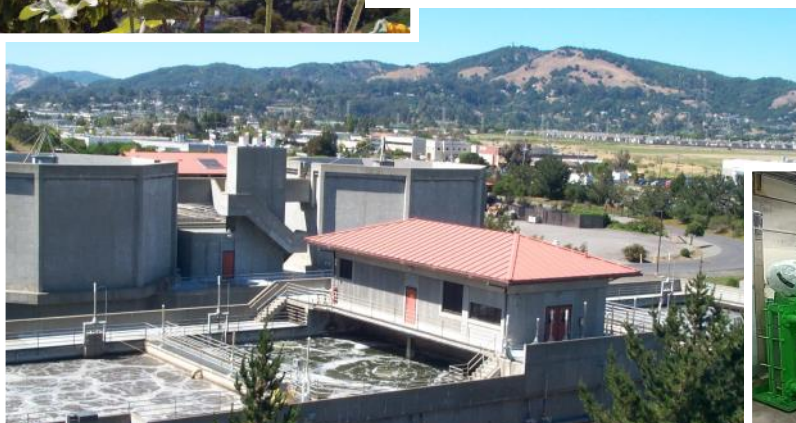
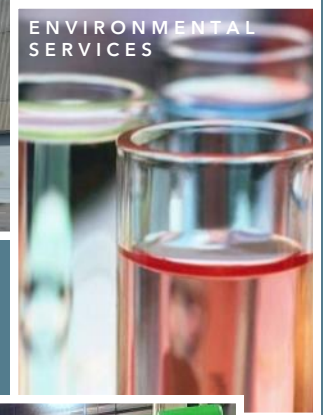


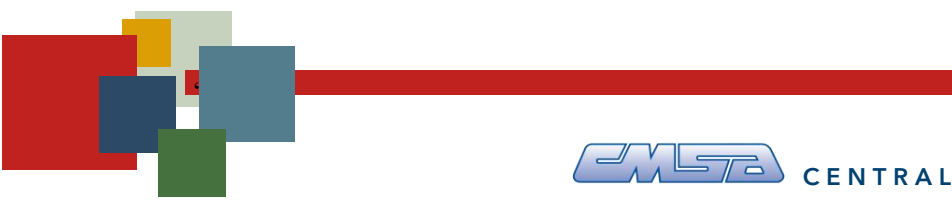
POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JULY 1, 2022 – JUNE 30, 2023



CENTRAL MARIN SANITATION AGENCY



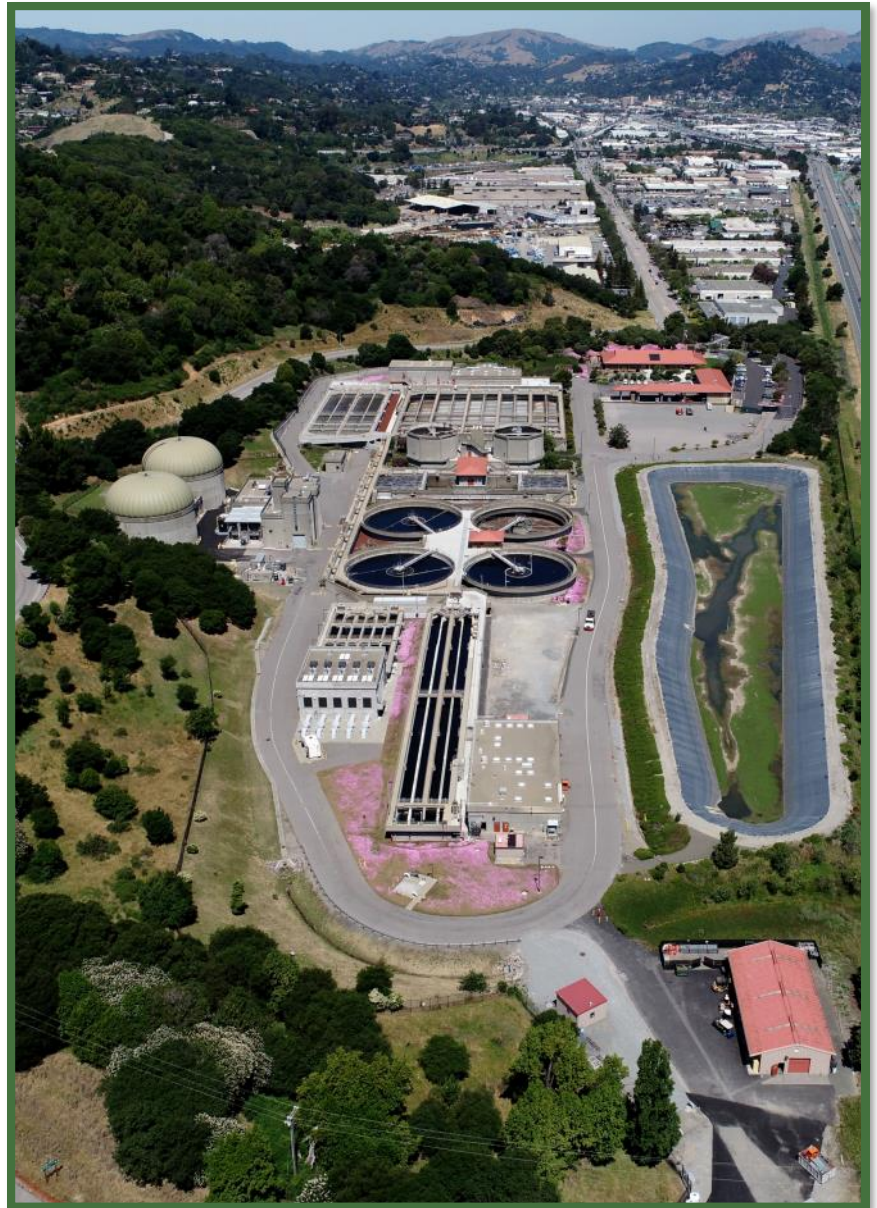


POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JULY 01, 2022 – JUNE 30, 2023

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EDITORS:

KEN SPRAY ADMINISTRATIVE SERVICES MANAGER

HEIDI LANG SENIOR ACCOUNTANT

KATE BROUILLET ADMINISTRATIVE SPECIALIST

December 12, 2023

Dear Reader,

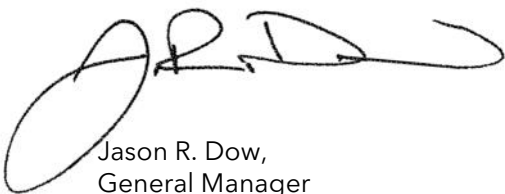
Central Marin Sanitation Agency (CMSA) is pleased to present its **Popular Annual Financial Report** (PAFR) for the fiscal year ended June 30, 2023 (FY23). The PAFR is published to provide readers with easy-to-understand facts about the CMSA organization, as well as its finances, wastewater services, and other pertinent material. The financial information within this report is taken in large part from the Agency's audited financial statements and provides an overview of the Agency's financial activities and position.

Unlike the Agency's **Annual Comprehensive Financial Report** (ACFR), the condensed financial data presented in the PAFR does not contain all disclosures necessary to be compliant with generally accepted accounting principles (GAAP). The report is, however, for the most part consistent with and generally presented in conformity with GAAP. Information that may be of importance to the reader, such as the Condensed Statement of Net Position, the Statement of Revenues & Expenses and Changes in Net Position, as well as Capital Assets, are presented in a summarized format, and provide a broad overview of the Agency's overall finances.

Readers of this document who are interested in learning more about the specific operational, financial, and program details can refer to the Agency's FY23 ACFR with Audited Financial Statements. They are available online at www.cmsa.us/finance, by visiting us at 1301 Andersen Drive, San Rafael, California, or by contacting us at (415) 459-1455.

