

ERNIE WIPF
CHAIR

CANDACE HORSLEY
VICE-CHAIR

THERESA MCNERLIN
DIRECTOR

DARWIN DICK
DIRECTOR

BRADLEY BEST
DIRECTOR

UKIAH VALLEY SANITATION DISTRICT REGULAR MEETING
WEDNESDAY November 8, 2023 AT 6:00PM

LOCATION:

DISTRICT'S MEETING ROOM - 151 LAWS AVE., UKIAH, CA 95482

AND

THE PUBLIC MAY ALSO VIEW VIA ZOOM

Call in number: 1-669-900-6833

Meeting ID: 827-5796-0420

Zoom Link: <https://us02web.zoom.us/j/82757960420>

*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 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 the 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**
 - October 11, 2023 Regular Meeting
- 5. CONSENT CALENDAR**
 - Check Register for October 2023
 - LAIF Statement for October 2023
 - CAMP Statement for October 2023
 - Unaudited Monthly Financial Statements

ERNIE WIPF
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DIRECTOR

DARWIN DICK
DIRECTOR

BRADLEY BEST
DIRECTOR

6. OLD BUSINESS

None

7. NEW BUSINESS

- A. DISCUSSION AND POSSIBLE ACTION RE: Fiscal Year 2022-2023 Audit

Recommended Actions: Accept the Audit for Fiscal Year 2022-2023 as presented.

8. ANNOUNCEMENTS/OTHER BUSINESS/MATTERS FROM STAFF

- a) General Manager Report of Ongoing District Activities
- b) ESSU Statistics Report
- c) Staff Report
- d) Report on JPA
- e) Directors' Reports
- f) Letters Received or Sent
- g) Announce Regular Meeting - December 13, 2023

9. ADJOURNMENT

UVSD October 11, 2023 Regular Board Meeting Minutes

1. **CALL TO ORDER** by Chair Wipf at 6pm. Roll call by Ashtyn Davis—Chair Wipf, Director McNerlin, Director Horsley, Director Dick, Director Best present and attending in person.

2. APPROVAL OF THE AGENDA

No public comment. Motion to approve the October 11, 2023 Agenda was made by Director Horsley and seconded by Director Dick. Motion carried unanimously.

3. PUBLIC EXPRESSION OF NON-AGENDIZED ITEMS

None.

4. APPROVAL OF SEPTEMBER 13, 2023 REGULAR BOARD MEETING MINUTES

No public comment. Motion to approve the September 13 2023 Regular Board Meeting Minutes was made by Director Horsley and seconded by Director McNerlin. Motion carried unanimously.

5. CONSENT CALENDAR

- A. Check Register for September 2023
- B. LAIF Statement for September 2023
- C. CAMP Statement for September 2023
- D. Unaudited Monthly Financial Statements

Board discussion. No public comment. Motion to approve the Consent Calendar was made by Director Horsley and seconded by Director Best. Motion carried unanimously.

6. OLD BUSINESS

A. DISCUSSION AND POSSIBLE ACTION RE: Adoption of an Ordinance Amending Ordinance 12 Regarding Interest and Ordinance 13 Changing the Definition of Delinquent Sewer Charges

Recommended Actions: Adopt Ordinance No. 42 Amending Section 8.9D of Ordinance No. 12 Regarding Interest and Ordinance No. 13 Changing the Definition of Delinquent Sewer Charges

Board discussion. No public comment. Motion to Adopt Ordinance No. 42 Amending Section 8.9D of Ordinance No. 12 Regarding Interest and Ordinance No. 13 Changing the Definition of Delinquent Sewer Charges effective January 1, 2024 was made by Director Best and seconded by Director McNerlin. Motion carried unanimously.

7. NEW BUSINESS

None

8. ANNOUNCEMENTS/OTHER BUSINESS/MATTERS FROM STAFF

A. General Manager, Wing-See Fox reported that the audit report is being finalized and will be available for review at next month's meeting.

The current website will be switching platforms and undergoing some updating so staff is able to post to the site as needed.

Still awaiting a final calculation for allocation cost update.

B. ESSU Statistics Report attached.

C. No Staff Report given.

D. None.

E. Director Dick reported that the Waste Water Treatment Plant was recognized from the State Control Board for the production of one billion gallons of reclaimed water.

Director McNerlin reported that the proposal submitted to PG&E between Sonoma County Water, Inland Water and Power Commission and the Round Valley Indian Tribes has been tentatively accepted at this time.

