net Investment in Capital Assets	5,489,785
Unrestricted	11,216,719
Total Net Position	\$ 16,706,504

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 APRIL 30, 2021**

	Month Ended April 30, 2021	Fiscal Year to Date April 30, 2021
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 448,414	\$ 4,391,202
Connection Fees	-	372,374
Total Operating Revenues	448,414	4,763,576
<b>OPERATING EXPENSES</b>		
Services and Supplies	28,466	277,314
Operating Expense Allocation - City of Ukiah	194,138	1,845,126
Legal Expense	-	31,072
Depreciation and Amortization	65,597	655,969
Total Operating Expenses	288,201	2,809,481
<b>OPERATING INCOME (LOSS)</b>	160,213	1,954,095
<b>NONOPERATING REVENUE (EXPENSES)</b>		
Taxes and Assessments	17,348	56,715
Interest Income	16,943	86,722
Other Revenue	-	113
Interest and Bond Expense	(47,644)	(495,487)
Total Nonoperating Revenue (Expenses)	(13,353)	(351,937)
<b>CHANGE IN NET POSITION</b>	146,860	1,602,158
Net Position - March 31, 2021 and July 1, 2020	16,559,644	15,104,346
<b>NET POSITION - END OF PERIOD</b>	\$ 16,706,504	\$ 16,706,504

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 APRIL 30, 2021**

**Ukiah Valley Sanitation District**

Selected Information

For the month ended and fiscal year to date April 30, 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  
June 9, 2021

To: Board of Directors  
From: Wing-See Fox  
Meeting Date: June 9, 2021

Item #6A: Update to Policy Number 5010 Relating to Board Meeting Procedures

**Background:**

The Board approved modifications to Policy Number 5010 relating to Board Meeting Procedures at its Regular Meeting on March 10, 2010. Subsequent to that approval, Policy 5010 has been reviewed by District General Counsel.

**Discussion:**

Staff submitted the aforementioned policy changes to General Counsel to ensure the policy complies with applicable laws. The proposed edits shown in the redline version would make the policy consistent with the provisions of the Brown Act. The edits do not change the substance of the modifications that were approved by the Board on March 10, 2021.

**Recommendation:**

Approve updates to Policy Number 5010.

Respectfully submitted,



WING-SEE FOX  
Interim District Manager

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# UKIAH VALLEY SANITATION DISTRICT

## DISTRICT POLICY

**POLICY TITLE:** Board Meetings

**POLICY NUMBER:** 5010

**5010.1** Regular meetings of the Board of Directors shall be held on the second Wednesday of each calendar month at 6:00 pm in the Conference Room at Willow County Water District located at 151 Laws Avenue, Ukiah, California. The date, time and place of regular Board meetings may be reconsidered annually at the annual organizational meeting of the Board. Notice of any continuance must be posted within 24 hours of adjournment, at or near the place where the meeting was held. At each regular meeting, or any continuance thereof, the Board may transact any and all business which it is authorized or permitted by law to transact.

**5010.2** Special meetings of the Board of Directors may be called by the Board Chair or by a majority of the Board. The location and time of the special meeting shall be selected by the Board Chair.

**5010.2.1** All Directors shall be notified of the special Board meeting and the purpose or purposes for which it is called. Said notification shall be in writing, received by them at least 24 hours prior to the meeting.

**5010.2.2** Newspapers of general circulation in the District, radio stations and television stations, organizations, and any public member who have requested notice of special meetings in accordance with the Ralph M. Brown Act (California Government Code § ~~54950 through 54926~~) shall be notified by a mailing or e-mail ~~unless the special meeting is called less than one week in advance~~ The notice shall, in which case notice, including include the time and place of the special meeting and the business to be transacted, ~~will be given by telephone during business hours as soon after the meeting is scheduled as practicable.~~

**5010.2.3** An agenda shall be prepared as specified for regular Board meetings in Policy #5020 and shall be delivered with the notice of the special meeting to those specified above.

**5010.2.4** Only those items of business listed in the call for the special meeting shall be considered by the Board at any special meeting.