We hope the PAFR will give a broad understanding of the organization's valuable services provided to the public, as well as our efforts to safeguard the environment. Feel free to visit our website to learn more about CMSA. We welcome your comments, feedback, and suggestions for improving future publications.

Respectfully submitted,



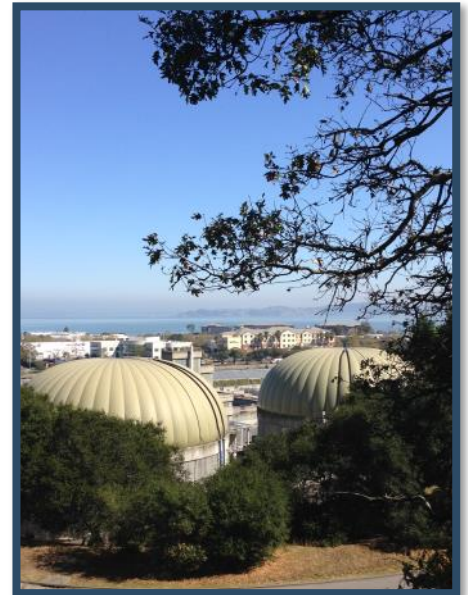
Jason R. Dow,
General Manager



Ken Spray,
Administrative Services Manager

OUR MISSION

Central Marin Sanitation Agency protects the environment and Public health and is integral to the community by providing wastewater, environmental, and resource recovery services.



2022
PLATINUM AWARD



LOCAL ECONOMY AND STATISTICS



Seven of the top ten employers in CMSA’s service area, as measured by the number of employees, are public entities.

Marin’s 2.7% average unemployment rate is among the lowest rate in California and remained below national levels (3.6%) at the end of FY23.

CMSA’s single largest customer is San Quentin State Prison (SQSP).



Photographer: David Paul Morris/Bloomberg

Marin County has a total population of 262,321 with a growth rate of less than one percent annually. The county’s residents continue to have California’s highest average per capita income of \$164,118 per household. The population growth rate and per capita household income in the CMSA service area mirrors that of the county.

The local housing market continued to improve during FY23. The annual mean/median sale price for a home in Marin, as reported by the Marin County Assessor Office for the year ending June 30, 2023, was \$1.78M/\$1.37M.

THE POPULATION OF CITIES, TOWNS, AND SAN QUENTIN STATE PRISON IN THE CMSA SERVICE AREA IS 105,040

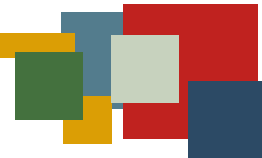
TEN LARGEST EMPLOYERS AND NUMBER OF EMPLOYEES IN THE CMSA SERVICE AREA

City of San Rafael	40,001
City of Larkspur	12,764
Town of San Anselmo	12,569
Town of Corte Madera	10,006
Town of Fairfax	7,423
Kentfield	6,808
San Quentin State Prison	3,239
Sleepy Hollow	2,401
Town of Ross	2,338
Unincorporated Areas	7,491

BioMarin	1,700
MarinHealth Medical Center	1,650
San Quentin State Prison	1,531
Dominican University	1,033
Golden Gate Bridge, Hwy and Transit	845
College of Marin	512
Restoration Hardware	500
City of San Rafael	420
San Rafael City Schools	404
Tamalpais Union High School District	368

Sources: United States Census Bureau-Quick Facts, 2020 Census; San Quentin State Prison SB-601 2023 Statistical Report.

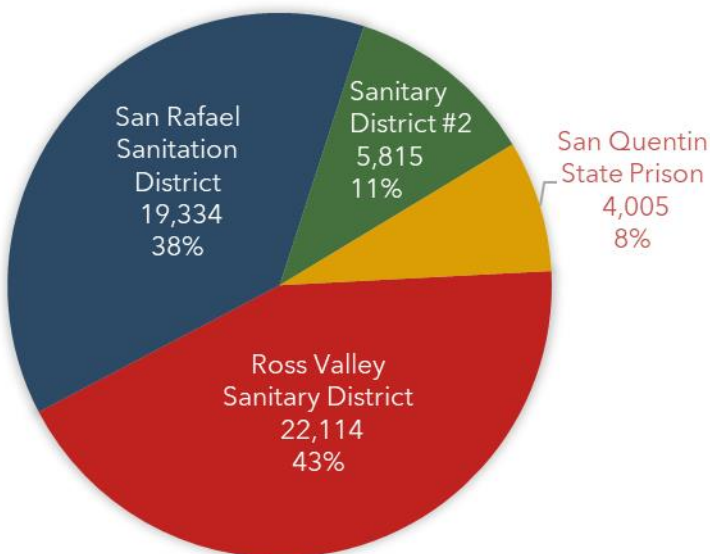
WHAT CMSA DOES



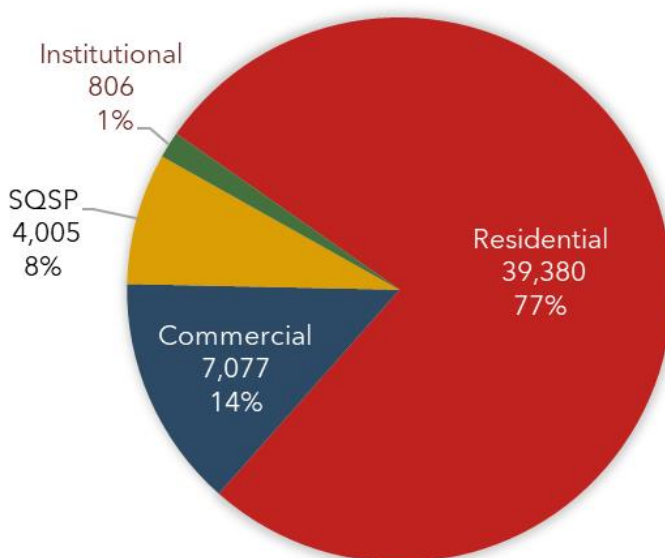
CMSA provides wastewater services to protect public health and the environment. The treated wastewater discharged into the central San Francisco Bay consistently meets and exceeds all federal, state, and regional regulatory requirements. In line with its core mission are responsibilities related to:

- Implementing federal pre-treatment, and state and regional pollution prevention programs.
- Administering a comprehensive safety program for CMSA and Novato Sanitary District (NSD).
- Producing renewable power and recycled water.
- Providing wastewater collection system maintenance, source control, and other related services under contract to local agencies.

EDUS SERVED IN FY23



EDU TOTALS BY CONNECTION TYPE



What are EDUs?

An Equivalent Dwelling Unit, or EDU, refers to a unit of wastewater discharge. It is the estimated volume and strength generated by a single-family residence.

The Agency provides services

to 51,268 Equivalent Dwelling Units with an approximate service area population of 105,040.

