

**Annual
Comprehensive
Financial
Report**



ROGUE VALLEY
SEWER SERVICES

Jackson County, Oregon

For the Years Ended June 30, 2025 and 2024

**Prepared by Finance Department
Brenda Baldovino
Finance Director**

ROGUE VALLEY SEWER SERVICES

Years ended June 30, 2025 and 2024

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INTRODUCTORY SECTION



ROGUE VALLEY
SEWER SERVICES
CLEAN WATER - HEALTHY COMMUNITIES

March 13, 2026

To the Honorable Chairman and Board of Directors and Citizens of the RVS District,

The Annual Comprehensive Financial Report of Rogue Valley Sewer Services (RVS) for fiscal year ended June 30, 2025, is hereby submitted.

This report was prepared in accordance with the provisions of Oregon Revised Statutes Sections 297.405 through 297.555. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures, rests with the District. We believe the data is accurate and complete in all material respects; that it is presented in a manner designed to present fairly the financial position, results of operations, and changes in cash flows of the District at June 30, 2025, and for the year then ended.

Profile of RVS

The Rogue Valley Sewer Services is a Sanitary District that provides sewer service for rural and urban portions of Jackson County, Oregon, the cities of Talent, Central Point, Jacksonville, Phoenix and Eagle Point, Oregon, and portions of the city of Medford, Oregon. Voters approved formation of the District at a special election dated August 30, 1966. The District was declared established on September 21, 1966. The District's primary purpose is to provide sanitary sewer service to those within its boundaries who may connect to our system as well as to construct and maintain sewers where health hazards exist in rural areas of Jackson County, Oregon.

The District operates the regional interceptor sewer system, which transports flows from the other regional member – the city of Medford. The cities of Central Point, Jacksonville and Phoenix have been annexed into the District in 2000, 2005 and 2006 respectively. The interceptor system consists of the Upper Bear Creek Interceptor, the Lower Bear Creek Interceptor, the North Medford Trunk, the Dunn Pump Station and Pressure Main. The District also operates a sanitary sewer collection system within the service area. Total interceptor and trunk system is approximately 395 miles in length, within a District boundary of about 190 square miles.

The District manages a storm water quality program for the cities of Talent, Phoenix, Central Point, and Jackson County through Intergovernmental agreements with the cities.

The District also operates the sanitary sewer collection system and treatment plant for the City of Shady Cove and the City of Gold Hill.

The Board of Directors of the District consists of five elected members. The District is separately governed and was established under Oregon Revised Statutes Chapter 450.705 through .990.

Factors Affecting Financial Condition

As the region continues to recover from the most recent recession, Rogue Valley Sewer Services has seen an increase in new construction which results in increases in development fees and services charges.

Internal Control

Management is responsible for establishing and maintaining an internal control structure designed to ensure that assets of the District are protected from loss, theft or misuse in a cost effective manner. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes two facts. First, the cost of a control should not exceed the benefit likely to be derived. Second, the evaluation of costs and benefits requires estimates and judgments by management. The internal control structure is subject to periodic evaluation by management and by independent accountants.

All internal control evaluations occur within this framework. We believe the District's systems of internal control adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Accounting System and Budgeting Controls.

For financial reporting and operating purposes, management considers the District's activities as those of an enterprise operation and, as such, are reported in a single fund in the basic financial statements. However, for budgetary and legal purposes, these activities are accounted for in the funds described below on the modified accrual basis of accounting.

General Fund. The General Fund accounts for the District's normal recurring sewer operations. The primary source of revenue is sewer service fees, maintenance contracts, and service payments. The General Fund also accounts for the construction of new sewer projects and the rehabilitation of existing systems. Assessments levied to finance new projects are accounted for by this fund prior to the sale of bonds. New construction has been primarily financed internally. Major rehabilitation projects have been financed with state revolving loan funds

Bear Creek Interceptor (BCI) Operations and Maintenance Fund. The BCI Operations and Maintenance Fund accounts for the maintenance cost of the Bear Creek Interceptor that is shared by the District and the cities of Medford, Jacksonville, and Phoenix. The actual maintenance is the responsibility of the District, and each entity is billed monthly for their share of the cost.

Dunn Pump Station (DPS) Operations and Maintenance Fund. The DPS Operations and Maintenance Fund accounts for the maintenance cost of the Dunn Pump Station that is shared by the District and the cities of Medford and Jacksonville. The actual maintenance is the responsibility of the District, and each entity is billed monthly for their share of the cost. In 2004 the Region agreed to one flat rate for both BCI and DPS.

Interceptor Capital Expansion Fund. The Interceptor Capital Expansion Fund accounts for the capital costs of the Bear Creek Interceptor and Dunn Pump Station that are shared by the District and the City of Medford. The actual capital expansion projects are the responsibility of the District, and each entity is billed monthly for their share of the cost.

White City Storm Drain Fund. The White City Storm Drain Fund was established to upgrade and maintain certain portions of the industrial side of White City storm drain area not maintained by the County.

Storm Water Quality Fund. In order to protect and improve the quality of water in wells, creeks and rivers, the federal government has established a more stringent storm water program. This fund was created to account for the receipt of a new monthly fee and the expenditures regarding storm water quality.

Shady Cove Treatment. The Shady Cove Treatment Fund was initially established as the Shady Cove Operations and Maintenance Fund established in 2011 to manage both the collection system and the treatment plant.

Treatment Capital. The Treatment Capital Fund is a dedicated fund initially established in 2011 to pay for capital improvements within the Shady Cove collection system and treatment plant for 5 years. In November 2018, the City of Shady Cove voters approved the annexation measure to join RVS. As of July 1, 2019 the City of Shady Cove was annexed into RVS.

With the annexation the purpose of this fund will be expanded to cover capital improvements to both the Shady Cove Treatment Plant and the White City Lagoons, as both are now treatment facilities owned and operated by RVS.

Gold Hill Treatment. The Gold Hill Treatment Fund was newly established in FY2018 to track expenses related to the wastewater treatment plant for the City of Gold Hill. The agreement with Gold Hill expired in 2023. August 2023, Gold Hill held a special election to annex into Rogue Valley Sewer Services. Annexation was approved and went into effect November 1, 2023.

Gold Hill Debt Service. The Gold Hill Debt Service Fund was newly established in FY2024 to track debt payments for the Gold Hill loan assumptions upon annexation. Debt Service payments for the planned DEQ loans on the proposed regional intertie projects will not begin until the projects are complete.

Lagoons. The Lagoons Fund was newly established in FY2020 to track the expenses related to operating the Lagoons.

The District annually prepares a budget, by fund, to control its fiscal operations. A proposed detailed budget is prepared by District management and is submitted to the Budget Committee. The Budget Committee consists of the Board of Directors and five appointed members. The Committee may revise or approve the proposed budget. After the Budget Committee approves the proposed budget, it is submitted to the Board of Directors, and a public hearing is held. The Board adopts the budget and makes appropriations by major functional classifications for all funds, allowing the District to expend funds for the year. Appropriations adopted by the Board lapse at the end of the fiscal year.

The District may adopt supplemental budgets as a result of unexpected additional resources. Adoption of supplemental budget requires hearings before the public, publication in newspapers, approval by the Board of Directors, and adoption of appropriations. Original and supplemental budgets may be modified by the Board of Directors through the use of appropriation transfers. While the General Fund is organized by departments, the budget for this and all funds are appropriated by categories of personal services, materials and supplies, capital outlay, debt and transfers to other funds. These amounts can be seen in the supplementary schedules of expenditures – original and final budget compared to actual.

Independent Audit

The provisions of Oregon Revised Statutes Section 297.405 through 297.555, known as "Municipal Audit Law", require that an independent audit of the District's records be made within six months following the close of the fiscal year. The auditors, Isler CPA, LLC have completed their audit and have included their opinion in the financial section of this report.

Fiduciary Operations

Both a pension plan and a deferred compensation program are provided to all District employees. In FY 2025 the District contributed 8.6% of the base salary of eligible employees to the International City Manager's Association (ICMA) retirement system. This plan is a defined contribution plan in which the participating employees are required to contribute 6% of their base salary. Employees are vested immediately.

The deferred compensation program falls within the guidelines of the Internal Revenue Code section 457. The plan permits the employees to defer a portion of their salary until future years as a retirement program and are taxed only upon receipt. The total amount of deferred compensation and earnings thereon at June 30, 2025 is \$2,286,598.

The District also has a Retirement Health Savings plan with ICMA. The District contributes 3% of eligible salary for management employees and allows contributions from both management and union employees.

Long Term Financial Planning

Rogue Valley Sewer Services is focused on ways to conserve the existing assets while reducing operating expenses. Efforts to preserve the existing assets include a tight maintenance program. The O&M department cleans 1/3 of our service lines annually and 1/5, or 75 miles, of those lines are tv'd to identify any faulty lines to avoid increased costs resulting from deferred maintenance or major repairs.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Annual Comprehensive Financial Reports for the fiscal years ended June 30, 1990 through 2024. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized annual comprehensive financial report. The reports satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

We wish to express our appreciation to the staff of our Administrative/Finance Department for their efforts and contributions in the preparation of the annual comprehensive financial report. We also thank and extend our appreciation to the members of our Board of Directors for their support and dedication to the financial operation of the District.

Please see the Management Discussion and Analysis on pages 4-7, for a further analysis of the District's operations.

Respectfully submitted,


Carole Balzer, Interim Manager


Brenda Baldovino, Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

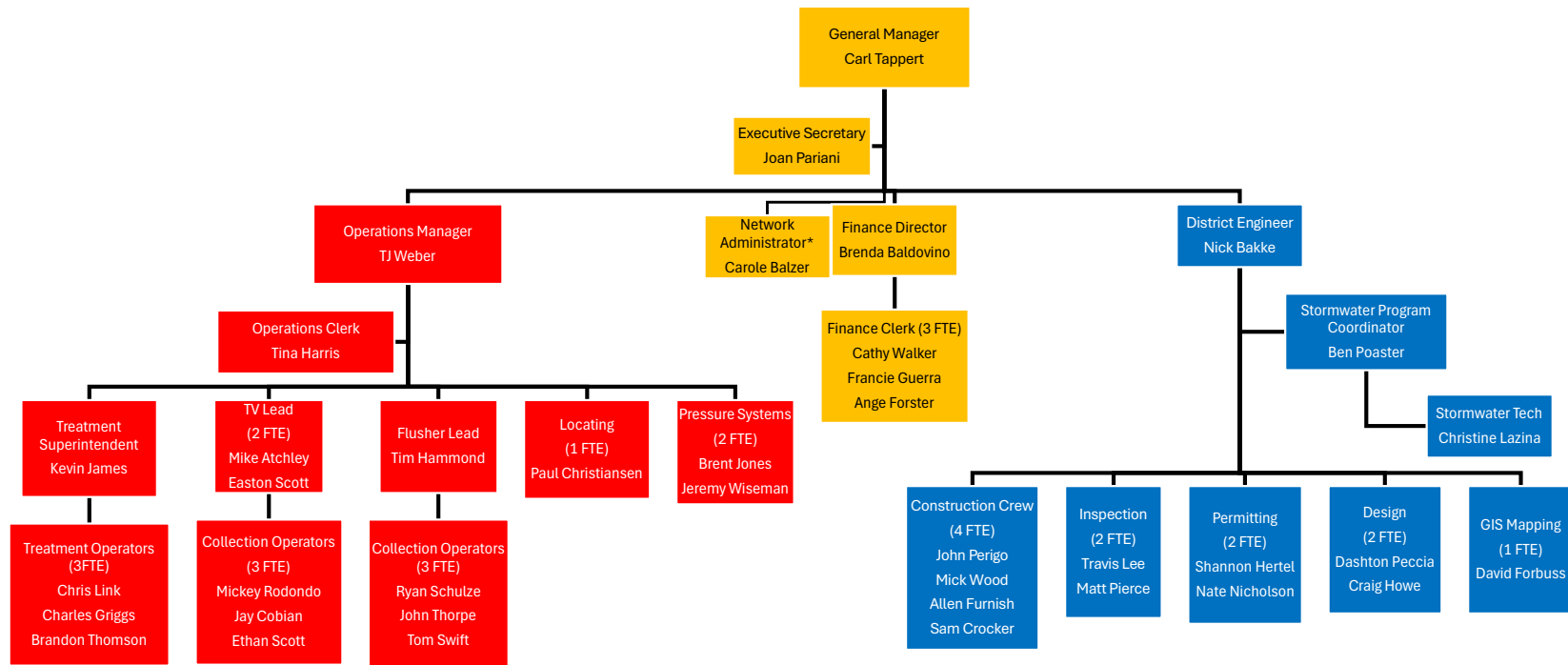
**Rogue Valley Sewer Services
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO



