

City of Salinas California



Basic Financial Statements **Fiscal Year Ended June 30, 2024**



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Basic Financial Statements

Fiscal Year Ended June 30, 2024



PREPARED BY
THE FINANCE DEPARTMENT

Selina Andrews
Finance Director

AUDITORS

The Pun Group, LLP
Accountants & Advisors
200 E. Sandpointe Avenue, Suite 600
Santa Ana, CA 92707



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City of Salinas
Basic Financial Statements
For the Year Ended June 30, 2024

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City of Salinas

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March 31, 2025

***Honorable Mayor and Members of the City Council
City of Salinas, California***

We are pleased to present the City of Salinas's (City) Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2024. Although formally submitted to the Mayor and City Council (Council), the ACFR is also intended to provide relevant financial information to the residents of Salinas, taxpayers, creditors, investors, and other interested parties.

This letter of transmittal provides a non-technical summary of City finances, services, achievements, and economic prospects. We ask that readers who wish a more detailed discussion of the City's financial results refer to the Management's Discussion & Analysis contained in the Financial Section of the ACFR.

City Administration is responsible for the accuracy of the information contained in this report, the adequacy of its disclosures, and the fairness of its presentation. We believe this ACFR to be complete and reliable in all material respects. To provide a reasonable basis for making this representation, we have established a comprehensive system of internal controls designed to protect City assets from loss, to identify and record transactions accurately, and to compile the information necessary to produce financial statements in conformity with generally accepted accounting principles.

The City contracted with The Pun Group, LLP, a firm of Certified Public Accountants licensed to practice in the State of California, to perform the annual independent audit. The auditors expressed an opinion that the City's financial statements for Fiscal Year 2023-2024 (FY 23-24) are fairly stated in conformity with accounting principles generally accepted in the United States. This is the most favorable conclusion and is commonly known as an "unmodified" or "clean" opinion. The independent auditors' report is included in the Financial Section of this report.

In addition, The Pun Group LLP performs an audit of the City's major program expenditures of federal funds for compliance with the requirements described in the U.S. Office of Management and Budget's OMB Compliance Supplement, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. The report of the Single Audit is published separately from this ACFR and, when completed, can be obtained from the City of Salinas' website at <https://www.cityofsalinas.org/Your-Government/Departments/Finance/Annual-Comprehensive-Financial-Reports-ACFR>.

This ACFR is organized into two sections:

- I. The Introductory Section includes the table of contents, letter of transmittal, listing of elected officials, City administrative personnel, and an organization chart delineating organizational structure.
- II. The Financial Section includes the Independent Auditors' opinion, the MD&A, the basic financial statements, notes to the financial statements, combining statements of non-major funds, and required supplemental information.

The Reporting Entity and Its Services

In defining the reporting entity, there are no other governmental units over which the City Council has financial accountability. Under new state law, the Salinas Redevelopment Agency, which was a component unit of the City, ceased to exist as of February 1, 2012, and therefore the assets and activities of the dissolved redevelopment agency are reported in a Fiduciary Fund (private purpose trust fund) in the financial statements of the City.

The City was incorporated as a charter City on March 4, 1874 and operates under the Council-Manager form of government. The City is governed by a six-member Council elected by districts for four-year alternating terms and a Mayor elected at large for a two-year term. The Council appoints the City Attorney and the City Manager, who is responsible for day-to-day administration of the City under the policy direction of the Council.

The City is the “county seat” of Monterey County and is located in the Central Coast region of California, 17 miles inland from the Monterey Bay, 325 miles north of Los Angeles and 106 miles south of San Francisco. Salinas is a charter City providing all typical City services: Public safety - police and fire, Public Works - maintenance services (streets, lighting, signals, facilities, parks and trees), development and permit services, current and advanced planning and traffic and facilities engineering, Library, Recreation and General administrative services. Business-type City services include a Municipal Airport, Industrial Waste system, Sanitary Sewer, Water Utility and a Parking District. The State Department of Finance reports the City's population at 162,037 as of January 1, 2024. The City FY 2023-24 budget includes 647.50 positions authorized on a full-time equivalent basis.

Three elementary school districts, a unified high school district and several private schools at both the primary and secondary level operate in the City of Salinas. Hartnell College, a State Community College, offers two-year degrees and occupational certificate programs. California State University, Monterey Bay is located less than 15 miles away on the former Fort Ord site. Graduate studies through Golden Gate University, Monterey Institute of International Studies and Chapman College are available nearby. Also in the area are Moss Landing Marine Laboratory, Monterey College of Law, Stanford University's Hopkins Marine Station and San Jose State University.

Salinas has extensive health and medical services with two of Monterey County's four hospitals located within the City. The City also offers skilled nursing and convalescent homes and residential retirement facilities for seniors, as well as over 220 practicing physicians.

Fire protection and basic and advanced life support are provided by the City's full-service Fire Department. Advanced life support services are provided by the Fire Department's paramedic program. The City of Salinas has a Police Department and receives additional support, as required, from the Monterey County Sheriff's Office and other regional, state and federal agencies.

The City's moderate climate encourages year-round use of its 550 plus acres of municipal parks, which include golf courses, tennis courts and swimming pools. The Salinas Community Center regularly hosts symphonies, ballets, concerts and conventions. Salinas is host to the annual Steinbeck Festival, the California Rodeo, and the California International Airshow. Salinas has a modern California Sports Complex and the National Steinbeck Center. Surrounding Salinas are diverse recreational opportunities including beautiful beaches and the world famed golf courses of the Monterey Bay Peninsula.

As the retail hub of the Central Coast, Salinas enjoys a wide selection and diversity in its stores. Northridge Shopping Center contains over 120 specialty shops and four major department stores – Macy's, Sears, Best Buy and J.C. Penney. Harden Ranch Plaza includes Wal-Mart, Target, Safeway, specialty stores, restaurants, and banking institutions. The Westridge Shopping Center is home to Costco, Wal-Mart, Office Max, Dick's Sporting Goods and a variety of national chain restaurants. The Salinas Auto Center houses nine local dealers and its retail area hosts Home Depot, Beverages and More (BevMo), Kohl's, and other specialty stores. Additionally, Salinas' location allows quick access to the Monterey Peninsula, as well as the San Jose area.

The City utilizes various Boards and Commissions in the conduct of its affairs. Commissions and Committees established by City Ordinance are:

- Airport Commission
- Library and Community Services Commission
- Traffic and Transportation Commission
- Planning Commission
- Public Art Commission
- Measure G Oversight Committee
- Measure E Oversight Committee

Boards and Committees established by Resolution of the City Council are:

- Police Community Advisory Committee
- Grievance Advisory Board
- Historical Resources Board

Subcommittees of Council are:

- Housing & Land Use Committee
- Finance Committee

ECONOMIC CONDITIONS AND FISCAL OUTLOOK

While Salinas Valley continues to show overall positive economic performance, several potential indicators of a future economic weakening have begun. These economic indicators include a slow-down in the local real estate market and unemployment rates. Unemployment rates in the area are expected to continue to increase as corporate layoffs continue to occur. In addition, a tight labor market can also push the unemployment rate up. According to the Anderson forecast, “labor force decline is attributable to retirements, migration out-of-state, and individuals choosing to spend their time in nonmarket activities, such as child-raising.

The unemployment rate for the county and Salinas Metropolitan¹ area for June 2024 was 5.7%, which was lower than the 5.8% in May 2024 and lower than the prior year unemployment rate of 7.0%. However, the June 2024 Salinas Metropolitan Statistical Area unemployment rate continued to be higher than the unadjusted unemployment rate for the State (5.3%) and the nation (4.1%)².

The City closed FY 23-24 with a net \$9.0 million General Fund surplus due to a variety of factors discussed in the MD&A. General Fund revenues (not including transfers in) increased 3.7% from the prior year. Sales tax revenues remain the largest and most consistent source of support for General Fund operations, comprising approximately 50.8% of General Fund revenues in FY 23-24. For FY 23-24, sales tax receipts of \$90.9 million were \$0.7 million lower than the prior year’s collection. The City’s Measures E and G Sales and Use Tax continued to perform well as the economy rebounds from the effects of COVID-19.

The City also relies heavily on property tax revenues to support General Fund operations, comprising approximately 21.5% of General Fund revenues in FY 23-24. For FY 23-24, property tax receipts of \$38.4 million were \$1.3 million higher than the prior year’s collection. Property tax revenues were supported by the continued desirability of the City, its environment, and culture.

In addition to the City’s revenue sources, the City benefited from the Federal American Rescue Plan Act (ARPA). The Act allocated \$51,567,313 to the City over a two-year period. The City has received both payments and expended \$26.0 million and encumbered \$11.3 million at June 30, 2024.

As with most municipalities, services are provided directly by employees to the City’s residents, businesses, and visitors. As a service delivery enterprise, the cost of salaries and benefits are a significant portion of the City’s expenditures. Salaries are largely dictated by regional market forces as evidenced by fierce competition for workforce in the San Francisco Bay Area, and inflationary pressures nationwide. During FY 23-24, the City successfully completed negotiations with seven labor groups. While important for consistent delivery of high-quality services for the City, these actions further contribute to the structural deficit between revenues and expenditures.

The City also continues to adjust and prepare for pension employer costs to continue to be a primary expense in conjunction with salaries.

¹ State of California, Employment Development Department, Labor Market Information Division

² Monthly EDD Press Release

The City's pension plans over the past several decades, like all other CalPERS participants, have experienced changes in actuarial assumptions, demographic changes, and volatile investment returns which have outweighed any positive plan experiences. The outcome of these unfavorable economic and demographic conditions is the creation of unfunded pension and Other Post-Employment Benefits (OPEB) obligations for the City. According to the 2023 accounting valuation reports, the net pension liability was \$244.3 million and the net OPEB liability was \$12.9 million as of June 30, 2023.

To address the escalation in OPEB costs, current and previous Councils have worked to curb cost escalation in Other Post-Employment Benefits (OPEB). In 2020, the City initiated prefunding of retiree healthcare benefits and has since established approximately \$11 million in OPEB assets as of June 30, 2024.

For detailed information about the City employees' retirement plan, please refer to Note 17 of the Notes to Basic Financial Statements Section. For detailed information about the City OPEB obligations please refer to Note 18 of the Notes to Basic Financial Statements Section.

Despite revenue constraints and increasing costs associated with unfunded federal and state mandates, the City has managed to maintain high service levels and balanced budgets through prudent fiscal management.

MAJOR CAPITAL PROJECT INITIATIVES

The City maintains a multi-year forecasting model for operating revenues and expenditures and also produces a six-year capital plan. The multi-year forecast is regularly updated to reflect current revenue and expenditure assumptions and is presented to the City Council during the budget process for the next fiscal year.

Major capital asset and infrastructure initiatives were once again the priority for the fiscal year. Approximately \$18.3 million in City infrastructure and other capital asset improvements and contributions were invested in FY 23-24, including \$5.0 million in land acquisition and \$2.5 million in equipment. In addition, \$9.7 million was invested in construction in progress including, roads, storm drains, park, building improvements, fire apparatus equipment, and City revitalization efforts.

Additional infrastructure improvements are scheduled in accordance with the City's approved Capital Improvement Plan and will continue into future years. All of these improvements are funded either through grants, appropriations carried over from prior years, and/or new appropriations during the budget development process as approved by City Council policy

Single Audit

As a recipient of federal, state and county funding, the City is responsible for providing assurance that adequate internal controls are in place to ensure compliance with applicable laws and regulations relating to these award programs. Internal controls are subject to periodic evaluation by management and the City's external independent auditors.

As part of the City's single audit procedures, tests are performed to assess the effectiveness of its internal controls over major federal award programs and the City's compliance with applicable laws and regulations related to these award programs.

Accounting System and Budgetary Control

All governmental fund types use the modified accrual basis of accounting. This means that revenues are recorded when measurable and available rather than when received. Measurable means the amount can be determined and available means the cash is received within sixty days after the end of the fiscal year. Expenditures are recorded when the liability is incurred, rather than when paid. An exception to this rule is principal and interest on general long-term debt, which is not recognized by debt service funds until it is due.

Internal accounting procedures have been developed to provide reasonable assurance regarding the safeguarding of assets and the reliability of financial records for preparing financial statements and maintaining asset accountability.

The City maintains budgetary controls through City Council adoption of an annual appropriation ordinance and by maintaining an encumbrance accounting system. Expenditures for City operations and other purposes identified in the annual budget cannot legally exceed the budgeted amounts approved by the City Council.

An annual operating budget, five-year budget forecast, and six-year capital improvement plan is adopted by the City Council consistent with generally accepted accounting principles. All budget appropriations must be approved by City Council during the fiscal year. The City Manager is authorized to transfer appropriations within the same funding source. Appropriations are valid for each fiscal year and lapse at year-end.

Acknowledgements

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire Finance Department staff. In addition, staff in all City departments should be recognized for responding so positively to the requests for detailed information that accompanies each annual audit.

In addition, we wish to express our sincere appreciation to the Mayor and City Council for providing policy direction and a firm foundation of support for the pursuit of excellence in all realms of professional endeavors, especially their role in guiding the City to a secure financial condition that assures resources are available to provide core services to the community.

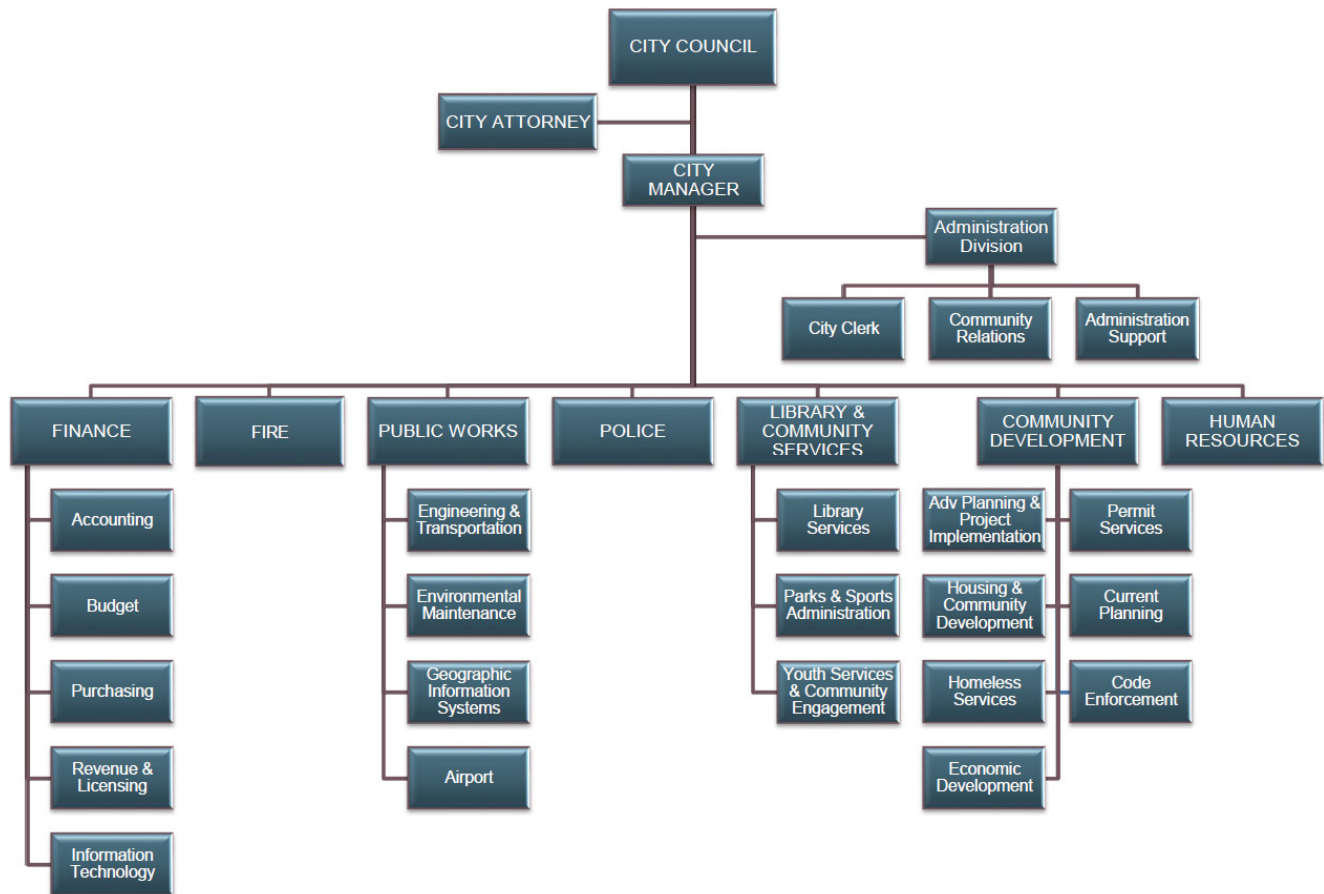
Respectfully submitted,



Selina Andrews
Finance Director

City of Salinas

Organization Chart



City of Salinas

List of Principal Officials



Kimbley Craig

Mayor

Carla Viviana Gonzalez

Councilmember
District 1

Orlando Osornio

Councilmember
District 4

Tony Barrera

Councilmember
District 2

Andrew Sandoval

Councilmember
District 5

Steve McShane

Councilmember
District 3

Anthony Rocha

Councilmember
District 6

Rene Mendez

City Manager

Christopher A. Callihan

City Attorney

Jim Pia

Assistant City Manager

David Jacobs

Public Works Director

Kristan Lundquist

Library and Community
Services Director

Lisa Brinton

Community
Development Director

John Murray

Acting Chief of Police

Sam Klemek

Fire Chief

Selina Andrews

Finance Director

Marina Horta-Gallegos

Human Resources
Director

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
of the City Council of the City of Salinas
Salinas, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Salinas, California (the "City"), as of and for the year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS 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 City'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 City'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, Budgetary Comparison Schedules, Schedules of Changes in Net Pension Liability and Related Ratios, Schedules of Proportionate Share of the Net Pension Liability and Related Ratios, Schedules of Pension Contributions, Schedule of Changes in Net OPEB Liability and Related Ratios, and Schedule of OPEB Contributions 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Combining and Individual Fund Statements and Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Statements and Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and the Claims Development for Internal Service Funds Schedules but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2025, on our consideration of the City'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 City'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 City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
March 31, 2025

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CITY OF SALINAS
Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended June 30, 2024

This section of the City of Salinas (City) Annual Comprehensive Financial Report provides an overview of the City's financial activities for the fiscal year ended June 30, 2024. Readers are encouraged to consider the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements, and the accompanying notes to the financial statements.

A. FINANCIAL HIGHLIGHTS

- On June 30, 2024, the City's net position (excess of assets over liabilities) was \$241.7 million. Of this amount, \$267.5 million is invested in capital assets and restricted assets, which is offset by a deficit of \$115.4 million of unrestricted assets.
- During the fiscal year ended June 30, 2024, the City's total net position decreased by \$4 million from \$245.7 million to \$241.7 million.
- During the fiscal year, fund balances increased \$7.2 million to \$182.5 million for governmental funds, of which \$182.7 million is either nonspendable, restricted, committed, or assigned, leaving a \$(0.2) million as unassigned.
- During the fiscal year the General Fund, Measure E, and Measure G fund balance increased by \$9 million to \$94.4 million of which \$85.4 million is either nonspendable, restricted, committed, or assigned. Unassigned General Fund, Measure E & Measure G fund balance was \$10.2 million.
- The City's total capital assets increased \$2.9 million from \$398.1 million to \$401 million.

B. OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements, which is comprised of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements and 3) Notes to the Basic Financial Statements.

The basic financial statements include the City (primary government) and all legally separate entities (component units) for which the government is financially accountable.

This report also contains other supplementary information in addition to the basic financial statements for further information and analysis.

CITY OF SALINAS
Management's Discussion and Analysis (Unaudited) (Continued)
Fiscal Year Ended June 30, 2024

Government-Wide Financial Statements

The Government-Wide Financial Statements present the financial picture of the City and provide readers with a broad view of the City's finances. These statements present governmental activities and business-type activities separately and include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain interfund receivables, payables and other interfund activity have been eliminated as prescribed by GASB Statement No. 34.

The *Statement of Net Position* and the *Statement of Activities and Changes in Net Position* report information about the City as a whole and about its activities. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities and Changes in Net Position* presents information showing how the City's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows.

In the Statement of Net Position and the Statement of Activities and Changes in Net Position, we separate the City activities as follows:

Governmental Activities—All of the City's basic services are reported in this category, including general government, public safety, community development, public works, recreation, and library. Property taxes, sales taxes, user fees, interest income, franchise fees, state grants and federal grants finance these activities. The City's insurance programs (health, worker's compensation, liability and property damage) are accounted for in internal service funds, but are reported as part of governmental activities since these programs are used primarily for governmental activities.

Business-Type Activities—The City charges a fee to customers to cover all or most of the costs of certain services it provides. The City's Industrial Wastewater System, Airport, Sanitary Sewer, Permit Service, and Parking District are reported as business-type activities.

CITY OF SALINAS
Management's Discussion and Analysis (Unaudited) (Continued)
Fiscal Year Ended June 30, 2024

Fund Financial Statements

The Fund Financial Statements provide detailed information about the City's major funds — not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

The Fund Financial Statements include statements for each of the three categories of activities – governmental, proprietary and fiduciary. The governmental funds are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The proprietary funds are prepared using the economic resources measurement focus and the accrual basis of accounting. The fiduciary funds are agency funds, pension trust funds and private purpose trust funds, which only report assets and liabilities and do not have a measurement focus.

Governmental Funds - The Governmental Funds are used to account for essentially the same functions reported as governmental activities in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, Governmental Funds Financial Statements focus on current financial resources, which emphasize near-term inflows and outflows of expendable resources as well as balances of expendable resources at the end of the fiscal year. This information is essential in evaluating the City's near-term financial requirements.

In order to better understand the City's long-term and short-term requirements, it is useful to compare the City's Governmental Funds Statements with the governmental activities in the Government-Wide Financial Statements. A reconciliation is provided for the Governmental Fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances to facilitate this comparison. The major governmental funds include the General, Measure E and Measure G Funds, Development Fees Special Revenue Fund, and the Special Construction Assistance Special Revenue Fund, which are reported in detail in the Governmental Fund Financial Statements. All other funds are shown in the aggregate as other non-major governmental funds.

Individual fund data for other non-major governmental funds is provided in the form of supplementary information elsewhere in the report.

Proprietary Funds - The City maintains two types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the Government-Wide Financial Statements. The City uses enterprise funds to account for its Airport, Industrial Wastewater System, Sanitary Sewer, Permit Services and Parking activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its general city insurance operations. Because these services predominantly benefit the governmental rather than business-type activities, they have been included within governmental activities in the Government-Wide Financial Statements.

CITY OF SALINAS
Management's Discussion and Analysis (Unaudited) (Continued)
Fiscal Year Ended June 30, 2024

Proprietary funds provide the same type of information as the Government-Wide Financial Statements, only in more detail. All enterprise funds are presented in detail as major enterprise funds. The internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of supplementary information elsewhere in the report.

Fiduciary Funds - The City is the trustee, or fiduciary, for certain funds held on behalf of external parties. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Position. These activities are excluded from the City's other financial statements because the resources of these funds are not available to support the City's own programs. The City is responsible for ensuring that these funds are used for their intended purpose.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements.

Required Supplementary Information

In addition to the basic financial statements, this report also presents certain Required Supplementary Information including the City's budgetary comparison schedules for the General, Measure E and Measure G Funds and the Development Fees major special revenue fund, and information concerning the progress in funding its obligation to provide pension benefits to its employees.

Other Supplementary Information

Combining statements for the other non-major governmental funds, Internal Service Funds, Fiduciary Funds and General, Measure E and Measure G Funds are presented immediately following the Required Supplementary Information as supplementary information.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Management Discussion and Analysis (MD&A) includes comparative data for analysis.

Statement of Net Position

Net position is a good indicator of the City's financial position. During this fiscal year, the net position of the City decreased \$4 million (2.9%) over the prior year from \$245.7 to \$241.7 million.

At June 30, 2024, the largest portion of net position consists of the City's investment in capital assets net of related debt. This component is the total amount of funds required to acquire those assets less any related outstanding debt used for such acquisition. The City uses these capital assets to provide services to residents. The capital assets of the City are not sources of income for repayment of debt as most assets are not revenue generating and generally are not liquidated to repay debt. Debt service payments are funded from other resources available to the City.

CITY OF SALINAS
Management's Discussion and Analysis (Unaudited) (Continued)
Fiscal Year Ended June 30, 2024

A condensed Statement of Net Position shown below totals \$241,661,060 as of June 30, 2024.

| | Governmental Activities | | Business-type Activities | | Total | | Percent of Total |
|--------------------------------------|-------------------------|----------------|--------------------------|---------------|----------------|----------------|---------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | |
| Assets: | | | | | | | |
| Current assets | \$ 269,809,855 | \$ 270,896,188 | \$ 16,750,781 | \$ 13,490,935 | \$ 286,560,636 | \$ 284,387,123 | 41.1 % |
| Other assets | 5,818,489 | 6,683,630 | 4,502,468 | 4,732,209 | 10,320,957 | 11,415,839 | 1.5 % |
| Capital assets, net | 335,763,944 | 334,557,660 | 65,238,853 | 67,974,348 | 401,002,797 | 402,532,008 | 57.5 % |
| Total assets | 611,392,288 | 612,137,478 | 86,492,102 | 86,197,492 | 697,884,390 | 698,334,970 | 100.0 % |
| Deferred outflows of resources | | | | | | | |
| Related to pension and OPEB | 69,327,178 | 81,956,802 | 2,179,156 | 2,111,334 | 71,506,334 | 84,068,136 | 99.2 % |
| Loss on refunding of debt | 459,631 | 486,668 | 85,877 | 94,464 | 545,508 | 581,132 | 0.8 % |
| Total deferred outflows of resources | 69,786,809 | 82,443,470 | 2,265,033 | 2,205,798 | 72,051,842 | 84,649,268 | 100.0 % |
| Liabilities: | | | | | | | |
| Current liabilities | 17,863,112 | 13,246,052 | 1,060,528 | 1,484,650 | 18,923,640 | 14,730,702 | 3.8 % |
| Other liabilities | 41,756,548 | 53,124,477 | - | - | 41,756,548 | 53,124,477 | 8.3 % |
| LTD - due in one year | 19,145,030 | 18,315,045 | 1,729,000 | 1,796,577 | 20,874,030 | 20,111,622 | 4.2 % |
| Long-term liabilities | 394,195,005 | 391,904,153 | 26,140,774 | 26,814,267 | 420,335,779 | 418,718,420 | 83.8 % |
| Total liabilities | 472,959,695 | 476,589,727 | 28,930,302 | 30,095,494 | 501,889,997 | 506,685,221 | 100.0 % |
| Deferred inflows of resources | | | | | | | |
| Related to pension, OPEB and leases | 21,006,643 | 24,758,990 | 5,378,532 | 5,871,700 | 26,385,175 | 30,630,690 | 100.0 % |
| Gain on refunding of debt | - | - | - | - | - | - | - |
| Total deferred inflows of resources | 21,006,643 | 24,758,990 | 5,378,532 | 5,871,700 | 26,385,175 | 30,630,690 | 100.0 % |
| Net Position: | | | | | | | |
| Net investment in capital assets | 223,199,988 | 212,511,725 | 44,273,730 | 45,330,812 | 267,473,718 | 257,842,537 | 110.7 % |
| Restricted | 89,559,884 | 84,106,986 | - | - | 89,559,884 | 84,106,986 | 37.1 % |
| Unrestricted (deficit) | (125,547,113) | (103,386,480) | 10,174,571 | 7,105,284 | (115,372,542) | (96,281,196) | (47.7)% |
| Total Net Position | \$ 187,212,759 | \$ 193,232,231 | \$ 54,448,301 | \$ 52,436,096 | \$ 241,661,060 | \$ 245,668,327 | 100.0 % |

CITY OF SALINAS
Management's Discussion and Analysis (Unaudited) (Continued)
Fiscal Year Ended June 30, 2024

Below is a table of the current and prior fiscal year recap of the changes in net position. The entire Statement of Activities can be reviewed on pages 22-23.

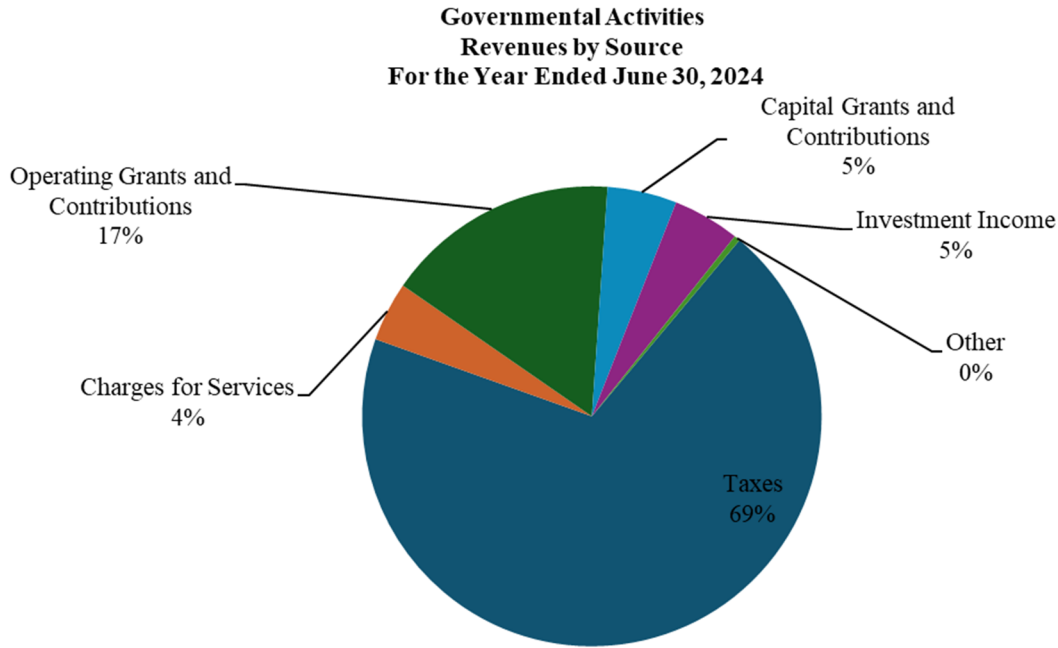
| | Governmental Activities | | Business-type Activities | | Total | |
|--|-------------------------|----------------|--------------------------|---------------|----------------|----------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 9,951,057 | \$ 12,222,052 | \$ 14,078,424 | \$ 11,454,936 | \$ 24,029,481 | \$ 23,676,988 |
| Operating Grants & Contributions | 39,160,212 | 26,805,202 | - | - | 39,160,212 | 26,805,202 |
| Capital Grants & Contributions | 11,642,670 | 10,065,411 | - | - | 11,642,670 | 10,065,411 |
| General Revenues: | | | | | | |
| Taxes | 164,923,983 | 161,520,871 | - | - | 164,923,983 | 161,520,871 |
| Unrestricted Investment Earnings | 11,203,141 | 6,345,564 | 925,646 | 503,455 | 12,128,787 | 6,849,019 |
| Gain on Disposal of Assets | 5,690 | (47,200) | (12,058) | (2,402,411) | (6,368) | (2,449,611) |
| Payment from Fiduciary Fund | - | - | 950,640 | 949,242 | 950,640 | 949,242 |
| Miscellaneous | 991,325 | 262,754 | 2,143,902 | 866,357 | 3,135,227 | 1,129,111 |
| Total Revenues | 237,878,078 | 217,174,654 | 18,086,554 | 11,371,579 | 255,964,632 | 228,546,233 |
| Expenses | | | | | | |
| General Government | 51,050,717 | 26,298,588 | 3,690,327 | 3,250,011 | 54,741,044 | 29,548,599 |
| Public Safety | 124,000,360 | 101,997,548 | - | - | 124,000,360 | 101,997,548 |
| Public Works | 45,984,671 | 43,345,510 | 11,110,167 | 11,733,626 | 57,094,838 | 55,079,136 |
| Recreation | 12,661,489 | 11,112,292 | - | - | 12,661,489 | 11,112,292 |
| Library | 6,781,311 | 6,177,286 | - | - | 6,781,311 | 6,177,286 |
| Interest | 4,063,122 | 4,371,939 | 629,735 | 671,380 | 4,692,857 | 5,043,319 |
| Total Expenses | 244,541,670 | 193,303,163 | 15,430,229 | 15,655,017 | 259,971,899 | 208,958,180 |
| Increase (decrease) in Net Position before Contributions and Transfers | (6,663,592) | 23,871,491 | 2,656,325 | (4,283,438) | (4,007,267) | 19,588,053 |
| Transfers | 644,120 | (500,615) | (644,120) | 500,615 | - | - |
| | 644,120 | (500,615) | (644,120) | 500,615 | - | - |
| Increase (decrease) in Net Position | (6,019,472) | 23,370,876 | 2,012,205 | (3,782,823) | (4,007,267) | 19,588,053 |
| Net Position - Beginning of Year | 193,232,231 | 169,861,355 | 52,436,096 | 56,218,919 | 245,668,327 | 226,080,274 |
| Net Position - Ending | \$ 187,212,759 | \$ 193,232,231 | \$ 54,448,301 | \$ 52,436,096 | \$ 241,661,060 | \$ 245,668,327 |

Total revenues increased from the prior year by \$27.4 million, or 12% and total expenses increased by \$54 million from prior year, or 25.8%. Further analysis is provided within the governmental and business-type activities sections.

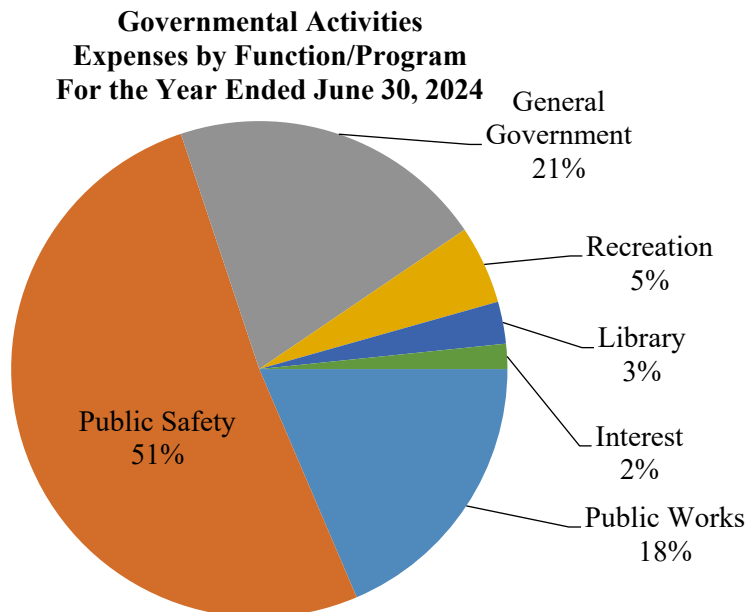
CITY OF SALINAS
Management's Discussion and Analysis (Unaudited) (Continued)
Fiscal Year Ended June 30, 2024

Governmental Activities

Governmental activities resources total \$237.9 million. The City's governmental activities decreased net position by \$9 million. The following charts highlight the sources of revenues and purpose of expenses:



Total expenses for governmental activities, excluding transfers and contributions, were \$244.5 million including interest on long-term debt of \$4.1 million.



CITY OF SALINAS
Management's Discussion and Analysis (Unaudited) (Continued)
Fiscal Year Ended June 30, 2024

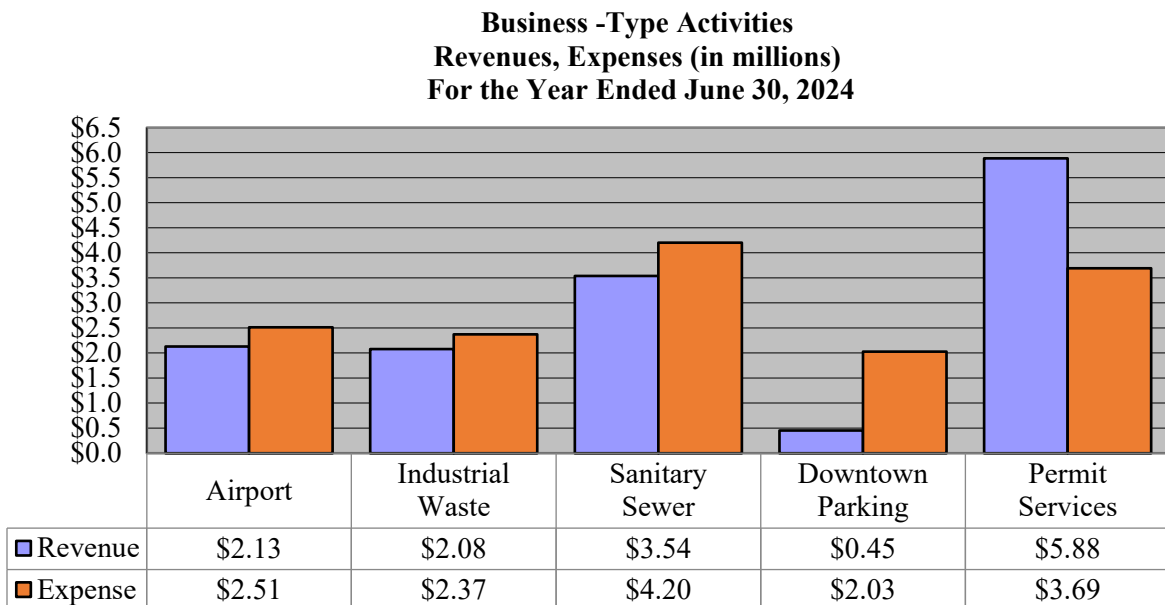
The below table represents the total cost of each of the City's governmental and business-type activities as well as each activity's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial commitment that was placed on the City's taxpayers by each of these functions.

| | Total Cost of | | Net Cost of | |
|--------------------|-----------------------|--------------|-----------------------|--------------|
| | Services | Percent | Services | Percentage |
| General government | \$ 51,050,717 | 20.9 % | \$ 17,369,526 | 9.5 % |
| Public safety | 124,000,360 | 50.7 % | 117,533,527 | 64.0 % |
| Public works | 45,984,671 | 18.8 % | 26,409,016 | 14.4 % |
| Recreation | 12,661,489 | 5.2 % | 11,985,675 | 6.5 % |
| Library | 6,781,311 | 2.8 % | 6,426,865 | 3.5 % |
| Interest | 4,063,122 | 1.7 % | 4,063,122 | 2.2 % |
| Total | <u>\$ 244,541,670</u> | <u>100 %</u> | <u>\$ 183,787,731</u> | <u>100 %</u> |

Public safety continues to be the single highest expense for the City followed by public works. Net cost of services, after subtracting fees and grant revenues, total \$186.7 million.

Business-Type Activities

The City's business-type activities net position was \$54.5 million, an increase of \$2.1 million for the fiscal year. Total revenues for business-type activities were \$14.1 million. Total expenses for the business-type activities were \$14.8 million during FY 2023-24.



CITY OF SALINAS
Management's Discussion and Analysis (Unaudited) (Continued)
Fiscal Year Ended June 30, 2024

D. FUND FINANCIAL STATEMENT ANALYSIS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on short-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$182.4 million. Of the total fund balance, \$4.2 million was nonspendable and indicates the resources are nonspendable loans, notes, land and property held for resale and are not anticipated to be liquidated in the near-term. Of the total fund balance, \$98.4 million was restricted fund balance, the use of which is constrained by external parties, resource providers, or enabling legislations. Fund balance of \$38.2 million was committed by City Council for specific purposes. The remainder of the restrictions are listed in the Fund Balance footnote.

The General Fund is the chief operating fund of the City. The General, Measure E and Measure G Funds' fund balance increased by \$9 million in FY 2023-24 to \$94.4 million, of which \$2.8 million was nonspendable and indicates the resources are nonspendable advances and are not anticipated to be liquidated in the near-term. The \$39.9 million committed fund balance is committed for capital projects and is limited to specific purposes as defined in the City Charter or through a formal budgetary action of the City Council occurring through adoption of an ordinance or resolution. Assigned fund balance totaled \$31.5 million has been allocated by the City Council for specific capital and operational needs while \$10.0 million is categorized as restricted. The remaining fund balance of \$10.2 million is unassigned.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. Factors concerning these funds have been addressed in the discussion of Government-Wide Financial Analysis.

CITY OF SALINAS
Management's Discussion and Analysis (Unaudited) (Continued)
Fiscal Year Ended June 30, 2024

E. GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended General, Measure E, and Measure G Fund revenue budget, including transfers in, totaled \$176.9 million and the expenditure budget totaled \$220.3 million including transfers out. Transfers out are budgeted mostly for capital projects and the funds are already on-hand. Transfers out to the Capital Projects Fund will occur over multiple years.

Significant Appropriations Increases/Decreases

Appropriations during the year were adjusted upward by \$33.7 million, of which \$29.1 million were related to transfers for capital projects and \$4.6 million in operational changes. Estimated revenues were increased by \$1.2 million.

F. CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

Capital Assets Including Infrastructure

The following is a summary of the City's capital assets as of June 30, 2024 and 2023:

| | Governmental Activities | | Business-type Activities | | Totals | |
|--|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Land | \$ 37,953,126 | \$ 32,983,126 | \$ 3,630,695 | \$ 3,630,695 | \$ 41,583,821 | \$ 36,613,821 |
| Buildings | 134,749,588 | 135,129,108 | 25,888,821 | 25,888,821 | 160,638,409 | 161,017,929 |
| Improvements | 50,903,966 | 50,677,352 | 15,970,700 | 15,970,700 | 66,874,666 | 66,648,052 |
| Equipment | 50,518,200 | 49,191,952 | 7,871,497 | 7,796,234 | 58,389,697 | 56,988,186 |
| Infrastructure | 434,605,116 | 422,055,987 | 102,709,198 | 102,709,198 | 537,314,314 | 524,765,185 |
| Right-to-use assets | 960,749 | 960,749 | - | - | 960,749 | 960,749 |
| Construction in Progress | 25,235,279 | 28,032,297 | 2,291,239 | 1,621,929 | 27,526,518 | 29,654,226 |
| | <u>734,926,024</u> | <u>719,030,571</u> | <u>158,362,150</u> | <u>157,617,577</u> | <u>893,288,174</u> | <u>876,648,148</u> |
| Accumulated Depreciation/Amortization | <u>(399,162,080)</u> | <u>(384,472,911)</u> | <u>(93,123,297)</u> | <u>(89,643,229)</u> | <u>(492,285,377)</u> | <u>(474,116,140)</u> |
| | <u>\$ 335,763,944</u> | <u>\$ 334,557,660</u> | <u>\$ 65,238,853</u> | <u>\$ 67,974,348</u> | <u>\$ 401,002,797</u> | <u>\$ 402,532,008</u> |

Capital assets, including infrastructure assets of the City, are those assets which are used in the performance of the City's functions. At June 30, 2024, net capital assets of the Governmental Activities totaled \$335.8 million and the net capital assets of the Business-type Activities totaled \$65.2 million. Finance Department staff maintains and updates the Capital Assets inventory by recording all assets acquired or retired at the end of every fiscal year and performs rotating spot inventories each year. The City has elected to report and depreciate all infrastructures.

Further details on the City of Salinas' capital assets can be found in Note 11 to the financial statements.

CITY OF SALINAS
Management's Discussion and Analysis (Unaudited) (Continued)
Fiscal Year Ended June 30, 2024

Long-Term Obligations

As of June 30, 2024, the City had \$441.2 million in long-term debt.

| | Governmental Activities | | Business-type Activities | | Totals | |
|------------------------------------|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Annual Leave | \$ 12,035,252 | \$ 11,945,666 | \$ 552,230 | \$ 517,316 | \$ 12,587,482 | \$ 12,462,982 |
| Insurance Claims | 37,242,708 | 31,977,619 | - | - | 37,242,708 | 31,977,619 |
| Lease and subscription liabilities | 46,818,865 | 51,685,223 | 7,788,000 | 8,413,000 | 54,606,865 | 60,098,223 |
| Loans and Notes | - | - | 518,000 | 1,015,000 | 518,000 | 1,015,000 |
| Revenue Bonds | - | - | 12,745,000 | 13,310,000 | 12,745,000 | 13,310,000 |
| Certificates of Participation | 53,720,000 | 56,590,000 | - | - | 53,720,000 | 56,590,000 |
| Assessment District Bonds | 7,110,000 | 7,715,000 | - | - | 7,110,000 | 7,715,000 |
| Unamortized Bond Premium | 5,679,241 | 6,373,471 | - | - | 5,679,241 | 6,373,471 |
| Unamortized Bond Discount | (304,519) | (317,759) | - | - | (304,519) | (317,759) |
| Subtotal | 162,301,547 | 165,969,220 | 21,603,230 | 23,255,316 | 183,904,777 | 189,224,536 |
| Net OPEB Liability | 12,171,211 | 14,555,540 | 786,950 | 974,677 | 12,958,161 | 15,530,217 |
| Net Pension Liability | 238,867,277 | 229,694,438 | 5,479,594 | 4,380,851 | 244,346,871 | 234,075,289 |
| Total outstanding debt | <u>\$ 413,340,035</u> | <u>\$ 410,219,198</u> | <u>\$ 27,869,774</u> | <u>\$ 28,610,844</u> | <u>\$ 441,209,809</u> | <u>\$ 438,830,042</u> |

Further details on the City of Salinas' long-term debt can be found in Notes 13, 16, and 18, to the financial statements.

G. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The FY 2024-25 Budget projections were based on economic trends and forecasts specific to the local economy. These estimates, informed by data from the County of Monterey Assessor's Office and the City's consultants such as Hinderlitter, de Llamas & Associates (HdL) help forecast the most impactful revenue sources, such as sales and property taxes. Expenditures are carefully reviewed by Finance Department and are incorporated into the budget with a vacancy savings factor of 5%, reflecting the City's historical trend of not fully expending predicted salaries and benefit costs.

The City continues to work towards a structurally balanced budget. However, increasing the City's financial position is significantly influenced by market interest rate fluctuations, liability payments (including pension costs), and operational and capital expenditures. Additionally, accounting standards do not account for future capital costs beyond depreciation, meaning deferred capital needs could substantially impact future financial performance. Controlling the main cost drivers of wages, pension, health insurance, and workers' compensation continues to be the key to managing future expenditure growth. Rising costs in key City operations and contracted services also pose challenges that could outpace revenue growth.

CITY OF SALINAS
Management's Discussion and Analysis (Unaudited) (Continued)
Fiscal Year Ended June 30, 2024

Despite the City balancing its budget in the coming years, maintaining this stability will require fiscal prudence and foresight to address potential future challenges.

Additionally, the position of the nation, state and local economy, and any recessionary factors, could influence future budgets. The City continues to work on the Salinas Plan and hopes to achieve savings in those recommendations that have been implemented or are in progress.

The Salinas Plan and Fiscal Sustainability

The Salinas Plan is a Ten-Year Plan designed to provide the City with a path toward maintaining a long-term balanced budget while preserving City services and addressing the affordable housing crisis. The plan provides 32 recommended initiatives. The 32 recommended initiatives are now in various stages of progress and are described in more detail in the Salinas Plan.

Major Projects and Funding

Amid challenges, the City continues deploying funds for various projects City-wide. The City appropriated \$51.6 million in American Rescue Plan Act (ARPA) funds for 19 projects in the following four areas: public facility improvements, public infrastructure, investments in water and sewer, and to address homelessness and housing issues. At June 30, 2024, the City has expended \$26.0 million and encumbered \$11.3 million of the total appropriation, leaving a balance of \$14.3 million.

