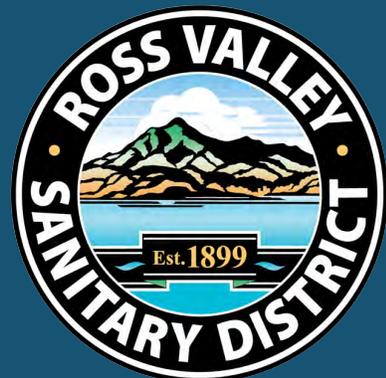




# 2022 Popular Annual Financial Report

For the Fiscal Year  
Ended June 30, 2022

Ross Valley  
Sanitary District



2960 Kerner Boulevard  
San Rafael, CA 94901  
Phone: 415-259-2949

## OUR MISSION & VALUES

*The District's mission is to provide our customers with high quality wastewater collection service, through a system that has no avoidable sanitary sewer overflows, at the lowest sustainable cost, in order to protect public health and the environment.*

### **Our Core Values...**

Individually and as a team, we follow:

- Being fiscally responsible
- Protecting our natural resources
- Developing solutions that work today and for future generations
- Providing excellent quality service and creating quality work products
- Collaborating with each other and our stakeholders
- Being industry leaders
- Supporting efficiency and alignment with the mission through our resources and work

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## **DISCLOSURE**

*The following report presents the Ross Valley Sanitary District's (District) Popular Annual Financial Report (PAFR) for fiscal year 2022 with the intention of providing easy-to-understand facts of the organization. The condensed financial data included within this report is directly sourced from the District's audited Annual Comprehensive Financial Report (ACFR). This report does not contain all disclosures necessary as required for the District's ACFR. Further information about the District's financial statements is found online at <https://www.rvsd.org/169/Financial-Stewardship>.*

# LETTER FROM THE GENERAL MANAGER

## ***Dear Board of Directors and Ratepayers,***

I am pleased to present the first Ross Valley Sanitary District (“District”) Popular Annual Financial Report (PAFR). This report presents the District’s financial position, accomplishments and activities for the fiscal year ended on June 30, 2022 in an easy-to-read format for those without a traditional financial background.

This District not only weathered the COVID-19 pandemic and a historic storm but continues to meet its goals of excellent customer service and protecting public health and the environment. Ongoing capital projects are implemented on time and within budget, private sewer laterals are inspected to reduce inflow & infiltration (“I&I”), regular maintenance on District sewer mains is performed to reduce sewer spills, and customer inquiries about services or District programs are attended to in a timely manner.

The District provides condition assessment and wastewater maintenance services on a cost-recovery basis to assist neighboring agencies in need of our expertise. The District also leads a local public service announcement campaign in partnership with other wastewater agencies that educate the local community on important wastewater system information. The campaign promotes greater cooperation among the independent agencies and awareness of the importance of maintaining a healthy and functioning wastewater system. In summary, the District served as a faithful working partner to the community it serves during this eventful time.

### ***Major achievements in fiscal year 2022 include:***

- “Fully funded” the District’s unfunded pension liability using a Section 115 trust account to accelerate pension cost savings to be realized in the coming years.
- Received a Clean Water Act State Revolving Fund low interest loan in the amount of \$1.7 million.
- Completed the restorations of all pipe defects required in the Cease and Desist Order from the Regional Water Board.
- Received the Special District Leadership Foundation award for Transparency Certificate of Excellence.
- Received the Government Finance Officers Association (GFOA) Excellence in Financial Reporting.
- Attained Environmental Protection Agency (EPA) clearance for unrestricted land use at 2000 Larkspur Landing Circle, based on the cleanup of the site of the former wastewater treatment plant.
- Improved our credit standing with Fitch to “AA- Position Outlook”.

On behalf of the District staff, I express our appreciation to our Board of Directors for their continued support of the District’s initiatives in all areas of responsible financial management, transparency, and reporting excellence.

