

POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JULY 01, 2018 —

JUNE 30, 2019



CENTRAL MARIN SANITATION AGENCY

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POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JULY 01, 2018 — JUNE 30, 2019

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EDITORS:

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December 10, 2019

Dear Reader,

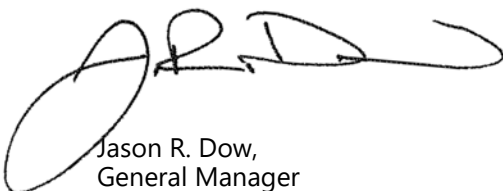
Central Marin Sanitation Agency (CMSA) is pleased to present its **Popular Annual Financial Report** (PAFR) for the fiscal year ended June 30, 2019 (FY19). The PAFR is published to provide readers with easy-to-understand facts about the CMSA organization, as well as its finances, wastewater services, and other pertinent material. The financial information within this report is taken in large part from the Agency's audited financial statements and provides an overview of the Agency's financial activities and position.

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

Readers of this document who are interested in learning more about the specific operational, financial, and program details can refer to the Agency's FY19 CAFR with Audited Financial Statements. They are available online at www.cmsa.us/finance, by visiting us at 1301 Andersen Drive, San Rafael, California, or by contacting us at (415) 459-1455.

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

Respectfully submitted,



Jason R. Dow,
General Manager

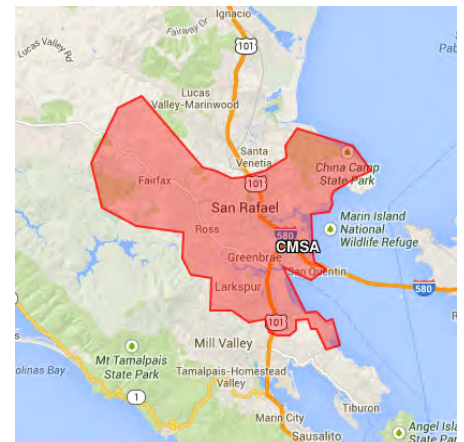


Ken Spray,
Administrative Services Manager

OUR MISSION

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

OUR SERVICE AREA



GOLD AWARD 2018





Marin County has a total population of 262,092 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 **\$134,275** 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 FY19. 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, 2019, was **\$1.56M/\$1.23M**.

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

Marin's 2.4% average unemployment rate is the lowest rate in California and remained below national levels (3.8%) at the end of FY19.

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



THE POPULATION OF CITIES, TOWNS, AND SAN QUENTIN STATE PRISON IN THE CMSA SERVICE AREA IS 104,500

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

City of San Rafael (Represents approximately two-thirds of the City's population)	39,500
Unincorporated Areas (<i>San Quentin Village, Greenbrae, Kentfield, Sleepy Hollow, Tiburon</i>)	16,091
Town of San Anselmo	12,599
City of Larkspur	12,382
Town of Corte Madera	9,858
Town of Fairfax	7,598
San Quentin State Prison	4,005
Town of Ross	2,467

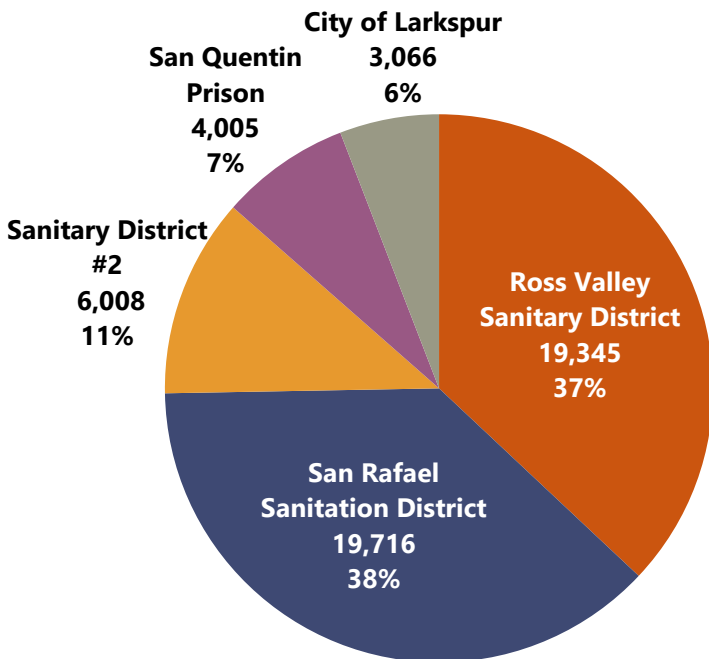
San Quentin State Prison	1,836
BioMarin	1,700
Marin General Hospital	1,650
Dominican University	1,200
Golden Gate Bridge, Hwy and Transit District	828
Restoration Hardware	500
City of San Rafael	410
Tamalpais Union High School District	409
San Rafael City Schools	362
College of Marin	360

Sources: United States Census Bureau-Quick Facts, July 1, 2016; San Quentin State Prison SB-601 2018 Statistical Report.