WASTEWATER AND BIOSOLIDS TREATED IN FY23

Volume of total wastewater treated	4.869 billion gallons
Average dry weather influent flow (July-Sept 2019)	8.3 million gallons/day
Average wastewater treated	13.3 million gallons/day
Total biosolids reuse	5,215 wet tons
Landfill Alternative Daily Cover	2,345 wet tons
Land-Applied Fertilizer/Soil Amendment	1,190 wet tons
Liquid Bio-Fertilizer	1,680 wet tons

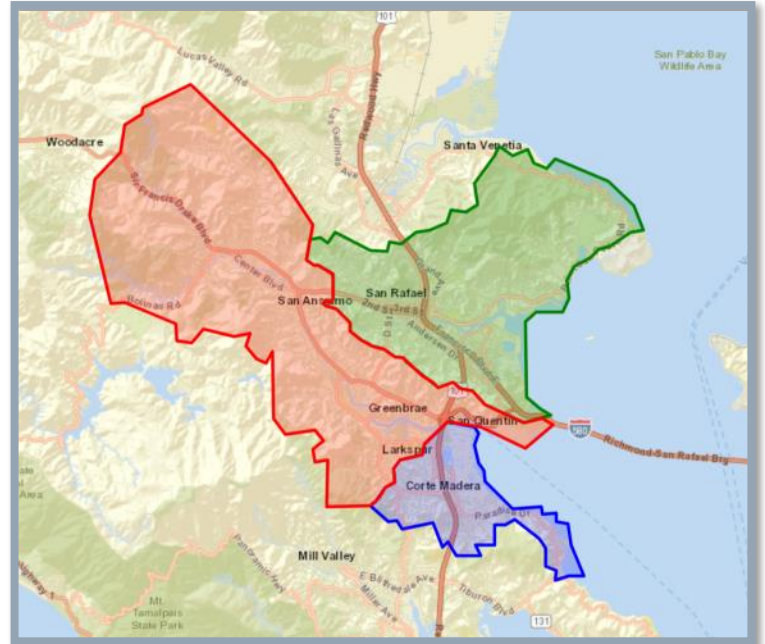
HISTORY

Faced with wastewater treatment challenges unique to central Marin County and the necessity to comply with the 1972 Federal Clean Water Act, Ross Valley Sanitary District (RVSD), Sanitary District No. 2 (SD2) of Marin County, the City of Larkspur, and the San Rafael Sanitation District (SRSD) united in 1979 to form a joint powers agency (JPA) that created a separate government entity, the Central Marin Sanitation Agency. The CMSA wastewater treatment facility began service in May 1985.

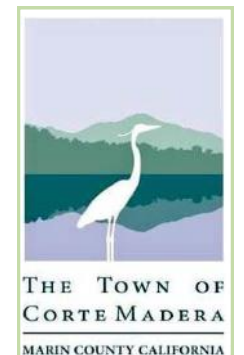
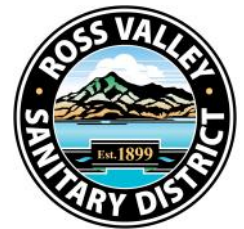
Since then, the JPA has been amended eight times. Five were made to clarify or update certain provisions, and a 2006 amendment extended the JPA term to 2031. After a thorough review in 2017 by the JPA managers, significant revisions were made to update provisions that were outdated or not applicable, and it was adopted in 2018.

In late 2018, the Larkspur City Council approved withdrawing from the JPA since its wastewater operations were annexed into the RVSD in 1993, and to avoid unfunded pension liability for joint powers agency members under a new state law. The JPA managers subsequently prepared a withdrawal agreement and revised the JPA to reflect Larkspur's withdrawal and the reduced number of CMSA Commissioners. Both agreements were approved by the JPA members agencies in January 2020.

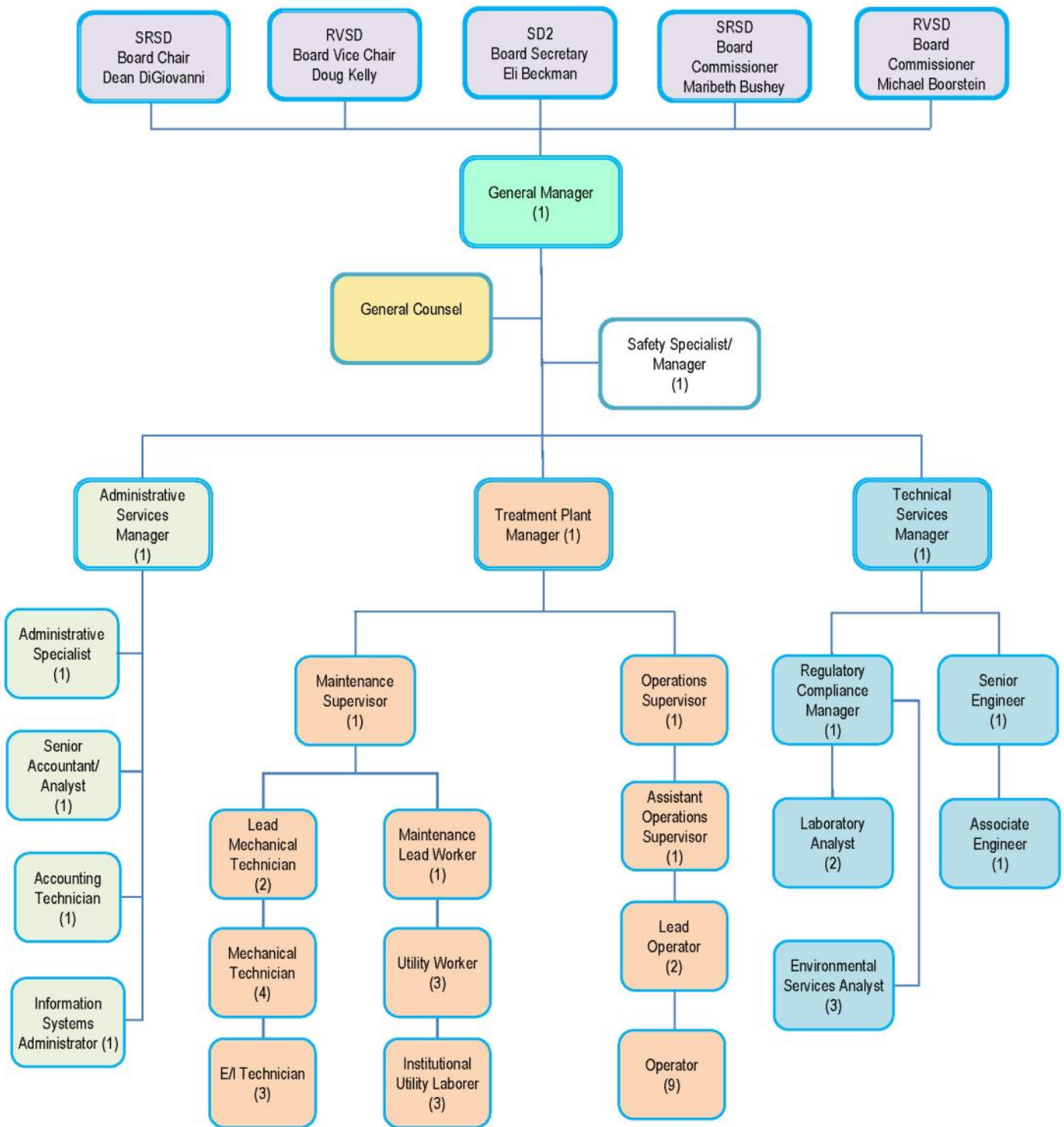
The Agency's five-member Board of Commissioners are appointed by the governing bodies of each JPA member. SRSD and RVSD each have two representatives, while SD2 has one. The Board sets policy, adopts the annual budget for CMSA, and appoints the General Manager and Treasurer who serve at the pleasure of the Board. The General Manager is the chief executive officer and the Treasurer is responsible for all financial operations.



OUR SERVICE AREA SRSD RVSD SD2



ORGANIZATION



47 Full Time Equivalent Employees (FTE)
June 30, 2023

MAJOR ACCOMPLISHMENTS AND INITIATIVES

WORKPLACE SAFETY INITIATIVES

CMSA and the Novato Sanitary District partner in a collaborative Health & Safety Program. The program's focus is to promote and assist each agency in developing and maintaining workplace safety programs, while managing employee injury/return-to-work initiatives. CMSA's safety program has received favorable reviews by the *California Sanitation Risk Management Authority* and regional and state-level awards the *California Water Environment Association*. Highlights of the program include:



Safety Incentive Program



Employees take part in a program that awards points for contributions in several key aspects of a sound safety culture. In FY23, employees led 80 tailgates and submitted 17 safety hazard observations, with 38 employees qualifying for 45 monetary awards.

