CENTRAL MARIN
SANITATION AGENCY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JULY 1, 2021—JUNE 30, 2022






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Central Marin Sanitation Agency

ANNUAL COMPREHENSIVE FINANCIAL REPORT

July 1, 2021 – June 30, 2022

1301 Andersen Drive, San Rafael CA 94901
Kenneth Spray, Treasurer/Controller/Administrative Services Manager
Prepared by the Administration Department staff

www.cmsa.us/finance

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INTRODUCTORY SECTION

Central Marin Sanitation Agency

December 8, 2022

Board of Commissioners
Central Marin Sanitation Agency

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Central Marin Sanitation Agency (CMSA) for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. This was the twentieth consecutive year that CMSA has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

We are pleased to present CMSA's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This report provides an overview of the Agency's financial activities during the past fiscal year and has been prepared by CMSA staff for the benefit of the Board of Commissioners and other stakeholders who may have interest in the financial position of the Agency. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, rests with the Agency. CMSA's Management is responsible for the contents of the ACFR, and to the best of our knowledge and belief, the enclosed information is accurate in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of CMSA. All disclosures necessary to enable the reader to gain an understanding of CMSA's enterprise activities have been included.

California statutes require that CMSA report on its financial position and results of operations on an annual basis. This report contains the Agency's financial statements which have been audited by an independent accounting firm and have been accepted by the Agency's Board of Commissioners. CMSA's independent auditor, Cropper Accountancy Corporation, concluded that the Agency's financial statements present the financial position of CMSA fairly and in accordance with accounting principles generally accepted in the United States of America. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The reporting entity for CMSA is defined as a legally separate stand-alone governmental entity that is not financially accountable for any component unit or any other organization. Financial activity for the Agency is accounted for and reported as though it were a primary government in accordance with government accounting standards. This report is presented in three sections, introductory, financial, and statistical, as summarized below.

- *Introductory Section:* includes discussions of Board-approved major initiatives related to Agency capital projects, major maintenance activities, programs, policies, and financial operations. It also includes an informational profile of the Agency and its service area, an organizational chart, as well as a listing of Agency officials.

- *Financial Section:* comprises the Independent Auditor's Report and the basic financial statements, which includes an MD&A, financial statements, and accompanying notes to the financial statements. The MD&A contains condensed financial statements and statement analyses, including an explanation of variations between fiscal years.

- *Statistical Section:* provides historical data on Agency finances, staffing, and operations, and service area demographics generally presented on a 10-year basis.

In submitting the Annual Comprehensive Financial Report, we express sincere appreciation to the Board of Commissioners for their ongoing oversight of the financial and operational activities of the Agency, as well as their continued support of Agency staff. We also thank Agency staff for their ideas and contributions. Special acknowledgement is given to the Administrative and Finance staff for their efforts in preparing this report.

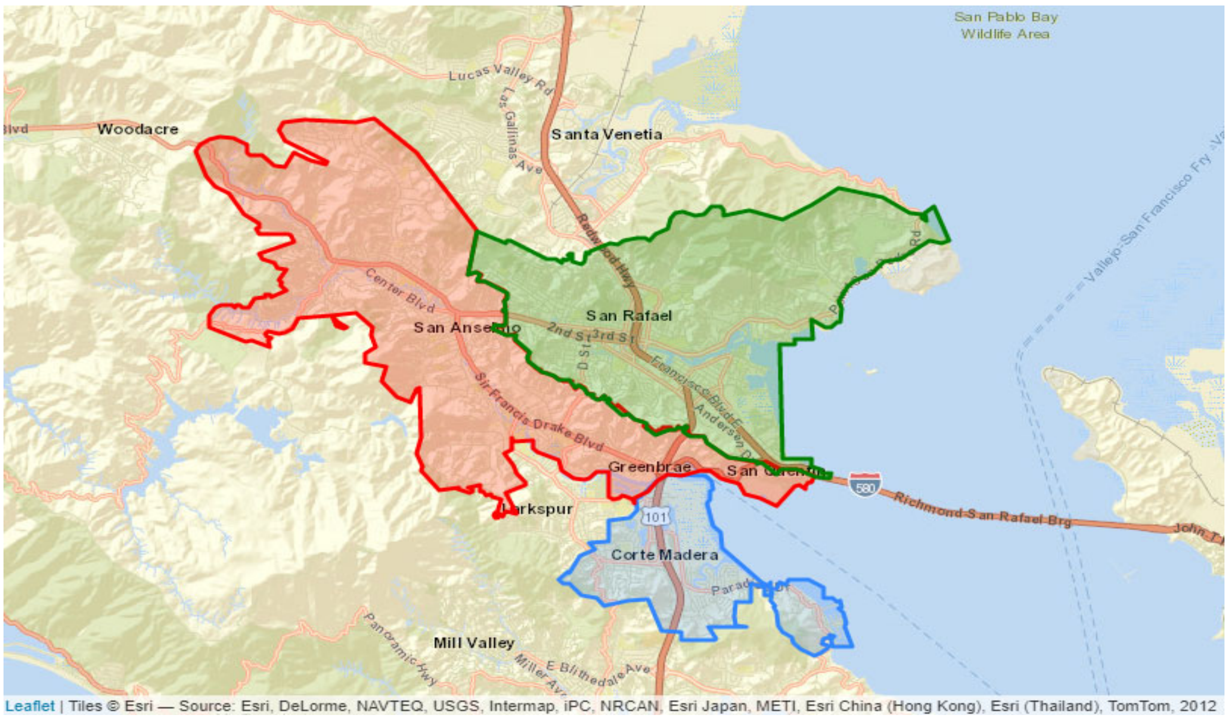
Sincerely,

Jason R. Dow, PE	Kenneth Spray, CPA
General Manager	Administrative Services Manager

LOCATION AND SERVICE AREA

Central Marin Sanitation Agency is a regional wastewater treatment agency that serves residents, businesses and institutions located in central Marin County. The Agency is in San Rafael, California, adjacent to the Richmond-San Rafael Bridge. The CMSA service area is approximately 43.5 square miles, and includes the Towns of Corte Madera, San Anselmo, Fairfax, and Ross, portions of the City of San Rafael, City of Larkspur, the unincorporated areas within San Rafael, the Tiburon peninsula, Ross Valley, and the San Quentin Village (SQV), and San Quentin State Prison (SQSP). The April 2020 census reports Marin County has a total population of 262,321. For the Fiscal Year 2021-2022 (FY22), the Agency provided services to an approximate population of 105,040 or 50,905 equivalent dwelling units (EDUs).

The shaded areas show the location of CMSA service area.



<u>Population of Cities, Towns, and Correctional Facilities in the CMSA Service Area</u>

City of San Rafael (Approximately 2/3 of the city's population)	39,002
City of Larkspur	12,928
Town of San Anselmo	12,693
Town of Corte Madera	10,141
Unincorporated CMSA Service Area (SQV, Greenbrae, Tiburon Peninsula)	7,935
Town of Fairfax	7,521
Kentfield	6,808
San Quentin State Prison	3,273
Sleepy Hollow	2,401
Town of Ross	2,338

Sources: United States Census Bureau State and County Quick Facts (2020 Census), Bureau of Economic Analysis; San Quentin State Prison SB601 Report June 2022

ORGANIZATION AND BUSINESS

In the 1970's, central Marin County had four small wastewater treatment plants whose operations were not able to meet the stringent requirements of the 1972 Clean Water Act. Four local agencies that provided wastewater services in the area, San Rafael Sanitation District (SRSD), Ross Valley Sanitary District (RVSD), Sanitary District No. 2 of Marin County (SD2), and the City of Larkspur (Larkspur) entered into a joint powers agreement (JPA) in October 1979 to create a separate governmental entity, the Central Marin Sanitation Agency, to oversee the construction and operation of a regional wastewater treatment facility. SQSP, which represents the largest single customer of wastewater treatment services in the combined service area, opted not to join the JPA, but rather to contract for wastewater services. The treatment facility was constructed at a cost of $84 million and was funded by federal (75%) and state (12.5%) clean water grants, as well as local shares (12.5%) from the local wastewater agencies and SQSP. Larkspur's wastewater service area was annexed by RVSD in 1993, and Larkspur later withdrew from the JPA in January 2020.

The Agency's governing body, a Board of Commissioners (Board), consists of individuals appointed by the JPA member agencies. SRSD and RVSD each have two members on the Commission while SD2 has one member. The five-member Board sets policy for the Agency. The Board appoints the General Manager and Treasurer/Controller who serve at the pleasure of the Board. The General Manager is the chief administrative officer responsible for the Agency's day-to-day operations and long-term planning in accordance with the Board's policies and approved budget. The Treasurer/Controller is charged with overall financial responsibility in accordance with established Agency policies.

The CMSA wastewater treatment facility began operations in January 1985. The treated wastewater discharged into the central San Francisco Bay as clean effluent consistently exceeds all Federal, State, and regional regulatory requirements. Since its inception, CMSA has successfully carried out its mission of protecting public health and the environment through the planning, administration, and coordination of wastewater treatment and disposal, and biosolids reuse for central Marin County. CMSA also provides other services to benefit its customers and the environment, including (1) participating in federal pretreatment and regional pollution prevention programs, (2) providing wastewater collection system maintenance, source control, and other services under contract to local agencies, (3) managing an award winning comprehensive countywide public education program, (4) serving as the lead agency for administering a comprehensive safety program with another wastewater agency in the county, and (5) providing recycled water and renewable energy.

CMSA's wastewater treatment process consists of (1) screening and grit removal, followed by (2) primary and secondary treatment processing, then (3) the clean wastewater is disinfected and decholorinated before (4) being discharged into San Francisco Bay. In FY10, CMSA completed the Wet Weather Improvement Program that increased the Agency's hydraulic and processing capacity from 90 million gallons per day (MGD) to over 125 MGD, and discharge capacity to over 155 MGD. The treatment facility also produces nearly all of its own power and heating needs using a cogeneration system fueled by methane biogas that is produced in the treatment plants' anaerobic digesters.

ECONOMIC CONDITION AND OUTLOOK

Marin County has a total population of 262,321 (source: April 2020 United States Census Bureau) with a growth rate of less than one percent annually. The county's residents continue to have California's highest per capita income of $145,575 per household. The population growth rate and per capital household income in the CMSA service area mirrors that of the County.

Marin's 3.0% average unemployment rate is one of the lowest rates in California and remains below national levels (4.2%) at the end of FY22. Seven of the top ten employers as measured by the number of employees in the CMSA service area are governmental entities.

Ten Largest Employers & Number of Employees in CMSA Service Area

1.	San Quentin State Prison	1,810	6.	College of Marin	512
2.	BioMarin	1,700	7.	Restoration Hardware	500
3.	MarinHealth Medical Center	1,650	8.	City of San Rafael	420
4.	Dominican University	1,033	9.	San Rafael City Schools	404
5.	Golden Gate Transit	845	10.	Tamalpais Union High School District	368

The local housing market continued to improve during FY22. The annual mean/median sale price for a home in Marin as reported by the Marin County Assessor Office for the year ending December 31, 2021 was $1,829,342/$1,400,000 for a mean home living area of 2,067 square feet, compared to $1,657,920/$1,280,000 and 2,118 square feet reported in December 2020. The upward trend continued January through June 2022 where the county reported $1,970,324/$1,581,038 mean/median sales data statistics for a mean home living area of 1,982 square feet.

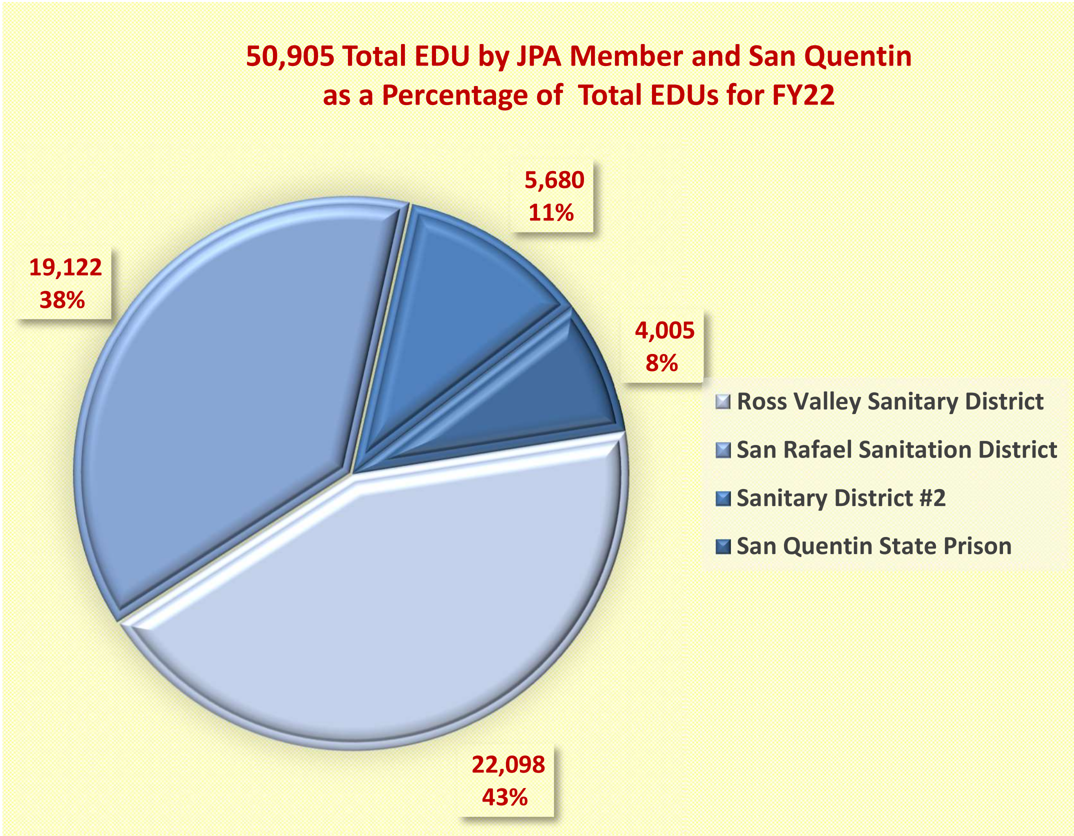
The Agency's revenue structure is based on fee for service. The Agency invoices for service charges quarterly and the JPA member agencies in turn remit the revenue to CMSA. Sewer system capacity charges are remitted upon connection of new or expansion of existing service to the wastewater system. In accordance with the JPA agreement, JPA member agencies are responsible for billing and collection of sewer service charges from property owners in their service area. Sewer service charges are collected on the Marin County Tax Bill. The County collects from property owners through the property tax collection system, then remits the collected revenue to JPA member agencies who in turn remit service charge revenues to CMSA.

EDU Count by Connection Types for FY22 (Source: Property Tax Reports, County of Marin)

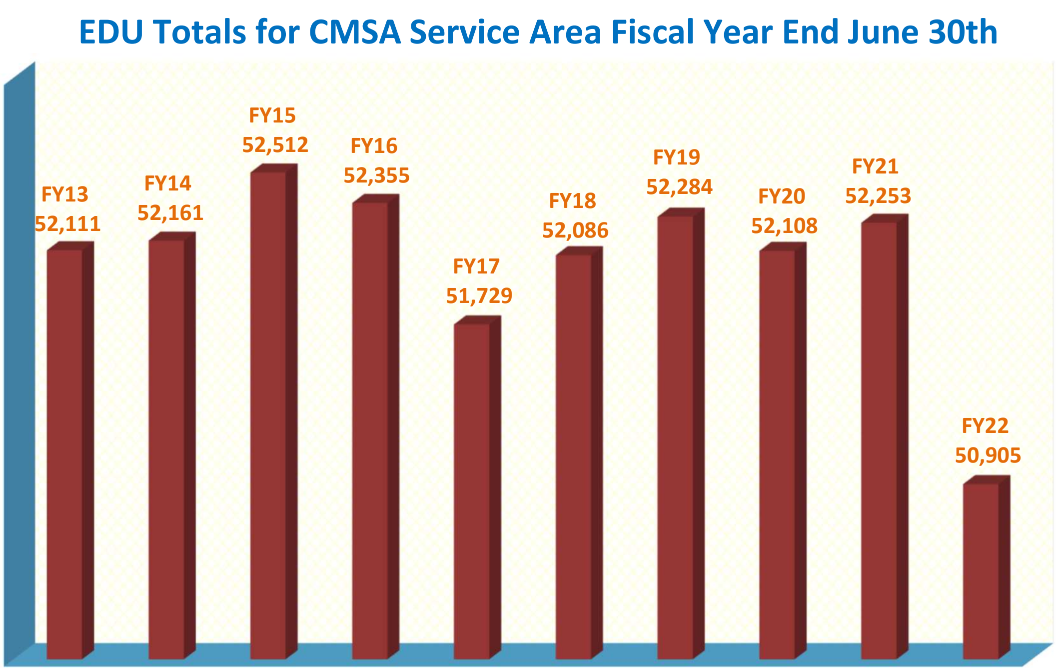
	San Rafael Sanitation District	Ross Valley Sanitary District	Sanitary District #2	San Quentin State Prison	TOTAL
Residential	18,287	15,684	4,603	N/A	38,574
Commercial	2,920	3,286	995	N/A	7,201
Institutional (1)	891	152	82	N/A	1,125
Correctional				4005	4,005
TOTALS	**22,098**	**19,122**	**5,680**	**4,005**	**50,905**

(1) Governmental entities such as federal, state, county, cities, and special districts are property tax exempt and are billed separately. EDU counts for these institutions are not included in County property tax reports and are reported separately by each JPA member

ECONOMIC CONDITION AND OUTLOOK (Continued)

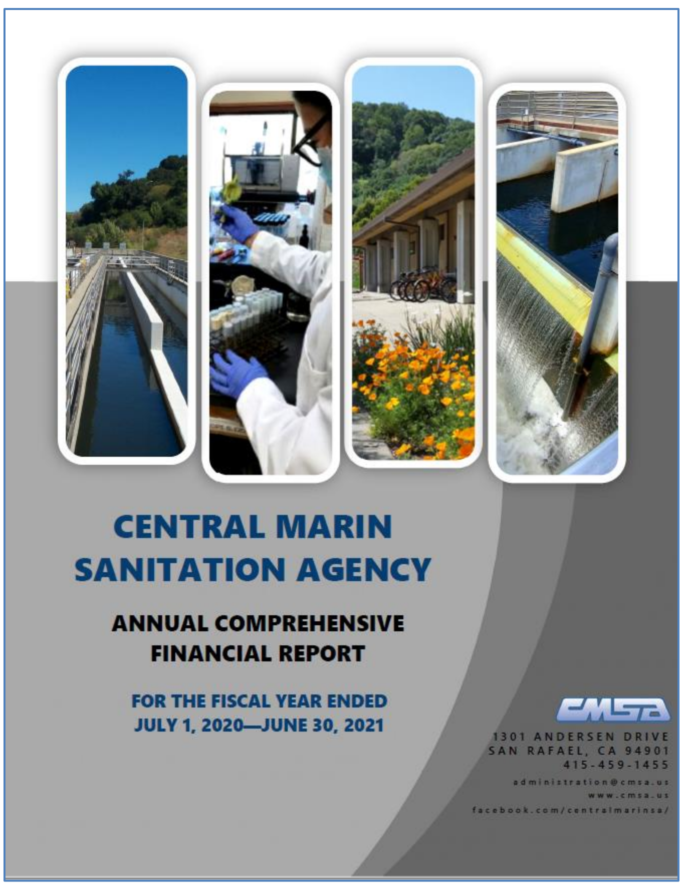


Sewer service connections in the service area are primarily residential, and the reported EDU is a number that remains relatively stable, as new development in the service area is minimal. Fluctuations from year to year are generally due to variable water usage by residential and commercial properties. As seen below, there was a noticeable EDU count decrease in FY22 after an extremely dry winter in FY21.

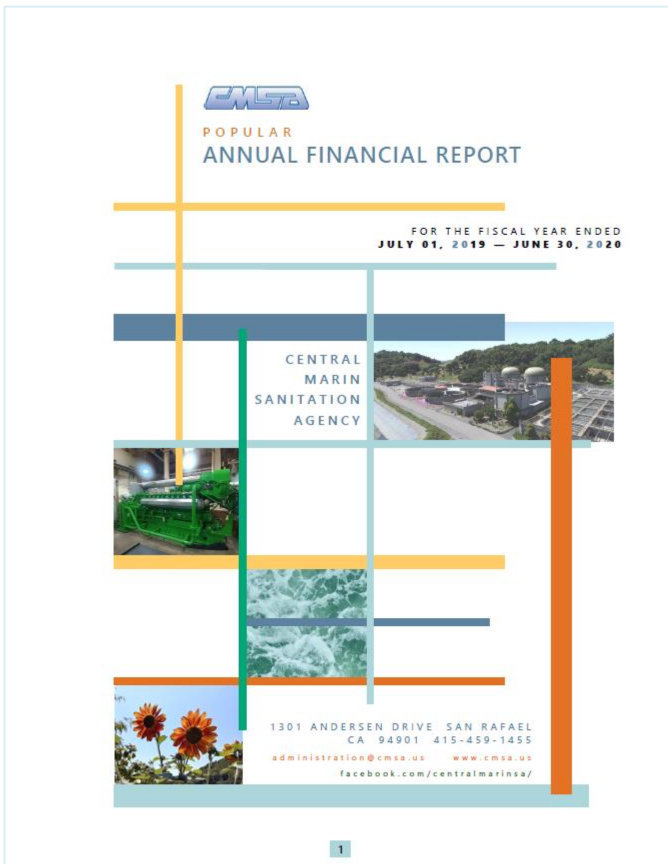


AWARDS AND RECOGNITIONS

Certificate of Achievement for Excellence in Financial Reporting: CMSA was recognized by the Government Finance Officers Association (GFOA) with the Certificate of Achievement for the Agency's FY21 Annual Comprehensive Financial Report, and the Finance Department was presented the Award of Financial Reporting Achievement. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a governmental entity. This marks the twentieth consecutive year that the Agency's Annual Report has met the high standards of the GFOA for governmental accounting and financial reporting. The Agency continually strives to comply with GFOA guidelines and recommendations, and all financial documents, including the Budget, Annual Financial Statements, Annual Report, monthly Treasurer's Report, and Quarterly Budget Status Reports are transparent representations of the Agency's financial operations. Each of the aforementioned reports is presented to the Board for review and acceptance and posted on the Agency's website (www.cmsa.us/finance).

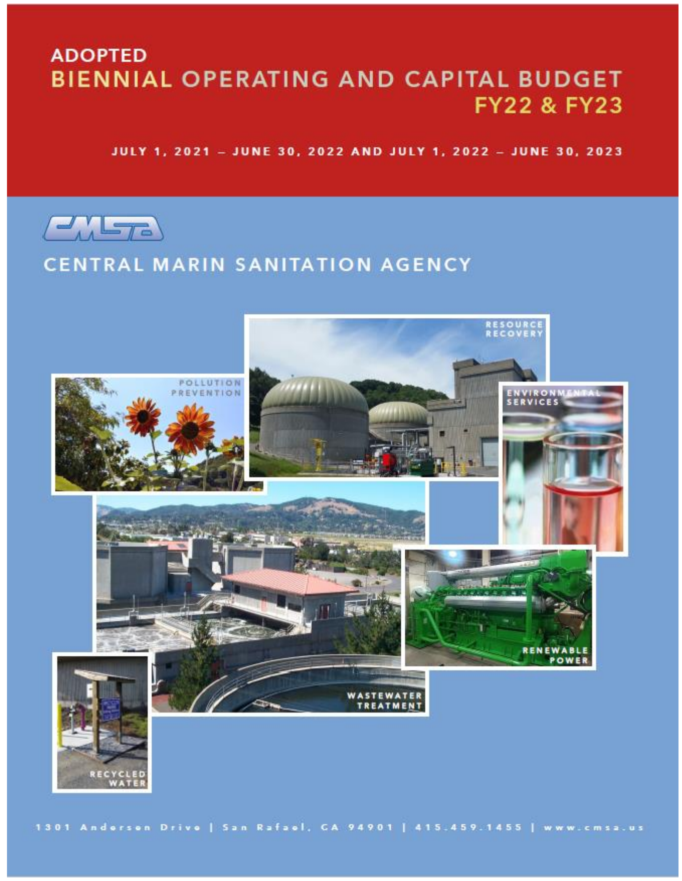


Outstanding Achievement in Popular Annual Financial Reporting: The Agency's Popular Annual Financial Report (PAFR) for FY20 was recognized by the GFOA and received the Award for Outstanding Achievement in Popular Annual Financial Reporting. The PAFR award is a prestigious national award acknowledging conformance with the highest standards of preparation for state and local government popular financial reports. The PAFR is specifically designed to be readily accessible and easily understandable to the public and other interested parties who do not have a background in public finance. FY20 marked the eleventh consecutive year that the Agency's PAFR had met the high standards of the GFOA for governmental accounting and financial reporting. CMSA's FY21 PAFR submission is in initial review by the GFOA's panel of independent reviewers.



<u>Distinguished Budget Presentation Award:</u> The Agency's Adopted Biennial Budget for FY22 and FY23 received the distinguished budget presentation award by the GFOA. The award is the highest form of recognition in governmental budgeting and its attainment represents a significant accomplishment by a governmental entity. The GFOA encourages public agencies to prepare budget documents that fully explain the agency's business, are transparent, and are specifically designed to be readily accessible and easily understandable to the public and other interested parties. In attaining this award, the Agency's budget was deemed to be proficient as a policy document, financial plan, operational guide, and communication device for the

Agency's business. The FY22 and FY23 Budget marked the tenth consecutive year that the Agency's budget has met the high standards of the GFOA for budget reporting documents.



<u>National Association of Clean Water Agencies (NACWA) "Gold" Peak Performance Award:</u> NACWA represents the interests of and advocates at the federal level for the country's wastewater organizations. Members of NACWA provide wastewater treatment services for 131 million people in the United States and are true environmental practitioners that collectively manage more than 18 billion gallons of wastewater each day. NACWA maintains a key role in the development of environmental legislation and works closely with federal regulatory agencies in the implementation of environmental regulations and programs. NACWA presents annual recognition to high performing wastewater utilities through its *Peak Performance Awards* program.

For the 2021 calendar year, CMSA received the NACWA "Gold" Peak Performance Award. This award recognizes the achievement of full compliance with NPDES permit discharge requirements for the calendar year and is the fourth consecutive year CMSA has received this award. Over the past 17 years, CMSA has only had one permit discharge exceedance.