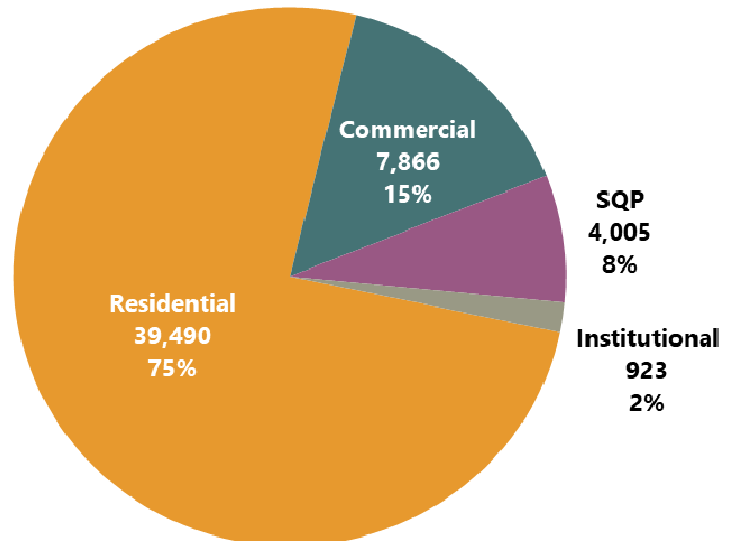
CMSA provides wastewater services to protect public health and the environment. The treated wastewater discharged into the central San Francisco Bay consistently meets and exceeds all federal, state, and regional regulatory requirements. In line with its core mission are responsibilities related to:

- Implementing federal pre-treatment, and state and regional pollution prevention programs.
- Administering a comprehensive safety program for CMSA and Novato Sanitary District (NSD).
- 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 FY19



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 52,284 Equivalent Dwelling Units with an approximate service area population of 104,500.

WASTEWATER AND BIOSOLIDS TREATED IN FY19

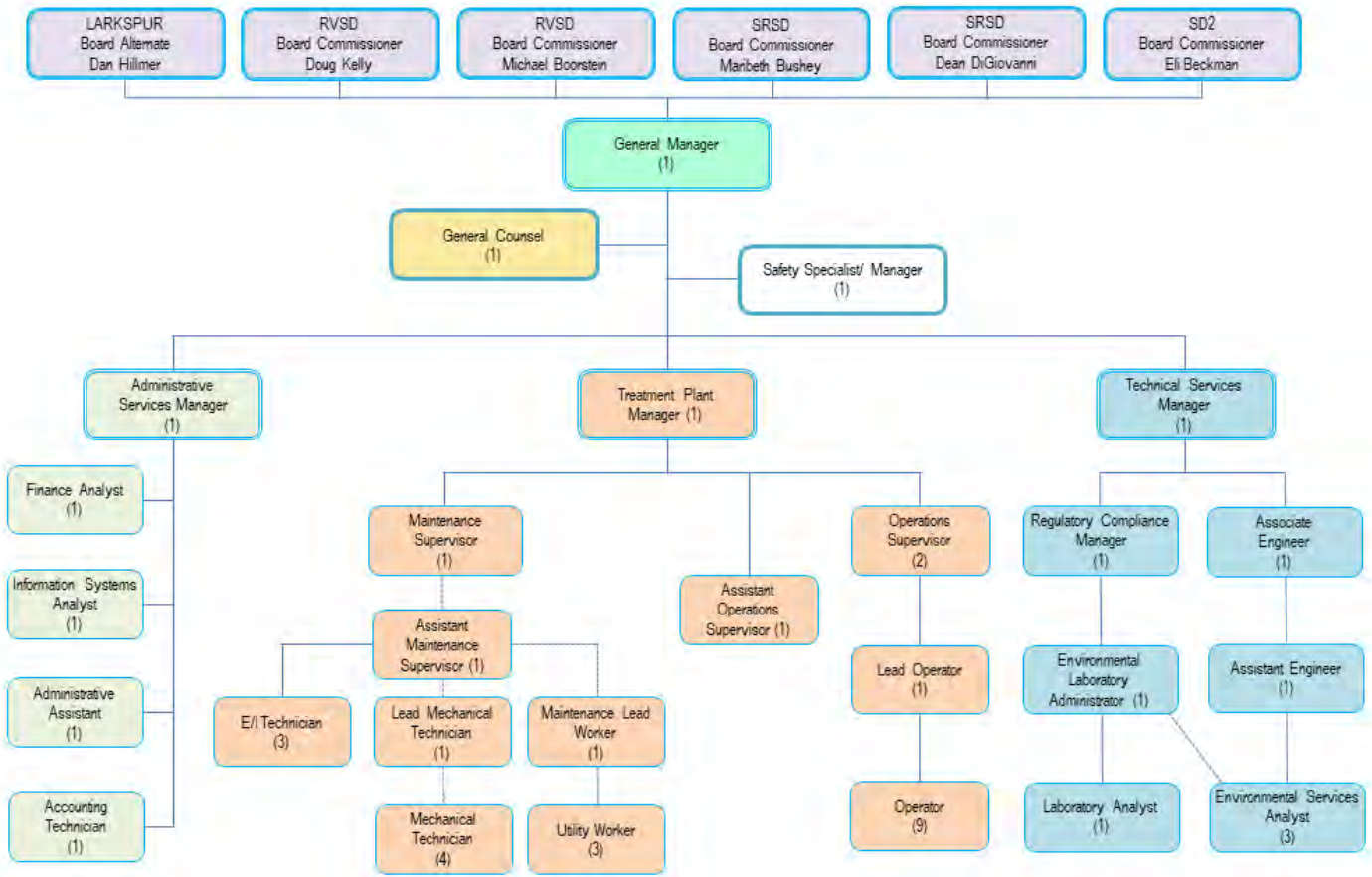
Volume of total wastewater treated	4.8 billion gallons
Average dry weather flow (July-Sept 2018)	8.5 million gallons/day
Average wastewater treated	13.3 million gallons/day
Total biosolids reuse	6,412 wet tons
Landfill Alternative Daily Cover	3,267 wet tons
Land-Applied Fertilizer/Soil Amendment	1,243 wet tons
Liquid Bio-Fertilizer	1,903 wet tons