F. No letters received/sent.

G. Next Regular Meeting—November 8, 2023 @ 6pm

9. ADJOURNMENT — Meeting adjourned at 6:27pm.

**Ukiah Valley Sanitation District
Check Details - October 2023**

| Vendor | Ref # | Account Number | Account Name | Txn Date | Debit | Credit |
|--------------------------------------|--------------|-----------------------|---------------------------------|-----------------|--------------|---------------|
| Best Best & Krieger LLP | 976729 | 5601 | General Counsel | 10/10/2023 | 1711 | - |
| Invoice Cloud - ACH | 2165-2023_9 | 1001 | UVSD SBMC Checking | 10/10/2023 | | 491.25 |
| Invoice Cloud - ACH | 2165-2023_9 | 5210 | ICloud Srvcs-Billing&Collection | 10/10/2023 | 100 | - |
| Invoice Cloud - ACH | 2165-2023_9 | 5210 | ICloud Srvcs-Billing&Collection | 10/10/2023 | 250 | - |
| Invoice Cloud - ACH | 2165-2023_9 | 5210 | ICloud Srvcs-Billing&Collection | 10/10/2023 | 30 | - |
| Invoice Cloud - ACH | 2165-2023_9 | 5210 | ICloud Srvcs-Billing&Collection | 10/10/2023 | 111.25 | - |
| CliftonLarsonAllen, LLC | 3899018 | 5307 | Financial Review/Monthly Report | 10/11/2023 | 5000 | - |
| Mark DeMeulenaere | 9/30/2023 | 5305 | Financial & Managerial Support | 10/11/2023 | 1518.75 | - |
| Urban Futures, Inc. | 1222-012 | 5101 | Management - UFI | 10/11/2023 | 4250 | - |
| Willow Water District | 183 | 5102 | MSA - Willow | 10/11/2023 | 11763.04 | - |
| Willow Water District | 549 | 5102 | MSA - Willow | 10/11/2023 | 583.98 | - |
| Kyocera | 55E1748341 | 5207 | Reproduction (prints & copies) | 10/19/2023 | 103.65 | - |
| Kyocera | 55E1748342 | 5207 | Reproduction (prints & copies) | 10/19/2023 | 239.85 | - |
| USPS - Orchard Ave. | USPS 10.9.23 | 1501 | Prepaid Postage | 10/23/2023 | 4000 | - |
| Redwood Valley County Water District | 10.17.23 | 5205 | Postage | 10/27/2023 | 257.93 | - |
| RespecTech, Inc. | 48847 | 5209 | Information Technology-All | 10/27/2023 | 69.42 | - |

California State Treasurer
Fiona Ma, CPA



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

November 01, 2023

[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

October 2023 Statement

| Effective Date | Transaction Date | Tran Type | Confirm Number | Web Confirm Number | Authorized Caller | Amount |
|----------------|------------------|-----------|----------------|--------------------|-------------------|----------|
| 10/13/2023 | 10/12/2023 | QRD | 1740554 | N/A | SYSTEM | 2,059.70 |

Account Summary

| | | | |
|-------------------|----------|--------------------|-----------|
| Total Deposit: | 2,059.70 | Beginning Balance: | 35,996.09 |
| Total Withdrawal: | 0.00 | Ending Balance: | 38,055.79 |



Customer Service
 PO Box 11813
 Harrisburg, PA 17108-1813

ACCOUNT STATEMENT

For the Month Ending
October 31, 2023

Ukiah Valley Sanitation District

Client Management Team

Lesley Murphy

Senior Managing Consultant
 1 California Street Ste. 1000
 San Francisco, CA 94111-5411
 415-393-7270
 murphyl@pfmam.com

Sarah Meacham

Managing Director
 633 W 5th St., 25th Floor
 Los Angeles, CA 90071
 213-415-1699
 meachams@pfmam.com

Kyle Tanaka

Assistant Program Administrator
 633 W 5th St., 25th Floor
 Los Angeles, CA 90071
 213-500-8694
 tanakak@pfmam.com

Jeremy King

Key Account Manager
 213 Market Street
 Harrisburg, PA 17101-2141
 1-800-729-7665
 kingj@pfmam.com

Contents

- Cover/Disclosures
- Summary Statement
- Individual Accounts

Accounts included in Statement

6168-001 Ukiah Valley Sanitation District

Important Messages

CAMP will be closed on 11/23/2023 for Thanksgiving Day.