<u>State California Water Environment Association (CWEA) Awards:</u> The CWEA has 17 sections in California, and top award winners in each section compete for the state level award. For calendar year 2021, the Agency was recognized by CWEA and received a state level award for the following two achievements:

- Safety Program of the Year
- Pretreatment and Pollution Prevention Person of the Year – Eromosele Esoimeme

Regional CWEA Awards: For 2021, the Agency was recognized by the CWEA Redwood Empire Section and received an award for the following achievements:

- Treatment Plant of the Year
- Safety Program of the Year
- Engineering and Research Achievement

Regional CWEA Staff Awards: Several CMSA staff members were also recognized by the CWEA Redwood Empire Section and received awards in their respective disciplines:

- Pretreatment and Pollution Prevention Person of the Year – Eromosele Esoimeme
- Electrical/Instrumentation Person of the Year – Tony Drady
- Outstanding Young Professional of the Year – Joyce Cheung
- Mechanical Technician of the Year – James Clark

STRATEGIC BUSINESS PLAN

The Agency's Strategic Plan (SP) for the fiscal years ending June 30, 2022 to 2026 was adopted by the Board in July 2021. The fiscal year ending June 30, 2021 marked the end of the fifth year of the previous five-year plan. The SP is a guide to direct the Agency in charting a strategic path to effectively maintain and improve its operations and services. CMSA's SP has been constructed to set priorities, focus energy and resources, and guide fundamental decisions and actions that will shape the Agency for five years, in one-year increments.

The SP contains Vision, Mission, and Values statements, and six strategic Goals to achieve each statement. Annually, staff prepares a Business Plan with associated Strategic Objectives and Actions to undertake in support of the Board adopted Mission, Vision, Values, and Goals. The Agency's budget is closely aligned with the annual Business Plan, as funding for the majority of its Actions were included in the budget development process.

***Plan Development*:** The Agency maintains a standing committee, known as the Agency Strategic Planning Committee (ASPC), to oversee the implementation of annual Business Plan activities, and to develop a new Business Plan each fiscal year. The FY21 Business Plan had 65 Strategic

Actions, of which 43 were completed, 19 were ongoing (having no definable end date or are recurring), and three were delayed for various reasons, including COVID-19.

The FY22 Business Plan was approved by the Board at the beginning of the fiscal year, July 2021. It includes 65 Actions to further the Objectives listed below, as well as others identified in the SP:

- Maintain the high performance of the treatment facility's operational processes.
- Manage the Agency's equipment and assets.
- Deliver critical and high priority Agency projects.
- Regularly evaluate existing fiscal practices and procedures and develop new procedures as necessary.
- Use financial system Project Accounting for capital and maintenance projects.
- Prepare transparent financial documents.
- Evaluate options to reduce unfunded pension liability.
- Implement steps to enhance the Agency power delivery program.
- Increase the Agency's energy efficiency through implementation of the Power Monitoring Program.
- Evaluate Sentry System to understand whether it provides an early warning for digester upsets.
- Collaborate with stakeholders on programs to comply with CalRecycle's regulation on diverting organics from landfills.
- Promote interagency coordination of projects and initiatives.
- Initiate a tertiary recycled water study.
- Educate employees on Agency benefits.
- Promote a culture of leadership and professional growth to attract and develop qualified and skilled employees.
- Enhance employee work culture.
- Maintain a safe and secure work environment.
- Improve communication of internal messages.
- Improve Agency documents and file management.
- Improve communication security and reliability.
- Manage risk and reduce or eliminate single points of failure.

The current SP and its annual business plans may be found at www.cmsa.us/documents/administrative.

SUCCESSION PLANNING

CMSA conducts succession planning each year to ensure the Agency can fulfill its mission and core values with the appropriate staff resources. To this end, the Board has authorized various activities in support of succession planning, including the creation of special positions for limited duration, the creation of temporary positions for mentoring and coaching by retiring employees, and the overstaffing of certain classifications for training and transitioning prior to an employee's retirement.

The annual update occurs by analyzing the age and length of service of each member of the workforce, and informally discussing with employees who meet the California Public Employees Retirement System (CalPERS) criteria, at least age 50 and greater than 5 years of total CalPERS service, about their retirement plans. The results of this annual update are also incorporated into the Agency's long-term financial forecast model and business plan. CMSA's workforce characteristics as of the end of FY22 are as follows:

- 47 authorized positions
- Average age is 42.2 years
- Average length of service is 7.23 years
- 13 employees with over 10 years of service
- 20.5% of current employees meet the requirements for retirement from CalPERS

The Agency completed successful recruitments for six new employees during FY22. These staff members were hired to fill vacancies in various classifications, including an Operator in Training, an Operator I, an Electrical/Instrument Technician, an Industrial Utility Laborer, a Utility Worker, and a Maintenance Supervisor.

THE JOINT POWERS AGREEMENT – A CHANGING DOCUMENT

CMSA was formed by a Joint Powers Agreement (JPA) in 1979 with an original expiration date of 2020. Since its inception, the JPA was amended eight times. Five of the amendments were made prior to 1990, to either clarify or update provisions after CMSA began receiving the construction cost reimbursements from the Environmental Protection Agency and State Water Board. An amendment in 2006 extended the JPA term to 2031 to align with the term of a 2006 revenue bond issuance.

Significant revisions were identified in 2017, after the managers of CMSA and each JPA agency completed a thorough review process where they determined that many of its provisions were outdated or not applicable, and others had been superseded by CMSA Board-adopted financial and personnel policies. Over the course of six months, the JPA's 26 sections were revised with each completed section being presented and accepted by each respective agency board member. Lastly, after all the revised sections were accepted, supporting attachments prepared, and a legal review of the final draft document completed, the revised 2018 JPA was adopted by the JPA member agencies. It accurately reflected the current state of CMSA's business and service delivery.

In late 2018, the Larkspur City Council approved withdrawing from the JPA. 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 member agencies in January 2020.

The CMSA and JPA managers meet at least monthly to maintain their exceptional working relationships, share information on their respective businesses, projects, and initiatives, and to plan and implement cooperative activities. Additionally, the CMSA manager regular seeks JPA manager thoughts and feedback on CMSA revenue programs and debt issuances

MAJOR CAPITAL PROJECTS

Below is a discussion of the major capital projects that were completed or underway during FY22.

Secondary Clarifier No. 1 & 4 Rehabilitation Project: As part of periodic maintenance and rehabilitation work to extend the life of the secondary clarifiers, our Capital Improvement Plan has scheduled sequential projects to repair the corrosion on the metal and concrete components inside each clarifier. Rehabilitation of Secondary Clarifier No. 3 was completed in FY21 and rehabilitation of Secondary Clarifiers No. 1 and 4 was initiated in FY22. Construction work included recoating the metal structural components, repairing corroded steel, repairing/replacing the center column and internal return-activated-sludge pipes, replacing the turntable drive units, resurfacing the effluent trough concrete, and replacing the aging walkway plates with new fiberglass reinforced plastic grating. The project will be completed in November 2022. The last remaining clarifier to be rehabilitated, Secondary Clarifier No.2, will be completed in FY24. After that point, all the Agency's secondary clarifiers should be in a condition to provide at least another decade of reliable service.


Old center column/RAS pipe.


Installing new center column/RAS pipe.

__Administration Building Roof Replacement:__ The Administration Building is a wood-framed metal panel roof that was built during the original facility construction in the early-1980s. over the years, the building's roof has deteriorated, with increasing leaks due to failing sealants and corrosion where the metal roofing panels interface with underlying metal structural clips. This project replaced the entire metal roof and underlayment, replaced the patio and lobby skylights, removed dry rot, and provided new wood framing for the new skylights. A consulting structural engineer developed the project plans and specifications and provided engineering design services during construction. Construction began in April 2021 and was completed in early-FY22.

Demolition of underlayment, skylight framing and metal panels.

New metal panel roof and skylight framing.

__Liquid Organic Waste Project Design:__ The Agency's organic waste receiving facility currently includes an existing below-grade storage tank that accepts various organic waste material, such as food waste and fats, oils, and grease. These materials are mixed then pumped to the digesters to generate biogas for use as fuel in the cogeneration engine, to produce renewable power. Since most organic material is delivered on weekday mornings, the tank fills up quickly, resulting in FOG haulers that arrive later in the day having to be turned away. As a result, there can be a shortage of organic material during nighttime and weekend hours, or when the storage tank is taken offline for maintenance, which then may require CMSA to purchase natural gas to fuel the cogeneration engine.

To maximize tipping fee revenues and maximize biogas production and renewable power generation, an additional above-ground liquid organic waste storage facility will be constructed. A separate component in that project is to install two new biogas chillers, required for cleaning biogas, to replace an aging biogas chilling unit.

In December 2020, the Agency selected and hired an engineering consultant to design the project which was completed in FY22. That year, CMSA pre-purchased a FOG screening system and hot water pressure washer for the project. Furthermore, the Agency applied for CalRecycle's Co-Digestion Grant Program in May 2022, and in September it was announced that the Agency was awarded $2.5 million to fund all the project construction costs. Construction is anticipated to begin in FY23 and completed in early FY24.

CalRecycle

Above: Geotechnical boring for new above-grade storage tank location. Below: New Screening System

RAS Pumps Replacement Project: The treatment plant's six Return Activated Sludge (RAS) pumps and associated piping are critical to the secondary treatment process and are over 30 years old. In recent years, staff observed heavy corrosion and wear on the pump shafts and volute casings, and a decrease in efficiency. In September 2020, CMSA solicited proposals from qualified engineering firms and retained a consultant to assess the hydraulic conditions and provide design services to replace the RAS pumping system. The new RAS pumps were selected based on historical flow data and hydraulic performance and were pre-purchased in January 2021 and a construction contract was awarded in June 2021. Construction was completed in FY22, and included replacing the six RAS pumps, seal water system, check valves, plug valves, and associated piping and electrical wiring.

Original RAS Pump.

RAS Pump after replacement.

Installation of a new Cogeneration System: Since FY19, engineering staff has been working on the planning and design to install a new cogeneration system. To expedite delivery of the cogeneration system and reduce the construction duration, the Agency decided to prepurchase the major equipment in FY21, whereby CMSA would select and purchase the cogeneration equipment in parallel to completing the final design. This approach had significant schedule savings over the traditional industry approach of having the installation contractor procure the cogeneration equipment during the construction period. Additionally, a prepurchase approach also allowed for the final design to be custom tailored around the prepurchase engine requirements and reduced the overall complexity and risk of the installation contractor's work.

While the new cogeneration system was delivered by August 2020, the final design was completed in parallel, and a general contractor was selected, and construction began in December 2020. Significant construction progress was made throughout the remainder of FY21 and FY22, including installation of the new engine and associated electrical and mechanical equipment, and installation of new air supply fans and engine exhaust treatment systems on the roof of the Solids Handling Building. The commissioning/start-up process for the various systems began in the summer of 2022.

During operation, the new system will power CMSA facilities and export excess renewable power into the local electricity grid, and it will efficiently supply heat to the Agency's office buildings and two anaerobic digesters, 24 hours/day. It is expected that all the equipment will be turned over to CMSA for permanent operation by the end of 2022.

New cogeneration engine

<u>Digester Membrane Cover Replacement:</u> CMSA has two anaerobic digesters with membrane covers that were installed approximately 10 years ago. In the summer of 2021, the membrane cover on Digester No. 1 unexpectedly failed. Since the cover was still under partial warranty from its initial installation, CMSA negotiated with the cover vendor to replace the cover with a new one in FY22. This work required CMSA bringing in a specialized digester cleaning company to remove the existing digester content, and complex work by a specialized contractor crew to install the new cover. While the digester was out of service, CMSA staff also completed important maintenance tasks on the pumps and valves associated with the digester that can only be accessed when the digesters are out of service.

As the cover on Digester No. 2 was the same age as the cover that failed, CMSA also negotiated a contract with the cover vendor to replace it with a new cover and provide a robust warranty. In the summer of 2022, CMSA began preparations to take the digester offline. Several contractors were retained to prepare for this work, and operations, maintenance, and technical services staff planned out the schedule and shutdown approach. The temporary scaffolding was installed in July, the cover was removed in August, and the sludge, struvite and grit that had accumulated inside the digester were removed in September. The new cover was installed in October 2022 and Digester No. 2 is expected to return to service in early November. After this work is completed, CMSA’s digesters should be able to remain in continuous service for at least another 10 years.

Digester No. 2 Cover Removal

Inside Digester No. 2, cleaning of wall deposits in progress

Ferric Chloride Containment Coating and Concrete Repairs: The Agency's asset management program includes inspection of chemical tanks every five years. In September 2021, a specialty corrosion engineer was retained to perform an assessment of the Headwork's two ferric chloride tanks. Corrosion was found on the concrete tank supports and concrete around the handrail posts. The concrete was repaired in FY22, and to better protect the concrete floors from future corrosion, the containment area was coated with a 100% solids epoxy coating system with a non-slip surface.

Corroded Concrete Support


Repaired Concrete Support and New Containment Coating

WATER RECYCLING/REUSE

Marin Municipal Water District (MMWD) is the water purveyor for central and southern Marin County and has experienced relatively dry winters for two of the past three years. Historic average rainfall in the MMWD service area is 52”, and was 20.6” in 2019, 35” in 2020, and 50” in 2021. Historically, in mid-July, MMWD’s seven reservoirs are at an average storage capacity of 82%, but in 2020, were at 42% of capacity. MMWD was very concerned about that reservoir capacity level as well as other water supply shortages caused by the current drought in California. Last year, MMWD projected that if 2021 had lower than average rainfall, its reservoirs could become depleted by August 2022. Fortunately, that didn’t happen.

CMSA’s Board is very interested in expanding the use of recycled water in the CMSA service area as it can offset potable water use but understands that MWWD considers producing and delivering CMSA’s recycled water to be prohibitively expensive. For example, a 2016 Recycled Water Feasibility Study identified potential users in the relative vicinity of the CMSA treatment plant, and the cost to treat and deliver recycled water ranged from $3,200 to over $10,000 per acre-foot. MMWD produces its own or buys imported potable water for less than $1,000 per acre-foot.

Recycled water is designated as either non-potable or potable. Non-potable recycled water can be used for a variety of applications based on its treatment level, from undisinfected secondary to tertiary recycled water. Most allowable uses that have the potential for public contact require tertiary level treatment, such as car washing, residential landscape irrigation, and toilet flushing. Potable recycled water requires advanced treatment and can be used to augment drinking water supplies, such as groundwater and surface water (Indirect Potable Reuse – IPR), and water delivered directly to a water treatment plant or water distribution system (Direct Potable Reuse – DPR). IPR regulations have been developed and adopted by the State Water Resources Control Board and there are several successful IPR projects in the state. DPR regulations are scheduled to be completed in late 2023.

In the fall 2021, CMSA hired engineering firms specializing in recycled water and water reuse to conduct studies on the treatment options and costs of expanding recycled water use. The first study was a Tertiary Truck Fill Station Predesign, where the public and private companies could pick up recycled water at CMSA. The second separate study was a DPR Evaluation to investigate CMSA delivering advanced treated water directly to the MMWD potable water distribution system. A summary of each is below.

Tertiary Fill Station Predesign: Since CMSA produces good quality final effluent, a secondary recycled water truck fill station was permitted and approved by the Regional Water Board and was built on-site a few years ago. Since then, the Agency has been supplying secondary recycled water for sewer line flushing and limited dust control projects. The scope of the Predesign was to determine the appropriate treatment systems and capacity to produce tertiary level recycled water so it can be used for unlimited landscape irrigation, such as on school grounds, parks, golf courses, and residential landscaping.

Due to the high salinity in CMSA's treated wastewater, the tertiary treatment system needs microfiltration membranes, reverse osmosis filters and membranes, and chlorine or UV disinfection to produce the unlimited irrigation quality water. In most cases where there is limited saltwater infiltration and inflow into the sewer collection system, the reverse osmosis components would not be needed.

The tertiary treatment system and commercial water truck fill stations would be located at the end of the treatment plant, and the residential fill stations would be located outside the facility access gate in the adjacent visitor parking area. The study found the conceptual capital cost of a 65 gallon per minute treatment system with two commercial fill stations and six residential fill stations was $3.5 million, or $8,000 per acre-foot.

DPR Evaluation: The scope of the evaluation was to evaluate the water quality of the Agency's secondary effluent, perform a DPR analysis to select the appropriate treatment systems to produce advanced treated water, determine the on-site infrastructure needed to support the DPR system, and prepare planning level cost estimates to treat CMSA's secondary effluent to an advanced level for direct injection into the MMWD distribution system. Additionally, it lays out the DRP implementation approach from planning, demonstration, implementation, and operations training.

The evaluation assumed the DPR facility would be located in the CMSA corporation yard and connect to a MMWD water distribution pipeline adjacent to the CMSA property. Fully treated wastewater is the source water for the DRP facility and would be transported to the existing seven-million-gallon storage pond to provide the necessary system response time. A new pumping facility would transport the water to a 2 million gallon per day (MGD) or 4 MGD two-story DPR treatment facility in the corporation yard. Estimates for conceptual level projects, annual operations and maintenance (O&M), and DPR water production costs for the two facilities are shown below.

DPR System Size	Project Cost	O&M Cost	Cost/Acre-foot
2 MGD	$91,389,000	$3,267,000	$3,700
4 MGD	$122,357,000	$5,433,000	$2,700

DPR implementation typically takes 7-10 years and includes planning, environmental impact evaluations (CEQA), demonstration testing, public education and outreach, regulatory permitting, design, construction, and operational testing.

PARTICIPATION IN COVID WASTEWATER SURVEILLANCE

The COVID Pandemic began in March 2020, and when test kits were developed and available, it usually took several days for test appointments and then several more before the test results were ready. Later in the spring, several laboratories around the country began analyzing wastewater samples for COVID. The practice was called wastewater surveillance, and it provided real time infection information within a community.

In the San Francisco Bay Area, laboratories at University California at Berkeley and Stanford University established COVID laboratories and began analyzing wastewater samples from several wastewater agencies in the region. CMSA has participated in the Marin County wastewater surveillance program since June 2020 by providing wastewater samples from San Quentin State Prison, San Rafael, Corte Madera, and the Ross Valley. Samples were sent to the UC Berkeley laboratory for analysis, and the results were provided to the Marin County Office of Public Health for monitoring purposes and to determine where to locate vaccine distribution centers.

CENTRAL MARIN ORGANIC WASTE PROGRAM

CMSA's organic waste program is comprised of the innovative and successful Central Marin Food-to-Energy (F2E) program and a separate program where CMSA receives and processes Fats, Oils, and Grease (FOG) from private haulers, as well as food waste slurry for a pilot program with the South Bay Waste Management Authority (SBWMA) that began in FY21.

F2E was launched in January 2014, with Marin Sanitary Service (MSS) collecting pre-consumer food waste from restaurants, markets, and other similar businesses in their service area.

Collected food waste is processed at MSS's local transfer station, which is approximately one-half mile from CMSA. Processing involves the removal of contaminants such as utensils, plastic material, bones, melon rinds, metal objects, and similar items, followed by grinding the food waste into small particles. A special delivery truck then transports the cleaned processed food waste 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.

Once in the digesters, the organic waste mixture is co-digested with wastewater solids to produce additional biogas, a form of methane gas that is used as fuel in the Agency's power generation system. CMSA historically operated the system on biogas fuel approximately seven hours a day, producing all the Agency's energy needs during that time period. The additional biogas generated from the organic waste program materials enables the Agency to run the generator much longer; a near future goal is to achieve full energy self-sufficiency and continuously deliver renewable power off-site. Attaining self-sufficiency would eliminate the need for the Agency to purchase natural gas, an alternate fuel source, and electricity from outside sources.

This collaborative and successful public-private partnership with MSS has created a program that achieves benefits both for the environment and CMSA, including diversion of food waste from the local landfill, reduction of regional greenhouse gas emissions, reduced truck traffic on the freeway and local roads, and additional energy production at CMSA. MSS has currently enrolled over 208 businesses that generate food waste.

CMSA receives a tipping fee for each ton of food waste and gallon of liquid organic waste delivered, both of which assist in stabilizing wastewater service rates.

Below is a summary of several noteworthy organic waste program activities and developments in FY22. It is important to note that due to the unexpected anaerobic digester membrane cover failure (see Capital Projects description) CMSA only could accept reduced quantities of organic waste during the year, therefore the quantities of organic waste accepted, and biogas produced are significantly lower than prior years when both of CMSA's anaerobic digesters have been in continuous operation.

- An average of approximately 6.8 tons of food waste per day, and approximately 5,600 gallons of FOG per day (except Sundays), and a total of 306,000 gallons in FY22 of pre-processed food waste slurry from the SBWMA pilot program.

- The mixture of food waste, FOG, and other organic materials produced enough additional biogas to run the energy generation system up to an average 11.1 hours per day, and 24 hours per day multiple days during the week.

- A consultant prepared a detailed co-digestion computer model that will allow CMSA to estimate the amount of additional organic waste that can be imported given the capacity constraints of CMSA's organic waste receiving facility, anaerobic digesters, and power generation systems. The co-digestion model is anticipated to be completed in FY23.

- CMSA initiated discussions with SBWMA and Republic Services for longer-term delivery agreements and expects to consider signing such agreements in FY23 after both digesters are back online with new membrane covers and the co-digestion model results are available.

- CMSA updated its existing organic waste feedstock supply agreement with MSS for another 5-year term and updated the terms of the agreement to reflect the latest operational practices. MSS's plans to install new pre-processing equipment at their facility in FY23 and work towards increasing the quantity of organic waste delivered to CMSA over the next years.

- CMSA successfully applied for a $2.5 million co-digestion grant from CalRecycle for the new Liquid Organic Waste Storage Tank Project (See Capital Projects Description).

POWER DELIVERY PROGRAM

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 and FY22 significant amounts of renewable power were exported and sold to Marin Clean Energy (MCE) through an existing Power Purchase Agreement.

CMSA also made significant construction progress in FY22 for a new Jenbacher cogeneration system, which has both larger capacity and higher efficiency than the existing cogeneration engine (See Capital Projects Description), and is expected to be turned over to CMSA for routine operation by early 2023.

CMSA worked extensively with PG&E since 2020 to apply for a new Interconnection Agreement to connect the new cogeneration engine to the electrical grid. This included PG&E preparing initial and supplemental review reports in 2020 for its electrical transmission and distribution systems, to determine if and what specific system upgrades are necessary for CMSA to provide power safely and reliably to the electrical grid. The new Interconnection Agreement was successfully executed in October 2020, and in FY21 and FY22, 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 interconnection activities were successfully completed, and PG&E issued the Permission to Operate, the official authorization to export renewable power in early September.

WASTEWATER SERVICE AGREEMENTS FOR CMSA-PROVIDED SERVICES

CMSA provides contractual services to several public agencies in Marin County for a variety of wastewater related services. These arrangements benefit both the public agencies and CMSA. For the public agency, it is more cost-effective to utilize CMSA staff expertise and resources as opposed to hiring contractors or consultants. For CMSA, the revenues incrementally reduce the amount of wastewater service fees charged to our customers. Services that CMSA provides include operating, maintaining, and monitoring wastewater pump stations and force mains, operating and maintaining sewer collection systems, and regulating commercial and industrial businesses that discharge to the sewer system, protecting both the businesses and the environment.

The Agency's Business Plan supports provision of these services when CMSA has the available resources, and the service will result in financial and organizational benefits to both parties. Noteworthy activities and projects this past fiscal year are noted below.

Sanitary District No. 2 of Marin: CMSA has had a service agreement with SD2 since April 1985, under which CMSA operates and maintains SD2's 19 pump stations and provides limited maintenance to the district's force mains. Below is a summary of in-progress or completed asset management projects.

SD2 hired engineering firm V&A Consulting to perform an assessment of the condition of the District's assets. CMSA was asked to review and comment on the scope of work and assisted with several field assessments. Specialty engineers in electrical and instrumentation, corrosion, flow monitoring, and mechanical systems worked alongside CMSA techicians evaluating individual pump station and force main assets. This work, once complete, will culminate in a report of findings for SD2 and its recommendations will be incorporated into the SD2 FY23 Master Planning document.

CMSA assisted an SD2 contractor with their installation and connection of a new gravity sewer line between the Lakeside and Tamalpais pump stations. CMSA's role was to isolate and manage both pump stations flows while the contractor performed the connection work. This project was scheduled in the middle of the night, during low wastewater flows, to allow maximum installation time and to reduce traffic congestion in the immediate work area.

Additonal asset management projects approved by SD2 and completed by CMSA included installing a new 28 horsepower pump at Paradise pump station, removing and installing a new control panel at Industrial Way pump station, installing a new three-horsepower pump at Tamalpais pump station, and installing a new fuel pump onto the standby generator at Golden Hind pump station.

San Quentin State Prison*:* CMSA has had a wastewater service agreement with the California Department of Corrections (CDCR) since 2012. Services include operating and maintaining SQSP's main pump station and force main to transport wastewater to CMSA's treatment plant, and treating and disposing of the prison property's wastewater and biosolids. Historically, SQSP used low security inmates to clean the pump station's wet well area but over the past several years, CDCR has transferred most low security inmates from state prisons to county jails or approved early releases, reducing the availability of this labor pool. In our current 5-year service agreement, CDCR provides funds to CMSA for three limited term employees, Institutional Utility Laborers (IUL), to provide wet well cleaning services. When not working at CDCR, IULs are performing custodial and groundskeeping work at CMSA. Below is a summary of in-progress or completed asset management projects over the last year.

The current agreement allocates $1.1 million between FY21 and FY25 for short-term and long-term improvement projects for replacing the aging pump station equipment and components that have reached the end of their useful life. Improvements made during FY22 included replacing the emergency diesel generator, the automatic power transfer switch, and the exhaust fan systems. An engineering consultant was retained to develop the project plans and specifications, and to provide engineering services during project construction. Initial construction began in November 2020, and project work was completed in July 2022.

New Emergency Generator.

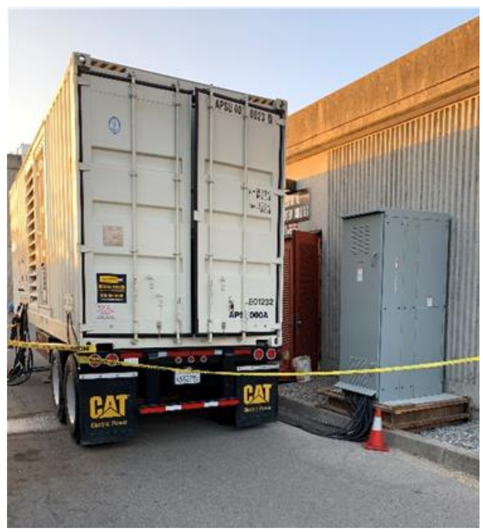
New Exhaust Fan System.

San Quentin Village Sewer Maintenance District: In 2012, CMSA and the County of Marin entered into a service agreement for the operation and maintenance of the County's small sanitary sewer collection system and pump station. The County of Marin is currently working with the RVSD and the Local Agency Formation Commission to annex this small collection system into the RVSD service area. This annexation process has started and after the public outreach, legal, administrative, and funding details are resolved, the annexation will be completed and CMSA's service agreement will end.

ASSET MANAGEMENT PROGRAM AND RELATED PROJECTS

Major asset maintenance and replacement projects completed or in progress during FY22 are detailed below.

Power Supply Resiliency: To meet the needs of the Jenbacher Cogeneration System Installation Project and to bolster the Agency's emergency electrical power supply system, a manual power transfer switch for a one-megawatt portable generator was constructed and interconnected to the Agency's power distribution system. This work was required to safely complete wiring connections between the new Jenbacher system and CMSA's two existing generator systems inside the facility's main electrical switch gear. CMSA staff rented a one-megawatt generator, completed the connections between the generator and distribution system, installed a transformer for lighting and battery charging, and tested the functionality of the system. A Standard Operating Procedure was created to ensure staff could safely start and operate this system in the event of a utility power failure. The facility experienced two utility power failures during the rental period, and the system worked flawlessly ensuring reliable power for Agency operations.



