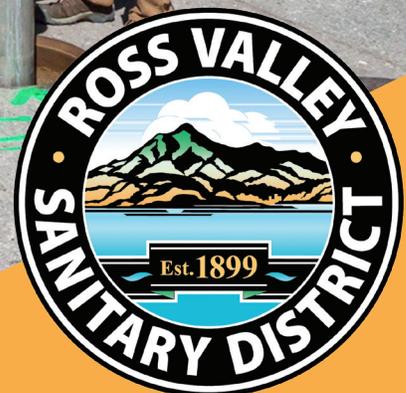


Ross Valley Sanitary District

2024 POPULAR ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2024



1111 Andersen Dr.
San Rafael, CA 94901
415.259.2949

www.RVSD.org



Government Finance Officers Association

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California**

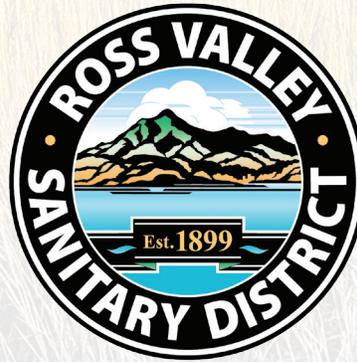
For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

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DISCLOSURE

The following report presents the Ross Valley Sanitary District's Popular Annual Financial Report (PAFR) for fiscal year 2024 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 DISTRICT RATEPAYERS,

I am pleased to present the third 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, 2024 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 systems were maintained to ensure sewer spills were avoided, 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:

- Conducted a third-party Sewer Rate Study and adopted a five-year rate schedule to ensure fair and equitable cost-recovery and fiscal stability in alignment with industry practices and legal requirements.
- Obtained the coveted Government Finance Officers Association (GFOA) "Triple Crown" for receiving GFOA's Certificate of Excellence in Financial Reporting, Popular Annual Financial Report Award, and Distinguished Budget Presentation Award.
- Revised credit standing with Fitch from "AA Rating Outlook Stable" to "AA Rating Outlook Positive".
- Recorded the lowest number of sewer spills for the second consecutive year.
- Increased funding ratio for the District's unfunded pension liability using Section 115 trust account investments to 96%.

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.