- 1 Network Administrator is also designated as Deputy Manager
- 2 The Operations Manager is designated as Building Official and Operator of Record for the collection system
- 3 Treatment Superintendent is designated as Operator of Record for Shady Cove WWTP and the White City Lagoon
- 4 TJ Weber designated as backup Operator of Record for the collection system
- 5 Chris Link designated as backup Operator of Record for Shady Cove WWTP and the White City Lagoon

ROGUE VALLEY SEWER SERVICES

For the Year Ended June 30, 2025

Board of Directors and Registered Agent

As of June 30, 2025

	<u>Term Expires</u>
Board of Directors	
Kay Harrison, Chair 138 West Vilas Road, Central Point, OR 97502	June 2027
Michael Parsons, Vice Chair 138 West Vilas Road, Central Point, OR 97502	June 2027
John Edwards, Director 138 West Vilas Road, Central Point, OR 97502	June 2025
Roger Thom, Director 138 West Vilas Road, Central Point, OR 97502	June 2025
John Quinn, Director 138 West Vilas Road, Central Point, OR 97502	June 2027
Administrative Staff -Carl Tappert, Manager and Registered Agent	
Legal Counsel -Hornecker, Cowling, Hassen & Haysell, LLP	

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rogue Valley Sewer Services
Jackson County, Oregon

Opinion

We have audited the accompanying financial statements of the Rogue Valley Sewer Services ("RVS"), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise RVS' 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 financial position of RVS as of June 30, 2025 and 2024 and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 RVS, 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 opinion.

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 RVS' 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.

Auditor's 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 auditor's report that includes our opinion. 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 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, 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 RVS' 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 RVS' 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis ("MD&A"), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise RVS' basic financial statements. The combining schedules, and budget and actual schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules and budget and actual schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards of Audits of Oregon Municipal Corporations, we have issued our report dated March 20, 2026 on our consideration of RVS' compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Cody Savey

Cody Savey, a member of the firm
for Isler CPA
March 20, 2026

Rogue Valley Sewer Services Management's Discussion and Analysis

As management of the Rogue Valley Sewer Services (RVS), we offer readers of RVS' financial statements this narrative overview and analysis of the financial activities of RVS for the fiscal years ended June 30, 2025 and June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

All amounts in this MD&A are presented in thousands unless otherwise indicated.

FINANCIAL HIGHLIGHTS

- The assets of RVS exceeded its liabilities at the close of June 30, 2025 by \$128,796, an increase of \$5,204. Net Position consists of \$5,284 unrestricted net position which may be used to meet ongoing obligations, \$3,449 of restricted net position related to system development and \$120,063 is invested in capital assets net of accumulated depreciation, amortization and related debt.
- Total operating revenues were \$16,941, an increase of \$1,568 from the prior year. Operating expenses totaled \$15,695, an increase of \$1,630 from the prior year. The difference between operating revenues and operating expenses resulted in operating income of \$1,245.
- RVS has \$120,922 in capital assets, net of accumulated depreciation. This is an increase of \$11,134 from the prior year. RVS also recognized \$2,637 in depreciation and amortization expense in the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to RVS' Basic Financial Statements. The Basic Financial Statements include the notes to the financial statements. In addition to these statements, this report also contains supplementary information.

RVS is a self-supporting entity and follows enterprise fund reporting, accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. RVS' annual report consists of the Balance Sheets, the Statements of Revenues, Expenses and Changes in Net Positions and the Statements of Cash Flows. The Balance Sheets provide information about the financial position of RVS, including all of its capital assets and long-term liabilities, on the full accrual basis, similar to that used by corporations. The Statements of Revenues, Expenses and Changes in Net Positions present information showing how RVS' net position has changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that do not affect the cash flow until future fiscal periods. The Statements of Cash Flows present information showing how RVS' cash balance changed as a result of current year operations. This statement is prepared using the direct method and includes the reconciliation of operating income to net cash provided by operating activities (indirect method).

The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the financial statements.

FINANCIAL ANALYSIS

Total assets, liabilities, deferred inflows/outflows of resources, and net position were as follows:

	2025	2024	2023	Change 2024 - 2025	
				Amount	Percent %
Assets:					
Current assets	\$ 17,595	\$ 15,768	\$ 14,545	\$ 1,827	11.6
Noncurrent receivables	93	96	92	(3)	(3.1)
Capital - Right to use asset	327	112	166	215	192.0
Capital assets (net)	<u>120,595</u>	<u>109,461</u>	<u>102,918</u>	<u>11,134</u>	<u>10.2</u>
Total assets	<u>138,610</u>	<u>125,437</u>	<u>117,721</u>	<u>13,173</u>	<u>10.5</u>
Liabilities:					
Current liabilities	1,896	1,392	1,645	504	36.2
Long-term liabilities	<u>7,918</u>	<u>453</u>	<u>430</u>	<u>7,465</u>	<u>1,647.9</u>
Total liabilities	<u>9,814</u>	<u>1,845</u>	<u>2,075</u>	<u>7,969</u>	<u>431.9</u>
Net position:					
Net investment in capital assets	120,063	109,373	102,909	10,690	9.8
Restricted	3,449	3,043	2,728	406	13.3
Unrestricted	<u>5,284</u>	<u>11,176</u>	<u>10,009</u>	<u>(5,892)</u>	<u>(52.7)</u>
Total net position	<u>\$ 128,796</u>	<u>\$ 123,592</u>	<u>\$ 115,646</u>	<u>\$ 5,204</u>	<u>4.2</u>

Total assets increased for this fiscal year by \$13,173. The asset increase is due primarily to the additions of capital asset during the year in the amount of \$11,349. Current assets increased by \$1,827 as a result of an increase in cash and cash equivalents, and accounts receivable.

Total liabilities increased by \$7,969 from last year. The increase in liabilities is primarily related to an increase in debt.

Net position may serve as a useful indicator of RVS' financial position. As of June 30, 2025, assets exceeded liabilities by \$128,796, a 4.2 percent increase over the prior period. Investment in capital assets are considered unavailable for current expenditures and account for 93.2 percent of the total net position (88.5 percent of total net position at June 30, 2024). Unrestricted net position accounts for 4.1 percent of the total net position (9.0 percent of the total net position at June 30, 2024). Unrestricted net position is normally the part of net position used to finance day-to-day operations without constraints established by debt covenants or other legal requirements. Restricted net position represents assets set aside for debt service and future system development.

FINANCIAL ANALYSIS, continued

The following schedule presents a summary of revenues, expenses and changes in net position for RVS and the amount and percentage change from 2024 to 2025.

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>Change 2024 - 2025</u>	
				<u>Amount</u>	<u>Percent %</u>
Operating revenues:					
Charges for services	\$ 15,565	\$ 14,242	\$ 13,418	\$ 1,323	9.3
Reimbursements	999	883	876	116	13.1
Other operating revenues	375	248	214	127	51.2
System development charges and contributions	3,319	6,010	1,376	(2,691)	(44.8)
Nonoperating revenues:					
Gain (loss) on sale of assets	-	(9)	-	9	-
Interest income	<u>663</u>	<u>643</u>	<u>335</u>	<u>20</u>	3.1
Total revenues	<u>20,921</u>	<u>22,017</u>	<u>16,219</u>	<u>(1,096)</u>	(5.0)
Expenses:					
Sewer operations	15,695	14,065	13,080	1,630	11.6
Interest expense	<u>22</u>	<u>6</u>	<u>31</u>	<u>16</u>	266.7
Total expenses	<u>15,717</u>	<u>14,071</u>	<u>13,111</u>	<u>1,646</u>	11.7
Change in net position	<u>5,204</u>	<u>7,946</u>	<u>3,108</u>	<u>(2,742)</u>	(34.5)
Net position-beginning*	<u>123,592</u>	<u>115,646</u>	<u>112,538</u>	<u>7,946</u>	6.9
Net position-ending	<u>\$ 128,796</u>	<u>\$ 123,592</u>	<u>\$ 115,646</u>	<u>\$ 5,204</u>	4.2

*Opening net position for the year ended June 30, 2023 was adjusted due to the implementation of GASB 96.

Charges for services revenues in 2025 increased by 9.3% over 2024. Operating expenses increased by 11.6% as compared to the prior period. Regional treatment expenses increased by 17% in 2025. Operating expenses increased by 7.5% in 2024 compared to 2023.

CAPITAL ASSETS

At June 30, 2025, RVS had \$120,921 invested in a broad range of capital assets, including land, utility plant, buildings, furniture and equipment, and construction in progress.

RVS' Capital Assets (net of depreciation)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Land	\$ 608	\$ 608	\$ 486
Site Improvements	269	269	269
Intangible Asset-System Buy-In-Costs	1,450	1,450	1,450
Construction in progress	10,441	3,962	1,817
Utility plant	148,430	141,978	135,981
Buildings	1,751	1,751	1,675
Furniture, Fixture and Equipment	7,698	7,123	6,772
Right-to-use subscription asset	697	400	431
Total	<u>171,344</u>	<u>157,541</u>	<u>148,881</u>
Less accumulated depreciation & amortization	<u>(50,423)</u>	<u>(47,968)</u>	<u>(45,796)</u>
Total	<u>\$ 120,921</u>	<u>\$ 109,573</u>	<u>\$ 103,085</u>

Major capital assets placed into service during FY 2025 included the following:

- Van \$360
- Pumper Truck \$247
- Developer contributed assets \$3,516 related to various projects
- Work in process additions of \$9,370 (not in service)

Additional information on RVS' capital assets can be found in the notes to the financial statements in the Note 5 titled capital assets.

DEBT ADMINISTRATION

RVS had the following outstanding debt:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Gold Hill Biz OR	\$ 473	\$ -	\$ -
Gold Hill USDA	598	-	-
Antelope Rd. DEQ Loan	4,593	82	-
Stormwater DEQ Loan	458	-	-
UV System DEQ Loan	367	-	-
Gold Hill Treatment Biz OR	<u>1,234</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,723</u>	<u>\$ 82</u>	<u>\$ -</u>

Additional information on RVS' debt can be found in the notes to the financial statements in the Note 6 titled Long-term debt.

ECONOMIC FACTORS

Annexation of Shady Cove and Gold Hill has obligated RVS to pay debt services on prior sewer improvements. Debt service on these loans comes to \$126,000 for Shady Cove and \$57,000 for Gold Hill. RVS currently has active projects that will result in additional loan payments totaling \$391,000. The Medford treatment plan is planning significant improvements of over \$300 million, which in turn, are planning several more double digit increases for treatment costs in preparation to repay the bonds.

REQUEST FOR INFORMATION

Our financial report is designed to provide our ratepayers and creditors with an overview of RVS' finances. If you have any questions about this report or need any clarification of information please contact the Finance Department at the Rogue Valley Sewer Services. Our address is: 138 W. Vilas Road (PO Box 3130), Central Point, Oregon, 97502.