Respectfully submitted,



Steve Moore, P.E.  
General Manager



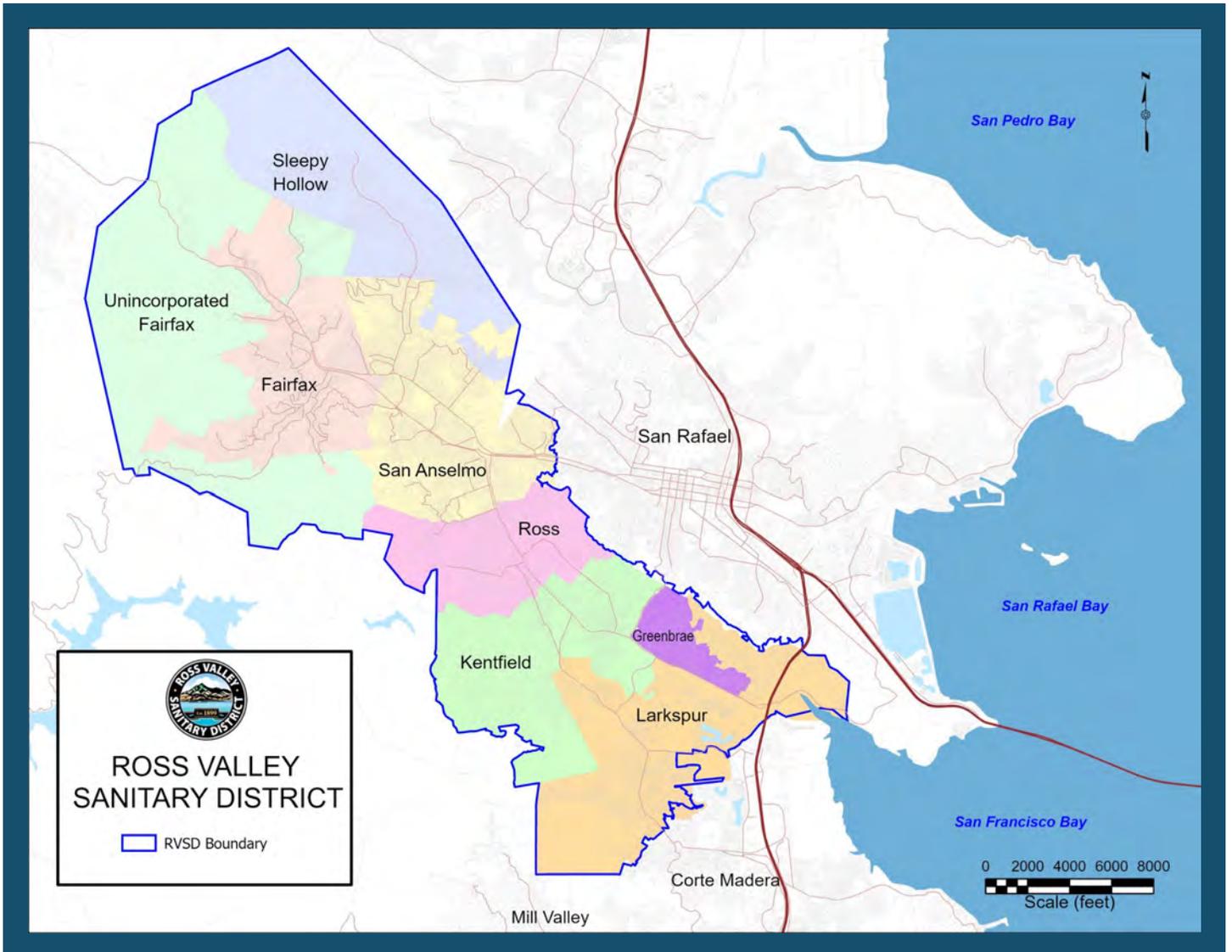
# ABOUT THE DISTRICT

## Service Area

Fairfax, Greenbrae, Kentfield, Larkspur, Ross, San Anselmo, and Sleepy Hollow.

## Service Scope

Ross Valley Sanitary District (RVSD) operates and maintains approximately 205 miles of collection sewer lines and 19 pumping stations which collect, pump, and transport approximately four million gallons of wastewater per day to Central Marin Sanitation Agency for treatment. Approximately 60% of the District's collection system was installed prior to 1955.



# RVSD HISTORY & MANAGEMENT

## California's Oldest District

Established on May 27, 1899 – Ross Valley Sanitary District is believed to be California's oldest sanitary district. The first residents of Ross Valley held large tracts of land, allowing for acceptable use of septic tank systems. Upon completion of the North Pacific Coast Railway in 1875, some of the large land holdings were subdivided allowing a rapid influx of new homeowners. As a result of the increased population and failing on-site septic tank systems, an election was held in 1899 to create Sanitary District Number 1 as a coordinated solution for sanitary sewers for the communities of Fairfax, San Anselmo, Ross and Kentfield, making Sanitary District Number 1 (RVSD) California's first sanitary district and Marin County's first regional agency.