H. REQUEST FOR INFORMATION

This financial report is designed to provide our residents, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Salinas Finance Department, 200 Lincoln Avenue, Salinas, California 93901.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Salinas
Statement of Net Position
June 30, 2024

| | Primary Government | | |
|---|----------------------------|-----------------------------|----------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments | \$ 227,738,627 | \$ 19,581,004 | \$ 247,319,631 |
| Receivables, net of allowance: | | | |
| Accounts receivable, net | 2,161,026 | 1,073,685 | 3,234,711 |
| Taxes receivable | 17,893,324 | - | 17,893,324 |
| Assessments receivable | 7,110,000 | - | 7,110,000 |
| Due from other agencies | 7,956,182 | - | 7,956,182 |
| Leases receivable | 539,560 | 274,125 | 813,685 |
| Interest receivable | 1,981,823 | 251,280 | 2,233,103 |
| Internal balances: | | | |
| Due from (to) other funds | 1,644,313 | (1,644,313) | - |
| Advances to (from) other funds | 2,785,000 | (2,785,000) | - |
| Total current assets | 269,809,855 | 16,750,781 | 286,560,636 |
| Noncurrent assets: | | | |
| Receivables, net of allowance: | | | |
| Loans receivable | 59,746 | - | 59,746 |
| Leases receivable | 4,378,743 | 4,502,468 | 8,881,211 |
| Land and properties held for resale | 1,380,000 | - | 1,380,000 |
| Capital assets: | | | |
| Non-depreciable/amortizable | 63,188,405 | 5,921,934 | 69,110,339 |
| Depreciable/amortizable, net | 272,575,539 | 59,316,919 | 331,892,458 |
| Total capital assets | 335,763,944 | 65,238,853 | 401,002,797 |
| Total noncurrent assets | 341,582,433 | 69,741,321 | 411,323,754 |
| Total assets | 611,392,288 | 86,492,102 | 697,884,390 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Related to pensions | 65,514,703 | 1,932,653 | 67,447,356 |
| Related to OPEB | 3,812,475 | 246,503 | 4,058,978 |
| Loss on refunding of debt | 459,631 | 85,877 | 545,508 |
| Total deferred outflows of resources | 69,786,809 | 2,265,033 | 72,051,842 |

City of Salinas
Statement of Net Position (Continued)
June 30, 2024

| | Primary Government | | |
|--|----------------------------|-----------------------------|----------------|
| | Governmental Activities | Business-Type Activities | Total |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 17,266,136 | 781,339 | 18,047,475 |
| Interest payable | 543,949 | 230,973 | 774,922 |
| Deposits payable | 53,027 | 48,216 | 101,243 |
| Unearned revenue | 41,756,548 | - | 41,756,548 |
| Long-term debt - due within one year | 8,024,919 | 1,729,000 | 9,753,919 |
| Compensated absences - due within one year | 2,407,049 | 110,445 | 2,517,494 |
| Insurance claims payable - due within one year | 8,748,167 | - | 8,748,167 |
| Total current liabilities | 78,799,795 | 2,899,973 | 81,699,768 |
| Noncurrent liabilities: | | | |
| Long-term debt - due in more than one year | 104,998,668 | 19,322,000 | 124,320,668 |
| Compensated absences - due in more than one year | 9,628,203 | 441,785 | 10,069,988 |
| Insurance claims payable - due in more than one year | 28,494,541 | - | 28,494,541 |
| Net pension liability | 238,867,277 | 5,479,594 | 244,346,871 |
| Net OPEB liability | 12,171,211 | 786,950 | 12,958,161 |
| Total noncurrent liabilities | 394,159,900 | 26,030,329 | 420,190,229 |
| Total liabilities | 472,959,695 | 28,930,302 | 501,889,997 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Related to pensions | 4,101,558 | 134,793 | 4,236,351 |
| Related to OPEB | 12,294,807 | 794,941 | 13,089,748 |
| Related to leases | 4,610,278 | 4,448,798 | 9,059,076 |
| Total deferred inflows of resources | 21,006,643 | 5,378,532 | 26,385,175 |
| NET POSITION | | | |
| Net investment in capital assets | 223,199,988 | 44,273,730 | 267,473,718 |
| Restricted for: | | | |
| Housing | 5,981,340 | - | 5,981,340 |
| Capital projects | 10,864,543 | - | 10,864,543 |
| Public safety | 2,797,063 | - | 2,797,063 |
| Highways and streets | 32,091,378 | - | 32,091,378 |
| Debt service | 2,890,088 | - | 2,890,088 |
| Special programs | 34,935,472 | - | 34,935,472 |
| Total restricted | 89,559,884 | - | 89,559,884 |
| Unrestricted (deficit) | (125,547,113) | 10,174,571 | (115,372,542) |
| Total net position | \$ 187,212,759 | \$ 54,448,301 | \$ 241,661,060 |

City of Salinas
Statement of Activities
For the Year Ended June 30, 2024

| Functions/Programs | Expenses | Program Revenues | | | Total |
|---------------------------------|-----------------------|----------------------|------------------------------------|----------------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary government: | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 48,105,622 | \$ 4,336,632 | \$ 28,068,617 | \$ 1,275,942 | \$ 33,681,191 |
| Public safety | 126,945,455 | 1,960,817 | 4,085,208 | 420,808 | 6,466,833 |
| Public works | 45,984,671 | 3,192,447 | 6,477,368 | 9,905,840 | 19,575,655 |
| Recreation | 12,661,489 | 435,453 | 200,281 | 40,080 | 675,814 |
| Library | 6,781,311 | 25,708 | 328,738 | - | 354,446 |
| Interest on long-term debt | 4,063,122 | - | - | - | - |
| Total governmental activities | 244,541,670 | 9,951,057 | 39,160,212 | 11,642,670 | 60,753,939 |
| Business-type activities: | | | | | |
| Airport | 2,511,276 | 2,129,000 | - | - | 2,129,000 |
| Industrial Waste | 2,371,161 | 2,077,267 | - | - | 2,077,267 |
| Sanitary Sewer | 4,201,439 | 3,537,796 | - | - | 3,537,796 |
| Downtown Parking District | 2,026,291 | 450,082 | - | - | 450,082 |
| Permit Services | 3,690,327 | 5,884,279 | - | - | 5,884,279 |
| Total business-type activities | 14,800,494 | 14,078,424 | - | - | 14,078,424 |
| Total primary government | \$ 259,342,164 | \$ 24,029,481 | \$ 39,160,212 | \$ 11,642,670 | \$ 74,832,363 |

City of Salinas
Statement of Activities (Continued)
For the Year Ended June 30, 2024

| Functions/Programs | Net (Expense) Revenue and Changes in Net Position | | |
|---|--|-----------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Primary government: | | | |
| Governmental activities: | | | |
| General government | \$ (14,424,431) | \$ - | \$ (14,424,431) |
| Public safety | (120,478,622) | - | (120,478,622) |
| Public works | (26,409,016) | - | (26,409,016) |
| Recreation | (11,985,675) | - | (11,985,675) |
| Library | (6,426,865) | - | (6,426,865) |
| Interest on long-term debt | (4,063,122) | (629,735) | (4,692,857) |
| Total governmental activities | (183,787,731) | (629,735) | (184,417,466) |
| Business-type activities: | | | |
| Airport | - | (382,276) | (382,276) |
| Industrial Waste | - | (293,894) | (293,894) |
| Sanitary Sewer | - | (663,643) | (663,643) |
| Downtown Parking District | - | (1,576,209) | (1,576,209) |
| Permit Services | - | 2,193,952 | 2,193,952 |
| Total business-type activities | - | (722,070) | (722,070) |
| Total primary government | (183,787,731) | (1,351,805) | (185,139,536) |
| General Revenues and Transfers: | | | |
| General revenues: | | | |
| Taxes: | | | |
| Sales taxes | 91,312,258 | - | 91,312,258 |
| Property taxes | 38,927,142 | - | 38,927,142 |
| Motor vehicle in lieu | 199,582 | - | 199,582 |
| Utility user tax | 14,050,246 | - | 14,050,246 |
| Franchise tax | 10,043,832 | - | 10,043,832 |
| Business tax | 7,481,659 | - | 7,481,659 |
| Transient occupancy tax | 2,906,219 | - | 2,906,219 |
| Other taxes | 3,045 | - | 3,045 |
| Total taxes | 164,923,983 | - | 164,923,983 |
| Revenue from Fiduciary Funds | - | 950,640 | 950,640 |
| Investment earnings | 11,203,141 | 925,646 | 12,128,787 |
| Gain (loss) on sale of capital assets | 5,690 | (12,058) | (6,368) |
| Miscellaneous revenue | 991,325 | 2,143,902 | 3,135,227 |
| Transfers | 644,120 | (644,120) | - |
| Total general revenues and transfers | 177,768,259 | 3,364,010 | 181,132,269 |
| Change in net position | (6,019,472) | 2,012,205 | (4,007,267) |
| Net Position: | | | |
| Beginning of year | 193,232,231 | 52,436,096 | 245,668,327 |
| End of year | \$ 187,212,759 | \$ 54,448,301 | \$ 241,661,060 |

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

General Fund - This fund accounts for all financial resources necessary to carry out basic governmental activities of the City that are not accounted for in another fund. This fund supports essential City services such as police and fire protection, street maintenance, libraries, parks, and open space maintenance.

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes. The following funds have been classified as major special revenue funds:

American Rescue Plan Act (ARPA) Special Revenue Fund - On March 11, 2021, President Biden signed the American Rescue Plan Act, which will provide the City with approximately \$51 million in relief funds. This fund accounts for the revenues and expenditures of ARPA proceeds.

Housing and Urban Development Grant Special Revenue Fund - This fund accounts for the use of Community Development Block Grant funds received from the federal government. Other revenues in this fund include repayments of commercial and residential loans and rental income from City property. Funds are used for programs or projects that increase affordable housing and benefit people with special needs such as senior and handicapped citizens.

CAPITAL PROJECTS FUNDS

Capital Projects Fund - This fund accounts for all capital project expenditures. Funds are transferred in from various other funds after expenditures are made. This revolving fund was established with \$2,000,000 and is used to advance capital project expenditures prior to reimbursement of Federal, State, and other construction grants and bond financing.

DEBT SERVICE FUNDS

2019 Special Tax Bond Monte Bella - This fund is used to accumulate monies for the principal and interest payments for the 2019 Special Tax Bonds to finance the acquisition and/or construction of certain public facilities and improvements within the Community Facilities District No. 2016-1 (Monte Bella) Area No. 1-3. The annual levy of special taxes on that area would be used to pay for principal and interest payments on the bonds.

City of Salinas
Balance Sheet
Governmental Funds
June 30, 2024

| | Major Funds | | | | |
|--|-----------------------|--|--|-----------------------|---|
| | General Fund | American Rescue Plan Act (ARPA) Special Revenue Fund | Housing and Urban Development Grant Special Revenue Fund | Capital Projects Fund | 2019 Special Tax Bond Monte Bella Debt Service Fund |
| ASSETS | | | | | |
| Cash and investments | \$ 89,532,506 | \$ 27,452,050 | \$ 9,878,634 | \$ 8,490,096 | \$ 936,816 |
| Receivables, net: | | | | | |
| Accounts | 1,852,265 | - | - | - | - |
| Taxes | 17,893,324 | - | - | - | - |
| Interest | 563,740 | - | 4,397 | - | - |
| Due from other agencies | 125,638 | - | 1,927,488 | - | - |
| Assessments | - | - | - | - | 7,020,000 |
| Leases | 1,365,941 | - | - | - | - |
| Due from other funds | 10,279,600 | - | - | 4,293,201 | - |
| Advances to other funds | 2,785,000 | - | - | - | - |
| Loans and notes receivable, net of allowance | - | - | 43,175 | - | - |
| Land and properties held for resale | - | - | - | - | - |
| Total assets | \$ 124,398,014 | \$ 27,452,050 | \$ 11,853,694 | \$ 12,783,297 | \$ 7,956,816 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 9,639,488 | \$ 1,885,238 | \$ 554,423 | \$ 4,293,202 | \$ 3,563 |
| Due to other funds | 19,037,328 | - | 2,199,922 | - | - |
| Deposits payable | 53,027 | - | - | - | - |
| Unearned revenues | - | 25,566,812 | 8,223,567 | - | 7,020,000 |
| Total liabilities | 28,729,843 | 27,452,050 | 10,977,912 | 4,293,202 | 7,023,563 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue | - | - | 932,557 | - | - |
| Lease-related deferred inflows | 1,306,482 | - | - | - | - |
| Total deferred inflows of resources | 1,306,482 | - | 932,557 | - | - |
| Fund Balances (Deficit): | | | | | |
| Nonspendable | 2,785,000 | - | 43,175 | - | - |
| Restricted | 10,000,000 | - | - | - | 933,253 |
| Committed | 39,909,826 | - | - | 8,490,095 | - |
| Assigned | 31,490,364 | - | - | - | - |
| Unassigned (deficit) | 10,176,499 | - | (99,950) | - | - |
| Total fund balances (deficit) | 94,361,689 | - | (56,775) | 8,490,095 | 933,253 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 124,398,014 | \$ 27,452,050 | \$ 11,853,694 | \$ 12,783,297 | \$ 7,956,816 |

City of Salinas
Balance Sheet (Continued)
Governmental Funds
June 30, 2024

| | Nonmajor Governmental Funds | Total Governmental Funds |
|--|-----------------------------------|--------------------------------|
| ASSETS | | |
| Cash and investments | \$ 81,757,285 | \$ 218,047,387 |
| Receivables, net: | | |
| Accounts | 308,761 | 2,161,026 |
| Taxes | - | 17,893,324 |
| Interest | 1,386,137 | 1,954,274 |
| Due from other agencies | 5,903,056 | 7,956,182 |
| Assessments | 90,000 | 7,110,000 |
| Leases | 3,552,362 | 4,918,303 |
| Due from other funds | - | 14,572,801 |
| Advances to other funds | - | 2,785,000 |
| Loans and notes receivable, net of allowance | 16,571 | 59,746 |
| Land and properties held for resale | 1,380,000 | 1,380,000 |
| Total assets | \$ 94,394,172 | \$ 278,838,043 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts payable | \$ 434,846 | \$ 16,810,760 |
| Due to other funds | 8,522,700 | 29,759,950 |
| Deposits payable | - | 53,027 |
| Unearned revenues | 946,169 | 41,756,548 |
| Total liabilities | 9,903,715 | 88,380,285 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable revenue | 2,463,610 | 3,396,167 |
| Lease-related deferred inflows | 3,303,796 | 4,610,278 |
| Total deferred inflows of resources | 5,767,406 | 8,006,445 |
| Fund Balances (Deficit): | | |
| Nonspendable | 1,396,571 | 4,224,746 |
| Restricted | 87,481,987 | 98,415,240 |
| Committed | 141,985 | 48,541,906 |
| Assigned | - | 31,490,364 |
| Unassigned (deficit) | (10,297,492) | (220,943) |
| Total fund balances (deficit) | 78,723,051 | 182,451,313 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 94,394,172 | \$ 278,838,043 |

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City of Salinas
Reconciliation of the Governmental Funds Balance Sheet
To the Government-Wide Statement of Net Position
June 30, 2024

| | |
|---|-----------------------|
| Total Fund Balances - Total Governmental Funds | \$ 182,451,313 |
|---|-----------------------|

Amounts reported for Governmental Activities in the Statement of Net Position were different because:

Capital assets used in the governmental activities were not financial resources and therefore were not reported in the Governmental Funds Balance Sheet.

| | |
|------------------------------|-------------|
| Non-depreciable/amortizable | 63,188,405 |
| Depreciable/amortizable, net | 272,575,539 |
| Total capital assets | 335,763,944 |

| | |
|---|-----------|
| Deferred inflows resulting from revenues that are not available to pay for current period expenditures are reported as unavailable in the Governmental Funds Balance Sheet. | 3,396,167 |
| | 3,396,167 |

Long-term liabilities are not due and payable in the current period and therefore were not reported in the Governmental Funds Balance Sheet.

| | |
|--|---------------|
| Compensated absences - due within one year, net of \$35,105 reported in the Internal Service Funds | (2,371,944) |
| Compensated absences - due in more than one year, net of \$140,418 reported in the Internal Service Funds | (9,487,785) |
| Insurance claims payable - due in more than one year, net of \$35,977,633 reported in the Internal Service Funds | (1,265,075) |
| Long-term debt - due within one year | (8,024,919) |
| Long-term debt - due in more than one year | (104,998,668) |
| Total long-term liabilities | (126,148,391) |

Governmental funds report the effects of debt refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities for the following:

| | |
|------------------------------------|---------|
| Deferred loss on refunding of debt | 459,631 |
| Total | 459,631 |

| | |
|--|-----------|
| Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the governmental funds. | (543,949) |
| | (543,949) |

Net pension liability and total OPEB liability used in the governmental activities were not financial resources and therefore were not reported in the Governmental Funds Balance Sheet.

| | |
|--|---------------|
| Net pension liability, net of \$1,826,395 reported in the Internal Service Funds | (237,040,882) |
| Net OPEB liability, net of \$266,549 reported in the Internal Service Funds | (11,904,662) |
| Total net pension liability and net OPEB liability | (248,945,544) |

Deferred outflows of resources related to OPEB and pensions are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.

| | |
|---|------------|
| Deferred outflows of resources related to pensions, net of \$644,169 reported in the Internal Service Funds | 64,870,534 |
| Deferred outflows of resources related to OPEB, net of \$83,493 reported in the Internal Service Funds | 3,728,982 |
| Total deferred outflows of resources | 68,599,516 |

Deferred inflows of resources related to OPEB and pensions are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds.

| | |
|---|--------------|
| Deferred inflows of resources related to pensions, net of \$44,927 reported in the Internal Service Funds | (4,056,631) |
| Deferred inflows of resources related to OPEB, net of \$269,257 reported in the Internal Service Funds | (12,025,550) |
| Total deferred inflows of resources | (16,082,181) |

| | |
|--|--------------|
| Internal service funds are used by management to charge the cost of information technology, vehicle replacement, fleet management and infrastructure to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. | (11,737,747) |
| | (11,737,747) |

| | |
|--|-----------------------|
| Net Position of Governmental Activities | \$ 187,212,759 |
| | \$ 187,212,759 |

City of Salinas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

| | Major Funds | | | | |
|---|----------------------|--|--|-----------------------|---|
| | General Fund | American Rescue Plan Act (ARPA) Special Revenue Fund | Housing and Urban Development Grant Special Revenue Fund | Capital Projects Fund | 2019 Special Tax Bond Monte Bella Debt Service Fund |
| REVENUES: | | | | | |
| Taxes | \$ 153,358,523 | \$ - | \$ - | \$ - | \$ - |
| Taxes - special assessments | - | - | - | - | 502,376 |
| Licenses and permits | 11,128,716 | - | - | - | - |
| Intergovernmental | 1,334,064 | 16,616,053 | 10,401,835 | - | - |
| Charges for services | 4,907,765 | - | - | - | - |
| Investment income (loss) | 6,118,498 | - | 72,109 | - | 18,972 |
| Rental income | 504,533 | - | - | - | - |
| Fines and forfeitures | 298,460 | - | - | - | - |
| Miscellaneous | 1,134,412 | - | 290,938 | - | - |
| Total revenues | 178,784,971 | 16,616,053 | 10,764,882 | - | 521,348 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | 25,194,416 | 5,045,610 | 8,980,249 | 2,977,863 | 21,375 |
| Public safety | 89,058,716 | 178,712 | 23,038 | 68,796 | - |
| Public works | 14,580,082 | 2,924,499 | 81,713 | 6,759,161 | - |
| Recreation | 8,025,592 | 172,359 | 50,000 | 1,001,042 | - |
| Library | 5,347,594 | - | - | 619 | - |
| Capital outlay | 761,438 | 8,294,873 | 1,005,291 | 21,309,732 | - |
| Debt service: | | | | | |
| Principal | 1,078,740 | - | - | 771,116 | 155,000 |
| Interest and fiscal charges | 197,764 | - | - | 44,085 | 307,569 |
| Total expenditures | 144,244,342 | 16,616,053 | 10,140,291 | 32,932,414 | 483,944 |
| REVENUES OVER (UNDER) EXPENDITURES | 34,540,629 | - | 624,591 | (32,932,414) | 37,404 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | 2,835,335 | - | - | 30,422,509 | - |
| Transfers out | (28,373,037) | - | (1,076,979) | - | - |
| Total other financing sources (uses) | (25,537,702) | - | (1,076,979) | 30,422,509 | - |
| NET CHANGE IN FUND BALANCES | 9,002,927 | - | (452,388) | (2,509,905) | 37,404 |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of year, as previously reported | 85,358,762 | - | 395,613 | 2,000,000 | 895,849 |
| Restatement (Note 23) | - | - | - | 9,000,000 | - |
| Beginning of year, as restated | 85,358,762 | - | 395,613 | 11,000,000 | 895,849 |
| End of year | <u>\$ 94,361,689</u> | <u>\$ -</u> | <u>\$ (56,775)</u> | <u>\$ 8,490,095</u> | <u>\$ 933,253</u> |

City of Salinas
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2024

| | Nonmajor Governmental Funds | Total Governmental Funds |
|---|-----------------------------------|--------------------------------|
| REVENUES: | | |
| Taxes | \$ 612,629 | \$ 153,971,152 |
| Taxes - special assessments | 276 | 502,652 |
| Licenses and permits | 180,870 | 11,309,586 |
| Intergovernmental | 21,032,063 | 49,384,015 |
| Charges for services | 1,142,612 | 6,050,377 |
| Investment income (loss) | 3,673,777 | 9,883,356 |
| Rental income | 307,497 | 812,030 |
| Fines and forfeitures | 413,135 | 711,595 |
| Miscellaneous | 2,040,293 | 3,465,643 |
| Total revenues | 29,403,152 | 236,090,406 |
| EXPENDITURES: | | |
| Current: | | |
| General government | 1,021,486 | 43,240,999 |
| Public safety | 3,888,889 | 93,218,151 |
| Public works | 1,614,111 | 25,959,566 |
| Recreation | 1,008,962 | 10,257,955 |
| Library | 307,670 | 5,655,883 |
| Capital outlay | 316,783 | 31,688,117 |
| Debt service: | | |
| Principal | 6,336,502 | 8,341,358 |
| Interest and fiscal charges | 4,224,603 | 4,774,021 |
| Total expenditures | 18,719,006 | 223,136,050 |
| REVENUES OVER (UNDER) EXPENDITURES | 10,684,146 | 12,954,356 |
| OTHER FINANCING SOURCES (USES): | | |
| Transfers in | 11,954,292 | 45,212,136 |
| Transfers out | (21,478,000) | (50,928,016) |
| Total other financing sources (uses) | (9,523,708) | (5,715,880) |
| NET CHANGE IN FUND BALANCES | 1,160,438 | 7,238,476 |
| FUND BALANCES (DEFICIT): | | |
| Beginning of year, as previously reported | 77,562,613 | 166,212,837 |
| Restatement (Note 23) | - | 9,000,000 |
| Beginning of year, as restated | 77,562,613 | 175,212,837 |
| End of year | \$ 78,723,051 | \$ 182,451,313 |

City of Salinas
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Government-Wide
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds \$ 7,238,476

Amounts reported for Governmental Activities in the Statement of Net Position were different because:

Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Position the cost of those assets was allocated over their estimated useful lives as depreciation expenses. This is the amount of capital assets recorded in the current period. 17,511,351

Depreciation and amortization expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the Governmental Funds. (16,310,757)

Retirement of capital assets created a loss on the Government-Wide Statement of Activities and Changes in Net Position. 5,690

Repayment of long-term liabilities was an expenditures in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.

Principal payment of long-term debt 8,341,358

Amortization of bond premium 680,990

Amortization of deferred amount on refunding was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. (27,037)

Interest expense on long-term debt was reported in the Government-Wide Statement of Activities, but it did not require the use of current financial resources. This amount represented the changes in accrued interest from prior year. 56,946

Compensated absences expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (60,305)

Claims payable expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (63,467)

Revenues in the Government-Wide Statement of Activities that do not provide current financial resources and are not reported as revenue in the governmental funds. 1,397,162

Certain pension credits reported in the Government-Wide Statement of Activities do not provide current financial resources and therefore, are not reported as expenditures in governmental funds. (16,669,804)

Certain OPEB expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. 636,203

The internal service funds are used by management to charge the costs of fleet maintenance, facilities maintenance, and technology to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. (8,756,278)

Change in Net Position of Governmental Activities \$ (6,019,472)

PROPRIETARY FUNDS FINANCIAL STATEMENTS

Proprietary Funds are used to account for a government's business-type activities (activities supported, at least in part, by fees or charges). Proprietary funds are segregated into Enterprise Funds and Internal Service Funds. Enterprise Funds are used to report business-type activities for which a fee is charged to external users for goods or services. Internal Service Funds on the other hand, are used primarily for services provided to internal users.

The City reports the following enterprise funds:

Airport Fund - This fund is used to account for the enterprise operations of the City-owned airport.

Industrial Waste Fund - This fund is used to account for the enterprise operations of the City-operated Industrial Wastewater Treatment Facility.

Sanitary Sewer Fund - This fund is used to account for the maintenance of the City's sanitary sewer collection system, which is funded by user fees and by the Monterey Regional Water Pollution Control Agency sewer user fees.

Downtown Parking District Fund - This fund was established to account for revenues, operating expenses and debt service associated with the City's parking facilities. The City's paid parking facilities include the Monterey Street Parking Structure, the Salinas Street Garage and four parking lots.

Permit Services Fund - This fund is used to account for the revenues and expenditures associated with providing permitting services to the community.

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

City of Salinas
Statement of Net Position
Proprietary Funds
June 30, 2024

| | Major Enterprise Funds | | | |
|--|------------------------|----------------------|----------------------|---------------------------------|
| | Airport | Industrial Waste | Sanitary Sewer | Downtown Parking District |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 2,766,867 | \$ 9,288,494 | \$ 757,255 | \$ 552,630 |
| Receivables, net: | | | | |
| Accounts | 289,063 | - | 619,349 | 165,273 |
| Accrued interest | 201,746 | 31,408 | 2,243 | - |
| Excess insurance receivable | - | - | - | - |
| Leases receivable | 274,125 | - | - | - |
| Prepaid bond insurance | - | - | - | - |
| Due from other funds | - | - | - | - |
| Total current assets | <u>3,531,801</u> | <u>9,319,902</u> | <u>1,378,847</u> | <u>717,903</u> |
| Noncurrent assets: | | | | |
| Restricted cash and investments | - | - | - | - |
| Leases receivable, long term | 4,502,468 | - | - | - |
| Capital assets: | | | | |
| Non-depreciable | 2,273,017 | 2,682,882 | 959,335 | 6,700 |
| Depreciable, net | <u>12,871,169</u> | <u>12,461,262</u> | <u>27,778,733</u> | <u>6,120,032</u> |
| Total capital assets | <u>15,144,186</u> | <u>15,144,144</u> | <u>28,738,068</u> | <u>6,126,732</u> |
| Total noncurrent assets | <u>19,646,654</u> | <u>15,144,144</u> | <u>28,738,068</u> | <u>6,126,732</u> |
| Total assets | <u>23,178,455</u> | <u>24,464,046</u> | <u>30,116,915</u> | <u>6,844,635</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Related to pensions | 276,135 | 230,040 | 598,219 | - |
| Related to OPEB | 31,214 | 31,579 | 83,940 | 2,557 |
| Loss on refunding of debt | - | - | - | 85,877 |
| Total deferred outflows of resources | <u>307,349</u> | <u>261,619</u> | <u>682,159</u> | <u>88,434</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 81,204 | 195,722 | 128,467 | 122,857 |
| Interest payable | - | 6,084 | 121,948 | 102,941 |
| Due to other funds | - | 84,772 | 45,371 | 1,512,247 |
| Deposits payable | 48,216 | - | - | - |
| Compensated absences - due within one year | 11,955 | 16,916 | 32,044 | 2,576 |
| Long-term debt - due within one year | - | 518,000 | 565,000 | 646,000 |
| Total current liabilities | <u>141,375</u> | <u>821,494</u> | <u>892,830</u> | <u>2,386,621</u> |
| Noncurrent liabilities: | | | | |
| Advances from other funds | - | - | - | 2,785,000 |
| Compensated absences - due in more than one year | 47,819 | 67,666 | 128,176 | 10,306 |
| Long term debt - due in more than one year | - | - | 12,180,000 | 7,142,000 |
| Insurance claims payable - due in more than one year | - | - | - | - |
| Net pension liability | 782,917 | 652,225 | 1,696,114 | - |
| Net OPEB liability | <u>99,648</u> | <u>100,814</u> | <u>267,975</u> | <u>8,165</u> |
| Total noncurrent liabilities | <u>930,384</u> | <u>820,705</u> | <u>14,272,265</u> | <u>9,945,471</u> |
| Total liabilities | <u>1,071,759</u> | <u>1,642,199</u> | <u>15,165,095</u> | <u>12,332,092</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Related to pensions | 19,259 | 16,044 | 41,723 | - |
| Related to OPEB | 100,660 | 101,838 | 270,696 | 8,248 |
| Related to leases | <u>4,448,798</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total deferred inflows of resources | <u>4,568,717</u> | <u>117,882</u> | <u>312,419</u> | <u>8,248</u> |
| NET POSITION (DEFICIT) | | | | |
| Net investment in capital assets | 15,144,186 | 14,626,144 | 15,993,068 | (1,575,391) |
| Unrestricted (deficit) | <u>2,701,142</u> | <u>8,339,440</u> | <u>(671,508)</u> | <u>(3,831,880)</u> |
| Total net position (deficit) | <u>\$ 17,845,328</u> | <u>\$ 22,965,584</u> | <u>\$ 15,321,560</u> | <u>\$ (5,407,271)</u> |

See accompanying Notes to the Basic Financial Statements.

City of Salinas
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2024

| | Non-Major Permit Services | Total | Governmental Activities Internal Service Funds |
|--|---------------------------------|----------------------|---|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 6,215,758 | \$ 19,581,004 | \$ 9,691,240 |
| Receivables, net: | | | |
| Accounts | - | 1,073,685 | - |
| Accrued interest | 15,883 | 251,280 | 27,549 |
| Excess insurance receivable | - | - | - |
| Leases receivable | - | 274,125 | - |
| Prepaid bond insurance | - | - | - |
| Due from other funds | - | - | 16,831,462 |
| Total current assets | <u>6,231,641</u> | <u>21,180,094</u> | <u>26,550,251</u> |
| Noncurrent assets: | | | |
| Restricted cash and investments | - | - | - |
| Leases receivable, long term | - | 4,502,468 | - |
| Capital assets: | | | |
| Non-depreciable | - | 5,921,934 | - |
| Depreciable, net | 85,723 | 59,316,919 | - |
| Total capital assets | <u>85,723</u> | <u>65,238,853</u> | <u>-</u> |
| Total noncurrent assets | <u>85,723</u> | <u>69,741,321</u> | <u>-</u> |
| Total assets | <u>6,317,364</u> | <u>90,921,415</u> | <u>26,550,251</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Related to pensions | 828,259 | 1,932,653 | 644,169 |
| Related to OPEB | 97,213 | 246,503 | 83,493 |
| Loss on refunding of debt | - | 85,877 | - |
| Total deferred outflows of resources | <u>925,472</u> | <u>2,265,033</u> | <u>727,662</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 253,089 | 781,339 | 455,376 |
| Interest payable | - | 230,973 | - |
| Due to other funds | 1,923 | 1,644,313 | - |
| Deposits payable | - | 48,216 | - |
| Compensated absences - due within one year | 46,954 | 110,445 | 35,105 |
| Long-term debt - due within one year | - | 1,729,000 | - |
| Total current liabilities | <u>301,966</u> | <u>4,544,286</u> | <u>9,238,648</u> |
| Noncurrent liabilities: | | | |
| Advances from other funds | - | 2,785,000 | - |
| Compensated absences - due in more than one year | 187,818 | 441,785 | 140,418 |
| Long term debt - due in more than one year | - | 19,322,000 | - |
| Insurance claims payable - due in more than one year | - | - | 27,229,466 |
| Net pension liability | 2,348,338 | 5,479,594 | 1,826,395 |
| Net OPEB liability | 310,348 | 786,950 | 266,549 |
| Total noncurrent liabilities | <u>2,846,504</u> | <u>28,815,329</u> | <u>29,462,828</u> |
| Total liabilities | <u>3,148,470</u> | <u>33,359,615</u> | <u>38,701,476</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Related to pensions | 57,767 | 134,793 | 44,927 |
| Related to OPEB | 313,499 | 794,941 | 269,257 |
| Related to leases | - | 4,448,798 | - |
| Total deferred inflows of resources | <u>371,266</u> | <u>5,378,532</u> | <u>314,184</u> |
| NET POSITION (DEFICIT) | | | |
| Net investment in capital assets | 85,723 | 44,273,730 | - |
| Unrestricted (deficit) | 3,637,377 | 10,174,571 | (11,737,747) |
| Total net position (deficit) | <u>\$ 3,723,100</u> | <u>\$ 54,448,301</u> | <u>\$ (11,737,747)</u> |

See accompanying Notes to the Basic Financial Statements.

City of Salinas
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2024

| | Major Funds | | | |
|---|----------------------|----------------------|----------------------|---------------------------------|
| | Airport | Industrial Waste | Sanitary Sewer | Downtown Parking District |
| OPERATING REVENUES: | | | | |
| Fees | \$ 143,233 | \$ 2,077,267 | \$ 3,537,796 | \$ - |
| Licenses and permits | - | - | - | 450,082 |
| Rental income | 1,985,767 | - | - | - |
| Total operating revenues | 2,129,000 | 2,077,267 | 3,537,796 | 450,082 |
| OPERATING EXPENSES: | | | | |
| Personnel services | 948,768 | 997,118 | 2,040,603 | 72,830 |
| Administration | 50,000 | 50,000 | 100,000 | 100,787 |
| Contractual services | 385,076 | 675,152 | 377,390 | 1,234,574 |
| Supplies | 138,009 | 87,453 | 166,959 | 7,612 |
| Insurance | 21,366 | 32,389 | 55,138 | 11,541 |
| Insurance claims | - | - | - | - |
| Depreciation | 955,744 | 493,957 | 1,439,016 | 562,622 |
| Other | 12,313 | 35,092 | 22,333 | 36,325 |
| Total operating expenses | 2,511,276 | 2,371,161 | 4,201,439 | 2,026,291 |
| OPERATING INCOME | (382,276) | (293,894) | (663,643) | (1,576,209) |
| NONOPERATING REVENUES (EXPENSES): | | | | |
| Investment income (loss) | 378,256 | 375,000 | 19,893 | - |
| Interest expense | - | (16,001) | (296,355) | (317,379) |
| Other nonoperating revenues (expenses) | 323,454 | 508,735 | (2,176) | 909,209 |
| Total nonoperating revenues (expenses) | 701,710 | 867,734 | (278,638) | 579,772 |
| INCOME (LOSS) BEFORE TRANSFERS | 319,434 | 573,840 | (942,281) | (996,437) |
| TRANSFERS: | | | | |
| Transfers in | - | 1,078,834 | - | 393,000 |
| Transfers out | (120,522) | (1,168,573) | (501,271) | (33,808) |
| Transfers from fiduciary funds | - | - | - | 950,640 |
| Total transfers | (120,522) | (89,739) | (501,271) | 1,309,832 |
| Changes in net position | 198,912 | 484,101 | (1,443,552) | 313,395 |
| NET POSITION (DEFICIT): | | | | |
| Beginning of year, as originally reported | 17,646,416 | 22,481,483 | 16,765,112 | (5,720,666) |
| Restatement (Note 23) | - | - | - | - |
| Beginning of year, as restated | 17,646,416 | 22,481,483 | 16,765,112 | (5,720,666) |
| End of year | <u>\$ 17,845,328</u> | <u>\$ 22,965,584</u> | <u>\$ 15,321,560</u> | <u>\$ (5,407,271)</u> |

City of Salinas
Statement of Revenues, Expenses, and Changes in Fund Net Position (Continued)
Proprietary Funds
For the Year Ended June 30, 2024

| | Non-Major Permit Services | Total | Governmental Activities Internal Service Funds |
|---|---------------------------------|----------------------|---|
| OPERATING REVENUES: | | | |
| Fees | \$ 4,246,126 | \$ 10,004,422 | \$ 6,500,476 |
| Licenses and permits | 1,638,153 | 2,088,235 | - |
| Rental income | - | 1,985,767 | - |
| Total operating revenues | <u>5,884,279</u> | <u>14,078,424</u> | <u>6,500,476</u> |
| OPERATING EXPENSES: | | | |
| Personnel services | 2,734,890 | 6,794,209 | 2,668,352 |
| Administration | 56,653 | 357,440 | - |
| Contractual services | 725,405 | 3,397,597 | 137,217 |
| Supplies | 24,020 | 424,053 | 894,681 |
| Insurance | 114,376 | 234,810 | 5,711,253 |
| Insurance claims | - | - | 12,097,093 |
| Depreciation | 28,729 | 3,480,068 | - |
| Other | 6,254 | 112,317 | 187,807 |
| Total operating expenses | <u>3,690,327</u> | <u>14,800,494</u> | <u>21,696,403</u> |
| OPERATING INCOME | <u>2,193,952</u> | <u>(722,070)</u> | <u>(15,195,927)</u> |
| NONOPERATING REVENUES (EXPENSES): | | | |
| Investment income (loss) | 152,497 | 925,646 | 384,820 |
| Interest expense | - | (629,735) | - |
| Other nonoperating revenues (expenses) | 404,680 | 2,143,902 | (305,171) |
| Total nonoperating revenues (expenses) | <u>557,177</u> | <u>2,427,755</u> | <u>79,649</u> |
| INCOME (LOSS) BEFORE TRANSFERS | <u>2,751,129</u> | <u>1,705,685</u> | <u>(15,116,278)</u> |
| TRANSFERS: | | | |
| Transfers in | - | 1,471,834 | 8,610,000 |
| Transfers out | (291,780) | (2,115,954) | (2,250,000) |
| Transfers from fiduciary funds | - | 950,640 | - |
| Total transfers | <u>(291,780)</u> | <u>306,520</u> | <u>6,360,000</u> |
| Changes in net position | 2,459,349 | 2,012,205 | (8,756,278) |
| NET POSITION (DEFICIT): | | | |
| Beginning of year, as originally reported | 1,263,751 | 52,436,096 | 6,018,531 |
| Restatement (Note 23) | - | - | (9,000,000) |
| Beginning of year, as restated | 1,263,751 | 52,436,096 | (2,981,469) |
| End of year | <u>\$ 3,723,100</u> | <u>\$ 54,448,301</u> | <u>\$ (11,737,747)</u> |

City of Salinas
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

| | Major Funds | | | |
|--|---------------------|---------------------|-------------------|---------------------------------|
| | Airport | Industrial Waste | Sanitary Sewer | Downtown Parking District |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Receipts from customers and users | \$ 2,062,501 | \$ 2,338,383 | \$ 3,685,566 | \$ 557,521 |
| Payments to suppliers | (588,689) | (1,326,562) | (700,306) | (1,418,624) |
| Payments to employees for services | (939,752) | (769,873) | (1,902,661) | (74,969) |
| Payments to claimants | - | - | - | - |
| Other | (12,313) | (35,092) | (22,333) | (36,325) |
| Net cash provided (used) by operating activities | 521,747 | 206,856 | 1,060,266 | (972,397) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| Borrowing from other funds | - | - | 11,595 | - |
| Repayment to other funds | (28,535) | (58,622) | - | (281,370) |
| Other | 323,454 | 508,735 | (2,176) | 909,209 |
| Transfers from other funds | - | 1,078,834 | - | 1,343,640 |
| Transfers to other funds | (120,522) | (1,168,573) | (501,271) | (33,808) |
| Net cash provided by (used in) noncapital financing activities | 174,397 | 360,374 | (491,852) | 1,937,671 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Acquisition of capital assets | (363,418) | (384,626) | - | - |
| Proceeds from the sale of assets | - | - | - | 3,471 |
| Payment on capital debt and loans payable | - | (497,000) | (565,000) | (625,000) |
| Interest paid on capital debt and borrowings | - | (21,721) | (297,533) | (329,111) |
| Net cash (used in) capital and related financing activities | (363,418) | (903,347) | (862,533) | (950,640) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Investment income (loss) | 210,495 | 411,612 | 25,642 | - |
| Activity from leases | (96,316) | - | - | - |
| Net cash provided by investing activities | 114,179 | 411,612 | 25,642 | - |
| Net change in cash and cash equivalents | 446,905 | 75,495 | (268,477) | 14,634 |
| CASH AND CASH EQUIVALENTS: | | | | |
| Beginning of year | 2,319,962 | 9,212,999 | 1,025,732 | 537,996 |
| End of year | <u>\$ 2,766,867</u> | <u>\$ 9,288,494</u> | <u>\$ 757,255</u> | <u>\$ 552,630</u> |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION: | | | | |
| Cash and cash investments | \$ 2,766,867 | \$ 9,288,494 | \$ 757,255 | \$ 552,630 |
| Total cash and cash equivalents | <u>\$ 2,766,867</u> | <u>\$ 9,288,494</u> | <u>\$ 757,255</u> | <u>\$ 552,630</u> |

City of Salinas
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2024

| | Non-Major Permit Services | Total | Governmental Activities Internal Service Funds |
|--|---------------------------------|----------------------|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Receipts from customers and users | \$ 5,884,781 | \$ 14,528,752 | \$ 6,500,476 |
| Payments to suppliers | (782,344) | (4,816,525) | (2,426,901) |
| Payments to employees for services | (2,247,975) | (5,935,230) | (2,318,103) |
| Payments to claimants | - | - | (10,973,058) |
| Other | (6,254) | (112,317) | (187,807) |
| Net cash provided (used) by operating activities | 2,848,208 | 3,664,680 | (9,405,393) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | |
| Borrowing from other funds | - | 11,595 | - |
| Repayment to other funds | (1,377) | (369,904) | (781,837) |
| Other | 404,680 | 2,143,902 | (305,171) |
| Transfers from other funds | - | 2,422,474 | 8,610,000 |
| Transfers to other funds | (291,780) | (2,115,954) | (2,250,000) |
| Net cash provided by (used in) noncapital financing activities | 111,523 | 2,092,113 | 5,272,992 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Acquisition of capital assets | - | (748,044) | - |
| Proceeds from the sale of assets | - | 3,471 | - |
| Payment on capital debt and loans payable | - | (1,687,000) | - |
| Interest paid on capital debt and borrowings | - | (648,365) | - |
| Net cash (used in) capital and related financing activities | - | (3,079,938) | - |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Investment income (loss) | 159,525 | 807,274 | 422,627 |
| Activity from leases | - | (96,316) | - |
| Net cash provided by investing activities | 159,525 | 710,958 | 422,627 |
| Net change in cash and cash equivalents | 3,119,256 | 3,387,813 | (3,709,774) |
| CASH AND CASH EQUIVALENTS: | | | |
| Beginning of year | 3,096,502 | 16,193,191 | 22,401,014 |
| End of year | <u>\$ 6,215,758</u> | <u>\$ 19,581,004</u> | <u>\$ 18,691,240</u> |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION: | | | |
| Cash and cash investments | \$ 6,215,758 | \$ 19,581,004 | \$ 9,691,240 |
| Total cash and cash equivalents | <u>\$ 6,215,758</u> | <u>\$ 19,581,004</u> | <u>\$ 9,691,240</u> |

City of Salinas
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2024

| | Major Funds | | | |
|---|-------------------|---------------------|---------------------|---------------------------------|
| | Airport | Industrial Waste | Sanitary Sewer | Downtown Parking District |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: | | | | |
| Operating income | \$ (382,276) | \$ (293,894) | \$ (663,643) | \$ (1,576,209) |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities: | | | | |
| Depreciation/amortization | 955,744 | 493,957 | 1,439,016 | 562,622 |
| Changes in operating assets and liabilities, and deferred outflows and inflows of resources: | | | | |
| Accounts receivable, net | (60,160) | 261,116 | 147,770 | 107,439 |
| Deferred outflows - related to pensions | 21,321 | (81,235) | 46,347 | - |
| Deferred outflows - related to OPEB | 10,638 | 9,753 | 24,354 | 1,915 |
| Accounts payable | 5,762 | (481,568) | (819) | (64,110) |
| Deposits payable | (6,339) | - | - | - |
| Insurance claims payable | - | - | - | - |
| Compensated absences | (42,057) | 29,181 | 16,087 | 3,525 |
| Net pension liability | 52,901 | 287,028 | 114,224 | - |
| Net OPEB liability | (25,370) | (22,651) | (55,519) | (5,192) |
| Deferred inflows - related to pensions | (9,529) | 1,643 | (20,658) | - |
| Deferred inflows - related to OPEB | 1,112 | 3,526 | 13,107 | (2,387) |
| Total adjustments | 904,023 | 500,750 | 1,723,909 | 603,812 |
| Net cash provided by (used in) operating activities | \$ 521,747 | \$ 206,856 | \$ 1,060,266 | \$ (972,397) |

City of Salinas
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2024

| | Non-Major Permit Services | Total | Governmental Activities Internal Service Funds |
|---|---------------------------------|---------------------|---|
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: | | | |
| Operating income | \$ 2,193,952 | \$ (722,070) | \$ (15,195,927) |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities: | | | |
| Depreciation/amortization | 28,729 | 3,480,068 | - |
| Changes in operating assets and liabilities, and deferred outflows and inflows of resources: | | | |
| Accounts receivable, net | 502 | 456,667 | - |
| Deferred outflows - related to pensions | (134,040) | (147,607) | (49,102) |
| Deferred outflows - related to OPEB | 33,125 | 79,785 | 16,275 |
| Accounts payable | 138,110 | (402,625) | 238,663 |
| Deposits payable | - | (6,339) | - |
| Insurance claims payable | - | - | 5,201,622 |
| Compensated absences | 28,178 | 34,914 | 29,281 |
| Net pension liability | 644,590 | 1,098,743 | 365,985 |
| Net OPEB liability | (78,995) | (187,727) | (31,476) |
| Deferred inflows - related to pensions | (9,420) | (37,964) | (12,663) |
| Deferred inflows - related to OPEB | 3,477 | 18,835 | 31,949 |
| Total adjustments | 654,256 | 4,386,750 | 5,790,534 |
| Net cash provided by (used in) operating activities | \$ 2,848,208 | \$ 3,664,680 | \$ (9,405,393) |

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Fiduciary Funds Financial Statements

Fiduciary Funds are used to account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. The City maintains the following Fiduciary Funds:

PRIVATE PURPOSE TRUST FUNDS

These funds are used to account for any trust arrangement not properly reported in a pension trust fund under which principal and income benefit individuals, private organizations, or other governments. This fund also accounts for the Successor Agency of the former Redevelopment Agency which was dissolved on January 31, 2012 pursuant to state law.

PENSION TRUST FUNDS

These funds are used to account for resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other employee benefit plans. The City's only pension trust fund is the Deferred Compensation Fund; which allows City employees to invest in trust deeds that are managed by the City with the oversight of an investment committee that is made up of representatives from each of the bargaining units.

CUSTODIAL FUNDS

These funds are used to account for assets held in an agent capacity by the City for individuals, private organizations, other governments and/or other funds that are not required to be reported in pension trust funds, investment trust funds, or private-purpose trust funds.