BASIC FINANCIAL STATEMENTS

ROGUE VALLEY SEWER SERVICES

Balance Sheets

June 30, 2025 and 2024

	2025	2024
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 15,269,057	\$ 13,779,252
Accounts receivable	2,037,126	1,799,109
Current portion of assessments receivable	3,448	3,303
Prepaid expenses	285,686	186,252
Total current assets	17,595,317	15,767,916
Noncurrent assets:		
Assessments receivable	93,080	95,472
Capital - Right to use subscription asset - net	326,681	112,040
Capital assets - net	120,594,950	109,461,349
Total noncurrent assets	121,014,711	109,668,861
Total assets	\$ 138,610,028	\$ 125,436,777
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 942,680	\$ 912,953
Accrued payroll and related liabilities	91,130	76,395
Unearned revenue	179,614	169,335
Accrued interest payable	4,072	-
Current portion of compensated absences	140,000	140,000
Current portion of long-term debt	381,663	1,081
Current portion of SBITA	156,654	92,506
Total current liabilities	1,895,813	1,392,270
Noncurrent liabilities:		
Long-term debt, net of current portion	7,341,643	80,571
Compensated absences net of current portion	417,199	345,778
SBITA, net of current portion	158,991	26,652
Total noncurrent liabilities	7,917,833	453,001
Total liabilities	9,813,646	1,845,271
NET POSITION:		
Net investment in capital assets	120,062,910	109,372,579
Restricted for system development	3,448,992	3,043,157
Unrestricted	5,284,480	11,175,770
Total net position	128,796,382	123,591,506
Total liabilities and net position	\$ 138,610,028	\$ 125,436,777

See accompanying notes to financial statements.

ROGUE VALLEY SEWER SERVICES

Statements of Revenues, Expenses and Changes in Net Position

Years ended June 30, 2025 and 2024

	2025	2024
Operating revenues:		
Sewer service charges	\$ 15,039,539	\$ 13,663,081
Reimbursements	999,023	883,357
Maintenance and other fees	527,299	579,329
Other revenues	277,539	218,227
Grant revenue	97,186	28,629
Total operating revenues	16,940,586	15,372,623
Operating expenses:		
Labor and fringe benefits	5,588,351	5,330,479
Treatment charges	5,549,060	4,453,570
Administrative	1,920,772	1,820,534
Depreciation & amortization	2,637,046	2,460,251
Total operating expenses	15,695,229	14,064,834
Operating income (loss)	1,245,357	1,307,789
Nonoperating revenues and expenses:		
Gain (loss) on disposal of assets	-	(9,156)
Interest income	662,948	642,940
Interest expense	(22,313)	(6,443)
Total nonoperating revenue and expenses	640,635	627,341
Income (loss) before contributions	1,885,992	1,935,130
Capital contributions:		
System development charges	896,122	696,910
City of Gold Hill sewer annexation	-	2,316,272
Capital assets contributed	2,422,762	2,996,877
Total capital contributions	3,318,884	6,010,059
Change in net position	5,204,876	7,945,189
Net position - beginning of year	123,591,506	115,646,317
Net position - end of year	\$ 128,796,382	\$ 123,591,506

See accompanying notes to financial statements.

ROGUE VALLEY SEWER SERVICES

Statements of Cash Flows

Years ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Receipts from customers and users	\$ 16,745,748	\$ 15,062,434
Payments to suppliers	(7,400,126)	(6,503,590)
Payments to employees	(5,674,507)	(5,334,292)
Net cash provided by operating activities	3,671,115	3,224,552
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(10,045,131)	(3,566,348)
System development charges	896,122	696,910
Principal paid on subscription liabilities	(227,772)	(134,735)
Principal paid on long-term debt	(22,745)	-
Interest paid on notes payable	(7,383)	-
Interest paid on subscription liabilities	(10,858)	(6,442)
Proceeds from debt	6,571,262	81,652
Net cash used by capital and related financing activities	(2,846,505)	(2,928,963)
Cash flows from investing activities:		
Principal received on special assessments	2,247	(3,404)
Interest received on investments	662,948	642,940
Net cash provided by investing activities	665,195	639,536
Net increase (decrease) in cash and cash equivalents	1,489,805	935,125
Cash and cash equivalents, July 1	13,779,252	12,844,127
Cash and cash equivalents, June 30	\$ 15,269,057	\$ 13,779,252
Supplemental schedule of noncash capital and related financing activities:		
Contribution of capital from developers	\$ 2,422,762	\$ 2,996,877
Annexation of City of Gold Hill sewer system	\$ (1,093,137)	\$ 2,174,289

See accompanying notes to financial statements.

ROGUE VALLEY SEWER SERVICES

Statements of Cash Flows, Continued

Years ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 1,245,357	\$ 1,307,789
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation & amortization	2,637,046	2,460,251
Changes in operating assets and liabilities:		
Accounts receivable	(238,017)	(319,589)
Unearned income	10,279	9,400
Prepaid expenses	(99,434)	32,218
Accounts payable	29,728	(261,704)
Payroll and related accruals	14,735	13,021
Compensated absences	71,421	(16,834)
Net cash provided by operating activities	<u>\$ 3,671,115</u>	<u>\$ 3,224,552</u>

See accompanying notes to financial statements.

ROGUE VALLEY SEWER SERVICES

Notes to Financial Statements

June 30, 2025 and 2024

1. Summary of significant accounting policies

A. Reporting entity

RVS is a Municipal Corporation formed in September 21, 1966, under the provisions of Oregon Revised Statutes, Chapter 450, with a favorable public election held on August 30, 1966, to own and operate an interceptor sewer system. The system consists of the Upper Bear Creek Interceptor, Lower Bear Creek Interceptor, Dunn Pump Station and Pressure Main. The system includes a 20-million gallon per day raw sewage pumping station and a 17.5-acre 3-cell treatment lagoon. RVS also owns and operates many trunk projects covering approximately 190 square miles within the Rogue Valley, and provides sewer services to the following cities in Oregon: Central Point, Eagle Point, Jacksonville, Talent, Shady Cove, Gold Hill, Phoenix, and portions of the City of Medford. RVS has no potential or actual component units.

Administrative functions of RVS are directed by the Manager of RVS who reports to the Board of Directors.

B. Basis of accounting

RVS' financial statements are prepared on the accrual basis of accounting using the "economic resources" measurement focus. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when liabilities are incurred, regardless of the timing of the related cash flow. Accordingly, all assets and liabilities are reflected within the statement of net position with the equity section representing "total net position."

Operating Revenues and Expenses

Proprietary funds (enterprise) distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of RVS are sewer service charges. Sewer service revenue is recorded when the service is rendered. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

For purposes of the statements of cash flows, RVS considers all highly liquid investments with an original maturity of three months or less when purchased and all amounts in pooled accounts to be cash equivalents.

Assessments Revenue and Receivables

RVS offers financing for Local Improvement District (LID) assessments to customers who are unable to pay assessment fees up front. Assessment revenues and the associated receivables are recorded at the time the associated project is completed.

Subscription Based IT arrangements (SBITA)

RVS recognizes a subscription asset and liability at the inception of the agreement. Future payments are discounted to present value terms using an appropriate interest rate determined by RVS management. The subscription asset is amortized over the life of the contract using a systematic and rational manner. The subscription liability is reduced by payments made with a portion being allocated to principal and interest.

ROGUE VALLEY SEWER SERVICES

Notes to Financial Statements

June 30, 2025 and 2024

1. Summary of significant accounting policies (continued)

B. Basis of accounting (continued)

Capital Assets

Purchased capital assets are stated at cost where historical records are available and at estimated historical cost where no historical records exist. Major additions, improvements and replacements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Donated capital assets are stated at their acquisition value at the date of donation. Gains or losses realized from the disposition of capital assets are reflected in the statement of operations. RVS capitalizes all individual items over \$3,000, except for rehabilitation projects which use a \$5,000 capitalization threshold.

Property, plant and equipment are depreciated using the straight-line method over their estimated lives as follows:

Utility plant	20 - 75 years
Buildings	25 years
Furniture, fixtures and equipment	5- 12 years

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, and ending net position during the reporting period. Actual results could differ from those estimates.

Long-Term Debt

In the financial statements, long-term debt is reported as a liability in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs are expensed as incurred.

Compensated Absences

Effective July 1, 2024, RVS implemented GASB Statement No. 101, Compensated Absences. This Statement requires a single recognition and measurement model for all types of compensated absences and amends certain disclosure requirements. The adoption of GASB Statement No. 101 did not result in a restatement of prior period balances.

RVS employees earn paid time off based on years of services. Employees may accrue up to 960 hours. PTO may accrue in excess of 960 hours, but any amount over 960 hours must be cashed out at 50% of the employee's base wages. Employees may earn compensatory time instead of overtime at the discretion of the General Manager. Employees receive one and one-half hours for each hour worked. Employees may accumulate up to 60 hours of comp time. In accordance with GASB No. 101, a liability is recognized for leave that has been earned (attributable to services already rendered), accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability is measured using pay rates in effect as of the financial statement date and includes salary-related payments such as RVS's share of social security and Medicare taxes.

ROGUE VALLEY SEWER SERVICES

Notes to Financial Statements

June 30, 2025 and 2024

1. Summary of significant accounting policies (continued)

B. Basis of accounting (continued)

Risk Management

RVS is exposed to various risks of loss during its ordinary course of business. To mitigate the risk of loss, various commercial insurance policies have been purchased and are reviewed for adequacy by management annually. There have been no significant changes in coverage nor have any settlements exceeded insurance coverage in the past three years. RVS has several programs to protect against the risk of loss of life or assets. The insurance program includes the “normal” coverage subject to nominal deductibles for commercial, auto, property, liability, etc., as well as treasurer’s bonding, director and officer liability, expense for effluent spills from collection system infrastructure and pump stations and computer systems. RVS is self-insured for purposes of unemployment compensation claims.

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- A. Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- B. Restricted net position – net position is considered restricted if asset use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of RVS’ bonds. Restricted net position is reduced by liabilities and deferred inflows or resources related to the restricted assets.
- C. Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by RVS.

When an expense is incurred for a purpose for which both restricted and unrestricted net position are available, management applies restricted net position first, unless a determination is made to use unrestricted net position. RVS’ policy concerning which to apply first varies with the intended use and legal requirements. Management typically makes this decision on a transactional basis at the incurrence of the expense.

2. Stewardship, compliance, and accountability

Budget information

For financial reporting and operating purposes, RVS considers its activities as those of a unitary enterprise operation (proprietary fund). Therefore, these activities are reported in a single enterprise fund. However, for legal requirements as set forth in the Oregon Local Budget Law, RVS prepares and adopts a budget on the modified accrual basis for its individual fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. For all funds, RVS has established the level of control by expenditure category. These categories include: personnel services, materials and services, capital outlay, contingency, debt service and transfers to other funds.

Unexpected additional resources and related expenditures may be added to the budget through the use of a supplemental budget and appropriate resolution. A supplemental budget requires hearings before the public, publications in newspapers and approval by the Board of Directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Transfers require the approval of the Board of Directors. All annual appropriations lapse at fiscal year end. RVS does not use encumbrance accounting.

ROGUE VALLEY SEWER SERVICES

Notes to Financial Statements

June 30, 2025 and 2024

2. Stewardship, compliance, and accountability (continued)

Budget information (continued)

Excess of Expenditures Over Appropriations

Fund	Materials and services	Transfers out
Shady Cove Treatment Fund	\$ 2,009	\$ -
Shady Cove Treatment Fund	\$ -	\$ 900
Gold Hill Treatment Fund	\$ -	\$ 205,596
Lagoons Fund	\$ 1,998	\$ -

3. Cash and cash equivalents

Cash and cash equivalents at June 30 are comprised of:

	2025	2024
Cash on Hand	\$ 650	\$ 650
Deposits with Financial Institutions	179,192	173,745
Local Government Investment Pool	15,089,215	13,604,857
Total cash and cash equivalents	<u>\$ 15,269,057</u>	<u>\$ 13,779,252</u>

State statutes govern RVS' fund cash management policies, because RVS does not have an official investment policy. State statutes authorize RVS to invest in the Oregon State Treasurer's Local Government Investment Pool, time certificates of deposit, U.S. Government Treasury Obligations, and obligations of the United States and its agencies and instrumentalities.

