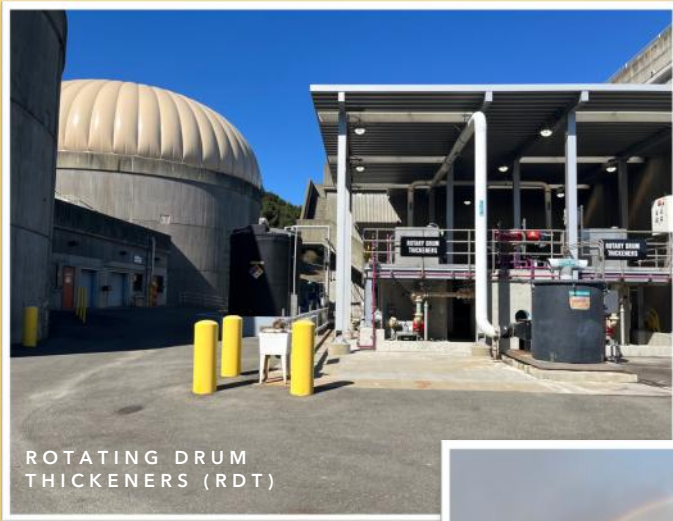


# POPULAR ANNUAL FINANCIAL REPORTING

FOR THE FISCAL YEAR ENDED  
JULY 1, 2023 – JUNE 30, 2024



## CENTRAL MARIN SANITATION AGENCY



ROTATING DRUM THICKENERS (RDT)



AERATION TANK & DIGESTORS



NUEROS AERATION BLOWER



ADMINISTRATIVE OFFICE



PRIMARY CLARIFIERS



ORGANIC WASTE RECEIVING FACILITY (OWRF)



SECONDARY CLARIFIERS

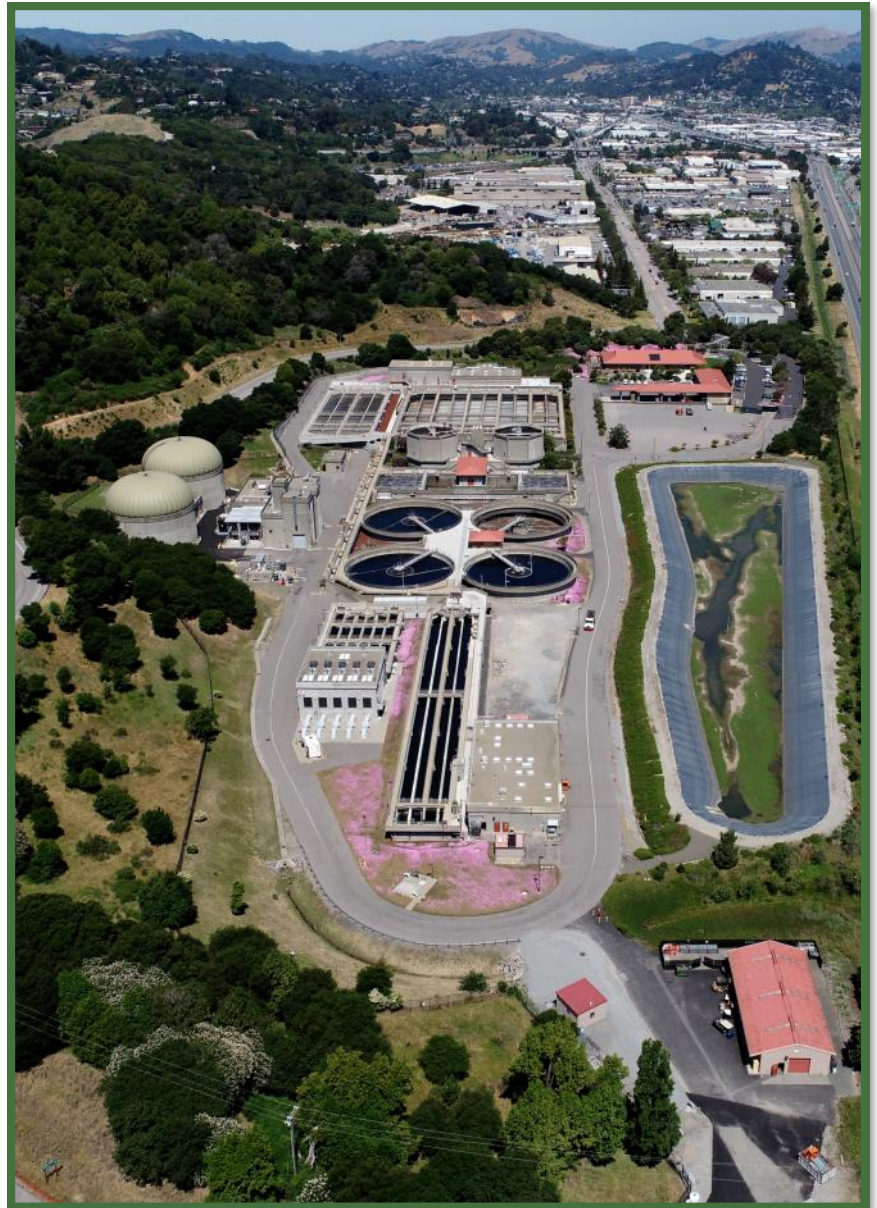


# POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
JULY 01, 2023 – JUNE 30, 2024

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### EDITORS:

**COREY SPRAY** ADMINISTRATIVE SERVICES MANAGER

**HEIDI LANG** SENIOR ACCOUNTANT

**TIFFANY ELAM** ADMINISTRATIVE SPECIALIST

October 23, 2024

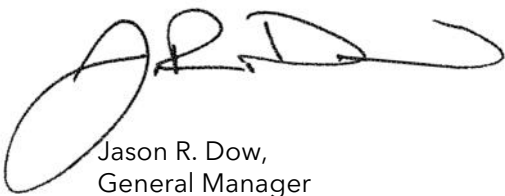
Dear Reader,

Central Marin Sanitation Agency (CMSA) is pleased to present its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2024 (FY24). The PAFR is published to provide readers with easy-to-understand facts about the CMSA organization, as well as its finances, wastewater services, and other pertinent information. The financial information within this report is taken in large part from the Agency's audited financial statements and provides an overview of the Agency's financial activities and position.

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

Readers of this document who are interested in learning more about the specific operational, financial, and program details can refer to the Agency's FY24 ACFR with Audited Financial Statements. They are available online at [www.cmsa.us/finance](http://www.cmsa.us/finance), by visiting us at 1301 Andersen Drive, San Rafael, California, or by contacting us at (415) 459-1455.

