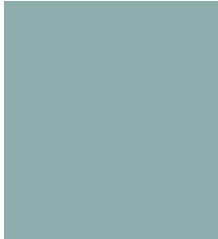
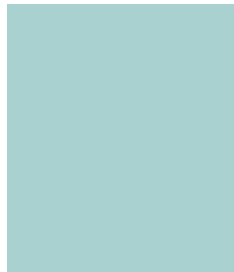




CENTRAL MARIN SANITATION AGENCY



Recycled
Water



Biosolids
Management



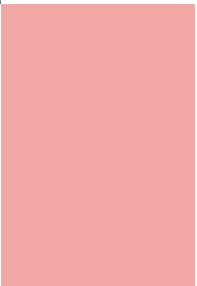
Popular
ANNUAL
FINANCIAL
REPORT
FY 15-16



Wastewater
Treatment



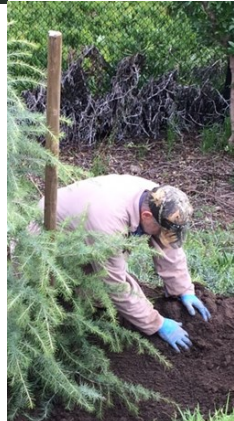
Resource
Recovery



Public
Education



Environmental
Services



Food-to-Energy



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**POPULAR
ANNUAL
FINANCIAL
REPORT
FY 15-16**



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CMSA has received the Platinum 11 Peak Performance award from the National Association of Clean Water Agencies (NACWA) for eleven consecutive calendar years of obtaining 100% compliance with our National Pollutant Discharge Elimination System (NPDES) permit requirements.

Fewer than 2% of all wastewater treatment facilities nationally have achieved NACWA 5-Year Platinum Award Status.



December 15, 2016

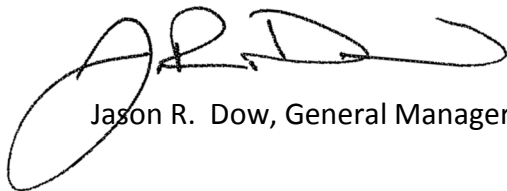
Central Marin Sanitation Agency (CMSA) is pleased to present its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2016 (FY 16). The PAFR is intended to increase community knowledge of CMSA’s financial condition. The financial information within this report is taken in large part from the Agency’s audited financial statements and provides an overview of the Agency’s financial activities and position. The PAFR is published to provide readers with easy-to-understand information on the CMSA organization, as well as its finances, wastewater services, and other pertinent information.

Unlike the Agency’s Comprehensive Annual Financial Report (CAFR), the condensed financial data presented in the PAFR is not considered or intended 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 Statement of Net Position, the Statement of Revenues & Expenses and Changes in Net Position, as well as Capital Assets, are presented in a summarized format, and provide a broad overview of the Agency’s overall finances.

Readers of this document who are interested in learning more about the specific financial and program details and disclosures can refer to the Agency’s FY 16 CAFR with Audited Financial Statements. The CAFR and audited financial statements are available online at www.cmsa.us/finance, by visiting us at 1301 Andersen Drive, San Rafael, CA 94901, or by contacting us at (415) 459-1455.

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

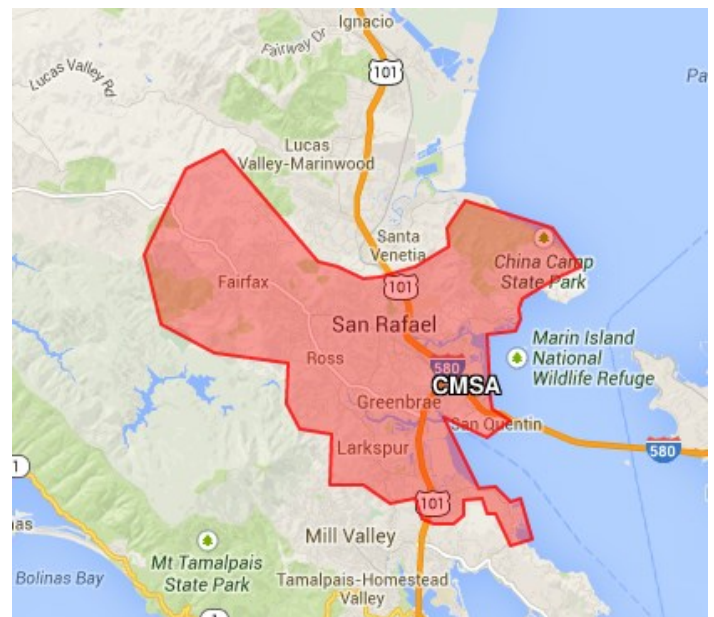
Respectfully submitted,


Jason R. Dow, General Manager


Carlos M. Oblites, Administrative Services Manager

OUR MISSION

Central Marin Sanitation Agency will protect the environment and public health by providing wastewater, environmental, and resource recovery services of exceptional quality and value to its customers.

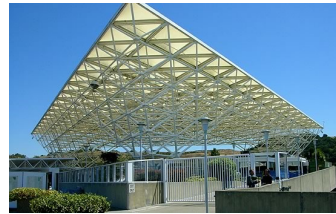


Local Economy and Statistics

Marin County has a total population of 258,324 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 \$97,124 per household. The population growth rate and per capita household income in the CMSA service area mirrors that of the county.



Photo: downtownsanrafael.org



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

Marin's 3.6% average unemployment rate is the lowest rate in California and remains below national levels (4.9%) at the end of FY 16.



The local housing market continued to improve during FY 16. 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, 2015 was \$1,272,067/\$935,000.