Source: CMSA FY2018-19 Budget—www.cmsa.us/finance.

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.

The Agency's six-member Board of Commissioners are appointed by the governing bodies of each JPA member. SRSD and RVSD each have two representatives, while the City of Larkspur and SD2 each have 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.

ORGANIZATIONAL CHART





MORE THAN JUST WASTEWATER TREATMENT

CMSA's organic waste program is comprised of a successful partnership with Marin Sanitary Service (MSS) for the innovative of *Central Marin Food-to-Energy (F2E)* initiative, and the receiving of fats, oils,

and grease (FOG) from private haulers. MSS collects food waste from restaurants, markets, and other businesses in the service area, and so far 220 businesses have enrolled in the F2E program. CMSA receives an average of approximately 7.9 tons of food waste per day, and up to approximately 30,000 gallons of FOG per day (except Sundays).



The organic waste is co-digested with wastewater solids in anaerobic digesters to produce additional biogas that is used as fuel in the Agency's cogeneration system. The mixture of food waste, FOG,

and other organic materials, along with wastewater solids, produce enough biogas to run the cogeneration system up to an average 18 hours per day, and 24 hours per day multiple days during the week.

A future goal is to achieve full energy self-sufficiency, eliminating the need to purchase natural gas and electricity from outside sources. Other highlights include:

- A *Digester Volatile Solids Loading Study* to determine the upper limit of organic waste that can be co-digested in CMSA's digesters began in FY19.
- The *Power Delivery Program* was recognized with the First Place Award for the 2018 California Water Environment Association Engineering Achievement Award.
- CMSA has embarked on the final design for a new higher efficiency cogeneration system to produce more renewable power from its biogas resources.

KEEPING THE BAY CLEAN WITH POLLUTION PREVENTION

The Agency's NPDES permit includes a federal *Pretreatment Compliance Program* and a State Water Resources mandated *Pollution Prevention Program*. In these programs.

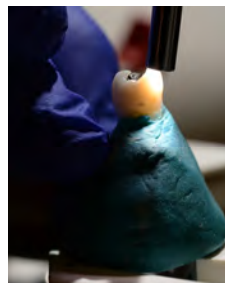
CMSA regulates businesses and industries so that their discharged waste will not impair treatment processes, biosolids quality, or the water that is discharged into



San Francisco Bay. The program is one of the most comprehensive in the San Francisco Bay Area, and includes several components, shown below.

Mercury Reduction Program

The regional *Mercury Watershed Permit* goal is to eventually, over decades, lower the mercury concentration in the San Francisco Bay. To comply with the permit,



wastewater agencies regulate dental offices by requiring them to use dental amalgam separators, as dental amalgam is the largest controllable source of this mercury. Agency staff determined that in calendar year 2018 approximately 18.5 pounds of mercury were removed and properly disposed within CMSA's service area.

FOG Source Control Programs

The Agency serves in a consultative capacity to assist local wastewater agencies in the development and implementation of FOG source control programs within their jurisdictions. Many of the smaller wastewater agencies in Marin County do not have the trained staff resources to administer a comprehensive FOG control program for their

jurisdiction. 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, wipes, and debris, and clog the sewer system.



EDUCATING THE PUBLIC

CMSA is the lead agency in the county-wide public education program for the six Marin County wastewater agencies that have treatment plants. This innovative program educates the public on ways to reduce pollutants into the sanitary sewer and storm drain systems.

Collecting Unused Pharmaceuticals

For many years, the Agency has provided financial support to the *Marin County Pharmaceutical Take-Back Program* which reduces the amount of unused pharmaceutical products from being discharged into the sanitary sewers. Literature on how to dispose of them is also made available at our public outreach events. In Marin County, 8,500 pounds of unused pharmaceutical products were collected and properly disposed in calendar year 2018.



Events to Engage

Many Marin County public education and outreach events took place over the past year, including the Marin County Fair, Earth Day at Marin Academy, Fairfax Ecofest, and the Spring Marin Home and Garden Expo. A total of 2,829 environmental quizzes were given to both adults and children who received a prize and gained



valuable knowledge on sustainable pollution prevention practices.