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City of Salinas
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024

| | Private Purpose Trust Funds | Pension Trust Fund | Custodial Funds | Fiduciary Funds Total |
|--|--|-------------------------------|----------------------------|--------------------------------------|
| ASSETS | | | | |
| Cash and investments | \$ 3,098,793 | \$ 13,646,453 | \$ 206,270 | \$ 16,951,516 |
| Restricted cash and investments held by fiscal agent | - | 523,700 | - | 523,700 |
| Receivables, net: | | | | |
| Accounts | 68,828 | - | - | 68,828 |
| Interest | 6,999 | 13,730 | - | 20,729 |
| Loans and notes receivable | 6,999 | - | - | 6,999 |
| Land and properties held for resale | - | 1,039,000 | - | 1,039,000 |
| Total assets | 3,181,619 | 15,222,883 | 206,270 | 18,610,772 |
| LIABILITIES | | | | |
| Accounts payable | 129,313 | - | 173,940 | 303,253 |
| Deposits payable | 354,153 | - | - | 354,153 |
| Unearned revenue | 812,539 | - | - | 812,539 |
| Long-term debt: | | | | |
| Due in more than one year | 157,500 | - | - | 157,500 |
| Total liabilities | 1,453,505 | - | 173,940 | 1,627,445 |
| NET POSITION | | | | |
| Restricted for: | | | | |
| Pensions | - | 15,222,883 | - | 15,222,883 |
| Individuals and organizations | 1,885,015 | - | 32,330 | 1,917,345 |
| Total net position | \$ 1,885,015 | \$ 15,222,883 | \$ 32,330 | \$ 17,140,228 |

City of Salinas
Statement of Change in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2024

| | Private Purpose Trust Funds | Pension Trust Fund | Custodial Funds | Total Fiduciary Funds |
|--|--|-------------------------------|----------------------------|--------------------------------------|
| ADDITIONS: | | | | |
| Taxes | \$ 4,005,146 | \$ - | \$ 446,664 | \$ 4,451,810 |
| Contributions: | | | | |
| Plan members | - | - | 342,320 | 342,320 |
| Employer | - | 1,208,193 | - | 1,208,193 |
| Private donations | 1,798,599 | - | - | 1,798,599 |
| Investment earnings (loss) | 118,575 | 1,642,568 | - | 1,761,143 |
| Total additions | 5,922,320 | 2,850,761 | 788,984 | 9,562,065 |
| DEDUCTIONS: | | | | |
| Expenses | 480,896 | - | 216,131 | 697,027 |
| Benefit payments | - | 1,586,100 | - | 1,586,100 |
| Payments on behalf of trustees | 1,810,357 | - | - | 1,810,357 |
| Contributions to other agencies | 2,914,434 | - | - | 2,914,434 |
| Payments to City | 950,640 | - | - | 950,640 |
| Assessments disbursed to other governments | - | - | 446,664 | 446,664 |
| Total deductions | 6,156,327 | 1,586,100 | 662,795 | 8,405,222 |
| Change in net position | (234,007) | 1,264,661 | 126,189 | 1,156,843 |
| NET POSITION (DEFICIT): | | | | |
| Beginning of year | 2,119,022 | 12,919,222 | (93,859) | 14,944,385 |
| End of year | <u>\$ 1,885,015</u> | <u>\$ 14,183,883</u> | <u>\$ 32,330</u> | <u>\$ 16,101,228</u> |

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Salinas
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For the Year Ended June 30, 2024

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City of Salinas
Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the City of Salinas, California (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant of the City's accounting policies are described below:

A. Financial Reporting Entity

The City was incorporated as a chapter City on March 4, 1874. The City operates under a Council Manager form of government and provides the following services as authorized: Public Safety, Public Works, Recreation Parks, Library and General Government Administrative Services. The City also operates as Airport, a Downtown Parking District, a Sanitary Sewer System, a Water Utility, a Storm Sewer System, and an Industrial Waste Facility.

The basic financial statements of the City, include the financial activities of the City (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of their operational or financial relationship with the City. The blended component unit, although a legally separate entity, is, in substance, part of the City's operations and so data from this unit is combined with data of the primary government. The City has no discretely presented component units. The City and its blended component unit have June 30 year ends.

Blended Component Unit

The financial reporting entity consists of the primary government, the City, and its component unit. Component units are legally separate entities for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government is accountable and their exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended component units, although legally separate entities, are, in substance part of the government's operation and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government.

Although the following are legally separate from the City, they have been "blended" as though they are part of the City because the component unit's governing body is substantially the same as the City's and there is a financial benefit or burden relationship between the City and the component unit; management of the City has operational responsibilities for the component units; and/or the component units provide services entirely, or almost entirely, to the City or otherwise exclusively, or almost exclusively, benefits the City, even though it does not provide services directly to it.

The Salinas Public Financing Authority (Authority) – The Authority was established October 6, 1992 pursuant to a Joint Exercise of Powers Agreement by and between the City and the City of Salinas Redevelopment Agency, which is now the Salinas Successor Agency to the former Redevelopment Agency. It was established to refund Central City Revitalization Project tax allocation bonds. The Authority's purpose is to assist with financing or refinancing of certain public capital facilities within the City.

The Authority is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the Authority. The financial activities of the Authority are included in the City's Debt Service and Enterprise Funds. A financial report is not issued by the Authority.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation, Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained in accordance with legal and managerial requirements.

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of U.S. GAAP.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Program revenues for the City are classified in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities and Changes in Net Position, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances to/from other funds
- Transfers in/out

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation, Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. An accompanying schedule is presented to reconcile and explain the differences in Net Position as presented in these statements to the net position presented in the Government-Wide Financial Statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days for all revenues except grants, which use a six-month availability period.

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in-lieu, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

Revenue recognition is subject to the measurable and available criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Locally imposed derived tax revenues are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. Imposed non-exchange transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. Government-mandated and voluntary non-exchange transactions have been recognized as revenues when all applicable eligibility requirements have been met.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

The City reports the following major governmental funds:

- *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in any other funds.
- *American Rescue Plan Act (ARPA) Special Revenue Fund* On March 11, 2021, President Biden signed the American Rescue Plan Act, which will provide the City with approximately \$51 million in relief funds. This fund accounts for the revenues and expenditures of ARPA proceeds.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation, Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

- *Housing and Urban Development Grant Special Revenue Fund* accounts for the use of Community Development Block Grant funds received from the federal government. Other revenues in this fund include repayments of commercial and residential loans and rental income from City property. Funds are used for programs or projects that increase affordable housing and benefit people with special needs such as senior and handicapped citizens.
- *Capital Projects Fund* accounts for all capital project expenditures. Funds are transferred in from various other funds after expenditures are made. This revolving fund was established with \$2,000,000 and is used to advance capital project expenditures prior to reimbursement of Federal, State, and other construction grants and bond financing.
- *2019 Special Tax Bond Monte Bella Debt Service Fund* is used to accumulate monies for the principal and interest payments for the 2019 Special Tax Bonds to finance the acquisition and/or construction of certain public facilities and improvements within the Community Facilities District No. 2016-1 (Monte Bella) Area No. 1-3. The annual levy of special taxes on that area would be used to pay for principal and interest payments on the bonds.

Proprietary Fund Financial Statements

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities and business-type activities in the Government-Wide Financial Statements.

The City reports the following major enterprise funds:

- *Airport Fund* is used to account for the enterprise operations of the City-owned airport.
- *Industrial Waste Fund* is used to account for the enterprise operations of the City-operated Industrial Wastewater Treatment Facility.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation, Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

- *Sanitary Sewer Fund* is used to account for the maintenance of the City's sanitary sewer collection system, which is funded by user fees and by the Monterey Regional Water Pollution Control Agency sewer user fees.
- *Downtown Parking District Fund* is used to account for revenues, operating expenses and debt service associated with the City's parking facilities. The City's paid parking facilities include the Monterey Street Parking Structure, the Salinas Street Garage and four parking lots.

The City's internal service funds include five individual funds which provide services directly to other City funds. These areas of service include risk management, general insurance, workers' compensation, general liability, and fleet maintenance. The Internal Service Funds account for financing of goods and services provided by one department to other departments of the City on a cost-reimbursement basis.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The City's fiduciary funds represent private purpose trust funds, pension trust funds, and custodial funds. These funds are accounted for on the full accrual basis of accounting.

Fiduciary fund types are accounted for according to the nature of the fund.

Private Purpose Trust Funds are a fiduciary fund type used to account for resources held and administrated under trust or similar arrangement for the benefits of individuals, private organizations, or other governments. The City reports the following private purpose trust funds:

- *Successor Agency Redevelopment Obligation Retirement Fund* was created to serve as a custodian for the assets and to wind down the affairs of the RDA on February 1, 2012, pursuant to Assembly Bill x1 26. Its purpose is to expeditiously wind down the affairs of the dissolved Community Development Commission of the City of Rohnert Park (Commission) subject to the direction of a seven-member Oversight Board. This fund accounts for the receipt of property tax revenues pursuant to the Redevelopment Dissolution Act and the assets transferred from the Commission. The Successor Agency's assets can only be used to pay enforceable obligations in existence at the date of dissolution pursuant to the Recognized Obligation Payment Schedules approved by the California Department of Finance (DOF) under the Redevelopment Dissolution Act.
- *Successor Agency Administration* – This fund accounts for the administrative activities of the Successor Agency to the former Salinas Redevelopment Agency which was dissolved on February 1, 2012 in accordance with AB 1x26 (enacted June 28, 2011).
- *Other Private Purpose Trust Funds* – These funds are used to account for other trust arrangements not properly reported in a pension trust fund under which principal and income benefit individuals, private organizations, or other governments. The City accounts for the following trust funds: Community Center, Monterey Regional Water Pollution Control Agency (MRWPCA) Fees, Sales Tax, Payroll Taxes, Developer Deposits, Evidence Room, Construction Bonds, Monterey County Tourism Improvement District, Leadership Salinas, and miscellaneous.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation, Accounting and Measurement Focus (Continued)

Fiduciary Fund Financial Statements (Continued)

Pension Trust Fund is used to account for resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other employee benefit plans. The City's only pension trust fund is the Deferred Compensation Fund; which allows City employees to invest in trust deeds that are managed by the City with the oversight of an investment committee that is made up of representatives from each of the bargaining units.

Custodial Funds are used to account for assets held in an agent capacity by the City for individuals, private organizations, other governments and/or other funds that are not required to be reported in pension trust funds, investment trust funds, or private-purpose trust funds.

C. Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents - Cash and cash equivalents are considered to be amounts in demand deposits, and short-term investments with original, maturity of three months or less from the date of acquisition. For purposes of both the balance sheet and statements of cash flows, cash and cash equivalents include not only currency on hand, but deposits in the City's cash and investment pool. These deposits have the same characteristics for the participating funds as demand deposit accounts, in that the funds may deposit additional cash at any time and also effectively withdraw cash at any time without prior notice or penalty. Cash and cash equivalents also include restricted cash and money market funds held by fiscal agents. For purposes of cash flows, the City considers all liquid market investments with maturities of one year or less at time of purchase to be cash equivalents. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City pools cash resources from all funds in order to facilitate and maximize the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other fixed income investments with varying terms. Interest earned on investments is allocated to all funds based on average cash and investment balances.

Investments are presented at fair value except as noted below. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Money market investments (such as short-term, highly liquid debt instruments including bankers' acceptances) and securities (notes, bills, and obligations of the U.S. government and its agencies), and participating interest-earning investment contracts (such as negotiable certificates of deposit and repurchase agreements) that have a remaining maturity at the time of purchase of one year or less, are reported at amortized cost, which approximates fair value.

For purposes of the statement of cash flows, amounts reported as cash and cash equivalents, include amounts on deposit in the City pool and any short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Cash, Cash Equivalents, and Investments (Continued)

Investment held in Local Agency Investment Fund - The City participates in the Local Agency Investment Fund (“LAIF”), an investment pool managed by the State of California. LAIF has invested portions of the pool funds in structured notes and asset-backed securities. LAIF’s investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk as a result of changes in interest rates.

LAIF determines fair value on its investments portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available.

The City valued its investments in LAIF as of June 30, 2024, by multiplying its account balance with LAIF times a fair value factor determined by LAIF for all LAIF participants by total aggregate amortized cost.

Other Investments - Investments in nonparticipating interest earning contracts (certificate of deposits) are reported at cost, and all other investments are reported at fair value. Fair value is defined as the amount the City could reasonably expect to receive for an investment in a current sale between a willing buyer and seller and is generally measured by quoted market prices.

Deferred Compensation - The Deferred Compensation Plan is invested in deeds of trust secured by real or personal property and in real estate holdings. The trust deeds are considered nonparticipating interest earning investments and are reported at fair market value.

D. Restricted Cash and Investments

Certain restricted cash and investments are held by fiscal agents or the City for the redemption of bonded debt and for acquisition and construction of certain capital projects.

E. Fair Value Measurement

U.S. GAAP establishes a framework for measuring fair value, and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

F. Interfund Transactions

Interfund transactions are reflected as loans, services provided, reimbursements and/or transfers. Loans and balances related to unsettled service transactions are reported as receivables and payables as appropriate, are subject to elimination upon consolidation of similar fund types, and are referred to as either “due to/from other funds,” i.e., the current portion of interfund loans and unsettled service transactions, or “advances to/from other funds,” i.e., the noncurrent portion of interfund loans. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

Services provided are deemed to be at market or near market rates and are treated as revenues and expenditures/expenses. Reimbursements are defined as when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

G. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Invoices that remain unpaid after 90 days may be referred to collections. An invoice sent to collection is written off.

H. Leases

The City is a lessor for leases of land and recognizes leases receivable and deferred inflows of resources in the financial statements. Variable payments based on future performance or usage of the underlying asset are not included in the measurement of the lease receivable.

At the commencement of a lease, the lease receivable is measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses the average of the LAIF rate and the incremental borrowing rate (IBR) provided by the City's financial institution at the current rate at the time a new lease is executed.
- The lease term includes the noncancelable period of the lease plus any option periods that are likely to be exercised.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

I. Subscription-Based Information Technology Arrangements (SBITAs)

The City has a policy to recognize a SBITA liability and a right-to-use subscription asset (SBITA asset) in our financial statements with an initial, individual value of \$5,000 or more with a subscription term greater than one year.

At the commencement of a subscription, when the subscription asset is placed into service, the SBITA liability is measured at the present value of payments expected to be made during the subscription term. Future subscription payments are discounted using the City's incremental borrowing rate and the City recognizes amortization of the discount on the subscription liability as interest expense in subsequent financial reporting periods.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Subscription-Based Information Technology Arrangements (SBITAs) (Continued)

SBITA assets are measured as the sum of the initial subscription liability, payments made to the SBITA vendor before the commencement of the lease term, and capitalizable implementation costs less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subscription assets are amortized using the straight-line method over the subscription term.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the period during which the City has a noncancelable right to use the underlying IT asset. The subscription term also includes periods covered by an option to extend if it is reasonably certain to be exercised.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option years that the City is reasonably certain to exercise. The City monitors changes in circumstances that would require a remeasurement of a subscription and will remeasure any subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Right-to-use subscription assets are reported along with other capital assets and subscription liabilities are reported as long-term debt on the statement of net position.

J. Special Assessment Districts

Special assessments are recorded as receivables when they become a lien on property. Special assessments not considered available are recorded as receivables and offset by unearned revenues. In general, special assessments and special tax bonds are fully secured by liens against the privately owned properties benefited by the improvement for which the bonds were issued. There is no reserve for delinquent receivables since priority liens exist against the related properties and hence the City's management believes value will ultimately be received by the City.

K. Prepaid Bond Insurance, Original Issue Discounts and Premiums, Gain/Loss on Refunding

Prepaid bond insurance costs are amortized using the straight-line method over the life of the bonds. Amortization of these balances are recorded as a component of operating expenses.

In the government-wide, proprietary fund and fiduciary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, proprietary fund and fiduciary fund financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Original issue premiums are amortized using the straight-line method over the life of the bonds. Gains or losses from refunding of debt are reported as deferred inflows or outflows of resources and amortized over the shorter of the life of the refunded debt or new refunding debt. Amortization of these balances are recorded as a component of interest expense.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Prepaid Bond Insurance, Original Issue Discounts and Premiums, Gain/Loss on Refunding (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Capital Assets

Capital assets include land, buildings, improvements, vehicles and equipment, infrastructure, and all other tangible and intangible assets that are used in operations and that have initial useful lives in excess of one year. Capital assets are reported in the applicable governmental or business-type activity columns in the government-wide financial statements, the proprietary funds' statement of net position, and the private-purpose trust fund. Capital assets are defined as assets with an initial individual cost of more than \$10,000 for general capital assets and \$100,000 for major infrastructure assets, and an estimated useful life in excess of one year.

Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, market based entry price at the time of contribution. Capital outlay is recorded as expenditures of the governmental funds and as assets in the government-wide financial statements to the extent the City's capitalization threshold is met. Amortization of assets acquired under capital leases is based on the shorter of the lease term or the estimated useful life of the asset and is included in depreciation and amortization.

Buildings, improvements, infrastructure, vehicles and equipment, and furniture and fixtures are depreciated using the straight-line method (depreciation is calculated starting with the month following the date the asset was placed in service) over the following estimated useful lives:

| Asset Type | Years |
|----------------------------|-------|
| Buildings and improvements | 20-50 |
| Other improvements | 15-45 |
| Infrastructure | 10-50 |
| Machinery and equipment | 5-20 |

M. Land and Properties Held for Resale

Land and properties held for resale is being carried at cost, but no greater than the net realizable value. In the fund financial statements, this amount is recorded as a restricted portion of fund balance due to externally imposed grantor restrictions.

N. Restricted Assets

Assets that are restricted for specific uses by bonded debt requirements, grant provisions or other requirements are classified as restricted because their use is limited by applicable bond covenants or agreements.

O. Claims Payable

Claims and judgments are recognized as expenditures when it is probable that the liability has been incurred and the amount of the loss can be reasonably estimated. This liability is recorded in the internal service fund that accounts for the City's self-insurance activities.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Compensated Absences

Vacation, compensatory time, and related benefits are accrued as determined by the agreement between the City and the respective employees' collective bargaining group. For governmental funds, compensated absence obligations are recorded in the appropriate governmental funds when due. The portion not currently due is recorded in the government-wide financial statements. For proprietary funds, compensated absences are expensed when earned by employees. At year-end, the accrued but unpaid compensated absence obligations are recorded as current and non-current liabilities in the appropriate proprietary funds.

Eligible employees may accrue a maximum of 600 annual leave hours (75 days). Any hours accumulated in excess of 600 hours are paid at the employee's adjusted hourly rate of pay. For the Firefighter group the maximum is 840 hours for 56 hour shift employees and 600 for 40 hour shift employees. Employees with fewer than 20 years of service may request pay in lieu of annual leave up to a maximum of 10 days. Employees with more than 20 years of service may request a maximum of 15 days' pay in lieu of annual leave.

Government-Wide Financial Statements

For governmental and business-type activities, compensated absences are recorded as expenses when earned.

Governmental Fund Financial Statements

For governmental funds, compensated absences are recorded as expenditures in the year paid. The General Fund is typically used to liquidate compensated absences. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund.

Q. Long-Term Debt and Other Long-Term Obligations

Government-Wide Financial Statements and Proprietary Fund Financial Statements

In the Government-Wide Financial Statements and the proprietary fund types in the Fund Financial Statements, long-term debt and other obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net positions. Bond premiums and discounts are deferred and amortized over the life of the bonds using effective interest methods. Bonds payable are reported net of the applicable bond premium or discount. In the governmental funds statement of revenue, expenditures and changes in fund balance, issuance of debt is recorded as another financing source (use) in the respective fund. Issuance costs and payment of principal are reported as debt service expenditures.

Governmental Fund Financial Statements

The governmental fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position. Governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

R. Unearned Revenue

Unearned revenues arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures or when monies are received before the related services are performed. In subsequent periods, when both revenue recognition criteria are met or when the City has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

S. Deferred Outflows and Inflows of Resources

The Statement of Net Position and Balance Sheet – Governmental Funds reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources – represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

Deferred Inflows of Resources – represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

T. Net Position and Fund Balance

Net Position Classifications

In the government-wide financial statements, net position is classified in three categories:

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and amortization, outstanding balances of debt and any debt-related deferred outflows and inflows of resources that are attributable to the acquisition, construction, or improvement of these assets reduce the balance of this category.

Restricted Net Position – This category consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Unrestricted Net Position – This category represents net position of the City that is not restricted for any project or purpose and does not meet the criteria for “net investment in capital assets.”

The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balances Classifications

As prescribed by U.S. GAAP, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances for governmental funds are made up of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in a spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: prepaid items and long-term loans and notes receivable.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

T. Net Position and Fund Balance (Continued)

Fund Balances Classifications (Continued)

Restricted Fund Balance – includes amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance, commit fund balances. Commitments may be changed or lifted only by the City Council taking the same formal actions that imposed the original constraint occurring no later than the close of the reporting period.

Assigned Fund Balance – includes amounts intended to be used by the City for specific purposes through budgetary actions or delegation of authority by the City Council. Intent is expressed by the City Council or an official to whom the City Council has delegated the authority (generally, the City Manager) to assign amounts to be used for specific purposes. This is also the classification for residual funds in the governmental funds other than General Fund.

Unassigned Fund Balance – includes the residual classification for fund balance, which includes all amounts not reported as nonspendable, restricted, committed, or assigned. The General Fund may report either a positive or negative unassigned fund balance. Unassigned amounts are available for any purpose. Other governmental funds may report only negative unassigned fund balances if expenditures incurred for specific purposes exceeded amounts restricted, committed or assigned for those purposes. Other governmental funds may not report positive unassigned fund balances.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance categories, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

U. Property Taxes

Property taxes are collected on behalf of and remitted to the City by the County of Monterey (the “County”). The amount of property tax levies is restricted by Article 13A of the California State Constitution (commonly referred to as Proposition 13). The County assesses property values, levies, bills, and collects the related property taxes as follows:

| | <u>Secured</u> | <u>Unsecured</u> |
|------------------|---|------------------|
| Lien Dates | January 1 | January 1 |
| Levy Dates | January 1 | January 1 |
| Due Dates | 50% on November 1 50% on February 1 | July 1 |
| Delinquent after | December 10 (for November) April 10 (for February) | August 31 |

The City does not have the ability to control the levy rate or the amount of property taxes remitted by the County because these are governed by State law.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

U. Property Taxes (Continued)

The City has not elected to participate in the “Teeter Plan” offered by the County whereby cities receive 100% of secured property and supplemental property taxes levied in exchange for foregoing any interest and penalties collected on the related delinquent taxes. The City retains the right to any interest and penalties collected on the related delinquent taxes. Accordingly, property tax revenues are recognized in the fiscal period for which they are levied and collected, adjusted for any amounts deemed uncollectible and amounts expected to be collected more than 60 days after the fiscal year.

General property taxes are based on either a flat 1% rate applied to the fiscal year 1976 full value of the property or on 1% of the sales price of the property on sales transactions and construction that occur after the fiscal year 1976 valuation. Assessed values on properties (exclusive of increases related to sales and construction) can rise at a maximum of 2% per year depending on increases in the consumer price index.

V. Pensions

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

The following timeframes are used for pension reporting:

| <u>CalPERS Pension Plans</u> | |
|------------------------------|--------------------------------------|
| Valuation date | June 30, 2022 |
| Measurement date | June 30, 2023 |
| Measurement period | July 1, 2022 to June 30, 2023 |
| <u>NY Life Pension Plan</u> | |
| Valuation date | September 1, 2023 |
| Measurement date | August 31, 2023 |
| Measurement period | September 1, 2022 to August 31, 2023 |

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

W. Other Postemployment Benefits (“OPEB”)

For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City’s OPEB Plan and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

W. Other Postemployment Benefits (“OPEB”) (Continued)

The following timeframes are reported OPEB reporting:

| OPEB | |
|--------------------|-------------------------------|
| Valuation date | June 30, 2023 |
| Measurement date | June 30, 2023 |
| Measurement period | July 1, 2022 to June 30, 2023 |

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the sources of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over 5 years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

X. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue, and Capital Projects Funds. Encumbrances outstanding at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

Y. Use of Accounting Estimates

The preparation of the basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of revenues and expenses. Actual results could differ from these estimates and assumptions.

Z. Self-Insurance

The City is self-insured for workers’ compensation, general, automobile, and public liability claims. The City’s estimated liability for claims as of June 30, 2024 is based on the claim manager’s estimate of probable losses plus an amount estimated for incurred but not reported claims. An Internal Service Fund is used to account for the collection of premiums from various City departments related to workers’ compensation claims and general claims liabilities. Premiums are established based on historical claims experience. Additionally, the City contracts with third party administrators for claims management.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 1 – Summary of Significant Accounting Policies (Continued)

AA.Implementation of New GASB Pronouncements For the Year Ended June 30, 2024

During fiscal year ended June 30, 2024, the City implemented the following new GASB Pronouncements:

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Application of this statement did not have a significant effect on the City’s financial reporting for the fiscal year ended June 30, 2024.

BB.Upcoming GASB Pronouncements

In the next two years, the City will implement the following GASB Pronouncements:

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Application of this statement is effective for the City’s fiscal year ending June 30, 2025.

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Application of this statement is effective for the City’s fiscal year ending June 30, 2025.

GASB Statement No. 103 – In December 2023, GASB issued Statement No. *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. Application of this statement is effective for the City’s fiscal year ending June 30, 2026.

GASB Statement No. 104 – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. Application of this statement is effective for the City’s fiscal year ending June 30, 2026.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 2 – Stewardship, Compliance, and Accountability

A. Budgeting

The Budget is prepared by the City Manager and adopted by City Council. Formal budgetary integration was employed as a management control device during the fiscal year for the General Fund, Special Revenue Funds, and Capital Projects Funds. The City Manager may transfer budget appropriations between departments and Department Directors may transfer appropriations between programs and accounts within their individual departments and divisions, but only the Council by resolution may appropriate funds from reserves or fund balances.

Budgets for General, Special Revenue and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Reserves for future lease commitments have been established for accounting purposes and the fund balance is reserved for the total lease commitment consistent with budget policies.

Budget policy excludes taxes, interest, and accounts receivable assets, which are not currently available resources for budget purposes, and condemnation deposits which are returned upon right of way acquisition.

Expenditures may not legally exceed budgeted appropriations at the government level. Budgeted amounts shown are as originally adopted or as amended by the City Council during the year. Additional supplementary appropriations were adopted during the mid-year review.

Appropriations lapse at fiscal year end and then are re-budgeted for the coming year. Project-length financial plans are adopted for all capital projects funds and appropriations are carried forward until project completion. Grant funds are carried forward until the grant expires.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances outstanding at year-end are recorded as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

For additional information on budgetary policy and control see Required Supplementary Information.

B. Deficit Fund Balances and Net Position

At June 30, 2024, the governmental activities had an unrestricted net position deficit of \$(125,547,113).

At June 30, 2024, the following funds had a deficit fund balance or deficit net position:

| Fund Type | Fund | Deficit |
|-----------------------|-------------------------------------|----------------|
| Governmental | Housing and Urban Development Grant | \$ (56,775) |
| Governmental | Emergency Medical Services | (145,658) |
| Governmental | Traffic Safety | (32,506) |
| Governmental | Grants | (14,395) |
| Governmental | Assessment District Debt Service | (666,354) |
| Governmental | Assessment District Administration | (2,178) |
| Enterprise | Downtown Parking District Fund | (5,407,271) |
| Internal Service Fund | Workers Compensation | (8,465,842) |
| Internal Service Fund | General Liability | (3,112,425) |
| Internal Service Fund | Fleet Maintenance | (547,611) |

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 2 – Stewardship, Compliance, and Accountability

B. Deficit Fund Balances and Net Position (Continued)

Nonmajor Governmental Funds

The deficit fund balance in the Housing and Urban Development Grant Fund of \$56,775 is a result of an increase in Community Development and related Housing reimbursable grants in Emergency Shelter Grants related to COVID-19 mitigation program and related expenditures. This deficit will decline as claims are submitted for reimbursement to state and federal agencies and becomes available. The deficit fund balances in the special revenue funds Emergency Medical Services fund of \$145,658 is due to increased expenditures in emergency equipment and supplies. The deficit fund balance in the Traffic Safety special revenue fund of \$32,506 is a result of increased services in vehicle code violations provided by Monterey County. The deficit fund balance in the Grants special revenue fund of \$51,632 is due to temporary cash shortfalls experienced while waiting for grant reimbursement. These deficits will decline as claims are submitted for reimbursement to state and federal agencies and unavailable funds become available. The deficit fund balance in the Debt Service Funds Assessment District debt service fund of \$666,354 is due to amounts owed to the General Fund. The deficit fund balance in the Assessment District Administration debt service fund of \$2,178 is due to amounts owed to the General Fund.

Enterprise Funds – Downtown Parking District Fund

The deficit net position in the Downtown Parking District Fund of \$5,407,274 is a result of historical operating costs in excess of operating revenue. This deficit will continue to decline over time as revenues outpace expenses.

Internal Service Funds

The deficit net position in the General Liability and Workers Compensation internal service funds of \$8,465,842 and \$3,112,425, respectively, are the result of insurance costs exceeding charges for services in the funds. The City is reevaluating their internal service fund allocations in order to ensure that charges for services in internal service funds are sufficient to cover the costs of providing services moving forward. The deficit net position in the Fleet Maintenance internal service fund is the result of the City moving \$9,000,000 of cash held as a replacement reserve back into the City Capital Projects Fund.

C. Debt Compliance

There are a number of limitations and restrictions contained in the various bond indentures. The City believes it is in compliance with all significant limitations and restrictions.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 3 – Cash and Investments

Cash and investments are presented in the accompanying financial statements at June 30, 2024 as follows:

| | Government-Wide Statement of Net Position | | | Fiduciary Funds | |
|-----------------------------------|---|-----------------------------|-----------------------|------------------------------|-----------------------|
| | Governmental Activities | Business-Type Activities | Total | Statement of Net Position | Total |
| Cash and investments | \$ 227,738,627 | \$ 19,581,004 | \$ 247,319,631 | \$ 16,951,516 | \$ 264,271,147 |
| Restricted cash and investments | - | - | - | 523,700 | 523,700 |
| Total cash and investments | \$ 227,738,627 | \$ 19,581,004 | \$ 247,319,631 | \$ 17,475,216 | \$ 264,794,847 |

Cash and investments at June 30, 2024, consisted of the following:

| | |
|--|-----------------------|
| Cash and Cash Equivalents: | |
| Cash on hand | \$ 35,000 |
| Demand accounts at banks | 9,670,816 |
| Money market | 35,000,509 |
| Deposits held in trust by fiscal agent | 6,437,636 |
| Money market held in trust by fiscal agent | 385,589 |
| Local Agency Investment Fund | 9,775,571 |
| Total cash and cash equivalents | 61,305,121 |
| Investments: | |
| Investments held by fiscal agent | 201,927,026 |
| Deferred compensation | 1,562,700 |
| Total investments | 203,489,726 |
| Total cash and investments | \$ 264,794,847 |

A. Demand Deposits

The carrying amounts of the City's demand deposits were \$9,670,816 at June 30, 2024. Bank balances were \$16,019,333 at that date. The total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name is discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits; however, the City has not waived the collateralization requirements.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 3 – Cash and Investments (Continued)

B. Investments

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code that address interest rate risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provision of the California Government Code or the City's investment policy:

| Authorized Investment Types | Maximum Maturity | Maximum Percentage of Portfolio | Maximum Investment in One Issuer* |
|--|---------------------|---------------------------------------|---|
| Certificates of deposit | 5 years | None | None |
| Repurchase agreements | 5 years | None | None |
| Bankers' acceptances | 5 years | None | None |
| Guaranteed investment contracts | 5 years | None | None |
| U.S. Treasury bills and notes | 5 years | None | None |
| State of California Local Agency Investment Fund | N/A | None | None |
| Government agency securities | 5 years | None | None |
| Passbook savings accounts | 5 years | None | None |
| Mutual funds | 5 years | None | None |
| Interest bearing checking accounts | N/A | None | None |
| Commercial paper | 5 years | None | None |

* Based on state law requirements or City investment policy requirements, whichever is more restrictive.

The Deferred Compensation Plan is permitted by City resolution to invest in deeds of trust secured by real or personal property.

In accordance with Section 53651 of the California Government Code, the City cannot invest in inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages, or in any security that could result in zero interest accrual if held to maturity. The limitation does not apply to investments in shares of beneficial interest issued under the Investment Company Act of 1940 that are authorized investments under Section 53601 of the California Government Code. A five-year maximum maturity for each investment is allowed unless approved by the City Council.

Investment income from cash and investments held by fiscal agents are credited directly to the related funds.

California Local Agency Investment Fund (LAIF) – The City is a participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. As of June 30, 2024, the City had \$9,775,571 invested in LAIF. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. LAIF is reported at amortized cost, which approximates fair value.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 3 – Cash and Investments (Continued)

C. Risk Disclosures

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. As a means of limiting exposure to fair value losses from rising interest rates, the City's investment policy limits the maturity of investments in accordance with Government Code Sections 53601(a)-(n) and 53636(a)-(m). It is the City's policy to ladder investments so that there are always investments coming due to meet cash flow requirements. Because the Local Agency Investment Fund as of June 30, 2024 had an average life of 290 days, it was presented as a cash equivalent with a maturity of 0-12 months. However, LAIF allows the City to make withdrawals of any amount within 24 hours.

At June 30, 2024, the City had the following investment maturities:

| Investment Type | Total | Investment Maturities | |
|-------------------------------------|-----------------------|-----------------------|----------------------|
| | | 1 year or fewer | 1 to 5 years |
| Investment agreements - BNY | \$ 193,375,813 | \$ 123,722,539 | \$69,653,274 |
| New York Life Pension | 8,551,213 | 8,551,213 | - |
| Trust deeds - deferred compensation | 1,562,700 | 1,562,700 | - |
| Total investments | \$ 203,489,726 | \$ 133,836,452 | \$ 69,653,274 |

For deposits, custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City's investment policy limits safekeeping of investments to third-party custody. All of the City's deposits are either insured by the Federal Depository Insurance Corporation ("FDIC") up to \$250,000 or collateralized with pledge securities held in the trust department of the financial institution in the City's name.

Disclosures Relating to Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. However, the City's investment policy calls for portfolio diversification by avoiding over concentration in a specific maturity sector or specific investments. The City's portfolio is detailed below:

| Investment Type | Value | S&P | Moody's | % of Total |
|-------------------------------------|-----------------------|-----------|-----------|----------------|
| Investment agreements: | | | | |
| US Treasuries | \$ 126,417,572 | A | Aaa | 62.12% |
| FHLB | 20,039,428 | AA+ | Aaa | 9.85% |
| FHLMC | 938,780 | AA+ | Aaa | 0.46% |
| FNMA | 3,087,104 | AA+ | Aaa | 1.52% |
| FFCB | 7,503,214 | AA+ | Aaa | 3.69% |
| Corporate bonds | 24,701,234 | AA+ to A- | Aaa to A1 | 12.14% |
| Trust deeds - deferred compensation | 1,562,700 | NR | NR | 0.77% |
| Money market funds: | | | | |
| Investment agreements | 1,011,784 | AAAm | Aaa-mf | 0.50% |
| Wilmington Trust, NA | 9,676,697 | A- | A2 | 4.76% |
| New York Life Fixed Dollar Account | 8,551,213 | NR | NR | 4.20% |
| Total investments | \$ 203,489,726 | | | 100.00% |

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 3 – Cash and Investments (Continued)

D. Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used, need to maximize the use of observable inputs and minimize the use of unobservable inputs. The determination of what constitutes observable requires judgment by the City's management. City management considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to City management's perceived risk of that investment.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Deposits and withdrawals in governmental investment pools, such as LAIF, are made on the basis of \$1 and not fair value. Accordingly, the City's measured fair value of its proportionate share in these types of investments is based on uncategorized inputs not defined as a Level 1, Level 2, or Level 3 input. Non-negotiable FDIC-insured bank certificates of deposit are priced at par.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 3 – Cash and Investments (Continued)

D. Fair Value Measurement (Continued)

The City had the following recurring fair value measurements as of June 30, 2024:

| Investments measured by fair value level: | June 30, 2024 | Level 1 | Level 2 | Level 3 |
|--|-----------------------|-----------------------|----------------|---------------------|
| Investment agreements: | | | | |
| Municipal bonds | \$ - | \$ - | \$ - | \$ - |
| US Treasuries | 126,417,572 | 126,417,572 | - | - |
| FHLB | 20,039,428 | 20,039,428 | - | - |
| FHLMC | 938,780 | 938,780 | - | - |
| FNMA | 3,087,104 | 3,087,104 | - | - |
| FFCB | 7,503,214 | 7,503,214 | - | - |
| Corporate bonds | 24,701,234 | 24,701,234 | - | - |
| Trust deeds - deferred compensation | 1,562,700 | - | - | 1,562,700 |
| Total investments by fair value level | 184,250,032 | \$ 182,687,332 | \$ - | \$ 1,562,700 |
| Investments not subject to the fair value hierarchy: | | | | |
| Money market funds: | | | | |
| Fidelity Investment MM Gov | 1,011,784 | | | |
| Wilmington Trust, NA | 9,676,697 | | | |
| New York Life Fixed Dollar Account | 8,551,213 | | | |
| Total investments not subject to the fair value hierarchy | 19,239,694 | | | |
| Total investments | \$ 203,489,726 | | | |

The following is a description of the valuation methods and assumptions used by the City to estimate the fair value of its investments:

- Investments classified within Level 1 of the fair value hierarchy are valued using quoted prices in active markets when available.
- The City held one type of investment that is measured using Level 3 inputs, Trust Deeds. The City administers a Trust Deposit Fund that includes a Deferred Compensation Plan funded solely by the voluntary salary reductions. Trust Deed notes secured by property taken back in foreclosure and held for resale, are valued by independent real estate professionals (market approach), and trust deed notes are valued at their present value (income approach). The valuations are considered Level 3. The value of properties held for resale are reduced for cost of sales. The notes (loans) are valued based on amounts investors would likely pay for notes with interest rates ranging from 6% to 11% discounted to provide loan to values ranging from 50% to 70% depending on property type and condition, borrowers payment history, and term remaining on note.

There have been no changes in the methods and assumptions used at June 30, 2024. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. City management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 4 – Restricted Assets

Certain cash and investments are reported as restricted assets at June 30, 2024 as follows:

Fiduciary Funds:

| | |
|--|-------------------|
| Pension Trust Fund | \$ 523,700 |
| Total restricted assets - fiduciary funds | \$ 523,700 |

Note 5 – Taxes Receivable

Taxes receivable recorded in the General Fund of \$17,893,324 represent amounts due for the quarter ended June 30, 2024 for the following taxes:

| | |
|-----------------------------------|----------------------|
| Sales tax | \$ 6,832,694 |
| Measure E transaction and use tax | 3,068,350 |
| Measure G transaction and use tax | 6,160,504 |
| Utility users tax | 954,440 |
| Transient occupancy tax | 696,302 |
| Cannabis tax | 181,034 |
| | <u>\$ 17,893,324</u> |

Note 6 – Assessments Receivable

Debt Service Funds – Assessments receivable recorded in the 2019 Special Tax Bond Monte Bella Debt Service Fund and Assessment District Debt Service Fund in the amounts of \$7,020,000 and \$90,000, respectively, at June 30, 2024, will be collected from property owners to retire outstanding bond principal issued for improvements in special assessment districts.

Assessment receivables in the amount of \$7,020,000 are not expected to be collected within the subsequent year.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 7 – Due From Other Agencies

At June 30, 2024, amounts due from other agencies consisted of the following:

| | <u>Federal</u> | <u>State</u> | <u>Other</u> | <u>Total</u> |
|--|---------------------|---------------------|---------------------|---------------------|
| Governmental Activities: | | | | |
| General Fund: | | | | |
| California Office of Emergency Services | \$ - | \$ 45,491 | \$ - | \$ 45,491 |
| County of Monterey | - | - | 80,146 | 80,146 |
| Special Revenue Funds: | | | | |
| Association of Monterey Bay Area Govts. | - | - | 72,104 | 72,104 |
| Board of State & Community Corrections | - | 1,214,943 | - | 1,214,943 |
| CA Emergency Solutions & Housing | - | 222,957 | - | 222,957 |
| CA Highway Users Tax | - | 456,530 | - | 456,530 |
| CA Housing & Community Development | - | 358,608 | - | 358,608 |
| Cable Franchise | - | - | 32,168 | 32,168 |
| CDBG Improvement Program | \$897,906 | - | - | 897,906 |
| Coalition of Homeless Services Providers | - | - | 72,111 | 72,111 |
| County of Monterey | - | - | 440,590 | 440,590 |
| Emergency Shelter Grant | 143,355 | - | - | 143,355 |
| FEMA - Assistance to Firefighters Grant | 21,639 | - | - | 21,639 |
| HOME Investment Program | 160,448 | - | - | 160,448 |
| Pedestrian Bike & Safety Program | - | 107,624 | - | 107,624 |
| SB1 Road Maintenance & Rehab | - | 336,340 | - | 336,340 |
| STEP Grant State of California | - | 33,248 | - | 33,248 |
| Transportation Agency for Monterey County | - | - | 1,462,927 | 1,462,927 |
| U.S. Department of Justice | 236,888 | - | - | 236,888 |
| Capital Projects Funds: | | | | |
| CA Dept. of Transportation | - | 869,994 | - | 869,994 |
| California State Water Resources Control Board | - | 347,027 | - | 347,027 |
| Federal Aviation Administration | 52,000 | - | - | 52,000 |
| Monterey County - RSTP | - | - | 291,138 | 291,138 |
| Primary government total | <u>\$ 1,512,236</u> | <u>\$ 3,992,762</u> | <u>\$ 2,451,184</u> | <u>\$ 7,956,182</u> |

Note 8 – Leases Receivable

The City leases land and easements to third parties. Leases receivable consist of agreements with third parties for the “right-to-use” the underlying assets owned by the City. The remaining terms of the agreements range from one to 28 years. The calculated interest rates used match the City’s incremental borrowing rate at July 1, 2021.

For fiscal year ended June 30, 2024, the City recognized \$1,162,821 in lease revenue and \$363,066 in interest revenue, and the outstanding receivable amount at June 30, 2024 is \$9,694,896.

A summary of changes in the leases receivable for the fiscal year ended June 30, 2024 is as follows:

| | Balance July 1, 2023 | Additions | Reductions | Balance June 30, 2024 | Amounts due within one year | Amounts due in more than one year |
|--------------------------|-------------------------|-------------|---------------------|--------------------------|-----------------------------------|---|
| Governmental activities | \$ 5,484,333 | \$ - | \$ (566,030) | \$ 4,918,303 | \$ 539,560 | \$ 4,378,743 |
| Business-type activities | 5,154,316 | - | (377,723) | 4,776,593 | 274,125 | 4,502,468 |
| Total | <u>\$ 10,638,649</u> | <u>\$ -</u> | <u>\$ (943,753)</u> | <u>\$ 9,694,896</u> | <u>\$ 813,685</u> | <u>\$ 8,881,211</u> |

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 8 – Leases Receivable (Continued)

Future lease payments are as follows as of June 30, 2024:

| Year Ending June 30 | Lease Receivable | Interest | Total |
|------------------------|---------------------|---------------------|----------------------|
| 2025 | \$ 813,685 | \$ 334,209 | \$ 1,147,894 |
| 2026 | 711,687 | 307,723 | 1,019,410 |
| 2027 | 587,282 | 284,785 | 872,067 |
| 2028 | 609,890 | 263,951 | 873,841 |
| 2029 | 529,203 | 243,760 | 772,963 |
| 2030-2034 | 2,861,001 | 935,911 | 3,796,912 |
| 2035-2039 | 2,359,313 | 402,480 | 2,761,793 |
| 2040-2044 | 791,305 | 131,442 | 922,747 |
| 2045-2049 | 411,740 | 40,020 | 451,760 |
| 2050 | 19,790 | 120 | 19,910 |
| Total | <u>\$ 9,694,896</u> | <u>\$ 2,944,401</u> | <u>\$ 12,639,297</u> |

As of June 30, 2024, the amounts reported as deferred inflows of resources will be recognized as lease revenue as follows:

| Year Ending June 30 | Total |
|------------------------|---------------------|
| 2025 | \$ 990,183 |
| 2026 | 842,795 |
| 2027 | 728,387 |
| 2028 | 699,114 |
| 2029 | 587,216 |
| 2030-2034 | 2,646,530 |
| 2035-2039 | 1,719,456 |
| 2040-2044 | 548,361 |
| 2045-2049 | 284,551 |
| 2050 | 12,483 |
| Total | <u>\$ 9,059,076</u> |

Note 9 – Loans and Notes Receivable

At June 30, 2024, loans and notes receivable of the City's major individual funds and nonmajor funds taken in aggregate, including the applicable allowance for uncollectible accounts are as follows:

| | Housing and Urban Development Fund | Affordable Housing Fund | Total Governmental Activities | Fiduciary Funds |
|---|---|-------------------------------|-------------------------------------|--------------------|
| Loans funded by federal grants: | \$ 20,797,675 | \$ - | \$ 20,797,675 | \$ - |
| Economic development real estate developer and other loans | - | 10,445,107 | 10,445,107 | 163,900 |
| Less: allowance for uncollectibles | (20,754,500) | (10,428,536) | (31,183,036) | - |
| Total loans, net | <u>\$ 43,175</u> | <u>\$ 16,571</u> | <u>\$ 59,746</u> | <u>\$ 163,900</u> |

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 9 – Loans and Notes Receivable (Continued)

The City uses funds generated from the former Agency Housing Loans as well as other state and federal funding sources to offer financial assistance to qualified developers, individuals, and families by providing loans at “below market” interest rates.

Typical loans and related terms are summarized as follows:

| Loan Type | Interest Rates | Due |
|----------------------------------|-----------------------|-----------------|
| Affordable housing | 0 - 4% | up to 55 years |
| Multi-unit rental rehabilitation | 3% | 5 or more years |
| First time home buyer | 3% | 7 to 40 years |
| Home improvement | 3 - 6% | 1 to 30 years |

Loans are secured by first or second in lien-property deeds of trust except for first time homebuyer loans, which are all secured by second deeds of trust. Interest and principal are typically due in installments, except for first time homebuyer, which do not require payments until their maturity dates.

The City has also invested in multi-family rental housing projects serving low to moderate income individuals through subordinate loans with terms of up to 55 years. Generally, these loans are to be repaid through fixed payments or net cash flow payments from project operations and the term and potential risk of each loan varies. Because of the net cash flow feature of these subordinate loans, there is greater risk of variability in the timing of payments and, potentially, a lower probability of eventual repayment on these subordinate loans than on other loan types.