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



Population of Cities, Towns, and Correctional Facilities in CMSA Service Area

Town of Corte Madera	9,381
Town of Fairfax	7,451
City of Larkspur	12,102
Town of Ross	2,461
Town of San Anselmo	12,514
City of San Rafael (Represents approximately two-thirds of the City's population.)	39,239
San Quentin State Prison	5,247
Unincorporated Areas (San Quentin Village, Greenbrae, Kentfield, Sleepy Hollow, Tiburon peninsula.)	16,500

Ten Largest Employers and Number of Employees in CMSA Service Area

San Quentin State Prison	1,832
Marin General Hospital	1,650
Dominican University	1,000
Golden Gate Bridge, Hwy and Transit District	775
Tamalpais Union High School District	500
City of San Rafael	390
San Rafael City Schools	355
Kentfield Rehabilitation & Specialty Hospital	344
College of Marin	332
Marin Municipal Water District	246

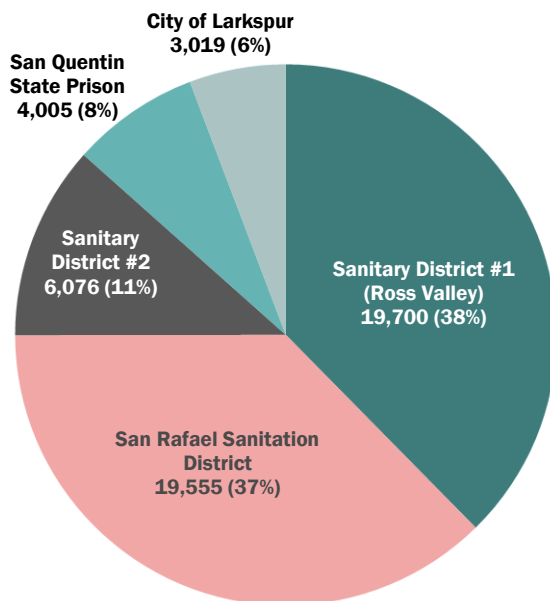
Sources: Marin County Assessor Office; 2014 California Employment Development Labor Market Information; California Department of Finance Demographic Reports, January 2014 Population Estimates.

What CMSA Does

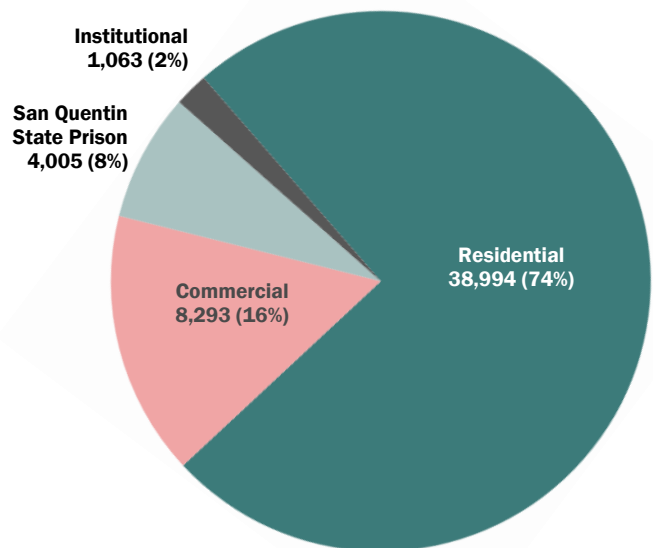
CMSA works to provide wastewater services to protect public health and the environment. The treated wastewater discharged into the central San Francisco Bay consistently meets and exceeds all federal, state, and regional regulatory requirements. In line with its core mission are responsibilities related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

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

EDUs Served in FY 16



EDU Totals by Connection Type



The Agency provides services to 52,355 EDUs with an approximate service area population of 105,000.

What are EDUs?

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

WASTEWATER AND BIOSOLIDS TREATED IN FY 2016

Volume of total wastewater treated	3.9 billion gallons
Dry weather flow (July-Sept 2016)	7.6 million gallons/day
Average wastewater treated	10.8 million gallons/day
Total biosolids production	6,231 wet tons
Used as landfill cover in Marin County	4,131 wet tons
Applied to pasture land in Sonoma County	2,100 wet tons

