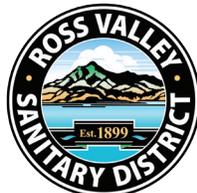
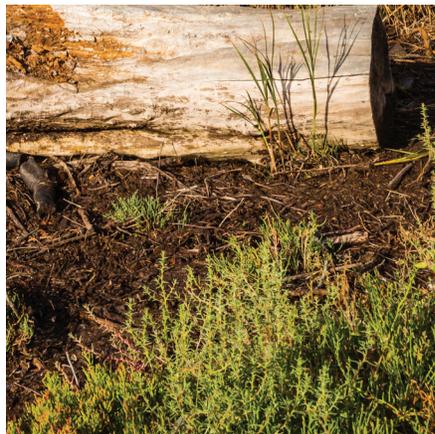


2023

POPULAR ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023



Ross Valley Sanitary District

1111 Andersen Dr.
San Rafael, CA 94901
415.259.2949
rvsd.org



Government Finance Officers Association

Award for
Outstanding
Achievement in
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Financial Reporting

Presented to

**Ross Valley Sanitary District
California**

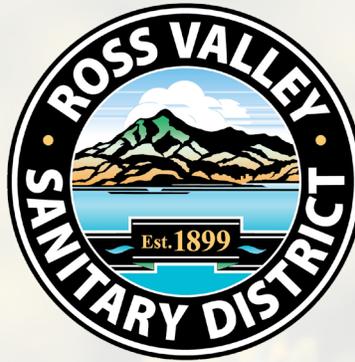
For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

TABLE OF CONTENTS



Mission & Values.....	1
Letter from the GM.....	2
History.....	3
About the District.....	4
Population.....	5
Capital Projects.....	6
FY 23 Achievements.....	7-8
Financial.....	9-14

DISCLOSURE

The following report presents the Ross Valley Sanitary District's Popular Annual Financial Report (PAFR) for fiscal year 2023 with the intention of providing easy-to-understand facts of the organization. The condensed financial data included within this report is directly sourced from the District's audited Annual Comprehensive Financial Report (ACFR). This report does not contain all disclosures necessary as required for the District's ACFR. Further information about the District's financial statements is found online at:

<https://www.rvsd.org/169/Financial-Stewardship>.

OUR MISSION & VALUES

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

OUR CORE VALUES

Individually and as a team, we follow:

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



LETTER FROM THE GM

DEAR BOARD OF DIRECTORS AND RATEPAYERS,

I am pleased to present the second Ross Valley Sanitary District (“District”) Popular Annual Financial Report (PAFR). This report presents the District’s financial position, accomplishments and activities for the fiscal year ended on June 30, 2023 in an easy-to-read format for those without a financial background.

This past fiscal year, the District continued to meet its goals of excellent customer service and protecting public health and the environment. Ongoing capital projects were implemented on time and within budget, private sewer laterals were upgraded and inspected continually, the wastewater collection and conveyance system was maintained with the lowest number of spills recorded, and customer inquiries about services or District programs were attended in a timely manner. In summary, the District served as a faithful working partner to the community it serves.

SOME NOTABLE ACHIEVEMENTS OVER THE PAST FISCAL YEAR INCLUDE:

- Awarded Collection System of the Year (Small) from the California Water Environment Association (CWEA).
- Awarded CWEA Redwood Empire Section Community Outreach Project of the Year (Medium).
- Received California Association of Sanitation Agencies (CASA) Award of Excellence for the District’s Competency-Based Training Program.
- Received recognition from the Government Finance Officers Association (GFOA) Certificate of Excellence in Financial Reporting for fourteen consecutive years as well as first ever recognition of the Popular Annual Financial Report (PAFR)
- First year to have received the Distinguished Budget Presentation Award.
- Improved credit standing with Fitch to “AA Stable Outlook”.
- Maintained a 90% funding ratio for the District’s unfunded pension liability using Section 115 trust account investments.

The District recognizes its employees as its most important asset. The District offers opportunities to its employees for personal and professional growth and promotes healthy workplace behaviors through its “RVSD Way” work culture initiative.

