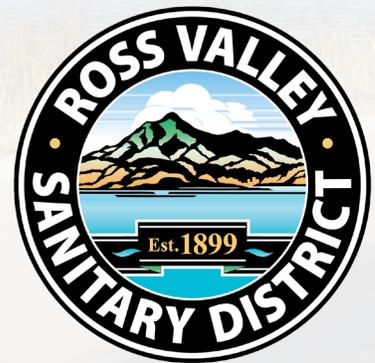
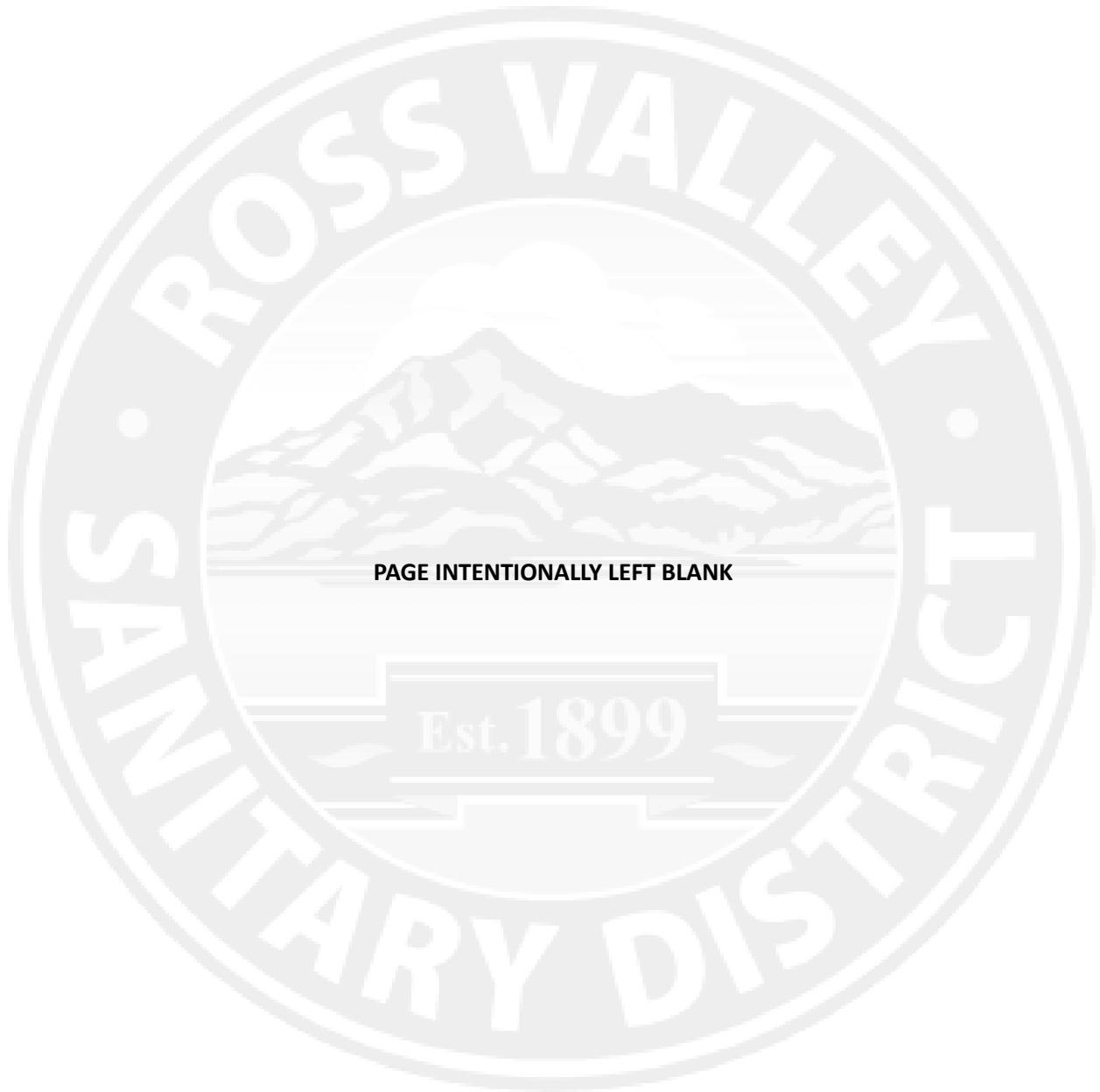


2023- 2024

FISCAL YEAR
BUDGET
July 1 - June 30



Ross Valley Sanitary District
2960 Kerner Blvd.,
San Rafael, CA 94901
www.rvsd.org



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Ross Valley Sanitary District

Annual Budget For the Fiscal Year Ended June 30, 2024

Board of Directors

Thomas Gaffney

Elected June 2014

President

Michael Boorstein

Elected June 2014

Secretary

Pamela Meigs

Elected June 2010

Treasurer

Mary Sylla

Elected June 2012

Alternate Secretary

Doug Kelly

Elected June 2016

Alternate Treasurer

Executive Team

Steve Moore, P.E.

General Manager

Felicia Newhouse

Assistant General Manager

Paul Bruemmer

Operations & Maintenance Manager

Prepared By
Administrative Services Department

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FORWARD

This Annual Budget is intended to present the Ross Valley Sanitary District's (RVSD or the District) budgeted financial position and operations for the fiscal year ended June 30, 2024. The overall structure of the Annual Budget follows the District's financial plan as described by its Financial Policies and the Government Finance Officers Association (GFOA). To best describe its financial plan, the Annual Budget is organized into the following four sections:

Introduction

The Introduction begins with a message from the District's General Manager showcasing the District's performance and achievements from the current fiscal year and providing direction for where the District is going to lead into the next fiscal year. It is then followed by an overview of the District, strategic plan, and local community.

Organization & Budget Structure

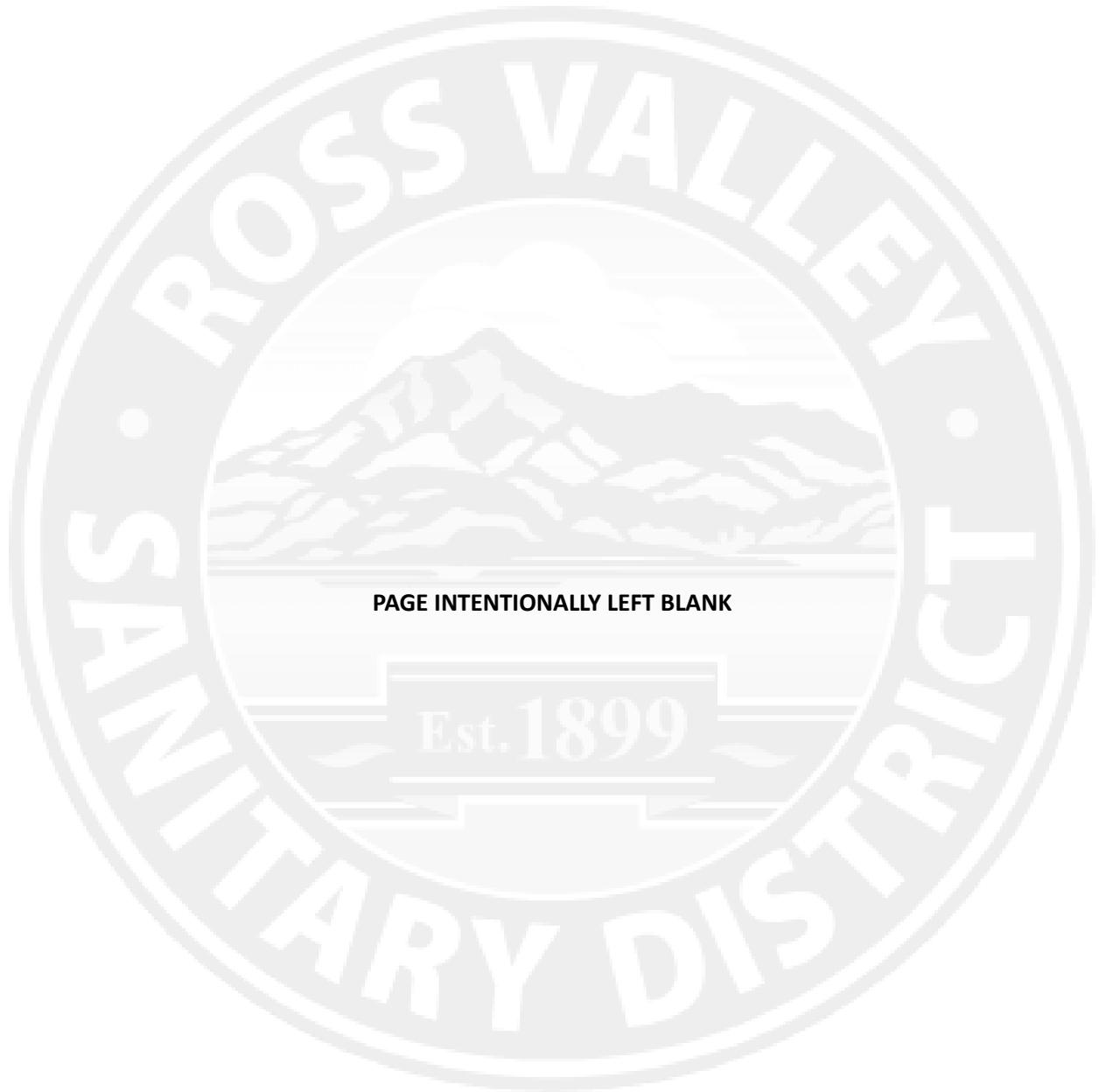
This section is designed to provide the reader with an overview of the District's organization, its organizational chart, and fund structure, as well as its financial and budgeting policies. This section also includes the key performance indicators to describe how the District controls its resources from a non-financial perspective for how it is meeting its mission and values.

Budget Summaries

The Budget Summaries section describes in detail the District's finances from both a consolidated and detailed fund level. Included are year-over-year (YoY) budgetary comparisons, overview of the District fund balances and reserves, discussion of key drivers and forecast of its revenue budget, departmental budgets, debt obligations (capital and limited obligation) and the District's Capital Improvement Program (CIP). The section concludes with the District's Five-Year Forecast showing the latest estimates of where the District is going to be financially in five years.

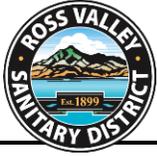
Appendix

Included within the Appendix are the acronyms, glossary, key policies and strategic plan that assist the budget with its preparation, and Board Resolutions that relate to the approval of the budget.



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SECTION 1 – INTRODUCTION



(1) Message from the General Manager

It is my honor on behalf of the Ross Valley Sanitary District Board of Directors and staff to present the District's Fiscal Year 2024 (FY24) budget. This document lays out the financial plan for the upcoming fiscal year, detailing the resource requirements to successfully manage our wastewater collection and conveyance infrastructure for District's ratepayers.

Our intention is to present a high-quality budget that clearly articulates the ways the District effectively and efficiently provides its services in a readily accessible and understandable format. All referenced financial documents in this budget are available online at www.rvsd.org.

FY 2024 Budget Highlights

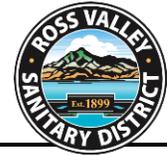
The District's FY24 annual budget is expected to be balanced where funding requirements are sufficiently covered with funding sources. Total funding requirements for FY24 are \$41.7 million and total funding sources are \$41.7 million. Total funding sources include \$38.9 million of revenue proceeds and \$2.9 million in reserve usage. Use of reserves as an additional funding source is greater than the prior year's budget usage by \$0.6 million.

Total operating revenue increased 6.3% and operating expenditure increased by approximately 6.74% from our FY23 Budget. The FY24 Budget includes expected net operating revenue of approximately \$6.1 million for both funding its committed reserves and capital projects. Capital revenue is anticipated to total \$10.2 million for FY24, including \$9.8 million in ad valorem property taxes received. The District plans to spend \$10.63 million on capital improvement projects this year using dedicated capital funds and net operating revenue.

- Total operating revenues of approximately \$28.8 million, and dedicated capital revenues of \$10.2 million from property taxes, capacity charges, and lateral loan repayments. Total revenues are expected to increase by \$2 million, or 5.43%.
- Total operating expenditures of approximately \$22.7 million resulting in an overall increase of 6.74% from the FY 2023 budget. Changes to the FY24 budget are due to increases in labor costs, maintenance and repair costs, and higher utilities costs because of the current inflationary environment, as well as higher Central Marin Sanitation Agency (CMSA) treatment plant costs. Total expenditures are expected to increase by \$1.1 million, or approximately 2.66% from our FY23 budget.

The Board of Directors continues to make grant and loan funding available to property owners who require private sewer lateral replacement. The Lateral Replacement Grant and Loan Programs have dedicated funding in the amount of \$600,000.

ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2024



The District is recognized as a high-performing and financially stable wastewater utility within Marin County and the San Francisco Bay Area. The District continues to be recognized by state and national organizations in the areas of facility operations, safety, and financial reporting.

Major District Achievements – FY 2023

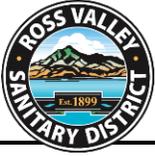
- Received First Place from the California Water Environmental Association (CWEA) for Small Collection Systems of the Year (249 miles or less).
- Implemented Easement Access Management program to improve operations efficiency and safety of maintaining the collection and conveyance system, working cooperatively with other local public agencies and private property owners.
- Incorporated new photoionization odor scrubbers at pump stations to reduce or eliminate the emission of foul odors in public settings.
- Maintained a high level of service to our ratepayers in our service area for a safe and effective wastewater collection and conveyance system, including a significant reduction in number and volume of public sewer spills.
- Upgraded credit standing by Fitch Ratings from ‘AA- Positive Outlook’ to ‘AA Stable Outlook’.
- Received recognition from the Government Finance Officers Association (GFOA) Excellence in Financial Reporting for the District’s Annual Comprehensive Financial Report (ACFR).

On behalf of all the employees, I would like to express our thanks and gratitude to the District Board of Directors for its ongoing support of the District’s Mission and Values, and in securing the necessary resources to enable us to achieve a recognized level of high performance.

We hope that this annual budget will be insightful and clear in understanding how the District allocates its resources. We welcome your comments and feedback for improving future budget publications.

Respectfully,

Steve Moore, P.E.
General Manager



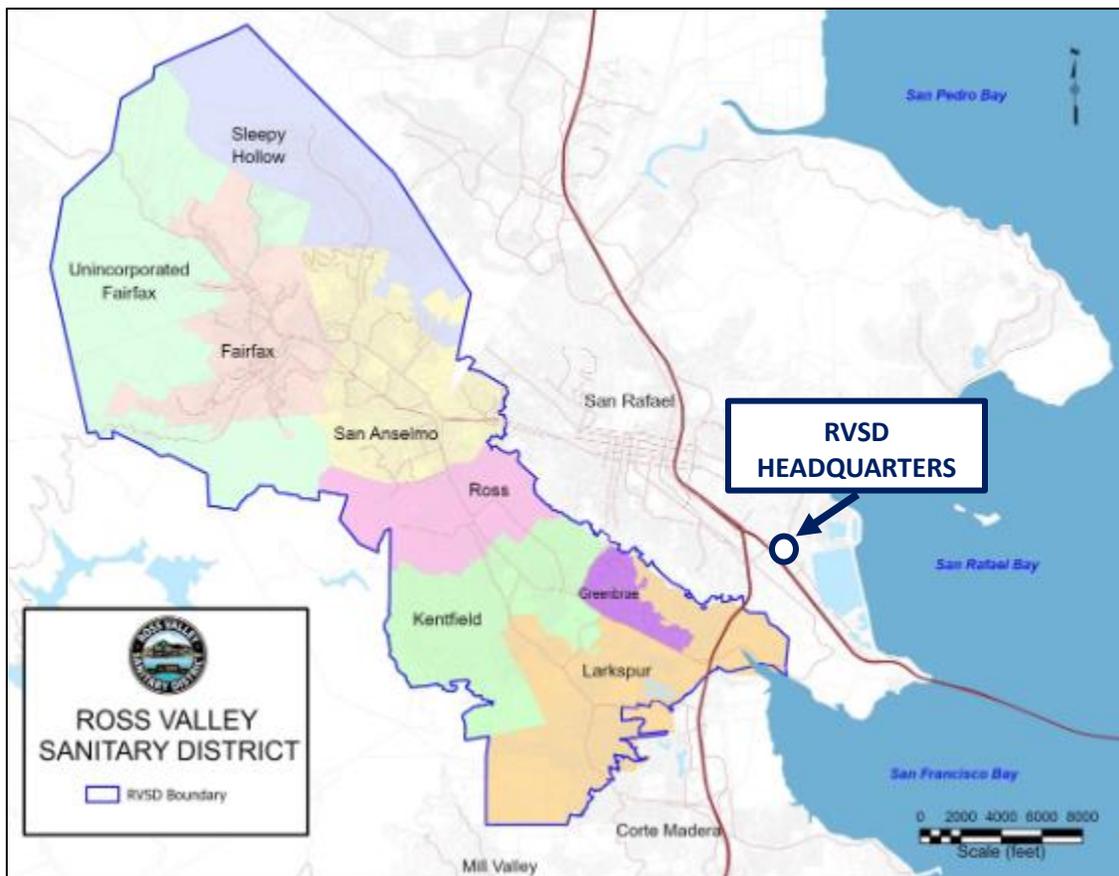
(2) District Overview

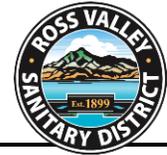
The Ross Valley Sanitary District was established on May 27, 1899 to provide wastewater collection and conveyance services for the ratepayers within the greater Ross Valley area of Marin County. This service area encompasses 26.75 square miles of jurisdictional boundaries including the Town of Fairfax, Town of San Anselmo, Town of Ross, City of Larkspur, and the unincorporated areas of Sleepy Hollow, Kentfield and Greenbrae.

The District is responsible for 24/7/365 operation of the wastewater collection and conveyance system. The system comprises of approximately 4,200 manholes, 19 pump stations and over 200 miles of pipeline throughout the service area. Each fiscal year, the District's infrastructure transports over 1,800 million gallons of wastewater to the treatment plant at the Central Marin Sanitation Agency (CMSA). The District performs regular maintenance and invests capital funds to improve its infrastructure to protect public health and the environment by effective and efficient wastewater management.

Figure 1 below geographically shows the District's jurisdictional boundaries within its service area:

Figure 1 – District Service Area Within Local Municipal Boundaries





The District recovers the cost of providing its services through assessment of sewer services charges across its ratepayer customer base of residential and commercial accounts. Each account is assessed an annual Sewer Service Charge (SSC) on their Marin County property tax bill based on an equivalent dwelling unit (EDU). An EDU is a standardized unit of measure used for both residential and commercial accounts to equitably assess the appropriate user charge. Single family residential customers are assessed a flat amount of one EDU, while commercial accounts are assessed based on the account holder’s recent winter water usage recorded by the Marin Municipal Water District. In total as of fiscal year 2024, the District served 15,573 parcels and assessed 22,303 EDUs of user fees.

The total number of EDUs assessed can be further broken down based on customer account type:

Chart 1 – District EDU Allocation Fiscal Year 2024

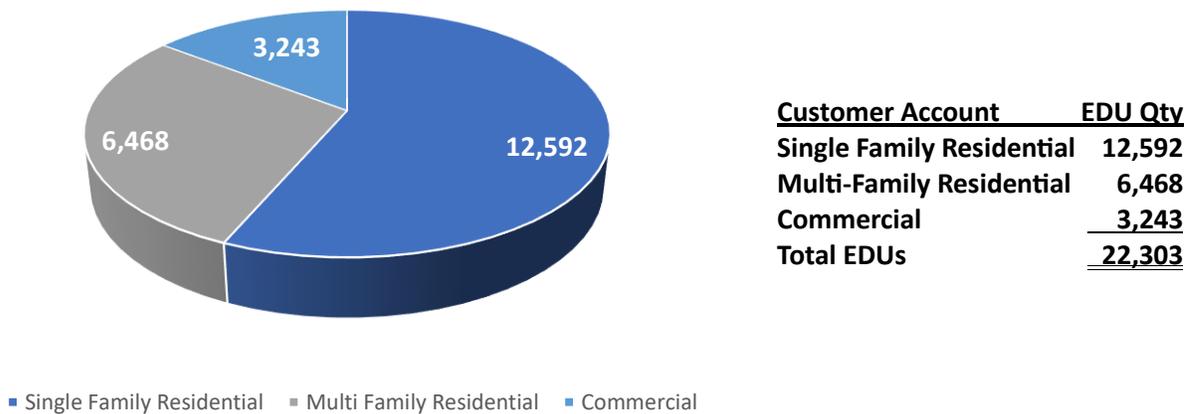
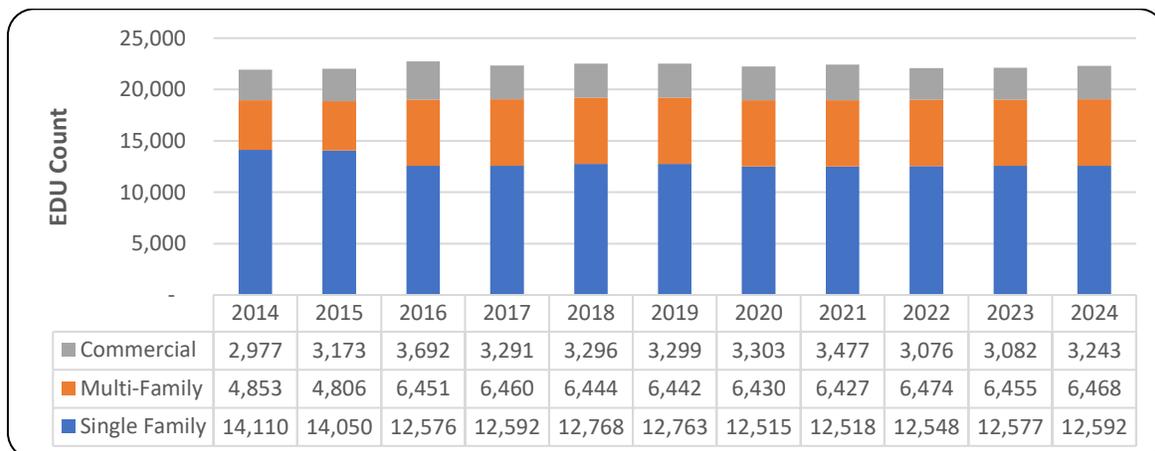
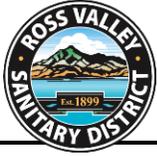


Chart 2 – Historical EDU Allocation



As shown in *Charts 1* and *2* above, the District’s predominant customer base is single family residential accounts, and this majority allocation has historically held true for at least the past 10 years.



(3) Strategic Plan

The Strategic Plan charts a strategic path to effectively maintain and improve the District's operations and services. RVSD's Strategic Plan has been developed to prioritize projects, focus energy and resources, set workplan priorities, and guide fundamental decisions and actions that will build on each other into the future.

In 2016 the Board of Directors adopted a Strategic Plan with updated Mission, Core Values, Policy Level Goals, Objectives, and near-term Actions that have guided the District for several years. A consultant was used to facilitate a robust multi-phase development process with the Board and staff planning committee. First the consultant held an initial board workshop, then initial staff workshops to develop the strategic plan based on Effective Utility Management (EUM) framework attributes recognized by national utility organizations (AWWA, WEF, NACWA) and the U.S. EPA. The EUM Framework uses ten broadly defined areas to provide a comprehensive and balanced review of how well an organization is doing, identify gaps between actual and preferred conditions, and narrow the focus to what actions need to be taken to ensure the utility organization is highly functioning across the full spectrum of critical success factors.

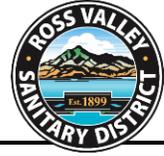
The 2016 RVSD Strategic Plan was developed through a series of interactive workshops with Board members and staff, with the ultimate objective of answering two questions:

- 1. What does a successful future for RVSD look like?***
- 2. How does RVSD achieve that envisioned future by translating it into specific goals and objectives, and supporting actions?***

RVSD utilized a team of resources to develop the Strategic Plan. This included the Board of Directors, the consulting team of VHA and Dewpoint, the General Manager, Department Managers, and all RVSD staff. The most fundamental component of the Plan is the District Mission, followed by its Core Values.

Mission

RVSD provides its 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

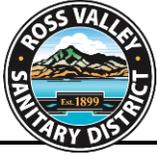
Individually and as a team, we value the following:

- 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 of the Ross Valley Sanitary District through our resources and work

Every other element of the Strategic Plan is intended to directly support this organizational mission and core values. Based on this mission and the EUM 10 Attributes framework, the Board worked to establish policy-level goals and supporting objectives. These can be thought of as “what we think success looks like” at RVSD. Once those goals and objectives were developed, staff level workshops were then used to develop a detailed set of specific actions to achieve the goals.

The District’s budget is closely aligned with the Strategic Plan and the annual Business Plan that continually updates specific actions, and a majority of the draft FY23 Business Plan’s strategic actions were considered in the budget development process.

The Board reviews and approves the annual Business Plan by July of each year, after which it is available on the District website at: <https://www.rvsd.org/234/Strategic-Plan>.



(4) Local Community

The District’s service area includes four local municipalities (Town of Fairfax, Town of San Anselmo, Town of Ross, and City of Larkspur), and three named unincorporated areas within Marin County (Sleepy Hollow, Kentfield and Greenbrae) located just north of the City and County of San Francisco.

With the completion of the Golden Gate Bridge in the early 1930s, permanent connection between Marin County to San Francisco was established. This major development was the start of significant growth in population and local economy as working professionals began to move their families to Marin and the Ross Valley area. The area’s population has since leveled off to be relatively stable. As of the 2021 census estimate, the total population of the District service area is 44,712 as shown in *Table 1* below.

Table 1 – District Service Area Population

Municipality	Population
1 Town of San Anselmo	12,693
2 City of Larkspur	12,928
3 Town of Fairfax	7,521
4 Town of Ross	2,327
5 Unincorporated County Area (<i>Sleepy Hollow, Kentfield, Greenbrae</i>)	9,243
6 Total District service area	44,712

Source: United States Census Bureau, 2020 American Community Survey

Despite the recent COVID-19 Pandemic, the local economy within Marin County is resilient in terms of income, employment, and household wealth. As of 2021, the County overall recorded a 10.6% increase in per capita personal income to \$164,118. This is at least in part attributable to the average earnings per job rising to \$95,508, or 5.1%, as well as County unemployment averaging only 4.5% compared to the statewide average in 2021 of 7.3%. As of March 2023, the unemployment rate for the County was 3.1% compared to the state unemployment rate of 4.4%. The local housing market also remains strong with the median home price being \$1.6 million as of March 2023 for a single-family house. These statistics point to a resilient base within the County given the proximity of employment to San Francisco jobs within the technology and financial institution industries.

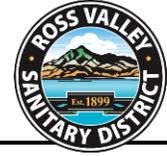


Table 2 below lists the recent top ten employers in the service area:

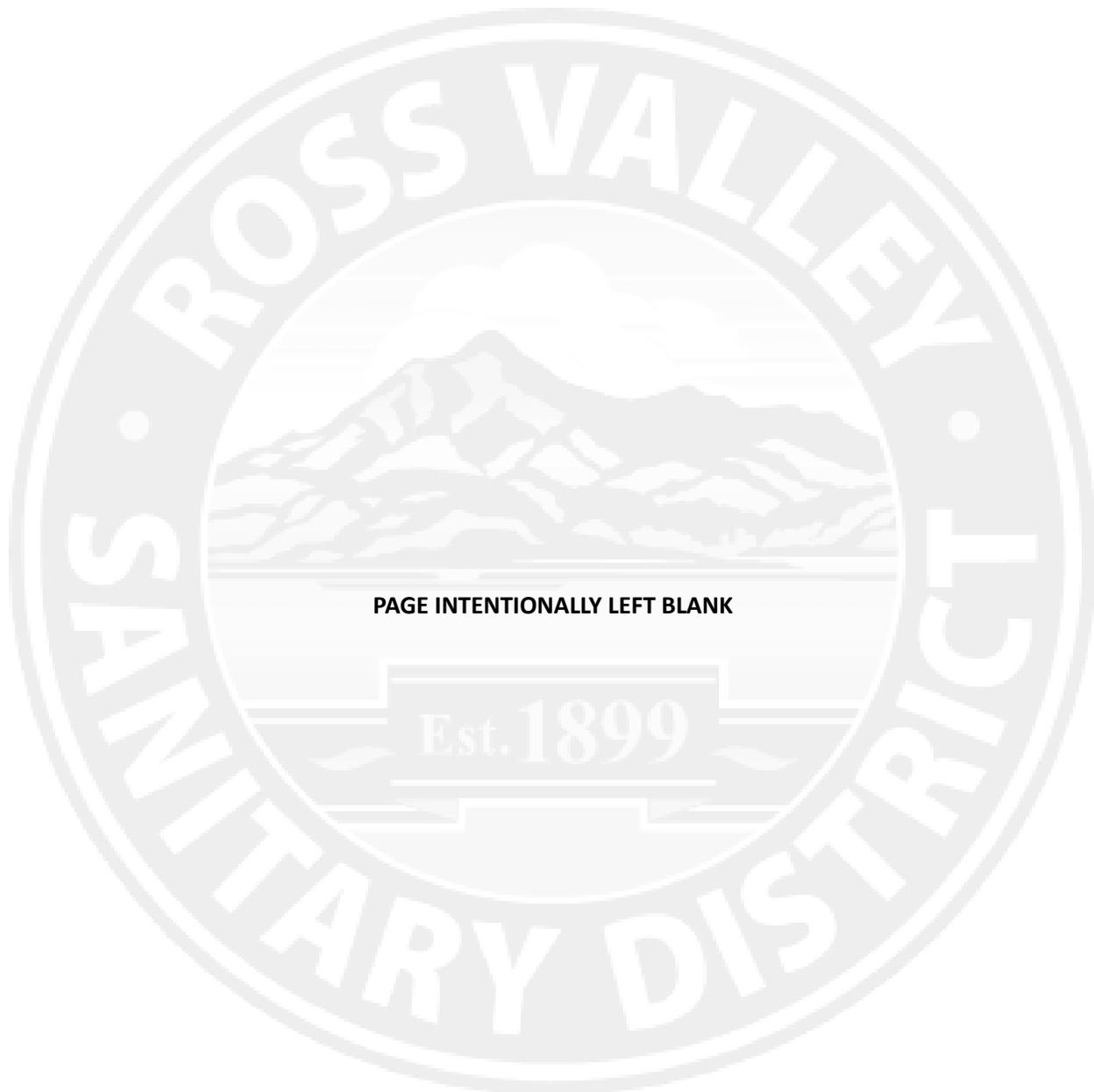
Table 2 – District Service Area Top 10 Employers

	Employer Name	Rank	Industry	Employee Count
1	Marin Health Medical Center	1	Healthcare	1,229
2	College of Marin	2	Education	533
3	Hospice by the Bay Marin	3	Healthcare	300
4	Tamalpais Union School District	4	Education	252
5	Kentfield Hospital	5	Healthcare	227
6	San Domenico School	6	Education	180
7	The Tamalpais Marin	7	Non-Profit	160
8	Good Earth Natural Foods	8	Consumer goods	150
9	Side By Side	9	Non-Profit	140
10	Mollie Stone's Markets	10	Consumer goods	120

Table 3 below lists the recent top ten ratepayers in the service area:

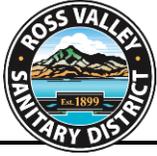
Table 3 – District Service Area Top 10 Ratepayers

	Ratepayer Name	Rank	Industry	Sewer Charge
1	Prime Skylark LLC	1	Real Estate	\$ 695,982
2	California Community Housing	2	Real Estate	371,754
3	MarinHealth Medical Center	3	Healthcare	269,670
4	Teachers Insurance & Annuity	4	Financial	269,576
5	Marin Country Mart, LLC	5	Consumer goods	168,217
6	Fairfax Center Properties LLC	6	Real Estate	136,036
7	Ross Valley Homes Inc	7	Real Estate	132,053
8	CLG Larkspur LLC	8	Real Estate	122,640
9	Bon Air LP	9	Consumer goods	118,961
10	Courtyard II Association	10	Hospitality	114,397
11	Subtotal top 10 ratepayers			2,399,286
12	Total budgeted SSC			\$27,470,500
13	Percent of total budgeted SSC			8.73%



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SECTION 2 – ORGANIZATION & BUDGET STRUCTURE



(5) Organization Overview

The District is governed by a five-member Board of Directors who are elected on a non-partisan basis at large within the service area. Each board member serves a four-year term that is staggered between members for general consistency in governance.

The Board appoints both the General Manager to oversee the day-to-day operations of the District as well as the General Counsel to conduct the District's legal affairs. Reporting to the General Manager are departments that facilitate the activities of the District: Operations & Maintenance, Engineering & Inspection, and Administrative Services. The General Manager also serves as the District Engineer.

The Operations & Maintenance (O&M) Department is responsible for performing all ongoing upkeep of the District's collection and conveyance system. This includes repairing pipelines and pump stations, assessing infrastructure asset condition, and cleaning out pipelines, all of which are performed among the four divisions led by Operations Supervisors in Pumps, Line Repair, Line Maintenance and Condition Assessment. Operations Supervisors are under the general direction of either the O&M Superintendent or the O&M Manager.

The Engineering & Inspections (E&I) Department is responsible for monitoring the District's collection and conveyance system to identify areas of improvement following the latest Infrastructure Asset Management Plan (IAMP). Areas of improvement can be on the District's infrastructure or the property owner's private sewer lateral pipeline, which are both priorities to mitigate the risk of failure identified in the IAMP. All personnel within this Department are under general direction of the Senior Engineer.

The Administrative Services (Admin) Department is responsible for all administrative functions of the District. This includes managing all accounting, accounts payable, payroll, risk management, information technology, customer service, legal, and human resources activities. Services for risk management, legal and information technology are currently contracted out, and this Department manages these contract teams. All personnel within this Department are under the general direction of the Administrative Services Manager. The Administrative Services Manager also serves as the District's Assistant General Manager.

The District, in total, maintains 35 full-time employees allocated among the departments. *Figure 2* on the following page summarizes the District's reporting units under the General Manager.

For exact personnel make-up of each department, please review the respective Departmental Budget within *Section 4* of the Operating Budget under *Chapter 13* Departmental Costs.

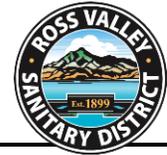


Figure 2 – Organization Chart

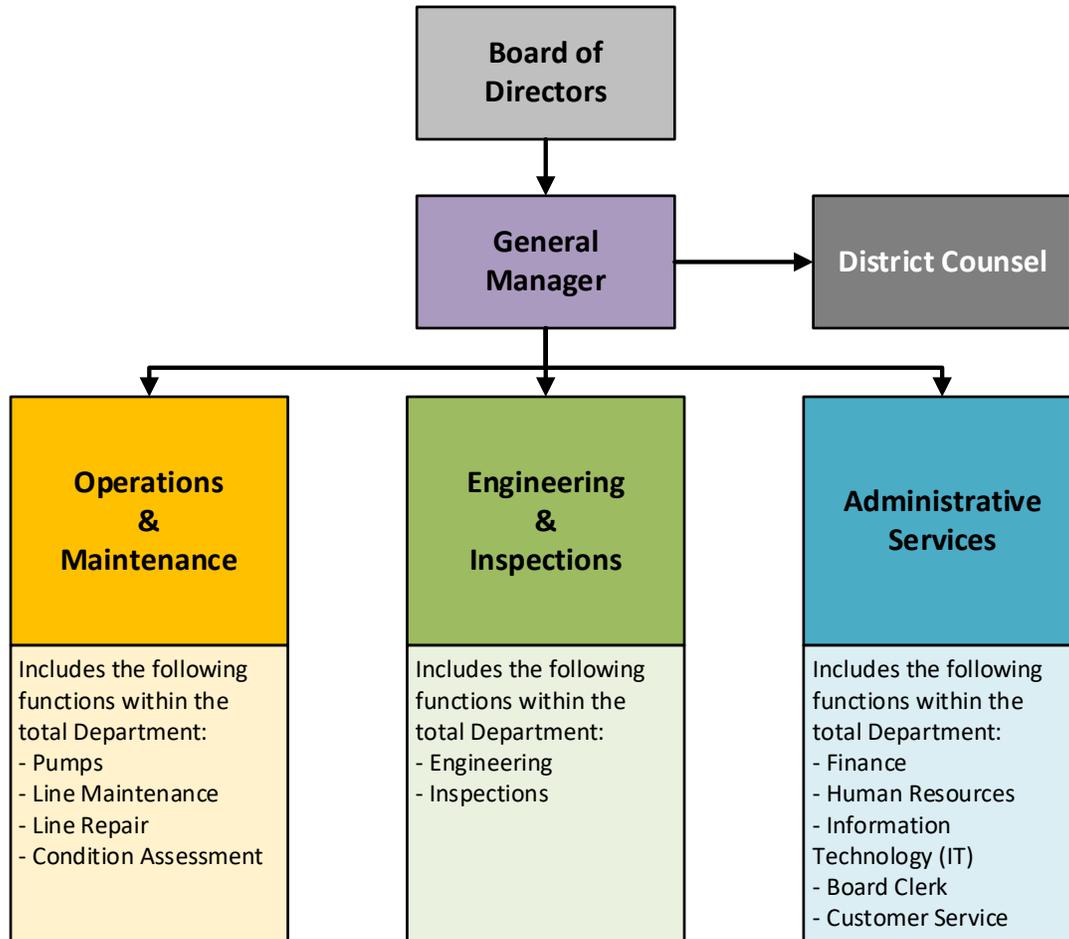
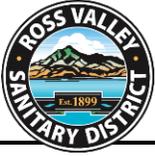


Table 4 – Full Time Equivalent (FTE) Employee Headcount

Department	FY2022	FY2023	FY2024
1 Operations & Maintenance	22	22	23
2 Engineering & Inspections	6	6	5
3 Administrative Services	7	7	7
4 Total Employee Headcount	35	35	35

Note 1: The General Manager is included within Administrative Services.

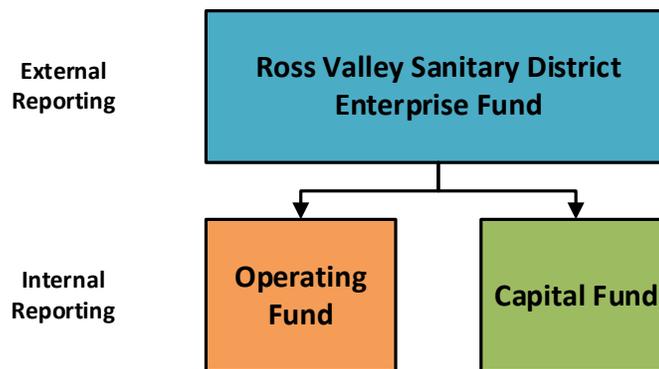
Note 2: All consultants are excluded.



(6) Fund Structure & Descriptions

The District is organized as a stand-alone proprietary fund-type, or enterprise fund. For external financial reporting purposes, the District maintains only one consolidated, stand-alone proprietary fund to organize its financial activity. For internal management tracking of the District's costs and activities, the District maintains two internal enterprise funds for accountability purposes. The two internal enterprise funds are Operating and Capital as per the District's Financial Policies. *Figure 3* below depicts the District's operational account setup.

Figure 3 – Internal Enterprise Funds



A. Operating Fund

The Operating Fund accounts for all of the District's wastewater collection and conveyance operations. This includes payment of District personnel costs, treatment costs, and all operations budgets. The Operating Fund recovers the costs incurred primarily through collection of SSC revenues from the Marin County property tax roll. Installments are remitted to the District three times each fiscal year in accordance with the Teeter Plan. Other revenue sources include permit fees, investment income, lease fees, and other operating revenue. All other sources are collected periodically throughout the fiscal year and are used to further augment the Operating Fund's activities.

B. Capital Fund

The Capital Fund accounts for all activities related to payment of debt service and Capital Improvement Projects (CIP). The Capital Fund is supported through several financing sources dependent on the CIP forecast. Sources include the District's allocation of ad valorem property taxes, capacity permit fees, proceeds from debt financings, other Capital revenue, and net Operating Fund revenue. Property taxes are remitted to the District from the County of Marin in three installments during the fiscal year in accordance with the Teeter Plan. Capacity permit fees are collected for all new and expanded connections to the District's system. Debt financing is selectively used when the District foreseeably forecasts very large, expected CIP expenditures. In FY 2024 and beyond, the District does not expect to issue debt given the adopted policy of a "Pay-As-You-Go" ("PayGo") capital funding methodology. Any net resulting shortfall within the Capital Fund is to be covered via a funds transfer using the net surplus from the Operating Fund or its Capital Improvement Reserve.



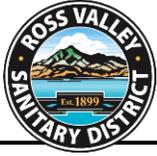
(7) Financial Policies Summary

The Board adopted a comprehensive set of Financial Policies to align with the District’s guiding principles of financial planning, GFOA best practices, recommendations from the District’s independent auditors, and the latest GASB pronouncements. The framework of the Financial Policies governs the overall financial management and fiscal health of the District, and promotes accountability to effectively direct the financial planning, management, and operations of the District. The General Manager and Admin Manager are responsible for ensuring staff compliance with the Financial Policies.

Individual policies are updated as needed; however, a full review and update is scheduled for every three to five years as a preliminary step for that fiscal year’s budget preparation. The latest set of Financial Policies were adopted in January 2022, and are included in *Appendix C. Table 5* below summarizes each adopted policy from the latest approved set of Financial Policies:

Table 5 – Financial Policies

	Policy Chapter	Policy Description
1	Internal Controls & Fraud Prevention	Defines authorization levels, signatory requirements, segregation of duties, banking requirements, fiduciary responsibilities, and other policies.
2	Ethics & Conflicts of Interest	Defines standards of ethical conduct District adheres to and expresses procedures and steps when unethical conduct is detected and remediated.
3	Budgeting & Long-Term Financial Planning	Defines the District’s explicit guidelines when preparing its annual budget, budget amendments, budget tracking and financial forecasting.
4	Financial Reporting Guidelines	Defines the internal and external reporting requirements of the District, such as the monthly financial reports to the Board, annual audited financial statements and preparation of the Annual Comprehensive Financial Report (ACFR).
5	Minimum & Target Reserves	Defines the District’s targeted reserve policy for its Operating and Capital Funds, such as the Operating Reserve, Capital Improvement Reserves, Emergency Reserves, and Pension Prefunding Trust Reserves.
6	Revenue & Cash Management	Defines the sources of revenues the District receives and what are the procedures for security of cash receipt handling that are not sent electronically.
7	Debt Management	Defines the types and terms of allowable debt obligations the District can issue, the initiative of maintaining/improving its credit standing, criteria for financial disclosure requirements and relevant internal controls over debt proceeds.
8	Investments	Defines the delegation of authorization, allowable investments, stated goal of diversification, procedures for selecting securities dealers and reporting.
9	Procurement Policy	Defines the levels of authority for purchase orders, and signatory requirements for all types of procurement expenditures, and disposal of District property.
10	Credit Card & Purchasing Card Use	Defines the levels of authority for usage of District credit cards and applicable credit limits for specified employee designations.
11	Capital Asset Management	Defines the type of assets and capitalization dollar threshold for assets to be capitalized, and the proper accounting of capital assets.
12	Inventory Management	Defines the proper designation of purchases as inventory, capitalization threshold, and the appropriate accounting and valuation.
13	Risk Management & Insurance	Defines the responsibility of the District for managing its liability considerations with its property, fixed assets, and employees.



