

ROSS VALLEY PUBLIC FINANCING AUTHORITY

1111 Andersen Drive, San Rafael, CA 94901

Ph: 415.259.2949

Officers and Directors: Michael Boorstein ~ Thomas Gaffney ~ Doug Kelly ~ Pamela Meigs ~ Mary Sylla

SPECIAL GOVERNING BOARD MEETING AGENDA **December 18, 2024: Open Session Convenes at 5:00 p.m.** 1111 Andersen Drive, San Rafael, CA 94901

Welcome: *The RVPFA Board of Directors welcomes members of the public at its meetings in person or remotely and encourages citizen participation and input. The Board takes seriously its responsibility to be a model of civility and to safeguard the public ability to directly address the Board by providing the appropriate Board Meetings Decorum. Thank you.*

Open Session Meeting URL: <https://meeting.rvsd.org/BoardMeeting>

Call In Phone Number: +1 (669) 444-9171

Webinar ID: 870 6175 7685

Any member of the public attending virtually may speak during Public Comment or may email public comments to clerk@rvsd.org. With a commitment to providing equal access to public meetings, Ross Valley Sanitary District will use best efforts to swiftly resolve requests for reasonable modifications or accommodations with individuals with disabilities, consistent with the Americans with Disabilities Act.

The Board President will call agenda items, ask for the Staff Report, hear questions or initial concerns from Board members, open the item for public comment and return to the Board for additional comments and action. The public may speak for up to three minutes or as time allows.

1. Call Meeting to Order
 - a) Roll Call
2. Approval of Agenda
3. Open Time for Public to Raise Items Not on Agenda or for Future Agendas

Members of the public may address the Board re: issues that are within Ross Valley Public Finance Authority's jurisdiction but not on the posted agenda may do so. Each speaker is limited to three minutes. The Board may not take action on or discuss items not on the agenda but may briefly respond to statements or questions by a member of the public. The Board President may refer any matter to staff for further follow-up or elect to have the matter placed on an agenda for a future meeting.
4. Consideration of Approving the Meeting Minutes of December 20, 2023
5. [Consideration of Accepting the Fiscal Year 2024 \(FY24\) Financial Audit of the Ross Valley Public Financing Authority \(RVPFA\)](#)

Adjourn

Any person with a disability covered under the Americans with Disabilities Act (ADA) may receive a copy of the agenda or a copy of all documents constituting the agenda packet prepared by the local agency or other interested person for this meeting upon request in an appropriate alternative format. Requests for mailed copies of agendas or agenda packets are valid for the calendar year in which requests are made and must be renewed annually after January 1. Any person with a disability covered under the ADA may also request a disability-related modification or accommodation, including auxiliary aids or services to participate in a public meeting. Please contact the office at 415.259.2949 at least ten working days prior to the meeting and provide information on the assistance required.

Copies of all staff reports and documents subject to disclosure that relate to each item of business referred to on the agenda are available for public inspection at least 72 hours before each regularly scheduled Board meeting at the Authority Office, located at 1111 Andersen Drive, San Rafael, CA. Any documents subject to disclosure that are provided to all, or a majority of all, of the members of the Board regarding any item on this agenda after the agenda has been distributed will also be made available for inspection at the District Office during regular business hours.

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**ROSS VALLEY PUBLIC FINANCING AUTHORITY
SPECIAL GOVERNING BOARD MEETING MINUTES**

Wednesday, December 20, 2023
5:00 PM

1111 Andersen Drive, San Rafael, CA

Directors Present: Michael Boorstein
Thomas Gaffney
Doug Kelly
Pamela Meigs
Mary Sylla

Directors Absent: None

Staff/Consultants Present: Steve Moore, General Manager
Felicia Newhouse, Assistant General Manager
Andrea Clark, District Counsel
Paul Bruemmer, O&M Manager
Josh Hill, O&M Superintendent
Corey Spray, Finance Supervisor
Phil Benedetti, Senior Engineer
Michael Eisenmenger, Community Media Center of Marin
John Cropper, Cropper Accountancy Corporation

Public Present: Stephen Keese
Justin Seufert

Note: These minutes do not represent a transcript of the meeting and are intended to be a summary of the most important points. For a complete record, please refer to the video recording of the meeting, which will be available on the District's website at www.rvsd.org.

Item # 1 – Call Meeting to Order and Roll Call

The meeting was called to order by Director Boorstein at 5:03 p.m. The Clerk of the Board called roll.

Item #2—Approval of Agenda

Motion: M/s Kelly/Gaffney to Approve the Agenda
Vote: Ayes: Boorstein, Gaffney, Meigs, Sylla, Kelly Noes: None. Absent: None Abstain: None
The motion passed.

The Governing Board approved the agenda.

Item #3 – Open Time for Public to Raise Items Not on Agenda or for Future Agendas

There were no comments made in public time.

Item #4 – Consideration of Approving the Meeting Minutes of December 21, 2022

Motion: M/s Gaffney/Kelly to Approve the Meeting Minutes of December 21, 2022
Vote: Ayes: Gaffney, Meigs, Boorstein, Sylla, Kelly Noes: None. Absent: None Abstain: None
The motion passed.

The amended motion as stated above was carried unanimously.

Item #5 – Consideration of Accepting the Fiscal Year 2023 Financial Audit of the Ross Valley Public Financing Authority (RVPFA)

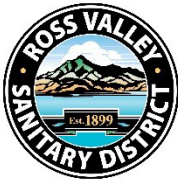
Motion: M/s Kelly/Gaffney to Accept the Fiscal Year 2023 Financial Audit of the Ross Valley Public Financing Authority (RVPFA)
Vote: Ayes: Gaffney, Meigs, Boorstein, Sylla, Kelly Noes: None. Absent: None Abstain: None
The motion passed.

AGM Newhouse introduced this item by explaining the role of the Ross Valley Finance Authority and informed the Authority that it received an unmodified opinion for the FY23 audit. Auditor Cropper described how the Authority and District relate to each other. Director Sylla questioned if the Finance Committee went over the report in detail. Director Gaffney stated that the item was not on the Finance Committee agenda.

Adjourn: The Board adjourned at 5:11 p.m.

Douglas T. Kelly
Secretary of the Board

Submitted by: _____
Christina Winnicki
Clerk of the Board

**ROSS VALLEY SANITARY DISTRICT**

1111 Andersen Dr
San Rafael, CA 94901
(415) 259-2949 ~ rvsd.org

STAFF REPORT**For the Meeting of December 18, 2024**

December 9, 2024

To: Board of Directors

From: Felicia Newhouse, Assistant General Manager
Victor Damiani, Finance Officer

Subject: **Consideration of Accepting the Fiscal Year 2024 (FY24) Financial Audit of the Ross Valley Public Financing Authority (RVPFA)**

Summary

Each fiscal year, the District is required to perform a financial audit of the Ross Valley Public Financing Authority (RVPFA). The Fiscal Year 2024 (FY24) audit was conducted by the public accounting firm of Cropper Accountancy Corporation (External Auditor). The audit was recently completed with no issues identified, and the final draft report is ready for acceptance by the Board of Directors.

Discussion

Annually, RVPFA is required to undertake an external audit of its financial statements for conformity with Generally Accepted Accounting Principles within the United States of America. An audit is comprised of two primary objectives:

- 1) Assessment of the RVPFA's internal control framework over financial reporting
- 2) Assessment of the RVPFA's financial transactions and preparation of the financial statements with related disclosures

The results of the various tests the External Auditor performs for both objectives are memorialized within the External Audit Firm's Opinion Letter. The Opinion Letter is included with the RVPFA's financial statements as required.

Based on the External Auditor's assessment for FY24, no issues with RVPFA's internal control framework were identified and an unmodified opinion was issued for preparation of the year-end financial statements with related disclosures.

Furthermore, all related discussions of the procedures performed by the External Auditor along with the associated results therein are documented within the submitted SAS 114 Auditor's

Communication with Those Charged with Governance Letter. Please note that the SAS 114 Auditor Communication Letter includes Ross Valley Sanitary District and all its blended component units.