Safety Training

Employees receive continuous reinforcement of proper safety procedures with regular, formal safety training. Combined with tailgates, staff had approximately 690 safety training-hours.

PUBLIC EDUCATION

CMSA is the lead agency in administering a county-wide public education program for the six Marin County wastewater agencies that have treatment plants. This innovative program develops outreach measures to demonstrate ways to reduce pollutants into the sanitary sewer and stormwater systems.

Engagement with TV Public Service Announcements



Partnering with the Ross Valley Sanitary District, television ads ran on topics like wipes clog pipes, proper FOG disposal, and don't flush drugs. In 2022, the ads ran 72,502 times within premium cable television content, and the target

audience watched 65,418 (90%) of the ads in their entirety. In a second campaign, the ads ran 132,783 times within premium content, and the target audience watched 107,485 (81%) of the ads in their entirety.



Raising Awareness at Local Events and Schools

The program manages outreach booths at several events each year, where staff answer questions about pollution prevention, wastewater treatment, recycled water, and other environmental issues. Staff also talk to local teachers and inform them of possible outreach activities including in-class presentations and

facility tours offered by the member agencies. In 2022, events included Eggstravaganza, Earth 2050, Marin County Fair, Farmer's Markets, Marin Sanitary Service Customer Appreciation Day, with a total of 3,111 participants. Virtual school programs



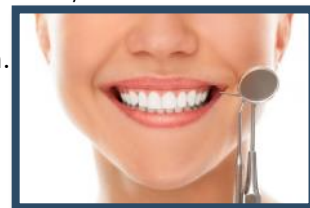
reached 2,085 students, and in-person shows reached 3,534 students.

PREVENTING POLLUTION

CMSA's operating permit includes source control program requirements to regulate businesses and industries that discharge water into the wastewater collection system so that they will not detrimentally affect treatment processes, biosolids quality, or the treated water that is discharged into San Francisco Bay or beneficially reused as recycled water.

Mercury Reduction Program

Because dental amalgam used to fill cavities in teeth is the largest controllable source of mercury discharged to the sanitary sewer, dental offices maintain separators to dispose of dental amalgam. In 2022, approximately 14.5 pounds of mercury were removed and



properly disposed of. Both the Novato Sanitary District and Las Gallinas Valley Sanitary District have contracted with CMSA to administer the programs in their service areas. Inspections in 2022 showed that all dental offices complied with the requirements, and 13.5 pounds of mercury were removed.

FOG Source Control Programs

CMSA works with local wastewater agencies on the development and administration of their FOG (fats, oils, and grease) source control programs. The goal



is to reduce sewer blockages and prevent sanitary sewer overflows caused when grease is discharged directly into sanitary sewers. FOG can build up and harden, combining with

sand, roots, and debris, and clog pipelines. The program includes inspections, documentation, and requirements for installing devices. During FY23, CMSA conducted 434 inspections and documented 1,192 FOG pumping activities.

HUMAN RESOURCES

The Agency continues to refine and address its business practices...Here are some highlights:

Student Internship Program

Internships are an opportunity for students to gain exposure in a public sector environment and enhance their academic training. Several interns have worked in the laboratory and engineering, and plans are in place for interns in other departments.



Retired Annuitants

The Agency also supports the use of retired annuitants (retired former employees) for special projects and staff training requiring unique expertise. We had three retired annuitants in FY23.

Self-Insured Dental Plan



The Agency contracts with a third-party administrator to manage a self-insured dental plan. It works like other traditional plans but allows for customization, and has been very well-received. And the plan is more cost-effective for the Agency.

FINANCIAL MANAGEMENT

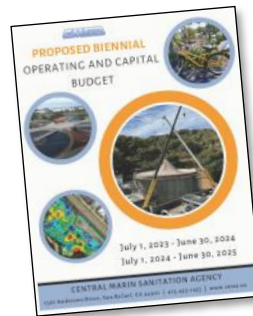
Financial System Software

During FY21, the Agency purchased new financial system software from Tyler Technologies, Inc, to replace the aging existing system. The new system is a significant time- and cost-saver for all users.



Two-Year Budget

The Agency utilizes a two-year budget format that began with FY20-21, which saves considerable staff time for other tasks and projects in the spring of year-one. Should actual or projected revenue or expenses change, mid-year and mid-cycle adjustments are made.



Future Revenue Planning

The Agency's creates and annually updates a 10-year financial forecast. It is a long-term budgetary examination of Agency operations and capital revenues, operating expenses, capital costs, and reserve balances. The forecast provides a strategic perspective to guide the Board in making decisions on the direction for future revenues, funding, and uses of Agency reserves.

Managing Unfunded Obligations

The Agency issued pension obligation bonds in April 2022 to take advantage of low interest rates and reduce annual costs in connection with the annual unfunded actuarial liability (UAL) payment made to CalPERS. The Agency will continue to budget for the annual payments to CalPERS.



MAJOR ACCOMPLISHMENTS AND INITIATIVES

LIQUID WASTE TO ENERGY

CMSA's organic waste program is comprised of the innovative and successful Central Marin Food-to-Energy (F2E) program and a program where CMSA receives and processes fats, oils, and grease (FOG) from private haulers, as well as food waste deliveries from other solid waste partners. F2E was launched in January 2014, with Marin Sanitary Service (MSS) collecting pre-consumer food waste from



restaurants, markets, and other businesses in their service area. Collected food waste is processed at MSS's local transfer station, then a truck transports it to CMSA, where it is dumped into an underground tank, mixed with FOG and other liquid organic wastes, and then injected into the treatment plant's anaerobic digesters.

Highlights from FY23 Include:

- An average of 6.25 tons of food waste and 13,449 gallons of FOG received per day (except Sundays), plus 27,000 gallons of pre-processed food waste slurry from the South Bay Waste Management Authority.
- The mixture of food waste, FOG, and other organic materials produced enough biogas to run the facility up to an average of 17.2 hours per day, 24 hours a day multiple days during the week.
- CMSA was awarded a \$2.5 million co-digestion grant from CalRecycle for the new Liquid Organic Waste Storage Tank Project.
- A consultant prepared a detailed co-digestion computer model to estimate the amount of additional organic waste that can be delivered and processed.
- MSS installed new pre-processing equipment and is working towards increasing the quantity of organic waste delivered to CMSA.

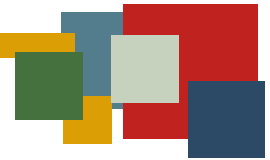
POWER BEING DELIVERED

CMSA's power delivery program has been underway for several years and aims to utilize the Agency's excess digester capacity to accept additional organic feed stocks, such as grease and food waste, to significantly increase biogas generation in the anaerobic digesters. In the spring of 2019, CMSA received official permission from the local utility, PG&E, to export excess power to its electrical grid, and throughout FY21 to FY23 significant amounts of renewable power were exported and sold to Marin Clean Energy through an existing Power Purchase Agreement.

A new Jenbacher cogeneration system started routine operation in early 2023, and has both larger capacity and higher efficiency than the existing cogeneration engine. The Agency has worked extensively with PG&E since 2020 to apply for a new Interconnection Agreement to connect the new cogeneration engine to the electrical grid. The new Interconnection Agreement was successfully executed in October 2020, and in FY21 through FY23, CMSA worked with PG&E on the detailed design, construction, and testing of the specific Interconnection Agreement related electrical improvements. During the summer of 2022 all activities were completed, PG&E issued the Permission to Operate, and the official authorization to export renewable power was received in early September of 2022.