**5010.3** Emergency Meetings. In the event of an emergency situation involving matters upon which prompt action is necessary due to the disruption or threatened disruption of public facilities, the Board of Directors may hold an emergency special meeting without complying with the 24-hour notice required in ~~5010.21,~~ above Government Code § 54956.5. An emergency situation means a work stoppage, crippling disaster activity, or other activity which severely impairs public health, safety, or both, as determined by a majority of the Board. A dire emergency means a crippling disaster, mass destruction, terrorist act, or threatened terrorist activity that poses peril so immediate and significant that requiring the Board to provide a one-hour notice before holding an



emergency meeting under may endanger the public health, safety, or both, as determined by a majority of the Board.

**5010.3.1** Newspapers of general circulation in the District, radio stations and television stations which have requested notice of special meetings in accordance with Government Code the Ralph M. Brown Act (California Government Code § 54950 through § 54926) shall be notified by the presiding officer or designee at least one hour prior to the emergency meeting or, in the case of a dire emergency, at or near the time that the presiding officer or designee notifies the members of the legislative body of the emergency meeting. Notice shall be given by telephone. In the event that telephone services are not functioning, the notice requirements are of one hour is waived, but the Board, or its designee, shall notify such newspapers, radio stations, or television stations of the fact of the holding of the emergency special meeting, the purpose of the meeting, and ~~of~~ any action taken by the Board, as soon after the meeting as possible.

**5010.3.2** No closed session may be held during an emergency meeting unless agreed to by 2/3 of the Board present, or if less than 2/3 of the Board are present, by unanimous vote of those present, and all other rules governing special meetings shall be observed with the exception of the 24-hour notice. The minutes of the emergency meeting, a list of persons the Board or designee notified or attempted to notify, a copy of the roll call vote(s), and any actions taken at such meeting shall be posted for a minimum of ten days in the District office as soon after the meeting as possible.

**5010.4** Adjourned Meetings. A majority vote by the Board of Directors may terminate any Board meeting at any place in the agenda to any time and place specified in the order of adjournment, except that if no Directors are present at any regular or adjourned regular meeting, the District Manager may declare the meeting adjourned to a stated time and place, and he/she shall cause a written notice of adjournment to be given to those as specified in 5010.2.2 above Government Code § 54955.

**5010.5** Annual Organizational Meeting. The Board of Directors shall hold an annual organizational meeting at its regular meeting in January. At this meeting, the Board will elect a Board Chair and Vice Chair from among its members and appoint members to the standing committees; adopt the calendar for regular board meetings which will include identifying and resolving any conflicts with holidays or other District activities, and identify any months where meetings will be canceled at the Board's discretion. The elected Board Chair and Vice Chair may succeed himself or herself in office for a maximum of four one year terms, upon being duly re-elected by the Board each term. Should the Board Chair or Vice Chair vacate his/her term, a replacement shall be appointed at the next regular or special meeting by a majority vote of the Board to complete the term of the replaced officer.

**5010.6** The Chairperson of the meetings described herein shall determine in consultation with the District Manager the order in which agenda items shall be considered for discussion and/or action by the Board.

**5010.7** The District Manager shall ensure that appropriate information is available for the audience at meetings of the Board of Directors, and that physical facilities for said meetings are functional and appropriate.

**5010.8** All open sessions of the Board may be recorded by audio or visual means or both and may also be recorded and broadcast by any member of the public or media so long as it does not disrupt the proceedings or interfere with the broadcasting activities being performed by broadcasting entities chosen by the Board.

**5010.9** The District Manager shall be present during all meetings of the Board for the purpose of advising the Board unless excused by the Board Chair.

**5010.10** District Legal Counsel shall be present during all Board meetings for the purpose of advising the Board on legal questions unless excused by the Board Chair.

**5010.11** The ~~Clerk~~Secretary of the Board shall be present during all Board meetings for the purpose of ~~supervising the~~ taking ~~of the~~ minutes of the Board meeting ~~by the Board Secretary~~ or ensuring that an audio recording of the meeting is made for the purpose of assisting the preparation of the written minutes of the meeting. The Board ~~Clerk~~Secretary shall present and receive correspondence, records, documents, claims, reports, or petitions and shall preserve all records, mark or attest all resolutions and ordinances, impart information on Board documents of public record and fulfill all duties imposed by law or required by the Board or by the Board Chair.