The Oregon State Treasurer maintains the Oregon Short Term Fund (OSTF), of which the Local Government Investment Pool (LGIP) is a part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. LGIP was created to offer a short-term investment alternative to Oregon local governments and it is not registered with the U.S. Securities and Exchange Commission. The investments are regulated by the OSTF and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The OSTF financial statements are available at <http://www.ost.state.or.us/>.

Credit risk: The LGIP is not rated by any national rating service.

Interest rate risk: The weighted-average maturity of LGIP is less than one year.

Custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, RVS' deposits may not be returned to it. Deposits with financial institutions include bank demand deposits. Cash, except for the cash held at RVS, is covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool called the Public Funds Collateralization Program (PFCP) administered by the Office of the State Treasurer for the State of Oregon. As of June 30, 2025 and 2024, none of RVS' bank balances were exposed to credit risk.

4. Assessments receivable

Assessments receivable represent the uncollected amounts levied against benefited property for the cost of local improvements. Because the assessments are liens against the benefited property, an allowance for uncollectible amounts is deemed unnecessary. Assessments are payable over a period of 5 to 20 years and bear a rate of interest between 4.0% and 5.5%.

ROGUE VALLEY SEWER SERVICES

Notes to Financial Statements

June 30, 2025 and 2024

5. Capital assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	<u>July 1, 2024</u>	<u>Additions</u>	<u>Transfers and Retirements</u>	<u>June 30, 2025</u>
Capital assets not being depreciated:				
Land	\$ 608,145	\$ -	\$ -	\$ 608,145
Site Improvements	268,679	-	-	268,679
Intangible Asset-System Buy-In-Costs	1,450,481	-	-	1,450,481
Construction in progress	<u>3,961,988</u>	<u>12,885,787</u>	<u>(6,407,274)</u>	<u>10,440,501</u>
Total capital assets not being depreciated	<u>6,289,293</u>	<u>12,885,787</u>	<u>(6,407,274)</u>	<u>12,767,806</u>
Capital assets being depreciated:				
Utility Plant	141,977,717	-	6,452,664	148,430,381
Buildings	1,751,395	-	-	1,751,395
Furniture, Fixture and Equipment	7,123,008	629,853	(54,421)	7,698,440
Right-to-use subscription asset	<u>399,944</u>	<u>424,259</u>	<u>(127,380)</u>	<u>696,823</u>
Total capital assets being depreciated	<u>151,252,064</u>	<u>1,054,112</u>	<u>6,270,863</u>	<u>158,577,039</u>
Less accumulated depreciation for:				
Utility Plant	(40,475,175)	(1,909,937)	-	(42,385,112)
Buildings	(1,367,907)	(70,825)	-	(1,438,732)
Furniture, Fixture and Equipment	(5,836,983)	(446,666)	54,421	(6,229,228)
Right-to-use subscription asset	<u>(287,903)</u>	<u>(209,618)</u>	<u>127,380</u>	<u>(370,141)</u>
Total accumulated depreciation	<u>(47,967,968)</u>	<u>(2,637,046)</u>	<u>181,801</u>	<u>(50,423,213)</u>
Total capital assets, being depreciated, net	<u>103,284,096</u>	<u>(1,582,934)</u>	<u>6,452,664</u>	<u>108,153,826</u>
Total capital assets, net	<u>\$ 109,573,389</u>	<u>\$ 11,302,853</u>	<u>\$ 45,390</u>	<u>\$ 120,921,632</u>

ROGUE VALLEY SEWER SERVICES

Notes to Financial Statements

June 30, 2025 and 2024

5. Capital assets (continued)

Capital asset activity for the year ended June 30, 2024 was as follows:

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Transfers and Retirements</u>	<u>June 30, 2024</u>
Capital assets not being depreciated:				
Land	\$ 486,385	\$ 121,760	\$ -	\$ 608,145
Site Improvements	268,679	-	-	268,679
Intangible Asset-System Buy-In-Costs	1,450,481	-	-	1,450,481
Construction in progress	<u>1,816,627</u>	<u>6,177,360</u>	<u>(4,031,999)</u>	<u>3,961,988</u>
Total capital assets not being depreciated	<u>4,022,172</u>	<u>6,299,120</u>	<u>(4,031,999)</u>	<u>6,289,293</u>
Capital assets being depreciated:				
Utility Plant	135,980,609	2,052,529	3,944,579	141,977,717
Buildings	1,674,468	-	76,927	1,751,395
Furniture, Fixture and Equipment	6,772,342	527,848	(177,182)	7,123,008
Right-to-use subscription asset	<u>430,523</u>	<u>79,632</u>	<u>(110,211)</u>	<u>399,944</u>
Total capital assets being depreciated	<u>144,857,942</u>	<u>2,660,009</u>	<u>3,734,113</u>	<u>151,252,064</u>
Less accumulated depreciation for:				
Utility Plant	(38,645,199)	(1,829,976)	-	(40,475,175)
Buildings	(1,300,928)	(66,979)	-	(1,367,907)
Furniture, Fixture and Equipment	(5,585,521)	(429,981)	178,519	(5,836,983)
Right-to-use subscription asset	<u>(264,799)</u>	<u>(133,315)</u>	<u>110,211</u>	<u>(287,903)</u>
Total accumulated depreciation	<u>(45,796,447)</u>	<u>(2,460,251)</u>	<u>288,730</u>	<u>(47,967,968)</u>
Total capital assets, being depreciated, net	<u>99,061,495</u>	<u>199,758</u>	<u>4,022,843</u>	<u>103,284,096</u>
Total capital assets, net	<u>\$ 103,083,667</u>	<u>\$ 6,498,878</u>	<u>\$ (9,156)</u>	<u>\$ 109,573,389</u>

ROGUE VALLEY SEWER SERVICES

Notes to Financial Statements

June 30, 2025 and 2024

6. Long-term debt

On February 5, 2024, RVS entered into a direct borrowing agreement with the State of Oregon's Department of Environmental Quality (DEQ) for a total loan amount of \$83,329. On March 20, 2025, the original loan agreement was amended to increase the loan amount by \$36,901 bringing the total available loan funds to \$120,230. To date, RVS has drawn down this entire amount. The direct borrowing is for RVS's Cummins Stormwater Project. The agreement requires RVS to intercept stormwater flow from an existing 30" diameter storm drainpipe and redirect it through a green infrastructure treatment/infiltration facility. The loan carries an annual interest rate of 1.51%. Repayment is expected to begin at completion of the project and end no later than 30 years after the completion date or 30 years after the estimated completion.

Based on the terms of the agreement, RVS is eligible to have 100% of the borrowed amount forgiven if the project is completed and RVS is not in default of any of the terms of the agreement. If an event of default of payments or covenants occurs, the Oregon DEQ may declare the entire unpaid balance plus any unpaid accrued interest, fees, and any other amounts due immediately and payable; cease making disbursements of loan proceeds; appoint a receiver, at RVS's expense, to operate the facility that produces net revenues and collect gross revenues; set and collect utility rates and charges; direct the State Treasurer to withhold any amounts otherwise due to RVS; and pursue any other legal or equitable remedy it may have.

The project was completed in November 2025. RVS is in the process of seeking loan forgiveness.

Related to the same Cummins Stormwater Project, RVS entered into a grant agreement on January 29, 2024 with the State of Oregon's DEQ in the amount of \$383,000. The grant is contingent on the completion of the project and approval by DEQ. To date RVS has obtained \$337,577 of the grant funds. The remaining balance of the grant was obtained subsequent to year end.

Based on the terms of the agreement, if an event of default occurs, RVS has 15 business days from written notice to correct the issue. If the issue is not corrected, the Oregon DEQ may terminate the agreement, require all funds or a portion to be returned and payment of any interest earned with grant funds. Per the terms of the agreement this grant is considered a loan until the project is approved by DEQ.

On September 3, 2025, RVS received an email from DEQ congratulating the completion of the Cummins project. DEQ began processing the \$120,230 loan forgiveness and the \$383,000 OSG Grant – Overflow Sewer and Stormwater Grant. Once all paperwork is finalized, RVS will have all of the Cummins project costs forgiven or covered by grants. RVS has not and will not have any loan repayment obligations.

During fiscal year 2024 RVS entered into a loan agreement with the State of Oregon, DEQ. The total loan available to RVS is \$6,600,000. Funds are to be used for the Antelope Road sewer project. As of June 30, 2025 RVS has drawn \$4,593,155 on the loan. Per the terms of the agreement if RVS completes the project and there is no default events, DEQ will forgive either 50% of the loan amount or \$2,000,000, whichever is less. The loan carries an interest rate of 1.43%. Terms of repayment are contingent on the project completion. Following the completion of the project, an interest only payment is due within 6 months and thereafter semi-annual payments of principal and interest. The loan is expected to be paid back no later than 30 years after the project completion.

If an event of default of payments or covenants occurs, the Oregon DEQ may declare the entire unpaid balance plus any unpaid accrued interest, fees, and any other amounts due immediately and payable; cease making disbursements of loan proceeds; appoint a receiver, at RVS's expense, to operate the facility that produces net revenues and collect gross revenues; set and collect utility rates and charges; direct the State Treasurer to withhold any amounts otherwise due to RVS; and pursue any other legal or equitable remedy it may have.

ROGUE VALLEY SEWER SERVICES

Notes to Financial Statements

June 30, 2025 and 2024

6. Long-term debt (continued)

On March 10, 2025, RVS entered into a loan agreement with the State of Oregon, DEQ, in the amount of \$1,751,834. The loan bears an interest rate of 1.55% per annum. To date, RVS has drawn \$367,534. The loan was obtained specifically for projects at the Shady Cove treatment plant related to replacing the chlorine gas disinfection system with a new UV disinfection system. Per the agreement, DEQ will forgive either fifty percent of the loan or \$875,917, whichever is less. RVS is not eligible for forgiveness until the project is completed. Terms of repayment are contingent on the project completion. Following the completion of the project, an interest only payment is due within 6 months and thereafter semi-annual payments of principal and interest. The loan is expected to be paid back no later than 30 years after the project completion.

If an event of default of payments or covenants occurs, the Oregon DEQ may declare the entire unpaid balance plus any unpaid accrued interest, fees, and any other amounts due immediately and payable; cease making disbursements of loan proceeds; appoint a receiver, at RVS's expense, to operate the facility that produces net revenues and collect gross revenues; set and collect utility rates and charges; direct the State Treasurer to withhold any amounts otherwise due to RVS; and pursue any other legal or equitable remedy it may have.

During 2025 RVS entered into a loan agreement with the State of Oregon through its Oregon Infrastructure Finance Authority of the Oregon Business Development Department (OBDD). The loan amount is \$1,234,418 and carries an interest rate of 1.18% per annum. The purpose of the loan is to finance final design plans for a sewer pump and approximately 8 miles of sewer force main, connecting Gold Hill to the regional sewer system. Timing of repayment is contingent on project completion. Payments begin on the repayment commencement date which is defined as "the first payment due to occur after the project closeout deadline." The project closeout deadline is defined as "90 days after the earlier of the project completion date or the project completion deadline." Furthermore, project completion deadline is defined as "24 months after the date of the contract."

In the event of a default, OBDD may: 1) terminate their commitment and obligation to make loan or grant disbursements under the contract, 2) prevent RVS from applying for future awards, 3) withhold amounts otherwise due to RVS, 3) require repayment of all funds and interest earned on those funds, and 4) require all payments made under the contract be paid back and due immediately.

In July 2024 RVS acquired the City of Gold Hill's ("City") OBDD IFA Loan balance of \$495,497 as part of the annexation agreement with the City. This loan requires annual payments of \$30,128 and bears an interest rate of 1.49% per annum. The loan was originally obtained to finance an analysis of the collection system and complete system repairs.

In the event of a default, OBDD may: 1) terminate their commitment and obligation to make loan or grant disbursements under the contract, 2) prevent RVS from applying for future awards, 3) withhold amounts otherwise due to RVS, 3) require repayment of all funds and interest earned on those funds, and 4) require all payments made under the contract be paid back and due immediately.

