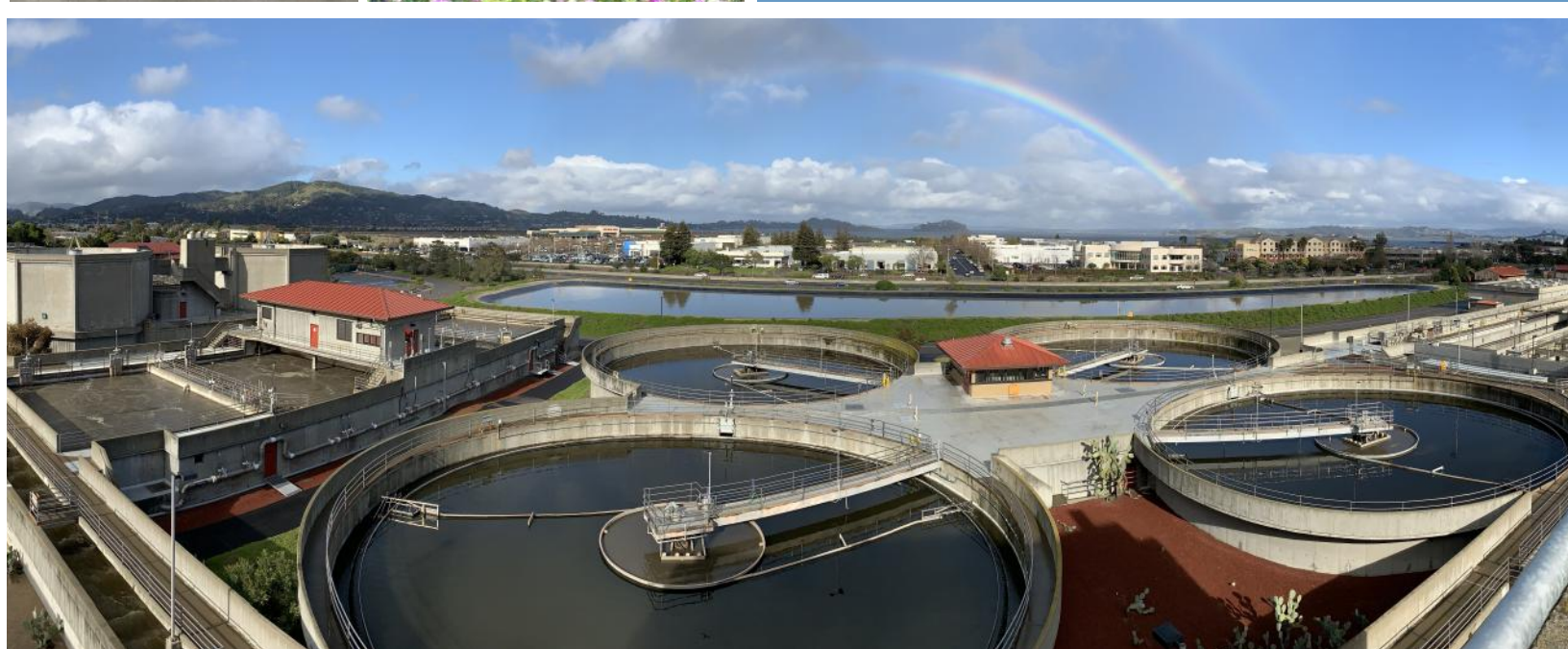




ANNUAL FINANCIAL COMPREHENSIVE REPORT



**CENTRAL MARIN
SANITATION AGENCY**

1301 Andersen Drive
San Rafael, CA 94901
415.459.1455 | www.cmsa.us

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2025 & 2024**

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CENTRAL MARIN SANITATION AGENCY

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2025 & 2024

BOARD OF COMMISSIONERS

Eli Beckman – *Sanitary District #2* **Chair**
Appointed December 2018

Dean DiGiovanni – *San Rafael Sanitation District* **Vice-Chair**
Appointed February 2016

Mary Sylla – *Ross Valley Sanitary District* **Secretary**
Appointed July 2012

Maribeth Bushey – *San Rafael Sanitation District* **Commissioner**
Appointed January 2014

Doug Kelly – *Ross Valley Sanitary District* **Commissioner**
Appointed July 2016



1301 Andersen Drive, San Rafael CA 94901
Jason Dow, PE, General Manager
Corey Spray, CPA, Treasurer/Controller/Administrative Services Manager
Prepared by the Administration Department Staff

<https://www.cmsa.us/>

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.

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.

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, partnership, teamwork, and collaboration.

GOALS

1. CMSA will effectively operate and maintain its treatment facilities in compliance with changing regulations.
2. CMSA will continually improve financial management practices to ensure transparency, financial sustainability, and sound fiscal principles.
3. CMSA will further develop resource recovery opportunities to achieve community, environmental, and economic benefits.
4. CMSA will be a leader and/or an active participant in collaborative efforts to address industry and community challenges and opportunities.
5. CMSA will attract and retain high quality employees by engaging staff, fostering professional development, valuing diversity, and promoting a culture of safety.
6. CMSA will expand its use of technology to improve communication and processes, and strengthen integrity.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Central Marin Sanitation Agency
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO



**The Government Finance Officers Association of
the United States and Canada**

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Finance and Administration Department
Central Marin Sanitation Agency, California



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

Executive Director

Christopher P. Morill

Date: 7/28/2025

FORWARD

This Annual Comprehensive Financial Report (ACFR) is intended to present the Central Marin Sanitation Agency's (CMSA or Agency) financial position and operations for the fiscal years ended June 30, 2025 and 2024. The overall structure of the ACFR follows the pronouncements and specifications required by both the Governmental Accounting Standards Board (GASB), State of California Controller's Office on Special District Uniform Accounting and Reporting Procedures, and the Government Finance Officers Association (GFOA). This report is structured to include the following sections to organize the Agency's ACFR, an *Introduction Section*, a *Financial Section*, and a *Statistical Section*.

The *Introduction Section* describes the Agency's business model and overall structure. Included within this section are the following subsections (1) *Letter of Transmittal*, (2) *Service Area*, (3) *Organization and Business*, (4) *Economic Condition and Outlook*, (5) *Major Initiatives*, (6) *Fiscal Transparency and Reporting*, and (7) *Organizational Chart and CMSA Authorized Staff Positions Table*. Each subsection provides additional context about the Agency's structure and its objectives.

The *Financial Section* presents the Agency's audited financial statements for the stated fiscal years. These statements display the Agency's operations and financial position from the books and records that were independently audited by the Agency's external auditing firm. Included within this section are the following subsections that describe the Agency's stated fiscal year financials, (1) *Independent Auditor's Report on Financial Statements*, (2) *Management's Discussion and Analysis*, (3) *Basic Financial Statements*, (4) *Required Supplementary Information*, and (5) *Independent Auditor's Report on Internal Control*. Each subsection presents the Agency's financial information in conformance with Generally Accepted Accounting Principles within the United States of America (US GAAP) and reviewed according to standards expressed under Generally Accepted Auditing Principles within the United States of America (US GAAS). This information is the nucleus of the ACFR that presents two comparative fiscal years to assist the reader in identifying year-over-year trends in key balances and disclosures.

The *Statistical Section* presents the Agency's comparative financial and operational trends over the past ten fiscal years. The tables presented therein provide additional detail to assist the reader with assessing the current year financial position and operations with respect to prior fiscal years. Included within this section are the following subsections, (1) *Financial Trends*, (2) *Revenue Capacity*, (3) *Debt Capacity*, (4) *Demographic and Economic Information*, and (5) *Operating Information*. Each subsection presents the Agency's financial data by highlighting key trends, metrics, and data points that add another dimension to the financial statement data for a fuller understanding.

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**CENTRAL MARIN SANITATION AGENCY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024**

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INTRODUCTION SECTION



CENTRAL MARIN
SANITATION AGENCY

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LETTER OF TRANSMITTAL

November 4, 2025

Honorable Board of Commissioners and
Customers of the Central Marin Sanitation Agency
San Rafael, California

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to CMSA for its ACFR for the fiscal year ended June 30, 2024. This was the twenty-third consecutive year that CMSA has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both US GAAP and applicable legal requirements.

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

We are pleased to present CMSA's ACFR for the fiscal years ended June 30, 2025 and 2024. This report provides an overview of the Agency's financial activities during the past fiscal year and has been prepared by CMSA staff for the benefit of the Board of Commissioners and other stakeholders who may have interest in the financial position and operations of the Agency. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, rests with the Agency. CMSA's Management is responsible for the contents of the ACFR, and to the best of our knowledge and belief, the enclosed information is accurate in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of CMSA. All disclosures necessary to enable the reader to gain an understanding of CMSA's enterprise activities have been included.

California statutes require that CMSA report its financial position and results of operations on an annual basis. This report contains the Agency's financial statements which have been audited by an independent accounting firm and have been accepted by the Agency's Board of Commissioners. CMSA's independent auditor, Maze & Associates Accounting Corporation, concluded that the Agency's financial statements present the financial position of CMSA fairly and in accordance with US GAAP. The independent auditor's report is located at the front of the *Financial Section* of this report.

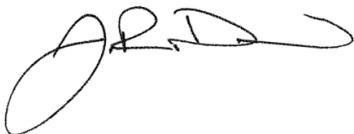
Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the *Basic Financial Statements*. The MD&A complements this *Letter of Transmittal* and should be read in conjunction with it.

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

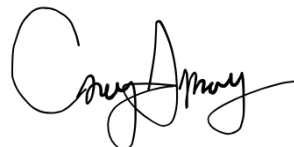
- *Introduction Section:* Includes discussions of Board-approved major initiatives related to Agency capital projects, major asset management and maintenance activities, programs, policies, and financial operations. It also includes an informational profile of the Agency and its service area, an organizational chart, as well as a listing of Agency officials.
- *Financial Section:* Comprises the Independent Auditor's Report and the Basic Financial Statements, which includes the MD&A, financial statements, accompanying notes to the Basic Financial Statements, and Required Supplementary Information (RSI). The MD&A contains condensed financial statements and statement analyses, including an explanation of variations between fiscal years. The RSI contains information in connection with the Agency's pension and other post-employment benefit (OPEB) plans.
- *Statistical Section:* Provides historical data on Agency finances, staffing, operations, and service area demographics generally presented on a 10-year basis.

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

Sincerely,



Jason R. Dow, PE
General Manager

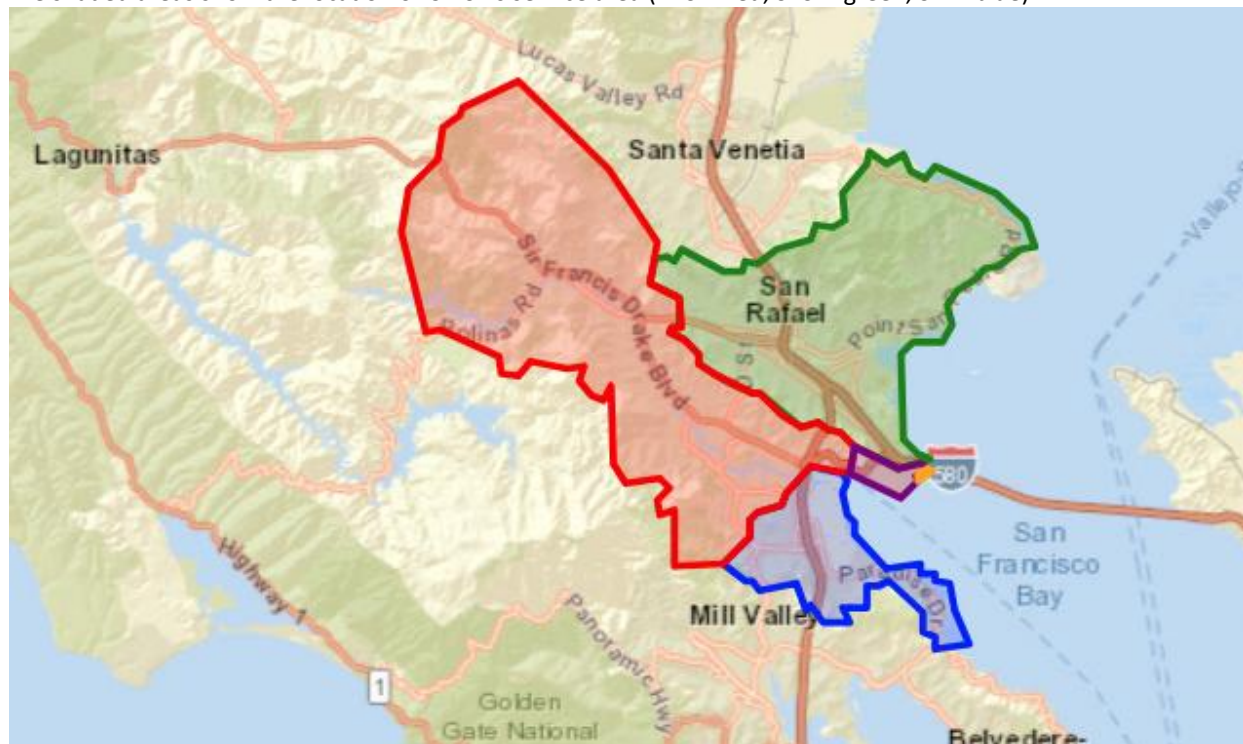


Corey Spray, CPA
Administrative Services Manager

SERVICE AREA

CMSA is a regional wastewater treatment agency that serves residents, businesses and institutions located in central Marin County. The Agency is in San Rafael, California, adjacent to the Richmond-San Rafael Bridge. CMSA's service area is approximately 43.5 square miles, and includes the Towns of Corte Madera, San Anselmo, Fairfax, and Ross, portions of the City of San Rafael, City of Larkspur, San Quentin Rehabilitation Center (SQRC), and the unincorporated areas within San Rafael, the Tiburon peninsula, Ross Valley, and San Quentin Village (SQV). The April 2020 census reported a total population of 262,321 for Marin County. For Fiscal Year 2025 (FY25), the Agency provided services to an approximate population of 105,040 or 52,636 equivalent dwelling units (EDUs).

The shaded areas show the location of CMSA's service area (RVSD: red, SRSD: green, SD2: blue).



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

City of San Rafael (Approximately 2/3 of the city's population)	41,157
City of Larkspur	12,589
Town of San Anselmo	12,498
Town of Corte Madera	9,947
Town of Fairfax	7,417
Unincorporated CMSA Service Area (SQV, Greenbrae, Tiburon Peninsula)	6,524
Kentfield	6,808
San Quentin Rehabilitation Center	3,361
Sleepy Hollow	2,401
Town of Ross	2,338

*Sources: United States Census Bureau State and County Quick Facts (2020 Census & 2023 estimates), Bureau of Economic Analysis; unitedstateszipcodes.org; San Quentin Rehabilitation Center 2024 SB601 Report

ORGANIZATION AND BUSINESS

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

Marin County has a total estimated population of 262,321 with a growth rate of less than one percent annually. The county's residents continue to have California's and the United State's highest per capita income of \$180,575 per household according to the most recent 2023 data reported by the Bureau of Economic Analysis. The population growth rate and per capital household income in the CMSA service area mirrors that of the County.

Marin's 4% average unemployment rate is one of the lowest rates in California and is slightly lower than national levels (4.1%) at the end of FY25. Seven of the top ten employers as measured by the number of employees in the CMSA service area are governmental entities.

Ten of the Largest Employers & Number of Employees in CMSA Service Area

1. BioMarin	1,700	6. San Rafael City Schools	561
2. MarinHealth Medical Center	1,650	7. Tamalpais Union High School District	531
3. San Quentin Rehabilitation Center	1,194	8. College of Marin	512
4. Dominican University	1,033	9. Restoration Hardware	500
5. Golden Gate Transit	853	10. City of San Rafael	416

Despite inflation concerns and increased mortgage interest rates, the local housing market continued to increase through December 2024. 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, 2024 was \$1,830,108/\$1,455,000 for a mean home living area of 2,017 square feet, compared to \$1,785,933/\$1,376,500 and 1,957 square feet reported in December 2023. The upward trend continued to increase through June 2025, where the county reported \$1,907,928/\$1,522,500 for mean/median sales data statistics and a mean home living area of 2,034 square feet.

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

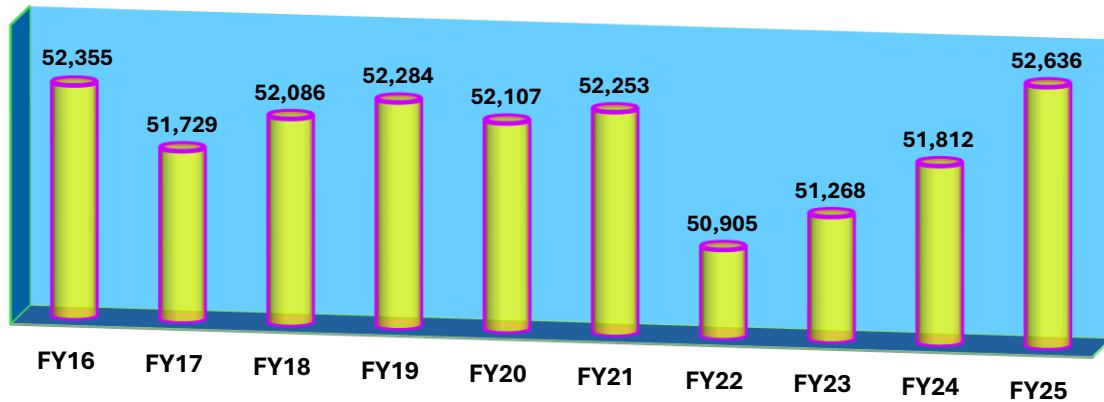
EDU Count by Connection Types for FY25

(Source: Property Tax Reports, County of Marin)

	SRSD	RVSD	SD2	SQRC	TOTAL
Residential	15,979	19,617	4,819	N/A	40,415
Commercial	3,643	2,584	1,214	N/A	7,441
Institutional (1)	155	498	122	N/A	775
Correctional				4,005	4,005
TOTALS	19,777	22,699	6,155	4,005	52,636

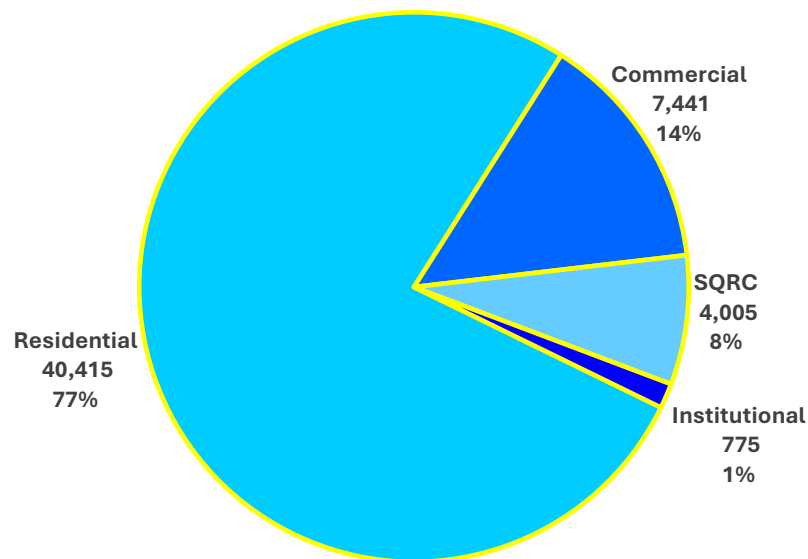
- (1) Governmental entities such as federal, state, county, cities, and special districts are property tax exempt and are billed separately. EDU counts for these institutions are not included in county property tax reports and are reported separately by each JPA member.

EDU Totals for CMSA Service Area Fiscal Year End June 30th



Sewer service connections in the service area are primarily residential, and the reported EDU is a number that remains relatively stable, as new development in the service area is minimal. Commercial customer EDU counts are determined by measured winter water use, with fluctuations from year to year being due to variable water usage by commercial properties. As seen above, there was a noticeable EDU count decrease in FY22 after two extremely dry winters.

52,636 Total EDU by Connection Type and as a Percentage of Total EDUs for FY25



MAJOR INITIATIVES

The Agency engages in various initiatives as part of its Mission, Vision and Values statements. Each set of initiatives are described into the below sub-sections.

A. Awards and Recognitions

Certificate of Achievement for Excellence in Financial Reporting:

CMSA was recognized by the GFOA with the Certificate of Achievement (COA) for the Agency's FY24 ACFR and the Administration Department was presented the Award of Financial Reporting Achievement for being primarily responsible for achievement of the Certificate. The COA is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a governmental entity. This marks the twenty-third consecutive year that the Agency's ACFR has met the high standards of the GFOA for governmental accounting and financial reporting. The Agency continually strives to comply with GFOA guidelines and recommendations, and all financial documents, including the Budget, Annual Financial Statements, Annual Reports, monthly Treasurer's Reports, and Quarterly Budget Status Reports are transparent representations of the Agency's financial operations. Each of the reports are presented to the Board for review and acceptance and posted on the Agency's website (www.cmsa.us/finance/documents) or as part of the periodic Board Agenda Packets (www.cmsa.us/board/agendas-and-minutes).



Outstanding Achievement in Popular Annual Financial Reporting:



The Agency's Popular Annual Financial Report (PAFR) for FY24 was recognized by the GFOA and received an outstanding achievement award. The PAFR award is a prestigious national award acknowledging conformance with the highest standards of preparation for state and local government popular financial reports. The PAFR is specifically designed to be readily accessible and easily understandable to the public and other interested parties who do not have a background in public finance. FY24 marks the fifteenth consecutive year that the Agency's PAFR has met the high standards of the GFOA for governmental accounting and financial reporting.

Distinguished Budget Presentation Award:

The Agency's Adopted Biennial Budget for FY26 and FY27 received the distinguished budget presentation award by the GFOA. The award is the highest form of recognition in governmental budgeting, and its attainment represents a significant accomplishment by a governmental entity. The GFOA encourages public agencies to prepare budget documents that fully explain the agency's business, are transparent, and are specifically designed to be readily accessible and easily understandable to the public and other interested parties. In attaining this award, the Agency's budget was deemed to be proficient as a policy document, financial plan, operational guide, and communication device. The FY26 and FY27 Biennial Budget marked the twelfth award that the Agency's budget has met the high standards of the GFOA for annual and biennial budget reporting documents. The twelve awards the Agency received are comprised of eight consecutive year awards for



FY12 through FY19 and four consecutive biennial awards for the FY20 & FY21 through FY 26 & FY27 Biennial Budget presentations.

GFOA Triple Crown Award Winner:



CMSA is proud to have received the GFOA Triple Crown Award, a prestigious honor and further recognition given to government entities that have successfully achieved all three program awards from the GFOA for each financial reporting document described above. The GFOA has over 27,000 members of which 4,131 members in 2023 received the COA, another 1,764 received the Budget Award, 647 the PAFR, and only 403 members received the Triple Crown Award. Visit the GFOA at www.gfoa.org/gfoa-triple-crown-winners to view the complete list of Triple Crown Award recipients.

CMTA Investment Policy Certification Program Award:

CMSA is proud to have received the Investment Policy Certification Program Award on its first-ever submission of its investment policy to the California Municipal Treasurer's Association (CMTA). The award is a prestigious honor that furthers its commitment to excellence in financial reporting. The Agency's investment policy was reviewed by an independent panel of finance professionals specializing in treasury management and they collectively determined the Agency to have a sound framework for facilitating its cash and investment activities. Its policy is furthermore determined to be in compliance with the State of California's many requirements for addressing the primary tenets of safety, liquidity and yield.



National Association of Clean Water Agencies (NACWA) "Platinum" Peak Performance Award:

NACWA represents the interests of and advocates at the federal level for the country's wastewater organizations. Members of NACWA provide wastewater treatment services to over 130+ million people in the United States and are true environmental practitioners that collectively manage more than 18 billion gallons of wastewater each day. NACWA maintains a key role in the development of environmental legislation and works closely with federal regulatory agencies in the implementation of environmental regulations and programs. NACWA presents annual recognition to high performing wastewater utilities through its Peak Performance Awards program.

For the 2024 calendar year, CMSA received the NACWA "Platinum - 7" Peak Performance Award. This award recognizes the achievement of full compliance with NPDES permit discharge requirements for seven consecutive years. This was a significant achievement for the Agency and its staff!

Regional CWEA Staff Awards:

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

- Electrical/Instrumentation Person of the Year – Sean Clementz
- Mechanical Technician of the Year – Brian Carr
- Pretreatment, Pollution Prevention (P3) Person of the Year – Eromosele Esoimeme

Regional CWEA Awards:

For 2024, the Agency was recognized by the CWEA Redwood Empire Section and received an award for the following achievement:

- Safety Program of the Year
- Engineering Achievement Award
- Treatment Plant of the Year

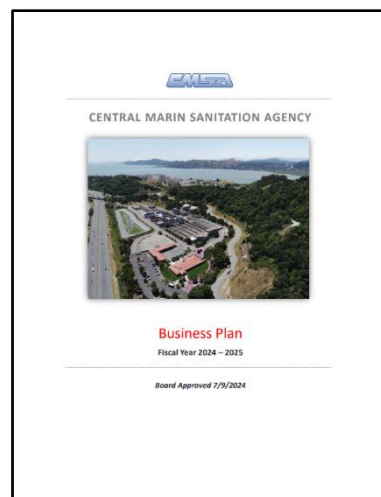
State CWEA Awards:

For 2024, the Agency was recognized by the CWEA and received an award for Safety Plant of the Year, and second place for Treatment Plant of the Year.

B. Strategic Plan

The Agency's 5-Year Strategic Plan (SP) for the fiscal years ending June 30, 2022 to 2026 was adopted by the Board in July 2021. FY25 marked the end of the fourth year of the current five-year plan. The SP is a guide to direct the Agency in charting a strategic path to effectively maintain and improve its operations and services. CMSA's SP has been constructed to set priorities, focus energy and resources, and guide fundamental decisions and actions that will shape the Agency for five years, in one-year increments.

The SP contains Vision, Mission, and Values statements, and six strategic Goals to achieve each statement. Annually, staff prepares a Business Plan with associated Strategic Objectives and Actions to undertake in support of the Board adopted Mission, Vision, Values, and Goals. The Agency's budget is closely aligned with the annual Business Plan, and the funding for its Actions that were included in budget development and the adopted FY24-FY25 budget.



Plan Development:

The Agency maintains a standing committee, known as the Agency Strategic Planning Committee (ASPC), to oversee the implementation of annual Business Plan activities, and to develop a new plan each fiscal year. The FY25 Business Plan had 60 Strategic Actions, of which 48 were completed, 9 were ongoing (having no definable end date or are recurring), 2 were delayed for various reasons, and 1 was cancelled due to project constraints being identified leading to its cancellation.

The FY26 Business Plan was approved by the Board at the beginning of the fiscal year, July 2025. It includes 62 Actions to further its 18 Objectives. Noteworthy actions are:

- Evaluate facility operations without a dry weather graveyard shift.
- Optimize operation of organic waste receiving facilities, anaerobic digesters, biogas storage, and cogeneration system, to consistently be energy positive.
- Finish the Nutrient Removal Alternatives Evaluation & Facilities Plan Project and begin pre-design.
- Establish employee AI committee and develop an Agency AI roadmap.
- Perform high-priority electrical conduit rehabilitation tasks.
- Re-inspect the electrical switchgear and Headworks MCC and make any necessary repairs.
- Begin the Grit Classifier Replacement Project construction.
- Begin Centrifuge Dewatering System Replacement Project construction.
- Develop accounting policies guide in alignment with GASB statements.
- Support SRSD service contract development.
- Draft investment procedure for investments managed in trust for debt agreements.
- Develop risk control matrix for internal control process narratives.
- Complete Primary Clarifier 1 baffle system dry weather performance study.
- Install primary clarifier level and solids sensors and automatic sludge collectors.
- Install outfall valve box telemetry communication system.
- Install Ross Valley Interceptor flow meter.
- Assist SD2 with Paradise Pump Station rehabilitation.
- Managers to prepare a list of essential functions for each job classification.

- Engage employees in the administration of the Agency's deferred compensation plans.
- Select a new Agency website provider.
- Scan and archive historic engineering files.
- Engineering to lead an engineering drawing/plan reading seminar for O&M staff.
- Replace Agency card access security system.

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

In the Fall of 2025, the Agency will begin updating its next 5-year Strategic Plan.

C. Succession Planning

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

The annual update occurs by analyzing the age and length of service of each member of the workforce, and informally discussing with employees who meet the California Public Employees Retirement System (CalPERS) criteria, at least age 50 and greater than five years of total CalPERS service, about their retirement plans. The results of this annual update are also incorporated into the Agency's long-term financial forecast model and business plan. CMSA's workforce characteristics as of FY25 were as follows:

- 48 authorized positions
- Average age is 42.4 years
- Average length of service is 6.3 years
- 9 employees with over 10 years of service
- 10.6% of current employees meet the requirements for retirement from CalPERS

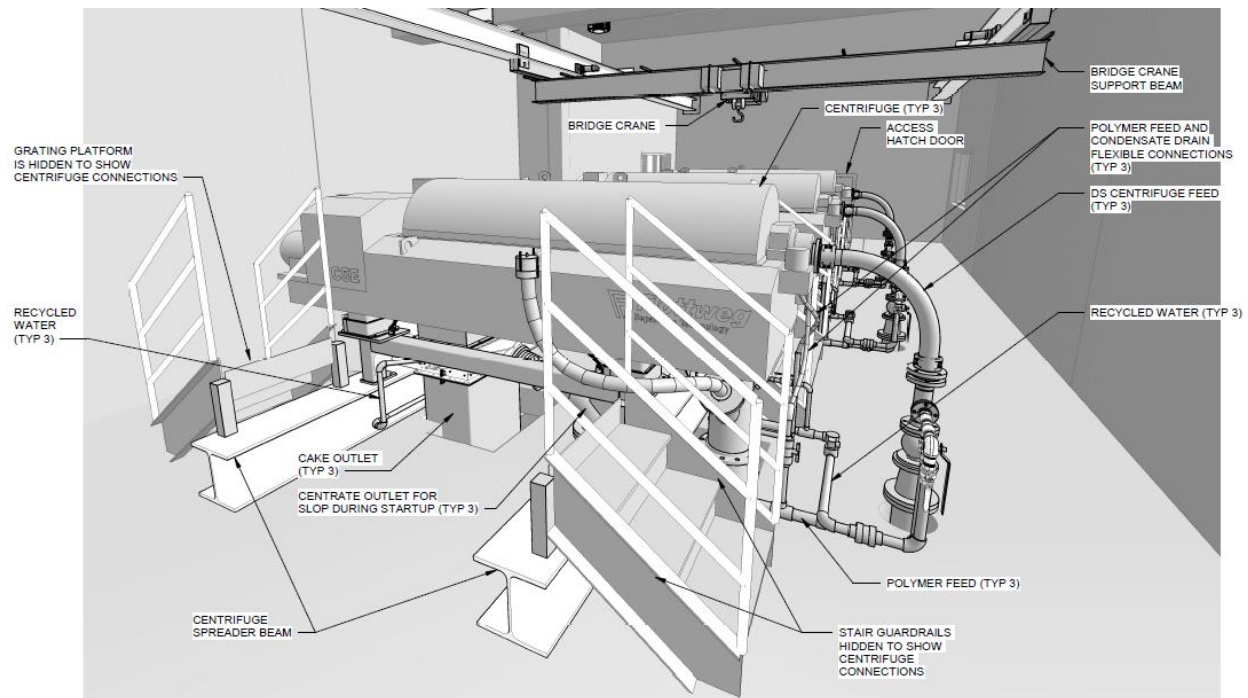
The Agency completed successful recruitment for five new employees during FY25. These staff members were hired to fill vacancies in various classifications, including the Treatment Plant Manager, three Operators-in-Training, and one Operator.

D. Major Capital Projects

Below are summaries of major capital projects either completed or are still ongoing in FY25.

Centrifuge Replacement Project:

Centrifuges are wastewater solids handling equipment that dewater sludges prior to their transport to beneficial reuse sites. This project includes replacing three aging centrifuges with newer high efficiency units that can handle more food waste and FOG, replacing the monorail hoist with a new bridge crane, and replacing associated appurtenances such as the Master PLC. To save on contractor markups and to expedite the construction schedule, the new centrifuges were selected and pre-purchased in August 2024 and the bridge crane system was pre-purchased in June 2025. The design, which utilized a 3D model of the existing conditions and proposed modifications, was completed at the end of FY25. Construction is scheduled to begin in FY26 with completion anticipated in FY27.



3D Model of new centrifuges

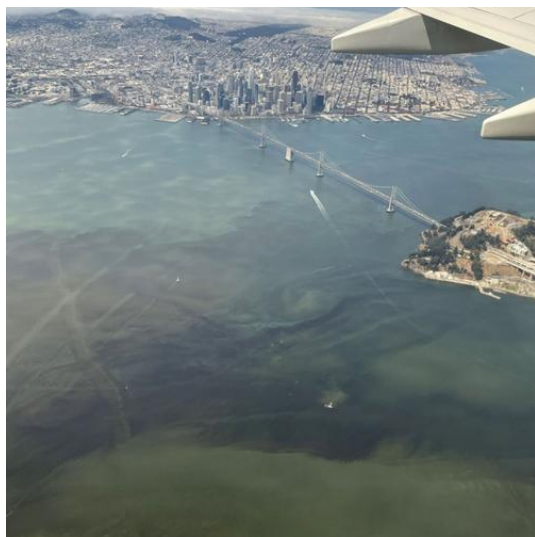
Nutrient Removal Alternatives Evaluation and Facilities Plan:

The San Francisco Bay Regional Water Board adopted a Nutrient Watershed Permit in July 2024 to address the large harmful algal blooms that resulted in significant fish kills over the past few summers. The Permit has interim and final limits, and compliance with the interim limits started in October 2024, and compliance with the final limits will be required by 2034. The final limits will require an approximately 60 percent reduction in CMSA's nutrient loading to the bay, which will necessitate the construction of significant infrastructure improvements and new facilities on CMSA's site. In anticipation of the final Permit, CMSA developed a Request-for-Proposal (RFP) document and issued it to ten interested consulting firms in April 2024. The RFP is for the first phase of CMSA's Nutrient Removal Program and includes consultant services for a Nutrient Removal Alternatives Evaluation and Facilities Plan.

Four proposals were received and evaluated, and the winning consultant team completed the following tasks in FY25:

- Completed a review of available background data.
- Prepared a sampling improvements plan which CMSA implemented.
- Set up and calibrated a digital process model for evaluating alternatives.
- Developed potential interim optimization options for CMSA's existing treatment system.
- Developed screening and evaluation criteria for the permanent nutrient removal alternatives.