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

Respectfully submitted,



Steve Moore, P.E.
General Manager



HISTORY



Greenbrae Treatment Plant, ca. 1923

CALIFORNIA'S OLDEST DISTRICT

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

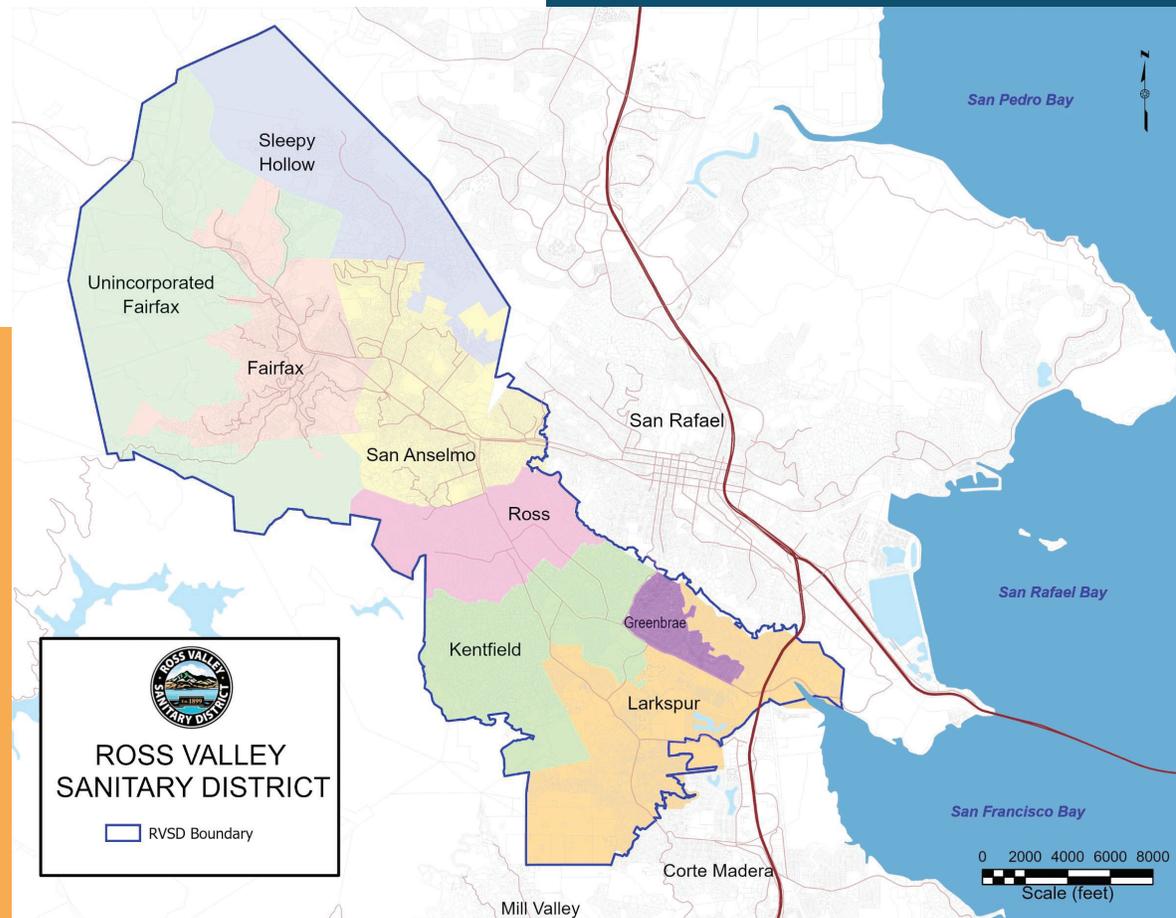
ABOUT THE DISTRICT

SERVICE AREA

Ross Valley Sanitary District provides high quality wastewater collection service to residents of Fairfax, Greenbrae, Kentfield, Larkspur, Ross, San Anselmo, and Sleepy Hollow.