Recommendation

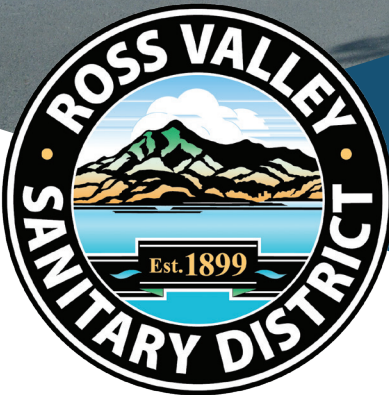
Accept the FY24 Ross Valley Public Financing Authority Annual Financial Report, as presented.

Attachment(s):

- A) RVPFA Annual Financial Report for FY24
- B) SAS 114 Auditor's Communication with Those Charged with Governance Letter for FY24—*presented alongside the District's ACFR Staff Report*

Ross Valley Public Financing Authority

(A blended component unit of Ross Valley Sanitary District)



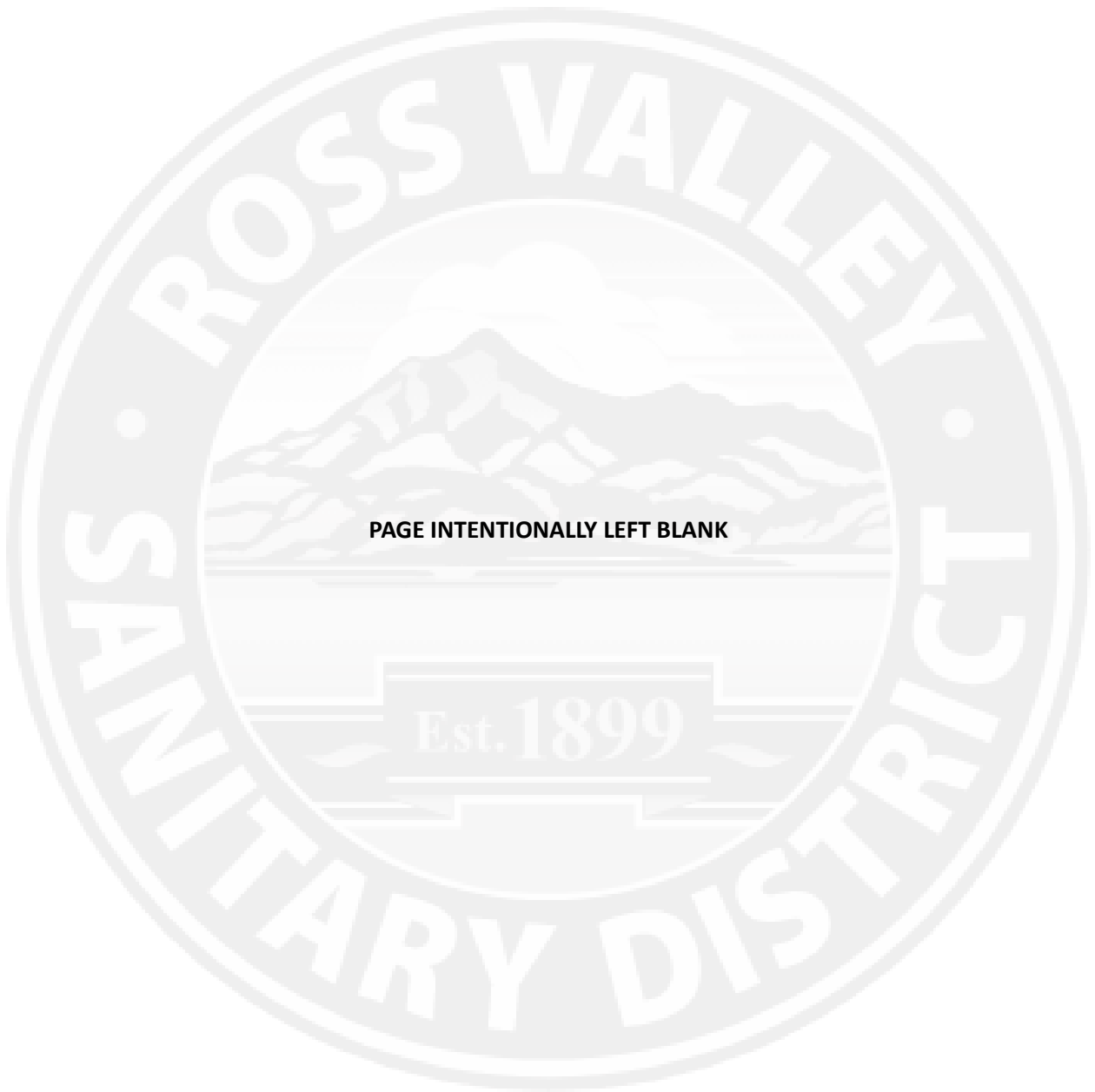
BASIC FINANCIAL STATEMENTS

FISCAL YEAR 2024

Fiscal Year Ended June 30, 2024

www.RVSD.org

RVPFA Packet No.006



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ROSS VALLEY PUBLIC FINANCING AUTHORITY

BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

BOARD OF DIRECTORS

MICHAEL BOORSTEIN

ELECTED JUNE 2014

PRESIDENT

THOMAS GAFFNEY

ELECTED JUNE 2014

SECRETARY

MARY SYLLA

ELECTED JUNE 2010

TREASURER

PAMELA MEIGS

ELECTED JUNE 2012

ALTERNATE SECRETARY

DOUG KELLY

ELECTED JUNE 2016

ALTERNATE TREASURER

OFFICERS OF AUTHORITY

THOMAS GAFFNEY

STEVE MOORE, P.E.

MICHAEL BOORSTEIN

FELICIA NEWHOUSE

PRESIDENT

EXECUTIVE DIRECTOR

SECRETARY

TREASURER

JOINT POWERS AUTHORITY MEMBERS

**ROSS VALLEY SANITARY DISTRICT
CALIFORNIA MUNICIPAL FINANCE AUTHORITY**

**PREPARED BY
ROSS VALLEY SANITARY DISTRICT
ADMINISTRATIVE SERVICES DEPARTMENT**

The background of the page features a large, light gray watermark of the Ross Valley Sanitary District logo. The logo is circular, with the words "ROSS VALLEY" at the top and "SANITARY DISTRICT" at the bottom. In the center is a mountain range with a sun or moon rising over it.

DISTRICT MISSION

Our 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, and to protect public health and the environment.

DISTRICT VALUES

We strive to conduct our daily activities in a way that reflects pride, efficiency, professionalism, and competence with a team oriented and supportive approach. Individually and as a team we hold and practice the following core values:

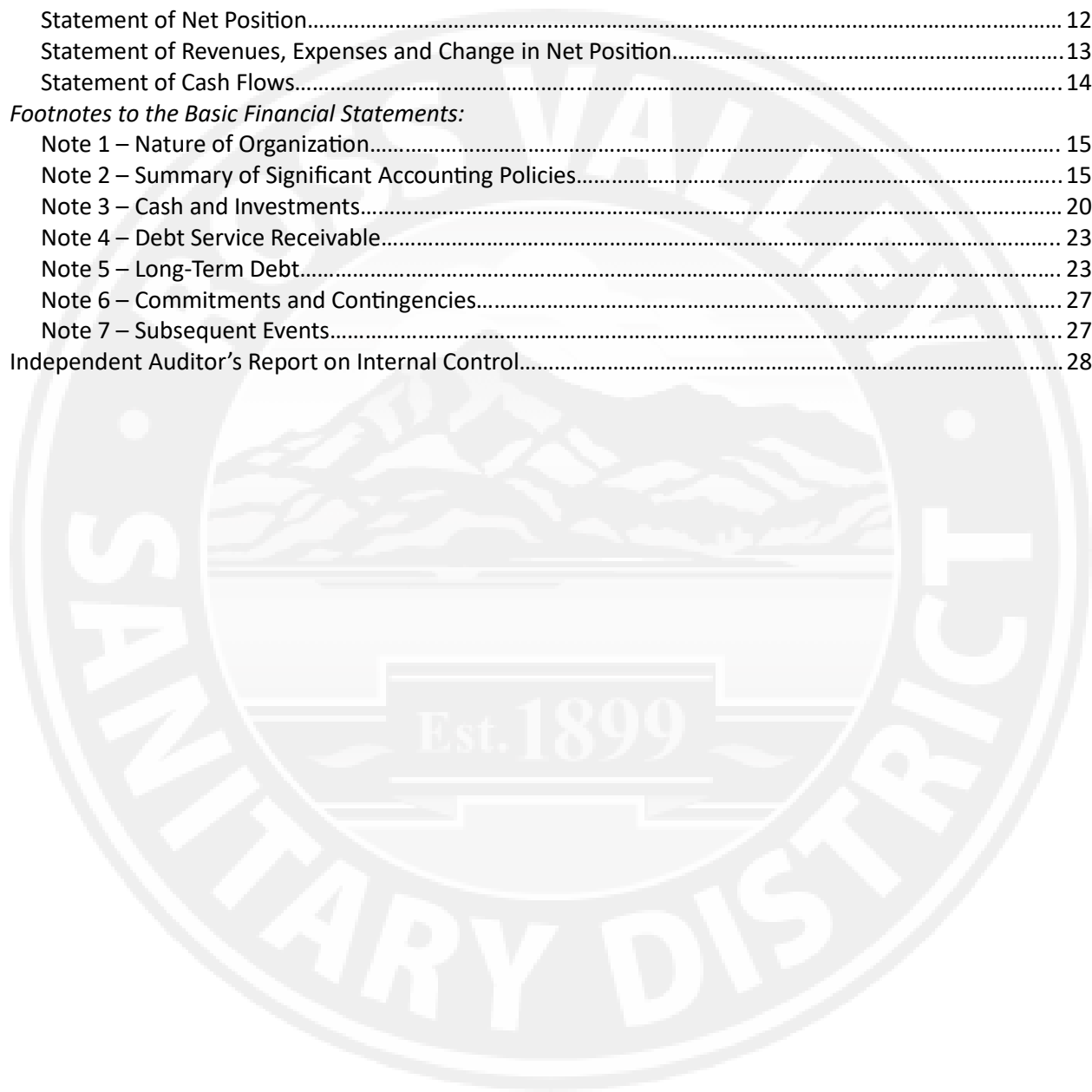
- Being fiscally responsible
- Protecting our natural resources
- Developing solutions that work today and for future generations
- Providing excellent quality service and creating quality work products
- Collaborating with each other and our stakeholders
- Being industry leaders
- Supporting efficiency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

DISCLOSURE NOTE:

The Ross Valley Public Financing Authority is a blended component unit of the Ross Valley Sanitary District. As such, its operations and activities are substantively the same as the consolidated entity.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Ross Valley Public Financing Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Ross Valley Public Financing Authority, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Ross Valley Public Financing Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Ross Valley Public Financing Authority, as of June 30, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Ross Valley Public Financing Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override

of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ross Valley Public Financing Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ross Valley Public Financing Authority's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2024, on our consideration of the Ross Valley Public Financing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Ross Valley Public Financing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ross Valley Public Financing Authority's internal control over financial reporting and compliance.

Cropper Rowe, LLP

CROPPER ROWE, LLP
Walnut Creek, California
December 10, 2024



ROSS VALLEY PUBLIC FINANCING AUTHORITY
(A BLENDED COMPONENT UNIT OF ROSS VALLEY SANITARY DISTRICT)
MANAGEMENT'S DISCUSSION AND ANALYSIS (*UNAUDITED*)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

This section presents management's analysis of the Ross Valley Public Financing (the Authority) financial condition and activities as of and for the fiscal year June 30, 2024. Management's Discussion and Analysis (MD&A) serves as an introduction to the Authority's financial statements. This information should be read in conjunction with the audited financial statements that follow this section.

The information in this MD&A is presented under the following headings:

- Financial Highlights
- Overview of the Financial Statements
- Authority-Wide Financial Analysis
- Debt Service Receivable
- Debt Administration
- Economic Factors and Next Year's Operations
- Request for Information

FINANCIAL HIGHLIGHTS

- Total assets continue to be below total liabilities by \$502,729 which is represented in the Restricted net position.
- Net position decreased by \$23,223, or 4.84%, during the fiscal year.
- Debt Service Receivable decreased by \$3.4 million, or 3.82%, to \$85.57 million. Total receivable premium amortization recognized is \$387,137.
- Bonds payable, net of unamortized premium, decreased by \$3.38 million, or 3.77%, to \$86.07 million. Total premium amortization recognized is \$360,725.
- Total revenues decreased by \$131,505, or 3.43%, to \$3.7 million.
- Total expenses decreased by \$134,675, or 3.49%, to \$3.72 million.



OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority's financial statements are comprised of two components to present its operations: The basic financial statements and notes to the basic financial statements.

The *Basic Financial Statements* comprise of three individual statements:

- *Statement of Net Position:* This statement presents information on the Authority's assets, deferred outflows, liabilities, and deferred inflows as of year-end, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or worsening.
- *Statement of Revenues, Expenses, and Changes in Net Position:* This statement presents the results of the Authority's operations over the course of the fiscal year and information as to how the net position changed during the year. These statements can be used as an indicator of the extent to which the Authority successfully recovered its costs through charges to the Ross Valley Sanitary District (the District). All changes in net position are reported during the period in which the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement from items that will result in future cash flows.
- *Statement of Cash Flows:* This statement presents the changes in cash and cash equivalents resulting from operational, capital financing, non-capital financing, and investing activities. These statements summarize the annual flow of cash receipts and cash payments, without consideration of the timing of the event giving rise to the obligation or receipt and exclude non-cash accounting measures of amortization of assets or liabilities.

The *Notes to the Basic Financial Statements* provide information that is essential to a full understanding of the basic financial statements that is not presented on the face of the financial statements.



ROSS VALLEY PUBLIC FINANCING AUTHORITY
(A BLENDED COMPONENT UNIT OF ROSS VALLEY SANITARY DISTRICT)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

AUTHORITY-WIDE FINANCIAL ANALYSIS

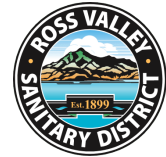
Table 1 – Comparative Condensed Statement of Net Position
June 30, 2024, and 2023

	2024	2023	\$ Change	% Change
Total assets:				
Current receivable assets	\$ 3,192,125	\$ 3,062,375	\$ 129,750	4.24%
Restricted cash assets	1,466,956	1,520,992	(54,036)	-3.55%
Noncurrent receivable assets	85,568,501	88,970,639	(3,402,137)	-3.82%
Total assets	90,227,583	93,554,006	(3,326,423)	-3.56%
Total liabilities:				
Current payable liabilities	4,655,872	4,583,347	72,525	1.58%
Noncurrent bond liabilities	86,074,440	89,450,164	(3,375,725)	-3.77%
Total liabilities	90,730,312	94,033,511	(3,303,200)	-3.51%
Total net position:				
Restricted net position	\$ (502,729)	\$ (479,505)	\$ (23,223)	-4.84%

The Authority's total net position decreased \$23,223, or 4.84%, between fiscal year 2024 and 2023. The decrease is attributable to total year-over-year decreases in both total assets of \$3.3 million and total liabilities of \$3.3 million. Each total category change is further detailed in the below points:

- Total noncurrent receivable assets overall decreased by \$3.4 million, or 3.82%, year-over-year between fiscal year 2024 and 2023. The Authority serves as a pass-through entity where it collects debt service proceeds from the District and remits the collected proceeds to the paying agent, Bank of New York Mellon, for payment on the bond obligations. So, as the life of the revenue bonds progress to eventual maturity, the receivable balance the Authority carries for future collection from the District to repay the revenue bond obligations decreases over time. See the *Debt Service Receivable* section below for further detail.
- Total noncurrent liabilities overall decreased by \$3.38 million, or 3.77%, year-over-year between fiscal year 2024 and 2023. Similar to the movement in the noncurrent assets, the principal balance on the noncurrent bond obligations decreases over time as debt service repayment proceeds are collected and remitted to the paying agent, Bank of New York Mellon. See the *Debt Administration* section below for further detail.