Accordingly, for financial statement purposes, the City has established an allowance account for these loans receivable due to the contingent nature of the repayment schedules of these loans.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 10 – Interfund Receivables, Payable, and Transfers

A. Due From and To Other Funds

At June 30, 2024, the balances of due from and to other funds were as follows:

| Receivable Fund | Payable Fund | Amount | Purpose |
|--|--|-----------------------------------|------------------|
| General Fund | Grants Special Revenue Fund | \$ 2,388,135 | Cash overdraft |
| General Fund | Housing and Urban Development Special Revenue Fund | 1,791,227 | Cash overdraft |
| General Fund | Downtown Parking District Enterprise Fund | 1,512,247 | Cash overdraft |
| General Fund | Emergency Medical Services Special Revenue Fund | 78,480 | Cash overdraft |
| General Fund | Development Fees Special Revenue Fund | 269 | Cash overdraft |
| General Fund | Lighting, Landscape, and Maintenance Dist Special Revenue Fund | 51,188 | Cash overdraft |
| General Fund | Special Construction Assistance Capital Projects Fund | 3,587,464 | Cash overdraft |
| General Fund | Traffic Safety Special Revenue Fund | 64,576 | Cash overdraft |
| General Fund | Assessment District Debt Service Debt Service Fund | 803,836 | Cash overdraft |
| General Fund | Assessment District Administration Debt Service Fund | 2,178 | Cash overdraft |
| | | <u>10,279,600</u> | |
| Capital Projects Capital Projects Fund | General Fund | 2,205,866 | Capital projects |
| Capital Projects Capital Projects Fund | Lighting, Landscape and Maintenance Special Revenue Fund | 1,607 | Capital projects |
| Capital Projects Capital Projects Fund | Special Construction Assistance Capital Projects Fund | 1,145,577 | Capital projects |
| Capital Projects Capital Projects Fund | Special Aviation Capital Projects Fund | 22,283 | Capital projects |
| Capital Projects Capital Projects Fund | Housing and Urban Development Special Revenue Fund | 408,695 | Capital projects |
| Capital Projects Capital Projects Fund | Gas Tax Special Revenue Fund | 132,794 | Capital projects |
| Capital Projects Capital Projects Fund | Development Fees Special Revenue Fund | 1,734 | Capital projects |
| Capital Projects Capital Projects Fund | Measure X Special Revenue Fund | 184,917 | Capital projects |
| Capital Projects Capital Projects Fund | Industrial Waste Enterprise Fund | 84,772 | Capital projects |
| Capital Projects Capital Projects Fund | Permit Services Enterprise Fund | 1,923 | Capital projects |
| Capital Projects Capital Projects Fund | Sanitary Sewer Enterprise Fund | 45,371 | Capital projects |
| Capital Projects Capital Projects Fund | SB1 Road Maintenance & Rehab Special Revenue Fund | 57,662 | Capital projects |
| | | <u>4,293,201</u> | |
| Workers Compensation Internal Service Fund | General Fund | 16,831,462 | Claims |
| | | <u>Total \$ 31,404,263</u> | |

B. Long-Term Advances

At June 30, 2024, the balances of long-term advances were as follows:

| Advances Due From | Advances Due To |
|--------------------------------|----------------------------|
| | Governmental |
| | Activities |
| | General Fund |
| Business-Type Activities: | |
| Downtown Parking | \$ 2,785,000 |
| Total business-type activities | <u>2,785,000</u> |
| Total primary government | <u><u>\$ 2,785,000</u></u> |

Advances from the General Fund to the Downtown Parking District Fund total \$2,785,000 at June 30, 2024. The advances helped subsidize operations in the Downtown Parking District Fund as program needs, including sources and uses, were established. As the Downtown Parking District becomes fully self-sufficient, a plan will be established to pay back the advance from the General Fund over time.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 10 – Interfund Receivables, Payable, and Transfers (Continued)

C. Transfers

Interfund transfers during the year ended June 30, 2024, consisted of the following:

| Transfers In | Transfers Out | Amount | Purpose |
|---|--|----------------------|-------------------------------|
| General Fund | Gas Tax Special Revenue Fund | \$ 1,800,000 | Capital projects/debt service |
| General Fund | Traffic Safety Special Revenue Fund | 200,000 | Capital projects/debt service |
| General Fund | Special Construction Assistance Capital Projects Fund | 85,335 | Operating costs |
| General Fund | Risk Management Internal Service Fund | 750,000 | Operating costs |
| | Subtotal General Fund | 2,835,335 | |
| Capital Projects Capital Projects Fund | General Fund | 9,168,877 | Capital projects |
| Capital Projects Capital Projects Fund | Lighting, Landscape and Maintenance Special Revenue Fund | 527,530 | Capital projects |
| Capital Projects Capital Projects Fund | Development Fees Special Revenue Fund | 142,435 | Capital projects |
| Capital Projects Capital Projects Fund | Gas Tax Special Revenue Fund | 1,034,890 | Capital projects |
| Capital Projects Capital Projects Fund | Measure X Special Revenue Fund | 2,701,162 | Capital projects |
| Capital Projects Capital Projects Fund | SB1 Road Maintenance & Rehab Special Revenue Fund | 6,022,143 | Capital projects |
| Capital Projects Capital Projects Fund | Housing and Urban Development Special Revenue Fund | 1,076,979 | Capital projects |
| Capital Projects Capital Projects Fund | Special Aviation Capital Projects Fund | 433,551 | Capital projects |
| Capital Projects Capital Projects Fund | Special Construction Assistance Capital Projects Fund | 7,487,153 | Capital projects |
| Capital Projects Capital Projects Fund | Airport Enterprise Fund | 40,629 | Capital projects |
| Capital Projects Capital Projects Fund | Industrial Waste Enterprise Fund | 1,093,781 | Capital projects |
| Capital Projects Capital Projects Fund | Sanitary Sewer Enterprise Fund | 401,599 | Capital projects |
| Capital Projects Capital Projects Fund | Permit Services Enterprise Fund | 291,780 | Capital projects |
| | Subtotal Capital Projects Capital Projects Fund | 30,422,509 | |
| COP 2018B T.R.I.P. Debt Service Fund | Measure X Special Revenue Fund | 378,767 | Debt service |
| 2018 Lease El Gabilan Library Debt Service Fund | General Fund | 787,459 | Debt service |
| 2018 Lease-PS Building Police Debt Service Fund | General Fund | 4,474,340 | Debt service |
| COP 1999 & 2004 Debt Service Fund | General Fund | 227,099 | Debt service |
| 2020A Refunding SVSWA Debt Service Fund | General Fund | 642,656 | Debt service |
| Industrial Waste Enterprise Fund | General Fund | 413,800 | Capital projects/debt service |
| Industrial Waste Enterprise Fund | Special Construction Assistance Capital Projects Fund | 665,034 | Capital projects |
| Downtown Parking District Enterprise Fund | General Fund | 393,000 | Debt service |
| Emergency Medical Services Enterprise Fund | General Fund | 1,600,000 | Operating subsidy |
| Vehicle Abatement Special Revenue Fund | General Fund | 50,000 | Operating subsidy |
| Grants Special Revenue Fund | General Fund | 93,470 | Operating subsidy |
| Rent Stabilization Special Revenue Fund | General Fund | 143,000 | Operating subsidy |
| Local Housing Trust Special Revenue Fund | General Fund | 2,000,000 | Operating subsidy |
| 2020A Refunding Energy Debt Service Fund | General Fund | 1,269,336 | Debt service |
| 2020A Refunding Energy Debt Service Fund | Airport Enterprise Fund | 79,893 | Debt service |
| 2020A Refunding Energy Debt Service Fund | Industrial Waste Enterprise Fund | 74,792 | Debt service |
| 2020A Refunding Energy Debt Service Fund | Sanitary Sewer Enterprise Fund | 99,672 | Debt service |
| 2020A Refunding Energy Debt Service Fund | Downtown Parking District Enterprise Fund | 33,808 | Debt service |
| | Subtotal 2020A Refunding Energy Debt Service Fund | 1,557,501 | |
| General Insurance Internal Service Fund | General Fund | 1,400,000 | Operating subsidy |
| General Liability Internal Service Fund | General Fund | 3,410,000 | Operating subsidy |
| General Liability Internal Service Fund | Risk Management Internal Service Fund | 1,000,000 | Operating subsidy |
| General Liability Internal Service Fund | General Insurance Internal Service Fund | 500,000 | Operating subsidy |
| Fleet Maintenance Internal Service Fund | General Fund | 2,300,000 | Operating subsidy |
| | Total | \$ 55,293,970 | |

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 11 – Capital Assets

A. Governmental Activities

The summary of changes in governmental activities capital assets for the year ended June 30, 2024, is as follows:

| Governmental Activities: | Balance July 1, 2023 | Additions | Retirements | Adjustments/ Transfers | Balance June 30, 2024 |
|--|---------------------------------|---------------------|--------------------|-----------------------------------|----------------------------------|
| <i>Non-depreciable/amortizable assets:</i> | | | | | |
| Land | \$ 32,983,126 | \$ 4,970,000 | \$ - | \$ - | \$ 37,953,126 |
| Construction in progress | 28,032,297 | 9,001,248 | - | (11,798,266) | 25,235,279 |
| Total non-depreciable/amortizable assets | 61,015,423 | 13,971,248 | - | (11,798,266) | 63,188,405 |
| <i>Depreciable/amortizable assets</i> | | | | | |
| Buildings and improvements | 135,129,108 | 171,480 | (551,000) | - | 134,749,588 |
| Improvements other than buildings | 50,677,352 | 226,614 | - | - | 50,903,966 |
| Machinery and equipment | 49,191,952 | 2,391,146 | (1,064,898) | - | 50,518,200 |
| Infrastructure | 422,055,987 | 750,863 | - | 11,798,266 | 434,605,116 |
| Right-to-use assets - leases | 550,536 | - | - | - | 550,536 |
| Right-to-use assets - subscriptions | 410,213 | - | - | - | 410,213 |
| Total depreciable/amortizable assets | 658,015,148 | 3,540,103 | (1,615,898) | 11,798,266 | 671,737,619 |
| <i>Accumulated depreciation/amortization</i> | | | | | |
| Buildings and improvements | (26,869,469) | (2,701,320) | 499,780 | - | (29,071,009) |
| Improvements other than buildings | (24,988,180) | (1,659,828) | - | - | (26,648,008) |
| Machinery and equipment | (37,719,187) | (3,103,707) | 1,048,300 | - | (39,774,594) |
| Infrastructure | (294,494,747) | (8,584,588) | - | - | (303,079,335) |
| Right-to-use assets - leases | (374,120) | (124,576) | - | 73,508 | (425,188) |
| Right-to-use assets - subscriptions | (27,208) | (136,738) | - | - | (163,946) |
| Total accumulated depreciation/amortization | (384,472,911) | (16,310,757) | 1,548,080 | 73,508 | (399,162,080) |
| Total depreciable/amortizable assets, net | 273,542,237 | (12,770,654) | (67,818) | 11,871,774 | 272,575,539 |
| Governmental activities capital assets, net | \$ 334,557,660 | \$ 1,200,594 | \$ (67,818) | \$ 73,508 | \$ 335,763,944 |

Depreciation and amortization expense was charged to the functions/programs of the governmental activities as follows:

Governmental Activities:

| | |
|---|----------------------|
| General government | \$ 483,370 |
| Police | 2,355,998 |
| Fire | 903,873 |
| Public works, including infrastructure | 11,545,304 |
| Recreation and parks | 837,430 |
| Library | 184,782 |
| Total depreciation/amortization expense - governmental activities | <u>\$ 16,310,757</u> |

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 11 – Capital Assets (Continued)

B. Business-Type Activities

The summary of changes in business-type activities capital assets for the year ended June 30, 2024, is as follows:

| Business-Type Activities: | Balance July 1, 2023 | Additions | Retirements | Transfers | Balance June 30, 2024 |
|---|-------------------------|-----------------------|--------------------|-------------|--------------------------|
| <i>Nondepreciable assets:</i> | | | | | |
| Land | \$ 3,630,695 | \$ - | \$ - | \$ - | \$ 3,630,695 |
| Construction in progress | 1,621,929 | 681,368 | (12,058) | - | 2,291,239 |
| Total nondepreciable assets | 5,252,624 | 681,368 | (12,058) | - | 5,921,934 |
| <i>Depreciable assets</i> | | | | | |
| Buildings and improvements | 25,888,821 | - | - | - | 25,888,821 |
| Improvements other than buildings | 15,970,700 | - | - | - | 15,970,700 |
| Machinery and equipment | 7,796,234 | 75,263 | - | - | 7,871,497 |
| Infrastructure | 102,709,198 | - | - | - | 102,709,198 |
| Total depreciable assets | 152,364,953 | 75,263 | - | - | 152,440,216 |
| <i>Accumulated depreciation:</i> | | | | | |
| Buildings and improvements | (16,594,963) | (685,775) | - | - | (17,280,738) |
| Improvements other than buildings | (6,645,741) | (764,994) | - | - | (7,410,735) |
| Machinery and equipment | (5,462,163) | (324,423) | - | - | (5,786,586) |
| Infrastructure | (60,940,362) | (1,704,876) | - | - | (62,645,238) |
| Total accumulated depreciation | (89,643,229) | (3,480,068) | - | - | (93,123,297) |
| Total depreciable assets, net | 62,721,724 | (3,404,805) | - | - | 59,316,919 |
| Business-type activities capital assets, net | \$ 67,974,348 | \$ (2,723,437) | \$ (12,058) | \$ - | \$ 65,238,853 |

Depreciation expense was charged to the functions/programs of the business-type activities as follows:

| | |
|---|---------------------|
| Business-type Activities: | |
| Airport | \$ 955,744 |
| Industrial Waste | 493,957 |
| Sanitary Sewer | 1,439,016 |
| Downtown Parking | 562,622 |
| Permit Services | 28,729 |
| Total depreciation expense - business-type activities | <u>\$ 3,480,068</u> |

Note 12 – Land and Properties Held For Resale

Land and properties held for resale at June 30, 2024 consisted of the following:

| | |
|---|----------------------------|
| <u>Special Revenue Fund</u> | |
| 137, 145, & 151 Division Street | <u>\$ 584,419</u> |
| <u>Deferred Compensation-Trust Deed</u> | |
| Magallan, Jose; Monterra Ranch Properties-Lot 155 | <u>1,039,000</u> |
| <u>Affordable Housing Fund - Sunset Avenue Merged Housing</u> | |
| 115 Division Street | 230,981 |
| 123 Division Street | 206,265 |
| 923 E. Market Street | <u>358,335</u> |
| | <u>795,581</u> |
| Total land and properties held for resale | <u><u>\$ 2,419,000</u></u> |

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 13 – Long-Term Debt

A. Governmental Activities

A summary of changes in long-term debt for governmental activities for the year ended June 30, 2024 is as follows:

| | Balance July 1, 2023 | Additions | Retirements | Balance June 30, 2024 | Amount due within one year | Amount due in more than one year |
|--------------------------------------|-------------------------|-------------|-----------------------|--------------------------|----------------------------------|--|
| Governmental Activities | | | | | | |
| Direct borrowings - leases | \$ 51,197,454 | \$ - | \$ (4,610,633) | \$ 46,586,821 | \$ 4,547,875 | \$ 42,038,946 |
| Direct borrowings - minor leases | 216,965 | - | (121,997) | 94,968 | 94,968 | - |
| Direct borrowings - subscriptions | 270,804 | - | (133,728) | 137,076 | 137,076 | - |
| total direct borrowings | 51,685,223 | - | (4,866,358) | 46,818,865 | 4,779,919 | 42,038,946 |
| Certificates of Participation: | | | | | | |
| TRIP 2018B | 34,620,000 | - | (800,000) | 33,820,000 | 850,000 | 32,970,000 |
| Series 2020A-Twin Creeks | 1,610,000 | - | (380,000) | 1,230,000 | 395,000 | 835,000 |
| Series 2020B Fairways | 3,720,000 | - | (120,000) | 3,600,000 | 135,000 | 3,465,000 |
| Series 2020A-Energy (2014) | 13,850,000 | - | (1,005,000) | 12,845,000 | 1,080,000 | 11,765,000 |
| Series 2020A-SVSWA (2015B) | 2,790,000 | - | (565,000) | 2,225,000 | 585,000 | 1,640,000 |
| Bond premium/(discount): | | | | | | |
| TRIP 2018B | 2,864,727 | - | (312,350) | 2,552,377 | - | 2,552,377 |
| TRIP 2018B | (317,759) | - | 13,240 | (304,519) | - | (304,519) |
| Series 2020A-Twin Creeks | 181,389 | - | (45,347) | 136,042 | - | 136,042 |
| Series 2020A-Energy (2014) | 2,484,712 | - | (248,471) | 2,236,241 | - | 2,236,241 |
| Series 2020A-SVSWA (2015B) | 350,777 | - | (70,155) | 280,622 | - | 280,622 |
| Total Certificates of Participation: | 62,153,846 | - | (3,533,083) | 58,620,763 | 3,045,000 | 55,575,763 |
| Assessment District Bonds: | | | | | | |
| Assessment District 2017 Act Bonds | 540,000 | - | (450,000) | 90,000 | 45,000 | 45,000 |
| CFD Monte Bella-2019 #1 | 2,520,000 | - | (55,000) | 2,465,000 | 55,000 | 2,410,000 |
| CFD Monte Bella-2019 #2 | 2,010,000 | - | (45,000) | 1,965,000 | 45,000 | 1,920,000 |
| CFD Monte Bella-2019 #3 | 2,645,000 | - | (55,000) | 2,590,000 | 55,000 | 2,535,000 |
| Bond premium/(discount): | | | | | | |
| CFD Monte Bella-2019 #1 | 67,440 | - | (2,498) | 64,942 | - | 64,942 |
| CFD Monte Bella-2019 #2 | 189,856 | - | (7,032) | 182,824 | - | 182,824 |
| CFD Monte Bella-2019 #3 | 234,570 | - | (8,377) | 226,193 | - | 226,193 |
| Total Assessment District Bonds | 8,206,866 | - | (622,907) | 7,583,959 | 200,000 | 7,383,959 |
| Total governmental activities | \$ 122,045,935 | \$ - | \$ (9,022,348) | \$ 113,023,587 | \$ 8,024,919 | \$ 104,998,668 |

Direct Borrowing – Leases

Annual debt service requirements to maturity for the City's major leases are as follows:

| Fiscal Year Ending June 30: | Principal | Interest | Total |
|--------------------------------|----------------------|----------------------|----------------------|
| 2025 | \$ 4,547,875 | \$ 1,896,706 | \$ 6,444,581 |
| 2026 | 4,633,821 | 1,688,306 | 6,322,127 |
| 2027 | 4,280,125 | 1,473,154 | 5,753,279 |
| 2028 | 4,199,000 | 1,265,597 | 5,464,597 |
| 2029 | 4,412,000 | 1,052,583 | 5,464,583 |
| 2030-2034 | 14,809,000 | 2,823,621 | 17,632,621 |
| 2035-2039 | 2,645,000 | 1,638,378 | 4,283,378 |
| 2040-2044 | 3,190,000 | 1,088,188 | 4,278,188 |
| 2045-2049 | 3,870,000 | 393,463 | 4,263,463 |
| Total | \$ 46,586,821 | \$ 13,319,995 | \$ 59,906,816 |

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 13 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Direct Borrowing – Leases (Continued)

Pierce Pumper & Tiller

On March 6, 2015, the City, using lease purchase financing, purchased a Pierce Pumper and Tiller for a total of \$1,628,839. The City will make ten annual payments beginning on March 6, 2016 and ending March 6, 2025 at 2.51% interest. Debt payable of \$122,082 is recorded as Governmental Activities at June 30, 2024.

If any event of default occurs, and if the lessee agrees to pay, the lessor may require the lessee to pay all amounts currently due and all remaining rent payments due during the fiscal year in effect when the default occurs with interest at the highest lawful rate from the date of the lessor's demand for such payment. Also included in this scenario are additional out-of-pocket expenses incurred by the lessor including attorney fees, repossession, safekeeping, storage, repair, reconditioning, and disposition costs. Alternatively, the lessor can require the lessee to return all equipment for the purpose of lease, sale, or otherwise disposition by the lessor.

Debt service requirements to maturity for the Pierce Pumper & Tiller are as follows:

| Fiscal Year Ending June 30: | Principal | Interest | Total |
|--------------------------------|------------|----------|------------|
| 2025 | \$ 122,082 | \$ 3,060 | \$ 125,142 |
| Total | \$ 122,082 | \$ 3,060 | \$ 125,142 |

2014 Lease/Purchase Agreement

The City of Salinas 2014 Lease/Purchase Agreement was issued by the Salinas Facilities Financing Authority on January 29, 2014. The financing was issued to refund the Animal Shelter COP Series A-1999 (\$2,812,000) and the Monterey Street Parking Structure COP Series A-2004 (\$13,253,000). The Animal Shelter portion of the financing was issued for 19 years (ending September 1, 2032), at an average interest rate of 4.02%. Maximum annual debt service is \$278,646. Debt payable of \$1,310,000 is recorded as Governmental Activities at June 30, 2024.

Upon the occurrence of an event of default, the trustee may pursue any available remedy by law or pursuant to the lease agreement to enforce payment of the outstanding amounts. However, there shall be no right under any circumstance to accelerate the lease payments or otherwise declare any lease payments not then in default to be immediately due and payable. After the occurrence of an event of default, the City will surrender possession of the property to the financing authority, if requested to do so.

Debt service requirements to maturity for 2014 Lease/Purchase Agreement are as follows:

| Fiscal Year Ending June 30: | Principal | Interest | Total |
|--------------------------------|--------------|------------|--------------|
| 2025 | \$ 179,000 | \$ 49,064 | \$ 228,064 |
| 2026 | 191,000 | 41,627 | 232,627 |
| 2027 | 120,000 | 35,376 | 155,376 |
| 2028 | 124,000 | 30,472 | 154,472 |
| 2029 | 127,000 | 25,427 | 152,427 |
| 2030-2034 | 569,000 | 46,974 | 615,974 |
| Total | \$ 1,310,000 | \$ 228,939 | \$ 1,538,939 |

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 13 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Direct Borrowing – Leases (Continued)

Public Safety Building 2018A

The City of Salinas 2018A Capital Lease was issued by Salinas Public Facilities, Inc. in the amount of \$48,825,000 on June 28, 2018. The purpose of this financing was to raise funds for the construction of a new Public Safety Building (Police Department) within City limits. The City started making semi-annual payments beginning on December 1, 2018 and ending December 1, 2034 at an average interest rate of 3.375%. Maximum annual debt service is \$4,799,181. Debt payable of \$29,805,000 is recorded as Governmental Activities at June 30, 2024.

In the event of an event of default, the trustee shall be entitled to declare the principal of all the bonds then outstanding, and the interest accrued thereon, to be due and payable immediately. Upon such declaration, anything in the indenture or in the bonds contained to the contrary notwithstanding, shall also be due and payable immediately, and interest on the bonds shall cease to accrue on the date of such declaration.

Debt service requirements to maturity for Public Safety Building 2018A are as follows:

| Fiscal Year Ending June 30: | Principal | Interest | Total |
|--------------------------------|----------------------|---------------------|----------------------|
| 2025 | \$ 3,210,000 | \$ 1,258,194 | \$ 4,468,194 |
| 2026 | 3,370,000 | 1,093,694 | 4,463,694 |
| 2027 | 3,540,000 | 920,944 | 4,460,944 |
| 2028 | 3,715,000 | 739,569 | 4,454,569 |
| 2029 | 3,905,000 | 549,069 | 4,454,069 |
| 2030-2034 | 12,065,000 | 663,034 | 12,728,034 |
| Total | <u>\$ 29,805,000</u> | <u>\$ 5,224,503</u> | <u>\$ 35,029,503</u> |

El Gabilan Library 2018B

The City of Salinas 2018B Capital Lease was issued by Salinas Public Facilities, Inc. in the amount of \$19,830,000 on June 28, 2018. The purpose of this financing was to raise funds for the construction of a new Public Library (El Gabilan) within City limits. The City started making semi-annual payments beginning on December 1, 2018 and ending December 1, 2048 at an average interest rate of 3.900%. Maximum annual debt service is \$1,152,781. Debt payable of \$13,460,000 is recorded as Governmental Activities at June 30, 2024.

In the event of an event of default, the trustee shall be entitled to declare the principal of all the bonds then outstanding, and the interest accrued thereon, to be due and payable immediately. Upon such declaration, anything in the indenture or in the bonds contained to the contrary notwithstanding, shall also be due and payable immediately, and interest on the bonds shall cease to accrue on the date of such declaration.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 13 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Direct Borrowing – Leases (Continued)

El Gabilan Library 2018B (Continued)

Debt service requirements to maturity for El Gabilan Library 2018B are as follows:

| Fiscal Year Ending June 30: | Principal | Interest | Total |
|--------------------------------|----------------------|---------------------|----------------------|
| 2025 | \$ 240,000 | \$ 539,119 | \$ 779,119 |
| 2026 | 255,000 | 526,744 | 781,744 |
| 2027 | 345,000 | 512,213 | 857,213 |
| 2028 | 360,000 | 495,556 | 855,556 |
| 2029 | 380,000 | 478,088 | 858,088 |
| 2030-2034 | 2,175,000 | 2,113,613 | 4,288,613 |
| 2035-2039 | 2,645,000 | 1,638,378 | 4,283,378 |
| 2040-2044 | 3,190,000 | 1,088,188 | 4,278,188 |
| 2045-2049 | 3,870,000 | 393,463 | 4,263,463 |
| Total | <u>\$ 13,460,000</u> | <u>\$ 7,785,360</u> | <u>\$ 21,245,360</u> |

Police/Fire Radios & PW Equipment

The City of Salinas Motorola radios and public works equipment lease was issued by Banc of America Public Capital Corporation in the amount of \$3,500,000 on August 17, 2018. This equipment replaces old manufactured models and will make Police, Fire, and Public Work operations more efficient. The lease consists of 84 payments, beginning on August 17, 2019 and ending on August 17, 2025 at an average interest rate of 3.120%. Debt payable of \$1,077,926 is recorded as Governmental Activities at June 30, 2024.

Upon the occurrence of an event of default, legal title and physical position of the equipment shall pass to the Lessor, and the City shall have no further interest therein.

Debt service requirements to maturity for Police/Fire Radios & PW Equipment are as follows:

| Fiscal Year Ending June 30: | Principal | Interest | Total |
|--------------------------------|---------------------|------------------|---------------------|
| 2025 | \$ 530,684 | \$ 33,631 | \$ 564,315 |
| 2026 | 547,242 | 17,074 | 564,316 |
| Total | <u>\$ 1,077,926</u> | <u>\$ 50,705</u> | <u>\$ 1,128,631</u> |

2021 Pierce Enforcer Pumpers

In fiscal year 2022, the City, using lease purchase financing, purchased a Pierce Enforcer Pumper fire engine for a total of \$1,330,913. The City will make six annual payments of \$279,747, beginning on December 17, 2021 and ending December 17, 2026 at 1.68% interest. Debt payable of \$811,813 is recorded as Governmental Activities at June 30, 2024.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 13 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Direct Borrowing – Leases (Continued)

2021 Pierce Enforcer Pumpers (Continued)

If any event of default occurs, and if the lessee agrees to pay, the lessor may require the lessee to pay all amounts currently due and all remaining rent payments due during the fiscal year in effect when the default occurs with interest at the highest lawful rate from the date of the lessor's demand for such payment. Also included in this scenario are additional out-of-pocket expenses incurred by the lessor including attorney fees, repossession, safekeeping, storage, repair, reconditioning, and disposition costs. Alternatively, the lessor can require the lessee to return all equipment for the purpose of lease, sale, or otherwise disposition by the lessor.

Debt service requirements to maturity for the 2021 Pierce Enforcer Pumper are as follows:

| Fiscal Year Ending June 30: | Principal | Interest | Total |
|--------------------------------|-------------------|------------------|-------------------|
| 2025 | \$ 266,109 | \$ 13,638 | \$ 279,747 |
| 2026 | 270,579 | 9,168 | 279,747 |
| 2027 | 275,125 | 4,622 | 279,747 |
| Total | <u>\$ 811,813</u> | <u>\$ 27,428</u> | <u>\$ 839,241</u> |

Minor Leases

The City has entered into various minor leases for equipment such as copiers, etc. that were subject to GASB 87 Leases implementation in fiscal year 2024.

Debt service requirements to maturity for these leases are as follows:

| Fiscal Year Ending June 30: | Principal | Interest | Total |
|--------------------------------|------------------|-----------------|------------------|
| 2025 | \$ 94,968 | \$ 3,190 | \$ 98,158 |
| Total | <u>\$ 94,968</u> | <u>\$ 3,190</u> | <u>\$ 98,158</u> |

Certificates of Participation Bonds

Series 2018B – TRIP

On July 18, 2108, the California Statewide Communities Development Authority Transportation Revenue issued City of Salinas Certificates of Participation, Series 2018B totaling \$37,500,000 at various interest rates plus premium and discounts. The purpose of this financing was to provide expedited funding for the design, acquisition, and construction of local roadway and street improvement projects within the jurisdiction of the City. Debt payable of \$33,820,000 plus premiums and discounts of \$2,552,377 and (\$304,519), respectively, are recorded as Governmental Activities at June 30, 2024.

In the event of an event of default, the trustee shall be entitled to exercise the remedies provided under the agreement to collect the outstanding payments in full, with no grace period permitted.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 13 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Certificates of Participation Bonds (Continued)

Series 2018B – TRIP (Continued)

The annual debt service requirements to maturity for the certificates are as follows:

| Fiscal Year Ending June 30: | Principal | Interest | Total |
|--------------------------------|----------------------|----------------------|----------------------|
| 2025 | \$ 850,000 | \$ 1,481,575 | \$ 2,331,575 |
| 2026 | 890,000 | 1,442,525 | 2,332,525 |
| 2027 | 925,000 | 1,406,225 | 2,331,225 |
| 2028 | 950,000 | 1,363,975 | 2,313,975 |
| 2029 | 1,010,000 | 1,314,975 | 2,324,975 |
| 2030-2034 | 5,815,000 | 5,787,350 | 11,602,350 |
| 2035-2039 | 7,395,000 | 4,161,750 | 11,556,750 |
| 2040-2044 | 9,410,000 | 2,127,650 | 11,537,650 |
| 2045-2049 | 6,575,000 | 350,613 | 6,925,613 |
| Total | <u>\$ 33,820,000</u> | <u>\$ 19,436,638</u> | <u>\$ 53,256,638</u> |

Certificates of Participation Bonds

Series 2020A Twin Creeks

On March 16, 1999, the Salinas Public Financing Authority issued City of Salinas Certificates of Participation (Certificates) Series A-1999 totaling \$14,315,000. A portion of the Certificates was allocated for the construction of an animal shelter, \$1,250,338, and the balance of the Certificates, \$13,064,662 was allocated for construction of the new Twin Creeks (9-hole) Golf Course. On August 24, 2004, the City entered into a sublease agreement with the Monterey Peninsula Foundation and its related foundation, Future Citizens Foundation, dba the First Tee of Monterey County providing for the lease of Twin Creeks golf course to Future Citizens Foundation. As a condition of the lease, the City repaid the portion of the 1999 Certificates attributable to the Twin Creeks golf course facility (about 57.5% of the lease payments of \$575,000) and refinanced that golf course portion with a new Refunding issue of Certificate of Participation. On September 14, 2005, the Salinas Public Financing Authority issued City of Salinas Refunding Certificates of Participation Series 2005A, in the amount of \$8,005,000, to refund the portion of the 1999 Certificates attributed to Twin Creeks. Refunding Certificates Series 2005A were issued for 24 years at 4.22% and were secured by a lien on Twin Creeks golf course. The net value expense of the funding was \$117,298. The refunding was completed to issue qualified 501 (c) 3 bonds to provide for the operation of Twin Creeks golf course by First Tee of Monterey County. Annual debt service for the 2005A Certificates (\$572,308) was paid by the annual lease payments (\$575,000) from Future Citizens Foundation and guaranteed by the Monterey Peninsula Foundation. At the request of First Tee of Monterey County, on December 6, 2011, the City approved a sublease payment reduction from \$575,000 to \$125,000 (an annual reduction of \$450,000). This request was the result of First Tee's significant golf course operating losses. With the goal of maintaining a quality of level of service to the thousands of golf youth participants and as the most cost-effective alternative, the City Council approved the General Fund support through fiscal year 2015-16 to offset the reduced amount of the sublease to the First Tee of Monterey County.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 13 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Certificates of Participation Bonds (Continued)

Series 2020A Twin Creeks (Continued)

On September 1, 2015, the City issued Refunding Certificates of Participation Series 2015, in the amount of \$11,440,000 at a 2.53% interest rate, to refund the outstanding portion of the 2005A Certificates of Participation (Twin Creeks) and the 2005B Certificates of Participation (Capital Improvements). Bond started September 1, 2015 and will end after 12 years on September 1, 2027.

On August 19, 2020, the Salinas Public Financing Authority issued City of Salinas Certificates of Participation, Series 2020A totaling \$2,715,000. The Advance Refunding Certificates were issued to refund the 2015A Twin Creeks Golf Project. Bond started November 1, 2020 and will end after 6 years on November 1, 2026. The advance refunding of the 2015A Twin Creeks Golf Project reduced total debt service payments over the next 6 years by \$134,501. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$222,408. Debt payable of \$1,230,000 is recorded in the governmental activities at June 30, 2024.

In the event of an event of default, the Trustee may and, at the direction of the owners of not less than a majority of the aggregate principal amount of bonds then outstanding, and upon being indemnified to its reasonable satisfaction therefore, shall, upon notice in writing to the City and the Salinas Financing Authority, exercise any of the remedies granted to the Salinas Financing Authority under the lease agreement and, in addition, take whatever action at law or in equity may appear necessary or desirable to enforce its rights as assignee pursuant to the Assignment Agreement or to protect and enforce any of the rights vested in the Trustee or the owners, either at law or in equity bankruptcy or otherwise, whether for specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right.

The annual debt service requirements to maturity for the certificates are as follows:

| Fiscal Year Ending June 30: | Principal | Interest | Total |
|--------------------------------|---------------------|------------------|---------------------|
| 2025 | \$ 395,000 | \$ 41,300 | \$ 436,300 |
| 2026 | 410,000 | 25,200 | 435,200 |
| 2027 | 425,000 | 8,500 | 433,500 |
| Total | <u>\$ 1,230,000</u> | <u>\$ 75,000</u> | <u>\$ 1,305,000</u> |

Series 2020B Fairways

On August 2008, the City of Salinas was issued Refunding Certificates of Participation Series 2008, in the amount of \$4,660,000 at a variable interest rate, to refund the outstanding portion of the 1999 Certificate pertaining to the Fairways Golf Project. Bond started September 1, 2008 and will end after 30 years on September 1, 2038. Following the execution and delivery of the Certificates of Participation Series 2008, the 1999 Certificates, attributed to the animal shelter, will remain outstanding.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 13 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Certificates of Participation Bonds (Continued)

Series 2020B Fairways (Continued)

On August 19, 2020, the Salinas Public Financing Authority issued City of Salinas Certificates of Participation, Series 2020B totaling \$4,040,000. The Advance Refunding Certificates were issued to refund the 2008 COP Fairways Golf Project. Bond started November 1, 2020 and will end after 18 years on November 1, 2038. The advance refunding of the 2008 COP Fairways Golf Project reduced total debt service payments over the next 18 years by \$1,311,557. This results in an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$222,581. Debt payable of \$3,600,000 is recorded in the governmental activities at June 30, 2024.

In the event of an event of default, the Trustee may and, at the direction of the owners of not less than a majority of the aggregate principal amount of bonds then outstanding, and upon being indemnified to its reasonable satisfaction therefore, shall, upon notice in writing to the City and the Salinas Financing Authority, exercise any of the remedies granted to the Salinas Financing Authority under the lease agreement and, in addition, take whatever action at law or in equity may appear necessary or desirable to enforce its rights as assignee pursuant to the Assignment Agreement or to protect and enforce any of the rights vested in the Trustee or the owners, either at law or in equity bankruptcy or otherwise, whether for specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right.

The annual debt service requirements to maturity for the certificates are as follows:

| Fiscal Year Ending June 30: | Principal | Interest | Total |
|--------------------------------|---------------------|-------------------|---------------------|
| 2025 | \$ 135,000 | \$ 92,537 | \$ 227,537 |
| 2026 | 155,000 | 90,619 | 245,619 |
| 2027 | 165,000 | 88,184 | 253,184 |
| 2028 | 185,000 | 85,126 | 270,126 |
| 2029 | 200,000 | 81,354 | 281,354 |
| 2030-2034 | 1,205,000 | 323,484 | 1,528,484 |
| 2035-2039 | 1,555,000 | 121,425 | 1,676,425 |
| Total | <u>\$ 3,600,000</u> | <u>\$ 882,729</u> | <u>\$ 4,482,729</u> |

Series 2020A Energy (2014)

On November 1, 2014, the City entered into a lease agreement funded through private placement in the amount of \$21,908,000. The project will install LED lighting on streetlights and parking lots in addition to building solar PV installations at the Hitchcock Road Animal Shelter, the Industrial Waste Treatment Plant, the Salinas Municipal Airport, the Permit Center, Sherwood Hall, and the Sewer Lift Station site off Work Street. The Debt Service repayment were set to be over a 17-year period at 3.03% interest beginning May 1, 2016 and ending November 1, 2032. Maximum annual debt service was \$2,005,124.

On August 19, 2020, the Salinas Public Financing Authority issued City of Salinas Certificates of Participation, Series 2020A totaling \$16,190,000. The Advance Refunding Certificates were issued to refund the 2014 Energy Improvement Lease. Bond started November 1, 2020 and will end after 12 years on November 1, 2032. The advanced refunding of the 2014 Energy Lease reduced total debt service payments over the next 12 years by \$1,513,227. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,425,483. Debt payable of \$12,845,000 is recorded as Governmental Activities at June 30, 2024.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 13 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Certificates of Participation Bonds (Continued)

Series 2020A Energy (2014) (Continued)

In the event of an event of default, the Trustee may and, at the direction of the owners of not less than a majority of the aggregate principal amount of bonds then outstanding, and upon being indemnified to its reasonable satisfaction therefore, shall, upon notice in writing to the City and the Salinas Financing Authority, exercise any of the remedies granted to the Salinas Financing Authority under the lease agreement and, in addition, take whatever action at law or in equity may appear necessary or desirable to enforce its rights as assignee pursuant to the Assignment Agreement or to protect and enforce any of the rights vested in the Trustee or the owners, either at law or in equity bankruptcy or otherwise, whether for specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right.

The annual debt service requirements to maturity for the certificates are as follows:

| Fiscal Year Ending June 30: | Principal | Interest | Total |
|--------------------------------|----------------------|---------------------|----------------------|
| 2025 | \$ 1,080,000 | \$ 509,250 | \$ 1,589,250 |
| 2026 | 1,155,000 | 464,550 | 1,619,550 |
| 2027 | 1,235,000 | 416,750 | 1,651,750 |
| 2028 | 1,320,000 | 365,650 | 1,685,650 |
| 2029 | 1,410,000 | 311,050 | 1,721,050 |
| 2030-2033 | 6,645,000 | 595,725 | 7,240,725 |
| Total | <u>\$ 12,845,000</u> | <u>\$ 2,662,975</u> | <u>\$ 15,507,975</u> |

Series 2020A SVSWA (2015B)

On October 24, 1997, the Salinas Public Financing Authority issued City of Salinas Certificates of Participation (Certificates) Series A-1997 totaling \$11,960,000. The purpose of this financing was to raise money for capital improvement projects and to refund the Authority's Variable Rate Lease Revenue Bonds, which were issued to purchase the 65 W. Alisal Building. The Variable Rate Lease Revenue Bonds Series A-1997 and Series B-1997 were fully retired on November 20, 1997. The outstanding Certificates were secured by liens on City owned assets that included City Hall; Public Safety Building; Steinbeck Library, and 65 W. Alisal Building.

On September 14, 2005, the Salinas Public Financing Authority issued City of Salinas Refunding Certificates of Participation Series 2005B (1997 Capital Improvement Projects). The Refunding Certificates were issued to refund Series A-1997 Certificates. Series 2005B Refunding Certificates were issued in the amount of \$11,705,000 for 24 years at 4.22%. The Refunding Certificates were secured by a lien on the Salinas Community Center with an appraised value of \$13,415,000. With these refunding, liens were removed from the City's Public Safety Building, 65 West Alisal Building and Steinbeck Library.

On September 1, 2015, the City issued Refunding Certificates of Participation Series 2015, in the amount of \$11,440,000 at a 2.53% interest rate, to refund the outstanding portion of the 2005A Certificates of Participation (Twin Creeks) and the 2005B Certificates of Participation (Capital Improvements). Bond started September 1, 2015 and will end after 12 years on September 1, 2027.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 13 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Certificates of Participation Bonds (Continued)

Series 2020A SVSWA (2015B) (Continued)

On August 19, 2020, the Salinas Public Financing Authority issued City of Salinas Certificates of Participation, Series 2020A totaling \$4,440,000. The Advance Refunding Certificates were issued to refund the 2015B Salinas Valley Solid Waste Authority Bonds. Bond started November 1, 2020 and will end after 7 years on November 1, 2027. The advance refunding of the 2015B Salinas Valley Solid Waste Authority advance refunding reduced total debt service payments over the next 7 years by \$241,953. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$244,664. Debt payable of \$2,225,000 is recorded as Governmental Activities at June 30, 2024.

In the event of an event of default, the Trustee may and, at the direction of the owners of not less than a majority of the aggregate principal amount of bonds then outstanding, and upon being indemnified to its reasonable satisfaction therefore, shall, upon notice in writing to the City and the Salinas Financing Authority, exercise any of the remedies granted to the Salinas Financing Authority under the lease agreement and, in addition, take whatever action at law or in equity may appear necessary or desirable to enforce its rights as assignee pursuant to the Assignment Agreement or to protect and enforce any of the rights vested in the Trustee or the owners, either at law or in equity bankruptcy or otherwise, whether for specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right.

The annual debt service requirements to maturity for the certificates are as follows:

| Fiscal Year Ending June 30: | Principal | Interest | Total |
|--------------------------------|---------------------|-------------------|---------------------|
| 2025 | \$ 585,000 | \$ 77,300 | \$ 662,300 |
| 2026 | 610,000 | 53,400 | 663,400 |
| 2027 | 630,000 | 28,600 | 658,600 |
| 2028 | 400,000 | 8,000 | 408,000 |
| Total | <u>\$ 2,225,000</u> | <u>\$ 167,300</u> | <u>\$ 2,392,300</u> |

Assessment District Bonds

At June 30, 2024, outstanding Assessment District Bonds totaled \$7,110,000 plus bond premiums of \$473,959. Bonds issued for improvements in special assessment districts are liabilities of the property owners and are secured by liens against the assessed property. In the case of default, the City has the authority to advance bonds payments from the special reserve fund and to foreclosure on delinquent property. The bonds are secured by a pledge of the net revenue of the Assessment District and may not be used for any other purpose. The total Assessment District Reserve Fund balance was \$1,942,362 at June 30, 2024.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 13 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Assessment District Bonds (Continued)

Assessment District 2017 Act Bonds

On July 28, 2017, the City issued \$4,555,000 in bonds to refinance the following special assessment district debt:

- 1998 AD 98-1 – Bella Vista III Refunding (\$2,665,000)
- 2000 AD 96-2 – Acacia Park Refunding (\$340,000)
- 2002 RADA – Bella Vista Refunding (\$1,365,000)
- 2002 RADB – Bella Vista Refunding (\$185,000)

The refunding of the assessment districts debt reduced total debt service payments over 9 years by \$937,889. This resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$318,303. Maximum debt service is \$882,065, including interest ranging from 2.3% to 2.7% for 9 years. Debt payable of \$90,000 is recorded in governmental activities at June 30, 2024.

Upon the occurrence of an event of default, the trustee shall be entitled to exercise the remedies provided under the agreement to compel the City to perform and carry out their duties under the 1913 Act, the 1915 Act, or the 1984 Act and their agreements with the owners provided in the Bond agreement.

Annual debt service requirements to maturity for Assessment District 2017 Act Bonds are as follows:

| Fiscal Year Ending June 30: | Principal | Interest | Total |
|--------------------------------|------------------|-----------------|------------------|
| 2025 | \$ 45,000 | \$ 1,823 | \$ 46,823 |
| 2026 | 45,000 | 608 | 45,608 |
| Total | <u>\$ 90,000</u> | <u>\$ 2,430</u> | <u>\$ 92,430</u> |

CFD Monte Bella-2019 – Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas 2019 Special Tax Bonds (Improvement Area No. 1)

On February 21, 2019, the Bond Purchase Agreement was signed in the amount of \$2,675,000 at various interest rates to finance the acquisition and/or construction of certain public facilities and improvements within Community Facilities District (CFD) No. 2016-1 Improvement Area No. 1 of the district. Debt payable net of premiums of \$2,529,942 is recorded as Governmental Activities at June 30, 2024.

Upon the occurrence of an event of default, the trustee may pursue any available remedy by law to enforce the payment of principal, premium and interest on the outstanding bonds.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 13 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Assessment District Bonds (Continued)

CFD Monte Bella-2019 – Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas 2019 Special Tax Bonds (Improvement Area No. 1) (Continued)

Annual debt service requirements to maturity CFD Monte Bella-2019 #1 bonds are as follows:

| Fiscal Year Ending June 30: | Principal | Interest | Total |
|--------------------------------|---------------------|---------------------|---------------------|
| 2025 | \$ 55,000 | \$ 102,534 | \$ 157,534 |
| 2026 | 55,000 | 100,575 | 155,575 |
| 2027 | 60,000 | 97,700 | 157,700 |
| 2028 | 60,000 | 94,700 | 154,700 |
| 2029 | 65,000 | 91,575 | 156,575 |
| 2030-2034 | 370,000 | 411,694 | 781,694 |
| 2035-2039 | 440,000 | 340,169 | 780,169 |
| 2040-2044 | 535,000 | 240,000 | 775,000 |
| 2045-2049 | 675,000 | 100,125 | 775,125 |
| 2050-2054 | 150,000 | 3,000 | 153,000 |
| Total | <u>\$ 2,465,000</u> | <u>\$ 1,582,072</u> | <u>\$ 4,047,072</u> |

CFD Monte Bella-2019 #2 – Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas 2019 Special Tax Bonds (Improvement Area No. 2)

On December 1, 2019, the Bond Purchase Agreement was signed in the amount of \$2,090,000 at various interest rates to finance the acquisition and/or construction of certain public facilities and improvements within Community Facilities District (CFD) No. 2016- Improvement Area 2 of the district. Debt payable net of premiums of \$2,147,824 is recorded as Governmental Activities at June 30, 2024.

Upon the occurrence of an event of default, the trustee may pursue any available remedy by law to enforce the payment of principal, premium and interest on the outstanding bonds.

Annual debt service requirements to maturity CFD Monte Bella-2019 #2 bonds are as follows:

| Fiscal Year Ending June 30: | Principal | Interest | Total |
|--------------------------------|---------------------|---------------------|---------------------|
| 2025 | \$ 45,000 | \$ 84,050 | \$ 129,050 |
| 2026 | 45,000 | 82,250 | 127,250 |
| 2027 | 50,000 | 80,350 | 130,350 |
| 2028 | 50,000 | 78,350 | 128,350 |
| 2029 | 50,000 | 76,350 | 126,350 |
| 2030-2034 | 295,000 | 348,250 | 643,250 |
| 2035-2039 | 355,000 | 288,950 | 643,950 |
| 2040-2044 | 420,000 | 217,500 | 637,500 |
| 2045-2049 | 530,000 | 100,500 | 630,500 |
| 2050-2054 | 125,000 | 3,125 | 128,125 |
| Total | <u>\$ 1,965,000</u> | <u>\$ 1,359,675</u> | <u>\$ 3,324,675</u> |

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 13 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Assessment District Bonds (Continued)

CFD Monte Bella-2019 #3 – Community Facilities District No. 2016-1 (Monte Bella) of the City of Salinas 2019 Special Tax Bonds (Improvement Area No. 3)

On December 20, 2020, the Bond Purchase Agreement was signed in the amount of \$2,695,000 at various interest rates to finance the acquisition and/or construction of certain public facilities and improvements within Community Facilities District (CFD) No. 2016- Improvement Area 3 of the District. Debt payable net of premiums of \$2,816,193 is recorded as Governmental Activities at June 30, 2024.

Upon the occurrence of an event of default, the trustee may pursue any available remedy by law to enforce the payment of principal, premium and interest on the outstanding bonds.