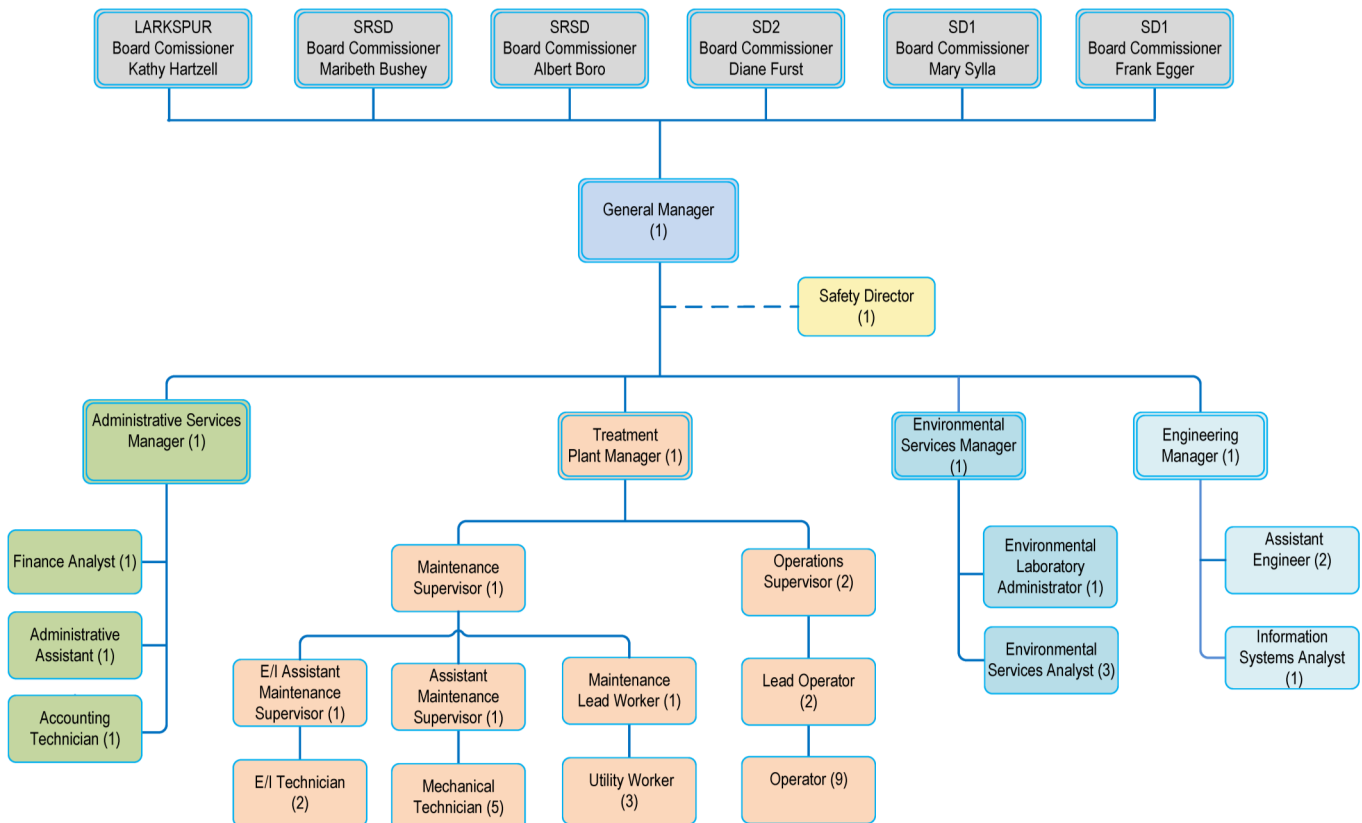
History and Organization



Faced with wastewater treatment challenges unique to central Marin County and the necessity to comply with the 1972 Federal Clean Water Act, Sanitary Districts No. 1 (SD 1) and No. 2 (SD 2) 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 (CMSA). The CMSA wastewater treatment facility, the largest in Marin County, began service in January 1985.

The Agency's six-member Board of Commissioners (Board) are appointed by the governing bodies of each JPA member. SRSD and SD 1 each have two representatives, while Larkspur and SD 2 each have one. The Board sets policy, adopts the annual budget for the Agency, and appoints the General Manager and Treasurer/Controller who serve at the pleasure of the Board. The General Manager is the chief executive officer and the Treasurer/Controller is responsible for all financial operations.

CMSA Organizational Chart



As of June 30, 2016

Major Accomplishments and Initiatives in FY 2016

Human Resources,
Financial
Management,
and Long-term
Financial Planning



Future Revenue Planning

The Agency updates a 10-year financial forecast each fiscal year as part of the annual budget. These forecasts are a long-term budgetary examination of Agency operational and program revenues, operating expenses, capital expenses, and reserve balances. They provide a strategic perspective to guide the Board in making decisions on the direction for future budgets, revenues, funding, and uses of Agency financial resources.

The 10-year model for FY 17 indicates that, consistent with the Board's five-year funding decision in February 2013, the Agency will have sufficient revenues to support operations over the remaining two fiscal years (FY 17 to FY 18) of the Agency's five-year revenue plan. The Agency will begin the collaborative process of developing its next five-year revenue plan this fall.

GASB 45 and Other Post Employment Benefits (OPEB)

GASB 45 was established in 2004 to require governmental entities to account for and report post-employment healthcare and other forms of non-pension benefits (OPEB). The Agency has now prefunded its actuarially-determined OPEB annual contributions since FY 10 and will continue to do so as reflected in its FY 17 Adopted Budget. The current funding level stands at 41%.

Assets invested in CalPERS Employees' Retirement Benefit Trust Fund (CERBT) to pay for future benefits increased by \$138,121 to \$1,903,765 in FY 16.

Revisions to Personnel Policies

Agency staff reviewed the Agency's Personnel Policies and Procedures Manual, and updated a number of policies which addressed unlawful harassment, work hours, overtime and compensatory time, sick leave, and training and development. Two new policies to address employee gratuities and social media use were added.

California Water Environment Association (CWEA) Regional Awards

The Agency was recognized by its industry peers by receiving the following awards:

Plant of the Year (Medium Size)

Engineering Achievement of the Year

Safety Program of the Year (Medium Size)

Community Engagement and Outreach Program of the Year

Community Engagement and Outreach Project of the Year—Newsletter

Several CMSA staff members were also recognized by receiving awards in their respective disciplines:

- ***Jon Farr for Electrical and Instrumentation Person of the Year (employee since 2015).***
- ***Rob Cole for Research Achievement of the Year (employee since 1998).***
- ***Anthony Smith for Mechanical Technician of the Year (employee since 2013).***
- ***Jose Gutierrez for Pretreatment Pollution Prevention & Stormwater Person of the Year (employee since 2008).***
- ***Gretchen Mueller for Community Engagement and Outreach Person of the Year (employee since 2007).***
- ***Abraham Clark for Murray McKinnie Award (employee since 2008).***

The Agency will be eligible for consideration for state level awards which will be presented at the CWEA Annual Conference in April 2017.

Major Accomplishments and Initiatives in FY 2016



Use of Recycled Water

Truck Filling Program

By the end of calendar year 2015, the Recycled Water Truck Fill Station was fully operational. Local sanitary districts were trained on the acceptable uses of the recycled water, and are expected to receive the required use permits allowing them to use CMSA's recycled water in the near future. The water will then be available to fill their sewer line flushing trucks. Later this year, MMWD and CMSA will identify other potential users in the common service area.

Recycled Water Feasibility Study

CMSA annually treats about 10 million gallons of wastewater per day and reuses about 15% internally. In April 2014, Marin Municipal Water District (MMWD) and CMSA entered into an agreement to conduct a study to identify the potential users for CMSA's recycled water, as well as the methods of delivery. The recommended project is to provide recycled water to San Quentin State Prison for inmate cell toilet flushing, landscape irrigation, boiler make-up water, and use at a car wash. This project has been included in the MMWD Water Supply Master Plan.