(8) Budget Process & Calendar

The annual budget process begins with an analysis of the current year budget compared to projected annual expenditures and long-term capital improvement program funding needs. Unanticipated operating expenditures are identified for exclusion from the observed baseline expenditures expected for the upcoming fiscal year. These operating expenditure baselines are further reviewed and/or updated based on discussion with each of the department managers at the budget line-item level. The capital budget is developed through discussion with the E&I Department concerning the rolling ten-year CIP plan. All one-time capital equipment purchases and/or service contracts are submitted for budget approval to the General Manager and Admin Manager.

Sufficient funding of the District’s operating and capital activities is assessed through review of current year budgeted revenues relative to projected annual revenues. Significant variances are identified and analyzed. Adjustments to the total budget are made as appropriate throughout the process.

As part of preparation, the budget is balanced between its revenues and expenditures. When revenues exceed expenditures, surplus funds are transferred into the required reserve accounts.

During the budget development, the General Manager, Admin Manager, and O&M Manager meet with the Finance Committee and Board of Directors to present the draft budget for initial public comment and/or recommendations in May. Ratepayers within the District’s service area are invited to attend to provide input on the proposed budget. Direction provided from the Board is incorporated into the final proposed budget and presented to the full Board for consideration of adoption at a public meeting in June. Once adopted, the budget serves as the revenue collection and spending plan for the following fiscal year from July 1 to June 30.

At any point after adoption if the budget is to be amended because of a change in policy or business direction, an amendment is to be proposed by the General Manager to justify the change in spending authority. Budget amendments are presented to the full Board. After approval, the amendment is included within the revised adopted budget. *Table 6* below summarizes the Budget Calendar.

Table 6 – Budget Calendar

	Date	Procedure
1	January	Develop upcoming budget calendar and analyze current year performance.
2	February	Budget kick-off with department managers for estimating projected expenditures and developing operational and capital budget expenditures.
3	March	Finalize District personal and related insurance costing and revenue analysis.
4	April	Prepare preliminary budget tables/charts/graphs for District management review.
5	May	Prepare final proposed budget document for public/Finance Committee/Board of Director review and comments.
6	June	Final proposed budget presented to public/Finance Committee/Board of Directors for final review and adoption. Adopted budget published and distributed to stakeholders.



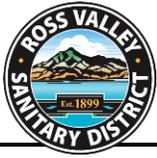
(9) Budgetary Basis of Accounting

Consistent with current Generally Accepted Accounting Principles in the United States of America (US GAAP), the District’s activities are accounted for in an accrual method to produce its financial statements for external reporting, i.e., the Annual Comprehensive Financial Report (ACFR). The accrual method records revenue when earned and expenses when incurred, which is like private business enterprises. The intent is to present the District’s operations on a cost recovery basis for all of its operations and capital project activity relative to the user fees levied.

As the District’s audited financial statements are accounted for as an enterprise fund, the budget is prepared generally based on the modified accrual basis of accounting. The modified accrual basis of accounting records revenue when it is both measurable and available, and records expenditures when a current liability is incurred. The primary difference between the District’s financial statements used for external financial reporting and its budgeting activities is the economic timing when a transaction occurs regardless of when the related cash transaction occurs. *Table 7* below lists the specific transactions that are presented differently in the District’s budget relative to its ACFR:

Table 7 – Budget-to-ACFR Presentation Differences

	Presentation Item	Rationale
1	Depreciation expense	Non-cash charge with no actual current resources being used.
2	Bond amortization expense	Non-cash charge with no actual current resources being used.
3	Bonds principal repayment	Expenditure reported on the ACFR as a reduction of a liability on the Statement of Net Position, not as an expense.
4	Loan principal repayment	Revenue reported on the ACFR as a reduction of an asset on the Statement of Net Position.
5	Debt principal proceeds	Revenue reported on the ACFR as an increase of a liability on the Statement of Net Position.
6	Capital expenditures	Expenditure reported on the ACFR as an increase of capital assets on the Statement of Net Position, not as an expense.
7	Compensated absences expense	Non-cash charge with no actual current resources being used.
8	Actuarial retirement obligation expense	Non-cash charge with no actual current resources being used.
9	Actuarial insurance claims liability expense	Non-cash charge with no actual current resources being used.
10	Legal liability expense	Non-cash charge with no actual current resources being used.
11	Special assessment collection	Revenue reported on the ACFR as a reduction of a liability on the Statement of Net Position.
12	Special assessment remittance	Expenditure reported on the ACFR as an increase of a liability on the Statement of Net Position.
13	Capital asset impairment expense	Non-cash charge with no actual current resources being used.
14	Capitalized lessee contra-expense	Non-cash charge with no actual current resources being used.
15	Capitalized lessor effective interest	Non-cash charge with no actual current resources being used.
16	Bad debt expense	Non-cash charge with no actual current resources being used.

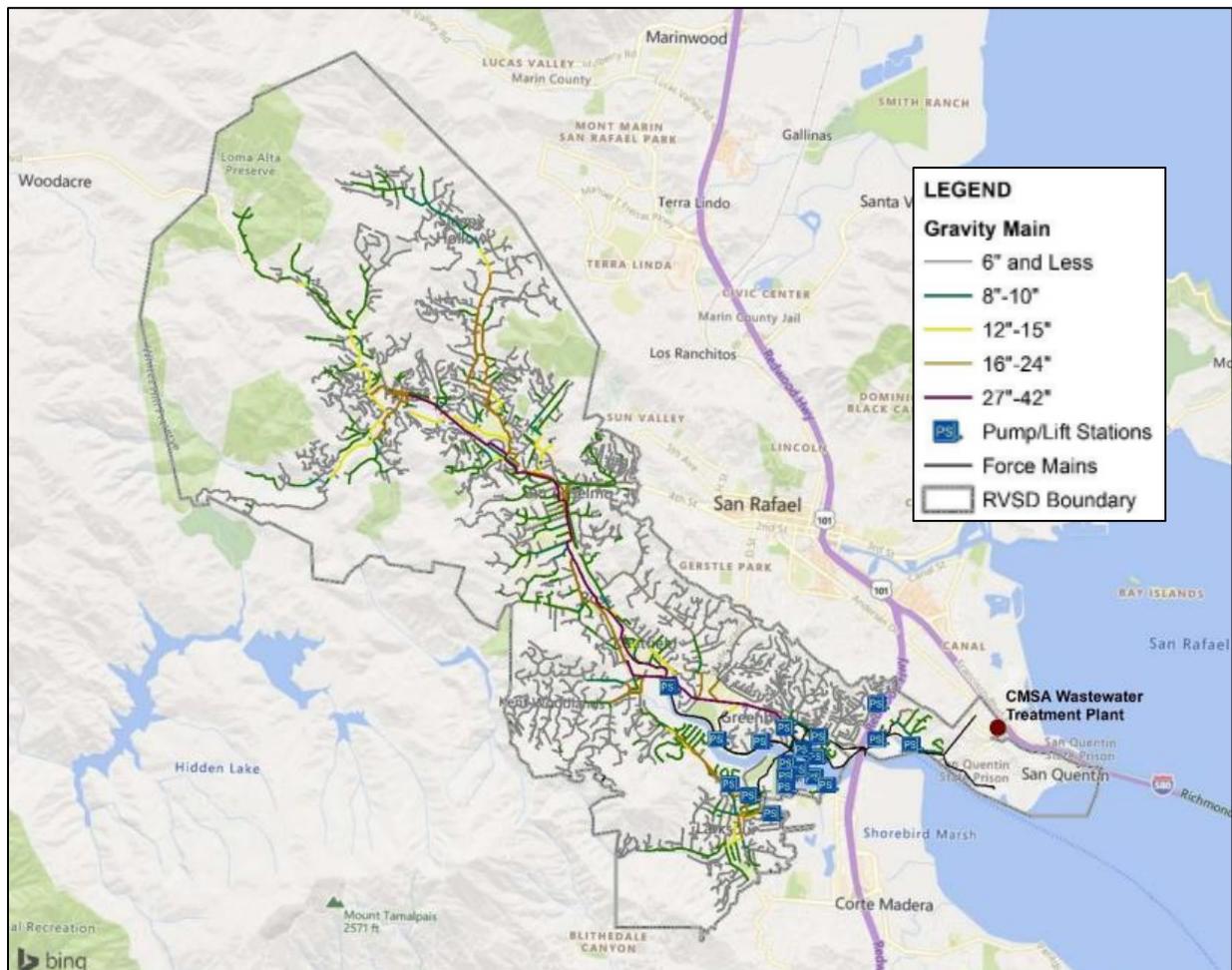


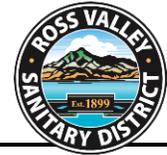
(10) District Performance Metrics

The following section summarizes the District’s key performance indicators to further explain the District’s operations that drive the decisions and budget. The data presented is compiled from the *Performance Metrics Monthly Report* prepared for the monthly Board meeting agendas. These reports are publicly available in the agenda packets published on the District’s website <https://www.rvsd.org/agendacenter>.

The wastewater collection and conveyance system is designed to direct wastewater from service area residential homes and commercial businesses to its JPA treatment plant facility at CMSA. Once at CMSA, the wastewater is treated to remove pollutants from the influent flows using various physical, biological and chemical processes. While some of the reported performance metrics can be directly correlated to specific parts of the budget, most of the metrics reported below are accomplished by the O&M Department who maintains the successful operation of the District’s system. The goal of the operating budget within the Operating Fund is to collect and convey wastewater to our treatment plant both without having a sewer spill and doing so sustainably.

Figure 4 – District Collection & Conveyance System

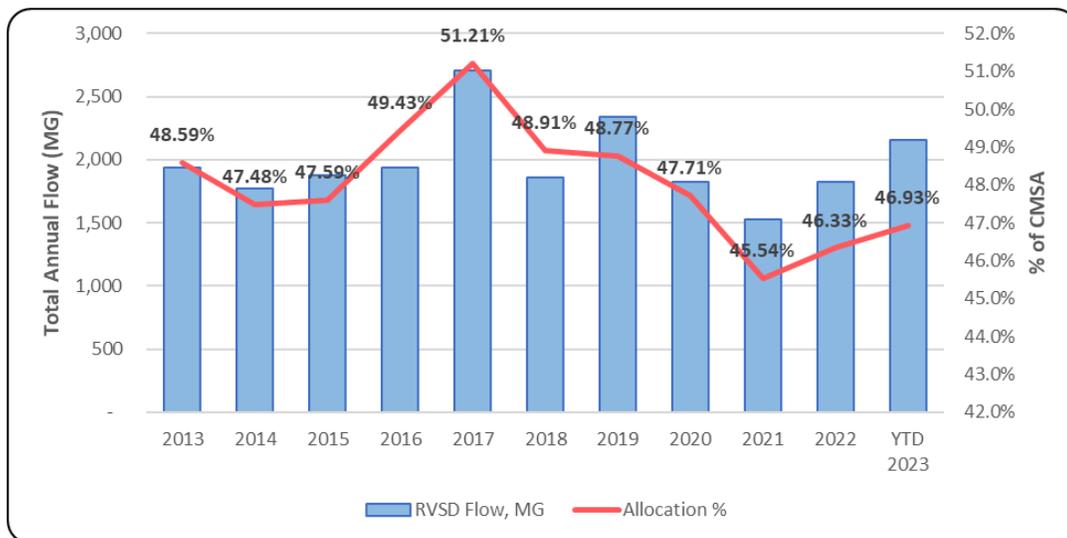




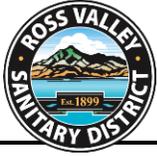
Within the Annual Budget, the District identified 9 key performance metrics that explain the District’s operations and relate to the District’s Strategic Plan. The performance metrics are the following:

- *Volume of Wastewater Collected* – CMSA is the District’s treatment plant for its service area’s collected wastewater that is conveyed for treatment and eventual disposal. The District is a JPA member along with two other sanitary districts, San Rafael Sanitation District and Town of Corte Madera. This metric captures the total volume of wastewater flow with the proportional allocation for each member. The District stresses the importance of reducing I&I to ensure a well-functioning system, and the trend that measures the District’s ability to manage its I&I is its share of the total flow becoming more equitable with its other JPA members. The data point is a smaller growing share of projected treatment plant cost with decreasing I&I.

Chart 3 – Wastewater Flow

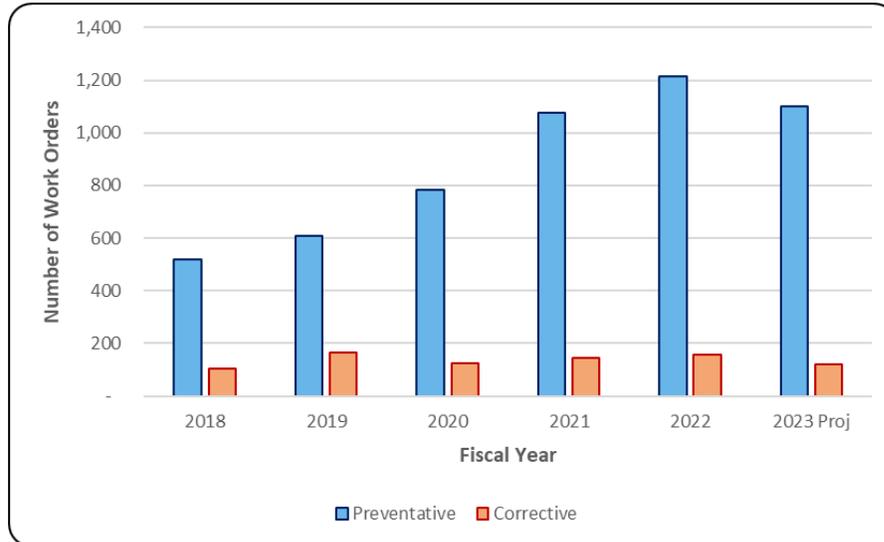


Note: 2023 is fiscal year to date through May 31, 2023



- *Pump Station Maintenance* – The District’s pump stations are an integral part of the wastewater collection and conveyance system by directing the flow to the District’s treatment plant. In the process, basic wear and tear can occur from system age and being constantly exposed to harsh hazardous material. The District’s pump stations require routine preventative and corrective electrical and mechanical maintenance to ensure proper and efficient operation. Over the past several fiscal years, the District has invested in significant pump station renovations resulting in new mechanical, electrical and instrumentation technologies being introduced. For example, installation of new photoionization odor scrubbers use ultraviolet light along with activated carbon to sanitize foul air before it is discharged into the atmosphere, mitigating environmental odors. Use of this and other advanced technologies are preventative-based maintenance investments over corrective activities, as demonstrated in *Chart 4* below.

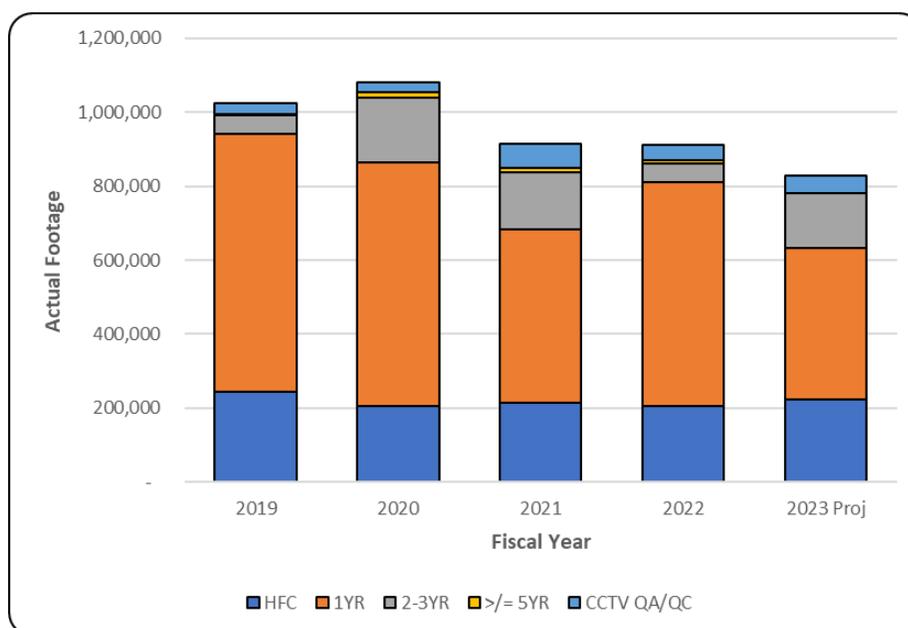
Chart 4 – Pump Station Maintenance Type

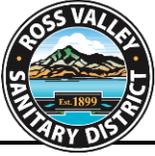




- Preventative Gravity Pipe Cleaning* – The District’s wastewater collection and conveyance system is primarily made up of gravity main pipelines networked throughout its service area as shown in *Figure 4*. Gravity main pipelines are the District’s primary capital asset and ensuring the pipelines are routinely cleaned of accumulated waste material is paramount for a well-functioning system. The District has been cleaning its system more than it would normally have done over the past several years as a result of the 2013 CDO. Now, the District’s key metric will be performing targeted cleanings to both control cleaning costs and minimize the frequency of unnecessary high-pressure cleanings which degrade the pipelines over time. *Chart 5* below shows a decreasing trend demonstrating the targeted nature of pipe cleaning and the expectation of lower future costs.

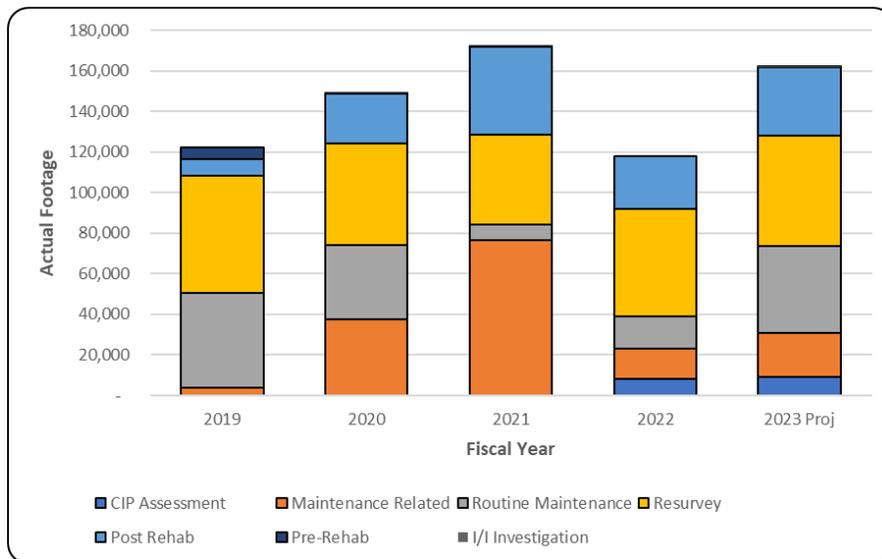
Chart 5 – Line Maintenance Pipe Cleaning Footage

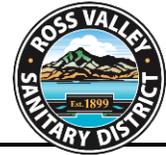




- Gravity Pipeline Condition Assessment** – To effectively manage the District’s capital asset network, i.e., gravity main pipelines and manholes, the District must continually monitor its asset condition. This entails sending CCTV cameras into the pipelines and various manhole connections to review the infrastructure’s integrity. The District has dramatically increased its efforts in the past several years by inspecting its pipeline network to verify its integrity. The District’s key metric will be performing more targeted inspections to control future repair costs by having the District’s CCTV equipment being constantly exposed to the abrasive hazardous material in the pipeline. The expectation for future work orders to decrease and normalize given the prior data gathering as shown in *Chart 6* below. FY23 is experiencing a slight increase relative to FY22 due to the additional routine maintenance work performed from special projects that are not expected to continue into FY24.

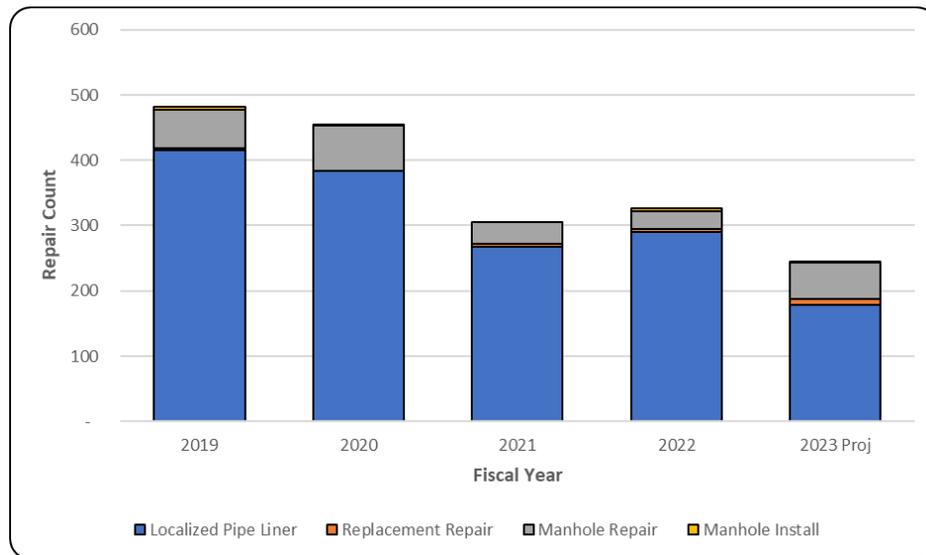
Chart 6 – Condition Assessment Pipe Footage Inspected

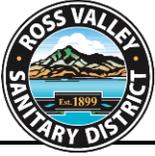




- Gravity Pipeline Repair* – Wear and tear on the District’s wastewater collection and conveyance system is to be expected considering it is constantly being used. Depending on both the severity and size of the wear and tear, the District can independently repair or replace the troubled portion to ensure a sewer spill does not occur. Through the information gathered from the Condition Assessment O&M Division, the District has been performing a lot of in-house repair activity since the 2013 CDO to reinforce the integrity of the District’s wastewater collection & conveyance system. The number of repairs is decreasing over the long-term, as shown in *Chart 7* below, due to the investments made in prior years thereby setting the expectation for lower future costs.

Chart 7 – Line Repair Work Orders

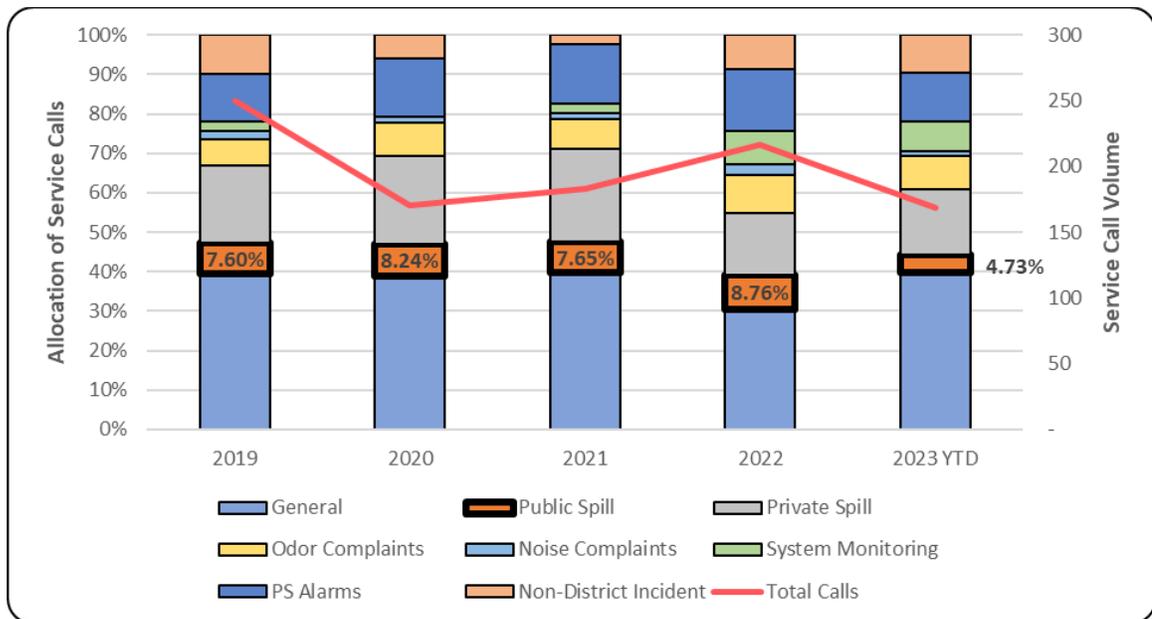




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- Service Call Volume* – The District’s service call volume is a key performance measure as it demonstrates the level of customer service provided and responsiveness to the community. The District is a public agency formed specifically to provide the community with wastewater collection and conveyance services. Ratepayers and stakeholders that inquire about District services or incidents are welcome and encouraged. A key metric within the service call volume recorded is the number of reported sewer spills. The District’s IAMP dictates that sewer spills be reduced to demonstrate a well-maintained wastewater collection and conveyance system. So, the lower the percentage allocation of sewer spills being reported as a service call, the better the gauge the District has in further assessing the system’s integrity.

Chart 10 – Service Call Volume

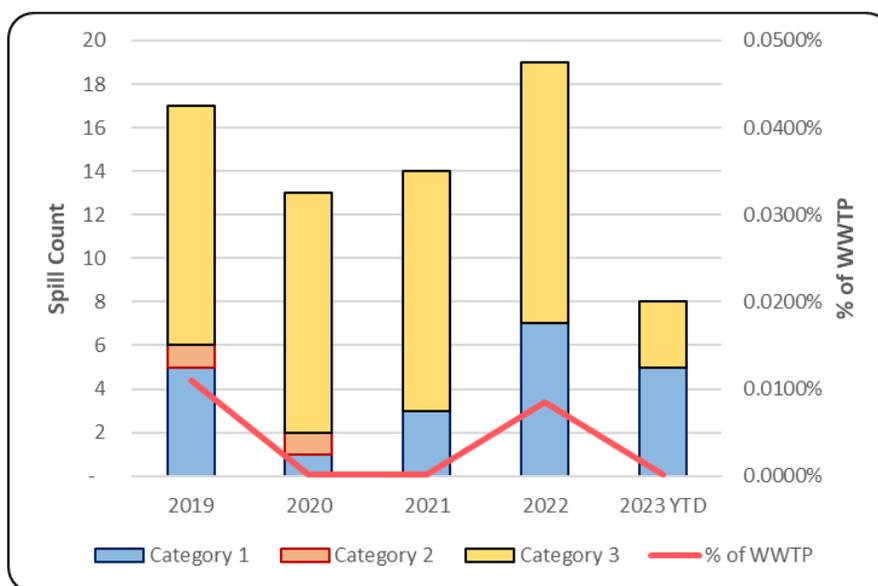


Note: 2023 is fiscal year to date through May 31, 2023

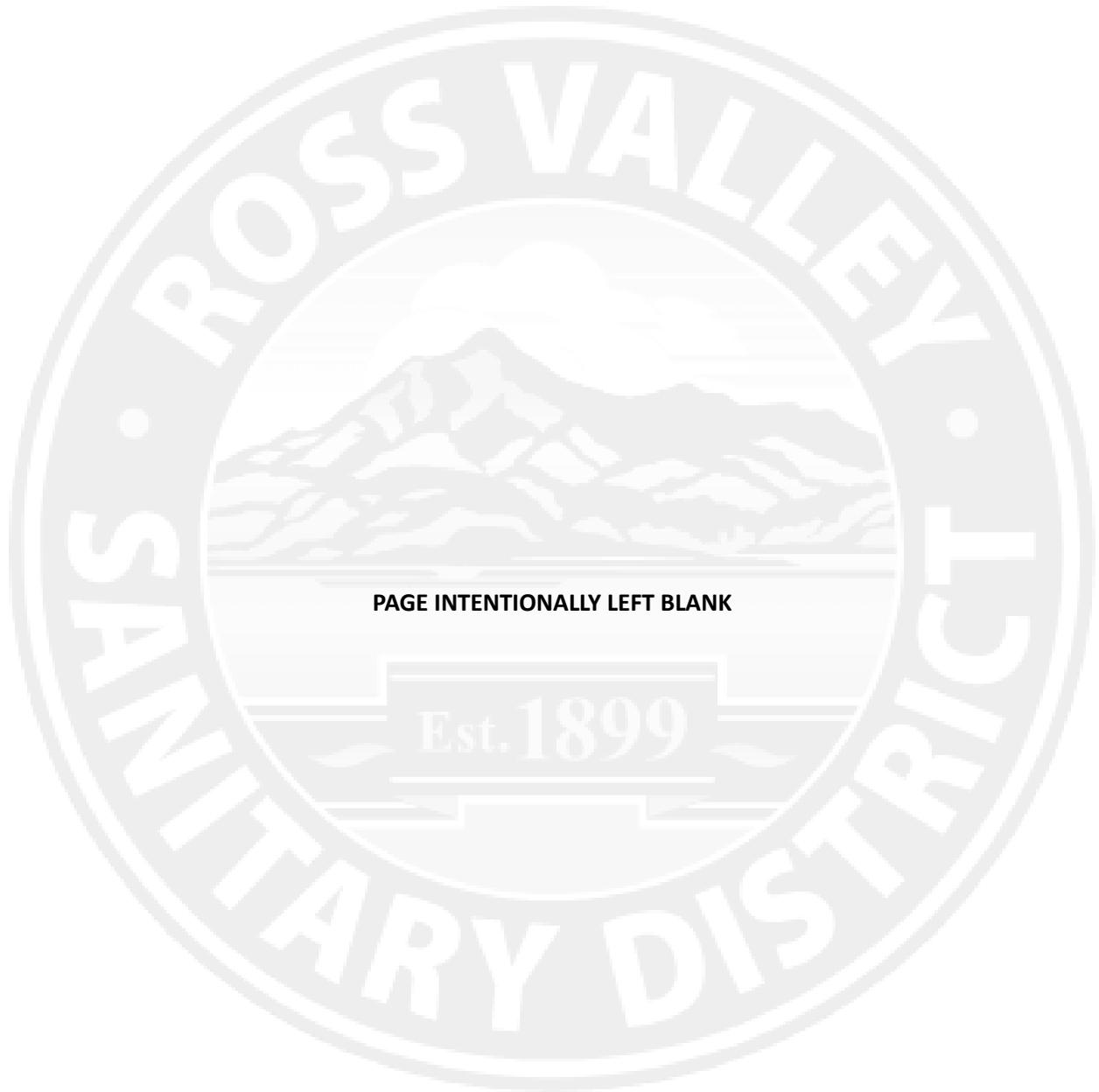


- Sewer Spill Count* – Sewer spills are a regulatory measure by the RWQCB where it signifies the overall success of the wastewater collection system. The lower the number of sewer spills, the more operationally sound the collection system is deemed to be no matter whether direct or indirect externalities cause them. Sewer spills are further categorized into one of three buckets where Category 1 is the most severe and Category 3 is the least severe. Sewer spills of any category have the potential to adversely impact public health and local environment when they occur. So, it is critically important for the District to receive only a few sewer spills, with none being classified as Category 1, in any given fiscal year. As shown in *Chart 11*, the number of Sewer Spills are decreasing year-over-year thereby demonstrating the District’s CIP investments and the O&M Department’s maintenance efforts. The number of spills in FY23 is observed to be lower than usual, however, the overall trend is in line with the District’s expectation.

Chart 11 – Sewer Spill Count by Category

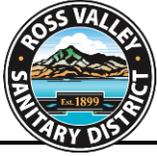


Note: 2023 is fiscal year to date through May 31, 2023



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SECTION 3 – BUDGET SUMMARIES



(11) Financial Summary

This section presents management's analysis of the District's financial condition and activities for the upcoming fiscal year ended June 30, 2024. It is intended to serve as an overview of the District's Annual Budget. This information should be read in conjunction with the internal enterprise fund budgets, their respective reserves, and the District's plan to fund its retirement obligations.

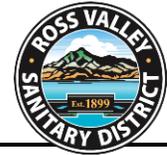
The information in this overview is presented under the following headings:

- Financial Highlights
- Funding Sources & Uses
- Revenue Summary
- Expenditure Summary

A. Financial Highlights

- The District's FY24 Annual Budget is expected to be balanced where its expected funding requirements are sufficiently covered with funding sources. Total funding requirements for FY24 is \$41.7 million and total funding sources is \$41.7 million. Total funding sources include \$38.8 million of unrestricted revenue proceeds and \$2.86 million in reserve usage.
- Total revenue sources are expected to increase \$2 million, or 5.43%.
- Total expenditure uses are expected to increase \$1.1 million, or 2.66%.
- Total reserve usage as an additional funding source is expected to increase \$0.6 million, or 32.54%. This is the result of more expected expenditure uses and less revenue proceeds.

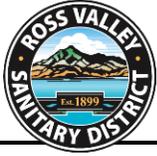
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B. Funding Sources & Uses

Table 8 – Total Enterprise Funding Sources & Uses

	Actual FY2022	Budget FY2023	Projected FY2023	Budget FY2024	Budget YoY \$ Change	Budget YoY % Change
USE OF FUNDS						
1 CMSA JPA charges	\$ 8,462,641	\$ 8,728,000	\$ 8,869,000	\$ 9,233,900	\$ 505,900	5.80%
2 Personnel costs	6,657,521	8,037,000	7,856,800	8,678,400	641,400	7.98%
3 Infrastructure maintenance	409,679	899,000	622,500	881,000	(18,000)	-2.00%
4 Facilities & vehicles maintenance	249,074	423,000	395,000	522,000	99,000	23.40%
5 Utilities & rental charges	715,135	762,000	778,900	806,300	44,300	5.81%
6 Insurance premiums & deductibles	566,445	495,000	357,900	528,300	33,300	6.73%
7 Software renewal costs	326,855	295,000	346,500	383,700	88,700	30.07%
8 Supplies	95,336	113,000	85,500	113,000	-	0.00%
9 Training costs	168,669	223,000	187,300	267,900	44,900	20.13%
10 Hiring & temporary help	262,190	100,000	78,500	40,000	(60,000)	-60.00%
11 Employee loan disbursements	-	-	4,100	15,000	15,000	100.00%
12 Professional services charges	544,641	969,000	652,800	805,000	(164,000)	-16.92%
13 Special assessment remittance	39,206	-	38,200	41,900	41,900	100.00%
14 Other charges	450,152	203,000	383,200	362,400	159,400	78.52%
15 <i>Total operating use of funds before capital activities</i>	<i>18,947,544</i>	<i>21,247,000</i>	<i>20,656,200</i>	<i>22,678,800</i>	<i>1,431,800</i>	<i>6.74%</i>
16 Capital projects	9,125,052	10,690,000	8,955,900	10,630,000	(60,000)	-0.56%
17 Debt service charges	6,637,594	6,646,000	6,645,600	6,708,000	62,000	0.93%
18 Fixed asset procurement	315,167	1,430,000	1,049,600	1,090,000	(340,000)	-23.78%
19 Engineering studies	236,686	15,000	20,400	-	(15,000)	-100.00%
20 Lateral replacement program	280,612	600,000	450,000	600,000	-	0.00%
21 <i>Total capital uses of funds</i>	<i>16,595,112</i>	<i>19,381,000</i>	<i>17,121,500</i>	<i>19,028,000</i>	<i>(353,000)</i>	<i>-1.82%</i>
22 Total funding requirements	35,542,656	40,628,000	37,777,700	41,706,800	1,078,800	2.66%
SOURCES OF FUNDS						
23 Sewer service charges	24,485,733	25,932,000	25,971,200	27,450,900	1,518,900	5.86%
24 Ad valorem - property taxes	8,923,825	9,566,000	9,586,100	9,821,400	255,400	2.67%
25 Investment income	(285,809)	561,000	533,200	761,000	200,000	35.65%
26 Lease fees	508,918	427,000	350,300	407,000	(20,000)	-4.68%
27 Permit fees	156,473	160,000	174,900	160,000	-	0.00%
28 Capacity permit fees	119,250	190,000	188,900	200,000	10,000	5.26%
29 Special assessment collection	38,578	-	42,600	41,200	41,200	100.00%
30 Lateral loan repayments	110,055	100,000	80,000	90,600	(9,400)	-9.40%
31 Employee loan repayments	5,482	-	4,600	10,400	10,400	100.00%
32 Proceeds from debt financing	-	-	1,708,300	-	-	0.00%
33 Net proceeds from asset sale	25,710	-	132,400	-	-	0.00%
34 Miscellaneous fees	63,386	-	91,200	600	600	100.00%
35 <i>Total funding sources before adjustment for restricted sources of funds</i>	<i>34,151,602</i>	<i>36,936,000</i>	<i>38,863,700</i>	<i>38,943,100</i>	<i>2,007,100</i>	<i>5.43%</i>
36 Restricted investment income	(114,909)	278,000	76,900	99,700	(178,300)	-64.14%
37 <i>Total funding sources before unassigned fund balance increase/(usage)</i>	<i>34,266,511</i>	<i>36,658,000</i>	<i>38,786,800</i>	<i>38,843,400</i>	<i>2,185,400</i>	<i>5.96%</i>
38 Restricted reserve transfer in/(out)	(6,949,683)	732,200	494,117	86,100	(646,100)	-88.24%
39 Committed reserve transfer in/(out)	(838,377)	2,095,377	(1,503,217)	2,777,300	681,924	32.54%
40 Financial reporting adjustment	1,739,307	-	-	-	-	0.00%
41 <i>Total unassigned fund balance increase/(usage)</i>	<i>(6,048,752)</i>	<i>2,827,577</i>	<i>(1,009,100)</i>	<i>2,863,400</i>	<i>35,823</i>	<i>1.27%</i>
42 Total funding sources	28,217,759	39,485,577	37,777,700	41,706,800	2,221,223	5.63%
43 Net funding position	\$ (7,324,897)	\$ (1,142,423)	\$ -	\$ -	\$ 1,142,423	100.00%

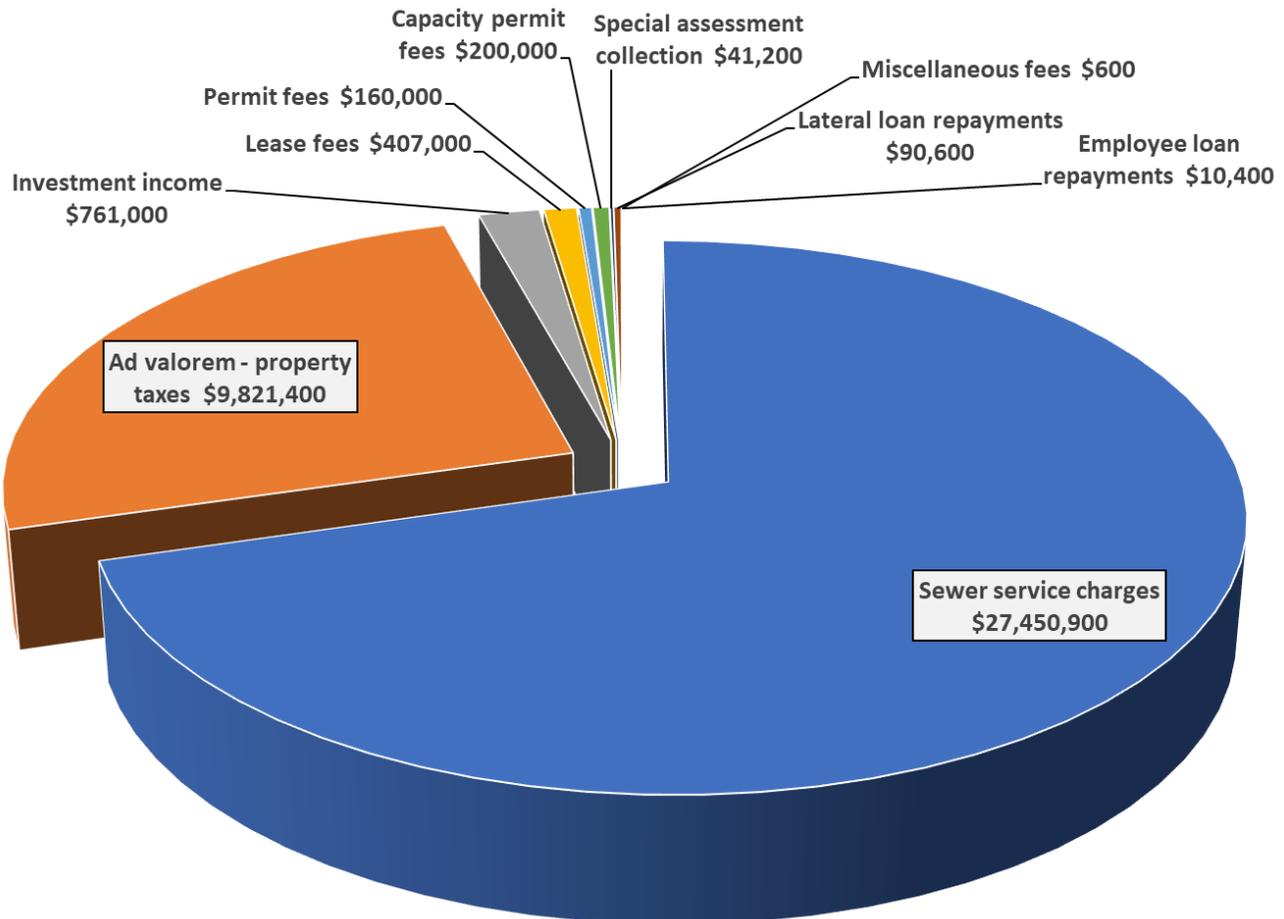


C. Revenue Summary

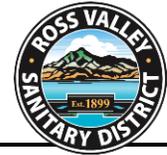
Table 9 – Revenue Source by Category

	Actual FY2022	Budget FY2023	Projected FY2023	Budget FY2024	Budget YoY \$ Change	Budget YoY % Change	FY2024 Budget % of Total
1 Sewer service charges	\$ 24,485,733	\$ 25,932,000	\$ 25,971,200	\$ 27,450,900	\$ 1,518,900	5.86%	70.49%
2 Ad valorem - property taxes	8,923,825	9,566,000	9,586,100	9,821,400	255,400	2.67%	25.22%
3 Investment income	(285,809)	561,000	533,200	761,000	200,000	35.65%	1.95%
4 Lease fees	508,918	427,000	350,300	407,000	(20,000)	-4.68%	1.05%
5 Permit fees	156,473	160,000	174,900	160,000	-	0.00%	0.41%
6 Capacity permit fees	119,250	190,000	188,900	200,000	10,000	5.26%	0.51%
7 Special assessment collector	38,578	-	42,600	41,200	41,200	100.00%	0.11%
8 Lateral loan repayments	110,055	100,000	80,000	90,600	(9,400)	-9.40%	0.23%
9 Employee loan repayments	5,482	-	4,600	10,400	10,400	100.00%	0.03%
10 Proceeds from debt financing	-	-	1,708,300	-	-	0.00%	0.00%
11 Net proceeds from asset sale	25,710	-	132,400	-	-	0.00%	0.00%
12 Miscellaneous fees	63,386	-	91,200	600	600	0.00%	0.00%
13 Total revenue sources	\$ 34,151,602	\$ 36,936,000	\$ 38,863,700	\$ 38,943,100	\$ 2,007,100	5.43%	100.00%

Chart 12 – Budgeted Revenue by Source



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The District receives revenue from various sources. The two primary recurring revenue sources are Sewer Service Charges (SSC) and Ad Valorem – Property Taxes which account for 95.71% of the total FY24 Annual Budget. There are other revenue streams available to the District for its funding requirements, and these other sources are Investment Income, Lease Fees, Permit Fees, Capacity Permit Fees, Special Assessment Collections, Lateral Loan Repayments, Employee Loan Repayments, and Miscellaneous Fees. There are two other categories listed, Proceeds from Debt Financing and Net Proceeds from Asset Sales, but these sources are either highly infrequent or not in the interest of the District in funding its activities.