Approved by Board on March 10, 2021

Ukiah Valley Sanitation District  
151 Laws Avenue  
Ukiah, CA 95482

STAFF REPORT  
June 9, 2021

To: Board of Directors  
From: Wing-See Fox  
Meeting Date: June 9, 2021

Item #7A: District-Only Operating Expenses for Fiscal Year 2021-2022 Budget

**Background:**

The District's annual budget components include Operating and Nonoperating Revenues, Operating and Nonoperating Expenses, and a Capital Budget. Operating Expenses are comprised of District-Only Operating Expenses, the District's Allocation of Shared Expenses of the Sewer System with the City of Ukiah, and Depreciation/Amortization.

Staff has been working on the development of the District-Only Operating Expense budget as well as meeting with City of Ukiah staff on the Shared Expenses and Capital Budget which will be documented in a Budget Approval Agreement between the District and the City. Staff has also met with the Financing Committee to review these expenses.

**Discussion:**

Staff of the District and City are finalizing aspects of the Shared Expenses and Capital Budget, and District staff will be bringing the entire budget package for adoption by the Board at a Special Meeting on June 23, 2021. Today's presentation focuses on the District-Only Operating Expenses.

Respectfully submitted,



WING-SEE FOX  
Interim District Manager

**UKIAH VALLEY SANITATION DISTRICT**  
**Draft Budget For District-Only Expenses FY 21/22**  
**As of June 4, 2021**

	2019/2020	2019/2020
EXPENDITURE DESCRIPTION	Approved	
	Budget	Actual
<b>Wages &amp; Payroll (Personnel)</b>	<b>\$139,200.00</b>	<b>\$109,207.00</b>
District Manager	49,500.00	35,750.00
Interim District Manager	0.00	0.00
Administrative Assistant/Sec.	50,000.00	48,545.00
Office Assistant	31,200.00	17,820.00
Employer Contribution (SS, UE, WC)	8,500.00	5,566.00
MSA	0.00	1,526.00
<b>Contract Management and Administration</b>		
Management- Willow / UFI		
Administration & Clerical-Willow		
Billing and Collections- Willow		
<b>Office Expense</b>	<b>\$26,821.94</b>	<b>\$26,840.00</b>
Telephone & DSL	1,100.00	840.00
Dues & Subscriptions	10,621.94	9,164.00
Office Rent	5,100.00	5,100.00
Office Utilities	1,500.00	1,500.00
Postage	500.00	266.00
Invoice iCloud or USPO- Billing and Collections		
Supplies	2,000.00	1,955.00
Reproduction (prints & copies)/Billing Supplies	0.00	2,242.00
Office Equipment	1,500.00	
Room Rent - Chambers	0.00	
Software/ Web	4,500.00	5,773.00
iCloud Services- Billing and Collections		
<b>Auditing &amp; Fiscal Services</b>	<b>\$138,560.00</b>	<b>\$123,620.00</b>
Audit Services-FS Preparation	22,000.00	28,500.00
Accounting/bookkeeping Services	1,500.00	660.00
Banking Services	360.00	
State Controllers Report	1,500.00	
Bond Compliance Support-		
Municipal Advisor Support		
Financial and Managerial Support		
Accounting Start-up	0.00	
Liability and Property Insurance	8,200.00	8,200.00
Financial Review/Monthly Reports	55,000.00	61,695.00
Bond Refinancing - Fiscal - Billing and Collection	50,000.00	24,565.00

	2020/2021	2020/2021	
	Approved	YTD April	
	Budget	Actual	
	\$0.00		
	N/A		
	N/A		
	N/A		
	N/A		
	N/A		
	N/A		
	\$129,792.00	\$97,344.00	\$138,467.02
	39,000.00	29,250.00	39,000.00
	73,234.00	54,925.00	80,231.57
	17,558.00	13,169.00	19,235.45
	\$49,761.94	\$24,016.00	\$30,964.00
	3,830.00	1,131.00	1,508.00
	10,621.94	172.00	
	5,100.00	3,825.00	5,100.00
	1,500.00	955.00	1,273.33
	550.00	0.00	
	12,960.00	8,725.00	11,633.33
	4,000.00	3,945.00	5,260.00
	0.00	0.00	
	2,500.00	621.00	828.00
	0.00	0.00	
	6,000.00	3,269.00	4,358.67
	2,700.00	1,373.00	1,830.67
	\$131,100.00	\$95,211.00	\$127,885.00
	23,500.00	22,620.00	22,620.00
	0.00	0.00	
	1,000.00	226.00	301.33
	1,000.00	0.00	1,000.00
	2,500.00	0.00	2,500.00
	20,000.00	11,270.00	18,170.00
	30,000.00	9,300.00	20,000.00
	0.00	0.00	
	4,100.00	4,095.00	4,095.00
	44,000.00	43,500.00	54,500.00
	5,000.00	4,200.00	5,000.00