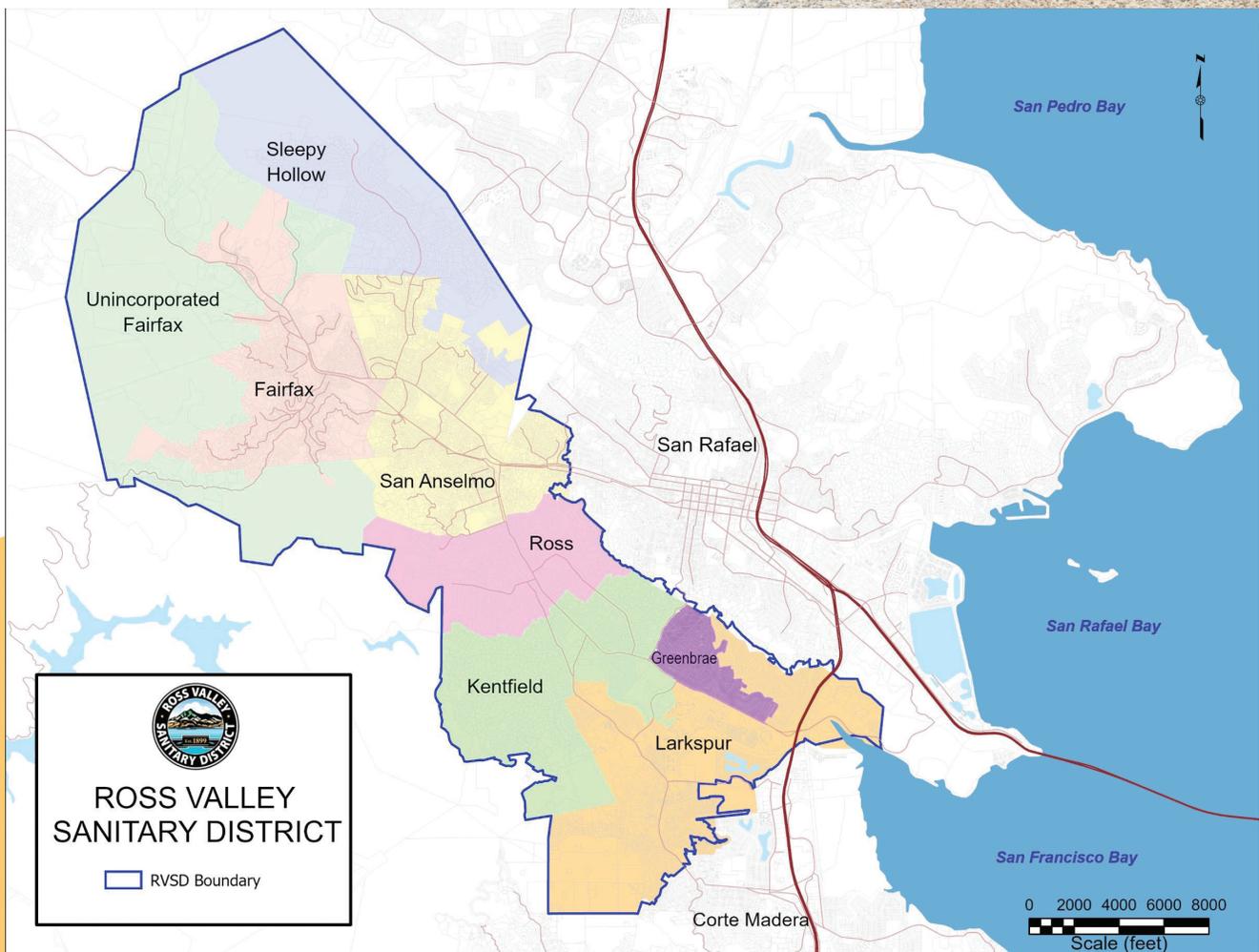
ABOUT THE DISTRICT

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.

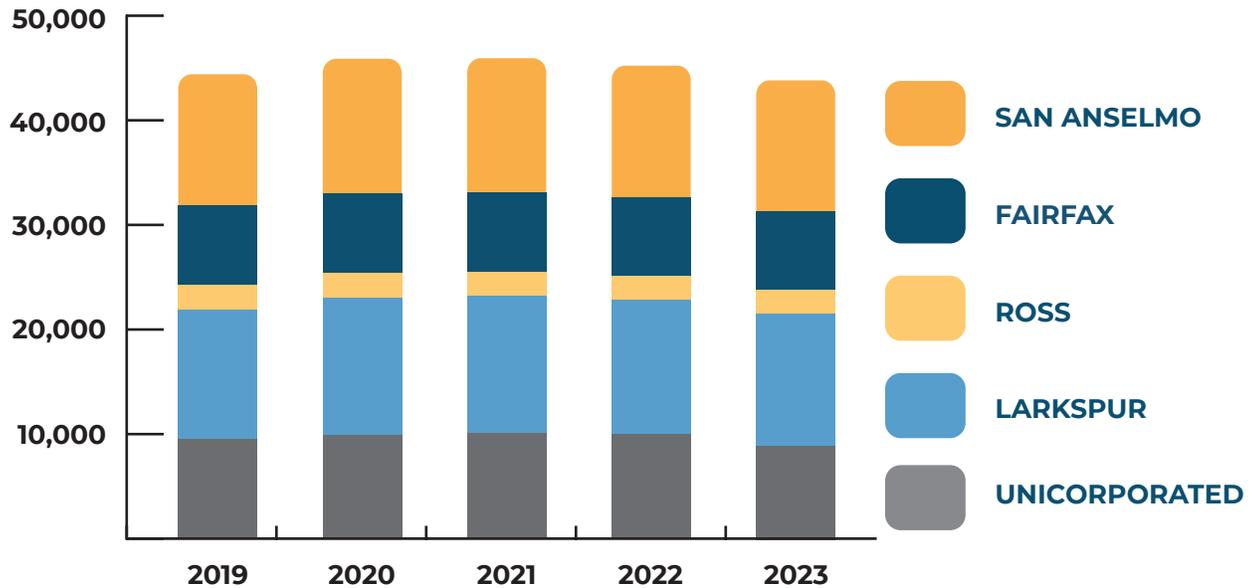
SERVICE SCOPE

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.