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



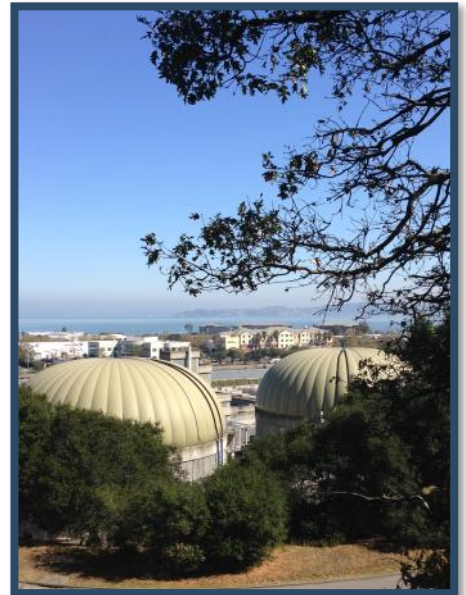
Jason R. Dow,  
General Manager



Corey Spray, CPA  
Administrative Services Manager

## OUR MISSION

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



2023  
PLATINUM AWARD



# LOCAL ECONOMY AND STATISTICS



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

Marin’s 3.7% average unemployment rate is among the lowest rate in California and remained below national levels (3.8%) at the end of FY24.

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



Photographer: David Paul Morris/Bloomberg

Marin County has a total population of 262,321 with a growth rate of less than one percent annually. The county’s residents continue to have California’s highest average per capita income of \$171,177 per household. The population growth rate and per capita household income in the CMSA service area mirrors that of the county.

The local housing market continued to improve during FY24. The annual mean/median sale price for a home in Marin, as reported by the Marin County Assessor Office for the year ending June 30, 2024, was \$1.82M/\$1.49M.

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

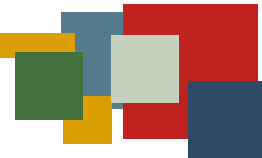
## TEN LARGEST EMPLOYERS AND NUMBER OF EMPLOYEES IN THE CMSA SERVICE AREA

City of San Rafael	41,157
City of Larkspur	12,589
Town of San Anselmo	12,498
Town of Corte Madera	9,947
Town of Fairfax	7,417
Kentfield	6,808
San Quentin State Prison	3,361
Sleepy Hollow	2,401
Town of Ross	2,338
Unincorporated Areas	6,524

BioMarin	1,700
Marin Health Medical Center	1,650
San Quentin State Prison	1,468
Dominican University	1,033
Golden Gate Bridge, Hwy and Transit	853
College of Marin	512
Restoration Hardware	500
City of San Rafael	416
San Rafael City Schools	561
Tamalpais Union High School District	531

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

# WHAT CMSA DOES

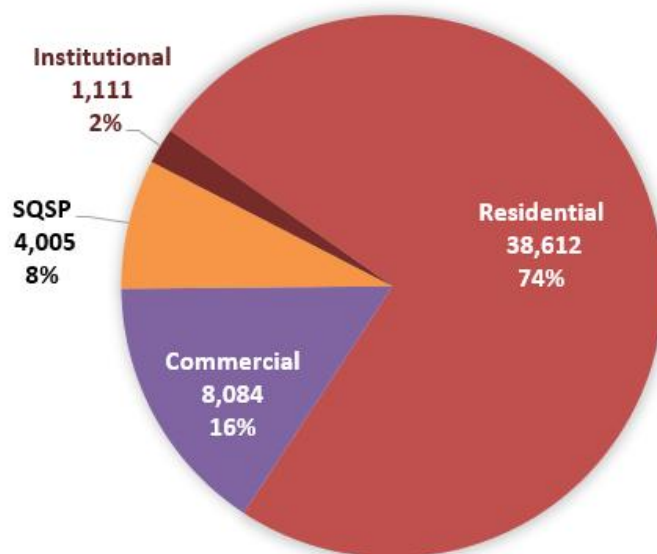
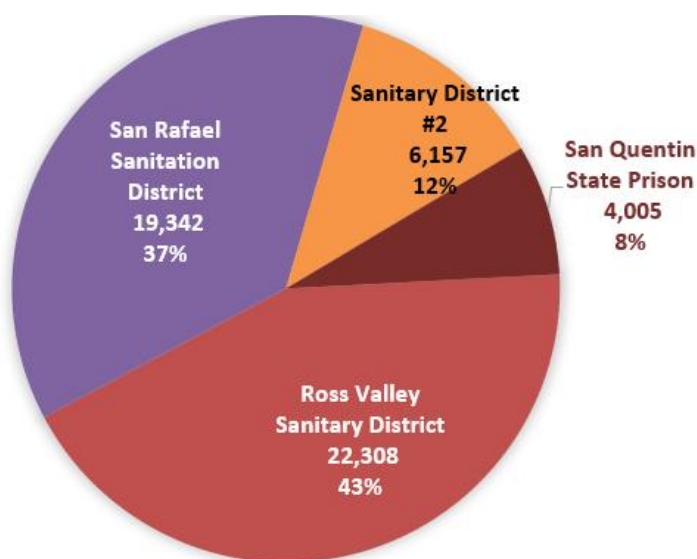


**CMSA provides wastewater services to protect public health and the environment.** The treated wastewater discharged into the central San Francisco Bay consistently meets and exceeds all federal, state, and regional regulatory requirements. In line with its core mission are responsibilities related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

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

## EDUS SERVED IN FY24

## EDU TOTALS BY CONNECTION TYPE



### What are EDUs?

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

### The Agency provides services

to 51,812 Equivalent Dwelling Units with an approximate service area population of 105,040.

## WASTEWATER AND BIOSOLIDS TREATED IN FY24

Volume of total wastewater treated .....	4.522 billion gallons
Average dry weather influent flow (July-Sept 2023) .....	8.5 million gallons/day
Average wastewater treated .....	12.4 million gallons/day
Total biosolids reuse .....	5,146 wet tons
Landfill Alternative Daily Cover .....	3,413 wet tons
Land-Applied Fertilizer/Soil Amendment .....	105 wet tons
Liquid Bio-Fertilizer .....	1,628 wet tons