## Organization Chart

### RVSD Board of Directors



Tom Gaffney



Doug Kelly



Mary Sylla



Pamela Meigs



Michael Boorstein



O&M Manager  
Paul Bruemmer



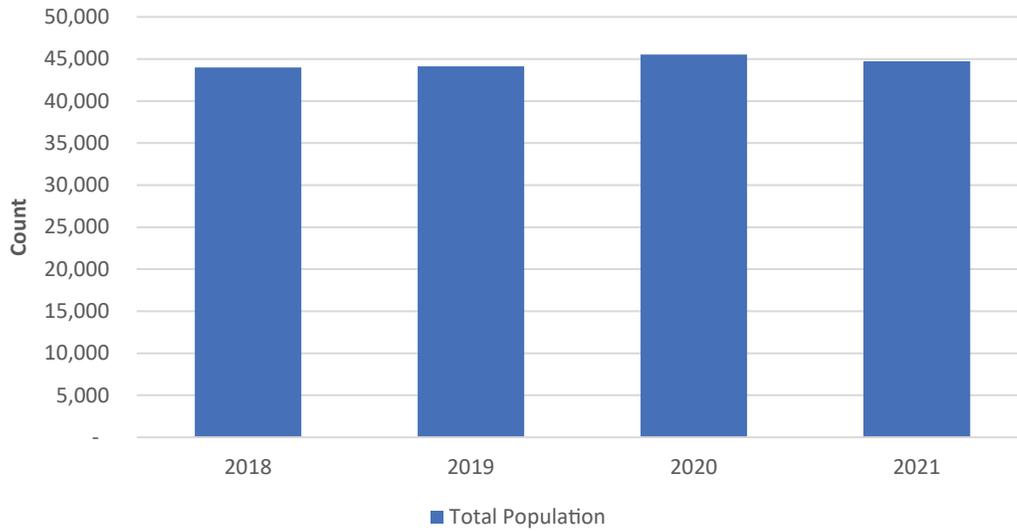
General Manager  
Steve Moore



Assistant GM  
Felicia Newhouse



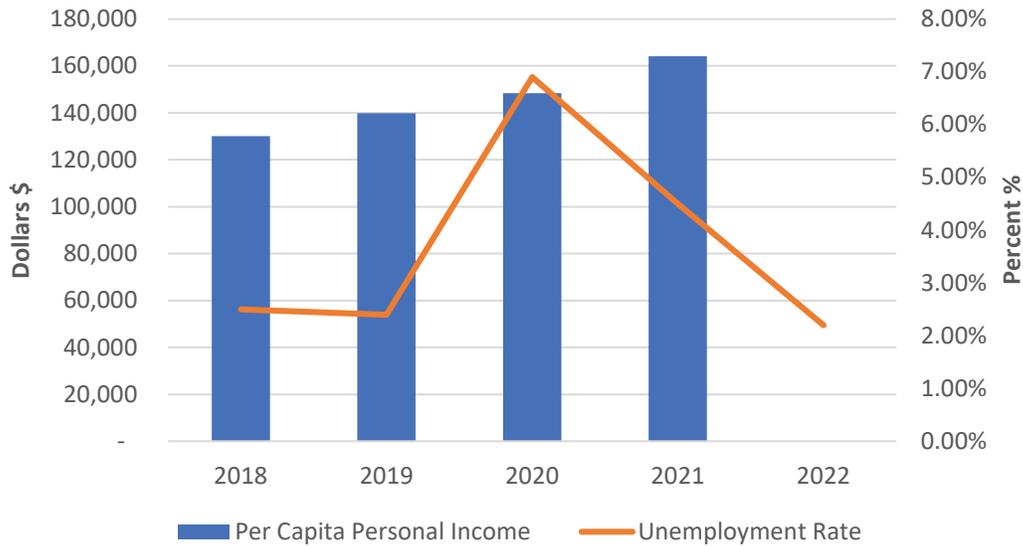
## District Service Area Population



**NOTE:** Fiscal year 2022 population is not available.

**Source:** United States Census Bureau 2020 American Community Survey.

## Marin County Local Economy



**NOTE:** Fiscal year 2022 per capital personal income is not available.

**Sources:** United States Census Bureau 2020 American Community Survey and State of California Employment Development Division.



# CAPITAL IMPROVEMENT PROJECTS

## Replacing Outdated Infrastructure

RVSD is working to rehabilitate underground wastewater pipelines through a construction program that is spread out over more than 34 miles of road and easements throughout the Ross Valley communities.

The Capital Improvement Program (CIP) consists of construction projects needed to upgrade pipeline and pump station assets to protect public health and the environment by reducing the risk of sewer overflows.