MAJOR ASSET MANAGEMENT PROJECTS

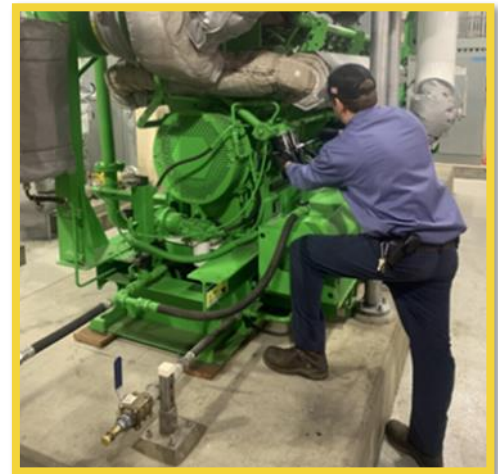


TIME TO INSPECT AND REFURBISH DIGESTER

During the cover replacement project for Digester #2 staff inspected the condition of the digester's interior concrete and piping, replaced 14 six-inch valves on pipelines only accessible when the digester is out-of-service, refurbished the digester's mixing pump, modified one inspection port hatch, and installed an isolation valve for emergency draining/centrifuging purposes. Once assured that the digester's appurtenances were working correctly, staff reinstalled the inspection port, filled the digester with 26 feet of reclaimed water, and started its operation.

ENGINE SERVICED AND STAFF TRAINED

The first 3,333-hour scheduled preventative maintenance was performed by the engine supplier, during which time CMSA technicians were trained on how to perform this work in the future. Work included changing the oil, air, and natural gas filters, re-gapping spark plugs, adjusting the engine's intake valves, and verifying exhaust emissions to comply with CMSA's air quality permit. CMSA's technicians were also certified to test and adjust emissions parameters to continuously meet strict California air emissions standards in the SF Bay Area.



FEED PUMP REHABILITATED

CMSA, on average, produces 6,158 wet tons of biosolids annually. The systems that support the production of biosolids perform heavy work and are periodically inspected to verify operational and mechanical integrity. This past year, the polymer feed system's three metering pumps were individually removed for complete rebuilds. This was scheduled improvement work which consisted of disassembling the pump heads, inspecting them for wear and corrosion, and installing new head kits. Additionally, the pump housings were opened to examine drive mechanisms and replace lubricants, and new generation replacement variable frequency drives were installed.

MONITORING IN REAL TIME

To ensure that the proper amount of treatment biology remains present in the aeration basins to ensure process stability, staff installed Total Suspended Solids (TSS) meters in the four basins. Our process control system compares this against solids data compiled before and after this process, and then calculates the amount of biomass needed to effectively remove the solids during the treatment process. In the past, staff would take physical samples from each on-line basin, analyze the sample results, calculate the desired biomass, and then adjust processes as needed. This process took several hours to complete and process decision-making was often delayed. The ability to monitor in real time has significantly improved process stability and performance.



MAJOR CAPITAL PROJECTS

SECONDARY CLARIFIER NO. 2 REHABILITATION

Rehabilitation of Secondary Clarifier No. 2 included recoating the metal structural components, replacing the center column, repairing corroded steel, pipes, flanges, resurfacing the effluent trough concrete, and replacing the walkway plates. With the completion of this project, all four of the Agency's clarifiers have been rehabilitated over the past three years and will provide another decade of service.



MORE CAPACITY FOR LIQUID ORGANIC WASTE



To maximize tipping fee revenues, biogas production, and renewable power generation, construction of an additional above-ground liquid organic waste storage facility started in FY23. The Agency was awarded \$2.5 million from CalRecycle's Co-Digestion Grant Program in September 2022 to fund all the project construction costs. Over

\$926,000 in grant reimbursements were also received in FY23. Construction is planned for completion in February 2024, and the remainder of the grant reimbursements will be received early next year.

NEW COGENERATION SYSTEM IN SERVICE

Installation of the new cogeneration engine and associated equipment, new air supply fans, and exhaust treatment systems on the roof of the Solids Handling Building were made in FY21-22. The start-up process for the various systems began in the summer of 2022 and was substantially completed in early 2023. However, a few remaining items are taking longer than expected to troubleshoot and are expected to be completed by the end of 2023. During this commissioning period the engine has been under successful routine operation, powering and heating CMSA facilities and frequently exporting excess renewable power into the local electricity grid.



DESIGN PHASE FOR NEW CENTRIFUGES

This project includes the evaluation and design of replacement centrifuges, which are used to dewater biosolids. Included in this project is a pre-design phase to verify design criteria, pilot testing and polymer optimization, pre-purchasing the centrifuges, using laser scanning to assess existing conditions and evaluate layout options, developing detailed plans and specifications for construction, and managing the bid phase. The preliminary work is expected to be completed around January 2025, with construction planned to start in mid-2025.

CAPITAL ASSETS

As of June 30, 2023, CMSA's total capital assets, net of depreciation (a non-cash expense that reduces the value of capital assets), totaled \$80,774,570. This amount is broken down into asset categories shown in the chart below. Additions to capitalized assets totaled \$5,040,726 and are reported on the Condensed Statement of Net Position and in Note 7 in the FY23 ACFR financial statements section. The Agency also expensed an additional \$190,676 included in repairs and maintenance which can be found on the Condensed Statement of Revenues and Expenses and Changes in Net Position.

WASTEWATER TREATMENT FACILITIES

(82.7% of capital assets)

Assets in this category include structures and equipment used in the treatment of wastewater and biosolids, and in energy production.

LAND

(6.8% of capital assets)

Lands owned by the Agency that buildings and treatment plant facilities

CONSTRUCTION IN PROGRESS

(2.4% of capital assets)

Assets in this category include the following project that is underway: Liquid Organic Waste Storage Tank Project

GENERAL PLANT & ADMINISTRATIVE FACILITIES

(5.6% of capital assets)

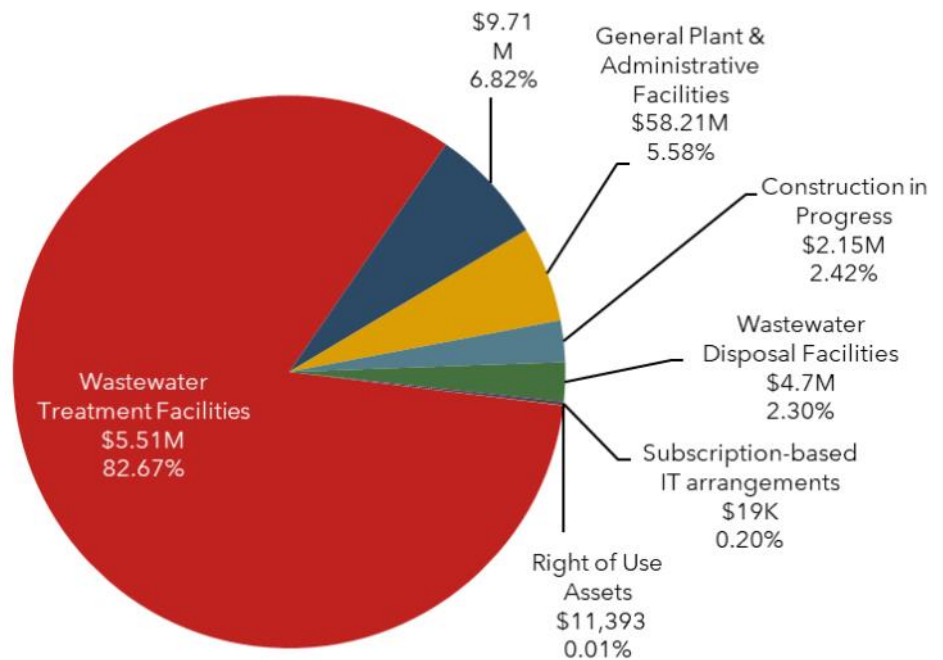
Assets in this category include Agency buildings and vehicles.