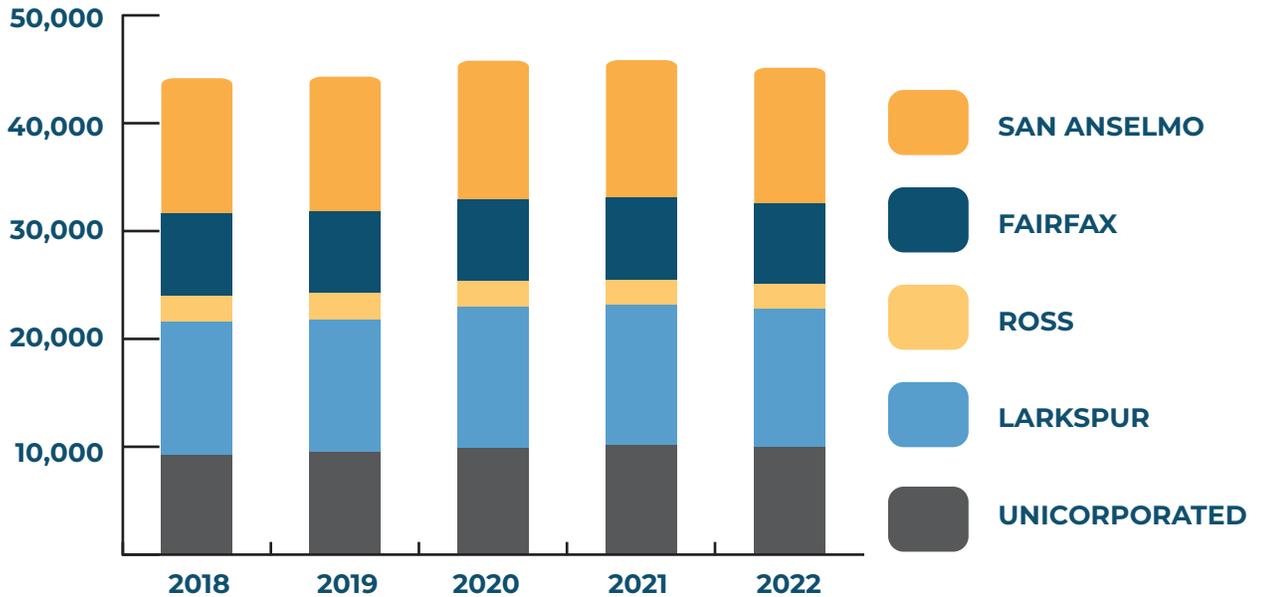
SERVICE SCOPE

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



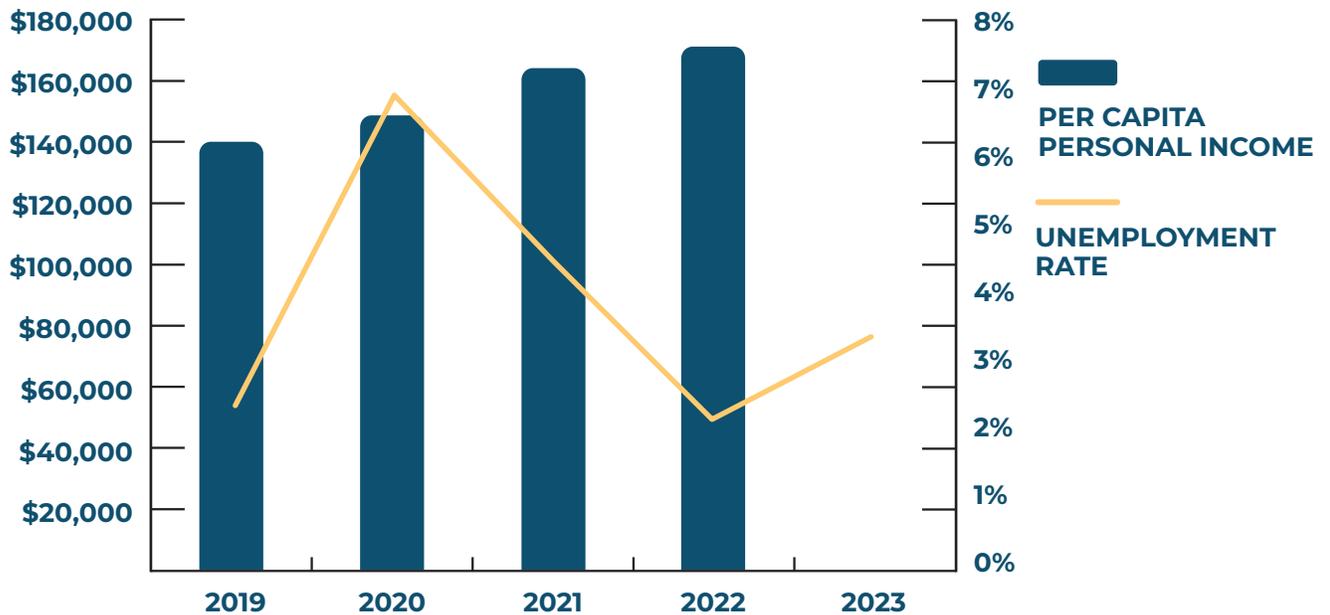
POPULATION

DISTRICT SERVICE AREA POPULATION



Note: Fiscal Year 2022 Population is not available.
Source: Us Census Bureau 2020 American Community Survey.

MARIN COUNTY LOCAL ECONOMY



Note: Fiscal Year 2023 Per Capital Income is not available.