UKIAH VALLEY SANITATION DISTRICT
 WING-SEE FOX
 151 LAWS AVENUE
 SUITE B
 UKIAH, CA 95482

Online Access www.camponline.com

Customer Service 1-800-729-7665



Important Disclosures

Important Disclosures

This statement is for general information purposes only and is not intended to provide specific advice or recommendations. PFM Asset Management LLC ("PFMAM") is an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bancorp Asset Management, Inc. ("USBAM"). USBAM is a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM. PFMAM maintains a written disclosure statement of our background and business experience. If you would like to receive a copy of our current disclosure statement, please contact Service Operations at the address below.

Proxy Voting PFMAM does not normally receive proxies to vote on behalf of its clients. However, it does on occasion receive consent requests. In the event a consent request is received the portfolio manager contacts the client and then proceeds according to their instructions. PFMAM's Proxy Voting Policy is available upon request by contacting Service Operations at the address below.

Questions About an Account PFMAM's monthly statement is intended to detail our investment advisory activity as well as the activity of any accounts held by clients in pools that are managed by PFMAM. The custodian bank maintains the control of assets and executes (i.e., settles) all investment transactions. The custodian statement is the official record of security and cash holdings and transactions. PFMAM recognizes that clients may use these reports to facilitate record keeping and that the custodian bank statement and the PFMAM statement should be reconciled and differences resolved. Many custodians use a settlement date basis which may result in the need to reconcile due to a timing difference.

Account Control PFMAM does not have the authority to withdraw funds from or deposit funds to the custodian outside the scope of services provided by PFMAM. Our clients retain responsibility for their internal accounting policies; implementing and enforcing internal controls and generating ledger entries or otherwise recording transactions.

Market Value Generally, PFMAM's market prices are derived from closing bid prices as of the last business day of the month as supplied by Refinitiv or Bloomberg. For certain short-term investments or where prices are not available from generally recognized sources the securities are priced using a yield-based matrix system to arrive at an estimated market value. Prices that fall between data points are interpolated. Non-negotiable FDIC-insured bank certificates of deposit are priced at par. Although PFMAM believes the prices to be reliable, the values of the securities may not represent the prices at which the securities could have been bought or sold. Explanation of the valuation methods for a registered investment company or local government investment program is contained in the appropriate fund offering documentation or information statement.

Amortized Cost The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short term securities (those with less than one year to maturity at time of issuance) is amortized on a straightline basis. Such discount or premium with respect to longer term securities is amortized using the constant yield basis.

Tax Reporting Cost data and realized gains / losses are provided for informational purposes only. Please review for accuracy and consult your tax advisor to determine the tax consequences of your security transactions. PFMAM does not report such information to the IRS or other taxing authorities and is not responsible for the accuracy of such information that may be required to be reported to federal, state or other taxing authorities.

Financial Situation In order to better serve you, PFMAM should be promptly notified of any material change in your investment objective or financial situation.

Callable Securities Securities subject to redemption prior to maturity may be redeemed in whole or in part before maturity, which could affect the yield represented.

Portfolio The securities in this portfolio, including shares of mutual funds, are not guaranteed or otherwise protected by PFMAM, the FDIC (except for certain non-negotiable certificates of deposit) or any government agency. Investment in securities involves risks, including the possible loss of the amount invested. Actual settlement values, accrued interest, and amortized cost amounts may vary for securities subject to an adjustable interest rate or subject to principal paydowns. Any changes to the values shown may be reflected within the next monthly statement's beginning values.

Rating Information provided for ratings is based upon a good faith inquiry of selected sources, but its accuracy and completeness cannot be guaranteed.

Shares of some local government investment programs and TERM funds are marketed through representatives of PFMAM's affiliate, PFM Fund Distributors, Inc. which is registered with the SEC as a broker/dealer and is a member of the Financial Industry Regulatory Authority ("FINRA") and the Municipal Securities Rulemaking Board ("MSRB"). You may reach the FINRA by calling the FINRA Hotline at 1-800-289-9999 or at the FINRA website address <https://www.finra.org/investors/investor-contacts>. A brochure describing the FINRA Regulation Public Disclosure Program is also available from FINRA upon request.