Underground Vault Grating: Piping and equipment in an underground vault were experiencing corrosion issues due to chronic humid conditions. A project was completed to remove the solid and non-vented vault hatch covers and replace them with fiberglass grating. Once the old covers were removed, staff fabricated a support structure that was easily removable for maintenance work, and then placed walkway-rated grating over the entire structure. The piping and valve were treated with a corrosion inhibiter and coated.

__Headworks Odor Control Fan Refurbishment:__ Odors generated from the various processes in the Headworks building are ducted to a central odor treatment system (scrubber) to reduce odors discharged from the building into the surrounding environment. A 13,000 cubic feet per minute belt-driven axial fan is used to draw air collected from areas within the building and through the facility's scrubber unit. This unit, after being subjected to many years of corrosive foul air, finally failed. Staff sourced replacement bearings, a replacement shaft, and a new fan blade. The fan was locked out and then disconnected from its electrical source, and ultimately decoupled from its ducting. Staff completed the disassembly and replaced the worn and broken parts. The refurbished fan was reinstalled onto the building roof, tested, and then returned to service.

__Hydraulic Pack Replacement__: A hydraulic powerpack is used to operate process tank gates inside the Headworks building's grit separation room. This equipment was originally installed in 1985 and was at the end of its service life. The powerpack is a self-contained skid package consisting of a fluid reservoir, two motors, and two high pressure hydraulic pumps. Once the hydraulic unit was secured to the pad, staff connected new hydraulic lines and fittings to the unit, removed the old control panel and ran new wires and conduit to the skid's control panel, that is now mounted on the side of the hydraulic unit. The unit was tested for leaks and functionality, and then placed into service.

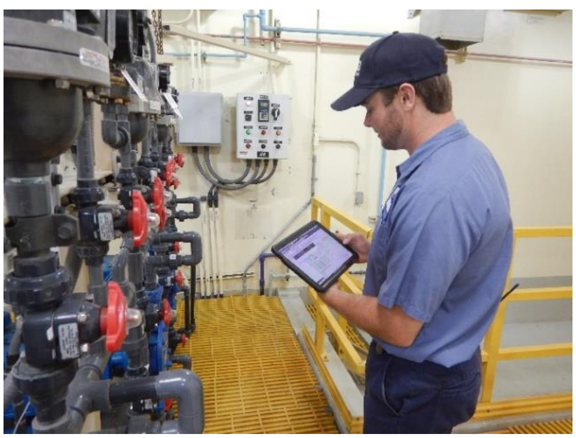
Cogeneration Major Overhaul: Over the past fiscal year, staff completed a total of three 2,000-hour preventive maintenance procedures on the Waukesha engine, which involved replacing oil and oil filters, air filters, spark plugs, and performing valve adjustments as needed. In addition, a top-end maintenance overhaul procedure was completed in the third quarter, after an air/fuel modulating valve broke loose and heavily damaged a majority of the engine's 16 cylinders. New piston and liner kits, connecting rod bearings, 16-cylinder head and gasket kits, two turbochargers, and the engine's intercooler were also replaced. The maintenance contractor performing the overhaul work commented on the outstanding condition of the engine's internal working parts.

Gas Detection and Monitoring System: Staff installed a new hazardous atmosphere detection and monitoring system inside the enclosed Headworks building. The Drager system, pictured, is an electrochemical three electrode sensor style unit used for continuous real-time monitoring of hydrogen sulfide gas (H_2S), oxygen levels (O_2), and lower explosive limits (LEL). The system's controller was mounted downstairs in the sampler room for ease of operation and maintenance, and its monitoring probes are mounted inside the grit tank room where they can quickly detect any changes to the room's atmosphere. This system is also connected to the Agency's call-all alarm system and externally mounted warning beacons to alert staff when the atmosphere is unsafe to enter.

Final Effluent Isolation Valve Replacement: This isolation valve is in the Final Effluent Sample Vault, located three feet beneath the mean tide level, and is situated on top of the 84" Outfall pipeline. This is Agency's designated discharge location where final effluent samples are taken, with results reported to the Regional Water Board. This high-risk project was separated into three phases. First, staff had to research the original design plans to verify what exactly was below the valve and how it was connected to the Outfall. Second, staff calculated the maximum water pressure inside the Outfall to determine the type of fastening system to secure the new valve and to understand how fast the vault could potentially fill with water. Third, a replacement date was selected that had a full moon with minus 1.2’ tide, to minimize water pressure. The replacement work took approximately 3-hours to complete and was successful due to the CMSA team completing its research, preparing in advance, and executing with precision.


Old


New



<u>Essential Tool Supports CMSA’s Digital Transformation</u>: A goal in the Agency’s business plan is for Operations staff to utilize electronic devices for field work. After surveying other agencies, selecting equipment, installing electronic data tags on assets, and developing the tablet-based data sheets, Operations staff traded in their pen and paper for a stylus and data tablet. The tablets are also SCADA enabled so operators can respond to alarms, and view and operate equipment from anywhere.

DISCHARGE PERMITS

CMSA received its current NPDES permit from the San Francisco Bay Regional Water Quality Control Board (RWB) on January 10, 2018. This NPDES permit contains all the regulatory requirements, limitations, and authorization for CMSA to discharge treated water into the San Francisco Bay. CMSA was able to successfully negotiate this new permit with treated wastewater effluent limits remaining relatively unchanged, while permit monitoring requirements were reduced. The new permit became effective on March 1, 2018, and has a five-year term, expiring on February 28, 2023. CMSA has been in full compliance with the new NPDES permit since it was issued.

Additionally, on May 8, 2019, the RWB adopted its second Nutrient Watershed Permit entitled, “The Waste Discharge Requirements for Nutrients from Municipal Wastewater Discharges to San Francisco Bay”, effective July 1, 2019. This permit regulates nutrient discharge to the San Francisco Bay and focuses on continuing nutrient monitoring at wastewater facilities and additional regional monitoring at numerous locations in the Bay. Successful negotiation by the Bay Area Clean Wastewater Agencies (BACWA) resulted in the reduction of nutrient monitoring from twice per month to once per month and the removal of influent nutrient monitoring requirements. CMSA has been in full compliance with this permit since it was issued.

On December 15, 2021, the RWB adopted the Amendment of Monitoring and Reporting Requirements for Municipal Wastewater Dischargers Permit. This permit allows CMSA to choose to reduce monitoring frequencies for certain parameters on the condition that they apply the cost savings to fund studies by the San Francisco Bay Regional Monitoring Program for Toxic Pollutants and Trace Substances. The parameters reduced included polychlorinated biphenyls, dioxins and furans, volatile organic compounds, base neutral and acid extractable organic compounds, and chlorinated pesticides. The RWB concluded that it would be a better use of resources to direct the cost savings associated with these monitoring reductions toward additional RMP studies for constituents of emerging concern.

To prepare for the next NPDES permit issuance, CMSA hired a regulatory consultant to work with an internal project team on development of the various reissuance forms, reports, documents, and studies. The Report of Waste Discharge Application was submitted to the RWB in May 2021 and awaits the RWB to prepare an administrative draft of the new permit for our review, which is expected by the end of 2022.

ENVIRONMENTAL COMPLIANCE PROGRAMS

The Agency’s NPDES permit includes source control program requirements, a Federal Pretreatment Compliance Program, and a Regional Water Board Pollution Prevention Program. The purpose of each program is for the Agency to regulate businesses and industries that discharge water into the wastewater collection system so that they will not detrimentally affect

CMSA treatment processes, biosolids quality, or the treated water that is discharged into San Francisco Bay or beneficially reused as recycled water.

There are three dischargers in the CMSA service area that are regulated under the Pretreatment Program. CMSA staff monitors these dischargers and conducts an annual comprehensive inspection of each to ensure their wastewater meets CMSA's local discharge limits.

The Pollution Prevention Program regulates smaller dischargers that could cumulatively impact the final treated water and biosolids quality. These dischargers are inspected at least annually, and wastewater samples are collected and tested to ensure that they meet the local discharge limits. CMSA has one of the most comprehensive programs in the San Francisco Bay Area region in terms of the inspections conducted and sampling frequencies. The Pollution Prevention Program has been recognized locally, regionally, and at the State level as an important component of the Agency's award-winning public education and outreach program. During 2021, due to Marin County's COVID-19 Public Health Orders, the Agency performed limited annual inspections of all industrial dischargers, dental offices covered under the Mercury Reduction Source Control Program, and restaurants regulated under the FOG Source Control Program.

Mercury Reduction Program: The Mercury Watershed Permit, that became effective on January 1, 2018, requires a reduction of mercury discharges from all controllable sources to the San Francisco Bay. The permit's goal is to eventually, over decades, lower the mercury concentration in the San Francisco Bay sediment and water by 20%. It specifically states that wastewater agencies must regulate dental offices using source control techniques, because dental amalgam (~ 50% mercury) used to fill cavities in teeth is the largest controllable source of mercury discharged to the sanitary sewer in unindustrialized areas. Mercury amalgam use has steadily declined in recent years with dentists using porcelain and plastic alternatives, though evidence shows that even if a dentist does not use mercury amalgam, the material is still discharged in very significant quantities during removal or repair of mercury amalgam fillings.

CMSA's Mercury Reduction Ordinance requires dental offices to install and maintain dental amalgam separators, and to properly handle and dispose of dental amalgam. All dentists within the CMSA service area have installed amalgam separators. During annual compliance inspections, Agency staff determines the amount of amalgam removed from the dental offices waste stream and reports that information to the Regional Water Board. In calendar year 2021, approximately 15 pounds of mercury were removed and properly disposed.

Novato Sanitary District and Las Gallinas Valley Sanitary District Mercury Reduction Programs: Both districts have contracted with CMSA to administer dental amalgam programs in their respective service areas. The programs are similar to the program implemented at CMSA which has been recognized for its outreach, annual compliance inspections, and comprehensive record keeping. Compliance inspections in 2021 showed that all dental offices complied with program requirements and the programs were responsible for the removal of 15 pounds of mercury.

FOG Source Control Programs**:** CMSA has served in a consultative and contractual capacity to assist local wastewater agencies in the development, implementation, and ongoing administration of FOG source control programs within their service areas. The goal of the FOG programs is to reduce sewer blockages and prevent sanitary sewer overflows caused when grease is discharged directly into sanitary sewers. When FOG is improperly disposed it can build up, and if unchecked over time, can harden, combine with sand, roots, and/or debris, and clog sewer pipelines. Many of the wastewater agencies in Marin County do not have trained environmental compliance staff to administer their own comprehensive FOG control program.

Agencies that retain CMSA to manage and administer their FOG source control programs utilize CMSA staff to perform required permitting, inspection, and enforcement activities for food service establishments, such as restaurants and markets. CMSA has developed and implemented FOG source control programs for the Las Gallinas Valley Sanitary District, San Rafael Sanitation District, Ross Valley Sanitary District, Sanitary District No. 2, Tamalpais Community Services District, and Almonte Sanitary District. All these programs include routine inspections, documentation of grease removal device cleaning, and requirements to install grease removal devices for new restaurants, those undergoing a remodel, or a change of ownership involving upgrades to the kitchen plumbing or fixtures.

REGULATORY INSPECTIONS BY FEDERAL AND STATE REGULATORS

NPDES Permit Inspection: The Regional Water Board conducted an inspection on February 15, 2018, of the Agency's treatment facilities, environmental laboratory, and its NPDES reporting files. The final inspection results were issued and indicated that the CMSA facilities were well maintained and that NPDES reporting files were in order. No audit findings or recommendations were provided for the inspection. In September 2021, the Regional Water Board provided notice that CMSA's 2020 Annual Self-Monitoring Report was reviewed and only two findings with recommendations were provided. CMSA reported on the implementation of the corrective actions in the 2021 Annual Self-Monitoring Report.

NPDES Pretreatment Compliance Inspection*:* The Regional Water Board periodically conducts a Pretreatment Compliance Audit to verify the Agency's compliance with requirements specified in the Federal Pretreatment Regulations and in CMSA's NPDES permit. The last audit was in FY17, during which time the inspectors visited two industrial facilities that CMSA regulates and reviewed their respective records and procedures. The final inspection results recommended several revisions to the Agency's Sewer Use Ordinance, which was subsequently revised and adopted by the CMSA Board in December 2018. In March 2021, the Regional Water Board staff reviewed CMSA's 2020 Annual Pretreatment Report and reported one finding with a recommended solution. CMSA has implemented the corrective action for this finding and reported implementation in the 2021 Annual Pretreatment Report.

PUBLIC EDUCATION

CMSA is the lead agency in administering a county-wide public education program (Program) for the six Marin County wastewater agencies that have treatment plants. The program continues to be innovative in developing public outreach measures to educate the public about ways to reduce pollutant disposal into the sanitary sewer and stormwater systems. Public outreach activities for the past year are summarized below, including the significant impacts to the public outreach activities due to the COVID-19 Public Health Orders.

FOG Outreach Events: The Program partnered with the Ross Valley Sanitary District to run television ads on specific wastewater pollution prevention topics (wipes clog pipes, proper FOG disposal, and don't flush drugs). In FY22, these ads ran on Comcast twice, the first aired in December through January and the second March through June. In the first ad campaign, the ads were delivered 62,533 times within premium channel content, and the target audience spent over 393 hours viewing them. Comcast reported that 95 percent of our video ads were watched completely. During the second ad campaign, a new ad, "Call us First", was added that addressed what to do when someone sees a sewer spill, what it looks like, and what Agencies to call for Sanitary Sewer Overflows. For this second ad campaign, the ads were delivered 86,290 times on premium channel, and the target audience spent over 562 hours viewing them. It was recorded that 70 percent of our video ads were watched completely.

Outreach Events: Due to COVID-19, many Marin County public education and outreach events were not held over the past fiscal year, including the Marin County Fair, Earth Day at Marin Academy, Fairfax EcoFest, Senior Information Fair, and local farmers markets around the county for Earth Day and Pollution Prevention Week. However, the following outreach activities were conducted to continue communication of key public education messages within our community. CMSA staff participated in a National Night Out, Trunk or Treat and Bunny Boulevard events in which 1,653 participants received key public education messages.

School Presentations and Performances: COVID-19 health and safety concerns remained at the beginning of the 2021-2022 school year, so the Program's "Go with the Flow" producer continued his virtual show until the early spring of 2022 when live presentations resumed at local schools. The virtual and live shows were presented to a total of 4,144 students. The program consists of an interactive and entertaining performance by a juggler that educates students about what happens to water after it goes down household drains. The show includes juggling, comedy, and magic acts to teach the students about wastewater and other sanitation issues, and promotes awareness of our most precious natural resource, water.

WORKPLACE SAFETY INITIATIVES

Health & Safety Program: CMSA and the Novato Sanitary District partner in a collaborative Health & Safety Program. Under the general direction of the CMSA General Manager, the Health and Safety Department is managed by the Senior Safety Specialist, who is responsible for developing, coordinating, and overseeing implementation of a comprehensive occupational safety, health, and injury management program at CMSA and the Novato Sanitary District (NSD). The Safety Specialist is directly supervised by the Novato Sanitary District Administrative-Risk Services and Safety Officer.

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. The program includes providing employee safety training, developing, and maintaining safety policies and procedures, performing safety assessments of facilities and employee work practices, monitoring changes in Cal/OSHA safety regulations, and providing a variety of other safety services.

Since March 2020, the Safety Specialist has ensured the Agency complied with the COVID-19 safety protocols established and updated by the California Department of Public Health, Cal-OSHA, and the Marin County Department of Public Health.

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.

Safety Incentive Program: This Program is designed to enhance overall employee safety through active employee participation. The program acknowledges and awards points for employee contributions in several key aspects of a sound safety culture, including providing safety hazard alerts, safety improvement suggestions, leading "tailgate" safety training sessions, and participating in outside safety training activities such as webinars and conferences. Wellness points are awarded in recognition of doctor/dentist visits, vaccinations, and outside wellness topic training such as those offered via the Agency's Employee Assistance Program. Twice per fiscal year employees are awarded monetary awards for achieving specific point levels.

Program data for FY22 shows continued participation in tailgate training and formal safety communications. For example, initially under this program, the Agency averaged one tailgate session every two months, and included nominal employee participation. In FY22, CMSA employees led a total of 68 tailgates, which is an increase over the total held in FY21 (54). Twenty-eight valid safety hazard observations were submitted and addressed during this period.

The total incentive program points earned by each employee provides a fair indication of the level of participation in the program. The facility saw an increase in participation from 33 participating staff in FY20 to 38 in FY22. Employees qualified for a total of 45 monetary awards in FY22.

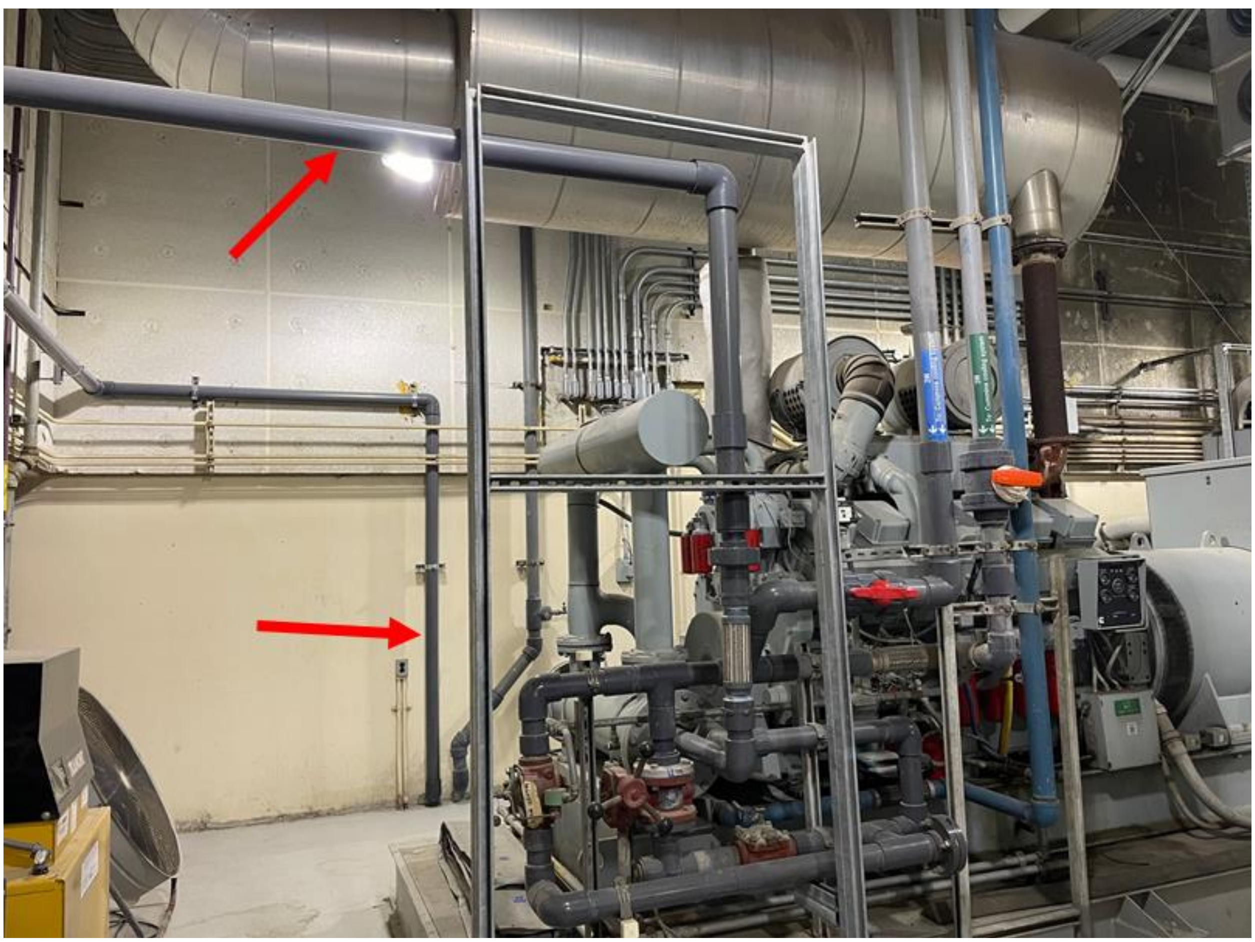
Safety Training: In addition to informal safety training tailgate sessions, the Agency provides continuous reinforcement of proper safety procedures with regular, formal safety training. This formal training, unless required or warranted more frequently, is refreshed every three years. For scheduling purposes, the required training is placed into a 48-month training plan to accommodate 12-, 24- and 36-month renewal cycles, with make-up training provided on an ad hoc basis. In FY22, The Agency facilitated or conducted 46 formal safety training sessions on approximately 27 separate classroom or web-based topics, including Bobcat loader safety, confined space entry safety, excavation and trenching safety awareness, office ergonomics, hearing loss prevention, wastewater pathogen protection, electrical hazard awareness, NFPA 70E Electrical Safety, hazardous energy control (lockout/tagout), heat illness prevention, underground utility locating, CPR/First Aid, hot work, emergency action planning, cranes-hoists-slings, chemical hazard communication, fire extinguisher use, and wildfire smoke protection. Combined with tailgates, efforts from all staff totaled approximately 1,220 cumulative safety training-hours.

Safety Committee: The Agency's Safety and Security Committee is made up of staff members from each department and meets monthly. The committee communicates safety and security events, issues, and information from, and to their respective work groups. The committee exists to promote a safe and secure work environment through identification and evaluation of health and safety issues, physical issues, and IT security matters. Part of its efforts to support Agency staff includes making recommendations for hazard corrections and enhanced protective measures as well as monitoring the implementation and effectiveness of safety programs.

Safety Communications: One of several methods used to communicate safety to all staff is a newsletter-style communication, known as the "Friday Safety Communique", which is distributed on a periodic basis. The Friday Safety Communique covers current safety-related events (e.g., COVID-19) and safety-related topics of interest including those published in the *Cal OSHA Reporter* and the *Safety Alert for Supervisors.* CMSA maintains subscriptions to both publications, which are posted periodically on a safety bulletin board in the employee lunch room, and summarized in the Communique. The Communique also provides reminders on all upcoming training events at CMSA.

Awards: CMSA was pleased to be awarded the 2021 Medium Plant Safety Award by the California Water Environmental Association (CWEA), and the 2021 CWEA Redwood Empire Section Safety Plant of the Year Award.

Special Projects: Safety improvements at the Agency often result from oversight and advocacy of the Health and Safety Program. One example in FY22 was the installation of an enhanced version of its Solo Operator Emergency Notification Protocol. The protocol ensures that staff working alone in the facility during swing and graveyard shifts will receive rapid emergency response if they become incapacitated due to accident or injury. Another example included a project to replumb engine cooling water discharge in the Power Generation Room to eliminate recurring wet conditions around control panels.



HUMAN RESOURCES, FINANCIAL MANAGEMENT, AND LONG-TERM FINANCIAL PLANNING

The Agency continues to take initiatives to refine and address its business practices and long-term financial stability for FY22 and beyond.

Student Internship Program: CMSA provides internship opportunities for students seeking careers in the water or wastewater industry. Internships are an opportunity for students to gain exposure in a public sector environment and enhance their academic training. Students enrolled in an undergraduate or graduate degree program, Career Technical Education, Regional Occupational Program, or similar programs are eligible, as are recent graduates. A department manager seeking an intern prepares a draft learning plan that describes, among other things, how the student will benefit from the training and experience of the internship program assignments. The Agency has had several interns in the environmental laboratory and engineering work groups over the past year with plans for additional interns in other departments.

Retired Annuitant: The Agency also supports the use of retired annuitants to perform special projects requiring unique expertise. A long time electrical and instrumentation supervisor was hired under a retired annuitant service agreement to work on an array of electrical, instrumentation, and control system improvement projects. A recent utility worker will be hired as a retired annuitant in early 2023.

PARS for Non-Full-Time Employees: The Agency uses the Public Agency Retirement System (PARS) for its retirement contributions for interns, retired annuitants, and Board members. PARS replaces social security and provides more retirement options for these employee classifications. The cost of PARS is shared 50% between the employer and employee, and plan contributions are submitted to a 401K style retirement plan. The employee has the option at time of separation to withdraw all contributions, roll the contributions into another retirement plan, or purchase CalPERS service credit should the employee become a member of CalPERS.

E.D.I.S.
EMPLOYER DRIVEN INSURANCE SERVICES

Self-Insured Dental Plan: The Agency contracts with Employer Driven Insurance Services (E.D.I.S.), a third-party administrator, to manage our self-insured dental plan. The annual benefit is $2,500 per year for each family member and the plan is easier to manage than our previous plan. The dental plan works like any other traditional plan but allows room for customization.

- Each employee has an E.D.I.S. ID Card to use when going to the dentist.
- There is no network, so employees can use any dentist they choose or continue with the dentist they already have.
- Once E.D.I.S. receives the claim from the dentist, they process the claim and send payment directly to the dentist. The patient pays the co-pay portion at time of service.

- E.D.I.S. sends an *Explanation of Benefits* to the employee showing the details of their claim and that it was processed.

The self-insured dental plan has been very successful and saved the Agency approximately 33% in FY22 from the prior fully insured plan.

New Financial System Software: During FY21, the Agency went live with a new financial system software from Tyler Technologies, called Incode, to replace the previous system. The Agency installed the financial and personnel suites that include general ledger, accounts receivable, cashiering, purchasing, accounts payable, payroll, personnel management, employee self-service, time and attendance, fixed assets, project accounting, and Tyler content manager.

The system provides tremendous time and cost savings to all users, provides authorized access and reporting for managers and supervisors, accounting and support services for administrative staff, and all employees enter electronic time sheets through an employee portal to access information and make personnel related requests. Access to all features of the system is controlled by system security. Users can view data, print reports, create reports, prepare budgets, manage projects, perform accounting and purchasing tasks, and utilize remote capability for approvals and requests. The system largely eliminates the use of paper through electronic approval, notifications, and document management, and replaces nearly all the manual spreadsheet functions previously performed.

Additional features include a customer information system to manage billed receivables for services provided, a project accounting system to manage the numerous and various capital projects, a personnel management system to manage payroll as well as all aspects of personnel, an extensive and robust budgeting system, as well as an extensive reporting system for all aspects of the Tyler Incode system. The new system allowed staff to complete the FY22 audit in record time.

For FY22, staff is in the process of bringing live credit card payments taken over the counter at the Agency’s administrative office and on its website. Credit card payments will allow customers and the public with an easy and convenient method to pay small dollar fees and routine invoices. On the website, simply go to the payment button on the home page, enter the account number, and pay the bill. It’s that easy. It eliminates envelopes and the customer account maintains a history of all transactions and payments for customer service information.