Fun School Shows for Kids

School outreach programs that reached 3,797 elementary school students in Marin County last year were coordinated by Technical Services staff. This interactive program consists of an entertaining performance that talks about what happens to water after it goes down household drains. The show includes juggling, comedy, and magic acts to teach students about wastewater and other sanitation



issues, and promotes awareness of our most precious natural resource, water. Staff also visited various classrooms to educate students about wastewater treatment using hands-on activities.

PLANNING FOR FUTURE STAFF

Succession planning is a priority, and each year CMSA works to ensure the Agency is able to fulfill its mission and core values with the appropriate staff resources. Various activities are in practice that support 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 Agency completed successful recruitments for seven new employees and promoted one employee into a supervisory position during FY19.

A CULTURE OF SAFETY

Safety Training

In addition to informal safety "tailgate" sessions, the Agency provides regular, formal safety training. In FY19, CMSA conducted 36 formal safety training sessions on about 20 separate topics, such as confined space entry, first aid and CPR, hazardous energy control, hearing loss prevention, welding safety, excavation and trenching safety, and traffic control safety, which, combined with tailgates, totaled 743 training-hours.

Safety Incentive Program

The *Safety Incentive Program* involves acknowledging employee contributions in several of the key aspects of a sound safety culture, and awards points for employee contributions in providing hazard alerts, safety suggestions, leading tailgate training sessions, and participating in outside safety training activities such as webinars and conferences. At the end of the fiscal year, employees are given monetary awards for achieving specific point levels.



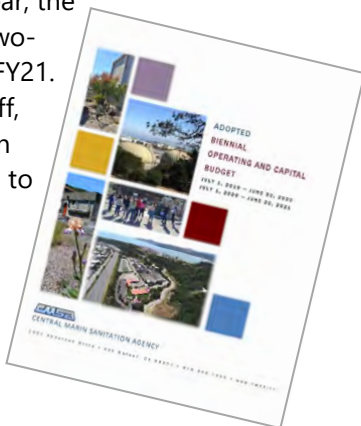
STUDENT INTERNSHIPS

Internships for students seeking careers in the water, wastewater, technical, or environmental fields are offered by CMSA. They are a great opportunity for students to gain exposure in a public sector environment and enhance their academic training. Eligibility is for high school students, and college students enrolled in an undergraduate or graduate degree, Career Technical Education (CTE), Regional Occupational Program (ROP), or similar programs. Currently the Agency supports interns for the Laboratory, Operations, and Engineering departments.

NEW BUDGET, NEW SOFTWARE

Two-Year Budget

The Agency historically has developed a one-year budget each fiscal year, but this year, the Agency prepared its first two-year budget for FY20 and FY21. This was extra work for staff, but will save a lot of time in the long run by not having to prepare a budget in the following year. Mid-year adjustments are available should actual and/or projected revenue or expenses change which would prompt a revision.



New Financial Software

This past year, staff performed and completed an extensive financial software program identification, evaluation, and selection process. Six different financial software programs were evaluated, including deep-dive demonstrations of the top three software packages. Our internal evaluation process included Administration and IT staff, department managers and supervisors, and the Agency Strategic Planning Committee, all of

whom unanimously selected a system that best fits the needs of the Agency. Procurement was approved by the Board, and funding was included in the FY20 budget.

The new software offers tremendous time and cost savings, in comparison with the existing system that has been in place for over 30 years.



STRATEGIC BUSINESS PLAN

The Agency's Strategic Business Plan (SBP) is a guide to direct the Agency in charting a strategic path to effectively maintain and improve its operations and services. The FY19 plan represents the third year of the Agency's five-year SBP, initiated in 2017.



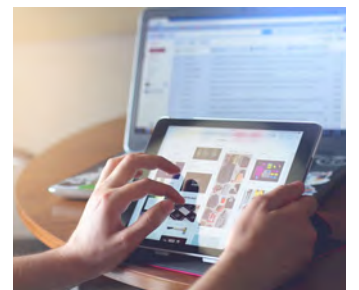
Highlights of the plan's 69 Actions

- Maintain the high performance of the treatment facility's operational processes
- Deliver critical and high priority Agency projects
- Prepare a process control instrument plan for the advanced control of the activated sludge system
- Procure and implement a new financial software system
- Prepare transparent financial documents
- Implement steps to deliver extra power
- Increase the Agency's energy efficiency through implementation of the power monitoring program
- Perform a digester volatile solids loading pilot study
- Explore opportunities for CMSA laboratory regional resource development
- Redesign and launch a new Agency website

UPDATED WEBSITE

Administrative staff have completed a comprehensive review of the current website, and are making improvements to appearance, functionality, and ease of use. A first step was to perform a survey of comparable sites for appropriate look and feel, intuitive page navigation, and user-friendliness.

A new overall design and layout has been approved, and content is being placed using standard page templates. Project planning is complete, and improvements are underway that will be complete within FY20.