Annual debt service requirements to maturity CFD Monte Bella-2019 #3 bonds are as follows:

| Fiscal Year Ending June 30: | Principal | Interest | Total |
|--------------------------------|---------------------|---------------------|---------------------|
| 2025 | \$ 55,000 | \$ 102,500 | \$ 157,500 |
| 2026 | 55,000 | 100,300 | 155,300 |
| 2027 | 60,000 | 98,000 | 158,000 |
| 2028 | 60,000 | 95,600 | 155,600 |
| 2029 | 65,000 | 93,100 | 158,100 |
| 2030-2034 | 365,000 | 423,900 | 788,900 |
| 2035-2039 | 440,000 | 343,400 | 783,400 |
| 2040-2044 | 540,000 | 245,400 | 785,400 |
| 2045-2049 | 650,000 | 127,000 | 777,000 |
| 2050-2054 | 300,000 | 12,200 | 312,200 |
| Total | <u>\$ 2,590,000</u> | <u>\$ 1,641,400</u> | <u>\$ 4,231,400</u> |

Subscription-Based Information Technology Arrangements – SBITAs

The City has contracted for the “right-to-use” certain subscription-based information technology software in the governmental activities. The arrangements have interest rates between 2.75% and 3.5%. The value of the right-to-use subscription assets as of the end of the current fiscal year was \$246,267. Subscriptions payable outstanding at June 30, 2024 were \$137,076.

Annual debt service requirements to maturity on subscription liabilities are as follows:

| Fiscal Year | Principal | Interest | Total |
|-------------|-------------------|-----------------|-------------------|
| 2025 | \$ 137,076 | \$ 3,431 | \$ 140,507 |
| Total | <u>\$ 137,076</u> | <u>\$ 3,431</u> | <u>\$ 140,507</u> |

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 13 – Long-Term Debt (Continued)

B. Business-Type Activities

A summary of changes in long-term debt for business-type activities for the year ended June 30, 2024 is as follows:

| | Balance July 1, 2023 | Additions | Retirements | Balance June 30, 2024 | Amount due within one year | Amount due in more than one year |
|--|-------------------------|-------------|-----------------------|--------------------------|----------------------------------|--|
| Business-type Activities | | | | | | |
| Direct borrowings and placements: | | | | | | |
| Monterey Parking Garage 2014 lease | \$ 8,413,000 | \$ - | \$ (625,000) | \$ 7,788,000 | \$ 646,000 | \$ 7,142,000 |
| HUD Section 108 loan | 1,015,000 | | (497,000) | 518,000 | 518,000 | - |
| Total direct borrowings and placements | 9,428,000 | - | (1,122,000) | 8,306,000 | 1,164,000 | 7,142,000 |
| Revenue Bonds: | | | | | | |
| Wastewater 2020A | 13,310,000 | - | (565,000) | 12,745,000 | 565,000 | 12,180,000 |
| Total Revenue Bonds | 13,310,000 | - | (565,000) | 12,745,000 | 565,000 | 12,180,000 |
| Total business-type activities | \$ 22,738,000 | \$ - | \$ (1,687,000) | \$ 21,051,000 | \$ 1,729,000 | \$ 19,322,000 |

2014 Lease/Purchase Agreement

The 2014 Lease/Purchase Agreement was issued by the Salinas Facilities Financing Authority on January 29, 2014. The financing was issued to refund the Animal Shelter COP Series A-1999 (\$2,812,000) and the Monterey Street Parking Structure COP Series A-2004 (\$13,253,000). The Monterey Street Parking Structure portion of the financing was issued for 20 years (ending September 1, 2033), at an average interest rate of 4.02%. Maximum annual debt service is \$963,518. Debt payable of \$7,788,000 is recorded in the Downtown Parking District Enterprise Fund at June 30, 2024 and reported as business-type activities.

Upon the occurrence of an event of default, the trustee may pursue any available remedy by law or pursuant to the lease agreement to enforce payment of the outstanding amounts. However, there shall be no right under any circumstance to accelerate the lease payments or otherwise declare any lease payments not then in default to be immediately due and payable. After the occurrence of an event of default, the City will surrender possession of the property to the financing authority, if requested to do so.

Debt service requirements to maturity is as follows:

| Fiscal Year Ending June 30: | Principal | Interest | Total |
|--------------------------------|--------------|--------------|--------------|
| 2025 | \$ 646,000 | \$ 300,093 | \$ 946,093 |
| 2026 | 674,000 | 273,561 | 947,561 |
| 2027 | 700,000 | 245,944 | 945,944 |
| 2028 | 731,000 | 217,181 | 948,181 |
| 2029 | 756,000 | 187,292 | 943,292 |
| 2030-2034 | 4,281,000 | 443,788 | 4,724,788 |
| Total | \$ 7,788,000 | \$ 1,667,858 | \$ 9,455,858 |

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 13 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

Direct Placement Debt

HUD Section 108 Loan

On March 28, 2015, the City entered into a contract for Loan Guarantee Assistance with the Housing and Urban Development Department (HUD), pursuant to which the City will derive funds for the purposes permitted under the agreement, and executed one or more City Notes in the maximum aggregate principal amount of up to \$9,390,000. The City executed a note numbered as B-12-MC-06-0005 (Community and Economic Development Fund – Industrial Wastewater Conveyance System Project) in the principal amount of \$4,000,000. The City has pledged current and future Community Development Block Grant (CDBG) funds as principal security for the loan. The loan carries a variable interest rate of 20 points (0.2%) above the applicable LIBOR rate. Debt payable of \$518,000 is recorded in the Industrial Waste Enterprise Fund at June 30, 2024 and is reported as business-type activities.

Upon the event of default, the custodian may take any action available by law, subject to the sections of the agreement, to pursue payment of the outstanding amount, including any additional fees, costs, and expenses incurred by the custodian in connection therewith.

Debt service requirements to maturity is as follows:

| Fiscal Year Ending June 30: | Principal | Interest | Total |
|--------------------------------|------------|----------|------------|
| 2025 | \$ 518,000 | \$ 7,382 | \$ 525,382 |
| Total | \$ 518,000 | \$ 7,382 | \$ 525,382 |

2020A Wastewater Revenue Refunding Bonds – Series 2020A

On February 8, 2012, the City of Salinas issued Sanitary Sewer System Revenue Bonds, Series 2012 in the amount of \$17,995,000 to provide funds for the current refunding of the City's Sanitary Sewer System Revenue Bonds, Series 1998 and to finance capital replacement of existing sewer mains and other sewer related capital replacement. Maximum annual debt service is \$1,022,406, including interest ranging from 1.0% to 4.4% for 30 years. The City is authorized under Chapter 36, Article II, Division 5 of the Salinas City Code, to levy a sewer fee for the purpose of paying sanitary sewer related expenses of the City. On January 10, 2012, the City Council approved adjustments to wastewater collection fees effective February 1, 2012 to reflect the cost of wastewater conveyance through the Enterprise and an amount to cover debt service. The fee is billed by the Monterey Regional Water Pollution Control Agency.

On December 20, 2020, the Salinas Public Financing Authority issued City of Salinas Certificates of Participation, Series 2020A totaling \$14,425,000. The Advance Refunding Certificates were issued to refund the 2012 Sewer Bonds. Bond started August 1, 2021 and will end after 21 years on August 1, 2042. The advance refunding of the 2012 Sewer Bonds reduced total debt service payments over the next 21 years by \$3,764,601. This resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,346,741. Debt payable of \$12,745,000 is recorded as Business-type Activities at June 30, 2024.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 13 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

Direct Placement Debt

2020A Wastewater Revenue Refunding Bonds – Series 2020A (Continued)

In the event of an event of default, the trustee shall, at written direction of the owners of not less than a majority in aggregate principal amount of the bonds at the time outstanding, in each case, upon written notice to the City, declare the principal of all the bonds then outstanding, and the interest accrued thereon, to be due and payable immediately.

Debt service requirements and maturity are as follows:

| Fiscal Year Ending June 30: | Principal | Interest | Total |
|--------------------------------|----------------------|---------------------|----------------------|
| 2025 | \$ 565,000 | \$ 293,504 | \$ 858,504 |
| 2026 | 565,000 | 288,233 | 853,233 |
| 2027 | 580,000 | 281,693 | 861,693 |
| 2028 | 585,000 | 273,693 | 858,693 |
| 2029 | 590,000 | 264,021 | 854,021 |
| 2030-2034 | 3,145,000 | 1,135,826 | 4,280,826 |
| 2035-2039 | 3,520,000 | 728,801 | 4,248,801 |
| 2040-2044 | 3,195,000 | 191,386 | 3,386,386 |
| Total | <u>\$ 12,745,000</u> | <u>\$ 3,457,157</u> | <u>\$ 16,202,157</u> |

C. Conduit Debt

In June 1999, the City of Salinas issued Multifamily Housing Revenue Bonds, Series 1999A (\$5,310,000 tax-exempt) and 1999A-T (\$390,000 taxable) for the construction of a 132-unit senior apartment project. Twenty percent (20%) of the project is designated to be affordable to seniors. As of June 30, 2024, the total conduit debt outstanding related to these bonds is \$2,590,000.

On June 2007, the City of Salinas issued Economics Development Revenue Bonds, Series 2007A (\$18,655,000 tax-exempt) and 2007B (\$1,570,000 taxable) for the acquisition of a building located at 1000 Main Street in Salinas. The building is currently leased in part to the County of Monterey Department of Social Services. The project intends to provide monthly rental at below the market value rates to the County of Monterey, a one-million-dollar premise improvement allowance to the Department of Social Services to renovate and upgrade its space in the building and to generate charitable support for the County's residents. The debt was refinanced in 2016 as series 2016A and 2016B. As of June 30, 2024, total conduit debt outstanding related to the Economic Development Revenue Bonds is \$11,040,000.

Pursuant to the bond purchase agreements, the City of Salinas has no obligation related to the repayment of these bonds. Accordingly, the bonds are not reported as liabilities in the City's financial statements.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 13 – Long-Term Debt (Continued)

D. Fiduciary Activities

A summary of changes in long-term debt for fiduciary activities for the year ended June 30, 2024 is as follows:

| | Balance July 1, 2023 | Additions | Retirements | Balance June 30, 2024 | Amount due within one year | Amount due in more than one year |
|--|-------------------------|-------------|-----------------------|--------------------------|----------------------------------|--|
| <i>Fiduciary Activities</i> | | | | | | |
| Direct borrowings and placements: | | | | | | |
| Homeless Shelter loan payable | \$ 157,500 | \$ - | \$ - | \$ 157,500 | \$ - | \$ 157,500 |
| Total direct borrowings and placements | 157,500 | - | - | 157,500 | - | 157,500 |
| Tax Allocation Refunding Bonds: | | | | | | |
| 1996 Series A | 1,360,000 | - | (1,360,000) | - | - | - |
| Bond premium/(discount): | | | | | | |
| 1996 Series A | (8,916) | - | 8,916 | - | - | - |
| Total Tax Allocation Refunding Bonds | 1,351,084 | - | (1,351,084) | - | - | - |
| Total fiduciary activities | \$ 1,508,584 | \$ - | \$ (1,351,084) | \$ 157,500 | \$ - | \$ 157,500 |

Loans and Notes Payable

Homeless Shelter Loan – Green Gold Inn

On March 7, 1995, the Salinas Redevelopment Agency – Central Agency Revitalization Project entered into a funding agreement and received a loan from the City of Salinas Community Development Block Grant Fund for the acquisition of property, Green Gold Inn at 28-32 Soledad Street, to establish a homeless center/shelter. The Agency agreed that the property would be used solely for a homeless center/shelter for a period not less than ten years. If the Agency or the organization holding title to the property disposes of the property or alters the use of the property prior to expiration of the ten year period, the Agency will reimburse the City the full amount of the current fair market value less improvement costs.

Upon completion of the ten-year period, one half of the debt, \$157,500, was forgiven. Upon cessation of the homeless center/shelter operations, the City will be reimbursed the fair market value of the property less the portion of the loan paid and improvement costs.

Debt service requirements for Green Gold Inn homeless center/shelter no interest loan are as follows:

| Fiscal Year Ending June 30: | Principal | Interest | Total |
|--------------------------------|-------------------|-------------|-------------------|
| 2025 | \$ - | \$ - | \$ - |
| 2026 | - | - | - |
| 2027 | - | - | - |
| 2028 | - | - | - |
| 2029 | - | - | - |
| 2030-2034 | - | - | - |
| 2035-2039 | - | - | - |
| 2040-2044 | 157,500 | - | 157,500 |
| Total | \$ 157,500 | \$ - | \$ 157,500 |

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 13 – Long-Term Debt (Continued)

D. Fiduciary Activities (Continued)

Commitment to Monterey Street Parking Structure

In November 2001, the City Council and the Agency entered into a Disposition and Development Agreement (DDA) with Maya Cinema Holding Company LLC for the development of a 14-Screen, 2,916-seat multiplex movie theater complex on the 100 block of Main Street. To serve this and other developments within the 100 blocks, the DDA committed the City/Agency to construct a five-level, 435-space public parking structure on the corner of Monterey Street and Market Street adjacent to the National Steinbeck Center and the Maya Cineplex Theater. The public parking garage opened in June 2005, while the Maya Cinemas Multiplex was completed and opened during July 2005. During FY 2013-14 the Certificates of Participation 2004 that funded the construction of the Monterey Street Parking Structure with a balance of \$13,870,000 at January 2014, was refinanced through the Salinas Facilities Financing Authority by a direct private lease placement with Western Alliance Bancorporation. Because the debt service for the 2004 Certificates was reimbursed to the City from redevelopment tax increment, the savings from the 2004 Certificates was distributed to affected taxing entities as apportioned by the County of Monterey, including a portion for the City, due to the dissolution of the City's Redevelopment Agency. With this refinancing, the average annual debt service requirement was reduced by approximately \$123,000.

Note 14 – Compensated Absences

Compensated absences are reported on the Government-Wide Statements for Governmental Activities and Business-type Activities in Long-Term Debt. At June 30, 2024 the liability for all compensated absences totaled \$12,587,482.

Compensated absences are reported on the financial statements in the following funds:

| | July 1, 2023 | Increases | Decreases | June 30, 2024 | Due within one year | Due in more than one year |
|--------------------------------|---------------|--------------|----------------|---------------|------------------------|------------------------------|
| Governmental activities: | | | | | | |
| General Fund | \$ 9,033,799 | \$ 5,749,903 | \$ (5,788,994) | \$ 8,994,708 | \$ 1,798,941 | \$ 7,195,767 |
| Measure E | 831,067 | 701,396 | (749,839) | 782,624 | 156,524 | 626,100 |
| Measure G | 1,638,951 | 1,118,514 | (1,109,184) | 1,648,281 | 329,656 | 1,318,625 |
| Other governmental funds | 295,607 | 230,300 | (91,791) | 434,116 | 86,823 | 347,293 |
| Internal service funds | 146,242 | 139,845 | (110,564) | 175,523 | 35,105 | 140,418 |
| Total governmental activities | 11,945,666 | 7,939,958 | (7,850,372) | 12,035,252 | 2,407,049 | 9,628,203 |
| Business-type activities | | | | | | |
| Enterprise funds | 517,316 | 428,233 | (393,319) | 552,230 | 110,445 | 441,785 |
| Total business-type activities | 517,316 | 428,233 | (393,319) | 552,230 | 110,445 | 441,785 |
| Total primary government | \$ 12,462,982 | \$ 8,368,191 | \$ (8,243,691) | \$ 12,587,482 | \$ 2,517,494 | \$ 10,069,988 |

Note 15 – Risk Management

The City has a self-insurance program and carries excess insurance for catastrophic losses. National Casualty Company combined with Berkley National Insurance Company provides General Liability coverage up to a maximum of \$15,000,000 after the self-insured retention of \$1,000,000 per occurrence met. Safety National Casualty Corporation provides Worker's Compensation excess coverage with statutory coverage (pursuant to California Worker's Compensation Act) after the self-insurance retention of \$1,000,000 for Public Safety and \$750,000 for non-Public Safety is met.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 15 – Risk Management (Continued)

Liabilities for estimated claims payable for the self-insurance programs represent settled claims, claims incurred but not paid and claims incurred but not reported based upon past experience, modified for current trends and information. While the ultimate amount of losses incurred through June 30, 2024 is dependent on future developments, City management has determined the desired reserve level for each self-insurance program as follows and believes the estimates are adequate to cover such losses.

The Worker's Compensation insurance liability of \$33,494,000 includes \$26,154,834 for claims incurred but not paid and \$7,339,166 for claims incurred but not reported which is based on expected claims and past claims history. At June 30, 2024, Worker's Compensation Insurance liability is reported on the statement of net position. The Worker's Compensation Fund was established as an Internal Service Fund on July 1, 1991. The portion of the worker's compensation insurance liability since July 1, 1991, at June 30, 2024 is \$32,228,925 and is reported in the Worker's Compensation internal service fund and \$1,265,075 is treated as general long-term debt.

General liability insurance liability at June 30, 2024 of \$3,748,708 that is reported in the Internal Service Fund includes \$2,507,589 for claims incurred but not paid and \$1,241,119 for claims incurred but not reported which is based on expected claims and past claims history. A deficit of \$3,112,425 is reported at June 30, 2024 and is short the City's goal of reserving three times the self-insured retention plus full funding of all past claims history. The City's self-insured retention is \$1,000,000 at June 30, 2024.

At June 30, 2024, the City's insurance claims liability is recorded as follows:

| | Internal Service Funds | General Long-term Debt | Total |
|-----------------------|-----------------------------------|-----------------------------------|----------------------|
| Worker's compensation | \$ 32,228,925 | \$ 1,265,075 | \$ 33,494,000 |
| General liability | 3,748,708 | - | 3,748,708 |
| Total | <u>\$ 35,977,633</u> | <u>\$ 1,265,075</u> | <u>\$ 37,242,708</u> |

Changes to the claims liability for fiscal year ended June 30, 2024 are as follows:

| | Worker's Compensation | General Liability | Total |
|--|----------------------------------|------------------------------|----------------------|
| Beginning balance of claims liability | \$ 28,187,000 | \$ 3,790,619 | \$ 31,977,619 |
| Less beginning provisions for incurred but not reported claims | <u>(1,837,241)</u> | <u>(1,204,981)</u> | <u>(3,042,222)</u> |
| Beginning provisions for incurred but not paid claims | 26,349,759 | 2,585,638 | 28,935,397 |
| Increase (decrease) in claims incurred and reported | 9,648,343 | 604,064 | 10,252,407 |
| Claims expenses paid | <u>(9,843,268)</u> | <u>(682,113)</u> | <u>(10,525,381)</u> |
| Ending balance provision for incurred but not paid claims | 26,154,834 | 2,507,589 | 28,662,423 |
| Provisions for incurred but not reported claims | <u>7,339,166</u> | <u>1,241,119</u> | <u>8,580,285</u> |
| Ending balance of claims liability | <u>\$ 33,494,000</u> | <u>\$ 3,748,708</u> | <u>\$ 37,242,708</u> |
| Amount due within one year | \$ 6,097,000 | \$ 2,651,167 | \$ 8,748,167 |
| Amount due in more than one year | <u>27,397,000</u> | <u>1,097,541</u> | <u>28,494,541</u> |
| Total | <u>\$ 33,494,000</u> | <u>\$ 3,748,708</u> | <u>\$ 37,242,708</u> |

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 16 – Unearned Revenues and Deferred Inflows of Resources

Governmental funds report unearned revenues in connection with funds received, in advance for which assets recognition criteria have been met, but for which revenue recognition criteria have not been met. Receivables for revenues not considered available to liquidate liabilities of the current period are considered unavailable revenues and reported as deferred inflows of resources on the governmental funds. Unearned revenues are stated at \$41,756,548, in the Government-Wide Statements. Governmental funds report \$41,756,548 of unearned revenues and \$3,396,167 of unavailable revenues as deferred inflows of resources that are not available resources.

Unearned revenues of the governmental activities at June 30, 2024 consist of the following:

Governmental Activities:

| | | |
|--|----|-------------------|
| Major funds: | | |
| American Rescue Plan Act (ARPA) Fund | \$ | 25,566,812 |
| Housing and Urban Development Grant Fund | | 8,223,567 |
| 2019 Special Tax Montebella | | 7,020,000 |
| Nonmajor funds: | | |
| Special revenue funds: | | |
| Affordable Housing Fund | | 856,169 |
| Debt service funds: | | |
| Assessment District Debt Service | | 90,000 |
| Total governmental activities | \$ | <u>41,756,548</u> |

Unavailable revenues of the governmental activities at June 30, 2024 consist of the following:

| Governmental Activities: | | <u>Type</u> |
|--|---------------------|-------------------------------|
| Major funds: | | |
| Housing and Urban Development Grant Fund | \$ 932,557 | Housing loans |
| Special revenue funds: | | |
| Grants Fund | 987,764 | Unavailable grants receivable |
| Capital projects funds: | | |
| Special Construction Assistance Fund | 1,423,846 | Unavailable grants receivable |
| Special Aviation Fund | 52,000 | Unavailable grants receivable |
| Total governmental activities | \$ <u>3,396,167</u> | |

Note 17 – Retirement Programs

A. Summary

The City of Salinas provides defined benefit retirement program benefits through the California Public Employees' Retirement System ("CalPERS") and New York Life. As of June 30, 2024, the City was contributing to agent multiple-employer defined benefit pension plans and cost-sharing multiple-employer defined benefit pension plans through CalPERS, and was also contributing to a single-employer defined benefit pension plan through New York Life.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 17 – Retirement Programs

A. Summary (Continued)

Net pension liabilities are reported in the financial statements as follows:

| Net Pension Liability | Governmental Activities | Business-Type Activities | Total |
|--|------------------------------------|-------------------------------------|-----------------------|
| CalPERS pension plans: | | | |
| Agent multiple-employer - Miscellaneous | \$ 35,618,392 | \$ 5,479,594 | \$ 41,097,986 |
| Agent multiple-employer - Safety Police | 135,418,231 | - | 135,418,231 |
| Cost sharing multiple-employer - Safety Fire | 66,108,004 | - | 66,108,004 |
| New York Life - single employer | 1,722,650 | - | 1,722,650 |
| Total net pension liability | <u>\$ 238,867,277</u> | <u>\$ 5,479,594</u> | <u>\$ 244,346,871</u> |

Deferred outflows of resources related to pensions are reported in the financial statements as follows:

| Deferred Outflows of Resources | Governmental Activities | Business-Type Activities | Total |
|--|------------------------------------|-------------------------------------|----------------------|
| CalPERS pension plans: | | | |
| Agent multiple-employer - Miscellaneous | \$ 12,562,607 | \$ 1,932,653 | \$ 14,495,260 |
| Agent multiple-employer - Safety Police | 24,980,144 | - | 24,980,144 |
| Cost sharing multiple-employer - Safety Fire | 27,613,381 | - | 27,613,381 |
| New York Life - single employer | \$358,571 | - | 358,571 |
| Total deferred outflows of resources | <u>\$ 65,514,703</u> | <u>\$ 1,932,653</u> | <u>\$ 67,447,356</u> |

Deferred inflows of resources related to pensions are reported in the financial statements as follows:

| Deferred Inflows of Resources | Governmental Activities | Business-Type Activities | Total |
|--|------------------------------------|-------------------------------------|---------------------|
| CalPERS pension plans: | | | |
| Agent multiple-employer - Miscellaneous | \$ 876,173 | \$ 134,793 | \$ 1,010,966 |
| Agent multiple-employer - Safety Police | \$976,882 | - | 976,882 |
| Cost sharing multiple-employer - Safety Fire | 2,248,503 | - | 2,248,503 |
| New York Life - single employer | - | - | - |
| Total deferred inflows of resources | <u>\$ 4,101,558</u> | <u>\$ 134,793</u> | <u>\$ 4,236,351</u> |

Pension expense reported in the financial statements as follows:

| Pension Expense | Governmental Activities | Business-Type Activities | Total |
|--|------------------------------------|-------------------------------------|----------------------|
| CalPERS pension plans: | | | |
| Agent multiple-employer - Miscellaneous | \$ 7,057,661 | \$ 1,085,763 | \$ 8,143,424 |
| Agent multiple-employer - Safety Police | 19,530,182 | - | 19,530,182 |
| Cost sharing multiple-employer - Safety Fire | 11,064,551 | - | 11,064,551 |
| New York Life - single employer | (20,272) | - | (20,272) |
| Total pension expense | <u>\$ 37,632,122</u> | <u>\$ 1,085,763</u> | <u>\$ 38,717,885</u> |

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 17 – Retirement Programs (Continued)

B. California Public Employees Retirement System Agent Multiple-Employer Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City of Salinas' separate Safety (police) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Employees Covered

At June 30, 2023, the measurement date, the following employees were covered by the benefit terms for the Plan:

| | Miscellaneous | Safety - Police |
|--|---------------|-----------------|
| Inactive employees or beneficiaries currently receiving benefits | 229 | 292 |
| Inactive employees entitled to, but not yet receiving benefits | 282 | 124 |
| Active employees | 306 | 140 |
| Total | 817 | 556 |

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment.

The City's provisions and benefits in effect at June 30, 2024 are summarized as follows:

| | Miscellaneous | |
|---|------------------------------|--------------------------------|
| | Prior to January 1, 2013* | On or After January 1, 2013 |
| Hire date | | |
| Benefit formula | 2.0% @ 55 | 2.0% @ 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 50-55 | 52-67 |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.45% | 1.0% to 2.5% |
| Required employee contribution rates | 7.00% | 7.00% |
| Required employer contribution rates | 9.73% | 9.73% |
| | Safety - Police | |
| | Prior to January 1, 2013* | On or After January 1, 2013 |
| Hire date | | |
| Benefit formula | 3.0% @ 50 | 2.7% @ 57 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 50 | 52-57 |
| Monthly benefits, as a % of eligible compensation | 3.00% | 2.0% to 2.7% |
| Required employee contribution rates | 9.00% | 13.50% |
| Required employer contribution rates | 23.56% | 23.56% |

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 17 – Retirement Programs (Continued)

B. California Public Employees Retirement System Agent Multiple-Employer Plans (Continued)

Contribution Description - Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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 City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the City to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

The contributions made by the City were as follows:

| | <u>Employer Contributions</u> | |
|-----------------|-------------------------------|-----------|
| Miscellaneous | \$ | 4,446,483 |
| Safety - Police | | 6,941,602 |

Actuarial Methods and Assumptions used to determine Total Pension Liability - The June 30, 2022 valuation was rolled forward to determine the June 30, 2023 total pension liability, based on the following actuarial methods and assumptions:

| | |
|----------------------------------|--|
| Valuation Date | June 30, 2022 |
| Measurement Date | June 30, 2023 |
| Actuarial Cost Method | Entry Age Actuarial Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 6.90% |
| Inflation | 2.50% |
| Salary Increases | Varies by Entry Age and Service |
| Mortality Rate Table | The probabilities of mortality are based on the 2021 CalPERS Experience Study. Mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. |
| Post Retirement Benefit Increase | The probabilities of retirement are based on the 2021 CalPERS Experience Study. |

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvement using Society of Actuaries 90% of Scale MP-2016. For more details on this table, please refer to the December 2021 Experience Study report that can be found on the CalPERS website.

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

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 17 – Retirement Programs (Continued)

B. California Public Employees Retirement System Agent Multiple-Employer Plans (Continued)

Benefits Provided (Continued)

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

The expected rates of return by asset class are as follows:

| <u>Asset Class</u> | <u>Assumed Asset Allocation</u> | <u>Real Return Years 1 - 10^{1,2}</u> |
|--------------------------------|---------------------------------|---|
| Global equity - cap-weighted | 30.00% | 4.45% |
| 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% | |

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021-22 Asset Liability Management study.

Discount Rate - The discount rate used to measure the total pension liability 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.

Amortization of Deferred Outflows and Deferred Inflows of Resources - Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

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

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 17 – Retirement Programs (Continued)

B. California Public Employees Retirement System Agent Multiple-Employer Plans (Continued)

Benefits Provided (Continued)

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

Difference between projected and actual earnings on pension plan investments:

- 5 years straight-line amortization

All other amounts:

Straight-line amortization over the average expected remaining service lives (EARLS) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

Deferred outflows of resources and deferred inflows of resources relating to Differences between Expected and Actual Experience, Changes of Assumptions and employer-specific amounts should be amortized over the EARSL of members provided with pensions through the Plan. The EARSL for the miscellaneous and safety (police) plans for the June 30, 2023 measurement date are 4.3 and 3.1 years, respectively, which was obtained by dividing the total service years by the total number of participants (active, inactive, and retired) in the Plan. Inactive employees and retirees have remaining service lifetimes equal to zero. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Changes in Net Pension Liability - The following tables show the changes in the net pension liability for each of the City's agent multiple-employer defined benefit pension plans recognized over the measurement period:

| Miscellaneous Plan | | | |
|--|--------------------------------|--|------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| Balance at June 30, 2022 (Valuation Date) | \$ 151,719,779 | \$ 113,875,517 | \$ 37,844,262 |
| Changes in the year: | | | |
| Service cost | 3,883,129 | - | 3,883,129 |
| Interest on the total pension liabilities | 10,520,930 | - | 10,520,930 |
| Changes of Benefit Terms | 163,259 | - | 163,259 |
| Changes in assumptions | - | - | - |
| Differences between expected and actual experience | 2,096,099 | - | 2,096,099 |
| Benefit payments, including refunds of members contributions | (6,886,917) | (6,886,917) | - |
| Plan to plan resource movement | - | - | - |
| Contributions - employer | - | 4,713,873 | (4,713,873) |
| Contributions - employee | - | 1,688,999 | (1,688,999) |
| Net investment income | - | 7,090,560 | (7,090,560) |
| Administrative expenses | - | (83,739) | 83,739 |
| Net changes | 9,776,500 | 6,522,776 | 3,253,724 |
| Balance at June 30, 2023 (Measurement Date) | \$ 161,496,279 | \$ 120,398,293 | \$ 41,097,986 |

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 17 – Retirement Programs (Continued)

B. California Public Employees Retirement System Agent Multiple-Employer Plans (Continued)

Benefits Provided (Continued)

| | Safety - Police | | |
|--|-------------------------|-----------------------------|-----------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| Balance at June 30, 2022 (Valuation Date) | \$ 360,247,773 | \$ 229,014,170 | \$ 131,233,603 |
| Changes in the year: | | | |
| Service cost | 6,485,353 | - | 6,485,353 |
| Interest on the total pension liabilities | 24,606,993 | - | 24,606,993 |
| Changes of Benefit Terms | 146,047 | - | 146,047 |
| Changes in assumptions | - | - | - |
| Differences between expected and actual experience | 2,343,505 | - | 2,343,505 |
| Benefit payments, including refunds of members contributions | (18,713,828) | (18,713,828) | - |
| Plan to plan resource movement | - | - | - |
| Contributions - employer | - | 13,151,466 | (13,151,466) |
| Contributions - employee | - | 2,176,654 | (2,176,654) |
| Net investment income | - | 14,237,556 | (14,237,556) |
| Administrative expenses | - | (168,406) | 168,406 |
| Net changes | 14,868,070 | 10,683,442 | 4,184,628 |
| Balance at June 30, 2023 (Measurement Date) | \$ 375,115,843 | \$ 239,697,612 | \$ 135,418,231 |

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Plan as of the Measurement Date, calculated using the discount rate of 6.90 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

| | Plan's Aggregate Net Pension Liability/(Asset) | | |
|-----------------|--|----------------------------------|-------------------------------|
| | Discount Rate - 1% (5.90%) | Current Discount Rate (6.90%) | Discount Rate + 1% (7.90%) |
| Miscellaneous | \$ 63,885,823 | \$ 41,097,986 | \$ 22,362,879 |
| Safety - Police | 187,469,647 | 135,418,231 | 92,993,970 |

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions For the measurement period ending June 30, 2023 (the measurement date), the City of Salinas recognized a pension expense of \$8,143,424 and \$19,530,182 for the miscellaneous and safety (police) plans, respectively.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 17 – Retirement Programs (Continued)

B. California Public Employees Retirement System Agent Multiple-Employer Plans (Continued)

For the measurement period ending June 30, 2023 (the measurement date), the City of Salinas reports other amounts for the miscellaneous and safety (police) plans as deferred outflow and deferred inflow of resources related to pensions as follows:

| | Miscellaneous | |
|---|---|--|
| | Deferred outflows of Resources | Deferred inflows of Resources |
| Pension contributions made subsequent to measurement date | \$ 4,446,483 | \$ - |
| Difference between projected and actual earning on pension plan investments | 5,427,855 | - |
| Changes in assumptions | 2,776,121 | - |
| Differences between expected and actual experience | 1,844,801 | (1,010,966) |
| Total | <u>\$ 14,495,260</u> | <u>\$ (1,010,966)</u> |

| | Safety - Police | |
|---|---|--|
| | Deferred outflows of Resources | Deferred inflows of Resources |
| Pension contributions made subsequent to measurement date | \$ 6,941,602 | \$ - |
| Difference between projected and actual earning on pension plan investments | 10,880,864 | - |
| Changes in assumptions | 5,570,142 | - |
| Differences between expected and actual experience | 1,587,536 | (976,882) |
| Total | <u>\$ 24,980,144</u> | <u>\$ (976,882)</u> |

\$4,446,483 and \$6,941,602 reported as deferred outflows of resources to contributions subsequent to the measurement date for the miscellaneous and safety police plans, respectively, will be recognized as a reduction of the net pension liability in the year ending June 30, 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:

| | Miscellaneous | Safety - Police |
|----------------------------|--|--|
| Year Ended June 30, | Deferred Outflows/ (Inflows) of Resources | Deferred Outflows/ (Inflows) of Resources |
| 2025 | \$ 2,530,658 | \$ 5,879,603 |
| 2026 | 1,920,326 | 3,262,265 |
| 2027 | 4,291,961 | 7,632,396 |
| 2028 | 294,866 | 287,396 |
| 2029 | - | - |
| Thereafter | - | - |
| | <u>\$ 9,037,811</u> | <u>\$ 17,061,660</u> |

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 17 – Retirement Programs (Continued)

C. California Public Employees Retirement System Cost-Sharing Multiple-Employer Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the City’s separate Safety risk pool (Fire Tier 1 & Tier 2), cost-sharing multiple-employer defined benefit pension plans administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Employees Covered – As of June 30, 2023 (measurement date), the following employees were covered by the benefit terms for the plan:

| | Safety - Fire |
|--|----------------------|
| Inactive employees or beneficiaries currently receiving benefits | 190 |
| Inactive employees entitled to, but not yet receiving benefits | 59 |
| Active employees | 98 |
| Total | 347 |

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment.

The City’s plans provisions and benefits in effect at June 30, 2024, are summarized as follows:

| | Safety - Fire | | | |
|---|------------------------------|--------------------------------|------------------------------|--------------------------------|
| | Tier 1 | | Tier 2 | |
| | Prior to January 1, 2013* | On or After January 1, 2013 | Prior to January 1, 2013* | On or After January 1, 2013 |
| Hire date | | | | |
| Benefit formula | 3.0% @ 50 | 2.7% @ 57 | 3.0% @ 55 | 2.5% @ 57 |
| Benefit vesting schedule | 5 years of service | 5 years of service | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life | Monthly for life | Monthly for life |
| Retirement age | 50 | 52-57 | 55 | 52-57 |
| Monthly benefits, as a % of eligible compensation | 3.00% | 2.0% to 2.7% | 3.00% | 2.0% to 2.7% |
| Required employee contribution rates | 9.00% | 13.75% | 9.00% | 13.75% |
| Required employer contribution rates | 29.09% | 13.75% | 24.79% | 13.75% |

Contribution Description – Section 20814(c) of the California Public Employees’ Retirement Law (“PERL”) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The City’s contribution for the safety fire plan were as follows:

| | Employer Contributions |
|---------------|-------------------------------|
| Safety - Fire | \$ 7,254,285 |

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 17 – Retirement Programs (Continued)

C. California Public Employees Retirement System Cost-Sharing Multiple-Employer Plan (Continued)

Pension Liabilities, Pension Expense and Deferred Outflows/Deferred Inflows of Resources Related to Pensions –
As of June 30, 2024, the City reported net pension liabilities for its proportionate share of the net pension liability as of June 30, 2024 and 2023 were as follows:

| | Increase (Decrease) | | |
|--|------------------------------|-----------------------------|------------------------------------|
| | Plan Total Pension Liability | Plan Fiduciary Net Position | Plan Net Pension Liability/(Asset) |
| Balance at: 6/30/22 (Measurement date) | \$ 205,362,463 | \$ 144,073,967 | \$ 61,288,496 |
| Balance at: 6/30/23 (Measurement date) | 215,981,309 | 149,873,305 | 66,108,004 |
| Net changes during 2022-2023 | \$ 10,618,846 | \$ 5,799,338 | \$ 4,819,508 |

The City's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using the standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions for all participating employers actuarially determined.

The City's proportionate share of the net pension liability as of the June 30, 2023 and 2022 measurement dates were as follows:

| Percentage Share of Net Pension Liability/(Asset) | |
|---|------------|
| Proportion June 30, 2022 | 0.530600% |
| Proportion June 30, 2023 | 0.529910% |
| Change - Increase (Decrease) | -0.000690% |

For the year ended June 30, 2024 (measurement date June 30, 2023), the City of Salinas recognized a pension expense of \$11,064,551 for the Safety Plan (Fire).

As of June 30, 2024 the City reports deferred outflows and deferred inflows of resources related to pensions as follows:

| Safety - Fire | | |
|---|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Pension contributions made subsequent to measurement date | \$ 7,254,285 | \$ - |
| Difference between projected and actual earning on pension plan investments | 9,046,862 | - |
| Adjustment due to differences in proportions | 1,887,152 | - |
| Changes in assumptions | 3,858,152 | - |
| Difference between actual and expected experience | 4,853,546 | (415,515) |
| Difference between employer's actual contributions and proportionate share of contributions | 713,384 | (1,832,988) |
| Total | \$ 27,613,381 | \$ (2,248,503) |

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 17 – Retirement Programs (Continued)

C. California Public Employees Retirement System Cost-Sharing Multiple-Employer Plan (Continued)

\$7,254,285 reported as deferred outflows of resources for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

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

| Year Ended June 30, | Deferred Outflows/ (Inflows) of Resources |
|---------------------|--|
| 2025 | \$ 6,065,733 |
| 2026 | 4,304,464 |
| 2027 | 7,487,882 |
| 2028 | 252,514 |
| Thereafter | - |
| | \$ 18,110,593 |

Actuarial Methods and Assumptions used to determine Total Pension Liability - The June 30, 2022 valuation was rolled forward to determine the June 30, 2023 total pension liability, based on the following actuarial methods and assumptions:

| | |
|------------------------|--|
| Valuation Date | June 30, 2022 |
| Measurement Date | June 30, 2023 |
| Actuarial Cost Method | Entry Age Actuarial Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 6.90% |
| Inflation | 2.30% |
| Salary Increases | Varies by category, entry age, and service |
| Mortality Rate Table | Derived using CalPERS' Membership Data for all Funds. The post-retirement mortality rates include 15 years of projected on-going mortality improvement using 80% of the Society of Actuaries' Scale MP-2020 |

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.

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

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 17 – Retirement Programs (Continued)

C. California Public Employees Retirement System Cost-Sharing Multiple-Employer Plan (Continued)

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

The expected real rates of return by asset class are as follows:

| Asset Class | Assumed Asset Allocation | Real Return Years 1 - 10^{1,2} |
|--------------------------------|---|---|
| Global equity - cap-weighted | 30.00% | 4.45% |
| 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% | |

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021-22 Asset Liability Management study.

Amortization of Deferred Outflows and Deferred Inflows of Resources – The Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments is amortized over a five-year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period, and the remaining Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments is amortized over the remaining amortization periods. The Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments in the Schedule of Collective Pension Amounts represents the unamortized balance relating to the current measurement period and the prior measurement periods on a net basis.

Deferred Outflows of Resources and Deferred Inflows of Resources relating to Differences Between Expected and Actual Experience and Changes of Assumptions are amortized over the Expected Average Remaining Service Lifetime (EARSL) of members provided with pensions through the Plan determined as of the beginning of the related measurement period. The EARSL for PERF C for the measurement date ending June 30, 2023 is 3.8 years, which was obtained by dividing the total service years of 600,538 (the sum of remaining service lifetimes of the active employees) by 160,073 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 17 – Retirement Programs (Continued)

C. California Public Employees Retirement System Cost-Sharing Multiple-Employer Plan (Continued)

Sensitivity of Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the proportionate share of the net pension liability of the City's Plan as of the Measurement Date, calculated using the discount rate of 6.90 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

| Plan's Aggregate Net Pension Liability/(Asset) | | |
|--|----------------------------------|-------------------------------|
| Discount Rate - 1% (5.90%) | Current Discount Rate (6.90%) | Discount Rate + 1% (7.90%) |
| \$ 95,736,797 | \$ 66,108,004 | \$ 41,884,358 |

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

D. New York Life Single Employer Retirement Plan

Plan Description – The New York Life retirement plan is a closed single-employer defined benefit pension plan that covers Non-Public Safety Employees. The plan's benefits offers a formula of 2% @ 60 for vested employees. The Plan was established on September 1, 1954 and has been amended and restated from time to time since that date. Prior Plan amendments eliminated the six-month service requirement for entry into the plan and credited participants with up to six-months of service from hire to plan entry prior to time change. The Plan was amended and restated effective September 1, 1996 to bring the Plan into compliance with the Internal Revenue Code and Regulations promulgated thereby to provide for the City's pick-up of employee eligible participants equal to the present value of vested accrued benefits. Effective June 1, 2001, the Plan amended its benefit formula to one that uses an average salary computed from the twelve-month period, replacing the old formula that used an average salary computed from a thirty six month period. As of June 19, 1995, all new regular non-public safety employees are enrolled in CalPERS.

The City has an agreement with New York Life to hold and invest plan assets of the Retirement Plan, which covers employees other than Police and Fire. New York Life holds assets in NYL Fixed Dollar Account, NYL Mainstay Total Return Bond Fund, and NYL Guaranteed Annuity Contracts.

New York Life Guaranteed Annuity Contracts in the amount of \$8,239,722 are allocated insurance contracts set up to pay benefits and accordingly are excluded from the total pension liability, and are not reported in the City's financial statements.

Employees Covered – As of September 1, 2023 (valuation date), the following employees were covered by the benefit terms for the single-employer defined benefit pension plan:

| | NY Life Plan |
|--|--------------|
| Inactive employees or beneficiaries currently receiving benefits | 40 |
| Inactive employees entitled to, but not yet receiving benefits | 5 |
| Active employees | 4 |
| Total | 49 |

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 17 – Retirement Programs (Continued)

D. New York Life Single Employer Retirement Plan (Continued)

Benefits – Non-Public Safety personnel benefits vest after five years of service. The vested benefit would be in the form of a pension beginning after attaining age 60 equal to the benefits accrued at time of termination, or for a reduced amount if an election is made to have payments commence before attaining the normal retirement age of 60. City employees who retire at or after age of 60 with five years of credited service are entitled to an annual retirement benefit payable monthly, as a straight line annuity, as a ten year certain and life annuity, or as a lump sum, in an amount equal to 2% of the average earnings paid to the employee during the twelve consecutive months of service with the City during which their earnings were highest, multiplied by the number of years and completed months of plan participation.

The plan allows early retirement after reaching age 55 and completing five years of plan participation. The plan also provides death and survivor benefits.

Funding Policy – The contribution requirements of Plan members and the City are established and may be amended by the City Council. Prior to January 1, 1979, participants were required to make specified levels of contributions to the plan in order to accrue benefits under the Plan. For the period commencing January 1, 1979 through December 31, 1993, there were no participants' contributions under this Plan. Since January 1, 1994, participants are required to contribute 4.5% of their compensation to the Plan. Since September 1, 1996, participant contributions are made by the City under the employee pretax pick-up provision for government-sponsored plans allowed under the Internal Revenue Code. As established in their Memorandum of Understanding document for personnel of the SEIU Blue Collar bargaining group, the City will contribute four and one-half percent of the employee retirement contribution.

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions – As of June 30, 2024 (Measurement Date - August 31, 2023) and June 30, 2023, (Measurement Date – August 31, 2022), the City reported net pension liability as follows:

| | | Increase (Decrease) | |
|--|-------------------------------------|------------------------------------|---|
| | Plan Total Pension Liability | Plan Fiduciary Net Position | Plan Net Pension Liability/(Asset) |
| Balance at: 8/31/22 (measurement date) | \$ 10,058,747 | \$ 6,349,819 | \$ 3,708,928 |
| Balance at: 8/31/23 (measurement date) | 9,962,372 | 8,239,722 | 1,722,650 |
| Net changes during 2022-2023 | \$ (96,375) | \$ 1,889,903 | \$ (1,986,278) |
| Funded Status @ 8/31/23 measurement date | 82.71% | | |

The City's net pension liability is measured as of August 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 1, 2023.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 17 – Retirement Programs (Continued)

D. New York Life Single Employer Retirement Plan (Continued)

Changes in Net Pension Liability – The following tables show the changes in the net pension liability for the City’s Single-Employer Pension Plan recognized over the measurement period:

| New York Life Plan | | | |
|--|--------------------------------|------------------------------------|------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| Balance at 6/30/2023 (8/31/22 measurement date) | \$ 10,058,747 | \$ 6,349,819 | \$ 3,708,928 |
| Changes in the year: | | | |
| Service cost | 91,735 | - | 91,735 |
| Interest on the total pension liabilities | 274,479 | - | 274,479 |
| Changes in assumptions | (522,172) | - | (522,172) |
| Differences between expected and actual experience | 398,477 | - | 398,477 |
| Benefit payments, including refunds of members contributions | (338,894) | (338,894) | - |
| Plan to plan resource movement | - | - | - |
| Contributions - employer | - | 2,180,872 | (2,180,872) |
| Contributions - employee | - | 18,087 | (18,087) |
| Net investment income | - | 46,143 | (46,143) |
| Administrative expenses | - | (16,305) | 16,305 |
| Net changes | (96,375) | 1,889,903 | (1,986,278) |
| Balance at June 30, 2024 (8/31/23 measurement date) | \$ 9,962,372 | \$ 8,239,722 | \$ 1,722,650 |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Plan as of the Measurement Date, calculated using the discount rate of 2.75 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.75 percent) or 1 percentage-point higher (3.75 percent) than the current rate:

| Sensitivity of Net Pension Liability/(Asset) | | |
|---|--------------------------------------|---------------------------------------|
| Discount Rate - 1% (1.75%) | Current Discount Rate (2.75%) | Discount Rate + 1% (3.75%) |
| \$ 2,539,601 | \$ 1,722,650 | \$ 1,064,752 |

As of June 30, 2024, the City reports deferred outflows and deferred inflows of resources related to pensions as follows:

| New York Life Plan | | | |
|---|---------------------------------------|--------------------------------------|--|
| | Deferred outflows of Resources | Deferred inflows of Resources | |
| Pension contributions made subsequent to measurement date | \$ 153,759 | \$ - | |
| Difference between projected and actual earning on pension plan investments | 204,812 | - | |
| Total | \$ 358,571 | \$ - | |

\$153,759 reported as deferred outflows of resources for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 17 – Retirement Programs (Continued)

D. New York Life Single Employer Retirement Plan (Continued)

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

| Year Ended June 30, | Deferred Outflows/ (Inflows) of Resources |
|----------------------------|--|
| 2025 | \$ (14,119) |
| 2026 | 29,149 |
| 2027 | 163,280 |
| 2028 | 26,502 |
| 2029 | - |
| Thereafter | - |
| | \$ 204,812 |

Actuarial Methods and Assumptions used to Determine Total Pension Liability – For the measurement period ended August 31, 2023 (measurement date), the total pension liability was determined by using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|--|
| Valuation date | September 1, 2023 |
| Measurement date | September 1, 2023 |
| Contribution policy | City contributes full ADC |
| Actuarial cost method | Individual Aggregate Cost Method |
| Actuarial assumptions: | |
| Discount rate | - 2.75% at August 31, 2023 - 2.75% at August 31, 2022 - Discount rate lower of (1) expected long-term rate of return on investments, and (2) Bond Buyer 20- Bond GO Index as of the Measurement Date |
| Long-term expected rate of return on assets | - 2.75% at August 31, 2023 - 2.75% at August 31, 2022 |
| Municipal Bond Rate (Bond Buyer 20- Bond Index) | - 3.81% at August 31, 2023 - 3.59% at August 31, 2022 |
| General Inflation | 2.25% annually |
| Cost of Living Increases | 2.00% annually |
| Mortality | CalPERS 2000-2019 Experience Study |
| Mortality improvement | Mortality projected fully generational with Scale MP-2021 |
| Salary Increases | Aggregate - 2.5% annually; merit - CalPERS 2000-2019 Experience Study |
| Retirement | 100% retire once the retirement benefit reaches 70% of the average monthly compensation |
| Disability, termination | None |
| Benefit form for current actives | - Disability - n/a - Service retirement - Lump sum for all participants, valued using UP-1984 Mortality Table with 2% interest rate without COLA |
| NY Life guaranteed annuity contract | Value of payments expected to be made under contract excluded from TPL (contract assets not included in FNP) |

Changes Since Prior Measurement Date – The following changes were applied since the prior measurement date of August 31, 2023:

Changes of assumptions - discount rate was updated based on municipal bond rate as of the measurement date.