WASTEWATER DISPOSAL FACILITIES

(2.3% of capital assets)

Assets in this category include structures and equipment used in the discharge of treated wastewater into San Francisco Bay.

CAPITAL ASSETS AS OF JUNE 30, 2023 (NET OF DEPRECIATION)



Detailed budget and project information on the Agency's

FY23 Capital Improvement Program

can be found in the Agency's Adopted Budget at www.cmsa.us/finance/documents/

KEY FINANCIAL INFORMATION

FY 23 BUDGET PERFORMANCE

The Agency uses the accrual method of accounting in accordance with generally accepted accounting principles to produce its financial statements, where revenue and expenses are recognized when transactions occur, whether or not cash is received or spent. The cash basis is used to develop the annual budget.

The Agency's primary revenue source is the regional sewer service charge. The table to the right shows the adopted FY23 budget revenues and expenses compared to the FY23 audited actuals.

CMSA is accounted for in a single enterprise fund. A comprehensive set of Board adopted financial policies gives direction to protect the Agency's assets and investments through sound financial management. The source of the information in this PAFR is consistent with generally accepted accounting principles. Details can be found in the FY23 ACFR available at www.cmsa.us/finance/documents



FY23 CONDENSED STATEMENT REVENUES & EXPENSES: BUDGET TO AUDITED ACTUALS PERFORMANCE

Revenue (Cash in)*	Adopted Budget	Audited Actuals
Sewer Service Charges	\$ 13,167,002	\$ 13,167,002
Debt Service	5,652,539	5,652,539
Contract Maintenance Revenues	1,669,412	1,856,889
Other Operating Revenues	601,147	727,233
Capital Contributions	247,117	641,334
Total Operating Revenues plus Capital Contributions	\$ 21,337,217	\$ 22,044,997

Expenditures (Cash out)*	Adopted Budget	Audited Actuals*
Total Operating Expenses (net of non-cash depreciation)	\$ 14,698,385	\$ 15,707,493
Total Non-Operating (Revenue) Expenses	1,457,031	(56,671)
Total Expenses	\$ 16,155,416	\$ 15,650,822
Total Debt Service Principal Paid FY23	\$ 3,231,000	\$ 3,231,000

**Details available in the FY23 ACFR, Note 8-Long-Term Obligations.

AUDIT OF AGENCY'S STATEMENT BY INDEPENDENT AUDITOR

California Government Code section 53891 requires an annual audit by independent Certified Public Accountants, which is filed with the State Controller's Office.

The Agency's FY23 Financial Statements were audited by the Agency's auditor, Cropper Accountancy Corporation, in accordance with Generally Accepted Accounting Principles (GAAP). The statements also met the State Controller's Minimum Audit Requirements for California Special Districts. The Agency's Audited Financial Statements and accompanying Independent Auditor's Report were accepted by the CMSA Board in November 2023, and can be found in the Agency's **FY23 ACFR**, available at www.cmsa.us/finance/documents/

CONDENSED STATEMENT OF NET POSITION

The **Statement of Net Position** is a useful indicator of financial position. The largest portion of CMSA's net assets reflects its investment in capital assets (land, buildings, facilities, equipment), less outstanding related debt used to acquire those assets. The Agency's Total Net Position increased by \$1.8M in FY23 primarily due to receiving grant proceeds, capacity charges, and increase in interest income. Total assets increased by \$461K mainly due to capital assets. Total liabilities decreased by \$3.6M primarily for net decreases in accrued payroll-related liabilities and paydown of long-term debt. Deferred inflows increased by \$1.6M for net increases in pension and OPEB adjustments and an increase in deferred inflow for long-term site lease rental income.

CONDENSED STATEMENT OF NET POSITION AS OF JUNE 30, 2023

	FY21	FY22	FY23	Percent Change
ASSETS				
Current and Other Assets	\$ 30,904,238	\$ 26,805,319	\$ 26,807,644	0.0%
Capital Assets - Net	77,815,359	80,315,884	80,774,570	0.6%
TOTAL ASSETS	\$ 108,719,597	\$ 107,121,203	\$ 107,582,214	0.4%
DEFERRED OUTFLOWS OF RESOURCES¹				
	5,220,529	13,581,357	12,945,012	-4.7%
LIABILITIES				
Current Liabilities	\$ 5,889,948	\$ 5,212,034	\$ 5,116,816	-1.8%
Non-Current Liabilities	60,184,524	60,371,767	56,840,186	-5.8%
TOTAL LIABILITIES	\$ 66,074,472	\$ 65,583,801	\$ 61,957,002	-5.5%
DEFERRED INFLOWS OF RESOURCES¹				
	1,121,145	5,825,343	7,467,841	28.2%
NET POSITION				
Investment in capital assets net of debt	\$ 39,642,802	\$ 38,327,344	\$ 40,645,174	6.0%
Restricted for pension trust	-	19,357	207,961	974.3%
Unrestricted	7,101,708	10,946,715	10,249,248	-6.4%
TOTAL NET POSITION	\$ 46,744,510	\$ 49,293,416	\$ 51,102,383	3.7%

¹ Amounts associated with OPEB and pension and debt refunding.

DEFINITIONS

CAPITAL ASSETS: Includes Agency land, treatment plant, facilities, buildings, and equipment net of depreciation.

CURRENT AND OTHER ASSETS: Assets converted to cash or consumed within one year: cash, investments, receivables, prepaid expenses.

CURRENT LIABILITIES, CURRENT PORTION LONG-TERM OBLIGATIONS: Payment due on obligations owed by CMSA within the next 12 months.

DEFERRED INFLOW OF RESOURCES: An acquisition of net assets that is applicable to a future reporting period.

DEFERRED OUTFLOW OF RESOURCES: A consumption of net assets that is applicable to a future reporting period.

INVESTMENT IN CAPITAL ASSETS NET OF DEBT: Amounts invested in capital assets less accumulated depreciation and any outstanding debt used to acquire the assets.

NON-CURRENT LIABILITIES: Payment obligations owed more than 12 months in the future.

TOTAL NET POSITION: Equity associated with general government assets and liabilities.

UNRESTRICTED (NET POSITION): Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources not included in the determination of net investment in capital assets or the restricted component of net position.

STATEMENT OF REVENUE & EXPENSES AND CHANGES IN NET POSITION

This statement summarizes CMSA's operating and non-operating revenues and expenses, and unlike the ACFR, presents Capital Contributions with Total Revenues. CMSA's main sources of revenue are the regional sewer service charges received from JPA members and contract revenues from providing wastewater services to San Quentin State Prison and Sanitary District No. 2. Service charges pay for operating expenses, capital improvements, and debt service. Revenues increased as a result of a scheduled 3.5% service charge rate increase, increased inspections, facility use and interest income revenues. Capital contributions significantly decreased due to a decrease in new construction activity in the CMSA service area. Total expenses increased due to a 4.5% cost-of-living adjustment, substantial supply chain chemical cost increases, and increased property insurance premiums attributable to wildfire and floods throughout California.