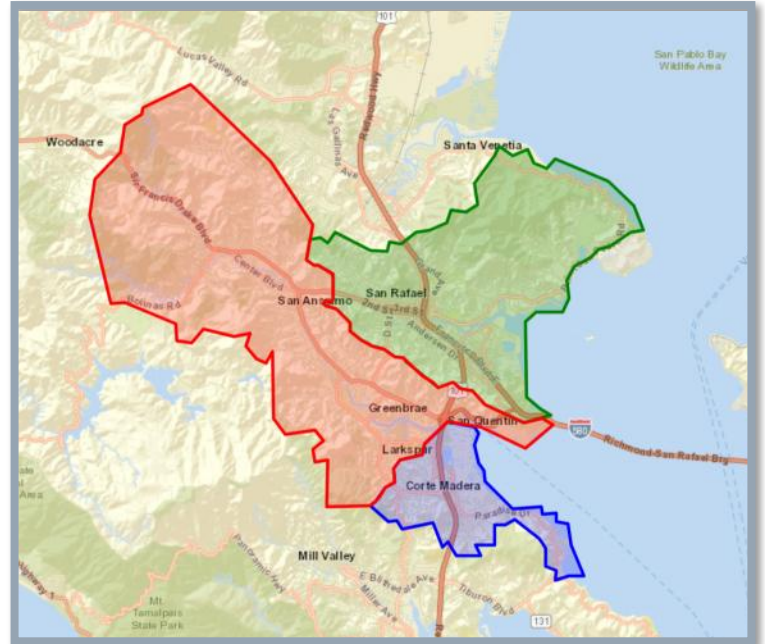
# HISTORY

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

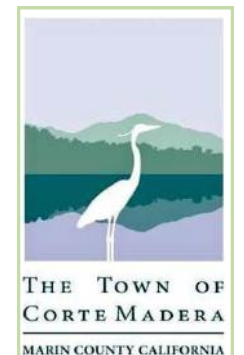
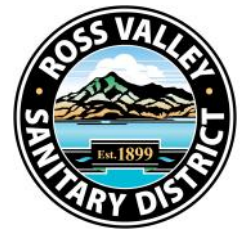
Since then, the JPA has been amended eight times. Five were made to clarify or update certain provisions, and a 2006 amendment extended the JPA term to 2031. After a thorough review in 2017, significant revisions were made to update provisions that were outdated or not applicable, and it was adopted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

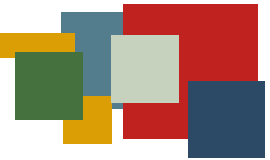
In late 2018, the Larkspur City Council approved withdrawing from the JPA since its wastewater operations were annexed into RVSD in 1993, and to avoid unfunded pension liability for joint powers agency members under a state law. The JPA managers subsequently prepared a withdrawal agreement and revised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

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

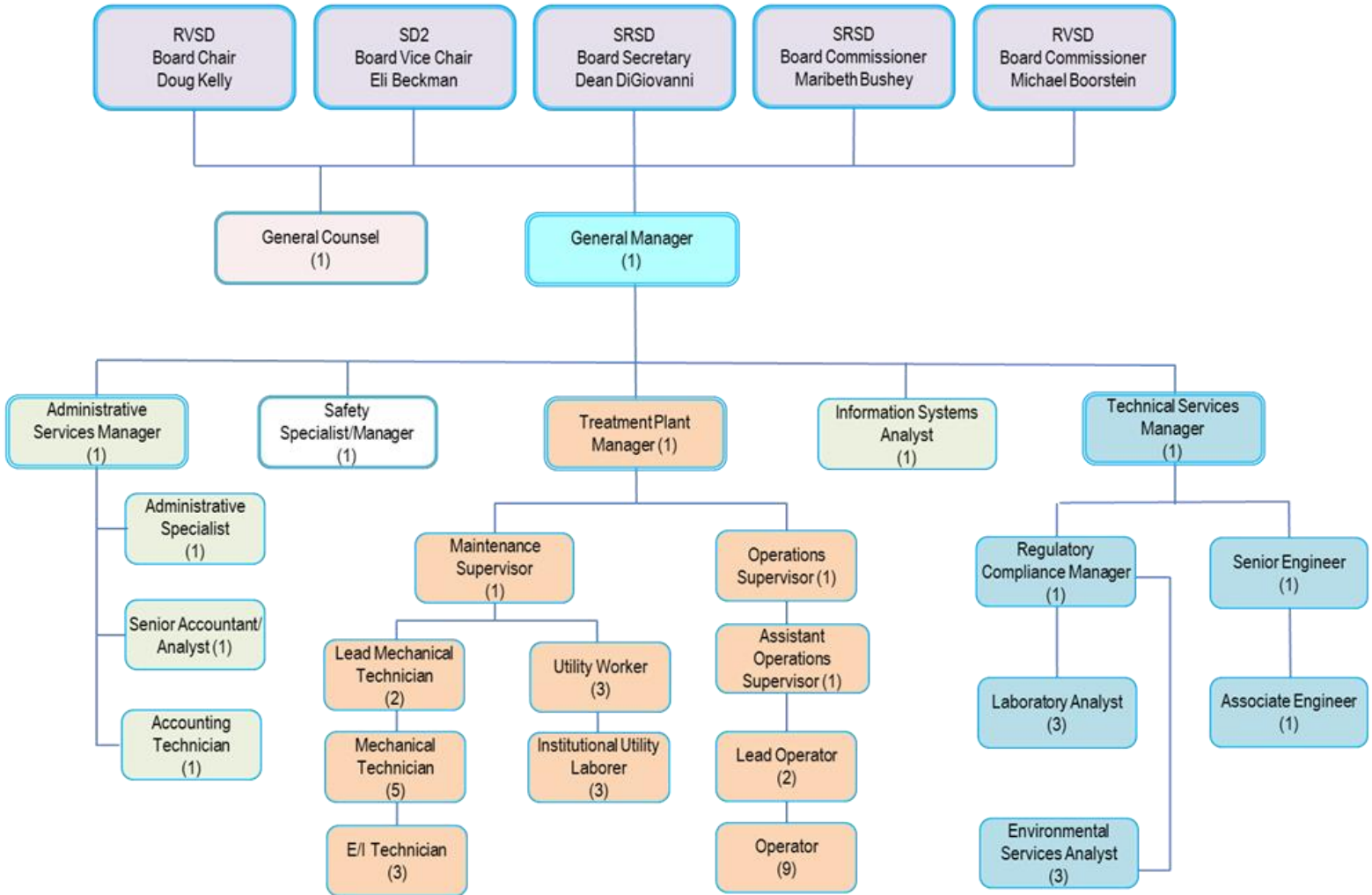


OUR SERVICE AREA      SRSD      RVSD      SD2





## CMSA ORGANIZATIONAL CHART



48 Full Time Equivalent Employees (FTE)  
June 30, 2024

# MAJOR ACCOMPLISHMENTS AND INITIATIVES

## WORKPLACE SAFETY INITIATIVES

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



### Safety Incentive Program



Employees take part in a program that awards points for contributions in several key aspects of a sound safety culture. In FY24, employees led 74 tailgates and submitted 16 safety hazard observations, with 34 employees qualifying for 52 monetary awards.