The activity within the restricted net position reflects the above changes impacting it.



**Table 2 – Comparative Condensed Statement of Change in Net Position
June 30, 2024, and 2023**

	2024	2023	\$ Change	% Change
Revenues:				
Debt service interest income	\$ 3,695,074	\$ 3,823,075	\$ (128,002)	-3.35%
Investment income	6,585	5,463	1,121	20.52%
Other nonoperating revenue	-	4,625	(4,625)	100.00%
Total revenues	<u>3,701,658</u>	<u>3,833,163</u>	<u>(131,505)</u>	<u>-3.43%</u>
Expenses:				
Debt service interest expense	3,337,744	3,467,794	(130,050)	-3.75%
Receivable amortization expense	387,137	387,137	0	0.00%
Other nonoperating expense	-	4,625	(4,625)	100.00%
Total expenses	<u>3,724,881</u>	<u>3,859,556</u>	<u>(134,675)</u>	<u>-3.49%</u>
Change in net position	<u>(23,223)</u>	<u>(26,393)</u>	<u>3,170</u>	<u>12.01%</u>
Net position at beginning of year	<u>(479,505)</u>	<u>(453,113)</u>	<u>(26,393)</u>	<u>-5.82%</u>
Net position at end of year	<u>\$ (502,729)</u>	<u>\$ (479,505)</u>	<u>\$ (23,223)</u>	<u>-4.84%</u>

The Authority's total change in net position decreased \$23,223, or 4.84%, between fiscal year 2024 and 2023. The net decrease is attributable to year-over-year decreases in both debt service interest expense of \$130,050 and debt service interest income of \$128,002 offset by increases in investment income of \$1,121. Each year-over-year change is further detailed below:

- Debt service interest income decreased \$128,002, or 3.35%, year-over-year between fiscal year 2024 and 2023. This is driven by decreased interest collections for debt service from the District given the aggregate principal balance on all revenue bond obligations is declining over the life of the bonds.
- Debt service interest expense decreased \$130,050, or 3.75%, year-over-year between fiscal year 2024 and 2023. This is driven by the declining principal balance on all revenue bond obligations as the principal balance is steadily paid off.
- Investment income increased by \$1,121, or 20.52%, year-over-year between fiscal year 2024 and 2023. The increase is due to the US Federal Reserve increasing short-term interest rates indirectly affecting all fixed income securities and deposit products. The paying agent, Bank of New York Mellon, has contracted with the Authority to invest all proceeds received into money market accounts where the earned rate of return is increasing with the benchmark interest rate.



ROSS VALLEY PUBLIC FINANCING AUTHORITY
(A BLENDED COMPONENT UNIT OF ROSS VALLEY SANITARY DISTRICT)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

DEBT SERVICE RECEIVABLE

The Authority issued the Revenue Bond obligations in 2013, 2014, 2018 and 2019. Each of those issuances were primarily for the explicit purpose of funding capital projects being overseen by the District. Once the bond obligations were issued, the project fund proceeds were requisitioned by the District for its usage creating a receivable balance between the Authority and the District. Table 3 below presents a comparative view of the Authority's debt service receivable balance by issuance.

Table 3 – Comparative Debt Service Receivable
June 30, 2024, and 2023

	2024	2023	\$ Change	% Change
2013 revenue bond issuance	\$ 14,319,993	\$ 14,745,243	\$ (425,250)	-2.88%
2014 revenue bond issuance	23,125,441	24,197,510	(1,072,070)	-4.43%
2018 revenue bond issuance	21,408,785	22,154,772	(745,987)	-3.37%
2019 revenue bond issuance	29,906,408	30,935,489	(1,029,080)	-3.33%
Total debt service receivable	<u>\$ 88,760,626</u>	<u>\$ 92,033,014</u>	<u>\$ (3,272,387)</u>	<u>-3.56%</u>

The Authority's total debt service receivable decreased \$3.27 million, or 3.56%, between fiscal year 2024 and 2023. The primary driver for this decrease was from continued collections from the District for principal balance repayment of the outstanding revenue bond obligations. Since all underlying revenue bond issuances were at a premium, each total receivable is amortized an allocated amount identified as the premium amount received and requisitioned to the District. Total debt service receivable premium amortization attributable to the total decrease is \$387,137 for fiscal year 2024.

Within fiscal year 2024, there were no bond proceed requisitions as all issued revenue bond obligations debt proceeds were requisitioned to the District for capital project usage in fiscal year 2021.

Additional information regarding the Authority's Debt Service Receivable can be found in *Note 4 – Debt Service Receivable*.



DEBT ADMINISTRATION

Over the past fiscal years, the Authority has issued several series of revenue bond obligations for the District's past capital improvement program (CIP) projects. All revenue bond obligations were publicly issued at a premium. Table 4 below presents a comparative view of the Authority's revenue bond series, net of unamortized premium.

Table 4 – Comparative Outstanding Debt, Net of Unamortized Premium
June 30, 2024, and 2023

	2024	2023	\$ Change	% Change
2013 revenue bond	\$ 14,445,367	\$ 14,869,801	\$ (424,434)	-2.85%
2014 revenue bond	23,276,530	24,352,274	(1,075,744)	-4.42%
2018 revenue bond	21,202,060	21,918,094	(716,034)	-3.27%
2019 revenue bond	30,165,483	31,189,995	(1,024,512)	-3.28%
Total Long-Term Debt	<u>\$ 89,089,440</u>	<u>\$ 92,330,164</u>	<u>\$ (3,240,724)</u>	<u>-3.51%</u>

The Authority's total outstanding debt, net of unamortized premium, decreased \$3.24 million, or 3.51%, between fiscal year 2024 and 2023. The driver for this decrease was from continued repayment of the required annual debt service on the principal balance of \$2.93 million. The unamortized premium also decreased from annual periodic amortization of \$361 thousand following current accounting policy. Additional information on the long-term debt obligations can be sourced in *Note 5 – Long-Term Debt*.

All bond obligations are subject to periodic review by various credit agencies, such as Standard & Poor's (S&P), Fitch, Moody's, and others. As of fiscal year end 2022, the Authority's latest credit ratings on its revenue bond obligations from S&P and Fitch are both "AA".

Furthermore, all bond obligation indenture agreements include covenants which require the District to collect sufficient net revenues each fiscal year to cover payment of debt service. The benchmark threshold for all revenue bond obligations is at least 1.25 times annual debt service for any fiscal year. The annual debt service ratio for fiscal year 2024 using the consolidated District's operations is 2.69 times, meaning the District has collected sufficient funds to meet its required rate covenant under the terms of the indenture agreements. For more information on the District's financial statements, please refer to the District's Annual Comprehensive Report at <https://www.rvsd.org/169/Financial-Stewardship>.

Additional details concerning the Authority's indenture agreements and offering statements are available at <https://www.emma.msrb.org>.



ROSS VALLEY PUBLIC FINANCING AUTHORITY
(A BLENDED COMPONENT UNIT OF ROSS VALLEY SANITARY DISTRICT)
MANAGEMENT'S DISCUSSION AND ANALYSIS (*UNAUDITED*)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

ECONOMIC FACTORS AND NEXT YEAR'S OPERATIONS

The Authority operates as an enterprise fund that serves as the pass-through organization for the District when collecting issued revenue bond proceeds and repaying the required debt service. It has no employees, cannot charge user fees to recover its own costs, and cannot make any purchases for its own activities. The Authority is entirely reliant on the debt service collections from the District to pay its required debt service to the paying agent, Bank of New York Mellon, and any activity it performs is as a result of guidance from the District. As such, the Authority's operations are substantively the same as the District's operations and do not have any external factors that may directly impact its operations.