Organic Waste Program

In 2008, the Agency and the local waste hauler, Marin Sanitary Service (MSS), began working on the Central Marin County Food-to-Energy (F2E) program. F2E is a renewable resource recovery program in which food waste from restaurants and markets is collected then converted into a fuel to produce electricity to power the Agency's facilities. Attaining self-sufficiency in energy generation would eliminate the need for the Agency to purchase natural gas and electricity from outside sources. Recent highlights include:

- MSS has enrolled 171 businesses since the program's inception, and plans to have over 250 participants in the near future.
- Mill Valley Refuse, a solid waste hauler operating in southern Marin County, initiated its own F2E

program in April 2015 where it collects food waste from grocery stores and transports the material to MSS for processing and delivery to CMSA.

- CMSA began acceptance of liquid organic waste from food processors and breweries in early 2016.
- Approximately eight tons of food waste and 15,000 gallons of Fats, Oils, and Grease (FOG) and liquids are received per day, producing enough biogas to power CMSA's facility up to 23 hours per day.
- Discussions with the local electric utility are in progress for future energy delivery to the local grid, as well as other potential sale options.

Bay Area B2E Initiative

The solid material removed in the wastewater treatment process is treated and conditioned to meet environmental quality requirements. The treated material, called biosolids, is then beneficially reused. CMSA produced 6,231 wet tons of biosolids in FY 16.

As a member of the Bay Area Biosolids-to-Energy Coalition (BAB2E), CMSA has joined the effort to explore the feasibility and potential options to convert biosolids into a renewable resource, such as hydrogen gas or bio-diesel fuel. The BAB2E has recently engaged in project activities resulting in the development of two local processing facilities, and conducts ongoing advocacy efforts for the renewable resource value of biosolids.

In the fall of 2015, the Coalition held a strategic planning session to outline the organization's achievements and reevaluate its direction. The group discussion led to the establishment of new goals, crafting of a mission statement, and identification of resources to achieve the new goals.

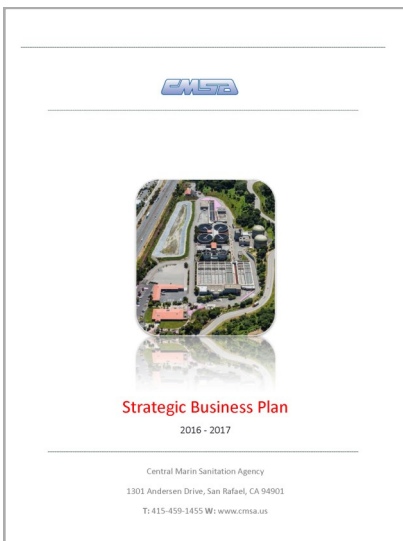
Key activities for the Coalition during the fiscal year included developing the 24-month Coalition work plan, preparing a sustainable funding program and member dues structure, determining which current members will remain in the Coalition, and recruiting several large agencies in the San Francisco Bay Area to join the Coalition.



Strategic Business Plan

The Agency’s Strategic Business Plan (SBP) provides direction to the Agency to effectively maintain and improve its operations and services. CMSA’s SBP has been constructed to set priorities, focus energy and resources, and guide fundamental decisions and actions that will shape the Agency into the future.

New Format and Schedule



The Agency’s new Strategic Business Plan (SBP) has been formatted and has a new schedule. The Agency’s Mission, Vision, and Values statements are established for the next five years, with specific Objectives and Action Items to be created annually.

The SBP focus during FY 17 will be on the these activities:

- Maintaining the high performance of the treatment facility operations.
- Investigating and implementing steps to deliver the Agency’s extra power to the local utility grid.
- Producing recycled water for use by central Marin customers.
- Preparing an Agency-wide facilities master plan.
- Renewing the Agency’s NPDES permit with the San Francisco Bay Regional Water Board.
- Developing the CMSA’s next multi-year revenue plan.
- Completing an information technology master plan.

The SBP may be found and downloaded at www.cmsa.us.

Public Education

CMSA is the lead agency in administering the countywide public education program for the six Marin County wastewater agencies. The Agency continues to be innovative in developing public outreach measures to inform the general public of ways to reduce disposal of pollutants into the sanitary sewer and storm drain systems.

Pharmaceutical Take-Back Program

For many years, the Agency provided financial support to the Marin County Pharmaceutical Take-Back Program to reduce pharmaceutical products being discharged into the sanitary sewers. This year, the program gathered and properly disposed of 7,073 pounds of pharmaceutical products.

Outreach Events

CMSA participated in many Marin County public education and outreach events including the Marin County Fair, Fairfax Ecofest, spring and fall Marin Home and Garden Expos, and local farmers markets for Earth Day and Pollution Prevention Week. More than 3,200 people took an environmental quiz to win a prize, a fun way to educate adults and children on pollutants, what is safe to flush down the drain, and proper use of storm drains.

School Presentations and Performances

In FY 16, CMSA staff coordinated school outreach programs that reached over 3,600 elementary school students in Marin County. The program consisted of an interactive and entertaining performance that educates students about what happens to water after it goes down household drains. The show included juggling, comedy, and magic acts to teach the students about wastewater and other sanitation issues, and promoted awareness of our most precious natural resource.

Key Financial Information

CMSA is a Joint Powers Authority, and is accounted for in a single enterprise fund. A comprehensive set of Board adopted financial policies provides 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 (GAAP). Details can be found in the FY 16 CAFR available at www.cmsa.us/finance.

FY 2016 BUDGET PERFORMANCE

The Agency uses the accrual method of accounting in accordance with GAAP to produce its financial statements. The cash basis is used to develop the annual budget. The Agency's primary revenue source is the regional sewer service charge. This table illustrates how the Agency uses the adopted budget to monitor and compare actual financial performance. GAAP and auditing standards do not require the adopted budget to be included in the audited financial statements.