RVS also assumed another debt as part of the annexation. RVS assumed sewer revenue bonds in the amount of \$597,640 with required annual payments of \$27,297. The financing was originally obtained by the City of Gold Hill to payback an existing DEQ loan and to pay costs of issuing the bonds.

ROGUE VALLEY SEWER SERVICES

Notes to Financial Statements

June 30, 2025 and 2024

6. Long-term debt (continued)

Future maturities of the Loan payable at June 30, 2025, are as follows:

Year Ending June 30	<u>Gold Hill Biz OR</u>		<u>Gold Hill USDA</u>		<u>Antelope Rd. DEQ</u>		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2026	\$ 23,084	\$ 7,044	\$ 11,609	\$ 15,688	\$ -	\$ -	57,425
2027	23,428	6,700	11,914	15,383	71,301	54,715	183,441
2028	23,777	6,351	12,226	15,071	143,111	21,384	221,920
2029	24,132	5,997	12,547	14,750	143,795	20,701	221,922
2030	24,491	5,637	12,877	14,420	144,480	20,014	221,919
2031-35	128,040	22,602	69,635	66,850	732,811	89,665	1,109,603
2036-40	137,867	12,774	79,267	57,188	750,435	72,008	1,109,539
2041-45	87,933	2,636	90,232	46,253	768,543	53,932	1,049,529
2046-50	-	-	102,713	33,772	787,059	35,416	958,960
2051-55	-	-	116,920	19,565	806,017	29,454	971,956
2056-2060	-	-	77,700	4,192	245,603	1,172	328,667
Total	\$ 472,752	\$ 69,741	\$ 597,640	\$ 303,132	\$ 4,593,155	\$ 398,461	\$ 6,434,881

Year Ending June 30	<u>Stormwater DEQ</u>		<u>UV System DEQ</u>		<u>Gold Hill Treatment Biz OR</u>		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2026	\$ 341,299	\$ 600	\$ 5,671	\$ 949	\$ -	\$ -	348,519
2027	3,741	582	11,386	1,855	117,028	14,566	149,158
2028	3,760	563	11,445	1,796	118,409	13,185	149,158
2029	3,779	544	11,504	1,737	119,806	11,788	149,158
2030	3,798	525	11,564	1,677	121,220	10,374	149,158
2031-35	19,279	2,335	58,722	7,483	627,896	30,077	745,792
2036-40	19,770	1,845	60,256	5,948	130,059	1,535	219,413
2041-45	20,273	1,341	61,831	4,373	-	-	87,818
2046-50	20,789	825	63,447	2,757	-	-	87,818
2051-55	21,319	297	71,708	1,118	-	-	94,442
Total	\$ 457,807	\$ 9,457	\$ 367,534	\$ 29,693	\$ 1,234,418	\$ 81,525	\$ 2,180,434

ROGUE VALLEY SEWER SERVICES

Notes to Financial Statements

June 30, 2025 and 2024

6. Long-term debt (continued)

A summary of the changes in long-term debt for the year ended June 30, 2025 follows:

	Beginning Balance	Reductions	Principal Borrowed	Ending Balance	Due Within One Year
Gold Hill Business Oregon	\$ -	\$ (22,745)	\$ 495,497	\$ 472,752	\$ 23,084
Gold Hill USDA	-	-	597,640	597,640	11,609
Antelope Rd. DEQ	-	-	4,593,155	4,593,155	-
Stormwater DEQ	81,652	-	376,155	457,807	341,299
UV System DEQ	-	-	367,534	367,534	5,671
Gold Hill Treatment Business Oregon	-	-	1,234,418	1,234,418	-
	-	-	-	-	-
Total long-term debt	<u>\$ 81,652</u>	<u>\$ (22,745)</u>	<u>\$ 7,664,399</u>	<u>\$ 7,723,306</u>	<u>\$ 381,663</u>

A summary of the changes in long-term debt for the year ended June 30, 2024 follows:

	Beginning Balance	Reductions	Principal Borrowed	Ending Balance	Due Within One Year
DEQ Loan	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,652</u>	<u>\$ 81,652</u>	<u>\$ -</u>

7. Compensated Absences

Compensated absences balances were \$557,199 and \$128,796 for the years ended June 30, 2025 and 2024 respectively. The change in accrued PTO for the year ended June 30, 2025 and 2024 consists of a net increase of \$428,403 and a net decrease \$362,186. The current portion of compensated absences was \$140,000 for the years ended June 30, 2025 and 2024 respectively.

8. Retirement Plan

RVS contributes to the ICMA Retirement Corporation 401(a) Retirement Plan, a defined contribution pension plan administered by RVS for substantially all employees who have met the requirement of six months of service. Through resolution, RVS contributes 8.6% of eligible employee compensation, and employees contribute a mandatory 6% of compensation to a retirement plan created in accordance with the Internal Revenue Code (IRC) Section 401(a). Employees are eligible to receive benefits under this plan upon termination from employment or retirement and reaching age 55. The board of directors established the retirement plan by a board resolution, and can amend the plan through a board resolution.

The manager receives an additional contribution from RVS to an IRC Section 457 deferred compensation account of approximately \$1,700 per month.

Contributions to the 401(a) plan made by RVS for fiscal year ended June 30, 2025 were \$299,543 on compensation of \$3,586,105. Compensation data for fiscal year ended June 30, 2024 showed contributions of \$286,272 on compensation of \$3,527,807.

9. Contingencies

From time to time, RVS is subject to legal proceedings and claims which arise in the ordinary course of its operations. In the opinion of management, the total amount of liability, if any, which may arise from such legal proceedings or claims beyond which is recovered by insurance would not materially affect RVS' financial condition.

ROGUE VALLEY SEWER SERVICES

Notes to Financial Statements

June 30, 2025 and 2024

10. Commitments

As part of the July 1, 2019 annexation of the City of Shady Cove sewer facilities, RVS is required to make debt service payments to the City of Shady Cove covering outside debt on the annexed facilities. RVS is not directly liable for these debts, which remain under the City of Shady Cove. Future scheduled payments to the City of Shady Cove are as follows:

Year Ending June 30	Principal	Interest	Total
2026	\$ 75,000	\$ 50,594	\$ 125,594
2027	80,000	47,494	127,494
2028	80,000	44,294	124,294
2029	85,000	41,419	126,419
2030	85,000	38,869	123,869
2031-2035	475,000	149,740	624,740
2036-2040	565,000	59,450	624,450
2041-2045	40,000	725	40,725
Total	<u>\$ 1,485,000</u>	<u>\$ 432,585</u>	<u>\$ 1,917,585</u>

11. Subscription Based IT Arrangements (SBITA)

RVS subscribes to various software that are considered subscription based IT arrangements (SBITA). The majority of SBITAs relate to the organizations geographic information system (GIS). Both SBITAs related to GIS software are on three year terms, with fixed payments being made annually. RVS's other SBITA includes access to use multiple software including: Microsoft 365, data backup, cybersecurity, records/document management, and website hosting. Payments are made on a monthly basis. RVS has identified multiple components in SBITAs, but have determined it is not practical to break out various components. RVS did not identify interest rates, implicit or explicit, in any of their SBITA contracts. RVS also does not regularly issue debt and therefore does not have an incremental borrowing rate readily available to use for implementing GASB 96. RVS has used interest rates obtained from the US Department of Treasury and increase these rates by an estimated risk percentage. RVS has estimated their risk to be 2%.

At June 30, 2025 RVS reported \$315,645 in right to use subscription assets, consisting of \$696,826 in asset value net of \$370,145 accumulated amortization. There were no variable or other payments related to any of the SBITA contracts.

Future payments related to SBITAs as of June 30, 2025 are as follows:

Year Ending June 30	Principal	Interest	Total
2026	\$ 156,654	\$ 18,209	\$ 174,863
2027	138,272	8,190	146,462
2028	20,719	517	21,236
Total	<u>\$ 315,645</u>	<u>\$ 26,916</u>	<u>\$ 342,561</u>

12. Subsequent Events

In December 2024 RVS signed an agreement with Oregon PERS to start participating in their pension plan beginning July 1, 2025.

The District's General Manager has announced a retirement date of June 30, 2026. RVS will provide a severance package and payout the individuals PTO in accordance with RVS policy. RVS estimates the severance package to be \$99,180 and PTO payout to be \$20,000.

ROGUE VALLEY SEWER SERVICES

Notes to Financial Statements

June 30, 2025 and 2024

13. Transfer of Operations

On August 22, 2023 City of Gold Hill ("City") voters voted to annex sewer services into RVS. Under the annexation agreement between the City and RVS, the City agreed to annex its sewer services to RVS for the purpose of enhancing the provision of those services to the City's citizens. As a result of the annexation, RVS is receiving various assets and liabilities from the City including: various capital assets, cash and debt related to operations. On November 15, 2023, the City transferred the capital assets comprising its sewer service operations to RVS. On July 25, 2024, the City transferred cash related to their sewer service operations of \$141,983. This amount was recorded as a receivable as of June 30, 2024. Finally, two debt obligations were legally assumed by RVS during fiscal year 2025. As a result of the transfer, RVS recognized the following liabilities, and net position during the fiscal year ended June 30, 2025:

Transferred Debt	<u>Carrying Values</u>
Debt assumed	\$ <u>1,093,137</u>
Net Position of Transferred Sewer Service Operation	
Net investment in transferred assets	\$ <u><u>1,093,137</u></u>

As a result of the transfer, RVS recognized the following assets, and net position during fiscal year June 30, 2024:

Transferred Cash	<u>Carrying Values</u>
Cash Received	\$ <u>141,983</u>
Transferred Assets (Net)	
Treatment Plant	\$ 2,052,529
Land	121,760
Various Tools and Equipment	-
Total Capital Assets	\$ <u><u>2,174,289</u></u>
Net Position of Transferred Sewer Service Operation	
Net investment in transferred assets	\$ <u><u>2,316,272</u></u>

SUPPLEMENTARY INFORMATION

ROGUE VALLEY SEWER SERVICES

Combining Balance Sheet - All Funds Used for Budgetary Reporting

June 30, 2025

	General Fund	Bear Creek Interceptor Operation & Maintenance	Dunn Pump Station Operations and Maintenance	Interceptor Capital Expansion	White City Storm Drains
ASSETS					
Cash and cash equivalents	\$ 2,500,252	\$ 412,548	\$ 5,176	\$ 6,516,186	\$ 1,191,381
Accounts receivable	1,093,500	3,392	-	29,680	-
Prepaid Expenses	285,686	-	-	-	-
Total assets	<u>\$ 3,879,438</u>	<u>\$ 415,940</u>	<u>\$ 5,176</u>	<u>\$ 6,545,866</u>	<u>\$ 1,191,381</u>
LIABILITIES					
Accounts payable	\$ 642,643	\$ -	\$ 2,586	\$ -	\$ -
Payroll and Related Accruals	91,130	-	-	-	-
Unearned revenue	179,614	-	-	-	-
Total liabilities	913,387	-	2,586	-	-
FUND BALANCES					
Unappropriated	2,966,051	415,940	2,590	6,545,866	1,191,381
Total fund balances	<u>2,966,051</u>	<u>415,940</u>	<u>2,590</u>	<u>6,545,866</u>	<u>1,191,381</u>
Total liabilities and fund balances	<u>\$ 3,879,438</u>	<u>\$ 415,940</u>	<u>\$ 5,176</u>	<u>\$ 6,545,866</u>	<u>\$ 1,191,381</u>