### Safety Training

Employees receive continuous reinforcement of proper safety procedures with regular, formal safety training. Combined with tailgates, staff had approximately 983 safety training hours.

## PUBLIC EDUCATION

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

### Engagement with TV Public Service Announcements

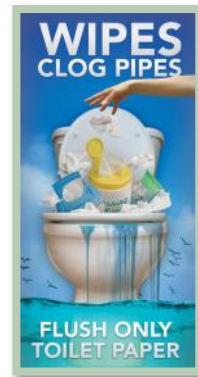


Partnering with the Ross Valley Sanitary District, television ads ran on topics like wipes clog pipes, proper FOG disposal, and don't flush drugs. In 2023, the ads ran 174,571 times within premium cable television content, and the target

audience watched 139,409 (80%) of the ads in their entirety.

### Raising Awareness at Local Events and Schools

The program manages outreach booths at several events each year, where staff answer questions about pollution prevention, wastewater treatment, recycled water, and other environmental issues. Staff also talk to local teachers and inform them of possible outreach activities including in-class presentations and facility tours offered by the wastewater agencies. In 2023, events included Eggstravaganza, Rotary Day of Service, Marin County Fair, Mill Valley Earth



Day, Farmer's Market, Get Ready to Go 94920, and Coloma Pump Station Project Ribbon Cutting Ceremony, with a total of 2,072 participants. Furthermore, approximately 3,893 students received a public education



presentation on water and pollution issues.

## PREVENTING POLLUTION

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

### Mercury Reduction Program

Because dental amalgam used to fill cavities in teeth is the largest controllable source of mercury discharged to the sanitary sewer, dental offices maintain separators to dispose of dental amalgam. In 2023, approximately 18.25 pounds of mercury were removed and properly disposed of. Both the





Novato Sanitary District and Las Gallinas Valley Sanitary District have contracted with CMSA to administer the programs in their service areas. Inspections in 2023 showed that all dental offices complied with the requirements, and 15.75 pounds of mercury were removed.

**FOG Source Control Programs**

CMSA works with local wastewater agencies on the administration of their FOG (fats, oils, and grease) source control programs. The goal is to reduce sewer blockages and prevent sanitary sewer



overflows caused when grease is discharged directly into sanitary sewers. FOG can build up and harden, combining with sand, roots, and debris, and clog pipelines. The program includes

inspections, documentation, and requirements for installing devices. In calendar year 2023, CMSA conducted 409 inspections and documented 1,366 FOG pumping activities.

**HUMAN RESOURCES**

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

**Student Internship Program**

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



**Retired Annuitants**

The Agency also supports the use of retired annuitants (retired former employees) for special projects and staff training requiring unique expertise. We had four retired annuitants in FY24.

**Self-Insured Dental Plan**



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

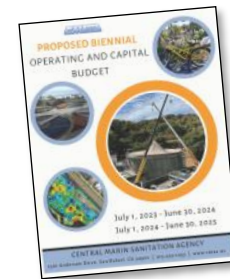
**FINANCIAL MANAGEMENT**

**Financial System Software**

The Agency utilizes a financial system software from Tyler Technologies, ERP Pro, to replace the aging existing system. The latest system is a significant time- and cost-saver and has been working well over the past several years meeting the Agency's needs.



**Two-Year Budget**



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

**Future Revenue Planning**

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

**Managing Unfunded Obligations**

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



# MAJOR ACCOMPLISHMENTS AND INITIATIVES

## LIQUID WASTE TO ENERGY

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



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

### Highlights from FY24 Include:

- An average of 6.9 tons of food waste and 13,449 gallons of FOG received per day (except Saturday and Sundays), plus 302 tons of pre-processed food waste slurry from Sustainable Organic Solutions (SOS) and 353 tons of depackaged food waste from MSS.
- The mixture of food waste, FOG, and other organic materials produced enough biogas to run the facility up to an average of 19.3 hours per day, and 24 hours per day multiple weeks during the year.
- CMSA executed longer-term delivery agreements with SOS.
- CMSA executed a similar long-term delivery agreement with the City of Sunnyvale in early FY25.
- CMSA successfully commissioned the new Liquid Organic Waste Storage Tank Project in FY24.

## POWER BEING DELIVERED

CMSA's power delivery program has been underway for several years and aims to utilize the Agency's excess digester capacity to accept additional organic feed stocks, such as grease and food waste, to significantly increase biogas generation in the anaerobic digesters. In the Spring of 2019, CMSA received official permission from the local utility, PG&E, to export excess power to its electrical grid, and throughout FY21 to FY24 significant amounts of renewable power were exported and sold to Marin Clean Energy through a Power Purchase Agreement.

A new Jenbacher cogeneration system started routine operation in early 2023, and has both larger capacity and higher efficiency than the existing cogeneration engine.



## NUTRIENT REMOVAL PROGRAM

The San Francisco Bay Regional Water Board (RWB) adopted a Nutrient Watershed Permit in July 2024 to address the recent algae blooms significantly harming the sea life. Under the new permit rules, the Agency will be required to reduce approximately 60% of its nutrient loading to the Bay. The Agency solicited Request-for-Proposals in April 2024 to assist it with the design and eventual construction of a new facility. Completion of project design is expected to occur by FY28 with construction happening the subsequent years.

# MAJOR CAPITAL PROJECTS

## LIQUID ORGANIC WASTE PROJECT CONSTRUCTION

The Agency successfully completed construction of an additional above-ground liquid organic waste storage facility in May 2024. The project included installation of two new biogas chillers, a heat exchanger, and replacement of the original facility's food waste hatch door with a wider one to accommodate additional food waste volume. The Agency was awarded \$2.5 million from CalRecycle's Co-Digestion Grant Program to assist funding this project, of which a total of \$2,319,480 was received.



## HILLSIDE REPAIRS

The Agency owns and maintains the hillside along Andersen Drive next to the treatment plant facility. The hillside includes storm drain channels and catch basins that run along its slopes. Over the years, the drain channels have become overgrown with vegetation and the slopes have eroded after the recent years' heavy rainstorms. Two contractors were hired, as such, to clear the vegetation and reinforce and stabilize the hillside.

## GRIT CLASSIFIERS REPLACEMENT DESIGN AND PREPURCHASE

The Agency has engaged an engineering firm to design replacement of three grit classifiers with two grit washers to effectively and efficiently remove almost all organic materials from the grit. The new grit washers will be installed into the grit handling room, but detailed coordination is required to minimize conflicts between the new and existing equipment. To aid in this effort, a three-dimensional model was prepared to develop potential layouts for the new equipment. Final design is expected to be completed by December 2024 and construction is expected to begin in March 2025.