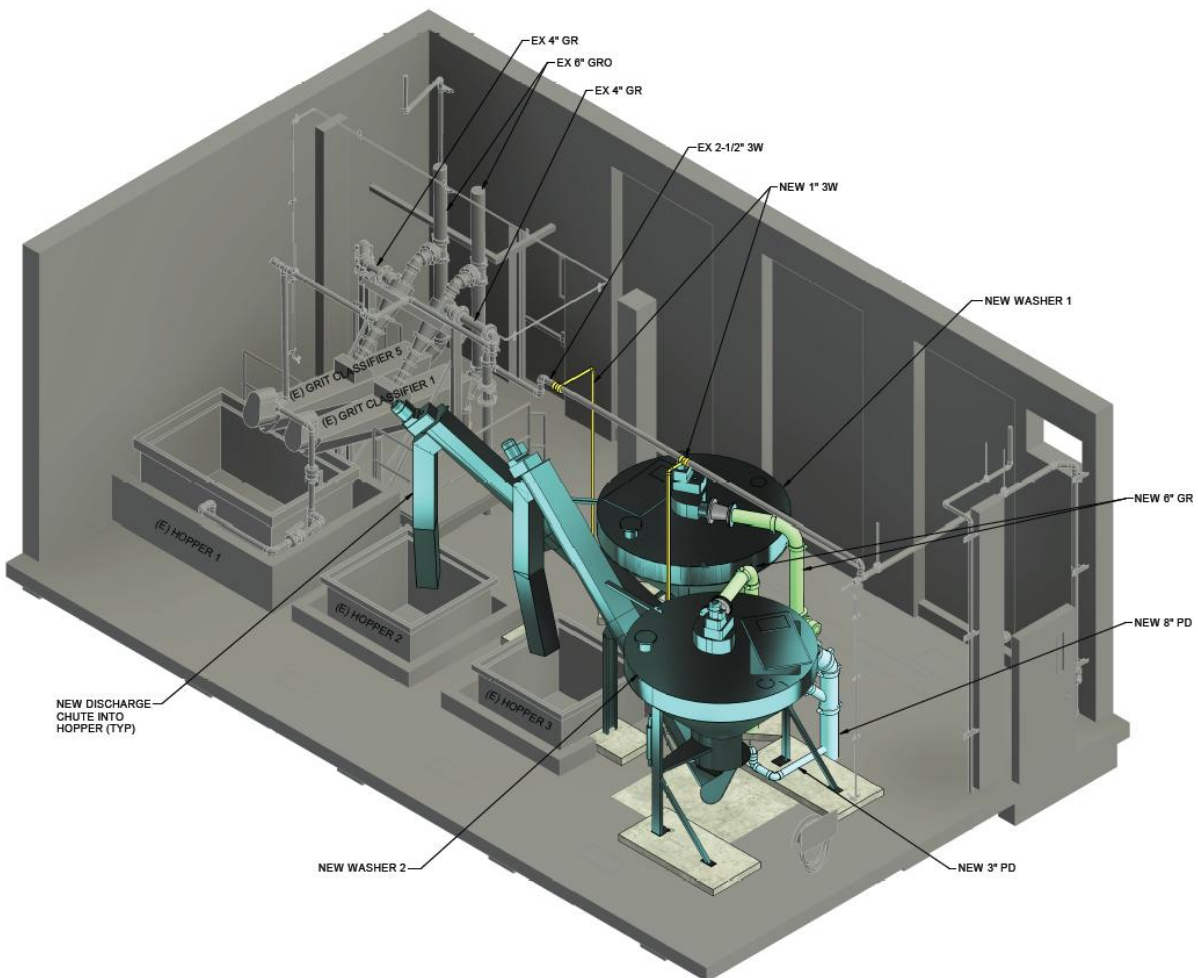
The consultant team will finish all remaining project work by the end of 2025 and will recommend a final preferred alternative to CMSA's Board for approval. Thereafter, CMSA anticipates completing the pre-design and final design of the preferred alternatives in FY26 through FY28 and begin construction in subsequent years.



Pictures of algae bloom near treasure island & resulting fish kills

Grit Classifiers Replacement Project:

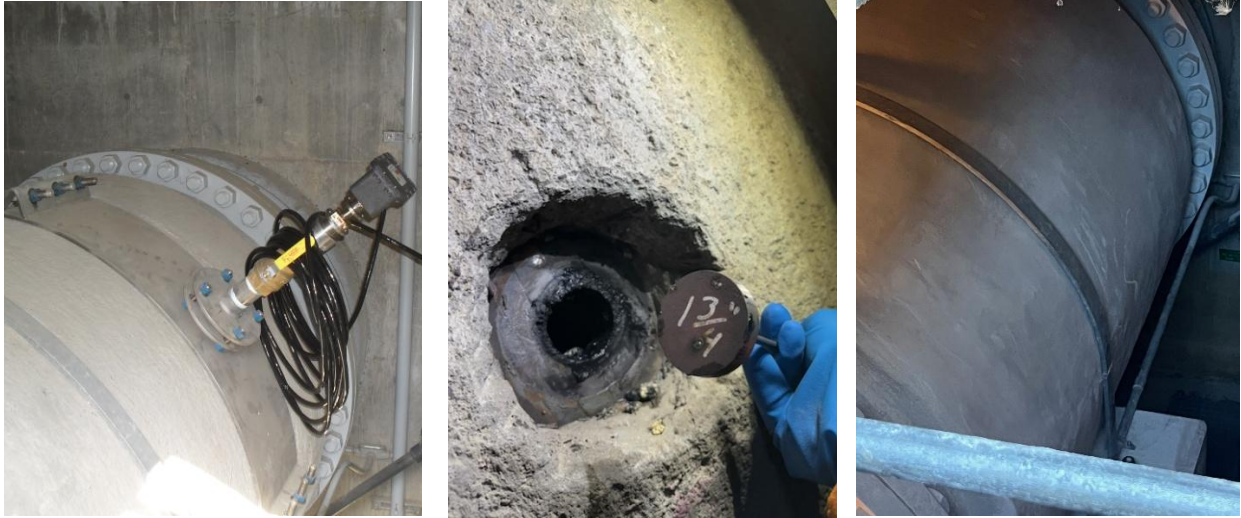
Grit is an abrasive material that is removed at the beginning of the wastewater treatment process. It's dewatered in classifiers before being transported to the local landfill for disposal. This project includes demolishing and replacing three aging grit classifiers with two new high efficiency grit washers, replacing five corroded grit pumps, installing new valves and piping, and performing associated retrofits in the Grit Handling Room. The grit washers were pre-purchased in May 2024, the grit pumps were pre-purchased in October 2024, and the variable frequency drives were pre-purchased in April 2025. The design documents were completed in January 2025, and due to a delay in the delivery of the pre-purchased equipment, construction had been postponed to begin in FY25.



3D Model of New Grit Washers

Ross Valley Influent Flow Meter Project Update:

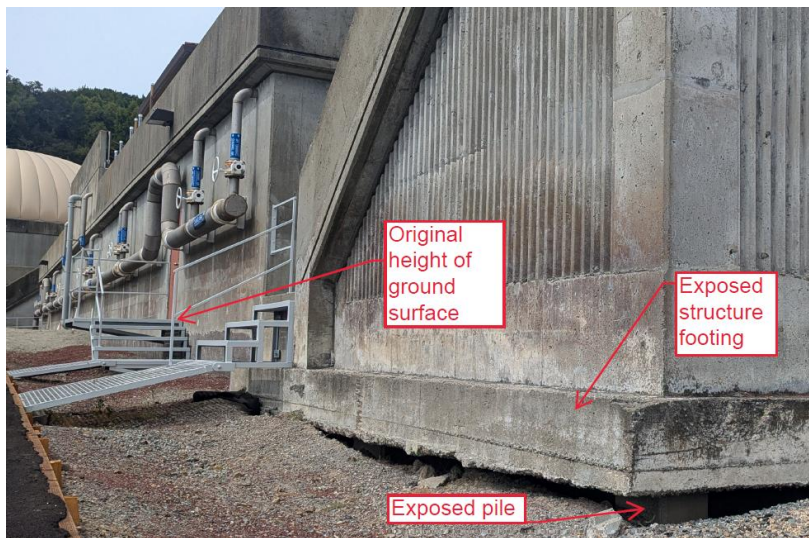
The 54-inch Ross Valley Interceptor is a major pipeline that transports wastewater from San Quentin Rehabilitation Center and several cities, towns, and unincorporated areas in central Marin to the CMSA treatment plant. The Interceptor has a flowmeter that was installed during CMSA's construction in the early 1980s and is scheduled for replacement. A new modern flowmeter will be installed in FY26. To prepare for the installation, pipe surface modifications were performed in FY25 under the direction of a manufacturer's representative, and the pipe is now ready for the new flowmeter installation work in October 2026.



Pipe surface modifications for new flowmeter system

Seismic Study Update:

Due to the prevalence of soft bay mud soils throughout the CMSA treatment facility, significant ground subsidence has occurred at multiple locations, including the immediate areas around the primary treatment, biotower and aeration process tanks. These structures were constructed on pile foundations and over time the ground settlement has resulted in large gaps underneath the structures, with portions of the pile foundations that were once buried now exposed. Staff retained a structural engineer to evaluate the impacts of soil settlement on the process tanks and inform the layout constraints for potential new nutrient removal facilities, such as attaching new nutrient removal structures to existing process tanks or removing existing pile supported structures like the biotowers. A site investigation was performed in December 2024, and the final report received in April 2025 concluded that there are no structural or seismic issues with ground subsidence beneath the tanks. The results from this study will directly inform the constraints and layout considerations for the proposed nutrient removal options.



Ground Settlement at the Aeration Tanks

Parking Lot Pavement Rehabilitation Project:

The Agency's main parking lot pavement was originally constructed in the 1980s and received a 2-inch asphalt overlay in the late 1990s to extend its life. However, recent assessments indicated that most of the pavement surface had significantly deteriorated, requiring complete replacement. The asphalt replacement work began in March 2025 by removing the existing asphalt. The existing clay layer underneath the asphalt made it unstable for a new asphalt application. So, a specialized subcontractor had to stabilize the subsoil using a cement mix-in-place method to place new asphalt on top.



Unstable clay layer underneath the pavement



Newly paved parking lot

Clarifier and Contact Tank Coating Rehabilitation Project:

Primary clarifiers and chlorine contact tanks are used in the wastewater treatment process. As part of our ongoing maintenance and rehabilitation efforts to extend the lifespan of CMSA's seven Primary Clarifiers (PCs) and six Chlorine Contact Tanks (CCTs), the Capital Improvement Plan has scheduled a series of projects to recoat metallic surfaces, repair spalled concrete, waterproof leaking concrete walls and walkways, and fix concrete cracks. Rehabilitation of PC No. 1 was completed in October 2024, and work on PCs No. 2 and 3, as well as CCT No. 4, began in May 2025 and was completed in September 2025.



Recoated steel launder mechanisms on Primary Clarifiers



Fully rehabilitated Chlorine Contact Tank (CCT) No. 4 walls

Outfall Interior Solids Removal Project:

CMSA discharges treated effluent into the San Francisco Bay via a diffuser section at the end of an approximately 1.5-mile-long submarine outfall pipeline. During dry weather flows, velocities are very low, allowing solids to settle in the pipeline which accumulated in the diffuser section blocking the far most diffusers over time. Since the last outfall interior cleaning in 2009, approximately 600 cubic yards of solids had built up diffuser section. After obtaining regulatory approvals, CMSA solicited cost proposals for the outfall solids removal service in September 2024. Site work commenced in mid-October and was completed in early November 2024.



CMSA Outfall Diffusers Cleaning Contractor working in the San Francisco Bay



Diving team performing outfall cleaning operations

E. Organic Waste Program

CMSA's organic waste program is comprised of the innovative and successful Central Marin Food-to-Energy (F2E) program with Marin Sanitary Services (MSS), and other programs where CMSA receives and processes de-packaged food waste from MSS, fats, oils, and grease (FOG) from private haulers, as well as pre-processed food waste from Republic Services (Republic). F2E was launched in January 2014, with MSS collecting pre-consumer food waste from restaurants, markets, and other similar businesses in their service area. Collected food waste is processed at MSS's local transfer station, which is approximately one-half mile from CMSA. Processing involves the removal of contaminants such as utensils, plastic material, bones, melon rinds, metal objects, and similar items, and grinding the food waste into small particles. A special delivery truck then transports the cleaned processed food waste to CMSA, where it is dumped into an underground tank, mixed with FOG and other liquid organic wastes, and then injected into the treatment plant's anaerobic digesters.

Additionally, due to a new advanced pre-processing system installed at MSS in FY23, MSS now consistently receives expired packaged food waste materials from grocery distributors. The material is de-packaged and blended in with the F2E food waste and delivered to CMSA. Starting in May 2025, CMSA also began receiving pre-processed food waste from Republic. This food waste is collected from restaurants, markets and other similar businesses in Republic's service area in Sonoma County and is pre-processed via contaminant removal and grinding at Republic's Sonoma County landfill. It is then transported to CMSA where it is dumped into an underground tank like the MSS food waste. As of September 2025, CMSA's year-to-date food waste deliveries were comprised of approximately one third F2E material from MSS, one third de-packaged food waste from MSS, and one third Republic food waste, although these percentages can change over time.

Once in the digesters, the organic waste mixture is co-digested with wastewater solids to produce additional biogas, a form of methane gas that is used as fuel in the Agency's power generation system. CMSA historically operated the system on biogas fuel approximately seven hours a day, producing all the Agency's energy needs during that time. The additional biogas generated from the organic waste program materials enables the Agency to run the generator much longer, on most days 24 hours a day, resulting in full energy self-sufficiency while continuously delivering renewable power off-site. In FY25, CMSA was approximately 109% energy neutral, i.e. producing 9% more electricity than required on-site with the excess being exported to the grid for sale. CMSA is one of only a handful of wastewater treatment facilities globally that generate more electricity than they consume. With projected increases in food waste deliveries from MSS and Republic over the next months, CMSA aims to consistently be about 150% energy neutral in 2026.

These collaborative and successful public-private partnerships with MSS and Republic have created a program that achieves benefits both for the environment and CMSA, including diversion of food waste from the local landfill, reduction of regional greenhouse gas emissions, reduced truck traffic on the freeway and local roads, and additional energy production at CMSA. MSS has currently enrolled over 202 businesses that generate food waste and has numerous contracts with grocery distributors for packaged food waste disposal. CMSA receives a tipping fee for each ton of food waste and each gallon of organic liquid waste delivered, both of which assist in stabilizing wastewater service fees.

Organic waste deliveries included: an average of approximately 11 tons of F2E food waste and de-packaged food waste per day from MSS, approximately 11,000 gallons of FOG per day, and an average of approximately 6 tons of food waste from Republic per day since the delivery began in May 2025.

F. Power Delivery Program

CMSA's power delivery program has been underway for several years and aims to utilize the Agency's excess digester capacity to accept additional organic waste materials to significantly increase biogas generation. In the spring of 2019, CMSA received official permission from the local utility, PG&E, to export excess power to its electrical grid, and from FY21 through FY25 significant amounts of renewable power were exported and sold to Marin Clean Energy (MCE) through an existing Power Purchase Agreement.



Main switchgear.



Power export meter to track energy being sold to MCE.

In FY25 CMSA's Power Delivery Program achieved the following major milestones:

- Exported and sold 993,000 kilowatt hours of electricity to MCE.
- Over the entire FY25, the electricity produced from biogas was approximately **109 percent** of the total electricity consumed by the facility.
- After increasing organic waste deliveries and optimizing the new cogeneration engine along with the new liquid organic waste storage tank, the biogas-generated electricity has consistently exceeded the plant's electricity consumption every month since January 2025. The highest percentage ever achieved was in August 2025 at 134% energy neutral, producing **34 percent** more than the total electricity consumed by the facility.
- In FY26, CMSA expects to accept additional organic waste deliveries and optimize the power delivery program operations. As a result, estimated electricity produced from biogas will consistently be approximately **130 to 150 percent** of the total electricity consumed by the facility.
- CMSA is aware of only one other wastewater treatment plant in the United States that consistently produces more electricity from biogas than the facility consumes, and only a handful globally.
- In FY25, CMSA was awarded the 2nd place Statewide Engineering & Research Award for the Power Delivery Program from the California Water Environment Association.

G. Wastewater Service Agreements for CMSA-Provided Services

CMSA provides various wastewater-related services to public agencies in Marin County through contractual agreements, offering benefits to both CMSA and the public agencies involved. These mutual partnerships allow the agencies to save costs by utilizing CMSA's specialized expertise, resources, and equipment rather than relying on external contractors or consultants. In turn, CMSA benefits from additional revenue, which helps lower wastewater service fees for its customers. The diverse nature of these services enhances CMSA staff engagement, retention, and efficiency, fostering a work environment of improved productivity and job satisfaction. This positively impacts both CMSA and the agencies, benefiting end customers by maintaining efficient and effective wastewater services.

The services CMSA provides include monitoring, operating, and maintaining wastewater pump stations and force mains, managing a sewer collection system, and regulating commercial and industrial discharges into the sewer system. These services ensure compliance with NPDES permit requirements and state wastewater regulations, while safeguarding public health and protecting the environment.

CMSA's Strategic Plan and Business Plans support the provision of these services when resources permit, returning financial and organizational benefits for all parties involved. Highlights of noteworthy projects and activities below from the past fiscal year reflect the success of these partnerships.

Sanitary District No. 2 of Marin (SD2):

CMSA has maintained a service agreement with SD2 since April 1985, operating and maintaining SD2's 20 pump stations and providing limited maintenance to the district's force mains. In the past year, a new three-year agreement was reviewed, updated, and approved by both agencies' governing boards.

As noted in last year's ACFR, following a condition assessment, SD2 prioritized the rehabilitation of the Paradise pump station. CMSA supported the design phase by coordinating site access, supplying as-built drawings and asset inventories, and reviewing design documents. Construction began in 2024, and CMSA continues to support the project by assisting with operations, attending biweekly construction meetings, and providing PLC programming. Completion is anticipated by late 2025.

Additional asset management projects completed this year included upgrading the SD2 sampling vault to the National Electrical Code (NEC) Division 1, Class 1 requirements, replacing both pumps at the Trinidad II pump station, installing a new variable frequency drive at the Village pump station, outfitting Old Landing and Lakeside pump stations with passive fall protection in the wet wells, and replacing isolation and check valves at Fifer and Lucky pump stations.

San Quentin Rehabilitation Center (SQRC):

Since 2012, CMSA has operated and maintained SQRC's main pump station and force main under an agreement with the California Department of Corrections and Rehabilitation (CDCR). A new five-year agreement was approved by CDCR and CMSA's Board in May 2025, and includes the addition of a new lift station on the institution's east end, which discharges to the main pump station for conveyance to CMSA for treatment and biosolids disposal.

Historically, SQRC provided low security inmates to clean the pump station's wet well area; however, CDCR has transferred low security inmates to county jails or approved early releases. This reduced the availability

of the inmate labor pool. Under the current 5-year service agreement, CDCR provides funds to CMSA for three limited-term Institutional Utility Laborers to perform wet well cleaning. When not assigned to CDCR, these employees contribute to custodial, groundskeeping, and light maintenance tasks at CMSA, ensuring operational efficiency for both entities.

Asset management projects completed this year at the main pump station included replacing an aging transformer, replacing a four-gas meter used to monitor hydrogen sulfide, oxygen, carbon dioxide, and combustible gases in the wet well area, and replacing an auger and grinder in one of the inlet channels, which removes rags and debris to protect downstream pumping equipment.

San Quentin Village Sewer Maintenance District (SQVSMD):

In 2012, CMSA entered into a service agreement with the County of Marin to operate and maintain the San Quentin Village sewer collection system and its single pump station. CMSA's services ensure reliable operation and reduce the risk of overflows. This year's asset management work included repairing a damaged conduit that supplies utility power to the pump station and relocating conduits within the wet well to allow safer and easier pump removal for maintenance.

H. Asset Management Program and Related Projects

Major asset maintenance and replacement projects that were completed or in progress during FY25 are summarized below.

SD2 Vault Upgrade:

CMSA recently completed electrical upgrades to the SD2 meter vault used for Biochemical Oxygen Demand and Total Suspended Solids sampling. As the vault is classified as a confined space with the potential for flammable gas accumulation, all equipment was upgraded to meet National Electrical Code (NEC) Class I, Division 1 standards. Staff installed explosion-proof lighting, sealed conduit, and upgraded all junction points to eliminate ignition risks. These improvements ensure personnel safety, regulatory compliance, and continued safe use of the vault for routine sampling.



Before



After

SQRC Pump Station Improvements:

Staff replaced the aging transformer at the San Quentin Pump Station. The transformer, which steps down 480 Volts AC power to 240/120 Volts AC, supplies power to lighting, outlets, and crucial control equipment including the programmable logic controller which operates the pumps and controls of the pump station. During the replacement, staff also took the opportunity to rehabilitate the interior of the pump station. This included removing deteriorating paint, applying primer, and finishing with a protective topcoat, preserving the infrastructure and improving the facility's appearance.



Newly painted interior and installation of new transformer

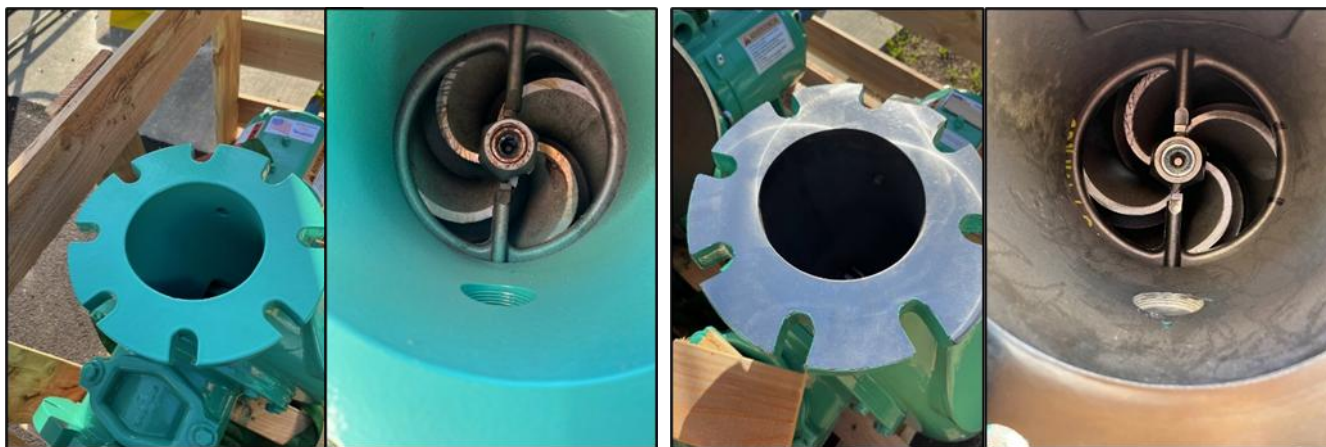
Additionally, the team replaced the four-gas meter, which monitors hydrogen sulfide, oxygen, carbon dioxide, and combustible gases. These safety improvements provide protection for staff, ensuring atmospheric conditions are safe before and during entry.



Installation of new 4-Gas Meter

Organic Waste Receiving Facility (OWRF) Chopper Pump Installation - Durability Comparison:

Maintenance completed the installation of two new chopper mixing pumps, one stainless steel and one standard steel. This side-by-side configuration will allow staff to evaluate the long-term durability of each pump when exposed to the OWRF's acidic food and FOG waste. These pumps are critical for keeping the tank contents mixed and homogenized, ensuring consistent material is pumped to the digesters for biogas production. The performance comparison will help inform future equipment procurement decisions based on durability and lifecycle costs.



Steel Pump & Impeller

Stainless Steel Pump & Impeller

Ross Valley Interceptor Flow Meter:

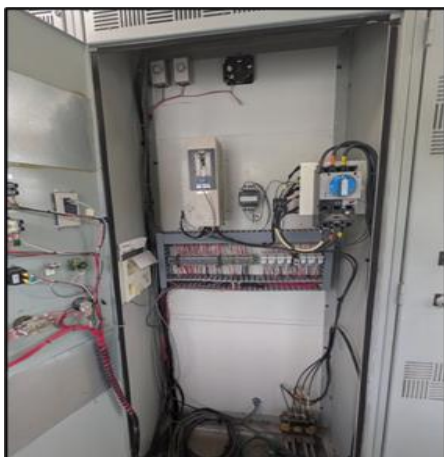
Staff coordinated with RVSD, SD2, and SQRC to successfully remove an existing, unused flow meter from the Ross Valley Interceptor Flow Meter Box. The planned overnight shutdown began on April 30 and concluded in the early hours of May 1 without issue. A new flow meter is scheduled to be installed at the site later this summer.



Removal of old unused flow meter, flowmeter insert welded over, and final concrete patchwork

Return Activated Sludge (RAS) Variable Frequency Drive (VFD) Replacements:

In FY24, staff assessed the VFDs controlling the RAS pumps. The evaluation determined that the drives were nearing the end of their useful lives. RAS VFD's are vital to the treatment process, as they enable control over the amount of return sludge and microorganisms sent back to the aeration tanks. This recirculation process enhances biological treatment and improves removal of colloidal material and biochemical oxygen demand. In February, staff replaced all six RAS pump VFDs with new units, ensuring long-term reliability.



Installation of RAS VFD's and components



New RAS VFD

Process Waste Sump Variable Frequency Drives (VFD) Upgrades:

Upgrades were made to the facility process waste sump, which receives a large portion of internal wastewater from the solids handling building, including centrate, a nutrient-rich waste stream generated from centrifuge dewatering operations. Staff replaced the basic on & off pump control sequencing system with VFD's, allowing the pumps to run at controlled speeds and associated flows. This VFD pumping setup provides smoother, more consistent nutrient loading back to the headworks, improving treatment stability in preparation for upcoming nutrient removal requirements.



Installation of new process waste VFD's



Flow trend showing before and after VFD installation

Chlorine Contact Tank Sluice (CCT) Gate No. 3 Replacement:

In May, Operations supported maintenance activities by conducting an entire plant flow diversion, routing all influent flow to the off-line primary clarifiers to allow for the replacement of CCT Sluice Gate No. 3. The existing cast iron sluice gate and electric actuator were removed and replaced by Maintenance with a new stainless-steel fabricated gate and upgraded electric actuator. This work included removing the existing frame, gate, and actuator; sanding and cleaning the mounting surfaces; sealing the new gate to the CCT wall; performing alignment adjustments; and wiring up the new actuator.



Before: cast iron gate and actuator



After: stainless steel gate and actuator

Hydrogen Peroxide Odor Control Pumps Rebuilt:

Staff rebuilt two hydrogen peroxide dosing pumps used to control sulfides in the San Rafael Interceptor, which discharges directly into the CMSA headworks. These pumps are critical for reducing hydrogen sulfide in both the liquid and gas phases to maintain safe operations, minimize odors, and limit corrosion.



Two newly rebuilt hydrogen peroxide pumps for odor control

Primary Clarifier Total Suspended Solids (TSS) Probe Installation:

Staff installed and programmed a new TSS meter on the effluent of the primary clarifiers. The meter provides real-time data allowing Operations to measure primary clarifier TSS removal and solids loadings to downstream treatment processes.



TSS probe installed in primary effluent



TSS meter showing mg/L value and TSS data trends

Final Effluent Turbidity Meter & Influent Conductivity Probe Installations:

Staff installed a new turbidity meter on the treatment plant's final effluent. This meter will complement an existing turbidity meter measuring the secondary effluent. These meters measure water clarity and suspended solids in real-time, which help Operations identify potential issues affecting plant performance. Additionally, staff installed conductivity probes on the treatment plant's influent. These probes monitor saltwater intrusion or industrial discharges in the collection systems, which can disrupt biological treatment and corrode infrastructure.



Turbidity meters



Conductivity meter values

Secondary Tank Drain Pumps Replacement:

The Agency utilizes two pumps to transport water from the secondary clarifiers back to the plant's headworks. These pumps have been operating since 1985 and had reached the end of their service lives. In August 2024, Agency staff successfully replaced Secondary Clarifier Drain Pump No. 1. The second and final replacement, Secondary Clarifier Drain Pump No. 2, was completed in March 2025, concluding a capital improvement project focused on upgrading these pumps and associated equipment to ensure operational reliability.



New drain pump No. 1



New drain pump No. 2

Polymer Activation System (PAU) Upgrades and Control Logic Implementation:



New PAU and control panel

The PAU's used for sludge thickening and biosolids dewatering were successfully upgraded by Maintenance staff. This upgrade ensures consistent polymer-to-water concentration, improves mechanical reliability, and reduces long-term maintenance needs. Additionally, the Operations and Process Control Teams collaborated with the Information Systems Administrator to develop and implement polymer flow-pacing control logic from the PAU's to the Rotary Drum Thickeners. This control logic doses polymer based on a ratio of polymer pounds to Waste Activated Sludge (WAS) concentration. The upgraded system is delivering consistent polymer dosing, maintaining a stable total solids percentage in the thickened WAS, and providing system automation of polymer dosing.



New grinder housing and motor

OWRF Grinder Refurbishment:

The OWRF tank slurry consists of food waste and FOG, which is pumped through a grinder that is designed to remove heavy debris and macerate larger objects before being directed to the screening system for further cleaning and processing. Due to this harsh operating environment, the grinder's main housing experienced significant corrosion, leading to operational failure which necessitated replacement. In response, maintenance procured and installed a new grinder housing, along with a mechanical seal, rotor, motor, blades, and associated hardware. Upon completion of the installation, the refurbished unit was placed back into service.

Sodium Bisulfite Storage (SBS) Tank Replacement:

The Agency's dechlorination facility houses two 6,500-gallon SBS tanks. In September 2024, SBS tank No. 2 was replaced, in accordance with the Agency's Capital Improvement Plan and the manufacturer's recommended integrity lifespan. The SBS tank replacement supports long-term reliability and ensures uninterrupted dechlorination operations. The replacement process involved safely emptying the existing tank, removing instrumentation, de-energizing heat trace systems, and disconnecting process piping. Following the installation of the new SBS tank, the system was reassembled with piping and valves reconnected. The SBS tank was partially filled with water for leak testing, to verify proper operation of all level-indicating instruments, and was placed back into normal service. The replacement of SBS tank No. 1 is scheduled for completion this August 2025.



New SBS tank No. 2

I. Discharge Permits

The Regional Water Board (RWB) approved reissuing the Agency's National Pollutant Discharge Elimination System (NPDES) permit at its May 10, 2023, meeting. The permit became effective on July 1, 2023, and has a five-year term. This NPDES permit contains all the regulatory requirements, limitations, and authorization for CMSA to discharge treated water into the San Francisco Bay. CMSA was able to successfully negotiate this new permit with treated wastewater effluent limits remaining relatively unchanged, while permit monitoring requirements were reduced. CMSA has been in full compliance with the new NPDES permit since it was issued.

On November 13, 2023, the RWB adopted the Amendment of Waste Discharge Requirements for Municipal Dischargers to update Total Residual Chlorine and Oil and Grease Requirements Permit. This permit removes the oil and grease monitoring requirement for CMSA and increases the Water Quality Based Effluent Limit for Chlorine Residual from 0.0 mg/L instantaneous maximum to 0.56 mg/L hourly average. The RWB concluded that this amendment will address the over-application of sodium bisulfite which can decrease dissolved oxygen concentrations and depress pH in the effluent and receiving water.

Additionally, the RWB approved reissuing the third Nutrient Watershed Permit at its May 10, 2024, meeting. The permit became effective on October 1, 2024, and has a five-year term. This permit renewal resulted in the increase of nutrient monitoring requirements for CMSA, an interim Total Inorganic Nitrogen (TIN) limit of 1,300 kg/day in 2024 and a reduction in the TIN limit to 480 kg/day in 2034. These changes have resulted in increased monitoring and project planning by CMSA staff under the Nutrient Removal Project to address operational requirements to meet these new and future requirements.

J. Environmental Compliance Programs

The Agency's NPDES permit includes two source control program requirements, a Federal Pretreatment Compliance Program, and a Regional Water Board (RWB) Pollution Prevention Program. The purpose of each program is for the Agency to regulate businesses and industries that discharge water into the wastewater collection system so that they will not detrimentally affect CMSA treatment processes, biosolids quality, or the treated water that is discharged into San Francisco Bay or beneficially reused as recycled water. CMSA staff currently monitors 628 dischargers and conducts an annual comprehensive inspection of each to ensure their wastewater meets CMSA's local discharge limits, and other State and RWB regulatory requirements.

Mercury Reduction Program:

The Mercury Watershed Permit, renewed and became effective on February 1, 2023, requires a reduction of mercury discharges from all controllable sources to the S.F. Bay. The permit's goal is to eventually, over decades, lower the mercury concentration in the Bay sediment and water by 20%. It specifically states that wastewater agencies must regulate dental offices using source control techniques, because dental amalgam (~ 50% mercury) used to fill cavities in teeth is the largest controllable source of mercury discharged to the sanitary sewer in unindustrialized areas. CMSA's Mercury Reduction Ordinance requires dental offices to install and maintain dental amalgam separators, and to properly handle and dispose of dental amalgam. All dentists within the



CMSA service area have installed amalgam separators. During annual compliance inspections, Agency staff determines the amount of amalgam removed from the dental offices waste stream and reports that information to the RWB. In 2024, approximately 17 pounds of mercury were removed and properly disposed of.

Novato Sanitary District and Las Gallinas Valley Sanitary District Mercury Reduction Programs:

Both districts have contracted with CMSA to administer dental amalgam programs in their respective service areas. These programs are like the program implemented at CMSA, which has been recognized for its outreach, annual compliance inspections, and comprehensive record keeping. Compliance inspections in 2024 indicated that all dental offices complied with program requirements and the programs were responsible for the removal of approximately 6 pounds of mercury in the Las Gallinas service area and 10 pounds in the Novato service area.

FOG Source Control Programs:

CMSA has served in a consultative and contractual capacity to assist local wastewater agencies in the development, implementation, and ongoing administration of FOG source control programs within their service areas. The goal of the FOG program is to reduce sewer blockages and prevent sanitary sewer overflows caused when grease is discharged directly into sanitary sewers. When FOG is improperly disposed it can build up, and if unchecked over time, can harden, combine with sand, roots, and/or debris, and clog sewer pipelines.

Agencies that retain CMSA to manage and administer their FOG source control programs utilize our staff to perform required permitting, inspection, and enforcement activities for restaurants and markets. CMSA has developed and implemented FOG source control programs for the Las Gallinas Valley Sanitary District, San Rafael Sanitation District, Ross Valley Sanitary District, Sanitary District No. 2, Tamalpais Community Services District, and Almonte Sanitary District. All these programs include routine inspections, documentation of grease removal device cleaning, and requirements to install grease removal devices for new restaurants, those undergoing a remodel, or a change of ownership involving upgrades to the kitchen plumbing or fixtures. In calendar year 2024, CMSA staff conducted 281 inspections, documented 1,508 grease interceptor pumping activities, and renewed 132 FOG permits.



K. Public Education

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

Public Outreach Events:

The Program continued to partner with the Ross Valley Sanitary District to run television ads on specific wastewater pollution prevention topics - wipes clog pipes, proper FOG disposal, and don't flush drugs. In 2024, during the ad campaign, the ads were delivered 274,735 times within premium content and the target audience watched 239,291 (87%) of the ads in their entirety.

Outreach Events:

The Program has outreach booths at several public events each year. During these events, staff engage the public and answer questions regarding 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 Program member agencies. In 2024, the following outreach activity events were hosted by staff, in which 3,024 participants were engaged on key pollution prevention messages.

- North Bay Science Discovery Day
- Mill Valley Spring Faire
- Mill Valley Earth Day
- Novato Farmers Markets
- Marin County Fair
- Marin County Senior Fair
- Marin Sanitary Service Customer Appreciation Day
- Get Ready to Go 94920
- Mill Valley Trunk or Treat

School Presentations and Performances:

The Program staff works with professional entertainers to produce the scripts for entertaining and educational school outreach shows. The shows address water and pollution issues in a simple, humorous manner suitable for kindergarten to sixth grade. In FY25, 3,510 students in Marin County received this presentation and performance.