FY 2016 CONDENSED STATEMENT REVENUES & EXPENSES: BUDGET TO AUDITED ACTUALS PERFORMANCE

Revenues (Cash in)*	Adopted Budget	Audited Actuals	Expenditures (Cash out)*	Adopted Budget	Audited Actuals*
Sewer Service Charges	\$ 9,897,549	\$ 9,897,549	Total Operating Expenses (net of non-cash depreciation)	\$ 10,896,500	11,359,037
Debt Service	4,574,030	4,574,029	Total Non-Operating & Bond Interest Expenses	1,564,224	1,576,948
Contract and Other Operating Revenues	1,841,837	2,023,480			
Non Operating Revenues **	30,700	457,469	Total Expenses	\$ 12,460,724	\$ 12,935,985
Capital Contributions **	—	162,705	Total Debt Service Principal Paid FY 2016	\$ 2,095,000	***\$ 2,095,000
Total Revenues- All Sources	\$ 16,344,116	\$ 17,115,232			

*Details available in the FY 2015-16 CAFR Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows.

**The Agency does not budget for unforeseen or unpredictable non-operating revenue or expense sources.

***Details available in the FY 2015-16 CAFR, Note 5-Long-Term Obligations.

AUDIT OF AGENCY'S STATEMENT BY INDEPENDENT AUDITOR

FY 2016 Comprehensive Annual Financial Report State statute requires an annual audit by independent Certified Public Accountants, which is filed with the State Controller's Office.

The Agency's FY 16 Financial Statements were audited by the Agency's auditor, Chavan & Associates, in accordance with GAAP auditing standards, and the statements met the State Controller's Minimum Audit Requirements for California Special Districts, which CMSA follows.

The Agency's Audited Financial Statements and accompanying Independent Auditor's Report were accepted by the CMSA Board in November, and can be found in the

Agency's FY 2016 CAFR, available at

www.cmsa.us/finance

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, equipment, vehicles), less outstanding related debt used to acquire those assets. The Agency's Total Net Position increased by \$280,303 in FY 16 because total income exceeded total expenses.

CONDENSED STATEMENT OF NET POSITION AS OF JUNE 30, 2016

	2016	2015	PERCENT CHANGE
ASSETS			
Current and Other Assets	\$ 19,522,599	\$ 20,688,185	-5.6%
Capital Assets	86,868,700	88,362,689	-1.7%
TOTAL ASSETS	\$ 106,391,299	\$ 109,050,874	-2.4%
DEFERRED OUTFLOWS OF RESOURCES			
Pension Contributions into CalPERS Miscellaneous Plans	\$ 2,092,186	\$ 936,613	123.4%
LIABILITIES			
Current Liabilities	\$ 3,717,433	\$ 4,016,974	-7.5%
Non-Current Liabilities	56,653,090	58,370,954	-2.9%
TOTAL LIABILITIES	\$ 60,370,523	\$ 62,387,928	-3.2%
DEFERRED INFLOWS OF RESOURCES			
Gain on Early Retirement of Long-term Debt	\$ 749,355	\$ 796,190	-5.9%
Pension Adjustments-Differences in Projected and Actual Earnings	\$ 1,738,149	\$ 1,458,214	19.2%
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 2,487,504	\$ 2,254,404	10.3%
NET POSITION			
Net Investments in Capital Assets	\$ 38,980,932	\$ 38,085,361	2.4%
Unrestricted	6,644,526	7,259,794	-8.5%
TOTAL NET POSITION	\$ 45,625,458	\$ 45,345,155	0.6%

DEFINITIONS

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

CASH & EQUIVALENTS, CURRENT AND NON-CURRENT 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.

NET INVESTMENT IN CAPITAL ASSETS: 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.

RESTRICTED CASH: Cash and investments set aside for specific, contractual purposes.

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.

Capital Assets

As of June 30, 2016, CMSA's total capital assets, net of depreciation (a non-cash expense that reduces the value of capital assets), totaled \$86,868,700. This amount is broken down into asset categories shown in the chart below. Additions to capitalized assets totaled \$2,404,955 and are reported on the Condensed Statement of Net Position and in Note 4 in the FY 2015-16 CAFR financial statements section. The Agency also expensed an additional \$806,423 related to repairs and maintenance on capital equipment which can be found on the Condensed Statement of Revenues and Expenses and Changes in Net Position.

CAPITAL ASSETS AS OF JUNE 30, 2016 (Net of Depreciation)

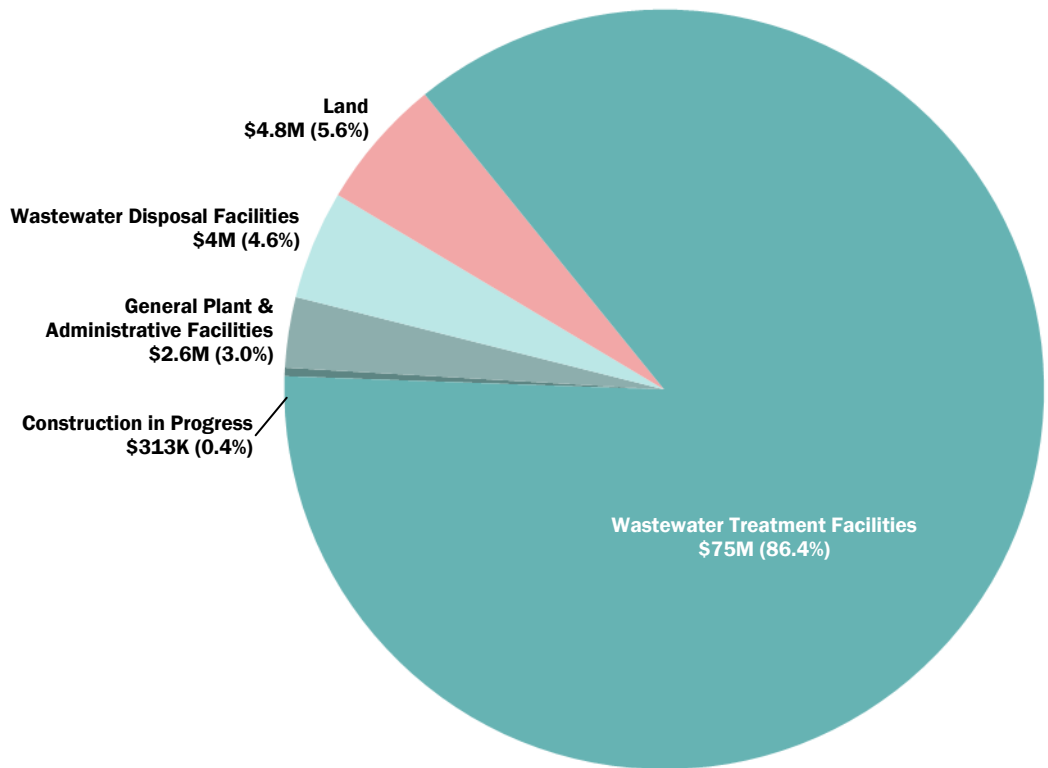
LAND
 \$4,857,321
 (5.6% of capital assets)
Lands owned by the Agency that buildings and treatment plant facilities occupy.