There are, however, external economic factors that may impact the financial position and performance of the District with funding the Authority for debt service repayment. For all information regarding external factors that may impact the District, please refer to the District's Annual Comprehensive Financial Report located at <https://www.rvsvd.org/169/Financial-Stewardship>.

REQUEST FOR INFORMATION

This report is designed to provide our joint powers authority members, creditors, and all other stakeholders with an overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Questions regarding any of the information provided in this report or requests for additional financial information should be addressed to the below contact information:

Ross Valley Public Finance Authority
1111 Andersen Dr.
San Rafael, CA 94901
Phone: (415) 259-2949
Email: info@rvsvd.org

ROSS VALLEY PUBLIC FINANCING AUTHORITY

(A BLENDED COMPONENT UNIT OF ROSS VALLEY SANITARY DISTRICT)

MANAGEMENT'S DISCUSSION AND ANALYSIS (*UNAUDITED*)

FOR THE FISCAL YEAR ENDED JUNE 30, 2024



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ROSS VALLEY PUBLIC FINANCING AUTHORITY
(A BLENDED COMPONENT UNIT OF ROSS VALLEY SANITARY DISTRICT)
STATEMENT OF NET POSITION
JUNE 30, 2024

	<u>2024</u>
Assets	
Current assets:	
Debt service receivable, current (<i>Note 4</i>)	\$ 3,192,125
Total current assets	<u>3,192,125</u>
Noncurrent assets:	
Restricted cash and investments (<i>Note 3</i>)	1,466,956
Debt service receivable (<i>Note 4</i>)	<u>85,568,501</u>
Total noncurrent assets	<u>87,035,458</u>
Total assets	<u>\$ 90,227,583</u>
Liabilities	
Current liabilities:	
Bonds payable, current (<i>Note 5</i>)	\$ 3,015,000
Interest payable	<u>1,640,872</u>
Total current liabilities	<u>4,655,872</u>
Noncurrent liabilities :	
Bonds payable (<i>Note 5</i>)	<u>86,074,440</u>
Total noncurrent liabilities	<u>86,074,440</u>
Total liabilities	<u>90,730,312</u>
Net position	
Restricted net position – revenue bond trust	<u>(502,729)</u>
Total liabilities and net position	<u>\$ 90,227,583</u>

The accompanying notes are an integral part of these financial statements.

ROSS VALLEY PUBLIC FINANCING AUTHORITY
(A BLENDED COMPONENT UNIT OF ROSS VALLEY SANITARY DISTRICT)
STATEMENT OF REVENUE, EXPENSE AND CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024



	2024
Nonoperating revenue	
Debt service interest income	\$ 3,695,074
Investment income	6,585
Other nonoperating revenue	-
Total nonoperating revenue	<u>3,701,658</u>
Nonoperating expense	
Debt service interest expense	3,337,744
Receivable premium amortization (Note 5)	387,137
Other nonoperating expense	-
Total nonoperating expense	<u>3,724,881</u>
Change in net position	<u>(23,223)</u>
Net position at beginning of year	<u>(479,505)</u>
Net position at end of year	<u>\$ (502,729)</u>

The accompanying notes are an integral part of these financial statements.



ROSS VALLEY PUBLIC FINANCING AUTHORITY
(A BLENDED COMPONENT UNIT OF ROSS VALLEY SANITARY DISTRICT)
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>2024</u>
Cash flows from non-capital and related financing activities	
Debt service principal contributions	\$ 2,930,308
Debt service interest contributions	3,760,944
Principal paid on long-term debt	(2,930,308)
Interest paid	(3,821,564)
Net cash provided (used) in non-capital and related financing activities	<u>(60,620)</u>
Cash flows from investing activities	
Cash received from interest and dividends	6,585
Net cash provided (used) in investing activities	<u>6,585</u>
Net increase (decrease) in cash and cash equivalents	<u>(54,036)</u>
Cash and cash equivalents at beginning of year	<u>1,520,992</u>
Cash and cash equivalents at end of year	<u>\$ 1,466,956</u>
Reconciliation of cash and cash equivalents from the statement of net position to the statement of cash flows	
Total restricted cash and investments	<u>\$ 1,466,956</u>
Non-cash transactions	
Unamortized bond premium amortization	\$ 360,725
Unamortized debt service premium amortization	\$ 387,137

The accompanying notes are an integral part of these financial statements.



NOTE 1 NATURE OF THE ORGANIZATION

A. THE ORGANIZATION

The Ross Valley Public Financing Authority, (the Authority), was established in 2012 pursuant to a joint powers authority (JPA) agreement between the Ross Valley Sanitary District (the District) and the California Municipal Finance Authority. The Authority is authorized to issue bonds for the purpose of financing the acquisition of public capital improvement program (CIP) projects. The rights and obligations of these CIP projects are then to be sold on an installment sale basis to other public entities, including the District.

The Authority utilizes an enterprise fund, a type of proprietary fund, structure to account for its activities. Accordingly, activity is to be accounted as goods and services provided to the general public as if they are financed by user charges.

The Authority is further governed by a five-member Board of Directors that all consist of the same members from the District's Board of Directors. Each of the District's Board of Directors is elected within the District's service area for four-year staggered terms. The election is at-large and non-partisan. The District's General Manager, who is appointed by the District's Board, serves as the Executive Director of the Authority to manage and oversee the day-to-day operations.

B. THE FINANCIAL REPORTING ENTITY

As required by accounting principles generally accepted in the United States of America (US GAAP), these basic financial statements present the financial position and related activities of the Authority. The Authority is a blended component unit of the District, which serves as the primary governmental unit based on the entity being considered financially accountable. At its foundation, the Authority is a legally separate entity; but both the Authority's Board of Directors and its operations are substantively the same as the District. However, the Authority is still required to issue its own financial statements thereby considering the Authority as the primary government for this presentation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

The Authority's accounts are organized based on a proprietary fund-type, or enterprise fund. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The Authority's financial activities are prepared on the economic resources measurement focus using the accrual basis of accounting in accordance with US GAAP. Under this method, all assets, deferred outflow of resources, liabilities and deferred inflows of resources associated with its operations are included on



the statements of net position; meanwhile, all revenues are recognized when earned, and expenses are recognized when liabilities are incurred.

The Authority further distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. There are no revenues and expenses considered by the Authority as operating in nature given all principal operations for personnel costs and operating fees for maintaining the wastewater collection system that are funded by user charges are maintained at the District. The Authority only serves as a pass-through entity for collection and remittance of debt proceeds/service.

The Authority applies all applicable Governmental Accounting Standards Board (GASB) pronouncements in its application of this basis of accounting and measurement focus.

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all demand deposits as well as highly liquid investments with a maturity of 90 days or less and carried at cost, which approximates fair value. As of June 30, 2024, this includes cash on hand, demand deposits, deposits held in trust, money market accounts, and the State of California Local Agency Investment Fund (LAIF).

C. INVESTMENTS

Money market funds are carried at cost, which approximates fair value. All other investments are stated at fair value based upon quoted market prices. Changes in fair value are recognized as investment gains or losses and are recorded as a component of non-operating revenues.

D. FAIR VALUE MEASUREMENTS

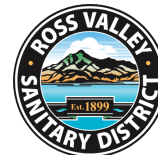
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value hierarchy established by US GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.



E. DEBT SERVICE RECEIVABLES

Debt service receivables consist of amounts owed to the Authority by the District for incurrence of indebtedness for acquisition of capital assets on behalf of the District. Each revenue bond obligation established an installment sale agreement whereby the required debt service (principal and interest) is to be paid to the Authority in exchange for the equity interest in the acquired capital assets. Debt service receivables furthermore are stated at net carrying value.

To appropriately track the repayment activity of the receivables against the long-term debt repayment activity, the allocated proceeds related to the initial discount or premium activity are to be amortized on a straight-line basis. This amortization flows as a direct expense.

F. BONDS PAYABLE

Bonds payable are loan arrangements where cash proceeds are borrowed from external parties. All loan arrangements are carried at net carrying value with associated interest accrued between debt service payment dates.