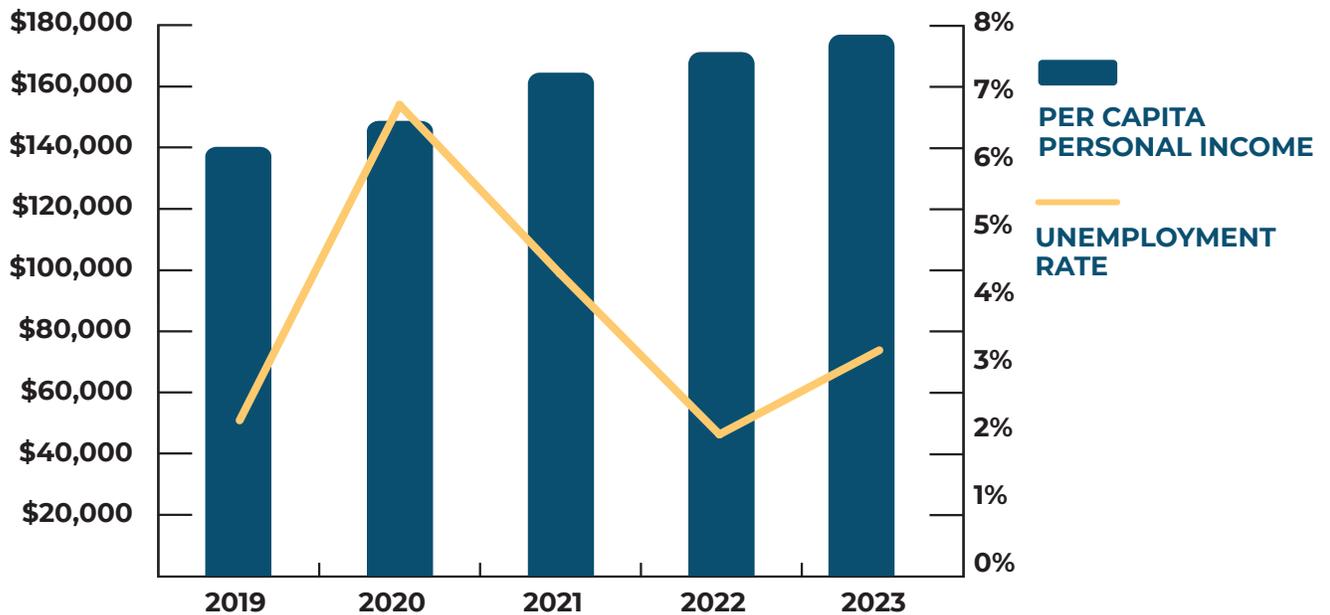
POPULATION

DISTRICT SERVICE AREA POPULATION



Note: Fiscal Year 2024 Population is not available.
Source: Us Census Bureau 2020 American Community Survey.

MARIN COUNTY LOCAL ECONOMY



Note: Fiscal Year 2024 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

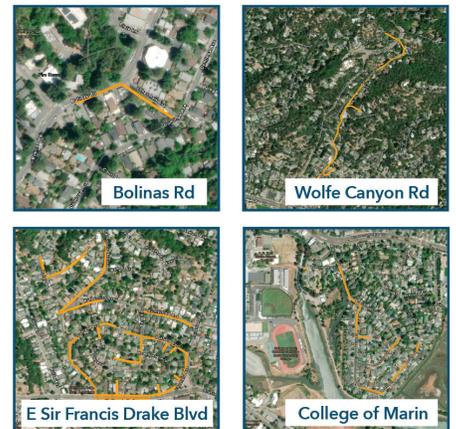
RVSD is working to rehabilitate underground wastewater pipelines through a construction program that is spread out over more than 34 miles of road and easements throughout the Ross Valley communities.

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.