L. Workplace Safety Initiatives

Health & Safety Program:

CMSA and the Novato Sanitary District partner in a collaborative Health & Safety Program. Under the general direction of the CMSA General Manager, the Health and Safety Department is managed by a Safety Manager, who is responsible for developing, coordinating, and overseeing implementation of a comprehensive occupational safety, health, and injury management program at both agencies.

The program's focus is to promote and assist each agency in developing and maintaining workplace safety programs, while managing employee injury/return-to-work initiatives. The program includes providing employee safety training, developing, and maintaining safety policies and procedures, performing safety assessments of facilities and employee work practices, monitoring changes in Cal/OSHA safety regulations, and providing a variety of other safety-related services.

CMSA's safety program has received favorable reviews by the California Sanitation Risk Management Authority and regional and state-level awards the California Water Environment Association.

Safety Incentive Program:

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

Program data for FY25 shows a continued high-level of employee participation in tailgate training and formal safety communications. For example, initially under this program, the Agency averaged one tailgate session every two months and included nominal employee participation. In FY25, CMSA employees led a total of 81 tailgates, an increase over the total held in FY24 (74). Seventeen valid safety hazard observations were submitted and addressed during the year, an increase over the 16 submitted the previous year.

The total incentive program points earned by each employee provides a fair indication of the level of participation in the program. The Agency saw participation from about 40 employees in FY25, who qualified for a total of 63 monetary awards over two six-month award periods.

Safety Training:

In addition to informal safety training tailgate sessions, the Agency provides continuous reinforcement of proper safety procedures with regular, formal safety training. This formal training, unless required or warranted more frequently, is refreshed every three years. For scheduling purposes, the required training is placed into a 48-month training calendar to accommodate 12-, 24- and 36-month renewal cycles, with make-up training provided on an ad hoc basis.

In FY25, the Agency facilitated or conducted many formal safety training sessions covering at least 30 separate classroom or web-based topics, including Fall Protection/Use of New Equipment; Respiratory Protection & Wildfire Smoke Hazard; Traffic Control; Fire Extinguisher Use and Hands-On Practice; Hearing Conservation; Confined Space Rescue; NFPA 70E Electrical Safety, Welding Safety; Excavation & Trenching Awareness; Forklift; Emergency Action Plan; Gas Monitor Review; Human Error 101; Chemical Hazard Communication; Job Hazard Analysis Process; Soft Tissue Injury Risks and Solutions; Heat Illness Prevention; Skid Steer Loader Safety and Workplace Violence Prevention. In addition, new hire safety orientation training was provided to six new employees, along with additional ad hoc sessions on various topics. Combined with tailgates, staff received approximately 815 cumulative safety training hours.

Safety Committee:

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

Safety Communications:

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

Awards:

CMSA was pleased to be awarded the 2024 Safety Award by the California Water Environmental Association (CWEA), and the 2024 CWEA Redwood Empire Section Safety Plant of the Year Award.

Special Projects:

CMSA hosted three in-person wellness seminars for staff on the topics of interest, including Respect and Professionalism at Work, Cultivating an Attitude of Gratitude, and How to Work with Your Boss for Mutual Success.

CMSA's project to review and update more than 500 existing energy control (a.k.a. "lockout-tagout") procedures is proceeding at a good pace. Nearly all the Operations LOTO procedures have been reviewed, updated, and consolidated within the newly launched Smart SOP digital platform. Approximately 68 Maintenance LOTO procedures remain for review and update, making the project on target to be completed in the first quarter of 2026.

Maintenance staff were trained in "Human Error 101 and Accident Prevention", followed by Job Hazard Assessment (JHA) protocols. The department has adopted a formal JHA process when planning larger and non-routine projects.

M. Human Resources, Financial Management, and Long-Term Financial Planning

The Agency continues to take the initiative to refine and address its business practices and long-term financial stability for FY25 and beyond.

Internship Program:

CMSA provides internship opportunities for students and recent college graduates. Internships are an opportunity for students to gain exposure in a public sector environment and enhance their academic training. High school and college students, as well as students in Career Technical Education, a Regional Occupational Program, or similar programs are eligible, as are recent graduates. A department manager seeking an intern prepares a draft learning plan that includes how the student will benefit from the training and experience of the internship program assignments. The Agency has had several interns in the environmental laboratory and engineering work groups over the past year, and plans for additional interns in other departments in FY26.

Retired Annuitants:

The Agency also supports the use of retired annuitants for special projects requiring unique expertise. Last year, three retired annuitants worked at the Agency. A long-time Electrical/Instrumentation Supervisor and an E/I Technician were hired for various electrical and control system projects, and to train newly hired electricians. Lastly, a Utility Worker was hired to work on special landscape improvement and beautification projects.

PARS for Non-Full-Time Employees:

The Agency uses the Public Agency Retirement System (PARS) for its retirement contributions for interns, retired annuitants, and Board members. PARS replaces social security and provides more retirement options for these employee classifications. The cost of PARS is shared 50% between the employer and employee, and plan contributions are submitted to a 457(b) structured plan. The employee has the option at time of separation to withdraw all contributions, roll the contributions into another retirement plan, or purchase CalPERS service credit should the employee become a member of CalPERS.

Self-Insured Dental Plan:

Starting July 2019, the Agency contracted with Employer Driven Insurance Services (E.D.I.S.), a third-party administrator, to manage its self-insured dental plan. The plan works like other traditional dental plans but allows for customization in the benefit offered. Each plan participant is allowed up to \$2,500 per year for themselves and each of their dependents. This arrangement makes the plan inexpensive compared to the Agency's prior plan, especially when adjusting the prior plan's total premium to the cost of managing E.D.I.S.

Financial System Software:

In FY21, the Agency purchased a new financial system software from Tyler Technologies, Incode, to replace the aged legacy software system. The financial and personnel suites include general ledger, accounts receivable, cashiering, purchasing, accounts payable, payroll, personnel management, employee self-service, time and attendance, fixed assets, project accounting, and Tyler content manager modules. The new system is a significant time- and cost-saver for all users, and provides reporting for managers and supervisors, and accounting and support services for administrative staff.

In FY23, staff completed implementation of credit card payments taken over the counter, on CMSA's website, and by phone. Credit card payments allow customers and the public an easy and convenient way to pay small dollar fees and routine invoices. The customer account feature in Incode maintains a history of transactions and payments.

Staff have also completed implementation of project accounting to better track the Agency's large capital program financial activities and approved timesheet hours. Project accounting tracks revenues, expenses, and budget over a project's life that can exceed a single-year accounting cycle. Amounts are charged to categories that are more understandably displayed, and reporting can be used for internal purposes or provided to an outside party for grant or loan administration and reporting.

Policy and Procedure Review:

CMSA executive staff reviews the Agency's Personnel, Financial, and Administrative Policies on a regular rotating basis. A review of the Agency's 51 administrative policies was started in October 2024 and completed in August 2025. A financial policy review was completed in FY24, and a personnel policy review in FY23. Personnel policy revisions require legal review to ensure the policies comply with new or amended state employment laws and involve a meet-and-confer process with the employee union before being presented to the CMSA Board for approval.

These policy reviews benefit the Agency by keeping up to date with changing laws, rules, and regulations, and updates in the use of the policies as they relate to practical work situations. The Administrative Policy review resulted in numerous worthwhile revisions, and about 25% of the policies were approved by the CMSA Board.

Two-Year Budget:

The Agency utilizes a two-year budget format that began with FY20 and FY21. The two-year budget saves considerable staff time, compared to preparing a budget every year. Mid-year and mid-cycle adjustments are utilized should actual and/or projected revenue or expenses change which would prompt a revision. With the two-year budget in place, Administration staff have more time for other tasks and projects in the spring of year-one. The FY24 and FY25 budgets were adopted by the Board in late FY23 with adjustments to the FY25 budget were approved in late FY24.

In June 2025, the Board approved the FY26 and FY27 budgets.

Future Revenue Planning:

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

The Agency currently has a 5-year revenue plan in place through FY28, and its revenue figures were incorporated into the FY24 and FY25 budgets. Under the plan, operating revenue is funded by regional service charges to the JPA members, contract and program service fees, and other non-capital general funding sources. Operating expenditures escalate from the base year by estimated general increases for pro-forma annual reasonable costs. Capital expenses are funded by sewer system capacity charges, a debt service coverage charge, a capital fee, and unrestricted capital reserves.

The plan adopted in FY23 stipulated 4% growth with 3.5% growth through FY28. The plan was then revised at the November 2023 Board meeting to have all service charge rates growing at 4.5% per year starting in FY25. This policy action was to stave off rising projected insurance and chemical procurement costs in the operating budget.

Managing Unfunded Obligations:

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

Future Debt Planning:

In FY26, the Agency is planning to issue tax-exempt revenue bonds in the amount of approximately \$13 million to continue to finance portions of its 10-year CIP. The 10-year CIP consists of projects from four areas: facility improvements, general equipment, liquids treatment equipment and systems, and solids treatment and energy generation equipment and systems. These areas call for recurring repair and replacement of equipment and systems, as well as construction of new or upgrading processes and systems. The 10-year CIP currently contains 48 separate projects with an estimated cost to implement of \$150.3 million.

The Agency's has a \$65 million placeholder in the CIP for the construction of nutrient removal treatment facilities to comply with a new regulatory requirement for the San Francisco Bay. As the project design develops and construction costs are estimated, the Agency will investigate various methods to finance the project, such as tax-exempt revenue bonds, State Water Board revolving fund loans, and Federal government water/wastewater infrastructure loans.

FISCAL TRANSPARENCY AND REPORTING

Accounting System and Budgeting Controls:

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

CMSA accounts for its financial activities in a single enterprise fund proportionately charging for wastewater treatment services to its JPA members who charge full service wastewater collection and treatment fees to service connections within their respective service areas. The Agency's account structure, insofar as is practical, and in accordance with GAAP, follows the California State Controller's Special District Uniform Accounting and Reporting Procedures. This is a set of procedures that provides general accounting and reporting guidelines to be used by local governmental agencies organized as a California Special District.

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

Financial Condition:

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

Cash Management:

The Agency utilizes various cash accounts to track its unrestricted reserves. Its primary operating account is held at Westamerica Bank where all collections and remittances flow through. The Agency further utilizes the stable value funds, the Local Agency Investment Fund (LAIF) and California Asset Management Program (CAMP), to invest its excess operating cash to earn a rate of return. LAIF is a pooled investment fund administered by the Office of the State Treasurer of California. Its investments are considered liquid

and provide competitive short-term rates. CAMP is a JPA established in 1989 to provide professional investment services to public agencies at a reasonable cost. Specifically, CAMP offers its investors a money market trust for the investment of public funds.

The Agency maintains several restricted reserve cash accounts that track specific cash activities. With respect to its debt obligations, the Agency maintains several cash accounts with its debt trustee, US Bank, to account for its new money debt proceeds and recurring debt service. Proceeds flowing into these accounts can only be used as per what the indenture of trust agreement allows. Furthermore, the Agency contracts with Keenan Financial Services to provide an Internal Revenue Service (IRS) Section 115 pension investment trust to invest excess cash contributions at a higher rate of return than what is observed by LAIF or CAMP. Proceeds within the account can only be used for either reimbursement of pension contributions or pension obligation bond debt service. Lastly, the Agency maintains a restricted payment account used specifically for payment of employee dental claims for its self-insured dental plan.

Agency Funding:

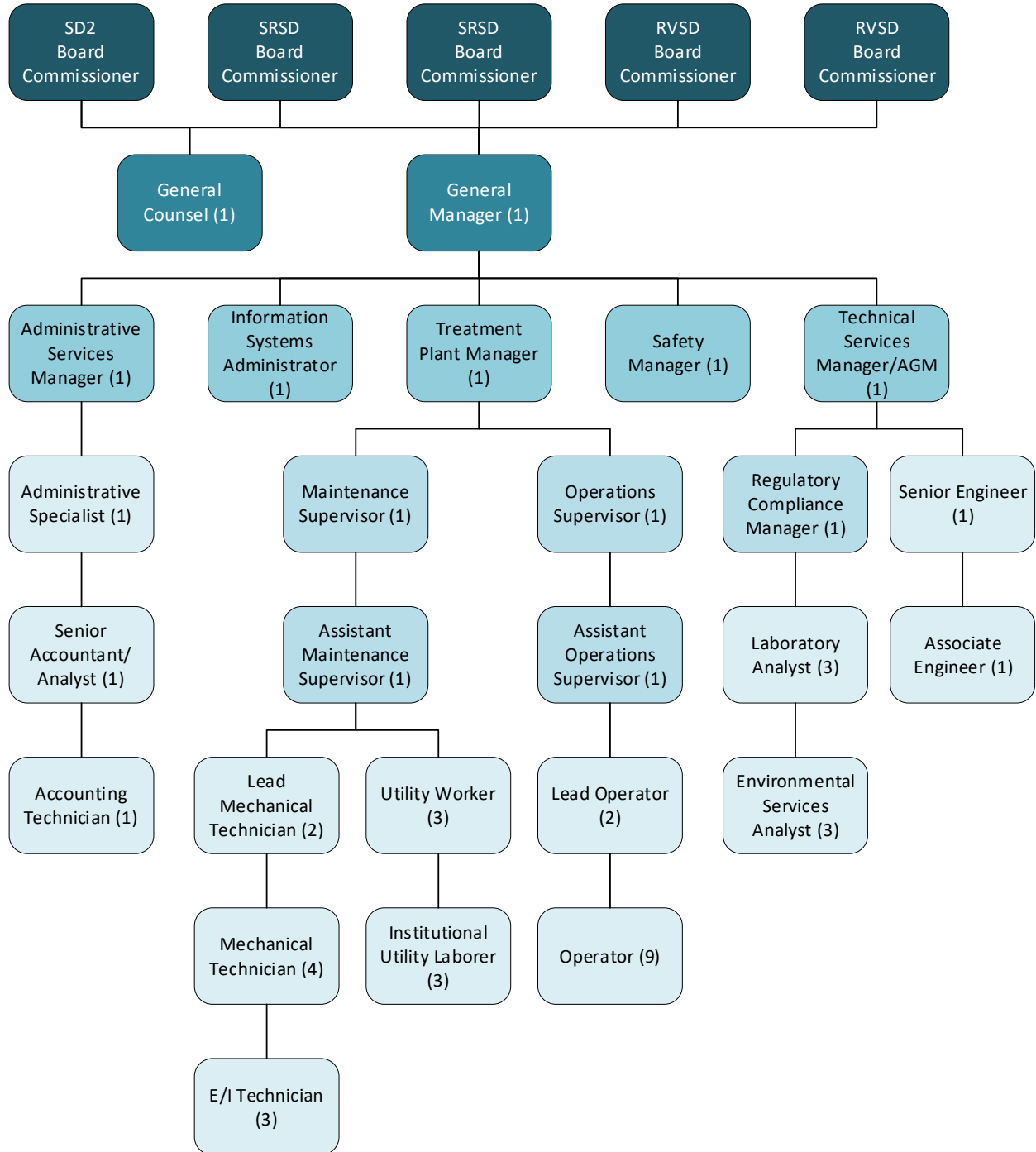
In June 2025, the Agency's Board approved of its FY26 and FY27 two-year budget for both of its operating and capital budgets. The total approved operating budgets for both FY26 and FY27 respectively are \$17.2 million and \$17.7 million with approximately \$17.5 million and \$18.1 million of funding sources being derived primarily from regional service charges and contractual services charges with San Quentin Rehabilitation Center (SQRC). Both primary sources are set by the Board's approved revenue plan, and have the fees allocated amongst the JPA members and SQRC based on a rolling three-year average of volume and strength of delivered wastewater. Any excess operating proceeds in both upcoming fiscal years are used for funding of its capital program. The total approved capital budget for FY26 and FY27 respectively are \$21.2 million and \$13.7 million with approximately \$20.4 million and \$7.9 million of funding sources being derived primarily from debt service collection fees, capital fees, and debt proceeds. The debt service included in the capital budget is funded through the debt service collection fees with the remaining sources of capital fees, debt service coverage fees, capacity charges, and excess operating proceeds used to fund the capital program.

The Agency is in discussion with its Finance Committee, Board, and financial advisory team about issuing \$13 million of capital debt proceeds in FY26. The debt planning and ending transaction is anticipated to be completed by the end of the fiscal year.

Independent Audit:

State statutes require an annual audit of the Agency's financial statements by an independent Certified Public Accountant. The accounting firm, Maze & Associates Accounting Corporation (Maze), performed the Agency's FY25 & FY24 audit. Maze specializes in governmental and non-profit audit engagements. Of which, they performed their procedures to test the Agency's financial statements to be in compliance with US GAAP. In addition to reviewing compliance with US GAAP, Maze reviewed the Agency's internal controls over financial reporting by testing the Agency's compliance with its internal financial policies and procedures. In either set of tests, a clean unmodified opinion was issued by Maze. The auditor's report on the general-purpose financial statements and accompanying notes are included in the financial section of this report.

ORGANIZATION CHART AND CMSA AUTHORIZED POSITIONS TABLE



48 Full Time Equivalent Employees (FTE)
June 30, 2025

CMSA Authorized Staff Positions	FY23	FY24	FY25
ADMINISTRATION			
General Manager	1.0	1.0	1.0
Administrative Specialist (I-III)	1.0	1.0	1.0
Administrative Services Manager	1.0	1.0	1.0
Senior Accountant/Analyst	1.0	1.0	1.0
Accounting Technician	1.0	1.0	1.0
Information Systems Administrator	1.0	1.0	1.0
Total Administration	6.0	6.0	6.0
HEALTH & SAFETY			
Safety Manager	1.0	1.0	1.0
Total Health & Safety	1.0	1.0	1.0
MAINTENANCE			
Treatment Plant Manager (0.5 FTE split with Operations)	0.5	0.5	0.5
Maintenance Supervisor	1.0	1.0	1.0
Assistant Maintenance Supervisor*	-	-	1.0
Lead Mechanical Technician	2.0	2.0	2.0
Mechanical Technician (I-III)	5.0	5.0	4.0
Utility Worker	3.0	3.0	3.0
Institutional Utility Laborer (Dedicated to SQRC)	3.0	3.0	3.0
Electrical/Instrumentation Technician (I-III)	3.0	3.0	3.0
Total Maintenance	17.5	17.5	17.5
OPERATIONS			
Treatment Plant Manager (0.5 FTE split with Maintenance)	0.5	0.5	0.5
Operations Supervisor	1.0	1.0	1.0
Assistant Operations Supervisor	1.0	1.0	1.0
Lead Operator	1.0	1.0	1.0
Operator (Trainee, I-III)	10.0	10.0	10.0
Total Operations	13.5	13.5	13.5
TECHNICAL SERVICES			
Technical Services Manager/Assistant General Manager	1.0	1.0	1.0
Senior Engineer	1.0	1.0	1.0
Associate Engineer	1.0	1.0	1.0
Regulatory Compliance Manager	1.0	1.0	1.0
Laboratory Analyst**	2.0	3.0	3.0
Environmental Services Analyst (I-II)	3.0	3.0	3.0
Total Technical Services	9.0	10.0	10.0
TOTAL AUTHORIZED STAFFED POSITIONS	47.0	48.0	48.0

* The Assistant Maintenance Supervisor position was replaced by a Lead Mechanical Technician during FY23 and was reactivated in FY25.

** An additional Laboratory Analyst was approved during FY24.

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FINANCIAL SECTION



**CENTRAL MARIN
SANITATION AGENCY**

1301 Andersen Drive
San Rafael, CA 94901
415.459.1455 | www.cmsa.us

**CENTRAL MARIN SANITATION AGENCY
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 and 2024**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Central Marin Sanitation Agency (Agency), California, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise Agency's basic financial statements as listed in the Table of Contents.

In our opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Agency, as of June 30, 2025 and 2024, and the respective changes in financial positions and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section listed in the Table of Contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2025, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



Pleasant Hill, California
November 4, 2025

The purpose of management's discussion and analysis (MD&A) is to help Agency customers and other readers understand what the financial statements and notes in this financial report say about the Agency's financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the Administration Department staff's knowledge of the Agency's finances.

If you have questions about this report or would like further information, please contact the Agency located at 1301 Andersen Drive San Rafael, CA 94901 or by calling (415) 459-1455.

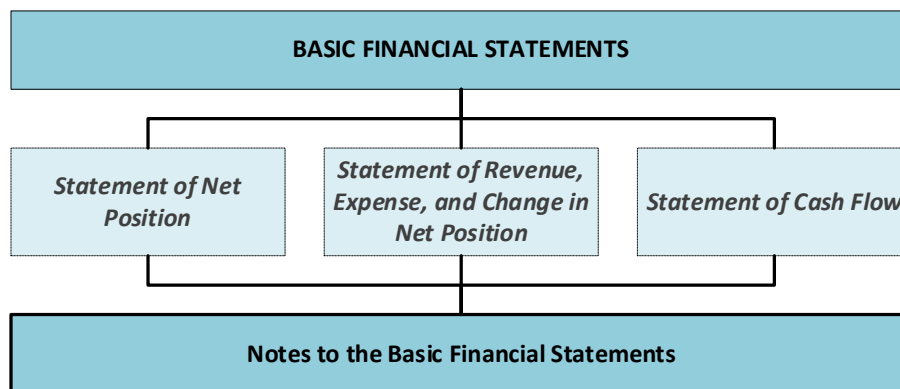
OVERVIEW OF THE FINANCIAL STATEMENTS

The Agency's financial statements contain two components, *Basic Financial Statements* and *Notes to the Basic Financial Statements*. The report also contains other required supplementary information in addition to the *Basic Financial Statements*.

The Agency, like other special purpose governments, presents its basic financial statements using fund accounting to ensure and demonstrate compliance with financial-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The two funds the Agency presents are its single proprietary or enterprise fund covering its wastewater operations and its single fiduciary or custodial fund covering its resources held for the benefit of the North Bay Watershed Association (NBWA).

Proprietary Fund: Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The proprietary fund statements include:

Figure 1 – Contents of the Agency's Financial Statements



The *Basic Financial Statements* have three individual statements:

- *Statement of Net Position*: This statement presents information on the Agency's assets, deferred outflows, liabilities, and deferred inflows as year-end, with the difference reporting as net position.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or worsening.

- **Statement of Revenues, Expenses and Changes in Net Position:** The statement presents the results of the Agency's operations over the course of the fiscal year and information as to how net position changed during the year. These statements can be used as an indicator of the extent to which the Agency successfully recovered its costs through user fees and other charges. All changes in net position are reported during the period in which the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement from items that will result in future cash flows.
- **Statement of Cash Flows:** This statement presents the changes in cash and cash equivalents resulting from operational, capital financing, non-capital financing, and investing activities. These statements summarize the annual flow of cash receipts and cash payments, without consideration of the timing of the event giving rise to the obligation or receipt, and excludes non-cash accounting measures of depreciation or amortization.

Fiduciary Fund: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Agency operates one custodial fund that is to account for the assets held by NBWA in a trustee capacity for treasury services. The accounting used for fiduciary funds is much like that used for the proprietary funds.

The *Notes to the Basic Financial Statements* delve deeper into the Agency's finances as reported in the *Basic Financial Statements*. The information in the *Notes to the Basic Financial Statements* is as important to understanding the Agency's finances as the information in the *Basic Financial Statements*. The Agency uses this component to (1) present information in greater detail than is possible within the *Basic Financial Statements* themselves, (2) explain the nature of amounts in the *Basic Financial Statements* and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the *Basic Financial Statements* (such as certain contingencies).

In addition to the *Basic Financial Statements* and accompanying *Notes to the Basic Financial Statements*, this report also presents certain *Required Supplementary Information* concerning the Agency's progress in funding its obligation to provide pension and other post-employment healthcare benefits to its employees.

TYPES OF INFORMATION IN THE FINANCIAL STATEMENTS

The Agency's financial report uses the *economic resources measurement focus* and *accrual basis of accounting*. In other words, they comprehensively report all of the below elements:

- **Assets:** Resources the Agency controls, from short-term assets like cash to long-term assets like equipment and treatment facility infrastructure.
- **Liabilities:** Amounts the Agency owes, from short-term liabilities such as salaries payable to long-term liabilities such as outstanding debt and net amounts owed to employees for pensions.

Central Marin Sanitation Agency
Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024

- Deferred Outflows of Resources and Deferred Inflows of Resources: Flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related.
- Revenues and Expenses: Inflows and outflows of economic resources, respectively, related to the current year.

More detail about the measurement focus and basis of accounting can be found in *Note 2 – Summary of Significant Accounting Policies*.

ANALYSIS OF THE AGENCY'S FINANCES

Table 1 - Comparative Condensed Statement of Net Position
June 30, 2025, 2024 and 2023
(Amounts expressed in thousands)

	2025	(Restated) 2024	(Restated) 2023	25-24 \$ Chg	25-24 % Chg	24-23 \$ Chg	24-23 % Chg
Total assets							
Cash and cash equivalents	\$ 23,630	\$ 22,711	\$ 21,868	\$ 919	4.0 %	\$ 843	3.9 %
Other current assets	3,657	4,802	4,344	(1,145)	(23.8) %	458	10.5 %
Restricted cash and investments	1,616	921	214	695	75.5 %	707	330.4 %
Capital assets, net	80,380	80,332	80,863	48	0.1 %	(531)	(0.7) %
Other noncurrent assets	246	317	381	(71)	(22.4) %	(64)	(16.8) %
Total assets	109,529	109,083	107,670	446	0.4 %	1,413	1.3 %
Deferred outflows of resources	5,491	8,317	12,945	(2,826)	(34.0) %	(4,628)	(35.8) %
Total liabilities							
Current liabilities	2,516	2,978	2,086	(462)	(15.5) %	892	42.8 %
Bonds payable, net	42,970	46,898	50,559	(3,928)	(8.4) %	(3,661)	(7.2) %
Other noncurrent liabilities	9,228	9,701	9,622	(473)	(4.9) %	79	0.8 %
Total liabilities	54,714	59,577	62,267	(4,863)	(8.2) %	(2,690)	(4.3) %
Deferred inflows of resources	4,873	7,965	7,468	(3,092)	(38.8) %	497	6.7 %
Total net position							
Net investment in capital assets	47,059	43,446	40,733	3,613	8.3 %	2,713	6.7 %
Restricted net position	1,616	921	214	695	75.5 %	707	330.4 %
Unrestricted net position	6,758	5,491	9,933	1,267	23.1 %	(4,442)	(44.7) %
Total net position	\$ 55,433	\$ 49,858	\$ 50,880	\$ 5,575	11.2 %	\$ (1,022)	(2.0) %

Explanation of Changes Between Fiscal Years 2025 and 2024:

The Agency's total net position increased \$5.6 million, or 11.2%, between fiscal year 2025 and 2024. The overall increase is primarily attributable to total liabilities decreasing \$4.9 million, or 8.2%, total deferred inflows of resources decreasing by \$3.1 million, or 38.8%, offset by total deferred outflows of resources decreasing \$2.8 million, or 34%. Each total category plus certain categories from total assets are further detailed out below:

- Cash and cash equivalents increased by \$0.92 million, or 4%, from continuing operation of the wastewater treatment plant facility and performance of the capital improvement program (CIP). Significant drivers of the net increase include greater regional service charge (RSC) collections

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paid for by the joint powers agreement (JPA) members, reimbursable capital project work performed for San Quentin Rehabilitation Center, more interest income received due to relatively still high interest rates, and collection of \$1.9 million in Inflation Reduction Act grant proceeds. The greater collections, however, were offset by routine payments to its employees, vendors, and bondholders. Further detail on the Agency's cash flow activity can be reviewed on the *Statement of Cash Flows*.

- Other Current Assets decreased by \$1.15 million, or 23.8%, primarily due to collection of the final retention from the CalRecycle grant program.
- Restricted cash and investments increased by \$0.7 million, or 75.5%, primarily from the Agency's annual contribution to its Internal Revenue Code (IRC) Section 115 pension trust following its pension funding plan.
- Deferred outflows of resources decreased by \$2.83 million, or 34%, primarily due to the California Public Employees Retirement System (CalPERS) continuing to amortize the Agency's \$9.43 million pension obligation bond (POB) contribution recognized in reporting year 2023. Amortization of excess contributions follow a five-year period.
- Current liabilities decreased by \$0.46 million, or 15.5%, primarily due to completion of a number of capital projects offset by further vesting of compensated employee leave that is expected to be used in the following fiscal year as a result of continued service. See further information for capital project activity under the *Significant Capital Asset and Long-Term Financing Activity* section.
- Bonds payable decreased by \$3.93 million, or 8.4%, due to the Agency paying down its bond obligations following the relevant bond indenture agreements.
- Other long-term liabilities decreased by \$0.47 million, or 4.9%, primarily due to CalPERS' positive performance on the investment portfolio of 9.6% for reporting year 2025 and payouts of compensated leave for three retiring long-time employees. The CalPERS investment return was in excess of the required rate of return of 6.9% for the current reporting year of which increases the plan's fiduciary net position.
- Deferred inflow of resources decreased by \$3.1 million, or 38.8%, primarily due to CalPERS continuing to amortize the very large investment gain earned in reporting year 2022. CalPERS earned approximately 22% on its investment portfolio, which was larger than the required rate of return on the portfolio of 7.15% for that reporting year. Following current accounting policy, excess investment earnings are amortized following the Expected Average Remaining Service Lifetime (EARSL), which is 3.7 years. The EARSL is an average number of service years an employee stays at any one public agency. This figure is a key determinate for amortizing pension costs.

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Explanation of Changes Between Fiscal Years 2024 and 2023:

The Agency's total net position decreased \$1 million, or 2%, between fiscal year 2024 and 2023. The overall decrease is attributable to total assets increasing \$1.41 million, or 1.3%, offset by total deferred outflows of resources decreasing \$4.63 million, or 35.8%, and total liabilities decreasing \$2.69 million, or 4.3%. Each total category is further detailed out below:

- Cash and cash equivalents overall increased by \$0.84 million, or 3.9%, from continuing operation of the wastewater treatment plant facility and following through on the capital improvement program (CIP). Significant drivers of the net increase include greater regional service charge (RSC) collections paid for by the joint powers authority (JPA) members, more interest income received due to higher interest rates, and collection of \$1.5 million in CalRecycle grant proceeds. The greater collections, however, were offset by routine payments to its employees, vendors, and bondholders. Further detail on the Agency's cash flow activity can be reviewed on the *Statement of Cash Flows*.
- Restricted cash and investments increased by \$0.71 million, or 330.4%, primarily from the Agency's annual contribution to its Internal Revenue Code (IRC) Section 115 pension trust following its pension funding plan.
- Deferred outflows of resources decreased by \$4.63 million, or 35.8%, primarily due to the California Public Employees Retirement System (CalPERS) fully recognizing and beginning amortization of the Agency's \$9.43 million pension obligation bond (POB) contribution. Actuarial recognition of Agency contributions is performed on a two-year lag due to when CalPERS performs their assessment of Agency pension investments and liability calculations. Amortization of excess contributions follow a five-year period.
- Current liabilities increased by \$0.89 million, or 42.8%, primarily due to an increase of capital project activity in May 2024 and June 2024 that were paid into the following fiscal year. Capital project activity is driven by the capital improvement program (CIP) plan with several major projects starting in the early Summer period.
- Bonds payable decreased by \$3.66 million, or 7.2%, due to the Agency paying down its bond obligations following the relevant bond indenture agreements.
- Deferred inflow of resources increased by \$0.49 million, or 6.7%, primarily due to CalPERS earning approximately 5.8% on the pension plan assets in fiscal year reporting year 2024. This positive return increased the pension plan's assets that sufficiently funded the current year benefit payments. Positive rates of return, however, are recognized as a current year long-term liability and amortized over a five-year period. For further detail on CalPERS' fiscal year 2023 Annual Comprehensive Financial Report (ACFR) located at <https://www.calpers.ca.gov/>.

The activity within the various components of net position, i.e., net investment in capital assets, restricted net position, and unrestricted net position, for all fiscal years reported reflect the above changes impacting the components.

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Table 2 - Comparative Condensed Statement of Revenue, Expense and Changes in Net Position
For the Fiscal Years Ended June 30, 2025, 2024 and 2023
(Amounts expressed in thousands)

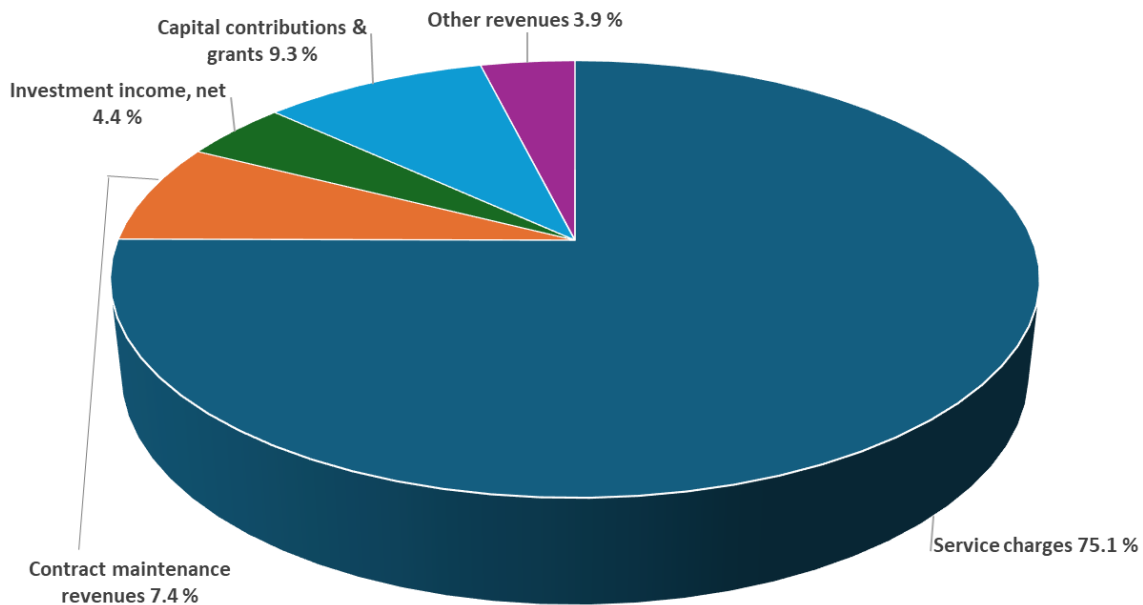
	2025	(Restated) 2024	(Restated) 2023	25-24 \$ Chg	25-24 % Chg	24-23 \$ Chg	24-23 % Chg
Revenues							
Service charges	\$ 20,448	\$ 19,568	\$ 18,820	\$ 880	4.5 %	\$ 748	4.0 %
Contract maintenance revenues	2,015	1,695	1,857	320	18.9 %	(162)	(8.7) %
Contract safety and public education program	167	135	116	32	23.7 %	19	16.4 %
Contract treasurer and admin services	106	-	-	106	100.0 %	-	0.0 %
Leasing income	72	120	69	(48)	(40.0) %	51	73.9 %
Renewable energy sales	86	64	55	22	34.4 %	9	16.4 %
Wastewater discharge permit fees	53	42	56	11	26.2 %	(14)	(25.0) %
Source control fees	110	96	99	14	14.6 %	(3)	(3.0) %
Waste hauler service fees	424	412	298	12	2.9 %	114	38.3 %
COVID and illegal substance sampling fees	29	43	34	(14)	(32.6) %	9	26.5 %
Investment income (expense), net	1,187	1,160	478	27	2.3 %	682	142.7 %
Capacity charges	580	1,153	641	(573)	(49.7) %	512	79.9 %
Federal and State grant proceeds	1,943	1,651	927	292	17.7 %	724	78.1 %
Other non-operating revenue (expense)	14	(127)	29	141	111.0 %	(156)	(537.9) %
Total revenue	27,234	26,012	23,479	1,222	4.7 %	2,533	10.8 %
Expenses							
Salaries and benefits	9,257	14,674	11,231	(5,417)	(36.9) %	3,443	30.7 %
Biosolids management	553	413	440	140	33.9 %	(27)	(6.1) %
Chemicals and fuel	1,896	1,912	1,659	(16)	(0.8) %	253	15.3 %
Repairs and maintenance	2,322	1,754	665	568	32.4 %	1,089	163.8 %
Permit testing and monitoring	252	207	204	45	21.7 %	3	1.5 %
Insurance	490	570	410	(80)	(14.0) %	160	39.0 %
Utilities and telephone	370	428	446	(58)	(13.6) %	(18)	(4.0) %
Provision for uncollectable accounts	1	-	-	1	100.0 %	-	0.0 %
General and administrative	864	738	800	126	17.1 %	(62)	(7.8) %
Depreciation and amortization	4,395	4,893	4,497	(498)	(10.2) %	396	8.8 %
Interest expense	1,259	1,445	1,540	(186)	(12.9) %	(95)	(6.2) %
Total expense	21,659	27,034	21,892	(5,375)	(19.9) %	5,142	23.5 %
Change in net position	5,575	(1,022)	1,587	6,597	645.5 %	(2,609)	(164.4) %
Net position - beginning	49,858	50,880	49,293	(1,022)	(2.0) %	1,587	3.2 %
Net position - ending	\$ 55,433	\$ 49,858	\$ 50,880	\$ 5,575	11.2 %	\$ (1,022)	(2.0) %

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Explanation of Changes Between Fiscal Years 2025 and 2024:

The Agency's total change in net position increased by \$5.6 million between fiscal year 2025 and 2024. The increase is primarily attributable to the year-over-year increases in total revenue of \$1.22 million and by decreases in total expense of \$5.38 million. Significant changes within total revenue and expenses are discussed separately.