STORM DAMAGE REPAIRS

During the major February 2017 storms, Marin County experienced historic rain and flooding, and multiple



landslides occurred on the Andersen Drive hillside. CMSA selected a geotechnical engineer to evaluate repairs for the slides, with the work being subject to reimbursement by the Federal Emergency Management Agency and California Office of Energy Services. In October 2018, a retaining wall design was

completed to stabilize the upper portion of the slide areas and to reduce the slope grades. In February 2019 construction began and was completed in early November.

SUPPLYING POWER TO THE GRID

A new Interconnection Agreement with Pacific Gas & Electric Company (PG&E) was executed in May 2017 allowing CMSA to export excess power. Throughout FY18, CMSA worked with an electrical engineer and contractor to design and construct improvements to Agency equipment to meet PG&E power delivery standards. That work was completed in FY19 and PG&E issued the authorization to deliver renewable power to its system. For short periods of time in FY19, CMSA successfully exported renewable power into the grid, which was purchased by Marin Clean Energy through a Power Purchase Agreement. The sale of renewable power is expected to ramp up substantially in FY20.

NEW COGENERATION SYSTEM

In FY19, CMSA hired an engineering consultant for a predesign, and later the final design, of a new cogeneration system. At the start of the final design phase, the Agency saved a significant amount of time by prepurchasing the equipment. Normally, the installation contractor procures



the equipment late in the process, during the construction period. Prepurchasing also allows for the final design to be tailored around the new system and reduces risk in the installation process. Over the

next year, the system will be delivered, the final design will be completed, and a contractor will be selected to install the new system.

ASSET MANAGEMENT HIGHLIGHTS



A robust asset management strategy is in place to ensure the Agency's facility and equipment are kept in top running order.

Below are a few of the many projects that were completed or in progress in FY19.

Cogeneration System Upper-end Overhaul: A 12,000 hour preventative maintenance procedure to remove and replace the engine's 16 cylinder heads and gasket kits, replace both turbochargers, and the system's intercooler.

Sodium Bisulfite Storage Tank Motor Operated Valves: New modern valve assemblies were purchased and attached to technician-fabricated custom brackets, and mounted to the floor.

In-line Sludge Grinder: Technicians installed a larger and more robust grinder cartridge.

Reclaimed Water Piping Replacement Project: Technicians removed and replaced the existing piping, isolation valves, and hose spigots.

Centrifuge No. 3 Refurbishment: Hardened surfaces were restored, and discharge nozzles and broken tiles were replaced.

Composite Sampling Units: Technicians installed two new sampling units which provide data to drive process and compliance related decisions.

Triangle Pit Isolation Gate Replacement: The originally installed cast iron gates with automated stainless steel gates were replaced.

Organic Waste Facility Rock Trap Grinder: Technicians removed the old unit, modified the mounting base, and installed new piping connections.

As of June 30, 2019, CMSA’s total capital assets, net of depreciation (a non-cash expense that reduces the value of capital assets), totaled \$78,845,782. This amount is broken down into asset categories shown in the chart below. Additions to capitalized assets totaled \$2,185,309 and are reported on the Condensed Statement of Net Position and in Note 5 in the FY19 CAFR financial statements section. The Agency also expensed an additional \$705,417 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.

WASTEWATER TREATMENT FACILITIES
 (83.2% of capital assets)
 Assets in this category include structures and equipment used in the treatment of wastewater and biosolids, and in energy production.

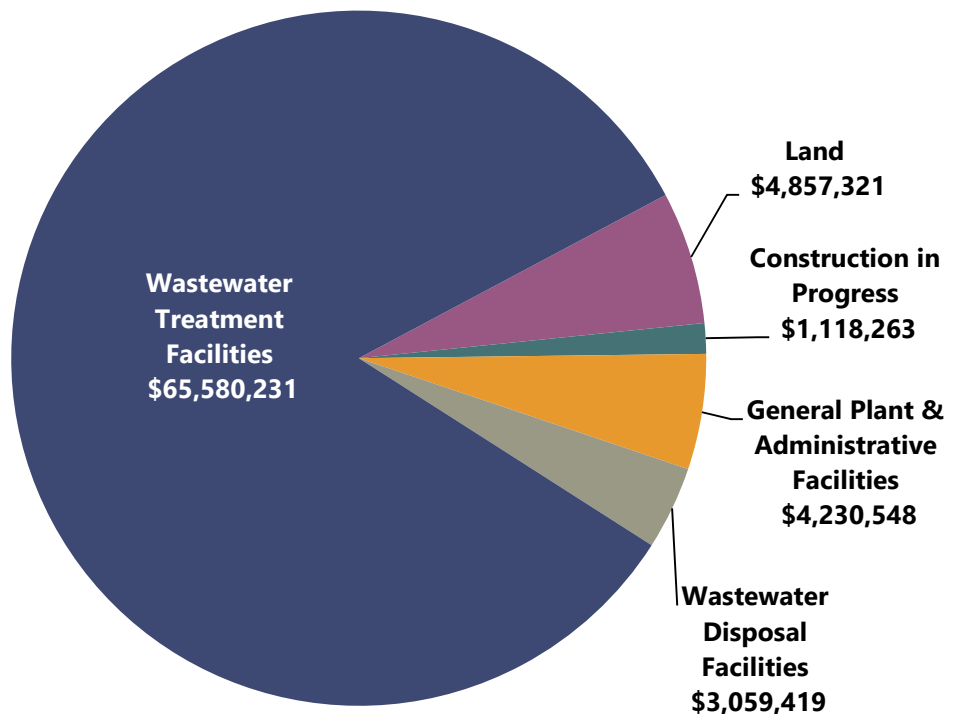
LAND
 (6.2% of capital assets)
 Lands owned by the Agency that buildings and treatment plant facilities occupy.