## DESIGN OF REPLACEMENT CENTRIFUGES

The Agency retained an engineering consulting firm to provide design services to replace three sludge dewatering centrifuges. The consultant developed a three dimensional model to map conceptual designs and evaluate possible layout options. Based on flow capacity and available physical space in the centrifuge room, the Agency narrowed centrifuge selections from two manufacturers. Pre-purchase of the three replacement centrifuges is expected to occur in FY25 with construction planned to start in mid-2025.



## INLINE SLUDGE GRINDER CARTRIDGE REPLACEMENT



The Agency utilizes two anaerobic digesters to break down organic matter, to produce biogas for energy and reduce sludge volume for disposal. The sludge heating loop, which controls and maintains the optimal temperature in the anaerobic digesters, for effective organic break down, utilizes a sludge grinder to reduce the size of debris entering the digesters. Staff performed annual maintenance on the sludge grinder, replacing the grinder's cutting cartridge due to operational wear and tear. Cutting cartridges macerate sand, hair, inorganic materials, and are designed to be removed and replaced periodically to preserve the overall life of the sludge grinder. Typically, staff replaces one cartridge per year, which is then exchanged and refurbished by the grinder system's manufacturer.

## SAN RAFAEL INTERCEPTOR SHUTDOWN AND FLOWMETER INSTALLATION

The 45-inch San Rafael Interceptor was fitted with a new multi-path ultrasonic flowmeter to improve flow measurement of influent from the San Rafael Sanitation District (SRSD). The original meter configuration outlived its useful life and required frequent maintenance efforts to support it. Installation of the new flowmeter had to be completed at midnight, during when flows are at their lowest, over two consecutive days.



## JENBACHER COGENERATION ENGINE SERVICE

The 13,333-hour scheduled preventative maintenance service was completed on the Jenbacher cogeneration engine. Technicians from the cogeneration system supplier had previously conducted the service and provided training to Agency staff for future maintenance tasks. All required maintenance includes replacement of oil, air, and natural gas filters, re-gapping spark plugs, adjusting intake valves, and conducting exhaust emission checks. Now all required maintenance can be completed in-house reducing contractor costs.

## SODIUM HYPOCHLORITE AND BISULFITE PUMP REHABILITATION

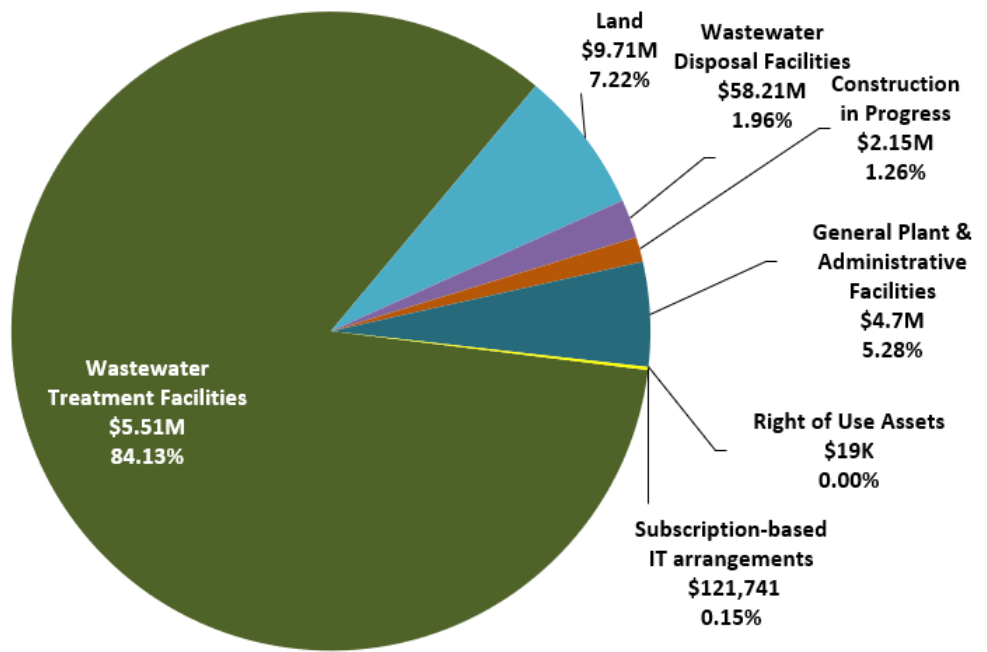
Seven sodium hypochlorite pumps and four sodium bisulfite pumps were refurbished to ensure accurate dosing of chlorine and chlorine neutralizing chemicals. Sodium hypochlorite is used as a wastewater disinfectant and sodium bisulfite is used to neutralize residual chlorine within the effluent. The rebuilds included installation of new check valves and diaphragms as well as new digital pressure sensors. These rehabilitated pumps will ensure reliable measurement and operation of the contact tanks process.



# CAPITAL ASSETS

As of June 30, 2024, CMSA's total capital assets, net of depreciation (a non-cash expense that reduces the value of capital assets), totaled \$80,332,466. This amount is broken down into asset categories shown in the chart below. Additions to capitalized assets totaled \$4,798,567 and are reported on the Condensed Statement of Net Position and in Note 7 in the FY24 ACFR financial statements section. The Agency also expensed an additional \$1,753,982 included in repairs and maintenance, which can be found on the Condensed Statement of Revenues and Expenses and Net Position.

## CAPITAL ASSETS AS OF JUNE 30, 2024 (NET OF DEPRECIATION)



**WASTEWATER TREATMENT FACILITIES**  
(84.1% of capital assets) Assets in this category include structures and equipment used in the treatment of wastewater and biosolids, and in energy production .

**LAND**  
(7.2% of capital assets) Lands owned by the Agency that buildings and treatment plant facilities.

**CONSTRUCTION IN PROGRESS**  
(1.3% of capital assets) Assets in this category include the following projects that are underway: Primary Clarifier #1 Rehab Centrifuge Replacement.

**GENERAL PLANT & ADMINISTRATIVE FACILITIES**  
(5.3% of capital assets) Assets in this category include Agency buildings and vehicles.

**WASTEWATER DISPOSAL FACILITIES**  
(2% of capital assets) Assets in this category include structures and equipment used in the discharge of treated wastewater into the San Francisco Bay.