2020/21
Estimated
Annual Total

2021/2022
Draft Budget
Annual Total

<b>Contract Management and Administration</b>	<b>\$211,152.00</b>
Management- UFI	75,000.00
Administration & Clerical-Willow	136,152.00
<b>Office Expense</b>	<b>\$35,139.13</b>
Telephone & DSL	1,583.11
Dues & Subscriptions	1,000.00
Office Rent	5,100.00
Office Utilities	1,337.50
Postage	10,635.53
Invoice iCloud or USPO- Billing and Collections	
Supplies	1,406.79
Reproduction (prints & copies)	6,000.00
Office Equipment	0.00
Room Rent - Chambers	0.00
<b>Information Technology -All</b>	<b>6,000.00</b>
iCloud Services- Billing and Collections	2,076.20
<b>Auditing &amp; Fiscal Services</b>	<b>\$102,305.40</b>
Audit Services-FS Preparation	22,500.00
Banking Services	337.40
State Controllers Report	1,000.00
Bond Compliance Support-	2,500.00
Financial and Managerial Support	30,000.00
Liability and Property Insurance	4,968.00
Financial Review/Monthly Reports	36,000.00
Bond Refinancing - Fiscal - Billing and Collection	5,000.00

<b>Other Prof &amp; Special Services</b>	<b>\$41,000.00</b>	<b>\$20,415.00</b>
Engineer Services	20,000.00	1,808.00
Mapping Services (GIS)	1,000.00	
Computer Services/Hardware	2,500.00	
Parcel Quest	0.00	
LAFCO Dues		
County Auditor (property tax admin)	2,500.00	1,762.00
PR and Newsletter	0.00	
Rate Study & Prop 218 Compliance	0.00	
Telecast	0.00	
Board Stipend		
Elections fees	0.00	
Financial Consulting Contract/ MSA B&C	15,000.00	16,845.00
Third Party True Up Expense -District Portion		
<b>Publication &amp; Legal Notices</b>	<b>\$105.00</b>	<b>\$0.00</b>
<b>Legal Fees</b>	<b>\$320,000.00</b>	<b>\$289,086.00</b>
Bond Refinancing	\$60,000.00	\$36,416.00
Budget/Contract Dispute Resolution & Arbitration	\$200,000.00	\$201,801.00
District Legal Support	\$60,000.00	\$50,869.00
LAFCO -Legal Expenses		
<b>Training/Transportation/Travel</b>	<b>13,000.00</b>	<b>296.00</b>
Travel to Seminars (Board)	4,000.00	
Travel for District Manager	2,500.00	
Staff Training and Development	3,000.00	296.00
Seminars/Conferences	3,500.00	
<b>JPA DUES</b>		
Other	0.00	7,615.00
<b>TOTAL EXPENSES</b>	<b>\$674,386.94</b>	<b>\$577,079.00</b>

	<b>\$86,250.00</b>	<b>\$22,444.00</b>	<b>\$45,186.00</b>
	20,000.00	3,358.00	6,000.00
	0.00	0.00	
	4,000.00	0.00	0.00
	0.00	0.00	
	10,000.00	10,686.00	10,686.00
	2,500.00	0.00	2,500.00
	4,500.00	0.00	0.00
	20,000.00	5,880.00	10,000.00
	5,500.00	0.00	
	0.00	0.00	0.00
	11,000.00	0.00	11,000.00
	0.00	0.00	0.00
	8,750.00	2,520.00	5,000.00
	<b>\$105.00</b>	<b>\$136.00</b>	<b>\$136.00</b>
	<b>\$120,000.00</b>	<b>\$30,936.00</b>	<b>\$60,000.00</b>
	0.00	0.00	
	25,000.00	0.00	
	45,000.00	30,936.00	60,000.00
	50,000.00	0.00	
	<b>7,500.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
	4,000.00	0.00	
	0.00	0.00	
	0.00	0.00	
	3,500.00	0.00	
	<b>1,200.00</b>	<b>\$1,400.00</b>	<b>\$1,700.00</b>
	20,000.00	\$9,632.00	\$15,000.00
	<b>\$545,708.94</b>	<b>\$281,119.00</b>	<b>\$419,338.02</b>