Sources: Us Census Bureau 2020 American Community Survey & State Of California Employment Development Division.

CAPITAL PROJECTS

REPLACING OUTDATED INFRASTRUCTURE

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

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



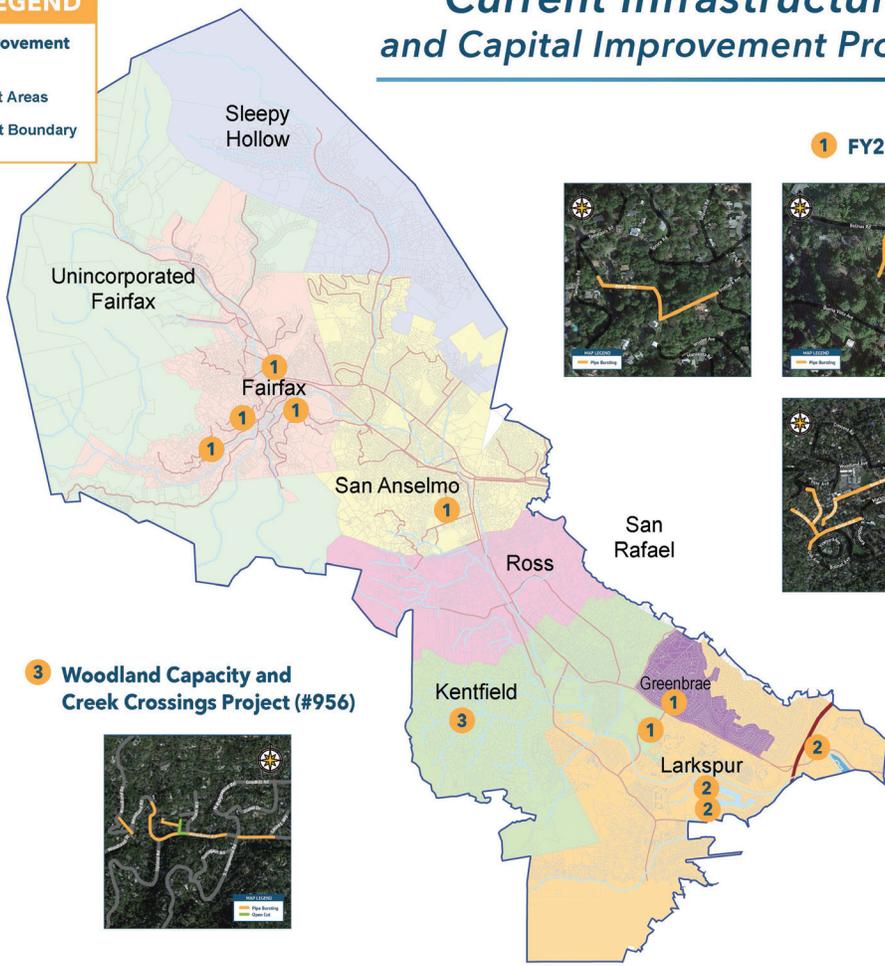
MAP LEGEND

Sewer Improvement Projects

- Project Areas
- District Boundary



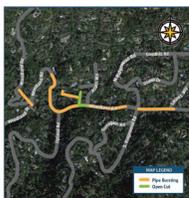
Current Infrastructure and Capital Improvement Projects