Staff is also very close to implementation of project accounting to better track the Agency’s large capital program financial activities. Project accounting tracks revenues, expenses, and budget over a project’s life that can exceed a single-year accounting cycle. Amounts are charged to categories that more visibly display and help to understand the components of projects. Reporting can be used for internal purposes or to an outside party for grants or loans. Reporting is very flexible and eliminates spreadsheets. Remaining Tyler functions to bring online are Position Budgeting and Cell Sense that is an integration of Tyler and Microsoft Excel.

CMSA Website: A significant initiative completed recently was to prepare and launch a new Agency website. A strategic planning committee performed a comprehensive review of the existing website, surveyed comparable sites for appropriate look and feel, intuitive page navigation, and user-friendliness, and proposed improvements to appearance, functionality, and ease of use.

A new design was developed and approved, and content was placed using standard page templates. The website serves as both a front communication device and a repository for key documents of the Agency. The website scales automatically to viewing on a desktop or laptop computer, cellphone, or portable device. The new website is a wealth of information, is intuitive and easy to use, and can be seen at www.cmsa.us.

Policy and Procedure Review: CMSA staff regularly review Personnel, Financial, and Administrative Policies and Procedures Manuals. Financial policy review was undertaken and completed in FY21, administrative policy review was undertaken and completed in FY22, and personnel policy review will be completed in early FY23. Personnel policies revisions oftentimes take longer than administrative or financial policies because they need legal review and involve meet and confer with the employee unions. These reviews benefit the Agency by keeping up to date with ever changing laws, rules, and regulations, and changes in the use of the policies as they relate to practical work situations. Each revised policy manual is approved by the Board.

Two-Year Budget: The Agency utilizes a two-year budget format that began with FY20 and FY21. The two-year budget saves considerable staff time, compared to preparing a budget every year. Mid-year and mid-cycle adjustments are utilized should actual and/or projected revenue or expenses change which would prompt a necessary revision. Thanks to the two-year budget, Administration staff have more time for projects in the spring of year one because the budget for year two is already prepared.

Future Revenue Planning: The Agency updates its 10-year financial forecast when preparing the biennial budget. The forecast is a long-term budgetary examination of Agency operations and capital revenues, operating expenses, capital costs, and reserve balances. The examination is the result of a collaborative process between Agency staff and the CMSA Board Finance Committee, and it provides a strategic perspective to guide the Board in making decisions on the direction for future revenues, funding, and uses of Agency reserves.

The Agency currently has a five-year revenue plan in place through FY23, and its revenue figures are incorporated into the FY22 and FY23 budgets. Under the plan, operating revenue is funded by regional service charges to the JPA members, contract and program service fees, and other non-capital general funding sources. Operating expenditures escalate from the base year by estimated general increases for pro-forma annual reasonable costs. Capital expenses are funded by sewer system capacity charges, a debt service coverage charge, a capital fee, and unrestricted capital reserves.

The revenue program is fixed for the five-year duration, unless unforeseen or unanticipated circumstances arise warranting revision. Scheduled increases of 3.5% annually are set for each of the three billed charges (regional service charges, the capital fee, and debt service costs) to the JPA members. In the Fall of 2022 staff will begin work on a new revenue plan for the five-year period FY24 to FY28. A proposed plan will be developed and reviewed with the Finance Committee. When complete the final draft plan will be recommended to the full Board for approval.

Managing Unfunded Obligations: The Agency issued pension obligation bonds in April 2022 in the principal amount of $9,432,000 at an interest rate of 3.36% with a 15-year amortization to take advantage of low interest rates and reduce annual costs in connection with the annual UAL payment (unfunded actuarial liability) made to CalPERS. The Agency will continue to budget for the annual payment to CalPERS, and the difference between debt service and the UAL amounts will be sent to a Section 115 trust that can only be used for future pension-related purposes. This financial arrangement will provide flexibility and savings to the Agency while reducing the unfunded obligation with CalPERS to a small and manageable level.

Future Debt Planning: The Agency is planning in FY24 to issue revenue bonds in the amount of $10,000,000 to continue to finance portions of its 10-year capital program. The 10-year capital program consists of the purchase or construction of projects from four areas - facility improvements, general equipment, liquids treatment equipment and systems, and solids treatment and energy generation equipment and systems. These areas call for recurring capital replacement of significant and major capital improvements as well as expansion and upgrades of significant and major capital improvements. The 10-year capital improvement program currently contains 51 separate projects with an estimated cost to implement escalated annually of $53.7M.

FINANCIAL INFORMATION

Accounting System and Budgeting Controls: The Agency's executive team is responsible for establishing and maintaining a system of internal accounting controls. In fulfilling this responsibility, they make decisions to assess the expected benefits and related costs of control procedures. The objectives of the system are (1) to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and (2) to ensure that transactions are executed in accordance with management and Board authorization, and are properly recorded in accordance with generally accepted accounting principles of the United States of America (US GAAP). CMSA believes that its internal accounting controls adequately address both goals.

CMSA accounts for its financial activities in a single enterprise fund charging for services to its JPA members, and they charge their respective service fees to property owners within their respective collection system areas. The Agency's account structure, insofar as is practical, and in accordance with GAAP, follows the California State Controller's System of Accounts for a Waste Disposal Enterprise. This is a set of procedures that provides general accounting and reporting guidelines to be used by California Special Districts performing waste disposal enterprise activities.

The Agency's Board of Commissioners adopts a biennial budget to serve as the approved financial plan for each of the two fiscal years. Provisions within the JPA agreement authorize the Board to set the regional service charge to the JPA member agencies. Total revenues received by CMSA from the JPA members, as well as other revenue sources, fund the Agency's annual operations, capital programs, and debt service. The budget is used as a key control device to: (1) ensure Board oversight for operations and capital expenditures, and (2) monitor expenses and project their progress. All operating and capital activities of the Agency are included in the approved biennial budget, along with a 10-year capital improvement program and 10-year financial forecast model.

Financial Condition: The maintenance of adequate cash reserves is an essential element of the Agency's prudent financial management practices, and is a key component of the Agency's sound financial position. An appropriate level of reserves ensures that resources are available for unforeseen emergencies, future capital improvement projects, and unanticipated revenue fluctuations. The Board has adopted a comprehensive reserve policy that includes specific guidance on reserve designations, funding levels, and the accumulation and uses for the established reserves. The accumulated balance in each reserve designation is reported in the monthly Treasurer's Reports to the Board and is available in the Board meeting Agenda Packet that is posted on the website at http://www.cmsa.us/board/agendas-and-minutes.

Cash Management: The Agency utilizes the services of (1) Westamerica Bank, (2) the Local Agency Investment Fund (LAIF), and (3) the California Asset Management Program (CAMP) to manage its cash and cash equivalent assets. Westamerica Bank serves the Agency's general banking requirements in processing Agency receipts and disbursements. LAIF is a pooled investment fund, administered by the Office of the State Treasurer of California and available to

California local government agencies. LAIF investments are considered liquid and provide competitive short-term rates.

Additionally, the Agency invests a portion of its budgeted reserves in CAMP, a JPA established in 1989 to provide professional investment services to public agencies at a reasonable cost. Specifically, CAMP offers its investors a money market trust for the investment of public funds.

Total interest income earned and recognized during FY22 was $67,716, a decrease of $31,272 from FY21. The decrease is attributable to a declining short-term interest rate environment on pooled investments held in LAIF and CAMP.

Agency Funding: The Agency began its FY22 and FY23 two-year budget development process with the review of the funding requirements for salaries, benefits, materials, supplies, debt service, reserves, and capital project activities. It next assessed the different sources of revenues to fund those requirements. Regional service charges to JPA members and the contract services revenues received for providing wastewater services to SQSP account for the two major sources of Agency revenues.

These charges are set annually by the Board or through contractual agreement. Guided by a revenue management financial policy, the Agency allocates sewer service charges to each JPA member based on the three-year rolling average of their volume and strength of delivered wastewater. This methodology represents a measurable and fair assignment of treatment costs, using the cost-of-service principal as applied.

An EDU rate of $95.04 was used to allocate debt service to each JPA member for FY22. Historic EDU rates for the last ten years are displayed in Schedule 8 of the Statistical Section. During FY22, the Agency received a total of $12,527,030 for sewer service charges and $5,656,101 for debt service from the JPA member agencies.

Significant Non-Cash Transactions: While most financial transactions involve the receipt or payment of cash, some transactions known as accruals involve the recognition of revenue or expense on a different time-period than with the receipt or payment of cash. The following table represents a significant change in non-cash accrual for pension:

Non-Cash Transactions	FY Ended June 30, 2022	Decrease from FY21	Percent (Decrease)
GASB 68 non-cash pension accrual	($669,921)	($1,360,617)	(197)%

Operating & Non-Operating Revenues: The table on the following page shows a summary of revenues by source in FY22 and compares dollar and percentage changes over FY21. The amounts shown in the table below differ from the audited Statement of Revenues and Expenses as it provides additional detail for revenues by source.

FINANCIAL INFORMATION (Continued)

Operating & Non-Operating Revenues	Fiscal Year Ended June 30, 2022	FY21 Percent of Total	Increase (Decrease) from FY21	Percent Increase (Decrease)
Regional Service Charge	$ 12,527,030	60.0%	$ (103,971)	(0.8)%
Debt Service Charge	5,656,101	27.1%	708,285	14.3%
Contract Maintenance Revenue	2,126,787	10.2%	456,583	27.3%
Property Use & Energy Resource Revenue	100,231	0.5%	(11,609)	(10.4)%
Permit and Inspection Fees	42,562	0.2%	3,794	9.8%
FOG Program Revenues	68,837	0.3%	(1,516)	(2.2)%
Revenue from Haulers & RV	229,341	1.1%	(51,602)	(18.4)%
Public Education Program Revenues	115,059	0.6%	14,547	14.5%
Total Operating Revenues	**20,865,950**	**100.0%**	**1,014,511**	**5.1%**
Interest and Investment Income	(197,571)	(1.0)%	(296,599)	(299.6)%
Non-Operating revenue (expense)	201,127	1.0%	92,194	84.6%
Total Non-Operating Revenues	**3,556**	**0.0%**	**(204,365)**	**(98.3)%**
Total Revenues	**$ 20,869,505**	**100.0%**	**$ 810,146**	**4.0%**

Total operating and non-operating revenues, excluding capital contributions for capacity charges, increased by $1,954,829. Increases and decreases in revenue categories are summarized as follows:

- Regional service charges include a user fee and a capital fee. The regional service charge and the debt service charge form the three charges billed to JPA members. These charges increased 3.5% in total per a scheduled increase for FY22. The regional service charge decreased by $104,000 due to a change in the capital fee that is used to fund future capital improvement projects.
- Debt service charges include the principal and interest for the base debt service, plus a 25% debt coverage fee used for capital funding. Debt service charges are up due to full charges in the current year versus a lower debt service charge in the prior short year for the 2020 Revenue Bond issuance.
- Contract maintenance revenues increased approximately $460,000 and varies year-to-year depending upon the level of actual needed services. The increase was mainly due to a construction project expense reimbursement by SQSP, and general increases in other contract maintenance services.
- Property use revenue is consistent by contract and energy resource revenue varies.
- Permits and inspection fees were up due to an increase in the number of permits issued.
- Revenue from haulers decreased from less waste received due to a digester out of service for refurbishment
- COOP program revenues were up due to more activities performed onsite with schools
- Interest and investment income decreased due to fair value adjustments with LAIF

FINANCIAL INFORMATION (Continued)

- Miscellaneous revenues increased from the prior year for a single transaction for the receipt of approximately $176,000 for reimbursed retiree medical expenses from an OPEB trust fund.

Capital Contributions for Capacity Charges: The following schedule presents a summary of capital contributions for capacity charges in FY22, with a dollar and percentage comparison for changes over FY21. Capacity charges received for FY22 totaled $1,171,130 for new residential, commercial, and additional fixture unit connections in the combined JPA service area.

Capital Contributions	Fiscal Year Ended June 30, 2022	Increase (Decrease) from FY21	Percent Increase (Decrease)
Capacity charges	$1,171,130	($421,503)	(26.5)%

The California Government Code requires certain disclosures regarding capacity charges. The Code requires separate accounting of capacity charges and the application of interest to outstanding balances at year end. The Agency's practice is to utilize capacity charges received on a first-in-first-out basis to finance capital projects during the fiscal year. No interest was posted to capacity charges and there was no outstanding balance of capacity charges at year end. Other required disclosures for FY22 are as follows:

- Total amount of capacity charges collected $1,171,130

Listing of FY22 capital improvement projects for which capacity charges were applied:

- New cogeneration engine $1,171,130

Expenses Related to General Operations: The following schedule presents a summary of general operating expenses, excluding non-operating expenses, capital assets, depreciation, and debt service expenses, for FY22. It also includes a comparison of dollar and percentage changes over FY21.

Operating Expenses	Fiscal Year Ended June 30, 2022	FY22 Percent of Total	Increase (Decrease) from FY21	Percent Increase (Decrease)
Salaries and Benefits	$ 8,619,869	63.6%	$ (1,059,867)	(10.9) %
Operations Supplies & Services	1,510,280	11.1%	145,737	10.7 %
Repairs and Maintenance	1,344,474	9.9%	690,379	105.5 %
Permit Testing and Monitoring	198,248	1.5%	21,999	12.5 %
Insurance	445,916	3.3%	65,152	17.1 %
Utilities and Telephone	591,547	4.4%	327,987	124.4 %
General and Administrative	840,867	6.2%	193,598	29.9 %
Total Expenses	**$ 13,551,201**	**100.0%**	**$ 384,985**	**2.9%**

FINANCIAL INFORMATION (Continued)

Total operating expenses decreased by $530,644 and are summarized as follows:

- Salaries and Benefits decreased overall an approximate ($1,060,000) due to a pension obligation bond issuance and its effects on a reversing accrued pension expense.
- Operations supplies and services increased approximately $146,000 for increased chemicals, $90,000, and increased biosolids reuse fees, $50,000.
- Repairs and Maintenance costs are up due to parts inventory expensed on in-house projects and reimbursable extra projects requested by SQSP.
- Property insurance increased approximately $40,000, and the workers compensation experience modification factor decreased from 1.26 to 0.95, resulting in a lower premium
- Utilities increased substantially due to increased purchases of natural gas and electricity. Biogas production decreased significantly after a digester was taken off-line for refurbishment work, thereby requiring natural gas procurement for generation system fuel.
- General and administrative expenses reflect a net increase of approximately $194,000 for professional services for regulatory, pension obligation bonds, strategic planning consultants, recruitments, and special laboratory testing

Revenue Bonds Assets and Liabilities: The Agency issued Refunding Revenue Bonds Series 2015 in the principal amount of $49,310,000 at a premium of $5,344,174 in an advance refunding to (1) prepay the outstanding principal of 2006 Revenue Bonds, (2) purchase a surety policy to replace the previous cash funded reserve, and (3) pay certain costs of issuing the bonds. The Bonds are fully registered, with principal due annually on September 1, and interest payable semi-annually on March 1 and September 1. The bonds maturing on or after September 1, 2025, are subject to optional redemption on any date on or after September 1, 2024, together with accrued interest to the redemption date, without a premium.

The Agency issued $9,115,000 in Series 2020 Revenue Bonds during FY21 at a premium of $215,574 and discount of $70,982 with an interest rate ranging from 2.0 to 2.25 percent. The Bonds were used primarily for improvements to the Agency's treatment and reuse facilities and for certain other maintenance projects to replace capital assets at end of their service life, and to make other capital improvements as approved by the Board of Commissioners. The Bonds are fully registered with principal due annually on September 1 and interest payable semi-annually on March 1 and September 1. The bonds are callable at par anytime on or after September 1, 2030.

Each JPA member is obligated to pay its share of the semi-annual debt service and 25% debt coverage payments to CMSA, pursuant to a Debt Service Payment Agreement between CMSA and the JPA members, and the Master Indenture between CMSA and the Bond Trustee. The allocation of the debt service payment and coverage to each member is based on the number of EDUs reported for the member's service area. Debt Service Charges per EDU are fixed for

FINANCIAL INFORMATION (Continued)

each member's service area for consistency beginning with FY18. Service Charge Revenue reflects the actual semi-annual debt service payments received from the JPA members and is based solely on 125% of the scheduled semi-annual debt payments to the bond holders.

The following schedule is a summary of debt service activities related to Refunding Revenue Bond Series 2015 and Revenue Bond Series 2020 for the fiscal year ended June 30, 2022.

Revenue Related to Debt Service	**Fiscal Year Ended June 30, 2022**
Service charge revenue - principal	$ 2,955,000
Service charge revenue - interest	1,569,881
Service charge revenue - coverage	1,131,220
Service Charge Revenue: Debt Service	$ 5,656,101
Outstanding Debt	
Current Maturity (due in one year)	3,065,000
Long-term debt (greater than one year)	38,670,000
Total Outstanding Debt	**$41,735,000**

Pension Obligation Bonds: On April 28, 2022, the Agency issued $9,432,000 in private placement Series 2022 taxable Pension Obligation Bonds (POBs) with an interest rate of 3.36%. The POBs were used solely for reducing the Agency's unfunded actuarial accrued pension liability (UAAL) by paying off a significant portion of the balance. The POBs are fully registered with principal due annually on September 1 and interest payable semi-annually on March 1 and September 1. The POBs are callable at par anytime on or after September 1, 2030.

Revenue Related to Debt Service	**Fiscal Year Ended June 30, 2022**
Service charge revenue - principal	$ 0
Service charge revenue - interest	54,140
Service charge revenue: debt service	$ 54,140
Outstanding Debt	
Current Maturity (due in one year)	166,000
Long-term debt (greater than one year)	9,266,000
Total Outstanding Debt	**$ 9,432,000**

The POBs were set to pay off 98% of the UAAL with CalPERS. Funding for the POBs comes from the former annual scheduled UAAL payment with CalPERS. Annual POB debt service is lower than the scheduled annual UAAL payment. The Agency will continue to budget for the annual scheduled UAAL payment with the excess of the UAAL payment amount over the debt service payment amount contributed to a Section 115 pension trust. Monies accumulated in the trust currently in the amount of $19,357 are accounted for as assets of the Agency and restricted net assets and may be used for pension benefit purposes only. The POBs are not subject to the coverage requirement as with the 2015 and 2020 revenue bonds. An increase in the trust in the amount of approximately $197,000 occurred subsequently in July of 2022.

Capital Assets: The following schedule presents a summary of capital assets for the fiscal year ended June 30, 2022, with a dollar and percentage comparison for changes over FY21.

Capital Assets	Fiscal Year Ended June 30, 2022	Increase (Decrease) from FY21	Percent Increase (Decrease)
Plant and facilities at cost	$174,493,170	$6,770,091	4.0%
Accumulated depreciation and disposition	(94,177,286)	(4,296,152)	4.8%
Net Plant and Facility	**$ 80,315,884**	**$2,473,939**	**3.2%**

The Agency's investment in capital assets as of June 30, 2022 totaled $80,315,884, net of accumulated depreciation. The investment in capital assets includes land and land improvements, construction-in-progress, wastewater treatment facilities, wastewater disposal facilities, general plant and administrative facilities, and right-of-use assets. During FY22, the Agency acquired approximately $6,770,000 in capital assets, transferred approximately $1,869,000 from construction-in-progress into service, and recorded an additional amount of approximately $4,296,000 for depreciation of capital assets in service. Depreciation expense increased by $77,689, as there were more assets placed in service in FY22 versus FY21. Major capital asset transactions including amounts spent during the fiscal year include the following:

- Completed the facility roofs rehabilitation project, $852,433
- Completed the WAS/RAS pump replacement project, $894,326
- Completed the cogeneration major maintenance project, $122,727
- Purchased and placed in service various wastewater treatment facilities, $475,794
- Purchased and placed in service various office and lab equipment, $14,006
- Purchased and placed in service various vehicles, $21,433

Pension Benefits: Retirement costs have been under scrutiny in recent years due to increasing costs in connection with CalPERS. Total employer pension obligation has been reduced for new employees hired after January 1, 2013 under what is known as the Public Employees' Pension Reform Act (PEPRA). CalPERS is now essentially a two-tiered system for Classic members hired before January 1, 2013 and PEPRA members for those hired on or after January 1, 2013. CalPERS continues to revise its pension-related actuarial assumptions, such as the discount rate and life expectancy, among others, that often leads to increased employer contribution rates. Due to the sensitivity of rates and their relationship as a percentage of revenue, the Agency has elected to disclose this information on its website for transparency. Approximately 64% of Agency employees were hired under the lower-cost PEPRA plan.

FINANCIAL INFORMATION (Continued)

One of the requirements of a recent governmental accounting pronouncement, GASB 68, is to reflect a liability for total pension obligation on the face of the Statement of Net Position and for increases or decreases in the obligation to flow through the Statement of Revenues and Expenses and Changes in Net Position. Differences between the total change in obligation and actual cash paid are an accounting procedure known as accruals. For transparency, the Agency describes details of significant cash versus accrual items when they occur to ensure clarity for large changes in benefit expenses.

Fiscal Year	Base Pension Contributions	UAL Pension Contributions	Pension Accrued	Total Pension
FY22	$639,170	$975,377	$(669,921)	$944,626
FY21	687,250	831,045	690,696	2,208,991
FY20	596,587	724,668	1,058,022	2,379,277
FY19	533,164	598,231	310,173	1,441,568
FY18	347,760	619,899	1,040,765	2,008,424
FY17	553,681	403,722	1,174,900	2,132,303
FY16	607,041	352,583	(256,509)	703,115
FY15	927,186	(1)	(731,956)	195,230
FY14	2,724,054	(1)	(2)	2,724,054
FY13	1,202,050	(1)	(2)	1,202,050

Note [1] UAL pension contributions formerly included in employer base contributions rate.

Note [2] Pension accruals became effective with GASB 68.

Other Post-Employment Benefits (OPEB): The Agency provides other post-employment benefits (OPEB) for eligible employees also on a two-tiered basis. Tier-1 employees hired before July 1, 2010 receive a fully paid lifetime medical insurance benefit for the employee only, while Tier-2 employees hired after July 1, 2010 may receive a lifetime medical insurance benefit, currently in the amount of $149 per month and adjusted annually thereafter, with the remainder of the monthly insurance premium paid by the retiree. During active years, Tier-2 employees also receive an employer provided health reimbursement account (HRA) used to accumulate funding to pay for medical costs after retirement. The Agency contributes 1.5% of gross base salary to the HRA plan, that is not taxed as compensation, upon transfer to the trust, or upon receipt of benefits from the trust.

The Agency is subject to the provisions of a new accounting pronouncement known as GASB 75 that became effective in FY18 for its post-retirement health care plan. Similar to pensions, the total obligation for the OPEB plan, net of plan assets, will be reflected as a liability on the Statement of Net Position. The plan is approximately 85% funded with an unfunded liability remaining in the amount of approximately $665,000. Increases or decreases in the obligation will now flow through the Statement of Revenues and Expenses and Changes in Net Position and, if material, will be described in its two components of cash payments made as well as non-cash accruals recorded. For transparency, the Agency has also elected to post its OPEB actuarial valuation reports on the website.

The Agency uses the California Employers' Retirement Benefit Trust (CERBT) to hold its plan assets for distribution to eligible retirees and beneficiaries. The table below reflects the Agency's retiree count, plan contributions, and total OPEB expense by year.

Fiscal Year	Number Retirees	OPEB Contributions	OPEB Accrued [1]	Total OPEB
FY22	35	$176,458	$(195,119)	$(18,661)
FY21	34	209,974	(50,917)	159,057
FY20	32	226,958	(39,025)	187,933
FY19	31	224,526	21,772	246,298
FY18	32	292,033	(38,862)	253,171
FY17	30	286,875	15,912	302,787
FY16	30	289,977	19,997	309,974
FY15	30	314,006	(1)	314,006
FY14	31	307,370	(1)	307,370
FY13	29	381,188	(1)	381,188

Note [1] OPEB accruals became effective with GASB 43 later superseded by GASB 75.

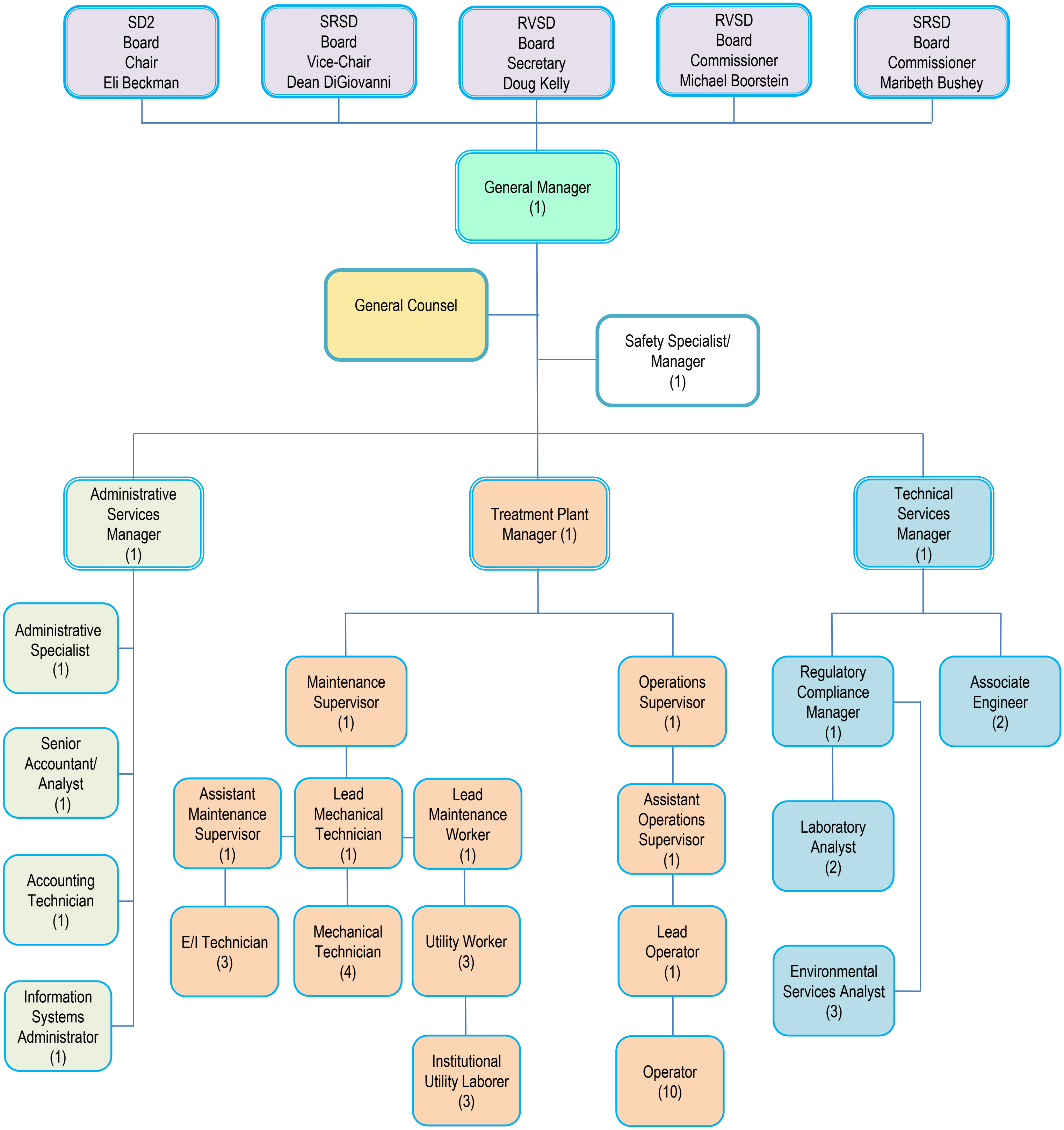
<u>Risk Management:</u> The Agency maintains a comprehensive risk management program which encompasses risk retention and/or transfer, and risk reduction or avoidance. In the area of risk retention and/or transfer, the Agency transfers risk using insurance policies, while retaining a manageable portion of risk through deductibles. The Agency is a member of the California Sanitation Risk Management Authority, a JPA established for the operation of common risk management and loss prevention programs for its workers' compensation, general liability and auto liability, employment practice, and property insurance needs. Risk is transferred whenever possible using hold harmless (indemnification) clauses in all Agency-related contracts and agreements.