CONDENSED STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION AS OF JUNE 30, 2023

	FY21	FY22	FY23	Percent Change
REVENUES				
Operating Revenues	\$ 19,851,438	\$ 20,865,949	\$ 21,403,663	2.6%
Non-Operating Revenues	207,921	-	1,604,282	0.0%
Capital Contributions-Capacity Charges	1,592,633	1,171,130	641,334	-45.2%
TOTAL REVENUES	\$ 21,651,992	\$ 22,037,079	\$ 23,649,279	7.3%
EXPENSES				
Operating Expenses (including depreciation)	\$ 17,387,847	\$ 17,850,520	\$ 20,292,701	13.7%
Non-Operating Expenses	1,661,789	1,636,992	1,547,611	-5.5%
TOTAL EXPENSES	\$ 19,049,636	\$ 19,487,512	\$ 21,840,312	12.1%
CHANGE IN NET POSITION	\$ 2,602,356	\$ 2,549,567	\$ 1,808,967	-29.0%
BEGINNING NET POSITION AS PREVIOUSLY REPORTED	\$ 44,142,154	\$ 46,743,849	\$ 49,293,416	5.5%
ENDING NET POSITION	\$ 46,744,510	\$ 49,293,416	\$ 51,102,383	3.7%

DEFINITIONS

CAPITAL CONTRIBUTIONS-CAPACITY CHARGES:

A treatment plant capacity fee paid by each new sewer user or an expansion by an existing user connecting to a public sewer served by CMSA. Capital contributions must fund capital projects.

CHANGE IN NET POSITION: The total of net income (loss) plus capital contributions-capacity charges.

ENDING NET POSITION: The sum of net position at the beginning of the fiscal year, plus the change in net position, plus prior period adjustments equals the net position at the end of the fiscal year, and is an indication of the Agency's financial position.

NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS:

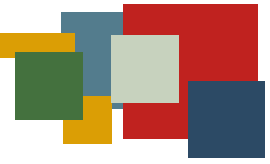
The difference between total revenue less total expenses.

NON-OPERATING REVENUES & EXPENSES: Revenues and expenses that are incidental to CMSA's main purpose and derived from activities not related to wastewater operations, e.g. interest earnings and costs of borrowing.

OPERATING EXPENSES: Expenses incurred for provision of wastewater related services.

OPERATING REVENUE: Revenues received for wastewater-related services.

WHERE THE MONEY COMES FROM (REVENUES)

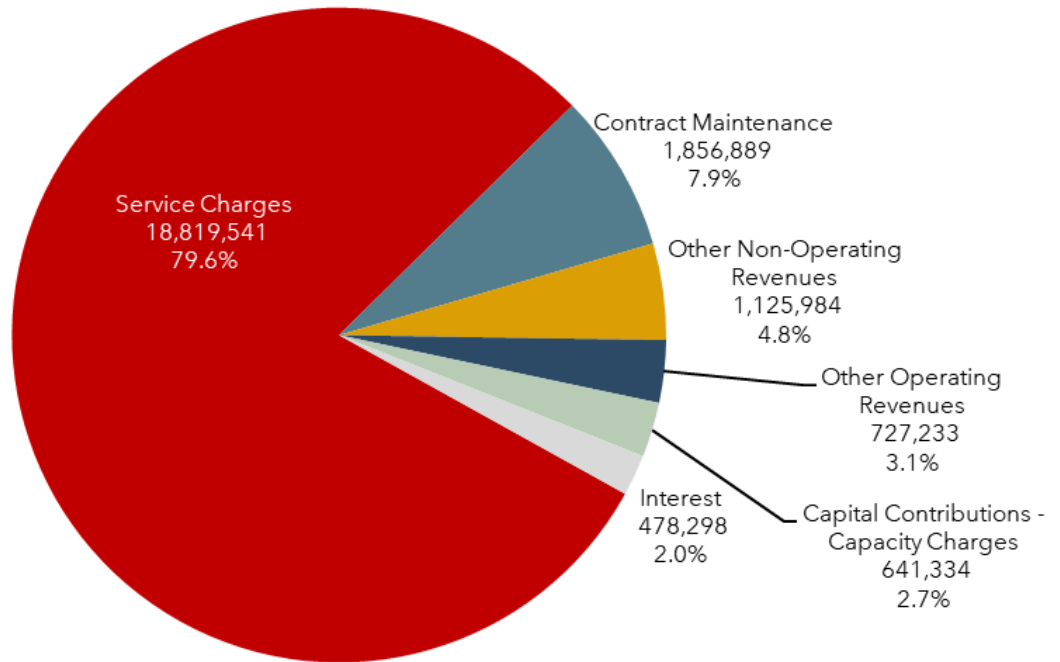


CMSA's total revenues from all sources for FY23 were \$23,649,279 including capital contributions. Operating revenues totaled \$21,403,663 and included \$5,652,539 collected for debt service,* \$1,856,889 for maintenance contracts and \$727,233 for other operating revenue.

Capital Contributions totaled \$641,334 and must fund capital projects. CMSA's practice is to spend contributions received on a first-in-first-out basis to finance capital activities. Accordingly, no interest was posted to capital contributions and there was no outstanding balance at fiscal year-end.

California Government code requires:

- A separate accounting of capital contributions
- Application of interest to outstanding balances
- Disclosure of the amount collected within 180 days after the fiscal year
- Identification of the funded capital projects



*Debt service is a fee collected for the repayment of revenue bond principal, interest, and debt coverage. In FY23 the Agency paid \$3,065,000 in principal and incurred \$1,547,611 in interest expense.

DEFINITIONS

CONTRACT MAINTENANCE: Revenues received from local and state agencies for wastewater treatment, collection system operation, and source control services.

INTEREST & OTHER NON-OPERATING REVENUE: Interest revenue earned on cash and investment accounts and other sources of income, such as dividend payments, that are not derived from day-to-day operations.

OTHER OPERATING REVENUES: Revenues received and fees charged for permit issuance and site inspections,

administration of programs for local wastewater agencies, and facility use charges for septic and organic waste disposal.

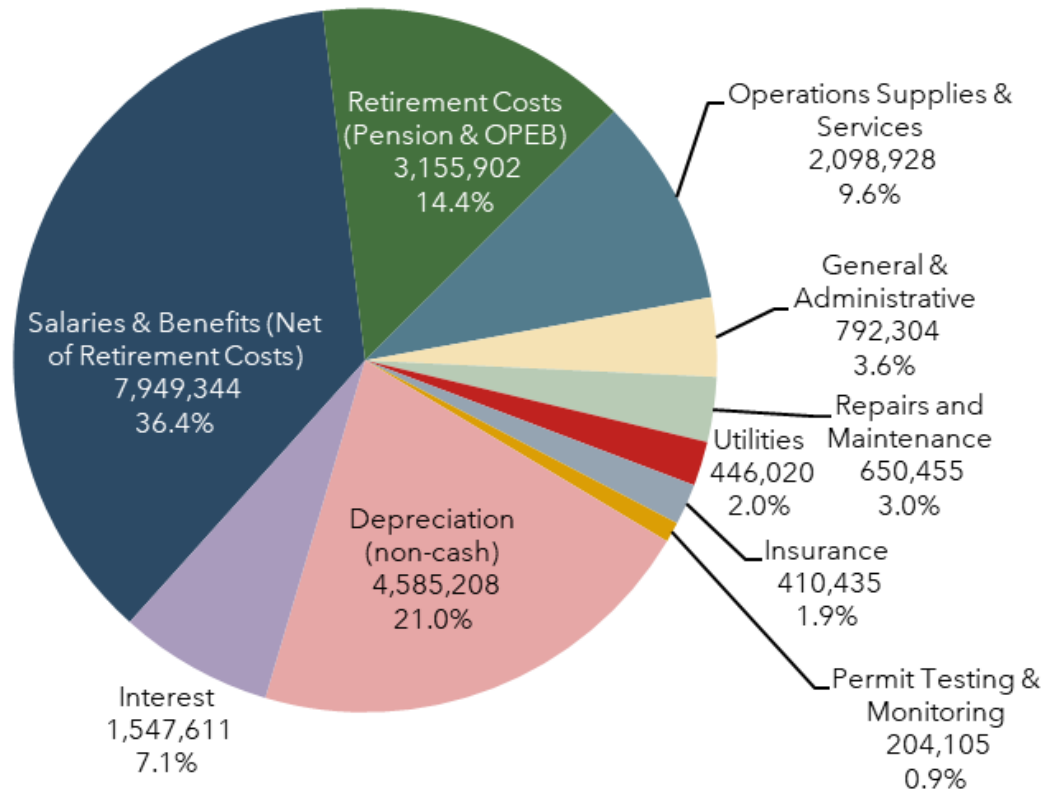
SERVICE CHARGES: A fee charged to JPA members and San Quentin State Prison for wastewater treatment service and their share of the Refunding Revenue Bond Series 2015 debt service payment.