## Fiscal Year 21/22 RVSD Infrastructure and Capital Improvement Projects

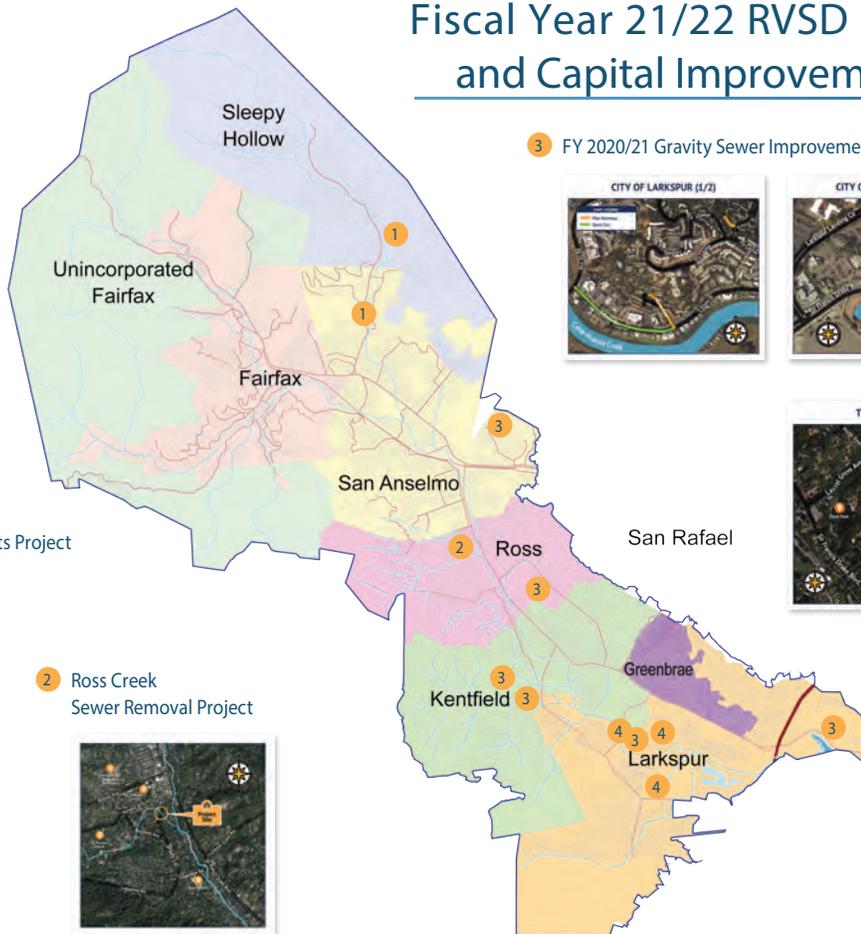
**MAP LEGEND**

Sewer Improvement Projects

- RVSD Project Areas
- RVSD District Boundary

N  
W — E  
S

Map is Not to Scale



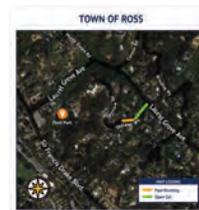
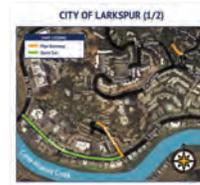
1 Butterfield/Arroyo-Kenrick Gravity Sewer Improvements Project



2 Ross Creek Sewer Removal Project



3 FY 2020/21 Gravity Sewer Improvements Project



4 Larkspur Pump Stations 14, 24 & 25 Improvements Project



# FY 22 MAJOR ACHIEVEMENTS

- “Fully funded” the District’s unfunded pension liability using a Section 115 trust account to accelerate the cost savings to be realized into the coming years.
- Received a Clean Water Act State Revolving Fund low interest loan in the amount of \$1.7 million for one of the District’s capital projects approved by the State Water Resource Control Board (SWRCB).
- Completed the restorations of all pipe defects required in the Cease and Desist Order from the Regional Water Board.
- Received the Transparency Certificate of Excellence Award from the Special District Leadership Foundation (SDLF).
- Received the Excellence in Financial Reporting for the District’s Annual Comprehensive Financial Report (ACR) from the Government Finance Officers Association (GFOA) for twelve consecutive years.
- Attained clearance from the Environmental Protection Agency (EPA) on site remediation allowing for unrestricted land use of the former wastewater treatment plant at 2000 Larkspur Landing Circle in Larkspur, CA.
- Improved credit standing with Fitch to “AA-Positive Outlook”.



## **General Manager's (GM) Bulletin**

The GM Bulletin is RVSD's monthly newsletter. The District sends the GM Bulletin electronically to email subscribers every month. The GM Bulletin is also posted on the [rvsd.org](http://rvsd.org) website and announced on the District's NextDoor account. The monthly Bulletin provides the public with up-to-date information on District activities and general updates on Board meetings.



## **Inter-Agency Public Service Announcement Videos**

RVSD partnered with eight other sanitary districts of Marin to launch a series of Public Service Announcements (PSAs) on DirectTV. These PSAs educate the ratepaying community on what they can do to support their local public wastewater collection system and wastewater treatment facility. The most recently designed video is the "Call Us First" PSA, which educates the public on what a sanitary sewer overflow or spill looks like and how to respond appropriately.

If you see a sewer spill

**DON'T WAIT**

**CALL US FIRST!**

**415-259-2949**

## **Lateral Replacement Grant and Loan Program**

The District offers grant and loans to assist ratepayers with the cost of replacing their private sewer lateral. The District offers qualified applicants grant funds up to \$1,500. Low-interest loans are available up to \$25,000.

Since 2009,  
the Lateral Replacement  
Grant Program  
has allocated

**\$5.5 million**  
to customers.

**\$400,000**

is available for FY22/23!

# CONDENSED STATEMENT OF NET POSITION

The Statement of Net Position summarizes the District's assets and liabilities as of fiscal year-end, with the difference being reported as net position. Over time, increases or decreases in net position may provide an indication of whether the District's operations are improving or deteriorating.

	2022	2021	2020
Current assets	\$ 23,643,564	\$ 31,256,521	\$ 24,520,628
Noncurrent assets	12,692,827	3,066,359	12,385,393
Capital assets, net	166,566,649	161,705,537	155,208,944
Total assets	202,903,039	196,028,417	192,114,965
Deferred outflows of resources	2,276,101	2,214,597	2,036,982
Current liabilities	6,537,325	6,271,758	6,500,928
Noncurrent liabilities	98,136,529	103,971,042	105,819,660
Total liabilities	104,673,855	110,242,800	112,320,587
Deferred inflows of resources	7,371,831	139,209	497,295
Net investment of capital assets	71,138,827	63,318,123	53,993,116
Restricted net position	9,333,527	2,503,801	11,898,642
Unrestricted net position	12,661,101	22,039,081	15,442,308
Total net position	\$ 93,133,455	\$ 87,861,005	\$ 81,334,065

## DEFINITIONS

**CURRENT & NON-CURRENT ASSETS:** Includes all assets, other than fixed assets, that are owned by or due to RVSD, including any restricted assets.