In the area of risk reduction or avoidance, the Agency utilizes a safety officer, a safety committee comprised of employees from different department and work groups, the cooperative Health & Safety Program, and outside risk management and safety consultants. Much attention is focused on safety at CMSA. Training is provided to educate employees on all aspects of workplace safety. It includes required Cal-OSHA safety training, and proper workplace performance procedures for everyday duties such as the proper usage of tools and machinery and safe driving programs for employees using Agency vehicles. Additional recognition is given to the safety committee and safety officer for their ongoing efforts to ensure workplace safety.

FINANCIAL INFORMATION (Continued)

<u>Independent Audit:</u> State statutes require an annual audit by independent Certified Public Accountants. The accounting firm of Cropper Accountancy Corporation performed the audit of the Agency's FY22 financial statements. Cropper Accountancy Corporation specializes in governmental and non-profit audit engagements. In addition to meeting the requirements set forth in state statutes, the auditor also reviewed the Agency's financial policies and procedures, as well as the Agency's adherence to them in conducting financial transactions. The auditor's report on the general-purpose financial statements and accompanying notes are included in the financial section of this report.

CMSA ORGANIZATIONAL CHART



47 Full Time Equivalent Employees (FTE)
June 30, 2022

CMSA Authorized Staff Positions	FY20	FY21	FY22
ADMINISTRATION			
General Manager	1	1	1
Administrative Specialist (I-III)	1	1	1
Treatment Plant Manager (FY21: 0.5 FTE split Maintenance & Operations)	1	-	-
Administrative Services Manager	1	1	1
Senior Accountant/Analyst	1	1	1
Personnel and Accounting Technician	1	1	1
Information Systems Administrator (FY21 New position)	-	1	1
Information Systems Analyst	1	-	-
Total Administration	**7**	**6**	**6**
HEALTH & SAFETY			
Safety Specialist/Manager	1	1	1
Total Health & Safety	**1**	**1**	**1**
MAINTENANCE			
Treatment Plant Manager (0.5 FTE split with Operations)	-	0.5	0.5
Maintenance Supervisor	1	1	1
Assistant Maintenance Supervisor	1	1	1
Maintenance Lead	1	1	1
Lead Mechanical Technician	1	1	1
Mechanical Technician (I-III)	4	4	4
Utility Worker	3	3	3
Institutional Utility Laborer (New position: dedicated to SQSP)	3	3	3
Electrical/Instrumentation Tech (I-III)	3	3	3
Total Maintenance	**17**	**17.5**	**17.5**
OPERATIONS			
Treatment Plant Manager (0.5 FTE split with Maintenance)	-	0.5	0.5
Operations Supervisor	2	1	1
Assistant Operations Supervisor	1	1	1
Lead Operator	1	1	1
Operator (Trainee, I-III)	9	10	10
Total Operations	**13**	**13.5**	**13.5**
TECHNICAL SERVICES			
Technical Services Manager	1	1	1
Associate Engineer (Promotion for obtaining Professional Engineer license)	1	2	2
Assistant Engineer	1	-	-
Regulatory Compliance Manager	1	1	1
Environmental Laboratory Administrator (Discontinued January 2021)	1	-	-
Laboratory Analyst	1	2	2
Environmental Services Analyst (I-II)	3	3	3
Total Technical Services	**9**	**9**	**9**
TOTAL AUTHORIZED STAFFED POSITIONS	**47**	**47**	**47**

Government Finance Officers Association

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California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

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The Award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the department or individual designated as instrumental in the government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director Christopher P. Morrill

Date: 10/18/2022

CROPPER
an accountancy corporation
CERTIFIED PUBLIC ACCOUNTANTS

CENTRAL MARIN SANITATION AGENCY

FINANCIAL STATEMENTS

JUNE 30, 2022

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CROPPER
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www.cropperaccountancy.com

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Central Marin Sanitation Agency
San Rafael, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Central Marin Sanitation Agency, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Central Marin Sanitation Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Central Marin Sanitation Agency, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (page 65–75), Schedule of the Agency's Proportionate Share of the Net Pension Liability and Schedule of Contributions (page 111), Schedule of Changes in the Net OPEB Liability and Related Ratios (page 112), and Schedule of OPEB Contributions (page 113) be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 required supplementary information 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.

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 auditors' 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2022, on our consideration of the Central Marin Sanitation Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Central Marin Sanitation Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central Marin Sanitation Agency's internal control over financial reporting and compliance.

Cropper Accountancy Corporation

CROPPER ACCOUNTANCY CORPORATION

Walnut Creek, California
October 27, 2022

This section of the Agency's Independent Audit Report presents management's discussion and analysis of the Agency's financial performance during the fiscal year ended June 30, 2022. It is intended to serve as an overview to the Agency's required financial statements. Please read it in conjunction with Agency's financial statements and accompanying notes, which follow this section.

ORGANIZATION AND BUSINESS

Central Marin Sanitation Agency (CMSA) is a regional wastewater treatment agency that serves central Marin County residents, businesses, and governmental institutions including San Quentin State Prison (SQSP). The area served by CMSA includes portions of the City of San Rafael, the City of Larkspur, the Towns of Corte Madera, Fairfax, Ross, and San Anselmo, and the un-incorporated areas of Ross Valley. For the FY22 reporting period, the Agency provided services to 48,248 equivalent dwelling units (EDUs) with an approximate population of 105,000 in the service area. An additional 4005 EDUs have been assigned to SQSP for total EDUs of 52,253.

In the 1970's, Central Marin County had four small wastewater treatment plants whose operations were not able to meet the stringent new requirements of the 1972 Clean Water Act. Accordingly, the four local agencies that provided wastewater services, San Rafael Sanitation District (SRSD), Ross Valley Sanitary District (RVSD), Sanitary District No. 2 of Marin County (SD2), and the City of Larkspur, entered into a joint powers agreement (JPA) in October 1979 to create a separate governmental entity, the Central Marin Sanitation Agency (CMSA), to oversee the construction and operation of a regional wastewater treatment facility. The SQSP chose not to join the JPA. The Agency's facilities were constructed at a cost of approximately $84 million and funded by federal (75%) and state (12.5%) clean water grants, as well as local shares (12.5%) from the four local agencies and SQSP. In January 2020, the Members approved a City of Larkspur Withdrawal Agreement and amended the JPA to remove Larkspur as a Member.

The CMSA wastewater treatment facility became operational in January 1985. The treated wastewater discharged into central San Francisco Bay as clean effluent consistently meets and exceeds all federal, state, and regional regulatory requirements. Since that time, CMSA has successfully carried out its mission of protecting public health and the environment through the planning, administration, and coordination of wastewater services throughout Central Marin County. CMSA also provides other services that benefit its customers and the environment through 1) participating in federal pretreatment and regional pollution prevention programs, 2) serving as the lead agency for administering a comprehensive safety program with another wastewater agency in the county, 3) managing a countywide public educational program, 4) providing collection system maintenance, source control, and other services under contract to several local agencies in the county, and 5) administers an organic waste receiving program to produce renewable power that is exported to the utility grid and sold to Marin Clean Energy.

The Agency's governing body, a Board of Commissioners (Board), comprises individuals appointed by the JPA agencies. SRSD and RVSD each have two members on the Board while SD2 has one member. The five-member Board sets policy for the Agency. The Board appoints the General Manager and Treasurer/Controller who serve at the pleasure of the Board. The General Manager is the chief administrative officer responsible for Agency operations and long-term planning in accordance with the Board's policies and approved budget. The Treasurer/Controller is charged with overall financial responsibility in accordance with established Agency policies.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report includes the Management's Discussion and Analysis report, the Independent Auditors' report, and the Basic Financial Statements of the Agency. The financial statements also include notes that explain the information in the financial statements in more detail.

BASIC FINANCIAL STATEMENTS

The Financial Statements of the Agency report information about the Agency's accounting methods that are similarly used by private sector companies. These statements have been prepared and audited using generally accepted accounting standards. These required statements offer short-term and long-term financial information about the Agency's activities and are often used to assess the financial position and health of the organization.

The Statement of Net Position includes all the Agency's assets, deferred outflow of resources, liabilities, and deferred inflow of resources, and provides information about the nature and amounts of investments in resources and obligations to creditors. It also provides the basis for evaluating the capital structure of the Agency.

The Statement of Revenues, Expenses and Changes in Net Position accounts for all revenues and expenses during the reporting period. This statement reflects the result of Agency operations over the past year as well as non-operating revenues, expenses, and contributed capital.

The Statement of Cash Flows provides information on the Agency's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operational, capital, and investing activities. It also identifies the sources and uses for the cash and changes in the cash balances.

FINANCIAL ANALYSIS OF THE AGENCY

One of the most important questions asked about Agency finances is whether the Agency's overall financial position has improved or deteriorated. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the Agency's activities in a way that will help answer this question. These two statements report the net position of the Agency as well as related changes. The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources (net position) is one way to measure financial health or financial position. Over time, increases or decreases in net position shows if financial health is improving or deteriorating. Other factors to consider include changes in economic conditions, population growth, and new or changed legislation.

NET POSITION STATEMENT ANALYSIS

Table 1 – Summary of Net Position

Description	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021	Amount Increase (Decrease)	Percent Increase (Decrease)
Current and other assets	$26,805,319	$30,904,238	$(4,098,919)	(13.3)%
Capital assets – net	80,315,884	77,841,945	2,473,939	3.2
Total assets	107,121,203	108,746,183	(1,624,980)	(1.5)
Deferred outflows of resources	13,581,357	5,220,529	8,360,828	160.2
Current liabilities	5,212,034	5,797,859	(585,825)	(10.1)
Noncurrent liabilities	60,371,767	60,303,859	67,908	0.1
Total liabilities	65,583,801	66,101,718	(517,917)	(0.7)
Deferred inflows of resources	5,825,343	1,121,145	4,704,198	419.6
Net position –				
Net investment in capital assets	38,327,344	39,642,141	(1,314,797)	(3.3)
Restricted for pension trust	19,357	-	19,357	100.0
Unrestricted	10,946,715	7,101,708	3,845,007	54.1
Total net position	$49,293,416	$46,743,849	$2,549,567	5.5%

The Summary of Net Position shown above reflects debt issuance for FY22 for increases in deferred outflows and inflows, and liabilities. The restricted cash for pension trust is in conjunction with the new issue pension obligation bonds. Capital assets increased significantly for the FY22 for construction in progress and for both fiscal years for capital assets purchased or refurbished. Capital assets increased on an overall net basis after provision for depreciation for the FY22. Current liabilities decreased for accounts payable and compensated absences. Noncurrent liabilities are up due to the debt issue offset by decreases in net pension liability. Net position invested in capital assets is shown net of outstanding debt used to finance construction of capital assets and increased primarily for CIP during FY22. Unrestricted net position increased overall for the excess of revenues over expenses and the conversion of restricted debt proceeds into CIP or capital assets.

Net position increased by $2,549,567 to $49,293,416 from FY21 to FY22 as described below:

- Total assets decreased by $1,624,980. Current assets decreased by $4,098,919 due mainly to use of debt proceeds, $(6,441,808), an increase in LAIF (net of the fair market value adjustment) and accounts receivable of $2,014,302 and $815,503, respectively, and a decrease in inventory of $319,868.

Table 1 – Summary of Net Position (Continued)

- Deferred outflow amounts increased overall $8,360,828 with an increase in pension for $8,569,165 and decreases for OPEB and loss on early retirement of debt.

- Current liabilities (obligations due within 12 months) decreased by $585,825. The net decrease was due primarily to a decrease in accounts payable in the amount of $534,338 for large construction and retention related payables.

- Non-current (long-term) liabilities increased a net amount of $67,908 for a new debt issue of $9,266,000 for pension obligation bonds offset by a decrease in net pension liability of $5,068,948 and scheduled principal repayments for each of the 2015 and 2020 revenue bonds. Additional information on the Agency's non-current liabilities can be found in Note #6 - Long-Term Obligations.

- Deferred inflows of resources increased overall by $4,704,198 for increases in pension adjustments, OPEB, and a new deferred inflow for long-term rental income in connection with a site lease.

By far the largest portion of the Agency's net position reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and vehicles) less any related debt used to acquire those assets that is still outstanding. The Agency uses these capital assets to provide treatment services for the residents and businesses in its service area. Consequently, these assets are not available for future spending. Although the Agency's investment in its capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used or sold to liquidate Agency liabilities. New debt was issued during FY22 for pension obligation bonds to achieve debt service savings from the previous UAL payment with CalPERS and to better manage long-term pension-related obligations. Net position restricted for capital improvements represents remaining debt proceeds to finance improvements. The remaining balance of the net position is unrestricted and may be used to meet the Agency's ongoing obligations to its customers and creditors.

REVENUES, EXPENSES, AND CHANGE IN NET POSITION STATEMENT ANALYSIS

Table 2 – Change in Net Position

Description	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021	Amount Increase (Decrease)	Percent Increase (Decrease)
Service charges	$18,183,132	$17,578,817	$604,315	3.4%
Contract maintenance revenues	2,126,787	1,670,204	456,583	27.3
Other operating revenues	556,030	602,417	(46,387)	(7.7)
Interest and investment income	(197,571)	98,988	(296,559)	(299.6)
Other non-operating rev (exp)	201,127	108,933	92,194	84.6
Total revenues	20,869,505	20,059,359	810,146	4.0
Salaries and benefits	8,619,869	9,679,737	(1,059,868)	(10.9)
Operations supplies and services	1,510,280	1,364,543	145,738	10.7
Repairs and maintenance	1,344,474	654,095	690,379	105.5
Permit testing and monitoring	198,248	176,249	21,999	12.5
Depreciation and amortization	4,299,319	4,221,630	77,689	1.8
Insurance	445,916	380,764	65,152	17.1
Utilities and telephone	591,547	263,560	327,987	124.4
General and administrative	840,867	647,269	193,598	29.9
Interest expense	1,640,548	1,661,789	(21,241)	(1.3)
Total expenses	19,491,068	19,049,636	441,432	2.3
Income (loss) before cap contrib	1,378,437	1,009,723	368,714	36.5
Add: capacity charges revenue	1,171,130	1,592,633	(421,503)	(26.5)
Increase (decrease) in net position	2,549,567	2,602,356	(52,789)	(2.0)
Net position – beg	46,743,849	44,141,493	2,602,356	5.9
Net position – end	$49,293,416	$46,743,849	$2,549,567	5.2%

The statement of revenues, expenses, and changes in net position reflects the Agency's operating and non-operating revenues by major sources, operating and non-operating expenses by categories, and capital contributions. The Agency's increase in net position was $2,549,567 during FY22 as follows:

- Total revenues (operating and non-operating) increased by $810,146 from FY21 to $20,869,505 for FY22. The increase in revenues was from a scheduled 3.5% increase in billed charges to members that includes base service charges, a capital fee, the debt service charge, and the debt service coverage charge. Contract maintenance revenues increased approximately $457,000 mainly due to extra work projects received from SQSP, a small

Table 2 – Change in Net Position (Continued)

increase in SQSP pump station maintenance, and small decreases in SQ Village wastewater services and Sanitary District #2 pump station maintenance.

- Interest and investment income decreased approximately $297,000 due to declining interest rates as well as a decrease in the LAIF fair value factor. Other non-operating revenues (expenses) increased by approximately $92,000 due to program reimbursements from the CERBT OPEB fund. The other non-operating revenue of approximately $201,000 for the current year consists of $176,000 CERBT program reimbursements received and miscellaneous expenses.

- Total expenses increased approximately $441,000 from FY21 to FY22. Salaries are up from the prior year due to a cost-of-living adjustment of 1.722%. CalPERS medical for the Kaiser rate increased 5% over the prior year while the retirement employer rate was consistent with the prior year. The actuarially calculated accrued pension expense decreased from approximately $690,000 in FY21 to approximately $(670,000) in FY22 due to the effects of a pension obligation bond issuance in FY22 for savings between the CalPERS scheduled UAL payment and annual debt service. Most other benefits are consistent between years.

- Operations supplies and services increased approximately $93,000 for chemicals and $50,000 for biosolids reuse fees. Repairs and maintenance costs are up due to parts inventory expensed on in-house projects and reimbursable extra projects requested by San Quentin prison. Property insurance increased approximately $40,000, and the workers compensation experience modification factor decreased from 1.26 to .95 for consistent workers compensation premium. All other insurance programs increased only small amounts between years. Utility costs are up substantially due to a digester down for refurbishment thereby using natural gas for generator fuel instead of biogas and required electricity purchased than cogenerated. Interest expense decreased due to declining principal balances.

- Capital contributions for capacity charges for FY22 decreased by approximately $422,000 to $1,171,130. Capacity charges are received from new construction within the full service area of all JPA members. Member agencies collect and remit capacity charges to the Agency.

CAPITAL ASSETS

The Agency's capital assets for FY22 totaled $80,315,884 net of accumulated depreciation. These capital assets includes land and land improvements, wastewater treatment facilities, wastewater disposal facilities, general plant and administrative facilities, and construction-in-progress. During FY22, the Agency acquired/ constructed approximately $6.8 million and depreciated approximately $4.3 million in capital assets. There were no retirements for FY22 other than non-capitalized scrap parts and equipment. There were numerous additions for FY22 stated below.

Table 3 – Summary of Capital Assets

Description	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021	Amount Increase (Decrease)	Percent Increase (Decrease)
Land and land improvements	$5,510,600	$5,510,600	$0	0.0%
Construction in progress	9,717,875	5,328,503	4,389,372	82.4
Wastewater treatment facilities	58,210,941	60,462,664	(2,251,723)	(3.7)
Wastewater disposal facilities	2,155,632	2,417,563	(261,931)	(10.8)
General, plant, & admin facilities	4,701,846	4,096,030	605,816	14.8
Right of use assets	18,989	26,585	(7,596)	28.6
Capital assets – net	$80,315,884	$77,841,945	$2,473,939	3.2

Construction-in-progress increased by approximately $6,259,000 that includes approximately $1,869,000 in completed project transfers during the year. Major capital asset completed project transfers and new acquisitions with their amounts for FY 22 include the following:

- Completed the Facility Roofs Rehabilitation project ($852,433)
- Completed the WAS/RAS Pump Replacement project ($894,326)
- Completed the Cogeneration Major Maintenance project ($122,727)
- Purchased and placed in service various pumps and wastewater equipment ($475,794)
- Purchased and placed in service various hardware, software, and lab equipment ($14,006)
- Purchased and placed in service various vehicles ($21,433)

Additional information about the Agency's capital assets can be found in Note 5-Plant and Facilities.

DEBT ADMINISTRATION

For FY22, the Agency had $41,735,000 in outstanding debt principal from Refunding Revenue Bond Series 2015 and 2020, not including premium and discount in the amount of $2,978,991 that are amortized over the life of the bonds. During FY22, the Agency issued Pension Obligation Bonds at par in the principal amount of $9,432,000.

The Agency continues to upgrade and improve the quality of its treatment systems to exceed current environmental regulations, expand its organic waste receiving & power delivery program, and to serve the needs of its customers. The Refunding Revenue Bond Series 2015 were issued at a premium during FY15 to refund the 2006 Revenue Bonds originally used to expand the hydraulic and/or process capacity of the Agency's treatment, storage, and disposal facilities, and to implement other Board of Commissioners' approved capital improvement projects. Series 2020 Revenue Bonds were sold at premium and discount during FY21 to continue to improve, replace, expand, and/or refurbish various treatment plant systems, structures, machinery, and equipment. Pension obligation bonds were issued to take advantage of low rates to fully fund the Agency's proportionate share of net pension obligation with CalPERS. See Note 6 – Long Term Obligations for additional information on the Agency's outstanding debt.

Table 4 – Summary of Long Term Debt

Description	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021	Amount Increase (Decrease)	Percent Increase (Decrease)
2015 Revenue bonds, net	$35,841,353	$38,769,887	$(2,928,534)	(7.6)%
2020 Revenue bonds, net	8,872,638	9,254,928	(382,290)	(4.1)
2022 Pension obligation bonds	9,432,000	-	9,432,000	100.0
Long-term debt – net	$54,145,991	$48,024,815	$6,121,176	12.7%

ECONOMIC FACTORS

The Agency is governed in part by provisions of the State Water Resources Control Board which specifies that rate-based revenues must at a minimum cover the costs of operation, maintenance and recurring capital replacement (OM&R). The Agency is not directly subject to general economic conditions as the main source of its sewer service revenues are received directly from three JPA member agencies (SRSD, RVSD, and SD2) and not from rate payers within the service area served. The Agency does not receive property tax revenue. Accordingly, the Agency sets its charges to JPA member agencies and the State of California for SQSP to cover the costs of OM&R and debt financed capital improvements plus any increments for known or anticipated changes in program costs.

The Agency's Board of Commissioners adopts a bi-annual budget which serves as the Agency's approved financial plan, key communication tool, and operational guide. The Board sets all fees and charges required to fund the Agency's operations and capital programs. The approved budget is used as a key control device that 1) establishes amounts by line-item accounts, identifies projects for operations and capital activities and 2) monitors expenses to ensure that approved spending levels have not been exceeded.

CONTACTING THE AGENCY

This financial report is designed to provide the public, our JPA members, and creditors with a general overview of the Agency's finances and demonstrate the Agency's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

Administrative Services Manager
Central Marin Sanitation Agency
1301 Andersen Drive
San Rafael, CA 94901
(415) 459-1455

FINANCIAL STATEMENTS

CENTRAL MARIN SANITATION AGENCY
Statement of Net Position
June 30, 2022

Assets	
Current Assets	
Cash and cash equivalents (Note 3)	$ 23,228,482
Accounts receivable	1,518,416
Accrued interest receivable	32,225
Prepaid expenses	43,054
Deposits (self-insured dental) (Note 4)	8,221
Inventory - parts and fuel	1,949,051
Total Current Assets	26,779,449
Noncurrent Assets	
Prepaid insurance on bond issuance	25,870
Capital assets, net of accumulated depreciation (Note 6)	80,315,884
Total Noncurrent Assets	80,341,754
Total Assets	107,121,203
Deferred Outflows of Resources	
Loss on early retirement of long-term debt (Note 7)	1,522,986
Relating to pension (Note 11)	11,777,430
Relating to OPEB (Note 12)	280,941
Total Deferred Outflows of Resources	13,581,357
Liabilities	
Current Liabilities	
Accounts payable	914,568
Accrued salaries and employee benefits	367,225
Unearned revenue	6,458
Interest payable on revenue bonds	558,984
Current portion of right-of-use lease liability (Note 5)	7,716
Current portion of compensated absences payable (Note 7)	126,083
Current portion of revenue bonds payable (Note 7)	3,065,000
Current portion of pension obligation bonds payable (Note 7)	166,000
Total Current Liabilities	5,212,034
Noncurrent Liabilities:	
Right-of-use lease liability (Note 5)	12,070
Compensated absences payable, net of current portion	766,796
Revenue bonds payable, net of premium (Note 7)	41,648,991
Pension obligation bonds payable (Note 7)	9,266,000
Net pension liability (Note 11)	8,012,588
Net OPEB liability (Note 12)	665,322
Total Noncurrent Liabilities	60,371,767
Total Liabilities	65,583,801
Deferred Inflows of Resources	
Lease income (Note 5)	138,410
Pension adjustments (Note 11)	4,459,042
Other post-employment benefits (Note 12)	1,227,891
Total Deferred Inflows of Resources	5,825,343
Net Position	
Net investment in capital assets	38,327,344
Restricted for pension trust	19,357
Unrestricted	10,946,715
Total Net Position	$ 49,293,416

The accompanying notes are an integral part of the financial statements

CENTRAL MARIN SANITATION AGENCY
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2022

Operating Revenues:	
Service charges	$ 18,183,132
Contract maintenance revenues	2,126,787
Other operating revenues	556,030
Total operating revenue	20,865,949
Operating Expenses:	
Salaries and benefits	8,619,869
Operations supplies and services	1,510,280
Repairs and maintenance	1,344,474
Permit testing and monitoring	198,248
Insurance	445,916
Utilities and telephone	591,547
General and administrative	840,867
Depreciation and amortization	4,299,319
Total operating expenses	17,850,520
Operating Income (Loss)	3,015,429
Nonoperating Revenues (Expenses):	
Interest and investment income (expense)	(197,571)
Interest expense on long-term debt	(1,640,548)
Other non-operating revenues (expenses)	201,127
Total non-operating revenues (expenses)	(1,636,992)
Income before contributions	1,378,437
Capital contributions - capacity fees	1,171,130
Change in Net Position	2,549,567
Net Position - Beginning of Year, as previously stated	46,744,510
Prior period adjustment	(661)
Net Position - Beginning of Year, as restated	46,743,849
Net Position - Ending	$ 49,293,416

The accompanying notes are an integral part of the financial statements

CENTRAL MARIN SANITATION AGENCY
Statement of Cash Flows
Year Ended June 30, 2022

Cash Flows from Operating Activities:	
Receipts from customers and users	$ 20,078,562
Payments to suppliers	(5,180,853)
Payments to employees and related benefits	(18,655,230)
Net cash used in operating activities	(3,757,521)
Cash Flows from Non-Capital Financing Activities:	
Proceeds of pension obligation bonds	9,432,000
Net cash provided by non-capital financing activities	9,432,000
Cash Flows from Capital and Related Financing Activities:	
Capacity charges	1,171,130
Grants for capital projects	57
Acquisition and construction of capital assets	(6,777,552)
Cost of debt issuance	(221,962)
Principal payments on long-term debt	(2,955,000)
Interest on long-term debt	(1,570,682)
Net cash used in capital and related financing activities	(10,354,009)
Cash Flows from Investing Activities	
CERBT disbursement	176,305
Investment income	(214,271)
Net cash used in investing activities	(37,966)
Net increase in cash and cash equivalents	(4,717,496)
Cash and cash equivalents, July 1	27,945,978
Cash and Cash equivalents, June 30	$ 23,228,482
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income (loss)	3,015,429
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation expense	4,299,319
(Increase) decrease in:	
Accounts receivable	(917,172)
Inventory	322,415
Prepaid expenses	(10,495)
Other current assets	208
CIP projects not capitalized	-
Deferred outflows	(8,547,316)
Increase (decrease) in:	
Accounts payable	(561,649)
Accrued salaries and benefits	20,017
Unearned revenue	(8,625)
Accrued compensated absences	9,662
Net Pension Liability	(5,068,948)
Net OPEB Obligation	(1,014,564)
Deferred inflows	4,704,198
Net cash provided by operating activities	$ (3,757,521)

The accompanying notes are an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

CENTRAL MARIN SANITATION AGENCY
Notes to the Financial Statements
Year Ended June 30, 2022

NOTE 1 - NATURE OF ORGANIZATION

Central Marin Sanitation Agency (CMSA) is a regional wastewater treatment agency that serves the residents, businesses and governmental institutions including the large San Quentin State Prison in central Marin County. In the 1970's, central Marin County had four small wastewater treatment plants whose operations were not able to meet the stringent new requirements of the 1972 Clean Water Act and its amendments. Accordingly, the four local wastewater agencies, San Rafael Sanitation District, Sanitary District No. 1 of Marin County, Sanitary District No. 2 of Marin County, and the City of Larkspur entered into a joint powers agreement (JPA) in October 1979 to create a separate governmental entity, the Central Marin Sanitation Agency (CMSA), to oversee the construction and operation of a regional wastewater treatment facility. San Quentin State Prison chose not to join the JPA. The treatment facility was constructed at a cost of $84 million and was funded by federal (75%) and state (12.5%) clean water grants and local shares (12.5%) from the four local wastewater agencies and San Quentin State Prison. The CMSA wastewater treatment facility became operational in January 1985.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

Although the nucleus of a financial reporting entity usually is a primary government, an organization other than a primary government, such as a stand-alone government, may serve as the nucleus for its financial reporting entity when the stand-alone government provides separately issued financial statements. A stand-alone government is a legally separate governmental organization that does not have a separately elected governing body and does not meet the definition of a component unit. Central Marin Sanitation Agency meets the criteria as a stand-alone government, and accordingly, is accounted for and reported on as though it were a primary government.