Key Terms and Definitions

Dividends on local government investment program funds consist of interest earned, plus any discount ratably amortized to the date of maturity, plus all realized gains and losses on the sale of securities prior to maturity, less ratably amortization of any premium and all accrued expenses to the fund. Dividends are accrued daily and may be paid either monthly or quarterly. The monthly earnings on this statement represent the estimated dividend accrued for the month for any program that distributes earnings on a quarterly basis. There is no guarantee that the estimated amount will be paid on the actual distribution date.

Current Yield is the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical fund account with a balance of one share over the seven-day base period including the statement date, expressed as a percentage of the value of one share (normally \$1.00 per share) at the beginning of the seven-day period. This resulting net change in account value is then annualized by multiplying it by

365 and dividing the result by 7. The yields quoted should not be considered a representation of the yield of the fund in the future, since the yield is not fixed. **Average maturity** represents the average maturity of all securities and investments of a portfolio, determined by multiplying the par or principal value of each security or investment by its maturity (days or years), summing the products, and dividing the sum by the total principal value of the portfolio. The stated maturity date of mortgage backed or callable securities are used in this statement. However the actual maturity of these securities could vary depending on the level or prepayments on the underlying mortgages or whether a callable security has or is still able to be called.

Monthly distribution yield represents the net change in the value of one share (normally \$1.00 per share) resulting from all dividends declared during the month by a fund expressed as a percentage of the value of one share at the beginning of the month. This resulting net change is then annualized by multiplying it by 365 and dividing it by the number of calendar days in the month.

YTM at Cost The yield to maturity at cost is the expected rate of return, based on the original cost, the annual interest receipts, maturity value and the time period from purchase date to maturity, stated as a percentage, on an annualized basis.

YTM at Market The yield to maturity at market is the rate of return, based on the current market value, the annual interest receipts, maturity value and the time period remaining until maturity, stated as a percentage, on an annualized basis.

Managed Account A portfolio of investments managed discretely by PFMAM according to the client's specific investment policy and requirements. The investments are directly owned by the client and held by the client's custodian.

Unsettled Trade A trade which has been executed however the final consummation of the security transaction and payment has not yet taken place.

Please review the detail pages of this statement carefully. If you think your statement is wrong, missing account information, or if you need more information about a transaction, please contact PFMAM within 60 days of receipt. If you have other concerns or questions regarding your account, or to request an updated copy of PFMAM's current disclosure statement, please contact a member of your client management team at PFMAM Service Operations at the address below.

PFM Asset Management LLC
Attn: Service Operations
213 Market Street
Harrisburg, PA 17101

NOT FDIC INSURED NO BANK GUARANTEE MAY LOSE VALUE



Account Statement - Transaction Summary

For the Month Ending **October 31, 2023**

Ukiah Valley Sanitation District - Ukiah Valley Sanitation District - 6168-001

CAMP Pool

| | |
|----------------------|--------------|
| Opening Market Value | 5,600,932.49 |
| Purchases | 25,276.55 |
| Redemptions | (400,000.00) |
| Unsettled Trades | 0.00 |
| Change in Value | 0.00 |

Closing Market Value **\$5,226,209.04**

Cash Dividends and Income 25,276.55

CAMP TERM

| | |
|----------------------|--------------|
| Opening Market Value | 6,000,000.00 |
| Purchases | 0.00 |
| Redemptions | 0.00 |
| Unsettled Trades | 0.00 |
| Change in Value | 0.00 |

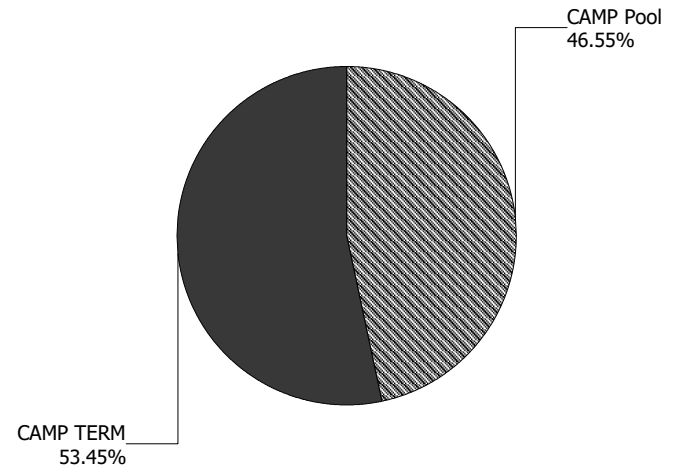
Closing Market Value **\$6,000,000.00**

Cash Dividends and Income 0.00

Asset Summary

| | October 31, 2023 | September 30, 2023 |
|------------------|------------------------|------------------------|
| CAMP Pool | 5,226,209.04 | 5,600,932.49 |
| CAMP TERM | 6,000,000.00 | 6,000,000.00 |
| Total | \$11,226,209.04 | \$11,600,932.49 |