Changes of benefit terms - none

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 17 – Retirement Programs (Continued)

D. New York Life Single Employer Retirement Plan (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 2.75%. The discount rate is based on the expected rate of return which is lower than the 20-year municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at current contribution rates and City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the pension plan’s fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. The City’s annual contributions will be adjusted to keep the plan solvent.

E. ICMA Retirement Corporation Defined Contribution Plan

Investments are with New York Life. Expected rate of return is as follows:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Expected Rate of Return</u> |
|---|--------------------------|--------------------------------|
| Fixed income | 100.00% | 0.78% |
| <i>Assumed long-term rate of inflation</i> | | 2.25% |
| <i>Expected long-term rate of return, rounded</i> | | 2.75% |

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position as of August 31, 2023 is as follows:

| | <u>New York Life</u> |
|---|----------------------|
| Assets: | |
| Investments: | |
| New York Life Mainstay Total Return Bond Fund | \$ 8,239,722 |
| Total investments | 8,239,722 |
| Fiduciary net position | <u>\$ 8,239,722</u> |

Plan Description – On June 19, 1995, the City established a qualified retirement program in accordance with Internal Revenue Code Section 401(a). This defined contribution 401(a) Money Purchase Retirement Plan was established with International City Managers Association Retirement Corporation (ICMA). Non-Public Safety Mid-Management employees that were participating in the ICMA 457 non-qualified deferred compensation plan in-lieu of participation in the New York Life Retirement Program, were required to transfer to one of the other City’s three qualified retirement plans. The City’s annual contribution to this plan is determined by the employer required contribution to the New York Life Plan Retirement Plan in accordance with Internal Revenue contribution limits.

Significant Accounting Policies

Basis of Accounting – Financial statements are prepared using the cash basis of accounting. Employer contributions are recognized in the period that the contributions are made.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 17 – Retirement Programs (Continued)

E. ICMA Retirement Corporation Defined Contribution Plan (Continued)

Significant Accounting Policies (Continued)

Method Used to Value Investments – Participants direct their investments, without restriction, among various investments options available under the ICMA 401(a) Plan. Retirement Buyback Program During Fiscal Year 1995-96, the City established a deferred compensation retirement buyback program for Department Directors where the City contributes a flat dollar amount based on tenure with the City. The 401(a) Money Purchase Retirement Plan is administered by the ICMA Retirement Corporation. The program requires employee-matching contributions for every dollar contributed by the City. At June 30, 2024, there were four participants receiving a total of \$201,213 in this form of benefit.

F. Deferred Compensation Plans

The City has four deferred compensation plans created in accordance with Internal Revenue Code Section 457. The Small Business Job Protection Act of 1996 requires the establishment of a trust or similar vehicle to ensure that the assets of Deferred Compensation Plans under the Internal Revenue Code Section 457 are protected and used exclusively for the benefit of Plan participants and/or their beneficiaries. According to these laws the City established Employer Trust arrangements for each of the Plans before January 1, 1999.

The City has established Employer Trust agreements with ICMA Retirement Corporation, Mass Mutual Financial Group, and Central Coast Credit Union. In 1998, the City Council adopted a Resolution amending the City administered deferred compensation plans to conform to the new law protecting the plan participant assets from any claim against the City. Under the Trust arrangement, individual accounts maintained by the record-keeper used for receiving contributions and paying distributions must be subject to the Trust. The existence of the Trust does little to change the Plan structure except to add a layer of protection for money set aside for the employee against claims of the Employer's creditors. The law also allows an increase in the amount a participant may contribute to differ each year, based on changes in the consumer price index.

International City Manager's Association (ICMA) Retirement Corporation

As of June 2021, the International City Manager's Association Retirement, Inc., (ICMA-RC), is now Mission Square Retirement and the Plan had 454 participants and a balance of \$70,702,177 at June 30, 2024. All employees are eligible to participate through voluntary salary deduction. Some management employees participated in lieu of participation in the New York Life Retirement Program until June 19, 1995 when a qualified 401(a) retirement program was established. These assets are not reported on the City's financial statements at June 30, 2024 pursuant to the Employer Trust established by the City with ICMA Retirement Corporation during November 1997.

Trust Deed Program

The City administers a Trust Deposit Fund that includes a deferred compensation plan funded solely by the voluntary salary reductions. The goal of the Trust Deed program is to invest participants' funds in short-term deeds of trust (notes). This investment option is administered within the City of Salinas by the City's appointed administrator of the Deferred Compensation Plan. Loans are based on equity after obtaining a fee appraisal. All property is physically inspected and the loan package is reviewed and approved/disapproved by a Deferred Compensation Committee. All employees are eligible to participate. The Plan had 210 participants and a balance of \$5,564,620 in net position at June 30, 2024. The balance in these plans is available to employees only upon termination, retirement, death or unforeseen emergency. While the Employer Trust established by the City on December 15, 1998 protects these funds from creditors of the City, because the City administers the plan assets, they are included in the City's financial statements at June 30, 2024.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 17 – Retirement Programs (Continued)

F. Deferred Compensation Plans (Continued)

Trust Deed Program (Continued)

The Trust Deed Program is managed on a cash basis with interest posted when received and expenditures posted when paid. Interest and expenditures are allocated to participants based on month end cash balances. Trust deed notes secured by property taken back in foreclosure, are reevaluated based on the current market value of the property. When the value of property taken back in foreclosure is less than the note secured by that property, the note is written-down to current market value (less foreclosure and sales expenses) of the property. Gains are recognized only when properties are sold. Gains or losses are allocated to plan participants based on month end cash balances.

As of June 30, 2024, pursuant to GASB 72, properties held for resale were valued by independent real estate professionals (market approach) and trust deed notes were valued at their present value (income approach). The valuations are considered Level 3. The value of properties held for resale are reduced for cost of sales. The notes (loans) are valued based on amounts investors would likely pay for notes with interest rates ranging from 6% for all current loans discounted to provide loan to values ranging from 70% to 50% depending on property type and condition, borrowers payment history and term remaining on note. The change in net realizable values are reflected in the Statement of Changes in Fiduciary Net Assets.

Mass Mutual Financial Group (Empower Retirement)

The fourth Deferred Compensation plan was established in September 2000. This retirement savings plan enables employees to defer a portion of their current compensation for payment at later date, generally retirement. Salary deferrals (or contributions) are voluntary and are made through the ease of payroll deduction. Empower Retirement former Mass Mutual offers a variety of investment vehicles that vary in risks, term and return to the investment. These investment options are offered through a group variable annuity contract. There were 38 participants with a balance of \$3,276,842 at June 30, 2024. All employees are eligible to participate through voluntary salary deductions. The assets for this plan are not reported on the City's financial statements.

Note 18 – Other Postemployment Benefits

Items related to other postemployment benefits are recorded in the financial statements as follows:

| | Governmental Activities | Business-Type Activities | Total |
|--------------------------------|------------------------------------|-------------------------------------|---------------|
| Net OPEB Liability | \$ 12,171,211 | \$ 786,950 | \$ 12,958,161 |
| Deferred outflows of resources | 3,812,475 | 246,503 | 4,058,978 |
| Deferred inflows of resources | 12,294,807 | 794,941 | 13,089,748 |
| OPEB expense (credit) | (81,989) | (5,301) | (87,290) |

A. General Information About the OPEB Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 18 – Other Postemployment Benefits (Continued)

A. General Information About the OPEB Plan (Continued)

For this report, the following timeframes are used:

| | |
|--------------------|-------------------------------|
| Valuation date | June 30, 2023 |
| Measurement date | June 30, 2023 |
| Measurement period | July 1, 2022 to June 30, 2023 |
| Fiscal year end | June 30, 2024 |

Plan Description: The City joined the Public Employees' Medical & Hospital Care Act (PEMHCA) in 2000 for Police and Miscellaneous employees, offered through the California Public Employees' Retirement System (CalPERS). It is an agent multiple-employer plan administered by California Public Employees' Retirement System (CalPERS). The healthcare plan which provides medical insurance benefits to active and eligible retirees and their families in accordance with various labor agreements. Fire employees receive healthcare benefits for active and retiree members from a union sponsored plan.

OPEB Trust: The City joined The California Employers' Retiree Benefit Trust (CERBT) in 2011 to prefund its OPEB liability. CERBT is an agent multiple employer defined plan for other postemployment benefits administered by CalPERS. The Plan includes participating employers of the State of California and public agencies. CalPERS is governed by a 13-member Board of Administration (the Board); two elected by CalPERS members, one elected by retired members of CalPERS, two appointed by the Governor, one public representative appointed jointly by the Speaker of the Assembly and Senate Rules Committee, and four ex-officio members: State Treasurer, State Controller, Director of California Department of Human Resources, and Designee of the State Personal Board. The Board is responsible for the management and control of CalPERS, including the exclusive control of the administration and investments of the Plan.

The plan information is as follows:

| | |
|-----------------------------------|-------------------------|
| Fiscal year end | June 30, 2024 |
| Plan type | Agent multiple-employer |
| OPEB trust | Yes |
| Special funding situations | No |
| Nonemployer contributing entities | No |

Post-Employment Benefits Eligibility: The City provides post-retirement healthcare benefits to eligible employees who retire directly from the City after the age of 50 years (Age 52 for Miscellaneous PEPR employees) and with five years of service or disability retirement. For Police and Fire Supervisors, the City pays 25% of retiree and spouse health insurance premium up to \$100 per month plus PEMHCA AB2544 "unequal method" monthly benefit to retirees (\$158 per month in 2024). The payment is made until Medicare eligibility, but no more than 10 years for non-supervisory Police retirees. For Miscellaneous employees, the City pays the PEMHCA "unequal method" monthly benefit to retirees (\$158 per month in 2024). For IAFF (Fire employee), the City pays 25% of retiree and spouse health insurance premium up to \$100 per month. The payment is made until Medicare eligibility.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 18 – Other Postemployment Benefits (Continued)

A. General Information About the OPEB Plan (Continued)

Employees Covered: As of the June 30, 2023 actuarial valuation, the following current and former employees were covered by the benefit terms under the PEMHCA and Union Sponsor Plans:

| | Number of Covered Participants |
|--|--------------------------------------|
| Inactive employees currently receiving benefits | 155 |
| Inactive employees entitled to, but not yet receiving benefits | 315 |
| Active employees | 566 |
| Total | 1,036 |

Contributions: The City intends to contribute to the Trust the actuarially determined contribution (“ADC”) net of the pay-as-you-go benefits paid annually directly from employer resources. For the fiscal year ended June 30, 2024, the City’s cash contributions were \$303,519 in premium payments made on behalf of retirees, implied subsidy payments of \$310,957, and administrative expenses of \$6,796, resulting in total payments of \$621,272.

Discount Rate: The discount rate used to measure the total OPEB liability was 4.95%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the 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.

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

| <u>Asset Class</u> | Target Allocation CERBT-Strategy 1 | Expected Real Rate of Return |
|--|---|---|
| Global equity | 49.00% | 4.56% |
| Fixed income | 23.00% | 1.56% |
| TIPS | 5.00% | -0.08% |
| Commodities | 3.00% | 1.22% |
| REITs | 20.00% | 4.06% |
| | 100.00% | |
| Assumed long-term rate of inflation | | 2.50% |
| Expected long-term rate of return, rounded | | 6.25% |

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 18 – Other Postemployment Benefits (Continued)

B. Net OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

Changes in the OPEB Liability: The changes in the net OPEB liability for the City Plan are as follows:

| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
|---|----------------------------|-----------------------------------|--------------------------|
| Balance at June 30, 2023 | \$ 19,384,137 | \$ 3,853,920 | \$ 15,530,217 |
| Changes Recognized for the Measurement Period: | | | |
| Service Cost | 825,453 | - | 825,453 |
| Interest on the total OPEB liability | 982,077 | - | 982,077 |
| Changes in benefit terms | - | - | - |
| Difference between expected and actual experience | (2,049,364) | - | (2,049,364) |
| Changes in assumptions | (1,094,099) | - | (1,094,099) |
| Contribution from the employer | - | 996,208 | (996,208) |
| Net investment income | - | 248,010 | (248,010) |
| Administrative expenses | - | (8,095) | 8,095 |
| Benefit payments | (739,295) | (739,295) | - |
| Net changes during July 1, 2023 to June 30, 2024 | (2,075,228) | 496,828 | (2,572,056) |
| Balance at June 30, 2024 | \$ 17,308,909 | \$ 4,350,748 | \$ 12,958,161 |

Discount Rate Sensitivity Analysis: The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.87%) in measuring the Net OPEB Liability.

| Plan's Total OPEB Liability | | |
|------------------------------|----------------------------------|------------------------------|
| Discount Rate -1% (4.21%) | Current Discount Rate (5.21%) | Discount Rate +1% (6.21%) |
| \$ 15,089,727 | \$ 12,958,161 | \$ 11,172,842 |

Healthcare Trend Sensitivity Analysis: The following presents the net OPEB liability of the City if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2023:

| Plan's Total OPEB Liability | | |
|-----------------------------|---------------|---------------|
| Healthcare Cost | | |
| -1% | Trend Rate | +1% |
| \$ 10,921,862 | \$ 12,958,161 | \$ 15,478,841 |

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 18 – Other Postemployment Benefits (Continued)

B. Net OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

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

For the fiscal year ended June 30, 2024, the City recognized OPEB expense/(credit) of \$(87,290).

As of fiscal year ended June 30, 2024, the City reported deferred outflows of resources and inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Contributions made after measurement date | \$ 621,272 | \$ - |
| Differences between expected and actual experience | - | (6,317,422) |
| Changes in assumptions | 3,157,385 | (6,772,326) |
| Net difference between projected and actual earnings of OPEB Plan investments | 280,321 | - |
| | <u>\$ 4,058,978</u> | <u>\$ (13,089,748)</u> |

Deferred outflows of resources in the amount of \$621,272 related to contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2025.

Other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expenses as follows:

| Year Ending June 30 | Amount |
|------------------------|-----------------------|
| 2025 | \$ (1,651,412) |
| 2026 | (1,670,658) |
| 2027 | (1,440,631) |
| 2028 | (1,492,693) |
| 2029 | (1,383,605) |
| Thereafter | (2,013,043) |
| Total | <u>\$ (9,652,042)</u> |

Recognition of Deferred Outflows and Deferred Inflows of Resources: To smooth market volatility, gains and losses related to changes in total OPEB liability and fiduciary net position are recognized over nine and half years. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 18 – Other Postemployment Benefits (Continued)

B. Net OPEB Liability, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

Actuarial Methods and Assumptions Used to Determine the OPEB Liability: The City's net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 based on the following significant actuarial methods and assumptions:

| | |
|---|--|
| Actuarial valuation date | June 30, 2023 |
| Contribution policy | City contributes \$250,000 annually and pays benefit outside of trust |
| Discount rate | 5.21% |
| Municipal bond rate | 3.65% (Bond Buyer 20-bond Index)s |
| Expected long-term rate of return on investment | 6.25% |
| General inflation | 2.50% |
| Mortality, retirement, disability, termination | CalPERS 2000-2019 experience study |
| Mortality improvement | Mortality projected fully generational with Scale MP-2021 |
| Salary increases | Aggregate - 2.75% annually; merit - CalPERS 2000-2019 Experience Study |
| Medical trend | Non-Medicare - 7.90% for 2026, decreasing to an ultimate rate of 3.45% in 2076 |
| | Medicare - 6.90% for 2026, decreasing to an ultimate rate of 3.45% in 2076 |
| PEMHCA minimum increases | 3.50% annually |
| Cap increases | None |
| Healthcare participation | 100% for Safety \$100 benefit |
| | 50% for PEMHCA benefit if covered as active |
| | 5% for PEMHCA benefit if waived as active |

Note 19 – Net Position and Fund Balances

A. Government-Wide Financial Statements

Net Investment in Capital Assets

The following is the calculation of net investment in capital assets at June 30, 2024:

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|-----------------------|
| Capital assets, net of accumulated depreciation and amortization | \$ 335,763,944 | \$ 65,238,853 | \$ 401,002,797 |
| Less: outstanding principal on capital related debt, net | (113,023,587) | (21,051,000) | (134,074,587) |
| Add: loss on refunding of debt | 459,631 | 85,877 | 545,508 |
| Net investment in capital assets | <u>\$ 223,199,988</u> | <u>\$ 44,273,730</u> | <u>\$ 267,473,718</u> |

B. Fund Financial Statements

Fund Balance Classification

It is the policy of the City to maintain a minimum reserve for a reasonable level of assurance that the City's day-to-day operations will be able to continue even if circumstances occur where revenues are insufficient to cover expenditures. The minimum reserve of the General Fund is 5% of the next year's General Fund annual budgeted operating expenditures, as calculated by the Finance Director. The minimum fund balance is shown as unassigned in the General Fund.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 19 – Net Position and Fund Balances (Continued)

B. Fund Financial Statements (Continued)

At June 30, 2024, fund balances are classified in the governmental funds as follows:

| | General Fund | American Rescue Plan Act (ARPA) Special Revenue Fund | Housing and Urban Development Grant Special Revenue Fund | Capital Projects Fund | 2019 Special Tax Bond Monte Bella Debt Service Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|------------------------------------|----------------------|--|--|-----------------------|---|-----------------------------|--------------------------|
| Nonspendable | | | | | | | |
| Loans and notes receivable | \$ - | \$ - | \$ 43,175 | \$ - | \$ - | \$ 16,571 | \$ 59,746 |
| Advances (long-term portion) | 2,785,000 | - | - | - | - | - | 2,785,000 |
| Land held for resale | - | - | - | - | - | 1,380,000 | 1,380,000 |
| Total nonspendable | 2,785,000 | - | 43,175 | - | - | 1,396,571 | 4,224,746 |
| Restricted | | | | | | | |
| Public safety | - | - | - | - | - | 3,323,755 | 3,323,755 |
| Future development | - | - | - | - | - | 21,108,375 | 21,108,375 |
| Maintenance districts | - | - | - | - | - | 10,207,026 | 10,207,026 |
| Street repairs | - | - | - | - | - | 32,549,140 | 32,549,140 |
| Grants/special projects | - | - | - | - | - | 1,317,446 | 1,317,446 |
| Low/moderate income housing | - | - | - | - | - | 5,225,963 | 5,225,963 |
| 115 trust reserve | 10,000,000 | - | - | - | - | - | 10,000,000 |
| Capital projects | - | - | - | - | - | 11,668,864 | 11,668,864 |
| Debt service | - | - | - | - | 933,253 | 2,081,418 | 3,014,671 |
| Total restricted | 10,000,000 | - | - | - | 933,253 | 87,481,987 | 98,415,240 |
| Committed | | | | | | | |
| Capital projects | 4,549,826 | - | - | 8,490,095 | - | 141,985 | 13,181,906 |
| Economic contingency reserve | 20,100,000 | - | - | - | - | - | 20,100,000 |
| Infrastructure maintenance reserve | 4,360,000 | - | - | - | - | - | 4,360,000 |
| OPEB reserve | 1,000,000 | - | - | - | - | - | 1,000,000 |
| Facilities maintenance reserve | 1,800,000 | - | - | - | - | - | 1,800,000 |
| Community Center reserve | 8,100,000 | - | - | - | - | - | 8,100,000 |
| Total committed | 39,909,826 | - | - | 8,490,095 | - | 141,985 | 48,541,906 |
| Assigned | | | | | | | |
| Carryover appropriations | 31,490,364 | - | - | - | - | - | 31,490,364 |
| Total assigned | 31,490,364 | - | - | - | - | - | 31,490,364 |
| Unassigned (deficit) | 10,176,499 | - | (99,950) | - | - | (10,297,492) | (220,943) |
| Total fund balances | \$ 94,361,689 | \$ - | \$ (56,775) | \$ 8,490,095 | \$ 933,253 | \$ 78,723,051 | \$ 182,451,313 |

C. Encumbrances

The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to contracts not yet performed and purchase orders not yet filled (executor contracts; and open purchase orders). Commitments for such expenditures of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year end are not accounted for as expenditures and liabilities but, rather, as restricted, committed, or assigned governmental fund balance.

As of June 30, 2024, total governmental fund encumbrance balances for the City are as follows:

| | |
|-----------------------------|----------------------|
| General Fund | \$ 4,549,826 |
| Nonmajor governmental funds | 13,445,940 |
| Total encumbrances | \$ 17,995,766 |

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 20 – Other Required Disclosures

A. Expenditures Exceeding Appropriations

For the year ended June 30, 2024, the following funds had excess expenditures over appropriations, which are expected to be covered with existing fund balance or had sufficient available revenue:

| Fund | Function | Excess Expenditures over Appropriations |
|--------------|-----------------------------|--|
| General Fund | Capital outlay | \$ (353,640) |
| General Fund | Interest and fiscal charges | (2,384) |
| Measure E | Public works | (93) |
| Measure G | Public safety | (422,943) |
| HUD Grants | Public safety | (2,289) |

B. Net Position Deficit and Restrictions

The government-wide statement of net position reports an unrestricted deficit of \$(125,547,113) and \$89,559,884 of restricted net position.

Note 21 – Joint Venture – Salinas Valley Solid Waste Authority

The Salinas Valley Solid Waste Authority (“Authority”) is a joint exercise of powers authority, created pursuant to an agreement dated as of January 1, 1997 (the “Authority Agreement”) among the County of Monterey, and the cities of Salinas, Gonzales, Greenfield, Soledad, and King City (the “Members”). The Authority was established to acquire and manage the landfill assets of each member, ensure long-term landfill capacity of the Authority service area and provide a unified and coordinated solid waste management for the members.

The Authority is governed by a nine-member governing board, consisting of three members of the Salinas City Council, two members of the Monterey County Board of Supervisors, and one member from each patriating city. Pursuant to the Authority Agreement, while the City does not have unilateral control over the activities of the Authority, the affirmative vote of at least one member of the Authority Board who is a member of the Salinas City Council is required to approve Board actions.

With the formation of the Authority, each participating jurisdiction contractually agreed to its responsibilities. In addition, the Authority adopted waste delivery agreements with each Member of the Authority. Each member has committed to deliver waste generated within its boundaries to the Authority’s solid waste facilities, to direct its franchise/permitted solid waste haulers to dispose of waste at these facilities, and to pay tipping fees set by the Authority to cover all Authority-related costs.

The agreement may be terminated under specific terms of withdrawal, which includes a majority vote of the City Council, repayment of all outstanding debt and funding of closure, post closure and site remediation costs upon withdrawal from or termination of the Authority. The members have made no equity contributions or have sold their interest in their assets to the Authority, and there is no explicit, measurable equity interest in this joint venture.

The City had no measurable equity interest in the Authority and does not receive a share of operating results. The Authority is currently funding the closure, post closure and site remediation costs based on estimates of these future costs. The Annual Financial Report of the Salinas Valley Solid Waste Authority is published and available from the Authority Treasurer at the Authority’s Finance Department located at 128 Sun Street, Suite 101, Salinas, CA 93901.

City of Salinas
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2024

Note 21 – Joint Venture – Salinas Valley Solid Waste Authority (Continued)

On December 6, 2018, the City issued a notice of intention to withdraw from the Joint Powers Agreement (the “Agreement”) Pursuant to Section 19 of the Joint Powers Agreement, the notice serves as a one-year notice. The City’s notice of intent to withdraw as a member of the Authority merely served as notice to the Authority and its remaining members. The one-year term has passed without any further action from the City or the Authority. However, the City and Authority representatives are working on finding a resolution to the notice.

The City understands and acknowledges its obligation to continue paying its share of the 2014 Bonds as regularly scheduled and agrees to continue paying its share of the obligation after withdrawal from the Authority, should withdrawal occur. In addition, the City understands and acknowledges its obligation to pay its share of financial liability for closure and post-closure and site remediation costs as further described in Section 19(a) of the Agreement. If the City withdraws from the Authority arrangements must be made to meet this obligation.

Note 22 – Commitments and Contingencies

Claims and Litigation

The City is directly and indirectly involved in various suits relating principally to claims arising from construction contracts, personal injury, and property damage. In the opinion of the City Attorney and City’s management, potential claims against the City resulting from such litigation, not covered by insurance, would not materially affect the basic financial statements of the City. As a result, no liability has been accrued by the City relating to these matters as of June 30, 2024.

Note 23 – Prior Period Adjustments

The July 1, 2023 fund balance/net position of the Capital Projects Fund and the Fleet Maintenance Internal Service Fund have been restated as follows because City management decided to move a general ledger vehicle replacement reserve fund from the Fleet Maintenance Internal Service Fund to the Capital Projects Fund:

| | Capital Projects Fund | Fleet Maintenance Internal Service Fund |
|--|--------------------------------------|--|
| Fund balance/net position, as previously reported, at July 1, 2023 | \$ 2,000,000 | \$ 8,892,367 |
| Move replacement reserve back to Capital Projects Fund | 9,000,000 | (9,000,000) |
| Fund balance/net position at July 1, 2023, as restated | <u>\$ 11,000,000</u> | <u>\$ (107,633)</u> |

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REQUIRED SUPPLEMENTARY INFORMATION

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City of Salinas
Budgetary Information
For the Year Ended June 30, 2024

Budgetary Information

The budget is prepared by the City Manager and adopted by the City Council. The City Council approves operating appropriations at the department and fund level prior to July 1, each year and may amend the budget during the fiscal year. Budgetary control is maintained at the program level. Formal budgetary integration was employed as a management control device during the fiscal year for the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Enterprise Funds and Internal Service Funds.

Budgets are legally adopted for all Governmental and Proprietary Fund Types. Fiduciary Funds and Agency Funds have no adopted budgets because the City is only required to make payments to the extent funds are available. Agency Fund budgets that are approved by their respective governing boards are recorded in the City's accounting system.

The City Manager may transfer budget appropriations between departments and Department Directors may transfer appropriations between programs and accounts within their individual departments and divisions, but only the Council may appropriate funds from reserves or fund balances.

Budget policy excludes the use of taxes, accounts receivable, interest receivable assets and long-term advances that are not currently available resources for budget purposes. Condemnation deposits, are also excluded because they are returned upon right of way acquisition.

Expenditures may not legally exceed budgeted appropriations at the department level. Budgeted amounts shown are as originally adopted and as amended by the City Council during the year. During the year, Council amends the budget with the approval of supplemental appropriations and reviews and amends the budget at mid-year and at year-end.

Appropriations lapse at fiscal year end to the extent they have not been expended. New budget appropriations are approved for the coming year. Project-length financial plans are adopted for all capital projects funds and appropriations are carried forward until project completion. Grant funds are carried forward until the grant expires.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances outstanding at year-end are recorded as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

On November 8, 2005, the voters of Salinas approved Measure V, a 0.50% transactions and use tax. Measure V is a general tax and is reported as part of the General Fund. The tax was effective April 1, 2005 and had an original sunset of ten (10) years. Measure V was revised by the voters on November 6, 2012 eliminating a termination date on the imposition of the tax through Measure E. The Measure E Oversight Committee is a fundamental provision of the voter-approved tax. The Mayor and City Council each annually appoints one member of the public to serve on the Oversight Committee. The committee is responsible for and overseeing the use of Measure E funds to assure consistency with the voter approved tax and the appropriated use of Measure E funds.

On November 4, 2014, the voters of Salinas approved Measure G (For a Safer Better Salinas), a 1.00% transactions and use tax. Measure G is a general tax and is reported as part of the General Fund. The tax was effective April 1, 2015 and had a sunset date of fifteen (15) years. The Measure G Oversight Committee is a fundamental provision of the voter-approved tax. The Mayor and City Council each annually appoints one member of the public to serve on the Oversight Committee. The committees' main responsibilities include the review of the auditor's report of the specific uses of Measure G funds and to issue a public report to the City Council regarding the use of revenue and such other matters as the City Council may assign.

City of Salinas
Budgetary Information (Continued)
For the Year Ended June 30, 2024

The adopted FY 2024 budget represents the financial and organizational plan by which the policies and programs approved by the City Council will be implemented. It includes: (1) the programs, projects, services and activities to be provided during the fiscal year; (2) estimated revenues available to finance the operating plan; and (3) the estimated spending requirements of the operating plan. The City's goals and objectives identified by the City Council in the Strategic Plan thru 2025 was approved on March 8, 2022, following a strategic planning session on December 4, 2021 and are as follows:

- Economic Development
- Affordable Housing
- Infrastructure and Environmental Sustainability
- Excellent Infrastructure
- Public Safety
- Youth and Seniors
- Effective and Culturally Responsive Government

On May 25, 2021, the City Council was introduced and reviewed the proposed operating budget for the City of Salinas and Successor Agency. The Salinas City Council adopted FY 2024 Annual Operating Budgets on June 13, 2023. Capital project budget is updated annually.

Annual budgets are prepared for General Governmental Funds, Internal Service, Enterprise Operations, Assessment and maintenance Districts, Block Grant and Home programs, certain Grant and City Agencies, Deferred Compensation and Retirement, Debt Service, Successor Agency and Capital Project Funds.

The annual appropriation resolution adopts the budget at an appropriation level by fund, with detail expenditure by departments and programs included in the budget document.

GENERAL FUND

The General Fund's fund balance increased \$3,756,478 to \$39,911,844, of which \$2,785,000 is nonspendable, \$6,000,000 is restricted, \$21,007,693 is committed, \$13,254,519 is assigned and \$(3,135,368) is unassigned.

General Fund reserves have been set-aside by Council for specific purposes. Under the Reserved fund balance category, the General Fund nonspendable fund balance of \$2,785,000 includes advances (\$2,785,000). Committed funds balance of \$21,007,693 are committed for capital projects, reserves, and future encumbrances. Carryover appropriations of \$13,254,519 are under the assigned fund balance category.

MEASURE E

Measure E is a general tax (discretionary) and is reported as part of the General Fund. The Measure E fund balance increased \$3,203,563 to \$22,282,861, of which \$1,320,000 is restricted, \$9,061,946 is committed for future encumbrances, \$918,428 is assigned, and \$10,982,487 is unassigned.

MEASURE G

Measure G is a general tax (discretionary) and is reported as part of the General Fund. The Measure G fund balance increased \$2,042,886 to \$32,166,984, of which \$2,680,000 is restricted, \$9,840,187 is committed for future encumbrances, \$17,317,417 is assigned and \$2,329,380 is unassigned.

City of Salinas
Budgetary Information (Continued)
For the Year Ended June 30, 2024

BUDGETARY RESULTS RECONCILED TO GAAP

The budgetary process is based upon accounting for certain transactions on a basis other than the accounting principles generally accepted in the United States (GAAP) basis. The results of operations are presented in the accompanying budget and actual comparison schedules in accordance with the budgetary process (budgetary basis) to provide a meaningful comparison with the budget. The major differences between the budgetary basis actual and GAAP basis are as follows:

- Year-end encumbrances are recognized as the equivalent of expenditures in the budgetary basis financial statements, while encumbered amounts are not recognized as expenditures on the GAAP basis until the equipment, supplies, or services are received.
- Certain loan transactions are recognized as expenditures for the budgetary basis but not for the GAAP basis. When these loans are made, they are recorded as receivables for the GAAP basis and as expenditures for the budgetary basis. When loan repayments are received, they are recorded as reductions to receivables for the GAAP basis, but are recognized as revenues for the budgetary basis.
- Certain accounts such as the change in fair market value of investments included in the City's GAAP basis amounts, for which no formal budgets are prepared, are excluded from the budgetary basis financial statements.
- Certain grant revenues received in advance are recognized on the budgetary basis financial statements, but are deferred and not recognized as revenue on the GAAP basis financial statements. This process normally creates a variance in recognized revenue from the prior year to the current year.

City of Salinas
Budgetary Comparison Schedules – General Fund
For the Year Ended June 30, 2024

| | Budgeted Amounts | | Actual | Variance with |
|---|-------------------------|------------------------|----------------------|-------------------------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Favorable/ (Unfavorable) |
| REVENUES: | | | | |
| Taxes | \$ 151,290,500 | \$ 152,389,706 | \$ 153,358,523 | \$ 968,817 |
| Licenses and permits | 11,161,000 | 11,161,000 | 11,128,716 | (32,284) |
| Intergovernmental | 1,136,000 | 1,136,000 | 1,334,064 | 198,064 |
| Charges for services | 5,249,050 | 5,249,050 | 4,907,765 | (341,285) |
| Investment income (loss) | 3,094,500 | 3,094,500 | 6,118,498 | 3,023,998 |
| Rental income | 325,000 | 325,000 | 504,533 | 179,533 |
| Fines and forfeitures | 240,200 | 240,200 | 298,460 | 58,260 |
| Miscellaneous | 882,200 | 882,200 | 1,134,412 | 252,212 |
| Total revenues | 173,378,450 | 174,477,656 | 178,784,971 | 4,307,315 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 31,659,630 | 33,510,264 | 25,194,416 | 8,315,848 |
| Public safety | 89,613,056 | 91,665,030 | 89,058,716 | 2,606,314 |
| Public works | 18,026,250 | 18,547,209 | 14,580,082 | 3,967,127 |
| Recreation | 8,472,138 | 8,995,276 | 8,025,592 | 969,684 |
| Library | 5,970,527 | 5,978,293 | 5,347,594 | 630,699 |
| Capital outlay | 123,300 | 725,100 | 761,438 | (353,640) |
| Debt Service: | | | | |
| Principal | 873,530 | 873,530 | 1,078,740 | 873,530 |
| Interest and fiscal charges | 195,380 | 195,380 | 197,764 | (2,384) |
| Total expenditures | 154,933,811 | 160,490,082 | 144,244,342 | 17,007,178 |
| REVENUES OVER (UNDER) EXPENDITURES | 18,444,639 | 13,987,574 | 34,540,629 | (12,699,863) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 6,158,630 | 6,303,965 | 2,835,335 | (3,468,630) |
| Transfers out | (39,779,375) | (69,529,616) | (28,373,037) | 41,156,579 |
| Total other financing sources (uses) | (33,620,745) | (63,225,651) | (25,537,702) | 37,687,949 |
| Net change in fund balance | \$ (15,176,106) | \$ (49,238,077) | 9,002,927 | \$ 58,241,004 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 85,358,762 | |
| End of year | | | <u>\$ 94,361,689</u> | |

City of Salinas
Budgetary Comparison Schedules – ARPA Fund
Special Revenue Fund
For the Year Ended June 30, 2024

| | Budgeted Amounts | | Actual | Variance with |
|-----------------------------------|------------------|------------------------|-------------------|-----------------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Favorable/ (Unfavorable) |
| REVENUES: | | | | |
| Intergovernmental | \$ - | \$ - | \$ 16,616,053 | \$ 16,616,053 |
| Total revenues | <u>-</u> | <u>-</u> | <u>16,616,053</u> | <u>16,616,053</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | - | 7,655,085 | 5,045,610 | 2,609,475 |
| Public safety | - | 390,310 | 178,712 | 211,598 |
| Public works | - | 10,484,335 | 2,924,499 | 7,559,836 |
| Recreation | - | 992,427 | 172,359 | 820,068 |
| Capital outlay | - | 22,660,711 | 8,294,873 | 22,660,711 |
| Total expenditures | <u>-</u> | <u>42,182,868</u> | <u>16,616,053</u> | <u>33,861,688</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ (42,182,868)</u> | <u>-</u> | <u>\$ 42,182,868</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | - | |
| End of year | | | <u>\$ -</u> | |

City of Salinas
Budgetary Comparison Schedules – HUD Fund
Special Revenue Fund
For the Year Ended June 30, 2024

| | Budgeted Amounts | | Actual | Variance with |
|---|---------------------|-----------------------|--------------------|-----------------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Favorable/ (Unfavorable) |
| REVENUES: | | | | |
| Intergovernmental | \$ 17,971,009 | \$ 23,612,250 | \$ 10,401,835 | \$ (13,210,415) |
| Interest | - | - | 72,109 | 72,109 |
| Miscellaneous | 100,000 | 100,000 | 290,938 | 190,938 |
| Total revenues | 18,071,009 | 23,712,250 | 10,764,882 | (12,947,368) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 8,266,189 | 22,364,703 | 8,980,249 | 13,384,454 |
| Public safety | - | 20,749 | 23,038 | (2,289) |
| Public works | - | 90,641 | 81,713 | 8,928 |
| Capital outlay | 5,902,500 | 4,566,063 | 1,005,291 | 4,566,063 |
| Total expenditures | 14,168,689 | 27,042,156 | 10,140,291 | 17,907,156 |
| REVENUES OVER (UNDER) EXPENDITURES | 3,902,320 | (3,329,906) | 624,591 | (3,954,497) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | - | (2,594,225) | (1,076,979) | 1,517,246 |
| Total other financing sources (uses) | - | (2,594,225) | (1,076,979) | 1,517,246 |
| Net change in fund balance | \$ 3,902,320 | \$ (5,924,131) | (452,388) | \$ 5,471,743 |
| FUND BALANCE (DEFICIT): | | | | |
| Beginning of year | | | 395,613 | |
| End of year | | | <u>\$ (56,775)</u> | |

City of Salinas

Required Supplemental Information (Unaudited)

Schedule of Changes in Net Pension Liability and Related Ratios – Miscellaneous Plan

| City Miscellaneous Plans | | | | | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Measurement Period, Year Ended June 30: | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total Pension Liability | | | | | | | | | | |
| Service Cost | \$ 3,883,129 | \$ 3,581,707 | \$ 3,130,339 | \$ 3,162,904 | \$ 3,157,247 | \$ 3,099,429 | \$ 2,873,548 | \$ 2,135,480 | \$ 2,197,484 | \$ 2,331,545 |
| Interest on total pension liability | 10,520,930 | 9,882,781 | 9,498,842 | 8,959,786 | 8,430,817 | 7,806,166 | 7,282,974 | 6,801,939 | 6,445,778 | 6,154,034 |
| Changes in benefit terms | 163,259 | - | - | - | - | - | - | - | - | - |
| Differences between expected and actual experience | 2,096,099 | (1,973,792) | 727,132 | 588,822 | 2,005,995 | 1,457,261 | 489,759 | (996,921) | (1,789,044) | - |
| Changes in assumptions | - | 5,420,045 | - | - | - | (752,607) | 6,388,079 | - | (1,686,636) | - |
| Benefit payments, including refunds of employee contributions | (6,886,917) | (6,365,156) | (5,481,505) | (5,107,076) | (4,456,008) | (3,952,236) | (3,361,268) | (3,116,204) | (2,803,130) | (2,673,091) |
| Net change in total pension liability | 9,776,500 | 10,545,585 | 7,874,808 | 7,604,436 | 9,138,051 | 7,658,013 | 13,673,092 | 4,824,294 | 2,364,452 | 5,812,488 |
| Total pension liability - beginning | 151,719,779 | 141,174,194 | 133,299,386 | 125,694,950 | 116,556,899 | 108,898,886 | 95,225,794 | 90,401,500 | 88,037,048 | 82,224,560 |
| Total pension liability - ending (a) | \$ 161,496,279 | \$ 151,719,779 | \$ 141,174,194 | \$ 133,299,386 | \$ 125,694,950 | \$ 116,556,899 | \$ 108,898,886 | \$ 95,225,794 | \$ 90,401,500 | \$ 88,037,048 |
| Plan fiduciary net position | | | | | | | | | | |
| Contributions - employer | \$ 4,713,873 | \$ 4,193,288 | \$ 4,273,977 | \$ 7,793,322 | \$ 3,511,716 | \$ 3,133,948 | \$ 3,232,477 | \$ 2,635,818 | \$ 2,037,528 | \$ 2,010,590 |
| Contributions - employee | 1,688,999 | 1,584,132 | 1,464,611 | 1,411,627 | 1,501,635 | 1,403,836 | 1,331,850 | 1,339,737 | 987,786 | 959,420 |
| Net investment income | 7,090,560 | (9,339,092) | 22,935,564 | 4,662,415 | 5,681,706 | 6,712,207 | 7,844,830 | 375,028 | 1,500,373 | 9,911,526 |
| Benefit payments, including refunds of employee contributions | (6,886,917) | (6,365,156) | (5,481,505) | (5,107,076) | (4,456,008) | (3,952,236) | (3,361,268) | (3,116,204) | (2,803,130) | (2,673,091) |
| Net plan to plan resource movement | - | - | - | 383,290 | - | (199) | - | 365 | - | - |
| Administrative expense | (83,739) | (77,170) | (100,678) | (129,381) | (61,083) | (122,563) | (102,919) | (41,756) | (77,059) | - |
| Other miscellaneous income/expense | - | - | - | - | 199 | (232,749) | - | - | - | - |
| Net change in plan fiduciary net position | 6,522,776 | (10,003,998) | 23,091,969 | 9,014,197 | 6,178,165 | 6,942,244 | 8,944,970 | 1,192,988 | 1,645,498 | 10,208,445 |
| Plan fiduciary net position - beginning | 113,875,517 | 123,879,515 | 100,787,546 | 91,773,349 | 85,595,184 | 78,652,940 | 69,707,970 | 68,514,982 | 66,869,484 | 56,661,039 |
| Plan fiduciary net position - ending (b) | \$ 120,398,293 | \$ 113,875,517 | \$ 123,879,515 | \$ 100,787,546 | \$ 91,773,349 | \$ 85,595,184 | \$ 78,652,940 | \$ 69,707,970 | \$ 68,514,982 | \$ 66,869,484 |
| Net pension liability - ending (a) - (b) | \$ 41,097,986 | \$ 37,844,262 | \$ 17,294,679 | \$ 32,511,840 | \$ 33,921,601 | \$ 30,961,715 | \$ 30,245,946 | \$ 25,517,824 | \$ 21,886,518 | \$ 21,167,564 |
| Plan fiduciary net position as a percentage of the total pension liability | 74.55% | 75.06% | 87.75% | 75.61% | 73.01% | 73.44% | 72.23% | 73.20% | 75.79% | 75.96% |
| Covered payroll | \$ 23,750,027 | \$ 21,667,920 | \$ 20,799,596 | \$ 20,946,385 | \$ 20,634,254 | \$ 20,051,944 | \$ 18,618,295 | \$ 15,300,421 | \$ 15,513,480 | \$ 15,831,777 |
| Plan net pension liability as a percentage of covered payroll | 173.04% | 174.66% | 83.15% | 155.21% | 164.39% | 154.41% | 162.45% | 166.78% | 141.08% | 133.70% |

City of Salinas

Required Supplemental Information (Unaudited)

Schedule of Pension Plan Contributions

Miscellaneous Plan

| | City Miscellaneous Plans | | | | | | | | | |
|--|--------------------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|
| Fiscal Year Ended June 30: | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Actuarially determined contribution | \$ 4,446,483 | \$ 4,713,873 | \$ 4,193,288 | \$ 4,273,977 | \$ 3,857,093 | \$ 3,511,716 | \$ 3,133,731 | \$ 3,231,650 | \$ 2,635,818 | \$ 2,037,528 |
| Contributions in relation to the actuarially determined contribution | (4,446,483) | (4,713,873) | (4,193,288) | (4,273,977) | (7,793,322) | (3,511,716) | (3,133,731) | (3,231,650) | (2,635,818) | (2,037,528) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ (3,936,229) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | \$ 24,415,028 | \$ 23,750,027 | \$ 21,667,920 | \$ 20,799,596 | \$ 20,946,385 | \$ 20,634,254 | \$ 20,051,944 | \$ 18,618,295 | \$ 15,300,421 | \$ 15,513,480 |
| Contributions as a percentage of covered payroll | 18.21% | 19.85% | 19.35% | 20.55% | 37.21% | 17.02% | 15.63% | 17.36% | 17.23% | 13.13% |

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2023 were derived from the June 30, 2021 funding valuation report.

| | |
|----------------------------|--|
| Actuarial cost method | Entry Age Actuarial Cost Method |
| Amortization method/period | For details, see June 30, 2021 Funding Valuation Report. |
| Asset valuation method | Fair Value of Assets. For details, see June 30, 2021 Funding Valuation |
| Inflation | 2.50% |
| Salary increases | Varies based on entry age and service |
| Payroll growth | 2.75% |
| Investment rate of return | 7.00% net of pension plan investment and administrative expenses |
| Retirement age | The probabilities of retirement are based on the 2021 CalPERS Experience Study. |
| Mortality | The probabilities of mortality are based on the 2021 CalPERS Experience Study. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. |

Other Information:

For changes to previous years' information, refer to past GASB 68 reports.