Figure 2 – Revenue by Source



Note: "Other revenues" include contract safety & public education, contract treasurer and admin services, leasing income, renewable energy sales, wastewater discharge permit fees, source control fees, waste hauler service fees, COVID & illegal substance sampling fees, and other non-operating revenue (expense).

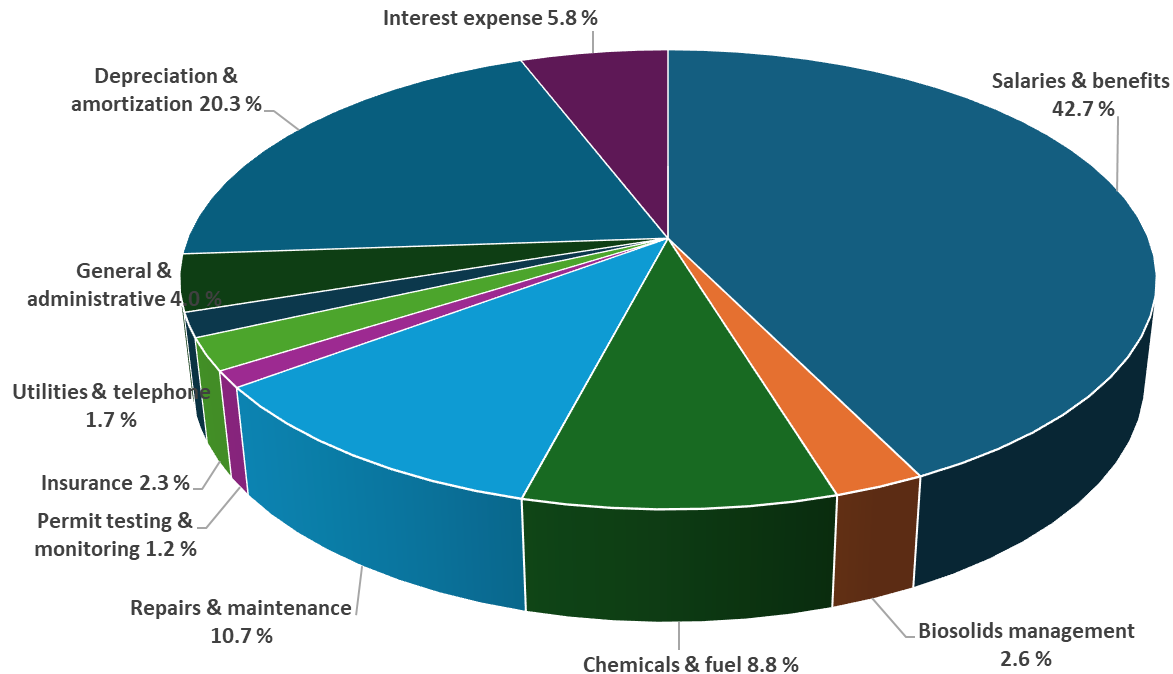
- Service charges, which account for 75.1% of the Agency's total current year revenue, increased \$0.88 million, or 4.5%, between fiscal year 2025 and 2024. The increase is driven by the Agency's Board of Commissioner approved Revenue Plan in November 2023. Total service charges are comprised of RSCs, capital fees, debt service charges, and debt coverage fees, of which were all approved in the aggregate to increase by 4.5% going into fiscal year 2025.
- Contract maintenance revenues, which account for 7.4% of the Agency's total current year revenue, increased by \$0.32 million, or 18.9%, between fiscal year 2025 and 2024. The increase is attributable to extra work performed on both of the pump station maintenance contracts for both Sanitary District #2 and San Quentin Rehabilitation Center. The extra work performed is infrequent in nature.

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- Contract treasurer and admin services revenue, which account for 0.4% of the Agency's total current year revenue, increased \$0.11 million, or 100%, between fiscal year 2025 and 2024. The increase is primarily attributable to the Agency's Board authorizing staff to develop an operations and management service agreement for the San Rafael Sanitation District (SRSD). Currently, the contract is in development and the current fees received relate to reimbursable Board of Commissioner stipends, staff time, and any other costs relating to the development of the contract. The Agency also entered into an agreement with NBWA to serve as its treasurer. The Agency collects fees for its services.
- Federal and state grant proceeds, which account for 7.1% of the Agency's total current year revenue, increased \$0.29 million, or 17.7%, between fiscal year 2025 and 2024. The increase is attributable to the Agency receiving its tax credits from the Internal Revenue Service (IRS) as per the federal government program, Inflation Reduction Act (IRA). The IRA program allowed for reimbursement of capital project costs relating to the completion of the newest cogeneration engine added to the treatment plant facility. The cogeneration system allows for clean energy to be generated from using the the developed byproduct biogas as a fuel.
- Capital contributions, which account for 2.1% of the Agency's total current year revenue, decreased \$0.57 million, or 49.7%, between fiscal year 2025 and 2024. The decrease is attributable to lower building activity recorded within the service area. Building activity is tethered to borrowing costs, of which have stagnated over the last fiscal year. As such, building activity has stabilized relative to the prior year providing a more normalized collection of capacity charges.
- Other non-operating revenue (expense), which accounts for 0.1% of the Agency's total current year revenue, increased \$0.14 million, or 111%, between fiscal year 2025 and 2024. The increase is attributable to the prior year recording losses on capital asset disposals relative to a small gain on sale recorded from sale of the Agency's digester pilot trailer for \$10,000. The current year amount otherwise includes immaterial collections from various other sources.

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Figure 3 – Expense by Use



- Salaries & benefits, which accounts for 42.7% of the Agency's total current year expense, decreased \$5.42 million, or 36.9%, between fiscal year 2025 and 2024. The decrease is primarily attributable to CalPERS actuarially recognizing the POB contribution resulting in additional pension expense as the excess contribution is being amortized following accounting policy in the prior fiscal year. The current year experienced fairly strong investment gains of approximately 9.6% from the pension portfolio resulting in lower current year pension expense. This positive pension impact is despite the annual salary increase of 3.67% approved within the employee collective bargaining agreements as well as a 9% cost escalation observed in the health insurance markets as a result from higher medical costs. Otherwise, the Agency's personnel count as well as benefits plan offerings and structure have remained fairly consistent year-over-year.
- Biosolids management, which accounts for 2.6% of the Agency's total current year expense, increased \$0.14 million, or 33.9%, between fiscal year 2025 and 2024. The increase is primarily attributable to the change in the transportation costs being billed to the Agency from being cost per ton to instead being cost per truck load. The cost per number of truck loads received by the Agency is more than the cost per tonnage on an incremental basis resulting in the increase.
- Repairs & maintenance, which accounts for 10.7% of the Agency's total current year expense, increased \$0.57 million, or 32.4%, between fiscal year 2025 and 2024. The increase is primarily due to the Agency performing a seismic study, small repairs to various structures and equipment, and continued services from Northeast-Western for the Jenbacher cogeneration engine. For further detail, please refer to the *Major Initiatives* subsection within the *Introduction* section of the ACFR.

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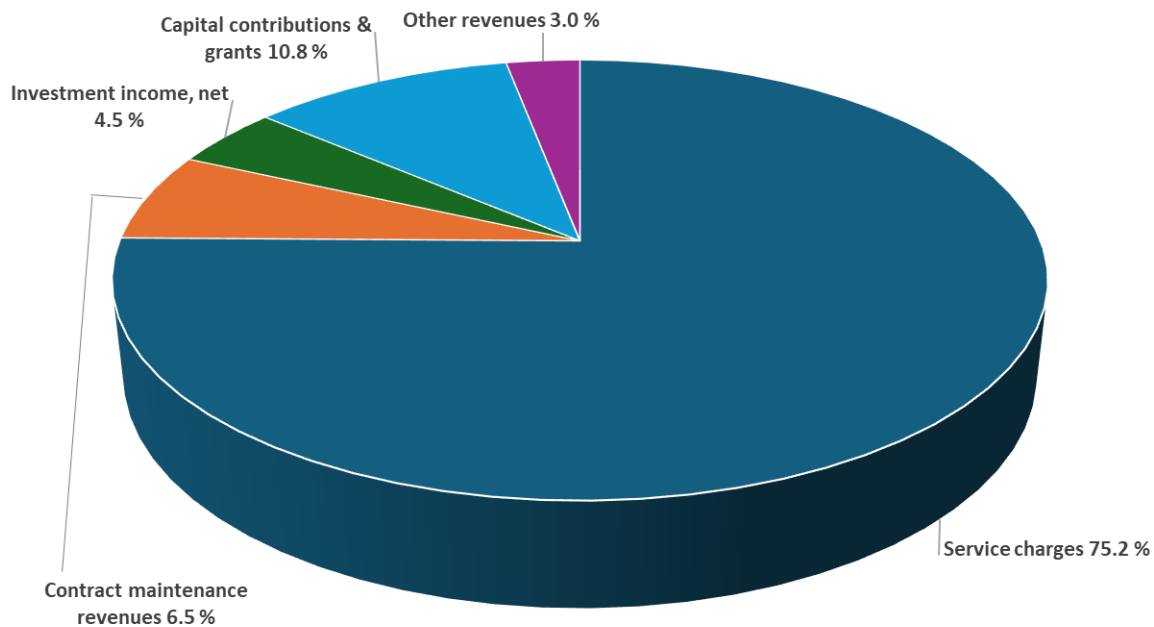
- Depreciation & amortization, which accounts for 20.3% of the Agency's total current year expense, decreased \$0.5 million, or 10.2%, between fiscal year 2025 and 2024. The decrease is due to the Agency performing more preventative maintenance on its wastewater treatment facility infrastructure versus performing long-term capital improvements in the current year. Capital improvements and maintenance activities are driven by the Agency's CIP plan, of which can be reviewed in the Agency's Biannual Budget located at <https://www.cmsa.us/finance/documents/>.
- Interest expense, which accounts for 5.8% of the Agency's total current year expense, decreased \$0.19 million, or 12.9% between fiscal year 2025 and 2024. The decrease is due to the Agency continually paying off its bond obligations, thereby reducing the principal balance. A lower principal balance leads to lower interest payments.

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Explanation of Changes Between Fiscal Years 2024 and 2023:

The Agency's total change in net position decreased by \$1 million between fiscal year 2024 and 2023. The decrease is primarily attributable to the year-over-year increases in total revenue of \$2.53 million offset by increases in total expense of \$5.14 million. Significant changes within total revenue and expenses are discussed separately.

Figure 4 – Revenue by Source



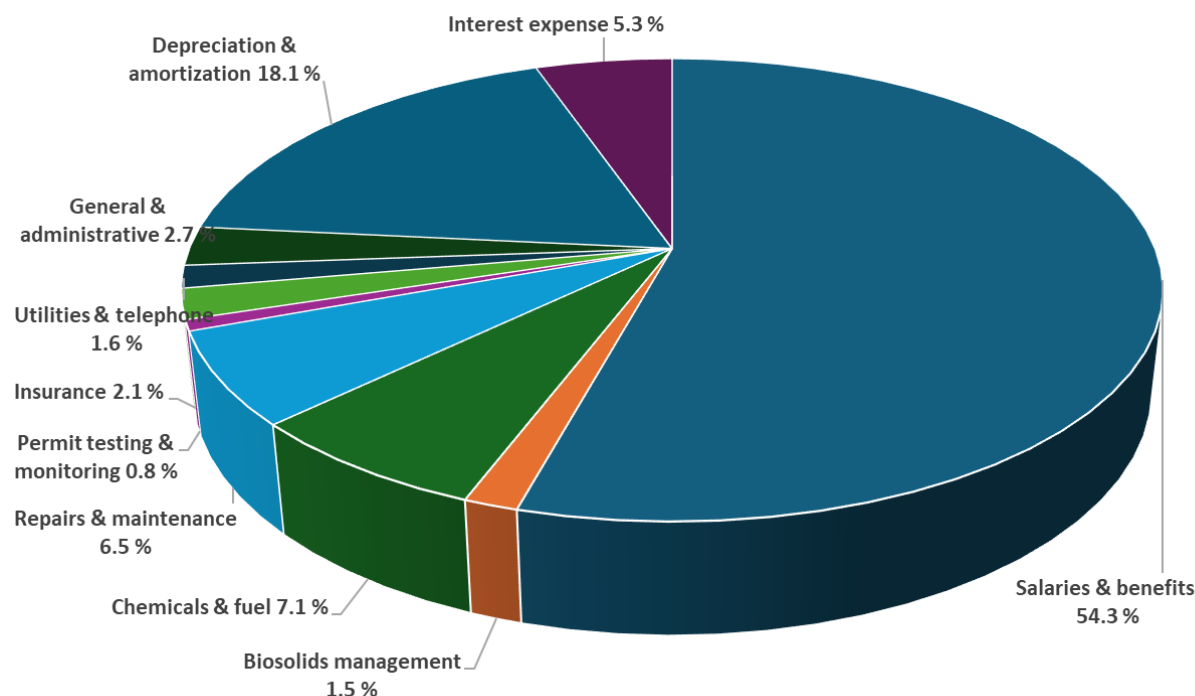
Note: "Other revenues" include contract safety & public education, contract treasurer and admin services, leasing income, renewable energy sales, wastewater discharge permit fees, source control fees, waste hauler service fees, COVID & illegal substance sampling fees, and other non-operating revenue (expense).

- Service charges, which account for 75.2% of the Agency's total current year revenue, increased \$0.75 million, or 4%, between fiscal year 2024 and 2023. The increase is driven by the Agency's Board of Commissioner approved Revenue Plan in November 2023. Total service charges are comprised of RSCs, capital fees, debt service charges, and debt coverage fees, of which were all approved in the aggregate to increase by 4% going into fiscal year 2024.
- Contract maintenance revenues, which account for 6.5% of the Agency's total current year revenue, decreased by \$0.16 million, or 8.7%, between fiscal year 2024 and 2023. The decrease is attributable to completion of asset management projects at the San Quentin pump station. The cost of the capital project activity is reimbursable to the Agency.

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- Investment income (expense), net, which account for 4.5% of the Agency's total current year revenue, increased \$0.68 million, or 142.7%, between fiscal year 2024 and 2023. The increase is attributable to both the Local Investment Agency Fund (LAIF) investing its portfolio into higher coupon Treasury securities thereby earning more interest and a recovery in the fair market value of the same portfolio. Market interest rates have steadily been declining due to the United States Federal Reserve's interest rate policy thereby causing the fair market value of Treasury securities to increase in value. The fair value of Treasury securities increase when market interest rates decrease.
- Capacity charges, which account for 4.4% of the Agency's total current year revenue, increased \$0.51 million, or 79.9%, between fiscal year 2024 and 2023. The increase is attributable to collection of more capacity charges from the JPA members. Capacity charge collection is tethered to building activity within the service area, which began to increase as borrowing rates began to decrease leading to increased home improvement activity.
- Federal and state grant proceeds, which account for 6.3% of the Agency's total current year revenue, increased \$0.72 million, or 78.1%, between fiscal year 2024 and 2023. The increase is attributable to invoicing the next reimbursement request to the State of California under the CalRecycle grant program. The next CalRecycle reimbursement request was submitted at completion of the Organic Waste Receiving Facility capital project.

Figure 3 – Expense by Use



- Salaries & benefits, which account for 54.3% of the Agency's total current year expense, increased \$3.44 million, or 30.7%, between fiscal year 2024 and 2023. The increase is primarily attributable to CalPERS actuarially recognizing the POB contribution resulting in additional pension expense as the excess contribution is being amortized following accounting policy. Amortization of excess contributions follows a five-year plan. Salaries & benefits also increased because of the 4.5% cost-of-living adjustment (COLA) approved within the employee collective bargaining agreements as well as a 6.6% cost escalation observed in the health insurance markets as a result from higher medical costs. Otherwise, the Agency's personnel count as well as benefits plan offerings and structure have remained fairly consistent year-over-year.
- Chemicals & fuel, which account for 7.1% of the Agency's total current year expense, increased \$0.25 million, or 15.3%, between fiscal year 2024 and 2023. The increase is primarily due to persistent cost inflation permeating throughout the US economy in selected areas. In particular, there is greater demand for the disinfecting chemical, Sodium Hypochlorite, for industrial cleaning and sanitation purposes.
- Repairs & maintenance, which account for 6.5% of the Agency's total current year expense, increased \$1.09 million, or 163.8%, between fiscal year 2024 and 2023. The increase is primarily due to the Agency performing process piping condition assessments at the Biotowers, Primary Clarifiers, Primary Effluent and Secondary Effluent areas, as well as clearing of the Marine Outfall in the San Francisco Bay, and continued services from Northeast-Western for the Jenbacher cogeneration engine. For further detail, please refer to the *Major Initiatives* subsection within the *Introduction* section of the ACFR.

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- Insurance, which account for 2.1% of the Agency's total current year expense, increased \$0.16 million, or 39%, between fiscal year 2024 and 2023. The increase is primarily driven by insurance premium increases in both the property and workers' compensation policies. Property insurance is heavily swayed by the economic activity of the property market, of which has been experiencing severe turbulence because of natural disasters (hurricanes, flooding, wildfires, etc.), property market values, as well as financial market interest rates, resulting in greater pooled losses. The workers' compensation insurance increased due to the Agency experiencing more claims leading to greater losses needing to be made up by the insurance pool participants.
- Depreciation & amortization, which account for 18.1% of the Agency's total current year expense, increased \$0.39 million, or 8.8%, between fiscal year 2024 and 2023. The increase is due to the Agency continuing to rehabilitate and improve its wastewater treatment facility infrastructure and place into service newly purchased equipment following its approved CIP. For further detail on capital asset activity, please refer to section *Significant Capital Asset and Long-Term Financing Activity*.

Fiscal Year 2024 and 2023 Restatement:

The Agency restated its fiscal year 2024 and 2023 balances on its comparable Statement of Net Position and Statement of Revenues, Expenses and Changes of Net Position due to two recognized errors. The errors are as follows:

- In fiscal year 2024, the Agency early capitalized and began depreciating its cogeneration engine capital asset whereby its depreciation expense was restated by \$0.09 million affecting the net capital asset balance. This impact affected fiscal year 2023 given the correct depreciation should have been posted in that fiscal year.
- In fiscal year 2025, the Agency corrected its implementation of *GASB Statement 101 – Compensated Absences* whereby the current and non-current liabilities were respectively restated in fiscal years 2024 and 2023 by \$0.33 million and \$0.31 million. The GASB Statement impacted all prior years presented given the total compensated absence liability was recalculated following estimated usage of an employee's accrued leave balance as part of implementation.

These restatements are included in Tables 1, 2, and 3 as appropriate.

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SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

The discussion thus far has only touched upon certain significant transactions and events during fiscal year 2025 and 2024 that may impact capital assets and long-term debt. The below subsections discuss in further detail significant capital asset project activity, equipment procurement, and long-term debt activity used for funding the CIP.

A. Capital Assets

The Agency has allocated a significant amount of resources into a variety of capital assets for performing its essential operations. This includes land and associated improvements, wastewater treatment and disposal infrastructure, equipment, and software applications.

Table 3 - Comparative Capital Assets, Net of Accumulated Depreciation and Amortization
June 30, 2025, 2024 and 2023
(Amounts expressed in thousands)

	2025	2024	(Restated) 2023	25-24 \$ Chg	25-24 % Chg	24-23 \$ Chg	24-23 % Chg
Land and land improvements	\$ 5,800	\$ 5,800	\$ 5,511	-	0.0 %	289	5.2 %
Construction-in-progress	2,797	1,011	1,958	1,786	176.7 %	(947)	(48.4) %
Wastewater treatment facility	65,556	67,584	66,861	(2,028)	(3.0) %	723	1.1 %
Wastewater disposal facility	1,369	1,573	1,857	(204)	(13.0) %	(284)	(15.3) %
General, plant and admin facilities	4,688	4,239	4,505	449	10.6 %	(266)	(5.9) %
Intangible right-of-use lease assets	76	4	11	72	1800.0 %	(7)	(63.6) %
Intangible right-of-use subscriptions	94	121	160	(27)	(22.3) %	(39)	(24.4) %
Total capital assets, net	\$ 80,380	\$ 80,332	\$ 80,863	\$ 48	0.1 %	\$ (531)	(0.7) %

The Agency's total capital assets, net of accumulated depreciation and amortization, increased \$0.04 million, or 0.1%, between fiscal year 2025 and 2024. The primary drivers for this slight increase are continued capital improvement activity offset by lower depreciation and amortization of the wastewater treatment facility infrastructure and associated equipment. Depreciation and amortization are ongoing costs to estimate wear-and-tear of a capital asset from its usage, and fiscal year 2025 experienced a decrease from removal of various capital assets in the prior year reducing the applicable depreciable base.

The Agency's total capital assets, net of accumulated depreciation and amortization, decreased \$0.53 million, or 0.7%, between fiscal year 2024 and 2023. The primary drivers for this decrease are continued depreciation and amortization of the wastewater treatment facility infrastructure and associated equipment, along with disposals of rehabilitated capital assets. Fiscal year 2024 experienced an increase from completion of capital projects and placing into service new equipment. Capital asset disposals are a routine part to the Agency's operations in so far as the replacement of older equipment is re-occurring.

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Regarding new capital additions during the fiscal year, the Agency annually prepares a CIP plan that details the Agency's capital projects, equipment procurement, and needed maintenance programs. Some of the capital projects are completed throughout the fiscal year, while others are carried forward. Once completed, depreciation begins reducing the carrying value.

Significant Capital Project Activity for 2025:

Significant capital projects that were completed and purchased equipment placed into service are:

Capital Project / Equipment Purchase Activity	Amount (in thousands)
FY25 Parking Lot Rehabilitation Project	\$ 409
Primary Clarifier #1 Rehabilitation	1,002
Cogeneration System Improvement	405
Chlorine Contact Tank Improvement	142
Wastewater treatment facility improvement	167
Laboratory equipment	45
Vehicles	299
Wastewater treatment facility equipment	101
Total completed capital asset additions	<u>\$ 2,570</u>

The capital projects that are still ongoing are carried forward as construction-in-progress are the following:

Capital Project Activity	Amount (in thousands)
Chlorine Contact Tank (CCT) #4 Coating Project	\$ 273
Nutrient Removal Alternatives Evaluation	433
Primary Clarifier #2/3 Coatings Project	289
Centrifuge Replacement Project	1,057
Headworks Grit Classifiers Replacement Project	745
Total ongoing capital projects	<u>\$ 2,797</u>

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Significant Capital Project Activity for 2024:

Significant capital projects that were completed and purchased equipment placed into service are:

Capital Project / Equipment Purchase Activity	Amount (in thousands)
FY24 Pavement Repair Project	\$ 285
2023 Andersen Hillside Slope Repairs	289
Secondary Clarifier #2 Rehabilitation	547
Biosolids Hopper Structural Repairs	237
Liquid Organic Waste Receiving Facility Rehabilitation	3,126
Wastewater treatment facility improvements	296
Laboratory equipment	61
Wastewater treatment facility equipment	561
Vehicles	32
Computer equipment	31
Total completed capital asset additions	<u>\$ 5,465</u>

The capital projects that are still ongoing are carried forward as construction-in-progress are the following:

Capital Project Activity	Amount (in thousands)
Primary Clarifier #1 Rehabilitation Project	\$ 543
Diesel Underground Storage Tank Replacement	40
Nutrient Removal Alternatives Evaluation	8
Centrifuge Replacement Project	270
Headworks Grit Classifiers Replacement Project	150
Total ongoing capital projects	<u>\$ 1,011</u>

For further detail on the Agency's capital assets, please refer to *Note 7 – Plant and Facilities* (Capital Assets). For further detail on the Agency's CIP plan, please refer to the CIP project descriptions within the Budget located here: <https://www.cmsa.us/finance/docuemnts/>.

B. Long-Term Debt

The Agency has issued several bond obligations, both through the public marketplace and via private placement, to carry out its operations. The publicly issued tax-exempt revenue bonds were sold at a combination of a premium and a discount on certain tranches in 2015 and 2020. The 2015 issuance was used to refund the original 2006 revenue bond into a lower costing obligation, and the 2020 issuance was used to fund several CIP projects. The original 2006 revenue bond was publicly issued with the proceeds being used for funding capital projects. Meanwhile, the private placement bond was sold at par in 2022, and was used to refund the Agency's unfunded actuarial pension liability into a lower costing fixed debt obligation.

Central Marin Sanitation Agency
Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024

Table 4 - Comparative Outstanding Bond Obligations, Net of Unamortized Premium and Discount
June 30, 2025, 2024 and 2023
(Amounts expressed in thousands)

	2025	2024	2023	25-24 \$ Chg	25-24 % Chg	24-23 \$ Chg	24-23 % Chg
2015 refunding revenue bond	\$ 26,396	\$ 29,674	\$ 32,808	\$(3,278)	(11.0) %	\$(3,134)	(9.6) %
2020 revenue bond	7,686	8,088	8,485	(402)	(5.0) %	(397)	(4.7) %
2022 pension obligation bond	8,888	9,136	9,266	(248)	(2.7) %	(130)	(1.4) %
Total outstanding bonds, net	<u>\$ 42,970</u>	<u>\$ 46,898</u>	<u>\$ 50,559</u>	<u>\$(3,928)</u>	<u>(8.4) %</u>	<u>\$(3,661)</u>	<u>(7.2) %</u>

The Agency's total outstanding bond obligations, net of unamortized premiums and discounts, decreased \$3.93 million, or 8.4%, between 2025 and 2024. The difference is due to the Agency continually repaying its debt obligations following the terms of the debt agreements. The current year annual debt service on the principal balance is \$3.58 million for all obligations, and the current year net non-cash bond premium and discount amortization resulted in \$0.36 million following accounting policy. The Agency, otherwise, did not issue any new bond obligations in fiscal year 2025.

The Agency's total outstanding bond obligations, net of unamortized premiums and discounts, decreased \$3.66 million, or 7.2%, between 2024 and 2023. The difference is due to the Agency continually repaying its debt obligations following the terms of the debt agreements. The current year annual debt service on the principal balance is \$3.31 million for all obligations, and the current year net non-cash bond premium and discount amortization resulted in \$0.36 million following accounting policy. The Agency otherwise did not issue any new bond obligations in fiscal year 2024.

For further detail on the Agency's bond obligations, please refer to *Note 8 – Long-Term Obligations*.

All bond obligations are subject to periodic review by various credit agencies, such as Standard & Poor's (S&P) and Moody's. As of fiscal years 2025 and 2024, the Agency's credit ratings on its bonds from S&P and Moody's respectively are "AA" and "Aa2".

Furthermore, all revenue bond obligation indenture agreements include covenants which require the Agency to collect sufficient net revenues each fiscal year for payment of debt service. The benchmark threshold for all bond obligations is at least 1.25 times annual debt service. The annual debt service ratio for fiscal years 2025 and 2024 is respectively 2.25 times and 2.28 times, meaning the Agency has collected sufficient funds to meet its required rate covenant under the terms of the indenture agreements.

The Agency lastly is not subject to any debt limitations.

Additional details concerning the Agency's indenture agreements and offering statements are available at <https://www.emma.msrb.org/>.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The Agency is aware of six developments that will have either an impact on the Agency's financial position or a significant impact on next year's results. Many of these expected events were built into the upcoming budget for long-term planning:

- 1) Go-forward revenue plan
- 2) Salaries and benefits COLA update
- 3) Cost inflation in procurement activities abating
- 4) Deferred capital projects and revenue bond funding
- 5) OPEB plan funding
- 6) Pension plan funding

A. Go-Forward Revenue Plan

In November 2023, the Board adopted an updated multi-year Revenue Plan where the Agency's total service charges, which includes regional service charges, capital fees, debt service charges, and coverage fees, were all to increase at an annual rate of 4.5% instead of 3.5% going into fiscal year 2026. The intent of the upward revision was to provide relief to the Agency's previously forecasted operating budget shortfall due to expected rising costs.

B. Salaries and Benefits COLA Update

Going into the upcoming fiscal year, the salary COLA for all Agency employees was determined to be 2.76% following the annual calendar year average consumer price index (CPI) for all urban consumers within the San Francisco-Oakland-Hayward, CA area. The collective bargaining agreements allow for annual COLA updates following the annual percentage change in the CPI with a minimum of 1% and an allowable maximum of 4.5%.

In addition to the salary COLA, the Agency is further expecting an average of 6.8% cost increase in Agency employee health insurance costs. The cost is driven by significantly higher healthcare medical costs from plan retirees for the entire health insurance pool. Health insurance is purchased through CalPERS' health insurance exchanges.

C. Cost Inflation in Procurement Activities Abating

Inflation across the US is improving to where the Agency is not expecting significant cost pressures going into the next fiscal year. As of June 2025, the US Bureau of Labor Statistics reported CPI with all items, food, energy, rent, and all other goods and services, growing at an average rate of 2.7%, which is lower than the prior year of 3%. Inflation is still above the US Federal Reserve's target inflation rate of 2% that the institution deems to be sustainable, however, the overall trend is going lower. This effects the Agency's procurement activities, especially with its purchasing of routine chemicals for disinfecting purposes. In prior years, chemicals purchases were trending higher. Now, the Agency expects that significant cost to reasonably flatline based on recent costing insights from its suppliers. As such, the Agency anticipates costs to reasonably be flat for its operating budget with certain expenditure streams that are increasing year-over-year being offset by costs that are likewise decreasing year-over-year.

D. Deferred Capital Projects and Revenue Bond Funding

Over fiscal year 2025, the Agency completed and worked on several capital projects resulting in growth in the Agency's gross capital asset balance. However, the Agency had to defer several of the planned project activities due to longer equipment delivery schedules and rescheduling of capital projects. The Agency annually updates a ten-year CIP plan that allocates resources to each fiscal year based on the Agency's risk assessment of which specific areas within the treatment facilities and resource recovery requiring improvements. The adopted fiscal year 2026 capital budget was approved for \$16.63 million, which is higher than the previously developed ten-year CIP plan in fiscal year 2025 of \$11.34 million because of these impacts. The Agency is planning to issue revenue bond obligations to cover the majority of this fiscal year 2026 capital budget, of which will collectively impact the Agency's upcoming financial net position. Discussion of the revenue bond issuance is anticipated to be approved by the Board in fiscal year 2026.

E. OPEB Plan Funding

The Agency elected to set up and fund an Internal Revenue Code (IRC) Section 115 OPEB trust in fiscal year 2010 with CalPERS to manage the OPEB plan assets. CalPERS offers public agencies to invest their OPEB plan assets under the California Employers' Retirement Benefit Trust (CERBT) program in which a suite of investment strategies are offered from a conservatively portfolio to a more aggressively managed portfolio. Over fiscal year 2025 for CERBT, which is going to appear in the fiscal year 2026 OPEB net plan position calculation, it appreciated with an approximately 12% net investment return. This is very positive considering CalPERS estimated a much lower net investment return for the portfolio going into fiscal year 2025. So, the Agency expects that its non-cash OPEB expense to net decrease thereby positively impacting its change in net position. For further detail, please refer to *Note 14 – Other Post Employment Benefits (OPEB)* and the *Required Supplementary Information* for a historical view.

F. Pension Plan Funding

In fiscal year 2022, the Agency refunded the majority of its unfunded actuarial pension liability (UAL) into a fixed rate POB. The Agency further set up a pension reserve trust fund in fiscal year 2022 following *Financial Policy #556 – Pension Funding Policy* to either offset its future pension cost or defease outstanding POB debt service. Total contributions to date to the pension trust is \$1.47 million with the current year contribution being \$0.59 million. Contributions are based on budgetary savings between the original twenty-year CalPERS UAL amortization schedule at the point of refunding less any debt service on the POB and actual UAL payment made to CalPERS. The Agency's current year US GAAP pension funding ratio is 89.1% and 91.7% on a pro forma basis with the pension trust demonstrating an improvement in financial position from the prior year. Contributions to the pension trust are expected to decrease to \$0.19 million going into the upcoming fiscal year due to escalating debt service cost on the POB following the amortization schedule. However, the Agency's total pension funded position is going to remain within the 90% pro forma funded range, especially given CalPERS achieving a preliminary 11.6% rate of return on its PERF C portfolio. The 11.6% rate of return is going to positively impact the Agency's PERF C funding position in fiscal year 2026.

Central Marin Sanitation Agency
Management's Discussion and Analysis (Unaudited)
June 30, 2025 and 2024

Table 5 - Comparative Pension Funding
June 30, 2025, 2024 and 2023
(Amounts expressed in thousands)

	2025	2024	2023	25-24 \$ Chg	25-24 % Chg	24-23 \$ Chg	24-23 % Chg
Total pension liability	\$ 59,947	\$ 57,033	\$ 54,807	\$ 2,914	5.1 %	\$ 2,226	4.1 %
Fiduciary net position (PERF C)	53,416	50,188	47,855	3,228	6.4 %	2,333	4.9 %
Net pension liability (asset) - <i>US GAAP</i>	6,531	6,845	6,952	(314)	(4.6) %	(107)	(1.5) %
Funding ratio - <i>US GAAP</i>	89.1 %	88.0 %	87.3 %	<i>n/a</i>	1.1 %	<i>n/a</i>	0.7 %
Section 115 pension trust	1,583	904	208	679	75.1 %	696	334.6 %
Net pension liability (asset) - <i>pro forma</i>	\$ 4,948	\$ 5,941	\$ 6,744	(993)	(16.7) %	(803)	(11.9) %
Funding ratio - <i>pro forma</i>	91.7 %	89.6 %	87.7 %	<i>n/a</i>	2.2 %	<i>n/a</i>	1.9 %

As shown above, the Agency's pension funding ratio has improved over the past fiscal year due to both CalPERS achieving a positive investment rate of return of 9.6% and the Agency continuing to fund its pension trust. As such, the Agency's financial position is expected to improve because of its pension funding situation. For further detail, please refer to *Note 13 – Defined Benefit Pension Plan* and the *Required Supplementary Information* for a historical view.