Asset Allocation





Investment Holdings

For the Month Ending **October 31, 2023**

Ukiah Valley Sanitation District - Ukiah Valley Sanitation District - 6168-001

| Trade Date | Settlement Date | Security Description | Maturity Date | Rate | Investment Amount | Estimated Earnings | Est. Value at Maturity |
|------------------|-----------------|--|---------------|--------|-----------------------|---------------------|------------------------|
| CAMP TERM | | | | | | | |
| 06/01/23 | 06/02/23 | TERM - California Asset Management Program Term Dec 24 | 02/16/24 | 5.4300 | 5,000,000.00 | 113,063.01 | 5,192,653.42 |
| 06/01/23 | 06/02/23 | TERM - California Asset Management Program Term Dec 24 | 05/31/24 | 5.2100 | 1,000,000.00 | 21,637.16 | 1,051,815.30 |
| Total | | | | | \$6,000,000.00 | \$134,700.17 | \$6,244,468.72 |



Account Statement

For the Month Ending **October 31, 2023**

Ukiah Valley Sanitation District - Ukiah Valley Sanitation District - 6168-001

| Trade Date | Settlement Date | Transaction Description | Share or Unit Price | Dollar Amount of Transaction | Total Shares Owned |
|------------------------|-----------------|---|---------------------|------------------------------|---------------------|
| CAMP Pool | | | | | |
| Opening Balance | | | | | 5,600,932.49 |
| 10/13/23 | 10/13/23 | Redemption - ACH Redemption | 1.00 | (400,000.00) | 5,200,932.49 |
| 10/31/23 | 11/01/23 | Accrual Income Div Reinvestment - Distributions | 1.00 | 25,276.55 | 5,226,209.04 |
| Closing Balance | | | | | 5,226,209.04 |

| | Month of October | Fiscal YTD July-October | | |
|-----------------------------------|---------------------|-------------------------|-----------------------------------|--------------|
| Opening Balance | 5,600,932.49 | 5,524,561.03 | Closing Balance | 5,226,209.04 |
| Purchases | 25,276.55 | 101,648.01 | Average Monthly Balance | 5,356,586.57 |
| Redemptions (Excl. Checks) | (400,000.00) | (400,000.00) | Monthly Distribution Yield | 5.56% |
| Check Disbursements | 0.00 | 0.00 | | |
| Closing Balance | 5,226,209.04 | 5,226,209.04 | | |
| Cash Dividends and Income | 25,276.55 | 101,648.01 | | |

UKIAH VALLEY SANITATION DISTRICT
FINANCIAL STATEMENTS
MONTH ENDED AND FISCAL YEAR TO DATE
SEPTEMBER 30, 2023

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**UKIAH VALLEY SANITATION DISTRICT
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MONTH ENDED AND FISCAL YEAR TO DATE SEPTEMBER 30, 2023**

Basic Financial Statements

Fund Financial Statements

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

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
SEPTEMBER 30, 2023**

ASSETS

Current Assets:

| | |
|----------------------|---------------|
| Cash and Investments | \$ 12,192,346 |
| Accounts Receivable | 847,686 |
| Interest Receivable | 2,060 |
| Restricted Cash | 501,963 |
| Prepaid Expenses | 10,652 |
| Total Current Assets | 13,554,707 |

Noncurrent Assets:

Capital Assets:

| | |
|-------------------------|------------|
| Depreciable, Net | 28,410,810 |
| Total Noncurrent Assets | 28,410,810 |
| Total Assets | 41,965,517 |

LIABILITIES

Current Liabilities:

| | |
|---------------------------------|-----------|
| Accounts Payable | 724,172 |
| Accrued Interest | 41,804 |
| Customer Deposits Payable | 50,300 |
| Bonds Payable - Due in One Year | 1,522,000 |
| Total Current Liabilities | 2,338,276 |