City of Salinas

Required Supplemental Information (Unaudited)

Schedule of Changes in Net Pension Liability and Related Ratios – City Police Plans

| City Police Plans | | | | | | | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Measurement Period, Year Ended June 30: | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total Pension Liability | | | | | | | | | | |
| Service Cost | \$ 6,485,353 | \$ 6,757,790 | \$ 6,086,593 | \$ 6,156,433 | \$ 6,076,786 | \$ 5,603,486 | \$ 5,171,913 | \$ 4,462,598 | \$ 4,440,981 | \$ 4,932,982 |
| Interest on total pension liability | 24,606,993 | 23,595,755 | 22,716,035 | 22,017,085 | 21,051,415 | 19,772,458 | 18,658,643 | 17,933,618 | 17,475,350 | 17,097,550 |
| Changes in benefit terms | 146,047 | - | - | - | - | - | - | - | - | - |
| Differences between expected and actual experience | 2,343,505 | (1,552,114) | (2,364,429) | 1,696,481 | 6,664,829 | 6,096,574 | (2,807) | (4,299,665) | (5,739,808) | - |
| Changes in assumptions | - | 13,527,486 | - | - | - | (1,307,343) | 16,117,523 | - | (4,436,648) | - |
| Benefit payments, including refunds of employee contributions | (18,713,828) | (17,388,668) | (16,317,199) | (15,680,099) | (15,037,162) | (13,742,608) | (12,772,896) | (11,890,953) | (11,383,179) | (10,895,705) |
| Net change in total pension liability | 14,868,070 | 24,940,249 | 10,121,000 | 14,189,900 | 18,755,868 | 16,422,567 | 27,172,376 | 6,205,598 | 356,696 | 11,134,827 |
| Total pension liability - beginning | 360,247,773 | 335,307,524 | 325,186,524 | 310,996,624 | 292,240,756 | 275,818,189 | 248,645,813 | 242,440,215 | 242,083,519 | 230,948,692 |
| Total pension liability - ending (a) | \$ 375,115,843 | \$ 360,247,773 | \$ 335,307,524 | \$ 325,186,524 | \$ 310,996,624 | \$ 292,240,756 | \$ 275,818,189 | \$ 248,645,813 | \$ 242,440,215 | \$ 242,083,519 |
| Plan fiduciary net position | | | | | | | | | | |
| Contributions - employer | \$ 13,151,466 | \$ 12,406,841 | \$ 11,629,887 | \$ 10,297,024 | \$ 9,485,870 | \$ 8,260,458 | \$ 7,798,560 | \$ 6,462,584 | \$ 5,540,793 | \$ 5,285,903 |
| Contributions - employee | 2,176,654 | 2,127,269 | 2,305,151 | 1,946,146 | 1,993,713 | 1,816,971 | 1,625,541 | 1,512,655 | 1,350,215 | 1,375,826 |
| Net investment income | 14,237,556 | (19,126,756) | 46,981,535 | 9,999,235 | 12,630,434 | 15,347,329 | 18,439,075 | 800,238 | 3,733,737 | 25,664,291 |
| Benefit payments, including refunds of employee contributions | (18,713,828) | (17,388,668) | (16,317,199) | (15,680,099) | (15,037,162) | (13,742,608) | (12,772,896) | (11,890,953) | (11,383,179) | (10,895,705) |
| Net plan to plan resource movement | - | - | - | (383,290) | - | (447) | - | 19,216 | - | - |
| Administrative expense | (168,406) | (156,453) | (206,540) | (283,165) | (136,963) | (282,146) | (245,410) | (103,251) | (190,690) | - |
| Other miscellaneous income/expense ¹ | - | - | - | - | 444 | (535,801) | - | - | - | - |
| Net change in plan fiduciary net position | 10,683,442 | (22,137,767) | 44,392,834 | 5,895,851 | 8,936,336 | 10,863,756 | 14,844,870 | (3,199,511) | (949,124) | 21,430,315 |
| Plan fiduciary net position - beginning² | 229,014,170 | 251,151,937 | 206,759,103 | 200,863,252 | 191,926,916 | 181,063,160 | 166,218,290 | 169,417,801 | 170,366,925 | 148,936,610 |
| Plan fiduciary net position - ending (b) | \$ 239,697,612 | \$ 229,014,170 | \$ 251,151,937 | \$ 206,759,103 | \$ 200,863,252 | \$ 191,926,916 | \$ 181,063,160 | \$ 166,218,290 | \$ 169,417,801 | \$ 170,366,925 |
| Net pension liability - ending (a) - (b) | \$ 135,418,231 | \$ 131,233,603 | \$ 84,155,587 | \$ 118,427,421 | \$ 110,133,372 | \$ 100,313,840 | \$ 94,755,029 | \$ 82,427,523 | \$ 73,022,414 | \$ 71,716,594 |
| Plan fiduciary net position as a percentage of the total pension liability | 63.90% | 63.57% | 74.90% | 63.58% | 64.59% | 65.67% | 65.65% | 66.85% | 69.88% | 70.38% |
| Covered payroll ³ | \$ 19,748,334 | \$ 20,251,095 | \$ 19,916,863 | \$ 19,776,528 | \$ 19,051,278 | \$ 17,967,376 | \$ 16,214,420 | \$ 15,715,033 | \$ 15,494,316 | \$ 16,589,818 |
| Plan net pension liability as a percentage of covered payroll | 685.72% | 648.03% | 422.53% | 598.83% | 578.09% | 558.31% | 584.39% | 524.51% | 471.29% | 432.29% |

¹During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

²Includes any beginning of year adjustment.

³Includes one year's payroll growth using 2.80% payroll growth assumption for fiscal year ended June 30, 2024; 2.75% payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00% payroll growth assumption for fiscal years ended June 30, 2014-17.

City of Salinas

Required Supplemental Information (Unaudited)

Schedule of Pension Plan Contributions

City Police Plans

| | City Police Plans | | | | | | | | | |
|--|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Fiscal Year Ended June 30: | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Actuarially determined contribution | \$ 6,941,602 | \$ 13,151,466 | \$ 12,406,841 | \$ 11,629,887 | \$ 10,297,024 | \$ 9,485,870 | \$ 8,260,458 | \$ 7,798,560 | \$ 6,462,584 | \$ 5,540,793 |
| Contributions in relation to the actuarially determined contribution | (6,941,602) | (13,151,466) | (12,406,841) | (11,629,887) | (10,296,552) | (9,485,870) | (8,260,458) | (7,798,560) | (6,462,584) | (5,540,793) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ 472 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | \$ 20,818,126 | \$ 20,251,095 | \$ 20,514,369 | \$ 19,916,863 | \$ 19,776,528 | \$ 19,051,278 | \$ 17,967,376 | \$ 16,214,420 | \$ 15,715,033 | \$ 15,494,316 |
| Contributions as a percentage of covered payroll | 33.34% | 64.94% | 60.48% | 58.39% | 52.06% | 49.79% | 45.97% | 48.10% | 41.12% | 35.76% |

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2023 were derived from the June 30, 2021 funding valuation report.

| | |
|----------------------------|---|
| Actuarial cost method | Entry Age Actuarial Cost Method |
| Amortization method/period | For details, see June 30, 2021 Funding Valuation Report. |
| Asset valuation method | Fair Value of Assets. For details, see June 30, 2021 Funding Valuation |
| Inflation | 2.50% |
| Salary increases | Varies based on entry age and service |
| Payroll growth | 2.75% |
| Investment rate of return | 7.00% net of pension plan investment and administrative expenses |
| Retirement age | The probabilities of retirement are based on the 2021 CalPERSE Experience Study. |
| Mortality | The probabilities of mortality are based on the 2021 CalPERSE Experience Study. Current and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. |

Other Information:

For changes to previous years' information, refer to past GASB 68 reports.

City of Salinas
Required Supplemental Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios –
City Fire Plans

| | City Fire Plans | | | | | | | | | |
|---|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Measurement Period, Year Ended June 30: | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Proportion of the net pension liability | 0.52990% | 0.53060% | 0.61287% | 0.48376% | 0.46772% | 0.46967% | 0.58010% | 0.60039% | 0.64362% | 0.64195% |
| Proportionate share of the net pension liability | \$ 66,108,004 | \$ 61,288,496 | \$ 33,145,570 | \$ 52,635,552 | \$ 47,927,704 | \$ 45,259,034 | \$ 57,529,594 | \$ 51,951,899 | \$ 44,177,449 | \$ 39,944,785 |
| Covered payroll* | \$ 12,823,623 | \$ 11,615,639 | \$ 11,387,448 | \$ 11,013,870 | \$ 10,748,465 | \$ 9,763,022 | \$ 9,636,368 | \$ 9,436,688 | \$ 9,158,594 | \$ 9,531,935 |
| Proportionate share of the net pension liability as percentage of covered payroll | 515.52% | 527.64% | 291.07% | 477.90% | 445.90% | 463.58% | 597.00% | 550.53% | 482.36% | 419.06% |
| Plan's fiduciary net position as percentage of the total pension liability | 76.21% | 76.68% | 88.29% | 75.10% | 75.26% | 75.26% | 73.31% | 74.06% | 78.40% | 79.82% |

* For the year ending on the measurement date.

City of Salinas

Required Supplemental Information (Unaudited)

Schedule of Pension Plan Contributions

City Fire Plans

| | City Fire Plans | | | | | | | | | |
|--|-----------------|---------------|---------------|---------------|---------------|---------------|-----------------|--------------|--------------|--------------|
| Fiscal Year Ended June 30: | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Actuarially determined contribution | \$ 7,254,285 | \$ 6,940,599 | \$ 6,791,444 | \$ 5,708,093 | \$ 5,058,738 | \$ 4,369,284 | \$ 5,440,481 | \$ 5,132,440 | \$ 4,732,759 | \$ 3,811,507 |
| Contributions in relation to the actuarially determined contribution | (7,254,285) | (6,940,599) | (6,791,444) | (5,708,093) | (5,058,738) | (4,369,284) | (16,741,091) | (5,132,440) | (4,732,759) | (3,811,507) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (11,300,610) | \$ - | \$ - | \$ - |
| Covered payroll | \$ 13,527,689 | \$ 12,823,623 | \$ 11,615,639 | \$ 11,387,448 | \$ 11,013,870 | \$ 10,748,465 | \$ 9,763,022 | \$ 9,636,368 | \$ 9,436,668 | \$ 9,158,594 |
| Contributions as a percentage of covered payroll | 53.63% | 54.12% | 58.47% | 50.13% | 45.93% | 40.65% | 171.47% | 53.26% | 50.15% | 41.62% |

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2024 were derived from the June 30, 2021 funding valuation report.

| | |
|----------------------------|--|
| Actuarial cost method | Entry age normal cost method |
| Amortization method/period | Varies by date established and source. May be level dollar or level percent of pay and may include direct rate smoothing |
| Asset valuation method | Market value of assets |
| Inflation | 2.30% |
| Salary increases | Varies by category, entry age, and service |
| Mortality | Derived using CalPERS' Membership Data for all Funds. The post-retirement mortality rates include 15 years of projected on-going mortality improvement using 80% of the Society of Actuaries' Scale MP-2020. |

City of Salinas
Required Supplemental Information (Unaudited)
Schedule of Changes in Net Pension Liability and Related Ratios
Single Employer Plan

| Single-Employer Plan | | | | | | | | | |
|--|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
| Measurement Period, Year Ended June 30: | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 ¹ |
| Total Pension Liability | | | | | | | | | |
| Service Cost | \$ 91,735 | \$ 131,853 | \$ 345,756 | \$ 325,385 | \$ 232,193 | \$ 302,184 | \$ 279,000 | \$ 336,000 | \$ 436,000 |
| Interest on total pension liability | 274,479 | 255,632 | 283,983 | 506,095 | 684,730 | 679,330 | 537,000 | 655,000 | 676,000 |
| Changes in benefit terms | - | - | - | - | - | - | - | 531,000 | - |
| Differences between expected and actual experience | 398,477 | - | 1,595,858 | - | 889,365 | - | 2,172,000 | - | - |
| Changes in assumptions | (522,172) | (533,090) | (37,244) | 907,299 | 217,496 | - | (106,000) | - | - |
| Benefit payments, including refunds of employee contributions | (338,894) | (3,218,471) | (2,656,129) | (9,123,048) | (1,305,661) | (199,769) | (3,508,000) | (87,000) | (3,139,000) |
| Net change in total pension liability | (96,375) | (3,364,076) | (467,776) | (7,384,269) | 718,123 | 781,745 | (626,000) | 1,435,000 | (2,027,000) |
| Total pension liability - beginning | 10,058,747 | 13,422,823 | 13,893,599 | 21,277,868 | 20,559,745 | 19,778,000 | 20,404,000 | 18,969,000 | 20,996,000 |
| Total pension liability - ending (a) | \$ 9,962,372 | \$ 10,058,747 | \$ 13,425,823 | \$ 13,893,599 | \$ 21,277,868 | \$ 20,559,745 | \$ 19,778,000 | \$ 20,404,000 | \$ 18,969,000 |
| Plan fiduciary net position | | | | | | | | | |
| Contributions - employer | \$ 2,180,872 | \$ 190,126 | \$ 5,695,926 | \$ 8,030,028 | \$ 2,919,589 | \$ 1,927,686 | \$ 1,654,000 | \$ 1,483,000 | \$ 1,340,000 |
| Contributions - employee | 18,087 | 19,012 | 34,635 | 52,751 | 71,806 | 70,043 | 69,000 | 82,000 | 77,000 |
| Net investment income | 46,143 | (486,138) | 894,536 | 338,833 | 503,893 | 60,254 | (506,000) | 84,000 | (85,000) |
| Benefit payments, including refunds of employee contributions | (338,894) | (3,218,471) | (2,656,129) | (9,123,048) | (1,305,661) | (199,769) | (3,508,000) | (87,000) | (3,139,000) |
| Administrative expense | (16,305) | (17,057) | (18,061) | (18,582) | (19,188) | (54,195) | (75,000) | (83,000) | (100,000) |
| Net change in plan fiduciary net position | 1,889,903 | (3,512,528) | 3,950,907 | (720,018) | 2,170,439 | 1,804,019 | (2,366,000) | 1,479,000 | (1,907,000) |
| Plan fiduciary net position - beginning | 6,349,819 | 9,862,347 | 5,914,440 | 6,634,458 | 4,464,019 | 2,660,000 | 5,026,000 | 3,547,000 | 5,454,000 |
| Plan fiduciary net position - ending (b) | \$ 8,239,722 | \$ 6,349,819 | \$ 9,865,347 | \$ 5,914,440 | \$ 6,634,458 | \$ 4,464,019 | \$ 2,660,000 | \$ 5,026,000 | \$ 3,547,000 |
| Net pension liability - ending (a) - (b) | \$ 1,722,650 | \$ 3,708,928 | \$ 3,560,476 | \$ 7,979,159 | \$ 14,643,410 | \$ 16,095,726 | \$ 17,118,000 | \$ 15,378,000 | \$ 15,422,000 |
| Plan fiduciary net position as a percentage of the total pension liability | 82.71% | 63.13% | 73.48% | 42.57% | 31.18% | 21.71% | 13.45% | 24.63% | 18.70% |
| Covered payroll | \$ 402,079 | \$ 437,872 | \$ 768,725 | \$ 1,176,879 | \$ 1,628,432 | \$ 1,610,679 | \$ 1,649,359 | \$ 1,461,000 | \$ 1,738,432 |
| Plan net pension liability as a percentage of covered payroll | 428.44% | 847.03% | 463.17% | 677.99% | 899.23% | 999.31% | 1037.86% | 1052.57% | 887.12% |

¹Information only presented from the implementation year

City of Salinas
Required Supplemental Information (Unaudited)
Schedule of Pension Plan Contributions
Single Employer Plan

New York Life Single-Employer Plan

| Fiscal Year Ended June 30: | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|--|----------------|------------|--------------|----------------|----------------|--------------|--------------|--------------|--------------|
| Actuarially determined contribution | \$ 558,000 | \$ 697,000 | \$ 2,963,000 | \$ 4,252,000 | \$ 4,114,000 | \$ 2,000,000 | \$ 1,932,000 | \$ 1,583,000 | \$ 1,520,000 |
| Contributions in relation to the actuarially determined contribution | (2,180,872) | (145,965) | (208,396) | (10,212,240) | (5,573,828) | (2,135,107) | (1,614,000) | (1,571,000) | (1,107,000) |
| Contribution deficiency (excess) | \$ (1,622,872) | \$ 551,035 | \$ 2,754,604 | \$ (5,960,240) | \$ (1,459,828) | \$ (135,107) | \$ 318,000 | \$ 12,000 | \$ 413,000 |
| Covered payroll | \$ 420,593 | \$ 401,365 | \$ 463,101 | \$ 804,977 | \$ 1,273,326 | \$ 1,664,538 | \$ 1,693,493 | \$ 1,796,000 | \$ 1,872,000 |
| Contributions as a percentage of covered payroll | 518.52% | 36.37% | 45.00% | 1268.64% | 437.74% | 128.27% | 95.31% | 87.47% | 59.13% |

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2023 were derived from the September 1, 2021 funding valuation report.

| | |
|----------------------------|--|
| Actuarial cost method | Individual aggregate cost method |
| Amortization method/period | N/A |
| Asset valuation method | Cash value as reported by New York Life Investment Management, LLC |
| Discount rate | 2.75% |
| Inflation | 2.25% |
| Salary increases | 2.5% annually |
| Payroll growth | 2.875% |
| Mortality | The probabilities of mortality are based on the CalPERS Experience Study for the period from 2000 to 2019. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Actuaries. |

¹Information only presented from the implementation year

City of Salinas
Required Supplemental Information (Unaudited)
Schedule of Changes in the City's Net OPEB Liability

Schedule of Changes in the City's Net OPEB Liability

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| For the Measurement Period: | 2022-2023 | 2021-2022 | 2020-2021 | 2019-2020 | 2018-2019 | 2017-2018 | 2016-2017 |
| Total OPEB Liability: | | | | | | | |
| Service Cost | \$ 825,453 | \$ 1,043,749 | \$ 1,639,274 | \$ 1,169,996 | \$ 1,065,470 | \$ 1,085,475 | \$ 1,209,000 |
| Interest on the total OPEB liability | 982,077 | 849,992 | 884,846 | 974,493 | 1,143,094 | 1,064,391 | 951,000 |
| Changes in benefit terms | - | - | - | - | 574,467 | - | - |
| Difference between expected and actual experience | (2,049,364) | - | (4,117,866) | - | (4,138,016) | - | - |
| Changes in assumptions | (1,094,099) | (3,086,884) | (4,258,871) | 4,678,007 | 1,474,189 | (609,871) | (1,765,000) |
| Benefit payments | (739,295) | (685,206) | (704,749) | (676,514) | (945,329) | (915,000) | (861,000) |
| Net changes in Total OPEB Liability | (2,075,228) | (1,878,349) | (6,557,366) | 6,145,982 | (826,125) | 624,995 | (466,000) |
| Beginning of Year | 19,384,137 | 21,262,486 | 27,819,852 | 21,673,870 | 22,499,995 | 21,875,000 | 22,341,000 |
| End of Year | \$ 17,308,909 | \$ 19,384,137 | \$ 21,262,486 | \$ 27,819,852 | \$ 21,673,870 | \$ 22,499,995 | \$ 21,875,000 |
| Plan Fiduciary Net Position: | | | | | | | |
| Employer contribution | \$ 996,208 | \$ 940,051 | \$ 959,007 | \$ 931,063 | \$ 1,195,329 | \$ 1,165,000 | \$ 1,111,000 |
| Employee contributions | - | - | - | - | - | - | - |
| Net investment income (loss) | 248,010 | (599,182) | 897,217 | 102,633 | 152,998 | 159,215 | 171,000 |
| Benefit payments | (739,295) | (685,206) | (704,749) | (676,514) | (945,329) | (915,000) | (861,000) |
| Administrative expenses | (8,095) | (5,965) | (5,500) | (5,988) | (541) | (3,619) | (1,000) |
| Net changes in Fiduciary Net Position | 496,828 | (350,302) | 1,145,975 | 351,194 | 402,457 | 405,596 | 420,000 |
| Beginning of Year | 3,853,920 | 4,204,222 | 3,058,247 | 2,707,053 | 2,304,596 | 1,899,000 | 1,479,000 |
| End of Year | \$ 4,350,748 | \$ 3,853,920 | \$ 4,204,222 | \$ 3,058,247 | \$ 2,707,053 | \$ 2,304,596 | \$ 1,899,000 |
| Net OPEB Liability | \$ 12,958,161 | \$ 15,530,217 | \$ 17,058,264 | \$ 24,761,605 | \$ 18,966,817 | \$ 20,195,399 | \$ 19,976,000 |
| Fiduciary Net Position as a % of Total OPEB Liability | 25.14% | 19.88% | 19.77% | 10.99% | 12.49% | 10.24% | 8.68% |
| Covered Payroll | \$ 72,990,943 | \$ 69,854,034 | \$ 64,469,561 | \$ 64,146,096 | \$ 64,026,542 | \$ 62,965,263 | \$ 48,821,000 |
| Net OPEB Liability as a % of Payroll | 17.75% | 22.23% | 26.46% | 38.60% | 29.62% | 32.07% | 40.92% |

Notes to Schedule:

Change of assumptions: For the measurement period ended June 30, 2023, the discount rate changed from 4.95% to 5.21%.

Information is only presented from the implementation year.

City of Salinas

Required Supplemental Information (Unaudited)

Schedule of OPEB Contributions

Schedule of OPEB Contributions

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Actuarially determined contribution | \$ 1,603,871 | \$ 1,733,000 | \$ 1,687,000 | \$ 1,997,000 | \$ 1,938,000 | \$ 2,322,000 | \$ 2,188,000 |
| Contributions in relation to the actuarially determined contributions | (621,272) | (996,208) | (940,051) | (959,007) | (931,063) | (1,195,329) | (1,165,000) |
| Contribution deficiency (excess) | \$ 982,599 | \$ 736,792 | \$ 746,949 | \$ 1,037,993 | \$ 1,006,937 | \$ 1,126,671 | \$ 1,023,000 |
| Covered payroll | \$ 72,990,943 | \$ 69,854,034 | \$ 67,797,683 | \$ 64,469,561 | \$ 64,146,096 | \$ 64,026,452 | \$ 51,530,000 |
| Contributions as a percentage of covered payroll | 0.85% | 1.43% | 1.39% | 1.49% | 1.45% | 1.87% | 2.26% |

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ended June 30, 2021 were as follows:

Methods and assumptions used to determine contribution rates:

| | |
|--------------------------------------|--|
| ADC for fiscal year | 6/30/2023 |
| Actuarial valuation date | 6/30/2023 |
| Actuarial cost method | Entry-Age Normal Cost Method |
| Asset valuation method | Actuarial value of assets |
| Inflation | 2.50% |
| Investment rate of return | 6.25% |
| Healthcare cost trend rate | Non-Medicare - 7.90% for 2026, decreasing to an ultimate rate of 3.45% in 2076; Medicare - 5.65% for 2026, decreasing to an ultimate rate of 3.45% in 2076; |
| Projected salary growth and increase | Not applicable |
| Mortality | CalPERS 2000-2019 Experience Study |

¹ Information only presented from the implementation year

SUPPLEMENTARY INFORMATION

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City of Salinas
Combing Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|---|--------------------------------------|--|--|
| ASSETS | | | | |
| Cash and investments | \$ 73,330,335 | \$ 2,213,267 | \$ 6,213,683 | \$ 81,757,285 |
| Receivables, net: | | | | |
| Accounts | 4,198 | - | 304,563 | 308,761 |
| Interest | 1,091,804 | 7,448 | 286,885 | 1,386,137 |
| Due from other agencies | 4,342,896 | - | 1,560,160 | 5,903,056 |
| Assessments | - | 90,000 | - | 90,000 |
| Leases | 74,043 | - | 3,478,319 | 3,552,362 |
| Loans and notes receivable, net of allowance | 16,571 | - | - | 16,571 |
| Land and properties held for resale | 1,380,000 | - | - | 1,380,000 |
| Total assets | <u>\$ 80,239,847</u> | <u>\$ 2,310,715</u> | <u>\$ 11,843,610</u> | <u>\$ 94,394,172</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 433,031 | \$ 1,815 | \$ - | \$ 434,846 |
| Due to other funds | 2,961,362 | 806,014 | 4,755,324 | 8,522,700 |
| Unearned revenues | 856,169 | 90,000 | - | 946,169 |
| Total liabilities | <u>4,250,562</u> | <u>897,829</u> | <u>4,755,324</u> | <u>9,903,715</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue | 987,764 | - | 1,475,846 | 2,463,610 |
| Related to leases | 65,804 | - | 3,237,992 | 3,303,796 |
| Total deferred inflows of resources | <u>1,053,568</u> | <u>-</u> | <u>4,713,838</u> | <u>5,767,406</u> |
| Fund Balances: | | | | |
| Nonspendable | 1,396,571 | - | - | 1,396,571 |
| Restricted | 73,731,705 | 2,081,418 | 11,668,864 | 87,481,987 |
| Committed | - | - | 141,985 | 141,985 |
| Unassigned (deficit) | (192,559) | (668,532) | (9,436,401) | (10,297,492) |
| Total fund balances | <u>74,935,717</u> | <u>1,412,886</u> | <u>2,374,448</u> | <u>78,723,051</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 80,239,847</u> | <u>\$ 2,310,715</u> | <u>\$ 11,843,610</u> | <u>\$ 94,394,172</u> |

City of Salinas
Combing Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2024

| | Non-major Special Revenue Funds | Non-major Debt Service Funds | Non-major Capital Projects Funds | Total Non-Major Governmental Funds |
|---|--|---------------------------------------|---|---|
| REVENUES: | | | | |
| Taxes | \$ 612,629 | \$ - | \$ - | \$ 612,629 |
| Taxes - special assessments | - | 276 | - | 276 |
| Licenses and permits | 180,870 | - | - | 180,870 |
| Intergovernmental | 18,495,645 | - | 2,536,418 | 21,032,063 |
| Charges for services | 1,108,764 | - | 33,848 | 1,142,612 |
| Investment income | 2,742,900 | 632,884 | 297,993 | 3,673,777 |
| Rental income | 307,497 | - | - | 307,497 |
| Fines and forfeitures | 413,135 | - | - | 413,135 |
| Miscellaneous | 2,040,293 | - | - | 2,040,293 |
| Total revenues | 25,901,733 | 633,160 | 2,868,259 | 29,403,152 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 1,021,486 | - | - | 1,021,486 |
| Public safety | 3,888,889 | - | - | 3,888,889 |
| Public works | 1,614,111 | - | - | 1,614,111 |
| Recreation | 1,008,962 | - | - | 1,008,962 |
| Library | 307,670 | - | - | 307,670 |
| Capital outlay | 316,783 | - | - | 316,783 |
| Debt service: | | | | |
| Principal | 50,502 | 6,286,000 | - | 6,336,502 |
| Interest and fiscal charges | 4,131 | 4,220,472 | - | 4,224,603 |
| Total expenditures | 8,212,534 | 10,506,472 | - | 18,719,006 |
| REVENUES OVER (UNDER) EXPENDITURES | 17,689,199 | (9,873,312) | 2,868,259 | 10,684,146 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from issuance of long-term debt | - | - | - | - |
| Transfers in | 3,886,470 | 8,067,822 | - | 11,954,292 |
| Transfers out | (12,806,927) | - | (8,671,073) | (21,478,000) |
| Total other financing sources (uses) | (8,920,457) | 8,067,822 | (8,671,073) | (9,523,708) |
| NET CHANGE IN FUND BALANCES | 8,768,742 | (1,805,490) | (5,802,814) | 1,160,438 |
| FUND BALANCES: | | | | |
| Beginning of year | 66,166,975 | 3,218,376 | 8,177,262 | 77,562,613 |
| End of year | \$ 74,935,717 | \$ 1,412,886 | \$ 2,374,448 | \$ 78,723,051 |

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for specified purposes. The Special Revenue Funds used by the City in this report are as follows:

Lighting, Landscape and Maintenance District - This fund accounts for monies received from the various maintenance districts throughout the City. Funds are used to pay for the lighting and landscape maintenance of the respective districts.

Local Public Safety - This fund accounts for monies received from federal and state grants, which are expended to enhance law enforcement services.

Development Fees - This fund accounts for the fees that subdividers and developers of property are required to pay, by Resolution 3823 (N.C.S.), covering traffic impact, annexation, use of existing or new sewers, storm drains, park facilities, library facilities, and street trees.

Gas Tax - This fund accounts for gas tax revenues received from State apportionments of gasoline taxes. Expenditures are restricted to street maintenance and street improvements. No expenditures are made directly from this fund, but transfers are made to the General Fund for street maintenance and engineering salaries and to the Capital Projects Fund for street improvements based on actual expenditures.

Emergency Medical Services - This fund accounts for monies received from County Service Area (CSA) 74. Funds are used to purchase emergency medical and safety equipment under the capital improvement program.

Asset Seizure - This fund accounts for the proceeds from sale of assets seized primarily from illegal narcotics activity. These funds are used for law enforcement.

Traffic Safety - This fund accounts for revenues derived from traffic violations whose use is restricted by State statute for traffic safety and street maintenance purposes. No expenditures are made directly from this fund, but transfers are made to the General Fund for traffic safety expenditures and street maintenance.

Vehicle Abatement - This fund accounts for monies allocated by the State to fund the vehicle abatement program.

Cable - This fund accounts for revenues received for public, educational and governmental (PEG) fees from video service providers. Its use is restricted to provide non-commercial public, educational and government channels.

Contributions and Donations - This fund accounts for contributions and donations from different individuals and agencies to the Library, Rec-Park, Fire and Police Department. Use of the funds are restricted for use of the appropriate Department.

Non-Major Governmental Funds (Continued)

Special Revenue Funds (Continued)

KDF Los Padres Dev Social Services - This fund accounts for social services provided by the City of Salinas to lower income residents of the Development. On June 1, 2003, the Salinas Redevelopment Agency, the City of Salinas and the KDF Los Padres, L.P. entered into a loan agreement where loan payments will be collected annually by the City and used to provide recreational and social services to lower income residents of the Development. Term of the loan is 55 years commencing in 2006. Payment will increase by 3% annually.

Measure X Transport Safety & Inv Plan - This fund accounts for revenues allocated by TAMC from the transportation sales and use tax. Expenditures are restricted to road improvements, pothole repairs, street and road maintenance, traffic deduction and regional safety, mobility and walkability.

SBI Road Maintenance & Rehab & SBI Traffic Congestion Relief - This fund accounts for gas tax revenues received from State apportionments of an increased tax on gasoline and a new vehicle license fee from Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017. Expenditures are restricted to street maintenance and street improvements including facilities for bicycles and pedestrians. No expenditures are made directly from this fund, but transfers are made to the General Fund for street maintenance and engineering salaries and to the Capital Projects Fund for street improvements based on actual expenditures.

SRA Public Improvement Grant - This fund accounts for the use of monies received from proceeds of the land sale located in Main Street where the “Taylor Farms” headquarters is constructed and other properties held for re-sale.

Affordable Housing - These funds are used to improve and increase the supply of low income housing within the City.

Grants - This fund accounts for various minor grants received for purposes ranging from library to police operations.

Rent Stabilization - This fund accounts for the monies received from the Residential Rental Registration and Rent Stabilization Programs. The Residential Rental Registration and Rent Stabilization Programs require property owners to register their residential rental units, ensuring compliance with approved ordinances.

Local Housing Trust - This fund accounts for the monies received from the California Department of Housing and Community Development Local Housing Trust Fund Program.

City of Salinas
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2024

| | Lighting, Landscape, and Maintenance District | Local Public Safety | Development Fees | Gas Tax | Emergency Medical Services |
|--|---|----------------------------|-----------------------------|----------------------------|----------------------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 10,265,810 | \$ 2,464,407 | \$ 21,036,345 | \$ 6,235,660 | \$ - |
| Receivables, net: | | | | | |
| Accounts | - | - | - | 4,198 | - |
| Interest | 36,613 | 4,666 | 74,033 | 23,304 | - |
| Due from other agencies | - | 116,408 | - | 456,530 | - |
| Leases | - | - | - | - | - |
| Loans and notes receivable, net of allowance | - | - | - | - | - |
| Land and properties held for resale | - | - | - | - | - |
| Total assets | <u><u>\$ 10,302,423</u></u> | <u><u>\$ 2,585,481</u></u> | <u><u>\$ 21,110,378</u></u> | <u><u>\$ 6,719,692</u></u> | <u><u>\$ -</u></u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 42,602 | \$ (110,445) | \$ - | \$ - | \$ 67,178 |
| Due to other funds | 52,795 | - | 2,003 | 132,794 | 78,480 |
| Unearned revenues | - | - | - | - | - |
| Total liabilities | <u>95,397</u> | <u>(110,445)</u> | <u>2,003</u> | <u>132,794</u> | <u>145,658</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue | - | - | - | - | - |
| Related to leases | - | - | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances: | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | 10,207,026 | 2,695,926 | 21,108,375 | 6,586,898 | - |
| Unassigned (deficit) | - | - | - | - | (145,658) |
| Total fund balance (deficit) | <u>10,207,026</u> | <u>2,695,926</u> | <u>21,108,375</u> | <u>6,586,898</u> | <u>(145,658)</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u><u>\$ 10,302,423</u></u> | <u><u>\$ 2,585,481</u></u> | <u><u>\$ 21,110,378</u></u> | <u><u>\$ 6,719,692</u></u> | <u><u>\$ -</u></u> |

(Continued)

City of Salinas
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2024

| | Asset Seizure | Traffic Safety | Vehicle Abatement | Cable | Contributions & Donations |
|--|--------------------------|-------------------------|--------------------------|--------------------------|------------------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 245,180 | \$ - | \$ 266,194 | \$ 566,030 | \$ 506,229 |
| Receivables, net: | | | | | |
| Accounts | - | - | - | - | - |
| Interest | 1,615 | - | - | - | - |
| Due from other agencies | - | 65,135 | 124,703 | 32,168 | - |
| Leases | - | - | - | - | - |
| Loans and notes receivable, net of allowance | - | - | - | - | - |
| Land and properties held for resale | - | - | - | - | - |
| Total assets | <u><u>\$ 246,795</u></u> | <u><u>\$ 65,135</u></u> | <u><u>\$ 390,897</u></u> | <u><u>\$ 598,198</u></u> | <u><u>\$ 506,229</u></u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ 33,065 | \$ 9,863 | \$ 36,250 | \$ - |
| Due to other funds | - | 64,576 | - | - | - |
| Unearned revenues | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>97,641</u> | <u>9,863</u> | <u>36,250</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue | - | - | - | - | - |
| Related to leases | - | - | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances: | | | | | |
| Nonspendable | - | - | - | - | - |
| Restricted | 246,795 | - | 381,034 | 561,948 | 506,229 |
| Unassigned (deficit) | - | (32,506) | - | - | - |
| Total fund balance (deficit) | <u>246,795</u> | <u>(32,506)</u> | <u>381,034</u> | <u>561,948</u> | <u>506,229</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u><u>\$ 246,795</u></u> | <u><u>\$ 65,135</u></u> | <u><u>\$ 390,897</u></u> | <u><u>\$ 598,198</u></u> | <u><u>\$ 506,229</u></u> |

(Continued)

City of Salinas
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2024

| | KDF Los Padres Dev Social Services | Measure X Transport Safety & Inv Plan | SB1 Road Maintenance & Rehab | SB1 Traffic Congestion Relief | SRA Public Improvement Grant |
|--|---|--|------------------------------------|-------------------------------------|---------------------------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 249,584 | \$ 15,533,817 | \$ 6,479,177 | \$ 597,449 | \$ 1,712,194 |
| Receivables, net: | | | | | |
| Accounts | - | - | - | - | - |
| Interest | - | 52,676 | 22,165 | 2,064 | 6,012 |
| Due from other agencies | - | 1,462,927 | 336,340 | - | - |
| Leases | - | - | - | - | - |
| Loans and notes receivable, net of allowance | - | - | - | - | - |
| Land and properties held for resale | - | - | - | - | 584,419 |
| Total assets | <u>\$ 249,584</u> | <u>\$ 17,049,420</u> | <u>\$ 6,837,682</u> | <u>\$ 599,513</u> | <u>\$ 2,302,625</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 315 | \$ - | \$ - | \$ - | \$ - |
| Due to other funds | - | 184,917 | 57,662 | - | - |
| Unearned revenues | - | - | - | - | - |
| Total liabilities | <u>315</u> | <u>184,917</u> | <u>57,662</u> | <u>-</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue | - | - | - | - | - |
| Related to leases | - | - | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances: | | | | | |
| Nonspendable | - | - | - | - | 584,419 |
| Restricted | 249,269 | 16,864,503 | 6,780,020 | 599,513 | 1,718,206 |
| Unassigned (deficit) | - | - | - | - | - |
| Total fund balance (deficit) | <u>249,269</u> | <u>16,864,503</u> | <u>6,780,020</u> | <u>599,513</u> | <u>2,302,625</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 249,584</u> | <u>\$ 17,049,420</u> | <u>\$ 6,837,682</u> | <u>\$ 599,513</u> | <u>\$ 2,302,625</u> |

(Continued)

City of Salinas
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2024

| | Affordable Housing | Grants | Rent Stabilization | Local Housing Trust | Total |
|--|-----------------------|---------------------|-----------------------|------------------------|----------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 3,072,022 | \$ 1,951,237 | \$ 149,000 | \$ 2,000,000 | \$ 73,330,335 |
| Receivables, net: | | | | | |
| Accounts | - | - | - | - | 4,198 |
| Interest | 866,938 | 1,718 | - | - | 1,091,804 |
| Due from other agencies | - | 1,748,685 | - | - | 4,342,896 |
| Leases | - | 74,043 | - | - | 74,043 |
| Loans and notes receivable, net of allowance | 16,571 | - | - | - | 16,571 |
| Land and properties held for resale | 795,581 | - | - | - | 1,380,000 |
| Total assets | <u>\$ 4,751,112</u> | <u>\$ 3,775,683</u> | <u>\$ 149,000</u> | <u>\$ 2,000,000</u> | <u>\$ 80,239,847</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 423 | \$ 348,375 | \$ 5,405 | \$ - | \$ 433,031 |
| Due to other funds | - | 2,388,135 | - | - | 2,961,362 |
| Unearned revenues | 856,169 | - | - | - | 856,169 |
| Total liabilities | <u>856,592</u> | <u>2,736,510</u> | <u>5,405</u> | <u>-</u> | <u>4,250,562</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue | - | 987,764 | - | - | 987,764 |
| Related to leases | - | 65,804 | - | - | 65,804 |
| Total deferred inflows of resources | <u>-</u> | <u>1,053,568</u> | <u>-</u> | <u>-</u> | <u>1,053,568</u> |
| Fund Balances: | | | | | |
| Nonspendable | 812,152 | - | - | - | 1,396,571 |
| Restricted | 3,082,368 | - | 143,595 | 2,000,000 | 73,731,705 |
| Unassigned (deficit) | - | (14,395) | - | - | (192,559) |
| Total fund balance (deficit) | <u>3,894,520</u> | <u>(14,395)</u> | <u>143,595</u> | <u>2,000,000</u> | <u>74,935,717</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 4,751,112</u> | <u>\$ 3,775,683</u> | <u>\$ 149,000</u> | <u>\$ 2,000,000</u> | <u>\$ 80,239,847</u> |

(Concluded)

City of Salinas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2024

| | Lighting, Landscape, and Maintenance District | Local Public Safety | Development Fees | Gas Tax | Emergency Medical Services |
|---|---|---------------------------|----------------------|---------------------|----------------------------------|
| REVENUES: | | | | | |
| Taxes | \$ - | \$ 612,629 | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - |
| Intergovernmental | - | 682,513 | - | 4,222,585 | 136,547 |
| Charges for services | - | - | 952,668 | - | - |
| Investment income (loss) | 414,813 | 103,779 | 859,634 | 247,796 | - |
| Rental income | - | - | - | 257,103 | - |
| Fines and forfeitures | - | - | - | - | - |
| Miscellaneous | 2,001,901 | - | - | - | - |
| Total revenues | 2,416,714 | 1,398,921 | 1,812,302 | 4,727,484 | 136,547 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public safety | - | 891,750 | - | - | 1,510,882 |
| Public works | 1,275,535 | - | - | - | - |
| Recreation | - | - | - | - | - |
| Library | - | - | - | - | - |
| Capital outlay | - | - | - | - | 1,278 |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | 1,275,535 | 891,750 | - | - | 1,512,160 |
| REVENUES OVER (UNDER) EXPENDITURES | 1,141,179 | 507,171 | 1,812,302 | 4,727,484 | (1,375,613) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | - | - | - | 1,600,000 |
| Transfers out | (527,530) | - | (142,435) | (2,834,890) | - |
| Total other financing sources (uses) | (527,530) | - | (142,435) | (2,834,890) | 1,600,000 |
| NET CHANGE IN FUND BALANCES | 613,649 | 507,171 | 1,669,867 | 1,892,594 | 224,387 |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of year | 9,593,377 | 2,188,755 | 19,438,508 | 4,694,304 | (370,045) |
| End of year | <u>\$ 10,207,026</u> | <u>\$ 2,695,926</u> | <u>\$ 21,108,375</u> | <u>\$ 6,586,898</u> | <u>\$ (145,658)</u> |

(Continued)

City of Salinas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2024

| | Asset Seizure | Traffic Safety | Vehicle Abatement | Cable | Contributions & Donations |
|---|-------------------|--------------------|----------------------|-------------------|------------------------------|
| REVENUES: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | 180,870 | - |
| Intergovernmental | - | - | 87,566 | - | - |
| Charges for services | - | - | - | - | - |
| Investment income (loss) | 11,439 | - | - | - | - |
| Rental income | - | - | - | - | - |
| Fines and forfeitures | - | 326,659 | 86,476 | - | - |
| Miscellaneous | - | - | - | - | 13,024 |
| Total revenues | 11,439 | 326,659 | 174,042 | 180,870 | 13,024 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | - | 145,444 | - | 145,600 | - |
| Public safety | 66 | - | 217,482 | - | 2,538 |
| Public works | - | - | - | - | - |
| Recreation | - | - | - | - | 1,541 |
| Library | - | - | - | - | 1,825 |
| Capital outlay | - | - | - | - | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | 66 | 145,444 | 217,482 | 145,600 | 5,904 |
| REVENUES OVER (UNDER) EXPENDITURES | 11,373 | 181,215 | (43,440) | 35,270 | 7,120 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | - | 50,000 | - | - |
| Transfers out | - | (200,000) | - | - | - |
| Total other financing sources (uses) | - | (200,000) | 50,000 | - | - |
| NET CHANGE IN FUND BALANCES | 11,373 | (18,785) | 6,560 | 35,270 | 7,120 |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of year | 235,422 | (13,721) | 374,474 | 526,678 | 499,109 |
| End of year | <u>\$ 246,795</u> | <u>\$ (32,506)</u> | <u>\$ 381,034</u> | <u>\$ 561,948</u> | <u>\$ 506,229</u> |

(Continued)

City of Salinas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2024

| | KDF Los Padres Dev Social Services | Measure X Transport Safety & Inv Plan | SB1 Road Maintenance & Rehab | SB1 Traffic Congestion Relief | SRA Public Improvement Grant |
|---|---|--|------------------------------------|-------------------------------------|---------------------------------------|
| REVENUES: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - |
| Intergovernmental | - | 5,847,967 | 4,087,578 | - | - |
| Charges for services | - | - | - | - | - |
| Investment income (loss) | - | 569,317 | 297,693 | 24,821 | 71,383 |
| Rental income | - | - | - | - | - |
| Fines and forfeitures | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Total revenues | - | 6,417,284 | 4,385,271 | 24,821 | 71,383 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public safety | - | - | - | - | - |
| Public works | - | - | - | - | - |
| Recreation | 18,869 | - | - | - | - |
| Library | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | 18,869 | - | - | - | - |
| REVENUES OVER (UNDER) EXPENDITURES | (18,869) | 6,417,284 | 4,385,271 | 24,821 | 71,383 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | - | (3,079,929) | (6,022,143) | - | - |
| Total other financing sources (uses) | - | (3,079,929) | (6,022,143) | - | - |
| NET CHANGE IN FUND BALANCES | (18,869) | 3,337,355 | (1,636,872) | 24,821 | 71,383 |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of year | 268,138 | 13,527,148 | 8,416,892 | 574,692 | 2,231,242 |
| End of year | <u>\$ 249,269</u> | <u>\$ 16,864,503</u> | <u>\$ 6,780,020</u> | <u>\$ 599,513</u> | <u>\$ 2,302,625</u> |

(Continued)

City of Salinas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2024

| | Affordable Housing | Grants | Rent Stabilization | Local Housing Trust | Total |
|---|-----------------------|------------------|-----------------------|------------------------|--------------------|
| REVENUES: | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ 612,629 |
| Licenses and permits | - | - | - | - | 180,870 |
| Intergovernmental | - | 3,430,889 | - | - | 18,495,645 |
| Charges for services | 89,871 | - | 66,225 | - | 1,108,764 |
| Investment income (loss) | 126,891 | 15,334 | - | - | 2,742,900 |
| Rental income | - | 50,394 | - | - | 307,497 |
| Fines and forfeitures | - | - | - | - | 413,135 |
| Miscellaneous | - | 25,368 | - | - | 2,040,293 |
| Total revenues | 216,762 | 3,521,985 | 66,225 | - | 25,901,733 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | 4,878 | 662,702 | 62,862 | - | 1,021,486 |
| Public safety | - | 1,263,403 | 2,768 | - | 3,888,889 |
| Public works | - | 338,576 | - | - | 1,614,111 |
| Recreation | - | 988,552 | - | - | 1,008,962 |
| Library | - | 305,845 | - | - | 307,670 |
| Capital outlay | - | 315,505 | - | - | 316,783 |
| Debt service: | | | | | |
| Principal | - | 50,502 | - | - | 50,502 |
| Interest and fiscal charges | - | 4,131 | - | - | 4,131 |
| Total expenditures | 4,878 | 3,929,216 | 65,630 | - | 8,212,534 |
| REVENUES OVER (UNDER) EXPENDITURES | 211,884 | (407,231) | 595 | - | 17,689,199 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | 93,470 | 143,000 | 2,000,000 | 3,886,470 |
| Transfers out | - | - | - | - | (12,806,927) |
| Total other financing sources (uses) | - | 93,470 | 143,000 | 2,000,000 | (8,920,457) |
| NET CHANGE IN FUND BALANCES | 211,884 | (313,761) | 143,595 | 2,000,000 | 8,768,742 |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of year | 3,682,636 | 299,366 | - | - | 66,166,975 |
| End of year | \$ 3,894,520 | \$ (14,395) | \$ 143,595 | \$ 2,000,000 | \$ 74,935,717 |

(Concluded)

Nonmajor Governmental Funds

Debt Service Funds

Debt Service Funds are used for the accumulation and disbursement of financial resources that will be used to make principal and interest payments on general long-term debt. The nonmajor debt service funds include the following debt issuances:

Assessment District Debt Service - This fund is used to accumulate monies for payment of the City's Assessment Districts Improvement Bonds. Debt service is financed with special assessments levied against property owners within the respective improvement districts.

COP 1999 & COP 2004 Consolidation (2014) - This fund is used to accumulate funds for the payment of principal and interest on the 2014 Lease Purchase/Agreement that was issued on January 29, 2014 to refinance the portion of the 1999 Certificates of Participation that were used to finance the construction of the City Animal Shelter. Debt service for the Animal Shelter is used to finance the City's General Fund.

2018 Lease-PS Building Police - This fund is used to accumulate monies for the designing, permitting, constructing and equipping the new public safety building, including ancillary parking and related facilities, located at 312 E Alisal Street in Salinas. Salinas Public Safety Facilities Inc. (SPF) issued lease revenue bonds to finance the construction of the new building. Lease payments are made from the City's Measure G Funds.

COP 2018B T.R.I.P. Total Road Improvement - This fund is used to accumulate monies for the principal and interest payments for the Transportation Revenue COP Certificates issued to finance large scale street improvement projects. COPs will be secured by Measure X Revenues the City receives from the Transportation Agency of Monterey County (TAMC).

2018 Lease-El Gabilan Library - This fund is used to accumulate monies for the designing, permitting, constructing and equipping the El Gabilan Library expansion, including ancillary parking, located at 1400 N Main Street in Salinas. Salinas Public Safety Facilities, Inc. (SPF) issued lease revenue bonds to facilitate the construction of the El Gabilan Library. Lease payments are made from the City's Measure E Funds.

2020A Refunding Energy - This fund is used to account for the refunding of the 2014 Energy Improvement Lease and accumulate monies for the payment of principal and interest.

2020A Refunding SVSWA - for the refunding of the outstanding portion of the Certificates of Participation Series 2015B (1997 Capital Improvement Projects) and accumulate monies for the payment of principal and interest.

Assessment District Administration - This fund accounts for the cost of administering the City's assessment district bonds used to finance improvements within those districts. Funding is provided by an assessment equal to 5% of the assessment amount with a maximum \$16 levy per parcel per bond.

Assessment District Reserve - This fund accounts for the reserves on outstanding assessment districts bonds.