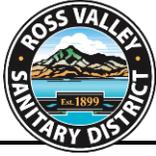
A brief analysis and description are provided below for each category:

Sewer Service Charges (SSC): Sewer Service Charges are fees levied for providing wastewater collection, conveyance, and treatment by CMSA. The annual fee is based on a standardized metric of EDU from the corresponding winter water usage for a single-family residential account. Winter water usage is measured by the Marin Municipal Water District (MMWD) in hundred cubic feet (HCF) from the January and February months. This charge is included and collected on behalf of the District by Marin County on the property tax roll. In FY24, the SSCs are budgeted to increase by 5.86%. There is an increase in the SSC rate of 5.8% following the Five-Year Rate Study adopted by the Board of Directors in June 2019 and the remaining incremental increase is expected from commercial accounts based on the recorded winter water usage. This revenue source provides for all operating expenses, operating reserves, and pension plan funding, with net funds available directed to current and future CIP projects.

Ad Valorem – Property Taxes: The District receives an allocation of property taxes from the County of Marin as per State of California legislation (Teeter Plan). Property assessed values increase by the lesser of inflation or 2% each fiscal year unless a change in ownership or new construction occurs in which case the District receives an allocation of supplemental property taxes collected from a revaluation of the taxable basis. Property taxes are budgeted to increase by 2.67% following the expected annual revaluation of all property by the allowable inflation rate plus the expected property sales and revaluations that are likely to occur given the marketability of District service area real property despite the higher interest rate environment.

Investment Income: Interest, dividends and unrealized gains/losses earned on the District’s invested funds held at various financial institutions and lent to various counterparties. The District currently holds cash and investments in these financial institutions: Bank of Marin (Operating & Canyon Road Trust Accounts), State of California Local Agency Investment Fund (LAIF), Bank of New York Mellon (Bond Trust), and California Public Employee’s Retirement System (CalPERS) section 115 trusts (CEPPT and CERBT). Each institution provides the District with investment income that it can use for operating and capital activities. The District further receives interest from its funds lent out to its employees (Computer Purchase Loans) and ratepayers (Lateral Replacement Loan Program). Investment income is budgeted to increase by 35.65% given the favorable trends of higher interest that can be earned by the District’s pooled investments and loans.

Lease Fees: The District receives lease fees from the Comcast Corporation (tenant) for its occupied floor space within the District’s recently purchased headquarters located at 1111 Andersen Drive, San Rafael, CA 94901. Budgeted lease fees are expected to decrease by 4.68% from FY23 to FY24 due to the lease contract amendment from August 2022 whereby the tenant’s allocated floor space decreased from



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49.29%. This drop is not likely to re-occur in the future given the contract amendment's reduction was a one-time occurrence. The tenant now occupies 41.5% of the building's floor space. The tenant pays the District monthly rent of \$21,362.40 that escalates by 2% in February each year. The tenant also reimburses the District for their share of the operating expenses, i.e., utilities, maintenance, property taxes, etc.

Sewer Permit Fees: The District charges contractors a flat permit fee for conducting repair or replacement work on the wastewater collection and conveyance system. The fee is established to increase annually based on the ENR Construction Cost Index, which is expected to increase by 1.43%. As this is a modest increase, the District anticipates the same level of sewer permit fee revenue in FY24 relative to FY23.

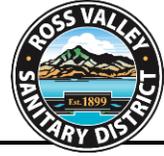
Capacity Permit Fees: The District collects capacity permit fees from property owners who want to either add a new connection or modify their existing connection to the wastewater collection and conveyance system. Capacity fees are based on the number of additional drainage fixture units (DFU). A DFU is a standardized factor that converts the number of appliances, such as sinks, showers, toilets, etc., to a count value based on the calculated increase of capacity being added to the wastewater collection and conveyance system. Similar to the sewer permit fees, the capacity permit fees also have a base fee which increases annually based on the ENR Construction Cost Index. In FY24, the ENR is expected to increase by 1.43%. Budgeted capacity permit fees are expected to increase by 5.26% in anticipation of the fee rate increase and because home building/remodeling activity remains constant in the service area.

Special Assessment Collection: The District manages a special assessment district for the residents living on Canyon Road within the Town of Fairfax. The residents there voted in 2006 to both organize into a special assessment district and agree to fund the capital project cost of connecting their properties to the District's wastewater system. As a result, a limited obligation bond was issued with the express funding source for the debt service (and operating costs to manage the special assessment district) to be funded by a parcel tax. The parcel tax is collected by Marin County like the SSC and Ad Valorem – Property Taxes. The parcel tax and the special assessment district is expected to sunset once the limited obligation bond is retired in 2026. The District is budgeting for 100% collection of these funds in FY24.

Lateral Loan Repayments: The District lends out proceeds to eligible ratepayers within the service area to assist with the cost of replacement of their private sewer lateral connection. Loans can be underwritten to the maximum allowable amount of \$25,000 with borrowing terms of being repaid in ten years with interest stated at the 10-year Treasury Bond plus 0.50%. Previously, the interest rate was fixed at 3.6%. Loan principal repayments are collected by Marin County along with the SSC and Ad Valorem – Property Taxes. Budgeted loan principal repayments are expected to decrease by 9.40% due to FY23 loan payoff activity reducing the number of active loans for repayment.

Employee Loan Repayments: The District lends out proceeds to its employees as a form of financial assistance for purchase of computer equipment. Loans can be underwritten to the maximum allowable amount of \$3,000 with a two-year term plus interest at the then-current LAIF rate. Employee loan repayments are collected as a reduction in net pay. The District is budgeting for 100% collection of these funds in FY24.

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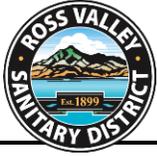


Proceeds from Debt Financing: Any new money obtained from a debt issuance is included as an other financing source to the District. The District does not anticipate borrowing additional funds going into FY24 for its CIP given the policy shift towards a “Pay-as-you-go” methodology.

Net Proceeds from Asset Sale: This category is non-recurring and not budgeted for FY24. With the consolidation of District headquarters to 1111 Andersen, there will be a future consideration by the Board of Directors on the disposition of property at 2960 Kerner Boulevard in San Rafael. However, this is not anticipated to be fully resolved within the FY24 time frame.

Miscellaneous Fees: The District currently collects an administrative fee for managing the Canyon Road Special Assessment District. This fee is paid to the District annually as part of the Marin County parcel tax collection. The District is budgeting for 100% collection of this fee in FY24.

For further detail regarding the material revenue streams, please refer to *Chapter 11*.



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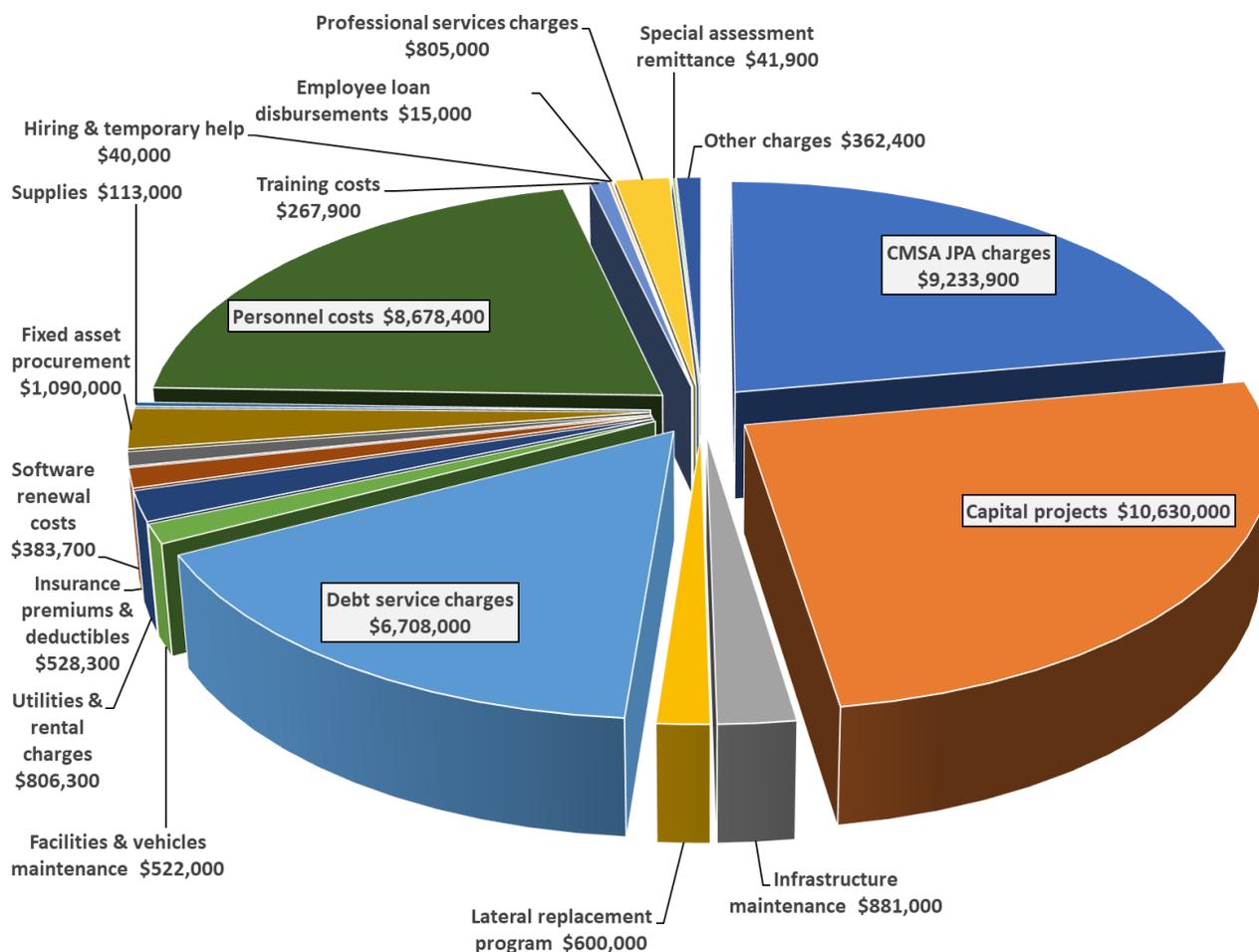
D. Expenditure Summary

Table 10 – Expenditure Use by Category

	Actual FY2022	Budget FY2023	Projected FY2023	Budget FY2024	Budget YoY Change	Budget YoY % Change	FY2024 Budget % of Total
1 CMSA JPA charges	\$ 8,462,641	\$ 8,728,000	\$ 8,869,000	\$ 9,233,900	\$ 505,900	5.80%	22.14%
2 Capital projects	9,125,052	10,690,000	8,955,900	10,630,000	(60,000)	-0.56%	25.49%
3 Infrastructure maintenance	409,679	899,000	622,500	881,000	(18,000)	-2.00%	2.11%
4 Lateral replacement program	280,612	600,000	450,000	600,000	-	0.00%	1.44%
5 Debt service charges	6,637,594	6,646,000	6,645,600	6,708,000	62,000	0.93%	16.08%
6 Facilities & vehicles maintenance	249,074	423,000	395,000	522,000	99,000	23.40%	1.25%
7 Utilities & rental charges	715,135	762,000	778,900	806,300	44,300	5.81%	1.93%
8 Insurance premiums & deductible	566,445	495,000	357,900	528,300	33,300	6.73%	1.27%
9 Software renewal costs	326,855	295,000	346,500	383,700	88,700	30.07%	0.92%
10 Fixed asset procurement	315,167	1,430,000	1,049,600	1,090,000	(340,000)	-23.78%	2.61%
11 Supplies	95,336	113,000	85,500	113,000	-	0.00%	0.27%
12 Personnel costs	6,657,521	8,037,000	7,856,800	8,678,400	641,400	7.98%	20.81%
13 Training costs	168,669	223,000	187,300	267,900	44,900	20.13%	0.64%
14 Hiring & temporary help	262,190	100,000	78,500	40,000	(60,000)	-60.00%	0.10%
15 Employee loan disbursements	-	-	4,100	15,000	15,000	100.00%	0.04%
16 Professional services charges	544,641	969,000	652,800	805,000	(164,000)	-16.92%	1.93%
17 Engineering studies	236,686	15,000	20,400	-	(15,000)	-100.00%	0.00%
18 Special assessment remittance	39,206	-	38,200	41,900	41,900	100.00%	0.10%
19 Other charges	450,152	203,000	383,200	362,400	159,400	78.52%	0.87%
20 Total expenditure uses	\$ 35,542,656	\$ 40,628,000	\$ 37,777,700	\$ 41,706,800	\$ 1,078,800	2.66%	100.00%



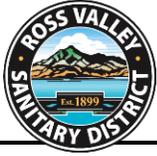
Chart 13 – Budgeted Expenditure by Use



The District uses its funds for various activities. There are four primary recurring expenditure uses: CMSA JPA Charges, Personnel Costs, Debt Service Charges and Capital Projects, which account for 84.83% of the total FY24 Annual Budget. There are other expenditure streams the District engages in activities for its funding requirements, and these other uses are Infrastructure Maintenance, Lateral Replacement Program, Facilities & Vehicle Maintenance, Utilities & Rental Charges, Insurance Premiums & Deductibles, Software Renewal Costs, Fixed Asset Procurement, Supplies, Training Costs, Hiring & Temporary Help, Employee Loan Disbursements, Professional Services Charges, Engineering Studies, Special Assessment Remittance, and Other Charges.

A brief analysis and description are provided below for each category:

CMSA JPA Charges: The District pays for its allocated share of its JPA, CMSA, for both the cost related to the treatment of the conveyed wastewater and CMSA’s debt service. CMSA is a stand-alone entity that proposes and adopts its own budget with its independent Board of Commissioners. Part of its budget process is to develop a biennial budget for its operations and CIP, and then allocate its budgeted costs to its JPA members. Budgeted costs for CMSA are expected to increase by 5.8% between FY23 and FY24 due



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to both CMSA's approved Five-Year Service Charge Schedule to its JPA members of 4.0% and the District's allocated thirty-six-month billing rate average slightly increasing year-over-year.

Capital Projects: Capital projects costs is infrastructure investment as expressed within the District's Infrastructure Asset Management Plan (IAMP). The District annually engages in several capital projects with the intention of modernizing and improving its wastewater collection and conveyance system to reduce the frequency of sewage spills. Budgeted CIP are overall decreasing by 0.56% in FY24 due to the District adopting a "Pay-as-you-Go" methodology.

Infrastructure Maintenance: Repair and preventative maintenance costs include materials/tools purchases, repair activities, and easement management actions, all of which are necessary for maintaining an effective system. With particular focus on the easement management costs, this program is aimed towards achieving proper vegetation management and other improvements on the District's many easement locations. The District emphasizes partnerships with local Fire Departments and residents to manage the landscape for combined community benefit. Going into FY24, budgeted Infrastructure Maintenance costs are to decrease by 2.0% given recent capital expenditures creating less of an overall need for performing routine maintenance activities.

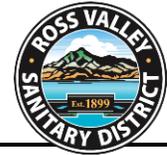
Lateral Replacement Program: The District encourages ratepayers to apply for financial assistance to replace their aging private sewer lateral pipelines. Maintaining the integrity of private sewer lateral pipelines are just as critical as the District's sewer main pipelines; however, private sewer laterals are the responsibility of the property owner. To entice property owners to be vigilant of their private sewer lateral, the District offers both a grant and loan program for which ratepayers may apply to receive financial assistance in completing their private lateral replacement. The grant program offers awards up to \$2,500 and the loan program offers awards up to \$25,000. Budgeted FY24 expenditures for both programs remain the same as last year to demonstrate the District's commitment to its ratepayers in making these programs available.

Debt Service Charges: The District has issued several revenue bonds in the past as well as recently obtained direct financing from the State Water Resource Control Board (SWRCB). These obligations are to be repaid following the executed amortization schedule from the respective indenture agreements. Budgeted costs are expected to increase between FY24 and FY23 by 0.93% due to the slight increase in the coupon interest tranche for several of the revenue bond issues.

Facilities & Vehicle Maintenance: Repair and recurring charges for the general upkeep of the District's local building facilities and vehicle fleet. Such costs include routine maintenance, vehicle fuel, non-recurring repair activities, and vehicle fleet rent. Budgeted costs are expected to increase by 23.4% in FY24 relative to FY23 due to the anticipated incremental upkeep costs for its new headquarters located at 1111 Andersen once the remodeling project is complete. These costs are normal facilities expenses and would be incurred after the District's move to the building.

Utilities & Rental Charges: The charges are fixed recurring fees from Pacific Gas & Electric, MMWD, Marin Sanitary Service, AT&T, Comcast (cable and internet charges), and various equipment provider lessors. These costs are expected to increase by a net 5.81% year-over-year from FY23 to FY24 due to energy cost

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inflation. These increased expenses will be offset by lower rental costs from a reduction in leased equipment in FY23.

Insurance Premiums & Deductibles: The District contracts with the California Sanitation Risk Management Authority (CSRMA) for purchase of pooled insurance coverage for its general liability and workers' compensation plans. Budgeted costs are expected to increase by 6.73% year-over-year between FY24 and FY23 driven by higher actuarially assessed risk premiums on property insurance from the recent storm activity for the entire pool.

Software Renewal Costs: These costs are annual recurring charges from software providers for usage of their program(s) for daily operational needs including Microsoft Office, InfoAsset CMMS, Caselle, Laserfiche, and many others. Budgeted costs are expected to increase by 30.07% year-over-year between FY24 and FY23 from increased focus on digitizing the District's records and ongoing operations.

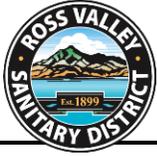
Fixed Asset Procurement: Capital expenditures for new equipment (capital and office) and software licenses are variable based on the current need for replacement of aging equipment to increase the operational efficiency of the District's staff. Budgeted costs are expected to decrease by 23.78% year-over-year between FY24 and FY23 due to prioritization of current resources towards the District's capital projects.

Supplies: This is a recurring charge for office supplies and employee safety equipment, e.g., gloves and eye goggles. Budgeted expenditures are flat year-over-year to match the longer-term purchasing trend.

Personnel Costs: Personnel salaries and benefits are those expenditures related to payroll and staffing. These costs include base salaries and wages, overtime, payroll taxes, health insurance benefits, and retirement benefits. Salaries and wages are expected to increase by 5.75% primarily from a cost-of-living increase (COLA) of 5.0%. The District's annual COLA is determined by MOU contract and based on the April-to-April Consumer Price Index (CPI) for the San Francisco Area. The total percentage increase is slightly higher than the COLA due to internal staff promotions resulting in higher pay rates in accordance with the approved salary schedule for each classification. Benefits overall are expected to increase by 14.72% into FY24. This increase is primarily attributable to higher employer-portion retirement costs as well as increases in medical premiums.

Training Costs: Employee training is an important element of the District's operations, especially with its specialized equipment. The District encourages its employees to participate in training seminars and conferences to maintain a high-quality team. In recent years, the impact of the COVID-19 Pandemic caused many such activities to be cancelled or deferred. The FY24 budget increase is normalizing the activities of the District for a post-Pandemic environment.

Employee Loan Disbursements: The District offers its employees financial assistance with purchasing personal computer equipment up to the allowable maximum of \$3,000. These proceeds are repaid to the District within two years at the then-current LAIF interest rate. The District is budgeting for 100% remittance of these proceeds in FY24.



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Professional Services Charges: The District coordinates many services with third-party consultants to continue providing a high-level of service to its community. Such services include NBS Government for SSC billing, IT Hub for internal IT services, Willdan Financial for debt compliance services, GovInvest for retirement liability actuarial services, Downey Brand for general counsel, Liebert Cassidy Whitmore for employment law services, Patrick Clark Consulting PC for labor negotiations, Cropper Accountancy for external audit services, Ardurra for community outreach activities, and others. Budgeted consultant services are expected to decrease by 16.92% into FY24 due to fewer anticipated consultant services needed from Engineering consulting firms to conduct studies. The District completed its flow monitoring study in FY23 of its wastewater infrastructure and is now prioritizing capital project improvement activity.

Engineering Studies: The District completed its recent IAMP update in FY23 and so the District is not anticipating further CIP-related studies costs to be incurred in FY24 regarding this activity.

Special Assessment Remittance: The District manages a special assessment district for the residents living on Canyon Road within the Town of Fairfax. The residents there voted in 2006 to both organize into a special assessment district and agree to fund the capital project cost of connecting their properties to the District's wastewater system. As a result, a limited obligation bond was issued with the express funding source for the debt service (and operating costs to manage the special assessment district) to be funded by a parcel tax. The parcel tax is collected by Marin County like the SSC and Ad Valorem – Property Taxes. The parcel tax and the special assessment district is expected to sunset once the limited obligation bond is retired. The District is budgeting for 100% remittance of the associated costs in FY24.

Other Charges: Various other charges the District incurs as part of its daily operation. Overall budgeted costs are expected to increase by 78.52% between FY24 and FY23 primarily due to an increase in the District's property tax fee obligation with its 1111 Andersen Drive property as well as budgeting for Municipality Paving Project costs. Property tax fees, like the accompanying revenue stream, increase incrementally based on both the available property CPI with a cap at 2% per State of California law as well as increases in taxable basis from building improvements. The Municipality Paving Project costs are cost reimbursements to the local municipalities within the District's service area for paving their roads when the District open cuts the asphalt for its sewer line repair activity.

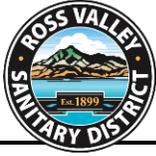
For further information regarding the specific significant expenditure streams, please refer to *Chapters 12 through 16*.

Please see the District's internal enterprise funds on the next few pages.

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Table 11 – Operating Fund

	Actual FY2022	Budget FY2023	Projected FY2023	Budget FY2024	Budget YoY \$ Change	Budget YoY % Change
USES OF FUNDS						
1 CMSA JPA charges						
2 Treatment charges	\$ 6,002,953	\$ 6,270,000	\$ 6,411,000	\$ 6,788,100	\$ 518,100	8.26%
3 Debt service charges	2,459,688	2,458,000	2,458,000	2,445,800	(12,200)	-0.50%
4 Personnel costs						
5 District employees	6,615,445	7,999,000	7,817,000	8,628,100	629,100	7.86%
6 District Board of Directors	42,076	38,000	39,800	50,300	12,300	32.37%
7 Infrastructure maintenance	409,679	899,000	622,500	881,000	(18,000)	-2.00%
8 Facilities & vehicles maintenance	249,074	423,000	395,000	522,000	99,000	23.40%
9 Utilities & rental charges	715,135	762,000	778,900	806,300	44,300	5.81%
10 Insurance premiums & deductibles	566,445	495,000	357,900	528,300	33,300	6.73%
11 Software renewal costs	326,855	295,000	346,500	383,700	88,700	30.07%
12 Professional services charges	544,641	969,000	652,800	805,000	(164,000)	-16.92%
13 Training costs	168,669	223,000	187,300	267,900	44,900	20.13%
14 Hiring & temporary help	262,190	100,000	78,500	40,000	(60,000)	-60.00%
15 Supplies	95,336	113,000	85,500	113,000	-	0.00%
16 Special assessment remittance	39,206	-	38,200	41,900	41,900	100.00%
17 Employee loan disbursements	-	-	4,100	15,000	15,000	100.00%
18 Other charges	450,152	203,000	383,200	362,400	159,400	78.52%
19 Total expenditure uses	18,947,544	21,247,000	20,656,200	22,678,800	1,431,800	6.74%
SOURCES OF FUNDS						
20 Sewer service charges	24,485,733	25,932,000	25,971,200	27,450,900	1,518,900	5.86%
21 Investment income	(307,946)	541,000	506,000	694,600	153,600	28.39%
22 Permit fees	156,473	160,000	174,900	160,000	-	0.00%
23 Lease fees	508,918	427,000	350,300	407,000	(20,000)	-4.68%
24 Employee loan repayments	5,482	-	4,600	10,400	10,400	100.00%
25 Special assessment collection	38,578	-	42,600	41,200	41,200	100.00%
26 Miscellaneous fees	39,795	-	91,200	600	600	100.00%
27 Total revenue sources	24,927,034	27,060,000	27,140,800	28,764,700	1,704,700	6.30%
28 Net change in total fund balance	5,979,490	5,813,000	6,484,600	6,085,900	272,900	4.69%
RESTRICTED SOURCES OF FUNDS						
29 CRAD trust (res) investment income	34	-	100	200	200	0.00%
30 Pension trust (res) investment income	(114,983)	278,000	71,300	71,300	(206,700)	-74.35%
31 Total restricted sources of funds	(114,949)	278,000	71,400	71,500	(206,500)	-74.28%
32 Net change in unassigned fund balance	6,094,439	5,535,000	6,413,200	6,014,400	479,400	8.66%
UNASSIGNED FUND BALANCE ACTIVITY						
33 Operating fund transfer in/(out)	(7,876,762)	(5,711,200)	(6,419,000)	(5,276,100)	435,100	-7.62%
34 CRAD trust (res) net transfer in/(out)	628	(4,400)	(4,400)	700	5,100	-115.91%
35 Pension trust (res) net transfer in/(out)	(7,000,000)	681,600	511,200	-	(681,600)	-100.00%
36 Operating (com) net transfer in/(out)	(222,000)	(417,000)	(417,000)	(616,000)	(199,000)	47.72%
37 Emergency (com) net transfer in/(out)	(61,000)	(84,000)	(84,000)	(123,000)	(39,000)	46.43%
38 Financial reporting adjustment ¹	1,739,307	-	-	-	-	0.00%
39 Net fund balance increase/(usage)	(7,325,387)	-	-	-	-	0.00%
40 Total fund balance - beginning	20,290,492	20,127,480	20,127,480	20,193,080	65,600	0.33%
41 Total fund balance - ending ²	\$ 20,127,480	\$ 20,229,280	\$ 20,193,080	\$ 21,002,880	\$ 773,600	3.82%

Note 1 - This balance represents a recognition timing difference between the full accrual basis and modified accrual basis of accounting.

Note 2 - This balance includes all restricted, committed and unassigned fund balance metrics.

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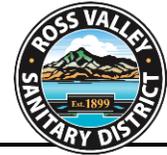
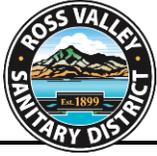


Table 12 – Capital Fund

	Actual FY2022	Budget FY2023	Projected FY2023	Budget FY2024	Budget YoY \$ Change	Budget YoY % Change
USES OF FUNDS						
1 Debt service charges						
2 Principal	\$ 2,635,000	\$ 2,760,000	\$ 2,760,000	\$ 2,930,300	\$ 170,300	6.17%
3 Interest	4,002,594	3,886,000	3,885,600	3,777,700	(108,300)	-2.79%
4 Capital projects	9,125,052	10,690,000	8,955,900	10,630,000	(60,000)	-0.56%
5 Engineering studies	236,686	15,000	20,400	-	(15,000)	-100.00%
6 Fixed asset procurement	315,167	1,430,000	1,049,600	1,090,000	(340,000)	-23.78%
7 Lateral replacement program						
8 Lateral grant program	237,500	400,000	300,000	400,000	-	0.00%
9 Lateral loan program	43,112	200,000	150,000	200,000	-	0.00%
10 <i>Total expenditure uses</i>	<i>16,595,112</i>	<i>19,381,000</i>	<i>17,121,500</i>	<i>19,028,000</i>	<i>(353,000)</i>	<i>-1.82%</i>
SOURCES OF FUNDS						
11 Ad valorem - property taxes	8,923,825	9,566,000	9,586,100	9,821,400	255,400	2.67%
12 Capacity permit fees	119,250	190,000	188,900	200,000	10,000	5.26%
13 Proceeds from debt financing	-	-	1,708,300	-	-	0.00%
14 Lateral loan repayments	110,055	100,000	80,000	90,600	(9,400)	-9.40%
15 Investment income	22,137	20,000	27,200	66,400	46,400	232.00%
16 Net proceeds from asset sale	25,220	-	132,400	-	-	0.00%
17 Miscellaneous fees	23,590	-	-	-	-	0.00%
18 <i>Total revenue sources</i>	<i>9,224,078</i>	<i>9,876,000</i>	<i>11,722,900</i>	<i>10,178,400</i>	<i>302,400</i>	<i>3.06%</i>
19 Net change in total fund balance	(7,371,034)	(9,505,000)	(5,398,600)	(8,849,600)	655,400	-6.90%
RESTRICTED SOURCES OF FUNDS						
20 Bond trust (res) investment income	40	-	5,500	28,200	28,200	100.00%
21 Net change in unassigned fund balance	(7,371,074)	(9,505,000)	(5,404,100)	(8,877,800)	627,200	-6.60%
UNASSIGNED FUND BALANCE ACTIVITY						
22 Operating fund transfer in/(out)	7,876,762	5,711,200	6,419,000	5,276,100	(435,100)	-7.62%
23 Bond funds (res) net transfer in/(out)	49,689	55,000	54,402	85,400	30,400	55.27%
24 SRF loan trust (res) net transfer in/(out)	-	-	(67,085)	-	-	0.00%
25 Capital Imp (com) net transfer in/(out)	(555,377)	2,596,377	(1,002,217)	3,516,300	919,924	35.43%
26 <i>Net fund balance increase/(usage)</i>	<i>-</i>	<i>(1,142,423)</i>	<i>-</i>	<i>-</i>	<i>1,142,423</i>	<i>-100.00%</i>
27 Total fund balance - beginning	3,663,697	4,169,424	4,169,424	5,189,824	1,020,400	24.47%
28 Total fund balance - ending ¹	\$ 4,169,424	\$ 375,624	\$ 5,189,824	\$ 1,616,324	\$ 1,240,700	330.30%

Note 1 - This balance includes all restricted, committed and unassigned fund balance metrics.



(12) Revenue Requirements

The majority of the District’s revenues are derived from the Sewer Service Charges (SSC) and Ad Valorem – Property Taxes. Both sources of revenue are billed to the District’s ratepayers and collected by the Marin County Tax Assessor on behalf of the District. The County levies the assessments in two allocations in October to the District’s ratepayers and collects the assessments from the ratepayers in December and April. Fee payments from the County are remitted to the District in accordance with the Teeter Plan, 55% in December, 40% in April and 5% in June.

The derivation of the billed amount to the ratepayer for both revenue streams is uniquely determined. Both streams rely on certain inputs from various sources in order to calculate.

A. Sewer Service Charges (SSC)

SSC are annual user fees assessed to all ratepayer parcels within the District’s service area. The District coordinates its collection efforts for the majority of its customer accounts with Marin County by placing the user fee onto the property tax bill. Marin County then remits 100% of the user fee bills to the District following the approved Teeter Plan scheme, i.e., 55% in December, 40% in April, and 5% in June. Marin County assumes all responsibility for delinquent payments in exchange for the semi-annual collection fee paid by the District. For the remaining accounts not billed by the County, the District annually invoices and collects directly from its direct bill customers. Its direct bill customers include property tax-exempt parcels, such as municipalities and non-profit organizations.

The user fee is determined using a standardized metric called an EDU that is applied to the user fee rate. An EDU is an average factor designed to reflect the volume and strength of flows from a single-family residence. The purpose of standardizing flow is to make commercial customers comparable to a single-family residence for an equitable distribution of charging an affordable cost recovery user fee. It involves converting the winter water usage flow in HCF provided by MMWD following the below conversion formula expressed in the District’s Board approved *Ordinance 101*.

Figure 5 – EDU Conversion Formula

$$\text{Number of EDUs} = \frac{\text{Winter Water Usage (in HCF)} \times 748 \text{ gallons per HCF}}{60 \text{ days} \times 215 \text{ gallons per day}}$$

The metric of winter water usage is used as the baseline for the EDU conversion to provide a fair and average barometer of flow throughout any given year.

Applied user fee rates are as approved by the Board of Directors based on the results of the latest Five-Year Rate Study. The latest Rate Study was performed by Hildebrand Consulting in 2019 which expressed annual average rate increases of 6.0% across all County property use codes starting from FY20 through FY24. This Rate Study incorporated the District’s projected operating and capital costs over the Rate Study period and determined the applicable revenue required to sufficiently fund these projected funding requirements. The Rate Study applied rate tiers based on the nature of the property, i.e., single-family-residence being flat, multi-family residence also being flat at 0.9x the single-family rate, and commercial

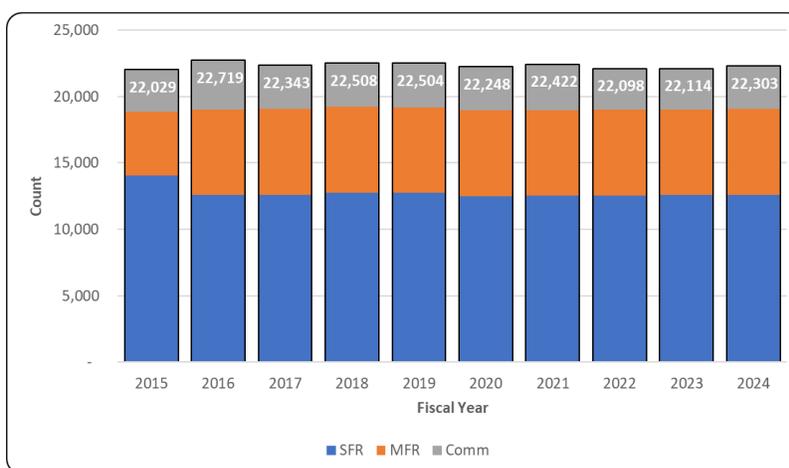
ROSS VALLEY SANITARY DISTRICT
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customers floated based on HCF water usage. All rates were approved by the Board of Directors in June 2019 following applicable Proposition 218 procedures in *Ordinance 101*. For further detail on *Ordinance 101* or the Rate Study, please see here: <https://www.rvsd.org/159/Rates>.

The District’s EDUs have remained constant over the years. This trend is consistent with the overall tendency in Marin County being fairly built out. The District’s service area as such has not seen many new connections being made to the wastewater collection and conveyance system and does not expect there to be many new connections being made going into the FY24 budget period. *Chart 14* below displays the District’s EDU trend over the past ten years:

Chart 14 – District EDU Trend

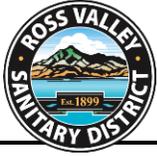


The District does, however, still expect user fees to increase into FY24 based on the approved SSC Rate Schedule as displayed below in *Table 16*:

Table 13 – 5YR SSC Rate Schedule

	FY2020		FY2021		FY2022		FY2023		FY2024	
Ross Valley Rate Zone										
1 Single-family residential	\$ 961	5.72%	\$ 1,024	6.6%	\$ 1,083	5.8%	\$ 1,146	5.8%	\$ 1,212	5.8%
2 Single-family with ADU	\$ 1,441	<i>NOTE 1</i>	\$ 1,536	6.6%	\$ 1,625	5.8%	\$ 1,719	5.8%	\$ 1,819	5.8%
3 Multi-family residential	\$ 861	5.39%	\$ 918	6.6%	\$ 971	5.8%	\$ 1,027	5.8%	\$ 1,087	5.8%
4 Commercial low strength	\$ 961	5.72%	\$ 1,024	6.6%	\$ 1,083	5.8%	\$ 1,146	5.8%	\$ 1,212	5.8%
5 Commercial high strength	\$ 2,216	<i>NOTE 1</i>	\$ 2,362	6.6%	\$ 2,499	5.8%	\$ 2,644	5.8%	\$ 2,797	5.8%
6 Commercial minimum	\$ 721	<i>NOTE 1</i>	\$ 769	6.7%	\$ 814	5.9%	\$ 861	5.8%	\$ 911	5.8%
Larkspur Rate Zone										
7 Single-family residential	\$ 1,356	15.11%	\$ 1,445	6.6%	\$ 1,529	5.8%	\$ 1,618	5.8%	\$ 1,712	5.8%
8 Single-family with ADU	\$ 2,034	<i>NOTE 1</i>	\$ 2,168	6.6%	\$ 2,294	5.8%	\$ 2,427	5.8%	\$ 2,568	5.8%
9 Multi-family residential	\$ 1,215	15.17%	\$ 1,295	6.6%	\$ 1,370	5.8%	\$ 1,449	5.8%	\$ 1,533	5.8%
10 Commercial low strength	\$ 1,356	15.11%	\$ 1,445	6.6%	\$ 1,529	5.8%	\$ 1,618	5.8%	\$ 1,717	6.1%
11 Commercial high strength	\$ 3,114	<i>NOTE 1</i>	\$ 3,320	6.6%	\$ 3,513	5.8%	\$ 3,717	5.8%	\$ 3,933	5.8%
12 Commercial minimum	\$ 1,017	<i>NOTE 1</i>	\$ 1,084	6.6%	\$ 1,147	5.8%	\$ 1,214	5.8%	\$ 1,284	5.8%
Murray Park Rate Zone										
13 Single-family residential	\$ -	-	\$ -	-	\$ 472	-	\$ 472	-	\$ 472	-
14 Multi-family residential	\$ -	-	\$ -	-	\$ 472	-	\$ 472	-	\$ 472	-

Note 1 - This is a new category starting in FY2020 based on the Five-Year Rate Plan approved in Ordinance 101.



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The user fee rate for the District's service area is split between the greater Ross Valley area, the Larkspur area, and the Murray Park Sewer Maintenance District. The Ross Valley service area is the original service area and largest volume of the SSC rate revenue.

The other rate service areas have the following unique circumstances:

- *Larkspur Service Area* – This service area was annexed by the District in January 1993 from the City of Larkspur and assumed operation of the City's wastewater and collection system going forward. The SSC for the Larkspur area is assessed at a higher rate than the Ross Valley area based on the annexation agreement which specifies that the Larkspur area is treated separately until further action by the District Board to no longer consider the area being separate and distinct from the Ross Valley area. No proportional property taxes were transferred from the City of Larkspur to the District as part of the Larkspur service area annexation, nor does the District receive ad valorem taxes from Larkspur rate payers. Therefore, the District must assess the area with higher SSC to equitably balance the property taxes collected from the Ross Valley service area customers.
- *Murray Park Service Area* – The service area was annexed by the District in September 2019 from Marin County and assumed operation of the area's wastewater collection and conveyance system going forward. The SSC for the Murray Park area is assessed to be a flat \$472 per EDU until the District performs its next rate study effective July 1, 2024, as agreed-upon between the District and the County. Afterwards, the service area is to be integrated with the Ross Valley service area following the same rate structure and fee. The Murray Park area's proportional property taxes were transferred to the District for maintenance and improvements of the service area, and the District receives the proportional share of ad valorem tax from the Murray Park rate payers.

The next SSC Rate Study is anticipated to be performed in FY24 for the FY25 period, and public comment on the rate study findings will be incorporated in accordance with Proposition 218.

The District offers its ratepayers a 25% discount on levied user fees for those that meet eligible gross income thresholds or qualify as a non-profit or low-income housing development. Applications are submitted to the District via NBS for approval and the discount is made on the property tax assessment.

B. Ad Valorem – Property Taxes (Property Tax)

Property taxes are annual assessments to all ratepayer parcels within the District's service area as required under Article XIII within the State of California Constitution. The District receives an allocation of collected property taxes following applicable laws and regulations on apportionment with Marin County. Marin County remits the District's portion following the Teeter Plan scheme, i.e., 55% in December, 40% in April, and 5% in June. Marin County assumes all responsibility for delinquent payments in exchange for the semi-annual collection fee paid by the District.

The tax assessment is determined by applying the statutorily assigned basic tax rate against the assessed taxable value of the owner's real property. From each tax year, the assessed taxable basis of real property is allowed to be reassessed either to the current CPI rate or at the maximum threshold of 2%. Furthermore, the assessed taxable basis can be revalued to its current market valuation when the real property is either sold or transferred to a third-party entity. This activity results in both an additional property tax

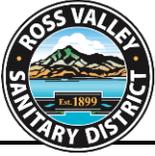


assessment from the immediate basis change and a higher taxable basis going forward every year into the future. The basis valuation of all real property within the District's service area is determined and maintained by the Marin County Tax Assessor's Office.