**CAPITAL ASSETS:** Includes District land, facilities, pipelines, buildings and equipment net of depreciation and amortization.

**DEFERRED OUTFLOWS OF RESOURCES:** Includes the use of resources that will be applied to future accounting periods, including deferred pension and OPEB contributions.

**CURRENT LIABILITIES:** Payments owed by the District and due within 12 months.

**LONG-TERM LIABILITIES:** Payments owed by the District and due more than 12 months in the future.

**DEFERRED INFLOWS OF RESOURCES:** The purchase of resources that will be applied to future accounting periods, including retirement obligations and leases.

**NET INVESTMENT IN CAPITAL ASSETS:** Amounts invested in capital assets less accumulated depreciation and amortization.

**RESTRICTED (NET POSITION):** Amounts held in trust for bond holders and pension contributions.

**UNRESTRICTED (NET POSITION):** The net amount of total assets and total liabilities, not including the net investment in capital assets and restricted net position.

# CONDENSED STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position summarizes the District's operations over the course of the fiscal year. This Statement can be used to indicate how successfully the District recovered its costs through user fees and other charges. The resulting difference is the impact to the District's net position.

	2022	2021	2020
Revenue:			
Operating revenues	\$ 24,698,746	\$ 23,713,435	\$ 22,728,298
Nonoperating revenues	9,485,698	8,881,593	8,265,527
Capital contributions	119,250	1,103,525	145,808
Total revenue	34,303,694	33,698,552	31,139,633
Expense:			
Operating expenses	25,137,497	23,458,065	23,835,986
Nonoperating expenses	3,893,747	3,713,547	3,928,251
Total expenses	29,031,244	27,171,612	27,764,236
Change in net position	5,272,450	6,526,940	3,375,397
Beginning of year net position	87,594,582	81,334,065	77,958,669
Prior period adjustments	266,423	-	-
End of year net position	\$ 93,133,455	\$ 87,861,005	\$ 81,334,065

## DEFINITIONS

**OPERATING REVENUES:** Income received from sewer service charges and permit fees.

**OPERATING EXPENSES:** Costs associated with running the day-to-day operations of the District.

**CAPITAL CONTRIBUTIONS:** Capacity fees for new connections serviced by the District or other proceeds received, which recover the net cost of the District's capital improvement program.

**NONOPERATING REVENUES AND EXPENSES:** Income and expenditures not directly related to ongoing operations.

# CONDENSED STATEMENT OF CASH FLOWS

The cash flow statement summarizes cash coming in and going out of the District during the fiscal year. In fiscal year 2022, the total cash position remained strong with the notable impacts being related to sewer service charges and the District's Capital Improvement Program (CIP). The operating cash flows increased due to the sewer service charge fee increases, meanwhile the capital and non-capital cash flows demonstrate continued commitment to the CIP. In fiscal year 2022, the District further committed itself to pre-funding its pension trust demonstrating its support for its employees as shown in the investing cash flow movement. Please refer to the District's ACFR for further detail.

	2022	2021	2020
Operating activity cash flows	\$ 6,546,717	\$ 4,922,321	\$ (372,000)
Capital activity cash flows	(16,026,228)	(16,386,676)	7,129,687
Non-capital activity cash flows	8,962,928	8,119,567	7,744,558
Investing activity cash flows	(6,852,772)	(220,967)	65,522
Change in net cash	(7,369,355)	(3,565,755)	14,567,767
Beginning of year cash	31,849,135	35,414,890	20,847,123
End of year cash	\$ 24,479,780	\$ 31,849,135	\$ 35,414,890

## DEFINITIONS

**CASH FLOWS FROM OPERATING ACTIVITIES:** All cash received or spent related to RVSD's normal business activities.

**CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:** Includes all cash in from capital contributions and out from both expenditures related to the capital improvement program and long-term debt.