City of Salinas
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2024

| | Assessment District Debt Service | COP 1999 & 2004 Consolidation (2014) | 2018 Lease-PS Building Police | COP 2018B T.R.I.P. Total Road Improvement | 2018 Lease El Gabilan Library |
|--|--|---|--|--|--|
| ASSETS | | | | | |
| Cash and investments | \$ 137,482 | \$ - | \$ 14,939 | \$ 114,215 | \$ 4,019 |
| Receivables, net: | | | | | |
| Interest | - | - | - | 628 | - |
| Assessments | 90,000 | - | - | - | - |
| Total assets | \$ 227,482 | \$ - | \$ 14,939 | \$ 114,843 | \$ 4,019 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ 1,815 |
| Due to other funds | 803,836 | - | - | - | - |
| Unearned revenues | 90,000 | - | - | - | - |
| Total liabilities | 893,836 | - | - | - | 1,815 |
| Fund Balances: | | | | | |
| Restricted | - | - | 14,939 | 114,843 | 2,204 |
| Unassigned (deficit) | (666,354) | - | - | - | - |
| Total fund balances | (666,354) | - | 14,939 | 114,843 | 2,204 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 227,482 | \$ - | \$ 14,939 | \$ 114,843 | \$ 4,019 |

(Continued)

City of Salinas
Combining Balance Sheet (Continued)
Nonmajor Debt Service Funds
June 30, 2024

| | 2020A Refunding Energy | 2020A Refunding SVSWA | Assessment District Administration | Assessment District Reserve | Total |
|--|------------------------------|-----------------------------|--|-----------------------------------|---------------------|
| ASSETS | | | | | |
| Cash and investments | \$ - | \$ 250 | \$ - | \$ 1,942,362 | \$ 2,213,267 |
| Receivables, net: | | | | | |
| Interest | - | - | - | 6,820 | 7,448 |
| Assessments | - | - | - | - | 90,000 |
| Total assets | <u>\$ -</u> | <u>\$ 250</u> | <u>\$ -</u> | <u>\$ 1,949,182</u> | <u>\$ 2,310,715</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ 1,815 |
| Due to other funds | - | - | 2,178 | - | 806,014 |
| Unearned revenues | - | - | - | - | 90,000 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>2,178</u> | <u>-</u> | <u>897,829</u> |
| Fund Balances: | | | | | |
| Restricted | - | 250 | - | 1,949,182 | 2,081,418 |
| Unassigned (deficit) | - | - | (2,178) | - | (668,532) |
| Total fund balances | <u>-</u> | <u>250</u> | <u>(2,178)</u> | <u>1,949,182</u> | <u>1,412,886</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ -</u> | <u>\$ 250</u> | <u>\$ -</u> | <u>\$ 1,949,182</u> | <u>\$ 2,310,715</u> |

(Concluded)

City of Salinas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended June 30, 2024

| | Assessment District Debt Service | COP 1999 & 2004 Consolidation (2014) | 2018 Lease-PS Building Police | COP 2018B T.R.I.P. Total Road Improvement | 2018 Lease El Gabilan Library |
|---|--|---|--|--|--|
| REVENUES: | | | | | |
| Taxes - special assessments | \$ 276 | \$ - | \$ - | \$ - | \$ - |
| Investment income (loss) | 4,902 | - | 16,786 | 527,335 | 2,974 |
| Total revenues | <u>5,178</u> | <u>-</u> | <u>16,786</u> | <u>527,335</u> | <u>2,974</u> |
| EXPENDITURES: | | | | | |
| Debt service: | | | | | |
| Principal | 450,000 | 171,000 | 3,060,000 | 800,000 | 235,000 |
| Interest and fiscal charges | 11,295 | 56,099 | 1,417,319 | 1,527,524 | 553,659 |
| Total expenditures | <u>461,295</u> | <u>227,099</u> | <u>4,477,319</u> | <u>2,327,524</u> | <u>788,659</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(456,117)</u> | <u>(227,099)</u> | <u>(4,460,533)</u> | <u>(1,800,189)</u> | <u>(785,685)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | 227,099 | 4,474,340 | 378,767 | 787,459 |
| Total other financing sources (uses) | <u>-</u> | <u>227,099</u> | <u>4,474,340</u> | <u>378,767</u> | <u>787,459</u> |
| NET CHANGE IN FUND BALANCES | (456,117) | - | 13,807 | (1,421,422) | 1,774 |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of year | (210,237) | - | 1,132 | 1,536,265 | 430 |
| End of year | <u>\$ (666,354)</u> | <u>\$ -</u> | <u>\$ 14,939</u> | <u>\$ 114,843</u> | <u>\$ 2,204</u> |

(Continued)

City of Salinas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued)
Nonmajor Debt Service Funds
For the Year Ended June 30, 2024

| | 2020A Refunding Energy | 2020A Refunding SVSWA | Assessment District Administration | Assessment District Reserve | Total |
|---|------------------------------|-----------------------------|--|-----------------------------------|--------------|
| REVENUES: | | | | | |
| Taxes - special assessments | \$ - | \$ - | \$ - | \$ - | \$ 276 |
| Investment income (loss) | - | 279 | - | 80,608 | 632,884 |
| Total revenues | - | 279 | - | 80,608 | 633,160 |
| EXPENDITURES: | | | | | |
| Debt service: | | | | | |
| Principal | 1,005,000 | 565,000 | - | - | 6,286,000 |
| Interest and fiscal charges | 552,995 | 101,581 | - | - | 4,220,472 |
| Total expenditures | 1,557,995 | 666,581 | - | - | 10,506,472 |
| REVENUES OVER (UNDER) EXPENDITURES | (1,557,995) | (666,302) | - | 80,608 | (9,873,312) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | 1,557,501 | 642,656 | - | - | 8,067,822 |
| Total other financing sources (uses) | 1,557,501 | 642,656 | - | - | 8,067,822 |
| NET CHANGE IN FUND BALANCES | (494) | (23,646) | - | 80,608 | (1,805,490) |
| FUND BALANCES (DEFICIT): | | | | | |
| Beginning of year | 494 | 23,896 | (2,178) | 1,868,574 | 3,218,376 |
| End of year | \$ - | \$ 250 | \$ (2,178) | \$ 1,949,182 | \$ 1,412,886 |

(Concluded)

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Nonmajor Governmental Funds

Capital Projects Funds

Capital Projects Funds are used to account for major capital acquisition and construction activities. The nonmajor Capital Projects Funds used by the City in this report are as follows:

Special Construction Assistance Capital Projects - This fund accounts for proceeds of long-term borrowings resulting from the sale of Certificates of Participation to finance the acquisition and construction of capital projects.

Special Aviation - This fund accounts for federal and state airport grants. Funds are used to reimburse the Capital Projects Fund for airport capital expenditures.

Assessment District Projects - This fund accounts for bond proceeds from assessment districts used for capital improvements. Funds are used to reimburse the Capital Projects Fund for assessment district capital project expenditures.

2019 Special Tax Bond Monte Bella - This fund accounts for bond proceeds from assessments from the Monte Bella District for Capital Improvements. Funds are used to reimburse the Capital Projects Fund for Monte Bella District Capital Project Expenditures.

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City of Salinas
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2024

| | Special Construction Assistance | Special Aviation | Assessment District Project | 2019 Special Tax Bond Monte Bella | Total |
|--|---------------------------------------|---------------------|-----------------------------------|---|----------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 5,540,965 | \$ 205,254 | \$ 438,851 | \$ 28,613 | \$ 6,213,683 |
| Receivables, net: | | | | | |
| Accounts | 304,563 | - | - | - | 304,563 |
| Interest | 283,923 | 1,346 | 1,526 | 90 | 286,885 |
| Due from other agencies | 1,508,160 | 52,000 | - | - | 1,560,160 |
| Leases | 3,478,319 | - | - | - | 3,478,319 |
| Total assets | <u>\$ 11,115,930</u> | <u>\$ 258,600</u> | <u>\$ 440,377</u> | <u>\$ 28,703</u> | <u>\$ 11,843,610</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Due to other funds | \$ 4,733,041 | \$ 22,283 | \$ - | \$ - | \$ 4,755,324 |
| Total liabilities | <u>4,733,041</u> | <u>22,283</u> | <u>-</u> | <u>-</u> | <u>4,755,324</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue | 1,423,846 | 52,000 | - | - | 1,475,846 |
| Related to leases | 3,237,992 | - | - | - | 3,237,992 |
| Total deferred inflows of resources | <u>4,661,838</u> | <u>52,000</u> | <u>-</u> | <u>-</u> | <u>4,713,838</u> |
| Fund Balances: | | | | | |
| Restricted | 11,015,467 | 184,317 | 440,377 | 28,703 | 11,668,864 |
| Committed | 141,985 | - | - | - | 141,985 |
| Unassigned (deficit) | (9,436,401) | - | - | - | (9,436,401) |
| Total fund balances | <u>1,721,051</u> | <u>184,317</u> | <u>440,377</u> | <u>28,703</u> | <u>2,374,448</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 11,115,930</u> | <u>\$ 258,600</u> | <u>\$ 440,377</u> | <u>\$ 28,703</u> | <u>\$ 11,843,610</u> |

City of Salinas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2024

| | Special Construction Assistance | Special Aviation | Assessment District Project | 2019 Special Tax Bond Monte Bella | Total |
|---|---------------------------------------|---------------------|-----------------------------------|---|---------------------|
| REVENUES: | | | | | |
| Intergovernmental | \$ 2,536,418 | \$ - | \$ - | \$ - | \$ 2,536,418 |
| Charges for services | 33,848 | - | - | - | 33,848 |
| Investment income (loss) | 255,541 | 22,768 | 18,048 | 1,636 | 297,993 |
| Total revenues | <u>2,825,807</u> | <u>22,768</u> | <u>18,048</u> | <u>1,636</u> | <u>2,868,259</u> |
| EXPENDITURES: | | | | | |
| Capital outlay | - | - | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>2,825,807</u> | <u>22,768</u> | <u>18,048</u> | <u>1,636</u> | <u>2,868,259</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers out | (8,237,522) | (433,551) | - | - | (8,671,073) |
| Total other financing sources (uses) | <u>(8,237,522)</u> | <u>(433,551)</u> | <u>-</u> | <u>-</u> | <u>(8,671,073)</u> |
| NET CHANGE IN FUND BALANCES | (5,411,715) | (410,783) | 18,048 | 1,636 | (5,802,814) |
| FUND BALANCES: | | | | | |
| Beginning of year | 7,132,766 | 595,100 | 422,329 | 27,067 | 8,177,262 |
| End of year | <u>\$ 1,721,051</u> | <u>\$ 184,317</u> | <u>\$ 440,377</u> | <u>\$ 28,703</u> | <u>\$ 2,374,448</u> |

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Risk Management - This fund is used to account for the City's risk management program which administers employee benefits and the Internal Service Funds insurance programs.

General Insurance - This fund is used to account for city-wide safety programs, employee assistance programs, unemployment claims, biennial physical exams, and insurance for property, fine arts, and reimbursable damages.

Workers Compensation - This fund is used to account for the City's self-insured workers compensation program.

General Liability - This fund is used to account for the City's self-insured general liability insurance program.

Fleet Maintenance - This fund is used to account for the inspection, maintenance, and repair of all the City's vehicles and equipment.

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City of Salinas
Combining Statement of Net Position
All Internal Service Funds
June 30, 2024

| | Risk Management | General Insurance | Workers Compensation | General Liability | Fleet Maintenance | Total |
|--|--------------------|----------------------|-------------------------|-----------------------|----------------------|------------------------|
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 194,220 | \$ 210,042 | \$ 7,306,512 | \$ 997,243 | \$ 983,223 | \$ 9,691,240 |
| Due from other funds | - | - | 16,831,462 | - | - | 16,831,462 |
| Accrued interest | - | - | 27,549 | - | - | 27,549 |
| Total current assets | 194,220 | 210,042 | 24,165,523 | 997,243 | 983,223 | 26,550,251 |
| Total assets | 194,220 | 210,042 | 24,165,523 | 997,243 | 983,223 | 26,550,251 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Related to pensions | - | - | 137,995 | - | 506,174 | 644,169 |
| Related to OPEB | - | - | 13,192 | 15,586 | 54,715 | 83,493 |
| Total deferred outflows of resources | - | - | 151,187 | 15,586 | 560,889 | 727,662 |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | - | 16,131 | 34,683 | 261,838 | 142,724 | 455,376 |
| Insurance claims payable - due within one year | - | - | 6,097,000 | 2,651,167 | - | 8,748,167 |
| Compensated absences - due within one year | - | - | 6,682 | 2,937 | 25,486 | 35,105 |
| Total current liabilities | - | 16,131 | 6,138,365 | 2,915,942 | 168,210 | 9,238,648 |
| Noncurrent liabilities: | | | | | | |
| Insurance claims payable - due in more than one year | - | - | 26,131,925 | 1,097,541 | - | 27,229,466 |
| Compensated absences - due in more than one year | - | - | 26,729 | 11,747 | 101,942 | 140,418 |
| Net pension liability | - | - | 391,253 | - | 1,435,142 | 1,826,395 |
| Net OPEB liability | - | - | 42,114 | 49,759 | 174,676 | 266,549 |
| Total noncurrent liabilities | - | - | 26,592,021 | 1,159,047 | 1,711,760 | 29,462,828 |
| Total liabilities | - | 16,131 | 32,730,386 | 4,074,989 | 1,879,970 | 38,701,476 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Related to pensions | - | - | 9,624 | - | 35,303 | 44,927 |
| Related to OPEB | - | - | 42,542 | 50,265 | 176,450 | 269,257 |
| Total deferred inflows of resources | - | - | 52,166 | 50,265 | 211,753 | 314,184 |
| NET POSITION | | | | | | |
| Unrestricted (deficit) | 194,220 | 193,911 | (8,465,842) | (3,112,425) | (547,611) | (11,737,747) |
| Total net position | <u>\$ 194,220</u> | <u>\$ 193,911</u> | <u>\$ (8,465,842)</u> | <u>\$ (3,112,425)</u> | <u>\$ (547,611)</u> | <u>\$ (11,737,747)</u> |

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City of Salinas
Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
For the Year Ended June 30, 2024

| | Risk Management | General Insurance | Workers Compensation | General Liability | Fleet Maintenance | Total |
|---|--------------------|----------------------|-------------------------|-----------------------|----------------------|------------------------|
| OPERATING REVENUES: | | | | | | |
| Charges for services | \$ 94 | \$ 116,634 | \$ 6,118,124 | \$ 265,624 | \$ - | \$ 6,500,476 |
| Total operating revenues | <u>94</u> | <u>116,634</u> | <u>6,118,124</u> | <u>265,624</u> | <u>-</u> | <u>6,500,476</u> |
| OPERATING EXPENSES: | | | | | | |
| Personnel services | - | - | 620,922 | 332,321 | 1,715,109 | 2,668,352 |
| Contractual services | - | 27,822 | - | - | 109,395 | 137,217 |
| Supplies | 131 | 1,022 | - | - | 893,528 | 894,681 |
| Insurance | - | 1,633,666 | 590,008 | 3,487,579 | - | 5,711,253 |
| Insurance claims | - | - | 12,330,284 | (233,191) | - | 12,097,093 |
| Other | - | 176,648 | - | - | 11,159 | 187,807 |
| Total operating expenses | <u>131</u> | <u>1,839,158</u> | <u>13,541,214</u> | <u>3,586,709</u> | <u>2,729,191</u> | <u>21,696,403</u> |
| OPERATING INCOME (LOSS) | <u>(37)</u> | <u>(1,722,524)</u> | <u>(7,423,090)</u> | <u>(3,321,085)</u> | <u>(2,729,191)</u> | <u>(15,195,927)</u> |
| NONOPERATING REVENUES (EXPENSES): | | | | | | |
| Investment income | - | - | 384,820 | - | - | 384,820 |
| Other non-operating revenue (expense) | - | - | (294,384) | - | (10,787) | (305,171) |
| Total nonoperating revenues (expenses) | <u>-</u> | <u>-</u> | <u>90,436</u> | <u>-</u> | <u>(10,787)</u> | <u>79,649</u> |
| INCOME (LOSS) BEFORE TRANSFERS | <u>(37)</u> | <u>(1,722,524)</u> | <u>(7,332,654)</u> | <u>(3,321,085)</u> | <u>(2,739,978)</u> | <u>(15,116,278)</u> |
| TRANSFERS: | | | | | | |
| Transfers in | - | 1,400,000 | - | 4,910,000 | 2,300,000 | 8,610,000 |
| Transfers out | (1,750,000) | (500,000) | - | - | - | (2,250,000) |
| Total transfers | <u>(1,750,000)</u> | <u>900,000</u> | <u>-</u> | <u>4,910,000</u> | <u>2,300,000</u> | <u>6,360,000</u> |
| Changes in net position | <u>(1,750,037)</u> | <u>(822,524)</u> | <u>(7,332,654)</u> | <u>1,588,915</u> | <u>(439,978)</u> | <u>(8,756,278)</u> |
| NET POSITION (DEFICIT): | | | | | | |
| Beginning of year, as originally reported | <u>1,944,257</u> | <u>1,016,435</u> | <u>(1,133,188)</u> | <u>(4,701,340)</u> | <u>8,892,367</u> | <u>6,018,531</u> |
| Restatement (Note 23) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(9,000,000)</u> | <u>(9,000,000)</u> |
| Beginning of year, as restated | <u>1,944,257</u> | <u>1,016,435</u> | <u>(1,133,188)</u> | <u>(4,701,340)</u> | <u>(107,633)</u> | <u>(2,981,469)</u> |
| End of year | <u>\$ 194,220</u> | <u>\$ 193,911</u> | <u>\$ (8,465,842)</u> | <u>\$ (3,112,425)</u> | <u>\$ (547,611)</u> | <u>\$ (11,737,747)</u> |

City of Salinas
Combining Statement of Cash Flows
All Internal Service Funds
For the Year Ended June 30, 2024

| | <u>Risk Management</u> | <u>General Insurance</u> | <u>Workers Compensation</u> | <u>General Liability</u> | <u>Fleet Maintenance</u> | <u>Total</u> |
|--|----------------------------|------------------------------|---------------------------------|------------------------------|------------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | |
| Receipts from customers | \$ 94 | \$ 116,634 | \$ 6,118,124 | \$ 265,624 | \$ - | \$ 6,500,476 |
| Payments to suppliers for goods and services | (131) | (1,704,041) | (15,130) | 252,824 | (960,423) | (2,426,901) |
| Payments to employees for services | - | - | (555,304) | (353,069) | (1,409,730) | (2,318,103) |
| Payments to claimants | - | - | (7,676,759) | (3,296,299) | - | (10,973,058) |
| Other | - | (176,648) | - | - | (11,159) | (187,807) |
| Net cash (used in) operating activities | <u>(37)</u> | <u>(1,764,055)</u> | <u>(2,129,069)</u> | <u>(3,130,920)</u> | <u>(2,381,312)</u> | <u>(9,405,393)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | | |
| Repayment to (from) other funds | - | - | - | (781,837) | - | (781,837) |
| Other expenses | - | - | (294,384) | - | (10,787) | (305,171) |
| Transfers from other funds | - | 1,400,000 | - | 4,910,000 | 2,300,000 | 8,610,000 |
| Transfers to other funds | <u>(1,750,000)</u> | <u>(500,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,250,000)</u> |
| Net cash provided by (used in) noncapital financing activities | <u>(1,750,000)</u> | <u>900,000</u> | <u>(294,384)</u> | <u>4,128,163</u> | <u>2,289,213</u> | <u>5,272,992</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | |
| Investment income | - | - | 422,627 | - | - | 422,627 |
| Net cash provided by investing activities | <u>-</u> | <u>-</u> | <u>422,627</u> | <u>-</u> | <u>-</u> | <u>422,627</u> |
| Net change in cash and cash equivalents | <u>(1,750,037)</u> | <u>(864,055)</u> | <u>(2,000,826)</u> | <u>997,243</u> | <u>(92,099)</u> | <u>(3,709,774)</u> |
| CASH AND CASH EQUIVALENTS: | | | | | | |
| Beginning of year, as previously reported | <u>1,944,257</u> | <u>1,074,097</u> | <u>9,307,338</u> | <u>-</u> | <u>10,075,322</u> | <u>22,401,014</u> |
| Restatement (Note 23) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(9,000,000)</u> | <u>(9,000,000)</u> |
| Beginning of year, as restated | <u>1,944,257</u> | <u>1,074,097</u> | <u>9,307,338</u> | <u>-</u> | <u>1,075,322</u> | <u>13,401,014</u> |
| End of year | <u>\$ 194,220</u> | <u>\$ 210,042</u> | <u>\$ 7,306,512</u> | <u>\$ 997,243</u> | <u>\$ 983,223</u> | <u>\$ 9,691,240</u> |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION: | | | | | | |
| Cash and cash investments | <u>\$ 194,220</u> | <u>\$ 210,042</u> | <u>\$ 7,306,512</u> | <u>\$ 997,243</u> | <u>\$ 983,223</u> | <u>\$ 9,691,240</u> |
| Total cash and cash equivalents | <u>\$ 194,220</u> | <u>\$ 210,042</u> | <u>\$ 7,306,512</u> | <u>\$ 997,243</u> | <u>\$ 983,223</u> | <u>\$ 9,691,240</u> |

City of Salinas
Combining Statement of Cash Flows (Continued)
All Internal Service Funds
For the Year Ended June 30, 2024

| | <u>Risk Management</u> | <u>General Insurance</u> | <u>Workers Compensation</u> | <u>General Liability</u> | <u>Fleet Maintenance</u> | <u>Total</u> |
|--|----------------------------|------------------------------|---------------------------------|------------------------------|------------------------------|----------------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED IN) OPERATING ACTIVITIES: | | | | | | |
| Operating income (loss) | \$ (37) | \$(1,722,524) | \$(7,423,090) | \$(3,321,085) | \$(2,729,191) | \$(15,195,927) |
| Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities: | | | | | | |
| Changes in operating assets and liabilities, and deferred outflows and inflows of resources: | | | | | | |
| Deferred outflows - related to pensions | - | - | 10,810 | - | (59,912) | (49,102) |
| Deferred outflows - related to OPEB | - | - | (3,054) | 9,005 | 10,324 | 16,275 |
| Accounts payable | - | (41,531) | (15,130) | 252,824 | 42,500 | 238,663 |
| Insurance claims payable | - | - | 5,243,533 | (41,911) | - | 5,201,622 |
| Compensated absences | - | - | 6,325 | 2,173 | 20,783 | 29,281 |
| Net pension liability | - | - | 26,056 | - | 339,929 | 365,985 |
| Net OPEB liability | - | - | 11,830 | (23,699) | (19,607) | (31,476) |
| Deferred inflows - related to pensions | - | - | (4,777) | - | (7,886) | (12,663) |
| Deferred inflows - related to OPEB | - | - | 18,428 | (8,227) | 21,748 | 31,949 |
| Total adjustments | - | (41,531) | 5,294,021 | 190,165 | 347,879 | 5,790,534 |
| Net cash (used in) operating activities | <u>\$ (37)</u> | <u>\$(1,764,055)</u> | <u>\$(2,129,069)</u> | <u>\$(3,130,920)</u> | <u>\$(2,381,312)</u> | <u>\$(9,405,393)</u> |

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Fiduciary Funds

PRIVATE PURPOSE TRUST FUNDS

The private-purpose trust funds accounts for assets and activities of the dissolved Redevelopment Agency, which is accounted for in the Successor Agency Trust, and other trust arrangement not otherwise reported in a pension trust.

Successor Agency Redevelopment Obligation Retirement – This fund accounts for all the financial activities of the Redevelopment Obligation Retirement Fund (RORF) related to the former Redevelopment Project Area in accordance with AB 1x26 and AB 1484 which unwind the Redevelopment Agency of the City of Salinas.

Successor Agency Administration – This fund accounts for the administrative activities of the Successor Agency to the former Salinas Redevelopment Agency which was dissolved on February 1, 2012 in accordance with AB 1x26 (enacted June 28, 2011).

Other Private Purpose Trust Funds – These funds are used to account for other trust arrangements not properly reported in a pension trust fund under which principal and income benefit individuals, private organizations, or other governments. The City accounts for the following trust funds: Community Center, Monterey Regional Water Pollution Control Agency (MRWPCA) Fees, Sales Tax, Payroll Taxes, Developer Deposits, Evidence Room, Construction Bonds, Monterey County Tourism Improvement District, Leadership Salinas, and miscellaneous.

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City of Salinas
Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
June 30, 2024

| | Successor Agency Trust | | | | |
|--|--|------------------|------------------------------------|--|---|
| | Redevelopment Obligation Retirement Fund | Administration | Total Successor Agency Trust | Other Private Purpose Trust Fund | Total Private Purpose Trust Funds |
| ASSETS | | | | | |
| Cash and investments | \$ 2,234,089 | \$ 29,524 | \$ 2,263,613 | \$ 835,180 | \$ 3,098,793 |
| Receivables: | | | | | |
| Accounts | - | - | - | 68,828 | 68,828 |
| Interest | 6,999 | - | 6,999 | - | 6,999 |
| Loans and notes | 163,900 | - | 163,900 | - | 163,900 |
| Total assets | <u>2,404,988</u> | <u>29,524</u> | <u>2,434,512</u> | <u>904,008</u> | <u>3,338,520</u> |
| LIABILITIES | | | | | |
| Accounts payable | - | 104 | 104 | 129,209 | 129,313 |
| Deposits payable | - | - | - | 354,153 | 354,153 |
| Unearned revenue | 802,539 | 10,000 | 812,539 | - | 812,539 |
| Long-term debt: | | | | | |
| Due in more than one year | 157,500 | - | 157,500 | - | 157,500 |
| Total liabilities | <u>960,039</u> | <u>10,104</u> | <u>970,143</u> | <u>483,362</u> | <u>1,453,505</u> |
| NET POSITION | | | | | |
| Restricted for individuals and organizations | 1,444,949 | 19,420 | 1,464,369 | 420,646 | 1,885,015 |
| Total net position | <u>\$ 1,444,949</u> | <u>\$ 19,420</u> | <u>\$ 1,464,369</u> | <u>\$ 420,646</u> | <u>\$ 1,885,015</u> |

City of Salinas
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Year Ended June 30, 2024

| | Successor Agency Trust | | | Other Private Purpose Trust Fund | Total Private Purpose Trust Funds |
|---------------------------------|--|------------------|------------------------------------|--|---|
| | Redevelopment Obligation Retirement Fund | Administration | Total Successor Agency Trust | | |
| | | | | | |
| ADDITIONS: | | | | | |
| Taxes | \$ 3,995,146 | \$ 10,000 | \$ 4,005,146 | \$ - | \$ 4,005,146 |
| Private contributions | - | - | - | 1,798,599 | 1,798,599 |
| Interest | 110,941 | - | 110,941 | 7,634 | 118,575 |
| Total additions | <u>4,106,087</u> | <u>10,000</u> | <u>4,116,087</u> | <u>1,806,233</u> | <u>5,922,320</u> |
| DEDUCTIONS: | | | | | |
| Expenses | 142,205 | 1,000 | 143,205 | 337,691 | 480,896 |
| Payments on behalf of trustees | - | 4,175 | 4,175 | 1,806,182 | 1,810,357 |
| Contributions to other agencies | 2,914,434 | - | 2,914,434 | - | 2,914,434 |
| Payments to City | 950,640 | - | 950,640 | - | 950,640 |
| Total deductions | <u>4,007,279</u> | <u>5,175</u> | <u>4,012,454</u> | <u>2,143,873</u> | <u>6,156,327</u> |
| Change in net position | 98,808 | 4,825 | 103,633 | (337,640) | (234,007) |
| NET POSITION: | | | | | |
| Beginning of year | <u>1,346,141</u> | <u>14,595</u> | <u>1,360,736</u> | <u>758,286</u> | <u>2,119,022</u> |
| End of year | <u>\$ 1,444,949</u> | <u>\$ 19,420</u> | <u>\$ 1,464,369</u> | <u>\$ 420,646</u> | <u>\$ 1,885,015</u> |

Fiduciary Funds

Custodial Funds

Custodial Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds operate as a clearing mechanism. Cash resources are collected, held for a brief period and then distributed to the proper recipients. The City has a fiduciary responsibility for the assets, which it does not own outright.

Flexible Spending - This fund is used to account for revenues resulting of employee concessions contributions used to reduce the cost of medical, vision and dental health insurance premiums.

Downtown Community Benefit District - This fund accounts for the property assessment generated revenues imposed on the Downtown Community Benefit District. The concept is that eventually the Downtown Community Benefit District will grow and receive revenues from multiple sources within a defined boundary that can among other things, including entrepreneurial activities, special mandate, are not be excluded, and no exemptions for not-for-profit entities are being considered. It can be governed by a 501(c)3 non-profit corporation, merging the existing energies in Downtown into just one organization, rather than the 501(c)6 BID and the OSA Foundation. It can receive grants and donations, and merge these with more assessments that are powerful.

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City of Salinas
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2024

| | Flexible Spending | Downtown Community Benefit District | Total Custodial Funds |
|--|-------------------------|---|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| ASSETS | | | |
| Cash and investments | \$ 75,677 | \$ 130,593 | \$ 206,270 |
| Cash and investments held by fiscal agent | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>75,677</u> | <u>130,593</u> | <u>206,270</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| LIABILITIES | | | |
| Accounts payable | <u>43,347</u> | <u>130,593</u> | <u>173,940</u> |
| Total liabilities | <u>43,347</u> | <u>130,593</u> | <u>173,940</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| NET POSITION (DEFICIT) | | | |
| Restricted for individuals and organizations | <u>32,330</u> | <u>-</u> | <u>32,330</u> |
| Total net position (deficit) | <u><u>\$ 32,330</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 32,330</u></u> |

City of Salinas
Combining Statement of Changes of Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2024

| | Flexible Spending | Downtown Community Benefit District | Total Custodial Funds |
|--|----------------------|---|-----------------------------|
| ADDITIONS: | | | |
| Taxes | \$ - | \$ 446,664 | \$ 446,664 |
| Plan member contributions | 342,320 | - | 342,320 |
| Total additions | <u>342,320</u> | <u>446,664</u> | <u>788,984</u> |
| DEDUCTIONS: | | | |
| Expenses | 216,131 | - | 216,131 |
| Assessments disbursed to other governments | - | 446,664 | 446,664 |
| Total deductions | <u>216,131</u> | <u>446,664</u> | <u>662,795</u> |
| Change in net position | 126,189 | - | 126,189 |
| NET POSITION (DEFICIT): | | | |
| Beginning of year | (93,859) | - | (93,859) |
| End of year | <u>\$ 32,330</u> | <u>\$ -</u> | <u>\$ 32,330</u> |

City of Salinas
Combining Balance Sheet
General, Measure E, & Measure G Funds
June 30, 2024

| | General Fund | Measure E Fund | Measure G Fund | Total |
|--|----------------------|----------------------|----------------------|-----------------------|
| ASSETS | | | | |
| Cash and investments | \$ 39,936,340 | \$ 19,952,596 | \$ 29,643,570 | \$ 89,532,506 |
| Receivables, net: | | | | |
| Accounts | 1,852,142 | 123 | - | 1,852,265 |
| Taxes | 8,664,470 | 3,068,350 | 6,160,504 | 17,893,324 |
| Interest | 387,406 | 70,085 | 106,249 | 563,740 |
| Due from other agencies | 125,638 | - | - | 125,638 |
| Leases | 1,365,941 | - | - | 1,365,941 |
| Due from other funds | 10,279,600 | - | - | 10,279,600 |
| Advances to other funds | 2,785,000 | - | - | 2,785,000 |
| Total assets | \$ 65,396,537 | \$ 23,091,154 | \$ 35,910,323 | \$ 124,398,014 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 7,234,980 | \$ 803,958 | \$ 1,600,550 | \$ 9,639,488 |
| Due to other funds | 16,890,204 | 4,335 | 2,142,789 | 19,037,328 |
| Deposits payable | 53,027 | - | - | 53,027 |
| Total liabilities | 24,178,211 | 808,293 | 3,743,339 | 28,729,843 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Related to leases | 1,306,482 | - | - | 1,306,482 |
| Total deferred inflows of resources | 1,306,482 | - | - | 1,306,482 |
| Fund Balances (deficit): | | | | |
| Nonspendable | 2,785,000 | - | - | 2,785,000 |
| Restricted | 6,000,000 | 1,320,000 | 2,680,000 | 10,000,000 |
| Committed | 21,007,693 | 9,061,946 | 9,840,187 | 39,909,826 |
| Assigned | 13,254,519 | 918,428 | 17,317,417 | 31,490,364 |
| Unassigned | (3,135,368) | 10,982,487 | 2,329,380 | 10,176,499 |
| Total fund balances (deficit) | 39,911,844 | 22,282,861 | 32,166,984 | 94,361,689 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 65,396,537 | \$ 23,091,154 | \$ 35,910,323 | \$ 124,398,014 |

City of Salinas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General, Measure E, & Measure G Funds
For the Year Ended June 30, 2024

| | General Fund | Measure E Fund | Measure G Fund | Intrafund Eliminations | Total |
|---|---------------------|--------------------|---------------------|---------------------------|---------------------|
| REVENUES: | | | | | |
| Taxes | \$ 101,641,255 | \$ 17,205,305 | \$ 34,511,963 | \$ - | \$ 153,358,523 |
| Licenses and permits | 11,128,716 | - | - | - | 11,128,716 |
| Intergovernmental | 1,334,064 | - | - | - | 1,334,064 |
| Charges for services | 4,907,765 | - | - | - | 4,907,765 |
| Interest (loss) | 4,181,090 | 776,626 | 1,160,782 | - | 6,118,498 |
| Rental income | 504,533 | - | - | - | 504,533 |
| Fines and forfeitures | 298,460 | - | - | - | 298,460 |
| Miscellaneous | 1,134,412 | - | - | - | 1,134,412 |
| Total revenues | 125,130,295 | 17,981,931 | 35,672,745 | - | 178,784,971 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | 22,068,389 | 460,320 | 2,665,707 | - | 25,194,416 |
| Public safety | 75,134,053 | 4,345,457 | 9,579,206 | - | 89,058,716 |
| Public works | 9,066,565 | 93 | 5,513,424 | - | 14,580,082 |
| Recreation | 215,805 | 2,841,704 | 4,968,083 | - | 8,025,592 |
| Library | - | 5,347,594 | - | - | 5,347,594 |
| Capital outlay | 335,415 | 823 | 425,200 | - | 761,438 |
| Debt service: | | | | | |
| Principal | 1,078,740 | - | - | - | 1,078,740 |
| Interest and fiscal charges | 197,764 | - | - | - | 197,764 |
| Total expenditures | 108,096,731 | 12,995,991 | 23,151,620 | - | 144,244,342 |
| REVENUES OVER (UNDER) EXPENDITURES | 17,033,564 | 4,985,940 | 12,521,125 | - | 34,540,629 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | 6,238,841 | - | 65,125 | (3,468,631) | 2,835,335 |
| Transfers out | (19,515,927) | (1,782,377) | (10,543,364) | 3,468,631 | (28,373,037) |
| Total other financing sources (uses) | (13,277,086) | (1,782,377) | (10,478,239) | - | (25,537,702) |
| NET CHANGE IN FUND BALANCES | 3,756,478 | 3,203,563 | 2,042,886 | - | 9,002,927 |
| FUND BALANCES: | | | | | |
| Beginning of year | 36,155,366 | 19,079,298 | 30,124,098 | - | 85,358,762 |
| End of year | \$ 39,911,844 | \$ 22,282,861 | \$ 32,166,984 | \$ - | \$ 94,361,689 |

City of Salinas
Budgetary Comparison Schedule
Measure E
For the Year Ended June 30, 2024

| | Budgeted Amounts | | Actual | Variance with |
|---|---------------------|--------------------|----------------------|-----------------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Favorable/ (Unfavorable) |
| REVENUES: | | | | |
| Taxes | \$ 17,100,000 | \$ 17,100,000 | \$ 17,205,305 | \$ 105,305 |
| Interest | 250,000 | 250,000 | 776,626 | 526,626 |
| Total revenues | <u>17,350,000</u> | <u>17,350,000</u> | <u>17,981,931</u> | <u>631,931</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 493,000 | 493,000 | 460,320 | 32,680 |
| Public safety | 4,495,126 | 4,846,803 | 4,345,457 | 501,346 |
| Public works | - | - | 93 | (93) |
| Recreation | 2,855,174 | 3,042,410 | 2,841,704 | 200,706 |
| Library | 5,970,527 | 5,978,293 | 5,347,594 | 630,699 |
| Capital outlay | - | 1,000 | 823 | 1,000 |
| Total expenditures | <u>13,813,827</u> | <u>14,361,506</u> | <u>12,995,991</u> | <u>1,366,338</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>3,536,173</u> | <u>2,988,494</u> | <u>4,985,940</u> | <u>(1,997,446)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | <u>(1,981,400)</u> | <u>(3,060,339)</u> | <u>(1,782,377)</u> | <u>(1,277,962)</u> |
| Total other financing sources (uses) | <u>(1,981,400)</u> | <u>(3,060,339)</u> | <u>(1,782,377)</u> | <u>(1,277,962)</u> |
| Net change in fund balance | <u>\$ 1,554,773</u> | <u>\$ (71,845)</u> | <u>3,203,563</u> | <u>\$ 3,275,408</u> |
| FUND BALANCE: | | | | |
| Beginning of year | | | <u>19,079,298</u> | |
| End of year | | | <u>\$ 22,282,861</u> | |

City of Salinas
Budgetary Comparison Schedule
Measure G
For the Year Ended June 30, 2024

| | Budgeted Amounts | | Actual | Variance with |
|---|-------------------------|------------------------|----------------------|----------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Favorable/ |
| | | | | (Unfavorable) |
| REVENUES: | | | | |
| Taxes | \$ 34,200,000 | \$ 34,796,200 | \$ 34,511,963 | \$ (284,237) |
| Interest | 425,000 | 425,000 | 1,160,782 | 735,782 |
| Total revenues | 34,625,000 | 35,221,200 | 35,672,745 | 451,545 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 3,559,405 | 3,514,205 | 2,665,707 | 848,498 |
| Public safety | 8,209,353 | 9,156,263 | 9,579,206 | (422,943) |
| Public works | 7,003,673 | 6,907,634 | 5,513,424 | 1,394,210 |
| Recreation | 5,314,314 | 5,567,464 | 4,968,083 | 599,381 |
| Capital outlay | 105,300 | 385,715 | 425,200 | 385,715 |
| Total expenditures | 24,192,045 | 25,531,281 | 23,151,620 | 2,804,861 |
| REVENUES OVER (UNDER) EXPENDITURES | 10,432,955 | 9,689,919 | 12,521,125 | (2,831,206) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 65,125 | 65,125 | - |
| Transfers out | (16,544,620) | (33,277,474) | (10,543,364) | (22,734,110) |
| Total other financing sources (uses) | (16,544,620) | (33,212,349) | (10,478,239) | (22,734,110) |
| Net change in fund balance | \$ (6,111,665) | \$ (23,522,430) | 2,042,886 | \$ 25,565,316 |
| FUND BALANCE: | | | | |
| Beginning of year | | | 30,124,098 | |
| End of year | | | <u>\$ 32,166,984</u> | |

OTHER INFORMATION

City of Salinas
Other Information (Unaudited)
Claims Development
Internal Service Funds - General Liability Insurance
Last Ten Fiscal Years

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|--------------|--------------|--------------|-------------|-------------|
| Net earned required contribution and investment revenues | \$ 1,892,297 | \$ 1,019,378 | \$ 1,074,526 | \$ 863,563 | \$ 342,324 |
| Unallocated expenses | 334,291 | 339,171 | 314,127 | 374,303 | 651,645 |
| Estimated incurred claims and expenses, end of policy year | 965,536 | 534,565 | 36,271 | 7,532 | 892,986 |
| Paid claims as of: | | | | | |
| End of policy year | 55,188 | 116,262 | 15,603 | 6,310 | 75,401 |
| One year later | 282,538 | 20,991 | 227,379 | 22,088 | 387,594 |
| Two years later | 570,687 | 64,153 | 846,232 | 285,818 | 2,660,599 |
| Three years later | 679,871 | 65,043 | 947,734 | 340,771 | 2,723,293 |
| Four years later | 732,404 | 66,412 | 1,019,825 | 1,072,628 | 895,990 |
| Five years later | 779,178 | 835,586 | 1,721,882 | 438,723 | 927,957 |
| Six years later | 788,081 | 588,263 | 90,970 | 525,270 | |
| Seven years later | 1,195,953 | 563,125 | 90,970 | | |
| Eight years later | 518,672 | 563,125 | | | |
| Nine years later | 518,672 | | | | |
| Reestimated incurred claims and expenses: | | | | | |
| End of policy year | 965,536 | 234,565 | 36,271 | 7,532 | 892,986 |
| One year later | 1,390,213 | 194,433 | 357,416 | 796,619 | 1,583,466 |
| Two years later | 1,554,039 | 79,955 | 1,714,261 | 327,418 | 3,952,801 |
| Three years later | 730,656 | 94,678 | 949,419 | 666,518 | 3,936,716 |
| Four years later | 1,296,507 | 80,580 | 1,041,511 | 1,144,430 | 17,475 |
| Five years later | 1,091,507 | 835,586 | 1,721,882 | 8,760 | 2,434,585 |
| Six years later | 1,121,507 | 1,234,203 | 131,016 | 1,000,872 | |
| Seven years later | 1,195,953 | 26,455 | 1,635,665 | | |
| Eight years later | 50,398 | 622,109 | | | |
| Nine years later | 677,281 | | | | |
| Increase/(decrease) in estimated incurred claims and expenses | 155,971 | 601,021 | 1,005,241 | 658,986 | 3,059,815 |

City of Salinas
Other Information (Unaudited)
Claims Development
Internal Service Funds - General Liability Insurance (Continued)
Last Ten Fiscal Years

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|-------------|-------------|--------------|-------------|-------------|
| Net earned required contribution and investment revenues | \$ 263,104 | \$ 276,393 | \$ 1,228,577 | \$ 273,301 | \$ 265,624 |
| Unallocated expenses | 748,046 | 1,090,415 | 1,860,605 | 2,140,090 | 2,890,348 |
| Estimated incurred claims and expenses, end of policy year | 4,006 | 53,317 | 603,165 | 19,883 | 9,203 |
| Paid claims as of: | | | | | |
| End of policy year | 3,618 | 2,999 | 233,121 | 120 | 50,111 |
| One year later | 7,635 | 33,435 | 47,068 | 337 | |
| Two years later | 312,080 | 428,518 | 126,776 | | |
| Three years later | 225,494 | 513,811 | | | |
| Four years later | 308,901 | | | | |
| Five years later | | | | | |
| Six years later | | | | | |
| Seven years later | | | | | |
| Eight years later | | | | | |
| Nine years later | | | | | |
| Reestimated incurred claims and expenses: | | | | | |
| End of policy year | 4,006 | 53,317 | 603,165 | 19,883 | 9,203 |
| One year later | 42,411 | 778,790 | 66,288 | 38,767 | |
| Two years later | 468,435 | 11,615 | 818,262 | | |
| Three years later | 51,124 | 707,865 | | | |
| Four years later | 204,287 | | | | |
| Five years later | | | | | |
| Six years later | | | | | |
| Seven years later | | | | | |
| Eight years later | | | | | |
| Nine years later | | | | | |
| Increase/(decrease) in estimated incurred claims and expenses | 38,405 | - | - | - | - |

City of Salinas
Other Information (Unaudited)
Claims Development
Internal Service Funds - Workers Compensation Insurance
Last Ten Fiscal Years

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|--------------|---------------|--------------|--------------|--------------|
| Net earned required contribution and investment revenues | \$ 6,130,921 | \$ 13,748,053 | \$ 4,743,276 | \$ 4,922,253 | \$ 6,079,547 |
| Unallocated expenses | 335,408 | 471,472 | 334,542 | 1,056,134 | 210,341 |
| Estimated incurred claims and expenses, end of policy year | 1,432,032 | 813,874 | 953,545 | 1,284,514 | 1,222,180 |
| Paid claims as of: | | | | | |
| End of policy year | 334,257 | 333,561 | 357,390 | 346,475 | 725,652 |
| One year later | 1,597,521 | 1,061,264 | 1,070,983 | 1,177,834 | 1,580,493 |
| Two years later | 2,162,775 | 1,602,857 | 1,997,607 | 1,617,945 | 1,987,948 |
| Three years later | 2,554,090 | 1,895,742 | 2,329,308 | 1,937,327 | 2,763,247 |
| Four years later | 2,706,246 | 2,014,757 | 2,558,332 | 2,010,366 | 2,941,966 |
| Five years later | 2,878,566 | 2,044,352 | 270,304 | 2,133,667 | 3,077,553 |
| Six years later | 2,985,635 | 2,064,349 | 2,846,811 | 2,170,114 | |
| Seven years later | 3,140,217 | 2,105,316 | 3,594,261 | | |
| Eight years later | 3,794,745 | 2,151,551 | | | |
| Nine years later | 3,796,293 | | | | |
| Reestimated incurred claims and expenses: | | | | | |
| End of policy year | 1,432,032 | 813,874 | 953,545 | 1,284,514 | 1,222,180 |
| One year later | 2,641,671 | 1,711,199 | 1,934,390 | 1,833,783 | 2,488,357 |
| Two years later | 3,520,776 | 2,433,616 | 2,924,696 | 2,290,339 | 3,269,045 |
| Three years later | 3,793,217 | 2,406,924 | 2,932,147 | 3,249,184 | 4,060,647 |
| Four years later | 3,694,285 | 2,505,621 | 3,111,763 | 3,195,733 | 1,061,645 |
| Five years later | 3,718,134 | 2,618,375 | 3,804,982 | 1,135,620 | 1,134,913 |
| Six years later | 3,779,664 | 2,636,313 | 1,104,685 | 1,088,259 | |
| Seven years later | 4,108,102 | 576,053 | 319,687 | | |
| Eight years later | 325,231 | 727,812 | | | |
| Nine years later | 77,670 | | | | |
| Increase/(decrease) in estimated incurred claims and expenses | - | - | - | - | - |

City of Salinas
Other Information (Unaudited)
Claims Development
Internal Service Funds - Workers Compensation Insurance (Continued)
Last Ten Fiscal Years

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|---------------|--------------|--------------|--------------|--------------|
| Net earned required contribution and investment revenues | \$ 10,151,619 | \$ 8,119,793 | \$ 5,176,801 | \$ 5,807,667 | \$ 6,502,944 |
| Unallocated expenses | 436,618 | 323,042 | 216,651 | 216,651 | 216,651 |
| Estimated incurred claims and expenses, end of policy year | 1,638,983 | 4,366,805 | 2,233,467 | 2,515,012 | 2,311,342 |
| Paid claims as of: | | | | | |
| End of policy year | 567,497 | 1,420,172 | 930,895 | 1,518,668 | 1,093,682 |
| One year later | 1,844,018 | 2,372,771 | 3,271,499 | 3,811,029 | |
| Two years later | 2,550,102 | 3,310,505 | 5,525,014 | | |
| Three years later | 2,996,808 | 4,778,794 | | | |
| Four years later | 3,444,801 | | | | |
| Five years later | | | | | |
| Six years later | | | | | |
| Seven years later | | | | | |
| Eight years later | | | | | |
| Nine years later | | | | | |
| Reestimated incurred claims and expenses: | | | | | |
| End of policy year | 1,638,983 | 4,366,805 | 2,223,467 | 2,515,012 | 2,311,342 |
| One year later | 3,759,255 | 5,391,076 | 4,145,263 | 3,587,562 | |
| Two years later | 4,558,744 | 3,959,616 | 4,678,243 | | |
| Three years later | 2,012,955 | 1,495,635 | | | |
| Four years later | 1,801,516 | | | | |
| Five years later | | | | | |
| Six years later | | | | | |
| Seven years later | | | | | |
| Eight years later | | | | | |
| Nine years later | | | | | |
| Increase/(decrease) in estimated incurred claims and expenses | - | - | - | - | - |

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