Detailed budget and project information on the Agency's **FY24 Capital Improvement Program** can be found in the Agency's Adopted Budget at [www.cmsa.us/finance/documents/](http://www.cmsa.us/finance/documents/)

# KEY FINANCIAL INFORMATION

## FY 24 BUDGET PERFORMANCE

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

The Agency's primary revenue source is the regional sewer service charge. The table to the right shows the adopted FY24 budget revenues and expenses compared to the FY24 audited actuals.

CMSA is accounted for in a single enterprise fund. A comprehensive set of Board adopted financial policies gives direction to protect the Agency's assets and investments through sound financial management. The source of the information in this PAFR is consistent with generally accepted accounting principles. Details can be found in the FY24 ACFR available at:

[www.cmsa.us/finance/documents](http://www.cmsa.us/finance/documents)



## FY24 CONDENSED STATEMENT REVENUES & EXPENSES: BUDGET TO AUDITED ACTUALS PERFORMANCE

Revenue (Cash in)*	Adopted Budget	Audited Actuals
Sewer Service Charges	\$ 13,941,551	\$ 13,941,551
Debt Service	5,626,258	5,626,258
Contract Maintenance Revenues	1,761,966	1,694,712
Other Operating Revenues	621,602	901,048
Capital Contributions	2,538,880	2,803,439
<b>Total Operating Revenues plus Capital Contributions</b>	<b>\$ 24,490,257</b>	<b>\$ 24,967,007</b>

Expenditures (Cash out)*	Adopted Budget	Audited Actuals*
Total Operating Expenses (net of non-cash depreciation)	\$ 16,012,135	\$ 20,674,857
Total Non-Operating (Revenue) Expenses	1,196,006	400,171
<b>Total Expenses</b>	<b>\$ 17,208,141</b>	<b>\$ 21,075,028</b>
Total Debt Service Principal Paid FY23	<b>\$ 3,305,000</b>	<b>\$ 3,305,000</b>

\*\*Details available in the FY24 ACFR, Note 9 - Long-Term Obligations.

## AUDIT OF AGENCY'S STATEMENT BY INDEPENDENT AUDITOR

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

The Agency's FY24 Financial Statements were audited by the Agency's auditor, Maze & Associates, in accordance with Generally Accepted Accounting Principles (GAAP).

The statements also met the State Controller's Minimum Audit Requirements for California Special Districts. The Agency's Audited Financial Statements and accompanying Independent Auditor's Report were accepted by the CMSA Board in November 2024, and can be found in the Agency's **FY24 ACFR**, available at [www.cmsa.us/finance/documents/](http://www.cmsa.us/finance/documents/)

# CONDENSED STATEMENT OF NET POSITION

The **Statement of Net Position** is a useful indicator of financial position. The largest portion of CMSA's net assets reflects its investment in capital assets (land, buildings, facilities, equipment), less outstanding related debt used to acquire those assets. The Agency's Total Net Position decreased by \$1M in FY24 primarily due to \$4.9M of non-cash pension expense primarily offset by receipt of \$1.6M of CalRecycle grant proceeds, \$1.2M of capacity charges, and \$1.2M of interest income. Total assets increased by \$1.4M mainly due to increases in reserves from the current year's budget savings. Deferred outflows decreased by \$4.6M mainly due to changes in pension and OPEB adjustments related to recognition and amortization of the pension obligation bond proceeds.

## CONDENSED STATEMENT OF NET POSITION AS OF JUNE 30, 2024

	FY22	FY23	FY24	Percent
<b>ASSETS</b>				
Current and Other Assets	\$ 26,805,319	\$ 26,807,644	\$ 28,750,996	7.2%
Capital Assets - Net	80,315,884	80,774,570	80,332,465	-0.5%
<b>TOTAL ASSETS</b>	<b>\$ 107,121,203</b>	<b>\$ 107,582,214</b>	<b>\$ 109,083,461</b>	<b>1.4%</b>
<b>DEFERRED OUTFLOWS OF RESOURCES<sup>1</sup></b>				
	13,581,357	12,945,012	8,316,952	-35.8%
<b>LIABILITIES</b>				
Current Liabilities	\$ 5,212,034	\$ 5,116,816	\$ 6,427,608	25.6%
Non-Current Liabilities	60,371,767	56,840,186	52,818,717	-7.1%
<b>TOTAL LIABILITIES</b>	<b>\$ 65,583,801</b>	<b>\$ 61,957,002</b>	<b>\$ 59,246,325</b>	<b>-4.4%</b>
<b>DEFERRED INFLOWS OF RESOURCES<sup>1</sup></b>				
	5,825,343	7,467,841	7,964,847	6.7%
<b>NET POSITION</b>				
Investment in capital assets net of debt Restricted for pension, revenue bond, and pension obligation bond trusts	\$ 38,327,344	\$ 40,645,174	\$ 43,446,484	6.9%
	19,357	207,961	905,449	335.4%
Unrestricted	10,946,715	10,249,248	5,837,308	-43.0%
<b>TOTAL NET POSITION</b>	<b>\$ 49,293,416</b>	<b>\$ 51,102,383</b>	<b>\$ 50,189,241</b>	<b>-1.8%</b>

<sup>1</sup>Amounts associated with OPEB and pension and debt refunding.

## DEFINITIONS

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

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

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

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

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

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

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

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

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

# STATEMENT OF REVENUE & EXPENSES AND CHANGES IN NET POSITION

This statement summarizes CMSA's operating and non-operating revenues and expenses, and unlike the ACFR, presents Capital Contributions with Total Revenues. CMSA's main sources of revenue are the regional sewer service charges received from JPA members and contract revenues from providing wastewater services to San Quentin State Prison and Sanitary District No. 2. Service charges pay for operating expenses, capital improvements, and debt service. Revenues increased primarily as a result of a scheduled 4% service charge rate increase and higher interest earned as a result of the US Federal Reserve's interest rate policies. Capital contributions increased due to receipt of additional grant proceeds from the CalRecycle program and continued construction activity within the service area resulting in more capacity charge collections. Total expenses increased primarily from salaries and benefit costs as well as repairs and maintenance activities. Total salaries and benefits costs experienced a 4.5% cost-of-living adjustment as per the employee collective bargaining agreement, a 6.6% inflation adjustment in health insurance, and a non-cash pension adjustment. Repairs and maintenance increased due to maintenance on the cogeneration engine and performance of various condition assessments on the treatment facility.