<b>Other Prof &amp; Special Services</b>	<b>\$38,825.00</b>
Engineer Services	10,000.00
Mapping Services (GIS)	
Parcel Quest	2,340.00
LAFCO Dues	12,500.00
County Auditor (property tax admin)	2,500.00
PR and Newsletter	1,000.00
Rate Study & Prop 218 Compliance	15,410.00
Telecast	
Board Stipend	2,500.00
Elections fees	
Third Party True Up Expense -District Portion	4,915.00
<b>Publication &amp; Legal Notices</b>	<b>\$150.00</b>
<b>Legal Fees</b>	<b>\$125,000.00</b>
General Counsel	50,000.00
Special Counsel	75,000.00
<b>Training/Transportation/Travel</b>	<b>\$9,000.00</b>
Travel to Seminars (Board)	4,000.00
Travel for District Manager	1,500.00
Staff Training and Development	
Seminars/Conferences	3,500.00
<b>JPA DUES</b>	<b>\$2,400.00</b>
Other	\$50,000.00
<b>TOTAL EXPENSES</b>	<b>\$573,971.53</b>

Note: Cost of Issuance Expenses Bonds

	<b>300,000.00</b>	<b>291,808.00</b>
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Ukiah Valley Sanitation District  
151 Laws Avenue  
Ukiah, CA 95482

STAFF REPORT  
June 9, 2021

To: Board of Directors  
From: Wing-See Fox  
Meeting Date: June 9, 2021

Item #7B: Proposed Engagement Letter from Van Lant & Fankhanel, LLP, for Auditing Services for Fiscal Year Ending June 30, 2021

**Background:**

District Policy 7010, Accounting and Financial Reporting, requires the District to produce an annual audit prepared by a qualified external certified public accountant in accordance with Generally Accepted Accounting Principles (GAAP) to meet statutory reporting requirements and applicable covenants with BBVA Mortgage Corporation.

**Discussion:**

The District has engaged the accounting firm of Van Lant & Fankhanel, LLP to provide these auditing services in past years. The engagement letter to have Van Lant & Fankhanel, LLP provide these audits services for Fiscal Year Ending June 30, 2021 has been submitted for Board review and possible action.

**Recommendation:**

Approve Engagement Letter from Van Lant & Fankhanel, LLP.

Respectfully submitted,



WING-SEE FOX  
Interim District Manager



April 5, 2021

To the Board of Directors  
Ukiah Valley Sanitation District  
151 Laws Avenue  
Ukiah, CA 95482

We are pleased to confirm our understanding of the services we are to provide Ukiah Valley Sanitation District (District) for the year ending June 30, 2021. We will audit the financial statements of the District, including the related notes to the financial statements, which collectively comprise the basic financial statements of District as of and for the year ending June 30, 2021. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement District's basic financial statements. Such information, although not a 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, or historical context. As part of our engagement, we will apply certain limited procedures to District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1) Management's Discussion and Analysis.

We have also been engaged to report on supplementary information other than RSI that accompanies District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole.

1) Supplementary Schedules

**Audit Objectives**

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records of District and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of District's financial statements. Our report will be addressed to Management and the Board of Directors of the District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

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**Van Lant & Fankhanel, LLP**

29970 Technology Drive, Suite 105 A  
Murrieta, CA 92563  
909.856.6879

## **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

## **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

## **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

## **Other Services**

We will also assist in preparing the financial statements and related notes of the District in conformity with U.S. generally accepted accounting principles based on information provided by you. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

## **Management Responsibilities**

Management is responsible for designing, implementing, and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial



statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to [include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon]. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You agree to assume all management responsibilities for financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Van Lant & Fankhanel, LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the State of California or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Van Lant & Fankhanel, LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by the regulators. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit upon approval of this engagement letter and plan to issue our reports no later than December 2021. Brett Van Lant is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be \$12,500. These fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended through the date of termination.

We appreciate the opportunity to be of service to the District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

**VAN LANT & FANKHANEL LLP**



Brett Van Lant  
Certified Public Accountant

**RESPONSE:**

This letter correctly sets forth the understanding of Ukiah Valley Sanitation District.

Management signature:

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Title:

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Date:

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Governance signature:

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Title:

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Date:

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