Long-Term Liabilities:

| | |
|---|------------|
| Bonds Payable - Due in More Than One Year | 18,455,000 |
| Total Long-Term Liabilities | 18,455,000 |
| Total Liabilities | 20,793,276 |

NET POSITION

| | |
|----------------------------------|---------------|
| Net Investment in Capital Assets | 8,433,811 |
| Unrestricted | 12,738,431 |
| Total Net Position | \$ 21,172,241 |

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 SEPTEMBER 30, 2023**

| | <u>Month Ended September 30, 2023</u> | <u>Fiscal Year to Date September 30, 2023</u> |
|--|---|---|
| OPERATING REVENUES | | |
| Charges for Services | 414,559 | 1,258,292 |
| Total Operating Revenues | <u>414,559</u> | <u>1,258,292</u> |
| OPERATING EXPENSES | | |
| Services and Supplies | 28,546 | 95,026 |
| Operating Expense Allocation - City of Ukiah | 213,030 | 639,091 |
| Depreciation and Amortization | 70,208 | 210,624 |
| Total Operating Expenses | <u>311,784</u> | <u>944,740</u> |
| OPERATING INCOME (LOSS) | <u>102,775</u> | <u>313,551</u> |
| NONOPERATING REVENUE (EXPENSES) | | |
| Interest Income | 27,487 | 78,439 |
| Interest and Bond Expense | (41,803) | (125,409) |
| Other Income | 12,308 | 12,308 |
| Total Nonoperating Revenue (Expenses) | <u>(2,008)</u> | <u>(34,663)</u> |
| CHANGE IN NET POSITION | 100,767 | 278,888 |
| Net Position - August 31, 2023 and June 30, 2023 | <u>21,071,474</u> | <u>20,893,353</u> |
| NET POSITION - END OF PERIOD | <u>\$ 21,172,241</u> | <u>\$ 21,172,241</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
SELECTED NOTES TO THE FINANCIAL STATEMENTS
FISCAL YEAR TO DATE SEPTEMBER 30, 2023**

Ukiah Valley Sanitation District

Selected Information

For the month ended and fiscal year to date September 30, 2023

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.

As of September 30, 2023, the District's actual operating expense allocation from the City of Ukiah has not been determined.

As of September 30, 2023, the District's capital expense allocation from the City of Ukiah has not been determined.

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
November 8, 2023

To: Board of Directors
From: Wing-See Fox
Meeting Date: November 8, 2023

Item #7A: Fiscal Year 2022-2023 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 the lender to the District for the 2020 Refinancing and must be provided to the lender 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 2022-2023. 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 2022-2023 Audit. The Audit Report was submitted to the District on November 1, 2023; and if it is accepted by the Board, the Audit Report will be submitted to the lender in a timely manner in accordance with the related Bond Indenture.

Recommendation:

Staff recommends that the Board accept the Audit for Fiscal Year 2022-2023 as presented.

Attachment:

1. Audit for Fiscal Year 2022-2023

Respectfully submitted,



WING-SEE FOX
Interim District Manager

UKIAH VALLEY SANITATION DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ukiah Valley Sanitation District
Ukiah, California

Opinions

We have audited the accompanying financial statements of the Ukiah Valley Sanitation District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ukiah Valley Sanitation District, as of June 30, 2023, and the respective changes in financial position, and cash flows 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 State Controller's Office and State regulations governing special districts.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Van Lant + Fankhaed, LLP

Murrieta, CA
November 1, 2023

**UKIAH VALLEY SANITATION DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023**

ASSETS

Current Assets:

| | |
|----------------------|---------------|
| Cash and Investments | \$ 12,409,558 |
| Accounts Receivable | 965,496 |
| Interest Receivable | 59,316 |
| Restricted Cash | 501,982 |
| Prepaid Expenses | 221,977 |
| Total Current Assets | 14,158,329 |

Noncurrent Assets:

Capital Assets:

| | |
|-------------------------|------------|
| Depreciable, Net | 28,621,434 |
| Total Noncurrent Assets | 28,621,434 |
| Total Assets | 42,779,763 |

LIABILITIES

Current Liabilities:

| | |
|---------------------------------|-----------|
| Accounts Payable | 943,995 |
| Accrued Interest | 167,215 |
| Customer Deposits Payable | 46,200 |
| Bonds Payable - Due in One Year | 1,504,000 |
| Total Current Liabilities | 2,661,410 |

Long-Term Liabilities:

| | |
|---|------------|
| Bonds Payable - Due in More Than One Year | 19,225,000 |
| Total Long-Term Liabilities | 19,225,000 |
| Total Liabilities | 21,886,410 |

NET POSITION

| | |
|---|---------------|
| Net Investment in Capital Assets | 7,892,434 |
| Restricted Net Position for Debt Reserve Balances | 501,982 |
| Unrestricted | 12,498,937 |
| Total Net Position | \$ 20,893,353 |

The accompanying notes are an integral part of this statement.