WASTEWATER DISPOSAL FACILITIES
 \$4,032,909
 (4.6% of capital assets)
Assets in this category include structures and equipment used in the discharge of treated wastewater into San Francisco Bay.

WASTEWATER TREATMENT FACILITIES
 \$75,059,419
 (86.4% of capital assets)
Assets in this category include structures and equipment used in the treatment of wastewater and biosolids, and in energy production.

GENERAL PLANT & ADMINISTRATIVE FACILITIES
 \$2,605,568
 (3.0% of capital assets)
Assets in this category include Agency buildings, laboratory, and vehicles.

CONSTRUCTION IN PROGRESS
 \$313,483
 (0.4% of capital assets)
Assets in this category include the following projects that have been completed or are currently underway: Sludge Thickening System Replacement project, Chemical Storage Room Rehabilitation, and Maintenance Facility Modification project.



Detailed budget and project information on the Agency's FY 2016 Capital Improvement Program can be found in the Agency's Adopted Budget at www.cmsa.us/finance.

Major Capital and Asset Management Projects



Sludge Thickening System

The Agency removes solids from wastewater and treats them for beneficial reuse through several processes,



including using thickeners to remove surplus water. This project involved the replacement of two dissolved air

floatation (DAF) thickeners with two rotary drum thickeners (RDTs). These were selected because they have a significantly smaller footprint, require less energy to operate, and are fully enclosed for more effective odor control. The project was completed in April 2016. CMSA received an energy efficiency rebate incentive from PG&E after electrical testing verified that the RDTs use less energy than the DAFs.

Maintenance Facility Modifications



The Agency's facilities include maintenance buildings with storage space, offices, and work areas that were constructed in 1985 and 1995. Since that time, workspace needs have changed. In November 2014, the Agency completed a comprehensive needs assessment that included conceptual renovation plans and cost estimates. Specific modifications will include construction of a new storage building and upgrades to the existing maintenance building. The design documents were approved by the San Rafael Planning, Building, and Fire Departments in August 2016, and the project will be publicly bid and constructed in FY 17 and 18.

Odor Control System

CMSA maintains a multi-story building where biosolids are processed and then stored in hoppers. Each day, biosolids are loaded from the hoppers into a truck for delivery to a beneficial reuse site. The working environment in the solids handling building truck loading area is odorous and subject to truck exhaust during loading. To improve working conditions while operators load trucks, the Agency hired an engineering consulting firm to prepare contract documents for improvements. These upgrades will include increasing ventilation, installation of a new exhaust air system, and additional fire safety protection improvements. The design will be completed in the fall of 2016 and the project will be bid and constructed immediately after the design is complete.

Chemical Storage Room

CMSA uses hypochlorite solution to disinfect treated wastewater prior to discharge into the San Francisco Bay. The Agency's stock of this solution is stored in storage tanks inside a specialized room. After years of use, the room's floor incurred significant damage from minor leaks in the piping which degraded the structural integrity of the concrete and rebar.



This project included removal and replacement of the contaminated concrete, replacement of the chemical piping systems, and application of a new, non-skid epoxy coating on the floor. Construction activities were completed in November 2015.

Statement of Revenue & Expenses and Changes in Net Position



This statement summarizes CMSA's operating and non-operating revenues and expenses. 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. Operating revenues decreased as a result of the savings in interest due for debt service from the prior year's Refunding Revenue Bond Series 2015 refinance. Non-operating revenues decreased due to the one-time refunding of the 2006 Revenue Bonds.

CONDENSED STATEMENT OF REVENUES, EXPENSES, & NET POSITION AS OF JUNE 30, 2016

	FY 2014	FY 2015	FY 2016	PERCENT CHANGE
REVENUES				
Operating Revenues	16,333,444	17,000,940	16,495,058	-3.0%
Other Non-Operating Revenues	88,240	872,173	457,469	-47.5%
TOTAL REVENUES	16,421,684	17,873,113	16,952,527	-5.2%
EXPENSES				
Operating Expenses	15,847,769	13,419,393	15,257,981	13.7%
Non-Operating Expenses	2,538,242	2,800,854	1,576,948	-43.7%
TOTAL EXPENSES	18,386,011	16,220,247	16,834,929	3.8%
Net Income (Loss) before Capital Contributions	(1,964,327)	1,652,866	117,598	92.9%
Capital Contributions-Capacity Charges	588,251	415,845	162,705	-60.9%
CHANGE IN NET POSITION	(1,376,076)	2,068,711	280,303	-86.5%
BEGINNING NET POSITION (July 1st)	51,930,547	50,554,472	45,345,155	-10.3%
Prior Period Adjustment	-	(7,278,030)	-	-100.0%
ENDING NET POSITION (June 30th)	50,554,471	45,345,153	45,625,458	0.6%

DEFINITIONS

CAPITAL CONTRIBUTIONS-CAPACITY CHARGES: A treatment plant capacity fee paid by each new sewer user connecting to a public sewer served by CMSA. Capital contributions must fund capital and expansion projects.