1 FY2023/24 Gravity Sewer Improvements Project (#955)



3 Woodland Capacity and Creek Crossings Project (#956)



2 LS 20, 31 & 32 Pump Stations Improvements Project (#907)



FY 23 ACHIEVEMENTS

DISTRICT ACHIEVEMENTS

- Received California Association of Sanitation Agencies (CASA) Award of Excellence for the District's Competency-Based Training Program.
- Awarded the California Water Environment Association's (CWEA) Collection of the System of the Year (Small).
- Awarded CWEA Redwood Empire Section Community and Outreach Project of the Year (Medium) and received second place at the state level.
- Received the Award for Outstanding Achievement for the District's first ever Popular Annual Financial Report (PAFR).
- Received the Excellence in Financial Reporting for the District's Annual Comprehensive Financial Report (ACFR) from the Government Finance Officers Association (GFOA) for fourteen consecutive years.
- Received the first ever Distinguished Budget Presentation Award for the District's Annual Budget.
- Achieved a 90% funding ratio on pension liability.
- Improved credit standing with Fitch to "AA Stable".
- Completion of the last capital project, Pump Station 14, required by the Water Board's Cease and Desist Order.



FY 23 ACHIEVEMENTS



Pump Station 14 Ribbon Cutting Event on July 19, 2023.



*Distinguished
Budget
Award*
PRESENTATION



*Certificate
of
Achievement*
FOR EXCELLENCE IN
Financial Reporting



**AWARD for OUTSTANDING
ACHIEVEMENT**
**Popular Annual
Financial Reporting**

FINANCIAL

CONDENSED STATEMENT OF NET POSITION

Summarizes the District's assets and liabilities as of fiscal year-end, with the difference being reported as net position. Over time, increases or decreases in net position may provide an indication of whether the District's operations are improving or deteriorating. Please refer to the District's ACFR for further detail.

	2023	2022	2021
Current assets	\$ 25,331,687	\$ 23,643,564	\$ 29,671,238
Non-current assets	11,837,727	12,692,827	4,651,642
Capital assets, net	172,711,825	166,586,404	161,705,537
Total assets	209,881,239	202,922,795	196,028,417
Deferred outflows of resources	4,889,419	2,276,101	2,214,597
Current liabilities	7,368,512	6,544,980	6,024,619
Non-current liabilities	100,776,926	98,144,367	104,218,181
Total liabilities	108,145,438	104,689,347	110,242,800
Deferred inflow of resources	3,626,891	7,371,831	139,209
Net investment in capital assets	78,157,988	71,138,827	63,318,123
Restricted net position	8,831,999	9,333,527	2,503,801
Unrestricted net position	16,008,342	12,665,364	22,039,081
Total net position	\$ 102,998,328	\$ 93,137,719	\$ 87,861,005

DEFINITIONS

CURRENT & NON-CURRENT ASSETS

Includes all assets, other than fixed assets, that are owned by or due to RVSD, including any restricted assets.

CAPITAL ASSETS

Includes District land, facilities, pipelines, buildings and equipment net of depreciation and amortization.

DEFERRED OUTFLOWS OF RESOURCES

Includes the use of resources that will be applied to future accounting periods, including deferred pension and OPEB contributions.

CURRENT LIABILITIES

Payments owed by the District and due within 12 months.

LONG-TERM LIABILITIES

Payments owed by the District and due more than 12 months in the future.

DEFERRED INFLOWS OF RESOURCES

The purchase of resources that will be applied to future accounting periods, including retirement obligations and leases.

NET INVESTMENT IN CAPITAL ASSETS

Amounts invested in capital assets less accumulated depreciation and amortization.

RESTRICTED (NET POSITION)

Amounts held in trust for bond holders and pension contributions.

UNRESTRICTED (NET POSITION)

The net amount of total assets and total liabilities, not including the net investment in capital assets and restricted net position.