**UKIAH VALLEY SANITATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2023**

| | |
|--|-----------------------------|
| OPERATING REVENUES | |
| Charges for Services | \$ 5,272,921 |
| Connection Fees | 93,671 |
| Total Operating Revenues | <u>5,366,592</u> |
| OPERATING EXPENSES | |
| Services and Supplies | 408,289 |
| Operating Expense Allocation - City of Ukiah | 2,616,723 |
| Depreciation and Amortization | 796,788 |
| Total Operating Expenses | <u>3,821,800</u> |
| OPERATING INCOME | <u>1,544,792</u> |
| NONOPERATING REVENUE (EXPENSES) | |
| Taxes and Assessments | 62,253 |
| Interest Income | 257,197 |
| Interest and Bond Expense | <u>(516,425)</u> |
| Total Nonoperating Revenue (Expenses) | <u>(196,975)</u> |
| CHANGE IN NET POSITION | 1,347,817 |
| NET POSITION - BEGINNING OF YEAR | <u>19,545,536</u> |
| NET POSITION - END OF YEAR | <u><u>\$ 20,893,353</u></u> |

The accompanying notes are an integral part of this statement.

**UKIAH VALLEY SANITATION DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|--------------------|
| Receipts from Customers | \$ 5,377,093 |
| Payments to Suppliers | <u>(2,441,137)</u> |
| Net Cash Provided by Operating Activities | <u>2,935,956</u> |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

| | |
|--|------------------|
| Tax & Assessment Receipts | 62,253 |
| Settlement Receipts | <u>1,000,000</u> |
| Net Cash Provided by Noncapital Financing Activities | <u>1,062,253</u> |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

| | |
|---|--------------------|
| Acquisition of Capital Assets | (1,083,440) |
| Principal Payments on Bonds Payable | (1,466,000) |
| Interest and Fees Paid on Bonds Payable | <u>(528,250)</u> |
| Net Cash Used by Capital and Related Financing Activities | <u>(3,077,690)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|----------------|
| Interest Received | <u>238,372</u> |
| Net Cash Provided by Investing Activities | <u>238,372</u> |

NET DECREASE IN CASH AND CASH EQUIVALENTS

1,158,891

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR

11,752,649

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 12,911,540

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION

| | |
|----------------------|----------------|
| Cash and Investments | \$ 12,409,558 |
| Restricted Cash | <u>501,982</u> |

TOTAL CASH AND CASH EQUIVALENTS

\$ 12,911,540

The accompanying notes are an integral part of this statement.

**UKIAH VALLEY SANITATION DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

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

| | |
|--|---------------------|
| Operating Income (Loss) | \$ 1,544,792 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | |
| Depreciation | 796,788 |
| Changes in Assets and Liabilities: | |
| (Increase) Decrease in: | |
| Accounts Receivable | 101 |
| Prepaid Expenses | (214,679) |
| Increase (Decrease) in: | |
| Accounts Payable | 798,554 |
| Deposits from Customers | 10,400 |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 2,935,956</u> |

The accompanying notes are an integral part of this statement.

**UKIAH VALLEY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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 operations. The principal operating revenue of proprietary funds are charges to

**UKIAH VALLEY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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. There was no allowance for doubtful accounts as of June 30, 2023.

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, and may be adjusted by no more than two percent per year unless the property is sold or

**UKIAH VALLEY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023**

NOTE 2 CASH AND INVESTMENTS

At June 30, 2023, the District's cash and investments consisted of the following:

| | |
|----------------------------|-----------------------------|
| Cash and Investments: | |
| Cash on Hand | \$ 650 |
| District Deposits | 457,667 |
| LAIF | 426,680 |
| CAMP Investments | 11,524,561 |
| Restricted Cash | 501,982 |
| Total Cash and Investments | <u><u>\$ 12,911,540</u></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, 2023, the carrying value of the County's deposits was \$457,667 and the bank balance was \$443,115. 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 (FDIC) 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, 2023, 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

**UKIAH VALLEY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

responsibility for LAIF. LIAB consists of five members as designated by State Statute. The credit quality of LAIF is unrated.