The basic apportionment can be broken down into four main components:

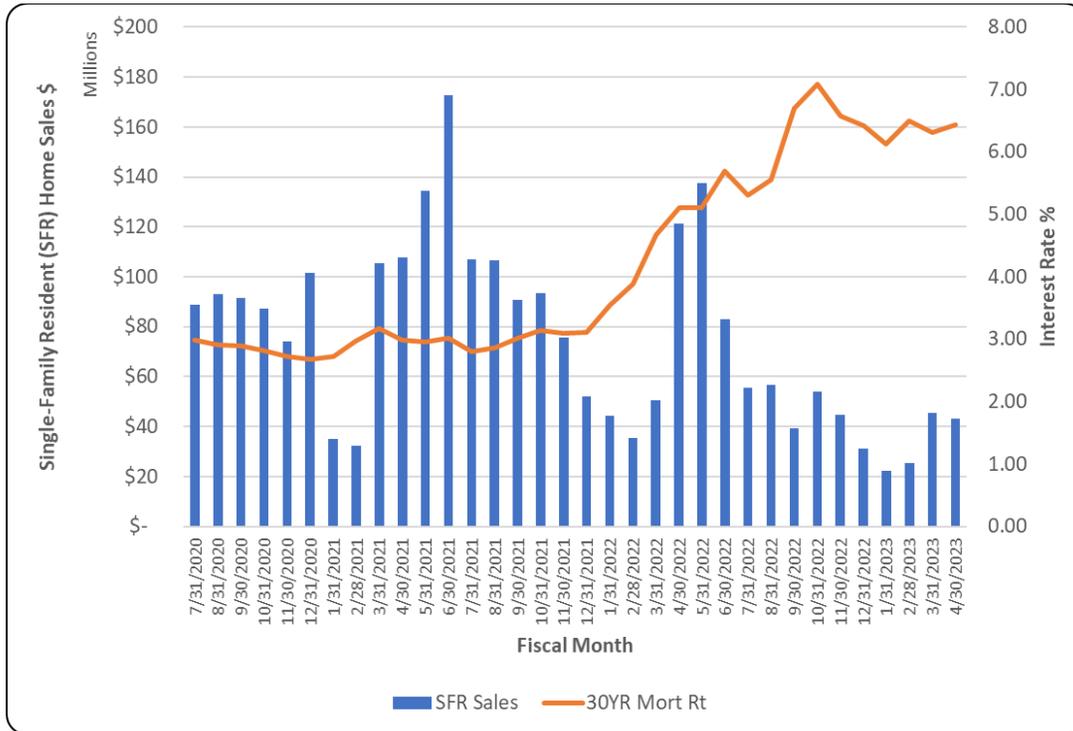
- *Secured* – The main source of property tax levied on all real property sufficient for the tax to be considered a lien on the property within the service area (except from the Larkspur Service Area, as noted above). Examples of such property include primarily houses or buildings. This form of tax is traditionally stable within Marin County given the housing demographics. Housing turnover occurs less frequently within Marin County as compared to other housing markets within the San Francisco Bay Area. This is attributable to the population moving less frequently and the low home building rate. Therefore, the growth in the secured property tax rolls is expected to grow at the statutorily capped percentage of 2%. Remittance of this form of property tax follows the Teeter Plan.
- *Unsecured* – The second main source of property tax levied on all real property not sufficient for the tax to be considered a lien on the property within the service area (except from the Larkspur Service Area, as noted above). Examples of such property include boats, airplanes, real estate improvements, and business property. This form of tax is traditionally stable and exhibits a similar nature to the Secured Property Tax roll. Remittance of this form of property tax follows the Teeter Plan.
- *Supplemental* – The third main source of property tax levied on all real property when there is a change in ownership and the resulting market change is a change in assessed taxable valuation. This form of tax does fluctuate from period to period largely dependent on purchase and sale of property, new or used. Remittance of this form of property tax is typically monthly.
- *Excess Educational Revenue Augmentation Fund (ERAF)* – The last main source of property tax collected are excess funds apportioned to local government from the special education fund, ERAF. ERAF was set up in the 1990's as a mechanism by the State of California to shift a portion of the collected basic property tax money from local government towards K-12 and community college education to fund its required education contribution. However, any excess amount collected that is over and above the required contribution to education by the State is remitted to the local government agencies. This form of tax is traditionally stable and exhibits a similar nature to the Secured Property Tax roll. Remittance of this property tax is annually.

The District does expect its property tax allocation to increase into the upcoming fiscal year given the recent very high home sales activity from FY21 and FY22. In those years, many residents within Marin County and the District's service area moved out into lower cost of living areas following the statewide exodus trend. As a result of the exodus, many new homebuyers bought up the for-sale property thereby revaluing the assessed taxable basis to market. The average median price sold in FY22 for a single-family residence within the District's service area was \$2.6 million versus the average median price sold in FY13 was \$1 million for a single-family residence within the District's service area. This rapid increase in property sales, however, is not likely to re-occur into FY24 given the rapid increase in the 30-year mortgage interest



rate from the US Federal Reserve’s open market operations. *Chart 15* below shows the current home sale activity within the District’s service area relative to the 30-year mortgage rate:

Chart 15 – District Service Area Home Sale Activity

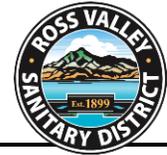


Despite the slowdown in the growth of higher assessed taxable values of real property and expected supplemental property tax collections, the tax assessment amount is still expected to be higher going into FY24. *Table 17* below lists the composition of the basic property tax collection expected for FY24:

Table 14 – Property Tax Collection Composition

FY2024	
1 Base proceeds	9,664,800
2 Supplemental proceeds	246,900
3 Total property taxes	9,911,700

For further information about the property tax system, please refer to the County of Marin website at <https://www.marincounty.org/>.



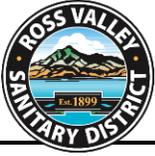
(13) Departmental Budget

The District is organized into three departments, Operating & Maintenance, Engineering & Inspections, and Administrative Services. Each Department is responsible for managing their own respective budgeted use of funds to carry out the District’s Business Plan objectives and meet the Board Policy-Level Goals. How each Department plans and uses its allocated funds is at the discretion of the respective Department Head and organizational setup following applicable Financial Policies and procedures.

This section is organized for feasible comprehension by the reader to best understand each expenditure category planned for each Department. Some categories are aggregated and discussed from not a Departmental view because of the nature of the activities being indistinguishable between each Department. For example, all personnel costs, except Board fees, are aggregated into a consolidated view. Meanwhile, all other activities are individually discussed in terms of their relationship with the Department’s purpose and objectives. For the categories allocated to each Department, this chapter is split into sub-sections to clearly describe the activities related to each Department. Department and expenditure category explanations, personnel count, and Department initiatives are articulated within each section. Please note, explanations for only significant changes are included to assist the reader.

Table 15 – Departmental Budget Summary

	Actual FY2022	Budget FY2023	Projected FY2023	Budget FY2024	Budget YoY \$ Change	Budget YoY % Change
1 Operations & maintenance	\$ 5,995,301	\$ 7,534,000	\$ 7,058,200	\$ 8,225,300	\$ 691,300	9.18%
2 Engineering & inspections	980,929	1,454,000	1,317,200	1,396,300	(57,700)	-3.97%
3 Administrative services	3,469,467	3,531,000	3,373,600	3,781,400	250,400	7.09%
4 Total departmental costs	\$ 10,445,696	\$ 12,519,000	\$ 11,749,000	\$ 13,403,000	\$ 884,000	7.06%



Operations & Maintenance (O&M) Department Costs

The Operations & Maintenance (O&M) Department performs essential activities specific to the day-to-day operation of the District’s wastewater collection and conveyance system. The O&M Department’s activities include gravity pipeline cleaning and repair, condition assessment of the gravity pipeline, and pump station infrastructure, as well as operation of specialized heavy machinery. Each of these activities are handled by the specific O&M Divisions within the O&M Department, Line Maintenance for cleaning, Line Repair for infrastructure remediation, Condition Assessment for data collection, and Pumps for maintaining the pump station infrastructure. All such activities are to be performed following applicable regulations as required by the SWRCB, National Pollutant Discharge Elimination System (NPDES), and Bay Area Quality Management District (BAAQMD) permit requirements.

Figure 6 – O&M Department Organization Chart

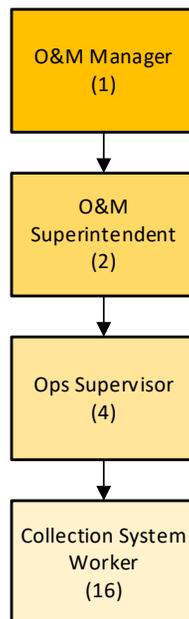


Table 16 – O&M Department FTE Count

Authorized Position	FY2022	FY2023	FY2024
1 O&M Manager	1	1	1
2 O&M Superintendent	1	1	2
3 Ops Supervisor	4	4	4
4 Crew Lead CSW	1	1	1
5 Senior CSW	2	2	2
6 CSW	13	13	13
7 Total O&M	22	22	23



Table 17 – O&M Department Budget Summary

	Actual FY2022	Budget FY2023	Projected FY2023	Budget FY2024	Budget YoY \$ Change	Budget YoY % Change
1 Salaries & wages	\$ 2,740,603	\$ 3,315,000	\$ 3,107,400	\$ 3,590,600	\$ 275,600	8.31%
2 Benefits	1,263,003	1,492,000	1,651,400	1,777,800	285,800	19.16%
3 Payroll taxes	204,856	253,000	226,400	260,700	7,700	3.04%
4 <i>Total salaries & benefits</i>	<i>4,208,462</i>	<i>5,060,000</i>	<i>4,985,200</i>	<i>5,629,100</i>	<i>569,100</i>	<i>11.25%</i>
5 Pump station maintenance	67,833	135,000	175,000	338,000	203,000	150.37%
6 Line maintenance	84,138	129,000	90,000	85,000	(44,000)	-34.11%
7 Sewer line repair	215,473	330,000	285,000	235,000	(95,000)	-28.79%
8 Condition assessment	42,235	55,000	47,500	73,000	18,000	32.73%
9 Easement access management	-	250,000	25,000	150,000	(100,000)	-40.00%
10 <i>Total infrastructure maintenance</i>	<i>409,679</i>	<i>899,000</i>	<i>622,500</i>	<i>881,000</i>	<i>(18,000)</i>	<i>-2.00%</i>
11 Facilities maintenance	71,528	178,000	120,000	195,000	17,000	9.55%
12 Vehicle maintenance	177,545	245,000	275,000	327,000	82,000	33.47%
13 <i>Total facilities & vehicle maintenance</i>	<i>249,074</i>	<i>423,000</i>	<i>395,000</i>	<i>522,000</i>	<i>99,000</i>	<i>23.40%</i>
14 Utilities charges	494,898	544,000	593,200	643,300	99,300	18.25%
15 Rental fees	182,162	188,000	142,400	107,700	(80,300)	-42.71%
16 <i>Total utilities & rent</i>	<i>677,060</i>	<i>732,000</i>	<i>735,600</i>	<i>751,000</i>	<i>19,000</i>	<i>2.60%</i>
17 Professional services costs	21,525	-	10,000	60,000	60,000	100.00%
18 Supplies	62,991	75,000	57,000	63,000	(12,000)	-16.00%
19 FOG inspection fees	11,512	20,000	20,000	20,600	600	3.00%
20 Permit fees	18,352	25,000	35,000	25,000	-	0.00%
21 Training costs	30,634	76,000	73,000	80,000	4,000	5.26%
22 Hiring & temp agency fees	5,219	-	500	-	-	0.00%
23 Workers' compensation premium	149,622	194,000	85,400	173,600	(20,400)	-10.52%
24 Miscellaneous costs	151,172	30,000	39,000	20,000	(10,000)	-33.33%
25 <i>Total other charges</i>	<i>451,027</i>	<i>420,000</i>	<i>319,900</i>	<i>442,200</i>	<i>22,200</i>	<i>5.29%</i>
26 Total Operations & Maintenance	\$ 5,995,301	\$ 7,534,000	\$ 7,058,200	\$ 8,225,300	\$ 691,300	9.18%

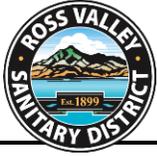
A. Salaries & Benefits

Personnel costs for the O&M Department are budgeted to increase \$0.6 million, or 11.25%, going into FY24 primarily due to the O&M Department being expected to hire a new O&M Superintendent and the remaining employees allocated to the Department receiving an expected COLA of 5.0%.

B. Facilities & Vehicle Maintenance

Budgeted costs for this category are expected to increase by \$0.1 million, or 23.4%, relative to FY23. Each sub-category within this category is discussed in further detail below to explain the total increase:

- *Facilities Maintenance* –Budgeted costs going into FY24 are expected to increase by 9.55% relative to FY23 due to the District expecting to be fully moved into its new headquarters located at 1111 Andersen. After move-in, a better understanding of the costs of maintaining a larger property will be known.



- *Vehicle Maintenance* – The District currently leases seven vehicles with varying lease terms and monthly payments. As such, total budgeted costs going into FY24 relative FY23 are expected to increase from the greater number of vehicles being leased. Vehicle repairs and fuel purchases are expected to be constant.

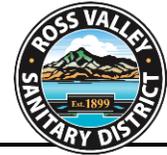
C. Utilities & Rent

Budgeted costs for this category are expected to decrease \$0.02 million, or 2.60%, relative to FY23. Each sub-category within this category is discussed in further detail below:

- *Utilities Charges* – Budgeted costs going into FY24 are expected to increase by \$0.1 million, or 18.25%, relative to FY23 primarily due to energy inflation costs. The US economy is still experiencing high inflation from energy prices as well as other supply-chain matters. As such, the District anticipates its principal power provider, Pacific Gas & Electric, is going to increase its rates to pass on the higher cost of energy prices exhibited in the global marketplace.
- *Rental Charges* – Budgeted costs going into FY24 are expected to decrease by \$0.08 million, or 42.71%, primarily due to either the anticipated sunset of certain leasing arrangements or the equipment has been returned altogether with no anticipation of renting again (like the generators, forklift, and outdoor restrooms). With regards to certain arrangements being sunset, the District is not considering using its leased storage space any longer once the District moves into its new headquarters located at 1111 Andersen Drive.

D. Other Charges

Budgeted costs going into FY24 are expected to increase \$0.02 million, or 5.29%, relative to FY23 primarily driven by increases in Professional Services costs offset by decreases in supplies purchases and allocated worker's compensation premiums. Professional Services costs are for the O&M Department to assist it with planning for anticipated Sewer System Management Plan (SSMP) audits as well as performing root foaming activities to try to reduce I&I in the wastewater collection & conveyance system. Supplies costs are decreasing due to a reduced need for emergency equipment at the end of the COVID-19 Pandemic. Allocated worker's compensation insurance premiums are decreasing because of fewer losses being recorded within the CSRMA insurance pool.



Engineering & Inspections (E&I) Department Costs

The Engineering & Inspections (E&I) Department performs essential activities specific to monitoring and identifying improvement opportunities within the District’s wastewater collection and conveyance system. The E&I Department’s activities include inspecting all private sewer lateral connections to the District’s gravity main pipeline network, coordinating efforts with professional services consultants for performing essential studies, and managing the District’s CIP projects. All activities are handled under general direction of the District’s Senior Engineer following the findings noted within the latest IAMP.

Figure 7 – E&I Department Organization Chart

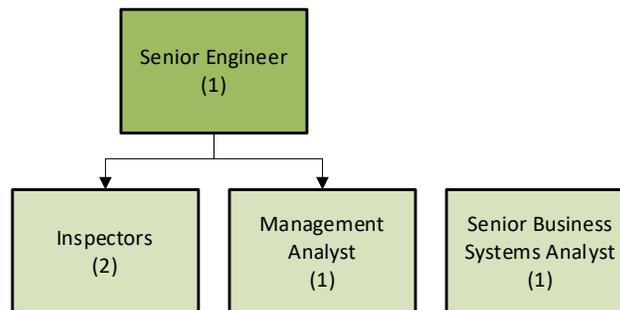


Table 18 – E&I Department FTE Count

	Authorized Position	FY2022	FY2023	FY2024
1	Senior Engineer	1	1	1
2	Associate Engineer	1	1	-
3	Business System Analyst	1	1	1
4	Compliance Officer	1	-	-
5	Management Analyst	-	1	1
6	Inspectors	2	2	2
7	Total E&I	6	6	5

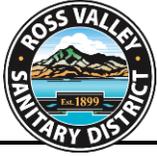


Table 19 – E&I Department Budget Summary

	Actual FY2022	Budget FY2023	Projected FY2023	Budget FY2024	Budget YoY \$ Change	Budget YoY % Change
1 Salaries & wages	\$ 578,585	\$ 772,000	\$ 689,600	\$ 780,600	\$ 8,600	1.11%
2 Benefits	243,812	327,000	295,000	366,700	39,700	12.14%
3 Payroll taxes	44,937	59,000	51,700	57,800	(1,200)	-2.03%
4 <i>Total salaries & benefits</i>	<i>867,333</i>	<i>1,158,000</i>	<i>1,036,300</i>	<i>1,205,100</i>	<i>47,100</i>	<i>4.07%</i>
5 Engineering studies	16,428	275,000	189,900	50,000	(225,000)	-81.82%
6 Professional services costs	-	-	1,800	30,000	30,000	100.00%
7 <i>Total engineering firm services</i>	<i>16,428</i>	<i>275,000</i>	<i>191,700</i>	<i>80,000</i>	<i>(195,000)</i>	<i>-70.91%</i>
8 Municipality paving projects	73,000	-	75,000	75,000	75,000	100.00%
9 Workers' Compensation premium	24,063	21,000	13,800	19,200	(1,800)	-8.57%
10 Training costs	-	-	100	17,000	17,000	100.00%
11 Hiring & temp agency fees	105	-	300	-	-	0.00%
12 Miscellaneous costs	-	-	-	-	-	0.00%
13 <i>Total other charges</i>	<i>97,168</i>	<i>21,000</i>	<i>89,200</i>	<i>111,200</i>	<i>90,200</i>	<i>429.52%</i>
14 Total Engineering & Inspection	\$ 980,929	\$ 1,454,000	\$ 1,317,200	\$ 1,396,300	\$ (57,700)	-3.97%

A. Engineering Firm Services

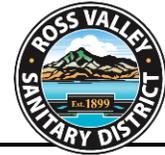
Budgeted costs going into FY24 are expected to decrease by \$0.2 million, or 70.91%, relative to FY23 because the E&I Department’s major flow monitoring and modeling study, the Wastewater Collection System Capacity Evaluation, was completed. In this evaluation study, the District updated its hydraulic model, previously done in 2006 and 2014, based on flow monitoring conducted in winter of 2021-22 which showed how the capital improvements during this period have reduced stormwater infiltration and inflow (I&I) which can cause sewer spills and stress the treatment plant. The model update was conducted as one measure to close out commitments as part of the Regional Water Board’s 2013 Cease and Desist Order to the District.

Engineering Studies conducted related to capital project planning are now included in these budgeted costs in the E&I Department and are no longer part of the Capital Improvement Program budget.

Budgeted costs in FY24 are for follow-on study related to identified capacity issues in the Wastewater Collection System Capacity Evaluation. For example, the Kentfield Pump Station PS15 and downstream force main were identified as having capacity issues, and an engineering study of this system is planned.

B. Other Charges

Budgeted costs going into FY24 are expected to increase \$0.09 million, or 429.52%, relative to FY23 primarily driven by increases in Municipality Paving Project costs and Training costs. Municipality paving project costs are related to local municipalities within the District’s service area requesting reimbursement for resetting manhole frames and covers when they re-pave the roads. Previously, this category was included as part of the O&M Departmental budget, and this cost has been reallocated to the E&I Department; regardless, the cost is trending lower with the latest wave of paving projects in the City of Larkspur winding down. Training costs are increasing since the end of the pandemic lifted all travel restrictions, and District support of continuing professional development for staff.



Administrative Services (Admin) Department Costs

The Administrative Services (Admin) Department performs all other duties of the enterprise to maintain the backbone of the entity’s back-office services. The Admin Department’s activities include finance and accounting, payroll, accounts payable, invoicing, customer service (permitting and inspections), setting the agenda with the Board, human resources, and information technology (IT) services. All such activities are to be performed under the general direction of the Admin Services Manager following applicable regulations, authoritative guidance from financial organizations and taxing authorities, as well as internal policies.

Note, IT support services are contracted with a third-party consultant, IT-Hub. Furthermore, the Admin Services Manager currently serves as the District’s Assistant General Manager.

Figure 8 – Admin Department Organization Chart

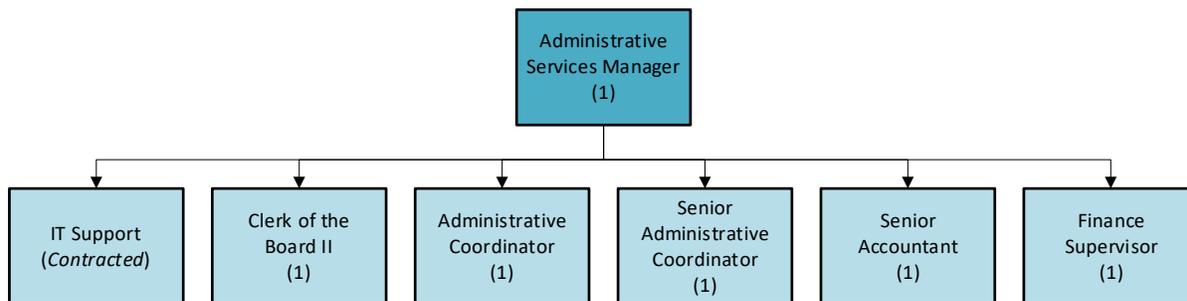


Table 20 – Admin Department FTE Count

Authorized Position	FY2022	FY2023	FY2024
1 General Manager	1	1	1
2 Admin Services Manager	1	1	1
3 Clerk of the Board II	1	1	1
4 Finance Supervisor	1	1	1
5 Senior Accountant	-	-	1
6 Accountant II	1	1	-
7 Senior Admin Coordinator	1	1	1
8 Admin Coordinator	1	1	1
9 Total Admin	7	7	7

Note: The General Manager is allocated to the Admin Department for FTE reporting.

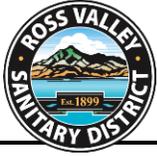


Table 21 – Admin Department Budget Summary

	Actual FY2022	Budget FY2023	Projected FY2023	Budget FY2024	Budget YoY \$ Change	Budget YoY % Change
1 Salaries & wages	\$ 1,056,964	\$ 1,243,000	\$ 1,275,500	\$ 1,265,100	\$ 22,100	1.78%
2 Benefits	416,139	443,000	438,700	450,500	7,500	1.69%
3 Board fees	42,076	38,000	39,800	50,300	12,300	32.37%
4 Payroll taxes	66,545	95,000	81,300	78,300	(16,700)	-17.58%
5 <i>Total salaries & benefits</i>	<i>1,581,725</i>	<i>1,819,000</i>	<i>1,835,300</i>	<i>1,844,200</i>	<i>25,200</i>	<i>1.39%</i>
6 Insurance liability premiums	244,559	233,000	241,300	278,700	45,700	19.61%
7 Workers' Compensation premium	4,460	7,000	2,500	6,800	(200)	-2.86%
8 Insurance liability deductibles	143,741	40,000	14,900	50,000	10,000	25.00%
9 <i>Total insurance costs</i>	<i>392,760</i>	<i>280,000</i>	<i>258,700</i>	<i>335,500</i>	<i>55,500</i>	<i>19.82%</i>
10 Professional services costs	252,937	294,000	152,200	307,000	13,000	4.42%
11 Legal services costs	88,703	200,000	126,500	170,000	(30,000)	-15.00%
12 Community outreach costs	165,049	200,000	172,400	188,000	(12,000)	-6.00%
13 <i>Total professional services fees</i>	<i>506,688</i>	<i>694,000</i>	<i>451,100</i>	<i>665,000</i>	<i>(29,000)</i>	<i>-4.18%</i>
14 Software renewal costs	326,855	295,000	346,500	383,700	88,700	30.07%
15 Rental fees	38,075	30,000	43,300	55,300	25,300	84.33%
16 Property tax fees	119,692	113,000	195,100	200,100	87,100	77.08%
17 <i>Total software, rent & taxes</i>	<i>484,622</i>	<i>438,000</i>	<i>584,900</i>	<i>639,100</i>	<i>201,100</i>	<i>45.91%</i>
18 Employee loan disbursements	-	-	4,100	15,000	15,000	100.00%
19 Hiring & temp agency fees	256,866	100,000	77,700	40,000	(60,000)	-60.00%
20 Training costs	138,035	147,000	114,200	170,900	23,900	16.26%
21 Supplies	32,344	38,000	28,500	50,000	12,000	31.58%
22 Bond issuance costs	59,473	-	-	-	-	0.00%
23 Miscellaneous costs	16,952	15,000	19,100	21,700	6,700	44.67%
24 <i>Total other charges</i>	<i>503,671</i>	<i>300,000</i>	<i>243,600</i>	<i>297,600</i>	<i>(2,400)</i>	<i>-0.80%</i>
25 Total Administrative Services	\$ 3,469,467	\$ 3,531,000	\$ 3,373,600	\$ 3,781,400	\$ 250,400	7.09%

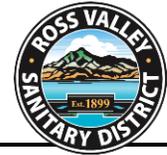
A. Insurance Costs

Budgeted costs going into FY24 are expected to increase \$0.06 million, or 19.82%, relative to FY23 due to increasing risks noted within the insurance pools. Assessed risk of loss is increasing for the property and general liability plans due to the recent storm activity. The District, itself was not impacted by the recent storm activity; but insurance premiums are swayed by the average impact against the pool.

B. Professional Services Costs

Total budgeted costs are expected to decrease by \$0.03 million, or 4.18%, going into FY24 relative to FY23 primarily due to some of the Department’s recent ongoing projects ending. Further detail on each sub-category is provided below:

- *Professional Services Costs* – Total FY24 budgeted costs are overall increasing \$0.01 million, or 4.42%, primarily due to the District anticipating services from Hildebrand Consulting, LLC for the next five-year SSC rate study and Patrick Clark Consulting PC for labor negotiations. Both consultants are used primarily once every five years to coincide with the contract term cycle.

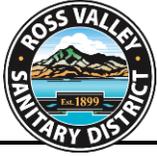


- *Legal Services Cost* – Budgeted FY24 legal services costs are expected to decrease \$0.03 million, or 15.00%, relative to FY23 primarily due to fewer real estate projects requiring legal advice.
- *Community Outreach Costs* – Budgeted costs going into FY24 are expected to decrease \$0.01 million, or 6.0%, relative to FY23 primarily due to the revised engagement terms with the switch from NV5, Inc. to Ardurra.

C. Software, Rent & Taxes

Total budgeted costs are expected to increase \$0.2 million, or 45.91%, going into FY24 relative to FY23 primarily due to some of the Department’s recent ongoing projects ending. Further detail on each sub-category is provided below:

- *Software Renewal Costs* – Total budgeted costs are expected to increase \$0.09 million, or 30.07%, due to new license subscriptions and recurring license renewal cost increases. The new licenses obtained are GoTo Phones for greater integration of work-related programs and additional data encryption services with SonicWall. The anticipated software license renewal cost increases are from WinCan (infrastructure asset condition software), InfoAsset (District’s CMMS), and SmartCover (the District’s sewage spill monitoring software).
- *Rental Fees* – Budgeted costs are expected to increase \$0.03 million, or 84.33%, going into FY24 relative to FY23 due to one additional copy machine at the new 1111 Andersen headquarters and replacement of older purchased laptops with newer leased laptops.
- *Property Tax Fees* – Budgeted costs are expected to increase \$0.09 million, or 77.08%, relative to FY23 due to the taxable assessed value on the 1111 Andersen Drive property increasing because of the property improvements being performed. Costs expected beyond FY24 are anticipated to grow at the allowable inflation rate or by 2% as per current State of California property tax law.



(14) Treatment Plant Cost

The District is a member of the “Central Marin Sanitation Agency Joint Powers Authority” (CMSA) where its collected wastewater is conveyed to the CMSA plant for treatment and eventual discharge. The other members of the JPA are the San Rafael Sanitation District (SRSD) and Sanitary District #2 (SD2) at the Town of Corte Madera. The City of Larkspur through Sanitary District #3 (SD3) was a member previously until the District annexed SD3’s wastewater collection and conveyance operations. Since CMSA does not directly bill the ratepayers in each of the respective member service areas for its operations and capital budget cost recovery, CMSA instead charges each of its member agencies for its costs that are commensurate to the level of treatment and disposal service performed.

A. Treatment Charges

CMSA quarterly bills each of its members their proportional share of its operating and capital activities. The operating activities are invoiced as a “Regional Service Charge” and the capital activities are invoiced as a “Capital Fee”. The total amount of Regional Service Charges and Capital Fees is determined by CMSA’s budgeting process where its funding requirements for both its operating and capital activities are to be balanced with sufficient funding sources. The total Treatment Charge amounts are then scheduled to escalate every year following the Board of Commissioner’s approved Five-Year Rate Schedule. Allocation of the total charge is performed using a weighted 36-month average wastewater flow rate that includes factors such as total flow volume in gallons, flow strength (TSS), and biomass solids (BOD) composition.

Table 18 below charts CMSA’s approved Five-Year Rate Schedule starting from FY24 through FY28:

Table 22 – CMSA Five-Year Rate Schedule

	FY2024	FY2025	FY2026	FY2027	FY2028
Scheduled Increases	4.0%	4.0%	3.5%	3.5%	3.5%

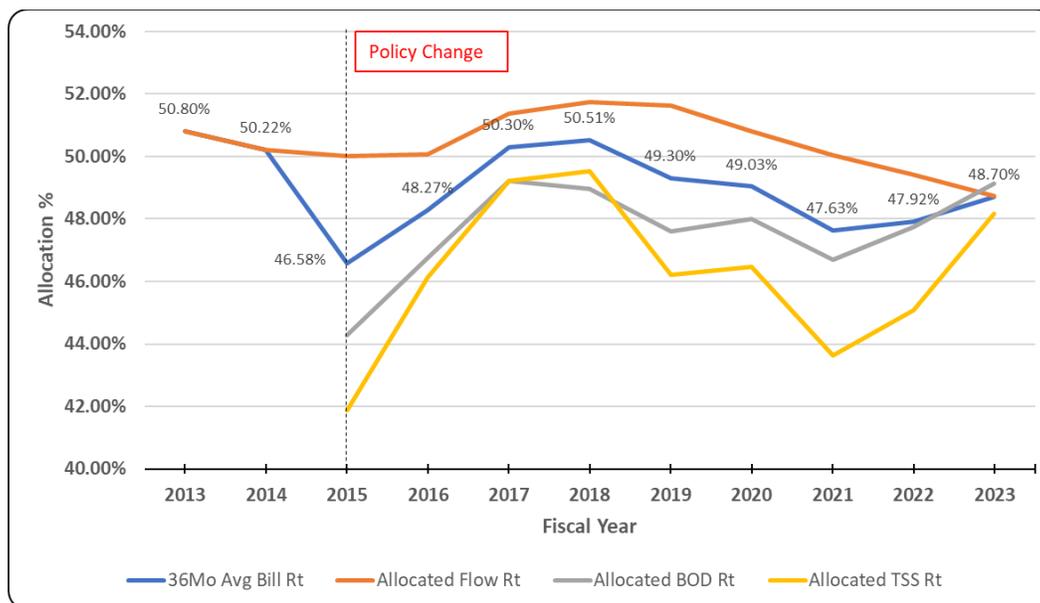
Note: The scheduled fee increases are for the total CMSA JPA Charge (Treatment Charge and Debt Service Coverage) being levied against the District. CMSA’s debt service does slightly decrease year-to-year, so the Capital Fee acts as a catch-all fee to net the total growth to the approved rate schedule.

Historically, CMSA’s Five-Year Rate Schedule included growth rates of 3.5% year-over-year. So, the new Rate Schedule demonstrates an increase in cost to the District from FY23 to FY24 due to higher costs being recorded at CMSA.



Furthermore, allocated costs of Treatment Charges are increasing for the District given its allocation rate is increasing year-over-year. *Chart 16* below depicts the District’s allocation rate over the past ten years:

Chart 16 – RVSD Allocation Billing Rate

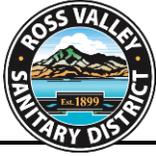


Note: In FY14 and earlier, CMSA invoiced the District its allocated share of Treatment Charges using the average 12-month flow rate.

All above metrics are recorded using CMSA’s flow meters for the influent entering the treatment plant. As a percentage share of the total influent wastewater flow in gallons, the District’s allocation is decreasing from the investments made to substantially reduce inflow & infiltration (I&I) into the wastewater collection & conveyance system. However, the recent storm activity and wastewater composition appears to be increasing year-over-year pushing the weighted average billing rate up towards 48.70% for FY24 billing period versus 47.92% in FY23 billing period.

Table 23 – CMSA Treatment Charge Composition

	Actual FY2022	Projected FY2023	Budget FY2024
1 Regional service charge	\$5,643,643	\$5,935,030	\$6,172,400
2 Capital fee	359,309	475,984	615,700
3 Total treatment charge	\$6,002,953	\$6,411,013	\$6,788,100



B. Debt Service Fee

CMSA semi-annually bills each of its members their proportional share of its debt service related to its capital debt obligations plus a 25% coverage fee. The total fee is determined by consolidating the total debt service to be paid by CMSA on its capital debt, applying an additional 25% coverage fee over and above the debt service amount, and then allocating the total amount to each member based on EDU. The EDU allocation is a static amount that does not fluctuate year-over-year. Per agreement between CMSA and its members, a long-term average EDU allocation was selected and agreed to be used for allocating CMSA’s debt service. The allocation rates agreed between all the entities is the following:

Table 24 – CMSA Debt Service EDU Allocations

	Agency	EDU Count	Allocation Rate
1	SRSD	19,545	37.55%
2	RVSD	22,404	43.05%
3	SD2	6,090	11.70%
4	SQSP	4,005	7.70%
5	Total	52,044	100.00%

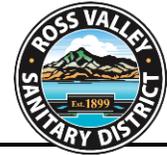
Note: SQSP is “San Quentin State Prison”. SQSP is not a JPA member, but CMSA services SQSP’s wastewater activities through an independent agreement.

Table 25 – CMSA Debt Service Fees

	Actual FY2022	Projected FY2023	Budget FY2024
1 Debt service - allocated	\$1,967,751	\$1,966,400	\$1,956,600
2 Coverage fee	491,938	491,600	489,150
3 Total debt service fee	\$2,459,688	\$2,458,000	\$2,445,750

Allocated debt service is expected to decrease into FY24 due to how CMSA’s debt amortization schedule is devised when it issued its 2015 Revenue Bonds.

For further detail regarding CMSA’s budget or its annual financial statements, its financial information can be found here: <https://www.cmsa.us/finance/documents>.



(15) Canyon Road Assessment District (CRAD)

The ratepayers residing on Canyon Road located within the Town of Fairfax voted to organize into a Special Assessment District to connect their properties to the District’s wastewater collection and conveyance system. Previously, the homeowners were on septic tanks in 2006. The District complied with their request and formed the Canyon Road Special Assessment District (CRAD) and issued a Limited Obligation Bond in the amount of \$437,794 for the express intent of financing the capital project cost to convert their septic tanks to full new connections. The bond obligation and the operating costs are 100% financed through a parcel tax levied on the residents within CRAD. The parcel tax is annually placed onto the property tax roll for Marin County to collect and remit to the District following the approved Teeter Plan, i.e., 55% in December, 40% in April, and 5% in June. The collected proceeds are then to be remitted to the paying agent for the debt service, Marin County for their collection services, and the administrator for managing the assessment district. The bond obligation and assessment district are to be retired in 2026.

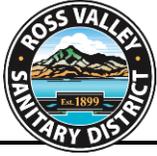
The FY24 budget for CRAD remittance is composed of the following elements:

- *Limited bond obligation debt service* – The indenture agreement’s stated principal and interest payment due within the upcoming fiscal year. Note, this amount may differ from the revenue collection amount due to timing corresponding to Marin County’s collection schedule so the District can receive the proceeds in advance of when the debt service is due.
- *Marin County collection fee* – A fee paid to the County for their services and guaranteeing 100% collection of the special assessment parcel tax according to the Teeter Plan. The fee amount is \$6 per applicable parcel, and there are 28 parcels within CRAD.
- *Paying Agent trust fee* – A fee paid to the Paying Agent, Bank of New York Mellon, for both receiving the paid debt service and then remitting out to the end bond investors.
- *Administrator fee* – A fee paid for administration of the special assessment district. The District is designated as CRAD’s trustee, and the District coordinates the administration of CRAD with NBS Local Government Solutions to calculate the applicable parcel tax and file the required reporting with Marin County for placing the special assessment on the property tax roll. This fee amount represents NBS’ services being received.

Table 26 – Special Assessment Remittance Detail

Fee Component	FY2024
1 Debt service	\$ 35,500
2 Marin County collection fee	168
3 Pay Agent trust fee	750
4 Administrator fee	5,500
5 Total CRAD remittance	\$ 41,918

Note: The budget presentation rounds to the nearest hundredth.



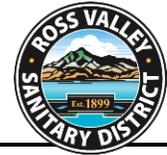
(16) Debt Obligations

Since 2013, the District has issued and borrowed several types of debt obligations to assist it with its CIP financing and other functions. The majority of its borrowings stem from public issuances of revenue bond obligations. However, the District did complete a private placement issuance with the SWRCB under its SRF program in FY23. As such, the District is to make periodic principal and interest repayments on its debt obligations to defease its debtor status.

The current and outstanding debt obligations are the following with a brief description for each issuance:

- *2013 Revenue Bonds* – The District issued the Series 2013 Revenue Bonds in August 2013 in the principal amount of \$17,780,000 to finance its CIP and refund its Bank of Marin mortgage loan. The bonds were issued at a premium of approximately \$133,038.90 providing an effective interest rate of 4.896%. The bonds are fully registered, with principal due annually on October 1, and interest payable semi-annually on October 1 and April 1. The bonds are callable any time after October 1, 2023, with no call premium.
- *2014 Revenue Bonds* – The District issued the Series 2014 Revenue Bonds in November 2014 in the principal amount of \$30,155,000 to finance its CIP. The bonds were issued at a premium of approximately \$1,243,225 providing an effective interest rate of 3.51%. The bonds are fully registered, with principal due annually on July 1, and interest payable semi-annually on January 1 and July 1. The bonds are callable any time after January 1, 2025, with no call premium.
- *2018 Revenue Bonds* – The District issued the Series 2018 Revenue Bonds in January 2018 in the principal amount of \$21,870,000 to finance its CIP. The bonds were issued at a premium of approximately \$3,400,854.15 providing an effective interest rate of 3.627%. The bonds are fully registered, with a principal payment due annually on July 1, and interest payable semi-annually on January 1 and July 1. The bonds are callable any time after January 1, 2025, with no call premium.
- *2019 Revenue Bonds* – The District issued the Series 2019 Revenue Bonds in July 2019 in the principal amount of \$31,455,000 to finance its CIP, purchase of its new Administration Building on 1111 Andersen Drive, and completion of the Larkspur Landing EPA remediation. The bonds were issued at a premium of approximately \$3,866,351 providing an effective interest rate of 3.393%. The bonds are fully registered, with a principal payment due annually on July 1, and interest payable semi-annually on January 1 and July 1. The bonds are callable any time after January 1, 2029, with no call premium. Furthermore, there is a special covenant for early redemption of \$11,120,000 on or after February 1, 2022, if the District were to sell or lease, within a certain threshold of time, the Larkspur Landing Property once the EPA remediation project is complete.
- *SWRCB SRF* – The District coordinated direct financing from the SWRCB for SRF financing for one of the District’s capital projects in the amount of \$1,708,256 in June 2022. The effective interest rate is 1.1% with principal and interest payments paid annually on July 1.

ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2024



With respect to the covenants of each borrowing, the District is required to maintain a minimum debt service coverage ratio over its net revenues. The coverage ratio is split between its revenue bond obligations and its private placement SRF loan where the revenue bonds stipulate a coverage ratio of at least 1.10x and the SRF stipulates a coverage ratio of at least 1.20x. There are no other covenants or debt limitations noted from each of the issuances.

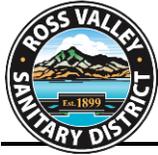
For further detail on each of the above debt obligations, inspection of the respective issuance's executed debt agreement can be reviewed at <https://www.emma.msrb.org/>.

Regarding the District's FY24 budgeted debt service expenditures, the District expects its costs to be fairly constant and in line with the executed amortization schedules. The District does not expect to issue any further debt obligations given its expressed intent to fund its CIP on a "Pay-as-you-Go" basis.

Credit Ratings Note:

The District received and continues to receive credit ratings from rating agencies such as Standard & Poor's (S&P) and Fitch Ratings (Fitch). The latest ratings the District has received from both agencies on its public debt obligations are "AA Stable Outlook" from S&P and "AA Stable Outlook" from Fitch. Fitch, from its latest surveillance in March 2023, upgraded the District's rating from "AA- Positive Outlook" to "AA Stable Outlook". The rationale for both ratings is that the District is in a strong financial position, is managing its sewage spill performance relative to its recent history and exerts a stable monopolistic public utility revenue stream. Furthermore, the District is situated in a heavily affluent community with a very strong housing market further validating the revenue defensibility. The District credit ratings can be sourced here: <https://www.spglobal.com> and <https://www.fitchratings.com>.

Table 30 on the next page displays the amount of outstanding debt service payments FY24 through FY53.



ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Table 27 – Debt Service Obligations

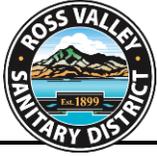
Debt Issues	Original Principal	Outstanding Principal FY2023	FY2024 Debt Service
2013 Bonds	\$ 17,780,000	\$ 14,780,000	\$ 1,139,000
2014 Bonds	30,155,000	23,515,000	1,884,644
2018 Bonds	21,870,000	19,250,000	1,542,500
2019 Bonds	31,455,000	27,715,000	2,074,800
SWRCB SRF	1,708,256	1,708,256	67,085
Totals	\$ 102,968,256	\$ 86,968,256	\$ 6,708,028

Debt Service Ratio	FY2023 Projected	FY2024 Budget
Revenue sources	\$ 38,863,700	\$ 38,943,100
Less: Operating expenses	20,656,200	22,678,800
Net revenues	18,207,500	16,264,300
Less: Debt service	6,645,600	6,708,000
Available net revenues	\$ 11,561,900	\$ 9,556,300
Coverage ratio	2.74	2.42
Policy coverage ratio	1.50	1.50

Fiscal Year End	2013 Revenue Bonds		2014 Revenue Bonds		2018 Revenue Bonds		2019 Revenue Bonds		SWRCB SRF Loan		TOTAL DEBT SERVICE			Beginning Principal	Ending Principal
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total		
1 2024	\$ 420,000	\$ 719,000	\$ 1,025,000	\$ 859,644	\$ 580,000	\$ 962,500	\$ 855,000	\$ 1,219,800	\$ 50,308	\$ 16,777	\$ 2,930,308	\$ 3,777,720	\$ 6,708,028	\$ 86,968,256	\$ 84,037,948
2 2025	440,000	697,500	1,075,000	808,394	610,000	933,500	890,000	1,185,600	48,847	18,237	3,063,847	3,643,231	6,707,078	84,037,948	80,974,101
3 2026	465,000	677,200	1,130,000	754,644	640,000	903,000	925,000	1,150,000	49,384	17,700	3,209,384	3,502,544	6,711,928	80,974,101	77,764,717
4 2027	485,000	658,200	1,165,000	720,744	675,000	871,000	965,000	1,113,000	49,928	17,157	3,339,928	3,380,101	6,720,028	77,764,717	74,424,789
5 2028	500,000	636,000	1,200,000	685,794	705,000	837,250	1,005,000	1,074,400	50,477	16,608	3,460,477	3,250,051	6,710,528	74,424,789	70,964,312
6 2029	525,000	610,375	1,235,000	649,794	745,000	802,000	1,045,000	1,034,200	51,032	16,052	3,601,032	3,112,421	6,713,453	70,964,312	67,363,280
7 2030	555,000	583,375	1,275,000	612,744	780,000	764,750	1,085,000	992,400	51,593	15,491	3,746,593	2,968,760	6,715,353	67,363,280	63,616,686
8 2031	580,000	555,000	1,315,000	572,900	820,000	725,750	1,130,000	949,000	52,161	14,924	3,897,161	2,817,574	6,714,735	63,616,686	59,719,525
9 2032	610,000	525,250	1,355,000	530,163	860,000	684,750	1,175,000	903,800	52,735	14,350	4,052,735	2,658,312	6,711,047	59,719,525	55,666,791
10 2033	640,000	494,000	1,400,000	486,125	905,000	641,750	1,220,000	856,800	53,315	13,770	4,218,315	2,492,445	6,710,760	55,666,791	51,448,476
11 2034	675,000	461,125	1,445,000	438,875	950,000	596,500	1,270,000	808,000	53,901	13,183	4,393,901	2,317,683	6,711,585	51,448,476	47,054,574
12 2035	705,000	426,625	1,500,000	388,300	995,000	549,000	1,320,000	757,200	54,494	12,590	4,574,494	2,133,715	6,708,210	47,054,574	42,480,080
13 2036	740,000	390,500	1,550,000	335,800	1,045,000	499,250	1,375,000	704,400	55,094	11,991	4,765,094	1,941,941	6,707,035	42,480,080	37,714,987
14 2037	780,000	352,500	1,610,000	273,800	1,100,000	447,000	1,430,000	649,400	55,700	11,385	4,975,700	1,734,085	6,709,785	37,714,987	32,739,287
15 2038	820,000	312,500	1,675,000	209,400	1,155,000	392,000	1,485,000	592,200	56,312	10,772	5,191,312	1,516,872	6,708,185	32,739,287	27,547,974
16 2039	860,000	270,500	1,745,000	142,400	1,210,000	334,250	1,550,000	527,000	56,932	10,153	5,421,932	1,284,303	6,706,235	27,547,974	22,126,043
17 2040	900,000	226,500	1,815,000	72,600	1,270,000	273,750	1,625,000	449,500	57,558	9,526	5,667,558	1,031,876	6,699,435	22,126,043	16,458,484
18 2041	945,000	180,375	-	-	1,335,000	210,250	1,710,000	368,250	58,191	8,893	4,048,191	767,768	4,815,960	16,458,484	12,410,293
19 2042	995,000	131,875	-	-	1,400,000	143,500	1,795,000	282,750	58,831	8,253	4,248,831	566,378	4,815,210	12,410,293	8,161,462
20 2043	1,045,000	80,875	-	-	1,470,000	73,500	1,885,000	193,000	59,478	7,606	4,459,478	354,981	4,814,460	8,161,462	3,701,983
21 2044	1,095,000	27,375	-	-	-	-	1,975,000	98,750	60,133	6,952	3,130,133	133,077	3,263,210	3,701,983	571,851
22 2045	-	-	-	-	-	-	-	-	60,794	6,290	60,794	6,290	67,085	571,851	511,056
23 2046	-	-	-	-	-	-	-	-	61,463	5,622	61,463	5,622	67,085	511,056	449,594
24 2047	-	-	-	-	-	-	-	-	62,139	4,946	62,139	4,946	67,085	449,594	387,455
25 2048	-	-	-	-	-	-	-	-	62,823	4,262	62,823	4,262	67,085	387,455	324,632
26 2049	-	-	-	-	-	-	-	-	63,514	3,571	63,514	3,571	67,085	324,632	261,118
27 2050	-	-	-	-	-	-	-	-	64,212	2,872	64,212	2,872	67,085	261,118	196,906
28 2051	-	-	-	-	-	-	-	-	64,919	2,166	64,919	2,166	67,085	196,906	131,987
29 2052	-	-	-	-	-	-	-	-	65,633	1,452	65,633	1,452	67,085	131,987	66,355
30 2053	-	-	-	-	-	-	-	-	66,355	730	66,355	730	67,085	66,355	0
31 TOTALS	\$ 14,780,000	\$ 9,016,650	\$ 23,515,000	\$ 8,542,119	\$ 19,250,000	\$ 11,645,250	\$ 27,715,000	\$ 15,909,450	\$ 1,708,256	\$ 304,281	\$ 86,968,256	\$ 45,417,750	\$ 132,386,006		



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(17) Capital Improvement Program (CIP)

The collection and conveyance of wastewater is a highly regulated enterprise that requires significant capital infrastructure and investment. The District operates a continuously flowing collection and conveyance system, and its various assets and equipment are subjected to heavy use in a sometimes-harsh operating environment. Many assets are subjected to constant contact with wastewater, abrasive materials, and chemicals used in the transportation process. The District monitors the development of new technologies and considers systems and processes that may improve conveyance efficiency, reduce future sewer spills, save energy, and assist with meeting changing regulatory requirements. The maintenance, replacement, and addition of capital assets are an essential part of the District's CIP budget.

The District embarked on development of an IAMP that documented the District's capital projects in order of priority for the next ten years starting from July 1, 2022. The IAMP was initially developed in 2013 as part of the District's strategy to meet the requirements of the Cease & Desist Order from the SWRCB; now the plan and process has become integrated as part of the District's process of developing its CIP. For further information about the District's current IAMP, the report can be sourced and reviewed here: <https://www.rvsd.org/309/Infrastructure-Asset-Management-Plan>.

The CIP plans out the required minimum capital expenditures over the next ten years to maintain its critical infrastructure and what would be the appropriate funding plan. The Ten-Year CIP includes the replacement and rehabilitation of existing capital assets, as well as the acquisition or construction of new capital assets. Priorities from the Ten-Year CIP are included within the FY24 budget for rehabilitation and improvement capital projects. These initiatives are organized into seven categories:

- 1) Gravity Sewer Projects
- 2) Pump Station Projects
- 3) Force Main Projects
- 4) Land & Building Projects
- 5) Lateral Replacement Program
- 6) Fixed Asset Purchases
- 7) Engineering Studies

Capital expenditures are cash transactions made by the District that result in the acquisition or construction of a capital asset. For financial reporting purposes, a capital asset is any asset valued over \$5,000 with a useful life of over two years. Examples include land, buildings, machinery, vehicles, and equipment. All capital assets expected to be acquired or constructed are included in the FY24 CIP.

This chapter is organized to describe the District's CIP by providing the following:

- *Major CIP Capital Projects & Procurement Highlights* – Summarize the District's major CIP initiatives both in the upcoming fiscal year and over the next ten years.
- *CIP Planning & Funding* – Provide how the CIP plan is developed and include detailed information on the District's CIP in terms of projects over the next ten years.

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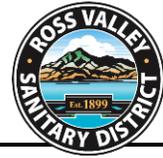


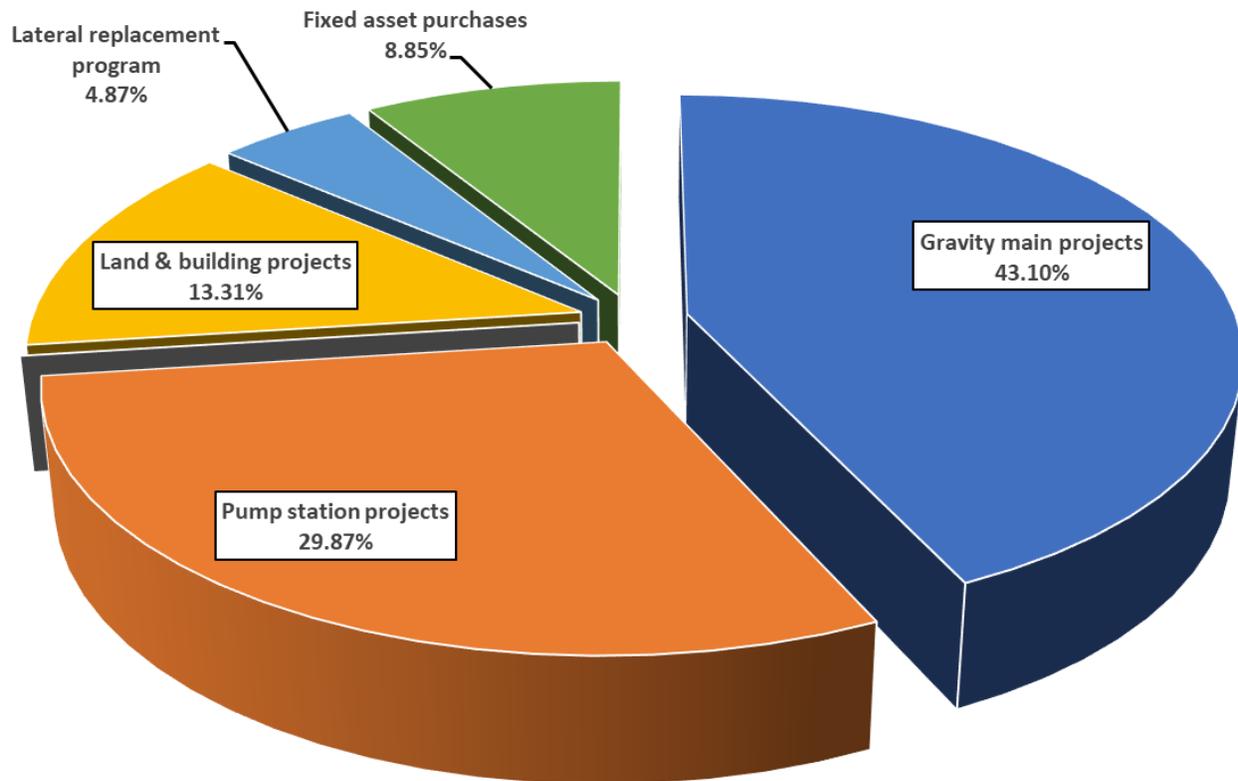
Table 28 – CIP Categories

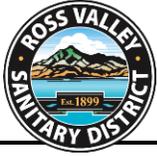
	Actual FY2022	Budget FY2023	Projected FY2023	Budget FY2024	Budget YoY \$ Change	Budget YoY % Change
1 Gravity main projects	\$ 8,362,848	\$ 5,190,000	\$ 4,735,900	\$ 5,310,000	\$ 120,000	2.31%
2 Pump station projects	513,850	2,650,000	1,420,000	3,680,000	1,030,000	38.87%
3 Force main projects	-	50,000	-	-	(50,000)	-100.00%
4 Land & building projects	248,354	2,800,000	2,800,000	1,640,000	(1,160,000)	-41.43%
5 Lateral replacement program	280,612	600,000	450,000	600,000	-	0.00%
6 Fixed asset purchases	315,167	1,430,000	1,049,600	1,090,000	(340,000)	-23.78%
7 Engineering studies	236,686	15,000	20,400	-	(15,000)	-100.00%
8 Total CIP cost	\$ 9,957,518	\$ 12,735,000	\$ 10,475,900	\$ 12,320,000	\$ (415,000)	-3.26%

Note 1: The FY23 projected results are based on each project's progress.

Note 2: The above costs would generally be capitalized and presented on the District's balance sheet; however, presented as an expenditure following the Modified Accrual Basis of Accounting.

Chart 17 – FY24 CIP Categories Allocation





Major CIP Capital Projects & Procurement Highlights

The ten-year CIP includes many important projects to maintain and improve the operation of the District's wastewater collection and conveyance system. Within the CIP, several projects have additional detailed project descriptions that further explain the scope, schedule, and budget for the project. The following are the major projects for FY24:

Gravity Sewer Projects – Gravity sewer projects (\$5.3 million) include a mix of restoration, rehabilitation, and replacement work. Except for the as-needed construction services and capitalized repairs, these projects will be designed and constructed in FY24. There are three gravity projects associated with municipal bridge replacements in the towns of Ross, San Anselmo and Fairfax whose schedules depend on the actions of the municipalities, and \$160,000 is budgeted for FY24 for these projects. Approximately four miles of gravity sewer lines will be upgraded by the projects in design or construction in FY24, all of which are identified as priorities by condition assessment and line maintenance, risk modeling in the 2021 IAMP, and/or locations of sanitary sewer overflows.

Pump Station Projects – Pump station projects are budgeted at \$3,680,000. Lift Stations 20, 31 and 32 (LS20, 31, and 32) renovations will be constructed by 2024. Expenditures for construction are estimated at \$2.7 million this fiscal year, and design of Lift Station 30 renovation at Heather Gardens, a priority of the 2021 IAMP Update co-located on lands of the City of Larkspur, is budgeted at \$380,000. Other miscellaneous pump station equipment upgrades are budgeted at \$150,000 and may include pump replacement at PS15 Kentfield.

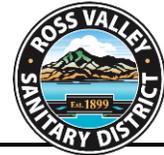
Force Main Projects – There are no force main projects proposed, as condition assessment conducted in the 2021 IAMP Update did not identify any priorities for rehabilitation.

Other Capital Projects – This category includes all other capital projects that are capital intensive, of which the District only has one project remaining within this category.

- *Andersen Building and Site Improvements* – In April 2019, the District invested in a new headquarters building located at 1111 Andersen Drive in San Rafael. Construction of building interior renovations began in Fall 2023 after delays due in part to the COVID-19 pandemic. Interior renovations were substantially complete in FY23, and \$1,640,000 is budgeted for construction of site improvements that include parking reconfigurations for sewer maintenance vehicles, security fencing, landscaping, warehouse configuration, and an on-site generator for backup power.

Lateral Program – Financial assistance funding and maximum amounts for lateral replacement are established each fiscal year as part of the annual budget process. Funding for financial assistance in FY24 includes lateral replacement grant and lateral replacement loan funding of \$600,000.

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Capital Equipment – The District has several capital equipment needs in this year’s budget totaling \$740,000. Capital equipment needs are detailed below.

The District periodically uses a mechanical rodder truck to physically remove harder obstructions found in the sewers, such as large root wads, which the hydrojetters cannot always remove. The rodder is also used to retrieve equipment from the sewers, Underground Service Alert (USA) locating of sewer lines, responding to service calls and sewer cleaning on steep hills. The 2001 rodder has been in operation for over 20 years and the chassis is showing signs of deterioration. This item was in last year’s budget at \$265,000 but was not purchased due to vendor delays and a lower price was identified through an alternative vendor. The FY24 budget includes \$160,000 to retrofit the existing rodder with a new chassis.

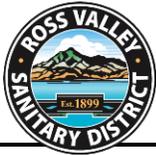
The construction truck for the line repair crew needs to be replaced. It is a specialized vehicle that includes a compressor, generator, and a crane needed to install manhole barrels. The existing 2005 Peterbilt truck has been breaking down with engine issues and other key components on the truck, including the crane, the starter, the generator, and the engine block that contains an oil leak. It does not have updated emissions controls like the newer trucks, which may have contributed to the exhaust plugging up with debris. The FY24 budget includes \$350,000 for the new construction truck.

Two camera systems are included in the FY24 budget. For the repair crew, the budget includes \$110,000 for a Rapid View T66 mobile tractor camera system to replace the current camera system to address deficiencies and reliability issues. The current system reel regularly malfunctions which can slow things down. The current system has ergonomic issues for daily use and is not powerful enough for steep sewer lines or longer sewer lines.

For the condition assessment crew, the budget includes \$40,000 for an IBAK Orion CCTV camera head to provide internal pipeline video compatible with existing crawler equipment. This camera head provides high-definition images of pipe defects in 4- to 8-inch-diameter sewers and has the ability to zoom into private laterals to support the lateral enforcement program.

A portable bypass pump is included in the FY24 budget for pump stations and larger diameter sewers. Having this relatively larger bypass pump available will ensure wastewater is moved through the system in case a pump station is out of operation for routine maintenance or emergency conditions. The pump will also be useful to ensure wastewater conveyance if a larger diameter sewer (12 inches or greater) must be dewatered, cleaned or repaired. This equipment is budgeted at \$80,000.

Engineering Studies – These studies related to capital project planning, most recently the Infrastructure Asset Management Plan (IAMP) update, are no longer to be included in the Capital Improvement Program budget. All engineering studies are to be included in the E&I Department budget going forward. The rationale for including Engineering Studies in the CIP was related to the accelerated capital program required by the Regional Water Board 2013 Cease and Desist Order. All projects required by the Order have been completed, with one remaining capacity project part of the CIP as recommended by the 2023 Wastewater Collection System Capacity Evaluation. The IAMP update was one measure to close out commitments as part of the Regional Water Board’s 2013 Cease and Desist Order.

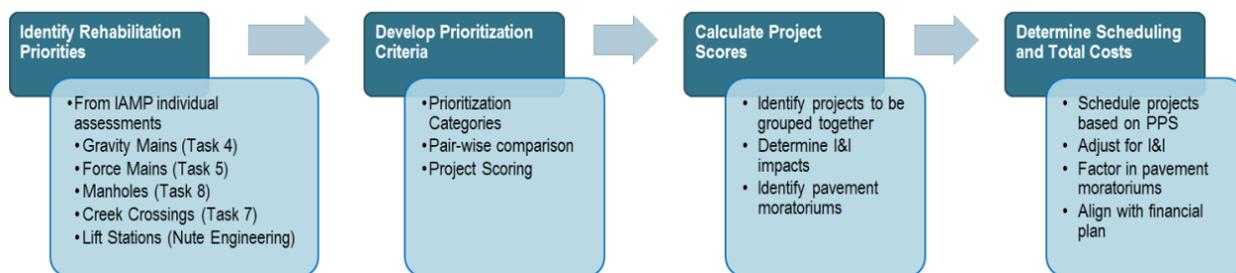


CIP Planning & Funding

The District annually assesses its ten-year CIP as part of the budget development process using its latest IAMP as a guide. The FY23 CIP Budget and ten-year CIP schedule were prepared in close coordination between the Engineering and Operations & Maintenance Departments. The CIP team is responsible for developing and managing the annual CIP Budget, determining the appropriate delivery method for each project and activity, and monitoring and reporting CIP activities. The General Manager and Assistant General Manager/Administrative Services Manager are responsible for working with the Board and Finance Committee to develop a long-term funding plan for the CIP.

The IAMP is developed as a ten-year plan listing out the District's priorities for its infrastructure asset management with a goal of reducing future I&I and minimizing risk. Each asset category is assessed with a priority based on its likelihood of failure (LoF) and consequence of failure (CoF) probability. The LoF/CoF is a risk model framework considering a key set of parameters, such as structural integrity, system capacity, environmental impacts, stakeholder/customer service, regulatory compliance, health and safety, financial impact, ability to restore to design level of service, and location/critical facility impact. Using the results from the assessment model, each project is weighted using priority scoring. Costing within the IAMP for the ten-year minimum capital expenditures were developed using engineering estimates based on the scope of planned work. The total minimum capital funding expressed within the IAMP as of September 2021 is approximately \$26 million.

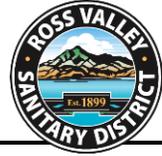
Figure 9 – IAMP Prioritization Process



The Ten-Year CIP is developed in conjunction with the budget process. It is based on the IAMP for the relevant fiscal year and period to date project progress, as well as priorities established from review of maintenance issues, capacity issues and sewer spill locations. Each project's cost and scope is assessed based on the progress and the priority needed for the planned fiscal year. Costs for larger projects are often estimated by engaging consulting engineers to prepare cost estimates, while cost estimates for smaller scale projects are determined by either surveying other public agencies or by utilizing costs from similar projects conducted by the District. Once the budget has been adopted, the District is required to comply with the California Uniform Public Construction Cost Accounting Act (UPCCAA) to deliver the project. All construction and professional service contracts and purchases that are over the dollar threshold set by UPCCAA and District policies require Board approval at an open public meeting.

The total cost of the CIP over the next ten years inclusive of the upcoming budget year is approximately \$110.9 million. This Ten-Year CIP scope focuses primarily on replacing priority infrastructure and assets, and is funded by property taxes, lateral loan repayments, capacity charges and unassigned operating or

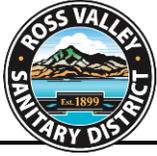
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capital reserves. The District is focusing on using a “Pay-as-you-Go” model to fund all future capital projects.

Please refer to the following documents for detailed information regarding the current year CIP:

- *Ten-Year Capital Improvement Program Schedule* – The schedule shows the next ten years of the District’s planned capital activities along with the upcoming fiscal year.
- *Capital Improvement Program – Account/Project Descriptions* – Each project, initiative and activity in the upcoming budget year is described by budget account number and serves to guide the District’s staff in the execution of budgeted activities. The document identifies replacement schedules for equipment and assets and is a reference when assigning account numbers for purchase orders and payment of goods and services.
- *Detailed Project Descriptions* – Each large or multi-year initiative has a dedicated planning document which describes the major project by its scope, justification, costs by fiscal year and activity, and includes a map of the project being described.

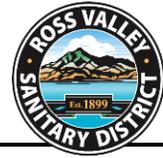


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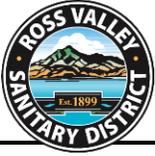
Table 29 – Ten Year CIP Schedule

Project ID	Project Name	Project Category	Actual FY2022	Budget FY2023	Projected FY2023	Budget FY2024	
1	EG-931-000-00	FY 2015/16 Gravity Sewer Improvement	Gravity Sewer	\$ 3,942	\$ -	\$ -	\$ -
2	EG-944-000-00	Large Diameter Gravity II-3B	Gravity Sewer	125,118	-	4,400	-
3	EG-946-000-00	Winship Bridge Sewer Relocation	Gravity Sewer	2,635	50,000	50,000	50,000
4	EG-947-000-00	FY 2016/17 GSIP Butterfield/A-K	Gravity Sewer	2,351,934	50,000	-	-
5	EG-949-000-00	Laurel Grove GSIP	Gravity Sewer	22,192	-	-	-
6	EG-951-000-00	FY 2020/21 Gravity Sewer Improvement	Gravity Sewer	5,469,395	750,000	750,000	-
7	EG-952-000-00	Nokomis Bridge Sewer Relocation	Gravity Sewer	1,265	-	5,700	-
8	EG-953-000-00	FY 2022/23 Gravity Sewer Improvement	Gravity Sewer	209,611	3,000,000	3,100,000	50,000
9	EG-954-000-00	Meadow Way Bridge Sewer Relocation	Gravity Sewer	1,749	190,000	10,000	10,000
10	EG-955-000-00	FY 23/24 GSIP	Gravity Sewer	-	400,000	402,000	2,400,000
11	EG-956-000-00	SD-Woodland Gravity Sewer	Gravity Sewer	-	250,000	250,000	2,200,000
12	EG-957-000-00	Fairfax Capacity Improvements	Gravity Sewer	-	-	-	-
13	EG-958-000-00	24-25 Gravity Sewer	Gravity Sewer	-	-	-	100,000
14	EG-959-000-00	26-27 Gravity Sewer	Gravity Sewer	-	-	-	-
15	EG-970-000-00	27-28 Gravity Sewer	Gravity Sewer	-	-	-	-
16	EG-971-000-00	28-29 Gravity Sewer	Gravity Sewer	-	-	-	-
17	EG-972-000-00	29-30 Gravity Sewer	Gravity Sewer	-	-	-	-
18	EG-973-000-00	30-31 Gravity Sewer	Gravity Sewer	-	-	-	-
19	EG-974-000-00	31-32 Gravity Sewer	Gravity Sewer	-	-	-	-
20	EG-975-000-00	32-33 Gravity Sewer	Gravity Sewer	-	-	-	-
21	EG-976-000-00	33-34 Gravity Sewer	Gravity Sewer	-	-	-	-
22	EG-917-000-00	Capitalized Repairs-Contractor	Gravity Sewer	136,731	250,000	140,000	250,000
23	EG-918-000-00	On Call Construction	Gravity Sewer	38,276	250,000	23,800	250,000
24	<i>Total Gravity Sewer Projects</i>			<i>8,362,848</i>	<i>5,190,000</i>	<i>4,735,900</i>	<i>5,310,000</i>
25	EG-961-000-00	Force Main Capital Repairs and Assessment	Force Main	-	-	-	-
26	EG-962-000-00	Bon Air Force Main Lining	Force Main	-	50,000	-	-
27	EG-963-000-00	26-27 Force Main Appurtenance	Force Main	-	-	-	-
28	EG-964-000-00	South Elisio Force Main Capacity Improvement	Force Main	-	-	-	-
29	EG-965-000-00	FM-33 Replacement Project	Force Main	-	-	-	-
28	<i>Total Force Main Projects</i>			<i>-</i>	<i>50,000</i>	<i>-</i>	<i>-</i>
29	EG-906-000-00	PS 14, 24, & 25 PS Improvement	Pump Station	505,257	1,100,000	1,200,000	-
30	EG-907-000-00	LS 20 Larkspur Landing A Improvement	Pump Station	8,593	1,500,000	200,000	3,300,000
31	EG-908-000-00	LS 30 Heather Gardens Lift Station Improvement	Pump Station	-	50,000	20,000	380,000
32	EG-909-000-00	LS 35, 36 Riviera Circle	Pump Station	-	-	-	-
33	EG-910-000-00	LS 33, 34 Riviera Circle	Pump Station	-	-	-	-
34	EG-911-000-00	LS 37 Improvements or Gravity Sewer	Pump Station	-	-	-	-
35	EG-912-000-00	LS 22, 23 Drakes Landing	Pump Station	-	-	-	-
36	EG-913-000-00	LS 21 Improvements or Gravity Sewer	Pump Station	-	-	-	-
37	EG-914-000-00	PS 15 Kentfield Capacity Improvements	Pump Station	-	-	-	-
38	EG-915-000-00	PS 10 Larkspur Landing B Improvements	Pump Station	-	-	-	-
39	EG-916-000-00	PS 13 Greenbrae Improvements	Pump Station	-	-	-	-
40	<i>Total Pump Station Projects</i>			<i>513,850</i>	<i>2,650,000</i>	<i>1,420,000</i>	<i>3,680,000</i>
41	EG-900-000-00	Larkspur Landing Activities	Land/Building	1,850	-	-	-
42	EG-899-000-00	Kerner Capital Improvement Project	Land/Building	27,113	-	-	-
43	EG-901-002-00	Andersen Building Improvement A - Building	Land/Building	219,391	2,800,000	2,800,000	1,640,000
44	EG-901-003-00	Andersen Building Improvement B - Site	Land/Building	-	-	-	-
45	<i>Total Land & Building Projects</i>			<i>248,354</i>	<i>2,800,000</i>	<i>2,800,000</i>	<i>1,640,000</i>
46	EG-905-000-00	Other Pump Station Equipment	Procurement	30,400	130,000	194,600	150,000
47	EG-935-001-00	Capital Equipment	Procurement	235,882	1,100,000	800,000	740,000
48	EG-935-002-00	Office and Other Equipment	Procurement	7,485	200,000	50,000	200,000
49	EG-950-000-00	Software Purchases	Procurement	41,400	-	5,000	-
50	<i>Total Fixed Asset Purchases</i>			<i>315,167</i>	<i>1,430,000</i>	<i>1,049,600</i>	<i>1,090,000</i>
51	EG-979-000-00	Engineering Studies - CIP	Studies	167,946	-	-	-
52	EG-982-000-00	IAMP Program Support/Update	Studies	68,741	15,000	20,400	-
53	<i>Total Engineering Studies</i>			<i>236,686</i>	<i>15,000</i>	<i>20,400</i>	<i>-</i>
54	N/A	Lateral Replacement Grant Program	Lateral Program	237,500	400,000	300,000	400,000
55	N/A	Lateral Replacement Loan Program	Lateral Program	43,112	200,000	150,000	200,000
56	<i>Total Lateral Replacement Program</i>			<i>280,612</i>	<i>600,000</i>	<i>450,000</i>	<i>600,000</i>
57	Total Capital Improvement Program			\$ 9,957,518	\$ 12,735,000	\$ 10,475,900	\$ 12,320,000

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ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

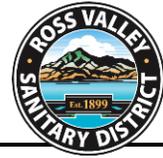


Forecast FY2025	Forecast FY2026	Forecast FY2027	Forecast FY2028	Forecast FY2029	Forecast FY2030	Forecast FY2031	Forecast FY2032	Forecast FY2033
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
950,000	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
100,000	727,000	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
175,000	-	-	-	-	-	-	-	-
4,400,000	-	-	-	-	-	-	-	-
200,000	-	-	-	-	-	-	-	-
-	600,000	3,000,000	3,000,000	-	-	-	-	-
1,200,000	3,100,000	-	-	-	-	-	-	-
-	350,000	3,500,000	-	-	-	-	-	-
-	-	400,000	4,000,000	-	-	-	-	-
-	-	-	550,000	5,500,000	-	-	-	-
-	-	-	-	600,000	6,000,000	-	-	-
-	-	-	-	-	650,000	6,500,000	-	-
-	-	-	-	-	-	650,000	6,500,000	-
-	-	-	-	-	-	-	450,000	4,500,000
-	-	-	-	-	-	-	-	650,000
250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
7,525,000	5,277,000	7,400,000	8,050,000	6,600,000	7,150,000	7,650,000	7,450,000	5,650,000
-	-	-	50,000	1,200,000	2,000,000	-	-	-
175,000	1,700,000	-	-	-	-	-	-	-
-	50,000	50,000	500,000	-	-	-	-	-
-	-	-	-	-	150,000	1,500,000	-	-
-	-	-	-	-	-	-	250,000	2,750,000
175,000	1,750,000	50,000	550,000	1,200,000	2,150,000	1,500,000	250,000	2,750,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,100,000	-	-	-	-	-	-	-	-
80,000	452,000	-	-	-	-	-	-	-
-	-	90,000	488,600	-	-	-	-	-
-	-	75,000	170,200	-	-	-	-	-
-	-	-	80,000	340,000	-	-	-	-
-	-	-	80,000	1,250,000	-	-	-	-
-	-	-	-	125,000	150,000	2,250,000	-	-
-	-	-	-	-	-	200,000	2,500,000	-
-	-	-	-	-	-	-	150,000	1,150,000
1,180,000	452,000	165,000	818,800	1,715,000	150,000	2,450,000	2,650,000	1,150,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
150,000	-	750,000	-	-	-	-	200,000	2,000,000
-	-	-	-	-	-	-	-	-
150,000	-	750,000	-	-	-	-	200,000	2,000,000
150,000	150,000	150,000	180,000	180,000	180,000	180,000	180,000	180,000
960,000	250,000	750,000	500,000	500,000	100,000	100,000	100,000	500,000
100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
-	-	-	-	-	-	-	-	-
1,210,000	500,000	1,000,000	780,000	780,000	380,000	380,000	380,000	780,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
\$ 10,840,000	\$ 8,579,000	\$ 9,965,000	\$ 10,798,800	\$ 10,895,000	\$ 10,430,000	\$ 12,580,000	\$ 11,530,000	\$ 12,930,000



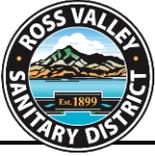
LS 20, 31, 32 Lift Station Improvements

Project Number:	907		Location Map: 						
Total Project Costs:	\$3,600,000								
Facility Type:	Pump Station								
Status:	Construction								
Project Description:	Convert three aging lift stations that require a lot of maintenance to submersible pump stations that require less maintenance. Implement top priority lift station improvements based on risk assessment of 2021 IAMP. Replace short force mains FM-31 and FM-32.								
Project Scope:	Convert aging pump stations to submersible pump stations. Scope expanded from LS20 (Larkspur Landing A) to include similar project scopes at LS31 and LS32 along Riviera Circle. Replace short force mains FM-31 and FM-32 by pipebursting method.								
Useful Life of Completed Project:	15 to 30 years								
Risk Assessment/Justification:	Lift Station reliability								
Operating Impact:	Improve reliability at minor lift station, reducing O&M staff costs and overtime costs and reducing risk of spills.								
Cross-Reference Project(s):	N/A								
Planning Document(s):	2021 IAMP								
Source of Funds (in \$000)	Prior Years	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	Future Years	Total
Capital Fund	300	3,300							3,600
Revenue Bonds									
SRF Loans									
Other									
Total	300	3,300							3,600



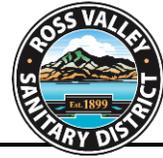
Woodland Capacity Improvements and Creek Crossings

Project Number:	956		Location Map: 						
Total Project Costs:	\$2,650,000								
Facility Type:	Gravity Sewer								
Status:	Construction								
Project Description:	Upgrade trunk line along Woodland Road to increase capacity and improve multiple creek crossings of Tamalpais Creek and tributaries. Replace 3,086 LF of sewers via pipe bursting, 911 LF of sewers via open cut. Replace 5 creek crossings with siphons, deep burial, or pipebursting beneath the creek bed.								
Project Scope:	Upsize and modernize 80-year-old trunk line in Woodland Road that serves Kent Woodlands neighborhood. Replacement of several high-risk creek crossings, including lowering of exposed sewer mains within Tamalpais Creek. Reduce groundwater infiltration in high I&I basin.								
Useful Life of Completed Project:	70 to 100 years								
Risk Assessment/Justification:	Structural rehabilitation, I&I reduction, spill reduction, and O&M improvements								
Operating Impact:	Reduce frequency of line maintenance activities and spills on public and private sewers, lower the risk of spills and I&I associated with Creek Crossings.								
Cross-Reference Project(s):	N/A								
Planning Document(s):	2021 IAMP								
Source of Funds (in \$000)	Prior Years	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	Future Years	Total
Capital Fund	250	2,200	200						2,650
Revenue Bonds									
SRF Loans									
Other									
Total	250	2,200	200						2,650



FY 2023/24 Gravity Sewer Improvements

Project Number:	955	Location Map: 								
Total Project Costs:	\$7,000,000									
Facility Type:	Gravity Sewer									
Status:	Design									
Project Description:	Rehabilitate approximately 3 miles of rehabilitation and upsizing of gravity sewer mostly by trenchless pipebursting and some open cut/trench construction to remove sags. Sewers are higher risk assets prioritized in the 2021 IAMP update, gravity lines with maintenance and access issues and spill sites identified through SSMP.									
Project Scope:	Rehabilitate gravity sewers that cross or parallel creeks in the service area, and rehabilitate pipe and manhole assets with higher risk of failure identified in 2021 IAMP, for sewers located in Fairfax, San Anselmo, and Greenbrae. Rehabilitate approximately 15,000 feet by pipebursting and 585 feet by open cut.									
Useful Life of Completed Project:	70 to 100 years									
Risk Assessment/Justification:	Structural rehabilitation, I&I reduction, spill reduction, and O&M improvements. Capacity increase.									
Operating Impact:	Pipe will be more accessible in new location and maintenance frequency will decrease. Capacity improvements for trunk system. Traffic control requirements will increase.									
Cross-Reference Project(s):	N/A									
Planning Document(s):	2021 IAMP									
Source of Funds (in \$000)	Prior Years	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	Future Years	Total	
Capital Fund	200	2,400	4,400						7,000	
Revenue Bonds										
SRF Loans										
Other										
Total	200	2,400	4,400						7,000	



LS 30 Heather Gardens Lift Station Improvements

Project Number:	908	<p>Location Map:</p>
Total Project Costs:	\$1,500,000	
Facility Type:	Pump Station	
Status:	Planning	
Project Description:	Update aging lift station and separate it from a co-existing storm water pump station owned and operated by City of Larkspur. Install a new generator and fuel tank, removing reliance on portable generator for backup power.	

Project Scope:	Convert aging pump station to submersible pump station, separate from the existing combined storm/sanitary pump station location originally constructed by City of Larkspur. Install a new generator and fuel tank, removing reliance on portable generator for backup power.
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Useful Life of Completed Project:	15 to 30 years
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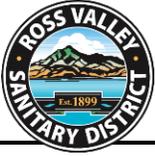
Risk Assessment/Justification:	Lift Station reliability
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Operating Impact:	Improve reliability at minor lift station, reducing O&M staff costs and overtime costs and reducing risk of overflows exacerbated by adjacent storm water pump station wet well.
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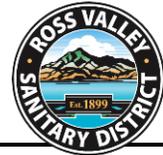
Cross-Reference Project(s):	City of Larkspur Storm Water Pump Station Renovation
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Planning Document(s):	2021 IAMP
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Source of Funds (in \$000)	Prior Years	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	Future Years	Total
Capital Fund	20	380	1,100						1,500
Revenue Bonds									
SRF Loans									
Other									
Total	20	380	1,100						1,500

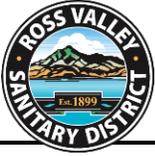


FY 2024/25 Gravity Sewer Improvements									
Project Number:	958			Location Map:					
Total Project Costs:	\$4,400,000								
Facility Type:	Gravity Sewer								
Status:	Planning								
Project Description:	Replace approximately 2.5 miles of sewer segments prioritized in the 2021 IAMP Update, maintenance priorities and recent spills, primarily installed via the pipebursting method.								
Project Scope:	Several capacity improvements are to be made in easement sewers with difficult access, recent spills, or with higher risk identified in 2021 IAMP, including creek crossing, recent spill history, capacity challenged areas identified in 2023 Flow Monitoring and Modeling Study, and heavy I&I.								
Useful Life of Completed Project:	70 to 100 years								
Risk Assessment/Justification:	Structural rehabilitation, I&I reduction, spill reduction, and O&M improvements.								
Operating Impact:	Reduce frequency of line maintenance activities and spills on public and private sewers, lower the risk of spills and I&I associated with Creek Crossings.								
Cross-Reference Project(s):	N/A								
Planning Document(s):	2021 IAMP								
Source of Funds (in \$000)	Prior Years	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	Future Years	Total
Capital Fund		100	1,200	3,100					4,400
Revenue Bonds									
SRF Loans									
Other									
Total		100	1,200	3,100					4,400

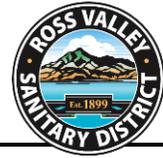


Winship Capacity Improvements and Bridge Sewer Relocation

Project Number:	946								
Total Project Costs:	\$1,073,000								
Facility Type:	Gravity Sewer								
Status:	Design								
Project Description:	Replacement of gravity sewer attached to bridge with a double-barrel siphon and redirection of system for hydraulic capacity deficiencies and coordination with Town of Ross flood control improvements at Winship Bridge								
	Location Map:								
Project Scope:	100 LF double barrel siphon under San Anselmo Creek at Winship Bridge and 120 LF to redirect sewer southbound on Sir Francis Drake Blvd.								
Useful Life of Completed Project:	70 years								
Risk Assessment/Justification:	Hydraulic capacity deficiencies and elimination of an aerial creek crossing.								
Operating Impact:	New siphon								
Cross-Reference Project(s):	Town of Ross Winship Bridge								
Planning Document(s):	2021 IAMP, SHECAP 2006								
Source of Funds (in \$000)	Prior Years	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	Future Years	Total
Capital Fund	13	50	950						1,013
Revenue Bonds	60								60
SRF Loans									
Other									
Total	73	50	950						1,073

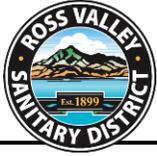


Meadow Way Bridge Sewer Relocation									
Project Number:	954			Location Map: 					
Total Project Costs:	\$190,000								
Facility Type:	Gravity Sewer								
Status:	Design								
Project Description:	Replacement of gravity sewer attached to bridge, including temporary sewer on temporary bridge as new bridge is constructed by Town of Fairfax.								
Project Scope:	Town of Fairfax is replacing the Meadow Way Bridge over San Anselmo Creek near Cascade Drive. This project will relocate an existing clay sewer between manholes including a 70-foot section of ductile iron sewer hung from the existing bridge. A temporary sewer will be installed on a temporary bridge during bridge construction.								
Useful Life of Completed Project:	70 to 100 years								
Risk Assessment/Justification:	Rehabilitate older clay sewer between manholes in addition to replacing the sewer attached to the existing bridge.								
Operating Impact:	Reduce frequency of line maintenance activities.								
Cross-Reference Project(s):	Town of Fairfax Meadow Way Bridge Replacement								
Planning Document(s):	N/A								
Source of Funds (in \$000)	Prior Years	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	Future Years	Total
Capital Fund	5	10	175						190
Revenue Bonds									
SRF Loans									
Other									
Total	5	10	175						190



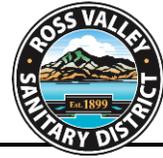
Fairfax Capacity Improvements

Project Number:	957	Location Map: 							
Total Project Costs:	\$6,600,000								
Facility Type:	Gravity Sewer								
Status:	Planning								
Project Description:	Upsize 405 feet of existing 15-inch diameter gravity main to 18-inch diameter gravity main on Spruce Road and Park Road from Arroyo Road to Merwin Avenue, with a parallel siphon (10-inch and 15-inch diameter) to cross the creek on Merwin Avenue. Install 2,000 feet of 18-inch gravity main on Merwin Avenue from Park Road to Broadway and then eastward along Broadway to Pacheco Avenue.								
Project Scope:	Construct relief sewer through downtown Fairfax to prevent surcharging and overflows in downtown area during intense storms, including new dual siphon beneath Fairfax Creek along Merwin Ave.								
Useful Life of Completed Project:	70 to 100 years								
Risk Assessment/Justification:	Capacity assurance, I&I reduction, spill reduction, and O&M improvements								
Operating Impact:	Lower the risk of spills and I&I associated with large storm events. Includes new siphon.								
Cross-Reference Project(s):	System Hydraulic Evaluation and Capacity Assurance, 2006								
Planning Document(s):	2023 Wastewater Collection System Capacity Evaluation								
Source of Funds (in \$000)	Prior Years	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	Future Years	Total
Capital Fund				600	3,000	3,000			6,600
Revenue Bonds									
SRF Loans									
Other									
Total				600	3,000	3,000			6,600



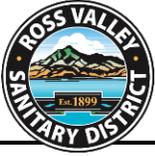
Nokomis Bridge Sewer Relocation

Project Number:	952	Location Map: 							
Total Project Costs:	\$838,000								
Facility Type:	Gravity Sewer								
Status:	Design								
Project Description:	Replacement of gravity sewer attached to bridge with a double-barrel siphon for structural rehabilitation and coordination with Town of San Anselmo flood control improvements at Nokomis Bridge. Estimated project timing: 2024								
Project Scope:	100 LF double barrel siphon under San Anselmo Creek at Nokomis Bridge								
Useful Life of Completed Project:	70 years								
Risk Assessment/Justification:	Structural rehabilitation and elimination of an aerial creek crossing								
Operating Impact:	New siphon								
Cross-Reference Project(s):	Town of San Anselmo Nokomis Bridge								
Planning Document(s):	N/A								
Source of Funds (in \$000)	Prior Years	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	Future Years	Total
Capital Fund	11		100	727					838
Revenue Bonds									
SRF Loans									
Other									
Total	11		100	727					838



PS 15 Kentfield Capacity Improvements

Project Number:	914	Location Map: 							
Total Project Costs:	\$2,525,000								
Facility Type:	Pump Station								
Status:	Planning								
Project Description:	To address capacity deficiencies identified in the 2023 flow modeling study, increase firm capacity of PS15 from 37.9 MGD to 45.0 MGD, replacing three (3) large pumps (400 hp) and two standard dry weather pumps that were originally installed in 1997 and are showing signs of age.								
Project Scope:	Replace three (3) 400 hp wet weather pumps at PS15 Kentfield with appropriate sized pumps to achieve increase in firm capacity to 45 MGD.								
Useful Life of Completed Project:	15 to 30 years								
Risk Assessment/Justification:	Replacement of aging wet weather pumps at PS 15, address capacity issue identified in 2023 Capacity Evaluation Study								
Operating Impact:	Improve reliability at major pump stations								
Cross-Reference Project(s):	N/A								
Planning Document(s):	2023 Wastewater Collection System Capacity Evaluation								
Source of Funds (in \$000)	Prior Years	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	Future Years	Total
Capital Fund							125	2,400	2,525
Revenue Bonds									
SRF Loans									
Other									
Total							125	2,400	2,525



(18) Reserve Funding

Under internal District Financial Policy #7, *Minimum & Target Reserves*, the District is to maintain or target certain dollar amounts in specific reserve funds. The goal is to provide liquidity during stress points if the District needs additional funds to meet its funding requirements in any planning period. The Financial Policy does allow for flexibility for the District in that it may use its reserves and be below the reserve target during the fiscal year. The District’s management team, however, must demonstrate that it has a plan to fully replenish the depleted reserve if it remains below the target in either the current planning year or the upcoming one thereafter.