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

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

NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS: The difference between total revenue less total expenses.

OTHER 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 the provision of wastewater services.

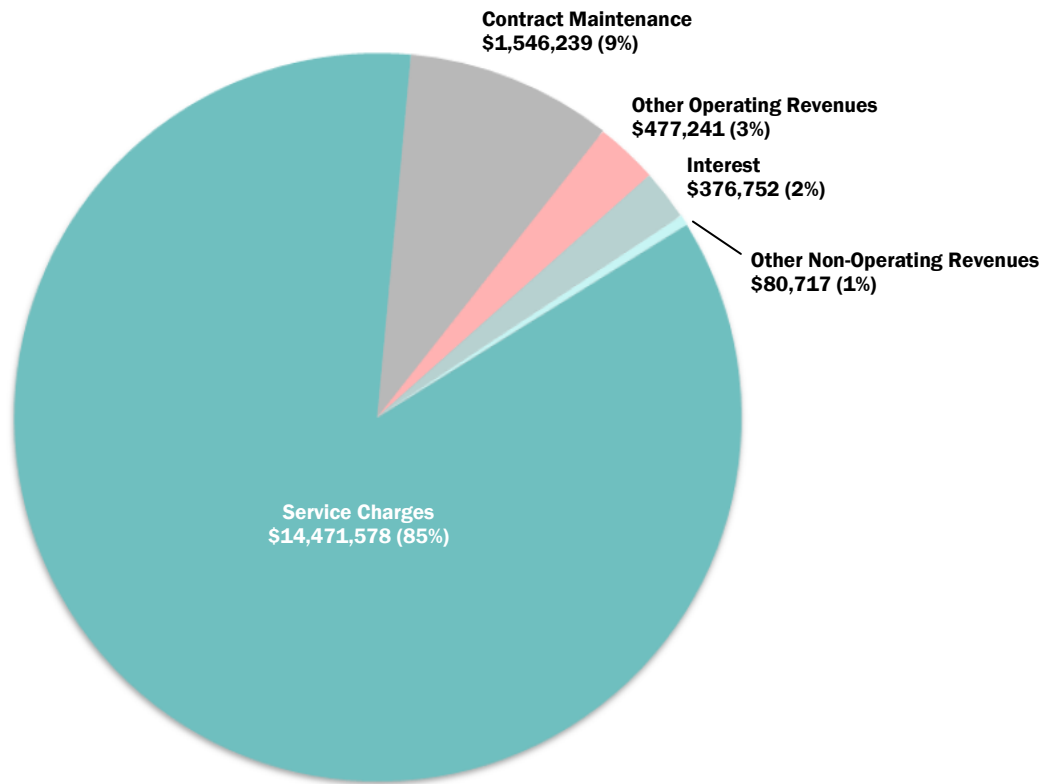
OPERATING REVENUE: Revenues received for services, inspections, and program services provided by CMSA.

Where the Money Comes From (Revenue)



An additional \$162,705 in capital contributions presented on the Condensed Statement of Revenues, Expenses, and Changes in Net Position is not shown on this chart, as it is not budgeted.

CMSA's total revenues for FY 2016 were \$17,115,232. Operating revenues totaled \$16,495,058 and included \$4,574,029 collected for debt service.* Non-operating revenues and interest totaled \$457,469.



* Debt service is a fee collected for the repayment of revenue bond principal, interest, and debt coverage. In FY 2016 the Agency paid \$2,095,000 in principal and incurred \$1,577,466 in interest expense.

DEFINITIONS

CONTRACT MAINTENANCE: Revenues received from other sanitary agencies or government entities for wastewater treatment and pump station 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.

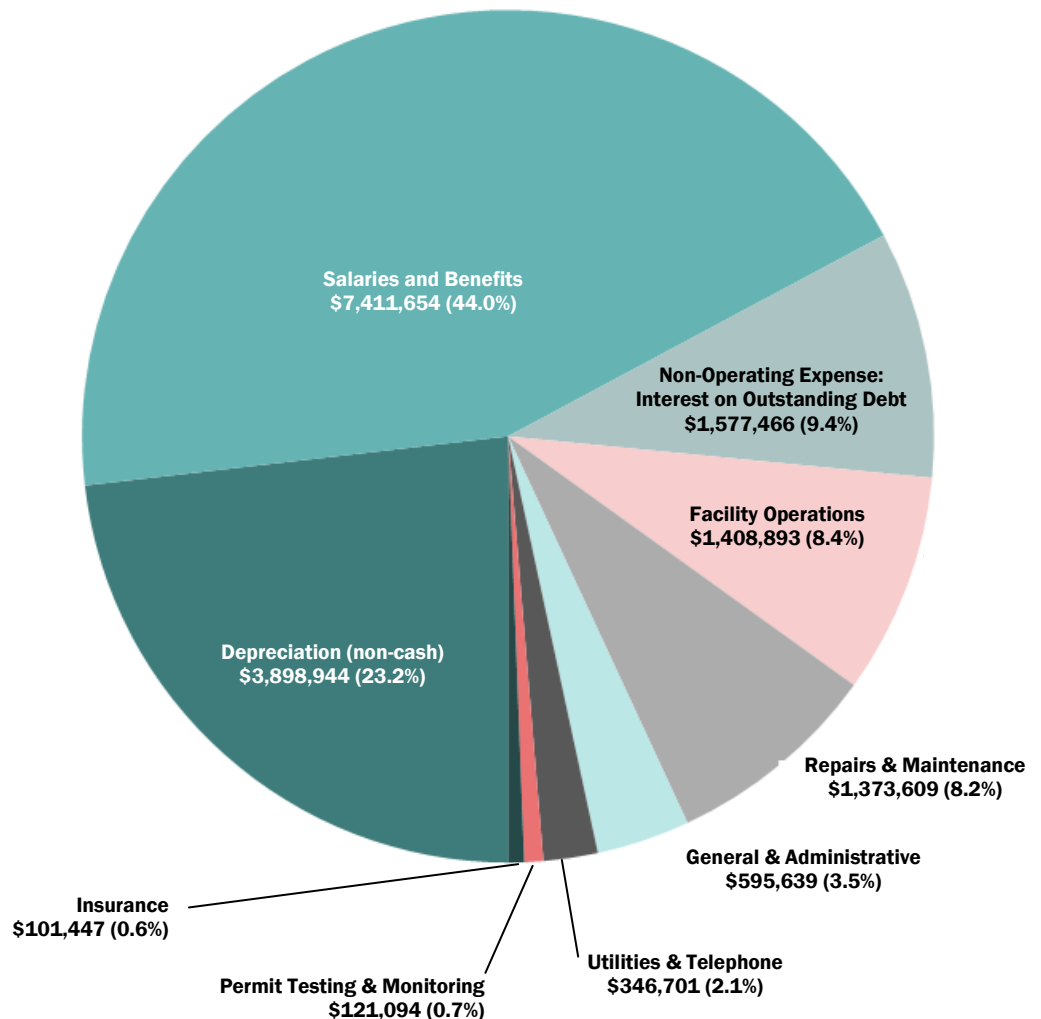
OTHER OPERATING: Revenues received and fees charged for permit and inspections, administration of programs for other government entities, and facility use charges for septic and foodwaste disposal.