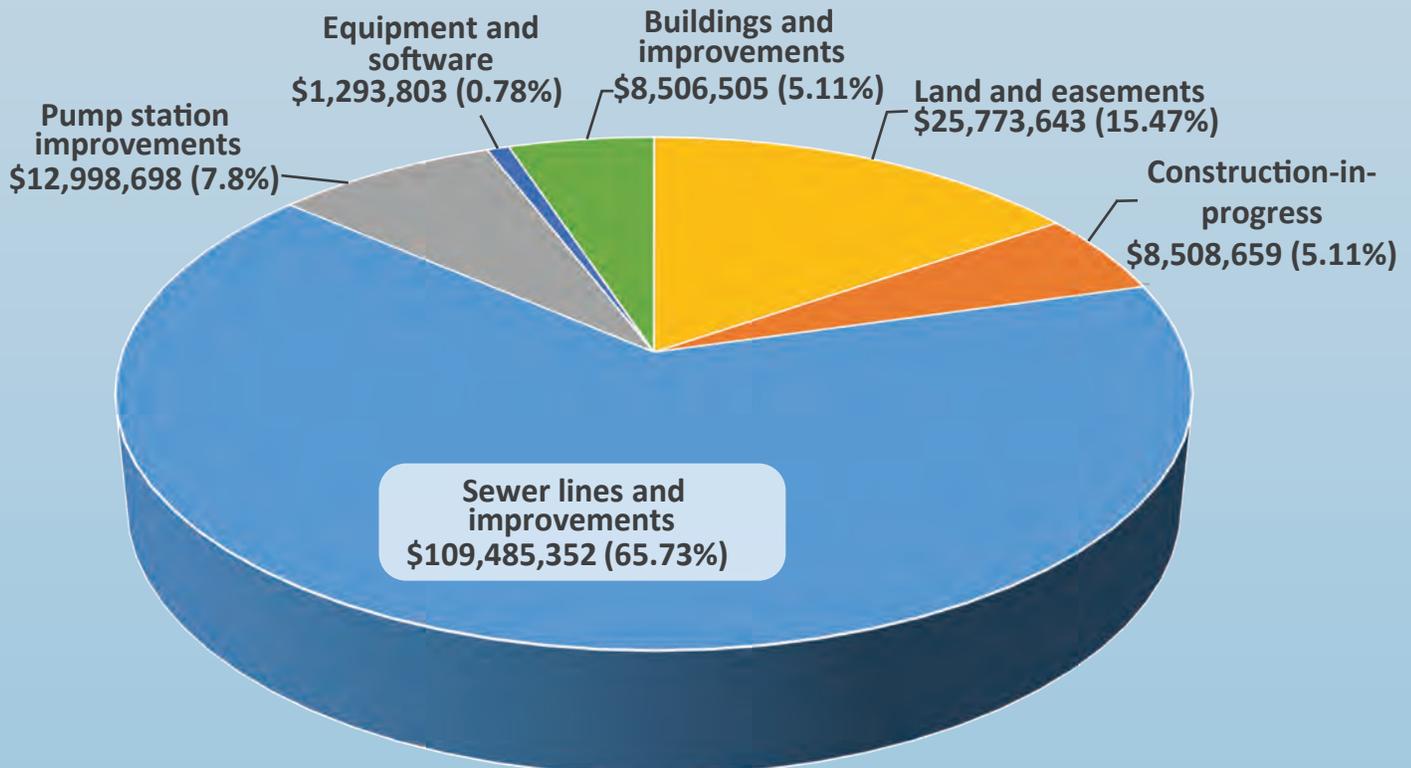
**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:** Includes cash proceeds from property tax collections.

**CASH FLOWS FROM INVESTING ACTIVITIES:** All interest income, dividends and loan principal repayments received and investment purchases.

# CAPITAL ASSET BREAKDOWN

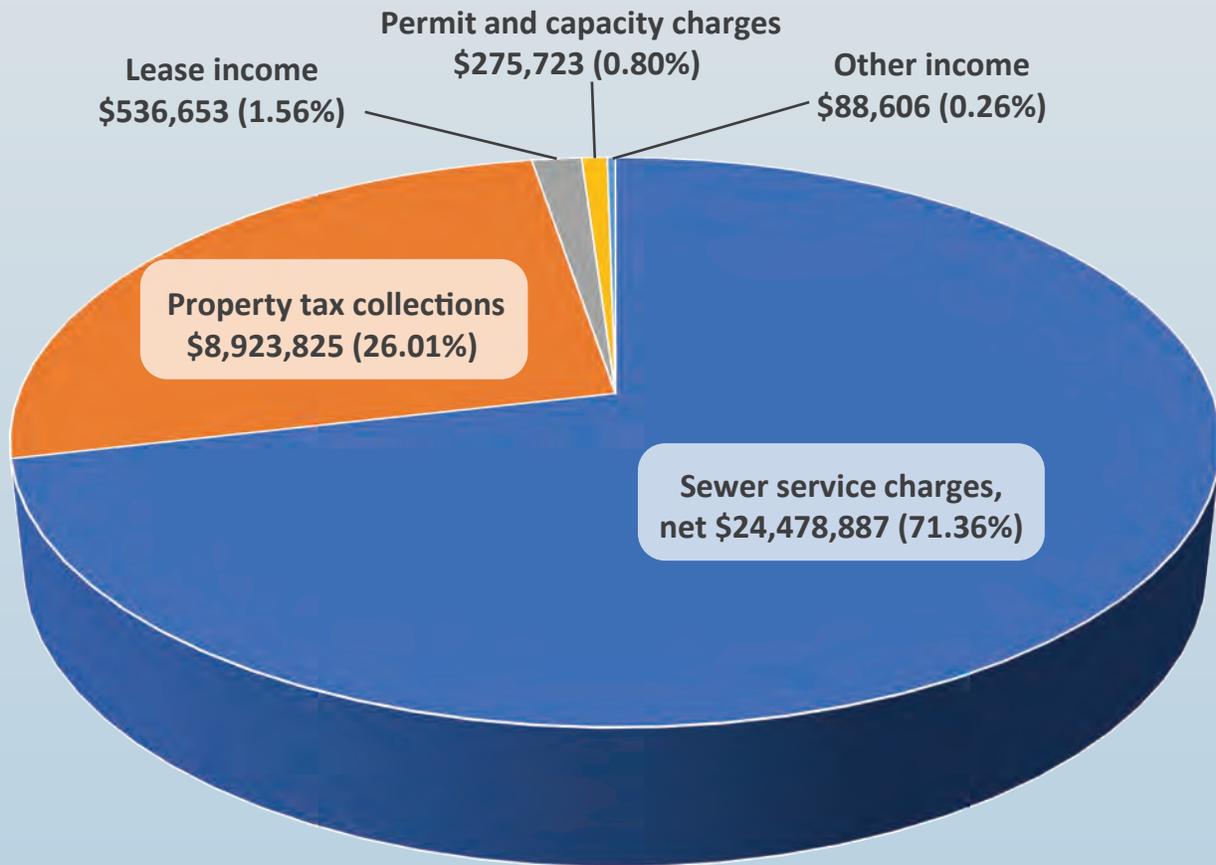
As of June 30, 2022, the District's total capital assets, net of depreciation (a non-cash expense for wear-and-tear), totaled \$166,566,649. This amount is comprised of several asset categories as shown in the pie chart below. Over the course of the fiscal year, the District added \$4,861,111 to its capital assets primarily from completion of several capital projects as reported in Note 6 of the District's ACFR. Additionally, repairs and maintenance costs of \$685,992 were also expensed for general upkeep as noted in the Supplemental Information Schedule of Operating Expenses of the District's ACFR.