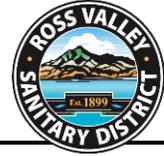
The target reserves the District is to maintain as per internal policy are the following:

Table 30 – Financial Policy Target Reserves

Target Reserve	Fund	Description and Calculation
1 Operating reserve	Operating	The targeted operating fund reserve is designed to ensure coverage for the cash flow (liquidity) requirements of day-to-day operations between April and December when the District experiences a prolonged gap in revenue receipts from Marin County. The target amount is calculated to be 50% of budgeted operating expenditures.
2 Emergency reserve	Operating	The targeted emergency reserve is designed for use during operational or financial emergencies. Emergencies constitute significant unforeseen events that have a dramatic and immediate impact on the operations, assets or financial condition of the District. The target amount is calculated to be the larger of either \$2,000,000 or 10% of budgeted operating expenditures.
3 Capital improvement reserve	Capital	The targeted capital improvement reserve is to satisfy annual cash flow requirements and ensure continuity in executing the CIP. This reserve should be drawn down during years of higher-than-average capital spending. Conversely, the District should build this reserve during years when capital spending is below average. Having such a reserve is an integral component of a “Pay-as-you-Go” model. The target amount is calculated to be 50% of the average annual capital expenditures forecasted in the current 5-year or 10-year CIP.

Consistent with the Modified Accrual Basis of Accounting, the District’s reserves fall under the categories of fund balance that represent the net equity ownership in the assets leftover after all current liabilities are taken into account. Under this Basis of Accounting, there are five categories of fund balance:

- *Non-spendable fund balance* – Amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The District does not deem this to be an applicable category for its internal tracking of fund balance given supplies inventory purchased or insurance prepaid in advance are used within the fiscal year.
- *Restricted fund balance* – The amount that is restricted for specific purposes by either (a) external third-party entities, such as creditors, grantors, contributors, or laws or regulations of other



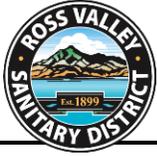
governments, or (b) impositions by law through constitutional provisions or enabling legislation. The District maintains several arrangements where certain proceeds collected can only be used for a specific purpose as required by its respective trustee or indenture debt agreement, e.g., CalPERS CEPPT for pension purposes, bond trust investment income proceeds for debt service, CRAD trust investment income proceeds for the special assessment remittance.

- *Committed fund balance* – The amount that can only be used for specific purposes pursuant to constraints imposed by the most binding formal action of the government’s highest level of decision-making authority, i.e., District’s Board of Directors via the approved Financial Policies. The District’s internal reserves are classified under this category of fund balance.
- *Assigned fund balance* – The amount that is constrained by the government’s intent to be used for specific purposes but is not restricted or committed. The District does not deem this to be an applicable category for its internal tracking of fund balance given the District’s Board approved Financial Policies are fairly robust in delineating what collected proceeds can be spent for and the District does not track specific programs where it can only be funded with specific sources for which is not already accounted for using the committed fund balance.
- *Unassigned fund balance* – The residual classification.

Consistent with the District’s Financial Policy #7, the District is to its unassigned fund balance first before it is to use funds designated from its committed fund balance, or reserves.

For further information regarding District reserve policies and practices, please refer to the District Financial Policies at <https://www.rvsd.org/169/Financial-Stewardship>.

Tables 31 and 32 on the following pages show the District’s Fund Balance activity for all applicable categories from FY22 through its budgeted FY24 period.



ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Table 31 – Operating Fund Balance

	Actual FY2022	Budget FY2023	Projected FY2023	Budget FY2024	Budget YoY \$ Change	Budget YoY % Change
(RESTRICTED) CANYON ROAD TRUST						
1 Beginning balance	\$ 14,187	\$ 8,545	\$ 8,545	\$ 13,045	\$ 4,500	52.66%
2 Investment income, net	34	-	100	200	200	0.00%
3 Financial reporting adjustment	(5,048)	-	-	-	-	0.00%
4 Funds transfer in/(out) - unassigned	(628)	4,400	4,400	(700)	(5,100)	-115.91%
5 Ending balance	8,545	12,945	13,045	12,545	(400)	-3.09%
(RESTRICTED) CEPPT PENSION TRUST						
6 Beginning balance	866,917	7,751,934	7,751,934	7,312,034	(439,900)	-5.67%
7 Investment income, net	(114,983)	278,000	71,300	71,300	(206,700)	-74.35%
8 Funds transfer in/(out) - unassigned	7,000,000	(681,600)	(511,200)	-	681,600	100.00%
9 Ending balance	7,751,934	7,348,334	7,312,034	7,383,334	35,000	0.48%
(COMMITTED) OPERATING RESERVE						
10 Beginning balance	10,084,000	10,306,000	10,306,000	10,723,000	417,000	4.05%
11 Funds transfer in/(out) - unassigned	222,000	417,000	417,000	616,000	199,000	47.72%
12 Ending balance	10,306,000	10,723,000	10,723,000	11,339,000	616,000	5.74%
13 Committed reserve target	10,306,000	10,723,000	10,723,000	11,339,000	616,000	5.74%
(COMMITTED) EMERGENCY RESERVE						
14 Beginning balance	2,000,000	2,061,000	2,061,000	2,145,000	84,000	4.08%
15 Funds transfer in/(out) - unassigned	61,000	84,000	84,000	123,000	39,000	46.43%
16 Ending balance	2,061,000	2,145,000	2,145,000	2,268,000	123,000	5.73%
17 Committed reserve target	2,061,000	2,145,000	2,145,000	2,268,000	123,000	5.73%
UNASSIGNED FUND BALANCE						
18 Beginning balance	7,325,387	-	-	-	-	0.00%
<i>Operating fund net results:</i>						
19 Total revenue	25,041,983	26,782,000	27,069,400	28,693,200	1,911,200	7.14%
20 Total expenditures	(18,947,544)	(21,247,000)	(20,656,200)	(22,678,800)	(1,431,800)	-6.74%
21 Financial reporting adjustment	1,739,307	-	-	-	-	0.00%
22 Funds transfer in/(out) - Canyon Road	628	(4,400)	(4,400)	700	5,100	115.91%
23 Funds transfer in/(out) - CEPPT	(7,000,000)	681,600	511,200	-	(681,600)	-100.00%
24 Funds transfer in/(out) - OP Reserve	(222,000)	(417,000)	(417,000)	(616,000)	(199,000)	-47.72%
25 Funds transfer in/(out) - Emergency	(61,000)	(84,000)	(84,000)	(123,000)	(39,000)	-46.43%
26 Funds transfer in/(out) - Cap unassigned	(7,876,762)	(5,711,200)	(6,419,000)	(5,276,100)	435,100	7.62%
27 Ending balance	-	-	-	-	-	0.00%
28 Total fund beginning balance	20,290,492	20,127,480	20,127,480	20,193,080	65,600	0.33%
29 Total net change in fund balance	5,979,490	5,813,000	6,484,600	6,085,900	272,900	4.69%
30 Total financial reporting adjustment	1,734,260	-	-	-	-	0.00%
31 Total fund net transfer in/(out)	(7,876,762)	(5,711,200)	(6,419,000)	(5,276,100)	435,100	7.62%
32 Total fund ending balance	\$ 20,127,480	\$ 20,229,280	\$ 20,193,080	\$ 21,002,880	\$ 773,600	3.82%

The Operating Fund is expected to increase its total fund balance by 3.82% going into FY24 relative to its FY23 budgeted position as a result of the Fund’s expected net surplus amount of \$6.41 million to be received. A Fund’s net result is the difference between its funding sources and requirements. As such, the Operating Fund is expected to both fund its committed fund balance target reserves and continue supporting the Capital Fund’s CIP. Total financial support expected for the Capital Fund is \$5.3 million.

ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

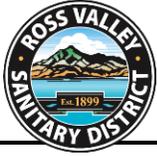


Table 32 – Capital Fund Balance

	Actual FY2022	Budget FY2023	Projected FY2023	Budget FY2024	Budget YoY \$ Change	Budget YoY % Change
(RESTRICTED) BOND TRUST						
1 Beginning balance	\$ 1,622,697	\$ 1,573,048	\$ 1,573,048	\$ 1,524,146	\$ (48,902)	-3.11%
2 Investment income, net	40	-	5,500	28,200	28,200	100.00%
3 Financial reporting adjustment	-	-	-	-	-	0.00%
4 Funds transfer in/(out) - unassigned	(49,689)	(55,000)	(54,402)	(85,400)	(30,400)	-55.27%
5 Ending balance	1,573,048	1,518,048	1,524,146	1,466,946	(51,101)	-3.37%
(RESTRICTED) SWRCB SRF FUNDS						
6 Beginning balance	-	-	-	67,085	67,085	100.00%
7 Funds transfer in/(out) - unassigned	-	-	67,085	-	-	0.00%
8 Ending balance	-	-	67,085	67,085	67,085	100.00%
(COMMITTED) CAPITAL IMPROVEMENT RESERVE						
9 Beginning balance	2,041,000	2,596,377	2,596,377	3,598,594	1,002,217	38.60%
10 Funds transfer in/(out) - unassigned	555,377	(2,596,377)	1,002,217	(3,516,300)	(919,924)	-35.43%
11 Ending balance	2,596,377	-	3,598,594	82,293	82,293	100.00%
12 Committed reserve target	1,583,000	6,445,000	6,445,000	5,250,000	(1,195,000)	-18.54%
UNASSIGNED FUND BALANCE						
13 Beginning balance	-	-	-	-	-	0.00%
<i>Capital fund net results:</i>						
14 Total revenue	9,224,038	9,876,000	11,717,400	10,150,200	274,200	2.78%
15 Total expenditures	(16,595,112)	(19,381,000)	(17,121,500)	(19,028,000)	353,000	1.82%
16 Funds transfer in/(out) - Bonds	49,689	55,000	54,402	85,400	30,400	55.27%
17 Funds transfer in/(out) - SRF	-	-	(67,085)	-	-	0.00%
18 Funds transfer in/(out) - Cap Imp	(555,377)	2,596,377	(1,002,217)	3,516,300	919,924	35.43%
19 Funds transfer in/(out) - OP unassigned	7,876,762	5,711,200	6,419,000	5,276,100	(435,100)	-7.62%
20 Ending balance	-	(1,142,423)	-	-	1,142,423	100.00%
21 Total fund beginning balance	3,663,697	4,169,424	4,169,424	5,189,824	1,020,400	24.47%
22 Total net change in fund balance	(7,371,034)	(9,505,000)	(5,398,600)	(8,849,600)	655,400	6.90%
23 Total financial reporting adjustment	-	-	-	-	-	0.00%
24 Total fund net transfer in/(out)	7,876,762	5,711,200	6,419,000	5,276,100	(435,100)	-7.62%
25 Total fund ending balance	\$ 4,169,424	\$ 375,624	\$ 5,189,824	\$ 1,616,324	\$ 1,240,700	330.30%

The Capital Fund is expected to increase its total fund balance by 330.3% going into FY24 relative to its FY23 budgeted position because of the Fund’s collection of the \$1.7 million SRF proceeds in FY23, budget savings of \$1.7 million from FY23’s lower capital expenditures, and additional financial assistance from the Operating Fund in the amount of \$0.7 million. All three elements resulted in an approximate \$1 million increase in FY23 ending total fund balance. So, the Capital Fund has flexibility in its final ending fund balance budgeted for FY24 relative to FY23 budgeted amount even with the \$5.3 million in financial support from the Operating Fund.

Anticipated in FY24, however, is that the Capital Fund’s committed fund balance reserve (Capital Improvement Reserve) is not expected to be at its calculated target of \$5.2 million. The expected drawdown is from relatively high planned CIP expenditures going into FY24. The District understands the end of year drawdown impact is not ideal as per its internal Financial Policies. However, the District expects to begin replenishing the reserve in FY26. Please refer to *Chapter 21* for the District’s Five-Year Forecast.



(19) Pension Funding Plan

The District participates in the CalPERS system to pool its defined benefit retirement obligation along with other public agencies throughout the State of California. However, CalPERS' investments over a span of years were underperforming relative to the promised benefit formula for all members participating within the pool. This underperformance led to the development of an unfunded portion of the plan's expected benefit payments where the plan theoretically would not have plan assets to payout when an employee retires. CalPERS began requiring plan participants to contribute more to the plan in addition to the normal cost to stabilize the performance. Thus, annually, the District is required to contribute an amount based on net normal cost expressed as a percent of payroll ("normal costs") and an additional cash amount toward paying off its "unfunded actuarial liability" (UAL).

In April 2019, the Board developed a strategy to fully fund its pension liability by committing an additional \$350,000 contribution each year for 12 years. This contribution is supplementary to the required normal costs and UAL payments. In May 2020, the Board established a California Employers' Pension Prefunding Trust (CEPPT) account with CalPERS for the purpose of "pre-funding" the District's required pension contributions. The CEPPT is a Section 115 irrevocable trust fund that provides an investment vehicle for pre-funding pension liabilities. The funding plan has two objectives:

- 1) Build assets in an investment account earning a higher rate of return relative to the District's money market cash account (LAIF), and
- 2) Use the accumulated proceeds to make payments towards CalPERS' required UAL contributions or additional discretionary contributions until the UAL is fully paid.

The CEPPT allows the District to pre-fund its future pension costs, accumulate assets over time, and help manage long-term costs. The District had accumulated sufficient proceeds from its budget savings over the past several years and, in FY23, the District accelerated its funding plan by investing \$7 million in its CEPPT.

CalPERS' Actuarial Valuations (Classic and PEPR) as of June 30, 2021 set required contributions for FY24 and projected the District's UAL balance at \$8.1 million. As of June 30, 2023, the District's Section 115 end balance is \$7.4 million resulting in a pro forma funding ratio of 91%.

For further information on the investment performance of CalPERS, please refer to the actuarial and valuation reports located at <https://www.calpers.ca.gov>.



(20) OPEB Funding Plan

In April 2019, the District's Board adopted an Other Post-Employment Benefit (OPEB) prefunding plan to "fully fund" its OPEB UAL. The plan specified annual contributions of \$100,000 over six years to its Section 115 trust (CERBT) held with California Public Employees Retirement System (CalPERS). The original plan amount and timing were informed by the District's consulting actuarial analysis with the goal of achieving fully funded status by 2025.

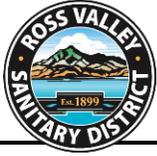
The District historically administered an OPEB plan to provide a post-employment benefit as a reward for long-term service by reimbursing a portion of the employee's medical insurance premium after retirement to age 65 (Medicare eligible). In 2019, the District adopted an Enhanced Retiree Medical Benefit (ERMB) to increase the defined benefit for life based on years of service. The offset of having the increase to the retiree medical benefit was the inclusion of non-refundable contributions from current employees to provide 100% funding for the augmented benefit. The added benefit provision increased the OPEB UAL in the FY21 actuarial report by \$400,000. The original funding goal was for six years at the current contribution rate. Based on a presentation by the District's consulting actuary, the Board will increase its share of contributions to \$280,000 in FY24 to maintain the current funding goal timeline of 2025.

The funding plan has two objectives:

- 1) Build assets in an investment account earning a higher rate of return relative to the District's money market cash account (LAIF), and
- 2) Use the accumulated proceeds to make payments towards the plan's required benefit disbursements and gradually increase the plan's funding ratio for reporting purposes.

Given the volatility in healthcare costs as well as the addition of the ERMB, the District will closely monitor the performance of the OPEB UAL and make annual contributions of \$280,000 to its Section 115 trust to meet its desired funding target within its original timeline of 2025. This approach will allow for employee contributions to continue to fund the augmented benefit while providing a framework to reduce the OPEB UAL within the expected time frame.

For further information on the District's OPEB valuation, please refer to the posted valuation reports listed here: <https://www.rvsd.org/Archive.aspx?AMID=39&Type=&ADID=>.



(21) Five-Year Forecast

The District adopts with each budget a five-year financial forecast to accompany it. The forecast is a model of revenues, expenses, and reserves, and sets forth the strategic plan to guide funding-sources-and-uses-decisions for the operating and capital budgets. The financial forecast consists of several components that comparably display the anticipated results given the most likely set of assumptions about revenue and expenditure growth and reserve contributions or usages.

The forecast assumptions applied are the following:

Table 33 – Forecast Assumptions

Note	Assumption
1	Note 1 CMSA JPA Charges follow the approved 5-Year Rate Schedule of 4% in FY25 and then grow at 3.5% from FY26 through FY28.
2	Note 2 Personnel costs are expected to grow based on annual COLA of 3% to 5% going from FY25 to the end of the forecast period; healthcare benefit costs are expected to grow 7% annually; CalPERS pension contributions are frozen using FY24's contribution rates and UAL schedule from the actuarial reports; otherwise follows pension/OPEB funding plan.
3	Note 3 Flat 3% growth as per long-term inflation.
4	Note 4 Utilities expected to grow 5% in FY25 due to energy costs; all other grows at 2% annually for basic inflation.
5	Note 5 Insurance premiums to grow on average by 10% annually due to higher insurance pool losses.
6	Note 6 Special assessment remittance follows amortization schedule; to sunset in FY26.
7	Note 7 Follows CIP plan.
8	Note 8 Follows debt service schedule.
9	Note 9 SSC to grow 4% in FY25 and FY26, then grow 3.5% annually.
10	Note 10 Property taxes to grow 5% annually.
11	Note 11 Investment income to follow short-term Treasury rate plan by US Federal Reserve.
12	Note 12 Follows lease schedule with 2% annual escalator.
13	Note 13 Held constant.
14	Note 14 No new debt to be issued.
15	Note 15 Negligible collected fees.

ROSS VALLEY SANITARY DISTRICT
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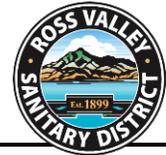
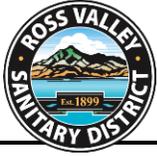


Table 34 – Forecasted Sources & Uses (Consolidated)

	Forecast Note	Projected FY2023	Budget FY2024	Forecast FY2025	Forecast FY2026	Forecast FY2027	Forecast FY2028	Forecast FY2029	
USE OF FUNDS									
1	CMSA JPA charges	Note 1	\$ 8,869,000	\$ 9,233,900	\$ 9,617,600	\$ 10,002,300	\$ 10,352,400	\$ 10,714,700	\$ 11,089,700
2	Personnel costs	Note 2	7,856,800	8,678,400	9,102,600	9,137,500	9,488,200	9,792,200	10,125,500
3	Infrastructure maintenance	Note 3	622,500	881,000	736,600	753,000	755,000	773,200	791,900
4	Facilities & vehicles maintenance	Note 3	395,000	522,000	506,800	522,000	537,700	553,800	570,500
5	Utilities & rental charges	Note 4	778,900	806,300	802,400	812,000	821,700	831,500	841,700
6	Insurance premiums & deductibles	Note 5	357,900	528,300	587,600	629,900	674,000	719,100	768,900
7	Software renewal costs	Note 3	346,500	383,700	398,500	405,000	413,500	413,800	420,900
8	Supplies	Note 3	85,500	113,000	116,400	119,900	123,500	127,100	130,900
9	Training costs	Note 3	187,300	267,900	275,700	283,500	291,400	299,600	307,900
10	Hiring & temporary help	Note 3	78,500	40,000	41,300	42,600	43,900	45,200	46,600
11	Employee loan disbursements	Note 3	4,100	15,000	15,500	16,000	16,500	17,000	17,500
12	Professional services charges	Note 3	652,800	805,000	633,700	615,100	621,700	626,500	683,400
13	Special assessment remittance	Note 6	38,200	41,900	40,600	39,300	35,900	-	-
14	Other charges	Note 3	383,200	362,400	343,000	350,300	357,800	365,400	373,100
	<i>Total operating use of funds before capital activities</i>		20,656,200	22,678,800	23,218,300	23,728,400	24,533,200	25,279,100	26,168,500
16	Capital projects	Note 7	8,955,900	10,630,000	9,030,000	7,479,000	8,365,000	9,418,800	9,515,000
17	Debt service charges	Note 8	6,645,600	6,708,000	6,707,000	6,711,900	6,720,000	6,710,600	6,713,400
18	Fixed asset procurement	Note 7	1,049,600	1,090,000	1,210,000	500,000	1,000,000	780,000	780,000
19	Engineering studies	Note 7	20,400	-	-	-	-	-	-
20	Lateral replacement program	Note 7	450,000	600,000	600,000	600,000	600,000	600,000	600,000
21	<i>Total capital uses of funds</i>		17,121,500	19,028,000	17,547,000	15,290,900	16,685,000	17,509,400	17,608,400
22	Total funding requirements		37,777,700	41,706,800	40,765,300	39,019,300	41,218,200	42,788,500	43,776,900
SOURCES OF FUNDS									
23	Sewer service charges	Note 9	25,971,200	27,450,900	28,551,300	29,695,700	30,737,100	31,814,900	32,930,400
24	Ad valorem - property taxes	Note 10	9,586,100	9,821,400	10,329,100	10,861,500	11,444,200	12,053,600	12,641,000
25	Investment income	Note 11	533,200	761,000	678,100	503,300	506,700	645,800	715,300
26	Lease fees	Note 12	350,300	407,000	416,100	424,500	432,900	441,100	449,600
27	Permit fees	Note 13	174,900	160,000	160,000	160,000	160,000	160,000	160,000
28	Capacity permit fees	Note 13	188,900	200,000	200,000	200,000	200,000	200,000	200,000
29	Special assessment collection	Note 7	42,600	41,200	39,900	31,600	-	-	-
30	Lateral loan repayments	Note 8	80,000	90,600	117,500	131,200	135,600	147,200	150,900
31	Employee loan repayments	Note 3	4,600	10,400	15,300	15,800	16,300	16,800	17,300
32	Proceeds from debt financing	Note 14	1,708,300	-	-	-	-	-	-
33	Net proceeds from asset sale	Note 15	132,400	-	-	-	-	-	-
34	Miscellaneous fees	Note 15	91,200	600	600	600	-	-	-
	<i>Total funding sources before adjustment for restricted sources of funds</i>		38,863,700	38,943,100	40,507,900	42,024,200	43,632,800	45,479,400	47,264,500
36	Restricted investment income		76,900	99,700	167,800	162,500	162,200	240,700	245,100
	<i>Total funding sources before unassigned fund balance increase/(usage)</i>		38,786,800	38,843,400	40,340,100	41,861,700	43,470,600	45,238,700	47,019,400
38	Restricted reserve transfer in/(out)		494,117	86,100	84,222	76,183	71,870	69,680	71,886
39	Committed reserve transfer in/(out)		(1,503,217)	2,777,300	(241,707)	(2,335,898)	(2,324,270)	(2,199,832)	(747,000)
40	Financial reporting adjustment		-	-	-	-	-	-	-
41	<i>Total unassigned fund balance increase/(usage)</i>		(1,009,100)	2,863,400	(157,485)	(2,259,715)	(2,252,400)	(2,130,152)	(675,114)
42	Total funding sources		\$ 37,777,700	\$ 41,706,800	\$ 40,182,615	\$ 39,601,985	\$ 41,218,200	\$ 43,108,548	\$ 46,344,286



ROSS VALLEY SANITARY DISTRICT
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Table 35 – Operating Fund Forecast (Sources & Uses)

	Projected FY2023	Budget FY2024	Forecast FY2025	Forecast FY2026	Forecast FY2027	Forecast FY2028	Forecast FY2029
USES OF FUNDS							
1 CMSA JPA charges							
2 Treatment charges	\$ 6,411,000	\$ 6,788,100	\$ 7,172,200	\$ 7,582,400	\$ 7,301,100	\$ 7,688,100	\$ 8,062,800
3 Debt service charges	2,458,000	2,445,800	2,445,400	2,419,900	3,051,300	3,026,600	3,026,900
4 Personnel costs							
5 District employees	7,817,000	8,628,100	9,053,300	9,087,200	9,438,900	9,741,900	10,076,200
6 District Board of Directors	39,800	50,300	49,300	50,300	49,300	50,300	49,300
7 Infrastructure maintenance	622,500	881,000	736,600	753,000	755,000	773,200	791,900
8 Facilities & vehicles maintenance	395,000	522,000	506,800	522,000	537,700	553,800	570,500
9 Utilities & rental charges	778,900	806,300	802,400	812,000	821,700	831,500	841,700
10 Insurance premiums & deductibles	357,900	528,300	587,600	629,900	674,000	719,100	768,900
11 Software renewal costs	346,500	383,700	398,500	405,000	413,500	413,800	420,900
12 Professional services charges	652,800	805,000	633,700	615,100	621,700	626,500	683,400
13 Training costs	187,300	267,900	275,700	283,500	291,400	299,600	307,900
14 Hiring & temporary help	78,500	40,000	41,300	42,600	43,900	45,200	46,600
15 Supplies	85,500	113,000	116,400	119,900	123,500	127,100	130,900
16 Special assessment remittance	38,200	41,900	40,600	39,300	35,900	-	-
17 Employee loan disbursements	4,100	15,000	15,500	16,000	16,500	17,000	17,500
18 Other charges	383,200	362,400	343,000	350,300	357,800	365,400	373,100
19 Total expenditure uses	20,656,200	22,678,800	23,218,300	23,728,400	24,533,200	25,279,100	26,168,500
SOURCES OF FUNDS							
20 Sewer service charges	25,971,200	27,450,900	28,551,300	29,695,700	30,737,100	31,814,900	32,930,400
21 Investment income	506,000	694,600	610,000	443,100	451,300	592,700	663,800
22 Permit fees	174,900	160,000	160,000	160,000	160,000	160,000	160,000
23 Lease fees	350,300	407,000	416,100	424,500	432,900	441,100	449,600
24 Employee loan repayments	4,600	10,400	15,300	15,800	16,300	16,800	17,300
25 Special assessment collection	42,600	41,200	39,900	31,600	-	-	-
26 Miscellaneous fees	91,200	600	600	600	-	-	-
27 Total revenue sources	27,140,800	28,764,700	29,793,200	30,771,300	31,797,600	33,025,500	34,221,100
28 Net change in total fund balance	6,484,600	6,085,900	6,574,900	7,042,900	7,264,400	7,746,400	8,052,600
RESTRICTED SOURCES OF FUNDS							
29 CRAD trust (res) investment income	100	200	200	-	-	-	-
30 Pension trust (res) investment income	71,300	71,300	144,000	145,400	148,300	226,800	231,200
31 Total restricted sources of funds	71,400	71,500	144,200	145,400	148,300	226,800	231,200
32 Net change in unassigned fund balance	6,413,200	6,014,400	6,430,700	6,897,500	7,116,100	7,519,600	7,821,400
UNASSIGNED FUND BALANCE ACTIVITY							
33 Operating fund transfer in/(out)	(6,419,000)	(5,276,100)	(6,107,400)	(6,599,200)	(6,637,445)	(6,751,552)	(4,721,014)
34 CRAD trust (res) net transfer in/(out)	(4,400)	700	700	7,700	4,345	-	-
35 Pension trust (res) net transfer in/(out)	511,200	-	-	-	-	-	-
36 Operating (com) net transfer in/(out)	(417,000)	(616,000)	(270,000)	(255,000)	(403,000)	(373,000)	(444,000)
37 Emergency (com) net transfer in/(out)	(84,000)	(123,000)	(54,000)	(51,000)	(80,000)	(75,000)	(89,000)
38 Financial reporting adjustment ¹	-	-	-	-	-	-	-
39 Net fund balance increase/(usage)	-	-	-	-	-	320,048	2,567,386
40 Total fund balance - beginning	20,127,480	20,193,080	21,002,880	21,470,380	21,914,080	22,541,034	23,535,882
41 Total fund balance - ending ²	\$ 20,193,080	\$ 21,002,880	\$ 21,470,380	\$ 21,914,080	\$ 22,541,034	\$ 23,535,882	\$ 26,867,468

Note 1 - This balance represents a recognition timing difference between the full accrual basis and modified accrual basis of accounting.

Note 2 - This balance includes all restricted, committed and unassigned fund balance metrics.

ROSS VALLEY SANITARY DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2024

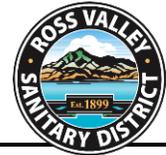
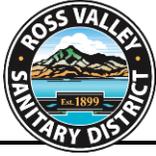


Table 36 – Capital Fund Forecast (Sources & Uses)

	Projected FY2023	Budget FY2024	Forecast FY2025	Forecast FY2026	Forecast FY2027	Forecast FY2028	Forecast FY2029
USES OF FUNDS							
1 Debt service charges							
2 Principal	\$ 2,760,000	\$ 2,930,300	\$ 3,063,800	\$ 3,209,400	\$ 3,339,900	\$ 3,460,500	\$ 3,601,000
3 Interest	3,885,600	3,777,700	3,643,200	3,502,500	3,380,100	3,250,100	3,112,400
4 Capital projects	8,955,900	10,630,000	9,030,000	7,479,000	8,365,000	9,418,800	9,515,000
5 Engineering studies	20,400	-	-	-	-	-	-
6 Fixed asset procurement	1,049,600	1,090,000	1,210,000	500,000	1,000,000	780,000	780,000
7 Lateral replacement program							
8 Lateral grant program	300,000	400,000	400,000	400,000	400,000	400,000	400,000
9 Lateral loan program	150,000	200,000	200,000	200,000	200,000	200,000	200,000
10 Total expenditure uses	17,121,500	19,028,000	17,547,000	15,290,900	16,685,000	17,509,400	17,608,400
SOURCES OF FUNDS							
11 Ad valorem - property taxes	9,586,100	9,821,400	10,329,100	10,861,500	11,444,200	12,053,600	12,641,000
12 Capacity permit fees	188,900	200,000	200,000	200,000	200,000	200,000	200,000
13 Proceeds from debt financing	1,708,300	-	-	-	-	-	-
14 Lateral loan repayments	80,000	90,600	117,500	131,200	135,600	147,200	150,900
15 Investment income	27,200	66,400	68,100	60,200	55,400	53,100	51,500
16 Net proceeds from asset sale	132,400	-	-	-	-	-	-
17 Miscellaneous fees	-	-	-	-	-	-	-
18 Total revenue sources	11,722,900	10,178,400	10,714,700	11,252,900	11,835,200	12,453,900	13,043,400
19 Net change in total fund balance	(5,398,600)	(8,849,600)	(6,832,300)	(4,038,000)	(4,849,800)	(5,055,500)	(4,565,000)
RESTRICTED SOURCES OF FUNDS							
20 Bond trust (res) investment income	5,500	28,200	23,600	17,100	13,900	13,900	13,900
21 Net change in unassigned fund balance	(5,404,100)	(8,877,800)	(6,855,900)	(4,055,100)	(4,863,700)	(5,069,400)	(4,578,900)
UNASSIGNED FUND BALANCE ACTIVITY							
22 Operating fund transfer in/(out)	6,419,000	5,276,100	6,107,400	6,599,200	6,637,445	6,751,552	4,721,014
23 Bond trust (res) net transfer in/(out)	54,402	85,400	83,522	68,483	67,525	69,680	71,886
24 SRF loan funds (res) net transfer in/(out)	(67,085)	-	-	-	-	-	-
25 Capital Imp (com) net transfer in/(out)	(1,002,217)	3,516,300	82,293	(2,029,898)	(1,841,270)	(1,751,832)	(214,000)
26 Net fund balance increase/(usage)	-	-	(582,685)	582,685	-	-	-
27 Total fund balance - beginning	4,169,424	5,189,824	1,616,324	891,424	3,452,624	5,240,270	6,936,322
28 Total fund balance - ending ¹	\$ 5,189,824	\$ 1,616,324	\$ 891,424	\$ 3,452,624	\$ 5,240,270	\$ 6,936,322	\$ 7,092,336

Note 1 - This balance includes all restricted, committed and unassigned fund balance metrics.



ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Table 37 – Operating Fund Forecast (Fund Balance)

	Projected FY2023	Budget FY2024	Forecast FY2025	Forecast FY2026	Forecast FY2027	Forecast FY2028	Forecast FY2029
(RESTRICTED) CANYON ROAD TRUST							
1 Beginning balance	\$ 8,545	\$ 13,045	\$ 12,545	\$ 12,045	\$ 4,345	\$ -	\$ -
2 Investment income, net	100	200	200	-	-	-	-
3 Financial reporting adjustment	-	-	-	-	-	-	-
4 Funds transfer in/(out) - unassigned	4,400	(700)	(700)	(7,700)	(4,345)	-	-
5 Ending balance	13,045	12,545	12,045	4,345	-	-	-
(RESTRICTED) CEPPT PENSION TRUST							
6 Beginning balance	7,751,934	7,312,034	7,383,334	7,527,334	7,672,734	7,821,034	8,047,834
7 Investment income, net	71,300	71,300	144,000	145,400	148,300	226,800	231,200
8 Funds transfer in/(out) - unassigned	(511,200)	-	-	-	-	-	-
9 Ending balance	7,312,034	7,383,334	7,527,334	7,672,734	7,821,034	8,047,834	8,279,034
(COMMITTED) OPERATING RESERVE							
10 Beginning balance	10,306,000	10,723,000	11,339,000	11,609,000	11,864,000	12,267,000	12,640,000
11 Funds transfer in/(out) - unassigned	417,000	616,000	270,000	255,000	403,000	373,000	444,000
12 Ending balance	10,723,000	11,339,000	11,609,000	11,864,000	12,267,000	12,640,000	13,084,000
13 <i>Committed reserve target</i>	<i>10,723,000</i>	<i>11,339,000</i>	<i>11,609,000</i>	<i>11,864,000</i>	<i>12,267,000</i>	<i>12,640,000</i>	<i>13,084,000</i>
(COMMITTED) EMERGENCY RESERVE							
14 Beginning balance	2,061,000	2,145,000	2,268,000	2,322,000	2,373,000	2,453,000	2,528,000
15 Funds transfer in/(out) - unassigned	84,000	123,000	54,000	51,000	80,000	75,000	89,000
16 Ending balance	2,145,000	2,268,000	2,322,000	2,373,000	2,453,000	2,528,000	2,617,000
17 <i>Committed reserve target</i>	<i>2,145,000</i>	<i>2,268,000</i>	<i>2,322,000</i>	<i>2,373,000</i>	<i>2,453,000</i>	<i>2,528,000</i>	<i>2,617,000</i>
UNASSIGNED FUND BALANCE							
18 Beginning balance	-	-	-	-	-	-	320,048
<i>Operating fund net results:</i>							
19 Total revenue	27,069,400	28,693,200	29,649,000	30,625,900	31,649,300	32,798,700	33,989,900
20 Total expenditures	(20,656,200)	(22,678,800)	(23,218,300)	(23,728,400)	(24,533,200)	(25,279,100)	(26,168,500)
21 Financial reporting adjustment	-	-	-	-	-	-	-
22 Funds transfer in/(out) - Canyon Road	(4,400)	700	700	7,700	4,345	-	-
23 Funds transfer in/(out) - CEPPT	511,200	-	-	-	-	-	-
24 Funds transfer in/(out) - OP Reserve	(417,000)	(616,000)	(270,000)	(255,000)	(403,000)	(373,000)	(444,000)
25 Funds transfer in/(out) - Emergency	(84,000)	(123,000)	(54,000)	(51,000)	(80,000)	(75,000)	(89,000)
26 Funds transfer in/(out) - Cap unassigned	(6,419,000)	(5,276,100)	(6,107,400)	(6,599,200)	(6,637,445)	(6,751,552)	(4,721,014)
27 Ending balance	-	-	-	-	-	320,048	2,887,434
28 Total fund beginning balance	20,127,480	20,193,080	21,002,880	21,470,380	21,914,080	22,541,034	23,535,882
29 Total net change in fund balance	6,484,600	6,085,900	6,574,900	7,042,900	7,264,400	7,746,400	8,052,600
30 Total financial reporting adjustment	-	-	-	-	-	-	-
31 Total fund net transfer in/(out)	(6,419,000)	(5,276,100)	(6,107,400)	(6,599,200)	(6,637,445)	(6,751,552)	(4,721,014)
32 Total fund ending balance	\$ 20,193,080	\$ 21,002,880	\$ 21,470,380	\$ 21,914,080	\$ 22,541,034	\$ 23,535,882	\$ 26,867,468

ROSS VALLEY SANITARY DISTRICT
ANNUAL BUDGET
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

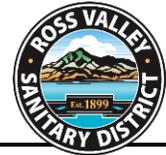
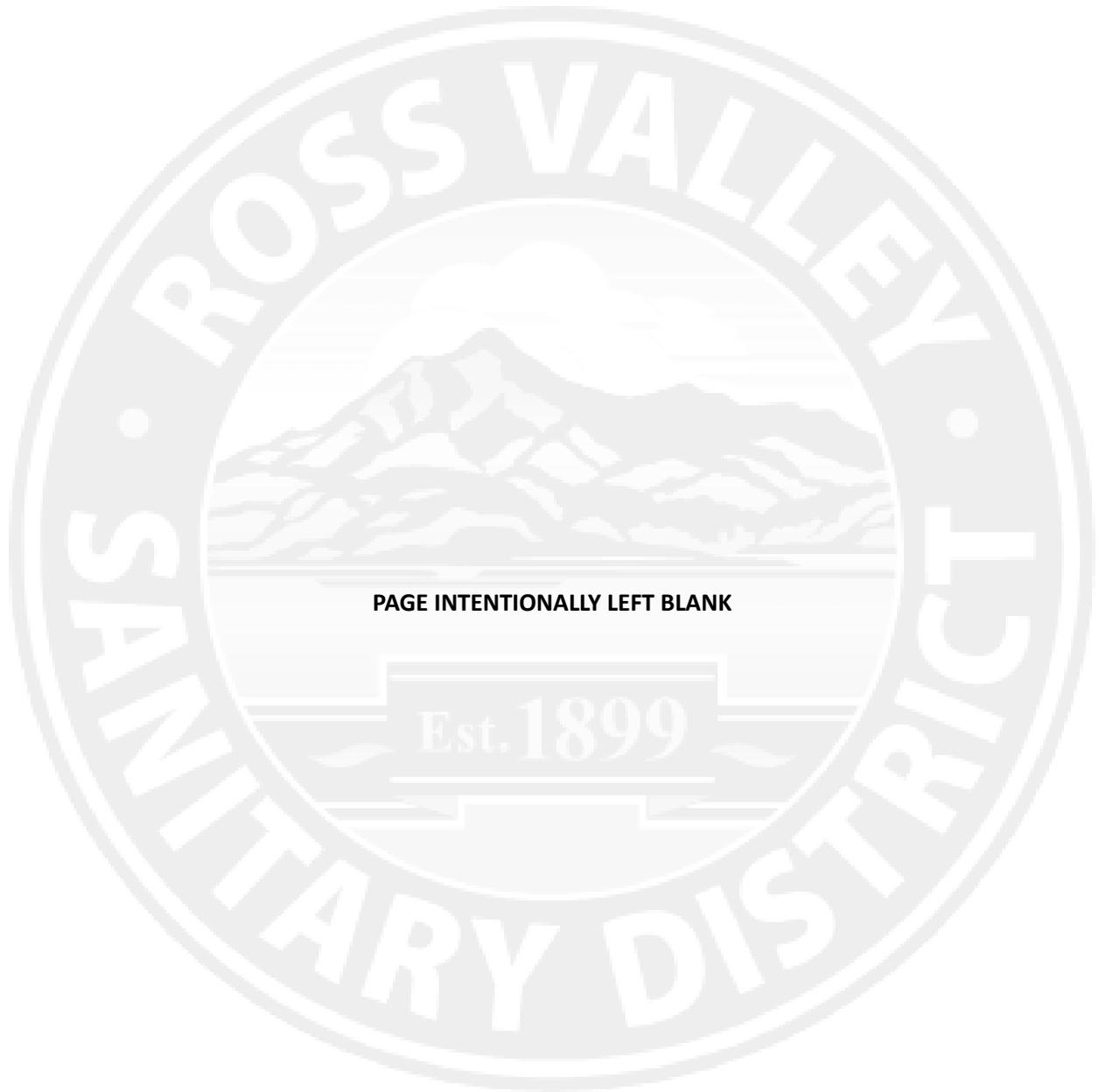


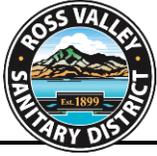
Table 38 – Capital Fund Forecast (Fund Balance)

	Projected FY2023	Budget FY2024	Forecast FY2025	Forecast FY2026	Forecast FY2027	Forecast FY2028	Forecast FY2029
(RESTRICTED) BOND TRUST							
1 Beginning balance	\$ 1,573,048	\$ 1,524,146	\$ 1,466,946	\$ 1,407,024	\$ 1,355,641	\$ 1,302,017	\$ 1,246,237
2 Investment income, net	5,500	28,200	23,600	17,100	13,900	13,900	13,900
3 Financial reporting adjustment	-	-	-	-	-	-	-
4 Funds transfer in/(out) - unassigned	(54,402)	(85,400)	(83,522)	(68,483)	(67,525)	(69,680)	(71,886)
5 Ending balance	1,524,146	1,466,946	1,407,024	1,355,641	1,302,017	1,246,237	1,188,251
(RESTRICTED) SWRCB SRF FUNDS							
6 Beginning balance	-	67,085	67,085	67,085	67,085	67,085	67,085
7 Funds transfer in/(out) - unassigned	67,085	-	-	-	-	-	-
8 Ending balance	67,085	67,085	67,085	67,085	67,085	67,085	67,085
(COMMITTED) CAPITAL IMPROVEMENT RESERVE							
9 Beginning balance	2,596,377	3,598,594	82,293	-	2,029,898	3,871,168	5,623,000
10 Funds transfer in/(out) - unassigned	1,002,217	(3,516,300)	(82,293)	2,029,898	1,841,270	1,751,832	214,000
11 Ending balance	3,598,594	82,293	-	2,029,898	3,871,168	5,623,000	5,837,000
12 Committed reserve target	6,445,000	5,250,000	5,108,000	5,067,000	5,467,000	5,623,000	5,837,000
UNASSIGNED FUND BALANCE							
13 Beginning balance	-	-	-	(582,685)	(0)	-	-
<i>Capital fund net results:</i>							
14 Total revenue	11,717,400	10,150,200	10,691,100	11,235,800	11,821,300	12,440,000	13,029,500
15 Total expenditures	(17,121,500)	(19,028,000)	(17,547,000)	(15,290,900)	(16,685,000)	(17,509,400)	(17,608,400)
16 Funds transfer in/(out) - Bonds	54,402	85,400	83,522	68,483	67,525	69,680	71,886
17 Funds transfer in/(out) - SRF	(67,085)	-	-	-	-	-	-
18 Funds transfer in/(out) - Cap Imp	(1,002,217)	3,516,300	82,293	(2,029,898)	(1,841,270)	(1,751,832)	(214,000)
19 Funds transfer in/(out) - OP unassigned	6,419,000	5,276,100	6,107,400	6,599,200	6,637,445	6,751,552	4,721,014
20 Ending balance	-	-	(582,685)	-	-	-	-
21 Total fund beginning balance	4,169,424	5,189,824	1,616,324	891,424	3,452,624	5,240,270	6,936,322
22 Total net change in fund balance	(5,398,600)	(8,849,600)	(6,832,300)	(4,038,000)	(4,849,800)	(5,055,500)	(4,565,000)
23 Total financial reporting adjustment	-	-	-	-	-	-	-
24 Total fund net transfer in/(out)	6,419,000	5,276,100	6,107,400	6,599,200	6,637,445	6,751,552	4,721,014
25 Total fund ending balance	\$ 5,189,824	\$ 1,616,324	\$ 891,424	\$ 3,452,624	\$ 5,240,270	\$ 6,936,322	\$ 7,092,336



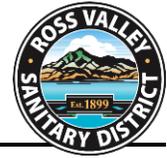
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APPENDIX



Appendix A – Acronym Listing

ACFR	Annual Comprehensive Financial Report
Admin	Administrative Services
CalPERS	California Public Employees’ Retirement System
Cap Imp	Capital Improvement Reserve
CCTV	Closed Circuit Television
CDO	Cease and Desist Order
CEPPT	California Employers’ Pension Prefunding Trust
CERBT	California Employers’ Retiree Benefit Trust
CIP	Capital Improvement Program
CMMS	Computerized Maintenance Management System
CMSA	Central Marin Sanitation Agency
COLA	Cost of Living Adjustment
CoF	Consequence of Failure
CPI	Consumer Price Index
CRAD	Canyon Road Assessment District
CSRMA	California Sanitation Risk Management Authority
EDU	Equivalent Dwelling Unit
E&I	Engineering & Inspections
EPA	Environmental Protection Agency
FTE	Full Time Equivalent
FY	Fiscal Year
GFOA	Government Finance Officers Association
GSIP	Gravity Sewer Improvement Project
IAMP	Infrastructure Asset Management Plan
IT	Information Technology
I&I	Inflow & Infiltration
JPA	Joint Powers Authority
LAIF	Local Agency Investment Fund
Lof	Likelihood of Failure
LS	Lift Station
MGD	Million Gallons per Day
MMWD	Marin Municipal Water District
O&M	Operations & Maintenance
OP	Operating
OPEB	Other Post-Employment Benefits
PayGo	Pay-as-you-Go
PS	Pump Station
RVSD	Ross Valley Sanitary District
SRF	State Revolving Fund
SRSD	San Rafael Sanitation District
SSC	Sewer Service Charge
SSMP	Sewer System Management Plan
SWRCB	State Water Resources Control Board



Appendix B – Glossary

Assets: Anything of material and economic value or usefulness that is owned by the entity.