The succeeding sections to the Financial Statements include the *Basic Financial Statements*, *Notes to the Basic Financial Statements*, and *Required Supplementary Information* that support the analysis within the MD&A.

Central Marin Sanitation Agency

Statement of Net Position

June 30, 2025 and 2024

	Restated 6/30/2024	6/30/2025
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents (Note 3)	\$ 22,710,786	\$ 23,629,669
Accounts receivable (Note 4)	2,221,723	975,604
Lease receivable, current (Note 7)	63,711	67,706
Accrued interest receivable	240,141	228,226
Prepaid expenses	42,538	130,516
Inventory parts and fuel	2,234,179	2,254,584
Total current assets	27,513,078	27,286,305
<i>Noncurrent assets</i>		
Restricted cash and investments (Note 3)	921,264	1,616,090
Revenue bond issuance costs, net (Note 9)	20,039	17,275
Lease receivable (Note 7)	296,613	228,907
Capital assets, net (Note 6)	80,332,465	80,380,175
Total noncurrent assets	81,570,381	82,242,447
Total assets	109,083,459	109,528,752
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated benefits from pension (Note 11)	6,439,353	4,038,967
Accumulated benefits from OPEB (Note 13)	727,589	488,713
Deferred loss on bond refunding (Note 9)	1,150,010	963,522
Total deferred outflows of resources	8,316,952	5,491,202
Total assets and deferred outflows	\$ 117,400,411	\$ 115,019,954

The accompanying notes are an integral part of these financial statements.

Central Marin Sanitation Agency

Statement of Net Position

June 30, 2025 and 2024

	Restated 6/30/2024	6/30/2025
LIABILITIES		
<i>Current liabilities</i>		
Accounts payable	\$ 1,812,153	\$ 1,287,207
Accrued salaries and benefits	177,883	200,733
Interest payable	519,817	465,573
Right-of-use lease liability, current (Note 9)	4,091	15,054
Subscription IT liability, current (Note 9)	26,330	26,976
Compensated absences liability, current (Note 8)	437,549	520,097
Bonds payable, current (Note 9)	3,573,000	4,112,000
Total current liabilities	6,550,823	6,627,640
<i>Noncurrent liabilities</i>		
Right-of-use lease liability (Note 9)	-	61,175
Subscription IT liability (Note 9)	97,345	70,369
Compensated absences liability (Note 8)	938,457	697,303
Bonds payable, net (Note 9)	43,325,345	38,857,521
Net pension liability (Note 11)	6,845,166	6,530,997
Net OPEB liability (Note 13)	1,819,874	1,868,716
Total noncurrent liabilities	53,026,187	48,086,081
Total liabilities	59,577,010	54,713,721
DEFERRED INFLOWS OF RESOURCES		
Accumulated costs from pension (Note 11)	6,870,744	3,997,717
Accumulated costs from OPEB (Note 13)	782,559	625,612
Deferred lease revenue (Note 7)	311,544	249,235
Total deferred inflows of resources	7,964,847	4,872,564
NET POSITION		
Net investment in capital assets	43,446,485	47,059,266
Restricted for pension trust	904,043	1,583,379
Restricted for revenue bond trust	1,299	10,949
Restricted for pension obligation bond trust	54	1,405
Restricted for dental trust	15,868	20,357
Unrestricted net position	5,490,805	6,758,313
Total net position	49,858,554	55,433,669
Total liabilities, deferred inflows and net position	\$ 117,400,411	\$ 115,019,954

The accompanying notes are an integral part of these financial statements.

Central Marin Sanitation Agency
Statement of Revenue, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2025 and 2024

	<u>6/30/2024</u>	<u>6/30/2025</u>
OPERATING REVENUES		
Service charges	\$ 19,567,809	\$ 20,448,352
Contract maintenance revenues	1,694,712	2,015,204
Contract safety and public education program	134,745	166,529
Contract treasurer and admin services	-	105,639
Leasing income	119,979	72,101
Renewable energy sales	63,757	86,304
Wastewater discharge permit fees	42,207	52,916
Source control fees	96,291	109,703
Waste hauler service fees	411,939	423,951
COVID and illegal substance sampling fees	43,443	29,081
Total operating revenues	<u>22,174,882</u>	<u>23,509,780</u>
OPERATING EXPENSES		
Salaries and benefits	14,654,491	9,256,913
Biosolids management	412,515	553,591
Chemicals and fuel	1,911,621	1,895,891
Repairs and maintenance	1,753,982	2,322,178
Permit testing and monitoring	206,743	252,239
Insurance	570,090	489,909
Utilities and telephone	427,641	370,186
Provision for uncollectable accounts	-	600
General and administrative	737,774	864,473
Depreciation and amortization	4,893,277	4,394,780
Total operating expenses	<u>25,568,134</u>	<u>20,400,760</u>
Operating income (loss)	<u>(3,393,252)</u>	<u>3,109,020</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income (expense), net	1,159,918	1,187,240
Interest expense	(1,444,918)	(1,258,605)
Capacity charges	1,152,938	580,201
Federal and State grant proceeds	1,650,501	1,943,309
Other non-operating revenue (expense)	(126,486)	13,950
Total nonoperating revenues (expenses)	<u>2,391,953</u>	<u>2,466,095</u>
Change in net position	(1,001,299)	5,575,115
Net position, beginning (as stated)	51,102,383	49,858,554
<i>Prior period adjustment:</i>		
Correction of accumulated depreciation error (Note 18)	88,155	-
Correction of accumulated compensated absences error (Note 18)	(330,685)	-
Net position, beginning (as restated)	<u>50,859,853</u>	<u>49,858,554</u>
Net position, ending	<u>\$ 49,858,554</u>	<u>\$ 55,433,669</u>

The accompanying notes are an integral part of these financial statements.

Central Marin Sanitation Agency
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2025 and 2024

	<u>6/30/2024</u>	<u>6/30/2025</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from JPA member service charges	\$ 19,899,617	\$ 20,448,351
Receipts from contractual collection system maintenance	1,486,277	2,074,184
Receipts from contractual county education and safety programs	121,845	146,142
Receipts from contractual treasurer and admin services	-	92,171
Receipts from leasing activities	71,198	67,378
Receipts from renewable energy sales	71,819	79,258
Receipts from permits, source control, waste hauler and other	480,165	772,485
Payments to employees and related benefits	(9,399,905)	(10,048,712)
Payments to vendors for goods and services	(5,318,826)	(7,381,795)
Net cash provided (used) by operating activities	<u>7,412,190</u>	<u>6,249,462</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Receipts from capacity charges	986,988	641,971
Receipts from federal and state grant proceeds	1,556,349	2,962,224
Acquisition of capital assets	(4,506,528)	(4,439,725)
Proceeds from sale of capital assets	-	10,000
Principal payment on capital long-term debt	(3,219,960)	(3,279,193)
Interest paid on capital long-term debt	(1,329,628)	(1,179,382)
Net cash provided (used) by capital financing activities	<u>(6,512,779)</u>	<u>(5,284,105)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payment on pension obligation bonds	(130,000)	(248,000)
Interest paid on pension obligation bonds	(309,154)	(302,803)
Net cash provided (used) by non-capital financing activities	<u>(439,154)</u>	<u>(550,803)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	836,063	1,004,417
Purchases of Section 115 pension trust investments	(675,370)	(586,235)
Receipts from borrowers of computer purchase program	1,750	-
Payments to borrowers of computer purchase program	(1,750)	-
Net cash provided (used) by investing activities	<u>160,693</u>	<u>418,182</u>
Net increase (decrease) in cash and cash equivalents	<u>620,950</u>	<u>832,736</u>
Cash and cash equivalents, beginning	22,182,434	22,803,384
Cash and cash equivalents, ending	<u>\$ 22,803,384</u>	<u>\$ 23,636,120</u>

The accompanying notes are an integral part of these financial statements.

Central Marin Sanitation Agency
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2025 and 2024

	<u>6/30/2024</u>	<u>6/30/2025</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (3,393,252)	\$ 3,109,020
Adjustment to reconcile operating income (loss) to net cash provided (used) in operating activities:		
Depreciation and amortization	4,893,277	4,394,780
Provision for uncollectable accounts	-	600
Other non-operating income (loss)	19,685	3,950
(Increase) / decrease accounts receivable	(14,862)	164,835
(Increase) / decrease lease receivable	60,895	63,711
(Increase) / decrease prepaid expenses	6,521	(87,978)
(Increase) / decrease inventory	(118,286)	(20,404)
(Increase) / decrease deferred outflows - retirement	4,441,572	2,639,262
Increase / (decrease) accounts payable	813,306	(527,932)
Increase / (decrease) accrued salaries and benefits	23,742	22,851
Increase / (decrease) claims liability	-	2,985
Increase / (decrease) compensated absences	39,054	(158,608)
Increase / (decrease) net pension liability	(106,358)	(314,169)
Increase / (decrease) net OPEB liability	249,890	48,842
Increase / (decrease) deferred inflows - retirement and lease	497,006	(3,092,283)
Net cash provided (used) by operating activities	<u>\$ 7,412,190</u>	<u>\$ 6,249,462</u>
Total unrestricted cash	\$ 22,786,163	\$ 23,603,409
Total restricted cash	17,221	32,711
Total cash and cash equivalents (<i>at deposit value</i>)	22,803,384	23,636,120
Add: fair value adjustment for unrestricted short-term investments	(75,377)	26,260
Add: fair value of restricted long-term investments	904,043	1,583,379
Total cash and investments	<u>\$ 23,632,050</u>	<u>\$ 25,245,759</u>
Non-cash transactions:		
Disposal of net capital assets at non-cash loss	(146,173)	-
Construction in progress written off	(281,126)	-
Acquisition of lease asset	-	83,569
Disposal of lease asset	-	(37,979)
Bonds payable discount/premium amortization	355,823	355,823
Bonds payable prepaid insurance amortization	2,663	2,764

The accompanying notes are an integral part of these financial statements.

Central Marin Sanitation Agency
Statement of Fiduciary Net Position
June 30, 2025 and 2024

	<u>6/30/2024</u>	<u>6/30/2025</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 577,787
Contributions receivable	-	41,772
Total assets	<u>-</u>	<u>619,559</u>
LIABILITIES		
Accounts payable	-	15,793
Total liabilities	-	15,793
FIDUCIARY NET POSITION		
Restricted for NBWA trust	-	603,766
Total net position	-	603,766
Total liabilities and net position	<u>\$ -</u>	<u>\$ 619,559</u>

The accompanying notes are an integral part of these financial statements.

Central Marin Sanitation Agency
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2025 and 2024

	<u>6/30/2024</u>	<u>6/30/2025</u>
ADDITIONS		
Membership collections	\$ -	\$ 225,290
Investment income	-	3,642
Total additions	-	228,932
DEDUCTIONS		
Executive director services	-	140,830
Public outreach	-	26,748
Website management	-	9,406
Finance and accounting services	-	14,532
Conference services	-	3,000
General and administrative	-	4,173
Total deductions	-	198,689
Change in fiduciary net position	-	30,243
Fiduciary net position, beginning	-	573,523
Fiduciary net position, ending	<u>\$ -</u>	<u>\$ 603,766</u>

The accompanying notes are an integral part of these financial statements.

NOTE 1 – NATURE OF ORGANIZATION

A. The Organization

The Central Marin Sanitation Agency (Agency) was established in October 1979 as a joint powers agency (JPA) to both treat and environmentally dispose of collected wastewater into the San Francisco Bay for each of its JPA member's service areas. The members comprising the JPA are the San Rafael Sanitation District (SRSD), Sanitary District No. 1 of Marin County (later renamed Ross Valley Sanitary District or RVSD), Sanitary District No. 2 of Marin County (SD2), and the City of Larkspur. No equity interests were established as part of the JPA formation. In addition to treatment and disposal of wastewater from its JPA members, the Agency contracts with the San Quentin Rehabilitation Center (SQRC) for treatment and disposal of wastewater from its collection system. SQRC was provided an opportunity to join the JPA at its formation, but chose not to do so. Furthermore, the City of Larkspur's service area was annexed by the Ross Valley Sanitary District in 1995 and later withdrew its membership from the Agency JPA in 2020.

The Agency is an independent public entity organized under a Joint Powers Agreement as established within California Government Code §6500-6599.3. Its formation is an enterprise fund structure, a type of proprietary fund, where the activity is to be accounted for as goods and services provided to the general public that are financed by user charges. Its user charges are levied on the JPA members.

The Agency is jointly governed by a five-member Board of Commissioners that are appointed by each of the JPA members. Two members are appointed from SRSD, two members are appointed from RVSD and one member is appointed from SD2. The Board appoints the General Manager of the Agency to manage and oversee the day-to-day operations.

B. The Financial Reporting Entity

As required by accounting principles generally accepted in the United States of America (US GAAP), these financial statements present the financial position and related activities of the Agency. The Agency is the primary governmental unit based on the entity being considered financially accountable. At its foundation, the Agency is a standalone government that is legally separate from any other municipality and has the power to be fiscally independent. Its Board is appointed by its JPA members, however, no JPA member may appoint a majority where they may be able to impose their will onto Agency operations or resources. Therefore, the Agency is to be reported as the primary government.

The Agency is a joint venture between its JPA members and SQRC. The Agency's operating and maintenance costs as well as debt service costs are proportionally billed amongst its JPA members and SQRC thereby creating an ongoing financial responsibility for continued Agency operation and existence. No single member, however, supports the majority of the Agency's costs.

C. Component Units

Component units are considered part of the financial reporting entity given their significance and financial accountability to the primary government. Component units are formed as legally separate organizations that rely on a primary government in form or manner. The criteria for a component unit organization are the primary government being able to impose its will on the component unit, the component unit

Central Marin Sanitation Agency
Notes to the Basic Financial Statements
June 30, 2025 and 2024

organization is fiscally dependent on the primary government, or the component unit's equity interests is majority held by the primary government. Furthermore, organizations for which do not meet any of the criteria can still be considered a component unit of the primary government if excluding the operations of this organization were to cause the primary government's financial statements to be misleading.

For financial reporting purposes, the Agency neither identified organizations as a component of it or is considered a component unit of another organization.

D. Jointly Governed Organizations

California Sanitation Risk Management Authority (CSRMA): The Agency is a member of the JPA called CSRMA for risk management insurance pool services. The Agency is one of 59 total member agencies to participate within the insurance pool. CSRMA's Board of Directors is structured for joint control where no participating member has majority control. Participating members are not awarded equity interest in CSRMA. Participating members are obligated to the JPA's operating costs, however, CSRMA's continued existence does not rely upon any single participating member's contributions. Contributions to CSRMA are paid by the Agency annually following its current allocation of the shared cost of the insurance premium. As of June 30, 2025, total Agency insurance premiums for its allocated share of the jointly governed organization were \$543,436 (\$105,410 for general liability, \$265,226 for property, and \$172,800 for workers' compensation). For further information on CSRMA's financial statements, please refer to their contact information: 100 Pine Street, 11th Floor, San Francisco, CA 94111 and <https://www.csrma.org/>.

North Bay Watershed Association (NBWA): The Agency appoints one of its Board of Commissioners to the Board of Directors of NBWA. NBWA is a governmental non-profit organization that facilitate partnerships across political boundaries to promote stewardship in the North San Francisco Bay watersheds. The Agency is one of 22 total member agencies within NBWA. NBWA's Board of Directors is structured for joint control where no participating member has majority control. Participating members are not awarded equity interest in NBWA. Participating members are obligated for NBWA's operating costs, however, NBWA's continued existence does not rely upon any single participating member's contributions. Contributions to NBWA are paid by the Agency annually following its proportional allocation. As of June 30, 2025, total Agency contributions were \$5,561. For further information on NBWA's budget, please refer to their contact information: 1301 Andersen Drive, San Rafael, CA 94901 and <https://www.nbwatershed.org/>. The Agency began services as NBWA's treasurer in fiscal year 2025 and holds its assets in a fiduciary capacity.

California Asset Management Program (CAMP): The Agency is a member of the JPA called CAMP for pooled investment services. The Agency is one of 5,500 total member agencies within CAMP. CAMP's Board of Trustees is structured for joint control where no participating member has majority control. Participating members are not awarded equity interest in CAMP. Participating members rather set up an investment account with CAMP and invest a principal balance into one of its stable value fund portfolios. The JPA's operating costs are covered by the participating members through a proportional reduction in each member's portfolio rate of return. CAMP does not rely upon any single participant member's investment principal balance for conducting its investment services. As of June 30, 2025, the Agency earned a net investment return of \$20,576 or average 4.67%. For further information on CAMP, please refer to their contact information: PFM Asset Management, One California Street, Suite 1000, San Francisco, CA 94111 and <https://www.camponline.com/>.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accounts of the Agency are organized as a proprietary fund-type, or enterprise fund. The activities are accounted for within a set of self-balancing accounts that comprise of the fund's assets, deferred outflows, liabilities, deferred inflows, net position, revenues and expenses. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The basic financial statements include the prior year comparative information. A complete presentation of the prior-year information can be found in the Agency's financial statements for the fiscal year ended June 30, 2024.

Additionally, the Agency reports NBWA's activities as a fiduciary fund-type, or custodial fund. The custodial fund is to account for monies held on behalf of NBWA as the Agency provides treasury and accounting services to NBWA. The custodial fund is maintained to account for assets held in a trustee capacity.

B. Basis of Accounting and Measurement Focus

The Agency's financial activities are prepared on the economic resources measurement focus using the accrual basis of accounting in accordance with US GAAP. Under this method, all assets, deferred outflow of resources, liabilities and deferred inflows of resources associated with its operations are included on the Statement of Net Position and Statement of Fiduciary Net Position; meanwhile, all revenues are recognized when earned, and expenses are recognized when liabilities are incurred.

The Agency further distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Agency are charges to customers for services. Operating expenses for the Agency include salaries and benefits costs, biosolids management costs, chemicals and fuel costs, repairs and maintenance costs, permit testing and monitoring costs, insurance costs, utilities and telephone costs, general and administrative costs, as well as depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Agency applies all applicable Governmental Accounting Standards Board (GASB) pronouncements in its application of this basis of accounting and measurement focus.

C. Cash and Cash Equivalents

Cash and cash equivalents include all demand deposits as well as highly liquid investments with a maturity of 90 days or less and carried at cost, which approximates fair value. As of June 30, 2025 and 2024, this includes cash on hand, demand deposits, deposits held in trust, money market accounts, the State of California Local Agency Investment Fund (LAIF), and the California Asset Management Program (CAMP).

D. Investments

All fixed income instruments that the Agency holds for both the purpose and present service capacity to generate cash. All investments are stated at fair value based upon quoted prices and relevant valuation methods. Changes in fair value are recognized as investment gains or losses and are recorded as a component of non-operating revenues.

E. Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Agency categorizes its fair value measurements within the fair value hierarchy established by US GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest level input that is significant to the entire measurement.

F. Receivables

Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. Receivables are shown net of allowances for uncollectable accounts. Uncollectable accounts are based on prior experience and the Agency's assessment of collectability. Provision for uncollectable accounts is recognized within the Statement of Revenues, Expenses and Changes in Net Position based on the allowance assessment.

G. Prepaid Charges

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

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H. Inventory

Materials, supplies and fuel purchased for the sole usage in Agency operations are valued at historical cost using the first-in-first-out (FIFO) method.

I. Loans Receivable

The Agency acts as a lender to its employees for purchases of personal computer equipment. Loans receivable are presented both at net carrying value as well as net of allowances for uncollectable accounts. Loan receivables are amortized following the applicable loan agreement. No interest income is earned over the life of the receivable per Agency Policy. Uncollectable accounts are based on prior experience and the Agency's assessment of collectability on the long-term contracts. Provision for uncollectable accounts is not recognized within the Statement of Activities due to overall term maturity of this contract.

J. Lease Receivable

Lease receivables are recognized based on the future base rental income to be received over the total lease term. The receivable value is estimated by discounting the future cash flows by the implicit interest rate stated over the lease agreement. The value of the receivable is to be presented at the net carrying value. Over the life of the lease receivable, rental interest income is earned as the receivable is amortized based on the collected payments.

K. Capital Assets

Capital assets are additions to the Agency's wastewater treatment plant infrastructure, equipment, buildings, vehicles, and other major replacements or improvements. All additions that meet the uniform capitalization threshold of \$5,000 are capitalized and stated at historical cost. Donated capital assets or donated works of art are reported at acquisition value at the time of donation. Capital assets also received in a service concession arrangement are reported at acquisition value. Repairs and maintenance that do not increase the service life of capital assets as well as engineering studies are expensed as incurred.

Costs incurred for construction of major projects following the capital improvement program are recorded as construction-in-progress. Construction-in-progress is not depreciable until the capital project is completed and placed into service.

All capitalized items are depreciated or amortized over the estimated useful life using the straight-line method. The estimated useful lives for each asset category are listed below:

Wastewater Treatment Facilities:	
Buildings	40 years
Other	5 - 25 years
Wastewater Disposal Facilities	40 - 50 years
General Plant & Administrative Facilities:	
Buildings	40 years
Other	5 - 30 years

Impairment is assessed periodically for obsolescence, irreparable damage, construction project stoppage, and other changes in service utility that are both unforeseen and significant.

L. Payables

Vendor accounts payable arise from ordinary course of business for good or services received. Such activities are expensed as incurred.

M. Compensated Absences

Accrued vacation, holiday leave, compensatory time off, administrative leave, and sick leave, which may be respectively accumulated up to 320 hours, 48 hours, 40 hours, 80 hours, and sick leave does not have a maximum allowed, is charged to expense as earned. Sick leave may be paid out to a retiring employee if that employee has at least ten years of service with the Agency and up to only 500 hours. Vesting begins upon date of hire.

N. Unearned Revenue

Unearned revenue is accrued when cash receipts are paid in advance before revenue recognition is completed. Grants, lease fees, and investment income within retirement trusts received in advance are accordingly classified as liabilities and deferred inflow of resources.

O. Insurance Claims Liability

Insurance claims deductibles are charged to expense as incurred once the Agency's claims adjuster both estimates the loss as well as assesses the loss to be probable.

P. Bonds Payable

Bonds payable are loans arrangements where cash proceeds are borrowed from external parties. All loan arrangements are carried at net carrying value with associated interest accrued between debt service payment dates.

Q. Unamortized Bond Premium and Discount

On all loan arrangements that are issued through the public financial markets, premium or discounts can arise based on fluctuations in market discount rates. Both premiums and discounts are amortized over the life of the bond obligation using the straight-line method. The resulting offset activity is against interest expense.

R. Gains and Losses on Refunding of Debt

Gains or losses occurring from refunding of debt prior to maturity are reported as deferred outflows and deferred inflows of resources from refunding of debt. Deferred outflows and inflows of resources are recognized as a component of interest expense using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter.

S. Right-of-Use Lease Assets and Liabilities

Lease or subscription arrangements where the Agency serves as lessee, the contract life is greater than one fiscal year, and the capitalized asset is greater than the capitalization threshold are capitalized as a component of capital assets and debt obligations. The total value is estimated using the future cash payments over the total lease or subscription term discounted to the present from the implicit interest rate stated in the lease or subscription agreement. The asset recognized is presented at net amortized cost which is based on a straight-line method of amortization. The liability recognized is presented at net carrying value which is amortized using the effective interest rate method. Interest expense is recognized as a result of the liability amortization.

T. Pensions

The net pension liability (or asset), deferred outflows of resources, deferred inflows of resources, and pension expense are actuarially determined on the same basis reported by the California Public Employees' Retirement System (CalPERS). The allocated net pension liability (or asset) is measured as the present value of projected benefit payments to be provided to retired employees participating within the Miscellaneous Plan less the pension trust fund (PERF C) investments held at CalPERS. Investments are reported at fair value. Benefit payments are recognized when due and payable in accordance with the benefit terms.

U. Other Post-Employment Benefits (OPEB)

The net OPEB liability (or asset), deferred outflows of resources, deferred inflows of resources, and OPEB expense are actuarially determined by an independent actuary. The net OPEB liability (or asset) is measured as the portion of the present value of projected benefit payments to be provided to retired employees that meet the eligible service requirements less the OPEB trust fund investments. Investments are measured at fair value. Benefit payments are further recognized when currently due and payable in accordance with the benefit terms.

V. Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources result from various activities as previously discussed relating to the timing of when certain transactions are to occur. Deferred outflows represent a consumption of net assets that applies to future periods. Deferred inflows represent an acquisition of net assets that applies to future periods.

W. Net Position

Net position is the excess of all of the Agency's assets and deferred outflows of resources over all of its liabilities and deferred inflows of resources. Net position is divided into three categories:

- *Net Investment in Capital Assets* – This category represents the net equity ownership of capital assets that are financed through debt obligations. It consists of all capital assets, net of accumulated depreciation and amortization, less the debt obligations, net of unamortized

premium and discount as well as deferred inflows or outflows of resources related to refunding gains or losses.

- *Restricted* – This category represents the external constraints placed onto an asset's use by creditors, grantors, contributors, or laws and regulations. It consists of all assets and deferred outflows of resources net of all related liabilities and deferred inflows of resources. The Agency's cash and investments held in its capital and pension obligation bond debt trusts, independent pension trust, and proceeds collected from capacity charges and debt service coverage fees are classified under the restricted category for proper presentation.
- *Unrestricted* – This category represents the Agency's net remaining equity in its non-capital assets not restricted by any external party or law. It consists of all assets and deferred outflows of resources net of all liabilities and deferred inflows of resources not restricted for use.

It is the Agency's policy to apply restricted resources first when an expense is incurred for purposes of which both restricted and unrestricted resources are available.

X. Use of Estimates

To prepare financial statements that are in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Y. New Accounting Standards Adopted in Fiscal Year 2025

1. In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement is effective for reporting periods beginning after June 15, 2024. The Agency adopted the provisions of the Statement in fiscal year 2025, which did not have a significant effect on its financial statements.
2. In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement is effective for reporting periods beginning after June 15, 2025. The Agency early adopted the provisions of the Statement in fiscal year 2025, which did not have a significant effect on its financial statements.

Z. Upcoming Accounting and Reporting Changes

1. In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to improve financial reporting over capital assets whereby certain asset categories are to be separately disclosed within the footnotes. This Statement is effective for

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reporting for reporting periods beginning after June 15, 2025. The Agency does not anticipate that the Statement will have a material effect on the financial statements.

NOTE 3 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

Cash and cash equivalents along with investments are classified in the accompanying financial statements as follows as of June 30, 2025 and 2024:

	2024	2025
Cash on hand	\$ 440	\$ 450
Deposits with financial institutions	1,905,097	1,248,221
Short-term investments (<i>at fair value</i>)	20,805,249	22,380,998
Total Agency cash & cash equivalents	22,710,786	23,629,669
Cash held in dental payment trust	15,868	20,357
Cash held in revenue bond trust	1,299	10,949
Cash held in pension bond trust	54	1,405
Total restricted cash & cash equivalents	17,221	32,711
Total cash & cash equivalents	22,728,007	23,662,380
Investments held in pension trust	904,043	1,583,379
Total restricted cash and investments	904,043	1,583,379
Total cash & investments	<u>\$ 23,632,050</u>	<u>\$ 25,245,759</u>
Cash held in dental payment trust	\$ 15,868	\$ 20,357
Cash held in revenue bond trust	1,299	10,949
Cash held in pension bond trust	54	1,405
Investments held in pension trust	904,043	1,583,379
Total restricted cash & investments	<u>\$ 921,264</u>	<u>\$ 1,616,090</u>
Cash held in trust for NBWA	<u>\$ -</u>	<u>\$ 577,787</u>

B. Restricted Cash and Investments

The Agency maintains several independent cash and investment accounts pursuant to the trust and bond indenture agreements where all proceeds are irrevocably pledged for specific purposes. The trust accounts are identified as the following:

- *Investments Held in Pension Trust* – This trust account is for the Agency’s exclusive use of investing contributed cash proceeds to pay for future pension obligations. The account is an Internal Revenue Code (IRC) Section 115 trust where the proceeds are irrevocable and can only be used for the specific purpose of payment of pension contributions. The Agency set up its account with Keenan Financial Services (Keenan) for establishment and investment of proceeds within the trust. All contributed proceeds are invested into mutual funds that carry diversified portfolios of equities, fixed income, and other financial instruments to earn investment income for future usage following the trust agreement. The portfolio is actively managed by Keenan.

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- *Investments Held in Revenue Bond Trust* – This trust account is for the Agency’s exclusive use of payment of debt service on its revenue bond obligations. Once proceeds are contributed into the trust, it is irrevocable per the indenture agreements for the revenue bond series 2015 and 2020. All contributed proceeds are invested into money market funds that correspondingly earn investment income for future usage following the trust agreements.
- *Investments Held in Pension Obligation Bond (POB) Trust* – This trust account is for the Agency’s exclusive use of payment of debt service on its 2022 POB. Once proceeds are contributed into the trust, it is irrevocable per the indenture agreement for the POB. All contributed proceeds are invested into money market funds that correspondingly earn investment income for future usage following the trust agreement.
- *Cash Held in Dental Trust* – This trust account is for the Agency’s payment account held in trust for the exclusive use by Employer Driven Insurance Services (E.D.I.S.) for paying employee dental claims. All contributed proceeds are irrevocable per the Administrative Services Agreement with E.D.I.S. to not disrupt payment processing of employee dental claims. The proceeds are not invested and do not earn interest.

C. Investment Policy

The Agency is authorized under California Government Code to make direct investments in bonds, notes, or warrants issued by governmental entities domiciled in the United States, private companies, or purchase share units of local government pools. The Agency’s investment policy prohibits investment into securities with a credit rating of less than “AA” or equivalent.

Investment purchases and sales are coordinated by the Agency’s Treasurer.

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The Agency's Board of Commissioners approved of the following securities and investments that can be transacted with Agency proceeds:

Authorized Investment Type	California State Limits			Agency Policy	
	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer	Maximum Percentage of Portfolio	Minimum Credit Quality
U.S. treasury obligations	5 years	None	None	100%	N/A
U.s. government agency issues ⁽¹⁾	5 years	None	None	30%	N/A
Medium term notes ⁽³⁾	5 years	30%	10%	30%	AA
California municipal issues	5 years	None	None	30%	AA
Negotiable certificates of deposit ⁽²⁾⁽³⁾	5 years	30%	None	30%	AA & A-1
Banker's acceptances ⁽³⁾	180 days	40%	30%	25%	A-1
Commercial paper ⁽³⁾	270 days	25%	10%	25%	AA & A-1
Repurchase agreements	90 days	None	None	25%	A-1
Time certificates of deposit ⁽²⁾	5 years	30%	None	20%	N/A
Passbook savings accounts ⁽²⁾	N/A	None	None	20%	N/A
Money market funds	N/A	20%	10%	10%	A-1
Joint powers authority pools (CAMP)	N/A	None	None	100%	AA
Local agency investment funds (LAIF)	N/A	None	\$75 million	100%	N/A

(1) The maximum is 20% if the portfolio is comprised of callable federal agency obligations or mortgage-backed securities guaranteed by principal and interest payments.

(2) The maximum allowable limit is up to the FDIC limit of \$250,000.

(3) The maximum allowable limit is reduced if all invested into one single issuer. Medium term notes is 10%, Negotiable Certificates of Deposit is 20%, Banker's Acceptance is 20%, and Commercial Paper is 10%.

Excess proceeds held in both the POB and revenue bond trust accounts at any point in time are to be invested following the provisions of the indenture agreement. The investment policy of the indenture agreements for the Agency's bonds generally follow the California Government Code and Agency policy, but the indenture agreement policy may in some cases be more or less restrictive than either the State of California or the Agency. The following securities and investments are approved for transactions with excess proceeds within the bond trust accounts:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Minimum Credit Quality
U.S. treasury obligations	5 years	None	N/A
U.s. government agency issues	5 years	None	N/A
Municipal issues	5 years	None	AA
Certificates of deposit	5 years	30%	AA & A-1
Banker's acceptances	180 days	30%	A-1
Commercial paper	270 days	25%	A-1
Repurchase agreements	90 days	None	A-1
Money market funds	N/A	20%	A-1
Joint powers authority pools (CAMP)	N/A	None	AA
Local agency investment funds (LAIF)	N/A	None	N/A

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Investments made within the pension trust are also exempt from both the California Government Code concerning local agency investment policies and the Agency's investment policies given pension-related investment activity follows the permitted investments for deferred compensation funds.

D. Fair Value Measurements

The following is a summary of the Agency's cash and investments measured using the fair value hierarchy as of June 30, 2025 and 2024:

	Credit Ratings (S&P/Moody's)	2025 Maturities	Amortized Cost	Fair Value	Fair Value Measurements Using		
					Quoted Prices in active markets for similar assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investment held in State of California Local Agency Investment Fund (LAIF)	N/A	< 360 Days	\$ 21,914,270	\$ 21,940,529	\$ -	\$ 21,940,529	\$ -
Investment held in Joint Powers Authority Pool California Asset Management Program (CAMP)	AAA	< 360 Days	440,469	440,469	-	440,469	-
Investment held in Keenan & Associates Section 115 Pension Trust	N/A	1 YR - 20 YR	1,528,450	1,583,379	-	1,583,379	-
Total investment in external pools			23,883,189	23,964,377	-	23,964,377	-
Money market accounts	A-1	< 90 Days	12,354	12,354	-	-	-
Cash and deposits	N/A	< 90 Days	1,269,028	1,269,028	-	-	-
Total cash exempt from fair value			1,281,382	1,281,382	-	-	-
Total cash and investments			\$ 25,164,571	\$ 25,245,759	\$ -	\$ 23,964,377	\$ -

	Credit Ratings (S&P/Moody's)	2024 Maturities	Amortized Cost	Fair Value	Fair Value Measurements Using		
					Quoted Prices in active markets for similar assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investment held in State of California Local Agency Investment Fund (LAIF)	N/A	< 360 Days	\$ 20,460,734	\$ 20,385,357	\$ -	\$ 20,385,357	\$ -
Investment held in Joint Powers Authority Pool California Asset Management Program (CAMP)	AAA	< 360 Days	419,892	419,892	-	419,892	-
Investment held in Keenan & Associates Section 115 Pension Trust	N/A	1 YR - 20 YR	899,436	904,043	-	904,043	-
Total investment in external pools			21,780,062	21,709,292	-	21,709,292	-
Money market accounts	A-1	< 90 Days	1,353	1,353	-	-	-
Cash and deposits	N/A	< 90 Days	1,921,405	1,921,405	-	-	-
Total cash exempt from fair value			1,922,758	1,922,758	-	-	-
Total cash and investments			\$ 23,702,820	\$ 23,632,050	\$ -	\$ 21,709,292	\$ -

All cash deposits, money market accounts, and funds held within the California Asset Management Program (CAMP) are classified as being exempt from fair value due to the stable dollar value maintained. The Agency's positions within the State of California Local Agency Investment Fund (LAIF) and pension trust are stated at fair value to accurately reflect the financial position of the allocated share of the pool's investments. Both investments are assessed to be fair value level 2 considering the fair value of the investment interest is ascertained through relevant valuation of the asset prices within the pool's portfolio.