G. UNAMORTIZED BOND PREMIUM AND DISCOUNT

On all loan arrangements that are issued through the public financial markets, premiums or discounts can arise based on fluctuations in market discount rates. Both premiums and discounts are amortized over the life of the bond obligation using the straight-line method. The resulting offset activity is against interest expense.

H. NET POSITION

Net position is the excess of all the Authority's assets and deferred outflows of resources over all of its liabilities and deferred inflows of resources. Net position is divided into three captions:

- *Net Investment in Capital Assets* – This category represents the net equity ownership of capital assets that are financed through capital debt obligations. It consists of all capital assets, net of accumulated depreciation and amortization, less the debt obligations, net of unamortized premium and discount as well as deferred inflows or outflows of resources related to refunding gains or losses.
- *Restricted* – This category represents the external constraints placed onto an asset's use by creditors, grantors, contributors, or laws and regulations. It consists of all assets and deferred outflows of resources net of all related liabilities and deferred inflows of resources.
- *Unrestricted* – This category represents the amount of assets and deferred outflows of resources net of all liabilities and deferred inflows of resources not restricted for use.



If both restricted and unrestricted resources are available when an expense is incurred, it is the Authority's policy to first apply restricted resources.

I. DEBT SERVICE INTEREST INCOME AND EXPENSE

The Authority serves as a pass-through entity for collection and remittance of debt proceeds and debt service. Accrual of interest for collection for debt service is revenue to the Authority and accrual of interest for remittance is expense to the Authority. Accrual periods are dictated by the timing and periods related to each of the relative amortization schedules for each revenue bond issuance.

J. USE OF ESTIMATES

To prepare financial statements that are in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. NEW ACCOUNTING STANDARDS ADOPTED IN FISCAL YEAR 2024

1. In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. This Statement provides clarifying guidance on the accounting and financial reporting for financial guarantees, governments that extend exchange or exchange-like financial guarantees, derivative instruments, leases, public-private partnerships (PPP), subscription-based information technology arrangements (SBITAs), replacement of LIBOR, supplemental nutrition assistance program (SNAP) distributions, disclosures for nonmonetary transactions, pledges of future revenues, and disclosures for the government-wide financial statements. All provisions, except the reporting requirements for financial guarantees and derivative instruments, are effective for periods beginning after June 15, 2022. The provisions related to financial guarantees and derivative instruments are effective in periods beginning after June 15, 2023. The District adopted all provisions except for financial guarantees and derivative instruments within the Statement in fiscal year 2023 and the final provision in fiscal year 2024, none of which had a significant effect on its financial statements.
2. In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. This Statement provides clarifying and consistency guidance on the financial reporting of accounting changes and error corrections. This new standard is effective for periods beginning after June 15, 2023. The District implemented the provisions of Statement No. 100 in fiscal year 2024, which had no significant effect on its financial statements.

L. UPCOMING ACCOUNTING AND REPORTING CHANGES

1. In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement updates the recognition criteria for the accounting and financial reporting of compensated



absences. The new standard is effective for periods beginning after December 15, 2023. The District will implement the provisions of Statement No. 101 in fiscal year 2025.

2. In December of 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.



ROSS VALLEY PUBLIC FINANCING AUTHORITY
(A BLENDED COMPONENT UNIT OF ROSS VALLEY SANITARY DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 3 CASH AND INVESTMENTS

A. SUMMARY OF CASH AND INVESTMENTS

Cash and cash equivalents along with investments are classified in the accompanying financial statements as follows as of June 30, 2024:

Investments held in revenue bond trust	\$ 1,466,956
Total restricted cash and cash equivalents	<u>1,466,956</u>
 Total cash and investments	 <u><u>\$ 1,466,956</u></u>

B. RESTRICTED CASH AND INVESTMENTS

The Authority maintains all cash within its bond trust accounts pursuant to the bond indenture agreements where all proceeds are irrevocably pledged for specific purposes. These trust accounts are for the Authority's exclusive use of payment for debt service on its revenue bond obligations. Once proceeds are contributed into the trusts, it is irrevocable per the indenture agreements for the revenue bond series 2013, 2014, 2018, and 2019. All contributed proceeds are invested into money market funds that correspondingly earn investment income for future usage following the trust agreements. As of June 30, 2024, the Authority maintained the following trust accounts for each of the revenue bond obligations:

2013 revenue bond trust	\$ -
2014 revenue bond trust	404,212
2018 revenue bond trust	466,750
2019 revenue bond trust	<u>595,994</u>
Total revenue bond trust	<u><u>\$ 1,466,956</u></u>



C. INVESTMENT POLICY

Excess proceeds held in bond trust accounts at any point in time are to be invested following the provisions of the indenture agreement. The investment policy of the indenture agreements for the Authority's revenue bonds generally follows the California Government Code, but the indenture agreement policy may in some cases be more or less restrictive than the State of California. The following securities and investments are approved for transactions with excess proceeds within the bond trust accounts:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Minimum Credit Quality
U.S. treasury obligations	3 years	None	N/A
U.S. government agency issues	3 years	None	AAA
U.S. dollar denominated deposit accounts	360 days	None	A-1
Commercial paper	270 days	None	A-1
Money market funds	N/A	None	A-1
Repurchase agreements	N/A	None	N/A
Municipal issues	5 years	None	AA
Investment agreements	5 years	None	AA
Local agency investment fund (LAIF)	N/A	None	N/A

D. FAIR VALUE MEASUREMENTS

The following is a summary of the Authority's cash and investments measured using the fair value hierarchy as of June 30, 2024:

	Credit Ratings (S&P/Moody's)	2023 Maturities	Amortized Cost Basis	Fair Value	Fair Value Measurements Using		
					Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable Inputs (Level 3)
Money market accounts	A-1	< 90 Days	\$ 1,466,957	\$ 1,466,957	\$ -	\$ -	\$ -
Total cash exempt from fair value			1,466,957	1,466,957	-	-	-
Total cash and investments			\$ 1,466,957	\$ 1,466,957	\$ -	\$ -	\$ -

All money market accounts are classified as being exempt from fair value due to the stable dollar value maintained in all trust accounts.

E. INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment; generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. It is the Authority's indenture agreement policy to manage exposure to interest rate risk by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Current



ROSS VALLEY PUBLIC FINANCING AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

governmental code is that investment maturities may not exceed five years, with the exception of pooled investment funds such as the Local Agency Investment Fund and other government authority pools, and money market funds.

All cash and investments are held in highly liquid accounts. The expected maturity is within 90 days. See the maturities indicating likelihood of interest rate sensitivity listed for each account in Section D Fair Value Measurements.

F. CREDIT RISK

Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. To limit loss exposure due to credit risk, the Authority's indenture agreements limits purchases of investments to those rated A-1 for short-term investments and A for medium-term investments following the Standard & Poor's credit rating standards.

All cash and investments are held either in highly rated money market accounts or are not rated. See the ratings assigned to each category listed in Section D Fair Value Measurements.

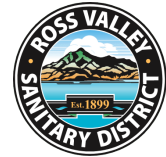
G. CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

As of fiscal year ended June 30, 2024, none of the Authority's investments had concentrations in any single issuer greater than five percent.

H. CUSTODIAL CREDIT RISK

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., the broker-dealer) to a transaction, a government will not be able to recover the value of its investment, collateral securities, or deposits that are in the possession of another party. The California Government Code does not contain any legal or policy requirements concerning limits of exposure to custodial risk for investments. Regarding the Authority's cash and investments that are held as money market accounts are not to be considered for custodial risk exposure considering the instruments are not held as transferrable securities.