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

Where the Money Goes (Expenses)

CMSA FY 2016 operating expenses totaled \$15,257,981 and non-operating expenses totaled \$1,576,948. CMSA incurred \$11,359,037 in actual operational expenses, and recorded \$3,898,944 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, permits and memberships in local, state, and federal industry organizations.

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

INTEREST EXPENSE: The interest payments due for borrowing money for the Refunding Revenue Bond Series 2015.

PERMIT & MONITORING TESTING: Laboratory fees

related to wastewater sampling and monitoring services, other regulatory compliance fees, and laboratory supplies.

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

REPAIRS & MAINTENANCE: Includes facility expenses to maintain vehicles, equipment, engine generators, tools, supplies, and groundskeeping.

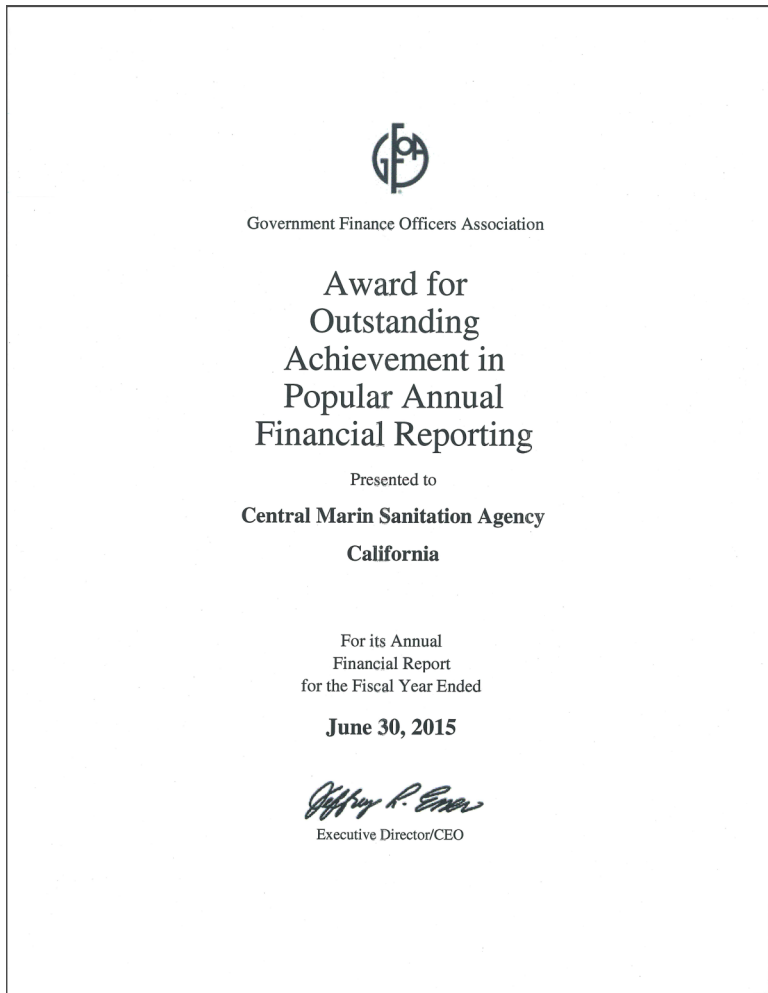
SALARIES & BENEFITS: Compensation, retirement and health benefits paid to, and on behalf of, employees and retirees.

UTILITIES & TELEPHONE: Expenses include electricity, natural gas, garbage, water, telephone, and internet.

**GFOA 2015
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, 2015. 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.



THESE AGENCY ANNUAL REPORTS CAN BE FOUND AT www.cmsa.us

FY 2016 Green Business Report
Annual report summarizing recycling, disposal, product reuse, energy efficiency and other green business activities

FY 2016 Comprehensive Annual Financial Report with Audited Financial Statements

FY 2016-17 Strategic Business Plan Annual Report
Annual report summarizing the various implementation activities

FY 2016 and FY 2017 Adopted Budgets

OUR VISION

Central Marin Sanitation Agency will be an industry leader by providing innovative, efficient, and sustainable wastewater services, capturing and utilizing renewable resources, and delivering renewable power.



OUR VALUES

CMSA values...

Consistent and continuous regulatory compliance to protect San Francisco Bay.

Effective asset management through appropriate short- and long-term planning and sustainable practices.

A safe and healthy workplace for its employees and stakeholders.

Professional growth, teamwork, and job satisfaction within a diverse workforce.

Quality public outreach and education to promote environmental stewardship.

Partnerships which further common water quality and resource recovery interests.



CENTRAL MARIN SANITATION AGENCY

WWW.CMSA.US