At June 30, 2023, the District's investment position in LAIF was \$10,342,963, 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 \$178.38 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.

California Asset Management Program

The CAMP is a California Joint Powers Authority established in 1989 to provide California public agencies with professional investment services directed by the Board of Trustees. The District's investment in the CAMP is \$11,524,561.

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, 2023 was as follows:

| | Balance July 1, 2022 | Additions | Retirements and Adjustments | Balance June 30, 2023 |
|--|-------------------------|------------|-----------------------------------|--------------------------|
| 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 | 225,715 | - | 4,636,748 |
| Lateral Lines | 41,309 | - | - | 41,309 |
| Buildings | 124,303 | - | - | 124,303 |
| Machinery & Equipment | 234,853 | - | - | 234,853 |
| Software | 6,430 | - | - | 6,430 |
| Intangible Assets | 30,318,047 | 857,725 | - | 31,175,772 |
| Total Capital Assets, Being Depreciated | 35,244,961 | 1,083,440 | - | 36,328,401 |
| Less Accumulated Depreciation for: | | | | |
| Land Improvements | (108,986) | - | - | (108,986) |
| Trunk Lines | (2,361,046) | (95,862) | - | (2,456,908) |
| Lateral Lines | (41,309) | - | - | (41,309) |
| Buildings | (124,303) | - | - | (124,303) |
| Machinery & Equipment | (222,119) | (2,032) | - | (224,151) |
| Software | (1,286) | (643) | - | (1,929) |
| Intangible Assets | (4,051,130) | (698,251) | - | (4,749,381) |
| Total Accumulated Depreciation | (6,910,179) | (796,788) | - | (7,706,967) |
| Total Capital Assets, Being Depreciated, Net | 28,334,782 | 286,652 | - | 28,621,434 |
| Total Capital Assets, Net | \$ 28,334,782 | \$ 286,652 | \$ - | \$ 28,621,434 |

**UKIAH VALLEY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2022 | Additions/ Adjustments | Retirements/ Adjustments | Balance June 30, 2023 | Amounts Due Within One Year |
|-----------------------|-------------------------|---------------------------|-----------------------------|--------------------------|-----------------------------------|
| Bonds Payable | \$ 22,195,000 | - | \$ (1,466,000) | \$ 20,729,000 | \$ 1,504,000 |

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:

| <u>Year Ending June 30,</u> | <u>Bonds Payable</u> | | |
|-----------------------------|----------------------|---------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 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 | 1,621,000 | 379,904 | 2,000,904 |
| 2028 | 1,658,000 | 340,458 | 1,998,458 |
| 2029-2033 | 8,932,000 | 1,076,283 | 10,008,283 |
| 2034-2035 | 3,893,000 | 118,374 | 4,011,374 |
| Total | <u>\$ 20,729,000</u> | <u>\$ 3,281,896</u> | <u>\$ 24,010,896</u> |

NOTE 5 COMMITMENTS AND CONTINGENCIES

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, 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

**UKIAH VALLEY SANITATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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:

| <u>Year ended June 30, 2023</u> | <u>Total Joint Costs</u> | <u>Allocation Percentage</u> | <u>District's Share of Costs</u> |
|---------------------------------|------------------------------|----------------------------------|--------------------------------------|
| Salaries and Benefits | \$ 2,510,216 | 50.09% | \$ 1,257,391 |
| Indirect Cost Allocation | 649,562 | 50.09% | 325,372 |
| Repairs and Maintenance | 605,179 | 50.09% | 303,141 |
| Contract Services | 334,348 | 50.09% | 167,478 |
| Other Operating | 223,573 | 50.09% | 111,990 |
| Water Treatment | 331,130 | 50.09% | 165,866 |
| Utilities | 405,454 | 50.09% | 203,096 |
| Supplies | 164,478 | 50.09% | 82,389 |
| Subtotal Operating Expense | <u>5,223,940</u> | | <u>2,616,723</u> |
| Capital Outlay | 1,712,333 | 50.09% | 857,726 |
| Total | <u>\$ 6,936,273</u> | | <u>\$ 3,474,449</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.