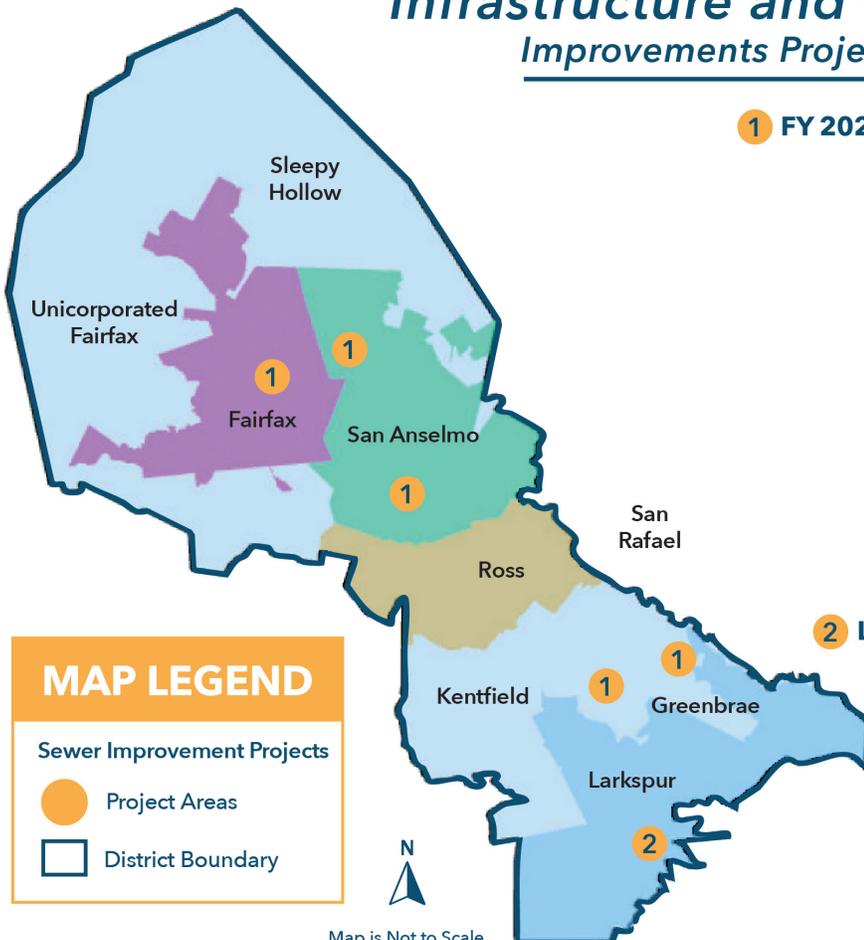


Infrastructure and Capital Improvements Projects

1 FY 2024/25 Gravity Sewer Improvements Project



2 LS 30 Pump Stations Improvements Project





FY 24 ACHIEVEMENTS

DISTRICT ACHIEVEMENTS

- Conducted a third-party Sewer Rate Study and adopted a five-year rate schedule to ensure fair and equitable cost-recovery and fiscal stability in alignment with industry practices and legal requirements.
- Obtained the coveted Government Finance Officers Association (GFOA) "Triple Crown" for receiving GFOA's Certificate of Excellence in Financial Reporting, Popular Annual Financial Report Award, and Distinguished Budget Presentation Award.
- Revised credit standing with Fitch from "AA Rating Outlook Stable" to "AA Rating Outlook Positive".
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- Increased funding ratio for the District's unfunded pension liability using Section 115 trust account investments to 96%.



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.

	2024	2023	2022
Current assets	\$ 24,935,989	\$ 25,331,687	\$ 23,643,564
Non-current assets	12,041,059	11,837,727	12,692,827
Capital assets, net	180,334,981	172,711,825	166,586,404
Total assets	217,312,029	209,881,239	202,922,795
Deferred outflows of resources	4,957,273	4,889,419	2,276,101
Current liabilities	8,940,351	7,368,512	6,544,980
Non-current liabilities	97,661,798	100,776,926	98,144,367
Total liabilities	106,602,149	108,145,438	104,689,347
Deferred inflow of resources	3,028,299	3,626,891	7,371,831
Net investment in capital assets	88,997,027	78,157,988	71,138,827
Restricted net position	9,441,015	8,831,999	9,333,527
Unrestricted net position	14,200,812	16,008,342	12,665,364
Total net position	\$ 112,638,854	\$ 102,998,328	\$ 93,137,719

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.