FINANCIAL

CONDENSED STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION

The statement of revenues, expenses and changes in net position summarizes the District's operations over the course of the fiscal year. This Statement can be used to indicate how successfully the District recovered its costs through user fees and other charges. The resulting difference is the impact to the District's net position. Please refer to the District's ACFR for further detail.



	2023	2022	2021
Revenue:			
Operating revenues	\$ 26,240,105	\$ 24,698,746	\$ 23,717,222
Non-operating revenues	10,615,411	9,485,698	8,931,974
Capital contributions	193,708	119,250	1,103,525
Total revenue	37,049,224	34,303,694	33,752,721
Expense:			
Operating expenses	23,672,352	25,133,233	23,512,234
Non-operating expenses	3,516,262	3,893,747	3,713,547
Total expense	27,188,614	29,026,981	27,225,781
Change in net position	9,860,610	5,276,713	6,526,940
Beginning of year net position	93,137,719	87,861,005	81,334,065
End of year net position	\$102,998,328	\$ 93,137,719	\$ 87,861,005

DEFINITIONS

OPERATING REVENUES

Income received from sewer service charges and permit fees.

OPERATING EXPENSES

Costs associated with running the day-to-day operations of the District.

CAPITAL CONTRIBUTIONS

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

NON-OPERATING REVENUES & EXPENSES

Income and expenditures not directly related to ongoing operations.

FINANCIAL

CONDENSED STATEMENT OF CASH FLOWS

The cash flow statement summarizes cash coming in and going out of the District during the fiscal year. In fiscal year 2023, the total cash position remained strong with the notable impacts being related to sewer service charges and the District’s capital improvement program (CIP). The operating cash flows increased due to the sewer service charge fee increases, meanwhile the capital and non-capital cash flows demonstrate continued commitment to the CIP. Also in fiscal year 2023, the District redeemed share units of its pension trust for reimbursement of its annual unfunded actuarial pension liability payment as shown in the investing cash flow movement. Please refer to the District’s ACFR for further detail.



	2023	2022	2021
Operating activity cash flows	\$ 6,948,906	\$ 6,175,210	\$ 5,585,114
Capital activity cash flows	(15,196,365)	(15,654,721)	(16,973,153)
Non-capital activity cash flows	9,163,410	8,962,928	8,048,535
Investing activity cash flows	796,571	(6,852,772)	(226,252)
Change in net cash	1,712,523	(7,369,355)	(3,565,755)
Beginning of year cash	24,479,780	31,849,135	35,414,890
End of year cash	\$ 26,192,303	\$ 24,479,780	\$ 31,849,135

DEFINITIONS

CASH FLOWS FROM OPERATING ACTIVITIES

All cash received or spent related to RVSD’s normal business activities.

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Includes all cash in from capital contributions and out from both expenditures related to the capital improvement program and long-term debt.

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Includes cash proceeds from property tax collections.

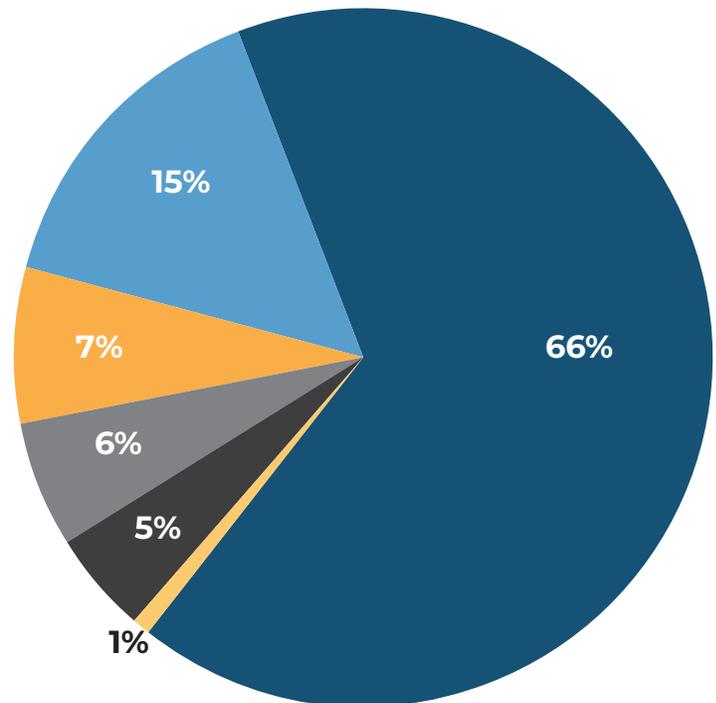
CASH FLOWS FROM INVESTING ACTIVITIES

All interest income, dividends and loan principal repayments received and investment purchases.