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment; generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. It is the Agency's policy to manage exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Agency policy is that investment maturities may not exceed five years, with the exception of pooled investment funds such as LAIF and other government authority pools, and money market funds; however, investments can be held longer with Board approval.

All cash and cash equivalents are held in highly liquid accounts. The expected maturity for each is within 360 days with some categories being within 90 days. See the maturities indicating likelihood of interest rate sensitivity for each account in *Section D Fair Value Measurements* above.

Investment in LAIF – The Agency voluntarily invests its excess cash within the external investment pool, LAIF. LAIF is regulated by the California Government Code under the oversight of the Treasurer of the State of California. LAIF is not registered with the Securities and Exchange Commission. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency's pro-rata share of the fair value provided by LAIF. Included within LAIF's investment pool are U.S. Treasury securities, U.S. federal agency securities, commercial paper, corporate bonds, and other savings assets. The balance available for withdrawal is based on LAIF's accounting records, which are recorded on an amortized basis. At June 30, 2025 and 2024, the investment had a respective weighted average maturity of 248 days and 217 days.

Investment in pension trust – The Agency voluntarily invests excess cash with Keenan within the Pension Stabilization Trust program to earn a rate of return for future obligations. Keenan invests the Agency's contributed proceeds into a portfolio of equities, fixed income, and other investment funds. The investments within the portfolio are long-term in nature, i.e., with maturities being from one year to twenty years, and therefore are subject to interest rate risk. Adjustments in fair value for unrealized gains or losses are accordingly recorded within the Agency's *Statement of Revenues, Expenses and Changes in Net Position* to reflect the current market conditions. Moreover, the portfolio is actively managed by Keenan following its investment risk management policies and procedures. Periodic investment statements and performance reports are provided to each of the participant members within the pool, of which show appropriate measures to mitigate adverse effects from changes in interest rates.

F. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. To limit loss exposure due to credit risk, the Agency's investment policy limits purchases of investments to those rated A-1 for short-term investments and AA for medium-term investments following the Standard & Poor's credit rating standards.

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All cash and investments are held either in highly rated money market accounts or are not rated. See the ratings assigned to each category listed in *Section D Fair Value Measurements* above.

G. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

As of fiscal year ended June 30, 2025 and 2024, none of the Agency's investments had concentrations in any single issuer greater than 5 percent.

H. Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., the broker-dealer) to a transaction, a government will not be able to recover the value of its investment, collateral securities, or deposits that are in the possession of another party. The California Government Code requires that any private sector financial institution entity utilized for placement of excess cash deposits that are not invested in other financial assets are to be covered at all times by the Federal Depository Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA). The Agency's respective total cash within the financial institutions as of June 30, 2025 and 2024 is \$1,248,221 and \$1,905,097, which is insured up to the applicable FDIC limit with the remaining covered by collateral owned by the financial institutions. The California Government Code does not contain any legal or policy requirements concerning limits of exposure to custodial risk for investments. Regarding the Agency's remaining cash and investments that are not held as cash deposits in financial institutions are not to be considered for custodial risk exposure considering the instruments are not held as transferrable securities.

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NOTE 4 – RECEIVABLES

A. Receivables Summary

The Agency's receivables, net of allowance for uncollectable accounts, consisted of the following as of June 30, 2025 and 2024:

<i>As of June 30, 2025</i>	JPA Member	Other Related Party	Outside 3rd Party	Total
Contract maintenance	\$ -	\$ -	\$ 540,289	\$ 540,289
Contract education & safety	-	-	6,328	6,328
Contract treasurer & admin	2,705	10,762	-	13,467
Clean energy sales	-	-	22,895	22,895
Site lease	-	-	6,125	6,125
Source control	43,923	-	7,923	51,846
Waste haulers	-	-	86,100	86,100
Wastewater discharge permits	-	-	23,109	23,109
COVID & substance sampling	-	-	4,742	4,742
Capacity charges	185,640	-	-	185,640
Other cost reimbursement	1,350	8,713	25,000	35,063
Total receivables	\$ 233,618	\$ 19,475	\$ 722,511	\$ 975,604

<i>As of June 30, 2024</i>	JPA Member	Other Related Party	Outside 3rd Party	Total
Contract maintenance	\$ 45,107	\$ -	\$ 554,163	\$ 599,270
Contract education & safety	-	-	12,901	12,901
Clean energy sales	-	-	15,848	15,848
Source control	33,372	-	4,790	38,162
Waste haulers	-	-	88,530	88,530
Wastewater discharge permits	-	-	20,175	20,175
COVID & substance sampling	-	-	8,652	8,652
Capacity charges	247,409	-	-	247,409
Federal and State grants	-	-	1,018,915	1,018,915
OPEB benefits reimbursement	-	-	168,962	168,962
Other cost reimbursement	-	2,471	428	2,899
Total receivables	\$ 325,888	\$ 2,471	\$ 1,893,364	\$ 2,221,723

B. Allowance for Uncollectable Accounts

The Agency did not assess an allowance for uncollectable accounts for either fiscal year ended. All outstanding receivables are related to known customers that have a history of repayment, and as such are deemed fully collectable.

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NOTE 5 – LOAN RECEIVABLES

A. Loan Programs

The Agency offers a computer purchase loan program to provide financing assistance to Agency employees with their personal computer equipment needs. Terms of the loan contract are a maximum loan amount of \$1,750 at zero percent interest for a maximum maturity of two years. The loan is repaid through periodic payroll deductions.

B. Loan Receivables Summary

As of June 30, 2025 and 2024, the Agency carried no outstanding loan balance.

NOTE 6 – CAPITAL ASSETS

A. Capital Asset Summary

The Agency's capital assets, net of accumulated depreciation and amortization, consisted of the following as of June 30, 2025 and 2024:

	2024	Additions	Disposals	Transfers	2025
Non-depreciable Plant and Facilities:					
Land and land improvements	\$ 5,799,806	\$ -	\$ -	\$ -	\$ 5,799,806
Construction in progress	1,010,886	3,911,882	-	(2,125,764)	2,797,004
Total non-depreciable plant and facilities	6,810,692	3,911,882	-	(2,125,764)	8,596,810
Depreciable & Amortizable Plant and Facilities:					
Wastewater treatment facilities	148,892,933	101,278	-	1,685,563	150,679,774
Wastewater disposal facilities	13,790,367	-	-	-	13,790,367
General plant and administrative facilities	10,930,573	342,996	-	440,201	11,713,770
Right of use assets	37,979	83,569	(37,979)	-	83,569
Subscription-based IT arrangements	162,321	-	-	-	162,321
Total depreciable plant and facilities	173,814,173	527,843	(37,979)	2,125,764	176,429,801
Less Accumulated Depreciation & Amortization for:					
Wastewater treatment facilities	(81,309,406)	(3,814,171)	-	-	(85,123,577)
Wastewater disposal facilities	(12,216,599)	(204,917)	-	-	(12,421,516)
General plant and administrative facilities	(6,691,634)	(334,117)	-	-	(7,025,751)
Right of use assets	(34,181)	(11,757)	37,979	-	(7,959)
Subscription-based IT arrangements	(40,580)	(27,053)	-	-	(67,633)
Total accumulated depreciation	(100,292,400)	(4,392,015)	37,979	-	(104,646,436)
Total depreciable plant and facilities, net	73,521,773	(3,864,172)	-	2,125,764	71,783,365
Total plant and facilities, net	\$ 80,332,465	\$ 47,710	\$ -	\$ -	\$ 80,380,175

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	Restated 2023	Additions	Disposals	Transfers	2024
Non-depreciable Plant and Facilities:					
Land and land improvements	\$ 5,510,600	\$ -	\$ -	\$ 289,206	\$ 5,799,806
Construction in progress	1,958,156	4,113,017	(281,126)	(4,779,161)	1,010,886
Total non-depreciable plant and facilities	7,468,756	4,113,017	(281,126)	(4,489,955)	6,810,692
Depreciable & Amortizable Plant and Facilities:					
Wastewater treatment facilities	146,960,746	561,215	(3,074,728)	4,445,700	148,892,933
Wastewater disposal facilities	13,746,112	-	-	44,255	13,790,367
General plant and administrative facilities	11,146,076	124,335	(339,838)	-	10,930,573
Right of use assets	37,979	-	-	-	37,979
Subscription-based IT arrangements	174,227	-	(11,906)	-	162,321
Total depreciable plant and facilities	172,065,140	685,550	(3,426,472)	4,489,955	173,814,173
Less Accumulated Depreciation & Amortization for:					
Wastewater treatment facilities	(80,100,168)	(4,191,085)	2,981,847	-	(81,309,406)
Wastewater disposal facilities	(11,889,057)	(327,542)	-	-	(12,216,599)
General plant and administrative facilities	(6,640,841)	(337,339)	286,546	-	(6,691,634)
Right of use assets	(26,586)	(7,595)	-	-	(34,181)
Subscription-based IT arrangements	(14,519)	(27,053)	992	-	(40,580)
Total accumulated depreciation	(98,671,171)	(4,890,614)	3,269,385	-	(100,292,400)
Total depreciable plant and facilities, net	73,393,969	(4,205,064)	(157,087)	4,489,955	73,521,773
Total plant and facilities, net	\$ 80,862,725	\$ (92,047)	\$ (438,213)	\$ -	\$ 80,332,465

Total depreciation and amortization expense from capital asset activity recognized for the respective fiscal years ended 2025 and 2024 are \$4,392,015 and \$4,890,614.

B. Capital Asset Impairment Consideration

The Agency assesses its capital assets for impairment considerations and has determined no impairment for the current fiscal year 2025 and 2024.

NOTE 7 – LEASE RECEIVABLE

A. Lease Receivable Summary

The Agency's lease receivable consisted of the following as of June 30, 2025 and 2024:

	2024	Issuance	Remeasurement & Repayments	2025	Current Balance
Lease receivable - site lease	\$ 360,324	\$ -	\$ (63,711)	\$ 296,613	\$ 67,706
Total lease receivable	\$ 360,324	\$ -	\$ (63,711)	\$ 296,613	\$ 67,706

	2023	Issuance	Remeasurement & Repayments	2024	Current Balance
Lease receivable - site lease	\$ 421,218	\$ -	\$ (60,894)	\$ 360,324	\$ 63,711
Total lease receivable	\$ 421,218	\$ -	\$ (60,894)	\$ 360,324	\$ 63,711

B. Marin Airporter Site Lease

The Agency carries one long-term lease receivable arrangement, parking spaces for Marin Airporter employees and buses on the wastewater treatment plant facility. The terms of the site lease agreement includes base rent of \$5,400 per month with an annual lease escalation per a Consumer Price Index (CPI) commencing every July 1 over 5 years with 5 additional 1-year extensions. No other payments are received in addition to the base rent received. The lease may be terminated when either the lessee fails to timely pay its monthly lease payments, the site property is determined to be unusable, or regulations stipulate that the lessor needs to repurpose the land.

During fiscal years ended 2025 and 2024, the Agency respectively collected \$63,711 and \$60,894 in lease proceeds against the lease receivable with \$9,537 and \$11,312 also respectively recognized of the total amount as lease interest income. The Agency further recognized lease amortization income of \$62,309 in both fiscal years from revenue recognized on the long-term unearned revenue liability being carried as deferred inflow of resources. Fiscal year 2024 further includes a one-time correction from a valuation correction of \$37,469. In total, the Agency respectively earned \$72,101 and \$108,667 in fiscal years ended 2025 and 2024 in lease income from the intangible right-to-use lessor arrangement.

At fiscal year-end 2025 and 2024, the respective total lease receivable net carrying value is \$296,613 and \$360,324 with the total deferred inflow of resources for the leasing activities respectively being \$249,235 and \$311,544.

NOTE 8 – COMPENSATED ABSENCES

A. Employee Leave Policy

Agency employees can accumulate several forms of leave accrual that are to be paid out upon termination or retirement from the Agency:

1. *Vacation* – This leave is earned and accrued for all full-time employees following an employee's level of service which can range from 80 to 200 hours. The total maximum number of hours that can be accrued is 320 hours.
2. *Compensatory Time Off* – This leave is earned and accrued for all full-time hourly employees where time off hours can be accumulated in lieu of paid overtime wages. The total maximum hours that can be accrued is 40 hours.
3. *Holiday* – This leave is earned and accrued by all full-time employees through either allowance of floating holidays or hourly employees working on observed holidays. The total maximum number of hours that can be accrued is 48 hours.
4. *Administrative Leave* – This leave is earned and accrued by all unrepresented employees. The total maximum number of hours that can be accrued is 120 hours. These accrued hours, however, are all paid out on January 1 of each calendar year and then re-accrued with a new bank for use throughout the calendar year. As such, the accrual only reflects earned and accrued hours from January through June.

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5. *Sick Leave* – This leave is earned and accrued by all full-time and part-time employees, except members on the Board of Commissioners and retired annuitants. This leave is earned for the sole purpose for using when an employee is either themselves ill, needs to take care of a family member that is ill, or under special circumstances allowed under applicable law. The Agency allows for retiring employees that have ten or more years of service at the Agency to be paid out one-half of their sick leave balance up to 500 maximum hours; the rest of the hours are converted to pension service credit upon retirement. If an employee were to leave the Agency prior to retirement, all accrued sick leave hours are forfeited. The total maximum number of hours that can be accrued each year is 96 hours for full-time employees and part-time employees receive one hour for every 30 hours worked. Lastly, there is no life-to-date accrual maximum.

B. Compensated Absences Summary

The Agency's compensated absences consisted of the following as of June 30, 2025 and 2024:

	Restated 2024	Addition	Usage	2025	Current Portion
Vacation leave	\$ 541,563	\$ 470,503	\$ (489,611)	\$ 522,455	\$ 209,790
Compensated time off	43,435	92,120	(91,527)	44,028	29,574
Holiday leave	55,405	134,618	(137,563)	52,460	35,289
Administrative leave	88,634	106,413	(102,429)	92,618	44,735
Sick leave	646,969	121,024	(262,154)	505,839	200,709
Total compensated absence	<u>\$ 1,376,006</u>	<u>\$ 924,678</u>	<u>\$ (1,083,284)</u>	<u>\$ 1,217,400</u>	<u>\$ 520,097</u>

	Restated 2023	Addition	Usage	Restated 2024	Current Portion
Vacation leave	\$ 549,575	\$ 104,780	\$ (112,793)	\$ 541,562	\$ 102,360
Compensated time off	39,996	13,292	(9,853)	43,435	1,161
Holiday leave	45,155	21,301	(11,050)	55,406	20,881
Administrative leave	73,020	25,401	(9,787)	88,634	55,030
Sick leave	608,258	95,727	(57,016)	646,969	258,117
Total compensated absence	<u>\$ 1,316,004</u>	<u>\$ 260,501</u>	<u>\$ (200,499)</u>	<u>\$ 1,376,006</u>	<u>\$ 437,549</u>

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NOTE 9 – LONG TERM DEBT

A. Long-Term Debt Summary

The Agency's long-term debt, net of unamortized bond premiums and discounts, for all obligation types consisted of the following as of June 30, 2025 and 2024:

	Base CUSIP Number	Interest Rate	Maturity (Fiscal Year)	2024	Additions	Retirements	2025	Current Portion
<i>Bonds from Private Placement</i>								
2022 pension obligation bond	n/a	3.36%	2038	\$ 9,136,000	\$ -	\$ 248,000	\$ 8,888,000	\$ 632,000
<i>Revenue Bonds from Public Offering</i>								
2015 revenue bond	154076	2.50% - 5.00%	2032	27,525,000	-	2,930,000	24,595,000	3,075,000
2020 revenue bond	154076	2.00% - 2.25%	2041	7,970,000	-	395,000	7,575,000	405,000
Plus: unamortized premium	n/a	n/a	n/a	2,325,300	-	359,403	1,965,897	
Less: unamortized discount	n/a	n/a	n/a	(57,955)	-	(3,579)	(54,376)	
Total revenue bonds from public offering				37,762,345	-	3,680,824	34,081,521	3,480,000
Total bonds payable				46,898,345	-	3,928,824	42,969,521	4,112,000
<i>Right-to-Use Lease and Subscription Liabilities</i>								
Leases	n/a	3.36%	2030	4,091	83,569	11,431	76,229	15,054
Subscriptions	n/a	3.36%	2029	123,675	-	26,330	97,345	26,976
Total right-to-use lease and subscription liabilities				127,766	83,569	37,761	173,574	42,030
Total long-term borrowings				\$ 47,026,111	\$ 83,569	\$ 3,966,585	\$ 43,143,095	\$ 4,154,030

	Base CUSIP Number	Interest Rate	Maturity (Fiscal Year)	2023	Additions	Retirements	2024	Current Portion
<i>Bonds from Private Placement</i>								
2022 pension obligation bond	n/a	3.36%	2038	\$ 9,266,000	\$ -	\$ 130,000	\$ 9,136,000	\$ 248,000
<i>Revenue Bonds from Public Offering</i>								
2015 revenue bond	154076	2.50% - 5.00%	2032	30,310,000	-	2,785,000	27,525,000	2,930,000
2020 revenue bond	154076	2.00% - 2.25%	2041	8,360,000	-	390,000	7,970,000	395,000
Plus: unamortized premium	n/a	n/a	n/a	2,684,702	-	359,402	2,325,300	
Less: unamortized discount	n/a	n/a	n/a	(61,534)	-	(3,579)	(57,955)	
Total revenue bonds from public offering				41,293,168	-	3,530,823	37,762,345	3,325,000
Total bonds payable				50,559,168	-	3,660,823	46,898,345	3,573,000
<i>Right-to-Use Lease and Subscription Liabilities</i>								
Leases	n/a	3.36%	2030	12,070	-	7,979	4,091	4,091
Subscriptions	n/a	3.36%	2029	149,375	-	25,700	123,675	26,330
Total right-to-use lease and subscription liabilities				161,445	-	33,679	127,766	30,421
Total long-term borrowings				\$ 50,720,613	\$ -	\$ 3,694,502	\$ 47,026,111	\$ 3,603,421

All Agency issued revenue bond obligations covenant the Agency's pledge of future revenues as repayment as well as the Agency maintaining a collective debt service coverage ratio greater than 1.25 times. The debt service coverage ratio is calculated as the ratio of net revenues (gross revenues less operating costs excluding depreciation) over total debt service.

All intangible lease and subscription asset obligations are for recognition of the right-to-use lease and subscription assets being "purchased" like an installment loan instrument. Upon expiration of the lease and subscription agreement, the lease and subscription assets are to be returned to the lessor or subscriber. The underlying assets are recognized as a part of total capital assets in *Note 6 – Capital Assets*.

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B. 2015 Revenue Bonds

On April 22, 2015, the Agency issued \$49,310,000 of revenue bonds with a premium of \$5,344,174. The purpose of the bonds was to refund the Agency's 2006 Revenue Bonds. The original 2006 Revenue Bond issuance was to provide new money to construct new wastewater treatment facilities and for refurbishment of existing wastewater treatment plant facility infrastructure. Furthermore, the original issue included an unamortized cost of issuance balance in the amount of \$48,572 that was carried forward under legacy US GAAP. This balance continues to be amortized over the remaining life of the bonds. The refunding resulted in a loss of \$2,859,484. The bonds were issued at a credit rating of "AA-" by S&P and "Aa2" by Moody's for a coupon ranging from 2.5% to 5%. Repayment terms of the bonds are semiannually on March 1 and September 1 with maturity on September 1, 2031. The bonds are callable any time after September 1, 2024 with no call premium. As of June 30, 2025, the outstanding principal balance is \$24,595,000 with an unamortized premium balance of \$1,800,753, and remaining refunding loss deferred outflow of \$963,522 and cost of issuance balance of \$17,275. As of June 30, 2024, the outstanding principal balance is \$27,525,000 with an unamortized premium balance of \$2,149,287, and remaining refunding loss deferred outflow of \$1,150,010 and cost of issuance balance of \$20,039.

The Agency's 2015 Revenue Bond debt service requirements are as follows as of June 30, 2025:

Fiscal Year	Principal	Interest	Total
2026	\$ 3,075,000	\$ 864,381	\$ 3,939,381
2027	3,250,000	738,756	3,988,756
2028	3,340,000	606,506	3,946,506
2029	3,510,000	435,256	3,945,256
2030	3,690,000	292,156	3,982,156
2031-2033	7,730,000	241,059	7,971,059
Subtotal	24,595,000	\$ 3,178,114	\$ 27,773,114
Plus: unamortized premium	1,800,753		
Total	\$ 26,395,753		

C. 2020 Revenue Bonds

On November 3, 2020, the Agency issued \$9,115,000 of revenue bonds with a premium of \$215,574 and discount of \$70,982. The purpose of the bonds was to provide new money for refurbishment of existing wastewater treatment plant facility infrastructure and replacement of equipment. The bonds were issued at a credit rating of "Aa2" by Moody's for a coupon ranging from 2% to 2.25%. Repayment terms of the bonds are semiannually on March 1 and September 1 with maturity on September 1, 2040. The bonds are callable any time after September 1, 2030 with no call premium. As of June 30, 2025, the outstanding principal balance is \$7,575,000 with an unamortized premium balance of \$165,144 and unamortized discount balance of \$54,376. As of June 30, 2024, the outstanding principal balance is \$7,970,000 with an unamortized premium balance of \$176,012 and unamortized discount balance of \$57,955.

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The Agency's 2020 Revenue Bond debt service requirements are as follows as of June 30, 2025:

Fiscal Year	Principal	Interest	Total
2026	\$ 405,000	\$ 152,775	\$ 557,775
2027	415,000	144,575	559,575
2028	420,000	136,225	556,225
2029	430,000	127,725	557,725
2030	440,000	119,025	559,025
2031-2035	2,330,000	458,425	2,788,425
2036-2040	2,585,000	206,694	2,791,694
2041-2042	550,000	6,188	556,188
Subtotal	7,575,000	\$ 1,351,632	\$ 8,926,632
Plus: unamortized premium	165,144		
Less: unamortized discount	(54,376)		
Total	\$ 7,685,768		

D. 2022 Pension Obligation Bonds

On April 28, 2022, the Agency issued \$9,432,000 of pension obligation bonds. The purpose of the bonds was to refund the Agency's unfunded actuarial pension liability (UAL) with CalPERS. The bonds were issued via private placement and are as such not rated. The coupon rate is fixed at 3.36% with repayment terms of the bonds being semiannually on March 1 and September 1. Maturity is stated to be on September 1, 2037. As of June 30, 2025 and 2024, the respective outstanding principal balance is \$8,888,000 and \$9,136,000.

The Agency's 2022 Pension Obligations Bond debt service requirements are as follows as of June 30, 2025:

Fiscal Year	Principal	Interest	Total
2026	\$ 632,000	\$ 288,019	\$ 920,019
2027	653,000	266,431	919,431
2028	676,000	244,104	920,104
2029	699,000	221,004	920,004
2030	723,000	197,114	920,114
2031-2035	4,001,000	597,828	4,598,828
2036-2038	1,504,000	55,339	1,559,339
Total	\$ 8,888,000	\$ 1,869,839	\$ 10,757,839

E. Lease Liability

The Agency entered into a lease agreement for copy machine equipment to carry out its operating activities. The lease term is 63 months with an expected end date on March 1, 2030. There are no lease incentives or direct costs paid on all lease arrangements. All repair and maintenance costs based on future performance are expensed as incurred. The aggregate lease asset and liability recognized was \$83,569 at point of capitalization. The Agency was previously under a lease for copy machine equipment in fiscal year 2024. However, that original copy machine lease expired in fiscal year 2025. As of fiscal year end 2025, the respective lease asset, net of accumulated amortization, and liability are \$75,610 (where accumulated amortization is \$7,959) and \$76,229. As of fiscal year end 2024, the respective lease asset, net of

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accumulated amortization, and liability are \$3,798 (where accumulated amortization is \$34,181) and \$4,091.

The Agency's lease obligation principal and interest requirements are as follows as of June 30, 2025:

Fiscal Year	Principal	Interest	Total
2026	\$ 15,054	\$ 2,331	\$ 17,385
2027	15,568	1,817	17,385
2028	16,099	1,286	17,385
2029	16,649	737	17,386
2030	12,859	181	13,040
Total	\$ 76,229	\$ 6,352	\$ 82,581

F. Subscription Liability

The Agency entered into a software subscription arrangement with Microsoft Corporation for Windows software to carry out its operating activities. The subscription term is 72 months with an expected end date on December 1, 2028. All maintenance costs based on future performance are expensed as incurred. The aggregate subscription asset and liability was \$162,321 at point of capitalization in fiscal year 2023. As of fiscal year end 2025, the respective subscription asset, net of accumulated amortization, and liability are \$94,688 (where accumulated amortization is \$67,633) and \$97,345. As of fiscal year end 2024, the respective subscription asset, net of accumulated amortization, and liability are \$121,741 (where accumulated amortization is \$40,580) and \$123,675.

The Agency's subscription obligation principal and interest requirements are as follows as of June 30, 2025:

Fiscal Year	Principal	Interest	Total
2026	\$ 26,976	\$ 2,062	\$ 29,038
2027	27,637	1,401	29,038
2028	28,315	723	29,038
2029	14,417	102	14,519
Total	\$ 97,345	\$ 4,288	\$ 101,633

NOTE 10 – RISK MANAGEMENT

A. Risk Management Insurance Policy Coverage

The Agency is exposed to various risks of loss including torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. To manage these risks, the Agency joined with other entities in 1986 to form the California Sanitation Risk Management Authority (CSRMA), a public entity risk pool currently operating as a common risk management and insurance program for the member entities. The purpose of CSRMA is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group, thereby reducing the cost. Through CSRMA, the Agency purchases property insurance, general liability insurance, and workers' compensation insurance.

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The level of coverage the Agency currently has as of June 30, 2025 and 2024 is as follows:

Coverage Type	Insurer	Deductible	Coverage Limit
Special Form Property	Alliant Property Insurance Program (APIP)	\$ 10,000	\$ 208,734,376
Public Entity Pollution Liability	Interstate Fire & Casualty Insurance Company	\$ 250,000	\$ 25,000,000
Cyber Liability	Llyods's of London - Beazley Syndicate (APIP)	\$ 50,000	\$ 2,000,000
ACIP CSRMA Master Crime	National Union Fire Insurance Company of Pittsburgh, PA (AIG)	\$ 2,500	\$ 2,000,000
ID Fraud Master Policy Identity Theft	Travelers Insurance Company	\$ -	\$ 25,000
AWRP - Alliant Deadly Weapons Response	Llyods's of London - Beazley	\$ 500,000	\$ 2,500,000
UST Pollution Legal Liability	Nautilus Insurance Co.	\$ 5,000	\$ 1,000,000
Public Official Bond	Travelers Property and Casualty	\$ -	\$ 100,000
General Liability	Munich American Reinsurance Co.	\$ 25,000	\$ 15,500,000
Excess Liability	Allied World National Assurance Company	\$ 25,000	\$ 15,750,000
Alliant Mobile Vehicle Program (AMVP)	AGCS Marine Insurance Company	\$ 1,000	\$ 270,474
Excess Workers' Compensation Liability	Safety National Casualty	\$ -	\$ 1,000,000

B. Claims Liability

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities related to insurance activities are reported when the loss is determined as being an amount to be paid by the Agency's claims adjuster. These claims liabilities include all available factors, such as subrogation, inflation, settlement trends, timing and frequency of payouts, salvage, claims adjustment expenses, and other economic factors. As a participant within the insurance authority, CSRMA, the Agency is only liable for claims deemed in the best judgment of its claims adjuster that are within the applicable self-insured retention (SIR) deductible. All claims in excess of the SIR are paid by the insurance authority. However, the insurance authority fronts all insurance payments and then recovers the Agency's SIR. All claims are expected to be paid for the Agency that are within the self-insured deductible are paid in the following fiscal year.

As of June 30, 2025 and 2024, there are no outstanding claims determined by the Agency's claims adjuster that were not billed to the Agency from the insurance authority.

C. Self-Insured Dental Plan

The Agency sponsors and administers a self-insured employee health & welfare benefit plan (Plan) that covers eligible dental expenses incurred by its employees. All active full-time employees are automatically enrolled into the Plan upon initial hire. The Plan's benefit terms allow for each employee and their eligible dependents to each expend up to \$2,500 in any given plan year on dental procedures allowed within the plan document. Any dental expense incurred and submitted over and above the allowable limit is to be covered by the employee. The Agency contracts with Employer Driven Insurance Services (EDIS) as a third-party administrator to assist the Agency with managing the Plan's benefit claims.

The Plan is funded by monthly employer contributions that are sufficient to cover approved employee claims tracked by EDIS. The total number of covered employees and dependents as of June 30, 2025 and 2024 are 121 and 127. Total Plan contributions for fiscal year 2025 and 2024 is \$111,249 and \$130,930 relative to total claims paid is \$106,760 and \$119,655. As of fiscal year end 2025 and 2024, the Agency's Plan carried a respective total balance in the trust account of \$20,357 and \$15,868, and the claims liability is \$2,985 in fiscal year 2025 only. All outstanding approved claims are expected to be paid in the following

fiscal year. EDIS prepares annual financial reports of the Plan following provisions of the Employee Retirement Income Security Act (ERISA) of 1974, and can be published upon request.

NOTE 11 – DEFINED BENEFIT PENSION PLAN

A. Plan Description

The Agency sponsors a defined benefit pension plan (Plan) to provide retirement income to its employees. The Agency established the Plan on September 8, 1981 through a contract with the California Public Employees' Retirement System (CalPERS) to join the cost-sharing multiple employer local Miscellaneous risk pool. All day-to-day administration, investment of plan assets, valuation of benefits, and related compliance is managed by CalPERS. All full-time employees upon initial hire are eligible to participate in the Plan. Benefit provisions within the Plan are governed by State statute and Agency Resolution. CalPERS issues publicly available reports that includes the full Plan description covering health provisions, assumptions and membership information, of which can be found at <https://www.calpers.ca.gov>.

B. Benefits Provided

CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan participants and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment, being applied against a plan participant's final compensation. Service credit rates applied to each plan participant are based on plan entrance date. Plan participants who entered before January 1, 2013 qualify under the "Classic" Tier 2 benefits and plan participants afterward qualify under the "PEPRA" benefits structure. Eligible retirement ages are either age 50 for "Classic" participants or at age 52 for "PEPRA" participants for those that have achieved a minimum of five years of service credit. All members are eligible for the standard non-industrial disability and rollover of a percentage of sick leave for service credit. The death benefit is one of the following dependent on the Miscellaneous Plan classification: the Optional Settlement 2W Death Benefit, the 1957 Survivor Benefit, or post-retirement lump sum payment (non-PEPRA plans). The cost-of-living adjustments for each plan are applied as specified by the California Public Employees' Retirement Law.

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The Plan provisions and benefits in effect as of June 30, 2025 and 2024, are summarized as follows:

	Miscellaneous	
	Misc	PEPRA
Benefit Formula	2.0% - 2.7% @ 55	2% @ 62
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55	62
Monthly Benefits as a % of eligible compensation	2.0% to 2.7%	2.0%
Required Employee Contribution Rates 2025	8.000%	7.750%
Required Employer Contribution Rates 2025	16.020%	7.870%
Required Employee Contribution Rates 2024	8.000%	7.750%
Required Employer Contribution Rates 2024	15.950%	7.680%

Note: The only change between each fiscal year is the contribution rates.

C. Employees Covered

As of June 30, 2025 and 2024, the following employees were covered by the benefit terms of the Plan:

	Miscellaneous	
	2025	2024
Active	46	44
Transferred	20	18
Separated	8	6
Retired	59	59
Total	133	127

D. Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the date. Funding contributions for the Miscellaneous risk pool are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the employees' contribution rate. For the fiscal year end 2025 and 2024, the Agency respectively contributed \$941,042 and \$741,991 into the Plan.

E. Pension Liabilities, Expenses and Deferred Outflows/Inflows of Resources

As of June 30, 2025 and 2024, the Agency reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of NPL/(NPA)	
	2025	2024
Miscellaneous	6,530,997	6,845,166

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The Agency's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan for the respective fiscal years 2025 and 2024 are measured as of June 30, 2024 and June 30, 2023. The total pension liability for the Plan used to calculate the net pension liability was accordingly determined by a respective actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 and June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The Agency's proportionate share of the net pension liability for the Plan as of measurement year ended June 30, 2024 and 2023 was as follows:

Fiscal Year 2025

	Miscellaneous
Proportion - June 30, 2023	0.13689%
Proportion - June 30, 2024	0.13503%
Change - Increase/(Decrease)	-0.00186%

Fiscal Year 2024

	Miscellaneous
Proportion - June 30, 2022	0.14856%
Proportion - June 30, 2023	0.13689%
Change - Increase/(Decrease)	-0.01167%

For the year ended June 30, 2025 and 2024, the Agency recognized pension expense of \$154,232 and \$1,078,949. At June 30, 2025 and 2024, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Fiscal Year 2025

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 167,860	\$ -
Differences between expected and actual experience	564,665	22,033
Net difference between projected and actual investment earnings	375,982	-
Differences between employer's contribution and proportionate share	1,575,456	1,394,189
Changes in employer's proportion	413,962	2,581,495
Pension contributions subsequent to measurement date	941,042	-
Total	\$ 4,038,967	\$ 3,997,717

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Fiscal Year 2024

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 413,274	\$ -
Differences between expected and actual experience	349,688	54,245
Net difference between projected and actual investment earnings	1,108,293	-
Differences between employer's contribution and proportionate share	3,826,107	719,793
Changes in employer's proportion	-	6,096,706
Pension contributions subsequent to measurement date	741,991	-
Total	<u>\$ 6,439,353</u>	<u>\$ 6,870,744</u>

The Agency respectively reported \$941,042 and \$741,991 of deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2026 and 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows for fiscal years 2025 and 2024:

Fiscal Year 2025

Fiscal Year Ending June 30:	Annual Amortization
2026	\$ (969,333)
2027	344,704
2028	(146,320)
2029	(128,844)
Total	<u>\$ (899,793)</u>

Fiscal Year 2024

Fiscal Year Ending June 30:	Annual Amortization
2025	\$ (976,877)
2026	(774,278)
2027	545,971
2028	31,802
Total	<u>\$ (1,173,382)</u>

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F. Actuarial Assumptions

The total pension liability in the June 30, 2023 and 2022 actuarial valuations were determined using the following actuarial assumptions:

Fiscal Year 2025

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	(1)
Investment Rate of Return	6.90% (2)
Mortality	(3)

- (1) Vaires by entry age and service.
(2) Net of pension plan investment expenses, including inflation.
(3) Derived using CalPERS' membership data for all funds.

Fiscal Year 2024

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	(1)
Investment Rate of Return	6.90% (2)
Mortality	(3)

- (1) Vaires by entry age and service.
(2) Net of pension plan investment expenses, including inflation.
(3) Derived using CalPERS' membership data for all funds.

G. Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

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

Asset Class	Assumed Allocation	Rate of Return Year 1-10 (a) (b)
Global equity - cap-weighted	30.00%	4.54%
Global equity - non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021-22 Asset Liability Management study.

The methodology was consistently used for both fiscal years.

H. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Agency's proportionate share of the net pension liability for the Plan as of June 30, 2025 and 2024, calculated using the discount rate for the Plan, as well as what the Agency's proportionate share of the net pension liability would be if it were using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	
	2025	2024
1% Decrease	5.90%	5.90%
Net Pension Liability (Asset)	14,620,229	14,558,614
Current	6.90%	6.90%
Net Pension Liability (Asset)	6,530,997	6,845,166
1% Increase	7.90%	7.90%
Net Pension Liability (Asset)	(127,632)	496,336

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I. Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position available in the separately issued CalPERS financial reports.

NOTE 12 – DEFINED CONTRIBUTION PENSION PLANS

A. Deferred Compensation 457(b) Plan

The Agency sponsors and administers a deferred compensation plan (Plan) structured in accordance with IRC Section 457(b). All full-time employees are eligible to enroll into the Plan upon initial hire and become fully vested. Plan participants may defer a portion of their compensation, either on a pre-tax or post-tax basis, up to applicable IRC limits in any given plan year. Plan participants are able to self-direct their contributions in a manner that meets their retirement goals and needs. All investment earnings are credited to individual plan participant accounts. The Agency may contribute proceeds to a plan participants account as per Agency Resolution or agreement, of which are fully vested upon credit to a plan participant's account. Distributions may be only made at termination, retirement, death, or in an emergency as allowed in the plan document. The Agency contracts with Nationwide Retirement Solutions and MissionSquare Retirement as third-party administrators to assist the Agency with managing the Plan. The total number of covered employees as of June 30, 2025 and 2024 respectively is 112 and 114. Total employer Plan contributions for fiscal year 2025 and 2024 respectively is \$13,309 and \$12,817.

The Plan's assets are held for the benefit of plan participants and their beneficiaries, and the Agency does not have the ability to direct the use, exchange, or employ the Plan assets. Since the assets held under the Plan are not the Agency's property and not subject to claims by general creditors of the Agency, it has been excluded from these financial statements. Plan financial statements are available from the Administration Department located at 1301 Andersen Drive San Rafael, CA 94901.

B. Deferred Compensation 401(a) Plan

The Agency sponsors and administers a deferred compensation plan (Plan) structured in accordance with IRC Section 401(a). All full-time employees are eligible to enroll into the Plan upon initial hire and become fully vested. Plan participants are required to defer a flat percentage of their compensation on a pre-tax basis. Plan participants are able to self-direct their contributions in a manner that meets their retirement goals and needs. All investment earnings are credited to individual plan participant accounts. Distributions may be only made at termination, retirement, death, or in an emergency as allowed in the plan document. The Agency contracts with Nationwide Retirement Solutions as a third-party administrator to assist the Agency with managing the Plan. The total number of covered employees as of June 30, 2025 and 2024 respectively is 9 for both years. The Agency does not contribute assets to plan participant accounts.

The Plan's assets are held for the benefit of plan participants and their beneficiaries, and the Agency does not have the ability to direct the use, exchange, or employ the Plan assets. Since the assets held under the Plan are not the Agency's property and not subject to claims by general creditors of the Agency, it has been excluded from these financial statements. Plan financial statements are available from the Administration Department located at 1301 Andersen Drive San Rafael, CA 94901.

C. FICA Alternate Retirement System (ARS) Plan

The Agency sponsors and administers a FICA Alternate Retirement System (ARS) Plan (Plan) structured in accordance with IRC Section 457(b). The Agency implemented the Plan as per the requirements under the Omnibus Budget Reconciliation Act of 1990 where all part-time, seasonal, or temporary employees are to contribute to either Social Security or to an alternative plan. The Agency does not contribute to Social Security for its full-time employees. The Agency contracts with Public Agency Retirement Systems (PARS) as a third-party administrator to assist with the management the Plan.

All part-time, seasonal and temporary employees as well as Board members are eligible to enroll into the Plan upon initial hire and become fully vested. The Plan requires a 7% total contribution, of which plan participants defer 3.5% of their compensation on a pre-tax basis and the Agency contributes the remaining 3.5%. All plan assets are invested into one investment portfolio managed by PARS. Distributions may be only made at resignation, termination, retirement, death, or in an emergency as allowed in the plan document. The total number of covered employees as of June 30, 2025 and 2024 respectively is 29 and 27. Total employer Plan contributions for fiscal year 2025 and 2024 respectively is \$5,912 and \$6,865.

The Plan's assets are held for the benefit of plan participants and their beneficiaries, and the Agency does not have the ability to direct the use, exchange, or employ the Plan assets. Since the assets held under the Plan are not the Agency's property and not subject to claims by general creditors of the Agency, it has been excluded from these financial statements. Plan financial statements are available from the Administration Department located at 1301 Andersen Drive San Rafael, CA 94901.

NOTE 13 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

A. Plan Description

The Agency sponsors a defined benefit OPEB plan (Plan) to provide retiree medical benefits. The Agency established the agent multiple-employer plan on January 1, 1990 through coordination with CalPERS to reimburse retirees for a portion of their health insurance premium as allowed under the Public Employees' Medical & Hospital Care Act of 1961 (PEMHCA). All day-to-day administration is shared between the Agency and CalPERS. CalPERS provides services for health insurance coverage, investment of plan assets, and maintenance of all Plan compliance. The Agency manages all benefit remittances and valuation of benefits thereof. All full-time employees are eligible to participate in the Plan upon initial hire. Benefit provisions are governed by State statute and Agency Resolution. The Plan assets are pooled and invested with other governmental agencies through the CalPERS California Employers' Retirement Benefit Trust (CERBT) program. The Plan's actuarial valuation reports and benefit provisions can be found at <https://www.cmsa.us/> and financial reports for CERBT can be found at <https://www.calpers.ca.gov/>.

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B. Benefits Provided and Eligibility Requirements

The Agency provides reimbursement to eligible retirees for health insurance costs. Calculation of the reimbursement amount is tiered between two classes of retirees where the differentiating factor is by hire date. The chart below shows the benefit structure:

Eligibility Criteria	Benefit Provided
Employees hired <i>before</i> 2010: - Unrepresented January 1 - Represented June 1	100% of employee only premium, based on Kaiser health medical plan, to the retiree, for life.
Employees hired <i>after</i> 2010: - Unrepresented January 1 - Represented June 1	Up to PEMHCA minimum available to the retiree and surviving spouse for life.

All retiring employees become eligible to receive this benefit if they are enrolled in a CalPERS health plan upon retirement, retired from the Agency, and have attained the minimum retirement age (50 for “Classic” or 52 for “PEPRA”) following the defined benefit pension plan.

As shown above, both benefit tiers provide for the minimum contribution as allowed under PEMHCA. The Agency contributes \$158 per month (as of January 1, 2025), \$157 per month (as of January 1, 2024), and \$151 per month (as of January 1, 2023).

C. Employees Covered

At June 30, 2023 (the valuation date), the benefit terms covered the following employees:

Active employees	44
Inactive employees currently receiving benefit	38
Inactive employees not yet receiving benefit	-
Total employees	82

D. Contributions

The Agency makes contributions based on an annually determined rate and approved by the Board. Total contributions during fiscal year 2025 were \$105,656 and 2024 were \$96,598. Total contributions included in measurement period 2024 were \$96,598 and 2023 were \$33,254. The actuarially determined contribution for the measurement period 2024 was \$265,560 and 2023 was \$203,301. The Agency’s contributions were 3.93% of covered employee payroll during fiscal year ended 2025 and 3.13% during fiscal year ended 2024.

E. Actuarial Assumptions

The total OPEB liability for the OPEB Plan was determined by an actuarial valuation as of June 30, 2023.

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The total OPEB liability as of June 30, 2024 and 2023 measurement date actuarial reports were determined using the following assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024 & 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.75%
Salary Increases	3%
Healthcare Trend Rate	5.50%
Investment Rate of Return	6.75%
Mortality	In all actuarial valuations, assumed life expectancies were based on the CalPERS Mort and Disb Rates_PA Misc Tables.
Retirement	In all actuarial valuations, assumed retirement ages were based on the CalPERS Rx Misc 2% @ 62 and Rx PA Misc 2.7% @ 55 Tables.

F. Discount Rate

The discount rate used to measure the total OPEB liability was 6.75% for both measurement years 2024 and 2023. This factor is based on the expected rate of return assessed by CERBT which is used to proxy the yield for a 20-year tax-exempt municipal bonds portfolio of credit quality AA/Aa or higher. CERBT is the primary trust entity to which the Agency regularly contributes on an annual basis to prefund its OPEB liabilities and invest the OPEB Plan assets. The projection is provided by CERBT is split between the first ten years real return and the latter ten years real return where an arithmetic average between the two intervals is determined. Based on this assumption, this OPEB Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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G. Long-Term Expected Rate of Return

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

Asset Class	Target Allocation	Target Range	Benchmark
Global Equity	49%	+/- 5%	MSCI All Country World Index IMI (Net)
Fixed Income	23%	+/- 5%	Bloomberg Long Liability Index
TIPS	5%	+/- 3%	Bloomberg US TIPS Index, Series L
Commodities	3%	+/- 3%	S&P GSCI Total Return Index
REITs	20%	+/- 5%	FTSE EPRA/NAREIT Developed Index (Net)
Cash	0%	+/- 2%	ICE BofA US 3-Month Treasury Bill Index
Total	100%		

H. Change in Net OPEB Liability

The following summarizes the changes in the net OPEB liability during the year ended June 30, 2025 and 2024 for the respective measurement dates of June 30, 2024 and 2023:

Fiscal Year Ended June 30, 2025 (Measurement Date June 30, 2024)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Beginning balance at June 30, 2023	\$ 4,872,230	\$ 3,052,356	\$ 1,819,874
Service cost	160,413	-	160,413
Interest	320,714	-	320,714
Changes in benefit terms	-	-	-
Difference between expected & actual experience	-	-	-
Changes in assumptions	-	-	-
Net investment income	-	336,688	(336,688)
Contributions - employer	-	48,405	(48,405)
Contributions - implicit subsidy	-	48,193	(48,193)
Benefit payments	(193,621)	(193,621)	-
Implicit subsidy credit	(48,193)	(48,193)	-
Administrative expense	-	(1,001)	1,001
Net change	239,313	190,471	48,842
Ending balance at June 30, 2024	\$ 5,111,543	\$ 3,242,827	\$ 1,868,716
Covered payroll		6,489,958	
Total OPEB liability as % of covered payroll		78.76%	
Plan fiduciary net position as % of total OPEB liability		63.44%	
Service cost as % of covered payroll		2.47%	
Net OPEB liability as % of covered payroll		28.79%	

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Fiscal Year Ended June 30, 2024 (Measurement Date June 30, 2023)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Beginning balance at June 30, 2022	\$ 4,598,604	\$ 3,028,620	\$ 1,569,984
Service cost	153,534	-	153,534
Interest	327,378	-	327,378
Changes in benefit terms	-	-	-
Difference between expected & actual experience	(292,351)	-	(292,351)
Changes in assumptions	288,366	-	288,366
Net investment income	-	194,654	(194,654)
Contributions - employer	-	-	-
Contributions - implicit subsidy	-	33,254	(33,254)
Benefit payments	(170,047)	(170,047)	-
Implicit subsidy credit	(33,254)	(33,254)	-
Administrative expense	-	(871)	871
Net change	273,626	23,736	249,890
Ending balance at June 30, 2023	<u>\$ 4,872,230</u>	<u>\$ 3,052,356</u>	<u>\$ 1,819,874</u>
Covered payroll		6,090,471	
Total OPEB liability as % of covered payroll		80.00%	
Plan fiduciary net position as % of total OPEB liability		62.65%	
Service cost as % of covered payroll		2.52%	
Net OPEB liability as % of covered payroll		29.88%	

I. Deferred Outflows and Inflows of Resources

At June 30, 2025 and 2024, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Fiscal Year 2025

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected & actual experience	\$ -	\$ 617,463
Difference between expected & actual investment earnings	164,117	-
Changes in assumptions	218,940	8,149
OPEB contributions subsequent to measurement date	105,656	-
Total	<u>\$ 488,713</u>	<u>\$ 625,612</u>

Fiscal Year 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected & actual experience	\$ -	\$ 772,713
Difference between expected & actual investment earnings	362,372	-
Changes in assumptions	268,619	9,846
OPEB contributions subsequent to measurement date	96,598	-
Total	<u>\$ 727,589</u>	<u>\$ 782,559</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$105,656 and \$96,598 respectively resulted from the Agency contributions subsequent to the measurement date and before the

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end of the fiscal year will be included as a reduction of the net OPEB liability in the year ended 2026 and 2025.

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

Fiscal Year 2025

Fiscal Year Ending June 30:	Annual Amortization
2026	\$ (59,763)
2027	56,465
2028	(128,250)
2029	(73,350)
2030	(37,652)
Total	<u>\$ (242,550)</u>

Fiscal Year 2024

Fiscal Year Ending June 30:	Annual Amortization
2025	\$ (13,563)
2026	(33,625)
2027	82,603
2028	(102,112)
2029	(47,212)
Remaining	(37,652)
Total	<u>\$ (151,561)</u>

J. OPEB Expense

The following summarizes the OPEB expense by source during the year ended June 30, 2025 and 2024, for the measurement date June 30, 2024 and 2023:

Fiscal Year 2025

Service cost	\$ 160,413
Interest	320,714
Changes in benefit terms	-
Difference between expected & actual experience	(155,250)
Changes in assumptions	47,982
Expected investment return	(206,000)
Difference between expected & actual investment earnings	67,567
Administrative expenses	1,001
OPEB expense	<u><u>\$ 236,427</u></u>

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Fiscal Year 2024

Service cost	\$ 153,534
Interest	327,378
Changes in benefit terms	-
Difference between expected & actual experience	(155,250)
Changes in assumptions	47,982
Expected investment return	(220,452)
Difference between expected & actual investment earnings	97,895
Administrative expenses	871
OPEB expense	<u>\$ 251,958</u>

The following summarizes the changes in the net OPEB liability as reconciled to OPEB expense during the year ended June 30, 2025 and 2024, for the measurement date of June 30, 2024 and 2023:

Fiscal Year 2025

Net OPEB liability ending	\$ 1,868,716
Net OPEB liability beginning	<u>(1,819,874)</u>
Change in Net OPEB liability	48,842
Change in deferred outflows of resources	238,876
Change in deferred inflows of resources	(156,947)
Employer contributions & implicit subsidy	<u>105,656</u>
OPEB expense	<u>\$ 236,427</u>

Fiscal Year 2024

Net OPEB liability ending	\$ 1,819,874
Net OPEB liability beginning	<u>(1,569,984)</u>
Change in Net OPEB liability	249,890
Change in deferred outflows of resources	(229,934)
Change in deferred inflows of resources	135,404
Employer contributions & implicit subsidy	<u>96,598</u>
OPEB expense	<u>\$ 251,958</u>

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K. Sensitivity to Changes in Discount Rate

The Agency's net OPEB liability, as well as what it would be, if it were calculated using discount rate that is one percentage point lower or one percentage point higher, is as follows:

	2025	2024
1% Decrease	5.75%	5.75%
Net OPEB Liability (Asset)	2,531,142	2,453,173
Current	6.75%	6.75%
Net OPEB Liability (Asset)	1,868,716	1,819,874
1% Increase	7.75%	7.75%
Net OPEB Liability (Asset)	1,323,925	1,298,943

L. Sensitivity to Changes in Healthcare Cost Rate

The Agency's net OPEB liability, as well as what it would be, if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates, is as follows:

	2025	2024
1% Decrease	4.50%	4.50%
Net OPEB Liability (Asset)	1,266,782	1,286,721
Current	5.50%	5.50%
Net OPEB Liability (Asset)	1,868,716	1,819,874
1% Increase	6.50%	6.50%
Net OPEB Liability (Asset)	2,602,369	2,466,807

NOTE 14 – DEFINED CONTRIBUTION OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

The Agency sponsors and administers a retiree health reimbursement arrangement (Plan) that is structured in accordance with IRC Section 501(c)(9). The Plan is a form of deferred compensation plan. All full-time unrepresented employees hired after January 1, 2010 and represented employees hired after June 1, 2010 are eligible to enroll into the Plan and become fully vested upon initial enrollment. Plan participant accounts are funded only by the Agency, of which is 1.5% of the plan participant's base pay. Plan participants are able to self-direct their contributions in a manner that meets their retirement goals and needs. All investment earnings are credited to individual plan participant accounts. Distributions may be only made at retirement for qualified medical expenses. The Agency contracts with Nationwide Retirement Solutions as a third-party administrator to assist the Agency with managing the Plan. The total number of covered employees as of June 30, 2025 and 2024 respectively is 98 for both years. Total employer Plan contributions for fiscal year 2025 and 2024 respectively is \$80,175 and \$70,072.

The Plan's assets are held for the benefit of plan participants and their beneficiaries, and the Agency does not have the ability to direct the use, exchange, or employ the Plan assets. Since the assets held under the HRA are not the Agency's property and not subject to claims by general creditors of the Agency, it has been excluded from these financial statements. Plan financial statements are available from the Administration Department located at 1301 Andersen Drive San Rafael, CA 94901.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

A. Outstanding Litigation

The Agency is subject to various lawsuits and claims involving public liability and other actions incidental to the ordinary course of Agency operations. To the extent the outcome of such litigation may be determined to result in financial loss to the Agency, in the opinion of Agency management, any potential liability for these actions is adequately provided for in the financial statements. The timing of potential payment of such losses cannot presently be determined.

B. Construction Contract Commitments

The Agency has a number of purchase commitments for ongoing capital project construction. These contracts typically are satisfied once construction of the project is finished with notice of completion recorded with the County of Marin. As of June 30, 2025 and 2024, the Agency has purchase commitments related to construction respectively of \$2,847,963 and \$585,917.

NOTE 16 – RISK DISCLOSURE FOR MANDATED SPENDING

The Agency's wastewater treatment operations are subject to environmental regulations established by the San Francisco Regional Water Control Board (SFWCB). The SFWCB adopted a new Nutrient Watershed Permit on July 10, 2024 that would require wastewater treatment plants to collectively reduce nitrogen discharges by 40% compared to observed levels in 2022. The Agency is required to reduce its nutrient discharge by 63%. This new permit allows for a ten-year grace period for wastewater treatment plants to be in compliance and build the necessary infrastructure to meet the new requirements. As a result of these new rules, the Agency is responsible for complying with the new permit by modifying the

Central Marin Sanitation Agency
Notes to the Basic Financial Statements
June 30, 2025 and 2024

wastewater treatment plant at a substantial cost to its ratepayers by October 1, 2024. The Agency has obtained conceptual cost estimates for construction and it is included in its latest 10-Year Capital Improvement Plan located within its Biannual Budget at <https://www.cmsa.us/>.

NOTE 17 – SUBSEQUENT EVENTS

The Agency's management has evaluated all activities from the date of the financial statements to the date of issuance, and there are no material significant changes in operations or activities that warrant disclosure as a subsequent event.

NOTE 18 – PRIOR PERIOD ADJUSTMENTS

The Agency identified two instances where beginning net position for fiscal year 2024 had to be restated for appropriate presentation of net position as of June 30, 2024 and subsequently 2025:

	2024
Net position beginning balance, as stated	\$ 51,102,383
Correction of accumulated depreciation error	88,155 (A)
Correction of accumulated compensated absences error	(330,685) (B)
Total prior adjustment	(242,530)
Net position beginning balance, as restated	\$ 50,859,853

- (A) **Correction of Accumulated Depreciation Error** – As of June 30, 2024, the Agency identified it early capitalized its \$6.6 million cogeneration engine capital project cost in fiscal year 2023. The capital project was related to installation of a new cogeneration engine system to generate renewable energy to sufficiently power the Agency's facilities. The capital project was substantially complete in March 2023 and resulted in additional depreciation that understated net position by \$88,155.
- (B) **Correction of Accumulated Compensated Absences Error** – As of June 30, 2024, the Agency implemented Government Accounting Standards Board Statement No. 101 (GASB 101) whereby certain employee leave balances were to be accounted for on the basis of what is expected to be used versus what is to be paid out at an employee's termination. The primary impact of GASB 101 is restating the measurement of the Agency's sick leave balance to include the portion of leave that is more likely than not to be used. Previously, the Agency only accounted for sick leave that was to be paid out to employees that had ten or more years of service credit with the Agency as per Personnel Policy. However, the additional leave resulted in an aggregate restatement of \$330,685 to net position. This restatement is an error in that the Agency did not implement the remeasurement and recognition of the liability appropriately as per GASB 101.

Central Marin Sanitation Agency
Required Supplementary Information
June 30, 2025 and 2024

Miscellaneous Plan
Cost Sharing Multiple-Employer Defined Benefit Pension Plan
Last 10 Years
Schedule of Agency's Pension Plan Contributions

Plan Measurement Date Fiscal Year Ended	2015 2016	2016 2017	2017 2018	2018 2019	2019 2020	2020 2021	2021 2022	2022 2023	2023 2024	2024 2025
Contractually required contribution	\$ 848,569	\$ 942,199	\$ 991,502	\$ 1,130,901	\$ 1,315,602	\$ 1,491,516	\$ 1,609,691	\$ 1,160,485	\$ 741,991	\$ 941,042
Contributions in relation to the contractually required contribution	848,569	942,199	991,502	1,130,901	1,315,602	1,491,516	1,609,691	1,160,485	741,991	941,042
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Agency's covered payroll	\$ 4,424,935	\$ 4,723,972	\$ 4,965,222	\$ 4,942,374	\$ 5,349,606	\$ 5,675,059	\$ 5,785,065	\$ 6,090,471	\$ 6,489,958	\$ 6,765,787
Contributions as % of covered payroll	19.18%	19.95%	19.97%	22.88%	24.59%	26.28%	27.82%	19.05%	11.43%	13.91%

Notes to Schedule:

Valuation & Measurement Date: Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry-Age Normal Cost Method
Asset Valuation Method	Market Value of Assets
Amortization Period	CalPERS determined (1) all investment gains and losses, assumption/methodology changes and benefit changes are amortized over 20 years, and (2) golden handshakes are amortized over 5 years. No ramp up or down factors are applied effective fiscal year June 30, 2021. Prior to the change, all (1) investment gains and losses were amortized over 30 years, (2) assumption/methodology and benefit changes were amortized over 20 years and (3) golden handshakes were amortized over 5 years. There were ramp up and down factors applied.
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	2.80%
Retirement Age	In all actuarial valuations, assumed retirement ages were based on the CalPERS Plan Provisions for each Miscellaneous Plan Type PEPRa at 62 and Classic at 55.
Mortality	The mortality table use was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

Central Marin Sanitation Agency
Required Supplementary Information
June 30, 2025 and 2024

Miscellaneous Plan
Cost Sharing Multiple-Employer Defined Benefit Pension Plan
Last 10 Years
Schedule of Proportionate Share of Net Pension Liability

Plan Measurement Date Fiscal Year Ended	2015 2016	2016 2017	2017 2018	2018 2019	2019 2020	2020 2021	2021 2022	2022 2023	2023 2024	2024 2025
Proportion of NPL/(NPA)	0.27225%	0.27951%	0.28603%	0.29455%	0.30212%	0.31011%	0.42205%	0.14856%	0.13689%	0.13503%
Proportional share of NPL/(NPA)	7,469,105	9,709,970	11,275,453	11,100,877	12,098,439	13,080,864	8,013,909	6,951,525	6,845,166	6,530,997
Covered payroll	4,157,166	4,424,935	4,723,972	4,965,222	4,942,374	5,349,606	5,675,059	5,785,065	6,090,471	6,489,958
Proportional share of NPL/(NPA) as a % of covered payroll	179.67%	219.44%	238.69%	223.57%	244.79%	244.52%	141.21%	120.16%	112.39%	100.63%
Plan fiduciary net position as % of total pension liability	79.89%	75.44%	74.16%	74.96%	74.11%	73.58%	84.28%	87.32%	88.00%	89.11%

Central Marin Sanitation Agency
Required Supplementary Information
June 30, 2025 and 2024

Other Post-Employment Benefit (OPEB) Plan
Agent Multiple-Employer Defined Benefit OPEB Plan
Last 10 Years
Schedule of Agency's OPEB Plan Contributions

Plan Measurement Date	2017	2018	2019	2020	2021	2022	2023	2024
Fiscal Year Ended	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially determined contribution (ADC)	\$ 287,122	\$ 299,028	\$ 239,297	\$ 261,693	\$ 255,027	\$ 209,712	\$ 203,301	\$ 265,560
Contributions in relation to the ADC	287,122	299,028	239,297	261,693	255,027	209,712	203,301	265,560
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Agency's covered payroll	\$ 4,965,222	\$ 4,942,374	\$ 5,349,606	\$ 5,675,059	\$ 5,785,065	\$ 6,090,471	\$ 6,489,958	\$ 6,765,787
Contributions as % of covered payroll	5.78%	6.05%	4.47%	4.61%	4.41%	3.44%	3.13%	3.93%

Notes to Schedule:

Valuation & Measurement Date: Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry-Age Normal Cost
Asset Valuation Method	Market Value of Assets
Amortization Period	Closed Period, Level of Percent of Pay
Discount Rate	6.75%
Inflation	2.75%
Healthcare Cost Trend Rates	5.50%
Salary Increases	3.00%
Investment Rate of Return	6.75%
Retirement Age	In all actuarial valuations, assumed retirement ages were based on the CalPERS Rx PA Misc 2.7% @ 55 Tables.
Mortality	In all actuarial valuations, assumed retirement ages were based on the CalPERS Mort and Disb Rates_PA Misc Tables.

This schedule is presented to illustrate the requirement to show information in the last ten fiscal years. However, the Agency presents as many fiscal years that are available since implementation in fiscal year 2018.

Central Marin Sanitation Agency
Required Supplementary Information
June 30, 2025 and 2024

Other Post-Employment Benefit (OPEB) Plan
Agent Multiple-Employer Defined Benefit OPEB Plan
Last 10 Years
Schedule of Changes in Net OPEB Liability

Plan Measurement Date	2017	2018	2019	2020	2021	2022	2023	2024
Fiscal Year Ended	2018	2019	2020	2021	2022	2023	2024	2025
Total OPEB Liability								
Service cost	\$ 111,349	\$ 114,689	\$ 118,130	\$ 122,614	\$ 126,292	\$ 149,062	\$ 153,534	\$ 160,413
Interest	293,164	309,421	326,176	306,773	322,355	309,061	327,378	320,714
Changes in benefit terms	-	-	-	-	-	-	-	-
Difference between expected & actual experience	-	-	(485,040)	-	(462,302)	-	(292,351)	-
Changes in assumptions	-	-	(18,331)	-	41,906	-	288,366	-
Benefit payments	(170,667)	(180,592)	(181,444)	(183,958)	(166,966)	(176,458)	(170,047)	(193,621)
Implicit subsidy credit	-	(11,122)	(14,771)	(34,735)	(45,053)	(33,254)	(33,254)	(48,193)
Net change in total OPEB liability	233,846	232,396	(255,280)	210,694	(183,768)	248,411	273,626	239,313
Total OPEB Liability - beginning	4,112,305	4,346,151	4,578,547	4,323,267	4,533,961	4,350,193	4,598,604	4,872,230
Total OPEB Liability - ending	\$ 4,346,151	\$ 4,578,547	\$ 4,323,267	\$ 4,533,961	\$ 4,350,193	\$ 4,598,604	\$ 4,872,230	\$ 5,111,543
Plan Fiduciary Position								
Net investment income	\$ 207,513	\$ 177,929	\$ 161,815	\$ 97,301	\$ 788,875	\$ (655,328)	\$ 194,654	\$ 336,688
Contributions - employer	287,122	287,906	224,526	226,958	209,974	176,458	-	48,405
Contributions - implicit subsidy	-	11,122	14,771	34,735	45,053	33,254	33,254	48,193
Benefit payments	(170,667)	(180,592)	(181,444)	(183,958)	(166,966)	(176,458)	(170,047)	(193,621)
Implicit subsidy credit	-	(11,122)	(14,771)	(34,735)	(45,053)	(33,254)	(33,254)	(48,193)
Administrative expense	(1,006)	(1,214)	(543)	(1,336)	(1,087)	(923)	(871)	(1,001)
Net change in plan fiduciary position	322,962	284,029	204,354	138,965	830,796	(656,251)	23,736	190,471
Plan fiduciary position - beginning	1,903,765	2,226,727	2,510,756	2,715,110	2,854,075	3,684,871	3,028,620	3,052,356
Plan fiduciary position - ending	\$ 2,226,727	\$ 2,510,756	\$ 2,715,110	\$ 2,854,075	\$ 3,684,871	\$ 3,028,620	\$ 3,052,356	\$ 3,242,827
Agency's Net OPEB Liability - End	\$ 2,119,424	\$ 2,067,791	\$ 1,608,157	\$ 1,679,886	\$ 665,322	\$ 1,569,984	\$ 1,819,874	\$ 1,868,716
Plan fiduciary position as % of total OPEB liability	51.23%	54.84%	62.80%	62.95%	84.71%	65.86%	62.65%	63.44%
Covered payroll	\$ 4,723,972	\$ 4,965,222	\$ 4,942,374	\$ 5,349,606	\$ 5,675,059	\$ 5,785,065	\$ 6,090,471	\$ 6,489,958
Net OPEB liability as % of covered payroll	44.87%	41.65%	32.54%	31.40%	11.72%	27.14%	29.88%	28.79%

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Central Marin Sanitation Agency (Agency), California, as of and for fiscal year ended June 30, 2025 and 2024, and have issued our report thereon dated November 4, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We have also issued a separate Memorandum on Internal Control dated November 4, 2025 which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

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

Maze + Associates

Pleasant Hill, California
November 4, 2025

STATISTICAL SECTION



CENTRAL MARIN
SANITATION AGENCY

1301 Andersen Drive
San Rafael, CA 94901
415.459.1455 | www.cmsa.us

STATISTICAL SECTION OVERVIEW

This section of the Agency's ACFR presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and RSI presents with respect to the Agency's overall financial health. In contrast to the *Financial Section*, the *Statistical Section* information is not subject to an independent audit.

The *Statistical Section* is comprised of five subsections to further assist the reader:

- The *Financial Trends* subsection contains trend information to help understand how the Agency's financial performance and well-being have changed over time.
- The *Revenue Capacity* subsection contains information to help the reader assess the Agency's revenue sources and rate structures.
- The *Debt Capacity* subsection contains information to help the reader assess the affordability of the Agency's current levels of outstanding debt and its ability to manage that level of debt.
- The *Demographic and Economic Information* subsection offer the local economy indicators to help the reader understand the environment within which the Agency's financial activities take place.
- The *Operating Information* subsection contains service and infrastructure data to enhance the reader's ability to understand how the information in the Agency's financial statements relate to the services it provides and the activities it performs.

Unless otherwise noted, the information in these schedules are derived from the ACFR for the relevant year.

**CENTRAL MARIN SANITATION AGENCY
STATISTICAL SECTION
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 and 2024**

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Central Marin Sanitation Agency
Schedule 1 – Statement of Net Position (Unaudited)
June 30, 2025 and 2024

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net investment in capital assets	\$ 36,022,116	\$ 36,400,782	\$ 36,596,025	\$ 36,596,279	\$ 36,620,936	\$ 39,642,802	\$ 38,327,344	\$ 40,645,174	\$ 43,446,485	\$ 47,059,266
Restricted for pension trust	-	-	-	-	-	-	19,357	207,961	904,043	1,583,379
Restricted for revenue bond trust	-	-	-	-	-	-	-	-	1,299	10,949
Restricted for pension obligation bond trust	-	-	-	-	-	-	-	-	54	1,405
Restricted for dental trust	-	-	-	-	-	-	-	-	15,868	20,357
Unrestricted net position	7,438,757	6,218,578	5,623,608	7,048,782	6,428,473	7,101,708	10,946,561	10,249,248	5,490,805	6,758,313
Total net position	<u>\$ 43,460,873</u>	<u>\$ 42,619,360</u>	<u>\$ 42,219,633</u>	<u>\$ 43,645,061</u>	<u>\$ 43,049,409</u>	<u>\$ 46,744,510</u>	<u>\$ 49,293,262</u>	<u>\$ 51,102,383</u>	<u>\$ 49,858,554</u>	<u>\$ 55,433,669</u>
	Note 1		Note 2			Note 3	Note 4		Note 5	

Note 1 - During the FY17 audit, prior period adjustments were recorded which affected the FY16 financial statements. No reissuance of the FY16 audited financial statements was deemed necessary, however, the adjustments have been reflected in this schedule for accurate comparison for data and analysis.

Note 2 - The Agency restated beginning net position. There was a net decrease in net position as a result of implementing GASB Statement No. 75, Accounting and Reporting for Postemployment Benefits Other than Pensions (OPEB) and a correction of depreciation on fixed assets. The decrease was offset with an increased value of inventory resulting from a full retroactive inventory count and cost analysis.

Note 3 - The Agency prepared and recorded a prior period adjustment to partially restore the depreciated value of the 2005 cogeneration system replacement project. In 2019, the engine failed and was replaced, but the 2005 entire project value was depreciated.

Note 4 - The Agency implemented GASB Statement No. 87 to report lease liabilities and to improve financial accounting for leases. This resulted in a prior period adjustment for FY21 which decreased beginning net position.

Note 5 - The Agency restated FY24 depreciation for the cogeneration engine and also restated compensated absences in accordance with GASB Statement 101.

Source: CMSA Audited Financial Statements.

Central Marin Sanitation Agency

Schedule 2 – Statement of Revenues, Expenses, and Changes in Net Position (*Unaudited*) June 30, 2025 and 2024

Fiscal Year Ended June 30	Operating Revenues	Operating Expenses	Operating Income (Loss)	Non-Operating		Beginning Net Position	Prior Period Adjustment	Ending Net Position
				Revenues (Expenses)	Change in Net Position			
2016	\$ 16,495,058	\$ (15,257,981)	\$ 1,237,077	\$ (956,774)	\$ 280,303	\$ 45,345,155	\$ (2,164,585)	\$ 43,460,873
2017	17,235,271	(16,793,252)	442,019	(1,283,532)	(841,513)	43,460,873	-	42,619,360
2018	17,353,966	(16,351,993)	1,001,973	(1,025,880)	(23,907)	42,619,360	(375,820)	42,219,633
2019	17,901,670	(16,553,636)	1,348,034	77,394	1,425,428	42,219,633	-	43,645,061
2020	18,802,873	(17,825,011)	977,862	(1,573,514)	(595,652)	43,645,061	-	43,049,409
2021	19,851,438	(17,638,231)	2,213,207	389,149	2,602,356	43,049,409	1,092,745	46,744,510
2022	20,865,949	(17,896,331)	2,969,618	(420,205)	2,549,413	46,744,510	(661)	49,293,262
2023	21,403,663	(20,130,669)	1,272,994	536,126	1,809,120	49,293,262	-	51,102,383
2024	22,174,882	(25,568,134)	(3,393,252)	2,391,953	(1,001,299)	51,102,383	(242,530)	49,858,554
2025	23,509,780	(20,400,760)	3,109,020	2,466,095	5,575,115	49,858,554	-	55,433,669

Note

Note - Prior non-operating revenues (expenses) were adjusted for appropriate presentation of capital contributions as per GASB Statement 103. This is to make the prior years comparable with the current year presentation following the new standard.

Source: CMSA Audited Financial Statements.