## CONDENSED STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION AS OF JUNE 30, 2024

	FY22	FY23	FY24	Percent Change
<b>REVENUES</b>				
Operating Revenues	\$ 20,865,949	\$ 21,403,663	\$ 22,163,569	3.6%
Non-Operating Revenues	-	1,604,282	1,159,924	172.3%
Capital Contributions	1,171,130	641,334	2,803,439	337.1%
<b>TOTAL REVENUES</b>	<b>\$ 22,037,079</b>	<b>\$ 23,649,279</b>	<b>\$ 26,126,932</b>	<b>10.5%</b>
<b>EXPENSES</b>				
Operating Expenses (including depreciation)	\$ 17,850,520	\$ 20,292,701	\$ 25,568,134	26.0%
Non-Operating Expenses	1,636,992	1,547,611	1,560,095	0.8%
<b>TOTAL EXPENSES</b>	<b>\$ 19,487,512</b>	<b>\$ 21,840,312</b>	<b>\$ 27,128,229</b>	<b>24.2%</b>
<b>CHANGE IN NET POSITION BEGINNING NET POSITION AS PREVIOUSLY REPORTED</b>	<b>\$ 2,549,567</b>	<b>\$ 1,808,967</b>	<b>\$ (1,001,297)</b>	<b>-155.4%</b>
<b>PRIOR PERIOD ADJUSTMENT</b>	<b>\$ 46,743,849</b>	<b>\$ 49,293,416</b>	<b>\$ 51,102,383</b>	<b>3.8%</b>
<b>ENDING NET POSITION</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 88,155</b>	<b>0.0%</b>
	<b>\$ 49,293,416</b>	<b>\$ 51,102,383</b>	<b>\$ 50,189,241</b>	<b>-1.8%</b>

## DEFINITIONS

### CAPITAL CONTRIBUTIONS-CAPACITY CHARGES:

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

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

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

### NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS:

The difference between total revenue less total expenses.

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

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

**OPERATING REVENUE:** Revenues received for wastewater-related services.



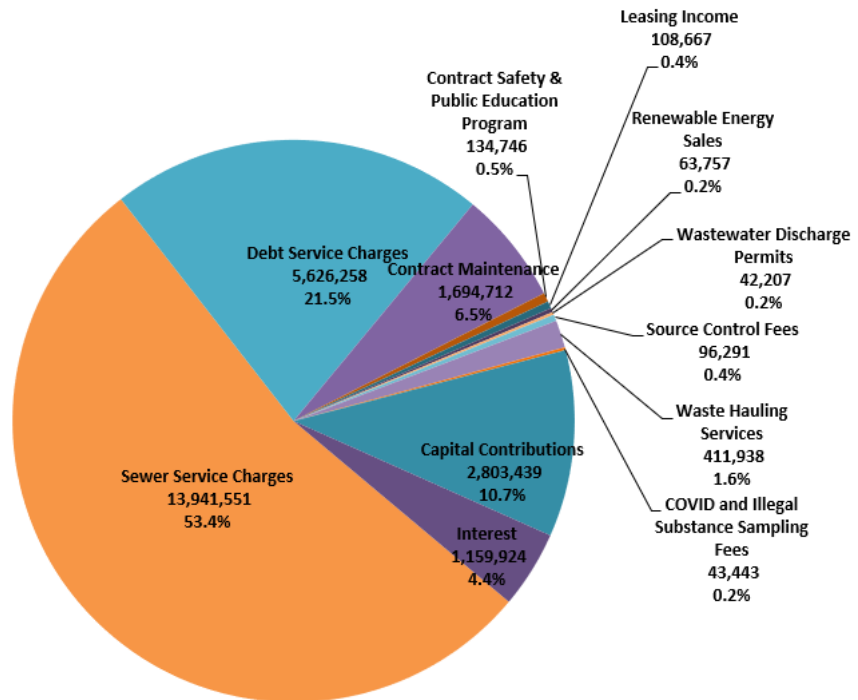
# WHERE THE MONEY COMES FROM (REVENUES)

**CMSA's total revenues from all sources for FY24** were \$26,126,932 including capital contributions. Operating revenues totaled \$22,163,569 and included \$5,626,258 collected for debt service,\* \$1,694,712 for maintenance contracts and \$901,048 for other operating.

**Capital Contributions totaled 2,803,439 and must fund capital projects.** CMSA's collected both \$1.7M of CalRecycle grant proceeds and \$1.2M of capacity charges. The grant proceeds was for the Liquid Organic Waste Removal capital project. Following California Government Code, collected capacity charges to be used on a first-in-first-out basis to finance all other capital activities and all interest earned on the proceeds is to be separately tracked. Accordingly, no interest was posted to capacity charge contributions as there was no outstanding balance at fiscal year-end.

## California Government code requires:

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



\*Debt service is a fee collected for the repayment of revenue bond principal, interest, and debt coverage. In FY24, the Agency paid \$3,175,000 in principal and incurred \$1,326,006 in interest.

## DEFINITIONS

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

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

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

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

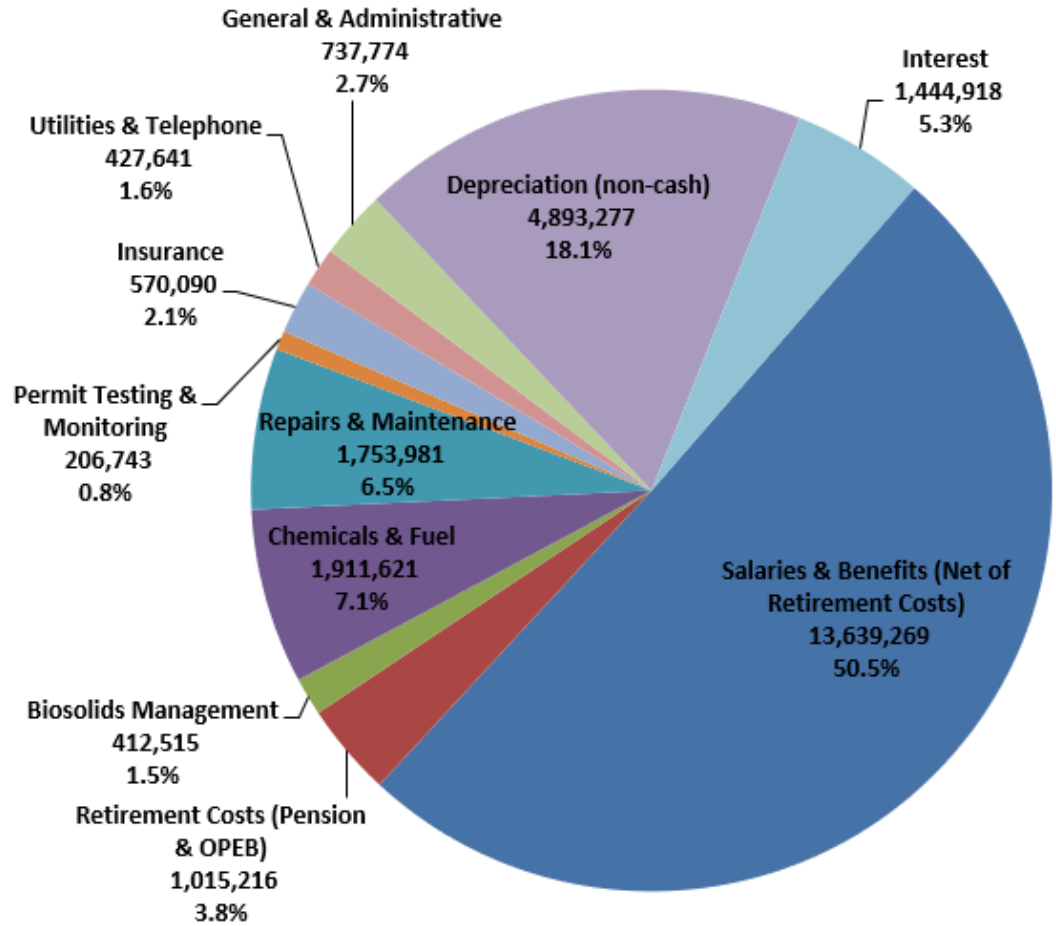
**SERVICE CHARGES:** A fee charged to JPA members and San Quentin State Prison for wastewater treatment service and their share of the Refunding Revenue Bond Series 2015 debt service payment.