<p><b>SEWER LINES AND IMPROVEMENTS</b> (65.73% of capital assets) Assets in this category include the wastewater collection system pipeline network for conveyance to the treatment plant.</p>	<p><b>LAND AND EASEMENTS</b> (15.47% of capital assets) Lands owned by the District that buildings occupy as well as right-of-way spaces for wastewater collection system maintenance.</p>	<p><b>PUMP STATION IMPROVEMENTS</b> (7.8% of capital assets) All structures and equipment used for control and monitoring of wastewater collection system.</p>
<p><b>BUILDINGS AND IMPROVEMENTS</b> (5.11% of capital assets) All building and structures owned by the District.</p>	<p><b>CONSTRUCTION-IN-PROGRESS</b> (5.11% of capital assets) All ongoing capital improvement projects for renovation of the wastewater collection system.</p>	<p><b>EQUIPMENT AND SOFTWARE</b> (0.78% of capital assets) All purchased equipment for maintenance and administrative purposes of District operations.</p>



# TOTAL REVENUE SOURCES

The District's total revenues for fiscal year 2022 were \$34,303,694, including capital contributions. The majority of revenue received in the current fiscal year is from sewer service charges and property tax collections. These, as well as all of the other revenue streams, were used to help fund the District's operations and capital improvement program to maintain an efficient and effective collection system.



## DEFINITIONS

**SEWER SERVICE CHARGES:** A user charge for collecting and conveying wastewater including treatment.

**PROPERTY TAX COLLECTIONS:** Allocated revenues received from the County of Marin for the basic property tax assessment.