NOTE 4 DEBT SERVICE RECEIVABLES

The Authority's debt service receivables consisted of the following as of June 30, 2024:

	2023	Accrued Interest & Requisitions	Debt Service Collections	Premium Amortization	2024	Current Portion
Debt Service Principal Receivable	\$ 91,850,639	\$ -	\$ (2,880,000)	\$ (387,137)	\$ 88,583,501	\$ 3,015,000
Debt Service Interest Receivable	182,375	177,125	(182,375)	-	177,125	177,125
Total Debt Service Receivable	92,033,014	177,125	(3,062,375)	(387,137)	88,760,626	3,192,125
Allocated debt service premium	\$ 6,807,771	\$ -	\$ -	\$ (387,137)	\$ 6,420,634	

Note: The allocated debt service premium is included in the total debt service principal receivable.

All Authority issued revenue bond obligations were issued at a premium with the excess proceeds being requisitioned to the District for acquisition of capital assets. Actual debt proceeds remitted to the District in excess of the indenture par amount is counted as the allocated debt service receivable premium. This premium is to be annually amortized using a straight-line basis.

NOTE 5 LONG-TERM DEBT

A. LONG-TERM DEBT SUMMARY

The Authority's long-term debt, net of unamortized bond premium, consisted of the following as of June 30, 2024:

	Base CUSIP Number	Interest Rate	Maturity (Fiscal Year)	2023	Issuance	Retirement	2024	Current Portion
Revenue bonds from public offering:								
2013 revenue bond	778388	3.00% - 5.00%	2044	\$ 14,780,000	\$ -	\$ (420,000)	\$ 14,360,000	\$ 440,000
2014 revenue bond	778388	3.00% - 5.00%	2040	23,515,000	-	(1,025,000)	22,490,000	1,075,000
2018 revenue bond	778388	4.00% - 5.00%	2043	19,250,000	-	(580,000)	18,670,000	610,000
2019 revenue bond	778388	4.00% - 5.00%	2044	27,715,000	-	(855,000)	26,860,000	890,000
Plus: unamortized premium	N/A	N/A	N/A	7,070,164	-	(360,725)	6,709,440	-
Total public offering revenue bonds				\$ 92,330,164	\$ -	\$ (3,240,725)	\$ 89,089,440	\$ 3,015,000

All Authority issued revenue bond obligations covenant the District's pledge of future revenues as repayment of the bonds as well as the District maintaining a collective debt service coverage ratio greater than 1.25 times. The debt service coverage ratio is calculated as the ratio of net revenues (gross revenues less operating costs excluding depreciation) over total debt service.



ROSS VALLEY PUBLIC FINANCING AUTHORITY
(A BLENDED COMPONENT UNIT OF ROSS VALLEY SANITARY DISTRICT)
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

B. 2013 REVENUE BONDS

On August 29, 2013, the Authority issued \$17,780,000 of revenue bonds with a premium of \$133,039. The purpose of the bonds was to both provide new money for wastewater capital projects and refund \$9,103,322 of the District's privately placed debt obligations. The capital projects included refurbishment of existing wastewater collection and conveyance system infrastructure and purchases of capital equipment. The former debt obligations carried by the Authority were for both purchases of real estate and funding of capital projects under an installment sale agreement. The refunding resulted in a loss of \$258,920, which was recorded in the District's financial statements. The bonds were issued at a credit rating of "A" by S&P for a coupon ranging from 3% to 5%. Repayment terms of the bonds are semiannually on October 1 and April 1 with maturity on October 1, 2043. The bonds are callable any time after October 1, 2023, with no call premium. As of June 30, 2024, the outstanding principal balance is \$14,360,000 with an unamortized premium balance of \$85,367.

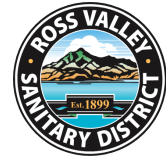
The Authority's 2013 Revenue Bond debt service requirements are as follows as of June 30, 2024:

Fiscal Year Ended	Principal	Interest	Total Debt Service
2025	\$ 440,000	\$ 697,500	\$ 1,137,500
2026	465,000	677,200	1,142,200
2027	485,000	658,200	1,143,200
2028	500,000	636,000	1,136,000
2029	525,000	610,375	1,135,375
2030-2034	3,060,000	2,618,750	5,678,750
2035-2039	3,905,000	1,752,625	5,657,625
2040-2044	4,980,000	647,000	5,627,000
Subtotal	14,360,000	\$ 8,297,650	\$ 22,657,650
Plus: unamortized premium	85,367		
Total	\$ 14,445,367		

C. 2014 REVENUE BONDS

On November 15, 2014, the Authority issued \$30,155,000 of revenue bonds with a premium of \$1,243,225. The purpose of the bonds was to provide new money for wastewater capital projects. The capital projects included refurbishment of existing wastewater collection and conveyance system infrastructure and purchases of capital equipment. The bonds were issued at a credit rating of "A+" by both S&P and Fitch for a coupon ranging from 3% to 5%. Repayment terms of the bonds are semiannually on January 1 and July 1 with maturity on January 1, 2040. The bonds are callable any time after January 1, 2025, with no call premium. As of June 30, 2024, the outstanding principal balance is \$22,490,000 with an unamortized premium balance of \$786,530.

ROSS VALLEY PUBLIC FINANCING AUTHORITY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024



The Authority's 2014 Revenue Bond debt service requirements are as follows as of June 30, 2024:

Fiscal Year Ended	Principal	Interest	Total Debt
			Service
2025	\$ 1,075,000	\$ 808,394	\$ 1,883,394
2026	1,130,000	754,644	1,884,644
2027	1,165,000	720,744	1,885,744
2028	1,200,000	685,794	1,885,794
2029	1,235,000	649,794	1,884,794
2030-2034	6,790,000	2,640,806	9,430,806
2035-2039	8,080,000	1,349,700	9,429,700
2040	1,815,000	72,600	1,887,600
Subtotal	22,490,000	\$ 7,682,475	\$ 30,172,475
Plus: unamortized premium	786,530		
Total	\$ 23,276,530		

D. 2018 REVENUE BONDS

On January 11, 2018, the Authority issued \$21,870,000 of revenue bonds with a premium of \$3,400,854. The purpose of the bonds was to provide new money for wastewater capital projects. The capital projects included refurbishment of existing wastewater collection and conveyance system infrastructure and purchases of capital equipment. The bonds were issued at a credit rating of "AA-" by S&P for a coupon ranging from 4% to 5%. Repayment terms of the bonds are semiannually on January 1 and July 1 with maturity on January 1, 2043. The bonds are callable at any time after January 1, 2025, with no call premium. As of June 30, 2024, the outstanding principal balance is \$18,670,000 with an unamortized premium balance of \$2,532,060.

The Authority's 2018 Revenue Bond debt service requirements are as follows as of June 30, 2024:

Fiscal Year Ended	Principal	Interest	Total Debt
			Service
2025	\$ 610,000	\$ 933,500	\$ 1,543,500
2026	640,000	903,000	1,543,000
2027	675,000	871,000	1,546,000
2028	705,000	837,250	1,542,250
2029	745,000	802,000	1,547,000
2030-2034	4,315,000	3,413,500	7,728,500
2035-2039	5,505,000	2,221,500	7,726,500
2040-2043	5,475,000	701,000	6,176,000
Subtotal	18,670,000	\$ 10,682,750	\$ 29,352,750
Plus: unamortized premium	2,532,060		
Total	\$ 21,202,060		



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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

E. 2019 REVENUE BONDS

On July 1, 2019, the Authority issued \$31,455,000 of revenue bonds with a premium of \$3,866,351. The purpose of the bonds was to provide new money for wastewater capital projects, purchase of the 1111 Andersen Building, and completion of the remediation project at 2000 Larkspur Landing where the District's former treatment plant operated. The capital projects included refurbishment of existing wastewater collection and conveyance system infrastructure and purchases of capital equipment. The 1111 Andersen Building is to serve as the District's new headquarters. The 2000 Larkspur Landing project included the estimated project costs to remediate the soils for unrestricted land use. The bonds were issued at a credit rating of "AA" by S&P for a coupon ranging from 4% to 5%. Repayment terms of the bonds are semiannually on January 1 and July 1 with maturity on January 1, 2044. The bonds are callable at any time after January 1, 2029, with no call premium. There is a special covenant with the 2019 series where the bonds are callable at any point after February 1, 2022, for \$11,120,000 if the District were to sell or lease, within a certain threshold of time, the 2000 Larkspur Landing property once the project is completed. As of June 30, 2024, the outstanding principal balance is \$28,860,000 with an unamortized premium balance of \$3,305,483.