CONSTRUCTION IN PROGRESS
 (1.4% of capital assets)
 Assets in this category include the following projects that are underway: the Chemical Facilities Coating and Hillside Slope Stabilization projects

GENERAL PLANT & ADMINISTRATIVE FACILITIES
 (83.2% of capital assets)
 Assets in this category include Agency buildings and vehicles.

WASTEWATER DISPOSAL FACILITIES
 (4.2% of capital assets)
 Assets in this category include structures and equipment used in the discharge of treated wastewater into San Francisco Bay.

**CAPITAL ASSETS AS OF JUNE 30, 2019
 (NET OF DEPRECIATION)**



Detailed budget and project information on the Agency’s **FY19 Capital Improvement Program** can be found in the **Agency’s Adopted Budget at www.cmsa.us/finance**

**FY19 BUDGET
PERFORMANCE**

The Agency uses the accrual method of accounting in accordance with generally accepted accounting principles to produce its financial statements and 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 FY19 budget revenues and expenses compared to the FY19 audited actuals.



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. Details can be found in the FY19 CAFR available at www.cmsa.us/finance.

**FY19 CONDENSED STATEMENT
REVENUES & EXPENSES:
BUDGET TO AUDITED ACTUALS
PERFORMANCE**

Revenue (Cash in)*	Adopted Budget	Audited Actuals
Sewer Service Charges	\$ 11,433,634	\$ 11,433,634
Debt Service	4,966,508	4,966,508
Contract and Other Operating Revenues	1,476,288	1,501,527
Non Operating Revenues	235,760	863,486
Capital Contributions	30,091	671,769
Total Revenues-All Sources	\$ 18,142,281	\$ 19,436,925

Expenditures (Cash out)*	Adopted Budget	Audited Actuals*
Total Operating Expenses (net of non-cash depreciation)	\$ 11,822,000	12,433,061
Total Non-Operating & Bond Interest Expenses	1,643,207	1,457,861
Total Expenses	\$ 13,465,207	\$ 13,900,922
Total Debt Service Principal Paid FY19	\$ 2,330,000	**\$ 2,330,000

*Contains accrued GASB 68 pension expenses in the amount of \$310,173.
**Details available in the FY19 CAFR, Note 5-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 FY19 Financial Statements were audited by the Agency's auditor, Cropper Accountancy Corporation, in accordance with generally accepted accounting principles (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 2019, and can be found in the Agency's **FY18-19 CAFR**, available at www.cmsa.us/finance

CONDENSED STATEMENT OF NET POSITION

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The Statement of Net Position is a useful indicator of financial position. The largest portion of CMSA's net assets reflects its investment in capital assets (land, buildings, facilities, equipment), less outstanding related debt used to acquire those assets. The Agency's Total Net Position increased by \$1,425,428 in FY19 because total revenues exceeded total expenses.

CONDENSED STATEMENT OF NET POSITION AS OF JUNE 30, 2019

	FY17	FY18	FY19	Percent Change FY18-FY19
ASSETS				
Current and Other Assets	\$ 15,685,241	\$ 17,753,712	\$ 19,607,469	10.4%
Capital Assets - Net	83,554,374	81,337,573	78,845,782	-3.1%
TOTAL ASSETS	\$ 99,239,615	\$ 99,091,285	\$ 98,453,251	-0.6%
DEFERRED OUTFLOWS OF RESOURCES¹	5,961,780	7,332,920	6,329,394	-13.7%
LIABILITIES				
Current Liabilities	\$ 3,640,887	\$ 3,780,431	\$ 3,879,363	2.6%
Non-Current Liabilities	57,680,300	58,367,168	55,467,490	-5.0%
TOTAL LIABILITIES	\$ 61,321,187	\$ 62,147,599	\$ 59,346,853	-4.5%
DEFERRED INFLOWS OF RESOURCES¹	1,260,848	2,056,973	1,790,731	-12.9%
NET POSITION				3.4%
Investment in capital assets net of debt	\$ 36,400,782	\$ 36,596,025	\$ 36,596,279	0.0%
Unrestricted	6,218,578	5,623,608	7,048,782	25.3%
TOTAL NET POSITION	\$ 42,619,360	\$ 42,219,633	\$ 43,645,061	3.4%

¹ Amounts associated with OPEB and pension and debt refunding.