Component units are defined as legally separate organizations for which the primary government are financially accountable, and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Agency considered all potential component units in determining what organizations should be included in the financial statements. Since no other entities are controlled by, or rely upon the Agency, the reporting entity consists solely of the Agency. Based on these criteria, there are no component units to include in the Agency's financial statements.

Basis of Presentation

The Agency's Basic Financial Statements are prepared in accordance with the policies and procedures for California special districts. The accounting policies of the Agency conform to accounting principles generally accepted in the United States of America, and as prescribed by the Governmental Accounting Standards Board and Audits of State and Local Governmental Units, issued by the American Institute of Certified Public Accountants.

The activities of the Agency are accounted for in a single enterprise fund. Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

CENTRAL MARIN SANITATION AGENCY
Notes to the Financial Statements
Year Ended June 30, 2022

Measurement Focus and Basis of Accounting

Enterprise funds are accounted for on the flow of economic resources measurement focus utilizing full accrual accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the enterprise are recorded on its statement of net position, and under the full accrual basis of accounting, all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred.

A deferred outflow of resources is defined as a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. A deferred inflow of resources is defined as an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time.

When applicable, unamortized portion of the gain and loss on refunding debt are reported as deferred inflows and deferred outflows of resources, respectively. Deferred outflows and inflows of resources are reported for the changes related to pension from the implementation of GASBS No. 68 and No. 75.

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows from unearned revenue.

The Agency applies all applicable GASB pronouncements for certain accounting and financial reporting guidance. In December of 2010, GASB issued *GASBS No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* This statement incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. This includes pronouncements by the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions (APB), and the Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure, unless those pronouncements conflict with or contradict with GASB pronouncements.

Statement of Net Position

The statement of net position is designed to display the financial position of the Agency. The Agency's net position is classified into three categories as follows:

- Net Investment in Capital Assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position, as applicable.
- Restricted - This component of net position consists of constraints placed on an asset's use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or law and regulations of other governments, and reduced by liabilities and deferred inflows of resources related to those assets. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation. The Agency applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

- Unrestricted - This component of net position consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position is the operating statement for proprietary funds. This statement distinguishes between operating and non-operating revenues and expenses and presents a separate subtotal for operating revenues, operating expenses, and operating income. Operating revenues and expenses generally result from providing services in connection with the Agency's principal ongoing operations. The principal operating revenues of the Agency are charges to customers for services. Operating expenses for the Agency include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Joint Ventures

The Agency is the locus of a joint powers agreement among its four member agencies, which provide wastewater collection and transmission to the treatment plant. Joint venture details are discussed in Note 6.

Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No.3)*, certain disclosure requirements for deposits and investment risks were made in the areas of interest rate risk and credit risk. The credit risk disclosures include the following components; overall credit risk, custodial credit risk and concentrations of credit risk. In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

Investments are reported in the statement of net position at fair value, with the exception of the CAMP pool. Changes in fair value that occur during the fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

The Agency participates in an investment pool managed by the State of California and regulated by California government code Section 16429 known as the Local Agency Investment Fund (LAIF), which has invested a portion of the pooled funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, the structured notes and asset-backed securities are subject to market risk as to change in interest rates.

Investments held with LAIF are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

CENTRAL MARIN SANITATION AGENCY
Notes to the Financial Statements
Year Ended June 30, 2022

The following is a summary of the definition of fair value:

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. In determining this amount, three valuation techniques are available:

- Market approach - This approach uses prices generated for identical or similar assets or liabilities. The most common example is an investment in a public security traded in an active exchange such as the NYSE.

- Cost approach - This technique determines the amount required to replace the current asset. This approach may be ideal for valuing donations of capital assets or historical treasures.

- Income approach - This approach converts future amounts (such as cash flows) into a current discounted amount.

Each of these valuation techniques requires inputs to calculate a fair value. Observable inputs have been maximized in fair value measures, and unobservable inputs have been minimized.

Investments held with CAMP are recorded at amortized cost in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Agency participates in the California Asset Management Program (CAMP) which is a voluntary investment alternative authorized by Section 53601(p) of the California Government Code. CAMP is managed by a seven-member Board of Trustees comprised of California public agency finance officials. Investments are transacted by an investment advisor and all securities are held by a third-party custodian. All securities in CAMP are purchased under the authority of Section 53601, subdivisions (a) to (n) of the California Government Code.

Statement of Cash Flows

For purposes of the statement of cash flows, all highly liquid investments with original maturities of three months or less are considered cash equivalents.

Plant and Facilities Capital Assets

Capital assets are defined by the Agency as long-lived assets acquired for use, and not intended for consumption in operations. The capitalization threshold is at $5,000 or above.

Treatment plant and facilities purchased are stated at cost less accumulated depreciation. Assets contributed by member districts have been recorded at the fair value at the date received.

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. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Costs of feasibility studies are accumulated in construction-in-progress. If the study results in a capital asset addition, these costs are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Alternately, costs not resulting in a capital asset addition are expensed through operating expenses. Feasibility studies, when used, are considered necessary for maintaining the efficient operations of the treatment plant.

CENTRAL MARIN SANITATION AGENCY
Notes to the Financial Statements
Year Ended June 30, 2022

Depreciation is computed using the straight-line method based on the estimated useful lives of related asset classifications useful life in excess of one year. Depreciation of all plant and facilities in service is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the statement of net position as a reduction in the book value of the capital assets.

The Agency has assigned the useful lives listed below to plant and facilities:

Wastewater Treatment Facilities:

Buildings	40 years
Other	5 – 25 years
Wastewater Disposal Facilities	40 – 50 years

General Plant & Administrative Facilities:

Buildings	40 years
Other	5 – 30 years

Leases

Leases – the Agency is a lessor of a parking lot which is used by Marin Airporter to park buses. In the financial statements, the lease receivable is reported as an asset, and future revenues are reported as deferred inflows.

Lease Obligations – the Agency leases a copy machine under an operating lease agreement. In the financial statements, operating leases and the related lease obligations are reported as liabilities in the Statement of Net Position.

Long-Term Debt

Long-term debt and other long-term obligations are reported as liabilities 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 applicable bond premium and discounts are reported as noncurrent assets along with any insurance payments made during issuance of the bond. Bond issuance costs, other than prepaid insurance, are expensed in the period incurred.

Compensated Absences

Compensated absences include vacation leave and sick leave. Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to the employees. A liability is recognized for that portion of accumulated sick leave that has been vested.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency's California Public Employees' Retirement System (CalPERS) plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CENTRAL MARIN SANITATION AGENCY
Notes to the Financial Statements
Year Ended June 30, 2022

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Agency's plan (OPEB plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

Accounting Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the date of the financial statements through the date the financial statements were issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no non-recognized subsequent events that require additional disclosure.

Implemented New Accounting Pronouncements

GASB Statement No. 87, *Leases.* - The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

This Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The requirements of this Statement were originally effective for reporting periods beginning after December 15, 2019 (fiscal 2021) but were postponed 18 months by GASBS No. 95. Earlier application is encouraged.

The implementation of the pronouncement resulted in prior period adjustment, which decreased beginning net position by $661.

GASB Statement No. 89, ***Accounting for Interest Cost Incurred before the End of a Construction Period.*** - The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

The requirements of this Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The implementation of this Statement did not have a material effect on the Agency's financial statements.

GASB Statement No. 92, ***Omnibus 2020*** - The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions. The topics include but are not limited to leases, intra-entity transfers between a primary government and a post-employment benefit plan component unit, accounting for pensions and OPEB related assets, measurement of liabilities related to asset retirement obligations, and nonrecurring fair value measurements of assets or liabilities. The implementation of this Statement did not have a material effect on the Agency's financial statements.

GASB Statement No. 93, ***Replacement of Interbank Offered Rates -*** The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an Interbank Offer Rate (IBOR). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap.
- Clarifying the definition of *reference rate,* as it is used in Statement 53, as amended.

The removal of London IBOR as an appropriate benchmark interest rate were originally effective for reporting periods ending after December 31, 2021 (fiscal year 2022-23). All other requirements of this Statement were to be effective for reporting periods beginning after June 15, 2020 (fiscal year 2020-21). The effective date for all provisions of this Statement were postponed one year by GASBS No. 95. The implementation of this Statement did not have a material effect on the Agency's financial statements.

GASB Statement No. 97, ***Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32 -*** The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021 (fiscal year 2021-22). For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021 (fiscal year 2021-22).

GASB Statement No. 98, ***The Annual Comprehensive Financial Report -*** This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of this Statement did not have a material effect on the Agency's financial statements.

Upcoming New Accounting Pronouncements

GASB Statement No. 91, ***Conduit Debt Obligations -*** The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

The requirements of this Statement were originally effective for reporting periods beginning after December 15, 2020 (fiscal 2022) but have been postponed by one year (fiscal 2023) by GASBS No. 95. Earlier application is encouraged. The Agency doesn't believe this statement will have a significant impact on the Agency's financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* - The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPP.

PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated).

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 (fiscal year 2022-23), and all reporting periods thereafter. The Agency has not yet determined whether the implementation of this Pronouncement will have a material impact on the financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* - This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 (fiscal year 2022-23), and all reporting periods thereafter. The Agency has not yet determined whether the implementation of this Pronouncement will have a material impact on the financial statements.

GASB Statement No. 99, ***Omnibus 2022*** **-** The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
- Disclosures related to nonmonetary transactions
- Pledges of future revenues when resources are not received by the pledging government
- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 were effective for the current fiscal year and did not have a material impact on the Agency's financial statements.

The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022 (fiscal 2022-23), and all reporting periods thereafter.

The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023 (fiscal 2023-24), and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections–An Amendment of GASB Statement No. 62* - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 (fiscal 2023-24), and all reporting periods thereafter. Implementation of this Statement may have a material effect on the financial statements of the Agency.

GASB Statement No. 101, *Compensated Absences* - This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023 (fiscal 2024-25), and all reporting periods thereafter. Earlier application is encouraged. The Agency does not anticipate that the Statement will have a material effect on the financial statements.

CENTRAL MARIN SANITATION AGENCY
Notes to the Financial Statements
Year Ended June 30, 2022

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

The Agency's cash, cash equivalents and investments consisted of the following as of June 30, 2022:

Cash and Investments	Carrying Amount	Fair Value	Investment Rating	Maturities
Business-type Activities:				
Cash Deposits:				
Unrestricted cash	$ 780,334	$ 780,334	N/A	N/A
Restricted cash	1,720,337	1,720,337		
Petty Cash	440	440	N/A	N/A
Total Cash Deposits	2,501,111	2,501,111		
Investments:				
California Local Agency Investment Fund	20,605,492	20,340,205	Unrated	< 1 year
Wells Fargo Escrow	5,001	5,001	Unrated	< 1 year
California Asset Management Program	382,165	382,165	AAAm	< 1 year
Total Investments	20,992,658	20,727,371		
Total Cash and Investments	$ 23,493,769	$ 23,228,482		

Cash Deposits

Bank balances are insured up to $250,000 per bank by the Federal Deposit Insurance Company ("FDIC"). The actual bank statement balance of the Agency's cash in bank exceeded the insured limit by $681,697 as of June 30, 2022. The difference between the book balance and the bank statement balance was for outstanding checks. None of the Agency's deposits with financial institutions in excess of FDIC limits were held in uncollateralized accounts. All of the Agency's accounts met the collateral and categorization requirements as noted in the following paragraphs.

Fair Value Measurements

GASB 72 established a hierarchy of inputs to the valuation techniques above. This hierarchy has three levels:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3 inputs are unobservable inputs, such as a property valuation or an appraisal.

The Agency has the following recurring fair value measurements as of June 30, 2022:

- California Local Agency Investment Fund (LAIF) of $20,340,205; valued using Level 2 inputs. The LAIF fair value factor at June 30, 2022 was 0.987125414.

California Local Agency Investment Fund

The Agency participates in an investment pool managed by the State of California known as the Local Agency Investment Fund (LAIF), which has invested a portion of the pooled funds in structured notes and asset-backed securities, defined as follows:

- Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

- Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, the structured notes and asset-backed securities are subject to market risk as to change in interest rates.

LAIF allows local governments such as the Agency to participate in a Pooled Money Investment Account managed by the State Treasurers Office and overseen by the Pooled Money Investment Board and State Treasurer investment committee. A Local Agency Investment Advisory Board oversees LAIF. The investments with LAIF are not classified for credit risk due to their diverse nature and are stated at cost, which approximates fair value.

The total amount invested by all public agencies in LAIF, as of June 30, 2022, was approximately $35.8 billion. The balance in LAIF is available for withdrawal on demand.

California Assets Management Program

The CAMP pool has a diverse credit risk allocation averaging a rating of AAAm, per S&P ratings. The total amount invested by all public agencies in CAMP, as of June 30, 2022 was approximately $7.9 billion. Of that amount, 63% was invested in non-derivative financial products and 37% was invested in repurchase agreements. An investment in the Trust is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Shares of the Trust are distributed by PFM Fund Distributors, Inc., member Financial Industry Regulatory Authority (FINRA) (www.finra.org) and Securities Investor Protection Corporation (SIPC) (www.sipc.org). PFM Fund Distributors, Inc. is a wholly owned subsidiary of PFM Asset Management LLC. The plan has elected to be measured at amortized cost for financial reporting purposes per GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The plan's net assets, portfolio holdings, are valued at amortized cost based on trade date.

CENTRAL MARIN SANITATION AGENCY
Notes to the Financial Statements
Year Ended June 30, 2022

Investment Policy

The Agency is authorized under California Government Code and the Agency's investment policy to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government or its agencies; bankers acceptances of U.S. banks; commercial paper of prime quality; negotiable certificates of deposit; repurchase or reverse repurchase agreements; and passbook savings account demand deposits. Investments prohibited by the Agency are inverse floaters, range notes, mortgage pool interest-only strips, and zero interest accrual at maturity notes. The Agency's investments were in compliance with the above provisions as of and for the year ended June 30, 2022. The Agency's investment policy follows the California Government Code which authorizes the Agency to invest in the following:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
Federal Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Passbook Savings Account Demand Deposits	N/A	None	None
California Asset Management Program (CAMP)	N/A	None	None

Risk Disclosures

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

- *Interest Rate Risk* - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. The Agency manages its exposure to interest rate risk by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The sensitivity of the Agency's investments to interest rate risk is displayed in the summary schedule of cash and cash equivalents at the top of Note 3.

- *Credit Risk* - Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. In order to limit loss exposure due to Credit Risk, the investment policy limits purchases of investments to those rated A-1 by Standard & Poor's or P-1 by Moody's Investors Service. The Agency's minimum legal rating is not applicable to the LAIF and CAMP investment pools.

- *Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency does not have a written policy for custodial credit risk over deposits.

  The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. In the case of investments, the risk of loss of the investment due failure, impairment or malfeasance of the third party whose name in which the investment is held and who has physical possession of the instrument. Neither the California Government Code nor the Agency's investment policy contains legal or policy requirements that would limit the exposure to custodial risk.

- *Concentration of Credit Risk* – See the chart in investment policy for the Agency's limitations on the amount that can be invested in any one issuer. As of June 30, 2022, external investment pools were not subject to a limitation. As of June 30, 2022, the Agency invested 88% in LAIF. There were no other investments in any one issuer that represent five percent or more of the total investments.

NOTE 4 – SELF-INSURED DENTAL DEPOSIT

The Agency analyzed third-party dental insurance plans and determined that it would be fiscally beneficial to self-insure. Funds have been deposited into a separate account which is used to pay employee dental expenses to dentists for authorized procedures. The funds from this deposit are drawn down monthly and replenished automatically by the trustee. At June 30, 2022, the balance in the self-insurance account was $8,221.

NOTE 5 – LEASES

Operating Leases as Lessee

The Agency as lessee leases a copier under an operating lease with terms from January 2020 through December 2024. The original cost of the copier was $37,980. As of June 30, 2022, the copier has a carrying amount of $19,786, net of accumulated depreciation of $18,194.

The following is a schedule of future minimum principal and interest payments to be paid under the operating lease entered into by the Authority as lessee that has initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2022.

Year Ending June 30,	Total
2023	$ 7,716
2024	7,979
2025	4,091
Total	$ 19,786

For the year ended June 30, 2022, amortization expense was $7,461.

CENTRAL MARIN SANITATION AGENCY
Notes to the Financial Statements
Year Ended June 30, 2022

Operating Leases as a Lessor

The Agency as lessor leases an unused portion of the corporation yard as a parking facility for Marin Airporter buses under an operating lease with a term of five years beginning July 2019.

The following is a schedule of the future minimum rentals to be received under the operating lease entered into by the District as lessor that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2022.

Year Ending June 30,	Total
2023	$ 69,206
2024	69,204
Total	$ 138,410

NOTE 6 - PLANT AND FACILITIES (CAPITAL ASSETS)

The Agency's plant and facilities capital assets consisted of the following as of June 30, 2022:

Capital Assets	Balance July 01, 2021	Additions	Disposals & Adjustments	Transfers	Balance June 30, 2022
Non-depreciable Plant and Facilities:					
Land and land improvements	$ 5,510,600	$ -	$ -	$ -	$ 5,510,600
Construction in progress	5,328,503	6,258,858	-	(1,869,486)	9,717,875
Total non-depreciable plant and facilities	10,839,103	6,258,858	-	(1,869,486)	15,228,475
Depreciable Plant and Facilities:					
Wastewater treatment facilities	133,129,507	371,136	-	1,017,053	134,517,696
Wastewater disposal facilities	13,659,653	59,997	-	-	13,719,650
General plant and administrative facilities	10,056,837	80,100	-	852,433	10,989,370
Right of use assets	37,979	-	-	-	37,979
Total depreciable plant and facilities	156,883,976	511,233	-	1,869,486	159,264,695
Less accumulated depreciation for:					
Wastewater treatment facilities	(72,666,843)	(3,639,912)	-	-	(76,306,755)
Wastewater disposal facilities	(11,242,090)	(321,928)	-	-	(11,564,018)
General plant and administrative facilities	(5,960,807)	(326,716)	-	-	(6,287,523)
Right of use assets	(11,394)	(7,596)	-	-	(18,990)
Total accumulated depreciation	(89,881,134)	(4,296,152)	-	-	(94,177,286)
Total depreciable plant and facilities - net	67,002,842	(3,784,919)	-	1,869,486	65,087,409
Total plant and facilities - net	$ 77,841,945	$ 2,473,939	$ -	$ -	$ 80,315,884

Depreciation expense for the year ended June 30, 2022 was $4,296,152.

CENTRAL MARIN SANITATION AGENCY
Notes to the Financial Statements
Year Ended June 30, 2022

NOTE 7 - LONG-TERM OBLIGATIONS

The Agency's long-term obligations consisted of the following as of June 30, 2022:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
2015 Refunding Revenue Bonds	$ 35,575,000	-	$ 2,580,000	$ 32,995,000	$ 2,685,000
2015 Refunding Revenue Bonds Discounts and premiums, net	3,194,887	-	348,533	2,846,354	-
2020 Revenue Bonds	9,115,000	-	375,000	8,740,000	380,000
2020 Revenue Bonds Discounts and premiums, net	139,928	-	7,290	132,638	-
2022 Pension Obligation Bonds	-	9,432,000	-	9,432,000	166,000
Net Pension Liability	13,081,536	-	5,068,948	8,012,588	-
Net OPEB Liability	1,679,886		1,014,564	665,322	-
Compensated Absences	883,217	184,546	174,884	892,879	126,083
Total Long-term Obligations	$ 63,669,454	$9,616,546	$ 9,569,219	$ 63,716,781	$ 3,357,083

On March 26, 2015, the Agency issued $49,310,000 in Series 2015 Refunding Revenue Bonds at a premium of $5,344,174 with an interest rate ranging from 2.5 to 5.0 percent. The Bonds were used to refund the Series 2006 Revenue Bonds whose proceeds were used to finance improvements to the wastewater treatment and disposal system of the Central Marin Sanitation Agency, consisting primarily of improvements to the Agency's Treatment Plant to increase capacity for wet weather flows, to pay costs of issuance of the Bonds and for certain other capital projects to provide treatment capacity, replace capital assets at end of service life and to make other capital improvements as approved by the Board of Commissioners. The Bonds are fully registered with principal due annually on September 1 and interest payable semi-annually on March 1 and September 1.

The Agency's 2015 Refunding Revenue Bonds debt service requirements were as follows as of June 30, 2022:

Year Ending June 30,	Principal	Interest	Total
2023	$ 2,685,000	$ 1,280,706	$ 3,965,706
2024	2,785,000	1,157,381	3,942,381
2025	2,930,000	1,014,506	3,944,506
2026	3,075,000	864,381	3,939,381
2027	3,250,000	738,756	3,988,756
2028 – 2032	18,270,000	1,574,978	19,844,978
Total Debt Service	$ 32,995,000	$ 6,630,708	$ 39,625,708

On November 3, 2020, the Agency issued $9,115,000 in Series 2020 Revenue Bonds at a premium of $215,574 and discount of $70,982 with an interest rate ranging from 2.0 to 2.25 percent. The Bonds were used primarily for improvements to the Agency's Treatment Plant and for certain other capital projects to provide treatment capacity, replace capital assets at end of service life and to make other capital improvements as approved by the Board of Commissioners. The Bonds are fully registered with principal due annually on September 1 and interest payable semi-annually on March 1 and September 1. The bonds are callable at par anytime on or after September 1 2030.

CENTRAL MARIN SANITATION AGENCY
Notes to the Financial Statements
Year Ended June 30, 2022

The Agency's 2020 Refunding Revenue Bonds debt service requirements were as follows as of June 30, 2022:

Year Ending June 30,	Principal	Interest	Total
2023	$ 380,000	$ 176,325	$ 556,325
2024	390,000	168,625	558,625
2025	395,000	160,775	555,775
2026	405,000	152,775	557,775
2027	415,000	144,575	559,575
2028 – 2032	2,195,000	594,175	2,789,175
2033 – 2037	2,425,000	363,059	2,788,059
2038 – 2041	2,135,000	97,047	2,232,047
Total Debt Service	$ 8,740,000	$ 1,857,356	$ 10,597,356

On April 1, 2022, the Agency issued $9,432,000 in private placement Series 2022 taxable Pension Obligation Bonds with an interest rate of 3.36%. The Bonds were used solely for reducing the Agency's unfunded actuarial accrued pension liability (UAAL) by paying off a significant portion of the balance. The Bonds are fully registered with principal due annually on September 1 and interest payable semi-annually on March 1 and September 1. The bonds are callable at par anytime on or after September 1 2030.

The Agency's 2022 Refunding Revenue Bonds debt service requirements were as follows as of June 30, 2022:

Year Ending June 30,	Principal	Interest	Total
2023	$ 166,000	$ 263,948	$ 429,948
2024	130,000	309,154	439,154
2025	248,000	302,803	550,803
2026	632,000	288,019	920,019
2027	653,000	266,431	919,431
2028 – 2032	3,618,000	981,523	4,599,523
2033 – 2037	3,710,000	329,246	4,039,246
2038	275,000	4,620	279,620
Total Debt Service	$ 9,432,000	$ 2,745,745	$ 12,177,745

NOTE 8 - JOINT VENTURES

The Agency serves as a regional wastewater treatment plant for its four member agencies and San Quentin State Prison (SQ) and is governed by a six-member Board of Commissioners, two appointed by the governing board of Sanitary District No. 1 (SD 1), two appointed by the governing board of San Rafael Sanitation District (SRSD), one appointed by the governing board of Sanitary District No.2 (SD 2), and one appointed by the City Council of the City of Larkspur (Larkspur). Total project costs for the joint venture were funded from federal (75%) and state (12.5%) clean water grants and from local shares (12.5% total) allocated among the member agencies and SQ based upon the weighted average of the strength and volume of sewage flows applicable at inception of the project. Final individual local shares of total project costs were approximately $6.3 million for SD 1, $7.6 million for SRSD, $1.6 million for SD 2, $1 million for Larkspur and $1.4 million for SQ.

CMSA derives its annual funding for its operations and equipment repair and replacement programs almost exclusively from service charges to its member agencies and SQ. Beginning in fiscal year 2006-07, funding for CMSA's capital program also includes proceeds from the sale of revenue bonds which were exhausted in fiscal year 2014-15. The joint powers agreement makes no provisions for an equity interest for any of the joint venture participants' operations and stipulates that all excess capital funds and all excess administration, operations and maintenance funds, from whatever source, are the property of the Agency. Complete separate financial statements of the member agencies may be obtained by contacting their administrative offices directly.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

The Agency had $3,034,611 in construction-related contractual commitments as of June 30, 2022. Contingencies of an interminable amount include normal recurring pending claims and litigation. Agency management is of the opinion that the resolution of these matters will not result in a material liability to the Agency. No provision has been made for a contingent liability that meets the criteria for accrual set forth in current government accounting standards.

NOTE 10 - RISK MANAGEMENT

The Agency is exposed to risks of loss from property, liability, and workers' compensation. The Agency mitigates risk by participating in risk sharing and insurance purchasing pools through membership in the California Sanitation Risk Management Authority (CSRMA). Risk sharing pools provide general and automobile liability and workers' compensation coverage. The pools operate to share risk among the members of the pool up to a limit of $500,000 and $750,000 for general liability and workers' compensation, respectively.