FINANCIAL

CAPITAL ASSET BREAKDOWN

As of June 30, 2023, the District's total capital assets, net of depreciation (a non-cash expense for wear and tear), totaled \$172,711,826. This amount is comprised of several asset categories as shown in the pie chart below. Over the course of the fiscal year, the District added \$6,125,421 to its capital assets primarily from completion of several capital projects as reported in Note 6 of the District's ACFR. Additionally, repairs and maintenance costs of \$937,924 for general upkeep and depreciation costs of \$4,469,692 for wear-and-tear were expensed during the fiscal year. Both costs can be noted within the Supplemental Information Schedule of Operating Expenses of the District's ACFR.



DEFINITIONS

SEWER LINES & IMPROVEMENTS

Assets in this category include the wastewater collection system pipeline network for conveyance to the treatment plant.

LAND & EASEMENT

Developed lands owned by the District as well as right-of-way spaces for wastewater collection system maintenance.

PUMP STATION IMPROVEMENTS

All structures and equipment used for control and monitoring of wastewater collection system.

CONSTRUCTION-IN-PROGRESS

All ongoing capital improvement projects for renovation of the wastewater collection system.

BUILDINGS & IMPROVEMENTS

All buildings and structures owned by the District.

EQUIPMENT & SOFTWARE

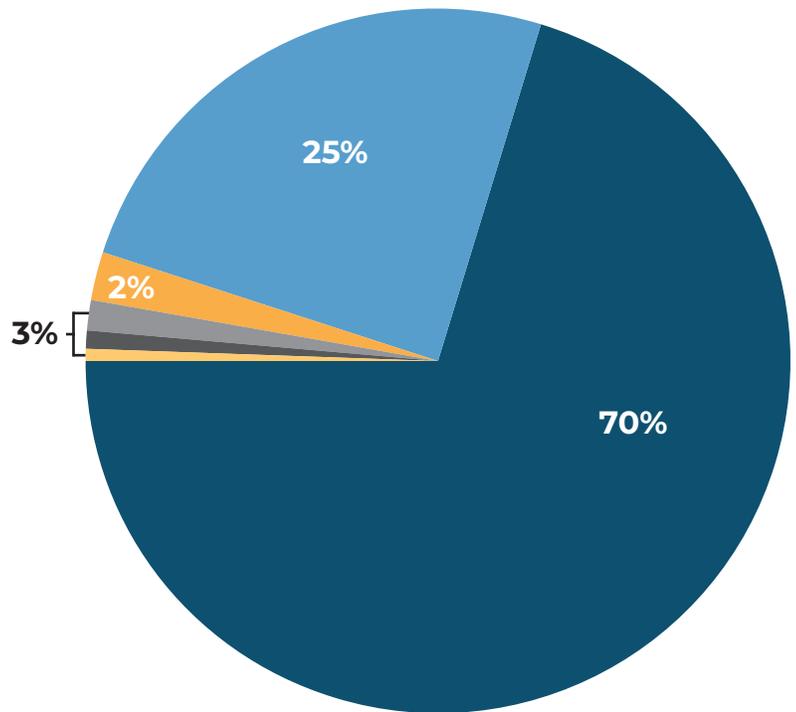
Equipment and software purchased for operations, maintenance and administrative purposes of District operations. Equipment and software includes the capital asset categories: vehicles & heavy equipment, office equipment & furniture, leased equipment as well as software programs.

FINANCIAL

TOTAL REVENUE SOURCES

The District's total revenues for fiscal year 2023 were \$37,049,224 including capital contributions. The majority of revenue received in the current fiscal year is from sewer service charges and property tax collections. These, as well as all of the other revenue streams, were used to help fund the District's operations and capital improvement program to maintain an efficient and effective collection system.