DEFINITIONS

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

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

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

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

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

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

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

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

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

STATEMENT OF REVENUE & EXPENSES AND CHANGES IN NET POSITION

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This statement summarizes CMSA’s operating and non-operating revenues and expenses, and unlike the CAFR, 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. Operating revenues increased as a result of a scheduled service charge rate increase. Non-operating revenues increased due to higher interest rates earned on Local Agency Investment Funds and California Asset Management Program investments, a State Revolving Fund grant, and to FEMA proceeds received for landslide repairs. Total expenses decreased due to scheduled salary adjustments and benefit savings from unfilled authorized positions.

CONDENSED STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION AS OF JUNE 30, 2019

	FY17	FY18	FY19	Percent Change FY18-FY19
REVENUES				
Operating Revenues	\$ 17,235,271	\$ 17,353,966	\$ 17,901,670	3.2%
Non-Operating Revenues	139,088	303,728	863,486	184.3%
Capital Contributions-Capacity Charges	330,079	197,753	671,769	239.7%
TOTAL REVENUES	\$ 17,704,438	\$ 17,855,447	\$ 19,436,925	8.9%
EXPENSES				
Operating Expenses (including depreciation)	\$ 16,793,252	\$ 16,351,993	\$ 16,553,636	1.2%
Non-Operating Expenses	1,752,699	1,527,361	1,457,861	-4.6%
TOTAL EXPENSES	\$ 18,545,951	\$ 17,879,354	\$ 18,011,497	0.7%
CHANGE IN NET POSITION	\$ (841,513)	\$ (23,907)	\$ 1,425,428	6062.4%
BEGINNING NET POSITION AS RESTATED	\$ 43,460,873	\$ 42,243,540	\$ 42,219,633	-0.1%
ENDING NET POSITION	\$ 42,619,360	\$ 42,219,633	\$ 43,645,061	3.4%

DEFINITIONS

CAPITAL CONTRIBUTIONS-CAPACITY CHARGES:

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

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

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

NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS:

The difference between total revenue less total expenses.

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

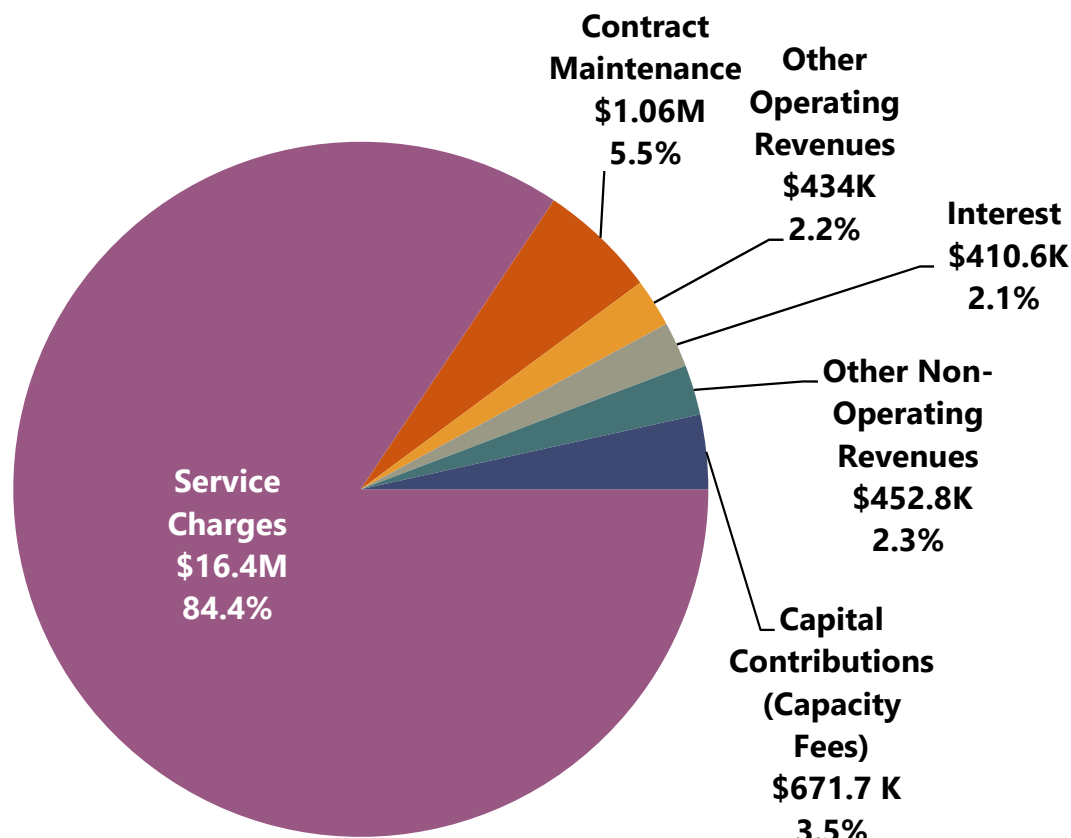
OPERATING EXPENSES: Expenses incurred for provision of wastewater related services.

OPERATING REVENUE: Revenues received for wastewater-related services.

CMSA's total revenues for FY19 were \$19,436,925 including capital contributions. Operating revenues totaled \$17,901,670 and included \$4,966,508 collected for debt service.* Non-operating revenues and interest totaled \$863,486.