The Authority's 2019 Revenue Bond debt service requirements are as follows as of June 30, 2024:

Fiscal Year Ended	Principal	Interest	Total Debt
			Service
2025	\$ 890,000	\$ 1,185,600	\$ 2,075,600
2026	925,000	1,150,000	2,075,000
2027	965,000	1,113,000	2,078,000
2028	1,005,000	1,074,400	2,079,400
2029	1,045,000	1,034,200	2,079,200
2030-2034	5,880,000	4,510,000	10,390,000
2035-2039	7,160,000	3,230,200	10,390,200
2040-2044	8,990,000	1,392,250	10,382,250
Subtotal	26,860,000	\$ 14,689,650	\$ 41,549,650
Plus: unamortized premium	3,305,483		
Total	\$ 30,165,483		



NOTE 6 COMMITMENTS AND CONTINGENCIES

A. OUTSTANDING LITIGATION

The Authority is subject to various lawsuits and claims involving public liability and other actions incidental to the ordinary course of Authority operations. To the extent the outcome of such litigation may be determined to result in financial loss to the Authority, in the opinion of Authority's management, any potential liability for these actions is adequately provided for in the basic financial statements. The timing of potential payment of such losses cannot presently be determined.

NOTE 7 SUBSEQUENT EVENTS

The District's management has evaluated all activities from the date of the financial statements to the date of issuance, and found two subsequent events of material amounts:

1. Sale of Real Property: In December 2023, the District moved its physical offices and consolidated its headquarters from 2960 Kerner Blvd in San Rafael, CA to 1111 Andersen Drive in San Rafael, CA. In the summer and fall of 2024 the property at 2960 Kerner Blvd in San Rafael, in compliance with the California Surplus Lands Act, was declared by the District to be surplus property. The property is expected to sell for approximately \$3 million on December 10, 2024.

2. Bond Refunding: The District through its Ross Valley Public Financing Authority is considering refunding its bond debt issuances from 2013, 2014, and 2018. Net Present Value (NPV) Savings from the refunding and consolidation of the three bond issuances is estimated at \$5.62 million. The refunding is tentatively scheduled to close in February of 2025.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS*

To the Board of Directors
Ross Valley Public Financing Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Ross Valley Public Financing Authority, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Ross Valley Public Financing Authority's basic financial statements, and have issued our report thereon dated December 10, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ross Valley Public Financing Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ross Valley Public Financing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Ross Valley Public Financing Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ross Valley Public Financing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CROPPER ROWE, LLP
Walnut Creek, California
December 10, 2024



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Ross Valley Sanitary District



www.RVSD.org

RVPFA Packet No.039



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REQUIRED COMMUNICATIONS

December 10, 2024

Board of Directors and Management
Ross Valley Sanitary District

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Ross Valley Sanitary District for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 25, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Ross Valley Sanitary District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by Ross Valley Sanitary District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The *most sensitive estimates* affecting the District's financial statements were:

- Management's estimate of the pension related deferred inflows, deferred outflows, net pension liability, and pension expense is based on actuarial valuation and the requirements of GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. We evaluated the key factors and assumptions used to develop the pension related estimates in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the OPEB related deferred inflows, deferred outflows, net OPEB liability, and OPEB expense is based on actuarial valuation and the requirements of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. We evaluated the key factors and assumptions used to develop the OPEB related estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the depreciation expense and accumulated depreciation is based on the estimated useful lives of the underlying assets. We evaluated the key factors and assumptions used to develop the depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the present value of the leases, both assets and obligations. We evaluated the key factors and assumptions used to develop the lease valuations, including the deferred inflows and outflows, in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The *most sensitive disclosures* affecting the financial statements were:

- Financial Statement Note 6 - Capital Assets increased by a net \$8 million in fiscal 2024. \$10.3 million in CIP was transferred to depreciable assets during the year. Outstanding project commitments were estimated to be \$7.9 million, as shown in Note 15.
- Financial Statement Note 12 & 13 (also Required Supplementary Information (RSI)) - The Pension Plan and Other Post-Employment Benefits (OPEB) has disclosures and RSI regarding deferred inflows, deferred outflows, net pension liability, and pension expense as well as District OPEB and pension policies. At June 30, 2024 pension and OPEB liabilities were \$9.3 million and \$525k, respectively. For the year, pension contributions were \$1.3 million and OPEB contributions were \$428k.
- Financial Statement Note 9 – Details of the District's long-term debt is presented, including current (within one year) maturities. Principal of \$3.4 million was retired during the year. Total debt outstanding at June 30, 2024 was \$91,035,313.
- Financial Statement Note 1.D. – This footnote details all the joint ventures with which the District is involved, including any financial effect of those ventures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole. Please see attachments 1 and 2 at the end of this letter.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to Ross Valley Sanitary District’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Ross Valley Sanitary District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required pension and OPEB supplementary schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on Schedule of Expenses which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of Ross Valley Sanitary District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



CROPPER ROWE, LLP
Walnut Creek, California

Attachment 1 – List of Adjusting Journal Entries

Account	Description	Workpaper Reference	Debit	Credit	Net Income Effect
Audit 01					
Client JE #218 to correct GASB 96 SBITA					
100-400-000-790620-200	SBITA Interest Expense		447.88	0.00	
100-000-000-330925-000	SBITA Liability - LT		15,799.12	0.00	
100-200-000-790250-100	GASB 96 Capitalization Accrual		0.00	16,247.00	
100-400-000-790770-200	SBITA Amortization		20,207.78	0.00	
100-000-000-170970-000	Acc Ammrt - SBITA Asset		0.00	20,207.78	
100-000-000-330925-000	SBITA Liability - LT		8,152.04	0.00	
100-000-000-320750-000	SBITA Liability - ST		0.00	8,152.04	
Total			44,606.82	44,606.82	(4,408.66)
Audit 02					
Client JE #252 to correct GASB 96 SBITA					
100-000-000-320750-000	SBITA Liability - ST		15,799.12	0.00	
100-000-000-330925-000	SBITA Liability - LT		0.00	15,799.12	
Total			15,799.12	15,799.12	0.00
Audit 03					
Client JE #253 to correct insurance					
100-000-000-320600-000	Claims Liability		9,152.37	0.00	
100-200-000-760800-100	Insurance Claims Liability Exp		0.00	9,152.37	
Total			9,152.37	9,152.37	9,152.37
Audit 04					
Client reclassing entry to net position					
100-000-000-510000-000	Restrict Net Pos - Pension		0.00	684,476.59	
100-000-000-510100-000	Restrict Net Pos - Can Road		8,652.04	0.00	
100-000-000-510200-000	Restrict Net Pos - Bond Proc		48,571.46	0.00	
100-000-000-520000-000	Net Inv in Cap Asset		0.00	10,839,039.03	
100-000-000-510300-000	Restricted Net Pos - SRF		18,237.00	0.00	
100-000-000-500000-000	Unrestricted Net Position		11,448,055.12	0.00	
Total			11,523,515.62	11,523,515.62	0.00
GRAND TOTAL			11,593,073.93	11,593,073.93	4,743.71

Attachment 2 – List of Passed Journal Entries

Client: ROSS VALLEY SANITARY DISTRICT
Engagement: Ross Valley Sanitary District 2024
Current Period: 06/30/2024
Workpaper: Passed AJEs

Account	Description	Misstatement	Workpaper Reference	Debit	Credit	Net Income Effect
Passed 01						
Known Classification CC 02a						
Proposed entry to book LAIF						
FMV adjustment						
100-000-000-110100-000	Local Agency Invstmnt Fund FV			0.00	52,635.00	
100-000-000-620100-100	Unrealized Gain-Loss			52,635.00	0.00	
Total				52,635.00	52,635.00	(52,635.00)
GRAND TOTAL				52,635.00	52,635.00	(52,635.00)