The cost to each CSRMA member agency for program participation is determined by the Executive Board upon the basis of cost allocation plan and rating formula. The deposit for each participating agency includes the agency's share of expected losses, program insurance costs, and program administrative costs for the year, plus the agency's share of Authority general expense allocated to the program by the Board. Insurance purchasing pools provided property insurance, excess coverage to $15,000,000 on general liability, and excess coverage to $1,000,000 for workers’ compensation.

Audited condensed financial information for CSRMA is presented below for the year ended June 30, 2021 (most recent information available):

	June 30, 2021
Total Assets	$ 31,110,033
Total Liabilities	24,687,751
Total Equity	6,422,252
Total Revenues	15,793,441
Total Expenses	16,584,260

NOTE 11 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plans

Plan Description - All qualified permanent and probationary employees are eligible to participate in the Agency's Miscellaneous Employee Pension Plan (the Plan), a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Agency resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Miscellaneous	
	Tier 1	PEPRA
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 Years	5 Years
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a % of eligible compensation	2.70%	2.00%
Required employee contribution rates	8.00%	6.75%
Required employer contribution rates	14.02%	7.59%

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2022 the contributions recognized as part of pension expense for the Plan were as follows:

Employer contributions	$ 1,623,471
Proceeds from pension obligation bonds	9,200,000
	$ 10,823,471

CENTRAL MARIN SANITATION AGENCY
Notes to the Financial Statements
Year Ended June 30, 2022

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2022, the Agency reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$ 8,012,588

The Agency's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Agency's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021 was as follows:

	Miscellaneous
Proportion – June 30, 2020	0.1202%
Proportion – June 30, 2021	0.1482%
Change in Proportions	0.0280%

For the year ended June 30, 2022, the Agency recognized actuarial pension expense of $953,550. At June 30, 2022, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows (Inflows) of Resources
Pension contributions subsequent to measurement date	$ 10,823,471
Changes in assumptions	-
Differences between expected and actual experiences	548,451
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	168,832
Net differences between projected and actual earnings on plan investments	(4,222,366)
Total	$ 7,318,388

Of the $11,777,430 reported as deferred outflows of resources on the Statement of Net Position, $10,823,471 related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending:	Deferred Outflows/(Inflows) of Resources
2023	$ (658,080)
2024	(759,034)
2025	(918,276)
2026	(1,169,693)

Actuarial Assumptions - The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age and Service (3.3% - 14.2%)
Investment rate of return	7.50%, net of investment expense, inflation return
Mortality	2021 CalPERS mortality table, with adjustments for mortality improvements using Scale MP-2020

Discount Rate - The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return – The long-term expected rate of return on pension plan investments was determined using a building-block method in which ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Allocation by Asset Class	New Strategic Allocation	Real Return Years 1 – 10 (a)	Real Return Years 11+ (b)
Public Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	—	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real assets	13%	3.75%	4.93%
Liquidity	1%	—	-0.92%
Total	100.00%		

(a) An expected inflation of 2.00% was used for this period.
(b) An expected inflation of 2.92% was used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Agency's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

Discount Rate – 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
$ 14,743,653	$ 8,012,588	$ 2,448,112

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The Agency's defined benefit postemployment healthcare plan provides a post-retirement health care benefit to eligible retirees in accordance with a Memorandum of Understanding (M.O.U.) for union represented employees and Board approval for unrepresented management, supervisory, and confidential employees. For both employee groups, eligible employees retiring at or after age 50 with a minimum of 5 years CalPERS service credit may opt to continue health care coverage, with a portion of the monthly premium paid for by the Agency. Coverage may discontinue at the request of the retiree. The amount of the Agency's contribution towards retiree's medical benefit is based on the date of hire as an employee.

The Agency contracts with CalPERS to administer its retiree health benefits plan (an agent multiple-employer defined benefit plan) and to provide an investment vehicle, the California Employees' Retiree Benefit Trust Fund (CERBT), to prefund future OPEB costs. The Agency chooses from a menu of benefit provisions and adopts certain benefit provisions by Board resolution. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. By participating in CERBT, the Agency is also obligated to follow the actuarial assumptions established by the CalPERS Board of Administration. CalPERS issues a Comprehensive Annual Financial Report for the retirement plans. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office at 400 P Street, Sacramento, CA, 95814.

Employees Covered

As of the June 30, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	47
Inactive employees or beneficiaries currently receiving benefits	35
Inactive employees entitled to, but not yet receiving benefits	-
Total	82

Contributions

The Agency's plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the Agency and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the fiscal year June 30, 2022, the Agency’s cash contributions were $0 to the CERBT trust and the implied subsidy, which includes payments of retiree medical premiums, reimbursements to retirees and other non-cash subsidies, was $176,458 resulting in total payments of $176,458.

Net OPEB Liability

The Agency’s Net OPEB Liability was measured on June 30, 2020 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation dated June 30, 2021 that was rolled back to June 30, 2020, and forward to June 30, 2021 to determine the total OPEB liability, based on the following actuarial methods and assumptions:

CENTRAL MARIN SANITATION AGENCY
Notes to the Financial Statements
Year Ended June 30, 2022

Actuarial Assumptions:

Discount Rate	7.28%
Inflation	2.75% per year
Salary Increases	3.0% per annum, in aggregate
Investment rate of Return	7.28%
Mortality	Mortality rates are taken from the 2021 CalPERS valuation, projected to future years with the ultimate rates of projection scale MP-2021. In the 2019 valuation, mortality was taken from the 2017 CalPERS valuation.
Pre-retirement turnover (1)	Derived using CalPERS' membership data for all funds.
Healthcare trend rate	Increase 5.50% per year.

Notes:
(1) Likelihood of termination within the next year is taken from the 2021 CalPERS valuation. In the 2019 valuation, turnover rates were taken from the 2017 CalPERS valuation.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Target Range	Benchmark
Global equity	49%	± 5%	MSCI AII Country World Index IMI (net)
Fixed income	23%	± 5%	Bloomberg Long Liability Index
Treasury Inflation-Protected Securities	5%	± 3%	Bloomberg US TIPS Index, Series L
Real Estate Investment Trusts	20%	± 5%	FTSE EPRA/NAREIT Developed Index (net)
Commodities	3%	± 3%	S&P GCSI Total Return Index
Cash	-	+ 2%	91 Day Treasury Bill
Total	100%		

Discount Rate

The discount rate used to measure the total OPEB liability was 7.28 percent. The cash flows of the OPEB plan were projected to future years, assuming that CMSA will contribute an amount so that the assets always exceed expected benefits to retirees. Under that projection, the plan assets are projected to be adequate to pay all benefits to retirees in all future years, so the discount rate has been set equal to the long-term expected rate of return on investments, 7.28%.

CENTRAL MARIN SANITATION AGENCY
Notes to the Financial Statements
Year Ended June 30, 2022

Changes in the OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Obligation (Asset) = (a) – (b)
Balance at June 30, 2020			
(Valuation date June 30, 2019)	$4,533,961	$ 2,854,075	$ 1,679,886
Changes recognized for the measurement period ended June 30, 2021			
Service cost	126,292	-	126,292
Interest	322,355	-	322,355
Differences between actual and expected experience	(462,302)	-	(462,302)
Assumption changes	41,906	-	41,906
Employer contributions	-	255,027	(255,027)
Net investment income	-	788,875	(788,875)
Benefit payments to retirees	(212,019)	(212,019)	-
Administrative expense	-	(1,087)	1,087
Net changes	(183,768)	830,796	(1,014,564)
Balance at June 30, 2021			
(Valuation date June 30, 2021)	$ 4,350,193	$ 3,684,871	$ 665,322

Sensitivity of the Net OPEB Liability to the Changes in the Discount Rate

The following presents the Net OPEB Liability of the Agency if it were calculated using a discount rate that is one percentage point higher or lower than the current discount rate, for the measurement period ended June 30, 2021:

	1% Decrease (6.28%)	Current Discount Rate (7.28%)	1% Increase (8.28%)
Net OPEB Liability	$ 1,236,410	$ 665,322	$ 194,993

Sensitivity of the Net OPEB Liability to the Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the Agency if it were calculated using health care cost trend rates that are one percentage point higher or lower than the current rate, for the measurement period ended June 30, 2021:

	1% Decrease (4.5%)	Current Trend Rate (5.5%)	1% Increase (6.5%)
Net OPEB Liability	$ 183,486	$ 665,322	$ 1,248,621

CENTRAL MARIN SANITATION AGENCY
Notes to the Financial Statements
Year Ended June 30, 2022

OPEB Plan Fiduciary Net Position

CERBT issues a publicly available financial report that may be obtained from CalPERS, Prefunding Programs, CERBT (OPEB), P.O. Box 1494, Sacramento, CA 95812-1494.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the Agency recognized OPEB expense of $26,392. At June 30, 2022, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
OPEB contributions subsequent to measurement date	$ 176,458
Difference between expected and actual experience	(746,566)
Changes of assumptions	22,679
Net differences between projected and actual earnings on plan investments	(399,521)
Total	$ (946,950)

The $176,458 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023.

CENTRAL MARIN SANITATION AGENCY
Notes to the Financial Statements
Year Ended June 30, 2022

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as OPEB expense as follows:

Fiscal Year Ending:	Deferred Outflows/(inflows) of Resources
2023	(201,815)
2024	(198,642)
2025	(202,830)
2026	(222,890)
2027	(106,664)
Thereafter	(190,567)

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL MARIN SANITATION AGENCY
Required Supplementary Information
June 30, 2022

Schedule of Proportionate Share of Net Pension Liability
Last 10 Years*

	Fiscal Year End June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of net pension liability	0.14820%	0.12020%	0.11806%	0.25323%	0.26795%	0.27951%	0.24216%	0.24376%
Proportionate share of the net pension liability	$ 8,012,588	$ 13,081,536	$ 12,098,199	$ 11,101,158	$ 11,275,371	$ 9,709,971	$ 6,643,602	$ 6,024,473
Covered-employee payroll	$ 5,732,377	$ 5,884,152	$ 4,985,715	$ 4,765,978	$ 4,560,237	$ 4,764,021	$ 4,418,991	$ 4,099,618
Proportionate share of the net pension liability as a percentage of covered payroll	139.78%	222.32%	242.66%	232.93%	247.25%	203.82%	150.34%	146.95%
Plan's fiduciary net position	$ 42,968,401	$ 36,433,627	$ 34,639,289	$ 33,230,349	$ 32,353,864	$ 29,830,921	$ -	$ -
Plan's fiduciary net position as a percentage of the Plan's total pension liability	84.28%	73.58%	74.11%	74.96%	74.16%	75.44%	82.12%	83.21%

Schedule of Agency's Pension Plan Contributions
Last 10 Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions (actuarially determined)	$ 1,411,818	$ 1,491,450	$ 1,306,245	$ 1,133,396	$ 967,659	$ 957,403	$ 950,859	$ 927,135
Contributions in relation to actuarially determined contributions	(10,823,471)	(1,491,450)	(1,306,245)	(1,133,396)	(967,659)	(957,403)	(950,859)	(927,135)
Contribution deficiency (excess)	$ (9,411,653)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 5,732,377	$ 5,884,152	$ 5,167,910	$ 4,985,715	$ 4,765,978	$ 4,560,237	$ 4,764,021	$ 4,418,991
Contributions as a percentage of covered payroll	188.81%	25.35%	25.28%	22.73%	20.30%	20.99%	19.96%	20.98%

* Fiscal year ending June 30, 2015, was the first year of implementation, therefore only eight years are shown. Additional years will be added until ten years' information is shown.

CENTRAL MARIN SANITATION AGENCY
Schedule of Changes in the Net OPEB Liability and Related Ratios
for the Measurement Periods Ended June 30

		2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost		$ 126,292	$ 122,614	$ 118,130	$ 114,689	$ 111,349
Interest on the OPEB liability		322,355	306,773	326,176	309,421	293,164
Differences between actual and expected experience		(462,302)	-	(485,040)	-	-
Changes of assumptions		41,906	-	(18,331)	-	-
Benefits paid to retirees		(212,019)	(218,693)	(196,215)	(191,714)	(170,667)
Net change in total OPEB liability		(183,768)	210,694	(255,280)	232,396	233,846
Total OPEB Liability - beginning		4,533,961	4,323,267	4,578,547	4,346,151	4,112,305
Total OPEB Liability - ending	**(a)**	$4,350,193	$4,533,961	$4,323,267	$4,578,547	$4,346,151
Plan Fiduciary Net Position						
Employer contributions		$ 255,027	$ 261,693	$ 239,297	$ 299,028	$ 287,122
Net investment income		788,875	97,301	161,815	177,929	207,513
Benefits paid to retirees		(212,019)	(218,693)	(196,215)	(191,714)	(170,667)
Administrative expense		(1,087)	(1,336)	(543)	(1,214)	(1,006)
Net change in plan fiduciary position		830,796	138,965	204,354	284,029	322,962
Plan fiduciary net position- beginning		2,854,075	2,715,110	2,510,756	2,226,727	1,903,765
Plan fiduciary net position- ending	**(b)**	$3,684,871	$2,854,075	$2,715,110	$2,510,756	$2,226,727
Net OPEB liability- ending	**(a) - (b)**	$ 665,322	$1,679,886	$1,608,157	$2,067,791	$2,119,424
Plan fiduciary net position as a percentage of the total OPEB liability		84.71%	62.95%	62.80%	54.84%	51.23%
Covered-employee payroll		$5,704,245	$5,884,152	$4,995,712	$5,259,257	$4,716,585
Net OPEB liability as a percentage of covered-employee payroll		11.66%	28.55%	32.19%	39.32%	44.94%

Notes to Schedule:

Historical information is required only for measurement periods for which GASB No. 75 is applicable. Future years' information will be displayed, up to 10 years, as information becomes available

The term Covered-employee payroll is used because there are employees receiving benefits not based on wages.

CENTRAL MARIN SANITATION AGENCY
Schedule of OPEB Contributions
Last Ten Fiscal Years*

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
Actuarially determined contributions (ADC)	$ 261,693	$ 255,027	$ 202,704	$ 246,298	$ 292,033
Contributions in relation to the ADC	(261,693)	(255,027)	(202,704)	(246,298)	(292,033)
Contribution deficiency (excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Covered-employee payroll	$ 5,704,245	$ 5,884,152	$ 4,995,712	$ 5,259,527	$ 4,716,585
Contributions as a percentage of covered-employee payroll	4.59%	4.33%	4.06%	4.68%	6.19%

Notes to Schedule:

*Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2022 were selected by the Agency after consultation with the actuary.

Method and assumptions used to determine contribution:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percent of payroll
Asset valuation method	Market value
Inflation	2.75%
Long-term investment rate of return	7.28%
Discount rate	7.28% per annum
Healthcare cost-trend rates	5.5% per annum
Payroll growth	3.0% per annum
Coverage elections	100% of eligible employees assumed to elect coverage upon retirement, remaining covered for life. Employees with no current medical assumed to elect employee-only medical upon retirement.
Mortality	Mortality rates are taken from the 2021 CalPERS valuation, projected to future years with the ultimate rates of projection scale MP-2021. In the 2019 valuation, mortality was taken from the 2017 CalPERS valuation.
Retirement rates	Taken from the 2021 CalPERS OPEB Assumptions Model for *Public Agency Miscellaneous* with a 2.7% at 55 retirement plan. In the 2019 valuation, rates were taken from the 2017 CalPERS valuation for “public agency miscellaneous 2.7% at 55”.
Turnover (withdrawal)	Likelihood of termination within the next year is taken from the 2021 CalPERS valuation. In the 2019 valuation, turnover rates were taken from the 2017 CalPERS valuation.

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

To the Board of Commissioners
Central Marin Sanitation Agency
San Rafael, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Central Marin Sanitation Agency, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Central Marin Sanitation Agency's basic financial statements, and have issued our report thereon dated October 27, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Cropper Accountancy Corporation
CROPPER ACCOUNTANCY CORPORATION

Walnut Creek, California
October 27, 2022

STATISTICAL SECTION

STATISTICAL SECTION
Overview

This part of the Agency's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Agency's overall financial health.

Contents **Page**

Central Marin Sanitation Agency
Statement of Net Position

Schedule 1

Fiscal Year Ending June 30

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net Investment in Capital Assets	$ 38,327,344	$ 39,642,802	$ 37,713,682	$ 36,596,279	$ 36,596,025	$ 36,400,782	$ 36,022,116	$ 38,085,361	$ 36,352,645	$ 38,592,778
Restricted for Pension Trust	19,357	-	-	-	-	-	-	-	-	-
Unrestricted	10,946,715	7,101,708	6,428,472	7,048,782	5,623,608	6,218,578	7,438,757	7,259,794	14,201,829	13,337,772
Total Net Position	$ 49,293,416	$ 46,744,510	$ 44,142,154	$ 43,645,061	$ 42,219,633	$ 42,619,360	$ 43,460,873	$ 45,345,155	$ 50,554,474	$ 51,930,550

Source: Central Marin Sanitation Agency Audited Financial Statements

Central Marin Sanitation Agency
Statement of Revenues, Expenses and Changes in Net Position

Schedule 2

Fiscal Year Ended June 30	Operating Revenues	Operating Expenses	Operating Income (Loss)	Non-operating Revenues (Expenses)	Capital Contributions - Capacity Charges	Change in Net Position	Beginning Net Position	Prior Period Adjustment		Ending Net Position
2022	$ 20,865,949	$ (17,850,520)	3,015,429	$ (1,636,992)	$ 1,171,130	2,549,567	46,744,510	$ (661)	(1)	49,293,416
2021	19,851,438	(17,387,846)	2,463,592	(1,453,869)	1,592,633	2,602,356	43,049,409	1,092,745	(2)	46,744,510
2020	18,802,873	(17,825,011)	977,862	(2,084,679)	511,165	(595,652)	43,645,061			43,049,409
2019	17,901,670	(16,553,636)	1,348,034	(594,375)	671,769	1,425,428	42,219,633			43,645,061
2018	17,353,966	(16,351,993)	1,001,973	(1,223,633)	197,753	(23,907)	42,619,360	(375,820)	(3)	42,219,633
2017	17,235,271	(16,793,252)	442,019	(1,613,611)	330,079	(841,513)	43,460,873	-		42,619,360
2016	16,495,058	(15,257,981)	1,237,077	(1,119,479)	162,705	280,303	45,345,155	(2,164,585)	(4)	43,460,873
2015	17,000,940	(13,419,393)	3,581,547	(1,928,681)	415,845	2,068,711	50,554,474	(7,278,030)	(5)	45,345,155
2014	16,333,444	(15,847,769)	485,675	(2,450,002)	588,251	(1,376,076)	51,930,550	-		50,554,474
2013	15,610,414	(13,582,756)	2,027,658	(2,560,242)	970,596	438,012	51,666,918	(174,380)	(6)	51,930,550

(1) The Agency implemented GASB Statement No. 87 to report lease liabilities and to improve financial accounting for leases. This resulted in a prior period adjustment for FY21 which decreased beginning net position. See Note #2 GASB Statement No. 87, Leases.

(2) The Agency prepared and recorded a prior period adjustment to partially restore the depreciated value of the 2005 cogeneration system replacement project. In 2019 the engine failed and was replaced, but the 2005 entire project value was depreciated.

(3) The Agency restated beginning net position. There was a net decrease in net position as a result of implementing GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB) and a correction of depreciation on fixed assets. The decrease was offset with an increased value of inventory resulting from a full retroactive inventory count and cost analysis.

(4) During the FY17 audit, prior period adjustments were recorded which affected the FY16 financial statements. No reissuance of the FY16 audited financial statements was deemed necessary, however the adjustments have been reflected in this schedule for accurate comparison data and analysis.

(5) The Agency implemented GASB No. 68 Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27 (Issued 06/12), as of July 1, 2014 which resulted in a prior period adjustment that reduced the beginning net position.

(6) The Agency had simultaneously implemented GASB 65 with GASB 63, two new Government Accounting Standards Board statements, as of July 1, 2012. This had resulted in a $(174,380) change in net position to expense Revenue Bond Series 2006 debt issuance costs. See Note #2 Summary of Significant Accounting Policies for additional information available by contacting the Administrative Services Manager at 415 459-1455.

Source: Central Marin Sanitation Agency Audited Financial Statements

Central Marin Sanitation Agency
Operating Revenue by Source

Schedule 3

Fiscal Year Ended June 30	Service Charges	Contract Maintenance Revenue	Other Operating Revenue	Total Operating Revenues
2022	$ 18,183,132	$ 2,126,787	$ 556,030	20,865,949
2021	17,578,817	1,670,204	602,417	19,851,438
2020	16,974,164	1,401,010	427,699	18,802,873
2019	16,400,143	1,067,515	434,012	17,901,670
2018	15,845,548	1,114,680	393,738	17,353,966
2017	15,355,475	1,442,550	437,246	17,235,271
2016	14,471,578	1,546,239	477,241	16,495,058
2015	15,215,367	1,352,202	433,371	17,000,940
2014	14,722,581	1,226,428	384,435	16,333,444
2013	14,095,054	1,112,190	403,170	15,610,414

Source: Central Marin Sanitation Agency Audited Financial Statements

Central Marin Sanitation Agency
Operating Expenses by Function

Schedule 4

Fiscal Year Ended June 30	Salaries & Benefits	Operations Supplies and Services	Repairs & Maintenance	Permit Testing & Monitoring	Insurance	Utilities & Telephone	General & Administrative	Depreciation & Amoritization	Total Operating Expenses
2022	$ 8,619,869	$ 1,510,280	$ 1,344,474	$ 198,248	$ 445,916	$ 591,547	$ 840,867	$ 4,299,319	$ 17,850,520
2021	9,679,736	1,364,543	654,095	176,249	380,764	263,560	647,269	4,221,630	17,387,846
2020	9,925,545	1,638,012	588,963	178,099	134,522	495,207	736,513	4,128,150	17,825,011
2019	8,486,703	1,436,895	1,034,818	144,968	111,545	454,082	774,050	4,110,575	16,553,636
2018	8,877,307	1,366,871	886,312	149,815	95,517	311,191	669,900	3,995,080	16,351,993
2017	9,079,369	1,496,774	947,285	110,973	97,095	318,900	697,499	4,045,357	16,793,252
2016	7,411,654	1,408,893	1,373,609	121,094	101,447	346,701	595,639	3,902,112	15,261,149
2015	6,343,530	1,341,798	1,035,053	130,687	97,622	429,324	550,139	3,491,240	9,928,153
2014	8,585,875	1,340,334	1,175,412	110,372	97,325	471,656	504,139	3,562,656	12,285,113
2013	6,722,315	1,300,266	917,318	107,459	98,494	431,932	498,835	3,506,137	10,076,619

Source: Central Marin Sanitation Agency Audited Financial Statements

Central Marin Sanitation Agency
Non-Operating Revenues and Expenses

Schedule 5

Fiscal Year Ended June 30	Interest & Investment Income	Interest Expense	Other Non-operating Revenues	Other Non-operating Expenses	Total Non-operating Revenues (Expenses)
2022	$ (197,571)	$ (1,640,548)	$ 201,127		(1,636,992)
2021	98,988	(1,661,789)	108,932		(1,453,869)
2020	352,481	(1,386,336)	-	(1,050,824)	(2,084,679)
2019	410,653	(1,457,861)	452,833	-	(594,375)
2018	218,516	(1,527,361)	85,212	-	(1,223,633)
2017	113,085	(1,752,699)	26,067	(64)	(1,613,611)
2016	376,752	(1,758,318)	80,717	518	(1,300,331)
2015	41,950	(2,108,649)	830,223	(692,205)	(1,928,681)
2014	40,744	(2,536,490)	47,496	(1,752)	(2,450,002)
2013	102,856	(2,702,688)	46,773	(7,183)	(2,560,242)

Source: Central Marin Sanitation Agency Audited Financial Statements

Central Marin Sanitation Agency
Capital Contributions

Schedule 6

Fiscal Year Ended June 30	Capacity Charges
2022	$ 1,171,130
2021	1,592,633
2020	511,165
2019	671,769
2018	197,753
2017	330,079
2016	162,705
2015	415,845
2014	588,251
2013	970,596

Source: Central Marin Sanitation Agency Audited Financial Statements

Central Marin Sanitation Agency
Capital Additions

Schedule 7

Fisal Year Ended June 30	Capital Additions
2022	$ 6,770,091
2021	4,682,942
2020	3,314,983
2019	2,185,309
2018	2,043,192
2017	2,730,175
2016	4,372,405
2015	2,244,858
2014	2,180,163
2013	3,953,437

Source: Central Marin Sanitation Agency Audited Financial Statements

Central Marin Sanitation Agency
Major Revenue Rates and Base

Schedule 8 (1)

Fiscal Year Ended June 30	Regional Service Charges	Regional Service Fee Revenue	Debt Service Charge per EDU	Total Debt Service Charges	Total Regional Service Charges & Debt Charges Per EDU	EDUs Reported by JPA Members (1)	EDUs Assigned JPA Members for Debt Service	EDUs Assigned SQSP	Total Equivalent Dwelling Units (EDUs) (1)
2022	$ 267.10	$ 12,527,030	$ 111.11	$ 5,656,102	$ 378.21	46,900	48,039	4,005	50,905
2021	261.79	12,631,001	95.07	4,947,816	356.86	48,248	48,039	4,005	52,253
2020	249.78	12,015,001	95.29	4,959,163	345.06	48,103	48,039	4,005	52,108
2019	236.82	11,433,635	95.43	4,966,508	332.25	48,279	48,039	4,005	52,284
2018	226.56	10,893,165	95.16	4,952,383	321.72	48,081	48,039	4,005	52,086
2017	217.82	10,395,358	94.74	4,960,117	312.56	47,724		4,005	51,729
2016	204.71	9,897,549	87.10	4,574,029	291.81	48,350		4,005	52,355
2015	193.78	9,399,740	111.49	5,815,627	305.27	48,507		4,005	52,512
2014	184.86	8,901,932	111.69	5,820,649	296.55	48,156		4,005	52,161
2013	172.00	8,274,123	113.51	5,820,931	285.51	48,106		4,005	52,111

This schedule reflects Regional Service Charges, Debt Service Charges, and applicable Equivalent Dwelling Unit counts (EDUs), respectively used in connection with the calculation of a cost per EDU. The cost per EDU is generally used for information purposes or with certain other charges within the Agency's Fee Ordinance. Regional service charges are billed to members based upon volume and strength of wastewater flow. Effective since FY18, debt service charges have been billed to members based upon fixed EDU counts assigned to each member to smooth fluctuations in debt service allocation.

Note (1):

EDU counts are provided annually to CMSA by the JPA member agencies. An EDU generally is one household. In the case of multiple dwellings, the number of EDUs is based upon units. Commercial EDU is based upon winter time water use. Industrial EDU is based on volume and strength of the wastewater flow. Included in this total is 4,005 EDU assigned to SQSP for the debt service allocation. Actual and assigned EDU counts are reflected on this schedule. See also Schedule 10.