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

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



*Debt service is a fee collected for the repayment of revenue bond principal, interest, and debt coverage. In FY19 the Agency paid \$2,330,000 in principal and incurred \$1,457,861 in interest expense.

DEFINITIONS

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

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

OTHER OPERATING REVENUES: Revenues received and fees charged for permit issuance and site inspections, administration of programs for local wastewater agencies, and facility use charges for septic and organic waste disposal.

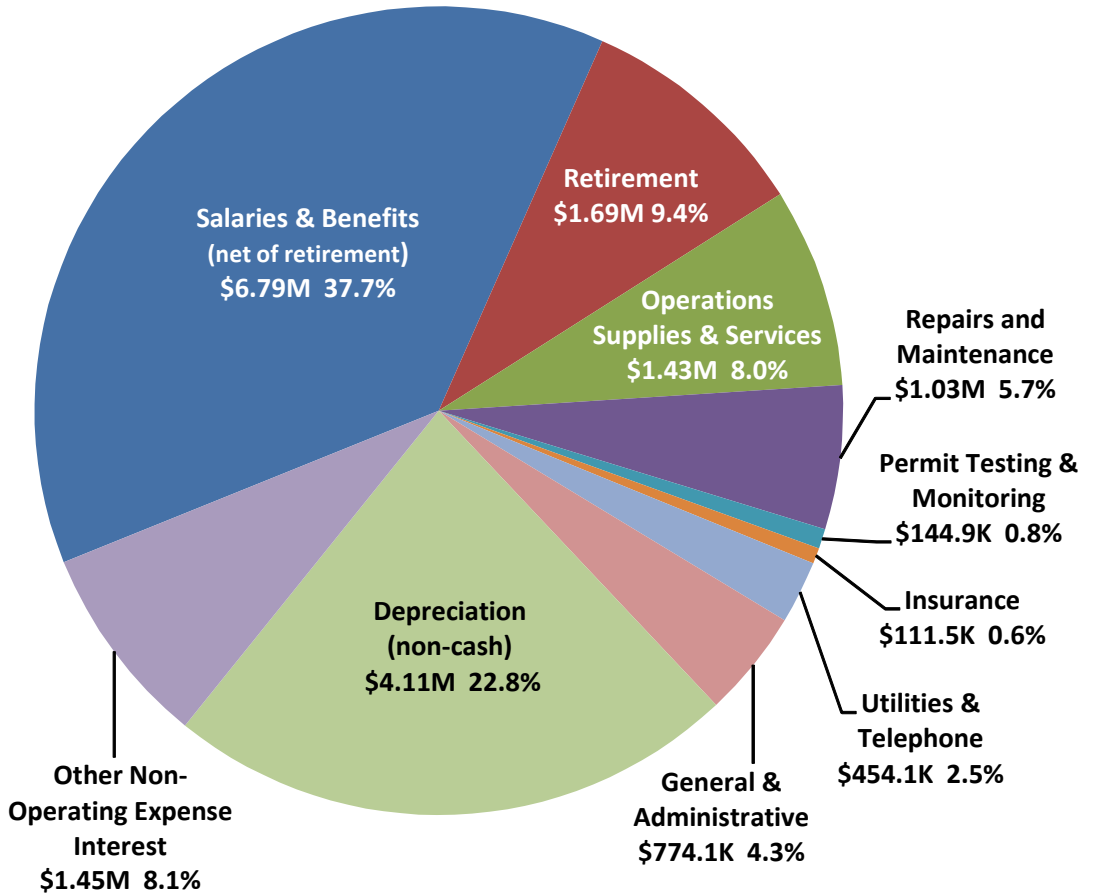
SERVICE CHARGES: A fee charged to JPA members and San Quentin State Prison for wastewater treatment service and their share of the Refunding Revenue Bond Series 2015 debt service payment.

WHERE THE MONEY GOES (EXPENSES)

CMSA FY19 total operating expenses were \$16,553,636, of which \$12,443,061 were actual operational expenses, \$1,457,861 were non-operating interest expenses, and \$4,110,575 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, and workers' compensation insurance, and employee/commissioner bonds.

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

PERMIT & MONITORING TESTING: Laboratory fees related to wastewater sampling and monitoring services, other regulatory compliance fees, and laboratory supplies.

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

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

RETIREMENT: The costs of pension and other retirement benefits.

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

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



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**Central Marin Sanitation Agency
California**

For its Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

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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.

CALIFORNIA WATER ENVIRONMENT ASSOCIATION (CWEA) AWARDS



STATEWIDE AWARDS

*Engineering Achievement
of the Year*
Power Delivery Program
(First Place)

*Community Engagement
and
Outreach Person of the Year*
Mary Jo Ramey
(First Place)

*Community Engagement
and
Outreach, Project of the
Year, Large Budget*
**Wastewater Treatment
Agencies of Marin County's
Public Ed Program**
(Third Place)

REDWOOD EMPIRE SECTION AWARDS

*Outstanding Young
Professional of the Year*
Amy Hwang

*Electrical/Instrumentation
Person of the Year*
Jon Farr

*Pollution Prevention and
Pretreatment Person of the Year*
Jose Gutierrez

Operator of the Year
Ryan Word