<u>Stormwater Quality</u>	<u>Shady Cove Treatment</u>	<u>Treatment Capital</u>	<u>Gold Hill Debt Service Fund</u>	<u>Gold Hill Treatment</u>	<u>Gold Hill Collection</u>	<u>Lagoon Fund</u>	<u>Total</u>
\$ 1,747,758	\$ 620,773	\$ 1,562,661	\$ 364,915	\$ 229,450	\$ -	\$ 117,957	\$ 15,269,057
-	-	-	-	-	-	72,112	1,198,684
-	-	-	-	-	-	-	285,686
<u>\$ 1,747,758</u>	<u>\$ 620,773</u>	<u>\$ 1,562,661</u>	<u>\$ 364,915</u>	<u>\$ 229,450</u>	<u>\$ -</u>	<u>\$ 190,069</u>	<u>\$ 16,753,427</u>
\$ 4,998	\$ 40,608	\$ 137,930	\$ -	\$ 111,250	\$ -	\$ 2,665	\$ 942,680
-	-	-	-	-	-	-	91,130
-	-	-	-	-	-	-	179,614
4,998	40,608	137,930	-	111,250	-	2,665	1,213,424
<u>1,742,760</u>	<u>580,165</u>	<u>1,424,731</u>	<u>364,915</u>	<u>118,200</u>	<u>-</u>	<u>187,404</u>	<u>15,540,003</u>
<u>1,742,760</u>	<u>580,165</u>	<u>1,424,731</u>	<u>364,915</u>	<u>118,200</u>	<u>-</u>	<u>187,404</u>	<u>15,540,003</u>
<u>\$ 1,747,758</u>	<u>\$ 620,773</u>	<u>\$ 1,562,661</u>	<u>\$ 364,915</u>	<u>\$ 229,450</u>	<u>\$ -</u>	<u>\$ 190,069</u>	<u>\$ 16,753,427</u>

Reconciliation to GAAP basis balance sheet:

Ending fund balance - budgetary basis	\$ 15,540,003
Opening balance adjustment	-
Accounts receivable for full accrual	838,442
Assessment receivable	96,528
SBITA, net	11,036
Capital assets, net	120,594,950
Long-term debt	(7,723,306)
Compensated absences	(557,199)
Ending net position	<u>\$ 128,796,382</u>

ROGUE VALLEY SEWER SERVICES

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Funds Used for Budgetary Reporting
For the Year Ended June 30, 2025

	General	Bear Creek Interceptor Operation & Maintenance	Dunn Pump Station Operations and Maintenance	Interceptor Capital Expansion	White City Storm Drains
Revenues:					
Charges for services	\$ 12,655,608	\$ -	\$ -	\$ -	\$ 78,327
System development charges	890,323	-	-	-	-
Reimbursements	999,023	-	-	-	-
Maintenance and Other Fees	125,710	41,074	-	359,402	-
Other revenues	102,239	-	-	-	-
Assessment Loan Repayments	3,660	-	-	-	-
Interest income	152,845	21,801	12,303	254,373	52,443
Grants and Contracts	-	-	-	-	-
Total revenues	<u>14,929,408</u>	<u>62,875</u>	<u>12,303</u>	<u>613,775</u>	<u>130,770</u>
Expenditures:					
Personnel Services	5,516,930	-	-	-	-
Materials and Services	7,197,277	4,157	74,754	-	-
Debt Service	-	-	-	-	-
Capital Outlay	7,941,185	-	-	8,162	-
Payments to the City of Shady Cove	-	-	-	-	-
Total Expenditures	<u>20,655,392</u>	<u>4,157</u>	<u>74,754</u>	<u>8,162</u>	<u>-</u>
Excess (deficiency) of Revenues Over (under) Expenditures	<u>(5,725,984)</u>	<u>58,718</u>	<u>(62,451)</u>	<u>605,613</u>	<u>130,770</u>
Other Financing Sources (Uses)					
Debt Issuance Proceeds	4,593,155	-	-	-	-
Transfers in	849,532	201,938	120,000	407,760	-
Transfers out	<u>(609,698)</u>	<u>(147,821)</u>	<u>(57,903)</u>	<u>-</u>	<u>(8,654)</u>
Total Other Financing Sources (Uses)	<u>4,832,989</u>	<u>54,117</u>	<u>62,097</u>	<u>407,760</u>	<u>(8,654)</u>
Change in Fund Balance	(892,995)	112,835	(354)	1,013,373	122,116
Beginning Fund Balance	<u>3,859,046</u>	<u>303,105</u>	<u>2,944</u>	<u>5,532,493</u>	<u>1,069,265</u>
Ending Fund Balance	<u>\$ 2,966,051</u>	<u>\$ 415,940</u>	<u>\$ 2,590</u>	<u>\$ 6,545,866</u>	<u>\$ 1,191,381</u>

Stormwater Quality	Shady Cove Treatment	Treatment Capital	Gold Hill Treatment	Gold Hill Debt Service	Lagoon Fund	Total
\$ 420,241	\$ 638,447	\$ -	\$ 268,477	\$ -	\$ 662,815	\$ 14,723,915
-	-	5,324	-	475	-	896,122
-	-	-	-	-	-	999,023
-	-	-	-	-	-	526,186
50,580	-	-	-	153,050	-	305,869
-	-	-	-	-	-	3,660
68,564	23,104	49,368	12,970	9,548	5,629	662,948
347,526	-	-	-	-	-	347,526
<u>886,911</u>	<u>661,551</u>	<u>54,692</u>	<u>281,447</u>	<u>163,073</u>	<u>668,444</u>	<u>18,465,249</u>
-	-	-	-	-	-	5,516,930
20,622	168,383	-	129,497	-	34,773	7,629,463
-	-	-	-	30,128	-	30,128
432,272	-	456,808	1,161,310	-	-	9,999,737
-	124,394	-	-	-	-	124,394
<u>452,894</u>	<u>292,777</u>	<u>456,808</u>	<u>1,290,807</u>	<u>30,128</u>	<u>34,773</u>	<u>23,300,652</u>
<u>434,017</u>	<u>368,774</u>	<u>(402,116)</u>	<u>(1,009,360)</u>	<u>132,945</u>	<u>633,671</u>	<u>(4,835,403)</u>
-	-	367,534	1,331,604	-	-	6,292,293
-	1,500	440,300	-	-	-	2,021,030
<u>(207,996)</u>	<u>(243,406)</u>	<u>-</u>	<u>(205,596)</u>	<u>-</u>	<u>(539,956)</u>	<u>(2,021,030)</u>
<u>(207,996)</u>	<u>(241,906)</u>	<u>807,834</u>	<u>1,126,008</u>	<u>-</u>	<u>(539,956)</u>	<u>6,292,293</u>
226,021	126,868	405,718	116,648	132,945	93,715	1,456,890
<u>1,516,739</u>	<u>453,297</u>	<u>1,019,013</u>	<u>1,552</u>	<u>231,970</u>	<u>93,689</u>	<u>14,083,113</u>
<u>\$ 1,742,760</u>	<u>\$ 580,165</u>	<u>\$ 1,424,731</u>	<u>\$ 118,200</u>	<u>\$ 364,915</u>	<u>\$ 187,404</u>	<u>\$ 15,540,003</u>

Reconciliation to Statement of Revenues, Expenses, and Changes in Net Position

Change in fund balance - budgetary basis	\$ 1,456,890
Change in recording full accrual receivables	315,623
Change in assessments receivable	(2,247)
Expenditures for capital assets	10,045,131
Contributed capital assets	2,422,763
Amortization	(209,618)
Debt Issuance Proceeds	(6,548,517)
Change in accrued interest	(4,072)
Change in compensated absences	(71,421)
Depreciation	(2,427,428)
Expenditures for subscription based IT arrangements	<u>227,772</u>
Change in net position	<u>\$ 5,204,876</u>

ROGUE VALLEY SEWER SERVICES

Schedule of Budgeted and Actual Resources and Requirements - Budgetary Basis

General Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget
RESOURCES				
Revenues:				
Sewer service charges	\$ 12,653,851	\$ 12,653,851	\$ 12,655,608	\$ 1,757
System development charges	551,342	551,342	890,323	338,981
Reimbursements	645,000	645,000	999,023	354,023
Fees and Charges	134,000	134,000	125,710	(8,290)
Assessment loan repayments	7,500	7,500	3,660	(3,840)
Interest income	-	-	152,845	152,845
Other revenues	5,682,500	5,682,500	4,695,394	(987,106)
Total revenues	19,674,193	19,674,193	19,522,563	(151,630)
Transfers in	1,120,366	1,120,366	849,532	(270,834)
Beginning fund balance	3,077,633	3,077,633	3,859,046	781,413
Total resources	\$ 23,872,192	\$ 23,872,192	\$ 24,231,141	\$ 358,949
REQUIREMENTS				
Expenditures:				
Personnel Services	\$ 5,700,678	\$ 5,700,678	\$ 5,516,930	\$ 183,748
Materials and Services	6,791,456	7,221,456	7,197,277	24,179
Capital Outlay	8,944,180	8,944,180	7,941,185	1,002,995
Total expenditures	21,436,314	21,866,314	20,655,392	1,210,922
Transfers out	715,000	942,000	609,698	332,302
Operating contingency	300,000	300,000	-	300,000
Ending fund balance	1,420,878	763,878	2,966,051	(2,202,173)
Total requirements	\$ 23,872,192	\$ 23,872,192	\$ 24,231,141	\$ (358,949)

ROGUE VALLEY SEWER SERVICES

Schedule of Budgeted and Actual Resources and Requirements - Budgetary Basis

Bear Creek Interceptor Operations and Maintenance Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget
RESOURCES				
Revenues:				
Maintenance Fees	\$ 50,000	\$ 50,000	\$ 41,074	\$ (8,926)
Interest income	9,000	9,000	21,801	12,801
Total revenues	59,000	59,000	62,875	3,875
Transfers in	240,000	240,000	201,938	(38,062)
Beginning fund balance	251,573	251,573	303,105	51,532
Total resources	\$ 550,573	\$ 550,573	\$ 567,918	\$ 17,345
REQUIREMENTS				
Expenditures:				
Materials and services	\$ 26,300	\$ 26,300	\$ 4,157	\$ 22,143
Transfers out	292,000	292,000	147,821	144,179
Operating contingency	150,000	150,000	-	150,000
Ending fund balance	82,273	82,273	415,940	(333,667)
Total requirements	\$ 550,573	\$ 550,573	\$ 567,918	\$ (17,345)

ROGUE VALLEY SEWER SERVICES

Schedule of Budgeted and Actual Resources and Requirements - Budgetary Basis

Dunn Pump Station Operations and Maintenance Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget
RESOURCES				
Revenues:				
Interest income	\$ 9,843	\$ 9,843	\$ 12,303	\$ 2,460
Transfers in	-	-	120,000	120,000
Beginning fund balance	273,909	273,909	2,944	(270,965)
Total resources	\$ 283,752	\$ 283,752	\$ 135,247	\$ (148,505)
REQUIREMENTS				
Expenditures:				
Materials and services	\$ 73,100	\$ 75,100	\$ 74,754	\$ 346
Transfers out	42,000	58,000	57,903	97
Operating contingency	150,000	150,000	-	150,000
Ending fund balance	18,652	652	2,590	(1,938)
Total requirements	\$ 283,752	\$ 283,752	\$ 135,247	\$ 148,505

ROGUE VALLEY SEWER SERVICES

Schedule of Budgeted and Actual Resources and Requirements - Budgetary Basis

Interceptor Capital Expansion Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget
RESOURCES				
Revenues:				
Maintenance Fees	\$ 400,000	\$ 400,000	\$ 359,402	\$ (40,598)
Interest income	146,192	146,192	254,373	108,181
Interfund Loan payment fund 62	27,297	27,297	-	(27,297)
Total revenues	573,489	573,489	613,775	40,286
Transfers in	725,000	725,000	407,760	(317,240)
Beginning fund balance	5,107,342	5,107,342	5,532,493	425,151
Total resources	\$ 6,405,831	\$ 6,405,831	\$ 6,554,028	\$ 148,197
REQUIREMENTS				
Expenditures:				
Capital outlay	\$ 385,000	\$ 385,000	\$ 8,162	\$ 376,838
Transfers out	700,000	700,000	-	700,000
Operating contingency	350,000	350,000	-	350,000
Ending fund balance	4,970,831	4,970,831	6,545,866	(1,575,035)
Total requirements	\$ 6,405,831	\$ 6,405,831	\$ 6,554,028	\$ (148,197)