Central Marin Sanitation Agency
Schedule 3 – Operating Revenue by Source (Unaudited)
June 30, 2025 and 2024

Fiscal Year Ended June 30	Service Charges	Contract Maintenance Revenues	Contract Safety and Public Education Program	Contract Treasurer and Admin Services	Leasing Income	Renewable Energy Sales	Wastewater Discharge Permit Fees	Source Control Fees	Waste Hauling Service Fees	COVID and Illegal Substance Sampling Fees	Total Other Operating Revenue	Total Operating Revenue
2016	\$ 14,471,578	\$ 1,546,239	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 477,241	\$ 16,495,058
2017	15,355,475	1,442,550	-	-	-	-	-	-	-	-	437,246	17,235,271
2018	15,845,548	1,114,680	-	-	-	-	-	-	-	-	393,738	17,353,966
2019	16,400,143	1,067,515	-	-	-	-	-	-	-	-	434,012	17,901,670
2020	16,974,164	1,401,010	-	-	-	-	-	-	-	-	427,699	18,802,873
2021	17,578,817	1,670,204	100,512	-	64,800	47,040	38,768	70,353	280,944	-	-	19,851,438
2022	18,183,132	2,126,787	115,059	-	64,800	35,431	42,562	68,838	229,341	-	-	20,865,950
2023	18,819,541	1,856,889	115,838	-	69,206	55,189	56,316	99,008	297,541	34,135	-	21,403,664
2024	19,567,809	1,694,712	134,745	-	119,979	63,757	42,207	96,291	411,939	43,443	-	22,174,882
2025	20,448,352	2,015,204	166,529	105,639	72,101	86,304	52,916	109,703	423,951	29,081	-	23,509,780
Note 1						Note 2						

Note 1 - During FY25, the Agency began providing Treasury services to the North Bay Watershed Association. Also, the Agency is receiving cost reimbursement proceeds for staff time spent on developing a service contract with the San Rafael Sanitation District.

Note 2 - Effective FY24, total other operating revenue had been allocated to present revenue by all sources and to align with CMSA's budget presentation. Preceding four fiscal years were adjusted for this presentation.

Source: CMSA Audited Financial Statements.

Central Marin Sanitation Agency
Schedule 4 – Operating Expense by Function (Unaudited)
June 30, 2025 and 2024

Fiscal Year Ended June 30	Salaries and Benefits	Chemicals and Fuel	Utilities and Telephone	Biosolids Management	Operations Supplies and Services	Permit Testing and Monitoring	Repairs and Maintenance	Insurance	General and Administrative	Provision for Uncollectable Accounts	Depreciation and Amortization	Total Operating Expense
2016	\$ 7,411,654	\$ -	\$ 346,701	\$ -	\$ 1,408,893	\$ 121,094	\$ 1,373,609	\$ 101,447	\$ 595,639	\$ -	\$ 3,902,112	\$ 15,261,149
2017	9,079,369	-	318,900	-	1,496,774	110,973	947,285	97,095	697,499	-	4,045,357	16,793,252
2018	8,877,307	-	311,191	-	1,366,871	149,815	886,312	95,517	669,900	-	3,995,080	16,351,993
2019	8,486,703	-	454,082	-	1,436,895	144,968	1,034,818	111,545	774,050	-	4,110,575	16,553,636
2020	9,925,545	-	495,207	-	1,638,012	178,099	588,963	134,522	736,513	-	4,128,150	17,825,011
2021	9,683,861	983,485	263,560	381,059	-	176,249	654,095	380,764	893,530	-	4,221,630	17,638,233
2022	8,420,965	1,077,079	591,701	433,202	-	198,248	1,367,073	445,916	1,062,829	-	4,299,319	17,896,331
2023	10,920,801	1,658,963	446,020	439,965	-	204,105	664,853	410,435	800,319	-	4,585,208	20,130,669
2024	14,654,491	1,911,621	427,641	412,515	-	206,743	1,753,982	570,090	737,774	-	4,893,277	25,568,134
2025	9,256,913	1,895,891	370,186	553,591	-	252,239	2,322,178	489,909	864,473	600	4,394,780	20,400,760
		Note 1		Note 1	Note 1							

Note 1 - Effective FY24, Operations Supplies and Services was broken out into Biosolids Management and Chemicals and Fuel to align with CMSA's budget presentation. Preceding three fiscal years were adjusted for this presentation.

Source: CMSA Audited Financial Statements.

Central Marin Sanitation Agency
Schedule 5 – Non-Operating Revenues and Expenses (Unaudited)
June 30, 2025 and 2024

Fiscal Year Ended June 30	Interest and Investment Income	Interest Expense	Other Non- Operating Revenues (net)	Other Non- Operating Expenses (net)	Capacity Charges	Federal and State Grant Proceeds	Total Non- Operating Revenues (Expenses)
2016	\$ 376,752	\$ (1,758,318)	\$ 80,717	\$ 518	\$ 162,705	\$ -	\$ (1,137,626)
2017	113,085	(1,752,699)	26,067	(64)	330,079	-	(1,283,532)
2018	218,516	(1,527,361)	85,212	-	197,753	-	(1,025,880)
2019	410,653	(1,457,861)	452,833	-	671,769	-	77,394
2020	352,481	(1,386,336)	-	(1,050,824)	511,165	-	(1,573,514)
2021	98,988	(1,411,404)	108,932	-	1,592,633	-	389,150
2022	(197,571)	(1,418,586)	24,766	-	1,171,130	55	(420,206)
2023	478,298	(1,539,596)	29,391	-	641,334	926,699	536,126
2024	1,159,918	(1,444,918)	-	(126,486)	1,152,938	1,650,501	2,391,953
2025	1,187,240	(1,258,605)	13,950	-	580,201	1,943,309	2,466,095
					Note 1	Note 1	

Note 1 - Effective FY25, capital contributions (capacity charges and federal and state grant proceeds) have been combined into the above schedule following implementation of GASB Statement No. 103.

Source: CMSA Audited Financial Statements.

Central Marin Sanitation Agency
Schedule 6 – Capital Additions (*Unaudited*)
June 30, 2025 and 2024

Fiscal Year Ended June 30	Capital Additions
2016	\$ 4,372,405
2017	2,730,175
2018	2,043,192
2019	2,185,309
2020	3,314,983
2021	4,682,942
2022	6,770,091
2023	5,040,726
2024	4,506,528
2025	4,439,725

*Source: CMSA Audited
Financial Statements.*

Central Marin Sanitation Agency
Schedule 7 – Major Revenue Rates and Base (Unaudited)
June 30, 2025 and 2024

Fiscal Year Ended June 30	Regional Service Charge Per EDU	Regional Service Charge Revenue	Debt Service Charge Per EDU	Total Debt Service Charges	Total Regional Service Charge and Debt Charges Per EDU	EDUs Reported by JPA Members	EDUs Assigned to SQRC	Total Equivalent Dwelling Units (EDUs)	EDUs Assigned JPA Members for Debt Service	EDUs SQRC Debt Service	Total Debt Service (EDUs)
2016	\$ 204.71	\$ 9,897,549	\$ 87.37	\$ 4,574,029	\$ 292.07	48,350	4,005	52,355	-	4,005	52,355
2017	217.82	10,395,358	95.89	4,960,117	313.71	47,724	4,005	51,729	-	4,005	51,729
2018	226.56	10,893,165	95.16	4,952,383	321.72	48,081	4,005	52,086	48,039	4,005	52,044
2019	236.82	11,433,635	95.43	4,966,508	332.25	48,279	4,005	52,284	48,039	4,005	52,044
2020	249.78	12,015,001	95.29	4,959,163	345.06	48,103	4,005	52,108	48,039	4,005	52,044
2021	261.79	12,631,001	95.07	4,947,816	356.86	48,248	4,005	52,253	48,039	4,005	52,044
2022	267.10	12,527,030	108.68	5,656,102	375.78	46,900	4,005	50,905	48,039	4,005	52,044
2023	278.59	13,167,002	108.61	5,652,539	387.20	47,263	4,005	51,268	48,039	4,005	52,044
2024	291.62	13,941,551	108.11	5,626,258	399.73	47,807	4,005	51,812	48,039	4,005	52,044
2025	304.81	14,823,000	108.09	5,625,352	412.89	48,631	4,005	52,636	48,039	4,005	52,044

Note 1 - This schedule reflects Regional Service Charges, Debt Service Charges, and applicable EDUs, respectively used in connection with the calculation of a cost per EDU. The cost per EDU is generally used for information purposes or with certain other charges within the Agency's Fee Ordinance. Regional service charges are billed to members based upon volume and strength of wastewater flow. Effective since FY18, debt service charges have been billed to members based upon fixed EDU counts assigned to each member to smooth fluctuations in debt service allocation.

Note 2 - EDU counts are provided annually to CMSA by the JPA member agencies. An EDU generally is one household. In the case of multiple dwellings, the number of EDUs is based upon units. Commercial EDU is based upon winter time water use. Industrial EDU is based on volume and strength of the wastewater flow. Included in this total is 4,005 EDU assigned to SQRC for the debt service allocation. Actual and assigned EDU counts are reflected on this schedule. See also *Schedule 9*.

Source: CMSA Annual Budgets and JPA Member Sewer Service Charge Property Tax Billing Records.

Central Marin Sanitation Agency
Schedule 8 – Annual Flows Into CMSA in Millions Gallons and Pounds – Volume
And Strength of Wastewater Treated (*Unaudited*)
June 30, 2025 and 2024

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

12-Month Period	SRSD	RVSD	SD#2	SQRC	Influent Flow
April 1, 2015 to March 31, 2016	1,435.31	1,912.90	422.01	129.48	3,899.70
April 1, 2016 to March 31, 2017	1,844.03	2,597.79	472.68	136.90	5,051.40
April 1, 2017 to March 31, 2018	1,411.51	1,888.58	382.15	166.12	3,848.36
April 1, 2018 to March 31, 2019	1,807.98	2,301.31	438.86	192.18	4,740.33
April 1, 2019 to March 31, 2020	1,480.12	1,923.57	400.86	174.72	3,979.27
April 1, 2020 to March 31, 2021	1,334.37	1,592.48	344.64	180.54	3,452.03
April 1, 2021 to March 31, 2022	1,528.75	1,823.97	380.60	191.71	3,925.03
April 1, 2022 to March 31, 2023	1,790.60	2,162.60	489.60	234.60	4,677.40
April 1, 2023 to March 31, 2024	1,710.40	2,077.10	483.40	274.10	4,545.00
April 1, 2024 to March 31, 2025	1,679.53	2,006.08	476.95	245.71	4,408.27

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

12-Month Period	SRSD	RVSD	SD#2	SQRC	Influent BOD
April 1, 2015 to March 31, 2016	3,892,566	4,358,760	592,658	306,804	9,150,788
April 1, 2016 to March 31, 2017	4,293,860	4,450,865	674,224	355,347	9,774,296
April 1, 2017 to March 31, 2018	3,605,713	4,281,207	585,582	404,146	8,876,648
April 1, 2018 to March 31, 2019	4,743,449	4,438,157	599,208	376,680	10,157,494
April 1, 2019 to March 31, 2020	4,698,037	4,903,805	525,205	381,608	10,508,655
April 1, 2020 to March 31, 2021	4,905,691	4,639,850	483,868	360,164	10,389,573
April 1, 2021 to March 31, 2022	3,917,515	4,363,453	696,542	414,336	9,391,846
April 1, 2022 to March 31, 2023	4,129,275	5,481,327	864,776	371,692	10,847,070
April 1, 2023 to March 31, 2024	2,875,288	3,032,390	837,188	427,445	7,172,311
April 1, 2024 to March 31, 2025	2,440,177	2,434,337	773,922	333,914	5,982,350

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

12-Month Period	SRSD	RVSD	SD#2	SQRC	Influent TSS
April 1, 2015 to March 31, 2016	5,569,476	6,827,531	934,372	398,325	13,729,704
April 1, 2016 to March 31, 2017	5,543,868	5,629,170	905,498	457,495	12,536,031
April 1, 2017 to March 31, 2018	4,660,290	5,612,940	799,015	487,062	11,559,307
April 1, 2018 to March 31, 2019	6,114,054	4,991,101	862,434	514,072	12,481,661
April 1, 2019 to March 31, 2020	5,844,502	5,813,416	631,754	515,623	12,805,295
April 1, 2020 to March 31, 2021	7,138,092	5,581,641	585,643	422,700	13,728,076
April 1, 2021 to March 31, 2022	4,544,402	4,592,978	726,137	446,304	10,309,821
April 1, 2022 to March 31, 2023	4,798,016	7,166,745	858,085	377,075	13,199,921
April 1, 2023 to March 31, 2024	2,458,975	2,666,112	1,020,479	557,173	6,702,739
April 1, 2024 to March 31, 2025	1,857,698	1,794,675	777,937	453,087	4,883,397

Note 1 - The wastewater flow (volume) and strength (BOD & TSS) for each JPA member agency and SQRC is used to determine its allocation of the CMSA regional service charge. Laboratory analysis of the data above is performed to allocate the treatment costs by members into its components of flow, biological oxygen demand, and total suspended solids.

Source: CMSA Laboratory & Operations Database

Central Marin Sanitation Agency
Schedule 9 – Member Agencies and San Quentin Rehabilitation Center Actual
Reported Equivalent Dwelling Units (EDU) (Unaudited)
June 30, 2025 and 2024

Fiscal Year Ended June 30	Ross Valley Sanitary District	City of Larkspur	Sanitary District #2	San Rafael Sanitation District	Subtotal JPA Member EDU Counts	San Quentin Rehabilitation Center	Total EDUs	EDU Change from Prior Year	% Change from Prior Year
2016	19,700	3,019	6,076	19,555	48,350	4,005	52,355	(157)	(0.3) %
2017	19,298	3,039	6,055	19,332	47,724	4,005	51,729	(626)	(1.2) %
2018	19,448	3,060	6,008	19,565	48,081	4,005	52,086	357	0.7 %
2019	19,345	3,066	6,152	19,716	48,279	4,005	52,284	198	0.4 %
2020	22,248	-	6,245	19,609	48,102	4,005	52,107	(177)	(0.3) %
2021	22,422	-	6,152	19,674	48,248	4,005	52,253	146	0.3 %
2022	22,098	-	5,680	19,122	46,900	4,005	50,905	(1,348)	(2.6) %
2023	22,114	-	5,815	19,334	47,263	4,005	51,268	363	0.7 %
2024	22,308	-	6,157	19,342	47,807	4,005	51,812	544	1.1 %
2025	22,699	-	6,155	19,777	48,631	4,005	52,636	824	1.6 %

Note 2

Note 1 - The actual EDU count presented for informational purposes in this schedule also is used to establish Waste Hauler Charges and Industrial Monitoring Fees as set forth in CMSA Ordinance No. 2023-1 (see <http://www.cmsa.us/documents/ordinances>). The assigned EDU presented in *Schedule 7* is the basis of revenue allocation when determining debt service charge revenue which is the funding source to repay debt service.

Note 2 - The City of Larkspur withdrew from the JPA in January 2020, ending the need to present the City's individual EDU count, which is now included in the RVSD count.

Source: CMSA Annual Budgets and JPA Member Sewer Service Charge Property Tax Billing Records.

Central Marin Sanitation Agency
Schedule 10 – Long-Term Debt Outstanding – Pension
Obligation & Revenue Bonds (*Unaudited*)
June 30, 2025 and 2024

							<i>Note 1</i>	<i>Note 1</i>	<i>Note 1</i>	<i>Note 1</i>
							2022 Pension			2022 Pension
							Obligation			Obligation
							Bonds			Bonds
							Beginning			Beginning
							Balance			Balance
Fiscal Year	2020 Revenue			Plus:	Less:	2020 Revenue				
Ended June 30	Bonds			Unamortized	Unamortized	Bonds				
	Beginning	Additions	Retirements	Premium	Discount	Ending		Additions	Retirements	
	Balance					Balance	Balance			Balance
2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	-	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-
2021	-	9,115,000	-	208,620	(68,692)	9,254,928	-	-	-	-
2022	9,254,928	-	(375,000)	(10,869)	3,579	8,872,638	-	9,432,000	-	9,432,000
2023	8,872,638	-	(380,000)	(10,869)	3,579	8,485,348	9,432,000	-	(166,000)	9,266,000
2024	8,485,348	-	(390,000)	(10,870)	3,579	8,088,057	9,266,000	-	(130,000)	9,136,000
2025	8,088,057	-	(395,000)	(10,870)	3,579	7,685,766	9,136,000	-	(248,000)	8,888,000

							2015 Revenue		
							Bonds		
							Beginning		
							Balance		
Fiscal Year	2015 Revenue			Plus:	Less:	2015 Revenue			
Ended June 30	Bonds			Unamortized	Unamortized	Bonds			
	Beginning	Additions	Retirements	Premium	Discount	Ending	Total	<i>Note 2</i>	
	Balance					Balance	Outstanding	Total Debt	Total Debt
							Debt	Per EDU	Per Capita
2016	\$ 54,596,085	\$ -	\$ (2,095,000)	\$ (348,533)	\$ -	\$ 52,152,552	\$ 52,152,552	\$ 996.13	\$ 499.07
2017	52,152,552	-	(2,195,000)	(348,533)	-	49,609,019	49,609,019	959.02	474.73
2018	49,609,019	-	(2,250,000)	(348,533)	-	47,010,486	47,010,486	903.28	449.86
2019	47,010,486	-	(2,330,000)	(348,533)	-	44,331,953	44,331,953	851.82	424.23
2020	44,331,953	-	(2,395,000)	(348,533)	-	41,588,420	41,588,420	799.10	397.98
2021	41,588,420	-	(2,470,000)	(348,533)	-	38,769,887	48,024,815	922.77	460.67
2022	38,769,887	-	(2,580,000)	(348,533)	-	35,841,354	54,145,992	1,040.39	516.41
2023	35,841,354	-	(2,685,000)	(348,533)	-	32,807,821	50,559,169	971.47	481.33
2024	32,807,821	-	(2,785,000)	(348,534)	-	29,674,287	46,898,344	901.13	446.48
2025	29,674,287	-	(2,930,000)	(348,533)	-	26,395,754	42,969,520	825.64	409.08

Note 1 - The Pension Obligation Bond is not subject to pledged revenue coverage.

Note 2 - EDU counts for debt service purposes are described in *Schedule 7*.

Source: CMSA Audited Financial Statements.

Central Marin Sanitation Agency
Schedule 11 – Pledged Revenue Coverage (*Unaudited*)
June 30, 2025 and 2024

			<i>Note 1</i>	2020	2020	2020	2015	2015	2015	<i>Note 2</i>	
Fiscal Year	Sewer Service	Less Operating	Net Revenues	Revenue Bond	Revenue Bond	Revenue Bond	Revenue Bond	Revenue Bond	Revenue Bond	Total Annual	Debt Service
Ended June 30	Charges	Expenses	Available	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Debt Service	Coverage
2016	\$ 16,753,516	\$ 11,359,037	\$ 5,394,479	\$ -	\$ -	\$ -	\$ 2,095,000	\$ 1,577,466	\$ 3,672,466	\$ 3,672,466	1.47
2017	17,704,438	11,424,190	6,280,248	-	-	-	2,195,000	1,752,699	3,947,699	3,947,699	1.59
2018	17,855,447	11,355,010	6,500,437	-	-	-	2,250,000	1,527,361	3,777,361	3,777,361	1.72
2019	19,436,925	11,567,182	7,869,743	-	-	-	2,330,000	1,457,861	3,787,861	3,787,861	2.08
2020	18,615,695	10,916,950	7,698,745	-	-	-	2,395,000	1,386,336	3,781,336	3,781,336	2.04
2021	21,652,819	12,797,204	8,855,615	-	61,499	61,499	2,470,000	1,487,006	3,957,006	4,018,506	2.20
2022	22,130,300	13,978,534	8,151,766	375,000	183,875	558,875	2,580,000	1,386,006	3,966,006	4,524,881	1.80
2023	23,520,980	13,746,523	9,774,457	380,000	176,325	556,325	2,685,000	1,280,706	3,965,706	4,522,031	2.16
2024	25,866,983	15,599,967	10,267,015	390,000	168,625	558,625	2,785,000	1,157,381	3,942,381	4,501,006	2.28
2025	27,050,682	16,887,066	10,163,616	395,000	160,775	555,775	2,930,000	1,014,506	3,944,506	4,500,281	2.26

Note 1 - Net revenues available is computed as revenues from all sources less operating expenses that excludes depreciation and amortization.

Note 2 - The Agency supports pension obligation bonds as shown in *Schedule 10* that are not subject to pledged revenue coverage requirements as revenue bonds reflected above.

Source: CMSA Audited Financial Statements.

Central Marin Sanitation Agency
Schedule 12 – Right-of-Use Leases and Subscription-Based
IT Arrangements (SBITA) (*Unaudited*)
June 30, 2025 and 2024

Fiscal Year Ended June 30	Leased Asset - Copiers		Parking Site	Subscription Asset - Microsoft	
	RU Asset Balance - Net	RU Liability Balance @	Lessor Balance @	RU Asset Balance - Net	RU Liability Balance @
2022	\$ 18,989	\$ 19,786	\$ 138,410	\$ -	\$ -
2023	11,393	12,070	421,218	159,708	149,375
2024	3,798	4,091	360,324	121,741	123,675
2025	75,610	76,229	296,613	94,688	97,345

Source: CMSA Audited Financial Statements.

Central Marin Sanitation Agency
Schedule 13 – Demographic and Economic Statistics (*Unaudited*)
June 30, 2025 and 2024

Fiscal Year Ended June 30	Marin County		Marin County Averaged	
	Marin County Population	Personal Income (<i>thousands</i>)	Per Capita Personal Income	Unemployment Rate
2016	265,181	\$ 29,825,203	\$ 113,208	3.3%
2017	264,753	31,324,429	119,039	3.1%
2018	264,944	33,770,671	128,066	2.5%
2019	263,917	35,941,360	136,592	2.4%
2020	261,805	37,991,968	145,393	4.4%
2021	258,668	42,609,656	164,340	5.8%
2022	255,847	43,242,299	168,814	3.0%
2023	254,301	45,939,619	180,575	2.7%
2024	N/A	N/A	N/A	3.7%
2025	N/A	N/A	N/A	3.9%

Sources:

- (1) State of California Employment Development Labor Market Information website <https://www.labormarketinfo.edd.ca.gov/>.
- (2) US Department of Commerce Bureau of Economic Analysis (BEA) website: <https://www.bea.gov/iTable/>.

Central Marin Sanitation Agency
Schedule 14 – Ten of the Largest Employers Statistic (Unaudited)
June 30, 2025 and 2024

Total Marin County Employment:		135,000		135,800		135,800		134,700		117,000	
Ten Largest Employers in the CMSA		FY16	Percent of	FY17	Percent of	FY18	Percent of	FY19	Percent of	FY20	Percent of
Service Area	Entity Type	Employee Count	Marin County	Employee Count	Marin County	Employee Count	Marin County	Employee Count	Marin County	Employee Count	Marin County
1 BioMarin	Biotech			1,700	1.25%	1,700	1.25%	1,700	1.26%	1,700	1.45%
2 MarinHealth Medical Center	Hospital	1,650	1.22%	1,650	1.22%	1,650	1.22%	1,650	1.22%	1,650	1.41%
3 San Quentin Rehabilitation Center	State Government	1,832	1.36%	1,662	1.22%	1,836	1.35%	1,836	1.36%	1,614	1.38%
4 Dominican University	University	1,000	0.74%	1,000	0.74%	1,200	0.88%	1,200	0.89%	1,200	1.03%
5 Golden Gate Transit	Transit District	775	0.57%	810	0.60%	828	0.61%	828	0.61%	828	0.71%
6 San Rafael City Schools	School District	355	0.26%	355	0.26%	362	0.27%	362	0.27%	362	0.31%
7 Tamalpais Union High School District	School District	332	0.25%					409	0.30%	409	0.35%
8 College of Marin	College District	332	0.25%	507	0.37%	360	0.27%	360	0.27%	529	0.45%
9 Restoration Hardware	Home Furnishings			500	0.37%	500	0.37%	500	0.37%	500	0.43%
10 City of San Rafael	Government	390	0.29%	401	0.30%	404	0.30%	410	0.30%	405	0.35%
Kentfield Rehabilitation & Hospital	Hospital	344	0.25%	345	0.25%	345	0.25%				
Marin Municipal Water District	Water District	246	0.18%								
Total Marin County Employment:		122,600		128,900		127,400		126,400		120,900	
Ten Largest Employers in the CMSA		FY21	Percent of	FY22	Percent of	FY23	Percent of	FY24	Percent of	FY25	Percent of
Service Area	Entity Type	Employee Count	Marin County	Employee Count	Marin County	Employee Count	Marin County	Employee Count	Marin County	Employee Count	Marin County
1 BioMarin	Biotech	1,700	1.39%	1,700	1.32%	1,700	1.33%	1,700	1.34%	1,700	1.41%
2 MarinHealth Medical Center	Hospital	1,650	1.35%	1,650	1.28%	1,650	1.30%	1,650	1.31%	1,650	1.36%
3 San Quentin Rehabilitation Center	State Government	1,764	1.44%	1,547	1.20%	1,531	1.20%	1,468	1.16%	1,194	0.99%
4 Dominican University	University	1,117	0.91%	1,033	0.80%	1,033	0.81%	1,033	0.82%	1,033	0.85%
5 Golden Gate Transit	Transit District	840	0.69%	845	0.66%	845	0.66%	853	0.67%	853	0.71%
6 San Rafael City Schools	School District	362	0.30%	404	0.31%	404	0.32%	561	0.44%	561	0.46%
7 Tamalpais Union High School District	School District	402	0.33%	368	0.29%	368	0.29%	531	0.42%	531	0.44%
8 College of Marin	College District	529	0.43%	512	0.40%	512	0.40%	512	0.41%	512	0.42%
9 Restoration Hardware	Home Furnishings	500	0.41%	500	0.39%	500	0.39%	500	0.40%	500	0.41%
10 City of San Rafael	Government	405	0.33%	420	0.33%	420	0.33%	416	0.33%	416	0.34%

Source: State of California Employment Development and various labor market confirmations.

Central Marin Sanitation Agency
Schedule 15 – Authorized Staffing By Department (*Unaudited*)
June 30, 2025 and 2024

Fiscal Year		Safety	Technical	Note 1	Note 1	Total
Ended June 30	Administration	Program	Services	Operations	Maintenance	Agency
2016	6.0	1.0	8.0	13.5	14.5	43.0
2017	6.0	1.0	8.0	13.5	14.5	43.0
2018	6.0	1.0	8.0	13.5	14.5	43.0
2019	6.0	1.0	9.0	13.5	14.5	44.0
2020	6.0	1.0	9.0	13.5	17.5	47.0
2021	6.0	1.0	9.0	13.5	17.5	47.0
2022	6.0	1.0	9.0	13.5	17.5	47.0
2023	6.0	1.0	9.0	13.5	17.5	47.0
2024	6.0	1.0	10.0	13.5	17.5	48.0
2025	6.0	1.0	10.0	13.5	17.5	48.0

Note 1 - The Treatment Plant Manager is split 0.5 FTE between Operations and Maintenance.

Source: CMSA Authorized Position Listing

Central Marin Sanitation Agency
Schedule 16 – Wastewater Treated and Permit Limit (*Unaudited*)
June 30, 2025 and 2024

Fiscal Year Ended June 30	Average Dry Weather Flow (ADWF) Permitted Capacity Limit (MGD)	ADWF (MGD)	Average Wastewater Treated (MGD)	Biosolids Treated (Wet Tons/Year)
2016	10.0	4.6	7.8	6,231
2017	10.0	8.2	12.9	6,500
2018	10.0	7.0	9.3	6,517
2019	10.0	8.5	13.3	6,512
2020	10.0	8.0	10.5	5,982
2021	10.0	8.3	9.2	4,194
2022	10.0	7.5	10.8	4,579
2023	10.0	8.3	13.3	5,863
2024	10.0	8.5	12.4	5,311
2025	10.0	8.5	11.9	5,521

Note 1

Note 2

Note 1 - ADWF limit is set forth in CMSA's NPDES Permit.

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

*MGD = million gallons per day

Source: CMSA Laboratory & Operations Database

CENTRAL MARIN SANITATION AGENCY
APPENDIX SECTION
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 and 2024

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GLOSSARY

ASSETS: Anything of material and economic value or usefulness owned by the entity.

BOND PREMIUM: A bond that is priced higher than its stated face (par) value.

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

CAPITAL EXPENDITURE: An expenditure of \$5,000 or more that is used to purchase a new capital asset with a useful life of five years or more or an investment that improves the useful life of an existing asset.

CAPITAL IMPROVEMENT PROGRAM (CIP): A plan that describes and explains the Agency's maintenance and capital projects over ten fiscal years. The CIP is a planning document that provides the Agency with an opportunity to evaluate and assess its equipment, infrastructure, and asset management needs from financial, engineering, operational, and planning perspectives.

CONTRACT SERVICE REVENUES: Services provided by the Agency under contract to other local agencies for pump station and collection system maintenance and pollution prevention source control programs.

CURRENT AND OTHER ASSETS: Assets that can easily be converted to cash or consumed within one year. Includes cash, investments, receivables, prepaid expenses, deposits with others (example: OPEB asset).

CURRENT LIABILITIES: Payment obligations owed by the Agency within the next 12 months.

DEPRECIATION: A current year non-cash expense that reduces the value of an asset because of wear and tear, age, or obsolescence. Accumulated depreciation is the total amount expensed since the asset was placed in service.

ENTERPRISE FUND: A government accounting fund that provides goods or services to the public for a fee that makes the entity self-reporting.

EQUIVALENT DWELLING UNIT (EDU): An EDU is one single-family residence.

FLOW(S): The total incoming wastewater flow(s) to CMSA from satellite collection agencies, measured in millions of gallons and collected for the previous April 1 to March 31, are used to calculate the CMSA sewer service charge.

HAULERS, PERMITS & INSPECTION REVENUE: Fees and charges for use of Agency septage receiving facility; permit fees to discharge commercial and industrial waste; reimbursement of Agency labor and administrative costs for performing inspections and other services.

JOINT POWERS AUTHORITY (JPA): An agreement between two or more local government agencies to form a separate governmental entity distinct from the member governments and authorizing the powers the JPA is allowed to exercise.

LIABILITIES: What the Agency owes others.

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

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

OTHER NON-OPERATING REVENUE: Includes CSRMA dividends, CalCard prompt payment incentive rebates, settlement claims, the occasional sale of assets, SDI disability reimbursements, grants, and other miscellaneous revenue sources.

PENSION OBLIGATION BONDS: Taxable bonds that state and local governments issue as part of an overall strategy to fund the unfunded accrued liability associated with their pension obligations. These bonds are not subject to debt service coverage requirements as with revenue bonds.

PROGRAM REVENUES: The Agency is the lead coordinator for the Health and Safety Director and Countywide Education Programs. Costs incurred by CMSA are allocated to the districts that participate in the programs. The Agency invoices participating Districts quarterly for Safety Director and Countywide Education expenditures in accordance with agreements with program participants. The Agency also serves as the treasurer for NBWA and receives an annual reimbursement for its costs. It furthermore receives periodic reimbursements for its costs on developing a contractual services agreement with SRSD.

RESTRICTED CASH: Cash and investments that can only be used for legally specific purposes.

REVENUE BOND: Debt obligation for which interest and principal payments are secured by the debt service portion of service charge revenues generated for the treatment plant project being financed.

RIGHT-OF-USE (ROU) LEASE ASSET: An asset that represents a lessee's privilege to use a leased item over the duration of an agreed-upon lease term. The lessee is granted the authority to obtain the economic benefit from the usage of an asset owned by another entity (reference GASB Statement No. 87).

SERVICE CHARGE: A fee for wastewater operating services and payment of revenue bond debt service.

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

SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT (SBITA): A contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction (reference GASB Statement No. 96).

TOTAL NET POSITION: Equity associated with general government assets and liabilities. The difference between total assets and total liabilities.

UNRESTRICTED CASH: Cash and investments available to use for operations and not tied to a specific obligation.

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

ACRONYM LISTING

ACFR	Annual Comprehensive Financial Report
ADC	Alternate Daily Cover
ADWF	Average Dry Weather Flow
AM	Asset Management
ASPC	Agency Strategic Planning Committee
ATC	Authority to Construct
BACC	Bay Area Chemical Consortium
BACWA	Bay Area Clean Water Agencies
BAPPG	Bay Area Pollution Prevention Group
BAAQMD	Bay Area Air Quality Management District
BOD	Biochemical Oxygen Demand
CalOES	California Office of Emergency Services
CalPERS	California Public Employees Retirement System
CAMP	California Asset Management Program
CASA	California Association of Sanitation Agencies
CCT	Chlorine Contact Tank
CDCR	California Department of Corrections and Rehabilitation
CEC	California Energy Commission / Constituents of Emerging Concern
CERBT	California Employers' Retirement Benefit Trust
CIP	Capital Improvement Program
CMMS	Computerized Maintenance Management System
CMSA	Central Marin Sanitation Agency
COLA	Cost of Living Adjustment
CPI	Consumer Price Index
CWEA	California Water Environment Association
EDIS	Employer Driven Insurance Services
EDU	Equivalent Dwelling Unit
ELAP	Environmental Laboratory Accreditation Program
F2E	Food-to-Energy
FOG	Fats, Oils and Grease Program
FSE	Food Service Establishment(s)
F/M	Food to Microorganism Ratio
FTE	Full Time Equivalent
FY	Fiscal Year
G&A	General & Administrative
GAAP	Generally Accepted Accounting Principles
GASB	Government Accounting Standards Board
GHG	Greenhouse Gas
IA	Interconnection Agreement
IC	Ion Chromatography
JHA	Job Hazard Assessment
JPA	Joint Powers of Agreement
LEL	Lower Explosive Limits
LGVSD	Las Gallinas Valley Sanitary District
MCE	Marin Clean Energy
MSS	Marin Sanitary Service

NACWA	National Association of Clean Water Agencies
NBWA	North Bay Watershed Association
NPDES	National Pollutant Discharge Elimination System
NSD	Novato Sanitary District
OPEB	Other Post-Employment Benefits
PAFR	Popular Annual Financial Report
PD/EE	Power Delivery/Energy Efficiency Committee
PCA	Pretreatment Compliance Audit
PCB	Polychlorinated Biphenyls
PEPRA	Public Employees' Pension Reform Act
POB	Pension Obligation Bond
PPA	Power Purchase Agreement
RAS	Return Activated Sludge
RFP	Request for Proposal
ROU	Right-of-Use
RMP	Regional Monitoring Program
RWB	Regional Water Board
RVSD	Ross Valley Sanitary District, JPA Member
SBITA	Subscription-Based Information Technology Arrangements
SP	Strategic Plan
SCADA	Supervisory Control and Data Acquisition
SD2	Sanitary District No. 2, JPA Member
SDI	State Disability Insurance
SDS	Safety Data Sheets
SQRC	San Quentin Rehabilitation Center
SRSD	San Rafael Sanitation District
SSC	Sewer Service Charge
SUO	Sewer Use Ordinance
SWRCB	State Water Resources Control Board
TCSD	Tamalpais Community Services District
ToC	Table of Contents
TSS	Total Suspended Solids
UAAL	Unfunded Actuarial Accrued Liability
USA	Underground Service Alert
VFA	Volatile Fatty Acid
VFD	Variable Frequency Drive
WAS	Waste Activated Sludge

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