Source: Annual Agency Budgets

Central Marin Sanitation Agency
Annual Flows into CMSA in Million Gallons and Pounds
Volume and Strength of Wastewater Treated

Schedule 9

The wastewater flow (volume) and strength (BOD & TSS) for each JPA member agency and SQSP is used to determine its allocation of the CMSA regional service charge. Additional information about how the initial service charge at the beginning of the fiscal year is calculated can be found in the Agency's FY22 & FY23 Budget available on www.cmsa.us/finance. Reported below is actual data for the 12 month reporting period April 1 to March 31st.

A. Total Volume of Wastewater Flow into CMSA in million gallons

12-Month Period	SRSD	RVSD	SD #2	SQSP	Influent Flow
April 1, 2021 to March 31, 2022	1,528.75	1,823.97	380.60	191.71	3,925.03
April 1, 2020 to March 31, 2021	1,334.37	1,592.48	344.64	180.54	3,452.03
April 1, 2019 to March 31, 2020	1,480.12	1,923.57	400.86	174.72	3,979.27
April 1, 2018 to March 31, 2019	1,807.98	2,301.31	438.86	192.18	4,740.33
April 1, 2017 to March 31, 2018	1,411.51	1,888.58	382.15	166.12	3,848.36
April 1, 2016 to March 31, 2017	1,844.03	2,597.79	472.68	136.90	5,051.40
April 1, 2015 to March 31, 2016	1,435.31	1,912.90	422.01	129.48	3,899.70
April 1, 2014 to March 31, 2015	1,521.91	1,953.05	424.90	143.97	4,043.83
April 1, 2013 to March 31, 2014	1,387.11	1,737.97	397.52	158.51	3,681.11
April 1, 2012 to March 31, 2013	1,528.91	1,993.15	422.70	160.46	4,105.22

B. Total Mass of Biological Oxygen Demand (BOD in pounds)

12-Month Period	SRSD	RVSD	SD #2	SQSP	Influent BOD
April 1, 2021 to March 31, 2022	3,917,515	4,363,453	696,542	414,336	9,391,846
April 1, 2020 to March 31, 2021	4,905,691	4,639,850	483,868	360,164	10,389,573
April 1, 2019 to March 31, 2020	4,698,037	4,903,805	525,205	381,608	10,508,655
April 1, 2018 to March 31, 2019	4,743,449	4,438,157	599,208	376,680	10,157,494
April 1, 2017 to March 31, 2018	3,605,713	4,281,207	585,582	404,146	8,876,648
April 1, 2016 to March 31, 2017	4,293,860	4,450,865	674,224	355,347	9,774,296
April 1, 2015 to March 31, 2016	3,892,566	4,358,760	592,658	306,804	9,150,788
April 1, 2014 to March 31, 2015	4,451,240	5,101,508	447,649	509,759	10,510,156
April 1, 2013 to March 31, 2014	4,716,353	3,522,352	694,504	1,121,446	10,054,655
April 1, 2012 to March 31, 2013	4,242,574	3,532,865	748,430	457,428	8,981,297

C. Total Mass of Total Suspended Solids (TSS) in pounds

12-Month Period	SRSD	RVSD	SD #2	SQSP	Influent TSS
April 1, 2021 to March 31, 2022	4,544,402	4,592,978	726,137	446,304	10,309,821
April 1, 2020 to March 31, 2021	7,138,092	5,581,641	585,643	422,700	13,728,076
April 1, 2019 to March 31, 2020	5,844,502	5,813,416	631,754	515,623	12,805,295
April 1, 2018 to March 31, 2019	6,114,054	4,991,101	862,434	514,072	12,481,661
April 1, 2017 to March 31, 2018	4,660,290	5,612,940	799,015	487,062	11,559,307
April 1, 2016 to March 31, 2017	5,543,868	5,629,170	905,498	457,495	12,536,031
April 1, 2015 to March 31, 2016	5,569,476	6,827,531	934,372	398,325	13,729,704
April 1, 2014 to March 31, 2015	7,812,006	8,343,902	699,225	1,503,385	18,358,518
April 1, 2013 to March 31, 2014	7,573,120	5,341,885	1,361,000	1,320,534	15,596,539
April 1, 2012 to March 31, 2013	6,396,936	4,325,587	1,171,099	1,067,135	12,960,757

Notes:
Laboratory analysis of the data above is performed to allocate treatment costs by members into its components of flow, biological oxygen demand, and total suspended solids.

Central Marin Sanitation Agency
Member Agencies and San Quentin Prison
Actual Reported Equivalent Dwelling Units (EDUs)

Schedule 10

Fiscal Year Ended June 30	Ross Valley Sanitary District	City of Larkspur **(1)**	Sanitary District #2	San Rafael Sanitation District	Subtotal JPA Member EDU Counts	San Quentin State Prison	Total EDUs	EDU Change from Prior Year
2022	22,098	-	5,680	19,122	46,900	4,005	50,905	(1,348)
2021	22,422	-	6,152	19,674	48,248	4,005	52,253	145
2020	22,249	-	6,245	19,609	48,103	4,005	52,108	(176)
2019	19,345	3,066	6,152	19,716	48,279	4,005	52,284	198
2018	19,448	3,060	6,008	19,565	48,081	4,005	52,086	357
2017	19,298	3,039	6,055	19,332	47,724	4,005	51,729	(626)
2016	19,700	3,019	6,076	19,555	48,350	4,005	52,355	(157)
2015	19,666	2,982	6,216	19,643	48,507	4,005	52,512	351
2014	19,498	2,949	6,006	19,703	48,156	4,005	52,161	50
2013	19,511	2,997	6,116	19,482	48,106	4,005	52,111	1,586

The actual EDU count presented for informational purposes in this schedule also is used to establish Waste Hauler Charges and Industrial Monitoring Fees as set forth in CMSA Ordinance No. 2019-1 (see http://www.cmsa.us/documents/ordinances). The assigned EDU presented in Schedule 8 is the basis of revenue allocation when determining debt service charge revenue which is the funding source to repay debt service.

Note (1): Larkspur withdrew from the JPA in January 2020, ending the need to show the City's individual EDU count, which is now included in the RVSD count.

Source: Annual Agency Budgets

Central Marin Sanitation Agency
Long-Term Debt Outstanding
Pension Obligation and Revenue Bonds

Schedule 11

Fiscal Year Ended June 30	2022 Pension Obligation Bonds **(1)**	2020 Revenue Bonds	2015 Revenue Bonds	2006 Revenue Bonds	Total Outstanding Debt	Total Debt Per EDU **(2)**	Total Debt Per Capita **(3)**
2022	$ 9,432,000	$ 8,872,638	$ 35,841,354	$ -	$ 54,145,992	$ 1,040	$ 516
2021		9,254,928	38,769,887	-	48,024,815	923	461
2020			41,588,420	-	41,588,420	799	398
2019			44,331,953	-	44,331,953	852	424
2018			47,010,486	-	47,010,486	903	450
2017			49,609,019	-	49,609,019	959	475
2016			51,935,424	-	51,935,424	992	497
2015			54,325,451	-	54,325,451	1,035	520
2014				58,435,509	58,435,509	1,120	559
2013				60,521,558	60,521,558	1,161	579

Notes:

(1) Pension Obligation Bonds are not subject to pledged revenue coverage

(2) EDU counts for debt service purposes are described on Schedule 8

(3) Debt per capita is based upon US Census Bureau QuickFacts April 2020 census data and an increased population at San Quentin State Prison (SB601). Both used to estimate the population within the CMSA service area at 104,850

Source: Central Marin Sanitation Agency Audited Financial Statements

Central Marin Sanitation Agency
Pledged Revenue Coverage

Schedule 12

Fiscal Year Ended June 30	Sewer Service Charges	Less Operating Expenses	Net Revenues Available (1)	2020 Revenue Bonds	2015 Revenue Bonds	2006 Revenue Bonds	Total Annual Debt Service	Debt Service Coverage (2)
2022	$ 22,040,635	$ 14,416,241	$ 7,624,394	$ 549,083	$ 3,769,562		$ 4,318,645	1.77
2021	21,651,991	12,475,520	9,176,471	369,762	3,762,027		4,131,789	2.22
2020	18,615,695	10,916,950	7,698,745		3,781,336		3,781,336	2.04
2019	19,436,925	11,567,182	7,869,743		3,787,861		3,787,861	2.08
2018	17,855,447	11,355,010	6,500,437		3,777,361		3,777,361	1.72
2017	17,704,438	11,424,190	6,280,248		3,947,699		3,947,699	1.59
2016	16,753,516	11,359,037	5,394,479		3,672,466		3,672,466	1.47
2015	17,596,753	9,928,153	7,668,600			$ 4,243,649	4,243,649	1.81
2014	17,008,183	10,731,313	6,276,870			4,576,490	4,576,490	1.37
2013	16,723,456	10,076,619	6,646,837			4,657,688	4,657,688	1.43

Notes:

(1): Net revenues available is computed on revenues from all sources less operating expenses not including depreciation and amortization.

(2): The Agency supoorts pension obigation bonds as shown in Schedule 11 that are not subject to pledged revenue coverage requirements as are revenue bonds reflected above.

Source: Central Marin Sanitation Agency Audited Financial Statements

Central Marin Sanitation Agency
Demographic and Economic Statistics

Schedule 13

Fiscal Year Ended June 30	Marin County Population **(1)**	Marin County Personal Income (in thousands) **(2)**	Per Capita Personal Income **(2)**	Marin County Averaged Unemployment Rate **(1)**
2022	N/A	N/A	N/A	3.0%
2021	N/A	N/A	N/A	5.8%
2020	262,410	$ 37,461,199	$ 145,575	4.4%
2019	263,917	36,684,680	141,735	2.4%
2018	264,944	34,866,708	134,275	2.5%
2017	264,753	32,502,500	124,552	3.1%
2016	265,181	30,743,568	117,552	3.3%
2015	263,964	28,492,821	114,580	3.8%
2014	258,324	27,770,296	106,662	4.6%
2013	255,778	25,093,401	97,124	5.6%
2012	254,882	24,670,241	96,428	6.9%
2011	255,031	21,871,623	85,761	8.1%

Source: **(1)** State of California Employment Development Department Labor Market Information and United States Zip Codes.org websites:
www.labormarketinfo.edd.ca.gov www.unitedstateszipcodes.org
(2) US Department of Commerce Bureau of Economic Analysis (BEA) website:
www.bea.gov/iTable

Central Marin Sanitation Agency
Ten Largest Employers Statistic

Schedule 14

Ten Largest Employers in the CMSA Service Area	Type of Entity	Number of Employees FY22	Percentage of Total Marin County Employment (1)	Number of Employees FY21	Percentage of Total Marin County Employment (1)	Number of Employees FY20	Percentage of Total Marin County Employment	Number of Employees FY19	Percentage of Total Marin County Employment	Number of Employees FY18	Percentage of Total Marin County Employment
Total Marin County Employment:			**126,800**		**125,400**		**119,500**		**137,000**		**136,000**
San Quentin State Prison	State Government	1,810	1.43%	1,764	1.41%	1,614	1.35%	1,836	1.34%	1,600	1.18%
BioMarin **(2)**	Biotech	1,700	1.34%	1,700	1.36%	1,700	1.42%	1,700	1.24%	1,700	1.25%
MarinHealth Medical Center	Hospital	1,650	1.30%	1,650	1.32%	1,650	1.38%	1,650	1.20%	1,650	1.21%
Dominican University	University	1,033	0.81%	1,117	0.89%	1,200	1.00%	1,200	0.88%	1,000	0.74%
Golden Gate Transit	Transit District	845	0.67%	840	0.67%	828	0.69%	828	0.60%	820	0.60%
College of Marin	College District	512	0.40%	529	0.42%	529	0.44%	360	0.26%	360	0.26%
Restoration Hardware **(2)**	Home Furnishings	500	0.39%	500	0.40%	500	0.42%	500	0.36%	500	0.37%
City of San Rafael	Government	420	0.33%	405	0.32%	405	0.34%	410	0.30%	404	0.30%
San Rafael City Schools	School District	404	0.32%	362	0.29%	362	0.30%	362	0.26%	355	0.26%
Tamalpais Union High School District (TUHSD) **(3)**	School District	368	0.29%	402	0.32%	409	0.34%	409	0.30%		
Kentfield Rehabilitation & Hospital	Hospital									345	0.25%
Marin Muncipal Water District (MMWD)	Water District										

		Number of Employees FY17	Percentage of Total Marin County Employment	Number of Employees FY16	Percentage of Total Marin County Employment	Number of Employees FY15	Percentage of Total Marin County Employment	Number of Employees FY14	Percentage of Total Marin County Employment	Number of Employees FY13	Percentage of Total Marin County Employment
Total Marin County Employment:			**135,700**		**136,100**		**135,400**		**137,000**		**135,200**
San Quentin State Prison	State Government	1,662	1.22%	1,832	1.35%	1,832	1.35%	1,832	1.34%	1,832	1.36%
BioMarin (added FY17)	Biotech	1,700	1.25%								
Marin General Hospital	Hospital	1,650	1.22%	1,650	1.21%	1,650	1.22%	1,650	1.20%	1,650	1.22%
Dominican University	University	1,000	0.74%	1,000	0.73%	1,000	0.74%	745	0.54%	745	0.55%
Golden Gate Transit	Transit District	810	0.60%	775	0.57%	775	0.57%	775	0.57%	838	0.62%
College of Marin	College District	507	0.37%	332	0.24%	328	0.24%	354	0.26%	474	0.35%
Restoration Hardware (added FY17)	Home Furnishings	500	0.37%								
City of San Rafael	Government	401	0.30%	390	0.29%	390	0.29%	383	0.28%	387	0.29%
Tamalpais Union High School	School District		0.00%	332	0.24%	310	0.23%	353	0.26%	353	0.26%
San Rafael City Schools	School District	355	0.26%	355	0.26%	355	0.26%	355	0.26%	355	0.26%
Kentfield Rehabilitation & Hospital	Hospital	345	0.25%	344	0.25%	344	0.25%	344	0.25%	344	0.25%
Marin Muncipal Water District (MMWD)	Water District			246	0.18%	246	0.18%	244	0.18%	239	0.18%

(1) Total Marin County employment for June 2022 was 126,800. The data source is from www.labormarketinfo.edd.ca.gov Labor Force and Unemployment Interactive Map for June 2022. Employment statistics by cities within Marin County are not available.

(2) BioMarin and Restoration Hardware were identified as two of the top 10 employers in CMSA's service area in FY17 replacing MMWD and TUHSD. MMWD's employee headcounts for FY13 through FY16 remain on the 10 year schedule.

(3) In FY19 the TUHSD website reported the district employed 535 of which 409 are employed in the CMSA service area making the district once again one of the larger employers in Central Marin.

Central Marin Sanitation Agency
Authorized Staffing by Department

Schedule 15

Authorized Staffing by Department	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14	FY13
Administration **(4)**	6	6	7	7	7	7	6	6	6	6
Maintenance **(1) (1a) (5)**	17.5	17.5	17	14	14	14	14	13	14	13
Operations **(5)**	13.5	13.5	13	13	13	13	13	13	13	13
Technical Services **(4) (4a)**	9	9	9	9	8	8				
Environmental Services **(4)**	-	-	-	-	-	-	5	5	5	5
Engineering **(2)**	-	-	-	-	-	-	4	3	3	3
Safety Program **(3)**	1	1	1	1	1	1	1	1	1	1
Agency Total	47	47	47	44	43	43	43	41	42	41

Notes:

(1) FY16 Addition of one Utility Worker.
(1a) FY20 addition three Institutional Utility Laborers.
(2) FY16 Addition of one new Associate Engineer position.
(3) The Safety Program is a shared services position with CMSA Administration 0.6 share and one local wastewater agency whose share is 0.4 FTE.
(4) The Board approved a department reorganization plan at the November 10, 2016 meeting. Three Engineering and four Environmental Services positions were reorganized into Technical Services. One IT Analyst position was transferred into Administration.
(4a) FY19 Addition of one new Laboratory Analyst position.
(5) FY21 Treatment Plant Manager moved from Administration and is allocated 0.5 FTE to Maintenance and 0.5 to Operations.

Source: Central Marin Sanitation Agency records

Central Marin Sanitation Agency
Wastewater and Biosolids Treated

Schedule 16

	Millions of Gallons per Day									
Treatment Plant	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14	FY13
Average Dry Weather Flow (ADWF) Permitted Capacity Limit (1)	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
ADWF (2)	7.5	8.3	8.5	8.5	7.0	8.2	4.6	4.7	5.6	5.8
Average Wastewater Treated per day	10.8	9.2	10.5	13.3	9.3	12.9	7.8	7.0	7.9	8.9

	Wet Tons per Year									
	FY22	FY21	FY20	FY19	FY18	FY17	FY16	FY15	FY14	FY13
Biosolids Treated	4,579	4,194	5,982	6,512	6,517	6,500	6,231	5,882	5,450	6,107

Note **(1)**: ADWF limit is set forth in CMSA's NPDES Permit.

Note **(2)**: ADWF is based on the average of the 3 lowest months of daily average influent flow (July, August, September).

Source: Central Marin Sanitation Agency records

CENTRAL MARIN SANITATION AGENCY
Agency Information
June 30, 2022

1301 Andersen Drive
San Rafael, CA 94901
415 459-1455

Authority	Joint Powers Agreement	
Date of formation	October 1979	
Governing body	Board of Commissioners appointed by member agencies:	
	Ross Valley Sanitary District	2 appointees
	Sanitary District No. 2 of Marin County	1 appointee
	San Rafael Sanitation District	2 appointees
Chief Executive Officer	General Manager, Jason Dow	
Chief Fiscal Officer	Administrative Services Manager, Kenneth Spray	
Type of service	Wastewater treatment and disposal	
Number of Authorized Positions	47	

<u>Member Agency Contact Information:</u>

Ross Valley Sanitary District
2960 Kerner Blvd
San Rafael, CA 94901
(415) 259-2949

Sanitary District No. 2 of Marin County
300 Tamalpais Drive
P.O. Box 159
Corte Madera, CA 94976-0159
(415) 927-5057

San Rafael Sanitation District
111 Morphew Street
San Rafael, CA 94915-1560
(415) 454-4001

<u>Retirement Plans Contact Information:</u>

California Public Employee's Retirement System
Lincoln Plaza North
400 Q Street
Sacramento, CA 95814
(888) 225-7377

Source: Central Marin Sanitation Agency

Appendix A

Agency's Mission, Vision, and Values

Agency's Mission, Vision, and Values

MISSION

MISSION

WHAT THE AGENCY DOES

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

VISION

VISION

WHERE THE AGENCY WANTS TO BE IN THE FUTURE

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.

VALUES

VALUES

KEY STATEMENTS THAT DESCRIBE THE IDEALS OF THE AGENCY

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.

Appendix B

Key Terms and Financial Glossary with Acronym Listing

Key Terms and Financial Glossary with Acronym Listing

- **ASSETS**: Anything of material and economic value or usefulness owned by the entity.
- **BOND PREMIUM**: A bond that is priced higher than its stated face (par) value.
- **CAPITAL ASSETS**: Includes Agency land, treatment plant, facilities, buildings, and equipment net of depreciation.
- **CAPITAL EXPENDITURE**: An expenditure of $5,000 or more that is used to newly purchase a capital asset with a useful life of five years or more or an investment that improves the useful life of an existing asset.
- **CAPITAL IMPROVEMENT PROGRAM (CIP)**: A plan that describes and explains the Agency's maintenance and capital projects over ten fiscal years. The CIP is a planning document that provides the Agency with an opportunity to evaluate and assess its equipment, infrastructure, and asset management needs from financial, engineering, operational, and planning perspectives.
- **CONTRACT SERVICE REVENUES**: Services provided by the Agency under contract to other local agencies for pump station and collection system maintenance and pollution prevention source control programs.
- **CURRENT AND OTHER ASSETS**: Assets that can easily be converted to cash or consumed within one year. Includes cash, investments, receivables, prepaid expenses, deposits with others (example: OPEB asset).
- **CURRENT LIABILITIES**: Payment obligations owed by the Agency within the next 12 months.
- **DEPRECIATION**: A current year non-cash expense that reduces the value of an asset because of wear and tear, age, or obsolescence. Accumulated depreciation is the total amount expensed since the asset was placed in service.
- **ENTERPRISE FUND**: A government accounting fund that provides goods or services to the public for a fee that makes the entity self-supporting.
- **EQUIVALENT DWELLING UNIT (EDU)**: An EDU is one single-family residence.
- **FLOW(S)**: The total incoming wastewater flow(s) to CMSA from the satellite collection agencies, measured in millions of gallons and collected for the previous April 1 to March 31, are used to calculate the CMSA sewer service charge.
- **HAULERS, PERMITS & INSPECTION REVENUE**: Fees and charges for use of Agency septage receiving facility; permit fees to discharge commercial and industrial waste; reimbursement of Agency labor and administrative costs for performing inspections and other services.
- **JOINT POWERS AUTHORITY (JPA)**: An agreement between two or more local government agencies to form a separate governmental entity distinct from the member governments and authorizing the powers the JPA is allowed to exercise.
- **LIABILITIES**: What the Agency owes others.
- **NET INVESTMENTS IN CAPITAL ASSETS**: Represents amounts invested in capital assets less accumulated depreciation and any outstanding debt used to acquire the assets.
- **NON-CURRENT LIABILITIES**: Payment obligations owed by the Agency more than 12 months in the future.
- **OTHER NON-OPERATING REVENUE**: Includes CSRMA dividends, CalCARD prompt payment incentive rebates, settlement claims, the occasional sale of assets, SDI disability reimbursements, grants, and other miscellaneous revenue sources.
- **PENSION OBLIGATION BONDS**: Taxable bonds that state and local governments issue as part of an overall strategy to fund the unfunded accrued liability associated with their pension obligations. These bonds are not subject to debt service coverage requirements as with revenue bonds.

- **PROGRAM REVENUES**: The Agency is the lead coordinator for the Health and Safety Director and Countywide Education Programs. Costs incurred by CMSA are allocated to the districts that participate in the programs. The Agency invoices participating Districts quarterly for Safety Director and Countywide Education expenditures in accordance with agreements with program participants.

- **RESTRICTED CASH**: Cash and investments that can only be used for legally specific purposes.
- **REVENUE BOND**: Debt obligation for which interest and principal payments are secured by the debt service portion of service charge revenues generated for the treatment plant project being financed.
- **SERVICE CHARGE (SC)**: A fee for wastewater operating services and payment of revenue bond debt service.

- **SEWER SERVICE CHARGE (SSC)**: A fee for wastewater services and payment of the revenue bond debt service. The SSC is typically the fee collected by JPA members and the term is used inter-changeably with the service charge.

- **TOTAL NET POSITION**: Equity associated with general government assets and liabilities. The difference between total assets and total liabilities.
- **UNRESTRICTED CASH**: Cash and investments available to use for operations and not tied to a specific obligation.
- **UNRESTRICTED (NET POSITION)**: The net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

ACRONYM LISTING

ACFR	Annual Comprehensive Financial Report
ADC	Alternate Daily Cover
ADWF	Average Dry Weather Flow
AM	Asset Management
ASPC	Agency Strategic Planning Committee
ATC	Authority to Construct
B2E	Biosolids-to-Energy
BACC	Bay Area Chemical Consortium
BACWA	Bay Area Clean Water Agencies
BAPPG	Bay Area Pollution Prevention Group
BAAQMD	Bay Area Air Quality Management District
BOD	Biochemical Oxygen Demand
BWA	Bartle Wells Associates
CalOES	California Office of Energy Services
CalPERS	California Public Employees Retirement System
CAMP	California Asset Management Program (see Interest Income)
CASA	California Association of Sanitation Agencies
CCT	Chlorine Contact Tank
CDCR	California Department of Corrections
CEC	California Energy Commission and also Constituents of Emerging Concern
CERBT	California Employers' Retirement Benefit Trust
CIP	Capital Improvement Program
CMMS	Computerized Maintenance Management System

CMSA	Central Marin Sanitation Agency
COLA	Cost of Living Adjustment
CPI	Consumer Price Index
CSRMA	California Sanitation Risk Management Authority
CUPA	Certified Unified Program Agencies
CWEA	California Water Environment Association
DBOO	Design, Build, Own, Operate
DDSD	Delta Diablo Sanitation District
DPR	Direct Potable Reuse
E.D.I.S.	Employer Driven Insurance Services (third party-administrator for self-insured dental benefits)
EDU	Equivalent Dwelling Unit
ELAP	Environmental Laboratory Accreditation Program
EPMC	Employer Paid Member Contribution
F2E	Food-to-Energy
FEMA	Federal Emergency Management Agency
FOG	Fats, Oils and Grease program (see Contract Service Revenues)
FSE	Food Service Establishment(s)
F/M	Food to Microorganism
FTE	Full Time Equivalent (a position converted to decimal equivalent of a full time position)
FY	Fiscal Year
G&A	General & Administrative
GAAP	Generally Accepted Accounting Principles
GASB	Government Accounting Standards Board
GHG	Greenhouse Gas
IA	Interconnection Agreement
IC	Ion Chromatography
IPR	Indirect Potable Reuse
JEPA	Joint Exercise of Powers Agreement
JPA	Joint Powers of Authority
LARK	City of Larkspur, JPA Member
LBNL	Lawrence Berkeley National Laboratories
LED	Light-emitting Diodes
LEL	Lower Explosive Limits
LGVSD	Las Gallinas Sanitary District (see Contract Service Revenues)
MCE	Marin Clean Energy
MOV	Motor Operated Diaphragm Valves
MSS	Marin Sanitary Service
NACWA	National Association of Clean Water Agencies
NBWA	North Bay Watershed Association
NPDES	National Pollutant Discharge Elimination System
NSD	Novato Sanitary District (see Contract Service Revenues)
OES	Office of Emergency Services (California)
OPEB	Other Post-Employment Benefits
PAFR	Popular Annual Financial Report
PD/EE	Power Delivery/Energy Efficiency Committee
PCA	Pretreatment Compliance Audit
PCB	Polychlorinated Biphenyls
PEPRA	Public Employees' Pension Reform Act
PIER	Public Interest Energy Research
POB	Pension Obligation Bond
PPA	Power Purchase Agreement

RAS	Return Activated Sludge
RFP	Request for Proposal
RFQ	Request for Qualifications
RMP	Regional Monitoring Program (for toxic pollutants and trace substances)
ROWD	Report of Waste Discharge
RWB	Regional Water Board
RWB	Regional Water Quality Control Board
RVSD	Ross Valley Sanitary District, JPA Member
SAMP	Strategic Asset Management Program
SBP	Strategic Business Plan
SC	Service Charge
SCADA	Supervisory Control and Data Acquisition (a monitoring and control software system)
SD2	Sanitary District No. 2, JPA Member
SDI	State Disability Insurance
SDS	Safety Data Sheets
SQSP	San Quentin State Prison (see Contract Service Revenues)
SRSD	San Rafael Sanitation District, JPA Member
SSC	Sewer Service Charge
SUO	Sewer Use Ordinance
SWRCB	State Water Resources Control Board
SP	Strategic Plan
TCSD	Tamalpais Community Services District (see Contract Service Revenues)
ToC	Table of Contents
TSS	Total Suspended Solids
UAAL	Unfunded Actuarial Accrued Liability
USA	Underground Service Alert
VFA	Volatile Fatty Acid
WAS	Waste Activated Sludge