WHERE THE MONEY GOES (EXPENSES)

CMSA FY23 total expenses were \$21,840,312, of which \$15,707,493 were actual operational expenses, \$1,547,611 were non-operating interest expenses, and \$4,585,208 was in depreciation, a non-cash expense.



Excluded from this chart are expenditures for capital and asset management projects which have been capitalized and shown as capital assets on the Statement of Net Position and in the Capital Assets section of this report.



DEFINITIONS

DEPRECIATION: A current year non-cash expense that reduces the value of an asset as a result of wear and tear, age, or obsolescence.

GENERAL & ADMINISTRATIVE: Expenses include professional services, office related supplies, regulatory permits and memberships in local, state, and national industry organizations.

INSURANCE: Premiums are for general liability, property, auto, cyber liability, and workers' compensation insurance, and employee/commissioner bonds.

INTEREST EXPENSE: Payments due for borrowing money for the Refunding Revenue Bond Series 2015.

PERMIT & MONITORING TESTING: Laboratory fees related to wastewater sampling and monitoring services,

other regulatory compliance fees, and laboratory supplies.

PLANT OPERATIONS: Expenses include purchases for chemicals used in treatment, fuel, and biosolids hauling and disposal fees.

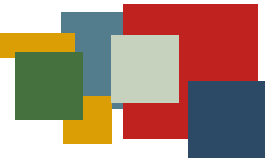
REPAIRS & MAINTENANCE: Includes facility expenses to maintain vehicles, equipment, and energy generation systems, and for generators, tools, supplies, and groundskeeping.

RETIREMENT: The costs of pension and other retirement benefits.

SALARIES & BENEFITS: Compensation and health benefits paid to, and on behalf of, employees and retirees.

UTILITIES & TELEPHONE: Expenses include electricity, natural gas, solid waste disposal/recycling, water, telephone, and internet.

GFOA AWARD FOR OUTSTANDING ACHIEVEMENT



The Government Finance Officers Association
of the United States and Canada (GFOA)

has given an Award for

**Outstanding Achievement in
Popular Annual Financial Reporting**

to Central Marin Sanitation Agency for its
Popular Annual Financial Report for the
fiscal year ended June 30, 2022.

The Award for Outstanding Achievement in
Popular Annual Financial Reporting is a prestigious
national award recognizing conformance with the
highest standards for preparation of state and
local government popular reports.

In order to receive an Award for Outstanding
Achievement in Popular Annual Financial Reporting
a government unit must publish a
Popular Annual Financial Report,
whose contents conform to standards of creativity,
presentation, understandability and reader appeal.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

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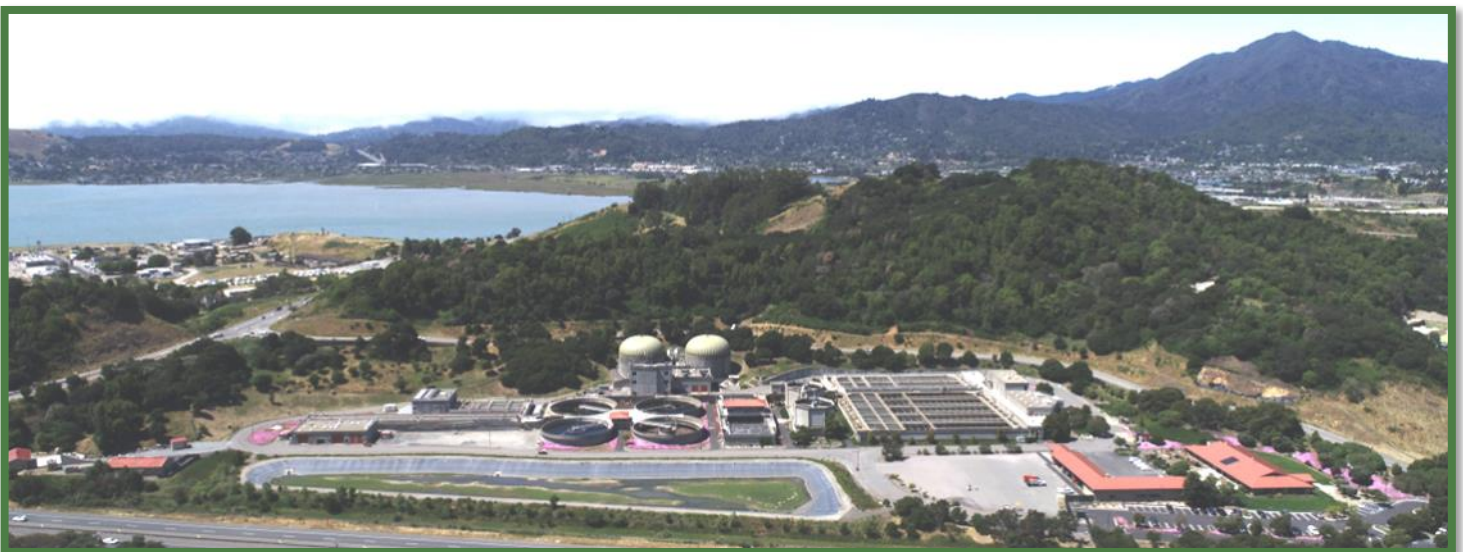
**Central Marin Sanitation Agency
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



CMSA COMMISSIONERS

Dean DiGiovanni,
Chair
San Rafael Sanitation District

Doug Kelly
Vice Chair
Ross Valley Sanitary District

Eli Beckman,
Secretary
Sanitary District No. 2
Corte Madera

Michael Boorstein
Ross Valley Sanitary District

Maribeth Bushey
San Rafael Sanitation District

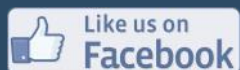
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Statements

FY22 Popular
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Financial
Report

FY22 Green
Business
Annual Report

FY23- 24
Business Plan



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OUR VISION

Central Marin Sanitation Agency
will be a forward-thinking
organization by
providing innovative
and effective wastewater
services, capturing and utilizing
renewable resources, and
implementing sustainable solutions
for an enhanced quality of life.



CMSA VALUES...

- Continuous regulatory compliance to protect the environment.
- Sound financial practices.
- Effective asset management.
- A safe and healthy workplace.
- Creating job satisfaction within a diverse workforce.
- Engaging public outreach and educational programs.
- Leadership, partnerships, teamwork, and collaboration.

CALIFORNIA WATER ENVIRONMENT ASSOCIATION



2022 STATE LEVEL AWARDS

AGENCY
*Engineering and Research
Achievement (3rd Place)*
Power Delivery Program

INDIVIDUAL
*Electrical/Instrumentation
Person of the Year (1st Place)*
Michael Wilson

*Laboratory
Person of the Year (2nd Place)*
Antonette Monsada

*Pretreatment and Pollution
Prevention Person of the Year
(3rd Place)*
Kyle Carbajal

2022 REDWOOD EMPIRE SECTION AWARD

INDIVIDUAL
*Mechanical Technician
of the Year*
James Clark