ROGUE VALLEY SEWER SERVICES

Schedule of Budgeted and Actual Resources and Requirements - Budgetary Basis

White City Storm Drains Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget
RESOURCES				
Revenues:				
Storm drain fees	\$ 70,000	\$ 70,000	\$ 78,327	\$ 8,327
Interest income	33,827	33,827	52,443	18,616
Total revenues	103,827	103,827	130,770	26,943
Beginning fund balance	975,507	975,507	1,069,265	93,758
Total resources	\$ 1,079,334	\$ 1,079,334	\$ 1,200,035	\$ 120,701
REQUIREMENTS				
Expenditures:				
Materials and services	\$ 19,500	\$ 19,500	\$ -	\$ 19,500
Capital outlay	650,000	650,000	-	650,000
Total Expenditures	669,500	669,500	-	669,500
Transfers out	41,838	41,838	8,654	33,184
Operating contingency	50,000	50,000	-	50,000
Ending fund balance	317,996	317,996	1,191,381	(873,385)
Total requirements	\$ 1,079,334	\$ 1,079,334	\$ 1,200,035	\$ (120,701)

ROGUE VALLEY SEWER SERVICES

Schedule of Budgeted and Actual Resources and Requirements - Budgetary Basis

Stormwater Quality Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget
RESOURCES				
Revenues:				
Stormwater fees	\$ 349,900	\$ 349,900	\$ 420,241	\$ 70,341
Storm Water Maintenance Fees	17,000	17,000	-	(17,000)
Construction Site Erosion Permits	19,440	19,440	32,130	12,690
Plan Review and Inspection Fees	11,500	11,500	16,500	5,000
Other revenues	2,600	2,600	1,950	(650)
Interest income	42,501	42,501	68,564	26,063
Grants and Contracts	383,000	383,000	347,526	(35,474)
Total revenues	825,941	825,941	886,911	60,970
Beginning fund balance	720,041	720,041	1,516,739	796,698
Total resources	\$ 1,545,982	\$ 1,545,982	\$ 2,403,650	\$ 857,668
REQUIREMENTS				
Expenditures:				
Materials and services	\$ 57,357	\$ 57,357	\$ 20,622	\$ 36,735
Capital outlay	860,000	860,000	432,272	427,728
Total Expenditures	917,357	917,357	452,894	464,463
Transfers out	347,500	347,500	207,996	139,504
Operating contingency	100,000	100,000	-	100,000
Ending fund balance	181,125	181,125	1,742,760	(1,561,635)
Total requirements	\$ 1,545,982	\$ 1,545,982	\$ 2,403,650	\$ (857,668)

ROGUE VALLEY SEWER SERVICES

Schedule of Budgeted and Actual Resources and Requirements - Budgetary Basis

Shady Cove Treatment Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget
RESOURCES				
Revenues:				
Shady Cove fees	1,500	1,500	638,447	636,947
Lab Rental fees	650,000	650,000	-	(650,000)
Interest income	12,000	12,000	23,104	11,104
Total revenues	663,500	663,500	661,551	(1,949)
Transfers in	-	-	1,500	1,500
Beginning fund balance	215,980	215,980	453,297	237,317
Total resources	\$ 879,480	\$ 879,480	\$ 1,116,348	\$ 236,868
REQUIREMENTS				
Expenditures:				
Materials and services	\$ 134,374	\$ 166,374	\$ 168,383	\$ (2,009)
Payments to the City of Shady Cove	123,494	123,494	124,394	(900)
Total expenditures	257,868	289,868	292,777	(2,909)
Transfers out	362,000	362,000	243,406	118,594
Operating contingency	50,000	50,000	-	50,000
Ending fund balance	209,612	177,612	580,165	(402,553)
Total requirements	\$ 879,480	\$ 879,480	\$ 1,116,348	\$ (236,868)

ROGUE VALLEY SEWER SERVICES

Schedule of Budgeted and Actual Resources and Requirements - Budgetary Basis

Treatment Capital Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget
RESOURCES				
Revenues:				
Loan Reimb For UV System	1,432,399	1,432,399	367,534	(1,064,865)
Interest income	\$ 32,211	\$ 32,211	\$ 49,368	\$ 17,157
SDC Fees - Shady Cove	8,044	8,044	5,324	(2,720)
Total revenues	1,472,654	1,472,654	422,226	(1,050,428)
Transfers in	350,000	350,000	440,300	90,300
Beginning fund balance	688,295	688,295	1,019,013	330,718
Total resources	\$ 2,510,949	\$ 2,510,949	\$ 1,881,539	\$ (629,410)
REQUIREMENTS				
Expenditures:				
Capital Outlay	\$ 1,842,399	\$ 1,842,399	\$ 456,808	\$ 1,385,591
Contingency	250,000	250,000	-	250,000
Ending fund balance	418,550	418,550	1,424,731	(1,006,181)
Total requirements	\$ 2,510,949	\$ 2,510,949	\$ 1,881,539	\$ 629,410

ROGUE VALLEY SEWER SERVICES

Schedule of Budgeted and Actual Resources and Requirements - Budgetary Basis

Gold Hill Treatment Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget
RESOURCES				
Revenues:				
Gold Hill treatment fees	\$ 270,000	\$ 270,000	\$ 268,477	\$ (1,523)
Connection Permits	500	500	-	(500)
Biz Oregon Loan Reimb	1,500,000	1,500,000	1,331,604	(168,396)
Interest income	-	-	12,970	12,970
Total revenues	1,770,500	1,770,500	1,613,051	(157,449)
Transfers in	256,528	256,528	-	(256,528)
Beginning fund balance*	215,024	215,024	1,552	(213,472)
Total resources	\$ 2,242,052	\$ 2,242,052	\$ 1,614,603	\$ (627,449)
REQUIREMENTS				
Expenditures:				
Materials and services	\$ 92,677	\$ 129,677	\$ 129,497	\$ 180
Capital Outlay	1,565,000	1,565,000	1,161,310	403,690
Total Expenditures	1,657,677	1,694,677	1,290,807	403,870
Transfers out	-	-	205,596	(205,596)
Operating contingency	50,000	50,000	-	50,000
Ending fund balance	534,375	497,375	118,200	379,175
Total requirements	\$ 2,242,052	\$ 2,242,052	\$ 1,614,603	\$ 627,449

* Beginning Fund balance differs from prior year ending fund balance by \$724. This difference is a result of Gold Hill Treatment Fund absorbing Gold Hill Collection Fund.

ROGUE VALLEY SEWER SERVICES

Schedule of Budgeted and Actual Resources and Requirements - Budgetary Basis

Gold Hill Debt Service Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget
RESOURCES				
Revenues:				
System development charges	\$ -	\$ -	\$ 475	\$ 475
Other revenues	850,000	850,000	153,050	(696,950)
Interest Income	-	-	9,548	9,548
Total revenues	850,000	850,000	163,073	(686,927)
Beginning fund balance	150,000	150,000	231,970	81,970
Total resources	\$ 1,000,000	\$ 1,000,000	\$ 395,043	\$ (604,957)
REQUIREMENTS				
Expenditures:				
Debt Service:				
Debt service	\$ 757,425	\$ 757,425	\$ 30,128	\$ 727,297
Operating Contingency	100,000	100,000	-	100,000
Ending fund balance	142,575	142,575	364,915	(222,340)
Total requirements	\$ 1,000,000	\$ 1,000,000	\$ 395,043	\$ 604,957

ROGUE VALLEY SEWER SERVICES

Schedule of Budgeted and Actual Resources and Requirements - Budgetary Basis

Lagoon Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget
RESOURCES				
Revenues:				
Sewer service charges	\$ 450,000	\$ 450,000	\$ 662,815	\$ 212,815
Interest income	3,308	3,308	5,629	2,321
Total revenues	453,308	453,308	668,444	215,136
Beginning fund balance	160,448	160,448	93,689	(66,759)
Total resources	\$ 613,756	\$ 613,756	\$ 762,133	\$ 148,377
REQUIREMENTS				
Expenditures:				
Materials and Services	\$ 32,775	\$ 32,775	\$ 34,773	\$ (1,998)
Transfers out	380,000	540,000	539,956	44
Operating Contingency	50,000	50,000	-	50,000
Ending fund balance	150,981	(9,019)	187,404	(196,423)
Total requirements	\$ 613,756	\$ 613,756	\$ 762,133	\$ (148,377)

STATISTICAL SECTION

This part of Rogue Valley Sewer Services' Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information. This information has not been audited by the independent auditors.

Contents	Page
Financial Trends	
These schedules contain trend information that may assist the reader in assessing RVS' financial performance and placing it in historical perspective.	40 - 43
Revenue Capacity	
These schedules contain information that may assist the reader in assessing RVS' most significant local revenue source, RVS water rate.	44
Economic and Demographic Information	
These schedules offer economic and demographic indicators that may assist the reader in understanding the environment within which RVS' financial activities take place.	45 - 46
Debt Capacity	
These schedules present information that may assist the reader in analyzing the affordability of RVS' current levels of outstanding debt and RVS' ability to issue additional debt in the future.	47 - 49
Operating Information	
This schedule contains service data that may assist the reader in understanding how the information in RVS' financial report relates to the services RVS provides and the activities it performs.	50 - 51

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

Rogue Valley Sewer Services
Net Position by Component

for the last ten fiscal years - Unaudited

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net Position Components				
Net investment in capital assets	\$ 120,062,910	\$ 109,372,579	\$ 102,909,406	\$ 99,815,095
Restricted	3,448,992	3,043,157	2,727,922	2,500,809
Unrestricted	5,284,480	11,175,770	10,008,989	10,226,669
Total Net Position	<u>\$ 128,796,382</u>	<u>\$ 123,591,506</u>	<u>\$ 115,646,317</u>	<u>\$ 112,542,573</u>

Source: Rogue Valley Sewer Services accounting records

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 96,606,240	\$ 93,056,409	\$ 86,600,391	\$ 82,974,802	\$ 80,122,932	\$ 79,058,152
2,295,884	2,119,113	1,736,001	1,736,001	1,509,961	1,439,263
10,182,546	9,679,253	8,027,219	7,366,108	7,716,162	5,839,491
<u>\$ 109,084,670</u>	<u>\$ 104,854,775</u>	<u>\$ 96,363,611</u>	<u>\$ 92,076,911</u>	<u>\$ 89,349,055</u>	<u>\$ 86,336,906</u>

Rogue Valley Sewer Services Operating Results

for the last ten fiscal years - Unaudited

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating revenue				
Sewer service charges	\$ 15,039,539	\$ 13,663,081	\$ 12,766,564	\$ 11,972,093
Other operating revenues	1,901,047	1,709,542	1,741,241	1,596,988
	<u>16,940,586</u>	<u>15,372,623</u>	<u>14,507,805</u>	<u>13,569,081</u>
 Operating expenses:				
Labor and fringe benefits	5,588,351	5,330,479	4,760,763	4,405,512
Treatment charges	5,549,060	4,453,570	3,987,057	3,821,771
Materials and services	1,920,772	1,820,534	1,793,577	1,848,600
Depreciation	2,637,046	2,460,251	2,538,400	2,283,511
	<u>15,695,229</u>	<u>14,064,834</u>	<u>13,079,797</u>	<u>12,359,394</u>
 Operating income (loss)	1,245,357	1,307,789	1,428,007	1,209,687
 Other nonoperating income (loss), net				
Gain(Loss) on disposition of asset	-	(9,156)	-	-
Interest income	662,948	642,940	335,097	67,596
Interest expense	(22,313)	(6,443)	(31,063)	(63,830)
	<u>640,635</u>	<u>627,341</u>	<u>304,034</u>	<u>3,766</u>
 Developer contribution of plant	2,422,762	2,996,877	646,434	1,188,445
System development charges	896,122	696,910	729,661	1,056,005
City of Gold Hill sewer annexation	-	2,316,272	-	-
Special assessments	-	-	-	-
 Change in net position	<u>\$ 5,204,876</u>	<u>\$ 7,945,189</u>	<u>\$ 3,108,136</u>	<u>\$ 3,457,903</u>