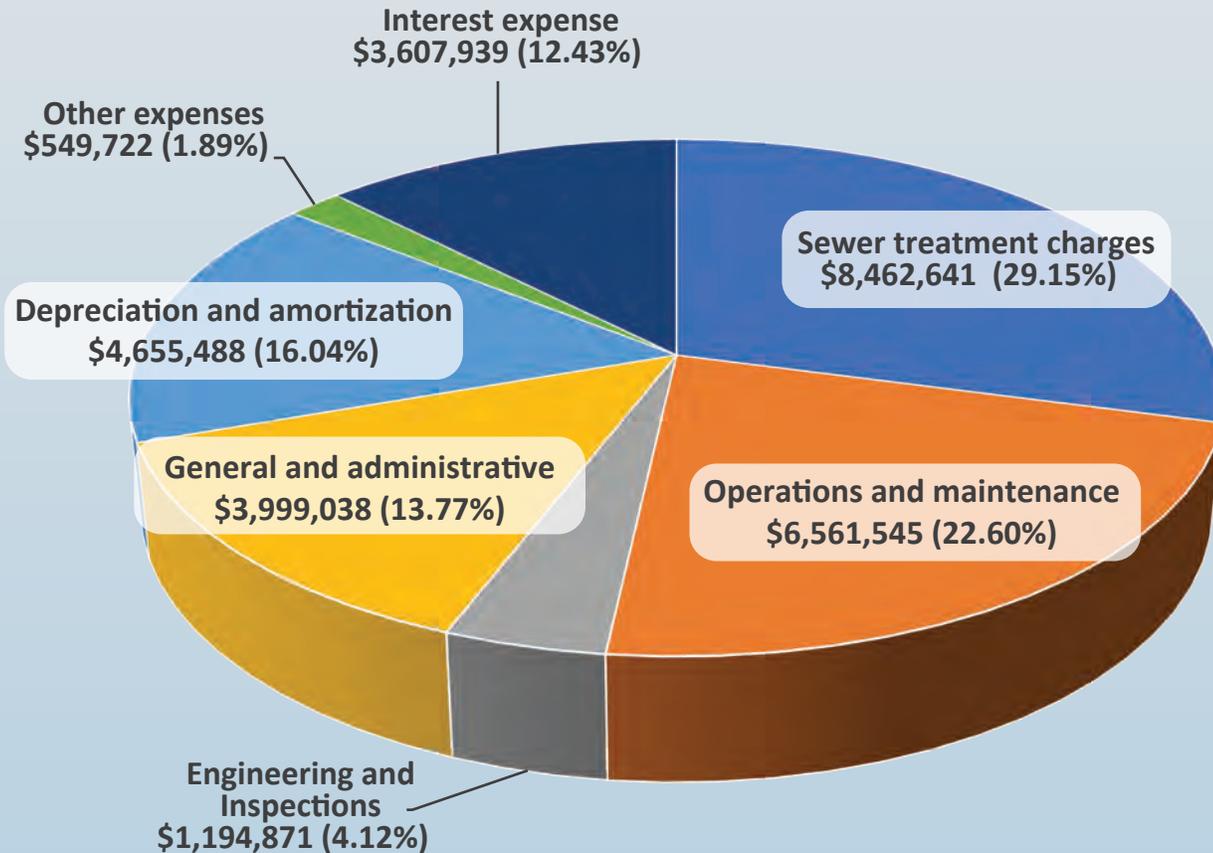
**LEASE INCOME:** Fees received for leasing out floor space of 1111 Andersen Drive.

**PERMIT & CAPACITY CHARGES:** Permit fees received for inspection and/or approval of new pipeline connections to the District's infrastructure.

**OTHER INCOME & NET GAINS (LOSS) FROM DISPOSAL:** All other revenues earned and collected by the District.

# TOTAL EXPENSE USES

The District's total expenses for fiscal year 2022 were \$29,031,244, including interest expense. Total operating expenses were \$25,137,497, which is inclusive of depreciation and amortization of \$4,655,488. All non-operating expenses were \$3,893,747, which were related to Net Investment Loss and Interest Expense. Expenditures related to capital projects and equipment were capitalized on the Statement of Net Position within the District's ACFR.



## DEFINITIONS

**SEWER TREATMENT CHARGES:** Contributions made to Central Marin Sanitation Agency for wastewater treatment.

**OPERATIONS AND MAINTENANCE:** Costs for operating and maintaining the District's wastewater collection and conveyance system in accordance with the Sewer System Management Plan.

**ENGINEERING AND INSPECTIONS:** Costs for studying and inspecting the District's wastewater collection and conveyance system to ensure compliance with ordinances and standards, and prioritize assets for rehabilitation.

**GENERAL AND ADMINISTRATION:** Costs for the general operations of the District.

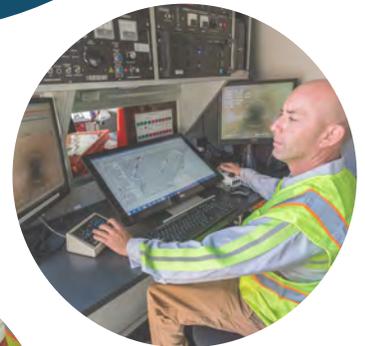
**DEPRECIATION AND AMORTIZATION:** Non-cash costs for general usage of capital assets.

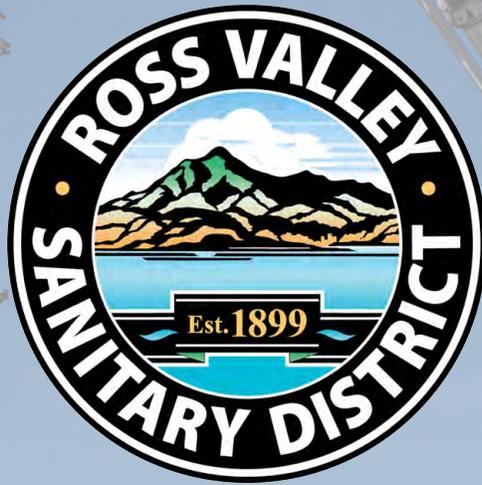
**INTEREST EXPENSES:** Costs for payment of interest on long-term debt obligations.

**OTHER EXPENSES:** Other costs for operating the District.



*The District recognizes its employees as its most important asset and promotes healthy workplace behaviors through its “RVSD Way” work culture program*





## **ROSS VALLEY SANITARY DISTRICT**

2960 KERNER BLVD  
SAN RAFAEL, CA 94901

415.259.2949

Copies of the Popular Annual Financial Report,  
Annual Comprehensive Financial Report,  
and Annual Budget Documents are available online at  
[www.rvsd.org](http://www.rvsd.org).