	2024	2023	2022
Revenue:			
Operating revenues	\$ 27,915,917	\$ 26,240,105	\$ 24,698,746
Non-operating revenues	11,598,932	10,615,411	9,485,698
Capital contributions	277,870	193,708	119,250
Total revenue	39,792,719	37,049,224	34,303,694
Expense:			
Operating expenses	26,778,840	23,672,352	25,133,233
Non-operating expenses	3,373,353	3,516,262	3,893,747
Total expense	30,152,193	27,188,614	29,026,981
Change in net position	9,640,526	9,860,610	5,276,713
Beginning of year net position	102,638,328	93,137,719	87,861,005
End of year net position	\$112,638,854	\$102,998,328	\$ 93,137,719

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

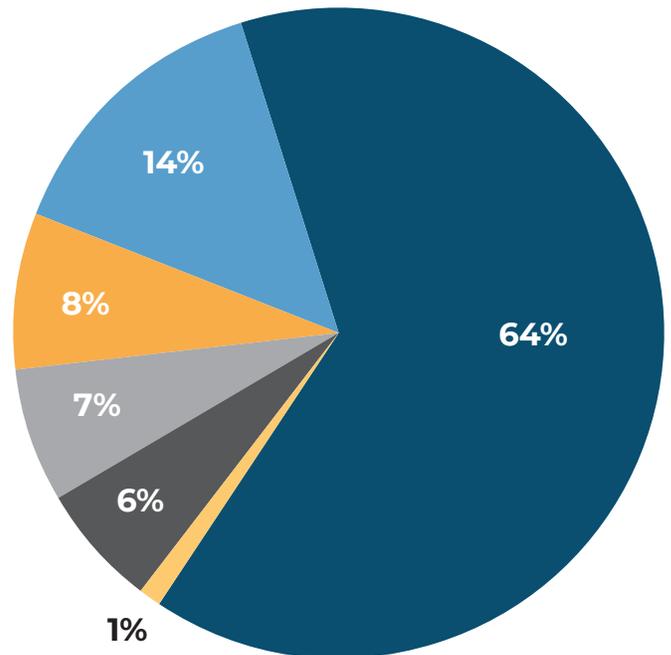
Income and expenditures not directly related to ongoing operations.

FINANCIAL

CAPITAL ASSET BREAKDOWN

As of June 30, 2024, the District's total capital assets, net of depreciation (a non-cash expense for wear and tear), totaled \$180 million. 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 \$7.6 million 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 \$1.1 million for general upkeep and depreciation costs of \$4.8 million 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.

- SEWER LINES & IMPROVEMENTS**
(\$115,367,378)
- LAND & EASEMENTS**
(\$25,773,643)
- PUMP STATION IMPROVEMENTS**
(\$13,897,309)
- BUILDINGS & IMPROVEMENTS**
(\$12,085,112)
- CONSTRUCTION-IN-PROGRESS**
(\$11,030,375)
- EQUIPMENT & SOFTWARE**
(\$2,181,166)



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

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 2024, 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 cash flows demonstrate continued commitment to the CIP with a total cash outlay of \$12.2 million for capital improvements. Overall, cash decreased by \$949 thousand. Please refer to the District’s ACFR for further detail.



	2024	2023	2022
Operating activity cash flows	\$ 7,375,491	\$ 6,948,906	\$ 6,175,210
Capital activity cash flows	(18,659,185)	(15,196,365)	(15,654,721)
Non-capital activity cash flows	9,579,569	9,163,410	8,962,928
Investing activity cash flows	754,775	796,571	(6,852,772)
Change in net cash	(949,350)	1,712,523	(7,369,355)
Beginning of year cash	26,192,303	24,479,780	31,849,135
End of year cash	\$ 25,242,953	\$ 26,192,303	\$ 24,479,780

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

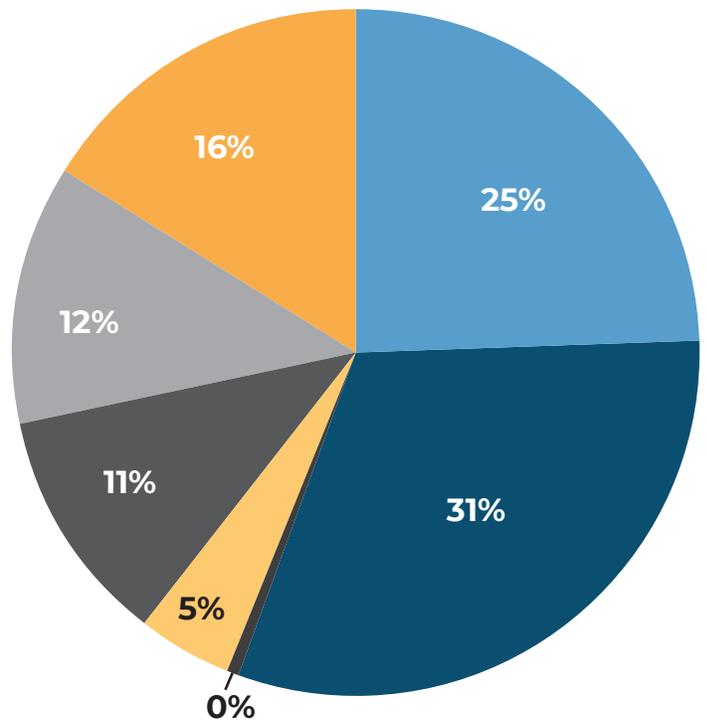
All interest income, dividends and loan principal repayments received and investment purchases.