Source: Rogue Valley Sewer Services accounting records

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 11,122,816	\$ 11,244,665	\$ 10,176,542	\$ 9,782,350	\$ 8,767,177	\$ 8,041,172
1,886,097	2,184,815	1,674,065	1,634,133	1,736,385	1,428,711
<u>13,008,913</u>	<u>13,429,480</u>	<u>11,850,607</u>	<u>11,416,483</u>	<u>10,503,562</u>	<u>9,469,883</u>
4,402,676	3,928,944	3,770,295	3,768,556	2,905,850	2,728,191
3,671,496	3,728,850	3,519,408	3,226,022	3,001,448	2,748,900
1,141,917	1,414,810	1,550,696	1,470,837	1,400,725	1,199,064
2,109,102	2,111,800	1,950,561	1,837,885	1,829,777	1,862,091
<u>11,325,191</u>	<u>11,184,404</u>	<u>10,790,960</u>	<u>10,303,300</u>	<u>9,137,800</u>	<u>8,538,246</u>
1,683,722	2,245,076	1,059,647	1,113,183	1,365,762	931,637
-	-	-	-	(14,664)	46,611
89,305	53,731	221,500	154,869	90,764	38,101
(68,946)	(57,479)	(67,312)	(69,569)	(82,003)	(95,754)
<u>20,359</u>	<u>(3,748)</u>	<u>154,188</u>	<u>85,300</u>	<u>(5,903)</u>	<u>(11,042)</u>
1,728,840	825,194	2,372,538	1,235,769	915,549	649,186
796,974	719,182	700,327	494,263	639,308	606,851
-	-	-	-	-	-
-	-	-	-	26,735	27,599
<u>\$ 4,229,895</u>	<u>\$ 3,785,704</u>	<u>\$ 4,286,700</u>	<u>\$ 2,928,515</u>	<u>\$ 2,941,451</u>	<u>\$ 2,204,231</u>

Rogue Valley Sewer Services
Permits Issued, Customers, Gallons Transmitted, Rates

for the last ten fiscal years - Unaudited

<u>Fiscal Year Ended June 30th</u>	<u>Number Permits Issued</u>	<u>Residential Units</u>	<u>Commercial Industrial Customers</u>	<u>Total Units/ Customers</u>	<u>Million Gallons Transmitted</u>	<u>Sewer Rates</u>
2025	320	32,859	1,904	34,763	7.028	\$ 31.00
2024	376	32,939	1,929	34,868	5,463	25.50
2023	333	31,226	1,907	33,133	5,509	24.00
2022	579	31,785	1,875	33,660	5,663	23.00
2021	**1284	32,306	1,857	34,163	5,852	21.50
2020	377	32,866	1,924	34,790	5,820	21.50
2019	413	32,497	1,910	34,407	6,405	20.50
2018	384	32,489	1,886	34,375	5,709	19.60
2017	362	31,844	1,862	33,706	7,424	19.00
2016	353	31,346	1,843	33,189	6,868	18.30

Source: Rogue Valley Sewer Services accounting and engineering records

Note: Gallons transmitted includes all flows through interceptor pipe operated by RVS
Amounts include the City of Medford and all other members of the Region
Dashton in Engineering uses a website to keep track of all the flows.

** Of the 1,289 permits written,
609 were to cap the lines after the Alameda fire
320 were for reconnecting after the fire
355 were from normal operation connections

Rogue Valley Sewer Services Demographic Statistics

for the last ten fiscal years - Unaudited

Fiscal Year Ended June 30th	RVS Population (Estimated) (1)	Population Jackson County (1)	RVS Personal Income (amounts expressed in thousands)	RVS Per Capita Income (2)	Unemployment Rate (3)	County Population Growth
2025	79,168	223,440	\$ 4,906,912	\$ 61,981	4.9%	1.1%
2024	77,165	220,981	5,048,597	65,426	4.0%	0.0%
2023	73,875	220,913	5,286,643	71,562	4.0%	-0.4%
2022	89,737	221,895	5,527,440	61,596	3.6%	-0.9%
2021	89,241	223,827	5,025,339	56,312	5.6%	0.3%
2020	87,058	223,240	3,760,100	43,191	11.2%	1.8%
2019	81,168	219,200	4,050,933	49,908	4.0%	1.1%
2018	80,305	216,900	3,865,642	48,137	3.8%	1.5%
2017	79,410	213,765	3,577,341	45,049	4.2%	1.3%
2016	78,743	210,975	3,383,902	42,974	5.4%	1.2%

Sources:

- (1) County population estimates are from data developed by Portland State University Population Research Center.
- (2) Qualityinfo.org website. Oregon personal income article.
- (3) State of Oregon Employment Dept/Economic Data

Rogue Valley Sewer Services Largest Consumption Customers

for the last ten fiscal years - Unaudited

Customer name	June 30, 2025		June 30, 2015		
	Monthly Gallons	Percent Total	Monthly Gallons	Percent Total	
Amy's Kitchen	9,493,420	15.3%	8,475,341	13.7%	(1)
Boise Cascade Corp	5,309,868	8.6%	4,509,475	7.3%	(2)
V A Domiciliary #692	3,713,583	6.0%	606,715	1.0%	(10)
Carestream Health Inc	3,507,587	5.7%	4,099,333	6.6%	(3)
Bear Creek Operations	2,231,172	3.6%	2,089,652	3.4%	(4)
Dry Creek Landfill Inc	1,720,833	2.8%	1,373,690	2.2%	(6)
Roseburg Forest Products #C1994	1,337,064	2.2%	-	0.0%	
Linde Gas & Equipment	1,212,417	2.0%	749,000	1.2%	(9)
Plycem USA	912,808	1.5%	-	0.0%	
Timber Products	750,361	1.2%	813,720	1.3%	(8)
	30,189,113	37.7%	22,716,926	36.7%	
All other commercial customers	49,834,335	62.3%	39,227,158	63.3%	
	80,023,448	100.0%	61,944,084	100.0%	

The above gallons of sewer effluent are the monthly average for respective fiscal years.

Rogue Valley Sewer Services
Ratio of Outstanding Debt by Type

for the last ten fiscal years - Unaudited

Fiscal Year Ended June 30th	DEQ Loan	Business Oregon	USDA	Series 2013 Obligations	Unamortized Premium	Notes
2025	\$5,418,496	1,804,355	597,640	-	-	-
2024	81,652	-	-	-	-	-
2023	-	-	-	-	-	-
2022	-	-	-	1,885,000	-	-
2021	-	-	-	2,150,000	(6,091)	-
2020	-	-	-	2,460,000	(29,900)	-
2019	-	-	-	2,765,000	(29,900)	-
2018	-	-	-	3,060,000	(29,900)	-
2017	-	-	-	3,350,000	(29,900)	42,183
2016	-	-	-	3,635,000	-	150,654

Total		
Amount	Per Capita	Percent of Personal Income
7,820,491	\$98.78	0.159%
81,652	1.06	0.002%
-	-	0.000%
1,885,000	21.01	0.034%
2,150,000	24.09	0.043%
2,460,000	28.26	0.065%
2,765,000	34.07	0.068%
3,060,000	38.10	0.079%
3,392,183	42.72	0.095%
3,785,654	48.08	0.112%

Rogue Valley Sewer Services Debt Coverage Ratio

for the last ten fiscal years - Unaudited

Fiscal Year Ended June 30th	Operating Revenues	Less Operating Expenses	Net Available Revenues	Debt Payments			Coverage Ratio
				Principal	Interest	Total	
2025	\$ 16,940,586	\$ 15,695,229	\$ 1,245,357	\$ -	\$ -	\$ -	-
2024	15,372,623	14,064,834	1,307,789	-	-	-	-
2023	14,507,804	13,090,812	1,416,992	1,885,000	32,342	1,917,342	0.74
2022	13,569,081	12,359,394	1,209,687	265,000	65,563	330,563	3.66
2021	13,008,913	9,216,089	3,792,824	310,000	77,062	387,062	9.80
2020	13,429,480	9,072,604	4,356,876	305,000	89,363	394,363	11.05
2019	11,850,607	8,840,399	3,010,208	295,000	99,150	394,150	7.64
2018	11,416,483	8,465,415	2,951,068	332,183	107,889	440,072	6.71
2017	10,530,297	7,308,023	3,222,274	393,472	117,098	510,570	6.31
2016	10,104,333	6,676,155	3,428,178	445,908	130,435	576,343	5.95

Notes:

Operating expenses exclude depreciation and amortization

Rogue Valley Sewer Services
Number of Employees

for the last ten fiscal years - Unaudited

Fiscal Year Ended June 30th	Administration	Information Technology	Engineering	Maintenance	Storm Water Quality	Treatment	Total
2025	6.00	1.00	8.00	18.0	2.0	4.0	39.0
2024	6.00	1.00	13.00	14.0	2.0	4.0	40.0
2023	6.00	1.00	9.00	18.0	2.0	5.0	41.0
2022	7.85	1.65	4.00	17.0	2.5	5.0	38.0
2021	7.85	1.65	4.50	17.0	2.0	5.0	38.0
2020	7.85	1.65	4.50	17.0	2.0	4.0	37.0
2019	7.85	1.65	5.50	18.0	0.0	3.0	36.0
2018	7.85	1.65	5.50	18.0	0.0	3.0	36.0
2017	7.85	1.65	4.50	19.0	0.0	0.0	33.0
2016	6.00	2.00	5.00	17.0	0.0	0.0	30.0

Source: Rogue Valley Sewer Services accounting records

Rogue Valley Sewer Services Operating and Capital Indicators

for the last ten fiscal years - Unaudited

Fiscal Year Ended June 30th	Miles of Sewer	Annual Line Capacity Million Gal	Annual Transported Million Gal	Unused Capacity Total	Percentage Capacity Utilized
2025	442	42,340	7,028	35,312	17%
2024	442	42,340	5,463	36,877	13%
2023	442	42,340	5,509	36,831	13%
2022	441	42,340	5,663	36,677	13%
2021	416	42,340	5,852	36,488	14%
2020	414	42,340	5,820	36,520	14%
2019	409	42,340	6,405	35,935	15%
2018	406	42,340	5,709	36,631	13%
2017	404	42,340	7,424	34,916	18%
2016	398	42,340	6,868	35,472	16%

Notes:

Annual line capacity is measured at the entrance to the City of Medford Wastewater Treatment Plant. All flows into the treatment plant come through the District's interceptor system.

Annual transported in millions of gallons is also measured at the entrance of the Wastewater Treatment Plant on a calendar year basis. Data is provided by Engineering's data collecting software.

COMMENTS AND DISCLOSURES OF INDEPENDENT AUDITOR

REQUIRED BY STATE REGULATIONS

COMMENTS AND DISCLOSURES OF INDEPENDENT AUDITOR
REQUIRED BY STATE REGULATIONS

920 Country Club Rd, Suite 200A
Eugene, OR 97401
541.342.5161
www.islercpa.com

To the Board of Directors
Rogue Valley Sewer Services
Jackson County, Oregon

We have audited the basic financial statements of Rogue Valley Sewer Services ("RVS"), as of and for the year ended June 30, 2025, and have issued our report thereon dated March 20, 2026. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Compliance

Compliance with laws, regulations, contracts and grants applicable to RVS is the responsibility of RVS' management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of RVS' compliance with certain provisions of laws, regulations, contracts and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing nothing came to our attention that caused us to believe RVS was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except for expenditures exceeding budgeted amounts as described in Note 2 to the financial statements.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered RVS' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of RVS' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of RVS' internal control over financial reporting.

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 RVS' 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 do not provide an opinion on the effectiveness of RVS' internal control or compliance. This report is intended for the information of RVS' board of directors and the Secretary of State, Division of Audits, of the State of Oregon. However, this report is a matter of public record and its distribution is not limited.



By Cody Savey, a member of the firm
for Isler CPA
March 20, 2026