Bond Premium: A bond that is priced higher than its stated face (par) value.

Capital Assets: Includes District land, pump stations, force mains, gravity sewer pipelines, lift stations, buildings, facilities, and equipment net of depreciation.

Capital Expenditure: An expenditure of \$5,000 or more that is used to purchase a capital asset with a useful life of one year or more, or an investment that improves the useful life of an existing asset.

Capital Improvement Program (CIP): A plan that describes and explains the District's capital and asset management projects, delineated by type of project and funding source, over ten fiscal years. The CIP is a planning document that provides the District with an opportunity to evaluate and assess its capital needs from financial, engineering, operations and planning perspectives.

Capacity Charge: A one-time fee charged to all new users connecting to, and creating additional demand on, the wastewater collection and treatment systems. Government code requires capacity charges to fund capital projects.

Current and Other Assets: Assets that can easily be converted to cash or consumed within one year. Includes cash, investments, receivables, prepaid expenses, and inventory.

Current Liabilities: Payment obligations owed by the District within the next 12 months.

Equivalent Dwelling Unit (EDU): A standardized metric for accounting of water usage flow from the Marin Municipal Water District (MMWD) and making it comparable to a single-family residence.

Enterprise Fund: A government accounting fund that provides goods or services to the public for a fee that makes the entity self-reporting.

Flow(s): The winter water usage recorded by MMWD that is used to calculate the sewer service charge.

FOG: Fats, Oils and Grease

Full Time Equivalent (FTE): A position converted to a decimal equivalent of a full-time employee position.

Fund Balance: The difference between total assets and total liabilities for a governmental fund.

Infrastructure Asset Management Plan (IAMP): The District's Capital Improvement Program (CIP) risk assessment report documenting the priority capital projects and programs needed in order to reduce Inflow & Infiltration (I&I) over the next ten years.

Joint Powers Authority (JPA): An agreement between two or more local government agencies to form a separate governmental entity distinct from the member governments.

Liabilities: What the District owes to others.

Non-Current Liabilities: Payment obligations owed by the District more than 12 months in the future.

Other Non-Operating Revenue: Includes CSRMA dividends, settlement claims, the occasional sale of assets, and other miscellaneous revenue sources.

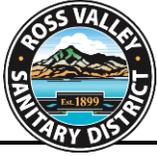
OPEB: Other post-employment benefits which are specifically medical benefits for retired employees.

PEPRA: Public Employees' Pension Reform Act established a cap on the amount of compensation that can be used to calculate a retirement benefit for new public employees hired on or after January 1, 2013.

Revenue Bond: Debt obligation for which interest and principal payments are secured by the debt service portion of service charge revenues.

Sewer Service Charges: A fee for wastewater collection and conveyance for treatment service.

Sewer System Management Plan: The District's operating plan for how its maintenance activities are to be directed and utilized.



Appendix C – District Financial Policies

1 INTRODUCTION

1.1 POLICY OBJECTIVES

The financial policies of the District are intended to meet the following objectives:

- Provide a framework for fairly and accurately recording and reporting the financial transactions and financial position of the District.
- Provide the District’s Board of Directors the tools required to meet their fiduciary responsibility.
- Provide guidance in the areas of:
 - Financial planning and management
 - Compliance with laws and industry best practices
 - Internal controls for business practices
- Ensure that the District’s financial reports contain information that is useful to all stakeholders, which may include:
 - General public
 - District Board of Directors
 - Other legislative or oversight bodies
 - Bond holders and/or creditors
 - District management

1.2 POLICY REVIEW

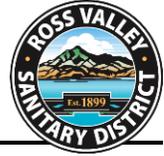
The District will periodically review all financial policies to determine the need to make appropriate updates. Factors to consider when determining the need for updates include:

- Changes in or new GASB statements that are applicable to the District.
- Changes in the legal or other regulatory environment.
- Changes in personnel or other environmental factors within the District.
- Recommended improvements in accountability or efficiency.
- Changes in the financial and related business systems or practices.

Financial policies will be updated as needed; however, a full review and update will be performed every three to five years as a preliminary step in that year’s budget development cycle.

1.3 POLICIES VS PROCEDURES

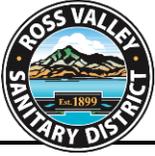
The focus of the financial policies is to provide concise and comprehensive direction from the Board with respect to the proper actions to take in managing and conducting the District’s financial affairs. Each policy is organized to provide succinct, explicit, and current direction to designated stakeholders. These policies are linked to and complement financial procedures. Procedures are separately detailed with specific directions and steps for implementing the policies. Generally, policies tend to be less specific than procedures. Policies should pass the test of time, while procedures, keeping with the intent of the policies, may change more frequently to adapt to changes in operational needs and technology. Financial procedures are maintained by the Finance/Administration Department.



2 GUIDING PRINCIPLES OF FINANCIAL PLANNING

The District's Board of Directors annually appoint two Board members to a Finance Committee who provide advance review of Board financial business. The Finance Committee is guided by the adopted Financial Policies and the following principles of sound financial planning:

- Use a 5-year revenue planning period based on a 10-year rolling financial forecast.
- Balance the operating budget over the budget planning period.
- Maintain the operating reserve at 50% of the annual operating expenses.
- Maintain an emergency reserve fund of \$2,000,000.
- Ensure adequate funding for the capital improvement program (CIP) during the planning period.
- Maintain a capital reserve equal to 50% of the annual average value of the future 5-year or 10-year CIP.
- To the reasonable extent possible, use Pay-Go funding for the CIP. Secure low-interest State Revolving Fund loans or issue debt to fund the balance of CIP projects.
- Target an average EDU rate increase of less than 4% per year



3 INTERNAL CONTROLS AND FRAUD PREVENTION

The purpose of the *Internal Controls and Fraud Prevention Policy* is to provide direction on managing the District's internal accounting methods and practices and to prevent fraudulent activities and misuse of District funds in accordance with California Government Code §6500, et seq.

3.1 INTERNAL CONTROLS

District staff shall establish and maintain procedures, documents and systems of internal controls to safeguard financial assets, to manage financial assets in an accountable, secure, efficient, and effective manner, and to ensure accurate financial data. The Finance & Administrative Services Manager shall be responsible for this function.

3.2 INTERNAL ACCOUNTING PRACTICES

District staff shall perform internal accounting practices in accordance with Generally Accepted Accounting Principles (GAAP) for government agencies, including applicable Financial Accounting Standards Board (FASB) pronouncements, and all relevant Governmental Accounting Standards Board (GASB) pronouncements.

District staff shall ensure that:

- Each employee understands his/her role, responsibility, and accountability when conducting financial transaction for the District.
- All transactions are properly authorized.
- Accounting records and documentation are properly maintained.
- Access to both assets and records are effectively controlled.
- General ledger accounts are periodically reviewed for their reasonableness, and for the validity and accuracy of the underlying items they represent.

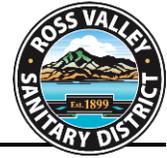
If any of these practices are found to be improperly implemented or maintained, District staff shall take immediate remedial action to improve and/or change the practice. (See *Ethics Policy*).

3.3 INTERNAL REVIEW AND RECOMMENDATIONS

The Finance & Administrative Services Manager shall perform a periodic review of all financial policies, procedures, and practices, and make recommendations for changes and updates to the General Manager. As appropriate, the General Manager shall make policy change recommendations to the Board of Directors for its review and approval, and/or direct District staff to make appropriate procedural changes.

3.4 PUBLIC FIDUCIARY LIABILITY

The General Manager shall recommend, for Board review and approval, methods for reducing and mitigating risks associated with potential public fiduciary liabilities such as claims made against the District for any alleged wrongful fiduciary act and/or breach of fiduciary duties for which the District might be responsible. The General Manager shall consult with the California Sanitation Risk Management Authority (CSRMA) and other respected resources to make recommendations regarding the procurement of public



official bonds, fiduciary liability insurance, and establishing other mechanisms for reducing and mitigating such risks.

3.5 AUDITS

Internal control and financial audits shall be performed annually by an independent firm of certified public accountants and coordinated by the Finance & Administrative Services Manager in accordance with Generally Accepted Auditing Standards, the District's Joint Powers Agreement effective September 2006 (Section 11), and applicable State laws. The Finance & Administrative Services Manager shall incorporate the financial audit results into the financial section of the Annual Comprehensive Finance Report (ACFR). District staff shall implement auditor recommendations for improved internal controls. The Board shall annually review and approve the audits and accept the ACFR (See *Financial Reporting Policy*). In addition, based on the recommendation of the General Manager from an evaluative process, the Board shall periodically review and approve the selection of an independent auditor to perform the annual financial audit.

3.6 SEGREGATION OF DUTIES

In implementing this policy and related procedures, District staff shall segregate financial transaction roles, responsibilities, and duties to the extent possible to safeguard assets against the risk of loss, mishandling, misuse, and fraud.

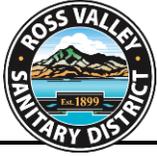
3.7 OPERATING FUND ACCOUNT

The Board of Directors shall approve the selection of a federally insured banking institution that would be entrusted to securely handle and transact, at District staff direction, any funds deposited in the District's operating fund account. The General Manager shall periodically recommend to the Board the selection through an evaluative process of a new banking institution due to changes in current banking institution performance, banking market conditions, or for other benefits or advantages to the District. The evaluation shall include, but is not limited to, qualifications associated with banking services provided, fees charged, and financial and administrative benefits for the District. The Finance & Administrative Services Manager shall develop procedures to manage the daily and routine operations of the account and its cash balances.

3.8 AUTHORIZED CHECK SIGNERS

District staff shall require that all checks disbursed from the District's operating account have two signatures and be for valid, documented, and approved expenses of the District. At no time or occasion shall blank checks be signed. The Board shall designate authorized check signers who may include the General Manager, Board Directors, and District staff. The General Manager shall seek Board authorization to update authorized check signers whenever a previously designated check signer is no longer affiliated with the District. All checks written on behalf of Ross Valley Sanitary District shall be signed by two of the following unique individuals: District General Manager, Assistant General Manager, Finance & Administrative Services Manager, Operations & Maintenance Manager, Board President, or Board Treasurer.

Board members are not compensated for signing checks on behalf of the District as signatures required by this Policy shall not be deemed to qualify as a day of service which mandates compensation under Ordinance 80 adopted by the Board on July 19, 2017.



3.9 WIRE TRANSFERS

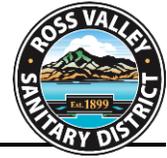
The District uses an operating account and investment accounts to properly manage its funds. The General Manager, Finance & Administrative Services Manager, and District staff appointed by the General Manager shall be authorized to transfer funds between these accounts. District staff shall accept wire transfer payments to its operating account for services rendered after review and approval by the Finance & Administrative Services Manager.

3.10 PAYMENTS TO DISTRICT AND BANK DEPOSITS

District staff shall deposit in the bank all payments to the District on a bi-weekly basis based on appropriate financial procedures. Deposit of cash receipts shall be performed and verified by designated staff. Prior to the time in which the receipts are processed for bank deposit, District staff shall store checks and cash in a locked District cash box.

3.11 PETTY CASH

District staff shall securely maintain petty cash funds for small cash transaction purposes. Disbursements from petty cash shall be pursuant to the District's *Procurement Policy* and associated procedures. At no time or occasion shall checks be cashed out of petty cash currency, or petty cash funds borrowed for any purpose. District staff shall keep petty cash in a locked box.



4 ETHICS AND CONFLICTS OF INTEREST

4.1 POLICY OBJECTIVES

The Board of Directors, General Manager, and District staff shall serve as stewards of the public's resources, trust, and confidence, and thus shall be held to the high standards of ethical fiscal conduct in the public's interest as opposed to personal interests. The purpose of the *Ethics and Conflicts of Interest Policy* is to affirm required standards of conduct and practices with respect to financial roles and responsibilities.

The Board of Directors shall establish and maintain financial policies for standards of ethical responsibility. Directors and District staff should understand that improper financial and contractual activities could damage the reputation of, and confidence in, the District and its employees, and could result in serious adverse financial and legal consequences for the District.

Directors and District staff shall conduct him/herself in his/her official business dealings in practice and appearance according to ethical fiscal standards, regulatory requirements, and the public trust. District staff shall develop and implement methods and controls for preventing, avoiding, and reducing potential ethical fiscal improprieties, conflicts, and fraudulent behavior, and to ensure procedures and structures are in place to properly implement this policy. The General Manager, as necessary, will periodically schedule appropriate ethics training for Board Directors and designated District staff as required by the California Government Code.

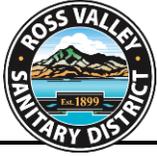
4.2 VIOLATION OF THIS POLICY AND RELATED FINANCIAL POLICIES

The General Manager or designee shall investigate any allegation and/or observation of improprieties that would violate this policy and other financial policies. If a violation is determined to have occurred, the General Manager shall handle the matter under the District's Personnel Policies, which may result in disciplinary action.

4.3 REPORTING UNETHICAL AND FRAUDULENT BEHAVIOR

Directors and District staff shall report any observation in practice or appearance of a violation of the District's financial policies, procedures, and resolutions including this Policy to a supervisor or the General Manager, who will investigate the matter. A verbal or written report will be considered a personnel matter and will be handled with strict confidentiality under the District's personnel policies. If the suspect employee is the General Manager, District staff have a responsibility to contact the President of the Board of Directors.

As a member of the California Sanitation Risk Management Authority (CSRMA), the District is a participant in the WeTip Corporate Ethics Hotline program (www.wetip.com). Information regarding fraud or misconduct related to agency activities can be anonymously reported 24/7/365 to a live operator at 1-800-78-CRIME (1-800-782-7463).



4.4 WHISTLEBLOWER PROVISION

District staff who report unethical or fraudulent behavior are protected by the provisions in the California Government Code §8547 - §8547.12, Article 3, known as the “California Whistleblower Protection Act.”

4.5 USE OF PUBLIC FUNDS

District staff shall make expenditures of District funds only after the transaction has been properly reviewed, approved and authorized as established by *Internal Controls, Financial Planning, Procurement, and Asset Management* policies and related procedures. District staff shall only receive funds for authorized and approved District activities as established by *Internal Controls, Revenue Management, and Financial Planning* policies and related procedures. District staff shall not spend or receive public funds for any “public purposes” they choose; all funds of the District shall be utilized solely for Board adopted purposes (California Government Code §8314).

District staff shall be prohibited from the practice and appearance of potentially fraudulent activities that could involve, and are not limited to, the following activities: borrowing District funds, accounting or recordkeeping that results in borrowing schemes, contract or bid rigging, pilfering or petty theft, unapproved reimbursement of funds, unauthorized disposal or taking possession of surplus or unused District property and supplies, double accounting or making double payments, false claims, payroll and benefit fraud, and false programming or hacking of electronic and automated financial systems and transactions.

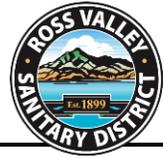
Directors and District staff shall comply with the District’s *Administrative and Personnel Policy Book*.

4.6 CONFLICT OF INTEREST

Government Code §87300 requires every state and local government agency to adopt a Conflict of Interest Code to prohibit and prevent financial conflicts of interest.

Directors and District staff shall not make, participate in making, or in any way attempt to use their official positions to influence a District decision in which they know or have reason to know that they have a financial interest (California Government Code §87100, et seq.). In addition, Board Directors and District staff shall not be financially interested in contracts they enter on behalf of the District. Board Directors and District staff shall avoid contractual improprieties that could occur both in practice and appearance (California Government Code §1090, et seq.).

Directors and District staff shall not engage in any employment or enterprise for compensation that is inconsistent, incompatible, or in conflict with their official duties and responsibilities associated with the District (California Government Code §1126). Each Board member and designated District staff, as stated in the District’s Conflict of Interest Code, shall file Form 700, Statement of Economic Interests, with the Marin County Office of Elections. The General Manager shall make the statements available for public inspection and reproduction (California Government Code §81008).



4.7 BRIBERY AND EXTORTION

Federal and California law both prohibit bribery and extortion of or involving public officials and employees. Directors and District staff shall not ask, receive, or agree to receive a bribe, and shall not demand or extort money in return for the performance of their official duties. A bribe involves asking for, giving, receiving, and accepting anything of value for gaining present or prospective advantage, performance, and/or influence in any affairs of the District (California Penal Code §67 and §68).

4.8 EXTRA COMPENSATION

Directors and District staff shall explicitly uphold the California Constitution, Article XI, Section 10 that prohibits “*extra compensation*”:

“...A local government body may not grant extra compensation or extra allowance to a public officer, public employee, or contractor after service has been rendered or a contract has been entered into and performed in whole or in part or pay a claim under an agreement made without authority of law.”

4.9 GIFTS TO EMPLOYEES AND OFFICIALS

Directors and District staff shall explicitly follow the California Political Reform Act (Government Code §86203, §89503 and §89506) and relevant U.S. Internal Revenue Service codes and pronouncements that set forth the rules and provisions that must be followed by public employees and officials related to the receipt of gifts and applicable taxes. These laws limit the value of gifts that may be accepted by Board Directors and District employees. Government codes cover a broad subject area regarding gifts including, but not limited to, the maximum value of gifts that public employees and officials may receive (amounts are set by the California Fair Political Practices Commission), lobbyist limitations, special rules for gifts of travel, exceptions to the gift limitations, and other regulations regarding gifts. See the California Fair Political Practices Commission website www.fppc.ca.gov for more information.

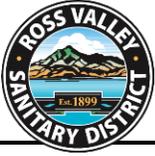
4.10 HONORARIA BAN

Directors and District staff shall explicitly follow California Government Code §89502, which prohibits public officials from accepting honoraria. Honoraria is defined as any payment made in consideration for any speech given, article published, or attendance at any public or private conference, convention, meeting, social event, meal, or like gathering.

4.11 GIFTS OF PUBLIC FUNDS

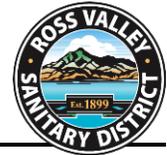
Directors and District staff shall uphold California Constitution, Article XVI, Section 6 that prohibits public agencies from making gifts of public funds:

“... shall have no power... to make any gift or authorize the making of any gift of any public money or thing of value to any individual, municipal or other corporation whatever the purpose...”



4.12 RECEIVING PRIVATE DONATED FUNDS

The Board of Directors shall receive donated funds and/or property of value from private individuals, corporations, and organizations on behalf of the District when such funds or property are directly related to the mission, public purpose, and operations of the District. The Board shall not receive such donations in exchange for compensation, services, and/or any item of value that would benefit the donator in fact, practice, or appearance, other than those derived from tax-exempt donations prescribed in Federal and State tax laws. The General Manager shall review, approve, and accept items of de minimus value on behalf of the District. The Board shall review and consider accepting all other donations.



5 BUDGETING AND LONG-TERM FINANCIAL PLANNING

5.1 BUDGET GUIDELINES

The budget is the central financial planning document, which embodies all revenue and expenditure decisions. It establishes the level of service to be provided by the District and reflects the Board of Directors' collective prioritization of resource utilization. The District is committed to long-term capital and financial planning, maintaining appropriate reserve levels, and employing prudent practices in governance, management, and budget administration. To this end, the District has established the following general budget guidelines:

- **Use of funds for financial planning** – The budget is presented with two “funds,” Operating and Capital. Revenues and expenditures are budgeted separately for each and planned inter-fund “transfers” are shown.
- **Operating expenses** – Current Operating revenues will be sufficient to support current Operating expenditures. Revenue estimates will be realistic and debt financing will not be used to support current operating expenses.
- **Resources greater than budgeted expenditures** – Resources (fund balances) greater than budgeted expenditures in either fund are to be considered “one-time” resources and shall not be used to fund ongoing service delivery programs. Priority for such funds will be placed on:
 - Ensuring that target reserve balances are met, or
 - Used to minimize future service rate increases and/or fund one-time service goals.
- **Budget adoption level** – Budget adoption by the District’s Board of Directors is at the fund level. Any changes in planned revenues or expenditures at the fund level requires Board approval.
- **Full-time equivalent (FTE) budgeting** – As a tool for Board consideration, all adopted budgets of the District will list the actual and proposed FTE allocation on a department basis.
- **Level of Service Objectives** – To aid in the prudent management of the District, level of service objectives will be established, monitored, and reviewed for consideration in establishing required financial resources.

5.2 ANNUAL BUDGET ADOPTION

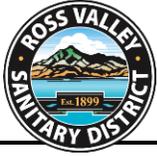
The budget is to be prepared in accordance with the basic guidelines and presented for adoption prior to the beginning of each fiscal year (July 1). At least thirty (30) days prior to the adoption deadline, the Board will have considered all approved updates to rates and fees and made any adjustments as needed to align the budget and level of service objectives. All adjustments will conform to applicable state law, including the State Constitution, Government Code, and District Ordinances.

5.3 MANAGEMENT REVIEW

It is the responsibility of District management to manage expenditures within budget and periodically review actual financial results compared to budget. Analysis of any significant variances will be provided to the Board at least quarterly.

5.4 BUDGET AMENDMENTS

In the event of unforeseen or unanticipated circumstances, amendments to the adopted fiscal year budget may be necessary. Budget amendments shall be considered when funds are justified, available, and



necessary to maintain the District's ongoing operational and financial performance, and service expectations as directed by the Board.

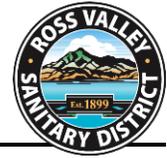
The Board shall approve budget amendments (except those authorized by the General Manager as noted below) that would increase the total aggregate fiscal year budget, based on the evaluation and recommendation of the General Manager that the proposed amendment meets the intent and purpose of this policy.

The General Manager shall establish and approve procedures for department managers to 1) request budget transfers within the adopted operating and capital budgets that do not increase the total aggregate fiscal year budget, and 2) to request budget amendments that would increase the total aggregate fiscal year budget subject to the General Manager's and/or Board's review and approval.

In the event of an emergency, the General Manager can approve budget amendments that would increase the District's annual budget, with the conditions that, 1) these amendments are necessary to maintain the District's ongoing and routine operations, and 2) the aggregate amounts of the amendments cannot exceed \$100,000. The General Manager shall notify the President of the Board about the situation and the reason for the budget amendment, and report to the Board about these actions at its next scheduled meeting.

5.5 FINANCIAL PLANNING

The District maintains a rolling five-year financial forecast that estimates resources and expenditure trends for the five years beyond the current budget period. The rolling forecast will be included in each annual budget report. This financial forecast will be used to assess the long-term impacts of current policy and budget decisions.



6 FINANCIAL REPORTING GUIDELINES

6.1 POLICY OBJECTIVES

The District identifies the following characteristics as key to properly presented financial statements:

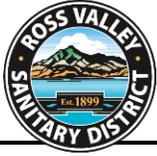
- **Understandable** – Information is expressed as simply as possible.
- **Reliable** – Information is verifiable, free from bias, faithfully represented, and comprehensive.
- **Relevant** – Information can make a difference in a user’s assessment of a problem, condition, or event.
- **Timely** – Information is issued soon enough after the reported events to affect decisions.
- **Consistent** – Once adopted, an accounting principle or reporting method is used for all similar transaction and events. If a change is required, then full disclosure of the nature, reason, and effect of the change is made.
- **Comparable** – Information allows users to make comparisons among governments (e.g., of the costs of specific functions or components of revenue).

The District’s financial reporting policy objectives include:

- Financial reporting should assist in fulfilling the District’s duty to be publicly accountable and should enable users to assess that accountability by:
 - Providing information to determine whether current-year revenues were sufficient to pay for current-year services.
 - Demonstrating whether resources were obtained and used in accordance with the District’s legally adopted budget and demonstrating compliance with other finance-related legal or contractual requirements.
 - Providing information to assist users in assessing the service efforts, costs, and accomplishments of the District.
- Financial reporting should assist users in evaluating the annual operating results of the District by:
 - Providing information about sources and uses of financial resources.
 - Providing information about how it financed its activities and met its cash requirements.
 - Providing information necessary to determine whether its financial position improved or deteriorated as a result of the year’s operations.
- Financial reporting should assist users in assessing the level of service that can be provided by the District and its ability to meet its obligations as become due by:
 - Providing information about its financial position and condition.
 - Providing information about its physical and other nonfinancial resources having useful lives that extend beyond the current year, including information that can be used to assess the service potential of those resources.
 - Disclosing legal or contractual restrictions on resources and the risk of potential loss of resources.

6.2 GENERAL LEDGER

It is the responsibility of District management to develop and maintain an appropriate accounting system, which utilizes an organized set of general ledger accounts. Accounts will be grouped by number and title



to facilitate accurate recording and reporting of financial transactions. Access to the general ledger for maintenance and update will be limited to the assigned responsible financial management personnel.

6.3 MONTHLY REPORTING

Interim financial statements will be produced and submitted monthly to the Board of Directors for review. These financial statements are unaudited and are to be used solely to monitor the District's financial progress throughout the fiscal year. The interim financial statements are not to be presented to outside parties for the purpose of incurring debt, investing, or other activities where a user may place legal reliance on the document.

At minimum, the interim financial reports should include all of the following:

- Summary of key statistics such as cash on hand, total revenue, and total expenditures
- A statement of revenue and expenditures by fund
- A cash flow projection
- A check register listing

6.4 SEMI-ANNUAL FINANCIAL PERFORMANCE REPORT

A financial performance report will be produced at the mid-point of each fiscal year and presented to the Board of Directors at the next regular board meeting. The report will compare year-to-date actual versus budget by category of financial item (e.g., revenue, salaries and benefits, capital, etc.) and will provide a detailed explanation of any significant variances. This report is a communication tool for management to provide the Board and general public with information about financial performance and significant actions taken related to financial management of the District.

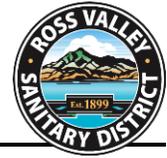
6.5 ANNUALLY AUDITED FINANCIAL STATEMENTS

The District will engage a qualified independent auditor/audit firm to perform an annual audit of the District's financial records and internal controls. The final product will comply with all governing laws, regulations, and pronouncements from the Governmental Accounting Standards Board (GASB).

The independent auditor will be selected through a competitive request for proposals process and will be engaged for three years, dependent upon performance. Qualifications and proposals will be reviewed by management and recommendations made to the Board of Directors for selection of a qualified independent auditor. At the discretion of the Board, an auditor approved for a three-year contract can have that contract extended by up to two years. Rotation of lead auditors or firms should be considered every five years but in no case any longer than six consecutive fiscal years. [Government Code §12410.6]

6.6 ANNUAL COMPREHENSIVE FINANCIAL REPORT

It is the District's intent to provide more than the minimum required annual reports. To support that intent, the District will produce a Annual Comprehensive Financial Report (ACFR), a report that provides additional narrative and statistical information to assist in providing context to the standard financial reports. To ensure consistency and comparability, the District will submit the ACFR to the Government Financial Officers Association (GFOA) for consideration of their Award of Financial Reporting Achievement.



7 MINIMUM AND TARGET RESERVES

The following reserve policies are grouped into “minimum” reserves and “target” reserves. The minimum reserves are meant to be sustained at all times over the course of a financial planning period. On the other hand, a target reserve has more flexibility and is meant to provide a targeted reserve level for the end of a planning period but doesn’t necessarily need to be sustained at all times over the course of a planning period.

7.1 OPERATING RESERVE

Ross Valley Sanitary District maintains cash and investments necessary to meet the liquidity needs for the District’s day-to-day operations. Furthermore, the District will maintain unrestricted cash and investments as required by any debt covenants.

The targeted operating fund reserve is designed to ensure coverage for the cash flow (liquidity) requirements of day-to-day operations between April and December when the District experiences a prolonged gap in revenue receipts from the County.

Liquidity needs are calculated as follows: on June 30 of each year the District will maintain a level of cash and investments, less those amounts held in reserve by a fiscal agent, in an amount at least equal to one half of the operating expenses budgeted for the coming fiscal year. This target fund balance is exclusive of all other reserve targets.

Primary funding source: Sewer Service Charges

7.2 CAPITAL IMPROVEMENT RESERVES

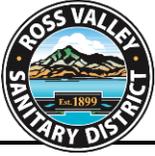
Ross Valley Sanitary District maintains a reserve for capital improvement in order to satisfy annual cash flow requirements and ensure continuity in executing the Capital Improvement Plan (CIP).

The purpose of this reserve is to smooth the inherent volatility of the capital spending program. This reserve should be drawn down during years of higher-than-average capital spending. Conversely, and very importantly, the District should build this reserve during years when capital spending is below average. Having such a reserve is an integral component of a PayGo model.

The target reserve is equal to fifty percent (50%) of the average annual capital expenditures forecasted in the current 5-Year or 10-Year Capital Improvement Plan (CIP). This target reserve balance is exclusive of all other reserve targets.

Primary funding source: Ad Valorem Tax, Capacity Fees, Net Operating Fund Revenue

Secondary funding source: Debt Financing



7.3 EMERGENCY RESERVES

Ross Valley Sanitary District maintains an emergency reserve for use during operational or financial emergencies. Emergencies constitute significant unforeseen events that have a dramatic and immediate impact on the operations, assets or financial condition of the District. In the event funds from this reserve are used, a plan to replenish the funds used during a fiscal year will be developed and approved through the budgeting process in the following fiscal year. The target amount of the reserve should be calculated to be at least equal to ten percent (10%) of the budgeted annual operating expenses, but not less than two million dollars (\$2,000,000). This target balance is exclusive of all other reserve targets.

Primary Funding Source: Sewer Service Charges

7.4 OTHER POST-EMPLOYMENT BENEFITS RESERVES

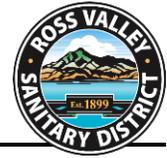
Ross Valley Sanitary District maintains an Other Post-Employment Benefits (OPEB) reserve to fund future payments of retiree post-employment health benefits. This is a restricted reserve and may not be utilized for any other purpose. The target balance is exclusive of all other reserve targets. The funds in this reserve are held in trust with the CalPERS California Employers' Retiree Benefit Trust (CERBT) fund. Annual contributions to this reserve are based on the most recent actuarial analysis with the policy goal of fully funding the liability in the most fiscally responsible manner.

7.5 PENSION PREFUNDING TRUST RESERVES

Ross Valley Sanitary District maintains an additional Pension Prefunding Trust reserve to fund future payments of retiree pension payments. This is a restricted reserve and may not be utilized for any other purpose. The target balance is exclusive of all other reserve targets. The funds in this reserve are held in trust with the CalPERS California Employer's Pension Prefunding Trust (CEPPT) fund. Annual contributions to this reserve are based on the recent actuarial analysis with the policy goals of smoothing the volatility in the required pension contribution rates and fully funding the liability in a fiscally responsible manner.

7.6 FUNDING OF RESERVES

Ross Valley Sanitary District makes every attempt to maintain target levels in all reserves. Funds held in reserve accounts may be used for District purposes provided that any funds used shall be replenished within twelve (12) months of use. If reserves are depleted, a plan for replenishment will be developed and included in the next fiscal year's budget.



8 REVENUE AND CASH MANAGEMENT

8.1 POLICY OBJECTIVES

The District's *Revenue and Cash Management Policy* is intended to meet the following key objectives:

- Define existing sources and uses of revenue.
- Identify appropriate methods for estimation of revenues for planning purposes.
- Assist the Board and District management in understanding and managing revenue flows.

8.2 FUNDS

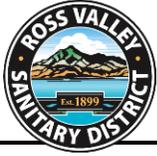
The District has established two internal funds to assist in the management of revenues and other resources. Those funds are:

- **Operating Fund** – This fund's primary revenue source is the sewer service charge, which is collected via the property tax rolls. Activities supported by this fund include operation and maintenance of the District's infrastructure and any administrative costs required to administer and manage those activities.
- **Capital Fund** – This fund is supported through multiple revenue sources; however, primary sources are ad valorem property tax, sewer service charge, and proceeds from financing. Activities supported by this fund include replacement or improvement of infrastructure, debt service, and other asset acquisition (maintenance equipment, etc.).

8.3 REVENUE SOURCES

As a single-purpose special district, Ross Valley Sanitary District operates as an enterprise fund. Within an enterprise fund, a fee is charged for specific services, which is then used to support the activities required to provide that service.

- **Annual Sewer Service Charge** – Pursuant to the requirements of Article XIII D, Section 6 of the California Constitution, this fee is set by Ordinance with a four-fifths vote of the District's Board of Directors (Board) after proper public notice and hearing. The District consists of two rate zones: Larkspur and Ross Valley. The rates established for each zone may differ in order to balance the total annual fees paid by the ratepayers in each zone. The Ordinance may include a fee schedule for multiple years (up to five). This fee is structured to support the Operating Fund and partially support the Capital Fund.
- **Ad Valorem Tax** – Property owners within the District's legal boundaries pay a base property tax to the County of Marin. The District is allocated a portion of that tax by the County. The County does not allocate ad valorem tax from Larkspur rate zone to the District. Until such a time as the allocation of this tax is equal between the two rate zones, the sewer service charge will reflect a proportionally higher charge in the Larkspur zone. Ad valorem tax revenue is allocated to the Capital Fund.
- **Capacity Fees** – Capacity fees are imposed on new connections and increased demand to the wastewater collection system. The fee amount is established by Ordinance with a four-fifths vote of the Board after proper public notice and hearing. These fees are allocated solely to the Capital Fund.

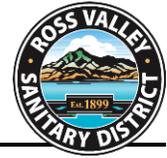


- **Miscellaneous Fees** – These include inspection fees, administrative fees, plan fees, etc. These fees are allocated to the Operating Fund.
- **Other Sources** – These include interest earned, rebates, and other miscellaneous items. These funds are allocated to the appropriate fund according to the revenue source.

8.4 CASH RECEIPTS

Most cash receipts for the District are wired directly into the District’s primary operating account at the bank. This includes ad valorem property taxes and approximately 97% of the sewer service charges. Cash is received directly for permit fees, public sewer extensions, and other miscellaneous items as well as for payments of the sewer service charge for some direct-bill customers. The following measures are in place to ensure security and proper recording of cash receipts:

- A locking cash box is used to hold all cash received at the District office.
- All checks are immediately marked “For Deposit Only” to the RVSD main operating bank account.
- Deposits of all cash and checks received are made bi-weekly.
- All cash and checks received are matched with a receipt or invoice to ensure proper recording in the general ledger.
- Staff responsible for receipt of cash and checks are not the same persons who are responsible for the reconciliation of deposits or recording of cash receipts in the general ledger.



9 DEBT MANAGEMENT

This policy is intended to comply with Government Code §8855(i), effective on January 1, 2017, and shall govern all debt undertaken by the District. This policy sets forth debt management objectives for the District, establishes overall parameters for issuing and administering the debt portfolio, and provides policy guidelines to decision makers. The District recognizes that a fiscally prudent debt policy is required in order to:

- Maintain the District's sound financial position.
- Ensure the District has the flexibility to respond to changes in future service priorities, revenue levels, and operating expenses.
- Protect the District's credit worthiness.
- Ensure that all debt is structured in order to protect both current and future taxpayers, ratepayers and constituents of the District.
- Ensure that the District's debt is consistent with the District's strategic goals and objectives and Capital Improvement Plan (CIP) or budget, as applicable.

9.1 PAY-AS-YOU-GO VS. DEBT FINANCING

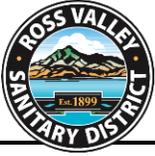
The District recognizes that future ratepayers will benefit from long-lived capital investments and that it is appropriate that they pay a share of the asset cost through future debt repayment. However, the District shall have a preference to finance capital improvements using pay-as-you-go financing and shall issue long-term debt only to finance capital improvements that cannot be readily financed from current revenues. The District will limit total debt outstanding, as a ratio of operating expenses, to a level that sustains or improves its bond rating. The intended use of debt shall be described in and integrated into the District's Capital Improvement Plan and any long-range financial forecasts. Long-term debt financing shall not be used to fund operating costs.

9.2 PERMITTED DEBT BY TYPE

The District may legally issue both short-term and long-term debt using the debt instruments described below or issue any other long or short-term instruments approved by and deemed appropriate by the Board of Directors to meet the capital financing needs of the District. The District, in consultation with the District's Counsel, Bond Counsel and Municipal Advisors, shall determine the most appropriate instrument for a proposed debt issuance.

General Obligation Bonds

The District is empowered, under the Sanitary District Act of 1923, to levy taxes on all taxable property within its boundaries for the purpose of paying its voter approved general obligation bonds subject to the limitations in the California Revenue and Taxation Code and the California Constitution. The District is authorized to sell general obligation bonds under Section 6640 through 6655 of the Act, subject to the approval of a two-thirds majority of those voting in a local election.



Installment Sale Agreement (ISA)

The District is authorized by the laws of the State of California and Section 6670.1 of the Act to acquire certain improvements to the District's system and to finance construction or improvements through the execution of installment sale agreements. An installment sale agreement can be a vehicle for a public borrowing through one of two ways:

1. **Certificates of Participation (COPs)** -- Certificates of Participation provide debt financing through a lease or installment sale agreement. In a certificates of participation financing, a financing entity such as a JPA enters into a lease or an installment sale agreement with the District. The financing entity sells certificates representing participations in annual payments of principal and interest under the lease or ISA.
2. **Joint Exercise of Powers Authority (JPA) Revenue Bonds** -- In an installment sale revenue bond financing, the District enters into an installment sale agreement with a JPA which in turn issues bonds payable solely from the installment sale payments. The Ross Valley Public Financing Authority is a JPA that was formed by the District for this purpose and is governed by the District's Board of Directors.

Loans, Letters of Credit, Lines of Credit, Sate Loans

The District may from time to time borrow through a loan with a commercial bank, Letter of Credit, Lines of Credit with a commercial bank, state revolving loan program or other governmental agency. Each loan will have a specific purpose. Voter approval is not required for obtaining a loan is such loan is structured as an Installment Sale Agreement through a COP or JPA.

Refunding Bonds

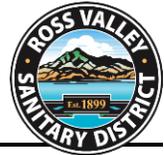
Bonds may be refinanced (refunded) on or before the call date and as permitted by federal tax law for the purpose of providing a net positive economic benefit to the District.

9.3 LENGTH OF DEBT OBLIGATIONS

The debt repayment period should not exceed the expected useful life of the facilities or equipment being financed and should coincide with the stream of benefits provided by the projects being financed. When the District finances capital projects by incurring debt, the debt repayment period should be no longer than the expected useful life of the project being financed.

9.4 DEBT SERVICE COVERAGE POLICY

The District shall, each fiscal year, strictly comply with covenants regarding the coverage of annual debt service by net revenues embodied in the terms of outstanding debt obligations. Over and above that, the District intends to maintain an average annual debt service coverage ratio of 150%, but no less than 125%.



9.5 TIMING AND SIZE OF BOND ISSUES

For the sale of new money bonds, the timing and size of the issue will be influenced by:

1. Limitations of tax rules regarding size, generally limited to three years of capital expenditures
2. Transaction costs for each sale
3. Negative cost of carry if reinvestment rates are less than the cost of funds

9.6 REFUNDING BONDS

Bonds may be refinanced (refunded) on or after at the call date (“current refunding”) or in advance of the call date by putting refunding proceeds in an invested escrow account pending the call date (“advance refunding”). The authorization by the District for a bond refund shall include verification by the Board that a net positive financial benefit will accrue from the transaction.

9.7 USE OF CREDIT ENHANCEMENTS

When issuing long-term debt, credit enhancements (letters of credit, bond insurance, etc.) may be used, but only when net debt service on the debt is reduced by more than the cost of the enhancement, or the enhancement is a requirement for the loan or debt issuance.

9.8 BOND RATING

The District shall seek to maintain and, if possible, improve its current bond rating in order to minimize borrowing costs and preserve access to credit.

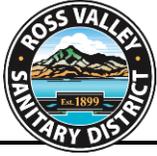
9.9 FINANCIAL DISCLOSURE

The District shall fully disclose financial and pertinent credit information as it relates to the District’s outstanding securities, including continuing disclosure obligations pursuant to bond covenants.