- SEWER SERVICE CHARGES**
(\$25,965,473)
- PROPERTY TAX COLLECTIONS**
(\$9,225,758)
- INVESTMENT INCOME**
(\$779,141)
- LEASE INCOME**
(\$478,099)
- PERMITS & CAPACITY CHARGES**
(\$377,077)
- OTHER INCOME**
(\$223,677)



DEFINITIONS

SEWER SERVICE CHARGES

A user charge for collecting and conveying wastewater and including treatment costs.

PROPERTY TAX COLLECTIONS

Revenues received from the County of Marin for the District's share of allocated property tax assessment.

INVESTMENT INCOME

Interest and dividends received as well as changes in market value of investments.

LEASE INCOME

Revenue received for leasing 1111 Andersen Drive that includes reimbursed building expense fees.

PERMIT & CAPACITY CHARGES

Permit fees received for inspection and/or approval of new pipeline connections to the District's infrastructure.

OTHER INCOME

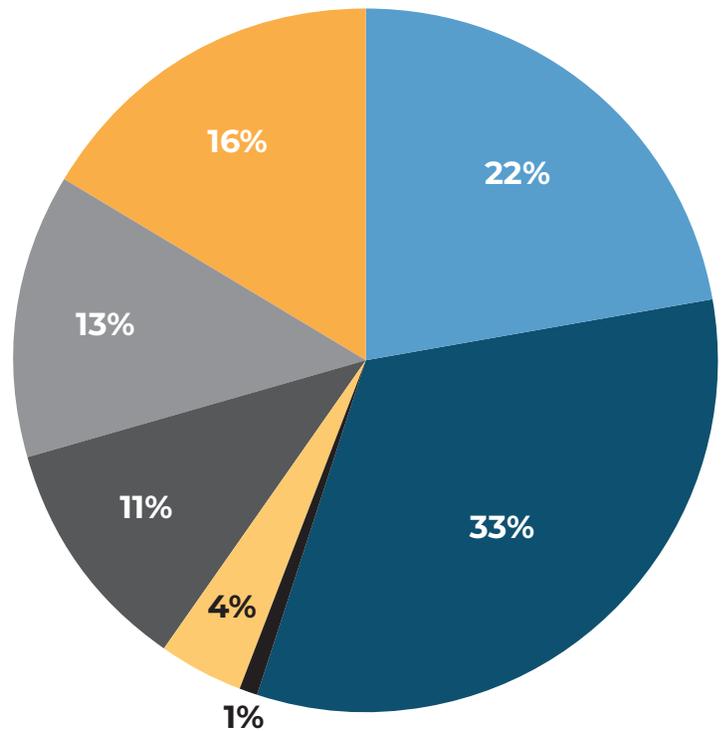
All other revenues earned and collected by the District.



FINANCIAL

TOTAL EXPENSE USES

The District's total expenses for fiscal year 2023 were \$27,188,614, including interest expense. Total operating expenses were \$23,672,352, which is inclusive of depreciation and amortization of \$4,469,692. All non-operating expenses were \$3,516,262, which was related to Interest Expense. Expenditures related to capital projects and equipment were capitalized on the Statement of Net Position within the District's ACFR.



DEFINITIONS

SEWER TREATMENT CHARGES

Contributions made to Central Marin Sanitation Agency for wastewater treatment.

OPERATIONS & MAINTENANCE

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

ENGINEERING & INSPECTIONS

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

GENERAL & ADMINISTRATION

Costs for the business operations of the District.

DEPRECIATION & AMORTIZATION

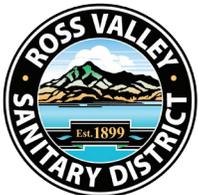
Non-cash costs for general usage of capital assets.

INTEREST EXPENSES

Costs for payment of interest on long-term debt obligations.

OTHER EXPENSES

Other costs for operating the District. Other expenses include the Lateral Replacement Grant Program expense, uncollectable account loss provision, and net investment loss. See full detail within the District's ACFR.



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