FINANCIAL

TOTAL EXPENSE USES

The District's total expenses for fiscal year 2024 were \$30.1 million, including interest expense. Total operating expenses were \$26.8 million, which is inclusive of depreciation and amortization of \$4.8 million. All non-operating expenses were \$3.4 million, 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.

- SEWER TREATMENT CHARGES**
(\$9,298,042)
- OPERATIONS & MAINTENANCE**
(\$7,423,151)
- DEPRECIATION & AMORTIZATION**
(\$4,842,487)
- GENERAL & ADMINISTRATIVE**
(\$3,664,984)
- INTEREST EXPENSES**
(\$3,373,353)
- ENGINEERING & INSPECTIONS**
(\$1,379,349)
- OTHER EXPENSES**
(\$170,827)



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.

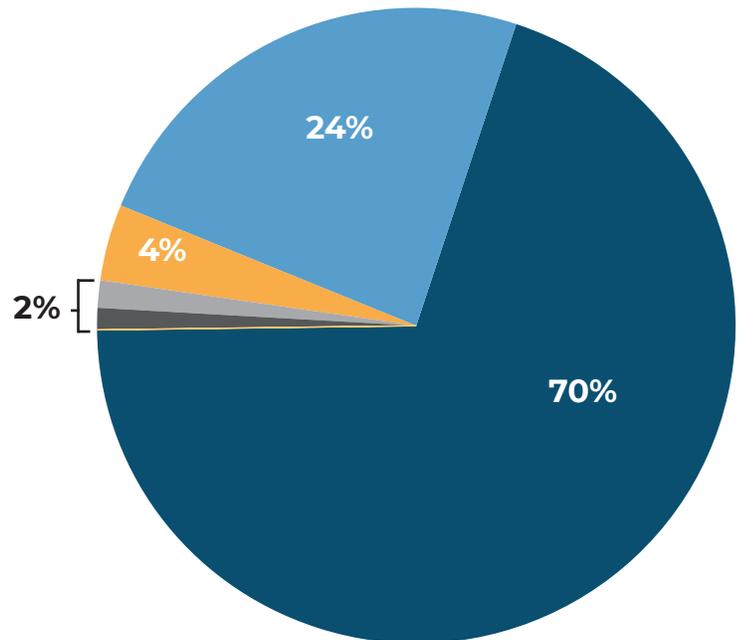
FINANCIAL

TOTAL REVENUE SOURCES

The District's total revenues for fiscal year 2024 were \$39.8 million, including capital contributions. Most revenue received in the current fiscal year is from sewer service charges and property tax collections. These, as well as all 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**
(\$27,662,126)
- PROPERTY TAX COLLECTIONS**
(\$9,523,787)
- INVESTMENT INCOME**
(\$1,585,646)
- LEASE INCOME**
(\$482,688)
- PERMITS & CAPACITY CHARGES**
(\$445,326)
- OTHER INCOME**
(\$93,145)



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

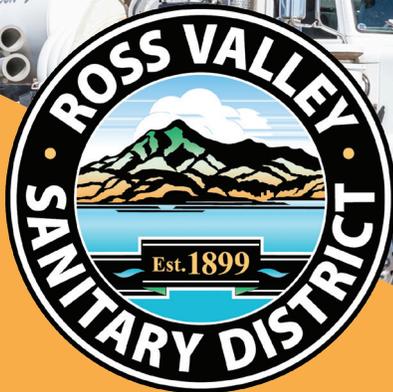
Permit fees received for inspection and/or approval of new pipeline connections to the District's infrastructure.

OTHER INCOME

All other revenues earned and collected by the District.

Ross Valley Sanitary District

Copies of the Popular Annual Financial Report, Annual Comprehensive Financial Report, and Annual Budget Documents are available online at www.RVSD.org.



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