9.10 INTERNAL CONTROLS

To ensure debt proceeds are used as intended, the District shall implement internal control procedures that include at least the following:

- Debt proceeds shall be deposited in an account separate from other District accounts, with only revenues and expenditures directly associated with the debt proceeds included in the account.
- At least two approvals from different reviewers will be required on all expenditures of debt proceeds, to review and ensure the expenditure is appropriate to be paid from debt proceeds.
- District accounting staff shall prepare periodic reports on the use of debt proceeds for management and Board review



10 INVESTMENTS

The Board of Directors of the Ross Valley Sanitary District has adopted this policy in order to establish the investment scope, objectives, delegation of authority, standards of prudence, reporting requirements, internal controls, eligible investments and transactions, diversification requirements, risk tolerance, and safekeeping and custodial procedures for the investment of the funds of the District. All District funds will be invested in accordance with this policy and with applicable sections of the California Government Code §53106 through §53659.

This *Investment Policy* replaces any previous investment policy or investment procedures of the District.

10.1 SCOPE

The provisions of this policy shall apply to all financial assets of the District except bond funds governed by bond documents, as accounted for in the District's Annual Comprehensive Financial Report. Bond funds shall be invested separately at the direction of the District and managed pursuant to the definition of Permitted Investments under the specific bond trust indenture. All other excess cash shall be pooled for investment purposes and subject to this policy. The investment income derived from the pooled investment account shall be allocated to the contributing funds based upon the proportion of the respective average balances relative to the total pooled balance. Investment income shall be distributed to the individual funds not less than annually.

10.2 OBJECTIVES

The District's funds shall be invested in accordance with all applicable District codes and resolutions, California statutes, and Federal regulations, and in a manner designed to accomplish the following objectives, which are listed in priority order:

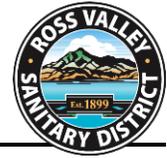
- Preservation of capital and protection of investment principal.
- Maintenance of sufficient liquidity to meet anticipated cash flows.
- Attainment of a market rate of return (yield).
- Diversification to avoid incurring unreasonable market risks.

10.3 POLICY REVIEW

The policy shall be adopted by the Board of Directors. It shall be reviewed regularly to ensure its consistency with the overall objectives of preservation of principal, liquidity, yield and diversification and its relevance to current law and economic trends. Amendments to the *Investments Policy* shall be approved by the Board of Directors.

10.4 DELEGATION OF AUTHORITY

The management responsibility for the District's investment program is delegated annually by the Board of Directors to the Treasurer, as provided for in California Government Code §53607. The District's General Manager serves as the Treasurer and shall work in conjunction with the Finance & Administrative Services Manager to conduct investment transactions and to manage the operation of the investment portfolio. No person may engage in an investment transaction except as expressly provided under the terms of this policy.



The General Manager or designee shall develop administrative procedures and internal controls, consistent with this policy, for the operation of the District's investment program. Such procedures shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of the District. The District may engage the support services of outside investment advisors with respect to its investment program, so long as it can be demonstrated that these services produce a net financial advantage or necessary financial protection of the District's financial resources.

10.5 PRUDENCE

The standard of prudence to be used for managing the District's investment program is California Government Code §53600.3, the prudent investor standard which states

“When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.”

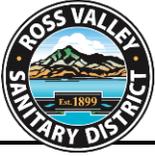
The District's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The District recognizes that no investment is totally without risk and that the investment activities of the District are a matter of public record. Accordingly, the District recognizes that occasional measured losses may occur in a diversified portfolio and shall be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best long-term interest of the District.

The General Manager or designee and authorized investment personnel acting in accordance with established procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that deviations from expectations are reported in a timely fashion to the Board of Directors and appropriate action is taken to control adverse developments.

10.6 AUTHORIZED SECURITIES AND TRANSACTIONS

All investments and deposits of the District shall be made in accordance with California Government Code §53600, et seq. Any revisions or extensions of these code sections will be assumed to be part of this policy immediately upon being enacted. Within the investments permitted by the Government Code, the District further restricts eligible investments to those listed below. In the event of any discrepancy between this policy and the Government Code, the more restrictive parameters shall take precedence.

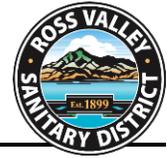
The District's portfolio shall be diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase.



INVESTMENT TYPE	MAXIMUM REMAINING MATURITY	MAXIMUM SPECIFIED % OF PORTFOLIO	MINIMUM QUALITY REQUIREMENTS
Local Agency Bonds (RVSD bonds)	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations: CA and Others	5 years	None	None for CA; AA or better for other States
CA Local Agency Obligations	5 years	None	AA
Commercial Paper: Pooled Funds	270 days or less	20% of RVSD's investible funds	Highest letter and number rating
Negotiable Certificates of Deposit	5 years	15%	Highest letter and number rating
Placement Service Deposits	5 years	\$250,000 per deposit per institution	FDIC insured
Repurchase Agreements	90 days	None	None
Medium-term Notes	5 years or less	5% (with not more than 20% in any one institution)	"A" rating category or better
Mutual Funds and Money Market Mutual Funds	N/A	20% (no more than 10% invested in any one mutual fund; limitation does not apply to money market mutual funds)	Multiple ¹
County Pooled Investment Funds- Marin County Pool	N/A	None	None
Joint Powers Authority Pool (CAMP, CalTrust)	N/A	None	Multiple ²
Local Agency Investment Fund (LAIF)	N/A	None	None

¹A money market mutual fund must receive the highest ranking by not less than two nationally recognized rating organizations **or** retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years' experience investment in money market instruments with assets under management in excess of \$500 million.

²A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investment in instruments authorized by Section 53601, subdivisions (a) to (o).



The foregoing list of authorized securities and transactions shall be strictly interpreted. Any deviation from this list must be preapproved by the Board of Directors.

Securities that have been downgraded to a level that is below the minimum ratings described herein may be sold or held, at the District's discretion. The portfolio will be brought back into compliance with Investment Policy guidelines as soon as is practical.

10.7 TERM OF INVESTMENTS

It is the objective of the District to accurately monitor and forecast revenues and expenditures so that the District can invest funds to the fullest extent possible. Funds of the District shall be invested in accordance with sound treasury management principles.

Where this Policy does not specify a maximum remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase agreement, that at the time of the investment has a term remaining to maturity in excess of five years, unless the Board has granted express authority to make that investment either specifically or as part of an investment program approved by the Board no less than three months prior to the investment.

10.8 INVESTMENT DIVERSIFICATION

The District shall diversify its investments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. Nevertheless, the asset allocation in the investment portfolio should be flexible depending upon the outlook for the economy, the securities markets and the District's anticipated cash flow needs.

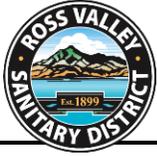
10.9 PROHIBITED INVESTMENTS

Any investment in a security not specifically listed above, but otherwise permitted by the California Government Code, is allowed. Government Code §53601.6 specifically disallows investments in invoice floaters, range notes, or interest-only strips that are derived from a pool of mortgages. In addition to the limitations in Government Code §53601.6, this policy further restricts investments as follows:

1. No investment shall be made that has either (a) an embedded option or characteristic which could result in a loss of principal if the investment is held to maturity, or (b) an embedded option or characteristic which could seriously limit accrual rates or which could result in zero accrual periods.
2. No investment shall be made that could cause the portfolio to be leveraged.
3. Any security that could result in zero interest accrual if held to maturity shall not be made.

10.10 BANKS AND SECURITIES DEALERS

The General Manager or designee is authorized to make investments based on the recommendations of the Board approved investment advisor whose recommendations shall adhere to this policy. Any approved investment advisor shall annually review the District's *Investments Policy*. The investment advisor may request the Board approve recommended changes to this policy as permitted by the California Government Code §53106 through §53659. For investments made by an investment advisor, the Board authorizes the investment advisor to use broker/dealers and financial institutions that the investment advisor has reviewed and approved by the General Manager or designee. The investment advisor's



approved list shall be approved and reviewed annually by the District and reported to the Board of Directors.

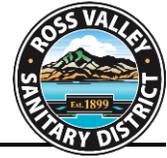
10.11 PORTFOLIO PERFORMANCE

The investment portfolio shall be designed to attain a market rate of return throughout budgetary and economic cycles, taking into account prevailing market conditions, risk constraints for eligible securities, and cash flow requirements. The performance of the District's investments shall be monitored quarterly and compared to a nationally published index that most closely corresponds to the portfolio's composition and weighted average effective maturity.

10.12 REPORTING

Semi-annually, the General Manager or designee shall submit to the Board of Directors a report of the investment earnings and performance results of the District's investment portfolio. The report shall include the following information:

1. A description of the investment the District holds as of the reporting date.
2. A market value as of the date of the report (or the most recent valuation available) and the source of the valuation.
3. Period-over-period change in the market valuation from the current reporting period to the former reporting period.



11 PROCUREMENT POLICY

All purchases of goods and services purchased on behalf of Ross Valley Sanitary District must be made within the applicable provisions of the California Public Contracts Code, California Government Code, and the District's administrative and financial policies. No District employee may commit payment for goods or services without adherence to the applicable District policies and State laws. District employees are expected to use good judgment, proper regard and the greatest discretion for taxpayer dollars when making purchases for the District.

11.1 DESIGNATION OF PURCHASING AGENT

The General Manager is the designated Purchasing Agent for the District and is charged with the duties and powers described by the applicable laws of the state relating to purchasing agents, this policy, and applicable resolutions of the Board of Directors. When it is not feasible or practical for the General Manager to serve as Purchasing Agent, the Finance & Administrative Services Manager will serve as Purchasing Agent.

11.2 AUTHORITY TO COMMIT FUNDS

Only the Board of Directors, the General Manager/Purchasing Agent, or their designee may commit District funds for the purchase of goods, equipment or services for District benefit. Said commitment of District funds may be made only where the person making the commitment is authorized to do so by a specific provision of this policy. Except in cases of emergency as hereinafter provided, or in cases where the Board of Directors has made specific provision, no purchase of property by any governing body or person other than the Board of Directors, the General Manager/Purchasing Agent, or their designee will be binding on the District or constitute a lawful charge against District funds. Authorization levels are defined by position or management level in this policy.

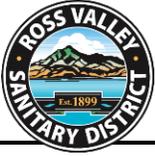
11.3 DELEGATION OF AUTHORITY

The Purchasing Agent may delegate the authority for the purchase of goods and supplies and for the procurement of professional service to the District's managers as described herein.

11.4 UNAUTHORIZED PURCHASES

Unauthorized purchases are not considered an obligation of the District and the individual making such purchases will be held personally liable for the cost of the purchase. Unauthorized purchases are defined to include any of the following:

- Any procurement made not in conformance with these policies, including any actions to circumvent the delegation of procurement authority.
- Any procurement where the good or service is intended for personal use and not intended for use by the District.



11.5 DUTIES OF THE PURCHASING AGENT

The Purchasing Agent or his/her designee will:

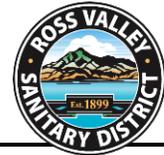
- Monitor and coordinate District purchases for all materials, supplies, services, furnishings, equipment and other property in accordance with rules and regulations prescribed by District ordinances, resolutions, policies, and procedures, and as otherwise provided for by law.
- Engage independent contractors to perform services for the District in accordance with the provisions of this policy.
- Engage independent contractors to construct, repair or furnish any building or structure consistent with the authority vested in the Purchasing Agent by this policy.
- When authorized, sell or dispose of surplus property of the District.
- Perform such other services as the Board of Directors may from time to time by resolution require.

11.6 RULES AND PROCEDURES

The Purchasing Agent is charged with the authority and responsibility for coordinating and managing the procurement of goods, supplies, equipment, and services according to applicable law and this policy. This authority includes the responsibility to establish rules and procedures to ensure that applicable laws, regulations and procurement policies are followed.

11.7 LOCAL BUSINESS PARTICIPATION

Local business participation in District contracts is encouraged. The District staff will make every reasonable effort to contract with and obtain price quotations from local businesses for labor, supplies, and materials on all contracts that are not required by law or this policy to be competitively awarded. On all public contracts that are required by law to be competitively bid, the District staff will make every reasonable effort to encourage the participation of local businesses. All notices inviting bids will include language to the effect that it is the District's policy to encourage bidders to utilize local business whenever possible on District projects.



11.8 PURCHASING AUTHORIZATION LEVELS

District Position	Maximum Amount Authorized for Purchases				
	Supplies	Maintenance	Professional Services	Professional Services Related to Construction	Construction
Board of Directors	Any	Any	Any	Any	Any
General Manager (Budget)*	\$25,000	\$35,000	\$35,000	\$35,000	\$60,000
General Manager (Other)	\$25,000	\$25,000	\$25,000	\$25,000	\$60,000
Dept Managers	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Superintendent	\$6,000	\$6,000	None	None	None
Supervisor	\$3,000	\$3,000	None	None	None

Note: Authorization for emergency purchases is covered in the Section *Emergency Procurement*.

* Purchases for items specifically listed in the District-approved budgets, i.e., studies, services, equipment, etc., may be approved for purchase by the General Manager pursuant to the terms of this policy.

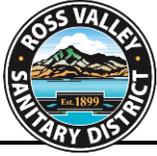
* For purposes of this section, "Maintenance Work" includes all of the following: routine, recurring, and usual work for the preservation or protection of any publicly owned or publicly operated facility for its intended purposes; minor repainting; landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems.

11.9 RECURRING CHARGES

The Purchasing Agent may identify vendors and contractors who provide recurring services and exclude them from the standard purchasing process. Some examples of appropriate exclusions would include suppliers of annual software subscription services (e.g., SmartCovers, Innovyze), equipment lease agreements (e.g., Dell Computers, Enterprise Fleet), utility services, freight carriers, postal service, and payments to the District's risk management pool, California Sanitation Risk Management Authority (CSRMA), and to the Central Marin Sanitation Agency (CMSA). This is at the discretion of the Purchasing Agent, who will maintain a list of vendors designated as "Recurring."

11.10 PURCHASE OF GOODS AND MATERIALS UNDER \$10,000

Competitive quotes for the purchase of goods and materials are not required when the total cost of such goods is under ten thousand dollars (\$10,000). The Purchasing Agent may delegate the authority to purchase goods and materials under ten thousand dollars (\$10,000) to specific District positions, including managers and supervisors.



11.11 PURCHASE OF GOODS AND MATERIALS \$10,000 OR OVER

- Except as otherwise provided by the policy, at least three quotes will be solicited for the purchase of those goods and materials with a cost of ten thousand dollars (\$10,000) and above, with the contract for purchase awarded to the best value quote. Quotes shall be documented.
- Except as allowable through the *Sole Source Procurement* section of this policy, bid/quote specifications should be written to allow for competition and not to exclude all but one kind or type of product, and should describe the performance requirements rather than its formulation, description or design.
- The Purchasing Agent may delegate the authority to purchase goods and materials over ten thousand dollars (\$10,000) to District managers.
- The District reserves the right to reject any or all quotes when, after consideration of all relevant circumstances, such action is considered in the best interest of the District. The District further reserves the right to re-quote any purchase of goods or materials, regardless of any prior actions to request quotes.

11.12 PROCUREMENT OF PROFESSIONAL SERVICES

Professional services are consulting, or professional/technical services not provided by District employees. Professional services include, but are not limited to, financial, economic, accounting, legal, medical, therapeutic, and administrative services.

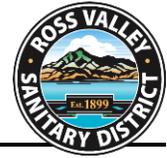
11.13 PROFESSIONAL SERVICES FOR SELECT PROFESSIONS

Per California Government Code §4526, the selection of a vendor to provide architectural, landscape architectural, engineering, environmental, land surveying, or construction project management professional services will be made on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the services required. For these selected professions, there are special procedures for acquiring these services.

11.14 CRITERIA FOR USE OF PROFESSIONAL SERVICE CONTRACTS

Contracted professional service may be used only under any one of the following conditions:

- Urgent need which cannot be met by District employees.
- Temporary, intermittent, or irregular services which cannot be performed effectively by District employees.
- Special or highly technical skills which cannot be obtained from District employees.
- Need for an independent opinion, appraisal, audit, or similar services.
- Lack of sufficient personnel to accomplish the work in the required time frame.



11.15 SELECTION OF VENDORS FOR PROFESSIONAL SERVICES – GENERAL

Vendors for professional services other than those identified in California Government Code §4526 are to be selected as follows:

1. Vendor selection will be based on a competitive process whenever reasonably feasible. Professional services may be competitively solicited through informal Requests for Quotes (RFQ) and information Requests for Proposals (RFP) or through formal sealed competitive proposals. The type of service to be contracted for, the anticipated award amount, and the potential risks involved affect the decision whether to use informal or formal purchasing procedures.
2. Professional service contracts may be awarded without competitive solicitation when there is only one person or vendor available or capable of providing the required service, when there are limitations in the availability of potential contractors, when the services required are of such a specialized nature that precludes competitive solicitation, or when other conditions exist such that the appropriate awarding authority determines that it is in the District's best interest to waive competitive solicitation for the required professional services.

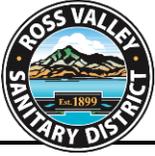
11.16 SELECTION OF VENDORS FOR SELECT PROFESSIONAL SERVICES

Vendor selection for professional services of private architectural, landscape architectural, engineering, environmental, land surveying, or construction project management firms, as defined in California Government Code §4525 will follow the procedure outlined below:

1. Prospective vendors are requested to submit proposals and statements of qualifications to the District for the required services or proposed project. Proposals and statements of qualifications may be solicited through trade publications and by other means of advertisement. Pricing will be submitted separate from the proposal and will not be considered in the initial review process.
2. District staff will evaluate the proposals, statements of qualifications, and performance data submitted by firms regarding the proposed project, and, when available, select the firms with the top three rated proposals for further evaluation.
3. Based upon the pricing submitted separately from the proposal, District staff will negotiate a contract with the firm submitting the top-rated proposal. Should the District be unable to successfully negotiate a contract with the firm submitting the top-rated proposal, at a price the District deems fair and reasonable, then negotiations with that individual or firm will be terminated. The District will then commence negotiations with the firm submitting the next highest rated proposal. Should the District be unable to negotiate a satisfactory contract with the firm submitting the second highest rated proposal, the District will terminate the negotiations and undertake negotiations with the firm submitting the next highest rated proposal. Should the District be unable to negotiate a satisfactory contract with any of the selected firms, the District will select additional firms in order of the ratings of their proposals and qualifications until an agreement is reached.

11.17 SOLE SOURCE PROCUREMENT – COMPETITION IS PRESUMED

All reasonable attempts should be made to identify multiple vendors or multiple brands prior to any approval of sole source procurement.



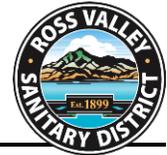
11.18 SOLE SOURCE PROCUREMENT DEFINED

Sole source procurement is any acquisition which, by virtue of the specifications required or by the clear and specific restrictions imposed by a provider, restricts the procurement to one vendor or to one brand.

11.19 ALLOWABLE JUSTIFICATIONS FOR SOLE SOURCE PROCUREMENT

Sole source procurements are allowed under the following conditions or when procuring the following goods or services:

- Goods or materials where cost is under ten thousand dollars (\$10,000).
- Professional services performed by vendors on jobs less than twenty-five thousand dollars (\$25,000).
- Maintenance work performed by contractors on jobs less than twenty-five thousand dollars (\$25,000), as long as the price from the contractor is within ten percent (10%) of a District Engineer's or independent engineer's estimate of probable cost.
- Property or services, the price of which is fixed by law.
- Training seminars or other classes for personnel.
- Materials, supplies or equipment or services that can only be obtained from one supplier, generally because of technological, specialized or unique character.
- The product is unique in design and/or has features which are required for a specific application.
- The product must be compatible with existing equipment.
- The product or service is available only from the manufacturer's authorized representative.
- Automotive and heavy equipment repairs.
- When, in the judgment of the Purchasing Agent, it is in the best interest of the District to negotiate, without engaging in competitive bidding process, an extension of an existing contract for goods or services based upon satisfactory performance, as long as such negotiated price is fair and reasonable.
- Purchases made from other public agencies by use of joint powers agreement, cooperative purchasing programs, pooling agreements, and other recognized types of agreements used by government agencies for the purpose of combining purchasing requirements in order to reduce cost, increase efficiency, or reduce administrative expenses.
- Goods or services on, or provided by vendors on, the California Multiple Award Schedules (CMAS) list, subject to the limitations and provisions of the CMAS program, or other comparable cooperative purchasing program lists.
- Materials, supplies or services that are acquired from a vendor based on a contractual arrangement with the vendor that was established pursuant to a California government competitive bid process.



11.20 SURPLUS PROPERTY - DECLARATION

Only the Purchasing Agent has the authority to determine whether property owned by the District no longer has any useful value to the District. The Purchasing Agent has the authority to declare equipment and other property surplus if the equipment has a current estimated market value of five thousand dollars (\$5,000) or less. If the current estimated market value exceeds five thousand dollars (\$5,000), or the property is recorded as a fixed asset, the Board of Directors has the sole authority to declare the property surplus.

11.21 DISPOSAL OF SURPLUS PROPERTY

The Purchasing Agent is responsible for ensuring that the sale, lease, transfer, exchange, and disposal of surplus property is conducted in such a manner as to realize the maximum value possible from the sale or disposal of surplus property. The Purchasing Agent will sell, lease, transfer, dispose of, or exchange surplus property in the manner authorized by the District Board of Directors, or as described below:

1. The Purchasing Agent may contract with an auctioneer to conduct a District public auction, or with an auction service to arrange for the disposal of surplus property.
2. For items valued at five thousand dollars (\$5,000) or less, the Purchasing Agent may conduct a publicly advertised cash-only "garage sale" or may authorize disposal at a scrap or recycling facility in exchange for the scrap/recycling value. Sale proceeds will be deposited into the District's Operating Fund.
3. Surplus items that have no value, or when the labor, transportation and administrative cost to dispose of a surplus item exceeds the item's value, the Purchasing Agent may discard the surplus item or otherwise dispose of the items, including giving the item to a school or charity within Marin County.

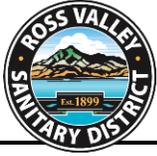
11.22 TRADE-IN ALLOWANCE

When purchasing property for which it is not required to advertise for bids, the Purchasing Agent is authorized to solicit and accept advantageous trade-in allowances for District property which has previously been declared surplus. Competitive bids for the purchase of property by the District may include a request for trade-in of equipment that has previously been declared surplus.

11.23 PROHIBITION AGAINST PURCHASE BY EMPLOYEES

The General Manager and District managers are prohibited from purchasing any District surplus property. Additionally, employees assigned any of the following duties within the District will not, either directly or indirectly, bid or purchase surplus District property:

- Purchasing functions
- Responsible for surplus declarations
- Access to privileged information regarding the item or equipment or the value thereof, which is not available to all prospective bidders
- Assigned to the department having custody of the surplus property



11.24 PROCEEDS FROM DISPOSITION OF SURPLUS PROPERTY

Proceeds from the Disposition of surplus property will be deposited into the District’s Operating Fund for use by the District. The disposal of surplus land is subject to Government Code §54220 et seq.

11.25 FORMAL BIDDING FOR CONSTRUCTION

The District complies with all sections of the California Public Contract Code as they apply to agencies organized under the Sanitary District Act of 1923 (California Health & Safety Code, §6400 through §6830). The General Manager and District Engineer are responsible for ensuring compliance with bidding for public projects as defined by the Public Contract Code.

11.26 UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT

The Uniform Public Construction Cost Accounting Act adopted by the Board of Directors (Ordinance 110) provides for informal bidding procedures for projects defined by the Act and in accordance with the limits listed in Section 22032 of the Public Contract Code.

Effective January 1, 2019, these limits are as stated here:

- Public projects of \$60,000 or less may be performed by the employees of a public agency by force account, by negotiated contract, or by purchase order.
- Public projects of \$200,000 or less may be let to contract by informal procedures as set forth in the Public Contract Code.
- Public projects of greater than \$200,000 shall, except as otherwise provided in the Public Contract Code, be let to contract by formal bidding procedure.

11.27 EMERGENCY PROCUREMENT – AUTHORITY TO AWARD

In the event of an emergency, District funds may be spent for a project without following the statutory procedures for competitive bidding pursuant to the provisions of this policy.

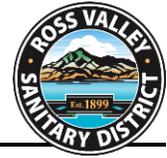
11.28 EMERGENCY DEFINED

For the purpose of this policy, “emergency” is defined as follows:

1. A sudden unexpected occurrence that poses a clear and eminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services; and
2. The necessity is such that time does not permit following the normal bid process of Public Contract Code §20804.

11.29 BOARD ACTION

In the event of an emergency, the District, upon the adoption by the Board of a four-fifths vote of a resolution declaring an emergency pursuant to this policy and Public Contract Code §20806, may take any directly related and immediate action required by the emergency and procure the necessary equipment, services, and supplies for those purposes without giving notice for bids to let contracts. If the Board of Directors orders any action as a result of an emergency, the Board of Directors will review the emergency



action at its next regularly scheduled meeting and at every regularly scheduled meeting thereafter until the action is terminated, to determine, by four-fifths vote, whether there is a need to continue the action.

11.30 GENERAL MANAGER'S AUTHORITY TO ACT

If the nature of the emergency does not permit a Board meeting to adopt a Resolution of Emergency, the General Manager may take the action as set forth in this policy. If the General Manager orders any action pursuant to this section, the General Manager will report to the Board of Directors, at its next meeting, the reasons justifying why the emergency does not permit a delay resulting from a competitive solicitation for bids and why the action was necessary to respond to the emergency. The Board of Directors will initially review the emergency action taken by the General Manager no later than seven days after the action, or at its next regularly scheduled meeting if that meeting will occur not less than fourteen (14) days after the action and at least at every regularly scheduled meeting thereafter, until the action is termination, to determine, by four-fifths vote, whether or not there is a need to continue the action unless the General Manager has terminated the action.

11.31 TERMINATION OF EMERGENCY ACTION

When the Board of Directors reviews the emergency action, it will terminate the action at the earliest possible date that conditions warrant, so that the remainder of the emergency action may be completed by giving notice for bids to let contracts.

11.32 PROTEST AND APPEAL OF PROCUREMENT ACTIONS

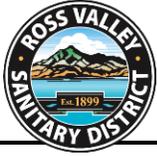
Vendors may protest any procurement actions involving formal sealed bids and competitive sealed proposals. The following procedures apply:

1. Any directly affected party who is aggrieved in connection with the solicitation or award of a purchase order or contract issued through a formal sealed bid procedure may protest the procurement action taken.
2. Such protests must be filed in writing with the District within five working days from the time of the occurrence giving rise to the protest. Protest received after this time will not be considered.
3. Any protest will include the date and action taken resulting in a protest, and identify the material issue, including a detailed explanation of the basis for the protest, and the remedy sought. Specification related protests must be fully supported by technical data test results, or other pertinent information.

11.33 RESOLUTION PROCESS

Upon receipt of protest, the Purchasing Agent or designee will convene, at the earliest possible convenience, discussions between the protesting party and the appropriate District staff to seek informal resolution and/or to clarify the issues. If the protest is not resolved by mutual agreement, the Purchasing Agent or designee will provide a written response to the protesting party within fifteen (15) working days following the information meeting. The response will state the Purchasing Agent's or designee's decision the facts supporting the decision and will inform the protesting party of its right to appeal the decision to the Board of Directors.

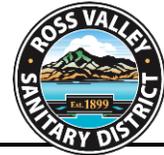
In the event the informal resolution procedure is unsuccessful, the protesting party may request an appeal hearing before the Board of Directors by filing a written request with the General Manager no later than



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five working days after notification of the Purchasing Agent's or designee's decision. Any appeal hearing will be scheduled within thirty (30) working days from the date the request is received by the General Manager. The General Manager will notify the appellant of the scheduled hearing date by placing such notice in the U.S. Mail, 1st class, not less than ten working days from the date of hearing. The appellant will have the right to testify at the hearing, to be represented by counsel, to present witnesses on his/her behalf, and to present oral and written documents and evidence on the issue. The hearing will be conducted in an informal manner and the rules of evidence will not apply. After the conclusion of the hearing, the Board of Directors will make findings of fact and a decision concerning the issue(s).

In the event of a timely protest under this section, the District will not proceed further with the solicitation or the award of the contract or purchase order until the protest is resolved, unless the Purchasing Agent, in consultation with the manager of the requisitioning department and District Counsel, makes a written determination that the award of the purchase order or contract without further delay is necessary to protect a substantial interest of the District.



12 CREDIT CARD AND PURCHASING CARD USE POLICY

12.1 CREDIT CARDS

The following positions are authorized to use a general-purpose District credit card issued in their name. Each cardholder is responsible for entering into a Cardholder Agreement with the District. A copy of the Cardholder Agreement is kept in the cardholder’s personnel file. Each cardholder must surrender the card immediately upon retirement, termination, or upon request of the General Manager. Use of the card after privileges are revoked is prohibited.

Position	Credit Limit
General Manager	\$15,000
Dept. Managers	\$ 7,500
Superintendent	\$ 5,000
Supervisor	\$ 3,000
Clerk of the Board	\$ 3,000
Senior Admin Coordinator	\$ 3,000
First On-Call Staff	\$ 1,000

12.2 RESPONSIBILITIES OF THE DISTRICT

The District assumes responsibility for the payment of all charges incurred on the credit cards.

12.3 RESPONSIBILITIES OF THE EMPLOYEE/CARDHOLDER

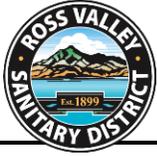
Each cardholder is responsible for the security of the card and for all purchases made with the card. Each cardholder is required to review and attest to the accuracy of each monthly statement. A receipt/invoice is required to substantiate every purchase made using the credit card. Receipts/invoices must contain the following information:

- Description of items/services purchased
- Quantity purchased
- Price per item
- Amount of sales tax and shipping
- Total purchase amount

Employees are to use the District credit card for purchases related solely to District business. Lost or stolen cards must be reported to the credit card company and the Finance & Administrative Services Manager or General Manager within one day of discovery. Failure to comply with District’s Financial Policies may result in the credit card being placed on hold and/or cancelled.

12.4 AUTHORIZATION TO ESTABLISH CREDIT CARD ACCOUNTS

The General Manager is authorized to select a provider of credit card services and establish accounts that comply with the restrictions set forth in this policy.



12.5 REVIEW AND APPROVAL OF CHARGES

All individual cardholder credit card statements will be reviewed and approved by the General Manager or their designee prior to payment. No statement will be approved by the cardholder of the card for which that statement is reporting.

12.6 PURCHASING CARDS (P-CARDS)

Purchasing cards may be authorized by the General Manager for any position of the District where need is demonstrated. Each cardholder must surrender the card immediately upon retirement, termination, or upon request of the General Manager. Use of the card after privileges are revoked is prohibited.

12.7 RESTRICTIONS

Purchasing cards are restricted to a maximum total credit limit of three thousand dollars (\$3,000), with a per transaction limit of five hundred dollars (\$500). Purchasing cards will be restricted for use with businesses that provide materials and services required for District activities. Restaurants, grocery stores, hotels, and general retail establishments will be excluded.

12.8 RESPONSIBILITIES OF THE DISTRICT

The District assumes responsibility for the payment of all charges incurred on the purchasing cards.

12.9 RESPONSIBILITIES OF THE EMPLOYEE/CARDHOLDER

Each cardholder is responsible for the security of the card and for all purchases made with the card. Each cardholder is required to review and attest to the accuracy of each monthly statement. A receipt/invoice is required to substantiate every purchase made using the credit card. Receipts/invoices must contain the following information

- Description of items/services purchased
- Quantity purchased
- Price per item
- Amount of sales tax and shipping
- Total purchase amount

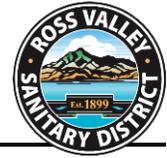
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13 CAPITAL ASSET MANAGEMENT

13.1 POLICY OBJECTIVES

The District's capital asset management policy covers all capital assets, including land and improvements, buildings and improvements, vehicles, machinery, equipment, infrastructure and all other tangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period and an original cost generally in excess of five thousand dollars (\$5,000).

The objective of this policy is to provide a framework to ensure capital assets are valued and recorded properly according to Governmental Accounting Standards Board Statement No. 34 (GASB 34). This policy also sets standards for maintenance and security of all capital assets and inventory.

13.2 RESPONSIBILITY

The General Manager or his or her designee is authorized and responsible for developing procedures to manage and value assets according to the terms of this policy. This responsibility includes monitoring compliance with those procedures and practices and taking corrective action to ensure compliance, including the update of procedures or the discipline of employees.

13.3 SECURITY

Assets are to be stored in such a manner as to be secure from theft or damage. Depending on the nature of the asset, it may be stored in a locked facility and protected from the weather and climate conditions, or it may be stored out of doors in the District's corporate yard behind a gate that is locked during non-business hours.

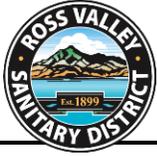
Most infrastructure assets are located in public areas within the District's service area. The largest portion of those assets are underground pipes; however, the District has a number pumping and lift stations containing key equipment. The pumping and lift stations are to be kept locked and secured to prevent public access.

13.4 REPORTING CAPITAL ASSETS

Capital assets should be reported at historical cost. The cost of a capital asset should include capitalized interest and ancillary charges necessary to place the asset into its intended location and condition for use. Ancillary charges include costs that are directly attributable to asset acquisition – such as freight and transportation charges, site preparation costs, and professional fees.

13.5 INFRASTRUCTURE ASSETS

Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include pipelines, pump stations and equipment, and appurtenances. Repairs and/or maintenance valued at five thousand dollars (\$5,000) or more, which extends the life of the system or subsystem should be considered a capitalized asset. Additions and improvements to infrastructure assets, valued at five thousand dollars (\$5,000) or more, should be capitalized. Additions or improvements increase the capacity or efficiency of infrastructure assets rather than preserve the useful life of the assets.



The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized and therefore, expensed.

Capitalization policies should find an appropriate balance between ensuring that all material capital assets, collectively, are capitalized while minimizing the cost of record keeping for capital assets.

13.6 CONTRIBUTED INFRASTRUCTURE ASSETS

Infrastructure assets that are donated or otherwise granted to the District will be valued based on estimated fair market value at the time of the donation or grant.

13.7 INFRASTRUCTURE ASSETS DEPRECIATION

Infrastructure asset depreciation is computed using the straight-line method over the following estimated useful lives of assets:

Sewer Lines	50 Years
Pump Stations & Equipment	15 Years
Land/Easements	Indefinite (not depreciated)
Buildings	40 Years

The District will budget for the adequate maintenance of infrastructure assets and facilities to protect the public investment and maximum the asset's useful life.

13.8 CAPITAL IMPROVEMENT PLAN FOR MAJOR INFRASTRUCTURE ASSETS

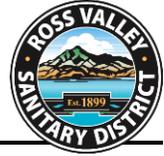
The District will prepare, adopt and update annually a multi-year Capital Improvement Plan that identifies and sets priorities for all major infrastructure assets to be acquired, constructed or replaced by the District. The Capital Improvement Plan shall be included in the Adopted Budget and list all major capital projects (new assets). Major infrastructure assets are those costing more than fifty thousand dollars (\$50,000). The Capital Improvement Plan shall forecast the funding necessary to support the acquisition, construction, and replacement of assets identified in the plan.

13.9 OTHER CAPITAL ASSETS

Other capital assets are tools, equipment, furniture, vehicles, and other non-infrastructure/non-inventory tangible property with an initial cost of five thousand dollars (\$5,000) or more and a useful life of more than one year. Any upgrade or other maintenance work that either adds significant value or significantly extends the asset beyond its original estimated useful life will be added to the remaining value of the asset and capitalized over the newly estimated useful life. Depreciation is computed using the straight-line method over the following estimated useful lives of assets:

Vehicles and Major Equipment	5 – 10 Years
Office Equipment	5 Years

Other capital assets will be identified and counted annually. As part of the process, other capital assets no longer in use will be identified and evaluated for disposal in accordance with applicable District policy.



14 INVENTORY MANAGEMENT AND VALUATION

14.1 RESPONSIBILITY

The General Manager or his or her designee is authorized and responsible for developing procedures to manage and value inventory according to the terms of this policy. This includes procedures to ensure monitoring and compliance with the policy.

14.2 INVENTORY DEFINED

Inventory is defined as materials or parts used by the District in the construction or capitalized repair of its infrastructure assets. This includes individual items that have a cost equal to or greater than five hundred dollars (\$500). It does not include tools, vehicles, generators, miscellaneous hardware such as screws and bolts, or other supplies used in maintenance and inspections.

14.3 SECURITY OF INVENTORY

Inventory is to be stored in such a manner as to be secure from theft or damage. Depending on the nature of the inventory item, it may be stored in a locked facility and protected from the weather and climate conditions, or it may be stored out of doors in the District's corporate yard behind a gate that is locked during non-business hours.

14.4 RECORDING OF INVENTORY TRANSACTIONS

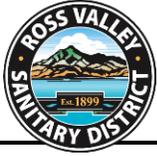
District employees authorized to handle inventory will record all additions and uses of inventory as they occur. These inventory usage records will be provided to the Finance Department for entry into the accounting system on an annual basis. The accounting system will track the perpetual inventory.

14.5 PHYSICAL INVENTORY

A complete physical inventory will be conducted at least once annually, as close to the fiscal year end as possible. Interim physical inventories or cycle counts may be performed as considered necessary by District management. Any differences between the perpetual inventory quantity shown in the accounting system and the physical count should be investigated and documented, and proper adjustments should be made to ensure the perpetual inventory record is correct.

14.6 VALUATION

The District values inventory on a First-In, First-Out (FIFO) basis.



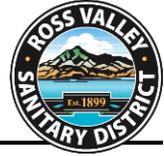
15 RISK MANAGEMENT AND INSURANCE

15.1 PURPOSE

The purpose of this *Risk Management and Insurance Policy* is to provide direction to District staff on managing the District's liability, property, fixed assets, vehicles, and employee-related risks in a reliable, economical, and beneficial manner.

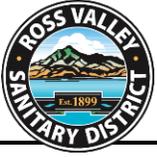
15.2 POLICY

The General Manager shall be responsible for managing all aspects of risks encountered by the District. As such, District staff shall coordinate and obtain appropriate levels of insurance coverage and implement other risk management and mitigating strategies and safety management approaches, as recommended by the California Sanitation Risk Management Authority (CSRMA). Acceptable risk management strategies need to be in compliance with applicable Federal and State laws and California Occupational Safety and Health Administration (CalOSHA) regulations. Insurance coverage and risk management strategies shall include, but are not limited to, liability, property, vehicles, workers' compensation, hazards, general safety, and loss control, and may consist of self-insurance programs when economical and cost effective.



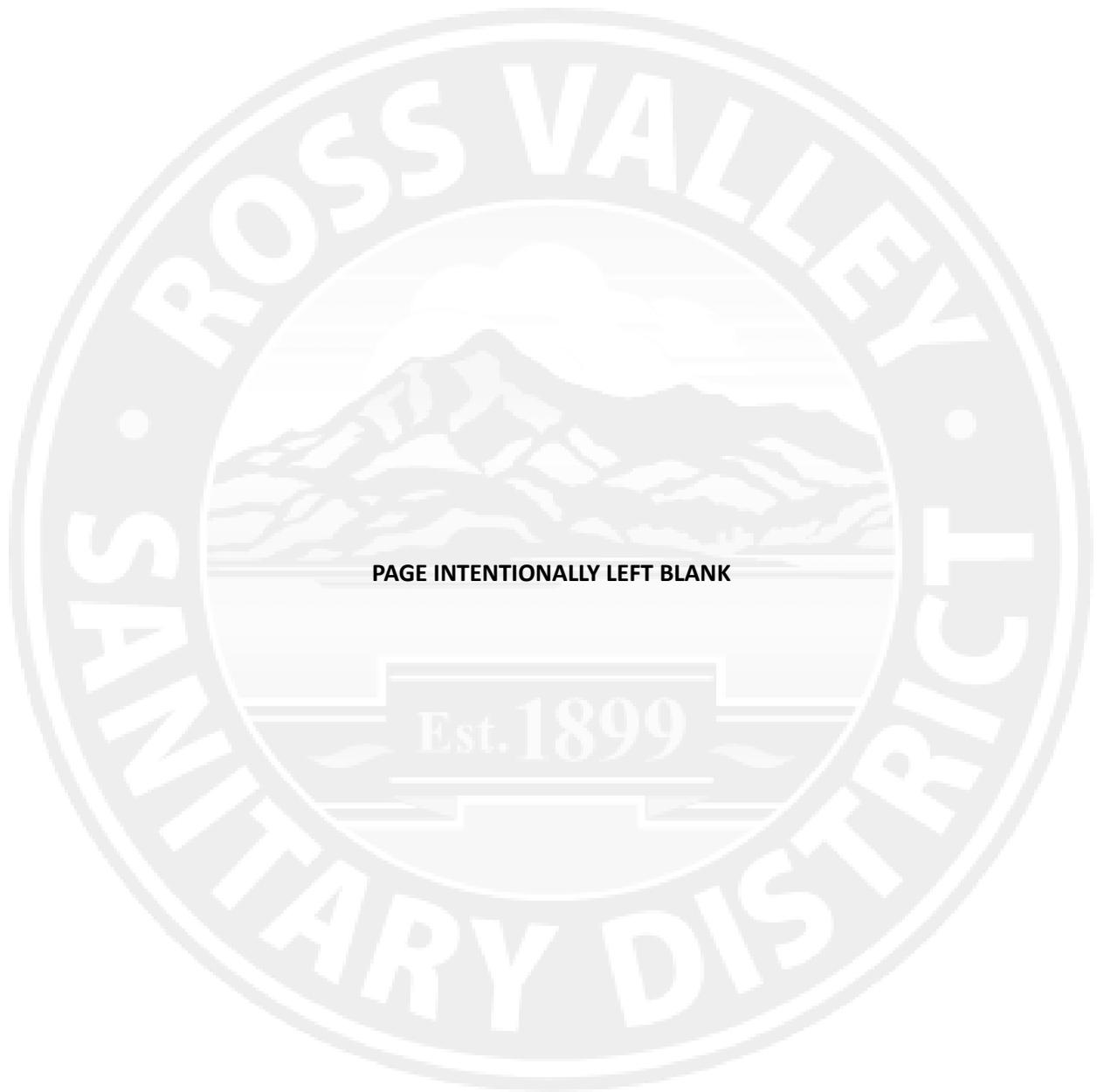
Appendix D – Board Adoption Resolution

See attachment.

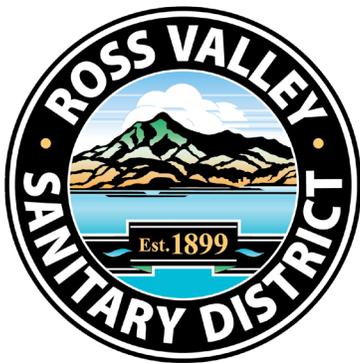


Appendix E – GANN Limit Resolution

See attachment.



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