# WHERE THE MONEY GOES (EXPENSES)

CMSA FY24 total expenses were \$27,128,229, of which \$25,568,134 were actual operational expenses, \$1,444,918 were non-operating interest expenses, and \$4,893,277 was in depreciation, a non-cash expense.



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



## DEFINITIONS

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

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

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

**INTEREST EXPENSE:** Payments due for borrowing money on the bond obligations.

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

other regulatory compliance fees, and laboratory supplies.

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

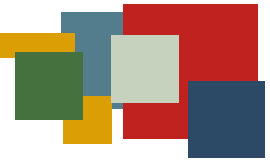
**REPAIRS & MAINTENANCE:** Includes facility expenses to maintain vehicles, equipment, and energy generation systems, and for generators, tools, supplies, and groundskeeping.

**RETIREMENT:** The costs of pension and other retirement benefits.

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

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

# GFOA AWARD FOR OUTSTANDING ACHIEVEMENT



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

has given an Award for

**Outstanding Achievement in  
Popular Annual Financial Reporting**

to Central Marin Sanitation Agency for its  
Popular Annual Financial Report for the  
fiscal year ended June 30, 2023.

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

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



Government Finance Officers Association

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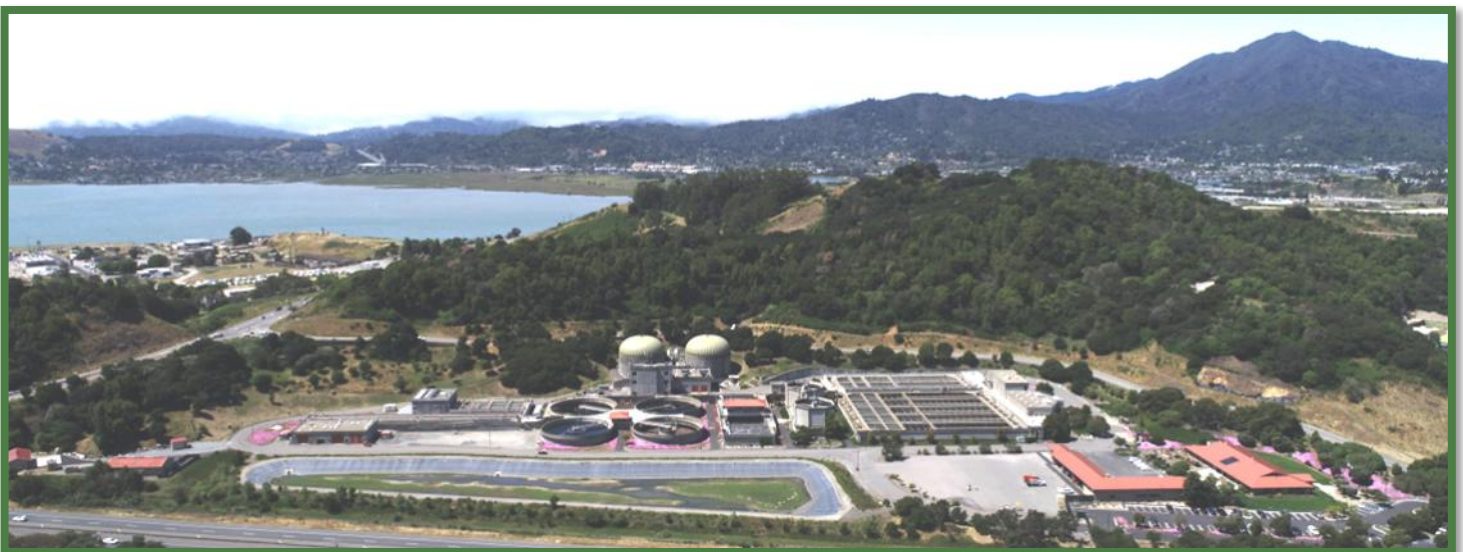
Presented to

**Central Marin Sanitation Agency  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*  
Executive Director/CEO



## CMSA COMMISSIONERS

Doug Kelly,  
Board Chair

*Ross Valley Sanitary District*

Eli Beckman,  
Board Vice-Chair  
*Sanitary District No. 2  
Corte Madera*

Dean DiGiovanni,  
Board Secretary  
*San Rafael Sanitary District*

Michael Boorstein,  
Board Commissioner  
*Ross Valley Sanitary District*

Maribeth Bushey,  
Board Commissioner  
*San Rafael Sanitation District*

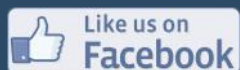
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Business Plan



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## OUR VISION

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



## CMSA VALUES...

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

## CALIFORNIA WATER ENVIRONMENT ASSOCIATION



### 2023 STATE LEVEL AWARDS

#### INDIVIDUAL

*Electrical/Instrumentation  
Person of the Year (1st Place)*  
**Tony Drady**

*Operations  
Operator of the Year (1st Place)*  
**Mike Silva**

*Murray McKinnie Award  
(Operator-In-Training)*  
**Cody Leveque**

### 2023 REDWOOD EMPIRE SECTION AWARD

#### AGENCY (1st Place)

**Community Engagement and  
Outreach Program of the  
Year**

